



# Comprehensive Annual Financial Report

as of and for the year ended June 30, 2016



## Officials Issuing Report

Dr. Ehren Jarrett, Superintendent

Mr. Martin McConahay, Interim Chief Financial Officer

## Department Issuing Report

Finance

**ROCKFORD PUBLIC SCHOOLS,  
DISTRICT #205  
ROCKFORD, ILLINOIS**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

For the Fiscal Year Ended  
June 30, 2016

Prepared by:

Dr. Ehren Jarrett, Superintendent  
Martin McConahay, Interim Chief Financial Officer

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**  
**TABLE OF CONTENTS**

---

	<u>Page(s)</u>
<b>INTRODUCTORY SECTION</b>	
Principal Officers .....	i-iii
Organizational Chart .....	iv
Transmittal Letter.....	v-xiv
<b>FINANCIAL SECTION</b>	
INDEPENDENT AUDITOR’S REPORT .....	1-3
GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS	
Management’s Discussion and Analysis.....	4-15
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position .....	16-17
Statement of Activities .....	18-19
Fund Financial Statements	
Governmental Funds	
Balance Sheet.....	20-21
Reconciliation of Fund Balance of Governmental Funds to the Governmental Activities in the Statement of Net Position.....	22
Statement of Revenues, Expenditures and Changes in Fund Balances .....	23-24
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities .....	25

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**  
TABLE OF CONTENTS (Continued)

---

Page(s)

**FINANCIAL SECTION (Continued)**

**GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS (Continued)**

Basic Financial Statements (Continued)

Fund Financial Statements (Continued)

Proprietary Funds

Statement of Net Position .....	26
Statement of Revenues, Expenses and Changes in Net Position.....	27
Statement of Cash Flows .....	28

Fiduciary Funds

Statement of Fiduciary Assets and Liabilities - Agency Fund .....	29
---	----

Notes to Financial Statements .....	30-69
-------------------------------------	-------

Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	
General Fund .....	70-82
Operations and Maintenance Fund .....	83-84
Transportation Fund .....	85-86
Municipal Retirement/Social Security Fund .....	87-88
Tort Immunity Fund .....	89
Schedule of Funding Progress	
Other Postemployment Benefit Plan .....	90
Schedule of Employer Contributions	
Illinois Municipal Retirement Fund .....	91
Other Postemployment Benefit Plan .....	92
Teachers' Retirement System of the State of Illinois .....	93
Schedule of Changes in the Employer's Net Pension Liability and Related Ratios	
Illinois Municipal Retirement Fund .....	94
Schedule of the District's Proportionate Share of the Net Pension Liability	
Teachers' Retirement System of the State of Illinois .....	95
Notes to Required Supplementary Information .....	96-97

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**  
**TABLE OF CONTENTS (Continued)**

---

Page(s)

**FINANCIAL SECTION (Continued)**

**SUPPLEMENTARY INFORMATION**

Schedule of Revenues, Expenditures and Changes in Fund Balances Operating Funds .....	98
---	----

**MAJOR DEBT SERVICE AND CAPITAL PROJECTS FUNDS**

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Debt Service Fund .....	99
Capital Projects Fund .....	100
Fire Prevention and Life Safety Fund .....	101

**MAJOR GOVERNMENTAL FUNDS**

General Fund Combining Balance Sheet - by Account .....	102
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - by Account .....	103
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Educational Accounts .....	104-115
Working Cash Accounts .....	116
Educational Accounts Combining Balance Sheet - by Subaccount .....	117-118
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - by Subaccount .....	119-120

**STATISTICAL SECTION**

Financial Trends Net Position by Component .....	121-122
Expenses, Program Revenues and Net Revenue (Expense).....	123-126
General Revenues and Total Change in Net Position .....	127-128
Fund Balances, Governmental Funds .....	129-130
Governmental Funds Revenues .....	131-132
Governmental Funds Expenditures and Debt Service Ratio.....	133-134
Other Financing Sources and Uses and Net Changes in Fund Balances .....	135-136
Revenue Capacity Assessed Value and Actual Value of Taxable Property.....	137
Direct and Overlapping Property Tax Rates .....	138
Principal Property Taxpayers.....	139
Property Tax Levies and Collections .....	140

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**  
TABLE OF CONTENTS (Continued)

---

	<u>Page(s)</u>
<b>STATISTICAL SECTION (Continued)</b>	
Debt Capacity	
Outstanding Debt by Type .....	141
Computation of Direct and Overlapping Governmental Activities Debt.....	142
Legal Debt Margin Information .....	143
Pledged Revenue Coverage - Alternate Revenue Source - Qualified School Construction Bonds.....	144
Demographic and Economic Information	
Demographic and Economic Information .....	145
Principal Employers .....	146
Operating Information	
Full-Time Equivalent District Employees by Type .....	147
Operating Statistics .....	148
Capital Asset Information .....	149
State of Illinois Standardized Test Summary .....	150-151

# Introductory Section

as of and for the year ended June 30, 2016



## **List of Principal Officers**

### ROCKFORD PUBLIC SCHOOLS CABINET MEMBERS AND PRINCIPALS

Superintendent	Dr. Ehren Jarrett
Attorney	Lori Hoadley
Deputy Superintendent Leadership Development	Matthew Vosberg
Chief Quality and Process Improvement Officer	Dan Woestman
Chief Human Resource Officer	Matthew Zediker/Lori Burke (Interim)
Chief Financial Officer	Martin McConahay (Interim)
Chief Operating Officer	Todd Schmidt
Chief Academic Officer	TBD
Chief Communications and Community Engagement Officer	Earl Dotson, Jr.
Assistant Superintendent Elementary	Vicki Jacobson
Assistant Superintendent Secondary	Theodore “Chip” Hickman
Executive Director of Elementary and Special Programs	Diana Alt
Executive Director of Special Education	Colleen Cyrus
Executive Director of Finance	MeriAnn Besonen
Executive Director of Budget & Purchasing	Stacie Talbert Scott
Executive Director of Student Services Differential: Instruction, Interventions, Enrichment	Angela Hite-Carter
Executive Director of Innovation & Improvement	Dr. Travis Woulfe
Executive Director of Talent Acquisition	Jason Grey
Executive Director of Certified Talent Acquisition	Ann Baddoo
Executive Director of College & Career PK-12, ROTC	Dave Carson
Executive Director of Bilingual	Lisa Ambroiggio
Executive Director of Early Childhood	Kim Nelson
Executive Director of Transportation	Gregg Wilson
Executive Director of Nutrition Services	TBD
Executive Director of Design and Construction	Kevin Behling
Executive Director of Technology	Margaret Ryan
Director of Athletics	Mat Parker
Director of Research	Tiffany Agustin
Director of Fine Arts	Bonnie Spurling
Director of Special Programs	Heather Psaltis
Director of Student Support	Alex Brewington
Director of Special Education	Kathleen Kreller
Director of Special Education	Erin Pittman
Director of Security Services	Fred Diehl
Director of Payroll	Patricia Rohde
Director of Employee Relations and Labor Law	Katie Redwine/Sarah Abate
Director of Certified Talent Development (Leadership)	Ashleigh Van Thiel
Director of Teacher Effectiveness	Charo Chaney
Director of Early Childhood	Cherice Fuller
Director of K-12 Curriculum & Assessment/Common Unit Plans	Heidi Dettman



Grants and Entitlement Director  
Director of Strategic Alignment  
Director of Continuous Improvement

Monique McClurge  
Kelly Monson  
Susan Fumo

**Principals**

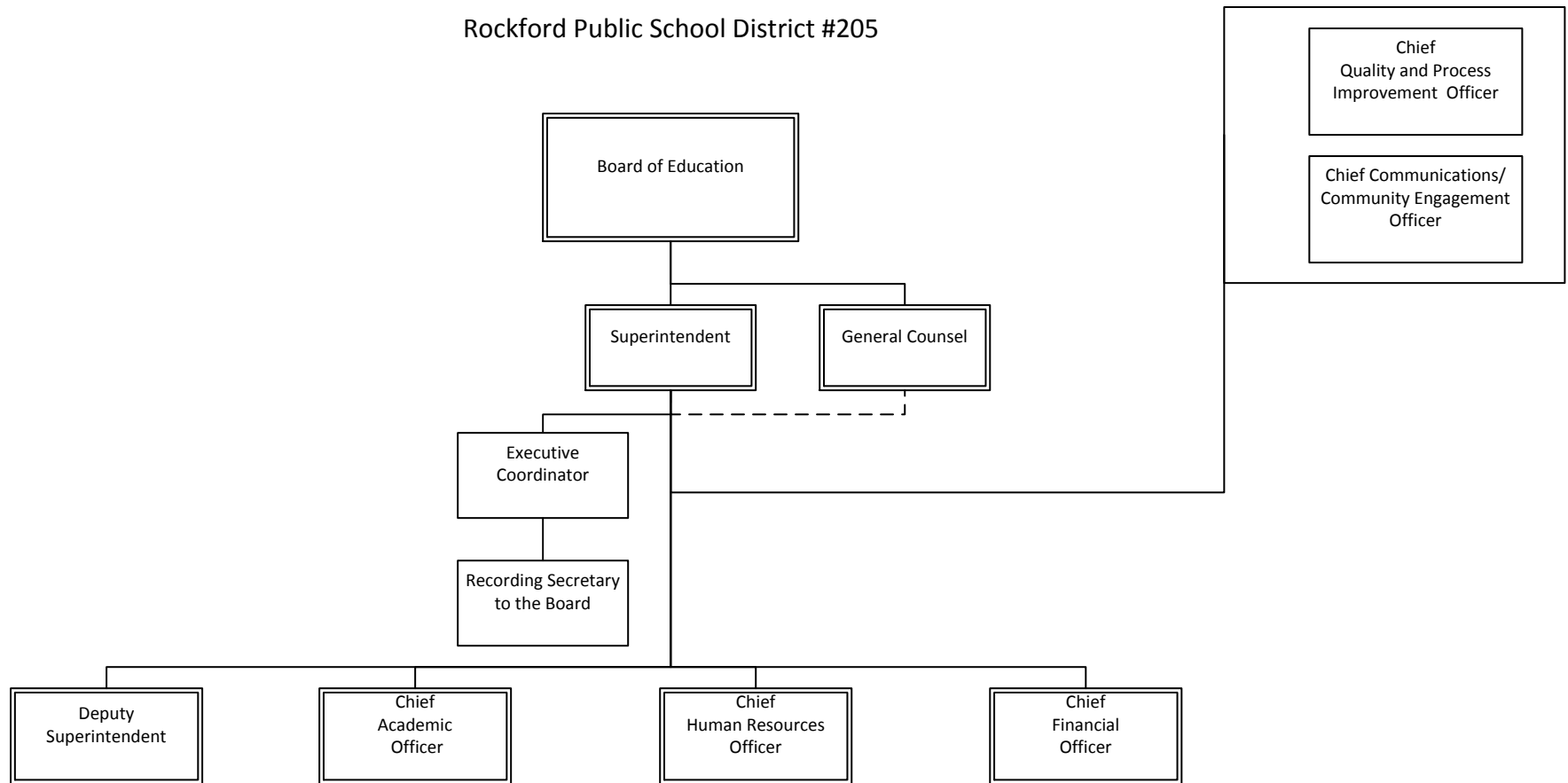
Auburn High School  
Barbour Elementary School  
Beyer Elementary School  
Bloom Elementary School  
Brookview Elementary School  
Carlson Elementary School  
Cherry Valley  
Conklin Elementary School  
Dennis Early Childhood  
East High School  
Eisenhower Middle School  
Ellis Arts Academy  
Fairview Early Childhood  
Flinn Middle School  
Froberg Elementary School  
Gregory Elementary School  
Guilford High School  
Haskell Elementary School  
Hillman Elementary School  
Jefferson High School  
Johnson Elementary School  
Kennedy Middle School  
King Elementary School  
Kishwaukee Elementary School  
Lathrop Elementary School  
Lewis Lemon Elementary School  
Lincoln Middle School  
Marsh Elementary School  
Marshall Middle School  
McIntosh Elementary School  
Montessori Elementary School  
Nashold Elementary School  
Nelson Elementary School  
RESA Middle School  
Riverdahl Elementary School  
Rolling Green Elementary School  
Roosevelt Alternative High School  
Spring Creek Elementary School  
Summerdale Early Childhood School  
Thompson Elementary School  
Walker Elementary School  
Washington Elementary School

Janice Hawkins  
James Robinette  
Christine Smith  
Heather Novak  
Carol Jeschke  
Dave Nold  
Vicki Kested  
Jan Johnson  
George Richardson  
Peter Verona  
Jeffrey Carlson  
Martina Smith  
Darcy Dunn  
Randy Bay  
Christina Ulferts  
Kristine Leider  
Jennifer Lawrence  
Loree Leathers  
Carolyn Kloss  
Don Rundall  
Amber Miller  
Renneth Richardson  
Joyann Kirschbaum  
Aimee Kasper  
Penny El-Azhari  
Steve Francisco  
Jason Grey  
Kristine Leider  
Jill Faber  
Al Gagliano  
Candice Collins  
Holly Lyman  
Rene Mandujano  
William Ady  
Teresa Schneider  
Rori Regan  
Heidi Houy  
Ray Owens  
Kristin Martin-Fry  
Emma Gipson  
Matthew Lerner  
James Parker

Welsh Elementary School  
West Middle School  
West View Elementary School  
White Swan Elementary School  
Whitehead Elementary School  
Wilson ASPIRE

Matthew Lerner  
Maurice Davis  
Veronica Bazan  
Pamela Nichols  
Pam Miner  
Angela Rieke

# Rockford Public School District #205





November 15, 2016

President and Members of the Board of Education  
and Citizens of Rockford Public School District No. 205  
Rockford, Illinois

Financial Services  
Rockford, IL 61104  
Phone (815)966-3069  
[www.RPS205.com](http://www.RPS205.com)

The Comprehensive Annual Financial Report (CAFR) of Rockford Public Schools District No. 205 (the District), Rockford, Illinois, as of and for the year ended June 30, 2016, is submitted herewith. Responsibility for the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the District. We believe the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the District as shown by the disclosure of all financial activity of its various funds; and that all disclosures necessary for public understanding of the District's financial status have been incorporated within this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

### **Financial Statements**

The CAFR includes all funds and account groups of the District and is presented in three sections: Introductory, Financial, and Statistical. The *Introductory* section includes this transmittal letter, the District's organization chart, and a list of principal officers and elected officials. The *Financial* section includes the independent auditor's report on financial statements and schedules, Management's Discussion and Analysis (MD&A), basic financial statements and required supplemental information such as the combining and individual fund financial statements and schedules. The *Statistical* section includes selected financial and demographic information, generally presented on a multi-year basis.

The District is required to undergo an annual single audit in conformity with the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Information related to this single audit, including a schedule of federal financial assistance and the independent auditor's reports on the internal control structure and on compliance with applicable laws and regulations, is included under separate cover.

The financial reporting entity of the District is to include the District, as the primary government organization for which the District is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusions would cause the District's financial statements to be misleading or incomplete. Based on these entities there are no other organizations or agencies whose financial statements should be combined with the general purpose financial statements of the District.

### **Reporting Entity and Its Services**

The Rockford Public School District covers about 170 square miles (440 km<sup>2</sup>) and serves over 28,000 students. It is the among the largest school districts in the state of Illinois, with 31 elementary schools, 8 middle schools, 4 high schools (Jefferson, Guilford, Rockford East High School, and Auburn), an alternative high school, Roosevelt, 3 early childhood centers (Summerdale, Dennis and Fairview) and 3 charter schools. The District is primarily in Winnebago County with a small section in Boone County.

The District's 3,644 full-time equivalent employees (1,569 teachers, 348 certified support, 1,533 non-certified staff, and 194 administrators) served 28,689 students for the 2016 school year, with expenditures totaling \$451.3 million. Of the \$451.3 million total expenditures, \$54.6 million of expenses were capital projects and bond and interest payments and were paid from Construction and Life Safety Funds and Debt Service Funds.

The governing body consists of a seven-member Board of Education elected from within seven sub District boundaries for four-year overlapping terms. The Superintendent and staff administer day-to-day operations.

### **Board of Education**

<u>OFFICIAL</u>	<u>POSITION</u>	<u>TERM EXPIRES</u>
Kenneth Scrivano	President	April 2017
Jude Makulec	Vice President	April 2019
Lisa Jackson	Secretary	April 2017
Michael Connor	Member	April 2017
Tim Rollins	Member	April 2019
Jaime Escobedo	Member (seated on 9/22/2015)	April 2017
David Seigel	Member (seated on 2/9/2016)	April 2017
Laura Powers	Member	Resigned August 2015
Michael Harner	Member	Resigned January 2016

Based on the legislative authority codified in Illinois School Code, the Board of Education has the following power:

- The corporate power to sue and be sued in all courts.
- The power to levy and collect taxes and to issue bonds.
- The power to contract for appointed administrators, teachers, and other personnel as well as for goods and services.

### **Mission and Strategic Goals**

Rockford Public School District's mission is to "Collaboratively engage all students in a world class education." The RPS205 Strategic Plan was a collaboration of approximately 60 stakeholders, including representation from the school board, the teachers' association, the paraprofessional association, the administrative assistant association, community leaders, administrators, parents, and students. Implementation of this Strategic Plan began in the 2015-2016 school year. The plan identifies five major goal areas for the District and nine key strategies that define and prioritize work for District staff and partners over a five-year period.

- ***Goal One – Growth and Achievement***  
The focus of Goal 1 is to ensure students are college and career ready. This goal contains measures on student growth, student experiences and skill development, academic benchmarks and social and emotional learning—all related to the goal of college and career readiness.
- ***Goal Two – Engaging Partnerships***  
The focus of Goal 2 is to engage families and the community as vital partners in the education process. This goal contains measures on family engagement and satisfaction, community contributions, and community satisfaction.
- ***Goal Three – Optimal Climate***  
The focus of Goal 3 is to ensure a productive and satisfying climate for learning and teaching. This goal contains measures on student behavior and satisfaction, staff engagement and satisfaction, collaborative environment and learning environment.
- ***Goal Four – Quality Staff***  
The focus of Goal 4 is to attract, develop, and retain a high quality, diverse, and accountable workforce. This goal contains measures on hiring diverse and high quality staff; the commitment, motivation and quality of staff; and continuous improvement throughout the organization.
- ***Goal Five – Fiscal & Operational Stewardship***  
The focus of Goal 5 is to demonstrate effective and efficient business operations and ensure excellent stewardship of public money. This goal contains measures on financial stewardship, sustainable operating practices, streamlining business practices and eliminating waste, and financial recognition from the state of Illinois.

## **Strategic Plan – Strategies**

To support the achievement of Goals One through Five of the RPS 205 Strategic Plan, the following nine *Strategies* were identified:

***Strategy one*** is to align curriculum, instruction, and interventions with unit and course assessments across grade levels and schools to guarantee a rigorous, consistent set of learning expectations for students. Financial resources have been allocated to bring in content experts that will facilitate the framework for this work. Central office FTEs have been adjusted to focus on curriculum and assessment alignment work. The major theme throughout the strategic plan is collaboration and shared work with teachers. Teachers will be involved with much of the work developing and aligning curriculum. As a result, the District has financially committed through the budget development process for significant dollars for guest teachers. This will ensure full time teachers the necessary release opportunities to be actively engaged and involved in the work of strategies one and two.

***Strategy two*** is to differentiate instruction and provide additional time and support for students who are struggling and students who need to be challenged. The key concepts are to use unit or course assessment data to drive instructional decision-making; use specialists in English Language Learning, reading, math, social work, psychology, nursing and counseling; use flexible grouping of students, co-teaching and research-based collaborations; employ problem-solving teams; and establish entrance and exit learning outcomes for all interventions.

***Strategy three*** is improving customer service between the District, families and the community to foster confidence, respect, and continuous improvement for the system. Resources will continue to be allocated to the Communications and Community Engagement Department to ensure that parents and community members are partners in the education process. We are committed to the education of parents, increasing community involvement and connecting volunteers to our schools. Our goal is to ensure that parents and the Rockford community are a critical part of contributing to the success of each child.

***Strategy four*** is related to curriculum, but deals specifically with social emotional learning and 21<sup>st</sup> Century skills. While much of the work in strategy four will be aligned with that of one and two, it is important to note the voice of the community to support 21<sup>st</sup> Century skills through the District's academy model. Resources will continue to be allocated for students in grades 8-12 to research career clusters, choose career academies, and have courses that align with specific career goals and aspirations. The financial commitment of the career academy model is significant, as it allocates continued District and school staff towards supporting the program, relies on the additional seventh period for high school students, and requires specialized professional learning and external coaching for staff.

***Strategy five*** is to maintain facilities and integrate technology into our academic and operating systems to create high-quality and innovative teaching, learning, and working environments. The 2015-2016 Budget allocates significant resources to continued support of the \$250 million capital plan, which the School Board approved in August 2012. The Budget also shows an additional allocation for refreshing technology for students and staff.

**Strategy six** is to build trust and improve relationships between the District office and its schools to foster a climate conducive to continuous improvement. Key concepts include a customer service focus from the district office to the schools and two-way decision-making structures and processes.

**Strategy seven** is to recruit, onboard, mentor, develop, evaluate, and retain employees who comprise a high-quality and diverse workforce.

**Strategy eight** uses key data indicators and measures with all employees that promote a culture of inquiry, reflection and action. That will help individuals, teams, departments, schools and the District set goals and monitor, track, and report performance.

**Strategy nine** is to proactively forecast and allocate resources that balance the needs of taxpayers and the community with the critical needs of fulfilling our mission and vision. The District's process improvement work to prioritize the exploration and improvement of efficiencies will save the District time and money in subsequent years. The District believes allocating resources to finding efficiencies now will provide for exponential savings in the future.

***Rockford Public Schools provides the following services:***

- Core Curriculum – Instruction in core curricular areas, such as math, reading, sciences, social sciences and writing, starting in pre-kindergarten through grade 12.
- Alternative Education Programs – Alternative education is a perspective, not a procedure or a program. There are many ways to become educated, and it is our belief that all students can learn. To accomplish this goal, we will provide a variety of structures and environments so that each student can find a learning venue that is sufficiently comfortable to facilitate success.
- Guidance Counseling – We will work in concert with the community to ensure that all students receive the support of a comprehensive counseling program that inspires and empowers them to make decisions, set future goals and then actively pursue them. We will continue to create and build partnerships such as our College Readiness joint venture with Rock Valley College.
- Special Education – We will provide curriculum aligned to the national standards, make decisions based on performance data and focus on the unique needs of students with disabilities to ensure they leave school well prepared for continued learning and successful employment.
- English Language Learner Education – As a District, we will narrow the achievement gap between native English speakers and English language learners by aligning existing curriculum to ensure that what is written, what is taught and what is tested moves students toward proficiency and success. Barbour Two-Way Language Immersion School, for grades K-8, is a dual-language school in which students receive 90 percent of their instruction in Spanish in kindergarten and first grade, and instructional time in English increases by 10 percent each year.
- Choice Curriculum – The District offers specialized programs of study for students who are gifted or talented or who have interests and/or abilities in creative and performing arts, environmental science and various branches of career education.



Rockford Public Schools will seek to become the schools of first choice in Rockford and do so through a thorough and consistent communication of this plan with staff, students, parents and the community. We will seek partnerships with all levels of community leaders, governmental officials, higher education and career program administrators and District planners to achieve a high level of excellence in educational services. Rockford Public Schools will serve all children and will create an atmosphere in which all children can reach their highest potential.

### **Major Initiatives and Accomplishments**

The School Board approved the Strategic Plan in February 2015. It will drive innovation and improvement in RPS 205 for the next five years. A committee of teachers, administrators, community leaders, students and parents collected feedback from more than 3,500 stakeholders to create the plan.

The high school academy concept - with its goal of College and Career Readiness - was piloted at Jefferson High School in FY 13 and was rolled out to the other high schools in FY 14. Students select one of four academy pathways: Business, Arts, Modern World Languages and Information Technology (BAMIT), Engineering, Manufacturing and Industrial Trades Technology (EMITT), Human and Public Services (HPS) and Health Sciences (HS). The coursework in the academy selected prepares students for a career in that field. The Rockford Public Schools, in conjunction with Alignment Rockford and other community partners, earned the title of Ford Next Generation Learning Community. It was one of 17 communities nationwide to achieve the distinction for its commitment to prepare students for a modern, well-paying workforce.

In part because of more student engagement resulting from a College and Career Readiness program, our ACT scores increased by approximately one point from 2012 levels. Additionally, RPS 205 students who took six semesters of AP courses scored an average of 25 on their ACT. Attendance increased to 94 percent, yielding \$1 million more in State funding. The percentage of students who participated in athletics was up 42 percent from 2011; enrollment in fine arts classes was up 25 percent from 2013-14. While the five-year graduation rate did not grow, graduation rates for African-American and Hispanic students increased 15 points.

The catalyst for all capital improvements in RPS 205 is the 10-Year Facilities Plan, which was organized during the FY 12 school year by the Operations department with input from a myriad of business professionals, administrators, teachers, parents and students. The plan is presented in Phases I through III, and all-inclusive represents needs exceeding \$311 million.

Given the identified resources available to create 21<sup>st</sup> century learning environments for students, the capital budget is developed with student safety in mind and, where possible, use of the latest state-of-the-art equipment. With a comprehensive study in hand, the capital budget is developed around the priorities of:

- Safety
- Instructional Environment
- Return on Investment
- Savings

In the fall of each year the Operations department and Design and Construction department submits to the Finance department the proposed list of projects, architect budget estimates for each project, and the proposed funding stream as a part of the capital budget development process. The proposed spending plan is submitted to the Operations Committee of the Board of Education and eventually to the full Board of Education.

Upon approval by the Board of Education, the Finance department appropriates the proposed capital spending plan in the fund, function and object to accurately capture the expenditure during budget development.

A summary of the investments by school, as well as a list of capital projects by school for the next 5 years is presented in the Financial Section of the budget document. The 10 Year Facilities Review is the cornerstone for capital budget planning for RPS205 for the next decade. All work in the Master Facility Plan is scheduled to be completed by 2019. Prior to the capital projects under the facilities plan, District buildings averaged 57 years old.

Preschool for All continues to be a goal for RPS 205. Prekindergarten and comprehensive services are provided to more than 2,000 students enrolled in Early Childhood education in the District. Students are enrolled at three early childhood centers, six elementary schools and one child care collaboration site. All three centers have been recognized with the Award of Excellence for Inclusion of Children with Special Needs from ExceleRate Illinois. All instruction is aligned with the Illinois Early Learning and Development Standards.

### **District Organization and History**

Rockford is a mid-sized city located on both banks of the Rock River in far northern Illinois. The District is located in Winnebago and Boone Counties with over 99% of its equalized assessed valuation being located within Winnebago County. The Rockford School District was formed in 1865 and is a legal body created by the statute of the state of Illinois.

The city is home to approximately 150,000 people making it the third largest city in Illinois after Chicago and Aurora. Rockford is principally a manufacturing and service community. The Rockford Public Schools is the second-largest employer in the Rockford region.

The racial makeup of the student population in FY16 was 31.6% White, 30.6% African American, 26.9% Hispanic, 4.0% Asian/Pacific Islander, 0.2% Native American, and 6.7% multi-racial.

While 83 percent of students qualify to receive free or reduced-price meals, every student in RPS 205 can receive breakfast and lunch at no cost. The District is enrolled in a federally funded alternative meal program to replace out-of-pocket costs for students and their families. RPS 205 is one of 134 Illinois districts to participate in the program, aimed at having students undistracted by an empty stomach and ready to learn.

Enrollment in the District is projected to remain stable or slightly decrease, with between 25,128 and 25,331 K-12 students enrolled through 2019-20.

## **Accounting Systems and Budgetary Control**

In developing and evaluating the District's accounting system, consideration is given to the adequacy of internal accounting controls. Such controls are designed to provide reasonable, but not absolute, assurance for the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. We believe that our internal accounting controls adequately safeguard District assets and provide reasonable assurance of the proper recording of financial data.

Budgetary control is maintained at line-item levels and built up into location, department, and program totals before being combined to create fund totals. All actual activity compared to budget is reported to the District's Administrative team and to the Board of Education monthly. The reports compare year-to-date activity versus budget and prior year actual. Full disclosures are made if extraordinary variances appear during the year. The Board of Education has a balanced budget policy and each year strives to reach this goal.

As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management.

## **General Governmental Activities**

The general governmental activities include all services provided by the District. Included are the general, special revenue, debt service and capital project funds. The activities include all instructional, maintenance, and administrative costs of the District.

The District separates the day-to-day activities into Operating funds or Capital funds. Operating funds include the Education, or the General Fund (which includes Food Service, Special Education Fund, Grant Fund and Working Cash Fund), Operations and Maintenance Fund, Transportation Fund, IMRF/Social Security Fund, and Tort Immunity Fund. Capital funds include Debt Service, Construction and Life Safety funds.

During the 2015-2016 school year property taxes represented 35% of the revenue received by the District. State aid accounted for 49%, federal grants 10%, 4% from corporate taxes, and 2% from fees and other revenue.

In regard to current fund balances, the District is in very good financial shape with a governmental fund balance of \$219.2 million. However, note that \$90.8 million of the fund balance is restricted in use for specific capital projects, \$17.1 million of the fund balance is restricted for bond payments and life safety projects, leaving \$111.3 million to be used for day-to-day operational expenses.

## **Relevant Board of Education Policies**

Administration revised several Board of Education Policies that directly affect how the District conducts financial business.

In the fall of 2015 a Board policy, *Use of Purchasing Cards*, was developed and adopted by the Board whereas previously no such Board policy existed. Additionally, Administration developed an Administrative Regulation, *Use of Credit and Procurement Cards*, further tightening control and oversight of employee use of District-issued purchase cards.

Board policy, *Accounting and Audits*, was revised so that certain state and federal aid for which vouchers are received before year-end will be recognized as measurable and available revenue if received by the District within 90 days after year end; prior to this revision, such state and federal aid must be received within 60 days after year end.

The *Accounting and Audits* Board policy was further revised to address capital assets, methods of depreciation of capital assets and how to assign life to capital assets.

Board policy, *Board Fund Balance Policy*, was revised designating the District's Treasurer as the sole designee of how fund balance monies will be expended. Additionally, a clause was added to address the flow of funds: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

Finally, the *Committees* Board policy was revised to establish a Finance Committee of the Board of Education allowing for greater opportunities for Board of Education participation in key aspects of District finances and shifting emphasis from a reactive review of financial matters to proactive involvement in budget planning and reporting.

## **Independent Audit**

The School Code of Illinois and the District require an annual audit of the financial statements of all funds of the District. The audit for the year ended June 30, 2016 was done by Sikich, LLP, independent certified public accountants, selected by the District's Board of Education. The audit report has been included in the financial section of this report.

## **Economic Condition and Outlook**

The economic outlook for District 205 is difficult to predict. The City is struggling to retain manufacturing jobs and is experiencing high unemployment and home foreclosure rates, although the real estate market is improving slightly.

The state of Illinois is in financial difficulty and is slow in paying funds vouchered by the State Board of Education. Currently vouchered payments are coming in over 90 days past due. The State Teachers Retirement System pension obligation continues to be underfunded and there are proposals to shift that cost to school districts. The District's approved operating budget for the 2016-2017 school year is a balanced budget. However, the entire budget has a deficit of \$37.7 million, reflecting the spend-down of the bond proceeds.

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The District expects a two to three percent increase in the value of assessed property within our boundaries. For four tax levy cycles, the District has held the line on local taxes extended for education at \$157 million or below, after levying as high as \$170 million in 2011. All told, \$55 million fewer dollars have been collected over the last four levy cycles. The percentage of the total property tax rate going to the Rockford Public Schools is fifty-two percent - the lowest percentage of school districts in the region.

Of note, on August 3, 2016 the District's S&P Global bond rating decreased from AA- to A+ due to a clerical error resulting in a late bond payment to investors.

At the end of this fiscal year the State announced that it overpaid Corporate Personal Property Replacement Tax (CPPRT) thereby leaving the District with a \$2.9 million liability. The District is awaiting notification from the State as to how it will require repayment of this overpayment.

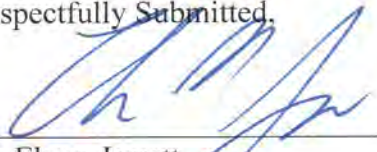
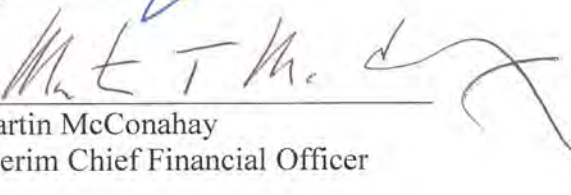
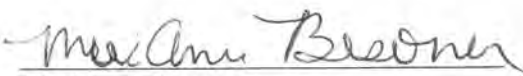
### **Awards**

The District received the Association of School Business Officials (ASBO) International *Certificate of Excellence in Financial Reporting Award* for the past four out of five years. The award reflects the District's commitment to the highest standards of school system financial reporting.

### **Acknowledgements**

The preparation of this report could not have been accomplished without the support and cooperation of elected members of the Board, other District departments, the external auditors for the Board, and dedicated efforts of the entire staff of the Finance Department. We truly appreciate the efforts of all the contributors to this report.

Respectfully Submitted,

  
\_\_\_\_\_  
Dr. Ehren Jarrett  
Superintendent of Schools  
\_\_\_\_\_  
Martin McConahay  
Interim Chief Financial Officer  
\_\_\_\_\_  
MeriAnn Besonen  
Executive Director of Finance



# Financial Section

as of and for the year ended June 30, 2016





6815 Weaver Rd., Suite 100  
Rockford, Illinois 61114

815.282.6565 // [www.sikich.com](http://www.sikich.com)

Certified Public Accountants & Advisors  
Members of American Institute of Certified Public Accountants

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Education  
Rockford Public Schools, District #205  
Rockford, Illinois

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Rockford Public Schools, District #205 (the District) as of and for the year ended June 30, 2016, and the related notes to financial statements which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Rockford Public Schools, District #205, as of June 30, 2016, and the respective changes in financial position and where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory and statistical sections and supplementary information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



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

In accordance with *Government Auditing Standards*, we also issued a report dated November 15, 2016, on our consideration of the District's 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 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 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 the District's internal control over financial reporting and compliance.

*Sikich LLP*

Rockford, Illinois  
November 15, 2016

**GENERAL PURPOSE EXTERNAL  
FINANCIAL STATEMENTS**

# **Rockford Public Schools, District 205**

## **Management's Discussion and Analysis (Unaudited)**

### **As of and For the Year Ended June 30, 2016**

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The discussion and analysis of Rockford Public Schools, District 205's (the "District") financial performance provides an overall review of the District's financial activities for the year ended June 30, 2016. The management of the District encourages readers to consider the information presented herein in conjunction with the basic financial statements to enhance one's understanding of the District's financial performance. Certain comparative information between the current year and the prior year is required to be presented in the Management's Discussion and Analysis (the "MD&A").

#### **Financial Highlights**

- > Total net position of the District remained level in fiscal years 2015 to 2016 at \$172.2 million.
- > Total revenues increased \$8.3 million from \$443.0 million in fiscal year 2015 to \$451.3 million in fiscal year 2016.
- > Governmental activities, general revenues accounted for \$286.4 million in revenue or 63% of all governmental revenues. Program-specific revenues in the form of charges for services and fees and grants accounted for \$164.9 million or 37% of total governmental revenues of \$451.3 million.
- > The District had \$451.3 million in expenses related to government activities. Only \$164.9 million of these expenses were offset by program-specific charges and grants.
- > Total expenses increased \$16.1 million from \$435.2 million in fiscal year 2015 to \$451.3 million in fiscal year 2016, or 3.7%. A higher Teachers' Retirement System onbehalf pension revenue and school additions and improvements account for most of the increase.
- > Governmental funds ending fund balance decreased from \$234.5 million in fiscal year 2015 (as restated) to \$219.2 million in fiscal year 2016, a decrease of \$15.3 million due to the spend-down of bond proceeds.
- > In the General Fund, the fund balance decreased from \$91.7 million in fiscal year 2015 to \$90.4 million in fiscal year 2016, a decrease of \$1.3 million.
- > Total General Fund net change in fund balance (actual revenues, less expenditures) was greater than budgeted by \$6.5 million, the majority of the increase due to a higher proration in General State Aid.

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

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements are comprised of three components:

- > Government-wide financial statements,
- > Fund financial statements, and
- > Notes to basic financial statements.

This report also contains other supplementary information in addition to the basic financial statements.

# **Rockford Public Schools, District 205**

## **Management's Discussion and Analysis (Unaudited)**

### **As of and For the Year Ended June 30, 2016**

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#### *Government-wide financial statements*

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business, and are reported using the accrual basis of accounting and economic resources measurement focus.

The statement of net position presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the fiscal year being reported. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements can be divided into two types of activities: governmental and business-type. Governmental activities represent the functions of the District that are principally supported by taxes and intergovernmental revenues. The District's governmental activities include functions such as instructional services (regular education, special education and other), supporting services, operation and maintenance of facilities and transportation services. The District no longer has business-type activities because of its participation in the Community Eligibility Provision (CEP) program for food service. Because of the District's participation in this program, the majority of revenues come from Federal funds with only a small portion from business-type activities.

#### *Fund financial statements*

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds and fund types of the District can be divided into the following categories: governmental funds, proprietary funds and fiduciary funds.

#### Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements and are reported using the modified accrual basis of accounting and current financial resources measurement focus. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

# **Rockford Public Schools, District 205**

## **Management's Discussion and Analysis (Unaudited)**

### **As of and For the Year Ended June 30, 2016**

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The District maintains eight major individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Operations and Maintenance Fund, Transportation Fund, Municipal Retirement/Social Security Fund, Bond and Interest Fund, Capital Projects Fund, Fire Prevention and Safety Fund and Tort Immunity Fund, all of which are considered to be major funds.

The District adopts an annual budget for each of the funds listed above. A budgetary comparison schedule has been provided for each fund to demonstrate compliance with this budget.

#### Proprietary funds

Proprietary funds are used to account for the District's ongoing operations and activities, which are similar to those found in the private sector. The measurement focus is based upon the determination of net income. The District does not have enterprise funds. The District has one internal service fund which accounts for the District's self-insured health plan.

#### Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support District programs. The accounting used for fiduciary funds is much like that for the government-wide financial statements. These activities are excluded from the government-wide financial statements because the District cannot use these funds to finance operations.

#### *Notes to basic financial statements*

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

#### *Other information*

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's contributions and funding progress of the Illinois Municipal Retirement Fund and the Retiree Health Plan, as well as budget-to-actual comparisons of the funds.

**Rockford Public Schools, District 205**  
**Management's Discussion and Analysis (Unaudited)**  
**As of and For the Year Ended June 30, 2016**

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**Government-Wide Financial Analysis**

Net Position: The District's total net position remained level in fiscal years 2015 to 2016 at \$172.2 million. The following provides a summary of the District's net position (in millions of dollars) at June 30, 2016 and 2015.

<b>Table 1</b>			
<b>Condensed Statement of Net Position</b>			
<b>(in millions of dollars)</b>			
	<u>Governmental Activities</u>		
	<u>2016</u>	<u>2015</u>	<u>Change</u>
<b>Assets:</b>			
Current and other assets	\$ 361.6	\$ 364.2	-0.7%
Capital assets	232.8	194.4	19.8%
Total assets	<u>594.4</u>	<u>558.6</u>	6.4%
<b>Deferred outflows of resources:</b>			
Deferred charge on refunding	0.0	0.2	-100.0%
Pension items	<u>24.1</u>	<u>13.1</u>	84.0%
Total deferred outflows of resources:	<u>24.1</u>	<u>13.3</u>	81.2%
<b>Liabilities:</b>			
Long-term liabilities	278.8	249.3	11.8%
Other liabilities	<u>68.3</u>	<u>58.2</u>	17.4%
Total liabilities	<u>347.1</u>	<u>307.5</u>	12.9%
<b>Deferred inflows of resources:</b>			
Property taxes levied for subsequent years	83.6	84.4	-0.9%
Pension Items	<u>15.6</u>	<u>7.8</u>	100.0%
Total deferred inflows of resources:	<u>99.2</u>	<u>92.2</u>	7.6%
<b>Net position:</b>			
Net investment in capital assets	81.9	72.5	13.0%
Restricted	71.5	88.7	-19.4%
Unrestricted	<u>18.8</u>	<u>11.0</u>	70.9%
Total net position	<u>\$172.2</u>	<u>\$172.2</u>	0.0%

**Rockford Public Schools, District 205**  
**Management's Discussion and Analysis (Unaudited)**  
**As of and For the Year Ended June 30, 2016**

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Changes in Net Position: The District's total revenues were approximately \$451.3 million for governmental activities; expenses matched the increase in revenue. Real estate and other taxes comprise approximately 39% of the District's governmental activities revenue. Another 59% of the governmental activities revenue is received from state and federal aid for specific or general programs, and the remainder of governmental activities revenue is obtained from fees charged for services and miscellaneous sources. The District moved from an enterprise fund for Food Services activities to a regular fund due to participation in the Federal funded Community Eligibility Provision (CEP) program.

The total cost of all governmental programs and services was approximately \$451.3 million for the year ended June 30, 2016, an increase in costs from fiscal year 2015 of approximately \$16.1 million or 3.7%. The District's expenses are predominantly related to instruction and other pupil services such as transportation (aggregating approximately 71.6% in total). The District's administrative and business activities account for approximately 13.9% of total expenses.

**Rockford Public Schools, District 205**  
**Management's Discussion and Analysis (Unaudited)**  
**As of and For the Year Ended June 30, 2016**

The following provides a summary of the District's changes in net position (in millions of dollars) for the years ended June 30, 2016 and June 30, 2015:

<b>Table 2</b>			
<b>Condensed Statement of Activities</b>			
<b>(in millions of dollars)</b>			
	<u>Governmental Activities</u>		
	<u>2016</u>	<u>2015</u>	<u>Change</u>
<b>Revenues:</b>			
<i>Program revenues:</i>			
Charges for services	\$ 6.9	\$ 10.0	-31.0%
Operating grants and contributions	157.9	156.0	1.2%
<i>Capital grants and contributions</i>	0.1	0.6	-83.3%
<i>General revenues:</i>			
Taxes	173.9	178.1	-2.4%
General state aid	109.4	95.6	14.4%
Other general revenues	3.1	2.7	14.8%
Total revenues	<u>451.3</u>	<u>443.0</u>	1.9%
<b>Expenses:</b>			
Instruction	252.2	242.2	4.1%
Pupil and Instructional services	48.9	44.9	8.9%
Administration and Business	62.8	56.2	11.7%
Maintenance and Operations	27.1	28.9	-6.2%
Transportation	22.1	22.0	0.5%
Other	38.2	41.0	-6.8%
Total expenses	<u>451.3</u>	<u>435.2</u>	3.7%
Change in net position before transfers	0.0	7.8	-100.0%
Transfers	<u>0.0</u>	<u>1.4</u>	-100.0%
Change in net position	<u>0.0</u>	<u>9.2</u>	-100.0%
Net position, beginning of year, as originally stated	172.2	211.2	-18.5%
Prior period adjustment	<u>0.0</u>	<u>(48.2)</u>	-100.0%
Net position, beginning of year, restated	<u>172.2</u>	<u>163.0</u>	5.6%
Net position, end of year	<u>\$172.2</u>	<u>\$172.2</u>	0.0%



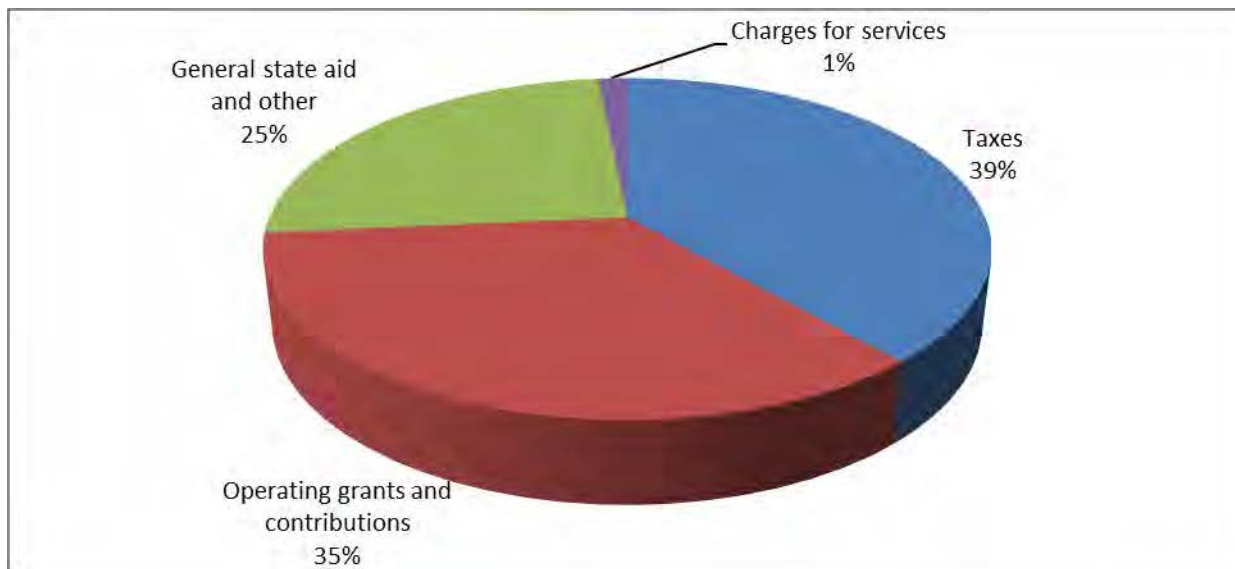
# **Rockford Public Schools, District 205** **Management's Discussion and Analysis (Unaudited)** **As of and For the Year Ended June 30, 2016**

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Property taxes were approximately \$500,000 lower in 2016 than in 2015 and the District is not taking its entitled CPI increase of .7%. Corporate personal property replacement taxes were \$4.7 million lower, and General State Aid and other grants were \$15.7 million higher than 2015. The State determined during the fiscal year that it had overpaid local governments corporate personal property replacement taxes during the past two years. The District reported a Due to other governments of \$2.8 million to reflect the overpayment due to the State at June 30, 2016. The District experienced an increase in expenses due to the capital investment and State retirement contributions.

Property taxes accounted for the largest portion of the District's revenues, contributing 38.5%. The remainder of revenues came from state, federal grants and other sources. The total cost of all the District's programs was \$451.3 million, mainly related to instructing and caring for the students and student transportation.

**Governmental Revenues by Source**



**Governmental Revenues by Source**  
**(in millions of dollars)**

Taxes	\$173.9
Operating grants and contributions	157.9
Capital grants and contributions	0.1
General state aid and other	112.5
Charges for services	6.9
	<hr/>
	\$451.3

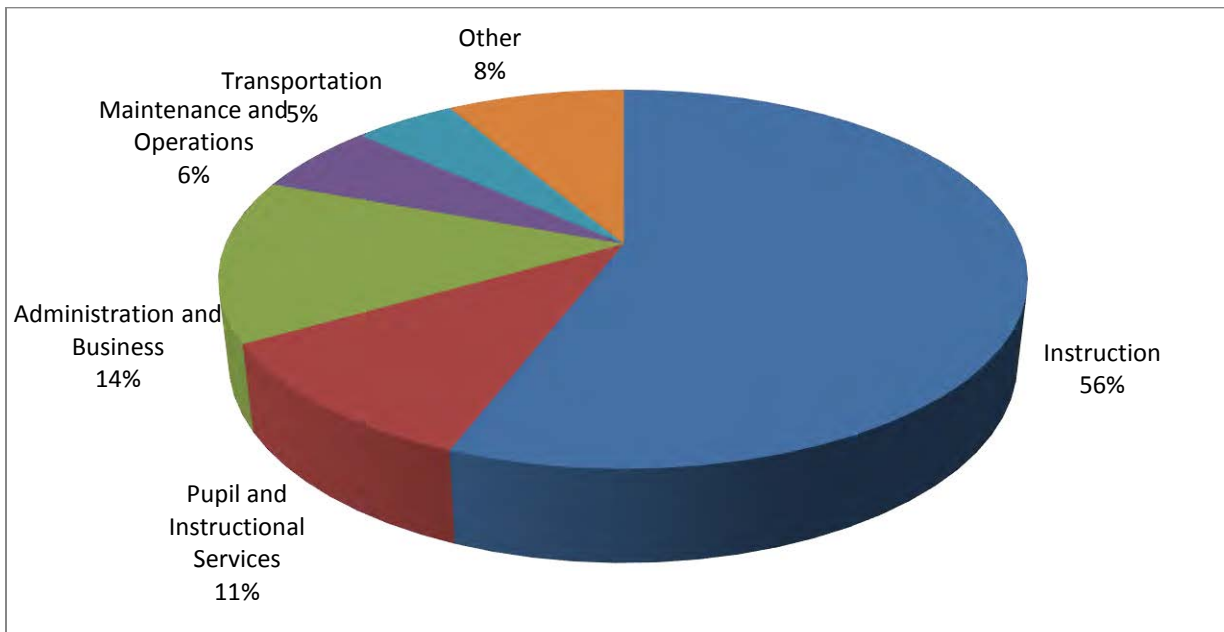
# **Rockford Public Schools, District 205** **Management's Discussion and Analysis (Unaudited)** **As of and For the Year Ended June 30, 2016**

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## **Governmental Activities**

The table below presents the cost (in millions of dollars) of six major District activities: instruction, pupil and instructional services, administration and business, operations and maintenance, transportation, and other for the governmental activities. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions.

**Governmental Expenses by Function**



**Governmental Expenses by Function**  
**(in millions of dollars)**

Instruction	\$252.2
Pupil and Instructional Services	48.9
Administration and Business	62.8
Maintenance and Operations	27.1
Transportation	22.1
Other	38.2
	<hr/>
	\$451.3

# **Rockford Public Schools, District 205**

## **Management's Discussion and Analysis (Unaudited)**

### **As of and For the Year Ended June 30, 2016**

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The cost of all governmental activities this year was \$451.3 million. Individuals who directly participated or benefited from a program offering paid for \$6.9 million of the costs. Federal and state governments subsidized certain programs with grants and contributions of \$158.0 million. The net cost of services was primarily financed by District taxpayers through property taxes and Corporate Personal Property Replacement Taxes totaling approximately \$173.9 million and other state contributions which are not restricted to specific programs of approximately \$109.4 million.

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

The financial performance of the District is also reflected in its governmental funds throughout the fund financial statements. The District completed the year with a total governmental fund balance of \$219.2 million, a decrease of \$15.3 million from the prior year's total governmental restated fund balance of \$234.5 million. The decrease is due to the spend-down of capital funds.

The General Fund, which includes the Educational Fund, Special Education Fund, Grants Fund, Food Service Fund, and Working Cash Fund, had a decrease in the fund balance of \$1.3 million for the year ended June 30, 2016.

The Special Education Fund, a subset of the Educational Fund, continues to be under funded. Expenditures in this fund exceeded revenue by \$28.1 million. The District breaks special education expenditures out to show that the State does not adequately fund these expenditures.

The Working Cash Fund balance increased from \$30.6 million at June 30, 2015 to \$31.7 million at June 30, 2016.

The Operations and Maintenance Fund had an increase of \$8.3 million. The District transferred \$10.3 million from the General Fund and Transportation Fund to the Operations and Maintenance Fund.

The Debt Service Fund balance decreased by \$.1 million to \$2.1 million.

The Transportation Fund balance decreased \$6.7 million due to a transfer from the Transportation Fund to the Operations and Maintenance of \$10.1 million. A higher property tax rate in the Transportation Fund permitted this transfer.

Life Safety Fund balance decreased by \$5.6 million due to the spend-down of bond proceeds.

Municipal Retirement/Social Security Funds decreased by \$.2 million due to lower tax rates.

The Capital Projects Fund decreased by \$8.7 million to \$90.8 million (which includes a restatement of \$(2.5 million)). The District issued \$29 million in bonds with a spend-down of \$37.8 million. The bonds issued were Qualified School Construction Bonds (QSCB), which bond proceeds must be spent for Illinois State Board of Education (ISBE) approved projects.

# **Rockford Public Schools, District 205**

## **Management's Discussion and Analysis (Unaudited)**

### **As of and For the Year Ended June 30, 2016**

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#### **General Fund Budgetary Highlights**

The District approved the 2016 budget in June 2015 with a general fund deficit of \$8.1 million. The actual results show a \$1.3 million deficit for a favorable variance of \$6.5 million. Revenues were more than budgeted by \$24.7 million while expenditures were more than budget by \$18.1 million. Many items contributed to the revenue and expenditure variances, including:

- > Teachers' Retirement System State on behalf payments revenues and expenditures were greater than budgeted by \$22.5 million;
- > Corporate personal property replacement tax revenue is \$2.8 million lower than budgeted;
- > General State Aid was funded by the State higher than budgeted resulting in a \$6.4 million favorable variance; other State revenue was lower than budgeted by \$2.3 million;
- > Federal grants increased by \$1.5 million from budget due to the District's Food Service program changing to the Community Eligibility Provision (CEP) program;
- > Instructional salaries were lower than budgeted by \$2.8 million.

#### **Capital Assets and Debt Administration**

##### *Capital assets*

By the end of 2016, the District had compiled total investments of \$438.8 million (\$206.0 million net of accumulated depreciation) in a broad range of capital assets including buildings, land and equipment. Total depreciation expense for the year was \$14.1 million. More detailed information about capital assets can be found in Note 7 of the basic financial statements.

**Rockford Public Schools, District 205**  
**Management's Discussion and Analysis (Unaudited)**  
**As of and For the Year Ended June 30, 2016**

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<b>Table 3</b>			
<b>Capital Assets (net of depreciation)</b>			
<b>(in millions of dollars)</b>			
	<u>Governmental Activities</u>		
	<u>2016</u>	<u>2015</u>	<u>Change</u>
Land	\$6.7	\$6.7	0.0%
Construction in progress	57.1	41.2	38.6%
Land improvements	7.1	7.2	-1.4%
Buildings and building improvements	142.5	118.2	20.6%
Transportation equipment	6.5	4.4	47.7%
Food service equipment	1	1.2	-16.7%
Furniture, fixtures and other equipment	10.7	14	-23.6%
Software	1.2	1.5	-20.0%
Total	<u>\$232.8</u>	<u>\$194.4</u>	19.8%

*Debt Administration*

The District issued approximately \$29 million in bonds. The pension liability increased by \$6.2 million. At the end of fiscal 2016, the District had a debt margin of \$73.8 million. More detailed information about long-term debt can be found in Note 8 of the basic financial statements.

<b>Table 4</b>			
<b>Long-Term Debt</b>			
<b>(in millions of dollars)</b>			
	<u>Governmental Activities</u>		
	<u>2016</u>	<u>2015</u>	<u>Change</u>
General obligation bonds	\$220.4	\$196.9	11.9%
Net pension liability – IMRF and TRS	61.1	54.9	11.3%
Compensated absences and other	14.2	13.6	4.4%
Total	<u>\$295.7</u>	<u>\$265.4</u>	11.4%

**Rockford Public Schools, District 205**  
**Management's Discussion and Analysis (Unaudited)**  
**As of and For the Year Ended June 30, 2016**

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

At the time these financial statements were prepared and audited, the District was unaware of any adverse existing circumstances that could significantly affect its financial health in the future.

**Requests for Information**

This financial report is designed to provide the District's citizens, taxpayers, 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:

Martin McConahay  
Rockford Public Schools, District 205  
501 7th Street  
Rockford, IL 61104

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**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**

STATEMENT OF NET POSITION

June 30, 2016

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and investments	\$ 263,960,219
Receivables (net of allowance for uncollectibles)	
Property taxes	73,211,038
Other governmental units	22,313,877
Interest	319,898
Other	1,719,994
Prepaid items	45,567
Capital assets	
Land	6,660,620
Construction in progress	57,121,444
Depreciable building, property and equipment, net	<u>169,019,586</u>
Total assets	<u>594,372,243</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charge on refunding	33,503
Pension items - IMRF	19,438,922
Pension items - TRS	<u>4,590,667</u>
Total deferred outflows of resources	<u>24,063,092</u>
Total assets and deferred outflows of resources	<u>618,435,335</u>
<b>CURRENT LIABILITIES</b>	
Accounts payable	30,634,984
Salaries and wages payable	15,483,501
Other current liabilities	384,644
Due to other governments	2,791,941
Interest payable	1,992,242
Unearned revenue	144,549
Current portion of long term liabilities	<u>16,852,503</u>
Total current liabilities	<u>68,284,364</u>
<b>LONG-TERM LIABILITIES</b>	
Net pension liability - IMRF	16,268,610
Net pension liability - TRS	44,835,269
Noncurrent portion of long-term liabilities	<u>217,701,735</u>
Total long-term liabilities	<u>278,805,614</u>
Total liabilities	<u>347,089,978</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property taxes levied for subsequent years	83,576,607
Pension items - TRS	<u>15,609,460</u>
Total deferred inflows of resources	<u>99,186,067</u>
Total liabilities and deferred inflows of resources	<u>446,276,045</u>

(This statement is continued on the following page.)



**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**

STATEMENT OF NET POSITION (Continued)

June 30, 2016

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	<u>Governmental Activities</u>
<b>NET POSITION</b>	
Net investment in capital assets	\$ 81,894,316
Restricted for	
Transportation	10,252,166
Retirement	2,251,911
Debt service	2,138,318
Capital projects	46,162,716
Tort immunity	10,630,217
Unrestricted	<u>18,829,646</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 172,159,290</u></u>

See accompanying notes to basic financial statements.

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2016

FUNCTIONS AND PROGRAMS	Expenses	Program Revenues		
		Charges for	Operating	Capital
PRIMARY GOVERNMENT		Services	Grants and	Grants and
			Contributions	Contributions
Governmental Activities				
Instruction				
Regular programs	\$ 99,862,730	\$ 4,106,169	\$ 493,087	\$ -
Special programs	60,081,524	1,823,820	47,831,589	-
Other instructional programs	31,389,861	203,082	1,277,974	-
State retirement contributions	78,041,471	-	78,041,471	-
Support services				
Pupils	25,608,366	-	16,626,398	-
Instructional staff	13,235,175	-	1,191,123	-
General administration	16,038,814	-	-	-
School administration	17,403,081	-	-	-
Business	22,403,062	-	5,207	-
Transportation	22,135,435	42,001	12,461,522	-
Operations and maintenance	27,135,148	737,528	-	45,418
Central	12,063,672	-	-	-
Other	1,061,452	-	-	-
Community services	3,808,292	-	-	-
Payments to other governments	12,590,587	-	-	-
Interest and fees	8,424,895	-	-	-
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 451,283,565</b>	<b>\$ 6,912,600</b>	<b>\$ 157,928,371</b>	<b>\$ 45,418</b>

	<b>Net (Expenses)</b> <b>Revenues and</b> <b>Changes in</b> <b>Net Position</b> <b>Primary Government</b> <b>Governmental</b> <b>Activities</b>
	\$ (95,263,474) (10,426,115) (29,908,805) - (8,981,968) (12,044,052) (16,038,814) (17,403,081) (22,397,855) (9,631,912) (26,352,202) (12,063,672) (1,061,452) (3,808,292) (12,590,587) (8,424,895) (286,397,176)
General Revenues	
Taxes	
Property taxes levied for general purposes	94,503,714
Property taxes levied for specific purposes	46,902,957
Property taxes levied for debt service	13,388,878
Replacement taxes	19,141,723
State aid-formula grants, grants and contributions not restricted to specific programs	109,373,106
Investment earnings	1,021,857
Other general revenues	1,879,315
Gain on sale of capital assets	162,752
Total general revenues	286,374,302
CHANGE IN NET POSITION	(22,874)
NET POSITION, JULY 1	172,182,164
NET POSITION, JUNE 30	\$ 172,159,290

See accompanying notes to basic financial statements.

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205  
ROCKFORD, ILLINOIS**

BALANCE SHEET  
GOVERNMENTAL FUNDS

June 30, 2016

	General	Operations and Maintenance	Transportation	Capital Projects
<b>ASSETS</b>				
Cash and investments	\$ 107,436,409	\$ -	\$ 11,081,145	\$ 99,597,182
Receivables				
Property taxes, net	44,729,852	6,917,025	8,653,622	-
Other governmental units	18,694,777	499,034	3,120,066	-
Interest	248,601	-	-	28,886
Other	1,704,422	4,567	11,005	-
Prepaid items	45,567	-	-	-
Due from other funds	602,578	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 173,462,206</b>	<b>\$ 7,420,626</b>	<b>\$ 22,865,838</b>	<b>\$ 99,626,068</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 14,662,363	\$ 1,551,942	\$ 226,339	\$ 8,814,480
Salaries and wages payable	15,002,065	231,104	160,257	43,729
Unearned revenue	144,549	-	-	-
Due to other governments	2,791,941	-	-	-
Other current liabilities	233,297	2,652	-	-
Due to other funds	-	602,578	-	-
Total liabilities	32,834,215	2,388,276	386,596	8,858,209
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	47,073,427	7,279,804	9,107,010	-
Unavailable revenue - other	3,164,480	9,262	3,120,066	-
Total deferred inflows of resources	50,237,907	7,289,066	12,227,076	-
<b>FUND BALANCES</b>				
Nonspendable	45,567	-	-	-
Restricted for				
Transportation	-	-	10,252,166	-
Retirement	-	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	90,767,859
Tort immunity	-	-	-	-
Assigned - working cash	31,715,848	-	-	-
Unassigned	58,628,669	(2,256,716)	-	-
Total fund balances (deficit)	90,390,084	(2,256,716)	10,252,166	90,767,859
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 173,462,206</b>	<b>\$ 7,420,626</b>	<b>\$ 22,865,838</b>	<b>\$ 99,626,068</b>

<b>Municipal Retirement/ Social Security</b>	<b>Bond and Interest</b>	<b>Life Safety</b>	<b>Tort Immunity</b>	<b>Total</b>
\$ 3,382,784	\$ 8,994,021	\$ 17,981,367	\$ 12,392,350	\$ 260,865,258
2,973,407	6,208,385	922,249	2,806,498	73,211,038
-	-	-	-	22,313,877
-	-	42,411	-	319,898
-	-	-	-	1,719,994
-	-	-	-	45,567
-	-	-	-	602,578
\$ 6,356,191	\$ 15,202,406	\$ 18,946,027	\$ 15,198,848	\$ 359,078,210
\$ 975,111	\$ -	\$ 2,952,459	\$ 1,452,290	\$ 30,634,984
-	-	31,223	15,123	15,483,501
-	-	-	-	144,549
-	-	-	-	2,791,941
-	-	-	148,695	384,644
-	-	-	-	602,578
975,111	-	2,983,682	1,616,108	50,042,197
3,129,169	13,064,088	970,586	2,952,523	83,576,607
-	-	-	-	6,293,808
3,129,169	13,064,088	970,586	2,952,523	89,870,415
-	-	-	-	45,567
-	-	-	-	10,252,166
2,251,911	-	-	-	2,251,911
-	2,138,318	-	-	2,138,318
-	-	14,991,759	-	105,759,618
-	-	-	10,630,217	10,630,217
-	-	-	-	31,715,848
-	-	-	-	56,371,953
2,251,911	2,138,318	14,991,759	10,630,217	219,165,598
\$ 6,356,191	\$ 15,202,406	\$ 18,946,027	\$ 15,198,848	\$ 359,078,210

See accompanying notes to basic financial statements.

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**

RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION

June 30, 2016

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<b>FUND BALANCES OF GOVERNMENTAL FUNDS</b>	\$	219,165,598
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Amounts reported for governmental activities in the statement of net position  
are different because:

Net capital assets used in governmental activities and included in the statement of net position do not require the expenditure of financial resources and, therefore, are not reported in the governmental funds balance sheet		232,801,650
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Certain revenues receivable by the District and recognized in the statement of net position do not require certain financial resources and are deferred in the governmental funds balance sheet		6,293,808
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Net pension liabilities for IMRF and TRS are shown as liabilities on the statement of net position		(61,103,879)
---	--	--------------

Differences between expected and actual experiences, assumptions changes, net differences between projected and actual earnings and contributions subsequent to the measurement date for IMRF and TRS are recognized as deferred outflows and inflows of resources on the statement of net position		8,420,129
--	--	-----------

Deferred charge on refunding (to be amortized over the life of debt) are not due in the current period and, therefore, are not reported in the governmental funds		33,503
--	--	--------

Interest on long-term liabilities accrued in the statement of net position will not be paid with current financial resources and, therefore, is not recognized in the governmental funds balance sheet		(1,992,242)
--	--	-------------

Long-term liabilities applicable to the District's governmental activities are not due  
and payable in the current period and, accordingly, are not reported as fund  
liabilities. All liabilities, both current and long-term, are reported in the statement  
of net position

General obligation bonds		(140,680,000)
Capital appreciation bonds		(77,909,852)
Unamortized bond premium and discount		(1,817,449)
Net other postemployment benefit liability		(1,345,323)
Claims payable		(3,699,067)
Early retirement incentive payable		(1,941,365)
Compensated absences		(4,066,221)

<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	\$	<u>172,159,290</u>
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See accompanying notes to basic financial statements.

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**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205  
ROCKFORD, ILLINOIS**

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS

For the Year Ended June 30, 2016

	General	Operations and Maintenance	Transportation	Capital Projects
<b>REVENUES</b>				
Property taxes	\$ 95,488,145	\$ 14,766,316	\$ 16,825,426	\$ -
Corporate personal property replacement taxes	9,161,220	5,966,998	-	3,069,151
State aid	210,186,201	59,418	9,351,717	-
Federal aid	43,360,559	-	-	-
Investment income	537,997	-	58,154	240,236
Refund of prior year's expenditures	340	-	28,835	-
Payments of surplus monies from TIF districts	6,841	1,058	1,091	-
Other	4,775,026	1,812,413	58,723	-
Total revenues	363,516,329	22,606,203	26,323,946	3,309,387
<b>EXPENDITURES</b>				
Current				
Instruction				
Regular programs	133,178,955	-	-	-
Special programs	69,970,273	-	-	-
Other instructional programs	41,265,712	-	-	-
Support services				
Pupils	29,937,909	-	83,638	-
Instructional staff	14,419,219	-	-	-
General administration	9,868,235	-	-	-
School administration	19,262,093	-	-	-
Business	17,693,897	-	-	-
Transportation	-	-	19,224,321	-
Operations and maintenance	-	23,523,288	-	4,985,509
Central	10,879,025	-	-	-
Other supporting services	544,708	471,896	-	-
Community services	3,504,333	-	-	-
Intergovernmental				
Payments to other districts and government units	12,590,587	-	-	-
Capital outlay	1,466,659	696,979	3,729,963	36,096,579
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Other fiscal charges	-	-	-	-
Total expenditures	364,581,605	24,692,163	23,037,922	41,082,088
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,065,276)	(2,085,960)	3,286,024	(37,772,701)
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from the sale of District assets	23,647	60,096	93,586	-
Transfers in	-	10,318,723	-	-
Transfers (out)	(266,620)	-	(10,052,103)	-
Issuance of general obligation bonds sold	-	-	-	29,085,000
Total other financing sources (uses)	(242,973)	10,378,819	(9,958,517)	29,085,000
NET CHANGE IN FUND BALANCES	(1,308,249)	8,292,859	(6,672,493)	(8,687,701)
FUND BALANCES (DEFICIT), JULY 1	91,698,333	(10,549,575)	16,924,659	101,964,700
Prior period adjustment	-	-	-	(2,509,140)
FUND BALANCES (DEFICIT), JULY 1, RESTATED	91,698,333	(10,549,575)	16,924,659	99,455,560
FUND BALANCES (DEFICIT), JUNE 30	\$ 90,390,084	\$ (2,256,716)	\$ 10,252,166	\$ 90,767,859



<b>Municipal Retirement/ Social Security</b>	<b>Bond and Interest</b>	<b>Fire Prevention and Life Safety</b>	<b>Tort Immunity</b>	<b>Total</b>
\$ 6,385,512	\$ 13,388,878	\$ 1,968,864	\$ 5,972,408	\$ 154,795,549
944,354	-	-	-	19,141,723
-	-	-	2,470	219,599,806
-	-	-	-	43,360,559
22,107	40,094	87,880	35,389	1,021,857
-	-	-	-	29,175
460	947	141	438	10,976
-	-	-	1,261,344	7,907,506
7,352,433	13,429,919	2,056,885	7,272,049	445,867,151
1,241,381	-	-	-	134,420,336
910,167	-	-	-	70,880,440
505,940	-	-	-	41,771,652
467,435	-	-	-	30,488,982
182,190	-	-	-	14,601,409
169,382	-	-	8,311,133	18,348,750
735,679	-	-	-	19,997,772
2,739,874	-	1,867,872	-	22,301,643
-	-	-	-	19,224,321
-	-	-	-	28,508,797
602,029	-	-	-	11,481,054
460	-	-	-	1,017,064
31,525	-	-	-	3,535,858
-	-	-	-	12,590,587
-	-	5,801,392	-	47,791,572
-	9,190,000	-	-	9,190,000
-	4,351,637	-	-	4,351,637
-	8,890	-	-	8,890
7,586,062	13,550,527	7,669,264	8,311,133	490,510,764
(233,629)	(120,608)	(5,612,379)	(1,039,084)	(44,643,613)
-	-	-	-	177,329
-	-	-	-	10,318,723
-	-	-	-	(10,318,723)
-	-	-	-	29,085,000
-	-	-	-	29,262,329
(233,629)	(120,608)	(5,612,379)	(1,039,084)	(15,381,284)
2,485,540	2,258,926	20,604,138	11,669,301	237,056,022
-	-	-	-	(2,509,140)
2,485,540	2,258,926	20,604,138	11,669,301	234,546,882
\$ 2,251,911	\$ 2,138,318	\$ 14,991,759	\$ 10,630,217	\$ 219,165,598

See accompanying notes to basic financial statements.

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**

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

For the Year Ended June 30, 2016

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<b>NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</b>	<b>\$ (15,381,284)</b>
---	------------------------

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

Governmental funds report capital outlay as expenditures; however, they are capitalized and depreciated in the statement of activities.	52,515,772
Depreciation expense does not require the use of current financial resources and, therefore, is not reported as an expenditure in governmental funds	(14,128,483)
Sales and disposals of capital assets are reported as proceeds from the sale of capital assets in governmental funds but as gain from sale or disposal on the statement of activities.	(14,577)
The change in deferred inflows and outflows of resources for IMRF and TRS is reported only in the statement of activities.	3,019,437
Certain revenue included in the statement of activities does not provide current financial resources and, therefore, is deferred in the governmental fund statements.	5,230,791
The issuance of long-term debt provides current financial resources to governmental funds.	(29,085,000)
The amortization of the accounting loss on refunding on long-term debt is reported as an increase in interest expense on the statement of activities.	(134,020)
The accretion of long-term debt provides current financial resources to the governmental funds, while principal repayment consumes current financial resources of the governmental funds. Neither transaction, however, has any effect on net position. This is the amount by which current year principal payments exceeded accretion on capital appreciation bonds.	5,434,398
Governmental funds report the effects of premium, discounts and similar items when the debt is issued. However, these amounts are deferred and amortized in the statement of activities. This is the amount of the current year, net of these differences.	97,141
In the statement of activities, operating expenses are measured by the amounts incurred during the current year. However, certain of these items are included in the governmental funds only to the extent that they require the expenditure of current financial resources.	
Interest payable	(271,887)
Net other postemployment benefit liability	109,149
Claims payable	210,341
Early retirement payable	264,718
Compensated absences	(1,142,761)
Net pension liability - IMRF	(15,110,506)
Net pension liability - TRS	8,936,710
The addition (reduction) in net position of certain activities of internal service funds is included in governmental funds	<u>(572,813)</u>

<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$ <u>(22,874)</u></b>
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See accompanying notes to basic financial statements.

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS

June 30, 2016

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	<b>Internal Service Fund</b>
	<hr/>
<b>ASSETS</b>	
Cash and investments	\$ 3,094,960
	<hr/>
<b>LIABILITIES</b>	
Claims payable	3,094,960
	<hr/>
Total liabilities	3,094,960
	<hr/>
<b>NET POSITION</b>	
Unrestricted	-
	<hr/>
<b>TOTAL NET POSITION</b>	\$ -
	<hr/> <hr/>

See accompanying notes to basic financial statements.

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**

**STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
PROPRIETARY FUNDS**

For the Year Ended June 30, 2016

	<b>Internal Service Fund</b>
<hr/>	
<b>OPERATING REVENUES</b>	
Employer contributions	\$ 45,523,747
Employee contributions	3,115,948
Retiree contributions	1,186,533
Other contributions	421,789
	<hr/>
Total operating revenues	50,248,017
	<hr/>
<b>OPERATING EXPENSES</b>	
Insurance premiums	2,717,412
Stop-loss premiums	1,114,785
Administrative fees and other	3,111,990
Health claims incurred	43,303,830
	<hr/>
Total operating expenses	50,248,017
	<hr/>
CHANGE IN NET POSITION	-
	<hr/>
NET POSITION, JULY 1	-
	<hr/>
NET POSITION, JUNE 30	\$ -
	<hr/> <hr/>

See accompanying notes to basic financial statements.

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

For the Year Ended June 30, 2016

	<b>Internal Service Fund</b>
<hr/>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from employer	\$ 45,523,747
Receipts from employees	3,115,948
Receipts from retirees	1,186,533
Receipts from others	421,789
Payments to vendors	<u>(50,820,831)</u>
Net cash from operating activities	<u>(572,814)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
None	<u>-</u>
Net cash from noncapital financing activities	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
None	<u>-</u>
Net cash from capital and related financing activities	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
None	<u>-</u>
Net cash from investing activities	<u>-</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(572,814)
CASH AND CASH EQUIVALENTS, JULY 1	<u>3,667,774</u>
CASH AND CASH EQUIVALENTS, JUNE 30	<u><u>\$ 3,094,960</u></u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Operating income	\$ -
Adjustments to reconcile operating income to net cash from operating activities	
Changes in assets and liabilities	
Claims payable	<u>(572,814)</u>
NET CASH FROM OPERATING ACTIVITIES	<u><u>\$ (572,814)</u></u>

See accompanying notes to basic financial statements.

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUND

June 30, 2016

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	<u>Student Activity Fund</u>
<b>ASSETS</b>	
Cash and investments	<u>\$     1,443,085</u>
<b>TOTAL ASSETS</b>	<u><u>\$     1,443,085</u></u>
<b>LIABILITIES</b>	
Due to students groups	<u>\$     1,443,085</u>
<b>TOTAL LIABILITIES</b>	<u><u>\$     1,443,085</u></u>

See accompanying notes to basic financial statements.

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2016

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Rockford Public Schools, District #205 (the District) operates a public school system governed by a seven-member elected board. The District is organized under the School Code of the State of Illinois, as amended. The accounting policies of the District conform to the accounting principles generally accepted in the United States of America, as applicable to local governmental units of this type. The following is a summary of the more significant accounting policies of the District.

a. Reporting Entity

Accounting principles generally accepted in the United States of America require that the financial reporting entity include (1) the primary government, (2) organizations for which the primary district is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided by governmental accounting standards have been considered and there are no agencies or entities which should be presented with the District.

b. Basis of Presentation

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. The effect of interfund activity has been eliminated from these statements. The District's operating activities related to education are considered "governmental activities," that is, activities normally supported by taxes and intergovernmental revenues. Business-type activities are financed as a whole or in part by fees charged to external parties.

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) amounts paid by the recipient of goods or services by the program and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**b. Basis of Presentation (Continued)**

**Governmental Funds Financial Statements**

Governmental funds financial statements are organized and operated on the basis of funds and are used to account for the District's general governmental activities. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund balance, revenues and expenditures. The minimum number of funds is maintained consistent with legal and managerial requirements.

Governmental funds are used to account for all or most of the District's general activities, including the collection and disbursement of restricted or committed monies (special revenue funds), the funds committed, restricted or assigned for the acquisition or construction of capital assets (capital projects funds), the funds committed, restricted or assigned for the servicing of long-term debt (debt service funds) and the management of funds held in trust where the interest earnings can be used for governmental services (permanent fund). The General Fund is used to account for all activities of the general government not accounted for in some other fund.

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments. The District's fiduciary funds consist of agency funds which are used to account for assets that the District holds on behalf of others as their agent.

Separate financial statements are provided for governmental funds and fiduciary funds. The fiduciary funds are excluded from the government-wide financial statements.

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

The government-wide financial statements are prepared using the economic resources measurement focus, while the fiduciary fund statements do not have a measurement focus. The government-wide financial statements and the fiduciary fund financial statements are reported using 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 (i.e., intended to finance). Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.



**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

c. Measurement Focus, Basis of Accounting and Financial Statement Presentation  
(Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the District considers property taxes available if they are collected within 60 days after year end. Property taxes, certain state and federal aid and interest on investments are susceptible to accrual. Other receipts become measurable and available when cash is received by the District and recognized as revenue at that time. Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as unearned revenue until earned. Expenditures are recorded when the related fund liability is incurred. However, expenditures for unmatured principal and interest on general long-term debt are recognized when due.

The District reports unearned and unavailable/deferred revenue on its financial statements. Unavailable revenues arise when potential revenue does not meet the available criteria for recognition in the current period for governmental funds. Unearned revenues also arise when resources are received by the District before it has legal claim to them as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when revenue recognition criteria are met, or when the District has a legal claim to the resources by meeting all eligibility requirements, the liability for unearned revenue is removed from the financial statements and revenue is recognized. Unavailable/deferred revenue results from property taxes being levied and reported as a receivable before the period for which the taxes are levied.

The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

**Major Governmental Funds**

The District reports the following major governmental funds:

General Fund - is the general operating fund of the District. It accounts for all financial resources of the general government except those accounted for in another fund. The fund is primarily used for most of the instructional and administrative aspects of the District’s operations. Revenues consist largely of local property taxes and state government aid.

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

c. Measurement Focus, Basis of Accounting and Financial Statement Presentation  
(Continued)

Major Governmental Funds (Continued)

Operations and Maintenance Fund - accounts for expenditures made for repair and maintenance of the District's buildings and land. Revenue consists primarily of local property taxes.

Transportation Fund - accounts for revenue and expenditures made for student transportation. Revenue is derived primarily from local property taxes and state reimbursement grants. The District elected to report this fund as a major fund.

Capital Projects Funds - accounts for financial resources that are restricted, committed or assigned to be used for the acquisition or construction of, and/or additions to, major capital facilities.

Municipal Retirement/Social Security Fund - accounts for contributions to the retirement plans administered by the Illinois Municipal Retirement Fund and Social Security Fund. Revenue is derived from a specific property tax levy and state replacement taxes. The District elected to report this fund as a major fund.

Bond and Interest Fund - accounts for the resources, the use of which is restricted by the Illinois School Code for the payment of principal and interest on long-term general obligation/capital appreciation debt of the governmental funds. The District elected to report this fund as a major fund.

Life Safety Fund - accounts for revenue and expenditures made to protect the health, safety and general welfare of the pupils, school personnel, and others who use them. Revenue is primarily derived from local property taxes. The District elected to report this fund as a major fund.

Tort Immunity Fund - accounts for revenue and expenditures made for risk management. Revenue is primarily derived from local property taxes. The District elected to report this fund as a major fund.

Proprietary Fund Type

The District reports the following internal service fund:

The Insurance Fund accounts for the District's self-insured health plan for employees and other employee benefits, funded by charges to the various departments of the District and by employee and retiree contributions.

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

c. Measurement Focus, Basis of Accounting and Financial Statement Presentation  
(Continued)

Fiduciary Fund - accounts for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments or other funds.

Agency Funds - include Student Activity, Convenience Accounts and Other Agency Funds. These funds are custodial in nature and do not present results of operations or have a measurement focus. Although the Board of Education has the ultimate responsibility for Activity Funds, they are not local education agency funds. Student Activity Funds account for assets held by the District which are owned, operated and managed generally by the student body, under the guidance and direction of adults or a staff member, for educational, recreational or cultural purposes. Convenience Accounts account for assets that are normally maintained by a local education agency as a convenience for its faculty, staff, etc.

On-behalf payments (payments made by a third party for the benefit of the District, such as payments made by the Teacher Health Insurance Security) have been recognized in the financial statements.

d. Cash and Cash Equivalents

The District considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

e. Investments

State statutes authorize the District to invest in obligations of the U.S. Treasury, certain highly rated commercial paper, repurchase agreements and the State Treasurer's Investment Pool. Investments are stated at fair value. Fair value is determined based primarily on the basis of quoted market prices. Changes in fair value of investments are included as investment income.

f. Property Taxes

The District must file its tax levy resolution by the last Tuesday in December of each year. The District's 2015 levy resolution was approved during the October 27, 2015 board meeting. The District's property tax is levied each year on all taxable real property located in the District and it becomes a lien on the property on January 1 of that year. The owner of real property on January 1 in any year is liable for taxes of that year.

The tax rate ceilings are applied at certain levies. These ceilings are established by state law subject to change only by the approval of the voters of the District.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**f. Property Taxes (Continued)**

The PTELL limitation is applied in the aggregate to the total levy (excluding certain levies for the repayment of debt). PTELL limits the increase in total taxes billed to the lessor of 5% of the percentage increase in the Consumer Price Index (CPI) for the preceding year. The amount can be exceeded to the extent there is “new growth” in the District’s tax base. The new growth consists of new construction, annexations and tax increment finance district property becoming eligible for taxation. The CPI rates applicable to the 2015 and 2014 tax levies were 0.7% and 0.8%, respectively.

Property taxes are collected by the County Collector/Treasurer, who remits to the District its share of collections. Taxes levied in one year became due and payable in two equal installments: the first due on June 1 and the second due on September 1. Property taxes are normally collected by the District within 60 days of the respective installment dates.

The 2015 property tax levy is recognized as a receivable in fiscal year 2016, net of estimated uncollectible amounts approximating 1%. The District considers that the first installment of the 2015 levy is used to finance operations in fiscal year 2016. The District has determined that the second installment of the 2015 levy is used to finance operations in fiscal year 2017 and has deferred the corresponding receivable.

The 2016 tax levy, which attached as an enforceable lien on property as of January 1, 2016, has not been recorded as a receivable as of June 30, 2016 as the tax has not yet been levied by the District and will not be levied until December 2016 and, therefore, the levy is not measurable at June 30, 2016.

**g. Personal Property Replacement Taxes**

Personal property replacement taxes are first allocated to the Municipal Retirement/Social Security Fund and the balance is allocated to the remaining funds at the discretion of the District.

**h. Prepaid Items/Expenses**

Payments made to vendors for services that will benefit periods beyond the date of this report are recorded as prepaid items/expenses and are accounted for using the consumption method.

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

i. Capital Assets

Capital assets are defined as assets with an initial cost of \$500 for electronic equipment and \$1,000 for all other assets with an estimated useful life greater than one year. Capital assets are recorded at cost or estimated historical cost and depreciated over their estimated useful lives (excluding salvage value). Donated capital assets are recorded at their estimated fair value at the date of donation. Land and construction in progress are not depreciated by the District.

Depreciation of capital assets is provided using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and building improvements	20-50
Transportation equipment	5-20
Food service equipment	3-10
Furniture, fixtures and other equipment	3-10
Software	10-15

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

j. Compensated Absences

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

All vested vacation and sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements, or are payable with expendable available resources.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at June 30 are determined on the basis of current salary rates and include salary related payments.

Certified employees working less than 12 months a year do not earn vacation days; however, noncertified full-time employees earn vacation days which vest as they accrue.

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

j. Compensated Absences (Continued)

All full-time employees receive various numbers of sick and personal days per year based on the collective bargaining agreements or policies in place. These days may accumulate to an unlimited number of days. These accumulated sick days may be paid in cash or may be applied to earn additional years of service under the retirement plans. The District has not recognized a fund liability in the governmental funds for the vested amount. However, this liability is recorded in the government-wide financial statements. Sick and personal days are reported as an expense and liability as it accrues in the government-wide financial statements.

k. Long-Term Liabilities

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts, as well as deferred amounts on refunding, are deferred and amortized over the life of the bond. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are recognized during the current period.

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

l. Equity Classifications

Equity is classified as net position in the government-wide financial statements and displayed in three components:

*Net investment in capital assets* - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets less any unspent bond proceeds.

*Restricted net position* - Consists of net position with constraints placed on it use either (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.

*Unrestricted net position* - All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**1. Equity Classifications (Continued)**

None of the restricted net position or restricted fund balance results from enabling legislation.

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

Equity is classified as fund balance in the fund financial statements and displayed in five components.

*Nonspendable* - includes amounts not in spendable form, such as inventory, or amounts required to be maintained intact legally or contractually (principal endowment) (e.g., inventory, prepaid items and permanent scholarships).

*Restricted* - includes amounts constrained for a specific purpose by external parties (e.g., Debt Service, Capital Projects, State and Federal Grant Funds).

*Committed* - includes amounts constrained for a specific purpose by the District using its highest level of decision-making authority, the Board of Education. This formal action (a resolution) must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraint imposed require the same formal action of the Board of Education members that originally created the commitment.

*Assigned* - includes General Fund amounts constrained for a specific purpose by the Board of Education or by an official that has been delegated authority to assign amounts. The Board of Education may also take official action to assign amounts. Additionally, all remaining positive spendable amounts in governmental funds, other than the General Fund, that are neither restricted nor committed are considered assigned. Assignments may take place after the end of the reporting period.

*Unassigned* - includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted or committed for those specific purposes.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**l. Equity Classifications (Continued)**

Governmental fund balances reported in the fund financial statements as of June 30, 2016 are as follows:

The restricted and assigned fund balances are for the purpose of the respective funds as described above in the Major Governmental Funds section.

The District has adopted a minimum fund balance policy. For purposes of this policy, fund balance has been defined as the total fund balances of the General, Operations and Maintenance and Transportation Funds. The District targets a fund balance percentage of not less than 25% of operating expenses (in those funds) measured on June 30<sup>th</sup> each year.

**m. Interfund Receivables/Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other fund” and are expected to be repaid within one year. These amounts are eliminated in the statement of net position.

**n. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position/balance sheet 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 assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of net position/balance sheet 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 assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

**o. Use of Estimates**

The preparation of financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results may differ from those estimates.



**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

**2. DEPOSITS AND INVESTMENTS**

At year end, the District's cash and investments was comprised of the following:

	<u>Governmental</u>	<u>Agency</u>	<u>Total</u>
Cash and investments	\$ 263,960,219	\$ 1,443,085	\$ 265,403,304
<b>TOTAL</b>	<b>\$ 263,960,219</b>	<b>\$ 1,443,085</b>	<b>\$ 265,403,304</b>

For disclosure purposes, this amount is segregated into the following components: (1) cash on hand, (2) deposits with financial institutions, which include amounts, savings accounts and non-negotiable certificates of deposits and (3) other investments, which consist of all investments other than certificates of deposit, as follows:

	<u>Cash and Investments</u>
Cash on hand	\$ 299
Deposits with financial institutions	236,988,263
Other investments	28,414,742
<b>TOTAL</b>	<b>\$ 265,403,304</b>

**Deposits**

Custodial credit risk for deposits refers to the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District's investment policy limits the exposure to deposit custodial credit risk by requiring all deposits in excess of FDIC insurable limits to be secured by collateral in the event of default or failure of the financial institution holding the funds. The District's investment policy requires pledging of collateral for all bank balances in excess of federal depository insurance with collateral held by an independent third party in the District's name. One of the District's deposits is collateralized by a letter of credit pooled by the District's agent in one letter of credit with the Federal Home Loan Bank for all public entity deposits in that bank for which the District's agent is a counterparty. Additionally, the District's deposits with two financial institutions are collateralized by securities pledged to the District's agent. At June 30, 2016, the District had \$3,411,406 exposed to custodial credit risk as these deposits are uninsured and uncollateralized.

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

**2. DEPOSITS AND INVESTMENTS (Continued)**

Investments

At year end, the District had the following investments:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
Negotiable CDs	\$ 83,745,382	\$ 27,193,400	\$ 56,301,982	\$ 250,000	\$ -
U.S. agencies	28,414,742	-	23,770,115	4,644,627	-
<b>TOTAL</b>	<b>\$ 112,160,124</b>	<b>\$ 27,193,400</b>	<b>\$ 80,072,097</b>	<b>\$ 4,894,627</b>	<b>\$ -</b>

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable input; Level 3 inputs are significant unobservable inputs.

The District has the following recurring fair value measurements as of June 30, 2016: U.S. Agency securities of \$28,414,742, valued using quoted market prices (Level 1 inputs).

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment. The District's investment policy limits the maturities on its investment portfolio as follows:

- a. Repurchase agreements must mature in less than 330 days, and
- b. Short-term obligations of corporations must mature not later than 270 days from the date of purchase.

The District's investment policy does not further limit the District's investment portfolio to specific maturities.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investment policy does not address custodial credit risk for investments. The District is exposed to custodial credit risk as its investments in U.S. agencies are held by the counterparties, not in the District's name.

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**2. DEPOSITS AND INVESTMENTS (Continued)**

Investments (Continued)

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limits the investments in commercial paper to the top three ratings of two nationally recognized statistical rating organizations (NRSRO's). As of June 30, 2016, the District's investments in money market accounts and negotiable CDs are not rated. The United States Government agency securities are rated AAA.

The District is authorized to invest in the Illinois School District Liquid Asset Fund Plus and Illinois Funds, which invest member deposits, on a pooled basis, primarily in short-term certificates of deposit and in high rated short-term obligations of the U.S. Treasury and major United States corporations and banks. The Illinois School District Liquid Asset Fund Plus and Illinois Funds were created and are regulated by the Illinois General Assembly and the fair value of the positions in the pools is the same as the value of the pool shares. The credit rating provided by Standard & Poor's of Illinois Funds was AAAM at June 30, 2016.

Cash held in the Illinois Funds Money Market Fund and the Illinois School District Liquid Asset Fund Plus is not subject to custodial credit risk categorization.

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District's investment policy limits the amount that the District may invest in short-term obligations of corporations to no more than one-third of the District's funds. There are no further limits on the amounts that may be invested in one issuer.

Separate cash and investment accounts are not maintained for all district funds; instead, the individual fund maintain their invested and uninvested balances in the common checking and investment accounts, with accounting records being maintained to show the portion of the common account balance attributable to each participating fund.

Investment income earned is assigned to each of the governmental funds.

Occasionally certain funds participating in the common bank accounts will incur overdrafts (deficits) in the account. The overdrafts result from expenditures that have been approved by the Board of Education.

**3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Deficit Fund Equity

The Operations and Maintenance Fund had a deficit fund balance of \$2,256,716 as of June 30, 2016. District management expects to fund this deficit through future tax levies.

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

**4. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

The composition of interfund loan balances as of June 30, 2016 for the District's individual major funds is as follows:

Receivable	Payable	Amount
General Fund	Operations and Maintenance Fund	<u>\$ 602,578</u>

The interfund loan balances exist because of temporary cash deficits will be repaid within one year.

Interfund transfers for the year ended June 30, 2016 are as follows:

Fund	Transfers In	Transfers Out
MAJOR GOVERNMENTAL		
General	\$ -	\$ 266,620
Transportation	-	10,052,103
Operations and Maintenance	<u>10,318,723</u>	<u>-</u>
TOTAL	<u>\$ 10,318,723</u>	<u>\$ 10,318,723</u>

The purposes of significant transfers during the year are as follows:

- During the fiscal year, the Board transferred \$266,620 working cash interest earned from the General Fund and \$52,103 interest earned from the Transportation Fund to the Operations and Maintenance Fund. These amounts will not be repaid.
- During the fiscal year, \$10,000,000 was transferred from the Transportation Fund to the Operations and Maintenance Fund to help pay for District Operations and Maintenance. This amount will not be repaid.

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

**5. GOVERNMENTAL CLAIMS RECEIVABLE AND UNEARNED REVENUE**

A summary of governmental grants claims receivable and unavailable revenue by fund as of June 30, 2016 is as follows:

	Receivables - Other Governmental Funds				Unearned and Unavailable
	General	Transportation	Operations and Maintenance	Total	Revenues - Other
General					
Special education grants	\$ 5,482,974	\$ -	\$ -	\$ 5,482,974	\$ 3,095,468
Medicaid fee for service	786,789	-	-	786,789	-
Title I grants	4,403,283	-	-	4,403,283	-
Title II grants	290,064	-	-	290,064	-
Title III grants	271,070	-	-	271,070	-
Bilingual education grants	971,143	-	-	971,143	-
Early childhood block grants	2,515,498	-	-	2,515,498	-
IDEA grant	536,245	-	-	536,245	342
Other	3,437,711	-	-	3,437,711	68,670
Total General Fund	18,694,777	-	-	18,694,777	3,164,480
Transportation Fund	-	3,120,066	-	3,120,066	3,120,066
Operations and Maintenance Fund					
School Safety Grant	-	-	499,034	499,034	-
Other	-	-	-	-	9,262
TOTAL	\$ 18,694,777	\$ 3,120,066	\$ 499,034	\$ 22,313,877	\$ 6,293,808

**6. OPERATING LEASES**

The District leases part of the administrative building to a third party under noncancelable operating leases. Assets included in the District's capital assets as of June 30, 2016 applicable to this lease were carried at a cost and accumulated depreciation of \$579,696 and \$63,767, respectively. For the year ended June 30, 2016, the District received \$581,542 in rentals under these leases which is included in rentals revenue in the Operations and Maintenance Fund.

Minimum future rentals to be received under this lease, excluding unknown escalation amounts and un-negotiated renewals are as follows at June 30, 2016:

Year Ending June 30,	Amount
2017	\$ 455,463
2018	460,867

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

**7. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2016 is as follows:

	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
<b>GOVERNMENTAL ACTIVITIES</b>					
Capital assets not being depreciated					
Land	\$ 6,660,620	\$ -	\$ -	\$ -	\$ 6,660,620
Construction in progress	41,386,806	46,826,812	-	(31,092,174)	57,121,444
Total capital assets not being depreciated	48,047,426	46,826,812	-	(31,092,174)	63,782,064
Capital assets being depreciated					
Land improvements	9,495,958	282,167	-	-	9,778,125
Buildings and building improvements	254,148,945	-	-	31,092,174	285,241,119
Furniture, fixtures and other equipment	49,878,051	1,622,969	-	-	51,501,020
Food service equipment	4,199,337	14,384	-	-	4,213,721
Transportation equipment	21,491,625	3,769,440	2,957,576	-	22,303,489
Software	1,944,240	-	-	-	1,944,240
Total capital assets being depreciated	341,158,156	5,688,960	2,957,576	31,092,174	374,981,714
Less accumulated depreciation for					
Land improvements	2,262,580	456,797	-	-	2,719,377
Buildings and building improvements	135,929,179	6,762,755	-	-	142,691,934
Furniture, fixtures and other equipment	35,913,087	4,957,396	-	-	40,870,483
Food service equipment	3,008,815	192,519	-	-	3,201,334
Transportation equipment	17,101,116	1,629,400	2,942,999	-	15,787,517
Software	561,867	129,616	-	-	691,483
Total accumulated depreciation	194,776,644	14,128,483	2,942,999	-	205,962,128
Total capital assets being depreciated, net	146,381,512	(8,439,523)	(14,577)	31,092,174	169,019,586
<b>GOVERNMENTAL ACTIVITIES</b>					
<b>CAPITAL ASSETS, NET</b>	<b>\$ 194,428,938</b>	<b>\$ 38,387,289</b>	<b>\$ (14,577)</b>	<b>\$ -</b>	<b>\$ 232,801,650</b>

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

**7. CAPITAL ASSETS (Continued)**

Depreciation expense was recognized in the operating activities of the District as follows:

Governmental Activities	Depreciation
Regular programs	\$ 4,731,114
Special education programs	1,893,948
Other instructional programs	1,419,196
Pupils	1,020,401
Instructional staff	460,891
General administration	379,899
School administration	809,838
Business	537,079
Transportation	2,135,073
Operations and maintenance	300,490
Central	295,454
Other supporting services	15,588
Community services	129,512
<b>TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES</b>	<b>\$ 14,128,483</b>

**8. LONG-TERM DEBT**

**a. Changes in General Long-Term Liabilities**

The following is the long-term liability activity for the District for the year ended June 30, 2016:

	Beginning Balances	Additions	Deletions	Ending Balances	Current Portion
General obligation bonds	\$ 113,395,000	\$ 29,085,000	\$ 1,800,000	\$ 140,680,000	\$ 1,900,000
Capital appreciation bonds*	81,544,250	3,755,602	7,390,000	77,909,852	7,390,000
Premiums	1,921,770	-	102,883	1,818,887	102,883
Discounts	(7,180)	-	(5,742)	(1,438)	(1,438)
<b>Total bonds payable</b>	<b>196,853,840</b>	<b>32,840,602</b>	<b>9,287,141</b>	<b>220,407,301</b>	<b>9,391,445</b>
Claims payable	7,004,369	47,692,043	47,902,384	6,794,028	3,094,960
Early retirement payable	2,206,083	60,522	325,240	1,941,365	299,877
Compensated absences	2,923,460	3,517,302	2,374,541	4,066,221	4,066,221
Net OPEB obligation	1,454,472	-	109,149	1,345,323	-
<b>TOTAL LONG-TERM LIABILITIES - GOVERNMENTAL ACTIVITIES</b>	<b>\$ 210,442,224</b>	<b>\$ 84,110,469</b>	<b>\$ 59,998,455</b>	<b>\$ 234,554,238</b>	<b>\$ 16,852,503</b>

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**8. LONG-TERM DEBT (Continued)**

a. Changes in General Long-Term Liabilities (Continued)

\*Includes annual accretion of interest in the amount of \$3,755,602 on capital appreciation bonds.

The obligation for claims payable will be repaid from the General and Tort Immunity Funds.

The obligations for the compensated absences and early retirement benefits will be repaid from the General, Operations and Maintenance and Transportation Funds.

b. General Obligation/Capital Appreciation Bonds

The District issues general obligation/capital appreciation bonds to finance various capital improvements. General obligation bonds are direct obligations and pledge the full faith and credit of the District. As of June 30, 2016, the District's general obligation/capital appreciation bonds consist of the following:

	Interest Rates	Original Indebtedness	Face Amount	Carrying Amount
Series 2000, capital appreciation life safety bonds dated February 1, 2000 are due in annual installments through February 1, 2020.	6.12% to 6.33%	\$ 9,999,934	\$ 29,960,000	\$ 16,683,641
Series 2001, refunding bonds dated October 15, 2001 are due in annual installments through February 1, 2017.	4.2% to 5.0%	20,850,000	5,400,000	1,900,000
Series 2010, capital appreciation limited school bonds dated September 1, 2010 are due in annual installments through February 1, 2020.	4.25%	9,992,698	13,640,000	9,135,775
Series 2013, capital appreciation limited school bonds dated April 2, 2013 are due in annual installments through February 1, 2027.	3.03% to 4.29%	30,999,876	46,355,000	34,938,985
Series 2013, general obligation bonds dated April 2, 2013 are due in annual installments through February 1, 2033.	3.5% to 4.0%	69,000,000	69,000,000	66,790,000
Series 2015A, capital appreciation limited school bonds dated March 5, 2015 are due in annual installments through February 1, 2027.	5.25%	6,204,788	9,725,000	6,645,152
Series 2015A, general obligation bonds dated March 5, 2015 are due in annual installments through February 1, 2035.	3.5% to 4.0%	13,795,000	12,855,000	13,795,000



**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

**8. LONG-TERM DEBT (Continued)**

**b. General Obligation/Capital Appreciation Bonds (Continued)**

	Interest Rates	Original Indebtedness	Face Amount	Carrying Amount
Series 2015B, capital appreciation limited school bonds dated March 5, 2015 are due in annual installments through February 1, 2027.	3.05% to 4.99%	\$ 9,886,576	\$ 25,710,000	\$ 10,506,299
Series 2015B, general obligation serial bonds dated March 5, 2015 are due in annual installments through February 1, 2027.	3.25%	935,000	935,000	935,000
Series 2015B, general obligation term bonds dated March 5, 2015 are due in annual installments on through February 1, 2035.	3.75% to 4.00%	28,175,000	28,175,000	28,175,000
Series 2016, Taxable Obligation School Bonds (Alternate Revenue Source - Qualified School Construction Bonds) dated May 12, 2016 are due in annual installments through December 2027.	3.80% to 3.95%	29,085,000	29,085,000	29,085,000
<b>TOTAL</b>		<b>\$ 228,923,872</b>	<b>\$ 270,840,000</b>	<b>\$ 218,589,852</b>

Above balances include \$21,821,748 of accreted interest on capital appreciation bonds. Capital appreciation bonds are treated like zero-coupon bonds in that no regular interest payments are associated with these bonds until the bonds mature. Accordingly, the accreted value is added to these bonds. The difference between the carrying amount and the face amount is the total accreted value to date.

A summary of the future debt service requirements to amortize the remaining outstanding general obligation bonds as of June 30, 2016 is as follows:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 1,900,000	\$ 5,604,929	\$ 7,504,929
2018	-	5,450,483	5,450,483
2019	-	5,450,483	5,450,483
2020	-	5,450,483	5,450,483
2021	-	5,450,483	5,450,483
2022	-	5,450,483	5,450,483
2023	-	5,450,483	5,450,483
2024	-	5,450,483	5,450,483
2025	-	5,450,483	5,450,483

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

**8. LONG-TERM DEBT (Continued)**

b. General Obligation/Capital Appreciation Bonds (Continued)

Year Ending June 30,	Principal	Interest	Total
2026	\$ -	\$ 5,450,483	\$ 5,450,483
2027	22,310,000	5,165,482	27,475,482
2028	25,220,000	4,319,141	29,539,141
2029	11,565,000	3,620,012	15,185,012
2030	12,010,000	3,166,838	15,176,838
2031	12,485,000	2,691,875	15,176,875
2032	12,985,000	2,197,725	15,182,725
2033	13,480,000	1,683,388	15,163,388
2034	14,075,000	1,149,000	15,224,000
2035	14,650,000	586,000	15,236,000
TOTAL	<u>\$ 140,680,000</u>	<u>\$ 79,238,737</u>	<u>\$ 219,918,737</u>

Debt service to maturity on the capital appreciation bonds is as follows:

Year Ending June 30,	Principal Repayment	Accretion	Net Capital Appreciation Bonds
2017	\$ 7,390,000	\$ 3,480,394	\$ 3,909,606
2018	8,865,000	3,170,234	5,694,766
2019	8,995,000	2,817,024	6,177,976
2020	9,130,000	2,395,383	6,734,617
2021	9,265,000	2,095,182	7,169,818
2022	9,535,000	1,810,855	7,724,145
2023	9,815,000	1,530,168	8,284,832
2024	10,095,000	1,203,289	8,891,711
2025	10,385,000	832,054	9,552,946
2026	10,680,000	417,448	10,262,552
2027	3,600,000	93,117	3,506,883
TOTAL	<u>\$ 97,755,000</u>	<u>\$ 19,845,148</u>	<u>\$ 77,909,852</u>

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

**8. LONG-TERM DEBT (Continued)**

**b. General Obligation/Capital Appreciation Bonds (Continued)**

The District has outstanding bonds with remaining pledges of revenue outstanding. The schedule of pledged revenue is detailed below:

Debt Issue	Pledge Source	Pledge Remaining	Commitment End Date	Pledged Revenue	Principal and Interest Paid	Estimated Percent of Pledged Revenue
2016	Corporate personal property replacement tax	\$ 41,527,558	December 1, 2027	\$ 19,141,723	\$ -	0%

The District is subject to the Illinois School Code, which limits the amount of certain indebtedness to 13.8% of the most recent available equalized assessed valuation of the District. As of June 30, 2016, the statutory debt limit for the District was \$270,587,647 providing a debt margin of \$73,819,543.

**9. RETIREMENT PLAN COMMITMENTS**

The retirement plans of the District include the Teachers' Retirement System of the State of Illinois (TRS or the System) and the Illinois Municipal Retirement Fund (IMRF). Most funding for TRS is provided through payroll withholdings of certified employees and contributions made by the State of Illinois (the State) on behalf of the District. IMRF is funded through property taxes, a perpetual lien of the District's corporate personal property replacement tax and through payroll withholdings of qualified staff. Each retirement system is discussed below.

**a. Teachers' Retirement System of the State of Illinois**

*Plan Description*

The District participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the City of Chicago. TRS members include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The TRS Board of Trustees is responsible for the System's administration. TRS issues a publicly available financial report that can be obtained at <http://trs.illinois.gov/pubs/cafr>; by writing to TRS at 2815 W. Washington, P.O. Box 19253, Springfield, IL 62794; or by calling (888) 877-0890, option 2.

9. RETIREMENT PLAN COMMITMENTS (Continued)

a. Teachers' Retirement System of the State of Illinois (Continued)

*Benefits Provided*

TRS provides retirement, disability and death benefits. Tier 1 members have TRS or reciprocal system service prior to January 1, 2011. Tier 1 members qualify for retirement benefits at age 62 with five years of service, at age 60 with ten years, or age 55 with 20 years. The benefit is determined by the average of the four highest years of creditable earnings within the last ten years of creditable service and the percentage of average salary to which the member is entitled. Most members retire under a formula that provides 2.2% of final average salary up to a maximum of 75% with 34 years of service. Disability and death benefits are also provided.

Tier 2 members qualify for retirement benefits at age 67 with ten years of service or a discounted annuity can be paid at age 62 with ten years of service. Creditable earnings for retirement purposes are capped and the final average salary is based on the highest consecutive eight years of creditable service rather than the last four. Disability provisions for Tier 2 are identical to those of Tier 1. Death benefits are payable under a formula that is different from Tier 1.

Essentially all Tier 1 retirees receive an annual 3% increase in the current retirement benefit beginning January 1 following the attainment of age 61 or on January 1 following the member's first anniversary in retirement, whichever is later. Tier 2 annual increases will be the lesser of 3% of the original benefit or one-half percent of the rate of inflation beginning January 1 following attainment of age 67 or on January 1 following the member's first anniversary in retirement, whichever is later.

*Contributions*

The State maintains the primary responsibility for funding TRS. The Illinois Pension Code, as amended by Public Act 88-0593 and subsequent acts, provides that for years 2010 through 2045, the minimum contribution to the System for each fiscal year shall be an amount determined to be sufficient to bring the total assets of the System up to 90% of the total actuarial liabilities of the System by the end of fiscal year 2045.

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2016, was 9.4% of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the employer.

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**9. RETIREMENT PLAN COMMITMENTS (Continued)**

a. Teachers' Retirement System of the State of Illinois (Continued)

*On Behalf Contributions to TRS*

The State makes employer pension contributions on behalf of the District. For the year ended June 30, 2016, the State's contributions recognized by the District were based on the State's proportionate share of the collective net pension liability and pension expense associated with the District, and the District recognized revenue and expenses of \$76,429,137 in pension contributions from the State.

*2.2 Formula Contributions*

Employers contribute 0.58% of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2016 were \$873,976 and are reported as a deferred outflow of resources because they were paid after the June 30, 2015 measurement date.

*Federal and Special Trust Fund Contributions*

When TRS members are paid from federal and special trust funds administered by the employer, there is a statutory requirement for the employer to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that has been in effect since the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the State contribution rate to TRS. Public Act 98-0674 now requires the two rates to be the same.

For the year ended June 30, 2016, the District pension contribution was 36.06% of salaries paid from federal and Special Trust Funds. For the year ended June 30, 2016, salaries totaling \$6,078,957 were paid from federal and Special Trust Funds that required District contributions of \$2,192,072. These contributions are deferred because they were paid after the June 30, 2015 measurement date.

*Employer Retirement Cost Contributions*

Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The District is required to make a one-time contribution to TRS for members retiring under the early retirement option (ERO). The payments vary depending on the member's age and salary. The maximum employer ERO contribution under the current program is 146.5% and applies when the member is age 55 at retirement. For the year ended June 30, 2016, the District paid \$232,011 to TRS for employer ERO contributions.

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**9. RETIREMENT PLAN COMMITMENTS (Continued)**

a. Teachers' Retirement System of the State of Illinois (Continued)

*Employer Retirement Cost Contributions (Continued)*

The employer is also required to make a one-time contribution to TRS for members granted salary increases over 6% if those salaries are used to calculate a retiree's final average salary. A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2016, the District paid \$173,390 to TRS for employer contributions due on salary increases in excess of 6% and \$22,971 for sick leave days granted in excess of the normal annual allotment.

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

At June 30, 2016, the District reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for state pension support provided to the District. The State's support and total are for disclosure purposes only. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follow:

District's proportionate share of the net pension liability	\$ 44,835,269
State's proportionate share of the net pension liability associated with the District	<u>932,876,821</u>
TOTAL	<u>\$ 977,712,090</u>

The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014 and rolled forward to June 30, 2015. The District's proportion of the net pension liability was based on the District's share of contributions to TRS for the measurement year ended June 30, 2015, relative to the projected contributions of all participating TRS employers and the State during that period. At June 30, 2015, the District's proportion was 0.0684402657%, which was a decrease of 0.0199158059% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$76,429,137 and revenue of \$76,429,137 for support provided by the State. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

**9. RETIREMENT PLAN COMMITMENTS (Continued)**

a. Teachers' Retirement System of the State of Illinois (Continued)

*Pension Liabilities, Pension Expense and Deferred Outflows of Resources and  
Deferred Inflows of Resources Related to Pensions (Continued)*

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 16,662	\$ 49,145
Net difference between projected and actual earnings on pension plan investments	887,932	1,569,981
Changes of assumptions	620,025	-
Changes in proportion and differences between employee contributions and proportionate share of contributions	-	13,990,334
District contributions subsequent to the measurement date	3,066,048	-
<b>TOTAL</b>	<b>\$ 4,590,667</b>	<b>\$ 15,609,460</b>

\$3,066,048 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 reporting year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2017	\$ (3,964,818)
2018	(3,964,818)
2019	(3,964,818)
2020	(2,190,387)

*Actuarial Assumptions*

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	Varies by amount of service credit
Investment rate of return	7.50%, net of pension plan investment expenses, including inflation

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**9. RETIREMENT PLAN COMMITMENTS (Continued)**

a. Teachers' Retirement System of the State of Illinois (Continued)

*Actuarial Assumptions* (Continued)

Mortality rates were based on the RP-2000 White Collar Table with projections using scale AA that vary by member group.

The actuarial assumptions for the years ended June 30, 2015 and 2014 were different. The actuarial assumptions used in the June 30, 2015, valuation were based on the 2015 actuarial experience analysis. The investment return assumption remained at 7.5%, salary increase assumptions were lowered, retirement rates were increased, mortality updates were made and other assumptions were revised. The actuarial assumptions used in the June 30, 2014 valuation were based on updates to economic assumptions adopted in 2014 which lowered the investment return assumption from 8.0% to 7.5%. The salary increase and inflation assumptions were also lowered from their 2013 levels.

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. The target allocation and best estimates of arithmetic real rates of return for each major asset class that were used by the actuary are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. large cap	18%	7.53%
Global equity excluding U.S.	18%	7.88%
Aggregate bonds	16%	1.57%
U.S. TIPS	2%	2.82%
NCREIF	11%	5.11%
Opportunistic real estate	4%	9.09%
ARS	8%	2.57%
Risk parity	8%	4.87%
Diversified inflation strategy	1%	3.26%
Private equity	14%	12.33%



**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**9. RETIREMENT PLAN COMMITMENTS (Continued)**

a. Teachers' Retirement System of the State of Illinois (Continued)

*Discount Rate*

At June 30, 2015, the discount rate used to measure the total pension liability was a blended rate of 7.47%, which was a change from the June 30, 2014 rate of 7.50%. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions and state contributions will be made at the current statutorily required rates.

Based on those assumptions, TRS's fiduciary net position at June 30, 2015 was not projected to be available to make all projected future benefit payments of current active and inactive members and all benefit recipients. Tier 1's liability is partially funded by Tier 2 members, as the Tier II member contribution is higher than the cost of Tier 2 benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. Despite the subsidy, all projected future payments were not covered, so a slightly lower long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.47%, 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 (6.47%) or 1 percentage point higher (8.47%) than the current rate.

	1% Decrease (6.47%)	Current Discount Rate (7.47%)	1% Increase (8.47%)
Employer's proportionate share of the net pension liability	\$ 55,405,399	\$ 44,835,269	\$ 36,167,476

*TRS Fiduciary Net Position*

Detailed information about the TRS' fiduciary net position as of June 30, 2015 is available in the separately issued TRS comprehensive annual financial report.

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**9. RETIREMENT PLAN COMMITMENTS (Continued)**

**b. Illinois Municipal Retirement Fund**

The District's defined benefit pension plan (the Plan), Illinois Municipal Retirement Fund (IMRF), provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. IMRF is an agent multiple-employer pension plan that acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the Plan that can only be amended by the Illinois General Assembly. IMRF issues a publicly available financial report that includes financial statements and supplementary information for the Plan as a whole but not by individual employer. That report may be obtained at [www.imrf.org](http://www.imrf.org). The net pension liability for the governmental activities has been liquidated by the Illinois Municipal Retirement/Social Security Fund.

*Plan Administration*

All employees (other than those covered by TRS) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in the Illinois Municipal Retirement Fund (IMRF) as participating members.

The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

*Plan Membership*

At December 31, 2015, IMRF membership consisted of:

Inactive employees or their beneficiaries currently receiving benefits	1,238
Inactive employees entitled to but not yet receiving benefits	1,305
Active employees	<u>1,359</u>
 TOTAL	 <u><u>3,902</u></u>

**9. RETIREMENT PLAN COMMITMENTS (Continued)**

**b. Illinois Municipal Retirement Fund (Continued)**

*Benefits Provided*

IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011 are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after eight years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter. Employees hired on or after January 1, 2011 are eligible for Tier 2 benefits.

For Tier 2 employees, pension benefits vest after ten years of service. Participating members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with ten years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute.

*Contributions*

Participating members are required to contribute 4.5% of their annual salary to IMRF. The District is required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The employer contribution rate for the calendar year 2016 and 2015 was 9.83% and 9.73%, respectively of annual covered payroll.

*Actuarial Assumptions*

The District's net pension liability was measured as of December 31, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of the same date using the following actuarial methods and assumptions.

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**9. RETIREMENT PLAN COMMITMENTS (Continued)**

b. Illinois Municipal Retirement Fund (Continued)

*Actuarial Assumptions* (Continued)

Actuarial valuation date	December 31, 2015
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.75%
Salary increases	3.75% to 14.50%
Interest rate	7.50%
Cost of living adjustments	3.00%
Asset valuation method	Market value

For nondisabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for nondisabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

*Discount Rate*

The discount rate used to measure the IMRF total pension liability was 7.49%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the employer's fiduciary net position was projected not 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 of 7.50% was blended with the index rate of 3.57% for tax exempt general obligation municipal bonds rated AA or better at December 31, 2015 to arrive at a discount rate of 7.49% used to determine the total pension liability.

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

**9. RETIREMENT PLAN COMMITMENTS (Continued)**

b. Illinois Municipal Retirement Fund (Continued)

*Changes in the Net Pension Liability*

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT JANUARY 1, 2015	\$ 205,191,308	\$ 204,033,204	\$ 1,158,104
Changes for the period			
Service cost	4,368,572	-	4,368,572
Interest	15,128,232	-	15,128,232
Difference between expected and actual experience	1,373,353	-	1,373,353
Changes in assumptions	236,362	-	236,362
Employer contributions	-	3,133,412	(3,133,412)
Employee contributions	-	1,757,018	(1,757,018)
Net investment income	-	1,001,565	(1,001,565)
Benefit payments and refunds	(11,717,657)	(11,717,657)	-
Other (net transfer)	-	104,018	(104,018)
Net change for the period	9,388,862	(5,721,644)	15,110,506
BALANCES AT DECEMBER 31, 2015	\$ 214,580,170	\$ 198,311,560	\$ 16,268,610

Changes in assumptions related to retirement age and mortality were made since the prior measurement date.

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**9. RETIREMENT PLAN COMMITMENTS (Continued)**

**b. Illinois Municipal Retirement Fund (Continued)**

*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources*

For the year ended June 30, 2016, the District recognized pension expense of \$6,055,215. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to IMRF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflow of Resources
Difference between expected and actual experience	\$ 1,384,554	\$ -	\$ 1,384,554
Changes in assumption	3,374,955	-	3,374,955
Net difference between projected and actual earnings on pension plan investments	12,850,294	-	12,850,294
Contributions made after measurement date	1,829,119	-	1,829,119
<b>TOTAL</b>	<b>\$ 19,438,922</b>	<b>\$ -</b>	<b>\$ 19,438,922</b>

\$1,829,119 reported as deferred outflows of resources related to District contributions subsequent to the measurement date and will be recognized as a reduction to net pension liability in the reporting year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to IMRF will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	
2016	\$ 6,455,625
2017	4,829,282
2018	3,519,735
2019	2,805,161
2020	-
Thereafter	-
<b>TOTAL</b>	<b>\$ 17,609,803</b>

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**9. RETIREMENT PLAN COMMITMENTS (Continued)**

b. Illinois Municipal Retirement Fund (Continued)

*Discount Rate Sensitivity*

The following is a sensitive analysis of the net pension liability (asset) to changes in the discount rate. The table below presents the net pension liability of the District calculated using the discount rate of 7.49% as well as what the District's net pension liability (assets) would be if it were calculated using a discount rate that is 1 percentage point lower (6.49%) or 1 percentage point higher (8.49%) than the current rate:

	1% Decrease (6.49%)	Current Discount Rate (7.49%)	1% Increase (8.49%)
Net pension liability	\$ 41,795,705	\$ 16,268,610	\$ (4,829,497)

**10. EARLY RETIREMENT BENEFITS**

The District offered two early retirement incentive plans. The first plan began in June 1989 and the District offered an early retirement plan to all employees covered by the collective bargaining agreement with the Rockford Education Association. The plan offered a \$3,000 early retirement bonus and a lifetime retirement supplement, with no right of survivorship, of \$150 per month. The District also offered postretirement health care benefits who elected the above described early retirement plan.

In July 1991, the second retirement plan was offered by the District to all employees covered by the collective bargaining agreement with the Rockford Education Association. The plan offered a lifetime benefit, payable monthly, in the amount of \$60 times credible years of TRS service divided by 12 with the maximum of 30 years of services.

*Actuarial Methods and 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 short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

## **10. EARLY RETIREMENT BENEFITS**

### Actuarial Methods and Assumptions (Continued)

In the June 30, 2015 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions used a rate to discount liabilities of 2.18%, which was determined by a cash flow matching analysis using plan specific expected benefit payments and spot rates from the Citigroup Pension Discount Curve as of June 30, 2016. Mortality assumptions use the RP-2000 Combined Healthy table projected to 2015 using projection scale AA. The benefits apply to a closed group of retired participants.

## **11. OTHER POSTEMPLOYMENT BENEFITS**

### a. Retiree's Health Plan

The District administers a single-employer defined benefit healthcare plan the Retiree's Health Plan. The plan provides medical, dental, vision and life insurance benefits for eligible retirees and their spouses through the District's group insurance plan which covers both active and retired members. Benefit provisions are established through collective bargaining agreements and state that eligible retirees and their spouses at established contribution rates. The Retiree's Health Plan does not issue a publicly available financial report.

Contribution requirements are established through collective bargaining agreements and may be amended only through negotiations between the Board and the union. The District makes the same monthly health insurance contribution on behalf of the retiree as it makes on-behalf of all other active employees during that year. The District has a pay as you go funding policy which means that contributions are made to the plan only to fund the amount of benefits paid each year. For fiscal year 2016, the District contributed \$3,891,952 to the plan.

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer. The ARC represents a level of funding that, if paid on the ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table show the components of the District's annual OPEB cost for the year, the amount actually contributed to the Retiree's Health Plan and changes in the District's net OPEB obligation to the Retiree's Health Plan:



**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**11. OTHER POSTEMPLOYMENT BENEFITS (Continued)**

a. Retiree's Health Plan (Continued)

Annual required contribution	\$ 3,802,414
Interest on net OPEB obligation	72,724
Adjustment to annual required contribution	<u>(92,335)</u>
Annual OPEB cost	3,782,803
Contributions made	<u>(3,891,952)</u>
Decrease in net OPEB obligation	(109,149)
Net OPEB obligation, beginning of year	<u>1,454,472</u>
NET OPEB OBLIGATION, END OF YEAR	<u><u>\$ 1,345,323</u></u>

*Membership*

At July 1, 2015, membership consisted of:

Retirees and beneficiaries currently receiving benefits	680
Terminated employees entitled to benefits but not yet receiving them	-
Active employees - vested	357
Active employees - nonvested	<u>2,565</u>
TOTAL	<u><u>3,602</u></u>
Participating employers	<u><u>1</u></u>

*Funding Policy*

The District is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future. Active employees do not contribute to the plan until retirement.

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**11. OTHER POSTEMPLOYMENT BENEFITS (Continued)**

a. Retiree's Health Plan (Continued)

*Funding Policy* (Continued)

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the Retiree's Health Plan and the net OPEB obligation (asset) for 2016 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
2016	\$ 3,782,803	102.89%	\$ 1,345,323
2015	4,006,841	59.87%	1,454,472
2014	4,005,121	98.68%	(153,336)

The funded status of the Retiree's Health Plan as of July 1, 2015 was as follows:

Actuarial accrued liability (AAL)	\$ 40,302,987
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	40,302,987
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	\$ 147,504,042
UAAL as a percentage of covered payroll	27.32%

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**11. OTHER POSTEMPLOYMENT BENEFITS (Continued)**

a. Retiree's Health Plan (Continued)

*Funding Policy* (Continued)

Actuarial Methods and 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 short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2015 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 5% investment rate of return and an annual healthcare cost trend rate of 6% initially, reduced by decrements to an ultimate rate of 5% after 2017. The Retiree's Health Plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an closed basis. The remaining amortization period at July 1, 2015 was 30 years.

b. Teacher Health Insurance Security of the State of Illinois

The District participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit postemployment plan that was established by the Illinois legislature for the benefit of retired Illinois public school teachers employed outside the City of Chicago. THIS Fund provides medical, prescription, and behavioral health benefits, but it does not provide vision, dental or life insurance benefits to annuitants of TRS. Annuitants not enrolled in Medicare may participate in the state administered participating provider option plan or choose from several managed care options. Annuitants who are enrolled in Medicare Parts A and B may be eligible to enroll in a Medicare Advantage plan.

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of THIS Fund and amendments to the plan can be made only by legislative action with the Governor's approval. Effective July 1, 2012, in accordance with Executive Order 12-01, the plan is administered by the Illinois Department of Central Management Services (CMS) with the cooperation of TRS. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to TRS who are not employees of the state to make a contribution to THIS Fund.

## **11. OTHER POSTEMPLOYMENT BENEFITS (Continued)**

### **b. Teacher Health Insurance Security of the State of Illinois (Continued)**

The percentage of employer required contributions in the future will not exceed 105% of the percentage of salary actually required to be paid in the previous fiscal year.

- On-behalf contributions to THIS Fund - The State makes employer retiree health insurance contributions on behalf of the District. State contributions are intended to match contributions to THIS Fund from active members which were 1.07% of pay during the year ended June 30, 2016. State contributions were \$1,612,335 and the District recognized revenue and expenditures of this amount during the year. State contributions intended to match active member contributions during the years ended June 30, 2015 and 2014 were 1.02% and 0.97% of pay, respectively. State contributions on behalf of district employees were \$1,514,894 and \$1,444,141 for the years ended June 30, 2015 and 2014, respectively.
- Employer contributions to THIS Fund - The District also makes contributions to THIS Fund. The employer THIS Fund contribution was 0.80% during the year ended June 30, 2016 and 0.76% and 0.72% during the years ended June 30, 2015 and 2014, respectively. For the year ended June 30, 2016, the District paid \$1,205,484 to THIS Fund, which was 100% of the required contribution. For the years ended June 30, 2015 and 2014, the District paid \$1,128,745 and \$1,072,142 to THIS Fund, respectively, which was 100% of the required contribution.

The publicly available financial report of THIS Fund may be found on the website of the Illinois Auditor General: <http://www.auditor.illinois.gov/audit-reports/ABC-list.asp>. The current reports are listed under "Central Management Services." Prior reports are available under "Healthcare and Family Services."

## **12. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omission; injuries to employees; and natural disasters. The District is self-insured for medical and dental coverage and workers' compensation.

The District is self-insuring its employee medical and dental benefits up to \$325,000 per plan year for each employee or dependent covered, and maintains coverage with an insurance carrier for excess amounts. This plan is administered by outside administrators who process the claims. The District pays the cost of employee coverage, and shares in the cost of their dependents. As of June 30, 2016, a liability has been provided for all known claims plus an estimate for those claims incurred but not reported. The cost related to this plan for the year ended June 30, 2016 were accounted for in the Internal Service Fund.

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**12. RISK MANAGEMENT (Continued)**

The District is also self-insured for workers' compensation claims on the first \$625,000 of each occurrence. The District carries excess workers' compensation insurance for statutory amounts not otherwise self-insured.

The District also purchases commercial insurance through a cooperative to provide risks of loss for property, general liability, automotive liability, excess liability, school board legal liability and excess property coverage to which the District is exposed. The cooperative has purchased aggregate excess coverage except for property and casualty losses. The property and casualty loss fund is fully funded by members based on required contributions determined by the cooperative's actuary. The District has not reduced its coverage this past year. The District has not significantly reduced insurance coverage nor had any settlement claims exceeding its insurance coverage the past three years.

An analysis of claims activity consisted of the following:

	2015 to 2016	2014 to 2015
Self-insurance liability, July 1	\$ 7,004,369	\$ 8,778,422
Current year claims and changes in estimate	47,692,043	47,888,069
Claims paid	(47,902,384)	(49,662,122)
SELF-INSURANCE LIABILITY, JUNE 30	<u>\$ 6,794,028</u>	<u>\$ 7,004,369</u>

**13. CONTINGENT**

The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the District's attorneys, the resolution of these matters will not have a material adverse effect on the financial condition of the District.

**14. STATE AND FEDERAL AID CONTINGENCIES**

The District has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowance, if any, would be immaterial.

**15. COMMITMENTS**

**Construction Projects**

The District had active outstanding construction project contracts open at year end. Future completion in the next fiscal year with estimated amount of approximately \$69,748,095 is to be paid to contractors.

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**16. CORPORATE PERSONAL PROPERTY REPLACEMENT TAX OVERPAYMENT**

During the fiscal year ended June 30, 2016, the Illinois Department of Revenue discovered it had made incorrect distributions or overpayments of corporate personal property replacement tax to local taxing districts. These overpayments will be recovered by the Illinois Department of Revenue through reduced payments to these taxing districts in the future. The details of this repayment are currently not known. The District was overpaid \$2,791,941 in corporate personal property replacement tax which will be repaid in future periods. This amounts is reported as Due to Other Governments in the General Fund.

**17. SPECIAL EDUCATION EXPENDITURES PAID FROM GENERAL STATE AID**

Instructional special education salaries paid from General State Aid in the amount of \$58,175 was reported in Special Education line item 10-1200-100 and was paid from revenue code 3001.

**18. PRIOR PERIOD ADJUSTMENT**

The District has restated fund balances/net position as of July 1, 2015 as follows:

	<u>Capital Projects Fund</u>
FUND BALANCES/NET POSITION, JULY 1, AS PREVIOUSLY REPORTED	\$ 101,964,700
CORRECTION OF AN ERROR To correct overstated revenues in the prior year	<u>(2,509,140)</u>
FUND BALANCES/NET POSITION, JULY 1, AS RESTATED	<u>\$ 99,455,560</u>

## **REQUIRED SUPPLEMENTARY INFORMATION**

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205  
ROCKFORD, ILLINOIS**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND**

For the Year Ended June 30, 2016

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Over (Under)</b>
<b>REVENUES</b>			
Local sources			
Educational and working cash property taxes	\$ 80,134,115	\$ 79,737,398	\$ (396,717)
Special education property taxes	15,828,959	15,750,747	(78,212)
Replacement taxes	11,953,161	9,161,220	(2,791,941)
Regular tuition from pupils or parents (in state)	425,000	550,979	125,979
Regular tuition from other LEA's (in state)	331,032	618,823	287,791
Regular tuition from other sources (in state)	-	8,950	8,950
Summer school - tuition from pupils and parents (in state)	58,155	67,663	9,508
Special education - tuition from other LEA's (in state)	1,837,427	1,760,685	(76,742)
Adult - tuition from pupils or parents (in state)	27,875	63,135	35,260
Investment income	755,500	537,997	(217,503)
Sales to pupils - lunch	344	1,088	744
Sales to pupils - breakfast	49,626	5,886	(43,740)
Sales to pupils - Ala Carte	392,003	772,927	380,924
Sales to pupils - other	862,380	-	(862,380)
Sales to adults	13,374	10,229	(3,145)
Other food service	6,000	10,507	4,507
Admissions - athletic	41,435	49,133	7,698
Rentals	-	75	75
Fees	73,370	126,982	53,612
Contributions and donations from private sources	30,000	92,650	62,650
Payments of surplus monies from TIF districts	-	6,841	6,841
Drivers education fees	30,305	76,100	45,795
Refund of prior year expenditures	-	340	340
Other	427,838	559,214	131,376
Total local sources	113,277,899	109,969,569	(3,308,330)
Flow-through revenue from one LEA to another LEA			
Flow-through revenue from state sources	19,989	20,074	85
Flow-through revenue from federal sources	94,000	9,462	(84,538)
Total flow-through	113,989	29,536	(84,453)
State sources			
General state aid	103,016,145	105,966,287	2,950,142
General state aid - hold harmless/supplemental	-	3,406,819	3,406,819
Special education - private facility tuition	2,300,000	2,172,544	(127,456)
Special education - extraordinary	3,500,000	2,982,795	(517,205)
Special education - personnel	5,000,000	4,138,060	(861,940)
Special education - orphanage - individual	1,800,000	1,338,368	(461,632)
Special education - orphanage - summer	200,000	33,718	(166,282)
Special education - summer school	160,000	168,444	8,444
CTE - student organizations	-	32,620	32,620

(This schedule is continued on the following pages.)



**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)  
GENERAL FUND

For the Year Ended June 30, 2016

	Original and Final Budget	Actual	Variance with Final Budget Over (Under)
<b>REVENUES (Continued)</b>			
State sources (Continued)			
Bilingual education - downstate - TPI	\$ 1,511,377	\$ 1,410,878	\$ (100,499)
State free lunch	200,000	128,030	(71,970)
Driver education	84,546	223,556	139,010
Adult education from Illinois Community College Board	738,849	421,835	(317,014)
Truant alternative/optional education	210,389	209,106	(1,283)
Early childhood - block grant	8,771,871	9,152,048	380,177
Advanced placement classes	47,546	61,303	-
Other restricted revenue from state sources	500,000	290,976	(209,024)
On-behalf payments to TRS from the State	55,548,438	78,028,740	22,480,302
Total state sources	183,589,161	210,166,127	26,563,209
Federal sources			
Federal impact aid	-	28,966	28,966
National school lunch program	8,000,000	10,126,486	2,126,486
Special breakfast program	1,600,000	2,461,970	861,970
Summer food service program	-	151,266	151,266
Child care commodity/SFS 13-adult day care	-	5,207	5,207
Commodity credit	700,000	1,048,346	348,346
Title I - low income	13,690,404	11,766,051	(1,924,353)
Title I - other	70,000	448,298	378,298
Title IV - 21st century	1,613,828	1,439,545	(174,283)
Federal - special education - preschool flow-through	283,560	278,621	(4,939)
Federal - special education - IDEA - flow-through/low incident	9,099,075	8,440,987	(658,088)
Federal - special education - IDEA - room and board	650,000	670,545	20,545
Federal - adult education	108,416	565,657	457,241
Title III - English language acquisition	387,612	473,786	86,174
McKinney education for homeless children	36,132	38,706	2,574
Title II - teacher quality	1,552,669	1,191,123	(361,546)
Medicaid matching funds - administrative outreach	775,000	770,023	(4,977)
Medicaid matching funds - fee-for-service program	2,000,000	1,841,314	(158,686)
Other restricted revenue from federal sources	1,271,658	1,604,200	332,542
Total federal sources	41,838,354	43,351,097	1,512,743
Total revenues	338,819,403	363,516,329	24,683,169
<b>EXPENDITURES</b>			
Instruction			
Regular programs			
Salaries	65,984,171	65,257,808	(726,363)
Employee benefits	21,949,616	22,311,759	362,143
Purchased services	1,066,883	982,603	(84,280)

(This schedule is continued on the following pages.)

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)  
GENERAL FUND

For the Year Ended June 30, 2016

	Original and Final Budget	Actual	Variance with Final Budget Over (Under)
<b>EXPENDITURES (Continued)</b>			
Instruction (Continued)			
Regular programs (Continued)			
Supplies and materials	\$ 4,357,464	\$ 4,657,512	\$ 300,048
Capital outlay	256,903	192,881	(64,022)
Other objects	166,500	140,858	(25,642)
Noncapitalized equipment	-	348,991	348,991
Termination benefits	450,000	-	(450,000)
On-behalf payments to TRS from the State	25,610,288	39,479,424	13,869,136
Total regular programs	119,841,825	133,371,836	13,530,011
Pre-K programs			
Salaries	4,962,972	5,105,148	142,176
Employee benefits	2,608,512	2,779,418	170,906
Purchased services	110,835	130,780	19,945
Supplies and materials	60,099	198,570	138,471
Capital outlay	-	8,664	8,664
On-behalf payments to TRS from the State	1,626,619	537,019	(1,089,600)
Total Pre-K programs	9,369,037	8,759,599	(609,438)
Special education programs			
Salaries	24,675,405	23,699,526	(975,879)
Employee benefits	11,665,135	10,761,234	(903,901)
Purchased services	29,595	393,484	363,889
Supplies and materials	165,704	177,296	11,592
Capital outlay	8,000	17,932	9,932
Other objects	5,758,728	6,001,134	242,406
Noncapitalized equipment	-	12,585	12,585
On-behalf payments to TRS from the State	7,650,705	12,013,191	4,362,486
Total special education programs	49,953,272	53,076,382	3,123,110
Special education programs Pre-K			
Salaries	1,590,315	1,526,848	(63,467)
Employee benefits	808,403	809,828	1,425
Purchased services	141,062	4,268	(136,794)
Supplies and materials	357,926	6,857	(351,069)
On-behalf payments to TRS from the State	467,604	380,606	(86,998)
Total special education programs Pre-K	3,365,310	2,728,407	(636,903)

(This schedule is continued on the following pages.)

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)  
GENERAL FUND

For the Year Ended June 30, 2016

	Original and Final Budget	Actual	Variance with Final Budget Over (Under)
<b>EXPENDITURES (Continued)</b>			
Instruction (Continued)			
Remedial and supplemental programs K-12			
Salaries	\$ 5,306,586	\$ 2,907,152	\$ (2,399,434)
Employee benefits	3,503,605	1,389,105	(2,114,500)
Purchased services	43,620	105,566	61,946
Supplies and materials	1,001,656	1,030,655	28,999
Capital outlay	223,069	348,628	125,559
On-behalf payments to TRS from the State	1,941,173	3	(1,941,170)
Total remedial and supplemental programs K-12	12,019,709	5,781,109	(6,238,600)
Adult/continuing education programs			
Salaries	637,741	298,356	(339,385)
Employee benefits	250,926	116,019	(134,907)
Purchased services	9,281	2,252	(7,029)
On-behalf payments to TRS from the State	72,188	91,701	19,513
Total adult/continuing education programs	970,136	508,328	(461,808)
CTE programs			
Salaries	2,795,732	2,803,915	8,183
Employee benefits	1,022,988	950,899	(72,089)
Purchased services	6,100	30,860	24,760
Supplies and materials	495	231,723	231,228
Capital outlay	-	46,381	46,381
Other objects	-	45,793	45,793
Noncapitalized equipment	-	395,254	395,254
On-behalf payments to TRS from the State	1,077,169	1,403,074	325,905
Total CTE programs	4,902,484	5,907,899	1,005,415
Interscholastic programs			
Salaries	1,582,799	1,494,053	(88,746)
Employee benefits	226,619	266,348	39,729
Purchased services	118,937	197,941	79,004
Supplies and materials	202,131	105,949	(96,182)
Capital outlay	10,000	42,303	32,303
Other objects	7,000	92,452	85,452
Noncapitalized equipment	-	1,389	1,389
On-behalf payments to TRS from the State	625,403	449,238	(176,165)
Total interscholastic programs	2,772,889	2,649,673	(123,216)

(This schedule is continued on the following pages.)

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)  
GENERAL FUND

For the Year Ended June 30, 2016

	Original and Final Budget	Actual	Variance with Final Budget Over (Under)
<b>EXPENDITURES (Continued)</b>			
Instruction (Continued)			
Summer school programs			
Salaries	\$ 339,100	\$ 808,238	\$ 469,138
Employee benefits	53,738	251,136	197,398
Purchased services	300	74,369	74,069
Supplies and materials	4,422	64,425	60,003
On-behalf payments to TRS from the State	-	147,406	147,406
Total summer school programs	397,560	1,345,574	948,014
Gifted programs			
Salaries	4,421,666	4,212,539	(209,127)
Employee benefits	1,471,991	1,460,204	(11,787)
Purchased services	6,800	5,207	(1,593)
Supplies and materials	6,406	21,039	14,633
On-behalf payments to TRS from the State	1,812,101	2,486,918	674,817
Total gifted programs	7,718,964	8,185,907	466,943
Driver's education programs			
Salaries	135,577	400,537	264,960
Employee benefits	46,602	76,806	30,204
Purchased services	-	12,089	12,089
Supplies and materials	35,600	10,097	(25,503)
Capital outlay	25,000	35,242	10,242
Other objects	-	810	810
Noncapitalized equipment	-	1,424	1,424
On-behalf payments to TRS from the State	55,563	134,425	78,862
Total driver's education programs	298,342	671,430	373,088
Bilingual programs			
Salaries	8,240,954	8,621,481	380,527
Employee benefits	3,042,417	2,857,524	(184,893)
Purchased services	92,056	32,764	(59,292)
Supplies and materials	426,618	398,383	(28,235)
Capital outlay	31,160	44,046	12,886
Other objects	-	22	22
Noncapitalized equipment	-	7,110	7,110
On-behalf payments to TRS from the State	3,209,643	4,039,447	829,804
Total bilingual programs	15,042,848	16,000,777	957,929

(This schedule is continued on the following pages.)

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)  
GENERAL FUND

For the Year Ended June 30, 2016

	Original and Final Budget	Actual	Variance with Final Budget Over (Under)
<b>EXPENDITURES (Continued)</b>			
Instruction (Continued)			
Truant's alternative and optional programs			
Salaries	\$ 1,718,692	\$ 2,494,160	\$ 775,468
Employee benefits	619,271	885,737	266,466
Purchased services	151,950	1,531,634	1,379,684
Supplies and materials	-	30,682	30,682
Other objects	1,459,700	327,269	(1,132,431)
On-behalf payments to TRS from the State	756,876	894,614	137,738
Total truant's alternative and optional programs	4,706,489	6,164,096	1,457,607
Total instruction	231,358,865	245,151,017	13,792,152
Support services			
Pupils			
Attendance and social work services			
Salaries	2,400,551	2,342,780	(57,771)
Employee benefits	794,065	792,704	(1,361)
Purchased services	1,116,930	673,856	(443,074)
Supplies and materials	29,168	6,770	(22,398)
On-behalf payments to TRS from the State	897,591	1,250,364	352,773
Total attendance and social work services	5,238,305	5,066,474	(171,831)
Guidance services			
Salaries	4,591,195	4,757,042	165,847
Employee benefits	1,506,285	1,479,183	(27,102)
Purchased services	50,800	11,391	(39,409)
Supplies and materials	68,890	22,824	(46,066)
Capital outlay	4,000	-	(4,000)
On-behalf payments to TRS from the State	1,756,830	2,429,241	672,411
Total guidance services	7,978,000	8,699,681	721,681
Health services			
Salaries	3,193,633	3,263,237	69,604
Employee benefits	1,121,352	1,294,853	173,501
Purchased services	324,411	218,604	(105,807)
Supplies and materials	89,222	41,257	(47,965)
Capital outlay	8,300	4,827	(3,473)
Other objects	2,500	2,750	250
On-behalf payments to TRS from the State	917,002	1,205,631	288,629
Total health services	5,656,420	6,031,159	374,739

(This schedule is continued on the following pages.)

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)  
GENERAL FUND

For the Year Ended June 30, 2016

	Original and Final Budget	Actual	Variance with Final Budget Over (Under)
<b>EXPENDITURES (Continued)</b>			
Support services (Continued)			
Pupils (Continued)			
Psychological services			
Salaries	\$ 2,107,626	\$ 1,858,516	\$ (249,110)
Employee benefits	603,954	583,963	(19,991)
Purchased services	106,900	176,974	70,074
Supplies and materials	116,890	47,791	(69,099)
On-behalf payments to TRS from the State	848,232	850,205	1,973
Total psychological services	3,783,602	3,517,449	(266,153)
Speech pathology and audiology services			
Salaries	3,529,755	2,790,129	(739,626)
Employee benefits	1,114,874	818,326	(296,548)
Purchased services	504,445	1,084,253	579,808
Supplies and materials	56,821	15,272	(41,549)
Capital outlay	10,000	-	(10,000)
On-behalf payments to TRS from the State	1,430,770	1,741,958	311,188
Total speech pathology and audiology services	6,646,665	6,449,938	(196,727)
Other support services - pupils			
Salaries	110,794	104,047	(6,747)
Employee benefits	39,744	39,233	(511)
Purchased services	5,000	20,725	15,725
Supplies and materials	-	14,030	14,030
Total other support services - pupils	155,538	178,035	22,497
Total pupils	29,458,530	29,942,736	484,206
Instructional staff			
Improvement of instructional services			
Salaries	2,305,084	4,614,194	2,309,110
Employee benefits	676,535	1,995,289	1,318,754
Purchased services	3,083,149	1,309,757	(1,773,392)
Supplies and materials	874,237	137,801	(736,436)
Capital outlay	12,000	897	(11,103)
Other objects	365,400	125	(365,275)
Noncapitalized equipment	-	11,502	11,502
On-behalf payments to TRS from the State	674,453	1,741,127	1,066,674
Total improvement of instructional services	7,990,858	9,810,692	1,819,834

(This schedule is continued on the following pages.)

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)  
GENERAL FUND

For the Year Ended June 30, 2016

	Original and Final Budget	Actual	Variance with Final Budget Over (Under)
<b>EXPENDITURES (Continued)</b>			
Support services (Continued)			
Instructional staff (Continued)			
Educational media services			
Salaries	\$ 2,122,828	\$ 2,019,388	\$ (103,440)
Employee benefits	1,158,411	977,275	(181,136)
Purchased services	87,203	79,734	(7,469)
Supplies and materials	172,056	311,436	139,380
Noncapitalized equipment	-	3,478	3,478
On-behalf payments to TRS from the State	573,400	748,646	175,246
	<hr/>	<hr/>	<hr/>
Total educational media services	4,113,898	4,139,957	26,059
	<hr/>	<hr/>	<hr/>
Assessment and testing			
Salaries	85,391	226,102	140,711
Employee benefits	29,810	43,324	13,514
Purchased services	10,375	74,717	64,342
Supplies and materials	100,000	75,705	(24,295)
Other objects	-	825	825
On-behalf payments to TRS from the State	853	48,794	47,941
	<hr/>	<hr/>	<hr/>
Total assessment and testing	226,429	469,467	243,038
	<hr/>	<hr/>	<hr/>
Total instructional staff	12,331,185	14,420,116	2,088,931
	<hr/>	<hr/>	<hr/>
General administration			
Board of Education services			
Salaries	187,355	187,272	(83)
Employee benefits	36,431	24,299	(12,132)
Purchased services	1,006,400	956,551	(49,849)
Supplies and materials	17,726	15,065	(2,661)
Capital outlay	4,000	-	(4,000)
Other objects	226,000	243,977	17,977
Noncapitalized equipment	-	3,142	3,142
	<hr/>	<hr/>	<hr/>
Total Board of Education services	1,477,912	1,430,306	(47,606)
	<hr/>	<hr/>	<hr/>
Executive administration services			
Salaries	2,591,689	1,242,012	(1,349,677)
Employee benefits	627,550	477,953	(149,597)
Purchased services	241,295	132,836	(108,459)
Supplies and materials	390,453	322,942	(67,511)
Other objects	25,000	31,598	6,598

(This schedule is continued on the following pages.)

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205  
ROCKFORD, ILLINOIS**

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)  
GENERAL FUND

For the Year Ended June 30, 2016

	Original and Final Budget	Actual	Variance with Final Budget Over (Under)
<b>EXPENDITURES (Continued)</b>			
Support services (Continued)			
General administration (Continued)			
Executive administration services (Continued)			
Noncapitalized equipment	\$ -	\$ 8,457	\$ 8,457
On-behalf payments to TRS from the State	905,913	868,160	(37,753)
	<hr/>	<hr/>	<hr/>
Total executive administration services	4,781,900	3,083,958	(1,697,942)
	<hr/>	<hr/>	<hr/>
Special area administration services			
Salaries	1,753,833	3,697,577	1,943,744
Employee benefits	816,146	1,252,493	436,347
Purchased services	152,357	165,102	12,745
Supplies and materials	45,102	57,853	12,751
Capital outlay	75,300	16,255	(59,045)
Other objects	-	3,777	3,777
On-behalf payments to TRS from the State	250,180	177,169	(73,011)
	<hr/>	<hr/>	<hr/>
Total special area administration services	3,092,918	5,370,226	2,277,308
	<hr/>	<hr/>	<hr/>
Total general administration	9,352,730	9,884,490	531,760
	<hr/>	<hr/>	<hr/>
School administration			
Office of the principal services			
Salaries	11,714,832	11,047,860	(666,972)
Employee benefits	3,789,331	3,241,199	(548,132)
Purchased services	-	33,527	33,527
Supplies and materials	176,312	48,088	(128,224)
Capital outlay	-	275	275
Noncapitalized equipment	-	13,190	13,190
On-behalf payments to TRS from the State	3,364,320	4,555,544	1,191,224
	<hr/>	<hr/>	<hr/>
Total office of the principal services	19,044,795	18,939,683	(105,112)
	<hr/>	<hr/>	<hr/>
Other support services - school administration			
Salaries	160,225	175,215	14,990
Employee benefits	45,559	49,312	3,753
On-behalf payments to TRS from the State	116,970	98,158	(18,812)
	<hr/>	<hr/>	<hr/>
Total other support services - school administration	322,754	322,685	(69)
	<hr/>	<hr/>	<hr/>
Total school administration	19,367,549	19,262,368	(105,181)
	<hr/>	<hr/>	<hr/>

(This schedule is continued on the following pages.)



**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)  
GENERAL FUND

For the Year Ended June 30, 2016

	Original and Final Budget	Actual	Variance with Final Budget Over (Under)
<b>EXPENDITURES (Continued)</b>			
Support services (Continued)			
Business			
Direction of business support services			
Salaries	\$ -	\$ 45,324	\$ 45,324
Employee benefits	-	139,739	139,739
Total direction of business support services	-	185,063	185,063
Fiscal services			
Salaries	923,465	873,488	(49,977)
Employee benefits	243,198	315,304	72,106
Purchased services	1,237,626	337,959	(899,667)
Supplies and materials	70,000	12,391	(57,609)
Capital outlay	-	24,524	24,524
Other objects	68,000	18,223	(49,777)
On-behalf payments to TRS from the State	1,522	31,131	29,609
Total fiscal services	2,543,811	1,613,020	(930,791)
Operation and maintenance of plant services			
Salaries	74,346	75,596	1,250
Employee benefits	10,600	11,017	417
Purchased services	40,320	52,304	11,984
Supplies and materials	-	257,966	257,966
Capital outlay	20,000	-	(20,000)
Total operation and maintenance of plant services	145,266	396,883	251,617
Pupil transportation services			
Purchased services	511,168	1,237,760	726,592
Total pupil transportation services	511,168	1,237,760	726,592
Food service			
Salaries	2,835,459	3,178,671	343,212
Employee benefits	1,721,520	1,323,976	(397,544)
Purchased services	1,173,909	197,886	(976,023)
Supplies and materials	5,688,100	8,348,130	2,660,030
Capital outlay	100,000	14,384	(85,616)
Other objects	20,000	22,076	2,076
Noncapitalized equipment	-	195,518	195,518
Total food service	11,538,988	13,280,641	1,741,653

(This schedule is continued on the following pages.)

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)  
GENERAL FUND

For the Year Ended June 30, 2016

	Original and Final Budget	Actual	Variance with Final Budget Over (Under)
<b>EXPENDITURES (Continued)</b>			
Support services (Continued)			
Business (Continued)			
Internal services			
Salaries	\$ 475,589	\$ 673,835	\$ 198,246
Employee benefits	119,229	137,284	18,055
Purchased services	195,975	199,585	3,610
Capital outlay	184,500	211,856	27,356
Other objects	1,000	-	(1,000)
Noncapitalized equipment	-	8,677	8,677
On-behalf payments to TRS from the State	-	57	57
	<hr/>	<hr/>	<hr/>
Total internal service	976,293	1,231,294	255,001
	<hr/>	<hr/>	<hr/>
Total business	15,715,526	17,944,661	2,229,135
	<hr/>	<hr/>	<hr/>
Central			
Direction of central support services			
Salaries	79,841	86,836	6,995
Employee benefits	22,748	24,785	2,037
Purchased services	25,000	274,577	249,577
Supplies and materials	-	275	275
On-behalf payments to TRS from the State	32,721	45,445	12,724
	<hr/>	<hr/>	<hr/>
Total direction of central support services	160,310	431,918	271,608
	<hr/>	<hr/>	<hr/>
Planning, research, development and evaluation services			
Salaries	334,462	361,771	27,309
Employee benefits	69,109	77,331	8,222
Purchased services	19,506	112,054	92,548
Supplies and materials	125,000	90,250	(34,750)
Noncapitalized equipment	-	42,731	42,731
On-behalf payments to TRS from the State	55,517	71,517	16,000
	<hr/>	<hr/>	<hr/>
Total planning, research, development and evaluation services	603,594	755,654	152,060
	<hr/>	<hr/>	<hr/>
Information services			
Salaries	461,465	483,287	21,822
Employee benefits	92,733	98,918	6,185
Purchased services	172,494	142,571	(29,923)
Supplies and materials	25,000	26,859	1,859
Capital outlay	4,000	-	(4,000)

(This schedule is continued on the following pages.)

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)  
GENERAL FUND

For the Year Ended June 30, 2016

	Original and Final Budget	Actual	Variance with Final Budget Over (Under)
<b>EXPENDITURES (Continued)</b>			
Support services (Continued)			
Central (Continued)			
Information services			
Other objects	\$ -	\$ 1,848	\$ 1,848
Noncapitalized equipment	-	2,144	2,144
Total information services	755,692	755,627	(65)
Staff services			
Salaries	1,628,150	1,489,991	(138,159)
Employee benefits	583,268	550,797	(32,471)
Purchased services	301,823	251,999	(49,824)
Supplies and materials	225,817	50,754	(175,063)
Capital outlay	10,000	-	(10,000)
Other objects	35,300	-	(35,300)
On-behalf payments to TRS from the State	153,046	32,549	(120,497)
Total staff services	2,937,404	2,376,090	(561,314)
Data processing services			
Salaries	1,948,289	1,970,988	22,699
Employee benefits	609,503	569,077	(40,426)
Purchased services	1,613,062	1,069,941	(543,121)
Supplies and materials	670,000	1,306,356	636,356
Capital outlay	1,295,000	450,807	(844,193)
Other objects	-	417	417
Noncapitalized equipment	-	1,624,032	1,624,032
On-behalf payments to TRS from the State	-	18,925	18,925
Total data processing services	6,135,854	7,010,543	874,689
Total central	10,592,854	11,329,832	736,978
Other supporting services			
Salaries	316,350	276,551	(39,799)
Employee benefits	160,747	142,555	(18,192)
Purchased services	120,962	124,565	3,603
Supplies and materials	12,500	1,037	(11,463)
Capital outlay	2,500	-	(2,500)
Total other supporting services	613,059	544,708	(68,351)
Total support services	97,431,433	103,328,911	5,897,478

(This schedule is continued on the following page.)

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)  
GENERAL FUND

For the Year Ended June 30, 2016

	Original and Final Budget	Actual	Variance with Final Budget Over (Under)
<b>EXPENDITURES (Continued)</b>			
Community services			
Salaries	\$ 2,087,474	\$ 1,928,132	\$ (159,342)
Employee benefits	1,263,473	1,140,030	(123,443)
Purchased services	1,011,385	268,249	(743,136)
Supplies and materials	127,034	110,872	(16,162)
Capital outlay	276,417	6,757	(269,660)
On-behalf payments to TRS from the State	198,603	57,050	(141,553)
Total community services	4,964,386	3,511,090	(1,453,296)
Intergovernmental			
Payments for regular programs			
Purchased services	1,487,919	3,416,595	1,928,676
Other objects	11,284,138	9,173,992	(2,110,146)
Total payments for regular programs	12,772,057	12,590,587	(181,470)
Total payments to other districts and governmental units	12,772,057	12,590,587	(181,470)
Total expenditures	346,526,741	364,581,605	18,054,864
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(7,707,338)	(1,065,276)	6,628,305
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from the sale of District assets	-	23,647	(23,647)
Transfers in (out)	(400,000)	(266,620)	(133,380)
Total other financing sources (uses)	(400,000)	(242,973)	(157,027)
NET CHANGE IN FUND BALANCE	<u>\$ (8,107,338)</u>	<u>(1,308,249)</u>	<u>\$ 6,471,278</u>
FUND BALANCE, JULY 1		<u>91,698,333</u>	
FUND BALANCE, JUNE 30		<u>\$ 90,390,084</u>	

(See independent auditor's report.)

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**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
OPERATIONS AND MAINTENANCE FUND

For the Year Ended June 30, 2016

	Original and Final Budget	Actual	Variance with Final Budget Over (Under)
<b>REVENUES</b>			
Local sources			
Operations and maintenance property taxes	\$ 14,839,649	\$ 14,766,316	\$ (73,333)
Corporate personal property replacement taxes	7,642,185	5,966,998	(1,675,187)
Rentals	207,443	737,453	530,010
Contributions and donations from private sources	-	9,442	9,442
Payments of surplus monies from TIF districts	-	1,058	1,058
Other	1,448,752	1,065,518	(383,234)
Total local sources	24,138,029	22,546,785	(1,591,244)
State sources			
Flow-through revenue from state sources	-	14,000	14,000
Other restricted revenue from state sources	-	45,418	45,418
Total state sources	-	59,418	59,418
Total revenues	24,138,029	22,606,203	(1,531,826)
<b>EXPENDITURES</b>			
Support services			
Operations and maintenance			
Facilities acquisition and construction services			
Salaries	291,803	-	(291,803)
Employee benefits	66,238	66,238	-
Total facilities acquisition and construction services	358,041	66,238	(291,803)
Operation and maintenance of plant services			
Salaries	2,792,776	2,984,621	191,845
Employee benefits	579,983	549,537	(30,446)
Purchased services	11,838,639	12,371,095	532,456
Supplies and materials	6,577,685	7,071,811	494,126
Capital outlay	1,410,000	696,979	(713,021)
Other objects	20,000	55,973	35,973
Noncapitalized equipment	-	424,013	424,013
Total operation and maintenance of plant services	23,219,083	24,154,029	934,946
Total operations and maintenance	23,577,124	24,220,267	643,143

(This schedule is continued on the following page.)

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)  
OPERATIONS AND MAINTENANCE FUND

For the Year Ended June 30, 2016

	Original and Final Budget	Actual	Variance with Final Budget Over (Under)
<b>EXPENDITURES (Continued)</b>			
Support services (Continued)			
Other supporting services			
Other support services			
Salaries	\$ 384,692	\$ 374,013	\$ (10,679)
Employee benefits	108,631	97,776	(10,855)
Other objects	-	107	107
	<hr/>	<hr/>	<hr/>
Total other support services	493,323	471,896	(21,427)
	<hr/>	<hr/>	<hr/>
Total other supporting services	493,323	471,896	621,716
	<hr/>	<hr/>	<hr/>
Total expenditures	24,070,447	24,692,163	621,716
	<hr/>	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	67,582	(2,085,960)	(2,153,542)
	<hr/>	<hr/>	<hr/>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from the sale of District assets	-	60,096	60,096
Transfers in (out)	10,400,000	10,318,723	(81,277)
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	10,400,000	10,378,819	(21,181)
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	<u>\$ 10,467,582</u>	8,292,859	<u>\$ (2,174,723)</u>
	<hr/>	<hr/>	<hr/>
FUND BALANCE (DEFICIT), JULY 1		(10,549,575)	
		<hr/>	
FUND BALANCE (DEFICIT), JUNE 30		<u>\$ (2,256,716)</u>	

(See independent auditor's report.)

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
TRANSPORTATION FUND

For the Year Ended June 30, 2016

	Original and Final Budget	Actual	Variance with Final Budget Over (Under)
<b>REVENUES</b>			
Local sources			
Transportation property taxes	\$ 17,403,483	\$ 16,825,426	\$ (578,057)
Regular transportation fees from other sources (in state)	5,000	46,722	41,722
Investment income	-	58,154	58,154
Refunds of prior years' expenditures	-	28,835	28,835
Payments of surplus monies from TIF districts	-	1,091	1,091
Other	340,284	12,001	(328,283)
Total local sources	17,748,767	16,972,229	(776,538)
State sources			
Transportation - regular/vocational	11,917,370	6,823,516	(5,093,854)
Transportation - special education	1,050,583	2,517,940	1,467,357
On-behalf payments to TRS from the State	367,218	10,261	(356,957)
Total state sources	13,335,171	9,351,717	(3,983,454)
Total revenues	31,083,938	26,323,946	(4,759,992)
<b>EXPENDITURES</b>			
Support services			
Pupils			
Other support services - pupils			
Salaries	82,497	83,638	1,141
Total pupils	82,497	83,638	1,141
Business			
Pupil transportation services			
Salaries	7,631,095	8,403,208	772,113
Employee benefits	3,713,202	3,732,541	19,339
Purchased services	4,307,138	4,004,682	(302,456)
Supplies and materials	3,754,698	3,063,807	(690,891)
Capital outlay	1,602,000	3,729,963	2,127,963
Noncapitalized equipment	-	8,552	8,552
On-behalf payments to TRS from the State	378,114	10,261	(367,853)
Total pupil transportation services	21,386,247	22,953,014	1,566,767
Total business	21,386,247	22,953,014	1,566,767
Total support services	21,468,744	23,036,652	1,567,908

(This schedule is continued on the following page.)



**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
TRANSPORTATION FUND (Continued)

For the Year Ended June 30, 2016

	Original and Final Budget	Actual	Variance with Final Budget Over (Under)
<b>EXPENDITURES (Continued)</b>			
Central			
Other support services			
Salaries	\$ -	\$ 1,138	\$ 1,138
Employee benefits	-	132	132
Total other support services	-	1,270	1,270
Total central	-	1,270	1,270
Total expenditures	21,468,744	23,037,922	1,569,178
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	9,615,194	3,286,024	(6,329,170)
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from the sale of District assets	-	93,586	93,586
Transfers (out)	(10,000,000)	(10,052,103)	(52,103)
Total other financing sources (uses)	(10,000,000)	(9,958,517)	41,483
NET CHANGE IN FUND BALANCE	<u>\$ (384,806)</u>	<u>(6,672,493)</u>	<u>\$ (6,287,687)</u>
FUND BALANCE, JULY 1		<u>16,924,659</u>	
FUND BALANCE, JUNE 30		<u>\$ 10,252,166</u>	

(See independent auditor's report.)

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND

For the Year Ended June 30, 2016

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Over (Under)</b>
<b>REVENUES</b>			
Local sources			
IMRF property taxes	\$ 2,770,068	\$ 2,867,507	\$ 97,439
Social Security/Medicare only property taxes	3,454,670	3,518,005	63,335
Corporate personal property replacement taxes	944,354	944,354	-
Investment income	-	22,107	22,107
Payments of surplus monies from TIF districts	-	460	460
Total revenues	7,169,092	7,352,433	183,341
<b>EXPENDITURES</b>			
Instruction			
Regular programs	1,300,104	1,241,381	(58,723)
Pre-K programs	17,732	33,564	15,832
Special education programs	1,007,303	876,603	(130,700)
Special education programs Pre-K	71,535	76,670	5,135
Adult/continuing education programs	805	2,512	1,707
Vocational programs	67,197	58,220	(8,977)
Interscholastic programs	31,996	102,522	70,526
Summer school programs	-	9,807	9,807
Gifted programs	64,115	59,596	(4,519)
Employee benefits	1,967	5,867	3,900
Bilingual programs	134,410	117,626	(16,784)
Truant's alternative and optional programs	66,578	73,120	6,542
Total instruction	2,763,742	2,657,488	(106,254)
Support services			
Pupils			
Attendance and social work services	33,962	34,625	663
Guidance services	115,063	111,839	(3,224)
Health services	66,302	208,625	142,323
Psychological services	30,561	27,107	(3,454)
Speech pathology and audiology services	57,325	59,339	2,014
Other support services - pupils	33,594	25,900	(7,694)
Total pupils	336,807	467,435	130,628
Instructional staff			
Improvement of instructional services	55,063	36,552	(18,511)
Educational media services	123,106	137,787	14,681
Assessment and testing	7,742	7,851	109
Total instructional staff	185,911	182,190	(3,721)

(This schedule is continued on the following page.)

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)  
MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND

For the Year Ended June 30, 2016

	Original and Final Budget	Actual	Variance with Final Budget Over (Under)
<b>EXPENDITURES (Continued)</b>			
Support services (Continued)			
General administration			
Board of education services	\$ 71,044	\$ 69,834	\$ (1,210)
Executive administration services	86,521	59,706	(26,815)
Special area administration services	8,186	39,842	31,656
Total general administration	165,751	169,382	3,631
School administration			
Office of the principal services	713,038	733,215	20,177
Other support services - school administration	2,323	2,464	141
Total school administration	715,361	735,679	20,318
Business			
Fiscal services	122,440	134,824	12,384
Facilities acquisition and construction service	69,490	48,899	(20,591)
Operation and maintenance of plant services	587,889	599,504	11,615
Pupil transportation services	1,133,425	1,261,588	128,163
Food service	518,851	524,869	6,018
Internal service	148,260	170,190	21,930
Total business	2,580,355	2,739,874	159,519
Central			
Direction of central support services	1,158	1,102	(56)
Planning, research, development and evaluation services	36,551	38,876	2,325
Information services	80,203	83,601	3,398
Staff services	209,219	193,347	(15,872)
Data processing services	265,693	285,103	19,410
Total central	592,824	602,029	9,205
Other support services	-	460	460
Total support services	4,577,009	4,897,049	320,040
Community services	32,128	31,525	(603)
Total expenditures	7,372,879	7,586,062	213,183
NET CHANGE IN FUND BALANCE	<u>\$ (203,787)</u>	<u>(233,629)</u>	<u>\$ (29,842)</u>
FUND BALANCE, JULY 1		2,485,540	
FUND BALANCE, JUNE 30		<u>\$ 2,251,911</u>	

(See independent auditor's report.)

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
TORT IMMUNITY FUND

For the Year Ended June 30, 2016

	Original and Final Budget	Actual	Variance with Final Budget Over (Under)
<b>REVENUES</b>			
Local sources			
Tort immunity property taxes	\$ 5,935,860	\$ 5,972,408	\$ 36,548
Investment income	-	35,389	35,389
Payments of surplus monies from TIF districts	-	438	438
Other	-	1,261,344	1,261,344
Total local sources	5,935,860	7,269,579	1,333,719
State sources			
On-behalf payments to TRS from the State	81,660	2,470	(79,190)
Total revenues	6,017,520	7,272,049	1,254,529
<b>EXPENDITURES</b>			
Support services			
General administration			
Educational, inspectional and supervisory services related to loss prevention or reduction			
Salaries	518,252	391,709	(126,543)
Employee benefits	78,716	63,977	(14,739)
On-behalf payments to TRS from the State	84,087	2,470	(81,617)
Purchased services	7,051,234	7,603,051	551,817
Total educational, inspectional and supervisory services related to loss prevention or reduction	7,732,289	8,061,207	328,918
Administrative			
Salaries	-	133,279	133,279
Employee benefits	19,871	29,797	9,926
Purchased services	7,000	750	(6,250)
Other	30,000	86,100	56,100
Total administrative	56,871	249,926	193,055
Total support services	7,789,160	8,311,133	521,973
Total expenditures	7,789,160	8,311,133	521,973
NET CHANGE IN FUND BALANCE	<u>\$ (1,771,640)</u>	(1,039,084)	<u>\$ 732,556</u>
FUND BALANCE, JULY 1		<u>11,669,301</u>	
FUND BALANCE, JUNE 30		<u>\$ 10,630,217</u>	

(See independent auditor's report.)

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205  
ROCKFORD, ILLINOIS**

SCHEDULE OF FUNDING PROGRESS  
OTHER POSTEMPLOYMENT BENEFIT PLAN

June 30, 2016

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<b>Actuarial Valuation Date July 1,</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) Entry-Age (b)</b>	<b>Unfunded AAL (UAAL) (b) - (a)</b>	<b>Funded Ratio (a)/(b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll [(b-a)/c]</b>
2015	\$ -	\$ 40,302,987	\$ 40,302,987	N/A	\$ 147,504,042	27.32%
2014	N/A	N/A	N/A	N/A	N/A	N/A
2013	-	39,497,668	39,497,668	N/A	161,631,430	24.44%
2012	N/A	N/A	N/A	N/A	N/A	N/A
2011	-	43,624,749	43,624,749	N/A	134,806,293	32.36%
2010	N/A	N/A	N/A	N/A	N/A	N/A

N/A - not available

Note: The District did not have actuarial valuations as of July 1, 2010, 2012 and 2014.

(See independent auditor's report.)

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**

SCHEDULE OF EMPLOYER CONTRIBUTIONS  
ILLINOIS MUNICIPAL RETIREMENT FUND

June 30, 2016

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	<b>2016</b>	<b>2015</b>
Actuarially determined contribution	\$ 3,774,142	\$ 3,882,559
Contributions in relation to the actuarially determined contribution	<u>3,774,142</u>	<u>3,882,559</u>
<b>CONTRIBUTION DEFICIENCY (Excess)</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Covered-employee payroll	\$ 38,167,852	\$ 37,308,435
Contributions as a percentage of covered-employee payroll	9.89%	10.41%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of January 1 of the prior fiscal year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 29 years; the asset valuation method was five-year smoothed market; and the significant actuarial assumptions were an investment rate of return at 7.5% annually, projected salary increases assumption of 4.4% to 16.0% compounded annually and postretirement benefit increases of 3.0% compounded annually.

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**OTHER POSTEMPLOYMENT BENEFIT PLAN**

June 30, 2016

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<b>Fiscal Year</b>	<b>Annual Required Contribution (ARC)</b>	<b>Employer Contributions</b>	<b>Percentage of ARC Contributed</b>
2016	\$ 3,802,414	\$ 3,891,952	102.35%
2015	4,004,774	2,359,563	58.92%
2014	4,002,341	3,952,260	98.75%
2013	4,110,775	4,488,306	109.18%
2012	4,122,882	4,182,296	101.44%
2011	4,371,553	4,417,887	101.06%

(See independent auditor's report.)

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**

SCHEDULE OF EMPLOYER CONTRIBUTIONS  
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

June 30, 2016

	<u>2016</u>	<u>2015</u>
Statutorily-required contribution	\$ 3,066,048	\$ 2,852,360
Contributions in relation to the statutorily-required contribution	<u>3,066,048</u>	<u>2,852,360</u>
<b>CONTRIBUTION DEFICIENCY (Excess)</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
District's covered-employee payroll	\$ 150,685,486	\$ 148,519,026
Contributions as a percentage of covered-employee payroll	2.03%	1.92%

Notes to Required Supplementary Information

Amounts reported in June 30, 2015 valuation reflect an investment rate of return of 7.50%, an inflation rate of 3.00%, real return of 4.50% and salary increases that vary by service credit. In the June 30, 2014 valuation, assumptions used were an investment rate of return of 7.50%, an inflation rate of 3.00% and real rate of return of 4.50% and salary increases of 5.75%.



**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**

SCHEDULE OF CHANGES IN THE EMPLOYER'S  
NET PENSION LIABILITY AND RELATED RATIOS  
ILLINOIS MUNICIPAL RETIREMENT FUND

June 30, 2016

	<b>2015*</b>	<b>2014*</b>
<b>TOTAL PENSION LIABILITY</b>		
Service cost	\$ 4,368,572	\$ 4,159,957
Interest	15,128,232	13,950,786
Changes of benefit terms	-	-
Differences between expected and actual experience	1,373,353	1,028,834
Changes of assumptions	236,362	7,856,003
Benefit payments, including refunds of member contributions	(11,717,657)	(11,083,560)
	<hr/>	<hr/>
Net change in total pension liability	9,388,862	15,912,020
Total pension liability - beginning	205,191,308	189,279,288
	<hr/>	<hr/>
<b>TOTAL PENSION LIABILITY - ENDING</b>	<b>\$ 214,580,170</b>	<b>\$ 205,191,308</b>
	<hr/>	<hr/>
<b>PLAN FIDUCIARY NET POSITION</b>		
Contributions - employer	\$ 3,133,412	\$ 4,099,222
Contributions - member	1,757,018	1,732,766
Net investment income	1,001,565	11,957,473
Benefit payments, including refunds of member contributions	(11,717,657)	(11,083,560)
Other (net transfer)	104,018	(157,801)
	<hr/>	<hr/>
Net change in plan fiduciary net position	(5,721,644)	6,548,100
Plan fiduciary net position - beginning	204,033,204	197,485,104
	<hr/>	<hr/>
<b>PLAN FIDUCIARY NET POSITION - ENDING</b>	<b>\$ 198,311,560</b>	<b>\$ 204,033,204</b>
	<hr/>	<hr/>
<b>EMPLOYER'S NET PENSION LIABILITY</b>	<b>\$ 16,268,610</b>	<b>\$ 1,158,104</b>
	<hr/>	<hr/>
Plan fiduciary net position as a percentage of the total pension liability (asset)	92.42%	99.44%
Covered-employee payroll	\$ 38,167,852	\$ 37,308,435
Employer's net pension liability as a percentage of covered-employee payroll	42.62%	3.10%

Notes to Schedule:

\*The actuarial valuations were performed as of December 31.

The information in this schedule will accumulate until a full 10-year trend is presented as required by GASB Statement

(See independent auditor's report.)

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE  
NET PENSION LIABILITY  
TEACHER'S RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

June 30, 2016\*

	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.0684402657%	0.0883560716%
District's proportionate share of the net pension liability	\$ 44,835,269	\$ 53,771,979
State's proportionate share of the net pension liability associated with the District	<u>932,876,821</u>	<u>937,532,477</u>
<b>TOTAL</b>	<u>\$ 977,712,090</u>	<u>\$ 991,304,456</u>
District's covered-employee payroll	\$ 148,519,026	\$ 148,908,671
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	30.19%	36.21%
Plan fiduciary net position as a percentage of the total pension liability	43.00%	43.00%

\* The amounts presented were determined as of the prior fiscal year end.

The information in this schedule will accumulate until a full ten-year trend is presented as required by GASB Statement No. 68.

(See independent auditor's report.)

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2016

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**1. BUDGETS AND BUDGETARY ACCOUNTING**

The budgeted amounts for the governmental funds are adopted on the modified accrual basis, which is consistent with accounting principles generally accepted in the United States of America.

The Board of Education follows these procedures in establishing the budgetary data reflected in the general purpose financial statements:

- a. The Administration submits to the Board of Education a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted and the proposed budget is available for inspection to obtain taxpayer comments.
- c. Prior to September 30, the budget is legally adopted through passage of resolution. By the last Tuesday in December, a tax levy resolution is filed with the county clerk to obtain tax revenues.
- d. Management is authorized to transfer budget amounts, provided funds are transferred between the same function and object codes. The Board of Education is authorized to transfer up to 10% of the total budget between functions within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education, after following the public hearing process mandated by law.
- e. Formal budgetary integration is employed as a management control device during the year for all governmental funds.
- f. All budget appropriations lapse at the end of the fiscal year.

The budget amounts shown in the financial statements are as originally adopted because there were no amendments during the past fiscal year.

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (Continued)

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**2. EXCESS EXPENDITURES OVER APPROPRIATIONS**

For the year ended June 30, 2016, expenditures exceeded budget in the following funds:

General Fund	\$ 18,054,865
Operations and Maintenance	621,716
Transportation	1,569,178
Municipal Retirement/Social Security Fund	213,183
Bond and Interest Fund	8,890
Fire Prevention and Life Safety Fund	4,738,148
Tort Immunity Fund	521,973

General Fund expenditure exceed budget due to on-behalf payments recorded in the amount of \$ 78,041,471. The amounts are provided by TRS after June 30, 2016 and cannot be accurately estimated by the District and was budgeted at \$ 55,997,315.

## **SUPPLEMENTARY INFORMATION**

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
OPERATING FUNDS

For the Year Ended June 30, 2016

	General	Operations and Maintenance	Transportation	Municipal Retirement/ Social Security	Tort Immunity	Total
<b>REVENUES</b>						
Property taxes	\$ 95,488,145	\$ 14,766,316	\$ 16,825,426	\$ 6,385,512	\$ 5,972,408	\$ 139,437,807
Corporate personal property replacement taxes	9,161,220	5,966,998	-	944,354	-	16,072,572
State aid	210,186,201	59,418	9,351,717	-	2,470	219,599,806
Federal aid	43,360,559	-	-	-	-	43,360,559
Investment income	537,997	-	58,154	22,107	35,389	653,647
Refund of prior year's expenditures	340	-	-	-	-	340
Payments of surplus monies from TIF districts	6,841	1,058	1,091	460	438	9,888
Other	4,775,026	1,812,413	87,558	-	1,261,344	7,936,341
Total revenues	363,516,329	22,606,203	26,323,946	7,352,433	7,272,049	427,070,960
<b>EXPENDITURES</b>						
Current						
Instruction						
Regular programs	133,178,955	-	-	1,241,381	-	134,420,336
Special programs	69,970,273	-	-	910,167	-	70,880,440
Other instructional programs	41,265,712	-	-	505,940	-	41,771,652
Support services						
Pupils	29,937,909	-	83,638	467,435	-	30,488,982
Instructional staff	14,419,219	-	-	182,190	-	14,601,409
General administration	9,868,235	-	-	169,382	8,311,133	18,348,750
School administration	19,262,093	-	-	735,679	-	19,997,772
Business	17,693,897	-	-	2,739,874	-	20,433,771
Transportation	-	-	19,224,321	-	-	19,224,321
Operations and maintenance	-	23,523,288	-	-	-	23,523,288
Central	10,879,025	-	-	602,029	-	11,481,054
Other supporting services	544,708	471,896	-	460	-	1,017,064
Community services	3,504,333	-	-	31,525	-	3,535,858
Intergovernmental						
Payments to other districts and and government units	12,590,587	-	-	-	-	12,590,587
Capital outlay	1,466,659	696,979	3,729,963	-	-	5,893,601
Total expenditures	364,581,605	24,692,163	23,037,922	7,586,062	8,311,133	428,208,885
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,065,276)	(2,085,960)	3,286,024	(233,629)	(1,039,084)	(1,137,925)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in (out)	(266,620)	10,318,723	(10,052,103)	-	-	-
Proceeds from the sale of District assets	23,647	60,096	93,586	-	-	177,329
Total other financing sources (uses)	(242,973)	10,378,819	(9,958,517)	-	-	177,329
NET CHANGES IN FUND BALANCE	(1,308,249)	8,292,859	(6,672,493)	(233,629)	(1,039,084)	(960,596)
FUND BALANCES (DEFICIT), JULY 1	91,698,333	(10,549,575)	16,924,659	2,485,540	11,669,301	112,228,258
<b>FUND BALANCES (DEFICIT), JUNE 30</b>	<b>\$ 90,390,084</b>	<b>\$ (2,256,716)</b>	<b>\$ 10,252,166</b>	<b>\$ 2,251,911</b>	<b>\$ 10,630,217</b>	<b>\$ 111,267,662</b>

(See independent auditor's report.)

**MAJOR DEBT SERVICE AND CAPITAL PROJECTS FUNDS**

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
BOND AND INTEREST FUND**

For the Year Ended June 30, 2015

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Over (Under)</b>
<b>REVENUES</b>			
Local sources			
Debt service property taxes	\$ 13,395,569	\$ 13,388,878	\$ (6,691)
Investment income	-	40,094	40,094
Payments of surplus monies from TIF districts	-	947	947
Total revenues	13,395,569	13,429,919	34,350
<b>EXPENDITURES</b>			
Debt service			
Payments on long-term debt			
Principal payments on long-term debt	10,610,800	9,190,000	(1,420,800)
Interest on long-term debt	2,930,837	4,351,637	1,420,800
Other	-	8,890	8,890
Total expenditures	13,541,637	13,550,527	8,890
NET CHANGE IN FUND BALANCE	<u>\$ (146,068)</u>	(120,608)	<u>\$ 25,460</u>
FUND BALANCE, JULY 1		<u>2,258,926</u>	
FUND BALANCE, JUNE 30		<u>\$ 2,138,318</u>	

(See independent auditor's report.)



**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
CAPITAL PROJECTS FUND

For the Year Ended June 30, 2016

	Original and Final Budget	Actual	Variance with Final Budget Over (Under)
<b>REVENUES</b>			
Local sources			
Corporate personal property replacement taxes	\$ 3,069,151	\$ 3,069,151	\$ -
Investment income	-	240,236	240,236
Total local sources	3,069,151	3,309,387	240,236
Total revenues	3,069,151	3,309,387	240,236
<b>EXPENDITURES</b>			
Support services			
Operations and maintenance			
Facilities acquisition and construction services			
Salaries	83,097	317,699	234,602
Employee benefits	9,273	106,962	97,689
Purchased services	2,885,900	4,227,272	1,341,372
Supplies and materials	-	266,469	266,469
Other objects	-	5,323	5,323
Noncapitalized equipment	-	61,784	61,784
Total facilities acquisition and construction services	2,978,270	4,985,509	2,007,239
Operations and maintenance of plant services			
Salaries	206,448	-	(206,448)
Employee benefits	41,200	-	(41,200)
Total operations and maintenance of plant services	247,648	-	(247,648)
Total operations and maintenance	3,225,918	4,985,509	1,759,591
Capital outlay			
Capital outlay	47,000,000	36,096,579	(10,903,421)
Total expenditures	50,225,918	41,082,088	(9,143,830)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(47,156,767)	(37,772,701)	9,384,066
<b>OTHER FINANCING SOURCES (USES)</b>			
Issuance of general obligation bonds	-	29,085,000	29,085,000
Total other financing sources (uses)	-	29,085,000	29,085,000
NET CHANGE IN FUND BALANCE	\$ (47,156,767)	(8,687,701)	\$ 38,469,066
FUND BALANCE, JULY 1		101,964,700	
Prior period adjustment		(2,509,140)	
FUND BALANCE, JULY 1, RESTATED		99,455,560	
FUND BALANCE, JUNE 30		\$ 90,767,859	

(See independent auditor's report.)

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FIRE PREVENTION AND LIFE SAFETY FUND

For the Year Ended June 30, 2016

	Original and Final Budget	Actual	Variance with Final Budget Over (Under)
<b>REVENUES</b>			
Local sources			
Fire prevention and life safety property taxes	\$ 1,978,620	\$ 1,968,864	\$ (9,756)
Investment income	-	87,880	87,880
Payments of surplus monies from TIF districts	-	141	141
Total local sources	1,978,620	2,056,885	78,265
Total revenues	1,978,620	2,056,885	78,265
<b>EXPENDITURES</b>			
Support services			
Business			
Facilities acquisition and construction services			
Salaries	24,929	6,179	(18,750)
Employee benefits	2,782	552	(2,230)
Purchased services	-	12,631	12,631
Supplies and materials	-	3,081	3,081
Capital outlay	1,500,000	-	(1,500,000)
Total facilities acquisition and construction services	1,527,711	22,443	(1,505,268)
Operation and maintenance of plant services			
Salaries	188,661	564,308	375,647
Employee benefits	39,744	116,841	77,097
Purchased services	175,000	1,150,265	975,265
Supplies and materials	-	4,950	4,950
Capital outlay	1,000,000	5,801,392	4,801,392
Noncapitalized equipment	-	4,538	4,538
Total operation and maintenance of plant services	1,403,405	7,642,294	6,238,889
Other support services			
Supplies and materials	-	4,527	4,527
Total business	-	4,527	4,527
Total support services	2,931,116	7,669,264	4,738,148
Total expenditures	2,931,116	7,669,264	4,738,148
NET CHANGE IN FUND BALANCE	\$ (952,496)	(5,612,379)	\$ (4,659,883)
FUND BALANCE, JULY 1		20,604,138	
FUND BALANCE, JUNE 30		\$ 14,991,759	

(See independent auditor's report.)

## **MAJOR GOVERNMENTAL FUNDS**

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**

COMBINING BALANCE SHEET  
GENERAL FUND - BY ACCOUNT

June 30, 2016

	<b>Educational Accounts</b>	<b>Working Cash Accounts</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and investments	\$ 75,719,247	\$ 31,717,162	\$ 107,436,409
Receivables			
Interest	-	248,601	248,601
Property taxes, net	44,268,729	461,123	44,729,852
Intergovernmental	18,694,777	-	18,694,777
Other	1,704,422	-	1,704,422
Prepaid items	45,567	-	45,567
Due from other funds	602,578	-	602,578
<b>TOTAL ASSETS</b>	<b>\$ 141,035,320</b>	<b>\$ 32,426,886</b>	<b>\$ 173,462,206</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 14,436,618	\$ 225,745	\$ 14,662,363
Salaries and wages payable	15,002,065	-	15,002,065
Unearned revenue	144,549	-	144,549
Due to other governments	2,791,941	-	2,791,941
Other current liabilities	233,297	-	233,297
Total liabilities	32,608,470	225,745	32,834,215
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property taxes	46,588,134	485,293	47,073,427
Unavailable revenue	3,164,480	-	3,164,480
Total deferred inflows of resources	49,752,614	485,293	50,237,907
<b>FUND BALANCES</b>			
Nonspendable	45,567	-	45,567
Assigned for			
Working Cash	-	31,715,848	31,715,848
Unassigned	58,628,669	-	58,628,669
Total fund balances	58,674,236	31,715,848	90,390,084
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 141,035,320</b>	<b>\$ 32,426,886</b>	<b>\$ 173,462,206</b>

(See independent auditor's report.)

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
GENERAL FUND - BY ACCOUNT

For the Year Ended June 30, 2016

	Educational Accounts	Working Cash Accounts	Eliminations	Total
<b>REVENUES</b>				
Property taxes	\$ 94,503,714	\$ 984,431	\$ -	\$ 95,488,145
Corporate personal property replacement taxes	9,161,220	-	-	9,161,220
State aid	210,186,201	-	-	210,186,201
Federal aid	43,360,559	-	-	43,360,559
Investment income	302,065	235,932	-	537,997
Refund of prior year expenditures	340	-	-	340
Payments of surplus monies from TIF districts	6,841	-	-	6,841
Other	4,775,026	-	-	4,775,026
Total revenues	362,295,966	1,220,363	-	363,516,329
<b>EXPENDITURES</b>				
Current				
Instruction				
Regular programs	133,178,955	-	-	133,178,955
Special programs	69,970,273	-	-	69,970,273
Other instructional programs	41,265,712	-	-	41,265,712
Support services				
Pupils	29,937,909	-	-	29,937,909
Instructional staff	14,419,219	-	-	14,419,219
General administration	9,868,235	-	-	9,868,235
School administration	19,262,093	-	-	19,262,093
Business	17,693,897	-	-	17,693,897
Central	10,879,025	-	-	10,879,025
Other supporting services	544,708	-	-	544,708
Community services	3,504,333	-	-	3,504,333
Intergovernmental	12,590,587	-	-	12,590,587
Capital outlay	1,466,659	-	-	1,466,659
Total expenditures	364,581,605	-	-	364,581,605
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,285,639)	1,220,363	-	(1,065,276)
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from the sale of District assets	23,647	-	-	23,647
Transfers in (out)	(187,984)	(78,636)	-	(266,620)
Total other financing sources (uses)	(164,337)	(78,636)	-	(242,973)
NET CHANGE IN FUND BALANCE	(2,449,976)	1,141,727	-	(1,308,249)
FUND BALANCE, JULY 1	61,124,212	30,574,121	-	91,698,333
<b>FUND BALANCE, JUNE 30</b>	<b>\$ 58,674,236</b>	<b>\$ 31,715,848</b>	<b>\$ -</b>	<b>\$ 90,390,084</b>

(See independent auditor's report.)

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
EDUCATIONAL ACCOUNTS

For the Year Ended June 30, 2016

	Original and Final Budget	Actual	Variance with Final Budget Over (Under)
<b>REVENUES</b>			
Local sources			
Educational property taxes	\$ 79,144,805	\$ 78,752,967	\$ (391,838)
Special education property taxes	15,828,959	15,750,747	(78,212)
Corporate personal property replacement taxes	11,953,161	9,161,220	(2,791,941)
Regular tuition from pupils or parents (in state)	425,000	550,979	125,979
Regular tuition from other districts (in state)	331,032	618,823	287,791
Regular tuition from other sources (in state)	-	8,950	8,950
Summer school - tuition from pupils and parents (in state)	58,155	67,663	9,508
Special education - tuition from other LEA's (in state)	1,837,427	1,760,685	(76,742)
Adult - tuition from pupils or parents (in state)	27,875	63,135	35,260
Investment income	8,193	302,065	293,872
Sales to pupils - lunch	344	1,088	744
Sales to pupils - breakfast	49,626	5,886	(43,740)
Sales to pupils - Ala Carte	392,003	772,927	380,924
Sales to pupils - other	862,380	-	(862,380)
Sales to adults	13,374	10,229	(3,145)
Other food service	6,000	10,507	4,507
Admissions - athletic	41,435	49,133	7,698
Rentals	-	75	75
Fees	73,370	126,982	53,612
Contributions and donations from private sources	30,000	92,650	62,650
Payments of surplus monies from TIF districts	-	6,841	6,841
Drivers education fees	30,305	76,100	45,795
Refund of prior year expenditures	-	340	340
Other	427,838	559,214	131,376
Total local sources	111,541,282	108,749,206	(2,792,076)
Flow-through revenue from one LEA to another LEA			
Flow-through revenue from state sources	19,989	20,074	85
Flow-through revenue from federal sources	94,000	9,462	(84,538)
Total flow-through revenue from one LEA to another LEA	113,989	29,536	(84,453)
State sources			
General state aid	103,016,145	105,966,287	2,950,142
General state aid - hold harmless/supplemental	-	3,406,819	3,406,819
Special education - private facility tuition	2,300,000	2,172,544	(127,456)
Special education - extraordinary	3,500,000	2,982,795	(517,205)
Special education - personnel	5,000,000	4,138,060	(861,940)
Special education - orphanage - individual	1,800,000	1,338,368	(461,632)
Special education - orphanage - summer	200,000	33,718	(166,282)
Special education - summer school	160,000	168,444	8,444
CTE - secondary program improvement (CTEI)	-	32,620	32,620
Bilingual education - downstate - TPI	1,511,377	1,410,878	(100,499)
State free lunch	200,000	128,030	(71,970)
Driver education	84,546	223,556	139,010
Adult education from Illinois Community College Board	738,849	421,835	(317,014)

(This schedule is continued on the following pages.)

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)  
EDUCATIONAL ACCOUNTS

For the Year Ended June 30, 2016

	Original and Final Budget	Actual	Variance with Final Budget Over (Under)
<b>REVENUES (Continued)</b>			
State sources (Continued)			
Truant alternative/optional education	\$ 210,389	\$ 209,106	\$ (1,283)
Early childhood - block grant	8,771,871	9,152,048	380,177
Advanced placement classes	47,546	61,303	13,757
Other restricted revenue from state sources	500,000	290,976	(209,024)
On-behalf payments to TRS from the State	55,548,438	78,028,740	22,480,302
Total state sources	183,589,161	210,166,127	26,576,966
Federal sources			
Federal impact aid	-	28,966	28,966
National school lunch program	8,000,000	10,126,486	2,126,486
Special breakfast program	1,600,000	2,461,970	861,970
Summer food service program	-	151,266	151,266
Child care commodity/SFS 13-adult day care	-	5,207	5,207
Commodity Credit	700,000	1,048,346	348,346
Title I - low income	13,690,404	11,766,051	(1,924,353)
Title I - other	70,000	448,298	378,298
Title IV - 21st century	1,613,828	1,439,545	(174,283)
Federal - special education - preschool flow-through	283,560	278,621	(4,939)
Federal - special education - IDEA - flow-through/low incident	9,099,075	8,440,987	(658,088)
Federal - special education - IDEA - room and board	650,000	670,545	20,545
Federal - adult education	108,416	565,657	457,241
Title III - English language acquisition	387,612	473,786	86,174
McKinney education for homeless children	36,132	38,706	2,574
Title II - teacher quality	1,552,669	1,191,123	(361,546)
Medicaid matching funds - administrative outreach	775,000	770,023	(4,977)
Medicaid matching funds - fee-for-service program	2,000,000	1,841,314	(158,686)
Other restricted revenue from federal sources	1,271,658	1,604,200	332,542
Total federal sources	41,838,354	43,351,097	1,512,743
Total revenues	337,082,786	362,295,966	25,213,180
<b>EXPENDITURES</b>			
Instruction			
Regular programs			
Salaries	65,984,171	65,257,808	(726,363)
Employee benefits	21,949,616	22,311,759	362,143
Purchased services	1,066,883	982,603	(84,280)
Supplies and materials	4,357,464	4,657,512	300,048
Capital outlay	256,903	192,881	(64,022)
Other objects	166,500	140,858	(25,642)
Noncapitalized equipment	-	348,991	348,991
Termination benefits	450,000	-	(450,000)
On-behalf payments to TRS from the State	25,610,288	39,479,424	13,869,136
Total regular programs	119,841,825	133,371,836	13,530,011

(This schedule is continued on the following pages.)

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)  
EDUCATIONAL ACCOUNTS

For the Year Ended June 30, 2016

	Original and Final Budget	Actual	Variance with Final Budget Over (Under)
<b>EXPENDITURES (Continued)</b>			
Instruction (Continued)			
Pre-K programs			
Salaries	\$ 4,962,972	\$ 5,105,148	\$ 142,176
Employee benefits	2,608,512	2,779,418	170,906
Purchased services	110,835	130,780	19,945
Supplies and materials	60,099	198,570	138,471
Capital outlay	-	8,664	8,664
On-behalf payments to TRS from the State	1,626,619	537,019	(1,089,600)
Total Pre-K programs	9,369,037	8,759,599	(609,438)
Special education programs			
Salaries	24,675,405	23,699,526	(975,879)
Employee benefits	11,665,135	10,761,234	(903,901)
Purchased services	29,595	393,484	363,889
Supplies and materials	165,704	177,296	11,592
Capital outlay	8,000	17,932	9,932
Other objects	5,758,728	6,001,134	242,406
Noncapitalized equipment	-	12,585	12,585
On-behalf payments to TRS from the State	7,650,705	12,013,191	4,362,486
Total special education programs	49,953,272	53,076,382	3,123,110
Special education programs Pre-K			
Salaries	1,590,315	1,526,848	(63,467)
Employee benefits	808,403	809,828	1,425
Purchased services	141,062	4,268	(136,794)
Supplies and materials	357,926	6,857	(351,069)
On-behalf payments to TRS from the State	467,604	380,606	(86,998)
Total special education programs Pre-K	3,365,310	2,728,407	(636,903)
Remedial and supplemental programs K-12			
Salaries	5,306,586	2,907,152	(2,399,434)
Employee benefits	3,503,605	1,389,105	(2,114,500)
Purchased services	43,620	105,566	61,946
Supplies and materials	1,001,656	1,030,655	28,999
Capital outlay	223,069	348,628	125,559
On-behalf payments to TRS from the State	1,941,173	3	(1,941,170)
Total remedial and supplemental programs K-12	12,019,709	5,781,109	(6,238,600)
Adult/continuing education programs			
Salaries	637,741	298,356	(339,385)
Employee benefits	250,926	116,019	(134,907)
Purchased services	9,281	2,252	(7,029)
On-behalf payments to TRS from the State	72,188	91,701	19,513
Total adult/continuing education programs	970,136	508,328	(461,808)

(This schedule is continued on the following pages.)



**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)  
EDUCATIONAL ACCOUNTS

For the Year Ended June 30, 2016

	Original and Final Budget	Actual	Variance with Final Budget Over (Under)
<b>EXPENDITURES (Continued)</b>			
Instruction (Continued)			
CTE programs			
Salaries	\$ 2,795,732	\$ 2,803,915	\$ 8,183
Employee benefits	1,022,988	950,899	(72,089)
Purchased services	6,100	30,860	24,760
Supplies and materials	495	231,723	231,228
Capital outlay	-	46,381	46,381
Other objects	-	45,793	45,793
Noncapitalized equipment	-	395,254	395,254
On-behalf payments to TRS from the State	1,077,169	1,403,074	325,905
Total CTE programs	4,902,484	5,907,899	1,005,415
Interscholastic programs			
Salaries	1,582,799	1,494,053	(88,746)
Employee benefits	226,619	266,348	39,729
Purchased services	118,937	197,941	79,004
Supplies and materials	202,131	105,949	(96,182)
Capital outlay	10,000	42,303	32,303
Other objects	7,000	92,452	85,452
Noncapitalized equipment	-	1,389	1,389
On-behalf payments to TRS from the State	625,403	449,238	(176,165)
Total interscholastic programs	2,772,889	2,649,673	(123,216)
Summer school programs			
Salaries	339,100	808,238	469,138
Employee benefits	53,738	251,136	197,398
Purchased services	300	74,369	74,069
Supplies and materials	4,422	64,425	60,003
On-behalf payments to TRS from the State	-	147,406	147,406
Total summer school programs	397,560	1,345,574	948,014
Gifted programs			
Salaries	4,421,666	4,212,539	(209,127)
Employee benefits	1,471,991	1,460,204	(11,787)
Purchased services	6,800	5,207	(1,593)
Supplies and materials	6,406	21,039	14,633
On-behalf payments to TRS from the State	1,812,101	2,486,918	674,817
Total gifted programs	7,718,964	8,185,907	466,943
Driver's education programs			
Salaries	135,577	400,537	264,960
Employee benefits	46,602	76,806	30,204
Purchased services	-	12,089	12,089
Supplies and materials	35,600	10,097	(25,503)

(This schedule is continued on the following pages.)

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)  
EDUCATIONAL ACCOUNTS

For the Year Ended June 30, 2016

	Original and Final Budget	Actual	Variance with Final Budget Over (Under)
<b>EXPENDITURES (Continued)</b>			
Instruction (Continued)			
Driver's education programs (Continued)			
Capital outlay	\$ 25,000	\$ 35,242	\$ 10,242
Other objects	-	810	810
Noncapitalized equipment	-	1,424	1,424
On-behalf payments to TRS from the State	55,563	134,425	78,862
Total driver's education program	298,342	671,430	373,088
Bilingual programs			
Salaries	8,240,954	8,621,481	380,527
Employee benefits	3,042,417	2,857,524	(184,893)
Purchased services	92,056	32,764	(59,292)
Supplies and materials	426,618	398,383	(28,235)
Capital outlay	31,160	44,046	12,886
Other objects	-	22	22
Noncapitalized equipment	-	7,110	7,110
On-behalf payments to TRS from the State	3,209,643	4,039,447	829,804
Total bilingual programs	15,042,848	16,000,777	957,929
Truant's alternative and optional programs			
Salaries	1,718,692	2,494,160	775,468
Employee benefits	619,271	885,737	266,466
Purchased services	151,950	1,531,634	1,379,684
Supplies and materials	-	30,682	30,682
Other objects	1,459,700	327,269	(1,132,431)
On-behalf payments to TRS from the State	756,876	894,614	137,738
Total truant's alternative and optional programs	4,706,489	6,164,096	1,457,607
Total instruction	231,358,865	245,151,017	13,792,152
Support services			
Pupils			
Attendance and social work services			
Salaries	2,400,551	2,342,780	(57,771)
Employee benefits	794,065	792,704	(1,361)
Purchased services	1,116,930	673,856	(443,074)
Supplies and materials	29,168	6,770	(22,398)
On-behalf payments to TRS from the State	897,591	1,250,364	352,773
Total attendance and social work services	5,238,305	5,066,474	(171,831)
Guidance services			
Salaries	4,591,195	4,757,042	165,847
Employee benefits	1,506,285	1,479,183	(27,102)
Purchased services	50,800	11,391	(39,409)

(This schedule is continued on the following pages.)

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)  
EDUCATIONAL ACCOUNTS

For the Year Ended June 30, 2016

	Original and Final Budget	Actual	Variance with Final Budget Over (Under)
<b>EXPENDITURES (Continued)</b>			
Support services (Continued)			
Pupils (Continued)			
Guidance services (Continued)			
Supplies and materials	\$ 68,890	\$ 22,824	\$ (46,066)
Capital outlay	4,000	-	(4,000)
On-behalf payments to TRS from the State	1,756,830	2,429,241	672,411
Total guidance services	7,978,000	8,699,681	721,681
Health services			
Salaries	3,193,633	3,263,237	69,604
Employee benefits	1,121,352	1,294,853	173,501
Purchased services	324,411	218,604	(105,807)
Supplies and materials	89,222	41,257	(47,965)
Capital outlay	8,300	4,827	(3,473)
Other objects	2,500	2,750	250
On-behalf payments to TRS from the State	917,002	1,205,631	288,629
Total health services	5,656,420	6,031,159	374,739
Psychological services			
Salaries	2,107,626	1,858,516	(249,110)
Employee benefits	603,954	583,963	(19,991)
Purchased services	106,900	176,974	70,074
Supplies and materials	116,890	47,791	(69,099)
On-behalf payments to TRS from the State	848,232	850,205	1,973
Total psychological services	3,783,602	3,517,449	(266,153)
Speech pathology and audiology services			
Salaries	3,529,755	2,790,129	(739,626)
Employee benefits	1,114,874	818,326	(296,548)
Purchased services	504,445	1,084,253	579,808
Supplies and materials	56,821	15,272	(41,549)
Capital outlay	10,000	-	(10,000)
On-behalf payments to TRS from the State	1,430,770	1,741,958	311,188
Total speech pathology and audiology services	6,646,665	6,449,938	(196,727)
Other support services - pupils			
Salaries	110,794	104,047	(6,747)
Employee benefits	39,744	39,233	(511)
Purchased services	5,000	20,725	15,725
Supplies and materials	-	14,030	14,030
Total other support services - pupils	155,538	178,035	22,497
Total pupils	29,458,530	29,942,736	484,206

(This schedule is continued on the following pages.)

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)  
EDUCATIONAL ACCOUNTS

For the Year Ended June 30, 2016

	Original and Final Budget	Actual	Variance with Final Budget Over (Under)
<b>EXPENDITURES (Continued)</b>			
Support services (Continued)			
Instructional staff			
Improvement of instructional services			
Salaries	\$ 2,305,084	\$ 4,614,194	\$ 2,309,110
Employee benefits	676,535	1,995,289	1,318,754
Purchased services	3,083,149	1,309,757	(1,773,392)
Supplies and materials	874,237	137,801	(736,436)
Capital outlay	12,000	897	(11,103)
Other objects	365,400	125	(365,275)
Noncapitalized equipment	-	11,502	11,502
On-behalf payments to TRS from the State	674,453	1,741,127	1,066,674
	<hr/>	<hr/>	<hr/>
Total improvement of instructional services	7,990,858	9,810,692	1,819,834
	<hr/>	<hr/>	<hr/>
Educational media services			
Salaries	2,122,828	2,019,388	(103,440)
Employee benefits	1,158,411	977,275	(181,136)
Purchased services	87,203	79,734	(7,469)
Supplies and materials	172,056	311,436	139,380
Noncapitalized equipment	-	3,478	3,478
On-behalf payments to TRS from the State	573,400	748,646	175,246
	<hr/>	<hr/>	<hr/>
Total educational media services	4,113,898	4,139,957	26,059
	<hr/>	<hr/>	<hr/>
Assessment and testing			
Salaries	85,391	226,102	140,711
Employee benefits	29,810	43,324	13,514
Purchased services	10,375	74,717	64,342
Supplies and materials	100,000	75,705	(24,295)
Other objects	-	825	825
On-behalf payments to TRS from the State	853	48,794	47,941
	<hr/>	<hr/>	<hr/>
Total assessment and testing	226,429	469,467	243,038
	<hr/>	<hr/>	<hr/>
Total instructional staff	12,331,185	14,420,116	2,088,931
	<hr/>	<hr/>	<hr/>
General administration			
Board of Education services			
Salaries	187,355	187,272	(83)
Employee benefits	36,431	24,299	(12,132)
Purchased services	1,006,400	956,551	(49,849)
Supplies and materials	17,726	15,065	(2,661)
Capital outlay	4,000	-	(4,000)
Other objects	226,000	243,977	17,977
Noncapitalized equipment	-	3,142	3,142
	<hr/>	<hr/>	<hr/>
Total Board of Education services	1,477,912	1,430,306	(47,606)
	<hr/>	<hr/>	<hr/>

(This schedule is continued on the following pages.)

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)  
EDUCATIONAL ACCOUNTS

For the Year Ended June 30, 2016

	Original and Final Budget	Actual	Variance with Final Budget Over (Under)
<b>EXPENDITURES (Continued)</b>			
Support services (Continued)			
General administration (Continued)			
Executive administration services			
Salaries	\$ 2,591,689	\$ 1,242,012	\$ (1,349,677)
Employee benefits	627,550	477,953	(149,597)
Purchased services	241,295	132,836	(108,459)
Supplies and materials	390,453	322,942	(67,511)
Other objects	25,000	31,598	6,598
Noncapitalized equipment	-	8,457	8,457
On-behalf payments to TRS from the State	905,913	868,160	(37,753)
Total executive administration services	4,781,900	3,083,958	(1,697,942)
Special area administration services			
Salaries	1,753,833	3,697,577	1,943,744
Employee benefits	816,146	1,252,493	436,347
Purchased services	152,357	165,102	12,745
Supplies and materials	45,102	57,853	12,751
Capital outlay	75,300	16,255	(59,045)
Other objects	-	3,777	3,777
On-behalf payments to TRS from the State	250,180	177,169	(73,011)
Total special area administration services	3,092,918	5,370,226	2,277,308
Total general administration	9,352,730	9,884,490	531,760
School administration			
Office of the principal services			
Salaries	11,714,832	11,047,860	(666,972)
Employee benefits	3,789,331	3,241,199	(548,132)
Purchased services	-	33,527	33,527
Supplies and materials	176,312	48,088	(128,224)
Capital outlay	-	275	275
Noncapitalized equipment	-	13,190	13,190
On-behalf payments to TRS from the State	3,364,320	4,555,544	1,191,224
Total office of the principal services	19,044,795	18,939,683	(105,112)
Other support services - school administration			
Salaries	160,225	175,215	14,990
Employee benefits	45,559	49,312	3,753
On-behalf payments to TRS from the State	116,970	98,158	(18,812)
Total other support services - school administration	322,754	322,685	(69)
Total school administration	19,367,549	19,262,368	(105,181)

(This schedule is continued on the following pages.)

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)  
EDUCATIONAL ACCOUNTS

For the Year Ended June 30, 2016

	Original and Final Budget	Actual	Variance with Final Budget Over (Under)
<b>EXPENDITURES (Continued)</b>			
Support services (Continued)			
Business			
Direction of business support services			
Salaries	\$ -	\$ 45,324	\$ 45,324
Employee benefits	-	139,739	139,739
Total direction of business support services	-	185,063	185,063
Fiscal services			
Salaries	923,465	873,488	(49,977)
Employee benefits	243,198	315,304	72,106
Purchased services	1,237,626	337,959	(899,667)
Supplies and materials	70,000	12,391	(57,609)
Capital outlay	-	24,524	24,524
Other objects	68,000	18,223	(49,777)
On-behalf payments to TRS from the State	1,522	31,131	29,609
Total fiscal services	2,543,811	1,613,020	(930,791)
Operation and maintenance of plant services			
Salaries	74,346	75,596	1,250
Employee benefits	10,600	11,017	417
Purchased services	40,320	52,304	11,984
Supplies and materials	-	257,966	257,966
Capital outlay	20,000	-	(20,000)
Total operation and maintenance of plant services	145,266	396,883	251,617
Pupil transportation services			
Purchased services	511,168	1,237,760	726,592
Total pupil transportation services	511,168	1,237,760	726,592
Food service			
Salaries	2,835,459	3,178,671	343,212
Employee benefits	1,721,520	1,323,976	(397,544)
Purchased services	1,173,909	197,886	(976,023)
Supplies and materials	5,688,100	8,348,130	2,660,030
Capital outlay	100,000	14,384	(85,616)
Other objects	20,000	22,076	2,076
Noncapitalized equipment	-	195,518	195,518
Total food service	11,538,988	13,280,641	1,741,653
Internal service			
Salaries	475,589	673,835	198,246
Employee benefits	119,229	137,284	18,055
Purchased services	195,975	199,585	3,610

(This schedule is continued on the following pages.)

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)  
EDUCATIONAL ACCOUNTS

For the Year Ended June 30, 2016

	Original and Final Budget	Actual	Variance with Final Budget Over (Under)
<b>EXPENDITURES (Continued)</b>			
Support services (Continued)			
Business (Continued)			
Internal service (Continued)			
Capital outlay	\$ 184,500	\$ 211,856	\$ 27,356
Other objects	1,000	-	(1,000)
Noncapitalized equipment	-	8,677	8,677
On-behalf payments to TRS from the State	-	57	57
	<hr/>	<hr/>	<hr/>
Total internal service	976,293	1,231,294	255,001
	<hr/>	<hr/>	<hr/>
Total business	15,715,526	17,944,661	2,229,135
	<hr/>	<hr/>	<hr/>
Central			
Direction of central support services			
Salaries	79,841	86,836	6,995
Employee benefits	22,748	24,785	2,037
Purchased services	25,000	274,577	249,577
Supplies and materials	-	275	275
On-behalf payments to TRS from the State	32,721	45,445	12,724
	<hr/>	<hr/>	<hr/>
Total direction of central support services	160,310	431,918	271,608
	<hr/>	<hr/>	<hr/>
Planning, research, development and evaluation services			
Salaries	334,462	361,771	27,309
Employee benefits	69,109	77,331	8,222
Purchased services	19,506	112,054	92,548
Supplies and materials	125,000	90,250	(34,750)
Noncapitalized equipment	-	42,731	42,731
On-behalf payments to TRS from the State	55,517	71,517	16,000
	<hr/>	<hr/>	<hr/>
Total planning, research, development and evaluation services	603,594	755,654	152,060
	<hr/>	<hr/>	<hr/>
Information services			
Salaries	461,465	483,287	21,822
Employee benefits	92,733	98,918	6,185
Purchased services	172,494	142,571	(29,923)
Supplies and materials	25,000	26,859	1,859
Capital outlay	4,000	-	(4,000)
Other objects	-	1,848	1,848
Noncapitalized equipment	-	2,144	2,144
	<hr/>	<hr/>	<hr/>
Total information services	755,692	755,627	(65)
	<hr/>	<hr/>	<hr/>
Staff services			
Salaries	1,628,150	1,489,991	(138,159)
Employee benefits	583,268	550,797	(32,471)
Purchased services	301,823	251,999	(49,824)

(This schedule is continued on the following pages.)

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)  
EDUCATIONAL ACCOUNTS

For the Year Ended June 30, 2016

	Original and Final Budget	Actual	Variance with Final Budget Over (Under)
<b>EXPENDITURES (Continued)</b>			
Support services (Continued)			
Central (Continued)			
Staff services (Continued)			
Supplies and materials	\$ 225,817	\$ 50,754	\$ (175,063)
Capital outlay	10,000	-	(10,000)
Other objects	35,300	-	(35,300)
On-behalf payments to TRS from the State	153,046	32,549	(120,497)
	<hr/>	<hr/>	<hr/>
Total staff services	2,937,404	2,376,090	(561,314)
	<hr/>	<hr/>	<hr/>
Data processing services			
Salaries	1,948,289	1,970,988	22,699
Employee benefits	609,503	569,077	(40,426)
Purchased services	1,613,062	1,069,941	(543,121)
Supplies and materials	670,000	1,306,356	636,356
Capital outlay	1,295,000	450,807	(844,193)
Other objects	-	417	417
Noncapitalized equipment	-	1,624,032	1,624,032
On-behalf payments to TRS from the State	-	18,925	18,925
	<hr/>	<hr/>	<hr/>
Total data processing services	6,135,854	7,010,543	874,689
	<hr/>	<hr/>	<hr/>
Total central	10,592,854	11,329,832	736,978
	<hr/>	<hr/>	<hr/>
Other supporting services			
Salaries	316,350	276,551	(39,799)
Employee benefits	160,747	142,555	(18,192)
Purchased services	120,962	124,565	3,603
Supplies and materials	12,500	1,037	(11,463)
Capital outlay	2,500	-	(2,500)
	<hr/>	<hr/>	<hr/>
Total other supporting services	613,059	544,708	(68,351)
	<hr/>	<hr/>	<hr/>
Total support services	97,431,433	103,328,911	5,897,478
	<hr/>	<hr/>	<hr/>
Community services			
Salaries	2,087,474	1,928,132	(159,342)
Employee benefits	1,263,473	1,140,030	(123,443)
Purchased services	1,011,385	268,249	(743,136)
Supplies and materials	127,034	110,872	(16,162)
Capital outlay	276,417	6,757	(269,660)
On-behalf payments to TRS from the State	198,603	57,050	(141,553)
	<hr/>	<hr/>	<hr/>
Total community services	4,964,386	3,511,090	(1,453,296)
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(This schedule is continued on the following page.)



**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205  
ROCKFORD, ILLINOIS**

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)  
EDUCATIONAL ACCOUNTS

For the Year Ended June 30, 2016

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Over (Under)</b>
<b>EXPENDITURES (Continued)</b>			
Intergovernmental			
Payments for regular programs			
Purchased services	\$ 1,487,919	\$ 3,416,595	\$ 1,928,676
Other objects	11,284,138	9,173,992	(2,110,146)
Total payments for regular programs	12,772,057	12,590,587	(181,470)
Total intergovernmental	12,772,057	12,590,587	(181,470)
Total expenditures	346,526,741	364,581,605	18,054,864
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(9,443,955)	(2,285,639)	7,158,316
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from the sale of District assets	-	23,647	23,647
Transfers in (out)	100,000	(187,984)	(287,984)
Total other financing sources (uses)	100,000	(164,337)	(264,337)
NET CHANGE IN FUND BALANCE	<u>\$ (9,343,955)</u>	<u>(2,449,976)</u>	<u>\$ 6,893,979</u>
FUND BALANCE, JULY 1		<u>61,124,212</u>	
FUND BALANCE, JUNE 30		<u><u>\$ 58,674,236</u></u>	

(See independent auditor's report.)

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
WORKING CASH ACCOUNTS**

For the Year Ended June 30, 2016

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Over (Under)</b>
<b>REVENUES</b>			
Local sources			
Working cash property taxes	\$ 989,310	\$ 984,431	\$ (4,879)
Investment income	747,307	235,932	(511,375)
Total local sources	1,736,617	1,220,363	(516,254)
Total revenues	1,736,617	1,220,363	(516,254)
<b>EXPENDITURES</b>			
None	-	-	-
Total expenditures	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,736,617	1,220,363	(516,254)
<b>OTHER FINANCING SOURCES (USES)</b>			
Permanent transfer from working cash fund - interest	(500,000)	(78,636)	421,364
NET CHANGE IN FUND BALANCE	<u>\$ 1,236,617</u>	1,141,727	<u>\$ (94,890)</u>
FUND BALANCE, JULY 1		<u>30,574,121</u>	
FUND BALANCE, JUNE 30		<u>\$ 31,715,848</u>	

(See independent auditor's report.)

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**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**

COMBINING BALANCE SHEET  
EDUCATIONAL ACCOUNTS - BY SUBACCOUNT

June 30, 2016

	<b>General Account</b>	<b>Special Education Account</b>	<b>Grants Account</b>
<b>ASSETS</b>			
Cash and investments	\$ 109,096,988	\$ -	\$ -
Receivables			
Property taxes, net	36,890,581	7,378,148	-
Intergovernmental	-	3,953,130	13,212,890
Other	166,504	1,537,918	-
Prepaid items	26,033	3,867	6,226
Due from other funds	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 146,180,106</b>	<b>\$ 12,873,063</b>	<b>\$ 13,219,116</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 12,579,435	\$ 716,800	\$ 834,920
Salaries and wages payable	14,467,467	86,585	405,719
Unearned revenue	144,549	-	-
Due to other governments	2,791,941	-	-
Other current liabilities	190,684	-	-
Due to other funds	-	30,249,987	2,720,817
Total liabilities	30,174,076	31,053,372	3,961,456
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property taxes	38,823,445	7,764,689	-
Unavailable revenue	-	3,095,468	69,012
Total deferred inflows of resources	38,823,445	10,860,157	69,012
<b>FUND BALANCES</b>			
Nonspendable	26,033	3,867	6,226
Unassigned	77,156,553	(29,044,333)	9,182,422
Total fund balances (deficit)	77,182,586	(29,040,466)	9,188,648
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 146,180,107</b>	<b>\$ 12,873,063</b>	<b>\$ 13,219,116</b>

<b>Food Service</b>		
<b>Account</b>	<b>Eliminations</b>	<b>Total</b>
\$ 195,641	\$ (33,573,382)	\$ 75,719,247
-	-	44,268,729
1,528,757	-	18,694,777
-	-	1,704,422
9,441	-	45,567
-	602,578	602,578
<hr/>		
\$ 1,733,839	\$ (32,970,804)	\$ 141,035,320
<hr/>		
\$ 305,463	\$ -	\$ 14,436,618
42,295	-	15,002,066
-	-	144,549
-	-	2,791,941
42,613	-	233,297
-	(32,970,804)	-
<hr/>		
390,371	(32,970,804)	32,608,471
<hr/>		
-	-	46,588,134
-	-	3,164,480
<hr/>		
-	-	49,752,614
<hr/>		
9,441	-	45,567
1,334,027	-	58,628,669
<hr/>		
1,343,468	-	58,674,236
<hr/>		
\$ 1,733,839	\$ (32,970,804)	\$ 141,035,321
<hr/>		

(See independent auditor's report.)

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
EDUCATIONAL ACCOUNTS - BY SUBACCOUNT

For the Year Ended June 30, 2016

	General Accounts	Special Education Accounts	Grant Accounts
<b>REVENUES</b>			
Property taxes	\$ 78,752,967	\$ 15,750,747	\$ -
Corporate personal property replacement taxes	9,161,220	-	-
State aid	168,965,781	29,763,656	11,328,280
Federal aid	84,798	3,281,882	26,205,811
Investment income	302,065	-	-
Refund of prior year expenditures	340	-	-
Payments of surplus monies from TIF districts	5,713	1,128	-
Other local sources	2,080,704	1,765,685	74,351
Total revenues	259,353,588	50,563,098	37,608,442
<b>EXPENDITURES</b>			
Current			
Instruction			
Regular programs	132,348,616	-	830,339
Special programs	945,313	53,129,359	15,895,601
Other instructional programs	37,026,549	1,840,751	2,398,412
Support services			
Pupils	9,563,698	19,804,284	569,927
Instructional staff	9,530,902	62,883	4,825,434
General administration	4,918,951	2,733,053	2,216,231
School administration	18,167,350	686,600	95,548
Business	2,299,820	-	1,739,098
Central	9,622,417	-	1,248,689
Other supporting services	-	-	544,708
Community services	356,784	198,871	2,948,678
Intergovernmental	9,164,990	150,424	3,275,173
Capital outlay	994,648	8,355	449,272
Total expenditures	234,940,038	78,614,580	37,037,110
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	24,413,550	(28,051,482)	571,332
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from the sale of District assets	23,647	-	-
Transfers in (out)	(404,525,611)	395,702,156	8,635,471
Total other financing sources (uses)	(404,501,964)	395,702,156	8,635,471
NET CHANGE IN FUND BALANCE	(380,088,414)	367,650,674	9,206,803
FUND BALANCE (DEFICIT), JULY 1	457,271,000	(396,691,140)	(18,155)
<b>FUND BALANCE (DEFICIT), JUNE 30</b>	<b>\$ 77,182,586</b>	<b>\$ (29,040,466)</b>	<b>\$ 9,188,648</b>

<b>Food Service</b>		
<b>Accounts</b>	<b>Eliminations</b>	<b>Total</b>
\$ -	\$ -	\$ 94,503,714
-	-	9,161,220
128,484	-	210,186,201
13,788,068	-	43,360,559
-	-	302,065
-	-	340
-	-	6,841
854,286	-	4,775,026
14,770,838	-	362,295,966
-	-	133,178,955
-	-	69,970,273
-	-	41,265,712
-	-	29,937,909
-	-	14,419,219
-	-	9,868,235
312,595	-	19,262,093
13,654,979	-	17,693,897
7,919	-	10,879,025
-	-	544,708
-	-	3,504,333
-	-	12,590,587
14,384	-	1,466,659
13,989,877	-	364,581,605
780,961	-	(2,285,639)
-	-	23,647
-	-	(187,984)
-	-	(164,337)
780,961	-	(2,449,976)
562,507	-	61,124,212
\$ 1,343,468	\$ -	\$ 58,674,236

(See independent auditor's report.)

# Statistical Section

as of and for the year ended June 30, 2016





## STATISTICAL SECTION

This part of the Rockford Public Schools, District #205's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information displays about the District's overall financial health.

<u>Contents</u>	<u>Page(s)</u>
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have been changed over time.	121-136
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	137-140
Debt Capacity The schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	141-144
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	145-146
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	147-151

*Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.*

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**

NET POSITION BY COMPONENT

Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>GOVERNMENTAL ACTIVITIES</b>				
Net investment in capital assets	\$ (8,594,825)	\$ 3,475,835	\$ 13,049,488	\$ 29,819,775
Restricted	555,654	-	-	-
Unrestricted	28,194,944	82,173,317	112,039,497	112,820,846
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 20,155,773</b>	<b>\$ 85,649,152</b>	<b>\$ 125,088,985</b>	<b>\$ 142,640,621</b>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Net investment in capital assets	\$ 599,828	\$ 681,326	\$ 713,998	\$ 607,533
Unrestricted	3,616,239	3,609,015	3,799,912	4,189,145
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>\$ 4,216,067</b>	<b>\$ 4,290,341</b>	<b>\$ 4,513,910</b>	<b>\$ 4,796,678</b>
<b>PRIMARY GOVERNMENT</b>				
Net investment in capital assets	\$ (7,994,997)	\$ 4,157,161	\$ 13,763,486	\$ 30,427,308
Restricted	555,654	-	-	-
Unrestricted	31,811,183	85,782,332	115,839,409	117,009,991
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 24,371,840</b>	<b>\$ 89,939,493</b>	<b>\$ 129,602,895</b>	<b>\$ 147,437,299</b>

The decrease in unrestricted net position for the fiscal year ended June 30, 2015 results from the implementation of GASB Statement No. 68.

The Food Services Proprietary Fund was reclassified as a sub-account of the General Fund during the fiscal year ended June 30, 2015 as user fees did not support fund expenditures.

Data Source

District's Audited Annual Financial Statements

2011	2012	2013	2014	2015	2016
\$ 38,582,624	\$ 57,150,978	\$ 66,855,384	\$ 76,176,420	\$ 72,484,808	\$ 81,894,316
16,645,068	31,486,036	41,490,409	86,070,059	91,143,977	71,435,328
102,946,539	122,153,391	133,139,148	749,708	8,553,379	18,829,646
\$ 158,174,231	\$ 210,790,405	\$ 241,484,941	\$ 162,996,187	\$ 172,182,164	\$ 172,159,290
\$ 547,998	\$ 616,269	\$ 951,683	\$ 1,361,529	\$ -	\$ -
3,789,147	2,904,343	1,404,362	84,302	-	-
\$ 4,337,145	\$ 3,520,612	\$ 2,356,045	\$ 1,445,831	\$ -	\$ -
\$ 39,130,622	\$ 57,767,247	\$ 67,807,067	\$ 77,537,949	\$ 72,484,808	\$ 81,894,316
16,645,068	31,486,036	41,490,409	86,070,059	91,143,977	71,435,328
106,735,686	125,057,734	134,543,510	834,010	8,553,379	18,829,646
\$ 162,511,376	\$ 214,311,017	\$ 243,840,986	\$ 164,442,018	\$ 172,182,164	\$ 172,159,290

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**

EXPENSES, PROGRAM REVENUES AND NET REVENUE (EXPENSE)

Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>EXPENSES</b>				
Governmental activities				
Instruction				
Regular programs	\$ 96,957,723	\$ 104,517,637	\$ 110,732,663	\$ 123,879,534
Special programs	47,354,858	46,570,100	39,802,948	50,018,452
Other instructional programs	20,274,541	25,695,373	38,310,803	35,898,263
State retirement contributions	-	-	-	-
Support services				
Pupils	17,957,443	18,801,197	18,822,512	20,493,289
Instructional staff	11,562,690	11,750,491	12,340,593	17,776,247
General administration	6,447,807	5,950,607	5,576,007	6,190,201
School administration	12,905,380	13,098,138	14,579,947	14,901,527
Business	6,800,854	8,336,745	8,798,484	10,377,350
Transportation	20,088,090	21,330,329	20,173,127	21,333,383
Operations and maintenance	18,692,879	21,456,137	22,708,773	21,883,184
Central	3,999,119	4,391,450	5,022,963	5,879,721
Other support services	1,512,879	1,122,774	1,399,670	1,632,578
Community services	5,191,671	5,359,939	5,108,681	4,499,013
Payments to other governments	137,308	122,087	2,135,100	4,903,939
Interest and charges	9,137,636	6,353,793	5,806,709	5,172,942
Total governmental activities expenses	279,020,878	294,856,797	311,318,980	344,839,623
Business-type activities				
Food service	10,552,798	11,748,702	11,990,248	12,411,759
<b>TOTAL PRIMARY GOVERNMENT EXPENSES</b>	<b>\$ 289,573,676</b>	<b>\$ 306,605,499</b>	<b>\$ 323,309,228</b>	<b>\$ 357,251,382</b>
<b>PROGRAM REVENUES</b>				
Governmental activities				
Charges for services				
Regular programs	\$ 376,309	\$ 424,545	\$ 432,934	\$ 920,467
Special programs	1,944,641	1,399,881	1,566,071	1,582,562
Other instructional programs	-	-	-	-
Transportation	-	-	-	-
Operations and maintenance	-	-	-	-
Support services	-	-	-	-
Operating grants and contributions	71,464,486	73,098,137	73,940,807	70,180,697
Capital grants and contributions	705,928	695,720	613,108	2,190,343
Total governmental activities program revenues	74,491,364	75,618,283	76,552,920	74,874,069
Business-type activities				
Charges for services	2,601,884	2,553,992	2,396,425	2,061,658
Operating grants and contributions	8,582,780	9,118,685	9,767,893	10,580,777
Total business-type activities program revenues	11,184,664	11,672,677	12,164,318	12,642,435
<b>TOTAL PRIMARY GOVERNMENT PROGRAM REVENUE</b>	<b>\$ 85,676,028</b>	<b>\$ 87,290,960</b>	<b>\$ 88,717,238</b>	<b>\$ 87,516,504</b>

2011*	2012	2013	2014	2015	2016
\$ 104,845,366	\$ 88,612,117	\$ 95,605,168	\$ 99,521,788	\$ 133,481,017	\$ 99,862,730
48,670,404	45,444,362	49,330,724	48,024,930	56,877,251	60,081,524
32,248,049	30,235,538	32,390,781	34,010,329	51,820,849	31,389,861
34,872,891	34,028,625	39,421,383	51,588,181	-	78,041,471
20,846,389	19,072,219	20,779,935	21,945,652	29,360,167	25,608,366
12,893,720	10,907,066	13,701,517	14,343,834	15,506,744	13,235,175
14,753,488	14,856,394	13,618,859	14,930,351	16,120,083	16,038,814
15,496,294	13,635,105	14,611,306	15,634,130	21,489,953	17,403,081
3,244,152	3,101,381	3,243,795	3,395,960	18,655,674	22,403,062
23,542,254	22,297,675	22,563,421	24,308,678	21,979,414	22,135,435
21,946,092	22,098,358	22,957,948	28,103,673	28,868,602	27,135,148
6,918,440	8,856,537	11,077,329	12,657,817	10,846,900	12,063,672
2,163,469	1,903,305	2,567,681	3,028,627	892,751	1,061,452
3,116,036	2,633,080	3,077,467	3,237,659	3,051,917	3,808,292
8,320,199	10,413,930	11,352,014	19,686,522	19,150,367	12,590,587
4,549,296	4,244,827	3,823,094	6,624,778	7,108,686	8,424,895
358,426,539	332,340,519	360,122,422	401,042,909	435,210,375	451,283,565
12,805,897	12,870,519	13,580,069	13,219,015	-	-
\$ 371,232,436	\$ 345,211,038	\$ 373,702,491	\$ 414,261,924	\$ 435,210,375	\$ 451,283,565
\$ 2,492,045	\$ 3,720,031	\$ 3,714,337	\$ 3,935,486	\$ 4,729,520	\$ 4,106,169
1,902,919	2,570,831	1,884,140	1,865,302	2,186,035	1,823,820
109,006	65,187	90,343	185,631	157,593	203,082
-	-	-	71,914	43,429	42,001
-	-	-	785,785	2,832,408	737,528
34,956	524,564	683,445	-	-	-
105,981,337	110,434,258	113,894,699	112,224,080	155,959,407	157,928,371
-	-	-	747,084	552,008	45,418
110,520,263	117,314,871	120,266,964	119,815,282	166,460,400	164,886,389
1,741,248	1,533,823	1,488,576	1,331,305	-	-
10,594,605	10,508,830	10,920,910	10,972,468	-	-
12,335,853	12,042,653	12,409,486	12,303,773	-	-
\$ 122,856,116	\$ 129,357,524	\$ 132,676,450	\$ 132,119,055	\$ 166,460,400	\$ 164,886,389

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**

EXPENSES, PROGRAM REVENUES AND NET REVENUE (EXPENSE) (Continued)

Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>NET REVENUE (EXPENSE)</b>				
Governmental activities	\$ (204,529,514)	\$ (219,238,514)	\$ (234,766,060)	\$ (269,965,554)
Business-type activities	631,866	(76,025)	174,070	230,676
<b>TOTAL PRIMARY GOVERNMENT NET REVENUE (EXPENSE)</b>	<u>\$ (203,897,648)</u>	<u>\$ (219,314,539)</u>	<u>\$ (234,591,990)</u>	<u>\$ (269,734,878)</u>

\* State retirement contribution line item separated beginning in 2011. The state retirement contributions were allocated to functions beginning in fiscal year 2015 due to the implementation of GASB Statement No. 68.

Note: The Food Services Proprietary Fund was reclassified as a sub-account of the General Fund during the fiscal year ended June 30, 2015 as user fees did not support fund expenditures.

Data Source

District's Audited Annual Financial Statements

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2011*	2012	2013	2014	2015	2016
<hr/>					
\$ (247,906,276)	\$ (215,025,648)	\$ (239,855,458)	\$ (281,227,627)	\$ (268,479,975)	\$ (286,397,176)
(470,044)	(827,866)	(1,170,583)	(915,242)	-	-
<hr/>					
\$ (248,376,320)	\$ (215,853,514)	\$ (241,026,041)	\$ (282,142,869)	\$ (268,749,975)	\$ (286,397,176)
<hr/>					

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**

GENERAL REVENUES AND TOTAL CHANGE IN NET POSITION

Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>NET REVENUE (EXPENSE)</b>				
Governmental activities	\$ (204,529,514)	\$ (219,238,514)	\$ (234,766,060)	\$ (269,965,554)
Business-type activities	631,866	(76,025)	174,070	230,676
<b>TOTAL PRIMARY GOVERNMENT NET REVENUE (EXPENSE)</b>	<b>\$ (203,897,648)</b>	<b>\$ (219,314,539)</b>	<b>\$ (234,591,990)</b>	<b>\$ (269,734,878)</b>
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>				
Governmental activities				
Taxes				
Property taxes, general and specific purposes	\$ 124,161,254	\$ 130,636,643	\$ 137,571,414	\$ 142,474,713
Property taxes, debt service	13,600,561	12,962,633	12,759,301	13,169,384
Corporate property replacement taxes	23,890,477	25,547,820	22,348,477	18,079,739
State aid-formula grants	61,743,850	87,045,848	95,811,421	110,506,976
Investment earnings	3,251,071	3,695,462	2,767,798	1,114,592
Other	2,296,853	2,846,265	2,974,396	2,180,268
Gain on sale of capital assets	-	-	-	-
Transfers in (out)	(159,575)	(123,248)	(26,914)	8,482
Total governmental activities	228,784,491	262,611,423	274,205,893	287,534,154
Business-type activities				
Other	39,091	27,051	22,585	43,610
Transfers in (out)	159,575	123,248	26,914	8,482
Total business-type activities	198,666	150,299	49,499	52,092
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 228,983,157</b>	<b>\$ 262,761,722</b>	<b>\$ 274,255,392</b>	<b>\$ 287,586,246</b>
<b>CHANGE IN NET POSITION</b>				
Governmental activities	\$ 24,254,977	\$ 43,372,909	\$ 39,439,833	\$ 17,568,600
Business-type activities	830,532	74,274	223,569	282,768
<b>TOTAL PRIMARY GOVERNMENT CHANGES IN NET POSITION</b>	<b>\$ 25,085,509</b>	<b>\$ 43,447,183</b>	<b>\$ 39,663,402</b>	<b>\$ 17,851,368</b>

Data Source

District's Audited Annual Financial Statements



2011	2012	2013	2014	2015	2016
\$ (247,906,276)	\$ (215,025,648)	\$ (239,855,458)	\$ (281,227,627)	\$ (268,749,975)	\$ (286,397,176)
(470,044)	(827,866)	(1,170,583)	(915,242)	-	-
\$ (248,376,320)	\$ (215,853,514)	\$ (241,026,041)	\$ (282,142,869)	\$ (268,749,975)	\$ (286,397,176)
\$ 146,929,076	\$ 151,983,603	\$ 147,883,312	\$ 141,461,370	\$ 143,009,227	\$ 141,406,671
13,646,700	14,070,132	14,584,379	15,099,347	11,283,184	13,388,878
23,447,497	21,568,780	22,037,762	22,762,158	23,824,790	19,141,723
78,130,244	79,061,402	85,015,862	75,355,915	95,623,462	109,373,106
777,898	612,912	613,029	751,417	778,438	1,021,857
518,982	356,326	421,666	776,799	1,960,605	1,879,315
-	-	-	-	10,415	162,752
(10,511)	(11,333)	(6,016)	(5,028)	1,445,831	-
263,439,886	267,641,822	270,549,994	256,201,978	277,935,952	286,374,302
-	-	-	-	-	-
10,511	11,333	6,016	5,028	(1,445,831)	-
10,511	11,333	6,016	5,028	(1,445,831)	-
\$ 263,450,397	\$ 267,653,155	\$ 270,556,010	\$ 256,207,006	\$ 276,490,121	\$ 286,374,302
\$ 15,533,610	\$ 52,616,174	\$ 30,694,536	\$ (25,025,649)	\$ 9,185,977	\$ (22,874)
(459,533)	(816,533)	(1,164,567)	(910,214)	(1,445,831)	-
\$ 15,074,077	\$ 51,799,641	\$ 29,529,969	\$ (29,935,863)	\$ 7,740,146	\$ (22,874)

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**

FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>GENERAL FUND</b>				
Reserved/nonspendable	\$ -	\$ -	\$ -	\$ 11,008
Restricted	-	-	-	-
Unreserved/unassigned	21,436,265	52,929,632	67,713,728	67,825,386
<b>TOTAL GENERAL FUND</b>	<b>\$ 21,436,265</b>	<b>\$ 52,929,632</b>	<b>\$ 67,713,728</b>	<b>\$ 67,836,394</b>
<b>ALL OTHER GOVERNMENTAL FUNDS</b>				
Reserved/restricted for				
Debt Service Fund	\$ 7,274,579	\$ 6,058,031	\$ 6,075,757	\$ 6,019,560
Capital Project Funds	1,255,998	1,617,918	1,260,633	2,244
Tort Immunity	555,654	-	-	-
Special Revenue Funds	-	-	-	-
Assigned for				
Capital Projects Funds	-	-	-	-
Unreserved/unassigned for				
Special Revenue Funds	28,097,221	32,388,748	36,282,363	33,589,088
<b>TOTAL ALL OTHER GOVERNMENTAL FUNDS</b>	<b>\$ 37,183,452</b>	<b>\$ 40,064,697</b>	<b>\$ 43,618,753</b>	<b>\$ 39,610,892</b>

\* GASB Statement No. 54 implemented in 2011, also Tort Immunity Fund restated to be included under General Fund instead of Other Governmental Funds.

Data Source

District's Audited Annual Financial Statements

2011*	2012*	2013	2014	2015	2016
\$ 15,643	\$ -	\$ -	\$ -	\$ -	\$ 45,567
3,503,909	6,632,268	8,888,659	29,644,947	30,574,121	31,715,848
110,907,460	128,273,256	120,974,848	60,318,447	61,124,212	58,628,669
\$ 114,427,012	\$ 134,905,524	\$ 129,863,507	\$ 89,963,394	\$ 91,698,333	\$ 90,390,084
\$ 5,461,190	\$ 7,148,770	\$ 7,071,799	\$ 4,719,230	\$ 2,258,926	\$ 2,138,318
9,198,334	5,572,685	101,421,193	104,537,272	122,568,838	105,759,618
-	-	-	11,945,434	11,645,076	10,630,217
8,416,794	5,537,898	13,802,271	16,043,860	19,410,199	12,504,077
-	10,229,172	25,576,794	-	-	-
(7,589,171)	(8,763,275)	(8,330,022)	(9,672,691)	(10,549,575)	(2,256,716)
\$ 15,487,147	\$ 19,725,250	\$ 139,542,035	\$ 127,573,105	\$ 145,333,464	\$ 128,775,514

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**

GOVERNMENTAL FUNDS REVENUES

Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>LOCAL SOURCES</b>				
Property taxes	\$ 137,761,815	\$ 143,599,276	\$ 150,330,715	\$ 155,644,097
Corporate personal property replacement taxes	23,890,477	25,547,820	22,348,477	18,079,739
Payments of surplus monies from TIF districts				
Charges for services	4,617,803	4,670,691	4,973,401	4,683,297
Total local sources	166,270,095	173,817,787	177,652,593	178,407,133
<b>STATE SOURCES</b>				
Unrestricted state aid	61,812,184	67,342,462	54,882,612	59,469,341
Restricted state aid	56,381,300	62,911,778	60,433,880	61,969,274
Total state sources	118,193,484	130,254,240	115,316,492	121,438,615
<b>FEDERAL SOURCES</b>				
Restricted federal aid	28,902,655	29,917,789	45,056,148	57,783,314
Refund of prior year's expenditures	-	-	-	-
Investment income	3,251,071	3,695,462	2,767,798	1,114,592
<b>TOTAL REVENUES</b>	<b>\$ 316,617,305</b>	<b>\$ 337,685,278</b>	<b>\$ 340,793,031</b>	<b>\$ 358,743,654</b>

Data Source

District's Audited Annual Financial Statements

2011	2012	2013	2014	2015	2016
\$ 160,575,776	\$ 166,053,735	\$ 162,467,691	\$ 156,560,717	\$ 154,292,411	\$ 154,795,549
23,447,497	21,568,780	22,037,762	22,762,158	23,824,790	19,141,723
4,878,586	6,937,883	6,400,690	5,518,536	10,825,848	10,976
188,901,859	194,560,398	190,906,143	184,841,411	188,943,049	7,907,506
78,130,244	79,061,402	85,015,862	90,293,429	95,623,462	181,855,754
77,498,978	65,522,939	82,862,830	90,856,290	118,232,349	105,966,287
155,629,222	144,584,341	167,878,692	181,149,719	213,855,811	113,633,519
34,760,928	39,073,081	34,732,077	31,203,281	42,302,088	219,599,806
-	-	-	492,607	308,652	43,360,559
777,898	612,912	613,029	751,417	778,439	29,175
\$ 380,069,907	\$ 378,830,732	\$ 394,129,941	\$ 398,438,435	\$ 446,188,039	1,021,857
\$ 380,069,907	\$ 378,830,732	\$ 394,129,941	\$ 398,438,435	\$ 446,188,039	\$ 445,867,151

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**

GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO

Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010*</b>
<b>INSTRUCTION</b>				
Regular programs	\$ 94,298,626	\$ 103,779,706	\$ 108,765,729	\$ 94,026,728
Special programs	46,439,896	45,629,296	38,880,913	45,267,959
Other instructional programs	19,900,564	25,341,969	37,951,089	31,169,681
State retirement contribution	-	-	-	36,060,321
Total instruction	160,639,086	174,750,971	185,597,731	206,524,689
<b>SUPPORTING SERVICES</b>				
Pupils	17,696,086	18,555,256	18,552,073	20,187,058
Instructional staff	11,343,247	11,562,267	12,138,146	17,574,055
General administration	4,560,486	5,646,603	5,684,210	14,571,252
School administration	12,679,729	12,892,663	14,350,551	14,418,271
Business	7,210,655	8,271,437	8,724,950	3,229,880
Operations and maintenance	18,591,586	21,335,604	22,483,141	19,960,489
Transportation	18,196,383	19,664,401	18,834,269	19,607,215
Central	3,749,937	4,225,795	4,887,310	5,761,970
Other	1,498,577	1,110,868	1,389,151	1,997,578
Total supporting services	95,526,686	103,264,894	107,043,801	117,307,768
<b>COMMUNITY SERVICES</b>	5,130,715	5,300,602	5,053,395	4,447,474
<b>CAPITAL OUTLAY</b>	4,032,245	3,266,389	6,278,007	12,706,775
<b>DEBT SERVICE</b>				
Principal	10,939,683	11,204,683	11,609,683	12,679,683
Interest and charges	6,629,558	5,277,792	4,710,248	4,050,039
Total debt service	18,093,826	16,482,475	16,319,931	16,729,722
<b>INTERGOVERNMENTAL</b>				
Payments to other governments	137,308	122,087	2,135,100	4,903,939
<b>TOTAL EXPENDITURES</b>	<b>\$ 283,559,866</b>	<b>\$ 303,187,418</b>	<b>\$ 322,427,965</b>	<b>\$ 362,620,367</b>
<b>DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES</b>				
	6.00%	5.00%	5.00%	5.00%

\* State retirement contribution line item separated.

Data Source

District's Audited Annual Financial Statements

2011*	2012*	2013*	2014*	2015	2016
\$ 101,369,563	\$ 88,195,295	\$ 93,511,480	\$ 96,340,200	\$ 131,979,197	\$ 134,420,336
47,094,560	36,944,577	39,723,219	44,731,560	54,409,388	70,880,440
31,847,336	29,801,618	31,910,430	33,057,649	51,677,506	41,771,652
34,872,891	34,028,625	39,421,383	51,588,181	-	-
215,184,350	188,970,115	204,566,512	225,717,590	238,066,091	247,072,428
20,505,697	18,760,723	20,446,944	21,322,333	28,774,564	30,488,982
12,706,467	10,722,513	13,361,441	13,983,629	15,284,601	14,601,409
14,368,662	15,227,953	13,471,776	14,656,800	15,863,485	18,348,750
15,247,491	13,394,779	14,343,454	15,137,540	21,146,177	19,997,772
3,159,800	3,014,785	3,138,956	3,223,655	18,479,663	22,301,643
21,635,968	21,645,802	22,609,044	27,408,233	27,286,765	28,508,797
21,620,338	20,638,899	20,606,541	22,177,995	21,402,719	19,224,321
6,678,075	8,332,381	10,313,193	11,181,438	9,116,470	11,481,054
2,158,334	1,896,821	2,567,681	3,016,359	88,236	1,017,064
118,080,832	113,634,656	120,859,030	132,107,982	157,442,680	165,969,792
3,083,787	2,596,970	3,071,479	3,155,905	2,998,927	3,535,858
6,146,052	14,774,150	16,027,728	55,242,369	55,242,369	47,791,572
13,729,683	14,878,905	16,000,000	14,200,000	11,300,000	9,190,000
3,325,263	2,526,728	1,788,895	3,252,248	3,015,000	4,360,527
17,054,946	17,405,633	17,788,895	17,452,248	14,315,000	13,550,527
8,320,199	17,020,316	18,554,480	19,686,522	19,150,367	12,590,587
\$ 367,870,166	\$ 354,401,840	\$ 380,868,124	\$ 453,362,616	\$ 486,728,260	\$ 490,510,764
5.00%	5.00%	5.00%	4.00%	4.00%	3.06%

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**

OTHER FINANCING SOURCES AND USES AND NET CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS

Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ 33,057,439</u>	<u>\$ 34,497,860</u>	<u>\$ 18,365,066</u>	<u>\$ (3,876,713)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of general obligation bonds sold	35,720,000	-	-	-
Premium on bonds	2,492,162	-	-	-
Transfer in	3,027,756	3,688,119	3,074,996	1,135,911
Transfer (out)	(3,187,331)	(3,811,367)	(3,101,910)	(1,144,393)
Proceeds from the sale of District assets	-	-	-	-
Payment to escrow agent	(37,683,386)	-	-	-
Total other financing sources (uses)	<u>369,201</u>	<u>(123,248)</u>	<u>(26,914)</u>	<u>(8,482)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u><u>\$ 33,426,640</u></u>	<u><u>\$ 34,374,612</u></u>	<u><u>\$ 18,338,152</u></u>	<u><u>\$ (3,885,195)</u></u>



2011	2012	2013	2014	2015	2016
\$ 12,199,741	\$ 24,428,892	\$ 13,261,817	\$ (54,924,181)	\$ (40,540,221)	\$ (44,643,613)
9,992,698	-	99,999,876	-	58,996,364	29,085,000
105,623	-	1,125,850	-	931,802	-
199,900	11,928,201	15,451,082	25,480,347	600,597	10,318,723
(210,411)	(11,939,534)	(15,457,098)	(25,485,375)	(516,295)	(10,318,723)
179,322	299,056	393,241	19,850	47,276	177,329
-	-	-	-	-	-
10,267,132	287,723	101,512,951	14,822	60,059,744	29,262,329
\$ 22,466,873	\$ 24,716,615	\$ 114,774,768	\$ (54,909,359)	\$ 19,519,523	\$ (15,381,284)

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Levy Years

<b>Tax Levy Year</b>		<b>Residential Property</b>		<b>Commercial Property</b>		<b>Industrial Property</b>		<b>Agricultural Property</b>		<b>Railroad Property</b>		<b>Total Taxable Equalized Assessed Valuation</b>	<b>Percent Change</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Taxable Value</b>
2015	\$	1,344,370,098	\$	441,846,556	\$	154,355,773	\$	15,070,648	\$	5,136,977		\$1,960,780,052	(2.63%)	7.938	\$ 5,882,340,156
2014		1,401,214,615		434,183,451		159,051,737		14,381,676		4,873,755		\$2,013,705,234	(6.04%)	7.781	6,041,115,702
2013		1,510,010,484		455,238,300		159,346,606		14,345,559		4,106,006		2,143,046,955	(8.96%)	7.2301	6,429,140,865
2012		1,684,282,678		482,384,445		169,323,054		14,182,138		3,823,787		2,353,996,102	(9.09%)	6.688	7,061,988,306
2011		1,858,864,247		531,650,353		180,493,067		14,856,472		3,364,520		2,589,228,659	(5.47%)	6.559	7,767,685,977
2010		1,960,896,951		569,104,813		190,827,403		14,812,396		3,339,291		2,738,980,854	(3.36%)	6.015	8,216,942,562
2009		2,031,864,602		588,665,267		196,715,830		14,087,236		2,832,420		2,834,165,355	(0.49%)	5.576	8,502,496,065
2008		2,037,701,784		597,626,014		197,070,905		13,083,456		2,764,560		2,848,246,719	3.50%	5.452	8,544,740,157
2007		1,964,272,936		577,395,084		195,641,402		12,625,025		2,104,316		2,752,038,763	5.74%	5.338	8,256,116,289
2006		1,831,485,537		560,758,194		196,753,476		11,808,889		1,724,296		2,602,530,392	6.23%	5.413	7,807,591,176

Note: The county assesses property at approximately 33.3% of actual value. Estimated actual taxable value is calculated by dividing taxable value by percentage. Tax rates are per \$100 of assessed value.

Data Source

Winnebago County Clerk's, Department of Tax Extensions

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**

DIRECT AND OVERLAPPING PROPERTY TAX RATES

Last Ten Levy Years

<b>Tax Levy Year</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>DISTRICT DIRECT RATES</b>										
Educational	3.7000	3.7000	3.7000	3.7000	3.7000	3.7145	3.2945	4.0000	4.0000	4.0000
Tort Immunity	0.2082	0.1687	0.2840	0.3844	0.4169	0.3239	0.2921	0.2794	0.3110	0.3042
Operations and Maintenance	0.5000	0.5000	0.5000	0.5000	0.6922	0.5508	0.7500	0.7500	0.7500	0.7500
Transportation	0.2000	0.2000	0.2000	0.2000	0.2623	0.3600	0.4946	0.4551	0.7732	0.9383
Municipal Retirement/Social Security	0.1653	0.1642	0.1633	0.1339	0.1954	0.2022	0.3087	0.2093	0.3262	0.3224
Working Cash	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500
Special Education	0.0400	0.0400	0.0400	0.0750	0.1314	0.7384	0.8000	0.8000	0.8000	0.8000
Building Safety	0.0500	0.0500	0.0500	0.0500	0.0500	0.0527	0.0535	0.1000	0.1000	0.1000
Bond and Interest	0.4993	0.4652	0.4647	0.4832	0.5170	0.5670	0.6450	0.5863	0.6706	0.6730
Total direct	5.4128	5.3381	5.4520	5.5765	6.0152	6.5595	6.6884	7.2301	7.7810	7.9379
<b>OVERLAPPING RATES</b>										
Rockford School District Number 205	5.4128	5.3381	5.4520	5.5765	6.0152	6.5595	6.6884	7.2301	7.781	7.9379
Winnebago County	0.7829	0.7704	0.7835	0.7934	0.8299	0.8676	0.9423	1.0329	1.0845	1.0984
Winnebago County Forest Preserve District	0.0951	0.0905	0.0859	0.0859	0.0898	0.0956	0.1072	0.1165	0.1199	0.1203
Rockford Township	0.1052	0.1048	0.1052	0.1070	0.1088	0.1119	0.1200	0.1288	0.1394	0.1452
City of Rockford	2.2527	2.2026	2.2085	2.2297	2.3595	2.5191	2.8178	3.0811	3.4325	3.3595
Rockford Park District	0.7360	0.7198	0.7319	0.7455	0.7869	0.8432	0.9522	1.0577	1.1286	1.1629
Rock River Water Reclamation District	0.1237	0.1221	0.1243	0.1268	0.1362	0.1469	0.1665	0.1856	0.2100	0.2075
Rockford Library District	0.3156	0.3147	0.3233	0.3309	0.3564	0.3860	0.4422	0.4724	0.5042	0.5196
Greater Rockford Airport Authority	0.0893	0.0884	0.0890	0.0901	0.0954	0.0937	0.1024	0.1043	0.1063	0.1073
Community College District Number 511	0.4660	0.4410	0.4578	0.4583	0.4503	0.4541	0.4477	0.4630	0.4823	0.4893
Rockford Township Road	0.0000	0.0918	0.0922	0.0939	0.0955	0.1049	0.1149	0.1299	0.1419	0.1484
Total direct and overlapping rate	10.3793	10.2842	10.4536	10.6380	11.3239	12.1825	12.9016	14.0023	15.1306	15.2963

Data Source

Winnebago County Clerk's Office

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205  
ROCKFORD, ILLINOIS**

**PRINCIPAL PROPERTY TAXPAYERS**

Current Year and Nine Years Ago

<b>Taxpayer</b>	<b>2016</b>			<b>2007</b>		
	<b>Equalized Assessed Valuation 2015</b>	<b>Percentage of Equalized Valuation</b>	<b>Rank</b>	<b>Equalized Assessed Valuation 2006</b>	<b>Percentage of Equalized Valuation</b>	<b>Rank</b>
Lowes Home Centers, Inc	\$ 11,297,754	0.58%	1			
Beloit Memorial Hospital, Inc.	10,852,054	0.55%	2			
CBL Cherryvale	8,313,985	0.42%	3	\$ 8,978,713	0.34%	1
Woodward Inc.	7,650,394	0.39%	4			
Meijer Stores Ltd. Partnership	6,767,405	0.35%	5			
Forest Plaza LLC	6,637,698	0.34%	6			
Greater Rockford Airport Authority	5,970,284	0.30%	7	7,365,164	0.28%	2
Petry Family Trust	5,803,887	0.30%	8			
Lubrizol Holding Inc.	5,542,926	0.28%	9			
Greater Rockford Airport	4,750,238	0.24%	10	5,568,334	0.21%	5
Fixed Asset Accounting/Hamilton Sundstrand				7,154,469	0.27%	3
CBL/Cherryvale I LLC				6,074,549	0.23%	4
Simon Property Group				5,099,661	0.20%	6
SwedishAmerican Hospital				4,762,654	0.18%	7
MB Rockford State LLC				4,489,448	0.17%	8
Edward Rose Associates Inc.				4,426,177	0.17%	9
DI Properties Inc.				4,370,487	0.17%	10
<b>TOTAL</b>	<b>\$ 73,586,625</b>	<b>3.75%</b>		<b>\$ 58,289,656</b>	<b>2.24%</b>	
<b>EAV</b>	<b>\$ 1,960,780,052</b>			<b>\$ 2,602,530,392</b>		

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Levy Years

Tax Levy Year	Extended Levied for the Levy Year		Collections within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections	Total Percentage of Levy
			Amount	Percentage of Levy			
2015	\$	155,435,776	\$ 80,879,886	52.03%	\$ -	\$ 80,879,886	52.03%
2014		156,686,404	82,051,106	52.37%	73,263,439	155,314,545	99.12%
2013		154,944,440	78,137,811	50.43%	75,669,535	153,807,346	99.27%
2012		157,444,675	80,536,117	51.15%	75,869,353	156,405,470	99.34%
2011		169,840,442	86,990,557	51.22%	81,703,188	168,693,745	99.32%
2010		164,557,651	70,371,736	42.76%	93,190,642	163,562,378	99.40%
2009		157,864,109	78,503,250	49.73%	78,762,038	157,265,288	99.62%
2008		155,104,050	78,659,071	50.71%	75,622,156	154,281,227	99.47%
2007		146,735,090	72,873,963	49.66%	73,278,244	146,152,207	99.60%
2006		140,688,672	70,703,218	50.26%	69,643,227	140,346,445	99.76%

Data Source

Winnebago County Clerk's Office

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**

OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Year Ended June 30	Governmental Activities		Tax Anticipation Warrants Cert of Participation	Total Primary Government	Equalized Assessed Valuation	Total Debt Percentage Assessed Valuation	*Percentage Estimated Actual Taxable Value	Percentage Personal Income	Per Capita
	Gross General Bonded Debt	Notes Payable							
2016	\$ 220,407,301	\$ -	\$ -	\$ 220,407,301	\$ 1,960,780,052	11.24%	3.75%	6.71%	\$ 1,486
2015	196,853,840	-	-	196,853,840	2,013,705,234	9.78%	3.26%	5.86%	1,282
2014	144,844,489	-	-	144,844,489	2,143,046,955	6.76%	2.25%	4.59%	964
2013	155,208,485	-	-	155,208,485	2,353,996,102	6.59%	2.20%	4.91%	1,033
2012	67,787,766	-	-	67,787,766	2,589,228,659	2.62%	0.87%	2.11%	449
2011	80,629,376	128,021	-	80,757,397	2,738,980,854	2.95%	0.98%	2.68%	532
2010	82,949,377	367,704	-	83,317,081	2,834,165,355	2.94%	0.98%	2.84%	545
2009	94,331,863	607,387	-	94,939,250	2,848,246,719	3.33%	1.10%	2.96%	618
2008	104,719,349	847,070	-	105,566,419	2,752,038,763	3.84%	1.27%	3.08%	684
2007	114,762,252	1,086,753	-	115,849,005	2,602,530,392	4.45%	1.47%	3.38%	751

\* Estimated Actual Taxable Value is one-third (1/3) of the Total Equalized Assessed Valuation.

Note: Population information and personal income can be found with the Demographic and Economic Statistics.

Data Source

District's Audited Annual Financial Statements

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**

COMPUTATION OF DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

June 30, 2016

	Debt Outstanding	See Note Below	Estimated Percentage Applicable (1)	Estimated Share of Direct and Overlapping Debt
Overlapping Districts				
Winnebago County	\$ 103,940,000	(1)	55.08%	\$ 57,250,152
Winnebago County Forest Preserve	2,124,090	(2)	55.08%	1,169,949
Greater Rockford Airport Authority	23,223,200		75.24%	17,473,136
Village of Cherry Valley	384,000	(1)	100.00%	384,000
City of Loves Park	5,022,891	(1)	33.07%	1,661,070
City of Rockford	101,060,000	(1)(3)	98.57%	99,614,842
Village of Roscoe	2,370,000		1.97%	46,689
Sanitary District	41,325,000		72.45%	29,939,963
Rockford Park District	48,560,000	(1)	86.36%	41,936,416
Northwest Fire	685,000		96.95%	664,108
Community College District No. 511	89,072,481	(2)	69.96%	62,315,108
	<u>417,766,662</u>			<u>312,455,431</u>
Total overlapping debt	<u>417,766,662</u>			<u>312,455,431</u>
District direct debt	<u>\$ 220,407,301</u>		100.00%	<u>220,407,301</u>
<b>TOTAL DIRECT AND OVERLAPPING DEBT</b>				<u><u>\$ 532,862,732</u></u>

(1) Excludes principal amounts of outstanding General Obligation (Alternate Revenue Source) Bonds which are expected to be paid from sources other than general taxation.

(2) Includes original principal amounts of outstanding General Obligation Capital Appreciation Bonds.

(3) Excludes self-supporting bonds for which an abatement is filed annually.

Note: The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the District's taxable assessed value that is within the government's boundaries and dividing it by the District's total taxable assessed value.

Data Source

Winnebago County Clerks Office

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205  
ROCKFORD, ILLINOIS**

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Debt limit	\$ 359,120,971	\$ 379,781,349	\$ 393,058,047	\$ 391,114,819	\$ 377,979,358	\$ 357,313,555	\$ 324,851,462	\$ 296,077,402	\$ 278,233,677	\$ 270,587,647
Total net debt applicable to limit	114,675,409	104,781,242	94,542,492	83,308,742	70,342,632	55,592,632	139,592,629	125,392,508	176,873,105	167,683,105
Legal debt margin	<u>\$ 244,445,562</u>	<u>\$ 275,000,107</u>	<u>\$ 298,515,555</u>	<u>\$ 307,806,077</u>	<u>\$ 307,636,726</u>	<u>\$ 301,720,923</u>	<u>\$ 185,258,833</u>	<u>\$ 170,684,894</u>	<u>\$ 101,360,572</u>	<u>\$ 102,904,542</u>

**TOTAL NET DEBT**

**APPLICABLE TO THE LIMIT AS**

<b>A PERCENTAGE OF DEBT LIMIT</b>	31.93%	27.59%	24.05%	21.30%	18.61%	15.56%	42.97%	42.35%	63.57%	61.97%
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**FUTURE FINANCING:** At the present time the District has no plans to issue additional debt.

**SHORT-TERM BORROWING:** The District has no tax anticipation notes or warrants outstanding.

**DEBT PAYMENT HISTORY:** The District has no record of default and has met its debt repayment obligations promptly.

Legal Debt Margin Calculation for Fiscal 2016

Equalized Assessed Value	\$ 1,960,780,052
Debt limit percentage	<u>13.8%</u>
Debt limit	270,587,647
Debt applicable to limit General obligation bonds	<u>167,683,105</u>
<b>LEGAL DEBT MARGIN</b>	<u><u>\$ 102,904,542</u></u>



**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205  
ROCKFORD, ILLINOIS**

**PLEDGED REVENUE COVERAGE - ALTERNATE REVENUE SOURCE -  
QUALIFIED SCHOOL CONSTRUCTION BONDS**

June 30, 2016

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		Allowable Funding Sources					
		GO Bonds					
		(Alternate Revenue Source -					
		Qualified School Construcion)					
		Series 2016					
Fiscal Year	Pledged Revenue	Funds Available	Principal	Interest	Total Debt Service	Coverage	
2016	Corporate personal property replacement tax	\$ 19,141,723	\$ -	\$ -	\$ -	-	

Note: Details of the District's outstanding debt can be found in the notes to the financial statements.

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**

**DEMOGRAPHIC AND ECONOMIC INFORMATION**

Last Ten Calendar Years

Calendar Year	Estimated Population	Personal Income	Per Capita Personal Income	Unemployment Rate	
				Winnebago County	Boone County
2015	148,278	\$ 3,283,023,198	\$ 22,141	(a) 6.4%	5.8%
2014	153,509	3,361,079,555	21,895	11.5%	11.8%
2013	150,251	3,158,426,271	21,021	11.6%	11.5%
2012	150,915	3,207,698,325	21,255	11.6%	11.8%
2011	151,904	3,013,775,360	19,840	12.7%	13.4%
2010	152,943	2,938,035,030	19,210	15.3%	15.9%
2009	153,587	3,211,657,757	20,911	14.8%	15.1%
2008	154,370	3,432,416,950	22,235	8.6%	9.5%
2007	154,206	3,425,994,702	22,217	6.3%	6.9%
2006	152,538	3,001,490,226	19,677	5.6%	5.9%

Source: (a) U.S. Census Bureau; years 2014-2006 Rockford Region Economic Development District

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205  
ROCKFORD, ILLINOIS**

**PRINCIPAL EMPLOYERS**

Current Year and Nine Years Ago

<u>Employer</u>	<u>2016</u>			<u>2007</u>		
	<u>Number of Employees (1)</u>	<u>Rank</u>	<u>Percentage of Total</u>	<u>Number of Employees (2)</u>	<u>Rank</u>	<u>Percentage of Total</u>
Fiat Chrysler Automobiles/Daimler Chrysler	4,323	1	17.3%	4,000	1	17.4%
Rockford School District	3,525	2	14.1%	3,500	2	15.2%
Mercyhealth/Rockford Health Systems	3,000	3	12.0%	2,900	3	12.6%
Swedish American Health System	2,988	4	12.0%	2,900	4	12.6%
OSF Healthcare	2,800	5	11.2%	2,000	7	8.7%
UTC Aerospace Systems	2,200	6	8.8%			
Wal-Mart Stores	1,611	7	6.5%			
Woodward	1,540	8	6.2%	1,300	8	5.7%
PCI - Packaging Coordinators, Inc.	1,500	9	6.0%			
Winnebago County	1,449	10	5.8%			
City of Rockford				1,201	9	5.2%
Hamilton Sundstrand Corporation				2,300	5	10.0%
United Parcel Service				2,200	6	9.6%
Cadbury Adams				700	10	3.0%
Total Employment	<u>24,936</u>			<u>23,001</u>		

Data Source

- (1) Rockford Area Economic Development Council.
- (2) Based on archived data (February 2007 telephone canvass of employers).

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**

FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE

Last Ten Fiscal Years

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Certified administration	128	131	141	145	157	149	143	151	159	148
Noncertified administration	25	25	23	31	33	30	51	46	41	46
Certified support	340	349	343	347	316	315	354	359	332	348
Certified teacher	1,704	1,746	1,730	1,731	1,700	1,566	1,688	1,741	1653	1569
Noncertified support	133	128	149	174	165	188	226	236	213	190
Clerical	163	167	165	168	167	161	155	152	147	133
Paraprofessional	554	532	529	529	476	503	594	613	526	523
Hourly support	58	58	59	60	60	59	68	72	60	203
Trades	66	70	70	70	70	69	75	76	72	83
Food service	121	119	120	120	121	117	126	123	118	173
Bus driver	226	226	226	226	226	229	232	232	204	228
<b>TOTAL</b>	<b>3,518</b>	<b>3,552</b>	<b>3,554</b>	<b>3,600</b>	<b>3,491</b>	<b>3,387</b>	<b>3,710</b>	<b>3,800</b>	<b>3,525</b>	<b>3,644</b>

Data Source

District personnel records

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**

OPERATING STATISTICS

Last Ten Fiscal Year

<b>Fiscal Year</b>	<b>Enrollment</b>	<b>Operating Expenditures</b>	<b>Cost Per Pupil</b>	<b>Percentage Change</b>	<b>Total Expenses</b>	<b>Cost Per Pupil</b>	<b>Percentage Change</b>	<b>ISBE Financial Profile Score</b>	<b>ISBE Financial Profile Designation</b>
2016	28,689	\$ 422,315,284	\$ 14,720.46	2.05%	\$ 490,510,765	\$ 17,097.52	0.78%	3.60	Recognition
2015	29,325	413,820,788	14,111.54	8.47%	486,728,260	16,597.72	7.36%	3.70	Recognition
2014	29,140	381,509,248	13,092.29	10.58%	453,362,616	15,558.09	21.32%	3.45	Review
2013	29,090	345,019,950	11,860.43	7.11%	373,702,491	12,846.42	8.25%	3.70	Recognition
2012	28,131	322,132,070	11,451.14	(6.22%)	345,211,038	12,271.55	(7.01%)	3.90	Recognition
2011	29,485	343,480,436	11,649.33	3.29%	371,232,436	12,590.55	3.91%	3.90	Recognition
2010	29,912	332,526,602	11,116.83	11.17%	357,251,382	11,943.41	10.50%	3.55	Recognition
2009	29,066	299,112,812	10,290.81	5.72%	323,309,228	11,123.28	5.45%	3.80	Recognition
2008	29,407	282,933,739	9,621.31	7.92%	306,605,499	10,426.28	5.88%	3.80	Recognition
2007	29,484	262,175,529	8,892.13	6.08%	289,573,676	9,821.38	6.97%	3.45	Review

Note: Operating expenditures within the following funds less Capital Outlay: General, Operations and Maintenance, Transportation, Municipal Retirement/Social Security and Tort Immunity Funds.

Data Source

District records and audited financial statements

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**

CAPITAL ASSET INFORMATION

Last Ten Fiscal Years

<b>Fiscal/Program</b>	<b>2007</b>	<b>2008</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>SCHOOLS</b>									
Buildings	52	52	53	53	52	51	51	51	51
Square feet	4,347,423	4,347,423	4,413,591	4,413,591	4,381,701	4,329,491	4,329,491	4,825,450	4,825,450
Capacity	37,659	37,659	37,336	37,336	37,086	36,836	36,836	136,836	136,836
Enrollment	29,484	29,407	29,912	29,485	28,131	29,090	29,140	29,325	28,689
<b>ADMINISTRATIVE</b>									
Buildings	1	1	1	2	2	2	3	1	1
Square feet	80,237	80,237	80,237	80,237	222,237	222,237	222,237	142,000	159,231
<b>ATHLETICS</b>									
Stadiums	2	2	2	2	2	2	2	2	2
Running tracks	5	5	5	5	5	5	5	5	5
Baseball/softball	19	19	19	19	19	19	19	28	28
Swimming pools	12	12	12	12	12	12	12	11	11
Playgrounds	35	35	35	35	35	34	34	40	40

Data Source

District records

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**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205**  
**ROCKFORD, ILLINOIS**

STATE OF ILLINOIS STANDARDIZED TEST SUMMARY  
DISTRICT/STATE AVERAGE

Last Ten Fiscal Years

	2007		2008		2009		2010	
	District	State	District	State	District	State	District	State
Reading								
Grade 3	56%	73%	56%	72%	57%	72%	57%	74%
Grade 4	58%	74%	59%	73%	57%	74%	59%	74%
Grade 5	57%	70%	61%	74%	60%	74%	61%	75%
Grade 6	61%	73%	67%	79%	64%	80%	66%	81%
Grade 7	59%	73%	65%	78%	63%	78%	60%	78%
Grade 8	71%	82%	69%	81%	72%	84%	72%	84%
Mathematics								
Grade 3	75%	87%	75%	85%	78%	85%	77%	86%
Grade 4	77%	86%	79%	85%	74%	86%	77%	86%
Grade 5	76%	83%	77%	81%	76%	82%	75%	83%
Grade 6	67%	81%	69%	83%	68%	82%	71%	85%
Grade 7	63%	79%	66%	80%	69%	83%	69%	84%
Grade 8	67%	81%	64%	80%	67%	82%	71%	84%
Writing								
Grade 3	X	X	X	X	X	X	X	X
Grade 5	X	X	X	X	X	X	X	X
Grade 6	X	X	X	X	X	X	X	X
Grade 8	X	X	X	X	X	X	X	X
Science								
Grade 4	66%	80%	61%	76%	61%	77%	61%	77%
Grade 7	68%	79%	69%	79%	69%	80%	68%	82%
Social Studies								
Grade 4	X	X	X	X	X	X	X	X
Grade 7	X	X	X	X	X	X	X	X
Prairie State Achievement Exam								
Grade 11	36%	53%	34%	53%	35%	53%	36%	53%
IMAGE	63%	63%	X	X	X	X	X	X
Overall ISAT								
Performance	66%	67%	67%	79%	67%	80%	67%	81%
Overall Performance								
All State Tests	62%	74%	63%	75%	63%	76%	63%	76%
Overall Performance								
Partnership for Assessment of Readiness for College and Careers (PARCC)						X	X	X

X - Testing not administered

\*These charts show the percentage of student scores meeting or exceeding expectations for the grades and subjects tested on Partnership for Assessment of Readiness for College (PARCC) that have demonstrated readiness for the next grade level/course and, ultimately, are on track for college and careers.

Note: These charts present the overall percentages of state test scores categorized as meeting or exceeding the Illinois Learning standards for the District and the state. Illinois State Board of Education did not issue district-wide reports in 2000 and 2001. The 2007-08 school year was the first time that Limited English Proficient (LEP) students took the ISAT or PSAE (with accommodations) instead of the IMAGE test.

Data Source

Illinois State Board of Education



2011		2012		2013		2014		2015 *	
District	State	District	State	District	State	District	State	District	State
59%	75%	60%	76%	43%	59%	37%	55%	29%	35%
58%	75%	61%	76%	42%	59%	41%	56%	29%	40%
63%	76%	64%	78%	43%	59%	42%	58%	32%	38%
69%	84%	65%	82%	38%	59%	38%	57%	29%	35%
60%		60%	78%	37%	58%	39%	59%	30%	40%
69%	85%	69%	96%	38%	60%	34%	56%	25%	40%
76%	87%	75%	88%	39%	55%	36%	56%	21%	35%
76%	88%	77%	88%	47%	60%	48%	64%	16%	28%
76%	84%	73%	84%	47%	59%	56%	64%	18%	27%
69%	84%	72%	85%	40%	60%	42%	60%	15%	27%
70%	84%	68%	85%	39%	59%	36%	58%	15%	28%
71%	86%	67%	85%	37%	59%	42%	60%	18%	32%
X	X	X	X	X	X	X	X	X	X
X	X	X	X	X	X	X	X	X	X
X	X	X	X	X	X	X	X	X	X
X	X	X	X	X	X	X	X	X	X
62%	79%	63%	80%	65%	81%	61%	76%	X	X
66%	82%	60%	80%	60%	79%	58%	80%	X	X
X	X	X	X	X	X	X	X	X	X
X	X	X	X	X	X	X	X	X	X
35%	51%	35%	51%	39%	53%	39%	54%	X	X
X	X	X	X	X	X	X	X	X	X
67%	82%	67%	82%	41%	59%	41%	59%	X	X
63%	77%	62%	77%	41%	58%	40%	58%	22%	33%
X	X	X	X	X	X	X	X	23%	33%