



ROCKFORD PUBLIC SCHOOLS

Kent County, Michigan

Annual Financial Reports

For the year ended June 30, 2025



HUNGERFORD
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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

October 27, 2025

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, 2025, 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, 2025, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2025, 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.

A handwritten signature in cursive script that reads "Hungerford".

Certified Public Accountants
Grand Rapids, Michigan

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MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

ROCKFORD PUBLIC SCHOOLS
June 30, 2025

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, 2025. 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, and deferred outflows of resources, and 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

ROCKFORD PUBLIC SCHOOLS
June 30, 2025

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.

Condensed District-wide Financial Information

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

	2025	2024
Assets		
Current assets	\$ 91,985,351	\$ 78,954,596
Net capital assets	197,341,615	188,312,285
Net OPEB Asset	21,593,373	2,811,715
Total Assets	310,920,339	270,078,596
Deferred Outflows of Resources	43,825,737	58,747,284
Liabilities		
Current liabilities	32,364,203	32,044,434
Long-term liabilities	217,082,828	190,554,501
Net pension liability	123,103,101	162,133,608
Total Liabilities	372,550,132	384,732,543
Deferred Inflows of Resources	61,654,409	38,701,119
Net Position		
Net investment in capital assets	12,549,334	14,966,223
Restricted	12,931,031	11,605,343
Unrestricted (deficit)	(104,938,830)	(121,179,348)
Total Net Position	\$ (79,458,465)	\$ (94,607,782)

MANAGEMENT'S DISCUSSION AND ANALYSIS

ROCKFORD PUBLIC SCHOOLS
June 30, 2025

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

	2025	2024
Program Revenues		
Charges for services	\$ 4,112,408	\$ 4,062,858
Operating grants	38,635,007	42,451,974
General Revenues		
Property taxes	31,724,833	32,309,617
State school aid, unrestricted	64,760,431	66,441,405
Interest and investment earnings	2,428,941	1,451,099
Other	3,585,537	6,575,083
Total Revenues	145,247,157	153,292,036
Expenses		
Instruction	57,525,595	62,449,424
Supporting services	45,720,874	57,267,534
Food service	3,997,333	4,139,369
Community services	3,898,320	3,818,576
Interest on long-term debt	9,081,514	8,687,639
Depreciation – unallocated	9,575,264	20,364
Other	298,940	555,434
Total Expenses	130,097,840	136,938,340
Increase in net position	15,149,317	16,353,696
Net Position, Beginning of Year	(94,607,782)	(110,961,478)
Net Position, End of Year	\$ (79,458,465)	\$ (94,607,782)

Financial Analysis of the District as a Whole

Total revenues exceeded expenses by \$15,149,317 on the Statement of Activities, increasing total net position from a deficit of \$94,607,782 to a deficit of \$79,458,465 at June 30, 2025. Unrestricted net position increased by \$16,240,518 to a deficit of \$104,938,830 at June 30, 2025. The District's net pension liability, including deferred outflows and inflows of resources, decreased by \$11,225,961 during the fiscal year, and its net OPEB asset, including outflows and inflows of resources, decreased by \$8,785,893.

The District's financial position is the product of various financial transactions, including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation and amortization of capital assets. A large portion of the District's net position reflects investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment, and construction in progress); less any related outstanding debt used to acquire those assets. The District uses these capital assets to provide services to its students; consequently, they are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

MANAGEMENT'S DISCUSSION AND ANALYSIS

ROCKFORD PUBLIC SCHOOLS

June 30, 2025

The District's total revenues decreased by 5.2% to \$145.3 million. Property taxes and unrestricted State aid accounted for most of the District's revenues, contributing 66% of the total. The remainder came from State and federal aid for specific programs (27%), fees charged for services, interest earnings, and other local sources.

The total cost of all programs decreased by 5.0% to \$130.1 million. The District's expenses are predominantly related to instruction (44%) and supporting services (35%), which includes various functions such as caring for (pupil services) and transporting students, administrative services, and operation and maintenance services.

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 explains the relationship (or differences) between them.

MANAGEMENT'S DISCUSSION AND ANALYSIS

ROCKFORD PUBLIC SCHOOLS
June 30, 2025

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

General Fund

The General Fund is our primary operating fund. The General Fund had total revenues of \$114,850,588, total other financing sources of \$16,604, and total expenditures of \$115,984,774. The ending fund balance was \$18,843,070 at June 30, 2025, down from \$19,960,652 at June 30, 2024.

Capital Projects Fund

The District operates two major Capital Projects Fund: the 2023 Construction and 2025 Construction Funds. The Funds had total revenues of \$976,659, total other financing sources of \$38,133,968 (including \$36,580,000 in proceeds from bond issuance, and \$1,553,968 in bond premium), and total expenditures of \$23,078,998. The ending fund balances totaled \$42,281,442 at June 30, 2025, up from \$26,249,813 at June 30, 2024. Of the ending fund balances, \$4,379,298 is attributed to the 2023 Construction Fund, and \$37,902,144 is attributed to the 2025 Construction Fund.

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 \$6,132,009 and total expenditures of \$6,243,529. The ending fund balances totaled \$2,302,544 at June 30, 2025, down from \$2,414,064 at June 30, 2024. Of the ending fund balances, \$1,031,675 is attributed to the Food Service Fund, \$211,076 is attributed to the Public Purpose Trust Fund, and \$1,059,793 is attributed to the Student/School Activity Fund.

Debt Services Funds

The District operates six Debt Service Funds to finance the repayment of general obligation bonds, two of which were closed during the fiscal year. The funds had total revenues of \$20,304,212 and total expenditures of \$18,291,733. The ending fund balances totaled \$6,603,527 at June 30, 2025, up from \$4,591,048 at June 30, 2024.

Capital Projects Funds

The District operates three nonmajor Capital Projects Funds; the Capital Improvement Fund, the Building and Site Sinking Fund, and the 2019 Construction Fund. The funds had total revenues of \$1,663,043, and total expenditures of \$2,113,059. The ending fund balances totaled \$5,663,393 at June 30, 2025, down from \$6,113,409 at June 30, 2024.

MANAGEMENT'S DISCUSSION AND ANALYSIS

ROCKFORD PUBLIC SCHOOLS
June 30, 2025

General Fund Budgetary Highlights

During the course of the year, the District continuously reviews the annual operating budget after the June 2024 adoption. Changes in the budget are due to the following:

- Changes made in the Fall are to account for the foundation allowance per-pupil allocation approved by the State as well as the final student enrollment in the District. These are two important factors that impact how much state foundation allowance will be received during the fiscal year.
- Final amendments made in June are for modifications in appropriations to prevent budget overruns and reductions in expenses put into place by the administration.
- Budget revisions refined State Aid revenue, Federal revenue, and grants awarded. The revisions reflected the related expenditure outflows anticipated.
- The final budget for the General Fund anticipated the fund balance to be 11.8% of General Fund expenditures and transfers - the actual results equaled 16.3%.

Capital Asset and Debt Administration

Capital Assets

By the end of 2025, the District had a \$318.8 million investment in a broad range of capital assets, including land and improvements, school buildings, athletic facilities, vehicles, 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, 2025, the District's investment in capital assets (net of accumulated depreciation), which increased by \$9,029,330 from the previous year-end, is detailed as follows:

Land	\$ 2,293,127
Construction in progress	20,940,924
Land improvements	19,020,578
Buildings and improvements	146,179,049
Furniture and equipment	4,828,558
Vehicles	<u>4,079,379</u>
Net Capital Assets	<u>\$ 197,341,615</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

ROCKFORD PUBLIC SCHOOLS
June 30, 2025

Long-term Obligations

At year end, the District had \$231.5 million in general obligation bonds and other long-term obligations outstanding – a net increase of \$30.1 million from June 30, 2024.

- During the year, the District issued the 2025 Building and Site Bonds, Series III in the amount of \$36,580,000, with a bond premium of \$1,553,968.
- The District continued to pay down its debt, retiring \$9,410,000 of outstanding bonds.
- 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 employee compensated absences.

More detailed information about long-term liabilities is presented in Note F of 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 wrapped up the 2nd phase of construction and is entering into the third phase in mid-2025.
- The District anticipates bringing to the Board of Education a proposal to consider regarding a 10-year bond initiative to begin in 2026.
- 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 District continues to levy the full 18 mills.
- The District's student enrollment is impacted by housing prices and birth rates across the State. As such, student enrollment can be a challenging variable to predict. The District utilizes an outside firm (Stanfred & Associates) to analyze and project student headcount to help plan for the future. Part of planning for the future has included the Board of Education adopting a new three-year strategic plan, RAMS XII, that will lead the District and guide decisions that support organizational well-being and financial health.

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.

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BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION

ROCKFORD PUBLIC SCHOOLS
June 30, 2025

	Governmental Activities
Assets	
Cash	\$ 2,750
Cash equivalents and investments (Note B)	75,475,220
Accounts receivable	78,426
Due from other governmental units (Note C)	16,350,484
Inventory	64,700
Prepaid expenses	13,771
Capital assets not being depreciated (Note E)	23,234,051
Capital assets being depreciated, net (Note E)	174,107,564
Net OPEB asset (Note H)	<u>21,593,373</u>
Total Assets	<u>310,920,339</u>
Deferred Outflows of Resources	
Loss on advance bond refundings, net	655,432
Deferred pension amounts	37,419,990
Deferred OPEB amounts	<u>5,750,315</u>
Total Deferred Outflows of Resources	<u>43,825,737</u>
Liabilities	
Accounts payable	6,401,101
Due to other governmental units	3,328,042
Payroll withholdings payable	121,449
Accrued interest payable	1,638,433
Salaries payable	5,191,904
Unearned revenue	1,248,879
Long-term liabilities (Note F):	
Due within one year	14,434,395
Due in more than one year	217,082,828
Net pension liability (Note G)	<u>123,103,101</u>
Total Liabilities	<u>372,550,132</u>
Deferred Inflows of Resources	
Deferred pension amounts	34,082,665
Deferred OPEB amounts	<u>27,571,744</u>
Total Deferred Inflows of Resources	<u>61,654,409</u>

STATEMENT OF NET POSITION (Continued)

ROCKFORD PUBLIC SCHOOLS
June 30, 2025

	<u>Governmental Activities</u>
Net Position	
Net investment in capital assets	\$ 12,549,334
Restricted for:	
Capital projects	5,663,393
Debt service	4,965,094
Food service	1,031,675
Public purpose trust	211,076
Student/school activity	1,059,793
Unrestricted (deficit)	<u>(104,938,830)</u>
Total Net Position	<u><u>\$ (79,458,465)</u></u>

STATEMENT OF ACTIVITIES

ROCKFORD PUBLIC SCHOOLS
For the year ended June 30, 2025

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes In Net Position
		Charges for Services	Operating Grants	
Governmental Activities				
Instruction	\$ 57,525,595	\$ 257,837	\$ 31,520,094	\$ (25,747,664)
Supporting services	45,720,874	508,100	3,230,923	(41,981,851)
Food service	3,997,333	643,719	3,883,990	530,376
Community services	3,898,320	2,702,752	-	(1,195,568)
Interest on long-term debt	9,081,514	-	-	(9,081,514)
Depreciation - unallocated*	9,575,264	-	-	(9,575,264)
Other	298,940	-	-	(298,940)
Total Governmental Activities	\$ 130,097,840	\$ 4,112,408	\$ 38,635,007	(87,350,425)
General Revenues				
Taxes:				
Property taxes, levied for general operations				10,672,453
Property taxes, levied for debt service				19,692,464
Property taxes, levied for capital improvements				1,359,916
State school aid, unrestricted				64,760,431
Interest and investment earnings				2,428,941
Other				<u>3,585,537</u>
Total General Revenues				<u>102,499,742</u>
Change in Net Position				15,149,317
Net Position - Beginning of Year				<u>(94,607,782)</u>
Net Position - End of Year				<u>\$ (79,458,465)</u>

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

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BALANCE SHEET

GOVERNMENTAL FUNDS

	General	2023 Construction	2025 Construction
Assets			
Cash	\$ 1,250	\$ -	\$ -
Cash equivalents and investments (Note B)	13,500,521	8,770,267	38,070,578
Accounts receivable	58,154	-	-
Due from other funds (Note D)	1,237,367	544,222	-
Due from other governmental units (Note C)	16,350,484	-	-
Inventory	34,389	-	-
Prepaid expenditures	13,771	-	-
Total Assets	\$ 31,195,936	\$ 9,314,489	\$ 38,070,578
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 783,873	\$ 4,931,465	\$ 100,200
Due to other funds (Note D)	1,678,719	3,726	68,234
Due to other governmental units	3,328,042	-	-
Payroll withholdings payable	121,449	-	-
Salaries payable	5,191,904	-	-
Unearned revenue	1,248,879	-	-
Total Liabilities	12,352,866	4,935,191	168,434
Fund Balances (Note A)			
Nonspendable			
Inventory	34,389	-	-
Prepaid expenditures	13,771	-	-
Restricted			
Food service	-	-	-
Public purpose trust	-	-	-
Student/school activity	-	-	-
Debt service	-	-	-
Capital projects	-	4,379,298	37,902,144
Unassigned	18,794,910	-	-
Total Fund Balances	18,843,070	4,379,298	37,902,144
Total Liabilities and Fund Balances	\$ 31,195,936	\$ 9,314,489	\$ 38,070,578

Nonmajor	Total
\$ 1,500	\$ 2,750
15,133,854	75,475,220
20,272	78,426
1,205,457	2,987,046
-	16,350,484
30,311	64,700
-	13,771
<u>\$ 16,391,394</u>	<u>\$ 94,972,397</u>

\$ 585,563	\$ 6,401,101
1,236,367	2,987,046
-	3,328,042
-	121,449
-	5,191,904
-	1,248,879
<u>1,821,930</u>	<u>19,278,421</u>

30,311	64,700
-	13,771
1,001,364	1,001,364
211,076	211,076
1,059,793	1,059,793
6,603,527	6,603,527
5,663,393	47,944,835
-	18,794,910
<u>14,569,464</u>	<u>75,693,976</u>
<u>\$ 16,391,394</u>	<u>\$ 94,972,397</u>

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RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES

ROCKFORD PUBLIC SCHOOLS
June 30, 2025

Total governmental fund balances \$ 75,693,976

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 \$318,772,250
and accumulated depreciation is \$121,430,635. 197,341,615

Bond refunding losses are not expensed but are amortized
over the life of the new bond issue on the Statement of
Activities. 655,432

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	\$ (204,135,000)	
Bond premium	(23,594,155)	
Compensated absences	<u>(3,788,068)</u>	(231,517,223)

Accrued interest on long-term debt is not included as a liability
in governmental funds. (1,638,433)

Net pension liability and related deferred outflows/inflows of
resources are not included as assets/liabilities in governmental
funds:

Net pension liability	(123,103,101)	
Deferred outflows of resources	37,419,990	
Deferred inflows of resources	<u>(34,082,665)</u>	(119,765,776)

Net OPEB asset and related deferred outflows/inflows of
resources are not included as assets/liabilities in governmental
funds:

Net OPEB asset	21,593,373	
Deferred outflows of resources	5,750,315	
Deferred inflows of resources	<u>(27,571,744)</u>	(228,056)

Total net position - governmental activities \$ (79,458,465)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

	General	2023 Construction	2025 Construction
Revenues			
Local sources	\$ 15,313,586	\$ 893,503	\$ 83,156
State sources	87,016,186	-	-
Federal sources	4,068,258	-	-
Interdistrict sources	8,452,558	-	-
Total Revenues	114,850,588	893,503	83,156
Expenditures			
Current:			
Instruction	65,403,259	-	-
Supporting services	46,034,388	-	-
Food service	-	-	-
Community services	4,547,127	-	-
Capital outlay	-	22,764,018	-
Debt service:			
Principal repayment	-	-	-
Interest and fiscal charges	-	-	-
Bond issuance costs	-	-	179,634
Underwriter's discount	-	-	135,346
Total Expenditures	115,984,774	22,764,018	314,980
Excess (Deficiency) of Revenues Over Expenditures	(1,134,186)	(21,870,515)	(231,824)
Other Financing Sources (Uses)			
Proceeds from issuance of bonds	-	-	36,580,000
Premium on issuance of bonds	-	-	1,553,968
Transfers in	-	-	-
Transfers out	-	-	-
Other transactions	16,604	-	-
Total Other Financing Sources (Uses)	16,604	-	38,133,968
Net Change in Fund Balances	(1,117,582)	(21,870,515)	37,902,144
Fund Balances, Beginning of Year	19,960,652	26,249,813	-
Fund Balances, End of Year	\$ 18,843,070	\$ 4,379,298	\$ 37,902,144

ROCKFORD PUBLIC SCHOOLS
For the year ended June 30, 2025

Nonmajor	Total
\$ 24,019,474	\$ 40,309,719
2,879,476	89,895,662
1,200,314	5,268,572
-	8,452,558
28,099,264	143,926,511
-	65,403,259
1,470,934	47,505,322
4,595,860	4,595,860
-	4,547,127
2,289,794	25,053,812
9,410,000	9,410,000
8,881,733	8,881,733
-	179,634
-	135,346
26,648,321	165,712,093
1,450,943	(21,785,582)
-	36,580,000
-	1,553,968
854,519	854,519
(854,519)	(854,519)
-	16,604
-	38,150,572
1,450,943	16,364,990
13,118,521	59,328,986
\$ 14,569,464	\$ 75,693,976

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

ROCKFORD PUBLIC SCHOOLS
For the year ended June 30, 2025

Net change in fund balances - total governmental funds \$ 16,364,990

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

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

Capital outlay	\$ 18,605,158	
Depreciation expense	<u>(9,575,264)</u>	9,029,894

In the Statement of Activities, only the gain on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale(s) increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the assets sold/retired. (564)

Bond refunding losses are amortized over the life of the new bond issue on the Statement of Activities. (74,526)

Bond premium is amortized over the life of the new bond issue on the Statement of Activities. 1,320,646

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

General obligation bonds	(36,580,000)	
Bond premium	<u>(1,553,968)</u>	(38,133,968)

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

General obligation bonds		9,410,000
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Interest on long-term liabilities in the Statement of Activities differs from the amount reported on the governmental funds because interest is recorded as an expenditure in the funds when it is due and paid, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is paid. (125,255)

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES (Cont.)

ROCKFORD PUBLIC SCHOOLS
For the year ended June 30, 2025

In the Statement of Net Position, compensated absences for employees 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 earned exceeds the amount of benefits used/paid.	\$ (2,653,754)
The changes in net pension liability and related deferred outflows/inflows of resources are not included as revenues/expenditures in governmental funds.	11,225,961
The changes in net OPEB asset and related deferred outflows/inflows of resources are not included as revenues/expenditures in governmental funds.	<u>8,785,893</u>
Total changes in net position - governmental activities	<u><u>\$ 15,149,317</u></u>

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

BUDGET AND ACTUAL – GENERAL FUND

ROCKFORD PUBLIC SCHOOLS
For the year ended June 30, 2025

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
Revenues				
Local sources	\$ 13,341,439	\$ 14,829,226	\$ 15,313,586	\$ 484,360
State sources	89,123,343	84,824,108	87,016,186	2,192,078
Federal sources	3,698,417	4,728,299	4,068,258	(660,041)
Interdistrict sources	7,992,984	8,233,297	8,452,558	219,261
Total Revenues	114,156,183	112,614,930	114,850,588	2,235,658
Expenditures				
Instruction:				
Basic programs	59,747,524	55,224,539	55,897,153	(672,614)
Added needs	11,251,660	11,808,328	9,174,285	2,634,043
Adult education	340,798	355,505	331,821	23,684
Supporting services:				
Pupil services	3,015,224	7,275,882	7,800,771	(524,889)
Instructional staff services	5,535,293	5,793,374	5,973,794	(180,420)
General administrative services	1,049,720	1,048,011	938,549	109,462
School administrative services	6,869,477	6,582,506	6,346,905	235,601
Business services	2,191,413	1,891,376	1,850,615	40,761
Operation and maintenance services	10,092,517	11,531,037	11,627,208	(96,171)
Pupil transportation services	5,614,861	5,285,571	5,370,178	(84,607)
Central services	4,861,401	4,437,111	3,758,482	678,629
Other supporting services	2,122,643	2,122,643	2,367,886	(245,243)
Community services	5,916,226	5,209,787	4,547,127	662,660
Debt service	13,642	-	-	-
Total Expenditures	118,622,399	118,565,670	115,984,774	2,580,896
Excess (Deficiency) of Revenues Over Expenditures	(4,466,216)	(5,950,740)	(1,134,186)	4,816,554
Other Financing Sources (Uses)				
Other transactions	-	-	16,604	(16,604)
Net Change in Fund Balances	(4,466,216)	(5,950,740)	(1,117,582)	4,833,158
Fund Balances, Beginning of Year	19,960,652	19,960,652	19,960,652	-
Fund Balances, End of Year	\$ 15,494,436	\$ 14,009,912	\$ 18,843,070	\$ 4,816,554

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 7,518 students. The District is governed by an elected Board of Education consisting of seven members and administered by a Superintendent who is appointed by the aforementioned Board. The District provides a comprehensive range of educational services as specified by state statute and Board of Education policy. These services include elementary education, secondary education, pre-school programs, athletic activities, special education, community services, and general administrative services. The Board of Education also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

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

The District’s significant accounting policies are described below.

1. Reporting Entity

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

2. District-wide and Fund Financial Statements

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

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

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

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, and the 2023 and 2025 Construction Capital Projects Funds are the District's major funds. Nonmajor funds are aggregated and presented in a single column.

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

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

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

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

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

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

Governmental Funds

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

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.

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 and the State of Michigan Department of Treasury Numbered Letter 2023-1. 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 Numbered Letter 2023-1.

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.

The District is not in compliance with the Uniform Budgetary and Accounting Act. For the year ended June 30, 2025, the original, final, and actual results for the General Fund reflected a deficit, with expenditures in excess of revenues. In addition, the budget and actual results of the Food Service and Private Purpose Trust Special Revenue Funds resulted in budget and actual deficits, with expenditures in excess of revenues.

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. Compensated Absences

Compensated absences at the District consist of accumulated sick leave as of June 30, 2025. In accordance with applicable accounting standards, the District accrues a liability for compensated absences when it is more likely than not that the benefit will be realized by the employee, either through future use or payment upon separation from service. As of June 30, 2025, total compensated absences amounted to \$3,788,068.

11. Retirement Plan

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

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

12. Postemployment Benefits Other Than Pensions

Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, was implemented by the District during the fiscal year ended June 30, 2018. This Statement establishes standards for recognizing and measuring other postemployment benefits (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 asset, 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 (MPERS) and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. 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 asset 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 asset 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, 2025, 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, 2025 related to cash equivalents and investments are detailed in the Basic Financial Statements as follows:

Statement of Net Position:

Governmental Activities

\$ 75,475,220

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.

NOTES TO BASIC FINANCIAL STATEMENTS

ROCKFORD PUBLIC SCHOOLS

June 30, 2025

June 30, 2025 balances are detailed as follows:

Cash equivalents	<u>\$ 1,489,401</u>
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Custodial Credit Risk Related to Bank Deposits

Custodial credit risk is the risk that in the event of bank failure, the District's bank deposits may not be returned to the District. Protection of District deposits is provided by the Federal Deposit Insurance Corporation. At year end, the carrying amount of the District's cash equivalents was \$1,489,401 and bank balance was \$1,489,401. Of the bank balance, \$250,000 was covered by federal depository insurance, and \$1,239,401 was uninsured and uncollateralized. The District has no policy to address Custodial Credit Risk.

Investments

As of June 30, 2025, the District had the following investments:

Surplus Funds Investment Pool Accounts:	
MILAF+ Cash Management Class	\$ 4,457,124
MILAF+ MAX Class	69,528,695
	<u>\$ 73,985,819</u>

The Michigan Liquid Asset Fund Plus (MILAF+) is an external pooled investment fund that includes qualified investments in accordance with the applicable sections of the School Code. MILAF+ is not regulated or registered with the Securities Exchange Commission at June 30, 2025. The MILAF+ is carried at net amortized value (NAV) and is rated AAA 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, 2025, 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 2024 and October 2024. The 2024-25 "Foundation Allowance" for Rockford Public Schools was \$9,608 for 7,532 "Full Time Equivalent" students, generating \$87,806,883 in state aid payments to the District of which \$15,536,608 was paid to the District in July and August 2025 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 4-year operating millage extension, 18 mills of non-homestead property tax was levied in the District for 2024.

The District levied 0.9011, 7.000, and 0.4737 mills in 2024 for recreational, debt service, and building and site purposes, respectively, 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, 2025, the District's property tax revenues were reduced by approximately \$29,579 under these agreements.

NOTES TO BASIC FINANCIAL STATEMENTS

ROCKFORD PUBLIC SCHOOLS

June 30, 2025

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 and state aid and property tax receipts not yet transferred at June 30, 2025, are detailed as follows:

	Due From	Due To
Major Funds		
General Fund:		
Special Revenue Funds:		
Food Service	\$ 449,641	\$ 95,179
Student/School Activity	258	58,161
Debt Service Funds:		
2016 Debt	-	499,375
2019 Debt	-	469,797
2023 Debt	786,468	-
2024 Debt	-	63,524
Capital Projects Funds:		
Building and Site Sinking	-	15,695
2023 Construction	-	476,988
2025 Construction	1,000	-
2023 Construction:		
General Fund	476,988	-
Capital Projects Funds:		
2019 Construction	-	3,726
2025 Construction	67,234	-
2025 Construction:		
General Fund	-	1,000
Capital Projects Funds:		
2023 Construction	-	67,234
Total Major Funds	1,781,589	1,750,679

NOTES TO BASIC FINANCIAL STATEMENTS

ROCKFORD PUBLIC SCHOOLS

June 30, 2025

	Due From	Due To
Nonmajor Funds		
Special Revenue Funds:		
Food Service:		
General Fund	\$ 95,179	\$ 449,641
Student/School Activity:		
General Fund	58,161	258
Debt Service Funds:		
2016 Debt:		
General Fund	499,375	-
2019 Debt:		
General Fund	469,797	-
2023 Debt:		
General Fund	-	786,468
2024 Debt:		
General Fund	63,524	-
Capital Projects Funds:		
2019 Construction:		
2023 Construction	3,726	-
Building and Site Sinking:		
General Fund	15,695	-
Total Nonmajor Funds	1,205,457	1,236,367
Total All Funds	\$ 2,987,046	\$ 2,987,046

Transfers between funds during the year ended June 30, 2025 were as follows:

	Transfers In	Transfers Out
Nonmajor Funds		
Debt Service Funds:		
2024 Debt:		
2014 Debt	\$ 393,692	\$ -
2015 Debt:	460,827	-
2014 Debt:		
2024 Debt	-	393,692
2015 Debt:		
2024 Debt	-	460,827
Total All Funds	\$ 854,519	\$ 854,519

The transfers made between Debt Service Funds were for the purpose of closing out the 2014 and 2015 Debt Service Funds, which were refunded in the prior year and are now reported as the 2024 Debt Service Fund.

NOTES TO BASIC FINANCIAL STATEMENTS

ROCKFORD PUBLIC SCHOOLS

June 30, 2025

Note E – Capital Assets

Capital asset activity for the year ended June 30, 2025 was as follows:

	Balances July 1, 2024	Additions	Deductions	Balances June 30, 2025
Capital assets not being depreciated:				
Land	\$ 2,293,127	\$ -	\$ -	\$ 2,293,127
Construction in progress	47,957,712	17,297,461	44,314,249	20,940,924
Total capital assets not being depreciated	50,250,839	\$ 17,297,461	\$ 44,314,249	23,234,051
Capital assets being depreciated:				
Land improvements	28,990,629	\$ 4,631,975	\$ -	33,622,604
Buildings and improvements	191,372,580	39,682,274	173,673	230,881,181
Furniture and equipment	23,359,691	361,508	-	23,721,199
Vehicles	6,661,057	946,189	294,031	7,313,215
Total capital assets being depreciated	250,383,957	\$ 45,621,946	\$ 467,704	295,538,199
Less accumulated depreciation for:				
Land improvements	13,342,740	\$ 1,259,286	\$ -	14,602,026
Buildings and improvements	77,801,691	7,074,114	173,673	84,702,132
Furniture and equipment	18,164,891	727,750	-	18,892,641
Vehicles	3,013,189	514,114	293,467	3,233,836
Total accumulated depreciation	112,322,511	\$ 9,575,264	\$ 467,140	121,430,635
Total capital assets being depreciated, net	138,061,446			174,107,564
Net Capital Assets	\$ 188,312,285			\$ 197,341,615

Depreciation expense for the District was \$9,575,264. The District determined that it was impractical to allocate depreciation to various governmental activities as the assets serve multiple functions.

NOTES TO BASIC FINANCIAL STATEMENTS

ROCKFORD PUBLIC SCHOOLS

June 30, 2025

Note F – Long-term Obligations

Changes in long-term obligations for the year ended June 30, 2025 are summarized as follows:

	Debt		Debt		Debt
	Outstanding		Added	Retired	Outstanding
	July 1, 2024	Adjustment*			June 30, 2025
General obligation bonds:					
2016 Refunding, Series B	\$ 24,685,000	\$ -	\$ -	\$ 815,000	\$ 23,870,000
2016 Building and Site	29,025,000	-	-	540,000	28,485,000
2019 Building and Site, Series I	34,680,000	-	-	250,000	34,430,000
2023 Building and Site, Series II	67,775,000	-	-	4,585,000	63,190,000
2024 Refunding	20,800,000	-	-	3,220,000	17,580,000
2025 Building and Site, Series III	-	-	36,580,000	-	36,580,000
Bond premium	23,360,833	-	1,553,968	1,320,646	23,594,155
Compensated absences	1,134,314	2,534,303	119,451	-	3,788,068
	<u>\$ 201,460,147</u>	<u>\$ 2,534,303</u>	<u>\$ 38,253,419</u>	<u>\$ 10,730,646</u>	<u>\$ 231,517,223</u>

*See Note L – Change in Accounting Estimate

NOTES TO BASIC FINANCIAL STATEMENTS

ROCKFORD PUBLIC SCHOOLS

June 30, 2025

Long-term obligations outstanding at June 30, 2025 are comprised of the following:

	Final Maturity Dates	Interest Rates	Outstanding Balance	Amount Due Within One Year
General Obligation Bonds				
\$27,440K Refunding, Series B, June 6, 2016:				
Annual maturities of \$815K to \$3,890K	May 1, 2033	4.00 - 5.00%	\$ 23,870,000	\$ 815,000
\$35,070K Building and Site, June 6, 2016:				
Annual maturities of \$665K to \$2,075K	May 1, 2044	4.00 - 5.00	28,485,000	815,000
\$48,665K Building and Site, Series I, June 26, 2019:				
Annual maturities of \$250K to \$3,120K	May 1, 2046	4.00 - 5.00	34,430,000	250,000
\$72,150K Building and Site, Series II, May 18, 2023:				
Annual maturities of \$340K to \$3,810K	May 1, 2049	5.00	63,190,000	340,000
\$20,800K Refunding, February 22, 2024:				
Annual maturities of \$1,265K to \$3,390K	May 1, 2035	5.00	17,580,000	3,390,000
\$36,580K Building and Site, Series III, June 12, 2025:				
Annual maturities of \$150K to \$7,250K	May 1, 2049	5.00	36,580,000	7,250,000
Bond premium			23,594,155	1,385,395
Other Obligations				
Compensated absences			3,788,068	189,000
			<u>\$ 231,517,223</u>	<u>\$ 14,434,395</u>

NOTES TO BASIC FINANCIAL STATEMENTS

ROCKFORD PUBLIC SCHOOLS

June 30, 2025

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

Years Ending June 30	Principal	Interest	Total
2026	\$ 12,860,000	\$ 9,830,597	\$ 22,690,597
2027	10,840,000	9,395,900	20,235,900
2028	7,185,000	8,853,900	16,038,900
2029	6,795,000	8,535,200	15,330,200
2030	7,075,000	8,195,450	15,270,450
2031	7,745,000	7,841,700	15,586,700
2032	8,425,000	7,454,450	15,879,450
2033	8,475,000	7,033,200	15,508,200
2034	8,745,000	6,609,450	15,354,450
2035	9,135,000	6,172,200	15,307,200
2036	7,890,000	5,733,000	13,623,000
2037	8,270,000	5,356,800	13,626,800
2038	8,665,000	4,962,350	13,627,350
2039	9,080,000	4,549,650	13,629,650
2040	9,505,000	4,118,950	13,623,950
2041	9,980,000	3,643,700	13,623,700
2042	10,325,000	3,173,250	13,498,250
2043	10,335,000	2,657,000	12,992,000
2044	10,360,000	2,140,250	12,500,250
2045	8,360,000	1,622,250	9,982,250
2046	8,360,000	1,204,250	9,564,250
2047	5,240,000	786,250	6,026,250
2048	5,240,000	524,250	5,764,250
2049	5,245,000	262,250	5,507,250
	<u>\$ 204,135,000</u>	<u>\$ 120,656,247</u>	<u>\$ 324,791,247</u>

Note G – Retirement Plan

Plan Description

The Michigan Public School Employees' Retirement System (MPERS) (the "System") is a cost-sharing, multiple-employer, state-wide, defined benefit public employee retirement plan and fiduciary component unit of 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. The age and service requirements range from attaining the age of 46 to 60 with years of service ranging from 5 to 30 years, depending on when the employee became a member. 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. The System also provides disability and survivor benefits to DB plan members.

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.

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.

NOTES TO BASIC FINANCIAL STATEMENTS

ROCKFORD PUBLIC SCHOOLS

June 30, 2025

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

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, 2023 valuation will be amortized over a 15-year period beginning October 1, 2023 and ending September 30, 2038.

The schedule below summarizes pension contribution rates in effect for the plan fiscal year ended September 30, 2024.

Plan Name	Pension Contribution Rates:		
	Plan Status	Member	District
Basic	Closed	0.0 – 4.0%	23.03%
Member Investment Plan (MIP)	Closed	3.0 – 7.0%	23.03%
Pension Plus (Hybrid)	Closed	3.0 – 6.4%	19.17%
Pension Plus 2 (Hybrid)	Open	6.2%	20.10%
Defined Contribution	Open	0.0%	13.90%

The District's contributions to MPSERS under all pension plans for the year ended June 30, 2025 inclusive of the MSPERS UAAL Stabilization, totaled \$21,450,429.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of June 30, 2025, the District reported a liability of \$123,103,101 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2023. 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. As of September 30, 2024 the District's proportion was 0.50283072%, which was an increase from 0.50093702% at September 30, 2023.

NOTES TO BASIC FINANCIAL STATEMENTS

ROCKFORD PUBLIC SCHOOLS
June 30, 2025

For the year ended June 30, 2025 the District recognized pension expense of \$11,085,262. As of June 30, 2025, 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	\$ 3,339,874	\$ 1,337,532
Changes of assumptions	12,834,228	9,019,564
Net difference between projected and actual earnings on pension plan investments	—	23,493,290
Changes in proportion and differences between District contributions and proportionate share of contributions	1,636,826	232,279
District contributions subsequent to the measurement date*	19,609,062	—
Total	\$ 37,419,990	\$ 34,082,665

* 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, 2026.

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
2026	\$ (2,827,181)
2027	1,191,585
2028	(8,576,571)
2029	(6,059,570)

NOTES TO BASIC FINANCIAL STATEMENTS

ROCKFORD PUBLIC SCHOOLS
June 30, 2025

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, 2023
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	
MIP and Basic Plans:	6.00% net of investment expenses
Pension Plus Plan:	6.00% net of investment expenses
Pension Plus 2:	6.00% net of investment expenses
Projected Salary Increases:	2.75% - 11.55%, including wage inflation of 2.75%
Cost-of-Living Adjustments:	3% annual non-compounded for MIP members
Mortality:	
Retirees:	PubT-2010 Male and Female Retiree Mortality Tables scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.
Active Members:	PubT-2010 Male and Female Employee Mortality Tables scaled by 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

Notes:

- Assumption changes as a result of an experience study for the period 2017 through 2022 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2023 valuation. The total pension liability as of September 30, 2024 is based on the results of an actuarial valuation date of September 30, 2023 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: [4.4612 for non-university employers].
- Recognition period for assets in years: 5.0000.
- Full actuarial assumptions are available in the 2024 MPSERS Annual Comprehensive Financial Report found on the ORS website at (www.michigan.gov/orsschools).

NOTES TO BASIC FINANCIAL STATEMENTS

ROCKFORD PUBLIC SCHOOLS

June 30, 2025

Long-Term Expected Rate of Return on Plan 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, 2024 are summarized in the following table:

Investment Category	Target Allocation	Long-term Expected Real Rate of Return*
Domestic Equity Pools	25.0%	5.3%
Private Equity Pools	16.0%	9.6%
International Equity Pools	15.0%	6.5%
Fixed Income Pools	13.0%	2.2%
Real Estate and Infrastructure Pools	10.0%	7.1%
Absolute Return Pools	9.0%	5.2%
Real Return/Opportunistic Pools	10.0%	6.9%
Short-term Investment Pools	2.0%	1.4%
Total	100.0%	

*Long-term rates of return are net of administrative expenses and 2.3% inflation.

Rate of Return

For the fiscal year ended September 30, 2024, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 15.47%. 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 6.00% was used to measure the total pension liability (6.00% for the Pension Plus Plan, 6.00% 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 6.00% (6.00% for the Pension Plus Plan, 6.00% 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.

NOTES TO BASIC FINANCIAL STATEMENTS

ROCKFORD PUBLIC SCHOOLS
June 30, 2025

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 6.00% (6.00% for the Pension Plus plan, 6.00% for the Pension Plus 2 plan), 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:

	1% Decrease 5.00%	Current Single Discount Rate Assumption 6.00%	1% Increase 7.00%
District's proportionate share of the net pension liability	\$ 180,470,469	\$ 123,103,101	\$ 75,333,730

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

Detailed information about the pension plan's fiduciary net position is available in the separately issued Michigan Public School Employees' Retirement System September 30, 2024 Annual Comprehensive Financial Report, available here: (www.michigan.gov/orsschools).

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

Payables to the pension plan totaling \$2,665,616 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. The payables are included in the "Due to Other Governmental Units" at June 30, 2025.

Note H – Other Postemployment Benefits

Plan Description

The Michigan Public School Employees' Retirement System (MPERS or "System") is a cost-sharing, multiple-employer, state-wide, defined benefit public employee retirement plan and a fiduciary component unit of 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 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.

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

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, 2023 valuation will be amortized over a 15-year period beginning October 1, 2023 and ending September 30, 2038.

NOTES TO BASIC FINANCIAL STATEMENTS

ROCKFORD PUBLIC SCHOOLS
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The schedule below summarizes OPEB contribution rates in effect for fiscal year ended September 30, 2024:

OPEB Contribution Rates:

Benefit Structure	Member	District
Premium Subsidy	3.0%	8.31%
Personal Healthcare Fund (PHF)	0.0%	7.06%

Required contributions to the OPEB plan from the District were \$1,056,634 for the year ended June 30, 2025.

OPEB Assets, OPEB Credit, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

As of June 30, 2025, the District reported an asset of \$21,593,373 for its proportionate share of the MPSERS net OPEB asset. The net OPEB asset was measured as of September 30, 2024, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation rolled forward from September 2023. The District's proportion of the net OPEB asset 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. As of September 30, 2024 the District's proportion was 0.50165842%, which was an increase from 0.49703438% at September 30, 2023.

NOTES TO BASIC FINANCIAL STATEMENTS

ROCKFORD PUBLIC SCHOOLS
June 30, 2025

For the year ended June 30, 2025, the District recognized OPEB credit of \$7,751,732. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ —	\$ 22,882,381
Changes of assumptions	4,716,303	542,100
Net difference between projected and actual earnings on OPEB plan investments	—	4,087,873
Changes in proportion and differences between District contributions and proportionate share of contributions	633,977	59,390
District contributions subsequent to the measurement date*	400,035	—
Total	\$ 5,750,315	\$ 27,571,744

* This amount, reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date, will be recognized as an addition of the net OPEB asset in the year ended June 30, 2026.

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
2026	\$ (7,236,130)
2027	(4,265,762)
2028	(4,273,233)
2029	(3,919,577)
2030	(2,128,016)
Thereafter	(398,746)

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.

NOTES TO BASIC FINANCIAL STATEMENTS

ROCKFORD PUBLIC SCHOOLS
June 30, 2025

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

Valuation Date:	September 30, 2023
Actuarial Cost Method:	Entry Age, Normal
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 - 7.25% Year 1 graded to 3.5% Year 15 Post-65 - 6.50% Year 1 graded to 3.5% Year 15
Mortality:	
Retirees:	PubT-2010 Male and Female Retiree Mortality Tables, scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.
Active Members:	PubT-2010 Male and Female Employee Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

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 2017 through 2022 have been adopted by the System for use in the annual OPEB valuations beginning with the September 30, 2023 valuation. The total OPEB liability as of September 30, 2024 is based on the results of an actuarial valuation date of September 30, 2023 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: [6.2834 for non-university employers].
- Recognition period for assets in years: 5.0000.
- Full actuarial assumptions are available in the 2024 MPSERS Annual Comprehensive Financial Report found on the ORS website at www.michigan.gov/orsschools.

NOTES TO BASIC FINANCIAL STATEMENTS

ROCKFORD PUBLIC SCHOOLS

June 30, 2025

Long-Term Expected Rate of Return on Plan 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, 2024, are summarized in the following table:

Investment Category	Target Allocation	Long-term Expected Real Rate of Return*
Domestic Equity Pools	25.0%	5.3%
Private Equity Pools	16.0%	9.0%
International Equity Pools	15.0%	6.5%
Fixed Income Pools	13.0%	2.0%
Real Estate and Infrastructure Pools	10.0%	7.1%
Absolute Return Pools	9.0%	5.2%
Real Return/Opportunistic Pools	10.0%	6.9%
Short-term Investment Pools	2.0%	1.4%
Total	100.0%	

* Long-term rates of return are net of administrative expenses and 2.3% inflation.

Rate of Return

For the fiscal year ended September 30, 2024, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 15.45%. 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 6.00% 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 6.00%. 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.

NOTES TO BASIC FINANCIAL STATEMENTS

ROCKFORD PUBLIC SCHOOLS
June 30, 2025

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

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

	1% Decrease 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
District's proportionate share of the net OPEB liability (asset)	\$ (16,687,537)	\$ (21,593,373)	\$ (25,834,987)

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

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of the net OPEB liability (asset)	\$ (25,835,033)	\$ (21,593,373)	\$ (17,044,216)

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2024 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 \$40,599 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. The payables are included in the "Due to Other Governmental Units" at June 30, 2025.

Note I – 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 general liability and crime loss, employee benefits, workers' compensation, cyber liability, and errors and omissions.

NOTES TO BASIC FINANCIAL STATEMENTS

ROCKFORD PUBLIC SCHOOLS

June 30, 2025

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 \$1,685,000, respectively, on an annual basis. Excess insurance has been purchased to cover claims exceeding those amounts. A \$5,000 per occurrence deductible for property losses is maintained. The Auto Physical Damage for Vehicles deductible amount is \$1,000. The District paid \$498,018 in premiums to the MSIP for the year ended June 30, 2025.

MSIP also allows the 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, 2024, there were no material pending claims against the District. The District paid \$160,372 in premiums and program fees to the Group for the year ended June 30, 2025.

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 2024-25 fiscal year.

Note J – Stewardship, Compliance and Accountability

The District has an unrestricted net position deficit of \$104,938,830 and a total net position deficit of \$79,458,465 as of June 30, 2025. These deficit net positions result primarily from the net pension liability of \$119,765,776 (net of deferred outflows and deferred inflows of resources related to the pension plan) and a net OPEB asset of \$228,056 (net of deferred outflows and deferred inflows of resources related to the OPEB plan).

Note K – Commitments

On June 26, 2019, the District issued \$48,665,000 of general obligation 2019 Building and Site, Series I bonds, whose proceeds are being used for land improvements, building renovations and additions, and furniture and equipment purchases. At June 30, 2025, unspent balances committed to these construction projects totaled \$216,763, which are expected to be fully expended by the year ended June 30, 2027.

On May 18, 2023, the District issued \$72,150,000 of general obligation 2023 Building and Site, Series II bonds, whose proceeds are being used for land improvements, building renovations and additions, and furniture and equipment purchases. At June 30, 2025, unspent balances committed to these construction projects totaled \$4,379,298, which are expected to be fully expended by the year ended June 30, 2028.

On June 12, 2025, the District issued \$36,580,000 of general obligation 2025 Building and Site, Series III bonds, whose proceeds are being used for land improvements, building renovations and additions, and furniture and equipment purchases. At June 30, 2025, unspent balances committed to these construction projects totaled \$37,902,144, which are expected to be fully expended by the year ended June 30, 2029.

Note L – Change in Accounting Estimate

During the fiscal year ended June 30, 2025, the District re-evaluated its policies and calculation methods used to recognize liabilities for compensated absences to more accurately reflect obligations related to current employment arrangements required by applicable accounting standards.

The change, which enhances the accuracy and consistency of the District's financial reporting, led to an increase of \$2,534,303 in the compensated absences liability reported in the government-wide financial statements.

Note M – Change within the Financial Reporting Entity

The governmental fund financial statements now include the 2025 Construction Capital Projects Fund as a result of the issuance of 2025 Building & Site, Series III bonds for future capital improvements.

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REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT PROPORTIONATE SHARE OF THE NET PENSION LIABILITY MPSERS COST-SHARING MULTIPLE-EMPLOYER PLAN

	Year Ended June 30, 2025	Year Ended June 30, 2024	Year Ended June 30, 2023
District's proportion of the net pension liability	0.50283072%	0.50093702%	0.50073770%
District's proportionate share of the net pension liability	\$ 123,103,101	\$ 162,133,608	\$ 188,321,036
District's covered-employee payroll	\$ 56,837,042	\$ 52,437,853	\$ 48,975,588
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	216.59%	309.19%	384.52%
Plan fiduciary net position as a percentage of the total pension liability	74.44%	65.91%	60.77%

Note: The amounts presented for each of the last ten fiscal years were determined as of September 30 of the preceding year.

ROCKFORD PUBLIC SCHOOLS
June 30, 2025

<u>Year Ended</u> <u>June 30, 2022</u>	<u>Year Ended</u> <u>June 30, 2021</u>	<u>Year Ended</u> <u>June 30, 2020</u>	<u>Year Ended</u> <u>June 30, 2019</u>	<u>Year Ended</u> <u>June 30, 2018</u>	<u>Year Ended</u> <u>June 30, 2017</u>	<u>Year Ended</u> <u>June 30, 2016</u>
0.48974153%	0.48553440%	0.49065397%	0.48985930%	0.48635468%	0.49846335%	0.48283576%
\$ 115,948,327	\$ 166,786,348	\$ 162,488,098	\$ 147,260,549	\$ 126,035,173	\$ 124,362,527	\$ 117,932,764
\$ 44,671,608	\$ 42,977,837	\$ 42,480,969	\$ 42,241,261	\$ 39,898,626	\$ 42,356,434	\$ 40,229,246
259.56%	388.08%	382.50%	348.62%	315.89%	293.61%	293.15%
72.60%	59.72%	60.31%	62.36%	63.96%	63.01%	62.92%

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)
MPERS COST-SHARING MULTIPLE-EMPLOYER PLAN**

	Year Ended June 30, 2025	Year Ended June 30, 2024	Year Ended June 30, 2023
District's proportion of the net OPEB liability (asset)	0.50165842%	0.49703438%	0.49766051%
District's proportionate share of the net OPEB liability (asset)	\$ (21,593,373)	\$ (2,811,715)	\$ 10,540,761
District's covered-employee payroll	\$ 56,837,042	\$ 52,437,853	\$ 48,975,588
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	(37.99%)	(5.36%)	21.52%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	143.08%	105.04%	83.09%

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.

ROCKFORD PUBLIC SCHOOLS
June 30, 2025

<u>Year Ended June 30, 2022</u>	<u>Year Ended June 30, 2021</u>	<u>Year Ended June 30, 2020</u>	<u>Year Ended June 30, 2019</u>	<u>Year Ended June 30, 2018</u>
0.49160586%	0.48366730%	0.48545280%	0.49587331%	0.48646825%
\$ 7,503,763	\$ 25,911,349	\$ 34,844,579	\$ 39,416,730	\$ 43,079,055
\$ 44,671,608	\$ 42,977,837	\$ 42,480,969	\$ 42,241,261	\$ 39,898,626
16.80%	60.29%	82.02%	93.31%	107.97%
87.33%	59.44%	48.46%	42.95%	36.53%

SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS **MPSERS COST-SHARING MULTIPLE-EMPLOYER PLAN**

	Year Ended June 30, 2025	Year Ended June 30, 2024	Year Ended June 30, 2023	Year Ended June 30, 2022
Contractually required contribution	\$ 21,450,429	\$ 19,849,411	\$ 17,634,568	\$ 16,731,388
Contributions in relation to the contractually required contribution	<u>21,450,429</u>	<u>19,849,411</u>	<u>17,634,568</u>	<u>16,731,388</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 57,532,998	\$ 52,623,785	\$ 49,537,379	\$ 46,558,764
Contributions as a percentage of covered employee payroll	37.28%	37.72%	35.60%	35.94%

ROCKFORD PUBLIC SCHOOLS
June 30, 2025

Year Ended June 30, 2021	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
\$ 14,849,284	\$ 13,466,433	\$ 13,155,958	\$ 12,493,773	\$ 13,702,535	\$ 12,493,230
14,849,284	13,466,433	13,155,958	12,493,773	13,702,535	12,493,230
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 44,271,971	\$ 42,962,049	\$ 42,307,755	\$ 42,136,916	\$ 40,944,291	\$ 40,605,013
33.54%	31.34%	31.10%	29.65%	33.47%	30.77%

SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS **MPSERS COST-SHARING MULTIPLE-EMPLOYER PLAN**

	Year Ended June 30, 2025	Year Ended June 30, 2024	Year Ended June 30, 2023
Contractually required contribution	\$ 1,056,634	\$ 4,155,856	\$ 3,663,134
Contributions in relation to the contractually required contribution	<u>1,056,634</u>	<u>4,155,856</u>	<u>3,663,134</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 57,532,998	\$ 52,623,785	\$ 49,537,379
Contributions as a percentage of covered employee payroll	1.84%	7.90%	7.39%

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.

ROCKFORD PUBLIC SCHOOLS
June 30, 2025

Year Ended June 30, 2022	Year Ended June 30, 2021	Year Ended June 30, 2020	Year Ended June 30, 2019	Year Ended June 30, 2018
\$ 3,861,559	\$ 3,617,969	\$ 3,442,964	\$ 3,393,064	\$ 3,123,745
3,861,559	3,617,969	3,442,964	3,393,064	3,123,745
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 46,558,764	\$ 44,271,971	\$ 42,962,049	\$ 42,307,755	\$ 42,136,916
8.29%	8.17%	8.01%	8.02%	7.41%

Note A – Net Pension Liability and Contributions

Changes of benefit terms: There were no changes of benefit terms in 2024-25.

Changes of assumptions: There were no changes of benefit assumptions in 2024-25.

Note B – Net OPEB Liability (Asset) and Contributions

Changes of benefit terms: There were no changes of benefit terms in 2024-25.

Changes of assumptions: There were no changes of benefit assumptions in 2024-25.

SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET **NONMAJOR GOVERNMENTAL FUNDS**

		Special Revenue	
	Food Service	Public Purpose Trust	Student/School Activity
Assets			
Cash	\$ 1,500	\$ -	\$ -
Cash equivalents and investments	1,368,006	211,076	1,001,890
Accounts receivable	20,272	-	-
Due from other funds	95,179	-	58,161
Inventory	30,311	-	-
Total Assets	\$ 1,515,268	\$ 211,076	\$ 1,060,051
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 33,952	\$ -	\$ -
Due to other funds	449,641	-	258
Total Liabilities	483,593	-	258
Fund Balances			
Nonspendable	30,311	-	-
Restricted	1,001,364	211,076	1,059,793
Total Fund Balances	1,031,675	211,076	1,059,793
Total Liabilities and Fund Balances	\$ 1,515,268	\$ 211,076	\$ 1,060,051

Debt Service

2014	2015	2016	2019	2023	2024
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	1,439,745	630,976	2,681,035	1,605,543
-	-	-	-	-	-
-	-	499,375	469,797	-	63,524
-	-	-	-	-	-
\$ -	\$ -	\$ 1,939,120	\$ 1,100,773	\$ 2,681,035	\$ 1,669,067

\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	786,468	-
-	-	-	-	786,468	-
-	-	-	-	-	-
-	-	1,939,120	1,100,773	1,894,567	1,669,067
-	-	1,939,120	1,100,773	1,894,567	1,669,067
\$ -	\$ -	\$ 1,939,120	\$ 1,100,773	\$ 2,681,035	\$ 1,669,067

COMBINING BALANCE SHEET (Continued)
NONMAJOR GOVERNMENTAL FUNDS

ROCKFORD PUBLIC SCHOOLS
June 30, 2025

	Capital Projects			Total
	Capital Improvement	Building and Site Sinking	2019 Construction	
Assets				
Cash	\$ -	\$ -	\$ -	\$ 1,500
Cash equivalents and investments	1,056	5,926,311	268,216	15,133,854
Accounts receivable	-	-	-	20,272
Due from other funds	-	15,695	3,726	1,205,457
Inventory	-	-	-	30,311
Total Assets	\$ 1,056	\$ 5,942,006	\$ 271,942	\$ 16,391,394
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ -	\$ 496,432	\$ 55,179	\$ 585,563
Due to other funds	-	-	-	1,236,367
Total Liabilities	-	496,432	55,179	1,821,930
Fund Balances				
Nonspendable	-	-	-	30,311
Restricted	1,056	5,445,574	216,763	14,539,153
Total Fund Balances	1,056	5,445,574	216,763	14,569,464
Total Liabilities and Fund Balances	\$ 1,056	\$ 5,942,006	\$ 271,942	\$ 16,391,394

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**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES — NONMAJOR GOVERNMENTAL FUNDS**

	Special Revenue		
	Food Service	Public Purpose Trust	Student/School Activity
Revenues			
Local sources:			
Property taxes	\$ -	\$ -	\$ -
Interest earnings	50,835	9,985	-
Food sales	643,719	-	-
Other local sources	-	46,793	1,496,687
Total local sources	694,554	56,778	1,496,687
State sources	2,683,676	-	-
Federal sources	1,200,314	-	-
Total Revenues	4,578,544	56,778	1,496,687
Expenditures			
Current:			
Supporting services	-	80,037	1,390,897
Food service	4,595,860	-	-
Capital outlay	176,735	-	-
Debt service:			
Principal repayment	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	4,772,595	80,037	1,390,897
Excess (Deficiency) of Revenues Over Expenditures	(194,051)	(23,259)	105,790
Other Financing Sources (Uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balances	(194,051)	(23,259)	105,790
Fund Balances, Beginning of Year	1,225,726	234,335	954,003
Fund Balances, End of Year	\$ 1,031,675	\$ 211,076	\$ 1,059,793

ROCKFORD PUBLIC SCHOOLS
For the year ended June 30, 2025

Debt Service					
2014	2015	2016	2019	2023	2024
\$ -	\$ -	\$ 4,388,445	\$ 2,025,200	\$ 8,158,346	\$ 5,120,473
-	-	96,114	44,848	171,986	103,000
-	-	-	-	-	-
-	-	-	-	-	-
-	-	4,484,559	2,070,048	8,330,332	5,223,473
-	-	39,160	15,664	90,068	50,908
-	-	-	-	-	-
-	-	4,523,719	2,085,712	8,420,400	5,274,381
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	1,355,000	250,000	4,585,000	3,220,000
-	-	2,645,450	1,607,200	3,389,250	1,239,833
-	-	4,000,450	1,857,200	7,974,250	4,459,833
-	-	523,269	228,512	446,150	814,548
-	-	-	-	-	854,519
(393,692)	(460,827)	-	-	-	-
(393,692)	(460,827)	-	-	-	854,519
(393,692)	(460,827)	523,269	228,512	446,150	1,669,067
393,692	460,827	1,415,851	872,261	1,448,417	-
\$ -	\$ -	\$ 1,939,120	\$ 1,100,773	\$ 1,894,567	\$ 1,669,067

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES — NONMAJOR GOVERNMENTAL FUNDS (Continued)**

ROCKFORD PUBLIC SCHOOLS
For the year ended June 30, 2025

	Capital Projects			
	Capital Improvement	Building and Site Sinking	2019 Construction	Total
Revenues				
Local sources:				
Property taxes	\$ -	\$ 1,359,916	\$ -	\$ 21,052,380
Interest earnings	47	248,024	55,056	779,895
Food sales	-	-	-	643,719
Other local sources	-	-	-	1,543,480
Total local sources	47	1,607,940	55,056	24,019,474
State sources	-	-	-	2,879,476
Federal sources	-	-	-	1,200,314
Total Revenues	47	1,607,940	55,056	28,099,264
Expenditures				
Current:				
Supporting services	-	-	-	1,470,934
Food service	-	-	-	4,595,860
Capital outlay	7	1,078,352	1,034,700	2,289,794
Debt service:				
Principal repayment	-	-	-	9,410,000
Interest and fiscal charges	-	-	-	8,881,733
Total Expenditures	7	1,078,352	1,034,700	26,648,321
Excess (Deficiency) of Revenues Over Expenditures	40	529,588	(979,644)	1,450,943
Other Financing Sources (Uses)				
Transfers in	-	-	-	854,519
Transfers out	-	-	-	(854,519)
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	40	529,588	(979,644)	1,450,943
Fund Balances, Beginning of Year	1,016	4,915,986	1,196,407	13,118,521
Fund Balances, End of Year	\$ 1,056	\$ 5,445,574	\$ 216,763	\$ 14,569,464

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – FOOD SERVICE SPECIAL REVENUE FUND

ROCKFORD PUBLIC SCHOOLS
For the year ended June 30, 2025

	Budget	Actual	Variance
Revenues			
Local sources	\$ 723,727	\$ 694,554	\$ (29,173)
State sources	179,867	2,683,676	2,503,809
Federal sources	3,574,422	1,200,314	(2,374,108)
Total Revenues	4,478,016	4,578,544	100,528
Expenditures			
Food service:			
Salaries	1,203,531	1,207,291	(3,760)
Employee benefits	880,393	908,947	(28,554)
Purchased services	123,050	154,266	(31,216)
Supplies	2,249,500	2,315,943	(66,443)
Capital outlay	133,078	176,735	(43,657)
Miscellaneous	10,000	9,413	587
Total Expenditures	4,599,552	4,772,595	(173,043)
Net Change in Fund Balances	(121,536)	(194,051)	(72,515)
Fund Balances, Beginning of Year	1,225,726	1,225,726	-
Fund Balances, End of Year	\$ 1,104,190	\$ 1,031,675	\$ (72,515)

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – PUBLIC PURPOSE TRUST SPECIAL REVENUE FUND

ROCKFORD PUBLIC SCHOOLS
For the year ended June 30, 2025

	Budget	Actual	Variance
Revenues			
Local sources	\$ 39,500	\$ 56,778	\$ 17,278
Expenditures			
Other supporting services	71,000	80,037	(9,037)
Net Change in Fund Balance	(31,500)	(23,259)	8,241
Fund Balance, Beginning of Year	234,335	234,335	-
Fund Balance, End of Year	\$ 202,835	\$ 211,076	\$ 8,241

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – STUDENT/SCHOOL ACTIVITY SPECIAL REVENUE FUND

ROCKFORD PUBLIC SCHOOLS
For the year ended June 30, 2025

	Budget	Actual	Variance
Revenues			
Local sources	\$ 1,071,452	\$ 1,496,687	\$ 425,235
Expenditures			
Other student/school activities:			
Purchased services	284,964	379,825	(94,861)
Supplies	779,098	861,388	(82,290)
Miscellaneous	-	149,684	(149,684)
Total Expenditures	1,064,062	1,390,897	(326,835)
Net Change in Fund Balance	7,390	105,790	98,400
Fund Balance, Beginning of Year	954,003	954,003	-
Fund Balance, End of Year	\$ 961,393	\$ 1,059,793	\$ 98,400

SUMMARY OF 2024 TAXES LEVIED AND COLLECTED

	County of Kent			
	City of Rockford	Townships		
		Algoma	Cannon	Courtland
Taxable Valuations				
Operating	\$ 100,023,747	\$ 77,367,202	\$103,778,850	\$ 28,352,768
Recreation/Debt Service	239,477,566	276,199,965	886,441,143	332,389,386
Rates (Mills)				
General Fund - Operating				
General Fund - Recreation				
2016 Debt Service Fund				
2019 Debt Service Fund				
2023 Debt Service Fund				
2024 Debt Service Fund				
Building and Site Sinking Fund				
Taxes Levied 2024 Rolls				
General Fund - Operating	1,822,330	1,442,963	1,890,594	530,691
General Fund - Recreation	305,845	318,222	891,532	324,890
2016 Debt Service Fund	529,753	550,942	1,543,526	562,491
2019 Debt Service Fund	244,501	254,281	712,397	259,611
2023 Debt Service Fund	984,798	1,024,187	2,869,376	1,045,657
2024 Debt Service Fund	618,045	642,766	1,800,781	656,240
Building and Site Sinking Fund	160,011	167,172	468,344	170,672
	4,665,283	4,400,532	10,176,550	3,550,253
Taxes Uncollected 2024 Rolls				
General Fund - Operating	16,785	33,644	34,263	11,351
General Fund - Recreation	2,039	3,709	9,938	4,046
2016 Debt Service Fund	3,531	6,421	17,205	6,995
2019 Debt Service Fund	1,629	2,964	7,941	3,228
2023 Debt Service Fund	6,563	11,937	31,984	13,003
2024 Debt Service Fund	4,119	7,491	20,073	8,161
Building and Site Sinking Fund	1,071	1,948	5,220	2,126
	35,738	68,114	126,623	48,910

ROCKFORD PUBLIC SCHOOLS
For the year ended June 30, 2025

County of Kent			
Townships			
Grattan	Oakfield	Plainfield	Total
\$ 3,264,287	\$ 955,058	\$ 128,704,338	\$ 442,446,250
32,861,452	7,426,309	594,852,433	2,369,648,254
			18.0000
			0.9011
			1.5600
			0.7200
			2.9000
			1.8200
			<u>0.4794</u>
58,757	18,763	2,367,091	8,131,190
32,550	7,497	649,906	2,530,442
56,356	12,981	1,125,200	4,381,249
26,010	5,991	519,323	2,022,115
104,764	24,131	2,091,718	8,144,630
65,748	15,144	1,312,733	5,111,457
17,099	3,938	341,411	1,328,648
361,284	88,447	8,407,382	31,649,731
-	225	68,177	164,446
215	70	9,975	29,991
372	120	17,270	51,914
172	56	7,971	23,960
692	224	32,104	96,507
434	140	20,148	60,566
113	37	5,240	15,755
1,998	871	160,885	443,139

SUMMARY OF 2024 TAXES LEVIED AND COLLECTED (Continued)

	County of Kent			
	City of Rockford	Townships		
		Algoma	Cannon	Courtland
Taxes Collected 2024 Rolls				
General Fund - Operating	\$ 1,805,545	\$ 1,409,319	\$ 1,856,332	\$ 519,340
General Fund - Recreation	303,806	314,513	881,594	320,844
2016 Debt Service Fund	526,223	544,521	1,526,321	555,496
2019 Debt Service Fund	242,872	251,317	704,456	256,383
2023 Debt Service Fund	978,234	1,012,250	2,837,392	1,032,654
2024 Debt Service Fund	613,926	635,274	1,780,708	648,079
Building and Site Sinking Fund	158,939	165,224	463,124	168,547
	4,629,546	4,332,418	10,049,926	3,501,342
Delinquent Taxes Collected				
General Fund - Operating	12	173	-	-
General Fund - Recreation	27	82	-	-
2016 Debt Service Fund	52	236	-	-
2019 Debt Service Fund	22	81	-	-
2023 Debt Service Fund	-	-	-	-
2024 Debt Service Fund	138	361	-	-
Building and Site Sinking Fund	14	19	-	-
	264	951	-	-
Total Taxes Collected				
General Fund - Operating	1,805,557	1,409,491	1,856,332	519,340
General Fund - Recreation	303,833	314,595	881,594	320,844
2016 Debt Service Fund	526,275	544,757	1,526,321	555,496
2019 Debt Service Fund	242,894	251,398	704,456	256,383
2023 Debt Service Fund	978,234	1,012,250	2,837,392	1,032,654
2024 Debt Service Fund	614,064	635,635	1,780,708	648,079
Building and Site Sinking Fund	158,953	165,242	463,124	168,547
	\$ 4,629,810	\$ 4,333,369	\$ 10,049,926	\$ 3,501,342

ROCKFORD PUBLIC SCHOOLS
For the year ended June 30, 2025

County of Kent			
Townships			
Grattan	Oakfield	Plainfield	Total
\$ 58,757	\$ 18,538	\$ 2,298,914	\$ 7,966,744
32,335	7,428	639,931	2,500,451
55,983	12,861	1,107,930	4,329,335
25,838	5,936	511,352	1,998,155
104,072	23,907	2,059,614	8,048,123
65,314	15,004	1,292,585	5,050,891
16,986	3,902	336,171	1,312,893
359,286	87,575	8,246,497	31,206,592
-	-	138	323
-	-	13	123
-	-	23	311
-	-	18	121
-	-	-	-
-	-	59	558
-	-	7	39
-	-	260	1,475
58,757	18,538	2,299,052	7,967,067
32,335	7,428	639,944	2,500,574
55,983	12,861	1,107,954	4,329,646
25,838	5,936	511,371	1,998,275
104,072	23,907	2,059,614	8,048,123
65,314	15,004	1,292,645	5,051,449
16,986	3,902	336,178	1,312,932
\$ 359,286	\$ 87,575	\$ 8,246,757	\$ 31,208,067