

THE CITY OF  
**ROCKFORD**  
ILLINOIS, USA

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
YEAR ENDED DECEMBER 31, 2012

CITY OF ROCKFORD, ILLINOIS

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2012

Prepared by:

Finance Office  
Chris Black  
Finance Director



# CITY OF ROCKFORD, ILLINOIS

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*Chris Black*  
*Director*  
*Finance Department*

July 26, 2013

Citizens of the City of Rockford, Illinois,  
Honorable Mayor and  
Honorable Members of Council

The Comprehensive Annual Financial Report (CAFR) of the City of Rockford, Illinois for the fiscal year ended December 31, 2012, is hereby submitted. This report is prepared by the Finance Director's Office of the City of Rockford, Illinois. We believe the data, as presented, is accurate in all material respects; is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the City. To provide a reasonable basis for making these representations, the City of Rockford management has established a comprehensive internal control framework that is designed to both protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Rockford's financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). Because the cost of internal controls should not outweigh their benefits, the City of Rockford's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The independent auditing firm of Lauterbach & Amen, LLP has audited the City of Rockford's financial statements. The purpose of the independent audit conducted by Lauterbach & Amen was to review and provide reasonable assurance that the City's financial statements for the fiscal year ending December 31, 2012 are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the government-wide and fund financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Rockford's financial statements for the fiscal year ended December 31, 2012, are fairly presented in conformity with GAAP.

In addition to the independent audit of the financial statements, a separate, federally mandated "Single Audit" was performed to meet the needs of specific grantor agencies. The standards governing Single Audit

engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls over compliance and compliance with legal requirements applicable to certain federal awards. These reports are available in the City of Rockford's separately issued Single Audit Report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Rockford's MD&A can be found in the Financial Section, immediately following the report of the independent auditors.

### **Profile of the City**

The City of Rockford is a non-home rule city, incorporated in 1839 as a town and became a city in 1852. Located in North Central Illinois approximately 17 miles south of the Wisconsin border and 80 miles northwest of downtown Chicago, Rockford is the third largest city in Illinois with approximately 150,115 residents encompassing approximately 64.219 square miles and serves as the county seat for Winnebago County. The City is empowered to levy property taxes (subject to the Property Tax Extension Limitation Law provisions, which limits the annual growth in property tax extensions for the City to the lesser of 5% or the percentage increase in the Consumer Price Index during the preceding calendar year plus full credit for new construction and annexations) on both real and personal property located within its boundaries and has the authority to extend its corporate limits through annexation, when deemed appropriate and as approved by City Council.

The City has operated under the Mayor-Alderman form of government since April 1852. Policy-making and legislative authority are vested in the City Council consisting of the mayor and fourteen aldermen. The City Council is responsible for enacting ordinances, resolutions and regulations governing the City, adopting the budget, as well as appointing the members of various statutory and ordinance boards, and for approving the appointments by the Mayor for the City Administrator and the heads of the various departments. The Mayor and Alderman (one from each ward) are elected and serve four year terms.

The City of Rockford provides a full range of services, including police and fire protection, emergency communication center, public works services, water distribution services, public library services and general administrative services. The City also operates the Rockford Mass Transit District and the Rockford Metropolitan Exposition, Auditorium and Office Building Authority, all of which are accounted for in the financial statements as component units.

The Rockford School District 205 and the Greater Rockford Airport do not meet the criteria for inclusion in the financial reporting entity and, accordingly, are not presented in this report.

The annual budget serves as the foundation for the City of Rockford's financial planning and control. During the budget preparation process, each department and agency of the reporting entity provides detailed estimates of revenue and expenditures for evaluation by the City Finance Director. The Finance Director also reviews estimates of all pending capital projects and those recommended for approval in the next budget year and within the succeeding five years. The Finance Director, in conjunction with the department heads, may revise these estimates prior to submitting the budget to the City Council for approval. The budget is prepared by fund, function (e.g. public safety) and department (e.g. police). The budget must be approved by City Council prior to the end of the first quarter of the budget year. Neither transfers within a department nor transfers between departments are made once the budget is approved. Budget-to-actual comparisons for the General and Special Revenue Funds are provided in this report.

## **Factors Affecting Financial Condition**

**Local economy.** The City of Rockford continues to expand and diversify its industrial base and employment opportunities. Rockford's economy is diversified with manufacturing and medical as its primary base, while call center/office operations, distribution centers and educational institutions become more important to the economy. The 2012 average unemployment rate for the metropolitan area was 11.2% as compared to the state average of 8.7% and the national average of 7.8%.

Rockford is home to the operations of several large companies such as: Rockford Health System, Swedish American Health System, Hamilton Sundstrand Company, United Parcel Service, OSF St. Anthony's Medical Center, Chrysler, APAC Customer Services Inc, Woodward, Invensys, Quebecor Printing, Lowe's Distribution Center, Mondelez International, and Anderson Packaging. Rockford is proud of its quality of life, skilled workforce and low cost of living. The City and private interests are aggressively pursuing the expansion and diversification of the work force. The City has created tax increment districts, an enterprise zone, and small business loan program and administers the Community Development Block Grant Program.

One of Rockford's assets is the quality of higher education in and around the community. Rockford is home to: Rock Valley College – a two year community college with a state of the art Technology Center that is used by area manufacturers and businesses; Rockford College – a fully accredited independent institution that awards bachelor degrees in thirty one majors in arts and science as well as graduate programs in business and education; Northern Illinois University Rockford Branch – offers courses in business, education, engineering and engineering technology, health and human sciences, and liberal arts and sciences, as well as a cooperative effort with Rock Valley College to award bachelor degrees in Nursing, General Studies, Computer Science, Industrial Technology, Community Health and Elementary Education; University of Illinois College of Medicine at Rockford – provides education to second, third and fourth year medical students in the fields of primary care, family practice, internal medicine, pediatrics and other medical specialties; Rasmussen College Rockford – a two year community college that works in harmony with Rockford's business community and employer demands.

**Long-term financial planning.** The City of Rockford utilizes a five-year capital improvement program to prioritize public projects which will be scheduled over a number of years as financial resources are available. The City utilizes a variety of methods to fund these projects such as: public-private cooperative efforts, special purpose taxes, cost sharing with other governmental agencies and issuing general obligation bonds. Capital Improvement projects are selected if they: 1) eliminate conditions detrimental to health, safety and general welfare of the community; 2) improve the City's existing infrastructure; 3) encourage private capital investment to improve job opportunities and the City's tax base; and 4) benefit the greatest number of City residents or contribute to an equitable distribution of service throughout the City.

The yearly capital improvement program generally consists of projects designed to repair and improve both arterial and neighborhood streets, bridges, pedestrian safety, and water service expansion and replacement. The City provides leadership and encourages the private sector in the development of the Riverfront, Downtown and other areas of the City.

**Cash management policies and practices.** The primary objective of the City investment policy is to provide for the safety of principal, liquidity and a reasonable rate of return. The City complies with the Illinois State Statute requirements in purchasing securities for investment of the City's idle cash. The investment maturities range from daily, for money markets, to 15 years, for US Treasury and Agency bonds, with a 4.73 year average maturity for the portfolio. The average yield as of year-end was 1.152% and will fluctuate on a daily basis. The City currently looks at a shorter time horizon when investing the City's funds.

**Risk management.** The City of Rockford is self-funded for all general liability claims up to \$500,000. Comprehensive general liability insurance was secured in 2011 to cover losses from \$500,000 to \$11 million. Liabilities are recorded when it is probable that a liability has been incurred as of the balance sheet date and the amount of the liability can be reasonably estimated. Both the current and non-current portions of any liability are reported in the Internal Service Funds. The City will continue to evaluate loss potential, risk retention and insurance coverage to achieve optimum levels of risk management. The City's major facilities are insured for property damage.

The lifetime maximum for the City's health plan, which is also self-funded, was eliminated in 2011. Excess coverage was purchased to cover losses in excess of the \$225,000 retention. Risk control techniques include pre-certification and utilization review process, pre-employment drug testing, an employee assistance program, voluntary second opinion for surgery program and alcohol and substance abuse training. These initiatives were implemented to enhance employee life while controlling total City risk. The City is also self-funded for unemployment and workmen's compensation claims. Excess coverage is in place for losses in excess of \$750,000 per occurrence for workers compensation claims.

**Employee Retirement Plans.** The State of Illinois statutes provide for three pension funds for municipal employees: the Illinois Municipal Retirement Fund, the Police Pension Fund, and the Firefighter's Pension Fund. Each plan has retirement, disability and death benefits for eligible employees. The Rockford Mass Transit District provides its employees a single-employer retirement system.

The Police and Firefighter's Pension Funds are each administered by separate local boards. The Police Pension Board and the Firefighter's Pension Board are composed of five members each. The Mayor appoints two members to each board; two members are elected from the regular active members of the police force and firefighters, and one member is elected to each board by and from the beneficiaries of the fund. Illinois State Statutes determine the amount of contribution that each police officer and firefighter makes to their respective fund. The City each year engages an independent actuary to calculate the amount of the annual contribution that the City of Rockford must make to each pension fund to ensure that the plan will be able to meet its obligations on a timely basis.

The City of Rockford contributes to the Illinois Municipal Retirement Fund ("IMRF"), an agent for multiple-employer, public employee retirement systems, acting as a common investment and administrative agent for local governments and school districts in Illinois. The City's contribution is determined each year by IMRF and for 2012 the amount was 13.18% of covered payroll. Additional information on the City of Rockford's pension arrangements and post-employment benefits can be found on pages 66-72 in the notes to the financial statements.

The City implemented GASB Statement No. 45, Accounting and Financial Reporting by Employees for Post Employment Benefit Plans Other than Pensions. Since the City does not contribute towards the cost of the retiree's health insurance, the City is reporting only the implicit liability that is created when the retiree (by State Statute) is charged the group rate for the insurance as opposed to the true rate that would have been charged based on the risk.

### **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement in Financial Reporting to the City of Rockford, Illinois, for its comprehensive annual financial report for the fiscal year ended December 31, 2011. This was the thirty third consecutive year the City of Rockford has received this award.

In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized comprehensive annual financial report, the contents of which conform to program standards. Such reports must satisfy both generally accepted accounting principals and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement Program requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

In addition, the City of Rockford received the GFOA's Distinguished Budget Presentation Award for its annual budget for the fiscal year beginning January 1, 2012. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

The preparation of this report has been accomplished through the diligent efforts of the staff of the Finance Department. I should like to express my appreciation to members of this department who assisted and contributed to its preparation.

I also thank the Mayor and members of the City Council for their interest and support in planning and conducting the financial operations of the City.

Respectfully submitted,

A handwritten signature in cursive script that reads "Chris Black".

Chris Black  
Finance Director

CITY OF ROCKFORD, ILLINOIS  
OFFICIALS AND OFFICERS  
Year Ended December 31, 2012

MAYOR

Lawrence J. Morrissey

CITY COUNCIL MEMBERS

Franklin C. Beach  
John C. Beck  
Venita Hervey  
Bill Robertson  
Patrick Curran  
Tim Durkee  
Ann Thompson-Kelly

Karen Elyea  
Leonard J. Jacobson  
Carl Wasco  
Nancy L. Johnson  
Douglas Mark  
Linda McNeely  
William Timm

CITY ADMINISTRATOR

James Ryan

Reid Montgomery  
COMMUNITY DEVELOPMENT DIRECTOR

Patrick Hayes  
LEGAL DIRECTOR

Chis Black  
FINANCE DIRECTOR

Julia Valdez  
PERSONNEL DIRECTOR

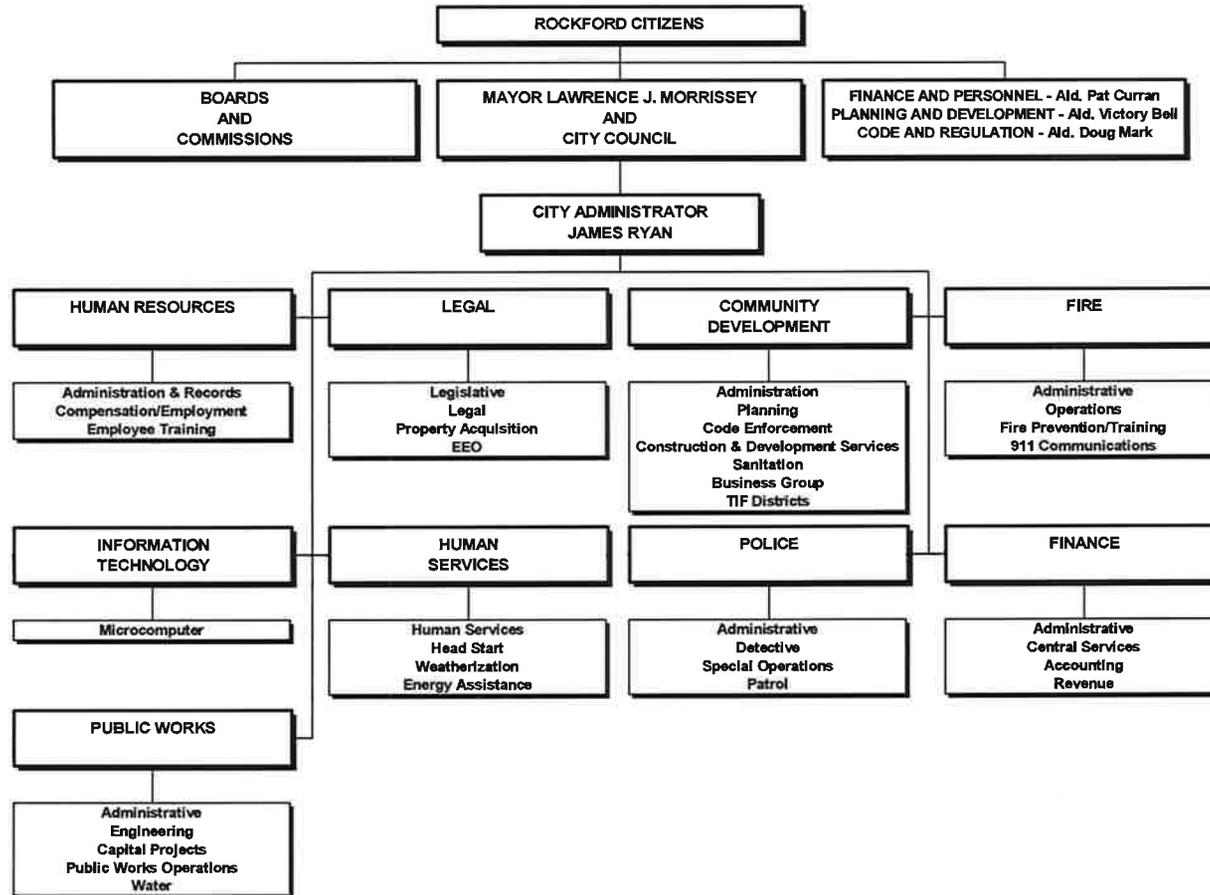
Derek Bergsten  
FIRE CHIEF

Chet Epperson  
POLICE CHIEF

George Davis  
HUMAN SERVICES DIRECTOR

Timothy Hanson  
PUBLIC WORKS DIRECTOR

# CITY OF ROCKFORD, ILLINOIS ORGANIZATION CHART



Board of Election Commission  
 Building Board of Appeals  
 Community Action Program Board  
 Community Development Citizens Participation Committee  
 Electrical Commissions  
 Fair Housing Board  
 Fire and Police Commission  
 911 Communication Board

Greater Rockford Airport Authority  
 Historical Preservation Commission  
 Homestead Board  
 Liquor Commission  
 Mechanical Board  
 Metro Authority  
 Personnel Appeals Board

Rockford Housing Authority  
 Rockford Library Board  
 Rockford Local Development Corporation  
 Rockford Mass Transit District  
 Traffic Commission  
 Zoning Board of Appeals

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Rockford  
Illinois

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Christopher P. Morill*

President

*Jeffrey R. Emer*

Executive Director

**INDEPENDENT AUDITORS' REPORT**

July 26, 2013

The Honorable Mayor  
Members of the City Council  
City of Rockford, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rockford, Illinois, as of and for the year ended December 31, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents, and the related notes to the financial statements. We did not audit the financial statements of the Rockford Mass Transit District and Rockford Metropolitan Exposition, Auditorium and Office Building Authority discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Rockford Mass Transit District and Rockford Metropolitan Exposition, Auditorium and Office Building Authority discretely presented component units, is based on the report of the other auditors.

*Management's Responsibility for the Financial Statements*

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

*Auditor's Responsibility*

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

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

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

*Opinions*

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rockford, Illinois, as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 26, 2013, on our consideration of the City of Rockford, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Other Matters*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Rockford, Illinois', financial statements as a whole. The introductory section, combining and individual fund financial statements and schedules, supplementary schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual fund financial statements and schedules, supplementary schedules, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the report of other auditors, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Lauterbach + Amen LLP*

LAUTERBACH & AMEN, LLP

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



# City of Rockford, Illinois

## MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended December 31, 2012

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This section of the City of Rockford ("City") annual financial report presents our discussion and analysis of the City's financial performance for the fiscal year ended December 31, 2012. We encourage readers to consider the information presented here in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

- With total assets and deferred outflows of \$939.9 million and total liabilities and deferred inflows of \$278.6 million the City of Rockford's net position increased about 2.5% or \$15.9 million to \$661.3 million at year-end December 31, 2012. Of this amount, approximately \$619 million represents the City's net investment in capital assets, \$42 million was held for restricted purposes and \$.2 million is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.
- During the year, the City's primary government-wide expenses were \$209.7 million, which was less than the \$225.6 million generated in primary government-wide taxes and other revenues for governmental functions.
- In the City's business-type activities, program revenues decreased 2.4 percent to \$26.2 million, while expenses increased less than 1 percent to \$23.6 million.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$81.3 million, an increase of \$9.6 million in comparison with the prior year. Approximately 34 percent of this total amount, \$27.7 million, is unassigned and available for spending at the City's discretion.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$32.2 million, or 26.7 percent of total General Fund expenditures. In comparison, the prior year unassigned fund balance was \$27.5 million or 25 percent of General Fund expenditures.
- During the current fiscal year the City's total long-term obligations decreased by 2.5 percent or \$4.7 million, to \$183.6 million. The key factors in this decrease were the issuance of \$2.6 million in IEPA loans, for water system upgrades, \$2.0 million increase in the net pension and OPEB obligations, and \$10.9 million for capital leases and principal payments of \$17.4 million.
- The City's Governmental Funds capital outlays were \$23.1 million in 2012, an increase from last year of \$5.8 million, due to the City's four year plan to replace vehicles and heavy equipment.

# City of Rockford, Illinois

## MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended December 31, 2012

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### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's annual report consists of three components: 1) the basic government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required and nonrequired supplementary information in addition to the basic financial statements.

#### Government-wide financial statements

The governmental-wide financial statements report information about the City as a whole, and are designed to provide readers with a broad overview of the City's finances, using accounting methods in a manner similar to a private-sector business.

The government-wide financial statements of the City are divided into three categories:

**Governmental activities** (Primary government) – The governmental activities of the City include general government (general administration), public safety (police, fire, building inspection, street lighting), streets, alleys and bridges (public works administration, engineering, street, traffic), sanitation (public works – sewer, garbage and refuse) community development (planning & zoning), culture and recreation (public library) and public health and welfare (human services). Property taxes, State shared revenues, and operating grants from Federal and State agencies finance most of these activities.

**Business-type activities** (Primary government) – The City charges fees to customers to help cover the costs of certain services it provides. The water utility and parking systems are reported here.

**Component units** – The City includes two other entities in its report: the Rockford Mass Transit District and the Rockford Metropolitan Exposition, Auditorium and Office Building Authority. Although legally separated, these component units are important because the City is financially accountable for them.

The two government-wide statements are as follows:

**Statement of net position** – The statement of net position presents financial information on all of the City's assets and deferred outflows of resources, liabilities, and deferred inflows with the difference between them reported as net position. Over time, increases or decreases in net position may serve as one indicator of whether the financial position of the City of Rockford is improving or deteriorating.

**Statement of activities** – The statement of activities presents financial information on how the City's net position changed during the current fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flow. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation and sick leave).

Both of these statements assist assessing the overall condition of the City, but one also needs to consider additional nonfinancial factors such as changes in the City's property tax base and the condition of the City's capital assets (roads and bridge, buildings, and water).

The government-wide financial statements can be found on pages 19 - 20 of this report.

# City of Rockford, Illinois

## MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended December 31, 2012

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### **Fund financial statements**

The fund financial statements provide more detailed information about the City's most significant funds, but not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required to be established by State law and bond covenants. The City also establishes many other funds to help it control and manage resources for particular purposes (e.g., like capital improvement projects, or to show that it is properly using certain taxes (Library), or grants (Community Development and Human Services)).

The City has three types of funds:

**Governmental funds** – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources at the end of the fiscal year. Consequently, the governmental fund statements provide a short-term view and help determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, a reconciliation is provided that explains the relationship or differences between the governmental funds and governmental activities.

The City maintains 48 individual governmental funds of which six are considered major funds. Information is presented separately for the City's major funds in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. The General Fund, Public Library Fund, Community Development Fund, Human Services Fund, Debt Service Fund, and Capital Projects Fund are considered the City's major funds. Financial data from the other 42 governmental funds are combined into a single, aggregated presentation. Individual fund financial data for each of the nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund and its three major special revenue funds. A budgetary comparison statement has been provided for the General Fund, Public Library Fund, Community Development Fund, and Human Services Fund to demonstrate compliance with this budget.

The governmental fund financial statements can be found on pages 21 - 26.

**Proprietary funds** – Services for which the City charges customers a fee are generally reported in proprietary funds. The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements, only in more detail. The City uses enterprise funds to account for its Water Utility Fund and its Parking System Fund, both of which are considered to be major funds of the City. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its fleet of vehicles, building maintenance, management information system, health system, 911 communications, and services for the City's other programs and services. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

The proprietary fund financial statements can be found on pages 27 - 31 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2012

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**Fiduciary funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the governmental-wide financial statements because those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City has two fiduciary funds, the police pension and firefighter's pension funds. The City is the trustee for these pensions and it is also responsible for ensuring that the assets reported in these funds are used only for their intended purposes.

The fiduciary fund financial statements can be found on pages 32 - 33 of this report.

**Notes to the financial statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 34 - 77 of this report.

**Other information** – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Rockford's progress in funding its obligation to provide benefits to its employees.

Required supplementary information can be found on pages A1 –A7 of this report.

City of Rockford, Illinois

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2012

**Government-wide**

**FINANCIAL ANALYSIS**

**Net position** – As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets/deferred outflows exceeded liabilities/deferred inflows by \$661.3 million at the close of the fiscal year ended December 31, 2012.

The City's net position includes assets invested in capital net of related debt, restricted net position, and unrestricted net position. In 2012, assets invested in capital net of related debt were equal to \$619 million and comprised 93.6 percent of total net position. These assets reflect the City's investment in capital assets (land, buildings, equipment, other improvements and infrastructure) less any related debt used to acquire those assets that is still outstanding. The City uses this capital to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following table presents a summary of the City's Net Position at December 31, 2012 and 2011.

	City of Rockford Net Position					
	Governmental activities 2012	Governmental activities 2011	Business-type activities 2012	Business-type activities 2011	Total 2012	Total 2011
Current and other assets	\$ 179,936,393	\$ 168,266,006	\$ 28,371,843	\$ 29,190,381	\$ 208,308,236	197,456,387
Capital assets	535,615,718	535,659,031	193,850,176	195,267,743	729,465,894	730,926,774
Deferred outflows of resources	1,925,370	2,558,088	229,129	209,550	2,154,499	2,767,638
Total assets and deferred outflows	717,477,481	706,483,125	222,451,148	224,667,674	939,928,629	931,150,799
Long-term liabilities	99,189,122	99,614,267	66,730,419	67,988,857	165,919,541	167,603,124
Current liabilities	43,405,538	40,133,691	6,860,261	10,798,546	50,265,799	50,932,237
Deferred inflows of resources	62,390,634	67,175,135	-	-	62,390,634	67,175,135
Total liabilities and deferred inflows	204,985,294	206,923,093	73,590,680	78,787,403	278,575,974	285,710,496
Net position:						
Net invested in capital assets	480,167,639	482,815,998	138,848,876	135,803,303	619,016,515	618,619,301
Restricted	35,662,755	34,086,476	6,452,243	6,424,356	42,114,998	40,510,832
Unrestricted	(3,338,207)	(17,342,442)	3,559,349	3,652,612	221,142	(13,689,830)
Total net position	\$ 512,492,187	\$ 499,560,032	\$ 148,860,468	\$ 145,880,271	\$ 661,352,655	\$ 645,440,303

**Normal Impacts**

There are five basic (normal) transactions that will affect the comparability of the Statement of Net Position summary presentation.

**Net Results of Activities** – which will impact (increase/decrease) current assets and unrestricted net position.

**Borrowing of Capital** – which will increase current assets and long-term debt.

## City of Rockford, Illinois

### MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended December 31, 2012

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**Spending Borrowed Proceeds on New Capital** – which will reduce current assets and increase capital assets. There is a second impact, an increase in the City's investment in capital assets and an increase in related net debt which will not change the net investment in capital assets.

**Principal Payment on Debt** – which will (a) reduce current assets and reduce long-term debt and (b) reduce unrestricted net position and increase net investment in capital assets.

**Reduction of Capital Assets through Depreciation** – which will reduce capital assets and net investment in capital assets.

#### **Current Year Impacts**

Total assets and deferred outflows of the City's governmental activities exceeded total liabilities and deferred inflows of resources by \$512.5 million compared to \$499.5 million at the end of 2011. Unrestricted net position, which may be used to finance the day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, was negative, at \$3.3 million, this compares favorable to the \$17.3 million negative balance the previous year. Restricted net position, those restricted for special purposes such as; capital projects, debt service, and various grant related activities increased by 4.6 percent or \$1.5 million. The overall improvement in net position was due primarily to favorable operating results. The economic environment has stabilized; cost cutting measures taken across all departments, as well as reduction in force and the elimination of vacant positions has had a positive effect over the past couple years.

At the end of the current fiscal year, the City reported positive balances in all three categories of net position for the business type activities. Total net position increased 2.0 percent (\$148.7 million compared to \$145.9 million).

A summary of the City's 2012 Changes in Net Position is presented on the following page.

City of Rockford, Illinois

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2012

Changes in Net Position						
	Governmental	Governmental	Business-type	Business-type	Total	Total
	activities	activities	activities	activities	2012	2011
	2012	2011	2012	2011		
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 32,198,362	\$ 31,836,118	\$ 26,164,620	\$ 24,541,670	\$ 58,362,982	\$ 56,377,788
Operating grants and contributions	25,819,764	26,038,343	-	-	25,819,764	26,038,343
Capital grants and contributions	4,790,309	8,343,151	-	2,273,425	4,790,309	10,616,576
General revenues:						
Taxes:						
Property taxes	60,064,811	59,851,344	-	-	60,064,811	59,851,344
Sales tax	37,902,668	37,027,021	-	-	37,902,668	37,027,021
Franchise taxes	1,814,652	1,684,182	-	-	1,814,652	1,684,182
Income tax	13,553,269	11,978,090	-	-	13,553,269	11,978,090
Replacement tax	6,851,038	7,068,952	-	-	6,851,038	7,068,952
Other taxes	14,201,646	14,699,345	-	-	14,201,646	14,699,345
Interest earnings	919,186	2,176,835	324,952	841,454	1,244,138	3,018,289
Other	826,206	546,953	159,073	-	985,279	546,953
Total revenues	198,941,911	201,250,334	26,648,645	27,656,549	225,590,556	228,906,883
<b>Expenses</b>						
General government	11,993,604	11,074,142	-	-	11,993,604	11,074,142
Public safety	91,813,775	88,787,990	-	-	91,813,775	88,787,990
Streets, alleys and bridges	32,971,181	34,788,508	-	-	32,971,181	34,788,508
Community development	13,899,004	10,312,407	-	-	13,899,004	10,312,407
Sanitation	6,703,345	6,885,950	-	-	6,703,345	6,885,950
Culture and recreation	7,690,140	7,591,103	-	-	7,690,140	7,591,103
Public health and welfare	16,215,478	16,837,305	-	-	16,215,478	16,837,305
Interest and fiscal charges	4,783,229	4,910,952	-	-	4,783,229	4,910,952
Water	-	-	21,578,537	21,058,993	21,578,537	21,058,993
Parking	-	-	2,029,911	2,088,672	2,029,911	2,088,672
Total expenses	186,069,756	181,188,357	23,608,448	23,147,665	209,678,204	204,336,022
Increase in net position before transfers	12,872,155	20,061,977	3,040,197	4,508,884	15,912,352	24,570,861
Transfers	60,000	400,000	(60,000)	(400,000)	-	-
Increase in net position	12,932,155	20,461,977	2,980,197	4,108,884	15,912,352	24,570,861
Net position - beginning	499,560,032	479,098,055	145,880,271	141,771,387	645,440,303	620,869,442
Net position - ending	\$ 512,492,187	\$ 499,560,032	\$ 148,860,468	\$ 145,880,271	\$ 661,352,655	\$ 645,440,303

**Normal Impacts**

**Revenues:**

**Economic Conditions** – which can reflect a declining, stable, or growing economic environment and has a substantial impact on property, sales, income, utility tax revenues as well as public spending habits for building permits, elective user fees and volumes of consumption.

**Increase/Decrease in the City Approved Rates** – while certain tax rates are set by stature, the City has significant authority to impose and periodically increase/decrease rates.

**Changing Patterns in Intergovernmental and Grant Revenue** – (both recurring and nonrecurring) – certain recurring revenue (state shared revenues, etc.) may experience significant changes periodically while non-recurring (or one-time) grants are less predictable and often distorting in their impact on year-to-date comparison.

## City of Rockford, Illinois

### MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended December 31, 2012

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**Market Impact on Investment Income** – the City's investment portfolio is managed utilizing investments of various maturities. Changes in market conditions will cause investment income to fluctuate due to the related appreciation or depreciation of these assets.

#### **Expenses:**

**Changes in Authorized Personnel** – changes in service demand may cause the City to increase/decrease authorized staffing.

**Salary Increase (annual adjustments and merit)** – the ability to attract and retain human and intellectual resources requires the City to strive to approach a competitive salary range position in the market place.

**Inflation** – while overall inflation appears to be reasonably modest, the City is a major consumer of certain commodities such as supplies, fuels and parts. Some function may experience unusual commodity-specific increases.

#### **Current Year Impacts**

Total governmental activities' revenue for the current year was \$198.9 million compared to \$201.3 million in 2011, a decrease of 1.2%. The leading factors are as follows:

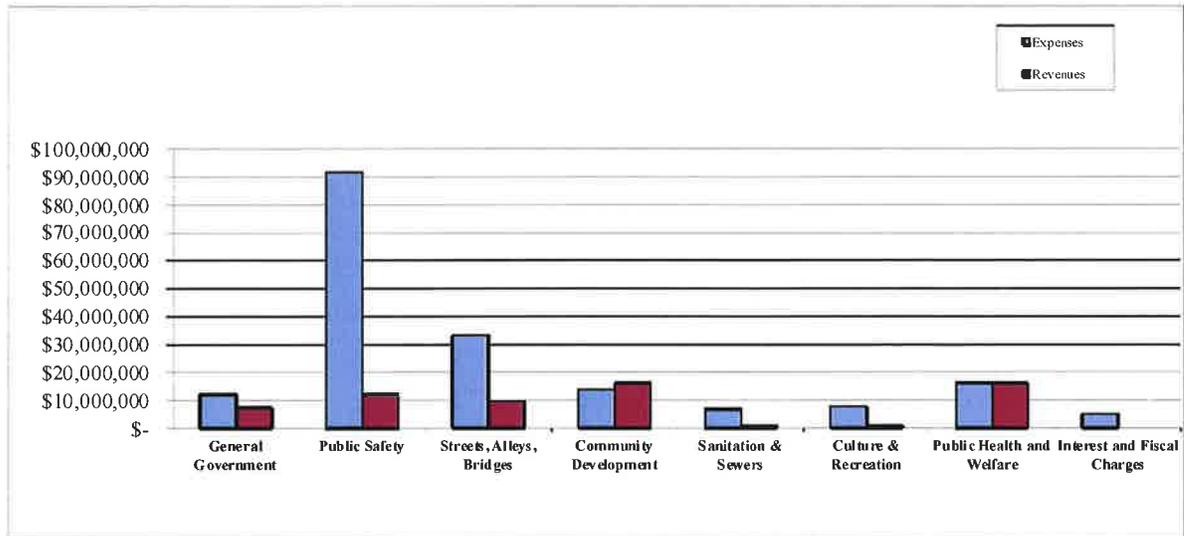
- The City's largest single revenue source, property taxes amounted to \$60.1 million. Property taxes were relatively flat increasing by approximately \$0.2 million (0.3 percent) during the current year compared to 1.8 percent and .4 percent for 2011 and 2010, respectively.
- Shared revenue from the State increased approximately \$1.9 million (2.6 percent) from 2011. This represents the third year of modest increases following two years of sharp declines, 2012 levels remain \$3.9 million (almost 5 percent) below 2007.
- Operating grants, capital grants, and capital contributions decreased \$3.8 million (11.1 percent), mostly due to a reduction of state contributions for capital road projects.
- Charges for services were flat increasing just .4 percent.

Total governmental activities' expense for the current year was \$186.1 million compared to \$181.2 in 2011, an increase of 2.7%. This increase was primarily the result of previous wage concessions ending and the accrual of a three percent wage increase for all three City bargaining units for which contracts expired at the beginning of 2012 and had not been settled at year end.

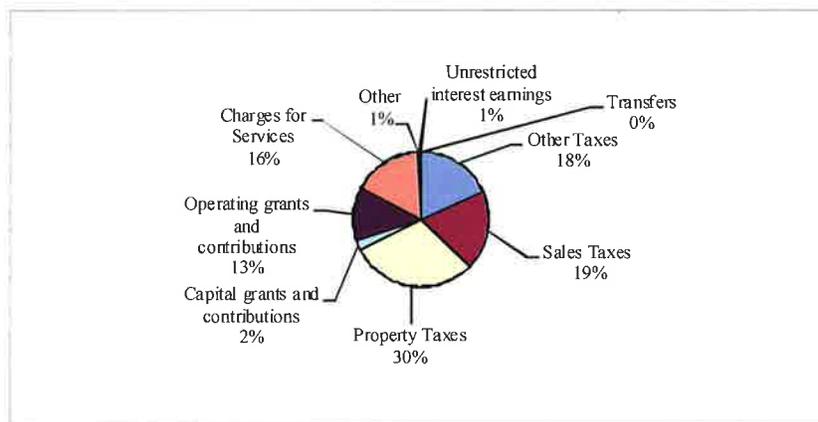
The graph on the next page shows a comparison between the expenses by governmental activity type and the revenues generated that are specific to those activities.

MANAGEMENT’S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2012

**Expense and Program Revenue – Governmental Activities**



**Revenues by Source - Governmental Activities**



**Revenues by Source - Governmental Activities**

The cost of all governmental activities this year was \$186.1 million. However, the amount that taxpayers paid for these activities through City and State taxes was only \$134.4 million. Some of the cost was paid by:

- Those who directly benefited from the programs \$32.2 million.
- Other governments and organizations that subsidized certain programs with grants \$30.6 million.

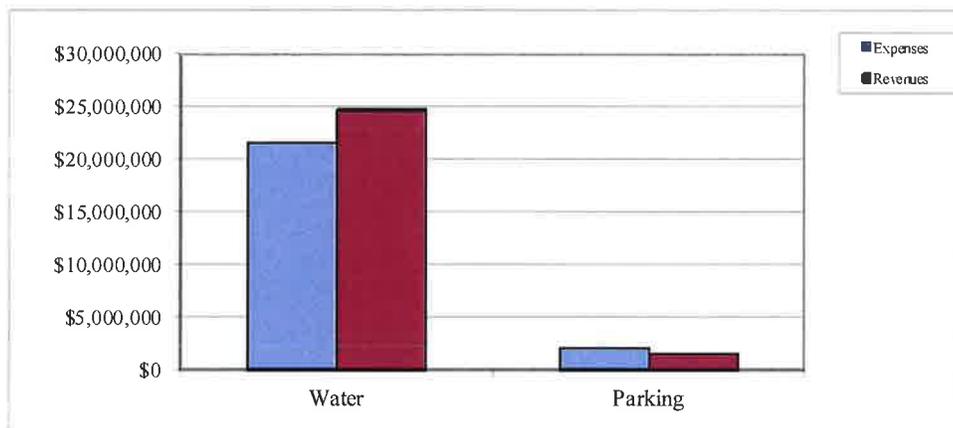
## MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended December 31, 2012

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**Business-type Activities** – Business-type activities net position increased by nearly \$3.0 million in 2012, compared to an increase of \$4.1 million in 2011. Revenues from business type activities decreased by 4.0 percent to \$26.2 million and expenses increased 2.0 percent to \$23.6 million. Key elements contributing to these results included:

- Charges for services for business-type activities increased by 6.5 percent. The Water Utility accounts for a significant portion of this revenue. This increase was due to a 3 percent increase in gallons of water supplied coupled with a 3 percent rate increase on January 1<sup>st</sup>. Although water sales were up in 2012 they remain well below the ten year average. Higher than average rainfall and conservation efforts have impacted water usage.
- In the current year the Water Utility did not receive any capital grants and contributions from developers this compares to \$2.3 million in 2011 and \$3.5 million in 2010. Certain non-recurring (or one-time) grants and contributions are often not predictable and distorting in their impact on year-to-year comparisons.

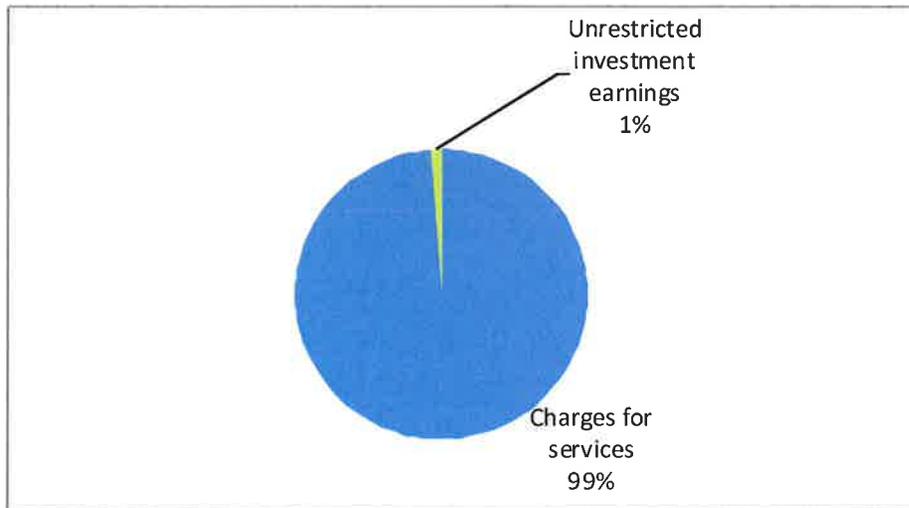
**Expenses and Program Revenues - Business-type Activities**  
(000) In Thousands



MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2012

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Revenues by Source - Business-type Activities



FINANCIAL ANALYSIS OF THE CITY'S MAJOR FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds** – The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As the City completed the year 2012, its governmental funds reported a combined fund balance of \$81.3 million, an increase of \$9.6 million (13.4 percent) in comparison with the prior fiscal year. Unassigned fund balance was \$27.7 million, and is available for spending at the government's discretion. The remainder \$53.6 million is for a variety of nonspendable, restricted or assigned purposes and is not available for new spending.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund is \$32.2. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total expenditures. Unassigned fund balance represents 26.7 percent of total General Fund expenditures.

The following schedule presents the governmental funds summary of revenues for the years ended December 31, 2012 and 2011:

City of Rockford, Illinois

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2012

	FY 2012	Percent of Total	FY 2011	Amount of increase (decrease)	Percent of increase (decrease)
<b>Revenues by source</b>					
Taxes	\$ 112,169,125	55.67%	\$ 111,577,708	\$ 591,417	0.53%
Licenses and permits	4,650,908	2.31%	4,406,169	244,739	5.55%
Intergovernmental	60,326,767	29.94%	60,290,556	36,211	0.06%
Charges for services	21,121,354	10.48%	20,281,312	840,042	4.14%
Fines	1,661,996	0.82%	1,559,476	102,520	6.57%
Interest	728,812	0.36%	1,785,330	(1,056,518)	-59.18%
Miscellaneous	826,206	0.41%	587,768	238,438	40.57%
Total revenues	<u>\$ 201,485,168</u>	<u>100.00%</u>	<u>\$ 200,488,319</u>	<u>\$ 996,849</u>	<u>0.50%</u>

Revenues of the City's governmental funds increased almost \$1.0 million or .5 percent from the prior fiscal year. Charges for services made up the largest dollar value increase, up \$.8 million or 4.1 percent. This increase was primarily due to increase fees. Taxes up for the third consecutive year accounted for .6 million of the increase. Taxes include such items as property tax, retail sales tax, hotel/motel, food and beverage, local use tax and utility tax. The increase is primarily the result of stabilizing elastic revenues which finished the year \$4.7 million above the budgetary estimate. Elastic revenues are those revenues that tend to change with economic conditions such as, sales tax, use tax, state income tax, and personal property replacement tax.

The following schedule presents the governmental funds summary of expenditures for the years ended December 31, 2012 and 2011:

	FY 2012	Percent of Total	FY 2011	Amount of increase (decrease)	Percent of increase (decrease)
<b>Expenditures by function</b>					
General government	11,867,343	6.00%	10,961,941	905,402	8.26%
Public safety	90,632,349	45.86%	87,380,847	3,251,502	3.72%
Streets, alleys and bridges	13,385,427	6.77%	13,768,376	(382,949)	-2.78%
Community development	14,156,925	7.16%	10,330,365	3,826,560	37.04%
Sanitation and sewers	8,909,767	4.51%	6,881,566	2,028,201	29.47%
Culture and recreation	6,870,954	3.48%	6,716,162	154,792	2.30%
Public health and welfare	16,402,620	8.30%	16,872,678	(470,058)	-2.79%
Debt service:					
Principal payments	8,870,514	4.49%	14,411,960	(5,541,446)	-38.45%
Interest and fiscal charges	3,500,558	1.77%	3,982,921	(482,363)	-12.11%
Capital expenditures	23,051,992	11.66%	17,374,847	5,677,145	32.67%
Total expenditures	<u>197,648,449</u>	<u>100.00%</u>	<u>188,681,663</u>	<u>8,966,786</u>	<u>4.75%</u>

Expenditures of the City's governmental funds increased by almost \$9 million or 4.7 percent compared to the previous year. Overall current expenditures increased by \$9.3 million or 4.9 percent. Public Safety expenditures increased 3.2 million, the result of increased fuel costs and a 3% wage increase accrued for the settlement of both the police and fire union contracts which expired at the start of the year. Community Development expenditures increased \$3.8 million, mostly due to Community Development Block Grant project spending and increased support for the Rockford Metropolitan Exposition, Auditorium and Office Building Authority a component unit of the City. Capital expenditures increased by almost \$5.7 million, after four years of limited investment in capital equipment, due to budget constraints the City has completed the first year of an aggressive four year replacement plan.

# City of Rockford, Illinois

## MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended December 31, 2012

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The Public Library fund balance at year-end was \$7.8 million up \$1.3 million from the prior year. This 20 percent increase is primarily the result of a complete restructuring during 2010, which included a reduction of staff and reduced hours of service.

The Debt Service Fund total fund balance at year-end was \$8.2 million, all of which is restricted or assigned for the payment of debt service. The net decrease of .4 million in the fund balance corresponds with the decrease of transfers into the Debt Service Fund during the current fiscal year needed for principal and interest payments during following fiscal year.

Capital Projects Fund total fund balance at year-end was \$18.5 million all of which is restricted or assigned for capital projects. The net increase in fund balance during the current fiscal year was \$2.4 million. This increase was the result of holding additional sales tax revenues earned in 2012 for future construction projects.

**Proprietary funds** – The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

### General Fund Budgetary Highlights

The City Council passed a supplemental budget appropriation increasing estimated revenues by \$2.0 million (1.8 percent) and increasing expenditures by \$2.6 million (2.3 percent) in the General Fund. The City is legally authorized by State statutes to amend the budget after June 30. Budgetary results for the General Fund departments are as follows:

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues	\$ 111,288,350	113,225,438	119,872,274	\$ 6,646,836
Expenditures	111,318,986	113,853,778	120,170,231	(6,316,453)
Excess of revenues over expenditures	(30,636)	(628,340)	(297,957)	330,383
Other financing sources and uses				
Lease proceeds	-	-	4,723,079	4,723,079
Transfers from other funds	2,387,000	2,387,000	2,398,600	11,600
Transfers to other funds	(2,332,832)	(2,244,432)	(2,188,742)	55,690
Net change in fund balance	\$ 23,532	(485,772)	4,634,980	\$ 5,120,752

During the year the City spent 105.5 percent of the final amount appropriated in the General Fund. Actual General Fund revenues were more than budgetary estimates by 5.8 percent. As discussed previously, although revenues have stabilized they remain below 2007 levels due to the national economic downturn. In response to the diminished revenues the City; implemented a wage freeze for all exempt employees; closely scrutinized requests to fill vacant staff positions; and reduced total staffing levels by about 8% through lay-offs, attrition, and an early retirement program.

# City of Rockford, Illinois

## MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended December 31, 2012

### CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets – The City’s investment in capital assets for its governmental and business-type activities as of December 31, 2012 amounts to \$729.5 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, improvements, roads and bridges, and water and sewer lines. The City’s investment in capital assets net of accumulated depreciation was relatively unchanged for both the governmental activities and business-type activities during the current year; governmental activities decreased by less than one half percent and the business-type activities decreased by about 1.2 percent. General fund capital expenditures increased by almost \$5.0 million, after four years of limited investment in capital equipment due to budget constraints the City has completed the first year of an aggressive four year replacement plan. The current fiscal year marked the end of a \$75 million capital improvement program to improve water quality and modernize Rockford’s water utility.

Major capital asset additions during the current fiscal year included the following:

- Capital additions for the general fund included forty two new squad cars for the police department at a cost of \$1.5 million and three aerial ladder trucks and one pumper truck for the fire department at a cost of \$3.0 million.
- A variety of street construction projects in both new residential and business developments, along with widening and expansion projects for existing streets and bridges were completed during the year. Capital street and bridge projects totaled \$17.4 million during the current year. Significant projects in 2012 included – West State Street Corridor (\$1.6 million), Morgan Street Bridge (\$1.4 million), City-Wide Residential Resurfacing Program (\$4.9 million), Main & Auburn Roundabout (\$1.7 million), Kishwaukee Street Reconstruction (\$578,000), Broadway Resurfacing (\$1.1 million), Harlem Boulevard Resurfacing (\$747,000), and Winnebago & Jefferson Streets Bridge Decks (\$417,000).
- Various system additions and improvements were completed in the Water Utility Fund at a cost of \$11.6 million. The final phase of the \$75 million water system rehabilitation project was completed with no construction in progress as of the end of the current year.

#### Primary Government Capital Assets (net of depreciation)

	Governmental activities 2012	Governmental activities 2011	Business-type activities 2012	Business-type activities 2011	Total 2012	Total 2011
Land	\$ 6,899,241	\$ 6,899,241	\$ 6,219,733	\$ 6,153,801	\$ 13,118,974	\$ 13,053,042
Land improvements	252,945	234,705	564,658	500,023	817,603	734,728
Buildings and improvements	25,541,443	26,305,845	27,623,275	26,433,335	53,164,718	52,739,180
Improvements other than building	-	-	154,885,415	150,991,686	154,885,415	150,991,686
Equipment	8,624,273	5,907,481	2,011,117	1,843,337	10,635,390	7,750,818
Infrastructure	494,297,816	496,311,759	-	-	494,297,816	496,311,759
Construction in progress	-	-	2,545,978	9,345,561	2,545,978	9,345,561
<b>Total</b>	<b>\$ 535,615,718</b>	<b>\$ 535,659,031</b>	<b>\$ 193,850,176</b>	<b>\$ 195,267,743</b>	<b>\$ 729,465,894</b>	<b>\$ 730,926,774</b>

Additional information on the City of Rockford's capital assets can be found in Note III, C on pages 49 - 50 of this report.

# City of Rockford, Illinois

## MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended December 31, 2012

**Long-term Debt** – At the end of the current fiscal year, the City of Rockford had total debt outstanding of \$164.6 million. This debt is backed by the full faith and credit of the City. In addition to the general obligation and revenue bonds listed below the City has outstanding; \$1.2 million for section 108 loans, \$0.3 million for EPA water pollution obligations, \$6.0 million outstanding under lines of credit, \$0.35 million for term notes, \$10.7 million for an capital lease purchase agreements and \$36.6 million for IEPA loans. Total debt decreased by \$5.7 million during the current fiscal year. Key factors in this decrease were; \$10.9 million of capital leases issued for the purchase of city wide equipment, a \$4.0 million reduction in the installment purchase agreement, and G.O. principal payments of \$11.83 million.

### Primary Government Outstanding Debt General Obligation and Revenue Bonds

	Governmental	Governmental	Business-type	Business-type	Total	Total
	activities	activities	activities	activities		
	2012	2011	2012	2011	2012	2011
General obligation bonds	\$ 16,195,000	\$ 21,005,000	\$ -	\$ -	\$ 16,195,000	\$ 21,005,000
General obligation revenue bonds	61,560,000	65,700,000	33,420,000	36,370,000	\$ 94,980,000	\$ 102,070,000
Total bonded debt	<u>\$ 77,755,000</u>	<u>\$ 86,705,000</u>	<u>\$ 33,420,000</u>	<u>\$ 36,370,000</u>	<u>\$ 111,175,000</u>	<u>\$ 123,075,000</u>

The City of Rockford's bond rating is Aa2 from Moody's Investors Services.

The State imposes a legal limit of 8.625% of total equalized assessed valuation on the amount of general bond indebtedness. The City further limits their indebtedness, by ordinance, to 80.0% of the State limit. As of December 31, 2012 the City's indebtedness was \$80.2 million less than the City limit and \$117.9 million less than the State limit.

Additional information on the City of Rockford's long-term debt can be found on Note III, G on pages 54 – 66 of this report.

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City of Rockford is the industrial and business hub of the Rock River Valley and northwestern Illinois. Rockford's economy is diversified with manufacturing and medical as its primary base. While the national economy is showing signs of recovery, the local economic environment and the impact it has on the City's available revenue continues to present a challenge. The City must continue to carefully balance its priorities in order to maintain the quality of services and public infrastructure. Further stagnation in revenues will require the City to reassess the services it provides and make adjustments to maintain a balanced budget.

The average unemployment rate for the City of Rockford the current year was 12.1 percent. However, the actual rate at year end was 11.1 percent compared to 12.1 percent a year ago. This is higher than the State's average unemployment rate of 9.9 percent and the national average rate of 8.1 percent.

# City of Rockford, Illinois

## MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended December 31, 2012

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### City of Rockford MSA Non-Agricultural Wage and Salary Employment (Annual Averages)

	Unemployment rates				
	2011	2011	2010	2009	2008
Rockford	12.10%	14.40%	16.60%	15.10%	9.10%
State of Illinois	9.90%	9.90%	9.80%	10.30%	6.50%
United States	8.60%	8.90%	9.70%	9.30%	5.80%
Total Employment	146,000	145,500	146,392	144,956	160,400

The City's goal in developing the 2013 budget was to continue offering citizens basic services, economic development efforts, and fiscal stability. Development and adoption of the 2013 budget was premised on maintaining a level of service equivalent to 2012, and continue the capital equipment program. With the 2013 budget the City was able to maintain a stable operating property tax rate for citizens with a declining debt service rate as a result of the 1% sales tax referendum.

Financial challenges in upcoming years include fully funding capital equipment as part of the City's annual budget. After limited capital purchases of equipment from 2009 through 2011 the 2012 budget required capital equipment purchases due to equipment reaching its life expectancy. The City Council approved a Vehicle Leasing Policy that will implement the replacement of vehicles over a four-year period.

Budgeted expenditures in the General Fund are \$117.4 million, an increase of 3.1 percent over the final 2012 budget of \$113.6 million. Employee contracts, pensions, and resuming the capital equipment program make up the largest increases in the budget.

While the local economic environment and the impact it has on the City's available revenues continues to present a challenge in December 2012, the City Council approved the proposed budget after numerous revisions from the original proposed budget. Staff reviewed all revenues and expenditures, changes were made as necessary, and a balanced General Fund GAAP budget was adopted. This budget allows the City to maintain the necessary fund and cash balances, as well as allowing the 2013 budget process to begin on a sound financial footing.

### Requests for information

This financial report is designed to provide a general overview of the City of Rockford's finances for all those with an interest in the Government's finances and to demonstrate the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, 425 East State Street, Rockford, Illinois, 61104.

**CITY OF ROCKFORD, ILLINOIS**  
**STATEMENT OF NET POSITION**

December 31, 2012

ASSETS	Primary Government			Component Units	
	Governmental	Business-type	Total	Rockford	Rockford
	Activities	Activities		Mass Transit	Metropolitan
				District	Auditorium and
					Office Building
					Authority
Cash and cash equivalents	\$ 87,147,579	\$ 2,000,810	\$ 89,148,389	\$ 2,270,824	\$ 279,650
Receivables, net	65,845,253	3,845,198	69,690,451	3,162,111	966,178
Internal balances	(146,119)	146,119	-	-	-
Due from other governments	26,760,657	-	26,760,657	-	-
Inventories	247,550	545,816	793,366	298,706	-
Prepaid items	81,473	-	81,473	74,568	200,784
Other assets	-	-	-	-	4,350,763
Restricted assets:					
Cash and cash equivalents	-	21,833,900	21,833,900	732,295	-
Capital assets not depreciated	6,899,241	8,765,711	15,664,952	1,991,739	2,597,014
Capital assets, net of accumulated depreciation	528,716,477	185,084,465	713,800,942	20,834,030	24,638,643
<b>Total assets</b>	<b>715,552,111</b>	<b>222,222,019</b>	<b>937,774,130</b>	<b>29,364,273</b>	<b>33,033,032</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Unamortized loss on refunding	1,925,370	229,129	2,154,499	-	-
<b>Total deferred outflows of resources</b>	<b>1,925,370</b>	<b>229,129</b>	<b>2,154,499</b>	<b>-</b>	<b>-</b>
<b>Total assets and deferred outflows of resources</b>	<b>717,477,481</b>	<b>222,451,148</b>	<b>939,928,629</b>	<b>29,364,273</b>	<b>33,033,032</b>
<b>LIABILITIES</b>					
Accounts payable and other accrued liabilities	9,517,822	1,731,406	11,249,228	800,454	1,504,662
Accrued payroll and benefits	3,708,005	235,979	3,943,984	1,253,186	165,312
Due to other governments	194,928	-	194,928	-	-
Unearned revenue	2,517,464	-	2,517,464	1,337,853	920,488
Other liabilities	8,294,087	33,451	8,327,538	498,064	-
Deposits and advances	-	137,155	137,155	-	-
Noncurrent liabilities:					
Due or payable within one year	19,173,232	4,722,270	23,895,502	-	806,705
Due or payable in more than one year	99,189,122	66,730,419	165,919,541	1,448,988	3,896,603
<b>Total liabilities</b>	<b>142,594,660</b>	<b>73,590,680</b>	<b>216,185,340</b>	<b>5,338,545</b>	<b>7,293,770</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Property taxes	59,098,130	-	59,098,130	-	-
Grants	3,292,504	-	3,292,504	-	-
<b>Total deferred inflows of resources</b>	<b>62,390,634</b>	<b>-</b>	<b>62,390,634</b>	<b>-</b>	<b>-</b>
<b>Total liabilities and deferred inflows of resource:</b>	<b>204,985,294</b>	<b>73,590,680</b>	<b>278,575,974</b>	<b>5,338,545</b>	<b>7,293,770</b>
<b>NET POSITION</b>					
Net invested in capital assets	480,167,639	138,848,876	619,016,515	22,825,769	26,121,680
Restricted for:					
Capital projects	10,546,148	1,000,000	11,546,148	-	-
Debt service	5,686,654	5,452,243	11,138,897	-	-
Culture and recreation	7,859,537	-	7,859,537	-	-
Community development	986,626	-	986,626	-	-
Public health and welfare	869,243	-	869,243	-	-
Highways and streets	9,673,378	-	9,673,378	-	-
Employee and public liability trusts	-	-	-	234,231	-
Other purposes - Grants	41,169	-	41,169	-	-
Unrestricted	(3,338,207)	3,559,349	221,142	965,728	(382,418)
<b>Total net position</b>	<b>\$ 512,492,187</b>	<b>\$ 148,860,468</b>	<b>\$ 661,352,655</b>	<b>\$ 24,025,728</b>	<b>\$ 25,739,262</b>

*The accompanying notes to the financial statements are an integral part of this statement.*

**CITY OF ROCKFORD, ILLINOIS**  
**STATEMENT OF ACTIVITIES**

For the Year Ended December 31, 2012

Functions/programs	Net (Expenses) Revenues and Changes in Net Assets							Component Units	
	Expenses	Program Revenues			Primary Government			Rockford Mass Transit District	Rockford Metropolitan Exposition, Auditorium and Office Building Authority
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total		
<b>Primary government:</b>									
Governmental activities:									
General government	\$ 11,993,604	\$ 7,277,778	\$ -	\$ -	\$ (4,715,826)	\$ -	\$ (4,715,826)		
Public safety	91,813,775	9,512,944	2,283,382	352,150	(79,665,299)	-	(79,665,299)		
Streets, alleys and bridges	32,971,181	5,032,043	-	4,438,159	(23,500,979)	-	(23,500,979)		
Community development	13,899,004	9,288,182	6,794,234	-	2,183,412	-	2,183,412		
Sanitation and sewers	6,703,345	910,398	-	-	(5,792,947)	-	(5,792,947)		
Culture and recreation	7,690,140	177,017	621,034	-	(6,892,089)	-	(6,892,089)		
Public health and welfare	16,215,478	-	16,121,114	-	(94,364)	-	(94,364)		
Interest and fiscal charges	4,783,229	-	-	-	(4,783,229)	-	(4,783,229)		
Total governmental activities	186,069,756	32,198,362	25,819,764	4,790,309	(123,261,321)	-	(123,261,321)		
Business-type activities:									
Water	21,578,537	24,682,211	-	-	-	3,103,674	3,103,674		
Parking	2,029,911	1,482,409	-	-	-	(547,502)	(547,502)		
Total business-type activities	23,608,448	26,164,620	-	-	-	2,556,172	2,556,172		
Total primary government	\$ 209,678,204	\$ 58,362,982	\$ 25,819,764	\$ 4,790,309	(123,261,321)	2,556,172	(120,705,149)		
<b>Component units:</b>									
Bus transportation	\$ 15,565,846	\$ 1,724,730	\$ 12,303,538	\$ 2,158,105			\$ 620,527	\$ -	
Metro Centre - coliseum-arena	10,956,136	8,680,363	1,905,007	-			-	(370,766)	
Total component units	\$ 26,521,982	\$ 10,405,093	\$ 14,208,545	\$ 2,158,105			620,527	(370,766)	
General revenues:									
Taxes:									
Property taxes					60,064,811	-	60,064,811	-	-
Sales taxes					37,902,668	-	37,902,668	-	-
Metro Centre sales tax					3,721,332	-	3,721,332	-	-
Motel and hotel tourism tax					1,637,917	-	1,637,917	-	-
Local use tax					2,406,076	-	2,406,076	-	-
Income tax					13,553,269	-	13,553,269	-	-
Replacement tax					6,851,038	-	6,851,038	-	-
Telecommunications tax					5,430,116	-	5,430,116	-	-
Utility tax					1,006,205	-	1,006,205	-	-
Franchise taxes					1,814,652	-	1,814,652	-	-
Total taxes					134,388,084	-	134,388,084	-	-
Unrestricted interest earnings					919,186	324,952	1,244,138	4,588	(30,924)
Miscellaneous					826,206	159,073	985,279	7,358	-
Transfers					60,000	(60,000)	-	-	-
Total general revenues					136,193,476	424,025	136,617,501	11,946	(30,924)
Change in net position					12,932,155	2,980,197	15,912,352	632,473	(401,690)
Net position - beginning					499,560,032	145,880,271	645,440,303	23,393,255	26,140,952
Net position - ending					\$ 512,492,187	\$ 148,860,468	\$ 661,352,655	\$ 24,025,728	\$ 25,739,262

The accompanying notes to the financial statements are an integral part of this statement.



**CITY OF ROCKFORD, ILLINOIS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
December 31, 2012

	General Fund	Public Library Fund	Community Development Fund	Human Services Fund	Debt Service Fund
<b>ASSETS</b>					
Cash and cash equivalents	\$ 9,848,750	\$ 8,075,535	\$ 1,759,044	\$ 580,200	\$ 8,208,657
Property taxes receivable, net	42,754,506	7,482,399	-	-	4,732,761
Accounts receivable, net	4,074,051	3,288	-	-	-
Notes receivable, net	-	-	942,033	348,722	-
Accrued interest receivable	283,876	-	27	5,912	-
Due from the Federal Government	113,576	-	1,492,731	2,690,518	-
Due from the State of Illinois	11,854,542	189,304	-	1,800,940	-
Due from other governmental units	920,961	-	-	-	-
Due from other funds	14,539,002	25,197	-	-	-
Total assets	84,389,264	15,775,723	4,193,835	5,426,292	12,941,418
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
None	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-
Total assets and deferred outflows of resources	84,389,264	15,775,723	4,193,835	5,426,292	12,941,418
<b>LIABILITIES</b>					
Accounts payable	\$ 1,473,074	\$ 350,919	\$ 434,983	\$ 513,303	\$ -
Accrued payroll and benefits	3,156,291	82,868	12,105	103,366	-
Due to other governments	194,928	-	-	-	-
Due to other funds	241,547	-	2,757,661	2,483,894	-
Unearned revenue	3,979,167	-	-	-	-
Other liabilities	421,427	-	2,460	90	-
Total liabilities	9,466,434	433,787	3,207,209	3,100,653	-
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Property taxes	42,754,506	7,482,399	-	-	4,732,761
Grants	-	-	-	1,456,396	-
Total deferred inflows of resources	42,754,506	7,482,399	-	1,456,396	4,732,761
Total liabilities and deferred inflows of resources	52,220,940	7,916,186	3,207,209	4,557,049	4,732,761
<b>FUND BALANCES</b>					
Nonspendable	-	24,208	871,310	152,458	-
Restricted for:					
Capital Projects	-	-	-	-	-
Debt service	-	-	-	-	5,686,654
Culture and recreation	-	7,835,329	-	-	-
Community development	-	-	115,316	-	-
Public health and welfare	-	-	-	716,785	-
Highway and streets	-	-	-	-	-
Assigned for:					
General government	-	-	-	-	-
Debt service	-	-	-	-	2,522,003
Culture and recreation	-	-	-	-	-
Community development	-	-	-	-	-
Public health and welfare	-	-	-	-	-
Highway and streets	-	-	-	-	-
Unassigned	32,168,324	-	-	-	-
Total fund balances	32,168,324	7,859,537	986,626	869,243	8,208,657
Total liabilities and deferred inflows of resources and fund balance	\$ 84,389,264	\$ 15,775,723	\$ 4,193,835	\$ 5,426,292	\$ 12,941,418

*The accompanying notes to the financial statements are an integral part of this statement.*

Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 20,287,213	\$ 19,116,332	\$ 67,875,731
-	4,128,464	59,098,130
49,808	1,039,406	5,166,553
-	-	1,290,755
-	-	289,815
231,796	-	4,528,621
5,054,384	587,333	19,486,503
483,910	1,193,665	2,598,536
198,276	22,804	14,785,279
<u>26,305,387</u>	<u>26,088,004</u>	<u>175,119,923</u>
-	-	-
-	-	-
<u>26,305,387</u>	<u>26,088,004</u>	<u>175,119,923</u>
\$ 3,125,553	\$ 746,406	\$ 6,644,238
21,136	13,036	3,388,802
-	-	194,928
-	8,528,716	14,011,818
1,662,770	-	5,641,937
-	-	423,977
<u>4,809,459</u>	<u>9,288,158</u>	<u>30,305,700</u>
-	4,128,464	59,098,130
2,930,008	-	4,386,404
-	-	-
<u>2,930,008</u>	<u>4,128,464</u>	<u>63,484,534</u>
<u>7,739,467</u>	<u>13,416,622</u>	<u>93,790,234</u>
-	56,169	1,104,145
12,924,115	-	12,924,115
-	-	5,686,654
-	-	7,835,329
-	2,045,863	2,161,179
-	-	716,785
-	9,673,378	9,673,378
-	151,980	151,980
-	-	2,522,003
-	-	-
-	5,041,069	5,041,069
-	148,211	148,211
5,641,805	-	5,641,805
-	(4,445,288)	27,723,036
<u>18,565,920</u>	<u>12,671,382</u>	<u>81,329,689</u>
<u>\$ 26,305,387</u>	<u>\$ 26,088,004</u>	<u>\$ 175,119,923</u>

The accompanying notes to the financial statements are an integral part of this statement.

**CITY OF ROCKFORD, ILLINOIS**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
December 31, 2012

Total fund balances for governmental funds \$ 81,329,689

Total net assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:

Land	\$ 6,899,241	
Improvements other than buildings, net of \$343,369 accumulated depreciation	202,977	
Buildings and improvements, net of \$30,950,039 accumulated depreciation	24,172,862	
Equipment, net of \$23,243,605 accumulated depreciation	7,108,593	
Infrastructure, net of \$374,237,783 accumulated depreciation	494,297,816	
Total capital assets (See Note III - C.)		532,681,489

Revenues in the statement of activities that do not provide current financial resources are deferred in the funds. 5,073,067

Internal service funds are used by the City to charge the cost of fleet management, building maintenance, inventories, auditing, 911 communications, risk management, information systems, and employee benefits for Illinois municipal retirement, unemployment, workers' compensation, and health insurance. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets. Internal service fund net assets are: 8,531,066

Long-term assets and liabilities applicable to the City governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities—both current and long-term—are reported in the statement of net assets. Also, during the year the City issued additional bonds. The amount borrowed is received in the governmental funds and increases fund balance. Deferred charges for issuance costs and discounts will also be amortized as an adjustment of interest expense over the remaining life of the debt.

Pension benefit obligation	\$ (5,225,360)	
Other post employment benefit liability	(2,780,515)	
Bonds payable	(77,755,000)	
Accrued interest on bonds	(224,824)	
Compensated absences	(5,996,829)	
Other liabilities	(7,870,109)	
EPA Water Pollution Obligations	(284,680)	
Development agreement	(6,041,424)	
Lease agreement	(9,671,472)	
Section 108 guaranteed loans	(1,185,000)	
Unamortized bond premiums and discounts	(13,281)	
Deferred amount on refunding	1,925,370	
Total long-term assets and liabilities (See Note III - G.)		(115,123,124)

Total net position of governmental activities \$ 512,492,187

*The accompanying notes to the financial statements are an integral part of this statement.*



**CITY OF ROCKFORD, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**

For the Year Ended December 31, 2012

	General Fund	Public Library Fund	Community Development Fund	Human Services Fund
<b>REVENUES</b>				
Taxes	\$ 73,732,746	7,256,222	\$ -	\$ -
Licenses and permits	4,553,439	-	-	-
Intergovernmental	27,385,022	889,881	4,804,287	16,121,114
Charges for services	11,770,550	62,622	-	-
Fines	1,547,601	114,395	-	-
Interest	287,435	71,020	33,193	715
Miscellaneous	595,481	70,739	70,564	76,963
Total revenues	<u>119,872,274</u>	<u>8,464,879</u>	<u>4,908,044</u>	<u>16,198,792</u>
<b>EXPENDITURES</b>				
Current:				
General government	11,148,104	-	-	-
Public safety	90,115,251	-	-	-
Streets, alleys and bridges	11,265,517	-	-	-
Community development	2,109,818	-	3,995,310	-
Sanitation and sewers	403,086	-	-	-
Culture and recreation	-	6,727,511	-	-
Public health and welfare	-	-	-	16,091,391
Debt service:				
Principal payments	-	-	170,000	-
Interest and fiscal charges	45,184	-	70,416	53,191
Capital outlay:				
Public safety	5,083,271	-	-	-
Streets, alleys and bridges	-	-	-	-
Culture and recreation	-	181,725	-	-
Public health and welfare	-	-	-	28,715
Total expenditures	<u>120,170,231</u>	<u>6,909,236</u>	<u>4,235,726</u>	<u>16,173,297</u>
Excess of revenues over (under) expenditures	<u>(297,957)</u>	<u>1,555,643</u>	<u>672,318</u>	<u>25,495</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Refunding bonds issued	-	-	-	-
Payment to escrow agent	-	-	-	-
Issuance of lease purchase agreement	4,723,079	-	-	-
Issuance of lines of credit	-	-	-	-
Discount on issue of general obligation bonds	-	-	-	-
Premium on issue of general obligation bonds	-	-	-	-
Transfers in	2,398,600	-	74,483	-
Transfers out	(2,188,742)	(234,400)	(970,400)	-
Total other financing sources (uses)	<u>4,932,937</u>	<u>(234,400)</u>	<u>(895,917)</u>	<u>-</u>
Net change in fund balances	4,634,980	1,321,243	(223,599)	25,495
Fund balances - beginning	27,533,344	6,538,294	1,210,225	843,748
Fund balances - ending	<u>\$ 32,168,324</u>	<u>\$ 7,859,537</u>	<u>\$ 986,626</u>	<u>\$ 869,243</u>

*The accompanying notes to the financial statements are an integral part of this statement.*

<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 5,551,435	\$ 15,586,806	\$ 10,041,916	\$ 112,169,125
-	-	97,469	4,650,908
460,000	4,090,348	6,576,115	60,326,767
-	-	9,288,182	21,121,354
-	-	-	1,661,996
-	245,731	90,718	728,812
-	9,559	2,900	826,206
<u>6,011,435</u>	<u>19,932,444</u>	<u>26,097,300</u>	<u>201,485,168</u>
-	707,304	11,935	11,867,343
-	-	517,098	90,632,349
-	2,119,910	-	13,385,427
-	707,886	7,343,911	14,156,925
-	35,376	8,471,305	8,909,767
-	143,443	-	6,870,954
-	186,994	124,235	16,402,620
8,438,041	-	262,473	8,870,514
3,159,556	62,504	109,707	3,500,558
-	-	-	5,083,271
-	17,439,699	-	17,439,699
-	318,582	-	500,307
-	-	-	28,715
<u>11,597,597</u>	<u>21,721,698</u>	<u>16,840,664</u>	<u>197,648,449</u>
<u>(5,586,162)</u>	<u>(1,789,254)</u>	<u>9,256,636</u>	<u>3,836,719</u>
7,735,000	-	-	7,735,000
(8,522,305)	-	-	(8,522,305)
-	-	1,113,982	5,837,061
-	-	445,000	445,000
(49,080)	-	-	(49,080)
270,663	-	-	270,663
5,739,672	4,234,986	1,085,220	13,532,961
-	-	(10,079,419)	(13,472,961)
<u>5,173,950</u>	<u>4,234,986</u>	<u>(7,435,217)</u>	<u>5,776,339</u>
(412,212)	2,445,732	1,821,419	9,613,058
8,620,869	16,120,188	10,849,963	71,716,631
<u>\$ 8,208,657</u>	<u>\$ 18,565,920</u>	<u>\$ 12,671,382</u>	<u>\$ 81,329,689</u>

*The accompanying notes to the financial statements are an integral part of this statement.*

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

For the Year Ended December 31, 2012

Net change in fund balances - total governmental funds	\$ 9,613,058
The change in net assets reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful life and reported as depreciation expense. This is the amount by which capital outlays (\$23,051,992) exceeded depreciation (\$22,790,216) in the current period. (See Note III - C.)	261,776
In the statement of activities, the amount by which the carrying value of capital assets disposed of exceed the proceeds from the sale of those assets is reported as a loss.	(542,448)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(36,901)
Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds, but reduces the liability in the statement of net assets. (See Note III - G.)	
Debt issued:	
Refunding general obligation bonds issued	\$ (7,735,000)
Proceeds from lines of credit	(445,000)
Proceeds from capital lease agreements	(5,837,061)
Less: Discounts on bonds issued and issuance costs	(221,583)
Repayments:	
Principal payment on bonds and other long-term obligations and amounts paid to escrow agent	17,479,689
Net adjustment	3,241,045
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment combines the net changes of the following balances. (See Note III - G.)	
Net OPEB obligation	\$ (156,080)
Net pension obligation	(1,977,921)
Compensated absences	(668,677)
Prepaid expenses	(444,946)
Accrued interest on bonds	(56,949)
Amortization of deferred amount from refunding and bond discounts	(842,176)
Amortization of bond premiums and discounts	(3,298)
Combined adjustment	(4,150,047)
Internal Service funds are used by the City to charge the cost of Central Garage, Building Maintenance, Central Stores, Auditing, 911 Communications, Risk Management, Data Processing and employee benefits for Illinois Municipal Retirement, Unemployment, Workmen's Compensation, and Health Insurance to individual funds. The net revenue (expenses) of the above Internal Service funds is reported within governmental activities.	<u>4,545,672</u>
Change in net position of governmental activities	<u>\$ 12,932,155</u>

*The accompanying notes to the financial statements are an integral part of this statement.*



**CITY OF ROCKFORD, ILLINOIS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
December 31, 2012

	Business-type Activities Enterprise Funds			Governmental Activities- Internal Service Funds
	Water Utility	Parking System	Total	
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 1,121,296	\$ 879,514	\$ 2,000,810	\$ 19,271,848
Accounts receivable:				
Water	1,774,729	-	1,774,729	-
Estimated unbilled water usage	2,532,000	-	2,532,000	-
Other	91,745	111,374	203,119	-
Total accounts receivable	4,398,474	111,374	4,509,848	-
Less allowance for uncollectible accounts	(664,650)	-	(664,650)	-
Total accounts receivable, net	3,733,824	111,374	3,845,198	-
Due from other funds	143,588	2,531	146,119	59,684
Due from other governments	-	-	-	146,997
Inventories	545,816	-	545,816	247,550
Prepaid items	-	-	-	81,473
Current restricted assets:				
Cash and cash equivalents:				
Bond construction account	15,381,657	-	15,381,657	-
Revenue bond renewal and replacement account	1,000,000	-	1,000,000	-
Alternate bond current debt service account	5,452,243	-	5,452,243	-
Total current restricted assets	21,833,900	-	21,833,900	-
Total current assets	27,378,424	993,419	28,371,843	19,807,552
Noncurrent assets:				
Capital assets:				
Land	614,567	5,605,166	6,219,733	-
Construction in progress	2,545,978	-	2,545,978	-
Land improvements	850,422	-	850,422	20,000
Buildings and improvements	20,093,150	20,619,741	40,712,891	2,173,142
Equipment	4,911,855	315,378	5,227,233	6,735,930
Improvements other than land and buildings	207,180,384	4,314,787	211,495,171	233,365
Less accumulated depreciation	(59,674,644)	(13,526,608)	(73,201,252)	(6,228,208)
Total capital assets	176,521,712	17,328,464	193,850,176	2,934,229
Total noncurrent assets	176,521,712	17,328,464	193,850,176	2,934,229
Total assets	203,900,136	18,321,883	222,222,019	22,741,781
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Unamortized loss on refunding	229,129	-	229,129	-
Total deferred outflows of resources	229,129	-	229,129	-
Total assets and deferred outflows of resources	204,129,265	18,321,883	222,451,148	22,741,781

*The accompanying notes to the financial statements are an integral part of this statement.*

	Business-type Activities Enterprise Funds			Governmental Activities- Internal Service Funds
	Water Utility	Parking System	Total	
	<b>LIABILITIES</b>			
Current liabilities:				
Accounts payable	\$ 1,564,089	\$ 34,954	\$ 1,599,043	\$ 2,648,760
Accrued interest payable	128,297	4,066	132,363	-
Accrued payroll and benefits	224,004	11,975	235,979	319,203
Due to other funds	-	-	-	979,264
Other liabilities	33,451	-	33,451	-
Deposits and advances	44,652	92,503	137,155	-
Compensated absences	65,924	7,784	73,708	109,244
Capital lease payable	86,814	-	86,814.00	38,459
Installment purchase agreement	-	-	-	104,716
General obligation alternate bonds payable (net of unamortized premiums/discounts)	2,729,962	75,000	2,804,962	-
IEPA loan	1,739,948	-	1,739,948	-
Refundable water main extension advances	16,838	-	16,838	-
Claims and judgments payable	-	-	-	4,901,753
Total current liabilities	<u>6,633,979</u>	<u>226,282</u>	<u>6,860,261</u>	<u>9,101,399</u>
Noncurrent liabilities:				
Compensated absences	367,705	8,652	376,357	229,889
Unearned revenue	-	-	-	854,694
Refundable water main extension advances	283,784	-	283,784	-
Customer water deposits	73,399	-	73,399	-
Capital lease payable	582,207	-	582,207	324,776
Installment purchase agreement	-	-	-	246,065
General obligation alternate bonds payable (net of unamortized premiums/discounts)	28,896,729	1,650,000	30,546,729	-
IEPA loan	34,867,943	-	34,867,943	-
Claims and judgments payable	-	-	-	3,453,892
Total noncurrent liabilities	<u>65,071,767</u>	<u>1,658,652</u>	<u>66,730,419</u>	<u>5,109,316</u>
Total liabilities	<u>71,705,746</u>	<u>1,884,934</u>	<u>73,590,680</u>	<u>14,210,715</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
None	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>71,705,746</u>	<u>1,884,934</u>	<u>73,590,680</u>	<u>14,210,715</u>
<b>NET POSITION</b>				
Invested in capital assets, net of related debt	123,245,412	15,603,464	138,848,876	2,126,504
Restricted:				
Capital projects	1,000,000	-	1,000,000	-
Debt service	5,452,243	-	5,452,243	-
Unrestricted	2,725,864	833,485	3,559,349	6,404,562
Total net position	<u>\$ 132,423,519</u>	<u>\$ 16,436,949</u>	<u>\$ 148,860,468</u>	<u>\$ 8,531,066</u>

The accompanying notes to the financial statements are an integral part of this statement.

**CITY OF ROCKFORD, ILLINOIS**  
**STATEMENT OF REVENUE, EXPENSES AND**  
**CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**

For the Year Ended December 31, 2012

	Business-type Activities- Enterprise Funds			Governmental Activities- Internal Service Funds
	Water Utility	Parking System	Totals	
<b>OPERATING REVENUES</b>				
Charges for services	\$ 24,506,668	\$ 1,085,342	\$ 25,592,010	\$ 47,371,103
Parking fines	-	371,395	371,395	171,240
Miscellaneous	175,543	25,672	201,215	1,113,098
Total operating revenues	<u>24,682,211</u>	<u>1,482,409</u>	<u>26,164,620</u>	<u>48,655,441</u>
<b>OPERATING EXPENSES</b>				
Salaries and benefits	5,496,978	462,516	5,959,494	7,615,111
Services	4,409,862	483,391	4,893,253	32,766,910
Supplies and materials	943,992	19,761	963,753	2,537,475
Depreciation	5,567,434	699,887	6,267,321	591,555
Charges from General Fund	2,665,794	248,800	2,914,594	766,660
Miscellaneous	-	837	837	260
Total operating expenses	<u>19,084,060</u>	<u>1,915,192</u>	<u>20,999,252</u>	<u>44,277,971</u>
Operating income (loss)	<u>5,598,151</u>	<u>(432,783)</u>	<u>5,165,368</u>	<u>4,377,470</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest revenue	316,638	8,314	324,952	190,374
Gain (loss) on disposal of capital assets	(76,896)	87,719	10,823	-
Interest expense and service fees	(2,078,759)	(96,656)	(2,175,415)	(22,172)
Amortization expense	(338,822)	(18,063)	(356,885)	-
Amortization of gain on refunding	71,354	-	71,354	-
Total nonoperating revenues (expenses)	<u>(2,106,485)</u>	<u>(18,686)</u>	<u>(2,125,171)</u>	<u>168,202</u>
Income before capital contributions	<u>3,491,666</u>	<u>(451,469)</u>	<u>3,040,197</u>	<u>4,545,672</u>
Transfers	-	(60,000)	(60,000)	-
Contributions from the State of Illinois	-	-	-	-
Change in net position	<u>3,491,666</u>	<u>(511,469)</u>	<u>2,980,197</u>	<u>4,545,672</u>
Total net position - beginning	<u>128,931,853</u>	<u>16,948,418</u>	<u>145,880,271</u>	<u>3,985,394</u>
Total net position - ending	<u>\$132,423,519</u>	<u>\$ 16,436,949</u>	<u>\$148,860,468</u>	<u>\$ 8,531,066</u>

*The accompanying notes to the financial statements are an integral part of this statement.*



**CITY OF ROCKFORD, ILLINOIS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**

For the Year Ended December 31, 2012

	Business-type Activities			Governmental Activities- Internal Service Funds
	Enterprise Funds			
	Water Utility	Parking System	Totals	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 24,484,466	\$ 1,489,639	\$ 25,974,105	\$ 48,652,587
Other receipts	175,543	-	175,543	-
Payment to suppliers	(3,989,557)	(498,742)	(4,488,299)	(36,027,168)
Payment to employees	(5,384,781)	(466,435)	(5,851,216)	(7,428,807)
Payments for interfund services used	(1,380,576)	(248,800)	(1,629,376)	(766,660)
Payments to other funds	(2,665,794)	-	(2,665,794)	518,642
Net cash provided by (used for) operating activities	11,239,301	275,662	11,514,963	4,948,594
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers out	-	(60,000)	(60,000)	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from capital grants	-	87,719	87,719	-
Proceeds from sale of general obligation alternate refunding bonds	1,470,000	-	1,470,000	-
Proceeds from the sale of capital assets	-	-	-	-
Proceeds from IEPA loan	2,813,300	-	2,813,300	389,831
Proceeds from capital lease	669,021	-	669,021	-
Proceeds from sale of capital assets	9,812	-	9,812	-
Bond issue costs	39,069	-	39,069	-
Interest paid on general obligation alternate bonds	(1,414,392)	(96,811)	(1,511,203)	-
Interest paid on installment purchase agreement	(31,433)	-	(31,433)	(10,840)
Interest paid on capital lease	-	-	-	(3,619)
Interest paid on IEPA loans	(592,630)	-	(592,630)	-
Principal payment on general obligation alternate bonds	(2,835,000)	(75,000)	(2,910,000)	-
Principal payment of general obligation alternate refunding bonds	(1,510,000)	-	(1,510,000)	-
Principal paid on installment purchase agreement	(4,000,000)	-	(4,000,000)	(101,960)
Principal paid on capital lease	-	-	-	(26,596)
Principal payment on loans from IEPA	(1,539,386)	-	(1,539,386)	-
Repayment to contractors for water mains	(34,819)	-	(34,819)	-
Capital asset acquisitions	(5,014,624)	(98,823)	(5,113,447)	(802,010)
Net cash provided by (used for) capital and related financing activities	(11,971,082)	(182,915)	(12,153,997)	(555,194)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received on cash and cash equivalents	309,459	7,942	317,401	161,069
Net increase (decrease) in cash and cash equivalents	(422,322)	40,689	(381,633)	4,554,469
Cash and cash equivalents, beginning	23,377,518	838,825	24,216,343	14,717,379
Cash and cash equivalents, ending	\$ 22,955,196	\$ 879,514	\$ 23,834,710	\$ 19,271,848
Displayed as:				
Cash and cash equivalents	\$ 1,121,296	\$ 879,514	\$ 2,000,810	\$ 19,271,848
Restricted assets - cash and cash equivalents	21,833,900	-	21,833,900	-
	\$ 22,955,196	\$ 879,514	\$ 23,834,710	\$ 19,271,848

(Continued)

*The accompanying notes to the financial statements are an integral part of this statement.*

**CITY OF ROCKFORD, ILLINOIS**  
**STATEMENT OF CASH FLOWS (CONTINUED)**  
**PROPRIETARY FUNDS**

For The Year Ended December 31, 2012

	Business-type Activities Enterprise Funds			Governmental Activities- Internal Service Funds
	Water Utility	Parking System	Totals	
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>				
Operating income (loss)	\$ 5,598,151	\$ (432,783)	\$ 5,165,368	\$ 4,377,470
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	5,567,434	699,887	6,267,321	564,651
Increase (decrease) from changes in:				
Accounts receivable	115,611	7,202	122,813	5,531
Allowance for uncollectible accounts	456	-	456	-
Due from other governmental units	-	-	-	95,788
Due from other funds	5,404	-	5,404	-
Prepaid items	-	-	-	255,326
Inventories	59,094	-	59,094	2,293
Accounts payable	(83,599)	5,247	(78,352)	(780,882)
Accrued payroll and benefits	114,443	5,224	119,667	181,646
Compensated absences	(2,246)	(9,143)	(11,389)	4,658
Due to other funds	-	-	-	518,642
Deferred revenue	-	28	28	(104,173)
Other liabilities	2,822	-	2,822	(172,356)
Deposits and advances	(138,269)	-	(138,269)	-
Total adjustments	5,641,150	708,445	6,349,595	571,124
Net cash provided by (used for) operating activities	\$ 11,239,301	\$ 275,662	\$ 11,514,963	\$ 4,948,594
<b>Noncash investing, capital and financing activities:</b>				
Loss on disposal of assets	\$ (76,896)	\$ -	\$ (76,896)	\$ -
Accrued interest from IEPA loans converted to loan principle	(40,975)	-	(40,975)	-
Amortization of issue and discount costs paid in prior years	(287,047)	(18,063)	(305,110)	-
Amortization of revenue and general obligation bond refundings	(51,775)	-	(51,775)	-
Capital asset additions in accounts payable at year-end	1,098,501	-	1,098,501	-
Total noncash capital and related financing activities	\$ 641,808	\$ (18,063)	\$ 623,745	\$ -

(Concluded)

*The accompanying notes to the financial statements are an integral part of this statement.*

**CITY OF ROCKFORD, ILLINOIS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
December 31, 2012

	<u>Pension Trust Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 5,102,162
Investments - retirement plans	
U.S. Treasury Strips	4,231,930
U.S. Treasury Notes	16,299,239
U.S. Treasury Bonds	5,895,417
Government National Mortgage Association	3,083,928
Federal Home Loan Mortgage Corporation	11,205,277
Federal National Mortgage Association	15,859,186
Federal Farm Credit Bonds	1,952,770
State and Local Government Securities	1,755,016
Small Cap Equity Common Stocks	22,164,427
Mid Cap Equity Common Stocks	24,651,324
Large Cap Equity Common Stocks	7,922,425
NTGI Collective Trust	49,882,717
Domestic Mutual Funds	94,287,015
International Mutual Funds	34,898,786
Total investments	<u>294,089,457</u>
Accrued interest receivable	424,963
Contributions receivable	<u>7,870,109</u>
Total assets	<u>307,486,691</u>
<b>LIABILITIES</b>	
Accrued liabilities	<u>90,752</u>
<b>NET POSITION</b>	
Held in trust for pension benefits	<u>\$ 307,395,939</u>

*The accompanying notes to the financial statements are an integral part of this statement.*

**CITY OF ROCKFORD, ILLINOIS**  
**STATEMENT OF CHANGES IN PLAN NET POSITION**  
**FIDUCIARY FUNDS**

For the Year Ended December 31, 2012

	<u>Pension Trust Funds</u>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 9,617,857
Plan member	<u>3,877,043</u>
Total contributions	<u>13,494,900</u>
Investment income:	
Net appreciation (depreciation) in fair value of investments	2,396,215
Interest and dividend income	<u>23,394,582</u>
	25,790,797
Less investment expense	<u>(661,263)</u>
Net investment income	<u>25,129,534</u>
Total additions	<u>38,624,434</u>
<b>DEDUCTIONS</b>	
Pension benefits	27,117,685
Refunds of contributions	132,421
Administrative expense	<u>354,929</u>
Total deductions	<u>27,605,035</u>
Net increase (decrease)	11,019,399
<b>NET POSITION HELD IN TRUST FOR BENEFITS</b>	
Total net position - beginning	<u>296,376,540</u>
Total net position - ending	<u>\$ 307,395,939</u>

*The accompanying notes to the financial statements are an integral part of this statement.*



## **NOTES TO THE FINANCIAL STATEMENTS**

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**CITY OF ROCKFORD, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. REPORTING ENTITY**

The City of Rockford, Illinois (the “City”) is a municipal corporation governed by an elected mayor and a fourteen-member Council. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

**Discretely presented component units**

The City’s component units consist of the following:

- Rockford Mass Transit District (the “District”) - The District is a public service bus company organized to provide mass transit services to Rockford.
- Rockford Metropolitan Exposition, Auditorium and Office Building Authority (the “Authority”) - The Authority operates the Metro Centre with its responsibility to arrange, finance and maintain industrial, cultural, theatrical, sports, trade, and other activities that meet the needs of the citizens of Rockford.

The governing boards of both the District and Authority are appointed by the City’s Mayor and substantial funding is provided by the City for their operations. The City also guarantees certain debt of the District. Both are reported on a June 30 fiscal year. Separately issued financial statements may be obtained from their respective administrative offices located in Rockford, Illinois.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. Significant changes in the Statement include the following:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the City’s overall financial position and results of operations;
- Financial statements prepared using full accrual accounting for all of the City’s activities, including infrastructure (roads, bridges, etc.);
- A change in fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to the financial statements). During fiscal 2002, the City elected to implement the general provisions of the Statement and have retroactively reported infrastructure (assets acquired prior to December 31, 2002) in the fiscal year ending December 31, 2006.

**CITY OF ROCKFORD, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS, Continued**

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**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The government-wide financial statements report information about the primary government and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Eliminations have been made to minimize the double counting of internal activities.

The Statement of Net Position presents the City's non-fiduciary assets/deferred outflows and liabilities/deferred inflows with the difference reported in three categories:

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

**Restricted net position** result when constraints placed on net position use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

**Unrestricted net position** consists of net position that do not meet the criteria of the two preceding categories.

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function or segment. Program revenues include 1) fees, fines, and charges paid by recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. Additionally, the City reports columns for nonmajor governmental funds and internal service funds in its financial statements.

**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

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

Governmental fund financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues from federal, state and local reimbursement type grants to be available if they are collected within one year of the end of the current fiscal period. The City considers all other revenues to be available if they are collected within 90 days of the end of the current fiscal period, except for property taxes for which the availability period is 60 days. Expenditures are recorded when the related fund liability is incurred, if measurable, except for principal and interest on general long-term debt, claims, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Property taxes, intergovernmental revenues, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to

**CITY OF ROCKFORD, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS, Continued**

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accrual and so have been recognized as revenues of the current fiscal year to the extent they are available. All other revenue items are considered to be measurable and available only when cash is received by the government.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, they are both restricted and unrestricted net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs followed by general revenues.

As a general rule, the effect of inter-fund activity has been eliminated from the governmental-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and parking function. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's Water Utility and Parking System enterprise funds and of the City's internal service funds are charges to customers for services. The City also recognizes as operating revenues fines, rents and miscellaneous for the above enterprise funds. Operating expenses for the enterprise funds and internal service funds include salaries and benefits, services, supplies and materials, and depreciation. All revenues and expenses not meeting this definition are reported as non-operating revenue and expenses.

### **Fund Financial Statements**

The fund financial statements provide information about the City's funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are reported as non-major funds.

The City reports the following major governmental funds and fund types:

#### **General Fund**

The General Fund is used to account for all revenues and expenditures applicable to the general operations of City government which are not more properly accounted for in another fund. The revenues of the General Fund are primarily derived from general property taxes, charges for services, fines, licenses and permits, and certain revenues from State and Federal sources. The expenditures of the General Fund primarily relate to general administration, police and fire protection, street inspection and maintenance, building inspection, and planning and zoning.

#### **Special Revenue Funds**

Public Library – This fund accounts for the operations and maintenance of the main downtown library and five branch libraries. Financing is mainly provided by a specific property tax levy. Other sources of revenue include replacement taxes, rental of books and films, etc.

Community Development – This fund accounts for community rehabilitation projects, including certain community loans, financed primarily by community grants from the Federal government. Projects include public and private rehabilitation.

Human Services – This fund accounts for services provided by the City's Human Services Department, including certain community loans. Services include Head Start program for children, weatherization of homes, payment of heat and electrical bills on behalf of persons in need and services related to intervention and correction programs

**CITY OF ROCKFORD, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS, Continued**

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for youths involved in anti-social behavior and gang activity. Financing is primarily provided by grants from the Federal government and the State of Illinois-Social Services and the General Fund.

**Debt Service Fund**

This fund is used to account for the accumulation of resources for the payment of principal and interest on general obligation bonds. Debt service resources are principally from property taxes levied by the City and transfers from other funds.

**Capital Projects Fund**

This fund is used to account for resources designated to construct or acquire general capital assets and major improvements. Such resources are provided principally from proceeds of general obligation bonds, Federal and State grants, interest earned on such funds and transfers from other funds.

The City reports the following major proprietary funds:

**Water Utility Fund**

This fund is used to account for the provision of water services to the residents of the City and some residents of Winnebago County. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service and billing and collection.

**Parking System Fund**

This fund is used to account for the activities to provide ample parking for the business districts within the City. Activities include, but are not limited to, the collection of parking revenue from reserved spaces, the issuance and collection of parking fines, administration, operations, and maintenance.

Additionally, the City reports the following fund types:

**Internal Service Funds**

These funds account for central garage, building maintenance, central stores, Illinois Municipal Retirement, unemployment, workmen's compensation, auditing, health insurance, 911 communications, risk management and information services provided to other departments and outside agencies on a cost-reimbursement basis.

**Pension Trust Funds**

These funds account for Police and Firefighter's retirement systems, which accumulate resources for pension benefit payments to qualified employees.

**CITY OF ROCKFORD, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS, Continued**

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**D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY**

**(1) CASH AND CASH EQUIVALENTS**

Cash received by the City is deposited in various bank accounts. The major account is the common pool account. The majority of the other bank accounts are for Special Revenue Funds, which are required by State statutes, and for Debt Service Funds which are required by bond ordinances. Miscellaneous accounts include petty cash and special donations. Cash accounts with a deficit balance are shown in the financial statements as bank overdrafts.

The City considers all cash accounts and all highly liquid investment instruments purchased with an original maturity of three months or less to be cash equivalents. The City also considers investments held by the common pool account to be cash equivalents because the common pool is used essentially as a demand deposit account by the various funds of the City.

Total cash and cash equivalents for the City's governmental and business-type activities at December 31, 2012 is \$110,982,289, of which \$91,582,368 is in the common pool account.

**(2) DEPOSITS AND INVESTMENTS**

Investment activity is carried on by the City in an investment pool, except for those funds required to maintain their investments separately. The funds included in the pool participate in the earnings of the pool in proportion to their average balance therein. Should any of these funds have an average deficit in the pool, they are charged interest accordingly.

State statutes authorize the City and its component units to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the Illinois Funds Investment Pool.

The City's (including its component units) investments are carried at fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments in mutual funds are reported at their cash redemption value. Unallocated insurance contracts are reported at contract value. Investments that do not have an established market value are reported at estimated fair values.

**(3) RECEIVABLES AND PAYABLES**

Property taxes receivable are recognized at the time they are levied. The current year's levy was adopted December 10, 2012. Property taxes are an enforceable lien on property on January 1 and are payable in two installments in June and September subsequent to the year of the levy. The 2012 levy is deferred as it is intended to finance fiscal year 2013.

The Property Tax Extension Limitation Law imposes mandatory property tax limitations on the ability of taxing districts in Illinois to raise revenues through unlimited property tax increases. The increase in property tax extensions is limited to the lesser of 5% or the percentage increase in the Consumer Price Index for all urban consumers. Even taxes levied for tort immunity, for prevention and safety, municipal retirement and social security purposes are subject to the limitation provisions. The amount of the limitation may be adjusted for new property added or annexed to the tax base and due to voter approved increase.

All trade and property tax receivables are shown net of allowance for uncollectibles. The property tax receivable allowance is equal to 1 percent of outstanding property taxes at December 31, 2012.

Notes receivable in the governmental funds consist primarily of rehabilitation and redevelopment loans that are generally not expected or scheduled to be collected in the subsequent year.

**CITY OF ROCKFORD, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS, Continued**

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**(4) INTERFUND RECEIVABLES AND PAYABLES**

The City has the following types of transactions between funds:

**Loans and Advances** - amounts provided with a requirement for repayment. In the fund financial statements, interfund loans are reported as due from other funds in lender funds and due to other funds in borrower funds. Any residual balances outstanding between the governmental activities and business-type activities are reported as internal balances in the government-wide statement of net assets.

**Services provided and used** - sales and purchases of goods and services between funds for a price approximating their external exchange value. Interfund services provided and used are reported as revenues in seller funds and expenditures or expenses in purchaser funds. Unpaid amounts are reported as due to/from other funds in the fund balance sheets or fund statements of net assets.

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

**Transfers** - flows of assets (such as cash or goods) without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers. In proprietary funds, transfers in/out are reported as a separate category after non-operating revenues and expenses.

**(5) INVENTORIES AND PREPAID EXPENSES**

Inventories of Proprietary Fund Types and Component Units are carried at the lower of cost (first-in, first-out method) or market. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect cost applicable to future accounting periods and are recorded as prepaid items in the government-wide financial statements.

**(6) RESTRICTED ASSETS**

Certain proceeds of Water Utility Fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted cash and cash equivalents on the balance sheet because their use is limited by applicable bond covenants. The "bond construction account" (\$15,381,657) is used to report those proceeds of bond issuance that are restricted for use in construction. The "revenue bond renewal and replacement account" (\$1,000,000) is used to report resources set aside to meet unexpected contingencies or to fund asset renewals and replacements. The "alternate bond current debt service account" (\$5,452,243) is used to segregate resources accumulated for alternate bond debt service payments over the next twelve months.

These accounts are all presented in the restricted asset accounts in both government-wide and fund financial statements.

It is the City's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**CITY OF ROCKFORD, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS, Continued**

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**(7) CAPITAL ASSETS**

Capital assets, which include: property, buildings, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. In accordance with the prospective reporting of infrastructure assets allowed under GASB Statement No. 34, infrastructure assets acquired prior to January 1, 2002, have been recorded on the government wide financial statements as of January 1, 2006.

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

Property, buildings, infrastructure, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

<u>Property and Equipment</u>	<u>Years</u>
Infrastructure	20-99
Buildings	20-50
Building Improvements	20
Equipment	2-15
Improvements Other Than Buildings	2-15
Land Improvements	15-40

**(8) DEFERRED OUTFLOWS/ INFLOWS OF RESOURCES**

Deferred outflows of resources include the loss on refunding transactions. Deferred inflows of resources includes property that will finance the subsequent fiscal year and grants based on timing requirements.

**(9) COMPENSATED ABSENCES**

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of unpaid, accumulated vacation and sick leave balances. The liability has been calculated using the vesting method, which means amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**(10) LONG-TERM OBLIGATIONS**

In the government-wide financial statements and proprietary fund statements of net assets, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

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

**CITY OF ROCKFORD, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS, Continued**

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(11) FUND BALANCE/NET POSITION

In the fund financial statements, governmental funds report equity as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned or unassigned. The City reports nonspendable fund balance for amounts that are either not in spendable form or 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 City. Committed fund balance is constrained by formal actions of the City Council, which is considered the City's highest level of decision making authority. Formal actions include resolutions and ordinances approved by the Council. Assigned fund balance represents amounts constrained by the City's intent to use them for a specific purpose. Any residual fund balance is reported as unassigned. Any residual fund balance of the General Fund and any deficits in other funds, if any, are reported as unassigned.

The City'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 City considers committed funds to be expended first followed by assigned funds and then unassigned funds.

The City has a policy to maintain fund balance in the general fund equal to fifty percent of the property tax levy for the current fiscal year and six percent of the elastic revenue sources (sales, income, and replacement taxes).

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. BUDGETARY INFORMATION**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general fund and special revenue funds except for the Veteran's Scholarship, Flex Care and Justice Assistance Grant funds. In addition, annual budgets are not adopted for the City's Debt Service, Capital Projects enterprise, internal service or pension funds. The budget represents departmental appropriations, expenditures and other uses, as authorized by the City's appropriation ordinance, and includes revisions authorized by the City Council to reflect changes in departmental programs. All appropriations of the budgetary fund (General and Special Revenue funds) automatically lapse at year-end. There is no difference between GAAP and budgetary basis of accounting.

The appropriated budget is prepared by fund and department. Transfers of appropriations between departments within the General Fund require the approval of the City Council. The level of budgetary control is the department level (fund level for Special Revenue funds). The City Council may amend the budget in total by a supplemental appropriation ordinance after June 30, per State statutes. Management may amend the budget during the year within a department, without seeking the approval of the governing body.

Encumbrances, which represent purchase orders, contracts and other commitments for goods and services not yet received, are reported as reservations of fund balances in the governmental funds. Encumbrances are not recorded as expenditures or liabilities in the financial statements. Actual expenditures are recognized when the goods or services are received.

**B. EXCESS OF EXPENDITURES AND OTHER USES OVER APPROPRIATIONS**

The City's budget consists of appropriations for both expenditures and other financing uses. The following funds have exceeded their departmental appropriations for the year by the amount shown:

**CITY OF ROCKFORD, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS, Continued**

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**MAJOR FUNDS:**

General Fund	
Workforce investment board	\$ (1,807)
Police Department	(1,210,053)
Fire Department	(5,475,106)
Public works - Administration	(87,326)
Public works - Engineering	(116,938)
Community Development - Code Enforcement	(123,763)
Community Development Fund	(1,225,069)
Human Services Fund	(3,014,107)

**NONMAJOR FUNDS:**

Redevelopment Fund	\$ (1,310,659)
Tourism Fund	(65,817)
Tax Increment Financing Area - West Side Fund	(65,673)
Tax Increment Financing Area - Seventh Street Fund	(41,066)
Tax Increment Financing Area - Springfield Corners Fund	(1,814)
Tax Increment Financing Area - Rockford Global Trade Park Fund	(155,044)
Tax Increment Financing Area - Rockford Global Trade Park Fund II	(61,115)
Tax Increment Financing Area - Preston/Central Fund	(1,746)
Tax Increment Financing Area - Jackson School Fund	(4,413)
Tax Increment Financing Area - River North Fund	(12,110)
Tax Increment Financing Area - East River Fund	(23,944)

**C. DEFICIT FUND EQUITY**

The following funds have deficit fund balances/net assets as of December 31, 2012:

**Special Revenue Funds:**

Redevelopment	\$ (362,491)
RKFD Metro Agency for Planning	(62,665)
Tax Increment Financing Area - Springfield Corners Fund	(259,771)
Tax Increment Financing Area - North Main Fund	(488,078)
Tax Increment Financing Area - River Oaks Fund	(1,074,248)
Tax Increment Financing Area - Garrison Fund	(257,553)
Tax Increment Financing Area - Hope Six Fund	(211,113)
Tax Increment Financing Area - Preston / Central Fund	(1,313,105)
Tax Increment Financing Area - North Main and Whitman Fund	(344,428)
Tax Increment Financing Area - River East Fund	(71,836)

**Internal Service Funds:**

Risk Management Fund	\$ (5,210,893)
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Special Revenue tax increment financing area fund's deficits will be alleviated by future property tax revenues. The Redevelopment fund's deficit will be alleviated with future sales tax revenues and a debt restructuring. The Internal Services fund's deficits will be alleviated from increased rate charges to participating funds.

**CITY OF ROCKFORD, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS, Continued**

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**III. DETAILED NOTES ON ALL FUNDS**

**A. DEPOSITS AND INVESTMENTS**

The carrying values of deposits in financial institutions and investments at December 31, 2012 are as follows:

	<b>Primary Government</b>	<b>Pension Trust Funds</b>	<b>Component Units</b>
Deposits in financial institutions	\$ 29,102,217	\$ 18,647	\$ 2,550,474
Overdrafts	-	-	-
Investments	81,880,072	-	-
Investments-pension trust funds	-	299,172,972	-
	<u>\$110,982,289</u>	<u>\$299,191,619</u>	<u>\$ 2,550,474</u>

These amounts are reported in the accompanying Statements of Net Assets at December 31, 2012 as follows:

	<b>Primary Government</b>	<b>Pension Trust Funds</b>	<b>Component Units</b>
Cash and cash equivalents:			
Unrestricted	\$ 89,148,389	\$ -	\$ 1,818,179
Restricted	21,833,900	-	732,295
Pension funds	-	5,102,162	-
Investments:			
Unrestricted	-	294,089,457	-
	<u>\$ 110,982,289</u>	<u>\$ 299,191,619</u>	<u>\$ 2,550,474</u>

The primary government of the City (excluding the pension trust funds), the City's component units, and each pension trust fund have adopted separate investment policies.

***Primary Government (excluding the pension trust funds):***

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The primary government's (excluding the pension trust funds) policy with respect to custodial credit risk on deposits requires collateralization on all certificates of deposit purchased after January 1, 1999. The amount of collateral should be at least 105% of the total investment less the amount insured by the FDIC or the FSLIC. As of December 31, 2012, all of the City's deposits were insured or collateralized.

*Interest Rate Risk – Investments.* As of December 31, 2012, the primary government (excluding the pension trust funds) had the following investments and maturities:

**CITY OF ROCKFORD, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS, Continued**

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More Than 10</u>
Illinois Funds*	\$ 22,599,753	\$ 22,599,753	\$ -	\$ -	\$ -
U.S. Treasury Bonds and Notes	17,664,619	2,302,725	2,058,760	13,303,134	-
Federal Farm Credit	8,013,020	-	-	6,018,760	1,994,260
Federal Home Loan Bank	19,606,340	-	-	17,613,340	1,993,000
Federal Home Loan Mortgage	6,027,420	-	-	6,027,420	-
Federal National Mortgage Association	7,968,920	-	-	7,968,920	-
<b>Total</b>	<b>\$ 81,880,072</b>	<b>\$ 24,902,478</b>	<b>\$ 2,058,760</b>	<b>\$ 50,931,574</b>	<b>\$ 3,987,260</b>

\*The Illinois Funds Investment Pool (Pool) is not registered with the SEC. The Pool is administered by the Illinois State Treasury and oversight is provided by the Auditor General's Office of the State of Illinois. The fair value of the positions in the Pool is the same as the value of the Pool shares. Because the Pool had a weighted average maturity of less than one year as of December 31, 2012, it has been presented as an investment with a maturity of less than one year.

The primary government (excluding the pension trust funds) has adopted a policy in regards to interest rate risk that states that the maximum maturity for its investments shall be under 15 years. The average maturity of the total portfolio shall not exceed 5 years. As of December 31, 2012, 50% of the City's portfolio will mature in 5 or fewer years.

*Credit Risk – Investments.* Statutes authorize the primary government to invest in obligations of the U.S. Treasury and U.S. Government Agencies, obligations of states and their political subdivisions, savings accounts, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds Investment Pool. The primary government's investment policy does not further limit the allowed investments.

**Credit Ratings**  
**December 31, 2012**

	<u>Total Fair Value</u>	<u>Credit Rating</u>		
		<u>Moody's</u>	<u>Standard &amp; Poor's</u>	<u>Fitch</u>
Illinois Funds	\$ 22,599,753	NR	AAAm	NA
Federal Farm Credit Obligations	8,013,020	Aaa	AA+	AAA
Federal Home Loan Bank Obligations	19,606,340	Aaa	AA+	NA
Federal Home Loan Mortgage Corporation Obligations	6,027,420	Aaa	AA+	AAA
Federal National Mortgage Association	7,968,920	Aaa	AA+	AAA

NR – not rated.

NA – not available.

*Custodial Credit Risk - Investments.* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy does not address custodial credit risk. As of December 31, 2012, the City's investments were not exposed to custodial credit risk. All investments were held by the City's agent in the name of the City.

*Concentration of Credit Risk – Investments.* Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The primary government has adopted a policy addressing concentrations of credit risk. The policy states that U.S. Treasury Securities cannot exceed 50% of the portfolio, U.S. Government Agencies and Instrumentalities of Government Sponsored Corporations cannot exceed 50% of the

**CITY OF ROCKFORD, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS, Continued**

portfolio, total certificates of deposits cannot exceed 50% of the portfolio, certificates of deposit of any one financial institution cannot exceed 20% of the portfolio, commercial paper cannot exceed 15% of the portfolio, Illinois Funds cannot exceed 50% of the portfolio, and securities purchased for interest rate play cannot exceed 25% of the portfolio.

At December 31, 2012, the primary government had the following investments (excluding securities explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools and other pooled investments) which exceed 5% of the total investment portfolio:

	% of Portfolio
Federal Farm Credit	7.8%
Federal Home Loan Bank	19.0%
Federal Home Loan Mortgage	5.9%
Federal National Mortgage Association	7.7%

***Firefighter's Pension Fund:***

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the Firefighter's Pension Fund deposits may not be returned to it. The Firefighter's Pension Fund does not have a deposit policy for custodial credit risk. As of December 31, 2012, the Firefighter's Pension Fund bank balances were not exposed to custodial credit risk.

*Interest Rate Risk – Investments.* As of December 31, 2012, the Firefighter's Pension Fund had the following investments and maturities:

Investment Type	Investment Maturities (in Years)				
	Fair Value	Less Than 1	1 - 5	6 - 10	More Than 10
U.S. Treasury Strip Bonds	\$ 3,417,031	\$ -	\$ 5,743,175	\$ 720,865	\$ 2,696,166
U.S. Treasury Bills, Notes and Bonds	18,676,230	10,963,853	-	1,584,999	384,203
Government National Mortgage Association	2,685,174	-	-	-	2,685,174
Federal Farm Credit Obligations	1,952,770	558,787	2,066,013	1,952,770	-
Federal National Mortgage Association	11,681,163	-	-	838,438	8,217,925
Federal Home Loan Mortgage	5,761,961	371,591	1,127,148	1,600,651	2,662,570
1-10 Year Daily Collective Fund	6,300,549	-	6,300,550	-	-
<b>Total</b>	<b>\$ 50,474,878</b>	<b>\$ 11,894,231</b>	<b>\$15,236,886</b>	<b>\$ 6,697,723</b>	<b>\$ 16,646,038</b>

The Firefighter's Pension Fund does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit Risk – Investments.* State statutes authorize the Firefighter's Pension Fund to invest in obligations of the U.S. Treasury and U.S. Government Agencies, obligations of states and their political subdivisions, savings accounts, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, the Illinois Funds Investment Pool, certain non-U.S. Government obligations, mortgages, veteran's loans, common and preferred stocks, mutual funds and life insurance company contracts, subject to limitations. The Firefighter's Pension Fund does not have a formal policy beyond State statute authorizations.

**CITY OF ROCKFORD, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS, Continued**

Credit Ratings  
December 31, 2012

	Total Fair Value	Credit Rating		
		Moody's	Standard & Poor's	Fitch
<b>Federal agency bonds:</b>				
Federal National Mortgage Association	11,681,163	Aaa	AA+	AAA
Federal Farm Credit Obligations	1,952,770	Aaa	AA+	AAA
Federal Home Loan Mortgage	5,761,961	Aaa	AA+	AAA
1-10 Year Daily Collective Fund	6,300,549	Aaa	AA+	NR

*Custodial Credit Risk – Investments.* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Firefighter's Pension Fund will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Firefighter's Pension Fund's investment policy does not address custodial credit risk. As of December 31, 2012, the Firefighter's Pension Fund investments were not exposed to custodial credit risk. All investments were held by the Firefighter's Pension Fund's agent in the name of the Firefighter's Pension Fund.

*Concentration of Credit Risk – Investments.* Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Firefighter's Pension Fund places no limit on the amount the fund may invest in any one issuer.

At December 31, 2012, the Firefighter's Pension Fund has the following investments (excluding securities explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools and other pooled investments) which exceed 5% of total plan net position:

	% of Plan Net Position
Federal National Mortgage Association	8.4%

***Police Pension Fund:***

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that, in the event of a bank failure, the Police Pension Fund's deposits may not be returned to it. The Police Pension Fund does not have a deposit policy for custodial credit risk. As of December 31, 2012, the Police Pension Fund investments were not exposed to custodial credit risk.

*Interest Rate Risk – Investments.* As of December 31, 2012, the Police Pension Fund had the following weighted average maturities on their fixed income investments.

Investment Type	Fair Value	Investment Maturities (In Years)			
		Less Than 1	1 to 5	6 to 10	Over 10
U.S. Treasury Bonds / Notes	\$ 4,333,326		\$ 1,730,910	\$ 2,602,416	
Federal Home Loan Mortgage Corp	5,443,316	416,785	1,292,429	1,803,928	1,930,175
Federal National Mortgage Assn	4,178,023	624,854	3,200,760		352,410
GNMA's	398,754				398,754
Northern Trust Global Investments Collective Mtg-	16,071,566		16,071,566		
Northern Trust Global Investments 1 - 10 Year	27,498,308		27,498,308		
<b>Total</b>	<b>\$ 57,923,294</b>	<b>\$ 1,041,638</b>	<b>\$ 49,793,973</b>	<b>\$ 4,406,344</b>	<b>\$ 2,681,339</b>

**CITY OF ROCKFORD, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS, Continued**

The Police Pension Fund does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit Risk – Investments.* State statutes authorize the Police Pension Fund to invest in obligations of the U.S. Treasury and U.S. Government Agencies, obligations of states and their political subdivisions, savings accounts, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, the Illinois Funds Investment Pool, certain non-U.S. Government obligations, mortgages, veteran’s loans, common and preferred stocks, mutual funds and life insurance company contracts, subject to limitations. The Police Pension Fund does not have a formal policy beyond State statute authorizations.

The credit ratings of the Police Pension Fund’s fixed income securities are as follows:

	Credit Ratings December 31, 2012		
	Total Fair Value	Moody's	Credit Rating Standard & Poor's
Federal Home Loan Mortgage Corp	\$ 5,443,316	Aaa	AA+
Federal National Mortgage Association	4,178,023	Aaa	AA+
Northern Trust Global Investments - Collective Mortgage Backed Index Fund	15,591,031	Aaa	AA+
Northern Trust Global Investments - 1 - 10 Year Daily Collective Fund	62,347,810	Aaa	AA+

*Custodial Credit Risk – Investments.* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Police Pension Fund will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Police Pension Fund’s investment policy does not address custodial credit risk. As of December 31, 2012, the Police Pension Fund’s investments were not exposed to custodial credit risk. All investments were held by the Police Pension Fund’s agent in the name of the Police Pension Fund.

*Concentration of Credit Risk – Investments.* Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. The Police Pension Fund places no limit on the amount the fund may invest in any one issuer.

At December 31, 2012, the Police Pension Fund had no investments (excluding securities explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools and other pooled investments) which exceed 5% of total plan net position.

**Component Units:**

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that, in the event of a bank failure, the Component Units’ deposits may not be returned to them. The Component Units do not have deposit policies for custodial credit risk. As of December 31, 2012, the Component Units had bank balances totaling \$2,550,474. All of this amount was collateralized, but not by securities held in the Component Units’ name.

*Interest Rate Risk – Investments.* As of December 31, 2012, the Component Units had no investments and no formal policies with regards to managing interest rate risk.

*Credit Risk – Investments.* Statutes authorize the Component Units to invest in securities issued or guaranteed by the U.S. Government, interest-bearing accounts in federally insured financial institutions, short-term obligations (less than 280 days) of U.S. corporations with assets over \$500 million rated in the three highest classifications by at least two rating agencies, insured accounts of an Illinois credit union chartered under Federal or Illinois law, money market mutual funds with portfolios of securities issued or guaranteed by the U.S. Government or agreements to repurchase these same types of obligations, Illinois Funds and repurchase agreement which meet instrument transaction

**CITY OF ROCKFORD, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS, Continued**

requirements of Illinois law. There is no credit quality rating available for the Component Units' investments at December 31, 2012.

*Custodial Credit Risk – Investments.* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Component Units will not be able to recover the value of their investments or collateral securities that are in the possession of an outside party. The Component Units' investment policy does not address custodial credit risk. As of December 31, 2012, the Component Units' investments were uncollateralized.

*Concentration of Credit Risk – Investments.* Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Component Units place no limit on the amount the entity may invest in any one issuer.

At December 31, 2012, the Component Units had no investments which exceed 5% of total net position of the component units.

**B. RECEIVABLES AND PAYABLES**

Receivables and payables as of December 31, 2012 for the City's individual major funds and non-major, internal service and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Public Library Fund	Community Development Fund	Human Services Fund	Debt Service Fund	Capital Project Fund	Nonmajor Governmental Funds	Water Utility Fund	Parking System Fund	Internal Service Funds
<b>Receivables:</b>										
Taxes	\$ 44,771,351	\$ 7,599,786	\$ -	\$ -	\$ 4,812,647	\$ -	\$ 4,238,899	\$ -	\$ -	\$ -
Accounts	7,143,028	3,288	-	-	-	49,808	1,368,954	4,398,474	111,374	-
Notes	150,000	-	1,409,876	738,926	-	-	4,880,216	-	-	-
Interest	283,876	-	27	5,912	-	-	-	-	-	-
Gross receivables	52,348,255	7,603,074	1,409,903	744,838	4,812,647	49,808	10,488,069	4,398,474	111,374	-
Less: Allowance for uncollectibles	(5,235,822)	(117,387)	(467,843)	(390,204)	(79,886)	-	(4,990,651)	(664,650)	-	-
Net total receivables	\$ 47,112,433	\$ 7,485,687	\$ 942,060	\$ 354,634	\$ 4,732,761	\$ 49,808	\$ 5,497,418	\$ 3,733,824	\$ 111,374	\$ -
<b>Due from other governmental units:</b>										
Federal	\$ 113,576	\$ -	\$ 1,492,731	\$ 2,690,518	\$ -	\$ 231,796	\$ -	\$ -	\$ -	\$ -
State	11,854,542	189,304	-	1,800,940	-	5,054,384	587,333	-	-	-
Other	920,961	-	-	-	-	483,910	1,193,665	-	-	146,997
	\$ 12,889,079	\$ 189,304	\$ 1,492,731	\$ 4,491,458	\$ -	\$ 5,770,090	\$ 1,780,998	\$ -	\$ -	\$ 146,997
<b>Payables:</b>										
Vendors	\$ 1,473,074	\$ 350,919	\$ 434,983	\$ 513,303	\$ -	\$ 3,125,553	\$ 746,406	\$ 1,564,089	\$ 349,954	\$ 2,648,760
Other governments	194,928	-	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-	128,297	4,066	-
	\$ 1,668,002	\$ 350,919	\$ 434,983	\$ 513,303	\$ -	\$ 3,125,553	\$ 746,406	\$ 1,692,386	\$ 354,020	\$ 2,648,760

**CITY OF ROCKFORD, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS, Continued**

**C. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2012 was as follows:

**Primary Government**

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases and Adjustments</b>	<b>Ending Balance</b>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 6,899,241	\$ -		\$ 6,899,241
Total capital assets, not being depreciated	<u>6,899,241</u>	<u>-</u>	<u>-</u>	<u>6,899,241</u>
Capital assets, being depreciated:				
Land improvements	760,580	39,131	-	799,711
Buildings and improvements	56,374,190	921,853	-	57,296,043
Equipment	35,589,442	5,134,737	(3,636,052)	37,088,127
Infrastructure	857,529,682	17,758,281	(6,752,363)	868,535,600
Total capital assets, being depreciated	<u>950,253,894</u>	<u>23,854,002</u>	<u>(10,388,415)</u>	<u>963,719,481</u>
Less accumulated depreciation for:				
Land improvements	(525,875)	(20,891)	-	(546,766)
Buildings and improvements	(30,068,345)	(1,686,255)	-	(31,754,600)
Equipment	(29,681,961)	(2,417,944)	3,636,051	(28,463,854)
Infrastructure	(361,217,923)	(19,229,777)	6,209,916	(374,237,784)
Total accumulated depreciation	<u>(421,494,104)</u>	<u>(23,354,867)</u>	<u>9,845,967</u>	<u>(435,003,004)</u>
Total capital assets, being depreciated, net	<u>528,759,790</u>	<u>499,135</u>	<u>(542,448)</u>	<u>528,716,477</u>
Governmental activities capital assets, net	<u>\$ 535,659,031</u>	<u>\$ 499,135</u>	<u>\$ (542,448)</u>	<u>\$ 535,615,718</u>

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases and Adjustments</b>	<b>Ending Balance</b>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 6,153,801	\$ 65,932	\$ -	\$ 6,219,733
Construction in progress	9,345,561	-	(6,799,583)	2,545,978
Total capital assets, not being depreciated	<u>15,499,362</u>	<u>65,932</u>	<u>(6,799,583)</u>	<u>8,765,711</u>
Capital assets, being depreciated:				
Land improvements	762,086	97,749	(9,413)	850,422
Buildings and improvements	38,579,946	2,217,946	(85,001)	40,712,891
Improvements other than buildings	203,089,595	8,861,927	(456,351)	211,495,171
Equipment	4,963,656	487,696	(224,119)	5,227,233
Total capital assets, being depreciated	<u>247,395,283</u>	<u>11,665,318</u>	<u>(774,884)</u>	<u>258,285,717</u>
Less accumulated depreciation for:				
Land improvements	(262,063)	(33,114)	9,413	(285,764)
Buildings and improvements	(12,146,611)	(1,018,714)	75,709	(13,089,616)
Improvements other than buildings	(52,097,909)	(4,900,781)	388,934	(56,609,756)
Equipment	(3,120,319)	(314,711)	218,914	(3,216,116)
Total accumulated depreciation	<u>(67,626,902)</u>	<u>(6,267,320)</u>	<u>692,970</u>	<u>(73,201,252)</u>
Total capital assets, being depreciated, net	<u>179,768,381</u>	<u>5,397,998</u>	<u>(81,914)</u>	<u>185,084,465</u>
Business-type activities capital assets, net	<u>\$ 195,267,743</u>	<u>\$ 5,463,930</u>	<u>\$ (6,881,497)</u>	<u>\$ 193,850,176</u>

**CITY OF ROCKFORD, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS, Continued**

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 493,231
Public safety	1,652,257
Streets, alleys and bridges	19,539,544
Community development	18,559
Culture and recreation	903,543
Public health and welfare	183,082
Internal service	591,555
Total depreciation expense - governmental activities	<u>\$ 23,381,771</u>
Business - type activities:	
Water	\$ 5,567,434
Parking	699,887
Total depreciation expense - business-type activities	<u>\$ 6,267,321</u>

**Construction commitments**

The City has active construction projects as of December 31, 2012. The projects include street resurfacing, widening and construction of existing streets and bridges, drainage projects, sidewalks, and water system improvements. At year-end, the City's commitments with contractors are as follows:

<u>Project</u>	<u>Commitment</u>
Morgan Street Bridge - Phase II	\$ 4,180,271
West State Street Corridor	2,112,198
Well 37 VOC Treatment	1,787,344
Harrison Ave Improvements 11th-20th	829,680
City Wide Street Repairs Group #1	783,592
Airport Dr/Falcon Road	599,156
Keith Creek Watershed Feasibility	445,000
Whitman St Interchange Feasibility	365,732
RKFD Junction Track Improvements (Morgan St)	305,726
Main & Auburn Roundabout	265,539
Water Rehab Preliminary	240,773
City Wide Signage Retro Reflectivity	136,024
Signal Modernization-State & 1st	127,378
Winnebago St & Jefferson St Bridge Deck	126,169
Fairview Avenue Bridge	117,367
Relocation - Zone Control Valve #10	114,952
City Center Improvements	114,106
S Main Water Main	108,813
Broadway Resurfacing	104,865
Total	<u>\$ 12,864,684</u>

No future financing is required as a result of these commitments.

**CITY OF ROCKFORD, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS, Continued**

**Discretely presented component units**

Activity for the District for the year ended June 30, 2012 was as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets, not being depreciated:				
Land	\$ 1,986,085	\$ 5,654	\$ -	\$ 1,991,739
Construction work in progress	5,921,412	943,650	(6,865,062)	-
Total capital assets, not being depreciated	<u>7,907,497</u>	<u>949,304</u>	<u>(6,865,062)</u>	<u>1,991,739</u>
Capital assets, being depreciated:				
Buildings and improvements	9,493,509	6,865,062	-	16,358,571
Equipment	17,039,761	677,381	(162,402)	17,554,740
Total capital assets, being depreciated	<u>26,533,270</u>	<u>7,542,443</u>	<u>(162,402)</u>	<u>33,913,311</u>
Less accumulated depreciation for:				
Buildings and improvements	(3,800,866)	(355,636)	-	(4,156,502)
Equipment	(7,642,601)	(1,442,580)	162,402	(8,922,779)
Total accumulated depreciation	<u>(11,443,467)</u>	<u>(1,798,216)</u>	<u>162,402</u>	<u>(13,079,281)</u>
Total capital assets, being depreciated, net	<u>15,089,803</u>	<u>5,744,227</u>	<u>-</u>	<u>20,834,030</u>
District capital assets, net	<u>\$ 22,997,300</u>	<u>\$ 6,693,531</u>	<u>\$ (6,865,062)</u>	<u>\$ 22,825,769</u>

Activity for the Authority for the year ended June 30, 2012 was as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets, not being depreciated:				
Land	\$ 2,597,014		\$ -	\$ 2,597,014
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	<u>2,597,014</u>	<u>-</u>	<u>-</u>	<u>2,597,014</u>
Capital assets, being depreciated:				
Buildings and improvements	32,821,848	1,579,678	(688,237)	33,713,289
Equipment	8,752,703	537,032	(2,296,421)	6,993,314
Total capital assets, being depreciated	<u>41,574,551</u>	<u>2,116,710</u>	<u>(2,984,658)</u>	<u>40,706,603</u>
Less accumulated depreciation for:				
Buildings and improvements	(11,825,970)	(843,332)	673,790	(11,995,512)
Equipment	(5,783,180)	(448,935)	2,159,667	(4,072,448)
Total accumulated depreciation	<u>(17,609,150)</u>	<u>(1,292,267)</u>	<u>2,833,457</u>	<u>(16,067,960)</u>
Total capital assets, being depreciated, net	<u>23,965,401</u>	<u>824,443</u>	<u>(151,201)</u>	<u>24,638,643</u>
Authority capital assets, net	<u>\$ 26,562,415</u>	<u>\$ 824,443</u>	<u>\$ (151,201)</u>	<u>\$ 27,235,657</u>

**CITY OF ROCKFORD, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS, Continued**

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

The composition of interfund balances as of December 31, 2012 is as follows:

During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, construct assets and service debt. To the extent that payments related to certain transactions between funds have not been paid or received as of December 31, 2012, they are reflected below and reported in the financial statements as due from or due to other funds.

Due to/from other funds:			
<b>Receivable Fund</b>	<b>Payable Fund</b>	<b>Purpose</b>	<b>Amount</b>
General	Community Development	Interfund cash advances	\$ 2,757,661
	Human Services	Interfund cash advances	2,483,894
	Nonmajor governmental	Interfund cash advances	8,376,159
	Nonmajor governmental	Interfund interest on common cash	17,679
	Internal Service	Interfund cash advances	633,394
	Internal Service	Interfund interest on common cash	1,982
	Internal Service	Interfund loan	268,233
			<u>14,539,002</u>
Public Library	General	Interfund interest on common cash	<u>25,197</u>
Capital Projects	General	Interfund interest on common cash	63,397
	Nonmajor governmental	Future Motor Fuel Tax receipts and	134,879
			<u>198,276</u>
Nonmajor governmental	General	Interfund interest on common cash	22,804
			<u>22,804</u>
Internal Service	General	Interfund interest on common cash	<u>59,684</u>
Enterprise:			
Parking	General	Interfund interest on common cash	2,531
Water Utility	General	Interfund interest on common cash	67,933
Water Utility	Internal Service	Interfund loan	75,655
			<u>146,119</u>
<b>Total governmental funds</b>			<u>\$ 14,991,082</u>

**CITY OF ROCKFORD, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS, Continued**

Transfers between funds for the year ended December 31, 2012 are as follows:

	Transfers in:					Total
	General Fund	Human Services Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	
<b>Transfers out:</b>						
General Fund	\$ -	\$ 74,483	\$ 908,366	\$ 1,200,000	\$ 5,893	\$ 2,188,742
Library Fund	-	-	234,400	-	-	234,400
Community Development Fund	970,400	-	-	-	-	970,400
Capital Projects Fund	-	-	-	-	-	-
Nonmajor governmental funds	1,428,200	-	4,536,906	3,034,986	1,079,327	10,079,419
Parking Enterprise Fund	-	-	60,000	-	-	60,000
Water Enterprise Fund	-	-	-	-	-	-
Total transfer out	<u>\$2,398,600</u>	<u>\$ 74,483</u>	<u>\$ 5,739,672</u>	<u>\$ 4,234,986</u>	<u>\$ 1,085,220</u>	<u>\$13,532,961</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the fund collecting the receipts to the Debt Service Fund as debt service payments become due, and (3) use unrestricted revenues collected in primarily the General Fund to finance the various programs accounted for in other funds in accordance with budgetary authorizations.

**E. LEASES**

**Operating leases – Governmental funds**

The City leases certain land and buildings to others under operating leases. Some of the agreements require the real estate taxes and other executory costs to be paid by the lessee. Future minimum rentals of the primary government total \$223,778 as of December 31, 2012, and are to be received as follows: 2013 - \$111,889; and 2014 - \$111,889.

**CITY OF ROCKFORD, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS, Continued**

**F. LONG-TERM OBLIGATION ACTIVITY**

Long-term obligation activity for the year ended December 31, 2012 was as follows:

	Balance January 1, 2012	Additions	Reductions	Balance December 31, 2012	Due Within One Year
<b>Governmental activities:</b>					
Bonds payable:					
General obligation bonds	\$ 86,705,000	\$ 7,735,000	\$ (16,685,000)	\$ 77,755,000	\$ 8,295,000
Less premiums and discounts	(211,600)	221,583	3,298	13,281	47,214
Less amounts for refunding	(2,558,088)	(209,458)	842,176	(1,925,370)	(863,133)
Total bonds payable	83,935,312	7,747,125	(15,839,526)	75,842,911	7,479,081
Section 108 Guaranteed Loans	1,355,000	-	(170,000)	1,185,000	180,000
EPA water pollution obligation	392,721	-	(108,041)	284,680	111,324
Lines of credit	5,758,859	445,000	(162,435)	6,041,424	4,142,200
Term notes	452,741	-	(101,960)	350,781	104,716
Lease/purchase agreements	-	10,206,058	(171,351)	10,034,707	1,287,581
Claims and judgments	8,528,001	3,524,383	(3,696,740)	8,355,644	4,901,753
Net OPEB obligation	2,624,435	156,080	-	2,780,515	-
Net pension obligation	3,247,439	1,977,921	-	5,225,360	-
Compensated absences	5,662,627	5,523,362	(4,850,027)	6,335,962	966,577
Governmental activities long-term liabilities	\$ 111,957,135	\$ 29,579,929	\$ (25,100,080)	\$ 116,436,984	\$ 19,173,232
<b>Business-type activities:</b>					
Water Utility Fund:					
Bonds payable:					
General obligation alternate bonds	\$ 34,570,000	\$ 1,470,000	\$ (4,345,000)	\$ 31,695,000	\$ 2,740,000
Less deferred amounts:					
Net premium/(discount)	(137,737)	59,414	10,014	(68,309)	(10,038)
For gain (loss) on refunding of: General obligation bonds	(209,550)	(71,354)	51,775	(229,129)	(60,719)
Total water bonds payable	34,222,713	1,458,060	(4,283,211)	31,397,562	2,669,243
Installment Purchase Agreement	4,000,000	-	(4,000,000)	-	-
IEPA Loan	35,293,002	2,854,429	(1,539,540)	36,607,891	1,739,948
Lease/purchase agreements	-	669,021	-	669,021	86,814
Compensated absences	435,875	310,734	(312,980)	433,629	65,924
Refundable water main extension advance	332,941	-	(34,819)	298,122	14,338
Customer deposits	222,950	-	(147,051)	75,899	2,500
Total water utility	74,507,481	5,292,244	(10,317,601)	69,482,124	4,578,767
Parking System Fund:					
Bonds payable:					
General obligation alternate bonds	1,800,000	-	(75,000)	1,725,000	75,000
Less deferred amounts:					
For issuance costs	(18,063)	-	18,063	-	-
Total parking bonds payable	1,781,937	-	(56,937)	1,725,000	75,000
Compensated absences	25,579	1,074	(10,217)	16,436	7,784
Total parking fund	1,807,516	1,074	(67,154)	1,741,436	82,784
Business-type activities long-term liabilities	\$ 76,314,997	\$ 5,293,318	\$ (10,384,755)	\$ 71,223,560	\$ 4,661,551
<b>Component Units:</b>					
Rockford Mass Transit District					
Net pension obligation	\$ 164,041	\$ -	\$ (62,344)	\$ 101,697	\$ -
Net OPEB obligation	894,672	452,619	-	1,347,291	-
Rockford Metropolitan Exposition, Auditorium and Office Building Authority					
Notes payable	3,622,663	1,313,982	(233,337)	4,703,308	806,705
Total component units	\$ 4,681,376	\$ 1,766,601	\$ (295,681)	\$ 6,152,296	\$ 806,705

**CITY OF ROCKFORD, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS, Continued**

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Internal service funds predominately serve the governmental funds. Accordingly, long-term liabilities for internal service funds are included as part of the above totals for governmental activities. At year-end, \$339,133 of internal service funds compensated absences and \$8,355,644 for claims and judgments are included in the above amounts.

For the governmental activities, claims and judgments are generally liquidated by the General Fund. Compensated absences are generally liquidated by the governmental fund where the related employee salaries are recorded, which includes the General Fund, Public Library Fund, Community Development Fund, Human Services Fund, Capital Improvement Project Fund and other non-major funds. The net pension obligation and pension contributions are liquidated by the General Fund.

**(1) GENERAL OBLIGATION BONDS AND ALTERNATE BONDS**

The City has issued general obligation bonds to provide for community development and the acquisition and construction of major capital projects. General obligation bonds have been issued for both governmental and business-type activities. The beginning balance of outstanding general obligation bonds was \$123,075,000. During the year, new general obligation bonds totaling \$9,205,000 were issued to refund 2002 and 2003 Series bonds, and principal payments of \$11,040,000 were made leaving an ending balance of \$111,175,000.

General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds are issued as serial bonds due in annual installments of various amounts, plus interest. General obligation bonds currently outstanding are as follows:

**CITY OF ROCKFORD, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS, Continued**

<b>Purpose</b>	<b>Original Issue Amount</b>	<b>Interest Rates</b>	<b>Maturity Date</b>	<b>Amount</b>
<b>Governmental activities</b>				
2004-A Street Improvement General Obligation Bond Issue	8,500,000	4.00% - 4.25%	2017	3,860,000
2004-C Equipment General Obligation Alternate Bond Issue	3,200,000	4.00%	2014	780,000
2004-D Seventh Street Revitalization General Obligation Alternate Bond Issue	2,000,000	5.00% - 5.25%	2016	860,000
2004-E Capital Improvements General Obligation Alternate Bond Issue	4,650,000	4.00% - 4.50%	2023	3,700,000
2005-A Capital Improvements General Obligation Bond Issue	8,700,000	3.50% - 4.10%	2018	4,810,000
2005-C Global Trade Park General Obligation Alternate Bond Issue	915,000	4.00%	2015	415,000
2005-C Neighborhood Revitalization General Obligation Alternate Bond Issue	6,305,000	4.00% - 4.40%	2024	5,805,000
2005-D Lowes Distribution Center Taxable General Obligation Alternate Bond Issue	2,850,000	5.00% - 5.12%	2018	1,650,000
2006-B Hope Six Revitalization Project General Obligation Alternate Bond Issue	2,500,000	4.15% - 4.15%	2024	2,350,000
2007-A Metro Centre Improvement General Obligation Alternate Bond Issue	6,300,000	4.00% - 4.20%	2027	5,155,000
2007-B Metro Centre Improvement Taxable General Obligation Alternate Bond Issue	16,700,000	5.125% - 5.40%	2027	12,645,000
2007-E Preston Central Redevelopment General Obligation Alternate Bond Issue	1,100,000	4.25% - 4.85%	2027	950,000
2007-F Sewer Improvement General Obligation Alternate Bond Issue	1,100,000	4.00% - 4.25%	2017	1,100,000
2007-G Library Construction General Obligation Alternate Bond Issue	3,050,000	4.10% - 4.75%	2027	2,475,000
2008-B Redevelopment General Obligation Alternate Bond Issue	1,300,000	3.00% - 4.00%	2018	1,150,000
2009-A Redevelopment General Obligation Alternate Bond Issue	1,650,000	4.625% - 5.00%	2029	1,550,000
2009-B Redevelopment Taxable General Obligation Alternate Bond Issue	950,000	5.30% - 5.70%	2024	850,000
2009-D Redevelopment Taxable General Obligation Alternate Bond Issue	1,700,000	2.25% - 5.50%	2024	1,600,000
				<u>51,705,000</u>

**CITY OF ROCKFORD, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS, Continued**

<b>Governmental activities - refunding</b>				
2004-H Refunding General Obligation				
Alternate Bond Issue	3,070,000	3.75% - 4.25%	2020	2,435,000
2005-C Refunding General Obligation				
Alternate Bond Issue	530,000	4.00% - 4.40%	2018	455,000
2007-C Refunding General Obligation				
Alternate Bond Issue	6,865,000	3.75% - 3.75%	2018	4,955,000
2009-C Taxable Refunding General Obligation				
Alternate Bond Issue	8,065,000	5.125% - 5.40%	2027	8,065,000
2009-E Refunding General Obligation				
Bond Issue	7,930,000	2.00% - 3.00%	2014	2,025,000
2009-G Refunding General Obligation				
Alternate Bond Issue	1,330,000	2.00% - 3.00%	2015	805,000
2012-A Refunding General Obligation				
Bond Issue	5,925,000	2.00% - 3.00%	2016	5,500,000
2012-C Refunding General Obligation				
Alternate Bond Issue	1,810,000	2.00% - 3.00%	2021	1,810,000
				<u>26,050,000</u>
				<u>\$ 77,755,000</u>

In connection with the Water General Obligation Alternate Bonds, the City passed ordinances authorizing the issuance of the bonds. Among other things, these ordinances stipulate that revenue from the water utility system will be applied in the following order:

1. To pay operation and maintenance costs.
2. To pay a fractional amount of the interest and principal payments becoming due on the next payment date.
3. To provide an amount of cash and investments sufficient to pay the maximum annual debt service of the alternate bonds.
4. To provide an allowance for depreciation, or if not needed, may be used to pay for any extraordinary maintenance, repairs and replacements or for improvements or extensions of the water system. Amounts in excess of the amount determined by the City Council as necessary for the depreciation allowance may, at its discretion, be transferred to the surplus account.
5. To make up any deficiencies in any required credit payment or deposit pursuant to the above requirements.
6. For the purpose of paying principal and interest on subordinate debt or obligation issued for the purpose of acquiring or constructing repairs, replacement or improvements or extensions to the water system. Remaining amounts in the surplus account shall be used for any one or more of the following:
  - For the purpose of constructing or acquiring repairs, replacement or improvements to the water system.
  - For the purpose of calling and redeeming any callable outstanding revenue bonds.
  - For the purpose of purchasing outstanding revenue bonds at a price not greater than par plus accrued interest.
  - For any other lawful corporate purpose.

**CITY OF ROCKFORD, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS, Continued**

General obligation alternate bonds currently outstanding are as follows:

<b>Purpose</b>	<b>Original Issue Amount</b>	<b>Interest Rates</b>	<b>Maturity Date</b>	<b>Amount</b>
<b>Business-type activities</b>				
Water Utility Fund:				
2004-B General Obligation Alternate Bond Issue	2,200,000	4.00% - 4.25%	2017	1,045,000
2005-B General Obligation Alternate Bond Issue	2,200,000	3.65% - 4.10%	2018	1,225,000
2006-A General Obligation Alternate Bond Issue	15,000,000	4.15% - 4.15%	2018	12,050,000
2007-D General Obligation Alternate Bond Issue	3,500,000	4.125% - 4.75%	2027	2,825,000
2008-A General Obligation Alternate Bond Issue	9,000,000	3.75% - 5.00%	2028	7,850,000
2010-A General Obligation Alternate Bond Issue	3,400,000	2.00% - 4.00%	2030	3,250,000
				<u>28,245,000</u>
Parking System Fund:				
2008-A General Obligation Alternate	1,850,000	4.75% - 6.00%	2028	<u>1,725,000</u>
<b>Business-type activities - refunding</b>				
Water Utility Fund:				
2009-F Refunding General Obligation Alternate Bond Issue	4,325,000	2.50% - 3.50%	2018	1,980,000
2012-B Refunding General Obligation Alternate Bond Issue	1,470,000	2.50% - 3.50%	2018	1,470,000
				<u>3,450,000</u>
				<u>\$ 33,420,000</u>

**CITY OF ROCKFORD, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS, Continued**

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending December 31	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2013	8,295,000	2,711,057	2,815,000	1,407,193
2014	8,290,000	2,373,025	2,675,000	1,301,639
2015	8,545,000	2,755,734	2,555,000	1,206,414
2016	7,430,000	2,445,251	2,465,000	1,108,610
2017	6,835,000	2,150,008	2,295,000	1,011,261
2018	6,310,000	1,861,495	2,140,000	916,980
2019	3,930,000	1,588,822	1,750,000	828,563
2020	3,755,000	1,409,060	1,800,000	753,962
2021	3,330,000	1,234,916	1,825,000	676,319
2022	3,635,000	1,075,898	1,925,000	596,606
2023	3,920,000	895,059	2,025,000	510,844
2024	3,705,000	699,196	2,075,000	420,456
2025	3,025,000	511,201	2,175,000	326,931
2026	3,165,000	353,205	2,225,000	228,188
2027	3,335,000	187,490	1,175,000	125,187
2028	125,000	12,500	1,000,000	69,000
2029	125,000	6,250	250,000	20,000
2030	-	-	250,000	10,000
Total	<u>\$ 77,755,000</u>	<u>\$22,270,167</u>	<u>\$ 33,420,000</u>	<u>\$ 11,518,152</u>

**(2) OTHER OBLIGATIONS**

**a) SECTION 108 GUARANTEED LOANS**

During 2003, the City's Community Development Department entered in a contract with the Secretary of Housing and Urban Development (HUD) under the Section 108 Guaranteed Loans Program. The outstanding balance at December 31, 2012 is \$670,000 due in various annual amounts not exceeding \$75,000 through 2023; interest at 1.410% to 5.890%. The proceeds were then loaned to a secondary authorized representative under the guidelines of the City and HUD contract, for acquisition of equipment for Gray's IGA Grocery Store. During 2005, the City's Community Development Department entered into a contract with HUD under the Section 108 Guaranteed Loans Program. The outstanding balance at December 31, 2012 is \$515,000 due in annual amounts not exceeding \$130,000 through 2016; interest at 5.06% to 5.11%. The proceeds were then loaned to a secondary authorized representative under the guidelines of the City and HUD contract, for the purchase of a local manufacturer by an outside company to aid in the retention and creation of new jobs with the purchase.

**b) EPA WATER POLLUTION OBLIGATION**

During 1990, the City entered into a Funding Agreement with Rock River Water Reclamation District and the Illinois Environmental Protection Agency to construct an interceptor, described as the Kishwaukee Trunk Sewer Extension. The sewer extension obligation payable at December 31, 2012 is \$284,680 due in various bi-annual amounts not exceeding \$115,000 through 2015; interest at 3.015%.

**CITY OF ROCKFORD, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS, Continued**

Annual debt service requirements to maturity for other obligations are as follows:

Year Ending December 31	Governmental Activities			
	Section 108		EPA Water	
	Guaranteed Loans		Pollution Obligation	
	Principal	Interest	Principal	Interest
2013	180,000	62,012	111,324	7,750
2014	180,000	53,033	114,704	4,369
2015	190,000	43,976	58,652	884
2016	185,000	34,317	-	-
2017	60,000	24,816	-	-
2018	60,000	21,642	-	-
2019	60,000	18,414	-	-
2020	75,000	15,138	-	-
2021	75,000	10,990	-	-
2022	60,000	6,798	-	-
2023	60,000	3,414	-	-
	<u>\$ 1,185,000</u>	<u>\$ 294,550</u>	<u>\$ 284,680</u>	<u>\$ 13,003</u>

**c) LINES OF CREDIT**

In November of 2011 the City entered into an agreement with PNC Bank to establish a \$20.7 million line of credit. The line of credit will provide cash flow until property tax revenues are received in June of each year. Interest will be paid monthly at a rate per annum equal to the daily LIBOR rate plus 1.2%. At December 31, 2012 the outstanding borrowings under this agreement are \$6,041,424.

**d) INSTALLMENT PURCHASE AGREEMENT**

In July of 2008 the City entered into an Installment Purchase Agreement for the purpose of paying a part of the cost of construction of improvements to the existing waterworks system, authorizing and providing for the issue of \$25,000,000 General Obligation Limited Tax Debt Certificates. Terms of the agreement are balance due on June 15, 2013 interest is calculated as 65% of the three month LIBOR plus 1.2443%. The City redeemed the first \$11,000,000 on June 15, 2009 and an additional \$10,000,000 on June 15, 2011, the remaining balance was redeemed on June 15, 2012 the balance at December 31, 2012 is zero.

**e) PROMISSORY TERM NOTE**

In February of 2010 the City entered into an Asset Purchase Agreement to purchase a Fiber Optic Ring. Terms of the agreement are principal amount due of \$617,717 and an annual interest rate of 2.67 percent compounded monthly, which Promissory Amount shall provide for an aggregate payment of principal and interest of \$667,400, monthly payments of \$9,400 for seventy one months. At December 31, 2012 the outstanding balance was \$350,781.

**CITY OF ROCKFORD, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS, Continued**

**f) ILLINOIS ENVIRONMENTAL PROTECTION AGENCY (IEPA) LOAN**

The City has been approved for approximately \$44,500,000 in low interest loans from the State Revolving Loan Fund through the IEPA. These loans range from 0% to 2.5% interest and some have principal forgiveness of a portion of the balance. Two of these loans totaling \$10,000,000 were funded in part through the American Recovery and Reinvestment Act of 2009. The City has received \$44,298,300 in loans, of which \$5,347,225 will not be required to be repaid. The City expects to receive an additional \$144,000 in loans in 2013. The loans are repayable over a 20 year period beginning six months after the date the project is expected to be completed. The City has begun to make payments on some of the loan agreements but others are still under construction. Once all the loan projects are completed the estimated annual debt service will be approximately \$2,430,000 per year for twenty years. The City has recorded the debt outstanding in the Water Utility Fund and will repay the debt with water revenues.

Date Awarded	Amount Approved	Terms	Loans Received	Principal Forgiveness	Construction Interest	Payments	Balance Due
05/19/08	\$ 8,308,283	2.5%	\$ 8,629,100	\$ -	\$ 204,190	\$ (871,833)	\$ 7,961,456
09/30/08	12,512,945	2.5%	12,414,000	-	265,594	(966,214)	11,713,380
09/30/08	2,297,070	2.5%	2,168,700	-	12,868	(233,635)	1,947,933
08/14/09	6,877,227	0% - 25% principal forgiveness	6,805,000	(1,719,307)	-	(234,933)	4,850,760
09/30/09	3,122,773	0% - 25% principal forgiveness	3,122,700	(780,694)	-	(240,206)	2,101,800
06/30/10	720,521	1.25% - 25% principal forgiveness	550,000	(180,131)	8,420	-	378,289
06/30/10	3,128,995	1.25% - 25% principal forgiveness	3,128,900	(782,249)	21,913	(51,720)	2,316,844
06/30/10	2,633,303	1.25% - 25% principal forgiveness	2,581,500	(658,326)	16,442	(43,994)	1,895,622
09/29/10	913,740	1.25% - 25% principal forgiveness	913,100	(228,435)	125	(46,114)	638,676
12/15/10	381,087	1.25% - 25% principal forgiveness	381,000	(95,272)	1,221	-	286,949
01/19/11	3,611,244	1.25% - 25% principal forgiveness	3,604,300	(902,811)	-	(185,307)	2,516,182
			<b>\$44,298,300</b>	<b>(\$5,347,225)</b>	<b>\$530,772</b>	<b>(\$2,873,956)</b>	<b>\$36,607,891</b>

**g) LEASE PURCHASE AGREEMENTS**

During 2012 the City entered into lease purchase agreements totaling \$10,875,079 for the acquisition of City-wide vehicles, fire apparatuses, squad cars, heavy equipment, and heating and air units. The interest rates for the leases range from 1.27% to 3.67%.

The following is a schedule of future minimum lease payments under these leases and the present value of the minimum lease payments.

December 31,	Governmental Activities							Water Proprietary Fund			
	HVAC Equipment BMO Bank Center	HVAC Equipment Coronado	Fire Vehicles	Fire Apparatuses	Police Squad Cars	Heavy Equipment	City-wide Vehicles	Total Governmental Activities	Heavy Equipment	City-wide Vehicles	Total Proprietary
2013	113,629	30,215	45,185	345,413	446,696	324,056	194,859	1,500,053	46,754	51,023	97,777
2014	113,629	30,215	45,184	345,413	446,696	324,056	194,859	1,500,052	46,754	51,023	97,777
2015	113,629	30,215	45,184	345,413	446,696	324,056	194,858	1,500,051	46,754	51,022	97,776
2016	113,628	30,215	45,184	345,413	446,696	324,056	194,858	1,500,050	46,754	51,022	97,776
2017	113,628	30,215		345,413		324,056	194,858	1,008,170	46,754	51,022	97,776
2018	113,628	30,215		345,413		324,056		813,312	46,754		46,754
2019	113,628	30,215		345,413		324,056		813,312	46,754		46,754
2020	113,628	30,215		925,079		324,055		1,392,977	46,754		46,754
2021	113,628	30,214				324,055		467,897	46,754		46,754
2022	113,628	30,214				324,055		467,897	46,753		46,753
2023	113,628	30,214						143,842			-
Total minimum lease payments	1,249,911	332,362	180,737	3,342,970	1,786,784	3,240,557	974,292	11,107,613	467,539	255,112	722,651
Amount representing interest	235,967	62,837	11,611	364,922	55,321	306,097	36,151	1,072,906	44,164	9,466	53,630
Present value of minimum lease payments	1,013,944	269,525	169,126	2,978,048	1,731,463	2,934,460	938,141	10,034,707	423,375	245,646	669,021

**CITY OF ROCKFORD, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS, Continued**

**h) COMPENSATED ABSENCES**

Governmental activities:

Vested vacation pay of \$3,839,885 and vested sick pay of \$2,156,944 for employees paid from governmental funds are included in the Government-wide Statement of Net Assets.

**(3) REFUNDING OF DEBT**

On July 30, 2012 the City issued \$5,925,000 in 2012A General Obligation Refunding Bonds with an average interest rate of 3.2% to advance refund \$6,270,000 of outstanding 2002A and 2003A Series bonds with an average interest rate of 4.1 %. The net proceeds of \$6,423,808 (after payment of \$90,222 in underwriting fees and other issuance costs, \$355,000 transfers from prior issue debt service fund and receipt of \$234,030 of bond premium) were used to purchase U.S. Government Securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2002A and 2003A Series bonds. As a result, the 2002A and 2003A Series bonds are considered to be defeased and the liability for those have been removed from the statement of net position. As a result of the refunding, the City will realize a cash flow savings of \$298,941, resulting in an economic gain of \$292,494.

On July 30, 2012 the City issued \$1,470,000 in 2012B General Obligation Refunding (Waterworks System Alternate Revenue) Bonds with an average interest rate of 2.5% to advance refund \$1,710,000 of outstanding 2002B and 2003B Series bonds with an average interest rate of 4.1 %. The net proceeds of \$1,719,116 (after payment of \$37,018 in underwriting fees and other issuance costs, \$219,158 transfers from prior issue debt service fund and receipt of \$66,976 of bond premium) were used to purchase U.S. Government Securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2002B and 2003B Series bonds. As a result, the 2002B and 2003B Series bonds are considered to be defeased and the liability for those have been removed from the statement of net position. As a result of the refunding, the City will realize a cash flow savings of \$71,354, resulting in an economic gain of \$67,347.

On July 30, 2012 the City issued \$1,810,000 in 2012C General Obligation Alternate Revenue Source Refunding Bonds with an average interest rate of 1.9% to advance refund \$2,085,000 of outstanding 2002C and 2002C Series bonds with an average interest rate of 4.6 %. The net proceeds of \$2,098,497 (after payment of \$44,134 in underwriting fees and other issuance costs, \$295,998 transfers from prior issue debt service fund and receipt of \$36,633 of bond premium) were used to purchase U.S. Government Securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2002C and 2002D Series bonds. As a result, the 2002C and 2002D Series bonds are considered to be defeased and the liability for those have been removed from the statement of net position. As a result of the refunding, the City will realize a cash flow savings of \$193,258, resulting in an economic gain of \$185,982.

	Governmental Activities	Business-type Activities	Total
Cash flow requirements to service (old) debt	\$ 9,432,355	\$ 1,639,146	\$ 11,071,501
Less: Cash flow requirements for new debt	8,940,156	1,567,792	10,507,948
Net savings from refunding	<u>\$ 492,199</u>	<u>\$ 71,354</u>	<u>\$ 563,553</u>
Present value of net savings			<u><u>\$ 545,823</u></u>

In prior years, the City defeased certain general obligation bonds by placing the proceeds of new general obligation bonds in escrow accounts to provide for all future debt service payments on the old debt. The total amount of defeased debt at December 31, 2012 is \$22,133,253, of this amount \$19,392,525 relates to the debt service fund and \$2,740,728 relates to the Water Utility. Funds in escrow accounts are excluded from the City's financial statements.

**CITY OF ROCKFORD, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS, Continued**

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**(4) LEGAL DEBT LIMITATION**

The State imposes a legal limit of 8.625% of the total equalized assessed valuation on the amount of general bonded indebtedness. The City of Rockford further limits its indebtedness, by ordinance, to 80.0% of the State limit. As of December 31, 2012, the City indebtedness was \$80,258,714 less than the City limit and \$117,924,647 less than the State limit.

**(5) COMPONENT UNITS**

**a) Debt**

On November 13, 2007 the Rockford City Council approved a \$456,000 no-interest, 15 years, loan to the Authority, for operations. In 2009 the repayment terms were amended to begin on January 1, 2013 for principal of \$30,000 each year. In 2009 the City also extended a \$600,000 loan to the Authority and in the Intergovernmental Agreement dated July 20, 2009 the Authority agreed to begin \$30,000 quarterly repayments of that loan, beginning January 1, 2013. In the City's statements these notes receivable are completely offset by an allowance for doubtful accounts.

On December 23, 2009 the City funded a \$2 million loan to the Authority, the proceeds of which were used primarily to pay off a \$1,200,000 bank revolving line of credit. \$100,000 was retained by the City as a six month advanced principal payment on the term debt and the remaining \$700,000 was used to pay vendor obligations. The term debt is structured with a 10 year amortization, whereby commencing in January 2010, the Metro Centre repays the City \$16,667 monthly principal and interest at LIBOR plus 1.2%. The current balance at June 30, 2012 was \$1,449,992. These monthly payments are currently holdbacks from the City's monthly support payments to the Authority.

On May 21, 2012, the Authority entered into a short-term loan with a local financial institution for \$200,000 for the period May 21, 2012 to August 31, 2012 at an interest rate of 2.25%. The balance outstanding at June 30, 2012 was \$200,000. This balance of this note was paid off August 31, 2012.

In September of 2010, SMG, a private management firm, began the management of the BMO Harris Bank Center for a five-year term. The agreement included a provision for SMG to provide a non-interest bearing loan of \$1,000,000 to the Authority to be paid back in monthly installments of \$8,333. The balance of the loan was \$883,334 as of June 30, 2012.

**IV. OTHER INFORMATION**

**A. INDUSTRIAL DEVELOPMENT REVENUE BONDS**

The City issued and has an estimated \$55,000,000 in outstanding industrial development revenue bonds. Proceeds from these issues were used to finance in whole or in part the cost of the acquisition or improvement of economic development projects. Debt service on these issues is paid solely from the revenue and receipts derived from the economic development projects. The bonds' are not a liability nor is the resulting property an asset of the City and accordingly, neither are reflected in the City's financial statements.

**CITY OF ROCKFORD, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS, Continued**

**B. CONTINGENT LIABILITIES**

**Grantor Agencies**

Federal and state grants-in-aid received by the City are subject to audit and adjustment by grantor agencies. If grant revenues are received for expenditures which are subsequently disallowed, the City may be required to repay the revenues. In the opinion of management, liabilities resulting from such disallowed expenditures, if any, will not be material.

**C. RISK MANAGEMENT**

**1. Claims and Judgments**

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; and errors and omissions. Prior to 2011 the City was self-insured for general and auto liability damages; however, during the current year the City secured comprehensive general liability insurance to cover losses from \$500,000 to \$11 million. The City has purchased commercial insurance coverage for catastrophic losses to buildings and contents totaling \$43.5 million and commercial liability insurance for certain programs supported by State and Federal grant programs which is consistent with prior years.

The revenue and expenses relating to the City's claims and judgments, other than health care and workers' compensation, are recorded in the Risk Management Internal Service Fund. The charges to the individual funds are based on specific identification. The Risk Management Fund records expenses for claims, insurance coverage and administrative fees.

A liability for a claim has been recorded in the Risk Management Internal Service Fund if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimated. This liability is the City's best estimate based on available information. The estimate of the claims liability also includes amounts, if any, for incremental claims adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims.

The following represents changes in unpaid claims and judgments for the past two years:

	<u>2012</u>	<u>2011</u>
Unpaid claims at beginning of year	\$4,164,395	\$ 3,967,756
Current year claims and change in estimates	1,271,288	1,122,168
Claim payments	(893,071)	(925,529)
Unpaid claims at end of year	<u>\$4,542,612</u>	<u>\$ 4,164,395</u>
Reported as:		
Claims and judgments payable	\$4,505,572	\$ 4,140,153
Accounts payable	37,040	24,242
	<u>\$4,542,612</u>	<u>\$ 4,164,395</u>

Included in the \$4,542,612 are claims of \$165,000, representing losses for which the lowest amount in a range of probable losses has been accrued because no amount within that range is a better estimate of loss. The City estimates that those losses could be as high as \$10,010,000. Approved claims which have been presented for reimbursement as of year-end totaling \$37,040 are reported as accounts payable.

**CITY OF ROCKFORD, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS, Continued**

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**2. Health Care Coverage**

The City is self-insured for its group health and dental insurance coverage. During 2011 the lifetime maximum was eliminated, excess coverage has been purchased to cover losses in excess of the \$225,000 annual retention per participant. The plan is administered by a third-party administrator. As the claim cycle has various stages, there may be situations where loss contingencies have occurred before the balance sheet date; but the claims have not been asserted. These potential unasserted claims and existing claims, if the amounts can be reasonably estimated and it is probable that the claims will be asserted, have been recorded as a liability of the Health Insurance Internal Service Fund. This liability is the City's best estimate based on available information.

Premiums are charged to each department based on the number of single and family contracts in the respective departments. Expenses for medical claims, stop-loss insurance and administrative fees are recorded in the Health Insurance Internal Service Fund. The stop-loss insurance coverage is consistent with the prior year and the amounts of claim settlements during the past three years have not exceeded this coverage.

The following represents changes in unpaid health care claims for the past two years:

	2012	2011
Unpaid claims at beginning of year	\$ 1,552,198	\$ 1,948,739
Current year claims and change in estimates	15,933,569	16,277,856
Claim payments	<u>(16,515,530)</u>	<u>(16,674,397)</u>
Unpaid claims at end of year	<u>\$ 970,237</u>	<u>\$ 1,552,198</u>
Reported as:		

**3. Workmen's Compensation**

The City is self-insured for its workmen's compensation coverage up to \$750,000 per occurrence with excess coverage in place for claims above that amount. The City utilizes a third-party administrator to administer the plan.

The insurance coverage is consistent with the prior year and the amounts of settlements during the past three years have not exceeded this coverage.

The revenue and expenses relating to workmen's compensation are recorded in the Workmen's Compensation Internal Service Fund. The charges to the individual funds are based on the wages and job classifications of the employees in the respective funds. The Workmen's Compensation Internal Service Fund records expenses for claims, stop-loss insurance coverage and administrative fees.

A liability for a claim has been recorded in the Workmen's Compensation Internal Service Fund if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimable. This liability is the City's best estimate based on available information.

**CITY OF ROCKFORD, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS, Continued**

The following represents changes in unpaid workmen's compensation claims for the past two years:

	2012	2011
Unpaid claims at beginning of year	\$2,835,650	\$ 3,398,686
Current year claims and change in estimates	1,595,110	1,260,284
Claim payments	<u>(1,550,924)</u>	<u>(1,823,320)</u>
Unpaid claims at end of year	<u>\$2,879,836</u>	<u>\$ 2,835,650</u>
Reported as:		
Claims and judgments payable	\$2,879,836	\$ 2,835,650
Accounts payable	-	-
	<u>\$2,879,836</u>	<u>\$ 2,835,650</u>

**D. EMPLOYEE RETIREMENT SYSTEMS AND PENSIONS PLANS**

**Pension plans – primary government**

The City of Rockford General, Water and Parking employees are covered by a State agent multiple-employer defined benefit public retirement system (Illinois Municipal Retirement Fund) that acts as a common investment and administrative agent for local governments. Police and Fire sworn employees are covered by defined benefit single-employer pension plans and are governed by Illinois State Statutes (Chapter 40 Article 3).

**1. Illinois Municipal Retirement Fund (IMRF)**

**Plan description.** The City of Rockford participates in the Illinois Municipal Retirement Fund (IMRF), agent multiple-employer, defined benefit pension plan administered by the State for local governments and school districts in Illinois. IMRF provides retirement, disability, post retirement increases, and death benefits to plan members and their beneficiaries. All employees, except those covered by the police and fire pension plans, in positions that meet or exceed the prescribed minimum hours standard must be enrolled in IMRF. The State is authorized by statute to establish and amend all plan provisions. IMRF issues a financial report that includes financial statements and required supplementary information. The report may be obtained at [www.imrf.org](http://www.imrf.org) or by writing to IMRF, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

**Funding policy.** The contribution requirements of the plan members are established by State statute. Plan members are required to contribute 4.5% of their annual salary. The statutes require the City to contribute at an actuarially determined rate, the amount necessary, in addition to member contributions, to finance retirement coverage of its own employees. The employer rate for calendar year 2011 was 13.18% of covered payroll. The employer also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute

**Annual pension cost.** For December 31, 2012, the City's annual pension cost of \$3,692,788 was equal to the City's required and actual contributions.

**CITY OF ROCKFORD, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS, Continued**

Three-Year Trend Information for IMRF:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2011	\$ 3,692,788	100.0	\$ -
12/31/2011	3,654,110	100.0	-
12/31/2010	3,760,797	100.0	-

The required contribution for 2012 was determined as part of the December 31, 2010 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2010 included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3% annually. The actuarial value of the City's IMRF plan assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The plan's unfunded actuarial accrued liability at December 31, 2010 is being amortized as a level percentage of projected payroll on an open 30 year basis.

**Funded Status and Funding Progress.** As of December 31, 2012, the most recent actuarial valuation date, the City's plan was 71.50 percent funded. The actuarial accrued liability for benefits was \$91,780,581 and the actuarial value of assets was \$65,619,123, resulting in an underfunded actuarial accrued liability (UAAL) of \$26,161,458. The covered payroll (annual payroll of active employees covered by the plan) for calendar year 2012 was \$28,018,120 and the ratio of the UAAL to the covered payroll was 93 percent.

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

**2. Police Pension Fund (PPF)**

**Plan description.** The City of Rockford administers the PPF, a single-employer defined benefit pension plan in which all sworn police employees of the City participate. PPF provides retirement, disability, and death benefits to plan members and their beneficiaries. Employees attaining the age 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefits of 2.5% of final salary for each year of service up to 30 years, to a maximum of 75% of such salary. Employees with at least 8 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit of 2.50% of final salary for each year of service.

For employees hired after January 1, 2011, the normal retirement age is attainment of age 55 and completion of 10 years of service; early retirement age is attainment of age 50, completion of 10 years of service and the early retirement factor is 6% per year; the employee's accrued benefit is based on the employee's final 8 year average salary not to exceed \$106,800 (as indexed); cost of living increases are simple (not compounded) of the lesser of 3% or 50% of the CPI; surviving spouse benefits are 66 2/3% of the employees benefit. The PPF issues a publicly available financial report that includes the applicable financial statements and required supplementary information. The report may be obtained at the City's Finance Office.

**Summary of significant accounting policies – basis of accounting and valuation of investments.** The financial statements of PPF are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The City's contributions are recognized when due and a formal commitment to provide the contribution has been made. Benefits and refunds are recognized when due and payable

**CITY OF ROCKFORD, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS, Continued**

in accordance with the terms of the plan. All plan investments are reported at fair value. Administrative costs are financed primarily through investment earnings.

**Funding policy.** The defined benefits and employee contribution levels are governed by Illinois State Statutes (Chapter 40 Article 3) and may be amended only by the Illinois legislature. Plan members are required to contribute 9.91% of their annual covered salary. The City is required to contribute at an actuarially determined rate; the current rate is 23.95% of covered payroll.

**Annual pension cost.** For 2012, the City of Rockford's annual pension cost was \$5,125,205. The City's actual contribution was \$4,494,070. The net pension obligation at December 31, 2012 was (\$1,761,392). It was comprised of the following:

Police Pension

Annual Required Contribution (ARC)	\$ 5,094,847
Interest on the Net Pension Obligation	84,769
Adjustment to the ARC	<u>(54,411)</u>
Annual pension cost	5,125,205
Contribution	<u>4,494,070</u>
Increase in Pension Asset (Liability)	(631,135)
Net pension Obligation at January 1, 2012	<u>(1,130,257)</u>
Net pension Obligation at December 31, 2012	<u><u>(1,761,392)</u></u>

The required contributions were determined as part of the December 31, 2010 actuarial valuation using the entry normal age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return, (b) projected salary increases due to inflation of 5.0% per year, and (c) projected salary increases due to seniority/merit raises of 3.0% per year. The actuarial value of assets is determined by market method. The PPF unfunded liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2012 was 28 years.

**Funded Status and Funding Progress.** As of December 31, 2012, the most recent actuarial valuation date, the PPF plan was 66.3 percent funded. The actuarial accrued liability for benefits was \$245,782,200 and the actuarial value of assets was \$162,840,479, resulting in an underfunded actuarial accrued liability (UAAL) of \$82,941,741. The covered payroll (annual payroll of active employees covered by the plan) was \$18,764,470 and the ratio of the UAAL to the covered payroll was 442.0 percent.

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

**Reserves and concentration of investments.** There are no assets legally reserved for purposes other than the payment of Plan member benefits. There are no long-term contracts for contributions. See Note III A for concentration of investments.

**Three-year trend information:**

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)*
12/31/2012	\$ 5,125,205	87.7	\$ 1,761,392
12/31/2011	5,718,704	80.1	1,130,257
12/31/2010	5,888,326	89.6	(8,909)

**CITY OF ROCKFORD, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS, Continued**

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**3. Firefighter's Pension Fund (FPF)**

**Plan description.** The City of Rockford administers the FPF, a single-employer defined benefit pension plan in which all sworn fire employees of the City participate. FPF provides retirement, disability, and death benefits to plan members and their beneficiaries. Employees attaining the age of 50 with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one-half of the salary attached to the rank held on the last day of service. The pension shall be increased by ½ of 2.5% of such monthly salary for each additional year of service over 20 years up to 30 years, to a maximum of 75% of such monthly salary. Employees with at least 10 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit ranging from 15% of final salary for 10 years of service to 45.6% for 19 years of service.

For employees hired after January 1, 2011, the annual retirement benefit is (2.5%) of final average salary for each year of service up to (30) years, to a maximum of (75%) of salary. The normal retirement age is attainment of age 55 and completion of 10 years of service; early retirement age is attained at age 50, completion of 10 years of service and the early retirement factor is 6% per year; the employee's accrued benefit is based on the employee's final 8 year average salary not to exceed \$106,800 (as indexed); cost of living increases are simple (not compounded) of the lesser of 3% or 50% of the CPI; surviving spouse benefits are 66 2/3% of the employees benefit. The FPF issues a publicly available report that includes the applicable financial statements and required supplementary information. The report may be obtained at the City's Finance Office.

**Summary of significant accounting policies – basis of accounting and valuation of investments.** The financial statements of the FPF are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The City's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. All plan investments are reported at fair value. Administrative costs are financed primarily through investment earnings.

**Funding policy.** The defined benefits and employee contribution levels are governed by Illinois State Statutes (Chapter 40 Article 3) and may be amended only by the Illinois legislature. Plan members are required to contribute 9.455% of their annual covered salary. The City is required to contribute at an actuarially determined rate; the current rate is 27.442% of covered payroll.

**Annual pension cost.** For 2012, the City of Rockford's annual pension cost was \$6,470,573. The City's actual contribution was \$5,123,787. The pension obligation at December 31, 2012 was (\$3,463,968). It was comprised of the following:

Annual Required Contribution (ARC)	\$ 6,413,705
Interest on the Net Pension Obligation	158,789
Adjustment to the ARC	<u>(101,921)</u>
Annual pension cost	6,470,573
Contribution	<u>5,123,787</u>
Increase in Pension Asset (Liability)	(1,346,786)
Net pension Obligation at January 1, 2012	<u>(2,117,182)</u>
Net pension Obligation at December 31, 2012	<u><u>(3,463,968)</u></u>

The required contributions were determined as part of the December 31, 2010 actuarial valuation using the entry normal age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return, (b) projected salary increases due to inflation of 3.0% per year, and (c) projected salary increases due to seniority/merit raises of 5.0% per year. The actuarial value of assets is determined by market method. The FPF unfunded actuarial liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2012 was 28 years.

**CITY OF ROCKFORD, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS, Continued**

**Funded Status and Funding Progress.** As of December 31, 2012, the most recent actuarial valuation date, the FPF plan was 59.9 percent funded. The actuarial accrued liability for benefits was \$241,525,649, and the actuarial value of assets was \$144,555,460, resulting in an underfunded actuarial accrued liability (UAAL) of \$96,970,189. The covered payroll (annual payroll of active employees covered by the plan) was \$19,058,989 and the ratio of the UAAL to the covered payroll was 508.8 percent.

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

**Reserve and concentration of investments.** There are no assets legally reserved for purposes other than the payment of Plan member benefits. There are no long-term contracts for contributions. See Note III A for concentration of investments.

**Three-year trend information:**

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)*
12/31/2012	\$ 6,470,573	79.2	\$ 3,463,968
12/31/2011	7,054,009	74.1	2,117,182
12/31/2010	6,944,984	91.4	291,921

**4. Other Post-Employment Benefits**

**Plan description.** In addition to providing the pension benefits described, the City provides post-employment healthcare benefits (OPEB) for retired employees through a single employer defined benefit plan. The benefits, benefit levels, employee contributions and employer contribution are governed by the City and can be amended by the City through its personnel manual and union contracts. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activity of the plan is reported in the City's governmental activities.

**Benefits provided.** The City provides continued health insurance coverage at the active employer rate to all eligible employees. To be eligible for benefits, an employee must qualify for retirement under one of the City's retirement plans.

**Membership.** At December 31, 2012, membership consisted of:

Retirees and beneficiaries currently receiving benefits	173
Terminated employees entitled to benefits but not yet receiving benefits	-
Active vested plan members	702
Total	1,300
Number of participating employers	1

**CITY OF ROCKFORD, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS, Continued**

**Funding policy.** For the fiscal year ending December 31, 2012, retirees contributed approximately \$1,334,362. The City is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future. Active employees do not contribute to the plan until retirement.

**Annual OPEB Cost and Net OPEB Obligation.** The City's annual other post-employment benefits (OPEB) cost (expense) for the fiscal year ended December 31, 2012, is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The City's annual OPEB cost is \$1,490,442 for the year ended December 31, 2012. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the past three years was as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2012	1,490,442	1,334,362	89.5%	2,780,515
December 31, 2011	1,192,203	703,248	60.8%	2,624,435
December 31, 2010	1,176,301	222,144	19.2%	2,135,480

The net OPEB obligation as of December 31, 2012, was calculated as follows:

Annual Required Contribution	\$ 1,446,702
Interest on Net OPEB Obligation	131,222
Adjustment to Annual Required Contribution	<u>(87,482)</u>
Annual OPEB Cost	1,490,442
Contributions Made	<u>1,334,362</u>
Increase (Decrease) in Net OPEB Obligation	156,080
Net OPEB Obligation Beginning of Year	<u>2,624,435</u>
Net OPEB Obligation End of Year	<u><u>2,780,515</u></u>
 Actuarial accrued liability (AAL)	 \$ 22,030,855

**Funded Status and Funding in Process.** The funded status of the plan as of December 31, 2012, was as follows:

Funded ratio (actuarial value of plan assets/AAL)	-
Covered payroll (active plan members)	65,841,579
UAAL as a percentage of covered payroll	33.46%

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

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits

**CITY OF ROCKFORD, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS, Continued**

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

In the January 1, 2012, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 5.0% investment rate of return and an initial healthcare cost trend rate of 8.0% with an ultimate healthcare inflation rate of 6.0%. Both rates include a 3.0% inflation assumption. The actuarial value of assets was not determined as the City has not advanced funded its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2012, was twenty seven years.

**CITY OF ROCKFORD, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS, Continued**

**Individual Plan Financial Statements:**

**Statements of Fiduciary Net Position – Pension Trust Funds**  
**December 31, 2012**

	<b>Pension Trust Funds</b>		
	<b>Police Pension</b>	<b>Firefighter's Pension</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,285,308	\$ 3,816,854	\$ 5,102,162
Investments			
U.S. Treasury Strips	814,899	3,417,031	4,231,930
U.S. Treasury Notes	2,908,342	13,390,897	16,299,239
U.S. Treasury Bonds	610,085	5,285,332	5,895,417
Government National Mortgage Association	398,754	2,685,174	3,083,928
Federal Home Loan Mortgage Corporation	5,443,316	5,761,961	11,205,277
Federal National Mortgage Association	4,178,023	11,681,163	15,859,186
Federal Farm Credit Bonds	-	1,952,770	1,952,770
State and Local Government Securities	937,768	817,248	1,755,016
Corporate Bonds	11,710,929	10,453,498	22,164,427
Small Cap Equity Common Stocks	12,700,924	11,950,400	24,651,324
Large Cap Equity Common Stocks	-	7,922,425	7,922,425
NTGI Collective Trust	43,569,875	6,312,842	49,882,717
Domestic Mutual Funds	58,758,382	35,528,633	94,287,015
International Mutual Funds	15,703,491	19,195,295	34,898,786
Accrued interest receivable	161,322	263,641	424,963
Contributions receivable	3,699,796	4,170,313	7,870,109
Total assets	162,881,214	144,605,477	307,486,691
<b>LIABILITIES</b>			
Accrued liabilities	40,735	50,017	90,752
<b>NET POSITION</b>			
Held in trust for pension benefits	\$ 162,840,479	\$ 144,555,460	\$ 307,395,939

**CITY OF ROCKFORD, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS, Continued**

**Statements of Changes in Fiduciary Net Position – Pension Trust Funds**  
**Year Ended December 31, 2012**

	<b>Pension Trust Funds</b>		
	<b>Police Pension</b>	<b>Firefighter's Pension</b>	<b>Total</b>
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 4,494,070	\$ 5,123,787	\$ 9,617,857
Plan member	2,003,928	1,873,115	3,877,043
Total contributions	<u>6,497,998</u>	<u>6,996,902</u>	<u>13,494,900</u>
Investment income:			
Net appreciation in fair value of investments	685,597	1,710,618	2,396,215
Interest and dividend income	13,442,657	9,951,925	23,394,582
	<u>14,128,254</u>	<u>11,662,543</u>	<u>25,790,797</u>
Less investment expense	(295,709)	(365,554)	(661,263)
Net investment income	<u>13,832,545</u>	<u>11,296,989</u>	<u>25,129,534</u>
Total additions	<u>20,330,543</u>	<u>18,293,891</u>	<u>38,624,434</u>
<b>DEDUCTIONS</b>			
Pension benefits	12,998,636	14,119,049	27,117,685
Refunds of contributions	132,327	94	132,421
Administrative expense	166,521	188,408	354,929
Total deductions	<u>13,297,484</u>	<u>14,307,551</u>	<u>27,605,035</u>
Change in net position	7,033,059	3,986,340	11,019,399
Total net position - beginning	<u>155,807,420</u>	<u>140,569,120</u>	<u>296,376,540</u>
Total net position - ending	<u>\$ 162,840,479</u>	<u>\$ 144,555,460</u>	<u>\$ 307,395,939</u>

**5. Pension plan – discretely presented component unit**

**Rockford Mass Transit District (RMTD)**

**Plan description.** The RMTD contributes to a single-employer public defined benefit retirement plan. RMTD established the plan to provide retirement benefits for employees of the District. The plan is now administered by DiBenedetto & Associates, LTD. RMTD together with employees covered under collective bargaining agreements, has the right at any time and from time to time to amend the Plan. Under the provisions of the Plan, pension benefits vest after five years of full-time employment. Upon retiring at the normal age of sixty-five provided by the Plan, an

**CITY OF ROCKFORD, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS, Continued**

employee is entitled to receive a monthly benefit payment in the form of a life annuity. Benefits under the Plan are accumulated during each year of service and determined based on compensation level. The Plan does not issue a stand-alone financial report and is not included in the report of another entity.

**Funding policy.** Employer contributions to the Plan are recognized on the accrual basis and are actuarially determined each year. For fiscal year 2012, the required contribution was \$878,167 or 16.8% of covered payroll per year. The difference between the contribution made in 2012 and the annual required contribution is due to actual rates of returns on investments lower than the assumed 7.0% rate. The Plan does not allow for employees to make contributions.

**Annual pension cost.** The annual required contributions were determined as part of the July 1, 2011 actuarial valuation using the aggregate actuarial cost funding method which does not identify or separate amortized unfunded actuarial liabilities. Under this method, no unfunded accrued liability is determined. The actuarial assumptions included (a) 7.0% investment rate of return and (b) projected salary increases of 4.00%. The actuarial value of assets is determined using a market approach and the 1971 Group Annuity Mortality Table. Information about the funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose and that information presented is intended to serve as a surrogate for the funded status and funding progress of the plan.

The net pension liability at June 30, 2012 was \$101,697. It was comprised of the following:

Annual required contribution	\$ 878,167
Interest on net pension obligation (7%)	11,483
Adjustment to annual required contribution	<u>(12,355)</u>
Annual pension cost	877,295
Annual contribution made	<u>939,639</u>
Increase in net pension liability	(62,344)
Net pension liability, beginning of year	<u>164,041</u>
Net pension liability, end of year	<u><u>\$ 101,697</u></u>

**Three-year trend information for RMTD:**

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2012	\$ 877,295	107.11 %	\$ 101,697
6/30/2011	739,273	118.46	\$ 164,041
6/30/2010	801,919	109.12	\$ 300,484

**6. Other Post-employment Benefit Plan – discretely presented component unit**

The RMTD administers a single-employer defined benefit healthcare plan. The plan provides health insurance contributions for eligible retirees and their spouse through the District's group health insurance plan, which covers both active and retired members. Benefit provisions are established through collective bargaining agreements and state that select eligible retirees (hired before 1993) and their spouses receive lifetime healthcare insurance at established contribution rates. This is commonly referred to as an explicit rate subsidy.

**CITY OF ROCKFORD, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS, Continued**

Contribution requirements are established through collective bargaining agreements and may be amended only through negotiations between the District and the union. The District makes the same monthly health insurance contribution on behalf of the select retirees as it makes on behalf of all other active employees during that year. The District contributes 100% of the current year premiums for a family and a single plan, respectively, for select eligible retired plan members and their spouses. For fiscal year 2012, the District contributed \$296,013. Remaining plan members receiving benefits contribute 100% of their premium costs for a family plan and a single plan, at the blended rates. Actual contributions are made on a pay-as-you-go basis. Administrative costs of the plan are financed through investment earnings.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for June 30, 2012 is as follow:

Annual required contribution	\$ 703,894
Interest on net OPEB obligation	44,738
Adjustment to annual required contribution	<u>-</u>
Annual OPEB cost	748,632
Contributions made	<u>296,013</u>
Increase in Net OPEB Obligation	452,619
Net OPEB Obligation - beginning of year	<u>894,672</u>
Net OPEB Obligation - end of year	<u><u>\$ 1,347,291</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 were as follows:

Fiscal Year Eended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2012	\$ 748,632	39.50%	\$ 1,347,291
June 30, 2011	651,385	38.50%	894,672

The funded status of the District's plan as of June 30, 2010, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 10,315,033
Actuarial balure of plan assets	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u><u>\$ 10,315,033</u></u>
Funded ratio (actuarial value of plan assets AAL)	0%
Covered payroll (active plan members)	\$ 5,004,232
UAAL as a percentage of covered payroll	206.10%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that

**CITY OF ROCKFORD, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS, Continued**

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shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the District's actuarial valuation, the entry age actuarial cost method was used and market rates were used for the asset valuation method. The actuarial assumptions include a 5 percent investment rate of return and an annual healthcare cost trend rate of 8 percent initially, reduced by decrements to an ultimate rate of 6 percent. Both rates include a 3 percent inflation assumption. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at June 30, 2012 was 29 years.

**G. PLEDGES OF RECEIVABLES AND FUTURE REVENUES**

The City has pledged a portion of future sales tax revenues to a local retailer. In order to increase its competitiveness in the marketplace by establishing a single-order acceptance point for all credit sales, the local retailer entered into a municipal sales tax incentive agreement with the City, where the City will pay the retailer, a portion of the municipal component of the sales tax revenue generated by the retailer as provided in the agreement. The agreement commenced August 2002 and terminates in calendar year 2022.

The terms of the agreement indicate that beginning in August 2002 the City shall rebate to the retailer on a monthly basis the Municipal Sales Tax resulting from taxable sales with order-acceptance at the Property and received by the City in the following amounts:

- Years 1-5 – 100% sales tax rebate of Incremental Municipal Sales Tax sourced to Rockford.
- Years 6-10 – 70% sales tax rebate of Incremental Municipal Sales Tax sourced to Rockford.
- Years 11-20 – 50% sales tax rebate of Incremental Municipal Sales Tax sourced to Rockford.

The total municipal sales tax revenue reported by the City for the year ended December 31, 2012, amounted to \$37,902,669, of which \$398,772 (or 1.05%) was remitted during the current year or was due to the retailer at the end of the current year, and reported as accounts payable on the statement of net assets.

**H. COMMUNITY DEVELOPMENT GRANTS**

The City is entitled to receive Community Development grants only to the extent that expenditures and encumbrances have been made for approved programs. As of December 31, 2012, the City has \$3,722,503.63 available to be received in the future under these Community Development Grants in the event qualifying expenditures are made.

**CITY OF ROCKFORD, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS, Continued**

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**I. SUBSEQUENT EVENTS**

In the first six months of 2013 the City entered into a capital lease agreements totaling \$3,563,544. Proceeds were used to purchase four new ambulances and four new fire engines.

On March 8<sup>th</sup> 2013 the City paid \$2,402,536 on the Line of Credit with PNC Bank. There have been no additional draws in 2013 and currently the remaining balance is \$3,638,889.

**J. FUTURE ACCOUNTING PRONOUNCEMENTS**

The Governmental Accounting Standards Board (GASB) has issued the following statements:

Statement No. 67, *Financial Reporting for Pension Plans*, issued June 2012, is effective for the City beginning with its year ending December 31, 2014. The objective of this statement is to improve financial reporting by state and local governmental pension plans. This statement replaces GASB statements 25 and 50.

Statement No. 68, *Accounting and Financial Reporting for Pensions*, issued June 2012, is effective for the City beginning with its year ending December 31, 2014. The objective of this statement is to improve accounting and financial reporting by state and local governments for pensions. This Statement replaces GASB statement 27, *Accounting for Pensions by State and Local Governments*.



**REQUIRED SUPPLEMENTARY INFORMATION**

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**CITY OF ROCKFORD, ILLINOIS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL - MAJOR FUNDS**  
**GENERAL FUND**

For the Year Ended December 31, 2012  
(Required Supplementary Information)

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 72,301,420	\$ 72,301,420	\$ 73,732,746	\$ 1,431,326
Licenses and permits	3,490,200	4,070,200	4,553,439	483,239
Intergovernmental	22,225,790	23,275,365	27,385,022	4,109,657
Charges for services	11,534,940	11,764,940	11,770,550	5,610
Fines	1,481,000	1,481,000	1,547,601	66,601
Interest	100,000	100,000	287,435	187,435
Miscellaneous	155,000	232,513	595,481	362,968
Total revenues	111,288,350	113,225,438	119,872,274	6,646,836
<b>EXPENDITURES</b>				
Current:				
General government:				
Mayor's office	617,040	624,635	593,470	31,165
City Council	572,787	572,787	536,181	36,606
Legal department	1,608,885	1,637,664	1,556,724	80,940
Finance office	4,621,456	5,003,389	4,965,182	38,207
Workforce investment board	521,841	521,841	523,648	(1,807)
Board of fire and police commission	87,075	177,975	160,465	17,510
Board of election	891,112	891,112	869,891	21,221
Personnel department	659,528	684,201	668,543	15,658
Mass transit subsidy	1,274,000	1,274,000	1,274,000	-
Total general government	10,853,724	11,387,604	11,148,104	239,500
Public safety				
Police department	44,781,043	45,328,586	45,107,394	221,192
Fire department	39,046,100	39,595,655	41,866,340	(2,270,685)
Public works - traffic	1,640,612	1,640,612	1,541,333	99,279
Building department	1,685,307	1,696,708	1,600,184	96,524
Total public safety	87,153,062	88,261,561	90,115,251	(1,853,690)
Streets, alleys and bridges				
Administration	348,891	355,831	443,157	(87,326)
Engineering	963,668	1,382,245	1,499,183	(116,938)
Street and sewer	9,391,493	9,391,224	9,323,177	68,047
Total streets, alleys and bridges	10,704,052	11,129,300	11,265,517	(136,217)
Community development				
Administration	225,572	230,845	230,435	410
Code Enforcement	1,294,596	1,298,401	1,422,164	(123,763)
Planning and zoning	505,474	515,956	457,219	58,737
Total community development	2,025,642	2,045,202	2,109,818	(64,616)
Sanitation and sewers				
Public works - sewers	532,506	532,506	403,086	129,420
Total current expenditures	111,268,986	113,356,173	115,041,776	(1,685,603)
Debt service				
General government:				
Interest and fiscal charges	50,000	50,000	45,184	4,816
Total debt service expenditures	50,000	50,000	45,184	4,816
Capital Outlay:				
Public safety				
Police department	-	124,900	1,556,145	(1,431,245)
Fire department	-	322,705	3,527,126	(3,204,421)
Total public safety	-	447,605	5,083,271	(4,635,666)
Total capital expenditures	-	447,605	5,083,271	(4,635,666)
Total expenditures	111,318,986	113,853,778	120,170,231	(6,316,453)
Excess of revenues over (under) expenditures	(30,636)	(628,340)	(297,957)	330,383
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital lease proceeds	-	-	4,723,079	4,723,079
Transfers in	2,387,000	2,387,000	2,398,600	11,600
Transfers out	(2,332,832)	(2,244,432)	(2,188,742)	55,690
Total other financing sources (uses)	54,168	142,568	4,932,937	4,790,369
Net change in fund balance	\$ 23,532	\$ (485,772)	4,634,980	\$ 5,120,752
Fund balance - beginning			27,533,344	
Fund balance - ending			\$ 32,168,324	

**CITY OF ROCKFORD, ILLINOIS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL - MAJOR FUNDS**  
**PUBLIC LIBRARY FUND**

For the Year Ended December 31, 2012  
(Required Supplementary Information)

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
<b>REVENUES</b>				
Taxes	\$ 7,100,000	\$ 7,100,000	\$ 7,256,222	\$ 156,222
Intergovernmental	850,000	850,000	889,881	39,881
Charges for services	55,000	55,000	62,622	7,622
Fines	80,180	80,180	114,395	34,215
Interest	7,000	7,000	71,020	64,020
Miscellaneous	30,750	30,750	70,739	39,989
Total revenues	<u>8,122,930</u>	<u>8,122,930</u>	<u>8,464,879</u>	<u>341,949</u>
<b>EXPENDITURES</b>				
Current - Culture and recreation	7,643,538	7,643,538	6,727,511	916,027
Capital Outlay - Culture and recreation	239,998	239,998	181,725	58,273
Total expenditures	<u>7,883,536</u>	<u>7,883,536</u>	<u>6,909,236</u>	<u>974,300</u>
Excess of revenues over (under) expenditures	<u>239,394</u>	<u>239,394</u>	<u>1,555,643</u>	<u>1,316,249</u>
<b>OTHER FINANCING USES</b>				
Transfers out	(239,394)	(239,394)	(234,400)	4,994
Total other financing uses	<u>(239,394)</u>	<u>(239,394)</u>	<u>(234,400)</u>	<u>4,994</u>
Net changes in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,321,243</u>	<u>\$ 1,321,243</u>
Fund balance - beginning			<u>6,538,294</u>	
Fund balance - ending			<u>\$ 7,859,537</u>	

**CITY OF ROCKFORD, ILLINOIS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL - MAJOR FUNDS**  
**COMMUNITY DEVELOPMENT FUND**

For the Year Ended December 31, 2012

(Required Supplementary Information)

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 4,849,754	\$ 4,849,754	\$ 4,804,287	\$ (45,467)
Interest	-	-	33,193	33,193
Miscellaneous	122,000	122,000	70,564	(51,436)
Total revenues	<u>4,971,754</u>	<u>4,971,754</u>	<u>4,908,044</u>	<u>(63,710)</u>
<b>EXPENDITURES</b>				
Current - Community development	2,794,980	2,847,957	4,073,026	(1,225,069)
Debt service:				
Principal payments	170,000	170,000	170,000	-
Interest payments	70,500	70,500	70,416	84
Total expenditures	<u>3,035,480</u>	<u>3,088,457</u>	<u>4,313,442</u>	<u>(1,224,985)</u>
Excess of revenues over (under) expenditures	<u>1,936,274</u>	<u>1,883,297</u>	<u>594,602</u>	<u>(1,288,695)</u>
<b>OTHER FINANCING USES</b>				
Transfers in	-	-	152,199	152,199
Transfers out	(996,400)	(970,400)	(970,400)	-
Total other financing uses	<u>(996,400)</u>	<u>(970,400)</u>	<u>(818,201)</u>	<u>152,199</u>
Net changes in fund balance	<u>\$ 939,874</u>	<u>\$ 912,897</u>	<u>(223,599)</u>	<u>\$ (1,136,496)</u>
Fund balance - beginning			<u>1,210,225</u>	
Fund balance - ending			<u>\$ 986,626</u>	

**CITY OF ROCKFORD, ILLINOIS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL - MAJOR FUNDS**  
**HUMAN SERVICES FUND**

For the Year Ended December 31, 2012  
(Required Supplementary Information)

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
<b>REVENUES</b>				
Intergovernmental	\$ 12,630,647	\$ 12,630,647	\$ 16,121,114	\$ 3,490,467
Interest	-	-	715	715
Miscellaneous	-	-	76,963	76,963
Total revenues	<u>12,630,647</u>	<u>12,630,647</u>	<u>16,198,792</u>	<u>3,568,145</u>
<b>EXPENDITURES</b>				
Current - Public health and welfare	12,847,866	13,077,284	16,091,391	(3,014,107)
Debt service - Interest and service fees	60,000	60,000	53,191	6,809
Capital outlay - Public health and welfare	-	28,715	28,715	-
Total expenditures	<u>12,907,866</u>	<u>13,165,999</u>	<u>16,173,297</u>	<u>(3,007,298)</u>
Excess of revenues over (under) expenditures	<u>(277,219)</u>	<u>(535,352)</u>	<u>25,495</u>	<u>560,847</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balance	<u>\$ (277,219)</u>	<u>\$ (535,352)</u>	<u>25,495</u>	<u>\$ 560,847</u>
Fund balance - beginning			<u>843,748</u>	
Fund balance - ending			<u>\$ 869,243</u>	

**CITY OF ROCKFORD, ILLINOIS  
ANALYSIS OF FUNDING PROGRESS**

December 31, 2012

(Required Supplementary Information)

**Illinois Municipal Retirement Fund**

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age	(2)-(1) Unfunded AAL (UAAL)	(1)/(2) Funded Ratio	(3) Covered Payroll	UAAL as a Percentage of Covered Payroll ((2-1)/3)
12/31/2012	\$ 65,619,123	\$ 91,780,581	\$ 26,161,458	71.50 %	\$ 28,018,120	93.37 %
12/31/2011	63,561,565	90,541,030	26,979,465	70.20	28,525,452	94.58
12/31/2010	66,273,409	92,654,543	26,381,134	71.53	30,014,340	87.90
12/31/2009	71,652,490	99,279,370	27,626,880	72.17	33,167,684	83.29
12/31/2008	71,433,001	95,526,894	24,093,893	74.78	31,536,943	76.40
12/31/2007	82,879,833	87,968,864	5,089,031	94.21	29,485,908	17.26

**Police Pension Fund**

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age	(2)-(1) Unfunded AAL (UAAL)	(1)/(2) Funded Ratio	(3) Covered Payroll	UAAL as a Percentage of Covered Payroll ((2-1)/3)
12/31/2012	\$ 162,840,479	\$ 245,782,220	\$ 82,941,741	66.25 %	\$ 18,764,470	442.01 %
12/31/2011	155,807,420	233,497,763	77,690,343	66.73	18,862,464	411.88
12/31/2010	160,191,838	224,136,202	63,944,364	71.47	19,199,670	333.05
12/31/2009	149,757,096	215,470,181	65,713,085	69.50	19,328,358	339.98
12/31/2008	137,508,810	208,039,571	70,530,761	66.10	19,744,695	357.21
12/31/2007	161,674,221	197,484,179	35,809,958	81.87	18,760,525	190.88

**Firefighter's Pension Fund**

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age	(2)-(1) Unfunded AAL (UAAL)	(1)/(2) Funded Ratio	(3) Covered Payroll	UAAL as a Percentage of Covered Payroll ((2-1)/3)
12/31/2012	\$ 144,555,460	\$ 241,525,649	\$ 96,970,189	59.85 %	\$ 19,058,989	508.79 %
12/31/2011	140,569,120	230,421,150	89,852,030	61.01	19,053,834	471.57
12/31/2010	144,554,040	221,270,891	76,716,851	65.33	18,144,029	422.82
12/31/2009	137,818,046	214,739,654	76,921,608	64.18	18,655,815	412.32
12/31/2008	127,654,609	206,921,554	79,266,945	61.69	18,157,179	436.56
12/31/2007	144,587,141	201,841,057	57,253,916	71.63	18,485,822	309.72

**Other Post-Employment Benefits**

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age	(2)-(1) Unfunded AAL (UAAL)	(1)/(2) Funded Ratio	(3) Covered Payroll	UAAL as a Percentage of Covered Payroll ((2-1)/3)
12/31/2012	\$ -	\$ 22,030,855	\$ 22,030,855	- %	\$ 65,841,579	33.46 %
12/31/2011	-	22,030,855	22,030,855	-	66,441,750	33.16
12/31/2010	-	14,941,274	14,941,274	-	67,998,513	21.97
12/31/2009	-	14,941,274	14,941,274	-	71,069,558	21.02
12/31/2008	-	9,062,800	9,062,800	-	65,578,751	13.82

# CITY OF ROCKFORD, ILLINOIS EMPLOYER CONTRIBUTIONS

December 31, 2011  
(Required Supplementary Information)

## Illinois Municipal Retirement Fund

Actuarial Valuation Date	Annual Required Contribution	Percentage Contributed
12/31/2012	\$ 3,692,788	100.0 %
12/31/2011	3,654,110	100.0
12/31/2010	3,760,797	100.0
12/31/2009	3,101,178	100.0
12/31/2008	3,024,393	100.0
12/31/2007	2,927,951	100.0

## Police Pension Fund

Actuarial Valuation Date	Annual Required Contribution	Percentage Contributed
12/31/2012	\$ 5,094,847	87.7 %
12/31/2011	5,718,953	80.1
12/31/2010	5,900,674	89.6
12/31/2009	3,733,161	104.1
12/31/2008	3,608,547	96.6
12/31/2007	3,330,276	97.3

## Firefighter's Pension Fund

Actuarial Valuation Date	Annual Required Contribution	Percentage Contributed
12/31/2012	\$ 6,470,573	79.2 %
12/31/2011	7,045,842	74.1
12/31/2010	6,951,034	91.4
12/31/2009	5,634,548	103.1
12/31/2008	5,086,621	96.9
12/31/2007	4,762,441	97.8

## Other Post-Employment Benefits

Actuarial Valuation Date	Annual Required Contribution	Percentage Contributed
12/31/2012	\$ 1,446,702	92.2 %
12/31/2011	1,156,612	60.8
12/31/2010	1,156,612	19.2
12/31/2009	619,422	35.7

**CITY OF ROCKFORD, ILLINOIS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**I. BUDGETARY INFORMATION**

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

The budget represents departmental appropriations, expenditures and other uses, as authorized by the City's appropriation ordinance and includes revisions authorized by the City Council to reflect changes in departmental programs. All annual appropriations lapse at fiscal year-end.

**II. EXCESS OF ACTUAL EXPENDITURES OVER BUDGET**

For the year ended December 31, 2012, the General Fund and Major Special Revenue funds had excess of actual expenditures and financing uses over budget at the legal level of budgetary control (department level) as follows:

**MAJOR FUNDS:**

General Fund	
Workforce investment board	\$ (1,807)
Police Department	(1,210,053)
Fire Department	(5,475,106)
Public works - Administration	(87,326)
Public works - Engineering	(116,938)
Community Development - Code Enforcement	(123,763)
Community Development Fund	(1,225,069)
Human Services Fund	(3,014,107)

**III. ILLINOIS MUNICIPAL RETIREMENT FUND**

On a market value basis, the actual value of assets as of December 31, 2012 is \$65,619,123. On a market basis, the funded ratio would be 71.50%.

For the IMRF pension, there were no changes with respect to plan provisions, actuarial methods or actuarial assumptions from the prior year.

**IV. PENSION TRUST**

For the Police and Firefighters' pension funds, there were no changes with respect to plan provisions, actuarial methods or actuarial assumptions from the prior year.



## **OTHER SUPPLEMENTARY INFORMATION**

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## NONMAJOR GOVERNMENTAL FUNDS

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### SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Combining statements for all individual nonmajor special revenue funds are reported here. The combined totals are reported in the combining nonmajor governmental fund statements at B1 thru B35. Fund statements for major special revenue funds are reported on Pages 19 thru 26 of the basic financial statements.

ROCKFORD TUBERCULOSIS CARE CENTER	To account for services (i.e., tuberculosis shots and examinations) provided by the Health Department to patients. The Tuberculosis Care Center's primary revenue is property taxes.
GARBAGE AND REFUSE	To account for the collection and disposal of garbage and refuse, which are performed on a contractual basis. The two contracts, collection and use of landfill site, are financed by a specific property tax levy and charges for services provided.
MOTOR FUEL TAX	To record the receipt of the City's share of state gasoline taxes. These funds are then transferred to the Capital Improvement Program Fund and used for street maintenance and repairs. State of Illinois law requires separate accounting for such revenues and expenditures.
REDEVELOPMENT	To account for monies deposited in accordance with an intergovernmental agreement between the City and the Rockford Metropolitan Exposition, Auditorium and Office Building Authority. Monies deposited are from a sales tax of one percent upon the retail purchase of food and beverages and the charge for renting a hotel or motel room. These monies are used to cover any debt which has been authorized by the City Council.
TOURISM	To account for revenues provided by the City's four percent motel and hotel tax and related expenditures. The ordinance provides that revenue from the tax shall be used to promote tourism, conventions and other special events within the municipality.
SPECIAL PROJECTS	To account for expenditures on special projects determined annually by the City Council. Financing is provided by the City's proceeds received from the off-track betting establishment located within the City.
VETERAN'S SCHOLARSHIP	To account for receipt of investment earnings on original principal and payment of annual scholarships. The original principal was transferred from the War Memorial Fund.
Rockford Metro Agency for Planning	To account for the revenues and expenditures of a cooperative, comprehensive transportation planning process for the Rockford Urbanized Area. Funding is provided by grants and local matching.
JUSTICE ASSISTANCE GRANT	To account for expenditures for crime prevention and public safety. Financing is provided by a grant from the Federal Government and General Fund.
FLEX CARE	To account for the collection and payment of City employee salaries to the Flexible benefit program, along with administration expenses of the fund.
TAX INCREMENT FINANCING AREAS	To account for the redevelopment costs of each blighted area. Financing is provided from property taxes levied on property within each district, which will increase as a result of the redevelopment and the resulting increase in assessed valuation within the districts. The East Side and West Side areas also receive the resulting increase of sales tax from the City's sales tax and a share of the State of Illinois' sales tax resulting from increased sales as a result of redevelopment within each district.

**CITY OF ROCKFORD, ILLINOIS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
December 31, 2012

	Special Revenue Funds			
	Rockford Tuberculosis Care Center	Garbage and Refuse	Motor Fuel Tax	Redevelopment
<b>ASSETS</b>				
Cash and cash equivalents	\$ 191,867	\$ 4,975,534	\$ 11,323,974	\$ 26,859
Property taxes receivable, net	159,056	35,534	-	-
Accounts receivable, net	-	491,656	-	400,682
Due from the State of Illinois	-	-	316,446	-
Due from other governmental units	-	-	-	-
Due from other funds	600	15,785	-	-
Total assets	351,523	5,518,509	11,640,420	427,541
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
None	-	-	-	-
Total deferred outflows of resources	-	-	-	-
Total assets and deferred outflows of resources	351,523	5,518,509	11,640,420	427,541
<b>LIABILITIES</b>				
Liabilities:				
Accounts and contracts payable	\$ 29,256	\$ 441,906	\$ -	\$ -
Accrued payroll and benefits	-	-	-	-
Due to other funds	-	-	1,967,042	790,032
Due to other governmental units	-	-	-	-
Total liabilities	29,256	441,906	1,967,042	790,032
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	159,056	35,534	-	-
Total deferred inflows of resources	159,056	35,534	-	-
Total liabilities and deferred inflows of resource	188,312	477,440	1,967,042	790,032
<b>FUND BALANCES (DEFICITS):</b>				
Nonspendable	15,000	-	-	-
Restricted for:	-	-	-	-
Culture and recreation	-	-	-	-
Community development	-	-	-	-
Public health and welfare	-	-	-	-
Highway and streets	-	-	9,673,378	-
Assigned for:	-	-	-	-
General government	-	-	-	-
Community development	-	5,041,069	-	-
Public health and welfare	148,211	-	-	-
Unassigned	-	-	-	(362,491)
Total fund balances (deficits)	163,211	5,041,069	9,673,378	(362,491)
Total liabilities and deferred inflows of resources and fund balance	\$ 351,523	\$ 5,518,509	\$ 11,640,420	\$ 427,541

**Special Revenue Funds**

<b>Tourism</b>	<b>Special Projects</b>	<b>RKFD Metro Agency for Planning</b>	<b>Veteran's Scholarship</b>	<b>Justice Assistance Grant</b>	<b>Flex Care</b>
\$ 341,271	\$ 64,930	\$ 310,770	\$ 41,040	\$ -	\$ 151,980
-	-	-	-	-	-
138,402	8,666	-	-	-	-
-	-	270,887	-	-	-
-	-	18,076	-	1,175,589	-
1,067	209	-	129	-	-
480,740	73,805	599,733	41,169	1,175,589	151,980
-	-	-	-	-	-
480,740	73,805	599,733	41,169	1,175,589	151,980
\$ 175,721	\$ -	\$ 43,477	\$ -	\$ 28,767	\$ -
-	-	13,036	-	-	-
-	-	605,885	-	1,146,140	-
-	-	-	-	-	-
175,721	-	662,398	-	1,174,907	-
-	-	-	-	-	-
175,721	-	662,398	-	1,174,907	-
-	-	-	41,169	-	-
-	-	-	-	-	-
305,019	73,805	-	-	682	-
-	-	-	-	-	-
-	-	-	-	-	151,980
-	-	-	-	-	-
-	-	(62,665)	-	-	-
305,019	73,805	(62,665)	41,169	682	151,980
\$ 480,740	\$ 73,805	\$ 599,733	\$ 41,169	\$ 1,175,589	\$ 151,980

**CITY OF ROCKFORD, ILLINOIS**  
**COMBINING BALANCE SHEET (Continued)**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
December 31, 2012

	Special Revenue Funds					
	Tax Increment Financing Areas					
	East Side	West Side	Seventh Street	South Rockford	Lincolnwood Estates	Springfield Corners
<b>ASSETS</b>						
Cash and cash equivalents	\$ 128,411	\$ 77,563	\$ 35,202	\$ 56,894	\$ 161,948	\$ -
Property taxes receivable, net	309,636	411,500	848,865	118,667	73,825	206,237
Accounts receivable, net	-	-	-	-	-	-
Due from the State of Illinois	-	-	-	-	-	-
Due from other governmental units	-	-	-	-	-	-
Due from other funds	402	239	-	177	508	-
Total assets	438,449	489,302	884,067	175,738	236,281	206,237
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
None	-	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-	-
Total assets and deferred outflows of resources	438,449	489,302	884,067	175,738	236,281	206,237
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>						
<b>Liabilities:</b>						
Accounts and contracts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and benefits	-	-	-	-	-	-
Due to other funds	-	-	769	-	-	259,771
Due to other governmental units	-	-	-	-	-	-
Total liabilities	-	-	769	-	-	259,771
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue	309,636	411,500	848,865	118,667	73,825	206,237
Total deferred inflows of resources	309,636	411,500	848,865	118,667	73,825	206,237
Total liabilities and deferred inflows of resources	309,636	411,500	849,634	118,667	73,825	466,008
<b>FUND BALANCES (DEFICITS):</b>						
Nonspendable	-	-	-	-	-	-
Restricted for:						
Culture and recreation	-	-	-	-	-	-
Community development	128,813	77,802	34,433	57,071	162,456	-
Public health and welfare	-	-	-	-	-	-
Highway and streets	-	-	-	-	-	-
Assigned for:						
General government	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Public health and welfare	-	-	-	-	-	-
Unassigned	-	-	-	-	-	(259,771)
Total fund balances (deficits)	128,813	77,802	34,433	57,071	162,456	(259,771)
Total liabilities and deferred inflows of resources and fund balance	\$ 438,449	\$ 489,302	\$ 884,067	\$ 175,738	\$ 236,281	\$ 206,237

Special Revenue Funds								
Tax Increment Financing Areas								
Rockford Global Trade Park	North Main	Lincolnwood II	River Oaks	Garrison	Hope Six	Kishwaukee	Jackson School	
\$ 142,003	\$ -	\$ 78,105	\$ -	\$ -	\$ -	\$ 67,277	\$ 55,553	
723,000	65,340	46,039	41,055	72,873	158,566	45,318	55,967	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
444	-	244	-	-	-	211	172	
865,447	65,340	124,388	41,055	72,873	158,566	112,806	111,692	
-	-	-	-	-	-	-	-	
865,447	65,340	124,388	41,055	72,873	158,566	112,806	111,692	
\$ 32	\$ -	\$ -	\$ -	\$ -	\$ 1,289	\$ -	\$ 25,898	
-	488,078	-	1,074,248	257,553	209,824	-	-	
-	-	-	-	-	-	-	-	
32	488,078	-	1,074,248	257,553	211,113	-	25,898	
723,000	65,340	46,039	41,055	72,873	158,566	45,318	55,967	
723,000	65,340	46,039	41,055	72,873	158,566	45,318	55,967	
723,032	553,418	46,039	1,115,303	330,426	369,679	45,318	81,865	
-	-	-	-	-	-	-	-	
142,415	-	78,349	-	-	-	67,488	29,827	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	(488,078)	-	(1,074,248)	(257,553)	(211,113)	-	-	
142,415	(488,078)	78,349	(1,074,248)	(257,553)	(211,113)	67,488	29,827	
\$ 865,447	\$ 65,340	\$ 124,388	\$ 41,055	\$ 72,873	\$ 158,566	\$ 112,806	\$ 111,692	

**CITY OF ROCKFORD, ILLINOIS**  
**COMBINING BALANCE SHEET (Continued)**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
December 31, 2012

	Special Revenue Funds					
	Tax Increment Financing Areas					
	Preston/ Central	North Main & Auburn	East State & Alpine	West State & Central	West State & Kilburn	West Side II
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ 73,531	\$ 407,045	\$ 118,907	\$ 28,450	\$ 4,892
Property taxes receivable, net	74,852	6,425	133,959	120,122	8,825	2,399
Accounts receivable, net	-	-	-	-	-	-
Due from the State of Illinois	-	-	-	-	-	-
Due from other governmental units	-	-	-	-	-	-
Due from other funds	-	230	1,275	269	59	10
Total assets	74,852	80,186	542,279	239,298	37,334	7,301
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
None	-	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-	-
Total assets and deferred outflows of resources	74,852	80,186	542,279	239,298	37,334	7,301
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>						
<b>Liabilities:</b>						
Accounts and contracts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and benefits	-	-	-	-	-	-
Due to other funds	1,313,105	-	-	-	-	-
Due to other governmental units	-	-	-	-	-	-
Total liabilities	1,313,105	-	-	-	-	-
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue	74,852	6,425	133,959	120,122	8,825	2,399
Total deferred inflows of resources	74,852	6,425	133,959	120,122	8,825	2,399
Total liabilities and deferred inflows of resource	1,387,957	6,425	133,959	120,122	8,825	2,399
<b>FUND BALANCES (DEFICITS):</b>						
Nonspendable	-	-	-	-	-	-
Restricted for:	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Community development	-	73,761	408,320	119,176	28,509	4,902
Public health and welfare	-	-	-	-	-	-
Highway and streets	-	-	-	-	-	-
Assigned for:	-	-	-	-	-	-
General government	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Public health and welfare	-	-	-	-	-	-
Unassigned	(1,313,105)	-	-	-	-	-
Total fund balances (deficits)	(1,313,105)	73,761	408,320	119,176	28,509	4,902
Total liabilities and deferred inflows of resources and fund balance	\$ 74,852	\$ 80,186	\$ 542,279	\$ 239,298	\$ 37,334	\$ 7,301

**Special Revenue Funds**  
**Tax Increment Financing Areas**

Rockford Global Trade Park II	River North	North Main and Whitman	East River	Assisted Living	Midtown	Kishwaukee Harrison II
\$ 24,329	\$ 125,939	\$ -	\$ -	\$ 222	\$ 34,840	\$ 584
177,387	34,028	32,363	83,175	-	18,680	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
75	394	-	-	-	98	-
201,791	160,361	32,363	83,175	222	53,618	584
-	-	-	-	-	-	-
201,791	160,361	32,363	83,175	222	53,618	584
\$ 60	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	344,428	71,836	4	-	1
60	-	344,428	71,836	4	-	1
177,387	34,028	32,363	83,175	-	18,680	-
177,387	34,028	32,363	83,175	-	18,680	-
177,447	34,028	376,791	155,011	4	18,680	1
-	-	-	-	-	-	-
-	-	-	-	-	-	-
24,344	126,333	-	-	218	34,938	583
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	(344,428)	(71,836)	-	-	-
24,344	126,333	(344,428)	(71,836)	218	34,938	583
\$ 201,791	\$ 160,361	\$ 32,363	\$ 83,175	\$ 222	\$ 53,618	\$ 584

**CITY OF ROCKFORD, ILLINOIS**  
**COMBINING BALANCE SHEET (Continued)**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
December 31, 2012

	Special Revenue Funds					
	Tax Increment Financing Areas					
	Rockford Global Trade Park III	Broadway	Rockford Global Trade Park South	Jefferson and Third Street	Mulford and State	Total
<b>ASSETS</b>						
Cash and cash equivalents	\$ 21,463	\$ 42,582	\$ 2,367	\$ -	\$ -	\$ 19,116,332
Property taxes receivable, net	24,463	27,365	4,940	4,576	3,427	4,128,464
Accounts receivable, net	-	-	-	-	-	1,039,406
Due from the State of Illinois	-	-	-	-	-	587,333
Due from other governmental units	-	-	-	-	-	1,193,665
Due from other funds	67	133	7	-	-	22,804
Total assets	45,993	70,080	7,314	4,576	3,427	26,088,004
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
None	-	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-	-
Total assets and deferred outflows of resources	45,993	70,080	7,314	4,576	3,427	26,088,004
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>						
Liabilities:						
Accounts and contracts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 746,406
Accrued payroll and benefits	-	-	-	-	-	13,036
Due to other funds	-	-	-	-	-	8,528,716
Due to other governmental units	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	9,288,158
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue	24,463	27,365	4,940	4,576	3,427	4,128,464
Total deferred inflows of resources	24,463	27,365	4,940	4,576	3,427	4,128,464
Total liabilities and deferred inflows of resources	24,463	27,365	4,940	4,576	3,427	13,416,622
<b>FUND BALANCES (DEFICITS):</b>						
Nonspendable	-	-	-	-	-	56,169
Restricted for:						
Culture and recreation	-	-	-	-	-	-
Community development	21,530	42,715	2,374	-	-	2,045,863
Public health and welfare	-	-	-	-	-	-
Highway and streets	-	-	-	-	-	9,673,378
Assigned for:						
General government	-	-	-	-	-	151,980
Community development	-	-	-	-	-	5,041,069
Public health and welfare	-	-	-	-	-	148,211
Unassigned	-	-	-	-	-	(4,445,288)
Total fund balances (deficits)	21,530	42,715	2,374	-	-	12,671,382
Total liabilities and deferred inflows of resources and fund balance	\$ 45,993	\$ 70,080	\$ 7,314	\$ 4,576	\$ 3,427	\$ 26,088,004

(Concluded)



**CITY OF ROCKFORD, ILLINOIS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended December 31, 2012

	<b>Special Revenue Funds</b>			
	<b>Rockford Tuberculosis Care Center</b>	<b>Garbage and Refuse</b>	<b>Motor Fuel Tax</b>	<b>Redevelopment</b>
<b>REVENUES</b>				
Taxes	\$ 154,128	\$ 20,692	\$ -	\$ 3,686,731
Licenses and permits	-	-	-	-
Intergovernmental	-	-	4,509,838	-
Charges for services	-	9,288,182	-	-
Interest	1,699	60,100	10,990	-
Miscellaneous	-	-	-	-
Total revenues	<u>155,827</u>	<u>9,368,974</u>	<u>4,520,828</u>	<u>3,686,731</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Public Safety	-	-	-	-
Community development	-	-	-	3,194,550
Sanitation and sewers	-	8,471,305	-	-
Public health and welfare	124,235	-	-	-
Total current expenditures	<u>124,235</u>	<u>8,471,305</u>	<u>-</u>	<u>3,194,550</u>
Debt service				
Principal payments	-	-	-	262,473
Interest and fiscal charges	-	-	-	51,856
Capital outlay:				
Public Safety	-	-	-	-
Community development	-	-	-	-
Total expenditures	<u>124,235</u>	<u>8,471,305</u>	<u>-</u>	<u>3,508,879</u>
Excess of revenues over (under) expenditures	<u>31,592</u>	<u>897,669</u>	<u>4,520,828</u>	<u>177,852</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from lease purchas agreement	-	-	-	1,113,982
Proceeds from line of credit	-	-	-	445,000
Discount on issue of general obligation bonds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	(4,314,312)	(942,573)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(4,314,312)</u>	<u>616,409</u>
Net change in fund balances	<u>31,592</u>	<u>897,669</u>	<u>206,516</u>	<u>794,261</u>
Fund balances (deficits) - beginning	<u>131,619</u>	<u>4,143,400</u>	<u>9,466,862</u>	<u>(1,156,752)</u>
Fund balances (deficits) - ending	<u>\$ 163,211</u>	<u>\$ 5,041,069</u>	<u>\$ 9,673,378</u>	<u>\$ (362,491)</u>

**Special Revenue Funds**

<b>Tourism</b>	<b>Special Projects</b>	<b>RKFD Metro Agency for Planning</b>	<b>Veteran's Scholarship</b>	<b>Justice Assistance Grant</b>	<b>Flex Care</b>
\$ 1,637,917	\$ -	\$ -	\$ -	\$ -	\$ -
-	97,469	-	-	-	-
-	-	1,554,390	-	511,887	-
4,398	517	-	505	-	-
<u>1,642,315</u>	<u>97,986</u>	<u>1,554,390</u>	<u>505</u>	<u>511,887</u>	<u>-</u>
-	-	-	-	-	11,935
1,637,917	25,000	1,466,485	3,500	517,098	-
<u>1,637,917</u>	<u>25,000</u>	<u>1,466,485</u>	<u>3,500</u>	<u>517,098</u>	<u>11,935</u>
-	-	7,880	-	-	-
<u>1,637,917</u>	<u>25,000</u>	<u>1,474,365</u>	<u>3,500</u>	<u>517,098</u>	<u>11,935</u>
4,398	72,986	80,025	(2,995)	(5,211)	(11,935)
-	-	-	-	-	-
-	-	79,327	-	5,893	-
-	-	(12,600)	-	-	-
-	-	66,727	-	5,893	-
4,398	72,986	146,752	(2,995)	682	(11,935)
300,621	819	(209,417)	44,164	-	163,915
<u>\$ 305,019</u>	<u>\$ 73,805</u>	<u>\$ (62,665)</u>	<u>\$ 41,169</u>	<u>\$ 682</u>	<u>\$ 151,980</u>

**CITY OF ROCKFORD, ILLINOIS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES (Continued)**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended December 31, 2012

	Special Revenue Funds				
	Tax Increment Financing Areas				
	East Side	West Side	Seventh Street	South Rockford	Lincolnwood Estates
<b>REVENUES</b>					
Taxes	\$ 350,092	\$ 435,928	\$ 1,032,646	\$ 128,377	\$ 78,827
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Interest	865	-	-	-	1,663
Miscellaneous	-	2,900	-	-	-
Total revenues	350,957	438,828	1,032,646	128,377	80,490
<b>EXPENDITURES</b>					
Current:					
General government	-	-	-	-	-
Public Safety	-	-	-	-	-
Community development	64,609	301,672	93,366	30,029	-
Sanitation and sewers	-	-	-	-	-
Public health and welfare	-	-	-	-	-
Total current expenditures	64,609	301,672	93,366	30,029	-
Debt service					
Principal payments	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Capital outlay:					
Community development	-	-	-	-	-
Public Safety	-	-	-	-	-
Total expenditures	64,609	301,672	93,366	30,029	-
Excess of revenues over (under) expenditures	286,348	137,156	939,280	98,348	80,490
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from lease purchas agreement	-	-	-	-	-
Proceeds from line of credit	-	-	-	-	-
Discount on issue of general obligation bonds	-	-	-	-	-
Transfers in	-	300,000	50,000	100,000	-
Transfers out	(325,000)	(400,000)	(1,018,596)	(100,000)	(68,688)
Total other financing sources (uses)	(325,000)	(100,000)	(968,596)	-	(68,688)
Net change in fund balances	(38,652)	37,156	(29,316)	98,348	11,802
Fund balances (deficits) - beginning	167,465	40,646	63,749	(41,277)	150,654
Fund balances (deficits) - ending	\$ 128,813	\$ 77,802	\$ 34,433	\$ 57,071	\$ 162,456

**Special Revenue Funds**

**Tax Increment Financing Areas**

	<b>Springfield Corners</b>	<b>Rockford Global Trade Park</b>	<b>North Main</b>	<b>Lincolnwood II</b>	<b>River Oaks</b>	<b>Garrison</b>	<b>Hope Six</b>	<b>Kishwaukee Harrison</b>
\$	185,101	\$ 758,483	\$ 74,935	\$ 49,862	\$ 49,091	\$ 92,873	\$ 165,825	\$ 53,603
	-	-	-	-	-	-	-	-
	-	-	-	782	-	-	-	710
	-	-	-	-	-	-	-	-
	185,101	758,483	74,935	50,644	49,091	92,873	165,825	54,313
	-	-	-	-	-	-	-	-
	-	164,648	-	-	-	-	-	35,618
	-	-	-	-	-	-	-	-
	-	164,648	-	-	-	-	-	35,618
	-	-	-	-	-	-	-	-
	3,540	396	5,855	-	12,406	3,619	2,749	-
	-	-	-	-	-	-	-	-
	3,540	165,044	5,855	-	12,406	3,619	2,749	35,618
	-	-	-	-	-	-	-	-
	181,561	593,439	69,080	50,644	36,685	89,254	163,076	18,695
	-	-	-	-	-	-	-	-
	200,000	200,000	-	-	-	-	-	-
	(422,431)	(774,487)	(164,962)	(47,631)	(272,588)	(64,463)	(255,375)	-
	(222,431)	(574,487)	(164,962)	(47,631)	(272,588)	(64,463)	(255,375)	-
	(40,870)	18,952	(95,882)	3,013	(235,903)	24,791	(92,299)	18,695
	(218,901)	123,463	(392,196)	75,336	(838,345)	(282,344)	(118,814)	48,793
\$	(259,771)	\$ 142,415	\$ (488,078)	\$ 78,349	\$ (1,074,248)	\$ (257,553)	\$ (211,113)	\$ 67,488

**CITY OF ROCKFORD, ILLINOIS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For The Year Ended December 31, 2012

	Special Revenue Funds				
	Tax Increment Financing Areas				
	Jackson School	Preston/ Central	North Main & Auburn	East State & Alpine	West State & Central
<b>REVENUES</b>					
Taxes	\$ 92,672	\$ 81,343	\$ 18,168	\$ 200,541	\$ 168,829
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Interest	370	-	754	4,103	967
Miscellaneous	-	-	-	-	-
Total revenues	93,042	81,343	18,922	204,644	169,796
<b>EXPENDITURES</b>					
Current:					
General government	-	-	-	-	-
Public Safety	-	-	-	-	-
Community development	25,898	14,255	151	118,173	-
Sanitation and sewers	-	-	-	-	-
Public health and welfare	-	-	-	-	-
Total current expenditures	25,898	14,255	151	118,173	-
Debt service					
Principal payments	-	-	-	-	-
Interest and fiscal charges	-	16,322	-	-	-
Capital outlay:					
Community development	-	-	-	-	-
Public Safety	-	-	-	-	-
Total expenditures	25,898	30,577	151	118,173	-
Excess of revenues over (under) expenditures	67,144	50,766	18,771	86,471	169,796
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from lease purchas agreement	-	-	-	-	-
Proceeds from line of credit	-	-	-	-	-
Discount on issue of general obligation bonds	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	(95,500)	(94,050)	-	(40,000)	(200,000)
Total other financing sources (uses)	(95,500)	(94,050)	-	(40,000)	(200,000)
Net change in fund balances	(28,356)	(43,284)	18,771	46,471	(30,204)
Fund balances - beginning	58,183	(1,269,821)	54,990	361,849	149,380
Fund balances - ending	\$ 29,827	\$ (1,313,105)	\$ 73,761	\$ 408,320	\$ 119,176

**Special Revenue Funds**

**Tax Increment Financing Areas**

<b>West State &amp; Kilburn</b>	<b>West Side II</b>	<b>Rockford Global Trade Park II</b>	<b>River North</b>	<b>North Main and Whitman</b>	<b>East River</b>	<b>Assisted Living</b>	<b>Midtown</b>
\$ 13,233	\$ 3,383	\$ 189,163	\$ 55,199	\$ 40,449	\$ 87,370	\$ 29	\$ 35,126
-	-	-	-	-	-	-	-
240	36	-	1,333	-	-	1	169
13,473	3,419	189,163	56,532	40,449	87,370	30	35,295
-	-	-	-	-	-	-	-
-	-	96,422	12,110	-	59,508	-	-
-	-	96,422	12,110	-	59,508	-	-
-	-	-	-	-	-	-	-
-	-	1,093	-	3,991	-	-	-
-	-	-	-	-	-	-	-
-	-	97,515	12,110	3,991	59,508	-	-
13,473	3,419	91,648	44,422	36,458	27,862	30	35,295
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	(100,000)	(26,296)	(97,742)	150,000	-	-
-	-	(100,000)	(26,296)	(97,742)	(142,125)	-	-
13,473	3,419	(8,352)	18,126	(61,284)	35,737	30	35,295
15,036	1,483	32,696	108,207	(283,144)	(107,573)	188	(357)
\$ 28,509	\$ 4,902	\$ 24,344	\$ 126,333	\$ (344,428)	\$ (71,836)	\$ 218	\$ 34,938

**CITY OF ROCKFORD, ILLINOIS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES (Continued)**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For The Year Ended December 31, 2012

**Special Revenue Funds**

**Tax Increment Financing Areas**

	<b>Kishwaukee Harrison II</b>	<b>Rockford Global Trade Park III</b>	<b>Broadway</b>	<b>Rockford Global Trade Park South</b>	<b>Jefferson and Third Street</b>	<b>Mulford and State</b>	<b>Total</b>
<b>REVENUES</b>							
Taxes	\$ 103	\$ 55,518	\$ 43,322	\$ 2,357	\$ -	\$ -	\$ 10,041,916
Licenses and permits	-	-	-	-	-	-	97,469
Intergovernmental	-	-	-	-	-	-	6,576,115
Charges for services	-	-	-	-	-	-	9,288,182
Interest	6	303	190	17	-	-	90,718
Miscellaneous	-	-	-	-	-	-	2,900
Total revenues	109	55,821	43,512	2,374	-	-	26,097,300
<b>EXPENDITURES</b>							
Current:							
General government	-	-	-	-	-	-	11,935
Public Safety	-	-	-	-	-	-	517,098
Community development	-	-	-	-	-	-	7,343,911
Sanitation and sewers	-	-	-	-	-	-	8,471,305
Public health and welfare	-	-	-	-	-	-	124,235
Total current expenditures	-	-	-	-	-	-	16,468,484
Debt service							
Principal payments	-	-	-	-	-	-	262,473
Interest and fiscal charges	-	-	-	-	-	-	109,707
Capital outlay:							
Community development	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-
Total expenditures	-	-	-	-	-	-	16,840,664
Excess of revenues over (under) expenditures	109	55,821	43,512	2,374	-	-	9,256,636
<b>OTHER FINANCING SOURCES (USES)</b>							
Proceeds from lease purchas agreement	-	-	-	-	-	-	1,113,982
Proceeds from line of credit	-	-	-	-	-	-	445,000
Discount on issue of general obligation bonds	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	1,085,220
Transfers out	-	(100,000)	-	-	-	-	(10,079,419)
Total other financing sources (uses)	-	(100,000)	-	-	-	-	(7,435,217)
Net change in fund balances	109	(44,179)	43,512	2,374	-	-	1,821,419
Fund balances - beginning	474	65,709	(797)	-	-	-	10,849,963
Fund balances - ending	\$ 583	\$ 21,530	\$ 42,715	\$ 2,374	\$ -	\$ -	\$ 12,671,382

(Concluded)

THE CITY OF  
**ROCKFORD**  
ILLINOIS, USA

The logo features a stylized graphic of five curved, parallel lines that sweep upwards from the left and downwards from the right, forming a shape reminiscent of a fan or a stylized 'R'. This graphic is positioned behind the text, with its upper portion behind 'ROCKFORD' and its lower portion behind 'ILLINOIS, USA'.

**CITY OF ROCKFORD, ILLINOIS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**NONMAJOR SPECIAL REVENUE FUNDS**

For the Year Ended December 31, 2012

	Rockford Tuberculosis Care Center Fund				Garbage and Refuse Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
<b>REVENUES</b>								
Taxes - Property	\$ 166,617	\$ 166,617	\$ 154,128	\$ (12,489)	\$ 21,700	\$ 21,700	\$ 20,692	\$ (1,008)
Charges for services	1,800	1,800	-	(1,800)	9,185,200	9,185,200	9,288,182	102,982
Interest	-	-	1,699	1,699	47,300	47,300	60,100	12,800
Total revenues	168,417	168,417	155,827	(12,590)	9,254,200	9,254,200	9,368,974	114,774
<b>EXPENDITURES</b>								
Current:								
Sanitation and sewers	-	-	-	-	9,355,680	9,355,680	8,471,305	884,375
Public health and welfare	168,300	168,300	124,235	44,065	-	-	-	-
Total current expenditures	168,300	168,300	124,235	44,065	9,355,680	9,355,680	8,471,305	884,375
Excess of revenues over (under) expenditures	117	117	31,592	31,475	(101,480)	(101,480)	897,669	999,149
<b>OTHER FINANCING (USES)</b>								
Transfers out	-	-	-	-	-	-	-	-
Net change in fund balance	\$ 117	\$ 117	31,592	\$ 31,475	\$ (101,480)	\$ (101,480)	897,669	\$ 999,149
Fund balance - beginning			131,619				4,143,400	
Fund balance - ending			<u>\$ 163,211</u>				<u>\$ 5,041,069</u>	

(Continued)

**CITY OF ROCKFORD, ILLINOIS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)**  
**NONMAJOR SPECIAL REVENUE FUNDS**

For the Year Ended December 31, 2012

	Motor Fuel Tax Fund				Redevelopment Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
<b>REVENUES</b>								
Taxes - Sales tax	\$ -	\$ -	\$ -	\$ -	\$ 3,651,500	\$ 3,651,500	\$ 3,686,731	\$ 35,231
Intergovernmental	3,694,400	3,694,400	4,509,838	815,438	-	-	-	-
Interest	187,000	187,000	10,990	(176,010)	-	-	-	-
Total revenues	<u>3,881,400</u>	<u>3,881,400</u>	<u>4,520,828</u>	<u>639,428</u>	<u>3,651,500</u>	<u>3,651,500</u>	<u>3,686,731</u>	<u>35,231</u>
<b>EXPENDITURES</b>								
Current:								
Community development	-	-	-	-	2,152,900	2,152,900	3,194,550	(1,041,650)
Total current expenditures	-	-	-	-	2,152,900	2,152,900	3,194,550	(1,041,650)
Debt service								
Principal payments	-	-	-	-	-	-	262,473	(262,473)
Interest and fiscal charges	-	-	-	-	45,320	45,320	51,856	(6,536)
Total current expenditures	-	-	-	-	2,198,220	2,198,220	3,508,879	(1,310,659)
Excess of revenues over (under) expenditures	<u>3,881,400</u>	<u>3,881,400</u>	<u>4,520,828</u>	<u>639,428</u>	<u>1,453,280</u>	<u>1,453,280</u>	<u>177,852</u>	<u>(1,275,428)</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Lease proceeds	-	-	-	-	-	-	1,113,982	1,113,982
Note proceeds	-	-	-	-	-	-	445,000	445,000
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(4,200,000)	(4,200,000)	(4,314,312)	(114,312)	(942,573)	(942,573)	(942,573)	-
Total other financing sources (uses)	<u>(4,200,000)</u>	<u>(4,200,000)</u>	<u>(4,314,312)</u>	<u>(114,312)</u>	<u>(942,573)</u>	<u>(942,573)</u>	<u>616,409</u>	<u>1,558,982</u>
Net change in fund balance	<u>\$ (318,600)</u>	<u>\$ (318,600)</u>	<u>206,516</u>	<u>\$ 525,116</u>	<u>\$ 510,707</u>	<u>\$ 510,707</u>	<u>794,261</u>	<u>\$ 283,554</u>
Fund balance - beginning			9,466,862				(1,156,752)	
Fund balance - ending			<u>\$9,673,378</u>				<u>\$ (362,491)</u>	

(Continued)

**CITY OF ROCKFORD, ILLINOIS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)**  
**NONMAJOR SPECIAL REVENUE FUNDS**

For the Year Ended December 31, 2012

	Tourism Fund				Special Projects Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
<b>REVENUES</b>								
Taxes - Sales tax	\$ 1,572,100	\$ 1,572,100	\$ 1,637,917	\$ 65,817	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	90,000	90,000	97,469	7,469
Interest	-	-	4,398	4,398	-	-	517	517
Total revenues	1,572,100	1,572,100	1,642,315	70,215	90,000	90,000	97,986	7,986
<b>EXPENDITURES</b>								
Current:								
Community development	1,572,100	1,572,100	1,637,917	(65,817)	50,200	50,200	25,000	25,200
Total current expenditures	1,572,100	1,572,100	1,637,917	(65,817)	50,200	50,200	25,000	25,200
Excess of revenues over (under) expenditures	-	-	4,398	4,398	39,800	39,800	72,986	33,186
<b>OTHER FINANCING (USES)</b>								
Transfers out	-	-	-	-	-	-	-	-
Net change in fund balance	\$ -	\$ -	4,398	\$ 4,398	\$ 39,800	\$ 39,800	72,986	\$ 33,186
Fund balance (deficit) - beginning			300,621				819	
Fund balance (deficit) - ending			<u>\$ 305,019</u>				<u>\$ 73,805</u>	

(Continued)

**CITY OF ROCKFORD, ILLINOIS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)**  
**NONMAJOR SPECIAL REVENUE FUNDS**

For the Year Ended December 31, 2012

	<b>RKFD Metro Agency for Planning Fund</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget- Positive (Negative)</b>
<b>REVENUES</b>				
Intergovernmental	\$ 654,571	\$ 654,571	\$ 1,554,390	\$ 899,819
Total revenues	<u>654,571</u>	<u>654,571</u>	<u>1,554,390</u>	<u>899,819</u>
<b>EXPENDITURES</b>				
Current:				
Community development	760,739	1,502,782	1,466,485	36,297
Total current expenditures	<u>760,739</u>	<u>1,502,782</u>	<u>1,466,485</u>	<u>36,297</u>
Debt service - interest and fiscal charges	-	-	7,880	(7,880)
Total expenditures	<u>760,739</u>	<u>1,502,782</u>	<u>1,474,365</u>	<u>28,417</u>
Excess of revenues over (under) expenditures	<u>(106,168)</u>	<u>(848,211)</u>	<u>80,025</u>	<u>928,236</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	88,400	88,400	79,327	(9,073)
Transfers out	(12,600)	(12,600)	(12,600)	-
Total other financing sources (uses)	<u>75,800</u>	<u>75,800</u>	<u>66,727</u>	<u>(9,073)</u>
Net change in fund balance	<u>\$ (30,368)</u>	<u>\$ (772,411)</u>	146,752	<u>\$ 919,163</u>
Fund balance - beginning			(209,417)	
Fund balance - ending			<u>\$ (62,665)</u>	

(Continued)

**CITY OF ROCKFORD, ILLINOIS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)**  
**NONMAJOR SPECIAL REVENUE FUNDS**

For the Year Ended December 31, 2012

	Tax Increment Financing Area East Side Fund				Tax Increment Financing Area West Side Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
<b>REVENUES</b>								
Taxes - Property	\$ 357,923	\$ 357,923	\$ 350,092	\$ (7,831)	\$ 421,470	\$ 421,470	\$ 435,928	\$ 14,458
Intergovernmental	-	-	-	-	-	-	-	-
Interest	600	14,300	865	(13,435)	2,500	2,500	-	(2,500)
Miscellaneous	-	-	-	-	-	-	2,900	2,900
Total revenues	<u>358,523</u>	<u>372,223</u>	<u>350,957</u>	<u>(21,266)</u>	<u>423,970</u>	<u>423,970</u>	<u>438,828</u>	<u>14,858</u>
<b>EXPENDITURES</b>								
Current:								
Community development	80,000	80,000	64,609	15,391	235,999	235,999	301,672	(65,673)
Total expenditures	<u>80,000</u>	<u>80,000</u>	<u>64,609</u>	<u>15,391</u>	<u>235,999</u>	<u>235,999</u>	<u>301,672</u>	<u>(65,673)</u>
Excess of revenues over (under) expenditures	<u>278,523</u>	<u>292,223</u>	<u>286,348</u>	<u>(5,875)</u>	<u>187,971</u>	<u>187,971</u>	<u>137,156</u>	<u>(50,815)</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	-	-	300,000	300,000	300,000	-
Transfers out	(325,000)	(325,000)	(325,000)	-	(500,000)	(400,000)	(400,000)	-
Total other financing sources (uses)	<u>(325,000)</u>	<u>(325,000)</u>	<u>(325,000)</u>	<u>-</u>	<u>(200,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ (46,477)</u>	<u>\$ (32,777)</u>	<u>(38,652)</u>	<u>\$ (5,875)</u>	<u>\$ (12,029)</u>	<u>\$ 87,971</u>	<u>37,156</u>	<u>\$ (50,815)</u>
Fund balance (deficit) - beginning			<u>167,465</u>				<u>40,646</u>	
Fund balance (deficit) - ending			<u>\$ 128,813</u>				<u>\$ 77,802</u>	

(Continued)

**CITY OF ROCKFORD, ILLINOIS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)**  
**NONMAJOR SPECIAL REVENUE FUNDS**

For the Year Ended December 31, 2012

	Tax Increment Financing Area Seventh Street Fund			Variance with Final Budget- Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Taxes - Property	\$ 995,955	\$ 995,955	\$ 1,032,646	\$ 36,691
Interest	100	100	-	(100)
Miscellaneous	-	-	-	-
Total revenues	<u>995,955</u>	<u>995,955</u>	<u>1,032,646</u>	<u>36,691</u>
<b>EXPENDITURES</b>				
Current:				
Community development	52,300	52,300	93,366	(41,066)
Total expenditures	<u>52,300</u>	<u>52,300</u>	<u>93,366</u>	<u>(41,066)</u>
Excess of revenues over (under) expenditures	<u>943,655</u>	<u>943,655</u>	<u>939,280</u>	<u>(4,375)</u>
<b>OTHER FINANCING (USES)</b>				
Transfers in	50,000	50,000	50,000	-
Transfers out	(996,128)	(1,046,128)	(1,018,596)	(27,532)
Total other financing sources (uses)	<u>(946,128)</u>	<u>(996,128)</u>	<u>(968,596)</u>	<u>(27,532)</u>
Net change in fund balance	<u>\$ (2,473)</u>	<u>\$ (52,473)</u>	<u>\$ (29,316)</u>	<u>\$ (31,907)</u>
Fund balance - beginning			63,749	
Fund balance (deficit) - ending			<u>\$ 34,433</u>	

(Continued)

**CITY OF ROCKFORD, ILLINOIS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)**  
**NONMAJOR SPECIAL REVENUE FUNDS**

For the Year Ended December 31, 2012

	Tax Increment Financing Area South Rockford Fund				Tax Increment Financing Area Lincolnwood Estates Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
<b>REVENUES</b>								
Taxes - Property	\$ 135,979	\$ 135,979	\$ 128,377	\$ (7,602)	\$ 79,058	\$ 79,058	\$ 78,827	\$ (231)
Interest	-	-	-	-	-	-	1,663	1,663
Total revenues	135,979	135,979	128,377	(7,602)	79,058	79,058	80,490	1,432
<b>EXPENDITURES</b>								
Current:								
Community development	36,649	35,399	30,029	5,370	-	-	-	-
Excess of revenues over (under) expenditures	99,330	100,580	98,348	(2,232)	79,058	79,058	80,490	1,432
<b>OTHER FINANCING (USES)</b>								
Transfers in	-	100,000	100,000	-	-	-	-	-
Transfers out	(263,518)	(100,000)	(100,000)	-	(68,688)	(68,688)	(68,688)	-
Total other financing sources (uses)	(263,518)	-	-	-	(68,688)	(68,688)	(68,688)	-
Net change in fund balance	\$ (164,188)	\$ 100,580	98,348	\$ (2,232)	\$ 10,370	\$ 10,370	11,802	\$ 1,432
Fund balance (deficit) - beginning			(41,277)				150,654	
Fund balance (deficit) - ending			\$ 57,071				\$ 162,456	

(Continued)

**CITY OF ROCKFORD, ILLINOIS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)**  
**NONMAJOR SPECIAL REVENUE FUNDS**

For the Year Ended December 31, 2012

	Tax Increment Financing Area Springfield Corners Fund				Tax Increment Financing Area Rockford Global Trade Park Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
<b>REVENUES</b>								
Taxes - Property	\$ 174,386	\$ 174,386	\$ 185,101	\$ 10,715	\$ 763,700	\$ 763,700	\$ 758,483	\$ (5,217)
Interest	-	-	-	-	-	-	-	-
Total revenues	174,386	174,386	185,101	10,715	763,700	763,700	758,483	(5,217)
<b>EXPENDITURES</b>								
Current:								
Community development	-	-	-	-	9,000	9,000	164,648	(155,648)
Total current expenditures	-	-	-	-	9,000	9,000	164,648	(155,648)
Debt service - interest and fiscal charges	1,726	1,726	3,540	(1,814)	1,000	1,000	396	604
Total expenditures	1,726	1,726	3,540	(1,814)	10,000	10,000	165,044	(155,044)
Excess of revenues over (under) expenditures	172,660	172,660	181,561	8,901	753,700	753,700	593,439	(160,261)
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	200,000	-	200,000	(200,000)	300,000	300,000	200,000	100,000
Transfers out	(436,432)	(436,432)	(422,431)	14,001	(774,488)	(774,488)	(774,487)	1
Total other financing sources (uses)	(236,432)	(436,432)	(222,431)	(185,999)	(474,488)	(474,488)	(574,487)	100,001
Net change in fund balance	\$ (63,772)	\$ (263,772)	(40,870)	\$ (177,098)	\$ 279,212	\$ 279,212	18,952	\$ (60,260)
Fund balance (deficit) - beginning			(218,901)				123,463	
Fund balance (deficit) - ending			<u>\$ (259,771)</u>				<u>\$ 142,415</u>	

(Continued)

**CITY OF ROCKFORD, ILLINOIS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)**  
**NONMAJOR SPECIAL REVENUE FUNDS**

For the Year Ended December 31, 2012

	Tax Increment Financing Area North Main Fund				Tax Increment Financing Area Lincolnwood II Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
<b>REVENUES</b>								
Taxes - Property	\$ 96,032	\$ 96,032	\$ 74,935	\$ (21,097)	\$ 58,900	\$ 58,900	\$ 49,862	\$ (9,038)
Interest	-	-	-	-	1,353	1,353	782	(571)
Total revenues	96,032	96,032	74,935	(21,097)	60,253	60,253	50,644	(9,609)
<b>EXPENDITURES</b>								
Debt service - interest and fiscal charges	9,752	9,752	5,855	3,897	-	-	-	-
Total expenditures	9,752	9,752	5,855	3,897	-	-	-	-
Excess of revenues over (under) expenditures	86,280	86,280	69,080	(17,200)	60,253	60,253	50,644	(9,609)
<b>OTHER FINANCING (USES)</b>								
Transfers out	(164,963)	(164,963)	(164,962)	(1)	(47,631)	(47,631)	(47,631)	-
Total other financing sources (uses)	(164,963)	(164,963)	(164,962)	(1)	(47,631)	(47,631)	(47,631)	-
Net change in fund balance	\$ (78,683)	\$ (78,683)	(95,882)	\$ (17,201)	\$ 12,622	\$ 12,622	3,013	\$ (9,609)
Fund balance (deficit) - beginning			(392,196)				75,336	
Fund balance (deficit) - ending			<u>\$ (488,078)</u>				<u>\$ 78,349</u>	

(Continued)

**CITY OF ROCKFORD, ILLINOIS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
For the Year Ended December 31, 2012

	Tax Increment Financing Area River Oaks Fund				Tax Increment Financing Area Garrison Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
<b>REVENUES</b>								
Taxes - Property	\$ 58,697	\$ 58,697	\$ 49,091	\$ (9,606)	\$ 80,734	\$ 80,734	\$ 92,873	\$ 12,139
Total revenues	58,697	58,697	49,091	(9,606)	80,734	80,734	92,873	12,139
<b>EXPENDITURES</b>								
Debt service - interest and fiscal charges	25,293	25,293	12,406	12,887	7,042	7,042	3,619	3,423
Total expenditures	25,293	25,293	12,406	12,887	7,042	7,042	3,619	3,423
Excess of revenues over (under) expenditures	33,404	33,404	36,685	3,281	73,692	73,692	89,254	15,562
<b>OTHER FINANCING (USES)</b>								
Transfers out	(282,588)	(282,588)	(272,588)	(10,000)	(64,463)	(64,463)	(64,463)	-
Total other financing sources (uses)	(282,588)	(282,588)	(272,588)	(10,000)	(64,463)	(64,463)	(64,463)	-
Net change in fund balance	\$ (249,184)	\$ (249,184)	(235,903)	\$ (6,719)	\$ 9,229	\$ 9,229	24,791	\$ 15,562
Fund balance- beginning			(838,345)				(282,344)	
Fund balance (deficit) - ending			<u>\$ (1,074,248)</u>				<u>\$ (257,553)</u>	

(Continued)

**CITY OF ROCKFORD, ILLINOIS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
For the Year Ended December 31, 2012

	Tax Increment Financing Area Hope Six Fund				Tax Increment Financing Area Kishwaukee/Harrison Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
<b>REVENUES</b>								
Taxes - Property	\$ 176,729	\$ 176,729	\$ 165,825	\$ (10,904)	\$ 54,952	\$ 54,952	\$ 53,603	\$ (1,349)
Interest	-	-	-	-	1,189	1,189	710	(479)
Total revenues	176,729	176,729	165,825	(10,904)	56,141	56,141	54,313	(1,828)
<b>EXPENDITURES</b>								
Current:								
Community development	-	-	-	-	46,709	46,709	35,618	11,091
Total current expenditures	-	-	-	-	46,709	46,709	35,618	11,091
Debt service - interest and fiscal charges	5,490	5,490	2,749	2,741	-	-	-	-
Total expenditures	5,490	5,490	2,749	2,741	46,709	46,709	35,618	11,091
Excess of revenues over (under) expenditures	171,239	171,239	163,076	(8,163)	9,432	9,432	18,695	9,263
<b>OTHER FINANCING (USES)</b>								
Transfers out	(255,375)	(255,375)	(255,375)	-	-	-	-	-
Total other financing sources (uses)	(255,375)	(255,375)	(255,375)	-	-	-	-	-
Net change in fund balance	\$ (84,136)	\$ (84,136)	(92,299)	\$ (8,163)	\$ 9,432	\$ 9,432	18,695	\$ 9,263
Fund balance- beginning			(118,814)				48,793	
Fund balance (deficit) - ending			<u>\$ (211,113)</u>				<u>\$ 67,488</u>	

(Continued)

**CITY OF ROCKFORD, ILLINOIS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
For the Year Ended December 31, 2012

	Tax Increment Financing Area Jackson School Fund				Tax Increment Financing Area Preston/Central Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
<b>REVENUES</b>								
Taxes - Property	\$ 107,900	\$ 107,900	\$ 92,672	\$ (15,228)	\$ 34,258	\$ 34,258	\$ 81,343	\$ 47,085
Interest	-	-	370	370	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Total revenues	107,900	107,900	93,042	(15,228)	34,258	34,258	81,343	47,085
<b>EXPENDITURES</b>								
Current:								
Community development	21,485	21,485	25,898	(4,413)	-	-	14,255	(14,255)
Total current expenditures	21,485	21,485	25,898	(4,413)	-	-	14,255	(14,255)
Debt service - interest and fiscal charges	-	-	-	-	28,831	28,831	16,322	12,509
Total expenditures	21,485	21,485	25,898	(4,413)	28,831	28,831	30,577	(1,746)
Excess of revenues over (under) expenditures	86,415	86,415	67,144	(19,271)	5,427	5,427	50,766	45,339
<b>OTHER FINANCING (USES)</b>								
Transfers out	(95,500)	(95,500)	(95,500)	-	(94,050)	(94,050)	(94,050)	-
Total other financing sources (uses)	(95,500)	(95,500)	(95,500)	-	(94,050)	(94,050)	(94,050)	-
Net change in fund balance	\$ (9,085)	\$ (9,085)	(28,356)	\$ (19,271)	\$ (88,623)	\$ (88,623)	(43,284)	\$ 45,339
Fund balance- beginning			58,183				(1,269,821)	
Fund balance (deficit) - ending			\$ 29,827				\$ (1,313,105)	

(Continued)

**CITY OF ROCKFORD, ILLINOIS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)**  
**NONMAJOR SPECIAL REVENUE FUNDS**

For the Year Ended December 31, 2012

	Tax Increment Financing Area North Main & Auburn Fund				Tax Increment Financing Area East State & Alpine Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
<b>REVENUES</b>								
Taxes - Property	\$ 19,670	\$ 19,670	\$ 18,168	\$ (1,502)	\$ 245,600	\$ 245,600	\$ 200,541	\$ (45,059)
Interest	-	-	754	754	5,912	5,912	4,103	(1,809)
Total revenues	19,670	19,670	18,922	(748)	251,512	251,512	204,644	(46,868)
<b>EXPENDITURES</b>								
Current:								
Community development	10,000	10,000	151	9,849	245,429	245,429	118,173	127,256
Total expenditures	10,000	10,000	151	9,849	245,429	245,429	118,173	127,256
Excess of revenues over (under) expenditures	9,670	9,670	18,771	9,101	6,083	6,083	86,471	80,388
<b>OTHER FINANCING (USES)</b>								
Transfers out	-	-	-	-	(40,000)	(40,000)	(40,000)	-
Net change in fund balance	\$ 9,670	\$ 9,670	18,771	\$ 9,101	\$ (33,917)	\$ (33,917)	46,471	\$ 80,388
Fund balance- beginning			54,990				361,849	
Fund balance (deficit) - ending			\$ 73,761				\$ 408,320	

(Continued)

**CITY OF ROCKFORD, ILLINOIS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)**  
**NONMAJOR SPECIAL REVENUE FUNDS**

For the Year Ended December 31, 2012

	Tax Increment Financing Area West State & Central Fund				Tax Increment Financing Area West State & Kilburn Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
<b>REVENUES</b>								
Taxes - Property	\$ 221,200	\$ 221,200	\$ 168,829	\$ (52,371)	\$ 17,200	\$ 17,200	\$ 13,233	\$ (3,967)
Interest	-	-	967	967	-	-	240	240
Total revenues	221,200	221,200	169,796	(51,404)	17,200	17,200	13,473	(3,727)
<b>EXPENDITURES</b>								
Debt service - interest and fiscal charges	2,072	2,072	-	2,072	-	-	-	-
Total expenditures	2,072	2,072	-	2,072	-	-	-	-
Excess of revenues over (under) expenditures	219,128	219,128	169,796	(49,332)	17,200	17,200	13,473	(3,727)
<b>OTHER FINANCING (USES)</b>								
Transfers out	(200,000)	(200,000)	(200,000)	-	-	-	-	-
Net change in fund balance	\$ 19,128	\$ 19,128	(30,204)	\$ (49,332)	\$ 17,200	\$ 17,200	13,473	\$ (3,727)
Fund balance- beginning			149,380				15,036	
Fund balance (deficit) - ending			<u>\$ 119,176</u>				<u>\$ 28,509</u>	

(Continued)

**CITY OF ROCKFORD, ILLINOIS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
For the Year Ended December 31, 2012

	Tax Increment Financing Area West Side II Fund				Tax Increment Financing Area Rockford Global Trade Park II Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
<b>REVENUES</b>								
Taxes - Property	\$ 8,930	\$ 8,930	\$ 3,383	\$ (5,547)	\$ 188,600	\$ 188,600	\$ 189,163	\$ 563
Interest	29	29	36	7	742	742	-	(742)
Total revenues	8,959	8,959	3,419	(5,540)	189,342	189,342	189,163	(179)
<b>EXPENDITURES</b>								
Current:								
Community development	-	-	-	-	36,400	36,400	96,422	(60,022)
	-	-	-	-	36,400	36,400	96,422	(60,022)
Debt service - interest and fiscal charges	-	-	-	-	-	-	1,093	(1,093)
Total expenditures	-	-	-	-	36,400	36,400	97,515	(61,115)
Excess of revenues over (under) expenditures	8,959	8,959	3,419	(5,540)	152,942	152,942	91,648	(61,294)
<b>OTHER FINANCING (USES)</b>								
Transfers out	-	-	-	-	(200,000)	(200,000)	(100,000)	100,000
Net change in fund balance	\$ 8,959	\$ 8,959	3,419	\$ (5,540)	\$ (47,058)	\$ (47,058)	(8,352)	\$ 38,706
Fund balance- beginning			1,483				32,696	
Fund balance (deficit) - ending			\$ 4,902				\$ 24,344	

(Continued)

**CITY OF ROCKFORD, ILLINOIS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)**  
**NONMAJOR SPECIAL REVENUE FUNDS**

For the Year Ended December 31, 2012

	Tax Increment Financing Area River North Fund				Tax Increment Financing Area North Main and Whitman Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
<b>REVENUES</b>								
Taxes - Property	\$ 85,289	\$ 85,289	\$ 55,199	\$ (30,090)	\$ 42,279	\$ 42,279	\$ 40,449	\$ (1,830)
Interest	3	3	1,333	1,330	-	-	-	-
Total revenues	85,292	85,292	56,532	(28,760)	42,279	42,279	40,449	(1,830)
<b>EXPENDITURES</b>								
Current:								
Community development	-	-	12,110	(12,110)	-	-	-	-
	-	-	12,110	(12,110)	-	-	-	-
Debt service - interest and fiscal charges	-	-	-	-	7,057	7,057	3,991	3,066
Total expenditures	-	-	12,110	(12,110)	7,057	7,057	3,991	3,066
Excess of revenues over (under) expenditures	85,292	85,292	44,422	(40,870)	35,222	35,222	36,458	1,236
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers out	(26,296)	(26,296)	(26,296)	-	(97,742)	(97,742)	(97,742)	-
Total other financing sources (uses)	(26,296)	(26,296)	(26,296)	-	(97,742)	(97,742)	(97,742)	-
Net change in fund balance	\$ 58,996	\$ 58,996	18,126	\$ (40,870)	\$ (62,520)	\$ (62,520)	(61,284)	\$ 1,236
Fund balance (deficit) - beginning			108,207				(283,144)	
Fund balance (deficit) - ending			\$ 126,333				\$ (344,428)	

(Continued)

**CITY OF ROCKFORD, ILLINOIS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)**  
**NONMAJOR SPECIAL REVENUE FUNDS**

For the Year Ended December 31, 2012

	Tax Increment Financing Area East River Fund				Tax Increment Financing Area Assisted Living Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
<b>REVENUES</b>								
Taxes - Property	\$ 122,674	\$ 122,674	\$ 87,370	\$ (35,304)	\$ 60	\$ 60	\$ 29	\$ (31)
Interest	-	-	-	-	5	5	1	(4)
Total revenues	122,674	122,674	87,370	(35,304)	65	65	30	(35)
<b>EXPENDITURES</b>								
Current:								
Community development	35,564	35,564	59,508	(23,944)	-	-	-	-
Total expenditures	35,564	35,564	59,508	(23,944)	-	-	-	-
Excess of revenues over (under) expenditures	87,110	87,110	27,862	(59,248)	65	65	30	(35)
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	150,000	150,000	150,000	-	-	-	-	-
Transfers out	(142,125)	(142,125)	(142,125)	-	-	-	-	-
Total other financing sources (uses)	7,875	7,875	7,875	-	-	-	-	-
Net change in fund balance	\$ 94,985	\$ 94,985	35,737	\$ (59,248)	\$ 65	\$ 65	30	\$ (35)
Fund balance- beginning			(107,573)				188	
Fund balance (deficit) - ending			\$ (71,836)				\$ 218	

(Continued)

**CITY OF ROCKFORD, ILLINOIS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)**  
**NONMAJOR SPECIAL REVENUE FUNDS**

For the Year Ended December 31, 2012

	Tax Increment Financing Area Midtown Fund				Tax Increment Financing Area Kishwaukee and Harrison II			
	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
<b>REVENUES</b>								
Taxes - Property	\$ 46,620	\$ 46,620	\$ 35,126	\$ (11,494)	\$ 217	\$ 217	\$ 103	\$ (114)
Interest	-	-	169	169	100	100	6	(94)
Total revenues	46,620	46,620	35,295	(11,325)	317	317	109	(208)
<b>EXPENDITURES</b>								
Current:								
Community development	22	22	-	22	-	-	-	-
Total expenditures	22	22	-	22	-	-	-	-
Excess of revenues over (under) expenditures	46,598	46,598	35,295	(11,303)	317	317	109	(208)
Net change in fund balance	\$ 46,598	\$ 46,598	35,295	\$ (11,303)	\$ 317	\$ 317	109	\$ (208)
Fund balance- beginning			(357)				474	
Fund balance (deficit) - ending			<u>\$ 34,938</u>				<u>\$ 583</u>	

(Continued)

**CITY OF ROCKFORD, ILLINOIS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)**  
**NONMAJOR SPECIAL REVENUE FUNDS**

For the Year Ended December 31, 2012

	Tax Increment Financing Area Rockford Global Trade Park III Fund				Tax Increment Financing Area Broadway			
	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
<b>REVENUES</b>								
Taxes - Property	\$ 82,600	\$ 82,600	\$ 55,518	\$ (27,082)	\$ 43,463	\$ 43,463	\$ 43,322	\$ (141)
Interest	1,631	1,631	303	(1,328)	21	21	190	169
Total revenues	84,231	84,231	55,821	(28,410)	43,484	43,484	43,512	28
<b>EXPENDITURES</b>								
Current:								
Community development	-	-	-	-	-	-	-	-
Total expenditures	-	-	-	-	-	-	-	-
Excess of revenues over (under) expenditures	84,231	84,231	55,821	(28,410)	43,484	43,484	43,512	28
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers out	(100,000)	(100,000)	(100,000)	-	-	-	-	-
Net change in fund balance	\$ (15,769)	\$ (15,769)	(44,179)	\$ (28,410)	\$ 43,484	\$ 43,484	43,512	\$ 28
Fund balance- beginning			65,709				(797)	
Fund balance (deficit) - ending			<u>\$ 21,530</u>				<u>\$ 42,715</u>	

(Continued)

**CITY OF ROCKFORD, ILLINOIS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)**  
**NONMAJOR SPECIAL REVENUE FUNDS**

For the Year Ended December 31, 2012

	Tax Increment Financing Area Rockford Global Trade Park South Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
<b>REVENUES</b>				
Taxes - Property	\$ -	\$ -	\$ 2,357	\$ 2,357
Interest	1,631	1,631	17	(1,614)
Total revenues	1,631	1,631	2,374	743
<b>EXPENDITURES</b>				
Current:				
Community development	-	-	-	-
Debt service - interest and fiscal charges	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenues over (under) expenditures	1,631	1,631	2,374	743
Net change in fund balance	\$ 1,631	\$ 1,631	2,374	\$ 743
Fund balance- beginning			-	
Fund balance (deficit) - ending			\$ 2,374	

(Concluded)

## **INTERNAL SERVICE FUNDS**

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Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other governmental units, on a cost reimbursement basis.

CENTRAL GARAGE	To account for the costs of operating a maintenance facility for automotive equipment used by other City departments and other government agencies. Billings to other departments and agencies are based on actual costs, including depreciation on the garage building and improvements, machinery, and equipment used to provide the service. The automotive equipment itself is acquired by the user departments which are also responsible for financing replacement vehicles as necessary.
BUILDING MAINTENANCE	To account for the costs of operating maintenance facilities, including depreciation, which provide maintenance services and repairs of City buildings and properties. Financing is provided by service charges to user funds.
CENTRAL STORES	To account for the costs of operating centralized inventory system for the Central Garage, Building Maintenance, and Water Utility Funds. Financing is provided by service charges to user funds.
ILLINOIS MUNICIPAL RETIREMENT	To account for pension and social security costs of Governmental and Proprietary Funds. Financing is provided by service charges to user funds.
UNEMPLOYMENT	To account for unemployment costs relating to Governmental and Proprietary Funds. Financing is provided by service charges to user funds.
WORKMEN'S COMPENSATION	To account for workmen's compensation claims of Governmental and Proprietary Funds. Financing is provided by service charges to user funds.
AUDITING	To account for costs related to the audit of the City. Financing is provided by service charges to user funds.
HEALTH INSURANCE	To account for health insurance claims relating to City employees and retirees. Financing is provided by service charges to user funds.
911 COMMUNICATIONS	To account for the operating costs relating to the 911 communications center serving the City of Rockford and Winnebago County with emergency services. Financing is provided by the Police Department, Fire Department, and Winnebago County.
RISK MANAGEMENT	To account for all insurance, claims, and accidental property loss expenses of Governmental and Proprietary Funds. Financing is provided by service charges to user funds.
INFORMATION SYSTEMS	To account for the costs relating to the City's data processing functions, pertaining to mainframe and microcomputer network services. Financing is provided by service charges to user funds.

**CITY OF ROCKFORD, ILLINOIS**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF NET ASSETS (DEFICIT)**  
December 31, 2012

	Central Garage	Building Maintenance	Central Stores	Illinois Municipal Retirement	Unemployment
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 701,551	\$ 1,263,776	\$ 303,616	\$ 464,043	\$ 112,573
Accounts receivable	-	-	-	-	-
Due from other governmental units	14,345	-	-	-	-
Due from other funds	2,206	3,676	954	1,454	355
Inventories	247,550	-	-	-	-
Prepaid expenses	-	-	-	-	-
Total current assets	965,652	1,267,452	304,570	465,497	112,928
Noncurrent assets:					
Capital assets:					
Land improvements	20,000	-	-	-	-
Buildings and improvements	178,080	1,983,420	11,642	-	-
Equipment	642,507	183,963	37,591	-	-
Improvements other than buildings	85,345	148,020	-	-	-
Less accumulated depreciation	(788,738)	(932,941)	(49,233)	-	-
Total capital assets, net	137,194	1,382,462	-	-	-
Total assets	1,102,846	2,649,914	304,570	465,497	112,928
<b>DEFERRED INFLOWS OF RESOURCES</b>					
None	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Total assets and deferred outflows of resources	1,102,846	2,649,914	304,570	465,497	112,928
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	230,539	236,381	529	392,416	10,392
Accrued payroll and benefits	37,696	32,946	8,905	-	-
Due to other funds	-	343,888	-	-	-
Compensated absences	5,159	9,480	3,796	-	-
Capital lease payable	-	38,459	-	-	-
Installment note payable	-	-	-	-	-
Claims and judgments payable	-	-	-	-	-
Total current liabilities	273,394	661,154	13,230	392,416	10,392
Noncurrent:					
Compensated absences	55,786	24,095	35,113	-	-
Unearned revenue	60,515	644,336	-	-	-
Capital lease payable	-	324,776	-	-	-
Installment note payable	-	-	-	-	-
Claims and judgments payable	-	-	-	-	-
Total noncurrent liabilities	116,301	993,207	35,113	-	-
Total liabilities	389,695	1,654,361	48,343	392,416	10,392
<b>DEFERRED INFLOWS OF RESOURCES</b>					
None	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Total liabilities and deferred inflows of resource	389,695	1,654,361	48,343	392,416	10,392
<b>NET POSITION (DEFICIT)</b>					
Invested in capital assets, net of related debt	137,194	1,019,227	-	-	-
Unrestricted	575,957	(23,674)	256,227	73,081	102,536
Total net position (deficit)	\$ 713,151	\$ 995,553	\$ 256,227	\$ 73,081	\$ 102,536

Workmen's Compensation	Auditing	Health Insurance	911 Communications	Risk Management	Information Systems	Total Internal Service Funds
\$ 3,757,808	\$ 12,717	\$ 11,822,436	\$ 301,330	\$ -	\$ 531,998	\$ 19,271,848
-	-	-	-	-	-	-
-	-	-	132,652	-	-	146,997
11,556	40	37,029	965	-	1,449	59,684
-	-	-	-	-	-	247,550
-	-	52,150	-	-	29,323	81,473
3,769,364	12,757	11,911,615	434,947	-	562,770	19,807,552
-	-	-	-	-	-	20,000
-	-	-	-	-	-	2,173,142
-	-	-	150,738	-	5,721,131	6,735,930
-	-	-	-	-	-	233,365
-	-	-	(150,738)	-	(4,306,558)	(6,228,208)
-	-	-	-	-	1,414,573	2,934,229
3,769,364	12,757	11,911,615	434,947	-	1,977,343	22,741,781
-	-	-	-	-	-	-
-	-	-	-	-	-	-
3,769,364	12,757	11,911,615	434,947	-	1,977,343	22,741,781
65,070	12,708	1,393,681	10,066	69,945	227,033	2,648,760
-	-	-	231,276	-	8,380	319,203
-	-	-	-	635,376	-	979,264
-	-	-	88,783	-	2,026	109,244
-	-	-	-	-	-	38,459
-	-	-	-	-	104,716	104,716
1,169,386	-	970,237	-	2,762,130	-	4,901,753
1,234,456	12,708	2,363,918	330,125	3,467,451	342,155	9,101,399
-	-	-	103,489	-	11,406	229,889
-	-	149,843	-	-	-	854,694
-	-	-	-	-	-	324,776
-	-	-	-	-	246,065	246,065
1,710,450	-	-	-	1,743,442	-	3,453,892
1,710,450	-	149,843	103,489	1,743,442	257,471	5,109,316
2,944,906	12,708	2,513,761	433,614	5,210,893	599,626	14,210,715
-	-	-	-	-	-	-
-	-	-	-	-	-	-
2,944,906	12,708	2,513,761	433,614	5,210,893	599,626	14,210,715
-	-	-	-	-	970,083	2,126,504
824,458	49	9,397,854	1,333	(5,210,893)	407,634	6,404,562
\$ 824,458	\$ 49	\$ 9,397,854	\$ 1,333	\$ (5,210,893)	\$ 1,377,717	\$ 8,531,066

**CITY OF ROCKFORD, ILLINOIS**  
**INTERNAL SERVICE FUNDS**  
**COMBING STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN FUND NET ASSETS (DEFICIT)**  
For the Year Ended December 31, 2012

	Central Garage	Building Maintenance	Central Stores	Illinois Municipal Retirement	Unemployment
<b>OPERATING REVENUES</b>					
Charges for services	\$ 3,810,086	\$ 2,739,553	\$ 411,000	\$ 6,369,977	\$ 172,524
Intergovernmental	-	118,040	-	-	-
Miscellaneous	181,255	10,195	-	-	-
Total operating revenues	3,991,341	2,867,788	411,000	6,369,977	172,524
<b>OPERATING EXPENSES</b>					
Salaries and benefits	886,648	782,142	286,738	-	-
Services	958,248	1,080,423	52,152	6,369,974	72,086
Supplies and materials	2,015,462	399,173	36,559	-	-
Depreciation	24,380	155,651	-	-	-
Charges from General Fund	77,900	89,200	23,000	-	-
Miscellaneous	-	-	-	260	-
Total operating expenses	3,962,638	2,506,589	398,449	6,370,234	72,086
Operating income (loss)	28,703	361,199	12,551	(257)	100,438
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest received	5,523	14,925	3,674	5,465	1,918
Interest expense	-	(3,619)	-	-	-
Total nonoperating revenues (expenses)	5,523	11,306	3,674	5,465	1,918
Change in net position (deficit)	34,226	372,505	16,225	5,208	102,356
Total net position (deficit) - beginning	678,925	623,048	240,002	67,873	180
Total net position (deficit) - ending	\$ 713,151	\$ 995,553	\$ 256,227	\$ 73,081	\$ 102,536

<b>Workmen's Compensation</b>	<b>Auditing</b>	<b>Health Insurance</b>	<b>911 Communications</b>	<b>Risk Management</b>	<b>Information Systems</b>	<b>Total Internal Service Funds</b>
\$ 2,693,554	\$ 207,170	\$ 21,387,467	\$ 5,403,192	\$ 1,495,740	\$ 2,680,840	\$ 47,371,103
-	-	-	-	-	53,200.00	171,240
23,676	-	740,882	-	145,090	12,000	1,113,098
2,717,230	207,170	22,128,349	5,403,192	1,640,830	2,746,040	48,655,441
-	-	-	5,225,958	-	433,625	7,615,111
1,861,722	206,983	18,222,700	161,514	2,071,888	1,709,220	32,766,910
-	-	-	15,897	31	70,353	2,537,475
-	-	-	-	-	411,524	591,555
83,500	-	155,360	-	303,200	34,500	766,660
-	-	-	-	-	-	260
1,945,222	206,983	18,378,060	5,403,369	2,375,119	2,659,222	44,277,971
772,008	187	3,750,289	(177)	(734,289)	86,818	4,377,470
39,559	-	117,800	1,510	-	-	190,374
-	(138)	-	-	(7,387)	(11,028)	(22,172)
39,559	(138)	117,800	1,510	(7,387)	(11,028)	168,202
811,567	49	3,868,089	1,333	(741,676)	75,790	4,545,672
12,891	-	5,529,765	-	(4,469,217)	1,301,927	3,985,394
\$ 824,458	\$ 49	\$ 9,397,854	\$ 1,333	\$ (5,210,893)	\$ 1,377,717	\$ 8,531,066

**CITY OF ROCKFORD, ILLINOIS**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
For the Year Ended December 31, 2012

	Central Garage	Building Maintenance	Central Stores	Illinois Municipal Retirement	Unemployment
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers and users	3,981,933	2,779,872	411,000	6,369,977	172,524
Payments to suppliers	(2,910,679)	(1,449,523)	(88,625)	(6,727,400)	(90,694)
Payments to employees	(859,951)	(761,265)	(282,289)	-	-
Payments for internal services used	(77,900)	(89,200)	(23,000)	-	-
Payments to other funds	-	(24,563)	-	-	-
Net cash provided by (used for) operating activities	133,403	455,321	17,086	(357,423)	81,830
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Proceeds from capital lease agreement	-	389,831	-	-	-
Interest paid on installment purchase agreement	-	-	-	-	-
Principal paid on installment purchase agreement	-	-	-	-	-
Interest paid on capital lease agreement	-	(3,619)	-	-	-
Principal paid on capital lease agreement	-	(26,596)	-	-	-
Acquisition of capital assets	-	(602,079)	-	-	-
Net cash (used for) capital and related financing activities	-	(242,463)	-	-	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest received	4,778	14,297	3,447	6,105	1,638
Net increase (decrease) in cash and cash equivalents	138,181	227,155	20,533	(351,318)	83,468
Cash and cash equivalents, beginning	563,370	1,036,621	283,083	815,361	29,105
Cash and cash equivalents, ending	\$ 701,551	\$ 1,263,776	\$ 303,616	\$ 464,043	\$ 112,573
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>					
Operating income (loss)	\$ 28,703	\$ 361,199	\$ 12,551	\$ (257)	\$ 100,438
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities					
Depreciation expense	24,380	128,747	-	-	-
Increase (decrease) from changes in:					
Accounts receivable	-	-	-	-	-
Due from other governmental units	(9,408)	-	-	-	-
Inventories	2,293	-	-	-	-
Prepaid items	-	-	-	-	-
Accounts payable	60,738	56,977	86	(357,166)	(18,608)
Accrued payroll and benefits	22,897	21,305	4,309	-	-
Compensated absences	3,800	(428)	140	-	-
Due to other funds	-	(24,563)	-	-	-
Deferred revenue	-	(87,916)	-	-	-
Other liabilities	-	-	-	-	-
Total adjustments	104,700	94,122	4,535	(357,166)	(18,608)
Net cash provided by (used for) operating activities	\$ 133,403	\$ 455,321	\$ 17,086	\$ (357,423)	\$ 81,830

Workmen's Compensation	Auditing	Health Insurance	911 Communications	Risk Management	Information Systems	Total Internal Service Funds
2,717,230	207,170	22,117,623	5,508,388	1,640,830	2,746,040	48,652,587
(1,914,193)	(194,275)	(19,089,702)	(177,692)	(1,875,198)	(1,509,187)	(36,027,168)
-	-	-	(5,069,683)	-	(455,619)	(7,428,807)
(83,500)	-	(155,360)	-	(303,200)	(34,500)	(766,660)
-	-	-	-	543,205	-	518,642
719,537	12,895	2,872,561	261,013	5,637	746,734	4,948,594
-	-	-	-	-	-	389,831
-	-	-	-	-	(10,840)	(10,840)
-	-	-	-	-	(101,960)	(101,960)
-	-	-	-	-	-	(3,619)
-	-	-	-	-	-	(26,596)
-	-	-	-	-	(199,931)	(802,010)
-	-	-	-	-	(312,731)	(555,194)
33,968	(178)	103,487	545	(5,637)	(1,381)	161,069
753,505	12,717	2,976,048	261,558	-	432,622	4,554,469
3,004,303	-	8,846,388	39,772	-	99,376	14,717,379
\$ 3,757,808	\$ 12,717	\$ 11,822,436	\$ 301,330	\$ -	\$ 531,998	\$ 19,271,848
\$ 772,008	\$ 187	\$ 3,750,289	\$ (177)	\$ (734,289)	\$ 86,818	\$ 4,377,470
-	-	-	-	-	411,524	564,651
-	-	5,531	-	-	-	5,531
-	-	-	105,196	-	-	95,788
-	-	-	-	-	-	2,293
-	-	79,391	-	-	175,935	255,326
(96,657)	12,708	(364,432)	(281)	(168,698)	94,451	(780,882)
-	-	-	132,672	-	463	181,646
-	-	-	23,603	-	(22,457)	4,658
-	-	-	-	543,205	-	518,642
-	-	(16,257)	-	-	-	(104,173)
44,186	-	(581,961)	-	365,419	-	(172,356)
(52,471)	12,708	(877,728)	261,190	739,926	659,916	571,124
\$ 719,537	\$ 12,895	\$ 2,872,561	\$ 261,013	\$ 5,637	\$ 746,734	\$ 4,948,594



## **FIDUCIARY FUNDS**

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### **PENSION TRUST FUNDS**

Police Pension  
Firefighter's Pension

To account for the accumulation of resources to be used for retirement annuity payments at appropriate amounts and times in the future. Administration costs are accounted for in each fund. Resources are contributed by employees at rates fixed by the State of Illinois and by the City at amounts determined by an annual actuarial evaluation.

THE CITY OF  
**ROCKFORD**  
ILLINOIS, USA

The logo features a stylized graphic of five curved, parallel lines that sweep upwards from the left and downwards from the right, meeting at a central point. This graphic is positioned behind the text, with one set of lines above the word 'ROCKFORD' and another set below it.

**CITY OF ROCKFORD, ILLINOIS**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
December 31, 2012

	<u>Pension Trust Funds</u>		
	<u>Police Pension</u>	<u>Firefighter's Pension</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,285,308	\$ 3,816,854	\$ 5,102,162
Investments			
U.S. Treasury Strips	814,899	3,417,031	4,231,930
U.S. Treasury Notes	2,908,342	13,390,897	16,299,239
U.S. Treasury Bonds	610,085	5,285,332	5,895,417
Government National Mortgage Association	398,754	2,685,174	3,083,928
Federal Home Loan Mortgage Corporation	5,443,316	5,761,961	11,205,277
Federal National Mortgage Association	4,178,023	11,681,163	15,859,186
Federal Farm Credit Bonds	-	1,952,770	1,952,770
State and Local Government Securities	937,768	817,248	1,755,016
Corporate Bonds	11,710,929	10,453,498	22,164,427
Small Cap Equity Common Stocks	12,700,924	11,950,400	24,651,324
Large Cap Equity Common Stocks	-	7,922,425	7,922,425
NTGI Collective Trust	43,569,875	6,312,842	49,882,717
Domestic Mutual Funds	58,758,382	35,528,633	94,287,015
International Mutual Funds	15,703,491	19,195,295	34,898,786
Accrued interest receivable	161,322	263,641	424,963
Contributions receivable	3,699,796	4,170,313	7,870,109
Total assets	162,881,214	144,605,477	307,486,691
<b>LIABILITIES</b>			
Accrued liabilities	40,735	50,017	90,752
<b>NET POSITION</b>			
Held in trust for pension benefits	<u>\$ 162,840,479</u>	<u>\$ 144,555,460</u>	<u>\$ 307,395,939</u>

**CITY OF ROCKFORD, ILLINOIS**  
**COMBINING STATEMENT OF CHANGES IN PLAN NET POSITION**  
**FIDUCIARY FUNDS**

For the Year Ended December 31, 2012

	<b>Pension Trust Funds</b>		
	<b>Police Pension</b>	<b>Firefighter's Pension</b>	<b>Total</b>
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 4,494,070	\$ 5,123,787	\$ 9,617,857
Plan member	2,003,928	1,873,115	3,877,043
Total contributions	<u>6,497,998</u>	<u>6,996,902</u>	<u>13,494,900</u>
Investment income:			
Net appreciation in fair value of investments	685,597	1,710,618	2,396,215
Interest and dividend income	13,442,657	9,951,925	23,394,582
Less investment expense	<u>14,128,254</u> (295,709)	<u>11,662,543</u> (365,554)	<u>25,790,797</u> (661,263)
Net investment income	<u>13,832,545</u>	<u>11,296,989</u>	<u>25,129,534</u>
Total additions	<u>20,330,543</u>	<u>18,293,891</u>	<u>38,624,434</u>
<b>DEDUCTIONS</b>			
Pension benefits	12,998,636	14,119,049	27,117,685
Refunds of contributions	132,327	94	132,421
Administrative expense	166,521	188,408	354,929
Total deductions	<u>13,297,484</u>	<u>14,307,551</u>	<u>27,605,035</u>
Change in net position	7,033,059	3,986,340	11,019,399
Total net position - beginning	<u>155,807,420</u>	<u>140,569,120</u>	<u>296,376,540</u>
Total net position - ending	<u>\$ 162,840,479</u>	<u>\$ 144,555,460</u>	<u>\$ 307,395,939</u>

**CITY OF ROCKFORD, ILLINOIS**  
**CAPITAL ASSETS USED IN THE OPERATION OF**  
**GOVERNEMENTAL FUNDS - SCHEDULE BY SOURCE**

December 31, 2012

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**GOVERNMENTAL FUNDS CAPITAL ASSETS**

Land and improvements	\$ 7,445,587
Buildings and improvements	55,122,901
Equipment	30,352,198
Infrastructure	<u>868,535,599</u>

Total governmental funds capital assets	<u>\$ 961,456,285</u>
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**INVESTMENT IN GOVERNMENTAL FUNDS CAPITAL**  
**ASSETS BY SOURCE**

General Fund	\$ 72,563,961
Special Revenue Funds	189,589,956
Capital Projects Fund	454,736,914
Grants	<u>244,565,454</u>

Total investment in governmental funds capital assets	<u>\$ 961,456,285</u>
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This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. The capital assets of internal service funds are included as governmental activities in the Statement of Net Assets.

**CITY OF ROCKFORD, ILLINOIS**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE BY FUNCTION AND ACTIVITY**  
December 31, 2012

<b>FUNCTION AND ACTIVITY</b>	<b>Land and Improvements</b>	<b>Buildings and Improvements</b>	<b>Equipment</b>	<b>Infrastructure</b>	<b>Total</b>
General government	\$ 4,939,047	\$ 11,536,766	\$ 1,179,919	\$ -	\$ 17,655,732
Public safety	913,506	12,847,078	18,759,038	-	32,519,622
Streets, alleys and bridges	197,322	1,377,527	6,297,962	867,065,966	874,938,777
Community development	203,704	950,443	188,035	-	1,342,182
Sanitation and sewers	201,500	-	23,264	-	224,764
Culture and recreation	970,008	27,566,625	2,311,410	1,469,634	32,317,677
Public health and welfare	20,500	844,462	1,592,569	-	2,457,531
Total governmental funds capital assets	<u>\$ 7,445,587</u>	<u>\$ 55,122,901</u>	<u>\$ 30,352,197</u>	<u>\$ 868,535,600</u>	<u>\$ 961,456,285</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in the internal service funds are excluded from the above amounts. The capital assets of internal service funds are included as governmental activities in the Statement of Net Assets.

**CITY OF ROCKFORD, ILLINOIS**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY**  
For the Year Ended December 31, 2012

<b>FUNCTION AND ACTIVITY</b>	<b>Governmental Funds Capital Assets</b>			<b>Governmental Funds Capital Assets</b>	
	<b>January 1, 2012</b>	<b>Additions</b>	<b>Deductions</b>	<b>December 31, 2012</b>	
General government	\$ 17,692,570	\$ -	\$ 36,838	\$ 17,655,732	
Public safety	29,668,023	5,083,271	2,231,672	32,519,622	
Streets, alleys and bridges	865,525,169	17,439,699	8,026,091	874,938,777	
Community development	1,353,872	-	11,690	1,342,182	
Sanitation and sewers	224,764	-	-	224,764	
Culture and recreation	31,828,285	500,307	10,915	32,317,677	
Public health and welfare	2,500,025	28,715	71,209	2,457,531	
Total governmental funds capital assets	<u>\$ 948,792,708</u>	<u>\$ 23,051,992</u>	<u>\$ 10,388,415</u>	<u>\$ 961,456,285</u>	

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in the internal service funds are excluded from the above amounts. The capital assets of internal service funds are included as governmental activities in the Statement of Net Assets.

THE CITY OF  
**ROCKFORD**  
ILLINOIS, USA

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## Statistical Section

This part of the City of Rockford comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial health.

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<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.	<b>F1-F10</b>
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the factors affecting the city's ability to generate its property and sales taxes.	<b>F8-F15</b>
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.	<b>F13-F22</b>
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place and to help make comparisons over time and with other governments.	<b>F20-F24</b>
<b>Operating Information</b> These schedules contain information about the city's operations and resources to help the reader understand how the city's financial information relates to the services the city provides and the activities it performs.	<b>F22-F27</b>

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The city implemented the infrastructure portion of Statement 34 in the 2006 fiscal year, schedules presenting government-wide information include information for the current and six previous fiscal years.

**CITY OF ROCKFORD, ILLINOIS  
NET POSITION BY COMPONENT, LAST EIGHT FISCAL YEARS**

(accrual basis of accounting)

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Governmental activities				
Invested in capital assets, net of related debt	\$ 480,167,639	\$ 482,815,999	\$ 481,780,204	\$ 477,852,551
Restricted				
Capital projects	10,546,148	10,546,148	7,840,349	4,531,567
Debt service	5,686,654	5,437,035	5,717,798	5,437,870
Other purposes	19,429,953	18,103,293	16,504,779	13,258,097
Unrestricted	(3,338,207)	(17,342,443)	(32,745,075)	(24,518,870)
Total governmental activities net position	<u>\$ 512,492,187</u>	<u>\$ 499,560,032</u>	<u>\$ 479,098,055</u>	<u>\$ 476,561,215</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 138,848,876	\$ 135,803,303	\$ 133,021,249	\$ 131,269,066
Restricted				
Capital projects	1,000,000	1,000,000	1,000,000	1,000,000
Debt service	5,452,243	5,424,356	5,041,923	4,661,406
Unrestricted	3,559,349	3,652,612	2,708,215	(831,450)
Total business-type activities net position	<u>\$ 148,860,468</u>	<u>\$ 145,880,271</u>	<u>\$ 141,771,387</u>	<u>\$ 136,099,022</u>
Total net position	<u>\$ 661,352,655</u>	<u>\$ 645,440,303</u>	<u>\$ 620,869,442</u>	<u>\$ 612,660,237</u>
Primary Government				
Invested in capital assets, net of related debt	\$ 619,016,515	\$ 618,619,302	\$ 614,801,453	\$ 609,121,617
Restricted	42,114,998	40,510,832	36,104,849	28,888,940
Unrestricted	221,142	(13,689,831)	(30,036,860)	(25,350,320)
Total net position	<u>\$ 661,352,655</u>	<u>\$ 645,440,303</u>	<u>\$ 620,869,442</u>	<u>\$ 612,660,237</u>

<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
\$ 471,473,879	\$ 460,914,982	\$ 457,172,437	\$ 439,881,835
9,453,077	18,841,311	10,764,755	17,919,997
6,443,154	9,288,644	7,245,389	4,944,429
11,735,813	13,148,600	10,212,907	9,961,886
(19,328,902)	(2,598,408)	18,259,325	14,647,406
<u>\$ 479,777,021</u>	<u>\$ 499,595,129</u>	<u>\$ 503,654,813</u>	<u>\$ 487,355,553</u>
\$ 127,460,090	\$ 116,111,150	\$ 107,986,680	\$ 95,612,984
1,000,000	1,000,000	1,000,000	8,258,356
3,836,269	4,655,828	4,144,561	4,235,834
653,493	4,663,251	5,001,310	3,734,380
<u>\$ 132,949,852</u>	<u>\$ 126,430,229</u>	<u>\$ 118,132,551</u>	<u>\$ 111,841,554</u>
<u>\$ 612,726,873</u>	<u>\$ 626,025,358</u>	<u>\$ 621,787,364</u>	<u>\$ 599,197,107</u>
\$ 598,933,969	\$ 577,026,132	\$ 565,159,117	\$ 535,494,819
32,468,313	46,934,383	33,367,612	45,320,502
(18,675,409)	2,064,843	23,260,635	18,381,786
<u>\$ 612,726,873</u>	<u>\$ 626,025,358</u>	<u>\$ 621,787,364</u>	<u>\$ 599,197,107</u>

**CITY OF ROCKFORD, ILLINOIS**  
**CHANGES IN NET POSITION, LAST EIGHT FISCAL YEARS**

(accrual basis of accounting)

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<b>Expenses</b>				
Governmental activities:				
General government	\$ 11,993,604	\$ 11,074,142	\$ 13,297,890	\$ 14,561,840
Public safety	91,813,775	88,787,990	89,109,641	84,813,690
Streets, alleys and bridges	32,971,181	34,788,508	35,079,905	34,557,692
Community development	13,899,004	10,312,407	13,694,212	17,901,167
Sanitation and sewers	6,703,345	6,885,950	7,072,936	7,544,392
Culture and recreation	7,690,140	7,591,103	7,373,399	9,490,086
Public health and welfare	16,215,478	16,837,305	21,230,764	19,723,022
Interest and fiscal charges	4,783,229	4,910,952	5,290,071	4,716,887
Total governmental activities expenses	<u>186,069,756</u>	<u>181,188,357</u>	<u>192,148,818</u>	<u>193,308,776</u>
Business-type activities:				
Water	21,578,537	21,058,993	20,402,549	18,865,983
Parking	2,029,911	2,088,672	2,177,041	2,202,193
Total business-type activities	<u>23,608,448</u>	<u>23,147,665</u>	<u>22,579,590</u>	<u>21,068,176</u>
Total primary government expenses	<u>\$ 209,678,204</u>	<u>\$ 204,336,022</u>	<u>\$ 214,728,408</u>	<u>\$ 214,376,952</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General government	\$ 7,277,778	\$ 6,721,553	\$ 5,774,210	\$ 5,426,375
Public safety	9,512,944	10,013,940	9,130,719	9,435,382
Streets, alleys and bridges	5,032,043	5,518,115	5,291,149	4,873,914
Community development	9,288,182	8,540,308	337,749	436,500
Sanitation and sewers	910,398	855,001	8,568,067	6,745,535
Culture and recreation	177,017	187,201	204,514	250,261
Operating grants and contributions	25,819,764	26,038,343	29,807,880	29,288,219
Capital grants and contributions	4,790,309	8,343,151	2,837,398	2,000,666
Total governmental activities program revenues	<u>62,808,435</u>	<u>66,217,612</u>	<u>61,951,686</u>	<u>58,456,852</u>
Business-type activities:				
Charges for services:				
Water	24,682,211	22,675,543	22,715,297	21,671,106
Parking	1,482,409	1,866,127	1,793,745	1,794,059
Capital grants and contributions	-	2,273,425	3,498,532	749,767
Total business-type activities program revenues	<u>26,164,620</u>	<u>26,815,095</u>	<u>28,007,574</u>	<u>24,214,932</u>
Total primary government revenues	<u>\$ 88,973,055</u>	<u>\$ 93,032,707</u>	<u>\$ 89,959,260</u>	<u>\$ 82,671,784</u>
	(Continued)	(Continued)	(Continued)	(Continued)

<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
\$ 15,005,594	\$ 14,392,429	\$ 13,297,717	\$ 13,392,590
87,630,182	86,034,803	78,028,562	72,945,042
43,499,830	33,244,705	28,618,460	11,008,143
13,876,323	14,050,709	12,850,580	13,761,490
7,560,231	7,689,685	7,790,814	7,095,605
17,990,844	20,566,355	7,613,866	7,719,111
15,708,487	14,875,668	16,224,686	14,186,561
5,689,763	5,477,961	5,087,266	4,507,875
<u>206,961,254</u>	<u>196,332,315</u>	<u>169,511,951</u>	<u>144,616,417</u>
18,003,425	16,441,237	15,491,720	14,734,889
2,426,974	2,308,209	2,025,000	2,028,583
<u>20,430,399</u>	<u>18,749,446</u>	<u>17,516,720</u>	<u>16,763,472</u>
<u>\$ 227,391,653</u>	<u>\$ 215,081,761</u>	<u>\$ 187,028,671</u>	<u>\$ 161,379,889</u>
\$ 5,409,390	\$ 5,206,081	\$ 5,105,389	\$ 5,333,840
7,917,191	8,221,830	7,055,847	5,944,017
4,255,227	5,908,625	6,053,144	5,775,581
552,012	524,515	475,309	561,929
6,796,053	6,840,386	6,813,361	6,725,442
217,851	201,187	200,290	164,971
21,562,828	21,438,527	22,360,354	21,335,383
763,307	11,420,360	6,601,783	6,872,910
<u>47,473,859</u>	<u>59,761,511</u>	<u>54,665,477</u>	<u>52,714,073</u>
22,767,988	22,093,309	20,318,020	18,605,553
1,558,661	1,487,703	1,529,800	1,573,703
936,237	2,031,876	790,231	4,887,660
<u>25,262,886</u>	<u>25,612,888</u>	<u>22,638,051</u>	<u>25,066,916</u>
<u>\$ 72,736,745</u>	<u>\$ 85,374,399</u>	<u>\$ 77,303,528</u>	<u>\$ 77,780,989</u>
(Continued)	(Continued)	(Continued)	(Continued)

**CITY OF ROCKFORD, ILLINOIS**  
**CHANGES IN NET ASSETS, LAST SEVEN YEARS (CONTINUED)**

(accrual basis of accounting)

	<u>2011</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<b>Net (Expense)/Revenue</b>				
Governmental activities	\$(123,261,321)	\$(114,970,745)	\$(130,197,132)	\$(134,851,924)
Business-type activities	<u>2,556,172</u>	<u>3,667,430</u>	<u>5,427,984</u>	<u>3,146,756</u>
Total primary government net expense	<u>\$(120,705,149)</u>	<u>\$(111,303,315)</u>	<u>\$(124,769,148)</u>	<u>\$(131,705,168)</u>
<b>General Revenues and Other Changes in Net Assets</b>				
Governmental activities:				
Taxes:				
Property taxes	\$ 60,064,811	\$ 59,851,344	\$ 58,784,815	\$ 58,379,104
Sales taxes	37,902,668	37,027,021	36,380,336	35,756,775
Metro Centre sales tax	3,721,332	3,902,627	3,626,556	3,538,842
Motel and hotel tourism tax	1,637,917	1,935,936	1,541,577	1,490,316
Local use tax	2,406,076	2,229,113	2,030,554	1,818,959
Income tax	13,553,269	11,978,090	11,736,930	12,201,422
Replacement tax	6,851,038	7,068,952	7,555,032	7,212,783
Telecommunications tax	5,430,116	5,564,418	5,363,605	5,852,740
Utility tax	1,006,205	1,067,251	1,058,712	1,119,215
Franchise taxes	1,814,652	1,684,182	2,619,091	1,624,690
Unrestricted interest earnings	919,186	2,176,835	478,887	226,143
Miscellaneous	826,206	546,953	1,557,877	2,415,129
Transfers	<u>60,000</u>	<u>400,000</u>	-	-
Total governmental activities	<u>136,193,476</u>	<u>135,432,722</u>	<u>132,733,972</u>	<u>131,636,118</u>
Business-type activities:				
Unrestricted interest earnings	324,952	841,454	244,381	2,414
Miscellaneous	159,073	-	-	-
Transfers	<u>(60,000)</u>	<u>(400,000)</u>	-	-
Total business-type activities	<u>424,025</u>	<u>441,454</u>	<u>244,381</u>	<u>2,414</u>
Total primary government	<u>\$ 136,617,501</u>	<u>\$ 135,874,176</u>	<u>\$ 132,978,353</u>	<u>\$ 131,638,532</u>
<b>Change in Net Assets</b>				
Governmental activities	\$ 12,932,155	\$ 20,461,977	\$ 2,536,840	\$ (3,215,806)
Business-type activities	<u>2,980,197</u>	<u>4,108,884</u>	<u>5,672,365</u>	<u>3,149,170</u>
Total primary government	<u>\$ 15,912,352</u>	<u>\$ 24,570,861</u>	<u>\$ 8,209,205</u>	<u>\$ (66,636)</u>

<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
\$(159,487,395)	\$(136,570,804)	\$(114,846,474)	\$ (91,902,344)
<u>4,832,487</u>	<u>6,863,442</u>	<u>5,121,331</u>	<u>8,303,444</u>
<u>\$(154,654,908)</u>	<u>\$(129,707,362)</u>	<u>\$(109,725,143)</u>	<u>\$ (83,598,900)</u>
\$ 55,712,310	\$ 53,713,800	\$ 50,378,602	\$ 47,010,384
39,497,031	33,450,584	25,171,445	23,378,788
3,530,918	3,516,164	3,504,878	3,243,519
1,839,367	1,792,348	1,733,131	1,527,358
2,189,685	2,015,444	1,963,229	1,821,123
14,193,822	13,400,874	12,299,422	11,294,861
8,181,027	8,803,431	7,251,586	6,920,944
5,928,166	6,291,357	5,771,186	5,772,796
1,054,625	1,022,275	866,032	888,953
1,624,014	1,446,031	1,383,862	1,256,422
3,086,564	4,342,807	3,006,127	1,485,108
2,831,758	2,658,405	2,451,023	3,009,223
-	57,600	57,600	57,600
<u>139,669,287</u>	<u>132,511,120</u>	<u>115,838,123</u>	<u>107,667,079</u>
1,687,136	1,491,836	1,227,266	376,485
-	-	-	-
-	(57,600)	(57,600)	(57,600)
<u>1,687,136</u>	<u>1,434,236</u>	<u>1,169,666</u>	<u>318,885</u>
<u>\$ 141,356,423</u>	<u>\$ 133,945,356</u>	<u>\$ 117,007,789</u>	<u>\$ 107,985,964</u>
\$ (19,818,108)	\$ (4,059,684)	\$ 991,649	\$ 15,764,735
<u>6,519,623</u>	<u>8,297,678</u>	<u>6,290,997</u>	<u>8,622,329</u>
<u>\$ (13,298,485)</u>	<u>\$ 4,237,994</u>	<u>\$ 7,282,646</u>	<u>\$ 24,387,064</u>

**CITY OF ROCKFORD, ILLINOIS**  
**FUND BALANCES, GOVERNMENTAL FUNDS, LAST TEN FISCAL YEARS**

(modified accrual basis of accounting)

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<b>General Fund</b>				
Reserved	\$ -	\$ -	\$ 98,892	\$ 195,966
Unreserved	-	-	22,516,220	21,810,257
Assigned	-	43,094	-	-
Unassigned	32,168,324	27,490,250	-	-
<b>Total General Fund</b>	<u>\$ 32,168,324</u>	<u>\$ 27,533,344</u>	<u>\$ 22,615,112</u>	<u>\$ 22,006,223</u>
<b>All Other Governmental Funds</b>				
Reserved	\$ -	\$ -	\$ 18,451,669	\$ 17,111,431
Unreserved, reported in				
Special Revenue Funds	-	-	14,015,070	11,376,328
Capital Project Funds	-	-	4,428,124	3,692,856
Debt Service Funds	-	-	-	-
Nonspendable	1,104,145	789,678	-	-
Restricted for:				
Capital Projects	12,924,115	10,546,148	-	-
Debt service	5,686,654	5,437,035	-	-
Culture and recreation	7,835,329	6,519,138	-	-
Community development	2,161,179	2,550,317	-	-
Public health and welfare	716,785	612,290	-	-
Highway and streets	9,673,378	9,466,862	-	-
Assigned for:				
General government	151,980	163,915	-	-
Debt service	2,522,003	3,183,834	-	-
Community development	5,041,069	4,143,400	-	-
Public health and welfare	148,211	116,619	-	-
Highway and streets	5,641,805	5,574,040	-	-
Unassigned	<u>(4,445,288)</u>	<u>(4,919,989)</u>	<u>-</u>	<u>-</u>
<b>Total all other governmental funds</b>	<u>\$ 49,161,365</u>	<u>\$ 44,183,287</u>	<u>\$ 36,894,863</u>	<u>\$ 32,180,615</u>

<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 1,392,085	\$ 2,848,419	\$ 3,625,662	\$ 1,393,308	\$ 1,900,846	\$ 498,263
22,960,413	30,358,063	29,714,629	29,277,422	27,616,366	24,247,151
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 24,352,498</u>	<u>\$ 33,206,482</u>	<u>\$ 33,340,291</u>	<u>\$ 30,670,730</u>	<u>\$ 29,517,212</u>	<u>\$ 24,745,414</u>
\$ 20,909,673	\$ 32,186,952	\$ 15,608,994	\$ 17,114,176	\$ 11,597,027	\$ 11,433,598
6,384,419	10,169,249	8,598,211	7,315,179	8,408,609	9,867,477
6,575,540	3,408,693	4,752,174	9,001,715	13,089,282	7,002,694
-	(6,859)	(76,529)	(263,135)	(387,500)	(273,602)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 33,869,632</u>	<u>\$ 45,758,035</u>	<u>\$ 28,882,850</u>	<u>\$ 33,167,935</u>	<u>\$ 32,707,418</u>	<u>\$ 28,030,167</u>

**CITY OF ROCKFORD, ILLINOIS**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,**  
**LAST TEN FISCAL YEARS**

(modified accrual basis of accounting)

	<u>2012</u>	<u>2011</u>	<u>2010</u>
<b>REVENUES</b>			
Taxes	\$ 112,169,125	\$ 111,577,708	\$ 108,786,155
Licenses and permits	4,650,908	4,406,169	4,594,725
Intergovernmental	60,326,767	62,495,106	62,059,049
Charges for services	21,121,354	18,076,762	16,744,784
Fines	1,661,996	1,559,476	1,647,241
Interest	728,812	1,785,330	431,036
Miscellaneous	826,206	587,768	1,557,877
Total revenues	<u>201,485,168</u>	<u>200,488,319</u>	<u>195,820,867</u>
<b>EXPENDITURES</b>			
Current:			
General government	11,867,343	10,961,941	12,905,125
Public safety	90,632,349	87,380,847	84,569,192
Streets, alleys and bridges	13,385,427	13,768,376	15,361,827
Community development	14,156,925	10,330,365	13,603,906
Sanitation and sewers	8,909,767	6,881,566	7,081,234
Culture and recreation	6,870,954	6,716,162	6,551,920
Public health and welfare	16,402,620	16,872,678	21,257,861
Debt service:			
Principal payments	8,870,514	14,411,960	9,416,768
Interest and fiscal charges	3,500,558	3,982,921	4,283,764
Capital outlay:			
General government	-	-	-
Public safety	5,083,271	313,903	650,472
Streets, alleys and bridges	17,439,699	15,629,085	14,655,878
Community development	-	-	31,626
Sanitation and sewers	-	-	-
Culture and recreation	500,307	1,431,859	58,388
Public health and welfare	28,715	-	275,660
Total expenditures	<u>197,648,449</u>	<u>188,681,663</u>	<u>190,703,621</u>
Excess of revenues over (under) expenditures	<u>3,836,719</u>	<u>11,806,656</u>	<u>5,117,246</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Refunding bonds issued	7,735,000	-	-
Payment to escrow agent	(8,522,305)	-	-
Issuance of general obligation bonds	-	-	-
Issuance of capital leases	5,837,061	-	-
Issuance of promissory term note	-	-	205,891
Issuance of line of credit	445,000	-	-
Discount on issue of general obligation bonds	(49,080)	-	-
Premium on issue of general obligation bonds	270,663	-	-
Transfers in	13,532,961	18,165,736	12,329,937
Transfers out	<u>(13,472,961)</u>	<u>(17,765,736)</u>	<u>(12,329,937)</u>
Total other financing sources (uses)	<u>5,776,339</u>	<u>400,000</u>	<u>205,891</u>
Net change in fund balances	9,613,058	12,206,656	5,323,137
Debt service as a percentage of noncapital expenditures	7.1%	10.7%	7.8%

<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 107,955,951	\$ 109,752,102	\$ 101,801,972	\$ 89,388,504	\$ 83,796,845	\$ 80,793,558	\$ 73,304,614
3,483,059	4,147,741	5,057,545	5,203,117	5,314,798	4,605,223	4,332,276
60,433,907	52,145,651	53,566,172	54,858,358	48,245,126	44,806,597	44,179,064
14,385,440	12,988,688	13,627,943	12,786,424	12,881,071	13,321,087	9,550,358
1,788,890	1,884,847	1,924,864	1,891,646	1,911,259	1,797,905	1,741,662
232,371	2,895,335	4,115,605	2,856,189	1,398,874	1,541,137	759,962
2,415,129	2,831,758	2,658,405	3,451,023	3,537,361	2,522,495	4,631,086
<u>190,694,747</u>	<u>186,646,122</u>	<u>182,752,506</u>	<u>170,435,261</u>	<u>157,085,334</u>	<u>149,388,002</u>	<u>138,499,022</u>
14,043,280	14,547,784	13,818,411	12,881,005	12,802,668	11,238,905	9,659,056
83,776,249	85,764,726	82,646,977	76,643,710	72,060,997	66,605,199	62,427,635
14,007,048	16,367,446	14,684,144	9,427,135	9,218,492	8,046,183	8,582,025
17,741,099	13,926,337	14,098,653	12,855,383	13,855,963	11,978,122	9,243,483
7,561,459	7,569,703	7,696,669	7,786,710	7,114,598	7,134,786	6,901,965
8,571,187	17,124,098	19,751,044	6,829,540	6,843,800	8,249,917	5,668,082
19,488,307	15,732,201	14,880,152	16,174,189	14,289,739	10,370,029	12,329,817
9,113,764	11,110,852	10,293,026	8,845,284	7,880,000	7,520,039	6,952,532
4,725,156	5,498,601	5,454,720	4,844,538	4,395,004	4,186,878	3,990,435
-	-	21,102	1,097,418	554,991	1,046,169	2,072,685
288,374	1,426,569	1,223,848	828,826	1,529,720	970,125	153,908
21,641,741	15,658,632	9,089,592	15,711,225	18,388,101	19,098,487	15,390,954
-	44,331	-	-	4,794,032	1,401,033	832,954
-	-	-	-	149,997	-	-
516,677	3,890,876	406,116	448,406	436,688	330,479	1,572,203
239,927	147,661	69,494	215,016	66,510	290,398	-
<u>201,714,268</u>	<u>208,809,817</u>	<u>194,133,948</u>	<u>174,588,385</u>	<u>174,381,300</u>	<u>158,466,749</u>	<u>145,777,734</u>
<u>(11,019,521)</u>	<u>(22,163,695)</u>	<u>(11,381,442)</u>	<u>(4,153,124)</u>	<u>(17,295,966)</u>	<u>(9,078,747)</u>	<u>(7,278,712)</u>
17,325,000	-	6,865,000	-	530,000	7,535,000	4,490,000
(16,754,910)	-	(6,770,679)	-	(107,622)	(7,387,358)	(4,490,000)
4,300,000	1,300,000	28,250,000	2,500,000	18,770,000	18,260,000	8,200,000
-	-	-	-	-	-	-
2,000,000	-	-	-	-	-	-
-	-	-	-	-	-	-
(83,763)	(3,692)	(279,103)	(20,000)	(140,011)	(127,446)	(77,567)
197,902	-	-	-	-	-	-
17,304,330	13,765,252	17,868,899	19,061,648	14,117,564	13,181,910	12,882,634
<u>(17,304,330)</u>	<u>(13,640,252)</u>	<u>(17,811,299)</u>	<u>(19,004,048)</u>	<u>(14,259,930)</u>	<u>(12,934,310)</u>	<u>(12,807,384)</u>
<u>6,984,229</u>	<u>1,421,308</u>	<u>28,122,818</u>	<u>2,537,600</u>	<u>18,910,001</u>	<u>18,527,796</u>	<u>8,197,683</u>
(4,035,292)	(20,742,387)	16,741,376	(1,615,524)	1,614,035	9,449,049	918,971
7.7%	8.9%	8.6%	8.8%	8.3%	8.7%	8.7%

**CITY OF ROCKFORD, ILLINOIS  
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
 LAST TEN LEVY YEARS**

(000's Omitted)

<b>Tax Levy Year</b>	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Industrial Property</b>	<b>Other Property</b>	<b>Less Tax Exempt Property</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Taxable Value</b>	<b>Estimated Actual Value</b>
2003	1,218,259	482,742	197,658	1,901	204,113	1,696,447	2.49750	5,701,680	33.33%
2004	1,383,621	433,802	172,428	1,504	273,617	1,717,738	2.60190	5,974,065	33.33%
2005	1,479,310	453,997	170,341	1,487	286,152	1,818,983	2.62220	6,315,406	33.33%
2006	1,575,881	475,345	174,070	1,513	301,148	1,925,661	2.56830	6,681,095	33.33%
2007	1,644,576	519,318	193,768	2,077	327,097	2,032,642	2.51730	7,079,925	33.33%
2008	1,722,354	539,365	199,570	2,555	363,663	2,100,181	2.53180	7,392,271	33.33%
2009	1,743,140	534,784	201,381	2,624	398,525	2,082,800	2.56060	7,444,719	33.33%
2010	1,665,051	512,763	194,628	3,011	366,458	2,008,995	2.71590	7,127,072	33.33%
2011	1,572,996	480,100	184,086	2,971	348,620	1,891,533	2.90510	6,721,131	33.33%
2012	1,419,768	417,026	150,318	2,538	280,597	1,709,053	3.28450	5,969,547	33.33%

NOTE: (1) Assessed valuations are provided by Office of Winnebago County Clerk. Property is reassessed each year at 33% of actual value.

THE CITY OF  
**ROCKFORD**  
ILLINOIS, USA

The logo features a stylized graphic of five curved, parallel lines that sweep upwards from the left and downwards from the right, forming a shape reminiscent of a fan or a stylized 'R'. This graphic is positioned behind the text, with its upper portion behind 'ROCKFORD' and its lower portion behind 'ILLINOIS, USA'.

**CITY OF ROCKFORD, ILLINOIS  
 DIRECT AND OVERLAPPING PROPERTY TAX RATES,  
 LAST TEN LEVY YEARS**

	City Direct Rates				
	General Fund	Library Special Revenue Fund	Debt Service Fund	Other Special Revenue Funds	Total Direct Tax Rate
2003	1.67131	0.32000	0.40610	0.10009	2.49750
2004	1.72430	0.32000	0.44970	0.10790	2.60190
2005	1.72480	0.31710	0.47310	0.10700	2.62200
2006	1.68990	0.31560	0.45540	0.10740	2.56830
2007	1.68750	0.31470	0.40810	0.10700	2.51730
2008	1.75100	0.32330	0.36540	0.09210	2.53180
2009	1.88330	0.33090	0.33630	0.01010	2.56060
2010	2.03510	0.35640	0.31560	0.00880	2.71590
2011	2.21630	0.38600	0.29350	0.00930	2.90510
2012	2.54980	0.44350	0.27970	0.01150	3.28450

NOTE: Tax rates are provided by the office of the Winnebago County Clerk.

Overlapping rates are those of local and county governments that apply to property owners within the City of Rockford . Not all overlapping rates apply to all City property owners.

The increase in property tax extensions is limited to the lesser of 5% or the percentage increase in the Consumer Price Index for all urban consumers.

Overlapping Rates

Winnebago County	Winnebago County Forest Preserve	Rockford Township	Rockford Park District	Rock River Water Reclamation	Greater Rockford Airport	Rockford School Sistrict	Rock Valley Community College
0.79230	0.10180	0.23310	0.76910	0.14030	0.30750	5.51800	0.45280
0.79730	0.10310	0.20180	0.77660	0.14060	0.31210	5.53100	0.45300
0.79000	0.09940	0.19920	0.75250	0.13420	0.26650	5.51070	0.44710
0.78290	0.09510	0.19730	0.73600	0.12370	0.08930	5.41230	0.46600
0.77040	0.09050	0.19660	0.71980	0.12210	0.08840	5.33810	0.44100
0.78350	0.08590	0.19740	0.73190	0.12430	0.08900	5.45200	0.45780
0.79340	0.08590	0.20090	0.74550	0.12680	0.09010	5.57650	0.45830
0.82990	0.08980	0.20430	0.78690	0.13620	0.09540	6.01520	0.45030
0.86760	0.09560	0.21680	0.84320	0.14690	0.09370	6.55950	0.45410
0.94230	0.10720	0.23490	0.95220	0.16650	0.10240	6.68840	0.44770

**CITY OF ROCKFORD, ILLINOIS  
 PRINCIPAL PROPERTY TAX PAYERS  
 CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	2012			2003		
	Equalized Value	Rank	Percentage of Total Equalized Value	Equalized Value	Rank	Percentage of Total Equalized Value
Greater Rockford Airport Authority	\$ 11,220,897	1	0.66%	\$		
Lowe's Home Centers INC.	10,558,660	2	0.62%	7,723,238	1	0.46%
Wal-Mart Stores Inc.	9,068,174	3	0.53%			
Forest Plaza LLC.	6,932,827	4	0.41%			
MB Rockford State LLC.	4,126,324	5	0.24%			
Hamilton Sundstrand Corporation	3,826,591	6	0.22%			
Anderson Rockford LLC.	3,739,023	7	0.22%	4,799,526	5	0.28%
Rock River Valley Industrial Park	3,535,036	8	0.21%	7,249,245	2	0.43%
Ruloff Harrison LLC.	3,466,029	9	0.20%	5,713,148	3	0.37%
Wesley Willows	3,405,056	10	0.20%			
United Parcel Service Inc.				5,346,231	4	0.32%
Simon Property Group				4,305,800	6	0.25%
Market Shopping Center LLC.				4,149,433	7	0.24%
Metro Centre				3,740,873	8	0.22%
Sunil Puri				3,712,680	9	0.22%
Rocjard Perno				3,513,260	10	0.21%
<b>Total</b>	<b>\$ 59,878,617</b>		<b>3.51%</b>	<b>\$ 50,253,434</b>		<b>3.00%</b>

Source: Winnebago County Collector's office.

**CITY OF ROCKFORD, ILLINOIS  
PROPERTY TAX LEVIES AND COLLECTIONS,  
LAST TEN LEVY YEARS**

<b>Tax Levy Year</b>	<b>Tax Levy (1)</b>	<b>Collections (2)</b>	<b>Percent of Tax Levy Extension Collected</b>	<b>Delinquent Tax Collections (3)</b>	<b>Total Tax Collections</b>	<b>Total Collections as Percent of Current Tax Levy Extensions</b>
2003	42,344,826	42,272,749	99.83%	59,968	42,332,717	99.97%
2004	44,595,473	44,388,203	99.54%	168,025	44,556,228	99.91%
2005	47,672,363	47,433,307	99.50%	33,119	47,466,426	99.57%
2006	50,305,082	50,112,235	99.62%	48,057	50,160,292	99.71%
2007	51,167,696	50,940,582	99.56%	20,447	50,961,029	99.60%
2008	53,172,394	52,827,215	99.35%	18,291	52,845,506	99.39%
2009	53,332,168	53,011,644	99.40%	17,832	53,029,476	99.43%
2010	54,562,306	54,196,463	99.33%	(26,980)	54,169,483	99.28%
2011	54,950,931	54,658,636	99.47%	-	54,658,636	99.47%
2012	55,719,158					

- NOTES:
- (1) The tax levy extensions do not include tax increment financing districts or special service tax areas.
  - (2) Current collections as shown above represent those collections made by Winnebago County on the current levy up to the date of tax sale (the date such taxes are determined to be delinquent). The current tax collection period normally is the calendar year immediately subsequent to the tax year, but may be extended beyond December 31, depending on the date of the tax sale.
  - (3) Delinquent property taxes collected by the County Treasurer are distributed to the taxing units by use of the current tax rate and cannot be applied to specific levy years. Thus, delinquent taxes collected during the year are applied to the year preceding the tax levy for which current taxes are being collected.
  - (4) The 2010 levy will be collected in 2011.

**CITY OF ROCKFORD, ILLINOIS  
RATIO OF OUTSTANDING DEBT BY TYPE,  
LAST TEN FISCAL YEARS**

Governmental Activities						
Fiscal Year Ended	General Obligation Bonds	Section 108 Guaranteed Loans	EPA Water Pollution Obligation	Promissory Term Note	Capital Leases	Lines of Credit
2003	75,240,000	1,075,000	1,149,926			
2004	90,550,000	1,065,000	1,064,887			
2005	101,970,000	2,045,000	977,265			
2006	95,950,000	1,810,000	886,981			
2007	114,385,000	1,730,000	793,956			
2008	104,755,000	1,645,000	698,104			8,844,578
2009	104,735,000	1,555,000	599,340	2,000,000		8,945,076
2010	95,720,000	1,455,000	497,576	2,352,013		9,150,967
2011	86,705,000	1,355,000	392,721	452,741		5,758,859
2012	77,755,000	1,185,000	284,680	350,781	10,034,707	6,041,424

Business-Type Activities						
Water General Obligation Alternate Bonds	Parking System General Obligation Alternate Bonds	Water IEPA Loan	Water Instalment Purchase Agreement	Total Primary Government	Percentage of Personal Income	Per Capita
25,135,000				102,599,926	2.57%	683
23,740,000				116,419,887	2.88%	776
22,250,000				127,242,265	3.08%	848
33,890,000				132,536,981	3.22%	883
34,285,000				151,193,956	3.55%	1,007
40,075,000	1,850,000	2,041,100	25,000,000	184,908,782	4.13%	1,232
37,190,000	1,850,000	18,588,514	14,000,000	189,462,930	4.04%	1,262
37,510,000	1,825,000	26,909,280	14,000,000	189,419,836	3.75%	1,239
34,570,000	1,800,000	35,293,002	4,000,000	170,327,323	3.37%	1,114
31,695,000	1,725,000	36,607,891		165,679,483	3.15%	1,084

**CITY OF ROCKFORD, ILLINOIS  
RATIO OF NET GENERAL BONDED DEBT,  
LAST TEN FISCAL YEARS**

<b>Year</b>	<b>Population (1)</b>	<b>Equalized Value (3)</b>	<b>Bond Principal (2)</b>	<b>Less Debt Service Funds</b>	<b>Net Bonded Debt</b>	<b>Ratio of Net Bonded Debt to Equalized Value</b>	<b>Net Bonded Debt Per Capita</b>
2003	150,115	1,695,487,843	75,240,000	4,784,289	70,455,711	4.16%	469.34
2004	150,115	1,716,660,425	90,550,000	4,386,052	86,163,948	5.02%	573.99
2005	150,115	1,817,902,953	101,970,000	5,131,603	96,838,397	5.33%	645.09
2006	150,115	1,925,661,337	95,950,000	7,461,724	88,488,276	4.60%	589.47
2007	150,115	2,032,641,960	114,385,000	9,513,895	104,871,105	5.16%	698.61
2008	150,115	2,100,181,000	106,605,000	8,667,411	97,937,589	4.66%	652.42
2009	150,115	2,082,799,663	106,585,000	7,989,282	98,595,718	4.73%	656.80
2010	152,871	2,008,995,393	97,545,000	8,317,681	89,227,319	4.44%	583.68
2011	152,871	1,891,533,215	88,505,000	8,620,869	79,884,131	4.22%	522.56
2012	152,871	1,709,052,860	79,480,000	8,208,657	71,271,343	4.17%	466.22

- NOTES:
- (1) Per the United States Department of Commerce, Bureau of Statistics, Rockford Council of 100 and City of Rockford estimates.
  - (2) Does not include general obligation bonds being funded by earnings of the Water Utility Fund or Water revenue bonds, and Water general obligation alternate bonds for long-term debt.
  - (3) Does not include tax increment financing areas equalized value.

**CITY OF ROCKFORD, ILLINOIS  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**

As of December 31, 2012

Name of Governmental Unit	Total Debt Outstanding	(2) Percentage Applicable To City of Rockford	City of Rockford's Share of Debt
<b>Direct:</b>			
City of Rockford, Illinois (1)	\$ 79,480,000	100.0%	\$ 79,480,000
<b>Overlapping:</b>			
Schools:			
School District #205	139,592,508	71.9%	100,380,973
School District #122	28,596,704	2.6%	740,655
School District #321	-	8.5%	-
School District #323	5,750,000	3.4%	194,925
Community College #511	64,528,595	28.8%	18,584,235
	<u>238,467,807</u>		<u>119,900,787</u>
Other Units:			
Winnebago County	-	43.5%	-
Winnebago County Forest Preserve	3,009,090	41.8%	1,258,702
Rock River Water Reclamation District	-	62.3%	-
Greater Rockford Airport Authority	-	56.9%	-
Rockford Township	-	75.0%	-
Cherry Valley Township	-	42.9%	-
Owen Township	-	23.9%	-
Rockford Park District	10,975,000	70.0%	7,680,305
Rockford City Library District	-	71.3%	-
	<u>13,984,090</u>		<u>8,939,007</u>
Total Overlapping Debt	<u>252,451,897</u>		<u>128,839,795</u>
Total Direct and Overlapping Debt	<u>\$ 331,931,897</u>		<u>\$ 208,319,795</u>

NOTES:

- (1) Total debt outstanding for the City of Rockford does not include general obligation bonds and water revenue bonds being funded by the Water Utility Fund.
- (2) Determined by ratio of assessed value of property subject of taxation in City of Rockford to value of property subject of taxation in overlapping unit.

Source: Information on overlapping debt obtained from Winnebago County.

**CITY OF ROCKFORD, ILLINOIS  
LEGAL DEBT MARGIN INFORMATION,  
LAST TEN FISCAL YEARS**

Legal Debt Margin Calculation for Fiscal Year 2011

Assessed value	\$ 1,709,052,860
Debt limit - State (8.625% of assessed value)	147,405,809
Debt Limit - City (80% of the State limit)	117,924,647
Debt applicable to limit:	
General obligation bonds	20,570,000
Lease/purchase agreements	10,703,728
General obligation promissory notes	6,392,205
Total amount of debt applicable to debt limit	<u>37,665,933</u>
Legal debt margin	<u>80,258,714</u>

	2012	2011	2010	2009
Debt limit	\$ 117,924,647	\$ 130,515,792	\$ 138,620,682	\$ 143,713,177
Total net debt applicable to limit	<u>37,665,933</u>	<u>31,216,600</u>	<u>51,882,980</u>	<u>63,735,000</u>
Legal debt margin	<u>\$ 80,258,714</u>	<u>\$ 99,299,192</u>	<u>\$ 86,737,702</u>	<u>\$ 79,978,177</u>
Total net debt applicable to the limit as a percentage of debt limit	31.94%	23.92%	37.43%	44.35%



2008	2007	2006	2005	2004	2003
144,912,521	\$ 140,252,295	\$ 135,222,965	\$ 125,509,805	\$ 118,449,569	\$ 116,988,661
63,600,000	53,665,000	60,275,000	64,110,000	65,055,000	64,765,501
81,312,521	\$ 86,587,295	\$ 74,947,965	\$ 61,399,805	\$ 53,394,569	\$ 52,223,160
43.89%	38.26%	44.57%	51.08%	54.92%	55.36%

**CITY OF ROCKFORD, ILLINOIS  
 PLEDGED-REVENUE COVERAGE,  
 LAST TEN FISCAL YEARS**

<b>Year</b>	<b>Water Service Charges</b>	<b>Less: Operating Expenses</b>	<b>Net Revenue Available for Debt Service</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Coverage</b>
Water Utility Fund (1)							
2003	16,465,260	12,832,977	3,632,283	3,715,000	1,179,547	4,894,547	0.74%
2004	16,353,453	12,967,309	3,386,144	3,695,000	1,092,484	4,787,484	0.71%
2005	18,510,339	13,618,993	4,891,346	3,690,000	971,322	4,661,322	1.05%
2006	20,130,357	14,021,767	6,108,590	3,360,000	1,338,489	4,698,489	1.30%
2007	21,991,102	14,955,551	7,035,551	3,105,000	1,389,810	4,494,810	1.57%
2008	22,528,255	15,829,814	6,698,441	2,905,000	1,710,304	4,615,304	1.45%
2009	21,552,933	16,718,002	4,834,931	3,105,000	1,605,824	4,710,824	1.03%
2010	22,715,297	18,013,327	4,701,970	2,965,000	1,615,853	4,580,853	1.03%
2011	22,675,543	18,696,527	3,979,016	2,910,000	1,520,749	4,430,749	0.90%
2011	24,682,211	21,578,537	3,103,674	2,740,000	1,407,193	4,147,193	0.75%

NOTES: Details regarding the city's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest or amortization expenses.

**CITY OF ROCKFORD, ILLINOIS  
 DEMOGRAPHIC AND ECONOMIC STATISTICS,  
 LAST TEN FISCAL YEARS**

<b>Year</b>	<b>Population (1)</b>	<b>Personal Income (Thousands of dollars) (3)</b>	<b>Per Capita Personal Income (2)</b>	<b>School Enrollment (4)</b>	<b>Unemployment Rate (5)</b>
2003	150,115	4,134,317	27,541	28,685	8.30%
2004	150,115	4,122,308	27,461	28,887	6.50%
2005	150,115	4,253,509	28,335	29,145	6.40%
2006	150,115	4,479,432	29,840	29,601	5.30%
2007	150,115	4,848,714	32,300	29,637	6.30%
2008	150,115	4,945,389	32,944	28,844	9.10%
2009	150,115	4,823,345	32,131	28,970	15.10%
2010	152,871	5,048,564	33,025	29,920	16.60%
2011	152,871	5,255,246	34,377	29,920	14.40%
2012	152,871	N/A	N/A	295,642	14.40%

NOTES:

- (1) U.S. Department of Commerce, Bureau of Statistics and Rockford Council of 100
- (2) U.S. Department of Commerce, Bureau of Statistics, the amount presented is for the Rockford MSA.
- (3) Per Capita Personal Income multiplied by the population.
- (4) Annual school census by Rockford Board of Education. Students in community colleges are not included.
- (5) Figures are provided by the State of Illinois Department of Employment Security.  
 The rate presented is the average unemployment for the year, Rockford MSA.

**CITY OF ROCKFORD, ILLINOIS  
 PRINCIPAL EMPLOYERS,  
 CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	2011			2002		
	Employees (1)	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Rockford School District No. 205	4,800	1	3.30%	4,070	1	2.22%
Wal-Mart Stores	2,750	2	1.89%			
Swedish American Health Systems	2,600	3	1.79%	2,923	3	1.59%
Rockford Health Systems	2,500	4	1.72%	4,000	2	2.18%
Chrysler, LLC	2,350	5	1.62%	1,850	7	1.01%
Hamilton Sundstrand Corporation	2,000	6	1.37%	2,700	4	1.47%
OSF St. Anthony's Medical Center	2,000	7	1.37%	2,000	6	1.09%
United Parcel Service (3)	2,000	8	1.37%	2,200	5	1.20%
County of Winnebago	1,600	9	1.10%			
Woodward Aircraft Division	1,200	10	0.82%			0.00%
Textron				1,700	8	0.93%
City of Rockford				1,198	9	0.65%
Woodward Governor Company				1,100	10	0.60%
Total	<u>23,800</u>		<u>16.36%</u>	<u>23,741</u>		<u>12.95%</u>
Total employment in the Rockford MSA	145,500			183,323		

(1) Source: 2012 Illinois Manufacturer's Directory, 2012 Illinois Services Directory, the Rockford Area Council of 100, the Illinois Department of Commerce and Economic Activity, and the selected telephone survey.

(2) Full-time equivalents

(3) Includes part-time employees

**CITY OF ROCKFORD, ILLINOIS  
 FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM  
 LAST TEN FISCAL YEARS**

Function/Program	Full-time Equivalent Employees									
	2011	2011	2010	2009	2008	2007	2006	2005	2004	2003
General government:										
Mayor's office	4.0	5.0	6.0	8.0	8.0	8.0	8.0	8.0	6.0	6.0
Legal department	12.0	12.0	17.0	20.0	20.0	19.0	17.0	17.0	16.0	16.0
Finance office	31.0	30.0	31.0	32.0	33.0	33.0	33.0	34.0	33.0	34.0
Information Services	6.0	6.0	6.0	8.0	10.0	10.0	10.0	10.0	9.0	8.0
Personnel department	5.0	5.0	6.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Public safety										
Police department										
Officers	283.0	282.0	282.0	295.0	305.0	305.0	305.0	299.0	299.0	300.0
Civilians	36.0	36.0	36.0	28.0	33.0	33.0	33.0	33.0	33.0	33.0
Fire department	280.0	278.0	282.0	282.0	282.0	282.0	280.0	282.0	277.0	277.0
###	53.0	53.0	53.0	53.0	53.0	53.0	61.0	61.0	61.0	61.0
Public works - traffic	11.0	11.0	13.0	12.5	18.0	18.0	18.0	18.0	18.0	18.0
Building department	15.0	15.0	18.0	25.0	19.0	21.0	20.0	20.0	20.0	20.0
Streets, alleys and bridges										
Administration	2.0	2.0	4.0	4.5	6.5	7.0	6.0	6.0	6.0	6.0
Engineering	10.0	5.5	7.5	10.0	4.5	5.0	5.0	5.0	5.0	5.0
Capital Projects	17.0	18.5	17.2	16.0	16.0	16.0	16.0	13.0	13.0	13.0
Street and sewer maintenance	31.0	32.0	38.0	40.0	39.5	40.0	40.0	40.0	41.0	41.0
Property and equipment	24.0	24.0	27.0	27.0	28.0	28.0	24.0	28.0	28.0	26.0
Community development										
Administration	1.5	1.5	1.5	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Development	8.0	8.0	7.0	8.0	9.0	17.0	18.0	19.0	18.0	18.0
Planning	4.3	4.3	5.3	6.0	11.0	15.0	12.0	12.0	12.0	14.0
Code enforcement	10.2	10.2	12.2	13.0	13.0	13.0	-	-	-	-
Sanitation and sewers										
Public works - sewers	-	-	-	-	3.0	3.0	3.0	3.0	3.0	3.0
Culture and recreation										
Library	86.0	84.5	82.0	115.0	109.0	103.0	102.0	98.0	97.0	104.0
Public health and welfare	91.0	99.0	97.9	91.0	92.5	93.0	96.0	92.0	93.0	92.0
Parking	8.5	8.5	8.5	9.0	9.0	9.0	9.0	9.0	9.0	9.0
Water	72.0	72.0	77.0	75.0	76.0	75.0	76.0	75.0	76.0	76.0
Total	1,101.5	1,103.0	1,135.0	1,187.0	1,207.0	1,215.0	#####	#####	#####	1,189.0

Source: City Finance Office

**CITY OF ROCKFORD, ILLINOIS  
OPERATING INDICATORS BY FUNCTION/PROGRAM,  
LAST EIGHT FISCAL YEARS**

Function/Program	Fiscal Year							
	2011	2010	2009	2008	2007	2006	2005	2004
<b>Police department</b>								
Total calls for service	166,714	167,304	177,688	184,824	188,840	200,874	190,747	190,097
Total group A offenses	20,799	23,169	24,663	27,590	28,441	12,415	11,394	12,190
Number of alarms	5,349	5,559	5,422	6,215	5,802	5,696	6,155	5,980
Arrests	13,676	13,536	15,286	15,864	16,320	17,247	16,497	16,545
Clearance Rate	33.21%	33.40%	32.88%	33.70%	36.38%	23.33%	24.00%	24.00%
<b>Fire department</b>								
Total call for service	22,216	22,839	23,663	23,629	22,864	20,915	19,498	18,634
Number of fire investigations	180	216	268	312	355	364	373	382
Total number of fire calls	566	564	688	702	781	671	715	732
Total number of ambulance runs	17,719	17,958	18,391	18,243	17,372	15,390	15,281	15,837
<b>911 Center</b>								
Total non-emergency calls	114,317	112,076	119,097	130,481	125,202	293,012	290,133	291,427
Total emergency calls	121,584	119,200	120,247	137,536	153,559	182,076	172,070	182,564
Total police dispatches	170,651	167,305	159,703	174,122	192,399	342,008	336,068	328,295
Total fire dispatches	24,009	23,539	24,425	27,643	27,669	30,213	29,575	27,976
<b>Construction and Development Services</b>								
Residential permits	1,950	2,160	1,581	1,730	1,471	1,340	1,288	1,229
Commercial permits	350	315	339	457	445	413	401	345
Plan reviews	500	448	472	806	874	974	1,015	995
Total inspections	11,000	10,157	10,485	13,259	17,780	18,786	19,112	17,688
Project over \$1million/total value	10/30M	15/34M	16/50M	30/94M	29/92.4M	23/\$61.8M	19/\$129.5M	8/\$24.5M
Zoning Clearances	2,000	1,729	1,730	1,945	N/A	N/A	N/A	N/A
Demolitions	100	127	125	109	N/A	N/A	N/A	N/A
Total acres annexed	40	3	37	372	848	200	526	152
Assessed valuation in annexed areas	130,000	97,879	125,000	2,870,000	5,800,000	3,500,000	1,130,000	666,063
<b>Human services</b>								
Households receiving energy assistance	16,000	13,000	16,000	9,900	9,906	9,886	9,100	8,300
Head Start program enrollment	780	721	624	653	669	649	665	653
Homeless prevention clients served	2,800	1,267	2,435	1,900	1,870	1,496	1,049	1,494
Summer Food program	3,890	4,400	4,400	3,000	2,500	2,985	2,190	1,800
Clients receiving weatherization assistance	500	459	459	155	N/A	N/A	N/A	N/A
<b>Sanitation Division</b>								
Regular tonnage	53,210	52,120	53,640	55,419	57,340	56,436	54,466	55,370
Composting tonnage	14,560	14,320	14,155	14,624	14,920	15,378	13,563	15,819
Recycling tonnage	7,330	7,210	6,705	6,928	7,170	7,006	7,178	7,171
<b>Public Works</b>								
Number of engineering plans reviewed	75	70	94	113	118	N/A	N/A	N/A
Number of permits issued	1,625	1,751	1,623	1,584	N/A	N/A	N/A	N/A
Plowing/spreading occurrences	22	21	20	31	32	N/A	N/A	N/A
Street sweeping cycles	3	3	3	4	6	N/A	N/A	N/A
Pothole patching (tons used)	1,400	1,868	3,131	2,762	1,478	N/A	N/A	N/A
Tree trims	1,500	1,181	4,136	2,890	N/A	N/A	N/A	N/A
Tree plantings	100	28	18	N/A	N/A	N/A	N/A	N/A
<b>Parking division</b>								
Total parking spaces	4,504	4,504	4,504	4,504	4,329	4,303	3,593	3,971
Number of tickets issued	15,769	18,268	24,741	24,023	26,869	44,009	38,055	40,000
<b>Water division</b>								
Number of users	52,725	53,055	53,030	53,267	53,221	53,100	52,902	52,423
Annual water production (billion gallons)	7.03	7.40	7.30	8.00	8.34	8.40	9.36	8.48

Source: City finance department

**CITY OF ROCKFORD, ILLINOIS  
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM,  
LAST SEVEN FISCAL YEARS**

<b>Function/Program</b>	<b>Fiscal Year <u>2012</u></b>	<b>Fiscal Year <u>2011</u></b>	<b>Fiscal Year <u>2010</u></b>	<b>Fiscal Year <u>2009</u></b>	<b>Fiscal Year <u>2008</u></b>	<b>Fiscal Year <u>2007</u></b>	<b>Fiscal Year <u>2006</u></b>
<b>Police department</b>							
Stations	1	1	1	1	1	1	1
Substations	4	4	4	4	4	4	4
Squad cars	130	130	130	130	130	130	127
Vans (including trucks and mobile units)	40	40	40	40	38	38	38
<b>Fire department</b>							
Stations	11	11	11	11	11	11	11
Companies:							
Engine	8	8	8	8	8	8	8
Quints	3	3	3	3	3	3	3
Ladder	2	2	2	2	2	2	2
Ambulances	6	6	6	6	5	5	5
<b>Library</b>							
Main facility	1	1	1	1	1	1	1
Branch facilities	5	5	5	5	5	5	5
<b>Parking division</b>							
Surface lots	32	32	32	32	30	30	30
Garages	5	5	5	5	4	4	4
<b>Water division</b>							
Water mains (miles)	816	816	770	770	770	770	751
Wells	27	27	39	39	39	39	39
Treatment Plants	10	10	10	3	-	-	-
Production capacity (gal per day)	76,500,000	76,500,000	76,500,000	76,500,000	76,500,000	76,500,000	76,500,000

Source: City finance department

THE CITY OF  
**ROCKFORD**  
ILLINOIS, USA

The logo features a stylized graphic of five curved, parallel lines that sweep upwards from the left and downwards from the right, creating a sense of motion or a stylized 'R' shape. This graphic is positioned behind the text, with the top portion above 'ROCKFORD' and the bottom portion below it.