

COMPREHENSIVE ANNUAL FINANCIAL  
REPORT

OF

**ROCKFORD PUBLIC SCHOOLS,  
DISTRICT NO. 205**

**ROCKFORD, ILLINOIS**

For the Fiscal Year Ended June 30, 2010

Officials Issuing Report

LaVonne M. Sheffield, Superindendent  
Cedric Lewis, Chief Financial Officer

Department Issuing Report

Finance

**ROCKFORD PUBLIC SCHOOLS, DISTRICT NO. 205**  
**Rockford, Illinois**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2010**

**Submitted by:**  
**LaVonne M. Sheffield, Superintendent**  
**Cedric Lewis, Chief Financial Officer**

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October 15, 2010

Financial Services  
Rockford, IL 61104  
Phone (815) 966-3056  
[www.RPS205.com](http://www.RPS205.com)

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

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, 2010, 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 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 provisions of the U.S. Office of Management and Budget (OMB) Circular A-133, "Audits of States, Local Governments, and Non-profit Organizations." 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, organizations 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 29,000 students. It is the fourth largest school district in the state of Illinois, with 38 elementary schools, six middle schools, four high schools (Jefferson, Guilford, Rockford East High School, and Auburn), two alternative high schools (ACES and Roosevelt) and two Early Childhood Centers (Dennis and Fairview). The District is primarily in Winnebago County with a small section in Boone County.

The District's 3,600 full-time equivalent employees (2,078 teachers, 1346 non-certified staff and 176 administrators) served approximately 29,538 students for the 2010 school year, with expenditures totaling \$375.0 million; of which capital projects and bond and interest payments totaled approximately \$29.4 million.

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>
David Kelley	President	April, 2011
Harmon Mitchell	Vice President	April, 2013
Jeanne Westholder	Secretary	April, 2011
Robert Evans	Member	April, 2011
Alice Saudargas	Member	April, 2011
Lisa Jackson	Member	April, 2013
Jude Makulec	Member	April, 2013

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**

The mission of the Rockford Public Schools is to serve the community by ensuring all of our diverse students develop the capabilities to contribute to society, succeed in the global economy, and learn throughout their lives by creating dynamic integrated learning environments that respond to the needs and aspirations of the individual student in partnership with family and community.

The Rockford schools are chartered with the responsibility of providing educational services to all eligible school-age children in the Rockford area from grades pre-kindergarten through grade 12. Rockford Public Schools are committed to ensuring that our diverse student body receives high quality educational and social instruction that allows them to contribute to society and succeed in the global economy.

### ***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.
- 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.

The objectives for Rockford Public Schools are stated in Five Goals that form the structure of this strategic plan and, in turn, for our organization over the next five years.

1. Enhance learning opportunities for all children – We are committed to ensuring that our community’s diverse student body receives the highest quality academic instruction tailored to their talents, abilities and strengths.
2. Ensure parents and community members are partners in the education process – We will fully engage the community and parents to assist us in making sure our schools are the best they can be for our children.
3. Provide clean and safe schools – We understand that clean, safe schools create optimum learning environments for our children.
4. Hold adults accountable – We will ask all adults in this process to be responsible for their performance.
5. Run an efficient business operation – We will ensure a professional, efficient operation so that all who interact with our schools are well served and that we are excellent stewards of the public’s money.

### **Major Initiatives**

The District has made a large investment in new reading and science books for elementary students in FY11. Middle school textbooks for English were also ordered. The District also issued \$10 million in life safety bonds in September 2010 to address life safety issues identified in a ten year life safety audit required by the State.

### **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 157,000 people making it the third largest city in Illinois after Chicago and Aurora. Rockford is principally a manufacturing and service community.

The racial makeup of the student population in FY10 was 37.1% White, 29.6% African American, 23.1% Hispanic, 3.4% Asian/Pacific Islander, 0.1% Native American, and 6.6% multi racial. 75% of the District students received free or reduced meals.

### **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 actuals. 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.

During the 2009-2010 school year, property taxes represented 42% of the revenue received by the District. State aid accounted for 33%, federal grants 18%, 5% from corporate taxes, and 2% from fees and other revenue.

### **Cash Management**

The District invests up to 100% of available cash, timing investment maturities to actual cash needs. In addition, all checking accounts are interest-bearing types. Investments are maintained according to the School Code of Illinois. All investments are collateralized beyond FDIC insurance limits.

The school treasurer is appointed annually by the Board of Education and authorizes all investment and cash transactions. Investment strategies are structured to obtain the best yield for all invested funds. The District bids out banking needs every three years and secures investment bids on a periodic basis. The District earned \$1.1 million on all investments for the year ended June 30, 2010.

### **Risk Management**

The District contracts for property, casualty, general liability, vehicle and professional liability insurance. The District is self-insured for the employees' medical and dental insurance. A second party administers benefit claims for the District self-insurance plan. The District also

### **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, 2010 was done by McGladrey & Pullen, LLP, independent certified public accountants, who were selected by the District's Board of Education. Their 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. The State of Illinois is in extreme financial difficulty, slow in paying funds vouchered by the State Board of Education and will likely be cutting funding to School Districts. The District's budget for the 2010-2011 school year has an operating deficit of \$41.3 million. The District's healthy fund balance has allowed the District to use FY11 as a planning year for significant expenditures reductions for FY12.

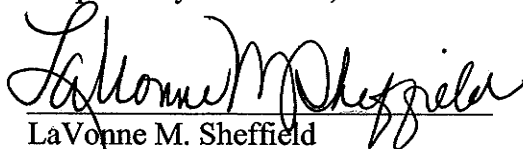
### **Awards**

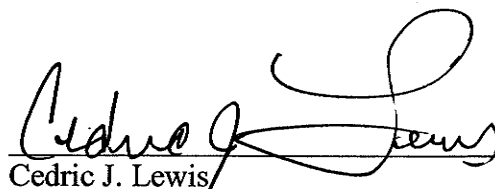
The District received the Association of School Business Officials (ASBO) International Certificate of Excellence in Financial Reporting Award for fiscal year end June 30, 2009. The award reflects the District commitment to the highest standards of school system financial reporting.

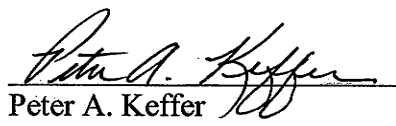
### **Acknowledgements**

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.

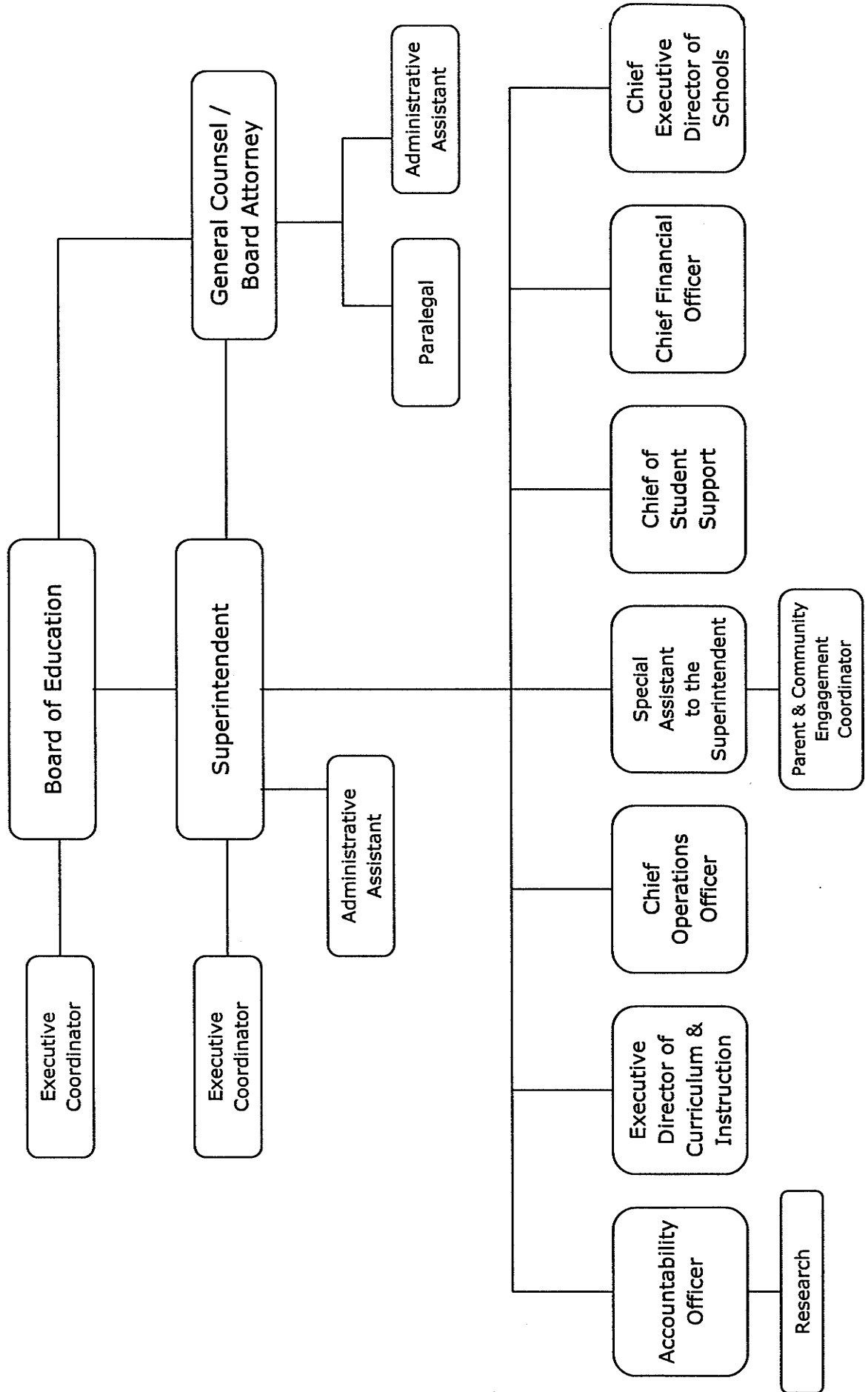
Respectfully Submitted,

  
LaVonne M. Sheffield  
Superintendent of Schools

  
Cedric J. Lewis  
Chief Financial Officer

  
Peter A. Keffer  
Executive Director of Finance

# Rockford Public Schools District 205



## **List of Principal Officers**

### ROCKFORD PUBLIC SCHOOLS CABINET MEMBERS AND PRINCIPALS

Superintendent	Dr. LaVonne Sheffield
Chief Financial Officer	Cedric Lewis
Executive Director of Curriculum	Tracy Stevenson-Olson
Executive Director of Schools	Earl Hernandez
Executive Director of Schools	Diane Cepela
Executive Director of Schools	Julie McArdle
Executive Director of Student Support	Colleen Cyrus
Executive Director of Professional Development	Caesar Mickens
Executive Director of Accountability	Thomas Schmitt
Special Assistant to the Superintendent	Luz Ramirez
Chief Operations Officer	Todd Schmidt
Attorney	Lori Hoadley
Executive Director of Research, Fed. Programs & Grants	Ed Portillo
Executive Director of Special Education	Theresa Montalbano
Executive Director of Attend. & Truancy Initiatives	Jon Malone
Executive Director of Finance	Pete Keffer
Executive Director of Budget and Procurement	Anthony Bailey
Executive Director of Human Resources	Shantina Davenport
Executive Director of Information Services	Dr. Buddy Pride
Director of Athletics	Carl Armato
Director of Bilingual	Paul Yankee
Director of Early Childhood	Marcia Blascoe
Director of Facilities	Steve Monson
Director of Food Service	Chris Saletta
Director of Gifted	Yolanda Simmons
Director of Security Services	Fred Diehl
Director of Payroll	Pam Shaver
Director of Purchasing	Dennis Styrsky
Director of Title I	Dr. Vinest Steele
Director of Transportation	Gregg Wilson

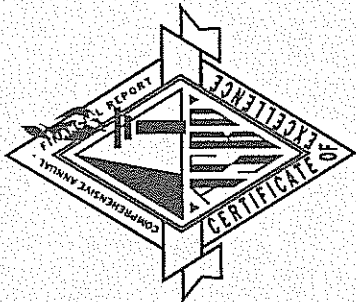
#### **Principals**

Academic Career Education	Michael Cermak
Auburn High School	Patrick Hardy
Auburn Freshman Campus	Bill Ady
Barbour Elementary School	Ivelisse Rosas
Beyer Elementary School	William Sadler
Bloom Elementary School	Dr. Sandra Kuzniewski
Brookview Elementary School	LuAnn Widergren
Carlson Elementary School	Dave Nold

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  
Jackson Elementary School  
Jefferson High School  
Johnson Elementary School  
Kennedy Middle School  
King Elementary School  
Kishwaukee Elementary School  
Lathrop Elementary School  
Leadership and Learning Academy  
Lewis Lemon Elementary School  
Lincoln Middle School  
Marsh Elementary School  
McIntosh Elementary School  
Montessori Elementary School  
Nashold Elementary School  
Nelson Elementary School  
New Milford Elementary School  
Page Park/Fresh Start  
RESA Middle School  
Riverdahl Elementary School  
Rolling Green Elementary School  
Roosevelt Alternative High School  
Spring Creek Elementary School  
Stiles Elementary School  
Summerdale Elementary School  
Thompson Elementary School  
Walker Elementary School  
Washington Elementary School  
Welsh Elementary School  
West Middle School  
West View Elementary School  
White Swan Elementary School  
Whitehead Elementary School  
Wilson ASPIRE

Rori Regan-Buckner  
Jan Johnson  
Carol Nelson  
Mark Wallace  
Jill Davis  
Vicki Kested  
Larry Turnquist  
Todd France  
Toni Gagliano  
Vicki Jacobson  
Mike Valentine  
Ann Rundall  
Carolyn Kloss  
David Molck  
Don Rundall  
Carol Jeschke  
Theresa Kallstrom  
Renneth Richardson  
Al Gagliano  
Prudy Court  
Jennifer Sims  
Theresa Harvey  
Jason Grey  
Christina Meyer  
Deborah Osborne  
Sue Haney-Bauer  
Peggy Nolte-Heimann  
Stephen Francisco  
Christina Ulferts  
Pat Swanson-Bergren  
Dr. Robert DeLacey  
Teresa Schneider  
Ken Held  
Angela Hite-Carter  
Penny El-Azhari  
George Richardson  
Julie West  
Emma Gentry  
Ray Owens  
Jill Faber  
Diana Alt  
Kristin Wilson  
Veronica Bazan  
Dr. Pamela Nichols  
John Ulferts  
Debbi Johnson

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL



This Certificate of Excellence in Financial Reporting

*is presented to*

**Rockford Public Schools**

For its Comprehensive Annual Financial Report (CAFR)

For the Fiscal Year Ended June 30, 2009

upon recommendation of the Association's Panel of Review  
which has judged that the Report substantially conforms  
to principles and standards of ASBO's Certificate of Excellence

*Erin Green*

President

*John D. Mueser*

Executive Director

# McGladrey & Pullen

Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

To the Board of Education  
Rockford Public Schools, District No. 205  
Rockford, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Rockford Public Schools, District No. 205 (the District) as of and for the year ended June 30, 2010 which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. 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. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Rockford Public Schools, District No. 205, as of June 30, 2010 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, budgetary comparison information, schedules of funding progress, and related notes on pages 3 through 11 and 45 through 50, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedules listed in the table of contents as supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The accompanying introductory and statistical sections, 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. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

*McGladrey & Pullen, LLP*

Rockford, Illinois  
October 15, 2010



## ROCKFORD PUBLIC SCHOOLS, DISTRICT NO. 205

### MANAGEMENT'S DISCUSSION AND ANALYSIS

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This section of Rockford Public Schools, District No. 205's (the District) annual financial report represents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2010.

The basic financial statements contain three components:

- 1) Government-wide financial statements including the Statement of Net Assets and the Statement of Activities which provide a broad, long-term overview of the District's finances,
- 2) Fund financial statements including the balance sheets that provide a greater level of detail of revenues and expenditures and focus on how the District has performed in the short term in the most significant funds, and
- 3) Notes to the financial statements.

#### ***Financial Highlights***

Key financial highlights for 2010 are as follows:

On the government-wide financial statements:

- Total net assets of the District increased from \$129.6 million in fiscal year 2009 to \$147.4 million in fiscal year 2010, an increase of \$17.8 million.
- Total revenues increased \$12.1 million from \$363.0 million in fiscal year 2009 to \$375.1 million in fiscal year 2010, or 3.3%. The increase is primarily due to higher Teachers' Retirement System behalf revenue of \$10.7 million, increase in General State Aid of \$1.7 million, and increases in property taxes of \$5.3 million. Corporate replacement tax receipts decreased by \$4.2 million.
- Total expenses increased \$34.0 million from \$323.3 million in fiscal year 2009 to \$357.3 million in fiscal year 2010, or 10.5%. This is primarily due to increased Teachers' Retirement System behalf expense of \$10.7 million, salary expense of \$5.6 million, health costs of \$4.3 million, Evans Newton professional services of \$4.1 million, Sungard software system expenditures of \$2.5 million and charter school payment of \$2.6 million.

On the fund financial statements:

- Governmental funds ending fund balance decreased from \$111.3 million in fiscal year 2009 to \$107.4 million in fiscal year 2010, a decrease of \$3.9 million.
- In the General Fund, the fund balance increased from \$67.7 million in fiscal year 2009 to \$67.8 million in fiscal year 2010, an increase of \$0.1 million.
- Total General Fund actual revenues less expenditures exceeded budgeted resources less final appropriations by \$2.7 million.

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

This financial report consists of three parts – management's discussion and analysis (this section), basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The *statement of net assets* and *statement of activities* are *government-wide* financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District.

## ROCKFORD PUBLIC SCHOOLS, DISTRICT NO. 205

### MANAGEMENT'S DISCUSSION AND ANALYSIS

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The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements.

The major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain, are shown in the following table.

#### *Major Features of the Government-Wide and Fund Financial Statements*

	Government-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary such as educational and operations and maintenance funds	Activities the District operates similar to private business. The District's food service program is its only proprietary operation	Assets held by the District on behalf of someone else such as student activities monies
Required financial statements	Statement of net assets and statement of activities	Balance sheet, statement of revenues, expenditures and changes in fund balance (deficit)	Statement of net assets, statement of revenues, expenses and changes in net assets and statement of cash flows	Statement of fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital; short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital; short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during the year or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions or deductions during the year, regardless of when cash is received or paid

## ROCKFORD PUBLIC SCHOOLS, DISTRICT NO. 205

### MANAGEMENT'S DISCUSSION AND ANALYSIS

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The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

#### *Government-Wide Financial Statements*

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide financial statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities* – Most of the District's basic services are included here, such as regular and special education, transportation, support services, community programs and administration. Property taxes and state formula aid finance most of these activities.
- *Business-type activities* – The District charges fees and receives federal and state reimbursements to cover the costs of its food service operation. The financial activity of this program is reported as a business-type activity.

#### *Fund Financial Statements*

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs and to demonstrate compliance with various regulatory requirements.

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debt) or to show that it is properly using certain revenues (such as working cash).

## ROCKFORD PUBLIC SCHOOLS, DISTRICT NO. 205

### MANAGEMENT'S DISCUSSION AND ANALYSIS

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The District has three kinds of funds:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources than can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is included as a separate statement explaining the relationship (or differences) between them.
- *Proprietary funds* – The food service program, an activity for which the District charges a fee and for which revenues are expected to cover all expenses, is reported as a proprietary fund. Proprietary funds are reported in the same way as the government-wide financial statements.
- *Fiduciary funds* – The District serves as a trustee, or fiduciary, for assets that belong to others, such as the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and only by those to whom the assets belong. These activities are excluded from the government-wide financial statements because the District cannot use these assets to finance its operations.

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

Net Assets: The District's total net assets increased from \$129.6 million on June 30, 2009 to net assets of \$147.4 million as of June 30, 2010, an improvement of \$17.8 million. Most of this increase in the financial position came from governmental activities, which increased from \$125.1 million to net assets of \$142.6 million, an improvement of \$17.5 million. The net assets of the District's business-type activities increased from \$4.5 million to \$4.8 million, an improvement of \$.3 million. The following provides a summary of the District's net assets (in millions of dollars) at June 30, 2010 and 2009.

	2010			2009		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current assets	\$ 265.3	\$ 4.6	\$ 269.9	\$ 257.9	\$ 4.1	\$ 262.0
Other assets	0.5	-	0.5	0.6	-	0.6
Capital assets	94.8	0.6	95.4	88.8	0.7	89.5
Total assets	360.6	5.2	365.8	347.3	4.8	352.1
Long-term debt outstanding						
less current portion	71.2	-	71.2	83.7	-	83.7
Other liabilities	146.8	0.4	147.2	138.5	0.3	138.8
Total liabilities	218.0	0.4	218.4	222.2	0.3	222.5
Net assets (deficit):						
Invested in capital assets, net of related debt	29.8	0.6	30.4	13.0	0.7	13.7
Restricted	-	-	-	-	-	-
Unrestricted	122.8	4.2	127.0	112.1	3.8	115.9
	\$ 142.6	\$ 4.8	\$ 147.4	\$ 125.1	\$ 4.5	\$ 129.6

# **ROCKFORD PUBLIC SCHOOLS, DISTRICT NO. 205**

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

The most significant changes in the statement of net assets are the increase in government claims of \$5.7 million due to slow payment from the State and an increase in capital assets of \$6.0 million. Long-term debt outstanding decreased by \$10.2 million.

*Changes in Net Assets:* The District's total revenues were approximately \$362.4 million for governmental activities and approximately \$12.4 million for business-type activities. This is an increase over the prior year of approximately \$11.6 million for governmental activities and \$.4 million for business-type activities. Real estate and other taxes comprise approximately 47.9% of the District's governmental activities revenue. Another 50.5% 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 primary revenue sources for business-type activities are state and federal grants for the food-service activities and fees charged for services.

The total cost of all governmental programs and services was approximately \$344.9 million for the year ended June 30, 2010, an increase in costs from fiscal year 2009 of approximately \$33.6 million or 10.8%. For business-type activities, total expenses increased approximately \$.4 million or 3.3% over the prior year. The District's expenses are predominantly related to instruction and other pupil services such as transportation (aggregating approximately 78.1% in total). The District's administrative and business activities account for approximately 9.1% of total expenses.

The following provides a summary of the District's changes in net assets (in millions of dollars) for the years ended June 30, 2010 and June 30, 2009:

	2010			2009		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
<b>Revenues:</b>						
Program revenues						
Charge for services	\$ 2.5	\$ 2.1	\$ 4.6	\$ 2.0	\$ 2.4	\$ 4.4
Operating grants and contributions	70.2	10.6	80.8	73.9	9.8	83.7
Capital grants and contributions	2.2	-	2.2	0.6	-	0.6
General revenues						
Property taxes	155.6	-	155.6	150.3	-	150.3
Corporate personal property replacement taxes	18.1	-	18.1	22.3	-	22.3
State aid-formula grants and contributions not restricted to specific programs	110.5	-	110.5	95.8	-	95.8
Other	3.3	-	3.3	5.9	-	5.9
Total revenues	362.4	12.7	375.1	350.8	12.2	363.0
<b>Expenses:</b>						
Instruction	209.8	-	209.8	188.8	-	188.8
Pupil and instructional services	38.3	-	38.3	31.2	-	31.2
Administration and business	31.5	-	31.5	29.0	-	29.0
Maintenance and operations	21.9	-	21.9	22.7	-	22.7
Transportation	21.3	-	21.3	20.2	-	20.2
Community service	4.5	-	4.5	5.1	-	5.1
Interest on debt	5.2	-	5.2	5.8	-	5.8
Other	12.4	12.4	24.8	8.5	12.0	20.5
Total expenses	344.9	12.4	357.3	311.3	12.0	323.3
Change in net assets	17.5	0.3	17.8	39.5	0.2	39.7
Net assets, beginning	125.1	4.5	129.6	85.6	4.3	89.9
Net assets (deficit), ending	\$ 142.6	\$ 4.8	\$ 147.4	\$ 125.1	\$ 4.5	\$ 129.6

## ROCKFORD PUBLIC SCHOOLS, DISTRICT NO. 205

### MANAGEMENT'S DISCUSSION AND ANALYSIS

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Property taxes were \$5.3 million higher than 2009 as a result of an increase in the 2008 equalized assessed valuation and 2007 CPI. Corporate personal property replacement taxes were \$4.2 million lower, and general state aid and other grants were \$13.4 million higher than 2009. In addition, the District experienced an overall increase in expenses due largely to increased salaries and benefits for instruction related services of \$22.8 million.

#### *Governmental Activities*

The table below presents the cost (in millions of dollars) of eight major District activities: instruction, pupil and instructional services, administration and business, operations and maintenance, transportation, community service, interest on debt 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.

	2010		2009	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$ 209.8	\$ 171.6	\$ 188.8	\$ 149.9
Pupil and instructional services	38.3	23.9	31.2	21.9
Administration and business	31.5	29.4	29.0	26.4
Operations and maintenance	21.9	21.8	22.7	22.5
Transportation	21.3	9.4	20.2	3.2
Interest on debt	4.5	0.6	5.8	5.8
Community service	5.2	5.2	5.1	0.6
Other	12.4	8.1	8.5	4.5
	<u>\$ 344.9</u>	<u>\$ 270.0</u>	<u>\$ 311.3</u>	<u>\$ 234.8</u>

The cost of all governmental activities this year was \$344.9 million. Individuals who directly participated or benefited from a program offering paid for \$2.5 million of the costs. Federal and state governments subsidized certain programs with grants and contributions of \$72.4 million. The net cost of services was primarily financed by District taxpayers through property taxes and corporate personal property replacement taxes totaling approximately \$173.7 million and other state contributions which are not restricted to specific programs of approximately \$110.5 million.

#### *Business-Type Activities*

Revenues for the District's business-type activities (food-service program) were comprised of charges for services of approximately \$2.1 million and federal and state reimbursements of approximately \$10.6 million. Food service revenue exceeded expenses by approximately \$282,800.

## **ROCKFORD PUBLIC SCHOOLS, DISTRICT NO. 205**

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

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#### ***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 \$107.4 million, a decrease of \$3.9 million from the prior year's total governmental fund balance of \$111.3 million.

The general fund, which includes the Educational Account, Special Education Account, Operations and Maintenance Account and Grants Account, had an increase in the fund balance of approximately \$122,700 for the year ended June 30, 2010. The educational account had an increase in fund balance of \$1.5 million, while the Operations and Maintenance Account had a decrease in fund balance of \$1.4 million. General fund revenues were less than budget by \$16.6 million and expenditures were less than budget by \$20.5 million.

The special education account, a subset of the Educational Account, continues to be under funded. Expenditures in this account exceeded revenue by \$38.3 million. The State of Illinois did not pay categorical payments within 90 days of year-end resulting in a state grant revenue shortfall of \$2.6 million.

The operations and maintenance account had a deficit of \$1.4 million in 2010, increasing the accumulated fund deficit to \$11.3 million. The cost to properly maintain 56 sites has historically exceeded the revenue allocated to this area. Higher utility costs have also contributed to this account deficit. The accumulated deficit in this fund, however, has been reduced by \$6.5 million since FY05 primarily due to outsourcing custodial services in FY06.

The debt service fund balance remained unchanged at approximately \$6.1 million.

The transportation fund balance decreased by \$4.5 million in FY 10. A quarterly grant payment not received due to State funding issues accounts for the variance.

The working cash fund balance increased from \$23.1 million at June 30, 2009 to \$24.5 million at June 30, 2010.

The non-major funds reported an increase in fund balance of approximately \$0.8 million, primarily due to increasing the allocation of property taxes to the Tort Immunity Fund.

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

The District approved the original 2010 budget in June 2009 with a general fund deficit of \$9.8 million. The state increased the general state aid foundation level per pupil by \$225 during the summer which increased revenues by \$5.1 million. An amended operating budget was passed in October 2009 with a general fund deficit of \$2.7 million. The actual results show a \$122,666 surplus for a favorable variance of \$2.7 million. Revenues were less than budget by \$16.6 million, while expenditures were less than budget by \$20.5 million. Many items contributed to the revenue and expenditure variances, including:

- Property and Corporate replacement taxes were \$1.9 million higher than budgeted;
- Federal grant revenue was lower than budget by \$18.5 million due to funding received from the American Recovery and Reinvestment Act (ARRA). Title I ARRA funding was favorable to budget by \$5.8 million and IDEA ARRA was \$4.3 million favorable. Regular Title I was also favorable to budget by \$4.3 million.

## ROCKFORD PUBLIC SCHOOLS, DISTRICT NO. 205

### MANAGEMENT'S DISCUSSION AND ANALYSIS

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- State sources were lower by \$6.0 million due to less Teachers' Retirement System on behalf revenue of \$2.6 million and late payment of special education categorical aid.
- Health insurance was favorable to budget by \$7.5 million. Health costs increased 11.2% from the prior year. The budget reflected an increase of 329% over FY09.
- Salary expense was favorable to budget by \$8.0 million. Most of the favorable variance was due to professional development budgeted with the ARRA funds.
- Teacher benefit expenditures were lower than budget by \$2.6 million due to a lower Teachers' Retirement System on behalf amount.
- Professional services expenditures were favorable due to lower spending of the ARRA funds that planned.

#### *Capital Assets and Debt Administration*

Capital assets: By the end of 2010, the District had invested approximately \$95.4 million in a broad range of capital assets, including land and improvements, school and administrative buildings, computer and audio-visual equipment, transportation equipment and other furniture, fixtures and equipment. Total depreciation expense for the year was \$6.8 million, while additions to capital assets amounted to approximately \$12.6 million. More detailed information about capital assets can be found in Note 6 to the financial statements.

The following shows the District's capital assets, net of depreciation, in millions of dollars:

	Governmental Activities			Business-type Activities			Total		
	Net			Net			Net		
	06/30/09	Change	06/30/10	06/30/09	Change	06/30/10	06/30/09	Change	06/30/10
Land	\$ 6.0	\$ -	\$ 6.0	\$ -	\$ -	\$ -	\$ 6.0	\$ -	\$ 6.0
Land improvements	1.6	0.1	1.7	-	-	-	1.6	0.1	1.7
Buildings	73.2	-	73.2	-	-	-	73.2	-	73.2
Construction in progress	0.3	(0.1)	0.2	-	-	-	0.3	(0.1)	0.2
Transportation equipment	3.1	1.7	4.8	-	-	-	3.1	1.7	4.8
Food service equipment	-	-	-	0.7	(0.1)	0.6	0.7	(0.1)	0.6
Furniture, fixtures and other equipment	4.6	2.6	7.2	-	-	-	4.6	2.6	7.2
Software	-	1.7	1.7	-	-	-	-	1.7	1.7
Total assets	<u>\$ 88.8</u>	<u>\$ 6.0</u>	<u>\$ 94.8</u>	<u>\$ 0.7</u>	<u>\$ (0.1)</u>	<u>\$ 0.6</u>	<u>\$ 89.5</u>	<u>\$ 5.9</u>	<u>\$ 95.4</u>

At the end of the year, the District had outstanding commitments for future construction of approximately \$206,000.

Long-term debt: At year end, the District had approximately \$83.7 million in general obligation bonds, capital appreciation bonds and other long-term debt outstanding, a reduction of \$11.4 million from the prior year. More detailed information about the District's long-term debt and other obligations is presented in Note 7 to the financial statements.



## ROCKFORD PUBLIC SCHOOLS, DISTRICT NO. 205

### MANAGEMENT'S DISCUSSION AND ANALYSIS

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The following shows the District's outstanding long-term debt, in millions of dollars:

	June 30, 2009	Net Change	June 30, 2010
General obligation bonds and capital appreciation bonds, net of related discounts and deferred amounts on refinancing	\$ 94.5	\$ (11.2)	\$ 83.3
Installment contracts	-	-	-
Notes payable	0.6	(0.2)	0.4
	<u>\$ 95.1</u>	<u>\$ (11.4)</u>	<u>\$ 83.7</u>

During 2010, the District did not experience any negative changes in its debt credit rating or limitation. The District issued \$10 million in life safety bonds in September 2010. Standard and Poor's has rated the District AAA. The District will continue to look to refinancing existing debt if a cost savings to taxpayers can be realized.

#### ***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.

#### ***Contacting the District's Financial Management***

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Chief Financial Officer, Cedric Lewis, at Rockford Public Schools, District No. 205, 201 South Madison Street, Rockford, Illinois 61104.

ROCKFORD PUBLIC SCHOOLS, DISTRICT NO. 205

Statement of Net Assets  
June 30, 2010

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 132,209,766	\$ 4,103,710	\$ 136,313,476
Receivables			
Property taxes	77,782,213	-	77,782,213
Corporate personal property replacement taxes	2,706,550	-	2,706,550
Other governmental units	52,003,952	439,927	52,443,879
Other	600,493	-	600,493
Prepays	11,008	-	11,008
<b>Total current assets</b>	<b>265,313,982</b>	<b>4,543,637</b>	<b>269,857,619</b>
Bond issue costs, net of accumulated amortization of \$669,005	488,567	-	488,567
Capital assets			
Land	6,030,017	-	6,030,017
Land improvements	2,628,015	-	2,628,015
Construction in progress	232,011	-	232,011
Buildings and building improvements	190,252,495	-	190,252,495
Transportation equipment	18,252,316	-	18,252,316
Food service equipment	-	2,689,627	2,689,627
Furniture, fixtures and other equipment	26,250,891	-	26,250,891
Software	1,730,185	-	1,730,185
	245,375,930	2,689,627	248,065,557
Less accumulated depreciation and amortization	(150,542,974)	(2,082,094)	(152,625,068)
<b>Total capital assets, net of depreciation and amortization</b>	<b>94,832,956</b>	<b>607,533</b>	<b>95,440,489</b>
<b>Total assets</b>	<b>360,635,505</b>	<b>5,151,170</b>	<b>365,786,675</b>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	10,020,313	232,503	10,252,816
Accrued liabilities	28,305,011	121,989	28,427,000
Accrued interest	1,385,292	-	1,385,292
Unearned revenue	91,163,023	-	91,163,023
Current portion of long-term obligations	15,961,404	-	15,961,404
<b>Total current liabilities</b>	<b>146,835,043</b>	<b>354,492</b>	<b>147,189,535</b>
Noncurrent portion of long-term obligations	71,159,841	-	71,159,841
<b>Total liabilities</b>	<b>217,994,884</b>	<b>354,492</b>	<b>218,349,376</b>
Contingencies (Notes 9 and 10)			
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	29,819,775	607,533	30,427,308
Unrestricted	112,820,846	4,189,145	117,009,991
<b>TOTAL NET ASSETS</b>	<b>\$ 142,640,621</b>	<b>\$ 4,796,678</b>	<b>\$ 147,437,299</b>

See Notes to Basic Financial Statements.

ROCKFORD PUBLIC SCHOOLS, DISTRICT NO. 205

Statement of Activities  
Year Ended June 30, 2010

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental activities</b>							
Instruction							
Regular programs	\$ 123,879,534	\$ 920,467	\$ 8,271,587	\$ 2,190,343	\$ (112,497,137)	\$ -	\$ (112,497,137)
Special education programs	50,018,452	1,582,562	13,413,637	-	(35,022,253)	-	(35,022,253)
Other instructional programs	35,898,263	-	11,793,416	-	(24,104,847)	-	(24,104,847)
Support services							
Pupils	20,493,289	-	659,178	-	(19,834,111)	-	(19,834,111)
Instructional staff	17,776,247	-	13,600,097	-	(4,176,150)	-	(4,176,150)
General administration	6,190,201	-	1,744,014	-	(4,446,187)	-	(4,446,187)
School administration	14,901,527	-	43,980	-	(14,857,547)	-	(14,857,547)
Business	10,377,350	-	248,472	-	(10,128,878)	-	(10,128,878)
Operations and maintenance	21,883,184	-	102,408	-	(21,780,776)	-	(21,780,776)
Transportation	21,333,383	-	11,894,182	-	(9,439,201)	-	(9,439,201)
Central	5,879,721	-	640,823	-	(5,238,898)	-	(5,238,898)
Other	1,632,578	-	1,523,698	-	(108,880)	-	(108,880)
Community services	4,499,013	-	3,944,549	-	(554,464)	-	(554,464)
Payments to other governments	4,903,939	-	2,300,656	-	(2,603,283)	-	(2,603,283)
Interest and charges	5,172,942	-	-	-	(5,172,942)	-	(5,172,942)
<b>Total governmental activities</b>	<b>344,839,623</b>	<b>2,503,029</b>	<b>70,180,697</b>	<b>2,190,343</b>	<b>(269,965,554)</b>	<b>-</b>	<b>(269,965,554)</b>
<b>Business-type activities:</b>							
Food service	12,411,759	2,061,658	10,580,777	-	-	230,676	230,676
<b>Total school district</b>	<b>\$ 357,251,382</b>	<b>\$ 4,564,687</b>	<b>\$ 80,761,474</b>	<b>\$ 2,190,343</b>	<b>(269,965,554)</b>	<b>230,676</b>	<b>(269,734,878)</b>
General revenues							
Taxes							
Property taxes, levied for general purposes					142,474,713	-	142,474,713
Property taxes, levied for debt service					13,169,384	-	13,169,384
Corporate personal property replacement taxes					18,079,739	-	18,079,739
State aid-formula grants and grants and contributions not restricted to specific programs					110,506,976	-	110,506,976
Investment earnings					1,114,592	-	1,114,592
Other					2,180,268	43,610	2,223,878
Transfers					(8,482)	8,482	-
Total general revenues and transfers					287,517,190	52,092	287,569,282
Change in net assets					17,551,636	282,768	17,834,404
Net assets							
Beginning					125,088,985	4,513,910	129,602,895
Ending					\$ 142,640,621	\$ 4,796,678	\$ 147,437,299

See Notes to Basic Financial Statements.

ROCKFORD PUBLIC SCHOOLS, DISTRICT NO. 205

Balance Sheet  
Governmental Funds  
June 30, 2010

	Major Funds				Nonmajor Governmental Funds	Total Governmental Funds
	General	Debt Service	Transportation	Working Cash		
<b>ASSETS</b>						
Cash and investments	\$ 98,633,668	\$ 12,228,525	\$ -	\$ 11,160,932	\$ 10,186,641	\$ 132,209,766
Receivables						
Property taxes	59,628,626	6,739,824	2,789,659	697,395	7,926,709	77,782,213
Corporate personal property replacement taxes	2,113,203	593,347	-	-	-	2,706,550
Other governmental units	31,630,182	-	20,373,770	-	-	52,003,952
Other	456,961	-	-	143,532	-	600,493
Prepays	11,008	-	-	-	-	11,008
Due from other funds	-	-	-	13,180,348	-	13,180,348
<b>Total assets</b>	<b>\$ 192,473,648</b>	<b>\$ 19,561,696</b>	<b>\$ 23,163,429</b>	<b>\$ 25,182,207</b>	<b>\$ 18,113,350</b>	<b>\$ 278,494,330</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities						
Accounts payable	\$ 9,077,305	\$ -	\$ 334,811	\$ -	\$ 608,197	\$ 10,020,313
Accrued liabilities	23,837,772	-	79,999	-	4,387,240	28,305,011
Due to other funds	10,050,647	-	3,129,701	-	-	13,180,348
Deferred revenue	81,671,530	13,542,136	15,663,630	700,628	7,963,448	119,541,372
<b>Total liabilities</b>	<b>124,637,254</b>	<b>13,542,136</b>	<b>19,208,141</b>	<b>700,628</b>	<b>12,958,885</b>	<b>171,047,044</b>
Fund balances						
Reserved for						
Prepaid items	11,008	-	-	-	-	11,008
Debt service	-	6,019,560	-	-	-	6,019,560
Capital projects	-	-	-	-	2,244	2,244
Unreserved, reported in						
General fund	67,825,386	-	-	-	-	67,825,386
Special revenue funds	-	-	3,955,288	24,481,579	5,152,221	33,589,088
<b>Total fund balances</b>	<b>67,836,394</b>	<b>6,019,560</b>	<b>3,955,288</b>	<b>24,481,579</b>	<b>5,154,465</b>	<b>107,447,286</b>
<b>Total liabilities and fund balances</b>	<b>\$ 192,473,648</b>	<b>\$ 19,561,696</b>	<b>\$ 23,163,429</b>	<b>\$ 25,182,207</b>	<b>\$ 18,113,350</b>	<b>\$ 278,494,330</b>

See Notes to Basic Financial Statements.

**ROCKFORD PUBLIC SCHOOLS, DISTRICT NO. 205**

**Reconciliation of the Governmental Funds  
Balance Sheet to the Statement of Net Assets  
June 30, 2010**

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Total fund balances - governmental funds	\$ 107,447,286
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Amounts reported for governmental activities in the statement of net assets are different because:

When capital assets that are to be used in governmental activities are purchased or constructed, the cost of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the District as a whole. Balances as of June 30, 2010 were:

Cost of capital assets:		
Land	\$ 6,030,017	
Land improvements	2,628,015	
Construction in progress	232,011	
Buildings and building improvements	190,252,495	
Transportation equipment	18,252,316	
Furniture, fixtures and other equipment	26,250,891	
Software	<u>1,730,185</u>	
	245,375,930	
Accumulated depreciation and amortization	<u>(150,542,974)</u>	
Net capital assets		94,832,956

Grant revenue is deferred in the fund financial statements because it is not available, but is recognized as revenue in the government-wide financial statements.	28,378,349
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Long-term liabilities applicable to the District's governmental activities are not due and payable with currently available resources and accordingly, are not reported as fund liabilities. In addition, interest relating to long-term liabilities is not recorded in the governmental funds until due. All liabilities - both current and long-term - are reported in the statement of net assets. Balances as of June 30, 2010 were:

Accrued interest		(1,385,292)
Bond issue costs, net		488,567
Long-term liabilities:		
Bonds and notes payable, including accreted interest of \$9,468,742 on capital appreciation bonds	(83,676,446)	
Less deferred amount from refunding	1,751,704	
Less discount on bonds payable	43,436	
Plus premium on bonds payable	(1,068,071)	
Compensated absences	(1,931,721)	
Net OPEB Obligation	(287,168)	
Pension liability	<u>(1,952,979)</u>	
		<u>(87,121,245)</u>

Net assets of governmental activities	<u>\$ 142,640,621</u>
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See Notes to Basic Financial Statements.

ROCKFORD PUBLIC SCHOOLS, DISTRICT NO. 205

Statement of Revenues, Expenditures and Changes in Fund Balances  
 Governmental Funds  
 Year Ended June 30, 2010

	Major Funds				Other Governmental Funds	Total Governmental Funds
	General	Debt Service	Transportation	Working Cash		
<b>Revenues</b>						
Property taxes	\$ 120,352,800	\$ 13,169,384	\$ 5,653,885	\$ 1,413,452	\$ 15,054,576	\$ 155,644,097
Corporate personal property replacement taxes	13,824,229	3,258,010	-	-	997,500	18,079,739
Intergovernmental	168,064,469	-	11,098,240	-	59,220	179,221,929
Tuition	2,503,029	-	-	-	-	2,503,029
Investment income (loss)	(36,249)	6,448	-	1,144,393	-	1,114,592
Other	2,123,474	-	56,003	-	791	2,180,268
<b>Total revenues</b>	<b>306,831,752</b>	<b>16,433,842</b>	<b>16,808,128</b>	<b>2,557,845</b>	<b>16,112,087</b>	<b>358,743,654</b>
<b>Expenditures</b>						
Instruction						
Regular programs	122,248,121	-	-	-	(124,150)	122,123,971
Special education programs	47,951,416	-	-	-	932,914	48,884,330
Other instructional programs	34,774,295	-	-	-	761,097	35,535,392
Support services						
Pupils	19,772,614	-	99,878	-	339,278	20,211,770
Instructional staff	17,340,754	-	-	-	240,267	17,581,021
General administration	5,782,257	-	-	-	333,212	6,115,469
School administration	13,780,039	-	-	-	895,306	14,675,345
Business	2,992,670	-	-	-	7,306,582	10,299,252
Operations and maintenance	18,881,093	-	24,922	-	2,558,825	21,464,840
Transportation	796,241	-	17,578,329	-	1,207,723	19,582,293
Central	5,394,691	-	-	-	336,017	5,730,708
Other	1,583,689	-	-	-	38,920	1,622,609
Community services	4,296,985	-	-	-	150,507	4,447,492
Payments to other governments	4,903,939	-	-	-	-	4,903,939
Capital outlay	7,346,193	-	3,585,692	-	1,780,329	12,712,214
Debt service						
Principal	-	12,440,000	-	-	239,683	12,679,683
Interest and charges	-	4,050,039	-	-	-	4,050,039
<b>Total expenditures</b>	<b>307,844,997</b>	<b>16,490,039</b>	<b>21,288,821</b>	<b>-</b>	<b>16,996,510</b>	<b>362,620,367</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(1,013,245)</b>	<b>(56,197)</b>	<b>(4,480,693)</b>	<b>2,557,845</b>	<b>(884,423)</b>	<b>(3,876,713)</b>
<b>Other financing sources (uses)</b>						
Transfers out	-	-	-	(1,144,393)	-	(1,144,393)
Transfers in	1,135,911	-	-	-	-	1,135,911
<b>Total other financing sources (uses)</b>	<b>1,135,911</b>	<b>-</b>	<b>-</b>	<b>(1,144,393)</b>	<b>-</b>	<b>(8,482)</b>
<b>Net change in fund balances</b>	<b>122,666</b>	<b>(56,197)</b>	<b>(4,480,693)</b>	<b>1,413,452</b>	<b>(884,423)</b>	<b>(3,885,195)</b>
Fund balances, beginning	67,713,728	6,075,757	8,435,981	23,068,127	6,038,888	111,332,481
Fund balances, ending	\$ 67,836,394	\$ 6,019,560	\$ 3,955,288	\$ 24,481,579	\$ 5,154,465	\$ 107,447,286

See Notes to Basic Financial Statements.

**ROCKFORD PUBLIC SCHOOLS, DISTRICT NO. 205**

**Reconciliation of the Governmental Funds  
Statement of Revenues, Expenditures and Changes in Fund Balances  
to the Statement of Activities  
Year Ended June 30, 2010**

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Net change in fund balances - total governmental funds	\$ (3,885,195)
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Amounts reported for governmental activities in the statement of activities are different because:

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. As a result, fund balance decreases by the amount of financial resources expended, whereas net assets decrease by the amount of depreciation expense charged for the year. Capital outlays for items below the District's capitalization policy limits (\$5,000, except for computer equipment, which is \$500) are expensed:

Depreciation and amortization expense	\$ (6,620,970)	
Loss on disposal of capital assets	(5,232)	
Capital outlays - over capitalization policy limits	<u>12,707,283</u>	6,081,081

Grant revenue is deferred in the fund financial statements when it is not available, but is recognized as revenue in the government-wide financial statements.

Prior year deferred balance	(24,722,262)	
Current year deferred balance	<u>28,378,349</u>	3,656,087

Repayment of principal on long-term debt is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the government-wide financial statements

Principal payments made		12,679,683
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These expenses include the change in:

Decrease in accrued interest on long-term debt	301,598	
Decrease in compensated absences	42,314	
Amortization of deferred amount on refunding	(438,714)	
Amortization of bond discounts and premiums	347,767	
Amortization of deferred bond issuance costs	(117,140)	
Increase in Net OPEB Obligation	50,892	
Decrease in pension liability	<u>39,513</u>	226,230

The accretion of interest on long-term debt is not reported in the governmental funds, however it results in an increase in debt principal payable in the statement of net assets.

	<u>(1,206,250)</u>
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Change in net assets of governmental activities	<u><u>\$ 17,551,636</u></u>
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See Notes to Basic Financial Statements.

**ROCKFORD PUBLIC SCHOOLS, DISTRICT NO. 205**

**Statement of Net Assets  
Proprietary Fund - Food Service  
June 30, 2010**

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**ASSETS**

Current assets

Cash	\$ 4,103,710
Due from other governmental units	<u>439,927</u>
Total current assets	<u>4,543,637</u>

Long-term assets

Equipment	2,689,627
Less accumulated depreciation	<u>(2,082,094)</u>
Total noncurrent assets	<u>607,533</u>

<b>Total assets</b>	<u>5,151,170</u>
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**LIABILITIES**

**Current liabilities**

Accounts payable	232,503
Accrued liabilities	91,930
Compensated absences	<u>30,059</u>
<b>Total liabilities</b>	<u>354,492</u>

**NET ASSETS**

Invested in capital assets	607,533
Unrestricted	<u>4,189,145</u>

<b>TOTAL NET ASSETS</b>	<u>\$ 4,796,678</u>
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See Notes to Basic Financial Statements.



**ROCKFORD PUBLIC SCHOOLS, DISTRICT NO. 205**

**Statement of Revenues, Expenses and Changes in Net Assets**  
**Proprietary Fund - Food Service**  
**Year ended June 30, 2010**

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Operating revenues	
Food sales	\$ 2,061,658
Operating expenses	
Instruction	221,027
Support service	11,425,833
Depreciation	176,115
Total operating expenses	11,822,975
<b>Operating loss</b>	<b>(9,761,317)</b>
Nonoperating revenues (expenses)	
Intergovernmental	10,580,777
Food commodities	(588,784)
Other	43,610
Total nonoperating revenues (expenses)	10,035,603
Income before transfers	274,286
Transfers in	8,482
<b>Change in net assets</b>	<b>282,768</b>
Net assets - beginning of year	4,513,910
Net assets - end of year	\$ 4,796,678

See Notes to Basic Financial Statements.

**ROCKFORD PUBLIC SCHOOLS, DISTRICT NO. 205**

**Statement of Cash Flows**  
**Proprietary Fund - Food Service**  
**Year ended June 30, 2010**

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Cash Flows from Operating Activities	
Cash received from user charges	\$ 2,061,658
Cash payments to employees for services	(5,419,807)
Cash payments for utilities and other purchased services	(1,140,230)
Cash payments to suppliers for goods and services	(5,060,383)
<b>Net cash used in operating activities</b>	<u>(9,558,762)</u>
 Cash Flows from Noncapital Financing Activities	
Cash received from other governments	9,858,638
Transfers in, interest from working cash fund	8,482
Other nonoperating receipts	43,610
<b>Net cash provided by noncapital financing activities</b>	<u>9,910,730</u>
 Cash Flows from Capital and Related Financing Activities	
Cash payments for acquisition of capital assets	(69,650)
<b>Net cash used in capital and related financing activities</b>	<u>(69,650)</u>
 <b>Net increase in cash</b>	282,318
 Cash - beginning of year	3,821,392
Cash - end of year	<u><u>\$ 4,103,710</u></u>
 Reconciliation of Operating Loss to Net Cash Used in Operating Activities	
Operating loss	\$ (9,761,317)
Adjustments to reconcile operating loss to net cash used	
in operating activities	
Depreciation	176,115
Increase (decrease) from changes in:	
Accounts payable	19,576
Accrued liabilities	6,864
<b>Net cash used in operating activities</b>	<u><u>\$ (9,558,762)</u></u>
 Supplemental Disclosures of Noncash Capital and Related Financing Activities	
USDA food commodities received	<u><u>\$ 588,784</u></u>

See Notes to Basic Financial Statements.

**ROCKFORD PUBLIC SCHOOLS, DISTRICT NO. 205**

**Statement of Fiduciary Assets and Liabilities**  
**June 30, 2010**

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**ASSETS**

Cash and investments	\$ 1,243,970
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**LIABILITIES**

Due to student activity groups	\$ 1,196,227
Due to other organizations	47,743
	<u>\$ 1,243,970</u>

See Notes to Basic Financial Statements.

# ROCKFORD PUBLIC SCHOOLS, DISTRICT NO. 205

## Notes to Basic Financial Statements

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### **Note 1. Nature of Operations, Financial Reporting Entity, Measurement Focus, Basis of Accounting and Basis of Presentation, and Significant Accounting Policies**

Nature of operations: The Rockford Public Schools, District No. 205 (the District), Rockford, Illinois, operates as a public school system under the direction of its Board of Education. In meeting the educational needs of the students within its boundaries, the District also operates a school lunch program and provides student transportation services.

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The following is a summary of significant accounting policies:

Financial reporting entity: Accounting principles generally accepted in the United States of America require that the financial statements of the reporting entity include: (1) the primary government, (2) organizations for which the primary government 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 the governmental accounting standards have been considered and there are no agencies or entities which should be presented with the District.

Measurement focus, basis of accounting and basis of presentation: The Government-Wide Financial Statements (GWFS) are prepared on an economic resources measurement focus and a full accrual basis of accounting. The Fund Financial Statements (FFS) include the display of major funds and are prepared on a modified accrual basis of accounting using the flow of financial resources measurement focus.

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. 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. The minimum number of funds is maintained consistent with legal and managerial requirements.

The funds of the District are classified into three categories: governmental, proprietary (or business-type) and fiduciary. In turn, each category is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

**Governmental fund types** are used to account for the District's general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general capital assets and the servicing of general long-term debt. Governmental fund types include the following:

The **General Fund** is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund. The District uses two departmental accounts to summarize its operating fund activities: the Educational Account and the Operations and Maintenance Account.

The **Special Revenue Funds** account for the revenue sources that are legally restricted to expenditures for specific purposes. The District's special revenue funds consist of the Transportation Fund, the Municipal Retirement/Social Security Fund, the Tort Immunity Fund and the Working Cash Fund.

## ROCKFORD PUBLIC SCHOOLS, DISTRICT NO. 205

### Notes to Basic Financial Statements

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#### **Note 1. Nature of Operations, Financial Reporting Entity, Measurement Focus, Basis of Accounting and Basis of Presentation, and Significant Accounting Policies (Continued)**

The **Debt Service Fund** (Bond and Interest Fund) accounts for the servicing of the general long-term debt of the District.

The **Capital Projects Funds** account for the acquisition of general capital assets or construction of major capital projects of the District. The District's capital projects funds consist of the Fire Prevention and Life Safety Fund and the Capital Projects Fund (in which there were no balances or activity as of or for the year ended June 30, 2010).

**Proprietary fund types** are used to account for activities for which a fee is charged to external users for goods or services. The proprietary fund for the District includes the following:

The **Food Service Fund** accounts for the activities of the District's food services, including the national school lunch program.

**Fiduciary fund types** are used to account for assets held by the District in a trustee capacity or as an agent on behalf of others. The fiduciary fund for the District consists of the following:

The **Agency Funds** are custodial in nature and do not present results of operations or have a measurement focus. These funds are used to account for assets held by the District for others in an agency capacity. The District's agency funds consist of the Student Activity Fund and the Miscellaneous Account Fund.

#### **Government-Wide Financial Statements (GWFS)**

The Statement of Net Assets and the Statement of Activities display information about the District. These statements include the financial activities of the overall District, except for fiduciary activities. The effect of the material interfund activity has been eliminated from these statements. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues and additions are recorded when earned and expenses and deductions are recorded when a liability is incurred. 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.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expenses not allocated to functions are reported separately. Interest on general long-term debt is considered such an indirect expense. Depreciation expense is specifically identified by function and is included in the direct expenses of each function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and standard revenues that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fiduciary funds are excluded from the government-wide financial statements.

# ROCKFORD PUBLIC SCHOOLS, DISTRICT NO. 205

## Notes to Basic Financial Statements

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### Note 1. Nature of Operations, Financial Reporting Entity, Measurement Focus, Basis of Accounting and Basis of Presentation, and Significant Accounting Policies (Continued)

#### Fund Financial Statements (FFS)

**Governmental Funds:** Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are “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 pay liabilities of the current period. The District considers all revenues available if they are collected after year-end within 60 days for property taxes and 90 days for all other revenues. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on general long-term debt which is recognized when due, and certain compensated absences, claims and judgments and early retirement obligations which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Separate financial statements are provided for governmental funds and fiduciary (agency) funds, even though the latter are excluded from the government-wide financial statements.

Property taxes, intergovernmental, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and are recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

The *general fund* is the District’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *debt service fund* accounts for the resources accumulated and payments made for the principal and interest on long-term general obligation debt of the governmental funds.

The *transportation fund* accounts for the resources accumulated and payments made to provide student transportation services.

The *working cash fund* accounts for the resources accumulated to enable the District to have, on hand at all times, sufficient cash to meet the demands of ordinary and necessary expenditures.

**Proprietary Fund:** The accrual basis of accounting is utilized by the Proprietary Fund Type. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The District reports the following major proprietary fund:

The *food service fund* accounts for the revenues and expenses associated with providing food service throughout the District.

For the food service fund, the District has elected to apply only applicable FASB Statements and Interpretations issued before November 30, 1989, in its accounting and reporting practices unless those pronouncements conflict with Governmental Accounting Standards Board (GASB) pronouncements.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the District’s food service fund are charges to pupils and adults for meals. Operating expenses for the food service fund include all costs directly related to preparing and providing meals for pupils and adults, administrative expenses, maintenance on food service equipment and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

# ROCKFORD PUBLIC SCHOOLS, DISTRICT NO. 205

## Notes to Basic Financial Statements

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### **Note 1. Nature of Operations, Financial Reporting Entity, Measurement Focus, Basis of Accounting and Basis of Presentation, and Significant Accounting Policies (Continued)**

**Fiduciary Fund:** The accrual basis of accounting is utilized for the District's Student Activity and Miscellaneous Account Agency Funds.

#### Significant Accounting Policies:

##### **A. Property Taxes**

Property taxes are recognized as a receivable at the time they are levied, and the current taxes receivable represent the 2009 levy and prior levies still uncollected. Property taxes are levied each year on or before the last Tuesday in December on all taxable real property in the District. The 2009 tax levy was originally passed by the Board of Education on December 15, 2009 and attached as an enforceable lien on the property as of the preceding January 1, 2009.

These taxes become due and collectible in June and September 2010, and are collected by the county collector, who in turn remits to the District its respective share. The District receives these remittances approximately one month after the collection dates. The District recognizes the most recent levy passed in December as a receivable upon passage (this is the date upon which a legal claim exists and amounts are known). The District recognizes as revenue one-half of the levy in the current fiscal year with the second half to be recognized in the following fiscal year for all fund types except the debt service fund. The debt service fund defers the entire levy as it relates to the next fiscal year's budgeted debt service payments. This methodology conforms to the measurable and available criteria for revenue recognition.

The Property Tax Extension Limitation Law imposes mandatory property tax limitations on the ability of taxing districts in Illinois to raise revenues through unlimited property tax increases. The increase in property tax extensions is limited to the lesser of 5% or the percentage increase in the Consumer Price Index for all Urban Consumers. The limitation includes taxes levied for purposes without a statutory maximum rate. The amount of the limitation may be adjusted for new property added or annexed to the tax base or due to voter approved increases.

##### **B. Investments**

Investments are carried at fair value. Fair value is determined based primarily on the basis of quoted market prices. As allowed by state statute, substantially all investment income earned on investments held in the working cash fund is recognized as income in the General Fund.

# ROCKFORD PUBLIC SCHOOLS, DISTRICT NO. 205

## Notes to Basic Financial Statements

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### **Note 1. Nature of Operations, Financial Reporting Entity, Measurement Focus, Basis of Accounting and Basis of Presentation, and Significant Accounting Policies (Continued)**

#### **C. Capital Assets**

Capital assets are defined as assets with an initial cost of \$5,000 or more (except computer equipment which is \$500 or more) and an estimated useful life greater than one year. Capital assets are recorded at cost or estimated historical cost and depreciated or amortized over their estimated useful lives (excluding salvage value). Donated capital assets are recorded at their estimated fair value at the date of donation. The estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight-line depreciation and amortization methods are used based on the following estimated useful lives:

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

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized.

#### **D. Deferred and Unearned Revenue**

The District records unearned revenue in the Government-Wide Financial Statements in connection with resources that have been received, but not yet earned. Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

#### **E. Compensated Absences**

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. Vacation is not reported as an expense or liability in the fund financial statements until the vacation is taken. Vacation is reported as an expense and liability as it accrues in the government-wide financial statements.

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 government funds for the vested amount, as it is not expected to be liquidated with available financial resources. 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.



## ROCKFORD PUBLIC SCHOOLS, DISTRICT NO. 205

### Notes to Basic Financial Statements

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#### **Note 1. Nature of Operations, Financial Reporting Entity, Measurement Focus, Basis of Accounting and Basis of Presentation, and Significant Accounting Policies (Continued)**

##### **F. Long-Term Obligations**

For government-wide financial statement reporting, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bond.

For fund financial statement reporting, bond premiums and discounts, as well as issuance costs, are recognized in the period the bonds are issued. Bond proceeds are reported as an other financing source. The discount or premium is reported as an other financing source or use separate from the face amount of the bonds issued. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

##### **G. Elimination and Reclassification**

In the process of aggregating data for the statement of net assets and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified.

##### **H. Net Assets and Fund Balance Reserves**

The Statement of Net Assets presents the District's non-fiduciary assets and liabilities with the difference reported in three categories:

**Invested in capital assets, net of related debt** consists of capital assets, net of accumulated depreciation and amortization and reduced by outstanding balances for bonds and other debt that are attributable to the acquisition, construction, or improvement of those assets.

**Restricted net assets** result when constraints placed on net asset use are either externally imposed by creditors, grantors, and the like, or imposed by law through constitutional provisions or enabling legislation. The District had no restricted net assets at June 30, 2010.

**Unrestricted net assets** consist of net assets that do not meet the criteria of the two preceding categories.

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Therefore, when program expenses are incurred, both restricted and unrestricted resources may be available to finance the program. It is the District's policy to first apply restricted resources to such programs, followed by unrestricted resources.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

## ROCKFORD PUBLIC SCHOOLS, DISTRICT NO. 205

### Notes to Basic Financial Statements

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#### **Note 1. Nature of Operations, Financial Reporting Entity, Measurement Focus, Basis of Accounting and Basis of Presentation, and Significant Accounting Policies (Continued)**

##### **I. Interfund Transactions**

The District has the following types of transactions between funds:

*Loans* – amounts provided with a requirement for repayment. Interfund loans are reported as interfund receivables (due from other funds) in lender funds and interfund payables (due to other funds) in borrower funds.

*Reimbursements* – repayments from the funds responsible for particular expenditures/expenses to the funds that initially paid for them. Reimbursements are reported as expenditures/expenses in the reimbursing fund and as a reduction of expenditures/expenses in the reimbursed fund.

*Transfers* – flows of assets (typically cash) without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making the transfers and as other financing sources in the funds receiving transfers. In proprietary funds, transfers are reported after nonoperating revenues and expenses.

##### **J. Use of Estimates**

Management of the District has made certain estimates and assumptions that affected the reported amounts of assets and liabilities and contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the period. Actual results could differ from those estimates.

#### **Note 2. Budgets and Budgetary Information**

Annual budgets are adopted for all funds. These budgets are adopted on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year-end.

Each year, the Superintendent submits for review by the Board of Education a proposed budget for the school year commencing July 1. After reviewing the proposed budget the Board of Education makes the budget available for public inspection for at least 30 days prior to final action thereon. The Board of Education then holds public hearings and a final budget must be prepared and adopted no later than September 30.

The appropriated budget is prepared by fund and by function. The Board of Education may make transfers between line items within a fund not exceeding in the aggregate 10% of the total of such line items, and may amend the total budget following the same procedures required to adopt the original budget. There was one budget amendment during the year ended June 30, 2010. The legal level of budgetary control is at the fund level.

## ROCKFORD PUBLIC SCHOOLS, DISTRICT NO. 205

### Notes to Basic Financial Statements

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#### Note 2. Budgets and Budgetary Information (Continued)

For the year ended June 30, 2010, the District over-expended its budget in the following funds:

	Final Budget	Actual	Variance from Final Budget
Major Governmental:			
General Fund	\$ 292,064,575	\$ 307,844,997	\$ 15,780,422
Transportation Fund	21,231,947	21,288,821	56,874
Debt Service Fund	16,079,798	16,490,039	410,241
Nonmajor Governmental:			
Tort Immunity Fund	7,096,280	8,675,799	1,579,519

#### Note 3. Cash and Investments

##### a) Deposits

State statutes authorize the District to make deposits in interest bearing savings accounts, interest-bearing certificates of deposit or interest-bearing time deposits, or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act, which is insured by the Federal Deposit Insurance Corporation (FDIC). As of June 30, 2010, the District had deposits with federally insured financial institutions of \$117,556,284 with bank balances totaling \$119,500,473. These deposits were fully insured or collateralized.

##### b) Investments

As of June 30, 2010, the District had the following investments:

Investment Type	Fair Value	Investment Maturities
		Less than One Year
Illinois School District Liquid Asset Fund Plus	\$ 20,000,963	\$ 20,000,963
Illinois Funds	199	199
	<u>\$ 20,001,162</u>	<u>\$ 20,001,162</u>

The Illinois School District Liquid Asset Fund and Illinois Funds are shown as maturing in less than one year because the weighted average maturity of the pools is less than one year.

*Interest rate risk:* The District's investment policy limits the maturities on its investment portfolio as follows:

- 1) Repurchase agreements must mature in less than 330 days; and
- 2) 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.

## ROCKFORD PUBLIC SCHOOLS, DISTRICT NO. 205

### Notes to Basic Financial Statements

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#### Note 3. Cash and Investments (Continued)

*Credit risk:* State statutes and the District's investment policy authorize the District to invest available funds in direct obligations of, or obligations guaranteed by, the United States Treasury or agencies of the United States, money market mutual funds registered under the Investment Company Act of 1940, as amended provided that the portfolio is limited to securities which are guaranteed by the full faith and credit of the United States of America, repurchase agreements of government securities subject to the provisions and regulations of the Government Securities Act of 1986, and short-term obligations of corporations organized in the United States with assets exceeding \$500,000,000, provided such obligations are rated at the time of purchase at one of the 3 highest gratifications established by at least 2 standard rating services.

The District is authorized to invest in the Illinois School District Liquid Asset Fund Plus and the 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 the 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.

At June 30, 2010, the Illinois Funds and the Illinois School District Liquid Asset Fund Plus had credit ratings provided by Standard & Poor's of AAA.

*Custodial credit risk:* For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The District's investment policy requires that all amounts in excess of any insurance limits be collateralized by securities eligible for District investment or any other high-quality, interest-bearing security rated at least AA by one or more reputable agencies to include Standard & Poor's, Moody's or Fitch. The market value of the pledge securities shall equal or exceed the portion of the deposit requiring collateralization. All of the District's investments are collateralized as of June 30, 2010.

*Concentration of credit risk:* 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. Throughout the year, the District may have amounts on deposit with financial institutions in excess of those insured by the FDIC. The District has not experienced losses in such accounts.

The above deposits of \$117,556,284 and investments of \$20,001,162 with a total carrying value of \$137,557,446 are presented in the basic financial statements as cash and investments as follows:

Statement of Net Assets, governmental activities	\$ 132,209,766
Statement of Net Assets, business-type activities	4,103,710
Statement of Fiduciary Net Assets, agency fund	1,243,970
	<u>\$ 137,557,446</u>

Investment income earned by the Working Cash Fund of approximately \$1,136,000 and \$8,500 was assigned to the General Fund and the Food Service Fund, respectively.

## ROCKFORD PUBLIC SCHOOLS, DISTRICT NO. 205

### Notes to Basic Financial Statements

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#### Note 4. Property Taxes Receivable and Allowance for Collection Losses

Property taxes receivable, reduced for the allowance for collection losses, for the individual major funds and the aggregate non-major funds as of June 30, 2010 were as follows:

<u>Fund</u>	<u>Gross Receivables</u>	<u>Allowance for Collection Losses</u>	<u>Net Receivables</u>
General Fund	\$ 61,940,737	\$ 2,312,111	\$ 59,628,626
Debt Service Fund	6,997,333	257,509	6,739,824
Transportation Fund	2,898,179	108,520	2,789,659
Working Cash Fund	724,488	27,093	697,395
Other Governmental Funds	8,203,313	276,604	7,926,709
	<u>\$ 80,764,050</u>	<u>\$ 2,981,837</u>	<u>\$ 77,782,213</u>

#### Note 5. Interfund Activity

As of June 30, 2010, the District had a balance due to the working cash fund recorded in the general fund-operations and maintenance accounts for \$10,050,647 and in the transportation fund for \$3,129,701. Interfund accounts are used to reflect the timing difference of when funds are received and expenditures are paid out of various funds. All interfund balances are expected to be repaid within one year.

Transfers: During the year ended June 30, 2010, the District made routine transfers of interest earnings from the Working Cash Fund to other funds. The transfers were as follows:

	<u>Transfers in</u>	<u>Transfers out</u>
General Fund	\$ 1,135,911	\$ -
Food Service Fund	8,482	-
Working Cash Fund	-	1,144,393
	<u>\$ 1,144,393</u>	<u>\$ 1,144,393</u>

# ROCKFORD PUBLIC SCHOOLS, DISTRICT NO. 205

## Notes to Basic Financial Statements

### Note 6. Capital Assets

Capital asset balances and activity for the year ended June 30, 2010 is as follows:

	Balance June 30, 2009	Additions	Retirements	Transfers	Balance June 30, 2010
<b>Governmental activities:</b>					
Capital assets being depreciated:					
Land improvements	\$ 2,482,913	\$ 145,102	\$ -	\$ -	\$ 2,628,015
Buildings and building improvements	187,058,824	2,901,520	-	292,151	190,252,495
Transportation equipment	18,276,174	3,249,210	3,273,068	-	18,252,316
Furniture, fixtures and other equipment	23,457,183	4,475,188	1,681,479	-	26,250,892
Software	-	1,730,185	-	-	1,730,185
Total capital assets being depreciated	231,275,094	12,501,205	4,954,547	292,151	239,113,903
Accumulated depreciation and amortization:					
Land improvements	(868,207)	(96,658)	-	-	(964,865)
Buildings and building improvements	(113,929,301)	(3,076,874)	-	-	(117,006,175)
Transportation equipment	(15,173,448)	(1,602,711)	(3,273,068)	-	(13,503,091)
Furniture, fixtures and other equipment	(18,900,364)	(1,844,727)	(1,676,248)	-	(19,068,843)
Total accumulated depreciation and amortization	148,871,320	(6,620,970)	(4,949,316)	-	(150,542,974)
Total capital assets being depreciated, net	82,403,774	5,880,235	5,231	292,151	88,570,929
Capital assets not being depreciated:					
Land	6,030,017	-	-	-	6,030,017
Construction in progress	318,084	206,078	-	(292,151)	232,011
Total governmental activities capital assets, net	\$ 88,751,875	\$ 6,086,313	\$ 5,231	\$ -	\$ 94,832,957
<b>Business-type activities:</b>					
Capital assets being depreciated:					
Food service equipment	\$ 2,619,977	\$ 69,650	\$ -	\$ -	\$ 2,689,627
Accumulated depreciation:					
Food service equipment	(1,905,979)	(176,115)	-	-	(2,082,094)
Total business-type activities capital assets, net	\$ 713,998	\$ (106,465)	\$ -	\$ -	\$ 607,533

Depreciation and amortization expense was charged to governmental activities as follows:

Instruction	
Regular programs	\$ 1,888,497
Special education programs	1,134,122
Other programs	362,871
Support Services	
Pupils	281,519
Instructional staff	195,226
General administration	74,732
School administration	226,182
Business	78,098
Operations and maintenance	418,129
Transportation	1,751,090
Central	149,013
Other	9,969
Community Services	51,521
	<u>\$ 6,620,970</u>

At the end of the year, the District had outstanding commitments for future construction of approximately \$206,100.

## ROCKFORD PUBLIC SCHOOLS, DISTRICT NO. 205

### Notes to Basic Financial Statements

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#### Note 7. Long-Term Obligations

As of June 30, 2010, the District's long-term obligations consisted of the following:

##### Notes Payable:

Federal Asbestos School Hazard Abatement Act, due in semiannual installments through May 30, 2012, without interest	\$	98,370
Federal Asbestos School Hazard Abatement Act, due in semiannual installments through May 30, 2013, without interest		269,334

##### General Obligation/Capital Appreciation Bonds:

Series 1994-B, principal due serially, in varying annual amounts through February 1, 2011, interest due semiannually at rates ranging from 6.6 to 6.7 percent. Original amount of issue was \$58,700,000.		9,050,000
Series 2000, capital appreciation life safety bonds, principal due serially commencing on February 1, 2015, in varying amounts through February 1, 2020, interest due annually commencing on February 1, 2015 through February 1, 2020, at rates ranging from 6.12 to 6.33 percent. Original amount of issue was \$10,000,000.		10,000,000
Accreted interest on Series 2000, capital appreciation life safety bonds		9,468,742
Series 2001, refunding, principal due serially in varying annual amounts through February 1, 2017, interest due semiannually at rates ranging from 4.2 to 5.0 percent. Original amount of issue was \$20,850,000.		11,475,000
Less:		
Discount on bond payable		(35,890)
Deferred amount from refunding		(837,623)
Series 2002, principal due serially in varying annual amounts through February 1, 2013, interest due semiannually at rates ranging from 4.5 to 5.3 percent. Original amount of issue was \$22,000,000.		8,475,000
Less: Discount on bond payable		(7,546)
Series 2006, principal due serially in varying annual amounts through February 1, 2014, interest due semiannually at rates ranging from 4.25 to 5.0 percent. Original amount of issue was \$35,720,000.		34,840,000
Plus: Premium on bond payable		1,068,071
Less: Deferred amount from refunding		(914,081)
Compensated absences		1,931,721
Net other post-employment benefits obligation		338,060
Early retirement pension obligation		1,952,979
<b>Total long-term obligations</b>	<b>\$</b>	<b>87,172,137</b>

The above bonds were issued for capital appreciation except for Series 2002 bonds which were issued to fund payments to tax protesters.

# **ROCKFORD PUBLIC SCHOOLS, DISTRICT NO. 205**

## **Notes to Basic Financial Statements**

### **Note 7. Long-Term Obligations (Continued)**

The 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. For the year ended June 30, 2010, the accretion totaled \$1,206,250.

A summary of the changes in the long-term obligations of the District relating to governmental activities for the year ended June 30, 2010 is as follows:

	Beginning Balance	Additions	Accretion of Interest	Reductions	Ending Balance	Amounts Due in One Year
Long-term obligations:						
Notes payable	\$ 607,387	\$ -	\$ -	\$ 239,683	\$ 367,704	\$ 239,683
General obligation and capital appreciation bonds	94,542,492	-	1,206,250	12,440,000	83,308,742	13,490,000
	95,149,879	-	1,206,250	12,679,683	83,676,446	13,729,683
Plus: Premiums	1,424,095	-	-	356,024	1,068,071	-
Less:						
Discounts	(51,693)	-	-	(8,257)	(43,436)	-
Deferred amount on refunding	(2,190,418)	-	-	(438,714)	(1,751,704)	-
	94,331,863	-	1,206,250	12,588,736	82,949,377	13,729,683
Compensated absences	1,974,035	6,827,830	-	6,870,144	1,931,721	1,931,721
Net other post-retirement benefits obligation	338,060	-	-	50,892	287,168	
Early retirement pension obligation	1,992,492	-	-	39,513	1,952,979	300,000
	4,304,587	6,827,830	-	6,960,549	4,171,868	2,231,721
Total long-term obligations	\$ 98,636,450	\$ 6,827,830	\$ 1,206,250	\$ 19,549,285	\$ 87,121,245	\$ 15,961,404

Compensated absences, net other post-retirement benefit obligations and early retirement benefits will be liquidated by several of the governmental funds.



## ROCKFORD PUBLIC SCHOOLS, DISTRICT NO. 205

### Notes to Basic Financial Statements

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#### Note 7. Long-Term Obligations (Continued)

Future principal and interest payments due on general obligation/capital appreciation bonds, installment contracts and notes payable are approximately as follows:

Due During the Year Ending June 30,	Principal	Interest *	Total
2011	\$ 13,729,683	\$ 3,324,703	\$ 17,054,386
2012	14,878,023	2,526,728	17,404,751
2013	16,000,000	1,788,895	17,788,895
2014	14,200,000	980,000	15,180,000
2015	3,858,696	3,761,306	7,620,002
2016 to 2020	21,010,044	7,280,020	28,290,064
	<u>\$ 83,676,446</u>	<u>\$ 19,661,652</u>	<u>\$ 103,338,098</u>

\* Included in these amounts is the future interest which will be accreted on the capital appreciation bonds. After it has been accreted, it is treated as principal in this table.

The June 30, 2010 legal debt limit of the District was approximately \$391,115,000 based upon its 2009 equalized assessed valuation of \$2,834,165,355.

#### Note 8. Retirement Plan Commitments

##### Teachers' Retirement System of the State of Illinois:

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 provides retirement, death and disability benefits. 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 State of Illinois maintains primary responsibility for the funding of the plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the System's administration.

TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate for the years ended June 30, 2010, 2009 and 2008 was 9.4 percent of creditable earnings. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. Pursuant to the contract agreement between the District and the Rockford Education Association, Inc. (REA), the District paid all contributions representing 9.4 percent of earnings for its employee members covered by the contract. Total member contributions paid for by the District amounted to approximately \$14,111,800 for the year ended June 30, 2010. This contribution to employee members is considered eligible TRS payroll. For the years ended June 30, 2009 and 2008, these member contributions made by the District were approximately \$13,481,800 and \$12,894,300, respectively.

## ROCKFORD PUBLIC SCHOOLS, DISTRICT NO. 205

### Notes to Basic Financial Statements

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#### Note 8. Retirement Plan Commitments (Continued)

The State of Illinois makes contributions directly to TRS on behalf of the District's TRS-covered employees.

- **On-behalf contributions:** The State of Illinois makes employer pension contributions on behalf of the District. For the year ended June 30, 2010, the State of Illinois contributions were based on 23.38 percent of creditable earnings not paid from federal funds, and the District recognized revenue and expenditures of approximately \$35,023,000 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2009 and 2008, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 17.08 percent (approximately \$24,428,000) and 13.11 percent (approximately \$17,890,000), respectively.

The State contributions to TRS for the years ended June 30, 2010, 2009 and 2008 were based on an actuarial formula.

The District makes other types of employer contributions directly to TRS:

- **2.2 formula contributions.** Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the years ended June 30, 2010, 2009 and 2008 were \$877,016, \$837,625 and \$791,418, respectively.
- **Federal and special trust fund contributions.** When TRS members are paid from federal and special trust funds administered by the District, there is a statutory requirement for the District to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective in the fiscal year ended June 30, 2006, employer contributions for employees paid from federal funds will be the same as the state contribution rate to TRS.

For the year ended June 30, 2010, the employer pension contribution was 23.38 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2009, the employer pension contribution was 17.08 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2008, the employer contribution was 13.11 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2010, salaries totaling \$9,367,086 were paid from federal and special trust funds that required employer contributions of \$2,190,025. For the years ended June 30, 2009 and 2008, required District contributions were \$1,614,864 and \$1,605,424, respectively.

- **Early Retirement Option.** The District is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the age and salary of the member and under which ERO program the member retires.

Under Public Act 94-0004, a "Pipeline ERO" program is provided for members to retire under the same terms as the ERO program that expired June 30, 2005, provided they meet certain conditions and retire on or before July 1, 2007. If members do not meet these conditions, they can retire under the "Modified ERO" program which requires higher member and employer contributions to TRS. Also, under Modified ERO, Public Act 94-0004 eliminates the waiver of member and employer ERO contributions that had been in effect for members with 34 years of service (unless the member qualifies for the Pipeline ERO).

## ROCKFORD PUBLIC SCHOOLS, DISTRICT NO. 205

### Notes to Basic Financial Statements

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#### Note 8. Retirement Plan Commitments (Continued)

Under the ERO programs that expired on June 30, 2005 and the Pipeline ERO, the maximum employer contribution is 100 percent of the member's highest salary used in the final average salary calculation.

Under the Modified ERO, the maximum employer contribution is 117.5 percent.

Both the 100 percent and the 117.5 percent maximums apply when the member is age 55 at retirement.

For the year ended June 30, 2010, the District paid \$370,894 for employer contributions under the Early Retirement Option. For the years ended June 30, 2009 and 2008, the District paid \$272,593 and \$890,976, respectively.

- **Salary Increases Over 6 Percent and Excess Sick Leave.** Public Act 94-0004 added two new employer contributions to TRS.

If an employer grants salary increases over 6 percent and those salaries are used to calculate a retiree's final average salary, the employer makes a contribution to TRS. The contribution will cover the difference in actuarial cost of the benefit based on actual salary increases and the benefit based on salary increases of up to 6 percent.

For the year ended June 30, 2010, the District paid \$212,405 to TRS for employer contributions due to salary increases in excess of 6 percent. For the years ended June 30, 2009 and 2008, the District paid \$38,383 and \$514,845, respectively, to TRS for employer contributions due on salary increases in excess of 6 percent.

If an employer grants sick leave days in excess of the normal annual allotment and the days are used as TRS service credit, the employer makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary used to calculate final average salary, and the TRS total normal cost rate (18.55 percent of salary during the year ended June 30, 2010).

For the year ended June 30, 2010, the District paid \$9,921 to TRS for sick leave days granted in the excess of the normal annual allotment. For the years ended June 30, 2009 and 2008, the District paid \$578 and \$2,014, respectively, to TRS for sick leave days granted in excess of the normal annual allotment.

TRS financial information, an explanation of TRS' benefits, and descriptions of member, employer and state funding requirements can be found in the TRS *Comprehensive Annual Financial Report* for the year ended June 30, 2009. The report for the year ended June 30, 2010, is expected to be available in late 2010. The reports may be obtained by writing to the Teachers' Retirement System of the State of Illinois, P. O. Box 19253, 2815 West Washington Street, Springfield, IL 62794-9253. The most current report is also available on the TRS website at [www.trs.state.il.us](http://www.trs.state.il.us).

## ROCKFORD PUBLIC SCHOOLS, DISTRICT NO. 205

### Notes to Basic Financial Statements

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#### Note 8. Retirement Plan Commitments (Continued)

##### **Teacher Health Insurance Security Fund:**

The District participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit postemployment healthcare plan that was established by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but does not provide vision, dental, or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants may participate in the state administered participating provider option plan or choose from several managed care options.

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of the THIS Fund and amendments to the plan can be made only by legislative action with the Governor's approval. The Illinois Department of Healthcare and Family Services (HFS) and the Illinois Department of Central Management Services (CMS) administer the plan with the cooperation of TRS. The director of HFS determines the rates and premiums for annuitants and dependent beneficiaries and establishes the cost-sharing parameters. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to the TRS who are not employees of the state make contribution to THIS.

The percentage of employer required contributions in the future will be determined by the director of Healthcare and Family Services and will not exceed 105 percent of the percentage of salary actually required to be paid in the previous fiscal year.

- **On Behalf Contributions to the THIS Fund** The state of Illinois makes employer retiree health insurance contributions on behalf of the District. State contributions are intended to match contributions to the THIS Fund from active members which were .84 percent of pay during the year ended June 30, 2010. State of Illinois contributions were \$1,258,313 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, 2009 and 2008 were also .84 percent of pay. State contributions on behalf of District employees were \$1,201,157 and \$1,146,191, respectively.

- **Employer Contributions to the THIS Fund** The District also makes contributions to the THIS Fund. The District THIS Fund contribution was .63 percent during the years ended June 30, 2010, 2009 and 2008. In accordance with the contract with REA, the District paid all member contributions to THIS. For the year ended June 30, 2010, the District paid \$2,231,007 to the THIS Fund. For the years ended June 30, 2009 and 2008, the District paid \$2,114,407 and \$2,019,458 to the THIS Fund, respectively, which was 100 percent of the required contributions.

The publicly available financial report of the THIS Fund may be obtained by writing to the Department of Healthcare and Family Services, 201 S. Grand Ave., Springfield, IL 62763-3838.

##### **Illinois Municipal Retirement Fund:**

###### **Plan Description:**

The District's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The District participates in the Illinois Municipal retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at [www.imrf.org](http://www.imrf.org).

## ROCKFORD PUBLIC SCHOOLS, DISTRICT NO. 205

### Notes to Basic Financial Statements

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#### Note 8. Retirement Plan Commitments (Continued)

##### Funding Policy:

As set by state statute, the District's regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rates for calendar years 2010 and 2009 are 10.78 percent and 5.83 percent, respectively, of annual covered payroll. The District also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

##### Annual Pension Cost:

For the year ended June 30, 2010, the District's annual pension cost of \$2,555,868 was equal to the District's required and actual contributions. The required contribution was determined as part of the December 31, 2008 and 2007 actuarial valuations using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.5% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of the plan assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 20 percent corridor between the actuarial and market value of assets. The District's Regular plan's unfunded actuarial accrued liability is being amortized as a level of percentage of projected payroll on an open basis. The remaining amortization period at the December 31, 2008, valuation was 22 years.

Information related to the employer's contributions is on a fiscal year basis. The actuarial and trend information is on a calendar year basis as that is the year used by IMRF.

##### Three-Year Trend Information:

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2009	\$ 1,718,398	100%	\$ -
12/31/2008	1,699,185	100%	-
12/31/2007	1,812,336	100%	-

##### Funded Status and Funding Progress:

As of December 31, 2009, the most recent actuarial valuation date, the regular plan was 83.78 percent funded. The actuarial accrued liability for benefits was \$82,702,053 and the actuarial value of assets was \$69,291,339, resulting in an underfunded actuarial accrued liability (UAAL) of \$13,410,714. The covered payroll (annual payroll of active employees covered by the plan) was \$29,475,090 and the ratio of the UAAL to the covered payroll was 45 percent.

## ROCKFORD PUBLIC SCHOOLS, DISTRICT NO. 205

### Notes to Basic Financial Statements

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#### Note 8. Retirement Plan Commitments (Continued)

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

#### Other Post Employment Benefits:

*Plan Description.* The District provides OPEB to employees who meet certain criteria in a single employer defined benefit healthcare plan. The District provides medical, dental, vision and life insurance benefits to retirees and their covered eligible spouses. All active employees who retire directly from the District and meet the eligibility criteria may participate. There are 2,875 active and 993 retired members in the plan. The provisions of the plan have been established pursuant to certain collective bargaining agreements and could be amended only if approved by these units.

*Funding Policy.* 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. There are therefore no plan assets at June 30, 2010. During the year ended June 30, 2010, the District contributed \$4,417,887 to the plan.

*Annual OPEB Cost and Net OPEB Obligation.* The District's annual OPEB cost (expense) is calculated based on the *annual required contribution of the employer* (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of the District's OPEB cost for the year, the amount actually contributed to the plan, and the changes in the District's net OPEB obligation:

	Government-Wide Activities
Annual required contribution	\$ 4,371,553
Interest on net OPEB obligation	16,903
Adjustment to annual required contribution	(21,461)
Annual OPEB Cost (Expense)	4,366,995
Contributions made	4,417,887
Increase in net OPEB obligation	(50,892)
Net OPEB obligation - beginning of year	338,060
Net OPEB obligation - end of year	\$ 287,168

## ROCKFORD PUBLIC SCHOOLS, DISTRICT NO. 205

### Notes to Basic Financial Statements

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#### Note 8. Retirement Plan Commitments (Continued)

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 and the two preceding years were as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	\$ 4,366,995	101.2%	\$ 287,168
2009	4,818,546	98.1%	338,060
2008	4,822,131	94.8%	248,064

*Funding Status and Funding Progress.* As of July 1, 2009, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$46,936,290, and there were no plan assets (as the plan is unfunded), resulting in an unfunded actuarial accrued liability (UAAL) of \$46,936,290. The covered payroll (annual payroll of active employees covered by the plan) was \$137,012,607, and the ratio of UAAL to the covered payroll was 34.26 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and 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 the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*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 the plan members) and include the type of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2009, actuarial valuation, the unit credit cost method was selected to value liabilities. The amortization of unfunded liabilities as a level dollar amount over 30 years was selected to comply with the requirements for a closed group. The actuarial assumptions include a 5 percent rate of return (net of administrative expenses). The healthcare trend rate used was an 8 percent long-term average increase for all healthcare benefits, trending down to an ultimate 5 percent increase for 2012 and later years. The dental and vision trend rate is a level 5 percent each year. It is also assumed that Medicare Part B premiums will increase 3 percent per year. Expected medical claims are assumed to increase 2%, on average as participant's age. The UAAL is being amortized using a closed, level dollar method over 30 years.

## ROCKFORD PUBLIC SCHOOLS, DISTRICT NO. 205

### Notes to Basic Financial Statements

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#### **Note 9. Risk Financing**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is partially self-insured for medical and dental coverage; workers' and unemployment compensation coverage; and property and excess general liability coverage. The District estimates liabilities on a case by case basis based on individual circumstances and advice from legal counsel.

##### *Medical and Dental Coverage:*

The District is partially self-insured for major medical and employee dental benefits. The District maintains insurance coverage of all covered expenses in excess of the deductible up to a lifetime maximum of \$1,000,000 per person. These plans are administered by a third-party administrator who determines funding requirements and processes claims. The District makes contributions for employee coverage and shares the costs of dependent coverage with employees. All known claims and estimated claims incurred but not reported are expected to be paid from current available resources, therefore these amounts are accrued in the Governmental and Proprietary Funds at June 30, 2010.

##### *Property, Auto, and General Liability Coverage:*

The District is self-insured for property claims up to \$1,000,000 per occurrence per year. Insurance coverage is maintained for any claims exceeding the \$1,000,000 up to \$1,001,000,000 for property claims per occurrence per year.

The District is self-insured for auto claims up to \$400,000 per year. Insurance coverage is maintained for any claims exceeding the \$400,000 up to \$1,000,000 for auto claims in the aggregate per year.

The District is self-insured for general liability claims to \$400,000 per year. Insurance coverage is maintained for any claims exceeding the \$400,000 up to \$35,000,000 per occurrence and in the aggregate per year for general liability claims.

##### *Workers' and Unemployment Compensation Coverage:*

Beginning July 1, 2002, the District elected to be self-insured for workers' compensation claims up to \$600,000 per occurrence per year. Insurance coverage is maintained for any claims exceeding the \$600,000 for workers' compensation claims.

Between January 1998 and July 30, 2002, the District purchased commercial insurance coverage through an insurance purchasing pool for workers' compensation on claims up to \$250,000 per occurrence.

Prior to January 1998, the District paid annual premiums to the School Employees Loss Fund (SELF), a risk-sharing pool, for the District's anticipated share of total workers' compensation claims expected to be incurred for the year. The cooperative agreement provided that SELF would be self-sustaining through member premiums and would reinsure through commercial companies for claims in excess of \$350,000 per occurrence and approximately \$11,500,000 in the aggregate. The District could be subject to additional supplemental premiums based on the experience of the pool.



## ROCKFORD PUBLIC SCHOOLS, DISTRICT NO. 205

### Notes to Basic Financial Statements

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#### Note 9. Risk Financing (Continued)

Prior to becoming a member of SELF, the District was self-insured for workers' compensation claims.

The District is also self-insured for unemployment compensation benefits. Claims are processed and initially funded by the State of Illinois, with the District subsequently reimbursing the State.

All known claims under the above self-insured plans that are expected to be paid from current available resources have been accrued in the General Fund at June 30, 2010.

An analysis of claims activities consisted of the following:

	Medical and Dental Coverage	Property, Auto and General Liability Coverage	Workers' and Unemployment Compensation Coverage
Self-insurance liability June 30, 2008	\$ 4,300,000	\$ -	\$ 2,234,749
Current year claims and changes in estimate	27,596,025	200,513	3,904,167
Actual claims paid	(27,842,776)	(200,513)	(3,520,030)
Self-insurance liability June 30, 2009	4,053,249	-	2,618,886
Current year claims and changes in estimate	34,683,683	161,720	6,509,501
Actual claims paid	(35,433,683)	(161,720)	(4,877,286)
Self-insurance liability June 30, 2010	\$ 3,303,249	\$ -	\$ 4,251,101

The self-insurance liability is recorded in the fund financial statements in the accrued liabilities line item.

The District purchases commercial insurance for all other risks of loss. Settled claims have not exceeded commercial insurance coverage in any of the past three years.

#### Note 10. Contingencies and Subsequent Event

There are claims against the District, the ultimate outcome of which cannot be determined at this time. Management, through consultation with legal counsel, does not believe that the outcome of any of these cases will have a material adverse financial effect on the District.

Subsequent to June 30, 2010, the District issued general obligation bonds dated September 13, 2010 in the amount of \$9,992,698. The issue provides for serial retirement of principal on February 1 of each year from 2015 through 2020 with interest due February 1 at a rate of 4.25%.

## ROCKFORD PUBLIC SCHOOLS, DISTRICT NO. 205

### Notes to Basic Financial Statements

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#### Note 11. Pending GASB Pronouncements

The GASB has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which will be effective for the District beginning with its year ending June 30, 2011. The objective of this Statement is to provide clearer fund balance classifications that can be more consistently applied and to clarify the existing governmental fund type definition, thereby enhancing the usefulness of fund balance information.

The GASB has issued Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple Employer Plans*, which will be effective for the District beginning with its year ending June 30, 2012. The objective of this Statement is to address issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment (OPEB) plans (that is, agent employers).

The GASB has issued Statement No. 59, *Financial Instruments Omnibus*, which will be effective for the District beginning with its year ending June 30, 2011. The objective of this Statement is to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice.

The District has not yet determined what effect, if any, these statements will have on the financial statements.

**REQUIRED SUPPLEMENTARY  
INFORMATION**

ROCKFORD PUBLIC SCHOOLS, DISTRICT NO. 205

Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Original and Final Budget And Actual  
General Fund  
Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues				
Property taxes	\$ 119,558,006	\$ 119,558,006	\$ 120,352,800	\$ 794,794
Corporate personal property replacement taxes	12,744,500	12,744,500	13,824,229	1,079,729
Intergovernmental				
State sources	130,432,545	110,047,397	110,282,105	234,708
Federal sources	30,650,365	76,243,779	57,782,364	(18,461,415)
Tuition	1,894,000	1,894,000	2,503,029	609,029
Investment income (loss)	10,000	10,000	(36,249)	(46,249)
Other	2,146,000	2,752,775	2,123,474	(629,301)
<b>Total revenues</b>	<u>297,435,416</u>	<u>323,250,457</u>	<u>306,831,752</u>	<u>(16,418,705)</u>
Expenditures				
Instruction				
Regular programs	137,889,378	146,504,918	122,248,121	24,256,797
Special programs	49,319,957	39,293,449	47,951,416	(8,657,967)
Other instructional programs	32,179,174	34,756,814	34,774,295	(17,481)
Support services				
Pupils	18,939,886	19,864,277	19,772,614	91,663
Instructional staff	10,962,944	19,107,069	17,340,754	1,766,315
General administration	5,687,444	5,757,252	5,782,257	(25,005)
School administration	13,393,125	13,296,841	13,780,039	(483,198)
Business	2,293,475	1,449,069	2,992,670	(1,543,601)
Operations and maintenance	19,481,143	19,416,037	18,881,093	534,944
Transportation	1,829,850	1,057,403	796,241	261,162
Central	3,942,393	4,873,195	5,394,691	(521,496)
Other	1,422,632	5,168,282	1,583,689	3,584,593
Community services	6,221,970	5,412,049	4,296,985	1,115,064
Payments to other governments	2,788,574	6,038,395	4,903,939	1,134,456
Capital outlay	2,663,000	6,045,725	7,346,193	(1,300,468)
Debt service				
Interest and charges	46,829	14,129	-	14,129
<b>Total expenditures</b>	<u>309,061,774</u>	<u>328,054,904</u>	<u>307,844,997</u>	<u>20,209,907</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	(11,626,358)	(4,804,447)	(1,013,245)	3,791,202
Other financing sources				
Transfers in	2,150,000	2,150,000	1,135,911	(1,014,089)
<b>Net change in fund balance</b>	<u>\$ (9,476,358)</u>	<u>\$ (2,654,447)</u>	<u>122,666</u>	<u>\$ 2,777,113</u>
Fund balance, beginning			67,713,728	
Fund balance, ending			<u>\$ 67,836,394</u>	

See Note to Required Supplementary Information.

ROCKFORD PUBLIC SCHOOLS, DISTRICT NO. 205

Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Original and Final Budget And Actual  
Transportation Fund  
Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues				
Property taxes	\$ 5,639,528	\$ 5,639,528	\$ 5,653,885	\$ 14,357
Intergovernmental	15,500,000	15,500,000	11,098,240	(4,401,760)
Investment income	5,000	5,000	-	(5,000)
Other	20,000	20,000	56,003	36,003
<b>Total revenues</b>	<u>21,164,528</u>	<u>21,164,528</u>	<u>16,808,128</u>	<u>(4,356,400)</u>
Expenditures				
Support services				
Pupils	218,440	221,920	99,878	122,042
Operations and Maintenance	-	-	24,922	(24,922)
Transportation	17,677,207	17,673,727	17,578,329	95,398
Capital outlay	3,336,300	3,336,300	3,585,692	(249,392)
<b>Total expenditures</b>	<u>21,231,947</u>	<u>21,231,947</u>	<u>21,288,821</u>	<u>(56,874)</u>
<b>Net change in fund balance</b>	<u>\$ (67,419)</u>	<u>\$ (67,419)</u>	<u>(4,480,693)</u>	<u>\$ (4,413,274)</u>
Fund balance, beginning			<u>8,435,981</u>	
Fund balance, ending			<u>\$ 3,955,288</u>	

See Note to Required Supplementary Information.

ROCKFORD PUBLIC SCHOOLS, DISTRICT NO. 205

Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Original and Final Budget And Actual  
Working Cash Fund  
Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues				
Property taxes	\$ 1,409,882	\$ 1,409,882	\$ 1,413,452	\$ 3,570
Investment income	2,250,000	2,250,000	1,144,393	(1,105,607)
<b>Total revenues</b>	<u>3,659,882</u>	<u>3,659,882</u>	<u>2,557,845</u>	<u>(1,102,037)</u>
Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess of revenues over expenditures</b>	3,659,882	3,659,882	2,557,845	(1,102,037)
Other financing (uses)				
Transfers out	(2,250,000)	(2,250,000)	(1,144,393)	1,105,607
<b>Net change in fund balance</b>	<u>\$ 1,409,882</u>	<u>\$ 1,409,882</u>	<u>1,413,452</u>	<u>\$ 3,570</u>
Fund balance, beginning			<u>23,068,127</u>	
Fund balance, ending			<u>\$ 24,481,579</u>	

See Note to Required Supplementary Information.

**ROCKFORD PUBLIC SCHOOLS, DISTRICT NO. 205**

**Schedule of Funding Progress, Illinois Municipal Retirement Fund  
June 30, 2010**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Over (Under) Funded AAL (a)-(b)	Funded Ratio (a)/(b)	Covered Payroll (c)	Over (Under) Funded as a Percentage of Covered Payroll [(a-b)/c]
12/31/2009	\$ 69,291,339	\$ 82,702,053	\$ (13,410,714)	83.78%	\$ 29,475,090	(45.50%)
12/31/2008	68,623,830	79,877,172	(11,253,342)	85.91%	28,605,806	(39.34%)
12/31/2007	90,637,320	78,770,241	11,867,079	115.07%	27,585,028	43.02%

On a market value basis, the actuarial value of assets as of December 31, 2009 is \$69,291,339. On a market basis, the funded ratio would be 80.40%.

**ROCKFORD PUBLIC SCHOOLS, DISTRICT NO. 205****Schedule of Funding Progress, Other Post-Employment Benefits  
June 30, 2010**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Unit Credit (b)	Unfunded (UAAL) (b) -(a)	Funded Ratio (a)/(b)	Covered Payroll ( c )	UAAL As a Percentage Of Covered Payroll [(b) -(a)]/( c )]
07/01/2009	\$ -	\$46,936,290	\$ 46,936,290	0.00%	\$ 137,012,607	34.26%
07/01/2008	N/A*				.	
07/01/2007	-	53,031,096	53,031,096	0.00%	115,675,017	45.84%

\*The District has elected to have valuations performed on a bi-annual basis.



## **ROCKFORD PUBLIC SCHOOLS, DISTRICT NO. 205**

### **Note to Required Supplementary Information**

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#### **Note 1. Budgetary Basis of Accounting**

The General, Transportation, and Working Cash Funds budgets are adopted on a basis consistent with generally accepted accounting principles.

During the year ended June 30, 2010, the District's expenditures and other financing uses exceeded those budgeted for the General Fund by \$15,780,422 and the Transportation Fund by \$56,874.

**SUPPLEMENTARY  
INFORMATION**

**ROCKFORD PUBLIC SCHOOLS, DISTRICT NO. 205**

**Combining Balance Sheet  
General Fund, by Account  
June 30, 2010**

	Educational Account	Operations and Maintenance Account	Total
<b>ASSETS</b>			
Cash and investments	\$ 98,633,668	\$ -	\$ 98,633,668
Receivables			
Property taxes	52,654,517	6,974,109	59,628,626
Corporate personal property replacement taxes	1,479,242	633,961	2,113,203
Other governmental units	31,630,182	-	31,630,182
Other	452,350	4,611	456,961
Prepaid Expenses	11,008	-	11,008
<b>Total assets</b>	<b>\$ 184,860,967</b>	<b>\$ 7,612,681</b>	<b>\$ 192,473,648</b>
<b>LIABILITIES AND FUND BALANCE (DEFICIT)</b>			
Liabilities			
Accounts payable	\$ 7,319,853	\$ 1,757,452	\$ 9,077,305
Accrued liabilities	23,724,008	113,764	23,837,772
Due to other funds	-	10,050,647	10,050,647
Deferred revenue	74,664,688	7,006,842	81,671,530
<b>Total liabilities</b>	<b>105,708,549</b>	<b>18,928,705</b>	<b>124,637,254</b>
Fund balance (deficit)			
Reserved for prepaid items	11,008	-	11,008
Unreserved	79,141,410	(11,316,024)	67,825,386
	79,152,418	(11,316,024)	67,836,394
<b>Total liabilities and fund balance (deficit)</b>	<b>\$ 184,860,967</b>	<b>\$ 7,612,681</b>	<b>\$ 192,473,648</b>

**ROCKFORD PUBLIC SCHOOLS, DISTRICT NO. 205**

**Combining Schedule of Revenues, Expenditures and Changes  
in Fund Balance (Deficit)  
General Fund, by Account  
Year Ended June 30, 2010**

	Educational Account	Operations and Maintenance Account	Total
Revenues			
Property taxes	\$ 106,218,205	\$ 14,134,595	\$ 120,352,800
Corporate personal property replacement taxes	9,676,960	4,147,269	13,824,229
Intergovernmental			
State sources	110,282,105	-	110,282,105
Federal sources	57,782,364	-	57,782,364
Tuition	2,503,029	-	2,503,029
Investment income (loss)	(20,934)	(15,315)	(36,249)
Other	1,087,208	1,036,266	2,123,474
<b>Total revenues</b>	<b>287,528,937</b>	<b>19,302,815</b>	<b>306,831,752</b>
Expenditures			
Instruction			
Regular programs	122,248,121	-	122,248,121
Special education programs	47,951,416	-	47,951,416
Other instructional programs	34,774,295	-	34,774,295
Support services			
Pupils	19,772,614	-	19,772,614
Instructional staff	17,340,754	-	17,340,754
General administration	5,782,257	-	5,782,257
School administration	13,780,039	-	13,780,039
Business	2,539,786	452,884	2,992,670
Operations and maintenance	135,807	18,745,286	18,881,093
Transportation	796,241	-	796,241
Central	5,383,669	11,022	5,394,691
Other	1,583,689	-	1,583,689
Community services	4,296,985	-	4,296,985
Payments to other governments	4,903,939	-	4,903,939
Capital outlay	5,489,075	1,857,118	7,346,193
<b>Total expenditures</b>	<b>286,778,687</b>	<b>21,066,310</b>	<b>307,844,997</b>
<b>Excess of revenues over expenditures</b>	<b>750,250</b>	<b>(1,763,495)</b>	<b>(1,013,245)</b>
Other financing sources			
Transfers in	795,138	340,773	1,135,911
<b>Net change in fund balance</b>	<b>1,545,388</b>	<b>(1,422,722)</b>	<b>122,666</b>
Fund balance (deficit), beginning	77,607,030	(9,893,302)	67,713,728
Fund balance (deficit), ending	\$ 79,152,418	\$ (11,316,024)	\$ 67,836,394

**ROCKFORD PUBLIC SCHOOLS, DISTRICT NO. 205**
**Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Original and Final Budget And Actual  
General Fund - Educational Account  
Year Ended June 30, 2010**

	Original Budget	Final Budget	Actual	Variance from Final Budget
<b>Revenues</b>				
Property taxes	\$ 105,459,184	\$ 105,459,184	\$ 106,218,205	\$ 759,021
Corporate personal property replacement taxes	8,921,100	8,921,100	9,676,960	755,860
Intergovernmental				
State sources	130,432,545	110,047,397	110,282,105	234,708
Federal sources	30,650,365	76,243,779	57,782,364	(18,461,415)
Tuition	1,894,000	1,894,000	2,503,029	609,029
Investment income (loss)	-	-	(20,934)	(20,934)
Other	970,000	1,576,775	1,087,208	(489,567)
<b>Total revenues</b>	<b>278,327,194</b>	<b>304,142,235</b>	<b>287,528,937</b>	<b>(16,613,298)</b>
<b>Expenditures</b>				
Instruction				
Regular programs	137,889,378	146,504,918	122,248,121	24,256,797
Special education programs	49,319,957	39,293,449	47,951,416	(8,657,967)
Other instructional programs	32,179,174	34,756,814	34,774,295	(17,481)
Support services				
Pupils	18,939,886	19,864,277	19,772,614	91,663
Instructional staff	10,962,944	19,107,069	17,340,754	1,766,315
General administration	5,687,444	5,757,252	5,782,257	(25,005)
School administration	13,393,125	13,296,841	13,780,039	(483,198)
Business	2,276,552	1,432,146	2,539,786	(1,107,640)
Operations and maintenance	171,425	106,319	135,807	(29,488)
Transportation	1,829,850	1,057,403	796,241	261,162
Central	3,942,393	4,873,195	5,383,669	(510,474)
Other	957,954	4,703,604	1,583,689	3,119,915
Community services	5,231,970	5,412,049	4,296,985	1,115,064
Payments to other governments	2,788,574	6,038,395	4,903,939	1,134,456
Capital outlay	2,663,000	5,055,725	5,489,075	(433,350)
Debt service - interest and charges	46,829	14,129	-	14,129
<b>Total expenditures</b>	<b>288,280,455</b>	<b>307,273,585</b>	<b>286,778,687</b>	<b>20,494,898</b>
<b>Excess of revenues over expenditures</b>	<b>(9,953,261)</b>	<b>(3,131,350)</b>	<b>750,250</b>	<b>3,881,600</b>
<b>Other financing sources</b>				
Transfer in	1,500,000	1,500,000	795,138	(704,862)
<b>Net change in fund balance</b>	<b>\$ (8,453,261)</b>	<b>\$ (1,631,350)</b>	<b>1,545,388</b>	<b>\$ 3,176,738</b>
Fund balance, beginning			<u>77,607,030</u>	
Fund balance, ending			<u>\$ 79,152,418</u>	

ROCKFORD PUBLIC SCHOOLS, DISTRICT NO. 205

Statement of Revenues, Expenditures and Changes  
in Fund Balance - Original and Final Budget And Actual  
General Fund - Operations and Maintenance Account  
Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues				
Property taxes	\$ 14,098,822	\$ 14,098,822	\$ 14,134,595	\$ 35,773
Corporate personal property replacement taxes	3,823,400	3,823,400	4,147,269	323,869
Investment income (loss)	10,000	10,000	(15,315)	(25,315)
Other	1,176,000	1,176,000	1,036,266	(139,734)
<b>Total revenues</b>	<u>19,108,222</u>	<u>19,108,222</u>	<u>19,302,815</u>	<u>194,593</u>
Expenditures				
Support services				
Business	17,410	16,923	452,884	(435,961)
Operations and maintenance	19,431,249	19,309,718	18,745,286	564,432
Central	-	-	11,022	(11,022)
Other	526,600	464,678	-	464,678
Capital outlay	990,000	990,000	1,857,118	(867,118)
<b>Total expenditures</b>	<u>20,965,259</u>	<u>20,781,319</u>	<u>21,066,310</u>	<u>(284,991)</u>
<b>Deficiency of revenues (under) expenditures</b>	<u>(1,857,037)</u>	<u>(1,673,097)</u>	<u>(1,763,495)</u>	<u>(90,398)</u>
Other financing sources				
Transfer in	650,000	650,000	340,773	(309,227)
<b>Net change in fund balance</b>	<u>\$ (1,207,037)</u>	<u>\$ (1,023,097)</u>	<u>(1,422,722)</u>	<u>\$ (399,625)</u>
Fund (deficit), beginning			<u>(9,893,302)</u>	
Fund (deficit), ending			<u>\$ (11,316,024)</u>	

**ROCKFORD PUBLIC SCHOOLS, DISTRICT NO. 205**

**Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Original and Final Budget And Actual  
Debt Service Fund  
Year Ended June 30, 2010**

	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues				
Property taxes	\$ 13,329,306	\$ 13,329,306	\$ 13,169,384	\$ 159,922
Corporate personal property replacement taxes	3,258,010	3,258,010	3,258,010	-
Investment income	90,800	90,800	6,448	84,352
<b>Total revenues</b>	<u>16,678,116</u>	<u>16,678,116</u>	<u>16,433,842</u>	<u>244,274</u>
Expenditures				
Debt service				
Principal	11,480,000	11,480,000	12,440,000	(960,000)
Interest and charges	4,602,200	4,599,798	4,050,039	549,759
<b>Total expenditures</b>	<u>16,082,200</u>	<u>16,079,798</u>	<u>16,490,039</u>	<u>(410,241)</u>
<b>Net change in fund balance</b>	<u>\$ 595,916</u>	<u>\$ 598,318</u>	(56,197)	<u>\$ (654,515)</u>
Fund balance, beginning			<u>6,075,757</u>	
Fund balance, ending			<u>\$ 6,019,560</u>	

ROCKFORD PUBLIC SCHOOLS, DISTRICT NO. 205

Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2010

	Special Revenue Fund		Capital Projects Fund		
	Municipal Retirement\ Social Security	Tort Immunity Fund	Fire Prevention and Life Safety Fund		Total
<b>ASSETS</b>					
Cash	\$ 5,653,949	\$ 4,431,641	\$ 101,051	\$	10,186,641
Receivables					
Property taxes	1,867,629	5,361,684	697,396		7,926,709
<b>Total assets</b>	<b>\$ 7,521,578</b>	<b>\$ 9,793,325</b>	<b>\$ 798,447</b>	<b>\$</b>	<b>18,113,350</b>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>					
Liabilities					
Accounts payable	\$ -	\$ 524,505	\$ 83,692	\$	608,197
Accrued liabilities	89,475	4,285,882	11,883		4,387,240
Deferred revenue	1,876,285	5,386,535	700,628		7,963,448
<b>Total liabilities</b>	<b>1,965,760</b>	<b>10,196,922</b>	<b>796,203</b>		<b>12,958,885</b>
Fund Balances (Deficits)					
Reserved for capital projects	-	-	2,244		2,244
Unreserved, (deficit) reported in special revenue funds	5,555,818	(403,597)	-		5,152,221
<b>Total fund balances (deficits)</b>	<b>5,555,818</b>	<b>(403,597)</b>	<b>2,244</b>		<b>5,154,465</b>
<b>Total liabilities and fund balances (deficits)</b>	<b>\$ 7,521,578</b>	<b>\$ 9,793,325</b>	<b>\$ 798,447</b>	<b>\$</b>	<b>18,113,350</b>



**ROCKFORD PUBLIC SCHOOLS, DISTRICT NO. 205**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)**

**Nonmajor Governmental Funds**

**June 30, 2010**

	Special Revenue Fund		Capital Projects Fund		
	Municipal Retirement\	Tort Immunity	Fire Prevention and Life Safety		Total
	Security	Fund	Fund		
Revenues					
Property taxes	\$ 4,203,734	\$ 9,437,390	\$ 1,413,452	\$	15,054,576
Corporate personal property replacement taxes	997,500	-	-		997,500
Intergovernmental	-	59,220	-		59,220
Other	-	791	-		791
<b>Total revenues</b>	<b>5,201,234</b>	<b>9,497,401</b>	<b>1,413,452</b>		<b>16,112,087</b>
Expenditures					
Instruction					
Regular programs	(169,970)	45,820	-		(124,150)
Special education programs	932,914	-	-		932,914
Other instructional programs	644,005	117,092	-		761,097
Support services					
Pupils	339,278	-	-		339,278
Instructional staff	240,267	-	-		240,267
General administration	188,787	144,425	-		333,212
School administration	638,286	257,020	-		895,306
Business	734,442	6,206,578	365,562		7,306,582
Operations and maintenance	327,340	1,945,218	286,267		2,558,825
Transportation	1,207,723	-	-		1,207,723
Central	376,371	(40,354)	-		336,017
Other	38,920	-	-		38,920
Community services	150,507	-	-		150,507
Capital outlay	-	-	1,780,329		1,780,329
Debt service - principal	-	-	239,683		239,683
<b>Total expenditures</b>	<b>5,648,870</b>	<b>8,675,799</b>	<b>2,671,841</b>		<b>16,996,510</b>
<b>Net change in fund balances (deficits)</b>	<b>(447,636)</b>	<b>821,602</b>	<b>(1,258,389)</b>		<b>(884,423)</b>
<b>Fund balances (deficits), beginning</b>	<b>6,003,454</b>	<b>(1,225,199)</b>	<b>1,260,633</b>		<b>6,038,888</b>
<b>Fund balances (deficits), ending</b>	<b>\$ 5,555,818</b>	<b>\$ (403,597)</b>	<b>\$ 2,244</b>	<b>\$</b>	<b>5,154,465</b>

**ROCKFORD PUBLIC SCHOOLS, DISTRICT NO. 205**

**Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Original and Final Budget and Actual  
Municipal Retirement/Social Security Fund  
Year Ended June 30, 2010**

	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues				
Property taxes	\$ 4,706,349	\$ 4,706,349	4,203,734	\$ (502,615)
Corporate personal property replacement taxes	997,500	997,500	997,500	-
Investment income	5,000	5,000	-	(5,000)
<b>Total revenues</b>	<u>5,708,849</u>	<u>5,708,849</u>	<u>5,201,234</u>	<u>(507,615)</u>
Expenditures				
Instruction				
Regular programs	1,541,250	1,441,385	(169,970)	1,711,220
Special education programs	951,630	818,556	932,914	18,716
Other instructional programs	272,650	430,123	644,005	(371,355)
Support services				
Pupils	308,030	336,423	339,278	(31,248)
Instructional staff	212,400	249,396	240,267	(27,867)
General administration	167,210	206,335	188,787	(21,577)
School administration	548,060	549,755	638,286	(90,226)
Business	680,890	680,890	734,442	(53,552)
Operations and maintenance	295,890	295,890	327,340	(31,450)
Transportation	1,030,250	964,382	1,207,723	(177,473)
Central	347,200	351,278	376,371	(29,171)
Other	29,830	36,506	38,920	(9,090)
Community services	157,610	181,981	150,507	7,103
<b>Total expenditures</b>	<u>6,542,900</u>	<u>6,542,900</u>	<u>5,648,870</u>	<u>894,030</u>
<b>Net change in fund balance</b>	<u>\$ (834,051)</u>	<u>\$ (834,051)</u>	<u>(447,636)</u>	<u>\$ 386,415</u>
Fund balance, beginning			<u>6,003,454</u>	
Fund balance, ending			<u>\$ 5,555,818</u>	

**ROCKFORD PUBLIC SCHOOLS, DISTRICT NO. 205**

**Schedule of Revenues, Expenditures and Changes  
in Fund Deficit - Original and Final Budget and Actual  
Tort Immunity Fund  
Year Ended June 30, 2010**

	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues				
Property taxes	\$ 7,977,113	\$ 7,977,113	\$ 9,437,390	\$ 1,460,277
Local sources	-	-	791	791
State sources	-	-	59,220	59,220
Investment income	5,000	5,000	-	(5,000)
<b>Total revenues</b>	<u>7,982,113</u>	<u>7,982,113</u>	<u>9,497,401</u>	<u>1,515,288</u>
Expenditures				
Instruction				
Regular programs	-	-	45,820	(45,820)
Other instructional programs	-	-	117,092	(117,092)
Support services				
General administration	6,928,000	7,096,280	144,425	6,951,855
School administration	-	-	257,020	(257,020)
Business	-	-	6,206,578	(6,206,578)
Operations and maintenance	-	-	1,945,218	(1,945,218)
Central	-	-	(40,354)	40,354
<b>Total expenditures</b>	<u>6,928,000</u>	<u>7,096,280</u>	<u>8,675,799</u>	<u>(1,579,519)</u>
<b>Net change in fund deficit</b>	<u>\$ 1,054,113</u>	<u>\$ 885,833</u>	<u>821,602</u>	<u>\$ (64,231)</u>
Fund deficit, beginning			<u>(1,225,199)</u>	
Fund deficit, ending			<u>\$ (403,597)</u>	

**ROCKFORD PUBLIC SCHOOLS, DISTRICT NO. 205**

**Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Original and Final Budget and Actual  
Fire Prevention and Safety Fund  
Year Ended June 30, 2010**

	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues				
Property taxes	\$ 1,409,885	\$ 1,409,882	\$ 1,413,452	\$ 3,570
Local source	-	-	-	-
Investment income	1,500	1,500	-	(1,500)
<b>Total revenues</b>	<u>1,411,385</u>	<u>1,411,382</u>	<u>1,413,452</u>	<u>2,070</u>
Expenditures				
Support services				
Business	527,200	511,701	365,562	146,139
Operations and maintenance	115,200	134,644	286,267	(151,623)
Capital outlay	1,950,000	1,950,000	1,780,329	169,671
Debt service				
Principal	239,700	239,700	239,683	17
<b>Total expenditures</b>	<u>2,832,100</u>	<u>2,836,045</u>	<u>2,671,841</u>	<u>164,204</u>
<b>Net change in fund balance</b>	<u>\$ (1,420,715)</u>	<u>\$ (1,424,663)</u>	<u>(1,258,389)</u>	<u>\$ 166,274</u>
Fund balance, beginning			<u>1,260,633</u>	
Fund balance, ending			<u>\$ 2,244</u>	

**ROCKFORD PUBLIC SCHOOLS, DISTRICT NO. 205****Combining Statement of Changes in Assets and Liabilities****Agency Funds****Year Ended June 30, 2010**

	Balance June 30, 2009	Additions	Deductions	Balance June 30, 2010
<b>STUDENT ACTIVITY FUND</b>				
Assets				
Cash and investments	\$ 1,346,349	\$ 2,614,804	\$ 2,764,926	\$ 1,196,227
Liabilities				
Due to student activity groups	\$ 1,346,349	\$ 2,614,804	\$ 2,764,926	\$ 1,196,227
<b>MISCELLANEOUS FUND</b>				
Assets				
Cash and investments	\$ 48,156	\$ -	\$ 413	\$ 47,743
Liabilities				
Due to other organizations	\$ 48,156	\$ -	\$ 413	\$ 47,743
<b>COMBINED</b>				
Assets				
Cash and investments	\$ 1,394,505	\$ 2,614,804	\$ 2,765,339	\$ 1,243,970
Liabilities				
Due to student activity groups and others	\$ 1,394,505	\$ 2,614,804	\$ 2,765,339	\$ 1,243,970

## Statistical Section

This part of the Rockford Public School District'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 says about the District's overall financial health.

<u>Contents</u>	<u>Page</u>
<b>Financial Trends</b>	<b>62 - 75</b>
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	
<b>Revenue Capacity</b>	<b>76 - 80</b>
These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.	
<b>Debt Capacity</b>	<b>81 - 84</b>
These 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.	
<b>Demographic and Economic Information</b>	<b>85 - 88</b>
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.	
<b>Operating Information</b>	<b>89 - 92</b>
These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.	
<b>Sources:</b>	Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**Rockford Public Schools, District No. 205****Net Assets by Component  
Last Nine Fiscal Years**

	2002	2003	2004
Governmental activities			
Invested in capital assets, net of related debt	\$ (25,397,140)	\$ (23,288,390)	\$ (6,009,370)
Restricted	34,273,319	10,359,068	48,846,653
Unrestricted	(64,810,849)	(48,425,632)	(102,699,709)
Total governmental activities net assets	<u>\$ (55,934,670)</u>	<u>\$ (61,354,954)</u>	<u>\$ (59,862,426)</u>
Business-type activities			
Invested in capital assets, net of related debt	\$ 824,114	\$ 916,954	\$ 809,226
Unrestricted	2,241,137	1,879,590	2,081,800
Total business-type activities net assets	<u>\$ 3,065,251</u>	<u>\$ 2,796,544</u>	<u>\$ 2,891,026</u>
Primary government			
Invested in capital assets, net of related debt	\$ (24,573,026)	\$ (22,371,436)	\$ (5,200,144)
Restricted	34,273,319	10,359,068	48,846,653
Unrestricted	(62,569,712)	(46,546,042)	(100,617,909)
Total primary government	<u>\$ (52,869,419)</u>	<u>\$ (58,558,410)</u>	<u>\$ (56,971,400)</u>

Note: The District implemented GASB Statement 34 as of June 30, 2002.

2005	2006	2007	2008	2009	2010
\$ (824,135)	\$ 5,245,782	\$ (8,594,825)	\$ 3,475,835	\$ 13,049,488	\$ 29,819,775
34,790,509	18,628,713	555,654	-	-	-
(96,224,333)	(27,973,699)	28,194,944	82,173,317	112,039,497	112,820,846
\$ (62,257,959)	\$ (4,099,204)	\$ 20,155,773	\$ 85,649,152	\$ 125,088,985	\$ 142,640,621
\$ 809,226	\$ 593,789	\$ 599,828	\$ 681,326	\$ 713,998	\$ 607,533
2,284,525	2,791,746	3,616,239	3,609,015	3,799,912	4,189,145
\$ 3,093,751	\$ 3,385,535	\$ 4,216,067	\$ 4,290,341	\$ 4,513,910	\$ 4,796,678
\$ (14,909)	\$ 5,839,571	\$ (7,994,997)	\$ 4,157,161	\$ 13,763,486	\$ 30,427,308
34,790,509	18,628,713	555,654	-	-	-
(93,939,808)	(25,181,953)	31,811,183	85,782,332	115,839,409	117,009,991
\$ (59,164,208)	\$ (713,669)	\$ 24,371,840	\$ 89,939,493	\$ 129,602,895	\$ 147,437,299



**Rockford Public Schools, District No. 205**

**Expenses, Program Revenues, and Net (Expense) Revenue  
Last Nine Fiscal Years**

	2002	2003	2004
<b>Expenses</b>			
Governmental activities:			
Instruction:			
Regular programs	\$ 102,812,179	\$ 98,312,405	\$ 102,489,256
Special programs	37,617,995	41,170,971	36,722,691
Other instructional programs	12,504,464	13,713,945	20,459,049
Support services:			
Pupils	15,601,397	16,273,189	16,631,922
Instructional staff	8,808,575	9,400,788	9,751,091
General administration	6,993,616	4,569,921	7,525,876
School administration	13,031,374	12,672,484	12,816,116
Business	9,050,237	9,970,628	6,857,782
Operations and maintenance	15,740,277	16,986,819	20,064,213
Transportation	13,506,407	14,350,762	16,986,032
Central	3,212,266	2,766,665	2,961,154
Other support services	43,300	116,739	108,438
Community services	2,464,369	3,281,442	3,890,271
Payments to other governments	72,716	189,152	103,599
Interest and charges	9,841,521	10,158,562	9,753,121
Total governmental activities expenses	251,300,693	253,934,472	267,120,611
Business-type activities:			
Food service	7,134,696	8,218,331	8,590,360
Total primary government expenses	258,435,389	262,152,803	275,710,971
<b>Program Revenues</b>			
Governmental activities:			
Charges for services:			
Regular programs	164,437	102,880	681,785
Special programs	2,187,468	2,298,695	1,693,116
Other instructional programs	28,259	49,095	1,747
Operating grants and contributions	52,312,452	59,216,015	80,428,527
Capital grants and contributions	2,352,847	1,897,226	293,602
Total governmental activities program revenues	57,045,463	63,563,911	83,098,777
Business-type activities			
Charges for services	2,279,045	2,460,489	2,413,058
Operating grants and contributions	5,370,974	5,459,068	6,209,016
Total business-type activities program revenues	7,650,019	7,919,557	8,622,074
Total primary government program revenues	64,695,482	71,483,468	91,720,851
<b>Net (Expense)/Revenue</b>			
Governmental activities	(194,255,230)	(190,370,561)	(184,021,834)
Business-type activities	515,323	(298,774)	31,714
Total primary government net (expense) revenue	\$ (193,739,907)	\$ (190,669,335)	\$ (183,990,120)

Note: The District implemented GASB Statement 34 as of June 30, 2002.

2005		2006		2007		2008		2009		2010	
\$	101,263,457	\$	88,671,616	\$	96,957,723	\$	104,517,637	\$	110,732,663	\$	123,879,534
	42,712,959		41,724,801		47,354,858		46,570,100		39,802,948		50,018,452
	19,494,644		22,700,893		20,274,541		25,695,373		38,310,803		35,898,263
											-
	17,731,716		18,171,947		17,957,443		18,801,197		18,822,512		20,493,289
	10,380,179		11,281,600		11,562,690		11,750,491		12,340,593		17,776,247
	6,691,379		2,447,243		6,447,807		5,950,607		5,576,007		6,190,201
	11,061,529		11,632,777		12,905,380		13,098,138		14,579,947		14,901,527
	8,588,385		7,829,295		6,800,854		8,336,745		8,798,484		10,377,350
	20,233,008		17,811,055		18,692,879		21,456,137		22,708,773		21,883,184
	19,322,017		19,823,070		20,088,090		21,330,329		20,173,127		21,333,383
	2,922,359		3,838,182		3,999,119		4,391,450		5,022,963		5,879,721
	538,865		1,094,947		1,512,879		1,122,774		1,399,670		1,632,578
	4,001,904		4,705,365		5,191,671		5,359,939		5,108,681		4,499,013
	74,393		92,412		137,308		122,087		2,135,100		4,903,939
	9,393,798		8,662,554		9,137,636		6,353,793		5,806,709		5,172,942
	274,410,592		260,487,757		279,020,878		294,856,797		311,318,980		344,839,623
	8,806,671		10,222,835		10,552,798		11,748,702		11,990,248		12,411,759
	283,217,263		270,710,592		289,573,676		306,605,499		323,309,228		357,251,382
	667,352		692,574		376,309		424,545		432,934		920,467
	2,060,907		2,156,244		1,944,641		1,399,881		1,566,071		1,582,562
	22,783		3,501		-		-		-		-
	68,897,617		73,728,268		71,464,486		73,098,137		73,940,807		70,180,697
	228,270		576,701		705,928		695,720		613,108		2,190,343
	71,876,929		77,157,288		74,491,364		75,618,283		76,552,920		74,874,069
	2,385,561		2,406,994		2,601,884		2,553,992		2,396,425		2,061,658
	6,544,078		7,934,976		8,582,780		9,118,685		9,767,893		10,580,777
	8,929,639		10,341,970		11,184,664		11,672,677		12,164,318		12,642,435
	80,806,568		87,499,258		85,676,028		87,290,960		88,717,238		87,516,504
	(202,533,663)		(183,330,469)		(204,529,514)		(219,238,514)		(234,766,060)		(269,965,554)
	122,968		119,135		631,866		(76,025)		174,070		230,676
\$	(202,410,695)	\$	(183,211,334)	\$	(203,897,648)	\$	(219,314,539)	\$	(234,591,990)	\$	(269,734,878)

**Rockford Public Schools, District No. 205**

**General Revenues and Total Change in Net Assets  
Last Nine Fiscal Years**

	2002	2003	2004
<b>Net (Expense)/Revenue</b>			
Governmental activities	\$ (194,255,230)	\$ (190,370,561)	\$ (184,021,834)
Business-type activities	515,323	(298,774)	31,714
Total primary government net (expense) revenue	\$ (193,739,907)	\$ (190,669,335)	\$ (183,990,120)
<b>General Revenues, Transfers and Other Changes in Net Assets</b>			
Governmental activities:			
Taxes:			
Property taxes, general purposes	\$ 100,981,817	\$ 105,153,673	\$ 109,647,046
Property taxes, debt service	9,001,297	11,176,038	11,368,224
Corporate property replacement taxes	13,552,730	12,544,313	14,507,921
State aid-formula grants	54,378,393	53,715,252	47,312,009
Investment earnings	23,535,371	936,613	717,215
Other	7,675,490	1,424,388	903,784
Transfers out	-	-	(9,504)
Total governmental activities	209,125,098	184,950,277	184,446,695
Business-type activities:			
Investment earnings	30,799	15,999	-
Other	9,166	14,068	49,205
Transfers in	-	-	9,504
Total business-type activities	39,965	30,067	58,709
Total primary government	209,165,063	184,980,344	184,505,404
<b>Change in Net Assets</b>			
Governmental activities	14,869,868	(5,420,284)	424,861
Business-type activities	555,288	(268,707)	90,423
Total primary government change in net assets	\$ 15,425,156	\$ (5,688,991)	\$ 515,284

Note: The District implemented GASB Statement 34 as of June 30, 2002.

2005	2006	2007	2008	2009	2010
\$ (202,533,663)	\$ (183,330,469)	\$ (204,529,514)	\$ (219,238,514)	\$ (234,766,060)	\$ (269,965,554)
122,968	119,135	631,866	(76,025)	174,070	230,676
\$ (202,410,695)	\$ (183,211,334)	\$ (203,897,648)	\$ (219,314,539)	\$ (234,591,990)	\$ (269,734,878)
\$ 113,486,341	\$ 118,114,728	\$ 124,161,254	\$ 130,636,643	\$ 137,571,414	142,474,713
11,581,539	11,885,179	13,600,561	12,962,633	12,759,301	13,169,384
17,276,696	21,897,505	23,890,477	25,547,820	22,348,477	18,079,739
53,360,159	63,338,148	61,743,850	87,045,848	95,811,421	110,506,976
1,276,597	2,163,109	3,251,071	3,695,462	2,767,798	1,114,592
3,184,838	1,309,308	2,296,853	2,846,265	2,974,396	2,180,268
(28,040)	(114,358)	(159,575)	(123,248)	(26,914)	(8,482)
200,138,130	218,593,619	228,784,491	262,611,423	274,205,893	287,517,190
-	-	-	-	-	-
51,717	58,291	39,091	27,051	22,585	43,610
28,040	114,358	159,575	123,248	26,914	8,482
79,757	172,649	198,666	150,299	49,499	52,092
200,217,887	218,766,268	228,983,157	262,761,722	274,255,392	287,569,282
(2,395,533)	35,263,150	24,254,977	43,372,909	39,439,833	17,551,636
202,725	291,784	830,532	74,274	223,569	282,768
\$ (2,192,808)	\$ 35,554,934	\$ 25,085,509	\$ 43,447,183	\$ 39,663,402	\$ 17,834,404

**Rockford Public Schools, District No. 205**

**Fund Balances, Governmental Funds**

**Last Ten Fiscal Years**

	2001	2002	2003
General Fund			
Reserved for prepaid items	\$ -	\$ -	\$ -
Unreserved	(32,653,649)	(52,976,997)	(35,402,568)
Total General Fund	\$ (32,653,649)	\$ (52,976,997)	\$ (35,402,568)
All Other Governmental Funds			
Reserved, reported in:			
Debt service fund	\$ -	\$ 3,696,479	\$ 4,585,597
Capital project funds	3,052,000	-	-
Tort immunity	-	2,339,229	2,842,244
Trust and agency	22,820,865	-	-
Other	-	-	-
Unreserved, reported in:			
Special revenue funds	12,783,676	59,916,234	33,200,493
Capital project funds	6,974,726	7,254,466	6,010,761
Trust and agency	20,785,743	-	-
Debt service fund	4,750,245	-	-
Total all other governmental funds	\$ 71,167,255	\$ 73,206,408	\$ 46,639,095

2004	2005	2006	2007	2008	2009	2010
\$ - (38,354,077)	\$ - (32,153,812)	\$ - (9,054,135)	\$ - 21,436,265	\$ - 52,929,632	\$ - 67,713,728	\$ 11,008 67,825,386
\$ (38,354,077)	\$ (32,153,812)	\$ (9,054,135)	\$ 21,436,265	\$ 52,929,632	\$ 67,713,728	\$ 67,836,394
\$ 5,988,133 5,630,848 1,061,939 - 1,295,174	\$ 6,432,123 3,324,176 1,037,556 - -	\$ 7,651,013 307,480 404,490 - 1,724	\$ 7,274,579 1,255,998 555,654 - -	\$ 6,058,031 1,617,918 - - -	\$ 6,075,757 1,260,633 - - -	\$ 6,019,560 2,244 - - -
24,671,663 - - -	25,428,372 - - -	25,882,505 - - -	28,097,221 - - -	32,388,748 - - -	36,282,363 - - -	33,589,088 - - -
\$ 38,647,757	\$ 36,222,227	\$ 34,247,212	\$ 37,183,452	\$ 40,064,697	\$ 43,618,753	\$ 39,610,892

**Rockford Public Schools, District No. 205****Governmental Funds Revenues  
Last Ten Fiscal Years**

	2001	2002	2003	2004
Local sources:				
Property taxes	\$ 114,483,955	\$ 109,983,114	\$ 116,329,711	\$ 121,015,270
Corporate personal property replacement taxes	16,329,683	13,552,730	12,544,313	14,507,921
Charges for services	1,943,737	2,380,164	2,450,670	2,369,590
Other	3,402,628	1,348,079	1,424,388	900,871
<b>Total local sources</b>	<u>136,160,003</u>	<u>127,264,087</u>	<u>132,749,082</u>	<u>138,793,652</u>
State sources:				
Unrestricted state aid	33,753,168	39,981,611	39,535,987	47,312,009
Restricted state aid	47,629,651	72,244,085	41,001,756	53,127,951
<b>Total state sources</b>	<u>81,382,819</u>	<u>112,225,696</u>	<u>80,537,743</u>	<u>100,439,960</u>
Federal sources,				
Restricted federal aid	<u>19,914,473</u>	<u>20,353,367</u>	<u>34,290,750</u>	<u>29,197,645</u>
Investment income	<u>4,343,728</u>	<u>1,545,053</u>	<u>936,613</u>	<u>717,215</u>
<b>Total revenues</b>	<u>\$ 241,801,023</u>	<u>\$ 261,388,203</u>	<u>\$ 248,514,188</u>	<u>\$ 269,148,472</u>

2005	2006	2007	2008	2009	2010
\$ 125,067,880	\$ 129,999,907	\$ 137,761,815	\$ 143,599,276	\$ 150,330,715	\$ 155,644,097
17,276,696	21,897,505	23,890,477	25,547,820	22,348,477	18,079,739
2,727,843	2,848,818	2,320,950	1,824,426	1,999,005	2,503,029
1,395,691	1,092,592	2,296,853	2,846,265	2,974,396	2,180,268
146,468,110	155,838,822	166,270,095	173,817,787	177,652,593	178,407,133
53,360,159	57,424,312	61,812,184	67,342,462	54,882,612	59,469,341
51,391,559	46,165,818	56,381,300	62,911,778	60,433,880	61,969,274
104,751,718	103,590,130	118,193,484	130,254,240	115,316,492	121,438,615
29,322,778	29,704,327	28,902,655	29,917,789	45,056,148	57,783,314
1,276,597	2,163,109	3,251,071	3,695,462	2,767,798	1,114,592
\$ 281,819,203	\$ 291,296,388	\$ 316,617,305	\$ 337,685,278	\$ 340,793,031	\$ 358,743,654



Rockford Public Schools, District No. 205

Governmental Funds Expenditures and Debt Service Ratio  
Last Ten Fiscal Years

	2001	2002	2003	2004
Instruction:				
Regular programs	\$ 91,385,455	\$ 99,207,434	\$ 96,374,519	\$ 99,976,239
Special programs	34,815,140	36,882,956	40,422,437	36,039,544
Other instructional programs	11,689,873	12,492,072	13,698,618	20,084,657
<b>Total instructional</b>	<b>137,890,468</b>	<b>148,582,462</b>	<b>150,495,574</b>	<b>156,100,440</b>
Supporting services:				
Pupils	14,501,832	14,192,083	15,027,297	15,322,199
Instructional staff	8,491,273	8,925,575	9,637,488	9,746,794
General administration	5,669,286	6,993,616	4,569,921	3,858,355
School administration	11,675,164	11,532,060	11,546,592	12,825,001
Business	4,201,522	9,050,237	9,970,628	6,804,236
Operations and maintenance	20,736,224	11,712,595	12,886,196	19,988,526
Transportation	15,678,235	15,705,277	16,949,697	15,564,241
Central	5,777,505	3,212,266	2,766,665	2,957,530
Other	88,567	43,300	116,739	108,438
<b>Total supporting services</b>	<b>86,819,608</b>	<b>81,367,009</b>	<b>83,471,223</b>	<b>87,175,320</b>
Community services	4,145,797	2,464,369	3,281,442	3,889,829
Capital Outlay	12,783,746	9,476,953	4,696,675	4,272,673
Debt service:				
Principal	5,679,053	4,719,983	6,097,890	6,374,628
Interest and charges	10,264,515	8,725,167	9,242,337	8,997,662
Bond issuance cost	-	632,987	-	-
Advance refunding escrow	-	23,535,371	-	-
<b>Total debt service</b>	<b>15,943,568</b>	<b>37,613,508</b>	<b>15,340,227</b>	<b>15,372,290</b>
Payments to other governments	58,538	72,716	189,152	103,599
<b>Total expenditures</b>	<b>\$ 257,641,725</b>	<b>\$ 279,577,017</b>	<b>\$ 257,474,293</b>	<b>\$ 266,914,151</b>
Debt service as a percentage of noncapital expenditures	6.5%	13.9%	6.1%	5.9%

2005	2006	2007	2008	2009	2010
\$ 99,583,153	\$ 86,584,116	\$ 94,298,626	\$ 103,779,706	\$ 108,765,729	\$ 122,123,971
42,017,277	41,289,435	46,439,896	45,629,296	38,880,913	48,884,330
19,223,667	21,568,344	19,900,564	25,341,969	37,951,089	35,535,392
160,824,097	149,441,895	160,639,086	174,750,971	185,597,731	206,543,693
16,579,521	17,877,486	17,696,086	18,555,256	18,552,073	20,211,770
10,364,457	10,997,527	11,343,247	11,562,267	12,138,146	17,581,021
4,218,466	4,725,122	4,560,486	5,646,603	5,684,210	6,115,469
11,039,475	11,399,930	12,679,729	12,892,663	14,350,551	14,675,345
8,506,898	7,641,213	7,210,655	8,271,437	8,724,950	10,299,252
20,197,312	17,590,515	18,591,586	21,335,604	22,483,141	21,464,840
17,938,725	18,268,831	18,196,383	19,664,401	18,834,269	19,582,293
2,908,348	3,400,856	3,749,937	4,225,795	4,887,310	5,730,708
538,865	1,091,190	1,498,577	1,110,868	1,389,151	1,622,609
92,292,067	92,992,670	95,526,686	103,264,894	107,043,801	117,283,307
3,993,571	4,630,787	5,130,715	5,300,602	5,053,395	4,447,492
5,662,929	6,386,073	4,032,245	3,266,389	6,278,007	12,712,214
8,243,030	8,982,641	10,939,683	11,204,683	11,609,683	12,679,683
8,753,685	7,758,780	6,629,558	5,277,792	4,710,248	4,050,039
-	-	524,585	-	-	-
-	-	-	-	-	-
16,996,715	16,741,421	18,093,826	16,482,475	16,319,931	16,729,722
74,393	92,412	137,308	122,087	2,135,100	4,903,939
\$ 279,843,772	\$ 270,285,258	\$ 283,559,866	\$ 303,187,418	\$ 322,427,965	\$ 362,620,367
6.2%	6.3%	6.5%	5.5%	5.2%	4.8%

**Rockford Public Schools, District No. 205****Other Financing Sources and Uses and Net Changes in Fund Balances****Governmental Funds****Last Ten Fiscal Years**

	2001	2002	2003	2004
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>\$ (15,840,702)</b>	<b>\$ (18,188,814)</b>	<b>\$ (8,960,105)</b>	<b>\$ 2,234,321</b>
Other financing sources (uses):				
Bond proceeds	-	42,850,000	780,000	-
Premium on bonds	-	-	-	-
Discount on bonds	-	(113,799)	-	-
Installment contract proceeds	1,044,100	1,000,000	-	-
Transfer in	509,203	-	-	411,743
Transfer (out)	(509,203)	-	-	(421,247)
Proceeds from sale of assets	-	-	-	28,290
Special item-Property tax protest settlement payments	-	(21,907,642)	(812,779)	-
Payment to escrow agent	-	(20,130,880)	-	-
<b>Total other financing sources (uses)</b>	<b>1,044,100</b>	<b>1,697,679</b>	<b>(32,779)</b>	<b>18,786</b>
<b>Net change in fund balances</b>	<b>\$ (14,796,602)</b>	<b>\$ (16,491,135)</b>	<b>\$ (8,992,884)</b>	<b>\$ 2,253,107</b>

2005	2006	2007	2008	2009	2010
\$ 1,975,431	\$ 21,011,130	\$ 33,057,439	\$ 34,497,860	\$ 18,365,066	\$ (3,876,713)
1,734,529	-	35,720,000	-	-	-
-	-	2,492,162	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
857,178	2,556,082	3,027,756	3,688,119	3,074,996	1,135,911
(885,218)	(2,670,440)	(3,187,331)	(3,811,367)	(3,101,910)	(1,144,393)
92,815	227,890	-	-	-	-
-	-	-	-	-	-
-	-	(37,683,386)	-	-	-
1,799,304	113,532	369,201	(123,248)	(26,914)	(8,482)
\$ 3,774,735	\$ 21,124,662	\$ 33,426,640	\$ 34,374,612	\$ 18,338,152	\$ (3,885,195)

**Rockford Public Schools, District No. 205**

**Assessed Value and Actual Value of Taxable Property  
Last Ten Fiscal 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>Total Direct Tax Rate</b>	<b>Estimated Actual Taxable Value</b>
2009	\$ 2,031,864,602	\$ 588,665,267	\$ 196,715,830	\$ 14,087,236	\$ 2,832,420	\$ 2,834,165,355	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	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	5.338	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	5.413	7,807,591,176
2005	1,708,574,804	535,318,248	192,315,003	12,097,588	1,512,176	2,449,817,819	5.511	7,349,453,457
2004	1,580,979,075	508,337,163	194,027,835	12,005,628	1,513,123	2,296,862,824	5.531	6,890,588,472
2003	1,558,022,946	488,070,532	199,334,055	11,971,613	1,376,505	2,258,775,651	5.518	6,776,326,953
2002	1,461,174,882	481,960,838	202,227,942	13,026,412	1,390,187	2,159,780,261	5.527	6,479,340,783
2001	2,082,862,309	X	X	X	361,156	2,084,223,465	5.579	6,252,670,395
2000	1,968,034,655	X	X	X	1,572,437	1,969,607,092	5.531	5,908,821,276

Source: Winnebago County Clerk's, Department of Tax Extensions.

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

X = EAV by property type was not available from 1999-2001 prior to their DEVNET software purchase in 2002.

**Rockford Public Schools, District No. 205****Direct and Overlapping Property Tax Rates  
Last Ten Fiscal Years**

	2000	2001	2002	2003	2004
<b>Rockford Public Schools, District No. 205</b>					
<b>District direct rates</b>					
Educational	3.7000	3.7000	3.7000	3.7000	3.7000
Tort immunity	0.3018	0.2659	0.2458	0.2529	0.2613
Operations and maintenance	0.5000	0.5000	0.5000	0.5000	0.5000
Transportation	0.2000	0.2000	0.2000	0.2000	0.2000
Municipal Retirement/Social Security	0.2286	0.2286	0.2119	0.2088	0.2115
Working Cash	0.0500	0.0500	0.0500	0.0500	0.0500
Special Education	0.0400	0.0400	0.0400	0.0400	0.0400
Building Safety	0.0500	0.0500	0.0500	0.0500	0.0500
Bond and Interest	0.4606	0.5448	0.5294	0.5165	0.5179
Total direct	5.5310	5.5793	5.5271	5.5182	5.5307
<b>Overlapping rates</b>					
Rockford School District Number 205	5.5310	5.5793	5.5271	5.5182	5.5307
Winnebago County	0.7932	0.7981	0.7932	0.7923	0.7973
Winnebago County Forest Preserve District	0.1023	0.1026	0.1022	0.1018	0.1031
Rockford Township	0.1990	0.1991	0.1054	0.2331	0.2018
City Of Rockford	2.0831	2.1071	2.1093	2.1319	2.2329
Rockford Park District	0.8141	0.8010	0.7807	0.7691	0.7766
Rock River Water Reclamation District	0.1518	0.1442	0.1435	0.1403	0.1406
Rockford Library District	0.3200	0.3200	0.3183	0.3200	0.3200
Greater Rockford Airport Authority	0.3176	0.3070	0.3076	0.3075	0.3121
Community College District Number 511	0.4144	0.4086	0.4351	0.4528	0.4530
Rockford Township Road	0.0000	0.0000	0.0000	0.0000	0.0000
Total direct and overlapping rate	10.7265	10.7670	10.6224	10.7670	10.8681

Source: Winnebago County Clerk's Office

2005	2006	2007	2008	2009
3.7000	3.7000	3.7000	3.7000	3.7000
0.2387	0.2082	0.1687	0.2840	0.3844
0.5000	0.5000	0.5000	0.5000	0.5000
0.2000	0.2000	0.2000	0.2000	0.2000
0.1747	0.1653	0.1642	0.1633	0.1339
0.0500	0.0500	0.0500	0.0500	0.0500
0.0400	0.0400	0.0400	0.0400	0.0750
0.0500	0.0500	0.0500	0.0500	0.0500
0.5573	0.4993	0.4652	0.4647	0.4832
5.5107	5.4128	5.3381	5.4520	5.5765
5.5107	5.4128	5.3381	5.4520	5.5765
0.7900	0.7829	0.7704	0.7835	0.7934
0.0994	0.0951	0.0905	0.0859	0.0859
0.1992	0.1052	0.1048	0.1052	0.1070
2.2601	2.2527	2.2026	2.2085	2.2297
0.7525	0.7360	0.7198	0.7319	0.7455
0.1342	0.1237	0.1221	0.1243	0.1268
0.3171	0.3156	0.3147	0.3233	0.3309
0.2665	0.0893	0.0884	0.0890	0.0901
0.4471	0.4660	0.4410	0.4578	0.4583
0.0000	0.0000	0.0918	0.0922	0.0939
10.7768	10.3793	10.2842	10.4536	10.6380

Rockford Public Schools, District No. 205

Principal Property Tax Payers  
Current Year and Nine Years Ago

Taxpayer	June 30, 2010			Rank	June 30, 2001			Rank
	Equalized Assessed Valuation 2009	Percentage of Equalized Valuation			Equalized Assessed Valuation 2000	Percentage of Equalized Valuation		
Lowes Home Centers, Inc	\$ 15,906,746	0.56 %	1		-	-	-	
CBL/Cherry Vale c/o JJ Gudin	10,405,197	0.37	2					
Forest Plaza LLC	9,287,594	0.33	3					
CBL/Cherry Vale I LLC	6,619,034	0.23	4	\$	12,707,530	0.65 %	2	
MB Rockford State LLC	4,745,542	0.17	5					
Edward Rose Associates Inc	4,679,382	0.17	6					
WPH Rockford LLC	4,404,256	0.16	7					
Hamilton Sunstrand	4,391,526	0.15	8		13,266,159	0.67	1	
Rock River Valley Ind Park	4,028,918	0.14	9					
Swedish American Realty	3,725,608	0.13	10					
Greater Rockford Airport Authority					6,485,625	0.33	3	
Simon Property Group					5,355,454	0.27	4	
United Parcel Service					4,998,254	0.25	5	
Commonwealth Edison					4,655,762	0.24	6	
Swedish American Hospital					4,059,672	0.21	7	
Lears Inc.					3,691,258	0.19	8	
Amcore					3,572,824	0.18	9	
Metro Center					3,417,938	0.17	10	
TOTAL	<u>\$ 68,193,803</u>	<u>2.41%</u>			<u>\$ 62,210,476</u>	<u>3.16%</u>		
EAV	<u>\$ 2,834,165,355</u>				<u>\$ 1,969,607,092</u>			

Source: Winnebago County Clerk's and Assessor's Offices.



**Rockford Public Schools, District No. 205**

**Property Tax Levies and Collections  
Last Ten Fiscal Years**

Tax Levy Year	Taxes Levied for the Fiscal Year		Collections within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections	Total Percentage of Levy
			Amount	Percentage of Levy			
2009	\$	157,864,109	\$ 78,503,250	49.73	\$ -	78,503,250	49.73 %
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
2005		134,847,353	68,631,252	50.90	65,775,697	134,406,949	99.67
2004		126,886,289	56,788,214	44.76	69,888,546	126,676,760	99.83
2003		124,493,274	64,605,312	51.89	59,075,645	123,680,957	99.35
2002		119,372,799	54,081,903	45.31	65,077,519	119,159,422	99.82
2001		115,421,063	59,316,061	51.39	54,969,400	114,285,461	99.02
2000		108,938,968	47,026,818	43.17	60,331,819	107,358,637	98.55

Source: Winnebago County Clerk's Office

**Rockford Public Schools, District No. 205**

**Outstanding Debt by Type  
Last Ten Fiscal Years**

<b>Year Ended June 30,</b>	<b>Governmental Activities</b>		<b>Tax Anticipation Warrants Cert of Participation</b>		<b>Total Primary Government</b>
	<b>Gross General Bonded Debt</b>	<b>Notes Payable</b>			
2010	\$ 83,308,742	\$ 367,704	\$ -	\$ -	\$ 83,676,446
2009	94,542,492	607,387	-	-	95,149,879
2008	104,781,242	847,070	-	-	105,628,312
2007	114,675,409	1,086,753	-	-	115,762,162
2006	122,519,159	1,939,893	25,000,000		149,459,052
2005	129,963,825	2,537,534	55,000,000		187,501,359
2004	136,342,227	3,524,392	77,000,000		216,866,619
2003	140,738,333	4,778,394	77,000,000		222,516,727
2002	143,572,500	5,994,063	55,000,000		204,566,563
2001	103,187,083	6,514,046	40,925,000		150,626,129

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

<b>Equalized Assessed Valuation</b>	<b>Percentage Equalized Assessed Valuation</b>	<b>Percentage Personal Income</b>	<b>Per Capita</b>
2,834,165,355	2.95 %	2.82 %	\$ 557
2,848,246,719	3.34	3.20	634
2,752,038,763	3.84	3.56	704
2,602,530,392	4.45	3.90	771
2,449,817,819	6.10	5.03	996
2,296,862,824	8.16	6.31	1,249
2,258,775,651	9.60	7.30	1,445
2,159,780,261	10.30	7.49	1,482
2,084,223,465	9.82	6.89	1,363
1,969,607,092	7.65	5.46	1,080

Rockford Public Schools, District No. 205

**Ratios of General Bonded Debt Outstanding and Legal Debt Margin**  
**Last Ten Fiscal Years**

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Equalized Assessed Value (EAV)	\$ 1,969,607,092	\$ 2,084,223,465	\$ 2,159,780,261	\$ 2,258,775,651	\$ 2,296,862,824	\$ 2,449,817,819	\$ 2,602,530,392	\$ 2,752,038,763	\$ 2,848,246,719	\$ 2,834,165,355
Statutory Debt Limit Percentage	15.00%	15.00%	15.00%	15.00%	13.80%	13.80%	13.80%	13.80%	13.80%	13.80%
Debt Percentage of EAV	7.65%	9.82%	10.30%	9.60%	8.16%	6.10%	4.45%	3.84%	3.34%	2.95%
Estimated Population	150,115	150,115	150,115	150,115	150,115	150,115	150,115	150,115	150,115	150,115
General Bonded Debt Per Capita	\$ 1,080	\$ 1,363	\$ 1,482	\$ 1,445	\$ 1,249	\$ 996	\$ 771	\$ 704	\$ 634	\$ 557
Statutory Debt Limit	\$ 295,441,064	\$ 312,633,520	\$ 323,967,039	\$ 338,816,348	\$ 316,967,070	\$ 338,074,859	\$ 359,149,194	\$ 379,781,349	\$ 393,058,047	\$ 391,114,819
General Bonded Debt	103,187,083	143,572,500	140,738,333	136,342,227	129,963,825	122,519,159	114,675,409	104,781,242	94,542,492	83,308,742
Legal Debt Margin	\$ 192,253,981	\$ 169,061,020	\$ 183,228,706	\$ 202,474,121	\$ 187,003,245	\$ 215,555,700	\$ 244,473,785	\$ 275,000,107	\$ 298,515,555	\$ 307,806,077
Amount Available in Debt Service										
Fund for the Payment of Debt	\$ 4,750,245	\$ 3,696,479	\$ 4,585,597	\$ 5,988,133	\$ 6,432,123	\$ 7,651,013	\$ 7,274,579	\$ 6,058,031	\$ 6,075,757	\$ 6,019,560

Note: Legal debt margin from 1998-2004 was 15.0% and from 2005-2009 was 13.8%.

Note - Population estimates were based on most recent census data.

Source of information: District's Comprehensive Annual Financial Report and Winnebago County Tax Extension Office.

Rockford Public Schools, District No. 205

Computation of Direct and Overlapping Governmental Activities Debt  
June 30, 2010

	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Direct and Overlapping Debt
Overlapping Districts:			
Winnebago County	11,590,000 (1)	59.8% %	\$ 6,925,025
Winnebago County Forest Preserve	3,299,090 (2)	59.8%	1,972,856
Boone County	-	0.0%	-
Greater Rockford Airport Authority	7,654,700	77.5%	5,932,393
Village of Cherry Valley	- (1)	100.0%	-
City of Loves Park	- (1)	23.4%	-
City of Rockford	33,250,000 (1)(3)	98.8%	32,834,375
Village of Roscoe	135,000	1.8%	2,430
New Milford Fire Protection District	160,000	76.5%	122,400
Northwest Fire Protection District	-	97.3%	-
Cherry Valley Library District	-	99.6%	-
North Suburban Library District	1,880,000	11.9%	223,720
Rockford Park District	(1)	87.6%	-
Park-Er-Woods Special Service Area	-	0.0%	-
Community College District No. 511	29,293,595 (2)	41.1%	12,039,668
<b>Total overlapping debt</b>			<u>60,052,867</u>
District direct debt	94,542,492	100.00	<u>94,542,492</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 154,595,359</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.

Source: Winnebago and Boone County Clerks' Offices

**Rockford Public Schools, District No. 205**

**Demographic and Economic Statistics  
Last Ten Calendar Years**

Calendar Year	Estimated Population	Personal Income	Per Capita Personal Income	Unemployment Rate	
				Winnebago County	Boone County
2009	150,115	2,969,424,815	19,781	15.0	15.4 %
2008	150,115	2,969,424,815	19,781	8.9	9.8
2007	150,115	2,969,424,815	19,781	6.2	6.9
2006	150,115	2,969,424,815	19,781	5.6	5.9
2005	150,115	2,969,424,815	19,781	7.5	8.0
2004	150,115	2,969,424,815	19,781	8.6	11.3
2003	150,115	2,969,424,815	19,781	8.6	6.7
2002	150,115	2,969,424,815	19,781	7.9	8.2
2001	150,115	2,969,424,815	19,781	3.0	7.4
2000	139,426	2,757,985,706	19,781	4.7	5.2

Note: Population and personal income information based on most recent census data.

Note: Unemployment rates are per Illinois Department of Employment Security.

Rockford Public Schools, District No. 205

Principal Employers

Current Year and Ten Years Ago

Employer	2010			2000		
	Number of Employees (1)	Rank	Percentage of Total	Number of Employees (1)	Rank	Percentage of Total
Rockford School District	3,730	1	5.5%	4,078	1	6.3%
Rockford Health System	3,003	2	4.4%	3,300	4	5.1%
Swedish American Health System	2,988	3	4.4%	2,500	5	3.8%
Wal-Mart Stores	2,750	4	4.1%	-	-	-
Rockford Memorial Hospital	2,700	5	4.0%			
OSF St Anthony Medical Center	1,807	7	2.7%	1,660	9	2.5%
Hamilton Sundstrand	2,200	5	3.2%	3,400	3	5.2%
Winnebago County	1,731	6	2.6%	-	-	
Chrysler LLC	1,700	9	2.5%	4,000	2	6.1%
United Parcel Service	1,600	10	2.4%	2,000	7	3.1%
ARA Services				2,440	6	3.7%
Ingersoll Milling Machine Co.				1,870	8	2.9%
Camcar Textron, Inc				1,600	10	2.5%
	<u>24,209</u>			<u>26,848</u>		
Total Employment	<u>67,868</u>			<u>65,168</u>		

Source: Rockford Area Economic Development Council. 2001 information (nine years ago) was not available.

**Rockford Public Schools, District No. 205**

**Full-Time Equivalent District Employees by Type  
Last Ten Fiscal Years**

	Full-time Equivalent Employees as of June 30				
	2001	2002	2003	2004	2005
Certified Administration	114.00	105.00	100.00	103.50	102.50
Non-Certified Administration	25.00	24.00	25.00	23.00	23.00
Certified Support	311.50	298.50	300.80	290.80	311.90
Certified Teacher	1,791.20	1,797.70	1,764.80	1,733.90	1,599.80
Non-Certified Support	124.00	130.50	124.05	113.75	97.15
Clerical	190.00	187.00	187.00	175.00	160.00
Paraprofessional	857.78	896.46	887.60	731.50	547.67
Hourly Support	51.65	52.64	56.18	56.52	61.84
Parent Liaison	38.50	16.00	13.00	10.00	9.00
Trades	68.00	66.00	66.00	66.00	66.00
Facilities	191.00	192.00	192.00	192.00	180.00
Food Service	128.55	128.13	126.84	119.22	116.36
Bus Driver	224.75	224.75	225.58	225.58	225.58
Total	4,116	4,119	4,069	3,841	3,501

Source: District personnel records.



Full-time Equivalent Employees as of June 30

2006	2007	2008	2009	2010
112.00	128.40	131.30	140.60	144.60
23.00	25.00	25.00	23.00	31.00
338.30	339.70	349.20	342.70	347.10
1,637.00	1,704.00	1,746.20	1,730.10	1,730.80
112.65	133.15	127.65	149.25	174.00
161.00	163.00	167.00	165.00	168.00
555.00	554.33	532.17	529.17	528.67
57.27	58.06	58.23	59.18	59.79
8.00	0.00	0.00	0.00	70.00
66.00	66.00	70.00	70.00	120.48
4.00	4.00	0.00	0.00	0.00
120.54	120.65	119.41	119.52	120.48
230.56	225.76	225.76	225.76	244.85
3,425	3,522	3,552	3,554	3,740

Rockford Public Schools, District No. 205

**Operating Statistics  
Last Ten Fiscal Years**

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Total Expenses	Cost Per Pupil	Percentage Change
2010	29,912	\$ 333,178,431	11,138.62	11.12 %	\$ 362,620,367	12,122.91	12.16 %
2009	29,066	\$ 299,830,027	10,315.49	5.78	\$ 323,309,228	11,123.28	5.45
2008	29,407	\$ 283,438,554	9,638.47	8.42	\$ 306,605,499	10,426.28	5.88
2007	29,484	\$ 261,433,795	8,866.97	5.78	\$ 289,573,676	9,821.38	6.97
2006	29,601	\$ 247,157,764	8,349.64	(3.90)	\$ 270,710,592	9,145.32	(4.42)
2005	29,145	\$ 257,184,128	8,824.30	4.01	\$ 283,217,263	9,717.52	2.72
2004	28,887	\$ 247,269,188	8,559.88	4.14	\$ 275,710,971	9,544.47	5.17
2003	28,685	\$ 237,437,391	8,277.41	2.13	\$ 262,152,803	9,139.02	1.44
2002	28,362	\$ 232,486,556	8,197.11	1.56	\$ 258,435,389	9,112.03	NA
2001	27,704	\$ 228,914,411	8,262.86	5.70	NA	NA	NA

Source: District records and audited financial statements.

N/A - Not Available

Note: Operating expenditures less debt service and capital outlay.

**Rockford Public Schools, District No. 205**

**Capital Asset Information  
Last Ten Fiscal Years**

	2001	2002	2003	2004
<hr/>				
<b><u>Schools</u></b>				
Buildings	52	52	52	52
Square Feet	4,347,423	4,347,423	4,347,423	4,347,423
Capacity	37,659	37,659	37,659	37,659
Enrollment	27,704	28,362	28,685	28,887
<b><u>Administrative</u></b>				
Buildings	1	1	1	1
Square Feet	80,237	80,237	80,237	80,237
<b><u>Athletics</u></b>				
Stadiums	2	2	2	2
Running tracks	5	5	5	5
Baseball/softball	19	19	19	19
Swimming pools	11	12	12	12
Playgrounds	35	35	35	35

Source: District records.

2005	2006	2007	2008	2009	2010
52	52	52	52	52	53
4,347,423	4,347,423	4,347,423	4,347,423	4,347,423	4,413,591
37,659	37,659	37,659	37,659	37,186	37,336
29,145	29,601	29,484	29,407	29,066	29,912
1	1	1	1	1	1
80,237	80,237	80,237	80,237	80,237	80,237
2	2	2	2	2	2
5	5	5	5	5	5
19	19	19	19	19	19
12	12	12	12	12	12
35	35	35	35	35	35

**Rockford Public Schools, District No. 205**

**State of Illinois Standardized Test Summary  
Last Eight Fiscal Years  
District/State Average**

	2002		2003		2004		2005		2006		2007		2008		2009	
	District	State	District	State	District	State	District	State	District	State	District	State	District	State	District	State
Reading:																
Grade 3	47%	62%	45%	62%	51%	65%	52%	67%	56%	71%	56%	73%	56%	72%	57%	72%
Grade 4	X	X	X	X	X	X	X	X	60%	73%	58%	74%	59%	73%	57%	74%
Grade 5	44%	59%	46%	60%	44%	61%	50%	63%	56%	69%	57%	70%	61%	74%	60%	74%
Grade 6	X	X	X	X	X	X	X	X	61%	73%	61%	73%	67%	79%	64%	80%
Grade 7	X	X	X	X	X	X	X	X	59%	72%	59%	73%	65%	78%	63%	78%
Grade 8	49%	68%	44%	64%	50%	67%	59%	73%	69%	79%	71%	82%	69%	81%	72%	84%
Mathematics:																
Grade 3	60%	74%	60%	76%	69%	79%	68%	79%	77%	86%	75%	87%	75%	85%	78%	85%
Grade 4	X	X	X	X	X	X	X	X	74%	85%	77%	86%	79%	85%	74%	86%
Grade 5	48%	63%	56%	68%	57%	72%	60%	73%	71%	79%	76%	83%	77%	81%	76%	82%
Grade 6	X	X	X	X	X	X	X	X	64%	79%	67%	81%	69%	83%	68%	82%
Grade 7	X	X	X	X	X	X	X	X	59%	76%	63%	79%	66%	80%	69%	83%
Grade 8	37%	53%	36%	53%	35%	54%	36%	54%	67%	78%	67%	81%	64%	80%	67%	82%
Writing:																
Grade 3	32%	57%	41%	60%	X	X	X	X	X	X	X	X	X	X	X	X
Grade 5	43%	59%	42%	65%	X	X	X	X	X	X	X	X	X	X	X	X
Grade 6	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Grade 8	35%	63%	33%	59%	X	X	X	X	X	X	X	X	X	X	X	X
Science:																
Grade 4	51%	67%	49%	67%	51%	68%	56%	71%	67%	80%	66%	80%	61%	76%	61%	77%
Grade 7	59%	73%	56%	74%	58%	74%	61%	75%	73%	81%	68%	79%	69%	79%	69%	80%
Social Studies																
Grade 4	40%	60%	43%	63%	X	X	X	X	X	X	X	X	X	X	X	X
Grade 7	40%	59%	38%	60%	X	X	X	X	X	X	X	X	X	X	X	X
Prairie State Achievement Exam																
Grade 11	48%	56%	42%	55%	49%	54%	43%	55%	42%	54%	36%	53%	34%	53%	35%	53%
IMAGE	27%	33%	31%	40%	18%	29%	40%	49%	62%	62%	63%	63%	X	X	X	X
Overall ISAT																
Performance	45%	63%	45%	64%	52%	68%	55%	69%	65%	77%	66%	67%	67%	79%	67%	80%
Overall Performance																
All State Tests	45%	60%	45%	61%	50%	63%	52%	65%	62%	73%	62%	74%	63%	75%	63%	76%

X Testing not administered

**Note:**

These charts present the overall percentages of state test scores categorized as meeting or exceeding the Illinois Learning standards for Rockford Public School District No. 205 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.

Above information is most recent information available at the time the report was issued.

Source of information: Illinois State Board of Education