

CITY OF ROCKFORD, ILLINOIS

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2015

CITY OF ROCKFORD, ILLINOIS

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DECEMBER 31, 2015

Prepared by:
Finance Office

CITY OF ROCKFORD ILLINOIS

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INTRODUCTORY SECTION

This section includes miscellaneous data regarding the City of Rockford including: Letter of Transmittal, Officials and Officers, Organization Chart, and GFOA Certificate of Achievement for Excellence in Financial Reporting.



*Carrie Eklund
Director
Finance Department*

November 18, 2016

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, 2015, 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, LLP was to review and provide reasonable assurance that the City's financial statements for the fiscal year ending December 31, 2015 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, 2015, are fairly presented in conformity with GAAP.

In addition to the independent audit of the financial statements, a separate, federally mandated “Single Audit” was performed to meet the needs of specific grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls over compliance and compliance with legal requirements applicable to certain federal awards. These reports are available in the City of Rockford’s separately issued Single Audit Report.

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

Profile of the City

The City of Rockford is a non-home rule city, incorporated in 1839 as a town and became a city in 1852. Located in North Central Illinois approximately 17 miles south of the Wisconsin border and 80 miles northwest of downtown Chicago, Rockford is the third largest city in Illinois with approximately 150,115 residents encompassing approximately 64.23 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, 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.

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 2015 average unemployment rate for the metropolitan area was 7.0% as compared to the state average of 5.9% and the national average of 5.3%.

Rockford is home to the operations of several large companies such as: Mercy Health System, Swedish American Health System, UTC Aerospace Systems, United Parcel Service, OSF St. Anthony's Healthcare, Fiat Chrysler, APAC Customer Services Inc, Woodward Inc, 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, storm water management 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 U.S. 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 \$12 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 Firefighters' 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 Firefighters' Pension Funds are each administered by separate local boards. The Police Pension Board and the Firefighters' 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 2015 the amount was 12.54% of covered payroll. Additional information on the City of Rockford's pension arrangements and post-employment benefits can be found 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, 2014. This was the thirty fifth 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 principles 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, 2015. 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 "Carrie Eklund".

Carrie Eklund
Finance Director

CITY OF ROCKFORD, ILLINOIS

**Officials and Officers
December 31, 2015**

MAYOR

Lawrence J. Morrissey

CITY COUNCIL MEMBERS

**Franklin C. Beach
John C. Beck
Joseph Chiarelli
Pam Connell
Tim Durkee
Karen Elyea
Kevin Frost**

**Jamie Getchius
Venita Hervey
Ann Thompson-Kelly
Tom McNamara
Linda McNeely
Teena Newburg
Jeanne Oddo**

ADMINISTRATION

James Ryan, City Administrator

Todd Cagnoni, Community Development Director

Patrick Hayes, Legal Director

Chris Black, Finance Director

Julia Valdez, Personnel Director

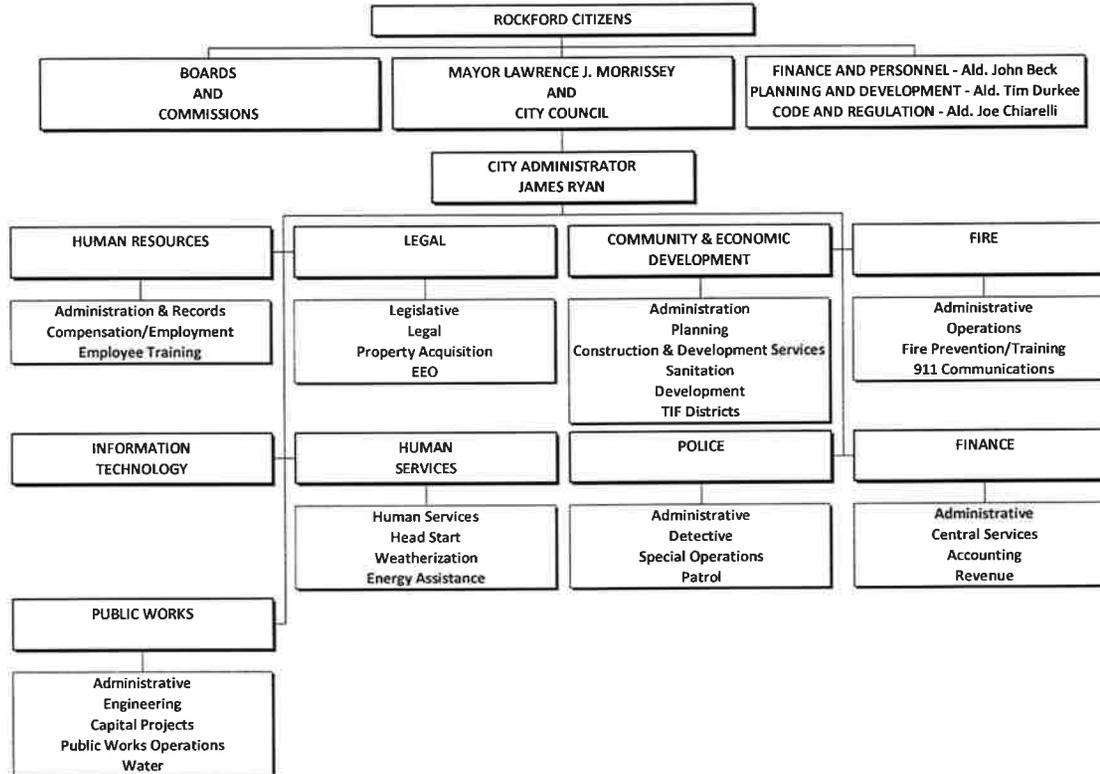
Derek Bergsten, Fire Chief

Parick Hoey, Acting Police Chief

George Davis, Human Services Director

Timothy Hanson, Public Works Director

CITY OF ROCKFORD, ILLINOIS ORGANIZATION CHART



Board of Election Commission
 Building Board of Appeals
 Community Action Program Board
 Community Development Citizens Participation Committee
 Electrical Commissions
 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
 Fair Housing Board



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, 2014

Executive Director/CEO

FINANCIAL SECTION

This section includes:

- Independent Auditors' Report
- Management's Discussion and Analysis
- Basic Financial Statements
- Required Supplementary Information
- Combining and Individual Fund Statements and Schedules

INDEPENDENT AUDITORS' REPORT

This section includes the opinion of the City of Rockford's independent auditing firm.



INDEPENDENT AUDITORS' REPORT

November 18, 2016

The Honorable City 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, 2015, 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 report 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, each major fund, and the aggregate remaining fund information of the City of Rockford, Illinois, as of December 31, 2015, 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', basic financial statements. The introductory section, combining and individual fund financial statements and budgetary comparison 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 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 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Matters – Continued

Other Information – Continued

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 November 18, 2016, 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 DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended December 31, 2015

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, 2015. 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 \$735.6 million and total liabilities and deferred inflows of \$606.3 million the City of Rockford's total net position was \$129.3 million at year-end December 31, 2015. Of this amount, approximately \$361.8 million represent the City's net investment in capital assets, \$40.2 million was held for restricted purposes and (\$272.7) million is classified as unrestricted. Beginning net position was restated due to the implementation of GASB Statement No. 68 for the IMRF, Police and Firefighter Pension Funds, as well as the implementation of a new capital asset policy.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$70.4 million, a decrease of \$4.9 million in comparison with the prior year. Approximately 43.4 percent of this total amount, \$30.5 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 \$37.5 million, or 3.02 percent of total General Fund expenditures. In comparison, the prior year unassigned fund balance was \$35.6 million, 28.8 percent of General Fund expenditures.
- During the current fiscal year the City's total long-term bonded debt increased by 13.2 percent or \$9.0 million. The City issued \$18,510,000 in new bonds during the year and made principal payments of \$11,965,000 during the year.

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2015

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

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

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

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

The two government-wide statements are as follows:

Statement of net position – The statement of nets 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 4 -7 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).

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2015

The City has three types of funds:

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

The City maintains 49 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 43 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 schedule 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 8 - 13.

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

The proprietary fund financial statements can be found on pages 14 - 18 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2015

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 firefighters' 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 19 - 20 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 21 - 89 of this report.

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

Required supplementary information can be found on pages A1 –A11 of this report.

City of Rockford, Illinois

MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2015

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 \$129.3million at the close of the fiscal year ended December 31, 2015.

The City’s net position includes assets invested in capital net of related debt, restricted net position, and unrestricted net position. In 2015, assets invested in capital net of related debt were equal to \$361.8 million. 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, 2015 and 2014.

	City of Rockford Net Position					
	Governmental	Governmental	Business-type	Business-type	Total	Total
	activities	activities	activities	activities	2015	2014
	2015	2014	2015	2014		
Current and other assets	\$182,946,253	\$183,191,793	\$ 24,786,109	\$ 19,949,022	\$ 207,732,362	203,140,815
Capital assets	294,950,210	584,623,273	193,795,863	194,593,190	488,746,073	779,216,463
Deferred outflows of resources	39,095,134	2,021,484	68,476	106,682	39,163,610	2,128,166
Total assets and deferred outflows	516,991,597	769,836,550	218,650,448	214,648,894	735,642,045	984,485,444
Long-term liabilities	420,941,537	96,316,485	60,157,266	58,270,537	481,098,803	154,587,022
Current liabilities	55,280,540	52,237,058	7,125,259	6,532,693	62,405,799	58,769,751
Deferred inflows of resources	62,810,572	64,706,261	-	-	62,810,572	64,706,261
Total liabilities and deferred inflows	539,032,649	213,259,804	67,282,525	64,803,230	606,315,174	278,063,034
Net position:						
Net invested in capital assets	225,009,895	529,830,638	136,801,891	140,232,135	361,811,786	670,062,773
Restricted	34,163,893	27,711,451	6,040,258	6,187,576	40,204,151	33,899,027
Unrestricted	(281,214,840)	(965,343)	8,525,774	3,425,953	(272,689,066)	2,460,610
Total net position	<u>\$ (22,041,052)</u>	<u>\$556,576,746</u>	<u>\$151,367,923</u>	<u>\$ 149,845,664</u>	<u>\$ 129,326,871</u>	<u>\$706,422,410</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2015

Normal Impacts

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

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

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

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 \$(22.0) million compared to \$556.6 million at the end of 2014. 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 (\$281.2) million, a significant decrease from last year due to the implementation of GASB 68 and the City reporting the net pension liabilities and related deferred items for the IMRF, Police and Firefighter Pension Funds. Restricted net position, those restricted for special purposes such as; capital projects, debt service, and various grant related activities increased by 23.2 percent.

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 (\$151.4 million compared to \$149.8 million at the end of 2014).

A summary of the City's 2015 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, 2015

Changes in Net Position

	Governmental	Governmental	Business-type	Business-type	Total	Total
	activities	activities	activities	activities		
	2015	2014	2015	2014	2015	2014
Revenues						
Program revenues:						
Charges for services	\$ 39,219,652	\$ 34,881,811	\$ 26,684,439	\$ 25,992,701	\$ 65,904,091	\$ 60,874,512
Operating grants and contributions	29,023,324	21,686,554	-	-	29,023,324	21,686,554
Capital grants and contributions	14,124,360	8,141,162	-	644,105	14,124,360	8,785,267
General revenues:						
Taxes:						
Property taxes	59,557,696	59,593,973	-	-	59,557,696	59,593,973
Sales tax	39,212,916	38,956,355	-	-	39,212,916	38,956,355
Other taxes	10,295,225	17,551,602	-	-	10,295,225	17,551,602
Intergovernmental						
Income tax	16,529,806	14,477,198	-	-	16,529,806	14,477,198
Replacement tax	6,541,765	7,610,690	-	-	6,541,765	7,610,690
Interest earnings	1,188,290	4,204,812	232,718	1,048,948	1,421,008	5,253,760
Other	3,335,120	1,017,183	-	(167,346)	3,335,120	849,837
Total revenues	219,028,154	208,121,340	26,917,157	27,518,408	245,945,311	235,639,748
Expenses						
General government	18,051,570	13,264,913	-	-	18,051,570	13,264,913
Public safety	128,158,182	99,756,203	-	-	128,158,182	99,756,203
Streets, alleys and bridges	42,806,715	39,685,242	-	-	42,806,715	39,685,242
Community development	12,401,104	9,011,612	-	-	12,401,104	9,011,612
Sanitation	12,358,032	9,356,050	-	-	12,358,032	9,356,050
Culture and recreation	8,270,725	8,971,095	-	-	8,270,725	8,971,095
Public health and welfare	15,768,176	16,128,872	-	-	15,768,176	16,128,872
Interest and fiscal charges	3,444,206	3,451,326	-	-	3,444,206	3,451,326
Water	-	-	22,414,342	24,317,101	22,414,342	24,317,101
Parking	-	-	2,747,317	2,581,766	2,747,317	2,581,766
Total expenses	241,258,710	199,625,313	25,161,659	26,898,867	266,420,369	226,524,180
Increase in net position before transfers	(22,230,556)	8,496,027	1,755,498	619,541	(20,475,058)	9,115,568
Transfers	60,000	60,000	(60,000)	(60,000)	-	-
Change in net position	(22,170,556)	8,556,027	1,695,498	559,541	(20,475,058)	9,115,568
Net position - beginning, restated	129,504	548,020,719	149,672,425	149,286,123	149,801,929	697,306,842
Net position - ending	\$ (22,041,052)	\$ 556,576,746	\$ 151,367,923	\$ 149,845,664	\$ 129,326,871	\$ 706,422,410

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, 2015

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 \$219.0 million compared to \$208.1 million in 2014, an increase of 5.2%. The leading factors are as follows:

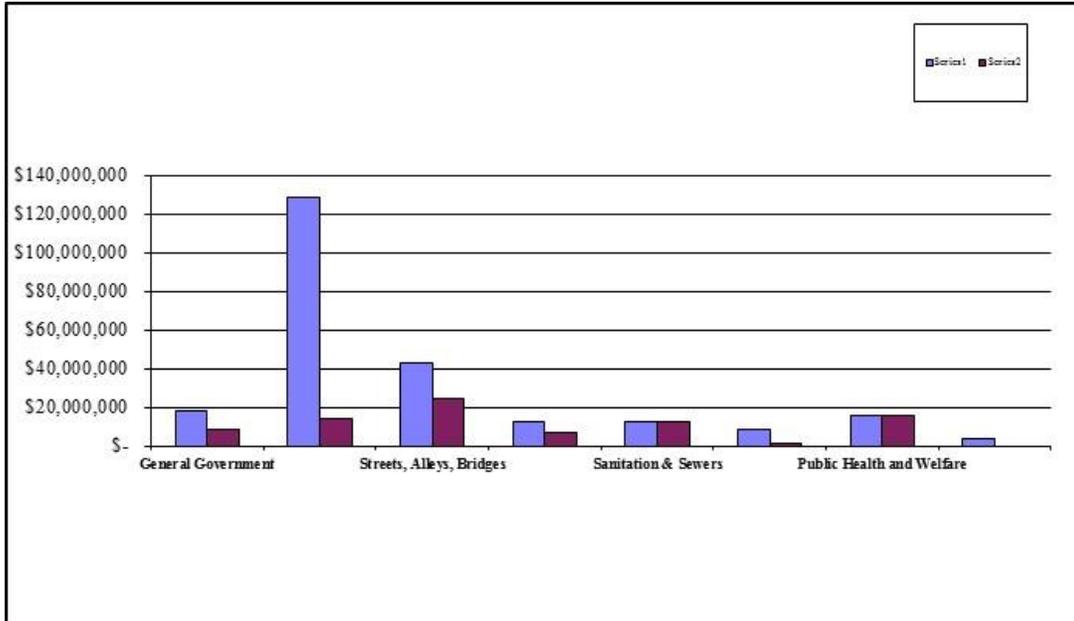
- The City's largest single revenue source, property taxes amounted to \$59.6 million. Property taxes were relatively flat decreasing by \$36 thousand during the current year compared to a decrease of approximately 1.0 percent in 2014.
- Sales tax of \$39.2 million increased \$0.3 million or 0.7 percent, an indication that the local economy is starting to make some improvements.
- Charges for services increased \$4.3 million or 12.4 percent.

Total governmental activities' expense for the current year was \$241.3 million compared to \$199.6 in 2014, an increase of 20.9 percent. This increase was primarily the result of the implementation of GASB Statement No. 68 and the City recognizing pension expense for the IMRF, Police and Firefighter Pension Plans.

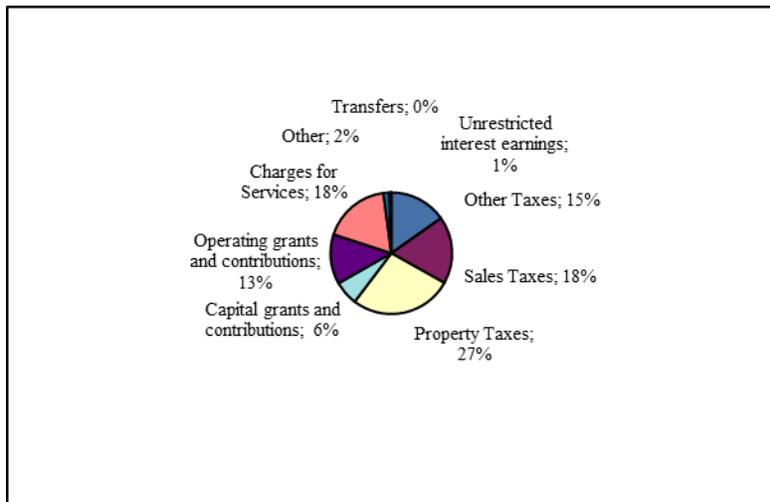
The graph on the next page shows a comparison between the expenses by governmental activity type and the revenues generated that are specific to those activities.

MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2015

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 \$241.3 million. However, the amount that taxpayers paid for these activities through City and State taxes was only \$132.1 million. Some of the cost was paid by:

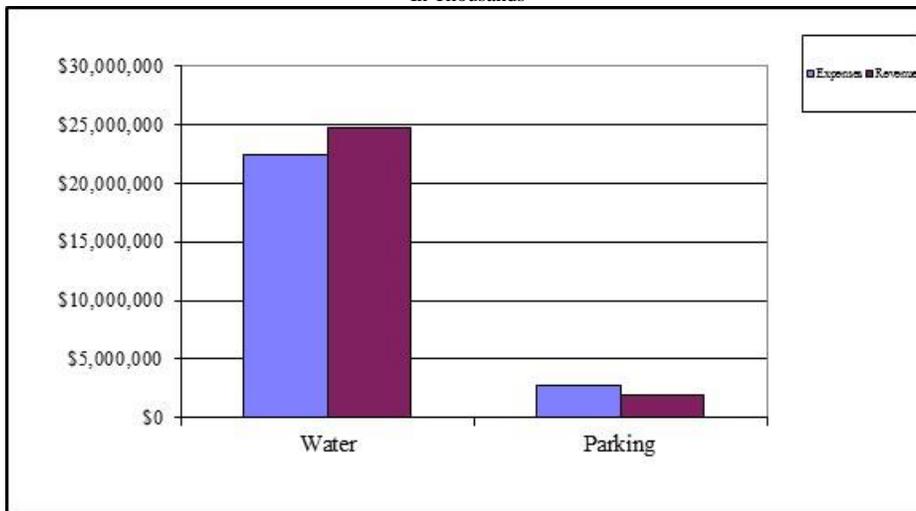
- Those who directly benefited from the programs \$39.2 million.
- Other governments and organizations that subsidized certain programs with grants \$43.1 million.

MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2015

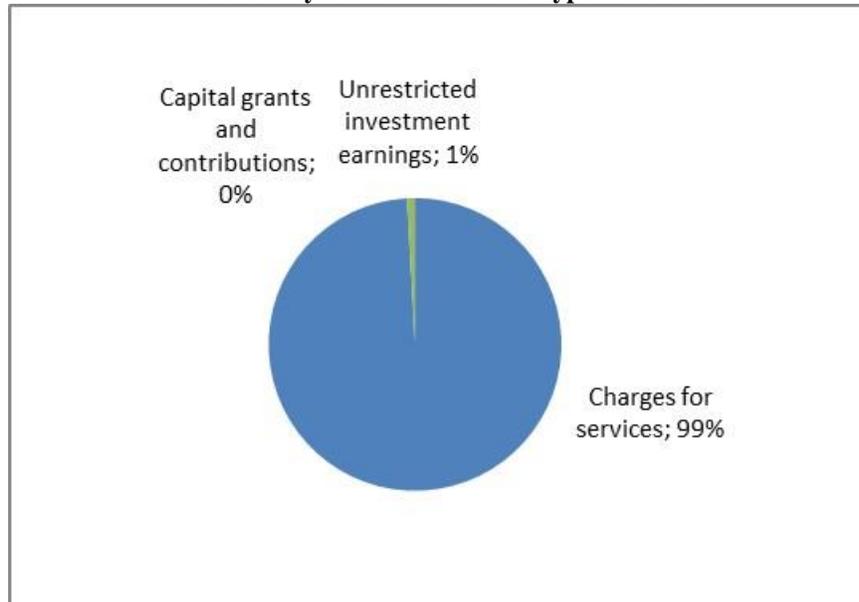
Business-type Activities – Business-type activities net position increased by \$1.7 million in 2015, compared to an increase of \$0.6 million in 2014. Revenues from business type activities decreased by 2.2 percent to \$26.9 million and expenses decreased 6.5 percent to \$25.2 million. Key elements contributing to these results included:

- Charges for services for business-type activities increased by \$0.7 million, while interest income decreased by \$0.8 million.
- Expenses decreased by \$1.7 million due to cost controlling measures during the year.

Expenses and Program Revenues – Business-Type Activities
In Thousands



Revenues by Source – Business-Type Activities



City of Rockford, Illinois

MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2015

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 \$70.4 million, a decrease of \$4.9 million (approximately 6.5 percent) in comparison with the prior fiscal year. Unassigned fund balance was \$30.5 million, and is available for spending at the government’s discretion. The remainder \$39.9 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 \$37.5 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 30.2 percent of total General Fund expenditures.

The following schedule presents the governmental funds summary of revenues for the years ended December 31, 2015 and 2014:

	FY 2015	Percent of Total	FY 2014	Amount of increase (decrease)	Percent of increase (decrease)
Revenues by source					
Taxes	\$109,065,837	49.86%	\$113,009,795	\$ (3,943,958)	-3.49%
Licenses and permits	7,836,475	3.58%	5,292,806	2,543,669	48.06%
Intergovernmental	68,003,443	31.09%	59,115,907	8,887,536	15.03%
Charges for services	30,134,940	13.78%	24,559,244	5,575,696	22.70%
Fines	1,248,237	0.57%	1,223,737	24,500	2.00%
Interest	914,998	0.42%	3,118,977	(2,203,979)	-70.66%
Miscellaneous	1,550,932	0.71%	1,017,183	533,749	52.47%
Total revenues	<u>\$218,754,862</u>	<u>100.00%</u>	<u>\$207,337,649</u>	<u>\$ 11,417,213</u>	<u>5.51%</u>

Revenues of the City’s governmental funds increased \$11.4 million or 5.5 percent from the prior fiscal year. Intergovernmental revenues made up the largest dollar value increase, up \$8.9 million or 15.03 percent. This increase was primarily due to a slight improvement in the local economy that increased state shared revenues such as sales and income taxes.

The following schedule presents the governmental funds summary of expenditures for the years ended December 31, 2015 and 2014:

City of Rockford, Illinois

MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2015

	FY 2015	Percent of Total	FY 2014	Amount of increase (decrease)	Percent of increase (decrease)
Expenditures by function					
General government	\$ 11,152,236	4.67%	\$ 12,452,533	(1,300,297)	-10.44%
Public safety	98,615,052	41.33%	92,695,209	5,919,843	6.39%
Streets, alleys and bridges	21,094,419	8.84%	15,068,708	6,025,711	39.99%
Community development	12,368,519	5.18%	8,886,067	3,482,452	39.19%
Sanitation and sewers	12,358,032	5.18%	12,012,277	345,755	2.88%
Culture and recreation	7,348,771	3.08%	7,954,777	(606,006)	-7.62%
Public health and welfare	15,627,543	6.55%	15,857,443	(229,900)	-1.45%
Debt service:					
Principal payments	13,148,479	5.51%	10,640,814	2,507,665	23.57%
Interest and fiscal charges	3,425,850	1.44%	3,455,713	(29,863)	-0.86%
Capital expenditures	43,479,770	18.22%	34,356,166	9,123,604	26.56%
Total expenditures	238,618,671	100.00%	213,379,707	25,238,964	11.83%

Expenditures of the City’s governmental funds increased by \$25.2 million or 11.8 percent compared to the previous year. Capital expenditures increased by almost \$9.1 million, after four years of limited investment in capital equipment, the City spent significant dollars in the current year on much needed capital improvements.

The Public Library fund balance at year-end was \$10.1 million up \$0.8 million from the prior year. This 8.1 percent increase is primarily the result of \$0.3 million for capital project that were put on hold.

The Debt Service Fund total fund balance at year-end was \$10.2 million, all of which is restricted or assigned for the payment of debt service. The net decrease of \$0.5 million in the fund balance corresponds current year payments of principal and interest.

Capital Projects Fund total fund balance at year-end was \$3.1 million all of which is restricted or assigned for capital projects. The decrease in fund balance during the current fiscal year was \$2.5 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 \$2.6 million (2.1 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, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues	\$ 121,827,111	121,827,111	125,818,502	\$ 3,991,391
Expenditures	123,695,988	126,265,478	124,442,850	1,822,628
Excess of revenues over expenditures	(1,868,877)	(4,438,367)	1,375,652	5,814,019
Other financing sources and uses				
Lease proceeds	2,249,000	2,249,000	2,679,939	430,939
Transfers from other funds	3,697,300	3,697,300	3,713,120	15,820
Transfers to other funds	(5,654,453)	(5,691,442)	(5,660,825)	30,617
Net change in fund balance	\$ (1,577,030)	(4,183,509)	2,107,886	\$ 6,291,395

During the year the City spent 98.6 percent of the final amount appropriated in the General Fund. Actual General Fund revenues were more than budgetary estimates by 3.3 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, 2015, amounts to \$488.7 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 7.5 percent and the business-type activities decreased by less than one percent.

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

	Governmental	Business-Type
Land	\$ -	\$ 36,911
Construction in progress	160,836	1,477,183
Land improvements	686,274	28,301
Building and improvements	3,002,926	1,897,428
Improvements other than buildings	-	2,732,787
Equipment	3,398,254	190,464
Infrastructure	40,769,975	-
	\$ 48,018,265	\$ 6,363,074

City of Rockford, Illinois

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2015

Primary Government Capital Assets (net of depreciation)						
	Governmental	Governmental	Business-type	Business-type	Total	Total
	activities	activities	activities	activities		
	2015	2014	2015	2014	2015	2014
Land	\$ 7,148,009	\$ 7,148,009	\$ 6,268,665	\$ 6,231,754	\$ 13,416,674	\$ 13,379,763
Land improvements	800,272	157,685	507,005	514,338	1,307,277	672,023
Buildings and improvements	27,459,067	25,939,439	28,558,940	27,698,545	56,018,007	53,637,984
Improvements other than building	-	-	153,217,740	155,959,092	153,217,740	155,959,092
Equipment	15,383,554	15,872,358	2,006,946	2,256,838	17,390,500	18,129,196
Infrastructure	243,998,472	225,157,358	-	-	243,998,472	225,157,358
Construction in progress	160,836	-	3,236,567	1,759,384	3,397,403	1,759,384
Total	\$ 294,950,210	\$ 274,274,849	\$ 193,795,863	\$ 194,419,951	\$ 488,746,073	\$ 468,694,800

Additional information on the City of Rockford's capital assets can be found in Note 3 of this report.

Long-term Debt – At the end of the current fiscal year, the City of Rockford had total bonded debt outstanding of \$94.6 million. This debt is backed by the full faith and credit of the City.

Primary Government Outstanding Debt General Obligation and Revenue Bonds						
	Governmental	Governmental	Business-type	Business-type	Total	Total
	activities	activities	activities	activities		
	2015	2014	2015	2014	2015	2014
General obligation/ General obligation revenue bonds	\$ 69,420,000	\$ 66,635,000	\$ 7,838,875	\$ 1,601,355	\$ 77,258,875	\$ 68,236,355

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, 2015 the City's indebtedness was \$73.9 million less than the City limit and \$99.3 million less than the State limit.

Additional information on the City of Rockford's long-term debt can be found in Note 3 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2015

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 2016 budget was to continue offering citizens basic services, economic development efforts, and fiscal stability. Development and adoption of the 2016 budget was premised on maintaining staffing and service levels equivalent to 2015 and making significant capital investment.

Budgeted revenues for the General Fund are \$127.8 million, including \$11.3 million for transfers in.

Budgeted expenditures in the General Fund are \$127.9 million, including \$5.5 million for transfers out. Major spending changes by account type for 2016 are:

- Salaries increased \$929,000 as a result of contract increases and a 2% wage increase.
- Fringe Benefits decreased \$220,000 due to health insurance premium decreases.
- Contractual and supply accounts increased \$1.4 million.
- Capital outlays decreased \$1.9 million with the elimination of 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 2015, 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 2017 budget process to begin on a sound financial footing.

City of Rockford, Illinois

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2015

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.

BASIC FINANCIAL STATEMENTS

The basic financial Statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government-Wide Financial Statements
- Fund Financial Statements

Governmental Funds

Proprietary Funds

Fiduciary Funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

CITY OF ROCKFORD, ILLINOIS

Statement of Net Position
December 31, 2015

	Primary Government			Component Units	
	Governmental	Business-Type	Totals	Rockford	Rockford
	Activities	Activities		Mass Transit	Metropolitan
				District	Exposition,
					Auditorium and
					Office Building
					Authority
CURRENT ASSETS					
Cash and cash equivalents	\$ 78,052,688	\$ 6,792,212	\$ 84,844,900	\$ 2,402,424	\$ 1,393,452
Receivables - net of allowances	66,858,439	4,235,522	71,093,961	1,245,744	1,311,392
Internal balances	(59,443)	59,443	-	-	-
Due from governmental units	37,570,089	-	37,570,089	-	-
Inventories	252,230	493,791	746,021	362,744	79,926
Prepays	272,250	-	272,250	102,184	85,170
Total current assets	182,946,253	11,580,968	194,527,221	4,113,096	2,869,940
NONCURRENT ASSETS					
Capital assets					
Nondepreciable	7,308,845	9,505,232	16,814,077	1,991,739	2,742,881
Depreciable	460,659,630	272,474,927	733,134,557	37,074,214	44,064,365
Accumulated depreciation	(173,018,265)	(88,184,296)	(261,202,561)	(16,884,587)	(20,204,127)
	294,950,210	193,795,863	488,746,073	22,181,366	26,603,119
Other assets					
Other assets	-	-	-	-	4,350,763
Restricted assets:					
Cash and cash equivalents	-	13,205,141	13,205,141	4,061,283	436,414
	-	13,205,141	13,205,141	4,061,283	4,787,177
Total noncurrent assets	294,950,210	207,001,004	501,951,214	26,242,649	31,390,296
Total assets	477,896,463	218,581,972	696,478,435	30,355,745	34,260,236
DEFERRED OUTFLOWS OF RESOURCES					
Deferred items - net pension liabilities	37,378,155	-	37,378,155	1,966,500	-
Unamortized loss on refunding	1,716,979	68,476	1,785,455	-	-
Total deferred outflows of resources	39,095,134	68,476	39,163,610	1,966,500	-
Total assets and deferred outflows of resources	516,991,597	218,650,448	735,642,045	32,322,245	34,260,236

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

	Component Units				
	Primary Government			Rockford Mass Transit District	Rockford Metropolitan Exposition, Auditorium and Office Building Authority
	Governmental Activities	Business-Type Activities	Totals		
CURRENT LIABILITIES					
Accounts payable and other accrued liabilities	\$ 17,629,124	\$ 1,915,846	\$ 19,544,970	\$ 1,221,548	\$ 1,208,787
Accrued payroll and benefits	3,227,928	175,144	3,403,072	726,876	-
Due to other governmental units	917,653	-	917,653	153,826	-
Other payables	12,760,339	-	12,760,339	-	2,666,639
Other liabilities	580,612	-	580,612	-	-
Deposits and advances	-	20,377	20,377	2,079,727	-
Accrued interest payable	237,326	135,305	372,631	-	-
Current portion of long-term debt	19,927,558	4,878,587	24,806,145	-	510,051
Total current liabilities	<u>55,280,540</u>	<u>7,125,259</u>	<u>62,405,799</u>	<u>4,181,977</u>	<u>4,385,477</u>
Noncurrent liabilities:					
Noncurrent portion of long-term debt	420,941,537	60,157,266	481,098,803	6,976,566	3,573,292
Total noncurrent liabilities	<u>420,941,537</u>	<u>60,157,266</u>	<u>481,098,803</u>	<u>6,976,566</u>	<u>3,573,292</u>
Total liabilities	<u>476,222,077</u>	<u>67,282,525</u>	<u>543,504,602</u>	<u>11,158,543</u>	<u>7,958,769</u>
DEFERRED INFLOWS OF RESOURCES					
Property taxes	58,328,934	-	58,328,934	-	-
Deferred items - net pension liabilities	1,753,878	-	1,753,878	728,054	-
Grants	2,727,760	-	2,727,760	-	433,548
Total deferred inflows of resources	<u>62,810,572</u>	<u>-</u>	<u>62,810,572</u>	<u>728,054</u>	<u>433,548</u>
Total liabilities and deferred inflows of resources	<u>539,032,649</u>	<u>67,282,525</u>	<u>606,315,174</u>	<u>11,886,597</u>	<u>8,392,317</u>
NET POSITION					
Net investment in capital assets	225,009,895	136,801,891	361,811,786	22,181,366	25,594,994
Restricted					
Capital projects	-	1,000,000	1,000,000	-	-
Debt service	9,940,202	5,040,258	14,980,460	-	-
Culture and recreation	10,069,963	-	10,069,963	-	-
Community development	5,598,346	-	5,598,346	-	-
Public health and welfare	532,752	-	532,752	-	-
Highways and streets	8,022,630	-	8,022,630	-	-
Employee and public liability trusts	-	-	-	1,374,600	-
Unrestricted (deficit)	<u>(281,214,840)</u>	<u>8,525,774</u>	<u>(272,689,066)</u>	<u>(3,120,318)</u>	<u>272,925</u>
Total net position	<u>\$ (22,041,052)</u>	<u>\$ 151,367,923</u>	<u>\$ 129,326,871</u>	<u>\$ 20,435,648</u>	<u>\$ 25,867,919</u>

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

CITY OF ROCKFORD, ILLINOIS

**Statement of Activities
For the Fiscal Year Ended December 31, 2015**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental activities				
General government	\$ 18,051,570	\$ 8,045,685	\$ -	\$ -
Public safety	128,158,182	10,525,495	3,581,139	-
Streets, alleys and bridges	42,806,715	6,569,562	3,661,007	14,124,360
Community development	12,401,104	1,132,543	5,433,932	-
Sanitation and sewers	12,358,032	12,747,602	-	-
Culture and recreation	8,270,725	198,765	992,723	-
Public health and welfare	15,768,176	-	15,354,523	-
Interest and fiscal charges	3,444,206	-	-	-
Total governmental activities	<u>241,258,710</u>	<u>39,219,652</u>	<u>29,023,324</u>	<u>14,124,360</u>
Business-type activities				
Water utilities	22,414,342	24,772,693	-	-
Parking system	2,747,317	1,911,746	-	-
Total business-type activities	<u>25,161,659</u>	<u>26,684,439</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 266,420,369</u>	<u>\$ 65,904,091</u>	<u>\$ 29,023,324</u>	<u>\$ 14,124,360</u>
COMPONENT UNITS				
Rockford mass transit district	\$ 17,249,250	\$ 1,727,860	\$ 13,887,904	\$ 1,141,559
Rockford metropolitan exposition, auditorium and office building authority	12,999,647	10,671,834	1,230,751	294,447
Total component units	<u>\$ 30,248,897</u>	<u>\$ 12,399,694</u>	<u>\$ 15,118,655</u>	<u>\$ 1,436,006</u>
		General revenues		
		Taxes:		
		Property taxes		
		Sales taxes		
		Other Taxes		
		Intergovernmental		
		Income tax		
		Replacement tax		
		Interest earnings		
		Miscellaneous		
		Transfers		
		Change in net position		
		Net position - beginning as restated		
		Net position - ending		

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

Net (Expenses) Revenues				
Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Totals	Rockford Mass Transit District	Rockford Metropolitan Exposition, Auditorium and Office Building Authority
\$ (10,005,885)	\$ -	\$ (10,005,885)	\$ -	\$ -
(114,051,548)	-	(114,051,548)	-	-
(18,451,786)	-	(18,451,786)	-	-
(5,834,629)	-	(5,834,629)	-	-
389,570	-	389,570	-	-
(7,079,237)	-	(7,079,237)	-	-
(413,653)	-	(413,653)	-	-
(3,444,206)	-	(3,444,206)	-	-
(158,891,374)	-	(158,891,374)	-	-
-	2,358,351	2,358,351	-	-
-	(835,571)	(835,571)	-	-
-	1,522,780	1,522,780	-	-
(158,891,374)	1,522,780	(157,368,594)	-	-
-	-	-	(491,927)	-
-	-	-	-	(802,615)
-	-	-	(491,927)	(802,615)
59,557,696	-	59,557,696	-	-
39,212,916	-	39,212,916	-	-
10,295,225	-	10,295,225	-	91,336
16,529,806	-	16,529,806	-	-
6,541,765	-	6,541,765	-	-
1,188,290	232,718	1,421,008	-	694
3,335,120	-	3,335,120	5,090	-
60,000	(60,000)	-	-	-
136,720,818	172,718	136,893,536	5,090	92,030
(22,170,556)	1,695,498	(20,475,058)	(486,837)	(710,585)
129,504	149,672,425	149,801,929	20,922,485	26,578,504
\$ (22,041,052)	\$ 151,367,923	\$ 129,326,871	\$ 20,435,648	\$ 25,867,919

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

CITY OF ROCKFORD, ILLINOIS

**Balance Sheet - Governmental Funds
December 31, 2015**

	General	Special Revenue	
		Public Library	Community Development
ASSETS			
Cash and cash equivalents	\$ 15,166,134	\$ 10,540,022	\$ -
Receivables - net of allowances			
Property taxes	45,037,661	7,243,318	-
Accounts	4,621,423	4,164	-
Notes	150,000	-	344,224
Accrued interest	97,207	39,495	-
Due from the Federal Government	-	-	1,116,417
Due from the State of Illinois	11,776,411	114,530	-
Due from other governmental units	1,115,539	-	-
Due from other funds	10,396,146	-	-
Total assets	<u>\$ 88,360,521</u>	<u>\$ 17,941,529</u>	<u>\$ 1,460,641</u>
LIABILITIES			
Accounts payable	\$ 1,904,020	\$ 392,405	\$ 418,191
Accrued payroll and benefits	2,386,960	139,080	20,570
Due to other governmental units	814,043	101,641	1,969
Due to other funds	-	-	239,278
Other payables	1,434,524	-	505,398
Other liabilities	572,873	-	7,649
Total liabilities	<u>7,112,420</u>	<u>633,126</u>	<u>1,193,055</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes	43,572,752	7,238,440	-
Grants	-	-	-
Total deferred inflows of resources	<u>43,572,752</u>	<u>7,238,440</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>50,685,172</u>	<u>7,871,566</u>	<u>1,193,055</u>
FUND BALANCES			
Nonspendable	150,000	-	344,224
Restricted			
Debt service	-	-	-
Culture and recreation	-	10,069,963	-
Community development	-	-	-
Public health and welfare	-	-	-
Highway and streets	-	-	-
Assigned			
General government	-	-	-
Community development	-	-	-
Public health and welfare	-	-	-
Unassigned	37,525,349	-	(76,638)
Total fund balances	<u>37,675,349</u>	<u>10,069,963</u>	<u>267,586</u>
Total liabilities and deferred inflows of resources and fund balance	<u>\$ 88,360,521</u>	<u>\$ 17,941,529</u>	<u>\$ 1,460,641</u>

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

Human Services	Debt Service	Capital Projects	Nonmajor	Totals
-	\$ 10,001,957	\$ 2,430,254	\$ 21,254,232	\$ 59,392,599
-	2,575,304	-	4,948,209	59,804,492
-	-	62,604	961,939	5,650,130
270,753	-	-	-	764,977
(3,734)	(26)	(2,274)	5,987	136,655
3,364,250	-	5,071,595	123,177	9,675,439
1,745,869	201,811	4,304,136	777,313	18,920,070
-	-	7,197,537	445,705	8,758,781
-	-	3,418,887	-	13,815,033
5,377,138	\$ 12,779,046	\$ 22,482,739	\$ 28,516,562	\$ 176,918,176
653,794	\$ 28,500	\$ 8,526,477	\$ 2,791,859	\$ 14,715,246
210,441	-	77,098	29,575	2,863,724
-	-	-	-	917,653
981,548	-	-	12,383,451	13,604,277
-	-	10,820,417	-	12,760,339
90	-	-	-	580,612
1,845,873	28,500	19,423,992	15,204,885	45,441,851
-	2,573,018	-	4,944,724	58,328,934
2,727,760	-	-	-	2,727,760
2,727,760	2,573,018	-	4,944,724	61,056,694
4,573,633	2,601,518	19,423,992	20,149,609	106,498,545
270,753	-	-	33,702	798,679
-	10,177,528	-	-	10,177,528
-	-	-	-	10,069,963
-	-	-	5,598,346	5,598,346
532,752	-	-	-	532,752
-	-	-	8,022,630	8,022,630
-	-	-	195,561	195,561
-	-	-	4,266,523	4,266,523
-	-	-	216,535	216,535
-	-	3,058,747	(9,966,344)	30,541,114
803,505	10,177,528	3,058,747	8,366,953	70,419,631
5,377,138	\$ 12,779,046	\$ 22,482,739	\$ 28,516,562	\$ 176,918,176

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

CITY OF ROCKFORD, ILLINOIS

**Reconciliation of Total Governmental Fund Balance to
Net Position - Governmental Activities
December 31, 2015**

Total fund balances for governmental funds	\$ 70,419,631
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.	291,500,198
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, workmens' 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:	2,947,993
Deferred outflows (inflows) of resources related to the pensions not reported in the funds.	35,624,277
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Net pension liability	(325,449,444)
Net other post-employment benefit liability	(3,825,235)
Bonds payable, net	(68,110,014)
Compensated absences	(6,955,508)
Other liabilities	(1,461,113)
Lease/purchase agreements	(15,859,511)
Section 108 guaranteed loans	(635,000)
Accrued interest on bonds	<u>(237,326)</u>
Total net position of governmental activities	<u>\$ (22,041,052)</u>

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 Fiscal Year Ended December 31, 2015**

	General	Special Revenue	
		Public Library	Community Development
REVENUES			
Taxes	\$ 71,281,765	\$ 7,234,261	\$ -
Licenses and permits	7,752,661	-	-
Intergovernmental	26,652,710	992,723	4,876,827
Charges for services	17,673,995	100,520	-
Fines	1,165,185	83,052	-
Interest	624,311	159,327	13,005
Miscellaneous	667,875	154,201	191,327
Total revenues	125,818,502	8,724,084	5,081,159
EXPENDITURES			
Current			
General government	11,152,236	-	-
Public safety	98,365,879	-	-
Streets, alleys and bridges	10,800,291	-	-
Community development	2,999,464	-	4,243,906
Sanitation and sewers	-	-	-
Culture and recreation	-	7,348,771	-
Public health and welfare	-	-	-
Debt service			
Principal payments	-	-	190,000
Interest and fiscal charges	-	-	47,774
Capital outlay	1,124,980	375,570	-
Total expenditures	124,442,850	7,724,341	4,481,680
Excess (deficiency) of revenues over (under) expenditures	1,375,652	999,743	599,479
OTHER FINANCING SOURCES (USES)			
Debt issuance	2,679,939	-	-
Transfers in	3,713,120	-	-
Transfers out	(5,660,825)	(243,987)	(974,820)
	732,234	(243,987)	(974,820)
Net change in fund balances	2,107,886	755,756	(375,341)
Fund balances - beginning	35,567,463	9,314,207	642,927
Fund balances - ending	\$ 37,675,349	\$ 10,069,963	\$ 267,586

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

Human Services	Debt Service	Capital Projects	Nonmajor	Totals
\$ -	\$ 3,390,101	\$ 15,972,917	\$ 11,186,793	\$ 109,065,837
-	-	-	83,814	7,836,475
15,354,523	1,784,188	14,124,360	4,218,112	68,003,443
-	-	-	12,360,425	30,134,940
-	-	-	-	1,248,237
(27,060)	3,007	100,206	42,202	914,998
23,591	169,430	51,283	293,225	1,550,932
15,351,054	5,346,726	30,248,766	28,184,571	218,754,862
-	-	-	-	11,152,236
-	-	-	249,173	98,615,052
-	-	10,294,128	-	21,094,419
-	-	-	5,125,149	12,368,519
-	-	-	12,358,032	12,358,032
-	-	-	-	7,348,771
15,522,354	-	-	105,189	15,627,543
-	12,676,258	-	282,222	13,148,480
-	3,197,001	48,450	132,624	3,425,849
-	-	41,979,220	-	43,479,770
15,522,354	15,873,259	52,321,798	18,252,389	238,618,671
(171,300)	(10,526,533)	(22,073,032)	9,932,182	(19,863,809)
-	-	12,195,000	-	14,874,939
-	10,066,476	7,348,574	1,996,155	23,124,325
-	-	-	(16,184,693)	(23,064,325)
-	10,066,476	19,543,574	(14,188,538)	14,934,939
(171,300)	(460,057)	(2,529,458)	(4,256,356)	(4,928,870)
974,805	10,637,585	5,588,205	12,623,309	75,348,501
\$ 803,505	\$ 10,177,528	\$ 3,058,747	\$ 8,366,953	\$ 70,419,631

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
to the Statement of Activities - Governmental Activities**

For the Fiscal Year Ended December 31, 2015

Net change in fund balances - total governmental funds \$ (4,928,870)

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 amount by which capital outlays exceeded depreciation in the current period. In the statement of activities, the amount by which the carrying value of capital assets disposed of exceed the disposed of exceed the proceeds from the sale of those assets is reported as a loss. 20,269,077

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.

Debt issued:

Proceeds from general obligation bonds issued	(12,195,000)	
Proceeds from capital lease agreements	(2,679,939)	

Repayments:

Principal payment on bonds and other long-term obligations	13,148,480	(1,726,459)
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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.

Net OPEB obligation	(942,153)	
Net pension liability	(43,734,663)	
Deferred items - pensions	10,970,045	
Compensated absences	(1,260,551)	
Accrued interest on bonds	79,620	
Amortization of bond premiums and discounts and losses	(79,638)	(34,967,340)

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, Workmens' Compensation, and Health Insurance to individual funds. The net revenue (expenses) of the above Internal Service funds is reported within governmental activities. (816,964)

Change in net position of governmental activities \$ (22,170,556)

CITY OF ROCKFORD, ILLINOIS

Statement of Net Position - Proprietary Funds
December 31, 2015

	Business-Type Activities - Enterprise Funds			Governmental
	Water Utility	Nonmajor Parking System	Totals	Internal Service
ASSETS				
Current assets				
Cash and cash equivalents	\$ 1,205,609	\$ 5,586,603	\$ 6,792,212	\$ 18,660,089
Accounts receivable				
Water	2,082,372	-	2,082,372	-
Estimated unbilled water usage	3,040,000	-	3,040,000	-
Other	43,209	(17,951)	25,258	502,185
	5,165,581	(17,951)	5,147,630	502,185
Less allowance for uncollectible accounts	(912,108)	-	(912,108)	-
	4,253,473	(17,951)	4,235,522	502,185
Due from other funds	59,443	-	59,443	961,064
Due from other governments	-	-	-	215,799
Inventories	493,791	-	493,791	252,230
Prepaid items	-	-	-	272,250
Current restricted assets				
Cash and cash equivalents				
Bond construction account	7,164,883	-	7,164,883	-
Revenue bond renewal and replacement account	1,000,000	-	1,000,000	-
Alternate bond current debt service account	5,040,258	-	5,040,258	-
	13,205,141	-	13,205,141	-
Total current assets	19,217,457	5,568,652	24,786,109	20,863,617
Noncurrent assets				
Capital assets				
Land	663,499	5,605,166	6,268,665	-
Construction in progress	3,236,567	-	3,236,567	-
Land improvements	862,451	-	862,451	160,836
Buildings and improvements	22,491,258	21,500,304	43,991,562	2,591,225
Equipment	4,561,559	80,745	4,642,304	6,189,748
Improvements other than land and buildings	219,018,697	3,959,913	222,978,610	182,407
Less accumulated depreciation	(73,968,213)	(14,216,083)	(88,184,296)	(5,674,204)
Total noncurrent assets	176,865,818	16,930,045	193,795,863	3,450,012
Total assets	196,083,275	22,498,697	218,581,972	24,313,629
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized loss on refunding	68,476	-	68,476	-
Total assets and deferred outflows of resources	196,151,751	22,498,697	218,650,448	24,313,629

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

	Business-Type Activities - Enterprise Funds			Governmental
	Water	Nonmajor	Totals	Activities
		Parking		Internal
	Utility	System		Service
LIABILITIES				
Current liabilities				
Accounts payable	\$ 1,104,695	\$ 811,151	\$ 1,915,846	\$ 2,913,878
Accrued interest payable	114,273	21,032	135,305	-
Accrued payroll and benefits	166,567	8,577	175,144	364,204
Due to other funds	-	-	-	1,231,263
Other liabilities	-	-	-	-
Deposits and advances	20,377	-	20,377	-
Compensated absences	60,769	500	61,269	135,361
Capital lease payable	228,342	-	228,342	203,731
Installment purchase agreement	-	-	-	28,065
General obligation alternate bonds payable (net of unamortized premiums/discounts)	2,375,038	325,000	2,700,038	-
IEPA loan payable	1,888,938	-	1,888,938	-
Refundable water main extension advances	-	-	-	-
Claims and judgments payable	-	-	-	5,919,693
Total current liabilities	5,958,999	1,166,260	7,125,259	10,796,195
Noncurrent liabilities				
Compensated absences	243,075	1,998	245,073	541,442
Other payables	-	-	-	898,569
Refundable water main extension advances	270,969	-	270,969	-
Customer water deposits	231,211	-	231,211	-
Capital lease payable	1,033,603	-	1,033,603	1,733,994
General obligation alternate bonds payable (net of unamortized premiums/discounts)	21,401,538	7,490,000	28,891,538	-
IEPA loan payable	29,484,872	-	29,484,872	-
Claims and judgments payable	-	-	-	7,395,436
Total noncurrent liabilities	52,665,268	7,491,998	60,157,266	10,569,441
Total liabilities	58,624,267	8,658,258	67,282,525	21,365,636
NET POSITION				
Net investment in capital assets	127,686,846	9,115,045	136,801,891	1,484,222
Restricted				
Capital projects	1,000,000	-	1,000,000	-
Debt service	5,040,258	-	5,040,258	-
Unrestricted				
	3,800,380	4,725,394	8,525,774	1,463,771
Total net position	\$ 137,527,484	\$ 13,840,439	\$ 151,367,923	\$ 2,947,993

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

CITY OF ROCKFORD, ILLINOIS

**Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds
For the Fiscal Year Ended December 31, 2015**

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental</u>
	<u>Water</u>	<u>Nonmajor</u>	<u>Totals</u>	<u>Activities</u>
		<u>Parking</u>		<u>Internal</u>
	<u>Utility</u>	<u>System</u>		<u>Service</u>
OPERATING REVENUES				
Charges for services	\$ 24,741,047	\$ 1,620,165	\$ 26,361,212	\$ 46,174,430
Parking fines	-	116,805	116,805	-
Intergovernmental	-	-	-	976,979
Miscellaneous	31,646	174,776	206,422	864,926
Total operating revenues	<u>24,772,693</u>	<u>1,911,746</u>	<u>26,684,439</u>	<u>48,016,335</u>
OPERATING EXPENSES				
Salaries and benefits	5,443,532	246,558	5,690,090	14,503,865
Services	5,186,396	1,384,048	6,570,444	31,204,025
Supplies and materials	1,053,074	97,080	1,150,154	2,153,941
Depreciation	6,121,289	613,268	6,734,557	434,942
Charges from General Fund	2,687,698	187,518	2,875,216	786,600
Miscellaneous	-	4,900	4,900	4,879
Total operating expenses	<u>20,491,989</u>	<u>2,533,372</u>	<u>23,025,361</u>	<u>49,088,252</u>
Operating income (loss)	<u>4,280,704</u>	<u>(621,626)</u>	<u>3,659,078</u>	<u>(1,071,917)</u>
NONOPERATING REVENUES (EXPENSES)				
Interest revenue	253,225	(20,507)	232,718	273,292
Gain (loss) on disposal of capital assets	(179,168)	-	(179,168)	-
Interest expense and service fees	(1,715,018)	(213,945)	(1,928,963)	(18,339)
Amortization expense	(28,167)	-	(28,167)	-
	<u>(1,669,128)</u>	<u>(234,452)</u>	<u>(1,903,580)</u>	<u>254,953</u>
Income (loss) before transfers	<u>2,611,576</u>	<u>(856,078)</u>	<u>1,755,498</u>	<u>(816,964)</u>
Transfers (out)	<u>-</u>	<u>(60,000)</u>	<u>(60,000)</u>	<u>-</u>
Change in net position	<u>2,611,576</u>	<u>(916,078)</u>	<u>1,695,498</u>	<u>(816,964)</u>
Net position - beginning as restated	<u>134,915,908</u>	<u>14,756,517</u>	<u>149,672,425</u>	<u>3,764,957</u>
Net position - ending	<u>\$ 137,527,484</u>	<u>\$ 13,840,439</u>	<u>\$ 151,367,923</u>	<u>\$ 2,947,993</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 Fiscal Year Ended December 31, 2015**

	Business-Type Activities - Enterprise Funds			Governmental
	Water Utility	Nonmajor Parking System	Totals	Activities Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 24,305,926	\$ 1,933,100	\$ 26,239,026	\$ 45,760,895
Payment to suppliers	(6,307,865)	(858,680)	(7,166,545)	(41,131,915)
Payment to employees	(5,443,532)	(246,558)	(5,690,090)	(5,601,869)
Payments for interfund services used	-	-	-	976,979
Payments to other funds	(2,687,698)	(187,518)	(2,875,216)	(786,600)
Net cash provided by (used for) operating activities	9,866,831	640,344	10,507,175	(782,510)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers out	-	(60,000)	(60,000)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	(4,933,570)	(1,429,504)	(6,363,074)	(841,226)
Disposal of capital assets	73,437	-	73,437	-
Interest and fiscal charges	(1,715,018)	(213,945)	(1,928,963)	(18,339)
Payment of capital debt	(4,549,000)	(75,000)	(4,624,000)	(151,531)
Proceeds from capital debt	239,381	6,315,000	-	1,669,587
Net cash provided by (used for) capital and related financing activities	(10,884,770)	4,596,551	(12,842,600)	658,491
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received on cash and cash equivalents	253,225	(20,507)	232,718	273,292
Net change in cash and cash equivalents	(764,714)	5,156,388	4,391,674	149,273
Cash and cash equivalents - beginning	15,175,464	430,215	15,605,679	18,510,816
Cash and cash equivalents - ending	\$ 14,410,750	\$ 5,586,603	\$ 19,997,353	\$ 18,660,089
Displayed as:				
Cash and cash equivalents	\$ 1,205,609	\$ 5,586,603	\$ 6,792,212	\$ 18,660,089
Restricted assets - cash and cash equivalents	13,205,141	-	13,205,141	-
	\$ 14,410,750	\$ 5,586,603	\$ 19,997,353	\$ 18,660,089

(Continued)

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 Fiscal Year Ended December 31, 2015

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental</u>
	<u>Water</u>	<u>Nonmajor</u>	<u>Totals</u>	<u>Activities</u>
<u>Utility</u>	<u>Parking</u>			<u>Internal</u>
	<u>System</u>		<u>Service</u>	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES				
Operating income (loss)	\$ 4,280,704	\$ (621,626)	\$ 3,659,078	\$ (1,071,917)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	6,121,289	613,268	6,734,557	434,942
Increase (decrease) from changes in:				
Accounts receivable, net	(507,037)	19,137	(487,900)	(249,412)
Due from other governmental units	-	-	-	(104,775)
Due from other funds	61,048	2,217	63,265	(885,722)
Prepaid items	-	-	-	(29,602)
Inventories	(20,778)	-	-	(38,250)
Accounts payable	(85,979)	624,913	538,934	(706,462)
Accrued interest payable	(7,149)	17,278	10,129	-
Accrued payroll and benefits	24,746	3,091	27,837	152,127
Other liabilities	(22,244)	-	(22,244)	538,224
Deposits and advances	(1,048)	-	(1,048)	-
Compensated absences	23,279	-	23,279	218,362
Due to other funds	-	(17,934)	(17,934)	934,447
Deferred revenue	-	-	-	25,528
Total adjustments	5,586,127	1,261,970	6,848,097	289,407
Net cash provided by (used for) operating activities	\$ 9,866,831	\$ 640,344	\$ 10,507,175	\$ (782,510)

(Concluded)

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

CITY OF ROCKFORD, ILLINOIS

**Statement of Fiduciary Net Position
December 31, 2015**

	<u>Pension Trust</u>
ASSETS	
Cash and cash equivalents	\$ 4,606,237
Investments - retirement plans	
U.S. Treasury Notes	22,819,391
U.S. Treasury Bonds	2,993,470
Government National Mortgage Association	1,401,301
Federal Home Loan Mortgage Corporation	6,829,424
Federal National Mortgage Association	7,094,236
Corporate Bonds	32,019,605
Common Stocks	22,340,649
Hartford Annuity	170,950
Municipal Bonds	1,819,229
Mutual Funds	217,005,884
Total investments	<u>314,494,139</u>
Accounts receivable - net of allowance	
Accrued interest receivable	520,094
Contributions receivable	11,473,401
Other	6,409
Total accounts receivable - net of allowance	<u>11,999,904</u>
Total assets	<u>331,100,280</u>
LIABILITIES	
Accrued liabilities	<u>174,325</u>
NET POSITION	
Net position restricted for pensions	<u><u>\$ 330,925,955</u></u>

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

CITY OF ROCKFORD, ILLINOIS

**Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended December 31, 2015**

	Pension Trust
ADDITIONS	
Contributions:	
Employer	\$ 13,598,129
Plan member	4,073,592
Total contributions	<u>17,671,721</u>
Investment income:	
Net appreciation (depreciation) in fair value of investments	(4,347,090)
Interest and dividend income	6,459,129
	<u>2,112,039</u>
Less investment expense	(566,883)
Net investment income	<u>1,545,156</u>
Total additions	<u>19,216,877</u>
DEDUCTIONS	
Pension benefits	31,366,009
Refunds of contributions	141,575
Administrative expense	410,860
Total deductions	<u>31,918,444</u>
Change in fiduciary net position	(12,701,567)
NET POSITION RESTRICTED FOR PENSIONS	
Net position restricted for pensions - beginning	<u>343,627,522</u>
Net position restricted for pensions - ending	<u>\$ 330,925,955</u>

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

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements December 31, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

The government-wide financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the City’s accounting policies established in GAAP and used by the Village are described below.

The City’s financial reporting entity comprises the following:

Primary Government:	City of Rockford
Discretely Presented Component Units:	Rockford Mass Transit District Rockford Metropolitan Exposition, Auditorium and Office Building Authority

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 61, “The Financial Reporting Omnibus – an Amendment of GASB Statements No. 14 and No. 34,” and includes all component units that have a significant operational or financial relationship with the City.

Police Pension Employees Retirement System

The City’s sworn police employees participate in the Police Pension Fund (“PPF”). The PPF functions for the benefit of these employees and is governed by a five-member pension board, with two members appointed by the City’s Mayor, two elected from active participants of the PPF, and one elected from the retired members of the PPF. Funding for the PPF comes from the following sources: participant contributions as required by stat statue, PPF investment returns, and contributions from the City as determined by an independent actuarial study. The State of Illinois is authorized to establish benefit levels and the City is authorized to approve the actuarial assumptions used in the determination of the City’s contribution levels. Although it is legally separate from the City, the PPF is reported as if it were part of the primary government because its sole purpose is to provide retirement benefits for the City’s sworn police employees. The PPF is reported as a pension trust fund.

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements December 31, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

REPORTING ENTITY – Continued

Firefighters’ Pension Employees Retirement System

The City’s sworn full-time firefighters participate in the Firefighters’ Pension Fund (“FPF”). The FPF functions for the benefit of these employees and is governed by a five-member pension board, with two members appointed by the City’s Mayor, two elected from active participants of the FPF, and one elected from the retired members of the FPF. Funding for the FPF comes from the following sources: participant contributions as required by state statute, FPF investments returns, and contributions from the City as determined by an independent actuary study. The State of Illinois is authorized to establish benefit levels and the City is authorized to approve the actuarial assumptions used in the determination of the City’s contribution levels. Although it is legally separate from the City, the FPF is reported as if it were part of the primary government because its sole purpose is to provide retirement benefits for the City’s sworn firefighters. The FPF is reported as a pension trust fund.

Discretely Presented Component Units

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending.

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.

BASIS OF PRESENTATION

Government-Wide Statements

The City’s basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City’s major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The City’s public safety, street, alleys and bridges, community development, sanitation and sewers, culture and recreation, public, health and welfare, and general administrative services are classified as governmental activities. The City’s water utilities and parking system activities are classified as business-type activities.

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements December 31, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Government-Wide Statements – Continued

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are: (a) presented on a consolidated basis by column, and (b) reported on a full accrual, economic resource basis, which recognizes all long-term assets/deferred outflows and receivables as well as long-term debt/deferred inflows and obligations.

The City's net position is reported in three parts: net investment in capital assets; restricted; and unrestricted. The City first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions and business-type activities (general government, public safety, street, alleys and bridges, community development, sanitation and sewers, culture and recreation, public, health and welfare, etc.). The functions are supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges for services, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, which include 1) changes to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

The net costs (by function or business-type activity) are normally covered by general revenue (property, sales and use taxes, certain intergovernmental revenues, permits and charges for services, etc.).

This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities.

Fund Financial Statements

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets/deferred outflows, liabilities/deferred inflows, fund equity, revenues and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories.

GASB Statement No. 34 sets forth minimum criteria (percentage of the assets/deferred outflows, liabilities/deferred inflows, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements December 31, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements – Continued

Total assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and

Total assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The various funds are reported by generic classification within the financial statements. The following fund types are used by the City:

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 are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The City maintains 45 special revenue funds. The Public Library Fund (a major 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. The Community Development Fund (a major 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. The Human Services Fund (also a major 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 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 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. The City maintains one debt service fund and it is treated as a major fund.

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements December 31, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements – Continued

Capital projects 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 maintains one capital projects fund and it is treated as a major fund.

Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the City:

Enterprise funds are required to account for operations for which a fee is charged to external users for goods or services and the activity is (a) financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges, or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. The City maintains two proprietary funds. The Water Utility Fund (a major 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. The Parking System Fund (a nonmajor 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 fees, administration, operations, and maintenance.

Internal service funds are used to account for the financing of goods or services provided by an activity to other departments, funds or component units of the City on a cost-reimbursement basis. The City maintains 11 internal service funds. These funds account for central garage, building maintenance, central stores, Illinois Municipal Retirement, unemployment, workmens' compensation, auditing, health insurance, 911 communications, risk management and information services provided to other departments and outside agencies on a cost-reimbursement basis.

Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee capacity by the City for others and therefore are not available to support City programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds.

Pension trust funds are used to account for assets held in a trustee capacity by the City for pension benefit payments. The Police Pension Fund accounts for the accumulation of resources to pay retirement and other related benefits for sworn members of the City's police force. The Firefighters' Pension Fund accounts for the accumulation of resources to pay retirement and other related benefits for sworn members of the City's Fire Department.

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements December 31, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements – Continued

Fiduciary Funds – Continued

The City's fiduciary funds are presented in the fiduciary fund financial statements by type (pension trust). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the City, these funds are not incorporated into the government-wide statements.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate.

All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets/deferred outflows and liabilities/deferred inflows are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

All proprietary and pension trust funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets/deferred outflows and liabilities/deferred inflows (whether current or noncurrent) associated with their activities are reported. Proprietary, pension trust, and agency fund equity is classified as net position.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability/deferred inflow is incurred or economic asset used. Revenues, expenses, gains, losses, assets/deferred outflows, and liabilities/deferred inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements December 31, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

Basis of Accounting – Continued

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year-end. The City recognizes property taxes when they become both measurable and available in accordance with GASB Codification Section P70. A sixty day availability period is used for revenue recognition for all other governmental fund revenues. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are recognized when due.

In applying the susceptible to accrual concept under the modified accrual basis, those revenues susceptible to accrual are property taxes, sales and use taxes, franchise taxes, licenses, interest revenue, and charges for services. All other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

All proprietary and pension trust funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the City’s enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY

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.

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements December 31, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued

Cash and Cash Equivalents – Continued

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.

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.

Receivables and Payables

Property taxes receivable are recognized at the time they are levied. The current year's levy was adopted November 3, 2015. 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 2015 levy is deferred as it is intended to finance fiscal year 2016.

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, 2015.

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 December 31, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued

Interfund Receivables and Payables

The City has the following types of transactions between funds:

Loans and advances represent 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 represent 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 represent 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 represent 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.

Inventories and Prepaids

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.

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” (\$7,164,883) 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” (\$5,040,258) is used to segregate resources accumulated for alternate bond debt service payments over the next twelve months.

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued

Restricted Assets – Continued

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.

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>Capital Asset</u>	<u>Years</u>
Land Improvements	5
Building Improvements	10 - 30
Improvements Other than Buildings	5
Equipment	3 - 20
Infrastructure	50
Buildings	45

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements December 31, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued

Deferred Outflows/Inflows of Resources

Deferred outflow/inflow of resources represents an acquisition of net position that applies to a future period and therefore will not be recognized as an outflow or resources (expense)/inflow of resources (revenue) until that future time.

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.

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.

Net Position

In the government-wide financial statements, equity is classified as net position and displayed in three components:

Net Investment in Capital Assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued

Net Position – Continued

Restricted – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislations.

Unrestricted – All other net position balances that do not meet the definition of “restricted” or “net investment in capital assets.”

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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 adopted for the City’s debt service, capital projects, enterprise, internal service and 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
December 31, 2015**

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – Continued

**EXCESS OF ACTUAL EXPENDITURES/EXPENSES, EXCLUSIVE OF DEPRECIATION,
OVER BUDGET IN INDIVIDUAL FUNDS**

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

Fund	Excess
Debt Service	\$ 6,284,588
Capital Projects	40,314,655
Garbage and Refuse	224,782
Redevelopment	424,727
Special Projects	70,000
Justice Assistance Grant	131,277
Tax Increment Financing Area - West Side	423,105
Tax Increment Financing Area - Seventh Street	12,962
Tax Increment Financing Area - South Rockford	1,694
Tax Increment Financing Area - North Main and Auburn	101,840
Tax Increment Financing Area - West State and Central	298,768
Tax Increment Financing Area - West Side II	471
Tax Increment Financing Area - River North	45,052
Tax Increment Financing Area - East River	67,692
Tax Increment Financing Area - Broadway	58,616
Tax Increment Financing Area - Rockford Global Trade Park South	748
Tax Increment Financing Area - Jefferson and Third Street	12,851
Parking System	60,602
Building Maintenance	80,613
Risk Management	444,005
Information Systems	24,189
Police Pension	743,395
Firefighters' Pension	777,362

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – Continued

DEFICIT FUND BALANCE/NET POSITION

The following funds had deficit fund balance/net position as of the date of this report:

Fund	Deficit
RKFD Metro Agency for Planning	\$ 17,731
Justice Assistance Grant	119,659
Tax Increment Financing Area - East Side	124,596
Tax Increment Financing Area - Seventh Street	767,429
Tax Increment Financing Area - Springfield Corners	2,185,727
Tax Increment Financing Area - Rockford Global Trade Park	257,745
Tax Increment Financing Area - North Main	942,431
Tax Increment Financing Area - Licolnwood II	7,955
Tax Increment Financing Area - River Oaks	1,983,846
Tax Increment Financing Area - Garrison	551,933
Tax Increment Financing Area - Hope Six	556,375
Tax Increment Financing Area - Jackson School	130,945
Tax Increment Financing Area - Preston/Central	1,492,123
Tax Increment Financing Area - North Main and Auburn	18,207
Tax Increment Financing Area - West State and Central	191,839
Tax Increment Financing Area - North Main and Whitman	605,285
Tax Increment Financing Area - Jefferson and Third Street	12,518
911 Communication	155,801
Risk Management	8,662,954

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 December 31, 2015

NOTE 3 – DETAIL NOTES ON ALL FUNDS

DEPOSITS AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds except the pension trust funds. Each fund type's portion of this pool is displayed on the financial statements as "cash and investments." In addition, investments are separately held by several of the City's funds. The deposits and investments of the pension trust funds are held separately from those of other funds.

Permitted Deposits and Investments – Statutes authorize the City to make deposits/invest in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, obligations of States and their political subdivisions, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services and Illinois Funds.

The deposits and investments of the Pension Funds are held separately from those of other City funds. Statutes authorize the Pension Fund to make deposits/invest in interest bearing direct obligations of the United States of America; obligations that are fully guaranteed or insured as to the payment of principal and interest by the United States of America; bonds, notes, debentures, or similar obligations of agencies of the United States of America; savings accounts or certificates of deposit issued by banks or savings and loan associations chartered by the United States of America or by the State of Illinois, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; credit unions, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; State of Illinois bonds; pooled accounts managed by the Illinois Funds Market Fund (Formerly known as IPTIP, Illinois Public Treasurer's Investment Pool), or by banks, their subsidiaries or holding companies, in accordance with the laws of the State of Illinois; bonds or tax anticipation warrants of any county, township, or municipal corporation of the State of Illinois; direct obligations of the State of Israel; money market mutual funds managed by investment companies that are registered under the Federal Investment Company Act of 1940 and the Illinois Securities Law of 1953 and are diversified, open-ended management investment companies, provided the portfolio is limited to specified restrictions; general accounts of life insurance companies; and separate accounts of life insurance companies and mutual funds, the mutual funds must meet specific restrictions, provided the investment in separate accounts and mutual funds does not exceed ten percent of the Pension Fund's plan net position; and corporate bonds managed through an investment advisor, rated as investment grade by one of the two largest rating services at the time of purchase. Pension Funds with plan net position of \$2.5 million or more may invest up to forty-five percent of plan net position in separate accounts of life insurance companies and mutual funds. Pension Funds with plan net position of at least \$5 million that have appointed an investment advisor, may through that investment advisor invest up to forty-five percent of the plan net position in common and preferred stocks that meet specific restrictions. In addition, pension funds with plan net position of at least \$10 million that have appointed an investment advisor, may invest up to fifty percent of its net position in common and preferred stocks and mutual funds that meet specific restrictions effective July 1, 2011 and up to fifty-five percent effective July 1, 2012.

The Illinois Funds is an investment pool managed by the Illinois Public Treasurer's Office which allows governments within the State to pool their funds for investment purposes. Although not registered with the SEC, Illinois Funds operates in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in Illinois Funds are valued at the share price, the price for which the investment could be sold.

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

City – Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk

Deposits. At year-end, the carrying amount of the City’s deposits for governmental and business-type activities totaled \$34,362,451 and the bank balances totaled \$33,644,099.

Investments. The City has the following investment fair values and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 - 5	6 - 10	More Than 10
U.S. Treasuries	\$ 13,912,970	\$ 9,773,750	\$ 4,139,220	\$ -	\$ -
U.S. Agencies	31,103,106	-	-	31,103,106	-
*Illinois Funds	18,671,514	18,671,514	-	-	-
Totals	<u>\$ 63,687,590</u>	<u>\$ 28,445,264</u>	<u>\$ 4,139,220</u>	<u>\$ 31,103,106</u>	<u>\$ -</u>

*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, 2015, it has been presented as an investment with a maturity of less than one year.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City 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, 2015, 45% of the City’s portfolio will mature in 5 or fewer years.

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, 2015, all of the City’s deposits were insured or collateralized.

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, 2015, 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.

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

City – Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk – Continued

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. 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.

Investment Type	Total Fair Value	Credit Rating		
		Moody's	Standard & Poor's	Fitch
Illinois Funds	\$ 18,671,514	Not Rated	AAAm	N/A
U.S. Treasury Bonds/Notes	13,912,970	N/A	AAA	N/A
Federal Farm Credit Obligations	3,957,760	Aaa	AA+	AAA
Federal Home Loan Bank Obligations	15,341,106	Aaa	AA+	N/A
Federal Home Loan Mortgage Corporation Obligations	3,954,040	Aaa	AA+	AAA
Federal National Mortgage Association	7,850,200	Aaa	AA+	AAA

N/A - Not Available

Concentration of Credit Risk. 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 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, 2015, 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:

Investment	% of Portfolio
Federal Farm Credit	4.03%
Federal Home Loan Bank	15.65%
Federal Home Loan Mortgage	4.03%
Federal National Mortgage Association	8.01%

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

Police Pension Fund – Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk

Deposits. At year-end, the carrying amount of the Fund’s deposits totaled \$2,242,648 and the bank balances totaled \$2,043,474.

Investments. The Fund has the following investment fair values and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 - 5	6 - 10	More Than 10
U.S. Treasuries	\$ 6,387,206	\$ 280,176	\$ 2,409,621	\$ 3,697,409	\$ -
U.S. Agencies	6,744,325	-	2,252,172	1,997,003	2,495,150
State and Local Obligations	1,120,255	-	864,404	255,851	-
Corporate Bonds	15,736,724	865,336	9,998,872	4,475,940	396,576
Totals	\$ 29,988,510	\$ 1,145,512	\$ 15,525,069	\$ 10,426,203	\$ 2,891,726

Custodial Credit Risk – Deposits. The Fund does not have a deposit policy for custodial credit risk for deposits. As of December 31, 2015, all of the Fund’s deposits were insured or collateralized.

Custodial Credit Risk – Investments. The Fund’s investment policy does not address custodial credit risk for investments. As of December 31, 2015, the Fund’s investments were not exposed to custodial credit risk. All investments were held by the Fund’s agent in the name of the Fund.

Interest Rate Risk. The 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. State statutes authorize the 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 Fund does not have a formal policy beyond State statute authorizations.

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

Police Pension Fund – Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk – Continued

Credit Risk – Continued. The credit ratings of the Fund’s fixed income securities are as follows:

Investment Type	Total Fair Value	Credit Rating		
		Moody's	Standard & Poor's	Fitch
Federal Home Loan Mortgage Corp	\$ 3,574,975	Aaa	AA+	AAA
Federal National Mortgage Association	2,950,064	Aaa	AA+	AAA
Government National Mortgage Association	219,286	Not Rated	Not Rated	Not Rated
State and Local Obligations	1,120,255	Not Rated	AA+	Not Rated
Corporate Bonds	15,736,724	AAA to BAA1	AAA to BBB-	Not Rated

Concentration Risk. The Fund’s investment policy does not address concentration risk. In addition to the securities and fair values listed above, the Fund also has \$12,679,576 invested in common stock and \$126,881,345 invested in mutual funds. At December 31, 2015, the Police Pension Fund 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:

Investment	% of Plan Net Position
Kayne Anderson	7.48%
Segall Bryant Hamill	17.69%

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

Police Pension Fund – Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk – Continued

Concentration Risk – Continued. The Fund’s investment policy in accordance with Illinois Compiled Statutes (ILCS) establishes the following target allocation across asset classes:

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	30 - 40%	1.50%
Domestic Equities	30 - 40%	6.00%
International Equities	10 - 20%	6.30%
Real Estate	5 -15%	5.90%
Global Tactical	0 - 5%	4.10%
Cash and Cash Equivalents	0%	0.00%

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 January 2016 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, 2015 are listed in the table above.

Rate of Return

For the year ended December 31, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 0.84%. 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
December 31, 2015**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

Firefighters’ Pension Fund – Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk

Deposits. At year-end, the carrying amount of the Fund’s deposits totaled \$2,363,589 and the bank balances totaled \$2,430,589.

Investments. The Fund has the following investment fair values and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 - 5	6 - 10	More Than 10
U.S. Treasuries	\$ 19,425,655	\$ 1,061,832	\$ 8,230,073	\$ 7,069,354	\$ 3,064,396
U.S. Agencies	8,580,636	-	1,498,310	1,576,753	5,505,573
Corporate Bonds	16,282,881	541,085	8,840,285	4,801,323	2,100,188
Totals	<u>\$ 44,289,172</u>	<u>\$ 1,602,917</u>	<u>\$ 18,568,668</u>	<u>\$ 13,447,430</u>	<u>\$ 10,670,157</u>

Interest Rate Risk. The 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.

Custodial Credit Risk – Deposits. The Fund does not have a deposit policy for custodial credit risk. As of December 31, 2015, all of the Fund’s deposits were insured or collateralized.

Custodial Credit Risk – Investments. The Fund’s investment policy does not address custodial credit risk. As of December 31, 2015, the Fund investments were not exposed to custodial credit risk. All investments were held by the Fund’s agent in the name of the Fund.

Credit Risk. State statutes authorize the 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 Fund does not have a formal policy beyond State statute authorizations.

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

Firefighters’ Pension Fund – Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk – Continued

Credit Risk – Continued.

Investment Type	Total Fair Value	Credit Rating		
		Moody's	Standard & Poor's	Fitch
Federal National Mortgage Association	\$ 4,144,172	Aaa	AA+	AAA
Government National Mortgage Association	1,182,015	Aaa	AA+	AAA
Federal Home Loan Mortgage	3,254,449	Aaa	AA+	AAA
Corporate Bonds	16,282,881	AAA to BAA3	AAA to BBB-	Not Rated

Concentration Risk. The Fund’s investment policy does not address concentration risk. In addition to the securities and fair values listed above, the Fund also has \$9,661,063 invested in common stock, \$90,124,539 invested in mutual funds and \$170,950 invested in annuity contracts. At December 31, 2015, the 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:

Investment	% of Plan Net Position
Hillswick	15.40%
Segall Bryant Hamill	15.64

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

Firefighters’ Pension Fund – Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk – Continued

Concentration Risk – Continued.

The Fund’s investment policy in accordance with Illinois Compiled Statutes (ILCS) establishes the following target allocation across asset classes:

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	30 - 40%	1.50%
Domestic Equities	30 - 40%	6.00%
International Equities	10 - 20%	6.30%
Real Estate	5 -15%	5.90%
Global Tactical	0 - 5%	4.10%
Cash and Cash Equivalents	0%	0.00%

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 January 2016 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, 2015 are listed in the table above.

Rate of Return

For the year ended December 31, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 0.08%. 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 December 31, 2015

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

Component Units – Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration

Deposits. At June 30, 2015, the carrying amount of the Rockford Mass Transit District deposits totaled \$6,463,707 and the bank balances totaled \$6,933,045 and Rockford Metropolitan Exposition Authority District deposits totaled \$1,829,866 and the bank balances totaled \$1,776,631.

Custodial Credit Risk – Deposits. 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, 2015 the District had collateral agreements with a market value of \$6,576,085 and \$356,960 was exposed to custodial credit risk. The Rockford Metropolitan Exposition Authority does not have a policy that addresses custodial credit risk.

Interest Rate Risk. As of June 30, 2015, the Rockford Mass Transit District and the Rockford Metropolitan Exposition Authority have no formal policies with regards to managing interest rate risk.

Credit Risk. Statutes authorize the Rockford Mass Transit District and the Rockford Metropolitan Exposition Authority 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 Rockford Mass Transit District and the Rockford Metropolitan Exposition Authority investments at June 30, 2015.

Concentration of Credit Risk. The Rockford Mass Transit District and the Rockford Metropolitan Exposition Authority place no limit on the amount the entity may invest in any one issuer. At June 30, 2015, the Rockford Mass Transit District and the Rockford Metropolitan Exposition Authority had no investments which exceed 5% of total net position of the component units.

Custodial Credit Risk – Deposits. The Rockford Mass Transit District and the Rockford Metropolitan Exposition Authority do not have a deposit policy for custodial credit risk. As of June 30, 2015, all of the Rockford Mass Transit District and the Rockford Metropolitan Exposition Authority deposits were insured or collateralized.

Custodial Credit Risk – Investments. The Rockford Mass Transit District and the Rockford Metropolitan Exposition Authority investment policy does not address custodial credit risk. As of June 30, 2015, the Rockford Mass Transit District and the Rockford Metropolitan Exposition Authority investments were not exposed to custodial credit risk.

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

RECEIVABLES AND PAYABLES

Receivables and payables as of December 31, 2015 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:

	Special Revenue							Business-Type Activities		Governmental Internal Service
	General	Public Library	Community Development	Human Services	Debt Service	Capital Project	Nonmajor	Enterprise Funds		
								Water Utility	Parking System	
RECEIVABLES										
Taxes	\$51,187,463	\$7,392,505	\$ -	\$ -	\$2,637,739	\$ -	\$8,359,700	\$ -	\$ -	\$ -
Accounts	4,621,423	4,164	-	-	-	62,604	961,939	5,165,581	(17,951)	502,185
Notes	150,000	-	405,742	680,633	-	-	-	-	-	-
Accrued Interest	97,207	39,495	-	(3,734)	(26)	(2,274)	5,987	-	-	-
Gross receivables	56,056,093	7,436,164	405,742	676,899	2,637,713	60,330	9,327,626	5,165,581	(17,951)	502,185
Less: Allowance for uncollectibles	(6,149,802)	(149,187)	(61,518)	(409,880)	(62,435)	-	(3,411,491)	(912,108)	-	-
Total receivables	\$49,906,291	\$7,286,977	\$ 344,224	\$ 267,019	\$2,575,278	\$ 60,330	\$5,916,135	\$4,253,473	\$ (17,951)	\$ 502,185
DUE FROM OTHER GOVERNMENTAL UNITS										
Federal	\$ -	\$ -	\$ 1,116,417	\$3,364,250	\$ -	\$ 5,071,595	\$ 123,177	\$ -	\$ -	\$ -
State	11,776,411	114,530	-	1,745,869	201,811	4,304,136	777,313	-	-	-
Other	1,115,539	-	-	-	-	7,197,537	445,705	-	-	215,799
Total due from other governmental units	\$12,891,950	\$ 114,530	\$ 1,116,417	\$5,110,119	\$ 201,811	\$16,573,268	\$1,346,195	\$ -	\$ -	\$ 215,799
PAYABLES										
Vendors	\$ 1,904,020	\$ 392,405	\$ 418,191	\$ 653,794	\$ 28,500	\$ 8,526,477	\$2,791,859	\$1,104,695	\$ 811,151	\$ 2,913,878
Other governmental units	814,043	101,641	1,969	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-	114,273	21,032	-
Total payables	\$ 2,718,063	\$ 494,046	\$ 420,160	\$ 653,794	\$ 28,500	\$ 8,526,477	\$2,791,859	\$1,218,968	\$ 832,183	\$ 2,913,878

INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund Balances

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, 2015, they are reflected below and reported in the financial statements as due from or due to other funds.

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS – Continued

Interfund Balances – Continued

The composition of interfund balances as of December 31, 2015 is as follows:

Receivable	Payable	Purpose	Amount
General	Community Development	Interfund cash advances	\$ 239,278
General	Nonmajor governmental	Interfund cash advances	8,964,564
General	Human Services	Interfund interest on common cash	981,548
General	Internal Service	Interfund loan	210,756
Capital Projects	Nonmajor governmental	Future Motor Fuel Tax receipts	3,418,887
Internal Service	Internal Service	Interfund cash advances	961,064
Water Utility	Internal Service	Interfund loan	59,443
			<u>\$ 14,835,540</u>

Interfund Transfers

Transfers between funds for the year ended December 31, 2015 are as follows:

Transfers In	Transfers Out	Amount
General	Community Development	\$ 974,820 (1)
General	Nonmajor governmental	2,738,300 (1)
Debt Service	General	3,160,825 (2)
Debt Service	Public Library	243,987 (2)
Debt Service	Nonmajor governmental	6,601,664 (2)
Debt Service	Internal Service	60,000 (2)
Capital Projects	General	2,500,000 (3)
Capital Projects	Nonmajor governmental	4,848,574 (1)
Nonmajor governmental	Nonmajor governmental	<u>1,996,155 (1)</u>
		<u>\$ 23,124,325</u>

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

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CONSTRUCTION COMMITMENTS

The City has active construction projects as of December 31, 2015. 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>
Harrison Improvements 11th-20th	\$ 8,307,385
Ingersoll Building Improvements	6,413,752
Concourse Parking Deck	4,770,496
North Main-Auborn to Riverside ('14/'15)	3,177,263
Downtown Rockford Amtrak Station	3,114,273
Morgan Street Bridge - Phase II	2,694,587
Airport Drive	1,279,257
South Main Two Way Conv-Cedar to Chestnut	989,747
Jefferson Street Bridge Repairs	657,440
Geopolicing - District 1 - West Side	564,520
Bell School/E State Intersection Improvements	458,600
Falcon Road	432,949
West State Street Corridor	403,697
Geopolicing - District 1 - New Towne	381,385
IR Bridge Conversions to Multi-Use Path	314,178
	<u>\$ 33,959,529</u>

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

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CAPITAL ASSETS

Capital asset activity for the primary government for the fiscal year ended December 31, 2015 was as follows:

Governmental Activities

	Restated Beginning Balances	Increases	Decreases	Ending Balances
NONDEPRECIABLE CAPITAL ASSETS				
Land	\$ 7,148,009	\$ -	\$ -	\$ 7,148,009
Construction in Progress	-	160,836	-	160,836
	<u>7,148,009</u>	<u>160,836</u>	<u>-</u>	<u>7,308,845</u>
DEPRECIABLE CAPITAL ASSETS				
Land improvements	273,411	686,274	-	959,685
Buildings improvements	58,498,014	3,002,926	-	61,500,940
Equipment	37,174,544	3,398,254	-	40,572,798
Infrastructure	322,652,407	40,769,975	(5,796,175)	357,626,207
	<u>418,598,376</u>	<u>47,857,429</u>	<u>(5,796,175)</u>	<u>460,659,630</u>
LESS ACCUMULATED DEPRECIATION				
Land improvements	(115,726)	(43,687)	-	(159,413)
Buildings improvements	(32,558,575)	(1,483,298)	-	(34,041,873)
Equipment	(21,302,186)	(3,887,058)	-	(25,189,244)
Infrastructure	(97,495,049)	(20,929,408)	4,796,722	(113,627,735)
	<u>(151,471,536)</u>	<u>(26,343,451)</u>	<u>4,796,722</u>	<u>(173,018,265)</u>
Total net depreciable capital assets	<u>267,126,840</u>	<u>21,513,978</u>	<u>(999,453)</u>	<u>287,641,365</u>
Total net capital assets	<u>\$ 274,274,849</u>	<u>\$ 21,674,814</u>	<u>\$ (999,453)</u>	<u>\$ 294,950,210</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 269,214
Public safety	2,831,826
Streets, alleys and bridges	21,543,407
Community development	32,585
Culture and recreation	921,954
Public health and welfare	140,633
Internal service	<u>603,832</u>
	<u>\$ 26,343,451</u>

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CAPITAL ASSETS – Continued

Business-Type Activities

	Restated Beginning Balances	Increases	Decreases	Ending Balances
NONDEPRECIABLE CAPITAL ASSETS				
Land	\$ 6,231,754	\$ 36,911	\$ -	\$ 6,268,665
Construction in progress	1,759,384	1,477,183	-	3,236,567
	<u>7,991,138</u>	<u>1,514,094</u>	<u>-</u>	<u>9,505,232</u>
DEPRECIABLE CAPITAL ASSETS				
Land improvements	847,112	28,301	(12,962)	862,451
Buildings and improvements	42,135,984	1,897,428	(41,850)	43,991,562
Improvements other than buildings	220,886,356	2,732,787	(640,533)	222,978,610
Equipment	4,888,537	190,464	(436,697)	4,642,304
	<u>268,757,989</u>	<u>4,848,980</u>	<u>(1,132,042)</u>	<u>272,474,927</u>
LESS ACCUMULATED DEPRECIATION				
Land improvements	(332,774)	(35,634)	12,962	(355,446)
Buildings and improvements	(14,437,439)	(1,025,646)	30,463	(15,432,622)
Improvements other than buildings	(64,927,264)	(5,319,829)	486,223	(69,760,870)
Equipment	(2,631,699)	(353,448)	349,789	(2,635,358)
	<u>(82,329,176)</u>	<u>(6,734,557)</u>	<u>879,437</u>	<u>(88,184,296)</u>
Total net depreciable capital assets	<u>186,428,813</u>	<u>(1,885,577)</u>	<u>(252,605)</u>	<u>184,290,631</u>
Total net capital assets	<u>\$ 194,419,951</u>	<u>\$ (371,483)</u>	<u>\$ (252,605)</u>	<u>\$ 193,795,863</u>

Depreciation expense was charged to business-type activities as follows:

Water	\$ 6,121,289
Parking system	<u>613,268</u>
	<u>\$ 6,734,557</u>

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CAPITAL ASSETS – Continued

Capital asset activity for the component units for the fiscal years ended June 30, 2015 was as follows:

Rockford Mass Transit District

	Beginning Balances	Increases	Decreases	Ending Balances
NONDEPRECIABLE CAPITAL ASSETS				
Land	\$ 1,991,739	\$ -	\$ -	\$ 1,991,739
Construction in progress	85,560	-	(85,560)	-
	<u>1,991,739</u>	<u>-</u>	<u>(85,560)</u>	<u>1,991,739</u>
DEPRECIABLE CAPITAL ASSETS				
Buildings and improvements	16,738,309	619,723	(6,921)	17,351,111
Equipment	19,557,822	607,395	(442,114)	19,723,103
	<u>36,296,131</u>	<u>1,227,118</u>	<u>(449,035)</u>	<u>37,074,214</u>
LESS ACCUMULATED DEPRECIATION				
Buildings and improvements	(5,055,709)	(477,246)	6,921	(5,526,034)
Equipment	(9,969,106)	(1,831,561)	442,114	(11,358,553)
	<u>(14,806,523)</u>	<u>(2,308,807)</u>	<u>449,035</u>	<u>(16,884,587)</u>
Total net depreciable capital assets	<u>22,856,618</u>	<u>(1,081,689)</u>	<u>-</u>	<u>20,189,627</u>
Total net capital assets	<u>\$ 24,848,357</u>	<u>\$ (1,081,689)</u>	<u>\$ (85,560)</u>	<u>\$ 22,181,366</u>

Rockford Metropolitan Exposition, Auditorium and Office Building Authority

	Beginning Balances	Increases	Decreases	Ending Balances
NONDEPRECIABLE CAPITAL ASSETS				
Land	\$ 2,597,014	\$ -	\$ -	\$ 2,597,014
Construction in progress	-	145,867	-	145,867
	<u>2,597,014</u>	<u>145,867</u>	<u>-</u>	<u>2,742,881</u>
DEPRECIABLE CAPITAL ASSETS				
Buildings and improvements	36,337,781	137,577	(147,333)	36,328,025
Equipment	7,642,106	95,954	(1,720)	7,736,340
	<u>43,979,887</u>	<u>233,531</u>	<u>(149,053)</u>	<u>44,064,365</u>
LESS ACCUMULATED DEPRECIATION				
Buildings and improvements	(13,808,042)	(1,029,544)	18,110	(14,819,476)
Equipment	(4,951,531)	(433,120)	-	(5,384,651)
	<u>(18,759,573)</u>	<u>(1,462,664)</u>	<u>18,110</u>	<u>(20,204,127)</u>
Total net depreciable capital assets	<u>25,220,314</u>	<u>(1,229,133)</u>	<u>(130,943)</u>	<u>23,860,238</u>
Total net capital assets	<u>\$ 27,817,328</u>	<u>\$ (1,083,266)</u>	<u>\$ (130,943)</u>	<u>\$ 26,603,119</u>

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT

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 \$94,565,000. During the year, new general obligation bonds totaling \$12,195,000 were issued for the redevelopment of the Ingersoll Building; \$6,315,000 were issued to repair the Concourse Parking Deck and the City made principal payments of \$11,965,000 leaving an ending balance of \$101,110,000.

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:

Purpose	Original Issue Amount	Interest Rates	Maturity Date	Amount
GOVERNMENTAL ACTIVITIES				
2006-B Hope Six Revitalization Project				
General Obligation Alternate Bond Issue	\$ 2,500,000	4.15% - 4.15%	2024	\$ 1,875,000
2007-A Metro Centre Improvement				
General Obligation Alternate Bond Issue	6,300,000	4.00% - 4.20%	2027	4,355,000
2007-E Preston Central Redevelopment				
General Obligation Alternate Bond Issue	1,100,000	4.50% - 4.85%	2027	800,000
2007-F Sewer Improvement				
General Obligation Alternate Bond Issue	1,100,000	4.00% - 4.25%	2017	800,000
2007-G Library Construction				
General Obligation Alternate Bond Issue	3,050,000	4.10% - 4.75%	2027	2,100,000
2008-B Redevelopment				
General Obligation Alternate Bond Issue	1,300,000	3.50% - 4.00%	2018	875,000
2009-A Redevelopment				
General Obligation Alternate Bond Issue	1,650,000	4.625% - 5.00%	2029	1,400,000
2009-B Redevelopment Taxable				
General Obligation Alternate Bond Issue	950,000	5.30% - 5.70%	2024	700,000
2009-D Redevelopment Taxable				
General Obligation Alternate Bond Issue	1,700,000	2.25% - 5.50%	2024	1,300,000
2014-A Fire Station Construction				
General Obligation Alternate Bond Issue	5,420,000	3.00% - 4.00%	2034	5,220,000
2015 Fire Station Construction				
General Obligation Alternate Bond Issue	12,195,000	3.00% - 3.75%	2034	11,680,000
				31,105,000

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

General Obligation Bonds and Alternate Bonds – Continued

Purpose	Original Issue Amount	Interest Rates	Maturity Date	Amount
GOVERNMENTAL ACTIVITIES - CONTINUED				
2007-C Refunding General Obligation				
Alternate Bond Issue	\$ 6,865,000	3.75% - 3.75%	2018	\$ 2,660,000
2009-C Taxable Refunding General Obligation				
Alternate Bond Issue	8,065,000	5.125% - 5.40%	2027	8,065,000
2012-A Refunding General Obligation				
Bond Issue	5,925,000	2.00% - 5.00%	2016	835,000
2012-C Refunding General Obligation				
Alternate Bond Issue	1,810,000	1.50% - 2.00%	2021	655,000
2014-A Refunding General Obligation				
Alternate Bond Issue	9,625,000	3.00% - 4.00%	2024	8,900,000
2014-B Refunding General Obligation				
Bond Issue	4,740,000	2.00% - 5.00%	2018	4,010,000
2014-C Refunding General Obligation				
Alternate Bond Issue	14,280,000	3.00% - 4.00%	2027	13,190,000
				<u>38,315,000</u>
Total governmental activities				<u>69,420,000</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.

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

General Obligation Bonds and Alternate Bonds – Continued

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.

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	\$ 445,000
2005-B General Obligation Alternate Bond Issue	2,200,000	4.00% - 4.10%	2018	655,000
2006-A General Obligation Alternate Bond Issue	15,000,000	4.15% - 4.15%	2018	10,025,000
2007-D General Obligation Alternate Bond Issue	3,500,000	4.125% - 4.75%	2027	2,350,000
2008-A General Obligation Alternate Bond Issue	9,000,000	4.00% - 5.00%	2028	6,700,000
2010-A General Obligation Alternate Bond Issue	3,400,000	2.00% - 4.00%	2030	2,800,000
Parking System Fund:				
2008-C General Obligation Alternate Bond Issue	1,850,000	5.00% - 6.00%	2028	1,500,000
2015-A General Obligation Alternate Bond Issue	6,315,000	3.00% - 4.00%	2035	6,315,000
				<u>30,790,000</u>

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

General Obligation Bonds and Alternate Bonds – Continued

Purpose	Original Issue Amount	Interest Rates	Maturity Date	Amount
BUSINESS-TYPE ACTIVITIES - CONTINUED				
Water Utility Fund:				
2009-F Refunding General Obligation Alternate Bond Issue	\$ 4,325,000	3.00% - 3.50%	2018	\$ 675,000
2012-B Refunding General Obligation Alternate Bond Issue	1,470,000	3.00% - 4.00%	2016	225,000
				<u>900,000</u>
Total business-type activities				<u>31,690,000</u>
Total primary government				<u>\$ 101,110,000</u>

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, 2015 is \$510,000 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, 2015 is \$125,000 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.

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 was paid in full at December 31, 2015.

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, 2015 the outstanding borrowings under this agreement are \$1,461,113.

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

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, 2015 the outstanding balance was \$28,065.

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.

Date Awarded	Amount Approved	Terms	Loans Received	Construction Interest	Payments	Balance Due
05/19/08	\$8,308,283	2.5%	\$ 7,199,635	\$ -	\$ (401,041)	\$ 6,798,594
09/30/08	12,512,945	2.5%	10,617,708	-	(568,594)	10,049,114
09/30/08	2,297,070	2.5%	1,752,093	-	(101,630)	1,650,463
08/14/09	6,877,227	0% - 25% principal forgiveness	4,338,852	-	(262,960)	4,075,892
09/30/09	3,122,773	0% - 25% principal forgiveness	1,861,594	-	(120,103)	1,741,491
06/30/10	720,521	1.25% - 25% principal forgiveness	343,583	-	(17,680)	325,903
06/30/10	3,128,995	1.25% - 25% principal forgiveness	2,180,391	-	(115,873)	2,064,518
06/30/10	2,633,303	1.25% - 25% principal forgiveness	1,777,739	-	(94,476)	1,683,263
09/29/10	913,740	1.25% - 25% principal forgiveness	574,578	-	(32,653)	541,925
12/15/10	381,087	1.25% - 25% principal forgiveness	260,623	60,422	(13,411)	307,634
01/19/11	3,611,244	1.25% - 25% principal forgiveness	2,263,656	-	(128,643)	2,135,013
			\$ 33,170,452	\$ 60,422	\$ (1,857,064)	\$ 31,373,810

Lease Purchase Agreements

During 2012 through 2015 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, 2015 are \$17,797,236 for the governmental activities and \$1,261,945 for the water proprietary fund. The interest rates for the leases range from 1.27% to 3.67%.

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Long-Term Liability Activity

Long-term obligation activity for the year ended December 31, 2015 was as follows:

	Restated Beginning Balances	Additions	Deductions	Ending Balances	Due Within One Year
GOVERNMENTAL ACTIVITIES					
Bonds payable:					
General obligation bonds	\$ 66,635,000	\$ 12,195,000	\$ (9,410,000)	\$ 69,420,000	* \$ 8,195,000
Less premiums and discounts	631,849	-	(224,856)	406,993	202,582
	<u>67,266,849</u>	<u>12,195,000</u>	<u>(9,634,856)</u>	<u>69,826,993</u>	<u>8,397,582</u>
Section 108 guaranteed loans	825,000	-	(190,000)	635,000	185,000
EPA water pollution obligation	58,653	-	(58,653)	-	-
Lines of credit	1,661,113	-	(200,000)	1,461,113	-
Term notes	138,518	-	(110,453)	28,065	28,065
Lease/purchase agreements	16,778,615	4,349,526	(3,330,905)	17,797,236	3,691,042
Claims and judgments	12,776,905	23,880,784	(23,342,560)	13,315,129	5,919,693
Net OPEB obligation	2,883,082	942,153	-	3,825,235	-
Net pension liability					
IMRF	15,260,773	9,775,292	-	25,036,065	-
Police Pension	128,149,617	16,877,637	-	145,027,254	-
Firefighters' Pension	138,304,391	17,081,734	-	155,386,125	-
Compensated absences	7,047,963	2,965,834	(1,482,917)	8,530,880	1,706,176
	<u>\$ 391,151,479</u>	<u>\$ 88,067,960</u>	<u>\$ (38,350,344)</u>	<u>\$ 440,869,095</u>	<u>\$ 19,927,558</u>

*\$15,995,000 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.

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Long-Term Liability Activity – Continued

	Beginning Balances	Additions	Deductions	Ending Balances	Due Within One Year
BUSINESS-TYPE ACTIVITIES					
Water Utility:					
Bonds payable:					
General obligation alternate bonds	\$ 26,355,000	\$ -	\$ (2,480,000)	\$ 23,875,000	\$ 2,365,000
Less premiums and discounts	(88,386)	-	(10,038)	(98,424)	10,038
	26,266,614	-	(2,490,038)	23,776,576	2,375,038
IEPA loan	33,170,452	60,422	(1,857,064)	31,373,810	1,888,938
Capital lease payable	1,281,492	178,959	(198,506)	1,261,945	228,342
Compensated absences	280,565	46,558	(23,279)	303,844	60,769
Refundable water main extension advance	279,512	-	(8,543)	270,969	-
Customer deposits	236,098	-	(4,887)	231,211	-
Total water utility	61,514,733	285,939	(4,582,317)	57,218,355	4,553,087
Parking System:					
Bonds payable:					
General obligation alternate bonds	1,575,000	6,315,000	(75,000)	7,815,000	325,000
Compensated absences	20,432	17,934	(35,868)	2,498	500
Total parking system	1,595,432	6,332,934	(110,868)	7,817,498	325,500
	<u>\$ 63,110,165</u>	<u>\$ 6,618,873</u>	<u>\$ (4,693,185)</u>	<u>\$ 65,035,853</u>	<u>\$ 4,878,587</u>

For the governmental activities, the 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 liabilities are liquidated by the General Fund.

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, \$676,803 of internal service funds compensated absences, \$13,315,129 for claims and judgments, \$28,065 for an installment note payable and \$1,937,725 for capital leases payable are included in the above amounts.

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Long-Term Liability Activity – Continued

	Restated Beginning Balances	Additions	Deductions	Ending Balances	Due Within One Year
COMPONENTS UNITS					
Rockford Mass Transit District:					
Net pension obligation	\$ 5,180,793	\$ -	\$ (497,619)	\$ 4,683,174	\$ -
Net OPEB obligation	2,165,796	127,596	-	2,293,392	-
Rockford Metropolitan Exposition, Auditorium and Office Building Authority:					
Notes payable	4,584,139	-	(500,796)	4,083,343	510,051
	<u>\$ 11,930,728</u>	<u>\$ 127,596</u>	<u>\$ (998,415)</u>	<u>\$ 11,059,909</u>	<u>\$ 510,051</u>

Legal Debt Limitations

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, 2015, the City indebtedness was \$73.9 million less than the City limit and \$99.9 million less than the State limit.

Defeased Debt

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
December 31, 2015**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Debt Service Requirements to Maturity

The annual debt service requirements to maturity, including principal and interest, are as follows:

Fiscal Year	Governmental Activities				Business-Type Activities	
	General		Section 108		General	
	Obligation Bonds		Guaranteed Loans		Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 8,195,000	\$ 2,637,871	\$ 185,000	\$ 34,317	\$ 2,690,000	\$ 1,328,978
2017	7,585,000	2,361,021	60,000	24,816	2,535,000	1,217,199
2018	7,075,000	2,087,271	60,000	21,642	2,385,000	1,115,718
2019	4,710,000	1,834,946	60,000	18,414	2,005,000	1,019,951
2020	4,505,000	1,674,490	75,000	15,138	2,060,000	937,700
2021	4,110,000	1,513,309	75,000	10,990	2,095,000	852,257
2022	4,400,000	1,357,896	60,000	6,798	2,205,000	764,444
2023	4,685,000	1,180,273	60,000	3,414	2,310,000	670,282
2024	4,500,000	988,258	-	-	2,370,000	571,343
2025	3,840,000	796,440	-	-	2,480,000	468,968
2026	3,990,000	629,864	-	-	2,540,000	361,075
2027	4,170,000	454,271	-	-	1,500,000	248,624
2028	1,080,000	265,213	-	-	1,335,000	182,281
2029	1,110,000	228,469	-	-	595,000	122,393
2030	1,020,000	189,913	-	-	605,000	101,181
2031	1,055,000	156,068	-	-	365,000	79,200
2032	1,090,000	120,131	-	-	380,000	64,600
2033	1,130,000	82,156	-	-	395,000	49,400
2034	1,170,000	41,800	-	-	410,000	33,600
	-	-	-	-	430,000	17,200
	<u>\$ 69,420,000</u>	<u>\$ 18,599,660</u>	<u>\$ 635,000</u>	<u>\$ 135,529</u>	<u>\$ 31,690,000</u>	<u>\$ 10,206,394</u>

Component Units

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, 2015 are \$343,500 and \$450,000 respectively. In the City’s statements these notes receivable are completely offset by an allowance for doubtful accounts.

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements December 31, 2015

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Component Units – Continued

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, 2015 is \$450,000.

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, 2015 was \$1,445,288. 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, 2015.

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 \$858,108. Principal in the amount of \$82,222 is due within one year of the date of the statement of net position.

FUND BALANCE/NET POSITION

Fund Balance Classifications

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).

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

FUND BALANCE/NET POSITION

Fund Balance Classifications

The following is a schedule of fund balance classifications for the governmental funds as of the date of this report:

	Special Revenue							Totals
	General	Public Library	Community Development	Human Services	Debt Service	Capital Projects	Nonmajor	
FUND BALANCES								
Nonspendable								
Notes receivable	\$ 150,000	\$ -	\$ 344,224	\$ 270,753	\$ -	\$ -	\$ 33,702	\$ 798,679
Restricted								
Debt service	-	-	-	-	10,177,528	-	-	10,177,528
Culture and recreation	-	10,069,963	-	-	-	-	-	10,069,963
Community development	-	-	-	-	-	-	5,598,346	5,598,346
Public health and welfare	-	-	-	532,752	-	-	-	532,752
Highway and streets	-	-	-	-	-	-	8,022,630	8,022,630
	-	10,069,963	-	532,752	10,177,528	-	13,620,976	34,401,219
Assigned								
General government	-	-	-	-	-	-	195,561	195,561
Community development	-	-	-	-	-	-	4,266,523	4,266,523
Public health and welfare	-	-	-	-	-	-	216,535	216,535
	-	-	-	-	-	-	4,678,619	4,678,619
Unassigned	37,525,349	-	(76,638)	-	-	3,058,747	(9,966,344)	30,541,114
Total fund balances	\$ 37,675,349	\$ 10,069,963	\$ 267,586	\$ 803,505	\$ 10,177,528	\$ 3,058,747	\$ 8,366,953	\$ 70,419,631

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 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.

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

FUND BALANCE/NET POSITION – Continued

Net Position Classifications

Net investment in capital assets was comprised of the following as of December 31, 2015:

GOVERNMENTAL ACTIVITIES

Capital assets - net of accumulated depreciation	\$ 294,950,210
Plus: Unamortized gain	1,716,979
Less capital related debt:	
General obligation bonds - net	(53,831,993)
Term notes	(28,065)
Capital lease payable	<u>(17,797,236)</u>
Net investment in capital assets	<u><u>\$ 225,009,895</u></u>

BUSINESS-TYPE ACTIVITIES

Capital assets - net of accumulated depreciation	\$ 193,795,863
Plus:	
Bond construction account	7,164,883
Unamortized loss on refunding	68,476
Less capital related debt:	
General obligation alternate bonds - net	(31,591,576)
IEPA loan	(31,373,810)
Capital lease payable	<u>(1,261,945)</u>
Net investment in capital assets	<u><u>\$ 136,801,891</u></u>

COMPONENT UNITS

Rockford Mass Transit District	
Capital assets - net of accumulated depreciation	<u><u>\$ 22,181,366</u></u>
Rockford Metropolitan Exposition, Auditorium and Office Building	
Capital assets - net of accumulated depreciation	\$ 26,603,119
Less capital related debt:	
Notes payable	<u>(1,008,125)</u>
Net investment in capital assets	<u><u>\$ 25,594,994</u></u>

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

FUND BALANCE/NET POSITION – Continued

Fund Balance/Net Position Restatements

Net position was restated due to the implementation of GASB Statement No. 68 and the implementation of a new capital asset policy. The following is a summary of the net position as originally reported and as restated:

<u>Net Position/Fund Balance</u>	<u>As Reported</u>	<u>As Restated</u>	<u>Increase (Decrease)</u>
Governmental Activities	\$ 556,576,746	129,504	(556,447,242)
Business-Type Activities	149,845,664	149,672,425	(173,239)
Parking System	14,929,756	14,756,517	(173,239)
Central Garage	393,006	273,105	(119,901)
Building Maintenance	835,109	359,769	(475,340)
Information Systems	1,441,550	1,323,014	(118,536)

NOTE 4 – OTHER INFORMATION

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.

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.

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 4 – OTHER INFORMATION – Continued

RISK MANAGEMENT

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.

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

	<u>2015</u>	<u>2014</u>
Unpaid claims - beginning	\$ 8,736,314	\$ 5,823,638
Current year claims and change in estimates	1,697,091	4,915,551
Claim payments	(2,830,569)	(2,002,875)
	<u>\$ 7,602,836</u>	<u>\$ 8,736,314</u>
Reported as:		
Claims and judgments payable	\$ 7,499,137	\$ 7,875,780
Accounts payable	103,699	860,534
	<u>\$ 7,602,836</u>	<u>\$ 8,736,314</u>

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 4 – OTHER INFORMATION – Continued

RISK MANAGEMENT – Continued

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:

	<u>2015</u>	<u>2014</u>
Unpaid claims - beginning	\$ 608,884	\$ 1,237,550
Current year claims and change in estimates	19,009,960	17,639,155
Claim payments	<u>(18,525,174)</u>	<u>(18,267,821)</u>
Unpaid claims - ending	<u>\$ 1,093,670</u>	<u>\$ 608,884</u>

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 4 – OTHER INFORMATION – Continued

RISK MANAGEMENT – Continued

Workmens' 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 workmens' compensation are recorded in the Workmens' 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 Workmens' 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 Workmens' 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 workmens' compensation claims for the past two years:

	<u>2015</u>	<u>2014</u>
Unpaid claims - beginning	\$ 4,292,241	\$ 3,889,655
Current year claims and change in estimates	2,143,385	2,867,607
Claim payments	<u>(1,713,303)</u>	<u>(2,465,021)</u>
Unpaid claims - ending	<u>\$ 4,722,323</u>	<u>\$ 4,292,241</u>
Reported as:		
Claims and judgments payable	<u>\$ 4,722,323</u>	<u>\$ 4,292,241</u>

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements December 31, 2015

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEMS – DEFINED BENEFIT PENSIONS PLANS

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.

Illinois Municipal Retirement System

Plan Descriptions

Plan Administration. All employees (other than those covered by the Police and Firefighters’ Pension Plan) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

Benefits Provided. IMRF provides two tiers of pension benefits. Employees hired *before* January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

Employees hired *on or after* January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser* of:

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement – Continued

Plan Descriptions – Continued

Plan Membership. As of December 31, 2015, the measurement date, the following employees were covered by the benefit terms:

Inactive plan members currently receiving benefits	650
Inactive plan members entitled to but not yet receiving benefits	382
Active plan members	<u>571</u>
Total	<u><u>1,603</u></u>

Contributions. As set by statute, the City’s Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City’s annual contribution rate for calendar year 2015 was 12.70% of covered payroll.

Net Pension Liability. The City’s net pension liability was measured as of December 31, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation performed, as of December 31, 2015, using the following actuarial methods and assumptions:

Actuarial valuation date	12/31/2015
Actuarial cost method	Entry age Normal
Asset valuation method	Market
Actuarial assumptions	
Interest rate	7.50%
Salary increases	3.75% to 14.50%
Cost of living adjustments	2.75%
Inflation	2.75%

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement – Continued

Plan Descriptions – Continued

For nondisabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality tables was used with fully generational projection scale MP-2014 (base year 2014). IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for nondisabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Discount Rate

A Single Discount Rate of 7.48% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.57%, and the resulting single discount rate is 7.48%.

Discount Rate Sensitivity

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.49%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Decrease (6.48%)	Current Discount Rate (7.48%)	1% Increase (8.48%)
Net pension liability	\$ 51,312,547	\$ 25,036,065	\$ 3,413,299

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement – Continued

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2014	\$ 204,091,075	\$ 188,830,302	\$ 15,260,773
Changes for the year:			
Service cost	3,219,833	-	3,219,833
Interest on the total pension liability	14,993,283	-	14,993,283
Changes of benefit terms	-	-	-
Difference between expected and actual experience of the total pension liability	(1,030,302)	-	(1,030,302)
Changes of assumptions	242,384	-	242,384
Contributions - employer	-	3,746,033	(3,746,033)
Contributions - employees	-	1,382,903	(1,382,903)
Net investment income	-	929,356	(929,356)
Benefit payments, including refunds of employee contributions	(11,047,294)	(11,047,294)	-
Other (net transfer)	-	1,591,614	(1,591,614)
Net changes	<u>6,377,904</u>	<u>(3,397,388)</u>	<u>9,775,292</u>
Balances at December 31, 2015	<u>\$ 210,468,979</u>	<u>\$ 185,432,914</u>	<u>\$ 25,036,065</u>

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

For the year ended December 31, 2015, the City recognized pension expense of \$6,053,314. At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement – Continued

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

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference between expected and actual experience	\$ 69,269	\$ (756,729)	\$ (687,460)
Change in assumptions	3,499,584	-	3,499,584
Net difference between projected and actual earnings on pension plan investments	11,965,956	-	11,965,956
Total deferred amounts related to IMRF	<u>\$ 15,534,809</u>	<u>\$ (756,729)</u>	<u>\$ 14,778,080</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Fiscal Year	Net Deferred Outflows of Resources
2016	\$ 4,814,735
2017	4,392,215
2018	2,956,998
2019	2,614,132
2020	-
Thereafter	-
Totals	<u>\$ 14,778,080</u>

Police Pension Plan

Plan Descriptions

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’s Mayor, one member is elected by pension beneficiaries and two members are elected by active police employees.

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan – Continued

Plan Descriptions – Continued

Plan Membership. At December 31, 2015, 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
Active plan members	<u>281</u>
Total	<u><u>564</u></u>

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 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 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 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 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 ½ of the change in the Consumer Price Index for the preceding calendar year.

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan – Continued

Plan Descriptions – Continued

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, 2015, the City's contribution was 29.50% of covered payroll.

Concentrations. At year end, the Pension Plan has 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:

Investment	% of Plan Net Position
Vanguard Value Index Fund	9.92%
Vanguard Institutional Index Fund	9.69%
MFB Collective 1-10 Year Intermediate Government Bond Index Fund	9.76%
Principal Real Estate Investment Fund	9.06%
MFB Collective Mortgage Backed SEC Index Fund	7.69%
Vanguard Mid-Cap Index Fund	7.15%
Fidelity Diversified International Fund	5.12%
Kayne Anderson	7.48%
DFA International	5.06%

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan – Continued

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed, as of December 31, 2015, using the following actuarial methods and assumptions:

Actuarial valuation date	12/31/2015
Actuarial cost method	Entry age Normal
Asset valuation method	Market
Actuarial assumptions	
Interest rate	7.50%
Salary increases	5.00%
Cost of living adjustments	2.50%
Inflation	2.50%

Mortality rates were based on the RP-2000 CHBCA Mortality Table. The other non-economic actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated September 26, 2012.

Discount Rate

A Single Discount Rate of 6.81% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.57%, and the resulting single discount rate is 6.81%.

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan – 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 liability of the City calculated using the discount rate as well as what the City’s net pension liability 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 (5.81%)	Current Discount Rate (6.81%)	1% Increase (7.81%)
Net pension liability	\$ 186,117,219	\$ 145,027,254	\$ 110,947,270

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2014	\$ 311,123,626	\$ 182,974,009	\$ 128,149,617
Changes for the year:			
Service cost	4,421,464	-	4,421,464
Interest on the total pension liability	20,815,822	-	20,815,822
Changes of benefit terms	-	-	-
Difference between expected and actual experience of the total pension liability	(630,791)	-	(630,791)
Changes of assumptions	1,856,861	-	1,856,861
Contributions - employer	-	6,252,516	(6,252,516)
Contributions - employees	-	2,140,300	(2,140,300)
Net investment income	-	1,412,457	(1,412,457)
Benefit payments, including refunds of employee contributions	(15,371,972)	(15,371,972)	-
Administrative expenses	-	(219,554)	219,554
Net changes	11,091,384	(5,786,253)	16,877,637
Balances at December 31, 2015	\$ 322,215,010	\$ 177,187,756	\$ 145,027,254

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan – Continued

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

For the year ended December 31, 2015, the City recognized pension expense of \$12,521,789. At December 31, 2015, the City reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference between expected and actual experience	\$ -	\$ (502,058)	\$ (502,058)
Change in assumptions	1,477,909	-	1,477,909
Net difference between projected and actual earnings on pension plan investments	9,632,513	-	9,632,513
Total deferred amounts related to Police Pension Plan	<u>\$ 11,110,422</u>	<u>\$ (502,058)</u>	<u>\$ 10,608,364</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Fiscal Year	Net Deferred Outflows of Resources
2016	\$ 2,658,348
2017	2,658,348
2018	2,658,348
2019	2,633,320
2020	-
Thereafter	-
Totals	<u>\$ 10,608,364</u>

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

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’s Mayor, one member is elected by pension beneficiaries and two members are elected by active fire employees.

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

Inactive plan members currently receiving benefits	308
Inactive plan members entitled to but not yet receiving benefits	1
Active plan members	<u>259</u>
Total	<u><u>568</u></u>

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

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Firefighters’ Pension Plan – Continued

Benefits Provided – Continued. 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 firefighter 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 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, 2015, the City’s contribution was 35.34% of covered payroll.

Significant Investments. At year end, the Pension Plan has 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.

Investment	% of Plan Net Position
Vanguard Institutional Index Fund	9.88%
Vanguard Institutional Value Index Fund	9.80%
Principal Real Estate Investment Fund	9.14%
Manning & Napier Mutual Fund	8.94%
Vanguard Mid-Cap Index Fund	6.88%
Fidcuiary Management Fund	6.67%

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Firefighters’ Pension Plan – Continued

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed, as of December 31, 2015, using the following actuarial methods and assumptions:

Actuarial valuation date	12/31/2015
Actuarial cost method	Entry age Normal
Asset valuation method	Market
Actuarial assumptions	
Interest rate	7.50%
Salary increases	5.00%
Cost of living adjustments	2.50%
Inflation	2.50%

Mortality rates were based on the RP-2000 CHBCA Mortality Table. The other non-economic actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated September 26, 2012.

Discount Rate

A Single Discount Rate of 6.77% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members’ contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.57%, and the resulting single discount rate is 6.77%.

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Firefighters’ Pension Plan – 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 liability of the City calculated using the discount rate as well as what the City’s net pension liability 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 (5.77%)	Current Discount Rate (6.77%)	1% Increase (7.77%)
Net pension liability	\$ 192,694,096	\$ 155,386,125	\$ 124,126,415

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2014	\$ 298,957,904	\$ 160,653,513	\$ 138,304,391
Changes for the year:			
Service cost	5,365,942	-	5,365,942
Interest on the total pension liability	19,838,705	-	19,838,705
Changes of benefit terms	-	-	-
Difference between expected and actual experience of the total pension liability	(598,236)	-	(598,236)
Changes of assumptions	1,695,621	-	1,695,621
Contributions - employer	-	7,345,613	(7,345,613)
Contributions - employees	-	1,942,979	(1,942,979)
Net investment income	-	123,012	(123,012)
Benefit payments, including refunds of employee contributions	(16,135,612)	(16,135,612)	-
Administrative expenses	-	(191,306)	191,306
Net changes	10,166,420	(6,915,314)	17,081,734
Balances at December 31, 2015	<u>\$ 309,124,324</u>	<u>\$ 153,738,199</u>	<u>\$ 155,386,125</u>

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Firefighters’ Pension Plan – Continued

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

For the year ended December 31, 2015, the City recognized pension expense of \$14,189,515. At December 31, 2015, the City reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference between expected and actual experience	\$ -	\$ (495,091)	\$ (495,091)
Change in assumptions	1,403,272	-	1,403,272
Net difference between projected and actual earnings on pension plan investments	9,329,652	-	9,329,652
Total deferred amounts related to Firefighters' Pension Fund	<u>\$ 10,732,924</u>	<u>\$ (495,091)</u>	<u>\$ 10,237,833</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Fiscal Year	Net Deferred Outflows of Resources
2016	\$ 2,521,617
2017	2,521,617
2018	2,521,617
2019	2,521,617
2020	151,365
Thereafter	-
Totals	<u>\$ 10,237,833</u>

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Component Unit – Rockford Mass Transit District (the District)

Plan Administration. The Rockford Mass Transit District Retirement Plan (the Plan) is a single employer defined benefit plan administered by DeBenedetto & Associates, Ltd. The District established the Plan to provide retirement benefits for employees of the District. The District, together with employees covered under collective bargaining agreements, has the right at any time and from time to time to amend the Plan. The Board of Directors has the authority to establish and amend the benefits and the funding policy. The Plan issues a stand-alone financial report which may be obtained by contacting the District.

The Plan is segregated into three separate plans tied to the multiple employee representations including; International Brotherhood of Electrical Workers (IBEW), Amalgamated Transit Union (ATU) and the Administrative Employees. These plans are combined to represent the Plan with is discussed below.

Plan Membership. At June 30, 2015, the measurement date, membership consisted of the following:

	<u>Admin</u>	<u>ATU</u>	<u>IBEW</u>	<u>Total</u>
Inactive plan members currently receiving benefits	26	81	20	127
Inactive plan members entitled to but not yet receiving benefits	13	49	7	69
Active plan members	1	30	8	39
Total	<u>40</u>	<u>160</u>	<u>35</u>	<u>235</u>

Benefits Provided. Under the provision of the Plan, pension benefits vest after five years of full-time employment and exclude employee disability. Upon retiring at the normal retirement age of sixty-five prescribed in 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 projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Component Unit – Rockford Mass Transit District (the District) – Continued

Contributions. The current policy of the District is to use each actuarial valuation as the basis for determining employer contributions to the Plan during the fiscal year beginning in the year of the valuation year. The July 1, 2014 valuation is the basis for the contributions in FY15. The Plan does not permit employees to make contributions.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed, as of June 30, 2014, using the following actuarial methods and assumptions:

Actuarial valuation date	6/30/2014
Actuarial cost method	Entry age Normal
Asset valuation method	Market
Actuarial assumptions	
Interest rate	7.00%
Salary increases	3.00%
Cost of living adjustments	3.00%
Inflation	3.00%

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on the AA scale.

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Component Unit – Rockford Mass Transit District (the District) – Continued

Discount Rate

The discount rate used to measure the total pension liability was 7.00%, the same as the prior valuation. 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 District 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.

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 liability of the District calculated using the discount rate as well as what the District’s net pension liability 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 (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net pension liability	\$ 7,155,292	\$ 4,683,174	\$ 2,587,664

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Component Unit – Rockford Mass Transit District (the District) – Continued

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at June 30, 2014	\$ 17,796,185	\$ 12,615,392	\$ 5,180,793
Changes for the year:			
Service cost	683,501	-	683,501
Interest on the total pension liability	1,227,471	-	1,227,471
Changes of benefit terms	-	-	-
Difference between expected and actual experience of the total pension liability	540,902	-	540,902
Changes of assumptions	-	-	-
Contributions - employer	-	1,200,000	(1,200,000)
Contributions - employees	-	1,581,196	(1,581,196)
Net investment income	-	227,764	(227,764)
Benefit payments, including refunds of employee contributions	(530,754)	(530,754)	-
Administrative expenses	-	(59,467)	59,467
Net changes	<u>1,921,120</u>	<u>2,418,739</u>	<u>(497,619)</u>
Balances at June 30, 2015	<u>\$ 19,717,305</u>	<u>\$ 15,034,131</u>	<u>\$ 4,683,174</u>

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Component Unit – Rockford Mass Transit District (the District) – Continued

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

For the year ended June 30, 2015, the District recognized pension expense of \$954,504. At June 30, 2015, the District reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference between expected and actual experience	\$ 466,500	\$ -	\$ 466,500
Change in assumptions	-	(728,054)	(728,054)
Contributions made subsequent to measurement date	1,500,000	-	1,500,000
Total deferred amounts related to Firefighters' Pension Fund	<u>\$ 1,966,500</u>	<u>\$ (728,054)</u>	<u>\$ 1,238,446</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Fiscal Year	Net Deferred Outflows of Resources	Net Deferred Inflows of Resources
2016	\$ 1,574,402	\$ (182,014)
2017	74,402	(182,014)
2018	74,402	(182,013)
2019	74,402	(182,013)
2020	74,402	-
Thereafter	94,490	-
Totals	<u>\$ 1,966,500</u>	<u>\$ (728,054)</u>

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements December 31, 2015

OTHER POST-EMPLOYMENT BENEFITS

Plan Descriptions, Provisions, and Funding Policies

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, and 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.

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.

For the fiscal year ending December 31, 2015, retirees contributed approximately \$1,046,533. 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.

At December 31, 2015, membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them.	203
Active employees	<u>967</u>
	<u>1,170</u>
Participating employers	<u>1</u>

Annual OPEB Costs and Net OPEB Obligation

The City's annual other post-employment benefits (OPEB) cost (expense) for the fiscal year ended December 31, 2015, 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, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the past three years was as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Actual Contributions</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2013	\$ 1,465,239	\$ 1,334,362	91.07%	\$ 2,911,392
2014	1,306,052	1,334,362	102.17%	2,883,082
2015	1,988,686	1,046,533	52.62%	3,825,235

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

Annual OPEB Costs and Net OPEB Obligation – Continued

The net OPEB obligation as of December 31, 2015, was calculated as follows:

Annual required contributions	\$ 1,976,332
Interest on the NOPEBO	115,323
Adjustment to the ARC	<u>(102,969)</u>
Annual pension cost	1,988,686
Actual contribution	<u>1,046,533</u>
Change in the NOPEBO	942,153
NOPEBO - Beginning	<u>2,883,082</u>
NOPEBO - Ending	<u><u>\$ 3,825,235</u></u>

Funded Status and Funding in Process

The funded status of the plan as of December 31, 2015, was as follows:

Actuarial accrued liability (AAL)	\$ 24,005,500
Actuarial value of plan assets	\$ -
Unfunded actuarial accrued liability (UAAL)	\$ 24,005,500
Funded ratio (actuarial value of plan assets/AAL)	\$ -
Covered payroll (active plan members)	\$ 61,623,875
UAAL as a percentage of covered payroll	38.95%

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements December 31, 2015

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

Funded Status and Funding in Process – Continued

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, 2015 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.0% investment rate of return and an initial healthcare cost trend rate of 8.0% with an ultimate healthcare inflation rate of 5.0%. Both rates include a 2.5% 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 an open basis. The remaining amortization period at December 31, 2015 was thirty years.

Component Unit – Rockford Mass Transit District (the District)

The District 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.

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

Component Unit – Rockford Mass Transit District (the District) – Continued

For fiscal year 2015, the District contributed \$400,008. 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, 2015 is as follow:

	<u>OPEB</u>
Annual required contributions	\$ 556,807
Interest on the NOPEBO	108,290
Adjustment to the ARC	<u>(137,493)</u>
Annual pension cost	527,604
Actual contribution	<u>400,008</u>
Change in the NOPEBO	127,596
NOPEBO - Beginning	<u>2,165,796</u>
NOPEBO - Ending	<u><u>\$ 2,293,392</u></u>

The District’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 were as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Actual Contributions</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2013	\$ 732,840	\$ 307,793	42.00%	\$ 1,772,196
2014	754,037	360,430	47.80%	2,165,796
2015	527,604	400,008	75.82%	2,293,392

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

Component Unit – Rockford Mass Transit District (the District) – Continued

The funded status of the District’s plan as of June 30, 2014, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$	8,568,248
Actuarial value of plan assets	\$	-
Unfunded actuarial accrued liability (UAAL)	\$	8,568,248
Funded ratio (actuarial value of plan assets/AAL)		0.00%
Covered payroll (active plan members)	\$	5,474,705
UAAL as a percentage of covered payroll		156.51%

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.

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements December 31, 2015

NOTE 4 – OTHER INFORMATION – Continued

PLEDGES OF RECEIVABLES AND FUTURE REVENUES

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

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

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

The total municipal sales tax revenue reported by the City for the year ended December 31, 2015, amounted to \$39,212,916, of which \$472,940 (or 1.21%) 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.

SUBSEQUENT EVENT

On March 23, 2016, the city issued \$1,300,000 in capital leases for the purchase of an ambulance, a fire truck, and related equipment. The capital lease is due in annual installments of \$136,269 to \$214,767 including interest at 2.1015% through December 6, 2023.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Schedule of Funding Progress and Employer Contributions
 Other Post-Employment Benefit Plan

- Schedule of Employer Contributions
 Illinois Municipal Retirement Fund
 Police Pension Fund
 Firefighters' Pension Fund

- Schedule of Changes in the Employer's Net Pension Liability
 Illinois Municipal Retirement Fund
 Police Pension Fund
 Firefighters' Pension Fund

- Schedule of Investment Returns

- Budgetary Comparison Schedule
 General Fund
 Public Library - Special Revenue Fund
 Community Development - Special Revenue Fund

Notes to the Required Supplementary Information

Budgetary Information – Budgets are adopted on a basis consistent with generally accepted accounting principles.

CITY OF ROCKFORD, ILLINOIS

Other Post-Employment Benefit Plan

**Required Supplementary Information
Schedule of Funding Progress and Employer Contributions
December 31, 2015**

Funding Progress

Actuarial Valuation Date Dec. 31	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
2010	\$ -	\$ 14,941,274	0.00%	\$ 14,941,274	\$ 67,998,513	21.97%
2011	-	22,030,855	0.00%	22,030,855	66,441,750	33.16%
2012	-	22,030,855	0.00%	22,030,855	65,841,579	33.46%
2013	-	19,336,839	0.00%	19,336,839	69,730,781	27.73%
2014	-	19,336,839	0.00%	19,336,839	71,589,274	27.01%
2015	-	24,005,500	0.00%	24,005,500	61,623,875	38.95%

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
2010	\$ N/A	\$ N/A	N/A
2011	N/A	N/A	N/A
2012	1,334,362	1,446,702	92.23%
2013	1,334,362	1,465,239	91.07%
2014	1,334,362	1,286,642	103.71%
2015	1,046,533	1,976,332	52.95%

N/A - Not Available

The City is required to have an actuarial valuation performed annually.

CITY OF ROCKFORD, ILLINOIS

Illinois Municipal Retirement Fund

**Required Supplementary Information
Schedule of Employer Contributions
December 31, 2015**

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
2015	\$ 3,697,993	\$ 3,746,033	\$ 48,040	\$ 29,489,579	12.70%

Notes to the required supplementary information:

Actuarial cost method	Entry age normal
Amortization method	Level % pay (closed)
Remaining amortization period	28 years
Asset valuation method	5-year smoothed market
Inflation	4.00%
Salary increases	4.40% - 16.00%
Investment rate of return	7.50%
Retirement age	See the Notes to the Financial Statements
Mortality	RP-2000 Combined Healthy Mortality Table

Note:

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

CITY OF ROCKFORD, ILLINOIS

Police Pension Fund

**Required Supplementary Information
Schedule of Employer Contributions
December 31, 2015**

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	26.98%
2015	6,069,076	6,252,516	183,440	21,197,433	29.50%

Notes to the required supplementary information:

Actuarial cost method	Projected unit credit
Amortization method	Level % pay (closed)
Remaining amortization period	25 years
Asset valuation method	Market value
Inflation	2.50%
Salary increases	5.00%
Investment rate of return	7.50%
Retirement age	See the Notes to the Financial Statements
Mortality	RP 2000-CHBCA

Note:

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

CITY OF ROCKFORD, ILLINOIS

Firefighters' Pension Fund

**Required Supplementary Information
Schedule of Employer Contributions
December 31, 2015**

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	35.20%
2015	7,229,015	7,345,613	116,598	20,783,575	35.34%

Notes to the required supplementary information:

Actuarial cost method	Projected unit credit
Amortization method	Level % pay (closed)
Remaining amortization period	25 years
Asset valuation method	Market value
Inflation	2.50%
Salary increases	5.00%
Investment rate of return	7.50%
Retirement age	See the Notes to the Financial Statements
Mortality	RP 2000-CHBCA

Note:

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

CITY OF ROCKFORD, ILLINOIS

Illinois Municipal Retirement Fund

**Required Supplementary Information
Schedule of Changes in the Employer's Net Pension Liability
December 31, 2015**

	<u>12/31/15</u>
Total pension liability	
Service cost	\$ 3,219,833
Interest	14,993,283
Differences between expected and actual experience	(1,030,302)
Change of assumptions	242,384
Benefit payments, including refunds of member contributions	<u>(11,047,294)</u>
 Net change in total pension liability	 6,377,904
Total pension liability - beginning	<u>204,091,075</u>
 Total pension liability - ending	 <u>\$ 210,468,979</u>
 Plan fiduciary net position	
Contributions - employer	\$ 3,746,033
Contributions - members	1,382,903
Net investment income	929,356
Benefit payments, including refunds of member contributions	(11,047,294)
Administrative expense	<u>1,591,614</u>
 Net change in plan fiduciary net position	 (3,397,388)
Plan net position - beginning	<u>188,830,302</u>
 Plan net position - ending	 <u>\$ 185,432,914</u>
 Employer's net pension liability	 <u>\$ 25,036,065</u>
 Plan fiduciary net position as a percentage of the total pension liability	 88.10%
 Covered-employee payroll	 \$ 29,489,579
 Employer's net pension liability as a percentage of covered-employee payroll	 84.90%

Note:

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

CITY OF ROCKFORD, ILLINOIS

Police Pension Fund

Required Supplementary Information

Schedule of Changes in the Employer's Net Pension Liability

December 31, 2015

	<u>12/31/14</u>	<u>12/31/15</u>
Total pension liability		
Service cost	\$ 4,137,623	\$ 4,421,464
Interest	17,284,872	20,815,822
Differences between expected and actual experience	3,503,406	(630,791)
Change of assumptions	41,577,440	1,856,861
Benefit payments, including refunds of member contributions	(14,691,555)	(15,371,972)
Net change in total pension liability	51,811,786	11,091,384
Total pension liability - beginning	259,311,840	311,123,626
Total pension liability - ending	<u>\$ 311,123,626</u>	<u>\$ 322,215,010</u>
Plan fiduciary net position		
Contributions - employer	\$ 5,717,048	\$ 6,252,516
Contributions - members	2,131,555	2,130,613
Net investment income	11,614,824	1,422,144
Benefit payments, including refunds of member contributions	(14,691,555)	(15,371,972)
Administrative expense	(228,465)	(219,554)
Net change in plan fiduciary net position	4,543,407	(5,786,253)
Plan net position - beginning	178,430,602	182,974,009
Plan net position - ending	<u>\$ 182,974,009</u>	<u>\$ 177,187,756</u>
Employer's net pension liability	<u>\$ 128,149,617</u>	<u>\$ 145,027,254</u>
Plan fiduciary net position as a percentage of the total pension liability	58.81%	54.99%
Covered-employee payroll	\$ 21,186,652	\$ 21,197,433
Employer's net pension liability as a percentage of covered-employee payroll	604.86%	684.17%

Note:

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

CITY OF ROCKFORD, ILLINOIS

Firefighters' Pension Fund

**Required Supplementary Information
Schedule of Changes in the Employer's Net Pension Liability
December 31, 2015**

	<u>12/31/14</u>	<u>12/31/15</u>
Total pension liability		
Service cost	\$ 5,023,350	\$ 5,365,942
Interest	16,732,558	19,838,705
Differences between expected and actual experience	2,881,346	(598,236)
Change of assumptions	36,824,449	1,695,621
Benefit payments, including refunds of member contributions	(15,698,458)	(16,135,612)
Net change in total pension liability	45,763,245	10,166,420
Total pension liability - beginning	253,194,659	298,957,904
Total pension liability - ending	<u>\$ 298,957,904</u>	<u>\$ 309,124,324</u>
Plan fiduciary net position		
Contributions - employer	\$ 7,218,958	\$ 7,345,613
Contributions - members	1,953,524	1,942,979
Net investment income	8,791,692	123,012
Benefit payments, including refunds of member contributions	(15,698,458)	(16,135,612)
Administrative expense	(187,168)	(191,306)
Net change in plan fiduciary net position	2,078,548	(6,915,314)
Plan net position - beginning	158,574,965	160,653,513
Plan net position - ending	<u>\$ 160,653,513</u>	<u>\$ 153,738,199</u>
Employer's net pension liability	<u>\$ 138,304,391</u>	<u>\$ 155,386,125</u>
Plan fiduciary net position as a percentage of the total pension liability	53.74%	49.73%
Covered-employee payroll	\$ 20,509,870	\$ 20,783,575
Employer's net pension liability as a percentage of covered-employee payroll	674.33%	747.64%

Note:

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

CITY OF ROCKFORD, ILLINOIS

Required Supplementary Information

Schedule of Investment Returns

December 31, 2015

Police Pension Fund

Fiscal Year	Annual Money- Weighted Rate of Return, Net of Investment Expense
2014	6.86%
2015	0.84%

Firefighters' Pension Fund

Fiscal Year	Annual Money- Weighted Rate of Return, Net of Investment Expense
2014	6.82%
2015	0.08%

Note:

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

CITY OF ROCKFORD, ILLINOIS

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 70,347,287	\$ 70,347,287	\$ 71,281,765	\$ 934,478
Licenses and permits	7,571,534	7,571,534	7,752,661	181,127
Intergovernmental	25,219,782	25,219,782	26,652,710	1,432,928
Charges for services	16,896,468	16,896,468	17,673,995	777,527
Fines	1,178,240	1,178,240	1,165,185	(13,055)
Interest	100,000	100,000	624,311	524,311
Miscellaneous	513,800	513,800	667,875	154,075
Total revenues	121,827,111	121,827,111	125,818,502	3,991,391
EXPENDITURES				
Current				
General government				
Mayor's office	675,663	713,151	723,084	(9,933)
City Council	567,341	568,361	524,625	43,736
Legal department	1,660,747	1,666,907	1,624,443	42,464
Finance office	4,905,265	5,076,123	4,742,463	333,660
Workforce investment board	534,804	534,804	540,534	(5,730)
Board of fire and police commission	225,965	224,365	194,391	29,974
Board of election	737,433	649,752	718,166	(68,414)
Personnel department	686,764	689,234	687,530	1,704
Mass transit subsidy	1,524,000	1,524,000	1,397,000	127,000
Total general government	11,517,982	11,646,697	11,152,236	494,461
Public safety				
Police department	49,022,614	50,005,476	49,021,930	983,546
Fire department	42,737,443	43,778,289	44,109,128	(330,839)
Public works - traffic	4,148,360	4,130,222	4,140,220	(9,998)
Construction and development services	1,457,768	1,328,503	1,094,601	233,902
Total public safety	97,366,185	99,242,490	98,365,879	876,611
Streets, alleys and bridges				
Administration	785,264	739,824	678,922	60,902
Engineering	669,360	722,916	463,732	259,184
Street and sewer	8,997,251	9,966,292	9,657,637	308,655
Total streets, alleys and bridges	10,451,875	11,429,032	10,800,291	628,741
Community development				
Administration	230,220	231,100	232,649	(1,549)
Construction and Development Services	622,461	625,081	536,163	88,918
Planning and zoning	1,550,965	1,936,093	2,230,652	(294,559)
Total community development	2,403,646	2,792,274	2,999,464	(207,190)
Total current	121,739,688	125,110,493	123,317,870	1,792,623
Capital outlay				
Public safety				
Police department	342,000	343,567	330,538	13,029
Fire department	1,376,000	647,948	641,705	6,243
Public works - traffic	51,300	119,470	84,927	34,543
Total public safety	1,769,300	1,110,985	1,057,170	53,815
Streets, alleys and bridges				
Public works	187,000	44,000	67,810	(23,810)
Total capital outlay	1,956,300	1,154,985	1,124,980	30,005
Total expenditures	123,695,988	126,265,478	124,442,850	1,822,628
Excess (deficiency) of revenues over (under) expenditures	(1,868,877)	(4,438,367)	1,375,652	5,814,019
OTHER FINANCING SOURCES (USES)				
Debt issuance	2,249,000	2,249,000	2,679,939	430,939
Transfers in	3,697,300	3,697,300	3,713,120	15,820
Transfers out	(5,654,453)	(5,691,442)	(5,660,825)	30,617
	291,847	254,858	732,234	477,376
Net changes in fund balance	\$ (1,577,030)	\$ (4,183,509)	2,107,886	\$ 6,291,395
Fund balance - beginning			35,567,463	
Fund balance - ending			\$ 37,675,349	

CITY OF ROCKFORD, ILLINOIS

Public Library - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2015**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 7,330,000	\$ 7,330,000	\$ 7,234,261	\$ (95,739)
Intergovernmental	985,000	1,040,000	992,723	(47,277)
Charges for services	106,191	106,191	100,520	(5,671)
Fines	100,000	100,000	83,052	(16,948)
Interest	10,000	97,033	159,327	62,294
Miscellaneous	75,000	75,000	154,201	79,201
Total revenues	<u>8,606,191</u>	<u>8,748,224</u>	<u>8,724,084</u>	<u>(24,140)</u>
EXPENDITURES				
Current				
Culture and recreation	8,095,691	7,921,410	7,348,771	572,639
Capital Outlay				
Culture and recreation	245,000	631,813	375,570	256,243
Debt Service				
Principal payments	125,000	125,000	-	125,000
Interest payments	100,000	100,000	-	100,000
Total expenditures	<u>8,565,691</u>	<u>8,778,223</u>	<u>7,724,341</u>	<u>1,053,882</u>
Excess (deficiency) of revenues over (under) expenditures	40,500	(29,999)	999,743	1,029,742
OTHER FINANCING (USES)				
Transfers out	-	-	(243,987)	(243,987)
Net changes in fund balance	<u>\$ 40,500</u>	<u>\$ (29,999)</u>	755,756	<u>\$ 785,755</u>
Fund balance - beginning			<u>9,314,207</u>	
Fund balance - ending			<u>\$ 10,069,963</u>	

CITY OF ROCKFORD, ILLINOIS

Community Development - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2015**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 2,442,808	\$ 2,442,808	\$ 4,876,827	\$ 2,434,019
Interest	-	-	13,005	13,005
Miscellaneous	65,000	65,000	191,327	126,327
Total revenues	<u>2,507,808</u>	<u>2,507,808</u>	<u>5,081,159</u>	<u>2,573,351</u>
EXPENDITURES				
Current				
Community development	4,609,375	4,976,531	4,243,906	732,625
Debt service				
Principal payments	-	-	190,000	(190,000)
Interest payments	-	-	47,774	(47,774)
Total expenditures	<u>4,609,375</u>	<u>4,976,531</u>	<u>4,481,680</u>	<u>494,851</u>
Excess (deficiency) of revenues over (under) expenditures	(2,101,567)	(2,468,723)	599,479	3,068,202
OTHER FINANCING (USES)				
Transfers out	-	-	(974,820)	(974,820)
Net changes in fund balance	<u>\$ (2,101,567)</u>	<u>\$ (2,468,723)</u>	(375,341)	<u>\$ 2,093,382</u>
Fund balance - beginning			<u>642,927</u>	
Fund balance - ending			<u>\$ 267,586</u>	

OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedules include:

- Budgetary Comparison Schedules – Major Governmental Funds
- Combining Statements – Nonmajor Governmental Funds
- Budgetary Comparison Schedules – Nonmajor Governmental Funds
- Budgetary Comparison Schedules – Enterprise Funds
- Combining Statements – Internal Service Funds
- Budgetary Comparison Schedules – Internal Service Funds
- Combining Statements – Pension Trust Funds
- Budgetary Comparison Schedules – Pension Trust Funds

CITY OF ROCKFORD, ILLINOIS

Debt Service Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2015**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	\$ -	\$ -	\$ 3,390,101	\$ 3,390,101
Intergovernmental	940,000	940,000	1,784,188	844,188
Interest	-	-	3,007	3,007
Miscellaneous	120,000	120,000	169,430	49,430
Total revenues	<u>1,060,000</u>	<u>1,060,000</u>	<u>5,346,726</u>	<u>4,286,726</u>
EXPENDITURES				
Debt service				
Principal payments	6,979,344	6,979,344	12,676,258	(5,696,914)
Interest and service fees	2,609,327	2,609,327	3,197,001	(587,674)
Total expenditures	<u>9,588,671</u>	<u>9,588,671</u>	<u>15,873,259</u>	<u>(6,284,588)</u>
Excess (deficiency) of revenues over (under) expenditures	(8,528,671)	(8,528,671)	(10,526,533)	(1,997,862)
OTHER FINANCING SOURCES				
Transfers in	<u>2,530,308</u>	<u>2,530,308</u>	<u>10,066,476</u>	<u>7,536,168</u>
Net changes in fund balance	<u>\$ (5,998,363)</u>	<u>\$ (5,998,363)</u>	(460,057)	<u>\$ 5,538,306</u>
Fund balance - beginning			<u>10,637,585</u>	
Fund balance - ending			<u>\$ 10,177,528</u>	

CITY OF ROCKFORD, ILLINOIS

Capital Projects Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2015**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	\$ -	\$ -	\$ 15,972,917	\$ 15,972,917
Intergovernmental	-	-	14,124,360	14,124,360
Interest	-	-	100,206	100,206
Miscellaneous	-	-	51,283	51,283
Total revenues	-	-	30,248,766	30,248,766
EXPENDITURES				
Current				
Streets, alleys and bridges	-	5,031,884	10,294,128	(5,262,244)
Debt service				
Interest and service fees	-	-	48,450	(48,450)
Capital outlay	7,905	6,975,259	41,979,220	(35,003,961)
Total expenditures	7,905	12,007,143	52,321,798	(40,314,655)
Excess (deficiency) of revenues over (under) expenditures	(7,905)	(12,007,143)	(22,073,032)	(10,065,889)
OTHER FINANCING SOURCES				
Debt issuance	-	-	12,195,000	12,195,000
Transfers in	-	-	7,348,574	7,348,574
	-	-	19,543,574	19,543,574
Net changes in fund balance	<u>\$ (7,905)</u>	<u>\$ (12,007,143)</u>	(2,529,458)	<u>\$ 9,477,685</u>
Fund balance - beginning			<u>5,588,205</u>	
Fund balance - ending			<u>\$ 3,058,747</u>	

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 B16. Fund statements for major special revenue funds are reported on Pages A10 thru A11 of the basic financial statements.

Rockford Tuberculosis Care	To account for services (i.e. tuberculosis shots and examination) 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 account for 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 of the Rockford Urbanized Area. Funding is provided by grants and local matching.

NONMAJOR GOVERNMENTAL FUNDS - Continued

SPECIAL REVENUE FUNDS - Continued

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

Nonmajor Governmental - Special Revenue Funds

**Combining Balance Sheet
December 31, 2015**

	Rockford Tuberculosis Care Center	Garbage and Refuse	Motor Fuel Tax	Redevelopment
ASSETS				
Cash and cash equivalents	\$ 215,617	\$ 4,235,243	\$ 11,387,141	\$ 903,662
Receivables - net of allowances				
Property taxes	160,312	34,851	-	-
Accounts	-	744,669	-	61,489
Accrued interest	810	17,188	-	9,001
Due from Federal Government	-	-	-	-
Due from the State of Illinois	-	-	345,013	-
Due from other governmental units	-	-	-	423,210
	<hr/>			
Total assets	\$ 376,739	\$ 5,031,951	\$ 11,732,154	\$ 1,397,362
<hr/>				
LIABILITIES				
Accounts and contracts payable	\$	\$ 730,601	\$ 290,637	\$ 3,011
Accrued payroll and benefits	-	-	-	-
Due to other funds	-	-	3,418,887	-
Total liabilities	-	730,601	3,709,524	3,011
<hr/>				
DEFERRED INFLOWS OF RESOURCES				
Property taxes	160,204	34,827	-	-
Total liabilities and deferred inflows of recourses	160,204	765,428	3,709,524	3,011
<hr/>				
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted for				
Community development	-	-	-	1,394,351
Highway and streets	-	-	8,022,630	-
Assigned for				
General government	-	-	-	-
Community development	-	4,266,523	-	-
Public health and welfare	216,535	-	-	-
Unassigned	-	-	-	-
Total fund balances	216,535	4,266,523	8,022,630	1,394,351
<hr/>				
Total liabilities, deferred inflows of resources and fund balances	\$ 376,739	\$ 5,031,951	\$ 11,732,154	\$ 1,397,362
<hr/>				

Tourism	Special Projects	RKFD Metro Agency for Planning	Veteran's Scholarship	Justice Assistance Grant	Flex Care
\$ 638,557	\$ 154,396	\$ -	\$ 33,576	\$ -	\$ 195,661
-	-	-	-	-	-
147,114	8,667	-	-	-	-
-	580	(1,509)	126	-	-
-	-	-	-	123,177	-
2,399	-	429,901	-	-	-
-	-	20,275	-	-	-
\$ 788,070	\$ 163,643	\$ 448,667	\$ 33,702	\$ 123,177	\$ 195,661
\$ 188,905	\$ -	\$ 35,281	\$ -	\$ 49,273	\$ 100
-	-	29,550	-	-	-
-	-	401,567	-	193,563	-
188,905	-	466,398	-	242,836	100
-	-	-	-	-	-
188,905	-	466,398	-	242,836	100
-	-	-	33,702	-	-
599,165	163,643	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	195,561
-	-	-	-	-	-
-	-	-	-	-	-
-	-	(17,731)	-	(119,659)	-
599,165	163,643	(17,731)	33,702	(119,659)	195,561
\$ 788,070	\$ 163,643	\$ 448,667	\$ 33,702	\$ 123,177	\$ 195,661

CITY OF ROCKFORD, ILLINOIS

Nonmajor Governmental - Special Revenue Funds

**Combining Balance Sheet - Continued
December 31, 2015**

	East Side	West Side	Seventh Street	South Rockford	Lincolnwood Estates
ASSETS					
Cash and cash equivalents	\$ -	\$ 554,074	\$ -	\$ 349,311	\$ 101,734
Receivables - net of allowances					
Property taxes	368,654	580,967	757,841	116,524	54,746
Accounts	-	-	-	-	-
Accrued interest	(466)	203	(2,872)	1,312	382
Due from Federal Government	-	-	-	-	-
Due from the State of Illinois	-	-	-	-	-
Due from other governmental units	-	-	-	-	-
 Total assets	 \$ 368,188	 \$ 1,135,244	 \$ 754,969	 \$ 467,147	 \$ 156,862
LIABILITIES					
Accounts and contracts payable	\$ -	\$ 43,835	\$ -	\$ 460	\$ -
Accrued payroll and benefits	-	-	-	-	-
Due to other funds	124,130	-	764,557	-	-
Total liabilities	124,130	43,835	764,557	460	-
DEFERRED INFLOWS OF RESOURCES					
Property taxes	368,654	580,967	757,841	116,524	54,746
Total liabilities and deferred inflows of resources	492,784	624,802	1,522,398	116,984	54,746
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted for					
Community development	-	510,442	-	350,163	102,116
Highway and streets	-	-	-	-	-
Assigned for					
General government	-	-	-	-	-
Community development	-	-	-	-	-
Public health and welfare	-	-	-	-	-
Unassigned	(124,596)	-	(767,429)	-	-
Total fund balances	(124,596)	510,442	(767,429)	350,163	102,116
 Total liabilities, deferred inflows of resources and fund balances	 \$ 368,188	 \$ 1,135,244	 \$ 754,969	 \$ 467,147	 \$ 156,862

Tax Increment Financing Areas						
Springfield Corners	Rockford Global Trade Park	North Main	Lincolnwood II	River Oaks	Garrison	Hope Six
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
206,302	892,357	45,799	38,873	26,101	108,145	140,163
-	-	-	-	-	-	-
(2,941)	(864)	(3,527)	(30)	(7,425)	(2,066)	(2,078)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
\$ 203,361	\$ 891,493	\$ 42,272	\$ 38,843	\$ 18,676	\$ 106,079	\$ 138,085
\$ 1,400,000	\$ 26,786	\$ -	\$ -	\$ -	\$ -	\$ 1,289
-	-	-	-	-	-	-
782,784	230,095	938,904	7,925	1,976,421	549,868	553,007
2,182,784	256,881	938,904	7,925	1,976,421	549,868	554,296
206,304	892,357	45,799	38,873	26,101	108,144	140,164
2,389,088	1,149,238	984,703	46,798	2,002,522	658,012	694,460
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(2,185,727)	(257,745)	(942,431)	(7,955)	(1,983,846)	(551,933)	(556,375)
(2,185,727)	(257,745)	(942,431)	(7,955)	(1,983,846)	(551,933)	(556,375)
\$ 203,361	\$ 891,493	\$ 42,272	\$ 38,843	\$ 18,676	\$ 106,079	\$ 138,085

CITY OF ROCKFORD, ILLINOIS

Nonmajor Governmental - Special Revenue Funds

Combining Balance Sheet - Continued
December 31, 2015

	Kishwaukee/ Harrison	Jackson School	Preston/ Central	North Main and Auburn	East State and Alpine
ASSETS					
Cash and cash equivalents	\$ 95,563	\$ -	\$ -	\$ -	\$ 393,555
Receivables - net of allowances					
Property taxes	39,773	30,027	76,310	2,753	113,520
Accounts	-	-	-	-	-
Accrued interest	359	(490)	(5,585)	(68)	1,479
Due from Federal Government	-	-	-	-	-
Due from the State of Illinois	-	-	-	-	-
Due from other governmental units	-	-	-	-	-
Total assets	\$ 135,695	\$ 29,537	\$ 70,725	\$ 2,685	\$ 508,554
LIABILITIES					
Accounts and contracts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and benefits	-	-	-	-	-
Due to other funds	-	130,455	1,486,538	18,138	-
Total liabilities	-	130,455	1,486,538	18,138	-
DEFERRED INFLOWS OF RESOURCES					
Property taxes	39,773	30,027	76,310	2,754	113,520
Total liabilities and deferred inflows of recourses	39,773	160,482	1,562,848	20,892	113,520
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted for					
Community development	95,922	-	-	-	395,034
Highway and streets	-	-	-	-	-
Assigned for					
General government	-	-	-	-	-
Community development	-	-	-	-	-
Public health and welfare	-	-	-	-	-
Unassigned	-	(130,945)	(1,492,123)	(18,207)	-
Total fund balances	95,922	(130,945)	(1,492,123)	(18,207)	395,034
Total liabilities, deferred inflows of resources and fund balances	\$ 135,695	\$ 29,537	\$ 70,725	\$ 2,685	\$ 508,554

Tax Increment Financing Areas							
West State and Central	West State and Kilburn	West Side II	Rockford Global Trade Park II	River North	North Main and Whitman	East River	
\$ -	\$ 71,170	\$ 10,131	\$ 613,413	\$ 110,391	\$ -	\$ 748,834	
62,380	29,890	633	239,805	55,724	137,930	292,609	
-	-	-	-	-	-	-	
(718)	267	38	2,304	415	(2,265)	2,813	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	2,220	-	-	-	-	
\$ 61,662	\$ 101,327	\$ 13,022	\$ 855,522	\$ 166,530	\$ 135,665	\$ 1,044,256	
\$ -	\$ -	\$ -	\$ 19,895	\$ 1,038	\$ -	\$ -	
-	-	-	-	-	-	-	
191,121	-	-	-	-	603,020	-	
191,121	-	-	19,895	1,038	603,020	-	
62,380	29,890	632	239,804	55,725	137,930	292,422	
253,501	29,890	632	259,699	56,763	740,950	292,422	
-	-	-	-	-	-	-	
-	71,437	12,390	595,823	109,767	-	751,834	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
(191,839)	-	-	-	-	(605,285)	-	
(191,839)	71,437	12,390	595,823	109,767	(605,285)	751,834	
\$ 61,662	\$ 101,327	\$ 13,022	\$ 855,522	\$ 166,530	\$ 135,665	\$ 1,044,256	

CITY OF ROCKFORD, ILLINOIS

Nonmajor Governmental - Special Revenue Funds

**Combining Balance Sheet - Continued
December 31, 2015**

	Assisted Living	Midtown	Kishwaukee and Harrison II	Rockford Global Trade Park III
ASSETS				
Cash and cash equivalents	\$ 231	\$ 78,374	\$ 609	\$ 87,888
Receivables - net of allowances				
Property taxes	-	10,982	-	27,909
Accounts	-	-	-	-
Accrued interest	1	295	2	330
Due from Federal Government	-	-	-	-
Due from the State of Illinois	-	-	-	-
Due from other governmental units	-	-	-	-
	<hr/>			
Total assets	\$ 232	\$ 89,651	\$ 611	\$ 116,127
LIABILITIES				
Accounts and contracts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll and benefits	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	-	-	-	-
DEFERRED INFLOWS OF RESOURCES				
Property taxes	-	10,982	-	27,909
Total liabilities and deferred inflows of recourses	-	10,982	-	27,909
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted for				
Community development	232	78,669	611	88,218
Highway and streets	-	-	-	-
Assigned for				
General government	-	-	-	-
Community development	-	-	-	-
Public health and welfare	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	232	78,669	611	88,218
	<hr/>			
Total liabilities, deferred inflows of resources and fund balances	\$ 232	\$ 89,651	\$ 611	\$ 116,127

Tax Increment Financing Areas					
Broadway	Rockford Global Trade Park South	Jefferson and Third Street	Mulford and State	Auburn Street	Totals
\$ 116,858	\$ 32,532	\$ -	\$ 125,711	\$ 6,441	\$ 21,254,232
48,069	14,083	15,873	218,304	14,093	4,948,209
-	-	-	-	-	961,939
439	122	(47)	472	26	5,987
-	-	-	-	-	123,177
-	-	-	-	-	777,313
-	-	-	-	-	445,705
\$ 165,366	\$ 46,737	\$ 15,826	\$ 344,487	\$ 20,560	\$ 28,516,562
\$ -	\$ 748	\$ -	\$ -	\$ -	\$ 2,791,859
25	-	-	-	-	29,575
-	-	12,471	-	-	12,383,451
25	748	12,471	-	-	15,204,885
48,070	14,083	15,873	215,135	14,093	4,944,724
48,095	14,831	28,344	215,135	14,093	20,149,609
-	-	-	-	-	33,702
117,271	31,906	-	129,352	6,467	5,598,346
-	-	-	-	-	8,022,630
-	-	-	-	-	195,561
-	-	-	-	-	4,266,523
-	-	-	-	-	216,535
-	-	(12,518)	-	-	(9,966,344)
117,271	31,906	(12,518)	129,352	6,467	8,366,953
\$ 165,366	\$ 46,737	\$ 15,826	\$ 344,487	\$ 20,560	\$ 28,516,562

(Concluded)

CITY OF ROCKFORD, ILLINOIS

Nonmajor Governmental - Special Revenue Funds

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended December 31, 2015**

	Rockford Tuberculosis Care Center	Garbage and Refuse	Motor Fuel Tax	Redevelopment
REVENUES				
Taxes	\$ 159,263	\$ 35,859	\$ -	\$ 4,302,212
Licenses and permits	-	-	-	-
Intergovernmental	-	-	3,661,007	-
Charges for services	-	12,360,425	-	-
Interest	3,164	76,376	5,399	30,521
Miscellaneous	-	17,752	-	270,000
Total revenues	162,427	12,490,412	3,666,406	4,602,733
EXPENDITURES				
Current				
Public safety	-	-	-	-
Community development	-	-	-	1,194,370
Sanitation and sewers	-	12,358,032	-	-
Public health and welfare	105,189	-	-	-
Debt service				
Principal payments	-	-	-	282,222
Interest and fiscal charges	-	-	-	62,624
Total expenditures	105,189	12,358,032	-	1,539,216
Excess (deficiency) of revenues over (under) expenditures	57,238	132,380	3,666,406	3,063,517
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	454,080
Transfers out	-	-	(7,348,574)	(3,994,303)
	-	-	(7,348,574)	(3,540,223)
Net change in fund balances	57,238	132,380	(3,682,168)	(476,706)
Fund balances - beginning	159,297	4,134,143	11,704,798	1,871,057
Fund balances - ending	\$ 216,535	\$ 4,266,523	\$ 8,022,630	\$ 1,394,351

Tourism	Special Projects	RKFD Metro Agency for Planning	Veteran's Scholarship	Justice Assistance Grant	Flex Care
\$ 1,884,267	\$ -	\$ 615,064	\$ -	\$ -	\$ -
-	83,814	-	-	-	-
-	-	417,901	-	101,704	-
-	-	-	-	-	-
8,425	2,106	(5,851)	556	-	-
-	-	-	-	-	2,573
1,892,692	85,920	1,027,114	556	101,704	2,573
-	-	-	-	222,045	-
1,310,782	-	914,901	3,000	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	70,000	-	-	-	-
1,310,782	70,000	914,901	3,000	222,045	-
581,910	15,920	112,213	(2,444)	(120,341)	2,573
-	-	-	-	-	-
(454,080)	-	(12,500)	-	-	-
(454,080)	-	(12,500)	-	-	-
127,830	15,920	99,713	(2,444)	(120,341)	2,573
471,335	147,723	(117,444)	36,146	682	192,988
\$ 599,165	\$ 163,643	\$ (17,731)	\$ 33,702	\$ (119,659)	\$ 195,561

CITY OF ROCKFORD, ILLINOIS

Nonmajor Governmental - Special Revenue Funds

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Continued
For the Fiscal Year Ended December 31, 2015**

	East Side	West Side	Seventh Street	South Rockford	Lincolnwood Estates
REVENUES					
Taxes	\$ 322,666	\$ 488,964	\$ 767,825	\$ 99,448	\$ 63,160
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Interest	(1,552)	3,911	(9,436)	7,903	1,746
Miscellaneous	-	2,900	-	-	-
Total revenues	<u>321,114</u>	<u>495,775</u>	<u>758,389</u>	<u>107,351</u>	<u>64,906</u>
EXPENDITURES					
Current					
Public safety	-	-	-	-	-
Community development	64,767	133,846	78,962	33,112	-
Sanitation and sewers	-	-	-	-	-
Public health and welfare	-	-	-	-	-
Debt service					
Principal payments	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>64,767</u>	<u>133,846</u>	<u>78,962</u>	<u>33,112</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>256,347</u>	<u>361,929</u>	<u>679,427</u>	<u>74,239</u>	<u>64,906</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	300,000	-	150,000	-
Transfers out	(325,000)	(360,000)	(1,117,075)	(112,416)	(85,328)
	<u>(325,000)</u>	<u>(60,000)</u>	<u>(1,117,075)</u>	<u>37,584</u>	<u>(85,328)</u>
Net change in fund balances	(68,653)	301,929	(437,648)	111,823	(20,422)
Fund balances - beginning	<u>(55,943)</u>	<u>208,513</u>	<u>(329,781)</u>	<u>238,340</u>	<u>122,538</u>
Fund balances - ending	<u>\$ (124,596)</u>	<u>\$ 510,442</u>	<u>\$ (767,429)</u>	<u>\$ 350,163</u>	<u>\$ 102,116</u>

Tax Increment Financing Areas							
Springfield Corners	Rockford Global Trade Park	North Main	Lincolnwood II	River Oaks	Garrison	Hope Six	
\$ 214,026	\$ 809,679	\$ 45,190	\$ 41,134	\$ 22,233	\$ 66,777	\$ 148,689	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
(10,699)	(4,972)	(14,095)	27	(30,111)	(8,470)	(8,143)	
-	-	-	-	-	-	-	
203,327	804,707	31,095	41,161	(7,878)	58,307	140,546	
-	-	-	-	-	-	-	
-	191,578	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	191,578	-	-	-	-	-	
203,327	613,129	31,095	41,161	(7,878)	58,307	140,546	
-	-	-	-	-	-	-	
(462,082)	(557,645)	(184,740)	(65,647)	(264,328)	(129,996)	(257,307)	
(462,082)	(557,645)	(184,740)	(65,647)	(264,328)	(129,996)	(257,307)	
(258,755)	55,484	(153,645)	(24,486)	(272,206)	(71,689)	(116,761)	
(1,926,972)	(313,229)	(788,786)	16,531	(1,711,640)	(480,244)	(439,614)	
\$ (2,185,727)	\$ (257,745)	\$ (942,431)	\$ (7,955)	\$ (1,983,846)	\$ (551,933)	\$ (556,375)	

CITY OF ROCKFORD, ILLINOIS

Nonmajor Governmental - Special Revenue Funds

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Continued
For the Fiscal Year Ended December 31, 2015**

	Kishwaukee/ Harrison	Jackson School	Preston/ Central	North Main and Auburn	East State and Alpine
REVENUES					
Taxes	\$ 39,356	\$ 31,768	\$ 75,507	\$ 1,339	\$ 116,459
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Interest	1,718	(2,360)	(24,027)	676	5,827
Miscellaneous	-	-	-	-	-
Total revenues	41,074	29,408	51,480	2,015	122,286
EXPENDITURES					
Current					
Public safety	-	-	-	-	-
Community development	33,289	-	-	105,590	40,000
Sanitation and sewers	-	-	-	-	-
Public health and welfare	-	-	-	-	-
Debt service					
Principal payments	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	33,289	-	-	105,590	40,000
Excess (deficiency) of revenues over (under) expenditures	7,785	29,408	51,480	(103,575)	82,286
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	(42,938)	(87,363)	-	(40,000)
	-	(42,938)	(87,363)	-	(40,000)
Net change in fund balances	7,785	(13,530)	(35,883)	(103,575)	42,286
Fund balances - beginning	88,137	(117,415)	(1,456,240)	85,368	352,748
Fund balances - ending	\$ 95,922	\$ (130,945)	\$ (1,492,123)	\$ (18,207)	\$ 395,034

Tax Increment Financing Areas

West State and Central	West State and Kilburn	West Side II	Rockford Global Trade Park II	River North	North Main and Whitman	East River
\$ 41,822	\$ 25,661	\$ 627	\$ 246,128	\$ 45,853	\$ 19,446	\$ 186,312
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
738	816	158	8,134	1,944	(9,399)	3,246
-	-	-	-	-	-	-
42,560	26,477	785	254,262	47,797	10,047	189,558
-	-	-	-	-	-	-
300,000	-	471	42,739	56,938	-	352,192
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
300,000	-	471	42,739	56,938	-	352,192
(257,440)	26,477	314	211,523	(9,141)	10,047	(162,634)
-	-	-	-	-	-	1,092,075
-	-	-	-	(17,500)	(77,771)	(188,100)
-	-	-	-	(17,500)	(77,771)	903,975
(257,440)	26,477	314	211,523	(26,641)	(67,724)	741,341
65,601	44,960	12,076	384,300	136,408	(537,561)	10,493
\$ (191,839)	\$ 71,437	\$ 12,390	\$ 595,823	\$ 109,767	\$ (605,285)	\$ 751,834

CITY OF ROCKFORD, ILLINOIS

Nonmajor Governmental - Special Revenue Funds

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Continued
For the Fiscal Year Ended December 31, 2015**

	Assisted Living	Midtown	Kishwaukee and Harrison II	Rockford Global Trade Park III
REVENUES				
Taxes	\$ -	\$ 9,854	\$ -	\$ 17,365
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Interest	4	1,166	9	1,273
Miscellaneous	-	-	-	-
Total revenues	4	11,020	9	18,638
EXPENDITURES				
Current				
Public safety	-	-	-	-
Community development	-	-	-	-
Sanitation and sewers	-	-	-	-
Public health and welfare	-	-	-	-
Debt service				
Principal payments	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	4	11,020	9	18,638
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Net change in fund balances	4	11,020	9	18,638
Fund balances - beginning	228	67,649	602	69,580
Fund balances - ending	\$ 232	\$ 78,669	\$ 611	\$ 88,218

Tax Increment Financing Areas					
Broadway	Rockford Global Trade Park South	Jefferson and Third Street	Mulford and State	Auburn Street	Totals
\$ 46,659	\$ 14,579	\$ 13,837	\$ 167,765	\$ 6,415	\$ 11,186,793
-	-	-	-	-	83,814
37,500	-	-	-	-	4,218,112
-	-	-	-	-	12,360,425
1,981	357	35	3,101	52	42,202
-	-	-	-	-	293,225
86,140	14,936	13,872	170,866	6,467	28,184,571
-	-	27,128	-	-	249,173
83,616	748	-	184,248	-	5,125,149
-	-	-	-	-	12,358,032
-	-	-	-	-	105,189
-	-	-	-	-	282,222
-	-	-	-	-	132,624
83,616	748	27,128	184,248	-	18,252,389
2,524	14,188	(13,256)	(13,382)	6,467	9,932,182
-	-	-	-	-	1,996,155
-	-	-	-	-	(16,184,693)
-	-	-	-	-	(14,188,538)
2,524	14,188	(13,256)	(13,382)	6,467	(4,256,356)
114,747	17,718	738	142,734	-	12,623,309
\$ 117,271	\$ 31,906	\$ (12,518)	\$ 129,352	\$ 6,467	\$ 8,366,953

(Concluded)

CITY OF ROCKFORD, ILLINOIS

Nonmajor Governmental - Special Revenue Funds

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Continued
For the Fiscal Year Ended December 31, 2015**

	Assisted Living	Midtown	Kishwaukee and Harrison II	Rockford Global Trade Park III
REVENUES				
Taxes	\$ -	\$ 9,854	\$ -	\$ 17,365
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Interest	4	1,166	9	1,273
Miscellaneous	-	-	-	-
Total revenues	4	11,020	9	18,638
EXPENDITURES				
Current				
Public safety	-	-	-	-
Community development	-	-	-	-
Sanitation and sewers	-	-	-	-
Public health and welfare	-	-	-	-
Debt service				
Principal payments	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	4	11,020	9	18,638
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Net change in fund balances	4	11,020	9	18,638
Fund balances - beginning	228	67,649	602	69,580
Fund balances - ending	\$ 232	\$ 78,669	\$ 611	\$ 88,218

Tax Increment Financing Areas					
Broadway	Rockford Global Trade Park South	Jefferson and Third Street	Mulford and State	Auburn Street	Totals
\$ 46,659	\$ 14,579	\$ 13,837	\$ 167,765	\$ 6,415	\$ 11,186,793
-	-	-	-	-	83,814
37,500	-	-	-	-	4,218,112
-	-	-	-	-	12,360,425
1,981	357	35	3,101	52	42,202
-	-	-	-	-	293,225
86,140	14,936	13,872	170,866	6,467	28,184,571
-	-	27,128	-	-	249,173
83,616	748	-	184,248	-	5,125,149
-	-	-	-	-	12,358,032
-	-	-	-	-	105,189
-	-	-	-	-	282,222
-	-	-	-	-	132,624
83,616	748	27,128	184,248	-	18,252,389
2,524	14,188	(13,256)	(13,382)	6,467	9,932,182
-	-	-	-	-	1,996,155
-	-	-	-	-	(16,184,693)
-	-	-	-	-	(14,188,538)
2,524	14,188	(13,256)	(13,382)	6,467	(4,256,356)
114,747	17,718	738	142,734	-	12,623,309
\$ 117,271	\$ 31,906	\$ (12,518)	\$ 129,352	\$ 6,467	\$ 8,366,953

(Concluded)

CITY OF ROCKFORD, ILLINOIS

Nonmajor Governmental - Special Revenue Funds

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2015**

	<u>Rockford Tuberculosis Care Center</u>				<u>Garbage and Refuse</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES								
Taxes								
Property	\$ 168,300	\$ 168,300	\$ 159,263	\$ (9,037)	\$ 21,700	\$ 21,700	\$ 35,859	\$ 14,159
Charges for services	-	-	-	-	11,675,400	11,675,400	12,360,425	685,025
Interest	1,700	1,700	3,164	1,464	82,200	82,200	76,376	(5,824)
Miscellaneous	-	-	-	-	27,100	27,100	17,752	(9,348)
Total revenues	<u>170,000</u>	<u>170,000</u>	<u>162,427</u>	<u>(7,573)</u>	<u>11,806,400</u>	<u>11,806,400</u>	<u>12,490,412</u>	<u>684,012</u>
EXPENDITURES								
Current								
Sanitation and sewers	-	-	-	-	11,793,360	12,133,250	12,358,032	(224,782)
Public health and welfare	178,500	178,500	105,189	73,311	-	-	-	-
Total expenditures	<u>178,500</u>	<u>178,500</u>	<u>105,189</u>	<u>73,311</u>	<u>11,793,360</u>	<u>12,133,250</u>	<u>12,358,032</u>	<u>(224,782)</u>
Net change in fund balances	<u>\$ (8,500)</u>	<u>\$ (8,500)</u>	<u>57,238</u>	<u>\$ 65,738</u>	<u>\$ 13,040</u>	<u>\$ (326,850)</u>	<u>132,380</u>	<u>\$ 459,230</u>
Fund balances - beginning			<u>159,297</u>				<u>4,134,143</u>	
Fund balances - ending			<u>\$ 216,535</u>				<u>\$ 4,266,523</u>	

(Continued)

CITY OF ROCKFORD, ILLINOIS

Nonmajor Governmental - Special Revenue Funds - Continued

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2015**

	Motor Fuel Tax				Redevelopment			
	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	\$ -	\$ -	\$ -	\$ -	\$ 3,825,300	\$ 3,825,300	\$ 4,302,212	\$ 476,912
Intergovernmental	4,503,500	4,503,500	3,661,007	(842,493)	-	-	-	-
Interest	297,000	297,000	5,399	(291,601)	-	-	30,521	30,521
Miscellaneous	-	-	-	-	-	-	270,000	270,000
Total revenues	<u>4,800,500</u>	<u>4,800,500</u>	<u>3,666,406</u>	<u>(1,134,094)</u>	<u>3,825,300</u>	<u>3,825,300</u>	<u>4,602,733</u>	<u>777,433</u>
EXPENDITURES								
Current								
Community development	-	-	-	-	786,489	786,489	1,194,370	(407,881)
Debt service								
Principal payments	-	-	-	-	222,000	222,000	282,222	(60,222)
Interest and fiscal charges	-	-	-	-	106,000	106,000	62,624	43,376
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,114,489</u>	<u>1,114,489</u>	<u>1,539,216</u>	<u>(424,727)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,800,500</u>	<u>4,800,500</u>	<u>3,666,406</u>	<u>(1,134,094)</u>	<u>2,710,811</u>	<u>2,710,811</u>	<u>3,063,517</u>	<u>352,706</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	425,000	425,000	454,080	29,080
Transfers out	(6,316,300)	(6,316,300)	(7,348,574)	(1,032,274)	(2,562,447)	(3,088,616)	(3,994,303)	(905,687)
	<u>(6,316,300)</u>	<u>(6,316,300)</u>	<u>(7,348,574)</u>	<u>(1,032,274)</u>	<u>(2,137,447)</u>	<u>(2,663,616)</u>	<u>(3,540,223)</u>	<u>(876,607)</u>
Net change in fund balances	<u>\$ (1,515,800)</u>	<u>\$ (1,515,800)</u>	<u>(3,682,168)</u>	<u>\$ (2,166,368)</u>	<u>\$ 573,364</u>	<u>\$ 47,195</u>	<u>(476,706)</u>	<u>\$ (523,901)</u>
Fund balances - beginning			<u>11,704,798</u>				<u>1,871,057</u>	
Fund balances - ending			<u>\$ 8,022,630</u>				<u>\$ 1,394,351</u>	

(Continued)

CITY OF ROCKFORD, ILLINOIS

Nonmajor Governmental - Special Revenue Funds - Continued

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2015**

	<u>Tourism</u>				<u>Special Projects</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES								
Taxes								
Sales tax	\$ 1,639,700	\$ 1,639,700	\$ 1,884,267	\$ 244,567	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	105,000	105,000	83,814	(21,186)
Interest	-	-	8,425	8,425	1,700	1,700	2,106	406
Total revenues	<u>1,639,700</u>	<u>1,639,700</u>	<u>1,892,692</u>	<u>252,992</u>	<u>106,700</u>	<u>106,700</u>	<u>85,920</u>	<u>(20,780)</u>
EXPENDITURES								
Current								
Community development	1,185,620	1,335,620	1,310,782	24,838	-	-	-	-
Debt service								
Interest and fiscal charges	-	-	-	-	-	-	70,000	(70,000)
Total current expenditures	<u>1,185,620</u>	<u>1,335,620</u>	<u>1,310,782</u>	<u>24,838</u>	<u>-</u>	<u>-</u>	<u>70,000</u>	<u>(70,000)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>454,080</u>	<u>304,080</u>	<u>581,910</u>	<u>277,830</u>	<u>106,700</u>	<u>106,700</u>	<u>15,920</u>	<u>(90,780)</u>
OTHER FINANCING (USES)								
Transfers out	<u>(454,080)</u>	<u>(454,080)</u>	<u>(454,080)</u>	<u>-</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>	<u>100,000</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ (150,000)</u>	<u>127,830</u>	<u>\$ 277,830</u>	<u>\$ 6,700</u>	<u>\$ 6,700</u>	<u>15,920</u>	<u>\$ 9,220</u>
Fund balances - beginning			<u>471,335</u>				<u>147,723</u>	
Fund balances - ending			<u>\$ 599,165</u>				<u>\$ 163,643</u>	

(Continued)

CITY OF ROCKFORD, ILLINOIS

Nonmajor Governmental - Special Revenue Funds - Continued

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2015**

	RKFD Metro Agency for Planning				Tax Increment Financing Area East Side			
	Original Budget	Final Budget	Actual	Variance with	Original Budget	Final Budget	Actual	Variance with
				Final Budget Positive (Negative)				Final Budget Positive (Negative)
REVENUES								
Taxes								
Property	\$ 674,068	\$ 674,068	\$ 615,064	\$ (59,004)	\$ 308,056	\$ 308,056	\$ 322,666	\$ 14,610
Intergovernmental	259,513	259,513	417,901	158,388	-	-	-	-
Interest	-	-	(5,851)	(5,851)	-	-	(1,552)	(1,552)
Total revenues	<u>933,581</u>	<u>933,581</u>	<u>1,027,114</u>	<u>93,533</u>	<u>308,056</u>	<u>308,056</u>	<u>321,114</u>	<u>13,058</u>
EXPENDITURES								
Current								
Community development	957,733	1,394,899	914,901	479,998	119,588	119,588	64,767	54,821
Excess (deficiency) of revenues over (under) expenditures	<u>(24,152)</u>	<u>(461,318)</u>	<u>112,213</u>	<u>573,531</u>	<u>188,468</u>	<u>188,468</u>	<u>256,347</u>	<u>67,879</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	76,292	76,292	-	(76,292)	-	-	-	-
Transfers out	(12,500)	(12,500)	(12,500)	-	(300,000)	(300,000)	(325,000)	25,000
	<u>63,792</u>	<u>63,792</u>	<u>(12,500)</u>	<u>(76,292)</u>	<u>(300,000)</u>	<u>(300,000)</u>	<u>(325,000)</u>	<u>25,000</u>
Net change in fund balances	<u>\$ 39,640</u>	<u>\$ (397,526)</u>	<u>99,713</u>	<u>\$ 497,239</u>	<u>\$ (111,532)</u>	<u>\$ (111,532)</u>	<u>(68,653)</u>	<u>\$ 92,879</u>
Fund balances - beginning			<u>(117,444)</u>				<u>(55,943)</u>	
Fund balances - ending			<u>\$ (17,731)</u>				<u>\$ (124,596)</u>	

(Continued)

CITY OF ROCKFORD, ILLINOIS

Nonmajor Governmental - Special Revenue Funds - Continued

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2015**

	<u>Justice Assistance Grant</u>			<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 101,704	\$ 101,704
EXPENDITURES				
Current				
Public safety	55	90,768	222,045	(131,277)
Net change in fund balances	<u>\$ (55)</u>	<u>\$ (90,768)</u>	<u>(120,341)</u>	<u>\$ (29,573)</u>
Fund balances - beginning			<u>682</u>	
Fund balances - ending			<u>\$ (119,659)</u>	(Continued)

CITY OF ROCKFORD, ILLINOIS

Nonmajor Governmental - Special Revenue Funds - Continued

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2015**

	Tax Increment Financing Area West Side				Tax Increment Financing Area Seventh 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	\$ 422,910	\$ 422,910	\$ 488,964	\$ 66,054	\$ 823,220	\$ 823,220	\$ 767,825	\$ (55,395)
Interest	-	-	3,911	3,911	-	-	(9,436)	(9,436)
Miscellaneous	-	-	2,900	2,900	-	-	-	-
Total revenues	422,910	422,910	495,775	72,865	823,220	823,220	758,389	(64,831)
EXPENDITURES								
Current								
Community development	210,741	(289,259)	133,846	(423,105)	66,000	66,000	78,962	(12,962)
Excess (deficiency) of revenues over (under) expenditures	212,169	712,169	361,929	(350,240)	757,220	757,220	679,427	(77,793)
OTHER FINANCING SOURCES (USES)								
Transfers in	300,000	300,000	300,000	-	50,000	50,000	-	(50,000)
Transfers out	(500,000)	(860,000)	(360,000)	500,000	(1,092,075)	(1,092,075)	(1,117,075)	(25,000)
	(200,000)	(560,000)	(60,000)	500,000	(1,042,075)	(1,042,075)	(1,117,075)	(75,000)
Net change in fund balances	\$ 12,169	\$ 152,169	301,929	\$ 149,760	\$ (284,855)	\$ (284,855)	(437,648)	\$ (152,793)
Fund balances - beginning			208,513				(329,781)	
Fund balances - ending			\$ 510,442				\$ (767,429)	

(Continued)

CITY OF ROCKFORD, ILLINOIS

Nonmajor Governmental - Special Revenue Funds - Continued

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2015**

	Tax Increment Financing Area South Rockford				Tax Increment Financing Area Lincolnwood Estates			
	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	\$ 107,704	\$ 107,704	\$ 99,448	\$ (8,256)	\$ 64,684	\$ 64,684	\$ 63,160	\$ (1,524)
Interest	-	-	7,903	7,903	1,775	1,775	1,746	(29)
Total revenues	107,704	107,704	107,351	(353)	66,459	66,459	64,906	(1,553)
EXPENDITURES								
Current								
Community development	31,418	31,418	33,112	(1,694)	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	76,286	76,286	74,239	(2,047)	66,459	66,459	64,906	(1,553)
OTHER FINANCING SOURCES (USES)								
Transfers in	850,000	850,000	150,000	(700,000)	-	-	-	-
Transfers out	(362,318)	(361,318)	(112,416)	248,902	(85,688)	(85,328)	(85,328)	-
	487,682	488,682	37,584	(451,098)	(85,688)	(85,328)	(85,328)	-
Net change in fund balances	<u>\$ 563,968</u>	<u>\$ 564,968</u>	111,823	<u>\$ (453,145)</u>	<u>\$ (19,229)</u>	<u>\$ (18,869)</u>	(20,422)	<u>\$ (1,553)</u>
Fund balances - beginning			<u>238,340</u>				<u>122,538</u>	
Fund balances - ending			<u>\$ 350,163</u>				<u>\$ 102,116</u>	

(Continued)

CITY OF ROCKFORD, ILLINOIS

Nonmajor Governmental - Special Revenue Funds - Continued

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2015

	Tax Increment Financing Area Springfield Corners				Tax Increment Financing Area Rockford Global Trade Park			
	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	\$ 212,906	\$ 212,906	\$ 214,026	\$ 1,120	\$ 761,900	\$ 761,900	\$ 809,679	\$ 47,779
Interest	-	-	(10,699)	(10,699)	-	-	(4,972)	(4,972)
Total revenues	212,906	212,906	203,327	(9,579)	761,900	761,900	804,707	42,807
EXPENDITURES								
Current								
Community development	-	-	-	-	131,023	197,967	191,578	6,389
Debt service								
Interest and fiscal charges	8,262	8,262	-	8,262	3,589	3,589	-	3,589
Total expenditures	8,262	8,262	-	8,262	134,612	201,556	191,578	9,978
Excess (deficiency) of revenues over (under) expenditures	204,644	204,644	203,327	(1,317)	627,288	560,344	613,129	52,785
OTHER FINANCING SOURCES								
Transfers out	(467,082)	(462,082)	(462,082)	-	(698,238)	(557,645)	(557,645)	-
Net change in fund balances	<u>\$ (262,438)</u>	<u>\$ (257,438)</u>	(258,755)	<u>\$ (1,317)</u>	<u>\$ (70,950)</u>	<u>\$ 2,699</u>	55,484	<u>\$ 52,785</u>
Fund balances - beginning			(1,926,972)				(313,229)	
Fund balances - ending			<u>\$ (2,185,727)</u>				<u>\$ (257,745)</u>	

(Continued)

CITY OF ROCKFORD, ILLINOIS

Nonmajor Governmental - Special Revenue Funds - Continued

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2015**

	Tax Increment Financing Area North Main				Tax Increment Financing Area Lincolnwood 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	\$ 54,219	\$ 54,219	\$ 45,190	\$ (9,029)	\$ 43,294	\$ 43,294	\$ 41,134	\$ (2,160)
Interest	-	-	(14,095)	(14,095)	234	234	27	(207)
Total revenues	54,219	54,219	31,095	(23,124)	43,528	43,528	41,161	(2,367)
EXPENDITURES								
Debt service								
Interest and fiscal charges	11,266	11,266	-	11,266	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	42,953	42,953	31,095	(11,858)	43,528	43,528	41,161	(2,367)
OTHER FINANCING (USES)								
Transfers out	(200,963)	(200,963)	(184,740)	16,223	(67,231)	(67,231)	(65,647)	1,584
Net change in fund balances	<u>\$ (158,010)</u>	<u>\$ (158,010)</u>	<u>(153,645)</u>	<u>\$ 4,365</u>	<u>\$ (23,703)</u>	<u>\$ (23,703)</u>	<u>(24,486)</u>	<u>\$ (783)</u>
Fund balances - beginning			<u>(788,786)</u>				<u>16,531</u>	
Fund balances - ending			<u>\$ (942,431)</u>				<u>\$ (7,955)</u>	

(Continued)

CITY OF ROCKFORD, ILLINOIS

Nonmajor Governmental - Special Revenue Funds - Continued

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2015**

	Tax Increment Financing Area River Oaks				Tax Increment Financing Area Garrison			
	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	\$ 29,716	\$ 29,716	\$ 22,233	\$ (7,483)	\$ 61,049	\$ 61,049	\$ 66,777	\$ 5,728
Interest	-	-	(30,111)	(30,111)	-	-	(8,470)	(8,470)
Total revenues	29,716	29,716	(7,878)	(37,594)	61,049	61,049	58,307	(2,742)
EXPENDITURES								
Debt service								
Interest and fiscal charges	24,617	24,617	-	24,617	6,909	6,909	-	6,909
Excess (deficiency) of revenues over (under) expenditures	5,099	5,099	(7,878)	(12,977)	54,140	54,140	58,307	4,167
OTHER FINANCING (USES)								
Transfers out	(281,588)	(264,328)	(264,328)	-	(156,463)	(129,996)	(129,996)	-
Net change in fund balances	<u>\$ (276,489)</u>	<u>\$ (259,229)</u>	<u>(272,206)</u>	<u>\$ (12,977)</u>	<u>\$ (102,323)</u>	<u>\$ (75,856)</u>	<u>(71,689)</u>	<u>\$ 4,167</u>
Fund balances - beginning			(1,711,640)				(480,244)	
Fund balances - ending			<u>\$ (1,983,846)</u>				<u>\$ (551,933)</u>	

(Continued)

CITY OF ROCKFORD, ILLINOIS

Nonmajor Governmental - Special Revenue Funds - Continued

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2015

	Tax Increment Financing Area Hope Six				Tax Increment Financing Area Kishwaukee/Harrison			
	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	\$ 159,073	\$ 159,073	\$ 148,689	\$ (10,384)	\$ 41,211	\$ 41,211	\$ 39,356	\$ (1,855)
Interest	-	-	(8,143)	(8,143)	1,286	1,286	1,718	432
Total revenues	159,073	159,073	140,546	(18,527)	42,497	42,497	41,074	(1,423)
EXPENDITURES								
Current								
Community development	-	-	-	-	35,029	35,029	33,289	1,740
Debt service								
Interest and fiscal charges	6,268	6,268	-	6,268	-	-	-	-
Total expenditures	6,268	6,268	-	6,268	35,029	35,029	33,289	1,740
Excess (deficiency) of revenues over (under) expenditures	152,805	152,805	140,546	(12,259)	7,468	7,468	7,785	317
OTHER FINANCING (USES)								
Transfers out	(259,375)	(257,307)	(257,307)	-	-	-	-	-
Net change in fund balances	<u>\$ (106,570)</u>	<u>\$ (104,502)</u>	(116,761)	<u>\$ (12,259)</u>	<u>\$ 7,468</u>	<u>\$ 7,468</u>	7,785	<u>\$ 317</u>
Fund balances - beginning			(439,614)				88,137	
Fund balances - ending			<u>\$ (556,375)</u>				<u>\$ 95,922</u>	

(Continued)

CITY OF ROCKFORD, ILLINOIS

Nonmajor Governmental - Special Revenue Funds - Continued

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2015**

	Tax Increment Financing Area Jackson School				Tax Increment Financing Area Preston/Central			
	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	\$ 42,100	\$ 42,100	\$ 31,768	\$ (10,332)	\$ 76,700	\$ 76,700	\$ 75,507	\$ (1,193)
Interest	-	-	(2,360)	(2,360)	-	-	(24,027)	(24,027)
Total revenues	42,100	42,100	29,408	(12,692)	76,700	76,700	51,480	(25,220)
EXPENDITURES								
Current								
Community development	25,300	25,300	-	25,300	-	-	-	-
Debt service								
Interest and fiscal charges	1,702	1,702	-	1,702	20,077	20,077	-	20,077
Total expenditures	27,002	27,002	-	27,002	20,077	20,077	-	20,077
Excess (deficiency) of revenues over (under) expenditures	15,098	15,098	29,408	14,310	56,623	56,623	51,480	(5,143)
OTHER FINANCING (USES)								
Transfers out	(92,938)	(42,938)	(42,938)	-	(87,363)	(87,363)	(87,363)	-
Net change in fund balances	<u>\$ (77,840)</u>	<u>\$ (27,840)</u>	(13,530)	<u>\$ 14,310</u>	<u>\$ (30,740)</u>	<u>\$ (30,740)</u>	(35,883)	<u>\$ (5,143)</u>
Fund balances - beginning			(117,415)				(1,456,240)	
Fund balances - ending			<u>\$ (130,945)</u>				<u>\$ (1,492,123)</u>	

(Continued)

CITY OF ROCKFORD, ILLINOIS

Nonmajor Governmental - Special Revenue Funds - Continued

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2015**

	Tax Increment Financing Area North Main and Auburn				Tax Increment Financing Area East State and Alpine			
	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	\$ 2,870	\$ 2,870	\$ 1,339	\$ (1,531)	\$ 122,800	\$ 122,800	\$ 116,459	\$ (6,341)
Interest	1,245	1,245	676	(569)	5,165	5,165	5,827	662
Total revenues	4,115	4,115	2,015	(2,100)	127,965	127,965	122,286	(5,679)
EXPENDITURES								
Current								
Community development	10,000	3,750	105,590	(101,840)	145,000	118,050	40,000	78,050
Excess (deficiency) of revenues over (under) expenditures	(5,885)	365	(103,575)	(103,940)	(17,035)	9,915	82,286	72,371
OTHER FINANCING (USES)								
Transfers out	-	-	-	-	(40,000)	(4,000)	(40,000)	(36,000)
Net change in fund balances	<u>\$ (5,885)</u>	<u>\$ 365</u>	<u>(103,575)</u>	<u>\$ (103,940)</u>	<u>\$ (57,035)</u>	<u>\$ 5,915</u>	<u>42,286</u>	<u>\$ 36,371</u>
Fund balances - beginning			85,368				352,748	
Fund balances - ending			<u>\$ (18,207)</u>				<u>\$ 395,034</u>	

(Continued)

CITY OF ROCKFORD, ILLINOIS

Nonmajor Governmental - Special Revenue Funds - Continued

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2015**

	Tax Increment Financing Area West State and Central				Tax Increment Financing Area West State and Kilburn			
	Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
				Positive (Negative)				Positive (Negative)
REVENUES								
Taxes								
Property	\$ 55,100	\$ 55,100	\$ 41,822	\$ (13,278)	\$ 7,100	\$ 7,100	\$ 25,661	\$ 18,561
Interest	-	-	738	738	659	659	816	157
Total revenues	55,100	55,100	42,560	(12,540)	7,759	7,759	26,477	18,718
EXPENDITURES								
Current								
Community development	-	-	300,000	(300,000)	-	-	-	-
Debt service								
Interest and fiscal charges	1,232	1,232	-	1,232	-	-	-	-
Total expenditures	1,232	1,232	300,000	(298,768)	-	-	-	-
Net change in fund balances	<u>\$ 53,868</u>	<u>\$ 53,868</u>	(257,440)	<u>\$ (311,308)</u>	<u>\$ 7,759</u>	<u>\$ 7,759</u>	26,477	<u>\$ 18,718</u>
Fund balances - beginning			<u>65,601</u>				<u>44,960</u>	
Fund balances - ending			<u>\$ (191,839)</u>				<u>\$ 71,437</u>	

(Continued)

CITY OF ROCKFORD, ILLINOIS

Nonmajor Governmental - Special Revenue Funds - Continued

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2015**

	Tax Increment Financing Area West Side II				Tax Increment Financing Area Rockford Global Trade Park 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	\$ 1,490	\$ 1,490	\$ 627	\$ (863)	\$ 247,700	\$ 247,700	\$ 246,128	\$ (1,572)
Interest	177	177	158	(19)	5,925	5,925	8,134	2,209
Total revenues	1,667	1,667	785	(882)	253,625	253,625	254,262	637
EXPENDITURES								
Current								
Community development	-	-	471	(471)	650,921	650,921	42,739	608,182
Net change in fund balances	<u>\$ 1,667</u>	<u>\$ 1,667</u>	314	<u>\$ (1,353)</u>	<u>\$ (397,296)</u>	<u>\$ (397,296)</u>	211,523	<u>\$ 608,819</u>
Fund balances - beginning			<u>12,076</u>				<u>384,300</u>	
Fund balances - ending			<u>\$ 12,390</u>				<u>\$ 595,823</u>	

(Continued)

CITY OF ROCKFORD, ILLINOIS

Nonmajor Governmental - Special Revenue Funds - Continued

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2015**

	Tax Increment Financing Area River North				Tax Increment Financing Area North Main and Whitman			
	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	\$ 30,483	\$ 30,483	\$ 45,853	\$ 15,370	\$ 26,961	\$ 26,961	\$ 19,446	\$ (7,515)
Interest	1,995	1,995	1,944	(51)	-	-	(9,399)	(9,399)
Total revenues	<u>32,478</u>	<u>32,478</u>	<u>47,797</u>	<u>15,319</u>	<u>26,961</u>	<u>26,961</u>	<u>10,047</u>	<u>(16,914)</u>
EXPENDITURES								
Current								
Community development	11,886	11,886	56,938	(45,052)	-	-	-	-
Debt service								
Interest and fiscal charges	-	-	-	-	7,288	7,288	-	7,288
Total expenditures	<u>11,886</u>	<u>11,886</u>	<u>56,938</u>	<u>(45,052)</u>	<u>7,288</u>	<u>7,288</u>	<u>-</u>	<u>7,288</u>
Excess (deficiency) of revenues over (under) expenditures	20,592	20,592	(9,141)	(29,733)	19,673	19,673	10,047	(9,626)
OTHER FINANCING (USES)								
Transfers out	(30,117)	(17,500)	(17,500)	-	(111,946)	(77,771)	(77,771)	-
Net change in fund balances	<u>\$ (9,525)</u>	<u>\$ 3,092</u>	<u>(26,641)</u>	<u>\$ (29,733)</u>	<u>\$ (92,273)</u>	<u>\$ (58,098)</u>	<u>(67,724)</u>	<u>\$ (9,626)</u>
Fund balances - beginning			<u>136,408</u>				<u>(537,561)</u>	
Fund balances - ending			<u>\$ 109,767</u>				<u>\$ (605,285)</u>	

(Continued)

CITY OF ROCKFORD, ILLINOIS

Nonmajor Governmental - Special Revenue Funds - Continued

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2015**

	Tax Increment Financing Area East River				Tax Increment Financing Area Assisted Living			
	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	\$ 137,355	\$ 137,355	\$ 186,312	\$ 48,957	\$ -	\$ -	\$ -	\$ -
Interest	244	244	3,246	3,002	3	3	4	1
Total revenues	137,599	137,599	189,558	51,959	3	3	4	1
EXPENDITURES								
Current								
Community development	10,382	284,500	352,192	(67,692)	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	127,217	(146,901)	(162,634)	(15,733)	3	3	4	1
OTHER FINANCING SOURCES (USES)								
Transfers in	850,000	850,000	1,092,075	242,075	-	-	-	-
Transfers out	(889,000)	(188,100)	(188,100)	-	-	-	-	-
	(39,000)	661,900	903,975	242,075	-	-	-	-
Net change in fund balances	\$ 88,217	\$ 514,999	741,341	\$ 226,342	\$ 3	\$ 3	4	\$ 1
Fund balances - beginning			10,493				228	
Fund balances - ending			\$ 751,834				\$ 232	

(Continued)

CITY OF ROCKFORD, ILLINOIS

Nonmajor Governmental - Special Revenue Funds - Continued

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2015**

	Tax Increment Financing Area Midtown				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	\$ 11,820	\$ 11,820	\$ 9,854	\$ (1,966)	\$ -	\$ -	\$ -	\$ -
Interest	975	975	1,166	191	9	9	9	-
Miscellaneous	-	-	-	-	-	-	-	-
Total revenues	12,795	12,795	11,020	(1,775)	9	9	9	-
EXPENDITURES								
Current								
Community development	25,000	25,000	-	25,000	-	-	-	-
Net change in fund balances	<u>\$ (12,205)</u>	<u>\$ (12,205)</u>	11,020	<u>\$ 23,225</u>	<u>\$ 9</u>	<u>\$ 9</u>	9	<u>\$ -</u>
Fund balances - beginning			<u>67,649</u>				<u>602</u>	
Fund balances - ending			<u>\$ 78,669</u>				<u>\$ 611</u>	

(Continued)

CITY OF ROCKFORD, ILLINOIS

Nonmajor Governmental - Special Revenue Funds - Continued

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2015**

	Tax Increment Financing Area Rockford Global Trade Park III				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	\$ 21,500	\$ 21,500	\$ 17,365	\$ (4,135)	\$ 43,789	\$ 43,789	\$ 46,659	\$ 2,870
Intergovernmental	-	-	-	-	-	-	37,500	37,500
Interest	1,007	1,007	1,273	266	1,681	1,681	1,981	300
Total revenues	<u>22,507</u>	<u>22,507</u>	<u>18,638</u>	<u>(3,869)</u>	<u>45,470</u>	<u>45,470</u>	<u>86,140</u>	<u>40,670</u>
EXPENDITURES								
Current								
Community development	89,658	79,494	-	79,494	25,000	25,000	83,616	(58,616)
Net change in fund balances	<u>\$ (67,151)</u>	<u>\$ (56,987)</u>	18,638	<u>\$ 75,625</u>	<u>\$ 20,470</u>	<u>\$ 20,470</u>	2,524	<u>\$ (17,946)</u>
Fund balances - beginning			<u>69,580</u>				<u>114,747</u>	
Fund balances - ending			<u>\$ 88,218</u>				<u>\$ 117,271</u>	

(Continued)

CITY OF ROCKFORD, ILLINOIS

Nonmajor Governmental - Special Revenue Funds - Continued

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2015**

	Tax Increment Financing Area Rockford Global Trade Park South				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	\$ 8,155	\$ 8,155	\$ 14,579	\$ 6,424	\$ 14,560	\$ 14,560	\$ 13,837	\$ (723)
Interest	231	231	357	126	-	-	35	35
Total revenues	8,386	8,386	14,936	6,550	14,560	14,560	13,872	(688)
EXPENDITURES								
Current								
Community development	-	-	748	(748)	14,277	14,277	27,128	(12,851)
Net change in fund balances	<u>\$ 8,386</u>	<u>\$ 8,386</u>	14,188	<u>\$ 5,802</u>	<u>\$ 283</u>	<u>\$ 283</u>	(13,256)	<u>\$ (13,539)</u>
Fund balances - beginning			<u>17,718</u>				<u>738</u>	
Fund balances - ending			<u>\$ 31,906</u>				<u>\$ (12,518)</u>	

(Continued)

CITY OF ROCKFORD, ILLINOIS

Nonmajor Governmental - Special Revenue Funds - Continued

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2015**

	Tax Increment Financing Area Mulford and State			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Taxes				
Property	\$ 139,623	\$ 139,623	\$ 167,765	\$ 28,142
Interest	159	159	3,101	2,942
Total revenues	<u>139,782</u>	<u>139,782</u>	<u>170,866</u>	<u>31,084</u>
EXPENDITURES				
Current				
Community development	21,026	192,473	184,248	8,225
Net change in fund balances	<u>\$ 118,756</u>	<u>\$ (52,691)</u>	(13,382)	<u>\$ 39,309</u>
Fund balances - beginning			<u>142,734</u>	
Fund balances - ending			<u>\$ 129,352</u>	

(Concluded)

ENTERPRISE FUNDS

Water Utility

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

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.

CITY OF ROCKFORD, ILLINOIS

Enterprise Funds

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended December 31, 2015**

	Water Utility				Parking System			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
OPERATING REVENUES								
Charges for services	\$ 25,279,600	\$ 24,679,600	\$ 24,741,047	\$ 61,447	\$ 1,280,000	\$ 1,280,000	\$ 1,620,165	\$ 340,165
Parking fines	-	-	-	-	515,000	515,000	116,805	(398,195)
Miscellaneous	-	-	31,646	31,646	170,000	170,000	174,776	4,776
Total operating revenues	<u>25,279,600</u>	<u>24,679,600</u>	<u>24,772,693</u>	<u>93,093</u>	<u>1,965,000</u>	<u>1,965,000</u>	<u>1,911,746</u>	<u>(53,254)</u>
OPERATING EXPENSES								
Salaries and benefits	5,971,569	5,798,995	5,443,532	355,463	239,413	263,063	246,558	16,505
Services	6,602,635	6,535,756	5,186,396	1,349,360	1,097,088	1,334,188	1,384,048	(49,860)
Supplies and materials	1,370,600	1,342,696	1,053,074	289,622	42,500	45,620	97,080	(51,460)
Depreciation	6,085,800	6,094,800	6,121,289	(26,489)	705,500	705,500	613,268	92,232
Charges from General Fund	2,687,698	2,687,698	2,687,698	-	187,518	187,518	187,518	-
Miscellaneous	-	-	-	-	2,200	29,113	4,900	24,213
Total operating expenses	<u>22,718,302</u>	<u>22,459,945</u>	<u>20,491,989</u>	<u>1,967,956</u>	<u>2,274,219</u>	<u>2,565,002</u>	<u>2,533,372</u>	<u>31,630</u>
Operating income (loss)	<u>2,561,298</u>	<u>2,219,655</u>	<u>4,280,704</u>	<u>2,061,049</u>	<u>(309,219)</u>	<u>(600,002)</u>	<u>(621,626)</u>	<u>(21,624)</u>
NONOPERATING REVENUES (EXPENSES)								
Interest received	200,000	200,000	253,225	53,225	-	-	(20,507)	(20,507)
Disposal of capital assets	-	-	(179,168)	(179,168)	-	-	-	-
Interest expense and service fees	(1,979,934)	(1,694,934)	(1,715,018)	(20,084)	-	-	(213,945)	(213,945)
Amortization expense	(28,200)	(28,200)	(28,167)	33	-	-	-	-
	<u>(1,808,134)</u>	<u>(1,523,134)</u>	<u>(1,669,128)</u>	<u>(145,994)</u>	<u>-</u>	<u>-</u>	<u>(234,452)</u>	<u>(234,452)</u>
Income (loss) before transfers	753,164	696,521	2,611,576	1,915,055	(309,219)	(600,002)	(856,078)	(256,076)
Transfer out	-	-	-	-	-	-	(60,000)	(60,000)
Changes in net position	<u>\$ 753,164</u>	<u>\$ 696,521</u>	<u>2,611,576</u>	<u>\$ 1,915,055</u>	<u>\$ (309,219)</u>	<u>\$ (600,002)</u>	<u>(916,078)</u>	<u>\$ (316,076)</u>
Net position - beginning as restated			<u>134,915,908</u>				<u>14,756,517</u>	
Net position - ending			<u>\$ 137,527,484</u>				<u>\$ 13,840,439</u>	

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.
Workmens' 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 Communication	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

Combining Statement of Net Position - Internal Service Funds
December 31, 2015

	Central Garage	Building Maintenance	Central Stores	Illinois Municipal Retirement	Unemployment
ASSETS					
Current assets					
Cash and cash equivalents	\$ 224,254	\$ 1,619,250	\$ 391,964	\$ 498,095	\$ 530,350
Accounts receivable	555	817	1,473	1,871	1,992
Due from other governmental units	21,174	-	-	-	-
Due from other funds	-	-	-	-	-
Inventories	252,230	-	-	-	-
Prepaid expenses	-	-	-	-	-
Total current assets	498,213	1,620,067	393,437	499,966	532,342
Noncurrent assets					
Capital assets					
Construction in progress	-	160,836	-	-	-
Buildings and improvements	218,246	2,372,979	-	-	-
Equipment	442,569	189,405	-	-	-
Improvements other than buildings	-	182,407	-	-	-
Less accumulated depreciation	(501,780)	(868,743)	-	-	-
Total noncurrent assets	159,035	2,036,884	-	-	-
Total assets	657,248	3,656,951	393,437	499,966	532,342
DEFERRED OUTFLOWS OF RESOURCES					
None	-	-	-	-	-
Total assets and deferred outflows of recourses	657,248	3,656,951	393,437	499,966	532,342
LIABILITIES					
Current liabilities					
Accounts payable	195,926	306,871	1,053	313,778	35,051
Accrued payroll and benefits	26,360	24,159	11,169	118,720	-
Due to other funds	-	270,199	-	-	-
Compensated absences	20,978	12,098	10,305	-	-
Capital lease payable	78,883	124,848	-	-	-
Installment note payable	-	-	-	-	-
Claims and judgments payable	-	-	-	-	-
Total current liabilities	322,147	738,175	22,527	432,498	35,051
Noncurrent liabilities					
Compensated absences	83,913	48,394	41,219	-	-
Other payables	60,515	682,424	-	-	-
Capital lease payable	13,852	1,720,142	-	-	-
Claims and judgments payable	-	-	-	-	-
Total noncurrent liabilities	158,280	2,450,960	41,219	-	-
Total liabilities	480,427	3,189,135	63,746	432,498	35,051
DEFERRED INFLOWS OF RESOURCES					
None	-	-	-	-	-
Total liabilities and deferred inflows of recourses	480,427	3,189,135	63,746	432,498	35,051
NET POSITION					
Net investment in capital assets	66,300	191,894	-	-	-
Unrestricted (deficit)	110,521	275,922	329,691	67,468	497,291
Net position	\$ 176,821	\$ 467,816	\$ 329,691	\$ 67,468	\$ 497,291

Workmens' Compensation	Auditing	Health Insurance	911 Communications	Risk Management	Information Systems	Totals
\$ 5,980,142	\$ 5,300	\$ 8,738,146	\$ 223,457	\$ -	\$ 449,131	\$ 18,660,089
22,204	44	474,284	840	(3,582)	1,687	502,185
-	-	-	194,625	-	-	215,799
-	-	961,064	-	-	-	961,064
-	-	-	-	-	-	252,230
-	-	272,250	-	-	-	272,250
6,002,346	5,344	10,445,744	418,922	(3,582)	450,818	20,863,617
-	-	-	-	-	-	160,836
-	-	-	-	-	-	2,591,225
-	-	-	116,250	-	5,441,524	6,189,748
-	-	-	-	-	-	182,407
-	-	-	(116,250)	-	(4,187,431)	(5,674,204)
-	-	-	-	-	1,254,093	3,450,012
6,002,346	5,344	10,445,744	418,922	(3,582)	1,704,911	24,313,629
-	-	-	-	-	-	-
6,002,346	5,344	10,445,744	418,922	(3,582)	1,704,911	24,313,629
10,254	5,300	1,804,077	22,217	199,172	20,179	2,913,878
-	-	-	159,223	-	24,573	364,204
-	-	-	-	961,064	-	1,231,263
-	-	-	78,657	-	13,323	135,361
-	-	-	-	-	-	203,731
-	-	-	-	-	28,065	28,065
4,722,323	-	1,093,670	-	103,700	-	5,919,693
4,732,577	5,300	2,897,747	260,097	1,263,936	86,140	10,796,195
-	-	-	314,626	-	53,290	541,442
-	-	155,630	-	-	-	898,569
-	-	-	-	-	-	1,733,994
-	-	-	-	7,395,436	-	7,395,436
-	-	155,630	314,626	7,395,436	53,290	10,569,441
4,732,577	5,300	3,053,377	574,723	8,659,372	139,430	21,365,636
-	-	-	-	-	-	-
4,732,577	5,300	3,053,377	574,723	8,659,372	139,430	21,365,636
-	-	-	-	-	1,226,028	1,484,222
1,269,769	44	7,392,367	(155,801)	(8,662,954)	339,453	1,463,771
\$ 1,269,769	\$ 44	\$ 7,392,367	\$ (155,801)	\$ (8,662,954)	\$ 1,565,481	\$ 2,947,993

CITY OF ROCKFORD, ILLINOIS

**Combining Statement of Revenues, Expenses and Changes in Net Position - Internal Service Funds
For the Fiscal Year Ended December 31, 2015**

	Central Garage	Building Maintenance	Central Stores	Illinois Municipal Retirement	Unemployment
OPERATING REVENUES					
Charges for services	\$ 2,930,141	\$ 2,654,993	\$ 439,000	\$ 6,545,902	\$ 173,782
Intergovernmental	-	9,650	-	-	-
Miscellaneous	16,603	438	-	-	-
Total operating revenues	<u>2,946,744</u>	<u>2,665,081</u>	<u>439,000</u>	<u>6,545,902</u>	<u>173,782</u>
OPERATING EXPENSES					
Salaries and benefits	887,349	842,676	308,290	6,545,890	53,878
Services	674,182	1,127,433	49,306	249	1,078
Supplies and materials	1,393,952	345,374	39,123	-	-
Depreciation	22,420	139,062	-	-	-
Charges from General Fund	72,000	85,900	24,800	-	-
Miscellaneous	-	2,482	-	-	-
Total operating expenses	<u>3,049,903</u>	<u>2,542,927</u>	<u>421,519</u>	<u>6,546,139</u>	<u>54,956</u>
Operating income (loss)	<u>(103,159)</u>	<u>122,154</u>	<u>17,481</u>	<u>(237)</u>	<u>118,826</u>
NONOPERATING REVENUES (EXPENSES)					
Interest received	7,168	3,939	6,156	6,272	8,701
Interest expense	(293)	(18,046)	-	-	-
	<u>6,875</u>	<u>(14,107)</u>	<u>6,156</u>	<u>6,272</u>	<u>8,701</u>
Changes in net position	(96,284)	108,047	23,637	6,035	127,527
Net position - beginning as restated	<u>273,105</u>	<u>359,769</u>	<u>306,054</u>	<u>61,433</u>	<u>369,764</u>
Net position - ending	<u>\$ 176,821</u>	<u>\$ 467,816</u>	<u>\$ 329,691</u>	<u>\$ 67,468</u>	<u>\$ 497,291</u>

Workmens' Compensation	Auditing	Health Insurance	911 Communications	Risk Management	Information Systems	Totals
\$ 2,854,282	\$ 167,680	\$ 18,831,169	\$ 4,431,599	\$ 3,579,612	\$ 3,566,270	\$ 46,174,430
-	-	-	967,329	-	-	976,979
29,007	-	626,660	-	145,304	46,914	864,926
2,883,289	167,680	19,457,829	5,398,928	3,724,916	3,613,184	48,016,335
-	-	-	5,282,122	-	583,660	14,503,865
2,399,969	167,343	21,088,674	263,070	3,213,755	2,218,966	31,204,025
94,490	-	5,176	10,683	-	265,143	2,153,941
-	-	-	-	-	273,460	434,942
-	-	161,500	-	413,100	29,300	786,600
-	-	-	-	50	2,347	4,879
2,494,459	167,343	21,255,350	5,555,875	3,626,905	3,372,876	49,088,252
388,830	337	(1,797,521)	(156,947)	98,011	240,308	(1,071,917)
89,385	(293)	161,832	1,146	(13,173)	2,159	273,292
-	-	-	-	-	-	(18,339)
89,385	(293)	161,832	1,146	(13,173)	2,159	254,953
478,215	44	(1,635,689)	(155,801)	84,838	242,467	(816,964)
791,554	-	9,028,056	-	(8,747,792)	1,323,014	3,764,957
\$ 1,269,769	\$ 44	\$ 7,392,367	\$ (155,801)	\$ (8,662,954)	\$ 1,565,481	\$ 2,947,993

CITY OF ROCKFORD, ILLINOIS

Combining Statement of Cash Flow - Internal Service Funds
For the Fiscal Year Ended December 31, 2015

	Central Garage	Building Maintenance	Central Stores	Illinois Municipal Retirement	Unemployment
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 2,908,299	\$ 2,657,814	\$ 439,004	\$ 6,545,947	\$ 173,422
Payments to suppliers	(2,369,487)	(1,713,064)	(169,423)	(6,531,535)	(54,955)
Payments to employees	(586,977)	(544,330)	(223,948)	-	-
Payments for internal services used	-	9,650	-	-	-
Payments to other funds	(72,000)	(85,900)	(24,800)	-	-
	<u>(120,165)</u>	<u>324,170</u>	<u>20,833</u>	<u>14,412</u>	<u>118,467</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from capital debt	76,141	1,593,446	-	-	-
Interest paid on capital debt	(293)	(18,046)	-	-	-
Principal paid on capital debt	(7,573)	(33,505)	-	-	-
Acquisition of capital assets	(63,630)	(584,732)	-	-	-
	<u>4,645</u>	<u>957,163</u>	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	7,168	3,939	6,156	6,272	8,701
Net increase (decrease) in cash and cash equivalents	(108,352)	1,285,272	26,989	20,684	127,168
Cash and cash equivalents - beginning	332,606	333,978	364,975	477,411	403,182
Cash and cash equivalents - ending	<u>\$ 224,254</u>	<u>\$ 1,619,250</u>	<u>\$ 391,964</u>	<u>\$ 498,095</u>	<u>\$ 530,350</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES					
Operating income (loss)	\$ (103,159)	\$ 122,154	\$ 17,481	\$ (237)	\$ 118,826
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities					
Depreciation expense	22,420	139,062	-	-	-
Increase (decrease) from changes in:					
Accounts receivable	(556)	(817)	(1,473)	(1,871)	(1,992)
Due from other governmental units	(8,287)	-	-	-	-
Due from other funds	-	3,200	1,477	1,916	1,632
Inventories	(29,602)	-	-	-	-
Prepaid items	-	-	-	-	-
Accounts payable	(16,290)	74,273	(118)	(104,116)	1
Accrued payroll and benefits	3,024	4,244	2,278	118,720	-
Compensated absences	14,339	6,617	1,188	-	-
Due to other funds	(2,054)	(24,563)	-	-	-
Deferred revenue	-	-	-	-	-
Other liabilities	-	-	-	-	-
	<u>(17,006)</u>	<u>202,016</u>	<u>3,352</u>	<u>14,649</u>	<u>(359)</u>
Net cash provided by (used for) operating activities	<u>\$ (120,165)</u>	<u>\$ 324,170</u>	<u>\$ 20,833</u>	<u>\$ 14,412</u>	<u>\$ 118,467</u>

Workmens' Compensation	Auditing	Health Insurance	911 Communication	Risk Management	Information Systems	Totals
\$ 2,881,005	\$ 167,636	\$ 18,280,236	\$ 4,335,344	\$ 3,729,829	\$ 3,642,359	\$ 45,760,895
(2,067,567)	(162,043)	(20,230,785)	(1,559,702)	(3,353,994)	(2,919,360)	(41,131,915)
-	-	-	(3,818,317)	-	(428,297)	(5,601,869)
-	-	-	967,329	-	-	976,979
-	-	(161,500)	-	(413,100)	(29,300)	(786,600)
813,438	5,593	(2,112,049)	(75,346)	(37,265)	265,402	(782,510)
-	-	-	-	-	-	1,669,587
-	-	-	-	-	-	(18,339)
-	-	-	-	-	(110,453)	(151,531)
-	-	-	-	-	(192,864)	(841,226)
-	-	-	-	-	(303,317)	658,491
89,385	(293)	161,832	1,146	(13,173)	2,159	273,292
902,823	5,300	(1,950,217)	(74,200)	(50,438)	(35,756)	149,273
5,077,319	-	10,688,363	297,657	50,438	484,887	18,510,816
\$ 5,980,142	\$ 5,300	\$ 8,738,146	\$ 223,457	\$ -	\$ 449,131	\$ 18,660,089
\$ 388,830	\$ 337	\$ (1,797,521)	\$ (156,947)	\$ 98,011	\$ 240,308	\$ (1,071,917)
-	-	-	-	-	273,460	434,942
(22,204)	(44)	(221,539)	(840)	3,611	(1,687)	(249,412)
-	-	-	(96,488)	-	-	(104,775)
19,920	-	(917,804)	1,073	1,302	1,562	(885,722)
-	-	-	-	-	-	(29,602)
-	-	(38,250)	-	-	-	(38,250)
(3,190)	5,300	352,751	6,053	(724,609)	(296,517)	(706,462)
-	-	-	11,645	-	12,216	152,127
-	-	-	160,158	-	36,060	218,362
-	-	-	-	961,064	-	934,447
-	-	25,528	-	-	-	25,528
430,082	-	484,786	-	(376,644)	-	538,224
424,608	5,256	(314,528)	81,601	(135,276)	25,094	289,407
\$ 813,438	\$ 5,593	\$ (2,112,049)	\$ (75,346)	\$ (37,265)	\$ 265,402	\$ (782,510)

CITY OF ROCKFORD, ILLINOIS

Internal Service Funds

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended December 31, 2015**

	Central Garage				Building Maintenance			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
OPERATING REVENUES								
Charges for services	\$ 4,044,110	\$ 4,044,110	\$ 2,930,141	\$ (1,113,969)	\$ 2,676,453	\$ 2,676,453	\$ 2,654,993	\$ (21,460)
Intergovernmental	-	-	-	-	-	-	9,650	9,650
Miscellaneous	-	-	16,603	16,603	-	-	438	438
Total operating revenues	4,044,110	4,044,110	2,946,744	(1,097,366)	2,676,453	2,676,453	2,665,081	(11,372)
OPERATING EXPENSES								
Salaries and benefits	907,214	907,214	887,349	19,865	884,467	884,467	842,676	41,791
Services	974,930	674,060	674,182	(122)	1,218,525	1,159,456	1,127,433	32,023
Supplies and materials	2,008,110	1,608,110	1,393,952	214,158	246,700	253,700	345,374	(91,674)
Depreciation	26,800	26,800	22,420	4,380	173,600	173,600	139,062	34,538
Charges from General Fund	72,000	72,000	72,000	-	85,900	-	85,900	(85,900)
Miscellaneous	-	-	-	-	24,700	25,629	2,482	23,147
Total operating expenses	3,989,054	3,288,184	3,049,903	238,281	2,633,892	2,496,852	2,542,927	(46,075)
Operating income (loss)	55,056	755,926	(103,159)	(859,085)	42,561	179,601	122,154	(57,447)
NONOPERATING REVENUES (EXPENSES)								
Interest received	-	-	7,168	7,168	20,000	20,000	3,939	(16,061)
Interest expense	(950)	(950)	(293)	657	(950)	(950)	(18,046)	(17,096)
	(950)	(950)	6,875	7,825	19,050	19,050	(14,107)	(33,157)
Changes in net position	\$ 54,106	\$ 754,976	(96,284)	\$ (851,260)	\$ 61,611	\$ 198,651	108,047	\$ (90,604)
Net position - beginning as restated			273,105				359,769	
Net position - ending			\$ 176,821				\$ 467,816	

(Continued)

CITY OF ROCKFORD, ILLINOIS

Internal Service Funds - Continued

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended December 31, 2015**

	Central Stores				Illinois Municipal Retirement			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
OPERATING REVENUES								
Charges for services	\$ 445,000	\$ 445,000	\$ 439,000	\$ (6,000)	\$ 6,748,445	\$ 6,748,445	\$ 6,545,902	\$ (202,543)
Intergovernmental	-	-	-	-	328,200	328,200	-	(328,200)
Total operating revenues	445,000	445,000	439,000	(6,000)	7,076,645	7,076,645	6,545,902	(530,743)
OPERATING EXPENSES								
Salaries and benefits	334,166	334,166	308,290	25,876	6,954,501	6,954,501	6,545,890	408,611
Services	54,460	55,010	49,306	5,704	300	300	249	51
Supplies and materials	31,500	31,500	39,123	(7,623)	-	-	-	-
Charges from General Fund	24,800	24,800	24,800	-	-	-	-	-
Total operating expenses	444,926	445,476	421,519	23,957	6,954,801	6,954,801	6,546,139	408,662
Operating income (loss)	74	(476)	17,481	17,957	121,844	121,844	(237)	(122,081)
NONOPERATING REVENUES								
Interest received	-	-	6,156	6,156	10,000	10,000	6,272	(3,728)
Changes in net position	\$ 74	\$ (476)	23,637	\$ 24,113	\$ 131,844	\$ 131,844	6,035	\$ (125,809)
Net position - beginning			306,054				61,433	
Net position - ending			\$ 329,691				\$ 67,468	

(Continued)

CITY OF ROCKFORD, ILLINOIS

Internal Service Funds - Continued

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended December 31, 2015**

	Unemployment				Workmens' Compensation			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
OPERATING REVENUES								
Charges for services	\$ 167,760	\$ 167,760	\$ 173,782	\$ 6,022	\$ 2,465,201	\$ 2,465,201	\$ 2,854,282	\$ 389,081
Miscellaneous	-	-	-	-	264,960	264,960	29,007	(235,953)
Total operating revenues	167,760	167,760	173,782	6,022	2,730,161	2,730,161	2,883,289	153,128
OPERATING EXPENSES								
Salaries and benefits	167,760	167,760	53,878	113,882	-	-	-	-
Services	1,300	1,300	1,078	222	2,750,260	2,750,260	2,399,969	350,291
Charges from General Fund	-	-	-	-	94,490	94,490	94,490	-
Total operating expenses	169,060	169,060	54,956	114,104	2,844,750	2,844,750	2,494,459	350,291
Operating income (loss)	(1,300)	(1,300)	118,826	120,126	(114,589)	(114,589)	388,830	503,419
NONOPERATING REVENUES								
Interest received	2,500	2,500	8,701	6,201	15,000	15,000	89,385	74,385
Changes in net position	<u>\$ 1,200</u>	<u>\$ 1,200</u>	127,527	<u>\$ 126,327</u>	<u>\$ (99,589)</u>	<u>\$ (99,589)</u>	478,215	<u>\$ 577,804</u>
Net position - beginning			<u>369,764</u>				<u>791,554</u>	
Net position - ending			<u>\$ 497,291</u>				<u>\$ 1,269,769</u>	

(Continued)

CITY OF ROCKFORD, ILLINOIS

Internal Service Funds - Continued

Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended December 31, 2015

	Audit				Health Insurance			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
OPERATING REVENUES								
Charges for services	\$ 245,537	\$ 245,537	\$ 167,680	\$ (77,857)	\$ 20,800,307	\$ 20,800,307	\$ 18,831,169	\$ (1,969,138)
Miscellaneous	-	-	-	-	(79,000)	(79,000)	626,660	705,660
Total operating revenues	245,537	245,537	167,680	(77,857)	20,721,307	20,721,307	19,457,829	(1,263,478)
OPERATING EXPENSES								
Services	215,100	215,100	167,343	47,757	21,760,300	21,760,300	21,088,674	671,626
Supplies and materials	-	-	-	-	500	500	5,176	(4,676)
Charges from General Fund	-	-	-	-	161,500	161,500	161,500	-
Total operating expenses	215,100	215,100	167,343	47,757	21,922,300	21,922,300	21,255,350	666,950
Operating income (loss)	30,437	30,437	337	(30,100)	(1,200,993)	(1,200,993)	(1,797,521)	(596,528)
NONOPERATING REVENUES								
Interest received	-	-	(293)	(293)	94,600	94,600	161,832	67,232
Changes in net position	\$ 30,437	\$ 30,437	44	\$ (30,393)	\$ (1,106,393)	\$ (1,106,393)	(1,635,689)	\$ (529,296)
Net position - beginning			-				9,028,056	
Net position - ending			\$ 44				\$ 7,392,367	

(Continued)

CITY OF ROCKFORD, ILLINOIS

Internal Service Funds - Continued

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended December 31, 2015**

	911 Communication				Risk Management			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
OPERATING REVENUES								
Charges for services	\$ 4,809,042	\$ 4,809,042	\$ 4,431,599	\$ (377,443)	\$ 2,698,000	\$ 2,698,000	\$ 3,579,612	\$ 881,612
Intergovernmental	837,226	837,226	967,329	130,103	-	-	-	-
Miscellaneous	-	-	-	-	115,000	115,000	145,304	30,304
Total operating revenues	5,646,268	5,646,268	5,398,928	(247,340)	2,813,000	2,813,000	3,724,916	911,916
OPERATING EXPENSES								
Salaries and benefits	5,421,101	5,421,101	5,282,122	138,979	-	-	-	-
Services	207,115	274,465	263,070	11,395	2,359,800	2,769,800	3,213,755	(443,955)
Supplies and materials	17,750	17,750	10,683	7,067	-	-	-	-
Charges from General Fund	-	-	-	-	413,100	413,100	413,100	-
Miscellaneous	-	-	-	-	-	-	50	(50)
Total operating expenses	5,645,966	5,713,316	5,555,875	157,441	2,772,900	3,182,900	3,626,905	(444,005)
Operating income (loss)	302	(67,048)	(156,947)	(89,899)	40,100	(369,900)	98,011	467,911
NONOPERATING REVENUES								
Interest received	-	-	1,146	1,146	-	-	(13,173)	(13,173)
Changes in net position	\$ 302	\$ (67,048)	(155,801)	\$ (88,753)	\$ 40,100	\$ (369,900)	84,838	\$ 454,738
Net position - beginning			-				(8,747,792)	
Net position - ending			\$ (155,801)				\$ (8,662,954)	

(Continued)

CITY OF ROCKFORD, ILLINOIS

Internal Service Funds - Continued

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended December 31, 2015**

	Information System			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
OPERATING REVENUES				
Charges for services	\$ 3,382,300	\$ 3,382,300	\$ 3,566,270	\$ 183,970
Miscellaneous	-	-	46,914	46,914
Total operating revenues	3,382,300	3,382,300	3,613,184	230,884
OPERATING EXPENSES				
Salaries and benefits	467,434	536,432	583,660	(47,228)
Services	2,099,932	2,363,251	2,218,966	144,285
Supplies and materials	51,000	82,664	265,143	(182,479)
Depreciation	481,500	481,500	273,460	208,040
Charges from General Fund	29,300	29,300	29,300	-
Miscellaneous	-	63,580	2,347	61,233
Total operating expenses	3,129,166	3,556,727	3,372,876	183,851
Operating income (loss)	253,134	(174,427)	240,308	414,735
NONOPERATING REVENUES				
Interest received	-	-	2,159	2,159
Changes in net position	\$ 253,134	\$ (174,427)	242,467	\$ 416,894
Net position - beginning as restated			1,323,014	
Net position - ending			\$ 1,565,481	

(Concluded)

FIDUCIARY FUNDS

PENSION TRUST FUNDS

Police Pension
Firefighters' 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

Pension Trust Funds

**Combining Statement of Fiduciary Net Position
December 31, 2015**

	Police Pension	Firefighters' Pension	Totals
ASSETS			
Cash and cash equivalents	\$ 2,242,648	\$ 2,363,589	\$ 4,606,237
Investments - retirement plans			
U.S. Treasury Notes	6,387,206	16,432,185	22,819,391
U.S. Treasury Bonds	-	2,993,470	2,993,470
Government National Mortgage Association	219,286	1,182,015	1,401,301
Federal Home Loan Mortgage Corporation	3,574,975	3,254,449	6,829,424
Federal National Mortgage Association	2,950,064	4,144,172	7,094,236
Corporate Bonds	15,736,724	16,282,881	32,019,605
Common Stocks	12,679,586	9,661,063	22,340,649
Hartford Annuity	-	170,950	170,950
Municipal Bonds	1,120,255	698,974	1,819,229
Mutual Funds	126,881,345	90,124,539	217,005,884
Total investments	169,549,441	144,944,698	314,494,139
Accounts receivable - net of allowance			
Accrued interest receivable	198,278	321,816	520,094
Contributions receivable	5,286,736	6,186,665	11,473,401
Other	626	5,783	6,409
Total accounts receivable - net of allowance	5,485,640	6,514,264	11,999,904
Total assets	177,277,729	153,822,551	331,100,280
LIABILITIES			
Accrued liabilities	89,973	84,352	174,325
NET POSITION			
Net position restricted for pensions	\$ 177,187,756	\$ 153,738,199	\$ 330,925,955

CITY OF ROCKFORD, ILLINOIS

Pension Trust Funds

**Combining Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended December 31, 2015**

	Police Pension	Firefighters' Pension	Totals
ADDITIONS			
Contributions			
Employer	\$ 6,252,516	\$ 7,345,613	\$ 13,598,129
Plan member	2,130,613	1,942,979	4,073,592
Total contributions	<u>8,383,129</u>	<u>9,288,592</u>	<u>17,671,721</u>
Investment income			
Net appreciation in fair value of investments	(1,461,964)	(2,885,126)	(4,347,090)
Interest and dividend income	3,174,346	3,284,783	6,459,129
	<u>1,712,382</u>	<u>399,657</u>	<u>2,112,039</u>
Less investment expense	(290,238)	(276,645)	(566,883)
Net investment income	<u>1,422,144</u>	<u>123,012</u>	<u>1,545,156</u>
Total additions	<u>9,805,273</u>	<u>9,411,604</u>	<u>19,216,877</u>
DEDUCTIONS			
Pension benefits	15,240,884	16,125,125	31,366,009
Refunds of contributions	131,088	10,487	141,575
Administrative expense	219,554	191,306	410,860
Total deductions	<u>15,591,526</u>	<u>16,326,918</u>	<u>31,918,444</u>
Changes in fiduciary net position	(5,786,253)	(6,915,314)	(12,701,567)
Net position restricted for pensions - beginning	<u>182,974,009</u>	<u>160,653,513</u>	<u>343,627,522</u>
Net position restricted for pensions - ending	<u>\$ 177,187,756</u>	<u>\$ 153,738,199</u>	<u>\$ 330,925,955</u>

CITY OF ROCKFORD, ILLINOIS

Pension Trust Funds

**Schedule of Changes in Fiduciary Net Position - Budget and Actual
For the Fiscal Year Ended December 31, 2015**

	Police Pension				Firefighters' Pension			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ADDITIONS								
Contributions								
Employer	\$ 6,213,688	\$ 6,213,688	\$ 6,252,516	\$ 38,828	\$ 7,450,373	\$ 7,450,373	\$ 7,345,613	\$ (104,760)
Plan member	2,008,400	2,008,400	2,130,613	122,213	1,880,700	1,880,700	1,942,979	62,279
Total contributions	8,222,088	8,222,088	8,383,129	161,041	9,331,073	9,331,073	9,288,592	(42,481)
Investment income								
Net appreciation in fair value of investments	5,000,000	5,000,000	(1,461,964)	(6,461,964)	5,000,000	5,000,000	(2,885,126)	(7,885,126)
Interest and dividend income	5,900,000	5,900,000	3,174,346	(2,725,654)	5,500,000	5,500,000	3,284,783	(2,215,217)
	10,900,000	10,900,000	1,712,382	(9,187,618)	10,500,000	10,500,000	399,657	(10,100,343)
Less investment expense	-	-	(290,238)	(290,238)	-	-	(276,645)	(276,645)
Net investment income	10,900,000	10,900,000	1,422,144	(9,477,856)	10,500,000	10,500,000	123,012	(10,376,988)
Total additions	19,122,088	19,122,088	9,805,273	(9,316,815)	19,831,073	19,831,073	9,411,604	(10,419,469)
DEDUCTIONS								
Pension benefits	14,631,319	14,631,319	15,240,884	(609,565)	15,411,101	15,411,101	16,125,125	(714,024)
Refunds of contributions	-	-	131,088	(131,088)	-	-	10,487	(10,487)
Administrative expense	507,050	507,050	219,554	287,496	415,100	415,100	191,306	223,794
Total deductions	15,138,369	15,138,369	15,591,526	(453,157)	15,826,201	15,826,201	16,326,918	(500,717)
Changes in fiduciary net position	<u>\$ 3,983,719</u>	<u>\$ 3,983,719</u>	(5,786,253)	<u>\$ (9,769,972)</u>	<u>\$ 4,004,872</u>	<u>\$ 4,004,872</u>	(6,915,314)	<u>\$ (10,920,186)</u>
Net position restricted for pensions								
Beginning			182,974,009				160,653,513	
Ending			<u>\$ 177,187,756</u>				<u>\$ 153,738,199</u>	

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.

Contents	Page
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.	F11-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.	F16-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.	F23-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.	F25-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>2015*</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Governmental activities				
Net investment in capital assets	\$ 225,009,895	\$529,830,638	\$523,202,658	\$480,167,639
Restricted				
Capital projects	-	5,588,205	8,262,387	10,546,148
Debt service	9,940,202	6,575,000	6,513,108	5,686,654
Other purposes	24,223,691	15,548,246	13,470,622	19,429,953
Unrestricted	(281,214,840)	(965,343)	(3,428,056)	(3,338,207)
Total governmental activities net position	\$ (22,041,052)	\$556,576,746	\$548,020,719	\$512,492,187
Business-type activities				
Net investment in capital assets	\$ 136,801,891	\$140,232,135	\$139,564,019	\$138,848,876
Restricted				
Capital projects	1,000,000	1,000,000	1,000,000	1,000,000
Debt service	5,040,258	5,187,576	5,334,283	5,452,243
Unrestricted	8,525,774	3,425,953	3,387,821	3,559,349
Total business-type activities net position	\$ 151,367,923	\$149,845,664	\$149,286,123	\$148,860,468
Total net position	\$ 129,326,871	\$706,422,410	\$697,306,842	\$661,352,655
Primary Government				
Net investment in capital assets	\$ 361,811,786	\$670,062,773	\$662,766,677	\$619,016,515
Restricted	40,204,151	33,899,027	34,580,400	42,114,998
Unrestricted	(272,689,066)	2,460,610	(40,235)	221,142
Total net position	\$ 129,326,871	\$706,422,410	\$697,306,842	\$661,352,655

*The City implemented GASB Statement No. 68 in fiscal year 2015.

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$482,815,999	\$481,780,204	\$477,852,551	\$471,473,879	\$460,914,982	\$457,172,437
10,546,148	7,840,349	4,531,567	9,453,077	18,841,311	10,764,755
5,437,035	5,717,798	5,437,870	6,443,154	9,288,644	7,245,389
18,103,293	16,504,779	13,258,097	11,735,813	13,148,600	10,212,907
(17,342,443)	(32,745,075)	(24,518,870)	(19,328,902)	(2,598,408)	18,259,325
<u>\$499,560,032</u>	<u>\$479,098,055</u>	<u>\$476,561,215</u>	<u>\$479,777,021</u>	<u>\$499,595,129</u>	<u>\$503,654,813</u>
\$135,803,303	\$133,021,249	\$131,269,066	\$127,460,090	\$116,111,150	\$107,986,680
1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
5,424,356	5,041,923	4,661,406	3,836,269	4,655,828	4,144,561
3,652,612	2,708,215	(831,450)	653,493	4,663,251	5,001,310
<u>\$145,880,271</u>	<u>\$141,771,387</u>	<u>\$136,099,022</u>	<u>\$132,949,852</u>	<u>\$126,430,229</u>	<u>\$118,132,551</u>
<u>\$645,440,303</u>	<u>\$620,869,442</u>	<u>\$612,660,237</u>	<u>\$612,726,873</u>	<u>\$626,025,358</u>	<u>\$621,787,364</u>
\$618,619,302	\$614,801,453	\$609,121,617	\$598,933,969	\$577,026,132	\$565,159,117
40,510,832	36,104,849	28,888,940	32,468,313	46,934,383	33,367,612
(13,689,831)	(30,036,860)	(25,350,320)	(18,675,409)	2,064,843	23,260,635
<u>\$645,440,303</u>	<u>\$620,869,442</u>	<u>\$612,660,237</u>	<u>\$612,726,873</u>	<u>\$626,025,358</u>	<u>\$621,787,364</u>

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

(accrual basis of accounting)

	<u>2015*</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Expenses				
Governmental activities:				
General government	\$ 18,051,570	\$ 13,264,913	\$ 13,134,269	\$ 11,993,604
Public safety	128,158,182	99,756,203	98,591,263	91,813,775
Streets, alleys and bridges	42,806,715	39,685,242	34,444,654	32,971,181
Community development	12,401,104	9,011,612	10,147,688	13,899,004
Sanitation and sewers	12,358,032	9,356,050	7,083,257	6,703,345
Culture and recreation	8,270,725	8,971,095	8,347,463	7,690,140
Public health and welfare	15,768,176	16,128,872	16,398,282	16,215,478
Interest and fiscal charges	3,444,206	3,451,326	3,913,461	4,783,229
Total governmental activities expenses	<u>241,258,710</u>	<u>199,625,313</u>	<u>192,060,337</u>	<u>186,069,756</u>
Business-type activities:				
Water	22,414,342	24,317,101	21,977,859	21,578,537
Parking	2,747,317	2,581,766	2,488,973	2,029,911
Total business-type activities	<u>25,161,659</u>	<u>26,898,867</u>	<u>24,466,832</u>	<u>23,608,448</u>
Total primary government expenses	<u>\$ 266,420,369</u>	<u>\$ 226,524,180</u>	<u>\$ 216,527,169</u>	<u>\$ 209,678,204</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 8,045,685	\$ 7,156,417	\$ 7,174,058	\$ 7,277,778
Public safety	10,525,495	9,362,142	9,116,701	9,512,944
Streets, alleys and bridges	6,569,562	5,843,446	5,551,095	5,032,043
Community development	1,132,543	1,007,366	1,002,188	910,398
Sanitation and sewers	12,747,602	11,338,644	9,188,324	9,288,182
Culture and recreation	198,765	173,796	169,912	177,017
Operating grants and contributions	29,023,324	21,686,554	22,637,706	25,819,764
Capital grants and contributions	14,124,360	8,141,162	36,857,891	4,790,309
Total governmental activities program revenue	<u>82,367,336</u>	<u>64,709,527</u>	<u>91,697,875</u>	<u>62,808,435</u>
Business-type activities:				
Charges for services:				
Water	24,772,693	23,771,130	23,401,598	24,682,211
Parking	1,911,746	2,221,571	1,632,434	1,482,409
Capital grants and contributions	-	644,105	586,349	-
Total business-type activities program revenue	<u>26,684,439</u>	<u>26,636,806</u>	<u>25,620,381</u>	<u>26,164,620</u>
Total primary government revenues	<u>\$ 109,051,775</u>	<u>\$ 91,346,333</u>	<u>\$ 117,318,256</u>	<u>\$ 88,973,055</u>
	(Continued)	(Continued)	(Continued)	(Continued)

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 11,074,142	\$ 13,297,890	\$ 14,561,840	\$ 15,005,594	\$ 14,392,429	\$ 13,297,717
88,787,990	89,109,641	84,813,690	87,630,182	86,034,803	78,028,562
34,788,508	35,079,905	34,557,692	43,499,830	33,244,705	28,618,460
10,312,407	13,694,212	17,901,167	13,876,323	14,050,709	12,850,580
6,885,950	7,072,936	7,544,392	7,560,231	7,689,685	7,790,814
7,591,103	7,373,399	9,490,086	17,990,844	20,566,355	7,613,866
16,837,305	21,230,764	19,723,022	15,708,487	14,875,668	16,224,686
4,910,952	5,290,071	4,716,887	5,689,763	5,477,961	5,087,266
<u>181,188,357</u>	<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>
21,058,993	20,402,549	18,865,983	18,003,425	16,441,237	15,491,720
2,088,672	2,177,041	2,202,193	2,426,974	2,308,209	2,025,000
<u>23,147,665</u>	<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>\$ 204,336,022</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>
\$ 6,721,553	\$ 5,774,210	\$ 5,426,375	\$ 5,409,390	\$ 5,206,081	\$ 5,105,389
10,013,940	9,130,719	9,435,382	7,917,191	8,221,830	7,055,847
5,518,115	5,291,149	4,873,914	4,255,227	5,908,625	6,053,144
855,001	337,749	436,500	552,012	524,515	475,309
8,540,308	8,568,067	6,745,535	6,796,053	6,840,386	6,813,361
187,201	204,514	250,261	217,851	201,187	200,290
26,038,343	29,807,880	29,288,219	21,562,828	21,438,527	22,360,354
8,343,151	2,837,398	2,000,666	763,307	11,420,360	6,601,783
<u>66,217,612</u>	<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>
22,675,543	22,715,297	21,671,106	22,767,988	22,093,309	20,318,020
1,866,127	1,793,745	1,794,059	1,558,661	1,487,703	1,529,800
2,273,425	3,498,532	749,767	936,237	2,031,876	790,231
<u>26,815,095</u>	<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>\$ 93,032,707</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>
(Continued)	(Continued)	(Continued)	(Continued)	(Continued)	(Continued)

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

(accrual basis of accounting)

	<u>2015*</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Net (Expense)/Revenue				
Governmental activities	\$ (158,891,374)	\$ (134,915,786)	\$ (100,362,462)	\$ (123,261,321)
Business-type activities	<u>1,522,780</u>	<u>(262,061)</u>	<u>1,153,549</u>	<u>2,556,172</u>
Total primary government net expense	<u>\$ (157,368,594)</u>	<u>\$ (135,177,847)</u>	<u>\$ (99,208,913)</u>	<u>\$ (120,705,149)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Property taxes	\$ 59,557,696	\$ 59,593,973	\$ 60,194,938	\$ 60,064,811
Sales taxes	39,212,916	38,956,355	37,991,893	37,902,668
Other taxes	10,295,225	17,551,602	16,521,501	16,016,298
Income tax	16,529,806	14,477,198	14,741,571	13,553,269
Replacement tax	6,541,765	7,610,690	7,814,495	6,851,038
Unrestricted interest earnings	1,188,290	4,204,812	(2,822,026)	919,186
Miscellaneous	3,335,120	1,017,183	1,388,622	826,206
Transfers	60,000	60,000	60,000	60,000
Total governmental activities	<u>136,720,818</u>	<u>143,471,813</u>	<u>135,890,994</u>	<u>136,193,476</u>
Business-type activities:				
Unrestricted interest earnings	232,718	1,048,948	(667,894)	324,952
Miscellaneous	-	(167,346)	-	159,073
Transfers	<u>(60,000)</u>	<u>(60,000)</u>	<u>(60,000)</u>	<u>(60,000)</u>
Total business-type activities	<u>172,718</u>	<u>821,602</u>	<u>(727,894)</u>	<u>424,025</u>
Total primary government	<u>\$ 136,893,536</u>	<u>\$ 144,293,415</u>	<u>\$ 135,163,100</u>	<u>\$ 136,617,501</u>
Change in Net Position				
Governmental activities	\$ (22,170,556)	\$ 8,556,027	\$ 35,528,532	\$ 12,932,155
Business-type activities	<u>1,695,498</u>	<u>559,541</u>	<u>425,655</u>	<u>2,980,197</u>
Total primary government	<u>\$ (20,475,058)</u>	<u>\$ 9,115,568</u>	<u>\$ 35,954,187</u>	<u>\$ 15,912,352</u>

*The City implemented GASB Statement No. 68 in fiscal year 2015.

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ (114,970,745)	\$ (130,197,132)	\$ (134,851,924)	\$ (159,487,395)	\$ (136,570,804)	\$ (114,846,474)
<u>3,667,430</u>	<u>5,427,984</u>	<u>3,146,756</u>	<u>4,832,487</u>	<u>6,863,442</u>	<u>5,121,331</u>
<u>\$ (111,303,315)</u>	<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>
\$ 59,851,344	\$ 58,784,815	\$ 58,379,104	\$ 55,712,310	\$ 53,713,800	\$ 50,378,602
37,027,021	36,380,336	35,756,775	39,497,031	33,450,584	25,171,445
16,383,527	16,240,095	15,444,762	16,166,775	16,083,619	15,222,318
11,978,090	11,736,930	12,201,422	14,193,822	13,400,874	12,299,422
7,068,952	7,555,032	7,212,783	8,181,027	8,803,431	7,251,586
2,176,835	478,887	226,143	3,086,564	4,342,807	3,006,127
546,953	1,557,877	2,415,129	2,831,758	2,658,405	2,451,023
400,000	-	-	-	57,600	57,600
<u>135,432,722</u>	<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>
841,454	244,381	2,414	1,687,136	1,491,836	1,227,266
-	-	-	-	-	-
(400,000)	-	-	-	(57,600)	(57,600)
<u>441,454</u>	<u>244,381</u>	<u>2,414</u>	<u>1,687,136</u>	<u>1,434,236</u>	<u>1,169,666</u>
<u>\$ 135,874,176</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>
\$ 20,461,977	\$ 2,536,840	\$ (3,215,806)	\$ (19,818,108)	\$ (4,059,684)	\$ 991,649
4,108,884	5,672,365	3,149,170	6,519,623	8,297,678	6,290,997
<u>24,570,861</u>	<u>8,209,205</u>	<u>(66,636)</u>	<u>(13,298,485)</u>	<u>4,237,994</u>	<u>7,282,646</u>

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

(modified accrual basis of accounting)

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
General Fund				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-
Assigned	-	-	-	-
Unassigned	37,675,349	35,567,463	34,420,681	32,168,324
Total General Fund	<u>\$ 37,675,349</u>	<u>\$ 35,567,463</u>	<u>\$ 34,420,681</u>	<u>\$ 32,168,324</u>
All Other Governmental Funds				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in				
Special Revenue Funds	-	-	-	-
Capital Project Funds	-	-	-	-
Debt Service Funds	-	-	-	-
Nonspendable	798,679	870,116	958,107	1,104,145
Restricted for:				
Capital Projects	-	5,588,205	8,262,387	12,924,115
Debt service	10,177,528	6,575,000	6,513,108	5,686,654
Culture and recreation	10,069,963	9,289,998	8,353,738	7,835,329
Community development	5,598,346	4,744,767	3,469,457	2,161,179
Public health and welfare	532,752	667,574	713,529	716,785
Highway and streets	8,022,630	11,704,798	9,478,114	9,673,378
Assigned for:				
General government	195,561	192,988	180,582	151,980
Debt service	-	4,062,585	2,195,329	2,522,003
Community development	4,266,523	4,134,143	4,849,350	5,041,069
Public health and welfare	216,535	159,297	111,807	148,211
Highway and streets	-	-	2,068,634	5,641,805
Unassigned	(7,134,235)	(8,208,433)	(6,574,475)	(4,445,288)
Total all other governmental funds	<u>\$ 32,744,282</u>	<u>\$ 39,781,038</u>	<u>\$ 40,579,667</u>	<u>\$ 49,161,365</u>

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ -	\$ 98,892	\$ 195,966	\$ 1,392,085	\$ 2,848,419	\$ 3,625,662
-	22,516,220	21,810,257	22,960,413	30,358,063	29,714,629
43,094	-	-	-	-	-
27,490,250	-	-	-	-	-
<u>\$ 27,533,344</u>	<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>
\$ -	\$ 18,451,669	\$ 17,111,431	\$ 20,909,673	\$ 32,186,952	\$ 15,608,994
-	14,015,070	11,376,328	6,384,419	10,169,249	8,598,211
-	4,428,124	3,692,856	6,575,540	3,408,693	4,752,174
-	-	-	-	(6,859)	(76,529)
789,678	-	-	-	-	-
10,546,148	-	-	-	-	-
5,437,035	-	-	-	-	-
6,519,138	-	-	-	-	-
2,550,317	-	-	-	-	-
612,290	-	-	-	-	-
9,466,862	-	-	-	-	-
163,915	-	-	-	-	-
3,183,834	-	-	-	-	-
4,143,400	-	-	-	-	-
116,619	-	-	-	-	-
5,574,040	-	-	-	-	-
(4,919,989)	-	-	-	-	-
<u>\$ 44,183,287</u>	<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>

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

(modified accrual basis of accounting)

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
REVENUES				
Taxes	\$ 109,065,837	\$ 113,009,795	\$ 112,374,801	\$ 112,169,125
Licenses and permits	7,836,475	5,292,806	4,195,722	4,650,908
Intergovernmental	68,003,443	59,115,907	60,350,268	60,326,767
Charges for services	30,134,940	24,559,244	22,384,977	21,121,354
Fines	1,248,237	1,223,737	1,330,341	1,661,996
Interest	914,998	3,118,977	(2,188,963)	728,812
Miscellaneous	1,550,932	1,017,183	1,388,622	826,206
Total revenues	<u>218,754,862</u>	<u>207,337,649</u>	<u>199,835,768</u>	<u>201,485,168</u>
EXPENDITURES				
Current:				
General government	11,152,236	12,452,533	12,424,299	11,867,343
Public safety	98,615,052	92,695,209	92,936,457	90,632,349
Streets, alleys and bridges	21,094,419	15,068,708	13,293,105	13,385,427
Community development	12,368,519	8,886,067	10,181,731	14,156,925
Sanitation and sewers	12,358,032	12,012,277	9,859,179	8,909,767
Culture and recreation	7,348,771	7,954,777	7,443,243	6,870,954
Public health and welfare	15,627,543	15,857,443	16,348,317	16,402,620
Debt service:				
Principal payments	13,148,479	10,640,814	14,109,960	8,870,514
Interest and fiscal charges	3,425,850	3,455,713	3,056,098	3,500,558
Capital outlay:				
General government	1,124,980	-	-	-
Public safety	-	5,891,123	5,518,861	5,083,271
Streets, alleys and bridges	41,979,220	24,884,980	25,568,840	17,439,699
Community development	-	-	55,666	-
Sanitation and sewers	-	-	-	-
Culture and recreation	375,570	3,415,845	5,756,123	500,307
Public health and welfare	-	164,218	253,537	28,715
Total expenditures	<u>238,618,671</u>	<u>213,379,707</u>	<u>216,805,416</u>	<u>197,648,449</u>
Excess of revenues over (under) expenditures	<u>(19,863,809)</u>	<u>(6,042,058)</u>	<u>(16,969,648)</u>	<u>3,836,719</u>
OTHER FINANCING SOURCES (USES)				
Refunding bonds issued	14,874,939	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	23,124,325	16,501,125	15,692,707	13,532,961
Transfers out	<u>(23,064,325)</u>	<u>(18,941,125)</u>	<u>(15,632,707)</u>	<u>(13,472,961)</u>
Total other financing sources (uses)	<u>14,934,939</u>	<u>6,390,211</u>	<u>10,640,307</u>	<u>5,776,339</u>
Net change in fund balances	(4,928,870)	348,153	(6,329,341)	9,613,058
Debt service as a percentage of noncapital expenditures				
	8.5%	7.9%	9.6%	7.1%

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

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					
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	3.28450	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%
2015	895,443	392,693	145,896	4,477	122	1,438,501	3.87910	4,316,301	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**

Tax Levy Year	City Direct Rates				Total Direct Tax Rate
	General Fund	Library Special Revenue Fund	Debt Service Fund	Other Special Revenue Funds	
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
2015	3.16080	0.51960	0.18470	0.01400	3.87910

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
0.78290	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
1.09840	0.12030	0.29360	1.16290	0.20750	0.10730	7.93790	0.48930

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

Taxpayer	2015			2006		
	Equalized Value	Rank	Percentage of Total Equalized Value	Equalized Value	Rank	Percentage of Total Equalized Value
Greater Rockford Airport Authority	\$ 10,720,522	1	0.75%	\$ 7,348,488	1	0.40%
Lowes Home Centers INC.	9,153,990	2	0.64%			
Forest Plaza LLC.	6,637,698	3	0.46%			
MB Rockford State LLC.	3,881,798	4	0.27%			
Hamilton Sundstrand Corporation	3,580,880	5	0.25%	7,154,469	2	0.39%
Wal-Mart Stores Inc.	3,493,783	6	0.27%	7,126,075	3	0.39%
Fairhaven Christian Home	3,441,269	7	0.25%			
Anderson Rockford Properties LLC	3,318,246	8	0.23%			
Rock River Valley Industrial Park	3,137,214	9	0.24%	3,987,886	8	0.34%
Wesley Willows	3,050,021	10	0.22%			
United Parcel Service Inc.				5,568,334	4	0.31%
Simon Property Group				5,099,661	5	0.26%
Swedish American Hospital				4,762,654	6	0.25%
Market Shopping Center LLC.				4,489,448	7	0.22%
Anderson Packaging				3,599,641	9	0.20%
Rochard Perno				3,560,051	10	0.21%
Total	<u>\$ 47,365,400</u>		<u>3.57%</u>	<u>\$ 52,696,707</u>		<u>2.76%</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
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	54,557,726	98.96%	-	54,557,726	98.96%
2015	54,580,057	-	0.00%	-	-	0.00%

- 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 2015 levy will be collected in 2016.

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
2006	\$ 95,950,000	\$ 1,810,000	\$ 886,981	\$ -	\$ -	\$ -	\$ 33,890,000
2007	113,860,082	1,730,000	793,956	-	-	-	34,052,329
2008	104,289,691	1,645,000	698,104	-	-	8,844,578	39,798,796
2009	104,433,872	1,555,000	599,340	2,000,000	-	8,945,076	37,056,929
2010	95,493,350	1,455,000	497,576	2,352,013	-	9,150,967	37,363,836
2011	86,493,400	1,355,000	392,721	452,741	-	5,758,859	34,432,263
2012	77,768,281	1,185,000	284,680	350,781	10,034,707	6,041,424	31,626,691
2013	69,426,067	1,005,000	173,357	246,065	15,375,022	1,766,293	28,876,652
2014	67,266,849	825,000	58,653	138,518	16,778,615	1,661,113	26,266,614
2015	69,826,993	635,000	-	28,065	17,797,236	1,461,113	23,776,576

Business-Type Activities

Parking System			Water			
General	Water		Instalment	Total	Percentage	Per
Obligation	IEPA	Capital	Purchase	Primary	of Personal	Capita
Alternate Bonds	Loan	Leases	Agreement	Government	Income	
\$ -	\$ -	\$ -	\$ -	\$ 132,536,981	3.21%	\$ 883
-	-	-	-	150,436,367	3.65%	1,002
1,850,000	2,041,100	-	25,000,000	184,167,269	4.33%	1,227
1,828,703	18,588,514	-	14,000,000	189,007,434	4.22%	1,259
1,805,667	26,909,280	-	14,000,000	189,027,689	4.03%	1,259
1,781,937	35,293,002	-	4,000,000	169,959,923	3.37%	1,112
1,725,000	36,607,891	669,021	-	166,293,476	3.29%	1,088
1,650,000	34,913,623	1,158,802	-	154,590,881	2.94%	1,011
1,575,000	33,170,452	1,281,492	-	149,022,306	2.84%	975
7,815,000	31,373,810	1,261,945	-	153,975,738	N/A	1,007

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
2006	150,115	\$ 1,925,661,337	\$ 129,840,000	\$ 7,461,724	\$ 122,378,276	6.36%	\$ 815
2007	150,115	2,032,641,960	147,912,411	9,513,895	138,398,516	6.81%	922
2008	150,115	2,100,181,000	145,938,487	8,667,411	137,271,076	6.54%	914
2009	150,115	2,082,799,663	143,319,504	7,989,282	135,330,222	6.50%	902
2010	152,871	2,008,995,393	134,662,853	8,317,681	126,345,172	6.29%	826
2011	152,871	1,891,533,215	122,707,600	8,620,869	114,086,731	6.03%	746
2012	152,871	1,709,052,860	111,119,972	8,208,657	102,911,315	6.02%	673
2013	152,871	1,551,965,935	99,952,719	8,708,437	91,244,282	5.88%	597
2014	152,871	1,452,026,645	95,108,463	8,895,000	86,213,463	5.94%	564
2015	152,871	1,438,623,439	101,418,569	9,940,202	91,478,367	6.36%	598

NOTES: (1) Per the United States Department of Commerce, Bureau of Statistics.

(2) Does not include tax increment financing areas equalized value.

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

As of December 31, 2015

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)	\$ 89,748,407	100.0%	\$ 89,748,407
Overlapping:			
Schools:			
School District #205	524,501,800	70.9%	371,714,426
School District #122	32,369,739	2.6%	825,428
School District #321	7,635,000	10.0%	765,791
School District #323	4,650,110	5.9%	275,287
Community College #511	200,355,808	59.6%	119,392,026
	769,512,457		492,972,957
Other Units:			
Winnebago County	10,054,214	39.6%	3,979,458
Winnebago County Forest Preserve	4,805,772	39.6%	1,902,125
Rock River Water Reclamation District	61,039,895	58.7%	35,799,898
Greater Rockford Airport Authority	34,502,352	54.2%	18,700,275
Rockford Township	-	74.3%	-
Cherry Valley Township	600,000	41.4%	248,280
Owen Township	-	22.3%	-
Rockford Park District	51,137,672	70.1%	35,842,394
Rockford City Library District	-	100.0%	-
	162,139,905		96,472,430
Total Overlapping Debt	931,652,362		589,445,387
Total Direct and Overlapping Debt	\$ 1,021,400,769		\$ 679,193,794

- 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 2015

Assessed value	\$ 1,438,623,439
Debt limit - State (8.625% of assessed value)	124,081,272
Debt Limit - City (80% of the State limit)	99,265,017
Debt applicable to limit:	
General obligation bonds	4,845,000
Lease/purchase agreements	19,059,181
General obligation promissory notes	1,489,178
Total amount of debt applicable to debt limit	<u>25,393,359</u>
Legal debt margin	<u>73,871,658</u>

	2015	2014	2013	2012
Debt limit	\$ 99,265,017	\$ 100,189,839	\$ 107,085,650	\$ 117,924,647
Total net debt applicable to limit	<u>25,393,359</u>	<u>27,828,738</u>	<u>30,531,182</u>	<u>37,665,933</u>
Legal debt margin	<u>\$ 73,871,658</u>	<u>\$ 72,361,101</u>	<u>\$ 76,554,468</u>	<u>\$ 80,258,714</u>
Total net debt applicable to the limit as a percentage of debt limit	25.58%	27.78%	28.51%	31.94%

2011	2010	2009	2008	2007	2006
\$ 130,515,792	\$ 138,620,682	143,713,177	\$ 144,912,521	\$ 140,252,295	\$ 135,222,965
31,216,600	51,882,980	63,735,000	63,600,000	53,665,000	60,275,000
\$ 99,299,192	\$ 86,737,702	79,978,177	\$ 81,312,521	\$ 86,587,295	\$ 74,947,965
23.92%	37.43%	44.35%	43.89%	38.26%	44.57%

**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)							
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%
2015	24,642,193	20,496,014	4,146,179	2,365,000	1,026,735	3,391,735	1.22%

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)
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	5,844,870	38,234	9.80%
2015	152,871	N/A	N/A	7.50%

- 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	2015			2006		
	Employees (1)	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Rockford School District No. 205	3,525	2	2.39%	3,500	2	2.03%
Chrysler, LLC (2)	4,323	1	2.93%	4,000	1	2.32%
Swedish American Health Systems	2,988	4	2.03%	2,900	4	1.68%
Rockford Memorial Hospital	3,000	3	2.03%	2,900	3	1.68%
Hamilton Sundstrand Corporation	2,200	6	1.49%	2,300	5	1.33%
OSF St. Anthony's Medical Center	2,800	5	1.90%	2,000	7	1.16%
Wal-Mart Stores (2)	1,611	7	1.09%			
County of Winnebago	1,449	10	0.98%			
Packaging Coordinators	1,500	9	1.02%			
United Parcel Service				2,200	6	1.28%
Woodward Governor Company	1,540	8	1.04%	1,300	8	0.75%
City of Rockford				1,201	9	0.70%
Cadbury Adams				700	10	0.41%
Total	24,936		16.91%	23,001		13.34%
Total employment in the Rockford MSA	147,460			172,400		

(1) Source: Rockford Area Economic and Development Council

(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>2015</u>	<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>
General government:										
Mayor's office	4.0	4.0	4.0	4.0	5.0	6.0	8.0	8.0	8.0	8.0
Legal department	13.0	12.0	12.0	12.0	12.0	17.0	20.0	20.0	19.0	17.0
Finance office	36.0	36.0	36.0	31.0	30.0	31.0	32.0	33.0	33.0	33.0
Information technology	4.0	4.0	4.0	6.0	6.0	6.0	8.0	10.0	10.0	10.0
Human resources	5.0	5.0	5.0	5.0	5.0	6.0	7.0	7.0	7.0	7.0
Public safety										
Police department										
Officers	287.0	286.5	283.0	283.0	282.0	282.0	295.0	305.0	305.0	305.0
Civilians	36.0	36.0	36.0	36.0	36.0	36.0	28.0	33.0	33.0	33.0
Fire department	259.0	259.0	280.0	280.0	278.0	282.0	282.0	282.0	282.0	280.0
911	53.0	53.0	53.0	53.0	53.0	53.0	53.0	53.0	53.0	61.0
Public works - traffic	11.0	11.0	11.0	11.0	11.0	13.0	12.5	18.0	18.0	18.0
Construction Services	23.2	25.2	25.2	15.0	15.0	18.0	25.0	19.0	21.0	20.0
Streets, alleys and bridges										
Administration	2.0	2.0	2.0	2.0	2.0	4.0	4.5	6.5	7.0	6.0
Engineering	9.1	8.0	9.5	10.0	5.5	7.5	10.0	4.5	5.0	5.0
Capital Projects	18.9	18.0	16.5	17.0	18.5	17.2	16.0	16.0	16.0	16.0
Street and sewer maintenance	31.0	31.0	31.0	31.0	32.0	38.0	40.0	39.5	40.0	40.0
Property and equipment	23.0	23.0	23.0	24.0	24.0	27.0	27.0	28.0	28.0	24.0
Community development										
Administration	1.5	1.5	1.5	1.5	1.5	1.5	2.0	2.0	2.0	2.0
Development	6.0	7.0	7.0	8.0	8.0	7.0	8.0	9.0	17.0	18.0
Planning	4.3	4.3	4.3	4.3	4.3	5.3	6.0	11.0	15.0	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
Culture and recreation										
Library	87.0	87.0	86.3	86.0	84.5	82.0	115.0	109.0	103.0	102.0
Public health and welfare	86.4	95.5	96.4	91.0	99.0	97.9	91.0	92.5	93.0	96.0
Parking	3.0	3.0	8.5	8.5	8.5	8.5	9.0	9.0	9.0	9.0
Water	63.0	64.0	64.0	72.0	72.0	77.0	75.0	76.0	75.0	76.0
Total	1,066.4	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

Source: City Finance Office

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

Function/Program	Fiscal Year								
	2015	2014	2013	2012	2011	2010	2009	2008	2007
Police department									
Total calls for service	162,339	146,033	154,000	164,000	166,714	167,304	177,688	184,824	188,840
Total group A offenses	18,119	18,217	20,504	19,854	19,876	23,169	24,663	27,590	28,441
Total group B offenses	9,872	8,659	12,345	12,447	14,715	N/A	N/A	N/A	N/A
Clearance Rate	32.70%	36.10%	34.60%	34.80%	33.21%	33.40%	32.88%	33.70%	36.38%
Fire department									
Total call for service	27,446	22,008	25,100	24,800	22,216	22,839	23,663	23,629	22,864
Total number of fire calls	690	638	625	641	566	564	688	702	781
Total number of ambulance runs 911 Center	21,844	20,732	19,804	19,506	18,854	17,958	18,391	18,243	17,372
Total non-emergency calls	106,246	105,744	101,971	106,712	109,984	112,076	119,097	130,481	125,202
Total emergency calls	137,945	134,387	117,484	131,809	126,613	119,200	120,247	137,536	153,559
Total police dispatches	167,305	195,293	153,646	168,848	174,368	167,305	159,703	174,122	192,399
Total fire dispatches	27,838	25,990	28,676	38,997	25,440	23,539	24,425	27,643	27,669
Construction and Development Services									
Building permits	6,463	9,664	6,642	7,411	7,058	6,722	N/A	N/A	N/A
Code Enforcement	5,312	4,779	4,293	6,740	3,455	8,710	N/A	N/A	N/A
Total inspections	9,572	10,500	11,200	11,800	11,000	10,157	10,485	13,259	17,780
Demolitions	113	113	28	121	135	127	125	109	N/A
Human services									
Households receiving energy assistance	8,270	6,000	6,000	6,873	9,649	13,000	16,000	9,900	9,906
Head Start children served	760	756	664	677	780	721	624	653	669
Homeless prevention clients served	1,155	2,800	2,800	1,267	2,800	1,267	2,435	1,900	1,870
Summer Food program - meals served	53,982	23,350	23,350	23,362	22,515	4,400	4,400	3,000	2,500
Clients receiving weatherization assistance	112	120	120	581	500	459	459	155	N/A
Sanitation Division									
Regular tonnage	47,140	47,314	45,970	45,497	53,210	52,120	53,640	55,419	57,340
Composting tonnage	12,470	11,994	13,114	12,440	14,560	14,320	14,155	14,624	14,920
Recycling tonnage	8,230	7,250	6,499	6,064	7,330	7,210	6,705	6,928	7,170
Public Works									
Number of engineering plans reviewed	159	169	128	100	75	70	94	113	118
Number of permits issued	2,091	1,852	2,061	1,507	1,625	1,751	1,623	1,584	N/A
Plowing/spreading occurrences	22	24	24	17	22	21	20	31	32
Tree trims	2,384	2,725	1,523	2,541	1,500	1,181	4,136	2,890	N/A
Tree plantings	530	686	756	278	100	28	18	N/A	N/A
Total requests	7,271	6,553	7,724	8,376	N/A	N/A	N/A	N/A	N/A
Average days to close request	49	49	79	24					
Parking division									
Total parking spaces	4,170	4,233	4,504	4,504	4,504	4,504	4,504	4,504	4,329
Number of tickets issued	19,000	13,092	18,000	14,950	15,769	18,268	24,741	24,023	26,869
Water division									
Number of users	50,800	50,800	50,703	50,973	52,725	53,055	53,030	53,267	53,221
Annual water production (billion gallons)	6.50	6.85	6.90	7.20	7.03	7.40	7.30	8.00	8.34

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 2015	Fiscal Year 2014	Fiscal Year 2013	Fiscal Year 2012	Fiscal Year 2011	Fiscal Year 2010	Fiscal Year 2009	Fiscal Year 2008	Fiscal Year 2007
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	150	140	135	130	130	130	130	130
Vans (including trucks and mobile units)	45	45	42	41	40	40	40	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	6	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	34	33	32	32	32	30	30
Garages	4	4	5	5	5	5	5	4	4
Water division									
Water mains (miles)	820	820	820	820	816	770	770	770	770
Wells	30	27	27	27	27	39	39	39	39
Treatment Plants	12	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.