



**Rockford Public Schools**

Quality Community – Quality Schools  
*Together Building a Tradition of Excellence*

## **Annual Financial Report**

**Year Ended: June 30, 2022**

**ROCKFORD PUBLIC SCHOOLS**

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For the year ended June 30, 2022

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## **FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

November 1, 2022

The Board of Education  
Rockford Public Schools

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Rockford Public Schools as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Rockford Public Schools' basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Rockford Public Schools, as of June 30, 2022, and the respective changes in financial position and the respective budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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

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

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

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

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

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

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

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

### ***Supplementary Information***

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

### **Emphasis of Matter**

#### *Changes in Accounting Principle*

As discussed in Note M to the financial statements, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases* for the fiscal year ended June 30, 2022. 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, 2022, on our consideration of the Rockford Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Rockford Public Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Rockford Public Schools' internal control over financial reporting and compliance.



Certified Public Accountants  
Grand Rapids, Michigan

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

**ROCKFORD PUBLIC SCHOOLS**  
**Management's Discussion and Analysis**  
**June 30, 2022**

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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, 2022. 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, 2022**

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 Standards Board (GASB) Statement No. 87, *Leases* during the fiscal year ended June 30, 2022. This Statement enhances the relevance and consistency of information about governments' leasing activities. See Note M for additional information.

**Condensed District-wide Financial Information**

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

	<b>2022</b>	<b>2021</b>
<b>Assets</b>		
Current assets	\$ 58,899,715	\$ 71,875,039
Net capital assets	133,012,172	125,842,924
<b>Total Assets</b>	<b>191,911,887</b>	<b>197,717,963</b>
<b>Deferred Outflows of Resources</b>	<b>38,103,704</b>	<b>50,293,306</b>
<b>Liabilities</b>		
Current liabilities	28,960,074	29,107,056
Long-term liabilities	133,411,425	146,170,215
Net pension liability	115,948,327	166,786,348
Net OPEB liability	7,503,763	25,911,349
<b>Total Liabilities</b>	<b>285,823,589</b>	<b>367,974,968</b>
<b>Deferred Inflows of Resources</b>	<b>67,489,479</b>	<b>21,992,741</b>
<b>Net Position</b>		
Net investment in capital assets	15,513,015	8,696,748
Restricted	5,665,218	6,787,325
Unrestricted (deficit)	(144,475,710)	(157,440,513)
<b>Total Net Position</b>	<b>\$ (123,297,477)</b>	<b>\$ (141,956,440)</b>

**ROCKFORD PUBLIC SCHOOLS**  
**Management's Discussion and Analysis**  
**June 30, 2022**

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

	<u>2022</u>	<u>2021</u>
<b>Program Revenues</b>		
Charges for services	\$ 3,144,735	\$ 1,956,171
Operating grants	30,513,274	27,056,762
<b>General Revenues</b>		
Property taxes	24,454,039	23,456,689
State school aid, unrestricted	59,427,599	56,989,930
Interest and investment earnings	96,831	55,794
Other	<u>3,205,090</u>	<u>1,739,876</u>
<b>Total Revenues</b>	<u>120,841,568</u>	<u>111,255,222</u>
<b>Expenses</b>		
Instruction	42,543,148	46,625,902
Supporting services	47,742,008	52,846,221
Food service	3,100,957	2,919,054
Community services	3,012,412	2,936,637
Other	406,354	143,132
Interest on long-term debt	5,357,362	5,598,168
Depreciation – unallocated	<u>20,364</u>	<u>23,317</u>
<b>Total Expenses</b>	<u>102,182,605</u>	<u>111,092,431</u>
Change in net position	18,658,963	162,791
<b>Net Position, Beginning of Year</b>	<u>(141,956,440)</u>	<u>(142,119,231)</u>
<b>Net Position, End of Year</b>	<u><u>\$ (123,297,477)</u></u>	<u><u>\$ (141,956,440)</u></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 \$120.8 million. Property taxes and unrestricted State aid accounted for most of the District's revenues, contributing 69% 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 \$102.2 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 9% of total costs.

**ROCKFORD PUBLIC SCHOOLS**  
**Management's Discussion and Analysis**  
**June 30, 2022**

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Total revenues exceeded expenses by \$18,658,963 on the Statement of Activities, increasing total net position from a deficit of \$141,956,440 to a deficit of \$123,297,477 at June 30, 2022. Unrestricted net position increased by 12,964,803 to a deficit of \$144,475,710 at June 30, 2022. The District's net pension liability, including deferred outflows and inflows of resources, decreased by \$3,714,503 during the fiscal year. In addition, the District's net OPEB liability, including outflows and inflows of resources, decreased by \$7,953,385 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, 2022**

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

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

**Major Funds**

The General Fund is our primary operating fund. The General Fund had total revenues of \$98,402,732, total expenditures of \$97,095,509, and total other financing uses of \$500. The General Fund ended the fiscal year with a fund balance of \$10,389,253, up from \$9,082,530 at June 30, 2021.

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 \$106,315, total other financing sources of \$119,297, and total expenditures of \$13,318,570. The fund balance at year end was \$24,348,768, 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 \$5,705,382, other financing sources totaled \$500, and expenditures totaled \$4,553,975 in 2021-22. The fund balances at June 30, 2022 totaled \$2,725,624. Of this balance, \$1,297,717 is attributed to the Food Service Fund, \$471,833 is attributed to the Public Purpose Trust Fund, and \$956,074 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 \$15,444,906 and \$15,563,093, respectively. Other Financing Sources and Other Financing Uses for bond refunding and transfers between debt funds totaled \$7,095,000 and \$10,000,611, respectively. The ending fund balances totaled \$1,724,064, down from \$4,747,862 at June 30, 2021.

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 \$119,297, other financing uses of \$119,297, 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 \$1,062,936 and total expenditures of \$364,517 during the year, the fund balance at June 30, 2022 was \$2,246,206.

**ROCKFORD PUBLIC SCHOOLS**  
**Management's Discussion and Analysis**  
**June 30, 2022**

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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 approximately \$400,000 more than budgeted. This was due to an increase in Child Care use after board adoption of budget revisions for FY 21-22.
- The final budget for the General Fund anticipated the fund balance to be 10.31% of General Fund expenditures and transfers - the actual results equaled 10.70%

**Capital Asset and Debt Administration**

**Capital Assets**

By the end of 2022, the District had a \$233,838,890 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, 2022, the District's investment in capital assets (net of accumulated depreciation), was \$133,012,172. Net capital asset additions totaled \$12,959,979 for the fiscal year with accumulated depreciation increasing \$5,704,377, leaving a net increase in the book value of capital assets of \$7,169,248.

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	7,196,386
Land improvements	10,247,830
Buildings and improvements	105,720,021
Furniture and equipment	4,885,709
Vehicles	<u>2,869,099</u>
<b>Net Capital Assets</b>	<u><u>\$ 133,012,172</u></u>

**ROCKFORD PUBLIC SCHOOLS**  
**Management's Discussion and Analysis**  
**June 30, 2022**

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**Long-term Obligations**

At year end, the District had \$143.8 million in general obligation bonds and other long-term obligations outstanding – a net decrease of \$12.8 million from June 30, 2021.

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

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

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

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

- The State of Michigan continues to increase its focus on student achievement. Results of standardized test scores are compared from year to year, with the results being tabulated by school building and by district.
- In May of 2019, the community approved both a bond and sinking fund ballot initiative for a total of \$185 million dollars. The initiative is a ten-year capital project investment designed to accommodate our student population change along with providing innovative learning environments. The District is now entering the 2<sup>nd</sup> phase of construction.
- The District is part of a statewide multi-employer defined benefit pension plan. Recent pension reform enacted at the state level includes as goals the limiting of future rate increases and a reduction in the plan's unfunded liability.
- 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, 2022**

	Governmental Activities
<b>Assets</b>	
Cash	\$ 2,750
Cash equivalents, deposits and investments (Note B)	43,440,578
Accounts receivable	181,176
Due from other governmental units (Note C)	15,203,595
Inventory	56,293
Prepaid expenses	15,323
Capital assets not being depreciated (Note E)	9,289,513
Capital assets being depreciated, net (Note E)	123,722,659
	<b>191,911,887</b>
<b>Deferred Outflows of Resources</b>	
Loss on advance bond refundings, net	812,624
Deferred pension amounts	26,528,693
Deferred OPEB amounts	10,762,387
	<b>38,103,704</b>
<b>Liabilities</b>	
Accounts payable	3,968,196
State aid loan payable (Note F)	2,000,000
Due to other governmental units	4,240,450
Payroll withholdings payable	169,270
Accrued interest payable	1,033,089
Salaries payable	3,871,034
Unearned revenue	3,214,437
Long-term liabilities: (Note G)	
Due within one year	10,463,598
Due in more than one year	133,411,425
Net pension liability (Note H)	115,948,327
Net OPEB Liability (Note I)	7,503,763
	<b>285,823,589</b>
<b>Deferred Inflows of Resources</b>	
Deferred pension amounts	38,912,991
Deferred OPEB amounts	28,576,488
	<b>67,489,479</b>
<b>Net Position</b>	
Net investment in capital assets	15,513,015
Restricted for:	
Capital projects	2,246,206
Debt service	693,388
Food service	1,297,717
Public purpose trust	471,833
Student/school activity	956,074
Unrestricted (deficit)	(144,475,710)
	<b>\$(123,297,477)</b>

See accompanying notes to basic financial statements.

**ROCKFORD PUBLIC SCHOOLS**  
**Statement of Activities**  
**For the year ended June 30, 2022**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes In Net Position
		Charges for Services	Operating Grants	
<b>Governmental Activities</b>				
Instruction	\$ 42,543,148	\$ -	\$ 24,762,517	\$ (17,780,631)
Supporting services	47,742,008	571,302	1,852,145	(45,318,561)
Food service	3,100,957	644,781	3,685,236	1,229,060
Community services	3,012,412	1,928,652	-	(1,083,760)
Other	406,354	-	-	(406,354)
Interest on long-term debt	5,357,362	-	213,376	(5,143,986)
Depreciation - unallocated*	20,364	-	-	(20,364)
<b>Total Governmental Activities</b>	<b>\$ 102,182,605</b>	<b>\$ 3,144,735</b>	<b>\$ 30,513,274</b>	<b>(68,524,596)</b>
<b>General Revenues</b>				
Taxes:				
				8,153,929
				15,241,458
				1,058,652
				59,427,599
				96,831
				3,205,090
				<u>87,183,559</u>
				<b>Change in Net Position</b>
				18,658,963
				<u>Net Position - Beginning of Year</u>
				(141,956,440)
				<u>Net Position - End of Year</u>
				<u>\$ (123,297,477)</u>

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

**ROCKFORD PUBLIC SCHOOLS**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2022**

Assets	2019			Total
	General	Construction	Nonmajor	
Cash	\$ 1,250	\$ -	\$ 1,500	\$ 2,750
Cash equivalents, deposits and investments (Note B)	9,425,390	27,318,037	6,697,151	43,440,578
Accounts receivable	181,176	-	-	181,176
Due from other funds (Note D)	134,471	-	121,015	255,486
Due from other governmental units (Note C)	15,203,595	-	-	15,203,595
Inventory	17,966	-	38,327	56,293
Prepaid expenditures	12,048	-	3,275	15,323
<b>Total Assets</b>	<b>\$ 24,975,896</b>	<b>\$ 27,318,037</b>	<b>\$ 6,861,268</b>	<b>\$ 59,155,201</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 977,270	\$ 2,969,269	\$ 21,657	\$ 3,968,196
State aid anticipation loan payable (Note F)	2,000,000	-	-	2,000,000
Due to other funds (Note D)	121,015	-	134,471	255,486
Due to other governmental units	4,240,450	-	-	4,240,450
Payroll withholdings payable	160,024	-	9,246	169,270
Accrued interest payable	2,413	-	-	2,413
Salaries payable	3,871,034	-	-	3,871,034
Unearned revenue	3,214,437	-	-	3,214,437
<b>Total Liabilities</b>	<b>14,586,643</b>	<b>2,969,269</b>	<b>165,374</b>	<b>17,721,286</b>
<b>Fund Balances (Note A)</b>				
Nonspendable				
Inventory	17,966	-	38,327	56,293
Prepaid expenditures	12,048	-	-	12,048
Restricted				
Food Service	-	-	1,256,115	1,256,115
Public purpose trust	-	-	471,833	471,833
Student/school activity	-	-	956,074	956,074
Debt Service	-	-	1,724,064	1,724,064
Capital Projects	-	24,348,768	2,246,206	26,594,974
Unassigned	10,359,239	-	-	10,359,239
<b>Total Fund Balances</b>	<b>10,389,253</b>	<b>24,348,768</b>	<b>6,695,894</b>	<b>41,433,915</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 24,975,896</b>	<b>\$ 27,318,037</b>	<b>\$ 6,861,268</b>	<b>\$ 59,155,201</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, 2022**

<b>Total governmental fund balances</b>		\$ 41,433,915
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 \$233,838,890 and accumulated depreciation is \$100,826,718.		133,012,172
Bond refunding losses are not expensed but are amortized over the life of the new bond issue on the Statement of Activities.		812,624
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	\$ (124,870,000)	
Bond premium	(17,790,549)	
Early retirement incentive	(685,160)	
Accumulated sick leave	<u>(529,314)</u>	(143,875,023)
Accrued interest on long-term debt is not included as a liability in governmental funds.		(1,030,676)
Net pension liability and related deferred outflows/inflows of resources are not included as assets/liabilities in governmental funds:		
Net pension liability	(115,948,327)	
Deferred outflows	26,528,693	
Deferred inflows	<u>(38,912,991)</u>	(128,332,625)
Net OPEB liability and related deferred outflows/inflows of resources are not included as assets/liabilities in governmental funds:		
Net OPEB liability	(7,503,763)	
Deferred outflows	10,762,387	
Deferred inflows	<u>(28,576,488)</u>	<u>(25,317,864)</u>
<b>Total net position - governmental activities</b>		<u><u>\$ (123,297,477)</u></u>

See accompanying notes to basic financial statements.

**ROCKFORD PUBLIC SCHOOLS**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**Governmental Funds**  
**For the year ended June 30, 2022**

	General	2019 Construction	Nonmajor	Total
<b>Revenues</b>				
Local sources	\$ 12,339,121	\$ 106,315	\$ 18,455,259	\$ 30,900,695
State sources	75,077,789	-	420,811	75,498,600
Federal sources	3,982,069	-	3,456,451	7,438,520
Interdistrict sources	7,003,753	-	-	7,003,753
<b>Total Revenues</b>	<b>98,402,732</b>	<b>106,315</b>	<b>22,332,521</b>	<b>120,841,568</b>
<b>Expenditures</b>				
Current:				
Instruction	58,050,617	-	-	58,050,617
Supporting services	35,773,413	692,862	1,131,530	37,597,805
Food service	-	-	3,422,445	3,422,445
Community services	3,271,479	-	-	3,271,479
Capital outlay	-	12,625,708	364,517	12,990,225
Debt service:				
Principal repayment	-	-	9,064,389	9,064,389
Interest and fiscal charges	-	-	6,498,704	6,498,704
<b>Total Expenditures</b>	<b>97,095,509</b>	<b>13,318,570</b>	<b>20,481,585</b>	<b>130,895,664</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>1,307,223</b>	<b>(13,212,255)</b>	<b>1,850,936</b>	<b>(10,054,096)</b>
<b>Other Financing Sources (Uses)</b>				
Proceeds from refinancing debt	-	-	4,340,000	4,340,000
Transfers in	-	119,297	2,755,500	2,874,797
Transfers out	(500)	-	(2,874,297)	(2,874,797)
Payment to bond escrow agent	-	-	(7,245,611)	(7,245,611)
<b>Total Other Financing Sources (Uses)</b>	<b>(500)</b>	<b>119,297</b>	<b>(3,024,408)</b>	<b>(2,905,611)</b>
<b>Net Change in Fund Balances</b>	<b>1,306,723</b>	<b>(13,092,958)</b>	<b>(1,173,472)</b>	<b>(12,959,707)</b>
<b>Fund Balances, Beginning of Year</b>	<b>9,082,530</b>	<b>37,441,726</b>	<b>7,869,366</b>	<b>54,393,622</b>
<b>Fund Balances, End of Year</b>	<b>\$ 10,389,253</b>	<b>\$ 24,348,768</b>	<b>\$ 6,695,894</b>	<b>\$ 41,433,915</b>

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, 2022**

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**Net change in fund balances - total governmental funds** \$ (12,959,707)

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	\$ 12,959,979	
	Depreciation expense	<u>(5,704,377)</u>	7,255,602

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. (86,354)

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

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

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 11,650,000

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. 51,365

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 (\$528,723) exceeded the, benefits used/paid (\$518,915). (9,808)

The changes in net pension liability and related deferred outflows/inflows of resources are not included as revenues/expenditures in governmental funds. 3,714,503

The changes in net OPEB liability and related deferred outflows/inflows of resources are not included as revenues/expenditures in governmental funds. 7,953,385

**Total changes in net position - governmental activities** \$ 18,658,963

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, 2022**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>Revenues</b>				
Local sources	\$ 10,093,465	\$ 11,248,112	\$ 12,339,121	\$ 1,091,009
State sources	68,970,587	73,494,840	75,077,789	1,582,949
Federal sources	6,798,500	5,973,489	3,982,069	(1,991,420)
Interdistrict sources	6,554,237	6,658,355	7,003,753	345,398
<b>Total Revenues</b>	<b>92,416,789</b>	<b>97,374,796</b>	<b>98,402,732</b>	<b>1,027,936</b>
<b>Expenditures</b>				
Instruction:				
Basic programs	48,306,610	49,322,633	49,995,167	(672,534)
Added needs	7,966,250	8,001,594	7,787,689	213,905
Adult education	250,384	463,243	267,761	195,482
Supporting services:				
Pupil services	4,645,169	4,977,885	5,531,458	(553,573)
Instructional staff services	3,161,557	3,686,803	4,730,316	(1,043,513)
General administrative services	748,977	692,288	813,281	(120,993)
School administrative services	5,259,498	5,529,378	5,376,170	153,208
Business services	1,443,412	1,609,628	1,761,492	(151,864)
Operation and maintenance services	9,051,275	9,083,473	8,750,446	333,027
Pupil transportation services	4,149,409	4,293,316	4,422,496	(129,180)
Central services	2,697,715	2,908,355	2,542,308	366,047
Other supporting services	1,561,690	1,462,115	1,845,446	(383,331)
Community services:	2,905,761	4,351,871	3,271,479	1,080,392
Debt service:				
Principal repayment	100,000	108,000	-	108,000
Interest and fiscal charges	13,642	13,642	-	13,642
<b>Total Expenditures</b>	<b>92,261,349</b>	<b>96,504,224</b>	<b>97,095,509</b>	<b>(591,285)</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>155,440</b>	<b>870,572</b>	<b>1,307,223</b>	<b>(436,651)</b>
<b>Other Financing Uses</b>				
Transfers out	-	-	(500)	500
<b>Net Change in Fund Balances</b>	<b>155,440</b>	<b>870,572</b>	<b>1,306,723</b>	<b>436,151</b>
<b>Fund Balances, Beginning of Year</b>	<b>9,082,530</b>	<b>9,082,530</b>	<b>9,082,530</b>	<b>-</b>
<b>Fund Balances, End of Year</b>	<b>\$ 9,237,970</b>	<b>\$ 9,953,102</b>	<b>\$ 10,389,253</b>	<b>\$ 436,151</b>

See accompanying notes to basic financial statements.

## **NOTES TO BASIC FINANCIAL STATEMENTS**

**ROCKFORD PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

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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 7,768 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, 2022**

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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, 2022**

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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, 2022**

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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, 2022**

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**6. Investments**

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

**7. Inventories/Prepaid Items**

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

**8. Capital Assets**

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

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

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

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

**9. Long-term Obligations**

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

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

**ROCKFORD PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

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

Early retirement incentive and accumulated sick leave at June 30, 2022 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, 2022, 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 \$685,160 and \$529,314, respectively.

**11. Retirement Plan**

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

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

**12. Postemployment Benefits Other Than Pensions**

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

**ROCKFORD PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

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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 (MPERS) and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Plan investments are reported at fair value.

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

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

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

### **14. Net Position**

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

### **15. Fund Balance**

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

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

**ROCKFORD PUBLIC SCHOOLS**  
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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, 2022, 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, 2022 related to cash equivalents and investments are detailed in the Basic Financial Statements as follows:

Statement of Net Position:

Governmental Activities	<u>\$ 43,440,578</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, 2022 balances are detailed as follows:

Cash equivalents	<u>\$ 409,680</u>
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*Custodial Credit Risk Related to Bank Deposits*

Custodial credit risk is the risk that in the event of bank failure, the District's bank deposits may not be returned to the District. Protection of District bank deposits is provided by the Federal Deposit Insurance Corporation. At year end, the carrying amount of the District's cash equivalents was \$409,680 and bank balance was \$406,457. The amount not covered by federal depository insurance totaled \$156,457.

**Investments**

As of June 30, 2022, the District had the following investments:

Surplus Funds Investment Pool Accounts:	
MILAF+ Cash Management Class	\$ 5,438,230
MILAF+ MAX Class	<u>37,592,668</u>
	<u>\$ 43,030,898</u>

The Michigan Liquid Asset Fund Plus (MILAF+) is an external pooled investment fund that includes qualified investments in accordance with the applicable sections of the School Code. MILAF+ is not regulated or registered with the Securities Exchange Commission at June 30, 2022. The MILAF+ is carried at net amortized value (NAV) and is rated AAAM by Standard & Poor's rating agency. The MILAF+ MAX class requires a 14-day redemption notice.

*Custodial Credit Risk Related to Investments*

Custodial credit risk is the risk that, in the event of a failure of the counterparty, the District may not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District will minimize custodial credit risk by limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the District will do business. At June 30, 2022, 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.

**ROCKFORD PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
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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 2021 and October 2021. The 2021-22 "Foundation Allowance" for Rockford Public Schools was \$8,700 for 7,766 "Full Time Equivalent" students, generating \$73,363,602 in state aid payments to the District of which \$13,487,915 was paid to the District in July and August 2022 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 17.1924 mills of non-homestead property tax was levied in the District for 2021.

The District levied a .9283 recreation millage, 7.00 mills for debt service purposes and 0.4877 mills for building and site in 2021, applied on all taxable property in the District.

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

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

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

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

For the year ended June 30, 2022, the District's property tax revenues were reduced by approximately \$27,287 under these agreements.

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

Amounts due from (to) other funds, representing interfund receivables and payables for year-end expenditure allocations not reimbursed at June 30, 2022, are detailed as follows:

	<b>Due From</b>	<b>Due To</b>
<b>Major Funds</b>		
General Fund:		
Special Revenue Funds:		
Food Service Fund	\$ 134,451	\$ 51,227
Student/School Activity Fund	20	69,788
	<u>134,471</u>	<u>121,015</u>
Total Major Funds		
<b>Nonmajor Funds</b>		
Special Revenue Funds:		
Food Service Fund:		
General Fund	51,227	134,451
Student/School Activity Fund:		
General Fund	69,788	20
	<u>121,015</u>	<u>134,471</u>
Total Nonmajor Funds		
	<u>\$ 255,486</u>	<u>\$ 255,486</u>

Operating transfers between funds to allocate expenditures during the year ended June 30, 2022 were as follows:

	<b>Transfers In</b>	<b>Transfers Out</b>
<b>Major Funds</b>		
General Fund:		
Public Purpose Trust Fund	\$ -	\$ 500
Capital Projects Fund:		
2019 Construction Fund	119,297	-
	<u>119,297</u>	<u>500</u>
Total Major Funds		
<b>Nonmajor Funds</b>		
Special Revenue Fund:		
General Fund	500	-
Debt Service Funds:		
2014 Debt Service	2,755,000	-
2015 Refunding Debt Service	-	500,000
2016 Debt Service	-	1,255,000
2019 Debt Service	-	1,000,000
Capital Projects Fund:		
2016 Construction	-	119,297
	<u>2,755,500</u>	<u>2,874,297</u>
Total Nonmajor Funds		
	<u>\$ 2,874,797</u>	<u>\$ 2,874,797</u>

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

Capital asset activity for the year ended June 30, 2022 was as follows:

	<b>Balances July 1, 2021</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balances June 30, 2022</b>
Capital assets not being depreciated:				
Land	\$ 2,093,127	\$ -	\$ -	\$ 2,093,127
Construction in progress	10,682,414	10,880,834	14,366,862	7,196,386
Totals capital assets not being depreciated	<u>12,775,541</u>	<u>\$ 10,880,834</u>	<u>\$ 14,366,862</u>	<u>9,289,513</u>
Capital assets being depreciated:				
Land improvements	19,159,045	\$ 2,653,083	\$ -	21,812,128
Buildings and improvements	162,546,395	12,593,777	-	175,140,172
Furniture and equipment	21,189,534	483,310	-	21,672,844
Vehicles	5,733,153	715,837	524,757	5,924,233
Totals capital assets being depreciated	<u>208,628,127</u>	<u>\$ 16,446,007</u>	<u>\$ 524,757</u>	<u>224,549,377</u>
Less accumulated depreciation for:				
Land improvements	10,828,531	\$ 735,767	\$ -	11,564,298
Buildings and improvements	65,559,519	3,860,632	-	69,420,151
Furniture and equipment	16,124,997	662,138	-	16,787,135
Vehicles	3,047,697	445,840	438,403	3,055,134
Total accumulated depreciation	<u>95,560,744</u>	<u>\$ 5,704,377</u>	<u>\$ 438,403</u>	<u>100,826,718</u>
Total capital assets being depreciated, net	<u>113,067,383</u>			<u>123,722,659</u>
<b>Net Capital Assets</b>	<u><u>\$ 125,842,924</u></u>			<u><u>\$ 133,012,172</u></u>

Depreciation expense was charged to District activities as follows:

Governmental activities:	
Instruction	\$ 3,706,554
Supporting services	1,854,057
Community services	3,824
Food service	119,578
Unallocated	<u>20,364</u>
	<u><u>\$ 5,704,377</u></u>

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

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

On August 20, 2021, the District repaid the \$4,500,000 August 20, 2020 State aid anticipation loan. On August 20, 2021, the District borrowed \$2,000,000 for cash flow purposes, in anticipation of State aid (interest at 0.25%). The loan is due in full on August 20, 2022. Net interest cost on the loans was \$2,413 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, 2021</b>	<b>Debt Added</b>	<b>Debt Retired</b>	<b>Debt Outstanding June 30, 2022</b>
State Aid Anticipation Loans	\$ 4,500,000	\$ 2,000,000	\$ 4,500,000	\$ 2,000,000

**Note G – Long-term Obligations**

Changes in long-term obligations for the year ended June 30, 2022 are summarized as follows:

	<b>Debt Outstanding July 1, 2021</b>	<b>Debt Added</b>	<b>Debt Retired</b>	<b>Debt Outstanding June 30, 2022</b>
General obligation bonds:				
June 3, 2014	\$ 28,255,000	\$ -	\$ 8,370,000	\$ 19,885,000
February 6, 2015	12,060,000	-	2,115,000	9,945,000
June 6, 2016	25,775,000	-	-	25,775,000
June 6, 2016	30,200,000	-	455,000	29,745,000
June 26, 2019	40,230,000	-	5,050,000	35,180,000
June 15, 2022	-	4,340,000	-	4,340,000
Bond premium	18,989,147	-	1,198,598	17,790,549
Early retirement incentive- contractual	746,429	276,067	337,336	685,160
Accumulated sick leave	458,237	252,656	181,579	529,314
	<b>\$156,713,813</b>	<b>\$ 4,868,723</b>	<b>\$ 17,707,513</b>	<b>\$ 143,875,023</b>

**ROCKFORD PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
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Long-term obligations outstanding at June 30, 2022 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 \$1,375K to \$1,755K	May 1, 2039	4.00 - 5.00	\$ 19,885,000	\$ 1,375,000
\$26,375K 2015 General Obligation Refunding: Annual maturities of \$1,895K to \$2,080K	May 1, 2027	5.00	9,945,000	2,080,000
\$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	560,000
\$35,070K 2016 Building and Site: Annual maturities of \$210K to \$2,075K	May 1, 2044	4.00 - 5.00	29,745,000	210,000
\$48,665K 2019 Building and Site Series I: Annual maturities of \$250K to \$3,120K	May 1, 2046	4.00 - 5.00	35,180,000	250,000
\$4,340K 2022 General Obligation Refunding: Annual maturity of \$4,340K	May 1, 2023	2.60	4,340,000	4,340,000
Bond premium			17,790,549	1,198,598
<b>Other Obligations</b>				
Early retirement incentive - contractual			685,160	150,000
Accumulated sick leave			529,314	300,000
			<u>\$ 143,875,023</u>	<u>\$10,463,598</u>

On June 15, 2022, the District issued \$4,340,000 in general obligation bonds, and used contributions of \$3,000,000 from existing Debt Service Funds, to advance refund \$7,020,000 of outstanding 2014 serial bonds. The trust interest cost of the refunding bonds was 3.201873%, resulting in a total net present value savings of \$950,555, or 13.540663%. The net proceeds of \$7,245,611, after underwriter's discount of \$22,351, and bond issuance costs of \$72,038, were deposited with an escrow agent and used to retire the outstanding obligations described above. This procedure relieves the District from being primarily liable for the debt and the District is virtually assured of not being required to make further payments with respect to the refunded debt. The final payment of outstanding principal and interest was made on June 15, 2022 from the escrow account. This defeasance procedure allows the District to remove the related assets and liabilities from its financial statements, which it has done for the fiscal year ending June 30, 2022.

**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>
2023	\$ 8,815,000	\$ 6,197,848	\$ 15,012,848
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	3,610,000	2,245,000	5,855,000
2037	3,845,000	2,082,800	5,927,800
2038	4,105,000	1,909,600	6,014,600
2039	4,380,000	1,724,900	6,104,900
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>\$124,870,000</u>	<u>\$ 72,584,798</u>	<u>\$ 197,454,798</u>

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

***Plan Description***

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

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

The System is administered by the Office of Retirement Services (ORS) within the Michigan Department of Technology, Management 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. Depending on the plan option selected, member retirement benefits are determined by final average compensation, years of service, and a pension factor ranging from 1.25 percent to 1.50 percent. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The 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 if applicable. A refund cancels a former member's rights to future benefits. However, returning members who previously received a refund of their contributions may reinstate their service through repayment of the refund upon satisfaction of certain requirements.

**ROCKFORD PUBLIC SCHOOLS**  
**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 will 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).

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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.

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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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Equated Plan – For MIP and Basic members, the Equated Plan may be combined with the Straight Life, 100% Survivor, 75% Survivor, or 50% Survivor pension by any member under age 61, except a disability applicant. The Equated Plan provides a higher pension every month until age 62, at which time the monthly pension is permanently decreased to a lower amount than the Straight Life, 100%, 75%, or 50% Survivor alone would provide.

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 costs are funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2020 valuation will be amortized over a 18-year period beginning October 1, 2020 and ending September 30, 2038.

The schedule below summarizes pension contribution rates in effect for the plan fiscal year 2021.

<b>Pension Contribution Rates:</b>		
<b>Plan Name</b>	<b>Member</b>	<b>District</b>
Basic	0.0 – 4.0 %	19.78%
Member Investment Plan (MIP)	3.0 – 7.0%	19.78%
Pension Plus	3.0 – 6.4 %	16.82%
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, 2022, inclusive of the MSPERS UAAL Stabilization, totaled \$16,731,388.

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

Total Pension Liability	\$ 87,569,422
Plan Fiduciary Net Position	63,332,155
Net Pension Liability	\$ 24,237,267
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	72.32%
Net Pension Liability as a Percentage of Covered Employee Payroll	261.49%
Total Covered Payroll	\$9,269,004

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

At June 30, 2022, the District reported a liability of \$115,948,327 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2020. 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, 2021, the District's proportion was 0.48974153%, which was an increase from 0.48553440% at September 30, 2020.

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

For the year ended June 30, 2022, the District recognized pension expense of \$12,756,496. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 1,796,089	\$ 682,798
Changes of assumptions	7,308,968	—
Net difference between projected and actual earnings on pension plan investments	—	37,277,014
Changes in proportion and differences between District contributions and proportionate share of contributions	1,142,129	953,179
District contributions subsequent to the measurement date*	16,281,507	—
<b>Total</b>	<b>\$ 26,528,693</b>	<b>\$ 38,912,991</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, 2023.

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>
2023	\$ (3,210,310)
2024	(6,570,983)
2025	(8,928,713)
2026	(9,955,799)

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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, 2020
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, 2018 valuation. The total pension liability as of September 30, 2021, is based on the results of an actuarial valuation date of September 30, 2020, 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 2021 MPSERS Annual Comprehensive 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 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, 2021 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%	5.4%
Private Equity Pools	16.0%	9.1%
International Equity Pools	15.0%	7.5%
Fixed Income Pools	10.5%	(0.7)%
Real Estate and Infrastructure Pools	10.0%	5.4%
Absolute Return Pools	9.0%	2.6%
Real Return/Opportunistic Pools	12.5%	6.1%
Short-term Investment Pools	2.0%	(1.3)%
<b>Total</b>	<b><u>100.0%</u></b>	

\*Long-term rates of return are net of administrative expenses and 2.0% inflation.

***Rate of Return***

For the fiscal year ended September 30, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 27.3%. 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 6.80% was used to measure the total pension liability (6.80% for the Pension Plus plan, 6.0% for the Pension Plus 2, hybrid plans provided through non-university employers only). This discount rate was based on the long-term expected rate of return on pension plan investments of 6.80% (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 5.8%/5.8%/5.0%</b>	<b>Current Single Discount Rate Assumption 6.8%/6.8%/6.0%</b>	<b>1% Increase 7.8%/7.8%/7.0%</b>
District's proportionate share of the net pension liability	\$165,774,663	\$115,948,327	\$74,639,027

***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, 2021 Annual Comprehensive Financial Report, available here: ([www.michigan.gov/orsschools](http://www.michigan.gov/orsschools)).

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

Payables to the pension plan totaling \$2,689,393 at June 30, 2022 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).

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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 costs are funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2020 valuation will be amortized over a 18-year period beginning October 1, 2020 and ending September 30, 2038.

The schedule below summarizes OPEB contribution rates in effect for fiscal year 2021:

**OPEB Contribution Rates:**

<b>Benefit Structure</b>	<b>Member</b>	<b>District</b>
Premium Subsidy	3.0%	8.43%
Personal Healthcare Fund (PHF)	0.0 %	7.57%

Required contributions to the OPEB plan from the District were \$3,861,559 for the year ended June 30, 2022.

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

Total OPEB Liability	\$ 12,225,697
Plan Fiduciary Net Position	<u>10,742,198</u>
Net OPEB Liability	<u>\$ 1,483,499</u>
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	87.87%
Net OPEB Liability as a Percentage of Covered Employee Payroll	16.00%
Total Covered Payroll	\$ 9,269,004

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

At June 30, 2022, the District reported a liability of \$7,503,763 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2020. 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, 2021, the District's proportion was 0.49160586%, which was an increase from 0.48366730% at September 30, 2020.

**ROCKFORD PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

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

For the year ended June 30, 2022, the District recognized an OPEB credit of \$4,105,037. At June 30, 2022, 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	\$ —	\$ 21,418,957
Changes of assumptions	6,272,774	938,641
Net difference between projected and actual earnings on OPEB plan investments	—	5,655,721
Changes in proportion and differences between District contributions and proportionate share of contributions	812,706	563,169
District contributions subsequent to the measurement date*	3,676,907	—
<b>Total</b>	<b>\$ 10,762,387</b>	<b>\$ 28,576,488</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, 2023.

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>
2023	\$ (5,576,536)
2024	(5,171,107)
2025	(4,785,913)
2026	(4,340,543)
2027	(1,429,375)
Thereafter	(187,534)

***Actuarial Assumptions***

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

**ROCKFORD PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

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Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

Valuation Date:	September 30, 2020
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:	Pre-65 - 7.75% Year 1 graded to 3.5% Year 15; 3.0% Year 120 Post-65 – 5.25% Year 1 graded to 3.50% Year 15; 3.0% Year 120
Mortality:	
Retirees:	RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Active Members:	RP-2014 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Disabled Retirees:	RP-2014 Male and Female Disabled Annuitant Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Other Assumptions:	
Opt Out Assumptions:	21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan.
Survivor Coverage:	80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death.
Coverage Election at Retirement:	75% of male and 60% of female future retirees are assumed to elect coverage for one or more dependents.

Notes:

- Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual OPEB valuations beginning with the September 30, 2018 valuation. The total OPEB liability as of September 30, 2021, is based on the results of an actuarial valuation date of September 30, 2020, 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 2021 MPSERS Annual Comprehensive Financial Report found on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

**ROCKFORD PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

***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, 2021, 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%	5.4%
Private Equity Pools	16.0%	9.1%
International Equity Pools	15.0%	7.5%
Fixed Income Pools	10.5%	(0.7)%
Real Estate and Infrastructure Pools	10.0%	5.4%
Absolute Return Pools	9.0%	2.6%
Real Return/Opportunistic Pools	12.5%	6.1%
Short-term Investment Pools	2.0%	(1.3)%
<b>Total</b>	<b>100.0%</b>	

\* Long-term rates of return are net of administrative expenses and 2.0% inflation.

***Rate of Return***

For the fiscal year ended September 30, 2021, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 27.14%. 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, 2022**

***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</b> <b>5.95%</b>	<b>Current</b> <b>Discount Rate</b> <b>6.95%</b>	<b>1% Increase</b> <b>7.95%</b>
District's proportionate share of the net OPEB liability	\$13,943,346	\$7,503,763	\$2,038,857

***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</b> <b>Cost Trend Rate</b>	<b>1% Increase</b>
District's proportionate share of the net OPEB liability	\$1,826,356	\$7,503,763	\$13,891,529

***OPEB Plan Fiduciary Net Position***

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2021 MPSERS Annual Comprehensive Financial Report, available on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

***Payables to the OPEB Plan***

Payables to the OPEB plan totaling \$550,920 at June 30, 2022 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, 2022**

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 \$346,973 in premiums to the MSIP for the year ended June 30, 2022.

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, 2022, there were no material pending claims against the District. The District paid \$123,022 in premiums to the Fund for the year ended June 30, 2022.

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 2021-22 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, 2022, as follows:

<b>General Fund</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
Instruction:			
Basic programs	\$ 49,322,633	\$ 49,995,167	\$ 672,534
Supporting services:			
Pupil services	4,977,885	5,531,458	553,573
Instructional staff services	3,686,803	4,730,316	1,043,513
General administrative services	692,288	813,281	120,993
Business services	1,609,628	1,761,492	151,864
Pupil transportation services	4,293,316	4,422,496	129,180
Other supporting services	1,462,115	1,845,446	383,331

The District has an unrestricted net position deficit of \$144,475,710 and a total net position deficit of \$123,297,477 as of June 30, 2022. These deficit net positions result primarily from recording a net pension liability of \$128,332,625 (net of deferred outflows and inflows of resources related to the pension plan) and a net OPEB liability of \$25,317,864 (net of deferred outflows and inflows of resources related to the OPEB plan).

**ROCKFORD PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

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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, 2022, unspent balances committed to these construction projects totaled \$24,348,768, which are expected to be fully expended by the year ended June 30, 2024.

**Note M – New Accounting Pronouncement Adopted**

Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases* was adopted by the District during the fiscal year ending June 30, 2022. This statement enhances the relevance and consistency of information about governments' leasing activities by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The District was not required to recognize a right-to-use lease asset or lease liability as of July 1, 2021.

## **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, 2022**

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	<u>Year Ended June 30, 2022</u>	<u>Year Ended June 30, 2021</u>	<u>Year Ended June 30, 2020</u>
District's proportion of the net pension liability	0.48974153%	0.48553440%	0.49065397%
District's proportionate share of the net pension liability	\$ 115,948,327	\$ 166,786,348	\$ 162,488,098
District's covered-employee payroll	\$ 44,671,608	\$ 42,977,837	\$ 42,480,969
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	259.56%	388.08%	382.50%
Plan fiduciary net position as a percentage of the total pension liability	72.60%	59.72%	60.31%

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

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

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

**ROCKFORD PUBLIC SCHOOLS**  
**Required Supplementary Information**  
**Schedule of the District's Proportionate Share of the Net OPEB Liability**  
**MPSERS Cost-sharing Multiple-employer Plan**  
**June 30, 2022**

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	<u>Year Ended June 30, 2022</u>	<u>Year Ended June 30, 2021</u>	<u>Year Ended June 30, 2020</u>
District's proportion of the net OPEB liability	0.49160586%	0.48366730%	0.48545280%
District's proportionate share of the net OPEB liability	\$ 7,503,763	\$ 25,911,349	\$ 34,844,579
District's covered-employee payroll	\$ 44,671,608	\$ 42,977,837	\$ 42,480,969
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	16.80%	60.29%	82.02%
Plan fiduciary net position as a percentage of the total OPEB liability	87.33%	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.

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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**  
**MPERS Cost-sharing Multiple-employer Plan**  
**June 30, 2022**

	<u>Year Ended June 30, 2022</u>	<u>Year Ended June 30, 2021</u>	<u>Year Ended June 30, 2020</u>	<u>Year Ended June 30, 2019</u>
Contractually required contribution	\$ 16,731,388	\$ 14,849,284	\$ 13,466,433	\$ 13,155,958
Contributions in relation to the contractually required contribution	<u>16,731,388</u>	<u>14,849,284</u>	<u>13,466,433</u>	<u>13,155,958</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 46,558,764	\$ 44,271,971	\$ 42,962,049	\$ 42,307,755
Contributions as a percentage of covered employee payroll	35.94%	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.

<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, 2022**

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	<u>Year Ended</u> <u>June 30, 2022</u>	<u>Year Ended</u> <u>June 30, 2021</u>	<u>Year Ended</u> <u>June 30, 2020</u>
Contractually required contribution	\$ 3,861,559	\$ 3,617,969	\$ 3,442,964
Contributions in relation to the contractually required contribution	<u>3,861,559</u>	<u>3,617,969</u>	<u>3,442,964</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 46,558,764	\$ 44,271,971	\$ 42,962,049
Contributions as a percentage of covered employee payroll	8.29%	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, 2022**

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

**Changes of benefit terms:** There were no changes of benefit terms in 2021-22.

**Changes of assumptions:** There were no changes of benefit assumptions in 2021-22.

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

**Changes of benefit terms:** There were no changes of benefit terms in 2021-22.

**Changes of assumptions:** There were no changes of benefit assumptions in 2021-22.

## **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, 2022 and 2021**

	2022	2021
<b>Assets</b>		
Cash	\$ 1,250	\$ 1,250
Cash equivalents, deposits and investments	9,425,390	11,094,846
Accounts receivable	181,176	81,708
Due from other funds	134,471	120,000
Due from other governmental units	15,203,595	14,265,888
Inventory	17,966	38,300
Prepaid expenditures	12,048	15,124
	<b>\$ 24,975,896</b>	<b>\$ 25,617,116</b>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 977,270	\$ 1,157,038
State aid anticipation loan payable	2,000,000	4,500,000
Due to other funds	121,015	146,336
Due to other governmental units	4,240,450	3,835,388
Payroll withholdings payable	160,024	133,089
Accrued interest payable	2,413	11,250
Salaries payable	3,871,034	3,916,621
Unearned revenue	3,214,437	2,834,864
	<b>14,586,643</b>	<b>16,534,586</b>
<b>Fund Balances</b>		
Nonspendable	30,014	53,424
Unassigned	10,359,239	9,029,106
	<b>10,389,253</b>	<b>9,082,530</b>
	<b>\$ 24,975,896</b>	<b>\$ 25,617,116</b>

**ROCKFORD PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedule of Revenues**  
**For the years ended June 30, 2022 and 2021**

	2022	2021
Local sources:		
Property taxes:		
Operating	\$ 6,078,416	\$ 5,835,734
Recreation	2,014,591	1,943,311
Industrial facilities taxes	750	975
Delinquent and other property taxes	54,868	41,576
Interest on delinquent taxes	5,304	6,136
	<u>8,153,929</u>	<u>7,827,732</u>
Interest earnings:		
Interest on deposits and investments	17,568	6,539
Revenues from student activities:		
Gate fees	232,189	400
Pay to participate	262,597	141,418
	<u>494,786</u>	<u>141,818</u>
Other local revenue:		
Preschool fees	206,286	144,388
Adult/community education fees	434,237	322,699
Transportation fees	33,361	5,397
Child care fees	1,471,019	1,075,138
Third party testing	43,155	39,619
Beverage consortium commissions	9,612	7,060
Sale of school property	77,360	18,500
Pool fees	23,396	29,391
Rental of school facilities	188,979	128,020
Donations	111,147	68,147
Miscellaneous	1,074,286	702,385
	<u>3,672,838</u>	<u>2,540,744</u>
Total local sources	<u>12,339,121</u>	<u>10,516,833</u>
State sources:		
State school aid	73,805,762	68,873,205
Early literacy coaches	50,700	51,050
Special education - transportation	630,714	450,020
Special education - itinerants	246,844	234,615
Special education - millage incentive	246,791	-
Payment in lieu of taxes	21,350	20,321
Great Start Readiness site reimbursement	16,170	14,080
Adult continuing education	54,116	-
Virtual learning support grant	3,752	-
Bus driver safety grant	1,590	-
Total state sources	<u>75,077,789</u>	<u>69,643,291</u>
Federal sources:		
Title I	221,629	229,555
Title IIA	230,795	64,569
Title III	11,195	2,825
Title IV	23,707	10,196
CARES funding	1,775,978	3,312,666
I.D.E.A. program	1,550,444	1,310,408
Adult education	22,848	22,500
Medicaid - Outreach	29,922	14,496
Health resource advocate funding	115,551	-
Total federal sources	<u>3,982,069</u>	<u>4,967,215</u>

(Continued)

**ROCKFORD PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedule of Revenues**  
**For the years ended June 30, 2022 and 2021**

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	2022	2021
Interdistrict sources:		
County enhancement millage	\$ 2,037,871	\$ 1,976,964
Special education - county	4,285,178	4,039,077
Special education - tuition	70,157	198,894
Medicaid fee for service	549,427	326,899
Adult continuing education	-	55,518
Bus driver safety	-	5,517
Foreign exchange program	61,120	12,000
Total interdistrict sources	7,003,753	6,614,869
<b>Total Revenues</b>	<b>\$ 98,402,732</b>	<b>\$ 91,742,208</b>

**ROCKFORD PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedule of Expenditures**  
**For the years ended June 30, 2022 and 2021**

	2022	2021
Current:		
Instruction:		
Basic programs:		
Elementary:		
Salaries	\$ 12,634,692	\$ 11,555,861
Employee benefits	9,768,283	8,485,386
Purchased services	434,669	195,446
Supplies	176,797	72,382
Capital outlay	834	15
	<u>23,015,275</u>	<u>20,309,090</u>
Middle school:		
Salaries	5,900,609	5,776,744
Employee benefits	4,571,459	4,235,628
Purchased services	160,275	75,463
Supplies	144,752	134,202
Capital outlay	105,331	-
	<u>10,882,426</u>	<u>10,222,037</u>
High school:		
Salaries	8,141,995	8,990,035
Employee benefits	6,639,445	6,454,073
Purchased services	380,558	304,171
Supplies	266,081	82,883
Capital outlay	1,627	9,214
Miscellaneous	12,130	1,842
	<u>15,441,836</u>	<u>15,842,218</u>
Preschool:		
Salaries	130,629	88,307
Employee benefits	67,618	46,464
Purchased services	293	204
Supplies	2,816	1,882
	<u>201,356</u>	<u>136,857</u>
Summer school:		
Salaries	300,129	26,791
Employee benefits	136,372	13,492
Purchased services	6,925	3,240
Supplies	10,848	180,993
	<u>454,274</u>	<u>224,516</u>
Total basic programs	<u>49,995,167</u>	<u>46,734,718</u>
Added needs:		
Special education:		
Salaries	3,427,735	3,044,160
Employee benefits	2,480,248	2,252,387
Purchased services	38,972	58,272
Supplies	108,823	16,441
Capital outlay	3,008	1,782
Payments to other districts	410,054	651,959
	<u>6,468,840</u>	<u>6,025,001</u>

(Continued)

**ROCKFORD PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedule of Expenditures**  
**For the years ended June 30, 2022 and 2021**

	2022	2021
Compensatory education:		
Salaries	\$ 589,708	\$ 615,909
Employee benefits	339,871	344,205
Purchased services	10,721	61,658
Supplies	30,861	52,486
Miscellaneous	-	498
	<u>971,161</u>	<u>1,074,756</u>
Vocational education:		
Salaries	200,202	161,076
Employee benefits	146,414	130,700
Purchased services	1,071	666
Supplies	1	-
	<u>347,688</u>	<u>292,442</u>
Total added needs	7,787,689	7,392,199
Adult education services:		
Basic:		
Salaries	162,558	146,308
Employee benefits	90,775	95,685
Supplies	14,428	113
Total adult education services	<u>267,761</u>	<u>242,106</u>
Total instruction	58,050,617	54,369,023
Supporting services:		
Pupil services:		
Guidance services:		
Salaries	941,275	865,056
Employee benefits	676,299	630,878
Purchased services	6,684	6,126
Supplies	64,205	64,722
Capital outlay	-	60
	<u>1,688,463</u>	<u>1,566,842</u>
Occupational therapist services:		
Salaries	123,226	104,772
Employee benefits	66,596	53,748
Purchased services	28,973	3,519
Supplies	6,444	607
Capital outlay	868	60
Payments to other districts	338,238	314,149
Miscellaneous	308	-
	<u>564,653</u>	<u>476,855</u>
Psychological services:		
Purchased services	155	97
Supplies	6,196	6,180
Payments to other districts	440,328	489,331
	<u>446,679</u>	<u>495,608</u>

(Continued)

**ROCKFORD PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedule of Expenditures**  
**For the years ended June 30, 2022 and 2021**

	2022	2021
Speech pathology services:		
Salaries	\$ -	\$ 28,169
Employee benefits	236	14,820
Purchased services	182	228
Supplies	1,917	2,150
Payments to other districts	910,858	726,702
	<u>913,193</u>	<u>772,069</u>
Social worker services:		
Salaries	30,012	49,726
Employee benefits	15,852	30,739
Purchased services	78	631
Supplies	1,377	1,728
Payments to other districts	1,115,328	904,230
	<u>1,162,647</u>	<u>987,054</u>
Teacher consultant services:		
Salaries	16,049	42,809
Employee benefits	7,022	9,406
Supplies	214	793
Payments to other districts	453,223	340,364
	<u>476,508</u>	<u>393,372</u>
Other pupil services:		
Salaries	156,438	74,217
Employee benefits	122,877	62,807
	<u>279,315</u>	<u>137,024</u>
Total pupil services	5,531,458	4,828,824
Instructional staff services:		
Improvement of instruction:		
Salaries	363,268	257,180
Employee benefits	256,205	170,942
Purchased services	613,641	97,465
Supplies	1,175,405	223,859
Miscellaneous	330	15,635
	<u>2,408,849</u>	<u>765,081</u>
Library:		
Salaries	516,343	462,134
Employee benefits	335,267	297,318
Purchased services	-	813
Supplies	126,576	89,608
Capital outlay	352	-
	<u>978,538</u>	<u>849,873</u>
Educational television:		
Purchased services	8,410	1,325
	<u>8,410</u>	<u>1,325</u>
Instructional technology:		
Salaries	513,469	403,634
Employee benefits	355,813	274,902
Purchased services	380	240
Supplies	5,565	320
	<u>875,227</u>	<u>679,096</u>

(Continued)

**ROCKFORD PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedule of Expenditures**  
**For the years ended June 30, 2022 and 2021**

	2022	2021
Supervision and direction of instruction:		
Salaries	\$ 234,316	\$ 216,665
Employee benefits	154,730	137,162
Purchased services	15,113	17,271
Supplies	54,371	12,931
Capital outlay	552	-
Miscellaneous	210	-
	<u>459,292</u>	<u>384,029</u>
Total instructional staff services	4,730,316	2,679,404
General administrative services:		
Board of education:		
Purchased services	276,312	167,525
Supplies	11,760	6,496
Miscellaneous	10,669	11,561
	<u>298,741</u>	<u>185,582</u>
Executive administration:		
Salaries	346,164	374,201
Employee benefits	140,119	181,512
Purchased services	17,353	25,622
Supplies	3,806	4,979
Miscellaneous	6,949	4,115
Capital outlay	149	-
	<u>514,540</u>	<u>590,429</u>
Total general administrative services	813,281	776,011
School administrative services:		
Office of the principal:		
Salaries	3,054,869	2,961,685
Employee benefits	2,269,993	2,163,450
Purchased services	11,105	6,993
Supplies	33,689	24,182
Capital outlay	21	1,198
Miscellaneous	6,493	2,980
	<u>5,376,170</u>	<u>5,160,488</u>
Total school administrative services	5,376,170	5,160,488
Business services:		
Fiscal services:		
Salaries	636,949	577,670
Employee benefits	570,161	504,206
Purchased services	76,752	66,111
Supplies	91,029	74,738
Capital outlay	-	94
Miscellaneous	1,051	390
	<u>1,375,942</u>	<u>1,223,209</u>
Total business services	1,375,942	1,223,209
Internal services:		
Salaries	37,186	35,021
Employee benefits	34,755	32,870
Purchased services	91,108	94,329
Supplies	52,811	56,833
	<u>215,860</u>	<u>219,053</u>
Total internal services	215,860	219,053

(Continued)

**ROCKFORD PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedule of Expenditures**  
**For the years ended June 30, 2022 and 2021**

	2022	2021
Other business services:		
Miscellaneous	\$ 169,690	\$ 131,474
Total business services	<u>1,761,492</u>	<u>1,573,736</u>
Operation and maintenance services:		
Operation and maintenance:		
Salaries	2,226,466	2,275,983
Employee benefits	1,746,850	1,731,162
Purchased services	1,673,606	1,404,479
Supplies	2,371,072	3,985,497
Capital outlay	36,841	45,852
Miscellaneous	2,300	3,559
	<u>8,057,135</u>	<u>9,446,532</u>
Security services:		
Salaries	344,270	288,711
Employee benefits	246,662	220,268
Purchased services	102,279	111,764
Capital outlay	100	-
	<u>693,311</u>	<u>620,743</u>
Total operation and maintenance services	<u>8,750,446</u>	<u>10,067,275</u>
Pupil transportation services:		
Pupil transportation:		
Salaries	1,623,869	1,413,452
Employee benefits	1,123,321	1,012,634
Purchased services	220,219	156,495
Supplies	645,465	374,236
Capital outlay	35,725	4,829
Miscellaneous	1,427	1,661
Payments to other districts	772,470	798,118
Total pupil transportation services	<u>4,422,496</u>	<u>3,761,425</u>
Central services:		
Personnel services:		
Salaries	282,541	297,660
Employee benefits	267,063	275,637
Purchased services	235,092	55,730
Supplies	18,976	29,538
Capital outlay	4,950	-
Miscellaneous	6,491	12,399
	<u>815,113</u>	<u>670,964</u>
Operational technology services:		
Salaries	637,230	620,876
Employee benefits	453,164	439,918
Purchased services	578,377	657,216
Supplies	25,149	26,366
Capital outlay	21,887	-
Miscellaneous	11,388	1,105
	<u>1,727,195</u>	<u>1,745,481</u>
Total central services	<u>2,542,308</u>	<u>2,416,445</u>

(Continued)

**ROCKFORD PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedule of Expenditures**  
**For the years ended June 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
Other supporting services:		
Athletics:		
Salaries	\$ 906,369	\$ 817,133
Employee benefits	501,721	454,151
Purchased services	235,036	159,973
Supplies	124,698	103,177
Capital outlay	22,148	57,578
Miscellaneous	55,474	15,641
Total other supporting services	<u>1,845,446</u>	<u>1,607,653</u>
Total supporting services	35,773,413	32,871,261
Community services:		
Community education, pool and CDL testing:		
Salaries	162,961	166,718
Employee benefits	78,728	99,475
Purchased services	2,146	2,350
Supplies	4,506	174
	<u>248,341</u>	<u>268,717</u>
Leisure time activities:		
Salaries	571,260	426,926
Employee benefits	390,769	299,561
Purchased services	148,355	76,232
Supplies	75,268	76,534
Miscellaneous	19,086	5,349
	<u>1,204,738</u>	<u>884,602</u>
Custody and care of children:		
Salaries	1,086,988	1,031,398
Employee benefits	541,021	514,086
Purchased services	125,752	87,588
Supplies	34,371	20,238
Capital outlay	7,986	5,573
Miscellaneous	300	-
	<u>1,796,418</u>	<u>1,658,883</u>
Non-Public School Pupils:		
Salaries	5,140	-
Employee benefits	2,686	-
Purchased services	10,103	-
Supplies	4,053	-
	<u>21,982</u>	<u>-</u>
Total community services	<u>3,271,479</u>	<u>2,812,202</u>
Debt service:		
Principal repayment	-	105,000
Interest and fiscal charges	-	4,673
Total debt service	<u>-</u>	<u>109,673</u>
<b>Total Expenditures</b>	<u><u>\$ 97,095,509</u></u>	<u><u>\$ 90,162,159</u></u>

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**NONMAJOR GOVERNMENTAL FUNDS**

**ROCKFORD PUBLIC SCHOOLS**  
**Combining Balance Sheet - Nonmajor Governmental Funds**  
**June 30, 2022**

	Special Revenue			Debt Service
	Food Service	Public Purpose Trust	Student/School Activity	2014
<b>Assets</b>				
Cash	\$ 1,500	\$ -	\$ -	\$ -
Cash equivalents, deposits and investments	1,368,742	471,833	886,306	245,063
Due from other funds	51,227	-	69,788	-
Inventory	38,327	-	-	-
Prepaid expenditures	3,275	-	-	-
<b>Total Assets</b>	<b>\$ 1,463,071</b>	<b>\$ 471,833</b>	<b>\$ 956,094</b>	<b>\$ 245,063</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 21,657	\$ -	\$ -	\$ -
Due to other funds	134,451	-	20	-
Payroll withholdings payable	9,246	-	-	-
<b>Total Liabilities</b>	<b>165,354</b>	<b>-</b>	<b>20</b>	<b>-</b>
<b>Fund Balances</b>				
Nonspendable	41,602	-	-	-
Restricted	1,256,115	471,833	956,074	245,063
<b>Total Fund Balances</b>	<b>1,297,717</b>	<b>471,833</b>	<b>956,074</b>	<b>245,063</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,463,071</b>	<b>\$ 471,833</b>	<b>\$ 956,094</b>	<b>\$ 245,063</b>

Debt Service			Capital Projects		Total
2015	2016	2019	2016 Construction	Building and Site Sinking	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,500
378,854	576,349	523,798	-	2,246,206	6,697,151
-	-	-	-	-	121,015
-	-	-	-	-	38,327
-	-	-	-	-	3,275
<u>\$ 378,854</u>	<u>\$ 576,349</u>	<u>\$ 523,798</u>	<u>\$ -</u>	<u>\$ 2,246,206</u>	<u>\$ 6,861,268</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,657
-	-	-	-	-	134,471
-	-	-	-	-	9,246
-	-	-	-	-	165,374
-	-	-	-	-	41,602
<u>378,854</u>	<u>576,349</u>	<u>523,798</u>	<u>-</u>	<u>2,246,206</u>	<u>6,654,292</u>
<u>378,854</u>	<u>576,349</u>	<u>523,798</u>	<u>-</u>	<u>2,246,206</u>	<u>6,695,894</u>
<u>\$ 378,854</u>	<u>\$ 576,349</u>	<u>\$ 523,798</u>	<u>\$ -</u>	<u>\$ 2,246,206</u>	<u>\$ 6,861,268</u>

**ROCKFORD PUBLIC SCHOOLS**  
**Combining Statement of Revenues, Expenditures and Changes in**  
**Fund Balances - Nonmajor Governmental Funds**  
**For the year ended June 30, 2022**

	Special Revenue			Debt Service
	Food Service	Public Purpose Trust	Student/School Activity	2014
<b>Revenues</b>				
Local sources:				
Property taxes	\$ -	\$ -	\$ -	\$ 2,721,994
Interest earnings	2,136	914	-	1,542
Food sales	644,781	-	-	-
Other local sources	-	64,599	1,307,716	-
<b>Total local sources</b>	<b>646,917</b>	<b>65,513</b>	<b>1,307,716</b>	<b>2,723,536</b>
State sources	228,785	-	-	34,290
Federal sources	3,456,451	-	-	-
<b>Total Revenues</b>	<b>4,332,153</b>	<b>65,513</b>	<b>1,307,716</b>	<b>2,757,826</b>
<b>Expenditures</b>				
Current:				
Supporting services	-	63,250	1,068,280	-
Food service	3,422,445	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal repayment	-	-	-	1,444,389
Interest and fiscal charges	-	-	-	1,326,130
<b>Total Expenditures</b>	<b>3,422,445</b>	<b>63,250</b>	<b>1,068,280</b>	<b>2,770,519</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>909,708</b>	<b>2,263</b>	<b>239,436</b>	<b>(12,693)</b>
<b>Other Financing Sources (Uses)</b>				
Proceeds from refinancing debt	-	-	-	4,340,000
Transfers in	-	-	500	2,755,000
Transfers out	-	-	-	-
Payment to bond escrow agent	-	-	-	(7,245,611)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>500</b>	<b>(150,611)</b>
<b>Net Change in Fund Balances</b>	<b>909,708</b>	<b>2,263</b>	<b>239,936</b>	<b>(163,304)</b>
<b>Fund Balances, Beginning of Year, as restated (Note M)</b>	<b>388,009</b>	<b>469,570</b>	<b>716,138</b>	<b>408,367</b>
<b>Fund Balances, End of Year</b>	<b>\$ 1,297,717</b>	<b>\$ 471,833</b>	<b>\$ 956,074</b>	<b>\$ 245,063</b>

Debt Service			Capital Projects		Total
2015	2016	2019	2016 Construction	Building and Site Sinking	
\$ 2,721,866	\$ 3,506,009	\$ 6,291,589	\$ -	\$ 1,058,652	\$ 16,300,110
2,311	3,323	4,246	1	4,284	18,757
-	-	-	-	-	644,781
-	-	-	119,296	-	1,491,611
2,724,177	3,509,332	6,295,835	119,297	1,062,936	18,455,259
34,290	44,166	79,280	-	-	420,811
-	-	-	-	-	3,456,451
2,758,467	3,553,498	6,375,115	119,297	1,062,936	22,332,521
-	-	-	-	-	1,131,530
-	-	-	-	-	3,422,445
-	-	-	-	364,517	364,517
2,115,000	455,000	5,050,000	-	-	9,064,389
604,331	2,737,121	1,831,122	-	-	6,498,704
2,719,331	3,192,121	6,881,122	-	364,517	20,481,585
39,136	361,377	(506,007)	119,297	698,419	1,850,936
-	-	-	-	-	4,340,000
-	-	-	-	-	2,755,500
(500,000)	(1,255,000)	(1,000,000)	(119,297)	-	(2,874,297)
-	-	-	-	-	(7,245,611)
(500,000)	(1,255,000)	(1,000,000)	(119,297)	-	(3,024,408)
(460,864)	(893,623)	(1,506,007)	-	698,419	(1,173,472)
839,718	1,469,972	2,029,805	-	1,547,787	7,869,366
\$ 378,854	\$ 576,349	\$ 523,798	\$ -	\$ 2,246,206	\$ 6,695,894

**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, 2022**

	Budget	Actual	Variance
<b>Revenues</b>			
Local sources	\$ 571,798	\$ 646,917	\$ 75,119
State sources	187,074	228,785	41,711
Federal sources	<u>3,395,337</u>	<u>3,456,451</u>	<u>61,114</u>
<b>Total Revenues</b>	<u>4,154,209</u>	<u>4,332,153</u>	<u>177,944</u>
<b>Expenditures</b>			
Food service	<u>3,086,914</u>	<u>3,422,445</u>	<u>(335,531)</u>
<b>Net Change in Fund Balances</b>	1,067,295	909,708	(157,587)
<b>Fund Balances, Beginning of Year</b>	<u>388,009</u>	<u>388,009</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u><u>\$ 1,455,304</u></u>	<u><u>\$ 1,297,717</u></u>	<u><u>\$ (157,587)</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, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
Local sources	<u>\$ 53,300</u>	<u>\$ 65,513</u>	<u>\$ 12,213</u>
<b>Expenditures</b>			
Other supporting service	<u>54,000</u>	<u>63,250</u>	<u>(9,250)</u>
<b>Net Change in Fund Balances</b>	(700)	2,263	2,963
<b>Fund Balances, Beginning of Year</b>	<u>469,570</u>	<u>469,570</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u><u>\$ 468,870</u></u>	<u><u>\$ 471,833</u></u>	<u><u>\$ 2,963</u></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, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
Local sources	<u>\$ 1,205,186</u>	<u>\$ 1,307,716</u>	<u>\$ 102,530</u>
<b>Expenditures</b>			
Other supporting service	<u>1,040,059</u>	<u>1,068,280</u>	<u>(28,221)</u>
<b>Excess of Revenues Over Expenditures</b>	<u>165,127</u>	<u>239,436</u>	<u>74,309</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	<u>-</u>	<u>500</u>	<u>500</u>
<b>Net Change in Fund Balances</b>	<u>165,127</u>	<u>239,936</u>	<u>74,809</u>
<b>Fund Balances, Beginning of Year</b>	<u>716,138</u>	<u>716,138</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u><u>\$ 881,265</u></u>	<u><u>\$ 956,074</u></u>	<u><u>\$ 74,809</u></u>

## **SPECIAL REVENUE FUNDS**

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

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

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

**ROCKFORD PUBLIC SCHOOLS**  
**Food Service Special Revenue Fund**  
**Comparative Balance Sheet**  
**June 30, 2022 and 2021**

	2022	2021
<b>Assets</b>		
Cash	\$ 1,500	\$ 1,500
Cash equivalents, deposits and investments	1,368,742	366,780
Accounts receivable	-	2,615
Due from other funds	51,227	112,523
Inventory	38,327	48,323
Prepaid expenditures	3,275	-
	<b>\$ 1,463,071</b>	<b>\$ 531,741</b>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 21,657	\$ 10,514
Due to other funds	134,451	120,000
Payroll withholdings payable	9,246	13,218
	<b>165,354</b>	<b>143,732</b>
<b>Fund Balances</b>		
Nonspendable	41,602	48,323
Restricted	1,256,115	339,686
	<b>1,297,717</b>	<b>388,009</b>
	<b>\$ 1,463,071</b>	<b>\$ 531,741</b>

**ROCKFORD PUBLIC SCHOOLS**  
**Food Service Special Revenue Fund**  
**Comparative Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the years ended June 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>Revenues</b>		
Local sources:		
Interest earnings:		
Interest on deposits and investments	\$ 2,136	\$ 75
Sales and admissions:		
Children's lunches	-	(1,144)
Adult lunches	14,091	9,750
Ala carte	449,361	215,602
Catering	181,329	117,901
Total sales and admissions	644,781	342,109
Other local sources:		
Donations	-	6
Total local sources	646,917	342,190
State sources	228,785	208,094
Federal sources	3,456,451	2,430,973
<b>Total Revenues</b>	<u>4,332,153</u>	<u>2,981,257</u>
<b>Expenditures</b>		
Food service:		
Salaries	789,479	715,737
Employee benefits	653,706	632,725
Purchased services	147,719	149,127
Supplies	1,722,249	1,248,582
Capital outlay	104,318	5,759
Miscellaneous	4,974	11,641
<b>Total Expenditures</b>	<u>3,422,445</u>	<u>2,763,571</u>
<b>Net Change in Fund Balances</b>	909,708	217,686
<b>Fund Balances, Beginning of Year</b>	<u>388,009</u>	<u>170,323</u>
<b>Fund Balances, End of Year</b>	<u><u>\$ 1,297,717</u></u>	<u><u>\$ 388,009</u></u>

**ROCKFORD PUBLIC SCHOOLS**  
**Public Purpose Trust Special Revenue Fund**  
**Comparative Balance Sheet**  
**June 30, 2022 and 2021**

---

	2022	2021
<b>Assets</b>		
Cash equivalents, deposits and investments	\$ 471,833	\$ 469,570
<b>Liabilities and Fund Balance</b>		
<b>Liabilities</b>	\$ -	\$ -
<b>Fund Balance</b>		
Restricted	471,833	469,570
<b>Total Liabilities and Fund Balance</b>	\$ 471,833	\$ 469,570

**ROCKFORD PUBLIC SCHOOLS**  
**Public Purpose Trust Special Revenue Fund**  
**Comparative Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the years ended June 30, 2022 and 2021**

	2022	2021
<b>Revenues</b>		
Local sources:		
Interest earnings:		
Interest on deposits and investments	\$ 914	\$ 370
Other local sources:		
Donations	64,599	56,504
Total local sources	65,513	56,874
<b>Total Revenues</b>	65,513	56,874
<b>Expenditures</b>		
Current:		
Other supporting service	63,250	56,030
<b>Net Change in Fund Balance</b>	2,263	844
<b>Fund Balance, Beginning of Year</b>	469,570	468,726
<b>Fund Balance, End of Year</b>	\$ 471,833	\$ 469,570

**ROCKFORD PUBLIC SCHOOLS**  
**Student/School Activity Special Revenue Fund**  
**Comparative Balance Sheet**  
**June 30, 2022 and 2021**

	2022	2021
<b>Assets</b>		
Cash equivalents, deposits and investments	\$ 886,306	\$ 682,325
Due from other funds	69,788	33,813
<b>Total Assets</b>	<b>\$ 956,094</b>	<b>\$ 716,138</b>
 <b>Liabilities and Fund Balance</b>		
<b>Liabilities</b>		
Due to other funds	\$ 20	\$ -
<b>Fund Balance</b>		
Restricted	956,074	716,138
<b>Total Liabilities and Fund Balance</b>	<b>\$ 956,094</b>	<b>\$ 716,138</b>

**ROCKFORD PUBLIC SCHOOLS**  
**Student/School Activity Special Revenue Fund**  
**Comparative Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the years ended June 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>Revenues</b>		
Local sources:		
Admissions	\$ 317,736	\$ 12,131
Merchandise sales	226,785	47,295
Donations	618,669	286,944
Other local sources	<u>144,526</u>	<u>100,787</u>
Total local sources	<u>1,307,716</u>	<u>447,157</u>
<b>Total Revenues</b>	<u>1,307,716</u>	<u>447,157</u>
<b>Expenditures</b>		
Current:		
Other student/school activity	<u>1,068,280</u>	<u>530,851</u>
<b>Excess (Deficiency) of Revenues</b>		
<b>Expenditures</b>	<u>239,436</u>	<u>(83,694)</u>
<b>Other Financing Sources (Uses)</b>		
Transfers in	<u>500</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	239,936	(83,694)
<b>Fund Balance, Beginning of Year</b>	<u>716,138</u>	<u>799,832</u>
<b>Fund Balance, End of Year</b>	<u><u>\$ 956,074</u></u>	<u><u>\$ 716,138</u></u>

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## **DEBT SERVICE FUNDS**

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

**ROCKFORD PUBLIC SCHOOLS**  
**Debt Service Funds**  
**Combining Balance Sheet**  
**June 30, 2022 (with comparative totals as of June 30, 2021)**

---

	2014	2015	2016
<b>Assets</b>			
Cash equivalents, deposits and investments	\$ 245,063	\$ 378,854	\$ 576,349
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>	\$ -	\$ -	\$ -
<b>Fund Balances</b>			
Restricted	245,063	378,854	576,349
<b>Total Liabilities and Fund Balances</b>	\$ 245,063	\$ 378,854	\$ 576,349

2019	Totals	
	2022	2021
\$ 523,798	\$ 1,724,064	\$ 4,747,862
\$ -	\$ -	\$ -
523,798	1,724,064	4,747,862
\$ 523,798	\$ 1,724,064	\$ 4,747,862

**ROCKFORD PUBLIC SCHOOLS**  
**Debt Service Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2022 (with comparative totals for the year end June 30, 2021)**

	2014	2015	2016
<b>Revenues</b>			
Local sources:			
Property taxes:			
Current property taxes	\$ 2,718,227	\$ 2,717,617	\$ 3,500,771
Industrial facilities taxes	1,010	1,010	1,301
Delinquent and other property taxes	939	1,502	1,604
Interest on delinquent taxes	1,818	1,737	2,333
	2,721,994	2,721,866	3,506,009
Interest earnings:			
Interest on deposits and investments	1,542	2,311	3,323
Total local sources	2,723,536	2,724,177	3,509,332
State sources	34,290	34,290	44,166
<b>Total Revenues</b>	<b>2,757,826</b>	<b>2,758,467</b>	<b>3,553,498</b>
<b>Expenditures</b>			
Debt service:			
Principal repayment	1,444,389	2,115,000	455,000
Interest and fiscal charges:			
Interest expense	1,325,000	603,000	2,735,550
Paying agent fees	300	500	500
Tax refunds	830	831	1,071
<b>Total Expenditures</b>	<b>2,770,519</b>	<b>2,719,331</b>	<b>3,192,121</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(12,693)</b>	<b>39,136</b>	<b>361,377</b>
<b>Other Financing Sources (Uses)</b>			
Proceeds from refinancing debt	4,340,000	-	-
Transfers in	2,755,000	-	-
Transfers out	-	(500,000)	(1,255,000)
Payment to bond escrow agent	(7,245,611)	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(150,611)</b>	<b>(500,000)</b>	<b>(1,255,000)</b>
<b>Net Change in Fund Balances</b>	<b>(163,304)</b>	<b>(460,864)</b>	<b>(893,623)</b>
<b>Fund Balances, Beginning of Year</b>	<b>408,367</b>	<b>839,718</b>	<b>1,469,972</b>
<b>Fund Balances, End of Year</b>	<b>\$ 245,063</b>	<b>\$ 378,854</b>	<b>\$ 576,349</b>

2019	Totals	
	2022	2021
\$ 6,283,920	\$ 15,220,535	\$ 14,583,208
2,336	5,657	7,261
1,894	5,939	6,897
3,439	9,327	10,208
6,291,589	15,241,458	14,607,574
4,246	11,422	5,725
6,295,835	15,252,880	14,613,299
79,280	192,026	182,250
6,375,115	15,444,906	14,795,549
5,050,000	9,064,389	8,115,000
1,828,700	6,492,250	6,851,652
500	1,800	1,800
1,922	4,654	2,509
6,881,122	15,563,093	14,970,961
(506,007)	(118,187)	(175,412)
-	4,340,000	-
-	2,755,000	-
(1,000,000)	(2,755,000)	-
-	(7,245,611)	-
(1,000,000)	(2,905,611)	-
(1,506,007)	(3,023,798)	(175,412)
2,029,805	4,747,862	4,923,274
\$ 523,798	\$ 1,724,064	\$ 4,747,862

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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, 2022 and 2021**

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	2022	2021
<b>Assets</b>		
Accounts receivable	\$ -	\$ 48,379
<b>Liabilities and Fund Balance</b>		
<b>Liabilities</b>		
Due to other funds	\$ -	\$ 48,379
<b>Fund Balance</b>		
Restricted	-	-
<b>Total Liabilities and Fund Balance</b>	\$ -	\$ 48,379

**ROCKFORD PUBLIC SCHOOLS**  
**2016 Construction Capital Projects Fund**  
**Comparative Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the years ended June 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>Revenues</b>		
Local sources:		
Interest on deposits and investments	\$ 1	\$ 1,372
Miscellaneous	119,296	167,709
<b>Total Revenues</b>	<u>119,297</u>	<u>169,081</u>
<b>Expenditures</b>		
Current:		
Capital outlay:		
Site improvement	-	6,138
Architect and engineering fees	-	139,481
Building improvement	-	2,024,118
Other facilities and acquisition	-	808,107
<b>Total Expenditures</b>	<u>-</u>	<u>2,977,844</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>119,297</u>	<u>(2,808,763)</u>
<b>Other Financing Uses</b>		
Transfers out	<u>(119,297)</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	-	(2,808,763)
<b>Fund Balance, Beginning of Year</b>	<u>-</u>	<u>2,808,763</u>
<b>Fund Balance, End of Year</b>	<u>\$ -</u>	<u>\$ -</u>

**ROCKFORD PUBLIC SCHOOLS**  
**2019 Construction Capital Projects Fund**  
**Comparative Balance Sheet**  
**June 30, 2022 and 2021**

	2022	2021
<b>Assets</b>		
Cash equivalents, deposits and investments	\$ 27,318,037	\$ 38,003,350
Due from other funds	-	507,811
<b>Total Assets</b>	<b>\$ 27,318,037</b>	<b>\$ 38,511,161</b>
<b>Liabilities and Fund Balance</b>		
<b>Liabilities</b>		
Accounts payable	\$ 2,969,269	\$ 1,069,435
<b>Fund Balance</b>		
Restricted	24,348,768	37,441,726
<b>Total Liabilities and Fund Balance</b>	<b>\$ 27,318,037</b>	<b>\$ 38,511,161</b>

**ROCKFORD PUBLIC SCHOOLS**  
**2019 Construction Capital Projects Fund**  
**Comparative Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the years ended June 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>Revenues</b>		
Local sources:		
Interest on deposits and investments	\$ 60,506	\$ 40,689
Other local sources	45,809	-
<b>Total Revenues</b>	<u>106,315</u>	<u>40,689</u>
<b>Expenditures</b>		
Current:		
Supporting:		
Pupil transportation	658,742	638,925
Operations and maintenance	34,120	7,762
Capital Outlay:		
Site improvement	38,000	4,130
Architecture and engineering services	352,420	616,307
Building improvement	8,272,453	7,282,915
Other facilities and acquisition	<u>3,962,835</u>	<u>4,032,505</u>
<b>Total Expenditures</b>	<u>13,318,570</u>	<u>12,582,544</u>
<b>Deficiency of Revenues Over Expenditures</b>	(13,212,255)	(12,541,855)
<b>Other Financing Sources</b>		
Transfers in	<u>119,297</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	(13,092,958)	(12,541,855)
<b>Fund Balance, Beginning of Year</b>	<u>37,441,726</u>	<u>49,983,581</u>
<b>Fund Balance, End of Year</b>	<u><u>\$ 24,348,768</u></u>	<u><u>\$ 37,441,726</u></u>

**ROCKFORD PUBLIC SCHOOLS**  
**Building and Site Sinking Capital Projects Fund**  
**Comparative Balance Sheet**  
**June 30, 2022 and 2021**

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	<u>2022</u>	<u>2021</u>
<b>Assets</b>		
Cash equivalents, deposits and investments	<u>\$ 2,246,206</u>	<u>\$ 2,007,219</u>
<b>Liabilities and Fund Balance</b>		
<b>Liabilities</b>		
Due to other funds	<u>\$ -</u>	<u>\$ 459,432</u>
<b>Fund Balance</b>		
Restricted	<u>2,246,206</u>	<u>1,547,787</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 2,246,206</u>	<u>\$ 2,007,219</u>

**ROCKFORD PUBLIC SCHOOLS**  
**Building and Site Sinking Capital Projects Fund**  
**Comparative Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the years ended June 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>Revenues</b>		
Local sources:		
Property taxes	\$ 1,058,652	\$ 1,021,383
Interest on deposits and investments	4,284	1,024
<b>Total Revenues</b>	<u>1,062,936</u>	<u>1,022,407</u>
<b>Expenditures</b>		
Capital outlay:		
Building improvement	361,844	84,368
Professional and technical services	2,350	-
Other facilities and acquisition	323	375,125
<b>Total Expenditures</b>	<u>364,517</u>	<u>459,493</u>
<b>Net Change in Fund Balance</b>	698,419	562,914
<b>Fund Balance, Beginning of Year</b>	<u>1,547,787</u>	<u>984,873</u>
<b>Fund Balance, End of Year</b>	<u><u>\$ 2,246,206</u></u>	<u><u>\$ 1,547,787</u></u>

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## **OTHER INFORMATION**

**ROCKFORD PUBLIC SCHOOLS**  
**Summary of 2021 Taxes Levied and Collected**  
**For the year ended June 30, 2022**

	County of Kent			
	City of Rockford	Algoma	Cannon	Townships Courtland
<b>Taxable Valuations</b>				
Operating	\$ 80,434,052	\$ 60,947,794	\$ 77,564,639	\$ 23,680,921
Recreation/Debt Service	267,123,095	272,459,714	767,375,050	276,880,423
<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 2021 Rolls</b>				
General Fund - Operating	\$ 1,402,684	\$ 1,076,440	\$ 1,347,607	\$ 408,830
General Fund - Recreation	247,861	252,509	711,655	256,954
2014 Debt Service Fund	334,023	340,039	958,348	346,029
2015 Debt Service Fund	334,023	340,039	958,348	346,029
2016 Debt Service Fund	430,221	437,971	1,234,353	445,685
2019 Debt Service Fund	772,260	786,171	2,215,702	800,018
Sinking Fund	129,551	132,652	373,854	134,985
	<u>3,650,623</u>	<u>3,365,822</u>	<u>7,799,868</u>	<u>2,738,529</u>
<b>Taxes Uncollected 2021 Rolls</b>				
General Fund - Operating	543	464	-	-
General Fund - Recreation	99	83	-	-
2014 Debt Service Fund	134	112	-	-
2015 Debt Service Fund	134	112	-	-
2016 Debt Service Fund	172	144	-	-
2019 Debt Service Fund	309	258	-	-
Sinking Fund	52	43	-	-
	<u>1,444</u>	<u>1,217</u>	<u>-</u>	<u>-</u>
<b>Taxes Collected 2021 Rolls</b>				
General Fund - Operating	1,402,141	1,075,976	1,347,607	408,830
General Fund - Recreation	247,762	252,426	711,655	256,954
2014 Debt Service Fund	333,889	339,928	958,348	346,029
2015 Debt Service Fund	333,889	339,928	958,348	346,029
2016 Debt Service Fund	430,049	437,827	1,234,353	445,685
2019 Debt Service Fund	771,951	785,913	2,215,702	800,018
Sinking Fund	129,499	132,608	373,854	134,985
	<u>3,649,179</u>	<u>3,364,606</u>	<u>7,799,868</u>	<u>2,738,529</u>

(Continued)

Grattan	Oakfield	Plainfield	Total
\$ 2,425,681	\$ 580,803	\$ 101,221,719	\$ 346,855,609
27,643,643	6,664,558	555,766,276	2,173,912,759

17.1924  
0.9283  
1.2500  
1.2500  
1.6100  
2.8900  
0.4877  


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25.6084

\$ 41,703	\$ 10,181	\$ 1,776,513	\$ 6,063,958
25,821	6,129	513,781	2,014,710
34,772	8,254	691,921	2,713,387
34,772	8,254	691,921	2,713,387
44,786	10,632	891,194	3,494,842
80,392	19,084	1,599,722	6,273,350
13,564	3,220	269,890	1,057,715
<u>275,810</u>	<u>65,754</u>	<u>6,434,942</u>	<u>24,331,348</u>

-	-	860	1,867
-	-	154	336
-	-	207	453
-	-	207	453
-	-	267	583
-	-	479	1,047
-	-	81	176
<u>-</u>	<u>-</u>	<u>2,254</u>	<u>4,915</u>

41,703	10,181	1,775,653	6,062,091
25,821	6,129	513,627	2,014,374
34,772	8,254	691,714	2,712,934
34,772	8,254	691,714	2,712,934
44,786	10,632	890,928	3,494,259
80,392	19,084	1,599,243	6,272,303
13,564	3,220	269,809	1,057,539
<u>275,810</u>	<u>65,754</u>	<u>6,432,688</u>	<u>24,326,433</u>

**ROCKFORD PUBLIC SCHOOLS**  
**Summary of 2021 Taxes Levied and Collected**  
**For the year ended June 30, 2022 (Continued)**

	City of			County of Kent
	Rockford	Algoma	Cannon	Townships Courtland
<b>Delinquent Taxes Collected</b>				
General Fund	\$ 3,541	\$ 615	\$ -	\$ -
2014 Debt Service Fund	317	93	-	-
2015 Debt Service Fund	339	118	-	-
2016 Debt Service Fund	245	76	-	-
2019 Debt Service Fund	26	322	-	-
Sinking Fund	4	47	-	-
	4,473	1,271	-	-
<b>Total Taxes Collected</b>				
General Fund - Operating	1,405,682	1,076,590	1,347,607	408,830
General Fund - Recreation	247,762	252,426	711,655	256,954
2014 Debt Service Fund	334,206	340,021	958,348	346,029
2015 Debt Service Fund	334,228	340,046	958,348	346,029
2016 Debt Service Fund	430,294	437,903	1,234,353	445,685
2019 Debt Service Fund	771,977	786,235	2,215,702	800,018
Sinking Fund	129,503	132,656	373,854	134,985
	\$ 3,653,652	\$ 3,365,876	\$ 7,799,868	\$ 2,738,529

<u>Grattan</u>	<u>Oakfield</u>	<u>Plainfield</u>	<u>Total</u>
\$ -	\$ -	\$ 851	\$ 5,007
-	-	529	939
-	-	490	947
-	-	367	687
-	-	1,546	1,894
-	-	111	162
-	-	3,894	9,637
41,703	10,181	1,776,504	6,067,097
25,821	6,129	513,627	2,014,374
34,772	8,254	692,243	2,713,873
34,772	8,254	692,204	2,713,881
44,786	10,632	891,294	3,494,946
80,392	19,084	1,600,788	6,274,197
13,564	3,220	269,920	1,057,701
<u>\$ 275,810</u>	<u>\$ 65,754</u>	<u>\$ 6,436,581</u>	<u>\$ 24,336,070</u>