



**Rockford Public Schools**

**Quality Community – Quality Schools**

*Together Building a Tradition of Excellence*

## **Annual Financial Report**

**Year Ended: June 30, 2023**

**ROCKFORD PUBLIC SCHOOLS**

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For the year ended June 30, 2023

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## **FINANCIAL SECTION**

## INDEPENDENT AUDITOR'S REPORT

October 30, 2023

The Board of Education  
Rockford Public Schools

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Rockford Public Schools as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Rockford Public Schools' basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Rockford Public Schools, as of June 30, 2023, and the respective changes in financial position and the respective budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Rockford Public Schools and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Rockford Public Schools' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Rockford Public Schools' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Rockford Public Schools' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Rockford Public Schools' basic financial statements. The accompanying combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Emphasis of Matter**

#### ***Changes in Accounting Principle***

As discussed in Note M to the financial statements, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements* and No. 101, *Compensated Absences* for the fiscal year June 30, 2023. Our opinion is not modified in respect to this matter.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2023, on our consideration of Rockford Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Rockford Public Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Rockford Public Schools' internal control over financial reporting and compliance.



Certified Public Accountants  
Grand Rapids, Michigan



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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**



**ROCKFORD PUBLIC SCHOOLS**  
**Management's Discussion and Analysis**  
**June 30, 2023**

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As management of the Rockford Public Schools, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which immediately follow this section.

### **Overview of the Financial Statements**

This annual report consists of four parts: Management's Discussion and Analysis (this section), the Basic Financial Statements, Required Supplementary Information, and Supplementary Information. The Basic Financial Statements include two kinds of statements that present different views of the District:

- The first two statements, the Statement of Net Position, and the Statement of Activities, are *district-wide financial statements* that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
  - ♦ *Governmental funds statements* tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.

The Basic Financial Statements also include Notes to Financial Statements that explain the information in the Basic Financial Statements and provide more detailed data; Required Supplementary Information includes pension and OPEB information schedules; Other Supplementary Information follows and includes combining and individual fund statements and schedules.

### **District-wide Statements**

The district-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two district-wide statements report the District's net position, and how it has changed. Net position - the difference between the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources - is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position is an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, one should consider additional non-financial factors such as changes in the District's property tax-base, economic factors that might influence state aid revenue, and the condition of school buildings and other facilities.



**ROCKFORD PUBLIC SCHOOLS**  
**Management's Discussion and Analysis**  
**June 30, 2023**

In the district-wide financial statements, the District's activities are presented as follows:

- *Governmental activities:* The District's basic services are included here, such as regular and special education, instructional support, transportation, administration, community services, food service and athletics. State aid and property taxes finance most of these activities.

**New Accounting Pronouncements Implemented**

The District implemented Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. This Statement enhances the relevance and consistency of information about governments' subscription-based information technology arrangements. In addition, the District implemented GASB Statement No. 101 *Compensated Absences* during the fiscal year ended June 30, 2023. This Statement will provide a more consistent application for recognizing liabilities related to compensated absences, which is expected to potentially eliminate comparability issues between governments that offer different types of leave and enhance the relevance and reliability of information for compensated absences. See Note M for additional information.

**Condensed District-wide Financial Information**

The Statement of Net Position provides financial information on the District as a whole.

	<u>2023</u>	<u>2022</u>
<b>Assets</b>		
Current assets	\$ 114,469,276	\$ 58,899,715
Net capital assets	<u>157,338,203</u>	<u>133,012,172</u>
<b>Total Assets</b>	<b><u>271,807,479</u></b>	<b><u>191,911,887</u></b>
<b>Deferred Outflows of Resources</b>	<b><u>69,814,736</u></b>	<b><u>38,103,704</u></b>
<b>Liabilities</b>		
Current liabilities	26,757,783	28,960,074
Long-term liabilities	204,202,876	133,411,425
Net pension liability	188,321,036	115,948,327
Net OPEB liability	<u>10,540,761</u>	<u>7,503,763</u>
<b>Total Liabilities</b>	<b><u>429,822,456</u></b>	<b><u>285,823,589</u></b>
<b>Deferred Inflows of Resources</b>	<b><u>22,761,237</u></b>	<b><u>67,489,479</u></b>
<b>Net Position</b>		
Net investment in capital assets	18,607,685	15,513,015
Restricted	8,855,423	5,665,218
Unrestricted (deficit)	<u>(138,424,586)</u>	<u>(144,475,710)</u>
<b>Total Net Position</b>	<b><u>\$ (110,961,478)</u></b>	<b><u>\$ (123,297,477)</u></b>



**ROCKFORD PUBLIC SCHOOLS**  
**Management's Discussion and Analysis**  
**June 30, 2023**

The Statement of Activities presents changes in net position from operating results:

	<u>2023</u>	<u>2022</u>
<b>Program Revenues</b>		
Charges for services	\$ 4,945,296	\$ 3,144,735
Operating grants	40,878,026	30,513,274
<b>General Revenues</b>		
Property taxes	26,656,530	24,454,039
State school aid, unrestricted	63,625,901	59,427,599
Interest and investment earnings	1,746,008	96,831
Other	3,308,759	3,205,090
<b>Total Revenues</b>	<u>141,160,520</u>	<u>120,841,568</u>
<b>Expenses</b>		
Instruction	67,848,612	42,543,148
Supporting services	47,728,524	47,742,008
Food service	3,561,807	3,100,957
Community services	4,058,163	3,012,412
Other	526,741	406,354
Interest on long-term debt	5,080,310	5,357,362
Depreciation – unallocated	20,364	20,364
<b>Total Expenses</b>	<u>128,824,521</u>	<u>102,182,605</u>
Change in net position	12,335,999	18,658,963
<b>Net Position, Beginning of Year</b>	<u>(123,297,477)</u>	<u>(141,956,440)</u>
<b>Net Position, End of Year</b>	<u><b>\$ (110,961,478)</b></u>	<u><b>\$ (123,297,477)</b></u>

**Financial Analysis of the District as a Whole**

The District's financial position is the product of many factors. The District saw a decrease in student enrollment, however, increased taxable value paired with an increase in State aid resulted in an increase in net position for the current fiscal year.

The District's total revenues were \$141.2 million. Property taxes and unrestricted State aid accounted for most of the District's revenues, contributing 64% of the total. The remainder came from State and federal aid for specific programs (29%), fees charged for services, interest earnings and other local sources.

The total cost of all programs was \$128.8 million. The District's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (68%). The District's administrative and business services accounted for 8% of total costs and operation and maintenance services accounted for 9% of total costs.



**ROCKFORD PUBLIC SCHOOLS**  
**Management's Discussion and Analysis**  
**June 30, 2023**

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Total revenues exceeded expenses by \$12,335,999 on the Statement of Activities, increasing total net position from a deficit of \$123,297,477 to a deficit of \$110,961,478 at June 30, 2023. Unrestricted net position increased by \$6,051,124 to a deficit of \$138,424,586 at June 30, 2023. The District's net pension liability, including deferred outflows and inflows of resources, increased by \$6,277,731 during the fiscal year. In addition, the District's net OPEB liability, including outflows and inflows of resources, decreased by \$7,415,919 during the fiscal year.

The current position of the District's finances can be credited to careful monitoring of economic changes and appropriate cost-cutting measures to maintain programs during these challenging economic times. Despite the ongoing uncertainty of funding revenue from the State of Michigan, the District has endeavored to maintain a positive fund balance.

- The District has conducted a thorough budget analysis and has broken the budget down into specific components and their related expenses. This has allowed the District to prioritize expenses, and also to identify where cuts could occur if necessary.
- Regular updates were provided to the Board of Education during the school year. This information is also presented to the community via the District's website, staff meetings and presentations.
- Collaboration with the surrounding districts has helped reduce expenditures in many areas. The seven school districts in the northwest region of Kent County continue to collaborate in combining services where possible.

### **Fund Financial Statements**

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. As a general rule, fund balances from one fund are prohibited from being expended on expenditures of another fund.

The District utilizes one kind of fund:

- *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information following the governmental funds' statements explain the relationship (or differences) between them.



**ROCKFORD PUBLIC SCHOOLS**  
**Management's Discussion and Analysis**  
**June 30, 2023**

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**Financial Analysis of the District's Funds**

The District uses funds to record and analyze financial information. Rockford Public Schools' funds are described as follows:

**Major Funds**

The General Fund is our primary operating fund. The General Fund had total revenues of \$117,074,716 and total expenditures of \$112,306,837. The General Fund ended the fiscal year with a fund balance of \$15,157,132, up from \$10,389,253 at June 30, 2022.

Capital Projects Funds

The District operates two major Capital Projects Funds, the 2019 Construction Fund and the 2023 Construction Fund. Both funds account for bond proceeds to be used for voter approved capital improvement projects. During the fiscal year, the funds had total revenues of \$887,096, total other financing sources of \$81,224,110 (including bond proceeds of \$72,150,000 and bond premium of \$9,074,110), and total expenditures of \$32,023,434. The fund balances at year end totaled \$74,436,540, up from \$24,348,768 at June 30, 2022.

**Nonmajor Funds**

Special Revenue Funds

The District operates three nonmajor Special Revenue Funds. The Food Service Fund, the Public Purpose Trust Fund, and the Student/School Activity Fund. The funds had total revenues of \$4,970,774 and total expenditures of \$5,023,216. The fund balances at year end totaled \$2,673,182, down from \$2,725,624 at June 30, 2022. Of this balance, \$1,161,324 is attributed to the Food Service Fund, \$502,212 is attributed to the Public Purpose Trust Fund, and \$1,009,646 is attributed to the Student/School Activity Fund.

Debt Services Funds

The District operates five Debt Service Funds to finance the repayment of general obligation bonds. Total revenues and expenditures were \$16,984,605 and \$14,734,462, respectively. Other Financing Sources and Other Financing Uses, transfers between debt funds, totaled \$794,819 and \$794,819, respectively. The fund balances at year end totaled \$3,974,207, up from \$1,724,064 at June 30, 2022.

Capital Projects Fund

The District operates one nonmajor Capital Projects Funds. The Building and Site Sinking Capital Projects Fund accounts for property tax revenues to be used for capital improvement projects. During the fiscal year, the fund had total revenues of \$1,243,329 and had no expenditures. The fund balance at year end totaled \$3,489,535, up from \$2,246,206 at June 30, 2022.



**ROCKFORD PUBLIC SCHOOLS**  
**Management's Discussion and Analysis**  
**June 30, 2023**

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**General Fund Budgetary Highlights**

During the course of the year, the District continuously reviews the annual operating budget after the June adoption. Changes in the budget are due to the following:

- Changes made in the fall to account for the final student enrollment, which determines how much state foundation grant will be received during the fiscal year.
- Final amendments are made in June for increases in appropriations to prevent budget overruns and reductions in expenses put into place by the administration.
- Voters approved a Headlee Override in November 2022 allowing the District to levy the full 18 mill non homestead millage for FY 22-23. This provided for an additional \$800,000 in tax revenue for FY 22-23.
- Federal Revenues were higher than anticipated due to the timing of reimbursements for ESSER II and ESSER III expenditures by approximately \$750,000.
- The final budget for the General Fund anticipated the fund balance to be 10.94% of General Fund expenditures and transfers - the actual results equaled 13.50%

**Capital Asset and Debt Administration**

**Capital Assets**

By the end of 2023, the District had a \$263,630,984 investment in a broad range of capital assets, including land and improvements, school buildings, athletic facilities, vehicles, computer equipment and software, and administrative offices. (More detailed information about capital assets can be found in Note E in the Notes to Basic Financial Statements.)

At June 30, 2023, the District's investment in capital assets (net of accumulated depreciation), was \$157,338,203. Net capital asset additions totaled \$30,509,940 for the fiscal year with accumulated depreciation increasing \$5,466,063, leaving a net increase in the book value of capital assets of \$24,326,031.

The District's net investment in capital assets, including land, land improvements, buildings and additions, vehicles and furniture and equipment, is detailed as follows:

Land	\$ 2,093,127
Construction in progress	34,682,616
Land improvements	10,234,471
Buildings and improvements	102,350,999
Furniture and equipment	4,819,441
Vehicles	<u>3,157,549</u>
<b>Net Capital Assets</b>	<b><u>\$ 157,338,203</u></b>





**ROCKFORD PUBLIC SCHOOLS**  
**Management's Discussion and Analysis**  
**June 30, 2023**

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### **Long-term Obligations**

At year end, the District had \$214.9 million in general obligation bonds and other long-term obligations outstanding – a net increase of \$71.1 million from June 30, 2022.

The District's bond rating for general obligation debt was affirmed by Standard and Poor's as AA with a stable outlook. The State limits the amount of general obligation debt that schools can issue up to 15% of the assessed value of all taxable property within a District's boundaries.

The District's other obligations include early retirement incentive and accumulated sick leave. We present more detailed information about our long-term liabilities in Note G in the Notes to Basic Financial Statements.

### **Factors Bearing on the District's Future**

At the time these financial statements were prepared and audited, the District was aware of the following circumstances that could significantly affect its financial health in the future:

- The State of Michigan continues to increase its focus on student achievement. Results of standardized test scores are compared from year to year, with the results being tabulated by school building and by district.
- In May of 2019, the community approved both a bond and sinking fund ballot initiative for a total of \$185 million dollars. The initiative is a ten-year capital project investment designed to accommodate our student population change along with providing innovative learning environments. The District is now entering the 2<sup>nd</sup> phase of construction.
- Voters approved a Headlee Override in November 2022 allowing the District to levy the full 18 mill non homestead millage thereby ensuring the District can collect its full non homestead taxes.
- The impact of COVID-19 on K-12 Education programs is critical. COVID-19 has generated uncertainty of student enrollment, as well as concern for funding of K-12 education programs for an undetermined amount of time. As a result, the Board of Education has adopted new strategic plan goals and will continue to refine those goals to align with potential future funding opportunities and challenges.

### **Contacting the District's Financial Management**

This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Rockford Public Schools, 350 N. Main Street, Rockford, Michigan 49341.

## **BASIC FINANCIAL STATEMENTS**

**ROCKFORD PUBLIC SCHOOLS**  
**Statement of Net Position**  
**June 30, 2023**

	Governmental Activities
<b>Assets</b>	
Cash	\$ 2,750
Cash equivalents and investments (Note B)	94,859,236
Accounts receivable	94,473
Due from other governmental units (Note C)	19,461,373
Inventory	45,713
Prepaid expenses	5,731
Capital assets not being depreciated (Note E)	36,775,743
Capital assets being depreciated, net (Note E)	120,562,460
<b>Total Assets</b>	<b>271,807,479</b>
<b>Deferred Outflows of Resources</b>	
Loss on advance bond refundings, net	704,003
Deferred pension amounts	54,695,184
Deferred OPEB amounts	14,415,549
<b>Total Deferred Outflows of Resources</b>	<b>69,814,736</b>
<b>Liabilities</b>	
Accounts payable	3,439,680
State aid anticipation loan payable (Note F)	1,200,000
Due to other governmental units	5,036,821
Payroll withholdings payable	97,305
Accrued interest payable	1,305,315
Salaries payable	4,358,510
Unearned revenue	582,550
Long-term liabilities: (Note G)	
Due within one year	10,737,602
Due in more than one year	204,202,876
Net pension liability (Note H)	188,321,036
Net OPEB Liability (Note I)	10,540,761
<b>Total Liabilities</b>	<b>429,822,456</b>
<b>Deferred Inflows of Resources</b>	
Deferred pension amounts	984,504
Deferred OPEB amounts	21,776,733
<b>Total Deferred Inflows of Resources</b>	<b>22,761,237</b>
<b>Net Position</b>	
Net investment in capital assets	18,607,685
Restricted for:	
Capital projects	3,489,535
Debt service	2,692,706
Food service	1,161,324
Public purpose trust	502,212
Student/school activity	1,009,646
Unrestricted (deficit)	(138,424,586)
<b>Total Net Position</b>	<b>\$(110,961,478)</b>

See accompanying notes to basic financial statements.

**ROCKFORD PUBLIC SCHOOLS**  
**Statement of Activities**  
**For the year ended June 30, 2023**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes In Net Position
		Charges for Services	Operating Grants	
<b>Governmental Activities</b>				
Instruction	\$ 67,848,612	\$ 232,702	\$ 34,625,423	\$ (32,990,487)
Supporting services	47,728,524	590,951	4,529,296	(42,608,277)
Food service	3,561,807	1,887,593	1,520,298	(153,916)
Community services	4,058,163	2,234,050	-	(1,824,113)
Other	526,741	-	203,009	(323,732)
Interest on long-term debt	5,080,310	-	-	(5,080,310)
Depreciation - unallocated*	20,364	-	-	(20,364)
<b>Total Governmental Activities</b>	<b>\$ 128,824,521</b>	<b>\$ 4,945,296</b>	<b>\$ 40,878,026</b>	<b>(83,001,199)</b>
<b>General Revenues</b>				
Taxes:				
				9,049,356
				16,481,653
				1,125,521
				63,625,901
				1,746,008
				3,308,759
				<u>95,337,198</u>
				12,335,999
				<u>(123,297,477)</u>
				<u>\$ (110,961,478)</u>

\*This amount excludes direct depreciation expenses of the various programs.

See accompanying notes to basic financial statements.

**ROCKFORD PUBLIC SCHOOLS**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2023**

<b>Assets</b>	<u>General</u>	<u>2019 Construction</u>	<u>2023 Construction</u>
Cash	\$ 1,250	\$ -	\$ -
Cash equivalents and investments (Note B)	9,346,004	1,011,693	74,376,975
Accounts receivable	93,831	-	-
Due from other funds (Note D)	174,610	572,212	1,199,326
Due from other governmental units (Note C)	19,461,373	-	-
Inventory	20,309	-	-
Prepaid expenditures	2,456	-	-
<b>Total Assets</b>	<u>\$ 29,099,833</u>	<u>\$ 1,583,905</u>	<u>\$ 75,576,301</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 708,716	\$ 444,814	\$ 2,278,852
State aid anticipation loan payable (Note F)	1,200,000	-	-
Due to other funds (Note D)	1,934,985	-	-
Due to other governmental units	5,036,821	-	-
Payroll withholdings payable	97,305	-	-
Accrued interest payable	23,814	-	-
Salaries payable	4,358,510	-	-
Unearned revenue	582,550	-	-
<b>Total Liabilities</b>	<u>13,942,701</u>	<u>444,814</u>	<u>2,278,852</u>
<b>Fund Balances (Note A)</b>			
Nonspendable			
Inventory	20,309	-	-
Prepaid expenditures	2,456	-	-
Restricted			
Food Service	-	-	-
Public purpose trust	-	-	-
Student/school activity	-	-	-
Debt Service	-	-	-
Capital Projects	-	1,139,091	73,297,449
Unassigned	15,134,367	-	-
<b>Total Fund Balances</b>	<u>15,157,132</u>	<u>1,139,091</u>	<u>73,297,449</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 29,099,833</u>	<u>\$ 1,583,905</u>	<u>\$ 75,576,301</u>

See accompanying notes to basic financial statements.

Nonmajor	Total
\$ 1,500	\$ 2,750
10,124,564	94,859,236
642	94,473
163,447	2,109,595
-	19,461,373
25,404	45,713
3,275	5,731
<u>\$ 10,318,832</u>	<u>\$ 116,578,871</u>

\$ 7,298	\$ 3,439,680
-	1,200,000
174,610	2,109,595
-	5,036,821
-	97,305
-	23,814
-	4,358,510
-	582,550
181,908	16,848,275

25,404	45,713
3,275	5,731
1,132,645	1,132,645
502,212	502,212
1,009,646	1,009,646
3,974,207	3,974,207
3,489,535	77,926,075
-	15,134,367
10,136,924	99,730,596
<u>\$ 10,318,832</u>	<u>\$ 116,578,871</u>

**ROCKFORD PUBLIC SCHOOLS**  
**Reconciliation of Total Governmental Fund Balances to**  
**Net Position of Governmental Activities**  
**June 30, 2023**

<b>Total governmental fund balances</b>		<b>\$ 99,730,596</b>
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is \$263,630,984 and accumulated depreciation is \$106,292,781.		157,338,203
Bond refunding losses are not expensed but are amortized over the life of the new bond issue on the Statement of Activities.		704,003
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
General obligation bonds	\$ (188,205,000)	
Bond premium	(25,666,061)	
Early retirement incentive	(564,711)	
Accumulated sick leave	<u>(504,706)</u>	(214,940,478)
Accrued interest on long-term debt is not included as a liability in governmental funds.		(1,281,501)
Net pension liability and related deferred outflows/inflows of resources are not included as assets/liabilities in governmental funds:		
Net pension liability	(188,321,036)	
Deferred outflows of resources	54,695,184	
Deferred inflows of resources	<u>(984,504)</u>	(134,610,356)
Net OPEB liability and related deferred outflows/inflows of resources are not included as assets/liabilities in governmental funds:		
Net OPEB liability	(10,540,761)	
Deferred outflows of resources	14,415,549	
Deferred inflows of resources	<u>(21,776,733)</u>	(17,901,945)
<b>Total net position - governmental activities</b>		<b><u><u>\$ (110,961,478)</u></u></b>

See accompanying notes to basic financial statements.

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**ROCKFORD PUBLIC SCHOOLS**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**Governmental Funds**  
**For the year ended June 30, 2023**

	General	2019 Construction	2023 Construction
<b>Revenues</b>			
Local sources	\$ 14,274,193	\$ 401,354	\$ 485,742
State sources	88,469,954	-	-
Federal sources	6,868,926	-	-
Interdistrict sources	7,461,643	-	-
<b>Total Revenues</b>	<u>117,074,716</u>	<u>401,354</u>	<u>485,742</u>
<b>Expenditures</b>			
Current:			
Instruction	64,440,336	-	-
Supporting services	41,956,473	746,400	-
Food service	-	-	-
Community services	4,138,490	-	-
Capital outlay	1,771,538	22,864,631	7,913,929
Debt service:			
Principal repayment	-	-	-
Interest and fiscal charges	-	-	-
Bond issuance costs	-	-	274,087
Underwriter's discount	-	-	224,387
<b>Total Expenditures</b>	<u>112,306,837</u>	<u>23,611,031</u>	<u>8,412,403</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>4,767,879</u>	<u>(23,209,677)</u>	<u>(7,926,661)</u>
<b>Other Financing Sources (Uses)</b>			
Proceeds from issuance of bonds	-	-	72,150,000
Premium on issuance of bonds	-	-	9,074,110
Transfers in	-	-	-
Transfers out	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>81,224,110</u>
<b>Net Change in Fund Balances</b>	4,767,879	(23,209,677)	73,297,449
<b>Fund Balances, Beginning of Year</b>	<u>10,389,253</u>	<u>24,348,768</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u>\$ 15,157,132</u>	<u>\$ 1,139,091</u>	<u>\$ 73,297,449</u>

See accompanying notes to basic financial statements.

Nonmajor	Total
\$ 21,495,304	\$ 36,656,593
588,002	89,057,956
1,115,402	7,984,328
-	7,461,643
23,198,708	141,160,520
-	64,440,336
1,429,665	44,132,538
3,593,551	3,593,551
-	4,138,490
-	32,550,098
8,815,000	8,815,000
5,919,462	5,919,462
-	274,087
-	224,387
19,757,678	164,087,949
3,441,030	(22,927,429)
-	72,150,000
-	9,074,110
794,819	794,819
(794,819)	(794,819)
-	81,224,110
3,441,030	58,296,681
6,695,894	41,433,915
\$ 10,136,924	\$ 99,730,596

**ROCKFORD PUBLIC SCHOOLS**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the year ended June 30, 2023**

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**Net change in fund balances - total governmental funds** \$ 58,296,681

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is capitalized and allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

	Capital outlays	\$ 30,509,940	
	Depreciation expense	<u>(6,155,642)</u>	24,354,298

In the Statement of Activities, only the gain on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale(s) increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the assets sold/retired. (28,267)

Bond refunding losses are amortized over the life of the new bond issue on the Statement of Activities. (108,621)

Bond premium is amortized over the life of the new bond issue on the Statement of Activities. 1,198,598

Proceeds from the sale of bonds and bond premiums are an other financing source in the governmental funds, but increase long-term obligations in the Statement of Net Position:

General obligation bonds		(72,150,000)	
Bond premium		(9,074,110)	

Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not effect the Statement of Activities:

General obligation bonds			8,815,000
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Interest on long-term liabilities in the Statement of Activities differs from the amount reported on the governmental funds because interest is recorded as an expenditure in the funds when it is due and paid, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is paid. (250,825)

In the Statement of Net Position, early retirement incentive and accumulated sick leave are measured by the amounts earned during the year. In the governmental funds, however, expenditures are measured by the amount of financial resources used (essentially, the amounts actually paid). This year the amount of benefits used/paid exceeds the amount of benefits earned by \$145,057. 145,057

(Continued)

**ROCKFORD PUBLIC SCHOOLS**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the year ended June 30, 2023**

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The changes in net pension liability and related deferred outflows/inflows of resources are not included as revenues/expenditures in governmental funds.	\$ (6,277,731)
The changes in net OPEB liability and related deferred outflows/inflows of resources are not included as revenues/expenditures in governmental funds.	<u>7,415,919</u>
<b>Total changes in net position - governmental activities</b>	<u><u>\$ 12,335,999</u></u>

See accompanying notes to basic financial statements.

**ROCKFORD PUBLIC SCHOOLS**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the year ended June 30, 2023**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>Revenues</b>				
Local sources	\$11,346,009	\$12,342,380	\$ 14,274,193	\$ 1,931,813
State sources	77,029,043	84,798,625	88,469,954	3,671,329
Federal sources	5,804,088	7,929,099	6,868,926	(1,060,173)
Interdistrict sources	6,913,406	7,272,451	7,461,643	189,192
<b>Total Revenues</b>	<b>101,092,546</b>	<b>112,342,555</b>	<b>117,074,716</b>	<b>4,732,161</b>
<b>Expenditures</b>				
Instruction:				
Basic programs	51,559,463	55,376,095	56,096,225	(720,130)
Added needs	7,924,799	8,744,136	8,040,757	703,379
Adult education	487,682	487,260	303,354	183,906
Supporting services:				
Pupil services	5,074,744	6,161,333	6,616,609	(455,276)
Instructional staff services	4,187,214	6,018,511	5,813,734	204,777
General administrative services	715,134	905,242	918,778	(13,536)
School administrative services	5,787,302	6,045,568	6,063,718	(18,150)
Business services	1,665,671	1,892,349	2,106,617	(214,268)
Operation and maintenance services	9,550,791	9,901,682	10,411,597	(509,915)
Pupil transportation services	4,643,159	5,144,210	5,040,478	103,732
Central services	2,404,302	2,739,245	2,861,467	(122,222)
Other supporting services	1,648,267	1,648,341	2,123,475	(475,134)
Community services:	5,164,259	5,550,417	4,138,490	1,411,927
Capital outlay	-	-	1,771,538	(1,771,538)
Debt service	121,642	13,642	-	13,642
<b>Total Expenditures</b>	<b>100,934,429</b>	<b>110,628,031</b>	<b>112,306,837</b>	<b>(1,678,806)</b>
<b>Net Change in Fund Balances</b>	<b>158,117</b>	<b>1,714,524</b>	<b>4,767,879</b>	<b>3,053,355</b>
<b>Fund Balances, Beginning of Year</b>	<b>10,389,253</b>	<b>10,389,253</b>	<b>10,389,253</b>	<b>-</b>
<b>Fund Balances, End of Year</b>	<b>\$10,547,370</b>	<b>\$12,103,777</b>	<b>\$ 15,157,132</b>	<b>\$ 3,053,355</b>

See accompanying notes to basic financial statements.

## **NOTES TO BASIC FINANCIAL STATEMENTS**

**ROCKFORD PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2023**

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## **Note A – Summary of Significant Accounting Policies**

Rockford Public Schools (the “District”) was organized under the School Code of the State of Michigan, and services a population of approximately 7,727 students. The District is governed by an elected Board of Education consisting of seven members and administered by a Superintendent who is appointed by the aforementioned Board. The District provides a comprehensive range of educational services as specified by state statute and Board of Education policy. These services include elementary education, secondary education, pre-school programs, athletic activities, special education, community services and general administrative services. The Board of Education also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America as applicable to school districts. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The District’s significant accounting policies are described below.

### **1. Reporting Entity**

The financial reporting entity consists of a primary government and its component units. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate and is fiscally independent of other state or local governments. Furthermore, there are no component units combined with the District for financial statement presentation purposes, and the District is not included in any other governmental reporting entity. Consequently, the District’s financial statements include the funds of those organizational entities for which its elected governing board is financially accountable.

### **2. District-wide and Fund Financial Statements**

**District-wide Financial Statements** - The district-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) present financial information about the District as a whole. The reported information includes all of the nonfiduciary activities of the District. The District does not allocate indirect costs and, for the most part, the effect of interfund activity has been removed. These statements are to distinguish between the *governmental* and *business-type activities* of the District. *Governmental activities* normally are supported by taxes and intergovernmental revenues, and are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District does not have any *business-type activities*.

The Statement of Net Position is reported on the full accrual, economic resources basis, which recognizes all long-term assets as well as all long-term debt and obligations. The District’s net position is reported in three parts: net investment in capital assets, restricted net position, and unrestricted net position.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Property taxes, unrestricted state aid, interest earnings and other items not included among program revenues are reported instead as *general revenues*.

**ROCKFORD PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2023**

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Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. The General Fund, the 2019 Construction Capital Projects Fund, and the 2023 Construction Capital Projects Fund are the District's major funds. Nonmajor funds are aggregated and presented in a single column.

**Fund Financial Statements** – Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Fund level statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances. The Balance Sheet reports current assets, current liabilities, and fund balances. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources and uses of current financial resources. This differs from the economic resources measurement focus used to report at the district-wide level. Reconciliations between the two sets of statements are provided separately.

Revenues are recognized when susceptible to accrual, i.e., both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days after the end of the current fiscal period. Expenditures are generally recorded when the liability is incurred if they are paid within 60 days after the end of the current fiscal period. The exception to this general rule is that principal and interest on long-term debt is recognized when due.

Revenues susceptible to accrual are property taxes, state aid, federal and interdistrict revenues and investment income. Other revenues are recognized when received. Unearned revenue arises when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Unearned revenue also arises when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of the qualifying expenditures.

### **3. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

District-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met.

The State of Michigan utilizes a foundation allowance approach, which provides for a specific annual amount of revenue per student based on a State-wide formula. The foundation allowance is funded from a combination of State and local sources. Revenues from State sources are primarily governed by the School Aid Act and the School Code of Michigan. The State portion of the foundation allowance is provided from the State's School Aid Fund and is recognized as revenues in accordance with State law and accounting principles generally accepted in the United States of America.

#### **Governmental Funds**

Governmental funds are those funds through which most school district functions typically are financed. The acquisition, use and balances of a school district's expendable financial resources and the related current liabilities are accounted for through governmental funds.



**ROCKFORD PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2023**

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Major Funds:

The *General Fund* is the general operating fund of the District. It is used to account for all financial resources, except those required to be accounted for in another fund. Included are all transactions related to the current operating budget.

The *2019 and 2023 Construction Capital Projects Funds* are used to record the bond proceeds, investment earnings and the disbursement of the monies specifically designated for acquiring new school sites, buildings, equipment, and for major remodeling and repairs. The funds are retained until the purpose for which the funds were created has been accomplished.

The Capital Projects Funds include capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the District has complied with the applicable provisions of Section 1351a of the State of Michigan's School Code.

Nonmajor Funds:

*Special Revenue Funds*—Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

*School Service Funds*—School Service Funds are used to segregate, for administrative purposes, the transactions of a particular activity from regular revenue and expenditure accounts. A school district maintains full control of these funds. The School Service Funds maintained by the District are the Food Service Special Revenue Fund, the Public Purpose Trust Special Revenue Fund, and the Student/School Activity Special Revenue Fund.

*Debt Service Funds*—Debt Service Funds are used to account for the accumulation of resources for, and the payment of, long-term debt (bonds, notes, loans, leases, and school bond loan) principal, interest, and related costs.

*Capital Projects Funds*—Capital Projects Funds are used to record bond proceeds, property tax revenues or other revenues and the disbursement of monies specifically designated for acquiring new school sites, buildings, equipment, and for major remodeling and repairs. The funds are retained until the purpose for which the funds were created has been accomplished.

The Capital Projects Funds include capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the District has complied with the applicable provisions of Section 1351a of the State of Michigan's School Code. For capital project activities funded with sinking fund millage, the District has complied with applicable provisions of Section 1212 (I) of the Revised School Code and the State of Michigan Department of Treasury Letter No. 01-95.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted as they are needed.

**ROCKFORD PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2023**

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#### **4. Budgets and Budgetary Accounting**

State of Michigan Public Act 621 (the Uniform Budgetary and Accounting Act) requires that the General Fund of a school district be under budgetary control and that both budgeted and actual financial results do not incur a deficit. Rockford Public Schools has also adopted budgets for its Special Revenue Funds. A school district's Budget Appropriations Act (the "budget") must be adopted before the beginning of each fiscal year. No violations (dollar deviations) from a district's budget may occur without a corresponding amendment to the budget. A school district has the ability to amend the budget provided that the amendment is prior to the occurrence of the deviation and prior to the fiscal year end. A school district may also permit the chief administrative or fiscal officer to execute transfers between line items, within defined dollar or percentage limits, without prior approval of the Board of Education. Expenditures may not legally exceed budgeted appropriations at the function level. All appropriations lapse at the end of the fiscal year.

Rockford Public Schools utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

- Starting in the spring, District administrative personnel and department heads work with the Superintendent and Assistant Superintendent of Finance to establish proposed operating budgets for the fiscal year commencing the following July 1.
- In June, preliminary operating budgets are submitted to the Board of Education. These budgets include proposed expenditures and the means of financing them. The legal level of budgetary control is at the function level.
- Prior to June 30, a public hearing is held to obtain taxpayer comments on the proposed budgets.
- After the budgets are finalized, the Board of Education adopts an appropriations resolution setting forth the amount of the proposed expenditures and the sources of revenue to finance them.
- The original General and Special Revenue Funds budgets were amended during the year in compliance with State of Michigan Public Act 621 (the Uniform Budgetary and Accounting Act).
- Budgets for the General and Special Revenue Funds were adopted on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America.

#### **5. Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budget integration in the governmental funds. There were no substantial encumbrances outstanding at year end.

**ROCKFORD PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2023**

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**6. Investments**

Investments are recorded at fair value. Investment income is composed of interest and net changes in the fair value of applicable investments.

**7. Inventories/Prepaid Items**

Inventories are valued at cost (first-in, first-out), and are accounted for using the consumption method. Inventories of the General Fund consist of teaching and custodial supplies, while inventories of the Food Service Fund consist of food, and other nonperishable supplies. Disbursements for inventory-type items are recorded as expenditures at the time of use for each fund. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the district-wide and fund financial statements. The cost of prepaid items is recorded as expenses/expenditures when consumed (consumption method) rather than when purchased.

**8. Capital Assets**

Capital assets, which include land, land improvements, buildings, vehicles and furniture and equipment, are reported in the district-wide financial statements. Assets having a useful life in excess of one year and whose costs exceed \$5,000 are capitalized. Capital assets are stated at historical cost or estimated historical cost where actual cost information is not available. Donated capital assets are stated at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's useful life are not capitalized. Improvements are capitalized and depreciated over the remaining useful life of the related assets.

Land improvements, buildings and improvements, furniture and equipment, and vehicles are depreciated using the straight-line method over the following estimated useful lives:

Land improvements	10 - 20 years
Buildings and improvements	40 - 50 years
Furniture and equipment	3 - 10 years
Vehicles	5 - 10 years

**9. Long-term Obligations**

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

**ROCKFORD PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2023**

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**10. Early Retirement Incentive/Accumulated Sick Leave**

Early retirement incentive and accumulated sick leave at June 30, 2023 have been computed and recorded in the basic financial statements of the District. Eligible District employees who select early retirement are entitled to a termination leave payment based on their age and years of service. Employees who leave the District are also entitled to reimbursement for a portion of their unused sick days. At June 30, 2023, the accumulated liabilities, including salary related payments, (expected to be financed by General Fund revenues) for early retirement incentive and accumulated sick leave amounted to \$564,711 and \$504,706, respectively.

**11. Retirement Plan**

Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, were implemented by the District during the fiscal year ended June 30, 2015. These Statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit pensions, the Statements identify the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about pensions also are addressed. Distinctions are made regarding the particular requirements for employers based on the number of employers whose employees are provided with pensions through the pension plan and whether pension obligations and pension plan assets are shared. Cost sharing employers are those whose employees are provided with defined benefit pensions through cost-sharing multiple-employer pension plans – pension plans in which the pension obligations to the employees of more than one employer are pooled and plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Michigan Public School Employees' Retirement System (MPERS) and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. MPERS uses the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. For this purpose, benefit payments (including refunds of employee contributions) are recognized as expenses when due and payable in accordance with the benefit terms. Plan investments are reported at fair value.

**12. Postemployment Benefits Other Than Pensions**

Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, was implemented by the District during the fiscal year ended June 30, 2018. This Statement establishes standards for recognizing and measuring (OPEB) liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB plans, the Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about OPEB are also addressed. Distinctions are made regarding the particular requirements depending upon whether the OPEB plans through which the benefits are provided are administered through trusts that meet specific criteria. Cost-sharing employers are those whose employees are provided with defined benefit OPEB through cost-sharing multiple-employer OPEB plans—OPEB plans in which the OPEB obligations to the employees of more than one employer are pooled and plan assets can be used to pay the benefits of the employees of any employer that provides OPEB through the OPEB plan.

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For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Michigan Public School Employees' Retirement System (MPSERS) and additions to/deductions from MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Plan investments are reported at fair value.

### **13. Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has three such items that qualify for reporting in this category: the deferred charge on a previous year's bond refunding, the deferred outflows of resources relating to the recognition of net pension liability on the financial statements and the deferred outflows of resources relating to the recognition of net OPEB liability on the financial statements.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has two types of items that qualify for reporting in this category: the deferred inflows of resources relating to the recognition of net pension liability on the financial statements and the deferred inflows of resources relating to the recognition of net OPEB liability on the financial statements.

### **14. Net Position**

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition or construction of those assets. Net position is reported as restricted when there are limitations imposed on their use either through legislation or through external restrictions imposed by creditors, grantors, laws, or regulations from other governments.

### **15. Fund Balance**

The District has adopted Governmental Accounting Standards Board (GASB) No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*. The stated objective GASB Statement No. 54 is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds detailed as follows:

- Nonspendable – resources that cannot be spent because they are either (a) not in spendable form (inventories and prepaid amounts) or (b) legally or contractually required to be maintained intact (the principal of a permanent fund).

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- Restricted – resources that cannot be spent because of (a) constraints externally imposed by creditors (debt covenants), grantors, contributors, or laws or regulations or (b) imposed by law through constitutional provisions or enabling legislation and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.
- Committed – resources that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority (Board of Education). Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified uses by taking the same type of action it employed to previously commit those amounts. Committed fund balance does not lapse at year end.
- Assigned – resources that are constrained by the government’s *intent* to be used for specific purposes but are neither restricted nor committed. Intent should be expressed by (a) the governing body itself or (b) a body or official to which the governing body has designated the authority to assign amounts to be used for specific purposes. Rockford Public Schools’ Board of Education has delegated authority to assign fund balances for a specific purpose to the Superintendent and the Assistant Superintendent of Finance. Assigned fund balance does not lapse at year end.
- Unassigned – unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

As of June 30, 2023, Rockford Public Schools had not established a policy for its use of unrestricted fund balance amounts; it considers that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

#### **16. Interfund Activity**

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the Statement of Activities. Interfund transfers in the fund financial statements are reported as other financing sources/uses.

#### **17. Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**ROCKFORD PUBLIC SCHOOLS**  
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**Note B – Cash Equivalents and Investments**

The State of Michigan allows a political subdivision to authorize its Treasurer or other chief fiscal officer to invest surplus funds belonging to and under the control of the entity as follows:

- Bonds, bills, or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States; or obligations of the State.
- Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution is a state or nationally chartered bank or a state or federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and that maintains a principal office or branch office located in this State under the laws of this State or the United States.
- Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and matures not more than 270 days after the date of purchase.
- Securities issued or guaranteed by agencies or instrumentalities of the United States government.
- United States government or Federal agency obligation repurchase agreements.
- Banker’s acceptances issued by a bank that is a member of the Federal Deposit Insurance Corporation.
- Mutual funds composed entirely of investment vehicles which are legal for direct investment by a school district in Michigan.
- Investment pools, as authorized by the surplus funds investment pool act, Act No. 367 of the Public Acts of 1982, being sections 129.11 to 129.118 of the Michigan Compiled Laws, composed entirely of instruments that are legal for direct investment by a school district in Michigan.

Balances at June 30, 2023 related to cash equivalents and investments are detailed in the Basic Financial Statements as follows:

Statement of Net Position:

Governmental Activities	<u>\$ 94,859,236</u>
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**Cash Equivalents**

Depositories actively used by the District during the year are detailed as follows:

1. Independent Bank

Cash equivalents consist of bank public funds checking and savings accounts.



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June 30, 2023 balances are detailed as follows:

Cash equivalents	<u>\$ 656,626</u>
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*Custodial Credit Risk Related to Bank Deposits*

Custodial credit risk is the risk that in the event of bank failure, the District's bank deposits may not be returned to the District. Protection of District deposits is provided by the Federal Deposit Insurance Corporation. At year end, the carrying amount of the District's cash equivalents was \$656,626 and bank balance was \$656,626. The amount not covered by federal depository insurance totaled \$406,626. The District has no policy to address Custodial Credit Risk.

**Investments**

As of June 30, 2023, the District had the following investments:

Surplus Funds Investment Pool Accounts:	
MILAF+ Cash Management Class	\$ 8,190,048
MILAF+ MAX Class	<u>86,012,562</u>
	<u>\$ 94,202,610</u>

The Michigan Liquid Asset Fund Plus (MILAF+) is an external pooled investment fund that includes qualified investments in accordance with the applicable sections of the School Code. MILAF+ is not regulated or registered with the Securities Exchange Commission at June 30, 2023. The MILAF+ is carried at net amortized value (NAV) and is rated AAAM by Standard & Poor's rating agency. The MILAF+ MAX class requires a 14-day redemption notice.

*Custodial Credit Risk Related to Investments*

Custodial credit risk is the risk that, in the event of a failure of the counterparty, the District may not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District will minimize custodial credit risk by limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the District will do business. At June 30, 2023, the District had no investments that were subject to custodial credit risk.

*Credit Risk*

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The District's investment policy does not specifically address credit risk but minimizes its credit risk by limiting investments to the types allowed by the State.

*Interest Rate Risk*

The District minimizes interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market, and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market funds, or similar investment pools and limiting the average maturity in accordance with the District's cash requirements.



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*Concentration of Credit Risk*

The District minimizes concentration of credit risk which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. The District's investment policy places no restrictions on the amount or percentage that may be invested in any one type of security.

*Foreign Currency Risk*

The District is not authorized to invest in investments which have this type of risk.

**Note C – State School Aid/Property Taxes**

On March 15, 1994, the voters of the State of Michigan approved Proposal A, which increased the State Sales and Use Tax rates from 4% to 6% and established a State Education Tax at a rate of 6 mills on all property, except that which is exempt by law from ad valorem property taxes, and dedicated the additional revenues generated to Michigan school districts.

These additional State revenues pass through to Michigan school districts in the form of a per pupil "Foundation Allowance" paid on a "blended count" of District pupil membership in February 2022 and October 2022. The 2022-23 "Foundation Allowance" for Rockford Public Schools was \$9,150 for 7,731 "Full Time Equivalent" students, generating \$86,059,725 in state aid payments to the District of which \$15,704,533 was paid to the District in July and August 2023 and included in "Due From Other Governmental Units" of the General Fund of the District.

Property taxes for the District are levied July 1 and December 1 (the tax lien dates) under a split-levy system by the City of Rockford and the Townships of Algoma, Cannon, Courtland, Grattan, Oakfield, and the Charter Township of Plainfield, and are due 75 days after levy dates. The taxes are then collected by each governmental unit and remitted to the District. The County of Kent, through its Delinquent Tax Revolving Fund, advances all delinquent real property taxes at March 1 to the District each year prior to June 30.

Section 1211(1) of 1993 PA 312 states that beginning in 1994, the board of a school district shall levy not more than 18 mills, if approved by voters, for school operating purposes, or the number of mills levied in 1993, whichever is less, on non-homestead property only, in order to be eligible to receive funds under the State School Aid Act of 1979. After 1996, electors may approve a 3 mill "Local Enhancement Millage" which must be shared between all local districts in each respective county intermediate district.

As Rockford Public Schools' electors had previously (November 2022) approved a ten-year operating millage extension, 18 mills of non-homestead property tax was levied in the District for 2022.

The District levied a .9125 recreation millage, 7.00 mills for debt service purposes and 0.4794 mills for building and site in 2022, applied on all taxable property in the District.

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Taxable property in the District is assessed initially at 50% of true cash value by the assessing officials of the various units of government that comprise the District. These valuations are then equalized by the county and finally by the State of Michigan, generating the State Equalized Valuation. Taxable valuation increases will be limited, or capped (known as capped valuation), at 5% or the rate of inflation, whichever is less. With the implementation of Proposal A and Public Act 36, taxable property is now divided into two categories: PRE and NPRES.

A principal residence exemption property (PRE) is exempt from the 18 mill "School Operating" tax. It is not exempt from the 6 mill "State Education" tax, any voted "Local Enhancement Millage" nor any additional voted millage for the retirement of debt.

Non-principal residence exemption property (NPRES) is subject to all District levies. However, since Public Act 36, establishing the Michigan Business Tax, was signed into law, Public Acts 37-40 of 2007 now exempt Industrial Personal Property from the 6 mill State Education Tax and up to 18 mills of local school district operating millage (includes property under Industrial Facilities Tax exemptions); and exempt Commercial Personal Property from up to 12 mills of local school district operating millage (exceptions may apply).

The District is subject to tax abatements granted by the County of Kent with local businesses under the Plant Rehabilitation and Industrial Development Districts Act, (known as the Industrial Facilities Exemption) PA 198 of 1974, as amended, provides a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assists in the building of new facilities, and promotes the establishment of high-tech facilities. An Industrial Facilities Exemption (IFE) certificate entitles the facility to exemption from ad valorem real and/or personal property taxes for a term up to 12 years as determined by the local unit of government. The agreements entered into by each local unit include claw back provisions should the recipient of the tax abatement fail to fully meet its commitments, such as employment levels and timelines for relocation. The tax abated property taxes are calculated by applying half the local property tax millage rate on the total IFT taxable value. This amounts to a reduction in property tax revenue of approximately 50%.

For the year ended June 30, 2023, the District's property tax revenues were reduced by approximately \$31,449 under these agreements.

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**Note D – Interfund Receivables/Payables and Transfers**

Amounts due from (to) other funds, representing interfund receivables and payables for year-end expenditure allocations not reimbursed at June 30, 2023, are detailed as follows:

	<b>Due From</b>	<b>Due To</b>
<b>Major Funds</b>		
General Fund:		
Special Revenue Funds:		
Food Service	\$ 160,240	\$ 104,897
Student/School Activity	14,370	58,550
Capital Project Funds:		
2019 Construction	-	572,212
2023 Construction	-	1,199,326
Capital Project Funds:		
2019 Construction:		
General Fund	572,212	-
2023 Construction		
General Fund	1,199,326	-
<b>Total Major Funds</b>	<b>1,946,148</b>	<b>1,934,985</b>
<b>Nonmajor Funds</b>		
Special Revenue Funds:		
Food Service:		
General Fund	104,897	160,240
Student/School Activity:		
General Fund	58,550	14,370
<b>Total Nonmajor Funds</b>	<b>163,447</b>	<b>174,610</b>
<b>Total All Funds</b>	<b>\$ 2,109,595</b>	<b>\$ 2,109,595</b>

Operating transfers between funds to allocate expenditures during the year ended June 30, 2023 were as follows:

	<b>Transfers In</b>	<b>Transfers Out</b>
<b>Nonmajor Funds</b>		
Debt Service Funds:		
2022 Debt Service:		
2014 Debt Service	\$ -	\$ 794,819
2014 Debt Service:		
2022 Debt Service	794,819	-
<b>Total All Funds</b>	<b>\$ 794,819</b>	<b>\$ 794,819</b>

**ROCKFORD PUBLIC SCHOOLS**  
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**Note E – Capital Assets**

Capital asset activity for the year ended June 30, 2023 was as follows:

	<b>Balances July 1, 2022</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balances June 30, 2023</b>
Capital assets not being depreciated:				
Land	\$ 2,093,127	\$ -	\$ -	\$ 2,093,127
Construction in progress	7,196,386	28,495,470	1,009,240	34,682,616
Totals capital assets not being depreciated	<u>9,289,513</u>	<u>\$ 28,495,470</u>	<u>\$ 1,009,240</u>	<u>36,775,743</u>
Capital assets being depreciated:				
Land improvements	21,812,128	\$ 854,500	\$ -	22,666,628
Buildings and improvements	175,140,172	811,737	-	175,951,909
Furniture and equipment	21,672,844	606,160	-	22,279,004
Vehicles	5,924,233	751,313	717,846	5,957,700
Totals capital assets being depreciated	<u>224,549,377</u>	<u>\$ 3,023,710</u>	<u>\$ 717,846</u>	<u>226,855,241</u>
Less accumulated depreciation for:				
Land improvements	11,564,298	\$ 867,859	\$ -	12,432,157
Buildings and improvements	69,420,151	4,180,759	-	73,600,910
Furniture and equipment	16,787,135	672,428	-	17,459,563
Vehicles	3,055,134	434,596	689,579	2,800,151
Total accumulated depreciation	<u>100,826,718</u>	<u>\$ 6,155,642</u>	<u>\$ 689,579</u>	<u>106,292,781</u>
Total capital assets being depreciated, net	<u>123,722,659</u>			<u>120,562,460</u>
<b>Net Capital Assets</b>	<u>\$ 133,012,172</u>			<u>\$ 157,338,203</u>

Depreciation expense was charged to District activities as follows:

Governmental activities:	
Instruction	\$ 4,069,761
Supporting services	1,937,315
Community services	3,824
Food service	124,378
Unallocated	<u>20,364</u>
	<u>\$ 6,155,642</u>

Depreciation expense totaling \$20,364 was not charged to activities of the District, as the District considers allocation not to be practical as the assets are used in multiple activities.

**ROCKFORD PUBLIC SCHOOLS**  
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**Note F – Short-term Debt**

On August 20, 2022, the District repaid the \$2,000,000 August 20, 2021 State aid anticipation loan. On August 22, 2022, the District borrowed \$1,200,000 for cash flow purposes, in anticipation of State aid (interest at 1.99%). The loan is due in full on August 21, 2023. Net interest cost on the loans was \$29,760 for the fiscal year. This was included as an expenditure in General Fund Other Business Services as required by the Michigan Department of Education.

	<b>Debt Outstanding July 1, 2022</b>	<b>Debt Added</b>	<b>Debt Retired</b>	<b>Debt Outstanding June 30, 2023</b>
State Aid Anticipation Loans	\$ 2,000,000	\$ 1,200,000	\$ 2,000,000	\$ 1,200,000

**Note G – Long-term Obligations**

Changes in long-term obligations for the year ended June 30, 2023 are summarized as follows:

	<b>Debt Outstanding July 1, 2022</b>	<b>Debt Added</b>	<b>Debt Retired</b>	<b>Debt Outstanding June 30, 2023</b>
General obligation bonds:				
June 3, 2014	\$ 19,885,000	\$ -	\$ 1,375,000	\$ 18,510,000
February 6, 2015	9,945,000	-	2,080,000	7,865,000
June 6, 2016	25,775,000	-	560,000	25,215,000
June 6, 2016	29,745,000	-	210,000	29,535,000
June 26, 2019	35,180,000	-	250,000	34,930,000
June 15, 2022	4,340,000	-	4,340,000	-
May 18, 2023	-	72,150,000	-	72,150,000
Bond premium	17,790,549	9,074,110	1,198,598	25,666,061
Early retirement incentive- contractual	685,160	183,227	303,676	564,711
Accumulated sick leave*	529,314	-	24,608	504,706
	<b>\$143,875,023</b>	<b>\$ 81,407,337</b>	<b>\$ 10,341,882</b>	<b>\$ 214,940,478</b>

\*Net change reported, consistent with GASB No. 101 implementation. See Note M.

**ROCKFORD PUBLIC SCHOOLS**  
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Long-term obligations outstanding at June 30, 2023 are comprised of the following:

	<b>Final Maturity Dates</b>	<b>Interest Rates</b>	<b>Outstanding Balance</b>	<b>Amount Due Within One Year</b>
<b>General Obligation Bonds</b>				
\$31,780K 2014 Building and Site: Annual maturities of \$1,400K to \$1,755K	May 1, 2039	4.00 - 5.00	\$ 18,510,000	\$ 1,400,000
\$26,375K 2015 General Obligation Refunding: Annual maturities of \$1,895K to \$2,035K	May 1, 2027	5.00	7,865,000	2,035,000
\$27,440K 2016 General Obligation Refunding Series B: Annual maturities of \$530K to \$3,890K	May 1, 2039	4.00 - 5.00	25,215,000	530,000
\$35,070K 2016 Building and Site: Annual maturities of \$510K to \$2,075K	May 1, 2044	4.00 - 5.00	29,535,000	510,000
\$48,665K 2019 Building and Site Series I: Annual maturities of \$250K to \$3,120K	May 1, 2046	4.00 - 5.00	34,930,000	250,000
\$72,150K 2023 Building and Site Series II: Annual maturities of \$340K to \$4,585K	May 1, 2049	5.00	72,150,000	4,375,000
Bond premium			25,666,061	1,547,602
<b>Other Obligations</b>				
Early retirement incentive - contractual			564,711	65,000
Accumulated sick leave			504,706	25,000
			<u>\$ 214,940,478</u>	<u>\$10,737,602</u>

**ROCKFORD PUBLIC SCHOOLS**  
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The annual requirements to pay principal and interest on long-term bonds outstanding are as follows:

<b>Years Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 9,100,000	\$ 7,689,000	\$ 16,789,000
2025	9,605,000	7,356,275	16,961,275
2026	5,615,000	6,990,650	12,605,650
2027	5,865,000	6,718,400	12,583,400
2028	6,145,000	6,433,650	12,578,650
2029	6,540,000	6,175,450	12,715,450
2030	6,835,000	5,860,950	12,695,950
2031	7,365,000	5,531,700	12,896,700
2032	8,055,000	5,181,825	13,236,825
2033	8,460,000	4,811,075	13,271,075
2034	7,885,000	4,429,700	12,314,700
2035	8,280,000	4,110,075	12,390,075
2036	6,885,000	3,529,000	10,414,000
2037	7,210,000	3,284,925	10,494,925
2038	7,555,000	3,027,600	10,582,600
2039	7,910,000	2,756,650	10,666,650
2040	8,285,000	2,472,700	10,757,700
2041	8,610,000	2,148,575	10,758,575
2042	8,895,000	1,839,250	10,734,250
2043	8,905,000	1,489,375	10,394,375
2044	8,930,000	1,139,125	10,069,125
2045	6,925,000	787,750	7,712,750
2046	6,925,000	536,625	7,461,625
2047	3,805,000	285,500	4,090,500
2048	3,805,000	190,375	3,995,375
2049	3,810,000	95,250	3,905,250
	<u>\$ 188,205,000</u>	<u>\$ 94,871,450</u>	<u>\$ 283,076,450</u>

**ROCKFORD PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
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## **Note H – Retirement Plan**

### ***Plan Description***

The Michigan Public School Employees' Retirement System (MPSERS) (the "System"), is a cost-sharing, multiple-employer, state-wide, defined benefit public employee retirement system governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. The board consists of twelve members – eleven appointed by the Governor, and the State Superintendent of Instruction, who serves as the ex-officio member.

The System's pension plan was established by the State to provide retirement, survivor and disability benefits to public school employees. In addition, the System's health plan provides all retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act (1980 PA 300 as amended).

The System is administered by the Office of Retirement Services (ORS) within the Michigan Department of Technology, Management & Budget. The Department Director appoints the Office Director, with whom the general oversight of the System resides. The State Treasurer serves as the investment officer and custodian for the System.

The System's financial statements are available at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

### ***Benefits Provided***

Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Depending on the plan option selected, member retirement benefits are determined by final average compensation, years of service, and a pension factor ranging from 1.25 percent to 1.50 percent. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements based on when the employee became a member. The age and service requirements range from attaining the age of 46 to 60 with years of service ranging from 5 to 30 years. Early retirement is computed in the same manner as a regular pension but is permanently reduced by .50 percent for each full and partial month between the pension effective date and the date the member will attain age 60. There is no mandatory retirement age. Certain employees have the option to participate in the defined contribution (DC) plan that provides a 50 percent employer match (up to 3 percent of salary) on employee contributions.

The System also provides disability and survivor benefits to DB plan members.

Benefit terms provide for annual cost of living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustment, if applicable, is 3 percent. Some members who do not receive an annual increase are eligible to receive a supplemental payment in those years when investment earnings exceed actuarial assumptions.

A DB plan member who leaves Michigan public school employment may request a refund of his or her member contributions to the retirement system account if applicable. A refund cancels a former member's rights to future benefits. However, returning members who previously received a refund of their contributions may reinstate their service through repayment of the refund upon satisfaction of certain requirements.



**ROCKFORD PUBLIC SCHOOLS**  
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***Contributions and Funded Status***

Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of active and retired members. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2021 valuation will be amortized over a 17-year period beginning October 1, 2021 and ending September 30, 2038.

The schedule below summarizes pension contribution rates in effect for the plan fiscal year ended September 30, 2022.

<b>Plan Name</b>	<b>Pension Contribution Rates:</b>		
	<b>Plan Status</b>	<b>Member</b>	<b>District</b>
Basic	Closed	0.0 – 4.0 %	20.14%
Member Investment Plan (MIP)	Closed	3.0 – 7.0%	20.14%
Pension Plus	Closed	3.0 – 6.4 %	17.22%
Pension Plus 2	Open	6.2%	19.93%
Defined Contribution	Open	0.0%	13.73%

The District’s contributions to MPSERS under all pension plans for the year ended June 30, 2023, inclusive of the MSPERS UAAL Stabilization, totaled \$17,634,568.

***Proportionate Share of Reporting Unit’s Net Pension Liability***

At June 30, 2023, the District reported a liability of \$188,321,036 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2021. The District’s proportion of the net pension liability was determined by dividing each employer’s statutorily required pension contributions to the System during the measurement period by the percent of the pension contributions required from all applicable employers during the measurement period. At September 30, 2022 the District’s proportion was 0.50073770%, which was an increase from 0.48974153% at September 30, 2021.

**ROCKFORD PUBLIC SCHOOLS**  
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***Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

For the year ended June 30, 2023, the District recognized pension expense of \$23,798,662. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 1,883,868	\$ 421,066
Changes of assumptions	32,360,302	—
Net difference between projected and actual earnings on pension plan investments	441,613	—
Changes in proportion and differences between District contributions and proportionate share of contributions	3,237,049	563,438
District contributions subsequent to the measurement date*	16,772,352	—
<b>Total</b>	<b>\$ 54,695,184</b>	<b>\$ 984,504</b>

\* This amount, reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Years Ending June 30</b>	<b>Amount</b>
2024	\$ 10,570,554
2025	8,156,352
2026	7,105,867
2027	11,105,555

***Actuarial Assumptions***

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

**ROCKFORD PUBLIC SCHOOLS**  
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Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

Valuation Date:	September 30, 2021
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	
MIP and Basic Plans (Non-Hybrid):	6.00% net of investment expenses
Pension Plus Plan (Hybrid):	6.00% net of investment expenses
Pension Plus 2:	6.00% net of investment expenses
Projected Salary Increases:	2.75% - 11.55%, including wage inflation of 2.75%
Cost-of-Living Adjustments:	3% annual non-compounded for MIP members
Mortality:	
Retirees:	RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Active Members:	RP-2014 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Disabled Retirees:	RP-2014 Male and Female Disabled Annuitant Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Notes:

- Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2018 valuation. The total pension liability as of September 30, 2022 is based on the results of an actuarial valuation date of September 30, 2021 and rolled forward using generally accepted actuarial procedures, including the experience study.
- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: [4.3922 for non-university employers].
- Recognition period for assets in years: 5.0000.
- Full actuarial assumptions are available in the 2022 MPSERS Annual Comprehensive Financial Report found on the ORS website at ([www.michigan.gov/orsschools](http://www.michigan.gov/orsschools)).

**ROCKFORD PUBLIC SCHOOLS**  
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***Long-Term Expected Rate of Return on Investments***

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2022 are summarized in the following table:

<b>Investment Category</b>	<b>Target Allocation</b>	<b>Long-term Expected Real Rate of Return*</b>
Domestic Equity Pools	25.0%	5.1%
Private Equity Pools	16.0%	8.7%
International Equity Pools	15.0%	6.7%
Fixed Income Pools	13.0%	(0.2)%
Real Estate and Infrastructure Pools	10.0%	5.3%
Absolute Return Pools	9.0%	2.7%
Real Return/Opportunistic Pools	10.0%	5.8%
Short-term Investment Pools	2.0%	(0.5)%
<b>Total</b>	<b>100.0%</b>	

\*Long-term rates of return are net of administrative expenses and 2.2% inflation.

***Rate of Return***

For the fiscal year ended September 30, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (4.18)%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

***Discount Rate***

A discount rate of 6.0% was used to measure the total pension liability (6.0% for the Pension Plus Plan , 6.0% for the Pension Plus 2 Plan, hybrid plans provided through non-university employers only). This discount rate was based on the long-term expected rate of return on pension plan investments of 6.0% (6.0% for the Pension Plus Plan, 6.0% for the Pension Plus 2 plan). The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**ROCKFORD PUBLIC SCHOOLS**  
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***Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 6.0%, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

	<b>1% Decrease 5.0%</b>	<b>Current Single Discount Rate Assumption 6.0%</b>	<b>1% Increase 7.0%</b>
District’s proportionate share of the net pension liability	\$ 248,513,805	\$ 188,321,036	\$ 138,719,483

***Michigan Public School Employees’ Retirement System (MPERS) Fiduciary Net Position***

Detailed information about the pension plan’s fiduciary net position is available in the separately issued Michigan Public School Employees’ Retirement System September 30, 2022 Annual Comprehensive Financial Report, available here: ([www.michigan.gov/orsschools](http://www.michigan.gov/orsschools)).

***Payables to the Michigan Public School Employees’ Retirement System (MPERS)***

Payables to the pension plan totaling \$2,340,167 at June 30, 2023 arise from the normal legally required contributions based on the accrued salaries payable at year end, expected to be liquidated with expendable available financial resources.

**Note I – Other Postemployment Benefits**

***Plan Description***

The Michigan Public School Employees' Retirement System (MPERS or “System”) is a cost-sharing, multiple-employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. The board consists of twelve members— eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

The System’s health plan provides all eligible retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees’ Retirement Act (1980 PA 300 as amended).

The System is administered by the Office of Retirement Services (ORS) within the Michigan Department of Technology, Management & Budget. The Department Director appoints the Office Director, with whom the general oversight of the System resides. The State Treasurer serves as the investment officer and custodian for the System.

The System’s financial statements are available on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

**ROCKFORD PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
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***Benefits Provided***

Benefit provisions of the postemployment healthcare plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions. Retirees have the option of health coverage, which, through 2012, was funded on a cash disbursement basis. Beginning fiscal year 2013, it is funded on a prefunded basis. The System has contracted to provide the comprehensive group medical, prescription drug, dental and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by the System with the balance deducted from the monthly pension of each retiree healthcare recipient. For members who first worked before July 1, 2008, (Basic, MIP-Fixed, and MIP Graded plan members) the subsidy is the maximum allowed by statute. To limit future liabilities of Other Postemployment Benefits, members who first worked on or after July 1, 2008 (MIP-Plus plan members) have a graded premium subsidy based on career length where they accrue credit towards their insurance premiums in retirement, not to exceed the maximum allowable by statute. Public Act 300 of 2012 sets the maximum subsidy at 80% beginning January 1, 2013; 90% for those Medicare eligible and enrolled in the insurances as of that date. Dependents are eligible for healthcare coverage if they meet the dependency requirements set forth in Public Act 300 of 1980, as amended.

***Retiree Healthcare Reform of 2012***

Public Act 300 of 2012 granted all active members of the Michigan Public School Employees' Retirement System, who earned service credit in the 12 months ending September 3, 2012 or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their retirement healthcare. Any changes to a member's healthcare benefit are effective as of the member's transition date, which is defined as the first day of the pay period that begins on or after February 1, 2013.

Under Public Act 300 of 2012, members were given the choice between continuing the 3% contribution to retiree healthcare and keeping the premium subsidy benefit described above, or choosing not to pay the 3% contribution and instead opting out of the subsidy benefit and becoming a participant in the Personal Healthcare Fund (PHF), a portable, tax-deferred fund that can be used to pay healthcare expenses in retirement. Participants in the PHF are automatically enrolled in a 2% employee contribution into their 457 account as of their transition date, earning them a 2% employer match into a 401(k) account. Members who selected this option stop paying the 3% contribution to retiree healthcare as of the day before their transition date, and their prior contributions were deposited into their 401(k) account.

***Contributions and Funded Status***

Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of active and retired members. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

Employer OPEB contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2021 valuation will be amortized over a 17-year period beginning October 1, 2021 and ending September 30, 2038.

**ROCKFORD PUBLIC SCHOOLS**  
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The schedule below summarizes OPEB contribution rates in effect for fiscal year ended September 30, 2022:

**OPEB Contribution Rates:**

Benefit Structure	Member	District
Premium Subsidy	3.0%	8.09%
Personal Healthcare Fund (PHF)	0.0 %	7.23%

Required contributions to the OPEB plan from the District were \$3,663,134 for the year ended June 30, 2023.

***Proportionate Share of Reporting Unit's Net OPEB Liability***

At June 30, 2023, the District reported a liability of \$10,540,761 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2021. The District's proportion of the net OPEB liability was determined by dividing each employer's statutorily required OPEB contributions to the System during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2022, the District's proportion was 0.49766051%, which was an increase from 0.49160586% at September 30, 2021.

***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

For the year ended June 30, 2023, the District recognized an OPEB credit of \$3,963,045. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ —	\$ 20,645,313
Changes of assumptions	9,395,319	765,020
Net difference between projected and actual earnings on OPEB plan investments	823,844	—
Changes in proportion and differences between District contributions and proportionate share of contributions	851,936	366,400
District contributions subsequent to the measurement date*	3,344,450	—
<b>Total</b>	<b>\$ 14,415,549</b>	<b>\$ 21,776,733</b>

\* This amount, reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024.



**ROCKFORD PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
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Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Years Ending June 30</b>	<b>Amount</b>
2024	\$ (3,903,161)
2025	(3,512,704)
2026	(3,063,338)
2027	(116,514)
2028	(124,630)
Thereafter	14,713

***Actuarial Assumptions***

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

Valuation Date:	September 30, 2021
Actuarial Cost Method:	Entry Age, Normal
Asset Valuation Method:	Fair Value
Wage Inflation Rate:	2.75%
Investment Rate of Return:	6.00% net of investment expense
Projected Salary Increases:	2.75% - 11.55%, including wage inflation of 2.75%
Healthcare Cost Trend Rate:	Pre-65 - 7.75% Year 1 graded to 3.5% Year 15; 3.0% Year 120 Post-65 – 5.25% Year 1 graded to 3.5% Year 15; 3.0% Year 120
Mortality:	
Retirees:	RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Active Members:	RP-2014 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Disabled Retirees:	RP-2014 Male and Female Disabled Annuitant Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.



**ROCKFORD PUBLIC SCHOOLS**  
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Other Assumptions:

Opt Out Assumptions:	21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan.
Survivor Coverage:	80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death.
Coverage Election at Retirement:	75% of male and 60% of female future retirees are assumed to elect coverage for one or more dependents.

Notes:

- Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual OPEB valuations beginning with the September 30, 2018 valuation. The total OPEB liability as of September 30, 2022 is based on the results of an actuarial valuation date of September 30, 2021 and rolled forward using generally accepted actuarial procedures, including the experience study.
- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: [6.2250 for non-university employers].
- Recognition period for assets in years: 5.0000.
- Full actuarial assumptions are available in the 2022 MPSERS Annual Comprehensive Financial Report found on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

***Long-Term Expected Rate of Return on Investments***

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2022, are summarized in the following table:

<b>Investment Category</b>	<b>Target Allocation</b>	<b>Long-term Expected Real Rate of Return*</b>
Domestic Equity Pools	25.0%	5.1%
Private Equity Pools	16.0%	8.7%
International Equity Pools	15.0%	6.7%
Fixed Income Pools	13.0%	(0.2)%
Real Estate and Infrastructure Pools	10.0%	5.3%
Absolute Return Pools	9.0%	2.7%
Real Return/Opportunistic Pools	10.0%	5.8%
Short-term Investment Pools	2.0%	(0.5)%
<b>Total</b>	<b>100.0%</b>	

\* Long-term rates of return are net of administrative expenses and 2.2% inflation.

**ROCKFORD PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
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***Rate of Return***

For the fiscal year ended September 30, 2022, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was (4.99)%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

***Discount Rate***

A discount rate of 6.0% was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 6.0%. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

***Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate***

The following presents the District's proportionate share of the net OPEB liability calculated using the discount rate of 6.00 percent, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

	<b>1% Decrease 5.0%</b>	<b>Current Discount Rate 6.0%</b>	<b>1% Increase 7.0%</b>
District's proportionate share of the net OPEB liability	\$ 17,681,113	\$ 10,540,761	\$ 4,527,699

***Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Healthcare Cost Trend Rate***

The following presents the District's proportionate share of the net OPEB liability calculated using assumed trend rates, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a trend rate that is 1 percentage point lower or 1 percentage point higher:

	<b>1% Decrease</b>	<b>Current Healthcare Cost Trend Rate</b>	<b>1% Increase</b>
District's proportionate share of the net OPEB liability	\$ 4,413,967	\$ 10,540,761	\$ 17,418,210

**ROCKFORD PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
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***OPEB Plan Fiduciary Net Position***

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2022 MPSERS Annual Comprehensive Financial Report, available on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

***Payables to the OPEB Plan***

Payables to the OPEB plan totaling \$317,350 at June 30, 2023 arise from the normal legally required contributions based on the accrued salaries payable at year end, expected to be liquidated with expendable available financial resources.

**Note J – Risk Management and Employee Benefits**

The District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (worker's compensation), as well as medical benefits provided to employees. The District has purchased commercial insurance for property loss, employee medical benefits, workers' compensation, and errors and omissions.

The District is a member of the Michigan School Insurance Programs (MSIP), a self-insurance program with districts pooling together to insure property including equipment breakdown, liability, crime, auto, educators legal liability and cyber liability exposure. Premiums from members of the MSIP are determined through standard underwriting procedures. The members of the MSIP have contributed amounts sufficient to fund individual and aggregate losses up to \$250,000 and \$1,112,000, respectively, on an annual basis. Excess insurance has been purchased to cover claims exceeding those amounts. A \$1,000 per occurrence deductible for property losses is maintained. The District paid \$402,068 in premiums to the MSIP for the year ended June 30, 2023.

MSIP also allows district to purchase their Workers Compensation coverage through a Guaranteed Cost Group Purchase Program. The carrier, Accident Fund picks up all Workers Compensation claims from the ground up and handles the claim processing and management. As of June 30, 2023, there were no material pending claims against the District. The District paid \$159,420 in premiums and program fees to the Group for the year ended June 30, 2023.

Health, life, and other employee insurance is provided by private insurance carriers. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

There were no significant reductions in insurance coverage in the 2022-23 fiscal year.

**ROCKFORD PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
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**Note K – Stewardship, Compliance and Accountability**

The following District funds had actual expenditures exceed final budgeted amounts for the year ended June 30, 2023, as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>General Fund</b>			
Instruction:			
Basic programs	\$ 55,376,095	\$ 56,096,225	\$ 720,130
Supporting services:			
Pupil services	6,161,332	6,616,609	455,277
General administrative services	905,242	918,778	13,536
School administrative services	6,045,568	6,063,718	18,150
Business services	1,892,348	2,106,617	214,269
Operation and maintenance services	9,901,681	10,411,597	509,916
Central services	2,739,245	2,861,467	122,222
Other supporting services	5,550,417	4,138,490	475,134
Capital outlay	-	1,771,538	1,771,538
<b>Student/School Activity Fund</b>			
Other supporting service	1,209,156	1,359,762	150,606
<b>Food Service Fund</b>			
Food service	3,280,036	3,593,551	313,515

The District has an unrestricted net position deficit of \$138,424,586 and a total net position deficit of \$110,961,478 as of June 30, 2023. These deficit net positions result primarily from recording a net pension liability of \$134,610,356 (net of deferred outflows and deferred inflows of resources related to the pension plan) and a net OPEB liability of \$17,901,945 (net of deferred outflows and deferred inflows of resources related to the OPEB plan).

**Note L – Commitments**

On June 26, 2019, the District issued \$48,665,000 of general obligation 2019 Construction bonds whose proceeds are being used for land improvements, building renovations and additions, and furniture and equipment purchases. At June 30, 2023, unspent balances committed to these construction projects totaled \$1,139,091, which are expected to be fully expended by the year ended June 30, 2024.

On May 18, 2023, the District issued \$72,150,000 of general obligation 2023 Construction bonds whose proceeds are being used for land improvements, building renovations and additions, and furniture and equipment purchases. At June 30, 2023, unspent balances committed to these construction projects totaled \$73,297,449, which are expected to be fully expended by the year ended June 30, 2026.

**ROCKFORD PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
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**Note M – New Accounting Pronouncements Adopted**

Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)* was adopted by the District during the fiscal year ending June 30, 2023. This statement enhances the relevance and consistency of information about governments' SBITAs by requiring recognition of right-to-use subscription assets and a corresponding subscription liability. Upon implementation, the District was not required to recognize a right-to-use subscription asset or subscription liability as of July 1, 2022. Net position as of July 1, 2022 was not required to be restated as a result of implementing the Statement.

Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences* was adopted by the District during the fiscal year ended June 30, 2023. This statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability. In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**ROCKFORD PUBLIC SCHOOLS**  
**Required Supplementary Information**  
**Schedule of the District Proportionate Share of the Net Pension Liability**  
**MPSERS Cost-sharing Multiple-employer Plan**  
**June 30, 2023**

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	Year Ended June 30, 2023	Year Ended June 30, 2022	Year Ended June 30, 2021
District's proportion of the net pension liability	0.50073770%	0.48974153%	0.48553440%
District's proportionate share of the net pension liability	\$ 188,321,036	\$ 115,948,327	\$ 166,786,348
District's covered-employee payroll	\$ 48,975,588	\$ 44,671,608	\$ 42,977,837
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	384.52%	259.56%	388.08%
Plan fiduciary net position as a percentage of the total pension liability	60.77%	72.60%	59.72%

The amounts presented for each fiscal year were determined as of September 30 of the preceding year.

Note: GASB Statement No 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

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<u>Year Ended June 30, 2020</u>	<u>Year Ended June 30, 2019</u>	<u>Year Ended June 30, 2018</u>	<u>Year Ended June 30, 2017</u>	<u>Year Ended June 30, 2016</u>	<u>Year Ended June 30, 2015</u>
0.49065397%	0.48985930%	0.48635468%	0.49846335%	0.48283576%	0.47302115%
\$ 162,488,098	\$ 147,260,549	\$ 126,035,173	\$ 124,362,527	\$ 117,932,764	\$ 104,190,018
\$ 42,480,969	\$ 42,241,261	\$ 39,898,626	\$ 42,356,434	\$ 40,229,246	\$ 40,397,194
382.50%	348.62%	315.89%	293.61%	293.15%	257.91%
60.31%	62.36%	63.96%	63.01%	62.92%	66.15%



**ROCKFORD PUBLIC SCHOOLS**  
**Required Supplementary Information**  
**Schedule of the District's Proportionate Share of the Net OPEB Liability**  
**MPSERS Cost-sharing Multiple-employer Plan**  
**June 30, 2023**

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	<u>Year Ended June 30, 2023</u>	<u>Year Ended June 30, 2022</u>	<u>Year Ended June 30, 2021</u>
District's proportion of the net OPEB liability	0.49766051%	0.49160586%	0.48366730%
District's proportionate share of the net OPEB liability	\$ 10,540,761	\$ 7,503,763	\$ 25,911,349
District's covered-employee payroll	\$ 48,975,588	\$ 44,671,608	\$ 42,977,837
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	21.52%	16.80%	60.29%
Plan fiduciary net position as a percentage of the total OPEB liability	83.09%	87.33%	59.44%

The amounts presented for each fiscal year were determined as of September 30 of the preceding year.

Note: GASB Statement No 75 was implemented in fiscal year 2018. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

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<u>Year Ended June 30, 2020</u>	<u>Year Ended June 30, 2019</u>	<u>Year Ended June 30, 2018</u>
0.48545280%	0.49587331%	0.48646825%
\$ 34,844,579	\$ 39,416,730	\$ 43,079,055
\$ 42,480,969	\$ 42,241,261	\$ 39,898,626
82.02%	93.31%	107.97%
48.46%	42.95%	36.53%

**ROCKFORD PUBLIC SCHOOLS**  
**Required Supplementary Information**  
**Schedule of District Pension Contributions**  
**MPSERS Cost-sharing Multiple-employer Plan**  
**June 30, 2023**

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	<u>Year Ended June 30, 2023</u>	<u>Year Ended June 30, 2022</u>	<u>Year Ended June 30, 2021</u>	<u>Year Ended June 30, 2020</u>
Contractually required contribution	\$ 17,634,568	\$ 16,731,388	\$ 14,849,284	\$ 13,466,433
Contributions in relation to the contractually required contribution	<u>17,634,568</u>	<u>16,731,388</u>	<u>14,849,284</u>	<u>13,466,433</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 49,537,379	\$ 46,558,764	\$ 44,271,971	\$ 42,962,049
Contributions as a percentage of covered employee payroll	35.60%	35.94%	33.54%	31.34%

Note: GASB Statement No 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

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<u>Year Ended June 30, 2019</u>	<u>Year Ended June 30, 2018</u>	<u>Year Ended June 30, 2017</u>	<u>Year Ended June 30, 2016</u>	<u>Year Ended June 30, 2015</u>
\$ 13,155,958	\$ 12,493,773	\$ 13,702,535	\$ 12,493,230	\$ 12,675,872
<u>13,155,958</u>	<u>12,493,773</u>	<u>13,702,535</u>	<u>12,493,230</u>	<u>12,675,872</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 42,307,755	\$ 42,136,916	\$ 40,944,291	\$ 40,605,013	\$ 40,390,791
31.10%	29.65%	33.47%	30.77%	31.38%

**ROCKFORD PUBLIC SCHOOLS**  
**Required Supplementary Information**  
**Schedule of District OPEB Contributions**  
**MPSERS Cost-sharing Multiple-employer Plan**  
**June 30, 2023**

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	<u>Year Ended June 30, 2023</u>	<u>Year Ended June 30, 2022</u>	<u>Year Ended June 30, 2021</u>
Contractually required contribution	\$ 3,663,134	\$ 3,861,559	\$ 3,617,969
Contributions in relation to the contractually required contribution	<u>3,663,134</u>	<u>3,861,559</u>	<u>3,617,969</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 49,537,379	\$ 46,558,764	\$ 44,271,971
Contributions as a percentage of covered employee payroll	7.39%	8.29%	8.17%

Note: GASB Statement No 75 was implemented in fiscal year 2018. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

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<u>Year Ended June 30, 2020</u>	<u>Year Ended June 30, 2019</u>	<u>Year Ended June 30, 2018</u>
\$ 3,442,964	\$ 3,393,064	\$ 3,123,745
<u>3,442,964</u>	<u>3,393,064</u>	<u>3,123,745</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 42,962,049	\$ 42,307,755	\$ 42,136,916
8.01%	8.02%	7.41%

**ROCKFORD PUBLIC SCHOOLS**  
**Notes to Required Supplementary Information**  
**June 30, 2023**

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**Note A – Net Pension Liability and Contributions**

**Changes of benefit terms:** There were no changes of benefit terms in 2022-23.

**Changes of assumptions:** There were no changes of benefit assumptions in 2022-23.

**Note B – Net OPEB Liability and Contributions**

**Changes of benefit terms:** There were no changes of benefit terms in 2022-23.

**Changes of assumptions:** There were no changes of benefit assumptions in 2022-23.

## **SUPPLEMENTARY INFORMATION**



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## **GENERAL FUND**

To account for resources which are traditionally associated with the general operation of the District and not required to be accounted for in another fund.

**ROCKFORD PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Balance Sheets**  
**June 30, 2023 and 2022**

	2023	2022
<b>Assets</b>		
Cash	\$ 1,250	\$ 1,250
Cash equivalents and investments	9,346,004	9,425,390
Accounts receivable	93,831	181,176
Due from other funds	174,610	134,471
Due from other governmental units	19,461,373	15,203,595
Inventory	20,309	17,966
Prepaid expenditures	2,456	12,048
	<b>\$ 29,099,833</b>	<b>\$ 24,975,896</b>
 <b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 708,716	\$ 977,270
State aid anticipation loan payable	1,200,000	2,000,000
Due to other funds	1,934,985	121,015
Due to other governmental units	5,036,821	4,240,450
Payroll withholdings payable	97,305	160,024
Accrued interest payable	23,814	2,413
Salaries payable	4,358,510	3,871,034
Unearned revenue	582,550	3,214,437
	<b>13,942,701</b>	<b>14,586,643</b>
 <b>Fund Balances</b>		
Nonspendable	22,765	30,014
Unassigned	15,134,367	10,359,239
	<b>15,157,132</b>	<b>10,389,253</b>
	<b>\$ 29,099,833</b>	<b>\$ 24,975,896</b>

**ROCKFORD PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedules of Revenues**  
**For the years ended June 30, 2023 and 2022**

	2023	2022
Local sources:		
Property taxes:		
Operating	\$ 6,872,056	\$ 6,078,416
Recreation	2,141,675	2,014,591
Industrial facilities taxes	706	750
Delinquent and other property taxes	27,601	54,868
Interest on delinquent taxes	7,318	5,304
	<u>9,049,356</u>	<u>8,153,929</u>
Interest earnings:		
Interest on cash equivalents and investments	365,686	17,568
Revenues from student activities:		
Gate fees	234,479	232,189
Pay to participate	266,715	262,597
	<u>501,194</u>	<u>494,786</u>
Other local revenue:		
Preschool fees	232,702	206,286
Adult/community education fees	566,663	434,237
Transportation fees	44,313	33,361
Child care fees	1,640,456	1,471,019
Third party testing	45,444	43,155
Beverage consortium commissions	12,494	9,612
Sale of school property	70,715	77,360
Pool fees	26,931	23,396
Rental of school facilities	267,574	188,979
Donations	111,026	111,147
Miscellaneous	1,339,639	1,074,286
	<u>4,357,957</u>	<u>3,672,838</u>
Total local sources	14,274,193	12,339,121
State sources:		
State school aid	87,189,736	73,805,762
Early literacy coaches	45,074	50,700
Special education - transportation	524,447	630,714
Special education - itinerants	295,314	246,844
Special education - millage incentive	259,361	246,791
Payment in lieu of taxes	19,903	21,350
Great Start Readiness site reimbursement	14,700	16,170
Adult continuing education	29,174	54,116
Virtual learning support grant	-	3,752
Bus driver safety grant	4,230	1,590
Mental health and support services	88,015	-
Total state sources	<u>88,469,954</u>	<u>75,077,789</u>
Federal sources:		
Title I	203,307	221,629
Title IIA	131,338	230,795
Title III	9,227	11,195
Title IV	10,571	23,707
CARES funding	4,695,805	1,775,978
I.D.E.A. program	1,642,898	1,550,444
Adult education	23,337	22,848
Medicaid - Outreach	27,318	29,922
Health resource advocate funding	125,125	115,551
Total federal sources	<u>6,868,926</u>	<u>3,982,069</u>

(Continued)

**ROCKFORD PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedules of Revenues**  
**For the years ended June 30, 2023 and 2022**

	2023	2022
Interdistrict sources:		
County enhancement millage	\$ 2,205,634	\$ 2,037,871
Special education - county	4,633,393	4,285,178
Special education - tuition	1,520	70,157
Medicaid fee for service	545,060	549,427
Foreign exchange program	76,036	61,120
Total interdistrict sources	7,461,643	7,003,753
<b>Total Revenues</b>	<b>\$ 117,074,716</b>	<b>\$ 98,402,732</b>

**ROCKFORD PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedules of Expenditures**  
**For the years ended June 30, 2023 and 2022**

	2023	2022
Current:		
Instruction:		
Basic programs:		
Elementary:		
Salaries	\$ 13,851,777	\$ 12,634,692
Employee benefits	12,314,627	9,768,283
Purchased services	443,587	434,669
Supplies	204,142	176,797
Capital outlay	150	834
	<u>26,814,283</u>	<u>23,015,275</u>
Middle school:		
Salaries	5,798,612	5,900,609
Employee benefits	5,431,132	4,571,459
Purchased services	175,002	160,275
Supplies	141,009	144,752
Capital outlay	-	105,331
	<u>11,545,755</u>	<u>10,882,426</u>
High school:		
Salaries	8,443,937	8,141,995
Employee benefits	7,849,537	6,639,445
Purchased services	549,289	380,558
Supplies	235,105	266,081
Capital outlay	14,646	1,627
Miscellaneous	28,720	12,130
	<u>17,121,234</u>	<u>15,441,836</u>
Preschool:		
Salaries	134,233	130,629
Employee benefits	85,323	67,618
Purchased services	2,673	293
Supplies	5,127	2,816
	<u>227,356</u>	<u>201,356</u>
Summer school:		
Salaries	230,615	300,129
Employee benefits	117,999	136,372
Purchased services	-	6,925
Supplies	38,983	10,848
	<u>387,597</u>	<u>454,274</u>
Total basic programs	<u>56,096,225</u>	<u>49,995,167</u>
Added needs:		
Special education:		
Salaries	3,477,367	3,427,735
Employee benefits	2,852,132	2,480,248
Purchased services	18,997	38,972
Supplies	9,785	108,823
Capital outlay	-	3,008
Payments to other districts	128,869	410,054
	<u>6,487,150</u>	<u>6,468,840</u>

(Continued)

**ROCKFORD PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedules of Expenditures**  
**For the years ended June 30, 2023 and 2022**

	2023	2022
Compensatory education:		
Salaries	\$ 617,042	\$ 589,708
Employee benefits	363,761	339,871
Purchased services	8,031	10,721
Supplies	39,964	30,861
	<u>1,028,798</u>	<u>971,161</u>
Vocational education:		
Salaries	287,543	200,202
Employee benefits	237,266	146,414
Purchased services	-	1,071
Supplies	-	1
	<u>524,809</u>	<u>347,688</u>
Total added needs	<u>8,040,757</u>	<u>7,787,689</u>
Adult education services:		
Basic:		
Salaries	175,153	162,558
Employee benefits	109,491	90,775
Supplies	18,335	14,428
Total adult education services	<u>303,354</u>	<u>267,761</u>
Total instruction	64,440,336	58,050,617
Supporting services:		
Pupil services:		
Guidance services:		
Salaries	1,038,637	941,275
Employee benefits	882,618	676,299
Purchased services	8,058	6,684
Supplies	74,388	64,205
Capital outlay	816	-
	<u>2,004,517</u>	<u>1,688,463</u>
Occupational therapist services:		
Salaries	152,264	123,226
Employee benefits	101,237	66,596
Purchased services	26,913	28,973
Supplies	6,663	6,444
Capital outlay	575	868
Payments to other districts	354,654	338,238
Miscellaneous	-	308
	<u>642,306</u>	<u>564,653</u>
Psychological services:		
Purchased services	566	155
Supplies	812	6,196
Payments to other districts	524,017	440,328
	<u>525,395</u>	<u>446,679</u>
Speech pathology services:		
Salaries	49,733	-
Employee benefits	38,441	236
Purchased services	710	182
Supplies	3,403	1,917
Payments to other districts	968,717	910,858
	<u>1,061,004</u>	<u>913,193</u>

(Continued)

**ROCKFORD PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedules of Expenditures**  
**For the years ended June 30, 2023 and 2022**

	2023	2022
Social worker services:		
Salaries	\$ 5,342	\$ 30,012
Employee benefits	7,480	15,852
Purchased services	12,220	78
Supplies	2,033	1,377
Payments to other districts	1,266,783	1,115,328
	<u>1,293,858</u>	<u>1,162,647</u>
Teacher consultant services:		
Salaries	21,920	16,049
Employee benefits	6,262	7,022
Supplies	816	214
Payments to other districts	673,822	453,223
	<u>702,820</u>	<u>476,508</u>
Other pupil services:		
Salaries	214,293	156,438
Employee benefits	172,416	122,877
	<u>386,709</u>	<u>279,315</u>
Total pupil services	6,616,609	5,531,458
Instructional staff services:		
Improvement of instruction:		
Salaries	676,830	363,268
Employee benefits	503,286	256,205
Purchased services	1,171,574	613,641
Supplies	818,186	1,175,405
Capital outlay	71,257	-
Miscellaneous	674	330
	<u>3,241,807</u>	<u>2,408,849</u>
Library:		
Salaries	618,838	516,343
Employee benefits	474,112	335,267
Supplies	125,491	126,576
Capital outlay	-	352
	<u>1,218,441</u>	<u>978,538</u>
Educational television:		
Purchased services	1,320	5,105
Supplies	3,836	3,305
Capital outlay	73	-
	<u>5,229</u>	<u>8,410</u>
Instructional technology:		
Salaries	419,130	513,469
Employee benefits	349,634	355,813
Purchased services	-	380
Supplies	3,804	5,565
	<u>772,568</u>	<u>875,227</u>

(Continued)



**ROCKFORD PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedules of Expenditures**  
**For the years ended June 30, 2023 and 2022**

	2023	2022
Supervision and direction of instruction:		
Salaries	\$ 280,661	\$ 234,316
Employee benefits	228,682	154,730
Purchased services	27,586	15,113
Supplies	37,171	54,371
Capital outlay	1,589	552
Miscellaneous	-	210
	<u>575,689</u>	<u>459,292</u>
Total instructional staff services	5,813,734	4,730,316
General administrative services:		
Board of education:		
Purchased services	224,962	276,312
Supplies	4,952	11,760
Miscellaneous	11,014	10,669
	<u>240,928</u>	<u>298,741</u>
Executive administration:		
Salaries	368,918	346,164
Employee benefits	275,666	140,119
Purchased services	24,858	17,353
Supplies	3,847	3,806
Miscellaneous	4,561	6,949
Capital outlay	-	149
	<u>677,850</u>	<u>514,540</u>
Total general administrative services	918,778	813,281
School administrative services:		
Office of the principal:		
Salaries	3,213,623	3,054,869
Employee benefits	2,788,903	2,269,993
Purchased services	15,913	11,105
Supplies	39,193	33,689
Capital outlay	595	21
Miscellaneous	5,491	6,493
	<u>6,063,718</u>	<u>5,376,170</u>
Total school administrative services	6,063,718	5,376,170
Business services:		
Fiscal services:		
Salaries	698,044	636,949
Employee benefits	674,203	570,161
Purchased services	77,684	76,752
Supplies	141,242	91,029
Capital outlay	2,383	-
Miscellaneous	43,825	1,051
	<u>1,637,381</u>	<u>1,375,942</u>
Internal services:		
Salaries	39,518	37,186
Employee benefits	41,489	34,755
Purchased services	91,171	91,108
Supplies	68,104	52,811
	<u>240,282</u>	<u>215,860</u>

(Continued)

**ROCKFORD PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedules of Expenditures**  
**For the years ended June 30, 2023 and 2022**

	2023	2022
Other business services:		
Miscellaneous	\$ 228,954	\$ 169,690
Total business services	<u>2,106,617</u>	<u>1,761,492</u>
Operation and maintenance services:		
Operation and maintenance:		
Salaries	2,398,100	2,226,466
Employee benefits	2,152,757	1,746,850
Purchased services	2,220,680	1,673,606
Supplies	2,403,723	2,371,072
Capital outlay	72,507	36,841
Miscellaneous	9,967	2,300
	<u>9,257,734</u>	<u>8,057,135</u>
Security services:		
Salaries	424,434	344,270
Employee benefits	353,182	246,662
Purchased services	350,931	102,279
Capital outlay	25,316	100
	<u>1,153,863</u>	<u>693,311</u>
Total operation and maintenance services	<u>10,411,597</u>	<u>8,750,446</u>
Pupil transportation services:		
Pupil transportation:		
Salaries	1,802,251	1,623,869
Employee benefits	1,463,550	1,123,321
Purchased services	225,043	220,219
Supplies	663,821	645,465
Capital outlay	-	35,725
Miscellaneous	3,735	1,427
Payments to other districts	882,078	772,470
Total pupil transportation services	<u>5,040,478</u>	<u>4,422,496</u>
Central services:		
Personnel services:		
Salaries	334,810	282,541
Employee benefits	348,027	267,063
Purchased services	162,681	235,092
Supplies	10,846	18,976
Capital outlay	-	4,950
Miscellaneous	8,845	6,491
	<u>865,209</u>	<u>815,113</u>
Operational technology services:		
Salaries	701,182	637,230
Employee benefits	578,661	453,164
Purchased services	681,800	578,377
Supplies	21,362	25,149
Capital outlay	830	21,887
Miscellaneous	12,423	11,388
	<u>1,996,258</u>	<u>1,727,195</u>
Total central services	<u>2,861,467</u>	<u>2,542,308</u>

(Continued)

**ROCKFORD PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedules of Expenditures**  
**For the years ended June 30, 2023 and 2022**

	2023	2022
Other supporting services:		
Athletics:		
Salaries	\$ 986,495	\$ 906,369
Employee benefits	553,840	501,721
Purchased services	301,706	235,036
Supplies	174,966	124,698
Capital outlay	33,782	22,148
Miscellaneous	72,686	55,474
Total other supporting services	<u>2,123,475</u>	<u>1,845,446</u>
Total supporting services	41,956,473	35,773,413
Community services:		
Community education, pool and CDL testing:		
Salaries	271,431	162,961
Employee benefits	177,466	78,728
Purchased services	2,375	2,146
Supplies	2,176	4,506
	<u>453,448</u>	<u>248,341</u>
Leisure time activities:		
Salaries	513,692	571,260
Employee benefits	414,925	390,769
Purchased services	176,752	148,355
Supplies	229,346	75,268
Miscellaneous	30,771	19,086
	<u>1,365,486</u>	<u>1,204,738</u>
Custody and care of children:		
Salaries	1,312,944	1,086,988
Employee benefits	744,731	541,021
Purchased services	126,824	125,752
Supplies	116,360	34,371
Capital outlay	5,737	7,986
Miscellaneous	-	300
	<u>2,306,596</u>	<u>1,796,418</u>
Non-Public School Pupils:		
Salaries	5,140	5,140
Employee benefits	2,169	2,686
Purchased services	5,604	10,103
Supplies	47	4,053
	<u>12,960</u>	<u>21,982</u>
Total community services	4,138,490	3,271,479
Capital outlay	<u>1,771,538</u>	-
<b>Total Expenditures</b>	<u>\$ 112,306,837</u>	<u>\$ 97,095,509</u>
	112,306,837	97,095,509

**NONMAJOR GOVERNMENTAL FUNDS**

**ROCKFORD PUBLIC SCHOOLS**  
**Combining Balance Sheet - Nonmajor Governmental Funds**  
**June 30, 2023**

	Special Revenue			Debt Service
	Food Service	Public Purpose Trust	Student/School Activity	2014
<b>Assets</b>				
Cash	\$ 1,500	\$ -	\$ -	\$ -
Cash equivalents and investments	1,193,144	502,212	965,466	1,601,084
Accounts receivable	642	-	-	-
Due from other funds	104,897	-	58,550	-
Inventory	25,404	-	-	-
Prepaid expenditures	3,275	-	-	-
<b>Total Assets</b>	<b>\$ 1,328,862</b>	<b>\$ 502,212</b>	<b>\$ 1,024,016</b>	<b>\$1,601,084</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 7,298	\$ -	\$ -	\$ -
Due to other funds	160,240	-	14,370	-
<b>Total Liabilities</b>	<b>167,538</b>	<b>-</b>	<b>14,370</b>	<b>-</b>
<b>Fund Balances</b>				
Nonspendable	28,679	-	-	-
Restricted	1,132,645	502,212	1,009,646	1,601,084
<b>Total Fund Balances</b>	<b>1,161,324</b>	<b>502,212</b>	<b>1,009,646</b>	<b>1,601,084</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,328,862</b>	<b>\$ 502,212</b>	<b>\$ 1,024,016</b>	<b>\$1,601,084</b>

Debt Service				Capital Projects	Total
2015	2016	2019	2022	Building and Site Sinking	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,500
721,310	1,059,041	589,644	3,128	3,489,535	10,124,564
-	-	-	-	-	642
-	-	-	-	-	163,447
-	-	-	-	-	25,404
-	-	-	-	-	3,275
<u>\$ 721,310</u>	<u>\$ 1,059,041</u>	<u>\$ 589,644</u>	<u>\$ 3,128</u>	<u>\$ 3,489,535</u>	<u>\$ 10,318,832</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,298
-	-	-	-	-	174,610
-	-	-	-	-	181,908
-	-	-	-	-	28,679
721,310	1,059,041	589,644	3,128	3,489,535	10,108,245
721,310	1,059,041	589,644	3,128	3,489,535	10,136,924
<u>\$ 721,310</u>	<u>\$ 1,059,041</u>	<u>\$ 589,644</u>	<u>\$ 3,128</u>	<u>\$ 3,489,535</u>	<u>\$ 10,318,832</u>

**ROCKFORD PUBLIC SCHOOLS**  
**Combining Statement of Revenues, Expenditures and Changes in**  
**Fund Balances - Nonmajor Governmental Funds**  
**For the year ended June 30, 2023**

	Special Revenue			Debt Service
	Food Service	Public Purpose Trust	Student/School Activity	2014
<b>Revenues</b>				
Local sources:				
Property taxes	\$ -	\$ -	\$ -	\$ 2,825,777
Interest earnings	49,267	17,599	-	56,144
Food sales	1,887,593	-	-	-
Other local sources	-	82,683	1,413,334	-
<b>Total local sources</b>	<b>1,936,860</b>	<b>100,282</b>	<b>1,413,334</b>	<b>2,881,921</b>
State sources	404,896	-	-	31,390
Federal sources	1,115,402	-	-	-
<b>Total Revenues</b>	<b>3,457,158</b>	<b>100,282</b>	<b>1,413,334</b>	<b>2,913,311</b>
<b>Expenditures</b>				
Current:				
Supporting services	-	69,903	1,359,762	-
Food service	3,593,551	-	-	-
Debt service:				
Principal repayment	-	-	-	1,375,000
Interest and fiscal charges	-	-	-	977,109
<b>Total Expenditures</b>	<b>3,593,551</b>	<b>69,903</b>	<b>1,359,762</b>	<b>2,352,109</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(136,393)</b>	<b>30,379</b>	<b>53,572</b>	<b>561,202</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	794,819
Transfers out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>794,819</b>
<b>Net Change in Fund Balances</b>	<b>(136,393)</b>	<b>30,379</b>	<b>53,572</b>	<b>1,356,021</b>
<b>Fund Balances, Beginning of Year</b>	<b>1,297,717</b>	<b>471,833</b>	<b>956,074</b>	<b>245,063</b>
<b>Fund Balances, End of Year</b>	<b>\$ 1,161,324</b>	<b>\$ 502,212</b>	<b>\$ 1,009,646</b>	<b>\$ 1,601,084</b>

Debt Service				Capital Projects	Total
2015	2016	2019	2022	Building and Site Sinking	
\$ 2,825,630	\$ 3,861,723	\$ 1,885,508	\$ 5,083,015	\$ 1,125,521	\$ 17,607,174
63,296	66,059	36,868	97,479	117,808	504,520
-	-	-	-	-	1,887,593
-	-	-	-	-	1,496,017
2,888,926	3,927,782	1,922,376	5,180,494	1,243,329	21,495,304
31,390	42,899	20,926	56,501	-	588,002
-	-	-	-	-	1,115,402
2,920,316	3,970,681	1,943,302	5,236,995	1,243,329	23,198,708
-	-	-	-	-	1,429,665
-	-	-	-	-	3,593,551
2,080,000	770,000	250,000	4,340,000	-	8,815,000
497,860	2,717,989	1,627,456	99,048	-	5,919,462
2,577,860	3,487,989	1,877,456	4,439,048	-	19,757,678
342,456	482,692	65,846	797,947	1,243,329	3,441,030
-	-	-	-	-	794,819
-	-	-	(794,819)	-	(794,819)
-	-	-	(794,819)	-	-
342,456	482,692	65,846	3,128	1,243,329	3,441,030
378,854	576,349	523,798	-	2,246,206	6,695,894
\$ 721,310	\$ 1,059,041	\$ 589,644	\$ 3,128	\$ 3,489,535	\$ 10,136,924



**ROCKFORD PUBLIC SCHOOLS**  
**Food Service Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the year ended June 30, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
Local sources	\$ 1,686,369	\$ 1,936,860	\$ 250,491
State sources	193,574	404,896	211,322
Federal sources	<u>1,088,325</u>	<u>1,115,402</u>	<u>27,077</u>
<b>Total Revenues</b>	<u>2,968,268</u>	<u>3,457,158</u>	<u>488,890</u>
<b>Expenditures</b>			
Food service	<u>3,280,036</u>	<u>3,593,551</u>	<u>(313,515)</u>
<b>Net Change in Fund Balances</b>	(311,768)	(136,393)	175,375
<b>Fund Balances, Beginning of Year</b>	<u>1,297,717</u>	<u>1,297,717</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u>\$ 985,949</u>	<u>\$ 1,161,324</u>	<u>\$ 175,375</u>

**ROCKFORD PUBLIC SCHOOLS**  
**Public Purpose Trust Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**For the year ended June 30, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
Local sources	<u>\$ 65,000</u>	<u>\$ 100,282</u>	<u>\$ 35,282</u>
<b>Expenditures</b>			
Other supporting services	<u>66,000</u>	<u>69,903</u>	<u>(3,903)</u>
<b>Net Change in Fund Balance</b>	(1,000)	30,379	31,379
<b>Fund Balance, Beginning of Year</b>	<u>471,833</u>	<u>471,833</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u><u>\$ 470,833</u></u>	<u><u>\$ 502,212</u></u>	<u><u>\$ 31,379</u></u>

**ROCKFORD PUBLIC SCHOOLS**  
**Student/School Activity Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**For the year ended June 30, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
Local sources	<u>\$ 1,298,743</u>	<u>\$ 1,413,334</u>	<u>\$ 114,591</u>
<b>Expenditures</b>			
Other supporting service	<u>1,209,156</u>	<u>1,359,762</u>	<u>(150,606)</u>
<b>Net Change in Fund Balance</b>	89,587	53,572	(36,015)
<b>Fund Balance, Beginning of Year</b>	<u>956,074</u>	<u>956,074</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u><u>\$ 1,045,661</u></u>	<u><u>\$ 1,009,646</u></u>	<u><u>\$ (36,015)</u></u>

## **SPECIAL REVENUE FUNDS**

Food Service—to account for monies received from food service activities and federal subsidies for use in administering the hot lunch program of the District.

Public Purpose Trust – to account for monies held for the benefit of the District’s students.

Student/School Activity – to account for the collection and disbursements of monies used by the school activity clubs and groups.

**ROCKFORD PUBLIC SCHOOLS**  
**Food Service Special Revenue Fund**  
**Comparative Balance Sheets**  
**June 30, 2023 and 2022**

	2023	2022
<b>Assets</b>		
Cash	\$ 1,500	\$ 1,500
Cash equivalents and investments	1,193,144	1,368,742
Accounts receivable	642	-
Due from other funds	104,897	51,227
Inventory	25,404	38,327
Prepaid expenditures	3,275	3,275
<b>Total Assets</b>	<b>\$ 1,328,862</b>	<b>\$ 1,463,071</b>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 7,298	\$ 21,657
Due to other funds	160,240	134,451
Payroll withholdings payable	-	9,246
<b>Total Liabilities</b>	<b>167,538</b>	<b>165,354</b>
<b>Fund Balances</b>		
Nonspendable	28,679	41,602
Restricted	1,132,645	1,256,115
<b>Total Fund Balances</b>	<b>1,161,324</b>	<b>1,297,717</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,328,862</b>	<b>\$ 1,463,071</b>

**ROCKFORD PUBLIC SCHOOLS**  
**Food Service Special Revenue Fund**  
**Comparative Statements of Revenues, Expenditures and Changes in Fund Balances**  
**For the years ended June 30, 2023 and 2022**

	2023	2022
<b>Revenues</b>		
Local sources:		
Interest earnings:		
Interest on deposits and investments	\$ 49,267	\$ 2,136
Sales and admissions:		
Children's lunches	819,578	-
Adult lunches	12,866	14,091
Ala carte	809,980	449,361
Catering	245,169	181,329
Total sales and admissions	1,887,593	644,781
Total local sources	1,936,860	646,917
State sources	404,896	228,785
Federal sources	1,115,402	3,456,451
<b>Total Revenues</b>	<b>3,457,158</b>	<b>4,332,153</b>
<b>Expenditures</b>		
Current:		
Food service:		
Salaries	826,362	789,479
Employee benefits	746,595	653,706
Purchased services	201,363	147,719
Supplies	1,492,093	1,722,249
Capital outlay	318,111	104,318
Miscellaneous	9,027	4,974
<b>Total Expenditures</b>	<b>3,593,551</b>	<b>3,422,445</b>
<b>Net Change in Fund Balances</b>	<b>(136,393)</b>	<b>909,708</b>
<b>Fund Balances, Beginning of Year</b>	<b>1,297,717</b>	<b>388,009</b>
<b>Fund Balances, End of Year</b>	<b>\$ 1,161,324</b>	<b>\$ 1,297,717</b>

**ROCKFORD PUBLIC SCHOOLS**  
**Public Purpose Trust Special Revenue Fund**  
**Comparative Balance Sheets**  
**June 30, 2023 and 2022**

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	<u>2023</u>	<u>2022</u>
<b>Assets</b>		
Cash equivalents and investments	<u>\$ 502,212</u>	<u>\$ 471,833</u>
<b>Liabilities and Fund Balance</b>		
<b>Liabilities</b>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund Balance</b>		
Restricted	<u>502,212</u>	<u>471,833</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 502,212</u>	<u>\$ 471,833</u>

**ROCKFORD PUBLIC SCHOOLS**  
**Public Purpose Trust Special Revenue Fund**  
**Comparative Statements of Revenues, Expenditures and Changes in Fund Balance**  
**For the years ended June 30, 2023 and 2022**

	2023	2022
<b>Revenues</b>		
Local sources:		
Interest earnings:		
Interest on cash equivalents and investments	\$ 17,599	\$ 914
Other local sources:		
Donations	82,683	64,599
Total local sources	100,282	65,513
<b>Total Revenues</b>	<b>100,282</b>	<b>65,513</b>
<b>Expenditures</b>		
Current:		
Other supporting services	69,903	63,250
<b>Net Change in Fund Balance</b>	30,379	2,263
<b>Fund Balance, Beginning of Year</b>	471,833	469,570
<b>Fund Balance, End of Year</b>	<b>\$ 502,212</b>	<b>\$ 471,833</b>



**ROCKFORD PUBLIC SCHOOLS**  
**Student/School Activity Special Revenue Fund**  
**Comparative Balance Sheets**  
**June 30, 2023 and 2022**

	2023	2022
<b>Assets</b>		
Cash equivalents and investments	\$ 965,466	\$ 886,306
Due from other funds	58,550	69,788
<b>Total Assets</b>	<b>\$ 1,024,016</b>	<b>\$ 956,094</b>
<b>Liabilities and Fund Balance</b>		
<b>Liabilities</b>		
Due to other funds	\$ 14,370	\$ 20
<b>Fund Balance</b>		
Restricted	1,009,646	956,074
<b>Total Liabilities and Fund Balance</b>	<b>\$ 1,024,016</b>	<b>\$ 956,094</b>

**ROCKFORD PUBLIC SCHOOLS**  
**Student/School Activity Special Revenue Fund**  
**Comparative Statements of Revenues, Expenditures and Changes in Fund Balance**  
**For the years ended June 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>Revenues</b>		
Local sources:		
Admissions	\$ 301,216	\$ 317,736
Merchandise sales	266,142	226,785
Donations	708,262	618,669
Other local sources	<u>137,714</u>	<u>144,526</u>
Total local sources	<u>1,413,334</u>	<u>1,307,716</u>
<b>Total Revenues</b>	<u>1,413,334</u>	<u>1,307,716</u>
<b>Expenditures</b>		
Current:		
Other student/school activity	<u>1,359,762</u>	<u>1,068,280</u>
<b>Excess (Deficiency) of Revenues</b> <b>Expenditures</b>	<u>53,572</u>	<u>239,436</u>
<b>Other Financing Sources (Uses)</b>		
Transfers in	<u>-</u>	<u>500</u>
<b>Net Change in Fund Balance</b>	53,572	239,936
<b>Fund Balance, Beginning of Year</b>	<u>956,074</u>	<u>716,138</u>
<b>Fund Balance, End of Year</b>	<u>\$ 1,009,646</u>	<u>\$ 956,074</u>

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## **DEBT SERVICE FUNDS**

To accumulate property tax revenues and interest earnings for repayment of the bond issues of the District used to finance new building construction projects.

**ROCKFORD PUBLIC SCHOOLS**  
**Debt Service Funds**  
**Combining Balance Sheet**  
**June 30, 2023 (with comparative totals as of June 30, 2022)**

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	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Assets</b>			
Cash equivalents and investments	<u>\$ 1,601,084</u>	<u>\$ 721,310</u>	<u>\$ 1,059,041</u>
<b>Liabilities and Fund Balance</b>			
<b>Liabilities</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund Balance</b>			
Restricted	<u>1,601,084</u>	<u>721,310</u>	<u>1,059,041</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 1,601,084</u>	<u>\$ 721,310</u>	<u>\$ 1,059,041</u>

2019	2022	Totals	
		2023	2022
<u>\$ 589,644</u>	<u>\$ 3,128</u>	<u>\$ 3,974,207</u>	<u>\$ 1,724,064</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>589,644</u>	<u>3,128</u>	<u>3,974,207</u>	<u>1,724,064</u>
<u>\$ 589,644</u>	<u>\$ 3,128</u>	<u>\$ 3,974,207</u>	<u>\$ 1,724,064</u>

**ROCKFORD PUBLIC SCHOOLS**  
**Debt Service Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the year ended June 30, 2023 (with comparative totals for the year end June 30, 2022)**

	2014	2015	2016
<b>Revenues</b>			
Local sources:			
Property taxes:			
Current property taxes	\$ 2,821,327	\$ 2,821,327	\$ 3,855,791
Industrial facilities taxes	928	928	1,269
Delinquent and other property taxes	1,411	1,332	1,823
Interest on delinquent taxes	2,111	2,043	2,840
	<u>2,825,777</u>	<u>2,825,630</u>	<u>3,861,723</u>
Interest earnings:			
Interest on cash equivalents and investments	56,144	63,296	66,059
	<u>2,881,921</u>	<u>2,888,926</u>	<u>3,927,782</u>
Total local sources	2,881,921	2,888,926	3,927,782
State sources	31,390	31,390	42,899
	<u>31,390</u>	<u>31,390</u>	<u>42,899</u>
<b>Total Revenues</b>	<u>2,913,311</u>	<u>2,920,316</u>	<u>3,970,681</u>
<b>Expenditures</b>			
Debt service:			
Principal repayment	1,375,000	2,080,000	770,000
Interest and fiscal charges:			
Interest expense	976,700	497,250	2,717,350
Paying agent fees	301	500	498
Tax refunds	108	110	141
	<u>1,377,109</u>	<u>2,577,860</u>	<u>3,487,989</u>
<b>Total Expenditures</b>	<u>2,352,109</u>	<u>2,577,860</u>	<u>3,487,989</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>561,202</u>	<u>342,456</u>	<u>482,692</u>
<b>Other Financing Sources (Uses)</b>			
Proceeds from refinancing debt	-	-	-
Transfers in	794,819	-	-
Transfers out	-	-	-
Payment to bond escrow agent	-	-	-
	<u>794,819</u>	<u>-</u>	<u>-</u>
<b>Total Other Financing Sources (Uses)</b>	<u>794,819</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>1,356,021</u>	<u>342,456</u>	<u>482,692</u>
<b>Fund Balance, Beginning of Year</b>	<u>245,063</u>	<u>378,854</u>	<u>576,349</u>
<b>Fund Balance, End of Year</b>	<u><u>\$ 1,601,084</u></u>	<u><u>\$ 721,310</u></u>	<u><u>\$ 1,059,041</u></u>

2019	2022	Totals	
		2023	2022
\$ 1,881,229	\$ 5,077,977	\$ 16,457,651	\$ 15,220,535
619	1,670	5,414	5,657
2,271	194	7,031	5,939
1,389	3,174	11,557	9,327
1,885,508	5,083,015	16,481,653	15,241,458
36,868	97,479	319,846	11,422
1,922,376	5,180,494	16,801,499	15,252,880
20,926	56,501	183,106	192,026
1,943,302	5,236,995	16,984,605	15,444,906
250,000	4,340,000	8,815,000	9,064,389
1,626,700	99,048	5,917,048	6,492,250
498	-	1,797	1,800
258	-	617	4,654
1,877,456	4,439,048	14,734,462	15,563,093
65,846	797,947	2,250,143	(118,187)
-	-	-	4,340,000
-	-	794,819	2,755,000
-	(794,819)	(794,819)	(2,755,000)
-	-	-	(7,245,611)
-	(794,819)	-	(2,905,611)
65,846	3,128	2,250,143	(3,023,798)
523,798	-	1,724,064	4,747,862
\$ 589,644	\$ 3,128	\$ 3,974,207	\$ 1,724,064



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## **CAPITAL PROJECTS FUNDS**

Construction Funds—to account for bond proceeds used to finance land improvements, building construction and renovation projects and furniture and equipment purchases.

Building and Site Fund—to account for property tax revenue and interest earnings used to finance building improvement projects.

**ROCKFORD PUBLIC SCHOOLS**  
**2019 Construction Capital Projects Fund**  
**Comparative Balance Sheets**  
**June 30, 2023 and 2022**

	2023	2022
<b>Assets</b>		
Cash equivalents and investments	\$ 1,011,693	\$ 27,318,037
Due from other funds	572,212	-
	\$ 1,583,905	\$ 27,318,037
<b>Liabilities and Fund Balance</b>		
<b>Liabilities</b>		
Accounts payable	\$ 444,814	\$ 2,969,269
<b>Fund Balance</b>		
Restricted	1,139,091	24,348,768
	\$ 1,583,905	\$ 27,318,037
<b>Total Liabilities and Fund Balance</b>		

**ROCKFORD PUBLIC SCHOOLS**  
**2019 Construction Capital Projects Fund**  
**Comparative Statements of Revenues, Expenditures and Changes in Fund Balance**  
**For the years ended June 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>Revenues</b>		
Local sources:		
Interest on cash equivalents and investments	\$ 390,060	\$ 60,506
Other local sources	11,294	45,809
<b>Total Revenues</b>	<u>401,354</u>	<u>106,315</u>
<b>Expenditures</b>		
Current:		
Supporting services:		
Operating buildings purchased services	42,636	34,120
Pupil transportation school buses	703,764	658,742
Capital outlay:		
Site improvement	1,970,243	202,118
Architecture and engineering fees	982,805	352,420
Building improvements	16,618,684	9,764,651
Equipment and furniture	3,260,403	2,249,155
Miscellaneous	32,496	57,364
<b>Total Expenditures</b>	<u>23,611,031</u>	<u>13,318,570</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(23,209,677)	(13,212,255)
<b>Other Financing Sources (Uses)</b>		
Transfers in	-	119,297
<b>Net Change in Fund Balance</b>	(23,209,677)	(13,092,958)
<b>Fund Balance, Beginning of Year</b>	<u>24,348,768</u>	<u>37,441,726</u>
<b>Fund Balance, End of Year</b>	<u><u>\$ 1,139,091</u></u>	<u><u>\$ 24,348,768</u></u>

**ROCKFORD PUBLIC SCHOOLS**  
**2023 Construction Capital Projects Fund**  
**Balance Sheet**  
**June 30, 2023**

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<b>Assets</b>	<u>2023</u>
Cash equivalents and investments	\$ 74,376,975
Due from other funds	<u>1,199,326</u>
<b>Total Assets</b>	<b><u>\$ 75,576,301</u></b>
<b>Liabilities and Fund Balance</b>	
<b>Liabilities</b>	
Accounts payable	<u>\$ 2,278,852</u>
<b>Fund Balance</b>	
Restricted	<u>73,297,449</u>
<b>Total Liabilities and Fund Balance</b>	<b><u>\$ 75,576,301</u></b>

**ROCKFORD PUBLIC SCHOOLS**  
**2023 Construction Capital Projects Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the year ended June 30, 2023**

	2023
<b>Revenues</b>	
Local sources:	
Interest on cash equivalents and investments	\$ 485,742
<b>Expenditures</b>	
Capital outlay:	
Site improvement services	393,000
Architecture and engineering fees	324,722
Building improvement services	6,403,125
Other facilities and acquisition	793,082
Debt service:	
Bond issuance costs	274,087
Underwriter's discount	224,387
<b>Total Expenditures</b>	<b>8,412,403</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(7,926,661)</b>
<b>Other Financing Sources (Uses)</b>	
Proceeds from issuance of bonds	72,150,000
Bond premium	9,074,110
<b>Total Other Financing Sources (Uses)</b>	<b>81,224,110</b>
<b>Net Change in Fund Balance</b>	<b>73,297,449</b>
<b>Fund Balance, Beginning of Year</b>	-
<b>Fund Balance, End of Year</b>	<b>\$ 73,297,449</b>

**ROCKFORD PUBLIC SCHOOLS**  
**Building and Site Sinking Capital Projects Fund**  
**Comparative Balance Sheets**  
**June 30, 2023 and 2022**

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	2023	2022
<b>Assets</b>		
Cash equivalents and investments	\$ 3,489,535	\$ 2,246,206
<b>Liabilities and Fund Balance</b>		
<b>Liabilities</b>	\$ -	\$ -
<b>Fund Balance</b>		
Restricted	3,489,535	2,246,206
<b>Total Liabilities and Fund Balance</b>	\$ 3,489,535	\$ 2,246,206

**ROCKFORD PUBLIC SCHOOLS**  
**Building and Site Sinking Capital Projects Fund**  
**Comparative Statements of Revenues, Expenditures and Changes in Fund Balance**  
**For the years ended June 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>Revenues</b>		
Local sources:		
Property taxes:		
Current property taxes	\$ 1,124,512	\$ 1,057,650
Industrial facilities taxes	371	394
Delinquent and other property taxes	164	272
Interest on delinquent taxes	474	336
Interest on cash equivalents and investments	117,808	4,284
<b>Total Revenues</b>	<u>1,243,329</u>	<u>1,062,936</u>
<b>Expenditures</b>		
Capital outlay:		
Building improvement services	-	361,844
Professional and technical services	-	2,350
Other facilities and acquisition	-	323
<b>Total Expenditures</b>	<u>-</u>	<u>364,517</u>
<b>Net Change in Fund Balance</b>	1,243,329	698,419
<b>Fund Balance, Beginning of Year</b>	<u>2,246,206</u>	<u>1,547,787</u>
<b>Fund Balance, End of Year</b>	<u>\$ 3,489,535</u>	<u>\$ 2,246,206</u>



## **OTHER INFORMATION**

**ROCKFORD PUBLIC SCHOOLS**  
**Summary of 2022 Taxes Levied and Collected**  
**For the year ended June 30, 2023**

	County of Kent			
	City of Rockford	Algoma	Cannon	Townships Courtland
<b>Taxable Valuations</b>				
Operating	\$ 85,604,034	\$ 66,313,883	\$ 86,614,417	\$ 24,619,570
Recreation/Debt Service	201,713,257	228,935,457	743,151,149	271,617,287
<b>Rates (Mills)</b>				
General Fund - Operating				
General Fund - Recreation				
2014 Debt Service Fund				
2015 Debt Service Fund				
2016 Debt Service Fund				
2019 Debt Service Fund				
2022 Debt Refunding Fund				
Building and Site Sinking Fund				
<b>Taxes Levied 2022 Rolls</b>				
General Fund - Operating	\$ 1,563,741	\$ 1,235,211	\$ 1,576,608	\$ 445,400
General Fund - Recreation	261,996	268,990	756,466	270,306
2014 Debt Service Fund	344,771	353,763	994,874	355,498
2015 Debt Service Fund	344,771	353,763	994,874	355,498
2016 Debt Service Fund	471,187	483,476	1,359,661	485,848
2019 Debt Service Fund	229,847	235,842	663,249	236,999
2022 Debt Refunding Fund	620,587	636,773	1,790,773	639,897
Sinking Fund	136,978	141,310	397,396	142,000
	<u>3,973,877</u>	<u>3,709,129</u>	<u>8,533,901</u>	<u>2,931,446</u>
<b>Taxes Uncollected 2022 Rolls</b>				
General Fund - Operating	127	569	-	-
General Fund - Recreation	44	79	-	-
2014 Debt Service Fund	57	104	-	-
2015 Debt Service Fund	57	104	-	-
2016 Debt Service Fund	78	143	-	-
2019 Debt Service Fund	38	70	-	-
2022 Debt Refunding Fund	103	188	-	-
Sinking Fund	23	42	-	-
	<u>527</u>	<u>1,300</u>	<u>-</u>	<u>-</u>
<b>Taxes Collected 2022 Rolls</b>				
General Fund - Operating	1,563,614	1,234,642	1,576,608	445,400
General Fund - Recreation	261,952	268,911	756,466	270,306
2014 Debt Service Fund	344,713	353,659	994,874	355,498
2015 Debt Service Fund	344,713	353,659	994,874	355,498
2016 Debt Service Fund	471,108	483,333	1,359,661	485,848
2019 Debt Service Fund	229,809	235,772	663,249	236,999
2022 Debt Refunding Fund	620,484	636,585	1,790,773	639,897
Sinking Fund	136,955	141,269	397,396	142,000
	<u>3,973,349</u>	<u>3,707,830</u>	<u>8,533,901</u>	<u>2,931,446</u>

**ROCKFORD PUBLIC SCHOOLS**  
**Summary of 2022 Taxes Levied and Collected**  
**For the year ended June 30, 2023**

	City of			County of Kent
	Rockford	Algoma	Cannon	Townships Courtland
<b>Delinquent Taxes Collected</b>				
General Fund	\$ 42	\$ 542	\$ -	\$ 546
2014 Debt Service Fund	48	52	-	-
2015 Debt Service Fund	59	59	-	-
2016 Debt Service Fund	64	62	-	-
2019 Debt Service Fund	144	146	-	-
2022 Debt Refunding Fund	-	-	-	-
Sinking Fund	22	23	-	-
	378	885	-	546
<b>Total Taxes Collected</b>				
General Fund - Operating	1,563,656	1,235,184	1,576,608	445,946
General Fund - Recreation	261,952	268,911	756,466	270,306
2014 Debt Service Fund	344,761	353,711	994,874	355,498
2015 Debt Service Fund	344,772	353,717	994,874	355,498
2016 Debt Service Fund	471,172	483,395	1,359,661	485,848
2019 Debt Service Fund	229,953	235,919	663,249	236,999
2022 Debt Refunding Fund	620,484	636,585	1,790,773	639,897
Sinking Fund	136,977	141,292	397,396	142,000
	\$ 3,973,727	\$ 3,708,715	\$ 8,533,901	\$ 2,931,992

<u>Grattan</u>	<u>Oakfield</u>	<u>Plainfield</u>	<u>Total</u>
\$ -	\$ -	\$ 908	\$ 2,038
-	-	157	257
-	-	190	307
-	-	225	350
-	-	498	788
-	-	-	-
-	-	76	121
-	-	2,052	3,861
34,945	14,735	1,985,381	6,856,455
27,152	6,496	549,578	2,140,861
35,709	8,544	722,830	2,815,927
35,709	8,544	722,863	2,815,977
48,803	11,676	987,878	3,848,433
23,806	5,696	482,280	1,877,902
64,277	15,379	1,300,811	5,068,207
14,263	3,412	288,241	1,123,581
<u>\$ 284,664</u>	<u>\$ 74,482</u>	<u>\$ 7,039,862</u>	<u>\$ 26,547,343</u>