

Annual Financial Report

Year Ended: June 30, 2023

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For the year ended June 30, 2023

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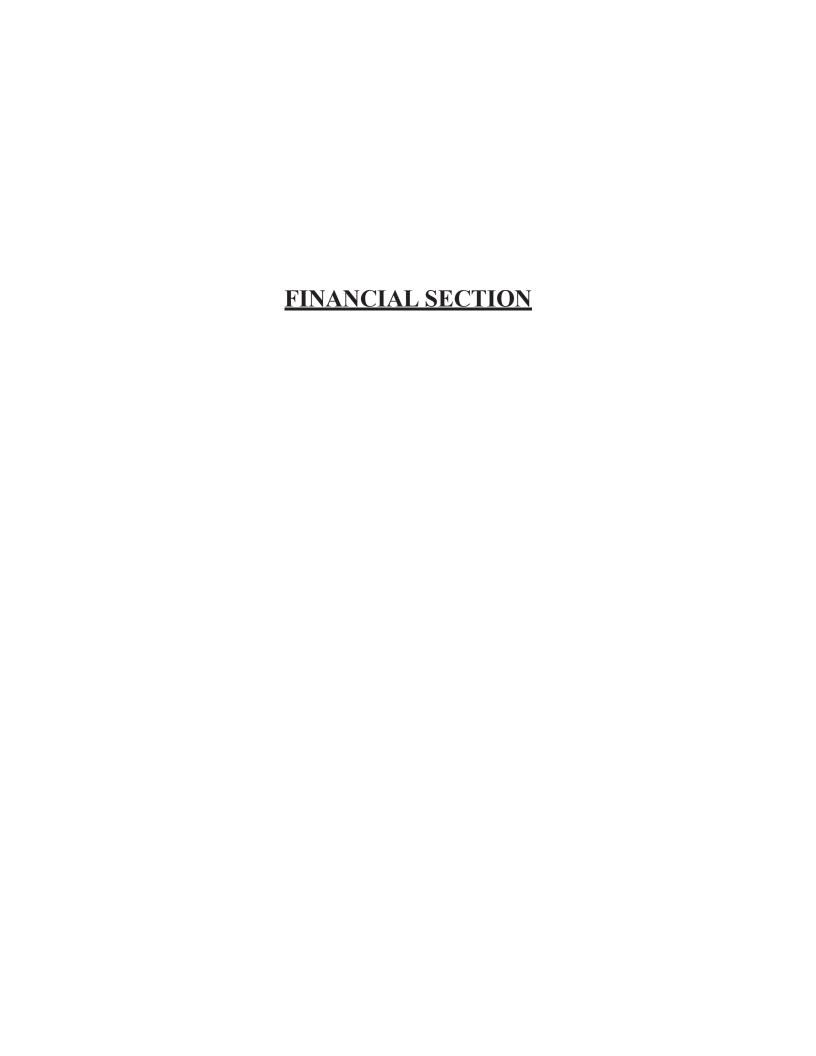
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INDEPENDENT AUDITOR'S REPORT

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

Hungerford Nichols

Grand Rapids, Michigan

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MANAGEMENT'S DISCUSSION AND ANALYSIS



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.



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.

	2023	2022
Assets Current assets	\$ 114,469,276	\$ 58,899,715
Net capital assets	157,338,203	133,012,172
Total Assets	271,807,479	191,911,887
Deferred Outflows of Resources	69,814,736	38,103,704
Liabilities 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	10,540,761	7,503,763
Total Liabilities	429,822,456	285,823,589
Deferred Inflows of Resources	22,761,237	67,489,479
Net Position Net investment in capital assets Restricted Unrestricted (deficit)	18,607,685 8,855,423 (138,424,586)	15,513,015 5,665,218 (144,475,710)
Total Net Position	\$ (110,961,478)	\$ (123,297,477)



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

	2023	2022	
Program Revenues			
Charges for services	\$ 4,945,296	\$ 3,144,735	
Operating grants	40,878,026	30,513,274	
General Revenues			
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	
Total Revenues	141,160,520	120,841,568	
Expenses			
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	
Total Expenses	128,824,521	102,182,605	
Change in net position	12,335,999	18,658,963	
Net Position, Beginning of Year	(123,297,477)	(141,956,440)	
Net Position, End of Year	<u>\$ (110,961,478)</u>	\$ (123,297,477)	

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.



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.



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.



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	 3,157,549

Net Capital Assets \$ 157,338,203



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 2nd 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
Assets Cash Cash equivalents and investments (Note B) Accounts receivable Due from other governmental units (Note C) Inventory Prepaid expenses Capital assets not being depreciated (Note E) Capital assets being depreciated, net (Note E)	\$ 2,750 94,859,236 94,473 19,461,373 45,713 5,731 36,775,743 120,562,460
Total Assets	271,807,479
Deferred Outflows of Resources Loss on advance bond refundings, net Deferred pension amounts Deferred OPEB amounts	704,003 54,695,184 14,415,549
Total Deferred Outflows of Resources	69,814,736
Liabilities Accounts payable State aid anticipation loan payable (Note F) Due to other governmental units Payroll withholdings payable Accrued interest payable Salaries payable Unearned revenue Long-term liabilities: (Note G) Due within one year Due in more than one year Net pension liability (Note H) Net OPEB Liability (Note I) Total Liabilities	3,439,680 1,200,000 5,036,821 97,305 1,305,315 4,358,510 582,550 10,737,602 204,202,876 188,321,036 10,540,761 429,822,456
Deferred Inflows of Resources	201.701
Deferred pension amounts Deferred OPEB amounts	984,504 21,776,733
Total Deferred Inflows of Resources	22,761,237
Net Position Net investment in capital assets Restricted for:	18,607,685
Capital projects Debt service Food service Public purpose trust Student/school activity Unrestricted (deficit)	3,489,535 2,692,706 1,161,324 502,212 1,009,646 (138,424,586)
Total Net Position	\$(110,961,478)

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

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

^{*}This amount excludes direct depreciation expenses of the various programs.

Balance Sheet Governmental Funds June 30, 2023

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

Nonmajor	Total		
\$ 1,500 10,124,564 642 163,447 25,404 3,275	\$ 2,750 94,859,236 94,473 2,109,595 19,461,373 45,713 5,731		
\$ 10,318,832	\$ 116,578,871		
\$ 7,298 - 174,610 - - - -	\$ 3,439,680 1,200,000 2,109,595 5,036,821 97,305 23,814 4,358,510 582,550		
181,908	16,848,275		
25,404 3,275 1,132,645 502,212 1,009,646 3,974,207 3,489,535	45,713 5,731 1,132,645 502,212 1,009,646 3,974,207 77,926,075 15,134,367 99,730,596		
\$ 10,318,832	\$ 116,578,871		

Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities June 30, 2023

Total governmental fund balances		\$	99,730,596
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 Bond premium Early retirement incentive Accumulated sick leave	\$ (188,205,000) (25,666,061) (564,711) (504,706)		(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 Deferred outflows of resources Deferred inflows of resources	(188,321,036) 54,695,184 (984,504)	((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 Deferred outflows of resources	(10,540,761) 14,415,549		
Deferred inflows of resources	(21,776,733)		(17,901,945)
Total net position - governmental activities		\$ ((110,961,478)

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

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

Nonmajor	Total
\$ 21,495,304 588,002 1,115,402	\$ 36,656,593 89,057,956 7,984,328 7,461,643
23,198,708	141,160,520
1,429,665 3,593,551 - - 8,815,000 5,919,462	64,440,336 44,132,538 3,593,551 4,138,490 32,550,098 8,815,000 5,919,462 274,087
10 757 678	224,387 164,087,949
3,441,030	(22,927,429)
794,819 (794,819)	72,150,000 9,074,110 794,819 (794,819) 81,224,110
2 441 020	
3,441,030 6,695,894	58,296,681 41,433,915
\$ 10,136,924	\$ 99,730,596

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

Net change in fund balances - total governmental fun	nds		\$ 58,296,681
Amounts reported for governmental activities in the Stat are different because:	tement of Activities		
	ets is capitalized epreciation	\$ 30,509,940 (6,155,642)	24,354,298
In the Statement of Activities, only the gain on the sareported, whereas in the governmental funds, the p increase financial resources. Thus, the change in n the change in fund balance by the net book value of	proceeds from the sale(s) are position differs from		(28,267)
Bond refunding losses are amortized over the life of on the Statement of Activities.	the new bond issue		(108,621)
Bond premium is amortized over the life of the new Statement of Activities.	bond issue on the		1,198,598
Proceeds from the sale of bonds and bond premiums source in the governmental funds, but increase long Statement of Net Position: General obligation bonds Bond premium			(72,150,000) (9,074,110)
Repayment of long-term debt principal is an expendimental funds, but it reduces long-term liabilities in Net Position and does not effect the Statement of A General obligation bonds	the Statement of		8,815,000
Interest on long-term liabilities in the Statement of A the amount reported on the governmental funds be recorded as an expenditure in the funds when it is	cause interest is		

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.

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.

145,057

(250,825)

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

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.	 7,415,919
Total changes in net position - governmental activities	\$ 12,335,999

General Fund

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

	Budgeted Original	l Amounts Final	Actual	Variance With Final Budget
Revenues	Originar	1 mai	11000001	T mai Baaget
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				189,192
interdistrict sources	6,913,406	7,272,451	7,461,643	189,192
Total Revenues	101,092,546	112,342,555	117,074,716	4,732,161
Expenditures				
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
Total Expenditures	100,934,429	110,628,031	112,306,837	(1,678,806)
•		, ,		
Net Change in Fund Balances	158,117	1,714,524	4,767,879	3,053,355
Fund Balances, Beginning of Year	10,389,253	10,389,253	10,389,253	
Fund Balances, End of Year	\$10,547,370	\$12,103,777	\$ 15,157,132	\$ 3,053,355

NOTES TO BASIC FINANCIAL STATEMENTS

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

<u>District-wide Financial Statements</u> - 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*.

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.

<u>Fund Financial Statements</u> – 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.

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.

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.

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.

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 (MPSERS) and additions to/deductions from MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. MPSERS 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.

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).

- 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.

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

\$ 94,859,236

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.

June 30, 2023 balances are detailed as follows:

Cash equivalents <u>\$ 656,626</u>

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 MILAF+ MAX Class \$ 8,190,048 86,012,562

\$ 94,202,610

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.

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.

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 NPRE.

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 (NPRE) 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.

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:

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

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

	Trans	fers In	Tran	sfers Out
Nonmajor Funds Debt Service Funds: 2022 Debt Service: 2014 Debt Service	\$	-	\$	794,819
2014 Debt Service: 2022 Debt Service		794,819		
Total All Funds	\$	794,819	\$	794,819

Note E – Capital Assets

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

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

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	20,364
	\$ 6,155,642

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.

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.

	Debt Outstanding July 1, 2022	Debt Added	Debt Retired	Debt Outstanding June 30, 2023
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:

	Debt Outstanding July 1, 2022	Debt Added	Debt Retired	Debt Outstanding June 30, 2023
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
	\$143,875,023	\$ 81,407,337	\$ 10,341,882	\$ 214,940,478

^{*}Net change reported, consistent with GASB No. 101 implementation. See Note M.

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

	Final Maturity Dates	Interest Rates	Outstanding Balance	Amount Due Within One Year
General Obligation Bonds				
\$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:	3.5 1.0016	4.00 7.00	24020000	2.50.000
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:	3.5 1.00.10	7 00	70 1 7 0 000	4.277.000
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
Other Obligations			564711	65,000
Early retirement incentive - contractual			564,711	65,000
Accumulated sick leave		,	504,706	25,000
			¢ 214 040 470	¢10.727.602
			\$ 214,940,478	\$10,737,602

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

Years Ending June 30		Principal		Interest		Total
2024	\$	9,100,000	\$	7,689,000	\$	16,789,000
2025	4	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
2027		6,145,000		6,433,650		12,578,650
2020		0,143,000		0,433,030		12,570,050
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
20.44		0.020.000		1 120 125		10.060.105
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		2 810 000		95,250		2 005 250
∠U 1 7		3,810,000		93,430		3,905,250
	\$	188,205,000	\$	94,871,450	\$	283,076,450

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.

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.

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.

Plan Name	Pension Contribution Rates: Plan Status	Member	District
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.

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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
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	
Total	\$ 54,695,184	\$ 984,504

^{*} 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:

Years Ending June 30	Amount
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.

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):

Pension Plus Plan (Hybrid):

Pension Plus 2:

6.00% net of investment expenses
6.00% net of investment expenses
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).

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:

Investment Category	Target Allocation	Long-term Expected Real Rate of Return*
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)%
Total	100.0%	

^{*}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.

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:

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

Michigan Public School Employees' Retirement System (MPSERS) 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).

Payables to the Michigan Public School Employees' Retirement System (MPSERS)

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 (MPSERS 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.

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.

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:

	 ferred 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	
Total	\$ 14,415,549	\$ 21,776,733

^{*} 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.

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

Years Ending June 30	Amount
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.

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.

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:

		Long-term
	Target	Expected Real
Investment Category	Allocation	Rate of Return*
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)%
Total	100.0%	

^{*} 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 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:

	1% Decrease 5.0%	Current Discount Rate 6.0%	1% Increase 7.0%	
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:

	Current Healthcare			
_	1% Decrease	Cost Trend Rate	1% Increase	
District's proportionate share	.	* 40 5 40 5 61	* 1 = 110 210	
of the net OPEB liability	\$ 4,413,967	\$ 10,540,761	\$ 17,418,210	

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.

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.

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:

	Budget	Actual	Variance	
General Fund				_
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	
Student/School Activity Fund				
Other supporting service	1,209,156	1,359,762	150,606	
Food Service Fund				
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.

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

Required Supplementary Information

Schedule of the District Proportionate Share of the Net Pension Liability MPSERS Cost-sharing Multiple-employer Plan June 30, 2023

	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.

Year Ended June 30, 2020	Year Ended June 30, 2019	Year Ended June 30, 2018	Year Ended June 30, 2017	Year Ended June 30, 2016	Year Ended June 30, 2015
0.49065397%	0.48985930%	0.48635468%	0.49846335%	0.48283576%	0.47302115%
\$ 162,488,098 \$ 42,480,969	\$ 147,260,549 \$ 42,241,261	\$ 126,035,173 \$ 39,898,626	\$ 124,362,527 \$ 42,356,434	\$ 117,932,764 \$ 40,229,246	\$ 104,190,018 \$ 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%

Required Supplementary Information

Schedule of the District's Proportionate Share of the Net OPEB Liability MPSERS Cost-sharing Multiple-employer Plan June 30, 2023

	Year Ended June 30, 2023	Year Ended June 30, 2022	Year Ended June 30, 2021
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.

Year Ended June 30, 2020	Year Ended June 30, 2019	Year Ended June 30, 2018
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%

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

	Year Ended June 30, 2023	Year Ended June 30, 2022	Year Ended June 30, 2021	Year Ended June 30, 2020
Contractually required contribution	\$ 17,634,568	\$ 16,731,388	\$ 14,849,284	\$ 13,466,433
Contributions in relation to the contractually required contribution	17,634,568	16,731,388	14,849,284	13,466,433
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
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.

Yea	r Ended	Year Ended	Year Ended	Year Ended	Year Ended
June	e 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
\$ 13,	,155,958	\$ 12,493,773	\$ 13,702,535	\$ 12,493,230	\$ 12,675,872
13.	,155,958	12,493,773	13,702,535	12,493,230	12,675,872
\$		\$ -	\$ -	\$ -	\$ -
\$ 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%

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

	Year Ended June 30, 2023	Year Ended June 30, 2022	Year Ended June 30, 2021
Contractually required contribution	\$ 3,663,134	\$ 3,861,559	\$ 3,617,969
Contributions in relation to the contractually required contribution	3,663,134	3,861,559	3,617,969
Contribution deficiency (excess)	\$ -	\$ -	\$ -
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.

Year Ended June 30, 2020	Year Ended June 30, 2019	Year Ended June 30, 2018
\$ 3,442,964	\$ 3,393,064	\$ 3,123,745
3,442,964	3,393,064	3,123,745
_\$	\$ -	\$ -
\$ 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

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.

General Fund Comparative Balance Sheets June 30, 2023 and 2022

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

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

	2023	2022
Local sources:		
Property taxes:	¢ (972.056	¢ (070 /1(
Operating Recreation	\$ 6,872,056 2,141,675	\$ 6,078,416 2,014,591
Industrial facilities taxes	2,141,073 706	750
Delinquent and other property taxes	27,601	54,868
Interest on delinquent taxes	7,318	5,304
T /	9,049,356	8,153,929
Interest earnings:	265 696	17.560
Interest on cash equivalents and investments	365,686	17,568
Revenues from student activities:		
Gate fees	234,479	232,189
Pay to participate	<u>266,715</u>	262,597
Other local revenue:	501,194	494,786
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 Pool fees	70,715 26,931	77,360 23,396
Rental of school facilities	267,574	188,979
Donations	111,026	111,147
Miscellaneous	1,339,639	1,074,286
m - 11 - 1	4,357,957	3,672,838
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 Special education - millage incentive	295,314 259,361	246,844 246,791
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	75.077.700
Total state sources	88,469,954	75,077,789
Federal sources:		
Title I	203,307	221,629
Title IIA	131,338	230,795
Title III Title IV	9,227 10,571	11,195 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	6,868,926	3,982,069
(Continued)		
7.1		

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

		2023	2022
Interdistrict sources: County enhancement millage Special education - county Special education - tuition Medicaid fee for service Foreign exchange program Total interdistrict sources	\$	2,205,634 4,633,393 1,520 545,060 76,036 7,461,643	\$ 2,037,871 4,285,178 70,157 549,427 61,120 7,003,753
Total Revenues	\$ 1	17,074,716	\$ 98,402,732

General Fund

		2023		2022
Current:				
Instruction:				
Basic programs:				
Elementary:	\$	12 951 777	\$	12 624 602
Salaries	Ф	13,851,777 12,314,627	Ф	12,634,692 9,768,283
Employee benefits Purchased services		443,587		434,669
Supplies		204,142		176,797
Capital outlay		150		834
		26,814,283		23,015,275
Middle school:				
Salaries		5,798,612		5,900,609
Employee benefits Purchased services		5,431,132		4,571,459
Supplies		175,002 141,009		160,275 144,752
Capital outlay		141,007		105,331
Cupital outing		11,545,755		10,882,426
High school:		11,0 .0,700		10,00=,0
Salaries		8,443,937		8,141,995
Employee benefits		7,849,537		6,639,445
Purchased services		549,289		380,558
Supplies Capital outlay		235,105 14,646		266,081 1,627
Miscellaneous		28,720		12,130
Miscellaticous		17,121,234		15,441,836
Preschool:		17,121,234		15,441,650
Salaries		134,233		130,629
Employee benefits		85,323		67,618
Purchased services		2,673		293
Supplies		5,127		2,816
Summer school:		227,356		201,356
Salaries		230,615		300,129
Employee benefits		117,999		136,372
Purchased services		-		6,925
Supplies		38,983		10,848
11		387,597		454,274
Total basic programs		56,096,225		49,995,167
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		<u>-</u>		3,008
Payments to other districts		128,869		410,054
		6,487,150		6,468,840

General Fund

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

General Fund

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

General Fund

	2023	2022	
Supervision and direction of instruction:	\$ 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	
Miscellaneos	-	210	
T + 1: + + + + + + + + + + + + + + + + +	575,689	459,292	
Total instructional staff services	5,813,734	4,730,316	
General administrative services:			
Board of education: Purchased services	224 062	276 212	
Supplies	224,962 4,952	276,312	
Miscellaneous	11,014	11,760 10,669	
Miscenaneous	240,928	298,741	
Executive administration:	ŕ	ŕ	
Salaries	368,918	346,164	
Employee benefits Purchased services	275,666	140,119	
Supplies	24,858 3,847	17,353 3,806	
Miscellaneous	4,561	6,949	
Capital outlay	-	149	
cupital canaly	677,850	514,540	
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 Supplies	15,913 39,193	11,105 33,689	
Capital outlay	595	21	
Miscellaneous	5,491	6,493	
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 Capital outlay	141,242	91,029	
Miscellaneous	2,383 43,825	1.051	
Wilsechaneous	1,637,381	1,051 1,375,942	
Internal services:			
Salaries	39,518	37,186 34,755	
Employee benefits Purchased services	41,489 91,171	34,755 91,108	
Supplies	68,104	52,811	
	240,282	215,860	

General Fund

	2023	2022	
Other business services:	\$ 228,954 \$	169,690	
Miscellaneous Total business services	2,106,617	1,761,492	
	2,100,017	1,701,102	
Operation and maintenance services:			
Operation and maintenance: Salaries	2 202 100	2 226 466	
Employee benefits	2,398,100 2,152,757	2,226,466 1,746,850	
Purchased services	2,132,737	1,673,606	
Supplies	2,403,723	2,371,072	
Capital outlay	72,507	36,841	
Miscellaneous	9,967	2,300	
Wilsechaneous	9,257,734	8,057,135	
Security services:	7,237,731	0,037,133	
Salaries	424,434	344,270	
Employee benefits	353,182	246,662	
Purchased services	350,931	102,279	
Capital outlay	25,316	100	
	1,153,863	693,311	
Total operation and maintenance services	10,411,597	8,750,446	
Pupil transportation services:			
Pupil transportation:			
Ŝalaries	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	5,040,478	4,422,496	
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	
0	865,209	815,113	
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	
171150011dillood5	1,996,258	1,727,195	
Total central services	2,861,467	2,542,308	
1 otal cellulai sel vices	2,001,40/	4,344,308	

General Fund

	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	2,123,475	1,845,446
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
11	453,448	248,341
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
- 4 4 24 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4	1,365,486	1,204,738
Custody and care of children:	1 212 044	1 00 6 000
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
Non Public School Punils	2,306,596	1,796,418
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
Supplies	12,960	21,982
Total community services	4,138,490	3,271,479
Total community services	4,130,490	3,2/1,4/9
Capital outlay	1,771,538	
Total Expenditures	\$ 112,306,837	\$ 97,095,509
•	112,306,837	97,095,509
	112,500,05/	71,073,307

NONMAJOR GOVERNMENTAL FUNDS

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

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

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

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

		Debt Service		
	Food		Student/School	2014
Revenues	Service	Trust	Activity	2014
Local sources:				
Property taxes	\$ -	\$ -	\$ -	\$ 2,825,777
Interest earnings Food sales	49,267 1,887,593	17,599	-	56,144
Other local sources	-	82,683	1,413,334	
Total local sources	1,936,860	100,282	1,413,334	2,881,921
State sources	404,896	_	_	31,390
Federal sources	1,115,402			
Total Revenues	3,457,158	100,282	1,413,334	2,913,311
Expenditures				
Current:		60.002	1 250 762	
Supporting services Food service	3,593,551	69,903	1,359,762	-
Debt service:	3,573,551			
Principal repayment	-	-	-	1,375,000
Interest and fiscal charges				977,109
Total Expenditures	3,593,551	69,903	1,359,762	2,352,109
Excess (Deficiency) of Revenues				
Over Expenditures	(136,393)	30,379	53,572	561,202
Other Financing Sources (Uses)				
Transfers in	-	-	-	794,819
Transfers out				
Total Other Financing Sources (Uses)				794,819
Net Change in Fund Balances	(136,393)	30,379	53,572	1,356,021
Fund Balances, Beginning of Year	1,297,717	471,833	956,074	245,063
Fund Balances, End of Year	\$ 1,161,324	\$ 502,212	\$ 1,009,646	\$ 1,601,084

	Debt S	Capital Projects	<u> </u>		
2015	2016	2019	2022	Building and Site Sinking	Total
\$ 2,825,630 63,296	\$ 3,861,723 66,059	\$ 1,885,508 36,868 -	\$ 5,083,015 97,479 -	\$ 1,125,521 117,808 -	\$ 17,607,174 504,520 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	<u>-</u>	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
2,080,000 497,860	770,000 2,717,989	250,000 1,627,456	4,340,000 99,048	<u>-</u>	8,815,000 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

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

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

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

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

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

Revenues	Budget 9 1 209 742	Actual \$ 1.412.224	Variance \$ 114.501
Local sources Expenditures	\$ 1,298,743	\$ 1,413,334	\$ 114,591
Other supporting service	1,209,156	1,359,762	(150,606)
Net Change in Fund Balance	89,587	53,572	(36,015)
Fund Balance, Beginning of Year	956,074	956,074	
Fund Balance, End of Year	\$ 1,045,661	\$ 1,009,646	\$ (36,015)

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

Food Service Special Revenue Fund

Comparative Statements of Revenues, Expenditures and Changes in Fund Balances For the years ended June 30, 2023 and 2022

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

Public Purpose Trust Special Revenue Fund Comparative Balance Sheets June 30, 2023 and 2022

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

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

Revenues Local sources:	 2023	 2022
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
Total Revenues	 100,282	 65,513
Expenditures Current:		
Other supporting services	69,903	63,250
Net Change in Fund Balance	30,379	2,263
Fund Balance, Beginning of Year	 471,833	 469,570
Fund Balance, End of Year	\$ 502,212	\$ 471,833

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

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

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

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

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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.

Debt Service Funds

Combining Balance Sheet June 30, 2023 (with comparative totals as of June 30, 2022)

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

2019	2	022	202	Tota	als	2022
\$ 589,644	\$	3,128	\$ 3,9	<u>974,207</u>	\$	1,724,064
\$ 	_\$		_\$		_\$_	
 589,644		3,128	3,9	<u>974,207</u>		1,724,064
\$ 589,644	\$	3,128	\$ 3,9	74,207	\$	1,724,064

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)

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

		Tota	als
2019	2022	2023	2022
\$ 1,881,229	\$ 5,077,977	\$ 16,457,651	\$ 15,220,535
619	1,670	5,414	5,657
2,271 1,389	194 3,174	7,031 11,557	5,939 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

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

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

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

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

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

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

		2023
Revenues		
Local sources:	\$	485,742
Interest on cash equivalents and investments	Φ	465,742
Expenditures		
Capital outlay:		
Site improvement services		393,000
Architecture and engineering fees		324,722
Building improvement services		6,403,125
Other facilities and acquisition Debt service:		793,082
Bond issuance costs		274,087
Underwriter's discount		224,387
Chackwriter 5 discount		221,307
Total Expenditures		8,412,403
Excess (Deficiency) of Revenues Over Expenditures		(7,926,661)
Other Financing Sources (Uses) Proceeds from issuance of bonds		
Proceeds from issuance of bonds		72,150,000
Bond premium		9,074,110
Total Other Financing Sources (Uses)		81,224,110
Net Change in Fund Balance		73,297,449
Fund Balance, Beginning of Year		
Fund Balance, End of Year	\$_	73,297,449

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

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

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

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

OTHER INFORMATION

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

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

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

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

	Grattan	Oakfield	F	Plainfield		Total
\$	_	\$ -	\$	908	\$	2,038
Ψ	_	Ψ -	Ψ	157	Ψ	257
	_	_		190		307
	_	_		225		350
	_	-		498		788
	-	-		-		-
				76		121
	_	_		2,052		3,861
				ŕ		ŕ
	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
\$	284,664	\$ 74,482	\$	7,039,862	\$ 2	26,547,343