

CITY OF ROCKFORD, ILLINOIS

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2014

CITY OF ROCKFORD, ILLINOIS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2014

Prepared by:

Finance Office
Chris Black
Finance Director

CITY OF ROCKFORD, ILLINOIS

CONTENTS

	<u>Pages</u>
INTRODUCTORY SECTION	
Letter of Transmittal	I - V
Officials and Officers	VI
Organization Chart	VII
Certificate of Achievement	VIII
FINANCIAL SECTION	
Independent Auditor's Report	1 - 2
Management's Discussion and Analysis	3 - 18
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	19
Statement of Activities	20
Fund Financial Statements:	
Balance Sheet - Governmental Funds	21 - 22
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	23
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	24 - 25
Reconciliation of the Statement of Revenues, Expenditures and changes in Fund Balance of Governmental Funds to the Statement of Activities	26
Statement of Net Position - Proprietary Funds	27 - 28
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	29
Statement of Cash Flows - Proprietary Funds	30 - 31
Statement of Fiduciary Net Position - Fiduciary Funds	32
Statement of Changes in Plan Net Position - Fiduciary Funds	33
Notes to the Financial Statements	34 - 87
Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Major Funds:	
General Fund	A1
Public Library	A2
Community Development Fund	A3
Human Services Fund	A4
Analysis of Funding Progress	A5
Employer Contributions	A6
Schedule of Employer Contributions Police and Fire Pension	A7
Schedule of Changes in Employer's Net Pension Liability Police Pension	A8
Schedule of Changes in Employer's Net Pension Liability Fire Pension	A9
Schedule of Investment Returns Police and Fire Pension	A10
Notes to Required Supplementary Information	A11

CITY OF ROCKFORD, ILLINOIS

CONTENTS (Continued)

	<u>Pages</u>
FINANCIAL SECTION (Continued)	
Other Supplementary Information	
Nonmajor Governmental Funds Combining Statements:	
Combining Balance Sheet	B1 - B7
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	B8 - B14
Statement of Revenues, Expenditures and Changes in Fund Balance - Rockford Tuberculosis Care Center Fund	
Garbage and Refuse Fund	B15
Motor Fuel Tax Fund	
Redevelopment Fund	B16
Tourism Fund	
Special Projects Fund	B17
RKFD Metro Agency for Planning	B18
Tax Increment Financing Areas:	
East Side Fund	
West Side Fund	B19
Seventh Street Fund	B20
South Rockford Fund	
Lincolnwood Estates Fund	B21
Springfield Corners Fund	
Rockford Global Trade Park Fund	B22
North Main Fund	
Lincolnwood II Fund	B23
River Oaks Fund	
Garrison Fund	B24
Hope Six Fund	
Kishwaukee/Harrison Fund	B25
Jackson School Fund	
Preston/Central Fund	B26
North Main & Auburn Fund	
East State & Alpine Fund	B27

CITY OF ROCKFORD, ILLINOIS

CONTENTS (Continued)

	<u>Pages</u>
FINANCIAL SECTION (Continued)	
Other Supplementary Information (Continued)	
Nonmajor Governmental Funds Combining Statements: (Continued)	
Tax Increment Financing Areas: (Continued)	
West State & Central Fund	
West State & Kilburn Fund	B28
West Side II Fund	
Rockford Global Trade Park II Fund	B29
River North Fund	
North Main and Whitman Fund	B30
East River Fund	
Assisted Living Fund	B31
Midtown Fund	
Kishwaukee and Harrison II	B32
Rockford Global Trade Park III Fund	
Broadway Fund	B33
Rockford Global Trade Park South Fund	
Jefferson and Third Fund	B34
Mulford and State Fund	B35
Internal Service Funds:	
Combining Statement of Net Position (Deficit)	C1 - C2
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	C3 - C4
Combining Statement of Cash Flows	C5 - C6
Fiduciary Funds:	
Combining Statement of Fiduciary Net Position	D1
Combining Statement of Changes in Plan Net Position	D2
Capital Assets:	
Schedule by Source	E1
Schedule by Function and Activity	E2
Schedule of Changes by Function and Activity	E3

CITY OF ROCKFORD, ILLINOIS

CONTENTS (Continued)

Pages

STATISTICAL SECTION

Financial Trends:

Net Position by Component	F1-F2
Changes in Net Position	F3 - F6
Fund Balances, Governmental Funds	F7 - F8
Changes in Fund Balances, Governmental Funds	F9 - F10

Revenue Capacity:

Assessed Value and Estimated Actual Value of Taxable Property	F11
Direct and Overlapping Property Tax Rate	F12 - F13
Principal Property Tax Payers	F14
Property Tax Levies and Collections	F15

Debt Capacity:

Ratio of Outstanding Debt by Type	F16 - F17
Ratio of Net General Bonded Debt	F18
Direct and Overlapping Governmental Activities Debt	F19
Legal Debt Margin Information	F20 - F21
Pledged-Revenue Coverage	F22

Demographic and Economic Information:

Demographic and Economic Information Statistics	F23
Principal Employers	F24

Operating Information:

Full-time Equivalent City Government Employees by Function/program	F25
Operating Indicators by Function/Program	F26
Capital Asset Statistics by Function/Program	F27



Chris Black
Director
Finance Department

August 10, 2015

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, 2014, 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, 2014 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 unmodified opinion that the City of Rockford's financial statements for the fiscal year ended December 31, 2014, 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

City of Rockford, Illinois USA

425 East State Street Rockford, Illinois 61104-1068 USA
(815) 987-5643 (815) 961-3154 fax www.rockfordil.gov

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 64.23 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 2014 average unemployment rate for the metropolitan area was 8.3% as compared to the state average of 7.0% and the national average of 6.2%.

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 Governor, 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 University – 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 Campus – 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 6.55 year average maturity for the portfolio. The average yield as of year-end was 1.296% 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. In 2014, the City opened the Wellness Center, a medical clinic available to plan participants, with a focus on employee wellness in an effort to reduce costs and improve employee health. 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 2014 the amount was 13.41% of covered payroll. Additional information on the City of Rockford's pension arrangements and post-employment benefits can be found on pages 70-85 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, 2013. This was the thirty fourth 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, 2014. 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, 2014

MAYOR

Lawrence J. Morrissey

CITY COUNCIL MEMBERS

Franklin C. Beach
John C. Beck
Venita Hervey
Joseph Chiarelli
Tim Durkee
Teena Newburg
Ann Thompson-Kelly

Karen Elyea
Kevin Frost
Jeanne Oddo
Marcus Hill
Tom Mcnamara
Jamie Getchius
Linda McNeely

CITY ADMINISTRATOR

James Ryan

Todd Cagnoni
COMMUNITY DEVELOPMENT DIRECTOR

Chis Black
FINANCE DIRECTOR

Derek Bergsten
FIRE CHIEF

George Davis
HUMAN SERVICES DIRECTOR

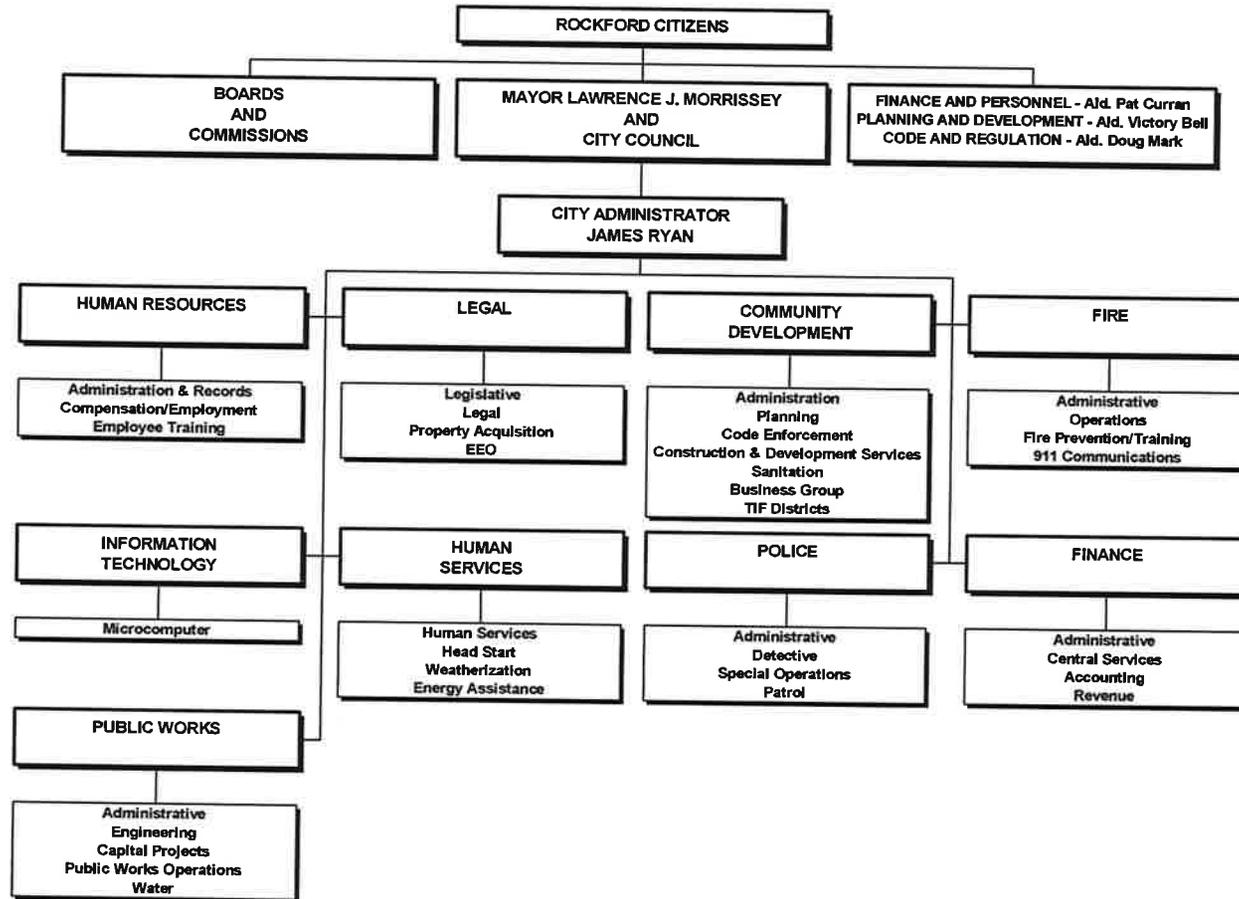
Patrick Hayes
LEGAL DIRECTOR

Julia Valdez
PERSONNEL DIRECTOR

Chet Epperson
POLICE CHIEF

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



Government Finance Officers Association

**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, 2013

Executive Director/CEO



INDEPENDENT AUDITORS' REPORT

August 10, 2015

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

Report on the Financial Statements

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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 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 statements were audited by other auditors whose report 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, is based solely on the reports of the other auditors. 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 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, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Rockford, Illinois, as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Rockford, Illinois', financial statements as a whole. The introductory section, combining and individual fund financial statements and budgetary comparison schedules, supplemental 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 budgetary comparison schedules and supplemental schedules 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. Such 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and budgetary comparison schedules and supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 10, 2015, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provision 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* in considering the City's internal control over financial reporting and compliance.


LAUTERBACH & AMEN, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Rockford, Illinois

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended December 31, 2014

The management of the City of Rockford, Illinois presents this narrative overview and analysis to facilitate both short and long-term analysis of the financial activities of the City for the fiscal year ended December 31, 2014. This Management Discussion and Analysis (MD&A) is based on currently known facts, decisions, and conditions which existed as of the date of the independent auditor's report. Additional information outside the scope of this analysis can be found in the Letter of Transmittal. 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 \$984.5 million and total liabilities and deferred inflows of \$278.1 million the City of Rockford's total net position increased about 1.3% or \$9.1 million to \$706.4 million at year-end December 31, 2014. Of this amount, approximately \$670.1 million represent the City's net investment in capital assets, \$33.9 million was held for restricted purposes and \$2.4 million is classified as unrestricted.
- The net position of the governmental type activities increased 1.6 percent and the business type activities increased by .4 percent.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$75.3 million, an increase of \$.3 million in comparison with the prior year. Approximately 35.4 percent of this total amount, \$27.4 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 \$35.6 million, or 28.8 percent of total General Fund expenditures. In comparison, the prior year unassigned fund balance was \$34.4 million, 26.7 percent of General Fund expenditures.
- During the current fiscal year the City's total long-term obligations decreased by 1.5 percent or \$2.8 million, to \$179.3 million. The key factors in this decrease were the issuance of \$5.4 million for new bonds and \$4.3 million for capital leases, a \$1.9 million increase in claims and judgments, a \$1.0 million increase in the net pension obligation and principal payments of \$15.5 million.

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:

City of Rockford, Illinois

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended December 31, 2014

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.

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2014

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 adhoc 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.

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 - 87 of this report.

City of Rockford, Illinois

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended December 31, 2014

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 –A11 of this report.

City of Rockford, Illinois

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended December 31, 2014

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 \$706.4 million at the close of the fiscal year ended December 31, 2014.

The City's net position includes assets invested in capital net of related debt, restricted net position, and unrestricted net position. In 2014, assets invested in capital net of related debt were equal to \$670.1 million and comprised 95.0 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, 2014 and 2013.

	Governmental activities 2014	Governmental activities 2013	Business-type activities 2014	Business-type activities 2013	Total 2014	Total 2013
Current and other assets	\$ 183,191,793	\$ 178,129,965	\$ 19,949,022	\$ 24,567,742	\$203,140,815	202,697,707
Capital assets	584,623,273	576,875,931	194,593,190	193,473,898	779,216,463	770,349,829
Deferred outflows of resources	2,021,484	1,062,238	106,682	168,410	2,128,166	1,230,648
Total assets and deferred outflows	769,836,550	756,068,134	214,648,894	218,210,050	984,485,444	974,278,184
Long-term liabilities	96,316,485	96,154,661	58,270,537	62,609,466	154,587,022	158,764,127
Current liabilities	52,237,058	48,961,654	6,532,693	6,314,461	58,769,751	55,276,115
Deferred inflows of resources	64,706,261	62,931,100	-	-	64,706,261	62,931,100
Total liabilities and deferred inflows	213,259,804	208,047,415	64,803,230	68,923,927	278,063,034	276,971,342
Net position:						
Net invested in capital assets	529,830,638	523,202,658	140,232,135	139,564,019	670,062,773	662,766,677
Restricted	27,711,451	28,246,117	6,187,576	6,334,283	33,899,027	34,580,400
Unrestricted	(965,343)	(3,428,056)	3,425,953	3,387,821	2,460,610	(40,235)
Total net position	\$556,576,746	\$548,020,719	\$149,845,664	\$149,286,123	\$706,422,410	\$697,306,842

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.

City of Rockford, Illinois

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended December 31, 2014

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

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 \$556.6 million compared to \$548.0 million at the end of 2013. 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 (\$1.6) million, relatively unchanged from the previous year. Restricted net position, those restricted for special purposes such as; capital projects, debt service, and various grant related activities was relatively unchanged increasing by 0.4 percent. The modest overall improvement in net position was due primarily to favorable operating results and a \$3.4 million increase in charges for services resulting from rate increases and an increase in permits for new construction.

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 was relatively unchanged (\$149.8 million compared to \$149.3 million at the end of 2013).

A summary of the City's 2014 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, 2014

Changes in Net Position						
	Governmental activities	Governmental activities	Business-type activities	Business-type activities	Total	Total
	2014	2013	2014	2013	2014	2013
Revenues						
Program revenues:						
Charges for services	\$ 34,881,811	\$ 32,202,278	\$ 25,992,701	\$ 25,034,032	\$ 60,874,512	\$ 57,236,310
Operating grants and contributions	21,686,554	22,637,706	-	-	21,686,554	22,637,706
Capital grants and contributions	8,141,162	36,857,891	644,105	586,349	8,785,267	37,444,240
General revenues:						
Taxes:						
Property taxes	59,593,973	60,194,938	-	-	59,593,973	60,194,938
Sales tax	38,956,355	37,991,893	-	-	38,956,355	37,991,893
Franchise taxes	1,878,951	1,878,557	-	-	1,878,951	1,878,557
Other taxes	15,672,651	14,642,944	-	-	15,672,651	14,642,944
Intergovernmental						
Income tax	14,477,198	14,741,571	-	-	14,477,198	14,741,571
Replacement tax	7,610,690	7,814,495	-	-	7,610,690	7,814,495
Interest earnings	4,204,812	(2,822,026)	1,048,948	(667,894)	5,253,760	(3,489,920)
Other	1,017,183	1,388,622	(167,346)	-	849,837	1,388,622
Total revenues	208,121,340	227,528,869	27,518,408	24,952,487	235,639,748	252,481,356
Expenses						
General government	13,264,913	13,134,269	-	-	13,264,913	13,134,269
Public safety	99,756,203	98,591,263	-	-	99,756,203	98,591,263
Streets, alleys and bridges	39,685,242	34,444,654	-	-	39,685,242	34,444,654
Community development	9,011,612	10,147,688	-	-	9,011,612	10,147,688
Sanitation	9,356,050	7,083,257	-	-	9,356,050	7,083,257
Culture and recreation	8,971,095	8,347,463	-	-	8,971,095	8,347,463
Public health and welfare	16,128,872	16,398,282	-	-	16,128,872	16,398,282
Interest and fiscal charges	3,451,326	3,913,461	-	-	3,451,326	3,913,461
Water	-	-	24,317,101	21,977,859	24,317,101	21,977,859
Parking	-	-	2,581,766	2,488,973	2,581,766	2,488,973
Total expenses	199,625,313	192,060,337	26,898,867	24,466,832	226,524,180	216,527,169
Increase in net position before transfers	8,496,027	35,468,532	619,541	485,655	9,115,568	35,954,187
Transfers	60,000	60,000	(60,000)	(60,000)	-	-
Increase in net position	8,556,027	35,528,532	559,541	425,655	9,115,568	35,954,187
Net position - beginning	548,020,719	512,492,187	149,286,123	148,860,468	697,306,842	661,352,655
Net position - ending	\$ 556,576,746	\$ 548,020,719	\$ 149,845,664	\$ 149,286,123	\$ 706,422,410	\$ 697,306,842

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2014

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 \$208.1 million compared to \$227.5 million in 2013, a decrease of 8.5%. The leading factors are as follows:

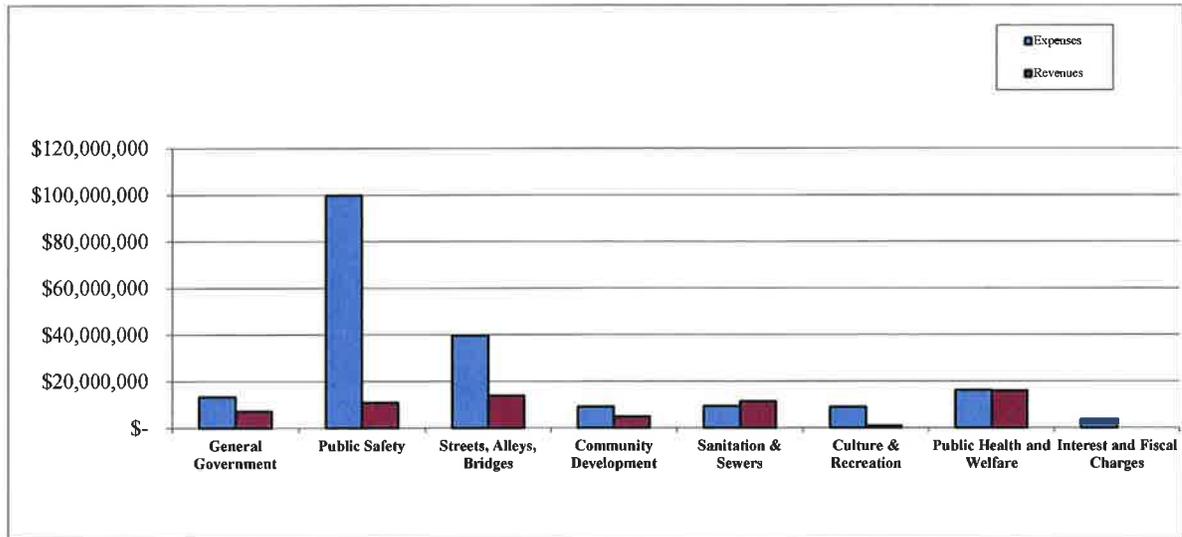
- The City's largest single revenue source, property taxes amounted to \$59.6 million. Property taxes were relatively flat decreasing by approximately \$0.6 million (1.0 percent) during the current year compared to increases of 0.1 percent and 0.3 percent for 2013 and 2012, respectively.
- Shared revenue from the State decreased approximately \$0.5 million (2.2 percent) from 2013. This decrease follows four years of modest increases after two years of sharp declines, 2014 levels remain below 2007.
- Operating grants, capital grants, and capital contributions decreased \$29.7 million, mostly due to nonrecurring state capital contributions for road projects received in 2013.
- Charges for services increased \$2.7 million or 8.4 percent.

Total governmental activities' expense for the current year was \$199.6 million compared to \$192.1 in 2013, an increase of 4.0%. This increase was primarily the result of wage increases, increased expense for incurred claims and judgments, and a \$2.0 million annual increase in the garbage collection contract.

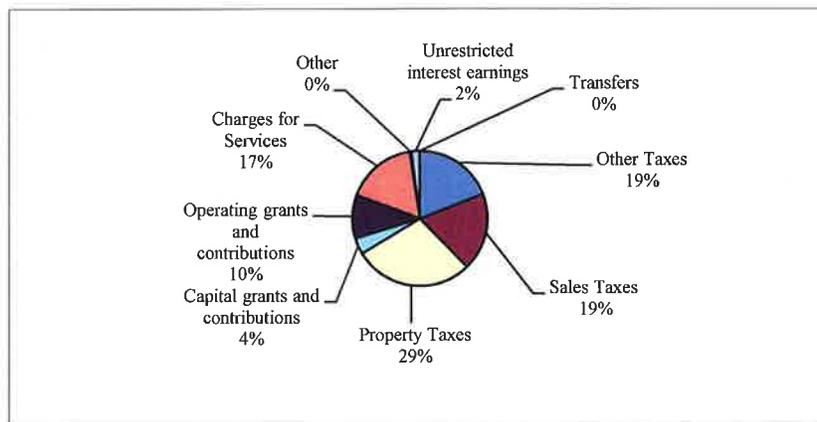
The graph on the next page shows a comparison between the expenses by governmental activity type and the revenues generated that are specific to those activities.

MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2014

Expense and Program Revenue – Governmental Activities



Revenues by Source - Government Activities



Revenues by Source - Government Activities

The cost of all governmental activities this year was \$199.6 million. However, the amount that taxpayers paid for these activities through City and State taxes was only \$138.2 million. Some of the cost was paid by:

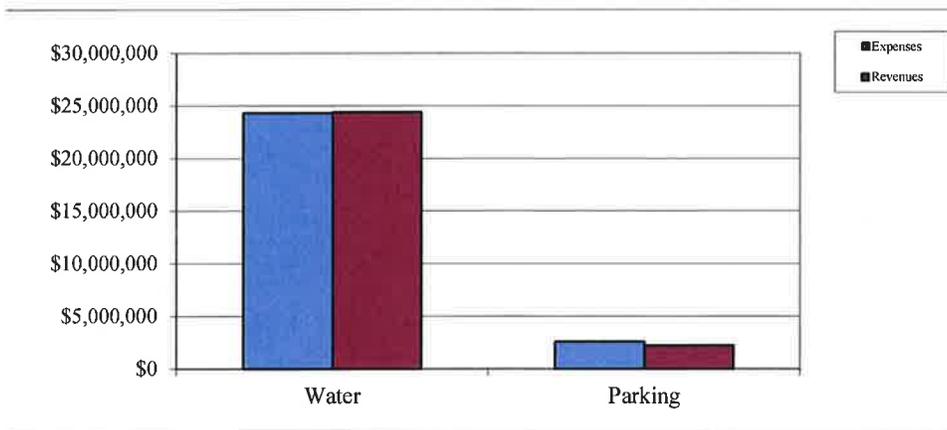
- Those who directly benefited from the programs \$34.9 million.
- Other governments and organizations that subsidized certain programs with grants \$29.8 million.

MANAGEMENT’S DISCUSSION AND ANALYSIS
 For the Year Ended December 31, 2014

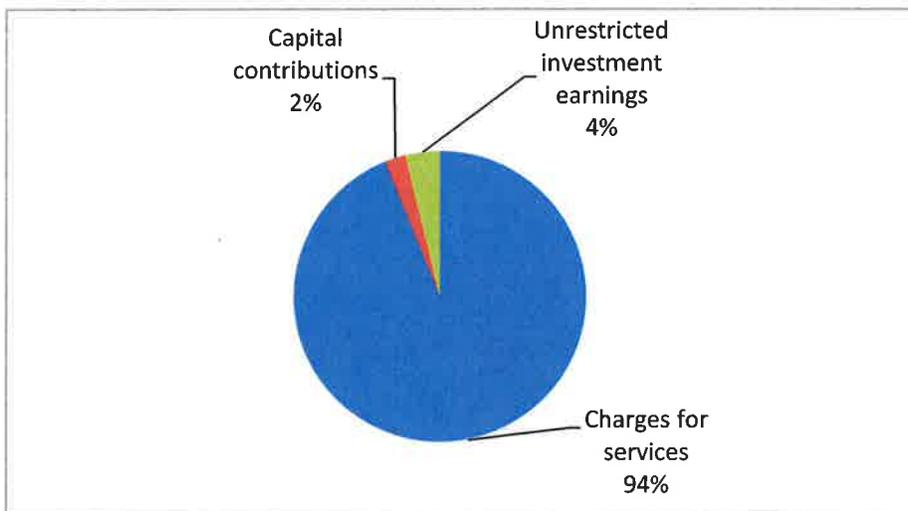
Business-type Activities – Business-type activities net position increased by \$0.6 million in 2014, compared to an increase of \$0.4 million in 2013. Revenues from business type activities increased by 3.8 percent to \$26.0 million and expenses increased 9.8 percent to \$26.9 million. Key elements contributing to these results included:

- Charges for services for business-type activities increased by nearly \$1 million due to a 3 percent increase in water rates and better enforcement and collection of parking fines.
- Expenses increased by \$2.4 million due almost entirely to frozen water service lines and mains experienced in January and February of 2014.

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



Revenues by Source - Business-type Activities



City of Rockford, Illinois

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended December 31, 2014

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 2014, its governmental funds reported a combined fund balance of \$75.3 million, an increase of \$0.3 million (less than 1 percent) in comparison with the prior fiscal year. Unassigned fund balance was \$26.7 million, and is available for spending at the government's discretion. The remainder \$48.7 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 \$35.6 million. 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 28.8 percent of total General Fund expenditures.

The following schedule presents the governmental funds summary of revenues for the years ended December 31, 2014 and 2013:

	FY 2014	Percent of Total	FY 2013	Amount of increase (decrease)	Percent of increase (decrease)
Revenues by source					
Taxes	\$ 113,009,795	54.51%	\$ 112,374,801	\$ 634,994	0.57%
Licenses and permits	5,292,806	2.55%	4,195,722	1,097,084	26.15%
Intergovernmental	59,115,907	28.51%	60,350,268	(1,234,361)	-2.05%
Charges for services	24,559,244	11.85%	22,384,977	2,174,267	9.71%
Fines	1,223,737	0.59%	1,330,341	(106,604)	-8.01%
Interest	3,118,977	1.50%	(2,188,963)	5,307,940	242.49%
Miscellaneous	1,017,183	0.49%	1,388,622	(371,439)	-26.75%
Total revenues	<u>\$ 207,337,649</u>	<u>100.00%</u>	<u>\$ 199,835,768</u>	<u>\$ 7,501,881</u>	<u>3.75%</u>

Revenues of the City's governmental funds increased \$7.9 million or 3.9 percent from the prior fiscal year. Charges for services made up the largest dollar value increase, up \$2.2 million or 9.71 percent. This increase was primarily due to an increase in fees and building permits issued. Taxes up for the fifth consecutive year accounted for just a \$.6 million increase and seem to have stabilized. Taxes include such items as property tax, retail sales tax, hotel/motel, food and beverage, local use tax and utility tax, those revenues that tend to change with economic conditions. Interest revenue on cash and cash equivalents increased \$5.3 million to \$3.1 million, after negative returns in 2013 of \$2.2 million.

The following schedule presents the governmental funds summary of expenditures for the years ended December 31, 2014 and 2013:

City of Rockford, Illinois

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended December 31, 2014

	FY 2014	Percent of Total	FY 2013	Amount of increase (decrease)	Percent of increase (decrease)
Expenditures by function					
General government	12,452,533	5.84%	12,424,299	28,234	0.23%
Public safety	92,695,209	43.44%	92,936,457	(241,248)	-0.26%
Streets, alleys and bridges	15,068,708	7.06%	13,293,106	1,775,602	13.36%
Community development	8,886,067	4.16%	10,181,731	(1,295,664)	-12.73%
Sanitation and sewers	12,012,277	5.63%	9,859,179	2,153,098	21.84%
Culture and recreation	7,954,777	3.73%	7,443,243	511,534	6.87%
Public health and welfare	15,857,443	7.43%	16,348,317	(490,874)	-3.00%
Debt service:					
Principal payments	10,640,814	4.99%	14,109,960	(3,469,146)	-24.59%
Interest and fiscal charges	3,455,713	1.62%	3,056,098	399,615	13.08%
Capital expenditures	34,356,166	16.10%	37,153,026	(2,796,860)	-7.53%
Total expenditures	213,379,707	100.00%	216,805,416	(3,425,709)	-1.58%

Expenditures of the City's governmental funds decreased by \$3.4 million or 1.6 percent compared to the previous year. Overall current expenditures increased by \$2.4 million about 1.5 percent. Capital expenditures decreased by almost \$2.8 million, after four years of limited investment in capital equipment, due to budget constraints the City has completed the third year of an aggressive four year replacement plan. Under this replacement plan expenditures for capital leases decreased by \$2.6 million from the previous year.

The Public Library fund balance at year-end was \$9.3 million up \$9 million from the prior year. This 12.2 percent increase is primarily the result of a \$0.4 million increase in interest revenue and \$0.3 million for capital project that were put on hold.

The Debt Service Fund total fund balance at year-end was \$10.6 million, all of which is restricted or assigned for the payment of debt service. The net increase of 1.9 million in the fund balance corresponds with the increase 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 \$5.6 million all of which is restricted or assigned for capital projects. The decrease in fund balance during the current fiscal year was \$4.7 million. This decrease was the result of spending sales tax revenues earned in prior years for current 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 expenditures by \$0.9 million (0.2 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:

City of Rockford, Illinois

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues	\$ 116,813,724	118,750,812	123,656,651	\$ 4,905,839
Expenditures	125,136,505	125,401,556	123,513,944	1,887,612
Excess of revenues over expenditures	(8,322,781)	(6,650,744)	142,707	6,793,451
Other financing sources and uses				
Lease proceeds	4,016,223	4,016,223	4,016,223	-
Transfers from other funds	3,349,424	3,349,424	3,349,424	-
Transfers to other funds	(3,861,572)	(6,361,572)	(6,361,572)	-
Net change in fund balance	\$ (4,818,706)	(5,646,669)	1,146,782	\$ 6,793,451

During the year the City spent 98.5 percent of the final amount appropriated in the General Fund. Actual General Fund revenues were more than budgetary estimates by 4.1 percent.

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, 2014 amounts to \$779.2 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 for the governmental activities increased by 1.3 percent and the business-type activities increased by less than one percent. General fund capital expenditures decreased by \$6.6 million, after four years of limited investment in capital equipment due to budget constraints the City has completed the third year of an aggressive four year replacement plan. General fund capital expenditures were \$5.1 million for 2012, \$10.6 million for 2013, \$4.0 million for 2014 and \$2.3 million is budgeted for 2015. The 2013 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 new squad cars for the police department at a cost of \$1.4 million, two new ambulances for the fire department at a cost of \$0.5 million, heavy equipment for the public works department at a cost of 2.0 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 \$22.9 million during the current year. Significant projects in 2014 included – Falcon Road reconstruction (\$2.6 million), City Wide Commercial & Industrial Resurfacing (\$1.2 million), Blackhawk Park & Seminary Street Rehab (\$1.1 million), City Wide Residential Resurfacing Program (\$5.5), and Harrison Avenue Improvements (\$5.5 million).
- Various system additions and improvements were completed in the Water Utility Fund at a cost of \$6.1 million. 2013 marked the end of a four year \$75 million water system rehabilitation project.

City of Rockford, Illinois

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2014

Primary Government Capital Assets (net of depreciation)

	Governmental	Governmental	Business-type	Business-type	Total	Total
	activities	activities	activities	activities	2014	2013
	2014	2013	2014	2013		
Land	\$ 7,148,009	\$ 7,148,009	\$ 6,231,754	\$ 6,231,754	\$ 13,379,763	\$ 13,379,763
Land improvements	383,950	233,249	514,338	549,577	898,288	782,826
Buildings and improvements	27,195,174	24,459,880	27,730,721	27,480,357	54,925,895	51,940,237
Improvements other than building	-	-	156,095,954	154,350,618	156,095,954	154,350,618
Equipment	17,258,158	16,730,625	2,261,039	2,246,506	19,519,197	18,977,131
Infrastructure	532,637,982	528,304,168	-	-	532,637,982	528,304,168
Construction in progress	-	-	1,759,384	2,615,086	1,759,384	2,615,086
Total	\$ 584,623,273	\$ 576,875,931	\$ 194,593,190	\$ 193,473,898	\$ 779,216,463	\$ 770,349,829

Additional information on the City of Rockford's capital assets can be found in Note III, C on pages 52 - 53 of this report.

Long-term Debt – At the end of the current fiscal year, the City of Rockford had total debt outstanding of \$146.9 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 \$19.4 million for; section 108 loans, EPA water pollution obligations, lines of credit, term notes, capital lease purchase agreements and \$33.2 million for IEPA loans. Total debt decreased by \$7.8 million during the current fiscal year. Key factors in this decrease were; \$4.0 million of capital leases issued for the purchase of city wide equipment, \$5.4 million issued for the construction of a new fire station, G.O. principal payments of \$10.3 million, and principal payments of \$4.2 million for capital leases and EPA loans.

Primary Government Outstanding Debt
General Obligation and Revenue Bonds

	Governmental	Governmental	Business-type	Business-type	Total	Total
	activities	activities	activities	activities	2014	2013
	2014	2013	2014	2013		
General obligation bonds	\$ 7,965,000	\$ 11,985,000	\$ -	\$ -	\$ 7,965,000	\$ 11,985,000
General obligation revenue bonds	58,670,000	57,475,000	27,930,000	30,605,000	86,600,000	88,080,000
Total bonded debt	\$ 66,635,000	\$ 69,460,000	\$ 27,930,000	\$ 30,605,000	\$ 94,565,000	\$ 100,065,000

The City of Rockford's bond rating is A1 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, 2014 the City's indebtedness was \$72.4 million less than the City limit and \$97.4 million less than the State limit.

Additional information on the City of Rockford's long-term debt can be found on Note III, F on pages 57 – 69 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2014

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.

The City's goal in developing the 2015 budget was to continue offering citizens basic services, economic development efforts, and fiscal stability. Development and adoption of the 2015 budget was premised on maintaining staffing and service levels equivalent to 2014, and continuing the capital equipment program.

Budgeted revenues for the General Fund are \$127.8 million, including \$2.2 million for capital lease proceeds and \$3.7 million for transfers in.

Budgeted expenditures in the General Fund are \$127.8 million, including \$2.3 million for capital purchases and \$5.7 million for transfers out. Major spending changes by account type for 2015 are:

- Salaries increased \$1.3 million as a result of contract increases and a 2% wage increase.
- Fringe Benefits increased \$3.6 million as a direct result of increased salaries and a health insurance premium increase.
- Contractual and supply accounts decreased \$1.4 million.
- Capital outlays decreased \$2.8 million with decreases for funding vehicle purchases under the City's vehicle leasing program.

While the local economic environment and the impact it has on the City's available revenues continues to present a challenge in December 2014, 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 2016 budget process to begin on a sound financial footing.

City of Rockford, Illinois

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2014

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, 2014

ASSETS	Primary Government			Component Units	
	Governmental	Business-type	Total	Rockford	Rockford
	Activities	Activities		Mass Transit	Metropolitan
				District	Exposition, Auditorium and Office Building Authority
Cash and cash equivalents	\$ 89,096,973	\$ 1,592,282	\$ 90,689,255	\$ 4,323,973	\$ 1,096,936
Receivables, net	66,211,130	3,747,622	69,958,752	1,047,202	1,407,072
Internal balances	(122,708)	122,708	-	-	-
Due from other governments	27,549,770	-	27,549,770	-	-
Inventories	222,628	473,013	695,641	337,350	95,566
Prepaid items	234,000	-	234,000	383,389	117,191
Other assets	-	-	-	-	4,350,763
Restricted assets:					
Cash and cash equivalents	-	14,013,397	14,013,397	1,386,021	636,428
Net pension asset	-	-	-	187,304	-
Capital assets not depreciated	7,148,009	7,991,138	15,139,147	2,077,299	-
Capital assets, net of accumulated depreciation	577,475,264	186,602,052	764,077,316	21,271,316	27,817,328
Total assets	767,815,066	214,542,212	982,357,278	31,013,854	35,521,284
DEFERRED OUTFLOWS OF RESOURCES					
Unamortized gain on refunding	2,021,484	106,682	2,128,166	-	-
Total deferred outflows of resources	2,021,484	106,682	2,128,166	-	-
Total assets and deferred outflows of resources	769,836,550	214,648,894	984,485,444	31,013,854	35,521,284
LIABILITIES					
Accounts payable and other accrued liabilities	16,603,920	1,502,089	18,106,009	447,064	871,529
Accrued payroll and benefits	2,652,618	147,307	2,799,925	921,750	362,520
Due to other governments	77,911	-	77,911	-	-
Unearned revenue	2,293,390	-	2,293,390	1,999,304	2,490,347
Other liabilities	10,687,222	22,244	10,709,466	389,358	-
Deposits and advances	-	21,425	21,425	-	-
Noncurrent liabilities:					
Due or payable within one year	19,921,997	4,839,628	24,761,625	-	500,795
Due or payable in more than one year	96,316,485	58,270,537	154,587,022	2,165,796	4,083,344
Total liabilities	148,553,543	64,803,230	213,356,773	5,923,272	8,308,535
DEFERRED INFLOWS OF RESOURCES					
Property taxes	59,709,322	-	59,709,322	-	-
Grants	4,996,939	-	4,996,939	-	634,245
Total deferred inflows of resources	64,706,261	-	64,706,261	-	634,245
Total liabilities and deferred inflows of resources:	213,259,804	64,803,230	278,063,034	5,923,272	8,942,780
NET POSITION					
Net invested in capital assets	529,830,638	140,232,135	670,062,773	23,348,615	26,774,318
Restricted for:					
Capital projects	5,588,205	1,000,000	6,588,205	-	-
Debt service	6,575,000	5,187,576	11,762,576	-	-
Culture and recreation	9,289,998	-	9,289,998	-	-
Community development	5,247,297	-	5,247,297	-	-
Public health and welfare	974,805	-	974,805	-	-
Employee and public liability trusts	-	-	-	996,663	-
Other purposes - Grants	36,146	-	36,146	-	-
Unrestricted (deficit)	(965,343)	3,425,953	2,460,610	745,304	(195,814)
Total net position	\$ 556,576,746	\$ 149,845,664	\$ 706,422,410	\$ 25,090,582	\$ 26,578,504

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, 2014

Functions/programs	Net (Expenses) Revenues and Changes in Net Position							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		
Primary government:									
Governmental activities:									
General government	\$ 13,264,913	\$ 7,156,417	\$ -	\$ -	\$ (6,108,496)	\$ -	\$ (6,108,496)		
Public safety	99,756,203	9,362,142	1,332,430	150,000	(88,911,631)	-	(88,911,631)		
Streets, alleys and bridges	39,685,242	5,843,446	-	7,991,162	(25,850,634)	-	(25,850,634)		
Community development	9,011,612	1,007,366	3,854,855	-	(4,149,391)	-	(4,149,391)		
Sanitation and sewers	9,356,050	11,338,644	-	-	1,982,594	-	1,982,594		
Culture and recreation	8,971,095	173,796	659,834	-	(8,137,465)	-	(8,137,465)		
Public health and welfare	16,128,872	-	15,839,435	-	(289,437)	-	(289,437)		
Interest and fiscal charges	3,451,326	-	-	-	(3,451,326)	-	(3,451,326)		
Total governmental activities	<u>199,625,313</u>	<u>34,881,811</u>	<u>21,686,554</u>	<u>8,141,162</u>	<u>(134,915,786)</u>	<u>-</u>	<u>(134,915,786)</u>		
Business-type activities:									
Water	24,317,101	23,771,130	-	644,105	-	98,134	98,134		
Parking	2,581,766	2,221,571	-	-	-	(360,195)	(360,195)		
Total business-type activities	<u>26,898,867</u>	<u>25,992,701</u>	<u>-</u>	<u>644,105</u>	<u>-</u>	<u>(262,061)</u>	<u>(262,061)</u>		
Total primary government	<u>\$ 226,524,180</u>	<u>\$ 60,874,512</u>	<u>\$ 21,686,554</u>	<u>\$ 8,785,267</u>	<u>(134,915,786)</u>	<u>(262,061)</u>	<u>(135,177,847)</u>		
Component units:									
Bus transportation	\$ 17,203,233	\$ 1,839,444	\$ 13,765,701	\$ 631,589				\$ (966,499)	\$ -
Metro Centre - coliseum-arena	12,995,291	10,927,392	1,224,924	3,288,128				-	2,445,153
Total component units	<u>\$ 30,198,524</u>	<u>\$ 12,766,836</u>	<u>\$ 14,990,625</u>	<u>\$ 3,919,717</u>				<u>(966,499)</u>	<u>2,445,153</u>
General revenues:									
Taxes:									
Property taxes					59,593,973	-	59,593,973	-	-
Sales taxes					38,956,355	-	38,956,355	-	-
Metro Centre sales tax					3,968,445	-	3,968,445	-	-
Motel and hotel tourism tax					1,869,427	-	1,869,427	-	-
Entertainment tax					-	-	-	-	-
Video gaming tax					-	-	-	-	107,141
Local use tax					1,213,184	-	1,213,184	-	-
Telecommunications tax					2,986,568	-	2,986,568	-	-
Utility tax					4,554,368	-	4,554,368	-	-
Franchise taxes					1,080,659	-	1,080,659	-	-
Intergovernmental					1,878,951	-	1,878,951	-	-
Income tax					14,477,198	-	14,477,198	-	-
Replacement tax					7,610,690	-	7,610,690	-	-
Total taxes and intergovernmental					<u>138,189,818</u>	<u>-</u>	<u>138,189,818</u>	<u>-</u>	<u>107,141</u>
Unrestricted interest earnings					4,204,812	1,048,948	5,253,760	2,511	1,010
Miscellaneous					1,017,183	(167,346)	849,837	2,965	-
Transfers					60,000	(60,000)	-	-	-
Total general revenues					<u>143,471,813</u>	<u>821,602</u>	<u>144,293,415</u>	<u>5,476</u>	<u>108,151</u>
Change in net position					8,556,027	559,541	9,115,568	(961,023)	2,553,304
Net position - beginning					548,020,719	149,286,123	697,306,842	26,051,605	24,025,200
Net position - ending					<u>\$ 556,576,746</u>	<u>\$ 149,845,664</u>	<u>\$ 706,422,410</u>	<u>\$ 25,090,582</u>	<u>\$ 26,578,504</u>

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

CITY OF ROCKFORD, ILLINOIS
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2014

	General Fund	Public Library Fund	Community Development Fund	Human Services Fund	Debt Service Fund
ASSETS					
Cash and cash equivalents	\$ 16,714,734	\$ 9,434,073	\$ 2,016,886	\$ 509,505	\$ 10,435,774
Property taxes receivable, net	44,686,734	7,247,907	-	-	3,396,827
Accounts receivable, net	3,861,950	3,482	-	-	-
Notes receivable, net	-	-	556,350	307,231	-
Accrued interest receivable	350,201	-	-	-	-
Due from the Federal Government	-	-	453,377	1,590,224	-
Due from the State of Illinois	10,922,923	121,160	-	633,360	201,811
Due from other governmental units	960,571	-	-	-	-
Due from other funds	8,970,947	38,016	-	3,540	-
Total assets	86,468,060	16,844,638	3,026,613	3,043,860	14,034,412
DEFERRED OUTFLOWS OF RESOURCES					
None	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-
Total assets and deferred outflows of resources	86,468,060	16,844,638	3,026,613	3,043,860	14,034,412
LIABILITIES					
Accounts payable	\$ 1,562,486	\$ 162,043	\$ 363,981	\$ 562,930	\$ -
Accrued payroll and benefits	2,112,951	120,481	13,653	132,799	-
Due to other governments	77,911	-	-	-	-
Due to other funds	240,532	-	1,484,112	-	-
Unearned revenue	1,737,517	-	-	-	-
Other liabilities	482,466	-	8,520	90	-
Total liabilities	6,213,863	282,524	1,870,266	695,819	-
DEFERRED INFLOWS OF RESOURCES					
Property taxes	44,686,734	7,247,907	-	-	3,396,827
Grants	-	-	513,420	1,373,236	-
Total deferred inflows of resources	44,686,734	7,247,907	513,420	1,373,236	3,396,827
Total liabilities and deferred inflows of resources	50,900,597	7,530,431	2,383,686	2,069,055	3,396,827
FUND BALANCES					
Nonspendable	-	24,209	502,530	307,231	-
Restricted for:					
Capital Projects	-	-	-	-	-
Debt service	-	-	-	-	6,575,000
Culture and recreation	-	9,289,998	-	-	-
Community development	-	-	140,397	-	-
Public health and welfare	-	-	-	667,574	-
Highway and streets	-	-	-	-	-
Assigned for:					
General government	-	-	-	-	-
Debt service	-	-	-	-	4,062,585
Community development	-	-	-	-	-
Public health and welfare	-	-	-	-	-
Unassigned	35,567,463	-	-	-	-
Total fund balances	35,567,463	9,314,207	642,927	974,805	10,637,585
Total liabilities and deferred inflows of resources and fund balance	\$ 86,468,060	\$ 16,844,638	\$ 3,026,613	\$ 3,043,860	\$ 14,034,412

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

Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 7,890,189	\$ 23,584,996	\$ 70,586,157
-	4,377,854	59,709,322
7,407	1,162,413	5,035,252
-	-	863,581
-	-	350,201
2,902,677	-	4,946,278
7,555,719	731,052	20,166,025
1,220,201	145,671	2,326,443
3,354,630	34,976	12,402,109
<u>22,930,823</u>	<u>30,036,962</u>	<u>176,385,368</u>
-	-	-
-	-	-
<u>22,930,823</u>	<u>30,036,962</u>	<u>176,385,368</u>
\$ 7,572,312	\$ 2,442,881	\$ 12,666,633
46,437	14,220	2,440,541
-	-	77,911
-	10,578,698	12,303,342
6,613,586	-	8,351,103
-	-	491,076
<u>14,232,335</u>	<u>13,035,799</u>	<u>36,330,606</u>
-	4,377,854	59,709,322
<u>3,110,283</u>	-	<u>4,996,939</u>
<u>3,110,283</u>	<u>4,377,854</u>	<u>64,706,261</u>
<u>17,342,618</u>	<u>17,413,653</u>	<u>101,036,867</u>
-	36,146	870,116
5,588,205	-	5,588,205
-	-	6,575,000
-	-	9,289,998
-	4,604,370	4,744,767
-	-	667,574
-	11,704,798	11,704,798
-	192,988	192,988
-	-	4,062,585
-	4,134,143	4,134,143
-	159,297	159,297
-	(8,208,433)	27,359,030
<u>5,588,205</u>	<u>12,623,309</u>	<u>75,348,501</u>
<u>\$ 22,930,823</u>	<u>\$ 30,036,962</u>	<u>\$ 176,385,368</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, 2014

Total fund balances for governmental funds \$ 75,348,501

Total net position reported for governmental activities in the statement of net position 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	\$ 7,148,009	
Improvements other than buildings, net of \$369,407 accumulated depreciation	176,939	
Buildings and improvements, net of \$33,884,576 accumulated depreciation	25,261,624	
Equipment, net of \$21,981,882 accumulated depreciation	15,641,212	
Infrastructure, net of \$409,918,525 accumulated depreciation	532,637,982	
Total capital assets (See Note III - C.)		580,865,766

Revenues in the statement of activities that do not provide current financial resources are deferred in the funds. 6,930,754

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 position. Internal service fund net position is: 4,478,734

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 position. 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 discounts and losses on refundings will also be amortized as an adjustment of interest expense over the remaining life of the debt.

Pension benefit obligation	\$ (6,801,784)	
Other post employment benefit liability	(2,883,082)	
Bonds payable	(66,635,000)	
Accrued interest on bonds	(316,946)	
Compensated absences	(6,589,522)	
Other liabilities	(10,196,146)	
EPA Water Pollution Obligations	(58,653)	
Development agreement	(1,661,113)	
Capital leases	(16,469,398)	
Section 108 guaranteed loans	(825,000)	
Unamortized bond premiums and discounts	(631,849)	
Deferred amount on refunding	2,021,484	
Total long-term assets and liabilities (See Note III - G.)		(111,047,009)

Total net position of governmental activities \$ 556,576,746

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, 2014

	General Fund	Public Library Fund	Community Development Fund	Human Services Fund
REVENUES				
Taxes	\$ 75,568,554	7,262,750	\$ -	\$ -
Licenses and permits	5,198,828	-	-	-
Intergovernmental	26,602,062	1,009,984	2,767,909	15,839,435
Charges for services	13,137,231	80,419	-	-
Fines	1,130,360	93,377	-	-
Interest	1,547,670	441,026	19,595	3,882
Miscellaneous	471,946	58,023	134,722	22,050
Total revenues	<u>123,656,651</u>	<u>8,945,579</u>	<u>2,922,226</u>	<u>15,865,367</u>
EXPENDITURES				
Current:				
General government	11,521,834	-	-	-
Public safety	92,416,907	-	-	-
Streets, alleys and bridges	12,659,910	-	-	-
Community development	2,312,569	-	1,892,876	-
Sanitation and sewers	627,659	-	-	-
Culture and recreation	-	7,630,474	-	-
Public health and welfare	-	-	-	15,639,340
Debt service:				
Principal payments	-	-	180,000	-
Interest and fiscal charges	-	-	53,033	117,209
Capital outlay:				
Public safety	1,943,285	-	-	-
Streets, alleys and bridges	2,031,780	-	-	-
Culture and recreation	-	154,701	-	-
Public health and welfare	-	-	-	-
Total expenditures	<u>123,513,944</u>	<u>7,785,175</u>	<u>2,125,909</u>	<u>15,756,549</u>
Excess of revenues over (under) expenditures	<u>142,707</u>	<u>1,160,404</u>	<u>796,317</u>	<u>108,818</u>
OTHER FINANCING SOURCES (USES)				
Refunding bonds issued	-	-	-	-
Payment to escrow agent	-	-	-	-
General obligation bonds issued	-	-	-	-
Issuance of lease purchase agreement	4,016,223	-	-	-
Discount on issue of general obligation bonds	-	-	-	-
Premium on issue of general obligation bonds	-	-	-	-
Transfers in	3,349,424	-	-	-
Transfers out	(6,361,572)	(224,144)	(986,424)	-
Total other financing sources (uses)	<u>1,004,075</u>	<u>(224,144)</u>	<u>(986,424)</u>	<u>-</u>
Net change in fund balances	1,146,782	936,260	(190,107)	108,818
Fund balances - beginning	<u>34,420,681</u>	<u>8,377,947</u>	<u>833,034</u>	<u>865,987</u>
Fund balances - ending	<u>\$ 35,567,463</u>	<u>\$ 9,314,207</u>	<u>\$ 642,927</u>	<u>\$ 974,805</u>

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

Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 4,130,843	\$ 15,975,663	\$ 10,071,985	\$ 113,009,795
-	-	93,978	5,292,806
1,673,184	4,647,243	6,576,090	59,115,907
-	2,950	11,338,644	24,559,244
-	-	-	1,223,737
-	627,382	479,422	3,118,977
303,669	9,388	17,385	1,017,183
<u>6,107,696</u>	<u>21,262,626</u>	<u>28,577,504</u>	<u>207,337,649</u>
-	930,699	-	12,452,533
-	-	278,302	92,695,209
-	2,408,798	-	15,068,708
-	-	4,680,622	8,886,067
-	6,300	11,378,318	12,012,277
-	324,303	-	7,954,777
-	97,834	120,269	15,857,443
10,276,316	-	184,498	10,640,814
2,682,371	137,046	466,054	3,455,713
-	3,947,838	-	5,891,123
-	22,853,200	-	24,884,980
-	3,261,144	-	3,415,845
-	164,218	-	164,218
<u>12,958,687</u>	<u>34,131,380</u>	<u>17,108,063</u>	<u>213,379,707</u>
<u>(6,850,991)</u>	<u>(12,868,754)</u>	<u>11,469,441</u>	<u>(6,042,058)</u>
29,590,000	-	-	29,590,000
(30,911,996)	-	-	(30,911,996)
-	5,420,000	-	5,420,000
-	-	-	4,016,223
(285,593)	(84,188)	-	(369,781)
1,085,765	-	-	1,085,765
9,301,963	2,790,126	1,059,612	16,501,125
-	-	(11,368,985)	(18,941,125)
<u>8,780,139</u>	<u>8,125,938</u>	<u>(10,309,373)</u>	<u>6,390,211</u>
1,929,148	(4,742,816)	1,160,068	348,153
<u>8,708,437</u>	<u>10,331,021</u>	<u>11,463,241</u>	<u>75,000,348</u>
<u>\$ 10,637,585</u>	<u>\$ 5,588,205</u>	<u>\$ 12,623,309</u>	<u>\$ 75,348,501</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, 2014

Net change in fund balances - total governmental funds	\$ 348,153
The change in net position 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 (\$34,356,166) exceeded depreciation (\$26,311,873) in the current period. (See Note III - C.)	8,044,293
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.	(885,960)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds (capital contributions of \$28,834,317 and changes in deferred revenue of \$2,843,781).	2,993,073
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	(29,590,000)
Proceeds from general obligation bonds issued	(5,420,000)
Proceeds from capital lease agreements	(4,016,223)
Repayments:	
Principal payment on bonds and other long-term obligations and amounts paid to escrow agent	40,805,816
Net adjustment	1,779,593
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	28,310
Net pension obligation	(1,014,147)
Compensated absences	15,318
Other liabilities	64,833
Accrued interest on bonds	(71,043)
Amortization of deferred amount from refunding and bond discounts	959,246
Amortization of bond premiums and discounts	(665,782)
Combined adjustment	(683,265)
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.	(3,039,860)
Change in net position of governmental activities	<u>\$ 8,556,027</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, 2014

	Business-type Activities Enterprise Funds			Governmental Activities- Internal Service Funds
	Water Utility	Parking System	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,162,067	\$ 430,215	\$ 1,592,282	\$ 18,510,816
Accounts receivable:				
Water	1,732,157	-	1,732,157	-
Estimated unbilled water usage	2,760,000	-	2,760,000	-
Other	32,283	1,186	33,469	252,774
Total accounts receivable	4,524,440	1,186	4,525,626	252,774
Less allowance for uncollectible accounts	(778,004)	-	(778,004)	-
Total accounts receivable, net	3,746,436	1,186	3,747,622	252,774
Due from other funds	120,491	2,217	122,708	75,341
Due from other governments	-	-	-	111,024
Inventories	473,013	-	473,013	222,628
Current restricted assets:				
Cash and cash equivalents:				
Bond construction account	7,825,821	-	7,825,821	-
Revenue bond renewal and replacement account	1,000,000	-	1,000,000	-
Alternate bond current debt service account	5,187,576	-	5,187,576	-
Total current restricted assets	14,013,397	-	14,013,397	-
Total current assets	19,515,404	433,618	19,949,022	19,406,583
Noncurrent assets:				
Capital assets:				
Land	626,588	5,605,166	6,231,754	-
Construction in progress	1,759,384	-	1,759,384	-
Land improvements	847,112	-	847,112	20,000
Buildings and improvements	22,065,184	20,117,723	42,182,907	3,056,622
Equipment	4,807,792	150,911	4,958,703	7,733,340
Improvements other than land and buildings	216,926,443	4,411,757	221,338,200	409,792
Less accumulated depreciation	(68,726,361)	(13,998,509)	(82,724,870)	(7,462,247)
Total capital assets	178,306,142	16,287,048	194,593,190	3,757,507
Total noncurrent assets	178,306,142	16,287,048	194,593,190	3,757,507
Total assets	197,821,546	16,720,666	214,542,212	23,164,090
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized loss on refunding	106,682	-	106,682	-
Total deferred outflows of resources	106,682	-	106,682	-
Total assets and deferred outflows of resources	197,928,228	16,720,666	214,648,894	23,164,090

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	
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 1,190,675	\$ 186,238	\$ 1,376,913	\$ 3,620,341
Accrued interest payable	121,422	3,754	125,176	-
Accrued payroll and benefits	141,821	5,486	147,307	212,077
Due to other funds	-	-	-	296,816
Other liabilities	22,244	-	22,244	-
Deposits and advances	21,425	-	21,425	-
Compensated absences	54,489	2,411	56,900	94,213
Capital lease payable	197,230	-	197,230	43,044
Installment purchase agreement	-	-	-	110,453
General obligation alternate bonds payable (net of unamortized premiums/discounts)	2,490,038	75,000	2,565,038	-
IEPA loan	1,856,929	-	1,856,929	-
Refundable water main extension advances	164,608	-	164,608	-
Claims and judgments payable	-	-	-	5,086,471
Total current liabilities	<u>6,260,881</u>	<u>272,889</u>	<u>6,533,770</u>	<u>9,463,415</u>
Noncurrent liabilities:				
Compensated absences	226,076	18,021	244,097	364,228
Unearned revenue	-	-	-	873,041
Refundable water main extension advances	275,240	-	275,240	-
Customer water deposits	75,762	-	75,762	-
Capital lease payable	1,084,262	-	1,084,262	266,173
Installment purchase agreement	-	-	-	28,065
General obligation alternate bonds payable (net of unamortized premiums/discounts)	23,776,576	1,500,000	25,276,576	-
IEPA loan	31,313,523	-	31,313,523	-
Claims and judgments payable	-	-	-	7,690,434
Total noncurrent liabilities	<u>56,751,439</u>	<u>1,518,021</u>	<u>58,269,460</u>	<u>9,221,941</u>
Total liabilities	<u>63,012,320</u>	<u>1,790,910</u>	<u>64,803,230</u>	<u>18,685,356</u>
DEFERRED INFLOWS OF RESOURCES				
None	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>63,012,320</u>	<u>1,790,910</u>	<u>64,803,230</u>	<u>18,685,356</u>
NET POSITION				
Invested in capital assets, net of related debt	125,520,087	14,712,048	140,232,135	3,216,063
Restricted:				
Capital projects	1,000,000	-	1,000,000	-
Debt service	5,187,576	-	5,187,576	-
Unrestricted	3,208,245	217,708	3,425,953	1,168,962
Total net position	<u>\$ 134,915,908</u>	<u>\$ 14,929,756</u>	<u>\$ 149,845,664</u>	<u>\$ 4,478,734</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, 2014

	Business-type Activities-			Governmental
	Enterprise Funds			
	Water	Parking	Totals	Internal
	Utility	System		Service Funds
OPERATING REVENUES				
Charges for services	\$ 23,572,048	\$ 1,403,164	\$ 24,975,212	\$ 43,813,686
Parking fines	-	753,818	753,818	-
Intergovernmental	-	-	-	-
Miscellaneous	199,082	64,589	263,671	1,058,400
Total operating revenues	<u>23,771,130</u>	<u>2,221,571</u>	<u>25,992,701</u>	<u>44,872,086</u>
OPERATING EXPENSES				
Salaries and benefits	5,458,026	220,889	5,678,915	7,586,590
Services	7,230,605	1,316,608	8,547,213	39,749,160
Supplies and materials	1,016,041	28,839	1,044,880	2,420,941
Depreciation	5,970,022	630,170	6,600,192	617,366
Charges from General Fund	2,707,842	295,728	3,003,570	936,700
Total operating expenses	<u>22,382,536</u>	<u>2,492,234</u>	<u>24,874,770</u>	<u>51,310,757</u>
Operating income (loss)	<u>1,388,594</u>	<u>(270,663)</u>	<u>1,117,931</u>	<u>(6,438,671)</u>
NONOPERATING REVENUES (EXPENSES)				
Interest revenue	1,038,577	10,371	1,048,948	1,085,835
Gain (loss) on disposal of capital assets	(52,343)	(167,346)	(219,689)	-
Interest expense and service fees	(1,830,531)	(89,532)	(1,920,063)	(187,024)
Amortization expense	(51,691)	-	(51,691)	-
Total nonoperating revenues (expenses)	<u>(895,988)</u>	<u>(246,507)</u>	<u>(1,142,495)</u>	<u>898,811</u>
Income (loss) before transfers and capital contribution:	<u>492,606</u>	<u>(517,170)</u>	<u>(24,564)</u>	<u>(5,539,860)</u>
Transfers In (Out)	-	(60,000)	(60,000)	2,500,000
Contributions from developers	644,105	-	644,105	-
Change in net position	<u>1,136,711</u>	<u>(577,170)</u>	<u>559,541</u>	<u>(3,039,860)</u>
Total net position - beginning	<u>133,779,197</u>	<u>15,506,926</u>	<u>149,286,123</u>	<u>7,518,594</u>
Total net position - ending	<u>\$ 134,915,908</u>	<u>\$ 14,929,756</u>	<u>\$ 149,845,664</u>	<u>\$ 4,478,734</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, 2014

	Business-type Activities			Governmental Activities- Internal Service Funds
	Enterprise Funds			
	Water Utility	Parking System	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 23,646,235	\$ 2,220,385	\$ 25,866,620	\$ 45,126,480
Other receipts	199,082	-	199,082	-
Payment to suppliers	(6,223,508)	(1,214,988)	(7,438,496)	(39,945,787)
Payment to employees	(5,558,947)	(203,068)	(5,762,015)	(7,551,202)
Payments for interfund services used	(1,625,454)	(295,728)	(1,921,182)	(936,719)
Payments to other funds	-	(342,160)	(342,160)	-
Payments to other funds	(2,707,842)	-	(2,707,842)	(1,172,146)
Net cash provided by (used for) operating activities	<u>7,729,566</u>	<u>164,441</u>	<u>7,894,007</u>	<u>(4,479,374)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers out	-	(60,000)	(60,000)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from IEPA loan	76,400	-	76,400	-
Proceeds from capital lease	290,284	-	290,284	-
Proceeds from sale of capital assets	353,650	-	353,650	-
Interest paid on general obligation alternate bonds	(1,212,451)	(89,687)	(1,302,138)	-
Interest paid on installment purchase agreement	-	-	-	(5,254)
Interest paid on capital lease	(20,325)	-	(20,325)	(10,783)
Interest paid on IEPA loans	(603,759)	-	(603,759)	-
Principal payment on general obligation alternate bonds	(2,600,000)	(75,000)	(2,675,000)	-
Principal paid on installment purchase agreement	-	-	-	(107,547)
Principal paid on capital lease	(167,594)	-	(167,594)	(41,698)
Principal payment on loans from IEPA	(1,820,418)	-	(1,820,418)	-
Repayment to contractors for water mains	(4,272)	-	(4,272)	-
Capital asset acquisitions	(7,878,544)	(185,045)	(8,063,589)	(1,206,375)
Net cash provided by (used for) capital and related financing activities	<u>(13,587,029)</u>	<u>(349,732)</u>	<u>(13,936,761)</u>	<u>(1,371,657)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received on cash and cash equivalents	1,064,816	9,242	1,074,058	914,292
Net increase (decrease) in cash and cash equivalents	<u>(4,792,647)</u>	<u>(236,049)</u>	<u>(5,028,696)</u>	<u>(4,936,739)</u>
Cash and cash equivalents, beginning	19,968,111	666,264	20,634,375	20,947,555
Cash and cash equivalents, ending	<u>\$ 15,175,464</u>	<u>\$ 430,215</u>	<u>\$ 15,605,679</u>	<u>\$ 16,010,816</u>
Displayed as:				
Cash and cash equivalents	\$ 1,162,067	\$ 430,215	\$ 1,592,282	\$ 18,510,816
Restricted assets - cash and cash equivalents	14,013,397	-	14,013,397	-
	<u>\$ 15,175,464</u>	<u>\$ 430,215</u>	<u>\$ 15,605,679</u>	<u>\$ 18,510,816</u>

(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, 2014

	Business-type Activities Enterprise Funds			Governmental Activities- Internal Service Funds
	Water Utility	Parking System	Totals	
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ 1,388,594	\$ (270,663)	\$ 1,117,931	\$ (6,438,671)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	5,970,022	630,170	6,600,192	617,366
Increase (decrease) from changes in:				
Accounts receivable	(47,859)	(1,186)	(49,045)	26,589
Allowance for uncollectible accounts	45,101	-	45,101	-
Due from other governmental units	-	-	-	216,608
Due from other funds	5,404	-	5,404	-
Prepaid items	-	-	-	(234,000)
Inventories	(94,387)	-	(94,387)	5,472
Accounts payable	494,275	130,459	624,734	597,852
Accrued payroll and benefits	(17,010)	1,037	(15,973)	7,924
Compensated absences	(83,911)	16,784	(67,127)	27,464
Due to other funds	-	(342,160)	(342,160)	(1,172,165)
Deferred revenue	-	-	-	11,197
Other liabilities	(7,608)	-	(7,608)	1,854,990
Deposits and advances	76,945	-	76,945	-
Total adjustments	6,340,972	435,104	6,776,076	1,959,297
Net cash provided by (used for) operating activities	\$ 7,729,566	\$ 164,441	\$ 7,894,007	\$ (4,479,374)
Noncash investing, capital and financing activities:				
Loss on disposal of assets	\$ (52,343)	\$ 167,346	\$ 115,003	\$ -
Distribution main contributed from developers	644,105	-	644,105	-
Accrued interest from IEPA loans converted to loan principle	(847)	-	(847)	-
Amortization of issue and discount costs paid in prior years	10,038	-	10,038	-
Amortization of revenue and general obligation bond refundings	(61,729)	-	(61,729)	-
Capital asset additions in accounts payable at year-end	279,353	-	279,353	-
Total noncash capital and related financing activities	\$ 818,577	\$ 167,346	\$ 985,923	\$ -

(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, 2014

	<u>Pension Trust Funds</u>
ASSETS	
Cash and cash equivalents	<u>\$ 6,349,042</u>
Investments - retirement plans	
U.S. Treasury Strips	408,407
U.S. Treasury Notes	23,235,846
U.S. Treasury Bonds	2,943,319
Government National Mortgage Association	2,129,241
Federal Home Loan Mortgage Corporation	5,465,821
Federal National Mortgage Association	10,611,148
State and Local Government Securities	1,170,028
Small Cap Equity Common Stocks	28,213,671
Mid Cap Equity Common Stocks	23,804,961
NTGI Collective Trust	36,916,579
Domestic Mutual Funds	161,540,884
International Mutual Funds	<u>30,318,429</u>
Total investments	<u>326,758,334</u>
Accrued interest receivable	405,358
Contributions receivable	<u>10,196,145</u>
Total assets	<u>343,708,879</u>
LIABILITIES	
Accrued liabilities	<u>81,357</u>
NET POSITION	
Held in trust for pension benefits	<u>\$ 343,627,522</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, 2014

	<u>Pension Trust Funds</u>
ADDITIONS	
Contributions:	
Employer	\$ 12,936,006
Plan member	<u>4,085,079</u>
Total contributions	<u>17,021,085</u>
Investment income:	
Net appreciation (depreciation) in fair value of investments	13,189,785
Interest and dividend income	<u>7,838,306</u>
	21,028,091
Less investment expense	<u>(623,850)</u>
Net investment income	<u>20,404,241</u>
Total additions	<u>37,425,326</u>
DEDUCTIONS	
Pension benefits	30,326,480
Refunds of contributions	61,308
Administrative expense	<u>415,583</u>
Total deductions	<u>30,803,371</u>
Net increase (decrease)	6,621,955
NET POSITION HELD IN TRUST FOR BENEFITS	
Total net position - beginning	<u>337,005,567</u>
Total net position - ending	<u>\$ 343,627,522</u>

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

NOTES TO THE FINANCIAL STATEMENTS

CITY OF ROCKFORD, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS

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

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 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 accrual and so have been

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

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

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

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, 2014 is \$104,702,652, of which \$87,347,409 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, 2014. 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 2014 levy is deferred as it is intended to finance fiscal year 2015.

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, 2014.

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

(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" (\$7,825,821) 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" (\$5,187,576) 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 position are available.

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

(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 taxes 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

(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 and the constraint can only be removed by same action adopted 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 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.

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

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:

MAJOR FUNDS:

General Fund-Current Expenditures	
Mayor's Office	\$ (12,372)
City Council	(6,008)
Workforce investment board	(1,820)
Board of election	(6,547)
Fire Department	(1,414,651)
Community Development - Planning and Zoning	(12,157)
General Fund-Capital Expenditures	
Public works - Streets, alleys and bridges	(688,241)

NONMAJOR FUNDS:

Garbage and Refuse Fund	\$ (391,831)
Tourism Fund	(141,091)
Special Project Fund	(15,000)
Rockford Metro Agency for Planning	(170,967)
Tax Increment Financing Area - Seventh Street Fund	(71,213)
Tax Increment Financing Area - Lincolnwood Estates Fund	(7,231)
Tax Increment Financing Area - Springfield Corners Fund	(16,447)
Tax Increment Financing Area - Rockford Global Trade Park Fund	(101,260)
Tax Increment Financing Area - North Main Fund	(31,902)
Tax Increment Financing Area - River Oaks Fund	(70,033)
Tax Increment Financing Area - Garrison Fund	(19,463)
Tax Increment Financing Area - Hope Six Fund	(18,030)
Tax Increment Financing Area - Jackson School Fund	(7,326)
Tax Increment Financing Area - Preston/Central Fund	(65,219)
Tax Increment Financing Area - West State & Central Fund	(9,934)
Tax Increment Financing Area - North Main and Whitman Fund	(22,441)
Tax Increment Financing Area - East River Fund	(3,561)
Tax Increment Financing Area - Rockford Global Trade Park III Fund	(1,207)

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

C. DEFICIT FUND EQUITY

The following funds have deficit fund balances/net position as of December 31, 2014:

Special Revenue Funds:

RKFD Metro Agency for Planning	(117,444)
Tax Increment Financing Area - East Side Fund	(55,943)
Tax Increment Financing Area - Seventh Street Fund	(329,781)
Tax Increment Financing Area - Springfield Corners Fund	(1,926,972)
Tax Increment Financing Area - Rockford Global Trade Park Fund	(313,229)
Tax Increment Financing Area - North Main Fund	(788,786)
Tax Increment Financing Area - River Oaks Fund	(1,711,640)
Tax Increment Financing Area - Garrison Fund	(480,244)
Tax Increment Financing Area - Hope Six Fund	(439,614)
Tax Increment Financing Area - Jackson School Fund	(117,415)
Tax Increment Financing Area - Preston / Central Fund	(1,456,240)
Tax Increment Financing Area - North Main and Whitman Fund	(537,561)

Internal Service Funds:

Risk Management Fund	(8,747,792)
----------------------	-------------

Special Revenue tax increment financing area fund's deficits will be alleviated by future property tax revenues. The RKFD Metro Agency for planning fund's deficit will be alleviated by increased rates charge to other governments and the City's general fund. 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

III. DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

The carrying values of deposits in financial institutions and investments at December 31, 2014 are as follows:

	Primary Government	Pension Trust Funds	Component Units
Deposits in financial institutions	\$ 10,038,764	\$ 2,289,288	\$ 7,443,358
Overdrafts	-	-	-
Investments	94,663,888	-	-
Investments-pension trust funds	-	330,818,088	-
	<u>\$ 104,702,652</u>	<u>\$ 333,107,376</u>	<u>\$ 7,443,358</u>

These amounts are reported in the accompanying Statements of Net Position at December 31, 2014 as follows:

	Primary Government	Pension Trust Funds	Component Units
Cash and cash equivalents:			
Unrestricted	\$ 90,689,255	\$ -	\$ 5,420,909
Restricted	14,013,397	-	2,022,449
Pension funds	-	6,349,042	-
Investments:			
Unrestricted	-	326,758,334	-
	<u>\$ 104,702,652</u>	<u>\$ 333,107,376</u>	<u>\$ 7,443,358</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, 2014, all of the City's deposits were insured or collateralized.

Interest Rate Risk – Investments. As of December 31, 2014, the primary government (excluding the pension trust funds) had the following investments and maturities:

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

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
Illinois Funds*	\$ 40,900,097	\$ 40,900,097	\$ -	\$ -	\$ -
U.S. Treasury Bonds and Notes	14,509,155	499,940	5,808,595	8,200,620	-
Federal Farm Credit	12,418,545	-	-	12,418,545	-
Federal Home Loan Bank	15,179,631	-	-	15,179,631	-
Federal Home Loan Mortgage	3,908,500	-	-	3,908,500	-
Federal National Mortgage Association	7,747,960	-	-	7,747,960	-
Total	\$ 94,663,888	\$ 41,400,037	\$ 5,808,595	\$ 47,455,256	\$ -

*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, 2014, 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, 2014, 44% 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, 2014

	Total Fair Value	Credit Rating		
		Moody's	Standard & Poor's	Fitch
Illinois Funds	\$ 40,900,097	NR	AAAm	NA
Federal Farm Credit Obligations	12,418,545	Aaa	AA+	AAA
Federal Home Loan Bank Obligations	15,179,631	Aaa	AA+	NA
Federal Home Loan Mortgage Corporation Obligations	3,908,500	Aaa	AA+	AAA
Federal National Mortgage Association	7,747,960	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, 2014, 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 portfolio, total certificates of deposits cannot exceed 50% of the portfolio, certificates of deposit of any one financial

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

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, 2014, 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	13.1%
Federal Home Loan Bank	16.0%
Federal National Mortgage Association	8.2%

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, 2014, the Firefighter's Pension Fund bank balances were not exposed to custodial credit risk.

Interest Rate Risk – Investments. As of December 31, 2014, the Firefighter's Pension Fund had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 - 5	6 - 10	More Than 10
U.S. Treasury Strip Bonds	\$ 408,407	\$ -	\$ -	\$ -	\$ 408,407
U.S. Treasury Bills, Notes and Bonds	18,823,814	474,700	12,730,508	3,876,871	1,741,735
Government National Mortgage Association	1,639,721	-	-	-	1,639,721
Federal Farm Credit Obligations	-	-	-	-	-
Federal National Mortgage Association	6,590,108	-	1,486,150	520,670	4,583,288
Federal Home Loan Mortgage	2,920,113	-	529,145	564,768	1,826,200
State and Local Government	571,550	176,722	305,564	89,264	-
Corporate Bonds	14,737,355	966,203	5,623,834	5,867,595	2,279,723
Northern Trust Global Investments- 1-10 Year Daily Collective Fund	6,901,348	-	6,901,348	-	-
Total	\$ 52,592,416	\$ 1,617,625	\$ 27,576,549	\$ 10,919,168	\$ 12,479,074

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, 2014

	Total Fair Value	Credit Rating		
		Moody's	Standard & Poor's	Fitch
Federal agency bonds:				
Federal National Mortgage Association	\$ 6,590,108	Aaa	AA+	AAA
Federal Home Loan Mortgage	2,920,113	Aaa	AA+	AAA
Corporate Bonds	14,737,355	AAA to BAA3	AAA to BBB-	NR
Northern Trust Global Investments- 1-10 Year Daily Collective Fund	6,901,348	Aaa	AAA	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, 2014, 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 Risk – Investments. The Fire Pension Fund’s investment policy in accordance with Illinois Compiled Statutes (ILCS) establishes the following target allocation across asset classes:

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	30-40%	1.5%
Domestic Equities	30-40%	6.0%
International Equities	10-20%	6.3%
Real Estate	5-15%	5.9%
Global Tactical	0-5%	4.1%
Cash and Cash Equivalents	0%	0.0%

Illinois Compiled Statutes (ILCS) limit the Fund’s investments in equities, mutual funds and variable annuities to 65%. Securities in any one company should not exceed 5% of the total fund. The blended asset class is comprised of all other asset classes to allow for rebalancing the portfolio.

The long-term expected rate of return on the Fund’s investments was determined using an asset allocation study conducted by the Fund’s investment management consultant in May 2015 in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding the expected inflation. Best estimates or arithmetic real rates of return for each major asset class included in the Fund’s target asset allocation as of December 31, 2014 are listed in the table above.

Rate of Return:

For the year ended December 31, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.82%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

At December 31, 2014, 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
Vanguard Institutional Index Fund	10.5%
Vanguard Institutional Value Index Fund	10.5%
Principal Real Estate Fund	8.7%
Manning & Napier Overseas Series	8.8%
Fiduciary Management Small Cap	7.0%

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, 2014, the Police Pension Fund investments were not exposed to custodial credit risk.

Interest Rate Risk – Investments. As of December 31, 2014, 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	\$ 7,355,352	\$ 606,000	\$ 3,881,958	\$ 2,867,394	\$ -
Federal Home Loan Mortgage Corp	2,545,708	-	685,054	646,783	1,213,871
Federal National Mortgage Assn	4,021,040	-	1,824,432	670,460	1,526,148
Government National Mortgage Association	489,520	-	-	-	489,520
Northern Trust Global Investments - Collective Mtg-Backed Index Fund	13,653,238	-	-	-	13,653,238
Northern Trust Global Inv- 1-10 Year Collective Fur	16,361,993	-	16,361,993	-	-
State and Local Governments	598,478	-	338,303	260,175	-
Corporate Bonds	13,476,316	1,376,728	7,388,768	4,474,349	236,471
Total	\$ 58,501,645	\$ 1,982,728	\$ 30,480,508	\$ 8,919,161	\$ 17,119,248

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.

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

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

Credit Ratings December 31, 2014				
	Total Fair Value	Credit Rating		
		Moody's	Standard & Poor's	Fitch
Federal Home Loan Mortgage Corp	\$ 2,545,708	Aaa	AA+	AAA
Federal National Mortgage Association	4,021,040	Aaa	AA+	AAA
Northern Trust Global Investments - Collective Mortgage Backed Index Fund	13,653,238	AAA	AA+	NR
Northern Trust Global Investments - 1 - 10 Year Daily Collective Fund	16,361,993	AAA	AAA	
Corporate Bonds	13,476,316	AAA to BAA3	AAA to BBB-	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 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, 2014, 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 Risk – Investments. The Fund's investment policy in accordance with Illinois Compiled Statutes (ILCS) establishes the following target allocation across asset classes:

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	30-40%	1.5%
Domestic Equities	30-40%	6.0%
International Equities	10-20%	6.3%
Real Estate	5-15%	5.9%
Global Tactical	0-5%	4.1%
Cash and Cash Equivalents	0%	0.0%

Illinois Compiled Statutes (ILCS) limit the Fund's investments in equities, mutual funds and variable annuities to 65%. Securities in any one company should not exceed 5% of the total fund. The blended asset class is comprised of all other asset classes to allow for rebalancing the portfolio.

The long-term expected rate of return on the Fund's investments was determined using an asset allocation study conducted by the Fund's investment management consultant in May 2015 in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding the expected inflation. Best estimates or arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2014 are listed in the table above.

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

Rate of Return:

For the year ended December 31, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.86%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

At December 31, 2014, 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 Rockford Mass Transit District investment policy requires that deposits with financial institutions in excess of FDIC be collateralized with collateral in an amount of 100% of uninsured deposits. As of June 30, 2014 the District had collateral agreements with a market value of \$5,911,380 and all the District's uninsured bank balances were fully collateralized. The Rockford Metropolitan Exposition Authority does not have a policy that addresses custodial credit risk. At June 30, 2014 \$54,983 dollars was exposed to custodial credit risk.

Interest Rate Risk – Investments. As of December 31, 2014, the Component Units had 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 requirements of Illinois law. There is no credit quality rating available for the Component Units' investments at December 31, 2014.

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, 2014, the Component Units had no investments which exceed 5% of total net position of the component units.

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

B. RECEIVABLES AND PAYABLES

Receivables and payables as of December 31, 2014 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
Receivables:										
Taxes	\$ 52,710,398	\$ 7,380,848	\$ -	\$ -	\$ 3,465,191	\$ -	\$ 5,034,852	\$ -	\$ -	\$ -
Accounts	6,971,349	3,482	-	-	-	7,407	913,404	4,524,440	1,186	252,774
Notes	150,000	-	627,525	717,111	-	-	3,993,117	-	-	-
Interest	350,201	-	-	3,540	-	-	-	-	-	-
Gross receivables	60,181,948	7,384,330	627,525	720,651	3,465,191	7,407	9,941,373	4,524,440	1,186	252,774
Less: Allowance for uncollectibles	(5,303,066)	(132,941)	(71,175)	(409,880)	(68,364)	-	(4,401,106)	(778,004)	-	-
Net total receivables	\$ 54,878,882	\$ 7,251,389	\$ 556,350	\$ 310,771	\$ 3,396,827	\$ 7,407	\$ 5,540,267	\$ 3,746,436	\$ 1,186	\$ 252,774
Due from other governmental units:										
Federal	\$ -	\$ -	\$ 453,377	\$ 1,327,167	\$ -	\$ 2,902,677	\$ 123,177	\$ -	\$ -	\$ -
State	10,922,923	121,160	-	633,360	201,811	7,555,719	731,052	-	-	-
Other	960,571	-	-	-	-	1,220,201	22,494	-	-	111,024
	\$ 11,883,494	\$ 121,160	\$ 453,377	\$ 1,960,527	\$ 201,811	\$ 11,678,597	\$ 876,723	\$ -	\$ -	\$ 111,024
Payables:										
Vendors	\$ 1,562,486	\$ 162,043	\$ 363,981	\$ 562,930	\$ -	\$ 7,572,312	\$ 2,442,881	\$ 1,190,675	\$ 186,238	\$ 3,620,341
Other governments	77,911	-	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-	121,422	3,754	-
	\$ 1,640,397	\$ 162,043	\$ 363,981	\$ 562,930	\$ -	\$ 7,572,312	\$ 2,442,881	\$ 1,312,097	\$ 189,992	\$ 3,620,341

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

C. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2014 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases and Adjustments	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 7,148,009	\$ -	\$ -	\$ 7,148,009
Total capital assets, not being depreciated	7,148,009	-	-	7,148,009
Capital assets, being depreciated:				
Land improvements	799,711	176,427	-	976,138
Buildings and improvements	57,863,114	4,353,445	(13,737)	62,202,822
Equipment	46,383,893	4,754,108	(5,781,566)	45,356,435
Infrastructure	920,339,449	26,278,561	(4,061,503)	942,556,507
Total capital assets, being depreciated	1,025,386,167	35,562,541	(9,856,806)	1,051,091,902
Less accumulated depreciation for:				
Land improvements	(566,462)	(25,726)	-	(592,188)
Buildings and improvements	(33,403,234)	(1,618,151)	13,737	(35,007,648)
Equipment	(29,653,268)	(4,226,575)	5,781,566	(28,098,277)
Infrastructure	(392,035,281)	(21,058,787)	3,175,543	(409,918,525)
Total accumulated depreciation	(455,658,245)	(26,929,239)	8,970,846	(473,616,638)
Total capital assets, being depreciated, net	569,727,922	8,633,302	(885,960)	577,475,264
Governmental activities capital assets, net	\$ 576,875,931	\$ 8,633,302	\$ (885,960)	\$ 584,623,273

	Beginning Balance	Increases	Decreases and Adjustments	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 6,231,754	\$ -	\$ -	\$ 6,231,754
Construction in progress	2,615,086	5,759,443	(6,615,145)	1,759,384
Total capital assets, not being depreciated	8,846,840	5,759,443	(6,615,145)	7,991,138
Capital assets, being depreciated:				
Land improvements	853,296	-	(6,184)	847,112
Buildings and improvements	41,488,953	1,433,134	(739,180)	42,182,907
Improvements other than buildings	214,746,452	6,945,962	(354,214)	221,338,200
Equipment	5,277,352	693,294	(1,011,943)	4,958,703
Total capital assets, being depreciated	262,366,053	9,072,390	(2,111,521)	269,326,922
Less accumulated depreciation for:				
Land improvements	(303,719)	(35,241)	6,186	(332,774)
Buildings and improvements	(14,008,596)	(1,011,367)	567,777	(14,452,186)
Improvements other than buildings	(60,395,834)	(5,174,205)	327,793	(65,242,246)
Equipment	(3,030,846)	(379,379)	712,561	(2,697,664)
Total accumulated depreciation	(77,738,995)	(6,600,192)	1,614,317	(82,724,870)
Total capital assets, being depreciated, net	184,627,058	2,472,198	(497,204)	186,602,052
Business-type activities capital assets, net	\$ 193,473,898	\$ 8,231,641	\$ (7,112,349)	\$ 194,593,190

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	\$ 275,248
Public safety	2,895,296
Streets, alleys and bridges	22,021,611
Community development	33,315
Culture and recreation	942,618
Public health and welfare	143,785
Internal service	617,366
Total depreciation expense - governmental activities	<u>\$ 26,929,239</u>
Business - type activities:	
Water	\$ 5,970,022
Parking	630,170
Total depreciation expense - business-type activities	<u>\$ 6,600,192</u>

Construction commitments

The City has active construction projects as of December 31, 2014. 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>
Airport Drive	\$ 4,590,857
Downtown Rockford Amtrak Station	3,142,648
Morgan Street Bridge - Phase II	2,851,066
Falcon Road	1,843,705
West State Street Corridor	692,930
Harrison Improvements 11th-20th	539,960
Bell School/E State Intersection Improvements	458,600
City Wide Drainage Improvements	431,212
Wells 18 & 31 Reservoir Improvements	427,600
Ingersoll Building Improvements	404,934
South Main Comed Relocation	316,865
Whitman Street Interchange Feasibility Study	270,654
Downtown Streetscape-Archway	264,970
Railroad Avenue Bridge	255,415
Cessna Drive/Airport Water Main	215,681
Total	<u>\$ 16,707,097</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, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 1,991,739	\$ -	\$ -	\$ 1,991,739
Construction work in progress	-	85,560	-	85,560
Total capital assets, not being depreciated	<u>1,991,739</u>	<u>85,560</u>	<u>-</u>	<u>2,077,299</u>
Capital assets, being depreciated:				
Buildings and improvements	16,701,208	37,101	-	16,738,309
Equipment	20,961,933	508,929	(1,913,040)	19,557,822
Total capital assets, being depreciated	<u>37,663,141</u>	<u>546,030</u>	<u>(1,913,040)</u>	<u>36,296,131</u>
Less accumulated depreciation for:				
Buildings and improvements	(4,603,592)	(452,117)	-	(5,055,709)
Equipment	(10,202,931)	(1,679,215)	1,913,040	(9,969,106)
Total accumulated depreciation	<u>(14,806,523)</u>	<u>(2,131,332)</u>	<u>1,913,040</u>	<u>(15,024,815)</u>
Total capital assets, being depreciated, net	<u>22,856,618</u>	<u>(1,585,302)</u>	<u>-</u>	<u>21,271,316</u>
District capital assets, net	<u>\$ 24,848,357</u>	<u>\$(1,499,742)</u>	<u>\$ -</u>	<u>\$ 23,348,615</u>

Activity for the Authority for the year ended June 30, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 2,597,014	\$ -	\$ -	\$ 2,597,014
Construction in progress	78,465	-	(78,465)	-
Total capital assets, not being depreciated	<u>2,675,479</u>	<u>-</u>	<u>(78,465)</u>	<u>2,597,014</u>
Capital assets, being depreciated:				
Buildings and improvements	33,599,104	2,738,678	-	36,337,782
Equipment	7,038,893	603,212	-	7,642,105
Total capital assets, being depreciated	<u>40,637,997</u>	<u>3,341,890</u>	<u>-</u>	<u>43,979,887</u>
Less accumulated depreciation for:				
Buildings and improvements	(12,813,453)	(994,589)	-	(13,808,042)
Equipment	(4,468,227)	(483,304)	-	(4,951,531)
Total accumulated depreciation	<u>(17,281,680)</u>	<u>(1,477,893)</u>	<u>-</u>	<u>(18,759,573)</u>
Total capital assets, being depreciated, net	<u>23,356,317</u>	<u>1,863,997</u>	<u>-</u>	<u>25,220,314</u>
Authority capital assets, net	<u>\$ 26,031,796</u>	<u>\$ 1,863,997</u>	<u>\$ (78,465)</u>	<u>\$ 27,817,328</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, 2014 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, 2014, they are reflected below and reported in the financial statements as due from or due to other funds.

Due to/from other funds:

Receivable Fund	Payable Fund	Purpose	Amount
General	Public Library	Interfund cash advances	\$ 1,484,112
	Nonmajor governmental	Interfund cash advances	7,227,675
	Nonmajor governmental	Interfund interest on common cash	27,191
	Internal Service	Interfund interest on common cash	2,054
	Internal Service	Interfund loan	229,915
			<u>8,970,947</u>
Public Library	General	Interfund interest on common cash	<u>38,016</u>
Human Services	General	Interfund interest on common cash	<u>3,540</u>
Capital Projects	General	Interfund interest on common cash	30,798
	Nonmajor governmental	Future Motor Fuel Tax receipts	3,323,832
			<u>3,354,630</u>
Nonmajor governmental	General	Interfund interest on common cash	34,976
			<u>34,976</u>
Internal Service	General	Interfund interest on common cash	<u>75,341</u>
Enterprise:			
Parking	General	Interfund interest on common cash	2,217
Water Utility	General	Interfund interest on common cash	55,644
Water Utility	Internal Service	Interfund loan	64,847
			<u>122,708</u>
Total governmental funds			<u><u>\$ 12,600,158</u></u>

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

Transfers between funds for the year ended December 31, 2014 are as follows:

	Transfers in:					Total
	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Internal Service Funds	
Transfers out:						
General Fund	\$ -	\$ 2,711,572	\$ 1,150,000	\$ -	\$ 2,500,000	\$ 6,361,572
Library Fund	-	224,144	-	-	-	224,144
Community Development Fund	986,424	-	-	-	-	986,424
Nonmajor governmental funds	2,363,000	6,306,247	1,640,126	1,059,612	-	11,368,985
Parking Enterprise Fund	-	60,000	-	-	-	60,000
Total transfer out	\$ 3,349,424	\$ 9,301,963	\$ 2,790,126	\$ 1,059,612	\$ 2,500,000	\$ 19,001,125

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, 2014, and are to be received as follows: 2015 - \$111,889; and 2016 - \$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, 2014 was as follows:

	Balance January 1, 2014	Additions	Reductions	Balance December 31, 2014	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	69,460,000	35,010,000	(37,835,000)	66,635,000	8,895,000
Less premiums and discounts	(33,933)	715,984	(50,202)	631,849	224,856
Total bonds payable	<u>69,426,067</u>	<u>35,725,984</u>	<u>(37,885,202)</u>	<u>67,266,849</u>	<u>9,119,856</u>
Section 108 Guaranteed Loans	1,005,000	-	(180,000)	825,000	190,000
EPA water pollution obligation	173,357	-	(114,704)	58,653	58,653
Lines of credit	1,766,293	-	(105,180)	1,661,113	182,616
Term notes	246,065	-	(107,547)	138,518	110,453
Lease/purchase agreements	15,375,022	4,016,223	(2,612,630)	16,778,615	3,249,599
Claims and judgments	10,921,914	7,874,884	(6,019,893)	12,776,905	5,920,805
Net OPEB obligation	2,911,392	-	(28,310)	2,883,082	-
Net pension obligation	5,787,637	1,014,147	-	6,801,784	-
Compensated absences	7,035,818	5,070,069	(5,057,924)	7,047,963	1,090,015
Governmental activities long-term liabilities	<u>114,648,565</u>	<u>53,701,307</u>	<u>(52,111,390)</u>	<u>116,238,482</u>	<u>19,921,997</u>
Business-type activities:					
Water Utility Fund:					
Bonds payable:					
General obligation alternate bonds	28,955,000	-	(2,600,000)	26,355,000	2,480,000
Less deferred amounts:					
Net premium/(discount)	(78,348)	-	(10,038)	(88,386)	10,038
Total water bonds payable	<u>28,876,652</u>	<u>-</u>	<u>(2,610,038)</u>	<u>26,266,614</u>	<u>2,490,038</u>
IEPA Loan	34,913,623	77,247	(1,820,418)	33,170,452	1,856,929
Capital lease payable	1,158,802	290,284	(167,594)	1,281,492	197,230
Compensated absences	364,476	194,380	(278,291)	280,565	54,489
Refundable water main extension advance	283,784	-	(4,272)	279,512	4,272
Customer deposits	155,043	296,563	(215,508)	236,098	160,336
Total water utility	<u>65,752,380</u>	<u>858,474</u>	<u>(5,096,121)</u>	<u>61,514,733</u>	<u>4,763,294</u>
Parking System Fund:					
Bonds payable:					
General obligation alternate bonds	1,650,000	-	(75,000)	1,575,000	75,000
Total parking bonds payable	<u>1,650,000</u>	<u>-</u>	<u>(75,000)</u>	<u>1,575,000</u>	<u>75,000</u>
Compensated absences	3,648	43,218	(26,434)	20,432	1,334
Total parking fund	<u>1,653,648</u>	<u>43,218</u>	<u>(101,434)</u>	<u>1,595,432</u>	<u>76,334</u>
Business-type activities long-term liabilities	<u>67,406,028</u>	<u>901,692</u>	<u>(5,197,555)</u>	<u>63,110,165</u>	<u>4,839,628</u>
Component Units:					
Rockford Mass Transit District					
Net pension obligation	(58,812)	1,071,508	(1,200,000)	(187,304)	-
Net OPEB obligation	1,772,196	754,037	(360,437)	2,165,796	-
Rockford Metropolitan Exposition, Auditorium and Office Building Authority					
Notes payable	5,450,912	-	(866,773)	4,584,139	500,795
Total component units	<u>7,164,296</u>	<u>1,825,545</u>	<u>(2,427,210)</u>	<u>6,562,631</u>	<u>500,795</u>

* \$29,450,000 of General Obligation Bond principal has been excluded from the calculation of Net Invested in Capital Assets on the Statement of Net Position as the bond proceeds were used to fund community development projects not resulting in capital additions.

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, \$458,441 of internal service funds compensated absences, \$12,776,905 for claims and judgments, \$138,518 for an installment note payable and \$309,217 for capital leases payable are included in the above amounts.

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

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 \$100,065,000. During the year, new general obligation bonds totaling \$5,420,000 were issued to build a new fire station; \$29,590,000 were issued to refund 2004 and 2005 Series bonds and the City made principal payments of \$10,345,000 leaving an ending balance of \$94,565,000.

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:

<u>Purpose</u>	<u>Original Issue Amount</u>	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>Amount</u>
Governmental activities				
2005-A Capital Improvements				
General Obligation Bond Issue	8,700,000	4.00% - 4.10%	2015	770,000
2005-C Global Trade Park				
General Obligation Alternate Bond Issue	915,000	4.00%	2015	140,000
2005-C Neighborhood Revitalization				
General Obligation Alternate Bond Issue	6,305,000	4.00%	2015	510,000
2005-D Lowes Distribution Center Taxable				
General Obligation Alternate Bond Issue	2,850,000	5.00%	2015	275,000
2006-B Hope Six Revitalization Project				
General Obligation Alternate Bond Issue	2,500,000	4.15% - 4.15%	2024	2,050,000
2007-A Metro Centre Improvement				
General Obligation Alternate Bond Issue	6,300,000	4.00% - 4.20%	2027	4,635,000
2007-E Preston Central Redevelopment				
General Obligation Alternate Bond Issue	1,100,000	4.50% - 4.85%	2027	850,000
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	2,225,000
2008-B Redevelopment				
General Obligation Alternate Bond Issue	1,300,000	3.50% - 4.00%	2018	1,000,000
2009-A Redevelopment				
General Obligation Alternate Bond Issue	1,650,000	4.625% - 5.00%	2029	1,450,000
2009-B Redevelopment Taxable				
General Obligation Alternate Bond Issue	950,000	5.30% - 5.70%	2024	750,000
2009-D Redevelopment Taxable				
General Obligation Alternate Bond Issue	1,700,000	2.25% - 5.50%	2024	1,400,000
2014-A Fire Station Construction				
General Obligation Alternate Bond Issue	5,420,000	3.00% - 4.00%	2034	5,420,000
				<u>22,575,000</u>

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

Governmental activities - refunding				
2005-C Refunding General Obligation Alternate Bond Issue	530,000	4.00%	2015	75,000
2007-C Refunding General Obligation Alternate Bond Issue	6,865,000	3.75% - 3.75%	2018	3,490,000
2009-C Taxable Refunding General Obligation Alternate Bond Issue	8,065,000	5.125% - 5.40%	2027	8,065,000
2009-G Refunding General Obligation Alternate Bond Issue	1,330,000	2.00% - 3.00%	2015	280,000
2012-A Refunding General Obligation Bond Issue	5,925,000	2.00% - 5.00%	2016	2,455,000
2012-C Refunding General Obligation Alternate Bond Issue	1,810,000	1.50% - 2.00%	2021	1,050,000
2014-A Refunding General Obligation Alternate Bond Issue	9,625,000	3.00% - 4.00%	2024	9,625,000
2014-B Refunding General Obligation Bond Issue	4,740,000	2.00% - 5.00%	2018	4,740,000
2014-C Refunding General Obligation Alternate Bond Issue	14,280,000	3.00% - 4.00%	2027	14,280,000
				<u>44,060,000</u>
				<u>\$ 66,635,000</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:

Purpose	Original Issue Amount	Interest Rates	Maturity Date	Amount
Business-type activities				
Water Utility Fund:				
2004-B General Obligation Alternate Bond Issue	2,200,000	4.10% - 4.25%	2017	\$ 655,000
2005-B General Obligation Alternate Bond Issue	2,200,000	4.00% - 4.10%	2018	855,000
2006-A General Obligation Alternate Bond Issue	15,000,000	4.15% - 4.15%	2018	10,725,000
2007-D General Obligation Alternate Bond Issue	3,500,000	4.125% - 4.75%	2027	2,525,000
2008-A General Obligation Alternate Bond Issue	9,000,000	4.00% - 5.00%	2028	7,100,000
2010-A General Obligation Alternate Bond Issue	3,400,000	2.00% - 4.00%	2030	2,950,000
				<u>24,810,000</u>
Parking System Fund:				
2008-C General Obligation Alternate	1,850,000	5.00% - 6.00%	2028	<u>1,575,000</u>
Business-type activities - refunding				
Water Utility Fund:				
2009-F Refunding General Obligation Alternate Bond Issue	4,325,000	3.00% - 3.50%	2018	885,000
2012-B Refunding General Obligation Alternate Bond Issue	1,470,000	3.00% - 4.00%	2016	660,000
				<u>1,545,000</u>
				<u>\$ 27,930,000</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
2015	\$ 8,895,000	\$ 2,558,403	\$ 2,555,000	\$ 1,206,414
2016	7,730,000	2,276,146	2,465,000	1,108,610
2017	7,105,000	2,013,246	2,295,000	1,011,261
2018	6,585,000	1,753,896	2,140,000	916,980
2019	4,205,000	1,516,271	1,750,000	828,563
2020	3,985,000	1,370,965	1,800,000	753,962
2021	3,570,000	1,225,384	1,825,000	676,319
2022	3,845,000	1,086,171	1,925,000	596,606
2023	4,115,000	925,198	2,025,000	510,844
2024	3,910,000	750,283	2,075,000	420,456
2025	3,235,000	576,165	2,175,000	326,931
2026	3,365,000	427,739	2,225,000	228,188
2027	3,530,000	269,896	1,175,000	125,187
2028	420,000	101,038	1,000,000	69,000
2029	430,000	84,094	250,000	20,000
2030	315,000	66,788	250,000	10,000
2031	330,000	54,975	-	-
2032	340,000	42,600	-	-
2033	355,000	29,000	-	-
2034	370,000	14,800	-	-
Total	\$ 66,635,000	\$ 17,143,058	\$ 27,930,000	\$ 8,809,321

(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, 2014 is \$570,000 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, 2014 is \$255,000 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, 2014 is \$58,653 due in February 2015 with 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
2015	\$ 190,000	\$ 43,976	\$ 58,653	\$ 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>\$ 825,000</u>	<u>\$ 179,505</u>	<u>\$ 58,653</u>	<u>\$ 884</u>

c) LINES OF CREDIT

In November of 2013 the City entered into an agreement with PNC Bank to establish a \$12 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, 2014 the outstanding borrowings under this agreement are \$1,661,113.

d) 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, 2014 the outstanding balance was \$138,518.

e) 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 \$44,414,800 in loans, of which \$5,347,225 will not be required to be repaid. 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.

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

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	\$ -	\$ 207,267	\$ (1,636,732)	\$ 7,199,635
09/30/08	12,512,945	2.5%	12,414,000	-	265,594	(2,061,886)	10,617,708
09/30/08	2,297,070	2.5%	2,168,700	-	12,868	(429,475)	1,752,093
08/14/09	6,877,227	0% - 25% principal forgiveness	6,805,000	(1,719,307)	-	(746,841)	4,338,852
09/30/09	3,122,773	0% - 25% principal forgiveness	3,122,700	(780,694)	-	(480,412)	1,861,594
06/30/10	720,521	1.25% - 25% principal forgiveness	550,000	(180,131)	8,420	(34,706)	343,583
06/30/10	3,128,995	1.25% - 25% principal forgiveness	3,205,300	(782,249)	23,566	(266,226)	2,180,391
06/30/10	2,633,303	1.25% - 25% principal forgiveness	2,621,600	(658,326)	18,138	(203,673)	1,777,739
09/29/10	913,740	1.25% - 25% principal forgiveness	913,100	(228,435)	125	(110,212)	574,578
12/15/10	381,087	1.25% - 25% principal forgiveness	381,000	(95,272)	1,221	(26,326)	260,623
01/19/11	3,611,244	1.25% - 25% principal forgiveness	3,604,300	(902,811)	-	(437,833)	2,263,656
			\$44,414,800	(\$5,347,225)	\$537,199	(\$6,434,322)	\$33,170,452

f) LEASE PURCHASE AGREEMENTS

During 2012 through 2014 the City entered into lease purchase agreements totaling \$21,809,482 for the acquisition of City-wide vehicles, fire apparatuses, squad cars, heavy equipment, ambulances, and heating and air units. Outstanding balances at December 31, 2014 are \$16,778,615 for the governmental activities and \$1,281,492 for the water proprietary fund. 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								Total Governmental Activities
	HVAC Equipment	HVAC Equipment	Fire Vehicles	Fire Apparatuses	Police Squad Cars	Heavy Equipment	Ambulances	City-wide Vehicles	
	BMO Center	Coronado							
2015	\$ 113,629	\$ 30,215	\$45,184	\$ 698,426	\$1,090,098	\$ 677,766	\$ 360,478	\$ 423,350	\$ 3,439,146
2016	113,629	30,215	45,184	698,426	1,090,098	677,766	360,479	423,349	3,439,146
2017	113,629	30,215	-	698,426	636,627	677,766	360,479	423,349	2,940,491
2018	113,628	30,215	-	698,426	265,357	677,766	360,479	228,491	2,374,362
2019	113,628	30,215	-	698,425	-	677,766	-	-	1,520,034
2020	113,628	30,215	-	1,278,091	-	677,766	-	-	2,099,700
2021	113,628	30,215	-	-	-	677,766	-	-	821,609
2022	113,628	30,215	-	-	-	677,766	-	-	821,609
2023	113,628	30,214	-	-	-	353,710	-	-	497,552
2024	-	-	-	-	-	92,261	-	-	92,261
Total minimum lease payments	1,022,655	271,934	90,368	4,770,220	3,082,180	5,868,099	1,441,915	1,498,539	18,045,910
Amount representing interest	164,547	43,820	3,545	343,181	74,816	551,523	43,201	42,662	1,267,295
Present value of minimum lease payment	858,108	228,114	86,823	4,427,039	3,007,364	5,316,576	1,398,714	1,455,877	16,778,615

December 31,	Water Proprietary Fund		
	Heavy Equipment	City-wide Vehicles	Total Proprietary Activities
2015	\$ 114,762	\$ 105,937	\$ 220,699
2016	114,762	105,937	220,699
2017	114,762	105,937	220,699
2018	114,762	54,915	169,677
2019	114,758	-	114,758
2020	114,758	-	114,758
2021	114,758	-	114,758
2022	114,758	-	114,758
2023	68,007	-	68,007
2024	32,781	-	32,781
Total minimum lease payments	1,018,870	372,726	1,391,596
Amount representing interest	99,537	10,567	110,104
Present value of minimum lease payments	919,333	362,159	1,281,492

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

g) COMPENSATED ABSENCES

Governmental activities:

Vested vacation pay of \$4,075,619 and vested sick pay of \$2,513,903 for employees paid from governmental funds are included in the Government-wide Statement of Net Position.

(3) REFUNDING OF DEBT

On July 22, 2014 the City issued \$9,625,000 in 2014A General Obligation Refunding Bonds to advance refund \$10,255,000 of outstanding 2004E, 2004H, and 2005C Series bonds. The net proceeds of \$10,591,509 (after payment of \$60,201 in underwriting fees and other issuance costs, \$715,780 transfers from prior issue debt service fund and receipt of \$310,932 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 refunded bonds. As a result, the 2004E, 2004H, and 2005C 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 \$616,656, resulting in an economic gain of \$533,762.

On July 22, 2014 the City issued \$5,460,000 in 2014B General Obligation Refunding Bonds to advance refund \$5,730,000 of outstanding 2004A, and 2005A Series bonds. The net proceeds of \$5,904,435 (after payment of \$51,067 in underwriting fees and other issuance costs, \$715,780 and receipt of \$495,502 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 refunded bonds. As a result, the 2004A, and 2005A 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 \$213,863, resulting in an economic gain of \$202,082.

On July 22, 2014 the City issued \$14,505,000 in 2014C General Obligation Refunding Bonds to advance refund \$14,180,000 of outstanding 2004D, 2005D, and 2007B Series bonds. The net proceeds of \$14,416,051 (after payment of \$82,687 in underwriting fees and other issuance costs, \$110,383 bond discount and receipt of \$104,121 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 refunded bonds. As a result, the 2004D, 2005D, and 2007B 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 \$1,458,997, resulting in an economic gain of \$1,165,413.

	Governmental Activities	Business-type Activities	Total
Cash flow requirements to service (old) debt	\$41,276,073	\$ -	\$ 41,276,073
Less: Cash flow requirements for new debt	38,986,557	-	38,986,557
Net savings from refunding	<u>\$ 2,289,516</u>	<u>\$ -</u>	<u>\$ 2,289,516</u>
Present value of net savings			<u><u>\$ 1,901,257</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. Since the requirements which normally satisfy defeasance, have been met, the financial statements reflect satisfaction of the original liability through the irrevocable transfer to an escrow agent of an amount computed to be adequate to meet the future debt service requirements of the issue. Accordingly the trust account assets and the liability for the defeased bonds are not included in the government's financial statements. Defeased bonds of \$8,514,841 remain outstanding as of the date of this report.

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

(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, 2014, the City indebtedness was \$72,361,101 less than the City limit and \$97,408,560 less than the State limit.

(5) COMPONENT UNITS

a) Debt

On November 13, 2007 the Rockford City Council approved a \$456,000 no-interest bearing, 15 years, loan to the Authority, for operations. In 2012 the repayment terms were amended to begin on January 1, 2013 for principal of \$45,000 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 \$60,000 quarterly repayments of that loan, beginning January 1, 2013. The current balances at June 30, 2014 are \$388,500 and \$510,000 respectively. In the City's statements these notes receivable are completely offset by an allowance for doubtful accounts.

On July 16, 2007 the Rockford City Council approved a \$600,000 line of credit to the previous management of the Coronado Performing Arts Center and was fully drawn upon before the theater became managed by SMG effective July 1, 2012. The repayment of this non-interest bearing debt was restructured into the Authority's new intergovernmental agreement at that time and the Authority assumed this liability during the current fiscal year. The note has a maturity date of December 31, 2022 with principal payment beginning January 1, 2013. The current balance as of June 30, 2014 is \$510,000.

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%. This agreement was restructured effective July 1, 2012 bringing the principal balance back to the original \$2,000,000 and a new maturity date of June 30, 2022. The current balance at June 30, 2014 was \$1,630,685. These monthly payments are currently holdbacks from the City's monthly support payments to the Authority.

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. This agreement was restructured effective February 3, 2014. The outstanding principal balance was reduced by \$300,000, thereby reducing the monthly installments to \$4,166 effective September 1, 2014. Principal payments of \$58,333 were made during the year bringing the balance of the loan to \$358,333 as of June 30, 2014.

In connection with a November 2011 intergovernmental agreement with the City of Rockford the Authority is responsible for reimbursing the City for the City's lease agreement with Siemens. The terms of the City's lease agreements require 12 annual lease payments with an interest rate of 3.66%. Principal repayments of \$96,851 were made during the current fiscal year bringing the loan balance to \$1,186,621. Principal in the amount of \$100,398 is due within one year of the date of the statement of net position.

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

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.

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 2012 the City secured comprehensive general liability insurance to cover losses from \$500,000 to \$11 million on claims arising after that date. 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.

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

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

	2014	2013
Unpaid claims at beginning of year	\$5,823,638	\$ 4,542,612
Current year claims and change in estimates	4,915,551	2,081,261
Claim payments	<u>(2,002,875)</u>	<u>(800,235)</u>
Unpaid claims at end of year	<u>\$8,736,314</u>	<u>\$ 5,823,638</u>
Reported as:		
Claims and judgments payable	\$7,875,780	\$ 5,794,709
Accounts payable	860,534	28,929
	<u>\$8,736,314</u>	<u>\$ 5,823,638</u>

Included in the \$8,736,314 are claims of \$35,000, 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 \$41,048,750. Approved claims which have been presented for reimbursement as of year-end totaling \$860,534 are reported as accounts payable.

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, single plus one, 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:

	2014	2013
Unpaid claims at beginning of year	\$ 1,237,550	\$ 970,237
Current year claims and change in estimates	17,639,155	18,716,737
Claim payments	<u>(18,267,821)</u>	<u>(18,449,424)</u>
Unpaid claims at end of year	<u>\$ 608,884</u>	<u>\$ 1,237,550</u>

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

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.

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

	<u>2014</u>	<u>2013</u>
Unpaid claims at beginning of year	\$3,889,655	\$ 2,879,836
Current year claims and change in estimates	2,867,607	2,599,030
Claim payments	<u>(2,465,021)</u>	<u>(1,589,211)</u>
Unpaid claims at end of year	<u>\$4,292,241</u>	<u>\$ 3,889,655</u>
Reported as:		
Claims and judgments payable	\$4,292,241	\$ 3,889,655
Accounts payable	-	-
	<u>\$4,292,241</u>	<u>\$ 3,889,655</u>

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

D. EMPLOYEE RETIREMENT SYSTEMS – DEFINED BENEFIT PENSIONS PLANS

Pension Plans – primary government

The City contributes to three defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple–employer public employee retirement system; the Police Pension Plan which is a single-employer pension plan; and, the Firefighters’ Pension Plan, which is also a single-employer pension plan. IMRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained on-line at www.imrf.org. The benefits, benefit levels, employee contributions, and employer contributions are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly.

Plan Descriptions

Illinois Municipal Retirement System

All employees (other than those covered by the Police and Firefighters’ Pension plans) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. IMRF provides two tiers of pension benefits. Participating members hired before January 1, 2011 (Tier 1) who retire at or after age 60 (full benefits) or age 55 (reduced benefits) with 8 years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3 percent of their final rate (average of the highest 48 consecutive months’ earnings during the last 10 years) of earnings, for each year of credited service up to 15 years, and 2 percent for each year thereafter. For participating members hired on or after January 1, 2011 (Tier 2) who retire at or after age 67 (full benefits) or age 62 (reduced benefits) with 10 years of credited service are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 1-2/3 percent of their final rate (average of the highest 96 consecutive months’ earnings during the last 10 years) of earnings, for each year of credited service up to 15 years, and 2 percent for each year thereafter. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute. Employees participating in the plan are required to contribute 4.50 percent of their annual covered salary to IMRF. The employees’ contribution rate is established by state statute. The City is required to contribute the remaining amount necessary to fund the IMRF plan as specified by statute. The employer contribution and annual required contribution rate for calendar year 2014 and 2013 were 13.41% and 13.67% of covered payroll.

Police Pension Plan

Plan Administration. The Police Pension Plan is a single-employer defined benefit pension plan that covers all sworn police personnel. The defined benefits and employee and minimum employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. The City accounts for the Fund as a pension trust fund. The Fund is governed by a five-member pension board. Two members of the Board are appointed by the City Mayor, one member is elected by pension beneficiaries and two members are elected by active police employees.

Plan Membership. At December 31, 2014, the measurement date, membership consisted of the following:

Inactive Plan Members Currently Receiving Benefits	274
Inactive Plan Members Entitled to but not yet Receiving Benefits	9
Employees	
Vested	203
Nonvested	80
Total	566

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

Benefits Provided. The following is a summary of the Police Pension Plan as provided for in Illinois State Statutes.

The Police Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Covered employees hired before January 1, 2011 (Tier 1), attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit of $\frac{1}{2}$ of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5 percent of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75 percent of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3 percent of the original pension and 3 percent compounded annually thereafter.

Covered employees hired on or after January 1, 2011 (Tier 2), attaining the age of 55 or older with 10 or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officer salary for the pension purposes is capped at \$106,800, plus the lesser of $\frac{1}{2}$ of the annual change in the Consumer Price Index or 3 percent compounded. The annual benefit shall be increased by 2.5 percent of such a salary for each additional year of service over 20 years up to 30 years to a maximum of 75 percent of such salary. Employees with at least 10 years may retire at or after age 50 and receive a reduced benefit (i.e., $\frac{1}{2}$ percent for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3 percent of $\frac{1}{2}$ of the change in the Consumer Price Index for the preceding calendar year.

Contributions. Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. However, effective January 1, 2011, ILCS requires the City to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. For the year-ended December 31, 2014, the City's contribution was 26.98% of covered payroll.

Firefighters' Pension Plan

Plan Administration. The Firefighters' Pension Plan is a single-employer defined benefit pension plan that covers all sworn firefighter personnel. The defined benefits and employee and minimum employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/4-1) and may be amended only by the Illinois legislature. The City accounts for the Fund as a pension trust fund. The Fund is governed by a five-member pension board. Two members of the Board are appointed by the City Mayor, one member is elected by pension beneficiaries and two members are elected by active fire employees.

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

Firefighters' Pension Plan – Continued

Plan Membership. At December 31, 2015, the measurement date, membership consisted of the following:

Inactive Plan Members Currently Receiving Benefits	304
Inactive Plan Members Entitled to but not yet Receiving Benefits	1
Employees	
Vested	158
Nonvested	96
Total	559

Benefits Provided. The following is a summary of the Firefighters' Pension Plan as provided for in Illinois State Statutes.

The Firefighters' Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Covered employees hired before January 1, 2011 (Tier 1), attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit of ½ of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5 percent of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75 percent of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a firefighter who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3 percent of the original pension and 3 percent compounded annually thereafter.

Covered employees hired on or after January 1, 2011 (Tier 2), attaining the age of 55 or older with 10 or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the firefighter during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Firefighters' salary for the pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3 percent compounded. The annual benefit shall be increased by 2.5 percent of such a salary for each additional year of service over 20 years up to 30 years to a maximum of 75 percent of such salary. Employees with at least 10 years may retire at or after age 50 and receive a reduced benefit (i.e., ½ percent for each month under 55). The monthly benefit of a Tier 2 firefighter shall be increased annually at age 60 on the January 1st after the police office retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3 percent of ½ of the change in the Consumer Price Index for the proceeding calendar year.

Contributions. Covered employees are required to contribute 9.455% of their base salary to the Firefighters' Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. However, effective January 1, 2011, ILCS requires the Village to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. For the year-ended December 31, 2014, the City's contribution was 35.20% of covered payroll.

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

Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting. The financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues when due, pursuant to formal commitments, as well as statutory or contractual requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments. Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have any established market, if any, are reported at estimated fair value.

Significant Investments. At year end, the Police and Firefighters' Pension Plans have investments (other than U.S. Government and U.S. Government-guaranteed obligations) in any one organization that represent 5 percent or more of net position available for benefits as follows. Information for IMRF is not available.

Fund	Investment	Amount
Police Pension	Vanguard Institutional Index Funds	\$ 13,908,940
Police Pension	Vanguard Institutional Value Index Funds	18,484,249
Police Pension	Vanguard Mid Cap Index Funds	18,667,261
Police Pension	Principal Real Estate Fund	15,739,063
Police Pension	Kayne Andersson Rudnick Small Cap Fund	13,359,903
Police Pension	Segall Bryant & Hamill Corporate Bond Fund	13,908,940
Firefighters' Pension	Vanguard Institutional Index Funds	16,873,834
Firefighters' Pension	Vanguard Institutional Value Index Funds	16,872,654
Firefighters' Pension	Principal Real Estate Fund	13,980,596
Firefighters' Pension	Manning & Napier Overseas Series	14,141,293
Firefighters' Pension	Fiduciary Management Small Cap	11,248,756

Related Party Transactions. There are no securities of the employer or any other related parties included in plan assets.

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

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed, as of December 31, 2014, using the following actuarial methods and assumptions:

	Police Pension	Firefighters' Pension
Actuarial Valuation Date	12/31/2014	12/31/2014
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit
Asset Valuation Method	Market	Market
Actuarial Assumptions		
Interest Rate	6.86%	6.82%
Salary Increases	5.00%	5.00%
Cost of Living Adjustments	3.00%	3.00%
Inflation	3.00%	3.00%

Mortality rates were based on the RP-2000 Mortality Table. The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated September 26, 2012.

Discount Rate

The discount rate used to measure the total pension liability was 6.86% for the Police Pension and 6.82% for the Fire Pension. For the prior valuation, both Pensions used a discount rate of 7.5%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

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

Discount Rate Sensitivity

The following is a sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the pension liabilities calculated using the discount rate as well as what the net pension liabilities would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (5.86%)	Current Discount Rate (6.86%)	1% Increase (7.86%)
<u>Police Pension</u>			
Net Pension Liability	\$ 168,174,247	128,149,617	94,975,553
	1% Decrease (5.82%)	Current Discount Rate (6.82%)	1% Increase (7.82%)
<u>Firefighters' Pension</u>			
Net Pension Liability	\$ 174,646,885	138,304,391	107,872,343

Net Pension Liability

The components of the net pension liability of the City's Plans as of December 31, 2014, calculated in accordance with GASB Statement No. 67, were as follows:

	Police Pension	Firefighters' Pension	Totals
Total Pension Liability	\$ 311,123,626	298,957,904	610,081,530
Plan Fiduciary Net Position	182,974,009	160,653,513	343,627,522
City's Net Pension Liability	128,149,617	138,304,391	266,454,008
Plan Fiduciary Net Position as a Percentage of the total Pension Liability	58.8%	53.7%	56.3%

See the Schedule of Changes in the Employer's Net Pension Liability and Related Ratios in the required supplementary information for additional information related to the funded status of the Fund.

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

Net Pension Obligation

Employer annual pension costs (APC), actual contributions and the net pension obligation (NPO) are as follows. The NPO is the cumulative difference between the APC and the contributions actually made.

	<u>Police Pension</u>	<u>Firefighters' Pension</u>	<u>Totals</u>
Annual Required Contribution	\$ 6,082,950	7,726,176	13,809,126
Interest on the NPO	137,817	296,256	434,073
Adjustment to the ARC	(93,041)	(200,005)	(293,046)
Annual Pension Cost	6,127,726	7,822,427	13,950,153
Actual Contribution	5,717,048	7,218,958	12,936,006
Increase in the NPO	410,678	603,469	1,014,147
NPO - Beginning of Year	1,837,559	3,950,078	5,787,637
NPO - End of Year	2,248,237	4,553,547	6,801,784

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

Annual Pension Costs

Employer contributions have been determined as follows:

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Contribution Rates			
Employer	13.41%	26.57%	26.69%
Employee	4.50%	9.91%	9.455%
Actuarial Valuation Date	12/31/2014	1/1/2015	1/1/2015
Actuarial Cost Method	Entry Age Normal	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level %of Projected Payroll Closed Basis	Level %of Projected Payroll Closed Basis	Level %of Projected Payroll Closed Basis
Remaining Amortization Period	26 Years	26 Years	26 Years
Asset Valuation Method	5-Year Smoothed Market	5-Year Average Market	5-Year Average Market
Actuarial Assumptions			
Investment Rate of Return	7.50% Compounded Annually	7.50% Compounded Annually	7.50% Compounded Annually
Projected Salary Increases	.4 to 11.6%	5.00%	5.00%
Inflation Rate Included	4.00%	3.00%	3.00%
Cost-of-Living Adjustments	3.00%	3.00%	3.00%

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

Trend Information

The trend information for each plan is as follows:

	Year	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Annual Pension Cost (APC)	2012	\$ 3,692,788	\$ 5,125,205	\$ 6,470,573
	2013	4,001,332	5,446,117	7,052,830
	2014	4,008,618	6,127,726	7,822,427
Actual Contributions	2012	3,692,788	4,494,070	5,123,787
	2013	4,001,332	5,369,950	6,566,720
	2014	4,008,618	5,717,048	7,218,958
Percentage of APC Contributed	2012	100.00%	87.69%	79.19%
	2013	100.00%	98.60%	93.11%
	2014	100.00%	93.30%	92.29%
Net Pension Obligation	2012	None	1,761,392	3,463,968
	2013	None	1,837,559	3,950,078
	2014	None	2,248,237	4,553,547

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

Funded Status and Funding Progress

The funded status for each plan is as follows. The actuarial assumptions used to determine the funded status of the plans are the same actuarial assumptions used to determine the employer APC as disclosed in the NPO calculation.

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Actuarial Valuation Date	12/31/14	12/31/14	12/31/14
Percent Funded	73.27%	63.27%	57.85%
Actuarial Accrued Liability for Benefits	\$92,638,673	\$289,200,197	\$277,696,917
Actuarial Value of Assets	\$67,872,238	\$182,974,009	\$160,653,513
Over (Under) Funded Actuarial Accrued Liability (UAAL)	(\$24,766,435)	(\$106,226,188)	(\$117,043,404)
Covered Payroll (Annual Payroll of Active Employees Covered by the Plan)	\$29,892,752	\$21,186,652	\$20,509,870
Ratio of UAAL to Covered Payroll	82.85%	501.38%	570.67%

See the schedule of funding progress in the required supplementary information immediately following the notes to the financial statements for additional information related to the funded status of the plans.

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

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, 2014, membership consisted of:

Retirees and beneficiaries currently receiving benefits	136
Terminated employees entitled to benefits but not yet receiving benefits	-
Active vested plan members	634
Active nonvested plan members	426
Total	1,196
Number of participating employers	1

Funding policy. For the fiscal year ending December 31, 2014, 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, 2014, 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 \$1,306,052 for the year ended December 31, 2014. 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, 2014	\$ 1,306,052	\$ 1,334,362	100.0%	\$ 2,883,082
December 31, 2013	1,465,239	1,334,362	91.1%	2,911,392
December 31, 2012	1,490,442	1,334,362	89.5%	2,780,515

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

The net OPEB obligation as of December 31, 2014, was calculated as follows:

Annual Required Contribution	\$ 1,286,642
Interest on Net OPEB Obligation	116,456
Adjustment to Annual Required Contribution	<u>(97,046)</u>
Annual OPEB Cost	1,306,052
Contributions Made	<u>1,334,362</u>
Increase (Decrease) in Net OPEB Obligation	(28,310)
Net OPEB Obligation Beginning of Year	<u>2,911,392</u>
Net OPEB Obligation End of Year	<u><u>2,883,082</u></u>
Actuarial accrued liability (AAL)	\$ 19,336,839

Funded Status and Funding in Process. The funded status of the plan as of December 31, 2014, was as follows:

Actuarial accrued liability (AAL)	\$ 19,336,839
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	19,336,839
Funded ratio (actuarial value of plan assets/AAL)	-
Covered payroll (active plan members)	71,589,274
UAAL as a percentage of covered payroll	27.01%

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 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 December 31, 2014 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, 2014 was thirty 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, 2014

	Pension Trust Funds		
	Police Pension	Firefighter's Pension	Total
ASSETS			
Cash and cash equivalents	\$ 3,878,249	\$ 2,470,793	\$ 6,349,042
Investments			
U.S. Treasury Strips	-	408,407	408,407
U.S. Treasury Notes	7,355,351	15,880,495	23,235,846
U.S. Treasury Bonds	-	2,943,319	2,943,319
Government National Mortgage Association	489,520	1,639,721	2,129,241
Federal Home Loan Mortgage Corporation	2,545,708	2,920,113	5,465,821
Federal National Mortgage Association	4,021,040	6,590,108	10,611,148
State and Local Government Securities	598,478	571,550	1,170,028
Corporate Bonds	13,476,316	14,737,355	28,213,671
Small Cap Equity Common Stocks	12,988,685	10,816,276	23,804,961
NTGI Collective Trust	30,015,231	6,901,348	36,916,579
Domestic Mutual Funds	86,192,830	75,348,054	161,540,884
International Mutual Funds	16,670,230	13,648,199	30,318,429
Accrued interest receivable	160,545	244,813	405,358
Contributions receivable	4,620,186	5,575,959	10,196,145
Total assets	183,012,369	160,696,510	343,708,879
LIABILITIES			
Accrued liabilities	38,360	42,997	81,357
NET POSITION			
Held in trust for pension benefits	<u>\$ 182,974,009</u>	<u>\$ 160,653,513</u>	<u>\$ 343,627,522</u>

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

Statements of Changes in Fiduciary Net Position – Pension Trust Funds
Year Ended December 31, 2014

	Pension Trust Funds		
	Police Pension	Firefighter's Pension	Total
ADDITIONS			
Contributions:			
Employer	\$ 5,717,048	\$ 7,218,958	\$ 12,936,006
Plan member	2,131,555	1,953,524	4,085,079
Total contributions	<u>7,848,603</u>	<u>9,172,482</u>	<u>17,021,085</u>
Investment income:			
Net appreciation in fair value of investments	8,467,067	4,722,718	13,189,785
Interest and dividend income	3,437,507	4,400,799	7,838,306
	<u>11,904,574</u>	<u>9,123,517</u>	<u>21,028,091</u>
Less investment expense	(291,975)	(331,875)	(623,850)
Net investment income	<u>11,612,599</u>	<u>8,791,642</u>	<u>20,404,241</u>
Total additions	<u>19,461,202</u>	<u>17,964,124</u>	<u>37,425,326</u>
DEDUCTIONS			
Pension benefits	14,628,022	15,698,458	30,326,480
Refunds of contributions	61,308	-	61,308
Administrative expense	228,465	187,118	415,583
Total deductions	<u>14,917,795</u>	<u>15,885,576</u>	<u>30,803,371</u>
Change in net position	4,543,407	2,078,548	6,621,955
Total net position - beginning	<u>178,430,602</u>	<u>158,574,965</u>	<u>337,005,567</u>
Total net position - ending	<u>\$ 182,974,009</u>	<u>\$ 160,653,513</u>	<u>\$ 343,627,522</u>

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

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 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 2014, the required contribution was \$1,072,229 or 20.4% of covered payroll per year. The difference between the contribution made in 2014 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, 2013 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 RP2000 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 asset at June 30, 2014 was \$187,304. It was comprised of the following:

Annual required contribution	\$ 1,072,229
Interest on net pension obligation (7%)	6,383
Adjustment to annual required contribution	<u>(7,104)</u>
Annual pension cost	1,071,508
Annual contribution made	<u>1,200,000</u>
Increase in net pension liability	(128,492)
Net pension liability, beginning of year	<u>(58,812)</u>
Net pension liability (asset), end of year	<u><u>\$ (187,304)</u></u>

Schedule of funding progress:

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)
6/30/2013	\$ 12,615,392	\$ 17,796,185	\$ 5,180,793	70.89 %	\$ 5,251,083	98.66 %
6/30/2012	10,949,714	16,490,351	5,540,637	66.40	4,998,075	110.86
6/30/2011	10,514,764	14,612,923	4,098,159	71.96	4,587,838	89.33

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

Three-year trend information for RMTD:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
6/30/2014	\$ 1,071,508	111.99 %	\$ (187,304)
6/30/2013	1,039,491	115.44	(58,812)
6/30/2012	877,295	107.11	101,697

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.

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 2014, the District contributed \$360,437. 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, 2014 is as follow:

Annual required contribution	\$ 722,272
Interest on net OPEB obligation	88,562
Adjustment to annual required contribution	<u>(56,797)</u>
Annual OPEB cost	754,037
Contributions made	<u>360,437</u>
Increase in Net OPEB Obligation	393,600
Net OPEB Obligation - beginning of year	<u>1,772,196</u>
Net OPEB Obligation - end of year	<u><u>\$ 2,165,796</u></u>

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

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2014	\$ 754,037	47.80%	\$ 2,165,796
June 30, 2013	732,840	42.00%	1,772,196
June 30, 2012	748,632	39.50%	1,347,291

The funded status of the District's plan as of June 30, 2011, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 10,563,211
Actuarial balure of plan assets	-
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 10,563,211</u>
Funded ratio (actuarial value of plan assets AAL)	0%
Covered payroll (active plan members)	\$ 4,864,080
UAAL as a percentage of covered payroll	217.20%

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 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 unit credit 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 9 percent initially, reduced by decrements to an ultimate rate of 5 percent. Both rates include a 2 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, 2014 was 30 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.

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

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, 2014, amounted to \$38,956,355, of which \$647,158 (or 1.66%) 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, 2014, the City has \$5,047,690 available to be received in the future under these Community Development Grants in the event qualifying expenditures are made.

I. SUBSEQUENT EVENTS

In February of 2015 the City Council approved the issuance of \$12,335,000 General Obligation Bonds (Sales Tax Alternate), Series 2015. The proceeds will be used to finance the redevelopment of the Ingersoll Building located in downtown Rockford at 301 S. Water Street into a recreation complex and pay the costs of issuance of the bonds. The recreation complex is expected to include basketball courts, volleyball courts, an indoor skate park and a café. Once complete, the Rockford Park District is expected to operate the project through an intergovernmental agreement with the City. The project is one which qualifies for the use of certain redevelopment fees of the City to pay debt service and it is anticipated that a portion of the debt service on the Bonds will be paid from such fees. After the issuance of the Bonds the City will have outstanding \$106,900,000 principal amount of general obligation bonded debt. The obligations are due serially commencing on December 15, 2015 through 2034.

J. FUTURE ACCOUNTING PRONOUNCEMENTS

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

Statement No. 68, *Accounting and Financial Reporting for Pensions*, issued June 2012, is effective for the City beginning with its year ending December 31, 2015. 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*.

Statement No. 69, *Government Combinations and Disposal of Government Operations*, issued January 2013, is effective for the City beginning with its year ending December 31, 2015. The Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations.

REQUIRED SUPPLEMENTARY INFORMATION

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, 2014
(Required Supplementary Information)

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Taxes	\$ 75,177,310	\$ 75,177,310	\$ 75,568,554	\$ 391,244
Licenses and permits	3,817,860	4,397,860	5,198,828	800,968
Intergovernmental	22,735,621	23,785,196	26,602,062	2,816,866
Charges for services	13,470,133	13,700,133	13,137,231	(562,902)
Fines	1,130,000	1,130,000	1,130,360	360
Interest	100,000	100,000	1,547,670	1,447,670
Miscellaneous	382,800	460,313	471,946	11,633
Total revenues	116,813,724	118,750,812	123,656,651	4,905,839
EXPENDITURES				
Current:				
General government:				
Mayor's office	660,750	660,750	673,122	(12,372)
City Council	535,996	535,996	542,004	(6,008)
Legal department	1,666,012	1,666,012	1,592,600	73,412
Finance office	4,997,037	5,076,123	4,985,962	90,161
Workforce investment board	509,665	509,665	511,485	(1,820)
Board of fire and police commission	286,053	288,553	211,605	76,948
Board of election	796,491	817,486	824,033	(6,547)
Personnel department	690,781	690,781	657,023	33,758
Mass transit subsidy	1,274,000	1,524,000	1,524,000	-
Total general government	11,416,785	11,769,366	11,521,834	247,532
Public safety				
Police department	47,305,107	48,059,457	47,145,816	913,641
Fire department	39,810,680	40,206,280	41,620,931	(1,414,651)
Public works - traffic	2,028,077	2,238,844	2,105,123	133,721
Construction and Development Services	1,864,744	1,566,854	1,545,037	21,817
Total public safety	91,008,608	92,071,435	92,416,907	(345,472)
Streets, alleys and bridges				
Administration	364,156	364,156	361,852	2,304
Engineering	911,497	911,497	720,896	190,601
Street and sewer	11,858,364	12,188,984	11,577,162	611,822
Total streets, alleys and bridges	13,134,017	13,464,637	12,659,910	804,727
Community development				
Administration	226,248	239,706	223,867	15,839
Construction and Development Services	1,527,144	1,475,144	1,472,532	2,612
Planning and zoning	604,013	604,013	616,170	(12,157)
Total community development	2,357,405	2,318,863	2,312,569	6,294
Sanitation and sewers				
Public works - sewers	644,890	661,840	627,659	34,181
Total current expenditures	118,561,705	120,286,141	119,538,879	747,262
Capital Outlay:				
Public safety				
Police department	1,366,100	1,930,000	1,399,380	530,620
Fire department	3,025,700	1,778,876	543,905	1,234,971
Total public safety	4,391,800	3,708,876	1,943,285	1,765,591
Streets, alleys and bridges				
Public Works	2,120,000	1,343,539	2,031,780	(688,241)
Total streets, alleys and bridges	2,120,000	1,343,539	2,031,780	(688,241)
Community development				
Construction and Development Services	63,000	63,000	-	63,000
Total public safety	63,000	63,000	-	63,000
Total capital expenditures	6,574,800	5,115,415	3,975,065	1,140,350
Total expenditures	125,136,505	125,401,556	123,513,944	1,887,612
Excess of revenues over (under) expenditures	(8,322,781)	(6,650,744)	142,707	6,793,451
OTHER FINANCING SOURCES (USES)				
Capital lease proceeds	4,016,223	4,016,223	4,016,223	-
Transfers in	3,349,424	3,349,424	3,349,424	-
Transfers out	(3,861,572)	(6,361,572)	(6,361,572)	-
Total other financing sources (uses)	3,504,075	1,004,075	1,004,075	-
Net change in fund balance	\$ (4,818,706)	\$ (5,646,669)	1,146,782	\$ 6,793,451
Fund balance - beginning			34,420,681	
Fund balance - ending			\$ 35,567,463	

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, 2014
(Required Supplementary Information)

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Taxes	\$ 7,329,855	\$ 7,329,855	\$ 7,262,750	\$ (67,105)
Intergovernmental	910,000	910,000	1,009,984	99,984
Charges for services	152,526	152,526	80,419	(72,107)
Fines	110,000	110,000	93,377	(16,623)
Interest	7,000	7,000	441,026	434,026
Miscellaneous	112,750	112,750	58,023	(54,727)
Total revenues	<u>8,622,131</u>	<u>8,622,131</u>	<u>8,945,579</u>	<u>323,448</u>
EXPENDITURES				
Current - Culture and recreation	8,138,741	8,166,346	7,630,474	535,872
Capital Outlay - Culture and recreation	253,390	225,785	154,701	71,084
Total expenditures	<u>8,392,131</u>	<u>8,392,131</u>	<u>7,785,175</u>	<u>606,956</u>
Excess of revenues over (under) expenditures	<u>230,000</u>	<u>230,000</u>	<u>1,160,404</u>	<u>930,404</u>
OTHER FINANCING USES				
Transfers out	(230,000)	(230,000)	(224,144)	5,856
Total other financing uses	<u>(230,000)</u>	<u>(230,000)</u>	<u>(224,144)</u>	<u>5,856</u>
Net changes in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 936,260</u>	<u>\$ 936,260</u>
Fund balance - beginning			<u>8,377,947</u>	
Fund balance - ending			<u>\$ 9,314,207</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, 2014

(Required Supplementary Information)

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Intergovernmental	\$ 3,039,132	\$ 3,299,198	\$ 2,767,909	\$ (531,289)
Interest	-	-	19,595	19,595
Miscellaneous	-	-	134,722	134,722
Total revenues	<u>3,039,132</u>	<u>3,299,198</u>	<u>2,922,226</u>	<u>(376,972)</u>
EXPENDITURES				
Current - Community development	2,806,099	3,066,165	1,892,876	1,173,289
Debt service:				
Principal payments	180,000	180,000	180,000	-
Interest payments	53,033	53,033	53,033	-
Total expenditures	<u>3,039,132</u>	<u>3,299,198</u>	<u>2,125,909</u>	<u>1,173,289</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>796,317</u>	<u>796,317</u>
OTHER FINANCING USES				
Transfers in	-	-	-	-
Transfers out	(986,424)	(986,424)	(986,424)	-
Total other financing uses	<u>(986,424)</u>	<u>(986,424)</u>	<u>(986,424)</u>	<u>-</u>
Net changes in fund balance	<u>\$ (986,424)</u>	<u>\$ (986,424)</u>	<u>(190,107)</u>	<u>\$ 796,317</u>
Fund balance - beginning			<u>833,034</u>	
Fund balance - ending			<u>\$ 642,927</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, 2014
(Required Supplementary Information)

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Intergovernmental	\$ 13,662,591	\$ 18,210,999	\$ 15,839,435	\$ (2,371,564)
Interest	-	-	3,882	3,882
Miscellaneous	-	-	22,050	22,050
Total revenues	<u>13,662,591</u>	<u>18,210,999</u>	<u>15,865,367</u>	<u>(2,345,632)</u>
EXPENDITURES				
Current - Public health and welfare	13,662,591	18,093,790	15,639,340	2,454,450
Debt service - Interest and service fees	-	117,209	117,209	-
Capital outlay - Public health and welfare	-	-	-	-
Total expenditures	<u>13,662,591</u>	<u>18,210,999</u>	<u>15,756,549</u>	<u>2,454,450</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>108,818</u>	<u>108,818</u>
Net changes in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>108,818</u>	<u>\$ 108,818</u>
Fund balance - beginning			<u>865,987</u>	
Fund balance - ending			<u>\$ 974,805</u>	

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

December 31, 2014

(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)
12/31/2014	\$ 67,872,238	\$ 92,638,673	\$ 24,766,435	73.27 %	\$ 29,892,752	82.85 %
12/31/2013	71,760,362	94,344,966	22,584,604	76.06	29,270,900	77.16
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

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)
12/31/2014	\$ 182,974,009	\$ 289,200,197	\$ 106,226,188	63.27 %	\$ 21,186,652	501.38 %
12/31/2013	178,430,602	259,311,840	80,881,238	68.81	20,214,199	400.12
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

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)
12/31/2014	\$ 160,653,513	\$ 277,696,917	\$ 117,043,404	57.85 %	\$ 20,509,870	570.67 %
12/31/2013	158,574,965	253,194,659	94,619,694	62.63	20,245,682	467.36
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

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)
12/31/2014	\$ -	\$ 19,336,839	\$ 19,336,839	- %	\$ 71,589,274	27.01 %
12/31/2013	-	19,336,839	19,336,839	-	69,730,781	27.73
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

**CITY OF ROCKFORD, ILLINOIS
EMPLOYER CONTRIBUTIONS**

December 31, 2014
(Required Supplementary Information)

Illinois Municipal Retirement Fund

Actuarial Valuation Date	Annual Required Contribution	Percentage Contributed
12/31/2014	\$ 4,008,618	100.0 %
12/31/2013	4,001,332	100.0
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

Police Pension Fund

Actuarial Valuation Date	Annual Required Contribution	Percentage Contributed
12/31/2014	\$ 6,082,950	93.3 %
12/31/2013	5,400,921	98.6
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

Firefighter's Pension Fund

Actuarial Valuation Date	Annual Required Contribution	Percentage Contributed
12/31/2014	\$ 7,726,176	92.3 %
12/31/2013	6,963,946	93.1
12/31/2012	6,413,705	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

Other Post-Employment Benefits

Actuarial Valuation Date	Annual Required Contribution	Percentage Contributed
12/31/2014	\$ 1,286,642	102.2 %
12/31/2013	1,465,239	92.2
12/31/2012	1,446,702	92.2
12/31/2011	1,192,203	59.0
12/31/2010	1,156,612	19.2
12/31/2009	N/A	N/A

CITY OF ROCKFORD, ILLINOIS

**Required Supplementary Information
Schedule of Employer Contributions
December 31, 2014**

Police Pension Fund

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2014	\$ 5,455,009	\$ 5,717,048	\$ 262,039	\$ 21,186,652	27.0%

Notes to the Required Supplementary Information:

Actuarial Valuation Date	December 31, 2014
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	26 Years
Asset Valuation Method	Market Value
Inflation	3.0%
Salary Increases	5.00%
Investment Rate of Return	6.86%
Retirement Age	See the Notes to the Financial Statements
Mortality	RP 2000 CHBCA

Fire Pension Fund

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2014	\$ 6,672,686	\$ 7,218,958	\$ 546,272	\$ 20,509,870	35.2%

Notes to the Required Supplementary Information:

Actuarial Valuation Date	December 31, 2014
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	26 Years
Asset Valuation Method	Market Value
Inflation	3.0%
Salary Increases	5.00%
Investment Rate of Return	6.86%
Retirement Age	See the Notes to the Financial Statements
Mortality	RP 2000 CHBCA

Note: The information presented above is formatted to comply with the requirement of GASB Statement No. 67.

CITY OF ROCKFORD, ILLINOIS

Police Pension Fund

Required Supplementary Information Schedule of Changes in the Employers Net Pension Liability December 31, 2014

	<u>2014</u>
Total Pension Liability	
Service Cost	\$ 4,137,623
Interest	17,284,872
Differences Between Expected and Actual Experience	3,503,406
Change of Assumptions	41,577,440
Benefit Payments, Including Refunds of Member Contributions	<u>(14,691,555)</u>
Net Change in Total Pension Liability	51,811,786
Total Pension Liability - Beginning	<u>259,311,840</u>
Total Pension Liability - Ending	<u><u>311,123,626</u></u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 5,717,048
Contributions - Members	2,131,555
Net Investment Income	11,614,824
Benefit Payments, Including Refunds of Member Contributions	(14,691,555)
Administrative Expense	<u>(228,465)</u>
Net Change in Plan Fiduciary Net Position	4,543,407
Plan Net Position - Beginning	<u>178,430,602</u>
Plan Net Position - Ending	<u><u>182,974,009</u></u>
Employers Net Pension Obligation	<u>\$ 128,149,617</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	58.8%
Covered-Employee Payroll	\$ 21,186,652
Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	604.9%

CITY OF ROCKFORD, ILLINOIS

Fire Pension Fund

Required Supplementary Information Schedule of Changes in the Employer's Net Pension Liability December 31, 2014

	<u>2014</u>
Total Pension Liability	
Service Cost	\$ 5,023,350
Interest	16,732,558
Differences Between Expected and Actual Experience	2,881,346
Change of Assumptions	36,824,449
Benefit Payments, Including Refunds of Member Contributions	<u>(15,698,458)</u>
Net Change in Total Pension Liability	45,763,245
Total Pension Liability - Beginning	<u>253,194,659</u>
Total Pension Liability - Ending	<u><u>298,957,904</u></u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 7,218,958
Contributions - Members	1,953,524
Net Investment Income	8,791,692
Benefit Payments, Including Refunds of Member Contributions	(15,698,458)
Administrative Expense	<u>(187,168)</u>
Net Change in Plan Fiduciary Net Position	2,078,548
Plan Net Position - Beginning	<u>158,574,965</u>
Plan Net Position - Ending	<u><u>160,653,513</u></u>
Employers Net Pension Obligation	<u><u>\$ 138,304,391</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.7%
Covered-Employee Payroll	\$ 20,509,870
Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	674.3%

CITY OF ROCKFORD, ILLINOIS

Fire Pension Fund

Required Supplementary Information Schedule of Investment Returns December 31, 2014

Fiscal Year	Annual Money- Weighted Rate of Return, Net of Investment Expenses	
	Police	Fire
2014	6.86%	6.82%

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, 2014, 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-Current Expenditures	
Mayor's Office	\$ (12,372)
City Council	(6,008)
Workforce investment board	(1,820)
Board of election	(6,547)
Fire Department	(1,414,651)
Community Development - Planning and Zoning	(12,157)
General Fund-Capital Expenditures	
Public works - Streets, alleys and bridges	(688,241)

OTHER SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

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.

CITY OF ROCKFORD, ILLINOIS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2014

	Special Revenue Funds			
	Rockford Tuberculosis Care Center	Garbage and Refuse	Motor Fuel Tax	Redevelopment
ASSETS				
Cash and cash equivalents	\$ 188,411	\$ 4,261,583	\$ 14,643,665	\$ 1,443,760
Property taxes receivable, net	159,563	35,938	-	-
Accounts receivable, net	-	586,833	-	426,126
Due from the State of Illinois	-	-	384,965	-
Due from other governmental units	-	-	-	-
Due from other funds	764	17,146	-	4,472
Total assets	<u>348,738</u>	<u>4,901,500</u>	<u>15,028,630</u>	<u>1,874,358</u>
DEFERRED OUTFLOWS OF RESOURCES				
None	-	-	-	-
Total deferred outflows of resources	-	-	-	-
Total assets and deferred outflows of resources	<u>348,738</u>	<u>4,901,500</u>	<u>15,028,630</u>	<u>1,874,358</u>
LIABILITIES				
Liabilities:				
Accounts and contracts payable	\$ 29,878	\$ 731,419	\$ -	\$ 3,301
Accrued payroll and benefits	-	-	-	-
Due to other funds	-	-	3,323,832	-
Total liabilities	<u>29,878</u>	<u>731,419</u>	<u>3,323,832</u>	<u>3,301</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	159,563	35,938	-	-
Total deferred inflows of resources	<u>159,563</u>	<u>35,938</u>	<u>-</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>189,441</u>	<u>767,357</u>	<u>3,323,832</u>	<u>3,301</u>
FUND BALANCES (DEFICITS):				
Nonspendable	-	-	-	-
Restricted for:				
Community development	-	-	-	1,871,057
Highway and streets	-	-	11,704,798	-
Assigned for:				
General government	-	-	-	-
Community development	-	4,134,143	-	-
Public health and welfare	159,297	-	-	-
Unassigned	-	-	-	-
Total fund balances (deficits)	<u>159,297</u>	<u>4,134,143</u>	<u>11,704,798</u>	<u>1,871,057</u>
Total liabilities and deferred inflows of resources and fund balance	<u>\$ 348,738</u>	<u>\$ 4,901,500</u>	<u>\$ 15,028,630</u>	<u>\$ 1,874,358</u>

Special Revenue Funds

Tourism	Special Projects	RKFD Metro Agency for Planning	Veteran's Scholarship	Justice Assistance Grant	Flex Care
\$ 503,110	\$ 138,496	\$ -	\$ 36,001	\$ -	\$ 193,218
140,787	8,667	-	-	-	-
-	-	346,087	-	-	-
-	-	20,274	-	123,177	-
3,030	560	-	145	-	-
646,927	147,723	366,361	36,146	123,177	193,218
-	-	-	-	-	-
646,927	147,723	366,361	36,146	123,177	193,218
\$ 175,592	\$ -	\$ 20,391	\$ -	\$ 33,231	\$ 230
-	-	14,220	-	-	-
-	-	449,194	-	89,264	-
175,592	-	483,805	-	122,495	230
-	-	-	-	-	-
175,592	-	483,805	-	122,495	230
-	-	-	36,146	-	-
471,335	147,723	-	-	682	-
-	-	-	-	-	-
-	-	-	-	-	192,988
-	-	-	-	-	-
-	-	(117,444)	-	-	-
471,335	147,723	(117,444)	36,146	682	192,988
\$ 646,927	\$ 147,723	\$ 366,361	\$ 36,146	\$ 123,177	\$ 193,218

CITY OF ROCKFORD, ILLINOIS
COMBINING BALANCE SHEET (Continued)
NONMAJOR SPECIAL REVENUE FUNDS
December 31, 2014

	Special Revenue Funds					
	Tax Increment Financing Areas					
	East Side	West Side	Seventh Street	South Rockford	Lincolnwood Estates	Springfield Corners
ASSETS						
Cash and cash equivalents	\$ -	\$ 207,669	\$ -	\$ 237,376	\$ 122,046	\$ -
Property taxes receivable, net	319,439	486,342	768,864	104,850	62,528	214,152
Accounts receivable, net	-	-	-	-	-	-
Due from the State of Illinois	-	-	-	-	-	-
Due from other governmental units	-	-	-	-	-	-
Due from other funds	-	844	-	964	492	-
Total assets	319,439	694,855	768,864	343,190	185,066	214,152
DEFERRED OUTFLOWS OF RESOURCES						
None	-	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-	-
Total assets and deferred outflows of resources	319,439	694,855	768,864	343,190	185,066	214,152
LIABILITIES AND FUND BALANCES (DEFICITS)						
Liabilities:						
Accounts and contracts payable	\$ 10,187	\$ -	\$ -	\$ -	\$ -	\$ 1,400,000
Accrued payroll and benefits	-	-	-	-	-	-
Due to other funds	45,756	-	329,781	-	-	526,972
Total liabilities	55,943	-	329,781	-	-	1,926,972
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	319,439	486,342	768,864	104,850	62,528	214,152
Total deferred inflows of resources	319,439	486,342	768,864	104,850	62,528	214,152
Total liabilities and deferred inflows of resources	375,382	486,342	1,098,645	104,850	62,528	2,141,124
FUND BALANCES (DEFICITS):						
Nonspendable	-	-	-	-	-	-
Restricted for:						
Community development	(55,943)	208,513	-	238,340	122,538	-
Highway and streets	-	-	-	-	-	-
Assigned for:						
General government	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Public health and welfare	-	-	-	-	-	-
Unassigned	-	-	(329,781)	-	-	(1,926,972)
Total fund balances (deficits)	(55,943)	208,513	(329,781)	238,340	122,538	(1,926,972)
Total liabilities and deferred inflows of resources and fund balance	\$ 319,439	\$ 694,855	\$ 768,864	\$ 343,190	\$ 185,066	\$ 214,152

Special Revenue Funds

Tax Increment Financing Areas

Rockford Global Trade Park	North Main	Lincolnwood II	River Oaks	Garrison	Hope Six	Kishwaukee	Jackson School	Preston/ Central
\$ 800,752	\$ 44,738	\$ 16,466 41,761	\$ 23,187	\$ 66,112	\$ 150,530	\$ 87,783 38,962	\$ 32,003	\$ 74,751
-	-	-	-	-	-	-	-	-
-	-	65	-	-	-	354	-	-
800,752	44,738	58,292	23,187	66,112	150,530	127,099	32,003	74,751
-	-	-	-	-	-	-	-	-
800,752	44,738	58,292	23,187	66,112	150,530	127,099	32,003	74,751
\$ 4,053	\$ -	\$ -	\$ -	\$ -	\$ 1,289	\$ -	\$ 25,488	\$ -
309,176	788,786	-	1,711,640	480,244	438,325	-	91,927	1,456,240
313,229	788,786	-	1,711,640	480,244	439,614	-	117,415	1,456,240
800,752	44,738	41,761	23,187	66,112	150,530	38,962	32,003	74,751
800,752	44,738	41,761	23,187	66,112	150,530	38,962	32,003	74,751
1,113,981	833,524	41,761	1,734,827	546,356	590,144	38,962	149,418	1,530,991
-	-	-	-	-	-	-	-	-
-	-	16,531	-	-	-	88,137	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
(313,229)	(788,786)	-	(1,711,640)	(480,244)	(439,614)	-	(117,415)	(1,456,240)
(313,229)	(788,786)	16,531	(1,711,640)	(480,244)	(439,614)	88,137	(117,415)	(1,456,240)
\$ 800,752	\$ 44,738	\$ 58,292	\$ 23,187	\$ 66,112	\$ 150,530	\$ 127,099	\$ 32,003	\$ 74,751

CITY OF ROCKFORD, ILLINOIS
COMBINING BALANCE SHEET (Continued)
NONMAJOR SPECIAL REVENUE FUNDS
December 31, 2014

	Special Revenue Funds					
	Tax Increment Financing Areas					Rockford Global Trade Park II
	North Main & Auburn	East State & Alpine	West State & Central	West State & Kilburn	West Side II	
ASSETS						
Cash and cash equivalents	\$ 85,025	\$ 351,328	\$ 70,335	\$ 44,779	\$ 9,817	\$ 382,850
Property taxes receivable, net	1,326	115,294	55,282	9,365	620	243,667
Accounts receivable, net	-	-	-	-	-	-
Due from the State of Illinois	-	-	-	-	-	-
Due from other governmental units	-	-	-	-	2,220	-
Due from other funds	343	1,420	305	181	39	1,557
Total assets	86,694	468,042	125,922	54,325	12,696	628,074
DEFERRED OUTFLOWS OF RESOURCES						
None	-	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-	-
Total assets and deferred outflows of resources	86,694	468,042	125,922	54,325	12,696	628,074
LIABILITIES AND FUND BALANCES (DEFICITS)						
Liabilities:						
Accounts and contracts payable	\$ -	\$ -	\$ 5,039	\$ -	\$ -	\$ 107
Accrued payroll and benefits	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Total liabilities	-	-	5,039	-	-	107
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	1,326	115,294	55,282	9,365	620	243,667
Total deferred inflows of resources	1,326	115,294	55,282	9,365	620	243,667
Total liabilities and deferred inflows of resources	1,326	115,294	60,321	9,365	620	243,774
FUND BALANCES (DEFICITS):						
Nonspendable	-	-	-	-	-	-
Restricted for:						
Community development	85,368	352,748	65,601	44,960	12,076	384,300
Highway and streets	-	-	-	-	-	-
Assigned for:						
General government	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Public health and welfare	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances (deficits)	85,368	352,748	65,601	44,960	12,076	384,300
Total liabilities and deferred inflows of resources and fund balance	\$ 86,694	\$ 468,042	\$ 125,922	\$ 54,325	\$ 12,696	\$ 628,074

Special Revenue Funds										
Tax Increment Financing Areas										
River North	North Main and Whitman	East River	Assisted Living	Midtown	Kishwaukee Harrison II	Rockford Global Trade Park III	Broadway	Rockford Global Trade Park South		
\$ 135,859	\$ -	\$ 13,102	\$ 227	\$ 67,376	\$ 600	\$ 69,299	\$ 114,283	\$ 17,646		
49,194	19,252	184,781	-	11,564	-	17,192	51,203	11,471		
-	-	-	-	-	-	-	-	-		
-	-	-	-	-	-	-	-	-		
549	-	67	1	273	2	281	464	72		
185,602	19,252	197,950	228	79,213	602	86,772	165,950	29,189		
-	-	-	-	-	-	-	-	-		
185,602	19,252	197,950	228	79,213	602	86,772	165,950	29,189		
\$ -	\$ -	\$ 2,676	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
-	537,561	-	-	-	-	-	-	-		
-	537,561	2,676	-	-	-	-	-	-		
49,194	19,252	184,781	-	11,564	-	17,192	51,203	11,471		
49,194	19,252	184,781	-	11,564	-	17,192	51,203	11,471		
49,194	556,813	187,457	-	11,564	-	17,192	51,203	11,471		
-	-	-	-	-	-	-	-	-		
136,408	-	-	228	67,649	602	69,580	114,747	17,718		
-	-	-	-	-	-	-	-	-		
-	-	-	-	-	-	-	-	-		
-	-	-	-	-	-	-	-	-		
-	(537,561)	10,493	-	-	-	-	-	-		
136,408	(537,561)	10,493	228	67,649	602	69,580	114,747	17,718		
\$ 185,602	\$ 19,252	\$ 197,950	\$ 228	\$ 79,213	\$ 602	\$ 86,772	\$ 165,950	\$ 29,189		

CITY OF ROCKFORD, ILLINOIS
COMBINING BALANCE SHEET (Continued)
NONMAJOR SPECIAL REVENUE FUNDS
December 31, 2014

	Special Revenue Funds			
	Tax Increment Financing Areas			
	Jefferson and Third Street	Mulford and State	Auburn Street Corridor	Total
ASSETS				
Cash and cash equivalents	\$ 735	\$ 142,151	\$ -	\$ 23,584,996
Property taxes receivable, net	13,699	162,949	6,523	4,377,854
Accounts receivable, net	-	-	-	1,162,413
Due from the State of Illinois	-	-	-	731,052
Due from other governmental units	-	-	-	145,671
Due from other funds	3	583	-	34,976
Total assets	14,437	305,683	6,523	30,036,962
DEFERRED OUTFLOWS OF RESOURCES				
None	-	-	-	-
Total deferred outflows of resources	-	-	-	-
Total assets and deferred outflows of resources	14,437	305,683	6,523	30,036,962
LIABILITIES AND FUND BALANCES (DEFICITS)				
Liabilities:				
Accounts and contracts payable	\$ -	\$ -	\$ -	\$ 2,442,881
Accrued payroll and benefits	-	-	-	14,220
Due to other funds	-	-	-	10,578,698
Total liabilities	-	-	-	13,035,799
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	13,699	162,949	6,523	4,377,854
Total deferred inflows of resources	13,699	162,949	6,523	4,377,854
Total liabilities and deferred inflows of resources	13,699	162,949	6,523	17,413,653
FUND BALANCES (DEFICITS):				
Nonspendable	-	-	-	36,146
Restricted for:				
Community development	738	142,734	-	4,604,370
Highway and streets	-	-	-	11,704,798
Assigned for:				
General government	-	-	-	192,988
Community development	-	-	-	4,134,143
Public health and welfare	-	-	-	159,297
Unassigned	-	-	-	(8,208,433)
Total fund balances (deficits)	738	142,734	-	12,623,309
Total liabilities and deferred inflows of resources and fund balance	\$ 14,437	\$ 305,683	\$ 6,523	\$ 30,036,962

(Concluded)

CITY OF ROCKFORD, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2014

Special Revenue Funds

	Rockford Tuberculosis Care Center	Garbage and Refuse	Motor Fuel Tax	Redevelopment
REVENUES				
Taxes	\$ 159,864	\$ 35,336	\$ -	\$ 3,968,445
Licenses and permits	-	-	-	-
Intergovernmental	-	-	5,090,851	-
Charges for services	-	11,338,644	-	-
Interest	7,895	264,131	2,251	82,048
Miscellaneous	-	-	-	217
Total revenues	167,759	11,638,111	5,093,102	4,050,710
EXPENDITURES				
Current:				
Public Safety	-	-	-	-
Community development	-	-	-	1,293,188
Sanitation and sewers	-	11,378,318	-	-
Public health and welfare	120,269	-	-	-
Total current expenditures	120,269	11,378,318	-	1,293,188
Debt service				
Principal payments	-	-	-	184,498
Interest and fiscal charges	-	-	-	67,938
Total expenditures	120,269	11,378,318	-	1,545,624
Excess of revenues over (under) expenditures	47,490	259,793	5,093,102	2,505,086
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	433,320
Transfers out	-	(975,000)	(2,866,418)	(2,355,845)
Total other financing sources (uses)	-	(975,000)	(2,866,418)	(1,922,525)
Net change in fund balances	47,490	(715,207)	2,226,684	582,561
Fund balances (deficits) - beginning	111,807	4,849,350	9,478,114	1,288,496
Fund balances (deficits) - ending	\$ 159,297	\$ 4,134,143	\$ 11,704,798	\$ 1,871,057

Special Revenue Funds

Tourism	Special Projects	RKFD Metro Agency for Planning	Veteran's Scholarship	Justice Assistance Grant	Flex Care
\$ 1,869,427	\$ -	\$ -	\$ -	\$ -	\$ -
-	93,978	-	-	-	-
-	-	1,225,247	-	259,992	-
23,889	6,745	-	2,050	-	-
<u>1,893,316</u>	<u>100,723</u>	<u>1,225,247</u>	<u>2,050</u>	<u>259,992</u>	<u>12,406</u>
-	-	-	-	259,992	-
1,295,571	90,000	1,114,764	3,000	-	-
-	-	-	-	-	-
<u>1,295,571</u>	<u>90,000</u>	<u>1,114,764</u>	<u>3,000</u>	<u>259,992</u>	<u>-</u>
-	-	-	-	-	-
<u>1,295,571</u>	<u>90,000</u>	<u>1,159,535</u>	<u>3,000</u>	<u>259,992</u>	<u>-</u>
597,745	10,723	65,712	(950)	-	12,406
-	-	76,292	-	-	-
(433,320)	-	(15,700)	-	-	-
<u>(433,320)</u>	<u>-</u>	<u>60,592</u>	<u>-</u>	<u>-</u>	<u>-</u>
164,425	10,723	126,304	(950)	-	12,406
306,910	137,000	(243,748)	37,096	682	180,582
<u>\$ 471,335</u>	<u>\$ 147,723</u>	<u>\$ (117,444)</u>	<u>\$ 36,146</u>	<u>\$ 682</u>	<u>\$ 192,988</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, 2014

	Special Revenue Funds					
	Tax Increment Financing Areas					
	East Side	West Side	Seventh Street	South Rockford	Lincolnwood Estates	Springfield Corners
REVENUES						
Taxes	\$ 305,006	\$ 418,723	\$ 815,069	\$ 106,638	\$ 63,344	\$ 210,798
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Interest	-	7,680	-	9,593	6,983	-
Miscellaneous	-	2,900	1,000	-	-	-
Total revenues	<u>305,006</u>	<u>429,303</u>	<u>816,069</u>	<u>116,231</u>	<u>70,327</u>	<u>210,798</u>
EXPENDITURES						
Current:						
Public Safety	-	-	-	-	-	-
Community development	75,153	211,306	105,674	-	-	-
Sanitation and sewers	-	-	-	-	-	-
Public health and welfare	-	-	-	-	-	-
Total current expenditures	<u>75,153</u>	<u>211,306</u>	<u>105,674</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt service						
Principal payments	-	-	-	-	-	-
Interest and fiscal charges	2,085	-	17,839	-	-	21,345
Total expenditures	<u>77,238</u>	<u>211,306</u>	<u>123,513</u>	<u>-</u>	<u>-</u>	<u>21,345</u>
Excess of revenues over (under) expenditures	<u>227,768</u>	<u>217,997</u>	<u>692,556</u>	<u>116,231</u>	<u>70,327</u>	<u>189,453</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	300,000	50,000	100,000	-	-
Transfers out	(325,000)	(500,000)	(961,250)	(120,000)	(88,687)	(416,271)
Total other financing sources (uses)	<u>(325,000)</u>	<u>(200,000)</u>	<u>(911,250)</u>	<u>(20,000)</u>	<u>(88,687)</u>	<u>(416,271)</u>
Net change in fund balances	<u>(97,232)</u>	<u>17,997</u>	<u>(218,694)</u>	<u>96,231</u>	<u>(18,360)</u>	<u>(226,818)</u>
Fund balances (deficits) - beginning	41,289	190,516	(111,087)	142,109	140,898	(1,700,154)
Fund balances (deficits) - ending	<u>\$ (55,943)</u>	<u>\$ 208,513</u>	<u>\$ (329,781)</u>	<u>\$ 238,340</u>	<u>\$ 122,538</u>	<u>\$ (1,926,972)</u>

Special Revenue Funds

Tax Increment Financing Areas

Rockford Global Trade Park	North Main	Lincolnwood II	River Oaks	Garrison	Hope Six	Kishwaukee Harrison	Jackson School
\$ 754,366	\$ 53,682	\$ 42,865	\$ 29,422	\$ 60,445	\$ 157,498	\$ 40,803	\$ 41,167
-	-	-	-	-	-	-	-
-	-	1,708	-	-	-	4,803	-
754,366	53,682	44,573	29,422	60,445	157,498	45,606	41,167
-	-	-	-	-	-	-	-
201,503	-	-	-	-	-	34,065	25,488
-	-	-	-	-	-	-	-
201,503	-	-	-	-	-	34,065	25,488
-	-	-	-	-	-	-	-
12,761	40,704	-	90,341	24,786	22,532	-	3,758
214,264	40,704	-	90,341	24,786	22,532	34,065	29,246
540,102	12,978	44,573	(60,919)	35,659	134,966	11,541	11,921
-	-	-	-	-	-	-	-
(806,513)	(206,963)	(79,631)	(290,587)	(160,462)	(267,250)	-	(93,813)
(806,513)	(206,963)	(79,631)	(290,587)	(160,462)	(267,250)	-	(93,813)
(266,411)	(193,985)	(35,058)	(351,506)	(124,803)	(132,284)	11,541	(81,892)
(46,818)	(594,801)	51,589	(1,360,134)	(355,441)	(307,330)	76,596	(35,523)
\$ (313,229)	\$ (788,786)	\$ 16,531	\$ (1,711,640)	\$ (480,244)	\$ (439,614)	\$ 88,137	\$ (117,415)

CITY OF ROCKFORD, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2014

Special Revenue Funds

Tax Increment Financing Areas

	Preston/ Central	North Main & Auburn	East State & Alpine	West State & Central	West State & Kilburn	West Side II
REVENUES						
Taxes	\$ 75,982	\$ 2,841	\$ 121,615	\$ 54,566	\$ 7,070	\$ 1,474
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Interest	-	4,471	17,761	-	2,137	552
Miscellaneous	-	-	-	-	-	-
Total revenues	<u>75,982</u>	<u>7,312</u>	<u>139,376</u>	<u>54,566</u>	<u>9,207</u>	<u>2,026</u>
EXPENDITURES						
Current:						
Public Safety	-	-	-	-	-	-
Community development	-	-	125,614	8,190	-	-
Sanitation and sewers	-	-	-	-	-	-
Public health and welfare	-	-	-	-	-	-
Total current expenditures	-	-	125,614	8,190	-	-
Debt service						
Principal payments	-	-	-	-	-	-
Interest and fiscal charges	84,864	-	-	1,744	-	-
Total expenditures	<u>84,864</u>	<u>-</u>	<u>125,614</u>	<u>9,934</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>(8,882)</u>	<u>7,312</u>	<u>13,762</u>	<u>44,632</u>	<u>9,207</u>	<u>2,026</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	(89,613)	-	(40,000)	-	-	-
Total other financing sources (uses)	<u>(89,613)</u>	<u>-</u>	<u>(40,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(98,495)	7,312	(26,238)	44,632	9,207	2,026
Fund balances - beginning	(1,357,745)	78,056	378,986	20,969	35,753	10,050
Fund balances - ending	<u>\$ (1,456,240)</u>	<u>\$ 85,368</u>	<u>\$ 352,748</u>	<u>\$ 65,601</u>	<u>\$ 44,960</u>	<u>\$ 12,076</u>

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	Rockford Global Trade Park III
\$ 245,308	\$ 30,181	\$ 26,692	\$ 135,993	\$ -	\$ 11,705	\$ -	\$ 21,261
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
13,624	7,129	-	-	12	3,141	32	3,108
-	-	-	-	-	862	-	-
258,932	37,310	26,692	135,993	12	15,708	32	24,369
-	-	-	-	-	-	-	-
47,709	11,374	-	38,023	-	-	-	-
-	-	-	-	-	-	-	-
47,709	11,374	-	38,023	-	-	-	-
-	-	-	-	-	-	-	-
-	-	28,573	2,013	-	-	-	-
47,709	11,374	28,573	40,036	-	-	-	-
211,223	25,936	(1,881)	95,957	12	15,708	32	24,369
-	-	-	100,000	-	-	-	-
-	(17,212)	(119,388)	(140,062)	-	-	-	-
-	(17,212)	(119,388)	(40,062)	-	-	-	-
211,223	8,724	(121,269)	55,895	12	15,708	32	24,369
173,077	127,684	(416,292)	(45,402)	216	51,941	570	45,211
\$ 384,300	\$ 136,408	\$ (537,561)	\$ 10,493	\$ 228	\$ 67,649	\$ 602	\$ 69,580

CITY OF ROCKFORD, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (Continued)
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2014

	Special Revenue Funds					
	Tax Increment Financing Areas					
	Broadway	Rockford Global Trade Park South	Jefferson and Third Street	Mulford and State	Auburn Street Corridor	Total
REVENUES						
Taxes	\$ 43,354	\$ 9,884	\$ 14,277	\$ 136,884	\$ -	\$ 10,071,985
Licenses and permits	-	-	-	-	-	93,978
Intergovernmental	-	-	-	-	-	6,576,090
Charges for services	-	-	-	-	-	11,338,644
Interest	4,467	610	181	2,421	-	479,422
Miscellaneous	-	-	-	-	-	17,385
Total revenues	<u>47,821</u>	<u>10,494</u>	<u>14,458</u>	<u>139,305</u>	<u>-</u>	<u>28,577,504</u>
EXPENDITURES						
Current:						
Public Safety	-	-	18,310	-	-	278,302
Community development	-	-	-	-	-	4,680,622
Sanitation and sewers	-	-	-	-	-	11,378,318
Public health and welfare	-	-	-	-	-	120,269
Total current expenditures	<u>-</u>	<u>-</u>	<u>18,310</u>	<u>-</u>	<u>-</u>	<u>16,457,511</u>
Debt service						
Principal payments	-	-	-	-	-	184,498
Interest and fiscal charges	-	-	-	-	-	466,054
Total expenditures	<u>-</u>	<u>-</u>	<u>18,310</u>	<u>-</u>	<u>-</u>	<u>17,108,063</u>
Excess of revenues over (under) expenditures	<u>47,821</u>	<u>10,494</u>	<u>(3,852)</u>	<u>139,305</u>	<u>-</u>	<u>11,469,441</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	1,059,612
Transfers out	-	-	-	-	-	(11,368,985)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,309,373)</u>
Net change in fund balances	<u>47,821</u>	<u>10,494</u>	<u>(3,852)</u>	<u>139,305</u>	<u>-</u>	<u>1,160,068</u>
Fund balances - beginning	66,926	7,224	4,590	3,429	-	11,463,241
Fund balances - ending	<u>\$ 114,747</u>	<u>\$ 17,718</u>	<u>\$ 738</u>	<u>\$ 142,734</u>	<u>\$ -</u>	<u>\$ 12,623,309</u>

(Concluded)

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, 2014

	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)
REVENUES								
Taxes - Property	\$ 168,300	\$ 168,300	\$ 159,864	\$ (8,436)	\$ 21,700	\$ 21,700	\$ 35,336	\$ 13,636
Charges for services	-	-	-	-	9,745,100	9,745,100	11,338,644	1,593,544
Interest	1,200	1,200	7,895	6,695	82,200	82,200	264,131	181,931
Total revenues	169,500	169,500	167,759	(1,741)	9,849,000	9,849,000	11,638,111	1,789,111
EXPENDITURES								
Current:								
Sanitation and sewers	-	-	-	-	11,326,377	10,986,487	11,378,318	(391,831)
Public health and welfare	170,000	170,000	120,269	49,731	-	-	-	-
Total current expenditures	170,000	170,000	120,269	49,731	11,326,377	10,986,487	11,378,318	(391,831)
Excess of revenues over (under) expenditures	(500)	(500)	47,490	47,990	(1,477,377)	(1,137,487)	259,793	1,397,280
OTHER FINANCING (USES)								
Transfers out	-	-	-	-	(975,000)	(975,000)	(975,000)	-
Net change in fund balance	\$ (500)	\$ (500)	47,490	\$ 47,990	\$ (2,452,377)	\$ (2,112,487)	(715,207)	\$ 1,397,280
Fund balance - beginning			111,807				4,849,350	
Fund balance - ending			<u>\$ 159,297</u>				<u>\$ 4,134,143</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, 2014

	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)
REVENUES								
Taxes - Sales tax	\$ -	\$ -	\$ -	\$ -	\$ 3,725,000	\$ 3,725,000	\$ 3,968,445	\$ 243,445
Intergovernmental	3,694,400	4,994,400	5,090,851	96,451	-	-	-	-
Interest	187,000	187,000	2,251	(184,749)	-	-	82,048	82,048
Miscellaneous	-	-	-	-	-	-	217	217
Total revenues	<u>3,881,400</u>	<u>5,181,400</u>	<u>5,093,102</u>	<u>(88,298)</u>	<u>3,725,000</u>	<u>3,725,000</u>	<u>4,050,710</u>	<u>325,710</u>
EXPENDITURES								
Current:								
Community development	-	-	-	-	1,299,051	1,299,051	1,293,188	5,863
Total current expenditures	-	-	-	-	1,299,051	1,299,051	1,293,188	5,863
Debt service								
Principal payments	-	-	-	-	220,000	220,000	184,498	35,502
Interest and fiscal charges	-	-	-	-	200,000	200,000	67,938	132,062
Total current expenditures	-	-	-	-	1,719,051	1,719,051	1,545,624	173,427
Excess of revenues over (under) expenditures	<u>3,881,400</u>	<u>5,181,400</u>	<u>5,093,102</u>	<u>(88,298)</u>	<u>2,005,949</u>	<u>2,005,949</u>	<u>2,505,086</u>	<u>499,137</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	433,320	433,320	433,320	-
Transfers out	(4,350,000)	(4,350,000)	(2,866,418)	1,483,582	(2,355,845)	(2,355,845)	(2,355,845)	-
Total other financing sources (uses)	<u>(4,350,000)</u>	<u>(4,350,000)</u>	<u>(2,866,418)</u>	<u>1,483,582</u>	<u>(1,922,525)</u>	<u>(1,922,525)</u>	<u>(1,922,525)</u>	<u>-</u>
Net change in fund balance	<u>\$ (468,600)</u>	<u>\$ 831,400</u>	<u>2,226,684</u>	<u>\$ 1,395,284</u>	<u>\$ 83,424</u>	<u>\$ 83,424</u>	<u>582,561</u>	<u>\$ 499,137</u>
Fund balance - beginning			9,478,114				1,288,496	
Fund balance - ending			<u>\$ 11,704,798</u>				<u>\$ 1,871,057</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, 2014

	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)
REVENUES								
Taxes - Sales tax	\$ 1,590,800	\$ 1,590,800	\$ 1,869,427	\$ 278,627	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	100,000	100,000	93,978	(6,022)
Interest	-	-	23,889	23,889	1,100	1,100	6,745	5,645
Total revenues	1,590,800	1,590,800	1,893,316	302,516	101,100	101,100	100,723	(377)
EXPENDITURES								
Current:								
Community development	1,154,480	1,154,480	1,295,571	(141,091)	75,000	75,000	90,000	(15,000)
Total current expenditures	1,154,480	1,154,480	1,295,571	(141,091)	75,000	75,000	90,000	(15,000)
Excess of revenues over (under) expenditures	436,320	436,320	597,745	161,425	26,100	26,100	10,723	(15,377)
OTHER FINANCING (USES)								
Transfers out	(433,320)	(433,320)	(433,320)	-	-	-	-	-
Net change in fund balance	\$ 3,000	\$ 3,000	164,425	\$ 161,425	\$ 26,100	\$ 26,100	10,723	\$ (15,377)
Fund balance (deficit) - beginning			306,910				137,000	
Fund balance (deficit) - ending			<u>\$ 471,335</u>				<u>\$ 147,723</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, 2014

	RKFD Metro Agency for Planning Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
REVENUES				
Intergovernmental	\$ 1,007,069	\$ 1,007,069	\$ 1,225,247	\$ 218,178
Interest	-	-	-	-
Total revenues	<u>1,007,069</u>	<u>1,007,069</u>	<u>1,225,247</u>	<u>218,178</u>
EXPENDITURES				
Current:				
Community development	988,568	988,568	1,114,764	(126,196)
Total current expenditures	<u>988,568</u>	<u>988,568</u>	<u>1,114,764</u>	<u>(126,196)</u>
Debt service - interest and fiscal charges	-	-	44,771	(44,771)
Total expenditures	<u>988,568</u>	<u>988,568</u>	<u>1,159,535</u>	<u>(170,967)</u>
Excess of revenues over (under) expenditures	<u>18,501</u>	<u>18,501</u>	<u>65,712</u>	<u>47,211</u>
OTHER FINANCING SOURCES				
Transfers in	-	-	76,292	76,292
Transfers out	(15,700)	(15,700)	(15,700)	-
Total other financing sources (uses)	<u>(15,700)</u>	<u>(15,700)</u>	<u>60,592</u>	<u>76,292</u>
Net change in fund balance	<u>\$ 2,801</u>	<u>\$ 2,801</u>	<u>126,304</u>	<u>\$ 123,503</u>
Fund balance - beginning			(243,748)	
Fund balance - ending			<u>\$ (117,444)</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, 2014

	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)
REVENUES								
Taxes - Property	\$ 315,892	\$ 315,892	\$ 305,006	\$ (10,886)	\$ 419,813	\$ 419,813	\$ 418,723	\$ (1,090)
Intergovernmental	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	7,680	7,680
Miscellaneous	-	-	-	-	-	-	2,900	2,900
Total revenues	315,892	315,892	305,006	(10,886)	419,813	419,813	429,303	9,490
EXPENDITURES								
Current:								
Community development	80,076	80,076	75,153	4,923	213,305	213,305	211,306	1,999
Debt service - interest and fiscal charges	10,000	10,000	2,085	7,915	-	-	-	-
Total expenditures	90,076	90,076	77,238	12,838	213,305	213,305	211,306	1,999
Excess of revenues over (under) expenditures	225,816	225,816	227,768	1,952	206,508	206,508	217,997	11,489
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	300,000	300,000	300,000	-
Transfers out	(325,000)	(325,000)	(325,000)	-	(500,000)	(500,000)	(500,000)	-
Total other financing sources (uses)	(325,000)	(325,000)	(325,000)	-	(200,000)	(200,000)	(200,000)	-
Net change in fund balance	\$ (99,184)	\$ (99,184)	(97,232)	\$ 1,952	\$ 6,508	\$ 6,508	17,997	\$ 11,489
Fund balance (deficit) - beginning			41,289				190,516	
Fund balance (deficit) - ending			<u>\$ (55,943)</u>				<u>\$ 208,513</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, 2014

	Tax Increment Financing Area Seventh Street Fund			Variance with Final Budget- Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Taxes - Property	\$ 866,014	\$ 866,014	\$ 815,069	\$ (50,945)
Interest	-	-	-	-
Miscellaneous	-	-	1,000	1,000
Total revenues	<u>866,014</u>	<u>866,014</u>	<u>816,069</u>	<u>(49,945)</u>
EXPENDITURES				
Current:				
Community development	52,300	52,300	105,674	(53,374)
Debt service - interest and fiscal charges	-	-	17,839	(17,839)
Total expenditures	<u>52,300</u>	<u>52,300</u>	<u>123,513</u>	<u>(71,213)</u>
Excess of revenues over (under) expenditures	<u>813,714</u>	<u>813,714</u>	<u>692,556</u>	<u>(121,158)</u>
OTHER FINANCING (USES)				
Transfers in	50,000	50,000	50,000	-
Transfers out	(992,728)	(992,728)	(961,250)	31,478
Total other financing sources (uses)	<u>(942,728)</u>	<u>(942,728)</u>	<u>(911,250)</u>	<u>31,478</u>
Net change in fund balance	<u>\$ (129,014)</u>	<u>\$ (129,014)</u>	<u>\$ (218,694)</u>	<u>\$ (89,680)</u>
Fund balance - beginning			(111,087)	
Fund balance (deficit) - ending			<u>\$ (329,781)</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, 2014

	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)
REVENUES								
Taxes - Property	\$ 121,065	\$ 121,065	\$ 106,638	\$ (14,427)	\$ 75,317	\$ 75,317	\$ 63,344	\$ (11,973)
Interest	-	-	9,593	9,593	2,241	2,241	6,983	4,742
Total revenues	121,065	121,065	116,231	(4,834)	77,558	77,558	70,327	(7,231)
EXPENDITURES								
Current:								
Community development	31,107	31,107	-	31,107	-	-	-	-
Excess of revenues over (under) expenditures	89,958	89,958	116,231	26,273	77,558	77,558	70,327	(7,231)
OTHER FINANCING (USES)								
Transfers in	100,000	100,000	100,000	-	-	-	-	-
Transfers out	(358,518)	(358,518)	(120,000)	238,518	(88,688)	(88,688)	(88,687)	1
Total other financing sources (uses)	(258,518)	(258,518)	(20,000)	238,518	(88,688)	(88,688)	(88,687)	1
Net change in fund balance	<u>\$ (168,560)</u>	<u>\$ (168,560)</u>	96,231	<u>\$ 264,791</u>	<u>\$ (11,130)</u>	<u>\$ (11,130)</u>	(18,360)	<u>\$ (7,230)</u>
Fund balance (deficit) - beginning			142,109				140,898	
Fund balance (deficit) - ending			<u>\$ 238,340</u>				<u>\$ 122,538</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, 2014

	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)
REVENUES								
Taxes - Property	\$ 210,404	\$ 210,404	\$ 210,798	\$ 394	\$ 737,600	\$ 737,600	\$ 754,366	\$ 16,766
Interest	-	-	-	-	-	-	-	-
Total revenues	<u>210,404</u>	<u>210,404</u>	<u>210,798</u>	<u>394</u>	<u>737,600</u>	<u>737,600</u>	<u>754,366</u>	<u>16,766</u>
EXPENDITURES								
Current:								
Community development	-	-	-	-	50,000	112,645	201,503	(88,858)
Total current expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>112,645</u>	<u>201,503</u>	<u>(88,858)</u>
Debt service - interest and fiscal charges	4,898	4,898	21,345	(16,447)	359	359	12,761	(12,402)
Total expenditures	<u>4,898</u>	<u>4,898</u>	<u>21,345</u>	<u>(16,447)</u>	<u>50,359</u>	<u>113,004</u>	<u>214,264</u>	<u>(101,260)</u>
Excess of revenues over (under) expenditures	<u>205,506</u>	<u>205,506</u>	<u>189,453</u>	<u>(16,053)</u>	<u>687,241</u>	<u>624,596</u>	<u>540,102</u>	<u>(84,494)</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(449,230)	(432,845)	(416,271)	16,574	(806,513)	(806,513)	(806,513)	-
Total other financing sources (uses)	<u>(449,230)</u>	<u>(432,845)</u>	<u>(416,271)</u>	<u>16,574</u>	<u>(806,513)</u>	<u>(806,513)</u>	<u>(806,513)</u>	<u>-</u>
Net change in fund balance	<u>\$ (243,724)</u>	<u>\$ (227,339)</u>	<u>(226,818)</u>	<u>\$ 521</u>	<u>\$ (119,272)</u>	<u>\$ (181,917)</u>	<u>(266,411)</u>	<u>\$ (84,494)</u>
Fund balance (deficit) - beginning			(1,700,154)				(46,818)	
Fund balance (deficit) - ending			<u>\$ (1,926,972)</u>				<u>\$ (313,229)</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, 2014

	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)
REVENUES								
Taxes - Property	\$ 66,700	\$ 66,700	\$ 53,682	\$ (13,018)	\$ 46,969	\$ 46,969	\$ 42,865	\$ (4,104)
Interest	-	-	-	-	1,986	1,986	1,708	(278)
Total revenues	66,700	66,700	53,682	(13,018)	48,955	48,955	44,573	(4,382)
EXPENDITURES								
Debt service - interest and fiscal charges	8,802	8,802	40,704	(31,902)	-	-	-	-
Total expenditures	8,802	8,802	40,704	(31,902)	-	-	-	-
Excess of revenues over (under) expenditures	57,898	57,898	12,978	(44,920)	48,955	48,955	44,573	(4,382)
OTHER FINANCING (USES)								
Transfers out	(206,963)	(206,963)	(206,963)	-	(79,631)	(79,631)	(79,631)	-
Total other financing sources (uses)	(206,963)	(206,963)	(206,963)	-	(79,631)	(79,631)	(79,631)	-
Net change in fund balance	\$ (149,065)	\$ (149,065)	(193,985)	\$ (44,920)	\$ (30,676)	\$ (30,676)	(35,058)	\$ (4,382)
Fund balance (deficit) - beginning			(594,801)				51,589	
Fund balance (deficit) - ending			<u>\$ (788,786)</u>				<u>\$ 16,531</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, 2014

	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)
REVENUES								
Taxes - Property	\$ 41,884	\$ 41,884	\$ 29,422	\$ (12,462)	\$ 74,345	\$ 74,345	\$ 60,445	\$ (13,900)
Interest	-	-	-	-	-	-	-	-
Total revenues	41,884	41,884	29,422	(12,462)	74,345	74,345	60,445	(13,900)
EXPENDITURES								
Debt service - interest and fiscal charges	20,308	20,308	90,341	(70,033)	5,323	5,323	24,786	(19,463)
Total expenditures	20,308	20,308	90,341	(70,033)	5,323	5,323	24,786	(19,463)
Excess of revenues over (under) expenditures	21,576	21,576	(60,919)	(82,495)	69,022	69,022	35,659	(33,363)
OTHER FINANCING (USES)								
Transfers out	(290,588)	(290,588)	(290,587)	1	(160,463)	(160,463)	(160,462)	1
Total other financing sources (uses)	(290,588)	(290,588)	(290,587)	1	(160,463)	(160,463)	(160,462)	1
Net change in fund balance	\$ (269,012)	\$ (269,012)	(351,506)	\$ (82,494)	\$ (91,441)	\$ (91,441)	(124,803)	\$ (33,362)
Fund balance- beginning			(1,360,134)				(355,441)	
Fund balance (deficit) - ending			\$ (1,711,640)				\$ (480,244)	

(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, 2014

	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)
REVENUES								
Taxes - Property	\$ 161,769	\$ 161,769	\$ 157,498	\$ (4,271)	\$ 46,233	\$ 46,233	\$ 40,803	\$ (5,430)
Interest	-	-	-	-	1,451	1,451	4,803	3,352
Total revenues	161,769	161,769	157,498	(4,271)	47,684	47,684	45,606	(2,078)
EXPENDITURES								
Current:								
Community development	-	-	-	-	39,298	39,298	34,065	5,233
Total current expenditures	-	-	-	-	39,298	39,298	34,065	5,233
Debt service - interest and fiscal charges	4,502	4,502	22,532	(18,030)	-	-	-	-
Total expenditures	4,502	4,502	22,532	(18,030)	39,298	39,298	34,065	5,233
Excess of revenues over (under) expenditures	157,267	157,267	134,966	(22,301)	8,386	8,386	11,541	3,155
OTHER FINANCING (USES)								
Transfers out	(267,250)	(267,250)	(267,250)	-	-	-	-	-
Total other financing sources (uses)	(267,250)	(267,250)	(267,250)	-	-	-	-	-
Net change in fund balance	\$ (109,983)	\$ (109,983)	(132,284)	\$ (22,301)	\$ 8,386	\$ 8,386	11,541	\$ 3,155
Fund balance- beginning			(307,330)				76,596	
Fund balance (deficit) - ending			<u>\$ (439,614)</u>				<u>\$ 88,137</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, 2014

	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)
REVENUES								
Taxes - Property	\$ 57,100	\$ 57,100	\$ 41,167	\$ (15,933)	\$ 76,400	\$ 76,400	\$ 75,982	\$ (418)
Total revenues	57,100	57,100	41,167	(15,933)	76,400	76,400	75,982	(418)
EXPENDITURES								
Current:								
Community development	21,485	21,485	25,488	(4,003)	-	-	-	-
Total current expenditures	21,485	21,485	25,488	(4,003)	-	-	-	-
Debt service - interest and fiscal charges	435	435	3,758	(3,323)	19,645	19,645	84,864	(65,219)
Total expenditures	21,920	21,920	29,246	(7,326)	19,645	19,645	84,864	(65,219)
Excess of revenues over (under) expenditures	35,180	35,180	11,921	(23,259)	56,755	56,755	(8,882)	(65,637)
OTHER FINANCING (USES)								
Transfers out	(93,813)	(93,813)	(93,813)	-	(89,613)	(89,613)	(89,613)	-
Total other financing sources (uses)	(93,813)	(93,813)	(93,813)	-	(89,613)	(89,613)	(89,613)	-
Net change in fund balance	\$ (58,633)	\$ (58,633)	(81,892)	\$ (23,259)	\$ (32,858)	\$ (32,858)	(98,495)	\$ (65,637)
Fund balance- beginning			(35,523)				(1,357,745)	
Fund balance (deficit) - ending			<u>\$ (117,415)</u>				<u>\$ (1,456,240)</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, 2014

	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)
REVENUES								
Taxes - Property	\$ 6,550	\$ 6,550	\$ 2,841	\$ (3,709)	\$ 136,700	\$ 136,700	\$ 121,615	\$ (15,085)
Interest	-	-	4,471	4,471	4,026	4,026	17,761	13,735
Total revenues	6,550	6,550	7,312	762	140,726	140,726	139,376	(1,350)
EXPENDITURES								
Current:								
Community development	10,000	10,000	-	10,000	170,429	170,429	125,614	44,815
Total expenditures	10,000	10,000	-	10,000	170,429	170,429	125,614	44,815
Excess of revenues over (under) expenditures	(3,450)	(3,450)	7,312	10,762	(29,703)	(29,703)	13,762	43,465
OTHER FINANCING (USES)								
Transfers out	-	-	-	-	(40,000)	(40,000)	(40,000)	-
Net change in fund balance	\$ (3,450)	\$ (3,450)	7,312	\$ 10,762	\$ (69,703)	\$ (69,703)	(26,238)	\$ 43,465
Fund balance- beginning			78,056				378,986	
Fund balance (deficit) - ending			<u>\$ 85,368</u>				<u>\$ 352,748</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, 2014

	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)
REVENUES								
Taxes - Property	\$ 122,500	\$ 122,500	\$ 54,566	\$ (67,934)	\$ 9,000	\$ 9,000	\$ 7,070	\$ (1,930)
Interest	1,087	1,087	-	(1,087)	576	576	2,137	1,561
Total revenues	123,587	123,587	54,566	(69,021)	9,576	9,576	9,207	(369)
EXPENDITURES								
Current:								
Community development	-	-	8,190	(8,190)	-	-	-	-
Debt service - interest and fiscal charges	-	-	1,744	(1,744)	-	-	-	-
Total expenditures	-	-	9,934	(9,934)	-	-	-	-
Excess of revenues over (under) expenditures	123,587	123,587	44,632	(78,955)	9,576	9,576	9,207	(369)
OTHER FINANCING (USES)								
Transfers out	(200,000)	-	-	-	-	-	-	-
Net change in fund balance	\$ (76,413)	\$ 123,587	44,632	\$ (78,955)	\$ 9,576	\$ 9,576	9,207	\$ (369)
Fund balance- beginning			20,969				35,753	
Fund balance (deficit) - ending			\$ 65,601				\$ 44,960	

(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, 2014

	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)
REVENUES								
Taxes - Property	\$ 2,150	\$ 2,450	\$ 1,474	\$ (976)	\$ 181,000	\$ 181,000	\$ 245,308	\$ 64,308
Interest	-	-	552	552	-	-	13,624	13,624
Miscellaneous	-	-	-	-	-	-	-	-
Total revenues	2,150	2,450	2,026	(424)	181,000	181,000	258,932	64,308
EXPENDITURES								
Current:								
Community development	-	-	-	-	197,700	197,700	47,709	149,991
Debt service - interest and fiscal charges	-	-	-	-	169	169	-	169
Total expenditures	-	-	-	-	197,869	197,869	47,709	150,160
Excess of revenues over (under) expenditures	2,150	2,450	2,026	(424)	(16,869)	(16,869)	211,223	228,092
OTHER FINANCING (USES)								
Transfers out	-	-	-	-	-	-	-	-
Net change in fund balance	\$ 2,150	\$ 2,450	2,026	\$ (424)	\$ (16,869)	\$ (16,869)	211,223	\$ 228,092
Fund balance- beginning			10,050				173,077	
Fund balance (deficit) - ending			<u>\$ 12,076</u>				<u>\$ 384,300</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, 2014

	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)
REVENUES								
Taxes - Property	\$ 34,815	\$ 34,815	\$ 30,181	\$ (4,634)	\$ 33,019	\$ 33,019	\$ 26,692	\$ (6,327)
Interest	3,538	3,538	7,129	3,591	-	-	-	-
Total revenues	38,353	38,353	37,310	(1,043)	33,019	33,019	26,692	(6,327)
EXPENDITURES								
Current:								
Community development	15,000	15,000	11,374	3,626	-	-	-	-
	15,000	15,000	11,374	3,626	-	-	-	-
Debt service - interest and fiscal charges	-	-	-	-	6,132	6,132	28,573	(22,441)
Total expenditures	15,000	15,000	11,374	3,626	6,132	6,132	28,573	(22,441)
Excess of revenues over (under) expenditures	23,353	23,353	25,936	2,583	26,887	26,887	(1,881)	(28,768)
OTHER FINANCING SOURCES (USES)								
Transfers out	(25,310)	(25,310)	(17,212)	8,098	(94,078)	(94,078)	(119,388)	(25,310)
Total other financing sources (uses)	(25,310)	(25,310)	(17,212)	8,098	(94,078)	(94,078)	(119,388)	(25,310)
Net change in fund balance	\$ (1,957)	\$ (1,957)	8,724	\$ 10,681	\$ (67,191)	\$ (67,191)	(121,269)	\$ (54,078)
Fund balance (deficit) - beginning			127,684				(416,292)	
Fund balance (deficit) - ending			<u>\$ 136,408</u>				<u>\$ (537,561)</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, 2014

	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)
REVENUES								
Taxes - Property	\$ 84,857	\$ 84,857	\$ 135,993	\$ 51,136	\$ -	\$ -	\$ -	\$ -
Interest	-	-	-	-	3	3	12	9
Total revenues	<u>84,857</u>	<u>84,857</u>	<u>135,993</u>	<u>51,136</u>	<u>3</u>	<u>3</u>	<u>12</u>	<u>9</u>
EXPENDITURES								
Current:								
Community development	45,843	35,346	38,023	(2,677)	-	-	-	-
Debt service - interest and fiscal charges	1,129	1,129	2,013	(884)	-	-	-	-
Total expenditures	<u>46,972</u>	<u>36,475</u>	<u>40,036</u>	<u>(3,561)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>37,885</u>	<u>48,382</u>	<u>95,957</u>	<u>47,575</u>	<u>3</u>	<u>3</u>	<u>12</u>	<u>9</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	150,000	150,000	100,000	(50,000)	-	-	-	-
Transfers out	(140,062)	(140,062)	(140,062)	-	-	-	-	-
Total other financing sources (uses)	<u>9,938</u>	<u>9,938</u>	<u>(40,062)</u>	<u>(50,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ 47,823</u>	<u>\$ 58,320</u>	<u>55,895</u>	<u>\$ (2,425)</u>	<u>\$ 3</u>	<u>\$ 3</u>	<u>12</u>	<u>\$ 9</u>
Fund balance- beginning			(45,402)				216	
Fund balance (deficit) - ending			<u>\$ 10,493</u>				<u>\$ 228</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, 2014

	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)
REVENUES								
Taxes - Property	\$ 19,060	\$ 19,060	\$ 11,705	\$ (7,355)	\$ -	\$ -	\$ -	\$ -
Interest	818	818	3,141	2,323	8	8	32	24
Miscellaneous	-	-	862	862	-	-	-	-
Total revenues	19,060	19,060	15,708	(6,493)	-	-	32	-
EXPENDITURES								
Current:								
Community development	25,000	25,000	-	25,000	-	-	-	-
Total expenditures	25,000	25,000	-	25,000	-	-	-	-
Excess of revenues over (under) expenditures	(5,940)	(5,940)	15,708	21,648	-	-	32	32
Net change in fund balance	\$ (5,940)	\$ (5,940)	15,708	\$ 21,648	\$ -	\$ -	32	\$ 32
Fund balance- beginning			51,941				570	
Fund balance (deficit) - ending			<u>\$ 67,649</u>				<u>\$ 602</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, 2014

	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)
REVENUES								
Taxes - Property	\$ 25,000	\$ 25,000	\$ 21,261	\$ (3,739)	\$ 27,918	\$ 27,918	\$ 43,354	\$ 15,436
Interest	576	576	3,108	2,532	1,071	1,071	4,467	3,396
Total revenues	25,576	25,576	24,369	(1,207)	28,989	28,989	47,821	18,832
EXPENDITURES								
Current:								
Community development	-	-	-	-	-	-	-	-
Total expenditures	-	-	-	-	-	-	-	-
Excess of revenues over (under) expenditures	25,576	25,576	24,369	(1,207)	28,989	28,989	47,821	18,832
OTHER FINANCING SOURCES (USES)								
Transfers out	-	-	-	-	-	-	-	-
Net change in fund balance	\$ 25,576	\$ 25,576	24,369	\$ (1,207)	\$ 28,989	\$ 28,989	47,821	\$ 18,832
Fund balance- beginning			45,211				66,826	
Fund balance (deficit) - ending			\$ 69,580				\$ 114,647	

(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, 2014

	Tax Increment Financing Area Rockford Global Trade Park South Fund				Tax Increment Financing Area Jefferson and Third Street			
	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
REVENUES								
Taxes - Property	\$ 5,040	\$ 5,040	\$ 9,884	\$ 4,844	\$ 38,480	\$ 38,480	\$ 14,277	\$ (24,203)
Interest	111	111	610	499	-	-	181	181
Total revenues	5,151	5,151	10,494	5,343	38,480	38,480	14,458	(24,022)
EXPENDITURES								
Current:								
Community development	-	-	-	-	37,740	37,740	18,310	19,430
Debt service - interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	-	-	-	-	37,740	37,740	18,310	19,430
Excess of revenues over (under) expenditures	5,151	5,151	10,494	5,343	740	740	(3,852)	(4,592)
Net change in fund balance	\$ 5,151	\$ 5,151	10,494	\$ 5,343	\$ 740	\$ 740	(3,852)	\$ (4,592)
Fund balance- beginning			7,224				4,590	
Fund balance (deficit) - ending			\$ 17,718				\$ 738	

(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, 2014

	Tax Increment Financing Area Mulford and State				Tax Increment Financing Area Auburn Street Corridor			
	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
REVENUES								
Taxes - Property	\$ 40,849	\$ 40,849	\$ 136,884	\$ 96,035	\$ -	\$ -	\$ -	\$ -
Interest	-	-	2,421	2,421	-	-	-	-
Total revenues	40,849	40,849	139,305	98,456	-	-	-	-
EXPENDITURES								
Current:								
Community development	-	-	-	-	-	-	-	-
Total expenditures	-	-	-	-	-	-	-	-
Excess of revenues over (under) expenditures	40,849	40,849	139,305	98,456	-	-	-	-
Net change in fund balance	\$ 40,849	\$ 40,849	139,305	\$ 98,456	\$ -	\$ -	-	\$ -
Fund balance- beginning			3,429				-	
Fund balance (deficit) - ending			<u>\$ 142,734</u>				<u>\$ -</u>	
				(Concluded)				(Concluded)

INTERNAL SERVICE FUNDS

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 POSITION (DEFICIT)
December 31, 2014

	Central Garage	Building Maintenance	Central Stores	Illinois Municipal Retirement	Unemployment
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 332,606	\$ 333,978	\$ 364,975	\$ 477,411	\$ 403,182
Accounts receivable	-	-	-	-	-
Due from other governmental units	12,887	-	-	-	-
Due from other funds	-	3,200	1,477	1,916	1,632
Inventories	222,628	-	-	-	-
Prepaid expenses	-	-	-	-	-
Total current assets	568,121	337,178	366,452	479,327	404,814
Noncurrent assets:					
Capital assets:					
Land improvements	20,000	-	-	-	-
Buildings and improvements	289,476	2,755,504	11,642	-	-
Equipment	684,262	294,120	37,591	-	-
Improvements other than buildings	85,345	324,447	-	-	-
Less accumulated depreciation	(841,357)	(1,307,516)	(49,233)	-	-
Total capital assets, net	237,726	2,066,555	-	-	-
Total assets	805,847	2,403,733	366,452	479,327	404,814
DEFERRED OUTFLOWS OF RESOURCES					
None	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Total assets and deferred outflows of resources	805,847	2,403,733	366,452	479,327	404,814
LIABILITIES					
Current liabilities:					
Accounts payable	212,216	232,599	1,171	417,894	35,050
Accrued payroll and benefits	23,336	19,915	8,891	-	-
Due to other funds	2,054	294,762	-	-	-
Compensated absences	10,293	5,158	4,321	-	-
Capital lease payable	2,454	40,590	-	-	-
Installment note payable	-	-	-	-	-
Claims and judgments payable	-	-	-	-	-
Total current liabilities	250,353	593,024	14,383	417,894	35,050
Noncurrent:					
Compensated absences	80,259	48,717	46,015	-	-
Unearned revenue	60,515	682,424	-	-	-
Capital lease payable	21,714	244,459	-	-	-
Installment note payable	-	-	-	-	-
Claims and judgments payable	-	-	-	-	-
Total noncurrent liabilities	162,488	975,600	46,015	-	-
Total liabilities	412,841	1,568,624	60,398	417,894	35,050
DEFERRED INFLOWS OF RESOURCES					
None	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Total liabilities and deferred inflows of resource	412,841	1,568,624	60,398	417,894	35,050
NET POSITION (DEFICIT)					
Net investment in capital assets	213,558	1,781,506	-	-	-
Unrestricted	179,448	(946,397)	306,054	61,433	369,764
Total net position (deficit)	\$ 393,006	\$ 835,109	\$ 306,054	\$ 61,433	\$ 369,764

Workmen's Compensation	Auditing	Health Insurance	911 Communications	Risk Management	Information Systems	Total Internal Service Funds
\$ 5,077,319	\$ -	\$ 10,688,363	\$ 297,657	\$ 50,438	\$ 484,887	\$ 18,510,816
-	-	252,745	-	29	-	252,774
-	-	-	98,137	-	-	111,024
19,920	-	43,260	1,073	1,302	1,561	75,341
-	-	-	-	-	-	222,628
-	-	234,000	-	-	-	234,000
5,097,239	-	11,218,368	396,867	51,769	486,448	19,406,583
-	-	-	-	-	-	20,000
-	-	-	-	-	-	3,056,622
-	-	-	150,738	-	6,566,629	7,733,340
-	-	-	-	-	-	409,792
-	-	-	(150,738)	-	(5,113,403)	(7,462,247)
-	-	-	-	-	1,453,226	3,757,507
5,097,239	-	11,218,368	396,867	51,769	1,939,674	23,164,090
-	-	-	-	-	-	-
-	-	-	-	-	-	-
5,097,239	-	11,218,368	396,867	51,769	1,939,674	23,164,090
13,444	-	1,451,326	16,164	923,781	316,696	3,620,341
-	-	-	147,578	-	12,357	212,077
-	-	-	-	-	-	296,816
-	-	-	67,204	-	7,237	94,213
-	-	-	-	-	-	43,044
-	-	-	-	-	110,453	110,453
1,742,907	-	608,884	-	2,734,680	-	5,086,471
1,756,351	-	2,060,210	230,946	3,658,461	446,743	9,463,415
-	-	-	165,921	-	23,316	364,228
-	-	130,102	-	-	-	873,041
-	-	-	-	-	-	266,173
-	-	-	-	-	28,065	28,065
2,549,334	-	-	-	5,141,100	-	7,690,434
2,549,334	-	130,102	165,921	5,141,100	51,381	9,221,941
4,305,685	-	2,190,312	396,867	8,799,561	498,124	18,685,356
-	-	-	-	-	-	-
-	-	-	-	-	-	-
4,305,685	-	2,190,312	396,867	8,799,561	498,124	18,685,356
-	-	-	-	-	1,314,708	3,309,772
791,554	-	9,028,056	-	(8,747,792)	126,842	1,168,962
\$ 791,554	\$ -	\$ 9,028,056	\$ -	\$ (8,747,792)	\$ 1,441,550	\$ 4,478,734

CITY OF ROCKFORD, ILLINOIS
INTERNAL SERVICE FUNDS
COMBING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION (DEFICIT)
For the Year Ended December 31, 2014

	Central Garage	Building Maintenance	Central Stores	Illinois Municipal Retirement	Unemployment
OPERATING REVENUES					
Charges for services	\$ 3,663,870	\$ 2,464,814	\$ 439,000	\$ 6,871,039	\$ 173,933
Miscellaneous	16,281	111,176	-	-	-
Total operating revenues	<u>3,680,151</u>	<u>2,575,990</u>	<u>439,000</u>	<u>6,871,039</u>	<u>173,933</u>
OPERATING EXPENSES					
Salaries and benefits	859,286	787,376	299,165	-	-
Services	678,098	1,363,933	51,030	6,876,548	48,959
Supplies and materials	2,017,153	248,376	34,632	-	-
Depreciation	26,593	205,958	-	-	-
Charges from General Fund	73,500	90,100	23,900	-	-
Total operating expenses	<u>3,654,630</u>	<u>2,695,743</u>	<u>408,727</u>	<u>6,876,548</u>	<u>48,959</u>
Operating income (loss)	<u>25,521</u>	<u>(119,753)</u>	<u>30,273</u>	<u>(5,509)</u>	<u>124,974</u>
NONOPERATING REVENUES (EXPENSES)					
Interest received	-	57,077	19,072	32,098	21,588
Interest expense	(29,857)	(10,097)	-	-	-
Total nonoperating revenues (expenses)	<u>(29,857)</u>	<u>46,980</u>	<u>19,072</u>	<u>32,098</u>	<u>21,588</u>
Income (loss) before transfers	<u>(4,336)</u>	<u>(72,773)</u>	<u>49,345</u>	<u>26,589</u>	<u>146,562</u>
TRANSFERS IN					
Change in net position (deficit)	<u>(4,336)</u>	<u>(72,773)</u>	<u>49,345</u>	<u>26,589</u>	<u>146,562</u>
Total net position (deficit) - beginning	<u>397,342</u>	<u>907,882</u>	<u>256,709</u>	<u>34,844</u>	<u>223,202</u>
Total net position (deficit) - ending	<u>\$ 393,006</u>	<u>\$ 835,109</u>	<u>\$ 306,054</u>	<u>\$ 61,433</u>	<u>\$ 369,764</u>

Workmen's Compensation	Auditing	Health Insurance	911 Communications	Risk Management	Information Systems	Total Internal Service Funds
\$ 2,810,023	\$ 197,421	\$ 16,370,796	\$ 5,406,346	\$ 2,486,039	\$ 2,930,405	\$ 43,813,686
-	-	604,581	-	326,362	-	1,058,400
2,810,023	197,421	16,975,377	5,406,346	2,812,401	2,930,405	44,872,086
-	-	-	5,163,849	-	476,914	7,586,590
3,017,884	197,421	18,973,183	214,174	6,300,832	2,027,098	39,749,160
-	-	119	12,012	-	108,649	2,420,941
-	-	-	-	-	384,815	617,366
85,900	-	161,500	-	470,500	31,300	936,700
3,103,784	197,421	19,134,802	5,390,035	6,771,332	3,028,776	51,310,757
(293,761)	-	(2,159,425)	16,311	(3,958,931)	(98,371)	(6,438,671)
270,283	-	656,781	-	-	28,936	1,085,835
-	-	-	(16,311)	(125,505)	(5,254)	(187,024)
270,283	-	656,781	(16,311)	(125,505)	23,682	898,811
(23,478)	-	(1,502,644)	-	(4,084,436)	(74,689)	(5,539,860)
-	-	-	-	2,500,000	-	2,500,000
(23,478)	-	(1,502,644)	-	(1,584,436)	(74,689)	(3,039,860)
815,032	-	10,530,700	-	(7,163,356)	1,516,239	7,518,594
\$ 791,554	\$ -	\$ 9,028,056	\$ -	\$ (8,747,792)	\$ 1,441,550	\$ 4,478,734

CITY OF ROCKFORD, ILLINOIS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2014

	Central Garage	Building Maintenance	Central Stores	Illinois Municipal Retirement	Unemployment
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	3,677,626	2,575,990	439,000	6,871,039	173,933
Payments to suppliers	(2,726,054)	(1,632,537)	(84,975)	(6,885,284)	(22,472)
Payments to employees	(855,441)	(782,578)	(294,699)	-	-
Payments for internal services used	(73,500)	(90,100)	(23,900)	-	-
Payments to other funds	2,054	(24,563)	-	-	-
Net cash provided by (used for) operating activities	24,685	46,212	35,426	(14,245)	151,461
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in	-	-	-	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Interest paid on installment purchase agreement	-	-	-	-	-
Principal paid on installment purchase agreement	-	-	-	-	-
Interest paid on capital lease agreement	(686)	(10,097)	-	-	-
Principal paid on capital lease agreement	(2,587)	(39,111)	-	-	-
Acquisition of capital assets	(74,930)	(507,104)	-	-	-
Net cash (used for) capital and related financing activities	(78,203)	(556,312)	-	-	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	(28,762)	57,821	18,595	31,658	20,701
Net increase (decrease) in cash and cash equivalents	(82,280)	(452,279)	54,021	17,413	172,162
Cash and cash equivalents, beginning	414,886	786,257	310,954	459,998	231,020
Cash and cash equivalents, ending	\$ 332,606	\$ 333,978	\$ 364,975	\$ 477,411	\$ 403,182
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	\$ 25,521	\$ (119,753)	\$ 30,273	\$ (5,509)	\$ 124,974
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities					
Depreciation expense	26,593	205,958	-	-	-
Increase (decrease) from changes in:					
Accounts receivable	-	-	-	-	-
Due from other governmental units	(2,525)	-	-	-	-
Inventories	5,472	-	-	-	-
Prepaid items	-	-	-	-	-
Accounts payable	(36,275)	(20,228)	687	(8,736)	26,487
Accrued payroll and benefits	(3,053)	1,424	3,173	-	-
Compensated absences	6,898	3,374	1,293	-	-
Due to other funds	2,054	(24,563)	-	-	-
Deferred revenue	-	-	-	-	-
Other liabilities	-	-	-	-	-
Total adjustments	(836)	165,965	5,153	(8,736)	26,487
Net cash provided by (used for) operating activities	\$ 24,685	\$ 46,212	\$ 35,426	\$ (14,245)	\$ 151,461

Workmen's Compensation	Auditing	Auditing	Health Insurance	911 Communications	Risk Management	Information Systems	Total Internal Service Funds
2,810,023	-	197,421	17,013,192	5,625,479	2,812,372	2,930,405	45,126,480
(2,638,513)	-	(197,421)	(19,952,096)	(232,831)	(3,518,680)	(2,054,924)	(39,945,787)
-	-	-	-	(5,157,769)	-	(460,715)	(7,551,202)
(85,900)	-	(19)	(161,500)	-	(470,500)	(31,300)	(936,719)
-	-	-	-	-	(1,149,637)	-	(1,172,146)
85,610	-	(19)	(3,100,404)	234,879	(2,326,445)	383,466	(4,479,374)
-	-	-	-	-	2,500,000	-	2,500,000
-	-	-	-	-	2,500,000	-	2,500,000
-	-	-	-	-	-	(5,254)	(5,254)
-	-	-	-	-	-	(107,547)	(107,547)
-	-	-	-	-	-	-	(10,783)
-	-	-	-	-	-	-	(41,698)
-	-	-	-	-	-	(624,341)	(1,206,375)
-	-	-	-	-	-	(737,142)	(1,371,657)
265,310	-	19	659,394	(17,259)	(123,117)	29,932	914,292
350,920	-	-	(2,441,010)	217,620	50,438	(323,744)	(2,436,739)
4,726,399	-	-	13,129,373	80,037	-	808,631	20,947,555
\$ 5,077,319	\$ -	\$ -	\$ 10,688,363	\$ 297,657	\$ 50,438	\$ 484,887	\$ 18,510,816
\$ (293,761)	\$ -	\$ -	\$ (2,159,425)	\$ 16,311	\$ (3,958,931)	\$ (98,371)	\$ (6,438,671)
-	-	-	-	-	-	384,815	617,366
-	-	-	26,618	-	(29)	-	26,589
-	-	-	-	219,133	-	-	216,608
-	-	-	-	-	-	-	5,472
(23,214)	-	-	(234,000)	-	-	-	(234,000)
-	-	-	(116,128)	(6,645)	701,081	80,823	597,852
-	-	-	-	4,000	-	2,380	7,924
-	-	-	-	2,080	-	13,819	27,464
-	-	(19)	-	-	(1,149,637)	-	(1,172,165)
-	-	-	11,197	-	-	-	11,197
402,585	-	-	(628,666)	-	2,081,071	-	1,854,990
379,371	-	(19)	(940,979)	218,568	1,632,486	481,837	1,959,297
\$ 85,610	\$ -	\$ (19)	\$ (3,100,404)	\$ 234,879	\$ (2,326,445)	\$ 383,466	\$ (4,479,374)

FIDUCIARY FUNDS

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.

CITY OF ROCKFORD, ILLINOIS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
December 31, 2014

	<u>Pension Trust Funds</u>		
	<u>Police Pension</u>	<u>Firefighter's Pension</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 3,878,249	\$ 2,470,793	\$ 6,349,042
Investments			
U.S. Treasury Strips	-	408,407	408,407
U.S. Treasury Notes	7,355,351	15,880,495	23,235,846
U.S. Treasury Bonds	-	2,943,319	2,943,319
Government National Mortgage Association	489,520	1,639,721	2,129,241
Federal Home Loan Mortgage Corporation	2,545,708	2,920,113	5,465,821
Federal National Mortgage Association	4,021,040	6,590,108	10,611,148
State and Local Government Securities	598,478	571,550	1,170,028
Corporate Bonds	13,476,316	14,737,355	28,213,671
Small Cap Equity Common Stocks	12,988,685	10,816,276	23,804,961
NTGI Collective Trust	30,015,231	6,901,348	36,916,579
Domestic Mutual Funds	86,192,830	75,348,054	161,540,884
International Mutual Funds	16,670,230	13,648,199	30,318,429
Accrued interest receivable	160,545	244,813	405,358
Contributions receivable	4,620,186	5,575,959	10,196,145
Total assets	183,012,369	160,696,510	343,708,879
LIABILITIES			
Accrued liabilities	38,360	42,997	81,357
NET POSITION			
Held in trust for pension benefits	<u>\$ 182,974,009</u>	<u>\$ 160,653,513</u>	<u>\$ 343,627,522</u>

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

For the Year Ended December 31, 2014

	Pension Trust Funds		
	Police Pension	Firefighter's Pension	Total
ADDITIONS			
Contributions:			
Employer	\$ 5,717,048	\$ 7,218,958	\$ 12,936,006
Plan member	2,131,555	1,953,524	4,085,079
Total contributions	<u>7,848,603</u>	<u>9,172,482</u>	<u>17,021,085</u>
Investment income:			
Net appreciation in fair value of investments	8,467,067	4,722,718	13,189,785
Interest and dividend income	3,437,507	4,400,799	7,838,306
	<u>11,904,574</u>	<u>9,123,517</u>	<u>21,028,091</u>
Less investment expense	(291,975)	(331,875)	(623,850)
Net investment income	<u>11,612,599</u>	<u>8,791,642</u>	<u>20,404,241</u>
Total additions	<u>19,461,202</u>	<u>17,964,124</u>	<u>37,425,326</u>
DEDUCTIONS			
Pension benefits	14,628,022	15,698,458	30,326,480
Refunds of contributions	61,308	-	61,308
Administrative expense	228,465	187,118	415,583
Total deductions	<u>14,917,795</u>	<u>15,885,576</u>	<u>30,803,371</u>
Change in net position	4,543,407	2,078,548	6,621,955
Total net position - beginning	<u>178,430,602</u>	<u>158,574,965</u>	<u>337,005,567</u>
Total net position - ending	<u>\$ 182,974,009</u>	<u>\$ 160,653,513</u>	<u>\$ 343,627,522</u>

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

December 31, 2014

GOVERNMENTAL FUNDS CAPITAL ASSETS

Land and improvements	\$ 7,694,355
Buildings and improvements	59,146,200
Equipment	37,623,094
Infrastructure	<u>942,556,507</u>
Total governmental funds capital assets	<u>\$ 1,047,020,156</u>

**INVESTMENT IN GOVERNMENTAL FUNDS CAPITAL
ASSETS BY SOURCE**

General Fund	\$ 79,997,892
Special Revenue Funds	189,876,024
Capital Projects Fund	491,444,323
Grants	<u>285,701,917</u>
Total investment in governmental funds capital assets	<u>\$ 1,047,020,156</u>

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 Position.

CITY OF ROCKFORD, ILLINOIS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
December 31, 2014

FUNCTION AND ACTIVITY	Land and Improvements	Buildings and Improvements	Equipment	Infrastructure	Total
General government	\$ 4,939,047	\$ 11,531,625	\$ 988,197	\$ -	\$ 17,458,869
Public safety	1,162,274	16,882,465	21,690,482	-	39,735,221
Streets, alleys and bridges	197,322	1,368,931	10,247,557	932,194,730	944,008,540
Community development	203,704	950,443	208,462	-	1,362,609
Sanitation and sewers	201,500	-	-	-	201,500
Culture and recreation	970,008	27,628,390	2,893,877	9,997,370	41,489,645
Public health and welfare	20,500	784,346	1,594,519	364,407	2,763,772
Total governmental funds capital assets	<u>\$ 7,694,355</u>	<u>\$ 59,146,200</u>	<u>\$ 37,623,094</u>	<u>\$ 942,556,507</u>	<u>\$ 1,047,020,156</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 Position.

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, 2014

FUNCTION AND ACTIVITY	Governmental Funds Capital Assets			Governmental Funds Capital Assets
	January 1, 2014	Additions	Deductions	December 31, 2014
General government	\$ 17,655,732	\$ -	\$ 196,863	\$ 17,458,869
Public safety	36,946,326	5,891,124	3,102,229	39,735,221
Streets, alleys and bridges	925,630,995	24,884,979	6,507,434	944,008,540
Community development	1,374,241	-	11,632	1,362,609
Sanitation and sewers	201,500	-	-	201,500
Culture and recreation	38,073,800	3,415,845	-	41,489,645
Public health and welfare	2,638,202	164,218	38,648	2,763,772
Total governmental funds capital assets	\$ 1,022,520,796	\$ 34,356,166	\$ 9,856,806	\$ 1,047,020,156

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 Position.

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.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.	F1-F10
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the city's ability to generate its property and sales taxes.	F8-F15
Debt Capacity 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.	F13-F22
Demographic and Economic Information 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.	F20-F24
Operating Information 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.	F22-F27

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 seven previous fiscal years.

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

(accrual basis of accounting)

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Governmental activities				
Invested in capital assets, net of related debt	\$ 529,830,638	\$ 523,202,658	\$ 480,167,639	\$ 482,815,999
Restricted				
Capital projects	5,588,205	8,262,387	10,546,148	10,546,148
Debt service	6,575,000	6,513,108	5,686,654	5,437,035
Other purposes	15,548,246	13,470,622	19,429,953	18,103,293
Unrestricted	(965,343)	(3,428,056)	(3,338,207)	(17,342,443)
Total governmental activities net position	<u>\$ 556,576,746</u>	<u>\$ 548,020,719</u>	<u>\$ 512,492,187</u>	<u>\$ 499,560,032</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 140,232,135	\$ 139,564,019	\$ 138,848,876	\$ 135,803,303
Restricted				
Capital projects	1,000,000	1,000,000	1,000,000	1,000,000
Debt service	5,187,576	5,334,283	5,452,243	5,424,356
Unrestricted	3,425,953	3,387,821	3,559,349	3,652,612
Total business-type activities net position	<u>\$ 149,845,664</u>	<u>\$ 149,286,123</u>	<u>\$ 148,860,468</u>	<u>\$ 145,880,271</u>
Total net position	<u>\$ 706,422,410</u>	<u>\$ 697,306,842</u>	<u>\$ 661,352,655</u>	<u>\$ 645,440,303</u>
Primary Government				
Invested in capital assets, net of related debt	\$ 670,062,773	\$ 662,766,677	\$ 619,016,515	\$ 618,619,302
Restricted	33,899,027	34,580,400	42,114,998	40,510,832
Unrestricted	2,460,610	(40,235)	221,142	(13,689,831)
Total net position	<u>\$ 706,422,410</u>	<u>\$ 697,306,842</u>	<u>\$ 661,352,655</u>	<u>\$ 645,440,303</u>

<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
\$ 481,780,204	\$ 477,852,551	\$ 471,473,879	\$ 460,914,982	\$ 457,172,437	\$ 439,881,835
7,840,349	4,531,567	9,453,077	18,841,311	10,764,755	17,919,997
5,717,798	5,437,870	6,443,154	9,288,644	7,245,389	4,944,429
16,504,779	13,258,097	11,735,813	13,148,600	10,212,907	9,961,886
(32,745,075)	(24,518,870)	(19,328,902)	(2,598,408)	18,259,325	14,647,406
\$ 479,098,055	\$ 476,561,215	\$ 479,777,021	\$ 499,595,129	\$ 503,654,813	\$ 487,355,553
\$ 133,021,249	\$ 131,269,066	\$ 127,460,090	\$ 116,111,150	\$ 107,986,680	\$ 95,612,984
1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	8,258,356
5,041,923	4,661,406	3,836,269	4,655,828	4,144,561	4,235,834
2,708,215	(831,450)	653,493	4,663,251	5,001,310	3,734,380
\$ 141,771,387	\$ 136,099,022	\$ 132,949,852	\$ 126,430,229	\$ 118,132,551	\$ 111,841,554
\$ 620,869,442	\$ 612,660,237	\$ 612,726,873	\$ 626,025,358	\$ 621,787,364	\$ 599,197,107
\$ 614,801,453	\$ 609,121,617	\$ 598,933,969	\$ 577,026,132	\$ 565,159,117	\$ 535,494,819
36,104,849	28,888,940	32,468,313	46,934,383	33,367,612	45,320,502
(30,036,860)	(25,350,320)	(18,675,409)	2,064,843	23,260,635	18,381,786
\$ 620,869,442	\$ 612,660,237	\$ 612,726,873	\$ 626,025,358	\$ 621,787,364	\$ 599,197,107

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

(accrual basis of accounting)

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Expenses				
Governmental activities:				
General government	\$ 13,264,913	\$ 13,134,269	\$ 11,993,604	\$ 11,074,142
Public safety	99,756,203	98,591,263	91,813,775	88,787,990
Streets, alleys and bridges	39,685,242	34,444,654	32,971,181	34,788,508
Community development	9,011,612	10,147,688	13,899,004	10,312,407
Sanitation and sewers	9,356,050	7,083,257	6,703,345	6,885,950
Culture and recreation	8,971,095	8,347,463	7,690,140	7,591,103
Public health and welfare	16,128,872	16,398,282	16,215,478	16,837,305
Interest and fiscal charges	3,451,326	3,913,461	4,783,229	4,910,952
Total governmental activities expenses	<u>199,625,313</u>	<u>192,060,337</u>	<u>186,069,756</u>	<u>181,188,357</u>
Business-type activities:				
Water	24,317,101	21,977,859	21,578,537	21,058,993
Parking	2,581,766	2,488,973	2,029,911	2,088,672
Total business-type activities	<u>26,898,867</u>	<u>24,466,832</u>	<u>23,608,448</u>	<u>23,147,665</u>
Total primary government expenses	<u>\$ 226,524,180</u>	<u>\$ 216,527,169</u>	<u>\$ 209,678,204</u>	<u>\$ 204,336,022</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 7,156,417	\$ 7,174,058	\$ 7,277,778	\$ 6,721,553
Public safety	9,362,142	9,116,701	9,512,944	10,013,940
Streets, alleys and bridges	5,843,446	5,551,095	5,032,043	5,518,115
Community development	1,007,366	1,002,188	910,398	855,001
Sanitation and sewers	11,338,644	9,188,324	9,288,182	8,540,308
Culture and recreation	173,796	169,912	177,017	187,201
Operating grants and contributions	21,686,554	22,637,706	25,819,764	26,038,343
Capital grants and contributions	<u>8,141,162</u>	<u>36,857,891</u>	<u>4,790,309</u>	<u>8,343,151</u>
Total governmental activities program revenues	<u>64,709,527</u>	<u>91,697,875</u>	<u>62,808,435</u>	<u>66,217,612</u>
Business-type activities:				
Charges for services:				
Water	23,771,130	23,401,598	24,682,211	22,675,543
Parking	2,221,571	1,632,434	1,482,409	1,866,127
Capital grants and contributions	644,105	586,349	-	2,273,425
Total business-type activities program revenues	<u>26,636,806</u>	<u>25,620,381</u>	<u>26,164,620</u>	<u>26,815,095</u>
Total primary government revenues	<u>\$ 91,346,333</u>	<u>\$ 117,318,256</u>	<u>\$ 88,973,055</u>	<u>\$ 93,032,707</u>
	(Continued)	(Continued)	(Continued)	(Continued)

<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
\$ 13,297,890	\$ 14,561,840	\$ 15,005,594	\$ 14,392,429	\$ 13,297,717	\$ 13,392,590
89,109,641	84,813,690	87,630,182	86,034,803	78,028,562	72,945,042
35,079,905	34,557,692	43,499,830	33,244,705	28,618,460	11,008,143
13,694,212	17,901,167	13,876,323	14,050,709	12,850,580	13,761,490
7,072,936	7,544,392	7,560,231	7,689,685	7,790,814	7,095,605
7,373,399	9,490,086	17,990,844	20,566,355	7,613,866	7,719,111
21,230,764	19,723,022	15,708,487	14,875,668	16,224,686	14,186,561
5,290,071	4,716,887	5,689,763	5,477,961	5,087,266	4,507,875
<u>192,148,818</u>	<u>193,308,776</u>	<u>206,961,254</u>	<u>196,332,315</u>	<u>169,511,951</u>	<u>144,616,417</u>
20,402,549	18,865,983	18,003,425	16,441,237	15,491,720	14,734,889
2,177,041	2,202,193	2,426,974	2,308,209	2,025,000	2,028,583
<u>22,579,590</u>	<u>21,068,176</u>	<u>20,430,399</u>	<u>18,749,446</u>	<u>17,516,720</u>	<u>16,763,472</u>
<u>\$ 214,728,408</u>	<u>\$ 214,376,952</u>	<u>\$ 227,391,653</u>	<u>\$ 215,081,761</u>	<u>\$ 187,028,671</u>	<u>\$ 161,379,889</u>
\$ 5,774,210	\$ 5,426,375	\$ 5,409,390	\$ 5,206,081	\$ 5,105,389	\$ 5,333,840
9,130,719	9,435,382	7,917,191	8,221,830	7,055,847	5,944,017
5,291,149	4,873,914	4,255,227	5,908,625	6,053,144	5,775,581
337,749	436,500	552,012	524,515	475,309	561,929
8,568,067	6,745,535	6,796,053	6,840,386	6,813,361	6,725,442
204,514	250,261	217,851	201,187	200,290	164,971
29,807,880	29,288,219	21,562,828	21,438,527	22,360,354	21,335,383
2,837,398	2,000,666	763,307	11,420,360	6,601,783	6,872,910
<u>61,951,686</u>	<u>58,456,852</u>	<u>47,473,859</u>	<u>59,761,511</u>	<u>54,665,477</u>	<u>52,714,073</u>
22,715,297	21,671,106	22,767,988	22,093,309	20,318,020	18,605,553
1,793,745	1,794,059	1,558,661	1,487,703	1,529,800	1,573,703
3,498,532	749,767	936,237	2,031,876	790,231	4,887,660
<u>28,007,574</u>	<u>24,214,932</u>	<u>25,262,886</u>	<u>25,612,888</u>	<u>22,638,051</u>	<u>25,066,916</u>
<u>\$ 89,959,260</u>	<u>\$ 82,671,784</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)	(Continued)	(Continued)

CITY OF ROCKFORD, ILLINOIS
CHANGES IN NET POSITION, LAST TEN YEARS (CONTINUED)

(accrual basis of accounting)

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Net (Expense)/Revenue				
Governmental activities	\$ (134,915,786)	\$ (100,362,462)	\$ (123,261,321)	\$ (114,970,745)
Business-type activities	(262,061)	1,153,549	2,556,172	3,667,430
Total primary government net expense	<u>\$ (135,177,847)</u>	<u>\$ (99,208,913)</u>	<u>\$ (120,705,149)</u>	<u>\$ (111,303,315)</u>
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Taxes:				
Property taxes	\$ 59,593,973	\$ 60,194,938	\$ 60,064,811	\$ 59,851,344
Sales taxes	38,956,355	37,991,893	37,902,668	37,027,021
Metro Centre sales tax	3,968,445	4,015,535	3,721,332	3,902,627
Motel and hotel tourism tax	1,869,427	1,545,509	1,637,917	1,935,936
Video gaming tax	1,213,184	454,974	-	-
Local use tax	2,986,568	2,633,477	2,406,076	2,229,113
Income tax	14,477,198	14,741,571	13,553,269	11,978,090
Replacement tax	7,610,690	7,814,495	6,851,038	7,068,952
Telecommunications tax	4,554,368	4,918,775	5,430,116	5,564,418
Utility tax	1,080,659	1,074,674	1,006,205	1,067,251
Franchise taxes	1,878,951	1,878,557	1,814,652	1,684,182
Unrestricted interest earnings	4,204,812	(2,822,026)	919,186	2,176,835
Miscellaneous	1,017,183	1,388,622	826,206	546,953
Transfers	60,000	60,000	60,000	400,000
Total governmental activities	<u>143,471,813</u>	<u>135,890,994</u>	<u>136,193,476</u>	<u>135,432,722</u>
Business-type activities:				
Unrestricted interest earnings	1,048,948	(667,894)	324,952	841,454
Miscellaneous	(167,346)	-	159,073	-
Transfers	(60,000)	(60,000)	(60,000)	(400,000)
Total business-type activities	<u>821,602</u>	<u>(727,894)</u>	<u>424,025</u>	<u>441,454</u>
Total primary government	<u>\$ 144,293,415</u>	<u>\$ 135,163,100</u>	<u>\$ 136,617,501</u>	<u>\$ 135,874,176</u>
Change in Net Position				
Governmental activities	\$ 8,556,027	\$ 35,528,532	\$ 12,932,155	\$ 20,461,977
Business-type activities	559,541	425,655	2,980,197	4,108,884
Total primary government	<u>\$ 9,115,568</u>	<u>\$ 35,954,187</u>	<u>\$ 15,912,352</u>	<u>\$ 24,570,861</u>

<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
\$ (130,197,132)	\$ (134,851,924)	\$ (159,487,395)	\$ (136,570,804)	\$ (114,846,474)	\$ (91,902,344)
5,427,984	3,146,756	4,832,487	6,863,442	5,121,331	8,303,444
<u>\$ (124,769,148)</u>	<u>\$ (131,705,168)</u>	<u>\$ (154,654,908)</u>	<u>\$ (129,707,362)</u>	<u>\$ (109,725,143)</u>	<u>\$ (83,598,900)</u>
\$ 58,784,815	\$ 58,379,104	\$ 55,712,310	\$ 53,713,800	\$ 50,378,602	\$ 47,010,384
36,380,336	35,756,775	39,497,031	33,450,584	25,171,445	23,378,788
3,626,556	3,538,842	3,530,918	3,516,164	3,504,878	3,243,519
1,541,577	1,490,316	1,839,367	1,792,348	1,733,131	1,527,358
-	-	-	-	-	-
2,030,554	1,818,959	2,189,685	2,015,444	1,963,229	1,821,123
11,736,930	12,201,422	14,193,822	13,400,874	12,299,422	11,294,861
7,555,032	7,212,783	8,181,027	8,803,431	7,251,586	6,920,944
5,363,605	5,852,740	5,928,166	6,291,357	5,771,186	5,772,796
1,058,712	1,119,215	1,054,625	1,022,275	866,032	888,953
2,619,091	1,624,690	1,624,014	1,446,031	1,383,862	1,256,422
478,887	226,143	3,086,564	4,342,807	3,006,127	1,485,108
1,557,877	2,415,129	2,831,758	2,658,405	2,451,023	3,009,223
-	-	-	57,600	57,600	57,600
<u>132,733,972</u>	<u>131,636,118</u>	<u>139,669,287</u>	<u>132,511,120</u>	<u>115,838,123</u>	<u>107,667,079</u>
244,381	2,414	1,687,136	1,491,836	1,227,266	376,485
-	-	-	-	-	-
-	-	-	(57,600)	(57,600)	(57,600)
<u>244,381</u>	<u>2,414</u>	<u>1,687,136</u>	<u>1,434,236</u>	<u>1,169,666</u>	<u>318,885</u>
<u>\$ 132,978,353</u>	<u>\$ 131,638,532</u>	<u>\$ 141,356,423</u>	<u>\$ 133,945,356</u>	<u>\$ 117,007,789</u>	<u>\$ 107,985,964</u>
\$ 2,536,840	\$ (3,215,806)	\$ (19,818,108)	\$ (4,059,684)	\$ 991,649	\$ 15,764,735
5,672,365	3,149,170	6,519,623	8,297,678	6,290,997	8,622,329
<u>\$ 8,209,205</u>	<u>\$ (66,636)</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>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
General Fund				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-
Assigned	-	-	-	43,094
Unassigned	35,567,463	34,420,681	32,168,324	27,490,250
Total General Fund	<u>\$ 35,567,463</u>	<u>\$ 34,420,681</u>	<u>\$ 32,168,324</u>	<u>\$ 27,533,344</u>
All Other Governmental Funds				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in				
Special Revenue Funds	-	-	-	-
Capital Project Funds	-	-	-	-
Debt Service Funds	-	-	-	-
Nonspendable	870,116	958,107	1,104,145	789,678
Restricted for:				
Capital Projects	5,588,205	8,262,387	12,924,115	10,546,148
Debt service	6,575,000	6,513,108	5,686,654	5,437,035
Culture and recreation	9,289,998	8,353,738	7,835,329	6,519,138
Community development	4,744,767	3,469,457	2,161,179	2,550,317
Public health and welfare	667,574	713,529	716,785	612,290
Highway and streets	11,704,798	9,478,114	9,673,378	9,466,862
Assigned for:				
General government	192,988	180,582	151,980	163,915
Debt service	4,062,585	2,195,329	2,522,003	3,183,834
Community development	4,134,143	4,849,350	5,041,069	4,143,400
Public health and welfare	159,297	111,807	148,211	116,619
Highway and streets	-	2,068,634	5,641,805	5,574,040
Unassigned	(8,208,433)	(6,574,475)	(4,445,288)	(4,919,989)
Total all other governmental funds	<u>\$ 39,781,038</u>	<u>\$ 40,579,667</u>	<u>\$ 49,161,365</u>	<u>\$ 44,183,287</u>

<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
\$ 98,892	\$ 195,966	\$ 1,392,085	\$ 2,848,419	\$ 3,625,662	\$ 1,393,308
22,516,220	21,810,257	22,960,413	30,358,063	29,714,629	29,277,422
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 22,615,112</u>	<u>\$ 22,006,223</u>	<u>\$ 24,352,498</u>	<u>\$ 33,206,482</u>	<u>\$ 33,340,291</u>	<u>\$ 30,670,730</u>
\$ 18,451,669	\$ 17,111,431	\$ 20,909,673	\$ 32,186,952	\$ 15,608,994	\$ 17,114,176
14,015,070	11,376,328	6,384,419	10,169,249	8,598,211	7,315,179
4,428,124	3,692,856	6,575,540	3,408,693	4,752,174	9,001,715
-	-	-	(6,859)	(76,529)	(263,135)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 36,894,863</u>	<u>\$ 32,180,615</u>	<u>\$ 33,869,632</u>	<u>\$ 45,758,035</u>	<u>\$ 28,882,850</u>	<u>\$ 33,167,935</u>

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

(modified accrual basis of accounting)

	<u>2014</u>	<u>2013</u>	<u>2012</u>
REVENUES			
Taxes	\$ 113,009,795	\$ 112,374,801	\$ 112,169,125
Licenses and permits	5,292,806	4,195,722	4,650,908
Intergovernmental	59,115,907	60,350,268	60,326,767
Charges for services	24,559,244	22,384,977	21,121,354
Fines	1,223,737	1,330,341	1,661,996
Interest	3,118,977	(2,188,963)	728,812
Miscellaneous	1,017,183	1,388,622	826,206
Total revenues	<u>207,337,649</u>	<u>199,835,768</u>	<u>201,485,168</u>
EXPENDITURES			
Current:			
General government	12,452,533	12,424,299	11,867,343
Public safety	92,695,209	92,936,457	90,632,349
Streets, alleys and bridges	15,068,708	13,293,105	13,385,427
Community development	8,886,067	10,181,731	14,156,925
Sanitation and sewers	12,012,277	9,859,179	8,909,767
Culture and recreation	7,954,777	7,443,243	6,870,954
Public health and welfare	15,857,443	16,348,317	16,402,620
Debt service:			
Principal payments	10,640,814	14,109,960	8,870,514
Interest and fiscal charges	3,455,713	3,056,098	3,500,558
Capital outlay:			
General government	-	-	-
Public safety	5,891,123	5,518,861	5,083,271
Streets, alleys and bridges	24,884,980	25,568,840	17,439,699
Community development	-	55,666	-
Sanitation and sewers	-	-	-
Culture and recreation	3,415,845	5,756,123	500,307
Public health and welfare	164,218	253,537	28,715
Total expenditures	<u>213,379,707</u>	<u>216,805,416</u>	<u>197,648,449</u>
Excess of revenues over (under) expenditures	<u>(6,042,058)</u>	<u>(16,969,648)</u>	<u>3,836,719</u>
OTHER FINANCING SOURCES (USES)			
Refunding bonds issued	29,590,000	-	7,735,000
Payment to escrow agent	(30,911,996)	-	(8,522,305)
Issuance of general obligation bonds	5,420,000	-	-
Issuance of capital leases	4,016,223	10,580,307	5,837,061
Issuance of promissory term note	-	-	-
Issuance of line of credit	-	-	445,000
Discount on issue of general obligation bonds	(369,781)	-	(49,080)
Premium on issue of general obligation bonds	1,085,765	-	270,663
Transfers in	16,501,125	15,692,707	13,532,961
Transfers out	(18,941,125)	(15,632,707)	(13,472,961)
Total other financing sources (uses)	<u>6,390,211</u>	<u>10,640,307</u>	<u>5,776,339</u>
Net change in fund balances	348,153	(6,329,341)	9,613,058
Debt service as a percentage of noncapital expenditures	7.9%	9.6%	7.1%

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
\$	111,577,708	\$ 108,786,155	\$ 107,955,951	\$ 109,752,102	\$ 101,801,972	\$ 89,388,504	\$ 83,796,845
	4,406,169	4,594,725	3,483,059	4,147,741	5,057,545	5,203,117	5,314,798
	62,495,106	62,059,049	60,433,907	52,145,651	53,566,172	54,858,358	48,245,126
	18,076,762	16,744,784	14,385,440	12,988,688	13,627,943	12,786,424	12,881,071
	1,559,476	1,647,241	1,788,890	1,884,847	1,924,864	1,891,646	1,911,259
	1,785,330	431,036	232,371	2,895,335	4,115,605	2,856,189	1,398,874
	587,768	1,557,877	2,415,129	2,831,758	2,658,405	3,451,023	3,537,361
	<u>200,488,319</u>	<u>195,820,867</u>	<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>
	10,961,941	12,905,125	14,043,280	14,547,784	13,818,411	12,881,005	12,802,668
	87,380,847	84,569,192	83,776,249	85,764,726	82,646,977	76,643,710	72,060,997
	13,768,376	15,361,827	14,007,048	16,367,446	14,684,144	9,427,135	9,218,492
	10,330,365	13,603,906	17,741,099	13,926,337	14,098,653	12,855,383	13,855,963
	6,881,566	7,081,234	7,561,459	7,569,703	7,696,669	7,786,710	7,114,598
	6,716,162	6,551,920	8,571,187	17,124,098	19,751,044	6,829,540	6,843,800
	16,872,678	21,257,861	19,488,307	15,732,201	14,880,152	16,174,189	14,289,739
	14,411,960	9,416,768	9,113,764	11,110,852	10,293,026	8,845,284	7,880,000
	3,982,921	4,283,764	4,725,156	5,498,601	5,454,720	4,844,538	4,395,004
	-	-	-	-	21,102	1,097,418	554,991
	313,903	650,472	288,374	1,426,569	1,223,848	828,826	1,529,720
	15,629,085	14,655,878	21,641,741	15,658,632	9,089,592	15,711,225	18,388,101
	-	31,626	-	44,331	-	-	4,794,032
	-	-	-	-	-	-	149,997
	1,431,859	58,388	516,677	3,890,876	406,116	448,406	436,688
	-	275,660	239,927	147,661	69,494	215,016	66,510
	<u>188,681,663</u>	<u>190,703,621</u>	<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>11,806,656</u>	<u>5,117,246</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>
	-	-	17,325,000	-	6,865,000	-	530,000
	-	-	(16,754,910)	-	(6,770,679)	-	(107,622)
	-	-	4,300,000	1,300,000	28,250,000	2,500,000	18,770,000
	-	-	-	-	-	-	-
	-	205,891	2,000,000	-	-	-	-
	-	-	-	-	-	-	-
	-	-	(83,763)	(3,692)	(279,103)	(20,000)	(140,011)
	-	-	197,902	-	-	-	-
	18,165,736	12,329,937	17,304,330	13,765,252	17,868,899	19,061,648	14,117,564
	<u>(17,765,736)</u>	<u>(12,329,937)</u>	<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>400,000</u>	<u>205,891</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>
	12,206,656	5,323,137	(4,035,292)	(20,742,387)	16,741,376	(1,615,524)	1,614,035
	10.7%	7.8%	7.7%	8.9%	8.6%	8.8%	8.3%

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

(000's Omitted)

Tax Levy Year	Winnebago County				Ogle County	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Estimated Actual Value
	Residential Property	Commercial Property	Industrial Property	Other Property					
2005	1,193,159	453,996	170,341	1,487	-	1,818,983	2.62220	6,315,406	33.33%
2006	1,274,733	475,345	174,070	1,513	-	1,925,661	2.56830	5,777,561	33.33%
2007	1,366,860	490,389	173,396	1,997	-	2,032,642	2.51730	6,098,536	33.33%
2008	1,414,810	507,079	175,831	2,461	-	2,100,181	2.53180	6,301,173	33.33%
2009	1,407,401	497,114	175,716	2,569	-	2,082,800	2.56060	6,249,025	33.33%
2010	1,353,879	482,095	170,089	2,932	-	2,008,995	2.71590	6,027,588	33.33%
2011	1,277,287	450,759	160,585	2,902	-	1,891,533	2.90510	5,675,167	33.33%
2012	1,147,712	407,632	150,299	3,410	124	1,709,177	3.26000	5,128,416	33.33%
2013	1,023,039	384,084	141,101	3,618	124	1,551,966	3.55350	4,656,736	33.33%
2014	939,243	365,518	143,010	4,132	122	1,452,025	3.79730	4,356,877	33.33%

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

**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
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
2013	2.79970	0.47240	0.26870	0.01270	3.55350
2014	3.04320	0.50420	0.23630	0.01360	3.79730

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
0.79000	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
1.03290	0.11650	0.25870	1.05770	0.18560	0.10430	7.23010	0.46300
1.08450	0.11990	0.28130	1.12860	0.21000	0.10630	7.78100	0.48230

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

Taxpayer	2014			2005		
	Equalized Value	Rank	Percentage of Total Equalized Value	Equalized Value	Rank	Percentage of Total Equalized Value
Greater Rockford Airport Authority	\$ 10,401,909	1	0.72%	\$ 7,282,593	1	0.40%
Lowes Home Centers INC.	9,154,904	2	0.63%			
Forest Plaza LLC.	6,556,951	3	0.45%			
Wal-Mart Stores Inc.	6,089,489	4	0.42%	7,062,714	2	0.39%
Wesley Willows	5,279,214	5	0.36%			
MB Rockford State LLC.	3,882,186	6	0.27%			
Hamilton Sundstrand Corporation	3,570,831	7	0.25%	7,048,920	3	0.39%
Anderson Rockford Properties LLC	3,318,577	8	0.23%			
Fairhaven Christian Home	3,152,138	9	0.22%			
Rock River Valley Industrial Park	3,137,526	10	0.22%	6,247,853	4	0.34%
United Parcel Service Inc.				5,579,278	5	0.31%
Simon Property Group				4,799,277	6	0.26%
Swedish American Hospital				4,471,322	7	0.25%
Market Shopping Center LLC.				3,894,828	8	0.22%
Rochard Perno				3,870,365	9	0.21%
Anderson Packaging				3,690,585	10	0.20%
Total	<u>\$ 54,543,725</u>		<u>3.76%</u>	<u>\$ 53,947,735</u>		<u>2.97%</u>

Source: Winnebago County Collector's office.

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

Tax Levy Year	Tax Levy (1)	Collections (2)	Percent of Tax Levy Extension Collected	Delinquent Tax Collections (3)	Total Tax Collections	Total Collections as Percent of Current Tax Levy Extensions
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%	(46,452)	54,612,184	99.38%
2012	55,719,158	55,409,385	99.44%	(68,121)	55,341,264	99.32%
2013	55,147,024	54,692,794	99.18%	-	54,692,794	99.18%
2014	55,133,178					

- 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 2014 levy will be collected in 2015.

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

Governmental Activities							Water
Fiscal Year Ended	General Obligation Bonds	Section 108 Guaranteed Loans	EPA Water Pollution Obligation	Promissory Term Note	Capital Leases	Lines of Credit	General Obligation Alternate Bonds
2005	101,970,000	2,045,000	977,265				22,250,000
2006	95,950,000	1,810,000	886,981				33,890,000
2007	114,385,000	1,730,000	793,956				34,285,000
2008	104,755,000	1,645,000	698,104			8,844,578	40,075,000
2009	104,735,000	1,555,000	599,340	2,000,000		8,945,076	37,190,000
2010	95,720,000	1,455,000	497,576	2,352,013		9,150,967	37,510,000
2011	86,705,000	1,355,000	392,721	452,741		5,758,859	34,570,000
2012	77,755,000	1,185,000	284,680	350,781	10,034,707	6,041,424	31,695,000
2013	69,460,000	1,005,000	173,357	246,065	15,375,022	1,766,293	28,955,000
2014	66,635,000	825,000	58,653	138,518	16,778,615	1,661,113	26,355,000

Business-Type Activities

Parking System General Obligation Alternate Bonds	Water IEPA Loan	Capital Leases	Water Instalment Purchase Agreement	Total Primary Government	Percentage of Personal Income	Per Capita
				127,242,265	3.14%	848
				132,536,981	3.21%	883
				151,193,956	3.67%	1,007
1,850,000	2,041,100		25,000,000	184,908,782	4.35%	1,232
1,850,000	18,588,514		14,000,000	189,462,930	4.23%	1,262
1,825,000	26,909,280		14,000,000	189,419,836	4.04%	1,262
1,800,000	35,293,002		4,000,000	170,327,323	3.37%	1,114
1,725,000	36,607,891	669,021	-	166,348,504	3.29%	1,088
1,650,000	34,913,623	1,158,802	-	154,703,162	2.94%	1,012
1,575,000	33,170,452	1,281,492	-	148,478,843	2.83%	971

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

Year	Population (1)	Equalized Value (3)	Bond Principal (2)	Less Debt Service Funds	Net Bonded Debt	Ratio of Net Bonded Debt to Equalized Value	Net Bonded Debt Per Capita
2005	150,115	1,817,902,953	124,220,000	5,131,603	119,088,397	6.55%	793.31
2006	150,115	1,925,661,337	129,840,000	7,461,724	122,378,276	6.36%	815.23
2007	150,115	2,032,641,960	148,678,000	9,513,895	139,164,105	6.85%	927.05
2008	150,115	2,100,181,000	146,688,000	8,667,411	138,020,589	6.57%	919.43
2009	150,115	2,082,799,663	143,775,000	7,989,282	135,785,718	6.52%	904.54
2010	152,871	2,008,995,393	135,055,000	8,317,681	126,737,319	6.31%	829.05
2011	152,871	1,891,533,215	123,075,000	8,620,869	114,454,131	6.05%	748.70
2012	152,871	1,709,052,860	111,175,000	8,208,657	102,966,343	6.02%	673.55
2013	152,871	1,551,965,935	100,065,000	8,708,437	91,356,563	5.89%	597.61
2014	152,871	1,452,026,645	94,565,000	8,895,000	85,670,000	5.90%	560.41

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 tax increment financing areas equalized value.

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

As of December 31, 2014

Name of Governmental Unit	Total Debt Outstanding	(2) Percentage Applicable To City of Rockford	City of Rockford's Share of Debt
Direct:			
City of Rockford, Illinois (1)	\$ 94,565,000	100.0%	\$ 94,565,000
Overlapping:			
Schools:			
School District #205	140,336,862	71.6%	100,523,294
School District #122	28,809,425	2.6%	734,640
School District #321	-	8.5%	-
School District #323	4,903,172	3.2%	155,921
Community College #511	54,913,595	27.9%	15,331,876
	<u>228,963,054</u>		<u>116,745,731</u>
Other Units:			
Winnebago County	-	41.0%	-
Winnebago County Forest Preserve	3,157,635	41.0%	1,293,999
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	13,700,000	68.6%	9,403,680
Rockford City Library District	-	71.3%	-
	<u>16,857,635</u>		<u>10,697,679</u>
Total Overlapping Debt	<u>245,820,689</u>		<u>127,443,410</u>
Total Direct and Overlapping Debt	<u>\$ 340,385,689</u>		<u>\$ 222,008,410</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 2014

Assessed value	\$ 1,452,026,645
Debt limit - State (8.625% of assessed value)	125,237,298
Debt Limit - City (80% of the State limit)	100,189,839
Debt applicable to limit:	
General obligation bonds	7,969,000
Lease/purchase agreements	18,060,107
General obligation promissory notes	1,799,631
Total amount of debt applicable to debt limit	<u>27,828,738</u>
Legal debt margin	<u>72,361,101</u>

	2014	2013	2012	2011
Debt limit	\$ 100,189,839	\$ 107,085,650	\$ 117,924,647	\$ 130,515,792
Total net debt applicable to limit	<u>27,828,738</u>	<u>30,531,182</u>	<u>37,665,933</u>	<u>31,216,600</u>
Legal debt margin	<u>\$ 72,361,101</u>	<u>\$ 76,554,468</u>	<u>\$ 80,258,714</u>	<u>\$ 99,299,192</u>
Total net debt applicable to the limit as a percentage of debt limit	27.78%	28.51%	31.94%	23.92%

2010	2009	2008	2007	2006	2005
\$ 138,620,682	143,713,177	\$ 144,912,521	\$ 140,252,295	\$ 135,222,965	\$ 125,509,805
51,882,980	63,735,000	63,600,000	53,665,000	60,275,000	64,110,000
\$ 86,737,702	79,978,177	\$ 81,312,521	\$ 86,587,295	\$ 74,947,965	\$ 61,399,805
37.43%	44.35%	43.89%	38.26%	44.57%	51.08%

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

Year	Water Service Charges	Less: Operating Expenses	Net Revenue Available for Debt Service	Principal	Interest	Total	Coverage
Water Utility Fund (1)							
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%
2012	24,682,211	21,578,537	3,103,674	2,740,000	1,407,193	4,147,193	0.75%
2013	23,248,674	19,952,612	3,296,062	2,665,000	1,212,451	3,877,451	0.85%
2014	23,572,048	22,382,536	1,189,512	2,480,000	1,120,789	3,600,789	0.33%

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**

Year	Population (1)	Personal Income (Thousands of dollars) (3)	Per Capita Personal Income (2)	Unemployment Rate (4)
2005	150,115	4,253,509	28,335	6.40%
2006	150,115	4,479,432	29,840	5.30%
2007	150,115	4,848,714	32,300	6.30%
2008	150,115	4,945,389	32,944	9.10%
2009	150,115	4,823,345	32,131	15.10%
2010	152,871	5,048,564	33,025	16.60%
2011	152,871	5,255,246	34,377	14.40%
2012	152,871	5,612,964	36,717	13.80%
2013	152,871	5,718,292	37,406	12.20%
2014	152,871	N/A	N/A	9.80%

- 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) 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	2014			2005		
	Employees (1)	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Rockford School District No. 205	4,800	1	3.34%	3,492	1	2.04%
Chrysler, LLC	2,714	2	1.89%	1,800	7	1.05%
Swedish American Health Systems	2,600	3	1.81%	2,837	3	1.66%
Rockford Memorial Hospital	2,500	4	1.74%	3,000	2	1.75%
Hamilton Sundstrand Corporation	2,000	5	1.39%	2,400	4	1.40%
OSF St. Anthony's Medical Center	2,000	6	1.39%	2,000	6	1.17%
Rockford Park District	1,739	7	1.21%			
Wal-Mart Stores (2)	1,611	8	1.12%			
County of Winnebago	1,401	9	0.97%			
United Parcel Service	1,200	10	0.83%	2,200	5	1.28%
Woodward Govenor Company				1,200	8	0.70%
City of Rockford				1,190	9	0.69%
County of Winnebago				1,100	10	0.64%
Total	22,565		15.70%	21,219		12.38%
Total employment in the Rockford MSA	143,771			171,400		

(1) Source: 2014 Illinois Manufacturer's Directory, 2014 Illinois Services Directory, the Rockford Area Council of 100, the Illinois Department of Commerce and Economic Activity, and the selected telephone survey.

(2) 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									
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
General government:										
Mayor's office	4.0	4.0	4.0	5.0	6.0	8.0	8.0	8.0	8.0	8.0
Legal department	12.0	12.0	12.0	12.0	17.0	20.0	20.0	19.0	17.0	17.0
Finance office	36.0	36.0	31.0	30.0	31.0	32.0	33.0	33.0	33.0	34.0
Information Services	4.0	4.0	6.0	6.0	6.0	8.0	10.0	10.0	10.0	10.0
Personnel department	5.0	5.0	5.0	5.0	6.0	7.0	7.0	7.0	7.0	7.0
Public safety										
Police department										
Officers	286.5	283.0	283.0	282.0	282.0	295.0	305.0	305.0	305.0	299.0
Civilians	36.0	36.0	36.0	36.0	36.0	28.0	33.0	33.0	33.0	33.0
Fire department	259.0	280.0	280.0	278.0	282.0	282.0	282.0	282.0	280.0	282.0
911	53.0	53.0	53.0	53.0	53.0	53.0	53.0	53.0	61.0	61.0
Public works - traffic	11.0	11.0	11.0	11.0	13.0	12.5	18.0	18.0	18.0	18.0
Construction Services	25.2	25.2	15.0	15.0	18.0	25.0	19.0	21.0	20.0	20.0
Streets, alleys and bridges										
Administration	2.0	2.0	2.0	2.0	4.0	4.5	6.5	7.0	6.0	6.0
Engineering	8.0	9.5	10.0	5.5	7.5	10.0	4.5	5.0	5.0	5.0
Capital Projects	18.0	16.5	17.0	18.5	17.2	16.0	16.0	16.0	16.0	13.0
Street and sewer maintenance	31.0	31.0	31.0	32.0	38.0	40.0	39.5	40.0	40.0	40.0
Property and equipment	23.0	23.0	24.0	24.0	27.0	27.0	28.0	28.0	24.0	28.0
Community development										
Administration	1.5	1.5	1.5	1.5	1.5	2.0	2.0	2.0	2.0	2.0
Development	7.0	7.0	8.0	8.0	7.0	8.0	9.0	17.0	18.0	19.0
Planning	4.3	4.3	4.3	4.3	5.3	6.0	11.0	15.0	12.0	12.0
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
Culture and recreation										
Library	87.0	86.3	86.0	84.5	82.0	115.0	109.0	103.0	102.0	98.0
Public health and welfare	95.5	96.4	91.0	99.0	97.9	91.0	92.5	93.0	96.0	92.0
Parking	3.0	8.5	8.5	8.5	8.5	9.0	9.0	9.0	9.0	9.0
Water	64.0	64.0	72.0	72.0	77.0	75.0	76.0	75.0	76.0	75.0
Total	1,076.0	1,099.1	1,101.5	1,103.0	1,135.0	1,187.0	1,207.0	1,215.0	1,201.0	1,191.0

Source: City Finance Office

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

Function/Program	Fiscal Year								
	2014	2013	2012	2011	2010	2009	2008	2007	2006
Police department									
Total calls for service	146,033	154,000	164,000	166,714	167,304	177,688	184,824	188,840	200,874
Total group A offenses	18,217	20,504	19,854	19,876	23,169	24,663	27,590	28,441	12,415
Total group B offenses	8,659	12,345	12,447	14,715	N/A	N/A	N/A	N/A	N/A
Clearance Rate	36.10%	34.60%	34.80%	33.21%	33.40%	32.88%	33.70%	36.38%	23.33%
Fire department									
Total call for service	22,008	25,100	24,800	22,216	22,839	23,663	23,629	22,864	20,915
Total number of fire calls	638	625	641	566	564	688	702	781	671
Total number of ambulance runs	20,732	19,804	19,506	18,854	17,958	18,391	18,243	17,372	15,390
911 Center									
Total non-emergency calls	105,744	101,971	106,712	109,984	112,076	119,097	130,481	125,202	293,012
Total emergency calls	134,387	117,484	131,809	126,613	119,200	120,247	137,536	153,559	182,076
Total police dispatches	195,293	153,646	168,848	174,368	167,305	159,703	174,122	192,399	342,008
Total fire dispatches	25,990	28,676	38,997	25,440	23,539	24,425	27,643	27,669	30,213
Construction and Development Services									
Building permits	9,664	6,642	7,411	7,058	6,722	N/A	N/A	N/A	N/A
Code Enforcement	4,779	4,293	6,740	3,455	8,710	N/A	N/A	N/A	N/A
Total inspections	10,500	11,200	11,800	11,000	10,157	10,485	13,259	17,780	18,786
Demolitions	113	28	121	135	127	125	109	N/A	N/A
Human services									
Households receiving energy assistance	6,000	6,000	6,873	9,649	13,000	16,000	9,900	9,906	9,886
Head Start children served	756	664	677	780	721	624	653	669	649
Homeless prevention clients served	2,800	2,800	1,267	2,800	1,267	2,435	1,900	1,870	1,496
Summer Food program - meals served	23,350	23,350	23,362	22,515	4,400	4,400	3,000	2,500	2,985
Clients receiving weatherization assistance	120	120	581	500	459	459	155	N/A	N/A
Sanitation Division									
Regular tonnage	47,314	45,970	45,497	53,210	52,120	53,640	55,419	57,340	56,436
Composting tonnage	11,994	13,114	12,440	14,560	14,320	14,155	14,624	14,920	15,378
Recycling tonnage	7,250	6,499	6,064	7,330	7,210	6,705	6,928	7,170	7,006
Public Works									
Number of engineering plans reviewed	169	128	100	75	70	94	113	118	N/A
Number of permits issued	1,852	2,061	1,507	1,625	1,751	1,623	1,584	N/A	N/A
Plowing/spreading occurrences	24	24	17	22	21	20	31	32	N/A
Tree trims	2,725	1,523	2,541	1,500	1,181	4,136	2,890	N/A	N/A
Tree plantings	686	756	278	100	28	18	N/A	N/A	N/A
Total requests	6,553	7,724	8,376	N/A	N/A	N/A	N/A	N/A	N/A
Average days to close request	49	79	24						
Parking division									
Total parking spaces	4,233	4,504	4,504	4,504	4,504	4,504	4,504	4,329	4,303
Number of tickets issued	13,092	18,000	14,950	15,769	18,268	24,741	24,023	26,869	44,009
Water division									
Number of users	50,800	50,703	50,973	52,725	53,055	53,030	53,267	53,221	53,100
Annual water production (billion gallons)	6.85	6.90	7.20	7.03	7.40	7.30	8.00	8.34	8.40

Source: City finance department
Information prior to 2006 is not available.

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

Function/Program	Fiscal Year 2014	Fiscal Year 2013	Fiscal Year 2012	Fiscal Year 2011	Fiscal Year 2010	Fiscal Year 2009	Fiscal Year 2008	Fiscal Year 2007	Fiscal Year 2006
Police department									
Stations	1	1	1	1	1	1	1	1	1
Substations	4	4	4	4	4	4	4	4	4
Squad cars	150	140	135	130	130	130	130	130	127
Vans (including trucks and mobile units)	45	42	41	40	40	40	38	38	38
Fire department									
Stations	11	11	11	11	11	11	11	11	11
Companies:									
Engine	8	8	8	8	8	8	8	8	8
Quints	3	3	3	3	3	3	3	3	3
Ladder	2	2	2	2	2	2	2	2	2
Ambulances	6	6	6	6	6	6	5	5	5
Library									
Main facility	1	1	1	1	1	1	1	1	1
Branch facilities	5	5	5	5	5	5	5	5	5
Parking division									
Surface lots	34	34	33	32	32	32	30	30	30
Garages	4	5	5	5	5	5	4	4	4
Water division									
Water mains (miles)	840	840	840	816	770	770	770	770	751
Wells	27	27	27	27	39	39	39	39	39
Treatment Plants	10	10	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	76,500,000	76,500,000

Source: City finance department
Information prior to 2006 is not available.