

CITY OF ROCKFORD, ILLINOIS

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2016

CITY OF ROCKFORD, ILLINOIS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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DECEMBER 31, 2016

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*

December 15, 2017

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, 2016, 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, 2016 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, 2016, 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 2016 average unemployment rate for the metropolitan area was 7.7% as compared to the state average of 5.7% and the national average of 4.7%.

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 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 2016 the amount was 13.08% 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, 2015. This was the thirty sixth 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, 2016. 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, 2016**

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

Kerry Partridge, Interim Legal Director

Carrie Eklund, Finance Director

Paul Denham, Human Resources Director

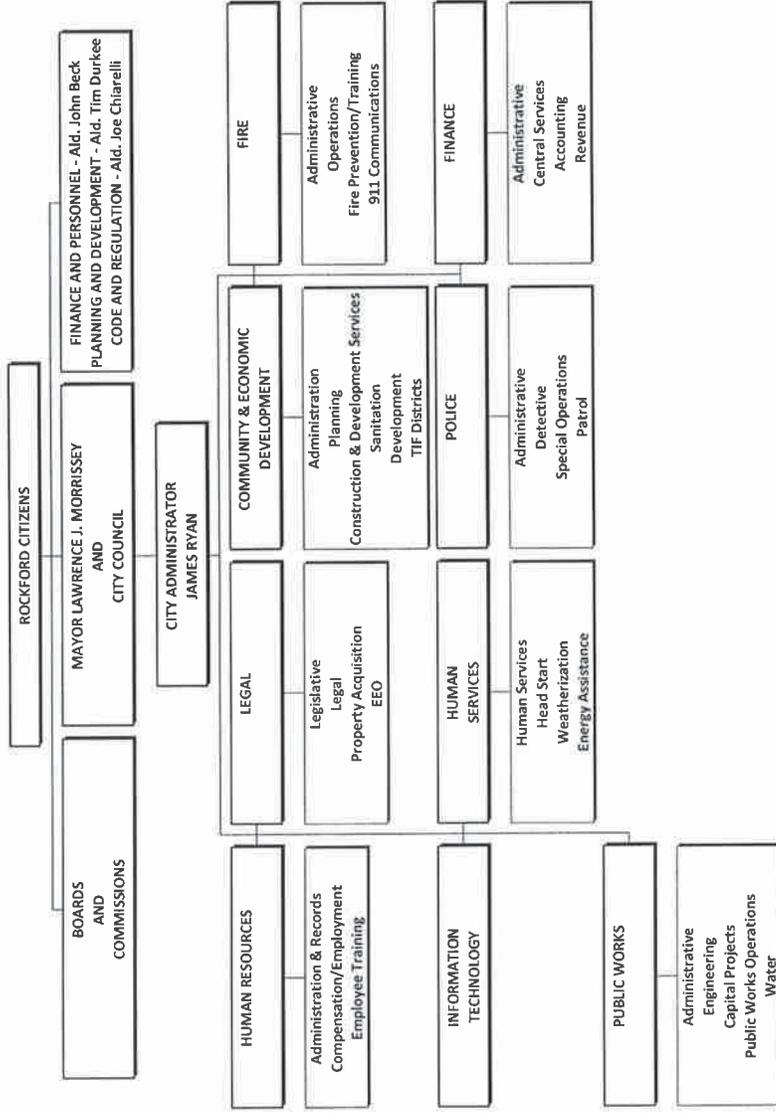
Derek Bergsten, Fire Chief

Daniel O'Shea, Police Chief

George Davis, Human Services Director

Matthew Vitner, 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, 2015

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

December 15, 2017

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, 2016, 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, 2016, 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, supplemental schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual fund financial statements and budgetary comparison schedules and supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and budgetary comparison schedules and supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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 December 15, 2017, 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, 2016

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, 2016. 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 \$734.2 million and total liabilities and deferred inflows of \$604.4 million the City of Rockford's total net position was \$129.8 million at year-end December 31, 2016. Of this amount, approximately \$371.2 million represent the City's net investment in capital assets, \$40.2 million was held for restricted purposes and (\$281.6) million is classified as unrestricted. Beginning net position was restated due to matching the capital asset listing to the City's new capital asset policy.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$75.6 million, an increase of \$5.2 million in comparison with the prior year. Approximately 35.2 percent of this total amount, \$26.6 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 \$36.6 million, or 28.3 percent of total General Fund expenditures. In comparison, the prior year unassigned fund balance was \$37.5 million, 30.2 percent of General Fund expenditures.
- During the current fiscal year, the City's total long-term bonded debt increased by 3.6 percent or \$3.4 million. The City issued \$30.9 million in new bonds during the year and retired \$27.6 million in bonded debt 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, 2016

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, 2016

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, its Community Development Fund, and its Public Library Fund. A budgetary comparison schedule has been provided for the General Fund, Public Library Fund, and Community Development 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, 2016

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 - 92 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 –A13 of this report.

City of Rockford, Illinois

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2016

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 \$129.8 million at the close of the fiscal year ended December 31, 2016.

The City's net position includes assets invested in capital net of related debt, restricted net position, and unrestricted net position. In 2016, assets invested in capital net of related debt were equal to \$371.2 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, 2016 and 2015.

	City of Rockford Net Position					
	Governmental	Governmental	Business-type	Business-type	Total	Total
	activities	activities	activities	activities	Total	Total
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 173,755,638	\$ 182,946,253	\$ 22,136,013	\$ 24,786,109	\$ 195,891,651	207,732,362
Capital assets	308,504,246	294,950,210	198,582,851	193,795,863	507,087,097	488,746,073
Total assets	482,259,884	477,896,463	220,718,864	218,581,972	702,978,748	696,478,435
Deferred outflows of resources	31,162,657	39,095,134	39,946	68,476	31,202,603	39,163,610
Total assets and deferred outflows	513,422,541	516,991,597	220,758,810	218,650,448	734,181,351	735,642,045
Long-term liabilities	397,248,748	420,941,537	57,720,651	60,157,266	454,969,399	481,098,803
Current liabilities	44,931,091	55,280,540	6,635,132	7,125,259	51,566,223	62,405,799
Total liabilities	442,179,839	476,222,077	64,355,783	67,282,525	506,535,622	543,504,602
Deferred inflows of resources	97,816,004	62,810,572	-	-	97,816,004	62,810,572
Total liabilities and deferred inflows	539,995,843	539,032,649	64,355,783	67,282,525	604,351,626	606,315,174
Net position:						
Net invested in capital assets	232,181,881	225,009,895	138,985,875	136,801,891	371,167,756	361,811,786
Restricted	35,508,491	34,163,893	4,734,747	6,040,258	40,243,238	40,204,151
Unrestricted	(294,263,674)	(281,214,840)	12,682,405	8,525,774	(281,581,269)	(272,689,066)
Total net position	\$ (26,573,302)	\$ (22,041,052)	\$ 156,403,027	\$ 151,367,923	\$ 129,829,725	\$ 129,326,871

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2016

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 \$(26.6) million compared to \$(22.0) million at the end of 2015. 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 (\$294.3) million, a significant decrease from last year due to 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 3.9 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 increased (\$156.4 million compared to \$151.4 million at the end of 2015).

A summary of the City's 2016 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, 2016

Changes in Net Position						
	Governmental activities	Governmental activities	Business-type activities	Business-type activities	Total	Total
	2016	2015	2016	2015	2016	2015
Revenues						
Program revenues:						
Charges for services	\$ 41,516,822	\$ 39,219,652	\$ 29,687,851	\$ 26,684,439	\$ 71,204,673	\$ 65,904,091
Operating grants and contributions	31,665,946	29,023,324	-	-	31,665,946	29,023,324
Capital grants and contributions	10,072,753	14,124,360	859,380	-	10,932,133	14,124,360
General revenues:						
Taxes:						
Property taxes	59,518,930	59,557,696	-	-	59,518,930	59,557,696
Sales tax	39,229,423	39,212,916	-	-	39,229,423	39,212,916
Other taxes	11,592,026	10,295,225	-	-	11,592,026	10,295,225
Intergovernmental						
Income tax	14,686,440	16,529,806	-	-	14,686,440	16,529,806
Replacement tax	7,188,103	6,541,765	-	-	7,188,103	6,541,765
Interest earnings	1,001,420	1,188,290	341,815	232,718	1,343,235	1,421,008
Other	3,536,395	3,335,120	-	-	3,536,395	3,335,120
Total revenues	220,008,258	219,028,154	30,889,046	26,917,157	250,897,304	245,945,311
Expenses						
General government	21,300,763	18,051,570	-	-	21,300,763	18,051,570
Public safety	110,625,870	128,158,182	-	-	110,625,870	128,158,182
Streets, alleys and bridges	38,707,462	42,806,715	-	-	38,707,462	42,806,715
Community development	13,478,587	12,401,104	-	-	13,478,587	12,401,104
Sanitation	15,308,363	12,358,032	-	-	15,308,363	12,358,032
Culture and recreation	8,554,854	8,270,725	-	-	8,554,854	8,270,725
Public health and welfare	15,033,706	15,768,176	-	-	15,033,706	15,768,176
Interest and fiscal charges	4,270,103	3,444,206	-	-	4,270,103	3,444,206
Water	-	-	22,860,954	22,414,342	22,860,954	22,414,342
Parking	-	-	2,932,988	2,747,317	2,932,988	2,747,317
Total expenses	227,279,708	241,258,710	25,793,942	25,161,659	253,073,650	266,420,369
Increase in net position before transfers	(7,271,450)	(22,230,556)	5,095,104	1,755,498	(2,176,346)	(20,475,058)
Transfers	60,000	60,000	(60,000)	(60,000)	-	-
Change in net position	(7,211,450)	(22,170,556)	5,035,104	1,695,498	(2,176,346)	(20,475,058)
Net position - beginning, restated	(19,361,852)	129,504	151,367,923	149,672,425	132,006,071	149,801,929
Net position - ending	\$ (26,573,302)	\$ (22,041,052)	\$ 156,403,027	\$ 151,367,923	\$ 129,829,725	\$ 129,326,871

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 statute, 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, 2016

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 \$220.0 million compared to \$208.1 million in 2015, an increase of 0.4 percent. The leading factors are as follows:

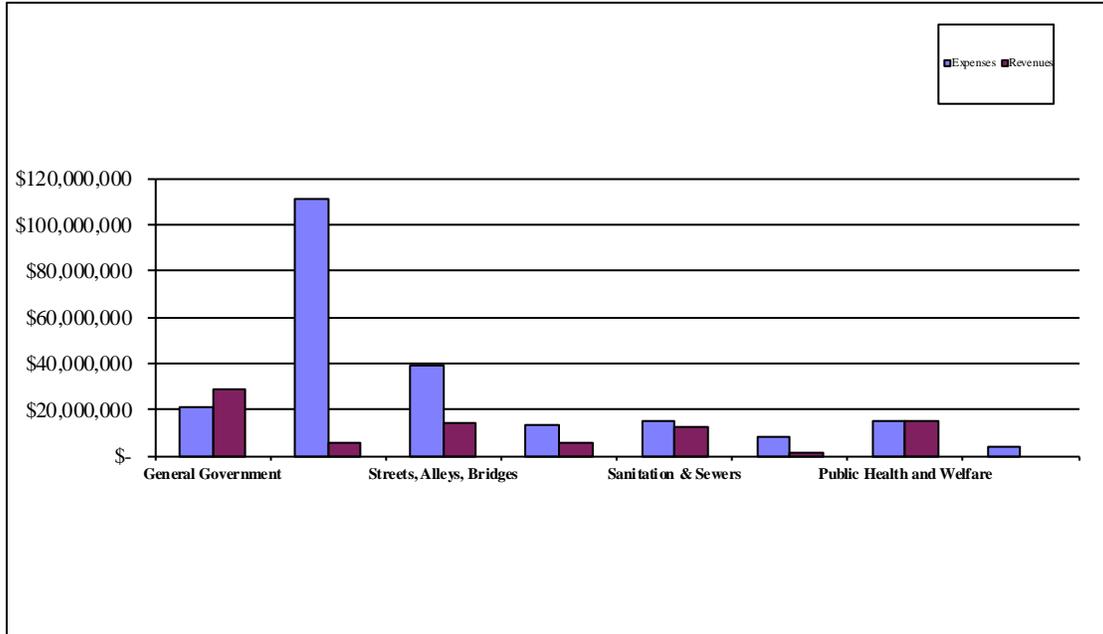
- The City's largest single revenue source, property taxes amounted to \$59.5 million. Property taxes were relatively flat decreasing by \$39 thousand during the current year compared to a decrease of approximately \$36 thousand in 2015.
- Sales tax of \$39.2 million increased \$17 thousand, an indication that the local economy is starting to make some minor improvements.
- Charges for services increased \$2.3 million or 5.9 percent.

Total governmental activities' expense for the current year was \$227.3 million compared to \$241.3 in 2015, a decrease of 5.8 percent.

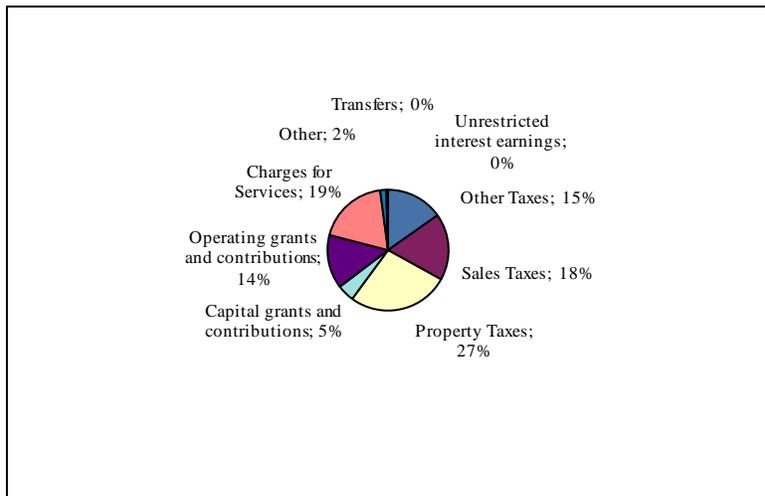
The graph on the next page shows a comparison between the expenses by governmental activity type and the revenues generated that are specific to those activities.

MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2016

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 \$227.3 million. However, the amount that taxpayers paid for these activities through City and State taxes was only \$132.2 million. Some of the cost was paid by:

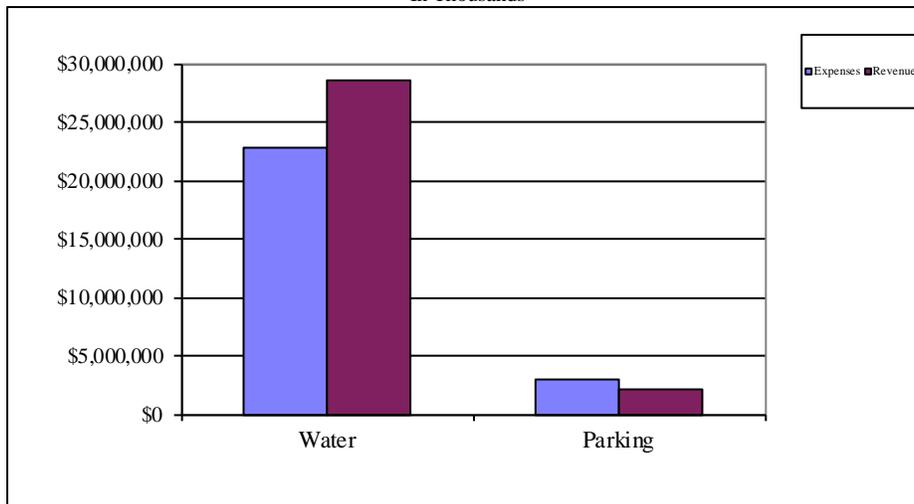
- Those who directly benefited from the programs \$41.5 million.
- Other governments and organizations that subsidized certain programs with grants \$41.7 million.

MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2016

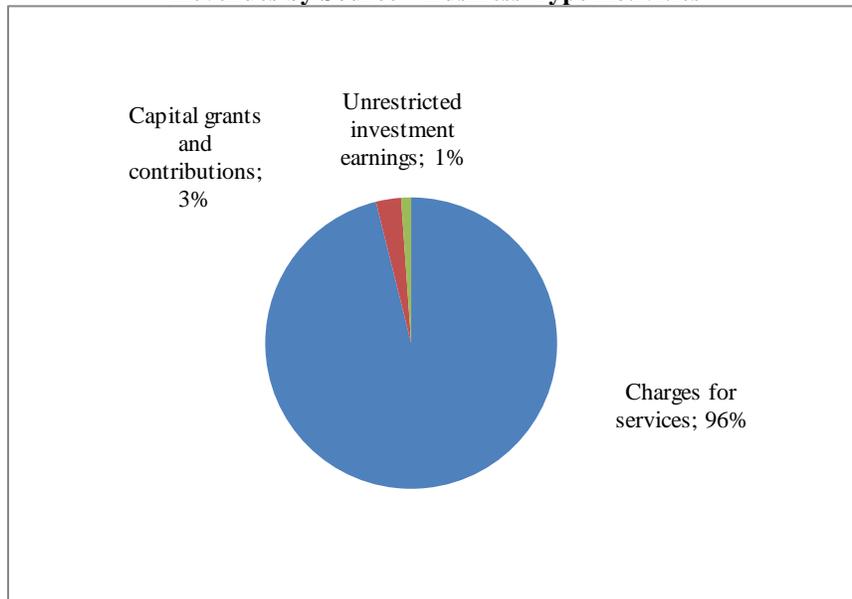
Business-type Activities – Business-type activities net position increased by \$5.0 million in 2016, compared to an increase of \$1.7 million in 2015. Revenues from business type activities increased by 14.8 percent to \$30.9 million and expenses increased 2.5 percent to \$25.8 million. Key elements contributing to these results included:

- Charges for services for business-type activities increased by \$3.0 million.
- Expenses increased only slightly by \$0.6 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, 2016

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 2016, its governmental funds reported a combined fund balance of \$75.6 million, an increase of \$5.2 million (approximately 7.4 percent) in comparison with the prior fiscal year. Unassigned fund balance was \$26.6 million, and is available for spending at the government's discretion. The remaining \$49.0 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 \$36.6 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total expenditures. Unassigned fund balance represents 28.3 percent of total General Fund expenditures.

The following schedule presents the governmental funds summary of revenues for the years ended December 31, 2016 and 2015:

	FY 2016	Percent of Total	FY 2015	Amount of increase (decrease)	Percent of increase (decrease)
Revenues by source					
Taxes	\$ 110,340,379	50.22%	\$ 109,065,837	\$ 1,274,542	1.17%
Licenses and permits	7,182,358	3.27%	7,836,475	(654,117)	-8.35%
Intergovernmental	63,613,242	28.95%	68,003,443	(4,390,201)	-6.46%
Charges for services	33,077,083	15.05%	30,134,940	2,942,143	9.76%
Fines	1,257,381	0.57%	1,248,237	9,144	0.73%
Interest	726,080	0.33%	914,998	(188,918)	20.65%
Miscellaneous	3,536,395	1.61%	1,550,932	1,985,463	128.02%
Total revenues	<u>\$ 219,732,918</u>	<u>100.00%</u>	<u>\$ 218,754,862</u>	<u>\$ 978,056</u>	<u>0.45%</u>

Revenues of the City's governmental funds increased \$1.0 million or less than one percent from the prior fiscal year.

The following schedule presents the governmental funds summary of expenditures for the years ended December 31, 2016 and 2015:

City of Rockford, Illinois

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended December 31, 2016

	FY 2016	Percent of Total	FY 2015	Amount of increase (decrease)	Percent of increase (decrease)
Expenditures by function					
General government	\$ 11,597,842	4.96%	\$ 11,152,236	445,606	4.00%
Public safety	101,937,283	43.57%	98,615,052	3,322,231	3.37%
Streets, alleys and bridges	16,202,782	6.93%	21,094,419	(4,891,637)	-23.19%
Community development	13,341,542	5.70%	12,368,519	973,023	7.87%
Sanitation and sewers	14,398,829	6.15%	12,358,032	2,040,797	16.51%
Culture and recreation	8,554,854	3.66%	7,348,771	1,206,083	16.41%
Public health and welfare	15,033,706	6.43%	15,627,543	(593,837)	-3.80%
Debt service:					
Principal payments	12,040,963	5.15%	13,148,479	(1,107,516)	-8.42%
Interest and fiscal charges	4,220,590	1.80%	3,425,850	794,740	23.20%
Capital expenditures	36,633,253	15.66%	43,479,770	(6,846,517)	-15.75%
Total expenditures	233,961,644	100.00%	238,618,671	(4,657,027)	-1.95%

Expenditures of the City's governmental funds decreased by \$4.7 million or 1.95 percent compared to the previous year. Capital expenditures decreased by almost \$6.8 million, after prior year reported significant investments in capital outlay.

The Public Library fund balance at year-end was \$9.9 million down \$125 thousand from the prior year. This 1.2 percent decrease is primarily the result of capital outlay dollars that were budgeted at \$2.9 million with only \$0.9 million spent.

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 fund balance increased slightly by \$44 thousand.

Capital Projects Fund total fund balance at year-end was \$9.6 million all of which is restricted or assigned for capital projects. The increase in fund balance during the current fiscal year was \$6.6 million for future capital needs.

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 \$4.7 million (3.8 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, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues	\$ 125,144,964	125,811,424	129,056,215	\$ 3,244,791
Expenditures	122,507,284	127,217,527	129,245,032	(2,027,505)
Excess of revenues over expenditures	2,637,680	(1,406,103)	(188,817)	1,217,286
Other financing sources and uses				
Debt issuance	-	490,600	1,790,600	1,300,000
Transfers from other funds	2,670,073	3,670,073	3,670,073	-
Transfers to other funds	(5,467,108)	(6,467,108)	(6,160,484)	306,624
Net change in fund balance	\$ (159,355)	(3,712,538)	(888,628)	\$ 2,823,910

During the year the City spent 101.6 percent of the final amount appropriated in the General Fund. Actual General Fund revenues were more than budgetary estimates by 2.6 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, 2016, amounts to \$507.1 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 3.3 percent and the business-type activities increased by 2.5 percent.

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

	Governmental	Business-Type
Land	\$ 7,872,547	\$ 6,269,233
Construction in progress	3,327,589	3,854,505
Land improvements	1,427,795	471,222
Building and improvements	56,390,005	32,823,122
Improvements other than buildings	-	153,325,040
Equipment	12,363,332	1,839,729
Infrastructure	227,122,978	-
	<u>\$ 308,504,246</u>	<u>\$ 198,582,851</u>

City of Rockford, Illinois

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2016

Primary Government Capital Assets (net of depreciation)						
	Governmental	Governmental	Business-type	Business-type	Total	Total
	activities	activities	activities	activities		
	2016	2015	2016	2015	2016	2015
Land	\$ 7,872,547	\$ 7,148,009	\$ 6,269,233	\$ 6,268,665	\$ 14,141,780	\$ 13,416,674
Land improvements	1,427,795	800,272	471,222	507,005	1,899,017	1,307,277
Buildings and improvements	56,390,005	27,459,067	32,823,122	28,558,940	89,213,127	56,018,007
Improvements other than building	-	-	153,325,040	153,217,740	153,325,040	153,217,740
Equipment	12,363,332	15,383,554	1,839,729	2,006,946	14,203,061	17,390,500
Infrastructure	227,122,978	243,998,472	-	-	227,122,978	243,998,472
Construction in progress	3,327,589	160,836	3,854,505	3,236,567	7,182,094	3,397,403
Total	\$ 308,504,246	\$ 294,950,210	\$ 198,582,851	\$ 193,795,863	\$ 507,087,097	\$ 488,746,073

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 \$104.8 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		
	2016	2015	2016	2015	2016	2015
General obligation/ General obligation revenue bonds	\$ 75,945,000	\$ 69,420,000	\$28,840,000	\$31,690,000	\$ 104,785,000	\$ 101,110,000

The City of Rockford's bond rating is A1 from Moody's Investors Services.

The State imposes a legal limit of 8.625% of total equalized assessed valuation on the amount of general bond indebtedness. The City further limits their indebtedness, by ordinance, to 80.0% of the State limit. As of December 31, 2016, the City's indebtedness was \$79.4 million less than the City limit and \$99.6 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, 2016

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 2017 budget was to continue offering citizens basic services, economic development efforts, and fiscal stability. Development and adoption of the 2017 budget was premised on maintaining staffing and service levels equivalent to 2016 and making significant capital investment.

Budgeted revenues for the General Fund are \$135.5 million, including \$12.8 million for transfers in.

Budgeted expenditures in the General Fund are \$135.5 million, including \$2.5 million for transfers out. Major spending changes by account type for 2017 are:

- Salaries increased \$998,000 as a result of contract increases and a 2% wage increase.
- Fringe Benefits increased \$3.7 million due to increases to pension funding.
- Contractual and supply accounts decreased \$647,000.
- Capital outlays increased \$900,000 with vehicle purchases and additional technology for Police Department.

While the local economic environment and the impact it has on the City's available revenues continues to present a challenge in December 2016, 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 2018 budget process to begin on a sound financial footing.

City of Rockford, Illinois

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2016

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, 2016

	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	\$ 79,679,807	\$ 11,699,366	\$ 91,379,173	\$ 2,770,901	\$ 2,078,589
Receivables - net of allowances	67,005,628	4,500,733	71,506,361	126,617	1,304,902
Internal balances	(54,039)	54,039	-	-	-
Due from governmental units	26,557,158	-	26,557,158	1,090,733	-
Inventories	273,834	518,817	792,651	329,823	92,828
Prepays	293,250	-	293,250	114,606	70,269
Total current assets	173,755,638	16,772,955	190,528,593	4,432,680	3,546,588
NONCURRENT ASSETS					
Capital assets					
Nondepreciable	11,200,136	10,123,738	21,323,874	1,991,739	2,597,014
Depreciable	479,044,005	283,271,882	762,315,887	37,951,021	44,422,376
Accumulated depreciation	(181,739,895)	(94,812,769)	(276,552,664)	(18,898,063)	(21,674,686)
	308,504,246	198,582,851	507,087,097	21,044,697	25,344,704
Other assets					
Other assets	-	-	-	-	4,350,763
Restricted assets:					
Cash and cash equivalents	-	5,363,058	5,363,058	4,885,683	335,488
	-	5,363,058	5,363,058	4,885,683	4,686,251
Total noncurrent assets	308,504,246	203,945,909	512,450,155	25,930,380	30,030,955
Total assets	482,259,884	220,718,864	702,978,748	30,363,060	33,577,543
DEFERRED OUTFLOWS OF RESOURCES					
Deferred items - net pension liabilities	29,738,864	-	29,738,864	2,304,118	-
Unamortized loss on refunding	1,423,793	39,946	1,463,739	-	-
Total deferred outflows of resources	31,162,657	39,946	31,202,603	2,304,118	-
Total assets and deferred outflows of resources	513,422,541	220,758,810	734,181,351	32,667,178	33,577,543

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	\$ 14,989,665	\$ 2,868,012	\$ 17,857,677	\$ 2,395,980	\$ 879,814
Accrued payroll and benefits	3,675,103	204,550	3,879,653	891,493	-
Due to other governmental units	168	-	168	-	-
Other payables	3,933,843	-	3,933,843	-	3,134,377
Other liabilities	2,167,731	-	2,167,731	-	-
Deposits and advances	-	5,805	5,805	2,062,919	-
Accrued interest payable	237,326	121,510	358,836	-	-
Current portion of long-term debt	19,927,255	3,435,255	23,362,510	-	354,672
Total current liabilities	<u>44,931,091</u>	<u>6,635,132</u>	<u>51,566,223</u>	<u>5,350,392</u>	<u>4,368,863</u>
Noncurrent liabilities:					
Noncurrent portion of long-term debt	397,248,748	57,720,651	454,969,399	8,082,371	2,140,121
Total noncurrent liabilities	<u>397,248,748</u>	<u>57,720,651</u>	<u>454,969,399</u>	<u>8,082,371</u>	<u>2,140,121</u>
Total liabilities	<u>442,179,839</u>	<u>64,355,783</u>	<u>506,535,622</u>	<u>13,432,763</u>	<u>6,508,984</u>
DEFERRED INFLOWS OF RESOURCES					
Property taxes	58,185,967	-	58,185,967	-	-
Deferred items - net pension liabilities	39,541,566	-	39,541,566	-	-
Grants	88,471	-	88,471	-	332,026
Total deferred inflows of resources	<u>97,816,004</u>	<u>-</u>	<u>97,816,004</u>	<u>-</u>	<u>332,026</u>
Total liabilities and deferred inflows of resources	<u>539,995,843</u>	<u>64,355,783</u>	<u>604,351,626</u>	<u>13,432,763</u>	<u>6,841,010</u>
NET POSITION					
Net investment in capital assets	232,181,881	138,985,875	371,167,756	21,044,697	24,504,235
Restricted					
Capital projects	-	1,000,000	1,000,000	-	-
Debt service	9,984,081	3,734,747	13,718,828	-	-
Culture and recreation	9,944,201	-	9,944,201	-	-
Community development	6,566,114	-	6,566,114	-	-
Public health and welfare	599,909	-	599,909	-	-
Highways and streets	8,414,186	-	8,414,186	-	-
Employee and public liability trusts	-	-	-	776,375	-
Unrestricted (deficit)	<u>(294,263,674)</u>	<u>12,682,405</u>	<u>(281,581,269)</u>	<u>(2,586,657)</u>	<u>2,232,298</u>
Total net position	<u>\$ (26,573,302)</u>	<u>\$ 156,403,027</u>	<u>\$ 129,829,725</u>	<u>\$ 19,234,415</u>	<u>\$ 26,736,533</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, 2016**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental activities				
General government	\$ 21,300,763	\$ 28,458,097	\$ 460,000	\$ -
Public safety	110,625,870	-	5,572,619	-
Streets, alleys and bridges	38,707,462	-	3,892,193	10,072,753
Community development	13,478,587	227,441	5,759,978	-
Sanitation and sewers	15,308,363	12,708,453	-	-
Culture and recreation	8,554,854	122,831	1,125,051	-
Public health and welfare	15,033,706	-	14,856,105	-
Interest and fiscal charges	4,270,103	-	-	-
Total governmental activities	<u>227,279,708</u>	<u>41,516,822</u>	<u>31,665,946</u>	<u>10,072,753</u>
Business-type activities				
Water utilities	22,860,954	27,628,814	-	859,380
Parking system	2,932,988	2,059,037	-	-
Total business-type activities	<u>25,793,942</u>	<u>29,687,851</u>	<u>-</u>	<u>859,380</u>
Total primary government	<u>\$ 253,073,650</u>	<u>\$ 71,204,673</u>	<u>\$ 31,665,946</u>	<u>\$ 10,932,133</u>
COMPONENT UNITS				
Rockford mass transit district	\$ 18,480,649	\$ 1,810,121	\$ 14,341,278	\$ 1,118,699
Rockford metropolitan exposition, auditorium and office building authority	13,688,923	11,695,038	2,503,937	195,272
Total component units	<u>\$ 32,169,572</u>	<u>\$ 13,505,159</u>	<u>\$ 16,845,215</u>	<u>\$ 1,313,971</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
\$ 7,617,334	\$ -	\$ 7,617,334	\$ -	\$ -
(105,053,251)	-	(105,053,251)	-	-
(24,742,516)	-	(24,742,516)	-	-
(7,491,168)	-	(7,491,168)	-	-
(2,599,910)	-	(2,599,910)	-	-
(7,306,972)	-	(7,306,972)	-	-
(177,601)	-	(177,601)	-	-
(4,270,103)	-	(4,270,103)	-	-
(144,024,187)	-	(144,024,187)	-	-
-	5,627,240	5,627,240	-	-
-	(873,951)	(873,951)	-	-
-	4,753,289	4,753,289	-	-
(144,024,187)	4,753,289	(139,270,898)	-	-
-	-	-	(1,210,551)	-
-	-	-	-	705,324
-	-	-	(1,210,551)	705,324
59,518,930	-	59,518,930	-	-
39,229,423	-	39,229,423	-	-
11,592,026	-	11,592,026	-	162,682
14,686,440	-	14,686,440	-	-
7,188,103	-	7,188,103	-	-
1,001,420	341,815	1,343,235	5,198	608
3,536,395	-	3,536,395	4,120	-
60,000	(60,000)	-	-	-
136,812,737	281,815	137,094,552	9,318	163,290
(7,211,450)	5,035,104	(2,176,346)	(1,201,233)	868,614
(19,361,852)	151,367,923	132,006,071	20,435,648	25,867,919
\$ (26,573,302)	\$ 156,403,027	\$ 129,829,725	\$ 19,234,415	\$ 26,736,533

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

CITY OF ROCKFORD, ILLINOIS

**Balance Sheet - Governmental Funds
December 31, 2016**

	General	Special Revenue	
		Public Library	Community Development
ASSETS			
Cash and cash equivalents	\$ 16,364,018	\$ 9,569,526	\$ 2,681,146
Receivables - net of allowances			
Property taxes	45,879,108	7,307,938	-
Accounts	4,532,070	886,827	5,022
Notes	150,000	-	166,027
Accrued interest	32,897	14,105	-
Due from the Federal Government	24,116	-	440,698
Due from the State of Illinois	11,361,049	114,530	169,368
Due from other governmental units	624,051	-	6,300
Due from other funds	9,281,409	-	-
Total assets	\$ 88,248,718	\$ 17,892,926	\$ 3,468,561
LIABILITIES			
Accounts payable	\$ 2,482,266	\$ 487,940	\$ 261,527
Accrued payroll and benefits	2,708,393	152,847	16,204
Due to other governmental units	-	-	168
Due to other funds	-	-	-
Other payables	-	-	391,682
Other liabilities	392,230	-	20,811
Total liabilities	5,582,889	640,787	690,392
DEFERRED INFLOWS OF RESOURCES			
Property taxes	45,879,108	7,307,938	-
Grants	-	-	-
Total deferred inflows of resources	45,879,108	7,307,938	-
Total liabilities and deferred inflows of resources	51,461,997	7,948,725	690,392
FUND BALANCES			
Nonspendable	150,000	-	166,027
Restricted			
Debt service	-	-	-
Culture and recreation	-	9,944,201	-
Community development	-	-	2,612,142
Public health and welfare	-	-	-
Highway and streets	-	-	-
Assigned			
General government	-	-	-
Community development	-	-	-
Public health and welfare	-	-	-
Unassigned	36,636,721	-	-
Total fund balances	36,786,721	9,944,201	2,778,169
Total liabilities and deferred inflows of resources and fund balance	\$ 88,248,718	\$ 17,892,926	\$ 3,468,561

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

Human Services	Debt Service	Capital Projects	Nonmajor	Totals
\$ 1,621,915	\$ 10,239,873	\$ 6,852,562	\$ 16,057,211	\$ 63,386,251
-	1,741,796	-	3,070,070	57,998,912
-	-	1,802,777	1,100,861	8,327,557
240,215	-	-	-	556,242
1,437	(10)	14,155	2,504	65,088
1,663,908	-	1,238,039	338,955	3,705,716
1,711,078	201,811	4,247,973	1,140,575	18,946,384
-	-	2,954,830	20,275	3,605,456
-	-	-	-	9,281,409
\$ 5,238,553	\$ 12,183,470	\$ 17,110,336	\$ 21,730,451	\$ 165,873,015
\$ 590,633	\$ 220,267	\$ 5,740,020	\$ 3,929,342	\$ 13,711,995
177,164	-	53,016	39,259	3,146,883
-	-	-	-	168
-	-	-	9,089,812	9,089,812
3,542,161	-	-	-	3,933,843
-	-	1,694,175	-	2,107,216
4,309,958	220,267	7,487,211	13,058,413	31,989,917
-	1,741,796	-	3,257,125	58,185,967
88,471	-	-	-	88,471
88,471	1,741,796	-	3,257,125	58,274,438
4,398,429	1,962,063	7,487,211	16,315,538	90,264,355
240,215	-	-	31,224	587,466
-	10,221,407	-	-	10,221,407
-	-	-	-	9,944,201
-	-	-	3,953,972	6,566,114
599,909	-	-	-	599,909
-	-	-	8,414,186	8,414,186
-	-	-	195,561	195,561
-	-	9,623,125	2,727,373	12,350,498
-	-	-	286,150	286,150
-	-	-	(10,193,553)	26,443,168
840,124	10,221,407	9,623,125	5,414,913	75,608,660
\$ 5,238,553	\$ 12,183,470	\$ 17,110,336	\$ 21,730,451	\$ 165,873,015

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, 2016**

Total fund balances for governmental funds	\$ 75,608,660
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.	303,748,941
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:	1,485,316
Deferred outflows (inflows) of resources related to the pensions not reported in the funds.	(9,802,702)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Net pension liability	(292,312,280)
Net other post-employment benefit liability	(4,671,312)
Bonds payable, net	(74,754,224)
Compensated absences	(7,013,115)
Other liabilities	(1,461,113)
Lease/purchase agreements	(13,989,147)
Section 108 guaranteed loans	(3,175,000)
Accrued interest on bonds	<u>(237,326)</u>
Total net position of governmental activities	<u>\$ (26,573,302)</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, 2016**

See Following Page

CITY OF ROCKFORD, ILLINOIS

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Fiscal Year Ended December 31, 2016**

	General	Special Revenue	
		Public Library	Community Development
REVENUES			
Taxes	\$ 71,932,652	\$ 7,212,287	\$ -
Licenses and permits	7,099,171	-	-
Intergovernmental	27,447,162	1,125,051	3,714,042
Charges for services	20,174,541	49,835	-
Fines	1,184,385	72,996	-
Interest	311,382	132,179	3,136
Miscellaneous	906,922	1,020,522	326,725
Total revenues	129,056,215	9,612,870	4,043,903
EXPENDITURES			
Current			
General government	11,597,842	-	-
Public safety	101,753,445	-	-
Streets, alleys and bridges	10,734,066	-	-
Community development	2,874,566	-	3,182,053
Sanitation and sewers	-	-	-
Culture and recreation	-	8,554,854	-
Public health and welfare	-	-	-
Debt service			
Principal payments	-	-	125,000
Interest and fiscal charges	-	-	3,194
Capital outlay	2,285,113	939,778	-
Total expenditures	129,245,032	9,494,632	3,310,247
Excess (deficiency) of revenues over (under) expenditures	(188,817)	118,238	733,656
OTHER FINANCING SOURCES (USES)			
Debt issuance	1,790,600	-	2,725,000
Premium on debt issuance	-	-	-
Payment to escrow agent	-	-	-
Transfers in	3,670,073	-	-
Transfers out	(6,160,484)	(244,000)	(948,073)
	(699,811)	(244,000)	1,776,927
Net change in fund balances	(888,628)	(125,762)	2,510,583
Fund balances - beginning	37,675,349	10,069,963	267,586
Fund balances - ending	\$ 36,786,721	\$ 9,944,201	\$ 2,778,169

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

Human Services	Debt Service	Capital Projects	Nonmajor	Totals
\$ -	\$ 3,987,550	\$ 15,913,203	\$ 11,294,687	\$ 110,340,379
-	-	-	83,187	7,182,358
14,856,105	460,000	10,072,753	5,938,129	63,613,242
-	-	-	12,852,707	33,077,083
-	-	-	-	1,257,381
(24,800)	-	111,685	192,498	726,080
40,003	907,871	303,159	31,193	3,536,395
14,871,308	5,355,421	26,400,800	30,392,401	219,732,918
-	-	-	-	11,597,842
-	-	-	183,838	101,937,283
-	-	5,468,716	-	16,202,782
-	-	-	7,284,923	13,341,542
-	-	-	14,398,829	14,398,829
-	-	-	-	8,554,854
14,834,689	-	-	199,017	15,033,706
-	11,830,732	-	85,231	12,040,963
-	3,899,227	139,204	178,965	4,220,590
-	-	33,408,362	-	36,633,253
14,834,689	15,729,959	39,016,282	22,330,803	233,961,644
36,619	(10,374,538)	(12,615,482)	8,061,598	(14,228,726)
-	5,400,000	14,770,000	-	24,685,600
-	242,373	72,155	-	314,528
-	(5,642,373)	-	-	(5,642,373)
-	10,425,440	4,337,705	1,419,482	19,852,700
-	(7,023)	-	(12,433,120)	(19,792,700)
-	10,418,417	19,179,860	(11,013,638)	19,417,755
36,619	43,879	6,564,378	(2,952,040)	5,189,029
803,505	10,177,528	3,058,747	8,366,953	70,419,631
\$ 840,124	\$ 10,221,407	\$ 9,623,125	\$ 5,414,913	\$ 75,608,660

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, 2016

Net change in fund balances - total governmental funds \$ 5,189,029

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.

Capital Outlays	22,328,265	
Depreciation Expense	(12,833,275)	
Disposals - Cost	(4,444,801)	
Disposals - Accumulated Depreciation	3,620,785	8,670,974

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	(20,170,000)	
Proceeds from capital lease agreements	(1,790,600)	
Proceeds from section 108 guaranteed loans	(2,725,000)	
Repayments:		
Principal payment on bonds and other long-term obligations	17,490,964	(7,194,636)

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	(846,077)	
Net pension liability	33,137,164	
Deferred items - pensions	(45,426,980)	
Compensated absences	840,962	
Amortization of bond premiums and discounts and losses	(119,209)	(12,414,140)

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.

(1,462,677)

Change in net position of governmental activities \$ (7,211,450)

CITY OF ROCKFORD, ILLINOIS

**Statement of Net Position - Proprietary Funds
December 31, 2016**

See Following Page

CITY OF ROCKFORD, ILLINOIS

**Statement of Net Position - Proprietary Funds
December 31, 2016**

	Business-Type Activities - Enterprise Funds			Governmental
	Nonmajor		Totals	Activities
	Water Utility	Parking System		Internal Service
ASSETS				
Current assets				
Cash and cash equivalents	\$ 11,143,235	\$ 556,131	\$ 11,699,366	\$ 16,293,556
Accounts receivable				
Water	3,100,000	-	3,100,000	-
Estimated unbilled water usage	2,301,166	-	2,301,166	-
Other	54,415	1,053	55,468	57,829
	5,455,581	1,053	5,456,634	57,829
Less allowance for uncollectible accounts	(955,901)	-	(955,901)	-
	4,499,680	1,053	4,500,733	57,829
Due from other funds	54,039	-	54,039	-
Due from other governments	-	-	-	299,602
Inventories	518,817	-	518,817	273,834
Prepaid items	-	-	-	293,250
Current restricted assets				
Cash and cash equivalents				
Bond construction account	628,311	-	628,311	-
Revenue bond renewal and replacement account	1,000,000	-	1,000,000	-
Alternate bond current debt service account	3,734,747	-	3,734,747	-
	5,363,058	-	5,363,058	-
Total current assets	21,578,829	557,184	22,136,013	17,218,071
Noncurrent assets				
Capital assets				
Land	664,067	5,605,166	6,269,233	-
Construction in progress	3,854,505	-	3,854,505	-
Land improvements	862,451	-	862,451	-
Buildings and improvements	22,519,653	26,941,865	49,461,518	4,170,569
Equipment	4,633,784	80,745	4,714,529	6,575,214
Improvements other than land and buildings	224,273,471	3,959,913	228,233,384	267,752
Less accumulated depreciation	(79,811,641)	(15,001,128)	(94,812,769)	(6,258,230)
Total noncurrent assets	176,996,290	21,586,561	198,582,851	4,755,305
Total assets	198,575,119	22,143,745	220,718,864	21,973,376
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized loss on refunding	39,946	-	39,946	-
Total assets and deferred outflows of resources	198,615,065	22,143,745	220,758,810	21,973,376

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

	Business-Type Activities - Enterprise Funds			Governmental
	Nonmajor		Totals	Activities
	Water Utility	Parking System		Internal Service
LIABILITIES				
Current liabilities				
Accounts payable	\$ 1,909,384	\$ 958,628	\$ 2,868,012	\$ 1,277,670
Accrued interest payable	108,805	12,705	121,510	-
Accrued payroll and benefits	197,813	6,737	204,550	528,220
Due to other funds	-	-	-	245,636
Other liabilities	-	-	-	60,515
Deposits and advances	5,805	-	5,805	-
Compensated absences	61,180	877	62,057	105,900
Capital lease payable	230,971	-	230,971	214,085
General obligation alternate bonds payable (net of unamortized premiums/discounts)	2,235,349	364,664	2,600,013	-
IEPA loan payable	542,214	-	542,214	-
Claims and judgments payable	-	-	-	6,445,439
Total current liabilities	5,291,521	1,343,611	6,635,132	8,877,465
Noncurrent liabilities				
Compensated absences	244,718	3,509	248,227	423,605
Refundable water main extension advances	270,969	-	270,969	-
Customer water deposits	309,420	-	309,420	-
Capital lease payable	802,632	-	802,632	1,519,909
General obligation alternate bonds payable (net of unamortized premiums/discounts)	19,372,966	7,775,336	27,148,302	-
IEPA loan payable	28,941,101	-	28,941,101	-
Claims and judgments payable	-	-	-	9,667,081
Total noncurrent liabilities	49,941,806	7,778,845	57,720,651	11,610,595
Total liabilities	55,233,327	9,122,456	64,355,783	20,488,060
NET POSITION				
Net investment in capital assets	125,539,314	13,446,561	138,985,875	3,021,311
Restricted				
Capital projects	1,000,000	-	1,000,000	-
Debt service	3,734,747	-	3,734,747	-
Unrestricted (Deficit)	13,107,677	(425,272)	12,682,405	(1,535,995)
Total net position	\$ 143,381,738	\$ 13,021,289	\$ 156,403,027	\$ 1,485,316

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, 2016**

	Business-Type Activities - Enterprise Funds			Governmental
	Water Utility	Nonmajor	Totals	Activities
		Parking System		Internal Service
OPERATING REVENUES				
Charges for services	\$ 27,301,152	\$ 1,966,811	\$ 29,267,963	\$ 48,487,666
Fines and penalties	275,960	53,423	329,383	-
Intergovernmental	-	-	-	985,928
Miscellaneous	51,702	38,803	90,505	696,879
Total operating revenues	<u>27,628,814</u>	<u>2,059,037</u>	<u>29,687,851</u>	<u>50,170,473</u>
OPERATING EXPENSES				
Salaries and benefits	5,511,518	249,451	5,760,969	14,950,551
Services	5,249,495	1,342,516	6,592,011	33,947,596
Supplies and materials	1,248,016	51,792	1,299,808	1,452,619
Depreciation	6,192,062	785,045	6,977,107	584,025
Charges from General Fund	2,603,604	192,718	2,796,322	910,980
Miscellaneous	-	6,616	6,616	10,260
Total operating expenses	<u>20,804,695</u>	<u>2,628,138</u>	<u>23,432,833</u>	<u>51,856,031</u>
Operating income (loss)	<u>6,824,119</u>	<u>(569,101)</u>	<u>6,255,018</u>	<u>(1,685,558)</u>
NONOPERATING REVENUES (EXPENSES)				
Interest revenue	227,014	114,801	341,815	275,340
Gain (loss) on disposal of capital assets	(204,281)	-	(204,281)	-
Interest expense and service fees	(1,833,487)	(304,850)	(2,138,337)	(52,459)
Amortization expense	(18,491)	-	(18,491)	-
	<u>(1,829,245)</u>	<u>(190,049)</u>	<u>(2,019,294)</u>	<u>222,881</u>
Income (loss) before contributions and transfers	4,994,874	(759,150)	4,235,724	(1,462,677)
Contributions from developers	859,380	-	859,380	-
Transfers (out)	-	(60,000)	(60,000)	-
Change in net position	5,854,254	(819,150)	5,035,104	(1,462,677)
Net position - beginning as restated	<u>137,527,484</u>	<u>13,840,439</u>	<u>151,367,923</u>	<u>2,947,993</u>
Net position - ending	<u>\$ 143,381,738</u>	<u>\$ 13,021,289</u>	<u>\$ 156,403,027</u>	<u>\$ 1,485,316</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, 2016**

See Following Page

CITY OF ROCKFORD, ILLINOIS

Statement of Cash Flows - Proprietary Funds
For the Fiscal Year Ended December 31, 2016

	<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>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 27,373,025	\$ 2,040,033	\$ 29,413,058	\$ 50,562,238
Payment to suppliers	(5,601,353)	(1,261,726)	(6,863,079)	(46,631,765)
Payment to employees	(5,511,518)	(249,451)	(5,760,969)	(4,501,783)
Payments for interfund services used	-	-	-	985,928
Payments to other funds	(2,603,604)	(192,718)	(2,796,322)	(910,980)
Net cash provided by (used for) operating activities	13,656,550	336,138	13,992,688	(496,362)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers out	-	(60,000)	(60,000)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	(5,463,155)	(5,441,561)	(10,904,716)	(1,889,321)
Disposal of capital assets	(204,281)	-	(204,281)	-
Interest and fiscal charges	(1,833,487)	(304,850)	(2,138,337)	(52,459)
Payment of capital debt	(4,287,098)	(325,000)	(4,612,098)	(203,731)
Proceeds from capital debt	-	650,000	650,000	-
Net cash provided by (used for) capital and related financing activities	(11,788,021)	(5,421,411)	(17,209,432)	(2,145,511)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received on cash and cash equivalents	227,014	114,801	341,815	275,340
Net change in cash and cash equivalents	2,095,543	(5,030,472)	(2,934,929)	(2,366,533)
Cash and cash equivalents - beginning	14,410,750	5,586,603	19,997,353	18,660,089
Cash and cash equivalents - ending	\$ 16,506,293	\$ 556,131	\$ 17,062,424	\$ 16,293,556
Displayed as:				
Cash and cash equivalents	\$ 11,143,235	\$ 556,131	\$ 11,699,366	\$ 16,293,556
Restricted assets - cash and cash equivalents	5,363,058	-	5,363,058	-
	\$ 16,506,293	\$ 556,131	\$ 17,062,424	\$ 16,293,556

(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, 2016

	<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)	\$ 6,824,119	\$ (569,101)	\$ 6,255,018	\$ (1,685,558)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	6,192,062	785,045	6,977,107	584,025
Increase (decrease) from changes in:				
Accounts receivable, net	(246,206)	(19,004)	(265,210)	444,356
Due from other governmental units	-	-	-	(83,803)
Due from other funds	5,404	-	5,404	961,064
Prepaid items	-	-	-	(21,604)
Inventories	(14,987)	-	-	(21,000)
Accounts payable	804,689	147,477	952,166	(1,636,208)
Accrued interest payable	(5,468)	(8,327)	(13,795)	-
Accrued payroll and benefits	31,246	(1,840)	29,406	164,016
Other liabilities	78,209	-	78,209	1,931,268
Deposits and advances	(14,572)	-	(14,572)	-
Compensated absences	2,054	1,888	3,942	(147,291)
Due to other funds	-	-	-	(985,627)
Total adjustments	6,832,431	905,239	7,737,670	1,189,196
Net cash provided by (used for) operating activities	\$ 13,656,550	\$ 336,138	\$ 13,992,688	\$ (496,362)
Noncash Capital and Related Financing Activities				
Capital Contributions	859,380	-	859,380	-
				(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, 2016**

	<u>Pension Trust</u>
ASSETS	
Cash and cash equivalents	\$ 9,268,604
Investments - retirement plans	
U.S. Treasury Notes	23,255,633
U.S. Treasury Bonds	1,883,565
Government National Mortgage Association	765,981
Federal Home Loan Mortgage Corporation	7,788,765
Federal National Mortgage Association	9,343,650
Municipal Bonds	2,118,465
Corporate Bonds	33,827,384
Common Stocks	23,131,746
Hartford Annuity	54,950
Mutual Funds	218,202,913
Total investments	<u>320,373,052</u>
Accounts receivable - net of allowance	
Accrued interest receivable	547,768
Contributions receivables	14,246,960
Other	1,601
Total accounts receivable - net of allowance	<u>14,796,329</u>
Total assets	344,437,985
LIABILITIES	
Accrued liabilities	<u>68,187</u>
NET POSITION	
Net position restricted for pensions	<u>\$ 344,369,798</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, 2016**

	Pension Trust
ADDITIONS	
Contributions:	
Employer	\$ 16,415,883
Plan member	4,411,732
Total contributions	<u>20,827,615</u>
Investment income:	
Net appreciation (depreciation) in fair value of investments	11,464,617
Interest and dividend income	14,805,973
	<u>26,270,590</u>
Less investment expense	(457,770)
Net investment income	<u>25,812,820</u>
Total additions	<u>46,640,435</u>
DEDUCTIONS	
Pension benefits	32,557,298
Refunds of contributions	95,204
Administrative expense	544,090
Total deductions	<u>33,196,592</u>
Change in fiduciary net position	13,443,843
NET POSITION RESTRICTED FOR PENSIONS	
Net position restricted for pensions - beginning	<u>330,925,955</u>
Net position restricted for pensions - ending	<u><u>\$ 344,369,798</u></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, 2016

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 City 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, 2016

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 give-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, 2016

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, 2016

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 rooms and theater space, 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, 2016

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, 2016

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, 2016

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.

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.

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements December 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

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.

Investments are generally reported at fair value. For investments, the City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Receivables and Payables

Property taxes receivable are recognized at the time they are levied. The current year's levy was adopted November 23, 2016. 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 2016 levy is deferred as it is intended to finance fiscal year 2017.

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, 2016.

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, 2016

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 Prepays

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” (\$628,311) 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” (\$3,734,747) 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, 2016**

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, 2016

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, 2016

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 Human Services, Veteran’s Scholarship, Flex Care and Tax Increment Financing Area – Ashburn Street Corridor 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, 2016**

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
General	\$ 2,027,505
Debt Service	963,297
Capital Projects	9,146,282
Rockford Tuberculosis Care Center	71,417
Garbage and Refuse	247,274
Redevelopment	663,773
Tourism	112,048
RKFD Metro Agency for Planning	27,615
Tax Increment Financing Area - East Side	3,602
Justice Assistance Grant	181,793
Tax Increment Financing Area - West Side	1,830
Tax Increment Financing Area - Seventh Street	224
Tax Increment Financing Area - Springfield Corners	2,311
Tax Increment Financing Area - Rockford Global Trade Park	146,296
Tax Increment Financing Area - North Main	321
Tax Increment Financing Area - Licolnwood II	371
Tax Increment Financing Area - River Oaks	862
Tax Increment Financing Area - Garrison	358
Tax Increment Financing Area - Hope Six	1,003
Tax Increment Financing Area - Kishwaukee/Harrison	195
Tax Increment Financing Area - Preston/Central	749
Tax Increment Financing Area - North Main and Auburn	438
Tax Increment Financing Area - West State and Central	1,819
Tax Increment Financing Area - West Side II	2,220
Tax Increment Financing Area - Rockford Global Trade Park II	775
Tax Increment Financing Area - River North	77,480
Tax Increment Financing Area - North Main and Whitman	303
Tax Increment Financing Area - Rockford Global Trade Park III	3,132
Tax Increment Financing Area - Rockford Global Trade Park South	763
Central Garage	96,106
Health Insurance	265,761
911 Communication	30,260
Risk Management	671,445
Information Systems	162,483
Police Pension	342,271
Firefighters' Pension	219,996

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

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
Tax Increment Financing Area - Springfield Corners	\$ 2,425,138
Tax Increment Financing Area - Rockford Global Trade Park	639,219
Tax Increment Financing Area - North Main	1,090,634
Tax Increment Financing Area - Lincolnwood II	32,574
Tax Increment Financing Area - River Oaks	2,285,750
Tax Increment Financing Area - Garrison	593,139
Tax Increment Financing Area - Hope Six	676,670
Tax Increment Financing Area - Jackson School	132,985
Tax Increment Financing Area - Preston/Central	1,523,253
Tax Increment Financing Area - North Main and Auburn	16,148
Tax Increment Financing Area - West State and Central	188,683
Tax Increment Financing Area - North Main and Whitman	589,360
Risk Management	9,585,579

Special Revenue tax increment financing area fund's deficits will be alleviated by future property tax revenues. The Risk Management (Internal Service) Fund's deficit will be alleviated from increased rate charges to participating funds.

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 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, 2016**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

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.

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 \$39,448,733 and the bank balances totaled \$40,295,361.

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. Treasury Securities	\$ 13,801,320	\$ -	\$ 9,699,920	\$ 4,101,400	\$ -
U.S. Agency Obligations	2,918,210	-	-	2,918,210	-
*Illinois Funds	40,573,968	40,573,968	-	-	-
Totals	\$ 57,293,498	\$ 40,573,968	\$ 9,699,920	\$ 7,019,610	\$ -

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements December 31, 2016

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

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

*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, 2016, it has been presented as an investment with a maturity of less than one year.

The City has the following recurring fair value measurements as of December 31, 2016:

- U.S. Treasury Securities of \$13,801,320 are valued using quoted market prices (Level 1 inputs)
- U.S. Agency Securities of \$2,918,210 are valued using quoted market prices (Level 2 inputs)
- Illinois Funds of \$40,573,968 which are measured at the net asset value

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, 2016, 42% 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, 2016, 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, 2016, 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.

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. At December 31, 2016, the City's investment in the Illinois Funds is rated AAAM and the U.S. Treasury Securities were rated AAA by Standard and Poor's.

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

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 – Continued. At December 31, 2016, the City’s investments were rated as follows:

Investment Type	Total Fair Value	Credit Rating	
		Moody's	Standard & Poor's
Illinois Funds	\$ 40,573,968	AAA	AA+
U.S. Treasury Bonds/Notes	13,801,320	AAA	N/A
Federal Home Loan Bank Obligations	2,918,210	AAA	AA+

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, 2016, the City had no investments (excluding securities explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools and other pooled investments) which exceed 5% of the total investment portfolio:

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 \$3,839,348 and the bank balances totaled \$3,892,048.

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. Treasury Securities	\$ 4,917,036	\$ 399,344	\$ 1,580,157	\$ 2,937,535	\$ -
U.S. Agency Obligations	7,922,546	490,431	2,971,647	1,978,635	2,481,833
Municipal Bonds	1,216,105	354,638	731,262	130,205	-
Corporate Bonds	16,200,183	1,150,267	11,499,361	3,550,555	-
Totals	\$ 30,255,870	\$ 2,394,680	\$ 16,782,427	\$ 8,596,930	\$ 2,481,833

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

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

The Fund has the following recurring fair value measurements as of December 31, 2016:

Investments by Fair Value Level	December 31, 2016	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities				
U.S. Treasury Securities	\$ 4,917,036	\$ 4,917,036	\$ -	\$ -
U.S. Agency Obligations	7,922,546	-	7,922,546	-
Municipal Bonds	1,216,105	-	1,216,105	-
Corporate Bonds	16,200,183	-	16,200,183	-
Equity Securities				
Common Stocks	12,749,250	12,749,250	-	-
Mutual Funds	130,853,656	130,853,656	-	-
Total Investments Measured at Fair Value	\$ 173,858,776	\$ 148,519,942	\$ 25,338,834	\$ -

Custodial Credit Risk – Deposits. The Fund does not have a deposit policy for custodial credit risk for deposits. As of December 31, 2016, \$1,359,039 of the Fund’s deposits were uninsured or uncollateralized.

Custodial Credit Risk – Investments. The Fund’s investment policy does not address custodial credit risk for investments. As of December 31, 2016, 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, 2016**

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
U.S. Treasury Bonds/Notes	\$ 4,917,036	AAA	N/A
Federal Home Loan Mortgage Corp	3,611,490	AAA	AA+
Federal National Mortgage Association	4,311,056	AAA	AA+
Municipal Bonds	1,216,105	AAA to AA2	AAA to AA+
Corporate Bonds	16,200,183	AAA to BAA3	AAA to B-

N/A - Not Available

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 \$12,749,250, invested in common stock and \$130,853,656 invested in mutual funds. At December 31, 2016, the Fund had no investments (excluding securities explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools and other pooled investments) which exceed 5% of the total investment portfolio.

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

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	30.00% - 40.00%	4.30%
Domestic Equities	30.00% - 40.00%	7.90%
International Equities	10.00% - 20.00%	8.20%
Real Estate	5.00% -15.00%	7.70%
Global Tactical	0.00% - 5.00%	6.30%
Cash and Cash Equivalents	0.00%	1.90%

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

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. 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, 2016 are listed in the table above.

Rate of Return

For the year ended December 31, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 8.06%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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 \$5,429,256 and the bank balances totaled \$6,645,390.

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. Treasury Securities	\$ 20,222,162	\$ 409,328	\$ 11,458,870	\$ 7,601,766	\$ 752,198
U.S. Agency Obligations	9,975,850	365,321	2,475,294	1,650,969	5,484,266
Municipal Bonds	902,360	174,904	640,679	86,777	-
Corporate Bonds	17,627,201	672,101	11,622,614	3,168,657	2,163,829
Totals	\$ 48,727,573	\$ 1,621,654	\$ 26,197,457	\$ 12,508,169	\$ 8,400,293

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

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

The Fund has the following recurring fair value measurements as of December 31, 2016:

	December 31, 2016	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Debt Securities				
U.S. Treasuries	\$ 20,222,162	\$ 20,222,162	\$ -	\$ -
U.S. Agencies	9,975,850	-	9,975,850	-
Municipal Bonds	902,360	-	902,360	-
Corporate Bonds	17,627,201	-	17,627,201	-
Equity Securities				
Common Stocks	10,382,496	10,382,496	-	-
Annuities	54,950	54,950	-	-
Mutual Funds	87,349,257	87,349,257	-	-
Total Investments Measured at Fair Value	\$ 146,514,276	\$ 118,008,865	\$ 28,505,411	\$ -

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, 2016, \$5,093,441 of the Fund’s deposits were uninsured or uncollateralized.

Custodial Credit Risk – Investments. The Fund’s investment policy does not address custodial credit risk. As of December 31, 2016, 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, 2016**

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
U.S. Treasury Bonds/Notes	\$ 20,222,162	AAA	N/A
Federal National Mortgage Association	5,032,594	AAA	AA+
Government National Mortgage Association	765,981	N/A	N/A
Federal Home Loan Mortgage	4,177,275	AAA	AA+
Municipal Bonds	902,360	AAA to AA2	AA+
Corporate Bonds	17,627,201	AAA to BAA3	AAA to B-

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 \$10,382,496 invested in common stock, \$87,349,257 invested in mutual funds and \$54,950 invested in annuity contracts. At December 31, 2016, the Fund had no investments (excluding securities explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools and other pooled investments) which exceed 5% of the total investment portfolio.

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

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	30.00% - 40.00%	4.30%
Domestic Equities	30.00% - 40.00%	7.90%
International Equities	10.00% - 20.00%	8.20%
Real Estate	5.00% -15.00%	7.70%
Global Tactical	0.00% - 10.00%	6.30%
Cash and Cash Equivalent	0.00% - 5.00%	1.90%

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements December 31, 2016

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. 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, 2016 are listed in the table above.

Rate of Return

For the year ended December 31, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 8.47%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

Deposits. At June 30, 2016, the carrying amount of the Rockford Mass Transit District deposits totaled \$7,656,584 and the bank balances totaled \$7,967,525 and Rockford Metropolitan Exposition Authority District deposits totaled \$2,414,077 and the bank balances totaled \$2,252,381.

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, 2016, the Rockford Mass Transit District had collateral agreements with a market value of \$8,833,738, resulting in \$0 exposure 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, 2016, the Rockford Mass Transit District and the Rockford Metropolitan Exposition Authority have no formal policies with regards to managing interest rate risk.

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements December 31, 2016

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

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

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, 2016.

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, 2016, 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, 2016, 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, 2016, 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, 2016**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

RECEIVABLES AND PAYABLES

Receivables and payables as of December 31, 2016 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 Enterprise Funds			Governmental
	General	Public Library	Community Development	Human Services	Debt Service	Capital Project	Nonmajor	Nonmajor		Activities
								Water Utility	Parking System	Internal Service
RECEIVABLES										
Taxes	\$52,028,910	\$7,457,125	\$ -	\$ -	\$1,804,231	\$ -	\$6,481,561	\$ -	\$ -	\$ -
Accounts	4,532,070	886,827	5,022	-	-	1,802,777	1,100,861	5,455,581	1,053	57,829
Notes	150,000	-	227,545	650,095	-	-	-	-	-	-
Accrued Interest	32,897	14,105	-	1,437	(10)	14,155	2,504	-	-	-
Gross receivables	56,743,877	8,358,057	232,567	651,532	1,804,221	1,816,932	7,584,926	5,455,581	1,053	57,829
Less: Allowance for uncollectibles	(6,149,802)	(149,187)	(61,518)	(409,880)	(62,435)	-	(3,411,491)	(955,901)	-	-
Total receivables	\$50,594,075	\$8,208,870	\$ 171,049	\$ 241,652	\$1,741,786	\$ 1,816,932	\$4,173,435	\$ 4,499,680	\$ 1,053	\$ 57,829
DUE FROM OTHER GOVERNMENTAL UNITS										
Federal	\$ 24,116	\$ -	\$ 440,698	\$1,663,908	\$ -	\$ 1,238,039	\$ 338,955	\$ -	\$ -	\$ -
State	11,361,049	114,530	169,368	1,711,078	201,811	4,247,973	1,140,575	-	-	-
Other	624,051	-	6,300	-	-	2,954,830	20,275	-	-	299,602
Total due from other governmental units	\$12,009,216	\$ 114,530	\$ 616,366	\$3,374,986	\$ 201,811	\$ 8,440,842	\$1,499,805	\$ -	\$ -	\$ 299,602
PAYABLES										
Vendors	\$ 2,482,266	\$ 487,940	\$ 261,527	\$ 590,633	\$ 220,267	\$ 5,740,020	\$3,929,342	\$ 1,909,384	\$ 958,628	\$ 1,277,670
Other governmental units	-	-	168	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-	108,805	12,705	-
Total payables	\$ 2,482,266	\$ 487,940	\$ 261,695	\$ 590,633	\$ 220,267	\$ 5,740,020	\$3,929,342	\$ 2,018,189	\$ 971,333	\$ 1,277,670

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, 2016, 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, 2016**

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, 2016 is as follows:

Receivable	Payable	Purpose	Amount
General	Nonmajor governmental	Interfund cash advances	\$ 9,089,812
General	Internal Service	Interfund loan	191,597
Water Utility	Internal Service	Interfund loan	54,039
			<u>\$ 9,335,448</u>

Interfund Transfers

Transfers between funds for the year ended December 31, 2016 are as follows:

Transfers In	Transfers Out	Amount
General	Community Development	\$ 948,073 (1)
General	Nonmajor governmental	2,722,000 (1)
Debt Service	General	3,616,225 (2)
Debt Service	Public Library	244,000 (2)
Debt Service	Nonmajor governmental	6,505,215 (2)
Debt Service	Nonmajor business-type	60,000 (2)
Capital Projects	General	2,500,000 (3)
Capital Projects	Nonmajor governmental	1,837,705 (1)
Nonmajor governmental	Nonmajor governmental	1,368,200 (1)
Nonmajor governmental	Debt Service	7,023 (1)
Nonmajor governmental	General	44,259 (3)
		<u>\$ 19,852,700</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, 2016**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CONSTRUCTION COMMITMENTS

The City has active construction projects as of December 31, 2016. 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:

Project	Commitment
Harrison Improvement 11th-20th	\$ 7,010,289
Geopolicing District 1 - West Side	5,747,391
Downtown Rockford Amtrak Station	3,114,273
Geopolicing District 3 - South New Towne	2,335,785
North Main-Auburn To Riverside	2,077,909
Fisher/Haskell Water Main Replacement	904,140
Well 13 & 30 Reservoir Rehab	874,397
Mercy Way/Lyford Road Improvements	811,460
West State Street Corridor	762,325
City-Wide Street Repairs	761,504
South Main Two Way Conversion (Cedar To Chestnut)	633,276
City-Wide Drainage Improvements	503,451
IR Bridge Conversion to Multi-Use Path	315,580
Airport Drive	293,158
City-Wide Sidewalk & ADA Repairs	254,272
Sandy Hollow Road Improvements	218,354
Rockton & Custer Intersection Improvements	152,432
Apline Road Box Culvert Replacement (Keith Creek-South)	125,317
	<u>\$ 26,895,312</u>

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

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CAPITAL ASSETS

Capital asset activity for the primary government for the fiscal year ended December 31, 2016 was as follows:

Governmental Activities

	Beginning Balances as Restated	Increases	Decreases	Ending Balances
NONDEPRECIABLE CAPITAL ASSETS				
Land	\$ 7,263,793	\$ 608,754	\$ -	\$ 7,872,547
Construction in Progress	351,570	3,136,855	(160,836)	3,327,589
	<u>7,615,363</u>	<u>3,745,609</u>	<u>(160,836)</u>	<u>11,200,136</u>
DEPRECIABLE CAPITAL ASSETS				
Land improvements	1,799,957	-	-	1,799,957
Buildings improvements	81,099,734	13,662,380	(1,945,274)	92,816,840
Equipment	40,221,085	1,948,184	(811,113)	41,358,156
Infrastructure	339,735,218	5,022,248	(1,688,414)	343,069,052
	<u>462,855,994</u>	<u>20,632,812</u>	<u>(4,444,801)</u>	<u>479,044,005</u>
LESS ACCUMULATED DEPRECIATION				
Land improvements	(46,409)	(325,753)	-	(372,162)
Buildings improvements	(34,152,866)	(2,309,830)	35,861	(36,426,835)
Equipment	(25,191,555)	(3,974,803)	171,534	(28,994,824)
Infrastructure	(112,552,549)	(6,806,915)	3,413,390	(115,946,074)
	<u>(171,943,379)</u>	<u>(13,417,301)</u>	<u>3,620,785</u>	<u>(181,739,895)</u>
Total net depreciable capital assets	<u>290,912,615</u>	<u>7,215,511</u>	<u>(824,016)</u>	<u>297,304,110</u>
Total net capital assets	<u>\$ 298,527,978</u>	<u>\$ 10,961,120</u>	<u>\$ (984,852)</u>	<u>\$ 308,504,246</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 3,718,138
Public safety	272,187
Streets, alleys and bridges	7,702,304
Community development	231,113
Sanitation and sewers	909,534
Internal service	584,025
	<u>\$ 13,417,301</u>

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CAPITAL ASSETS – Continued

Business-Type Activities

	Beginning Balances	Increases	Decreases	Ending Balances
NONDEPRECIABLE CAPITAL ASSETS				
Land	\$ 6,268,665	\$ 568	\$ -	\$ 6,269,233
Construction in progress	3,236,567	5,339,014	(4,721,076)	3,854,505
	<u>9,505,232</u>	<u>5,339,582</u>	<u>(4,721,076)</u>	<u>10,123,738</u>
DEPRECIABLE CAPITAL ASSETS				
Land improvements	862,451	-	-	862,451
Buildings and improvements	43,991,562	5,469,956	-	49,461,518
Improvements other than buildings	222,978,610	5,706,169	(451,395)	228,233,384
Equipment	4,642,304	183,502	(111,277)	4,714,529
	<u>272,474,927</u>	<u>11,359,627</u>	<u>(562,672)</u>	<u>283,271,882</u>
LESS ACCUMULATED DEPRECIATION				
Land improvements	(355,446)	(35,783)	-	(391,229)
Buildings and improvements	(15,432,622)	(1,205,774)	-	(16,638,396)
Improvements other than buildings	(69,760,870)	(5,394,588)	247,114	(74,908,344)
Equipment	(2,635,358)	(340,962)	101,520	(2,874,800)
	<u>(88,184,296)</u>	<u>(6,977,107)</u>	<u>348,634</u>	<u>(94,812,769)</u>
Total net depreciable capital assets	<u>184,290,631</u>	<u>4,382,520</u>	<u>(214,038)</u>	<u>188,459,113</u>
Total net capital assets	<u>\$ 193,795,863</u>	<u>\$ 9,722,102</u>	<u>\$ (4,935,114)</u>	<u>\$ 198,582,851</u>

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

Business - type activities:	
Water	\$ 6,192,062
Parking system	<u>785,045</u>
	<u>\$ 6,977,107</u>

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

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, 2016 was as follows:

Rockford Mass Transit District

	Beginning Balances	Increases	Decreases	Ending Balances
NONDEPRECIABLE CAPITAL ASSETS				
Land	\$ 1,991,739	\$ -	\$ -	\$ 1,991,739
DEPRECIABLE CAPITAL ASSETS				
Buildings and improvements	17,351,111	497,980	-	17,849,091
Equipment	19,723,103	620,720	(241,893)	20,101,930
	<u>37,074,214</u>	<u>1,118,700</u>	<u>(241,893)</u>	<u>37,951,021</u>
LESS ACCUMULATED DEPRECIATION				
Buildings and improvements	(5,526,034)	(506,568)	-	(6,032,602)
Equipment	(11,358,553)	(1,748,801)	241,893	(12,865,461)
	<u>(14,806,523)</u>	<u>(2,255,369)</u>	<u>241,893</u>	<u>(18,898,063)</u>
Total net depreciable capital assets	<u>22,856,618</u>	<u>(1,136,669)</u>	<u>-</u>	<u>19,052,958</u>
Total net capital assets	<u>\$ 24,848,357</u>	<u>\$ (1,136,669)</u>	<u>\$ -</u>	<u>\$ 21,044,697</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>2,742,881</u>	<u>-</u>	<u>(145,867)</u>	<u>2,597,014</u>
DEPRECIABLE CAPITAL ASSETS				
Buildings and improvements	36,328,025	276,241	-	36,604,266
Equipment	7,736,340	85,501	(3,732)	7,818,109
	<u>44,064,365</u>	<u>361,742</u>	<u>(3,732)</u>	<u>44,422,375</u>
LESS ACCUMULATED DEPRECIATION				
Buildings and improvements	(14,819,476)	(1,038,118)	-	(15,857,594)
Equipment	(5,384,651)	(432,720)	280	(5,817,091)
	<u>(20,204,127)</u>	<u>(1,470,838)</u>	<u>280</u>	<u>(21,674,685)</u>
Total net depreciable capital assets	<u>23,860,238</u>	<u>(1,109,096)</u>	<u>(3,452)</u>	<u>22,747,690</u>
Total net capital assets	<u>\$ 26,603,119</u>	<u>\$ (1,109,096)</u>	<u>\$ (149,319)</u>	<u>\$ 25,344,704</u>

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

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 \$101,110,000. During the year, new general obligation bonds totaling \$14,770,000 were issued for governmental activities for capital improvements; \$650,000 were issued for business-type activities for capital improvements, and the City made principal payments of \$27,880,000 leaving an ending balance of \$104,785,000.

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				
2007-A Metro Centre Improvement				
General Obligation Alternate Bond Issue	\$ 6,300,000	4.00% - 4.20%	2027	\$ 4,065,000
2007-E Preston Central Redevelopment				
General Obligation Alternate Bond Issue	50,000	4.50%	2017	50,000
2007-F Sewer Improvement				
General Obligation Alternate Bond Issue	1,100,000	4.00% - 4.25%	2017	400,000
2007-G Library Construction				
General Obligation Alternate Bond Issue	150,000	4.125%	2027	150,000
2008-B Redevelopment				
General Obligation Alternate Bond Issue	1,300,000	3.50% - 4.00%	2018	750,000
2009-A Redevelopment				
General Obligation Alternate Bond Issue	75,000	4.70%	2017	75,000
2009-B Redevelopment Taxable				
General Obligation Alternate Bond Issue	950,000	5.30% - 5.70%	2024	650,000
2009-D Redevelopment Taxable				
General Obligation Alternate Bond Issue	1,700,000	2.25% - 5.50%	2024	1,200,000
2014-A Fire Station Construction				
General Obligation Alternate Bond Issue	5,420,000	3.00% - 4.00%	2034	5,015,000
2015 Fire Station Construction				
General Obligation Alternate Bond Issue	12,195,000	3.00% - 3.75%	2034	11,215,000
2016-A Refunding General Obligation				
Sales Tax Alternate Revenue Issue	14,770,000	2.00% - 5.00%	2035	14,770,000
				<u>38,340,000</u>

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

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	\$ 1,800,000
2009-C Taxable Refunding General Obligation				
Alternate Bond Issue	8,065,000	5.125% - 5.40%	2027	8,065,000
2012-C Refunding General Obligation				
Alternate Bond Issue	1,810,000	1.50% - 2.00%	2021	555,000
2014-A Refunding General Obligation				
Alternate Bond Issue	9,625,000	3.00% - 4.00%	2024	7,515,000
2014-B Refunding General Obligation				
Bond Issue	4,740,000	2.00% - 5.00%	2018	2,465,000
2014-C Refunding General Obligation				
Alternate Bond Issue	14,280,000	3.00% - 4.00%	2027	11,805,000
2016-A Refunding General Obligation				
Sales Tax Alternate Revenue Issue	5,400,000	2.00% - 5.00%	2035	5,400,000
				<u>37,605,000</u>
Total governmental activities				<u>75,945,000</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, 2016**

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	\$ 230,000
2007-D General Obligation Alternate Bond Issue	3,500,000	4.125% - 4.75%	2027	350,000
2008-A General Obligation Alternate Bond Issue	9,000,000	4.00% - 5.00%	2028	6,275,000
2010-A General Obligation Alternate Bond Issue	3,400,000	2.00% - 4.00%	2030	2,650,000
Parking System Fund:				
2008-C General Obligation Alternate Bond Issue	1,850,000	5.00% - 6.00%	2028	1,400,000
2015-A General Obligation Alternate Bond Issue	6,315,000	3.00% - 4.00%	2035	6,090,000
2016-A Refunding General Obligation Sales Tax Alternate Revenue Issue	650,000	2.00% - 5.00%	2035	650,000
				<u>17,645,000</u>

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

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 - Continued:				
2009-F Refunding General Obligation				
Alternate Bond Issue	\$ 4,325,000	3.00% - 3.50%	2018	\$ 460,000
2016-B Refunding General Obligation				
Alternate Bond Issue	10,735,000	5.00%	2027	<u>10,735,000</u>
				<u>11,195,000</u>
Total business-type activities				<u>28,840,000</u>
Total primary government				<u>\$ 104,785,000</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, 2016 is \$3,175,000 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, 2016 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.

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, 2016 the outstanding borrowings under this agreement are \$1,461,113.

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

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%	\$ 6,798,594	\$ -	\$ (411,130)	\$ 6,387,464
09/30/08	12,512,945	2.5%	10,049,114	-	(582,897)	9,466,217
09/30/08	2,297,070	2.5%	1,650,463	-	(104,187)	1,546,276
08/14/09	6,877,227	0% - 25% principal forgiveness	4,075,892	-	(262,961)	3,812,931
09/30/09	3,122,773	0% - 25% principal forgiveness	1,741,491	-	(130,256)	1,611,235
06/30/10	720,521	1.25% - 25% principal forgiveness	325,903	-	(120,102)	205,801
06/30/10	3,128,995	1.25% - 25% principal forgiveness	2,064,518	-	(117,326)	1,947,192
06/30/10	2,633,303	1.25% - 25% principal forgiveness	1,683,263	-	(95,659)	1,587,604
09/29/10	913,740	1.25% - 25% principal forgiveness	541,925	-	(33,063)	508,862
12/15/10	381,087	1.25% - 25% principal forgiveness	307,634	287	(15,299)	292,622
01/19/11	3,611,244	1.25% - 25% principal forgiveness	2,135,013	-	(17,902)	2,117,111
			\$ 31,373,810	\$ 287	\$ (1,890,782)	\$ 29,483,315

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

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, 2016 are \$15,723,141 for the governmental activities and \$1,033,603 for the Water Utility business-type activity fund. The interest rates for the leases range from 1.27% to 3.67%.

Capital Leases

The City has entered into 12 separate lease agreements as lessee for financing the acquisition of capital assets. Capital assets of \$23,600,802 have been added to governmental activities and \$15,859,511 has been added to business-type activities. These lease agreements qualify as capital leases for accounting purposes and; therefore, have been recorded at the present value of the future minimum lease payments as of the inception date. The capital leases have been recorded as liabilities of the Municipal Garage and Vehicle Replacement Funds.

The future minimum lease payments and the net present value of these minimum lease payments are as follows:

Fiscal Year	Governmental Activities	Business-Type Activities	Totals
2017	\$ 3,883,055	\$ 252,004	\$ 4,135,059
2018	3,301,298	201,624	3,502,922
2019	2,446,972	146,709	2,593,681
2020	2,948,139	146,709	3,094,848
2021	1,615,727	146,709	1,762,436
2022	1,240,399	114,761	1,355,160
2023	916,343	68,007	984,350
2024	331,743	32,781	
2025	174,265	-	174,265
	<u>16,857,941</u>	<u>1,109,304</u>	<u>17,602,721</u>
Interest portion	<u>(1,134,800)</u>	<u>(75,701)</u>	<u>(1,210,501)</u>
Principal balances	<u>\$ 15,723,141</u>	<u>\$ 1,033,603</u>	<u>\$ 16,392,220</u>

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

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, 2016, the City indebtedness was \$79.4 million less than the City limit and \$104.3 million less than the State limit.

Long-Term Liability Activity

Long-term obligation activity for the year ended December 31, 2016 was as follows:

	Beginning Balances	Additions	Deductions	Ending Balances	Due Within One Year
GOVERNMENTAL ACTIVITIES					
Bonds payable:					
General obligation bonds	\$ 69,420,000	\$ 20,170,000	\$ (13,645,000)	\$ 75,945,000	* \$ 8,175,336
Less premiums and discounts	406,993	-	(173,976)	233,017	163,676
	69,826,993	20,170,000	(13,818,976)	76,178,017	8,339,012
Section 108 guaranteed loans	635,000	2,725,000	(185,000)	3,175,000	60,000
Lines of credit	1,461,113	-	-	1,461,113	-
Term notes	28,065	-	(28,065)	-	-
Lease/purchase agreements	17,797,236	1,790,600	(3,864,695)	15,723,141	3,574,280
Claims and judgments	13,315,129	24,842,784	(22,045,393)	16,112,520	6,445,439
Net OPEB obligation	3,825,235	846,077	-	4,671,312	-
Net pension liability					
IMRF	25,036,065	1,024,930	-	26,060,995	-
Police Pension	145,027,254	-	(19,679,833)	125,347,421	-
Firefighters' Pension	155,386,125	-	(14,482,261)	140,903,864	-
Compensated absences	8,530,880	988,260	(1,976,520)	7,542,620	1,508,524
	<u>\$ 440,869,095</u>	<u>\$ 52,387,651</u>	<u>\$ (76,080,743)</u>	<u>\$ 417,176,003</u>	<u>\$ 19,927,255</u>

*\$14,155,000 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, 2016**

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	\$ 23,875,000	\$ 10,735,000	\$ (13,910,000)	\$ 20,700,000	\$ 2,130,000
Less premiums and discounts	(98,424)	1,016,777	(10,038)	908,315	105,349
	<u>23,776,576</u>	<u>11,751,777</u>	<u>(13,920,038)</u>	<u>21,608,315</u>	<u>2,235,349</u>
IEPA loan	31,373,810	287	(1,890,782)	29,483,315	542,214
Capital lease payable	1,261,945	-	(228,342)	1,033,603	230,971
Compensated absences	303,844	4,108	(2,054)	305,898	61,180
Refundable water main extension advance	270,969	-	-	270,969	-
Customer deposits	231,211	78,209	-	309,420	-
Total water utility	<u>57,218,355</u>	<u>11,834,381</u>	<u>(16,041,216)</u>	<u>53,011,520</u>	<u>3,069,714</u>
Parking System:					
Bonds payable:					
General obligation alternate bonds	7,815,000	650,000	(325,000)	8,140,000	364,664
Compensated absences	2,498	3,776	(1,888)	4,386	877
Total parking system	<u>7,817,498</u>	<u>653,776</u>	<u>(326,888)</u>	<u>8,144,386</u>	<u>365,541</u>
	<u>\$ 65,035,853</u>	<u>\$ 12,488,157</u>	<u>\$ (16,368,104)</u>	<u>\$ 61,155,906</u>	<u>\$ 3,435,255</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, \$529,505 of internal service funds compensated absences, \$16,112,520 for claims and judgments, and \$1,733,994 for capital leases payable are included in the above amounts.

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

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
COMPONENTS UNITS					
Rockford Mass Transit District:					
Net pension obligation	\$ 4,683,174	\$ 618,660	\$ -	\$ 5,301,834	\$ -
Net OPEB obligation	2,293,392	487,145	-	2,780,537	-
Rockford Metropolitan Exposition, Auditorium and Office Building Authority:					
Notes payable	4,083,343	-	(1,588,550)	2,494,793	354,672
	<u>\$ 11,059,909</u>	<u>\$ 1,105,805</u>	<u>\$ (1,588,550)</u>	<u>\$ 10,577,164</u>	<u>\$ 354,672</u>

Defeased Debt

On December 5, 2016, the City issued \$20,820,000 par value Refunding General Obligation Sales Tax Alternate Revenue Bonds of 2016A to refund \$1,700,000 of Hope Six Revitalization Project General Obligation Alternate Bonds of 2006B, \$700,000 of the Preston Central Redevelopment General Obligation Alternate Bonds of 2007E, \$1,800,000 of the Library Construction General Obligation Alternate Bonds of 2007G, and \$1,250,000 of the Redevelopment General Obligation Alternate Bonds of 2009A, The City defeased bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payment of the old bonds. Since the requirements that 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 basic financial statements. Through this refunding, the City reduced its total debt service by \$857,678 and obtained an economic gain of \$870,656.

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

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
2017	\$ 8,175,336	\$ 523,228	\$ 60,000	\$ 24,816	\$ 2,494,664	\$ 1,240,083
2018	7,631,751	465,996	187,000	21,642	2,338,249	1,155,618
2019	5,271,595	423,647	190,000	18,414	1,948,405	1,057,117
2020	5,065,814	394,597	207,000	15,138	2,019,186	972,974
2021	4,698,317	353,522	210,000	10,990	2,046,683	883,795
2022	5,022,224	310,722	198,000	6,798	2,157,776	792,699
2023	5,339,570	266,523	201,000	3,414	2,265,430	695,348
2024	5,186,916	217,654	143,000	-	2,333,084	592,963
2025	4,592,848	166,558	146,000	-	2,437,152	486,834
2026	4,757,380	139,794	149,000	-	2,502,620	375,805
2027	4,955,975	111,898	152,000	-	1,529,025	259,881
2028	1,904,404	82,056	155,000	-	1,365,596	192,159
2029	1,963,468	73,160	158,000	-	626,532	131,201
2030	1,911,278	63,338	161,000	-	633,722	108,805
2031	1,985,029	53,792	165,000	-	394,971	85,676
2032	2,053,936	43,832	168,000	-	411,064	69,876
2033	2,132,687	33,510	171,000	-	427,313	53,434
2034	2,211,439	22,772	175,000	-	443,561	36,342
	1,085,033	11,620	179,000	-	464,967	18,598
	\$ 75,945,000	\$ 3,758,219	\$ 3,175,000	\$ 101,212	\$ 28,840,000	\$ 9,209,208

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. On January 1, 2016, the city approved an intergovernmental agreement forgiving the Authority of the remaining balances of \$321,000 and \$420,000, respectively, bringing the loan balances to \$0 at June 30, 2016.

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements December 31, 2016

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. On January 1, 2016, the city approved an intergovernmental agreement forgiving the Authority of the remaining balances of \$420,000, bringing the loan balances to \$0 at June 30, 2016.

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 \$1,254,310. 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 \$258,334 as of June 30, 2016.

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 \$21,852 were made during the current fiscal year bringing the loan balance to \$206,263. Principal in the amount of \$22,653 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, 2016**

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:

	General	Special Revenue			Debt Service	Capital Projects	Nonmajor	Totals
		Public Library	Community Development	Human Services				
FUND BALANCES								
Nonspendable								
Notes receivable	\$ 150,000	\$ -	\$ 166,027	\$ 240,215	\$ -	\$ -	\$ 31,224	\$ 587,466
Restricted								
Debt service	-	-	-	-	10,221,407	-	-	10,221,407
Culture and recreation	-	9,944,201	-	-	-	-	-	9,944,201
Community development	-	-	2,612,142	-	-	-	3,953,972	6,566,114
Public health and welfare	-	-	-	599,909	-	-	-	599,909
Highway and streets	-	-	-	-	-	-	8,414,186	8,414,186
	-	9,944,201	2,612,142	599,909	10,221,407	-	12,368,158	35,745,817
Assigned								
General government	-	-	-	-	-	-	195,561	195,561
Community development	-	-	-	-	-	-	2,727,373	2,727,373
Public health and welfare	-	-	-	-	-	-	286,150	286,150
	-	-	-	-	-	-	3,209,084	3,209,084
Unassigned								
	36,636,721	-	-	-	-	9,623,125	(10,193,553)	36,066,293
Total fund balances	\$ 36,786,721	\$ 9,944,201	\$ 2,778,169	\$ 840,124	\$ 10,221,407	\$ 9,623,125	\$ 5,414,913	\$ 75,608,660

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, 2016**

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, 2016:

GOVERNMENTAL ACTIVITIES

Capital assets - net of accumulated depreciation	\$ 308,504,246
Plus: Unamortized gain	1,423,793
Less capital related debt:	
General obligation bonds - net	(62,023,017)
Capital lease payable	<u>(15,723,141)</u>
Net investment in capital assets	<u><u>\$ 232,181,881</u></u>

BUSINESS-TYPE ACTIVITIES

Capital assets - net of accumulated depreciation	\$ 198,582,851
Plus:	
Bond construction account	628,311
Unamortized loss on refunding	39,946
Less capital related debt:	
General obligation alternate bonds - net	(29,748,315)
IEPA loan	(29,483,315)
Capital lease payable	<u>(1,033,603)</u>
Net investment in capital assets	<u><u>\$ 138,985,875</u></u>

COMPONENT UNITS

Rockford Mass Transit District	
Capital assets - net of accumulated depreciation	<u><u>\$ 21,044,697</u></u>
Rockford Metropolitan Exposition, Auditorium and Office Building	
Capital assets - net of accumulated depreciation	\$ 25,344,704
Less capital related debt:	
Notes payable	<u>(840,469)</u>
Net investment in capital assets	<u><u>\$ 24,504,235</u></u>

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

FUND BALANCE/NET POSITION – Continued

Net Position Restatements

Net position was restated due to an error in recognition of capital assets and other liabilities. The following is a summary of the net position as originally reported and as restated:

Net Position	As Reported	As Restated	Increase (Decrease)
Governmental Activities	\$ (22,041,052)	(19,361,852)	2,679,200

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, 2016**

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>2016</u>	<u>2015</u>
Unpaid claims - beginning	\$ 7,602,836	\$ 8,736,314
Current year claims and change in estimates	2,895,839	1,697,091
Claim payments	(820,500)	(2,830,569)
	<u> </u>	<u> </u>
Unpaid claims - ending	<u>\$ 9,678,175</u>	<u>\$ 7,602,836</u>
Reported as:		
Claims and judgments payable	\$ 9,667,081	\$ 7,499,137
Accounts payable	11,094	103,699
	<u> </u>	<u> </u>
	<u>\$ 9,678,175</u>	<u>\$ 7,602,836</u>

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

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>2016</u>	<u>2015</u>
Unpaid claims - beginning	\$ 1,093,670	\$ 608,884
Current year claims and change in estimates	20,402,443	19,009,960
Claim payments	<u>(19,085,646)</u>	<u>(18,525,174)</u>
Unpaid claims - ending	<u>\$ 2,410,467</u>	<u>\$ 1,093,670</u>

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

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>2016</u>	<u>2015</u>
Unpaid claims - beginning	\$ 4,722,323	\$ 4,292,241
Current year claims and change in estimates	1,451,896	2,143,385
Claim payments	<u>(2,139,247)</u>	<u>(1,713,303)</u>
Unpaid claims - ending	<u>\$ 4,034,972</u>	<u>\$ 4,722,323</u>
Reported as:		
Claims and judgments payable	<u>\$ 4,034,972</u>	<u>\$ 4,722,323</u>

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements December 31, 2016

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 a single-employer pension plan. A separate report is issued for the Police Pension Plan and Firefighters' Pension Plan and may be obtained by writing to the City at 425 East State Street, Rockford, Illinois 60104. 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 online 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 Fund (IMRF)

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, 2016**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Descriptions – Continued

Plan Membership. As of December 31, 2016, the measurement date, the following employees were covered by the benefit terms:

Inactive plan members currently receiving benefits	656
Inactive plan members entitled to but not yet receiving benefits	333
Active plan members	<u>567</u>
Total	<u><u>1,556</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 2016 was 13.08% of covered payroll.

Net Pension Liability. The City’s net pension liability was measured as of December 31, 2016. 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, 2016, using the following actuarial methods and assumptions:

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, 2016**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Descriptions – Continued

For nondisabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). 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 2012). 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 2012). IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Discount Rate

The discount rate used to measure the total pension liability was 7.50%, and 7.48% in 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 City contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund’s fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

Discount Rate Sensitivity

The following presents the plan’s net pension liability, calculated using a Single Discount Rate of 7.50%, as well as what the plan’s net pension liability would be if it were calculated using a Single Discount Rate that is one percentage point lower or one percentage point higher:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net pension liability	\$ 52,988,969	\$ 26,060,995	\$ 3,977,385

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – 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, 2015	\$ 210,468,979	\$ 185,432,914	\$ 25,036,065
Changes for the year:			
Service cost	3,174,348	-	3,174,348
Interest on the total pension liability	15,433,301	-	15,433,301
Changes of benefit terms	-	-	-
Difference between expected and actual experience of the total pension liability	826,985	-	826,985
Changes of assumptions	(499,056)	-	(499,056)
Contributions - employer	-	3,969,309	(3,969,309)
Contributions - employees	-	1,396,190	(1,396,190)
Net investment income	-	12,691,177	(12,691,177)
Benefit payments, including refunds of employee contributions	(11,457,195)	(11,457,195)	-
Other (net transfer)	-	(146,028)	146,028
Net changes	<u>7,478,383</u>	<u>6,453,453</u>	<u>1,024,930</u>
Balances at December 31, 2016	<u>\$ 217,947,362</u>	<u>\$ 191,886,367</u>	<u>\$ 26,060,995</u>

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

For the year ended December 31, 2016, the City recognized pension expense of \$8,782,402. At December 31, 2016, 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, 2016**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – 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	\$ 636,997	\$ (483,156)	\$ 153,841
Change in assumptions	1,567,502	(366,109)	1,201,393
Net difference between projected and actual earnings on pension plan investments	9,634,583	-	9,634,583
Total deferred amounts related to IMRF	<u>\$ 11,839,082</u>	<u>\$ (849,265)</u>	<u>\$ 10,989,817</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
2017	\$ 4,676,049
2018	3,240,832
2019	2,876,459
2020	196,477
2021	-
Thereafter	-
Totals	<u>\$ 10,989,817</u>

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

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.

Plan Membership. At December 31, 2016, the measurement date, membership consisted of the following:

Inactive plan members currently receiving benefits	279
Inactive plan members entitled to but not yet receiving benefits	42
Active plan members	<u>290</u>
Total	<u><u>611</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.

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan – Continued

Plan Descriptions – Continued

Benefits Provided – Continued. 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 office retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3 percent of ½ of the change in the Consumer Price Index for the proceeding calendar year.

Contributions. Covered employees are required to contribute 9.91% 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, 2016, the City’s contribution was 34.41% of covered payroll.

Significant Investments. At year end, the Police Pension Plan had no investments (excluding securities explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools and other pooled investments) which exceed 5% of the total investment portfolio.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed, as of December 31, 2016, using the following actuarial methods and assumptions:

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%

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan – Continued

Actuarial Assumptions – Continued

Mortality rates were based on the RP-2000 Healthy Mortality Table with a blue-collar adjustment, projected to 2017 using Scale AA. The other non-economic actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated September 26, 2012.

Discount Rate

The discount rate used to measure the total pension liability was 7.50%, and 6.81% in 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 City contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

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 (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net pension liability	\$ 162,556,351	\$ 125,347,421	\$ 92,125,162

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan – 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, 2015	\$ 322,215,010	\$ 177,187,756	\$ 145,027,254
Changes for the year:			
Service cost	4,874,986	-	4,874,986
Interest on the total pension liability	21,732,057	-	21,732,057
Changes of benefit terms	-	-	-
Difference between expected and actual experience of the total pension liability	(1,904,875)	-	(1,904,875)
Changes of assumptions	(20,902,340)	-	(20,902,340)
Contributions - employer	-	7,838,429	(7,838,429)
Contributions - employees	-	2,315,398	(2,315,398)
Net investment income	-	13,597,337	(13,597,337)
Benefit payments, including refunds of employee contributions	(15,940,422)	(15,940,422)	-
Administrative expenses	-	(271,503)	271,503
Net changes	(12,140,594)	7,539,239	(19,679,833)
Balances at December 31, 2016	<u>\$ 310,074,416</u>	<u>\$ 184,726,995</u>	<u>\$ 125,347,421</u>

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

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, 2016, the City recognized pension expense of \$10,395,028. At December 31, 2016, 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	\$ -	\$ (1,897,225)	\$ (1,897,225)
Change in assumptions	1,098,959	(16,721,872)	(15,622,913)
Net difference between projected and actual earnings on pension plan investments	7,224,385	(1,332,314)	5,892,071
Total deferred amounts related to Police Pension Plan	<u>\$ 8,323,344</u>	<u>\$ (19,951,411)</u>	<u>\$ (11,628,067)</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 Inflows of Resources
2017	\$ (2,236,175)
2018	(2,236,175)
2019	(2,261,194)
2020	(4,894,523)
2021	-
Thereafter	-
Totals	<u>\$ (11,628,067)</u>

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

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, 2016, the measurement date, membership consisted of the following:

Inactive plan members currently receiving benefits	305
Inactive plan members entitled to but not yet receiving benefits	12
Active plan members	<u>260</u>
Total	<u><u>577</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, 2016**

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, 2016, the City’s contribution was 39.17% of covered payroll.

Significant Investments. At year end, the Firefighters’ Pension Plan had no investments (excluding securities explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools and other pooled investments) which exceed 5% of the total investment portfolio.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed, as of December 31, 2016, using the following actuarial methods and assumptions:

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 Healthy Mortality Table with a blue-collar adjustment, projected to 2017. The other non-economic actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated September 26, 2012.

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Firefighters’ Pension Plan – Continued

Discount Rate

The discount rate used to measure the total pension liability was 7.50%, and 6.77% in 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 City contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund’s fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

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 (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net pension liability	\$ 176,969,464	\$ 140,903,864	\$ 108,702,435

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Firefighters’ Pension Plan – 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, 2015	\$ 309,124,324	\$ 153,738,199	\$ 155,386,125
Changes for the year:			
Service cost	5,783,109	-	5,783,109
Interest on the total pension liability	20,753,529	-	20,753,529
Changes of benefit terms	-	-	-
Difference between expected and actual experience of the total pension liability	1,761,931	-	1,761,931
Changes of assumptions	(20,164,146)	-	(20,164,146)
Contributions - employer	-	8,577,454	(8,577,454)
Contributions - employees	-	2,096,334	(2,096,334)
Net investment income	-	12,215,483	(12,215,483)
Benefit payments, including refunds of employee contributions	(16,712,080)	(16,712,080)	-
Administrative expenses	-	(272,587)	272,587
Net changes	<u>(8,577,657)</u>	<u>5,904,604</u>	<u>(14,482,261)</u>
Balances at December 31, 2016	<u>\$ 300,546,667</u>	<u>\$ 159,642,803</u>	<u>\$ 140,903,864</u>

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

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, 2016, the City recognized pension expense of \$13,497,478. At December 31, 2016, 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	\$ 1,468,276	\$ (391,946)	\$ 1,076,330
Change in assumptions	1,110,923	(16,803,454)	(15,692,531)
Net difference between projected and actual earnings on pension plan investments	6,997,239	(1,545,490)	5,451,749
Total deferred amounts related to Firefighters' Pension Fund	<u>\$ 9,576,438</u>	<u>\$ (18,740,890)</u>	<u>\$ (9,164,452)</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 Inflows of Resources
2017	\$ (931,792)
2018	(931,792)
2019	(931,792)
2020	(3,302,042)
2021	(3,067,034)
Thereafter	-
Totals	<u>\$ (9,164,452)</u>

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

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:

	Admin	ATU	IBEW	Total
Inactive plan members currently receiving benefits	27	87	23	137
Inactive plan members entitled to but not yet receiving benefits	15	50	7	72
Active plan members	10	31	8	49
Total	52	168	38	258

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.

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, 2015 valuation is the basis for the contributions in FY16. The Plan does not permit employees to make contributions.

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

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

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed, as of June 30, 2016, using the following actuarial methods and assumptions:

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.

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.

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Component Unit – Rockford Mass Transit District (the District) – 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 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	\$ 7,949,715	\$ 5,301,834	\$ 3,054,560

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at June 30, 2015	\$ 19,717,305	\$ 15,034,131	\$ 4,683,174
Changes for the year:			
Service cost	714,070	-	714,070
Interest on the total pension liability	1,355,470	-	1,355,470
Changes of benefit terms	-	-	-
Difference between expected and actual experience of the total pension liability	269,658	-	269,658
Changes of assumptions	-	-	-
Contributions - employer	-	1,500,609	(1,500,609)
Contributions - employees	-	9,223	(9,223)
Net investment income	-	278,042	(278,042)
Benefit payments, including refunds of employee contributions	(618,141)	(618,141)	-
Administrative expenses	-	(67,336)	67,336
Net changes	1,721,057	1,102,397	618,660
Balances at June 30, 2016	\$ 21,438,362	\$ 16,136,528	\$ 5,301,834

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

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, 2016, the District recognized pension expense of \$1,152,988. At June 30, 2016, 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	\$ 626,460	\$ -	\$ 626,460
Net difference between projected and actual earnings on pension plan investments	77,658	-	77,658
Contributions made subsequent to measurement date	704,118	-	704,118
	1,600,000	-	1,600,000
Total deferred amounts related to Rockford Mass Transit District	<u>\$ 2,304,118</u>	<u>\$ -</u>	<u>\$ 2,304,118</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
2017	\$ 83,609
2018	83,609
2019	83,609
2020	265,623
2021	109,698
Thereafter	<u>77,970</u>
Totals	<u>\$ 704,118</u>

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

NOTE 4 – OTHER INFORMATION – Continued

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, 2016, retirees contributed approximately \$1,130,255. 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, 2016, 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, 2016, 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:

Fiscal Year	Annual OPEB Cost	Actual Contributions	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2014	\$ 1,306,052	\$ 1,334,362	102.17%	\$ 2,883,082
2015	1,988,686	1,046,533	52.62%	3,825,235
2016	1,976,332	1,130,255	57.19%	4,671,312

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

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, 2016, was calculated as follows:

Annual required contributions	\$ 1,976,332
Interest on the NOPEBO	153,009
Adjustment to the ARC	<u>(153,009)</u>
Annual pension cost	1,976,332
Actual contribution	<u>1,130,255</u>
Change in the NOPEBO	846,077
NOPEBO - Beginning	<u>3,825,235</u>
NOPEBO - Ending	<u>\$ 4,671,312</u>

Funded Status and Funding in Process

The funded status of the plan as of December 31, 2016, was as follows:

Actuarial accrued liability (AAL)	\$ 24,892,222
Actuarial value of plan assets	\$ -
Unfunded actuarial accrued liability (UAAL)	\$ 24,892,222
Funded ratio (actuarial value of plan assets/AAL)	\$ -
Covered payroll (active plan members)	\$ 63,780,710
UAAL as a percentage of covered payroll	39.03%

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements December 31, 2016

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, 2016 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, 2016 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, 2016**

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

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

For fiscal year 2016, the District contributed \$46,839. 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, 2016 is as follow:

Annual required contributions	\$ 556,807
Interest on the NOPEBO	114,670
Adjustment to the ARC	<u>(137,493)</u>
Annual pension cost	533,984
Actual contribution	<u>46,839</u>
Change in the NOPEBO	487,145
NOPEBO - Beginning	<u>2,293,392</u>
NOPEBO - Ending	<u><u>\$ 2,780,537</u></u>

The District’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 were as follows:

Fiscal Year	Annual OPEB Cost	Actual Contributions	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2014	\$ 754,037	\$ 360,430	47.80%	\$ 2,165,796
2015	527,604	400,008	75.82%	2,293,392
2016	533,984	46,839	8.77%	2,780,537

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

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, 2016**

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, 2016, amounted to \$39,229,422, of which \$387,980 (or 0.99%) was recorded as an expense during the year and \$123,133 was reported as accounts payable on the Statement of Net Position.

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, 2016

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)
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%
2016	-	24,892,222	0.00%	24,892,222	63,780,710	39.03%

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
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%
2016	1,130,255	1,976,332	57.19%

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, 2016

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%
2016	3,840,874	3,969,309	128,435	30,338,661	13.08%

Notes to the required supplementary information:

Actuarial cost method	Entry age normal
Amortization method	Level % pay (closed)
Remaining amortization period	27 years
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	3.75% - 14.50%
Investment rate of return	7.50%
Retirement age	See the Notes to the Financial Statements
Mortality	MP-2014 (base year 2012)

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, 2016**

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%
2016	7,815,910	7,838,429	22,519	22,777,944	34.41%

Notes to the required supplementary information:

Actuarial cost method	Projected unit credit
Amortization method	Level % pay (closed)
Remaining amortization period	24 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 Healthy Mortality Table with a blue collar adjustment, projected to 2017 using Scale AA

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, 2016

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%
2016	8,552,472	8,577,454	24,982	21,896,671	39.17%

Notes to the required supplementary information:

Actuarial cost method	Projected unit credit
Amortization method	Level % pay (closed)
Remaining amortization period	24 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 Healthy Mortality Table with a blue collar adjustment, projected to 2017 using Scale AA

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, 2016

	<u>12/31/15</u>	<u>12/31/16</u>
Total pension liability		
Service cost	\$ 3,219,833	\$ 3,174,348
Interest	14,993,283	15,433,301
Differences between expected and actual experience	(1,030,302)	826,985
Change of assumptions	242,384	(499,056)
Benefit payments, including refunds of member contributions	(11,047,294)	(11,457,195)
Net change in total pension liability	<u>6,377,904</u>	<u>7,478,383</u>
Total pension liability - beginning	<u>204,091,075</u>	<u>210,468,979</u>
Total pension liability - ending	<u>\$ 210,468,979</u>	<u>\$ 217,947,362</u>
Plan fiduciary net position		
Contributions - employer	\$ 3,746,033	\$ 3,969,309
Contributions - members	1,382,903	1,396,190
Net investment income	929,356	12,691,177
Benefit payments, including refunds of member contributions	(11,047,294)	(11,457,195)
Other (net transfer)	1,591,614	(146,028)
Net change in plan fiduciary net position	<u>(3,397,388)</u>	<u>6,453,453</u>
Plan net position - beginning	<u>188,830,302</u>	<u>185,432,914</u>
Plan net position - ending	<u>\$ 185,432,914</u>	<u>\$ 191,886,367</u>
Employer's net pension liability	<u>\$ 25,036,065</u>	<u>\$ 26,060,995</u>
Plan fiduciary net position as a percentage of the total pension liability	88.10%	88.04%
Covered-employee payroll	\$ 29,489,579	\$ 30,338,661
Employer's net pension liability as a percentage of covered-employee payroll	84.90%	85.90%

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, 2016**

	<u>12/31/14</u>
Total pension liability	
Service cost	\$ 4,137,623
Interest	17,284,872
Differences between expected and actual experience	3,503,406
Change of assumptions	41,577,440
Benefit payments, including refunds of member contributions	<u>(14,691,555)</u>
Net change in total pension liability	51,811,786
Total pension liability - beginning	<u>259,311,840</u>
Total pension liability - ending	<u>\$ 311,123,626</u>
Plan fiduciary net position	
Contributions - employer	\$ 5,717,048
Contributions - members	2,131,555
Net investment income	11,614,824
Benefit payments, including refunds of member contributions	(14,691,555)
Administrative expense	<u>(228,465)</u>
Net change in plan fiduciary net position	4,543,407
Plan net position - beginning	<u>178,430,602</u>
Plan net position - ending	<u>\$ 182,974,009</u>
Employer's net pension liability	<u>\$ 128,149,617</u>
Plan fiduciary net position as a percentage of the total pension liability	58.81%
Covered-employee payroll	\$ 21,186,652
Employer's net pension liability as a percentage of covered-employee payroll	604.86%

Note:

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12/31/15	12/31/2016
\$ 4,421,464	\$ 4,874,986
20,815,822	21,732,057
(630,791)	(1,904,875)
1,856,861	(20,902,340)
(15,371,972)	(15,940,422)
11,091,384	(12,140,594)
311,123,626	322,215,010
\$ 322,215,010	\$ 310,074,416
\$ 6,252,516	\$ 7,838,429
2,130,613	2,315,398
1,422,144	13,597,337
(15,371,972)	(15,940,422)
(219,554)	(271,503)
(5,786,253)	7,539,239
182,974,009	177,187,756
\$ 177,187,756	\$ 184,726,995
\$ 145,027,254	\$ 125,347,421
54.99%	59.58%
\$ 21,197,433	\$ 22,777,944
684.17%	550.30%

CITY OF ROCKFORD, ILLINOIS

Firefighters' Pension Fund

**Required Supplementary Information
Schedule of Changes in the Employer's Net Pension Liability
December 31, 2016**

	<u>12/31/14</u>
Total pension liability	
Service cost	\$ 5,023,350
Interest	16,732,558
Differences between expected and actual experience	2,881,346
Change of assumptions	36,824,449
Benefit payments, including refunds of member contributions	<u>(15,698,458)</u>
Net change in total pension liability	45,763,245
Total pension liability - beginning	<u>253,194,659</u>
Total pension liability - ending	<u>\$ 298,957,904</u>
Plan fiduciary net position	
Contributions - employer	\$ 7,218,958
Contributions - members	1,953,524
Net investment income	8,791,692
Benefit payments, including refunds of member contributions	(15,698,458)
Administrative expense	<u>(187,168)</u>
Net change in plan fiduciary net position	2,078,548
Plan net position - beginning	<u>158,574,965</u>
Plan net position - ending	<u>\$ 160,653,513</u>
Employer's net pension liability	<u>\$ 138,304,391</u>
Plan fiduciary net position as a percentage of the total pension liability	53.74%
Covered-employee payroll	\$ 20,509,870
Employer's net pension liability as a percentage of covered-employee payroll	674.33%

Note:

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

12/31/15	12/31/16
\$ 5,365,942	\$ 5,783,109
19,838,705	20,753,529
(598,236)	1,761,931
1,695,621	(20,164,146)
(16,135,612)	(16,712,080)
10,166,420	(8,577,657)
298,957,904	309,124,324
\$ 309,124,324	\$ 300,546,667
\$ 7,345,613	\$ 8,577,454
1,942,979	2,096,334
123,012	12,215,483
(16,135,612)	(16,712,080)
(191,306)	(272,587)
(6,915,314)	5,904,604
160,653,513	153,738,199
\$ 153,738,199	\$ 159,642,803
\$ 155,386,125	\$ 140,903,864
49.73%	53.12%
\$ 20,783,575	\$ 21,896,671
747.64%	643.49%

CITY OF ROCKFORD, ILLINOIS

Required Supplementary Information

Schedule of Investment Returns

December 31, 2016

Police Pension Fund

Fiscal Year	Annual Money- Weighted Rate of Return, Net of Investment Expense
2014	6.86%
2015	0.84%
2016	8.06%

Firefighters' Pension Fund

Fiscal Year	Annual Money- Weighted Rate of Return, Net of Investment Expense
2014	6.82%
2015	0.08%
2016	8.47%

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, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 71,204,835	\$ 71,204,835	\$ 71,932,652	\$ 727,817
Licenses and permits	7,735,887	7,735,887	7,099,171	(636,716)
Intergovernmental	25,457,151	25,548,611	27,447,162	1,898,551
Charges for services	19,066,694	19,316,694	20,174,541	857,847
Fines	1,116,597	1,116,597	1,184,385	67,788
Interest	200,000	200,000	311,382	111,382
Miscellaneous	363,800	688,800	906,922	218,122
Total revenues	<u>125,144,964</u>	<u>125,811,424</u>	<u>129,056,215</u>	<u>3,244,791</u>
EXPENDITURES				
Current				
General government				
Mayor's office	674,534	674,534	690,780	(16,246)
City Council	564,759	564,759	509,406	55,353
Legal department	1,618,066	1,618,066	1,527,598	90,468
Finance office	5,195,212	5,195,212	4,939,068	256,144
Workforce investment board	540,095	540,095	533,532	6,563
Board of fire and police commission	134,835	225,035	192,147	32,888
Board of election	828,739	828,739	995,357	(166,618)
Personnel department	642,516	680,495	685,954	(5,459)
Mass transit subsidy	1,524,000	1,524,000	1,524,000	-
Total general government	<u>11,722,756</u>	<u>11,850,935</u>	<u>11,597,842</u>	<u>253,093</u>
Public safety				
Police department	49,327,505	50,314,505	51,118,933	(804,428)
Fire department	42,479,337	44,500,183	45,128,001	(627,818)
Public works - traffic	4,017,848	4,379,448	4,377,167	2,281
Construction and development services	1,378,793	1,316,561	1,129,344	187,217
Total public safety	<u>97,203,483</u>	<u>100,510,697</u>	<u>101,753,445</u>	<u>(1,242,748)</u>
Streets, alleys and bridges				
Administration	746,908	746,908	545,305	201,603
Engineering	672,702	672,702	568,125	104,577
Street and sewer	9,158,211	9,455,711	9,620,636	(164,925)
Total streets, alleys and bridges	<u>10,577,821</u>	<u>10,875,321</u>	<u>10,734,066</u>	<u>141,255</u>
Community development				
Administration	233,688	233,688	228,686	5,002
Construction and Development Services	644,181	610,739	561,777	48,962
Planning and zoning	1,582,226	1,940,876	2,084,103	(143,227)
Total community development	<u>2,460,095</u>	<u>2,785,303</u>	<u>2,874,566</u>	<u>(89,263)</u>
Total current	<u>121,964,155</u>	<u>126,022,256</u>	<u>126,959,919</u>	<u>(937,663)</u>
Capital outlay				
General government				
Board of election	330,000	330,000	-	330,000
Public safety				
Police department	99,816	277,316	501,631	(224,315)
Fire department	109,329	283,894	1,472,709	(1,188,815)
Public works - traffic	3,984	3,984	10,696	(6,712)
Total public safety	<u>213,129</u>	<u>565,194</u>	<u>1,985,036</u>	<u>(1,419,842)</u>
Streets, alleys and bridges				
Public works	-	300,077	300,077	-
Total capital outlay	<u>543,129</u>	<u>1,195,271</u>	<u>2,285,113</u>	<u>(1,089,842)</u>
Total expenditures	<u>122,507,284</u>	<u>127,217,527</u>	<u>129,245,032</u>	<u>(2,027,505)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,637,680</u>	<u>(1,406,103)</u>	<u>(188,817)</u>	<u>1,217,286</u>
OTHER FINANCING SOURCES (USES)				
Debt issuance	-	490,600	1,790,600	1,300,000
Transfers in	2,670,073	3,670,073	3,670,073	-
Transfers out	(5,467,108)	(6,467,108)	(6,160,484)	306,624
	<u>(2,797,035)</u>	<u>(2,306,435)</u>	<u>(699,811)</u>	<u>1,606,624</u>
Net changes in fund balance	<u>\$ (159,355)</u>	<u>\$ (3,712,538)</u>	<u>(888,628)</u>	<u>\$ 2,823,910</u>
Fund balance - beginning			<u>37,675,349</u>	
Fund balance - ending			<u>\$ 36,786,721</u>	

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, 2016**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 7,330,000	\$ 7,330,000	\$ 7,212,287	\$ (117,713)
Intergovernmental	985,000	985,000	1,125,051	140,051
Charges for services	60,500	60,500	49,835	(10,665)
Fines	85,000	85,000	72,996	(12,004)
Interest	10,000	10,000	132,179	122,179
Miscellaneous	115,000	115,000	1,020,522	905,522
Total revenues	<u>8,585,500</u>	<u>8,585,500</u>	<u>9,612,870</u>	<u>1,027,370</u>
EXPENDITURES				
Current				
Culture and recreation	8,070,343	8,170,343	8,554,854	(384,511)
Capital Outlay				
Culture and recreation	1,447,838	2,924,738	939,778	1,984,960
Total expenditures	<u>9,518,181</u>	<u>11,095,081</u>	<u>9,494,632</u>	<u>1,600,449</u>
Excess (deficiency) of revenues over (under) expenditures	(932,681)	(2,509,581)	118,238	2,627,819
OTHER FINANCING (USES)				
Transfers out	<u>(244,000)</u>	<u>(244,000)</u>	<u>(244,000)</u>	-
Net changes in fund balance	<u>\$ (1,176,681)</u>	<u>\$ (2,753,581)</u>	(125,762)	<u>\$ 2,627,819</u>
Fund balance - beginning			<u>10,069,963</u>	
Fund balance - ending			<u>\$ 9,944,201</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, 2016**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 3,471,324	\$ 4,289,442	\$ 3,714,042	\$ (575,400)
Interest	-	-	3,136	3,136
Miscellaneous	60,000	45,000	326,725	281,725
Total revenues	<u>3,531,324</u>	<u>4,334,442</u>	<u>4,043,903</u>	<u>(290,539)</u>
EXPENDITURES				
Current				
Community development	3,544,170	4,219,542	3,182,053	1,037,489
Debt service				
Principal payments	-	-	125,000	(125,000)
Interest payments	-	-	3,194	(3,194)
Total expenditures	<u>3,544,170</u>	<u>4,219,542</u>	<u>3,310,247</u>	<u>909,295</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(12,846)</u>	<u>114,900</u>	<u>733,656</u>	<u>618,756</u>
OTHER FINANCING SOURCES (USES)				
Debt issuance	-	-	2,725,000	618,756
Transfers out	-	-	(948,073)	(948,073)
	<u>-</u>	<u>-</u>	<u>1,776,927</u>	<u>(329,317)</u>
Net changes in fund balance	<u>\$ (12,846)</u>	<u>\$ 114,900</u>	2,510,583	<u>\$ 289,439</u>
Fund balance - beginning			<u>267,586</u>	
Fund balance - ending			<u>\$ 2,778,169</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, 2016**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 1,150,000	\$ 1,150,000	\$ 3,987,550	\$ 2,837,550
Intergovernmental	-	-	460,000	460,000
Miscellaneous	120,000	120,000	907,871	787,871
Total revenues	<u>1,270,000</u>	<u>1,270,000</u>	<u>5,355,421</u>	<u>4,085,421</u>
EXPENDITURES				
Debt service				
Principal payments	7,570,000	8,035,000	11,830,732	(3,795,732)
Interest and service fees	6,414,462	6,731,662	3,899,227	2,832,435
Total expenditures	<u>13,984,462</u>	<u>14,766,662</u>	<u>15,729,959</u>	<u>(963,297)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(12,714,462)</u>	<u>(13,496,662)</u>	<u>(10,374,538)</u>	<u>3,122,124</u>
OTHER FINANCING SOURCES				
Debt issuance	-	-	5,400,000	5,400,000
Premium on debt issuance	-	-	242,373	242,373
Payment to escrow agent	-	-	(5,642,373)	(5,642,373)
Transfers in	2,681,491	2,681,491	10,425,440	7,743,949
Transfers out	-	-	(7,023)	(7,023)
	<u>2,681,491</u>	<u>2,681,491</u>	<u>10,418,417</u>	<u>7,736,926</u>
Net changes in fund balance	<u>\$ (10,032,971)</u>	<u>\$ (10,815,171)</u>	43,879	<u>\$ 10,859,050</u>
Fund balance - beginning			<u>10,177,528</u>	
Fund balance - ending			<u>\$ 10,221,407</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, 2016**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 15,950,000	\$ 15,950,000	\$ 15,913,203	\$ (36,797)
Intergovernmental	5,000,000	5,000,000	10,072,753	5,072,753
Interest	200,000	200,000	111,685	(88,315)
Miscellaneous	6,300,000	5,383,842	303,159	(5,080,683)
Total revenues	<u>27,450,000</u>	<u>26,533,842</u>	<u>26,400,800</u>	<u>(133,042)</u>
EXPENDITURES				
Current				
Streets, alleys and bridges	789,331	789,331	5,468,716	(4,679,385)
Debt service				
Interest and service fees	-	-	139,204	(139,204)
Capital outlay	29,080,669	29,080,669	33,408,362	(4,327,693)
Total expenditures	<u>29,870,000</u>	<u>29,870,000</u>	<u>39,016,282</u>	<u>(9,146,282)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,420,000)</u>	<u>(3,336,158)</u>	<u>(12,615,482)</u>	<u>(9,279,324)</u>
OTHER FINANCING SOURCES				
Debt issuance	-	-	14,770,000	14,770,000
Premium on debt issuance	-	-	72,155	72,155
Transfers in	2,420,000	3,336,158	4,337,705	1,001,547
	<u>2,420,000</u>	<u>3,336,158</u>	<u>19,179,860</u>	<u>15,843,702</u>
Net changes in fund balance	<u>\$ -</u>	<u>\$ -</u>	6,564,378	<u>\$ 6,564,378</u>
Fund balance - beginning			<u>3,058,747</u>	
Fund balance - ending			<u>\$ 9,623,125</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, 2016**

	Rockford Tuberculosis Care Center	Garbage and Refuse	Motor Fuel Tax	Redevelopment
ASSETS				
Cash and cash equivalents	\$ 269,193	\$ 2,694,048	\$ 8,492,210	\$ 1,648,820
Receivables - net of allowances				
Property taxes	139,400	-	-	-
Accounts	-	769,174	-	-
Accrued interest	399	4,859	-	4,500
Due from Federal Government	-	-	-	-
Due from the State of Illinois	-	-	362,652	456,858
Due from other governmental units	-	-	-	-
	<hr/>			
Total assets	\$ 408,992	\$ 3,468,081	\$ 8,854,862	\$ 2,110,178
LIABILITIES				
Accounts and contracts payable	\$ 89,493	\$ 769,347	\$ 440,676	\$ 830,978
Accrued payroll and benefits	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	89,493	769,347	440,676	830,978
DEFERRED INFLOWS OF RESOURCES				
Property taxes	139,400	-	-	-
Total liabilities and deferred inflows of recourses	228,893	769,347	440,676	830,978
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted for				
Community development	-	-	-	1,279,200
Highway and streets	-	-	8,414,186	-
Assigned for				
General government	-	-	-	-
Community development	-	2,698,734	-	-
Public health and welfare	180,099	-	-	-
Unassigned	-	-	-	-
Total fund balances	180,099	2,698,734	8,414,186	1,279,200
	<hr/>			
Total liabilities, deferred inflows of resources and fund balances	\$ 408,992	\$ 3,468,081	\$ 8,854,862	\$ 2,110,178

Tourism	Special Projects	RKFD Metro Agency for Planning	Veteran's Scholarship	Justice Assistance Grant	Flex Care
\$ 809,653	\$ 150,291	\$ -	\$ 31,178	\$ -	\$ 195,811
-	-	-	-	-	-
135,965	8,667	-	-	-	-
1,199	356	(462)	46	-	-
-	-	-	-	338,955	-
-	-	321,065	-	-	-
-	-	20,275	-	-	-
\$ 946,817	\$ 159,314	\$ 340,878	\$ 31,224	\$ 338,955	\$ 195,811
\$ 200,314	\$ -	\$ 47,174	\$ -	\$ 148,068	\$ 250
-	-	39,259	-	-	-
-	-	225,806	-	84,836	-
200,314	-	312,239	-	232,904	250
-	-	-	-	-	-
200,314	-	312,239	-	232,904	250
-	-	-	31,224	-	-
746,503	159,314	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	195,561
-	-	28,639	-	-	-
-	-	-	-	106,051	-
-	-	-	-	-	-
746,503	159,314	28,639	31,224	106,051	195,561
\$ 946,817	\$ 159,314	\$ 340,878	\$ 31,224	\$ 338,955	\$ 195,811

CITY OF ROCKFORD, ILLINOIS

Nonmajor Governmental - Special Revenue Funds

Combining Balance Sheet - Continued

December 31, 2016

	East Side	West Side	Seventh Street	South Rockford	Lincolnwood Estates
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 110,090	\$ 73,692
Receivables - net of allowances					
Property taxes	-	-	-	117,149	54,065
Accounts	-	-	-	-	-
Accrued interest	-	-	-	284	113
Due from Federal Government	-	-	-	-	-
Due from the State of Illinois	-	-	-	-	-
Due from other governmental units	-	-	-	-	-
 Total assets	 \$ -	 \$ -	 \$ -	 \$ 227,523	 \$ 127,870
LIABILITIES					
Accounts and contracts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and benefits	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	-	-	-	-	-
DEFERRED INFLOWS OF RESOURCES					
Property taxes	-	-	-	117,149	54,065
Total liabilities and deferred inflows of resources	-	-	-	117,149	54,065
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted for					
Community development	-	-	-	110,374	73,805
Highway and streets	-	-	-	-	-
Assigned for					
General government	-	-	-	-	-
Community development	-	-	-	-	-
Public health and welfare	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	-	-	-	110,374	73,805
 Total liabilities, deferred inflows of resources and fund balances	 \$ -	 \$ -	 \$ -	 \$ 227,523	 \$ 127,870

Tax Increment Financing Areas						
Springfield Corners	Rockford Global Trade Park	North Main	Lincolnwood II	River Oaks	Garrison	Hope Six
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
204,932	833,035	39,568	40,184	23,234	-	138,627
-	-	-	-	-	104,444	-
(1,556)	(964)	(1,637)	(50)	(3,379)	(893)	(999)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
\$ 203,376	\$ 832,071	\$ 37,931	\$ 40,134	\$ 19,855	\$ 103,551	\$ 137,628
\$ 1,400,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,289
-	-	-	-	-	-	-
1,023,582	638,255	1,088,997	32,524	2,282,371	592,246	674,382
2,423,582	638,255	1,088,997	32,524	2,282,371	592,246	675,671
204,932	833,035	39,568	40,184	23,234	104,444	138,627
2,628,514	1,471,290	1,128,565	72,708	2,305,605	696,690	814,298
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(2,425,138)	(639,219)	(1,090,634)	(32,574)	(2,285,750)	(593,139)	(676,670)
(2,425,138)	(639,219)	(1,090,634)	(32,574)	(2,285,750)	(593,139)	(676,670)
\$ 203,376	\$ 832,071	\$ 37,931	\$ 40,134	\$ 19,855	\$ 103,551	\$ 137,628

CITY OF ROCKFORD, ILLINOIS

Nonmajor Governmental - Special Revenue Funds

Combining Balance Sheet - Continued
December 31, 2016

	Kishwaukee/ Harrison	Jackson School	Preston/ Central	North Main and Auburn	East State and Alpine
ASSETS					
Cash and cash equivalents	\$ 103,247	\$ -	\$ -	\$ -	\$ 424,724
Receivables - net of allowances					
Property taxes	39,519	30,622	78,466	16,174	112,107
Accounts	-	-	-	-	-
Accrued interest	153	(196)	(2,253)	(24)	630
Due from Federal Government	-	-	-	-	-
Due from the State of Illinois	-	-	-	-	-
Due from other governmental units	-	-	-	-	-
Total assets	\$ 142,919	\$ 30,426	\$ 76,213	\$ 16,150	\$ 537,461
LIABILITIES					
Accounts and contracts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and benefits	-	-	-	-	-
Due to other funds	-	132,789	1,521,000	16,125	-
Total liabilities	-	132,789	1,521,000	16,125	-
DEFERRED INFLOWS OF RESOURCES					
Property taxes	39,519	30,622	78,466	16,173	112,107
Total liabilities and deferred inflows of recourses	39,519	163,411	1,599,466	32,298	112,107
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted for					
Community development	103,400	-	-	-	425,354
Highway and streets	-	-	-	-	-
Assigned for					
General government	-	-	-	-	-
Community development	-	-	-	-	-
Public health and welfare	-	-	-	-	-
Unassigned	-	(132,985)	(1,523,253)	(16,148)	-
Total fund balances	103,400	(132,985)	(1,523,253)	(16,148)	425,354
Total liabilities, deferred inflows of resources and fund balances	\$ 142,919	\$ 30,426	\$ 76,213	\$ 16,150	\$ 537,461

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	
\$ -	\$ 102,526	\$ 11,127	\$ 202,249	\$ 43,580	\$ -	\$ 7,728	
-	17,672	801	237,447	112,241	136,213	336,366	
82,611	-	-	-	-	-	-	
(279)	152	16	300	153	-	1,021	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
\$ 82,332	\$ 120,350	\$ 11,944	\$ 439,996	\$ 155,974	\$ 136,213	\$ 345,115	
\$ -	\$ -	\$ -	\$ 125	\$ -	\$ 865	\$ -	
-	-	-	-	-	-	-	
188,404	-	-	-	-	588,495	-	
188,404	-	-	125	-	589,360	-	
82,611	17,672	801	237,447	112,241	136,213	336,366	
271,015	17,672	801	237,572	112,241	725,573	336,366	
-	-	-	-	-	-	-	
-	102,678	11,143	202,424	43,733	-	8,749	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
(188,683)	-	-	-	-	(589,360)	-	
(188,683)	102,678	11,143	202,424	43,733	(589,360)	8,749	
\$ 82,332	\$ 120,350	\$ 11,944	\$ 439,996	\$ 155,974	\$ 136,213	\$ 345,115	

CITY OF ROCKFORD, ILLINOIS

Nonmajor Governmental - Special Revenue Funds

Combining Balance Sheet - Continued

December 31, 2016

	Assisted Living	Midtown	Kishwaukee and Harrison II	Rockford Global Trade Park III
ASSETS				
Cash and cash equivalents	\$ 236	\$ 88,177	\$ 620	\$ 114,453
Receivables - net of allowances				
Property taxes	-	16,547	-	29,595
Accounts	-	-	-	-
Accrued interest	-	131	-	170
Due from Federal Government	-	-	-	-
Due from the State of Illinois	-	-	-	-
Due from other governmental units	-	-	-	-
	<hr/>			
Total assets	\$ 236	\$ 104,855	\$ 620	\$ 144,218
LIABILITIES				
Accounts and contracts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll and benefits	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	-	-	-	-
DEFERRED INFLOWS OF RESOURCES				
Property taxes	-	16,547	-	29,595
Total liabilities and deferred inflows of recourses	-	16,547	-	29,595
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted for				
Community development	236	88,308	620	114,623
Highway and streets	-	-	-	-
Assigned for				
General government	-	-	-	-
Community development	-	-	-	-
Public health and welfare	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	236	88,308	620	114,623
	<hr/>			
Total liabilities, deferred inflows of resources and fund balances	\$ 236	\$ 104,855	\$ 620	\$ 144,218

Tax Increment Financing Areas					
Broadway	Rockford Global Trade Park South	Jefferson and Third Street	Mulford and State	Auburn Street	Totals
\$ 160,034	\$ 50,241	\$ 1,287	\$ 271,996	\$ 20,739	\$ 16,057,211
48,163	16,863	15,676	235,404	19,867	3,070,070
-	-	-	-	-	1,100,861
238	74	-	402	32	2,504
-	-	-	-	-	338,955
-	-	-	-	-	1,140,575
-	-	-	-	-	20,275
\$ 208,435	\$ 67,178	\$ 16,963	\$ 507,802	\$ 40,638	\$ 21,730,451
\$ -	\$ 763	\$ -	\$ -	\$ -	\$ 3,929,342
-	-	-	-	-	39,259
-	-	-	-	-	9,089,812
-	763	-	-	-	13,058,413
48,164	16,863	15,675	235,405	19,868	3,257,125
48,164	17,626	15,675	235,405	19,868	16,315,538
-	-	-	-	-	31,224
160,271	49,552	1,288	272,397	20,770	3,953,972
-	-	-	-	-	8,414,186
-	-	-	-	-	195,561
-	-	-	-	-	2,727,373
-	-	-	-	-	286,150
-	-	-	-	-	(10,193,553)
160,271	49,552	1,288	272,397	20,770	5,414,913
\$ 208,435	\$ 67,178	\$ 16,963	\$ 507,802	\$ 40,638	\$ 21,730,451

(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, 2016**

	Rockford Tuberculosis Care Center	Garbage and Refuse	Motor Fuel Tax	Redevelopment
REVENUES				
Taxes	\$ 159,538	\$ 34,676	\$ -	\$ 4,438,464
Licenses and permits	-	-	-	-
Intergovernmental	-	-	3,892,193	270,000
Charges for services	-	12,708,453	-	-
Interest	3,043	70,159	62,183	36,304
Miscellaneous	-	17,752	-	1,180
Total revenues	<u>162,581</u>	<u>12,831,040</u>	<u>3,954,376</u>	<u>4,745,948</u>
EXPENDITURES				
Current				
Public safety	-	-	-	-
Community development	-	-	76,292	2,353,759
Sanitation and sewers	-	14,398,829	-	-
Public health and welfare	199,017	-	-	-
Debt service				
Principal payments	-	-	-	85,231
Interest and fiscal charges	-	-	-	59,249
Total expenditures	<u>199,017</u>	<u>14,398,829</u>	<u>76,292</u>	<u>2,498,239</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(36,436)</u>	<u>(1,567,789)</u>	<u>3,878,084</u>	<u>2,247,709</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	568,200
Transfers out	-	-	(3,486,528)	(2,931,060)
	<u>-</u>	<u>-</u>	<u>(3,486,528)</u>	<u>(2,362,860)</u>
Net change in fund balances	(36,436)	(1,567,789)	391,556	(115,151)
Fund balances - beginning	<u>216,535</u>	<u>4,266,523</u>	<u>8,022,630</u>	<u>1,394,351</u>
Fund balances - ending	<u>\$ 180,099</u>	<u>\$ 2,698,734</u>	<u>\$ 8,414,186</u>	<u>\$ 1,279,200</u>

Tourism	Special Projects	RKFD Metro Agency for Planning	Veteran's Scholarship	Justice Assistance Grant	Flex Care
\$ 1,950,807	\$ -	\$ -	\$ -	\$ -	\$ -
-	83,187	-	-	-	-
-	-	1,368,378	-	407,558	-
-	-	144,254	-	-	-
8,579	2,484	(9,761)	522	-	-
-	-	-	-	-	-
1,959,386	85,671	1,502,871	522	407,558	-
-	-	-	-	181,848	-
1,333,848	-	1,443,901	3,000	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,333,848	-	1,443,901	3,000	181,848	-
625,538	85,671	58,970	(2,478)	225,710	-
-	-	-	-	-	-
(478,200)	(90,000)	(12,600)	-	-	-
(478,200)	(90,000)	(12,600)	-	-	-
147,338	(4,329)	46,370	(2,478)	225,710	-
599,165	163,643	(17,731)	33,702	(119,659)	195,561
\$ 746,503	\$ 159,314	\$ 28,639	\$ 31,224	\$ 106,051	\$ 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, 2016**

	East Side	West Side	Seventh Street	South Rockford	Lincolnwood Estates
REVENUES					
Taxes	\$ 372,378	\$ 566,207	\$ 758,341	\$ 111,962	\$ 55,299
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Interest	(3,422)	(2,770)	(12,989)	4,363	1,232
Miscellaneous	-	-	-	-	-
Total revenues	368,956	563,437	745,352	116,325	56,531
EXPENDITURES					
Current					
Public safety	-	-	-	-	-
Community development	108,233	378,544	59,490	33,164	-
Sanitation and sewers	-	-	-	-	-
Public health and welfare	-	-	-	-	-
Debt service					
Principal payments	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	108,233	378,544	59,490	33,164	-
Excess (deficiency) of revenues over (under) expenditures	260,723	184,893	685,862	83,161	56,531
OTHER FINANCING SOURCES (USES)					
Transfers in	7,023	29,257	815,002	-	-
Transfers out	(143,150)	(724,592)	(733,435)	(322,950)	(84,842)
	(136,127)	(695,335)	81,567	(322,950)	(84,842)
Net change in fund balances	124,596	(510,442)	767,429	(239,789)	(28,311)
Fund balances - beginning	(124,596)	510,442	(767,429)	350,163	102,116
Fund balances - ending	\$ -	\$ -	\$ -	\$ 110,374	\$ 73,805

Tax Increment Financing Areas							
Springfield Corners	Rockford Global Trade Park	North Main	Lincolnwood II	River Oaks	Garrison	Hope Six	
\$ 206,784	\$ 901,371	\$ 45,158	\$ 39,266	\$ 26,365	\$ 109,236	\$ 140,554	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
206,784	901,371	45,158	39,266	26,365	109,236	140,554	
-	-	-	-	-	-	-	
-	355,231	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
13,222	6,963	14,838	371	30,794	9,015	9,349	
13,222	362,194	14,838	371	30,794	9,015	9,349	
193,562	539,177	30,320	38,895	(4,429)	100,221	131,205	
-	-	-	-	-	-	-	
(432,973)	(920,651)	(178,523)	(63,514)	(297,475)	(141,427)	(251,500)	
(432,973)	(920,651)	(178,523)	(63,514)	(297,475)	(141,427)	(251,500)	
(239,411)	(381,474)	(148,203)	(24,619)	(301,904)	(41,206)	(120,295)	
(2,185,727)	(257,745)	(942,431)	(7,955)	(1,983,846)	(551,933)	(556,375)	
\$ (2,425,138)	\$ (639,219)	\$ (1,090,634)	\$ (32,574)	\$ (2,285,750)	\$ (593,139)	\$ (676,670)	

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, 2016**

	Kishwaukee/ Harrison	Jackson School	Preston/ Central	North Main and Auburn	East State and Alpine
REVENUES					
Taxes	\$ 40,175	\$ 29,904	\$ 77,081	\$ 2,782	\$ 114,667
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Interest	1,286	-	-	(285)	5,653
Miscellaneous	-	12,261	-	-	-
Total revenues	41,461	42,165	77,081	2,497	120,320
EXPENDITURES					
Current					
Public safety	-	-	-	-	-
Community development	33,983	-	-	438	70,000
Sanitation and sewers	-	-	-	-	-
Public health and welfare	-	-	-	-	-
Debt service					
Principal payments	-	-	-	-	-
Interest and fiscal charges	-	2,205	23,098	-	-
Total expenditures	33,983	2,205	23,098	438	70,000
Excess (deficiency) of revenues over (under) expenditures	7,478	39,960	53,983	2,059	50,320
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	(42,000)	(85,113)	-	(20,000)
	-	(42,000)	(85,113)	-	(20,000)
Net change in fund balances	7,478	(2,040)	(31,130)	2,059	30,320
Fund balances - beginning	95,922	(130,945)	(1,492,123)	(18,207)	395,034
Fund balances - ending	\$ 103,400	\$ (132,985)	\$ (1,523,253)	\$ (16,148)	\$ 425,354

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
\$ 51,734	\$ 30,192	\$ 822	\$ 242,227	\$ 51,080	\$ 139,323	\$ 281,984
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(3,122)	1,049	151	9,229	1,541	-	10,886
-	-	-	-	-	-	-
48,612	31,241	973	251,456	52,621	139,323	292,870
-	-	-	-	-	-	-
45,456	-	2,220	644,855	77,480	-	198,080
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	9,861	-
45,456	-	2,220	644,855	77,480	9,861	198,080
3,156	31,241	(1,247)	(393,399)	(24,859)	129,462	94,790
-	-	-	-	-	-	-
-	-	-	-	(41,175)	(113,537)	(837,875)
-	-	-	-	(41,175)	(113,537)	(837,875)
3,156	31,241	(1,247)	(393,399)	(66,034)	15,925	(743,085)
(191,839)	71,437	12,390	595,823	109,767	(605,285)	751,834
\$ (188,683)	\$ 102,678	\$ 11,143	\$ 202,424	\$ 43,733	\$ (589,360)	\$ 8,749

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, 2016**

	Assisted Living	Midtown	Kishwaukee and Harrison II	Rockford Global Trade Park III
REVENUES				
Taxes	\$ -	\$ 8,469	\$ -	\$ 28,191
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Interest	4	1,170	9	1,346
Miscellaneous	-	-	-	-
Total revenues	4	9,639	9	29,537
EXPENDITURES				
Current				
Public safety	-	-	-	-
Community development	-	-	-	3,132
Sanitation and sewers	-	-	-	-
Public health and welfare	-	-	-	-
Debt service				
Principal payments	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	-	-	-	3,132
Excess (deficiency) of revenues over (under) expenditures	4	9,639	9	26,405
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Net change in fund balances	4	9,639	9	26,405
Fund balances - beginning	232	78,669	611	88,218
Fund balances - ending	\$ 236	\$ 88,308	\$ 620	\$ 114,623

Tax Increment Financing Areas

Broadway	Rockford Global Trade Park South	Jefferson and Third Street	Mulford and State	Auburn Street	Totals
\$ 41,326	\$ 17,977	\$ 16,033	\$ 204,314	\$ 14,235	\$ 11,294,687
-	-	-	-	-	83,187
-	-	-	-	-	5,938,129
-	-	-	-	-	12,852,707
1,674	432	(237)	1,785	68	192,498
-	-	-	-	-	31,193
43,000	18,409	15,796	206,099	14,303	30,392,401
-	-	1,990	-	-	183,838
-	763	-	63,054	-	7,284,923
-	-	-	-	-	14,398,829
-	-	-	-	-	199,017
-	-	-	-	-	85,231
-	-	-	-	-	178,965
-	763	1,990	63,054	-	22,330,803
43,000	17,646	13,806	143,045	14,303	8,061,598
-	-	-	-	-	1,419,482
-	-	-	-	-	(12,433,120)
-	-	-	-	-	(11,013,638)
43,000	17,646	13,806	143,045	14,303	(2,952,040)
117,271	31,906	(12,518)	129,352	6,467	8,366,953
\$ 160,271	\$ 49,552	\$ 1,288	\$ 272,397	\$ 20,770	\$ 5,414,913

(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, 2016**

	Rockford Tuberculosis Care Center				Garbage and Refuse			
	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	\$ 126,324	\$ 126,324	\$ 159,538	\$ 33,214	\$ 21,650	\$ 21,650	\$ 34,676	\$ 13,026
Charges for services	-	-	-	-	12,236,200	12,236,200	12,708,453	472,253
Interest	1,800	1,800	3,043	1,243	82,200	82,200	70,159	(12,041)
Miscellaneous	-	-	-	-	27,100	27,100	17,752	(9,348)
Total revenues	128,124	128,124	162,581	34,457	12,367,150	12,367,150	12,831,040	463,890
EXPENDITURES								
Current								
Sanitation and sewers	-	-	-	-	13,901,555	14,151,555	14,398,829	(247,274)
Public health and welfare	127,600	127,600	199,017	(71,417)	-	-	-	-
Total expenditures	127,600	127,600	199,017	(71,417)	13,901,555	14,151,555	14,398,829	(247,274)
Net change in fund balances	\$ 524	\$ 524	(36,436)	(36,960)	\$ (1,534,405)	\$ (1,784,405)	(1,567,789)	216,616
Fund balances - beginning			216,535				4,266,523	
Fund balances - ending			\$ 180,099				\$ 2,698,734	

(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, 2016**

	Motor Fuel Tax			Redevelopment			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	
REVENUES							
Taxes							
Sales tax	\$ -	\$ -	\$ -	\$ 3,971,000	\$ 3,971,000	\$ 4,438,464	\$ 467,464
Intergovernmental	4,503,500	4,503,500	3,892,193	-	270,000	270,000	270,000
Interest	10,000	10,000	62,183	52,000	52,000	36,304	(15,696)
Miscellaneous	-	-	-	-	-	1,180	1,180
Total revenues	4,513,500	4,513,500	3,954,376	4,023,000	4,293,000	4,745,948	722,948
EXPENDITURES							
Current							
Community development	76,300	76,300	76,292	1,506,466	1,506,466	2,353,759	(847,293)
Debt service							
Principal payments	-	-	-	222,000	222,000	85,231	136,769
Interest and fiscal charges	-	-	-	106,000	106,000	59,249	46,751
Total expenditures	76,300	76,300	76,292	1,834,466	1,834,466	2,498,239	(663,773)
Excess (deficiency) of revenues over (under) expenditures	4,437,200	4,437,200	3,878,084	2,188,534	2,458,534	2,247,709	59,175
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	425,000	515,000	568,200	53,200
Transfers out	(3,920,000)	(3,920,000)	(3,486,528)	(3,133,628)	(3,433,628)	(2,931,060)	502,568
	(3,920,000)	(3,920,000)	(3,486,528)	(2,708,628)	(2,918,628)	(2,362,860)	555,768
Net change in fund balances	\$ 517,200	\$ 517,200	\$ 391,556	\$ (520,094)	\$ (460,094)	\$ (115,151)	\$ 614,943
Fund balances - beginning			8,022,630			1,394,351	
Fund balances - ending			\$ 8,414,186			\$ 1,279,200	

(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, 2016**

	Tourism			Special Projects			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	
REVENUES							
Taxes							
Sales tax	\$ 1,700,000	\$ 1,700,000	\$ 1,950,807	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	90,000	90,000	83,187	(6,813)
Interest	-	-	8,579	2,300	2,300	2,484	184
Total revenues	1,700,000	1,700,000	1,959,386	92,300	92,300	85,671	(6,629)
EXPENDITURES							
Current							
Community development	1,221,800	1,221,800	1,333,848	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	478,200	478,200	625,538	92,300	92,300	85,671	(6,629)
OTHER FINANCING (USES)							
Transfers out	(478,200)	(478,200)	(478,200)	(90,000)	(90,000)	(90,000)	-
Net change in fund balances	\$ -	\$ -	\$ 147,338	\$ 2,300	\$ 2,300	\$ (4,329)	\$ (6,629)
Fund balances - beginning			599,165			163,643	
Fund balances - ending			\$ 746,503			\$ 159,314	

(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, 2016**

	RKFD Metro Agency for Planning				Tax Increment Financing Area			
	Original Budget		Final Budget		Original Budget		Final Budget	
	Budget	Actual	Positive (Negative)	Final Budget	Budget	Actual	Positive (Negative)	Final Budget
REVENUES								
Taxes								
Property	\$ -	\$ -	\$ -	\$ -	\$ 325,893	\$ 372,378	\$ 46,485	\$ 325,893
Intergovernmental	933,581	1,368,378	434,797		-	-	-	
Charges for Services	76,292	144,254	67,962					
Interest	-	(9,761)	(9,761)			(3,422)	(3,422)	
Total revenues	1,009,873	1,502,871	492,998		325,893	368,956	43,063	325,893
EXPENDITURES								
Current								
Community development	983,386	1,416,286	(27,615)		65,000	108,233	(3,602)	104,631
Excess (deficiency) of revenues over (under) expenditures	26,487	(406,413)	465,383		260,893	260,723	39,461	221,262
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-		105,000	7,023	97,977	105,000
Transfers out	(12,600)	(12,600)	-		(25,000)	(143,150)	50,000	(93,150)
	(12,600)	(12,600)	-		80,000	(136,127)	147,977	11,850
Net change in fund balances	\$ 13,887	\$ (419,013)	\$ 46,370	\$ 465,383	\$ 340,893	\$ 233,112	\$ 89,461	\$ 233,112
Fund balances - beginning		(17,731)				(124,596)		
Fund balances - ending		\$ 28,639				\$ -		

(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, 2016**

	Justice Assistance Grant			Variance with
	Original	Final	Actual	Final Budget
	Budget	Budget		Positive
				(Negative)
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 407,558	\$ 407,558
EXPENDITURES				
Current				
Public safety	-	55	181,848	(181,793)
Net change in fund balances	\$ -	\$ (55)	\$ 225,710	\$ 225,765
Fund balances - beginning			<u>(119,659)</u>	
Fund balances - ending			<u>\$ 106,051</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, 2016**

	Tax Increment Financing Area West Side				Tax Increment Financing Area Seventh Street			
	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	\$ 496,168	\$ 496,168	\$ 566,207	\$ 70,039	\$ 784,396	\$ 784,396	\$ 758,341	\$ (26,055)
Interest	8,148	8,148	(2,770)	(10,918)	-	-	(12,989)	(12,989)
Miscellaneous	-	-	-	-	-	-	-	-
Total revenues	504,316	504,316	563,437	59,121	784,396	784,396	745,352	(39,044)
EXPENDITURES								
Current								
Community development	216,187	376,714	378,544	(1,830)	41,000	59,266	59,490	(224)
Excess (deficiency) of revenues over (under) expenditures	288,129	127,602	184,893	57,291	743,396	725,130	685,862	(39,268)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	29,257	29,257	-	800,000	815,002	15,002
Transfers out	(700,000)	(724,592)	(724,592)	-	(25,000)	(738,800)	(733,435)	5,365
	(700,000)	(724,592)	(695,335)	29,257	(25,000)	61,200	81,567	20,367
Net change in fund balances	\$ (411,871)	\$ (596,990)	(510,442)	\$ 86,548	\$ 718,396	\$ 786,330	\$ 767,429	\$ (18,901)
Fund balances - beginning			510,442				(767,429)	
Fund balances - ending	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -

(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, 2016**

	Tax Increment Financing Area South Rockford			Tax Increment Financing Area Lincolnwood Estates			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	
REVENUES							
Taxes							
Property	\$ 106,968	\$ 106,968	\$ 111,962	\$ 4,994	\$ 63,792	\$ 55,299	\$ (8,493)
Interest	-	-	4,363	4,363	1,527	1,232	(295)
Total revenues	106,968	106,968	116,325	9,357	65,319	56,531	(8,788)
EXPENDITURES							
Current							
Community development	31,732	33,164	33,164	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	75,236	73,804	83,161	9,357	65,319	56,531	(8,788)
OTHER FINANCING SOURCES (USES)							
Transfers in	33,581	33,581	-	(33,581)	-	-	-
Transfers out	(365,518)	(322,950)	(322,950)	-	(82,650)	(84,842)	(84,842)
	(331,937)	(289,369)	(322,950)	(33,581)	(82,650)	(84,842)	(84,842)
Net change in fund balances	<u>\$ (256,701)</u>	<u>\$ (215,565)</u>	<u>\$ (239,789)</u>	<u>\$ (24,224)</u>	<u>\$ (17,331)</u>	<u>\$ (19,523)</u>	<u>\$ (8,788)</u>
Fund balances - beginning		<u>350,163</u>				<u>102,116</u>	
Fund balances - ending		<u>\$ 110,374</u>				<u>\$ 73,805</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, 2016**

	Tax Increment Financing Area Springfield Corners			Tax Increment Financing Area Rockford Global Trade Park		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
				Variance with Final Budget		Variance with Final Budget
				Positive (Negative)		Positive (Negative)
REVENUES						
Taxes						
Property	\$ 218,478	\$ 218,478	\$ 206,784	\$ (11,694)	\$ 816,900	\$ 901,371
Interest	-	-	-	-	-	-
Total revenues	218,478	218,478	206,784	(11,694)	816,900	901,371
						84,471
EXPENDITURES						
Current						
Community development	-	-	-	-	209,689	355,231
Debt service						(145,542)
Interest and fiscal charges	33,100	10,911	13,222	(2,311)	6,209	6,963
Total expenditures	33,100	10,911	13,222	(2,311)	215,898	362,194
						(146,296)
Excess (deficiency) of revenues over (under) expenditures	185,378	207,567	193,562	(14,005)	601,002	539,177
						(61,825)
OTHER FINANCING (USES)						
Transfers out	(458,357)	(432,973)	(432,973)	-	(933,413)	(920,651)
						-
Net change in fund balances	\$ (272,979)	\$ (225,406)	\$ (239,411)	\$ (14,005)	\$ (332,411)	\$ (319,649)
						(381,474)
						\$ (61,825)
Fund balances - beginning			(2,185,727)			(257,745)
Fund balances - ending			\$ (2,425,138)			\$ (639,219)

(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, 2016**

	Tax Increment Financing Area North Main			Tax Increment Financing Area Lincolnwood II			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	
REVENUES							
Taxes							
Property	\$ 45,642	\$ 45,642	\$ 45,158	\$ (484)	\$ 42,605	\$ 39,266	\$ (3,339)
Interest	-	-	-	-	-	-	-
Total revenues	45,642	45,642	45,158	(484)	42,605	39,266	(3,339)
EXPENDITURES							
Debt service							
Interest and fiscal charges	41,926	14,517	14,838	(321)	124	371	(371)
Excess (deficiency) of revenues over (under) expenditures	3,716	31,125	30,320	(805)	-	38,895	(3,710)
OTHER FINANCING (USES)							
Transfers out	(194,963)	(178,523)	(178,523)	-	(65,206)	(63,514)	-
Net change in fund balances	\$ (191,247)	\$ (147,398)	(148,203)	(805)	\$ (65,206)	\$ (63,514)	(3,710)
Fund balances - beginning			(942,431)			(7,955)	
Fund balances - ending			\$ (1,090,634)			\$ (32,574)	(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, 2016**

	Tax Increment Financing Area River Oaks				Tax Increment Financing Area Garrison			
	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	\$ 23,655	\$ 23,655	\$ 26,365	\$ 2,710	\$ 67,448	\$ 67,448	\$ 109,236	\$ 41,788
Interest	-	-	-	-	-	-	-	-
Total revenues	23,655	23,655	26,365	2,710	67,448	67,448	109,236	41,788
EXPENDITURES								
Debt service								
Interest and fiscal charges	29,932	29,932	30,794	(862)	8,657	8,657	9,015	(358)
Excess (deficiency) of revenues over (under) expenditures	(6,277)	(6,277)	(4,429)	1,848	58,791	58,791	100,221	41,430
OTHER FINANCING (USES)								
Transfers out	(297,475)	(297,475)	(297,475)	-	(152,413)	(141,427)	(141,427)	-
Net change in fund balances	\$ (303,752)	\$ (303,752)	\$ (301,904)	\$ 1,848	\$ (93,622)	\$ (82,636)	\$ (41,206)	\$ 41,430
Fund balances - beginning			(1,983,846)				(551,933)	
Fund balances - ending			\$ (2,285,750)				\$ (593,139)	

(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, 2016**

	Tax Increment Financing Area Hope Six				Tax Increment Financing Area Kishwaukee/Harrison			
	Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
				(Negative) Positive				(Negative) Positive
REVENUES								
Taxes								
Property	\$ 153,572	\$ 153,572	\$ 140,554	\$ (13,018)	\$ 39,750	\$ 39,750	\$ 40,175	\$ 425
Interest	-	-	-	-	1,430	1,430	1,286	(144)
Total revenues	153,572	153,572	140,554	(13,018)	41,180	41,180	41,461	281
EXPENDITURES								
Current								
Community development	-	-	-	-	33,788	33,788	33,983	(195)
Debt service								
Interest and fiscal charges	23,883	8,346	9,349	(1,003)	-	-	-	-
Total expenditures	23,883	8,346	9,349	(1,003)	33,788	33,788	33,983	(195)
Excess (deficiency) of revenues over (under) expenditures	129,689	145,226	131,205	(14,021)	7,392	7,392	7,478	86
OTHER FINANCING (USES)								
Transfers out	(251,500)	(251,500)	(251,500)	-	-	-	-	-
Net change in fund balances	\$ (121,811)	\$ (106,274)	\$ (120,295)	\$ (14,021)	\$ 7,392	\$ 7,392	\$ 7,478	\$ 86
Fund balances - beginning			(556,375)				95,922	
Fund balances - ending			\$ (676,670)				\$ 103,400	

(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, 2016**

	Tax Increment Financing Area Jackson School				Tax Increment Financing Area Preston/Central				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual		Original Budget	Final Budget	Actual		
				Variance with Final Budget Positive (Negative)				Variance with Final Budget Positive (Negative)	
REVENUES									
Taxes									
Property	\$ 32,600	\$ 32,600	\$ 29,904	\$ (2,696)	\$ 76,300	\$ 76,300	\$ 77,081	\$ 781	
Interest	-	-	-	-	-	-	-	-	
Miscellaneous	-	-	12,261	12,261	-	-	-	-	
Total revenues	<u>32,600</u>	<u>32,600</u>	<u>42,165</u>	<u>9,565</u>	<u>76,300</u>	<u>76,300</u>	<u>77,081</u>	<u>781</u>	
EXPENDITURES									
Current									
Community development	25,300	25,300	-	25,300	-	-	-	-	
Debt service									
Interest and fiscal charges	2,325	2,325	2,205	120	22,349	22,349	23,098	(749)	
Total expenditures	<u>27,625</u>	<u>27,625</u>	<u>2,205</u>	<u>25,420</u>	<u>22,349</u>	<u>22,349</u>	<u>23,098</u>	<u>(749)</u>	
Excess (deficiency) of revenues over (under) expenditures	4,975	4,975	39,960	34,985	53,951	53,951	53,983	32	
OTHER FINANCING (USES)									
Transfers out	(42,000)	(42,000)	(42,000)	-	(85,113)	(85,113)	(85,113)	-	
Net change in fund balances	<u>\$ (37,025)</u>	<u>\$ (37,025)</u>	<u>(2,040)</u>	<u>\$ 34,985</u>	<u>\$ (31,162)</u>	<u>\$ (31,162)</u>	<u>(31,130)</u>	<u>\$ 32</u>	
Fund balances - beginning			<u>(130,945)</u>				<u>(1,492,123)</u>		
Fund balances - ending			<u>\$ (132,985)</u>				<u>\$ (1,523,253)</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, 2016**

	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	Original Budget	Final Budget	Actual	Variance with Final Budget
				(Negative)				(Negative)
REVENUES								
Taxes								
Property	\$ 18,851	\$ 18,851	\$ 2,782	\$ (16,069)	\$ 117,600	\$ 117,600	\$ 114,667	\$ (2,933)
Interest	1,263	1,263	(285)	(1,548)	4,009	4,009	5,653	1,644
Total revenues	20,114	20,114	2,497	(17,617)	121,609	121,609	120,320	(1,289)
EXPENDITURES								
Current								
Community development	-	-	438	(438)	120,000	88,000	70,000	18,000
Excess (deficiency) of revenues over (under) expenditures	20,114	20,114	2,059	(18,055)	1,609	33,609	50,320	16,711
OTHER FINANCING (USES)								
Transfers out	-	-	-	-	(20,000)	(20,000)	(20,000)	-
Net change in fund balances	\$ 20,114	\$ 20,114	2,059	(18,055)	\$ (18,391)	\$ 13,609	30,320	16,711
Fund balances - beginning			(18,207)				395,034	
Fund balances - ending			\$ (16,148)				\$ 425,354	

(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, 2016**

	Tax Increment Financing Area West State and Central			Tax Increment Financing Area West State and Kilburn			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	
REVENUES							
Taxes							
Property	\$ 89,796	\$ 89,796	\$ 51,734	\$ 9,600	\$ 9,600	\$ 30,192	\$ 20,592
Interest	-	-	(3,122)	2,201	2,201	1,049	(1,152)
Total revenues	89,796	89,796	48,612	11,801	11,801	31,241	19,440
EXPENDITURES							
Current							
Community development	43,637	43,637	45,456	-	-	-	-
Net change in fund balances	\$ 46,159	\$ 46,159	\$ 3,156	\$ 11,801	\$ 11,801	\$ 31,241	\$ 19,440
Fund balances - beginning			(191,839)			71,437	
Fund balances - ending			\$ (188,683)			\$ 102,678	(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, 2016**

	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	\$ 630	\$ 630	\$ 822	\$ 192	\$ 248,600	\$ 248,600	\$ 242,227	\$ (6,373)
Interest	193	193	151	(42)	8,968	8,968	9,229	261
Total revenues	823	823	973	150	257,568	257,568	251,456	(6,112)
EXPENDITURES								
Current								
Community development	-	-	2,220	(2,220)	38,900	644,080	644,855	(775)
Net change in fund balances	\$ 823	\$ 823	\$(1,247)	\$(2,070)	\$ 218,668	\$ (386,512)	\$(393,399)	\$(6,887)
Fund balances - beginning			12,390				595,823	
Fund balances - ending			\$ 11,143				\$ 202,424	(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, 2016**

	Tax Increment Financing Area River North				Tax Increment Financing Area North Main and Whitman				Variance with Final Budget Positive (Negative)
	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	\$ 264,367	\$ 264,367	\$ 51,080	\$ (213,287)	\$ 19,642	\$ 19,642	\$ 139,323	\$ 119,681	
Interest	2,191	2,191	1,541	(650)	-	-	-	-	
Total revenues	266,558	266,558	52,621	(213,937)	19,642	19,642	139,323	119,681	
EXPENDITURES									
Current									
Community development	214,179	-	77,480	(77,480)	-	-	-	-	
Debt service	-	-	-	-	9,558	9,558	9,861	(303)	
Interest and fiscal charges	-	-	77,480	(77,480)	9,558	9,558	9,861	(303)	
Total expenditures	214,179	-	77,480	(77,480)	9,558	9,558	9,861	(303)	
Excess (deficiency) of revenues over (under) expenditures	52,379	52,379	(24,859)	(77,238)	10,084	10,084	129,462	119,378	
OTHER FINANCING (USES)									
Transfers out	(29,370)	(41,175)	(41,175)	-	(109,168)	(109,168)	(113,537)	(4,369)	
Net change in fund balances	\$ 23,009	\$ 11,204	(66,034)	(77,238)	\$ (99,084)	\$ (99,084)	\$ 15,925	\$ 115,009	
Fund balances - beginning			109,767				(605,285)		
Fund balances - ending			\$ 43,733				\$ (589,360)		

(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, 2016**

	Tax Increment Financing Area East River			Tax Increment Financing Area Assisted Living			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	
REVENUES							
Taxes							
Property	\$ 188,516	\$ 188,516	\$ 281,984	\$ -	\$ -	\$ -	\$ -
Interest	-	-	10,886	-	-	4	4
Total revenues	188,516	188,516	292,870	-	-	4	4
EXPENDITURES							
Current							
Community development	213,829	220,699	198,080	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	(25,313)	(32,183)	94,790	-	-	4	4
OTHER FINANCING SOURCES (USES)							
Transfers in	276,265	269,095	-	-	-	-	-
Transfers out	162,875	837,875	(837,875)	-	-	-	-
	439,140	1,106,970	(837,875)	-	-	-	-
Net change in fund balances	\$ 413,827	\$ 1,074,787	(743,085)	\$ (1,817,872)	\$ -	4	\$ 4
Fund balances - beginning			751,834				232
Fund balances - ending			\$ 8,749				\$ 236

(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, 2016**

	Tax Increment Financing Area Midtown			Tax Increment Financing Area Kishwaukee and Harrison II		
	Original Budget	Final Budget	Actual	Variance with Final Budget		Variance with Final Budget Positive (Negative)
				Original Budget	Final Budget	
REVENUES						
Taxes						
Property	\$ 18,302	\$ 18,302	\$ 8,469	\$ (9,833)	\$ -	\$ -
Interest	859	859	1,170	311	9	9
Total revenues	19,161	19,161	9,639	(9,522)	9	9
EXPENDITURES						
Current						
Community development	4,551	4,551	-	4,551	-	-
Net change in fund balances	\$ 14,610	\$ 14,610	\$ 9,639	\$ (4,971)	\$ 9	\$ 9
Fund balances - beginning			78,669			611
Fund balances - ending			\$ 88,308			\$ 620

(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, 2016**

	Tax Increment Financing Area Rockford Global Trade Park III				Tax Increment Financing Area Broadway			
	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	\$ 17,500	\$ 17,500	\$ 28,191	\$ 10,691	\$ 52,238	\$ 52,238	\$ 41,326	\$ (10,912)
Interest	3,294	3,294	1,346	(1,948)	1,325	1,325	1,674	349
Total revenues	20,794	20,794	29,537	8,743	53,563	53,563	43,000	(10,563)
EXPENDITURES								
Current								
Community development	-	-	3,132	(3,132)	35,000	35,000	-	35,000
Net change in fund balances	\$ 20,794	\$ 20,794	26,405	\$ 5,611	\$ 18,563	\$ 18,563	43,000	\$ 24,437
Fund balances - beginning			88,218				117,271	
Fund balances - ending			\$ 114,623				\$ 160,271	(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, 2016**

	Tax Increment Financing Area Rockford Global Trade Park South				Tax Increment Financing Area Jefferson and Third Street			
	Original Budget		Final Budget		Original Budget		Final Budget	
	Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES								
Taxes								
Property	\$ 11,703	\$ 11,703	\$ 17,977	\$ 6,274	\$ 14,110	\$ 14,110	\$ 16,033	\$ 1,923
Interest	443	443	432	(11)	186	186	(237)	(423)
Total revenues	12,146	12,146	18,409	6,263	14,296	14,296	15,796	1,500
EXPENDITURES								
Current								
Community development	-	-	763	(763)	13,837	2,221	1,990	231
Net change in fund balances	\$ 12,146	\$ 12,146	\$ 17,646	\$ 5,500	\$ 459	\$ 12,075	\$ 13,806	\$ 1,731
Fund balances - beginning			31,906				(12,518)	
Fund balances - ending			\$ 49,552				\$ 1,288	(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, 2016**

	Tax Increment Financing Area Mulford and State			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Taxes				
Property	\$ 196,185	\$ 196,185	\$ 204,314	\$ 8,129
Interest	161	161	1,785	1,624
Total revenues	196,346	196,346	206,099	9,753
EXPENDITURES				
Current				
Community development	137,567	138,054	63,054	75,000
Net change in fund balances	\$ 58,779	\$ 58,292	143,045	\$ 84,753
Fund balances - beginning			129,352	
Fund balances - ending			\$ 272,397	(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, 2016

	Water Utility			Parking System			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	
OPERATING REVENUES							
Charges for services	\$ 27,091,250	\$ 26,846,250	\$ 27,301,152	\$ 2,013,928	\$ 2,013,928	\$ 1,966,811	\$ (47,117)
Fines and penalties	3,000	253,000	275,960	518,442	518,442	53,423	(465,019)
Miscellaneous	45,000	40,000	51,702	-	-	38,803	38,803
Total operating revenues	27,139,250	27,139,250	27,628,814	2,532,370	2,532,370	2,059,037	(473,333)
OPERATING EXPENSES							
Salaries and benefits	6,002,450	5,959,450	5,511,518	248,659	257,659	249,451	8,208
Services	7,108,595	7,016,595	5,249,495	1,246,301	1,454,501	1,342,516	111,985
Supplies and materials	1,444,450	1,480,250	1,248,016	35,500	45,000	51,792	(6,792)
Depreciation	6,158,900	6,158,900	6,192,062	632,000	632,000	785,045	(153,045)
Charges from General Fund	2,603,604	2,603,604	2,603,604	192,718	192,718	192,718	-
Miscellaneous	-	-	-	2,200	246,650	6,616	240,034
Total operating expenses	23,317,999	23,218,799	20,804,695	2,357,378	2,828,528	2,628,138	200,390
Operating income (loss)	3,821,251	3,920,451	6,824,119	174,992	(296,158)	(569,101)	(272,943)
NONOPERATING REVENUES (EXPENSES)							
Interest received	200,000	200,000	227,014	10,789	10,789	114,801	104,012
Disposal of capital assets	-	-	(204,281)	-	-	-	-
Interest expense and service fees	(1,836,550)	(1,636,550)	(1,833,487)	-	(282,813)	(304,850)	(22,037)
Amortization expense	(18,500)	(18,500)	(18,491)	-	-	-	-
	(1,655,050)	(1,455,050)	(1,829,245)	10,789	(272,024)	(190,049)	81,975
Income (loss) before contributions and transfers	2,166,201	2,465,401	4,994,874	185,781	(568,182)	(759,150)	(190,968)
Contributions from developers	-	-	859,380	(404,989)	-	(60,000)	(60,000)
Transfer out	-	-	-	-	-	-	-
Changes in net position	\$ 2,166,201	\$ 2,465,401	\$ 5,854,254	\$ (219,208)	\$ (568,182)	\$ (819,150)	\$ (250,968)
Net position - beginning			137,527,484			13,840,439	
Net position - ending			\$ 143,381,738			\$ 13,021,289	

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, 2016

	Central Garage	Building Maintenance	Central Stores	Illinois Municipal Retirement	Unemployment
ASSETS					
Current assets					
Cash and cash equivalents	\$ 274,092	\$ 260,986	\$ 406,974	\$ 511,565	\$ 706,286
Accounts receivable	-	426	606	814	1,047
Due from other governmental units	21,066	-	-	-	-
Inventories	273,834	-	-	-	-
Prepaid expenses	-	-	-	-	-
Total current assets	568,992	261,412	407,580	512,379	707,333
Noncurrent assets					
Capital assets					
Buildings and improvements	132,900	4,037,669	-	-	-
Equipment	442,569	189,405	-	-	-
Improvements other than buildings	85,345	182,407	-	-	-
Less accumulated depreciation	(528,745)	(1,182,631)	-	-	-
Total noncurrent assets	132,069	3,226,850	-	-	-
Total assets	701,061	3,488,262	407,580	512,379	707,333
DEFERRED OUTFLOWS OF RESOURCES					
None					
Total assets and deferred outflows of recourses	701,061	3,488,262	407,580	512,379	707,333
LIABILITIES					
Current liabilities					
Accounts payable	199,454	151,370	2,961	314,067	35,051
Accrued payroll and benefits	33,388	24,365	67,950	122,606	-
Due to other funds	-	245,636	-	-	-
Other payables	60,515	-	-	-	-
Compensated absences	21,729	15,249	-	-	-
Capital lease payable	14,999	199,086	-	-	-
Claims and judgments payable	-	-	-	-	-
Total current liabilities	330,085	635,706	70,911	436,673	35,051
Noncurrent liabilities					
Compensated absences	86,918	60,998	-	-	-
Capital lease payable	62,924	1,456,985	-	-	-
Claims and judgments payable	-	-	-	-	-
Total noncurrent liabilities	149,842	1,517,983	-	-	-
Total liabilities	479,927	2,153,689	70,911	436,673	35,051
DEFERRED INFLOWS OF RESOURCES					
None					
Total liabilities and deferred inflows of recourses	479,927	2,153,689	70,911	436,673	35,051
NET POSITION					
Net investment in capital assets	54,146	1,570,779	-	-	-
Unrestricted (deficit)	166,988	(236,206)	336,669	75,706	672,282
Net position	\$ 221,134	\$ 1,334,573	\$ 336,669	\$ 75,706	\$ 672,282

Workmens' Compensation	Auditing	Health Insurance	911 Communications	Risk Management	Information Systems	Totals
\$ 6,773,954	\$ 84,950	\$ 6,644,866	\$ 152,680	\$ 192,001	\$ 285,202	\$ 16,293,556
9,884	-	22,589	230	361	21,872	57,829
-	-	-	278,536	-	-	299,602
-	-	-	-	-	-	273,834
-	-	293,250	-	-	-	293,250
6,783,838	84,950	6,960,705	431,446	192,362	307,074	17,218,071
-	-	-	-	-	-	4,170,569
-	-	-	274,450	-	5,668,790	6,575,214
-	-	-	-	-	-	267,752
-	-	-	(120,205)	-	(4,426,649)	(6,258,230)
-	-	-	154,245	-	1,242,141	4,755,305
6,783,838	84,950	6,960,705	585,691	192,362	1,549,215	21,973,376
-	-	-	-	-	-	-
6,783,838	84,950	6,960,705	585,691	192,362	1,549,215	21,973,376
36,705	84,950	337,102	5,150	110,860	-	1,277,670
-	-	-	188,499	-	91,412	528,220
-	-	-	-	-	-	245,636
-	-	-	-	-	-	60,515
-	-	-	68,922	-	-	105,900
-	-	-	-	-	-	214,085
4,034,972	-	2,410,467	-	-	-	6,445,439
4,071,677	84,950	2,747,569	262,571	110,860	91,412	8,877,465
-	-	-	275,689	-	-	423,605
-	-	-	-	-	-	1,519,909
-	-	-	-	9,667,081	-	9,667,081
-	-	-	275,689	9,667,081	-	11,610,595
4,071,677	84,950	2,747,569	538,260	9,777,941	91,412	20,488,060
-	-	-	-	-	-	-
4,071,677	84,950	2,747,569	538,260	9,777,941	91,412	20,488,060
-	-	-	154,245	-	1,242,141	3,021,311
2,712,161	-	4,213,136	(106,814)	(9,585,579)	215,662	(1,535,995)
\$ 2,712,161	\$ -	\$ 4,213,136	\$ 47,431	\$ (9,585,579)	\$ 1,457,803	\$ 1,485,316

CITY OF ROCKFORD, ILLINOIS

**Combining Statement of Revenues, Expenses and Changes in Net Position - Internal Service Funds
For the Fiscal Year Ended December 31, 2016**

	Central Garage	Building Maintenance	Central Stores	Illinois Municipal Retirement	Unemployment
OPERATING REVENUES					
Charges for services	\$ 3,286,450	\$ 3,783,540	\$ 424,890	\$ 6,819,611	\$ 177,310
Intergovernmental	-	-	-	-	-
Miscellaneous	14,055	117	-	-	-
Total operating revenues	<u>3,300,505</u>	<u>3,783,657</u>	<u>424,890</u>	<u>6,819,611</u>	<u>177,310</u>
OPERATING EXPENSES					
Salaries and benefits	917,456	891,134	322,341	6,818,846	12,686
Services	1,294,154	1,379,951	66,475	232	232
Supplies and materials	946,252	165,374	10,219	-	-
Depreciation	26,965	313,886	-	-	-
Charges from General Fund	72,700	128,300	25,000	-	-
Miscellaneous	-	500	-	-	-
Total operating expenses	<u>3,257,527</u>	<u>2,879,145</u>	<u>424,035</u>	<u>6,819,078</u>	<u>12,918</u>
Operating income (loss)	<u>42,978</u>	<u>904,512</u>	<u>855</u>	<u>533</u>	<u>164,392</u>
NONOPERATING REVENUES (EXPENSES)					
Interest received	3,383	3,461	6,123	7,705	10,599
Interest expense	(2,048)	(41,216)	-	-	-
	<u>1,335</u>	<u>(37,755)</u>	<u>6,123</u>	<u>7,705</u>	<u>10,599</u>
Changes in net position	44,313	866,757	6,978	8,238	174,991
Net position - beginning	<u>176,821</u>	<u>467,816</u>	<u>329,691</u>	<u>67,468</u>	<u>497,291</u>
Net position - ending	<u>\$ 221,134</u>	<u>\$ 1,334,573</u>	<u>\$ 336,669</u>	<u>\$ 75,706</u>	<u>\$ 672,282</u>

Workmens' Compensation	Auditing	Health Insurance	911 Communications	Risk Management	Information Systems	Totals
\$ 3,031,599	\$ 153,430	\$ 18,592,740	\$ 4,843,823	\$ 3,996,870	\$ 3,377,403	\$ 48,487,666
-	-	-	985,928	-	-	985,928
6,762	-	326,700	94,920	254,325	-	696,879
3,038,361	153,430	18,919,440	5,924,671	4,251,195	3,377,403	50,170,473
-	-	-	5,411,975	-	576,113	14,950,551
1,588,581	153,585	22,074,025	289,186	4,741,950	2,359,225	33,947,596
96,900	-	36	19,343	-	214,495	1,452,619
-	-	-	3,955	-	239,219	584,025
-	-	169,600	-	416,700	98,680	910,980
-	-	-	-	5,975	3,785	10,260
1,685,481	153,585	22,243,661	5,724,459	5,164,625	3,491,517	51,856,031
1,352,880	(155)	(3,324,221)	200,212	(913,430)	(114,114)	(1,685,558)
89,512	111	144,990	3,020	-	6,436	275,340
-	-	-	-	(9,195)	-	(52,459)
89,512	111	144,990	3,020	(9,195)	6,436	222,881
1,442,392	(44)	(3,179,231)	203,232	(922,625)	(107,678)	(1,462,677)
1,269,769	44	7,392,367	(155,801)	(8,662,954)	1,565,481	2,947,993
\$ 2,712,161	\$ -	\$ 4,213,136	\$ 47,431	\$ (9,585,579)	\$ 1,457,803	\$ 1,485,316

CITY OF ROCKFORD, ILLINOIS

Combining Statement of Cash Flow - Internal Service Funds
For the Fiscal Year Ended December 31, 2016

	Central Garage	Building Maintenance	Central Stores	Illinois Municipal Retirement	Unemployment
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 3,279,564	\$ 3,784,048	\$ 425,757	\$ 6,820,668	\$ 178,255
Payments to suppliers	(3,143,549)	(2,716,034)	(346,368)	(6,814,903)	(12,918)
Payments to employees	-	(567,446)	(45,502)	-	-
Payments for internal services used	-	-	-	-	-
Payments to other funds	(72,700)	(128,300)	(25,000)	-	-
	<u>63,315</u>	<u>372,268</u>	<u>8,887</u>	<u>5,765</u>	<u>165,337</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Interest paid on capital debt	(2,048)	(41,216)	-	-	-
Principal paid on capital debt	(14,812)	(188,919)	-	-	-
Acquisition of capital assets	-	(1,503,858)	-	-	-
	<u>(16,860)</u>	<u>(1,733,993)</u>	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	<u>3,383</u>	<u>3,461</u>	<u>6,123</u>	<u>7,705</u>	<u>10,599</u>
Net increase (decrease) in cash and cash equivalents	49,838	(1,358,264)	15,010	13,470	175,936
Cash and cash equivalents - beginning	<u>224,254</u>	<u>1,619,250</u>	<u>391,964</u>	<u>498,095</u>	<u>530,350</u>
Cash and cash equivalents - ending	<u>\$ 274,092</u>	<u>\$ 260,986</u>	<u>\$ 406,974</u>	<u>\$ 511,565</u>	<u>\$ 706,286</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES					
Operating income (loss)	\$ 42,978	\$ 904,512	\$ 855	\$ 533	\$ 164,392
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities					
Depreciation expense	26,965	313,886	-	-	-
Increase (decrease) from changes in:					
Accounts receivable	555	391	867	1,057	945
Due from other governmental units	108	-	-	-	-
Due from other funds	-	-	-	-	-
Inventories	(21,604)	-	-	-	-
Prepaid items	-	-	-	-	-
Accounts payable	3,528	(155,501)	1,908	289	-
Accrued payroll and benefits	7,028	206	56,781	3,886	-
Compensated absences	3,757	15,761	(51,524)	-	-
Due to other funds	-	(24,563)	-	-	-
Other liabilities	-	(682,424)	-	-	-
	<u>20,337</u>	<u>(532,244)</u>	<u>8,032</u>	<u>5,232</u>	<u>945</u>
Net cash provided by (used for) operating activities	<u>\$ 63,315</u>	<u>\$ 372,268</u>	<u>\$ 8,887</u>	<u>\$ 5,765</u>	<u>\$ 165,337</u>

Workmens' Compensation	Auditing	Health Insurance	911 Communication:	Risk Management	Information Systems	Totals
\$ 3,050,681	\$ 153,474	\$ 20,311,199	\$ 4,855,442	\$ 4,247,252	\$ 3,455,898	\$ 50,562,238
(2,346,381)	(73,935)	(22,379,869)	(1,868,132)	(3,629,356)	(3,300,320)	(46,631,765)
-	-	-	(3,888,835)	-	-	(4,501,783)
-	-	-	985,928	-	-	985,928
-	-	(169,600)	-	(416,700)	(98,680)	(910,980)
704,300	79,539	(2,238,270)	84,403	201,196	56,898	(496,362)
-	-	-	-	(9,195)	-	(52,459)
-	-	-	-	-	-	(203,731)
-	-	-	(158,200)	-	(227,263)	(1,889,321)
-	-	-	(158,200)	(9,195)	(227,263)	(2,145,511)
89,512	111	144,990	3,020	-	6,436	275,340
793,812	79,650	(2,093,280)	(70,777)	192,001	(163,929)	(2,366,533)
5,980,142	5,300	8,738,146	223,457	-	449,131	18,660,089
\$ 6,773,954	\$ 84,950	\$ 6,644,866	\$ 152,680	\$ 192,001	\$ 285,202	\$ 16,293,556
\$ 1,352,880	\$ (155)	\$ (3,324,221)	\$ 200,212	\$ (913,430)	\$ (114,114)	\$ (1,685,558)
-	-	-	3,955	-	239,219	584,025
12,320	44	451,695	610	(3,943)	(20,185)	444,356
-	-	-	(83,911)	-	-	(83,803)
-	-	961,064	-	-	-	961,064
-	-	-	-	-	-	(21,604)
-	-	(21,000)	-	-	-	(21,000)
26,451	79,650	(1,466,975)	(17,067)	(88,312)	(20,179)	(1,636,208)
-	-	-	29,276	-	66,839	164,016
-	-	-	(48,672)	-	(66,613)	(147,291)
-	-	-	-	(961,064)	-	(985,627)
(687,351)	-	1,161,167	-	2,167,945	(28,069)	1,931,268
(648,580)	79,694	1,085,951	(115,809)	1,114,626	171,012	1,189,196
\$ 704,300	\$ 79,539	\$ (2,238,270)	\$ 84,403	\$ 201,196	\$ 56,898	\$ (496,362)

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, 2016**

	Central Stores			Illinois Municipal Retirement			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	
OPERATING REVENUES							
Charges for services	\$ 438,150	\$ 438,150	\$ 424,890	\$ 7,098,957	\$ 7,098,957	\$ 6,819,611	\$ (279,346)
OPERATING EXPENSES							
Salaries and benefits	325,231	325,231	322,341	7,098,732	7,098,732	6,818,846	279,886
Services	66,197	66,197	66,475	225	225	232	(7)
Supplies and materials	21,720	21,720	10,219	-	-	-	-
Charges from General Fund	25,000	25,000	25,000	-	-	-	-
Total operating expenses	438,148	438,148	424,035	7,098,957	7,098,957	6,819,078	279,879
Operating income (loss)	2	2	855	-	-	533	(559,225)
NONOPERATING REVENUES							
Interest received	-	-	6,123	10,000	10,000	7,705	(2,295)
Changes in net position	\$ 2	\$ 2	\$ 6,978	\$ 10,000	\$ 10,000	\$ 8,238	\$ (561,520)
Net position - beginning			<u>329,691</u>			<u>67,468</u>	
Net position - ending			<u>\$ 336,669</u>			<u>\$ 75,706</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, 2016**

	Unemployment			Variance with Final Budget		Workmens' Compensation			Variance with Final Budget	
	Original Budget	Final Budget	Actual	Original Budget	Positive (Negative)	Original Budget	Final Budget	Actual	Original Budget	Positive (Negative)
OPERATING REVENUES										
Charges for services	\$ 166,500	\$ 166,500	\$ 177,310	\$ 2,423,942	\$ 10,810	\$ 2,423,942	\$ 2,423,942	\$ 3,031,599	\$ 607,657	
Miscellaneous	-	-	-	303,140	-	303,140	303,140	6,762	(296,378)	
Total operating revenues	166,500	166,500	177,310	2,727,082	10,810	2,727,082	2,727,082	3,038,361	311,279	
OPERATING EXPENSES										
Salaries and benefits	166,500	166,500	12,686	-	153,814	-	-	-	-	
Services	225	225	232	2,650,250	(7)	2,650,250	2,650,250	1,588,581	1,061,669	
Charges from General Fund	-	-	-	96,900	-	96,900	96,900	96,900	-	
Total operating expenses	166,725	166,725	12,918	2,747,150	153,807	2,747,150	2,747,150	1,685,481	1,061,669	
Operating income (loss)	(225)	(225)	164,392	(20,068)	164,617	(20,068)	(20,068)	1,352,880	1,372,948	
NONOPERATING REVENUES										
Interest received	9,700	9,700	10,599	15,000	899	15,000	15,000	89,512	74,512	
Changes in net position	\$ 9,475	\$ 9,475	174,991	\$ (5,068)	\$ 165,516	\$ (5,068)	\$ (5,068)	1,442,392	\$ 1,447,460	
Net position - beginning			497,291					1,269,769		
Net position - ending			\$ 672,282					\$ 2,712,161		

(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, 2016**

	Audit			Health Insurance			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	
OPERATING REVENUES							
Charges for services	\$ 191,730	\$ 191,730	\$ 153,430	\$ 20,484,382	\$ 20,484,382	\$ 18,592,740	\$ (1,891,642)
Miscellaneous	-	-	-	607,000	607,000	326,700	(280,300)
Total operating revenues	191,730	191,730	153,430	21,091,382	21,091,382	18,919,440	(2,171,942)
OPERATING EXPENSES							
Services	191,730	191,730	153,585	21,807,800	21,807,800	22,074,025	(266,225)
Supplies and materials	-	-	-	500	500	36	464
Charges from General Fund	-	-	-	169,600	169,600	169,600	-
Total operating expenses	191,730	191,730	153,585	21,977,900	21,977,900	22,243,661	(265,761)
Operating income (loss)	-	-	(155)	(886,518)	(886,518)	(3,324,221)	(2,437,703)
NONOPERATING REVENUES							
Interest received	-	-	111	119,900	119,900	144,990	25,090
Changes in net position	\$ -	\$ -	(44)	\$ (766,618)	\$ (766,618)	(3,179,231)	(2,412,613)
Net position - beginning			44			7,392,367	
Net position - ending			\$ -			\$ 4,213,136	(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, 2016**

	911 Communication			Risk Management			
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	
			Variance with Final Budget Positive (Negative)			Variance with Final Budget Positive (Negative)	
OPERATING REVENUES							
Charges for services	\$ 4,843,997	\$ 4,843,997	\$ 4,843,823	\$ (174)	\$ 2,945,640	\$ 3,996,870	\$ 1,051,230
Intergovernmental	846,247	846,247	985,928	139,681	-	-	-
Miscellaneous	-	-	94,920	94,920	115,000	254,325	139,325
Total operating revenues	5,690,244	5,690,244	5,924,671	234,427	3,060,640	4,251,195	1,190,555
OPERATING EXPENSES							
Salaries and benefits	5,450,984	5,450,984	5,411,975	39,009	-	-	-
Services	223,785	223,785	289,186	(65,401)	4,076,480	4,741,950	(665,470)
Supplies and materials	15,475	15,475	19,343	(3,868)	-	-	-
Depreciation	-	-	3,955	(3,955)	-	-	-
Charges from General Fund	-	-	-	-	416,700	416,700	-
Miscellaneous	-	-	-	-	-	5,975	(5,975)
Total operating expenses	5,690,244	5,690,244	5,724,459	(34,215)	4,493,180	5,164,625	(671,445)
Operating income (loss)	-	-	200,212	200,212	(1,432,540)	(913,430)	519,110
NONOPERATING REVENUES (EXPENSES)							
Interest expense	-	-	3,020	3,020	-	(9,195)	-
Transfer In	-	-	-	-	1,172,460	-	(1,172,460)
	-	-	3,020	3,020	1,172,460	(9,195)	(1,172,460)
Changes in net position	\$ -	\$ -	203,232	203,232	\$ (260,080)	(922,625)	\$ (653,350)
Net position - beginning			(155,801)			(8,662,954)	
Net position - ending			\$ 47,431			\$ (9,585,579)	

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, 2016**

	Information System			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
OPERATING REVENUES				
Charges for services	\$ 3,856,714	\$ 3,856,714	\$ 3,377,403	\$ (479,311)
OPERATING EXPENSES				
Salaries and benefits	579,236	579,236	576,113	3,123
Services	2,382,079	2,402,079	2,359,225	42,854
Supplies and materials	73,100	73,100	214,495	(141,395)
Depreciation	530,000	530,000	239,219	290,781
Charges from Other Funds	35,400	35,400	98,680	(63,280)
Miscellaneous	-	-	3,785	(3,785)
Total operating expenses	3,599,815	3,619,815	3,491,517	128,298
Operating income (loss)	256,899	236,899	(114,114)	(351,013)
NONOPERATING REVENUES				
Interest received	-	-	6,436	6,436
Changes in net position	\$ 256,899	\$ 236,899	(107,678)	\$ (344,577)
Net position - beginning			1,565,481	
Net position - ending			\$ 1,457,803	(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, 2016**

	Police Pension	Firefighters' Pension	Totals
ASSETS			
Cash and cash equivalents	\$ 3,839,348	\$ 5,429,256	\$ 9,268,604
Investments - retirement plans			
U.S. Treasury Notes	4,917,036	18,338,597	23,255,633
U.S. Treasury Bonds	-	1,883,565	1,883,565
Government National Mortgage Association	-	765,981	765,981
Federal Home Loan Mortgage Corporation	3,611,490	4,177,275	7,788,765
Federal National Mortgage Association	4,311,056	5,032,594	9,343,650
Municipal Bonds	1,216,105	902,360	2,118,465
Corporate Bonds	16,200,183	17,627,201	33,827,384
Common Stocks	12,749,250	10,382,496	23,131,746
Hartford Annuity	-	54,950	54,950
Mutual Funds	130,853,656	87,349,257	218,202,913
Total investments	173,858,776	146,514,276	320,373,052
Accounts receivable - net of allowance			
Accrued interest receivable	204,141	343,627	547,768
Contributions receivables	6,853,128	7,393,832	14,246,960
Other	-	1,601	1,601
Total accounts receivable - net of allowance	7,057,269	7,739,060	14,796,329
Total assets	184,755,393	159,682,592	344,437,985
LIABILITIES			
Accrued liabilities	28,398	39,789	68,187
NET POSITION			
Net position restricted for pensions	\$ 184,726,995	\$ 159,642,803	\$ 344,369,798

CITY OF ROCKFORD, ILLINOIS

Pension Trust Funds

**Combining Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended December 31, 2016**

	Police Pension	Firefighters' Pension	Totals
ADDITIONS			
Contributions			
Employer	\$ 7,838,429	\$ 8,577,454	\$ 16,415,883
Plan member	2,315,398	2,096,334	4,411,732
Total contributions	<u>10,153,827</u>	<u>10,673,788</u>	<u>20,827,615</u>
Investment income			
Net appreciation in fair value of investments	5,811,269	5,653,348	11,464,617
Interest and dividend income	8,016,144	6,789,829	14,805,973
	<u>13,827,413</u>	<u>12,443,177</u>	<u>26,270,590</u>
Less investment expense	(230,076)	(227,694)	(457,770)
Net investment income	<u>13,597,337</u>	<u>12,215,483</u>	<u>25,812,820</u>
Total additions	<u>23,751,164</u>	<u>22,889,271</u>	<u>46,640,435</u>
DEDUCTIONS			
Pension benefits	15,845,242	16,712,056	32,557,298
Refunds of contributions	95,180	24	95,204
Administrative expense	271,503	272,587	544,090
Total deductions	<u>16,211,925</u>	<u>16,984,667</u>	<u>33,196,592</u>
Changes in fiduciary net position	7,539,239	5,904,604	13,443,843
Net position restricted for pensions - beginning	<u>177,187,756</u>	<u>153,738,199</u>	<u>330,925,955</u>
Net position restricted for pensions - ending	<u>\$ 184,726,995</u>	<u>\$ 159,642,803</u>	<u>\$ 344,369,798</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, 2016**

	Police Pension			Firefighters' Pension			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	
ADDITIONS							
Contributions							
Employer	\$ 7,885,569	\$ 7,885,569	\$ 7,838,429	\$ 8,625,745	\$ 8,625,745	\$ 8,577,454	\$ (48,291)
Plan member	2,029,200	2,029,200	2,315,398	1,885,900	1,885,900	2,096,334	210,434
Total contributions	9,914,769	9,914,769	10,153,827	10,511,645	10,511,645	10,673,788	162,143
Investment income							
Net appreciation in fair value of investments	5,000,000	5,000,000	5,811,269	2,000,000	2,000,000	5,653,348	3,653,348
Interest and dividend income	5,350,000	5,350,000	8,016,144	4,800,000	4,800,000	6,789,829	1,989,829
Less investment expense	10,350,000	10,350,000	13,827,413	6,800,000	6,800,000	12,443,177	5,643,177
Net investment income	(314,000)	(314,000)	(230,076)	(327,700)	(327,700)	(227,694)	100,006
Total additions	10,036,000	10,036,000	13,597,337	6,472,300	6,472,300	12,215,483	5,743,183
	19,950,769	19,950,769	23,751,164	16,983,945	16,983,945	22,889,271	5,905,326
DEDUCTIONS							
Pension benefits	15,702,729	15,702,729	15,845,242	16,583,129	16,583,129	16,712,056	(128,927)
Refunds of contributions	70,000	70,000	95,180	15,000	15,000	24	14,976
Administrative expense	96,925	96,925	271,503	166,542	166,542	272,587	(106,045)
Total deductions	15,869,654	15,869,654	16,211,925	16,764,671	16,764,671	16,984,667	(219,996)
Changes in fiduciary net position	\$ 4,081,115	\$ 4,081,115	\$ 7,539,239	\$ 219,274	\$ 219,274	\$ 5,904,604	\$ 5,685,330
Net position restricted for pensions Beginning			177,187,756			153,738,199	
Ending			\$ 184,726,995			\$ 159,642,803	

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>2016</u>	<u>2015*</u>	<u>2014</u>	<u>2013</u>
Governmental activities				
Net investment in capital assets	\$ 232,181,881	\$ 225,009,895	\$ 529,830,638	\$ 523,202,658
Restricted				
Capital projects	-	-	5,588,205	8,262,387
Debt service	9,984,081	9,940,202	6,575,000	6,513,108
Other purposes	25,524,410	24,223,691	15,548,246	13,470,622
Unrestricted	(294,263,674)	(281,214,840)	(965,343)	(3,428,056)
Total governmental activities net position	<u>\$ (26,573,302)</u>	<u>\$ (22,041,052)</u>	<u>\$ 556,576,746</u>	<u>\$ 548,020,719</u>
Business-type activities				
Net investment in capital assets	\$ 138,985,875	\$ 136,801,891	\$ 140,232,135	\$ 139,564,019
Restricted				
Capital projects	1,000,000	1,000,000	1,000,000	1,000,000
Debt service	3,734,747	5,040,258	5,187,576	5,334,283
Unrestricted	12,682,405	8,525,774	3,425,953	3,387,821
Total business-type activities net position	<u>\$ 156,403,027</u>	<u>\$ 151,367,923</u>	<u>\$ 149,845,664</u>	<u>\$ 149,286,123</u>
Total net position	<u>\$ 129,829,725</u>	<u>\$ 129,326,871</u>	<u>\$ 706,422,410</u>	<u>\$ 697,306,842</u>
Primary Government				
Net investment in capital assets	\$ 371,167,756	\$ 361,811,786	\$ 670,062,773	\$ 662,766,677
Restricted	40,243,238	40,204,151	33,899,027	34,580,400
Unrestricted	(281,581,269)	(272,689,066)	2,460,610	(40,235)
Total net position	<u>\$ 129,829,725</u>	<u>\$ 129,326,871</u>	<u>\$ 706,422,410</u>	<u>\$ 697,306,842</u>

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

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 480,167,639	\$ 482,815,999	\$ 481,780,204	\$ 477,852,551	\$ 471,473,879	\$ 460,914,982
10,546,148	10,546,148	7,840,349	4,531,567	9,453,077	18,841,311
5,686,654	5,437,035	5,717,798	5,437,870	6,443,154	9,288,644
19,429,953	18,103,293	16,504,779	13,258,097	11,735,813	13,148,600
(3,338,207)	(17,342,443)	(32,745,075)	(24,518,870)	(19,328,902)	(2,598,408)
<u>\$ 512,492,187</u>	<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>
\$ 138,848,876	\$ 135,803,303	\$ 133,021,249	\$ 131,269,066	\$ 127,460,090	\$ 116,111,150
1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
5,452,243	5,424,356	5,041,923	4,661,406	3,836,269	4,655,828
3,559,349	3,652,612	2,708,215	(831,450)	653,493	4,663,251
<u>\$ 148,860,468</u>	<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>\$ 661,352,655</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>
\$ 619,016,515	\$ 618,619,302	\$ 614,801,453	\$ 609,121,617	\$ 598,933,969	\$ 577,026,132
42,114,998	40,510,832	36,104,849	28,888,940	32,468,313	46,934,383
221,142	(13,689,831)	(30,036,860)	(25,350,320)	(18,675,409)	2,064,843
<u>\$ 661,352,655</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>

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

(accrual basis of accounting)

	<u>2016</u>	<u>2015*</u>	<u>2014</u>	<u>2013</u>
Expenses				
Governmental activities:				
General government	\$ 21,300,763	\$ 18,051,570	\$ 13,264,913	\$ 13,134,269
Public safety	110,625,870	128,158,182	99,756,203	98,591,263
Streets, alleys and bridges	38,707,462	42,806,715	39,685,242	34,444,654
Community development	13,478,587	12,401,104	9,011,612	10,147,688
Sanitation and sewers	15,308,363	12,358,032	9,356,050	7,083,257
Culture and recreation	8,554,854	8,270,725	8,971,095	8,347,463
Public health and welfare	15,033,706	15,768,176	16,128,872	16,398,282
Interest and fiscal charges	4,270,103	3,444,206	3,451,326	3,913,461
Total governmental activities expenses	<u>227,279,708</u>	<u>241,258,710</u>	<u>199,625,313</u>	<u>192,060,337</u>
Business-type activities:				
Water	22,860,954	22,414,342	24,317,101	21,977,859
Parking	2,932,988	2,747,317	2,581,766	2,488,973
Total business-type activities	<u>25,793,942</u>	<u>25,161,659</u>	<u>26,898,867</u>	<u>24,466,832</u>
Total primary government expenses	<u>\$ 253,073,650</u>	<u>\$ 266,420,369</u>	<u>\$ 226,524,180</u>	<u>\$ 216,527,169</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 28,458,097	\$ 8,045,685	\$ 7,156,417	\$ 7,174,058
Public safety	-	10,525,495	9,362,142	9,116,701
Streets, alleys and bridges	-	6,569,562	5,843,446	5,551,095
Community development	227,441	1,132,543	1,007,366	1,002,188
Sanitation and sewers	12,708,453	12,747,602	11,338,644	9,188,324
Culture and recreation	122,831	198,765	173,796	169,912
Operating grants and contributions	31,665,946	29,023,324	21,686,554	22,637,706
Capital grants and contributions	<u>10,072,753</u>	<u>14,124,360</u>	<u>8,141,162</u>	<u>36,857,891</u>
Total governmental activities program revenues	<u>83,255,521</u>	<u>82,367,336</u>	<u>64,709,527</u>	<u>91,697,875</u>
Business-type activities:				
Charges for services:				
Water	27,628,814	24,772,693	23,771,130	23,401,598
Parking	2,059,037	1,911,746	2,221,571	1,632,434
Capital grants and contributions	859,380	-	644,105	586,349
Total business-type activities program revenues	<u>30,547,231</u>	<u>26,684,439</u>	<u>26,636,806</u>	<u>25,620,381</u>
Total primary government revenues	<u>\$ 113,802,752</u>	<u>\$ 109,051,775</u>	<u>\$ 91,346,333</u>	<u>\$ 117,318,256</u>
	(Continued)	(Continued)	(Continued)	(Continued)

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$	11,993,604	\$ 11,074,142	\$ 13,297,890	\$ 14,561,840	\$ 15,005,594	\$ 14,392,429
	91,813,775	88,787,990	89,109,641	84,813,690	87,630,182	86,034,803
	32,971,181	34,788,508	35,079,905	34,557,692	43,499,830	33,244,705
	13,899,004	10,312,407	13,694,212	17,901,167	13,876,323	14,050,709
	6,703,345	6,885,950	7,072,936	7,544,392	7,560,231	7,689,685
	7,690,140	7,591,103	7,373,399	9,490,086	17,990,844	20,566,355
	16,215,478	16,837,305	21,230,764	19,723,022	15,708,487	14,875,668
	4,783,229	4,910,952	5,290,071	4,716,887	5,689,763	5,477,961
	<u>186,069,756</u>	<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>
	21,578,537	21,058,993	20,402,549	18,865,983	18,003,425	16,441,237
	2,029,911	2,088,672	2,177,041	2,202,193	2,426,974	2,308,209
	<u>23,608,448</u>	<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>209,678,204</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>
\$	7,277,778	\$ 6,721,553	\$ 5,774,210	\$ 5,426,375	\$ 5,409,390	\$ 5,206,081
	9,512,944	10,013,940	9,130,719	9,435,382	7,917,191	8,221,830
	5,032,043	5,518,115	5,291,149	4,873,914	4,255,227	5,908,625
	910,398	855,001	337,749	436,500	552,012	524,515
	9,288,182	8,540,308	8,568,067	6,745,535	6,796,053	6,840,386
	177,017	187,201	204,514	250,261	217,851	201,187
	25,819,764	26,038,343	29,807,880	29,288,219	21,562,828	21,438,527
	4,790,309	8,343,151	2,837,398	2,000,666	763,307	11,420,360
	<u>62,808,435</u>	<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>
	24,682,211	22,675,543	22,715,297	21,671,106	22,767,988	22,093,309
	1,482,409	1,866,127	1,793,745	1,794,059	1,558,661	1,487,703
	-	2,273,425	3,498,532	749,767	936,237	2,031,876
	<u>26,164,620</u>	<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>88,973,055</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>
	(Continued)	(Continued)	(Continued)	(Continued)	(Continued)	(Continued)

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

(accrual basis of accounting)

	<u>2015*</u>	<u>2015*</u>	<u>2014</u>	<u>2013</u>
Net (Expense)/Revenue				
Governmental activities	\$ (144,024,187)	\$ (158,891,374)	\$ (134,915,786)	\$ (100,362,462)
Business-type activities	<u>4,753,289</u>	<u>1,522,780</u>	<u>(262,061)</u>	<u>1,153,549</u>
Total primary government net expense	<u>\$ (139,270,898)</u>	<u>\$ (157,368,594)</u>	<u>\$ (135,177,847)</u>	<u>\$ (99,208,913)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Property taxes	\$ 59,518,930	\$ 59,557,696	\$ 59,593,973	\$ 60,194,938
Sales taxes	39,229,423	39,212,916	38,956,355	37,991,893
Other taxes	11,592,026	10,295,225	17,551,602	16,521,501
Income tax	14,686,440	16,529,806	14,477,198	14,741,571
Replacement tax	7,188,103	6,541,765	7,610,690	7,814,495
Unrestricted interest earnings	1,001,420	1,188,290	4,204,812	(2,822,026)
Miscellaneous	3,536,395	3,335,120	1,017,183	1,388,622
Transfers	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>
Total governmental activities	<u>136,812,737</u>	<u>136,720,818</u>	<u>143,471,813</u>	<u>135,890,994</u>
Business-type activities:				
Unrestricted interest earnings	341,815	232,718	1,048,948	(667,894)
Miscellaneous	-	-	(167,346)	-
Transfers	<u>(60,000)</u>	<u>(60,000)</u>	<u>(60,000)</u>	<u>(60,000)</u>
Total business-type activities	<u>281,815</u>	<u>172,718</u>	<u>821,602</u>	<u>(727,894)</u>
Total primary government	<u>\$ 137,094,552</u>	<u>\$ 136,893,536</u>	<u>\$ 144,293,415</u>	<u>\$ 135,163,100</u>
Change in Net Position				
Governmental activities	\$ (7,211,450)	\$ (22,170,556)	\$ 8,556,027	\$ 35,528,532
Business-type activities	<u>5,035,104</u>	<u>1,695,498</u>	<u>559,541</u>	<u>425,655</u>
Total primary government	<u>\$ (2,176,346)</u>	<u>\$ (20,475,058)</u>	<u>\$ 9,115,568</u>	<u>\$ 35,954,187</u>

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

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ (123,261,321)	\$ (114,970,745)	\$ (130,197,132)	\$ (134,851,924)	\$ (159,487,395)	\$ (136,570,804)
2,556,172	3,667,430	5,427,984	3,146,756	4,832,487	6,863,442
<u>\$ (120,705,149)</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>
\$ 60,064,811	\$ 59,851,344	\$ 58,784,815	\$ 58,379,104	\$ 55,712,310	\$ 53,713,800
37,902,668	37,027,021	36,380,336	35,756,775	39,497,031	33,450,584
16,016,298	16,383,527	16,240,095	15,444,762	16,166,775	16,083,619
13,553,269	11,978,090	11,736,930	12,201,422	14,193,822	13,400,874
6,851,038	7,068,952	7,555,032	7,212,783	8,181,027	8,803,431
919,186	2,176,835	478,887	226,143	3,086,564	4,342,807
826,206	546,953	1,557,877	2,415,129	2,831,758	2,658,405
60,000	400,000	-	-	-	57,600
<u>136,193,476</u>	<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>
324,952	841,454	244,381	2,414	1,687,136	1,491,836
159,073	-	-	-	-	-
(60,000)	(400,000)	-	-	-	(57,600)
<u>424,025</u>	<u>441,454</u>	<u>244,381</u>	<u>2,414</u>	<u>1,687,136</u>	<u>1,434,236</u>
<u>\$ 136,617,501</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>
\$ 12,932,155	\$ 20,461,977	\$ 2,536,840	\$ (3,215,806)	\$ (19,818,108)	\$ (4,059,684)
2,980,197	4,108,884	5,672,365	3,149,170	6,519,623	8,297,678
<u>\$ 15,912,352</u>	<u>\$ 24,570,861</u>	<u>\$ 8,209,205</u>	<u>\$ (66,636)</u>	<u>\$ (13,298,485)</u>	<u>\$ 4,237,994</u>

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

(modified accrual basis of accounting)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
General Fund				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-
Assigned	-	-	-	-
Nonspendable	150,000	150,000	-	-
Unassigned	36,636,721	37,525,349	35,567,463	34,420,681
Total General Fund	\$ 36,786,721	\$ 37,675,349	\$ 35,567,463	\$ 34,420,681
All Other Governmental Funds				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in				
Special Revenue Funds	-	-	-	-
Capital Project Funds	-	-	-	-
Debt Service Funds	-	-	-	-
Nonspendable	437,466	798,679	870,116	958,107
Restricted for:				
Capital Projects	-	-	5,588,205	8,262,387
Debt service	10,221,407	10,177,528	6,575,000	6,513,108
Culture and recreation	9,944,201	10,069,963	9,289,998	8,353,738
Community development	6,566,114	5,598,346	4,744,767	3,469,457
Public health and welfare	599,909	532,752	667,574	713,529
Highway and streets	8,414,186	8,022,630	11,704,798	9,478,114
Assigned for:				
General government	195,561	195,561	192,988	180,582
Debt service	-	-	4,062,585	2,195,329
Community development	12,350,498	4,266,523	4,134,143	4,849,350
Public health and welfare	286,150	216,535	159,297	111,807
Highway and streets	-	-	-	2,068,634
Unassigned	(10,193,553)	(7,134,235)	(8,208,433)	(6,574,475)
Total all other governmental funds	\$ 38,821,939	\$ 32,744,282	\$ 39,781,038	\$ 40,579,667
Total all governmental Funds	\$ 75,608,660	\$ 70,419,631	\$ 75,348,501	\$ 75,000,348

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ -	\$ -	\$ 98,892	\$ 195,966	\$ 1,392,085	\$ 2,848,419
-	-	22,516,220	21,810,257	22,960,413	30,358,063
-	43,094	-	-	-	-
-	-	-	-	-	-
32,168,324	27,490,250	-	-	-	-
<u>\$ 32,168,324</u>	<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>
\$ -	\$ -	\$ 18,451,669	\$ 17,111,431	\$ 20,909,673	\$ 32,186,952
-	-	14,015,070	11,376,328	6,384,419	10,169,249
-	-	4,428,124	3,692,856	6,575,540	3,408,693
-	-	-	-	-	(6,859)
1,104,145	789,678	-	-	-	-
12,924,115	10,546,148	-	-	-	-
5,686,654	5,437,035	-	-	-	-
7,835,329	6,519,138	-	-	-	-
2,161,179	2,550,317	-	-	-	-
716,785	612,290	-	-	-	-
9,673,378	9,466,862	-	-	-	-
151,980	163,915	-	-	-	-
2,522,003	3,183,834	-	-	-	-
5,041,069	4,143,400	-	-	-	-
148,211	116,619	-	-	-	-
5,641,805	5,574,040	-	-	-	-
(4,445,288)	(4,919,989)	-	-	-	-
<u>\$ 49,161,365</u>	<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>\$ 81,329,689</u>	<u>\$ 71,716,631</u>	<u>\$ 59,509,975</u>	<u>\$ 54,186,838</u>	<u>\$ 58,222,130</u>	<u>\$ 78,964,517</u>

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

(modified accrual basis of accounting)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
REVENUES					
Taxes	\$ 110,340,379	\$ 109,065,837	\$ 113,009,795	\$ 112,374,801	\$ 112,169,125
Licenses and permits	7,182,358	7,836,475	5,292,806	4,195,722	4,650,908
Intergovernmental	63,613,242	68,003,443	59,115,907	60,350,268	60,326,767
Charges for services	33,077,083	30,134,940	24,559,244	22,384,977	21,121,354
Fines	1,257,381	1,248,237	1,223,737	1,330,341	1,661,996
Interest	726,080	914,998	3,118,977	(2,188,963)	728,812
Miscellaneous	3,536,395	1,550,932	1,017,183	1,388,622	826,206
Total revenues	<u>219,732,918</u>	<u>218,754,862</u>	<u>207,337,649</u>	<u>199,835,768</u>	<u>201,485,168</u>
EXPENDITURES					
Current:					
General government	11,597,842	11,152,236	12,452,533	12,424,299	11,867,343
Public safety	101,937,283	98,615,052	92,695,209	92,936,457	90,632,349
Streets, alleys and bridges	16,202,782	21,094,419	15,068,708	13,293,105	13,385,427
Community development	13,341,542	12,368,519	8,886,067	10,181,731	14,156,925
Sanitation and sewers	14,398,829	12,358,032	12,012,277	9,859,179	8,909,767
Culture and recreation	8,554,854	7,348,771	7,954,777	7,443,243	6,870,954
Public health and welfare	15,033,706	15,627,543	15,857,443	16,348,317	16,402,620
Debt service:					
Principal payments	12,040,963	13,148,479	10,640,814	14,109,960	8,870,514
Interest and fiscal charges	4,220,590	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	36,633,253	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>233,961,644</u>	<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>(14,228,726)</u>	<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	5,400,000	14,874,939	29,590,000	-	7,735,000
Payment to escrow agent	(5,642,373)	-	(30,911,996)	-	(8,522,305)
Issuance of general obligation bonds	14,770,000	-	5,420,000	-	-
Issuance of capital leases	4,515,600	-	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	314,528	-	1,085,765	-	270,663
Transfers in	19,852,700	23,124,325	16,501,125	15,692,707	13,532,961
Transfers out	(19,792,700)	(23,064,325)	(18,941,125)	(15,632,707)	(13,472,961)
Total other financing sources (uses)	<u>19,417,755</u>	<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	5,189,029	(4,928,870)	348,153	(6,329,341)	9,613,058
Debt service as a percentage of noncapital expenditures					
	8.2%	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					
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	1,708,929	3.28450	5,127,672	33.33%
2013	1,023,039	384,084	141,101	3,618	124	1,551,718	3.55350	4,655,992	33.33%
2014	939,243	365,518	143,010	4,132	122	1,451,781	3.79730	4,356,145	33.33%
2015	895,443	392,693	145,896	4,477	122	1,438,387	3.79730	4,315,959	33.33%
2016	897,083	394,345	146,506	5,246	122	1,443,058	3.83970	4,329,973	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	
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
2016	3.18710	0.51900	0.12370	0.00990	3.83970

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

Overlapping Rates

Winnebago County	Winnebago County Forest Preserve	Rockford Township	Rockford Park District	Rock River Water Reclamation	Greater Rockford Airport	Rockford School District	Rock Valley Community College
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
1.08260	0.12070	0.29420	1.15440	0.20820	0.11030	7.80310	0.49270

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

Taxpayer	2016			2007		
	Equalized Value	Rank	Percentage of Total Equalized Value	Equalized Value	Rank	Percentage of Total Equalized Value
Greater Rockford Airport Authority	\$ 10,720,338	1	0.74%	\$ 7,316,371	3	0.36%
Lowe's Home Centers Inc.	9,153,900	2	0.63%	14,759,490	1	0.73%
Welsey Willows	6,933,421	3	0.48%			
Forest Plaza LLC	6,637,698	4	0.46%			
Walmart Stores INC	6,244,080	5	0.43%	10,858,841	2	0.53%
MB Rockford State LLC	3,881,798	6	0.27%	4,481,988	8	0.22%
Hamilton Sundstrand Corporation	3,641,781	7	0.25%	7,294,782	4	0.36%
Fairhaven Christian Home	3,441,269	8	0.24%			
Anderson Rockford Properties LLC	3,288,196	9	0.23%			
Meijer	3,268,194	10	0.23%			
United Parcel Service Inc.				5,584,632	5	0.28%
Simon Property Group				5,078,555	6	0.25%
Swedish American Hospital				4,784,808	7	0.24%
WPH Rockford LLC				4,299,905	9	0.21%
Rock River Valley Industrial Park				3,984,205	10	0.20%
Total	<u>\$ 53,942,481</u>		<u>3.96%</u>	<u>\$ 68,443,577</u>		<u>3.38%</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
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	53,655,866	98.31%	(156,499)	53,499,367	98.02%
2016	54,607,510	-	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 2016 levy will be collected in 2017.

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

Governmental Activities						
Fiscal Year Ended	General Obligation Bonds	Section 108 Guaranteed Loans	EPA Water Pollution Obligation	Promissory Term Note	Capital Leases	Lines of Credit
2007	\$ 113,860,082	\$ 1,730,000	\$ 793,956	\$ -	\$ -	\$ -
2008	104,289,691	1,645,000	698,104	-	-	8,844,578
2009	104,433,872	1,555,000	599,340	2,000,000	-	8,945,076
2010	95,493,350	1,455,000	497,576	2,352,013	-	9,150,967
2011	86,493,400	1,355,000	392,721	452,741	-	5,758,859
2012	77,768,281	1,185,000	284,680	350,781	10,034,707	6,041,424
2013	69,426,067	1,005,000	173,357	246,065	15,375,022	1,766,293
2014	67,266,849	825,000	58,653	138,518	16,778,615	1,661,113
2015	69,826,993	635,000	-	28,065	17,797,236	1,461,113
2016	76,178,017	3,175,000	-	-	15,723,141	1,461,113

Business-Type Activities								
Water General Obligation Alternate Bonds	Parking System General Obligation Alternate Bonds	Water IEPA Loan	Capital Leases	Water Instalment Purchase Agreement	Total Primary Government	Percentage of Personal Income	Per Capita	
\$ 34,052,329	\$ -	\$ -	\$ -	\$ -	\$ 150,436,367	3.10%	1,002	
39,798,796	1,850,000	2,041,100	-	25,000,000	184,167,269	3.72%	1,227	
37,056,929	1,828,703	18,588,514	-	14,000,000	189,007,434	3.92%	1,259	
37,363,836	1,805,667	26,909,280	-	14,000,000	189,027,689	3.74%	1,235	
34,432,263	1,781,937	35,293,002	-	4,000,000	169,959,923	3.25%	1,118	
31,626,691	1,725,000	36,607,891	669,021	-	166,293,476	3.00%	1,101	
28,876,652	1,650,000	34,913,623	1,158,802	-	154,590,881	2.75%	1,027	
26,266,614	1,575,000	33,170,452	1,281,492	-	149,022,306	2.61%	998	
23,776,576	7,815,000	31,373,810	1,261,945	-	153,975,738	2.62%	1,037	
21,608,315	8,140,000	29,483,315	1,033,603	-	156,802,504	2.64%	1,062	

**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
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	153,047	2,008,995,393	134,662,853	8,317,681	126,345,172	6.29%	826
2011	152,021	1,891,533,215	122,707,600	8,620,869	114,086,731	6.03%	750
2012	151,095	1,709,052,860	111,119,972	8,208,657	102,911,315	6.02%	681
2013	150,492	1,551,965,935	99,952,719	8,708,437	91,244,282	5.88%	606
2014	149,287	1,452,026,645	95,108,463	8,895,000	86,213,463	5.94%	578
2015	148,422	1,438,623,439	101,418,569	9,940,202	91,478,367	6.36%	616
2016	147,651	1,443,301,828	105,926,332	9,984,081	95,942,251	6.65%	650

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, 2016**

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)	\$ 96,537,271	100.0%	\$ 96,537,271
Overlapping:			
Schools:			
School District #205	200,746,744	70.9%	142,369,591
School District #122	20,585,000	2.6%	531,093
School District #321	1,842,131	10.1%	186,424
School District #323	1,469,100	6.1%	90,203
Community College #511	5,959,000	60.1%	3,583,743
	230,601,975		146,761,053
Other Units:			
Winnebago County	94,495,000	39.4%	37,240,480
Winnebago County Forest Preserve	2,879,090	39.4%	1,134,649
Rock River Water Reclamation District	37,285,000	58.6%	21,841,553
Greater Rockford Airport Authority	22,726,980	54.1%	12,304,387
Rockford Township	-	74.6%	-
Cherry Valley Township	384,000	41.4%	158,822
Owen Township	-	22.2%	-
Rockford Park District	41,995,000	70.2%	29,484,690
Rockford City Library District	-	100.0%	-
	199,765,070		102,164,581
Total Overlapping Debt	430,367,045		248,925,634
Total Direct and Overlapping Debt	\$ 526,904,316		\$ 345,462,905

- 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 2016

Assessed value	\$ 1,443,301,828
Debt limit - State (8.625% of assessed value)	124,484,783
Debt Limit - City (80% of the State limit)	99,587,826
Debt applicable to limit:	
General obligation bonds	3,020,000
Lease/purchase agreements	15,723,141
General obligation promissory notes	1,461,113
Total amount of debt applicable to debt limit	<u>20,204,254</u>
Legal debt margin	<u>79,383,572</u>

	2016	2015	2014	2013
Debt limit	\$ 99,587,826	\$ 99,265,017	\$ 100,189,839	\$ 107,085,650
Total net debt applicable to limit	<u>20,204,254</u>	<u>25,393,359</u>	<u>27,828,738</u>	<u>30,531,182</u>
Legal debt margin	<u>\$ 79,383,572</u>	<u>\$ 73,871,658</u>	<u>\$ 72,361,101</u>	<u>\$ 76,554,468</u>
Total net debt applicable to the limit as a percentage of debt limit	20.29%	25.58%	27.78%	28.51%

2012	2011	2010	2009	2008	2007
\$ 117,924,647	\$ 130,515,792	\$ 138,620,682	143,713,177	\$ 144,912,521	\$ 140,252,295
37,665,933	31,216,600	51,882,980	63,735,000	63,600,000	53,665,000
\$ 80,258,714	\$ 99,299,192	\$ 86,737,702	79,978,177	\$ 81,312,521	\$ 86,587,295
31.94%	23.92%	37.43%	44.35%	43.89%	38.26%

**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
<u>Water Utility Fund</u>							
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%
2016	27,301,152	20,922,909	6,378,243	2,130,000	878,735	3,008,735	2.12%

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)
2007	150,115	\$ 4,848,715	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	153,047	5,054,377	33,025	16.60%
2011	152,021	5,226,026	34,377	14.40%
2012	151,095	5,547,755	36,717	13.80%
2013	150,492	5,629,304	37,406	12.20%
2014	149,287	5,707,839	38,234	9.80%
2015	148,422	5,882,706	39,635	7.50%
2016	147,651	5,943,543	40,254	7.70%

- NOTES:
- (1) U.S. Department of Commerce, Bureau of Statistics.
 - (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 US Bureau of Labor Statistics.
 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	2016			2007		
	Employees (1)	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Fiat Chrysler Automobiles	4,323	1	2.61%	2,500	4	1.51%
Rockford Public Schools	3,525	2	2.13%	3,500	1	2.11%
Mercyhealth/Rockford Health	3,195	3	1.93%	2,952	2	1.78%
SwedishAmerican Health System	2,988	4	1.81%	2,923	3	1.76%
OSF Healthcare	2,800	5	1.69%	2,200	6	1.33%
UTC Aerospace Systems	2,200	6	1.33%	2,300	5	1.39%
Wal-Mart Stores	1,611	7	0.97%			
Woodward	1,540	8	0.93%			
PCI - Packaging Coordinators Inc	1,500	9	0.91%			
Winnebago County	1,449	10	0.88%			
UPS				2,200	7	1.33%
Woodward Governor Company				1,490	8	0.90%
City of Rockford				1,207	9	0.73%
Cadbury Adams				750	10	0.45%
Total	25,131		15.20%	22,022		13.27%
Total employment in the Rockford MSA	165,365			166,000		

(1) Source: Rockford Area Economic and Development Council

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

Function/Program	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General government:										
Mayor's office	4.0	4.0	4.0	4.0	4.0	5.0	6.0	8.0	8.0	8.0
Legal department	13.0	13.0	12.0	12.0	12.0	12.0	17.0	20.0	20.0	19.0
Finance office	36.0	36.0	36.0	36.0	31.0	30.0	31.0	32.0	33.0	33.0
Information technology	4.0	4.0	4.0	4.0	6.0	6.0	6.0	8.0	10.0	10.0
Human resources	5.0	5.0	5.0	5.0	5.0	5.0	6.0	7.0	7.0	7.0
Public safety										
Police department										
Officers	287.0	287.0	286.5	283.0	283.0	282.0	282.0	295.0	305.0	305.0
Civilians	36.0	36.0	36.0	36.0	36.0	36.0	36.0	28.0	33.0	33.0
Fire department	259.0	259.0	259.0	280.0	280.0	278.0	282.0	282.0	282.0	282.0
911	52.0	53.0	53.0	53.0	53.0	53.0	53.0	53.0	53.0	53.0
Public works - traffic	12.0	11.0	11.0	11.0	11.0	11.0	13.0	12.5	18.0	18.0
Construction Services	24.0	23.2	25.2	25.2	15.0	15.0	18.0	25.0	19.0	21.0
Streets, alleys and bridges										
Administration	2.0	2.0	2.0	2.0	2.0	2.0	4.0	4.5	6.5	7.0
Engineering	9.0	9.1	8.0	9.5	10.0	5.5	7.5	10.0	4.5	5.0
Capital Projects	20.0	18.9	18.0	16.5	17.0	18.5	17.2	16.0	16.0	16.0
Street and sewer maintenance	30.0	31.0	31.0	31.0	31.0	32.0	38.0	40.0	39.5	40.0
Property and equipment	24.0	23.0	23.0	23.0	24.0	24.0	27.0	27.0	28.0	28.0
Community development										
Administration	2.0	1.5	1.5	1.5	1.5	1.5	1.5	2.0	2.0	2.0
Development	6.0	6.0	7.0	7.0	8.0	8.0	7.0	8.0	9.0	17.0
Planning	5.0	4.3	4.3	4.3	4.3	4.3	5.3	6.0	11.0	15.0
Code enforcement	-	-	-	-	10.2	10.2	12.2	13.0	13.0	13.0
Sanitation and sewers										
Public works - sewers	-	-	-	-	-	-	-	-	3.0	3.0
Culture and recreation										
Library	88.0	87.0	87.0	86.3	86.0	84.5	82.0	115.0	109.0	103.0
Public health and welfare	89.0	86.4	95.5	96.4	91.0	99.0	97.9	91.0	92.5	93.0
Parking	3.0	3.0	3.0	8.5	8.5	8.5	8.5	9.0	9.0	9.0
Water	64.0	63.0	64.0	64.0	72.0	72.0	77.0	75.0	76.0	75.0
Total	1,074.0	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

Source: City Finance Office

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

Function/Program	Fiscal Year								
	2016	2015	2014	2013	2012	2011	2010	2009	2008
Police department									
Total calls for service	158,966	162,339	146,033	154,000	164,000	166,714	167,304	177,688	184,824
Total group A offenses	18,164	18,119	18,217	20,504	19,854	19,876	23,169	24,663	27,590
Total group B offenses	9,960	9,872	8,659	12,345	12,447	14,715	N/A	N/A	N/A
Clearance Rate	34.00%	32.70%	36.10%	34.60%	34.80%	33.21%	33.40%	32.88%	33.70%
Fire department									
Total call for service	27,580	27,446	22,008	25,100	24,800	22,216	22,839	23,663	23,629
Total number of fire calls	679	690	638	625	641	566	564	688	702
Total number of ambulance runs	21,580	21,844	20,732	19,804	19,506	18,854	17,958	18,391	18,243
911 Center									
Total non-emergency calls	132,427	106,246	105,744	101,971	106,712	109,984	112,076	119,097	130,481
Total emergency calls	108,072	137,945	134,387	117,484	131,809	126,613	119,200	120,247	137,536
Total police dispatches	163,339	167,305	195,293	153,646	168,848	174,368	167,305	159,703	174,122
Total fire dispatches	31,557	27,838	25,990	28,676	38,997	25,440	23,539	24,425	27,643
Construction and Development Services									
Building permits	N/A	6,463	9,664	6,642	7,411	7,058	6,722	N/A	N/A
Code Enforcement	N/A	5,312	4,779	4,293	6,740	3,455	8,710	N/A	N/A
Total inspections	8,095	9,572	10,500	11,200	11,800	11,000	10,157	10,485	13,259
Demolitions	118	113	113	28	121	135	127	125	109
Human services									
Households receiving energy assistance	7,943	8,270	6,000	6,000	6,873	9,649	13,000	16,000	9,900
Head Start children served	763	760	756	664	677	780	721	624	653
Homeless prevention clients served	1,155	1,155	2,800	2,800	1,267	2,800	1,267	2,435	1,900
Summer Food program - meals served	56,509	53,982	23,350	23,350	23,362	22,515	4,400	4,400	3,000
Clients receiving weatherization assistance	90	112	120	120	581	500	459	459	155
Sanitation Division									
Regular tonnage	48,609	47,140	47,314	45,970	45,497	53,210	52,120	53,640	55,419
Composting tonnage	12,777	12,470	11,994	13,114	12,440	14,560	14,320	14,155	14,624
Recycling tonnage	7,674	8,230	7,250	6,499	6,064	7,330	7,210	6,705	6,928
Public Works									
Number of engineering plans reviewed	154	159	169	128	100	75	70	94	113
Number of permits issued	1,576	2,091	1,852	2,061	1,507	1,625	1,751	1,623	1,584
Plowing/spreading occurrences	17	22	24	24	17	22	21	20	31
Tree trims	2,802	2,384	2,725	1,523	2,541	1,500	1,181	4,136	2,890
Tree plantings	536	530	686	756	278	100	28	18	N/A
Total requests	5,633	7,271	6,553	7,724	8,376	N/A	N/A	N/A	N/A
Average days to close request	NA	49	49	79	24	N/A	N/A	N/A	N/A
Parking division									
Total parking spaces	8,246	4,170	4,233	4,504	4,504	4,504	4,504	4,504	4,504
Number of tickets issued	17,830	19,000	13,092	18,000	14,950	15,769	18,268	24,741	24,023
Water division									
Number of users	50,888	50,800	50,800	50,703	50,973	52,725	53,055	53,030	53,267
Annual water production (billion gallons)	6.41	6.50	6.85	6.90	7.20	7.03	7.40	7.30	8.00

Source: City finance department
N/A - Not Available

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

Function/Program	Fiscal Year								
	2016	2015	2014	2013	2012	2011	2010	2009	2008
Police department									
Stations	3	1	1	1	1	1	1	1	1
Substations	4	4	4	4	4	4	4	4	4
Squad cars	150	150	150	140	135	130	130	130	130
Vans (including trucks and mobile units)	45	45	45	42	41	40	40	40	38
Fire department									
Stations	11	11	11	11	11	11	11	11	11
Companies:									
Engine	9	8	8	8	8	8	8	8	8
Quints	3	3	3	3	3	3	3	3	3
Ladder	4	2	2	2	2	2	2	2	2
Ambulances	7	6	6	6	6	6	6	6	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	37	34	34	34	33	32	32	32	30
Garages	4	4	4	5	5	5	5	5	4
Water division									
Water mains (miles)	816	820	820	820	820	816	770	770	770
Wells	26	30	27	27	27	27	39	39	39
Treatment Plants	12	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 2008 is not available.