

CITY OF ROCKFORD, ILLINOIS

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2017

CITY OF ROCKFORD, ILLINOIS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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DECEMBER 31, 2017

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 Hagerty
Director
Finance Department*

June 22, 2018

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, 2017, 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, 2017 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, 2017, 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 fifth largest city in Illinois with approximately 147,051 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 2017 average unemployment rate for the metropolitan area was 6.4% as compared to the state average of 5.0% and the national average of 4.4%.

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 2.9-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 2017 the amount was 11.71% 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, 2016. This was the thirty-seventh 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.

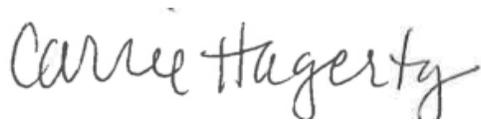
A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement Program requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

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, 2017. 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 would 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 Hagerty". The signature is written in dark ink and is positioned below the typed name.

Carrie Hagerty
Finance Director

CITY OF ROCKFORD, ILLINOIS

**Officials and Officers
December 31, 2017**

MAYOR

Thomas P. McNamara

CITY COUNCIL MEMBERS

**Franklin C. Beach
John C. Beck
Joseph Chiarelli
Timothy J. Durkee
Natavias L. Ervins
Kevin Frost
Venita Hervey**

**Karen K. Hoffman
Jonathon K. Logemann
Linda McNeely
Tuffy Quinonez
Bill Rose
Ann Thompson Kelly
Chad Tuneberg**

ADMINISTRATION

Todd M. Cagnoni, City Administrator

Todd Cagnoni, Community Development Director

Carrie Hagerty, Finance Director

Derek Bergsten, Fire Chief

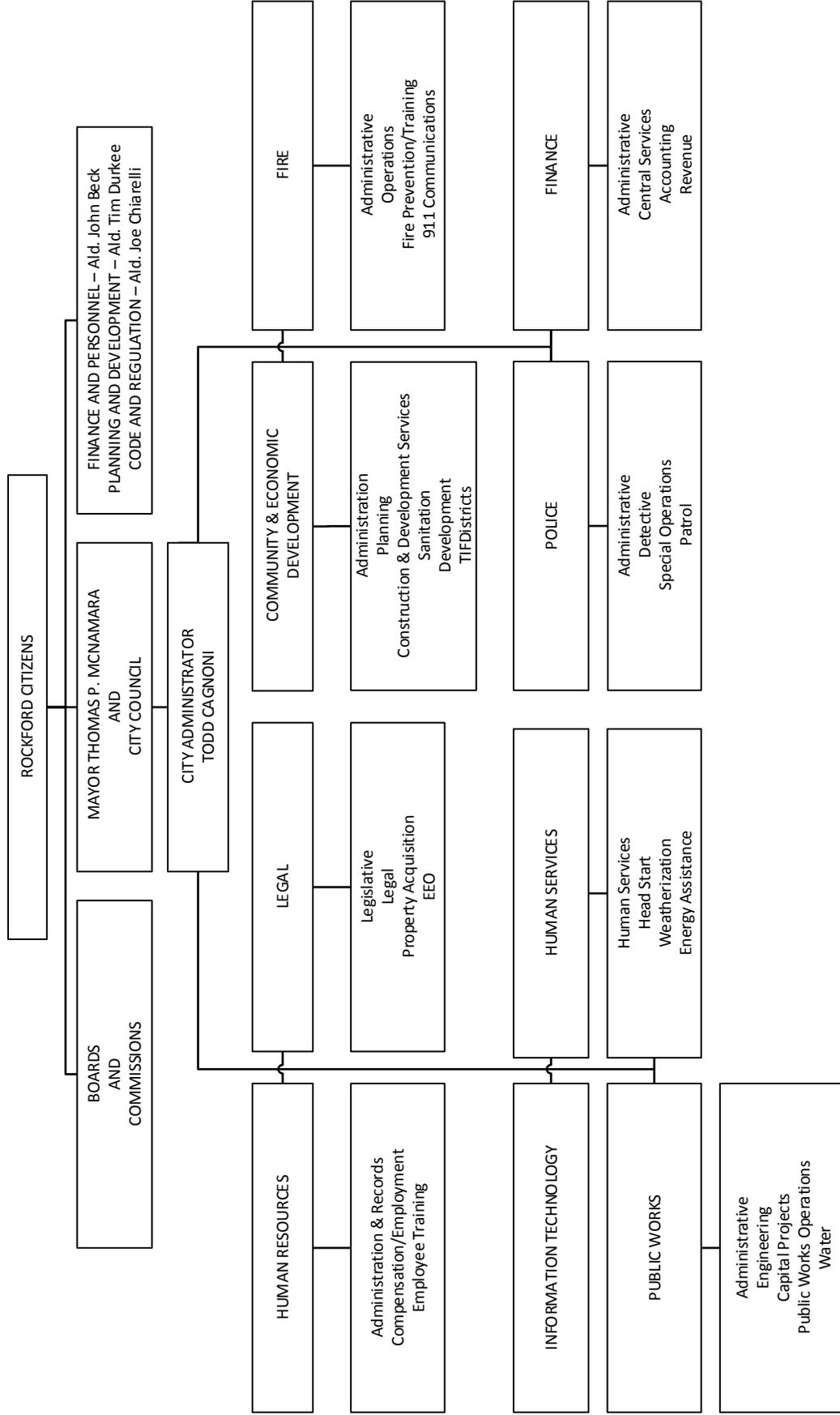
Daniel O'Shea, Police Chief

Shurice Hunter, Human Resources Director

George Davis, Human Services Director

Mark Stockman, Public Works Director

CITY OF ROCKFORD, ILLINOIS ORGANIZATION CHART



- Board of Election Commission
- Building Board of Appeals
- Community Action Agency
- Electrical Commission
- Fair Housing Board
- Fire and Police Commission
- Greater Rockford Airport Authority
- Historical Preservation Commission
- Liquor Commission
- Mechanical Board
- RAVE Board/Metro Authority
- Rockford Housing Authority
- Rockford Library Board
- Rockford Mass Transit District
- Traffic Commission
- Zoning Board of Appeals



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Rockford
Illinois**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2016

Christopher P. Morill

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

June 22, 2018

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, 2017, 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, 2017, 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 June 22, 2018, 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

CITY OF ROCKFORD, ILLINOIS

Management's Discussion and Analysis December 31, 2017

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, 2017. 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 \$719.4 million and total liabilities and deferred inflows of \$592.6 million the City of Rockford's total net position was \$126.8 million at year-end December 31, 2017. Of this amount, approximately \$388.5 million represent the City's net investment in capital assets, \$38.9 million was held for restricted purposes and (\$300.6) million is classified as unrestricted.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$58.1 million, a decrease of \$17.5 million in comparison with the prior year. Approximately 34.8 percent of this total amount, \$20.2 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 \$30.5 million, or 22.6 percent of total General Fund expenditures. In comparison, the prior year unassigned fund balance was \$36.6 million, 28.3 percent of General Fund expenditures.
- During the current fiscal year, the City's total long-term bonded debt increased by 10.2 percent or \$10.7 million. The City issued no new bonds during the year and retired \$10.7 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 government-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.

CITY OF ROCKFORD, ILLINOIS

Management's Discussion and Analysis December 31, 2017

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

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

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

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

The two government-wide statements are as follows:

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

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

Both of these statements assist assessing the overall condition of the City, but one also needs to consider additional nonfinancial factors such as changes in the City's property tax base and the condition of the City's capital assets (roads and bridges, 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., capital improvement projects, or to show that it is properly using certain taxes (Library), or grants (Community Development and Human Services)).

CITY OF ROCKFORD, ILLINOIS

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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 46 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 40 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 all of its governmental funds, except the Human Services Fund, Veteran's Scholarship Fund, and Flex Care Fund. A budgetary comparison schedule has been provided for these funds 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.

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Fiduciary funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the governmental-wide financial statements because those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City has two fiduciary funds, the police pension and 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 - 91 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 - A14 of this report.

CITY OF ROCKFORD, ILLINOIS

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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 \$126.8 million at the close of the fiscal year ended December 31, 2017.

The City's net position includes assets invested in capital net of related debt, restricted net position, and unrestricted net position. In 2017, assets invested in capital net of related debt were equal to \$388.5 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, 2017 and 2016.

	City of Rockford Net Position					
	Governmental	Governmental	Business-Type	Business-Type	Totals	Totals
	Activities	Activities	Activities	Activities	Totals	Totals
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 163,436,016	\$ 173,796,276	\$ 22,667,047	\$ 22,136,013	\$ 186,103,063	195,932,289
Capital assets	312,895,545	308,504,246	197,575,694	198,582,851	510,471,239	507,087,097
Total assets	476,331,561	482,300,522	220,242,741	220,718,864	696,574,302	703,019,386
Deferred outflows of resources	22,761,250	31,162,657	17,989	39,946	22,779,239	31,202,603
Total assets and deferred outflows	499,092,811	513,463,179	220,260,730	220,758,810	719,353,541	734,221,989
Long-term liabilities	354,496,179	397,248,748	51,760,504	57,720,651	406,256,683	454,969,399
Current liabilities	53,051,185	44,931,091	6,773,664	6,635,132	59,824,849	51,566,223
Total liabilities	407,547,364	442,179,839	58,534,168	64,355,783	466,081,532	506,535,622
Deferred inflows of resources	126,524,271	97,835,872	-	-	126,524,271	97,835,872
Total liabilities and deferred inflows	534,071,635	540,015,711	58,534,168	64,355,783	592,605,803	604,371,494
Net position						
Net invested in capital assets	246,421,993	232,181,881	142,017,856	138,985,875	388,439,849	371,167,756
Restricted	34,434,864	35,529,261	4,493,867	4,734,747	38,928,731	40,264,008
Unrestricted	(315,835,681)	(294,263,674)	15,214,839	12,682,405	(300,620,842)	(281,581,269)
Total net position	\$ (34,978,824)	\$ (26,552,532)	\$ 161,726,562	\$ 156,403,027	\$ 126,747,738	\$ 129,850,495

CITY OF ROCKFORD, ILLINOIS

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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 (\$35.0) million compared to (\$26.5) million at the end of 2016. 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 (\$315.8) million, a significant decrease from last year due to the City reporting a significant increase in 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 decreased by 3.1 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 (\$161.7 million compared to \$156.4 million at the end of 2016).

A summary of the City's 2017 Changes in Net Position is presented on the following page.

CITY OF ROCKFORD, ILLINOIS

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	Changes in Net Position					
	Governmental	Governmental	Business-Type	Business-Type	Totals	Totals
	Activities	Activities	Activities	Activities	2017	2016
	2017	2016	2017	2016		
REVENUES						
Program revenues:						
Charges for services	\$ 43,961,297	\$ 41,516,822	\$ 30,726,154	\$ 29,687,851	\$ 74,687,451	\$ 71,204,673
Operating grants and contributions	24,578,758	31,665,946	-	-	24,578,758	31,665,946
Capital grants and contributions	6,211,884	10,072,753	1,305,355	859,380	7,517,239	10,932,133
General revenues:						
Taxes:						
Property taxes	58,210,507	59,518,930	-	-	58,210,507	59,518,930
Sales tax	40,241,419	39,229,423	-	-	40,241,419	39,229,423
Other taxes	16,364,785	11,606,261	-	-	16,364,785	11,606,261
Intergovernmental						
Income tax	13,888,264	14,686,440	-	-	13,888,264	14,686,440
Replacement tax	7,365,335	7,188,103	-	-	7,365,335	7,188,103
Interest earnings	625,757	1,001,488	181,608	341,815	807,365	1,343,303
Other	4,130,550	3,536,395	-	-	4,130,550	3,536,395
Total revenues	215,578,556	220,022,561	32,213,117	30,889,046	247,791,673	250,911,607
EXPENSES						
General government	18,138,188	21,300,763	-	-	18,138,188	21,300,763
Public safety	108,748,346	110,625,870	-	-	108,748,346	110,625,870
Streets, alleys and bridges	41,388,115	38,707,462	-	-	41,388,115	38,707,462
Community development	11,918,656	13,478,587	-	-	11,918,656	13,478,587
Sanitation	14,588,031	15,308,363	-	-	14,588,031	15,308,363
Culture and recreation	10,197,037	8,554,854	-	-	10,197,037	8,554,854
Public health and welfare	14,993,154	15,033,706	-	-	14,993,154	15,033,706
Interest and fiscal charges	4,093,321	4,270,103	-	-	4,093,321	4,270,103
Water	-	-	23,861,455	22,860,954	23,861,455	22,860,954
Parking	-	-	2,968,127	2,932,988	2,968,127	2,932,988
Total expenses	224,064,848	227,279,708	26,829,582	25,793,942	250,894,430	253,073,650
Increase (decrease) in net position						
before transfers	(8,486,292)	(7,257,147)	5,383,535	5,095,104	(3,102,757)	(2,162,043)
Transfers	60,000	60,000	(60,000)	(60,000)	-	-
Change in net position	(8,426,292)	(7,197,147)	5,323,535	5,035,104	(3,102,757)	(2,162,043)
Net position - beginning, restated	(26,552,532)	(19,355,385)	156,403,027	151,367,923	129,850,495	132,012,538
Net position - ending	\$ (34,978,824)	\$ (26,552,532)	\$ 161,726,562	\$ 156,403,027	\$ 126,747,738	\$ 129,850,495

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.

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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.

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 \$215.6 million compared to \$220.0 million in 2016, a decrease of 2.0 percent. The leading factors are as follows:

- The City's largest single revenue source, property taxes amounted to \$58.2 million. Property taxes decreased by \$1.3 million during the current year compared to a decrease of approximately \$36 thousand in 2016.
- Sales tax of \$40.2 million increased \$1.0 million, an indication that the local economy is starting to make some improvements.
- Charges for services increased \$2.4 million or 5.9 percent.

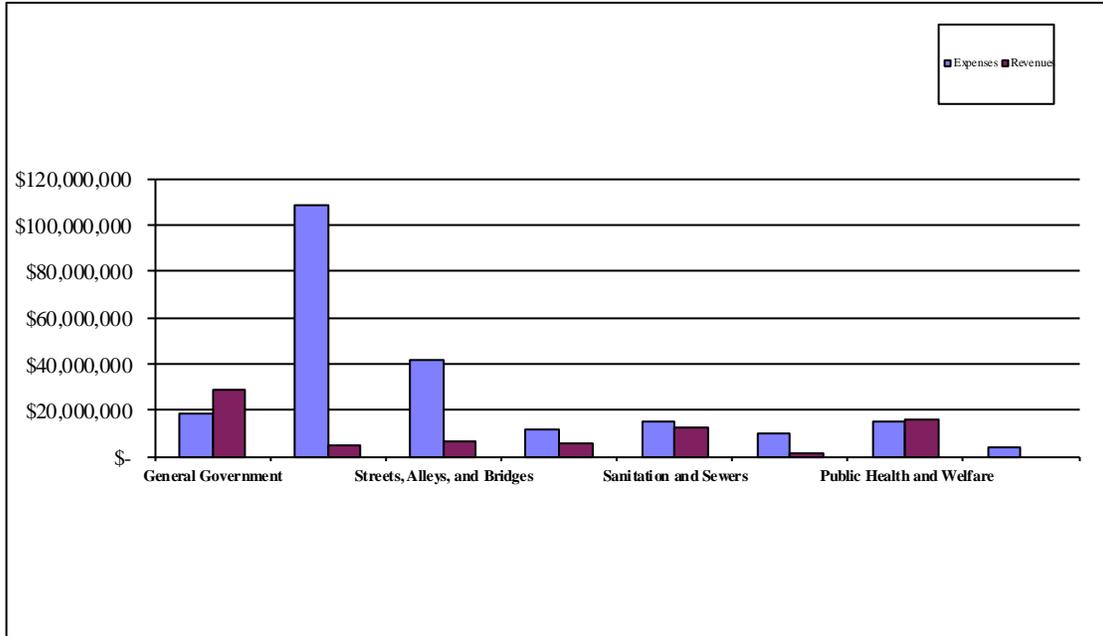
Total governmental activities' expense for the current year was \$224.1 million compared to \$227.3 in 2016, a decrease of 1.4 percent.

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.

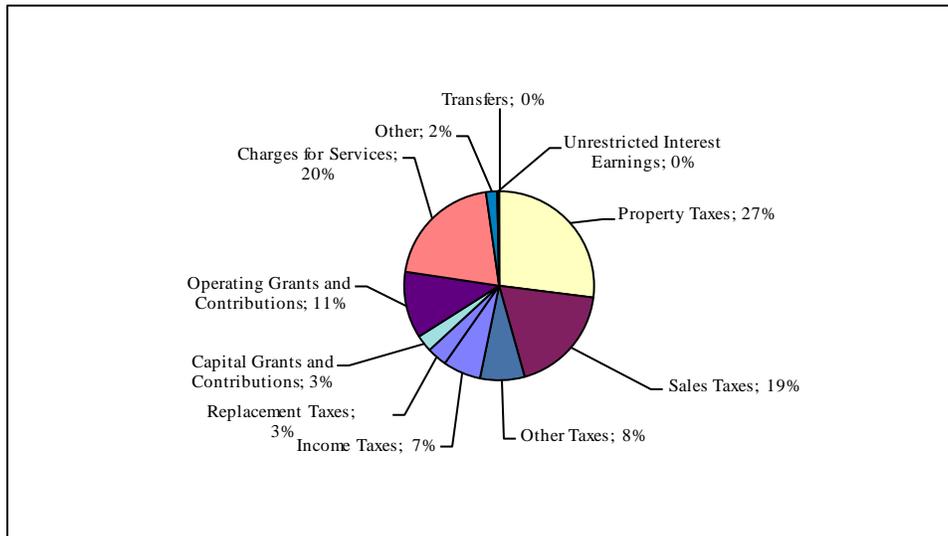
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Expense and Program Revenue – Governmental Activities



Revenues by Source - Government Activities



Revenues by Source - Government Activities

The cost of all governmental activities this year was \$224.1 million. However, the amount that taxpayers paid for these activities through City and State taxes was only \$136.1 million. Some of the cost was paid by:

- Those who directly benefited from the programs - \$44.0 million.
- Other governments and organizations that subsidized certain programs with grants - \$30.8 million.

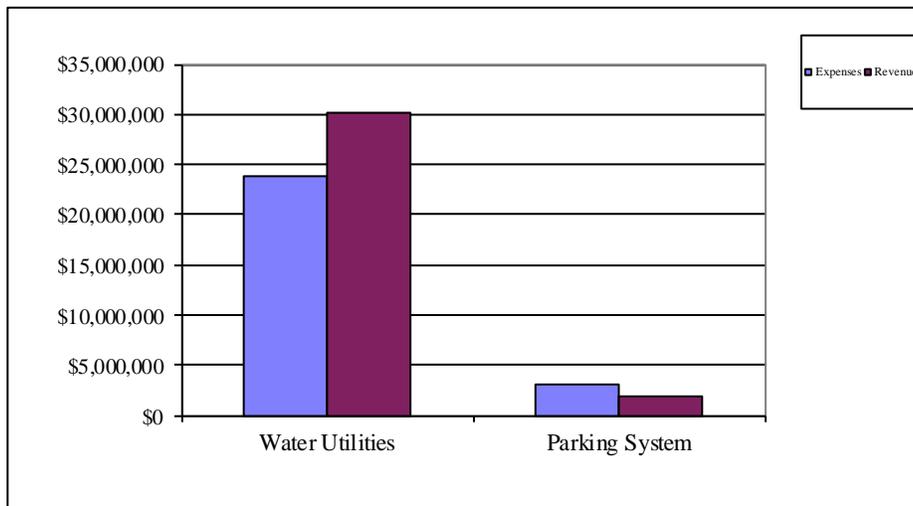
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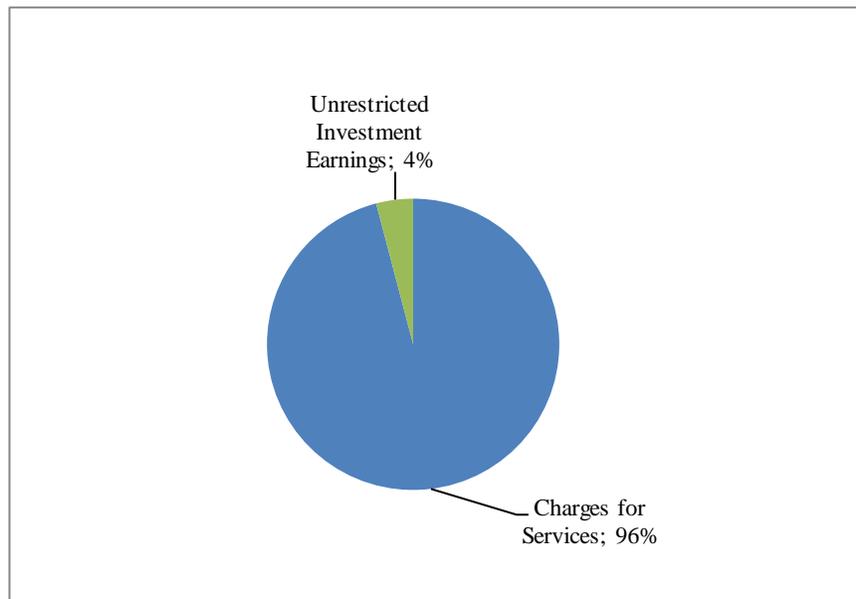
Business-type Activities – Business-type activities net position increased by \$5.3 million in 2017, compared to an increase of \$5.0 million in 2016. Revenues from business type activities increased by 4.3 percent to \$32.2 million and expenses increased 4.0 percent to \$26.8 million. Key elements contributing to these results included:

- Charges for services for business-type activities increased by \$1.0 million.
- Expenses increased only by \$1.0 million due to cost controlling measures during the year.

Expenses and Program Revenues – Business-Type Activities



Revenues by Source – Business-Type Activities



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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 2017, its governmental funds reported a combined fund balance of \$58.1 million, a decrease of \$17.5 million (approximately 23.2 percent) in comparison with the prior fiscal year. Unassigned fund balance was \$20.2 million, which is available for spending at the government's discretion. The remaining \$37.9 million is for a variety of nonspendable, restricted or assigned purposes and is not available for new spending.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund is \$30.5 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total expenditures. Unassigned fund balance represents 22.6 percent of total General Fund expenditures.

The following schedule presents the governmental funds summary of revenues for the years ended December 31, 2017 and 2016:

	FY 2017	Percent of Total	FY 2016	Amount of increase (decrease)	Percent of increase (decrease)
Revenues by source					
Taxes	\$ 114,816,711	53.30%	\$ 110,340,379	\$ 4,476,332	4.06%
Licenses and permits	9,745,667	4.52%	7,182,358	2,563,309	35.69%
Intergovernmental	52,044,241	24.16%	63,613,242	(11,569,001)	-18.19%
Charges for services	32,263,530	14.98%	33,077,083	(813,553)	-2.46%
Fines	1,952,100	0.91%	1,257,381	694,719	55.25%
Interest	461,721	0.21%	726,080	(264,359)	-36.41%
Miscellaneous	4,130,550	1.92%	3,536,395	594,155	16.80%
Total revenues	\$ 215,414,520	100.00%	\$ 219,732,918	\$ (4,318,398)	-1.97%

Revenues of the City's governmental funds decreased \$4.4 million or 2.0 percent from the prior fiscal year.

The following schedule presents the governmental funds summary of expenditures for the years ended December 31, 2017 and 2016:

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	FY 2017	Percent of Total	FY 2016	Amount of increase (decrease)	Percent of increase (decrease)
Expenditures by function					
General government	\$ 11,710,916	4.98%	\$ 11,597,842	113,074	0.97%
Public safety	107,513,287	45.72%	101,937,283	5,576,004	5.47%
Streets, alleys and bridges	12,415,385	5.28%	16,202,782	(3,787,397)	-23.37%
Community development	12,562,462	5.34%	13,341,542	(779,080)	-5.84%
Sanitation and sewers	14,737,836	6.27%	14,398,829	339,007	2.35%
Culture and recreation	8,249,312	3.51%	8,554,854	(305,542)	-3.57%
Public health and welfare	15,947,170	6.78%	15,033,706	913,464	6.08%
Debt service:					
Principal payments	13,039,045	5.54%	12,040,963	998,082	8.29%
Interest and fiscal charges	5,128,971	2.18%	4,220,590	908,381	21.52%
Capital expenditures	33,876,952	14.40%	36,633,253	(2,756,301)	-7.52%
Total expenditures	\$ 235,181,336	100.00%	\$ 233,961,644	\$ 1,219,692	0.52%

Expenditures of the City’s governmental funds increased by \$1.2 million or 0.5 percent compared to the previous year. Capital expenditures decreased by \$2.8 million, after prior year reported significant investments in capital outlay.

The Public Library fund balance at year-end was \$10.0 million, up \$53,000 from the prior year. This 0.5 percent increase is primarily the result of reduced capital outlay dollars as compared to the prior year.

The Debt Service Fund total fund balance at year-end was \$10.5 million, all of which is restricted or assigned for the payment of debt service. The fund balance increased slightly by \$313 thousand.

Capital Projects Fund total fund at year-end was \$2.4 million all of which is restricted or assigned for capital projects. The decrease in fund balance during the current fiscal year was \$7.2 million primarily due to a reduction in proceeds from debt issuance as compared to 2016.

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 \$3.5 million (2.7 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

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues	\$ 130,840,308	130,840,308	128,765,538	\$ (2,074,770)
Expenditures	130,329,337	133,813,195	134,672,516	(859,321)
Excess (deficiency) of revenues over (under) expenditures	510,971	(2,972,887)	(5,906,978)	(2,934,091)
Other financing sources (uses)				
Debt issuance	-	-	1,020,330	1,020,330
Disposal of capital assets	1,100,000	1,100,000	1,147,500	47,500
Transfers from other funds	3,559,946	3,559,946	3,559,946	-
Transfers to other funds	(5,170,495)	(5,170,495)	(5,990,902)	(820,407)
Net change in fund balance	\$ 422	(3,483,436)	(6,170,104)	\$ (2,686,668)

During the year the City spent 100.6 percent of the final amount appropriated in the General Fund. Actual General Fund revenues were more than budgetary estimates by 1.6 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, 2017, amounts to \$510.5 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, improvements, roads and bridges, and water and sewer lines. The City’s investment in capital assets net of accumulated depreciation for the governmental activities increased by 1.4 percent and the business-type activities decreased by less than one percent.

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

	Governmental Activities	Business-Type Activities
Land	\$ 840,645	\$ -
Construction in progress	4,123,127	4,149,489
Land improvements	288,251	28,135
Building improvements	2,407,108	22,093
Improvements other than building	-	2,480,693
Equipment	2,089,262	8,510
Infrastructure	14,199,303	-
	<u>\$ 23,947,696</u>	<u>\$ 6,688,920</u>

CITY OF ROCKFORD, ILLINOIS

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Primary Government Capital Assets (net of depreciation)						
	Governmental Activities 2017	Governmental Activities 2016	Business-Type Activities 2017	Business-Type Activities 2016	Totals 2017	Totals 2016
Land	\$ 4,430,855	\$ 7,872,547	\$ 6,242,871	\$ 6,269,233	\$ 10,673,726	\$ 14,141,780
Construction in progress	7,450,716	3,327,589	6,966,133	3,854,505	14,416,849	7,182,094
Land improvements	1,327,332	1,427,795	463,649	471,222	1,790,981	1,899,017
Building improvements	56,156,673	56,390,005	31,639,393	32,823,122	87,796,066	89,213,127
Improvements other than building	-	-	150,751,931	153,325,040	150,751,931	153,325,040
Equipment	11,389,821	12,363,332	1,511,717	1,839,729	12,901,538	14,203,061
Infrastructure	232,140,148	227,122,978	-	-	232,140,148	227,122,978
Totals	\$ 312,895,545	\$ 308,504,246	\$ 197,575,694	\$ 198,582,851	\$ 510,471,239	\$ 507,087,097

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

Long-term Debt – At the end of the current fiscal year, the City of Rockford had total bonded debt outstanding of \$94.1 million. This debt is backed by the full faith and credit of the City.

Primary Government Outstanding Debt General Obligation and Revenue Bonds						
	Governmental Activities 2017	Governmental Activities 2016	Business-Type Activities 2017	Business-Type Activities 2016	Totals 2017	Totals 2016
General obligation/ General obligation revenue bonds	\$ 67,770,081	\$ 75,945,000	\$ 26,344,919	\$ 28,840,000	\$ 94,115,000	\$ 104,785,000

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, 2017, the City's indebtedness was \$87.2 million less than the City limit and \$112.6 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.

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Management's Discussion and Analysis December 31, 2017

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 2018 budget was to continue offering citizens basic services, economic development efforts, and fiscal stability. Development and adoption of the 2018 budget was premised on maintaining staffing and service levels equivalent to 2017 and making significant capital investment.

Budgeted revenues for the General Fund are \$138.5 million, including \$13.7 million for transfers in.

Budgeted expenditures in the General Fund are \$138.2 million, including \$2.5 million for transfers out. Major spending changes by account type for 2018 are:

- Salaries increased \$1.8 million as a result of contract increases and a 2% wage increase.
- Fringe Benefits increased \$3.4 million due to increases to pension funding.
- Contractual and supply accounts increased \$2.4 million.
- Capital outlays decreased \$988,000 with decreases for funding purchases under the City's vehicle leasing plan.

While the local economic environment and the impact it has on the City's available revenues continues to present a challenge in December 2017, 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 2019 budget process to begin on a sound financial footing.

CITY OF ROCKFORD, ILLINOIS

**Management's Discussion and Analysis
December 31, 2017**

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, 2017

	Primary Government			Component Units	
	Governmental	Business-Type	Totals	Rockford	Rockford
	Activities	Activities		Mass Transit	Auditorium and
				District	Office Building
					Authority
CURRENT ASSETS					
Cash and cash equivalents	\$ 57,928,255	\$ 12,803,624	\$ 70,731,879	\$ 2,864,266	\$ 1,260,566
Receivables - net of allowances	67,808,488	4,815,675	72,624,163	315,860	604,314
Due from governmental units	37,059,746	-	37,059,746	2,204,596	-
Inventories	273,515	553,881	827,396	376,634	81,808
Prepays	366,012	-	366,012	141,616	63,492
Total current assets	163,436,016	18,173,180	181,609,196	5,902,972	2,010,180
NONCURRENT ASSETS					
Capital assets					
Nondepreciable	11,881,571	13,209,004	25,090,575	1,969,934	2,597,014
Depreciable	494,425,203	285,182,187	779,607,390	38,764,114	44,898,998
Accumulated depreciation	(193,411,229)	(100,815,497)	(294,226,726)	(20,172,290)	(23,158,848)
	312,895,545	197,575,694	510,471,239	20,561,758	24,337,164
Other assets					
Other assets	-	-	-	-	4,350,763
Restricted assets:					
Cash and cash equivalents	-	4,493,867	4,493,867	3,233,230	538,390
	-	4,493,867	4,493,867	3,233,230	4,889,153
Total noncurrent assets	312,895,545	202,069,561	514,965,106	23,794,988	29,226,317
Total assets	476,331,561	220,242,741	696,574,302	29,697,960	31,236,497
DEFERRED OUTFLOWS OF RESOURCES					
Deferred items - net pension liabilities	21,580,062	-	21,580,062	3,059,441	-
Unamortized loss on refunding	1,181,188	17,989	1,199,177	-	-
Total deferred outflows of resources	22,761,250	17,989	22,779,239	3,059,441	-
Total assets and deferred outflows of resources	499,092,811	220,260,730	719,353,541	32,757,401	31,236,497

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	\$ 16,650,070	\$ 1,801,304	\$ 18,451,374	\$ 518,986	\$ 764,910
Accrued payroll and benefits	3,468,330	188,974	3,657,304	765,029	-
Due to other governmental units	168	-	168	-	-
Other payables	9,174,388	-	9,174,388	-	1,235,137
Other liabilities	3,432,824	-	3,432,824	-	-
Deposits and advances	-	44,250	44,250	950,862	-
Accrued interest payable	237,326	112,049	349,375	-	-
Current portion of long-term debt	20,088,079	4,627,087	24,715,166	-	364,664
Total current liabilities	<u>53,051,185</u>	<u>6,773,664</u>	<u>59,824,849</u>	<u>2,234,877</u>	<u>2,364,711</u>
Noncurrent liabilities:					
Noncurrent portion of long-term debt	354,496,179	51,760,504	406,256,683	11,503,071	1,775,457
Total liabilities	<u>407,547,364</u>	<u>58,534,168</u>	<u>466,081,532</u>	<u>13,737,948</u>	<u>4,140,168</u>
DEFERRED INFLOWS OF RESOURCES					
Property taxes	58,420,186	-	58,420,186	-	-
Deferred items - net pension liabilities	68,104,085	-	68,104,085	-	-
Grants	-	-	-	-	697,508
Total deferred inflows of resources	<u>126,524,271</u>	<u>-</u>	<u>126,524,271</u>	<u>-</u>	<u>697,508</u>
Total liabilities and deferred inflows of resources	<u>534,071,635</u>	<u>58,534,168</u>	<u>592,605,803</u>	<u>13,737,948</u>	<u>4,837,676</u>
NET POSITION					
Net investment in capital assets	246,421,993	142,017,856	388,439,849	20,561,758	23,594,426
Restricted					
Capital projects	-	1,000,000	1,000,000	-	-
Debt service	10,297,303	3,493,867	13,791,170	-	-
Culture and recreation	9,939,853	-	9,939,853	-	-
Community development	4,226,602	-	4,226,602	-	-
Public health and welfare	832,850	-	832,850	-	-
Highways and streets	9,138,256	-	9,138,256	-	-
Employee and public liability trusts	-	-	-	284,342	-
Unrestricted (deficit)	<u>(315,835,681)</u>	<u>15,214,839</u>	<u>(300,620,842)</u>	<u>(1,826,647)</u>	<u>2,804,395</u>
Total net position	<u>\$ (34,978,824)</u>	<u>\$ 161,726,562</u>	<u>\$ 126,747,738</u>	<u>\$ 19,019,453</u>	<u>\$ 26,398,821</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, 2017**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental activities				
General government	\$ 18,138,188	\$ 28,538,407	\$ 460,000	\$ -
Public safety	108,748,346	1,885,378	2,483,425	-
Streets, alleys and bridges	41,388,115	-	-	6,211,884
Community development	11,918,656	1,181,885	4,789,459	-
Sanitation and sewers	14,588,031	12,175,492	-	-
Culture and recreation	10,197,037	180,135	1,078,705	-
Public health and welfare	14,993,154	-	15,767,169	-
Interest and fiscal charges	4,093,321	-	-	-
Total governmental activities	<u>224,064,848</u>	<u>43,961,297</u>	<u>24,578,758</u>	<u>6,211,884</u>
Business-type activities				
Water utilities	23,861,455	28,943,917	-	1,305,355
Parking system	2,968,127	1,782,237	-	-
Total business-type activities	<u>26,829,582</u>	<u>30,726,154</u>	<u>-</u>	<u>1,305,355</u>
Total primary government	<u>\$ 250,894,430</u>	<u>\$ 74,687,451</u>	<u>\$ 24,578,758</u>	<u>\$ 7,517,239</u>
COMPONENT UNITS				
Rockford mass transit district	\$ 17,307,372	\$ 1,626,332	\$ 13,978,714	\$ 1,470,418
Rockford metropolitan exposition, auditorium and office building authority	14,261,580	12,212,409	1,104,289	391,406
Total component units	<u>\$ 31,568,952</u>	<u>\$ 13,838,741</u>	<u>\$ 15,083,003</u>	<u>\$ 1,861,824</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		
		Net position - ending		

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

Net (Expenses) Revenues					
Primary Government			Component Units		
Governmental Activities	Business-Type Activities	Totals	Rockford Mass Transit District	Rockford Metropolitan Exposition, Auditorium and Office Building Authority	
\$ 10,860,219	\$ -	\$ 10,860,219	\$ -	\$ -	
(104,379,543)	-	(104,379,543)	-	-	
(35,176,231)	-	(35,176,231)	-	-	
(5,947,312)	-	(5,947,312)	-	-	
(2,412,539)	-	(2,412,539)	-	-	
(8,938,197)	-	(8,938,197)	-	-	
774,015	-	774,015	-	-	
(4,093,321)	-	(4,093,321)	-	-	
(149,312,909)	-	(149,312,909)	-	-	
-	6,387,817	6,387,817	-	-	
-	(1,185,890)	(1,185,890)	-	-	
-	5,201,927	5,201,927	-	-	
(149,312,909)	5,201,927	(144,110,982)	-	-	
-	-	-	(231,908)	-	
-	-	-	-	(553,476)	
-	-	-	(231,908)	(553,476)	
58,210,507	-	58,210,507	-	-	
40,241,419	-	40,241,419	-	-	
16,364,785	-	16,364,785	-	215,162	
13,888,264	-	13,888,264	-	-	
7,365,335	-	7,365,335	-	-	
625,757	181,608	807,365	9,297	602	
4,130,550	-	4,130,550	7,649	-	
60,000	(60,000)	-	-	-	
140,886,617	121,608	141,008,225	16,946	215,764	
(8,426,292)	5,323,535	(3,102,757)	(214,962)	(337,712)	
(26,552,532)	156,403,027	129,850,495	19,234,415	26,736,533	
\$ (34,978,824)	\$ 161,726,562	\$ 126,747,738	\$ 19,019,453	\$ 26,398,821	

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

CITY OF ROCKFORD, ILLINOIS

**Balance Sheet - Governmental Funds
December 31, 2017**

	General	Special Revenue	
		Public Library	Community Development
ASSETS			
Cash and cash equivalents	\$ 4,518,664	\$ 10,345,793	\$ -
Receivables - net of allowances			
Property taxes	46,836,368	7,333,644	-
Accounts	5,944,936	572,049	144,907
Notes	150,000	-	117,646
Accrued interest	42,046	15,707	-
Due from the Federal Government	83,923	-	1,821,693
Due from the State of Illinois	9,559,408	85,466	613,371
Due from other governmental units	482,311	-	-
Due from other funds	15,336,119	-	-
Prepays	-	57,012	-
Total assets	<u>\$ 82,953,775</u>	<u>\$ 18,409,671</u>	<u>\$ 2,697,617</u>
LIABILITIES			
Accounts payable	\$ 2,469,583	\$ 959,879	\$ 399,163
Accrued payroll and benefits	2,645,095	145,727	16,237
Due to other governmental units	-	-	168
Due to other funds	120,019	-	351,622
Other payables	-	-	391,682
Other liabilities	435,088	-	9,725
Total liabilities	<u>5,669,785</u>	<u>1,105,606</u>	<u>1,168,597</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes	46,667,373	7,307,200	-
Grants	-	-	-
Total deferred inflows of resources	<u>46,667,373</u>	<u>7,307,200</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>52,337,158</u>	<u>8,412,806</u>	<u>1,168,597</u>
FUND BALANCES			
Nonspendable	150,000	57,012	-
Restricted			
Debt service	-	-	-
Culture and recreation	-	9,939,853	-
Community development	-	-	1,529,020
Public health and welfare	-	-	-
Highway and streets	-	-	-
Assigned			
General government	-	-	-
Community development	-	-	-
Public health and welfare	-	-	-
Unassigned	30,466,617	-	-
Total fund balances	<u>30,616,617</u>	<u>9,996,865</u>	<u>1,529,020</u>
Total liabilities and deferred inflows of resources and fund balance	<u>\$ 82,953,775</u>	<u>\$ 18,409,671</u>	<u>\$ 2,697,617</u>

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

Human Services	Debt Service	Capital Projects	Nonmajor	Totals
\$ -	\$ 10,326,524	\$ 3,499,772	\$ 12,398,745	\$ 41,089,498
-	870,364	-	3,394,044	58,434,420
-	-	409,371	1,629,032	8,700,295
212,256	-	-	-	479,902
(5,692)	(9)	14,200	(7,866)	58,386
5,746,742	-	1,188,494	630,983	9,471,835
3,127,042	201,811	9,216,565	337,791	23,141,454
-	-	3,802,004	20,275	4,304,590
-	-	-	-	15,336,119
-	-	-	-	57,012
\$ 9,080,348	\$ 11,398,690	\$ 18,130,406	\$ 18,403,004	\$ 161,073,511
\$ 1,112,953	\$ -	\$ 7,041,935	\$ 1,645,398	\$ 13,628,911
186,618	-	55,917	36,429	3,086,023
-	-	-	-	168
3,982,657	-	-	11,001,840	15,456,138
2,965,180	-	5,817,526	-	9,174,388
90	-	2,772,350	-	3,217,253
8,247,498	-	15,687,728	12,683,667	44,562,881
-	864,061	-	3,581,552	58,420,186
-	-	-	-	-
-	864,061	-	3,581,552	58,420,186
8,247,498	864,061	15,687,728	16,265,219	102,983,067
-	-	-	-	207,012
-	10,534,629	-	-	10,534,629
-	-	-	-	9,939,853
-	-	-	2,697,582	4,226,602
832,850	-	-	-	832,850
-	-	-	9,138,256	9,138,256
-	-	-	195,561	195,561
-	-	2,442,678	159,670	2,602,348
-	-	-	209,679	209,679
-	-	-	(10,262,963)	20,203,654
832,850	10,534,629	2,442,678	2,137,785	58,090,444
\$ 9,080,348	\$ 11,398,690	\$ 18,130,406	\$ 18,403,004	\$ 161,073,511

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, 2017**

Total fund balances for governmental funds	\$ 58,090,444
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.	312,895,545
Less: Internal Service Funds	(4,703,490)
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, workmen's' 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:	91,376
Deferred outflows (inflows) of resources related to the pensions not reported in the funds.	(46,524,023)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Net pension liabilities	(261,019,408)
Net other post-employment benefit liability	(5,931,641)
Bonds payable, net	(66,633,035)
Compensated absences	(6,225,802)
Lease/purchase agreements	(11,666,464)
Section 108 guaranteed loans	(3,115,000)
Accrued interest on bonds	(237,326)
Total net position of governmental activities	<u>\$ (34,978,824)</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, 2017**

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, 2017**

	General	Special Revenue	
		Public Library	Community Development
REVENUES			
Taxes	\$ 73,785,590	\$ 7,310,888	\$ -
Licenses and permits	9,668,829	-	-
Intergovernmental	23,737,024	1,078,705	3,363,582
Charges for services	18,869,578	113,413	-
Fines	1,885,378	66,722	-
Interest	192,906	80,347	34,428
Miscellaneous	626,233	634,201	128,569
Total revenues	128,765,538	9,284,276	3,526,579
EXPENDITURES			
Current			
General government	11,710,916	-	-
Public safety	107,429,009	-	-
Streets, alleys and bridges	8,409,958	-	-
Community development	3,904,624	-	3,891,482
Sanitation and sewers	-	-	-
Culture and recreation	-	8,249,312	-
Public health and welfare	-	-	-
Debt service			
Principal payments	-	-	-
Interest and fiscal charges	-	-	-
Capital outlay	3,218,009	784,809	-
Total expenditures	134,672,516	9,034,121	3,891,482
Excess (deficiency) of revenues over (under) expenditures	(5,906,978)	250,155	(364,903)
OTHER FINANCING SOURCES (USES)			
Debt issuance	1,020,330	-	-
Disposal of capital assets	1,147,500	-	-
Transfers in	3,559,946	-	-
Transfers out	(5,990,902)	(197,491)	(884,246)
	(263,126)	(197,491)	(884,246)
Net change in fund balances	(6,170,104)	52,664	(1,249,149)
Fund balances - beginning	36,786,721	9,944,201	2,778,169
Fund balances - ending	\$ 30,616,617	\$ 9,996,865	\$ 1,529,020

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

Human Services	Debt Service	Capital Projects	Nonmajor	Totals
\$ -	\$ 3,286,058	\$ 16,381,638	\$ 14,052,537	\$ 114,816,711
-	-	-	76,838	9,745,667
15,767,169	460,000	6,211,884	1,425,877	52,044,241
-	-	-	13,280,539	32,263,530
-	-	-	-	1,952,100
(13,908)	(63)	52,573	115,438	461,721
47,602	825,211	1,775,163	93,571	4,130,550
15,800,863	4,571,206	24,421,258	29,044,800	215,414,520
-	-	-	-	11,710,916
-	-	-	84,278	107,513,287
-	-	4,005,427	-	12,415,385
-	-	-	4,766,356	12,562,462
-	-	-	14,737,836	14,737,836
-	-	-	-	8,249,312
15,808,137	-	-	139,033	15,947,170
-	11,489,582	-	1,549,463	13,039,045
-	5,051,176	5,500	72,295	5,128,971
-	-	29,874,134	-	33,876,952
15,808,137	16,540,758	33,885,061	21,349,261	235,181,336
(7,274)	(11,969,552)	(9,463,803)	7,695,539	(19,766,816)
-	-	-	-	1,020,330
-	-	-	-	1,147,500
-	12,333,422	2,419,362	886,924	19,199,654
-	(50,648)	(136,006)	(11,880,361)	(19,139,654)
-	12,282,774	2,283,356	(10,993,437)	2,227,830
(7,274)	313,222	(7,180,447)	(3,297,898)	(17,538,986)
840,124	10,221,407	9,623,125	5,435,683	75,629,430
\$ 832,850	\$ 10,534,629	\$ 2,442,678	\$ 2,137,785	\$ 58,090,444

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, 2017

Net change in fund balances - total governmental funds \$ (17,538,986)

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	19,134,215	
Depreciation Expense	(13,648,597)	
Disposals - Cost	(3,602,726)	
Disposals - Accumulated Depreciation	2,560,222	4,443,114

Bond proceeds are reported as financing sources in governmental funds and they 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 capital lease agreements	(1,020,330)	
Repayments:		
Principal payment on bonds and other long-term obligations	13,039,045	12,018,715

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	(1,260,329)	
Net pension liability	31,292,872	
Deferred items - pensions	(36,721,321)	
Compensated absences	787,313	
Amortization of bond premiums and discounts and losses	(53,730)	(5,955,195)

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. (1,393,940)

Change in net position of governmental activities \$ (8,426,292)

CITY OF ROCKFORD, ILLINOIS

**Statement of Net Position - Proprietary Funds
December 31, 2017**

See Following Page

CITY OF ROCKFORD, ILLINOIS

**Statement of Net Position - Proprietary Funds
December 31, 2017**

	Business-Type Activities - Enterprise Funds			Governmental
	Water Utility	Nonmajor Parking System	Totals	Activities Internal Service
ASSETS				
Current assets				
Cash and cash equivalents	\$ 12,803,624	\$ -	\$ 12,803,624	\$ 16,838,757
Accounts receivable				
Water	2,397,128	-	2,397,128	-
Estimated unbilled water usage	3,287,000	-	3,287,000	-
Other	29,057	(2,237)	26,820	135,485
	5,713,185	(2,237)	5,710,948	135,485
Less allowance for uncollectible accounts	(895,273)	-	(895,273)	-
	4,817,912	(2,237)	4,815,675	135,485
Due from other funds	1,132,670	-	1,132,670	-
Due from other governments	-	-	-	141,867
Inventories	553,881	-	553,881	273,515
Prepaid items	-	-	-	309,000
Current restricted assets				
Cash and cash equivalents				
Revenue bond renewal and replacement account	1,000,000	-	1,000,000	-
Alternate bond current debt service account	3,493,867	-	3,493,867	-
	4,493,867	-	4,493,867	-
Total current assets	23,801,954	(2,237)	23,799,717	17,698,624
Noncurrent assets				
Capital assets				
Land	637,705	5,605,166	6,242,871	-
Construction in progress	6,955,068	11,065	6,966,133	2,643
Land improvements	890,586	-	890,586	-
Buildings and improvements	22,541,746	26,941,865	49,483,611	4,515,617
Equipment	4,640,296	80,745	4,721,041	6,844,012
Improvements other than land and buildings	226,127,036	3,959,913	230,086,949	182,407
Less accumulated depreciation	(85,029,325)	(15,786,172)	(100,815,497)	(6,841,189)
Total noncurrent assets	176,763,112	20,812,582	197,575,694	4,703,490
Total assets	200,565,066	20,810,345	221,375,411	22,402,114
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized loss on refunding	17,989	-	17,989	-
Total assets and deferred outflows of resources	200,583,055	20,810,345	221,393,400	22,402,114

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

	Business-Type Activities - Enterprise Funds			Governmental
	Water Utility	Nonmajor	Totals	Activities
		Parking System		Internal Service
LIABILITIES				
Current liabilities				
Accounts payable	\$ 1,690,628	\$ 110,676	\$ 1,801,304	\$ 2,901,140
Accrued interest payable	99,082	12,967	112,049	-
Accrued payroll and benefits	181,325	7,649	188,974	382,307
Due to other funds	-	1,132,670	1,132,670	-
Other liabilities	-	-	-	215,571
Deposits and advances	44,250	-	44,250	-
Compensated absences	61,924	1,823	63,747	109,149
Capital lease payable	185,196	-	185,196	169,842
General obligation alternate bonds payable (net of unamortized premiums/discounts)	2,053,309	369,660	2,422,969	-
IEPA loan payable	1,955,175	-	1,955,175	-
Claims and judgments payable	-	-	-	7,565,938
Total current liabilities	6,270,889	1,635,445	7,906,334	11,343,947
Noncurrent liabilities				
Compensated absences	247,694	7,290	254,984	436,591
Refundable water main extension advances	270,969	-	270,969	-
Customer water deposits	222,064	-	222,064	-
Capital lease payable	673,802	-	673,802	1,359,211
General obligation alternate bonds payable (net of unamortized premiums/discounts)	17,330,561	7,405,259	24,735,820	-
IEPA loan payable	25,602,865	-	25,602,865	-
Claims and judgments payable	-	-	-	9,170,989
Total noncurrent liabilities	44,347,955	7,412,549	51,760,504	10,966,791
Total liabilities	50,618,844	9,047,994	59,666,838	22,310,738
NET POSITION				
Net investment in capital assets	128,980,193	13,037,663	142,017,856	3,174,437
Restricted				
Capital projects	1,000,000	-	1,000,000	-
Debt service	3,493,867	-	3,493,867	-
Unrestricted (Deficit)	16,490,151	(1,275,312)	15,214,839	(3,083,061)
Total net position	\$ 149,964,211	\$ 11,762,351	\$ 161,726,562	\$ 91,376

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, 2017**

	Business-Type Activities - Enterprise Funds			Governmental
	Water Utility	Nonmajor	Totals	Activities
		Parking System		Internal Service
OPERATING REVENUES				
Charges for services	\$ 28,615,526	\$ 1,735,022	\$ 30,350,548	\$ 47,786,711
Fines and penalties	293,780	25,096	318,876	-
Intergovernmental	-	-	-	972,016
Miscellaneous	34,611	22,119	56,730	800,690
Total operating revenues	<u>28,943,917</u>	<u>1,782,237</u>	<u>30,726,154</u>	<u>49,559,417</u>
OPERATING EXPENSES				
Salaries and benefits	5,775,965	276,024	6,051,989	14,301,898
Services	5,874,581	1,325,717	7,200,298	31,735,149
Supplies and materials	1,489,511	68,285	1,557,796	2,484,972
Depreciation	6,292,782	785,044	7,077,826	582,959
Charges from General Fund	2,434,347	195,337	2,629,684	1,951,340
Miscellaneous	-	10,592	10,592	2,955
Total operating expenses	<u>21,867,186</u>	<u>2,660,999</u>	<u>24,528,185</u>	<u>51,059,273</u>
Operating income (loss)	<u>7,076,731</u>	<u>(878,762)</u>	<u>6,197,969</u>	<u>(1,499,856)</u>
NONOPERATING REVENUES (EXPENSES)				
Interest revenue	194,656	(13,048)	181,608	164,036
Gain (loss) on disposal of capital assets	(611,250)	-	(611,250)	-
Interest expense and service fees	(1,455,507)	(307,128)	(1,762,635)	(58,120)
Amortization expense	72,488	-	72,488	-
	<u>(1,799,613)</u>	<u>(320,176)</u>	<u>(2,119,789)</u>	<u>105,916</u>
Income (loss) before contributions and transfers	<u>5,277,118</u>	<u>(1,198,938)</u>	<u>4,078,180</u>	<u>(1,393,940)</u>
Contributions from developers	1,305,355	-	1,305,355	-
Transfers out	-	(60,000)	(60,000)	-
	<u>1,305,355</u>	<u>(60,000)</u>	<u>1,245,355</u>	<u>-</u>
Change in net position	6,582,473	(1,258,938)	5,323,535	(1,393,940)
Net position - beginning	<u>143,381,738</u>	<u>13,021,289</u>	<u>156,403,027</u>	<u>1,485,316</u>
Net position - ending	<u>\$ 149,964,211</u>	<u>\$ 11,762,351</u>	<u>\$ 161,726,562</u>	<u>\$ 91,376</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, 2017**

See Following Page

CITY OF ROCKFORD, ILLINOIS

Statement of Cash Flows - Proprietary Funds
For the Fiscal Year Ended December 31, 2017

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental</u>
	<u>Water</u>	<u>Nonmajor</u>	<u>Totals</u>	<u>Internal</u>
	<u>Utility</u>	<u>Parking</u>		<u>Service</u>
		<u>System</u>		
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 27,511,990	\$ 1,785,527	\$ 29,297,517	\$ 48,690,348
Payment to suppliers	(9,515,656)	(1,215,339)	(10,730,995)	(41,430,277)
Payment to employees	(3,914,559)	(174,660)	(4,089,219)	(5,105,378)
Payments for interfund services used	-	-	-	972,016
Payments to other funds	(2,434,347)	(195,337)	(2,629,684)	(1,951,340)
Net cash provided by (used for) operating activities	11,647,428	200,191	11,847,619	1,175,369
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	(4,754,249)	(11,065)	(4,765,314)	(531,143)
Loss on disposal of capital assets	(611,250)	-	(611,250)	-
Interest and fiscal charges	(1,455,507)	(307,128)	(1,762,635)	(58,120)
Payment of capital debt	(4,229,880)	(365,081)	(4,594,961)	(204,941)
Net cash provided by (used for) capital and related financing activities	(11,050,886)	(683,274)	(11,734,160)	(794,204)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers out	-	(60,000)	(60,000)	
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received on cash and cash equivalents	194,656	(13,048)	181,608	164,036
Net change in cash and cash equivalents	791,198	(556,131)	235,067	545,201
Cash and cash equivalents - beginning	16,506,293	556,131	17,062,424	16,293,556
Cash and cash equivalents - ending	\$ 17,297,491	\$ -	\$ 17,297,491	\$ 16,838,757
Displayed as:				
Cash and cash equivalents	\$ 12,803,624	\$ -	\$ 12,803,624	\$ 16,838,757
Restricted assets - cash and cash equivalents	4,493,867	-	4,493,867	-
	\$ 17,297,491	\$ -	\$ 17,297,491	\$ 16,838,757

(Continued)

CITY OF ROCKFORD, ILLINOIS

**Statement of Cash Flows - Proprietary Funds
For the Fiscal Year Ended December 31, 2017**

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental</u>
	<u>Water</u>	<u>Nonmajor</u>	<u>Totals</u>	<u>Internal</u>
	<u>Utility</u>	<u>Parking</u>		<u>Service</u>
		<u>System</u>		
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET				
CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES				
Operating income (loss)	\$ 7,076,731	\$ (878,762)	\$ 6,197,969	\$ (1,499,856)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	6,292,782	785,044	7,077,826	582,959
Increase (decrease) from changes in:				
Accounts receivable, net	(318,232)	3,290	(314,942)	(77,657)
Due from other governmental units	-	-	-	157,735
Due from other funds	(1,078,631)	-	(1,078,631)	-
Prepaid items	-	-	-	319
Inventories	(35,064)	-	-	(15,750)
Accounts payable	(218,756)	(847,952)	(1,066,708)	1,623,470
Accrued interest payable	(9,723)	262	(9,461)	-
Accrued payroll and benefits	(16,488)	912	(15,576)	(145,913)
Other liabilities	(87,356)	-	(87,356)	624,407
Deposits and advances	38,445	-	38,445	-
Compensated absences	3,720	4,727	8,447	16,235
Due to other funds	-	1,132,670	1,132,670	(90,580)
Total adjustments	4,570,697	1,078,953	5,649,650	2,675,225
Net cash provided by (used for) operating activities	\$ 11,647,428	\$ 200,191	\$ 11,847,619	\$ 1,175,369
Noncash Capital and Related Financing Activities				
Capital Contributions	1,305,355	-	1,305,355	-
				(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, 2017**

	<u>Pension Trust</u>
ASSETS	
Cash and cash equivalents	\$ 8,434,235
Investments - retirement plans	
U.S. Treasury Notes	26,375,851
U.S. Treasury Bonds	2,796,861
Government National Mortgage Association	647,736
Federal Home Loan Mortgage Corporation	6,269,390
Federal National Mortgage Association	10,013,781
Municipal Bonds	1,734,206
Corporate Bonds	36,631,467
Common Stocks	21,575,857
Hartford Annuity	206,337
Northern Trust Collective Funds	33,894,541
Mutual Funds	210,756,246
Total investments	<u>350,902,273</u>
Accounts receivable - net of allowance	
Accrued interest receivable	570,266
Contributions receivables	14,595,623
Other	2,098
Total accounts receivable - net of allowance	<u>15,167,987</u>
Total assets	<u>374,504,495</u>
LIABILITIES	
Accrued liabilities	104,090
Due to other funds	120,019
Total liabilities	<u>224,109</u>
NET POSITION	
Net position restricted for pensions	<u>\$ 374,280,386</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, 2017**

	Pension Trust
ADDITIONS	
Contributions:	
Employer	\$ 16,599,771
Plan member	4,590,309
Total contributions	<u>21,190,080</u>
Investment income:	
Net appreciation (depreciation) in fair value of investments	35,911,490
Interest and dividend income	8,058,345
	<u>43,969,835</u>
Less investment expense	(494,704)
Net investment income	<u>43,475,131</u>
Total additions	<u>64,665,211</u>
DEDUCTIONS	
Pension benefits	34,120,649
Refunds of contributions	122,634
Administrative expense	511,340
	<u>34,754,623</u>
Change in fiduciary net position	29,910,588
NET POSITION RESTRICTED FOR PENSIONS	
Net position restricted for pensions - beginning	<u>344,369,798</u>
Net position restricted for pensions - ending	<u>\$ 374,280,386</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, 2017**

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, 2017

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, 2017

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, 2017

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 42 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, 2017

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, 2017

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, 2017

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, 2017

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 February 8, 2017. 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 2017 levy is deferred as it is intended to finance fiscal year 2018.

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 uncollectable. The property tax receivable allowance is equal to 1 percent of outstanding property taxes at December 31, 2017.

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, 2017

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 “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” (\$3,493,867) 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, 2017**

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: land, buildings, equipment, and infrastructure assets (e.g. roads, bridges, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets (excluding the Water Utility fund) are defined by the City as assets with an initial, individual cost of more than \$25,000 (except for land which is an initial, individual cost of \$1 or more) and an estimated useful life in excess of one year. The Water Utility fund defines a capital asset as an asset with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year. Purchased or constructed capital assets are recorded at actual cost, including all ancillary and direct labor costs, based on invoices and/or other supporting documentation. Donated capital assets are recorded at estimated acquisition 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.

Land, 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
Equipment	3 - 20
Infrastructure	50
Buildings	45

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements December 31, 2017

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/reduction 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, 2017

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, the Veteran’s Scholarship, and the Flex Care 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, 2017**

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – Continued

EXCESS OF ACTUAL EXPENDITURES/EXPENSES OVER BUDGET IN INDIVIDUAL FUNDS

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

Fund	Excess
General	\$ 859,321
Community Development	949,339
Debt Service	2,538,295
Capital Projects	6,072,503
Garbage and Refuse	445,541
Redevelopment	1,111,372
Tourism	560,281
Justice Assistance Grant	68,740
Tax Increment Financing Area - South Rockford	36,031
Tax Increment Financing Area - Rockford Global Trade Park	152,031
Tax Increment Financing Area - Licolnwood II	3,433
Tax Increment Financing Area - West State and Central	2,928
Tax Increment Financing Area - West Side II	3,205
Tax Increment Financing Area - East River	199,184
Tax Increment Financing Area - Midtown	12,565
Tax Increment Financing Area - Rockford Global Trade Park III	3,093
Tax Increment Financing Area - Rockford Global Trade Park South	754
Tax Increment Financing Area - Mulford and State	94,839
Parking System	104,114
Central Garage	58,380
Workmen's Compensation	1,618,381
Information Systems	293,540
Police Pension	414,991
Firefighters' Pension	332,289

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2017**

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – Continued

DEFICIT FUND BALANCE/NET POSITION

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

Fund	Deficit
RKFD Metro Agency for Planning	\$ 188,415
Tax Increment Financing Area - Springfield Corners	1,235,276
Tax Increment Financing Area - Rockford Global Trade Park	1,150,841
Tax Increment Financing Area - North Main	1,234,443
Tax Increment Financing Area - Licolnwood II	39,669
Tax Increment Financing Area - River Oaks	2,632,671
Tax Increment Financing Area - Garrison	619,262
Tax Increment Financing Area - Hope Six	796,345
Tax Increment Financing Area - Jackson School	145,100
Tax Increment Financing Area - Preston/Central	1,536,199
Tax Increment Financing Area - West State and Central	165,126
Tax Increment Financing Area - North Main and Whitman	512,994
Tax Increment Financing Area - Rockford Global Trade Park III	6,622
Risk Management	8,209,102

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, 2017**

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 \$43,027,627 and the bank balances totaled \$44,693,059.

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	\$ 13,632,765	\$ 2,028,820	\$ 11,603,945	\$ -	\$ -
U.S. Agency Securities	2,959,240	-	2,959,240	-	-
*Illinois Funds	15,606,114	15,606,114	-	-	-
Totals	\$ 32,198,119	\$ 17,634,934	\$ 14,563,185	\$ -	\$ -

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements December 31, 2017

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, 2017, 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, 2017:

- U.S. Treasury Securities of \$13,632,765 are valued using quoted market prices (Level 1 inputs)
- U.S. Agency Securities of \$2,959,240 are valued using quoted market prices (Level 2 inputs)
- Illinois Funds of \$15,606,114 which are measured at the net asset value per share as determined by the pool

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, 2017, 24% 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, 2017, 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, 2017, 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, 2017, 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, 2017**

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, 2017, the City’s investments were rated as follows:

Investment Type	Total Fair Value	Credit Rating	
		Moody's	Standard & Poor's
U.S. Treasury Securities	\$ 13,632,765	AAA	N/A
U.S. Agency Securities	2,959,240	AAA	AA+
Illinois Funds	15,606,114	AAA	AA+

N/A - Not Available

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. The primary government has adopted a policy addressing concentrations of credit risk. The policy states that U.S. Treasury Securities cannot exceed 50% of the portfolio, U.S. Government Agencies and Instrumentalities of Government Sponsored Corporations cannot exceed 50% of the portfolio, total certificates of deposits cannot exceed 50% of the portfolio, certificates of deposit of any one financial institution cannot exceed 20% of the portfolio, commercial paper cannot exceed 15% of the portfolio, Illinois Funds cannot exceed 50% of the portfolio, and securities purchased for interest rate play cannot exceed 25% of the portfolio.

At December 31, 2017, 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 cash and 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 \$36,212,104 and the bank balances totaled \$36,268,326.

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	\$ 6,211,192	\$ 1,392,886	\$ 1,491,384	\$ 3,326,922	\$ -
U.S. Agency Securities	6,768,615	609,707	1,210,353	1,837,072	3,111,483
Municipal Bonds	944,512	171,163	640,902	132,447	-
Corporate Bonds	17,736,150	992,972	12,782,403	3,960,775	-
Totals	<u>\$ 31,660,469</u>	<u>\$ 3,166,728</u>	<u>\$ 16,125,042</u>	<u>\$ 9,257,216</u>	<u>\$ 3,111,483</u>

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2017**

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, 2017:

Investments by Fair Value Level	Totals	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	\$ 6,211,192	\$ 6,211,192	\$ -	\$ -
U.S. Agency Securities	6,768,615	-	6,768,615	-
Municipal Bonds	944,512	-	944,512	-
Corporate Bonds	17,736,150	-	17,736,150	-
Equity Securities				
Common Stocks	12,237,300	12,237,300	-	-
Mutual Funds	115,868,583	115,868,583	-	-
Total Investments Measured at Fair Value	\$ 159,766,352	\$ 134,317,075	\$ 25,449,277	\$ -

Custodial Credit Risk – Deposits. The Fund does not have a deposit policy for custodial credit risk for deposits. As of December 31, 2017, all of the Fund’s deposits were insured or collateralized.

Custodial Credit Risk – Investments. The Fund’s investment policy does not address custodial credit risk for investments. As of December 31, 2017, 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, 2017**

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	\$ 6,211,192	AAA	N/A
Federal Home Loan Mortgage Corporation	2,893,204	AAA	AA+
Federal National Mortgage Association	3,875,411	AAA	AA+
Municipal Bonds	944,512	AAA to AA2	AAA to AA+
Corporate Bonds	17,736,150	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 \$12,237,300, invested in common stock and \$115,868,583, invested in mutual funds. At December 31, 2017, 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 net plan position available for retirement benefits.

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%	4.40%
Domestic Equities	27.50% - 37.50%	7.90%
International Equities	12.50% - 22.50%	8.10%
Real Estate	5.00% -15.00%	7.50%
Global Tactical	0.00% - 10.00%	6.20%
Cash and Cash Equivalents	0.00% - 5.00%	2.70%

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2017**

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, 2017 are listed in the table above.

Rate of Return

For the year ended December 31, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 14.38%. 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 \$6,116,672 and the bank balances totaled \$6,116,529.

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	\$ 22,961,520	\$ 872,513	\$ 10,536,807	\$ 10,193,853	\$ 1,358,347
U.S. Agency Securities	10,162,292	464,777	961,260	1,299,105	7,437,150
Municipal Bonds	789,694	225,008	564,686	-	-
Corporate Bonds	18,895,317	538,811	11,254,079	3,904,118	3,198,309
Totals	\$ 52,808,823	\$ 2,101,109	\$ 23,316,832	\$ 15,397,076	\$ 11,993,806

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2017**

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, 2017:

Investments by Fair Value Level	Totals	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. Treasuries	\$ 22,961,520	\$ 22,961,520	\$ -	\$ -
U.S. Agencies	10,162,292	-	10,162,292	-
Municipal Bonds	789,694	-	789,694	-
Corporate Bonds	18,895,317	-	18,895,317	-
Equity Securities				
Common Stocks	9,338,557	9,338,557	-	-
Annuities	206,337	206,337	-	-
Mutual Funds	94,887,663	94,887,663	-	-
Total Investments Measured at Fair Value	\$ 157,241,380	\$ 127,394,077	\$ 29,847,303	\$ -

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, 2017, all of the Fund’s deposits were insured or collateralized.

Custodial Credit Risk – Investments. The Fund’s investment policy does not address custodial credit risk. As of December 31, 2017, 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, 2017**

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	\$ 22,961,520	AAA	N/A
Government National Mortgage Association	647,736	N/A	N/A
Federal National Mortgage Association	3,376,186	AAA	AA+
Federal Home Loan Mortgage	6,138,370	AAA	AA+
Municipal Bonds	789,694	AAA to AA2	AA+
Corporate Bonds	18,895,317	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 \$9,338,557 invested in common stock, \$94,887,663 invested in mutual funds and \$206,337 invested in annuity contracts. At December 31, 2017, 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 net plan position available for retirement benefits.

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%	4.40%
Domestic Equities	27.50% - 37.50%	7.90%
International Equities	12.50% - 22.50%	8.10%
Real Estate	5.00% -15.00%	7.50%
Global Tactical	0.00% - 10.00%	6.20%
Cash and Cash Equivalents	0.00% - 5.00%	2.70%

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements December 31, 2017

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, 2017 are listed in the table above.

Rate of Return

For the year ended December 31, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 12.35%. 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, 2017, the carrying amount of the Rockford Mass Transit District deposits totaled \$6,097,496 and the bank balances totaled \$6,366,200 and Rockford Metropolitan Exposition Authority District deposits totaled \$1,798,956 and the bank balances totaled \$1,748,064.

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, 2017, the Rockford Mass Transit District had collateral agreements with a market value of \$6,500,000, resulting in \$133,000 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, 2017, 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, 2017

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, 2017.

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, 2017, 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, 2017, 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, 2017, 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, 2017**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

RECEIVABLES AND PAYABLES

Receivables and payables as of December 31, 2017 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		
	General	Public	Community	Human	Debt	Capital	Nonmajor	Enterprise Funds		Governmental
		Library	Development	Services				Water	Nonmajor	Activities
							Utility	Parking	Internal	
							System		Service	
RECEIVABLES										
Taxes	\$53,851,245	\$7,469,678	\$ -	\$ -	\$ 896,208	\$ -	\$4,824,464	\$ -	\$ -	\$ -
Accounts	5,944,936	572,049	144,907	-	-	409,371	1,629,032	5,713,185	(2,237)	135,485
Notes	150,000	-	187,948	622,136	-	-	-	-	-	-
Accrued Interest	42,046	15,707	-	(5,692)	(9)	14,200	(7,866)	-	-	-
Gross receivables	59,988,227	8,057,434	332,855	616,444	896,199	423,571	6,445,630	5,713,185	(2,237)	135,485
Less: Allowance for uncollectibles	(7,014,877)	(136,034)	(70,302)	(409,880)	(25,844)	-	(1,430,420)	(895,273)	-	-
Total receivables	\$52,973,350	\$7,921,400	\$ 262,553	\$ 206,564	\$ 870,355	\$ 423,571	\$5,015,210	\$ 4,817,912	\$ (2,237)	\$ 135,485
DUE FROM OTHER										
GOVERNMENTAL UNITS										
Federal	\$ 83,923	\$ -	\$ 1,821,693	\$5,746,742	\$ -	\$ 1,188,494	\$ 630,983	\$ -	\$ -	\$ -
State	9,559,408	85,466	613,371	3,127,042	201,811	9,216,565	337,791	-	-	-
Other	482,311	-	-	-	-	3,802,004	20,275	-	-	141,867
Total due from other governmental units	\$10,125,642	\$ 85,466	\$ 2,435,064	\$8,873,784	\$ 201,811	\$14,207,063	\$ 989,049	\$ -	\$ -	\$ 141,867
PAYABLES										
Vendors	\$ 2,469,583	\$ 959,879	\$ 399,163	\$1,112,953	\$ -	\$ 7,041,935	\$1,645,398	\$ 1,690,628	\$ 110,676	\$ 2,901,140
Other governmental units	-	-	168	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-	99,082	12,967	-
Total payables	\$ 2,469,583	\$ 959,879	\$ 399,331	\$1,112,953	\$ -	\$ 7,041,935	\$1,645,398	\$ 1,789,710	\$ 123,643	\$ 2,901,140

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, 2017, 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, 2017**

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, 2017 is as follows:

Receivable	Payable	Purpose	Amount
General	Community Development	Interfund cash advances	\$ 351,622
General	Human Services	Interfund cash advances	3,982,657
General	Nonmajor governmental	Interfund cash advances	11,001,840
Water Utility	Nonmajor business-type	Interfund cash advances	1,132,670
Firefighters' Pension	General	60-day collections on property taxes	120,019
			<u>\$ 16,588,808</u>

Interfund Transfers

Transfers between funds for the year ended December 31, 2017 are as follows:

Transfers In	Transfers Out	Amount
General	Community Development	\$ 884,246 (1)
General	Nonmajor governmental	2,675,700 (1)
Debt Service	General	4,490,902 (2)
Debt Service	Public Library	197,491 (2)
Debt Service	Capital Projects	136,006 (2)
Debt Service	Nonmajor governmental	7,449,023 (2)
Debt Service	Nonmajor business-type	60,000 (2)
Capital Projects	General	1,500,000 (3)
Capital Projects	Nonmajor governmental	919,362 (1)
Nonmajor governmental	Nonmajor governmental	836,276 (1)
Nonmajor governmental	Debt Service	50,648 (1)
		<u>\$ 19,199,654</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, 2017**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CONSTRUCTION COMMITMENTS

The City has active construction projects as of December 31, 2017. The projects include street resurfacing, widening and construction of existing streets and bridges, drainage projects, sidewalks, and water system improvements. At year-end, the City’s commitments with contractors are as follows:

<u>Project</u>	<u>Commitment</u>
GEOPolicing - District 1 -West Side	\$ 6,638,776
Box Culvert Replace (Keith Creek N)	3,865,377
Whitman Street Interchange Feasibility	3,000,475
East State Street Lighting	1,037,146
South Main 2 Way Conv - Cedar to Chestnut	761,581
Well 45 Water Treatment Plant	638,660
City-Wide Bridge Removals and Repairs	606,869
Chuch and Park Water Main Replacement	464,401
Mercy Way/Lyford Road Improvements	458,600
North Main 2 Way Conv - Cedar to Chestnut	428,063
Harrison Improvement 11th - 20th	304,175
Bell School/East State Interstate Improvements	239,269
GEOPolicing - District 3 - New Towne	207,945
City-Wide Drainage Improvements	166,758
City-Wide Drainage - Whittier Lane	135,295
Colman Village	131,102
Spring Creek Resurfacing	114,643
West Stte Corridor Phase 2	114,277
	<u>\$ 19,313,412</u>

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

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2017**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CAPITAL ASSETS

Capital asset activity for the primary government for the fiscal year ended December 31, 2017 was as follows:

Governmental Activities

	Beginning Balances	Increases	Decreases	Ending Balances
NONDEPRECIABLE CAPITAL ASSETS				
Land	\$ 7,872,547	\$ 840,645	\$ (4,282,337)	\$ 4,430,855
Construction in Progress	3,327,589	4,123,127	-	7,450,716
	<u>11,200,136</u>	<u>4,963,772</u>	<u>(4,282,337)</u>	<u>11,881,571</u>
DEPRECIABLE CAPITAL ASSETS				
Land improvements	1,885,302	288,251	-	2,173,553
Buildings improvements	92,731,495	2,407,108	(100,000)	95,038,603
Equipment	41,491,584	2,089,262	(725,217)	42,855,629
Infrastructure	342,935,624	14,199,303	(2,777,509)	354,357,418
	<u>479,044,005</u>	<u>18,983,924</u>	<u>(3,602,726)</u>	<u>494,425,203</u>
LESS ACCUMULATED DEPRECIATION				
Land improvements	(457,507)	(388,714)	-	(846,221)
Buildings improvements	(36,341,490)	(2,595,440)	55,000	(38,881,930)
Equipment	(28,994,824)	(3,196,201)	725,217	(31,465,808)
Infrastructure	(115,946,074)	(8,051,201)	1,780,005	(122,217,270)
	<u>(181,739,895)</u>	<u>(14,231,556)</u>	<u>2,560,222</u>	<u>(193,411,229)</u>
 Total net depreciable capital assets	 <u>297,304,110</u>	 <u>4,752,368</u>	 <u>(1,042,504)</u>	 <u>301,013,974</u>
 Total net capital assets	 <u>\$ 308,504,246</u>	 <u>\$ 9,716,140</u>	 <u>\$ (5,324,841)</u>	 <u>\$ 312,895,545</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 194,239
Public safety	2,245,902
Streets, alleys and bridges	8,976,796
Community development	53,144
Sanitation and sewers	12,338
Culture and recreation	2,034,541
Public health and welfare	131,637
Internal service	582,959
	<u>\$ 14,231,556</u>

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2017**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CAPITAL ASSETS – Continued

Business-Type Activities

	Beginning Balances	Increases	Decreases	Ending Balances
NONDEPRECIABLE CAPITAL ASSETS				
Land	\$ 6,269,233	\$ -	\$ (26,362)	\$ 6,242,871
Construction in progress	3,854,505	4,149,489	(1,037,861)	6,966,133
	<u>10,123,738</u>	<u>4,149,489</u>	<u>(1,064,223)</u>	<u>13,209,004</u>
DEPRECIABLE CAPITAL ASSETS				
Land improvements	862,451	28,135	-	890,586
Buildings and improvements	49,461,518	22,093	-	49,483,611
Improvements other than buildings	228,233,384	3,518,554	(1,664,989)	230,086,949
Equipment	4,714,529	8,510	(1,998)	4,721,041
	<u>283,271,882</u>	<u>3,577,292</u>	<u>(1,666,987)</u>	<u>285,182,187</u>
LESS ACCUMULATED DEPRECIATION				
Land improvements	(391,229)	(35,708)	-	(426,937)
Buildings and improvements	(16,638,396)	(1,205,822)	-	(17,844,218)
Improvements other than buildings	(74,908,344)	(5,499,775)	1,073,101	(79,335,018)
Equipment	(2,874,800)	(336,521)	1,997	(3,209,324)
	<u>(94,812,769)</u>	<u>(7,077,826)</u>	<u>1,075,098</u>	<u>(100,815,497)</u>
Total net depreciable capital assets	<u>188,459,113</u>	<u>(3,500,534)</u>	<u>(591,889)</u>	<u>184,366,690</u>
Total net capital assets	<u>\$ 198,582,851</u>	<u>\$ 648,955</u>	<u>\$ (1,656,112)</u>	<u>\$ 197,575,694</u>

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

Water	\$ 6,292,782
Parking system	<u>785,044</u>
	<u>\$ 7,077,826</u>

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2017**

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, 2017 was as follows:

Rockford Mass Transit District

	Beginning Balances	Increases	Decreases	Ending Balances
NONDEPRECIABLE CAPITAL ASSETS				
Land	\$ 1,969,934	\$ -	\$ -	\$ 1,969,934
DEPRECIABLE CAPITAL ASSETS				
Land improvements	446,993	477,528	-	924,521
Buildings and improvements	17,129,991	275,972	6,027	17,411,990
Equipment	20,395,842	716,918	(685,157)	20,427,603
	<u>37,972,826</u>	<u>1,470,418</u>	<u>(679,130)</u>	<u>38,764,114</u>
LESS ACCUMULATED DEPRECIATION				
	<u>(18,898,063)</u>	<u>(1,953,357)</u>	<u>679,130</u>	<u>(20,172,290)</u>
Total net depreciable capital assets	<u>22,856,618</u>	<u>(482,939)</u>	<u>-</u>	<u>18,591,824</u>
Total net capital assets	<u>\$ 24,826,552</u>	<u>\$ (482,939)</u>	<u>\$ -</u>	<u>\$ 20,561,758</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
DEPRECIABLE CAPITAL ASSETS				
Buildings and improvements	36,604,266	353,350	-	36,957,616
Equipment	7,818,109	123,273	-	7,941,382
	<u>44,422,375</u>	<u>476,623</u>	<u>-</u>	<u>44,898,998</u>
LESS ACCUMULATED DEPRECIATION				
Buildings and improvements	(15,857,594)	(1,056,804)	-	(16,914,398)
Equipment	(5,817,091)	(427,359)	-	(6,244,450)
	<u>(21,674,685)</u>	<u>(1,484,163)</u>	<u>-</u>	<u>(23,158,848)</u>
Total net depreciable capital assets	<u>22,747,690</u>	<u>(1,007,540)</u>	<u>-</u>	<u>21,740,150</u>
Total net capital assets	<u>\$ 25,344,704</u>	<u>\$ (1,007,540)</u>	<u>\$ -</u>	<u>\$ 24,337,164</u>

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2017**

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 \$104,7855,000. During the year, there was no new general obligation bonds issued for governmental activities nor for business-type activities, and the City made principal payments of \$10,670,000 leaving an ending balance of \$94,115,000.

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:

GOVERNMENTAL ACTIVITIES

2007-A Metro Centre Improvement					
General Obligation Alternate Bond Issue	\$ 6,300,000	4.00% - 4.20%	2027	\$ 3,765,000	
2008-B Redevelopment					
General Obligation Alternate Bond Issue	1,300,000	3.50% - 4.00%	2018	425,000	
2009-B Redevelopment Taxable					
General Obligation Alternate Bond Issue	950,000	5.30% - 5.70%	2024	600,000	
2009-D Redevelopment Taxable					
General Obligation Alternate Bond Issue	1,700,000	2.25% - 5.50%	2024	1,100,000	
2014-A Fire Station Construction					
General Obligation Alternate Bond Issue	5,420,000	3.00% - 4.00%	2034	4,805,000	
2015 Fire Station Construction					
General Obligation Alternate Bond Issue	12,195,000	3.00% - 3.75%	2034	10,735,000	
2016-A Refunding General Obligation					
Sales Tax Alternate Revenue Issue	14,770,000	2.00% - 5.00%	2035	14,200,081	
2007-C Refunding General Obligation					
Alternate Bond Issue	6,865,000	3.75% - 3.75%	2018	915,000	
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	455,000	
					<u>45,065,081</u>

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2017**

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				
2014-A Refunding General Obligation Alternate Bond Issue	9,625,000	3.00% - 4.00%	2024	6,055,000
2014-B Refunding General Obligation Bond Issue	4,740,000	2.00% - 5.00%	2018	830,000
2014-C Refunding General Obligation Alternate Bond Issue	14,280,000	3.00% - 4.00%	2027	10,615,000
2016-A Refunding General Obligation Sales Tax Alternate Revenue Issue	5,400,000	2.00% - 5.00%	2035	5,205,000
				<u>22,705,000</u>
Total governmental activities				<u>67,770,081</u>

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

1. To pay operation and maintenance costs.
2. To pay a fractional amount of the interest and principal payments becoming due on the next payment date.
3. To provide an amount of cash and investments sufficient to pay the maximum annual debt service of the alternate bonds.
4. To provide an allowance for depreciation, or if not needed, may be used to pay for any extraordinary maintenance, repairs and replacements or for improvements or extensions of the water system. Amounts in excess of the amount determined by the City Council as necessary for the depreciation allowance may, at its discretion, be transferred to the surplus account.
5. To make up any deficiencies in any required credit payment or deposit pursuant to the above requirements.

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2017**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

General Obligation Bonds and Alternate Bonds – Continued

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:				
2007-D General Obligation Alternate Bond Issue	\$ 3,500,000	4.125% - 4.75%	2027	\$ 175,000
2008-A General Obligation Alternate Bond Issue	9,000,000	4.00% - 5.00%	2028	5,850,000
2009-F Refunding General Obligation Alternate Bond Issue	4,325,000	3.00% - 3.50%	2018	235,000
2010-A General Obligation Alternate Bond Issue	3,400,000	2.00% - 4.00%	2030	2,500,000
2016-B Refunding General Obligation Alternate Bond Issue	10,735,000	5.00%	2027	9,810,000
Parking System Fund:				
2008-C General Obligation Alternate Bond Issue	1,850,000	5.00% - 6.00%	2028	1,300,000
2015-A General Obligation Alternate Bond Issue	6,315,000	3.00% - 4.00%	2035	5,850,000
2016-A Refunding General Obligation Sales Tax Alternate Revenue Issue	650,000	2.00% - 5.00%	2035	624,919
Total business-type activities				<u>26,344,919</u>
Total primary government				<u>\$ 94,115,000</u>

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements December 31, 2017

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

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, 2017 is \$390,000 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 2006, 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, 2017 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, 2017 the outstanding borrowings under this agreement were paid in full.

Illinois Environmental Protection Agency (IEPA) Loan

The City has been approved for approximately \$44,500,000 in low interest loans from the State Revolving Loan Fund through the IEPA. These loans range from 0% to 2.5% interest and some have principal forgiveness of a portion of the balance. Two of these loans totaling \$10,000,000 were funded in part through the American Recovery and Reinvestment Act of 2009. The City has received \$44,414,800 in loans, of which \$5,347,225 will not be required to be repaid. The loans are repayable over a 20-year period beginning six months after the date the project is expected to be completed. The City has begun to make payments on some of the loan agreements but others are still under construction. Once all the loan projects are completed the estimated annual debt service will be approximately \$2,430,000 per year for twenty years. The City has recorded the debt outstanding in the Water Utility Fund and will repay the debt with water revenues.

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2017**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Illinois Environmental Protection Agency (IEPA) Loan – Continued

Date Awarded	Amount Approved	Terms	Loans Received	Construction Interest	Payments	Balance Due
05/19/08	\$8,308,283	2.5%	\$ 6,387,464	\$ -	\$ (421,473)	\$ 5,965,991
09/30/08	12,512,945	2.5%	9,466,217	-	(597,561)	8,868,656
09/30/08	2,297,070	2.5%	1,546,276	-	(106,807)	1,439,469
08/14/09	6,877,227	0% - 25% principal forgiveness	3,812,931	-	(262,962)	3,549,969
09/30/09	3,122,773	0% - 25% principal forgiveness	1,611,235	-	(120,103)	1,491,132
06/30/10	720,521	1.25% - 25% principal forgiveness	205,801	-	(18,126)	187,675
06/30/10	3,128,995	1.25% - 25% principal forgiveness	1,947,192	-	(118,797)	1,828,395
06/30/10	2,633,303	1.25% - 25% principal forgiveness	1,587,604	-	(96,859)	1,490,745
09/29/10	913,740	1.25% - 25% principal forgiveness	508,862	-	(33,477)	475,385
12/15/10	381,087	1.25% - 25% principal forgiveness	292,622	-	(17,221)	275,401
01/19/11	3,611,244	1.25% - 25% principal forgiveness	2,117,111	-	(131,889)	1,985,222
			<u>\$ 29,483,315</u>	<u>\$ -</u>	<u>\$ (1,925,275)</u>	<u>\$ 27,558,040</u>

Legal Debt Limitations

The State imposes a legal limit of 8.625% of the total equalized assessed valuation on the amount of general bonded indebtedness. The City of Rockford further limits its indebtedness, by ordinance, to 80.0% of the State limit. As of December 31, 2017, the City indebtedness was \$87.2 million less than the City limit and \$112.6 million less than the State limit.

Lease Purchase Agreements

During 2012 through 2017 the City entered into lease purchase agreements totaling \$22,829,812 for the acquisition of City-wide vehicles, fire apparatuses, squad cars, heavy equipment, ambulances, and heating and air units. Outstanding balances at December 31, 2017 are \$13,195,517 for the governmental activities and \$858,998 for the Water Utility business-type activity fund. The interest rates for the leases range from 1.27% to 3.67%.

The City has entered into 13 separate lease agreements as lessee for financing the acquisition of capital assets. Capital assets of \$24,697,538 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.

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2017**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

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
2018	\$ 3,589,067	\$ 414,008	\$ 4,003,075
2019	2,734,741	140,671	2,875,412
2020	3,235,908	141,933	3,377,841
2021	1,903,496	143,222	2,046,718
2022	1,240,399	112,591	1,352,990
2023	916,343	66,544	982,887
2024	331,743	32,041	363,784
2025	174,265	-	174,265
	<u>14,125,962</u>	<u>1,051,010</u>	<u>15,176,972</u>
Interest portion	<u>(930,445)</u>	<u>(192,012)</u>	<u>(1,122,457)</u>
Principal balances	<u>\$ 13,195,517</u>	<u>\$ 858,998</u>	<u>\$ 14,054,515</u>

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2017**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Long-Term Liability Activity

Long-term obligation activity for the year ended December 31, 2017 was as follows:

	Beginning Balances	Additions	Deductions	Ending Balances	Due Within One Year
GOVERNMENTAL ACTIVITIES					
Bonds payable:					
General obligation bonds	\$ 75,945,000	\$ -	\$ (8,174,919)	\$ 67,770,081	* \$ 7,640,340
Less premiums and discounts	233,017	-	(188,875)	44,142	97,707
	<u>76,178,017</u>	<u>-</u>	<u>(8,363,794)</u>	<u>67,814,223</u>	<u>7,738,047</u>
Compensated absences:					
General	7,013,115	787,313	(1,574,626)	6,225,802	1,399,375
Internal service	529,505	32,470	(16,235)	545,740	109,149
	<u>7,542,620</u>	<u>819,783</u>	<u>(1,590,861)</u>	<u>6,771,542</u>	<u>1,508,524</u>
Section 108 guaranteed loans	3,175,000	-	(60,000)	3,115,000	187,000
Lines of credit	1,461,113	-	(1,461,113)	-	-
Lease/purchase agreements:	15,723,141	1,020,330	(3,547,954)	13,195,517	3,088,570
Claims and judgments	16,112,520	21,317,458	(20,693,051)	16,736,927	7,565,938
Net OPEB obligation	4,671,312	1,260,329	-	5,931,641	-
Net pension liability					
IMRF	26,060,995	-	(23,442,390)	2,618,605	-
Police Pension	125,347,421	-	(6,124,731)	119,222,690	-
Firefighters' Pension	140,903,864	-	(1,725,751)	139,178,113	-
	<u>\$ 417,176,003</u>	<u>\$ 24,417,900</u>	<u>\$ (67,009,645)</u>	<u>\$ 374,584,258</u>	<u>\$ 20,088,079</u>

*\$13,355,000 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, 2017**

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	\$ 20,700,000	\$ -	\$ (2,130,000)	\$ 18,570,000	\$ 1,960,000
Less premiums and discounts	908,315	-	(94,445)	813,870	93,309
	<u>21,608,315</u>	<u>-</u>	<u>(2,224,445)</u>	<u>19,383,870</u>	<u>2,053,309</u>
IEPA loan	29,483,315	-	(1,925,275)	27,558,040	1,955,175
Capital lease payable	1,033,603	-	(174,605)	858,998	185,196
Compensated absences	305,898	7,440	(3,720)	309,618	61,924
Refundable water main extension advance	270,969	-	-	270,969	-
Customer deposits	309,420	-	(87,356)	222,064	-
Total water utility	<u>53,011,520</u>	<u>7,440</u>	<u>(4,415,401)</u>	<u>48,603,559</u>	<u>4,255,604</u>
Parking System:					
Bonds payable:					
General obligation alternate bonds	8,140,000	-	(365,081)	7,774,919	369,660
Compensated absences	4,386	9,454	(4,727)	9,113	1,823
Total parking system	<u>8,144,386</u>	<u>9,454</u>	<u>(369,808)</u>	<u>7,784,032</u>	<u>371,483</u>
	<u>\$ 61,155,906</u>	<u>\$ 16,894</u>	<u>\$ (4,785,209)</u>	<u>\$ 56,387,591</u>	<u>\$ 4,627,087</u>

For the governmental activities, the claims and judgments are 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, \$545,740 of internal service funds compensated absences, \$16,736,927 for claims and judgments, and \$1,529,053 for capital leases payable are included in the above amounts.

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2017**

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	\$ 5,301,834	\$ 878,204	\$ -	\$ 6,180,038	\$ -
Net OPEB obligation	2,780,537	460,000	-	3,240,537	-
Rockford Metropolitan Exposition, Auditorium and Office Building Authority:					
Notes payable	2,494,793	-	(354,672)	2,140,121	364,664
	<u>\$ 10,577,164</u>	<u>\$ 1,338,204</u>	<u>\$ (354,672)</u>	<u>\$ 11,560,696</u>	<u>\$ 364,664</u>

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
2018	\$ 7,640,340	\$ 465,996	\$ 187,000	\$ 21,642	\$ 2,329,660	\$ 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
2035	1,076,861	11,620	179,000	-	473,139	18,598
	<u>\$ 67,770,081</u>	<u>\$ 3,234,991</u>	<u>\$ 3,115,000</u>	<u>\$ 76,396</u>	<u>\$ 26,344,919</u>	<u>\$ 7,969,125</u>

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements December 31, 2017

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Component Units

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, 2017 was \$1,057,522. 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 \$50,000 were made during the year bringing the balance of the loan to \$208,334 as of June 30, 2017.

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 \$85,231 were made during the current fiscal year bringing the loan balance to \$690,656. Principal in the amount of \$88,350 is due within one year of the date of the statement of net position.

FUND BALANCE/NET POSITION

Fund Balance Classifications

In the governmental funds financial statements, the City considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The City first utilizes committed, then assigned and then unassigned fund balance when an expenditure is incurred for purposes for which all three unrestricted fund balances are available.

Nonspendable Fund Balance. Consists of resources that cannot be spent because they are either: a) not in a spendable form; or b) legally or contractually required to be maintained intact.

Restricted Fund Balance. Consists of resources that are restricted to specific purposes, that is, when constraints placed on the use of resources are either: a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2017**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

FUND BALANCE/NET POSITION – Continued

Fund Balance Classifications – Continued

Committed Fund Balance. Consists of resources constrained (issuance of an ordinance) to specific purposes by the government itself, using its highest level of decision-making authority, the City Council; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.

Assigned Fund Balance. Consists of amounts that are constrained by the City Council’s intent to be used for specific purposes but are neither restricted nor committed. Intent is expressed by a) the City Council itself or b) a body or official to which the City Council has delegated the authority to assign amounts to be used for specific purposes. The City’s highest level of decision-making authority is the City Council, who is authorized to assign amounts to a specific purpose.

Unassigned Fund Balance. Consists of residual net resources of a fund that has not been restricted, committed, or assigned within the General Fund and deficit fund balances of other governmental funds.

Minimum Fund Balance Policy. 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).

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

	Special Revenue							Totals
	General	Public Library	Community Development	Human Services	Debt Service	Capital Projects	Nonmajor	
FUND BALANCES								
Nonspendable								
Notes receivable	\$ 150,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 150,000
Prepays	-	57,012	-	-	-	-	-	57,012
	150,000	57,012	-	-	-	-	-	207,012
Restricted								
Debt service	-	-	-	-	10,534,629	-	-	10,534,629
Culture and recreation	-	9,939,853	-	-	-	-	-	9,939,853
Community development	-	-	1,529,020	-	-	-	2,697,582	4,226,602
Public health and welfare	-	-	-	832,850	-	-	-	832,850
Highway and streets	-	-	-	-	-	-	9,138,256	9,138,256
	-	9,939,853	1,529,020	832,850	10,534,629	-	11,835,838	34,672,190
Assigned								
General government	-	-	-	-	-	-	195,561	195,561
Community development	-	-	-	-	-	2,442,678	159,670	2,602,348
Public health and welfare	-	-	-	-	-	-	209,679	209,679
	-	-	-	-	-	2,442,678	564,910	3,007,588
Unassigned								
	30,466,617	-	-	-	-	-	(10,262,963)	20,203,654
Total fund balances	\$ 30,616,617	\$ 9,996,865	\$ 1,529,020	\$ 832,850	\$ 10,534,629	\$ 2,442,678	\$ 2,137,785	\$ 58,090,444

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2017**

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, 2017:

GOVERNMENTAL ACTIVITIES

Capital assets - net of accumulated depreciation	\$ 312,895,545
Plus: Unamortized gain	1,181,188
Less capital related debt:	
General obligation bonds - net	(54,459,223)
Capital lease payable	<u>(13,195,517)</u>
Net investment in capital assets	<u><u>\$ 246,421,993</u></u>

BUSINESS-TYPE ACTIVITIES

Capital assets - net of accumulated depreciation	\$ 197,575,694
Plus: Unamortized loss on refunding	17,989
Less capital related debt:	
General obligation alternate bonds - net	(27,158,789)
IEPA loan	(27,558,040)
Capital lease payable	<u>(858,998)</u>
Net investment in capital assets	<u><u>\$ 142,017,856</u></u>

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2017**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

FUND BALANCE/NET POSITION – Continued

Net Position Classifications – Continued

Rockford Mass Transit District

Capital assets - net of accumulated depreciation	<u>\$ 20,561,758</u>
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Rockford Metropolitan Exposition, Auditorium and
Office Building

Capital assets - net of accumulated depreciation	\$ 24,337,164
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Less capital related debt:

Notes payable	<u>(742,738)</u>
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Net investment in capital assets	<u>\$ 23,594,426</u>
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NOTE 4 – OTHER INFORMATION

INDUSTRIAL DEVELOPMENT REVENUE BONDS

The City issued and has an estimated \$47,387,000 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, 2017**

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>2017</u>	<u>2016</u>
Unpaid claims - beginning	\$ 9,678,175	\$ 7,602,836
Current year claims and change in estimates	(273,983)	2,895,839
Claim payments	(215,000)	(820,500)
	<u>\$ 9,189,192</u>	<u>\$ 9,678,175</u>
Reported as:		
Claims and judgments payable	\$ 9,170,989	\$ 9,667,081
Accounts payable	18,293	11,094
	<u>\$ 9,189,282</u>	<u>\$ 9,678,175</u>

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2017**

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>2017</u>	<u>2016</u>
Unpaid claims - beginning	\$ 2,410,467	\$ 1,093,670
Current year claims and change in estimates	18,689,133	20,402,443
Claim payments	<u>(18,450,972)</u>	<u>(19,085,646)</u>
Unpaid claims - ending	<u>\$ 2,648,628</u>	<u>\$ 2,410,467</u>
Reported as:		
Claims and judgments payable	\$ 1,385,615	\$ 1,023,997
Accounts payable	<u>1,263,013</u>	<u>1,386,470</u>
	<u>\$ 2,648,628</u>	<u>\$ 2,410,467</u>

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2017**

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>2017</u>	<u>2016</u>
Unpaid claims - beginning	\$ 4,034,972	\$ 4,722,323
Current year claims and change in estimates	4,172,431	1,451,896
Claim payments	<u>(2,027,080)</u>	<u>(2,139,247)</u>
Unpaid claims - ending	<u>\$ 6,180,323</u>	<u>\$ 4,034,972</u>
Reported as:		
Claims and judgments payable	<u>\$ 6,180,323</u>	<u>\$ 4,034,972</u>

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements December 31, 2017

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, 2017**

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, 2017, the measurement date, the following employees were covered by the benefit terms:

Inactive plan members currently receiving benefits	660
Inactive plan members entitled to but not yet receiving benefits	366
Active plan members	<u>555</u>
Total	<u><u>1,581</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. For the year-ended December 31, 2017, the City’s annual contribution rate for calendar year 2016 was 12.03% of covered payroll.

Net Pension Liability. The City’s net pension liability was measured as of December 31, 2017. 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, 2017, 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	3.39% to 14.25%
Cost of living adjustments	2.50%
Inflation	2.50%

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2017**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Descriptions – Continued

Actuarial Assumptions – Continued. For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The 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 table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

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

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	27.00%	3.00%
Domestic Equities	38.00%	6.85%
International Equities	17.00%	6.75%
Real Estate	8.00%	5.75%
Blended	9.00%	2.65% - 7.35%
Cash and Cash Equivalents	1.00%	2.25%

Discount Rate

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

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2017**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension liability/(asset) to changes in the discount rate. The table below presents the net pension liability/(asset) of the City calculated using the discount rate as well as what the City’s net pension liability/(asset) 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/(asset)	\$ 27,879,731	\$ 2,618,605	\$ (18,203,373)

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2016	\$ 217,947,362	\$ 191,886,367	\$ 26,060,995
Changes for the year:			
Service cost	3,156,094	-	3,156,094
Interest on the total pension liability	16,020,465	-	16,020,465
Changes of benefit terms	-	-	-
Difference between expected and actual experience of the total pension liability	(1,521,059)	-	(1,521,059)
Changes of assumptions	(6,474,438)	-	(6,474,438)
Contributions - employer	-	3,635,202	(3,635,202)
Contributions - employees	-	1,419,910	(1,419,910)
Net investment income	-	34,399,841	(34,399,841)
Benefit payments, including refunds of employee contributions	(11,838,414)	(11,838,414)	-
Other (net transfer)	-	(4,831,501)	4,831,501
Net changes	(657,352)	22,785,038	(23,442,390)
Balances at December 31, 2017	<u>\$ 217,290,010</u>	<u>\$ 214,671,405</u>	<u>\$ 2,618,605</u>

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2017**

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

For the year ended December 31, 2017, the City recognized pension expense of \$7,050,793. At December 31, 2017, the City reported deferred outflows of 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	\$ 386,373	\$ (1,336,371)	\$ (949,998)
Change in assumptions	49,307	(5,029,371)	(4,980,064)
Net difference between projected and actual earnings on pension plan investments	6,320,833	(16,355,135)	(10,034,302)
Total deferred amounts related to IMRF	<u>\$ 6,756,513</u>	<u>\$ (22,720,877)</u>	<u>\$ (15,964,364)</u>

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

Fiscal Year	Net Deferred (Inflows) of Resources
2018	\$ (2,920,452)
2019	(3,284,825)
2020	(5,670,304)
2021	(4,088,783)
2022	-
Thereafter	-
Totals	<u>\$ (15,964,364)</u>

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2017**

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, 2017, the measurement date, membership consisted of the following:

Inactive plan members currently receiving benefits	288
Inactive plan members entitled to but not yet receiving benefits	50
Active plan members	<u>286</u>
Total	<u><u>624</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, 2017**

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 or 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, 2017, the City’s contribution was 35.91% 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 net plan position available for retirement benefits.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed, as of December 31, 2017, 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, 2017**

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 2018.

Discount Rate

The discount rate used to measure the total pension liability was 7.50%, the same as the prior year 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 net 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	\$ 157,916,735	\$ 119,222,690	\$ 84,674,435

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2017**

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, 2016	\$ 310,074,416	\$ 184,726,995	\$ 125,347,421
Changes for the year:			
Service cost	4,343,412	-	4,343,412
Interest on the total pension liability	22,952,822	-	22,952,822
Changes of benefit terms	207,706	-	207,706
Difference between expected and actual experience of the total pension liability	1,632,402	-	1,632,402
Changes of assumptions		-	-
Contributions - employer	-	8,038,300	(8,038,300)
Contributions - employees	-	2,427,659	(2,427,659)
Net investment income	-	25,069,628	(25,069,628)
Benefit payments, including refunds of employee contributions	(16,760,381)	(16,760,381)	-
Administrative expenses	-	(274,514)	274,514
Net changes	12,375,961	18,500,692	(6,124,731)
Balances at December 31, 2017	<u>\$ 322,450,377</u>	<u>\$ 203,227,687</u>	<u>\$ 119,222,690</u>

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2017**

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, 2017, the City recognized pension expense of \$7,239,460. At December 31, 2017, 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	\$ 173,088	\$ (1,387,517)	\$ (1,214,429)
Change in assumptions	2,080,343	(12,541,404)	(10,461,061)
Net difference between projected and actual earnings on pension plan investments	<u>4,816,257</u>	<u>(10,094,725)</u>	<u>(5,278,468)</u>
Total deferred amounts related to Police Pension Plan	<u>\$ 7,069,688</u>	<u>\$ (24,023,646)</u>	<u>\$ (16,953,958)</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/ (Inflows) of Resources
2018	\$ (4,203,362)
2019	(4,228,381)
2020	(6,861,710)
2021	(1,967,188)
2022	306,683
Thereafter	<u>-</u>
Totals	<u>\$ (16,953,958)</u>

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2017**

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, 2017, the measurement date, membership consisted of the following:

Inactive plan members currently receiving benefits	310
Inactive plan members entitled to but not yet receiving benefits	13
Active plan members	<u>278</u>
Total	<u><u>601</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, 2017**

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 or 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, 2017, the City’s contribution was 37.25% 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 net plan position available for retirement benefits.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed, as of December 31, 2017, 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, 2017**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Firefighters’ Pension Plan – Continued

Actuarial Assumptions – Continued

Mortality rates were based on the RP-2000 Healthy Mortality Table with a blue-collar adjustment, projected to 2018.

Discount Rate

The discount rate used to measure the total pension liability was 7.50%, 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 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 net 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	\$ 173,303,502	\$ 139,178,113	\$ 108,434,519

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2017**

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, 2016	\$ 300,546,667	\$ 159,642,803	\$ 140,903,864
Changes for the year:			
Service cost	4,997,293	-	4,997,293
Interest on the total pension liability	22,260,185	-	22,260,185
Changes of benefit terms	1,278,476	-	1,278,476
Difference between expected and actual experience of the total pension liability	(1,368,907)	-	(1,368,907)
Changes of assumptions		-	-
Contributions - employer	-	8,561,471	(8,561,471)
Contributions - employees	-	2,162,650	(2,162,650)
Net investment income	-	18,405,503	(18,405,503)
Benefit payments, including refunds of employee contributions	(17,482,902)	(17,482,902)	-
Administrative expenses	-	(236,826)	236,826
Net changes	9,684,145	11,409,896	(1,725,751)
Balances at December 31, 2017	<u>\$ 310,230,812</u>	<u>\$ 171,052,699</u>	<u>\$ 139,178,113</u>

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2017**

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, 2017, the City recognized pension expense of \$11,276,970. At December 31, 2017, 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	\$ 2,270,458	\$ (288,804)	\$ 1,981,654
Change in assumptions	818,577	(14,616,112)	(13,797,535)
Net difference between projected and actual earnings on pension plan investments	<u>4,664,826</u>	<u>(6,454,646)</u>	<u>(1,789,820)</u>
Total deferred amounts related to Firefighters' Pension Fund	<u>\$ 7,753,861</u>	<u>\$ (21,359,562)</u>	<u>\$ (13,605,701)</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
2018	\$ (2,268,593)
2019	(2,268,593)
2020	(4,638,843)
2021	(4,403,836)
2022	(12,919)
Thereafter	<u>(12,917)</u>
Totals	<u>\$ (13,605,701)</u>

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2017**

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

	Admin	ATU	IBEW	Total
Inactive plan members currently receiving benefits	29	82	22	133
Inactive plan members entitled to but not yet receiving benefits	16	58	9	83
Active plan members	10	28	8	46
Total	55	168	39	262

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, 2016 valuation is the basis for the contributions in fiscal year 2017. The Plan does not permit employees to make contributions.

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2017**

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, the most recent actuarial valuation, 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, 2017**

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 net 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	\$ 8,958,881	\$ 6,180,038	\$ 3,820,273

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at June 30, 2016	\$ 21,438,362	\$ 16,136,528	\$ 5,301,834
Changes for the year:			
Service cost	787,517	-	787,517
Interest on the total pension liability	1,473,546	-	1,473,546
Changes of benefit terms	-	-	-
Difference between expected and actual experience of the total pension liability	(13,037)	-	(13,037)
Changes of assumptions	-	-	-
Contributions - employer	-	1,606,608	(1,606,608)
Contributions - employees	-	(483,836)	483,836
Net investment income	-	316,672	(316,672)
Benefit payments, including refunds of employee contributions	(635,758)	(635,758)	-
Administrative expenses	-	(69,622)	69,622
Net changes	1,612,268	734,064	878,204
Balances at June 30, 2017	\$ 23,050,630	\$ 16,870,592	\$ 6,180,038

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2017**

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, 2017, the District recognized pension expense of \$1,522,880. At June 30, 2017, 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	\$ 505,549	\$ -	\$ 505,549
Net difference between projected and actual earnings on pension plan investments	1,153,892	-	1,153,892
Contributions made subsequent to measurement date	1,659,441	-	1,659,441
	1,400,000	-	1,400,000
Total deferred amounts related to Rockford Mass Transit District	<u>\$ 3,059,441</u>	<u>\$ -</u>	<u>\$ 3,059,441</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
2018	\$ 344,322
2019	344,322
2020	526,336
2021	370,411
2022	53,560
Thereafter	<u>20,490</u>
Totals	<u>\$ 1,659,441</u>

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2017**

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, 2017, retirees contributed approximately \$1,160,011. 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, 2017, membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them.	202
Active employees	<u>984</u>
	<u>1,186</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, 2017, 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
2015	\$ 1,988,686	\$ 1,046,533	52.62%	\$ 3,825,235
2016	1,976,332	1,130,255	57.19%	4,671,312
2017	2,420,340	1,160,011	47.93%	5,931,641

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2017**

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, 2017, was calculated as follows:

Annual required contributions	\$ 2,400,323
Interest on the NOPEBO	186,852
Adjustment to the ARC	<u>(166,835)</u>
Annual pension cost	2,420,340
Actual contribution	<u>1,160,011</u>
Change in the NOPEBO	1,260,329
NOPEBO - Beginning	<u>4,671,312</u>
NOPEBO - Ending	<u><u>\$ 5,931,641</u></u>

Funded Status and Funding in Process

The funded status of the plan as of December 31, 2017, was as follows:

Actuarial accrued liability (AAL)	\$ 28,624,939
Actuarial value of plan assets	\$ -
Unfunded actuarial accrued liability (UAAL)	\$ 28,624,939
Funded ratio (actuarial value of plan assets/AAL)	\$ -
Covered payroll (active plan members)	\$ 62,891,734
UAAL as a percentage of covered payroll	45.51%

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements December 31, 2017

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, 2017 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, 2017 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, 2017**

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

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

For fiscal year 2017, the District contributed \$98,342. 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, 2017 is as follow:

Annual required contributions	\$ 556,807
Interest on the NOPEBO	139,027
Adjustment to the ARC	<u>(137,493)</u>
Annual pension cost	558,341
Actual contribution	<u>98,341</u>
Change in the NOPEBO	460,000
NOPEBO - Beginning	<u>2,780,537</u>
NOPEBO - Ending	<u><u>\$ 3,240,537</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
2015	\$ 527,604	\$ 400,008	75.82%	\$ 2,293,392
2016	533,984	46,839	8.77%	2,780,537
2017	558,341	98,341	17.61%	3,240,537

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2017**

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, 2016, 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 8 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, 2016 was 30 years.

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2017**

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, 2017, amounted to \$23,859,781, of which \$157,353 (or 0.66%) was recorded as an expense during the year and \$157,353 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
 - Police Pension Fund
 - Firefighters' Pension Fund

- 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, 2017**

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)
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%
2017	-	28,624,939	0.00%	28,624,939	62,891,734	45.51%

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
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%
2017	1,160,011	2,400,323	48.33%

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, 2017**

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered 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%
2017	3,539,002	3,635,202	96,200	30,222,052	12.03%

Notes to the required supplementary information:

Actuarial cost method	Entry age normal
Amortization method	Level % pay (closed)
Remaining amortization period	26 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. Information for 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, 2017**

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered 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%
2017	8,190,838	8,038,300	(152,538)	22,382,387	35.91%

Notes to the required supplementary information:

Actuarial cost method	Projected unit credit
Amortization method	Level % pay (closed)
Remaining amortization period	23 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 2018

Note:

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

CITY OF ROCKFORD, ILLINOIS

Firefighters' Pension Fund

**Required Supplementary Information
Schedule of Employer Contributions
December 31, 2017**

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered 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%
2017	8,843,594	8,561,472	(282,122)	22,985,956	37.25%

Notes to the required supplementary information:

Actuarial cost method	Projected unit credit
Amortization method	Level % pay (closed)
Remaining amortization period	23 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 2018 using Scale AA

Note:

This schedule is intended to show information for ten years. Information for additional years 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, 2017

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

Note:

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

12/31/16	12/31/17
\$ 3,174,348	\$ 3,156,094
15,433,301	16,020,465
826,985	(1,521,059)
(499,056)	(6,474,438)
(11,457,195)	(11,838,414)
7,478,383	(657,352)
210,468,979	217,947,362
\$ 217,947,362	\$ 217,290,010

\$ 3,969,309	\$ 3,635,202
1,396,190	1,419,910
12,691,177	34,399,841
(11,457,195)	(11,838,414)
(146,028)	(4,831,501)
6,453,453	22,785,038
185,432,914	191,886,367
\$ 191,886,367	\$ 214,671,405

\$ 26,060,995	\$ 2,618,605
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88.04% 98.79%

\$ 30,338,661	\$ 30,222,052
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85.90% 8.66%

CITY OF ROCKFORD, ILLINOIS

Police Pension Fund

**Required Supplementary Information
Schedule of Changes in the Employer's Net Pension Liability
December 31, 2017**

	<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 payroll	\$ 21,186,652
Employer's net pension liability as a percentage of covered payroll	604.86%

Note:

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

12/31/15	12/31/2016	12/31/2017
\$ 4,421,464	\$ 4,874,986	\$ 4,343,412
20,815,822	21,732,057	22,952,822
(630,791)	(1,904,875)	207,706
1,856,861	(20,902,340)	1,632,402
(15,371,972)	(15,940,422)	(16,760,381)
11,091,384	(12,140,594)	12,375,961
311,123,626	322,215,010	310,074,416
\$ 322,215,010	\$ 310,074,416	\$ 322,450,377
\$ 6,252,516	\$ 7,838,429	\$ 8,038,300
2,130,613	2,315,398	2,427,659
1,422,144	13,597,337	25,069,628
(15,371,972)	(15,940,422)	(16,760,381)
(219,554)	(271,503)	(274,514)
(5,786,253)	7,539,239	18,500,692
182,974,009	177,187,756	184,726,995
\$ 177,187,756	\$ 184,726,995	\$ 203,227,687
\$ 145,027,254	\$ 125,347,421	\$ 119,222,690
54.99%	59.58%	63.03%
\$ 21,197,433	\$ 22,777,944	\$ 22,382,387
684.17%	550.30%	532.66%

CITY OF ROCKFORD, ILLINOIS

Firefighters' Pension Fund

**Required Supplementary Information
Schedule of Changes in the Employer's Net Pension Liability
December 31, 2017**

	<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 payroll	\$ 20,509,870
Employer's net pension liability as a percentage of covered payroll	674.33%

Note:

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

12/31/15	12/31/16	12/31/17
\$ 5,365,942	\$ 5,783,109	\$ 4,997,293
19,838,705	20,753,529	22,260,185
(598,236)	1,761,931	1,278,476
1,695,621	(20,164,146)	(1,368,907)
(16,135,612)	(16,712,080)	(17,482,902)
10,166,420	(8,577,657)	9,684,145
298,957,904	309,124,324	300,546,667
\$ 309,124,324	\$ 300,546,667	\$ 310,230,812
\$ 7,345,613	\$ 8,577,454	\$ 8,561,471
1,942,979	2,096,334	2,162,650
123,012	12,215,483	18,405,503
(16,135,612)	(16,712,080)	(17,482,902)
(191,306)	(272,587)	(236,826)
(6,915,314)	5,904,604	11,409,896
160,653,513	153,738,199	159,642,803
\$ 153,738,199	\$ 159,642,803	\$ 171,052,699
\$ 155,386,125	\$ 140,903,864	\$ 139,178,113
49.73%	53.12%	55.14%
\$ 20,783,575	\$ 21,896,671	\$ 22,985,956
747.64%	643.49%	605.49%

CITY OF ROCKFORD, ILLINOIS

Required Supplementary Information

Schedule of Investment Returns

December 31, 2017

Police Pension Fund

Fiscal Year	Annual Money- Weighted Rate of Return, Net of Investment Expense
2014	6.86%
2015	0.84%
2016	8.06%
2017	14.38%

Firefighters' Pension Fund

Fiscal Year	Annual Money- Weighted Rate of Return, Net of Investment Expense
2014	6.82%
2015	0.08%
2016	8.47%
2017	12.35%

Note:

This schedule is intended to show information for ten years. Information for 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, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 73,188,442	\$ 73,188,442	\$ 73,785,590	\$ 597,148
Licenses and permits	10,327,100	10,327,100	9,668,829	(658,271)
Intergovernmental	26,746,537	26,746,537	23,737,024	(3,009,513)
Charges for services	18,038,229	18,038,229	18,869,578	831,349
Fines	1,827,000	1,827,000	1,885,378	58,378
Interest	300,000	300,000	192,906	(107,094)
Miscellaneous	413,000	413,000	626,233	213,233
Total revenues	130,840,308	130,840,308	128,765,538	(2,074,770)
EXPENDITURES				
Current				
General government				
Mayor's office	752,646	752,646	768,770	(16,124)
City Council	536,973	526,973	510,144	16,829
Legal department	1,632,486	1,501,206	1,521,576	(20,370)
Finance office	5,313,022	5,313,022	5,303,898	9,124
Workforce investment board	546,023	546,023	522,624	23,399
Board of fire and police commission	277,113	237,113	228,884	8,229
Board of election	947,997	947,997	668,075	279,922
Personnel department	651,138	651,138	662,945	(11,807)
Mass transit subsidy	1,524,000	1,524,000	1,524,000	-
Total general government	12,181,398	12,000,118	11,710,916	289,202
Public safety				
Police department	54,501,457	55,037,114	54,638,394	398,720
Fire department	45,328,284	46,435,729	46,979,238	(543,509)
Public works - traffic	4,147,156	4,605,656	4,644,002	(38,346)
Construction and development services	1,106,337	1,033,717	1,167,375	(133,658)
Total public safety	105,083,234	107,112,216	107,429,009	(316,793)
Streets, alleys and bridges				
Administration	486,207	370,343	375,415	(5,072)
Engineering	664,876	644,636	579,652	64,984
Street and sewer	8,300,728	8,292,048	7,454,891	837,157
Total streets, alleys and bridges	9,451,811	9,307,027	8,409,958	897,069
Community development				
Administration	252,343	219,543	202,071	17,472
Construction and Development Services	610,466	520,466	506,198	14,268
Planning and zoning	2,110,485	2,105,485	3,196,355	(1,090,870)
Total community development	2,973,294	2,845,494	3,904,624	(1,059,130)
Total current	129,689,737	131,264,855	131,454,507	(189,652)
Capital outlay				
General government				
Board of election	25,000	25,000	-	25,000
Public safety				
Police department	565,000	-	314,625	(314,625)
Fire department	-	2,473,740	2,793,574	(319,834)
Public works - traffic	49,600	49,600	-	49,600
Total public safety	614,600	2,523,340	3,108,199	(584,859)
Streets, alleys and bridges				
Public works	-	-	109,810	(109,810)
Total capital outlay	639,600	2,548,340	3,218,009	(669,669)
Total expenditures	130,329,337	133,813,195	134,672,516	(859,321)
Excess (deficiency) of revenues over (under) expenditures	510,971	(2,972,887)	(5,906,978)	(2,934,091)
OTHER FINANCING SOURCES (USES)				
Debt issuance	-	-	1,020,330	1,020,330
Disposal of Capital Assets	1,100,000	1,100,000	1,147,500	47,500
Transfers in	3,559,946	3,559,946	3,559,946	-
Transfers out	(5,170,495)	(5,170,495)	(5,990,902)	(820,407)
	(510,549)	(510,549)	(263,126)	247,423
Net changes in fund balance	\$ 422	\$ (3,483,436)	(6,170,104)	\$ (2,686,668)
Fund balance - beginning			36,786,721	
Fund balance - ending			\$ 30,616,617	

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, 2017**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 7,380,000	\$ 7,380,000	\$ 7,310,888	\$ (69,112)
Intergovernmental	1,043,840	1,043,840	1,078,705	34,865
Charges for services	116,050	116,050	113,413	(2,637)
Fines	70,000	70,000	66,722	(3,278)
Interest	30,000	30,000	80,347	50,347
Miscellaneous	85,000	85,000	634,201	549,201
Total revenues	<u>8,724,890</u>	<u>8,724,890</u>	<u>9,284,276</u>	<u>559,386</u>
EXPENDITURES				
Current				
Culture and recreation	8,360,574	8,909,087	8,249,312	659,775
Capital Outlay				
Culture and recreation	80,316	765,338	784,809	(19,471)
Total expenditures	<u>8,440,890</u>	<u>9,674,425</u>	<u>9,034,121</u>	<u>640,304</u>
Excess (deficiency) of revenues over (under) expenditures	284,000	(949,535)	250,155	1,199,690
OTHER FINANCING (USES)				
Transfers out	<u>(244,000)</u>	<u>(244,000)</u>	<u>(197,491)</u>	<u>46,509</u>
Net changes in fund balance	<u>\$ 40,000</u>	<u>\$ (1,193,535)</u>	52,664	<u>\$ 1,246,199</u>
Fund balance - beginning			<u>9,944,201</u>	
Fund balance - ending			<u>\$ 9,996,865</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, 2017**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 3,005,979	\$ 1,792,447	\$ 3,363,582	\$ 1,571,135
Interest	-	-	34,428	34,428
Miscellaneous	45,000	45,000	128,569	83,569
Total revenues	<u>3,050,979</u>	<u>1,837,447</u>	<u>3,526,579</u>	<u>1,689,132</u>
EXPENDITURES				
Current				
Community development	<u>4,155,672</u>	<u>2,942,143</u>	<u>3,891,482</u>	<u>(949,339)</u>
Excess (deficiency) of revenues over (under) expenditures	(1,104,693)	(1,104,696)	(364,903)	739,793
OTHER FINANCING (USES)				
Transfers out	-	-	(884,246)	(884,246)
Net changes in fund balance	<u>\$ (1,104,693)</u>	<u>\$ (1,104,696)</u>	(1,249,149)	<u>\$ (144,453)</u>
Fund balance - beginning			<u>2,778,169</u>	
Fund balance - ending			<u>\$ 1,529,020</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, 2017**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 1,300,000	\$ 1,300,000	\$ 3,286,058	\$ 1,986,058
Intergovernmental	-	-	460,000	460,000
Interest	-	-	(63)	(63)
Miscellaneous	50,000	50,000	825,211	775,211
Total revenues	<u>1,350,000</u>	<u>1,350,000</u>	<u>4,571,206</u>	<u>3,221,206</u>
EXPENDITURES				
Debt service				
Principal payments	11,489,582	11,489,582	11,489,582	-
Interest and service fees	2,512,881	2,512,881	5,051,176	(2,538,295)
Total expenditures	<u>14,002,463</u>	<u>14,002,463</u>	<u>16,540,758</u>	<u>(2,538,295)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(12,652,463)</u>	<u>(12,652,463)</u>	<u>(11,969,552)</u>	<u>682,911</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,906,982	1,906,982	12,333,422	10,426,440
Transfers out	-	-	(50,648)	(50,648)
	<u>1,906,982</u>	<u>1,906,982</u>	<u>12,282,774</u>	<u>10,375,792</u>
Net changes in fund balance	<u>\$ (10,745,481)</u>	<u>\$ (10,745,481)</u>	313,222	<u>\$ 11,058,703</u>
Fund balance - beginning			<u>10,221,407</u>	
Fund balance - ending			<u>\$ 10,534,629</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, 2017**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 15,950,000	\$ 15,950,000	\$ 16,381,638	\$ 431,638
Intergovernmental	5,000,000	5,000,000	6,211,884	1,211,884
Interest	200,000	200,000	52,573	(147,427)
Miscellaneous	916,158	916,158	1,775,163	859,005
Total revenues	<u>22,066,158</u>	<u>22,066,158</u>	<u>24,421,258</u>	<u>2,355,100</u>
EXPENDITURES				
Current				
Streets, alleys and bridges	3,294,665	3,313,523	4,005,427	(691,904)
Debt service				
Interest and service fees	-	-	5,500	(5,500)
Capital outlay	24,499,035	24,499,035	29,874,134	(5,375,099)
Total expenditures	<u>27,793,700</u>	<u>27,812,558</u>	<u>33,885,061</u>	<u>(6,072,503)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,727,542)</u>	<u>(5,746,400)</u>	<u>(9,463,803)</u>	<u>(3,717,403)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	8,720,000	8,720,000	2,419,362	(6,300,638)
Transfers out	-	-	(136,006)	(136,006)
	<u>8,720,000</u>	<u>8,720,000</u>	<u>2,283,356</u>	<u>(6,436,644)</u>
Net changes in fund balance	<u>\$ 2,992,458</u>	<u>\$ 2,973,600</u>	<u>(7,180,447)</u>	<u>\$ (10,018,041)</u>
Fund balance - beginning			<u>9,623,125</u>	
Fund balance - ending			<u>\$ 2,442,678</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.
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

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.
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, 2017

See Following Page

CITY OF ROCKFORD, ILLINOIS

Nonmajor Governmental - Special Revenue Funds

Combining Balance Sheet

December 31, 2017

	Rockford Tuberculosis Care Center	Garbage and Refuse	Motor Fuel Tax	Redevelopment
ASSETS				
Cash and cash equivalents	\$ 181,469	\$ 161,571	\$ 9,129,020	\$ -
Receivables - net of allowances				
Property taxes	158,390	-	-	-
Accounts	-	764,560	-	511,727
Accrued interest	328	1,157	-	219
Due from Federal Government	-	-	-	-
Due from the State of Illinois	-	-	337,791	-
Due from other governmental units	-	-	-	-
	<hr/>			
Total assets	\$ 340,187	\$ 927,288	\$ 9,466,811	\$ 511,946
LIABILITIES				
Accounts and contracts payable	\$ -	\$ 767,618	\$ 328,555	\$ 151,290
Accrued payroll and benefits	-	-	-	-
Due to other funds	-	-	-	350,832
Total liabilities	-	767,618	328,555	502,122
DEFERRED INFLOWS OF RESOURCES				
Property taxes	157,885	-	-	-
Total liabilities and deferred inflows of recourses	157,885	767,618	328,555	502,122
FUND BALANCES				
Restricted for				
Community development	-	-	-	9,824
Highway and streets	-	-	9,138,256	-
Assigned for				
General government	-	-	-	-
Community development	-	159,670	-	-
Public health and welfare	182,302	-	-	-
Unassigned	-	-	-	-
Total fund balances	182,302	159,670	9,138,256	9,824
	<hr/>			
Total liabilities, deferred inflows of resources and fund balances	\$ 340,187	\$ 927,288	\$ 9,466,811	\$ 511,946

Tourism	Special Projects	RKFD Metro Agency for Planning	Veteran's Scholarship	Justice Assistance Grant	Flex Care
\$ 937,396	\$ -	\$ -	\$ 28,471	\$ -	\$ 195,811
-	-	-	-	-	-
156,069	8,667	-	-	-	-
1,363	313	(629)	41	-	-
-	-	410,336	-	220,647	-
-	-	-	-	-	-
-	-	20,275	-	-	-
\$ 1,094,828	\$ 8,980	\$ 429,982	\$ 28,512	\$ 220,647	\$ 195,811
\$ 111,066	\$ -	\$ 28,893	\$ -	\$ -	\$ 250
-	-	36,429	-	-	-
-	8,980	553,075	-	193,270	-
111,066	8,980	618,397	-	193,270	250
-	-	-	-	-	-
111,066	8,980	618,397	-	193,270	250
983,762	-	-	28,512	-	-
-	-	-	-	-	-
-	-	-	-	-	195,561
-	-	-	-	-	-
-	-	-	-	27,377	-
-	-	(188,415)	-	-	-
983,762	-	(188,415)	28,512	27,377	195,561
\$ 1,094,828	\$ 8,980	\$ 429,982	\$ 28,512	\$ 220,647	\$ 195,811

CITY OF ROCKFORD, ILLINOIS

Nonmajor Governmental - Special Revenue Funds

Combining Balance Sheet - Continued

December 31, 2017

	South Rockford	Lincolnwood Estates	Springfield Corners	Rockford Global Trade Park
ASSETS				
Cash and cash equivalents	\$ 74,163	\$ 14,180	\$ -	\$ -
Receivables - net of allowances				
Property taxes	123,788	53,739	199,177	946,620
Accounts	-	-	-	-
Accrued interest	116	35	(1,754)	(1,275)
Due from Federal Government	-	-	-	-
Due from the State of Illinois	-	-	-	-
Due from other governmental units	-	-	-	-
Total assets	\$ 198,067	\$ 67,954	\$ 197,423	\$ 945,345
LIABILITIES				
Accounts and contracts payable	\$ 34,241	\$ -	\$ -	\$ 163,622
Accrued payroll and benefits	-	-	-	-
Due to other funds	-	-	1,233,521	985,944
Total liabilities	34,241	-	1,233,521	1,149,566
DEFERRED INFLOWS OF RESOURCES				
Property taxes	123,788	53,739	199,178	946,620
Total liabilities and deferred inflows of recourses	158,029	53,739	1,432,699	2,096,186
FUND BALANCES				
Restricted for				
Community development	40,038	14,215	-	-
Highway and streets	-	-	-	-
Assigned for				
General government	-	-	-	-
Community development	-	-	-	-
Public health and welfare	-	-	-	-
Unassigned	-	-	(1,235,276)	(1,150,841)
Total fund balances	40,038	14,215	(1,235,276)	(1,150,841)
Total liabilities, deferred inflows of resources and fund balances	\$ 198,067	\$ 67,954	\$ 197,423	\$ 945,345

Tax Increment Financing Areas

North Main	Lincolnwood II	River Oaks	Garrison	Hope Six	Kishwaukee/Harrison	Jackson School
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 144,228	\$ -
40,972	39,017	24,505	-	133,691	40,056	32,429
-	-	-	103,362	-	-	-
(1,753)	(74)	(3,687)	(892)	(1,122)	208	(205)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
\$ 39,219	\$ 38,943	\$ 20,818	\$ 102,470	\$ 132,569	\$ 184,492	\$ 32,224
\$ -	\$ -	\$ -	\$ -	\$ 1,289	\$ 33,613	\$ -
-	-	-	-	-	-	-
1,232,690	39,595	2,628,984	618,370	793,933	-	144,896
1,232,690	39,595	2,628,984	618,370	795,222	33,613	144,896
40,972	39,017	24,505	103,362	133,692	40,057	32,428
1,273,662	78,612	2,653,489	721,732	928,914	73,670	177,324
-	-	-	-	-	110,822	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(1,234,443)	(39,669)	(2,632,671)	(619,262)	(796,345)	-	(145,100)
(1,234,443)	(39,669)	(2,632,671)	(619,262)	(796,345)	110,822	(145,100)
\$ 39,219	\$ 38,943	\$ 20,818	\$ 102,470	\$ 132,569	\$ 184,492	\$ 32,224

CITY OF ROCKFORD, ILLINOIS

Nonmajor Governmental - Special Revenue Funds

Combining Balance Sheet - Continued

December 31, 2017

	Preston/ Central	North Main and Auburn	East State and Alpine	West State and Central
ASSETS				
Cash and cash equivalents	\$ -	\$ 99	\$ 398,822	\$ -
Receivables - net of allowances				
Property taxes	79,931	26,356	115,117	-
Accounts	-	-	-	84,647
Accrued interest	(2,200)	-	710	(224)
Due from Federal Government	-	-	-	-
Due from the State of Illinois	-	-	-	-
Due from other governmental units	-	-	-	-
	<hr/>			
Total assets	\$ 77,731	\$ 26,455	\$ 514,649	\$ 84,423
<hr/>				
LIABILITIES				
Accounts and contracts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll and benefits	-	-	-	-
Due to other funds	1,533,999	-	-	164,902
Total liabilities	1,533,999	-	-	164,902
<hr/>				
DEFERRED INFLOWS OF RESOURCES				
Property taxes	79,931	26,356	115,117	84,647
Total liabilities and deferred inflows of recourses	1,613,930	26,356	115,117	249,549
<hr/>				
FUND BALANCES				
Restricted for				
Community development	-	99	399,532	-
Highway and streets	-	-	-	-
Assigned for				
General government	-	-	-	-
Community development	-	-	-	-
Public health and welfare	-	-	-	-
Unassigned	(1,536,199)	-	-	(165,126)
Total fund balances	(1,536,199)	99	399,532	(165,126)
<hr/>				
Total liabilities, deferred inflows of resources and fund balances	\$ 77,731	\$ 26,455	\$ 514,649	\$ 84,423
<hr/>				

Tax Increment Financing Areas						
West State and Kilburn	West Side II	Rockford Global Trade Park II	River North	North Main and Whitman	East River	
\$ 119,328	\$ 8,909	\$ 206,686	\$ 58,054	\$ -	\$ 27,247	
29,348	450	239,954	172,985	118,117	378,204	
-	-	-	-	-	-	
167	14	432	99	(775)	292	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
\$ 148,843	\$ 9,373	\$ 447,072	\$ 231,138	\$ 117,342	\$ 405,743	
\$ -	\$ 70	\$ -	\$ -	\$ -	\$ -	
-	-	-	-	-	-	
-	-	-	-	512,219	-	
-	70	-	-	512,219	-	
29,348	451	239,954	172,985	118,117	378,204	
29,348	521	239,954	172,985	630,336	378,204	
119,495	8,852	207,118	58,153	-	27,539	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	(512,994)	-	
119,495	8,852	207,118	58,153	(512,994)	27,539	
\$ 148,843	\$ 9,373	\$ 447,072	\$ 231,138	\$ 117,342	\$ 405,743	

CITY OF ROCKFORD, ILLINOIS

Nonmajor Governmental - Special Revenue Funds

Combining Balance Sheet - Continued

December 31, 2017

	Assisted Living	Midtown	Kishwaukee and Harrison II	Rockford Global Trade Park III
ASSETS				
Cash and cash equivalents	\$ 238	\$ 56,685	\$ 626	\$ -
Receivables - net of allowances				
Property taxes	-	20,273	-	32,364
Accounts	-	-	-	-
Accrued interest	-	82	-	8
Due from Federal Government	-	-	-	-
Due from the State of Illinois	-	-	-	-
Due from other governmental units	-	-	-	-
	<hr/>			
Total assets	\$ 238	\$ 77,040	\$ 626	\$ 32,372
<hr/>				
LIABILITIES				
Accounts and contracts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll and benefits	-	-	-	-
Due to other funds	-	-	-	6,630
Total liabilities	-	-	-	6,630
<hr/>				
DEFERRED INFLOWS OF RESOURCES				
Property taxes	-	20,273	-	32,364
Total liabilities and deferred inflows of recourses	-	20,273	-	38,994
<hr/>				
FUND BALANCES				
Restricted for				
Community development	238	56,767	626	-
Highway and streets	-	-	-	-
Assigned for				
General government	-	-	-	-
Community development	-	-	-	-
Public health and welfare	-	-	-	-
Unassigned	-	-	-	(6,622)
Total fund balances	238	56,767	626	(6,622)
<hr/>				
Total liabilities, deferred inflows of resources and fund balances	\$ 238	\$ 77,040	\$ 626	\$ 32,372
<hr/>				

Tax Increment Financing Areas					
Broadway	Rockford Global Trade Park South	Jefferson and Third Street	Mulford and State	Auburn Street	Totals
\$ 209,546	\$ 71,835	\$ 1,670	\$ 331,648	\$ 41,043	\$ 12,398,745
60,205	19,759	15,643	264,522	28,432	3,394,044
-	-	-	-	-	1,629,032
300	103	2	676	59	(7,866)
-	-	-	-	-	630,983
-	-	-	-	-	337,791
-	-	-	-	-	20,275
\$ 270,051	\$ 91,697	\$ 17,315	\$ 596,846	\$ 69,534	\$ 18,403,004
\$ -	\$ 754	\$ -	\$ 24,137	\$ -	\$ 1,645,398
-	-	-	-	-	36,429
-	-	-	-	-	11,001,840
-	754	-	24,137	-	12,683,667
60,204	19,760	15,643	264,523	28,432	3,581,552
60,204	20,514	15,643	288,660	28,432	16,265,219
209,847	71,183	1,672	308,186	41,102	2,697,582
-	-	-	-	-	9,138,256
-	-	-	-	-	195,561
-	-	-	-	-	159,670
-	-	-	-	-	209,679
-	-	-	-	-	(10,262,963)
209,847	71,183	1,672	308,186	41,102	2,137,785
\$ 270,051	\$ 91,697	\$ 17,315	\$ 596,846	\$ 69,534	\$ 18,403,004

(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, 2017**

	Rockford Tuberculosis Care Center	Garbage and Refuse	Motor Fuel Tax	Redevelopment
REVENUES				
Taxes	\$ 139,399	\$ -	\$ 3,899,217	\$ 4,588,156
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	270,000
Charges for services	-	12,175,492	-	1,007,253
Interest	1,837	14,404	155,884	7,001
Miscellaneous	-	8,876	-	570
Total revenues	<u>141,236</u>	<u>12,198,772</u>	<u>4,055,101</u>	<u>5,872,980</u>
EXPENDITURES				
Current				
Public safety	-	-	-	-
Community development	-	-	76,292	1,532,209
Sanitation and sewers	-	14,737,836	-	-
Public health and welfare	139,033	-	-	-
Debt service				
Principal payments	-	-	-	1,549,463
Interest and fiscal charges	-	-	-	64,748
Total expenditures	<u>139,033</u>	<u>14,737,836</u>	<u>76,292</u>	<u>3,146,420</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,203</u>	<u>(2,539,064)</u>	<u>3,978,809</u>	<u>2,726,560</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	710,479
Transfers out	-	-	(3,254,739)	(4,706,415)
	<u>-</u>	<u>-</u>	<u>(3,254,739)</u>	<u>(3,995,936)</u>
Net change in fund balances	2,203	(2,539,064)	724,070	(1,269,376)
Fund balances - beginning	<u>180,099</u>	<u>2,698,734</u>	<u>8,414,186</u>	<u>1,279,200</u>
Fund balances - ending	<u>\$ 182,302</u>	<u>\$ 159,670</u>	<u>\$ 9,138,256</u>	<u>\$ 9,824</u>

Tourism	Special Projects	RKFD Metro Agency for Planning	Veteran's Scholarship	Justice Assistance Grant	Flex Care
\$ 2,293,903	\$ -	\$ -	\$ -	\$ -	\$ -
-	76,838	-	-	-	-
-	-	1,165,756	-	(9,879)	-
-	-	97,794	-	-	-
7,387	1,660	(3,130)	288	-	-
-	-	-	-	-	-
2,301,290	78,498	1,260,420	288	(9,879)	-
-	-	-	-	68,795	-
1,614,031	-	1,464,874	3,000	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,614,031	-	1,464,874	3,000	68,795	-
687,259	78,498	(204,454)	(2,712)	(78,674)	-
-	-	-	-	-	-
(450,000)	(237,812)	(12,600)	-	-	-
(450,000)	(237,812)	(12,600)	-	-	-
237,259	(159,314)	(217,054)	(2,712)	(78,674)	-
746,503	159,314	28,639	31,224	106,051	195,561
\$ 983,762	\$ -	\$ (188,415)	\$ 28,512	\$ 27,377	\$ 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, 2017**

	South Rockford	Lincolnwood Estates	Springfield Corners	Rockford Global Trade Park
REVENUES				
Taxes	\$ 113,531	\$ 54,611	\$ 205,419	\$ 841,450
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Interest	509	313	(11,340)	(8,962)
Miscellaneous	-	-	29,361	11,356
Total revenues	<u>114,040</u>	<u>54,924</u>	<u>223,440</u>	<u>843,844</u>
EXPENDITURES				
Current				
Public safety	-	-	-	-
Community development	69,527	-	(1,400,000)	331,391
Sanitation and sewers	-	-	-	-
Public health and welfare	-	-	-	-
Debt service				
Principal payments	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>69,527</u>	<u>-</u>	<u>(1,400,000)</u>	<u>331,391</u>
Excess (deficiency) of revenues over (under) expenditures	<u>44,513</u>	<u>54,924</u>	<u>1,623,440</u>	<u>512,453</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(114,849)	(114,514)	(433,578)	(1,024,075)
	<u>(114,849)</u>	<u>(114,514)</u>	<u>(433,578)</u>	<u>(1,024,075)</u>
Net change in fund balances	(70,336)	(59,590)	1,189,862	(511,622)
Fund balances - beginning	<u>110,374</u>	<u>73,805</u>	<u>(2,425,138)</u>	<u>(639,219)</u>
Fund balances - ending	<u>\$ 40,038</u>	<u>\$ 14,215</u>	<u>\$ (1,235,276)</u>	<u>\$ (1,150,841)</u>

Tax Increment Financing Areas

	North Main	Lincolnwood II	River Oaks	Garrison	Hope Six	Kishwaukee/ Harrison	Jackson School
\$	39,968	\$ 40,589	\$ 23,469	\$ 105,498	\$ 138,601	\$ 39,918	\$ 30,288
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	(11,253)	(502)	(23,589)	(6,007)	(7,329)	1,117	(1,403)
	-	-	-	-	8,772	-	-
	28,715	40,087	(120)	99,491	140,044	41,035	28,885
	-	-	-	-	-	-	-
	-	3,433	-	-	-	33,613	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	3,433	-	-	-	33,613	-
	28,715	36,654	(120)	99,491	140,044	7,422	28,885
	-	17,232	-	10,749	-	-	-
	(172,524)	(60,981)	(346,801)	(136,363)	(259,719)	-	(41,000)
	(172,524)	(43,749)	(346,801)	(125,614)	(259,719)	-	(41,000)
	(143,809)	(7,095)	(346,921)	(26,123)	(119,675)	7,422	(12,115)
	(1,090,634)	(32,574)	(2,285,750)	(593,139)	(676,670)	103,400	(132,985)
\$	(1,234,443)	\$ (39,669)	\$ (2,632,671)	\$ (619,262)	\$ (796,345)	\$ 110,822	\$ (145,100)

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, 2017**

	Preston/ Central	North Main and Auburn	East State and Alpine	West State and Central
REVENUES				
Taxes	\$ 79,259	\$ 16,337	\$ 113,239	\$ 70,826
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Interest	(14,908)	(90)	4,020	-
Miscellaneous	359	-	-	-
Total revenues	<u>64,710</u>	<u>16,247</u>	<u>117,259</u>	<u>70,826</u>
EXPENDITURES				
Current				
Public safety	-	-	-	-
Community development	-	-	30,000	45,457
Sanitation and sewers	-	-	-	-
Public health and welfare	-	-	-	-
Debt service				
Principal payments	-	-	-	-
Interest and fiscal charges	-	-	-	1,812
Total expenditures	<u>-</u>	<u>-</u>	<u>30,000</u>	<u>47,269</u>
Excess (deficiency) of revenues over (under) expenditures	<u>64,710</u>	<u>16,247</u>	<u>87,259</u>	<u>23,557</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(77,656)	-	(113,081)	-
	<u>(77,656)</u>	<u>-</u>	<u>(113,081)</u>	<u>-</u>
Net change in fund balances	(12,946)	16,247	(25,822)	23,557
Fund balances - beginning	<u>(1,523,253)</u>	<u>(16,148)</u>	<u>425,354</u>	<u>(188,683)</u>
Fund balances - ending	<u>\$ (1,536,199)</u>	<u>\$ 99</u>	<u>\$ 399,532</u>	<u>\$ (165,126)</u>

Tax Increment Financing Areas					
West State and Kilburn	West Side II	Rockford Global Trade Park II	River North	North Main and Whitman	East River
\$ 15,786	\$ 809	\$ 239,845	\$ 109,816	\$ 137,589	\$ 326,552
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,031	105	2,107	111	-	(522)
-	-	-	-	34,277	-
16,817	914	241,952	109,927	171,866	326,030
-	-	-	-	-	-
-	3,205	385,722	47,082	-	270,240
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	5,735	-
-	3,205	385,722	47,082	5,735	270,240
16,817	(2,291)	(143,770)	62,845	166,131	55,790
-	-	148,464	-	-	-
-	-	-	(48,425)	(89,765)	(37,000)
-	-	148,464	(48,425)	(89,765)	(37,000)
16,817	(2,291)	4,694	14,420	76,366	18,790
102,678	11,143	202,424	43,733	(589,360)	8,749
\$ 119,495	\$ 8,852	\$ 207,118	\$ 58,153	\$ (512,994)	\$ 27,539

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, 2017**

	Assisted Living	Midtown	Kishwaukee and Harrison II	Rockford Global Trade Park III
REVENUES				
Taxes	\$ -	\$ 15,203	\$ -	\$ 29,853
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Interest	2	418	6	459
Miscellaneous	-	-	-	-
Total revenues	<u>2</u>	<u>15,621</u>	<u>6</u>	<u>30,312</u>
EXPENDITURES				
Current				
Public safety	-	-	-	-
Community development	-	47,162	-	3,093
Sanitation and sewers	-	-	-	-
Public health and welfare	-	-	-	-
Debt service				
Principal payments	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>-</u>	<u>47,162</u>	<u>-</u>	<u>3,093</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2</u>	<u>(31,541)</u>	<u>6</u>	<u>27,219</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	(148,464)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(148,464)</u>
Net change in fund balances	2	(31,541)	6	(121,245)
Fund balances - beginning	<u>236</u>	<u>88,308</u>	<u>620</u>	<u>114,623</u>
Fund balances - ending	<u>\$ 238</u>	<u>\$ 56,767</u>	<u>\$ 626</u>	<u>\$ (6,622)</u>

Tax Increment Financing Areas

Broadway	Rockford Global Trade Park South	Jefferson and Third Street	Mulford and State	Auburn Street	Totals
\$ 47,880	\$ 21,842	\$ 15,834	\$ 237,782	\$ 20,068	\$ 14,052,537
-	-	-	-	-	76,838
-	-	-	-	-	1,425,877
-	-	-	-	-	13,280,539
1,696	543	33	3,278	264	115,438
-	-	-	-	-	93,571
49,576	22,385	15,867	241,060	20,332	29,044,800
-	-	15,483	-	-	84,278
-	754	-	205,271	-	4,766,356
-	-	-	-	-	14,737,836
-	-	-	-	-	139,033
-	-	-	-	-	1,549,463
-	-	-	-	-	72,295
-	754	15,483	205,271	-	21,349,261
49,576	21,631	384	35,789	20,332	7,695,539
-	-	-	-	-	886,924
-	-	-	-	-	(11,880,361)
-	-	-	-	-	(10,993,437)
49,576	21,631	384	35,789	20,332	(3,297,898)
160,271	49,552	1,288	272,397	20,770	5,435,683
\$ 209,847	\$ 71,183	\$ 1,672	\$ 308,186	\$ 41,102	\$ 2,137,785

(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, 2017**

	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	\$ 148,500	\$ 148,500	\$ 139,399	\$ (9,101)	\$ 35,350	\$ 35,350	\$ -	\$ (35,350)
Charges for services	-	-	-	-	11,993,900	11,993,900	12,175,492	181,592
Interest	3,044	3,044	1,837	(1,207)	80,000	80,000	14,404	(65,596)
Miscellaneous	-	-	-	-	27,100	27,100	8,876	(18,224)
Total revenues	151,544	151,544	141,236	(10,308)	12,136,350	12,136,350	12,198,772	62,422
EXPENDITURES								
Current								
Sanitation and sewers	-	-	-	-	14,292,295	14,292,295	14,737,836	(445,541)
Public health and welfare	150,000	200,000	139,033	60,967	-	-	-	-
Total expenditures	150,000	200,000	139,033	60,967	14,292,295	14,292,295	14,737,836	(445,541)
Net change in fund balances	\$ 1,544	\$ (48,456)	2,203	\$ 50,659	\$ (2,155,945)	\$ (2,155,945)	(2,539,064)	\$ (383,119)
Fund balances - beginning			180,099				2,698,734	
Fund balances - ending			\$ 182,302				\$ 159,670	

(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, 2017**

	Motor Fuel Tax			Variance with Final Budget		Redevelopment			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	Positive (Negative)	Original Budget	Final Budget	Actual		
REVENUES									
Taxes									
Sales tax	\$ 4,000,000	\$ 4,000,000	\$ 3,899,217	\$ (100,783)	\$ 4,130,500	\$ 4,130,500	\$ 4,588,156	\$ 457,656	
Intergovernmental	20,000	20,000	-	(20,000)	270,000	270,000	270,000	-	
Charges for Services	-	-	-	-	-	-	1,007,253	1,007,253	
Interest	-	-	155,884	155,884	48,000	48,000	7,001	(40,999)	
Miscellaneous	-	-	-	-	-	-	570	570	
Total revenues	4,020,000	4,020,000	4,055,101	35,101	4,448,500	4,448,500	5,872,980	1,424,480	
EXPENDITURES									
Current									
Community development	76,300	76,300	76,292	8	1,461,679	1,664,604	1,532,209	132,395	
Debt service	-	-	-	-	291,835	291,835	1,549,463	(1,257,628)	
Principal payments	-	-	-	-	78,609	78,609	64,748	13,861	
Interest and fiscal charges	-	-	-	-	1,832,123	2,035,048	3,146,420	(1,111,372)	
Total expenditures	76,300	76,300	76,292	8	1,832,123	2,035,048	3,146,420	(1,111,372)	
Excess (deficiency) of revenues over (under) expenditures	3,943,700	3,943,700	3,978,809	35,109	2,616,377	2,413,452	2,726,560	313,108	
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	-	-	539,500	703,143	710,479	7,336	
Transfers out	(3,943,700)	(3,943,700)	(3,254,739)	688,961	(3,937,641)	(3,937,641)	(4,706,415)	(768,774)	
	(3,943,700)	(3,943,700)	(3,254,739)	688,961	(3,398,141)	(3,234,498)	(3,995,936)	(761,438)	
Net change in fund balances	\$ -	\$ -	724,070	\$ 724,070	\$ (781,764)	\$ (821,046)	(1,269,376)	\$ (448,330)	
Fund balances - beginning			8,414,186				1,279,200		
Fund balances - ending			\$ 9,138,256				\$ 9,824		

(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, 2017**

	Tourism			Special Projects			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	
REVENUES							
Taxes							
Sales tax	\$ 1,751,000	\$ 1,751,000	\$ 2,293,903	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	87,000	87,000	76,838	(10,162)
Interest	-	-	7,387	2,500	2,500	1,660	(840)
Total revenues	1,751,000	1,751,000	2,301,290	89,500	89,500	78,498	(11,002)
EXPENDITURES							
Current							
Community development	1,052,400	1,053,750	1,614,031	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	698,600	697,250	687,259	89,500	89,500	78,498	(11,002)
OTHER FINANCING (USES)							
Transfers out	(450,000)	(450,000)	(450,000)	(89,500)	(253,143)	(237,812)	15,331
Net change in fund balances	\$ 248,600	\$ 247,250	\$ 237,259	\$ -	\$ (163,643)	\$ (159,314)	\$ 4,329
Fund balances - beginning			746,503			159,314	
Fund balances - ending			\$ 983,762			\$ -	

(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, 2017**

	Tax Increment Financing Area South Rockford				Tax Increment Financing Area Lincolnwood Estates			
	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	\$ 118,878	\$ 118,878	\$ 113,531	\$ (5,347)	\$ 55,852	\$ 55,852	\$ 54,611	\$ (1,241)
Interest	-	-	509	509	1,112	1,112	313	(799)
Total revenues	118,878	118,878	114,040	(4,838)	56,964	56,964	54,924	(2,040)
EXPENDITURES								
Current								
Community development	33,496	33,496	69,527	(36,031)	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	85,382	85,382	44,513	(40,869)	56,964	56,964	54,924	(2,040)
OTHER FINANCING (USES)								
Transfers out	(306,750)	(306,750)	(114,849)	191,901	(112,156)	(112,156)	(114,514)	(2,358)
Net change in fund balances	\$ (221,368)	\$ (221,368)	\$ (70,336)	\$ 151,032	\$ (55,192)	\$ (55,192)	\$ (59,590)	\$ (4,398)
Fund balances - beginning			110,374				73,805	
Fund balances - ending			\$ 40,038				\$ 14,215	

(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, 2017**

	Tax Increment Financing Area Springfield Corners			Tax Increment Financing Area Rockford Global Trade Park			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	
REVENUES							
Taxes							
Property	\$ 210,472	\$ 210,472	\$ 205,419	\$ 910,400	\$ 910,400	\$ 841,450	\$ (68,950)
Interest	-	-	(11,340)	-	-	(8,962)	(8,962)
Miscellaneous	-	-	29,361	-	-	11,356	11,356
Total revenues	210,472	210,472	223,440	910,400	910,400	843,844	(66,556)
EXPENDITURES							
Current							
Community development	-	-	(1,400,000)	171,432	171,432	331,391	(159,959)
Debt service							
Interest and fiscal charges	11,129	11,129	-	7,928	7,928	-	7,928
Total expenditures	11,129	11,129	(1,400,000)	179,360	179,360	331,391	(152,031)
Excess (deficiency) of revenues over (under) expenditures	199,343	199,343	1,623,440	731,040	731,040	512,453	(218,587)
OTHER FINANCING (USES)							
Transfers out	(425,001)	(425,001)	(433,578)	(995,677)	(995,677)	(1,024,075)	(28,398)
Net change in fund balances	\$ (225,658)	\$ (225,658)	1,189,862	\$ 1,415,520	\$ (264,637)	(511,622)	\$ (246,985)
Fund balances - beginning			(2,425,138)			(639,219)	
Fund balances - ending			\$ (1,235,276)			\$ (1,150,841)	

(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, 2017**

	Tax Increment Financing Area North Main				Tax Increment Financing Area Lincolnwood II			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES								
Taxes								
Property	\$ 46,725	\$ 46,725	\$ 39,968	\$ (6,757)	\$ 39,659	\$ 39,659	\$ 40,589	\$ 930
Interest	-	-	(11,253)	(11,253)	-	-	(502)	(502)
Total revenues	46,725	46,725	28,715	(18,010)	39,659	39,659	40,087	428
EXPENDITURES								
Current								
Community development	-	-	-	-	-	-	3,433	(3,433)
Debt service								
Interest and fiscal charges	16,749	16,749	-	16,749	-	-	-	-
Total expenditures	16,749	16,749	-	16,749	-	-	3,433	(3,433)
Excess (deficiency) of revenues over (under) expenditures	29,976	29,976	28,715	(34,759)	39,659	39,659	36,654	3,861
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	17,232	17,232
Transfers out	(172,523)	(172,523)	(172,524)	(1)	(61,466)	(61,466)	(60,981)	485
	(172,523)	(172,523)	(172,524)	(1)	(61,466)	(61,466)	(43,749)	17,717
Net change in fund balances	<u>\$ (142,547)</u>	<u>\$ (142,547)</u>	<u>\$ (143,809)</u>	<u>\$ (34,760)</u>	<u>\$ (21,807)</u>	<u>\$ (21,807)</u>	<u>\$ (7,095)</u>	<u>\$ 21,578</u>
Fund balances - beginning			<u>(1,090,634)</u>				<u>(32,574)</u>	
Fund balances - ending			<u><u>\$ (1,234,443)</u></u>				<u><u>\$ (39,669)</u></u>	<u>(Continued)</u>

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, 2017**

	Tax Increment Financing Area River Oaks			Tax Increment Financing Area Garrison			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	
REVENUES							
Taxes							
Property	\$ 26,629	\$ 26,629	\$ 23,469	\$ 110,328	\$ 110,328	\$ 105,498	\$ (4,830)
Interest	-	-	(23,589)	-	-	(6,007)	(6,007)
Total revenues	26,629	26,629	(120)	110,328	110,328	99,491	(10,837)
EXPENDITURES							
Debt service							
Interest and fiscal charges	-	-	-	8,892	8,892	-	8,892
Excess (deficiency) of revenues over (under) expenditures	26,629	26,629	(120)	101,436	101,436	99,491	(1,945)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	10,749	10,749
Transfers out	(340,507)	(340,507)	(346,801)	(136,363)	(136,363)	(136,363)	-
	(340,507)	(340,507)	(346,801)	(136,363)	(136,363)	(125,614)	10,749
Net change in fund balances	\$ (313,878)	\$ (313,878)	\$ (346,921)	\$ (34,927)	\$ (34,927)	\$ (26,123)	\$ 8,804
Fund balances - beginning			(2,285,750)			(593,139)	
Fund balances - ending			\$ (2,632,671)			\$ (619,262)	

(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, 2017**

	Tax Increment Financing Area Hope Six			Tax Increment Financing Area Kishwaukee/Harrison			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	
REVENUES							
Taxes							
Property	\$ 142,995	\$ 142,995	\$ 138,601	\$ 40,577	\$ 40,577	\$ 39,918	\$ (659)
Interest	-	-	(7,329)	1,553	1,553	1,117	(436)
Miscellaneous	-	-	8,772	-	-	-	-
Total revenues	142,995	142,995	140,044	42,130	42,130	41,035	(1,095)
EXPENDITURES							
Current							
Community development	-	-	-	34,490	34,490	33,613	877
Debt service							
Interest and fiscal charges	10,120	10,120	-	-	-	-	-
Total expenditures	10,120	10,120	-	34,490	34,490	33,613	877
Excess (deficiency) of revenues over (under) expenditures	132,875	132,875	140,044	7,640	7,640	7,422	(218)
OTHER FINANCING (USES)							
Transfers out	(268,625)	(268,625)	(259,719)	-	-	-	-
Net change in fund balances	<u>(135,750)</u>	<u>(135,750)</u>	<u>(119,675)</u>	<u>7,640</u>	<u>7,640</u>	<u>7,422</u>	<u>(218)</u>
Fund balances - beginning			<u>(676,670)</u>			<u>103,400</u>	
Fund balances - ending			<u>\$ (796,345)</u>			<u>\$ 110,822</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, 2017**

	Tax Increment Financing Area Jackson School				Tax Increment Financing Area Preston/Central				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	\$ 40,577	\$ 40,577	\$ 30,288	\$ (10,289)	\$ 77,900	\$ 77,900	\$ 79,259	\$ 1,359	
Interest	1,553	1,553	(1,403)	(2,956)	-	-	(14,908)	(14,908)	
Miscellaneous	-	-	-	-	-	-	359	359	
Total revenues	42,130	42,130	28,885	(13,245)	77,900	77,900	64,710	(13,190)	
EXPENDITURES									
Debt service									
Interest and fiscal charges	-	-	-	-	22,838	22,838	-	22,838	
Excess (deficiency) of revenues over (under) expenditures	42,130	42,130	28,885	(13,245)	55,062	55,062	64,710	9,648	
OTHER FINANCING (USES)									
Transfers out	(34,490)	(34,490)	(41,000)	(6,510)	(82,863)	(82,863)	(77,656)	5,207	
Net change in fund balances	\$ 7,640	\$ 7,640	(12,115)	(19,755)	\$ (27,801)	\$ (27,801)	(12,946)	\$ 14,855	
Fund balances - beginning			(132,985)					(1,523,253)	
Fund balances - ending			\$ (145,100)					\$ (1,536,199)	(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, 2017**

	Tax Increment Financing Area North Main and Auburn				Tax Increment Financing Area East State and Alpine				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	\$ (2,810)	\$ (2,810)	\$ 16,337	\$ 19,147	\$ 115,800	\$ 115,800	\$ 113,239	\$ (2,561)	
Interest		-	(90)	(90)	4,129	4,129	4,020	(109)	
Total revenues	(2,810)	(2,810)	16,247	19,057	119,929	119,929	117,259	(2,670)	
EXPENDITURES									
Current									
Community development	-	-	-	-	70,000	70,000	30,000	40,000	
Excess (deficiency) of revenues over (under) expenditures	(2,810)	(2,810)	16,247	19,057	49,929	49,929	87,259	37,330	
OTHER FINANCING (USES)									
Transfers out	-	-	-	-	(20,000)	(20,000)	(113,081)	(93,081)	
Net change in fund balances	<u>\$ (2,810)</u>	<u>\$ (2,810)</u>	<u>\$ 16,247</u>	<u>\$ 19,057</u>	<u>\$ 29,929</u>	<u>\$ 29,929</u>	<u>\$ (25,822)</u>	<u>\$ (55,751)</u>	
Fund balances - beginning			(16,148)				425,354		
Fund balances - ending			<u>\$ 99</u>				<u>\$ 399,532</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, 2017**

	Tax Increment Financing Area West State and Central				Tax Increment Financing Area West State and Kilburn			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES								
Taxes								
Property	\$ 63,600	\$ 63,600	\$ 70,826	\$ 7,226	\$ 30,500	\$ 30,500	\$ 15,786	\$ (14,714)
Interest	-	-	-	-	2,267	2,267	1,031	(1,236)
Total revenues	<u>63,600</u>	<u>63,600</u>	<u>70,826</u>	<u>7,226</u>	<u>32,767</u>	<u>32,767</u>	<u>16,817</u>	<u>(15,950)</u>
EXPENDITURES								
Current								
Community development	40,000	40,000	45,457	(5,457)	-	-	-	-
Debt service								
Interest and fiscal charges	4,341	4,341	1,812	2,529	-	-	-	-
Total expenditures	<u>44,341</u>	<u>44,341</u>	<u>47,269</u>	<u>(2,928)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 19,259</u>	<u>\$ 19,259</u>	<u>\$ 23,557</u>	<u>\$ 4,298</u>	<u>\$ 32,767</u>	<u>\$ 32,767</u>	<u>\$ 16,817</u>	<u>\$ (15,950)</u>
Fund balances - beginning			<u>(188,683)</u>				<u>102,678</u>	
Fund balances - ending			<u>\$ (165,126)</u>				<u>\$ 119,495</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, 2017**

	Tax Increment Financing Area West Side II			Tax Increment Financing Area Rockford Global Trade Park II			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	
REVENUES							
Taxes							
Property	\$ 650	\$ 650	\$ 809	\$ 159	\$ 244,600	\$ 239,845	\$ (4,755)
Interest	198	198	105	(93)	3,025	2,107	(918)
Total revenues	848	848	914	66	247,625	241,952	(5,673)
EXPENDITURES							
Current							
Community development	-	-	3,205	(3,205)	389,972	385,722	4,250
Excess (deficiency) of revenues over (under) expenditures	848	848	(2,291)	(3,139)	(142,347)	(143,770)	(1,423)
OTHER FINANCING SOURCES							
Transfers in	-	-	-	-	-	148,464	148,464
Net change in fund balances	\$ 848	\$ 848	(2,291)	\$ (3,139)	\$ (142,347)	\$ 4,694	\$ 147,041
Fund balances - beginning			11,143			202,424	
Fund balances - ending			\$ 8,852			\$ 207,118	

(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, 2017**

	Tax Increment Financing Area				Tax Increment Financing Area				Variance with Final Budget Positive (Negative)
	River North		North Main and Whitman		River North		North Main and Whitman		
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	
REVENUES									
Taxes									
Property	\$ 56,851	\$ 56,851	\$ 109,816	\$ 52,965	\$ 140,718	\$ 140,718	\$ 137,589	\$ (3,129)	
Interest	4,667	4,667	111	(4,556)	-	-	-	-	
Miscellaneous	-	-	-	-	-	-	34,277	34,277	
Total revenues	61,518	61,518	109,927	48,409	140,718	140,718	171,866	31,148	
EXPENDITURES									
Current									
Community development	249,179	249,179	47,082	202,097	-	-	-	-	
Debt service									
Interest and fiscal charges	-	-	-	-	8,836	8,836	5,735	3,101	
Total expenditures	249,179	249,179	47,082	202,097	8,836	8,836	5,735	3,101	
Excess (deficiency) of revenues over (under) expenditures	(187,661)	(187,661)	62,845	250,506	131,882	131,882	166,131	34,249	
OTHER FINANCING (USES)									
Transfers out	(40,138)	(40,138)	(48,425)	(8,287)	(94,875)	(94,875)	(89,765)	5,110	
Net change in fund balances	\$ (227,799)	\$ (227,799)	14,420	242,219	\$ 37,007	\$ 37,007	76,366	\$ 39,359	
Fund balances - beginning			43,733				(589,360)		
Fund balances - ending			\$ 58,153				\$ (512,994)		

(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, 2017**

	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	\$ -	\$ -	\$ 326,552	\$ 326,552	\$ -	\$ -	\$ -	\$ -	-
Interest	338	338	(522)	(860)	4	4	2	2	(2)
Total revenues	338	338	326,030	325,692	4	4	2	2	(2)
EXPENDITURES									
Current									
Community development	71,056	71,056	270,240	(199,184)	-	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	(70,718)	(70,718)	55,790	126,508	4	4	2	2	(2)
OTHER FINANCING SOURCES (USES)									
Transfers in	298,332	298,332	-	(298,332)	-	-	-	-	-
Transfers out	(36,750)	(36,750)	(37,000)	(250)	-	-	-	-	-
	261,582	261,582	(37,000)	(298,582)	-	-	-	-	-
Net change in fund balances	\$ 190,864	\$ 190,864	18,790	(172,074)	\$ 4	\$ 4	2	\$ 2	(2)
Fund balances - beginning			8,749					236	
Fund balances - ending			\$ 27,539					\$ 238	

(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, 2017**

	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	
REVENUES						
Taxes						
Property	\$ 7,230	\$ 7,230	\$ 15,203	\$ 7,973	\$ -	\$ -
Interest	1,296	1,296	418	(878)	9	6
Total revenues	8,526	8,526	15,621	7,095	9	6
EXPENDITURES						
Current						
Community development	34,597	34,597	47,162	(12,565)	-	-
Net change in fund balances	<u>\$ (26,071)</u>	<u>\$ (26,071)</u>	<u>\$ (31,541)</u>	<u>\$ (5,470)</u>	<u>\$ 9</u>	<u>\$ 6</u>
Fund balances - beginning			<u>88,308</u>			<u>620</u>
Fund balances - ending			<u>\$ 56,767</u>			<u>\$ 626</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, 2017**

	Tax Increment Financing Area Rockford Global Trade Park III				Tax Increment Financing Area Broadway				
	Original Budget		Final Budget		Original Budget		Final Budget		
	Budget	Actual	(Negative)	Positive	Budget	Actual	(Negative)	Positive	
REVENUES									
Taxes									
Property	\$ 28,500	\$ 29,853	\$ 1,353	\$ 49,042	\$ 47,880	\$ (1,162)			
Interest	3,393	459	(2,934)	2,514	1,696	(818)			
Total revenues	31,893	30,312	(1,581)	51,556	49,576	(1,980)			
EXPENDITURES									
Current									
Community development	-	3,093	(3,093)	-	-	-			
Excess (deficiency) of revenues over (under) expenditures	31,893	27,219	(4,674)	51,556	49,576	(1,980)			
OTHER FINANCING (USES)									
Transfers out	(148,464)	(148,464)	-	-	-	-			
Net change in fund balances	<u>\$ (116,571)</u>	<u>\$ (121,245)</u>	<u>\$ (4,674)</u>	<u>\$ 51,556</u>	<u>\$ 49,576</u>	<u>\$ (1,980)</u>			
Fund balances - beginning		<u>114,623</u>			<u>160,271</u>				
Fund balances - ending		<u>\$ (6,622)</u>			<u>\$ 209,847</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, 2017**

	Tax Increment Financing Area Rockford Global Trade Park South			Tax Increment Financing Area Jefferson and Third Street		
	Original Budget	Final Budget	Actual	Variance with Final Budget		Final Budget Positive (Negative)
				Original Budget	Final Budget	
REVENUES						
Taxes						
Property	\$ 14,368	\$ 14,368	\$ 21,842	\$ 7,474	\$ 16,350	\$ 15,834
Interest	687	687	543	(144)	-	33
Total revenues	15,055	15,055	22,385	7,330	16,350	15,867
						(483)
EXPENDITURES						
Current						
Community development	-	-	754	(754)	16,033	15,483
Net change in fund balances	\$ 15,055	\$ 15,055	\$ 21,631	\$ 6,576	\$ 317	\$ 384
Fund balances - beginning			49,552			1,288
Fund balances - ending			\$ 71,183			\$ 1,672

(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, 2017**

	Tax Increment Financing Area Mulford and State				Tax Increment Financing Area Auburn 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	\$ 205,357	\$ 205,357	\$ 237,782	\$ 32,425	\$ 6,722	\$ 6,722	\$ 20,068	\$ 13,346
Interest	2,760	2,760	3,278	518	-	-	264	264
Total revenues	208,117	208,117	241,060	32,943	6,722	6,722	20,332	13,610
EXPENDITURES								
Current								
Community development	110,432	110,432	205,271	(94,839)	-	-	-	-
Net change in fund balances	\$ 97,685	\$ 97,685	35,789	\$(61,896)	\$ 6,722	\$ 6,722	20,332	\$ 13,610
Fund balances - beginning			272,397				20,770	
Fund balances - ending			\$ 308,186				\$ 41,102	(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, 2017**

	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	\$ 28,090,450	\$ 28,015,450	\$ 28,615,526	\$ 1,828,700	\$ 1,828,700	\$ 1,735,022	\$ (93,678)
Fines and penalties	220,000	300,000	293,780	534,000	534,000	25,096	(508,904)
Miscellaneous	42,000	37,000	34,611	-	-	22,119	22,119
Total operating revenues	<u>28,352,450</u>	<u>28,352,450</u>	<u>28,943,917</u>	<u>2,362,700</u>	<u>2,362,700</u>	<u>1,782,237</u>	<u>(580,463)</u>
OPERATING EXPENSES							
Salaries and benefits	6,274,282	6,101,782	5,775,965	254,791	273,991	276,024	(2,033)
Services	7,077,979	7,151,690	5,874,581	1,288,157	1,389,457	1,325,717	63,740
Supplies and materials	1,686,250	1,741,654	1,489,511	36,500	56,500	68,285	(11,785)
Depreciation	6,291,050	6,291,050	6,292,782	632,000	632,000	785,044	(153,044)
Charges from General Fund	2,434,347	2,434,347	2,434,347	195,337	195,337	195,337	-
Miscellaneous	-	-	-	2,200	9,600	10,592	(992)
Total operating expenses	<u>23,763,908</u>	<u>23,720,523</u>	<u>21,867,186</u>	<u>2,408,985</u>	<u>2,556,885</u>	<u>2,660,999</u>	<u>(104,114)</u>
Operating income (loss)	4,588,542	4,631,927	7,076,731	(46,285)	(194,185)	(878,762)	(684,577)
NONOPERATING REVENUES (EXPENSES)							
Interest received	200,000	200,000	194,656	11,100	11,100	(13,048)	(24,148)
Disposal of capital assets	-	-	(611,250)	-	-	-	-
Interest expense and service fees	(1,472,975)	(1,472,975)	(1,455,507)	(270,612)	(270,612)	(307,128)	(36,516)
Amortization expense	(18,500)	19,500	72,488	-	-	-	-
	<u>(1,291,475)</u>	<u>(1,253,475)</u>	<u>(1,799,613)</u>	<u>(259,512)</u>	<u>(259,512)</u>	<u>(320,176)</u>	<u>(60,664)</u>
Income (loss) before contributions and transfers	3,297,067	3,378,452	5,277,118	(305,797)	(453,697)	(1,198,938)	(745,241)
Contributions from developers	50,000	50,000	1,305,355	-	-	-	-
Transfers out	-	-	-	-	-	(60,000)	(60,000)
Changes in net position	<u>\$ 3,347,067</u>	<u>\$ 3,428,452</u>	<u>6,582,473</u>	<u>\$ (305,797)</u>	<u>\$ (453,697)</u>	<u>(1,258,938)</u>	<u>\$ (805,241)</u>
Net position - beginning			<u>143,381,738</u>			<u>13,021,289</u>	
Net position - ending			<u>\$ 149,964,211</u>			<u>\$ 11,762,351</u>	

INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other

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

CITY OF ROCKFORD, ILLINOIS

Combining Statement of Net Position - Internal Service Funds
December 31, 2017

	Central Garage	Building Maintenance	Central Stores	Illinois Municipal Retirement	Unemployment
ASSETS					
Current assets					
Cash and cash equivalents	\$ 524,152	\$ 720,508	\$ 429,480	\$ 483,836	\$ 853,364
Accounts receivable	486	1,487	641	406	1,249
Due from other governmental units	48,964	-	-	-	-
Inventories	273,515	-	-	-	-
Prepaid expenses	-	-	-	-	-
Total current assets	847,117	721,995	430,121	484,242	854,613
Noncurrent assets					
Capital assets					
Construction in progress	-	-	-	-	-
Buildings and improvements	218,245	4,297,372	-	-	-
Equipment	442,569	189,405	-	-	-
Improvements other than buildings	-	182,407	-	-	-
Less accumulated depreciation	(555,710)	(1,503,008)	-	-	-
Total noncurrent assets	105,104	3,166,176	-	-	-
Total assets	952,221	3,888,171	430,121	484,242	854,613
DEFERRED OUTFLOWS OF RESOURCES					
None					
Total assets and deferred outflows of recourses	952,221	3,888,171	430,121	484,242	854,613
LIABILITIES					
Current liabilities					
Accounts payable	213,920	337,095	9,145	275,339	22,117
Accrued payroll and benefits	28,303	28,478	11,145	129,191	-
Other payables	60,515	-	-	-	-
Compensated absences	17,064	18,107	12,715	-	-
Capital lease payable	15,305	154,537	-	-	-
Claims and judgments payable	-	-	-	-	-
Total current liabilities	335,107	538,217	33,005	404,530	22,117
Noncurrent liabilities					
Compensated absences	68,254	72,426	50,858	-	-
Capital lease payable	44,727	1,314,484	-	-	-
Claims and judgments payable	-	-	-	-	-
Total noncurrent liabilities	112,981	1,386,910	50,858	-	-
Total liabilities	448,088	1,925,127	83,863	404,530	22,117
DEFERRED INFLOWS OF RESOURCES					
None					
Total liabilities and deferred inflows of recourses	448,088	1,925,127	83,863	404,530	22,117
NET POSITION					
Net investment in capital assets	45,072	1,697,155	-	-	-
Unrestricted (deficit)	459,061	265,889	346,258	79,712	832,496
Net position	\$ 504,133	\$ 1,963,044	\$ 346,258	\$ 79,712	\$ 832,496

Workmens' Compensation	Auditing	Health Insurance	911 Communications	Risk Management	Information Systems	Totals
\$ 7,511,710	\$ 7,716	\$ 4,591,943	\$ 205,203	\$ 1,100,454	\$ 410,391	\$ 16,838,757
10,488	(116)	5,992	(79)	90,995	23,936	135,485
-	-	-	92,903	-	-	141,867
-	-	-	-	-	-	273,515
-	-	309,000	-	-	-	309,000
7,522,198	7,600	4,906,935	298,027	1,191,449	434,327	17,698,624
-	-	-	2,643	-	-	2,643
-	-	-	-	-	-	4,515,617
-	-	-	274,450	-	5,937,588	6,844,012
-	-	-	-	-	-	182,407
-	-	-	(124,160)	-	(4,658,311)	(6,841,189)
-	-	-	152,933	-	1,279,277	4,703,490
7,522,198	7,600	4,906,935	450,960	1,191,449	1,713,604	22,402,114
-	-	-	-	-	-	-
7,522,198	7,600	4,906,935	450,960	1,191,449	1,713,604	22,402,114
500	7,600	1,422,724	13,450	229,562	369,688	2,901,140
-	-	-	170,006	-	15,184	382,307
-	-	155,056	-	-	-	215,571
-	-	-	44,147	-	17,116	109,149
-	-	-	-	-	-	169,842
6,180,323	-	1,385,615	-	-	-	7,565,938
6,180,823	7,600	2,963,395	227,603	229,562	401,988	11,343,947
-	-	-	176,588	-	68,465	436,591
-	-	-	-	-	-	1,359,211
-	-	-	-	9,170,989	-	9,170,989
-	-	-	176,588	9,170,989	68,465	10,966,791
6,180,823	7,600	2,963,395	404,191	9,400,551	470,453	22,310,738
-	-	-	-	-	-	-
6,180,823	7,600	2,963,395	404,191	9,400,551	470,453	22,310,738
-	-	-	152,933	-	1,279,277	3,174,437
1,341,375	-	1,943,540	(106,164)	(8,209,102)	(36,126)	(3,083,061)
\$ 1,341,375	\$ -	\$ 1,943,540	\$ 46,769	\$ (8,209,102)	\$ 1,243,151	\$ 91,376

CITY OF ROCKFORD, ILLINOIS

**Combining Statement of Revenues, Expenses and Changes in Net Position - Internal Service Funds
For the Fiscal Year Ended December 31, 2017**

	Central Garage	Building Maintenance	Central Stores	Illinois Municipal Retirement	Unemployment
OPERATING REVENUES					
Charges for services	\$ 3,542,908	\$ 3,667,357	\$ 449,500	\$ 6,525,784	\$ 182,548
Intergovernmental	-	-	-	-	-
Miscellaneous	19,198	809	-	-	-
Total operating revenues	<u>3,562,106</u>	<u>3,668,166</u>	<u>449,500</u>	<u>6,525,784</u>	<u>182,548</u>
OPERATING EXPENSES					
Salaries and benefits	885,098	957,279	341,019	6,525,784	-
Services	635,656	1,242,114	49,759	307	30,892
Supplies and materials	1,665,584	341,161	28,658	-	-
Depreciation	26,964	320,379	-	-	-
Charges from General Fund	65,300	128,900	24,700	-	-
Miscellaneous	-	2,955	-	-	-
Total operating expenses	<u>3,278,602</u>	<u>2,992,788</u>	<u>444,136</u>	<u>6,526,091</u>	<u>30,892</u>
Operating income (loss)	<u>283,504</u>	<u>675,378</u>	<u>5,364</u>	<u>(307)</u>	<u>151,656</u>
NONOPERATING REVENUES (EXPENSES)					
Interest received	2,462	8,246	4,225	4,313	8,558
Interest expense	(2,967)	(55,153)	-	-	-
	<u>(505)</u>	<u>(46,907)</u>	<u>4,225</u>	<u>4,313</u>	<u>8,558</u>
Changes in net position	282,999	628,471	9,589	4,006	160,214
Net position - beginning	<u>221,134</u>	<u>1,334,573</u>	<u>336,669</u>	<u>75,706</u>	<u>672,282</u>
Net position - ending	<u>\$ 504,133</u>	<u>\$ 1,963,044</u>	<u>\$ 346,258</u>	<u>\$ 79,712</u>	<u>\$ 832,496</u>

Workmens' Compensation	Auditing	Health Insurance	911 Communications	Risk Management	Information Systems	Totals
\$ 3,074,959	\$ 140,624	\$ 19,281,011	\$ 4,393,969	\$ 2,905,492	\$ 3,622,559	\$ 47,786,711
-	-	-	972,016	-	-	972,016
6,567	-	493,961	-	280,155	-	800,690
3,081,526	140,624	19,774,972	5,365,985	3,185,647	3,622,559	49,559,417
-	-	-	5,051,927	-	540,791	14,301,898
4,420,631	140,520	20,840,952	283,905	1,384,415	2,705,998	31,735,149
98,500	-	29	26,197	-	324,843	2,484,972
-	-	-	3,955	-	231,661	582,959
-	-	1,263,240	-	430,900	38,300	1,951,340
-	-	-	-	-	-	2,955
4,519,131	140,520	22,104,221	5,365,984	1,815,315	3,841,593	51,059,273
(1,437,605)	104	(2,329,249)	1	1,370,332	(219,034)	(1,499,856)
66,819	(104)	59,653	(663)	6,145	4,382	164,036
-	-	-	-	-	-	(58,120)
66,819	(104)	59,653	(663)	6,145	4,382	105,916
(1,370,786)	-	(2,269,596)	(662)	1,376,477	(214,652)	(1,393,940)
2,712,161	-	4,213,136	47,431	(9,585,579)	1,457,803	1,485,316
\$ 1,341,375	\$ -	\$ 1,943,540	\$ 46,769	\$ (8,209,102)	\$ 1,243,151	\$ 91,376

CITY OF ROCKFORD, ILLINOIS

Combining Statement of Cash Flow - Internal Service Funds
For the Fiscal Year Ended December 31, 2017

	Central Garage	Building Maintenance	Central Stores	Illinois Municipal Retirement	Unemployment
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 3,534,042	\$ 3,667,102	\$ 449,465	\$ 6,526,192	\$ 182,346
Payments to suppliers	(2,617,408)	(1,961,699)	(159,468)	(6,558,234)	(43,826)
Payments to employees	(582,878)	(623,322)	(247,016)	-	-
Payments for internal services used	-	-	-	-	-
Payments to other funds	(65,300)	(128,900)	(24,700)	-	-
	<u>268,456</u>	<u>953,181</u>	<u>18,281</u>	<u>(32,042)</u>	<u>138,520</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Interest paid on capital debt	(2,967)	(55,153)	-	-	-
Principal paid on capital debt	(17,891)	(187,050)	-	-	-
Purchase of capital assets	-	(259,702)	-	-	-
	<u>(20,858)</u>	<u>(501,905)</u>	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	2,462	8,246	4,225	4,313	8,558
Net increase (decrease) in cash and cash equivalents	250,060	459,522	22,506	(27,729)	147,078
Cash and cash equivalents - beginning	274,092	260,986	406,974	511,565	706,286
Cash and cash equivalents - ending	<u>\$ 524,152</u>	<u>\$ 720,508</u>	<u>\$ 429,480</u>	<u>\$ 483,836</u>	<u>\$ 853,364</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES					
Operating income (loss)	\$ 283,504	\$ 675,378	\$ 5,364	\$ (307)	\$ 151,656
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities					
Depreciation expense	26,964	320,379	-	-	-
Increase (decrease) from changes in:					
Accounts receivable	(485)	(1,064)	(35)	408	(202)
Due from other governmental units	(27,898)	-	-	-	-
Inventories	319	-	-	-	-
Prepaid items	-	-	-	-	-
Accounts payable	14,466	185,725	6,184	(38,728)	(12,934)
Accrued payroll and benefits	(5,085)	4,113	(56,805)	6,585	-
Compensated absences	(23,329)	14,286	63,573	-	-
Due to other funds	-	(245,636)	-	-	-
Other liabilities	-	-	-	-	-
	<u>(15,048)</u>	<u>277,803</u>	<u>12,917</u>	<u>(31,735)</u>	<u>(13,136)</u>
Net cash provided by (used for) operating activities	<u>\$ 268,456</u>	<u>\$ 953,181</u>	<u>\$ 18,281</u>	<u>\$ (32,042)</u>	<u>\$ 138,520</u>

Workmens' Compensation	Auditing	Health Insurance	911 Communications	Risk Management	Information Systems	Totals
\$ 3,080,922	\$ 140,740	\$ 19,775,819	\$ 4,579,911	\$ 3,095,013	\$ 3,658,796	\$ 48,690,348
(2,409,985)	(217,870)	(20,625,155)	(1,843,936)	(1,761,805)	(3,230,891)	(41,430,277)
-	-	-	(3,652,162)	-	-	(5,105,378)
-	-	-	972,016	-	-	972,016
-	-	(1,263,240)	-	(430,900)	(38,300)	(1,951,340)
670,937	(77,130)	(2,112,576)	55,829	902,308	389,605	1,175,369
-	-	-	-	-	-	(58,120)
-	-	-	-	-	-	(204,941)
-	-	-	(2,643)	-	(268,798)	(531,143)
-	-	-	(2,643)	-	(268,798)	(794,204)
66,819	(104)	59,653	(663)	6,145	4,382	164,036
737,756	(77,234)	(2,052,923)	52,523	908,453	125,189	545,201
6,773,954	84,950	6,644,866	152,680	192,001	285,202	16,293,556
\$ 7,511,710	\$ 7,716	\$ 4,591,943	\$ 205,203	\$ 1,100,454	\$ 410,391	\$ 16,838,757
\$ (1,437,605)	\$ 104	\$ (2,329,249)	\$ 1	\$ 1,370,332	\$ (219,034)	\$ (1,499,856)
-	-	-	3,955	-	231,661	582,959
(604)	116	16,597	309	(90,634)	(2,063)	(77,657)
-	-	-	185,633	-	-	157,735
-	-	-	-	-	-	319
-	-	(15,750)	-	-	-	(15,750)
(36,205)	(77,350)	1,085,622	8,300	118,702	369,688	1,623,470
-	-	-	(18,493)	-	(76,228)	(145,913)
-	-	-	(123,876)	-	85,581	16,235
-	-	155,056	-	-	-	(90,580)
2,145,351	-	(1,024,852)	-	(496,092)	-	624,407
2,108,542	(77,234)	216,673	55,828	(468,024)	608,639	2,675,225
\$ 670,937	\$ (77,130)	\$ (2,112,576)	\$ 55,829	\$ 902,308	\$ 389,605	\$ 1,175,369

CITY OF ROCKFORD, ILLINOIS

Internal Service Funds

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended December 31, 2017**

	Central Garage			Variance with Final Budget		Building Maintenance			Variance with Final Budget	
	Original Budget	Final Budget	Actual	Positive (Negative)		Original Budget	Final Budget	Actual	Positive (Negative)	
OPERATING REVENUES										
Charges for services	\$ 3,275,860	\$ 3,275,860	\$ 3,542,908	\$ 267,048	\$ 3,580,678	\$ 3,312,366	\$ 3,667,357	\$ 354,991		
Miscellaneous	15,000	15,000	19,198	4,198	-	-	809	809		
Total operating revenues	3,290,860	3,290,860	3,562,106	271,246	3,580,678	3,312,366	3,668,166	355,800		
OPERATING EXPENSES										
Salaries and benefits	965,502	965,502	885,098	80,404	980,528	989,528	957,279	32,249		
Services	741,860	741,860	635,656	106,204	1,695,665	1,469,165	1,242,114	227,051		
Supplies and materials	1,420,960	1,420,960	1,665,584	(244,624)	353,700	298,700	341,161	(42,461)		
Depreciation	26,600	26,600	26,964	(364)	241,750	241,750	320,379	(78,629)		
Charges from General Fund	65,300	65,300	65,300	-	128,900	128,900	128,900	-		
Miscellaneous	-	-	-	-	8,700	8,700	2,955	5,745		
Total operating expenses	3,220,222	3,220,222	3,278,602	(58,380)	3,409,243	3,136,743	2,992,788	143,955		
Operating income	70,638	70,638	283,504	212,866	171,435	175,623	675,378	499,755		
NONOPERATING REVENUES (EXPENSES)										
Interest received	5,000	5,000	2,462	(2,538)	-	-	8,246	8,246		
Interest expense	(3,020)	(3,020)	(2,967)	53	(950)	(950)	(55,153)	(54,203)		
	1,980	1,980	(505)	(2,485)	(950)	(950)	(46,907)	(45,957)		
Changes in net position	\$ 72,618	\$ 72,618	\$ 282,999	\$ 210,381	\$ 170,485	\$ 174,673	\$ 628,471	\$ 453,798		
Net position - beginning			221,134				1,334,573			
Net position - ending			\$ 504,133				\$ 1,963,044			

(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, 2017**

	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	\$ 459,330	\$ 459,330	\$ 449,500	\$ (9,830)	\$ 7,061,810	\$ 7,061,810	\$ 6,525,784	\$ (536,026)	
OPERATING EXPENSES									
Salaries and benefits	341,808	341,808	341,019	789	7,061,510	7,061,510	6,525,784	535,726	
Services	61,320	61,320	49,759	11,561	300	300	307	(7)	
Supplies and materials	31,500	31,500	28,658	2,842	-	-	-	-	
Charges from General Fund	24,700	24,700	24,700	-	-	-	-	-	
Total operating expenses	459,328	459,328	444,136	15,192	7,061,810	7,061,810	6,526,091	535,719	
Operating income (loss)	2	2	5,364	5,362	-	-	(307)	(307)	
NONOPERATING REVENUES									
Interest received	-	-	4,225	4,225	10,000	10,000	4,313	(5,687)	
Charges in net position	\$ 2	\$ 2	9,589	9,587	\$ 10,000	\$ 10,000	4,006	(5,994)	
Net position - beginning			336,669				75,706		
Net position - ending			\$ 346,258				\$ 79,712	(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, 2017**

	Unemployment			Variance with Final Budget		Workmens' Compensation			Variance with Final Budget	
	Original Budget	Final Budget	Actual	Original Budget	(Negative)	Original Budget	Final Budget	Actual	Original Budget	(Negative)
OPERATING REVENUES										
Charges for services	\$ 169,740	\$ 169,740	\$ 182,548	\$ 12,808	\$ 2,589,887	\$ 2,589,887	\$ 3,074,959	\$ 485,072		
Miscellaneous	-	-	-	-	313,584	313,584	6,567	(307,017)		
Total operating revenues	169,740	169,740	182,548	12,808	2,903,471	2,903,471	3,081,526	178,055		
OPERATING EXPENSES										
Services	170,840	170,840	30,892	139,948	2,802,250	2,802,250	4,420,631	(1,618,381)		
Charges from General Fund	-	-	-	-	98,500	98,500	98,500	-		
Total operating expenses	170,840	170,840	30,892	139,948	2,900,750	2,900,750	4,519,131	(1,618,381)		
Operating income (loss)	(1,100)	(1,100)	151,656	152,756	2,721	2,721	(1,437,605)	(1,440,326)		
NONOPERATING REVENUES										
Interest received	13,400	13,400	8,558	(4,842)	15,000	15,000	66,819	51,819		
Changes in net position	\$ 12,300	\$ 12,300	\$ 160,214	\$ 147,914	\$ 17,721	\$ 17,721	\$ (1,370,786)	\$ (1,388,507)		
Net position - beginning			672,282				2,712,161			
Net position - ending			\$ 832,496				\$ 1,341,375			

(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, 2017**

	Audit			Health Insurance			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	
OPERATING REVENUES							
Charges for services	\$ 183,311	\$ 183,311	\$ 140,624	\$ 20,716,148	\$ 20,716,148	\$ 19,281,011	\$ (1,435,137)
Miscellaneous	-	-	-	(128,000)	(128,000)	493,961	621,961
Total operating revenues	183,311	183,311	140,624	20,588,148	20,588,148	19,774,972	(813,176)
OPERATING EXPENSES							
Services	183,311	183,311	140,520	40,814,305	40,774,305	20,840,952	19,933,353
Supplies and materials	-	-	-	6,000	6,000	29	5,971
Charges from General Fund	-	-	-	163,240	163,240	1,263,240	(1,100,000)
Total operating expenses	183,311	183,311	140,520	40,983,545	40,943,545	22,104,221	18,839,324
Operating income (loss)	-	-	104	(20,395,397)	(20,355,397)	(2,329,249)	18,026,148
NONOPERATING REVENUES							
Interest received	-	-	(104)	103,900	103,900	59,653	(44,247)
Changes in net position	\$ -	\$ -	\$ -	\$ (20,291,497)	\$ (20,251,497)	(2,269,596)	\$ 17,981,901
Net position - beginning	-	-	-	-	-	4,213,136	-
Net position - ending	\$ -	\$ -	\$ -	\$ 1,943,540	\$ 1,943,540	-	(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, 2017**

	911 Communication			Risk Management			
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
OPERATING REVENUES							
Charges for services	\$ 4,843,997	\$ 4,843,997	\$ 4,393,969	\$ 1,736,120	\$ 1,736,120	\$ 2,905,492	\$ 1,169,372
Intergovernmental	846,247	846,247	972,016	-	-	-	-
Miscellaneous	-	-	-	115,000	115,000	280,155	165,155
Total operating revenues	5,690,244	5,690,244	5,365,985	1,851,120	1,851,120	3,185,647	1,334,527
OPERATING EXPENSES							
Salaries and benefits	5,451,906	5,451,906	5,051,927	-	-	-	-
Services	242,340	242,340	283,905	2,541,850	2,541,850	1,384,415	1,157,435
Supplies and materials	15,250	15,250	26,197	-	-	-	-
Depreciation	-	3,955	3,955	-	-	-	-
Charges from General Fund	-	-	-	430,900	430,900	430,900	-
Total operating expenses	5,709,496	5,713,451	5,365,984	2,972,750	2,972,750	1,815,315	1,157,435
Operating income (loss)	(19,252)	(23,207)	1	(1,121,630)	(1,121,630)	1,370,332	2,491,962
NONOPERATING REVENUES (EXPENSES)							
Interest received	-	-	(663)	-	-	6,145	-
Transfer In	-	-	-	1,173,800	1,173,800	-	(1,173,800)
	-	-	(663)	1,173,800	1,173,800	6,145	(1,173,800)
Changes in net position	\$ (19,252)	\$ (23,207)	(662)	\$ 52,170	\$ 52,170	\$ 1,376,477	\$ 1,318,162
Net position - beginning			47,431			(9,585,579)	
Net position - ending			\$ 46,769			\$ (8,209,102)	

(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, 2017**

	Information System			Variance with
	Original Budget	Final Budget	Actual	Final Budget Positive (Negative)
OPERATING REVENUES				
Charges for services	\$ 3,721,263	\$ 3,721,263	\$ 3,622,559	\$ (98,704)
OPERATING EXPENSES				
Salaries and benefits	580,768	580,768	540,791	39,977
Services	2,484,985	2,509,985	2,705,998	(196,013)
Supplies and materials	91,000	91,000	324,843	(233,843)
Depreciation	328,000	328,000	231,661	96,339
Charges from Other Funds	38,300	38,300	38,300	-
Total operating expenses	3,523,053	3,548,053	3,841,593	(293,540)
Operating income (loss)	198,210	173,210	(219,034)	(392,244)
NONOPERATING REVENUES				
Interest received	-	-	4,382	4,382
Changes in net position	\$ 198,210	\$ 173,210	(214,652)	\$ (387,862)
Net position - beginning			1,457,803	
Net position - ending			\$ 1,243,151	(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, 2017**

	Police Pension	Firefighters' Pension	Totals
ASSETS			
Cash and cash equivalents	\$ 36,212,104	\$ 6,116,672	\$ 42,328,776
Investments - retirement plans			
U.S. Treasury Notes	6,211,192	20,164,659	26,375,851
U.S. Treasury Bonds	-	2,796,861	2,796,861
Government National Mortgage Association	-	647,736	647,736
Federal Home Loan Mortgage Corporation	2,893,204	3,376,186	6,269,390
Federal National Mortgage Association	3,875,411	6,138,370	10,013,781
Municipal Bonds	944,512	789,694	1,734,206
Corporate Bonds	17,736,150	18,895,317	36,631,467
Common Stocks	12,237,300	9,338,557	21,575,857
Hartford Annuity	-	206,337	206,337
Mutual Funds	115,868,583	94,887,663	210,756,246
Total investments	<u>159,766,352</u>	<u>157,241,380</u>	<u>317,007,732</u>
Accounts receivable - net of allowance			
Accrued interest receivable	216,891	353,375	570,266
Contributions receivables	7,099,477	7,496,146	14,595,623
Other	-	2,098	2,098
Total accounts receivable - net of allowance	<u>7,316,368</u>	<u>7,851,619</u>	<u>15,167,987</u>
Total assets	<u>203,294,824</u>	<u>171,209,671</u>	<u>374,504,495</u>
LIABILITIES			
Accrued liabilities	67,137	36,953	104,090
Due to other funds	-	120,019	120,019
Total liabilities	<u>67,137</u>	<u>156,972</u>	<u>224,109</u>
NET POSITION			
Net position restricted for pensions	<u>\$ 203,227,687</u>	<u>\$ 171,052,699</u>	<u>\$ 374,280,386</u>

CITY OF ROCKFORD, ILLINOIS

Pension Trust Funds

**Combining Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended December 31, 2017**

	Police Pension	Firefighters' Pension	Totals
ADDITIONS			
Contributions			
Employer	\$ 8,038,300	\$ 8,561,471	\$ 16,599,771
Plan member	2,427,659	2,162,650	4,590,309
Total contributions	10,465,959	10,724,121	21,190,080
Investment income			
Net appreciation in fair value of investments	21,268,052	14,643,438	35,911,490
Interest and dividend income	4,055,661	4,002,684	8,058,345
	25,323,713	18,646,122	43,969,835
Less investment expense	(254,085)	(240,619)	(494,704)
Net investment income	25,069,628	18,405,503	43,475,131
Total additions	35,535,587	29,129,624	64,665,211
DEDUCTIONS			
Pension benefits	16,690,903	17,429,746	34,120,649
Refunds of contributions	69,478	53,156	122,634
Administrative expense	274,514	236,826	511,340
Total deductions	17,034,895	17,719,728	34,754,623
Changes in fiduciary net position	18,500,692	11,409,896	29,910,588
Net position restricted for pensions - beginning	184,726,995	159,642,803	344,369,798
Net position restricted for pensions - ending	\$ 203,227,687	\$ 171,052,699	\$ 374,280,386

CITY OF ROCKFORD, ILLINOIS

Pension Trust Funds

**Schedule of Changes in Fiduciary Net Position - Budget and Actual
For the Fiscal Year Ended December 31, 2017**

	Police Pension			Firefighters' Pension			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	
ADDITIONS							
Contributions							
Employer	\$ 7,884,439	\$ 7,884,439	\$ 8,038,300	\$ 8,261,375	\$ 8,261,375	\$ 8,561,471	\$ 300,096
Plan member	2,029,200	2,029,200	2,427,659	1,885,900	1,885,900	2,162,650	276,750
Total contributions	9,913,639	9,913,639	10,465,959	10,147,275	10,147,275	10,724,121	576,846
Investment income							
Net appreciation in fair value of investments	5,000,000	5,000,000	21,268,052	2,000,000	2,000,000	14,643,438	12,643,438
Interest and dividend income	5,350,000	5,350,000	4,055,661	4,800,000	4,800,000	4,002,684	(797,316)
Less investment expense	10,350,000	10,350,000	25,323,713	6,800,000	6,800,000	18,646,122	11,846,122
Net investment income	(314,000)	(314,000)	(254,085)	(327,700)	(327,700)	(240,619)	87,081
Total additions	10,036,000	10,036,000	25,069,628	6,472,300	6,472,300	18,405,503	11,933,203
	19,949,639	19,949,639	35,535,587	16,619,575	16,619,575	29,129,624	12,510,049
DEDUCTIONS							
Pension benefits	16,366,098	16,366,098	16,690,903	17,225,576	17,225,576	17,429,746	(204,170)
Refunds of contributions	70,000	70,000	69,478	15,000	15,000	53,156	(38,156)
Administrative expense	183,806	183,806	274,514	146,863	146,863	236,826	(89,963)
Total deductions	16,619,904	16,619,904	17,034,895	17,387,439	17,387,439	17,719,728	(332,289)
Changes in fiduciary net position	\$ 3,329,735	\$ 3,329,735	18,500,692	\$ (767,864)	\$ (767,864)	11,409,896	\$ 12,177,760
Net position restricted for pensions Beginning			184,726,995			159,642,803	
Ending			\$ 203,227,687			\$ 171,052,699	

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-F8
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.	F9-F14
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.	F15-F21
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.	F22-F23
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.	F24-F29
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*
December 31, 2017 (Unaudited)

See Following Page

CITY OF ROCKFORD, ILLINOIS

**Net Position by Component - Last Ten Fiscal Years*
December 31, 2017 (Unaudited)**

	2008	2009	2010	2011
GOVERNMENTAL ACTIVITIES				
Net investment in capital assets	\$ 471,473,879	\$ 477,852,551	\$ 481,780,204	\$ 482,815,999
Restricted				
Capital projects	9,453,077	4,531,567	7,840,349	10,546,148
Debt service	6,443,154	5,437,870	5,717,798	5,437,035
Other purposes	11,735,813	13,258,097	16,504,779	18,103,293
Unrestricted (deficit)	(19,328,902)	(24,518,870)	(32,745,075)	(17,342,443)
Total governmental activities net position	479,777,021	476,561,215	479,098,055	499,560,032
BUSINESS-TYPE ACTIVITIES				
Net investment in capital assets	127,460,090	131,269,066	133,021,249	135,803,303
Restricted				
Capital projects	1,000,000	1,000,000	1,000,000	1,000,000
Debt service	3,836,269	4,661,406	5,041,923	5,424,356
Unrestricted (deficit)	653,493	(831,450)	2,708,215	3,652,612
Total business-type activities net position	132,949,852	136,099,022	141,771,387	145,880,271
Total net position	\$ 612,726,873	\$ 612,660,237	\$ 620,869,442	\$ 645,440,303
PRIMARY GOVERNMENT				
Net investment in capital assets	\$ 598,933,969	\$ 609,121,617	\$ 614,801,453	\$ 618,619,302
Restricted	32,468,313	28,888,940	36,104,849	40,510,832
Unrestricted (deficit)	(18,675,409)	(25,350,320)	(30,036,860)	(13,689,831)
Total net position	\$ 612,726,873	\$ 612,660,237	\$ 620,869,442	\$ 645,440,303

Data Source: City Records

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

2012	2013	2014	2015*	2016	2017
\$ 480,167,639	\$ 523,202,658	\$ 529,830,638	\$ 225,009,895	\$ 232,181,881	\$246,421,993
10,546,148	8,262,387	5,588,205	-	-	-
5,686,654	6,513,108	6,575,000	9,940,202	9,984,081	10,297,303
19,429,953	13,470,622	15,548,246	24,223,691	25,524,410	24,137,561
(3,338,207)	(3,428,056)	(965,343)	(281,214,840)	(294,263,674)	(315,835,681)
512,492,187	548,020,719	556,576,746	(22,041,052)	(26,573,302)	(34,978,824)
138,848,876	139,564,019	140,232,135	136,801,891	138,985,875	142,017,856
1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
5,452,243	5,334,283	5,187,576	5,040,258	3,734,747	3,493,867
3,559,349	3,387,821	3,425,953	8,525,774	12,682,405	15,214,839
148,860,468	149,286,123	149,845,664	151,367,923	156,403,027	161,726,562
\$ 661,352,655	\$ 697,306,842	\$ 706,422,410	\$ 129,326,871	\$ 129,829,725	\$ 126,747,738
\$ 619,016,515	\$ 662,766,677	\$ 670,062,773	\$ 361,811,786	\$ 371,167,756	\$ 388,439,849
42,114,998	34,580,400	33,899,027	40,204,151	40,243,238	38,928,731
221,142	(40,235)	2,460,610	(272,689,066)	(281,581,269)	(300,620,842)
\$ 661,352,655	\$ 697,306,842	\$ 706,422,410	\$ 129,326,871	\$ 129,829,725	\$ 126,747,738

CITY OF ROCKFORD, ILLINOIS

Changes in Net Position - Last Ten Fiscal Years*
December 31, 2017 (Unaudited)

	2008	2009	2010	2011	2012	2013	2014	2015*	2016	2017
EXPENSES										
Governmental activities:										
General government	\$ 15,005,594	\$ 14,561,840	\$ 13,297,890	\$ 11,074,142	\$ 11,993,604	\$ 13,134,269	\$ 13,264,913	\$ 18,051,570	\$ 21,300,763	\$ 18,138,188
Public safety	87,630,182	84,813,690	89,109,641	88,787,990	91,813,775	98,591,263	99,756,203	128,158,182	110,625,870	108,748,346
Streets, alleys and bridges	43,499,830	34,557,692	35,079,905	34,788,508	32,971,181	34,444,654	39,685,242	42,806,715	38,707,462	41,388,115
Community development	13,876,323	17,901,167	13,694,212	10,312,407	13,899,004	10,147,688	9,011,612	12,401,104	13,478,587	11,918,656
Sanitation and sewers	7,560,231	7,544,392	7,072,936	6,885,950	6,703,345	7,083,257	9,356,050	12,358,032	15,308,563	14,588,031
Culture and recreation	17,990,844	9,490,086	7,373,399	7,591,103	7,690,140	8,347,463	8,971,095	8,270,725	8,554,854	10,197,037
Public health and welfare	15,708,487	19,723,022	21,230,764	16,837,305	16,215,478	16,398,282	16,128,872	15,768,176	15,033,706	14,993,154
Interest and fiscal charges	5,689,763	4,716,887	5,290,071	4,910,952	4,783,229	3,913,461	3,451,326	4,270,103	4,093,321	4,093,321
	206,961,254	193,308,776	192,148,818	181,188,357	186,069,756	192,060,337	199,625,313	241,258,710	227,279,708	224,064,848
Business-type activities:										
Water	18,003,425	18,865,983	20,402,549	21,058,993	21,578,537	21,977,859	24,317,101	22,414,342	22,860,954	23,861,455
Parking	2,426,974	2,202,193	2,177,041	2,088,672	2,029,911	2,488,973	2,581,766	2,747,317	2,932,988	2,968,127
	20,430,399	21,068,176	22,579,590	23,147,665	23,608,448	24,466,832	26,898,867	25,161,659	25,793,942	26,829,582
Total expenses	\$ 227,391,653	\$ 214,376,952	\$ 214,728,408	\$ 204,336,022	\$ 209,678,204	\$ 216,527,169	\$ 226,524,180	\$ 266,420,369	\$ 253,073,650	\$ 250,894,430
PROGRAM REVENUES										
Governmental activities:										
Charges for services:										
General government	\$ 5,409,390	\$ 5,426,375	\$ 5,774,210	\$ 6,721,553	\$ 7,277,778	\$ 7,174,058	\$ 7,156,417	\$ 8,045,685	\$ 28,458,097	\$ 28,538,407
Public safety	7,917,191	9,435,382	9,130,719	10,013,940	9,512,944	9,116,701	9,362,142	10,525,495	-	1,885,378
Streets, alleys and bridges	4,255,227	4,873,914	5,291,149	5,518,115	5,032,043	5,551,095	5,843,446	6,569,562	-	-
Community development	552,012	436,500	337,749	855,001	910,398	1,002,188	1,007,366	1,132,543	227,441	1,181,885
Sanitation and sewers	6,796,053	6,745,535	8,568,067	8,540,308	9,288,182	9,188,324	11,338,644	12,747,602	12,708,453	12,175,492
Culture and recreation	217,851	250,261	204,514	187,201	177,017	169,912	173,796	198,765	122,831	180,135
Operating grants and contributions	21,562,828	29,288,219	29,807,880	26,038,343	25,819,764	22,637,706	21,686,554	29,023,324	31,665,946	24,578,758
Capital grants and contributions	763,307	2,000,666	2,837,398	8,343,151	4,790,309	3,657,891	8,141,162	14,124,360	10,072,753	6,211,884
	47,473,859	58,456,852	61,951,686	66,217,612	62,808,435	91,697,875	64,709,527	82,367,336	83,255,521	74,751,939
Business-type activities:										
Charges for services:										
Water	22,767,988	21,671,106	22,715,297	22,675,543	24,682,211	23,401,598	23,771,130	24,772,693	27,628,814	28,943,917
Parking	1,538,661	1,794,059	1,793,745	1,866,127	1,482,409	1,632,434	2,221,571	1,911,746	2,059,037	1,782,237
Capital grants and contributions	936,237	749,767	3,498,532	2,273,425	-	586,349	644,105	-	859,380	1,305,355
	25,262,886	24,214,932	28,007,574	26,815,095	26,164,620	25,620,381	26,636,806	26,684,439	30,547,231	32,031,509
Total program revenues	\$ 72,736,745	\$ 82,671,784	\$ 89,959,260	\$ 93,032,707	\$ 88,973,055	\$ 117,318,256	\$ 91,346,333	\$ 109,051,775	\$ 113,802,752	\$ 106,783,448

CITY OF ROCKFORD, ILLINOIS

Changes in Net Position - Last Ten Fiscal Years*
December 31, 2017 (Unaudited)

	2008	2009	2010	2011	2012	2013	2014	2015*	2016	2017
NET (EXPENSES) REVENUES										
Governmental activities	\$ (159,487,395)	\$ (134,851,924)	\$ (130,197,132)	\$ (114,970,745)	\$ (123,261,321)	\$ (100,362,462)	\$ (134,915,786)	\$ (158,891,374)	\$ (144,024,187)	\$ (149,312,909)
Business-type activities	4,832,487	3,146,756	5,427,984	3,667,430	2,556,172	1,153,549	(262,061)	1,522,780	4,753,289	5,201,927
Total net (expense) revenues	\$ (154,654,908)	\$ (131,705,168)	\$ (124,769,148)	\$ (111,303,315)	\$ (120,705,149)	\$ (99,208,913)	\$ (135,177,847)	\$ (157,368,594)	\$ (139,270,898)	\$ (144,110,982)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental activities:										
Taxes:										
Property taxes	\$ 55,712,310	\$ 58,379,104	\$ 58,784,815	\$ 59,851,344	\$ 60,064,811	\$ 60,194,938	\$ 59,593,973	\$ 59,557,696	\$ 59,518,930	\$ 58,210,507
Sales taxes	39,497,031	35,756,775	36,380,336	37,027,021	37,902,668	37,991,893	38,956,355	39,212,916	39,229,423	40,241,419
Other taxes	16,166,775	15,444,762	16,240,095	16,383,527	16,016,298	16,521,501	17,551,602	10,295,225	11,592,026	16,364,785
Income tax	14,193,822	12,201,422	11,736,930	11,978,090	14,741,571	14,741,571	14,477,198	16,529,806	14,686,440	13,888,264
Replacement tax	8,181,027	7,212,783	7,555,032	7,068,952	6,851,038	7,814,495	7,610,690	6,541,765	7,188,103	7,365,335
Unrestricted interest earnings	3,086,564	226,143	478,887	2,176,835	919,186	(2,822,026)	4,204,812	1,188,290	1,001,420	625,757
Miscellaneous	2,831,758	2,415,129	1,557,877	546,953	826,206	1,388,622	1,017,183	3,335,120	3,536,395	4,130,550
Transfers	-	-	-	400,000	60,000	60,000	60,000	60,000	60,000	60,000
Total governmental activities	139,669,287	131,636,118	132,733,972	135,432,722	136,193,476	135,890,994	143,471,813	136,720,818	136,812,737	140,886,617
Business-type activities:										
Unrestricted interest earnings	1,687,136	2,414	244,381	841,454	324,952	(667,894)	1,048,948	232,718	341,815	181,608
Miscellaneous	-	-	-	(400,000)	159,073	(60,000)	(167,346)	-	-	-
Transfers	-	-	-	(60,000)	(60,000)	(60,000)	(60,000)	(60,000)	(60,000)	(60,000)
Total business-type activities	1,687,136	2,414	244,381	441,454	424,025	(727,894)	821,602	172,718	281,815	121,608
Total primary government	\$ 141,356,423	\$ 131,638,532	\$ 132,978,353	\$ 135,874,176	\$ 136,617,501	\$ 135,163,100	\$ 144,293,415	\$ 136,893,536	\$ 137,094,552	\$ 141,008,225
CHANGE IN NET POSITION										
Governmental activities	\$ (19,818,108)	\$ (3,215,806)	\$ 2,536,840	\$ 20,461,977	\$ 12,932,155	\$ 35,528,532	\$ 8,556,027	\$ (22,170,556)	\$ (7,211,450)	\$ (8,426,292)
Business-type activities	6,519,623	3,149,170	5,672,365	4,108,884	2,980,197	425,655	559,541	1,695,498	5,035,104	5,323,535
Total primary government	\$ (13,298,485)	\$ (66,636)	\$ 8,209,205	\$ 24,570,861	\$ 15,912,352	\$ 35,954,187	\$ 9,115,568	\$ (20,475,058)	\$ (2,176,346)	\$ (3,102,757)

Data Source: City Records

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

CITY OF ROCKFORD, ILLINOIS

Fund Balances of Governmental Funds - Last Ten Fiscal Years

December 31, 2017 (Unaudited)

	2008	2009	2010	2011*
GENERAL FUND				
Reserved	\$ 1,392,085	\$ 195,966	\$ 98,892	\$ -
Unreserved	22,960,413	21,810,257	22,516,220	-
Assigned	-	-	-	43,094
Nonspendable	-	-	-	-
Unassigned	-	-	-	27,490,250
Total General Fund	<u>24,352,498</u>	<u>22,006,223</u>	<u>22,615,112</u>	<u>27,533,344</u>
ALL OTHER GOVERNMENTAL FUNDS				
Reserved	20,909,673	17,111,431	18,451,669	-
Unreserved, reported in				
Special Revenue Funds	6,384,419	11,376,328	14,015,070	-
Capital Project Funds	6,575,540	3,692,856	4,428,124	-
Debt Service Funds	-	-	-	-
Nonspendable	-	-	-	789,678
Restricted for:				
Capital projects	-	-	-	10,546,148
Debt service	-	-	-	5,437,035
Culture and recreation	-	-	-	6,519,138
Community development	-	-	-	2,550,317
Public health and welfare	-	-	-	612,290
Highway and streets	-	-	-	9,466,862
Assigned for:				
General government	-	-	-	163,915
Debt service	-	-	-	3,183,834
Community development	-	-	-	4,143,400
Public health and welfare	-	-	-	116,619
Highway and streets	-	-	-	5,574,040
Unassigned	-	-	-	(4,919,989)
Total all other governmental funds	<u>33,869,632</u>	<u>32,180,615</u>	<u>36,894,863</u>	<u>44,183,287</u>
Total all governmental funds	<u>\$58,222,130</u>	<u>\$54,186,838</u>	<u>\$59,509,975</u>	<u>\$71,716,631</u>

Data Source: City Records

*The City implemented GASB Statement No. 54 in fiscal year 2011.

2012	2013	2014	2015	2016	2017
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	150,000	150,000	150,000
32,168,324	34,420,681	35,567,463	37,525,349	36,636,721	30,466,617
32,168,324	34,420,681	35,567,463	37,675,349	36,786,721	30,616,617
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,104,145	958,107	870,116	798,679	437,466	57,012
12,924,115	8,262,387	5,588,205	-	-	-
5,686,654	6,513,108	6,575,000	10,177,528	10,221,407	10,534,629
7,835,329	8,353,738	9,289,998	10,069,963	9,944,201	9,939,853
2,161,179	3,469,457	4,744,767	5,598,346	6,566,114	4,226,602
716,785	713,529	667,574	532,752	599,909	832,850
9,673,378	9,478,114	11,704,798	8,022,630	8,414,186	9,138,256
151,980	180,582	192,988	195,561	195,561	195,561
2,522,003	2,195,329	4,062,585	-	-	-
5,041,069	4,849,350	4,134,143	4,266,523	12,350,498	2,602,348
148,211	111,807	159,297	216,535	286,150	209,679
5,641,805	2,068,634	-	-	-	-
(4,445,288)	(6,574,475)	(8,208,433)	(7,134,235)	(10,193,553)	(10,262,963)
49,161,365	40,579,667	39,781,038	32,744,282	38,821,939	27,473,827
\$81,329,689	\$75,000,348	\$75,348,501	\$70,419,631	\$75,608,660	\$58,090,444

CITY OF ROCKFORD, ILLINOIS

Changes in Fund Balances for Governmental Funds - Last Ten Fiscal Years
December 31, 2017 (Unaudited)

	2008	2009	2010	2011
REVENUES				
Taxes	\$109,752,102	\$107,955,951	\$108,786,155	\$111,577,708
Licenses and permits	4,147,741	3,483,059	4,594,725	4,406,169
Intergovernmental	52,145,651	60,433,907	62,059,049	62,495,106
Charges for services	12,988,688	14,385,440	16,744,784	18,076,762
Fines	1,884,847	1,788,890	1,647,241	1,559,476
Interest	2,895,335	232,371	431,036	1,785,330
Miscellaneous	2,831,758	2,415,129	1,557,877	587,768
Total revenues	186,646,122	190,694,747	195,820,867	200,488,319
EXPENDITURES				
Current:				
General government	14,547,784	14,043,280	12,905,125	10,961,941
Public safety	85,764,726	83,776,249	84,569,192	87,380,847
Streets, alleys and bridges	16,367,446	14,007,048	15,361,827	13,768,376
Community development	13,926,337	17,741,099	13,603,906	10,330,365
Sanitation and sewers	7,569,703	7,561,459	7,081,234	6,881,566
Culture and recreation	17,124,098	8,571,187	6,551,920	6,716,162
Public health and welfare	15,732,201	19,488,307	21,257,861	16,872,678
Debt service:				
Principal payments	11,110,852	9,113,764	9,416,768	14,411,960
Interest and fiscal charges	5,498,601	4,725,156	4,283,764	3,982,921
Capital outlay:				
General government	-	-	-	-
Public safety	1,426,569	288,374	650,472	313,903
Streets, alleys and bridges	15,658,632	21,641,741	14,655,878	15,629,085
Community development	44,331	-	31,626	-
Sanitation and sewers	-	-	-	-
Culture and recreation	3,890,876	516,677	58,388	1,431,859
Public health and welfare	147,661	239,927	275,660	-
Total expenditures	208,809,817	201,714,268	190,703,621	188,681,663
Excess (deficiencies) of revenues over (under) expenditures	(22,163,695)	(11,019,521)	5,117,246	11,806,656
OTHER FINANCING SOURCES (USES)				
Issuance of refunding bonds	-	17,325,000	-	-
Payment to escrow agent	-	(16,754,910)	-	-
Issuance of general obligation bonds	1,300,000	4,300,000	-	-
Issuance of capital leases	-	-	-	-
Issuance of promissory term note	-	2,000,000	205,891	-
Issuance of line of credit	-	-	-	-
Discount on debt issuance	(3,692)	(83,763)	-	-
Premium on debt issuance	-	197,902	-	-
Disposal of capital assets	-	-	-	-
Transfers in	13,765,252	17,304,330	12,329,937	18,165,736
Transfers out	(13,640,252)	(17,304,330)	(12,329,937)	(17,765,736)
	1,421,308	6,984,229	205,891	400,000
Net change in fund balances	\$ (20,742,387)	\$ (4,035,292)	\$ 5,323,137	\$ 12,206,656
Debt service as a percentage of noncapital expenditures	8.85%	7.73%	7.83%	10.74%

Data Source: City Records

2012	2013	2014	2015	2016	2017
\$112,169,125	\$112,374,801	\$113,009,795	\$109,065,837	\$110,340,379	\$114,816,711
4,650,908	4,195,722	5,292,806	7,836,475	7,182,358	9,745,667
60,326,767	60,350,268	59,115,907	68,003,443	63,613,242	52,044,241
21,121,354	22,384,977	24,559,244	30,134,940	33,077,083	32,263,530
1,661,996	1,330,341	1,223,737	1,248,237	1,257,381	1,952,100
728,812	(2,188,963)	3,118,977	914,998	726,080	461,721
826,206	1,388,622	1,017,183	1,550,932	3,536,395	4,130,550
201,485,168	199,835,768	207,337,649	218,754,862	219,732,918	215,414,520
11,867,343	12,424,299	12,452,533	11,152,236	11,597,842	11,710,916
90,632,349	92,936,457	92,695,209	98,615,052	101,937,283	107,513,287
13,385,427	13,293,105	15,068,708	21,094,419	16,202,782	12,415,385
14,156,925	10,181,731	8,886,067	12,368,519	13,341,542	12,562,462
8,909,767	9,859,179	12,012,277	12,358,032	14,398,829	14,737,836
6,870,954	7,443,243	7,954,777	7,348,771	8,554,854	8,249,312
16,402,620	16,348,317	15,857,443	15,627,543	15,033,706	15,947,170
8,870,514	14,109,960	10,640,814	13,148,479	12,040,963	13,039,045
3,500,558	3,056,098	3,455,713	3,425,850	4,220,590	5,128,971
-	-	-	1,124,980	-	-
5,083,271	5,518,861	5,891,123	-	-	-
17,439,699	25,568,840	24,884,980	41,979,220	36,633,253	33,876,952
-	55,666	-	-	-	-
-	-	-	-	-	-
500,307	5,756,123	3,415,845	375,570	-	-
28,715	253,537	164,218	-	-	-
197,648,449	216,805,416	213,379,707	238,618,671	233,961,644	235,181,336
3,836,719	(16,969,648)	(6,042,058)	(19,863,809)	(14,228,726)	(19,766,816)
7,735,000	-	29,590,000	14,874,939	5,400,000	-
(8,522,305)	-	(30,911,996)	-	(5,642,373)	-
-	-	5,420,000	-	14,770,000	-
5,837,061	10,580,307	4,016,223	-	4,515,600	1,020,330
-	-	-	-	-	-
445,000	-	-	-	-	-
(49,080)	-	(369,781)	-	-	-
270,663	-	1,085,765	-	314,528	-
-	-	-	-	-	1,147,500
13,532,961	15,692,707	16,501,125	23,124,325	19,852,700	19,199,654
(13,472,961)	(15,632,707)	(18,941,125)	(23,064,325)	(19,792,700)	(19,139,654)
5,776,339	10,640,307	6,390,211	14,934,939	19,417,755	2,227,830
\$ 9,613,058	\$ (6,329,341)	\$ 348,153	\$ (4,928,870)	\$ 5,189,029	\$ (17,538,986)
7.09%	9.56%	-11.01%	8.40%	7.68%	8.41%

CITY OF ROCKFORD, ILLINOIS

**Assessed Value and Actual Value of Taxable Property (000's Omitted) - Last Ten Tax Levy Years
December 31, 2017 (Unaudited)**

Tax Levy Year	Winnebago	
	Residential Property	Commercial Property
2008	\$ 1,414,810	\$ 507,079
2009	1,407,401	497,114
2010	1,353,879	482,095
2011	1,277,287	450,759
2012	1,147,712	407,632
2013	1,023,039	384,084
2014	939,243	365,518
2015	895,443	392,693
2016	897,083	394,345
2017	916,110	401,147

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

County		Ogle County	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Estimated Actual Value
Industrial Property	Other Property					
\$ 175,831	\$ 2,461	\$ -	\$ 2,100,181	2.53180	\$ 6,301,173	33.33%
175,716	2,569	-	2,082,800	2.56060	6,249,025	33.33%
170,089	2,932	-	2,008,995	2.71590	6,027,588	33.33%
160,585	2,902	-	1,891,533	2.90510	5,675,167	33.33%
150,299	3,410	124	1,708,929	3.28450	5,127,672	33.33%
141,101	3,618	124	1,551,718	3.55350	4,655,992	33.33%
143,010	4,132	122	1,451,781	3.79730	4,356,145	33.33%
145,896	4,477	122	1,438,387	3.87910	4,315,959	33.33%
146,506	5,246	122	1,443,058	3.83970	4,329,973	33.33%
150,748	5,021	122	1,472,904	3.76080	4,419,520	33.33%

CITY OF ROCKFORD, ILLINOIS

**Direct and Overlapping Property Tax Rates - Last Ten Tax Levy Years
December 31, 2017 (Unaudited)**

Tax Levy Year	City Direct Rates				Total Direct Tax Rate	Winnebago County
	General Fund	Library Special Revenue Fund	Debt Service Fund	Other Revenue Fund Funds		
2008	1.75100	0.32330	0.36540	0.09210	2.53180	0.78350
2009	1.88330	0.33090	0.33630	0.01010	2.56060	0.79340
2010	2.03510	0.35640	0.31560	0.00880	2.71590	0.82990
2011	2.21630	0.38600	0.29350	0.00930	2.90510	0.86760
2012	2.54980	0.44350	0.27970	0.01150	3.28450	0.94230
2013	2.79970	0.47240	0.26870	0.01270	3.55350	1.03290
2014	3.04320	0.50420	0.23630	0.01360	3.79730	1.08450
2015	3.16080	0.51960	0.18470	0.01400	3.87910	1.09840
2016	3.18710	0.51900	0.12370	0.00990	3.83970	1.08260
2017	3.18050	0.50910	0.06020	0.01100	3.76080	1.05870

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

Notes:

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

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

Overlapping Rates

Winnebago County Forest Preserve	Rockford Township	Rockford Park District	Rock River Water Reclamation	Greater Rockford Airport	Rockford School District	Rock Valley Community College
0.08590	0.19740	0.73190	0.12430	0.08900	5.45200	0.45780
0.08590	0.20090	0.74550	0.12680	0.09010	5.57650	0.45830
0.08980	0.20430	0.78690	0.13620	0.09540	6.01520	0.45030
0.09560	0.21680	0.84320	0.14690	0.09370	6.55950	0.45410
0.10720	0.23490	0.95220	0.16650	0.10240	6.68840	0.44770
0.11650	0.25870	1.05770	0.18560	0.10430	7.23010	0.46300
0.11990	0.28130	1.12860	0.21000	0.10630	7.78100	0.48230
0.12030	0.29360	1.16290	0.20750	0.10730	7.93790	0.48930
0.12070	0.29420	1.15440	0.20820	0.11030	7.80310	0.49270
0.11820	0.29240	1.13710	0.20400	0.11020	7.64960	0.50530

CITY OF ROCKFORD, ILLINOIS

**Principal Property Tax Payers - Current Fiscal Year and Nine Fiscal Years Ago
December 31, 2017 (Unaudited)**

Taxpayer	2017			2008		
	Equalized Value	Rank	Percentage of Total Equalized Value	Equalized Value	Rank	Percentage of Total Equalized Value
Greater Rockford Airport Authority	\$ 10,926,443	1	0.74%	\$ 8,282,460	4	0.39%
Lowes Homes Centers Inc.	9,328,832	2	0.63%	10,018,798	1	0.86%
Welsey Willows	7,234,150	3	0.49%			
Forest Plaza LLC	6,772,912	4	0.46%			
Walmart Stores INC	6,363,343	5	0.43%	11,361,739	2	0.54%
MB Rockford State LLC	3,955,940	6	0.27%	4,695,778	8	0.22%
Fairhaven Christian Home	3,506,998	7	0.24%			
Hamilton Sundstrand Corporation	3,437,890	8	0.23%	4,914,526	7	0.23%
Meijer	3,330,617	9	0.23%			
Rock River Valley Industrial Park	3,197,135	10	0.22%	4,201,558	10	0.20%
Simon Property Group				8,777,153	3	0.42%
Swedish American Hospital				6,312,774	5	0.30%
United Parcel Service Inc.				6,130,923	6	0.29%
WPH Rockford LLC				4,505,010	9	0.21%
Totals	<u>\$ 58,054,260</u>		<u>3.94%</u>	<u>\$ 69,200,719</u>		<u>3.66%</u>

Data Source: Winnebago County Collector's office.

CITY OF ROCKFORD, ILLINOIS

**Property Tax Levies and Collections - Last Ten Tax Levy Years
December 31, 2017 (Unaudited)**

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
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	54,137,076	99.14%	(68,339)	54,068,797	99.01%
2017	54,524,654	-	0.00%	-	-	0.00%

Data Source: City Records

Notes:

The tax levy extensions do not include tax increment financing districts or special service tax areas.

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.

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.

The 2017 levy will be collected in 2018.

CITY OF ROCKFORD, ILLINOIS

**Ratios of Outstanding Debt by Type - Last Ten Fiscal Years
December 31, 2017 (Unaudited)**

Fiscal Year	Governmental Activities						Lines of Credit
	General Obligation Bonds	Section 108 Guaranteed Loans	EPA Water Pollution Obligation	Promissory Term Note	Capital Leases		
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	
2017	67,814,223	3,115,000	-	-	13,195,517	-	

Data Source: City Records

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) See Schedule of Demographic and Economic Statistics for personal income and population data.

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 (1)	Per Capita (1)
\$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
19,383,870	7,774,919	27,558,040	858,998	-	139,700,567	2.36%	950

CITY OF ROCKFORD, ILLINOIS

**Ratios of General Bonded Debt Outstanding - Last Ten Fiscal Years
December 31, 2017 (Unaudited)**

Fiscal Year	Population (1)	Equalized Value (3)	Bond Principal (2)	Less: Debt Service	Net Bonded Debt	Ratio of Net Bonded Debt to Equalized Value	Net Bonded Debt Per Capita
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
2017	147,051	1,473,147,305	94,973,012	13,791,170	81,181,842	5.51%	552

Data Source: City Records

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

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

(2) Does not include general obligation bonds being funded by earnings of the Water Utility Fund or Water revenue bonds, and Water general obligation alternate bonds for long-term debt.

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

CITY OF ROCKFORD, ILLINOIS

**Schedule of Direct and Overlapping Bonded Debt
December 31, 2017 (Unaudited)**

Name of Governmental Unit	Total Debt Outstanding	(2) Percentage Applicable to City	City's Share of Debt
DIRECT			
City of Rockford, Illinois (1)	<u>\$ 96,537,271</u>	100.0%	<u>\$ 96,537,271</u>
OVERLAPPING			
Schools:			
School District #205	191,286,334	70.8%	135,430,724
School District #122	22,825,000	2.6%	588,885
School District #321	1,085,212	10.2%	110,692
School District #323	3,575,400	5.9%	210,949
Community College #511	<u>91,940,000</u>	60.1%	<u>55,292,716</u>
	<u>310,711,946</u>		<u>191,633,966</u>
Other units:			
Winnebago County	92,220,000	39.3%	36,242,460
Winnebago County Forest Preserve	2,559,090	39.3%	1,005,722
Rock River Water Reclamation District	34,410,000	58.5%	20,129,850
Greater Rockford Airport Authority	26,343,463	54.0%	14,225,470
Rockford Township	-	74.5%	-
Cherry Valley Township	-	41.3%	-
Owen Township	-	22.2%	-
Rockford Park District	39,860,000	70.1%	27,941,860
Rockford City Library District	-	100.0%	-
	<u>195,392,553</u>		<u>99,545,362</u>
Total overlapping debt	<u>506,104,499</u>		<u>291,179,328</u>
Total direct and overlapping debt	<u>\$ 602,641,770</u>		<u>\$ 387,716,599</u>

Data Source: Information on overlapping debt obtained from Winnebago County.

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 the City to value of property.

CITY OF ROCKFORD, ILLINOIS

**Legal Debt Margin - Last Ten Fiscal Years
December 31, 2017 (Unaudited)**

LEGAL DEBT MARGIN CALCULATION FOR THE FISCAL YEAR 2017

Assessed value	<u>\$ 1,473,147,305</u>
Debt limit - State (8.625% of assessed value)	<u>127,058,955</u>
Debt limit - City (80% of the State limit)	<u>101,647,164</u>
Debt applicable to limit:	
General obligation bonds	1,285,000
Lease/purchase agreements	<u>13,195,517</u>
Total amount of debt applicable to debt limit	<u>14,480,517</u>
Legal debt margin	<u>\$ 87,166,647</u>

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Debt limit	\$ 144,912,521	143,713,177	\$ 138,620,682	\$ 130,515,792
Total net debt applicable to limit	<u>63,600,000</u>	<u>63,735,000</u>	<u>51,882,980</u>	<u>31,216,600</u>
Legal debt margin	<u>\$ 81,312,521</u>	<u>79,978,177</u>	<u>\$ 86,737,702</u>	<u>\$ 99,299,192</u>
Total net debt applicable to the limit as a percentage of debt limit	43.89%	44.35%	37.43%	23.92%

Data Source: City Records

2012	2013	2014	2015	2016	2017
\$ 117,924,647	\$ 107,085,650	\$ 100,189,839	\$ 99,265,017	\$ 99,587,826	\$ 101,647,164
37,665,933	30,531,182	27,828,738	25,393,359	20,204,254	14,480,517
\$ 80,258,714	\$ 76,554,468	\$ 72,361,101	\$ 73,871,658	\$ 79,383,572	\$ 87,166,647
31.94%	28.51%	27.78%	25.58%	20.29%	14.25%

CITY OF ROCKFORD, ILLINOIS

**Pledged-Revenue Coverage - Last Ten Fiscal Years
December 31, 2017 (Unaudited)**

Fiscal Year	Water Service Charges	Less: Operating Expenses	Net Revenue Available for Debt Service	Debt Service		Total	Coverage
				Principal	Interest		
Water Utility Fund							
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	3,175,000	1,595,786	4,770,786	1.34%
2017	28,615,526	21,867,186	6,748,340	2,130,000	1,433,182	3,563,182	1.89%

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 December 31, 2017 (Unaudited)

Fiscal Year	Population (1)	Personal Income (Thousands of dollars) (3)	Per Capita Personal Income (2)	Unemployment Rate (4)
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%
2017	147,051	5,919,391	40,254	6.40%

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 Fiscal Year and Nine Fiscal Years Ago
December 31, 2017 (Unaudited)**

Taxpayer	2017			2008		
	Employees (1)	Rank	Percentage of Total City Employment	Employees (2)	Rank	Percentage of Total City Employment
Fiat Chrysler Automobiles	5,152	1	3.33%	2,600	3	1.62%
Mercyhealth/Rockford Health	4,000	2	2.59%	2,500	4	1.56%
Rockford Public Schools	3,713	3	2.40%	4,800	1	2.99%
SwedishAmerican Health System	3,359	4	2.17%	2,600	2	1.62%
OSF Healthcare	2,800	5	1.81%	2,000	6	1.25%
UPS	2,379	6	1.54%	2,000	7	1.25%
UTC Aerospace Systems	2,200	7	1.42%	2,200	5	1.37%
Woodward	1,900	8	1.23%			
PCI - Packaging Coordinators Inc	1,800	9	1.16%			
Wal-Mart Stores	1,471	10	0.95%			
Winnebago County				1,602	8	1.00%
Amcore Finanacial				1,600	9	1.00%
City of Rockford				1,210	10	0.75%
Totals	<u>28,774</u>		<u>18.60%</u>	<u>23,112</u>		<u>14.41%</u>
Total employment in the Rockford MSA	<u>154,729</u>			<u>160,400</u>		

Note:

(1) Data Source: Rockford Area Economic and Development Council

(2) Based on March 2008 telephone canvass of employers

CITY OF ROCKFORD, ILLINOIS

**Full-Time Equivalent Government Employees by Function/Program - Last Ten Fiscal Years
December 31, 2017 (Unaudited)**

See Following Page

CITY OF ROCKFORD, ILLINOIS

**Full-Time Equivalent Government Employees by Function/Program - Last Ten Fiscal Years
December 31, 2017 (Unaudited)**

Function/Program	2008	2009	2010	2011
General government:				
Mayor's office	8.0	8.0	6.0	5.0
Legal department	20.0	20.0	17.0	12.0
Finance office	33.0	32.0	31.0	30.0
Information technology	10.0	8.0	6.0	6.0
Human resources	7.0	7.0	6.0	5.0
Public safety				
Police department				
Officers	305.0	295.0	282.0	282.0
Civilians	33.0	28.0	36.0	36.0
Fire department	282.0	282.0	282.0	278.0
911	53.0	53.0	53.0	53.0
Public works - traffic	18.0	12.5	13.0	11.0
Construction services	19.0	25.0	18.0	15.0
Streets, alleys and bridges				
Administration	6.5	4.5	4.0	2.0
Engineering	4.5	10.0	7.5	5.5
Capital Projects	16.0	16.0	17.2	18.5
Street and sewer maintenance	39.5	40.0	38.0	32.0
Property and equipment	28.0	27.0	27.0	24.0
Community development				
Administration	2.0	2.0	1.5	1.5
Development	9.0	8.0	7.0	8.0
Planning	11.0	6.0	5.3	4.3
Code enforcement	13.0	13.0	12.2	10.2
Sanitation and sewers				
Public works - sewers	3.0	-	-	-
Culture and recreation				
Library	109.0	115.0	82.0	84.5
Public health and welfare	92.5	91.0	97.9	99.0
Parking	9.0	9.0	8.5	8.5
Water	76.0	75.0	77.0	72.0
Totals	<u>1,207.0</u>	<u>1,187.0</u>	<u>1,135.0</u>	<u>1,103.0</u>

Data Source: City Finance Office

2012	2013	2014	2015	2016	2017
4.0	4.0	4.0	4.0	4.0	5.0
12.0	12.0	12.0	13.0	13.0	13.0
31.0	36.0	36.0	36.0	36.0	36.0
6.0	4.0	4.0	4.0	4.0	4.0
5.0	5.0	5.0	5.0	5.0	5.0
283.0	283.0	286.5	287.0	287.0	284.0
36.0	36.0	36.0	36.0	36.0	40.0
280.0	280.0	259.0	259.0	259.0	261.0
53.0	53.0	53.0	53.0	52.0	52.0
11.0	11.0	11.0	11.0	12.0	11.0
15.0	25.2	25.2	23.2	24.0	23.0
2.0	2.0	2.0	2.0	2.0	2.0
10.0	9.5	8.0	9.1	9.0	10.0
17.0	16.5	18.0	18.9	20.0	20.0
31.0	31.0	31.0	31.0	30.0	30.0
24.0	23.0	23.0	23.0	24.0	25.0
1.5	1.5	1.5	1.5	2.0	2.0
8.0	7.0	7.0	6.0	6.0	5.0
4.3	4.3	4.3	4.3	5.0	4.0
10.2	-	-	-	-	-
-	-	-	-	-	-
86.0	86.3	87.0	87.0	88.0	88.0
91.0	96.4	95.5	86.4	89.0	89.0
8.5	8.5	3.0	3.0	3.0	3.0
72.0	64.0	64.0	63.0	64.0	63.0
1,101.5	1,099.1	1,076.0	1,066.4	1,074.0	1,075.0

CITY OF ROCKFORD, ILLINOIS

Operating Indicators by Function/Program - Last Ten Fiscal Years
December 31, 2017 (Unaudited)

Function/Program	2008	2009	2010	2011
Police department				
Total calls for service	184,824	177,688	167,304	166,714
Total group A offenses	27,590	24,663	23,169	19,876
Total group B offenses	N/A	N/A	N/A	14,715
Arrests	15,864	15,286	13,536	13,676
Clearance rate	33.70%	32.88%	33.40%	33.21%
Fire department				
Total call for service	23,629	23,663	22,839	22,216
Number of fire investigations	312	268	216	180
Total number of fire calls	702	688	564	566
Total number of ambulance runs	18,243	18,391	17,958	18,854
911 center				
Total non-emergency calls	130,481	119,097	112,076	109,984
Total emergency calls	137,536	120,247	119,200	126,613
Total police dispatches	174,122	159,703	167,305	174,368
Total fire dispatches	27,643	24,425	23,539	25,440
Construction and development services				
Building permits	N/A	N/A	6,722	7,058
Code enforcement	N/A	N/A	8,710	3,455
Total inspections	13,259	10,485	10,157	11,000
Demolitions	109	125	127	135
Human services				
Households receiving energy assistance	9,900	16,000	13,000	9,649
Head start children served	653	624	721	780
Homeless prevention clients served	1,900	2,435	1,267	2,800
Summer food program - meals served	3,000	4,400	4,400	22,515
Clients receiving weatherization assistance	155	459	459	500
Sanitation division				
Regular tonnage	55,419	53,640	52,120	53,210
Composting tonnage	14,624	14,155	14,320	14,560
Recycling tonnage	6,928	6,705	7,210	7,330
Public works				
Number of engineering plans reviewed	113	94	70	75
Number of permits issued	1,584	1,623	1,751	1,625
Plowing/spreading occurrences	31	20	21	22
Street sweeping cycles	4	3	3	3
Tree trims	2,890	4,136	1,181	1,500
Tree plantings	N/A	18	28	100
Total requests	N/A	N/A	N/A	N/A
Average days to close request	N/A	N/A	N/A	N/A
Parking division				
Total parking spaces	4,504	4,504	4,504	4,504
Number of tickets issued	24,023	24,741	18,268	15,769
Water division				
Number of users	53,267	53,030	53,055	52,725
Annual water production (billion gallons)	8.00	7.30	7.40	7.03

Source: City finance department

N/A: Not Available

2012	2013	2014	2015	2016	2017
164,000	154,000	146,033	162,339	158,966	159,511
19,854	20,504	18,217	18,119	18,164	17,489
12,447	12,345	8,659	9,872	9,960	10,141
13,536	N/A	N/A	N/A	N/A	N/A
34.80%	34.60%	36.10%	32.70%	34.00%	37.50%
24,800	25,100	22,008	27,446	27,580	28,378
216	180	180	180	N/A	N/A
641	625	638	690	679	534
19,506	19,804	20,732	21,844	21,580	22,390
106,712	101,971	105,744	106,246	132,427	108,080
131,809	117,484	134,387	137,945	108,072	132,868
168,848	153,646	195,293	167,305	163,339	161,572
38,997	28,676	25,990	27,838	31,557	28,835
7,411	6,642	9,664	6,463	N/A	6,744
6,740	4,293	4,779	5,312	N/A	N/A
11,800	11,200	10,500	9,572	8,095	8,710
121	28	113	113	118	215
6,873	6,000	6,000	8,270	7,943	7,796
677	664	756	760	763	689
1,267	2,800	2,800	1,155	1,155	410
23,362	23,350	23,350	53,982	56,509	57,272
581	120	120	112	90	62
45,497	45,970	47,314	47,140	48,609	51,140
12,440	13,114	11,994	12,470	12,777	11,627
6,064	6,499	7,250	8,230	7,674	6,969
100	128	169	159	154	136
1,507	2,061	1,852	2,091	1,576	2,171
17	24	24	22	17	13
3	3	N/A	N/A	N/A	N/A
2,541	1,523	2,725	2,384	2,802	3,075
278	756	686	530	536	211
8,376	7,724	6,553	7,271	5,633	6,093
24	79	49	49	NA	NA
4,504	4,504	4,233	4,170	8,246	8,052
14,950	18,000	13,092	19,000	17,830	17,077
50,973	50,703	50,800	50,800	50,888	51,060
7.20	6.90	6.85	6.50	6.41	6.45

CITY OF ROCKFORD, ILLINOIS

**Capital Asset Statistics by Function/Program - Last Ten Fiscal Years
December 31, 2017 (Unaudited)**

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

Date Source: City finance department

2012	2013	2014	2015	2016	2017
1	1	1	1	3	3
4	4	4	4	4	4
135	140	150	150	150	150
41	42	45	45	45	45
11	11	11	11	11	11
8	8	8	8	9	1
3	3	3	3	3	4
2	2	2	2	4	5
6	6	6	6	7	11
1	1	1	1	1	1
5	5	5	5	5	6
33	34	34	34	37	37
5	5	4	4	4	4
820	820	820	820	816	824
27	27	27	30	26	26
10	10	10	12	12	12
76,500,000	76,500,000	76,500,000	76,500,000	76,500,000	76,500,000