



**Rockford Public Schools**

Quality Community – Quality Schools

*Together Building a Tradition of Excellence*

## Annual Financial Report

Year Ended: June 30, 2021

**ROCKFORD PUBLIC SCHOOLS**  
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For the year ended June 30, 2021

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## **FINANCIAL SECTION**



## INDEPENDENT AUDITOR’S REPORT

November 1, 2021

The Board of Education  
Rockford Public Schools

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Rockford Public Schools (the “District”) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements as listed in the table of contents.

### Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### Auditor’s Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements 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 the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions

## **Opinions**

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, 2021, 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.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, 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 assurance.

### *Other 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 supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining and individual fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 are fairly stated in all material respects in relation to the basic financial statements as a whole.

## **Emphasis of Matter**

### *Change in Accounting Principle*

As discussed in Note M to the financial statements, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities for the fiscal year ended June 30, 2021. Our opinion is not modified in respect to this matter.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2021 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, 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 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 Nichols".

Certified Public Accountants  
Grand Rapids, Michigan



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

**ROCKFORD PUBLIC SCHOOLS**  
**Management's Discussion and Analysis**  
**June 30, 2021**

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As management of the Rockford Public Schools, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which immediately follow this section.

**Overview of the Financial Statements**

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

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

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

**District-wide Statements**

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

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

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

**ROCKFORD PUBLIC SCHOOLS**  
**Management's Discussion and Analysis**  
**June 30, 2021**

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

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

**New Accounting Pronouncement Implemented**

The District implemented Governmental Accounting Standard Board (GASB) Statement No. 84, *Fiduciary Activities* during the fiscal year ended June 30, 2021. This Statement is to enhance the consistency and comparability of fiduciary activity reporting by state and local governments. It is intended to improve the usefulness of fiduciary activity information primarily for assessing the accountability of governments in their roles as fiduciaries. See Note M for additional details.

**Condensed District-wide Financial Information**

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

	<u>2021</u>	<u>2020</u>
<b>Assets</b>		
Current assets	\$ 71,875,039	\$ 77,875,578
Net capital assets	<u>125,842,924</u>	<u>116,523,174</u>
<b>Total Assets</b>	<b><u>197,717,963</u></b>	<b><u>194,398,752</u></b>
<b>Deferred Outflows of Resources</b>	<b><u>50,293,306</u></b>	<b><u>59,447,060</u></b>
<b>Liabilities</b>		
Current liabilities	29,107,056	22,526,792
Long-term liabilities	146,170,215	156,122,724
Net pension liability	166,786,348	162,488,098
Net OPEB liability	<u>25,911,349</u>	<u>34,844,579</u>
<b>Total Liabilities</b>	<b><u>367,974,968</u></b>	<b><u>375,982,193</u></b>
<b>Deferred Inflows of Resources</b>	<b><u>21,992,741</u></b>	<b><u>21,251,408</u></b>
<b>Net Position</b>		
Net investment in capital assets	8,696,748	5,519,451
Restricted	6,787,325	4,935,749
Unrestricted (deficit)	<u>(157,440,513)</u>	<u>(153,842,989)</u>
<b>Total Net Position</b>	<b><u>\$ (141,956,440)</u></b>	<b><u>\$ (143,387,789)</u></b>

**ROCKFORD PUBLIC SCHOOLS**  
**Management's Discussion and Analysis**  
**June 30, 2021**

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

	<u>2021</u>	<u>2020</u>
<b>Program Revenues</b>		
Charges for services	\$ 1,956,171	\$ 3,199,519
Operating grants	27,056,762	20,459,180
<b>General Revenues</b>		
Property taxes	23,456,689	22,451,148
State school aid, unrestricted	56,989,930	55,934,992
Interest and investment earnings	55,794	1,248,014
Other	1,739,876	2,171,905
<b>Total Revenues</b>	<u>111,255,222</u>	<u>105,464,758</u>
<b>Expenses</b>		
Instruction	46,625,902	56,404,337
Supporting services	52,846,221	42,750,926
Food service	2,919,054	2,571,969
Community services	2,936,637	3,085,692
Other	143,132	110,006
Interest on long-term debt	5,598,168	7,215,502
Depreciation – unallocated	23,317	25,348
<b>Total Expenses</b>	<u>111,092,431</u>	<u>112,163,780</u>
Change in net position	162,791	(6,699,022)
<b>Net Position</b> , Beginning of Year, as restated (Note M)	<u>(142,119,231)</u>	<u>(136,688,767)</u>
<b>Net Position</b> , End of Year	<u><b>\$ (141,956,440)</b></u>	<u><b>\$ (143,387,789)</b></u>

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

The District's financial position is the product of many factors. The District saw a decrease in student enrollment, however, the increase in taxable value leading to greater property tax revenue paired with an increase in State aid and a decrease in the District's total program expense, resulted in a favorable net change in position for the current fiscal year.

The District's total revenues were \$111.3 million. Property taxes and unrestricted State aid accounted for most of the District's revenues, contributing 72% of the total. The remainder came from State and federal aid for specific programs, fees charged for services, interest earnings and other local sources.

The total cost of all programs was \$111.1 million. The District's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (70%). The District's administrative and business services accounted for 8% of total costs and operation and maintenance services accounted for 11% of total costs.

**ROCKFORD PUBLIC SCHOOLS**  
**Management's Discussion and Analysis**  
**June 30, 2021**

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Total revenues exceeded expenses by \$162,791 on the Statement of Activities, increasing total net position from a deficit of \$142,119,231, as restated, to a deficit of \$141,956,440 at June 30, 2021. Unrestricted net assets decreased by 3,597,524 to a deficit of \$157,440,513 at June 30, 2021. The District's net pension liability, including deferred outflows and inflows of resources, increased by \$9,427,158 during the fiscal year. In addition, the District's net OPEB liability, including outflows and inflows of resources, decreased by \$4,275,672 during the fiscal year.

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

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

**Fund Financial Statements**

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

The District utilizes one kind of fund:

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

**ROCKFORD PUBLIC SCHOOLS**  
**Management's Discussion and Analysis**  
**June 30, 2021**

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

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

**Major Funds**

The General Fund is our primary operating fund. The General Fund had total revenues of \$91,742,208 and total expenditures of \$90,162,159. The General Fund ended the fiscal year with a fund balance of \$9,082,530, up from \$7,502,481 at June 30, 2020.

The 2019 Construction Capital Projects Fund accounts for bond proceeds to be used for voter approved capital improvement projects. During the fiscal year, the fund had total revenues of \$40,689 and total expenditures of \$12,582,544. The fund balance at year end was \$37,441,726, and is to be used for facilities improvement projects in subsequent fiscal years.

**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. Revenues totaled \$3,485,288 and expenditures totaled \$3,350,452 in 2020-21. The fund balances at June 30, 2021 totaled \$1,573,717. Of this balance, \$388,009 is attributed to the Food Service Fund, \$469,570 is attributed to the Public Purpose Trust Fund, and \$716,138 is attributed to the Student/School Activity Fund.

Debt Services Funds

The District operates four Debt Service Funds to finance the repayment of general obligation bonds. Total revenues and expenditures were \$14,795,549 and \$14,970,961, respectively. The ending fund balances totaled \$4,747,862, down from \$4,923,274 at June 30, 2020.

Capital Projects Funds

The District operates two nonmajor Capital Projects Funds. The 2016 Construction Capital Projects Fund accounts for bond proceeds to be used for voter approved capital improvement projects. During the fiscal year, the fund had total revenues of \$169,081, total expenditures of \$2,977,844, and no outstanding fund balance at year end. The Building and Site Sinking Capital Projects Fund accounts for property tax revenues to be used for capital improvement projects. During the fiscal year, the fund had total revenues of \$1,022,407 and total expenditures of \$459,493 during the year, the fund balance at June 30, 2021 was \$1,547,787.

**ROCKFORD PUBLIC SCHOOLS**  
**Management's Discussion and Analysis**  
**June 30, 2021**

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**General Fund Budgetary Highlights**

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

- Changes made in the fall to account for the final student enrollment, which determines how much state foundation grant will be received during the fiscal year.
- Final amendments are made in June for increases in appropriations to prevent budget overruns and reductions in expenses put into place by the administration.
- The District increased its General Fund balance by \$1.4 million more than budgeted. This was due to a portion of ESSER II funds received and an increase in Child Care use after board adoption of budget revisions for FY 20-21.
- The final budget for the General Fund anticipated the fund balance to be 8.47% of General Fund expenditures and transfers - the actual results equaled 10.07%

**Capital Asset and Debt Administration**

**Capital Assets**

By the end of 2021, the District had a \$221,403,668 investment in a broad range of capital assets, including land and improvements, school buildings, athletic facilities, vehicles, computer equipment and software, and administrative offices. (More detailed information about capital assets can be found in Note E in the Notes to Basic Financial Statements.)

At June 30, 2021, the District's investment in capital assets (net of accumulated depreciation), was \$125,842,924. Net capital asset additions totaled \$14,679,616 for the fiscal year with accumulated depreciation increasing \$5,325,355, leaving a net increase in the book value of capital assets of \$9,319,750.

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

Land	\$ 2,093,127
Construction in progress	10,682,414
Land improvements	8,330,514
Buildings and improvements	96,986,876
Furniture and equipment	5,064,537
Vehicles	<u>2,685,456</u>
<b>Net Capital Assets</b>	<u><u>\$ 125,842,924</u></u>



**ROCKFORD PUBLIC SCHOOLS**  
**Management's Discussion and Analysis**  
**June 30, 2021**

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**Long-term Obligations**

At year end, the District had \$156.7 million in general obligation bonds and other long-term obligations outstanding – a net decrease of \$9.3 million from June 30, 2020.

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

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

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

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

- The State of Michigan continues to increase its focus on student achievement. Results of standardized test scores (Michigan Educational Assessment Program) 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.
- Cost increases exceeding the general rate of inflation continue to be expected for the District relative to health care and pension contribution obligations. These costs represent a significant portion of the District's budget and their rate of increase is a concern to management.
- The impact of COVID-19 on K-12 Education programs is critical. COVID-19 has generated uncertainty of student enrollment, as well as concern for funding of K-12 education programs for an undetermined amount of time. As a result, the Board of Education has adopted new strategic plan goals and will continue to refine those goals to align with potential future funding opportunities and challenges.

**Contacting the District's Financial Management**

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

## **BASIC FINANCIAL STATEMENTS**

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**ROCKFORD PUBLIC SCHOOLS**  
**Statement of Net Position**  
**June 30, 2021**

	Governmental Activities
<b>Assets</b>	
Cash	\$ 2,750
Cash equivalents, deposits and investments (Note B)	57,371,952
Accounts receivable	132,702
Due from other governmental units (Note C)	14,265,888
Inventory	86,623
Prepaid expenses	15,124
Capital assets not being depreciated (Note E)	12,775,541
Capital assets being depreciated, net (Note E)	113,067,383
<b>Total Assets</b>	<b>197,717,963</b>
<b>Deferred Outflows of Resources</b>	
Loss on advance bond refundings, net	921,245
Deferred pension amounts	36,665,646
Deferred OPEB amounts	12,706,415
<b>Total Deferred Outflows of Resources</b>	<b>50,293,306</b>
<b>Liabilities</b>	
Accounts payable	2,236,987
State aid loan payable (Note F)	4,500,000
Due to other governmental units	3,835,388
Payroll withholdings payable	133,089
Accrued interest payable	1,093,291
Accrued payroll liabilities	13,218
Salaries payable	3,916,621
Unearned revenue	2,834,864
Long-term liabilities: (Note G)	
Due within one year	10,543,598
Due in more than one year	146,170,215
Net pension liability (Note H)	166,786,348
Net OPEB Liability (Note I)	25,911,349
<b>Total Liabilities</b>	<b>367,974,968</b>
<b>Deferred Inflows of Resources</b>	
Deferred pension amounts	1,926,426
Deferred OPEB amounts	20,066,315
<b>Total Deferred Inflows of Resources</b>	<b>21,992,741</b>
<b>Net Position</b>	
Net investment in capital assets	8,696,748
Restricted for:	
Capital projects	1,547,787
Debt service	3,665,821
Food service	388,009
Public purpose trust	469,570
Student/school activity	716,138
Unrestricted (deficit)	(157,440,513)
<b>Total Net Position</b>	<b>\$(141,956,440)</b>

See accompanying notes to basic financial statements.

**ROCKFORD PUBLIC SCHOOLS**  
**Statement of Activities**  
**For the year ended June 30, 2021**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes In Net Position
		Charges for Services	Operating Grants	
<b>Governmental Activities</b>				
Instruction	\$ 46,625,902	\$ -	\$ 23,238,181	\$ (23,387,721)
Supporting services	52,846,221	186,834	976,943	(51,682,444)
Food service	2,919,054	342,109	2,639,067	62,122
Community services	2,936,637	1,427,228	-	(1,509,409)
Other	143,132	-	-	(143,132)
Interest on long-term debt	5,598,168	-	202,571	(5,395,597)
Depreciation - unallocated*	23,317	-	-	(23,317)
<b>Total Governmental Activities</b>	<b>\$ 111,092,431</b>	<b>\$ 1,956,171</b>	<b>\$ 27,056,762</b>	<b>(82,079,498)</b>
<b>General Revenues</b>				
Taxes:				
				7,827,732
				14,607,574
				1,021,383
				56,989,930
				55,794
				1,739,876
				<b>82,242,289</b>
				<b>162,791</b>
				<b>(142,119,231)</b>
				<b>\$ (141,956,440)</b>

\*This amount excludes direct depreciation expenses of the various programs.  
See accompanying notes to basic financial statements.

**ROCKFORD PUBLIC SCHOOLS**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2021**

<b>Assets</b>	General	2019 Construction	Nonmajor	Total
Cash	\$ 1,250	\$ -	\$ 1,500	\$ 2,750
Cash equivalents, deposits and investments (Note B)	11,094,846	38,003,350	8,273,756	57,371,952
Accounts receivable	81,708	-	50,994	132,702
Due from other funds (Note D)	120,000	507,811	146,336	774,147
Due from other governmental units (Note C)	14,265,888	-	-	14,265,888
Inventory	38,300	-	48,323	86,623
Prepaid expenditures	15,124	-	-	15,124
<b>Total Assets</b>	<b>\$ 25,617,116</b>	<b>\$ 38,511,161</b>	<b>\$ 8,520,909</b>	<b>\$ 72,649,186</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 1,157,038	\$ 1,069,435	\$ 10,514	\$ 2,236,987
State aid anticipation loan payable (Note F)	4,500,000	-	-	4,500,000
Due to other funds (Note D)	146,336	-	627,811	774,147
Due to other governmental units	3,835,388	-	-	3,835,388
Payroll withholdings payable	133,089	-	-	133,089
Accrued interest payable	11,250	-	-	11,250
Accrued payroll liabilities	-	-	13,218	13,218
Salaries payable	3,916,621	-	-	3,916,621
Unearned revenue	2,834,864	-	-	2,834,864
<b>Total Liabilities</b>	<b>16,534,586</b>	<b>1,069,435</b>	<b>651,543</b>	<b>18,255,564</b>
<b>Fund Balances (Note A)</b>				
Nonspendable				
Inventory	38,300	-	48,323	86,623
Prepaid expenditures	15,124	-	-	15,124
Restricted				
Food Service	-	-	339,686	339,686
Public purpose trust	-	-	469,570	469,570
Student/school activity	-	-	716,138	716,138
Debt Service	-	-	4,747,862	4,747,862
Capital Projects	-	37,441,726	1,547,787	38,989,513
Unassigned	9,029,106	-	-	9,029,106
<b>Total Fund Balances</b>	<b>9,082,530</b>	<b>37,441,726</b>	<b>7,869,366</b>	<b>54,393,622</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 25,617,116</b>	<b>\$ 38,511,161</b>	<b>\$ 8,520,909</b>	<b>\$ 72,649,186</b>

See accompanying notes to basic financial statements.

**ROCKFORD PUBLIC SCHOOLS**  
**Reconciliation of Total Governmental Fund Balances to**  
**Net Position of Governmental Activities**  
**June 30, 2021**

<b>Total governmental fund balances</b>		\$ 54,393,622
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 \$221,403,668 and accumulated depreciation is \$95,560,744.		125,842,924
Bond refunding losses are not expensed but are amortized over the life of the new bond issue on the Statement of Activities.		921,245
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	\$ (136,520,000)	
Bond premium	(18,989,147)	
Early retirement incentive	(746,429)	
Accumulated sick leave	(458,237)	
	(156,713,813)	(156,713,813)
Accrued interest on long-term debt is not included as a liability in governmental funds.		(1,082,041)
Net pension liability and related deferred outflows/inflows of resources are not included as assets/liabilities in governmental funds:		
Net pension liability	(166,786,348)	
Deferred outflows	36,665,646	
Deferred inflows	(1,926,426)	
	(132,047,128)	(132,047,128)
Net OPEB liability and related deferred outflows/inflows of resources are not included as assets/liabilities in governmental funds:		
Net OPEB liability	(25,911,349)	
Deferred outflows	12,706,415	
Deferred inflows	(20,066,315)	
	(33,271,249)	(33,271,249)
<b>Total net position - governmental activities</b>		<b>\$ (141,956,440)</b>

**ROCKFORD PUBLIC SCHOOLS**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**Governmental Funds**  
**For the year ended June 30, 2021**

	General	2019 Construction	Nonmajor	Total
<b>Revenues</b>				
Local sources	\$ 10,516,833	\$ 40,689	\$ 16,651,008	\$ 27,208,530
State sources	69,643,291	-	390,344	70,033,635
Federal sources	4,967,215	-	2,430,973	7,398,188
Interdistrict sources	6,614,869	-	-	6,614,869
<b>Total Revenues</b>	<u>91,742,208</u>	<u>40,689</u>	<u>19,472,325</u>	<u>111,255,222</u>
<b>Expenditures</b>				
Current:				
Instruction	54,369,023	-	-	54,369,023
Supporting services	32,871,261	646,687	586,881	34,104,829
Food service	-	-	2,763,571	2,763,571
Community services	2,812,202	-	-	2,812,202
Capital outlay	-	11,935,857	3,437,337	15,373,194
Debt service:				
Principal repayment	105,000	-	8,115,000	8,220,000
Interest and fiscal charges	4,673	-	6,855,961	6,860,634
<b>Total Expenditures</b>	<u>90,162,159</u>	<u>12,582,544</u>	<u>21,758,750</u>	<u>124,503,453</u>
<b>Net Change in Fund Balances</b>	1,580,049	(12,541,855)	(2,286,425)	(13,248,231)
<b>Fund Balances, Beginning of Year,</b> as restated (Note M)	<u>7,502,481</u>	<u>49,983,581</u>	<u>10,155,791</u>	<u>67,641,853</u>
<b>Fund Balances, End of Year</b>	<u><u>\$ 9,082,530</u></u>	<u><u>\$ 37,441,726</u></u>	<u><u>\$ 7,869,366</u></u>	<u><u>\$ 54,393,622</u></u>

See accompanying notes to basic financial statements.



**ROCKFORD PUBLIC SCHOOLS**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the year ended June 30, 2021**

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**Net change in fund balances - total governmental funds** \$ (13,248,231)

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

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

	Capital outlays	\$ 14,679,616	
	Depreciation expense	<u>(5,325,355)</u>	9,354,261

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. (34,511)

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

Bond premium is amortized over the life of the new bond issue on the Statement of Activities. 1,201,786

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:

	Repayment of general obligation bonds	8,115,000	
	Repayment of energy conservation improvement bonds	<u>105,000</u>	8,220,000

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. 60,680

In the Statement of Net Position, early retirement incentive and accumulated sick leave are measured by the amounts earned during the year. In the governmental funds, however, expenditures are measured by the amount of financial resources used (essentially, the amounts actually paid). This year the amount of benefits earned (\$514,761) exceeded the, benefits used/paid (\$383,677). (131,087)

The changes in net pension liability and related deferred outflows/inflows of resources are not included as revenues/expenditures in governmental funds. (9,427,158)

The changes in net OPEB liability and related deferred outflows/inflows of resources are not included as revenues/expenditures in governmental funds. 4,275,672

**Total changes in net position - governmental activities** \$ 162,791

See accompanying notes to basic financial statements.

**ROCKFORD PUBLIC SCHOOLS**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the year ended June 30, 2021**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>Revenues</b>				
Local sources	\$ 10,866,101	\$ 9,926,488	\$ 10,516,833	\$ 590,345
State sources	63,978,904	68,250,663	69,643,291	1,392,628
Federal sources	1,845,465	5,197,159	4,967,215	(229,944)
Interdistrict sources	6,445,476	6,376,735	6,614,869	238,134
<b>Total Revenues</b>	<b>83,135,946</b>	<b>89,751,045</b>	<b>91,742,208</b>	<b>1,991,163</b>
<b>Expenditures</b>				
Instruction:				
Basic programs	44,706,270	46,737,187	46,734,718	2,469
Added needs	7,643,909	7,933,019	7,392,199	540,820
Adult education	199,786	241,414	242,106	(692)
Supporting services:				
Pupil services	4,454,749	4,581,563	4,828,824	(247,261)
Instructional staff services	2,569,225	2,908,106	2,679,404	228,702
General administrative services	710,392	730,242	776,011	(45,769)
School administrative services	4,892,840	5,084,358	5,160,488	(76,130)
Business services	1,465,960	1,409,729	1,573,736	(164,007)
Operation and maintenance services	7,508,919	8,902,746	10,067,275	(1,164,529)
Pupil transportation services	4,616,953	4,059,690	3,761,425	298,265
Central services	2,710,083	2,612,360	2,416,445	195,915
Other supporting services	1,530,889	1,530,889	1,607,653	(76,764)
Community services:	2,699,792	2,818,046	2,812,202	5,844
Debt service:				
Principal repayment	100,000	100,000	105,000	(5,000)
Interest and fiscal charges	13,642	13,642	4,673	8,969
<b>Total Expenditures</b>	<b>85,823,409</b>	<b>89,662,991</b>	<b>90,162,159</b>	<b>(499,168)</b>
<b>Net Change in Fund Balances</b>	<b>(2,687,463)</b>	<b>88,054</b>	<b>1,580,049</b>	<b>1,491,995</b>
<b>Fund Balances, Beginning of Year</b>	<b>7,502,481</b>	<b>7,502,481</b>	<b>7,502,481</b>	<b>-</b>
<b>Fund Balances, End of Year</b>	<b>\$ 4,815,018</b>	<b>\$ 7,590,535</b>	<b>\$ 9,082,530</b>	<b>\$ 1,491,995</b>

See accompanying notes to basic financial statements.

## **NOTES TO BASIC FINANCIAL STATEMENTS**

**ROCKFORD PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2021**

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

Rockford Public Schools (the “District”) was organized under the School Code of the State of Michigan, and services a population of approximately 7,736 students. The District is governed by an elected Board of Education consisting of seven members and administered by a Superintendent who is appointed by the aforementioned Board. The District provides a comprehensive range of educational services as specified by state statute and Board of Education policy. These services include elementary education, secondary education, pre-school programs, athletic activities, special education, community services and general administrative services. The Board of Education also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

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

The District’s significant accounting policies are described below.

### **1. Reporting Entity**

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

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

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

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

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

**ROCKFORD PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2021**

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

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

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

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

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

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

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

#### **Governmental Funds**

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

**ROCKFORD PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2021**

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Major Funds:

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

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

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

Nonmajor Funds:

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

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

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

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

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

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

**ROCKFORD PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2021**

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

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

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

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

#### **5. Encumbrances**

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



**ROCKFORD PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2021**

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**6. Investments**

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

**7. Inventories/Prepaid Items**

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

**8. Capital Assets**

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

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

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

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

**9. Long-term Obligations**

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

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



**ROCKFORD PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2021**

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

Early retirement incentive and accumulated sick leave at June 30, 2021 have been computed and recorded in the basic financial statements of the District. Eligible District employees who select early retirement are entitled to a termination leave payment based on their age and years of service. Employees who leave the District are also entitled to reimbursement for a portion of their unused sick days. At June 30, 2021, the accumulated liabilities, including salary related payments, (expected to be financed by General Fund revenues) for early retirement incentive and accumulated sick leave amounted to \$746,429 and \$458,237, respectively.

**11. Retirement Plan**

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

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

**12. Postemployment Benefits Other Than Pensions**

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

**ROCKFORD PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2021**

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

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

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

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

### **14. Net Position**

Net position represents the difference between assets and liabilities. 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).

**ROCKFORD PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2021**

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

As of June 30, 2021, Rockford Public Schools had not established a policy for its use of unrestricted fund balance amounts; it considers that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

**16. Interfund Activity**

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

**17. Estimates**

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

**ROCKFORD PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
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**Note B – Cash Equivalents and Investments**

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

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

Balances at June 30, 2021 related to cash equivalents and investments are detailed in the Basic Financial Statements as follows:

Statement of Net Position:

Governmental Activities	<u>\$ 57,371,952</u>
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**Cash Equivalents**

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

1. Independent Bank

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

**ROCKFORD PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
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June 30, 2021 balances are detailed as follows:

Cash equivalents	<u>\$ 595,991</u>
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*Custodial Credit Risk Related to Cash Equivalent*

Custodial credit risk is the risk that in the event of bank failure, the District's deposits may not be returned to the District. Protection of District cash equivalents is provided by the Federal Deposit Insurance Corporation. At year end, the carrying amount and bank balance of the District's cash equivalents was \$595,991, the amount not covered by federal depository insurance totaled \$345,991.

**Investments**

As of June 30, 2021, the District had the following investments:

Surplus Funds Investment Pool Accounts:	
Michigan Liquid Asset Fund Plus (MILAF+)	<u>\$ 56,775,961</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 and reported the same value of the pool shares as the fair value of the District's investments at June 30, 2021. The MILAF+ is carried at amortized cost and is rated AAAM by Standard & Poor's rating agency.

*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, 2021, the District had no investments that were subject to custodial credit risk.

*Credit Risk*

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

*Interest Rate Risk*

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

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*Concentration of Credit Risk*

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

*Foreign Currency Risk*

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

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

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

These additional State revenues pass through to Michigan school districts in the form of a per pupil "Foundation Allowance" paid on a "blended count" of District pupil membership in February 2020 and October 2020. The 2020-21 "Foundation Allowance" for Rockford Public Schools was \$8,111 for 7,906 "Full Time Equivalent" students, generating \$71,696,553 in state aid payments to the District of which \$13,155,171 was paid to the District in July and August 2021 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 2018) approved a ten year 18 mill operating millage extension, due to Headlee rollbacks only 17.3504 mills of non-homestead property tax was levied in the District for 2020.

The District levied a .9399 recreation millage, 7.00 mills for debt service purposes and 0.4938 mills for building and site in 2020, applied on all taxable property in the District.

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

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

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

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

For the year ended June 30, 2021, the District's property tax revenues were reduced by approximately \$43,255 under these agreements.



**ROCKFORD PUBLIC SCHOOLS**  
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**Note D – Interfund Receivables/Payables**

Amounts due from (to) other funds, representing interfund receivables and payables for year-end expenditure allocations not reimbursed at June 30, 2021, are detailed as follows:

	<u>Due From</u>	<u>Due To</u>
<b>Major Funds</b>		
General Fund:		
Food Service Fund	\$ 120,000	\$ 112,523
Student Activity Fund	-	33,813
Capital Projects Fund:		
2019 Construction Fund:		
2016 Construction Fund	48,379	-
Building & Site Sinking Fund	459,432	-
Total Major Funds	<u>627,811</u>	<u>146,336</u>
<b>Nonmajor Funds</b>		
Special Revenue Fund:		
Food Service Fund:		
General Fund	112,523	120,000
Student/School Activity Fund:		
General Fund	33,813	-
Capital Project Fund:		
2016 Construction Fund:		
2019 Construction Fund	-	48,379
Building & Site Sinking Fund:		
2019 Construction Fund	-	459,432
Total Nonmajor Funds	<u>146,336</u>	<u>627,811</u>
<b>Total All Funds</b>	<u><u>\$ 774,147</u></u>	<u><u>\$ 774,147</u></u>



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

Capital asset activity for the year ended June 30, 2021 was as follows:

	<b>Balances July 1, 2020</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balances June 30, 2021</b>
Capital assets not being depreciated:				
Land	\$ 2,093,127	\$ -	\$ -	\$ 2,093,127
Construction in progress	11,879,700	12,071,084	13,268,370	10,682,414
Totals capital assets not being depreciated	13,972,827	\$ 12,071,084	\$ 13,268,370	12,775,541
Capital assets being depreciated:				
Land improvements	18,714,966	\$ 444,079	\$ -	19,159,045
Buildings and improvements	149,543,760	13,002,635	-	162,546,395
Furniture and equipment	19,398,271	1,791,263	-	21,189,534
Vehicles	5,895,050	638,925	800,822	5,733,153
Totals capital assets being depreciated	193,552,047	\$ 15,876,902	\$ 800,822	208,628,127
Less accumulated depreciation for:				
Land improvements	10,108,457	\$ 720,074	\$ -	10,828,531
Buildings and improvements	62,015,795	3,543,724	-	65,559,519
Furniture and equipment	15,469,101	655,896	-	16,124,997
Vehicles	3,408,347	405,661	766,311	3,047,697
Total accumulated depreciation	91,001,700	\$ 5,325,355	\$ 766,311	95,560,744
Total capital assets being depreciated, net	102,550,347			113,067,383
<b>Net Capital Assets</b>	<b>\$ 116,523,174</b>			<b>\$ 125,842,924</b>

Depreciation expense was charged to District activities as follows:

Governmental activities:	
Instruction	\$ 3,406,326
Supporting services	1,776,548
Community services	3,824
Food service	115,340
Unallocated	23,317
	\$ 5,325,355

**ROCKFORD PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
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**Note F – Short-term Debt**

On August 20, 2020, the District repaid the \$1,900,000 August 20, 2019 State aid anticipation loan. On August 20, 2020, the District borrowed \$4,500,000 for cash flow purposes, in anticipation of State aid (interest at 0.25%). The loan is due in full on August 20, 2021. Net interest cost on the loans was \$11,250 for the fiscal year. This was included as an expenditure in General Fund Other Business Services as required by the Michigan Department of Education.

	<b>Debt Outstanding July 1, 2020</b>	<b>Debt Added</b>	<b>Debt Retired</b>	<b>Debt Outstanding June 30, 2021</b>
State Aid Anticipation Loans	\$ 1,900,000	\$ 4,500,000	\$ 1,900,000	\$ 4,500,000

**Note G – Long-term Obligations**

Changes in long-term obligations for the year ended June 30, 2021 are summarized as follows:

	<b>Debt Outstanding July 1, 2020</b>	<b>Debt Added</b>	<b>Debt Retired</b>	<b>Debt Outstanding June 30, 2021</b>
General obligation bonds:				
June 3, 2014	\$ 29,580,000	\$ -	\$ 1,325,000	\$ 28,255,000
February 6, 2015	14,215,000	-	2,155,000	12,060,000
June 6, 2016	25,775,000	-	-	25,775,000
June 6, 2016	30,480,000	-	280,000	30,200,000
June 26, 2019	44,585,000	-	4,355,000	40,230,000
Bond premium	20,190,933	-	1,201,786	18,989,147
Energy conservation improvement bonds:				
May 22, 2006	105,000	-	105,000	-
Early retirement incentive- contractual	651,057	373,604	278,232	746,429
Accumulated sick leave	422,522	141,160	105,445	458,237
	\$166,004,512	\$ 514,764	\$ 9,805,463	\$ 156,713,813

**ROCKFORD PUBLIC SCHOOLS**  
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Long-term obligations outstanding at June 30, 2021 are comprised of the following:

	<b>Final Maturity Dates</b>	<b>Interest Rates</b>	<b>Outstanding Balance</b>	<b>Amount Due Within One Year</b>
<b>General Obligation Bonds</b>				
\$31,780K 2014 Building and Site: Annual maturities of \$1,350K to \$1,755K	May 1, 2039	4.00 - 5.00	\$ 28,255,000	\$ 1,350,000
\$26,375K 2015 General Obligation Refunding: Annual maturities of \$1,895K to \$2,115K	May 1, 2027	5.00	12,060,000	2,115,000
\$27,440K 2016 General Obligation Refunding Series B: Annual maturities of \$530K to \$3,890K	May 1, 2039	4.00 - 5.00	25,775,000	-
\$35,070K 2016 Building and Site: Annual maturities of \$210K to \$2,075K	May 1, 2044	4.00 - 5.00	30,200,000	455,000
\$48,665K 2019 Building and Site Series I: Annual maturities of \$250K to \$5,050K	May 1, 2046	4.00 - 5.00	40,230,000	5,050,000
Bond premium			18,989,147	1,198,598
<b>Other Obligations</b>				
Early retirement incentive - contractual			746,429	100,000
Accumulated sick leave			458,237	275,000
			<u>\$156,713,813</u>	<u>\$ 10,543,598</u>

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

<b>Year Ended June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2022	\$ 8,970,000	\$ 6,492,250	\$ 15,462,250
2023	4,475,000	6,098,800	10,573,800
2024	4,725,000	5,885,250	10,610,250
2025	5,020,000	5,661,900	10,681,900
2026	5,275,000	5,410,900	10,685,900
2027	5,525,000	5,147,150	10,672,150
2028	5,805,000	4,870,900	10,675,900
2029	6,040,000	4,621,200	10,661,200
2030	6,335,000	4,319,200	10,654,200
2031	6,630,000	4,002,450	10,632,450
2032	6,775,000	3,670,950	10,445,950
2033	6,795,000	3,332,200	10,127,200
2034	4,900,000	2,992,450	7,892,450
2035	5,135,000	2,747,450	7,882,450
2036	5,365,000	2,525,800	7,890,800
2037	5,600,000	2,293,400	7,893,400
2038	5,860,000	2,050,000	7,910,000
2039	6,135,000	1,795,100	7,930,100
2040	4,680,000	1,529,200	6,209,200
2041	4,905,000	1,295,200	6,200,200
2042	5,100,000	1,078,500	6,178,500
2043	5,105,000	823,500	5,928,500
2044	5,125,000	568,250	5,693,250
2045	3,120,000	312,000	3,432,000
2046	3,120,000	156,000	3,276,000
	<u>\$136,520,000</u>	<u>\$ 79,680,000</u>	<u>\$ 216,200,000</u>

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

*Plan Description*

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

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

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

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

Participants are enrolled in one of multiple plans based on date of hire and certain voluntary elections. A summary of pension plans offered by MPSERS are detailed as follows:

<b>Plan Name</b>	<b>Plan Type</b>	<b>Plan Status</b>
Basic	Defined Benefit	Closed
Member Investment Plan (MIP)	Defined Benefit	Closed
Pension Plus	Hybrid	Closed
Defined Contribution	Defined Contribution	Open
Pension Plus 2	Hybrid	Open

*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. Retirement benefits for DB plan members 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 System also provides disability and survivor benefits to DB plan members.

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. A refund cancels a former member's rights to future benefits. However, returning members who previously received a refund of their contributions may reinstate their service through repayment of the refund upon satisfaction of certain requirements.

**ROCKFORD PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
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**Pension Reform 2010**

On May 19, 2010, the Governor signed Public Act 75 of 2010 into law. As a result, any member of MPSERS who became a member of MPSERS after June 30, 2010 is a Pension Plus member. Pension Plus is a hybrid plan that contains a pension component with an employee contribution (graded up to 6.4% of salary) and a flexible and transferable defined contribution (DC) tax-deferred account that earns an employer match of 50% (up to 1% of salary) on employee contributions. Retirement benefits for Pension Plus members are determined by final average compensation and years of service. Disability and survivor benefits are available to Pension Plus members.

**Pension Reform 2012**

On September 4, 2012, the Governor signed Public Act 300 of 2012 into law. The legislation grants all active members who first became a member before July 1, 2010 and 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 pension. Any changes to a member's pension 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 the reform, members voluntarily chose to increase, maintain, or stop their contributions to the pension fund.

Option 1 members voluntarily elected to increase their contributions to the pension fund as noted below, and retain the 1.5% pension factor in their pension formula. The increased contribution would begin as of their transition date and continue until they terminate public school employment.

- Basic Plan members; 4% contribution
- Member Investment Plan (MIP)-Fixed, MIP-Graded, and MIP-Plus members: a flat 7% contribution

Option 2 members voluntarily elected to increase their contribution to the pension fund as stated in Option 1 and retain the 1.5% pension factor in their pension formula. The increased contribution would begin as of their transition date and continue until they reach 30 years of service. If and when they reach 30 years of service, their contribution rates will return to the previous level in place as of the day before their transition date (0% for Basic Plan members, 3.9% for MIP-Fixed, up to 4.3% for MIP-Graded, or up to 6.4% for MIP-Plus). The pension formula for any service thereafter would include a 1.25% pension factor.

Option 3 members voluntarily elected not to increase their contribution to the pension fund and maintain their current level of contribution to the pension fund. The pension formula for their years of service as of the day before their transition date will include a 1.5% pension factor. The pension formula for any service thereafter will include a 1.25% pension factor.

Option 4 members voluntarily elected to no longer contribute to the pension fund and therefore are switched to the Defined Contribution plan for future service as of their transition date. As a DC participant they receive a 4% employer contribution to a tax-deferred 401(k) account and can choose to contribute up to the maximum amounts permitted by the IRS to a 457 account. They vest in employer contributions and related earnings in their 401(k) account based on the following schedule: 50% at 2 years, 75% at 3 years, and 100% at 4 years of service. They are 100% vested in any personal contributions and related earnings in the 457 account. Upon retirement, if they meet age and service requirements (including their total years of service), they would also receive a pension (calculated based on years of service and Final Average Compensation as of the day before their transition date and a 1.5% pension factor).

**ROCKFORD PUBLIC SCHOOLS**  
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Members who did not make an election before the deadline defaulted to Option 3 as described above. Deferred or nonvested public school employees on September 3, 2012, who return to public school employment on or after September 4, 2012, will be considered as if they had elected Option 3 above. Returning members who made the retirement plan election will retain whichever option they chose. Employees who first work on or after September 4, 2012, choose between two retirement plans: the Pension Plus plan described above and a Defined Contribution (DC) plan that provides a 50% employer match (up to 3% of salary) on employee contributions. New employees are automatically enrolled as members in the Pension Plus plan as of their date of hire. They have 75 days from the last day of their first pay period, as reported to ORS, to elect to opt out of the Pension Plus plan and become a qualified participant in the DC plan; if no election is made they will remain in the Pension Plus plan. If they elect to opt out of the Pension Plus plan, their participation in the DC plan will be retroactive to their date of hire.

### **Pension Reform of 2017**

On July 13, 2017, the Governor signed Public Act 92 of 2017 into law. The legislation closed the Pension Plus plan to newly hired employees as of February 1, 2018 and created a new, optional Pension Plus 2 plan with similar plan benefit calculations but containing a 50/50 contribution share between the employee and the employer, including the cost of future unfunded liabilities. The assumed rate of return on the Pension Plus 2 plan is 6%. Further, under certain adverse actuarial conditions, the Pension Plus 2 plan would close to new employees if the actuarial funded ratio falls below 85% for two consecutive years. The law includes other provisions to the retirement eligibility age, plan assumptions, and unfunded liability payment methods.

### **Regular Retirement**

The retirement benefit for DB and Pension Plus plan members is based on a member's years of credited service (employment) and final average compensation (FAC). The FAC is calculated based on the member's highest total wages earned during a specific period of consecutive calendar months divided by the service credit accrued during that same time period. For a Member Investment Plan (MIP) member, who became a member of MPSERS prior to July 1, 2010, the averaging period is 36 consecutive months. For a Pension Plus member, who became a member of MPSERS after June 30, 2010, the averaging period is 60 consecutive months. For a Basic Plan member, this is the 60 consecutive months yielding the highest total wages. The annual pension is paid monthly for the lifetime of a retiree. The calculation of a member's pension is determined by their pension election under PA 300 of 2012 and is shown below:

Option 1:  $FAC \times \text{total years of service} \times 1.5\%$

Option 2:  $FAC \times 30 \text{ years of service} \times 1.5\% + FAC \times \text{years of service beyond 30} \times 1.25\%$

Option 3:  $FAC \times \text{years of service as of transition date} \times 1.5\% + FAC \times \text{years of service after transition date} \times 1.25\%$

Option 4:  $FAC \text{ as of transition date} \times \text{years of service as of transition date} \times 1.5\%$

A MIP member who became a member of MPSERS prior to July 1, 2010 may retire at:

- age 46 with 30 or more years of credited service; or
- age 60 with 10 or more years of credited service; or
- age 60 with 5 years of credited service provided the member has worked through his or her 60<sup>th</sup> birthday and has credited service in each of the five school fiscal years immediately preceding the retirement effective date.

A Pension Plus member may retire at age 60 with 10 or more years of credited service.

**ROCKFORD PUBLIC SCHOOLS**  
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A Pension Plus 2 member may retire at age 60 with 10 or more years of credited service. Section 81c(5) of PA 300 as amended requires the regular retirement age to be increased in whole year increments based on the results of mortality analysis five-year actuarial experience studies performed after October 1, 2019 and the actuarial funding status of the plan. If the regular retirement age for Pension Plus 2 members is increased in accordance with this provision, members within five years of retirement from the effective date of the increase are automatically exempted and the retirement board may additionally authorize those between five and eight years of the then current retirement age to be exempted.

A Basic Plan member may retire at:

- age 55 with 30 or more years of service; or
- age 60 with 10 or more years of service.

There is no mandatory retirement age.

### **Early Retirement**

A MIP or Basic member may retire with an early permanently reduced pension:

- after completing at least 15 but less than 30 years of credited service; and
- after attaining age 55; and
- with credited service in each of the 5 school years immediately preceding the pension effective date.

The early pension is computed in the same manner as a regular pension, but is permanently reduced 0.5% for each full and partial month between the pension effective date and the date the member will attain age 60.

### **Deferred Retirement**

If a member terminates employment before attaining the age qualification, but after accruing 10 or more years of credited service, the member becomes a deferred member and is eligible for a pension at the time the age qualification is attained.

### **Non-Duty Disability Benefit**

A member with 10 or more years of credited service who becomes totally and permanently disabled due to any non-duty related cause and who has not met the age requirement for a regular pension is eligible for a non-duty disability pension computed in the same manner as an age and service pension, upon recommendation from the member's personal physician and the Retirement Board physician and the approval of the Retirement Board. An Annual Certification of Disability is conducted each January. Upon prior approval, total disability benefits plus authorized outside earnings are limited to 100% of final average compensation (increased by 2% for each year retired; first year 100%, next year 102%, etc.).



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**Duty Disability Benefit**

A member who becomes totally and permanently disabled as a result of a duty-related cause, who has not met the age and service requirement for a regular pension, and who is in receipt of weekly workers' compensation is eligible for a duty disability pension computed in the same manner as an age and service pension (but based upon a minimum of 10 years of service) upon recommendation from the member's personal physician and the Retirement Board physician and the approval of the Retirement Board. An Annual Certification of Disability is conducted each January. Upon prior approval, total disability benefits plus authorized outside earnings are limited to 100% of final average compensation (increased by 2% for each year retired; first year 100%, next year 102%, etc.).

**Pension Payment Options**

The election of a pension option is made at the time of application. Once a member has retired, the option choice is irrevocable. The pension effective date is the first of the calendar month following the date the member has satisfied the age and service requirements, has terminated public school employment and has the completed application forms on file with the System for a period of 15 days. A retroactive pension can be paid for no more than 12 calendar months. Thus, delay in filing the application can result in a loss of some retroactive pension benefits. An applicant may select only one of the following options.

Straight Life Pension – the Straight Life Pension pays the largest level pension a retiree can receive during his or her lifetime and stops with the month of the retiree's death. There are no monthly benefits for a beneficiary. The pension benefit is computed with no beneficiary rights. If the retiree made contributions while an employee and has not received the total accumulated contributions before death, a refund of the balance of the contributions is made to the beneficiary of record. If the retiree did not make any contributions, there will not be payments to any beneficiaries.

Survivor Options - Under the Survivor Options, 100% Survivor Pension, 100% Equated, 75% Survivor Pension, 75% Equated, 50% Survivor Pension and 50% Equated, the reduction is an actuarial determination dependent upon the combined life expectancies of a retiree and a beneficiary, and varies from case to case. A beneficiary may only be a spouse, brother, sister, parent or child (including an adopted child) of a retiring member. If the beneficiary predeceases a retiree, the pension will revert to either the Straight Life or Straight Life Equated amount ("pop-up" provision). If, however, a retiree was single at the time of retirement and subsequently married, the retiree can request to nominate a new spouse if they elected the straight life option at retirement. Also, if a retiree was married at the time of retirement and has since been widowed and remarried, the retiree can request to nominate a new spouse as a pension beneficiary as long as they elected a survivor option for the spouse at the time of retirement.

100% Survivor Pension – pays a reduced pension to a retiree. The month after a retiree's death, the same amount will be paid to a designated beneficiary for the remainder of his or her lifetime.

75% Survivor Pension – pays a reduced pension to a retiree. The month after a retiree's death, 75% of the pension amount will be paid to a designated beneficiary for the remainder of his or her lifetime.

50% Survivor Pension – pays a reduced pension to a retiree. The month after a retiree's death, 50% of the pension amount will be paid to a designated beneficiary for the remainder of his or her lifetime.

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The intent of the Equated Plan is for the retiree's pension to decrease at age 62 by approximately the same amount as that person's Social Security benefit will provide. The System pension until age 62 should be about the same as the combined System pension and Social Security after age 62.

The projected Social Security pension the retiring member obtains from the Social Security Administration and furnishes to the System is used in the Equated Plan calculation. The actual Social Security pension may vary from the estimate.

NOTE: The reduction in the pension at age 62 pertains to the Equated Plan only and affects only the retiree. A beneficiary under 100% Equated, 75% Equated or 50% Equated will receive the 100%, 75%, or 50% Survivor amount the month following the retiree's death as if the Equated Plan had not been chosen. A beneficiary does not participate in the Equated Plan.

**Survivor Benefit**

A non-duty survivor pension is available if a Member Investment Plan (MIP) member has 10 years of credited service or, if age 60 or older, with five years of credited service; the date they became a MIP member does not matter. The Basic Plan provides a survivor pension with 15 years of credited service or, if age 60 or older, with 10 years of credited service. An active member may nominate as a survivor beneficiary a spouse, child(ren) (including adopted child(ren)), brother, sister, or parent. If other than the spouse is nominated and a spouse exists, the spouse must waive this benefit. If no beneficiary has been nominated, the beneficiary is automatically the spouse; or, if there is no spouse, unmarried children under age 18 share the benefit equally until age 18. The benefit is computed as a regular pension but reduced in accordance with an Option 2 (100% survivor pension factor). The pension begins the first of the month following the member's death. In the event of death of a deferred member, the System begins payment to the nominated beneficiary at the time the member would have attained the minimum age qualification.

A duty survivor pension is payable if weekly Workers' Compensation is being paid to the eligible beneficiary due to the member's death. A spouse receives the benefit (based on a minimum of 10 years of service credit) reduced in accordance with a 100% survivor pension factor. If there is no spouse, unmarried children under age 18 share the benefit equally until age 18; if there is no spouse or child(ren), a disabled and dependent parent is eligible.

**Postemployment Adjustments**

A retiree who became a Member Investment Plan (MIP) member prior to July 1, 2010, receives an annual post-retirement non-compounded increase of 3% of the initial pension in the October following twelve months of retirement. Basic Plan members do not receive an annual post-retirement increase, but are eligible to receive a supplemental payment in those years when investment earnings exceed actuarial assumptions. Pension Plus members do not receive an annual post-retirement increase.

On January 1, 1990, pre-October 1, 1981 retirees received an increase that ranged from 1% to 22% dependent upon the pension effective date. On October 1, 1990, the base pension of all retirees with an effective pension date of January 1, 1987, or earlier was increased to include all prior post-retirement adjustments.

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On January 1, 1986, all recipients through calendar year 1985 received a permanent 8% increase that established the 1986 base pension. In addition, each October, retirees with a pension effective date of January 1, 1987, or earlier receive a fixed increase equal to 3% of the base pension. Both increases are deducted from the distribution of excess investment income, if any. Beginning in 1983, eligible recipients receive an annual distribution of excess investment income, if any.

***Contributions and Funded Status***

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

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2019 valuation will be amortized over a 19-year period beginning October 1, 2019 and ending September 30, 2038.

The schedule below summarizes pension contribution rates in effect for the plan fiscal year 2020.

<b>Pension Contribution Rates:</b>		
<b>Plan Name</b>	<b>Member</b>	<b>District</b>
Basic	0.0 – 4.0%	19.41%
Member Investment Plan (MIP)	3.0 – 7.0%	19.41%
Pension Plus	3.0 – 6.4%	16.46%
Pension Plus 2	6.2%	19.59%
Defined Contribution	0.0%	13.39%

The District's contributions to MPSERS under all pension plans for the year ended June 30, 2021, inclusive of the MSPERS UAAL Stabilization, totaled \$14,849,284.

***MPSERS Plan Net Pension Liability (in thousands)***

Total Pension Liability	\$ 86,490,336
Plan Fiduciary Net Position	51,456,228
 Net Pension Liability	 \$ 35,034,108
 Plan Fiduciary Net Position as a Percentage of Total Pension Liability	59.49%
Net Pension Liability as a Percentage of Covered Employee Payroll	385.51%
 Total Covered Payroll	 \$ 9,087,724

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

At June 30, 2021, the District reported a liability of \$166,786,348 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2019. The District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the System during the measurement period by the percent of the pension contributions required from all applicable employers during the measurement period. At September 30, 2020 the District's proportion was 0.48553440%, which was a decrease from 0.49065397% at September 30, 2019.

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

For the year ended June 30, 2021, the District recognized pension expense of \$24,117,252. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 2,548,359	\$ 355,981
Changes of assumptions	18,481,535	—
Net difference between projected and actual earnings on pension plan investments	700,762	—
Changes in proportion and differences between District contributions and proportionate share of contributions	429,232	1,570,445
District contributions subsequent to the measurement date*	14,505,758	—
<b>Total</b>	<b>\$ 36,665,646</b>	<b>\$ 1,926,426</b>

\* This amount, reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

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

<b>Year ended June 30</b>	<b>Amount</b>
2022	\$ 9,327,160
2023	6,635,904
2024	3,303,260
2025	967,138

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***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, 2019
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	
MIP and Basic Plans (Non-Hybrid):	6.80% net of investment expenses
Pension Plus Plan (Hybrid):	6.80% net of investment expenses
Pension Plus 2:	6.00% net of investment expenses
Projected Salary Increases:	2.75% - 11.55%, including wage inflation of 2.75%
Cost-of-Living Adjustments:	3% annual non-compounded for MIP members
Mortality:	
Retirees:	RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Active Members:	RP-2014 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Disabled Retirees:	RP-2014 Male and Female Disabled Annuitant Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Notes:

- Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2017 valuation. The total pension liability as of September 30, 2020, is based on the results of an actuarial valuation date of September 30, 2019, 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: [4.4892 for non-university employers].
- Recognition period for assets in years: 5.0000.
- Full actuarial assumptions are available in the 2020 MPSERS Comprehensive Annual Financial Report found on the ORS website at ([www.michigan.gov/orsschools](http://www.michigan.gov/orsschools)).

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2020 are summarized in the following table:

<b>Investment Category</b>	<b>Target Allocation</b>	<b>Long-term Expected Real Rate of Return*</b>
Domestic Equity Pools	25.0%	5.6%
Private Equity Pools	16.0%	9.3%
International Equity Pools	15.0%	7.4%
Fixed Income Pools	10.5%	0.5%
Real Estate and Infrastructure Pools	10.0%	4.9%
Absolute Return Pools	9.0%	3.2%
Real Return/Opportunistic Pools	12.5%	6.6%
Short-term Investment Pools	2.0%	(0.1)%
<b>Total</b>	<b>100.0%</b>	

\*Long-term rates of return are net of administrative expenses and 2.1% inflation.

***Rate of Return***

For the fiscal year ended September 30, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 5.37%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changed amounts actually invested.

***Discount Rate***

A discount rate of 6.80% was used to measure the total pension liability (6.80% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan provided through non-university employers only). This discount rate was based on the long-term expected rate of return on pension plan investments of 6.80% (6.80% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan). The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.80% (6.80% for the Pension Plus plan, 6.0% 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:

	<b>1% Decrease</b> <b>5.8%/5.8%/5.0%</b>	<b>Current Single Discount</b> <b>Rate Assumption</b> <b>6.8%/6.8%/6.0%</b>	<b>1% Increase</b> <b>7.8%/7.8%/7.0%</b>
District's proportionate share of the net pension liability	\$ 215,876,634	\$ 166,786,348	\$ 126,101,442

***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, 2020 Comprehensive Annual Financial Report, available here: ([www.michigan.gov/orsschools](http://www.michigan.gov/orsschools)).

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

Payables to the pension plan totaling \$2,397,184 at June 30, 2021 arise from the normal legally required contributions based on the accrued salaries payable at year end, expected to be liquidated with expendable available financial resources.

**Note I – Other Postemployment Benefits**

***Plan Description***

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

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

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

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



**ROCKFORD PUBLIC SCHOOLS**  
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***Benefits Provided***

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

***Retiree Healthcare Reform of 2012***

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

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

***Contributions and Funded Status***

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



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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, 2019 valuation will be amortized over a 19-year period beginning October 1, 2019 and ending September 30, 2038.

The schedule below summarizes OPEB contribution rates in effect for fiscal year ended September 30, 2020:

<b>OPEB Contribution Rates:</b>		
<b>Benefit Structure</b>	<b>Member</b>	<b>District</b>
Premium Subsidy	3.0%	8.09%
Personal Healthcare Fund (PHF)	0.0%	7.57%

Required contributions to the OPEB plan from the District were \$3,617,969 for the year ended September 30, 2020.

***Net OPEB Liability (in thousands)***

Total OPEB Liability	\$ 13,418,548
Plan Fiduciary Net Position	<u>8,019,027</u>
Net OPEB Liability	<u><u>\$ 5,399,521</u></u>
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	59.76%
Net OPEB Liability as a Percentage of Covered Employee Payroll	59.42%
Total Covered Payroll	\$ 9,087,724

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

At June 30, 2021, the District reported a liability of \$25,911,349 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2019. The District's proportion of the net OPEB liability was determined by dividing each employer's statutorily required OPEB contributions to the System during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2020 the District's proportion was 0.48366730%, which was a decrease from 0.48545280% at September 30, 2019.

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

For the year ended June 30, 2021, the District recognized an OPEB credit of \$729,581. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ —	\$ 19,306,377
Changes of assumptions	8,543,486	—
Net difference between projected and actual earnings on OPEB plan investments	216,259	—
Changes in proportion and differences between District contributions and proportionate share of contributions	473,640	759,938
District contributions subsequent to the measurement date*	3,473,030	—
<b>Total</b>	<b>\$ 12,706,415</b>	<b>\$ 20,066,315</b>

\* This amount, reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022.

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

<b>Year ended June 30</b>	<b>Amount</b>
2022	\$ (2,877,164)
2023	(2,586,432)
2024	(2,188,683)
2025	(1,810,390)
2026	(1,370,261)

***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.

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Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

Valuation Date:	September 30, 2019
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	6.95% net of investment expense
Projected Salary Increases:	2.75% - 11.55%, including wage inflation of 2.75%
Healthcare Cost Trend Rate:	7.0% Year 1 graded 3.5% Year 15; 3.0% Year 12
Mortality:	
Retirees:	RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Active Members:	RP-2014 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Disabled Retirees:	RP-2014 Male and Female Disabled Annuitant Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Other Assumptions:	
Opt Out Assumptions:	21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan.
Survivor Coverage:	80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death.
Coverage Election at Retirement:	75% of male and 60% of female future retirees are assumed to elect coverage for one or more dependents.

Notes:

- Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual OPEB valuations beginning with the September 30, 2017 valuation. The total OPEB liability as of September 30, 2020, is based on the results of an actuarial valuation date of September 30, 2019, 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: [5.6018 for non-university employers].
- Recognition period for assets in years: 5.0000.
- Full actuarial assumptions are available in the 2020 MPSERS Comprehensive Annual Financial Report found on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

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

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2020, are summarized in the following table:

<u>Investment Category</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return*</u>
Domestic Equity Pools	25.0%	5.6%
Private Equity Pools	16.0%	9.3%
International Equity Pools	15.0%	7.4%
Fixed Income Pools	10.5%	0.5%
Real Estate and Infrastructure Pools	10.0%	4.9%
Absolute Return Pools	9.0%	3.2%
Real Return/Opportunistic Pools	12.5%	6.6%
Short-term Investment Pools	2.0%	(0.1)%
<b>Total</b>	<b>100.0%</b>	

\* Long-term rates of return are net of administrative expenses and 2.1% inflation.

***Rate of Return***

For the fiscal year ended September 30, 2020, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 5.24%. 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 6.95% 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 6.95%. 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.

**ROCKFORD PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2021**

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

The following presents the District's proportionate share of the net OPEB liability calculated using the discount rate of 6.95 percent, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

	<b>1% Decrease 5.95%</b>	<b>Current Discount Rate 6.95%</b>	<b>1% Increase 7.95%</b>
District's proportionate share of the net OPEB liability	\$ 33,286,072	\$ 25,911,349	\$ 19,702,449

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

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

	<b>1% Decrease</b>	<b>Current Healthcare Cost Trend Rate</b>	<b>1% Increase</b>
District's proportionate share of the net OPEB liability	\$ 19,464,722	\$ 25,911,349	\$ 33,243,591

***OPEB Plan Fiduciary Net Position***

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2020 MPSERS CAFR, available on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

***Payables to the OPEB Plan***

Payables to the OPEB plan totaling \$529,496 at June 30, 2021 arise from the normal legally required contributions based on the accrued salaries payable at year end, expected to be liquidated with expendable available financial resources.

**Note J – Risk Management and Benefits**

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

**ROCKFORD PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2021**

The District is a member of the Michigan School Insurance Programs (MSIP), a self-insurance program with districts pooling together to insure property, liability and auto 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 \$1,125,000, respectively, on an annual basis. Excess insurance has been purchased to cover claims exceeding those amounts. A \$1,000 per occurrence deductible for property losses is maintained. The District paid \$285,319 in premiums to the MSIP for the year ended June 30, 2021.

The MSIP also allows for the pooling together of Districts to insure workers' compensation and employers' liability exposures. The MSIP pays the first \$450,000 of any workers' compensation or employers' liability loss out of a \$1,315,781 loss fund collected from members. Excess insurance has been purchased to cover claims exceeding those amounts. As of June 30, 2021, there were no material pending claims against the District. The District paid \$140,250 in premiums to the Fund for the year ended June 30, 2021.

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 2020-21 fiscal year.

**Note K – Stewardship, Compliance and Accountability**

The following District funds had actual expenditures exceed final budgeted amounts for the year ended June 30, 2021, as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>General Fund</b>			
Instruction:			
Adult education	\$ 241,414	\$ 242,106	\$ 692
Supporting services:			
Pupil services	4,581,563	4,828,824	247,261
General administrative services	730,242	776,011	45,769
School administrative services	5,084,358	5,160,488	76,130
Business services	1,409,729	1,573,736	164,007
Operations and maintenance services	8,902,746	10,067,275	1,164,529
Other supporting services	1,530,889	1,607,653	76,764
Debt service:			
Principal repayment	100,000	105,000	5,000

The District has an unrestricted net position deficit of \$157,440,513 and a total net position deficit of \$141,956,440 as of June 30, 2021. These deficit net positions result primarily from recording a net pension liability of \$132,047,128 (net of deferred outflows and inflows of resources related to the pension plan) and a net OPEB liability of \$33,271,249 (net of deferred outflows and inflows of resources related to the OPEB plan).

**ROCKFORD PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2021**

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**Note L – Commitments**

On June 26, 2019, the District issued \$48,665,000 of general obligation 2019 Construction bonds whose proceeds are being used for land improvements, building renovations and additions, and furniture and equipment purchases. At June 30, 2021, unspent balances committed to these construction projects totaled \$37,441,726, which are expected to be fully expended by the year ended June 30, 2022.

**Note M – New Accounting Pronouncement Adopted**

Governmental Accounting Standards Board (GASB) Statement No. 84 *Fiduciary Activities*, was adopted by the District during the fiscal year ended June 30, 2021. This Statement is to enhance the consistency and comparability of fiduciary activity reporting by state and local governments. It is intended to improve the usefulness of fiduciary activity information primarily for assessing the accountability of governments in their roles as fiduciaries. Changes in fund balance and net position required by the Statement increased the beginning balance by \$1,268,558 at July 1, 2020.

## **REQUIRED SUPPLEMENTARY INFORMATION**



**ROCKFORD PUBLIC SCHOOLS**  
**Required Supplementary Information**  
**Schedule of the District Proportionate Share of the Net Pension Liability**  
**MPERS Cost-sharing Multiple-employer Plan**  
**June 30, 2021**

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	<u>Year Ended June 30, 2021</u>	<u>Year Ended June 30, 2020</u>	<u>Year Ended June 30, 2019</u>
District's proportion of the net pension liability	0.48553440%	0.49065397%	0.48985930%
District's proportionate share of the net pension liability	\$ 166,786,348	\$ 162,488,098	\$ 147,260,549
District's covered-employee payroll	\$ 42,977,837	\$ 42,480,969	\$ 42,241,261
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	388.08%	382.50%	348.62%
Plan fiduciary net position as a percentage of the total pension liability	59.72%	60.31%	62.36%

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

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

See accompanying notes to required supplementary information.

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<u>Year Ended June 30, 2018</u>	<u>Year Ended June 30, 2017</u>	<u>Year Ended June 30, 2016</u>	<u>Year Ended June 30, 2015</u>
0.48635468%	0.49846335%	0.48283576%	0.47302115%
\$ 126,035,173	\$ 124,362,527	\$ 117,932,764	\$ 104,190,018
\$ 39,898,626	\$ 42,356,434	\$ 40,229,246	\$ 40,397,194
315.89%	293.61%	293.15%	257.91%
63.96%	63.01%	62.92%	66.15%

**ROCKFORD PUBLIC SCHOOLS**  
**Required Supplementary Information**  
**Schedule of the District's Proportionate Share of the Net OPEB Liability**  
**MPSERS Cost-sharing Multiple-employer Plan**  
**June 30, 2021**

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	<u>Year Ended June 30, 2021</u>	<u>Year Ended June 30, 2020</u>
District's proportion of the net OPEB liability	0.48366730%	0.48545280%
District's proportionate share of the net OPEB liability	\$ 25,911,349	\$ 34,844,579
District's covered-employee payroll	\$ 42,977,837	\$ 42,480,969
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	60.29%	82.02%
Plan fiduciary net position as a percentage of the total OPEB liability	59.44%	48.46%

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.

See accompanying notes to required supplementary information.

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<u>Year Ended June 30, 2019</u>	<u>Year Ended June 30, 2018</u>
0.49587331%	0.48646825%
\$ 39,416,730	\$ 43,079,055
\$ 42,241,261	\$ 39,898,626
93.31%	107.97%
42.95%	36.53%

**ROCKFORD PUBLIC SCHOOLS**  
**Required Supplementary Information**  
**Schedule of District Pension Contributions**  
**MPSERS Cost-sharing Multiple-employer Plan**  
**June 30, 2021**

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	<u>Year Ended June 30, 2021</u>	<u>Year Ended June 30, 2020</u>	<u>Year Ended June 30, 2019</u>
Contractually required contribution	\$ 14,849,284	\$ 13,466,433	\$ 13,155,958
Contributions in relation to the contractually required contribution	<u>14,849,284</u>	<u>13,466,433</u>	<u>13,155,958</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 44,271,971	\$ 42,962,049	\$ 42,307,755
Contributions as a percentage of covered employee payroll	33.54%	31.34%	31.10%

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

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

**ROCKFORD PUBLIC SCHOOLS**  
**Required Supplementary Information**  
**Schedule of District OPEB Contributions**  
**MPSERS Cost-sharing Multiple-employer Plan**  
**June 30, 2021**

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	<u>Year Ended June 30, 2021</u>	<u>Year Ended June 30, 2020</u>
Contractually required contribution	\$ 3,617,969	\$ 3,442,964
Contributions in relation to the contractually required contribution	<u>3,617,969</u>	<u>3,442,964</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 44,271,971	\$ 42,962,049
Contributions as a percentage of covered employee payroll	8.17%	8.01%

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.

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



**ROCKFORD PUBLIC SCHOOLS**  
**Notes to Required Supplementary Information**  
**June 30, 2021**

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

**Changes of benefit terms:** There were no changes of benefit terms in 2020-21.

**Changes of assumptions:** There were no changes of benefit assumptions in 2020-21.

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

**Changes of benefit terms:** There were no changes of benefit terms in 2020-21.

**Changes of assumptions:** There were no changes of benefit assumptions in 2020-21.

## **SUPPLEMENTARY INFORMATION**

## **GENERAL FUND**

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

**ROCKFORD PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Balance Sheet**  
**June 30, 2021 and 2020**

<b>Assets</b>	<u>2021</u>	<u>2020</u>
Cash	\$ 1,250	\$ 1,250
Cash equivalents, deposits and investments	11,094,846	4,686,021
Accounts receivable	81,708	126,224
Due from other funds	120,000	241,972
Due from other governmental units	14,265,888	12,111,378
Inventory	38,300	30,765
Prepaid expenditures	15,124	58,228
<b>Total Assets</b>	<b><u>\$ 25,617,116</u></b>	<b><u>\$ 17,255,838</u></b>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 1,157,038	\$ 318,844
State aid anticipation loan payable	4,500,000	1,900,000
Due to other funds	146,336	76,370
Due to other governmental units	3,835,388	3,213,156
Payroll withholdings payable	133,089	193,425
Accrued interest payable	11,250	24,700
Salaries payable	3,916,621	3,914,395
Unearned revenue	2,834,864	112,467
<b>Total Liabilities</b>	<b><u>16,534,586</u></b>	<b><u>9,753,357</u></b>
<b>Fund Balances</b>		
Nonspendable	53,424	88,993
Unassigned	9,029,106	7,413,488
<b>Total Fund Balances</b>	<b><u>9,082,530</u></b>	<b><u>7,502,481</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 25,617,116</u></b>	<b><u>\$ 17,255,838</u></b>

**ROCKFORD PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedule of Revenues**  
**For the years ended June 30, 2021 and 2020**

	2021	2020
Local sources:		
Property taxes:		
Operating	\$ 5,835,734	\$ 5,716,353
Recreation	1,943,311	1,864,558
Industrial facilities taxes	975	1,018
Delinquent and other property taxes	41,576	92,984
Interest on delinquent taxes	6,136	5,921
	<u>7,827,732</u>	<u>7,680,834</u>
Interest earnings:		
Interest on deposits and investments	6,539	92,525
Revenues from student activities:		
Gate fees	400	144,124
Pay to participate	141,418	147,755
	<u>141,818</u>	<u>291,879</u>
Other local revenue:		
Preschool fees	144,388	199,680
Adult/community education fees	322,699	282,932
Transportation fees	5,397	24,007
Child care fees	1,075,138	1,099,421
Third party testing	39,619	37,570
Beverage consortium commissions	7,060	11,060
Sale of school property	18,500	15,100
Pool fees	29,391	132,274
Rental of school facilities	128,020	24,707
Donations	68,147	95,805
Miscellaneous	702,385	611,265
	<u>2,540,744</u>	<u>2,533,821</u>
Total local sources	10,516,833	10,599,059
State sources:		
State school aid	68,873,205	66,472,538
Kindergarten entry observation tool	-	4,344
Early literacy coaches	51,050	-
Special education - transportation	450,020	548,358
Special education - itinerants	234,615	222,089
Payment in lieu of taxes	20,321	17,663
Great Start Readiness site reimbursement	14,080	14,080
Total state sources	<u>69,643,291</u>	<u>67,279,072</u>
Federal sources:		
Title I	229,555	217,730
Title IIA	64,569	90,834
Title III	2,825	5,425
Title IV	10,196	14,623
CARES funding	3,312,666	58,700
I.D.E.A. program	1,310,408	1,248,381
Adult education	22,500	41,800
Medicaid - Outreach	14,496	33,265
Total federal sources	<u>4,967,215</u>	<u>1,710,758</u>

(Continued)

**ROCKFORD PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedule of Revenues**  
**For the years ended June 30, 2021 and 2020**

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	2021	2020
Interdistrict sources:		
County enhancement millage	\$ 1,976,964	\$ 1,914,920
Special education - county	4,039,077	3,998,952
Special education - tuition	198,894	99,471
Medicaid fee for service	326,899	263,001
Adult continuing education	55,518	64,476
Bus driver safety	5,517	650
Foreign exchange program	12,000	-
Total interdistrict sources	6,614,869	6,341,470
<b>Total Revenues</b>	<b>\$ 91,742,208</b>	<b>\$ 85,930,359</b>

**ROCKFORD PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedule of Expenditures**  
**For the years ended June 30, 2021 and 2020**

	2021	2020
Current:		
Instruction:		
Basic programs:		
Elementary:		
Salaries	\$ 11,555,861	\$ 11,856,764
Employee benefits	8,485,386	8,302,493
Purchased services	195,446	181,576
Supplies	72,382	106,349
Capital outlay	15	1,538
	<u>20,309,090</u>	<u>20,448,720</u>
Middle school:		
Salaries	5,776,744	5,738,555
Employee benefits	4,235,628	3,997,909
Purchased services	75,463	97,600
Supplies	134,202	80,930
	<u>10,222,037</u>	<u>9,914,994</u>
High school:		
Salaries	8,990,035	7,463,754
Employee benefits	6,454,073	5,411,833
Purchased services	304,171	332,459
Supplies	82,883	134,490
Capital outlay	9,214	1,327
Miscellaneous	1,842	10,653
	<u>15,842,218</u>	<u>13,354,516</u>
Preschool:		
Salaries	88,307	66,941
Employee benefits	46,464	86,676
Purchased services	204	-
Supplies	1,882	5,648
	<u>136,857</u>	<u>159,265</u>
Summer school:		
Salaries	26,791	13,875
Employee benefits	13,492	6,481
Purchased services	3,240	-
Supplies	180,993	-
	<u>224,516</u>	<u>20,356</u>
Total basic programs	<u>46,734,718</u>	<u>43,897,851</u>
Added needs:		
Special education:		
Salaries	3,044,160	3,191,122
Employee benefits	2,252,387	2,204,566
Purchased services	58,272	29,855
Supplies	16,441	11,520
Capital outlay	1,782	2,237
Payments to other districts	651,959	699,954
	<u>6,025,001</u>	<u>6,139,254</u>

(Continued)

**ROCKFORD PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedule of Expenditures**  
**For the years ended June 30, 2021 and 2020**

	2021	2020
Compensatory education:		
Salaries	\$ 615,909	\$ 462,826
Employee benefits	344,205	245,095
Purchased services	61,658	98,964
Supplies	52,486	36,151
Miscellaneous	498	598
	<u>1,074,756</u>	<u>843,634</u>
Vocational education:		
Salaries	161,076	224,477
Employee benefits	130,700	156,355
Purchased services	666	4,526
Supplies	-	8,231
	<u>292,442</u>	<u>393,589</u>
Total added needs	<u>7,392,199</u>	<u>7,376,477</u>
Adult education services:		
Basic:		
Salaries	146,308	91,978
Employee benefits	95,685	60,803
Purchased services	-	162
Supplies	113	2,291
Total adult education services	<u>242,106</u>	<u>155,234</u>
Total instruction	<u>54,369,023</u>	<u>51,429,562</u>
Supporting services:		
Pupil services:		
Guidance services:		
Salaries	865,056	890,487
Employee benefits	630,878	631,202
Purchased services	6,126	6,544
Supplies	64,722	57,398
Capital outlay	60	150
	<u>1,566,842</u>	<u>1,585,781</u>
Occupational therapist services:		
Salaries	104,772	78,000
Employee benefits	53,748	45,418
Purchased services	3,519	2,289
Supplies	607	7,095
Capital outlay	60	-
Payments to other districts	314,149	305,980
Miscellaneous	-	154
	<u>476,855</u>	<u>438,936</u>
Psychological services:		
Purchased services	97	480
Supplies	6,180	2,289
Payments to other districts	489,331	466,839
	<u>495,608</u>	<u>469,608</u>

(Continued)



**ROCKFORD PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedule of Expenditures**  
**For the years ended June 30, 2021 and 2020**

	2021	2020
Speech pathology services:		
Salaries	\$ 28,169	\$ -
Employee benefits	14,820	-
Purchased services	228	394
Supplies	2,150	3,527
Payments to other districts	726,702	781,987
	<u>772,069</u>	<u>785,908</u>
Social worker services:		
Salaries	49,726	36,803
Employee benefits	30,739	18,186
Purchased services	631	489
Supplies	1,728	1,448
Payments to other districts	904,230	831,895
	<u>987,054</u>	<u>888,821</u>
Teacher consultant services:		
Salaries	42,809	-
Employee benefits	9,406	-
Purchased services	-	2,396
Supplies	793	-
Payments to other districts	340,364	427,247
	<u>393,372</u>	<u>429,643</u>
Other pupil services:		
Salaries	74,217	145,932
Employee benefits	62,807	110,214
	<u>137,024</u>	<u>256,146</u>
Total pupil services	4,828,824	4,854,843
Instructional staff services:		
Improvement of instruction:		
Salaries	257,180	262,928
Employee benefits	170,942	166,771
Purchased services	97,465	147,167
Supplies	223,859	630,087
Miscellaneous	15,635	16,123
	<u>765,081</u>	<u>1,223,076</u>
Library:		
Salaries	462,134	479,841
Employee benefits	297,318	303,386
Purchased services	813	1,239
Supplies	89,608	122,161
	<u>849,873</u>	<u>906,627</u>
Educational television:		
Purchased services	1,325	2,877
	<u>1,325</u>	<u>2,877</u>
Instructional technology:		
Salaries	403,634	613,105
Employee benefits	274,902	379,725
Purchased services	240	2,036
Supplies	320	-
	<u>679,096</u>	<u>994,866</u>

(Continued)

**ROCKFORD PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedule of Expenditures**  
**For the years ended June 30, 2021 and 2020**

	2021	2020
Supervision and direction of instruction:		
Salaries	\$ 216,665	\$ 210,907
Employee benefits	137,162	130,344
Purchased services	17,271	17,952
Supplies	12,931	45,852
	384,029	405,055
Total instructional staff services	2,679,404	3,532,501
General administrative services:		
Board of education:		
Purchased services	167,525	179,430
Supplies	6,496	8,359
Miscellaneous	11,561	9,847
	185,582	197,636
Executive administration:		
Salaries	374,201	322,814
Employee benefits	181,512	171,842
Purchased services	25,622	37,043
Supplies	4,979	4,209
Miscellaneous	4,115	9,163
Capital outlay	-	82
	590,429	545,153
Total general administrative services	776,011	742,789
School administrative services:		
Office of the principal:		
Salaries	2,961,685	2,834,415
Employee benefits	2,163,450	2,023,622
Purchased services	6,993	12,060
Supplies	24,182	33,767
Capital outlay	1,198	114
Miscellaneous	2,980	3,726
Total school administrative services	5,160,488	4,907,704
Business services:		
Fiscal services:		
Salaries	577,670	538,521
Employee benefits	504,206	430,522
Purchased services	66,111	66,717
Supplies	74,738	92,065
Capital outlay	94	-
Miscellaneous	390	1,405
	1,223,209	1,129,230
Document center:		
Salaries	35,021	33,755
Employee benefits	32,870	30,613
Purchased services	94,329	77,944
Supplies	56,833	49,345
	219,053	191,657

(Continued)

**ROCKFORD PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedule of Expenditures**  
**For the years ended June 30, 2021 and 2020**

	2021	2020
Other business services:		
Miscellaneous	\$ 131,474	\$ 243,746
Total business services	1,573,736	1,564,633
Operation and maintenance services:		
Operation and maintenance:		
Salaries	2,275,983	1,943,360
Employee benefits	1,731,162	1,427,936
Purchased services	1,404,479	1,275,557
Supplies	3,985,497	1,811,847
Capital outlay	45,852	81,033
Miscellaneous	3,559	11,411
	9,446,532	6,551,144
Security services:		
Salaries	288,711	295,125
Employee benefits	220,268	218,137
Purchased services	111,764	75,407
Capital outlay	-	20
	620,743	588,689
Total operation and maintenance services	10,067,275	7,139,833
Pupil transportation services:		
Pupil transportation:		
Salaries	1,413,452	1,493,662
Employee benefits	1,012,634	1,034,336
Purchased services	156,495	80,984
Supplies	374,236	407,016
Capital outlay	4,829	-
Miscellaneous	1,661	1,288
Payments to other districts	798,118	701,493
Total pupil transportation services	3,761,425	3,718,779
Central services:		
Personnel services:		
Salaries	297,660	294,239
Employee benefits	275,637	220,885
Purchased services	55,730	70,375
Supplies	29,538	6,698
Miscellaneous	12,399	10,406
	670,964	602,603
Operational technology services:		
Salaries	620,876	617,637
Employee benefits	439,918	430,675
Purchased services	657,216	529,899
Supplies	26,366	25,424
Capital outlay	-	221
Miscellaneous	1,105	1,025
	1,745,481	1,604,881
Total central services	2,416,445	2,207,484

(Continued)

**ROCKFORD PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedule of Expenditures**  
**For the years ended June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Other supporting services:		
Athletics:		
Salaries	\$ 817,133	\$ 791,301
Employee benefits	454,151	453,874
Purchased services	159,973	166,371
Supplies	103,177	57,756
Capital outlay	57,578	36,125
Miscellaneous	15,641	28,788
Total other supporting services	<u>1,607,653</u>	<u>1,534,215</u>
Total supporting services	32,871,261	30,202,781
Community services:		
Community education, pool and CDL testing:		
Salaries	166,718	243,452
Employee benefits	99,475	125,490
Purchased services	2,350	2,979
Supplies	174	476
	<u>268,717</u>	<u>372,397</u>
Leisure time activities:		
Salaries	426,926	430,306
Employee benefits	299,561	268,622
Purchased services	76,232	76,805
Supplies	76,534	64,941
Miscellaneous	5,349	10,183
	<u>884,602</u>	<u>850,857</u>
Custody and care of children:		
Salaries	1,031,398	1,014,015
Employee benefits	514,086	474,668
Purchased services	87,588	94,156
Supplies	20,238	21,205
Capital outlay	5,573	10,278
	<u>1,658,883</u>	<u>1,614,322</u>
Total community services	2,812,202	2,837,576
Debt service:		
Principal repayment	105,000	105,000
Interest and fiscal charges	4,673	10,061
Total debt service	<u>109,673</u>	<u>115,061</u>
<b>Total Expenditures</b>	<u><u>\$ 90,162,159</u></u>	<u><u>\$ 84,584,980</u></u>

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**NONMAJOR GOVERNMENTAL FUNDS**

**ROCKFORD PUBLIC SCHOOLS**  
**Combining Balance Sheet - Nonmajor Governmental Funds**  
**June 30, 2021**

	Special Revenue			2014
	Food Service	Public Purpose Trust	Student/School Activity	
<b>Assets</b>				
Cash	\$ 1,500	\$ -	\$ -	\$ -
Cash equivalents, deposits and investments	366,780	469,570	682,325	408,367
Accounts receivable	2,615	-	-	-
Due from other funds	112,523	-	33,813	-
Inventory	48,323	-	-	-
<b>Total Assets</b>	<b>\$ 531,741</b>	<b>\$ 469,570</b>	<b>\$ 716,138</b>	<b>\$ 408,367</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 10,514	\$ -	\$ -	\$ -
Due to other funds	120,000	-	-	-
Accrued payroll liabilities	13,218	-	-	-
<b>Total Liabilities</b>	<b>143,732</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances</b>				
Nonspendable	48,323	-	-	-
Restricted	339,686	469,570	716,138	408,367
<b>Total Fund Balances</b>	<b>388,009</b>	<b>469,570</b>	<b>716,138</b>	<b>408,367</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 531,741</b>	<b>\$ 469,570</b>	<b>\$ 716,138</b>	<b>\$ 408,367</b>

Debt Service		Capital Projects			Total
2015	2016	2019	2016 Construction	Building and Site Sinking	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,500
839,718	1,469,972	2,029,805	-	2,007,219	8,273,756
-	-	-	48,379	-	50,994
-	-	-	-	-	146,336
-	-	-	-	-	48,323
<u>\$ 839,718</u>	<u>\$ 1,469,972</u>	<u>\$ 2,029,805</u>	<u>\$ 48,379</u>	<u>\$ 2,007,219</u>	<u>\$ 8,520,909</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,514
-	-	-	48,379	459,432	627,811
-	-	-	-	-	13,218
-	-	-	48,379	459,432	651,543
-	-	-	-	-	48,323
839,718	1,469,972	2,029,805	-	1,547,787	7,821,043
839,718	1,469,972	2,029,805	-	1,547,787	7,869,366
<u>\$ 839,718</u>	<u>\$ 1,469,972</u>	<u>\$ 2,029,805</u>	<u>\$ 48,379</u>	<u>\$ 2,007,219</u>	<u>\$ 8,520,909</u>



**ROCKFORD PUBLIC SCHOOLS**  
**Combining Schedule of Revenues, Expenditures and Changes in**  
**Fund Balances - Nonmajor Governmental Funds**  
**For the year ended June 30, 2021**

	Special Revenue			2014
	Food Service	Public Purpose Trust	Student/School Activity	
<b>Revenues</b>				
Local sources:				
Property taxes	\$ -	\$ -	\$ -	\$2,087,460
Interest earnings	75	370	-	945
Food sales	342,109	-	-	-
Other local sources	6	56,504	447,157	-
Total local sources	342,190	56,874	447,157	2,088,405
State sources	208,094	-	-	26,036
Federal sources	2,430,973	-	-	-
<b>Total Revenues</b>	<b>2,981,257</b>	<b>56,874</b>	<b>447,157</b>	<b>2,114,441</b>
<b>Expenditures</b>				
Current:				
Supporting services	-	56,030	530,851	-
Food service	2,763,571	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal repayment	-	-	-	1,325,000
Interest and fiscal charges	-	-	-	1,392,275
<b>Total Expenditures</b>	<b>2,763,571</b>	<b>56,030</b>	<b>530,851</b>	<b>2,717,275</b>
<b>Net Change in Fund Balances</b>	<b>217,686</b>	<b>844</b>	<b>(83,694)</b>	<b>(602,834)</b>
<b>Fund Balances, Beginning of Year,</b> as restated (Note M)	170,323	468,726	799,832	1,011,201
<b>Fund Balances, End of Year</b>	<b>\$ 388,009</b>	<b>\$ 469,570</b>	<b>\$ 716,138</b>	<b>\$ 408,367</b>

Debt Service		Capital Projects			Total
2015	2016	2019	2016 Construction	Building and Site Sinking	
\$ 2,504,538	\$ 3,130,635	\$ 6,884,941	\$ -	\$ 1,021,383	\$ 15,628,957
1,318	1,291	2,171	1,372	1,024	8,566
-	-	-	-	-	342,109
-	-	-	167,709	-	671,376
2,505,856	3,131,926	6,887,112	169,081	1,022,407	16,651,008
31,243	39,053	85,918	-	-	390,344
-	-	-	-	-	2,430,973
2,537,099	3,170,979	6,973,030	169,081	1,022,407	19,472,325
-	-	-	-	-	586,881
-	-	-	-	-	2,763,571
-	-	-	2,977,844	459,493	3,437,337
2,155,000	280,000	4,355,000	-	-	8,115,000
711,812	2,748,033	2,003,841	-	-	6,855,961
2,866,812	3,028,033	6,358,841	2,977,844	459,493	21,758,750
(329,713)	142,946	614,189	(2,808,763)	562,914	(2,286,425)
1,169,431	1,327,026	1,415,616	2,808,763	984,873	10,155,791
\$ 839,718	\$ 1,469,972	\$ 2,029,805	\$ -	\$ 1,547,787	\$ 7,869,366

**ROCKFORD PUBLIC SCHOOLS**  
**Food Service Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the year ended June 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
Local sources	\$ 330,050	\$ 342,190	\$ 12,140
State sources	212,810	208,094	(4,716)
Federal sources	<u>2,274,937</u>	<u>2,430,973</u>	<u>156,036</u>
<b>Total Revenues</b>	<u>2,817,797</u>	<u>2,981,257</u>	<u>163,460</u>
<b>Expenditures</b>			
Food service	<u>2,601,410</u>	<u>2,763,571</u>	<u>(162,161)</u>
<b>Net Change in Fund Balances</b>	216,387	217,686	1,299
<b>Fund Balances, Beginning of Year</b>	<u>170,323</u>	<u>170,323</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u><u>\$ 386,710</u></u>	<u><u>\$ 388,009</u></u>	<u><u>\$ 1,299</u></u>

**ROCKFORD PUBLIC SCHOOLS**  
**Public Purpose Trust Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the year ended June 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
Local sources	\$ 55,400	\$ 56,874	\$ 1,474
<b>Expenditures</b>			
Other supporting service	54,000	56,030	(2,030)
<b>Net Change in Fund Balances</b>	1,400	844	(556)
<b>Fund Balances, Beginning of Year, as restated (Note M)</b>	468,726	468,726	-
<b>Fund Balances, End of Year</b>	<u>\$ 470,126</u>	<u>\$ 469,570</u>	<u>\$ (556)</u>

**ROCKFORD PUBLIC SCHOOLS**  
**Student/School Activity Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the year ended June 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
Local sources	<u>\$ 1,482,395</u>	<u>\$ 447,157</u>	<u>\$ (1,035,238)</u>
<b>Expenditures</b>			
Other supporting service	<u>1,451,714</u>	<u>530,851</u>	<u>920,863</u>
<b>Net Change in Fund Balances</b>	30,681	(83,694)	(114,375)
<b>Fund Balances, Beginning of Year, as restated (Note M)</b>	<u>799,832</u>	<u>799,832</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u><u>\$ 830,513</u></u>	<u><u>\$ 716,138</u></u>	<u><u>\$ (114,375)</u></u>

## **SPECIAL REVENUE FUND**

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

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

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

**ROCKFORD PUBLIC SCHOOLS**  
**Food Service Special Revenue Fund**  
**Comparative Balance Sheet**  
**June 30, 2021 and 2020**

	2021	2020
<b>Assets</b>		
Cash	\$ 1,500	\$ 1,500
Cash equivalents, deposits and investments	366,780	277,796
Accounts receivable	2,615	2,923
Due from other funds	112,523	75,722
Inventory	48,323	67,023
Prepaid expenditures	-	3,275
	<b>Total Assets</b>	<b>Total Assets</b>
	\$ 531,741	\$ 428,239
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 10,514	\$ 7,148
Due to other funds	120,000	241,461
Payroll taxes payable	13,218	9,307
	<b>Total Liabilities</b>	<b>Total Liabilities</b>
	143,732	257,916
<b>Fund Balances</b>		
Nonspendable	48,323	70,298
Restricted	339,686	100,025
	<b>Total Fund Balances</b>	<b>Total Fund Balances</b>
	388,009	170,323
	<b>Total Liabilities and Fund Balances</b>	<b>Total Liabilities and Fund Balances</b>
	\$ 531,741	\$ 428,239

**ROCKFORD PUBLIC SCHOOLS**  
**Food Service Special Revenue Fund**  
**Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the years ended June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>Revenues</b>		
Local sources:		
Interest earnings:		
Interest on deposits and investments	\$ 75	\$ 3,256
Sales and admissions:		
Children's lunches	(1,144)	505,789
Adult lunches	9,750	13,102
Ala carte	215,602	666,399
Catering	117,901	146,146
Total sales and admissions	342,109	1,331,436
Other local sources:		
Donations	6	12,500
Total local sources	342,190	1,347,192
State sources	208,094	196,626
Federal sources	2,430,973	672,711
<b>Total Revenues</b>	<u>2,981,257</u>	<u>2,216,529</u>
<b>Expenditures</b>		
Food service:		
Salaries	715,737	684,434
Employee benefits	632,725	583,175
Purchased services	149,127	27,972
Supplies	1,248,582	932,637
Capital outlay	5,759	592
Miscellaneous	11,641	15,974
<b>Total Expenditures</b>	<u>2,763,571</u>	<u>2,244,784</u>
<b>Net Change in Fund Balances</b>	217,686	(28,255)
<b>Fund Balances, Beginning of Year</b>	<u>170,323</u>	<u>198,578</u>
<b>Fund Balances, End of Year</b>	<u>\$ 388,009</u>	<u>\$ 170,323</u>



**ROCKFORD PUBLIC SCHOOLS**  
**Public Purpose Trust Special Revenue Fund**  
**Balance Sheet**  
**June 30, 2021**

---

	2021
<b>Assets</b>	
Cash equivalents, deposits and investments	<u>\$ 469,570</u>
<b>Liabilities and Fund Balances</b>	
<b>Liabilities</b>	<u>\$ -</u>
<b>Fund Balances</b>	
Restricted	<u>469,570</u>
<b>Total Fund Balances</b>	<u>469,570</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 469,570</u>

**ROCKFORD PUBLIC SCHOOLS**  
**Public Purpose Trust Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**For the year ended June 30, 2021**

	2021
<b>Revenues</b>	
Local sources:	
Interest earnings:	
Interest on deposits and investments	\$ 370
Other local sources:	
Donations	56,504
Total local sources	56,874
<b>Total Revenues</b>	<b>56,874</b>
<b>Expenditures</b>	
Current:	
Other supporting service	56,030
<b>Net Change in Fund Balance</b>	844
<b>Fund Balance, Beginning of Year, as restated (Note M)</b>	<b>468,726</b>
<b>Fund Balance, End of Year</b>	<b>\$ 469,570</b>

**ROCKFORD PUBLIC SCHOOLS**  
**Student/School Activity Special Revenue Fund**  
**Balance Sheet**  
**June 30, 2021**

---

	<u>2021</u>
<b>Assets</b>	
Cash equivalents, deposits and investments	\$ 682,325
Due from other funds	<u>33,813</u>
<b>Total Assets</b>	<b><u><u>\$ 716,138</u></u></b>
<b>Liabilities and Fund Balances</b>	
<b>Liabilities</b>	<u>\$ -</u>
<b>Fund Balances</b>	
Restricted	<u>716,138</u>
<b>Total Fund Balances</b>	<b><u>716,138</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u><u>\$ 716,138</u></u></b>

**ROCKFORD PUBLIC SCHOOLS**  
**Student/School Activity Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**For the year ended June 30, 2021**

	2021
<b>Revenues</b>	
Local sources:	
Admissions	\$ 12,131
Merchandise sales	47,295
Donations	286,944
Other local sources	100,787
Total local sources	447,157
<b>Total Revenues</b>	<b>447,157</b>
<b>Expenditures</b>	
Current:	
Other student/school activity	530,851
<b>Net Change in Fund Balance</b>	<b>(83,694)</b>
<b>Fund Balance, Beginning of Year, as restated (Note M)</b>	<b>799,832</b>
<b>Fund Balance, End of Year</b>	<b>\$ 716,138</b>

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## **DEBT SERVICE FUNDS**

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

**ROCKFORD PUBLIC SCHOOLS**  
**Debt Service Funds**  
**Combining Balance Sheet**  
**June 30, 2021**

---

	2014	2015	2016
<b>Assets</b>			
Cash equivalents, deposits and investments	\$ 408,367	\$ 839,718	\$ 1,469,972
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>	\$ -	\$ -	\$ -
<b>Fund Balances</b>			
Restricted	408,367	839,718	1,469,972
<b>Total Liabilities and Fund Balances</b>	\$ 408,367	\$ 839,718	\$ 1,469,972

2019	Totals	
	2021	2020
<u>\$ 2,029,805</u>	<u>\$ 4,747,862</u>	<u>\$ 4,923,274</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>2,029,805</u>	<u>4,747,862</u>	<u>4,923,274</u>
<u>\$ 2,029,805</u>	<u>\$ 4,747,862</u>	<u>\$ 4,923,274</u>



**ROCKFORD PUBLIC SCHOOLS**  
**Debt Service Funds**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2021**

	2014	2015	2016
<b>Revenues</b>			
Local sources:			
Property taxes:			
Current property taxes	\$ 2,083,467	\$ 2,499,858	\$ 3,125,001
Industrial facilities taxes	1,037	1,245	1,556
Delinquent and other property taxes	1,370	1,628	1,785
Interest on delinquent taxes	<u>1,586</u>	<u>1,807</u>	<u>2,293</u>
	2,087,460	2,504,538	3,130,635
Interest earnings:			
Interest on deposits and investments	<u>945</u>	<u>1,318</u>	<u>1,291</u>
Total local sources	2,088,405	2,505,856	3,131,926
State sources	<u>26,036</u>	<u>31,243</u>	<u>39,053</u>
<b>Total Revenues</b>	<u>2,114,441</u>	<u>2,537,099</u>	<u>3,170,979</u>
<b>Expenditures</b>			
Debt service:			
Principal repayment	1,325,000	2,155,000	280,000
Interest and fiscal charges:			
Interest expense	1,391,250	710,751	2,746,750
Paying agent fees	300	500	500
Tax refunds	<u>725</u>	<u>561</u>	<u>783</u>
<b>Total Expenditures</b>	<u>2,717,275</u>	<u>2,866,812</u>	<u>3,028,033</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(602,834)</u>	<u>(329,713)</u>	<u>142,946</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	(602,834)	(329,713)	142,946
<b>Fund Balances, Beginning of Year</b>	<u>1,011,201</u>	<u>1,169,431</u>	<u>1,327,026</u>
<b>Fund Balances, End of Year</b>	<u>\$ 408,367</u>	<u>\$ 839,718</u>	<u>\$ 1,469,972</u>

2019	Totals	
	2021	2020
\$ 6,874,882	\$ 14,583,208	\$ 13,735,199
3,423	7,261	7,485
2,114	6,897	40,609
4,522	10,208	9,052
6,884,941	14,607,574	13,792,345
2,171	5,725	150,392
6,887,112	14,613,299	13,942,737
85,918	182,250	193,535
6,973,030	14,795,549	14,136,272
4,355,000	8,115,000	7,675,000
2,002,901	6,851,652	6,861,668
500	1,800	1,800
440	2,509	38,551
6,358,841	14,970,961	14,577,019
614,189	(175,412)	(440,747)
-	-	647,219
-	-	(647,219)
-	-	-
614,189	(175,412)	(440,747)
1,415,616	4,923,274	5,364,021
\$ 2,029,805	\$ 4,747,862	\$ 4,923,274

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## **CAPITAL PROJECTS FUNDS**

2016 Construction—to account for bond proceeds used to finance land improvements, building construction and renovation projects and furniture and equipment purchases.

2019 Construction—to account for bond proceeds used to finance land improvements, building construction and renovation projects and furniture and equipment purchases.

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

**ROCKFORD PUBLIC SCHOOLS**  
**2016 Construction Capital Projects Fund**  
**Comparative Balance Sheet**  
**June 30, 2021 and 2020**

	2021	2020
<b>Assets</b>		
Cash equivalents, deposits and investments	\$ -	\$ 3,413,394
Accounts receivable	48,379	-
<b>Total Assets</b>	<b>\$ 48,379</b>	<b>\$ 3,413,394</b>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ -	\$ 604,631
Due to other funds	48,379	-
<b>Total Liabilities</b>	<b>48,379</b>	<b>604,631</b>
<b>Fund Balances</b>		
Restricted	-	2,808,763
<b>Total Liabilities and Fund Balances</b>	<b>\$ 48,379</b>	<b>\$ 3,413,394</b>

**ROCKFORD PUBLIC SCHOOLS**  
**2016 Construction Capital Projects Fund**  
**Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the years ended June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>Revenues</b>		
Local sources:		
Interest on deposits and investments	\$ 1,372	\$ 134,922
Miscellaneous	167,709	-
	<u>169,081</u>	<u>134,922</u>
<b>Total Revenues</b>	169,081	134,922
<b>Expenditures</b>		
Current:		
Supporting services:		
Operations maintenance	-	4,236
Capital outlay:		
Site improvement	6,138	-
Architect and engineering fees	139,481	238,039
Building improvement	2,024,118	6,885,013
Other facilities and acquisition	808,107	3,287,369
	<u>2,977,844</u>	<u>10,414,657</u>
<b>Total Expenditures</b>	2,977,844	10,414,657
<b>Net Change in Fund Balances</b>	(2,808,763)	(10,279,735)
<b>Fund Balances, Beginning of Year</b>	<u>2,808,763</u>	<u>13,088,498</u>
<b>Fund Balances, End of Year</b>	<u><u>\$ -</u></u>	<u><u>\$ 2,808,763</u></u>

**ROCKFORD PUBLIC SCHOOLS**  
**2019 Construction Capital Projects Fund**  
**Comparative Balance Sheet**  
**June 30, 2021 and 2020**

	2021	2020
<b>Assets</b>		
Cash equivalents, deposits and investments	\$ 38,003,350	\$ 51,187,143
Due from other funds	507,811	648
<b>Total Assets</b>	<b>\$ 38,511,161</b>	<b>\$ 51,187,791</b>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 1,069,435	\$ 1,204,210
<b>Fund Balances</b>		
Restricted	37,441,726	49,983,581
<b>Total Liabilities and Fund Balances</b>	<b>\$ 38,511,161</b>	<b>\$ 51,187,791</b>

**ROCKFORD PUBLIC SCHOOLS**  
**2019 Construction Capital Projects Fund**  
**Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the years ended June 30, 2021 and 2020**

	2021	2020
<b>Revenues</b>		
Local sources:		
Interest on deposits and investments	\$ 40,689	\$ 860,015
<b>Expenditures</b>		
Current:		
Supporting:		
Pupil transportation	638,925	641,543
Operations and maintenance	7,762	-
Capital Outlay:		
Site improvement	4,130	
Architecture and engineering services	616,307	76,332
Building improvement	7,282,915	1,377,247
Other facilities and acquisition	4,032,505	3,610,695
<b>Total Expenditures</b>	<b>12,582,544</b>	<b>5,705,817</b>
<b>Net Change in Fund Balances</b>	<b>(12,541,855)</b>	<b>(4,845,802)</b>
<b>Fund Balances, Beginning of Year</b>	<b>49,983,581</b>	<b>54,829,383</b>
<b>Fund Balances, End of Year</b>	<b>\$ 37,441,726</b>	<b>\$ 49,983,581</b>



**ROCKFORD PUBLIC SCHOOLS**  
**Building and Site Sinking Capital Projects Fund**  
**Comparative Balance Sheet**  
**June 30, 2021 and 2020**

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	<u>2021</u>	<u>2020</u>
<b>Assets</b>		
Cash equivalents, deposits and investments	<u>\$2,007,219</u>	<u>\$ 984,873</u>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Due to other funds	<u>459,432</u>	<u>-</u>
<b>Fund Balances</b>		
Restricted	<u>1,547,787</u>	<u>984,873</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$2,007,219</u>	<u>\$ 984,873</u>

**ROCKFORD PUBLIC SCHOOLS**  
**Building and Site Sinking Capital Projects Fund**  
**Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the years ended June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>Revenues</b>		
Local sources:		
Property taxes	\$ 1,021,383	\$ 977,969
Interest on deposits and investments	1,024	6,904
<b>Total Revenues</b>	<u>1,022,407</u>	<u>984,873</u>
<b>Expenditures</b>		
Capital outlay:		
Building improvement	84,368	-
Other facilities and acquisition	375,125	-
<b>Total Expenditures</b>	<u>459,493</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	562,914	984,873
<b>Fund Balances, Beginning of Year</b>	<u>984,873</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u><u>\$ 1,547,787</u></u>	<u><u>\$ 984,873</u></u>

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## **OTHER INFORMATION**

**ROCKFORD PUBLIC SCHOOLS**  
**Summary of 2020 Taxes Levied and Collected**  
**For the year ended June 30, 2021**

	City of			County of Kent
	Rockford	Algoma	Cannon	Townships Courtland
<b>Taxable Valuations</b>				
Operating	\$ 79,535,982	\$ 57,138,313	\$ 74,589,753	\$ 20,533,300
Recreation/Debt Service	256,435,138	257,033,769	734,106,082	264,860,043
<b>Rates (Mills)</b>				
General Fund - Operating				
General Fund - Recreation				
2014 Debt Service Fund				
2015 Debt Service Fund				
2016 Debt Service Fund				
2019 Debt Service Fund				
Building and Site Sinking Fund				
<b>Taxes Levied 2020 Rolls</b>				
General Fund - Operating	\$ 1,400,633	\$ 1,027,172	\$ 1,306,603	\$ 358,391
General Fund - Recreation	240,895	241,243	689,331	248,890
2014 Debt Service Fund	256,561	256,687	733,463	264,827
2015 Debt Service Fund	307,873	308,024	880,155	317,793
2016 Debt Service Fund	384,842	385,030	1,100,194	397,241
2019 Debt Service Fund	846,651	847,067	2,420,427	873,930
Sinking Fund	125,893	126,734	362,129	130,750
	3,563,348	3,191,956	7,492,303	2,591,822
<b>Taxes Uncollected 2020 Rolls</b>				
General Fund - Operating	817	863	-	-
General Fund - Recreation	255	151	-	-
2014 Debt Service Fund	272	161	-	-
2015 Debt Service Fund	326	194	-	-
2016 Debt Service Fund	408	242	-	-
2019 Debt Service Fund	897	532	-	-
Sinking Fund	134	79	-	-
	3,108	2,223	-	-
<b>Taxes Collected 2020 Rolls</b>				
General Fund - Operating	1,399,817	1,026,309	1,306,603	358,391
General Fund - Recreation	240,639	241,091	689,331	248,890
2014 Debt Service Fund	256,289	256,526	733,463	264,827
2015 Debt Service Fund	307,547	307,831	880,155	317,793
2016 Debt Service Fund	384,434	384,788	1,100,194	397,241
2019 Debt Service Fund	845,755	846,534	2,420,427	873,930
Sinking Fund	125,759	126,654	362,129	130,750
	3,560,239	3,189,733	7,492,303	2,591,822

(Continued)

Grattan	Oakfield	Plainfield	Total
\$ 2,615,285	\$ 440,931	\$ 94,954,879	\$ 329,808,443
26,770,015	6,495,870	525,592,181	2,071,293,098

17.3504  
0.9399  
1.0000  
1.2000  
1.5000  
3.3000  
0.4938

25.7841

\$ 45,376	\$ 7,870	\$ 1,686,897	\$ 5,832,942
25,320	6,048	492,008	1,943,734
26,941	6,436	523,509	2,068,424
32,330	7,723	628,211	2,482,109
40,412	9,653	785,263	3,102,636
88,907	21,238	1,727,580	6,825,799
13,301	3,177	258,467	1,020,451
<u>272,587</u>	<u>62,144</u>	<u>6,101,935</u>	<u>23,276,094</u>

-	-	1,593	3,272
-	-	352	759
-	-	375	808
-	-	450	970
-	-	563	1,212
-	-	1,238	2,667
-	-	185	399
<u>-</u>	<u>-</u>	<u>4,756</u>	<u>10,087</u>

45,376	7,870	1,685,304	5,829,669
25,320	6,048	491,655	1,942,975
26,941	6,436	523,134	2,067,616
32,330	7,723	627,761	2,481,139
40,412	9,653	784,701	3,101,424
88,907	21,238	1,726,342	6,823,132
13,301	3,177	258,282	1,020,052
<u>272,587</u>	<u>62,144</u>	<u>6,097,179</u>	<u>23,266,007</u>

**ROCKFORD PUBLIC SCHOOLS**  
**Summary of 2020 Taxes Levied and Collected**  
**For the year ended June 30, 2021**

	County of Kent			
	City of Rockford	Algoma	Cannon	Townships Courtland
<b>Delinquent Taxes Collected</b>				
General Fund	\$ 4,399	\$ 104	\$ -	\$ -
2014 Debt Service Fund	784	12	-	-
2015 Debt Service Fund	899	22	-	-
2016 Debt Service Fund	967	18	-	-
2019 Debt Service Fund	1,684	56	-	-
Sinking Fund	95	8	-	-
	<u>8,828</u>	<u>219</u>	<u>-</u>	<u>-</u>
<b>Total Taxes Collected</b>				
General Fund - Operating	1,404,215	1,026,412	1,306,603	358,391
General Fund - Recreation	240,639	241,091	689,331	248,890
2014 Debt Service Fund	257,074	256,538	733,463	264,827
2015 Debt Service Fund	308,446	307,852	880,155	317,793
2016 Debt Service Fund	385,401	384,806	1,100,194	397,241
2019 Debt Service Fund	847,439	846,591	2,420,427	873,930
Sinking Fund	125,854	126,662	362,129	130,750
	<u>\$ 3,569,068</u>	<u>\$ 3,189,953</u>	<u>\$ 7,492,303</u>	<u>\$ 2,591,822</u>

Grattan	Oakfield	Plainfield	Total
\$ -	\$ -	\$ 836	\$ 5,338
-	-	573	1,370
-	-	451	1,372
-	-	628	1,612
-	-	373	2,114
-	-	82	185
-	-	2,943	11,991
45,376	7,870	1,686,140	5,835,007
25,320	6,048	491,655	1,942,975
26,941	6,436	523,707	2,068,986
32,330	7,723	628,212	2,482,511
40,412	9,653	785,329	3,103,036
88,907	21,238	1,726,715	6,825,246
13,301	3,177	258,364	1,020,237
<u>\$ 272,587</u>	<u>\$ 62,144</u>	<u>\$ 6,100,122</u>	<u>\$ 23,277,998</u>