



**ROCHESTER COMMUNITY
UNIT DISTRICT #3A
ROCHESTER, ILLINOIS**

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2024

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ROCHESTER COMMUNITY UNIT SCHOOL DISTRICT #3A
ROCHESTER, ILLINOIS
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1415 West Diehl Road, Suite 400
Naperville, IL 60563
630.566.8400

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Rochester Community Unit School District #3A
Rochester, Illinois

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying general-purpose financial statements of Rochester Community Unit School District #3A (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements as listed in the table of contents.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the basis for adverse opinion on accounting principles generally accepted in the United States of America paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Rochester Community Unit School District #3A as of June 30, 2024, or changes in net position for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Rochester Community Unit School District #3A, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for those possible effects of the matters discussed in the basis for qualified opinion section of our report, the general purpose financial statements referred to above present fairly, in all material respects, the assets, deferred outflows, liabilities and deferred inflows arising from cash transactions of the Rochester Community Unit School District #3A as of June 30, 2024, and its revenues received and expenditures disbursed during the fiscal year then ended on the basis of accounting described in Note 1.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1, the financial statements are prepared by the District on the basis of the financial reporting provisions prescribed by the Illinois State Board of Education, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Illinois State Board of Education. They are intended to assure effective legislative and public oversight of school district financing and spending activities of accountable Illinois public school districts.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Basis for Qualified Opinion on Regulatory Basis of Accounting

Rochester Community Unit School District #3A does not maintain detailed historical cost records of its general fixed assets. The amount by which this disclosure would affect the financial statements is not readily determinable.

Correction of an Error

The District adopted GASB Statement No. 100, *Accounting Changes and Error Corrections*. Note 10 to the financial statements presents additional information on the nature of the adjustments. Our opinions are not modified with respect to these matters. We were not engaged to audit, review, or apply any procedures to the 2023 financial statements of the District other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2023 financial statements as a whole.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Illinois State Board of Education, as described in Note 1. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

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

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

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's general-purpose financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements. The supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the general-purpose financial statements.

The information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the general-purpose financial statements or to the general-purpose financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information as listed in the table of contents is fairly stated, in all material respects, in relation to the general-purpose financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Sikich CPA LLC

Naperville, Illinois
February 28, 2025

1415 West Diehl Road, Suite 400
Naperville, IL 60563
630.566.8400

SIKICH.COM

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Education
Rochester Community Unit School District #3A
Rochester, Illinois

We have audited, in accordance with the 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, the general-purpose financial statements of Rochester Community Unit School District #3A (the District), as of and for the year ended June 30, 2024, and the related notes to financial statements and have issued our report thereon dated February 28, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as findings 2024-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Rochester Community Unit School District #3A's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sikich CPA LLC

Naperville, Illinois
February 28, 2025

**ROCHESTER COMMUNITY UNIT SCHOOL DISTRICT #3A
ROCHESTER, ILLINOIS**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2024

Significant Deficiency

2024-001: Ineffective Oversight of District's Financial Reporting

Criteria: Those charged with governance and district management are responsible for reviewing and/or reconciling the financial statements to ensure they are free from error and completed in a timely manner.

Condition: Ineffective oversight of the District's financial reporting.

Cause: The June 2024 bank reconciliation did not accurately reconcile to the year end financial statements. The reconciliation was not done in a timely manner and during the initial audit fieldwork (September 2024) it was brought to the District's attention the bank reconciliation did not agree to the accounting records. The reconciliation was completed in December 2024.

Effect: Financial statement errors either due to human error or fraud that make the financials inaccurate and unreliable for users. A delay in getting timely accurate information to make sound financial decisions.

Recommendation: Oversight of the District's financials is essential and the District should review and develop proper internal control procedures that will help detect and correct accounting errors in a timely manner. We also recommend attending regular school district finance trainings for all to not only increase the understanding of the school district's finances but to stay up to date on changes in rules and regulations.

Views of Responsible Officials: Management agrees with this finding.

ROCHESTER COMMUNITY UNIT SCHOOL DISTRICT #3A
ROCHESTER, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended June 30, 2024

Prior Year Audit Findings

Material Weaknesses

2023-001: Expenditure Reporting

Criteria: Financial statements should be free from material misstatements.

Condition: Expenditures were overstated by a material amount.

Cause: Due to retirement reporting requirements, July and August payroll were pre-posted in June 2023 expenditure accounts and shown as a payable on the balance sheet creating a material difference of \$1,798,393. Expenditures reported on this AFR are increased by this amount for expenditures that did not occur until the next fiscal year.

Effect: Fiscal year 2023 expenditures exceeded budgeted amounts due to this error and fiscal year 2024 will be understated by two months payroll, grant reporting issues could also arise in 2024 due to this understatement. Opinion on regulatory statements was qualified due to this material misstatement.

Recommendation: The District should monitor expenditures to ensure they are accurately posted in the correct fiscal year.

Views of Responsible Officials: Management agrees with this finding.

Status: This finding is not repeated for the year ended June 30, 2024.

2023-002: Budgeting

Criteria: Illinois statutes require the District to operate within the legal confines of its budget.

Condition: Expenditures materially exceeded budgeted amounts in the Education Fund. Expenditures also exceeded budgeted amounts in the Operations and Maintenance Fund, Municipal Retirement and Social Security Fund and the Capital Projects Fund by non-material amounts.

Cause: The Education Fund had total disbursements exceeding the budgeted amount by \$498,543, the Operations and Maintenance Fund had total disbursements exceeding the budgeted amount by \$32,097, the Municipal Retirement and Social Security Fund had total disbursements exceeding the budgeted amount by \$11,029, and the Capital Projects Fund had total disbursements exceeding the budgeted amount by \$150,405.

ROCHESTER COMMUNITY UNIT SCHOOL DISTRICT #3A
ROCHESTER, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended June 30, 2024

Prior Year Audit Findings (Continued)

Material Weaknesses (Continued)

2023-002: Budgeting (Continued)

Effect: Expenditures in excess of budgeted amounts constitute unauthorized spending.

Recommendation: The District should develop internal controls to monitor expenditure levels with budgeted amounts and if the need arises amend the budget as necessary.

Views of Responsible Officials: Management agrees with this finding.

Status: This finding is not repeated for the year ended June 30, 2024.

Significant Deficiency

2023-003: Ineffective Oversight of District's Financial Reporting

Criteria: Those charged with governance and district management are responsible for reviewing and/or reconciling the financial statements to ensure they are free from error and completed in a timely manner.

Condition: Ineffective oversight of the District's financial reporting.

Cause: The June 2023 bank reconciliation did not accurately reconcile to the year end financial statements. Due to a personnel change the reconciliation was not done in a timely manner and during the initial audit fieldwork (September) it was brought to the District's attention the bank reconciliation did not agree to the accounting records. This error required the District to hire an outside accountant to reconcile the bank on behalf of the District which was completed in February 2024.

Effect: Financial statement errors either due to human error or fraud that make the financials inaccurate and unreliable for users. A delay in getting timely accurate information to make sound financial decisions.

Recommendation: Oversight of the District's financials is essential and the District should review and develop proper internal control procedures that will help detect and correct accounting errors in a timely manner. We also recommend attending regular school district finance trainings for all to not only increase the understanding of the school district's finances but to stay up to date on changes in rules and regulations.

Views of Responsible Officials: Management agrees with this finding.

Status: This finding is repeated for the year ended June 30, 2024 as finding 2024-001.

**GENERAL PURPOSE EXTERNAL
FINANCIAL STATEMENTS**

**ROCHESTER COMMUNITY UNIT SCHOOL DISTRICT #3A
ROCHESTER, ILLINOIS**

COMBINED STATEMENT OF ASSETS, LIABILITIES AND
FUND BALANCES - REGULATORY MODIFIED CASH BASIS
ALL FUNDS AND ACCOUNTS GROUPS

June 30, 2024

| | Governmental Fund Types | | | |
|--|-------------------------|-------------------------------|---------------------|---|
| | Educational | Operations and Maintenance | Transportation | Municipal Retirement/ Social Security |
| ASSETS AND DEFERRED OUTFOLWS OF RESOURCES | | | | |
| Cash | \$ 1,070,387 | \$ 202,346 | \$ - | \$ 43,803 |
| Investments | 9,420,709 | 1,923,583 | 1,844,910 | 730,260 |
| Interfund receivables | 33,851 | - | - | - |
| Land | - | - | - | - |
| Construction in progress | - | - | - | - |
| Land improvements | - | - | - | - |
| Buildings and buildings improvements | - | - | - | - |
| Equipment | - | - | - | - |
| Amount available in debt service fund | - | - | - | - |
| Amount to be provided for the retirement general long-term debt | - | - | - | - |
| Total assets | 10,524,947 | 2,125,929 | 1,844,910 | 774,063 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| None | - | - | - | - |
| Total deferred outflows of resources | - | - | - | - |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | \$ 10,524,947 | \$ 2,125,929 | \$ 1,844,910 | \$ 774,063 |

| Governmental Fund Types | | | | Account Groups | | Total (Memorandum Only) |
|-------------------------|----------------|-----------------|---------------------|---------------------------|------------------------------|-------------------------------|
| Working Cash | Life Safety | Debt Service | Capital Projects | General Fixed Asset | General Long-Term Debt | |
| \$ 3,538 | \$ - | \$ 27,768 | \$ 269,528 | \$ - | \$ - | \$ 1,617,370 |
| 2,076,770 | 17,027 | 1,987,854 | 26,966,755 | - | - | 44,967,868 |
| - | - | - | - | - | - | 33,851 |
| - | - | - | - | 1,346,135 | - | 1,346,135 |
| - | - | - | - | 1,039,082 | - | 1,039,082 |
| - | - | - | - | 999,612 | - | 999,612 |
| - | - | - | - | 44,870,543 | - | 44,870,543 |
| - | - | - | - | 901,670 | - | 901,670 |
| - | - | - | - | - | 2,015,622 | 2,015,622 |
| - | - | - | - | - | 47,534,378 | 47,534,378 |
| 2,080,308 | 17,027 | 2,015,622 | 27,236,283 | 49,157,042 | 49,550,000 | 145,326,131 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| \$ 2,080,308 | \$ 17,027 | \$ 2,015,622 | \$ 27,236,283 | \$ 49,157,042 | \$ 49,550,000 | \$ 145,326,131 |

(This statement is continued on the following page.)

**ROCHESTER COMMUNITY UNIT SCHOOL DISTRICT #3A
ROCHESTER, ILLINOIS**

**COMBINED STATEMENT OF ASSETS, LIABILITIES
FUND BALANCES - REGULATORY MODIFIED CASH BASIS (Continued)
ALL FUNDS AND ACCOUNTS GROUPS**

June 30, 2024

| | Governmental Fund Types | | | |
|---|-------------------------|-------------------------------|---------------------|---|
| | Educational | Operations and Maintenance | Transportation | Municipal Retirement/ Social Security |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Salaries and benefits payable | \$ 1,639,990 | \$ - | \$ - | \$ 17,257 |
| Interfund payables | - | - | 33,851 | - |
| Current portion of long-term debt | - | - | - | - |
| Long-term debt payable | - | - | - | - |
| Total liabilities | 1,639,990 | - | 33,851 | 17,257 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| None | - | - | - | - |
| Total deferred inflows of resources | - | - | - | - |
| Total liabilities and deferred inflows of resources | 1,639,990 | - | 33,851 | 17,257 |
| FUND BALANCES | | | | |
| Investment in general fixed assets | - | - | - | - |
| Restricted for | | | | |
| Operations and maintenance | - | 2,125,929 | - | - |
| Transportation | - | - | 1,811,059 | - |
| IMRF | - | - | - | 756,806 |
| Working cash | - | - | - | - |
| Life safety | - | - | - | - |
| Debt service | - | - | - | - |
| Capital projects | - | - | - | - |
| Unassigned | 8,884,957 | - | - | - |
| Total fund balances | 8,884,957 | 2,125,929 | 1,811,059 | 756,806 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | \$ 10,524,947 | \$ 2,125,929 | \$ 1,844,910 | \$ 774,063 |

| Governmental Fund Types | | | | Account Groups | | Total (Memorandum Only) |
|-------------------------|----------------|-----------------|---------------------|---------------------------|------------------------------|-------------------------------|
| Working Cash | Life Safety | Debt Service | Capital Projects | General Fixed Asset | General Long-Term Debt | |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,657,247 |
| - | - | - | - | - | - | 33,851 |
| - | - | - | - | - | 2,395,000 | 2,395,000 |
| - | - | - | - | - | 47,155,000 | 47,155,000 |
| - | - | - | - | - | 49,550,000 | 51,241,098 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | 49,550,000 | 51,241,098 |
| - | - | - | - | 49,157,042 | - | 49,157,042 |
| - | - | - | - | - | - | 2,125,929 |
| - | - | - | - | - | - | 1,811,059 |
| - | - | - | - | - | - | 756,806 |
| 2,080,308 | - | - | - | - | - | 2,080,308 |
| - | 17,027 | - | - | - | - | 17,027 |
| - | - | 2,015,622 | - | - | - | 2,015,622 |
| - | - | - | 27,236,283 | - | - | 27,236,283 |
| - | - | - | - | - | - | 8,884,957 |
| 2,080,308 | 17,027 | 2,015,622 | 27,236,283 | 49,157,042 | - | 94,085,033 |
| \$ 2,080,308 | \$ 17,027 | \$ 2,015,622 | \$ 27,236,283 | \$ 49,157,042 | \$ 49,550,000 | \$ 145,326,131 |

See accompanying notes to financial statements.

ROCHESTER COMMUNITY UNIT SCHOOL DISTRICT #3A
ROCHESTER, ILLINOIS

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - REGULATORY MODIFIED CASH BASIS
GOVERNMENTAL FUNDS

For the Year Ended June 30, 2024

| | Educational | Operations and Maintenance | Transportation | Municipal Retirement/ Social Security |
|--|---------------------|-------------------------------|---------------------|---|
| REVENUES | | | | |
| Local sources | \$ 11,439,686 | \$ 2,322,634 | \$ 833,219 | \$ 690,840 |
| State sources | 15,150,668 | 175,000 | 841,212 | - |
| Federal sources | 1,109,384 | - | - | - |
| Total revenues | 27,699,738 | 2,497,634 | 1,674,431 | 690,840 |
| EXPENDITURES | | | | |
| Current | | | | |
| Instruction | 19,324,190 | - | - | 218,309 |
| Support services | 8,209,012 | 2,394,375 | 1,253,599 | 348,396 |
| Community service | 457,969 | - | - | - |
| Intergovernmental | 221,916 | - | - | - |
| Debt service | | | | |
| Principal | - | - | - | - |
| Interest and fiscal charges | - | - | - | - |
| Total expenditures | 28,213,087 | 2,394,375 | 1,253,599 | 566,705 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (513,349) | 103,259 | 420,832 | 124,135 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | - | - | - |
| Transfers (out) | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - |
| NET CHANGE IN FUND BALANCES | (513,349) | 103,259 | 420,832 | 124,135 |
| FUND BALANCES, JULY 1, AS PREVIOUSLY REPORTED | 4,748,859 | 1,192,834 | 1,008,095 | 301,825 |
| Restatement for correction of an error | 4,649,447 | 829,836 | 382,132 | 330,846 |
| FUND BALANCES, JULY 1, AS RESTATED | 9,398,306 | 2,022,670 | 1,390,227 | 632,671 |
| FUND BALANCES, JUNE 30 | \$ 8,884,957 | \$ 2,125,929 | \$ 1,811,059 | \$ 756,806 |

| Working Cash | | Life Safety | | Debt Service | | Capital Projects | | Total (Memorandum Only) | |
|--------------|-----------|-------------|--------|--------------|-------------|------------------|-------------|-------------------------|-------------|
| \$ | 211,199 | \$ | 955 | \$ | 2,595,125 | \$ | 3,844,957 | \$ | 21,938,615 |
| | - | | - | | - | | - | | 16,166,880 |
| | - | | - | | - | | - | | 1,109,384 |
| | 211,199 | | 955 | | 2,595,125 | | 3,844,957 | | 39,214,879 |
| | - | | - | | - | | - | | 19,542,499 |
| | - | | - | | - | | 2,202,927 | | 14,408,309 |
| | - | | - | | - | | - | | 457,969 |
| | - | | - | | - | | - | | 221,916 |
| | - | | - | | 2,355,000 | | - | | 2,355,000 |
| | - | | - | | 1,574,145 | | - | | 1,574,145 |
| | - | | - | | 3,929,145 | | 2,202,927 | | 38,559,838 |
| | 211,199 | | 955 | | (1,334,020) | | 1,642,030 | | 655,041 |
| | - | | - | | 1,893,660 | | - | | 1,893,660 |
| | - | | - | | - | | (1,893,660) | | (1,893,660) |
| | - | | - | | 1,893,660 | | (1,893,660) | | - |
| | 211,199 | | 955 | | 559,640 | | (251,630) | | 655,041 |
| | 1,815,189 | | 16,072 | | 137,205 | | 27,487,913 | | 36,707,992 |
| | 53,920 | | - | | 1,318,777 | | - | | 7,564,958 |
| | 1,869,109 | | 16,072 | | 1,455,982 | | 27,487,913 | | 44,272,950 |
| \$ | 2,080,308 | \$ | 17,027 | \$ | 2,015,622 | \$ | 27,236,283 | \$ | 44,927,991 |

ROCHESTER COMMUNITY UNIT SCHOOL DISTRICT #3A
ROCHESTER, ILLINOIS

COMBINING STATEMENT OF REVENUES RECEIVED -
REGULATORY MODIFIED CASH BASIS
GOVERNMENTAL FUNDS

For the Year Ended June 30, 2024

| | Educational | Operations and Maintenance | Transportation | Municipal Retirement/ Social Security |
|--|----------------------|-------------------------------|---------------------|---|
| REVENUES | | | | |
| Local sources | | | | |
| Property taxes | \$ 8,483,566 | \$ 1,823,452 | \$ 719,427 | \$ 623,477 |
| Replacement taxes | - | 256,237 | - | 22,247 |
| School facility occupation tax proceeds | - | - | - | - |
| Regular school tuition | 258,717 | - | - | - |
| Summer school tuition | 54,833 | - | - | - |
| Investment income | 475,278 | 87,302 | 82,012 | 45,116 |
| Donations | - | - | - | - |
| Sales to pupils - lunch | 313,433 | - | - | - |
| Sales to pupils - a la carte | 589,953 | - | - | - |
| Admissions - athletics | 72,974 | - | - | - |
| Fees | 64,965 | - | - | - |
| Student activity fund revenue | 496,216 | - | - | - |
| Rentals - textbooks | 473,302 | - | - | - |
| Sales - textbooks | 14,800 | - | - | - |
| Rentals - other | - | 22,191 | - | - |
| Payment of surplus moneys from TIF Districts | 54,054 | 67,647 | 29,903 | - |
| Other local revenue and fees | 87,595 | 65,805 | 1,877 | - |
| Total local sources | 11,439,686 | 2,322,634 | 833,219 | 690,840 |
| State sources | | | | |
| Evidence based funding formula | 8,056,202 | 125,000 | 73,320 | - |
| Special education private facility | 120,013 | - | - | - |
| Special education - orphanage - individual | 26,771 | - | - | - |
| CTE - WECEP | 15,894 | - | - | - |
| CTE - other | 12,450 | - | - | - |
| State free lunch and breakfast | 2,976 | - | - | - |
| Driver education | 14,912 | - | - | - |
| Early childhood block grant | 156,000 | - | - | - |
| Transportation - regular and vocational | - | - | 661,811 | - |
| Transportation - special education | - | - | 106,081 | - |
| Other state sources | 3,488 | 50,000 | - | - |
| On-behalf payments to TRS and THIS from the State | 6,741,962 | - | - | - |
| Total state sources | 15,150,668 | 175,000 | 841,212 | - |
| Federal sources | | | | |
| National school lunch program | 146,216 | - | - | - |
| School breakfast program | 39,747 | - | - | - |
| Title I - low income | 77,902 | - | - | - |
| School improvement grant | 2,010 | - | - | - |
| Title IV - safe and drug free schools | 7,224 | - | - | - |
| Federal special education - preschool flow through | 5,540 | - | - | - |
| Federal special education - IDEA flow through | 525,420 | - | - | - |
| Title II - teacher quality | 47,625 | - | - | - |
| Medicaid matching funds - administrative outreach | 25,297 | - | - | - |
| Medicaid matching funds - fee-for-service program | 90,579 | - | - | - |
| Other federal sources | 141,824 | - | - | - |
| Total federal sources | 1,109,384 | - | - | - |
| TOTAL REVENUES | \$ 27,699,738 | \$ 2,497,634 | \$ 1,674,431 | \$ 690,840 |

| Working | Life | Debt | Capital | Total | | | |
|------------|--------|--------------|--------------|---------------|--|--|--|
| Cash | Safety | Service | Projects | (Memorandum | | | |
| | | | | Only) | | | |
| \$ 101,508 | \$ - | \$ 2,539,741 | \$ - | \$ 14,291,171 | | | |
| - | - | - | - | 278,484 | | | |
| - | - | - | 2,146,687 | 2,146,687 | | | |
| - | - | - | - | 258,717 | | | |
| - | - | - | - | 54,833 | | | |
| 109,691 | 955 | 55,384 | 1,517,506 | 2,373,244 | | | |
| - | - | - | 152,500 | 152,500 | | | |
| - | - | - | - | 313,433 | | | |
| - | - | - | - | 589,953 | | | |
| - | - | - | - | 72,974 | | | |
| - | - | - | - | 64,965 | | | |
| - | - | - | - | 496,216 | | | |
| - | - | - | - | 473,302 | | | |
| - | - | - | - | 14,800 | | | |
| - | - | - | - | 22,191 | | | |
| - | - | - | - | 151,604 | | | |
| - | - | - | 28,264 | 183,541 | | | |
| 211,199 | 955 | 2,595,125 | 3,844,957 | 21,938,615 | | | |
| - | - | - | - | 8,254,522 | | | |
| - | - | - | - | 120,013 | | | |
| - | - | - | - | 26,771 | | | |
| - | - | - | - | 15,894 | | | |
| - | - | - | - | 12,450 | | | |
| - | - | - | - | 2,976 | | | |
| - | - | - | - | 14,912 | | | |
| - | - | - | - | 156,000 | | | |
| - | - | - | - | 661,811 | | | |
| - | - | - | - | 106,081 | | | |
| - | - | - | - | 53,488 | | | |
| - | - | - | - | 6,741,962 | | | |
| - | - | - | - | 16,166,880 | | | |
| - | - | - | - | 146,216 | | | |
| - | - | - | - | 39,747 | | | |
| - | - | - | - | 77,902 | | | |
| - | - | - | - | 2,010 | | | |
| - | - | - | - | 7,224 | | | |
| - | - | - | - | 5,540 | | | |
| - | - | - | - | 525,420 | | | |
| - | - | - | - | 47,625 | | | |
| - | - | - | - | 25,297 | | | |
| - | - | - | - | 90,579 | | | |
| - | - | - | - | 141,824 | | | |
| - | - | - | - | 1,109,384 | | | |
| \$ 211,199 | \$ 955 | \$ 2,595,125 | \$ 3,844,957 | \$ 39,214,879 | | | |

See accompanying notes to financial statements.

ROCHESTER COMMUNITY UNIT SCHOOL DISTRICT #3A
ROCHESTER, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Rochester Community Unit School District #3A (the District) have been prepared on a modified cash basis of accounting as prescribed by the Illinois State Board of Education Illinois Program Accounting Manual for Local Education Agencies, which is a comprehensive basis of accounting other than generally accepted accounting principles in the United States of America (GAAP). Under the modified cash basis of accounting, revenues are recognized when collected and expenses are recognized when paid and assets, liabilities and fund balances arising from cash transactions are recognized. The District has elected to report capital assets and long-term capital liabilities in the District's financial statements.

Standards established by the Governmental Accounting Standards Board (GASB) required GAAP for governmental units. Conformance with GAAP would require the financial statements to be prepared on the accrual or modified accrual basis of accounting. Accordingly, the financial statements are not intended to present the financial position and results of operations in conformity with GAAP.

a. Nature of Operations

The District Board of Education (the Board) is the level of government that has governance responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the District. The Board receives funding from local, state and federal government sources and must comply with requirements of these funding source entities. Board members are elected by the public and have decision-making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters. Based on these criteria, the District is considered a primary government and there are no other organizations or agencies whose financial statements should be combined or discretely presented with these basic financial statements.

b. Reporting Entity

GAAP requires that the financial reporting entity include (1) the primary government, (2) organizations for which the primary district is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The criteria provided by governmental accounting standards have been considered and there are no agencies or entities which should be presented with the District.

ROCHESTER COMMUNITY UNIT SCHOOL DISTRICT #3A
ROCHESTER, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Fund Accounting

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

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

Account groups are also used to establish accounting control and accountability over the District's general fixed assets and general long-term debt.

The District reports the following funds:

The Educational Fund and the Operations and Maintenance Fund are general operating funds of the District. They are used to account for all financial resources except those required to be accounted for in another fund. Special Education is included in these funds.

Transportation Fund - This special revenue fund accounts for the revenues of taxes levied and related expenses for the transportation of students to and from the schools.

Municipal Retirement/Social Security Fund - This fund accounts for the revenues of taxes levied and related expenses for employer payments for retirement contributions and for employer portion of Social Security and Medicare.

Working Cash Fund - This fund accounts for financial resources held by the District to be used for temporary interfund loans to the other funds, or to be transferred to other funds as needed. Transfers and loans of such resources must be made by Board resolution.

ROCHESTER COMMUNITY UNIT SCHOOL DISTRICT #3A
ROCHESTER, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Fund Accounting (Continued)

Debt Service Fund - This debt service fund is used to account for and report financial resources that are restricted, committed or assigned for the payment of principal and interest.

Capital Projects Fund - This fund is used to account for financial resources that are restricted, committed or assigned to expenditures for the acquisition or construction of capital facilities or other capital assets. The Life Safety Fund is a capital project fund used for approved projects.

General Fixed Assets Account Group - This account group is used to account for all capital assets of the District. General capital assets are recorded at historical cost as expenses in the appropriate fund at the time of purchase.

General Long-Term Debt Account Group - This account group is used to account for the general long-term debt of the District which is expected to be financed through the governmental funds.

d. Basis of Accounting

The general-purpose financial statements are reported using the regulatory modified cash basis of accounting. The regulatory modified cash basis of accounting omits recognition of certain revenues and the related assets, such as taxes receivable, until received, rather than when earned. Also, certain expenditures and the related liabilities, such as accounts payable and accrued items, are recognized when paid, rather than when the obligation is incurred. The financial statements reflect assets and liabilities arising from cash transactions, revenues collected, and expenditures/expenses paid. Payroll liabilities are recognized for the 9-month employees that are paid over 12 months. Interfund receivables/payables are recorded for any cash shortfalls in individual funds. The regulatory modified cash basis of accounting is a comprehensive basis of accounting other than GAAP.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified cash basis of accounting. Revenues are recorded at the time of receipt by the Village. Expenditures are recorded when the funds are disbursed. Accordingly, the financial statements are not intended to present financial position and results of operations in conformity with GAAP.

e. Cash and Investments

Cash and cash equivalents consist of cash on hand, cash in depository accounts and short-term, highly liquid investment instruments with original maturities of three months or less from the date of acquisition, which are stated at cost.

ROCHESTER COMMUNITY UNIT SCHOOL DISTRICT #3A
ROCHESTER, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Cash and Investments (Continued)

Investments with maturity greater than one year at time of purchase, if any, are stated at fair value. The District categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The District held no investments to measure at fair value at June 30, 2024.

f. Property Taxes

Property taxes are levied each year on all taxable real property in the District on or before the last Tuesday in December. The 2023 tax levy was passed by the Board in December 2023 and attached as an enforceable lien on the property as of the preceding January 1. These taxes become due and collectible in approximately June and September during the following year and are collected by the county collector, who, in turn, remitted to the District its respective share. The District receives these remittances approximately one month after the collection dates.

Property taxes reported in the general purpose financial statements consist of the second installment of the 2022 tax levy and the first installment of the 2023 tax levy.

g. General Capital Assets

General capital assets have been acquired for general District purposes. At the time of purchase, assets are recorded as expenses, disbursed in the governmental funds and are then recorded at cost in the General Capital Assets Account Group. The capitalization threshold for all assets is \$2,500. Donated capital assets are recorded at acquisition value at the date of donation.

Depreciation is not included in any funds of the District, rather it is deducted from the capital assets and net investment in capital assets in the statement of net position - modified cash basis. Depreciation is computed using the straight-line method over the estimated service lives of the property and equipment as follows:

| <u>Assets</u> | <u>Years</u> |
|-------------------|--------------|
| Buildings | 50 |
| Land improvements | 20 |
| Equipment | 10 |
| Vehicles | 5 |

ROCHESTER COMMUNITY UNIT SCHOOL DISTRICT #3A
ROCHESTER, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. General Capital Assets (Continued)

Depreciation accounting is not considered applicable on these regulatory financial statements, except to determine the per capita tuition charge. For the year ended June 30, 2024, depreciation used in calculating per capita tuition charge, which includes depreciation allowable on noncapitalized equipment, was \$1,874,414.

h. Net Position/Fund Balances

In the fund financial statements, governmental funds report nonspendable fund balance for amounts that are either not in spendable form or which are legally or contractually required to be maintained intact.

Restrictions of fund balance are reported for amounts constrained by legal restrictions from outside parties for use for a specific purpose or externally imposed by outside entities or from enabling legislation adopted by the District. Committed fund balance is constrained by formal actions of the Board, which is considered the District's highest level of decision-making authority. Formal actions include resolutions and ordinances approved by the Board. Assigned fund balance represents amounts constrained by the District's intent to use them for a specific purpose.

Currently, the Board has not delegated the authority to assign fund balances. Any residual fund balance in the General Fund and any deficit fund balance of any other governmental fund is reported as unassigned.

The District's flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. Additionally, if different levels of unrestricted funds are available for spending the District considers committed funds to be expended first followed by assigned funds and then unassigned funds.

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

i. Long-Term Liabilities

Long-term liabilities expected to be financed from governmental funds are accounted for in the statement of net assets arising from cash transactions. This currently accounts for the general obligation bonds. Principal and interest payments on long-term debt are being paid out of the Debt Service Fund.

ROCHESTER COMMUNITY UNIT SCHOOL DISTRICT #3A
ROCHESTER, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Compensated Absences

Noncertified employees earn vacation days after six months of service. All 12-month employees are entitled to one week's vacation after one year of full-time employment. Two weeks of vacation is granted after completion of two years of full-time employment and three weeks of vacation is granted after 15 years of continuous full-time employment. Certified employees who work less than 12-calendar months per year do not earn vacation days.

Each full-time employee receives 12 days per year as sick leave. These days may accumulate to 200 days. Upon termination, employees do not receive any sick leave pay.

Vacation and sick pay are considered to be a disbursement in the year they are paid; therefore, no accruals or reserves have been established.

k. Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires the District to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues received and expenditures disbursed during the reporting period. Actual results could differ from these estimates.

l. Total Memorandum Only

The Total Memorandum Only column represents the aggregation (by addition) of the line item amounts reported for each fund and account group. No consolidating or other eliminations were made in arriving at the totals; thus, they do not present consolidated information.

These totals are presented only to facilitate financial analysis and are not intended to reflect the financial position or results of operations of the District as a whole.

2. DEPOSITS AND INVESTMENTS

The District's investment policy authorizes the District to make investments/invest in all investments allowed by Illinois Compiled Statutes (ILCS). These include deposits/investments in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, Illinois School District Liquid Asset Fund Plus and The Illinois Funds.

ROCHESTER COMMUNITY UNIT SCHOOL DISTRICT #3A
ROCHESTER, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

2. DEPOSITS AND INVESTMENTS (Continued)

The Illinois Public Treasurers' Investment Pool, known as The Illinois Funds, operates as a qualified external investment pool in accordance with the criteria established in GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, and thus, reports all investments at amortized cost rather than fair value. The investment in The Illinois Funds by participants is also reported at amortized cost. The Illinois Funds does not have any limitations or restrictions on participant withdrawals. The Illinois Treasurer's Office issues a separate financial report for The Illinois Funds which may be obtained by contacting the Administrative Office at Illinois Business Center, 400 West Monroe Street, Suite 401, Springfield, Illinois 62704.

The Illinois School District Liquid Asset Fund Plus (ISDLAF), operates as a qualified external investment pool in accordance with the criteria established in GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, and thus, reports all investments at net asset value (NAV) rather than fair value. The Multi-Class Series invests in high-quality short-term debt instruments (money market instruments), and shares may be redeemed on any Illinois banking day. The Term Series invest in high-quality debt instruments, which are generally money market instruments but may include instruments with a maturity over one year, and shares may be redeemed with seven days' advance notice.

It is the policy of the District to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the District and conforming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio. The primary objectives of the policy are, in order of priority, safety of principal, liquidity, rate of return and diversification.

Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the District's deposits may not be returned to it. The District's investment policy requires all amounts deposited or invested with financial institutions be either covered by federal depository insurance or collateral, preferably held by a third party, in the District's name, in an amount equal to the amount of deposits in excess of depository insurance coverage.

Investments

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the District will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the District's investment policy prefers that all security transactions that are exposed to custodial credit risk are processed with the underlying investments held by a third party custodian. The District did not have any investments exposed to custodial credit risk at June 30, 2024.

ROCHESTER COMMUNITY UNIT SCHOOL DISTRICT #3A
ROCHESTER, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

2. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

The District's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses from increasing interest rates.

Credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. The District's investment policy does not address credit risk.

Concentration of credit risk is the risk that the District has a high percentage of their investments invested in one type of investment. The District's investment policy does not further limit its investment choices beyond the school code.

Interest rate risk for investments is the risk that changes in interest rates will adversely affect the value of an investment. The District's investment policy does not address interest rate risk.

3. CAPITAL ASSETS

Changes in general capital assets during the year ended June 30, 2024 are as follows:

| | Beginning Balances | Increases | Decreases | Ending Balances |
|---|-----------------------|--------------|--------------|--------------------|
| GOVERNMENTAL ACTIVITIES | | | | |
| Capital assets not being depreciated | | | | |
| Land | \$ 1,346,135 | \$ - | \$ - | \$ 1,346,135 |
| Construction in progress | 1,401,127 | 1,894,155 | 2,256,200 | 1,039,082 |
| Total capital assets not being depreciated | 2,747,262 | 1,894,155 | 2,256,200 | 2,385,217 |
| Capital assets being depreciated | | | | |
| Buildings | 70,346,091 | 2,256,200 | - | 72,602,291 |
| Improvements | 5,057,131 | - | - | 5,057,131 |
| Equipment | 10,916,658 | 382,714 | 9,999 | 11,289,373 |
| Total capital assets being depreciated | 86,319,880 | 2,638,914 | 9,999 | 88,948,795 |
| Less accumulated depreciation for | | | | |
| Buildings | 26,355,280 | 1,376,468 | - | 27,731,748 |
| Improvements | 3,908,935 | 148,584 | - | 4,057,519 |
| Equipment | 10,048,340 | 349,362 | 9,999 | 10,387,703 |
| Total accumulated depreciation | 40,312,555 | 1,874,414 | 9,999 | 42,176,970 |
| Total capital assets being depreciated, net | 46,007,325 | 764,500 | - | 46,771,825 |
| GOVERNMENTAL ACTIVITIES | | | | |
| CAPITAL ASSETS, NET | \$ 48,754,587 | \$ 2,658,655 | \$ 2,256,200 | \$ 49,157,042 |

ROCHESTER COMMUNITY UNIT SCHOOL DISTRICT #3A
ROCHESTER, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

4. LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 2024:

| | Beginning Balances | Additions | Reductions | Ending Balances | Current Portion |
|-------------------|-----------------------|-------------|---------------------|----------------------|---------------------|
| Series 2016 Bonds | \$ 17,575,000 | \$ - | \$ 330,000 | \$ 17,245,000 | \$ 420,000 |
| Series 2019 Bonds | 6,920,000 | - | 760,000 | 6,160,000 | 790,000 |
| Series 2020 Bonds | 6,100,000 | - | 670,000 | 5,430,000 | 695,000 |
| Series 2023 Bonds | 21,310,000 | - | 595,000 | 20,715,000 | 490,000 |
| TOTAL | \$ 51,905,000 | \$ - | \$ 2,355,000 | \$ 49,550,000 | \$ 2,395,000 |

Long-term debt at June 30, 2024 is comprised of the following:

General Obligation School Bonds, Series 2016, \$18,440,000 original amount, dated January 19, 2016 principal due in varying amounts from \$20,000 to \$3,740,000 through February 1, 2035, interest due semiannually in February and August at rates ranging from 2% to 4%. The proceeds of the 2016 Bonds were used to refund a portion of the 2008B and 2009A bonds in order to restructure existing debt service payments and the burden of the District's taxpayers.

General Obligation School Bonds, Series 2019, \$7,780,000 original amount, dated January 16, 2019 principal due in varying amounts from \$35,000 to \$970,000 through February 1, 2031, interest due semiannually in February and August at a rate of 3.29%. The proceeds of the 2019 Bonds were used to refund the 2011 Bonds dated March 29, 2011. The Bonds are issued in order to decrease existing debt service payments for savings and thereby lessen the burden on the District's taxpayers.

General Obligation School Bonds, Series 2020, \$6,740,000 original amount, dated February 20, 2020 principal due in varying amounts from \$640,000 to \$840,000 through February 1, 2031, interest due semiannually in February and August at rates ranging from 2% to 4%. The proceeds of the 2020 Bonds were used to refund the 2010 Bonds dated September 30, 2010. The Bonds are issued in order to decrease existing debt service payments for savings and thereby lessen the burden on the District's taxpayers.

ROCHESTER COMMUNITY UNIT SCHOOL DISTRICT #3A
ROCHESTER, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

4. LONG-TERM DEBT (Continued)

General Obligation School Bonds, Series 2023, \$21,310,000 original amount, dated February 1, 2020, principal due in varying amounts from \$490,000 to \$1,510,000 through February 1, 2047, interest due semiannually in February and August at rates ranging from 5.0% to 5.5%. The proceeds of the 2023 Bonds will be used to alter, repair and equip school buildings and facilities, including the Rochester High School Building and District athletic facilities, and improve school sites and pay costs associated with the issuance of the Bonds. Proceeds of the bond were deposited to the Capital Projects Fund and are payable from the proceeds of the District's County School Facility Occupation Tax and ad valorem taxes levied against all of the taxable property in the District without limitation as to rate or amount.

The annual requirements for long term debt is as follows:

| Fiscal Year | General Obligation Bonds | |
|----------------|--------------------------|----------------------|
| | Principal | Interest |
| 2025 | \$ 2,395,000 | \$ 2,047,470 |
| 2026 | 2,580,000 | 1,956,579 |
| 2027 | 2,760,000 | 1,859,266 |
| 2028 | 2,965,000 | 1,755,680 |
| 2029 | 3,165,000 | 1,660,678 |
| 2030-2034 | 19,615,000 | 6,585,731 |
| 2035-2039 | 5,970,000 | 3,591,300 |
| 2040-2044 | 5,795,000 | 2,173,875 |
| 2045-2047 | 4,305,000 | 481,800 |
| TOTAL | <u>\$ 49,550,000</u> | <u>\$ 22,112,379</u> |

5. RETIREMENT PLAN COMMITMENTS

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

ROCHESTER COMMUNITY UNIT SCHOOL DISTRICT #3A
ROCHESTER, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

5. RETIREMENT PLAN COMMITMENTS (Continued)

a. Teachers' Retirement System of the State of Illinois

Plan Description

The District participates in TRS. TRS is a cost-sharing, multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the City of Chicago. TRS members include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval.

The TRS Board of Trustees is responsible for the System's administration. TRS issues a publicly available financial report that can be obtained at <https://www.trsil.org/financial/acfrs/fy2023>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, Illinois 62794; or by calling (888) 678-3675, option 2.

Benefits Provided

TRS provides retirement, disability and death benefits. Tier 1 members have TRS or reciprocal system service prior to January 1, 2011. Tier 1 members qualify for retirement benefits at age 62 with five years of service, at age 60 with ten years or age 55 with 20 years. The benefit is determined by the average of the four highest years of creditable earnings within the last ten years of creditable service and the percentage of average salary to which the member is entitled. Most members retire under a formula that provides 2.20% of final average salary up to a maximum of 75% with 34 years of service.

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

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

ROCHESTER COMMUNITY UNIT SCHOOL DISTRICT #3A
ROCHESTER, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

5. RETIREMENT PLAN COMMITMENTS (Continued)

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

Benefits Provided (Continued)

Public Act 100-0023, enacted in 2017, creates an optional Tier 3 hybrid retirement plan, but it has not yet gone into effect. Public Act 100-0587, enacted in 2018, requires TRS to offer two temporary benefit buyout programs that expire on June 30, 2026. One program allows retiring Tier 1 members to receive a partial lump-sum payment in exchange for accepting a lower, delayed annual increase. The other allows inactive vested Tier 1 and 2 members to receive a partial lump-sum payment in lieu of a retirement annuity. Both programs began in 2019 and will be funded by bonds issued by the State.

Contributions

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2024, was 9% of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the employer.

On-Behalf Contributions to TRS

The State makes employer pension contributions on behalf of the District. For the year ended June 30, 2024, the State contributions recognized by the employer were based on the State's proportionate share of the collective net pension liability (NPL) associated with the employer and the employer recognized revenue and expenditures of \$6,629,574 in pension contributions from the State.

2.2 Formula Contributions

Employers contribute 0.58% of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2024 were \$72,428.

ROCHESTER COMMUNITY UNIT SCHOOL DISTRICT #3A
ROCHESTER, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

5. RETIREMENT PLAN COMMITMENTS (Continued)

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

Federal and Special Trust Fund Contributions

When TRS members are paid from federal and special trust funds administered by the employer, there is a statutory requirement for the District to pay an employer pension contribution from those funds. Under Public Act 100-0340, the federal and special trust fund contributions rate is the total employer normal cost beginning with the year ended June 30, 2018.

Previously, employer contributions for employees paid from federal and special trust funds were at the same rate as the state contribution rate to TRS and were much higher.

For the year ended June 30, 2024, the employer pension contribution was 10.60% of salaries paid from federal and special trust funds. For the year ended June 30, 2024, salaries totaling \$79,905 were paid from federal and special trust funds that required employer contributions of \$8,470.

Employer Retirement Cost Contributions

Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The employer is required to make a one-time contribution to TRS for members granted salary increases over 6% if those salaries are used to calculate a retiree's final average salary.

A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2024, the employer paid \$0 to TRS for employer contributions due on salary increases in excess of 6% and \$0 for sick leave days granted in excess of the normal annual allotment.

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

At June 30, 2024, the District has an unreported liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for the State pension support provided to the employer. The State's support and total are for disclosure purposes only.

ROCHESTER COMMUNITY UNIT SCHOOL DISTRICT #3A
ROCHESTER, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

5. RETIREMENT PLAN COMMITMENTS (Continued)

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

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

The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follow:

| | |
|--|-----------------------------|
| District's proportionate share of the net pension liability | \$ 911,702 |
| State's proportionate share of the net pension liability associated with the District | <u>78,680,389</u> |
| TOTAL | <u><u>\$ 79,592,091</u></u> |

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022 and rolled forward to June 30, 2023. The District's proportion of the net pension liability was based on the District's share of contributions to TRS for the measurement year ended June 30, 2023, relative to the projected contributions of all participating TRS employers and the State during that period. At June 30, 2023, the District's proportion was 0.0010728363%, which was an increase of 0.0000116230% from its proportion measured as of June 30, 2022 (0.0010612133%). The District's proportionate share of the net pension liability is for disclosure purposes only as the District reports on the modified cash basis of accounting.

For the year ended June 30, 2024, the District also recognized pension expense of \$6,629,574 and revenue of \$6,629,574 for support provided by the State. The District reports on the modified cash basis of accounting; therefore, the following amounts of deferred outflows of resources and deferred inflows of resources related to pensions from the following sources at June 30, 2024 are presented for disclosure purposes only:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 3,790 | \$ 3,675 |
| Net difference between projected and actual earnings on pension plan investments | - | 26 |
| Assumption changes | 3,110 | 802 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 12,419 | 58,573 |
| District contributions subsequent to the measurement date | <u>80,898</u> | <u>-</u> |
| TOTAL | <u><u>\$ 100,217</u></u> | <u><u>\$ 63,076</u></u> |

ROCHESTER COMMUNITY UNIT SCHOOL DISTRICT #3A
ROCHESTER, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

5. RETIREMENT PLAN COMMITMENTS (Continued)

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

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

\$80,898 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year Ending June 30,</u> | <u>Amount</u> |
|---------------------------------|-------------------------------|
| 2025 | \$ (25,407) |
| 2026 | (20,389) |
| 2027 | 2,973 |
| 2028 | (2,445) |
| 2029 | <u>1,511</u> |
| TOTAL | <u><u>\$ (43,757)</u></u> |

Actuarial Assumptions

The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|---|
| Inflation | 2.25% |
| Salary increases | Varies by amount of service credit |
| Investment rate of return | 7.00%, net of pension plan investment expenses, including inflation |

In the June 30, 2023, actuarial valuation, mortality rates were based on the PubT-2010 Table with appropriate adjustments for TRS experience. The rates are based on a fully generational basis using projection table MP-2020. In the June 30, 2022 actuarial valuation, mortality rates were also based on the PuT-2010 White Collar Table with appropriate adjustments for TRS experience. The rates were used on a fully generational basis using projection table MP-2020.

ROCHESTER COMMUNITY UNIT SCHOOL DISTRICT #3A
ROCHESTER, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

5. RETIREMENT PLAN COMMITMENTS (Continued)

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

Actuarial Assumptions (Continued)

The long-term (20-year) expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|-------------------------|----------------------|--|
| Global equity | 37.0% | 5.35% |
| Private equity | 15.0% | 8.03% |
| Income | 26.0% | 4.32% |
| Real assets | 18.0% | 4.60% |
| Diversifying strategies | 4.0% | 3.40% |
| TOTAL | <u>100.00%</u> | |

Discount Rate

At June 30, 2023, the discount rate used to measure the total pension liability was 7%, which was the same as the June 30, 2022 rate. The projection of cash flows used to determine the discount rate assumed that employee contributions, the District contributions and the State contributions will be made at the current statutorily required rates.

Based on those assumptions, TRS' fiduciary net position at June 30, 2023 was projected to be available to make all projected future benefit payments of current active and inactive members and all benefit recipients. Tier 1's liability is partially funded by Tier 2 members, as the Tier 2 member contribution is higher than the cost of Tier 2 benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. All projected future payments were covered, so the long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

ROCHESTER COMMUNITY UNIT SCHOOL DISTRICT #3A
ROCHESTER, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

5. RETIREMENT PLAN COMMITMENTS (Continued)

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

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6%) or 1 percentage point higher (8%) than the current rate.

| | 1% Decrease (6%) | Current Discount Rate (7%) | 1% Increase (8%) |
|--|---------------------|----------------------------------|---------------------|
| Employer's proportionate share of the net pension liability | \$ 1,122,177 | \$ 911,702 | \$ 737,031 |

The District's proportionate share of the net pension liability is for disclosure purposes only as the District reports on the modified cash basis of accounting.

TRS Fiduciary Net Position

Detailed information about the TRS' fiduciary net position as of June 30, 2023 is available in the separately issued TRS Annual Comprehensive Financial Report.

b. Illinois Municipal Retirement Fund

Plan Description

The District's defined benefit pension plan for regular employees provides retirement and disability benefits, postretirement increases and death benefits to plan members and beneficiaries. The employer plan is affiliated with IMRF, an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State. IMRF issues a publicly available financial report that includes financial statements and required supplementary information (RSI). That report may be obtained at www.imrf.org.

Plan Administration

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

ROCHESTER COMMUNITY UNIT SCHOOL DISTRICT #3A
ROCHESTER, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

5. RETIREMENT PLAN COMMITMENTS (Continued)

b. Illinois Municipal Retirement Fund (Continued)

Plan Administration (Continued)

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

Plan Membership

At December 31, 2023, IMRF membership consisted of:

| | |
|--|--------------------------|
| Inactive employees or their beneficiaries currently receiving benefits | 104 |
| Inactive employees entitled to but not yet receiving benefits | 142 |
| Active employees | <u>72</u> |
| TOTAL | <u><u>318</u></u> |

Benefits Provided

All employees (other than those covered by TRS) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011, are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after eight years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with ten years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

IMRF also provides death and disability benefits. These benefit provisions are established by state statute.

ROCHESTER COMMUNITY UNIT SCHOOL DISTRICT #3A
ROCHESTER, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

5. RETIREMENT PLAN COMMITMENTS (Continued)

b. Illinois Municipal Retirement Fund (Continued)

Contributions

Participating members are required to contribute 4.50% of their annual salary to IMRF. The District is required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The employer contribution for the year ended June 30, 2024 was 7.73% of covered payroll.

Actuarial Assumptions

The District's net pension liability was measured as of December 31, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of the same date using the following actuarial methods and assumptions.

| | |
|---------------------------|-------------------|
| Actuarial valuation date | December 31, 2023 |
| Actuarial cost method | Entry-age normal |
| Assumptions | |
| Price inflation | 2.25% |
| Salary increases | 2.85% to 13.75% |
| Investment rate of return | 7.25% |
| Asset valuation method | Fair value |

For nondisabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 108.0%) and Female (adjusted 106.4%) tables, and future mortality improvements projected using scale MP-2021. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2021. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2021.

ROCHESTER COMMUNITY UNIT SCHOOL DISTRICT #3A
ROCHESTER, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

5. RETIREMENT PLAN COMMITMENTS (Continued)

b. Illinois Municipal Retirement Fund (Continued)

Single Discount Rate

A single discount rate of 7.25% was used to measure the total pension liability. The projection of cash flows used to determine this single discount rate assumed that the plan members' contributions will be made at the current contribution rate and that the District contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the IMRF's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Changes in the Net Pension Liability

| | (a) Total Pension Liability | (b) Plan Fiduciary Net Position | (a) - (b) Net Pension Liability |
|--|--------------------------------------|--|--|
| BALANCES AT JANUARY 1, 2023 | \$ 13,376,137 | \$ 11,758,097 | \$ 1,618,040 |
| Changes for the period | | | |
| Service cost | 236,005 | - | 236,005 |
| Interest | 948,996 | - | 948,996 |
| Difference between expected and actual experience | 170,409 | - | 170,409 |
| Changes in assumptions | (16,101) | - | (16,101) |
| Employer contributions | - | 226,393 | (226,393) |
| Employee contributions | - | 113,348 | (113,348) |
| Net investment income | - | 1,297,809 | (1,297,809) |
| Benefit payments and refunds | (809,085) | (809,085) | - |
| Other (net transfer) | - | 356,671 | (356,671) |
| Net changes | 530,224 | 1,185,136 | (654,912) |
| BALANCES AT DECEMBER 31, 2023 | \$ 13,906,361 | \$ 12,943,233 | \$ 963,128 |

The District's net pension liability is for disclosure purposes only as the District reports on the modified cash basis of accounting.

ROCHESTER COMMUNITY UNIT SCHOOL DISTRICT #3A
ROCHESTER, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

5. RETIREMENT PLAN COMMITMENTS (Continued)

b. Illinois Municipal Retirement Fund (Continued)

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

For the year ended June 30, 2024, the District incurred pension expense (income) of \$(221,945).

The District reports on the modified cash basis of accounting. Therefore, the following amounts of deferred outflows of resources and deferred inflows of resources related to pensions from the following sources at June 30, 2024 are for disclosure purposes only:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Difference between expected and actual experience | \$ 106,831 | \$ - |
| Assumption changes | - | 8,409 |
| Net difference between projected and actual earnings on pension plan investments | 694,299 | - |
| Employer contributions after the measurement date | 98,501 | - |
| TOTAL | \$ 899,631 | \$ 8,409 |

\$98,501 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date would be recognized as a reduction of the net pension liability during the fiscal year ending June 30, 2025 under the accrual basis of accounting; however, this amount is not reported in the accompanying financial statements. For disclosure purposes, the amounts reported as deferred outflows of resources and deferred inflows of resources related to IMRF would be recognized in pension expense as follows:

| <u>Year Ending June 30,</u> | |
|---------------------------------|-------------------|
| 2025 | \$ 162,440 |
| 2026 | 239,071 |
| 2027 | 481,097 |
| 2028 | (89,887) |
| 2029 | - |
| Thereafter | - |
| TOTAL | \$ 792,721 |

ROCHESTER COMMUNITY UNIT SCHOOL DISTRICT #3A
ROCHESTER, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

5. RETIREMENT PLAN COMMITMENTS (Continued)

b. Illinois Municipal Retirement Fund (Continued)

Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension liability (asset) to changes in the discount rate. The table below presents the net pension liability (asset) of the District calculated using the discount rate of 7.25% as well as what the District's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.25%) or 1 percentage point higher (8.25%) than the current rate:

| | 1% Decrease (6.25%) | Current Discount Rate (7.25%) | 1% Increase (8.25%) |
|-------------------------------|------------------------|-------------------------------------|------------------------|
| Net pension liability (asset) | \$ 2,457,697 | \$ 963,128 | \$ (266,852) |

6. OTHER POSTEMPLOYMENT BENEFITS

a. Teacher Health Insurance Security Fund of the State of Illinois

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

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

ROCHESTER COMMUNITY UNIT SCHOOL DISTRICT #3A
ROCHESTER, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. OTHER POSTEMPLOYMENT BENEFITS (Continued)

a. Teacher Health Insurance Security Fund of the State of Illinois (Continued)

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

- On-behalf contributions to the THIS Fund - The State makes employer retiree health insurance contributions on behalf of the District. The State contributions are intended to match contributions to the THIS Fund from active members which were 0.90% of pay during the year ended June 30, 2024. The State contributions were \$112,388 and the District recognized revenue and expenditures of this amount during the year.
- Employer contributions to the THIS Fund - The District also makes contributions to the THIS Fund. The employer contribution to the THIS Fund was 0.67% during the year ended June 30, 2024. For the year ended June 30, 2024, the District paid \$83,667 to the THIS Fund, which was 100% of the required contribution.

The publicly available financial report of the THIS Fund may be found on the website of the Illinois Auditor General: <http://www.auditor.illinois.gov/Audit-reports/ABC-List.asp>. The current reports are listed under “Central Management Services.”

Actuarial Assumptions

The total other postemployment benefit (OPEB) liability was determined by an actuarial valuation as of June 30, 2022, rolled forward to June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

| | |
|-----------------------------|---|
| Inflation | 2.25% |
| Salary increases | Depends on service and ranges from 8.50% at one year of service to 3.50% at 20 or more years of service. Salary increase includes a 3.25% wage inflation assumption |
| Investment rate of return | 2.75%, net of OPEB plan investment expense, including inflation |
| Healthcare cost trend rates | Trend for fiscal year 2024 based on expected increases used to develop average costs. For fiscal years on and after 2024, trend starts at 8.00% gradually decreases to an ultimate trend of 4.25% |

ROCHESTER COMMUNITY UNIT SCHOOL DISTRICT #3A
ROCHESTER, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. OTHER POSTEMPLOYMENT BENEFITS (Continued)

a. Teacher Health Insurance Security Fund of the State of Illinois (Continued)

Actuarial Assumptions (Continued)

Mortality rates for retirement and beneficiary annuitants were based on the PubT-2010 Retiree Mortality Table, adjusted for TRS experience. For disabled annuitants mortality rates were based on the PubNS-2010 Non-Safety Disabled Retiree table. Mortality rates for pre-retirement were based on the PubT-2010 Employee Mortality Table. All tables reflect future mortality improvements using Projection Scale MP-2020.

Single Discount Rate

Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

Since the THIS Fund is financed on a pay-as-you-go basis, the sponsor has selected a discount rate consistent with the 20-year general obligation bond index described above. The discount rates are 3.69% as of June 30, 2022 and 3.86% as of June 30, 2023.

Sensitivity of the Employer's Proportionate Share of the Collective Net OPEB Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the collective net OPEB liability, as well as what the District's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.86%) or 1 percentage point higher (4.86%) than the current discount rate:

| | 1% Decrease (2.86%) | Current Discount Rate (3.86%) | 1% Increase (4.86%) |
|--|------------------------|-------------------------------------|------------------------|
| Employer's proportionate share of the collective net OPEB liability | \$ 3,200,641 | \$ 2,866,376 | \$ 2,571,515 |

ROCHESTER COMMUNITY UNIT SCHOOL DISTRICT #3A
ROCHESTER, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. OTHER POSTEMPLOYMENT BENEFITS (Continued)

a. Teacher Health Insurance Security Fund of the State of Illinois (Continued)

Sensitivity of the Employer's Proportionate Share of the Collective Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following table shows the District's net OPEB liability as of June 30, 2023, using current trend rates and sensitivity trend rates that are either 1 percentage point higher or lower. The current claims trend rates are 8.00% in plan year 2025 decreasing to an ultimate trend rate of 4.25% in plan year 2040.

| | 1% Decrease ^a | Current Discount Rate | 1% Increase ^b |
|--|--------------------------|--------------------------|--------------------------|
| Employer's proportionate share of the collective net OPEB liability | \$ 2,439,689 | \$ 2,866,376 | \$ 3,389,126 |

^a One percentage point decrease in healthcare trend rates are 7% in plan year 2025 decreasing to an ultimate rate of 3.25% in plan year 2040.

^b One percentage point increase in healthcare trend rates are 9% in plan year 2025 decreasing to an ultimate rate of 5.25% in plan year 2040.

OPEB Liabilities, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2024, the District disclosed a liability for its proportionate share of the net OPEB liability that reflected a reduction for the State OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of that date. The District proportion of the collective net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of the District, actuarially determined. At June 30, 2023, the District's proportion was 0.040217%, which was an increase of 0.000891% from its proportion measured as of June 30, 2022 (0.039326%). The State's support and total are for disclosure purposes only.

ROCHESTER COMMUNITY UNIT SCHOOL DISTRICT #3A
ROCHESTER, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. OTHER POSTEMPLOYMENT BENEFITS (Continued)

a. Teacher Health Insurance Security Fund of the State of Illinois (Continued)

OPEB Liabilities, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

The amount recognized by the District as its proportionate share of the net OPEB liability, the related state support and the total portion of the net OPEB liability that was associated with the District were as follows:

| | |
|---|----------------------------|
| Employer's proportionate share of the net OPEB liability | \$ 2,866,376 |
| State's proportionate share of the net OPEB liability associated with the employer | <u>3,876,278</u> |
| TOTAL | <u>\$ 6,742,654</u> |

The District's proportionate share of the net OPEB liability is for disclosure purposes only as the District reports on the modified cash basis of accounting.

For the year ended June 30, 2024, the District recognized OPEB expense of \$112,388 and revenue of \$112,388 for support provided by the State.

At June 30, 2024, the District disclosed deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ - | \$ 1,600,645 |
| Changes of assumptions | 37,993 | 5,633,979 |
| Net difference between projected and actual earnings on OPEB plan investments | 1,141 | - |
| Changes in the proportion and differences between employer contributions and proportionate share of contributions | 650,971 | 314,667 |
| Employer contributions subsequent to the measurement date | <u>83,667</u> | <u>-</u> |
| TOTAL | <u>\$ 773,772</u> | <u>\$ 7,549,291</u> |

ROCHESTER COMMUNITY UNIT SCHOOL DISTRICT #3A
ROCHESTER, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. OTHER POSTEMPLOYMENT BENEFITS (Continued)

a. Teacher Health Insurance Security Fund of the State of Illinois (Continued)

OPEB Liabilities, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

\$83,667 disclosed as deferred outflows of resources related to OPEB resulting from the District's contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ending June 30, 2025. Other amounts disclosed as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

| Year Ended June 30, | |
|---------------------------|-----------------------|
| 2025 | \$ (741,501) |
| 2026 | (741,501) |
| 2027 | (741,501) |
| 2028 | (741,501) |
| 2029 | (741,500) |
| Thereafter | <u>(3,156,681)</u> |
| TOTAL | <u>\$ (6,859,186)</u> |

b. Retiree's Health Plan

ILCS mandate that a school district unit must offer its retirees a health insurance plan equivalent to that offered to active employees. ILCS enable a government to make the health plan benefits supplemental to Medicare and to offer these supplemental benefits at a different retiree contribution rate than regular benefits provided by the group plan. ILCS does not presently require the government to pay any portion of the cost of the plan for retired employees. Retired employees covered under the District's plan are required to pay 100% of the cost of their insurance based on the rates paid by the District. Retired employees must be covered under the District's health insurance plan at the time of retirement to receive this benefit and must continue coverage with the District's plan to maintain this benefit.

ROCHESTER COMMUNITY UNIT SCHOOL DISTRICT #3A
ROCHESTER, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. OTHER POSTEMPLOYMENT BENEFITS (Continued)

b. Retiree's Health Plan (Continued)

No former employees have chosen to stay in the District's health insurance plan. Additionally, the District had no former employees for which the District was providing an explicit subsidy and no current employees with agreements for future explicit subsidies upon retirement. As a result, the District has determined that no material liability is required to be reported under GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. In addition, the total OPEB liability, deferred outflows of resources and deferred inflows of resources would not be reported on the District's financial statements as the District's reports on the modified cash basis of accounting as discussed in Note 1. Therefore, the District has not recorded any postemployment benefit liability as of June 30, 2024.

7. INDIVIDUAL FUND DISCLOSURES

Due from/to other funds at June 30, 2024, consisted of the following:

| | Due to | Due from |
|----------------|------------------|------------------|
| General Fund | \$ 33,851 | \$ - |
| Transportation | - | 33,851 |
| TOTAL | \$ 33,851 | \$ 33,851 |

Interfund loans relate to cash shortfalls and are expected to be repaid within one year.

During the year ended June 30, 2024, the District made the following interfund transfers:

| Fund | Transfers In | Transfers Out |
|------------------|---------------------|---------------------|
| Debt Service | \$ 1,893,660 | \$ - |
| Capital Projects | - | 1,893,660 |
| TOTAL | \$ 1,893,660 | \$ 1,893,660 |

ROCHESTER COMMUNITY UNIT SCHOOL DISTRICT #3A
ROCHESTER, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

8. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omission; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. During the year ended June 30, 2024, there were no significant reductions in coverage. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

9. CONTINGENT LIABILITIES

a. Litigation

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

b. Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

10. ADJUSTMENTS TO AND RESTATEMENTS OF BEGINNING BALANCES

The District has reported a change in accounting principles in fiscal year 2024; the District began to report on the modified cash basis of accounting to account for summer payroll reporting correctly. Additionally, the District's beginning balances were adjusted due to a correction of an error related to property tax revenue recognition and the correction of a prior year voided check. Balances were restated as follows:

Educational Fund

| | |
|--|---------------------|
| BEGINNING FUND BALANCE, AS PREVIOUSLY REPORTED | <u>\$ 4,748,859</u> |
| Error correction | <u>4,649,447</u> |
| BEGINNING FUND BALANCE, AS RESTATED | <u>\$ 9,398,306</u> |

ROCHESTER COMMUNITY UNIT SCHOOL DISTRICT #3A
ROCHESTER, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

10. ADJUSTMENTS TO AND RESTATEMENTS OF BEGINNING BALANCES
(Continued)

Operations and Maintenance Fund

| | |
|--|---------------------|
| BEGINNING FUND BALANCE, AS PREVIOUSLY REPORTED | \$ 1,192,834 |
| Error correction | 967,636 |
| Error correction | <u>(137,800)</u> |
| BEGINNING FUND BALANCE, AS RESTATED | <u>\$ 2,022,670</u> |

Transportation Fund

| | |
|--|---------------------|
| BEGINNING FUND BALANCE, AS PREVIOUSLY REPORTED | \$ 1,008,095 |
| Error correction | <u>382,132</u> |
| BEGINNING FUND BALANCE, AS RESTATED | <u>\$ 1,390,227</u> |

Municipal Retirement/Social Security Fund

| | |
|--|-------------------|
| BEGINNING FUND BALANCE, AS PREVIOUSLY REPORTED | \$ 301,825 |
| Error correction | <u>330,846</u> |
| BEGINNING FUND BALANCE, AS RESTATED | <u>\$ 632,671</u> |

Working Cash Fund

| | |
|--|---------------------|
| BEGINNING FUND BALANCE, AS PREVIOUSLY REPORTED | \$ 1,815,189 |
| Error correction | <u>53,920</u> |
| BEGINNING FUND BALANCE, AS RESTATED | <u>\$ 1,869,109</u> |

Debt Service Fund

| | |
|--|---------------------|
| BEGINNING FUND BALANCE, AS PREVIOUSLY REPORTED | \$ 137,205 |
| Error correction | <u>1,318,777</u> |
| BEGINNING FUND BALANCE, AS RESTATED | <u>\$ 1,455,982</u> |

SUPPLEMENTARY INFORMATION

**ROCHESTER COMMUNITY UNIT SCHOOL DISTRICT #3A
ROCHESTER, ILLINOIS**

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -
REGULATORY MODIFIED CASH BASIS - BUDGETARY BASIS
EDUCATIONAL FUND

For the Year Ended June 30, 2024

| | Original and Final Budget | Actual | Variance with Final Budget Over (Under) |
|--|------------------------------|--------------|---|
| EXPENDITURES | | | |
| Instruction | | | |
| Regular programs | | | |
| Salaries | \$ 7,400,000 | \$ 7,461,611 | \$ 61,611 |
| Employee benefits | 750,000 | 840,083 | 90,083 |
| Purchased services | 55,000 | 50,748 | (4,252) |
| Supplies and materials | 280,000 | 286,352 | 6,352 |
| Capital outlay | 37,000 | 33,126 | (3,874) |
| Other objects | 6,500 | 11,774 | 5,274 |
| Noncapitalized equipment | 6,500 | 5,802 | (698) |
| Total regular programs | 8,535,000 | 8,689,496 | 154,496 |
| Pre-K programs | | | |
| Salaries | 45,000 | 36,015 | (8,985) |
| Employee benefits | 6,950 | 6,094 | (856) |
| Supplies and materials | 31,693 | 34,974 | 3,281 |
| Capital outlay | 13,602 | 39,917 | 26,315 |
| Noncapitalized equipment | 20,410 | 18,199 | (2,211) |
| Total Pre-K programs | 117,655 | 135,199 | 17,544 |
| Special education programs | | | |
| Salaries | 2,068,200 | 1,886,654 | (181,546) |
| Employee benefits | 229,000 | 248,599 | 19,599 |
| Purchased services | 63,720 | 60,044 | (3,676) |
| Supplies and materials | 17,562 | 16,097 | (1,465) |
| Capital outlay | 983 | 900 | (83) |
| Noncapitalized equipment | 7,350 | 11,732 | 4,382 |
| Total special education programs | 2,386,815 | 2,224,026 | (162,789) |
| Special education programs Pre-k | | | |
| Supplies and materials | 100 | 2,525 | 2,425 |
| Noncapitalized equipment | 1,500 | 1,500 | - |
| Total special education programs Pre-K | 1,600 | 4,025 | 2,425 |
| CTE programs | | | |
| Salaries | 211,135 | 201,421 | (9,714) |
| Employee benefits | 24,500 | 28,393 | 3,893 |
| Supplies and materials | 13,415 | 28,005 | 14,590 |
| Capital outlay | 770 | 700 | (70) |
| Other objects | 13,310 | 12,200 | (1,110) |
| Total special education programs Pre-K | 263,130 | 270,719 | 7,589 |

(This schedule is continued on the following pages.)

ROCHESTER COMMUNITY UNIT SCHOOL DISTRICT #3A
ROCHESTER, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -
REGULATORY MODIFIED CASH BASIS - BUDGETARY BASIS (Continued)
EDUCATIONAL FUND

For the Year Ended June 30, 2024

| | Original and Final Budget | Actual | Variance with Final Budget Over (Under) |
|---|------------------------------|------------|---|
| EXPENDITURES (Continued) | | | |
| Instruction (Continued) | | | |
| Interscholastic programs | | | |
| Salaries | \$ 482,120 | \$ 500,438 | \$ 18,318 |
| Employee benefits | 12,000 | 12,016 | 16 |
| Purchased services | 116,900 | 111,268 | (5,632) |
| Supplies and materials | 37,800 | 34,624 | (3,176) |
| Capital outlay | 23,350 | 26,147 | 2,797 |
| Other objects | 27,800 | 25,436 | (2,364) |
| Noncapitalized equipment | 13,100 | 11,991 | (1,109) |
| Total interscholastic programs | 713,070 | 721,920 | 8,850 |
| Summer school programs | | | |
| Salaries | 1,000 | - | (1,000) |
| Supplies and materials | 500 | - | (500) |
| Total summer school programs | 1,500 | - | (1,500) |
| Student activity fund expenditures | | | |
| Other objects | - | 536,843 | 536,843 |
| Total student activity fund expenditures | - | 536,843 | 536,843 |
| Total instruction | 12,018,770 | 12,582,228 | 563,458 |
| Support services | | | |
| Pupils | | | |
| Attendance and social work services | | | |
| Salaries | 550,000 | 501,195 | (48,805) |
| Employee benefits | 34,300 | 40,200 | 5,900 |
| Purchased services | 32,342 | 2,964 | (29,378) |
| Supplies and materials | 800 | 593 | (207) |
| Total attendance and social work services | 617,442 | 544,952 | (72,490) |
| Guidance services | | | |
| Salaries | 290,000 | 254,360 | (35,640) |
| Employee benefits | 39,500 | 42,421 | 2,921 |
| Supplies and materials | 375 | 375 | - |
| Total guidance services | 329,875 | 297,156 | (32,719) |
| Health services | | | |
| Salaries | 360,000 | 362,131 | 2,131 |
| Employee benefits | 35,200 | 32,797 | (2,403) |
| Purchased services | 35,900 | 36,974 | 1,074 |
| Supplies and materials | 5,300 | 8,217 | 2,917 |
| Noncapitalized Equipment | 3,750 | 3,432 | (318) |
| Total health services | 440,150 | 443,551 | 3,401 |

(This schedule is continued on the following pages.)

ROCHESTER COMMUNITY UNIT SCHOOL DISTRICT #3A
ROCHESTER, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -
REGULATORY MODIFIED CASH BASIS - BUDGETARY BASIS (Continued)
EDUCATIONAL FUND

For the Year Ended June 30, 2024

| | Original and Final Budget | Actual | Variance with Final Budget Over (Under) |
|---|------------------------------|------------|---|
| EXPENDITURES (Continued) | | | |
| Support services (Continued) | | | |
| Pupils (Continued) | | | |
| Psychological services | | | |
| Salaries | \$ 230,500 | \$ 228,705 | \$ (1,795) |
| Employee benefits | 17,300 | 20,164 | 2,864 |
| Purchased services | 39,000 | 37,265 | (1,735) |
| Supplies and materials | 350 | 851 | 501 |
| Total psychological services | 287,150 | 286,985 | (165) |
| Speech pathology and audiology services | | | |
| Salaries | 200,500 | 192,264 | (8,236) |
| Employee benefits | 17,000 | 19,708 | 2,708 |
| Purchased services | 1,770 | 1,601 | (169) |
| Supplies and materials | 520 | 468 | (52) |
| Total speech pathology and audiology services | 219,790 | 214,041 | (5,749) |
| Other support services | | | |
| Salaries | 35,275 | 27,487 | (7,788) |
| Employee benefits | 100 | 70 | (30) |
| Total speech pathology and audiology services | 35,375 | 27,557 | (7,818) |
| Total pupils | 1,929,782 | 1,814,242 | (115,540) |
| Instructional staff | | | |
| Improvement of instructional services | | | |
| Salaries | 237,000 | 232,885 | (4,115) |
| Employee benefits | 29,000 | 33,061 | 4,061 |
| Purchased services | 230,000 | 253,500 | 23,500 |
| Supplies and materials | 5,000 | 4,923 | (77) |
| Other objects | 1,300 | 6,323 | 5,023 |
| Total improvement of instructional services | 502,300 | 530,692 | 28,392 |
| Educational media services | | | |
| Salaries | 173,000 | 184,093 | 11,093 |
| Employee benefits | 26,100 | 26,611 | 511 |
| Purchased services | - | 35 | 35 |
| Supplies and materials | 19,200 | 18,521 | (679) |
| Total educational media services | 218,300 | 229,260 | 10,960 |
| Assessment and testing | | | |
| Purchased services | - | 8,910 | 8,910 |
| Total assessment and testing | - | 8,910 | 8,910 |
| Total instructional staff | 720,600 | 768,862 | 48,262 |

(This schedule is continued on the following pages.)

ROCHESTER COMMUNITY UNIT SCHOOL DISTRICT #3A
ROCHESTER, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -
REGULATORY MODIFIED CASH BASIS - BUDGETARY BASIS (Continued)
EDUCATIONAL FUND

For the Year Ended June 30, 2024

| | Original and Final Budget | Actual | Variance with Final Budget Over (Under) |
|--|------------------------------|-----------|---|
| EXPENDITURES (Continued) | | | |
| Support services (Continued) | | | |
| General administration | | | |
| Board of Education services | | | |
| Salaries | \$ - | \$ 45,137 | \$ 45,137 |
| Employee benefits | - | 8,500 | 8,500 |
| Purchased services | 620,000 | 585,209 | (34,791) |
| Supplies and materials | 11,200 | 16,766 | 5,566 |
| Noncapitalized equipment | - | 7,369 | 7,369 |
| Other objects | 4,000 | 15,500 | 11,500 |
| Total Board of Education services | 635,200 | 678,481 | 43,281 |
| Executive administration services | | | |
| Salaries | 227,868 | 228,834 | 966 |
| Employee benefits | 35,275 | 31,555 | (3,720) |
| Purchased services | 44,400 | 22,117 | (22,283) |
| Supplies and materials | 24,700 | 27,879 | 3,179 |
| Capital outlay | 200 | 162 | (38) |
| Noncapitalized equipment | 11,500 | 10,792 | (708) |
| Other objects | 10,000 | 9,790 | (210) |
| Total executive administration services | 353,943 | 331,129 | (22,814) |
| Special area administration services | | | |
| Salaries | 187,000 | 178,488 | (8,512) |
| Employee benefits | 13,000 | 9,463 | (3,537) |
| Supplies and materials | 3,050 | 1,765 | (1,285) |
| Other objects | 50 | 747 | 697 |
| Total special area administration services | 203,100 | 190,463 | (12,637) |
| Total general administration | 1,192,243 | 1,200,073 | 7,830 |
| School administration | | | |
| Office of the principal services | | | |
| Salaries | 1,410,000 | 1,361,674 | (48,326) |
| Employee benefits | 205,000 | 190,154 | (14,846) |
| Purchased services | 2,000 | 642 | (1,358) |
| Supplies and materials | 2,400 | - | (2,400) |
| Other objects | 50 | 1,582 | 1,532 |
| Total office of the principal services | 1,619,450 | 1,554,052 | (65,398) |
| Total school administration | 1,619,450 | 1,554,052 | (65,398) |
| Business | | | |
| Direction of business support services | | | |
| Salaries | 145,500 | 144,043 | (1,457) |
| Employee benefits | 30,000 | 30,059 | 59 |
| Total direction of business support services | 175,500 | 174,102 | (1,398) |

(This schedule is continued on the following pages.)

ROCHESTER COMMUNITY UNIT SCHOOL DISTRICT #3A
ROCHESTER, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -
REGULATORY MODIFIED CASH BASIS - BUDGETARY BASIS (Continued)
EDUCATIONAL FUND

For the Year Ended June 30, 2024

| | Original and Final Budget | Actual | Variance with Final Budget Over (Under) |
|---|------------------------------|------------|---|
| EXPENDITURES (Continued) | | | |
| Support services (Continued) | | | |
| Business (Continued) | | | |
| Fiscal services | | | |
| Salaries | \$ 193,000 | \$ 214,762 | \$ 21,762 |
| Employee benefits | 40,000 | 28,769 | (11,231) |
| Purchased services | 175,000 | 202,962 | 27,962 |
| Supplies and materials | 3,700 | 3,377 | (323) |
| Capital outlay | 65 | 47 | (18) |
| Other objects | 786 | 1,437 | 651 |
| Total fiscal services | 412,551 | 451,354 | 38,803 |
| Operation and maintenance of plant services | | | |
| Salaries | 392,600 | 415,627 | 23,027 |
| Employee benefits | 67,300 | 67,869 | 569 |
| Purchased services | 190,000 | 198,004 | 8,004 |
| Supplies and materials | 17,000 | 18,616 | 1,616 |
| Capital outlay | 79,000 | 72,420 | (6,580) |
| Noncapitalized equipment | 224,000 | 223,766 | (234) |
| Total operation and maintenance of plant services | 969,900 | 996,302 | 26,402 |
| Food service | | | |
| Purchased services | 8,200 | 11,341 | 3,141 |
| Materials and supplies | 923,300 | 1,072,351 | 149,051 |
| Capital outlay | 8,500 | 6,363 | (2,137) |
| Total food service | 940,000 | 1,090,055 | 150,055 |
| Total business | 2,497,951 | 2,711,813 | 213,862 |
| Central | | | |
| Information services | | | |
| Salaries | 60,000 | 54,781 | (5,219) |
| Employee benefits | 25,000 | 16,886 | (8,114) |
| Purchased services | 2,200 | 2,752 | 552 |
| Supplies and materials | 1,500 | 497 | (1,003) |
| Other objects | 1,000 | 1,412 | 412 |
| Noncapitalized equipment | 7,100 | 7,044 | (56) |
| Total information services | 96,800 | 83,372 | (13,428) |
| Data processing | | | |
| Purchased services | 75,000 | 76,598 | 1,598 |
| Total data processing | 75,000 | 76,598 | 1,598 |
| Total central | 171,800 | 159,970 | (11,830) |
| Total support services | 8,131,826 | 8,209,012 | 77,186 |

(This schedule is continued on the following page.)

**ROCHESTER COMMUNITY UNIT SCHOOL DISTRICT #3A
ROCHESTER, ILLINOIS**

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -
REGULATORY MODIFIED CASH BASIS - BUDGETARY BASIS (Continued)
EDUCATIONAL FUND

For the Year Ended June 30, 2024

| | Original and Final Budget | Actual | Variance with Final Budget Over (Under) |
|---|------------------------------|----------------------|---|
| EXPENDITURES (Continued) | | | |
| Community service | | | |
| Salaries | \$ - | \$ 14,796 | \$ 14,796 |
| Employee benefits | - | 7 | 7 |
| Purchased services | 1,250 | 2,228 | 978 |
| Supplies and materials | - | 13,192 | 13,192 |
| Other objects | 360,000 | 427,746 | 67,746 |
| Total community service | 361,250 | 457,969 | 96,719 |
| Intergovernmental | | | |
| Payments for regular programs | | | |
| Purchased services | - | 8,006 | 8,006 |
| Total payments for regular programs | - | 8,006 | 8,006 |
| Payments for CTE programs | | | |
| Other objects | 200,000 | 199,738 | (262) |
| Total payments for CTE programs | 200,000 | 199,738 | (262) |
| Payments for community college programs | | | |
| Purchased services | - | 4,932 | 4,932 |
| Total payments for community college programs | - | 4,932 | 4,932 |
| Other payments to in-state government units | | | |
| Other objects | 8,000 | 9,240 | 1,240 |
| Total other payments to in-state government units | 8,000 | 9,240 | 1,240 |
| Total intergovernmental | 208,000 | 221,916 | 13,916 |
| TOTAL EXPENDITURES - BUDGETARY BASIS | <u>\$ 20,719,846</u> | 21,471,125 | <u>\$ 751,279</u> |
| ADJUSTMENTS TO MODIFIED CASH BASIS | | | |
| On-behalf expenditures | | 6,741,962 | |
| TOTAL EXPENDITURES - MODIFIED CASH BASIS | | <u>\$ 28,213,087</u> | |

(See independent auditor's report.)

ROCHESTER COMMUNITY UNIT SCHOOL DISTRICT #3A
ROCHESTER, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -
REGULATORY MODIFIED CASH BASIS
OPERATIONS AND MAINTENANCE FUND

For the Year Ended June 30, 2024

| | Original and Final Budget | Actual | Variance with Final Budget Over (under) |
|---|--------------------------------------|---------------------|--|
| <hr/> | | | |
| EXPENDITURES | | | |
| Support services | | | |
| Business | | | |
| Facilities acquisition and construction services | | | |
| Purchased services | \$ 34,800 | \$ 30,401 | \$ (4,399) |
| | <hr/> | | |
| Total facilities acquisition and construction services | 34,800 | 30,401 | (4,399) |
| | <hr/> | | |
| Operation and maintenance of plant services | | | |
| Salaries | 300,000 | 290,240 | (9,760) |
| Employee benefits | 62,300 | 61,088 | (1,212) |
| Purchased services | 1,072,000 | 1,000,882 | (71,118) |
| Supplies and materials | 1,162,100 | 959,427 | (202,673) |
| Other objects | - | 1,838 | 1,838 |
| Capital outlay | 57,500 | 50,499 | (7,001) |
| | <hr/> | | |
| Total operation and maintenance of plant services | 2,653,900 | 2,363,974 | (289,926) |
| | <hr/> | | |
| Total support services | 2,688,700 | 2,394,375 | (294,325) |
| | <hr/> | | |
| TOTAL EXPENDITURES | <u>\$ 2,688,700</u> | <u>\$ 2,394,375</u> | <u>\$ (294,325)</u> |

(See independent auditor's report.)

ROCHESTER COMMUNITY UNIT SCHOOL DISTRICT #3A
ROCHESTER, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -
REGULATORY MODIFIED CASH BASIS
TRANSPORTATION FUND

For the Year Ended June 30, 2024

| | <u>Original and Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Over (Under)</u> |
|-------------------------------|--------------------------------------|----------------------------|--|
| EXPENDITURES | | | |
| Support services | | | |
| Business | | | |
| Pupil transportation services | | | |
| Salaries | \$ 640,000 | \$ 619,338 | \$ (20,662) |
| Employee benefits | 85,500 | 82,213 | (3,287) |
| Purchased services | 62,500 | 61,212 | (1,288) |
| Supplies and materials | 233,000 | 227,662 | (5,338) |
| Other | - | 61 | 61 |
| Capital outlay | 275,000 | 263,113 | (11,887) |
| | <u>1,296,000</u> | <u>1,253,599</u> | <u>(42,401)</u> |
| Total business | <u>1,296,000</u> | <u>1,253,599</u> | <u>(42,401)</u> |
| Total support services | <u>1,296,000</u> | <u>1,253,599</u> | <u>(42,401)</u> |
| TOTAL EXPENDITURES | <u><u>\$ 1,296,000</u></u> | <u><u>\$ 1,253,599</u></u> | <u><u>\$ (42,401)</u></u> |

(See independent auditor's report.)

ROCHESTER COMMUNITY UNIT SCHOOL DISTRICT #3A
ROCHESTER, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -
REGULATORY MODIFIED CASH BASIS
MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND

For the Year Ended June 30, 2024

| | Original and Final Budget | Actual | Variance with Final Budget Over (Under) |
|---|------------------------------|------------|---|
| EXPENDITURES | | | |
| Instruction | | | |
| Regular programs | \$ 84,000 | \$ 109,210 | \$ 25,210 |
| Special education programs | 78,000 | 79,815 | 1,815 |
| Pre-K programs | 13,000 | 2,118 | (10,882) |
| Interscholastic programs | 25,500 | 24,452 | (1,048) |
| Summer school | 1,500 | - | (1,500) |
| CTE programs | 2,500 | 2,714 | 214 |
| Total instruction | 204,500 | 218,309 | 13,809 |
| Support services | | | |
| Pupils | | | |
| Attendance and social work services | 6,500 | 7,123 | 623 |
| Guidance services | - | 10,638 | 10,638 |
| Health services | 55,000 | 54,903 | (97) |
| Psychological services | - | 3,299 | 3,299 |
| Speech pathology and audiology services | - | 2,720 | 2,720 |
| Total pupils | 61,500 | 78,683 | 17,183 |
| Instructional staff | | | |
| Improvement of instructional services | 150 | 3,338 | 3,188 |
| Educational media services | - | 18,545 | 18,545 |
| Total instructional staff | 150 | 21,883 | 21,733 |
| General administration | | | |
| Executive administration services | 3,400 | 3,275 | (125) |
| Speical area administration services | 2,500 | 8,708 | 6,208 |
| Total general administration | 5,900 | 11,983 | (125) |
| School administration | | | |
| Office of the principal services | 45,000 | 43,914 | (1,086) |
| Total school administration | 45,000 | 43,914 | (1,086) |

(This schedule is continued on the following page.)

ROCHESTER COMMUNITY UNIT SCHOOL DISTRICT #3A
ROCHESTER, ILLINOIS

STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL -
REGULATORY MODIFIED CASH BASIS (Continued)
MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND

For the Year Ended June 30, 2024

| | Original and Final Budget | Actual | Variance with Final Budget Over (Under) |
|---|------------------------------|-------------------|---|
| <hr/> | | | |
| EXPENDITURES (Continued) | | | |
| Support services (Continued) | | | |
| Business | | | |
| Direction of business support services | \$ - | \$ 1,650 | \$ 1,650 |
| Fiscal services | 35,000 | 32,624 | (2,376) |
| Operation and maintenance of plant services | 57,000 | 55,585 | (1,415) |
| Pupil transportation services | 92,500 | 89,342 | (3,158) |
| | <hr/> | | |
| Total business | 184,500 | 179,201 | (5,299) |
| | <hr/> | | |
| Central | | | |
| Information services | 6,500 | 8,338 | 1,838 |
| Community services | - | 1,524 | 1,524 |
| | <hr/> | | |
| Total central | 6,500 | 9,862 | 3,362 |
| | <hr/> | | |
| Other support services | - | 2,870 | 2,870 |
| | <hr/> | | |
| Total support services | 303,550 | 348,396 | 38,638 |
| | <hr/> | | |
| TOTAL EXPENDITURES | \$ 508,050 | \$ 566,705 | \$ 52,447 |
| | <hr/> | | |

(See independent auditor's report.)

ROCHESTER COMMUNITY UNIT SCHOOL DISTRICT #3A
ROCHESTER, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -
REGULATORY MODIFIED CASH BASIS
DEBT SERVICE FUND

For the Year Ended June 30, 2024

| | Original and Final Budget | Actual | Variance with Final Budget Over (Under) |
|-----------------------------|--------------------------------------|---------------------|--|
| <hr/> | | | |
| EXPENDITURES | | | |
| Debt service | | | |
| Principal | \$ 2,327,063 | \$ 2,355,000 | \$ 27,937 |
| Interest and fiscal charges | 2,030,295 | 1,574,145 | (456,150) |
| | <hr/> | | |
| Total debt services | 4,357,358 | 3,929,145 | (428,213) |
| | <hr/> | | |
| TOTAL EXPENDITURES | \$ 4,357,358 | \$ 3,929,145 | \$ (428,213) |
| | <hr/> <hr/> | | |

(See independent auditor's report.)

ROCHESTER COMMUNITY UNIT SCHOOL DISTRICT #3A
ROCHESTER, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -
REGULATORY MODIFIED CASH BASIS
CAPITAL PROJECTS FUND

For the Year Ended June 30, 2024

| | Original and Final Budget | Actual | Variance with Final Budget Over (under) |
|---|--------------------------------------|---------------------|--|
| EXPENDITURES | | | |
| Support services | | | |
| Business | | | |
| Facilities acquisition and construction services | | | |
| Capital outlay | \$ 2,000,000 | \$ 2,202,927 | \$ 202,927 |
| | | | |
| Total facilities acquisition and construction services | 2,000,000 | 2,202,927 | 202,927 |
| | | | |
| TOTAL EXPENDITURES | <u>\$ 2,000,000</u> | <u>\$ 2,202,927</u> | <u>\$ 202,927</u> |

(See independent auditor's report.)

ROCHESTER COMMUNITY UNIT SCHOOL DISTRICT #3A
ROCHESTER, ILLINOIS

NOTES TO SUPPLEMENTARY INFORMATION

June 30, 2024

1. BUDGET

Budgetary Data

The budget for all Governmental Fund types is prepared on the regulatory modified cash basis of accounting which is the same basis that is used in financial reporting. This allows for comparability between budget and actual amounts. This is an acceptable method in accordance with 105 ILCS 5/17-1. The working cash and life safety funds did not have expenditures budgeted in fiscal year 2024.

For each fund, total fund disbursements may not legally exceed the budgeted disbursements without Board approval. The budget lapses at the end of each fiscal year.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. Prior to July 1, the Superintendent submits to the Board of Education a proposed operating budget for the fiscal year commencing on that date. The operating budget includes proposed disbursements and the means of financing them.
- b. A public hearing is conducted to obtain taxpayer comments.
- c. Prior to October 1, the budget is legally adopted through passage of a resolution..
- d. Formal budgetary integration is employed as a management control device during the year.
- e. The Board of Education may make transfers between the various items in any fund not exceeding in the aggregate 10% of the total of such fund as set forth in the budget.
- f. The Board of Education may amend the budget by the same procedures required of its original adoption.

2. EXCESS EXPENDITURES OVER BUDGET

The following fund over expended the budget in fiscal year 2024:

| Fund | Budget | Expenditures | Excess |
|--------------------------------------|---------------|---------------|------------|
| Education | \$ 20,719,846 | \$ 21,471,125 | \$ 751,279 |
| Municipal Retirement/Social Security | 508,050 | 566,705 | 52,447 |
| Capital Projects | 2,000,000 | 2,202,927 | 202,927 |