



*NCA Accredited
Blue Ribbon Exemplary Schools*

Rockford, Michigan

Comprehensive Annual Financial Report

Year Ended: June 30, 2009

ROCKFORD PUBLIC SCHOOLS
Table of Contents

For the year ended June 30, 2009

Financial Section

| | |
|--|----|
| <i>Independent Auditor's Report</i> | 1 |
| <i>Management's Discussion and Analysis</i> | 3 |
| <i>Basic Financial Statements</i> | 11 |
| District-Wide Financial Statements: | |
| Statement of Net Assets..... | 12 |
| Statement of Activities | 13 |
| Fund Financial Statements: | |
| Governmental Funds: | |
| Balance Sheet | 14 |
| Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities | 15 |
| Statement of Revenues, Expenditures and Changes in Fund Balances | 16 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances of Governmental Funds to the Statement of Activities | 17 |
| Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund | 18 |
| Fiduciary Funds: | |
| Statement of Fiduciary Net Assets..... | 19 |
| Statement of Changes in Fiduciary Net Assets | 20 |
| Notes to Basic Financial Statements | 21 |

ROCKFORD PUBLIC SCHOOLS
Table of Contents (Continued)

For the year ended June 30, 2009

Supplemental Information

Combining and Individual Fund Statements and Schedules:

| | |
|---|----|
| General Fund | 39 |
| Comparative Balance Sheet | 40 |
| Comparative Schedule of Revenues | 41 |
| Comparative Schedule of Expenditures | 43 |
| Nonmajor Governmental Funds | 49 |
| Combining Balance Sheet | 50 |
| Combining Schedule of Revenues, Expenditures and Changes in Fund Balances..... | 52 |
| Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual: | |
| Food Service Special Revenue Fund..... | 54 |
| Athletics Special Revenue Fund..... | 55 |
| Special Revenue Funds..... | 56 |
| Food Service Special Revenue Fund: | |
| Comparative Balance Sheet..... | 57 |
| Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances | 58 |
| Athletics Special Revenue Fund: | |
| Comparative Balance Sheet..... | 59 |
| Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances | 60 |
| Debt Service Funds..... | 61 |
| Combining Balance Sheet..... | 62 |
| Combining Schedule of Revenues, Expenditures and Changes in Fund Balances..... | 64 |
| Capital Projects Fund..... | 66 |
| 2008 Construction Fund: | |
| Comparative Balance Sheet..... | 67 |
| Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances | 68 |
| Agency Fund..... | 69 |
| Student Activities Agency Fund: | |
| Statement of Changes in Assets and Liabilities | 70 |
| Other Information: | |
| Summary of 2008 Taxes Levied and Collected..... | 72 |

Federal Financial Assistance Programs Supplemental Information Issued Under Separate Cover

FINANCIAL SECTION

Hungerford, Aldrin,
Nichols & Carter, P.C.
CPAs AND CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

November 12, 2009

The Board of Education
Rockford Public Schools

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Rockford Public Schools (the "District") as of and for the year ended June 30, 2009, 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 elected officials and management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund and the aggregate remaining fund information of Rockford Public Schools as of June 30, 2009, and the respective changes in financial position and budgetary comparison for the General Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2009 on our consideration of Rockford Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Rockford Public Schools' basic financial statements. The supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplemental 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.

Hungerford, Aldwin, Nichols & Carter, P.C.

Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

ROCKFORD PUBLIC SCHOOLS
Management's Discussion and Analysis
June 30, 2009

As management of the Rockford Public Schools (“the District”), we offer readers of the District’s financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with the District’s financial statements, which immediately follow this section.

Overview of the Financial Statements

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

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

The Basic Financial Statements also include Notes to Basic Financial Statements that explain the information in the Basic Financial Statements and provide more detailed data. Supplemental Information follows and includes combining and individual fund statements.

District-wide Statements

The district-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net 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 district-wide statements report the District’s net assets, and how they have changed. Net assets - the difference between the District’s assets and liabilities - is 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, one should consider additional non-financial factors such as changes in the District’s property tax-base, economic factors that might influence state aid revenue, and the condition of school buildings and other facilities.

ROCKFORD PUBLIC SCHOOLS
Management's Discussion and Analysis
June 30, 2009

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

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

Condensed District-wide Financial Information

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

| | <u>2009</u> | <u>2008</u> |
|---|-------------------------------|-------------------------------|
| Assets | | |
| Current assets | \$ 52,227,114 | \$ 62,901,378 |
| Capital assets, net book value | <u>66,843,722</u> | <u>63,626,097</u> |
| Total Assets | <u>119,070,836</u> | <u>126,527,475</u> |
| Liabilities | | |
| Current liabilities | 25,452,557 | 20,604,279 |
| Long-term liabilities | <u>119,548,936</u> | <u>128,810,086</u> |
| Total Liabilities | <u>145,001,493</u> | <u>149,414,365</u> |
| Net Assets | | |
| Invested in capital assets, net of related debt | (27,838,339) | (26,202,124) |
| Restricted | 936,097 | 1,259,761 |
| Unrestricted | <u>971,585</u> | <u>2,055,473</u> |
| Total Net Assets | <u>\$ (25,930,657)</u> | <u>\$ (22,886,890)</u> |

ROCKFORD PUBLIC SCHOOLS
Management's Discussion and Analysis
June 30, 2009

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

| | <u>2009</u> | <u>2008</u> |
|---------------------------------------|------------------------------|------------------------------|
| Program Revenues | | |
| Charges for services | \$ 3,888,141 | \$ 3,955,720 |
| Operating grants | 11,548,037 | 8,296,840 |
| General Revenues | | |
| Property taxes | 19,993,367 | 20,217,621 |
| State school aid, unrestricted | 51,766,367 | 52,766,494 |
| Interest and investment earnings | 859,956 | 444,277 |
| Other | 620,320 | 689,139 |
| Total Revenues | <u>88,676,188</u> | <u>86,370,091</u> |
| Expenses | | |
| Instruction | 44,927,159 | 43,907,236 |
| Supporting services | 32,772,727 | 26,712,650 |
| Community services | 2,533,564 | 2,436,582 |
| Food service | 2,250,569 | 2,274,322 |
| Athletics | 1,543,090 | 1,418,413 |
| Interest on long-term debt | 7,577,805 | 5,698,168 |
| Depreciation – unallocated | 115,041 | 124,161 |
| Total Expenses | <u>91,719,955</u> | <u>82,571,532</u> |
| Increase (Decrease) in net assets | (3,043,767) | 3,798,559 |
| Net Assets - Beginning of Year | <u>(22,886,890)</u> | <u>(26,685,449)</u> |
| Net Assets - End of Year | <u>\$(25,930,657)</u> | <u>\$(22,886,890)</u> |

Financial Analysis of the District as a Whole

The District's financial position is the product of many factors. Growth during the year in taxes and students contributed to a revenue increase. Fiscal 2009 was the fourth year for the assessment of the Parks and Recreation Millage and the increase in the county wide special education enhancement millage which together generated \$1.5 million.

The District's total revenues were \$88.68 million. Property taxes and unrestricted state aid accounted for most of the District's revenues, contributing 81% of the total. The remainder came from state and federal aid for specific programs (including \$3,010,492 of American Recovery and Reinvestment Act stabilization funds), fees charged for services, interest earnings and other local sources.

The total cost of all programs was \$91.72 million. The District's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (64.7 percent). The District's operation and maintenance services accounted for 7.2 percent of total costs.

ROCKFORD PUBLIC SCHOOLS
Management's Discussion and Analysis
June 30, 2009

Total expenses exceeded revenues by \$3.04 million on the Statement of Activities decreasing total net assets to a negative \$25,930,657 at June 30, 2009. Unrestricted Net Assets decreased from \$2,055,473 at June 30, 2008 to \$971,585 at June 30, 2009.

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

- The District has, for the eighth year, conducted a thorough budget analysis and has broken the budget down into specific components and their related expenses. This has allowed the District to prioritize expenses, and also to identify where cuts could occur if necessary.
- Regular updates were provided to the Board of Education during the school year. This information is also presented to the community via the District's website, staff meetings and presentations.
- The Rockford community approved a \$45 million bond issue in May, 2008. These monies are being used for expansion and upgrades at six of the eight District elementary buildings as well as the secondary buildings, upgrades to technology District-wide and also for the creation and expansion of recreational and athletic fields.
- A Spanish Immersion Program for grades K-5 has been implemented at the elementary level. The District was awarded a federal grant to support the language program. The Foreign Language Assistance Program (FLAP) Grant will provide monies to the District's language programs, including Chinese over a three year time frame.

Fund Financial Statements

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

The District utilizes two 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 the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information following the governmental funds' statements explain the relationship (or differences) between them.
- *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others, such as Scholarship and Student Activities Funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

ROCKFORD PUBLIC SCHOOLS
Management's Discussion and Analysis
June 30, 2009

Financial Analysis of the District's Funds

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

Major Funds

- The General Fund is our primary operating fund. The General Fund had total revenues of \$71,861,733, total expenditures of \$72,270,602 and other financing uses of \$795,643. The General Fund ended the fiscal year with an undesignated fund balance of \$1,580,019, down from \$2,784,531 at June 30, 2008, due primarily to increases in health insurance expenses and operating costs, which includes the increase in transportation fuel costs.
- At the end of the 2007-08 fiscal year, the District issued \$45,250,000 in general obligation building and site bonds which are accounted for in the 2008 Construction Capital Projects Fund. Current year investments earnings totaled \$692,307 and construction/equipment expenditures totaled \$12,447,398, leaving a fund balance of \$33,662,147 at June 30, 2009, with which to complete various improvement projects.

Nonmajor Funds

- The Food Service Fund, which administers the hot lunch program of the District, had total revenues of \$2,167,235 and total expenditures of \$2,157,661 in 2008-09, increasing its fund balance to \$117,543 at June 30, 2009 from \$107,969 at June 30, 2008.
- The Athletics Fund, which administers the athletic program of the District, had total revenues of \$406,014, expenditures of \$1,201,657 and transfers from the General Fund of \$795,643 during the 2008-09 fiscal year. The fund balance at year end remained at zero.
- The District operates nine Debt Service Funds to finance the repayment of general obligation bonds. Total revenues were \$13,600,085, and total expenditures were \$14,029,918. The ending fund balances totaled \$1,901,893.
- The Scholarship Fund is operated as a Private Purpose Trust Fund of the District. The assets of this fund are being held for the benefit of District students. Balances on hand at June 30, 2009 totaled \$454,533.
- The Student Activities Fund is operated as an Agency Fund of the District. The assets of this fund are being held for the benefit of District students. Balances on hand at June 30, 2009 totaled \$549,830.

General Fund Budgetary Highlights

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

- Amendments made in January account for the final student enrollment which determined how much foundation grant state school aid monies would be received during the fiscal year. Amendments also account for the changes in program costs that were made during the year.

ROCKFORD PUBLIC SCHOOLS
Management's Discussion and Analysis
June 30, 2009

- Final amendments are made in June for increases in appropriations to prevent budget overruns and reductions in expenses put into place by the administration.
- The final budget for the General Fund anticipated the undesignated fund balance to be 3.07% of General Fund expenditures and transfers - the actual results equaled 2.16%.
- The actual decrease in fund balance was due primarily to increased health insurance costs, increases in fuel costs for transportation and other operational costs.

Capital Asset and Debt Administration

Capital Assets

By the end of 2009, the District had a \$115,050,176 investment in a broad range of capital assets, including land, school buildings, athletic facilities, vehicles, computer equipment and software, and administrative offices. (More detailed information about capital assets can be found in the Notes to Basic Financial Statements.)

At June 30, 2009, the District's investment in capital assets (net of accumulated depreciation), was \$66,843,722. Capital asset additions totaled \$6,437,039 for the fiscal year with accumulated depreciation increasing \$3,219,414, leaving a net increase in the book value of capital assets of \$3,217,625.

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

| | |
|---------------------------|-----------------------------|
| Land | \$ 1,962,840 |
| Construction in progress | 4,611,121 |
| Land improvements | 1,024,913 |
| Buildings and additions | 52,378,976 |
| Vehicles | 2,052,724 |
| Furniture and equipment | <u>4,813,148</u> |
| Net Capital Assets | <u><u>\$ 66,843,722</u></u> |

The District's "investment in capital assets, net of related debt" is a negative \$27,838,339 at June 30, 2009, resulting from the fact that significant amounts of new technology-related equipment which fall under the \$5,000 capitalization threshold of the District were purchased with the proceeds of recent bond issues.

Long-term Debt

At year end, the District had \$128.4 million in general obligation bonds and other long-term debt outstanding – a net decrease of \$7.03 million from June 30, 2008.

The District bond rating for general obligation debt remains at "A3". The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within a District's boundaries.

ROCKFORD PUBLIC SCHOOLS
Management's Discussion and Analysis
June 30, 2009

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

Factors Bearing on the District's Future

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

- As of late September, 2009, the State of Michigan had not adopted a budget for the School Aid Fund for the 2009-10 school year. A possible reduction to the foundation allowance of \$292 for the District is being considered, which will result in a loss of approximately \$2.3 million in revenue.
- Cost increases exceeding the general rate of inflation continue to be expected for the District relative to health care and pension contribution obligations in 2009-10 and beyond. These costs represent a significant portion of the District's budget and their rate of increase is a concern to management. Surges in prices of energy commodities such as diesel, gasoline and natural gas have abated and prices have even declined. If this trend is sustained, it may provide some relief from the rate of growth in overall operating costs going forward.
- The State of Michigan continues in an economic slump that has been in place for the past seven (7) years. At this time, that slump appears to be on the verge of worsening. The Big Three automakers are major employers and taxpayers in Michigan, and two are in bankruptcy. State school aid funding and property and sales tax collections that help to subsidize the State school aid fund for K-12 schools are sensitive to trends in economic growth in Michigan. Weak economic performance in Michigan generally means little or no growth in the State foundation grant (State school aid) to K-12 schools. A reduction to the District's foundation allowance is currently proposed totaling a \$2.3 million reduction to revenue. The persistent weakness of the State economy along with an across the board weakening of real estate values in Michigan is a growing concern. The outlook for future increases in per pupil funding and the State's ability to fund them are more questionable now than at any time in recent memory. Growth in property tax valuations or assessments is expected to be noticeably less than historical rates of increase or may even be flat in some cases next year. Delinquency rates on property taxes are also increasing. These factors may lead to less or even reduced property tax collections by the State and local school districts.

Contacting the District's Financial Management

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

BASIC FINANCIAL STATEMENTS

ROCKFORD PUBLIC SCHOOLS
Statement of Net Assets
June 30, 2009

| | Governmental Activities |
|---|----------------------------|
| Assets | |
| Current Assets | |
| Cash | \$ 1,150 |
| Cash equivalents, deposits and investments (Note B) | 40,539,943 |
| Taxes receivable (Note C) | 38,161 |
| Accounts receivable | 42,828 |
| Accrued interest receivable | 23,798 |
| Due from other governmental units (Note C) | 11,164,667 |
| Inventory | 134,025 |
| Prepaid expenses | 282,542 |
| Total Current Assets | 52,227,114 |
| Noncurrent Assets | |
| Capital assets (Note E) | 115,050,176 |
| Less accumulated depreciation | (48,206,454) |
| Total Noncurrent Assets | 66,843,722 |
| Total Assets | 119,070,836 |
| Liabilities | |
| Current Liabilities | |
| Accounts payable | 4,364,140 |
| State aid loan payable (Note F) | 5,200,000 |
| Due to other governmental units | 1,942,964 |
| Payroll withholdings payable | 14,698 |
| Accrued interest payable | 1,087,586 |
| Salaries payable | 3,275,269 |
| Unearned revenue | 41,880 |
| Current portion of long term obligations | 9,526,020 |
| Total Current Liabilities | 25,452,557 |
| Noncurrent Liabilities (Note G) | |
| General obligation bonds payable | 125,835,000 |
| Durant non-plaintiff bonds payable | 481,341 |
| Energy conservation improvement bonds payable | 1,015,000 |
| Installment purchase agreements payable | 292,537 |
| Early retirement incentive | 405,000 |
| Accumulated sick leave | 343,648 |
| Unamortized bond premium | 702,430 |
| Current portion of long term obligations | (9,526,020) |
| Total Noncurrent Liabilities | 119,548,936 |
| Total Liabilities | 145,001,493 |
| Net Assets | |
| Invested in capital assets, net of related debt | (27,838,339) |
| Restricted for: | |
| Debt service | 936,097 |
| Unrestricted | 971,585 |
| Total Net Assets | \$(25,930,657) |

See accompanying notes to basic financial statements.

ROCKFORD PUBLIC SCHOOLS
Statement of Activities
For the year ended June 30, 2009

| Functions/Programs | Expenses | Program Revenues | | Net (Expense) Revenue and Changes In Net Assets |
|--------------------------------------|----------------------|-------------------------|----------------------|--|
| | | Charges for Services | Operating Grants | |
| Governmental Activities | | | | |
| Instruction | \$ 44,927,159 | \$ 94,288 | \$ 9,587,161 | \$(35,245,710) |
| Supporting services | 32,772,727 | 140,012 | 1,286,097 | (31,346,618) |
| Community services | 2,533,564 | 1,694,476 | - | (839,088) |
| Food service | 2,250,569 | 1,553,502 | 611,575 | (85,492) |
| Athletics | 1,543,090 | 405,863 | - | (1,137,227) |
| Interest on long-term debt | 7,577,805 | - | 63,204 | (7,514,601) |
| Depreciation - unallocated | 115,041 | - | - | (115,041) |
| Total Governmental Activities | \$ 91,719,955 | \$ 3,888,141 | \$ 11,548,037 | (76,283,777) |
| Taxes: | | | | |
| | | | | 6,594,325 |
| | | | | 13,399,042 |
| | | | | 51,766,367 |
| | | | | 859,956 |
| | | | | 6,300 |
| | | | | 614,020 |
| | | | | <u>73,240,010</u> |
| | | | | (3,043,767) |
| | | | | <u>(22,886,890)</u> |
| | | | | <u><u>\$(25,930,657)</u></u> |

See accompanying notes to basic financial statements.

ROCKFORD PUBLIC SCHOOLS
Balance Sheet
Governmental Funds
June 30, 2009

| | General | 2008 Construction | Nonmajor | Total |
|--|----------------------------|----------------------------|---------------------------|----------------------------|
| Assets | | | | |
| Cash | \$ 1,150 | \$ - | \$ - | \$ 1,150 |
| Cash equivalents, deposits and investments (Note B) | 3,684,299 | 34,719,487 | 2,136,157 | 40,539,943 |
| Receivables: | | | | |
| Taxes (Note C) | 22,671 | - | 15,490 | 38,161 |
| Accounts | 34,657 | - | 622 | 35,279 |
| Interest | - | 23,798 | - | 23,798 |
| Due from other funds (Note D) | 356,703 | - | 92,677 | 449,380 |
| Due from other governmental units (Note C) | 11,164,667 | - | - | 11,164,667 |
| Inventory | 38,341 | - | 95,684 | 134,025 |
| Prepaid expenditures | 282,542 | - | - | 282,542 |
| Total Assets | <u>\$15,585,030</u> | <u>\$34,743,285</u> | <u>\$2,340,630</u> | <u>\$52,668,945</u> |
| Liabilities and Fund Balances | | | | |
| Liabilities | | | | |
| Accounts payable | \$ 3,326,428 | \$ 1,028,067 | \$ 9,645 | \$ 4,364,140 |
| State aid anticipation loan payable (Note F) | 5,200,000 | - | - | 5,200,000 |
| Due to other funds (Note D) | 95,128 | 53,071 | 293,632 | 441,831 |
| Due to other units of government | 1,942,491 | - | 473 | 1,942,964 |
| Payroll withholdings payable | 14,698 | - | - | 14,698 |
| Accrued interest payable | 88,400 | - | - | 88,400 |
| Salaries payable | 3,273,315 | - | 1,954 | 3,275,269 |
| Deferred revenue | 64,551 | - | 15,490 | 80,041 |
| Total Liabilities | <u>14,005,011</u> | <u>1,081,138</u> | <u>321,194</u> | <u>15,407,343</u> |
| Fund Balances | | | | |
| Reserved for: | | | | |
| Debt service | - | - | 1,901,893 | 1,901,893 |
| Capital outlay | - | 33,662,147 | - | 33,662,147 |
| Unreserved: | | | | |
| Undesignated, reported in: | | | | |
| General fund | 1,580,019 | - | - | 1,580,019 |
| Special revenue funds | - | - | 117,543 | 117,543 |
| Total Fund Balances | <u>1,580,019</u> | <u>33,662,147</u> | <u>2,019,436</u> | <u>37,261,602</u> |
| Total Liabilities and Fund Balances | <u>\$15,585,030</u> | <u>\$34,743,285</u> | <u>\$2,340,630</u> | <u>\$52,668,945</u> |

See accompanying notes to basic financial statements.

ROCKFORD PUBLIC SCHOOLS
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
June 30, 2009

| | |
|--|--------------------------------------|
| Total governmental fund balances | \$ 37,261,602 |
| Amounts reported for governmental activities in the Statement of Net Assets are different because: | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is \$115,050,176 and accumulated depreciation is \$48,206,454. | 66,843,722 |
| Net bond premium and refunding and issuance costs are not expensed but are amortized over the life of the new bond issue. | (702,430) |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of: | |
| General obligation bonds | \$(125,835,000) |
| Durant non-plaintiff bonds | (481,341) |
| Energy conservation bonds | (1,015,000) |
| Installment purchase agreements | (292,537) |
| Early retirement incentive | (405,000) |
| Accumulated sick leave | (343,648) |
| | (128,372,526) |
| Accrued interest on long-term debt is not included as a liability in governmental funds. | (999,186) |
| Deferred revenue recognized as revenue in the full accrual statements: | |
| Property taxes | 38,161 |
| | 38,161 |
| Total net assets - governmental activities | <u><u>\$ (25,930,657)</u></u> |

See accompanying notes to basic financial statements.

ROCKFORD PUBLIC SCHOOLS
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2009

| | General | 2008 Construction | Nonmajor | Total |
|--|---------------------|----------------------|--------------------|---------------------|
| Revenues | | | | |
| Local sources | \$ 9,222,108 | \$ 692,307 | \$15,498,555 | \$25,412,970 |
| State sources | 53,472,696 | - | 170,912 | 53,643,608 |
| Federal sources | 4,930,264 | - | 503,867 | 5,434,131 |
| Interdistrict sources | 4,236,665 | - | - | 4,236,665 |
| Total Revenues | 71,861,733 | 692,307 | 16,173,334 | 88,727,374 |
| Expenditures | | | | |
| Current: | | | | |
| Instruction | 43,114,172 | - | - | 43,114,172 |
| Supporting services | 26,087,981 | - | - | 26,087,981 |
| Community services | 2,525,522 | - | - | 2,525,522 |
| Food service | - | - | 2,157,661 | 2,157,661 |
| Athletics | - | - | 1,201,657 | 1,201,657 |
| Capital outlay | - | 12,447,398 | - | 12,447,398 |
| Debt service: | | | | |
| Principal repayment | 468,112 | - | 6,390,274 | 6,858,386 |
| Interest and fiscal charges | 74,815 | - | 7,639,644 | 7,714,459 |
| Total Expenditures | 72,270,602 | 12,447,398 | 17,389,236 | 102,107,236 |
| Excess (Deficiency) of Revenues Over Expenditures | (408,869) | (11,755,091) | (1,215,902) | (13,379,862) |
| Other Financing Sources (Uses) | | | | |
| Transfers in | - | - | 795,643 | 795,643 |
| Transfers out | (795,643) | - | - | (795,643) |
| Total Other Financing Sources (Uses) | (795,643) | - | 795,643 | - |
| Net Change in Fund Balances | (1,204,512) | (11,755,091) | (420,259) | (13,379,862) |
| Fund Balances, Beginning of Year | 2,784,531 | 45,417,238 | 2,439,695 | 50,641,464 |
| Fund Balances, End of Year | \$ 1,580,019 | \$33,662,147 | \$2,019,436 | \$37,261,602 |

See accompanying notes to basic financial statements.

ROCKFORD PUBLIC SCHOOLS
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the year ended June 30, 2009

Net change in fund balances - total governmental funds \$(13,379,862)

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

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

| | | | |
|--|----------------------|--------------------|-----------|
| | Capital outlays | \$ 6,437,039 | |
| | Depreciation expense | <u>(3,219,414)</u> | 3,217,625 |

As some delinquent personal property taxes will not be collected for several years after the District's fiscal year ends, they are not considered "available" revenues in the governmental funds, and are instead considered deferred tax revenues. They are, however, recorded as revenues in the Statement of Activities. (84,700)

Net bond premium and refunding and issuance costs are not expensed but are amortized over the life of the new bond issue. 33,514

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

| | | | |
|--|----------------|--|-----------|
| Repayment of general obligation bonds | \$ 6,390,274 | | |
| Repayment of energy conservation improvement bonds | 65,000 | | |
| Repayment of installment purchase agreements | <u>403,112</u> | | 6,858,386 |

Interest on long-term liabilities in the Statement of Activities differs from the amount reported on the governmental funds because interest is recorded as an expenditure in the funds when it is due and paid, and thus requires the use of current financial resources. In the Statement of Activities however, interest expense is recognized as the interest accrues, regardless of when it is paid. 136,654

In the Statement of Net Assets, early retirement incentive and accumulated sick leave are measured by the amounts earned during the year. In the governmental funds, however, expenditures are measured by the amount of financial resources used (essentially, the amounts actually paid). This year the amount of these benefits used/paid (\$392,173) exceeded the amounts earned (\$217,557). 174,616

Total changes in net assets - governmental activities \$ (3,043,767)

See accompanying notes to basic financial statements.

ROCKFORD PUBLIC SCHOOLS
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended June 30, 2009

| | Budgeted Amounts | | Actual | Variance With Final Budget |
|--|---------------------|---------------------|---------------------|-------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Local sources | \$10,179,795 | \$9,438,508 | \$ 9,222,108 | \$ (216,400) |
| State sources | 55,621,265 | 54,215,831 | 53,472,696 | (743,135) |
| Federal sources | 1,952,789 | 4,068,589 | 4,930,264 | 861,675 |
| Interdistrict sources | 4,221,190 | 4,286,210 | 4,236,665 | (49,545) |
| Total Revenues | <u>71,975,039</u> | <u>72,009,138</u> | <u>71,861,733</u> | <u>(147,405)</u> |
| Expenditures | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Basic programs | 35,469,943 | 35,886,221 | 35,854,877 | 31,344 |
| Added needs | 7,394,138 | 7,428,400 | 7,197,757 | 230,643 |
| Adult education | 42,539 | 39,092 | 61,538 | (22,446) |
| Supporting services: | | | | |
| Pupil services | 3,970,252 | 4,238,998 | 4,325,644 | (86,646) |
| Instructional staff services | 2,908,362 | 2,818,069 | 2,869,854 | (51,785) |
| General administrative services | 679,998 | 654,712 | 589,091 | 65,621 |
| School administrative services | 4,199,462 | 4,202,127 | 4,334,946 | (132,819) |
| Business services | 1,216,723 | 1,142,132 | 1,300,455 | (158,323) |
| Operation and maintenance services | 6,566,880 | 6,519,667 | 6,687,330 | (167,663) |
| Pupil transportation services | 4,397,152 | 4,362,071 | 4,496,862 | (134,791) |
| Central services | 1,459,826 | 1,513,119 | 1,483,799 | 29,320 |
| Community services | 2,486,553 | 2,448,944 | 2,525,522 | (76,578) |
| Debt service: | | | | |
| Principal repayment | 313,656 | 468,148 | 468,112 | 36 |
| Interest and fiscal charges | 69,119 | 74,458 | 74,815 | (357) |
| Total Expenditures | <u>71,174,603</u> | <u>71,796,158</u> | <u>72,270,602</u> | <u>(474,444)</u> |
| Excess (Deficiency) Of Revenues Over Expenditures | <u>800,436</u> | <u>212,980</u> | <u>(408,869)</u> | <u>(621,849)</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers out | (769,556) | (772,526) | (795,643) | (23,117) |
| Net Change in Fund Balances | 30,880 | (559,546) | (1,204,512) | (644,966) |
| Fund Balances, Beginning of Year | <u>2,784,531</u> | <u>2,784,531</u> | <u>2,784,531</u> | <u>-</u> |
| Fund Balances, End of Year | <u>\$ 2,815,411</u> | <u>\$ 2,224,985</u> | <u>\$ 1,580,019</u> | <u>\$ (644,966)</u> |

See accompanying notes to basic financial statements.

ROCKFORD PUBLIC SCHOOLS
Fiduciary Funds
Statement of Fiduciary Net Assets
June 30, 2009

| | Private Purpose Trust Fund | Agency Fund |
|---|----------------------------------|----------------|
| Assets | | |
| Cash equivalents, deposits and investments (Note B) | \$ 454,533 | \$ 547,379 |
| Due from other funds (Note D) | - | 2,451 |
| | 454,533 | \$ 549,830 |
| Total Assets | | |
| Liabilities | | |
| Due to other funds (Note D) | - | \$ 10,000 |
| Due to student groups | - | 539,830 |
| | - | \$ 549,830 |
| Total Liabilities | | |
| Net Assets | | |
| Held in trust for: | | |
| Individuals and organizations | \$ 454,533 | |

See accompanying notes to basic financial statements.

ROCKFORD PUBLIC SCHOOLS
Fiduciary Funds
Statement of Changes in Fiduciary Net Assets
For the year ended June 30, 2009

| | Private Purpose Trust Fund |
|--------------------------------------|----------------------------------|
| Additions | |
| Interest earnings | \$ 19,261 |
| Donations | 74,386 |
| Total Additions | <u>93,647</u> |
| Deductions | |
| Endowment activities - scholarships | <u>72,500</u> |
| Change In Net Assets | 21,147 |
| Net Assets, Beginning of Year | <u>433,386</u> |
| Net Assets, End of Year | <u><u>\$ 454,533</u></u> |

See accompanying notes to basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

ROCKFORD PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2009

Note A – Summary of Significant Accounting Policies

Rockford Public Schools was organized under the School Code of the State of Michigan, and services a population of approximately 8,119 students. The District is governed by an elected Board of Education consisting of seven members and administered by a Superintendent who is appointed by the aforementioned Board. The District provides a comprehensive range of educational services as specified by state statute and Board of Education policy. These services include elementary education, secondary education, pre-school programs, athletic activities, special education, community services and general administrative services. The Board of Education also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

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

The District’s significant accounting policies are described below.

1. Reporting Entity

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

2. District-wide and Fund Financial Statements

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

The Statement of Net Assets is presented on the classified basis and is reported on the full accrual, economic resource basis, which recognizes all long-term assets as well as all long-term debt and obligations. The District’s net assets are reported in three parts: invested in capital assets, net of related debt; restricted net assets, and unrestricted net assets.

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

ROCKFORD PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2009

Separate financial statements are provided for governmental and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The General Fund and the 2008 Construction Capital Projects Fund are the District's major funds. Non-major funds are aggregated and presented in a single column.

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

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

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

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

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

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

Governmental Funds

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

ROCKFORD PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2009

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

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

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

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

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

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

Fiduciary Funds

Fiduciary Funds are used to account for assets held by a school district in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. Fiduciary Fund net assets and results of operations are not included in the district-wide financial statements. Fiduciary funds are reported using the economic resources measurement focus. The District presently maintains a scholarship fund for the benefit of students.

Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District presently maintains a Student Activities Fund to record the transactions of student groups for school and school related purposes. The funds are segregated and held in trust for the students.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the district-wide and fiduciary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

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

ROCKFORD PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2009

4. Budgets and Budgetary Accounting

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

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

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

5. Encumbrances

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

6. Investments

Investments are recorded at fair value, based on quoted market prices, or estimated fair value. Investment income is composed of interest and net changes in the fair value of applicable investments.

ROCKFORD PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2009

7. Inventory

Inventories are valued at cost (first-in, first-out). Inventories of the General Fund consist of teaching and custodial supplies. Inventories of the Food Service Fund consist of food, unused commodities and other nonperishable supplies. Disbursements for inventory-type items are recorded as expenditures at the time of use for each fund.

8. Capital Assets

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

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

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

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

9. Long-term Obligations

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

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

10. Early Retirement Incentive/Accumulated Sick Leave

Early retirement incentive and accumulated sick leave at June 30, 2009 have been computed and recorded in the basic financial statements of the District. Eligible District employees who select early retirement are entitled to a termination leave payment based on their age and years of service. Employees who leave the District are also entitled to reimbursement for a portion of their unused sick days. At June 30, 2009, the accumulated liabilities, including salary related payments, (expected to be financed by General Fund revenues) for early retirement incentive and accumulated sick leave amounted to \$405,000 and \$343,648, respectively.

ROCKFORD PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2009

11. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for expenditures or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

12. Interfund Activity

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

13. Estimates

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

Note B – Cash Equivalents, Deposits and Investments

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

- Bonds, bills, or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States; or obligations of the State.
- Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution is a state or nationally chartered bank or a state or federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and that maintains a principal office or branch office located in this State under the laws of this State or the United States.
- Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of the purchase.
- Securities issued or guaranteed by agencies or instrumentalities of the United States government.
- United States government or Federal agency obligation repurchase agreements.
- Banker's acceptances issued by a bank that is a member of the Federal Deposit Insurance Corporation.
- Mutual funds composed entirely of investment vehicles which are legal for direct investment by a school district in Michigan.
- Investment pools, as authorized by the surplus funds investment pool act, Act No. 367 of the Public Acts of 1982, being sections 129.11 to 129.118 of the Michigan Compiled Laws, composed entirely of instruments that are legal for direct investment by a school district in Michigan.

ROCKFORD PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2009

Balances at June 30, 2009 related to cash equivalents, deposits and investments are detailed in the Basic Financial Statements as follows:

| | |
|--------------------------|----------------------|
| Statement of Net Assets: | |
| Governmental activities | \$ 40,539,943 |
| Fiduciary Funds: | |
| Trust and Agency Funds | <u>1,001,912</u> |
| | <u>\$ 41,541,855</u> |

Cash Equivalents and Deposits

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

1. Independent Bank
2. Fifth Third Bank
3. Community Shores Bank
4. Mercantile Bank

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

June 30, 2009 balances are detailed as follows:

| | |
|------------------|-------------------|
| Cash equivalents | \$ 241,410 |
| Deposits | <u>192,000</u> |
| | <u>\$ 433,410</u> |

Custodial Credit Risk Related to Cash Equivalents and Deposits

Custodial credit risk is the risk that in the event of bank failure, the District's deposits may not be returned to the District. Protection of District cash equivalents and deposits is provided by the Federal Deposit Insurance Corporation. At year end, the carrying amount of the District's cash equivalents and deposits was \$433,410, and the bank balance was \$456,523. Of the bank balance, \$456,523 was covered by federal depository insurance.

Investments

As of June 30, 2009 the District had the following investments:

| | Standard & Poor's Rating | Fair Value |
|--|---|----------------------|
| Surplus Funds Investment Pool Accounts: | | |
| Michigan Liquid Asset Fund Plus | AAAm | \$ 32,480,652 |
| U.S. Government Agency Securities: | | |
| Federal National Mortgage Association (FNMA) | AAA | 3,714,871 |
| Federal Home Loan Bank (FHLB) | AAA | <u>4,912,922</u> |
| | | <u>\$ 41,108,445</u> |

The Michigan Liquid Asset Fund Plus (MILAF) is an external pooled investment fund that includes qualified investments in accordance with the applicable sections of the School Code. MILAF is not regulated or registered

ROCKFORD PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2009

with the Securities Exchange Commission and reported the same value of the pool shares as the fair value of the District's investments at June 30, 2009.

Custodial Credit Risk Related to Investments

Custodial credit risk is the risk that, in the event of a failure of the counterparty, the District may not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District will minimize custodial credit risk by limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the District will do business. At June 30, 2009, the District had no investments that were subject to custodial credit risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The District's investment policy does not specifically address credit risk, but minimizes its credit risk by limiting investments to the types allowed by the State. The weighted average maturity (WAM) (in years) for the FNMA securities was .0986; and for the FHCB securities .0274. The WAM for the portfolio was .0679.

Interest Rate Risk

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

Concentration of Credit Risk

The District minimizes concentration of credit risk which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. The District's investment policy places no restrictions on the amount or percentage that may be invested in any one type of security. More than 5% of the District's investments are in FNMA securities (9%); and Federal Home Loan Bank securities (12%).

Foreign Currency Risk

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

Note C – State School Aid/Property Taxes

On March 15, 1994, the voters of the State of Michigan approved Proposal A, which increased the State Sales and Use Tax rates from 4% to 6% and established a State Education Tax at a rate of 6 mills on all property, except that which is exempt by law from ad valorem property taxes, and dedicated the additional revenues generated to Michigan school districts. The amount of 2008 ad valorem State Education Taxes generated within the Rockford Public School District, and paid to the State of Michigan, totaled \$9,360,048.

These additional State revenues pass through to Michigan school districts in the form of a per pupil "Foundation Allowance" paid on a "blended count" of District pupil membership in February, 2008 and September, 2008. The 2008-09 "Foundation Allowance" for Rockford Public Schools was \$7,316 for 8,096 "Full Time Equivalent" students, generating \$52,309,878 in state aid payments to the District of which \$7,002,911 was paid to the District in July and August, 2009 and included in "Due From Other Governmental Units" of the General Fund of the District.

ROCKFORD PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2009

Property taxes for the District are levied July 1 and December 1 (the tax lien dates) under a split-levy system by the City of Rockford and the Townships of Algoma, Cannon, Courtland, Grattan, Oakfield and the Charter Township of Plainfield, and are due 75 days after levy dates. The taxes are then collected by each governmental unit and remitted to the District. The County of Kent, through its Delinquent Tax Revolving Fund, advances all delinquent real property taxes at March 1 to the District each year prior to June 30. Delinquent personal property taxes receivable are detailed as follows:

| Tax Year | General | Debt Service | Total |
|----------|-----------|--------------|-----------|
| 2008 | \$ 5,453 | \$ 8,847 | \$ 14,300 |
| 2007 | 8,434 | 3,981 | 12,415 |
| 2006 | 8,784 | 2,662 | 11,446 |
| | \$ 22,671 | \$ 15,490 | \$ 38,161 |

Taxes uncollected after three years from the date of levy, unless material in amount, are written off the books of the District.

Section 1211(1) of 1993 PA 312 states that beginning in 1994, the board of a school district shall levy not more than 18 mills, if approved by voters, for school operating purposes, or the number of mills levied in 1993, whichever is less, on non-homestead property only, in order to be eligible to receive funds under the State School Aid Act of 1979. After 1996, electors may approve a 3 mill "Local Enhancement Millage" which must be shared between all local districts in each respective county intermediate district.

As Rockford Public Schools' electors had previously (September 24, 1991) approved an operating millage extension, the 18 mill non-homestead property tax was levied in the District for 2008.

The District levied a .9881 recreation millage and 8.50 mills for debt service purposes in 2008, applied on all taxable property in the District.

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

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

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

ROCKFORD PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2009

Note D – Interfund Receivables/Payables and Transfers

Amounts due from (to) other funds representing interfund receivables and payables for year end expenditure allocations not reimbursed at June 30, 2009 are detailed as follows:

| | <u>Due From</u> | <u>Due To</u> |
|--------------------------|-------------------|-------------------|
| Major Funds | | |
| General Fund: | | |
| Special Revenue Funds: | | |
| Food Service Fund | \$ 210,860 | \$ 17,088 |
| Athletics Fund | 82,772 | 75,589 |
| Capital Projects Fund: | | |
| 2008 Construction Fund | 53,071 | — |
| Trust and Agency Fund: | | |
| Student Activities Fund | 10,000 | 2,451 |
| Capital Projects Fund: | | |
| 2008 Construction Fund: | | |
| General Fund | — | 53,071 |
| Total Major Funds | <u>356,703</u> | <u>148,199</u> |
| Nonmajor Funds | | |
| Special Revenue Funds: | | |
| Food Service Fund: | | |
| General Fund | 17,088 | 210,860 |
| Athletics Fund: | | |
| General Fund | 75,589 | 82,772 |
| Trust and Agency Fund: | | |
| Student Activities Fund: | | |
| General Fund | 2,451 | 10,000 |
| Total Nonmajor Funds | <u>95,128</u> | <u>303,632</u> |
| Total All Funds | <u>\$ 451,831</u> | <u>\$ 451,831</u> |

Transfers between funds during the year ended June 30, 2009 were as follows:

| | <u>Transfers In</u> | <u>Transfers Out</u> |
|------------------------|---------------------|----------------------|
| Major Fund | | |
| General Fund: | | |
| Athletics Fund | \$ — | \$ 795,643 |
| Nonmajor Fund | | |
| Athletics Fund: | | |
| General Fund | 795,643 | — |
| Total All Funds | <u>\$ 795,643</u> | <u>\$ 795,643</u> |

The General Fund transfer to the Athletics Fund was made to pay the General Fund's share of support for the athletic program for the fiscal year.

ROCKFORD PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2009

Note E – Capital Assets

Capital asset activity for the year ended June 30, 2009 was as follows:

| | <u>Balances</u> <u>July 1, 2008</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balances</u> <u>June 30, 2009</u> |
|------------------------------------|--|--------------------|-------------------|---|
| Capital assets not depreciated: | | | | |
| Land | \$ 1,962,840 | \$ — | \$ — | \$ 1,962,840 |
| Construction in progress | — | 4,611,121 | — | 4,611,121 |
| Capital assets being depreciated: | | | | |
| Land improvements | 4,443,706 | — | — | 4,443,706 |
| Buildings and additions | 85,789,123 | — | 56,068 | 85,733,055 |
| Furniture and equipment | 12,307,831 | 1,149,091 | — | 13,456,922 |
| Vehicles | 4,257,398 | 676,827 | 91,693 | 4,842,532 |
| | <u>108,760,898</u> | <u>\$6,437,039</u> | <u>\$ 147,761</u> | <u>115,050,176</u> |
| Totals at historical cost | | | | |
| Less accumulated depreciation for: | | | | |
| Land improvements | \$ 3,239,940 | \$ 178,853 | \$ — | \$ 3,418,793 |
| Buildings and additions | 31,330,294 | 2,079,853 | 56,068 | 33,354,079 |
| Furniture and equipment | 7,998,145 | 645,629 | — | 8,643,774 |
| Vehicles | 2,566,422 | 315,079 | 91,693 | 2,789,808 |
| | <u>45,134,801</u> | <u>\$3,219,414</u> | <u>\$ 147,761</u> | <u>48,206,454</u> |
| Total accumulated depreciation | | | | |
| Net Capital Assets | <u><u>\$ 63,626,097</u></u> | | | <u><u>\$ 66,843,722</u></u> |

Depreciation expense was charged to District activities as follows:

| | |
|--------------------------|---------------------|
| Governmental activities: | |
| Instruction | \$ 2,008,329 |
| Supporting services | 655,821 |
| Community services | 4,042 |
| Food service | 94,748 |
| Athletics | 341,433 |
| Unallocated | 115,041 |
| | <u>\$ 3,219,414</u> |

Note F – Short-term Debt

On August 20, 2008, the District repaid the \$4,150,000 August 20, 2007 State aid anticipation loan. On August 20, 2008 the District borrowed \$5,200,000, for cash flow purposes, in anticipation of State aid (interest at 1.70%) due in full on August 20, 2009. Total interest expense on the loans was \$118,961 for the fiscal year, and was included as an expenditure in General Fund Other Business Services as required by the Michigan Department of Education.

ROCKFORD PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2009

Note G – Long-term Debt

Amounts available and to be provided for outstanding long-term debt at June 30, 2009 are summarized as follows:

| | Bond Issues | Installment Purchase Agreements | Early Retirement Incentive/ Accumulated Sick Leave | Total |
|--|------------------------|--|---|----------------------|
| Amount Available For Retirement of Long-term Debt | | | | |
| Debt Service Funds | \$ 1,901,893 | \$ — | \$ — | \$ 1,901,893 |
| Amounts To Be Provided For Retirement of Long-term Debt | | | | |
| State of Michigan | 481,341 | — | — | 481,341 |
| General Fund | 1,015,000 | 292,537 | 748,648 | 2,056,185 |
| Debt Service Funds | 123,933,107 | — | — | 123,933,107 |
| Total Amounts Available and To Be Provided | | | | |
| | <u>\$127,331,341</u> | <u>\$ 292,537</u> | <u>\$ 748,648</u> | <u>\$128,372,526</u> |

Changes in long-term debt for the year ended June 30, 2009 are summarized as follows:

| | Debt Outstanding July 1, 2008 | Debt Added | Debt Retired | Debt Outstanding June 30, 2009 |
|--|--|-----------------------|-------------------------|---|
| General obligation bonds: | | | | |
| February 22, 1990 | \$ 490,185 | \$ — | \$ 490,185 | \$ — |
| August 1, 1997 | 2,150,000 | — | 2,150,000 | — |
| February 15, 2002 | 12,265,000 | — | 10,000 | 12,255,000 |
| March 13, 2002 | 28,105,000 | — | 330,000 | 27,775,000 |
| March 3, 2005 | 34,825,000 | — | 25,000 | 34,800,000 |
| March 7, 2006 – Series A | 1,905,000 | — | 160,000 | 1,745,000 |
| March 7, 2006 – Series B | 7,185,000 | — | 3,175,000 | 4,010,000 |
| May 29, 2008 | 45,250,000 | — | — | 45,250,000 |
| Durant non-plaintiff bonds: | | | | |
| November 13, 1998 | 531,430 | — | 50,089 | 481,341 |
| Energy conservation improvement bonds: | | | | |
| May 22, 2006 | 1,080,000 | — | 65,000 | 1,015,000 |
| Installment purchase agreements | 695,649 | — | 403,112 | 292,537 |
| Early retirement incentive – voluntary | 380,000 | — | 250,000 | 130,000 |
| Early retirement incentive – contractual | 245,000 | 95,000 | 65,000 | 275,000 |
| Accumulated sick leave | 298,264 | 122,557 | 77,173 | 343,648 |
| | <u>\$135,405,528</u> | <u>\$ 217,557</u> | <u>\$ 7,250,559</u> | <u>\$128,372,526</u> |

ROCKFORD PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2009

Long-term debt outstanding at June 30, 2009 is comprised of the following:

| | Final Maturity Dates | Interest Rates | Outstanding Balance | Amount Due Within One Year |
|---|-------------------------------------|---------------------------|--------------------------------|---|
| General Obligation Bonds | | | | |
| \$12,300M 2002 General Obligation Refunding: Annual maturities of \$2,260M to \$2,630M | May 1, 2014 | 4.50 – 5.00 | \$ 12,255,000 | \$ 2,260,000 |
| \$34,880M 2002 General Obligation Refunding: Annual maturities of \$2,545M to \$3,055M | May 1, 2019 | 4.10 – 5.00 | 27,775,000 | 2,545,000 |
| \$34,875M 2005 General Obligation Refunding: Annual maturities of \$25M to \$2,780M | May 1, 2027 | 3.00 – 5.00 | 34,800,000 | 25,000 |
| \$2,305M 2006 General Obligation Refunding Series A: Annual maturities of \$155M to \$190M | May 1, 2020 | 3.75 – 5.00 | 1,745,000 | 155,000 |
| \$13,435M 2006 General Obligation Refunding Series B: Annual maturities of \$4,010M | May 1, 2010 | 4.763 | 4,010,000 | 4,010,000 |
| \$45,805M 2008 2008 Construction: Annual maturities of \$1,000M to \$3,985M | May 1, 2033 | 3.00 – 5.00 | 45,250,000 | — |
| Durant Non-plaintiff Bonds | | | | |
| \$900,023 1998 Durant School Improvement: Annual maturities of \$52,472 to \$313,573 | May 15, 2013 | 4.761353 | 481,341 | 52,472 |
| Energy Conservation Improvement Bonds | | | | |
| \$1,200M 2006 Improvement: Annual maturities of \$65M to \$105M | May 1, 2021 | 4.25 – 4.45 | 1,015,000 | 65,000 |
| Installment Purchase Agreements | | | | |
| \$430,884 2007 School Buses: Annual maturities of \$144M to \$149M | July 11, 2010 | 3.79 | 292,537 | 143,548 |
| Other Obligations | | | | |
| Early retirement incentive – voluntary | | | 130,000 | 130,000 |
| Early retirement incentive – contractual | | | 275,000 | 65,000 |
| Accumulated sick leave | | | 343,648 | 75,000 |
| | | | \$ 128,372,526 | \$ 9,526,020 |

The annual requirements to pay principal and interest on long-term bonds, installment purchase agreements and capital leases outstanding are as follows:

| Year Ending June 30 | Principal | Interest | Total |
|--------------------------------|------------------|-----------------|---------------|
| 2010 | \$ 9,256,020 | \$ 5,945,142 | \$ 15,201,162 |
| 2011 | 7,233,960 | 5,517,597 | 12,751,557 |
| 2012 | 7,733,573 | 5,302,729 | 13,036,302 |
| 2013 | 8,065,325 | 4,862,590 | 12,927,915 |
| 2014 | 7,620,000 | 4,525,762 | 12,145,762 |

ROCKFORD PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2009

| Year Ending June 30 | Principal | Interest | Total |
|------------------------|-----------------------|----------------------|-----------------------|
| 2015 | \$ 6,780,000 | \$ 4,204,076 | \$ 10,984,076 |
| 2016 | 6,865,000 | 3,893,285 | 10,758,285 |
| 2017 | 6,925,000 | 3,573,273 | 10,498,273 |
| 2018 | 6,950,000 | 3,280,716 | 10,230,716 |
| 2019 | 6,980,000 | 2,976,610 | 9,956,610 |
| 2020 | 3,920,000 | 2,639,559 | 6,559,559 |
| 2021 | 3,760,000 | 2,455,422 | 6,215,422 |
| 2022 | 3,640,000 | 2,276,750 | 5,916,750 |
| 2023 | 3,630,000 | 2,094,750 | 5,724,750 |
| 2024 | 3,615,000 | 1,913,250 | 5,528,250 |
| 2025 | 3,600,000 | 1,732,500 | 5,332,500 |
| 2026 | 3,585,000 | 1,552,500 | 5,137,500 |
| 2027 | 3,565,000 | 1,373,250 | 4,938,250 |
| 2028 | 3,980,000 | 1,195,000 | 5,175,000 |
| 2029 | 3,980,000 | 996,000 | 4,976,000 |
| 2030 | 3,985,000 | 797,000 | 4,782,000 |
| 2031 | 3,985,000 | 597,750 | 4,582,750 |
| 2032 | 3,985,000 | 398,500 | 4,383,500 |
| 2033 | 3,985,000 | 199,250 | 4,184,250 |
| | <u>\$ 127,623,878</u> | <u>\$ 64,303,261</u> | <u>\$ 191,927,139</u> |

Note H – Retirement Plan

Substantially all District employees participate in the Michigan Public School Employees' Retirement System (MPERS), a statewide, cost sharing, multiple employer defined benefit public employee retirement system governed by the State of Michigan. The District's payroll for employees covered by MPERS for the year ended June 30, 2009 was \$41,805,440. A Basic Plan member may retire at age 55 with 30 or more years of credited service or at age 60 with 10 or more years of credited service. The annual retirement benefit, payable monthly for life, is equal to 1½ percent of a member's final average compensation multiplied by his/her number of years of credited service. Final average compensation is the employee's average salary over the last 5 years of credited service. Vested employees may retire at or after age 55 with 15 years of service and receive reduced retirement benefits.

Prior to January 1, 1990, participating employees could elect coverage under either the noncontributory Basic Plan or the contributory Member Investment Plan-Fixed (MIP-Fixed). Effective January 1, 1990, all new employees are automatically enrolled in the MIP-Graded Plan. Participants in the MIP-Fixed or MIP-Graded Plans receive benefits in addition to those available under the Basic Plan. The contribution rate for MIP-Fixed participants is 3.9% of salary. The contribution rate for MIP-Graded participants is a graduated rate based on total wages: calculated at 3% of the first \$5,000; 3.6% of the next \$10,000; and 4.3% of all wages over \$15,000. All MIP members may retire at any age with 30 years of service; at age 60 with 10 years of service; or at age 60 with 5 years of service (with stipulations). Benefits are based on a final average compensation period of 5 years for Basic Plan participants and 3 years for Member Investment Plan participants.

ROCKFORD PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2009

School districts in the State of Michigan are required to contribute at a rate, annually determined by the State of Michigan, of covered employees' compensation to the MPSERS plan. The contribution rate was 10.17% for the fiscal year ending September 30, 2008 and 9.99% for the fiscal year beginning October 1, 2008. The District's contributions to the plan for the fiscal years ended June 30, 2009, 2008 and 2007 were \$ 6,925,195, \$6,837,242, and \$6,725,909, respectively.

The "actuarial accrued liability" is a standardized disclosure method of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the MPSERS' funding status on a going concern basis, assess progress made in accumulating sufficient assets to pay benefits when due and make comparisons among public employee retirement systems and employers.

The MPSERS uses the aggregate actuarial cost method, and does not make separate measurements of assets and actuarial accrued liability for individual school districts. The actuarial accrued liability at September 30, 2007 (the latest reporting date available expressed as \$ in millions) for retirement benefits for the MPSERS as a whole, determined through an actuarial valuation performed as of that date, was \$51,107. Net assets available for retirement benefits on that date were \$45,335 leaving an unfunded actuarial accrued liability of \$5,772. The total unfunded actuarial accrued liability decreased by \$370 from September 30, 2006 to September 30, 2007. At September 30, 2007 the funded ratio of actuarial accrued liability was 88.7%; covered payroll totaled \$9,851, and unfunded actuarial accrued liability was 58.6% of covered payroll.

Post-employment benefits for health, dental, and vision insurance are available at retirement through the MPSERS. Retirees contribute an amount equivalent to the monthly cost for Part B Medicare and 10% of the monthly premium amount for the health, dental and vision coverage. Required contributions for post-employment health care benefits were 6.55% of covered payroll for the years ended September 30, 2007 through 2009. At September 30, 2007, the actuarial accrued liability for post-employment insurance benefits for the MPSERS as a whole (expressed as \$ in millions) was \$25,733. The MPSERS net assets available for these benefits were \$776 leaving an unfunded actuarial accrued liability of \$24,957. At September 30, 2007 the funded ratio of actuarial liability was 3.0%; covered payroll totaled \$9,851, and unfunded actuarial liability was 253.3% of covered payroll.

Ten year historical trend information showing the MPSERS' progress in accumulating sufficient assets to pay benefits when due is presented in the September 30, 2008 Annual Report of the MPSERS, which may be obtained by contacting the System at P.O. Box 30171, Lansing, Michigan 48909-7671.

Note I – Risk Management and Benefits

The District is a member of the West Michigan Risk Management Trust, a self-insurance program with districts pooling together to insure property, liability and auto exposure. Premiums from members of the Trust are determined through standard underwriting procedures. The members of the Trust have contributed amounts sufficient to fund individual and aggregate losses up to \$250,000 and \$1,175,000, respectively, on an annual basis. Excess insurance has been purchased to cover claims exceeding those amounts. A \$1,000 per occurrence deductible for property losses is maintained. The District paid \$225,769 in premiums to the Trust for the year ended June 30, 2009.

ROCKFORD PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2009

The District is also a member of the West Michigan Workers' Compensation Fund, a self-insurance program with districts pooling together to insure workers' compensation and employers' liability exposures. The Fund pays the first \$450,000 of any workers' compensation or employers' liability loss out of a \$2,175,150 loss fund collected from members. Excess insurance has been purchased to cover claims exceeding those amounts. As of June 30, 2009, there were no material pending claims against the District. The District paid \$262,963 in premiums to the Fund for the year ended June 30, 2009.

Health, life, and other employee insurance is provided by private insurance carriers. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

There were no significant reductions in insurance coverage in the 2008-09 fiscal year.

Note J – Stewardship, Compliance and Accountability

The following District funds had actual expenditures and other financing uses exceed final budgeted amounts for the year ended June 30, 2009, as follows:

| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|------------------------------------|---------------|---------------|-----------------|
| General Fund | | | |
| Instruction: | | | |
| Adult education | \$ 39,092 | \$ 61,538 | \$ 22,446 |
| Supporting services: | | | |
| Pupil services | 4,238,998 | 4,325,644 | 86,646 |
| Instructional staff services | 2,818,069 | 2,869,854 | 51,785 |
| School administrative services | 4,202,127 | 4,334,946 | 132,819 |
| Business services | 1,142,132 | 1,300,455 | 158,323 |
| Operation and maintenance services | 6,519,667 | 6,687,330 | 167,663 |
| Pupil transportation services | 4,362,071 | 4,496,862 | 134,791 |
| Community services | 2,448,944 | 2,525,522 | 76,578 |
| Debt service: | | | |
| Interest and fiscal charges | 74,458 | 74,815 | 357 |
| Other financing uses: | | | |
| Transfers out | 772,526 | 795,643 | 23,117 |
| Special Revenue Funds | | | |
| Food Service Fund | 2,130,184 | 2,157,661 | 27,477 |
| Athletics Fund | 1,154,697 | 1,201,657 | 46,960 |

Note K – Commitments

On June 5, 2008, the District issued \$45,250,000 of general obligation 2008 Construction bonds whose proceeds are being used for land improvements, building renovations and additions and furniture and equipment purchases. At June 30, 2009, unspent balances committed to these construction projects totaled approximately \$33,700,000, which are expected to be fully expended by the year ended June 30, 2010.

SUPPLEMENTAL INFORMATION

GENERAL FUND

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

ROCKFORD PUBLIC SCHOOLS
General Fund
Comparative Balance Sheet
June 30, 2009 and 2008

| | 2009 | 2008 |
|--|----------------------|----------------------|
| Assets | | |
| Cash | \$ 1,150 | \$ 1,150 |
| Cash equivalents, deposits and investments | 3,684,299 | 2,653,703 |
| Receivables: | | |
| Taxes | 22,671 | 86,237 |
| Accounts | 34,657 | 111,378 |
| Due from other funds | 356,703 | 597,031 |
| Due from other governmental units | 11,164,667 | 11,114,835 |
| Inventory | 38,341 | 64,747 |
| Prepaid expenditures | 282,542 | 228,545 |
| | \$ 15,585,030 | \$ 14,857,626 |
| Liabilities and Fund Balances | | |
| Liabilities | | |
| Accounts payable | \$ 3,326,428 | \$ 2,883,344 |
| State aid anticipation loan payable | 5,200,000 | 4,150,000 |
| Due to other funds | 95,128 | 44,289 |
| Due to other units of government | 1,942,491 | 1,561,971 |
| Payroll withholdings payable | 14,698 | 14,994 |
| Accrued interest payable | 88,400 | 152,720 |
| Salaries payable | 3,273,315 | 3,135,149 |
| Deferred revenue | 64,551 | 130,628 |
| | 14,005,011 | 12,073,095 |
| Fund Balances | | |
| Unreserved: | | |
| Undesignated | 1,580,019 | 2,784,531 |
| | \$ 15,585,030 | \$ 14,857,626 |

ROCKFORD PUBLIC SCHOOLS
General Fund
Comparative Schedule of Revenues
For the years ended June 30, 2009 and 2008

| | 2009 | 2008 |
|------------------------------------|-------------------|-------------------|
| Local sources: | | |
| Property taxes: | | |
| Operating | \$ 5,050,936 | \$ 5,611,452 |
| Recreation | 1,539,260 | 1,498,499 |
| Industrial facilities taxes | 16,904 | 17,227 |
| Delinquent property taxes | 13,406 | 13,031 |
| Other property taxes | 19,501 | 20,962 |
| Interest on delinquent taxes | 17,884 | 17,488 |
| | <u>6,657,891</u> | <u>7,178,659</u> |
| Interest earnings: | | |
| Interest on investments | 48,635 | 168,420 |
| Other local revenue: | | |
| Adult/community education fees | 1,455,892 | 1,472,610 |
| Driver education fees | 94,288 | 95,127 |
| Transportation testing fees | 59,183 | 64,559 |
| Child care fees | 238,584 | 237,875 |
| Third party testing | 44,214 | 70,335 |
| Beverage consortium commissions | 166,365 | 163,019 |
| Sale of school property | 10,308 | 23,630 |
| Rental of school facilities | 185,413 | 201,000 |
| Donations | 151,656 | 142,205 |
| Universal service credit | 36,615 | 17,887 |
| Refunds of prior year expenditures | 57,239 | 106,571 |
| Miscellaneous | 15,825 | 13,129 |
| | <u>2,515,582</u> | <u>2,607,947</u> |
| Total local sources | 9,222,108 | 9,955,026 |
| State sources: | | |
| State school aid | 52,138,967 | 53,118,132 |
| Special education - transportation | 1,132,562 | 1,097,812 |
| Special education - itinerants | 153,535 | 292,334 |
| FICA/retirement reimbursement | 47,632 | 47,632 |
| | <u>53,472,696</u> | <u>54,555,910</u> |
| Total state sources | 53,472,696 | 54,555,910 |
| Federal sources: | | |
| ARRA Stabilization funds | 3,010,492 | - |
| Title I | 447,866 | 437,479 |
| Title IIA | 169,101 | 165,557 |
| Title IID | 3,866 | 4,091 |
| Title III | 3,504 | 3,931 |
| Title V | - | 1,699 |
| I.D.E.A. program | 1,071,379 | 1,115,779 |
| FLAP Grant | 197,383 | 100,658 |
| Drug free schools | 14,154 | 15,103 |
| Child care food program | 6,725 | 5,899 |
| Medicaid - school based | 5,794 | 7,797 |
| | <u>4,930,264</u> | <u>1,857,993</u> |
| Total federal sources | 4,930,264 | 1,857,993 |

(Continued)

ROCKFORD PUBLIC SCHOOLS
General Fund
Comparative Schedule of Revenues
For the years ended June 30, 2009 and 2008

| | <u>2009</u> | <u>2008</u> |
|---------------------------------|-----------------------------|-----------------------------|
| Interdistrict sources: | | |
| Special education - county | \$ 3,874,846 | \$ 3,709,372 |
| Special education - tuition | 140,341 | 154,352 |
| Durant settlement reimbursement | - | 16,510 |
| Medicaid fee for service | 221,478 | 247,953 |
| Other | - | 2,309 |
| Total interdistrict sources | <u>4,236,665</u> | <u>4,130,496</u> |
| Total Revenues | <u><u>\$ 71,861,733</u></u> | <u><u>\$ 70,499,425</u></u> |

ROCKFORD PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2009 and 2008

| | 2009 | 2008 |
|-----------------------------|-------------------|-------------------|
| Current: | | |
| Instruction: | | |
| Basic programs: | | |
| Elementary: | | |
| Salaries | \$ 10,505,653 | \$ 10,205,922 |
| Employee benefits | 4,785,522 | 4,658,786 |
| Purchased services | 229,822 | 183,765 |
| Supplies | 224,266 | 266,101 |
| Capital outlay | 14,904 | 21,457 |
| | <u>15,760,167</u> | <u>15,336,031</u> |
| Middle school: | | |
| Salaries | 5,588,032 | 5,600,444 |
| Employee benefits | 2,573,865 | 2,573,967 |
| Purchased services | 105,111 | 102,215 |
| Supplies | 100,129 | 108,430 |
| Capital outlay | 75 | 12,441 |
| Miscellaneous | 375 | 446 |
| | <u>8,367,587</u> | <u>8,397,943</u> |
| High school: | | |
| Salaries | 7,622,242 | 7,327,323 |
| Employee benefits | 3,650,759 | 3,568,707 |
| Purchased services | 149,258 | 131,483 |
| Supplies | 170,559 | 228,384 |
| Capital outlay | 584 | 7,066 |
| Miscellaneous | 5,816 | 5,553 |
| | <u>11,599,218</u> | <u>11,268,516</u> |
| Preschool: | | |
| Salaries | 47,901 | 46,123 |
| Employee benefits | 18,416 | 18,107 |
| Purchased services | 40,256 | 34,488 |
| Supplies | 1,849 | 2,820 |
| | <u>108,422</u> | <u>101,538</u> |
| Summer school: | | |
| Salaries | 15,620 | 14,800 |
| Employee benefits | 3,863 | 3,803 |
| | <u>19,483</u> | <u>18,603</u> |
| Total basic programs | <u>35,854,877</u> | <u>35,122,631</u> |
| Added needs: | | |
| Special education: | | |
| Salaries | 3,572,468 | 3,589,279 |
| Employee benefits | 1,629,711 | 1,658,705 |
| Purchased services | 38,563 | 52,728 |
| Supplies | 30,788 | 31,160 |
| Capital outlay | 357 | 1,757 |
| Payments to other districts | 524,540 | 496,850 |
| | <u>5,796,427</u> | <u>5,830,479</u> |

(Continued)

ROCKFORD PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2009 and 2008

| | 2009 | 2008 |
|----------------------------------|------------|------------|
| Compensatory education: | | |
| Salaries | \$ 716,859 | \$ 633,787 |
| Employee benefits | 301,802 | 285,474 |
| Purchased services | 80,709 | 53,429 |
| Supplies | 27,219 | 45,458 |
| | 1,126,589 | 1,018,148 |
| Vocational education: | | |
| Salaries | 167,548 | 44 |
| Employee benefits | 67,424 | 10 |
| Purchased services | 14,836 | 7,698 |
| Supplies | 16,783 | 21,276 |
| Capital outlay | 8,150 | 27,876 |
| | 274,741 | 56,904 |
| Total added needs | 7,197,757 | 6,905,531 |
| Adult education services: | | |
| Basic: | | |
| Salaries | 47,100 | 41,672 |
| Employee benefits | 11,151 | 13,084 |
| Purchased services | 181 | - |
| Supplies | 2,570 | 3,637 |
| Miscellaneous | 536 | 89 |
| Total adult education services | 61,538 | 58,482 |
| Total instruction | 43,114,172 | 42,086,644 |
| Supporting services: | | |
| Pupil services: | | |
| Guidance services: | | |
| Salaries | 974,203 | 924,777 |
| Employee benefits | 467,368 | 449,573 |
| Purchased services | 8,916 | 14,984 |
| Supplies | 2,739 | 4,003 |
| | 1,453,226 | 1,393,337 |
| Occupational therapist services: | | |
| Salaries | 94,625 | 77,121 |
| Employee benefits | 58,433 | 50,844 |
| Purchased services | 5,715 | 4,477 |
| Supplies | 5,696 | 7,367 |
| Payments to other districts | 303,692 | 291,255 |
| | 468,161 | 431,064 |
| Psychological services: | | |
| Salaries | - | (40) |
| Employee benefits | - | 549 |
| Purchased services | 936 | 565 |
| Supplies | 5,739 | 2,771 |
| Payments to other districts | 591,010 | 495,061 |
| | 597,685 | 498,906 |

(Continued)

ROCKFORD PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2009 and 2008

| | 2009 | 2008 |
|-------------------------------|------------------|------------------|
| Speech pathology services: | | |
| Employee benefits | \$ - | \$ 340 |
| Purchased services | 1,172 | 1,611 |
| Supplies | 5,574 | 4,930 |
| Payments to other districts | 653,320 | 599,341 |
| | <u>660,066</u> | <u>606,222</u> |
| Social worker services: | | |
| Salaries | - | 3,497 |
| Employee benefits | 25,000 | 31,011 |
| Purchased services | 768 | 1,514 |
| Supplies | 940 | 1,433 |
| Payments to other districts | 546,310 | 572,343 |
| | <u>573,018</u> | <u>609,798</u> |
| Teacher consultant services: | | |
| Salaries | 19,263 | - |
| Employee benefits | 8,343 | - |
| Supplies | 492 | 565 |
| Payments to other districts | 545,390 | 506,649 |
| | <u>573,488</u> | <u>507,214</u> |
| Total pupil services | 4,325,644 | 4,046,541 |
| Instructional staff services: | | |
| Improvement of instruction: | | |
| Salaries | 207,944 | 247,934 |
| Employee benefits | 86,168 | 77,587 |
| Purchased services | 133,434 | 196,017 |
| Supplies | 251,377 | 155,030 |
| Miscellaneous | 1,228 | 2,540 |
| | <u>680,151</u> | <u>679,108</u> |
| Library: | | |
| Salaries | 765,896 | 730,540 |
| Employee benefits | 400,921 | 390,850 |
| Purchased services | 15,500 | 9,475 |
| Supplies | 174,119 | 169,145 |
| Miscellaneous | 121 | 10,359 |
| | <u>1,356,557</u> | <u>1,310,369</u> |
| Educational television: | | |
| Salaries | 29,032 | 27,904 |
| Employee benefits | 20,020 | 23,267 |
| Purchased services | 27 | 34 |
| Supplies | 906 | 117 |
| Capital outlay | - | 8,608 |
| Miscellaneous | 20 | 20 |
| | <u>50,005</u> | <u>59,950</u> |
| Instructional technology: | | |
| Salaries | 195,946 | 195,621 |
| Employee benefits | 129,860 | 125,323 |
| Purchased services | 44 | 1,320 |
| | <u>325,850</u> | <u>322,264</u> |

(Continued)

ROCKFORD PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2009 and 2008

| | 2009 | 2008 |
|---|------------------|------------------|
| Supervision and direction of instruction: | | |
| Salaries | \$ 273,914 | \$ 315,622 |
| Employee benefits | 152,669 | 173,357 |
| Purchased services | 16,739 | 21,451 |
| Supplies | 13,196 | 9,211 |
| Capital outlay | 613 | 12,190 |
| Miscellaneous | 160 | 160 |
| | <u>457,291</u> | <u>531,991</u> |
| Total instructional staff services | 2,869,854 | 2,903,682 |
| General administrative services: | | |
| Board of education: | | |
| Purchased services | 152,146 | 177,516 |
| Supplies | 13,974 | 13,633 |
| Capital outlay | 323 | 2,880 |
| Miscellaneous | 10,063 | 16,550 |
| | <u>176,506</u> | <u>210,579</u> |
| Executive administration: | | |
| Salaries | 288,885 | 280,625 |
| Employee benefits | 95,778 | 94,954 |
| Purchased services | 16,825 | 20,045 |
| Supplies | 6,233 | 6,665 |
| Miscellaneous | 4,864 | 6,968 |
| | <u>412,585</u> | <u>409,257</u> |
| Total general administrative services | 589,091 | 619,836 |
| School administrative services: | | |
| Office of the principal: | | |
| Salaries | 2,884,588 | 2,785,150 |
| Employee benefits | 1,379,309 | 1,423,397 |
| Purchased services | 40,413 | 40,531 |
| Supplies | 18,100 | 22,003 |
| Capital outlay | 101 | 9,372 |
| Miscellaneous | 12,435 | 12,182 |
| | <u>4,334,946</u> | <u>4,292,635</u> |
| Total school administrative services | 4,334,946 | 4,292,635 |
| Business services: | | |
| Fiscal services: | | |
| Salaries | 515,888 | 485,555 |
| Employee benefits | 264,131 | 228,450 |
| Purchased services | 45,825 | 53,299 |
| Supplies | 16,110 | 11,923 |
| Miscellaneous | 714 | 345 |
| | <u>842,668</u> | <u>779,572</u> |
| Document center: | | |
| Salaries | 55,826 | 50,995 |
| Employee benefits | 41,872 | 40,921 |
| Purchased services | 86,197 | 77,412 |
| Supplies | 77,607 | 76,032 |
| | <u>261,502</u> | <u>245,360</u> |

(Continued)

ROCKFORD PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2009 and 2008

| | 2009 | 2008 |
|--|------------|------------|
| Other business services: | | |
| Miscellaneous | \$ 196,285 | \$ 284,103 |
| Total business services | 1,300,455 | 1,309,035 |
| Operation and maintenance services: | | |
| Operation and maintenance: | | |
| Salaries | 2,147,258 | 2,091,021 |
| Employee benefits | 1,211,220 | 1,185,774 |
| Purchased services | 1,083,221 | 1,218,335 |
| Supplies | 1,653,731 | 1,588,037 |
| Capital outlay | 20,930 | 49,820 |
| Miscellaneous | 2,771 | 2,689 |
| | 6,119,131 | 6,135,676 |
| Security services: | | |
| Salaries | 320,184 | 314,372 |
| Employee benefits | 233,434 | 235,030 |
| Purchased services | 15,520 | 20,950 |
| Supplies | (979) | (6,003) |
| Capital outlay | - | 1,245 |
| Miscellaneous | 40 | - |
| | 568,199 | 565,594 |
| Total operation and maintenance services | 6,687,330 | 6,701,270 |
| Pupil transportation services: | | |
| Pupil transportation: | | |
| Salaries | 1,502,208 | 1,437,670 |
| Employee benefits | 849,385 | 822,573 |
| Purchased services | 228,615 | 208,918 |
| Supplies | 343,721 | 416,118 |
| Capital outlay | 32,650 | 431,016 |
| Miscellaneous | 3,789 | 3,193 |
| Payments to other districts | 1,536,494 | 1,495,316 |
| Total pupil transportation services | 4,496,862 | 4,814,804 |
| Central services: | | |
| Personnel services: | | |
| Salaries | 91,956 | 108,312 |
| Employee benefits | 84,495 | 58,836 |
| Purchased services | 192,836 | 237,711 |
| Supplies | 6,488 | 9,660 |
| Capital outlay | - | 2,608 |
| Miscellaneous | 5,316 | 3,175 |
| | 381,091 | 420,302 |
| Operational technology services: | | |
| Salaries | 353,485 | 344,431 |
| Employee benefits | 202,973 | 199,473 |
| Purchased services | 511,075 | 644,120 |
| Supplies | 25,337 | 39,208 |

(Continued)

ROCKFORD PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2009 and 2008

| | 2009 | 2008 |
|--|----------------------|----------------------|
| Operational technology services: (Continued) | | |
| Capital outlay | \$ 7,248 | \$ 109,666 |
| Miscellaneous | 2,590 | 2,598 |
| | 1,102,708 | 1,339,496 |
| Total central services | 1,483,799 | 1,759,798 |
| Total supporting services | 26,087,981 | 26,447,601 |
| Community services: | | |
| Community education, pool and CDL testing: | | |
| Salaries | 364,065 | 411,846 |
| Employee benefits | 121,551 | 162,319 |
| Purchased services | 1,778 | 538 |
| Supplies | 4,650 | 10,893 |
| Capital outlay | - | 203 |
| Miscellaneous | 200 | - |
| | 492,244 | 585,799 |
| Leisure time activities: | | |
| Salaries | 414,945 | 389,872 |
| Employee benefits | 156,422 | 159,700 |
| Purchased services | 107,634 | 115,383 |
| Supplies | 67,752 | 80,277 |
| Capital outlay | 600 | 512 |
| Miscellaneous | 49,339 | 36,941 |
| | 796,692 | 782,685 |
| Custody and care of children: | | |
| Salaries | 871,350 | 803,553 |
| Employee benefits | 267,653 | 173,731 |
| Purchased services | 2,755 | 3,376 |
| Supplies | 89,423 | 77,022 |
| Capital outlay | 5,405 | 6,421 |
| | 1,236,586 | 1,064,103 |
| Total community services | 2,525,522 | 2,432,587 |
| Debt service: | | |
| Principal repayment | 468,112 | 306,933 |
| Interest and fiscal charges | 74,815 | 78,909 |
| | 542,927 | 385,842 |
| Total Expenditures | \$ 72,270,602 | \$ 71,352,674 |

NONMAJOR GOVERNMENTAL FUNDS

ROCKFORD PUBLIC SCHOOLS
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2009

| | Special Revenue | | 1990 | 1997 |
|--|-------------------|------------------|-------------------|-------------------|
| | Food Service | Athletics | | |
| Assets | | | | |
| Cash equivalents, deposits and investments | \$ 222,456 | \$ 11,808 | \$ 100,118 | \$ 112,158 |
| Receivables: | | | | |
| Taxes | - | - | 1,912 | 2,523 |
| Accounts | 622 | - | - | - |
| Due from other funds | 17,088 | 75,589 | - | - |
| Inventory | 95,684 | - | - | - |
| Total Assets | \$ 335,850 | \$ 87,397 | \$ 102,030 | \$ 114,681 |
| Liabilities and Fund Balances | | | | |
| Liabilities | | | | |
| Accounts payable | \$ 7,447 | \$ 2,198 | \$ - | \$ - |
| Due to other funds | 210,860 | 82,772 | - | - |
| Due to other governmental units | - | 473 | - | - |
| Salaries payable | - | 1,954 | - | - |
| Deferred revenue | - | - | 1,912 | 2,523 |
| Total Liabilities | 218,307 | 87,397 | 1,912 | 2,523 |
| Fund Balances | | | | |
| Reserved for debt service | - | - | 100,118 | 112,158 |
| Unreserved: | | | | |
| Undesignated | 117,543 | - | - | - |
| Total Fund Balances | 117,543 | - | 100,118 | 112,158 |
| Total Liabilities and Fund Balances | \$ 335,850 | \$ 87,397 | \$ 102,030 | \$ 114,681 |

| Debt Service | | | | | | | |
|------------------|------------------|------------------|------------------|------------------|------------------|-------------|--------------------|
| 2002 (A) | 2002 (B) | 2005 | 2006 (A) | 2006 (B) | 2008 | Durant | Total |
| \$ 70,494 | \$ 910,507 | \$198,284 | \$ 12,351 | \$161,317 | \$336,664 | \$ - | \$2,136,157 |
| 1,673 | 756 | 1,727 | 272 | 5,261 | 1,366 | - | 15,490 |
| - | - | - | - | - | - | - | 622 |
| - | - | - | - | - | - | - | 92,677 |
| - | - | - | - | - | - | - | 95,684 |
| <u>\$ 72,167</u> | <u>\$911,263</u> | <u>\$200,011</u> | <u>\$ 12,623</u> | <u>\$166,578</u> | <u>\$338,030</u> | <u>\$ -</u> | <u>\$2,340,630</u> |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 9,645 |
| - | - | - | - | - | - | - | 293,632 |
| - | - | - | - | - | - | - | 473 |
| - | - | - | - | - | - | - | 1,954 |
| 1,673 | 756 | 1,727 | 272 | 5,261 | 1,366 | - | 15,490 |
| <u>1,673</u> | <u>756</u> | <u>1,727</u> | <u>272</u> | <u>5,261</u> | <u>1,366</u> | <u>-</u> | <u>321,194</u> |
| 70,494 | 910,507 | 198,284 | 12,351 | 161,317 | 336,664 | - | 1,901,893 |
| - | - | - | - | - | - | - | 117,543 |
| <u>70,494</u> | <u>910,507</u> | <u>198,284</u> | <u>12,351</u> | <u>161,317</u> | <u>336,664</u> | <u>-</u> | <u>2,019,436</u> |
| <u>\$ 72,167</u> | <u>\$911,263</u> | <u>\$200,011</u> | <u>\$ 12,623</u> | <u>\$166,578</u> | <u>\$338,030</u> | <u>\$ -</u> | <u>\$2,340,630</u> |

ROCKFORD PUBLIC SCHOOLS
Combining Schedule of Revenues, Expenditures and Changes in
Fund Balances - Nonmajor Governmental Funds
For the year ended June 30, 2009

| | Special Revenue | | 1990 | 1997 |
|--|-------------------|------------------|-------------------|-------------------|
| | Food Service | Athletics | | |
| Revenues | | | | |
| Local sources: | | | | |
| Property taxes | \$ - | \$ - | \$1,862,867 | \$2,257,750 |
| Interest earnings | 2,158 | 151 | 24,273 | 18,942 |
| Sales and admissions | 1,553,502 | 405,863 | - | - |
| Total local sources | 1,555,660 | 406,014 | 1,887,140 | 2,276,692 |
| State sources | 107,708 | - | - | - |
| Federal sources | 503,867 | - | - | - |
| Total Revenues | 2,167,235 | 406,014 | 1,887,140 | 2,276,692 |
| Expenditures | | | | |
| Current: | | | | |
| Food service | 2,157,661 | - | - | - |
| Athletics | - | 1,201,657 | - | - |
| Debt service: | | | | |
| Principal repayment | - | - | 490,185 | 2,150,000 |
| Interest and fiscal charges | - | - | 1,761,574 | 140,625 |
| Total Expenditures | 2,157,661 | 1,201,657 | 2,251,759 | 2,290,625 |
| Excess (Deficiency) of Revenues Over Expenditures | 9,574 | (795,643) | (364,619) | (13,933) |
| Other Financing Sources | | | | |
| Transfers in | - | 795,643 | - | - |
| Net Change in Fund Balances | 9,574 | - | (364,619) | (13,933) |
| Fund Balances, Beginning of Year | 107,969 | - | 464,737 | 126,091 |
| Fund Balances, End of Year | \$ 117,543 | \$ - | \$ 100,118 | \$ 112,158 |

| Debt Service | | | | | | | |
|--------------|-----------|-------------|-----------|-------------|-------------|--------|--------------|
| 2002 (A) | 2002 (B) | 2005 | 2006 (A) | 2006 (B) | 2008 | Durant | Total |
| \$1,585,720 | \$655,240 | \$1,421,240 | \$221,071 | \$3,347,462 | \$2,068,826 | \$ - | \$13,420,176 |
| 7,974 | 19,970 | 9,047 | 1,477 | 29,226 | 5,796 | - | 119,014 |
| - | - | - | - | - | - | - | 1,959,365 |
| 1,593,694 | 675,210 | 1,430,287 | 222,548 | 3,376,688 | 2,074,622 | - | 15,498,555 |
| - | - | - | - | - | - | 63,204 | 170,912 |
| - | - | - | - | - | - | - | 503,867 |
| 1,593,694 | 675,210 | 1,430,287 | 222,548 | 3,376,688 | 2,074,622 | 63,204 | 16,173,334 |
| - | - | - | - | - | - | - | 2,157,661 |
| - | - | - | - | - | - | - | 1,201,657 |
| 330,000 | 10,000 | 25,000 | 160,000 | 3,175,000 | - | 50,089 | 6,390,274 |
| 1,327,229 | 587,676 | 1,674,932 | 77,247 | 319,288 | 1,737,958 | 13,115 | 7,639,644 |
| 1,657,229 | 597,676 | 1,699,932 | 237,247 | 3,494,288 | 1,737,958 | 63,204 | 17,389,236 |
| (63,535) | 77,534 | (269,645) | (14,699) | (117,600) | 336,664 | - | (1,215,902) |
| - | - | - | - | - | - | - | 795,643 |
| (63,535) | 77,534 | (269,645) | (14,699) | (117,600) | 336,664 | - | (420,259) |
| 134,029 | 832,973 | 467,929 | 27,050 | 278,917 | - | - | 2,439,695 |
| \$ 70,494 | \$910,507 | \$ 198,284 | \$ 12,351 | \$ 161,317 | \$ 336,664 | \$ - | \$2,019,436 |

ROCKFORD PUBLIC SCHOOLS
Food Service Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended June 30, 2009

| | Budget | Actual | Variance |
|---|--------------------------|--------------------------|---------------------------|
| Revenues | | | |
| Local sources | \$ 1,586,235 | \$ 1,555,660 | \$ (30,575) |
| State sources | 93,940 | 107,708 | 13,768 |
| Federal sources | 480,606 | 503,867 | 23,261 |
| Total Revenues | <u>2,160,781</u> | <u>2,167,235</u> | <u>6,454</u> |
| Expenditures | | | |
| Current: | | | |
| Food service | <u>2,130,184</u> | <u>2,157,661</u> | <u>(27,477)</u> |
| Net Change in Fund Balances | 30,597 | 9,574 | (21,023) |
| Fund Balances, Beginning of Year | <u>107,969</u> | <u>107,969</u> | <u>-</u> |
| Fund Balances, End of Year | <u><u>\$ 138,566</u></u> | <u><u>\$ 117,543</u></u> | <u><u>\$ (21,023)</u></u> |

ROCKFORD PUBLIC SCHOOLS
Athletics Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended June 30, 2009

| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|--|--------------------|--------------------|--------------------|
| Revenues | | | |
| Local sources | <u>\$ 382,171</u> | <u>\$ 406,014</u> | <u>\$ 23,843</u> |
| Expenditures | | | |
| Current: | | | |
| Athletics | <u>1,154,697</u> | <u>1,201,657</u> | <u>(46,960)</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>(772,526)</u> | <u>(795,643)</u> | <u>(23,117)</u> |
| Other Financing Sources | | | |
| Transfers in | <u>772,526</u> | <u>795,643</u> | <u>23,117</u> |
| Net Change in Fund Balances | - | - | - |
| Fund Balances, Beginning of Year | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund Balances, End of Year | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> |

SPECIAL REVENUE FUNDS

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

Athletics—to account for activity receipts and General Fund contributions used in administering the athletic program of the District.

ROCKFORD PUBLIC SCHOOLS
Food Service Special Revenue Fund
Comparative Balance Sheet
June 30, 2009 and 2008

| | 2009 | 2008 |
|--|-------------------|-------------------|
| Assets | | |
| Cash equivalents, deposits and investments | \$ 222,456 | \$ 308,748 |
| Accounts receivable | 622 | 5,624 |
| Due from other funds | 17,088 | 17,088 |
| Inventory | 95,684 | 91,071 |
| Total Assets | \$ 335,850 | \$ 422,531 |
| Liabilities and Fund Balances | | |
| Liabilities | | |
| Accounts payable | \$ 7,447 | \$ 4,893 |
| Due to other funds | 210,860 | 309,669 |
| Total Liabilities | 218,307 | 314,562 |
| Fund Balances | | |
| Unreserved: | | |
| Undesignated | 117,543 | 107,969 |
| Total Liabilities and Fund Balances | \$ 335,850 | \$ 422,531 |

ROCKFORD PUBLIC SCHOOLS
Food Service Special Revenue Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 2009 and 2008

| | 2009 | 2008 |
|---|------------|------------|
| Revenues | | |
| Local sources: | | |
| Interest earnings: | | |
| Interest on investments | \$ 2,158 | \$ 7,059 |
| Sales and admissions: | | |
| Children's lunches | 794,220 | 782,111 |
| Adult lunches | 20,682 | 20,345 |
| Ala carte | 638,828 | 654,971 |
| Special services | 90,645 | 82,232 |
| Refunds | 9,105 | 6,468 |
| Other | 22 | 1,995 |
| | 1,553,502 | 1,548,122 |
| Total local sources | 1,555,660 | 1,555,181 |
| State sources | 107,708 | 85,290 |
| Federal sources | 503,867 | 433,645 |
| Total Revenues | 2,167,235 | 2,074,116 |
| Expenditures | | |
| Current: | | |
| Food service: | | |
| Salaries | 616,457 | 622,373 |
| Employee benefits | 400,929 | 390,517 |
| Purchased services | 126,244 | 133,426 |
| Supplies | 998,045 | 1,005,308 |
| Capital outlay | 9,184 | 26,587 |
| Miscellaneous | 6,802 | 6,757 |
| Total Expenditures | 2,157,661 | 2,184,968 |
| Net Change in Fund Balances | 9,574 | (110,852) |
| Fund Balances, Beginning of Year | 107,969 | 218,821 |
| Fund Balances, End of Year | \$ 117,543 | \$ 107,969 |

ROCKFORD PUBLIC SCHOOLS
Athletics Special Revenue Fund
Comparative Balance Sheet
June 30, 2009 and 2008

| | 2009 | 2008 |
|--|------------------|------------------|
| Assets | | |
| Cash equivalents, deposits and investments | \$ 11,808 | \$ 16,964 |
| Due from other funds | 75,589 | 27,201 |
| Total Assets | \$ 87,397 | \$ 44,165 |
| Liabilities and Fund Balances | | |
| Liabilities | | |
| Accounts payable | \$ 2,198 | \$ 6,803 |
| Due to other funds | 82,772 | 37,362 |
| Due to other governmental units | 473 | - |
| Salaries payable | 1,954 | - |
| Total Liabilities | 87,397 | 44,165 |
| Fund Balances | | |
| Unreserved: | | |
| Undesignated | - | - |
| Total Liabilities and Fund Balances | \$ 87,397 | \$ 44,165 |

ROCKFORD PUBLIC SCHOOLS
Athletics Special Revenue Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 2009 and 2008

| | <u>2009</u> | <u>2008</u> |
|--|------------------|------------------|
| Revenues | | |
| Local sources: | | |
| Interest earnings: | | |
| Interest on investments | \$ 151 | \$ 525 |
| Sales and admissions: | | |
| Gate receipts | 193,680 | 176,225 |
| Sports fees and charges | 196,846 | 199,485 |
| Donations | 15,337 | 59,422 |
| Other revenue | - | 14,073 |
| | <u>405,863</u> | <u>449,205</u> |
| Total Revenues | <u>406,014</u> | <u>449,730</u> |
| Expenditures | | |
| Current: | | |
| Athletics: | | |
| Salaries | 725,330 | 696,789 |
| Employee benefits | 209,249 | 210,815 |
| Purchased services | 148,170 | 107,607 |
| Supplies | 66,991 | 61,590 |
| Capital outlay | 21,442 | 79,121 |
| Miscellaneous | 30,475 | 30,974 |
| | <u>1,201,657</u> | <u>1,186,896</u> |
| Total Expenditures | <u>1,201,657</u> | <u>1,186,896</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>(795,643)</u> | <u>(737,166)</u> |
| Other Financing Sources | | |
| Transfers in | <u>795,643</u> | <u>737,166</u> |
| Net Change in Fund Balances | - | - |
| Fund Balances, Beginning of Year | <u>-</u> | <u>-</u> |
| Fund Balances, End of Year | <u>\$ -</u> | <u>\$ -</u> |

DEBT SERVICE FUNDS

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

ROCKFORD PUBLIC SCHOOLS
Debt Service Funds
Combining Balance Sheet
June 30, 2009

| | 1990 | 1997 | 2002 (A) | 2002 (B) |
|--|-------------------|-------------------|------------------|-------------------|
| Assets | | | | |
| Cash equivalents, deposits and investments | \$ 100,118 | \$ 112,158 | \$ 70,494 | \$ 910,507 |
| Taxes receivable | 1,912 | 2,523 | 1,673 | 756 |
| Total Assets | \$ 102,030 | \$ 114,681 | \$ 72,167 | \$ 911,263 |
| Liabilities and Fund Balances | | | | |
| Liabilities | | | | |
| Deferred revenue | \$ 1,912 | \$ 2,523 | \$ 1,673 | \$ 756 |
| Fund Balances | | | | |
| Reserved for debt service | 100,118 | 112,158 | 70,494 | 910,507 |
| Total Liabilities and Fund Balances | \$ 102,030 | \$ 114,681 | \$ 72,167 | \$ 911,263 |

| <u>2005</u> | <u>2006 (A)</u> | <u>2006 (B)</u> | <u>2008</u> | <u>Durant</u> | <u>Totals</u> | |
|-------------------|------------------|-------------------|-------------------|---------------|---------------------|---------------------|
| | | | | | <u>2009</u> | <u>2008</u> |
| \$ 198,284 | \$ 12,351 | \$ 161,317 | \$ 336,664 | \$ - | \$ 1,901,893 | \$ 2,331,726 |
| <u>1,727</u> | <u>272</u> | <u>5,261</u> | <u>1,366</u> | <u>-</u> | <u>15,490</u> | <u>36,624</u> |
| <u>\$ 200,011</u> | <u>\$ 12,623</u> | <u>\$ 166,578</u> | <u>\$ 338,030</u> | <u>\$ -</u> | <u>\$ 1,917,383</u> | <u>\$ 2,368,350</u> |
| | | | | | | |
| \$ 1,727 | \$ 272 | \$ 5,261 | \$ 1,366 | \$ - | \$ 15,490 | \$ 36,624 |
| <u>198,284</u> | <u>12,351</u> | <u>161,317</u> | <u>336,664</u> | <u>-</u> | <u>1,901,893</u> | <u>2,331,726</u> |
| <u>\$ 200,011</u> | <u>\$ 12,623</u> | <u>\$ 166,578</u> | <u>\$ 338,030</u> | <u>\$ -</u> | <u>\$ 1,917,383</u> | <u>\$ 2,368,350</u> |

ROCKFORD PUBLIC SCHOOLS
Debt Service Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2009

| | <u>1990</u> | <u>1997</u> | <u>2002 (A)</u> | <u>2002 (B)</u> |
|---|-------------------|-------------------|------------------|-------------------|
| Revenues | | | | |
| Local sources: | | | | |
| Property taxes: | | | | |
| Current property taxes | \$1,837,977 | \$2,227,379 | \$1,563,837 | \$ 646,404 |
| Industrial facilities taxes | 20,528 | 24,877 | 17,467 | 7,220 |
| Delinquent property taxes | 622 | 921 | 1,096 | 283 |
| Other taxes | 1,039 | 1,282 | 960 | 375 |
| Interest on delinquent taxes | 2,701 | 3,291 | 2,360 | 958 |
| | <u>1,862,867</u> | <u>2,257,750</u> | <u>1,585,720</u> | <u>655,240</u> |
| Interest earnings: | | | | |
| Interest on investments | 24,273 | 18,942 | 7,974 | 19,970 |
| | <u>24,273</u> | <u>18,942</u> | <u>7,974</u> | <u>19,970</u> |
| Total local sources | 1,887,140 | 2,276,692 | 1,593,694 | 675,210 |
| State sources | - | - | - | - |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Revenues | <u>1,887,140</u> | <u>2,276,692</u> | <u>1,593,694</u> | <u>675,210</u> |
| Expenditures | | | | |
| Debt service: | | | | |
| Principal repayment | 490,185 | 2,150,000 | 330,000 | 10,000 |
| Interest and fiscal charges: | | | | |
| Interest expense | 1,759,815 | 139,750 | 1,326,280 | 587,245 |
| Paying agent fees | 1,375 | 300 | 250 | 250 |
| Tax refunds | 384 | 575 | 699 | 181 |
| | <u>384</u> | <u>575</u> | <u>699</u> | <u>181</u> |
| Total Expenditures | 2,251,759 | 2,290,625 | 1,657,229 | 597,676 |
| | <u>2,251,759</u> | <u>2,290,625</u> | <u>1,657,229</u> | <u>597,676</u> |
| Net Change in Fund Balances | (364,619) | (13,933) | (63,535) | 77,534 |
| Fund Balances, Beginning of Year | 464,737 | 126,091 | 134,029 | 832,973 |
| | <u>464,737</u> | <u>126,091</u> | <u>134,029</u> | <u>832,973</u> |
| Fund Balances, End of Year | <u>\$ 100,118</u> | <u>\$ 112,158</u> | <u>\$ 70,494</u> | <u>\$ 910,507</u> |

| 2005 | 2006 (A) | 2006 (B) | 2008 | Durant | Totals | |
|-------------------|------------------|-------------------|-------------------|---------------|---------------------|---------------------|
| | | | | | 2009 | 2008 |
| \$ 1,401,847 | \$ 218,070 | \$ 3,301,836 | \$ 2,042,023 | \$ - | \$13,239,373 | \$12,974,384 |
| 15,657 | 2,436 | 36,881 | 22,807 | - | 147,873 | 149,527 |
| 793 | 117 | 1,601 | - | - | 5,433 | 11,449 |
| 846 | 127 | 2,226 | 1,064 | - | 7,919 | 19,869 |
| 2,097 | 321 | 4,918 | 2,932 | - | 19,578 | 10,087 |
| <u>1,421,240</u> | <u>221,071</u> | <u>3,347,462</u> | <u>2,068,826</u> | <u>-</u> | <u>13,420,176</u> | <u>13,165,316</u> |
| 9,047 | 1,477 | 29,226 | 5,796 | - | 116,705 | 252,793 |
| <u>1,430,287</u> | <u>222,548</u> | <u>3,376,688</u> | <u>2,074,622</u> | <u>-</u> | <u>13,536,881</u> | <u>13,418,109</u> |
| - | - | - | - | 63,204 | 63,204 | - |
| <u>1,430,287</u> | <u>222,548</u> | <u>3,376,688</u> | <u>2,074,622</u> | <u>63,204</u> | <u>13,600,085</u> | <u>13,418,109</u> |
| 25,000 | 160,000 | 3,175,000 | - | 50,089 | 6,390,274 | 7,458,044 |
| 1,674,191 | 77,175 | 318,000 | 1,737,708 | 13,115 | 7,633,279 | 5,373,903 |
| 225 | - | 225 | 250 | - | 2,875 | 2,625 |
| 516 | 72 | 1,063 | - | - | 3,490 | 23,280 |
| <u>1,699,932</u> | <u>237,247</u> | <u>3,494,288</u> | <u>1,737,958</u> | <u>63,204</u> | <u>14,029,918</u> | <u>12,857,852</u> |
| (269,645) | (14,699) | (117,600) | 336,664 | - | (429,833) | 560,257 |
| <u>467,929</u> | <u>27,050</u> | <u>278,917</u> | <u>-</u> | <u>-</u> | <u>2,331,726</u> | <u>1,771,469</u> |
| <u>\$ 198,284</u> | <u>\$ 12,351</u> | <u>\$ 161,317</u> | <u>\$ 336,664</u> | <u>\$ -</u> | <u>\$ 1,901,893</u> | <u>\$ 2,331,726</u> |

CAPITAL PROJECTS FUND

2008 Construction—to account for bond proceeds used to finance land improvements, building construction and renovation projects and furniture and equipment purchases.

ROCKFORD PUBLIC SCHOOLS
2008 Construction Capital Projects Fund
Comparative Balance Sheet
June 30, 2009 and 2008

| | 2009 | 2008 |
|--|----------------------|----------------------|
| Assets | | |
| Cash equivalents, deposits and investments | \$ 34,719,487 | \$ 45,750,026 |
| Accrued interest receivable | 23,798 | - |
| Total Assets | \$ 34,743,285 | \$ 45,750,026 |
| Liabilities and Fund Balances | | |
| Liabilities | | |
| Accounts payable | \$ 1,028,067 | \$ 182,788 |
| Due to other funds | 53,071 | 150,000 |
| Total Liabilities | 1,081,138 | 332,788 |
| Fund Balances | | |
| Reserved for capital outlay | 33,662,147 | 45,417,238 |
| Total Liabilities and Fund Balances | \$ 34,743,285 | \$ 45,750,026 |

ROCKFORD PUBLIC SCHOOLS
2008 Construction Capital Projects Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 2009 and 2008

| | 2009 | 2008 |
|--|----------------------|----------------------|
| Revenues | | |
| Local sources: | | |
| Interest on deposits and investments | \$ 692,307 | \$ 15,480 |
| Expenditures | | |
| Capital outlay: | | |
| Purchased services | 968,001 | 150,000 |
| Architect fees | 1,130,386 | 87,359 |
| Buildings and additions | 3,132,199 | 5,790 |
| Land improvements | 85,217 | - |
| Equipment and furniture | 6,346,523 | - |
| Vehicles | 676,917 | - |
| Miscellaneous | 108,155 | 4,312 |
| Bond issuance costs | - | 411,292 |
| Underwriter's discount | - | 170,140 |
| Total Expenditures | 12,447,398 | 828,893 |
| Excess (Deficiency) of Revenues Over Expenditures | (11,755,091) | (813,413) |
| Other Financing Sources | | |
| Bonds issued | - | 45,250,000 |
| Bond premium | - | 980,651 |
| Total Other Financing Sources | - | 46,230,651 |
| Net Change in Fund Balances | (11,755,091) | 45,417,238 |
| Fund Balances, Beginning of Year | 45,417,238 | - |
| Fund Balances, End of Year | \$ 33,662,147 | \$ 45,417,238 |

AGENCY FUND

Student Activities—to account for the collection and disbursements of monies used by the school activity clubs and groups.

ROCKFORD PUBLIC SCHOOLS
Student Activities Agency Fund
Statement of Changes in Assets and Liabilities
For the year ended June 30, 2009

| | <u>Balances</u> <u>July 1, 2008</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balances</u> <u>June 30, 2009</u> |
|--|--|---------------------|---------------------|---|
| Assets | | | | |
| Cash equivalents, deposits and investments | \$ 644,990 | \$ 1,264,722 | \$ 1,362,333 | \$ 547,379 |
| Due from other funds | - | 2,451 | - | 2,451 |
| | <u>\$ 644,990</u> | <u>\$ 1,267,173</u> | <u>\$ 1,362,333</u> | <u>\$ 549,830</u> |
| Liabilities | | | | |
| Accounts payable | \$ - | \$ 1,099,014 | \$ 1,099,014 | \$ - |
| Due to other funds | 100,000 | 10,000 | 100,000 | 10,000 |
| Due to student groups | 544,990 | 1,344,963 | 1,350,123 | 539,830 |
| | <u>\$ 644,990</u> | <u>\$ 2,453,977</u> | <u>\$ 2,549,137</u> | <u>\$ 549,830</u> |

OTHER INFORMATION

ROCKFORD PUBLIC SCHOOLS
Summary of 2008 Taxes Levied and Collected
For the year ended June 30, 2009

| | County of Kent | | | |
|-------------------------------------|---------------------|------------------|------------------|------------------------|
| | City of Rockford | Algoma | Cannon | Townships Courtland |
| Taxable Valuations | | | | |
| Operating | \$ 79,802,471 | \$ 50,316,901 | \$ 61,253,911 | \$ 21,613,086 |
| Recreation/Debt Service | 215,695,064 | 177,596,462 | 549,852,826 | 185,087,385 |
| Rates (Mills) | | | | |
| General Fund - Operating | | | | |
| General Fund - Recreation | | | | |
| 1990 Debt Service Fund | | | | |
| 1997 Debt Service Fund | | | | |
| 2002(A) Debt Service Fund | | | | |
| 2002(B) Debt Service Fund | | | | |
| 2005 Debt Service Fund | | | | |
| 2006(A) Debt Service Fund | | | | |
| 2006(B) Debt Service Fund | | | | |
| 2008 Debt Service Fund | | | | |
| Taxes Levied 2008 Rolls | | | | |
| General Fund - Operating | 1,355,192 | 849,792 | 1,064,772 | 382,140 |
| General Fund - Recreation | 211,490 | 175,466 | 540,198 | 182,863 |
| 1990 Debt Service Fund | 254,518 | 209,562 | 649,251 | 218,401 |
| 1997 Debt Service Fund | 308,441 | 253,960 | 786,804 | 264,672 |
| 2002(A) Debt Service Fund | 216,556 | 178,305 | 552,413 | 185,826 |
| 2002(B) Debt Service Fund | 89,512 | 73,702 | 228,338 | 76,810 |
| 2005 Debt Service Fund | 194,124 | 159,835 | 495,191 | 166,577 |
| 2006(A) Debt Service Fund | 30,197 | 24,863 | 77,030 | 25,912 |
| 2006(B) Debt Service Fund | 457,269 | 376,501 | 1,166,450 | 392,381 |
| 2008 Debt Service Fund | 282,774 | 232,826 | 721,328 | 242,647 |
| | <u>3,400,073</u> | <u>2,534,812</u> | <u>6,281,775</u> | <u>2,138,229</u> |
| Taxes Uncollected 2008 Rolls | | | | |
| General Fund - Operating | 1,439 | 291 | 62 | 575 |
| General Fund - Recreation | 142 | 51 | 10 | 94 |
| 1990 Debt Service Fund | 281 | 61 | 12 | 113 |
| 1997 Debt Service Fund | 343 | 73 | 15 | 137 |
| 2002(A) Debt Service Fund | 240 | 51 | 10 | 96 |
| 2002(B) Debt Service Fund | 99 | 21 | 4 | 40 |
| 2005 Debt Service Fund | 215 | 46 | 9 | 86 |
| 2006(A) Debt Service Fund | 34 | 7 | 1 | 13 |
| 2006(B) Debt Service Fund | 508 | 108 | 22 | 203 |
| 2008 Debt Service Fund | 314 | 67 | 14 | 126 |
| | <u>3,615</u> | <u>776</u> | <u>159</u> | <u>1,483</u> |

(Continued)

| Grattan | Oakfield | Plainfield | Total |
|----------------|---------------|------------------|-------------------|
| \$ 1,438,675 | \$ 547,397 | \$ 80,370,559 | \$ 295,343,000 |
| 21,283,285 | 5,493,614 | 404,999,374 | 1,560,008,010 |
| | | | 18.0000 |
| | | | 0.9881 |
| | | | 1.1800 |
| | | | 1.4300 |
| | | | 1.0040 |
| | | | 0.4150 |
| | | | 0.9000 |
| | | | 0.1400 |
| | | | 2.1200 |
| | | | 1.3110 |
| | | | <u>27.4881</u> |
| 25,896 | 9,122 | 1,360,888 | \$ 5,047,802 |
| 21,027 | 5,428 | 392,576 | 1,529,048 |
| 25,114 | 6,482 | 478,207 | 1,841,535 |
| 30,435 | 7,856 | 579,522 | 2,231,690 |
| 21,368 | 5,515 | 406,881 | 1,566,864 |
| 8,832 | 2,280 | 168,183 | 647,657 |
| 19,155 | 4,944 | 364,734 | 1,404,560 |
| 2,980 | 769 | 56,736 | 218,487 |
| 45,120 | 11,646 | 859,152 | 3,308,519 |
| 27,902 | 7,202 | 531,296 | 2,045,975 |
| <u>227,829</u> | <u>61,244</u> | <u>5,198,175</u> | <u>19,842,137</u> |
| - | - | 2,156 | 4,523 |
| - | - | 633 | 930 |
| - | - | 761 | 1,228 |
| - | - | 922 | 1,490 |
| - | - | 646 | 1,043 |
| - | - | 268 | 432 |
| - | - | 580 | 936 |
| - | - | 90 | 145 |
| - | - | 1,366 | 2,207 |
| - | - | 845 | 1,366 |
| <u>-</u> | <u>-</u> | <u>8,267</u> | <u>14,300</u> |

ROCKFORD PUBLIC SCHOOLS
Summary of 2008 Taxes Levied and Collected
For the year ended June 30, 2009

| | County of Kent | | | |
|-----------------------------------|---------------------|---------------------|---------------------|------------------------|
| | City of Rockford | Algoma | Cannon | Townships Courtland |
| Taxes Collected 2008 Rolls | | | | |
| General Fund - Operating | \$ 1,353,753 | \$ 849,501 | \$ 1,064,710 | \$ 381,565 |
| General Fund - Recreation | 211,348 | 175,415 | 540,188 | 182,769 |
| 1990 Debt Service Fund | 254,237 | 209,501 | 649,239 | 218,288 |
| 1997 Debt Service Fund | 308,098 | 253,887 | 786,789 | 264,535 |
| 2002(A) Debt Service Fund | 216,316 | 178,254 | 552,403 | 185,730 |
| 2002(B) Debt Service Fund | 89,413 | 73,681 | 228,334 | 76,770 |
| 2005 Debt Service Fund | 193,909 | 159,789 | 495,182 | 166,491 |
| 2006(A) Debt Service Fund | 30,163 | 24,856 | 77,029 | 25,899 |
| 2006(B) Debt Service Fund | 456,761 | 376,393 | 1,166,428 | 392,178 |
| 2008 Debt Service Fund | 282,460 | 232,759 | 721,314 | 242,521 |
| | <u>3,396,458</u> | <u>2,534,036</u> | <u>6,281,616</u> | <u>2,136,746</u> |
| Delinquent Taxes Collected | | | | |
| General Fund | 3,984 | 209 | 4,470 | - |
| 1990 Debt Service Fund | 193 | 11 | 237 | - |
| 1997 Debt Service Fund | 286 | 16 | 351 | - |
| 2002(A) Debt Service Fund | 340 | 19 | 418 | - |
| 2002(B) Debt Service Fund | 87 | 5 | 108 | - |
| 2005 Debt Service Fund | 271 | 14 | 333 | - |
| 2006(A) Debt Service Fund | 36 | 2 | 45 | - |
| 2006(B) Debt Service Fund | 497 | 26 | 611 | - |
| | <u>\$ 5,694</u> | <u>\$ 302</u> | <u>\$ 6,573</u> | <u>\$ -</u> |
| Total Taxes Collected | | | | |
| General Fund - Operating | \$ 1,357,737 | \$ 849,710 | \$ 1,069,180 | \$ 381,565 |
| General Fund - Recreation | 211,348 | 175,415 | 540,188 | 182,769 |
| 1990 Debt Service Fund | 254,430 | 209,512 | 649,476 | 218,288 |
| 1997 Debt Service Fund | 308,384 | 253,903 | 787,140 | 264,535 |
| 2002(A) Debt Service Fund | 216,656 | 178,273 | 552,821 | 185,730 |
| 2002(B) Debt Service Fund | 89,500 | 73,686 | 228,442 | 76,770 |
| 2005 Debt Service Fund | 194,180 | 159,803 | 495,515 | 166,491 |
| 2006(A) Debt Service Fund | 30,199 | 24,858 | 77,074 | 25,899 |
| 2006(B) Debt Service Fund | 457,258 | 376,419 | 1,167,039 | 392,178 |
| 2008 Debt Service Fund | 282,460 | 232,759 | 721,314 | 242,521 |
| | <u>\$ 3,402,152</u> | <u>\$ 2,534,338</u> | <u>\$ 6,288,189</u> | <u>\$ 2,136,746</u> |

(Continued)

| Grattan | Oakfield | Plainfield | Total |
|-------------------|------------------|---------------------|----------------------|
| \$ 25,896 | \$ 9,122 | \$ 1,358,732 | \$ 5,043,279 |
| 21,027 | 5,428 | 391,943 | 1,528,118 |
| 25,114 | 6,482 | 477,446 | 1,840,307 |
| 30,435 | 7,856 | 578,600 | 2,230,200 |
| 21,368 | 5,515 | 406,235 | 1,565,821 |
| 8,832 | 2,280 | 167,915 | 647,225 |
| 19,155 | 4,944 | 364,154 | 1,403,624 |
| 2,980 | 769 | 56,646 | 218,342 |
| 45,120 | 11,646 | 857,786 | 3,306,312 |
| 27,902 | 7,202 | 530,451 | 2,044,609 |
| <u>227,829</u> | <u>61,244</u> | <u>5,189,908</u> | <u>19,827,837</u> |
| - | - | 4,743 | 13,406 |
| - | - | 181 | 622 |
| - | - | 268 | 921 |
| - | - | 319 | 1,096 |
| - | - | 83 | 283 |
| - | - | 255 | 873 |
| - | - | 34 | 117 |
| - | - | 467 | 1,601 |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ 6,350</u> | <u>\$ 18,919</u> |
| \$ 25,896 | \$ 9,122 | \$ 1,363,475 | \$ 5,056,685 |
| 21,027 | 5,428 | 391,943 | 1,528,118 |
| 25,114 | 6,482 | 477,627 | 1,840,929 |
| 30,435 | 7,856 | 578,868 | 2,231,121 |
| 21,368 | 5,515 | 406,554 | 1,566,917 |
| 8,832 | 2,280 | 167,998 | 647,508 |
| 19,155 | 4,944 | 364,409 | 1,404,497 |
| 2,980 | 769 | 56,680 | 218,459 |
| 45,120 | 11,646 | 858,253 | 3,307,913 |
| 27,902 | 7,202 | 530,451 | 2,044,609 |
| <u>\$ 227,829</u> | <u>\$ 61,244</u> | <u>\$ 5,196,258</u> | <u>\$ 19,846,756</u> |

ROCKFORD PUBLIC SCHOOLS
Summary of 2008 Taxes Levied and Collected
For the year ended June 30, 2009

| | County of Kent | | | |
|--|---------------------|-----------------|-----------------|------------------------|
| | City of Rockford | Algoma | Cannon | Townships Courtland |
| Taxes Uncollected – June 30, 2009 | | | | |
| General Fund: | | | | |
| 2008 | \$ 1,581 | \$ 342 | \$ 72 | \$ 669 |
| 2007 | 2,245 | 7 | - | 933 |
| 2006 | 7,204 | 146 | 834 | 600 |
| | <u>11,030</u> | <u>495</u> | <u>906</u> | <u>2,202</u> |
| 1990 Debt Service Fund: | | | | |
| 2008 | 281 | 61 | 12 | 113 |
| 2007 | 123 | 1 | - | 50 |
| 2006 | 213 | 6 | 30 | 22 |
| | <u>617</u> | <u>68</u> | <u>42</u> | <u>185</u> |
| 1997 Debt Service Fund: | | | | |
| 2008 | 343 | 73 | 15 | 137 |
| 2007 | 173 | 1 | - | 73 |
| 2006 | 347 | 9 | 46 | 37 |
| | <u>863</u> | <u>83</u> | <u>61</u> | <u>247</u> |
| 2002(A) Debt Service Fund: | | | | |
| 2008 | 240 | 51 | 10 | 96 |
| 2007 | 21 | 1 | - | 84 |
| 2006 | 331 | 12 | 103 | 53 |
| | <u>592</u> | <u>64</u> | <u>113</u> | <u>233</u> |
| 2002(B) Debt Service Fund: | | | | |
| 2008 | 99 | 21 | 4 | 40 |
| 2007 | 49 | - | - | 9 |
| 2006 | 151 | 4 | 6 | 14 |
| | <u>299</u> | <u>25</u> | <u>10</u> | <u>63</u> |
| 2005 Debt Service Fund: | | | | |
| 2008 | 215 | 46 | 9 | 86 |
| 2007 | 121 | - | - | 61 |
| 2005 | 259 | 28 | 14 | 41 |
| | <u>595</u> | <u>74</u> | <u>23</u> | <u>188</u> |
| 2006A Debt Service Fund: | | | | |
| 2008 | 34 | 7 | 1 | 13 |
| 2007 | 22 | - | - | 9 |
| 2006 | 42 | 1 | 3 | 5 |
| | <u>98</u> | <u>8</u> | <u>4</u> | <u>27</u> |
| 2006B Debt Service Fund: | | | | |
| 2008 | 508 | 108 | 22 | 203 |
| 2007 | 245 | 1 | - | 117 |
| 2006 | 672 | 25 | 90 | 98 |
| | <u>1,425</u> | <u>134</u> | <u>112</u> | <u>418</u> |
| 2008 Debt Service Fund: | | | | |
| 2008 | 314 | 67 | 14 | 126 |
| | <u>\$ 15,833</u> | <u>\$ 1,018</u> | <u>\$ 1,285</u> | <u>\$ 3,689</u> |

| Grattan | Oakfield | Plainfield | Total |
|---------|----------|------------|-----------|
| \$ - | \$ - | \$ 2,789 | \$ 5,453 |
| - | - | 5,249 | 8,434 |
| - | - | - | 8,784 |
| - | - | 8,038 | 22,671 |
| - | - | 761 | 1,228 |
| - | - | 239 | 413 |
| - | - | - | 271 |
| - | - | 1,000 | 1,912 |
| - | - | 922 | 1,490 |
| - | - | 347 | 594 |
| - | - | - | 439 |
| - | - | 1,269 | 2,523 |
| - | - | 646 | 1,043 |
| - | - | 25 | 131 |
| - | - | - | 499 |
| - | - | 671 | 1,673 |
| - | - | 268 | 432 |
| - | - | 91 | 149 |
| - | - | - | 175 |
| - | - | 359 | 756 |
| - | - | 580 | 936 |
| - | - | 267 | 449 |
| - | - | - | 342 |
| - | - | 847 | 1,727 |
| - | - | 90 | 145 |
| - | - | 45 | 76 |
| - | - | - | 51 |
| - | - | 135 | 272 |
| - | - | 1,366 | 2,207 |
| - | - | 1,806 | 2,169 |
| - | - | - | 885 |
| - | - | 3,172 | 5,261 |
| - | - | 845 | 1,366 |
| \$ - | \$ - | \$ 16,336 | \$ 38,161 |