

CITY OF ROCKFORD, ILLINOIS

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2018

CITY OF ROCKFORD, ILLINOIS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2018

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*

July 25, 2019

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, 2018, 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, 2018 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, 2018, 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 64.48 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 2018 average unemployment rate for the metropolitan area was 5.7% as compared to the state average of 4.3% and the national average of 3.9%.

Rockford is home to the operations of several large companies such as: Mercy Health System, Swedish American, part of UW Health, Collins Aerospace, United Parcel Service, OSF St. Anthony's Healthcare, Fiat Chrysler, Woodward Inc., Lowe's Distribution Center, Mondelez International, and Packaging Coordinators Inc. 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 \$750,000. Comprehensive general liability insurance was secured in 2011 to cover losses from \$750,000 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 2018 the amount was 12.07% 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. 75, 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, 2017. This was the thirty-eighth 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.

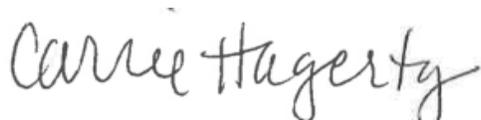
A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement Program requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

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, 2018. 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".

Carrie Hagerty
Finance Director

CITY OF ROCKFORD, ILLINOIS

**Officials and Officers
December 31, 2018**

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

Karl Franzen, Community Development Director

Carrie Hagerty, Finance Director

Derek Bergsten, Fire Chief

Daniel O'Shea, Police Chief

Shurice Hunter, Human Resources Director

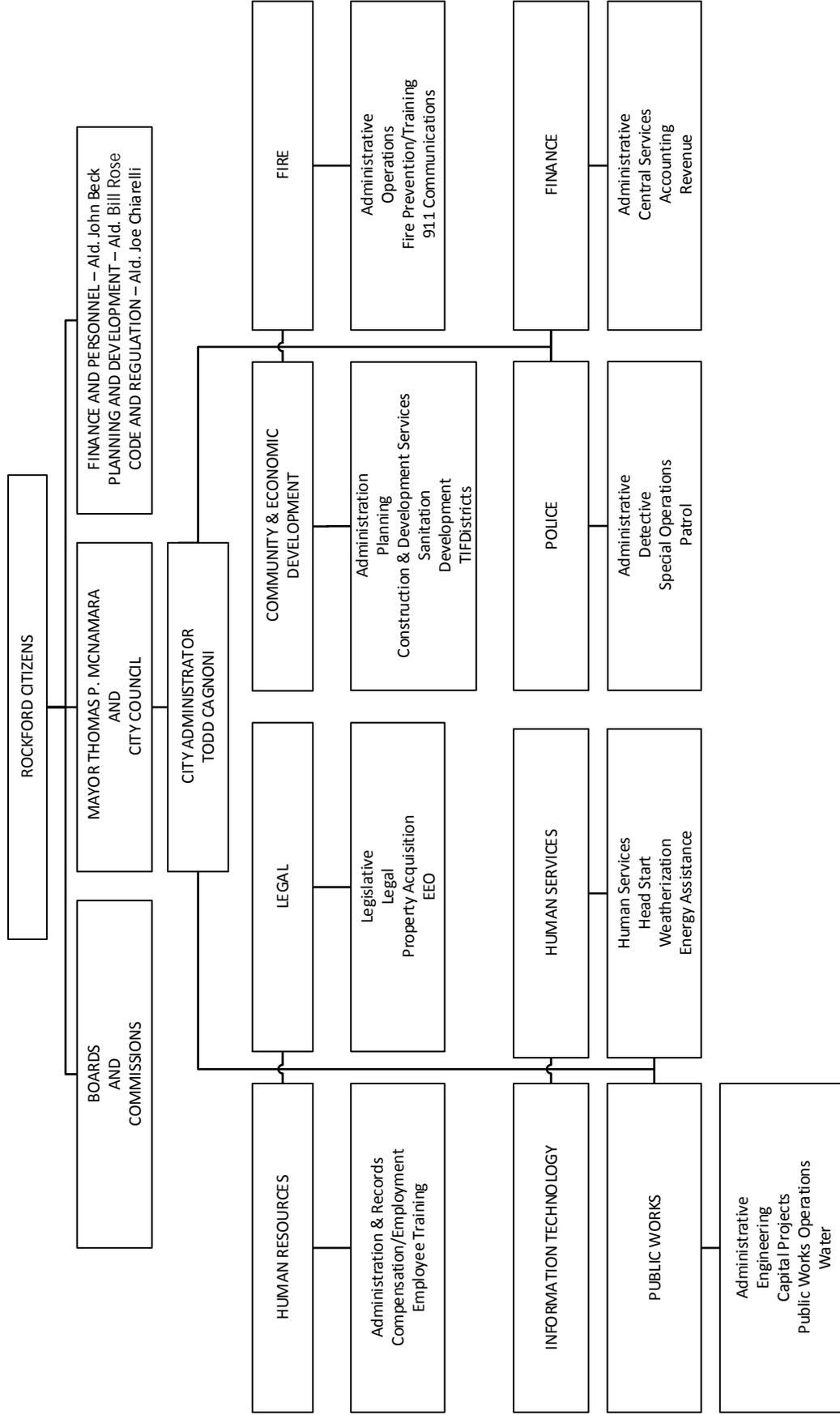
George Davis, Human Services Director

Nicholas Meyer, Legal Director

Glenn Trommels, Information Technology 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, 2017

Christopher P. Morrill

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

July 25, 2019

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, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Rockford, Illinois, as of and for the year ended December 31, 2018, 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. 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 the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Rockford, Illinois, as of December 31, 2018, 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 a 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 basic 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic 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 July 25, 2019, 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 the effectiveness of the City's 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

LAUTERBACH & AMEN, LLP

MANAGEMENT DISCUSSION AND ANALYSIS

CITY OF ROCKFORD, ILLINOIS

Management's Discussion and Analysis December 31, 2018

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, 2018. 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 \$773.1 million and total liabilities and deferred inflows of \$666.1 million the City of Rockford's total net position was \$107.0 million at year-end December 31, 2018. Of this amount, approximately \$386.0 million represent the City's net investment in capital assets, \$40.6 million was held for restricted purposes and (\$295) 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 \$62.9 million, an increase of \$4.8 million in comparison with the prior year. Approximately 36.5 percent of this total amount, \$22.9 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 \$34.1 million, or 24.7 percent of total General Fund expenditures. In comparison, the prior year unassigned fund balance was \$30.5 million, 22.6 percent of General Fund expenditures.
- During the current fiscal year, the City's total long-term bonded debt decreased by 10.5 percent or \$9.9 million. The City entered into a bond refunding agreement in which \$17.6 million of new bonds were issued, and \$17.5 million of bonds were refunded. In addition to the refunding, the City retired \$9.9 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, 2018

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 48 individual governmental funds of which six are considered major funds. Information is presented separately for the City's major funds in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. The General Fund, Public Library Fund, Community Development Fund, Human Services Fund, Debt Service Fund, and Capital Projects Fund are considered the City's major funds. Financial data from the other 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 - 97 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 \$107.0 million at the close of the fiscal year ended December 31, 2018.

The City’s net position includes assets invested in capital net of related debt, restricted net position, and unrestricted net position. In 2018, assets invested in capital net of related debt were equal to \$386.0 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, 2018 and 2017.

	City of Rockford Net Position					
	Governmental	Governmental	Business-Type	Business-Type	Totals	Totals
	Activities	Activities	Activities	Activities	2018	2017
	2018	2017	2018	2017		
Current and other assets	\$ 166,142,971	\$ 163,436,016	\$ 24,000,282	\$ 22,667,047	\$ 190,143,253	186,103,063
Capital assets	314,472,573	312,895,545	199,668,927	197,575,694	514,141,500	510,471,239
Total assets	480,615,544	476,331,561	223,669,209	220,242,741	704,284,753	696,574,302
Deferred outflows of resources	68,810,259	22,761,250	-	17,989	68,810,259	22,779,239
Total assets and deferred outflows	549,425,803	499,092,811	223,669,209	220,260,730	773,095,012	719,353,541
Long-term liabilities	476,629,297	354,496,179	48,387,679	51,760,504	525,016,976	406,256,683
Current liabilities	45,809,034	53,051,185	7,620,604	6,773,664	53,429,638	59,824,849
Total liabilities	522,438,331	407,547,364	56,008,283	58,534,168	578,446,614	466,081,532
Deferred inflows of resources	87,538,226	126,524,271	83,075	-	87,621,301	126,524,271
Total liabilities and deferred inflows	609,976,557	534,071,635	56,091,358	58,534,168	666,067,915	592,605,803
Net position						
Net invested in capital assets	237,514,960	246,421,993	148,507,880	142,017,856	386,022,840	388,439,849
Restricted	36,644,462	34,434,864	4,005,522	4,493,867	40,649,984	38,928,731
Unrestricted	(334,710,176)	(315,835,681)	15,064,449	15,214,839	(319,645,727)	(300,620,842)
Total net position	\$ (60,550,754)	\$ (34,978,824)	\$ 167,577,851	\$ 161,726,562	\$ 107,027,097	\$ 126,747,738

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 liabilities and deferred inflows of resources exceeded total assets and deferred outflows of the City's governmental activities by (\$60.6) million compared to (\$35.0) million at the end of 2018. 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 (\$334.7) million. Restricted net position, those restricted for special purposes such as; capital projects, debt service, and various grant related activities increased by 6.4 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 to \$167.6 million compared to \$161.7 million at the end of 2017.

A summary of the City's 2018 Changes in Net Position is presented on the following page.

CITY OF ROCKFORD, ILLINOIS

Management's Discussion and Analysis December 31, 2018

	Changes in Net Position					
	Governmental	Governmental	Business-Type	Business-Type	Totals	Totals
	Activities	Activities	Activities	Activities	2018	2017
REVENUES	2018	2017	2018	2017	2018	2017
Program revenues:						
Charges for services	\$ 39,627,497	\$ 43,961,297	\$ 30,867,302	\$ 30,726,154	\$ 70,494,799	\$ 74,687,451
Operating grants and contributions	29,600,919	24,578,758	-	-	29,600,919	24,578,758
Capital grants and contributions	6,434,827	6,211,884	3,511,512	1,305,355	9,946,339	7,517,239
General revenues:						
Taxes:						
Property taxes	58,210,507	58,210,507	-	-	58,210,507	58,210,507
Sales tax	40,241,419	40,241,419	-	-	40,241,419	40,241,419
Other taxes	23,989,197	16,364,785	-	-	23,989,197	16,364,785
Intergovernmental						
Income tax	13,888,264	13,888,264	-	-	13,888,264	13,888,264
Replacement tax	7,365,335	7,365,335	-	-	7,365,335	7,365,335
Interest earnings	1,156,212	625,757	309,640	181,608	1,465,852	807,365
Other	3,021,339	4,130,550	-	-	3,021,339	4,130,550
Total revenues	223,535,516	215,578,556	34,688,454	32,213,117	258,223,970	247,791,673
EXPENSES						
General government	14,226,719	18,138,188	-	-	14,226,719	18,138,188
Public safety	116,539,144	108,748,346	-	-	116,539,144	108,748,346
Streets, alleys and bridges	38,576,921	41,388,115	-	-	38,576,921	41,388,115
Community development	13,693,237	11,918,656	-	-	13,693,237	11,918,656
Sanitation	12,423,942	14,588,031	-	-	12,423,942	14,588,031
Culture and recreation	10,299,372	10,197,037	-	-	10,299,372	10,197,037
Public health and welfare	17,091,672	14,993,154	-	-	17,091,672	14,993,154
Interest and fiscal charges	2,292,276	4,093,321	-	-	2,292,276	4,093,321
Water	-	-	25,245,966	23,861,455	25,245,966	23,861,455
Parking	-	-	3,010,818	2,968,127	3,010,818	2,968,127
Total expenses	225,143,283	224,064,848	28,256,784	26,829,582	253,400,067	250,894,430
Increase (decrease) in net position before transfers	(1,607,767)	(8,486,292)	6,431,670	5,383,535	4,823,903	(3,102,757)
Transfers	-	60,000	-	(60,000)	-	-
Change in net position	(1,607,767)	(8,426,292)	6,431,670	5,323,535	4,823,903	(3,102,757)
Net position - beginning as restated	(58,942,987)	(26,552,532)	161,146,181	156,403,027	102,203,194	129,850,495
Net position - ending	\$ (60,550,754)	\$ (34,978,824)	\$ 167,577,851	\$ 161,726,562	\$ 107,027,097	\$ 126,747,738

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.

CITY OF ROCKFORD, ILLINOIS

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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 \$223.5 million compared to \$215.6 million in 2017, an increase of 3.7 percent. The leading factors are as follows:

- Operating grants and contributions increased \$5.0 million or 20.4 percent.
- Other tax of \$24.0 million increased \$7.6 million, due to the imposition mid-year of new electric and natural gas utility taxes as well as improvements in sales, use and income taxes over the previous year as the local economy continues to improve.

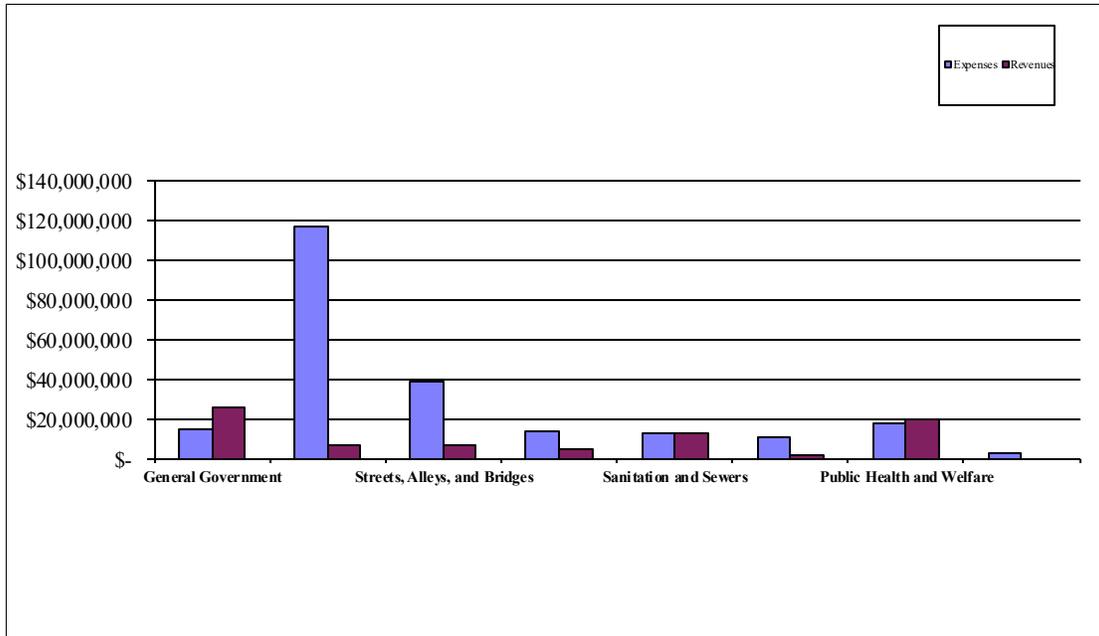
Total governmental activities' expense for the current year was \$225.1 million compared to \$224.1 in 2017, an increase of 0.5 percent.

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.

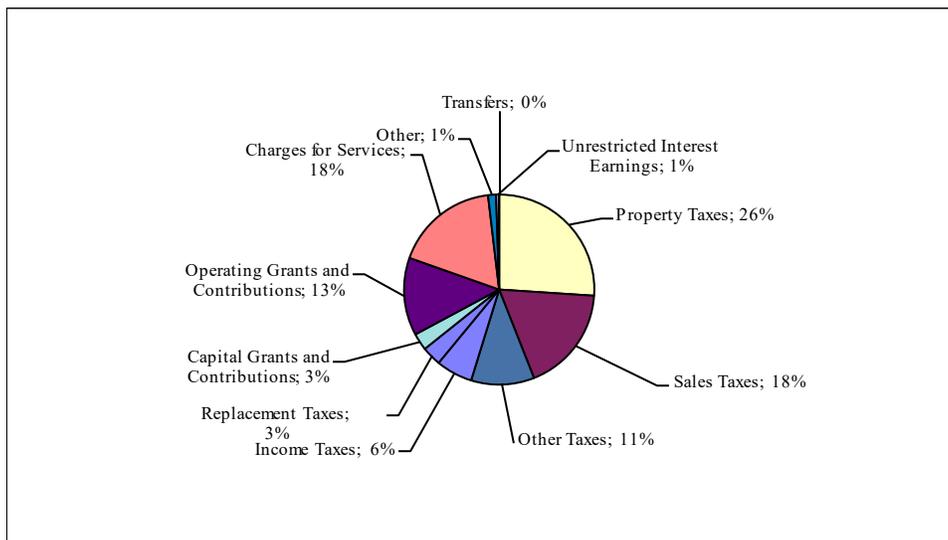
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Expense and Program Revenue – Governmental Activities



Revenues by Source - Government Activities



Revenues by Source - Government Activities

The cost of all governmental activities this year was \$225.1 million. However, the amount that taxpayers paid for these activities through City and State taxes was only \$143.7 million. Some of the cost was paid by:

- Those who directly benefited from the programs - \$39.6 million.
- Other governments and organizations that subsidized certain programs with grants - \$36.0 million.

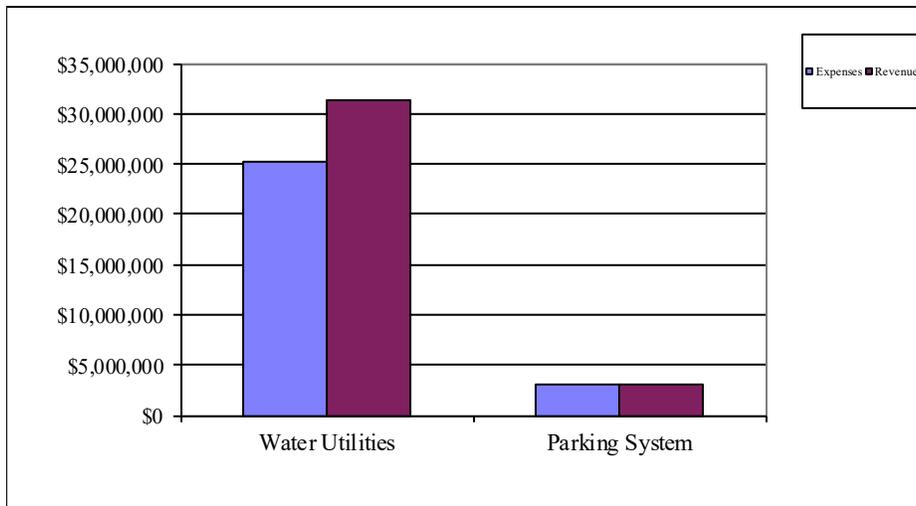
CITY OF ROCKFORD, ILLINOIS

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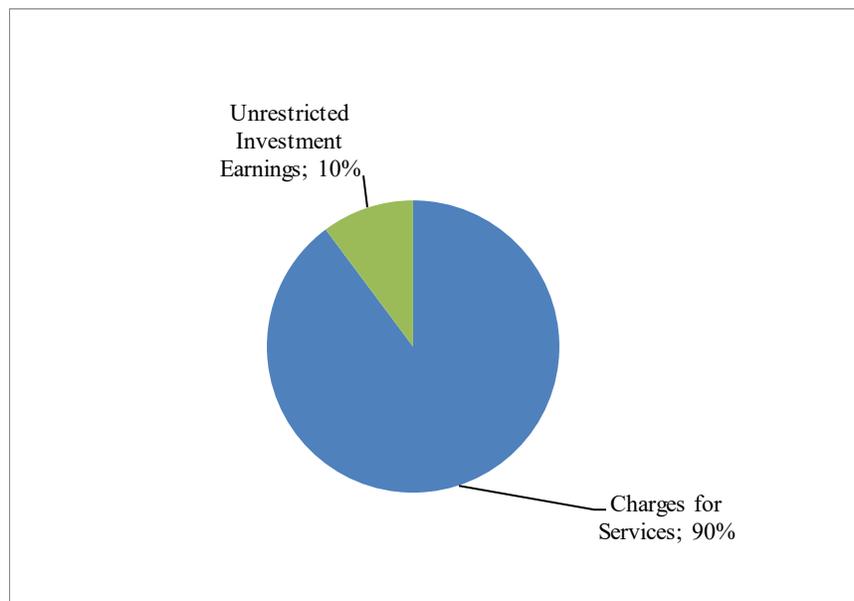
Business-type Activities – Business-type activities net position increased by \$6.4 million in 2018, compared to an increase of \$5.3 million in 2017. Revenues from business type activities increased by 7.7 percent to \$34.7 million and expenses increased 5.3 percent to \$28.3 million. Key elements contributing to these results included:

- Capital grants and contributions for business-type activities increased by \$2.2 million.
- Expenses increased only by \$1.4 million due to cost controlling measures during the year.

Expenses and Program Revenues – Business-Type Activities



Revenues by Source – Business-Type Activities



CITY OF ROCKFORD, ILLINOIS

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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 2018, its governmental funds reported a combined fund balance of \$62.9 million, an increase of \$4.8 million (approximately 8.2 percent) in comparison with the prior fiscal year. Unassigned fund balance was \$22.9 million, which is available for spending at the government’s discretion. The remaining \$40.0 million is for a variety of nonspendable, restricted or assigned purposes and is not available for new spending.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund is \$34.1 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 24.7 percent of total General Fund expenditures.

The following schedule presents the governmental funds summary of revenues for the years ended December 31, 2018 and 2017:

	FY 2018	Percent of Total	FY 2017	Amount of increase (decrease)	Percent of increase (decrease)
Revenues by source					
Taxes	\$ 122,441,123	54.84%	\$ 114,816,711	\$ 7,624,412	6.64%
Licenses and permits	10,874,632	4.87%	9,745,667	1,128,965	11.58%
Intergovernmental	57,289,345	25.66%	52,044,241	5,245,104	10.08%
Charges for services	26,652,526	11.94%	32,263,530	(5,611,004)	-17.39%
Fines	2,100,339	0.94%	1,952,100	148,239	7.59%
Interest	901,939	0.40%	461,721	440,218	95.34%
Miscellaneous	3,021,339	1.35%	4,130,550	(1,109,211)	-26.85%
Total revenues	\$ 223,281,243	100.00%	\$ 215,414,520	\$ 7,866,723	3.65%

Revenues of the City’s governmental funds increased \$7.9 million or 3.7 percent from the prior fiscal year.

The following schedule presents the governmental funds summary of expenditures for the years ended December 31, 2018 and 2017:

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	FY 2018	Percent of Total	FY 2017	Amount of increase (decrease)	Percent of increase (decrease)
Expenditures by function					
General government	\$ 13,064,160	5.75%	\$ 11,710,916	1,353,244	11.56%
Public safety	110,656,380	48.74%	107,513,287	3,143,093	2.92%
Streets, alleys and bridges	13,973,852	6.16%	12,415,385	1,558,467	12.55%
Community development	15,788,408	6.95%	12,562,462	3,225,946	25.68%
Sanitation and sewers	12,397,792	5.46%	14,737,836	(2,340,044)	-15.88%
Culture and recreation	8,289,293	3.65%	8,249,312	39,981	0.48%
Public health and welfare	16,964,131	7.47%	15,947,170	1,016,961	6.38%
Debt service:					
Principal payments	10,846,812	4.78%	13,039,045	(2,192,233)	-16.81%
Interest and fiscal charges	2,993,490	1.32%	5,128,971	(2,135,481)	-41.64%
Capital expenditures	22,038,242	9.71%	33,876,952	(11,838,710)	-34.95%
Total expenditures	\$ 227,012,560	100.00%	\$ 235,181,336	\$ (8,168,776)	-3.47%

Expenditures of the City’s governmental funds decreased by \$8.2 million or 3.5 percent compared to the previous year. Capital expenditures decreased by \$11.8 million, after prior year reported significant investments in capital outlay.

The Public Library fund balance at year-end was \$10.7 million, up \$700,000 from the prior year. This 7.2 percent increase is primarily the result of reduced capital outlay as compared to the prior year.

The Debt Service Fund total fund balance at year-end was \$8.6million, all of which is restricted or assigned for the payment of debt service.

Capital Projects Fund total fund balance at year-end was \$2.6 million, all of which is restricted or assigned for future capital projects.

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

General Fund Budgetary Highlights

The City Council passed a supplemental budget appropriation increasing expenditures by \$3.5 million (2.7 percent) in the General Fund, due to additional capital purchases and unexpected personnel expenses related to snow removal and fire department staffing. 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	\$ 127,888,294	127,883,224	134,112,614	\$ 6,229,390
Expenditures	133,962,790	138,421,048	138,237,635	183,413
Excess (deficiency) of revenues over (under) expenditures	(6,074,496)	(10,537,824)	(4,125,021)	6,412,803
Other financing sources (uses)				
Debt issuance	-	-	4,933,680	4,933,680
Disposal of capital assets	-	-	-	-
Transfers from other funds	7,396,854	7,396,854	7,092,127	(304,727)
Transfers to other funds	(4,286,706)	(4,286,706)	(4,286,698)	8
Net change in fund balance	\$ (2,964,348)	(7,427,676)	3,614,088	\$ 11,041,764

During the year the City spent 99.9 percent of the final amount appropriated in the General Fund. Actual General Fund revenues were more than budgetary estimates by 4.9 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, 2018, amounts to \$514.1 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, improvements, roads and bridges, and water and sewer lines. The City’s investment in capital assets net of accumulated depreciation for the governmental activities increased by 0.5 percent and the business-type activities increased by 1.1 percent.

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

	Governmental Activities	Business-Type Activities
Land	\$ -	\$ 724,539.00
Construction in progress	2,102,196	6,711,205
Land improvements	-	10,300
Building improvements	7,781,219	-
Improvements other than building	-	5,371,858
Equipment	2,170,393	100,339
Infrastructure	13,737,030	-
	\$ 25,790,838	\$ 12,918,241

CITY OF ROCKFORD, ILLINOIS

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Primary Government Capital Assets (net of depreciation)						
	Governmental Activities 2018	Governmental Activities 2017	Business-Type Activities 2018	Business-Type Activities 2017	Totals 2018	Totals 2017
Land	\$ 3,704,840	\$ 4,430,855	\$ 6,967,410	\$ 6,242,871	\$ 10,672,250	\$ 10,673,726
Construction in progress	2,661,149	7,450,716	11,378,360	6,966,133	14,039,509	14,416,849
Land improvements	771,289	1,327,332	438,299	463,649	1,209,588	1,790,981
Building improvements	60,964,258	56,156,673	30,661,419	31,639,393	91,625,677	87,796,066
Improvements other than building	-	-	148,942,013	150,751,931	148,942,013	150,751,931
Equipment	9,682,480	11,389,821	1,281,426	1,511,717	10,963,906	12,901,538
Infrastructure	236,688,557	232,140,148	-	-	236,688,557	232,140,148
Totals	\$ 314,472,573	\$ 312,895,545	\$ 199,668,927	\$ 197,575,694	\$ 514,141,500	\$ 510,471,239

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 \$84.2 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 2018	Governmental Activities 2017	Business-Type Activities 2018	Business-Type Activities 2017	Totals 2018	Totals 2017
General obligation/ General obligation revenue bonds	\$ 60,219,741	\$ 67,770,081	\$ 23,970,259	\$ 26,344,919	\$ 84,190,000	\$ 94,115,000

The City of Rockford's bond rating is A2 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, 2018, the City's indebtedness was \$86.3 million less than the City limit and \$106.1 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.

CITY OF ROCKFORD, ILLINOIS

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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 2019 budget was to continue offering citizens standard municipal services, continuing economic development efforts, and maintaining fiscal stability. Development and adoption of the 2019 budget was premised on maintaining staffing and service levels equivalent to 2018 and making significant capital investment.

Budgeted revenues for the General Fund are \$157.1 million, including \$8.1 million for transfers in.

Budgeted expenditures in the General Fund are \$156.8 million, including \$2.5 million for transfers out. Major spending changes by account type for 2019 are:

- Salaries increased \$1.3 million as a result of contract increases and a 2% wage increase.
- Fringe Benefits increased \$160,000 due to increases to pension funding.
- Contractual and supply accounts increased \$10.6 million with the consolidation of the City's sanitation fund into the general fund. Contractual garbage collection costs are now included in the general fund.
- Capital outlays increased \$5.9 million with increases 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 November 2018, the City Council approved the 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 2020 budget process to begin on a sound financial footing.

Requests for information

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

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, 2018**

See Following Page

CITY OF ROCKFORD, ILLINOIS

Statement of Net Position
December 31, 2018

	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	\$ 57,574,273	\$ 16,778,987	\$ 74,353,260	\$ 2,981,176	\$ 1,791,051
Receivables - net of allowances	75,977,390	4,676,179	80,653,569	186,182	689,713
Internal balances	2,003,501	(2,003,501)	-	-	-
Due from governmental units	29,980,003	-	29,980,003	1,122,056	-
Inventories	282,594	543,095	825,689	371,566	66,632
Prepays	325,210	-	325,210	116,214	57,839
Total current assets	166,142,971	19,994,760	186,137,731	4,777,194	2,605,235
NONCURRENT ASSETS					
Capital assets					
Nondepreciable	6,365,989	18,345,770	24,711,759	3,563,380	2,597,014
Depreciable	510,618,110	286,217,068	796,835,178	38,631,358	45,329,225
Accumulated depreciation	(202,511,526)	(104,893,911)	(307,405,437)	(22,441,975)	(24,605,564)
	314,472,573	199,668,927	514,141,500	19,752,763	23,320,675
Other assets					
Other assets	-	-	-	-	4,350,763
Restricted assets:					
Cash and cash equivalents	-	4,005,522	4,005,522	4,866,216	343,054
	-	4,005,522	4,005,522	4,866,216	4,693,817
Total noncurrent assets	314,472,573	203,674,449	518,147,022	24,618,979	28,014,492
Total assets	480,615,544	223,669,209	704,284,753	29,396,173	30,619,727
DEFERRED OUTFLOWS OF RESOURCES					
Deferred items - net pension liabilities	67,745,535	-	67,745,535	2,535,001	-
Unamortized loss on refunding	1,064,724	-	1,064,724	-	-
Total deferred outflows of resources	68,810,259	-	68,810,259	2,535,001	-
Total assets and deferred outflows of resources	549,425,803	223,669,209	773,095,012	31,931,174	30,619,727

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

	Primary Government			Component Units	
	Governmental	Business-Type	Totals	Rockford	Rockford
	Activities	Activities		Mass Transit	Auditorium and
				District	Office Building
					Authority
CURRENT LIABILITIES					
Accounts payable and other accrued liabilities	\$ 16,535,345	\$ 3,052,174	\$ 19,587,519	\$ 989,165	\$ 959,693
Accrued payroll and benefits	3,724,375	215,012	3,939,387	905,448	-
Due to other governmental units	168	-	168	-	-
Other payables	3,648,148	-	3,648,148	-	1,353,453
Other liabilities	3,045,438	1,395	3,046,833	-	-
Deposits and advances	-	33,980	33,980	1,044,856	-
Accrued interest payable	237,326	101,019	338,345	-	-
Current portion of long-term debt	18,618,234	4,217,024	22,835,258	-	374,926
Total current liabilities	45,809,034	7,620,604	53,429,638	2,939,469	2,688,072
Noncurrent liabilities:					
Noncurrent portion of long-term debt	476,629,297	48,387,679	525,016,976	18,390,413	1,400,530
Total liabilities	522,438,331	56,008,283	578,446,614	21,329,882	4,088,602
DEFERRED INFLOWS OF RESOURCES					
Property taxes	58,823,996	-	58,823,996	-	-
Deferred items - net pension liabilities	24,434,980	-	24,434,980	-	-
Deferred items - total OPEB liability - RBP	4,279,250	83,075	4,362,325	-	-
Grants	-	-	-	-	497,683
Total deferred inflows of resources	87,538,226	83,075	87,621,301	-	497,683
Total liabilities and deferred inflows of resources	609,976,557	56,091,358	666,067,915	21,329,882	4,586,285
NET POSITION					
Net investment in capital assets	237,514,960	148,507,880	386,022,840	19,752,763	22,678,787
Restricted					
Capital projects	-	1,000,000	1,000,000	-	-
Debt service	8,350,683	3,005,522	11,356,205	-	-
Culture and recreation	10,716,006	-	10,716,006	-	-
Community development	4,786,207	-	4,786,207	-	-
Public health and welfare	4,152,001	-	4,152,001	-	-
Highways and streets	8,639,565	-	8,639,565	-	-
Employee and public liability trusts	-	-	-	72,859	-
Unrestricted (deficit)	(334,710,176)	15,064,449	(319,645,727)	(9,224,330)	3,354,655
Total net position	\$ (60,550,754)	\$ 167,577,851	\$ 107,027,097	\$ 10,601,292	\$ 26,033,442

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, 2018**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental activities				
General government	\$ 14,226,719	\$ 24,767,832	\$ 460,000	\$ -
Public safety	116,539,144	2,033,143	3,971,115	-
Streets, alleys and bridges	38,576,921	-	-	6,434,827
Community development	13,693,237	105,663	4,217,917	-
Sanitation and sewers	12,423,942	12,569,368	-	-
Culture and recreation	10,299,372	151,491	1,009,818	-
Public health and welfare	17,091,672	-	19,942,069	-
Interest and fiscal charges	2,292,276	-	-	-
Total governmental activities	<u>225,143,283</u>	<u>39,627,497</u>	<u>29,600,919</u>	<u>6,434,827</u>
Business-type activities				
Water utilities	25,245,966	29,100,353	-	2,194,713
Parking system	3,010,818	1,766,949	-	1,316,799
Total business-type activities	<u>28,256,784</u>	<u>30,867,302</u>	<u>-</u>	<u>3,511,512</u>
Total primary government	<u>\$ 253,400,067</u>	<u>\$ 70,494,799</u>	<u>\$ 29,600,919</u>	<u>\$ 9,946,339</u>
COMPONENT UNITS				
Rockford mass transit district	\$ 20,018,546	\$ 1,738,362	\$ 15,138,779	\$ 1,460,691
Rockford metropolitan exposition, auditorium and office building authority	15,449,197	13,413,883	974,016	289,843
Total component units	<u>\$ 35,467,743</u>	<u>\$ 15,152,245</u>	<u>\$ 16,112,795</u>	<u>\$ 1,750,534</u>
		General revenues		
		Taxes		
		Property taxes		
		Sales taxes		
		Other taxes		
		Intergovernmental		
		Income tax		
		Replacement tax		
		Interest earnings		
		Miscellaneous		
		Change in net position		
		Net position - beginning as restated		
		Net position - ending		

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

Net (Expenses) Revenues					
Primary Government			Component Units		
Governmental Activities	Business-Type Activities	Totals	Rockford Mass Transit District	Rockford Metropolitan Exposition, Auditorium and Office Building Authority	
\$ 11,001,113	\$ -	\$ 11,001,113	\$ -	\$ -	
(110,534,886)	-	(110,534,886)	-	-	
(32,142,094)	-	(32,142,094)	-	-	
(9,369,657)	-	(9,369,657)	-	-	
145,426	-	145,426	-	-	
(9,138,063)	-	(9,138,063)	-	-	
2,850,397	-	2,850,397	-	-	
(2,292,276)	-	(2,292,276)	-	-	
(149,480,040)	-	(149,480,040)	-	-	
-	6,049,100	6,049,100	-	-	
-	72,930	72,930	-	-	
-	6,122,030	6,122,030	-	-	
(149,480,040)	6,122,030	(143,358,010)	-	-	
-	-	-	(1,680,714)	-	
-	-	-	-	(771,455)	
-	-	-	(1,680,714)	(771,455)	
58,210,507	-	58,210,507	-	-	
40,241,419	-	40,241,419	-	-	
23,989,197	-	23,989,197	-	229,787	
13,888,264	-	13,888,264	-	-	
7,365,335	-	7,365,335	-	-	
1,156,212	309,640	1,465,852	39,671	1,289	
3,021,339	-	3,021,339	1,600	175,000	
147,872,273	309,640	148,181,913	41,271	406,076	
(1,607,767)	6,431,670	4,823,903	(1,639,443)	(365,379)	
(58,942,987)	161,146,181	102,203,194	12,240,735	26,398,821	
\$ (60,550,754)	\$ 167,577,851	\$ 107,027,097	\$ 10,601,292	\$ 26,033,442	

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

CITY OF ROCKFORD, ILLINOIS

**Balance Sheet - Governmental Funds
December 31, 2018**

	General	Special Revenue	
		Public Library	Community Development
ASSETS			
Cash and cash equivalents	\$ 6,040,258	\$ 10,809,855	\$ -
Receivables - net of allowances			
Property taxes	47,520,555	7,308,957	-
Accounts	15,042,403	386,492	622
Notes	150,000	-	93,167
Accrued interest	75,237	30,384	-
Due from the Federal Government	343,585	-	1,252,496
Due from the State of Illinois	134,061	-	664,975
Due from other governmental units	1,315,034	-	-
Due from other funds	18,776,690	-	-
Inventories	1,054	-	-
Total assets	\$ 89,398,877	\$ 18,535,688	\$ 2,011,260
LIABILITIES			
Accounts payable	\$ 4,110,607	\$ 342,345	\$ 256,348
Accrued payroll and benefits	2,913,720	168,380	12,805
Due to other governmental units	-	-	168
Due to other funds	553,541	-	1,368,996
Other payables	69,749	-	297,616
Other liabilities	-	-	6,612
Total liabilities	7,647,617	510,725	1,942,545
DEFERRED INFLOWS OF RESOURCES			
Property taxes	47,520,555	7,308,957	-
Total liabilities and deferred inflows of resources	55,168,172	7,819,682	1,942,545
FUND BALANCES			
Nonspendable	151,054	-	-
Restricted			
Debt service	-	-	-
Culture and recreation	-	10,716,006	-
Community development	-	-	68,715
Public health and welfare	-	-	-
Highway and streets	-	-	-
Assigned			
General government	-	-	-
Community development	-	-	-
Public health and welfare	-	-	-
Unassigned	34,079,651	-	-
Total fund balances	34,230,705	10,716,006	68,715
Total liabilities and deferred inflows of resources and fund balance	\$ 89,398,877	\$ 18,535,688	\$ 2,011,260

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

Human Services	Debt Service	Capital Projects	Nonmajor	Totals
\$ -	\$ 8,721,377	\$ -	\$ 13,194,745	\$ 38,766,235
-	-	-	3,994,483	58,823,995
202,133	-	151,410	773,106	16,556,166
-	-	-	-	243,167
(7,898)	-	1,639	(18,839)	80,523
4,759,056	-	1,551,543	44,503	7,951,183
4,441,989	289,527	10,890,699	332,031	16,753,282
-	-	3,678,253	-	4,993,287
-	-	-	-	18,776,690
-	-	-	-	1,054
\$ 9,395,280	\$ 9,010,904	\$ 16,273,544	\$ 18,320,029	\$ 162,945,582
\$ 1,727,044	\$ 422,895	\$ 7,362,805	\$ 495,959	\$ 14,718,003
161,022	-	65,600	-	3,321,527
-	-	-	-	168
1,508,426	-	1,987,412	11,274,475	16,692,850
1,846,787	-	1,433,996	-	3,648,148
-	-	2,856,629	-	2,863,241
5,243,279	422,895	13,706,442	11,770,434	41,243,937
-	-	-	3,994,484	58,823,996
5,243,279	422,895	13,706,442	15,764,918	100,067,933
-	-	-	-	151,054
-	8,588,009	-	-	8,588,009
-	-	-	-	10,716,006
-	-	-	4,717,492	4,786,207
4,152,001	-	-	-	4,152,001
-	-	-	8,639,565	8,639,565
-	-	-	195,561	195,561
-	-	2,567,102	-	2,567,102
-	-	-	145,575	145,575
-	-	-	(11,143,082)	22,936,569
4,152,001	8,588,009	2,567,102	2,555,111	62,877,649
\$ 9,395,280	\$ 9,010,904	\$ 16,273,544	\$ 18,320,029	\$ 162,945,582

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, 2018**

Total fund balances for governmental funds	\$ 62,877,649
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.	314,472,573
Less: Internal Service Funds	(5,453,340)
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:	(1,568,068)
Deferred outflows (inflows) of resources related to the pensions not reported in the funds.	39,031,305
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Net pension liabilities	(361,127,108)
Total OPEB liability	(26,204,717)
Bonds payable, net	(59,211,675)
Compensated absences	(6,585,659)
Lease/purchase agreements	(13,489,388)
Section 108 guaranteed loans	(3,055,000)
Accrued interest on bonds	(237,326)
Total net position of governmental activities	<u>\$ (60,550,754)</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, 2018**

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, 2018**

	General	Special Revenue	
		Public Library	Community Development
REVENUES			
Taxes	\$ 80,852,456	\$ 7,302,779	\$ -
Licenses and permits	10,807,115	-	-
Intergovernmental	25,224,714	1,009,818	2,761,682
Charges for services	13,960,717	84,295	-
Fines	2,033,143	67,196	-
Interest	411,577	158,190	90,081
Miscellaneous	822,892	656,489	402,822
Total revenues	134,112,614	9,278,767	3,254,585
EXPENDITURES			
Current			
General government	13,064,160	-	-
Public safety	110,559,927	-	-
Streets, alleys and bridges	9,956,589	-	-
Community development	2,771,773	-	4,714,890
Sanitation and sewers	-	-	-
Culture and recreation	-	8,289,293	-
Public health and welfare	-	-	-
Debt service			
Principal payments	-	-	-
Interest and fiscal charges	-	-	-
Capital outlay	1,885,186	52,845	-
Total expenditures	138,237,635	8,342,138	4,714,890
Excess (deficiency) of revenues over (under) expenditures	(4,125,021)	936,629	(1,460,305)
OTHER FINANCING SOURCES (USES)			
Debt issuance	4,933,680	-	-
Premium on debt issuance	-	-	-
Discount on debt issuance	-	-	-
Payment to escrow agent	-	-	-
Transfers in	7,092,127	-	-
Transfers out	(4,286,698)	(217,488)	-
	7,739,109	(217,488)	-
Net change in fund balances	3,614,088	719,141	(1,460,305)
Fund balances - beginning	30,616,617	9,996,865	1,529,020
Fund balances - ending	\$ 34,230,705	\$ 10,716,006	\$ 68,715

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

Human Services	Debt Service	Capital Projects	Nonmajor	Totals
\$ -	\$ 2,656,326	\$ 17,019,408	\$ 14,610,154	\$ 122,441,123
-	-	-	67,517	10,874,632
19,942,069	460,000	6,434,827	1,456,235	57,289,345
-	-	-	12,607,514	26,652,526
-	-	-	-	2,100,339
(41,858)	8	233,035	50,906	901,939
230,453	20,000	715,556	173,127	3,021,339
20,130,664	3,136,334	24,402,826	28,965,453	223,281,243
-	-	-	-	13,064,160
-	-	-	96,453	110,656,380
-	-	4,017,263	-	13,973,852
-	-	-	8,301,745	15,788,408
-	-	-	12,397,792	12,397,792
-	-	-	-	8,289,293
16,811,513	-	-	152,618	16,964,131
-	10,636,203	-	210,609	10,846,812
-	2,953,912	-	39,578	2,993,490
-	-	20,100,211	-	22,038,242
16,811,513	13,590,115	24,117,474	21,198,795	227,012,560
3,319,151	(10,453,781)	285,352	7,766,658	(3,731,317)
-	10,995,000	-	871,846	16,800,526
-	97,334	-	-	97,334
-	(37,960)	-	-	(37,960)
-	(10,929,758)	-	-	(10,929,758)
-	8,399,373	1,500,000	722,965	17,714,465
-	(16,828)	(1,660,928)	(8,944,143)	(15,126,085)
-	8,507,161	(160,928)	(7,349,332)	8,518,522
3,319,151	(1,946,620)	124,424	417,326	4,787,205
832,850	10,534,629	2,442,678	2,137,785	58,090,444
\$ 4,152,001	\$ 8,588,009	\$ 2,567,102	\$ 2,555,111	\$ 62,877,649

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, 2018

Net change in fund balances - total governmental funds	\$	4,787,205
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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	15,013,926	
Depreciation expense	(12,965,992)	
Disposals - cost	(5,568,296)	
Disposals - accumulated depreciation	4,347,540	
Less: internal service funds capital asset related activity	749,850	1,577,028

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 general obligation bonds	(10,995,000)	
Proceeds from capital lease agreements	(4,910,380)	
Repayments:		
Principal payment on bonds and other long-term obligations	21,692,796	5,787,416

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 - RBP	3,691,087	
Deferred items - RBP	(4,279,250)	
Net pension liability	(100,107,700)	
Deferred items - pensions	89,834,578	
Compensated absences	(359,857)	
Amortization of bond premiums and discounts and losses	(128,980)	(11,350,122)

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.

(2,409,294)

Change in net position of governmental activities	\$	<u><u>(1,607,767)</u></u>
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The accompanying notes to the financial statements are an integral part of this statement.

CITY OF ROCKFORD, ILLINOIS

**Statement of Net Position - Proprietary Funds
December 31, 2018**

See Following Page

CITY OF ROCKFORD, ILLINOIS

Statement of Net Position - Proprietary Funds
December 31, 2018

	Business-Type Activities - Enterprise Funds			Governmental
	Nonmajor		Totals	Activities
	Water Utility	Parking System		Internal Service
ASSETS				
Current assets				
Cash and cash equivalents	\$ 16,778,987	\$ -	\$ 16,778,987	\$ 18,808,038
Accounts receivable				
Water	2,318,303	-	2,318,303	-
Estimated unbilled water usage	3,280,000	-	3,280,000	-
Other	58,166	5,126	63,292	273,539
	5,656,469	5,126	5,661,595	273,539
Less allowance for uncollectible accounts	(985,416)	-	(985,416)	-
	4,671,053	5,126	4,676,179	273,539
Due from State of Illinois	-	-	-	92,852
Due from other governments	-	-	-	189,399
Inventories	543,095	-	543,095	282,594
Prepaid items	-	-	-	324,156
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	3,005,522	-	3,005,522	-
	4,005,522	-	4,005,522	-
Total current assets	25,998,657	5,126	26,003,783	19,970,578
Noncurrent assets				
Capital assets				
Land	637,705	6,329,705	6,967,410	-
Construction in progress	10,553,981	824,379	11,378,360	1,548,388
Land improvements	900,886	-	900,886	-
Buildings and improvements	22,541,746	26,941,865	49,483,611	4,976,027
Equipment	4,700,662	80,745	4,781,407	6,069,552
Improvements other than land and buildings	227,091,251	3,959,913	231,051,164	182,407
Less accumulated depreciation	(88,439,590)	(16,454,321)	(104,893,911)	(7,323,034)
Total noncurrent assets	177,986,641	21,682,286	199,668,927	5,453,340
Total assets	203,985,298	21,687,412	225,672,710	25,423,918

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	\$ 2,635,263	\$ 416,911	\$ 3,052,174	\$ 1,897,681
Accrued interest payable	89,533	11,486	101,019	-
Accrued payroll and benefits	206,672	8,340	215,012	402,848
Due to other funds	-	2,003,501	2,003,501	-
Other liabilities	1,395	-	1,395	182,197
Deposits and advances	33,980	-	33,980	-
Compensated absences	68,293	1,802	70,095	114,287
Capital lease payable	133,681	-	133,681	1,051,929
General obligation alternate bonds payable (net of unamortized premiums/discounts)	1,643,504	380,292	2,023,796	-
IEPA loan payable	1,989,452	-	1,989,452	-
Claims and judgments payable	-	-	-	7,467,498
Total current liabilities	6,801,773	2,822,332	9,624,105	11,116,440
Noncurrent liabilities				
Compensated absences	273,171	7,210	280,381	457,144
Total OPEB liability - RBP	504,517	4,207	508,724	-
Refundable water main extension advances	270,969	-	270,969	-
Customer water deposits	313,487	-	313,487	-
Capital lease payable	540,118	-	540,118	4,869,621
General obligation alternate bonds payable (net of unamortized premiums/discounts)	15,810,621	7,049,967	22,860,588	-
IEPA loan payable	23,613,412	-	23,613,412	-
Claims and judgments payable	-	-	-	10,548,781
Total noncurrent liabilities	41,326,295	7,061,384	48,387,679	15,875,546
Total liabilities	48,128,068	9,883,716	58,011,784	26,991,986
DEFERRED INFLOWS OF RESOURCES				
Deferred items - RBP	82,388	687	83,075	-
Total liabilities and deferred inflows of resources	48,210,456	9,884,403	58,094,859	26,991,986
NET POSITION				
Net investment in capital assets				
	134,255,853	14,252,027	148,507,880	(468,210)
Restricted				
Capital projects	1,000,000	-	1,000,000	-
Debt service	3,005,522	-	3,005,522	-
Unrestricted (Deficit)	17,513,467	(2,449,018)	15,064,449	(1,099,858)
Total net position	\$ 155,774,842	\$ 11,803,009	\$ 167,577,851	\$ (1,568,068)

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, 2018**

	Business-Type Activities - Enterprise Funds			Governmental
	Water Utility	Nonmajor	Totals	Activities
		Parking System		Internal Service
OPERATING REVENUES				
Charges for services	\$ 28,238,574	\$ 1,747,347	\$ 29,985,921	\$ 49,243,868
Fines and penalties	833,504	1,058	834,562	-
Intergovernmental	-	-	-	984,661
Miscellaneous	28,275	18,544	46,819	1,443,168
Total operating revenues	<u>29,100,353</u>	<u>1,766,949</u>	<u>30,867,302</u>	<u>51,671,697</u>
OPERATING EXPENSES				
Salaries and benefits	6,009,680	280,424	6,290,104	14,990,790
Services	6,014,553	1,464,414	7,478,967	31,441,612
Supplies and materials	1,502,714	77,012	1,579,726	2,739,575
Depreciation	6,181,602	668,148	6,849,750	912,262
Charges from General Fund	2,478,145	192,600	2,670,745	869,285
Miscellaneous	-	7,819	7,819	2,958
Total operating expenses	<u>22,186,694</u>	<u>2,690,417</u>	<u>24,877,111</u>	<u>50,956,482</u>
Operating income (loss)	<u>6,913,659</u>	<u>(923,468)</u>	<u>5,990,191</u>	<u>715,215</u>
NONOPERATING REVENUES (EXPENSES)				
Interest revenue	337,112	(27,472)	309,640	254,273
Gain (loss) on disposal of capital assets	(1,644,739)	-	(1,644,739)	-
Interest expense and service fees	(1,442,098)	(320,401)	(1,762,499)	(40,552)
Amortization expense	27,565	-	27,565	-
	<u>(2,722,160)</u>	<u>(347,873)</u>	<u>(3,070,033)</u>	<u>213,721</u>
Income (loss) before transfers and contributions	<u>4,191,499</u>	<u>(1,271,341)</u>	<u>2,920,158</u>	<u>928,936</u>
Transfers out	-	-	-	(2,588,380)
Contributions from developers	2,194,713	1,316,799	3,511,512	-
	<u>2,194,713</u>	<u>1,316,799</u>	<u>3,511,512</u>	<u>(2,588,380)</u>
Change in net position	6,386,212	45,458	6,431,670	(1,659,444)
Net position - beginning	<u>149,388,630</u>	<u>11,757,551</u>	<u>161,146,181</u>	<u>91,376</u>
Net position - ending	<u>\$ 155,774,842</u>	<u>\$ 11,803,009</u>	<u>\$ 167,577,851</u>	<u>\$ (1,568,068)</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, 2018**

See Following Page

CITY OF ROCKFORD, ILLINOIS

Statement of Cash Flows - Proprietary Funds
For the Fiscal Year Ended December 31, 2018

	Business-Type Activities - Enterprise Funds			Governmental
	Water Utility	Nonmajor Parking System	Totals	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 32,066,947	\$ 1,759,586	\$ 33,826,533	\$ 50,420,360
Payment to suppliers	(8,320,179)	(477,446)	(8,797,625)	(43,816,806)
Payment to employees	(4,075,063)	(175,953)	(4,251,016)	(5,105,378)
Payments for interfund services used	-	-	-	984,661
Payments to other funds	(2,478,145)	(192,600)	(2,670,745)	(869,285)
Net cash provided by (used for) operating activities	17,193,560	913,587	18,107,147	1,613,552
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	(6,886,697)	(221,054)	(7,107,751)	(1,664,752)
Debt issuance	5,476,509	1,225,000	6,701,509	4,600,000
Disposal of capital assets	(1,644,739)	-	(1,644,739)	2,643
Interest and fiscal charges	(1,442,098)	(320,401)	(1,762,499)	(40,552)
Payment of capital debt	(9,546,629)	(1,569,660)	(11,116,289)	(207,503)
Net cash provided by (used for) capital and related financing activities	(14,043,654)	(886,115)	(14,929,769)	2,689,836
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers out	-	-	-	(2,588,380)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received on cash and cash equivalents	337,112	(27,472)	309,640	254,273
Net change in cash and cash equivalents	3,487,018	-	3,487,018	1,969,281
Cash and cash equivalents - beginning	17,297,491	-	17,297,491	16,838,757
Cash and cash equivalents - ending	\$ 20,784,509	\$ -	\$ 20,784,509	\$ 18,808,038
Displayed as:				
Cash and cash equivalents	\$ 16,778,987	\$ -	\$ 16,778,987	\$ 18,808,038
Restricted assets - cash and cash equivalents	4,005,522	-	4,005,522	-
	\$ 20,784,509	\$ -	\$ 20,784,509	\$ 18,808,038

(Continued)

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

CITY OF ROCKFORD, ILLINOIS

Statement of Cash Flows - Proprietary Funds
For the Fiscal Year Ended December 31, 2018

	Business-Type Activities - Enterprise Funds			Governmental
	Water Utility	Nonmajor Parking System	Totals	Activities Internal Service
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES				
Operating income (loss)	\$ 6,913,659	\$ (923,468)	\$ 5,990,191	\$ 715,215
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	6,181,602	668,149	6,849,751	912,262
Increase (decrease) from changes in:				
Accounts receivable, net	146,859	(7,363)	139,496	(138,057)
Due from other governmental units	-	-	-	(47,532)
Due from State of Illinois	-	-	-	(92,852)
Due from other funds	1,132,670	-	1,132,670	-
Prepaid items	-	-	-	(9,079)
Inventories	10,786	-	10,786	(15,156)
Capital Assets	1,676,279	-	1,676,279	-
Unamortized loss on refunding	45,554	-	45,554	-
Accounts payable	944,635	306,235	1,250,870	(78,274)
Accrued interest payable	(9,549)	(1,481)	(11,030)	-
Accrued payroll and benefits	25,347	691	26,038	20,541
Other liabilities	1,395	-	1,395	320,793
Deposits and advances	81,153	-	81,153	-
Compensated absences	31,846	(101)	31,745	25,691
Due to other funds	-	870,831	870,831	-
OPEB	11,324	94	11,418	-
Total adjustments	10,279,901	1,837,055	12,116,956	898,337
Net cash provided by (used for) operating activities	\$ 17,193,560	\$ 913,587	\$ 18,107,147	\$ 1,613,552
Noncash Capital and Related Financing Activities				
Capital Contributions	2,194,713	1,316,799	3,511,512	-

(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, 2018**

	<u>Pension Trust</u>
ASSETS	
Cash and cash equivalents	\$ 2,392,203
Investments - retirement plans	
U.S. Treasury Notes	24,906,383
U.S. Treasury Bonds	3,572,956
Government National Mortgage Association	526,541
Federal Home Loan Mortgage Corporation	6,368,151
Federal National Mortgage Association	10,015,560
Municipal Bonds	3,150,089
Corporate Bonds	34,002,988
Common Stocks	19,075,606
Northern Trust Collective Funds	31,404,800
Mutual Funds	194,564,864
Total investments	<u>327,587,938</u>
Accounts receivable - net of allowance	
Accrued interest receivable	539,489
Contributions receivables	16,586,213
Other	8,248
Total accounts receivable - net of allowance	<u>17,133,950</u>
Due from other funds	<u>553,541</u>
Total assets	347,667,632
LIABILITIES	
Accrued liabilities	114,822
Due to Other Funds	633,880
Total Liabilities	<u>748,702</u>
NET POSITION	
Net position restricted for pensions	<u>\$ 346,918,930</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, 2018**

	Pension Trust
ADDITIONS	
Contributions:	
Employer	\$ 18,465,713
Plan member	5,526,085
Total contributions	<u>23,991,798</u>
Investment income:	
Net appreciation (depreciation) in fair value of investments	(21,819,033)
Interest and dividend income	7,907,258
	<u>(13,911,775)</u>
Less investment expense	(558,142)
Net investment income	<u>(14,469,917)</u>
 Total additions	 <u>9,521,881</u>
DEDUCTIONS	
Pension benefits	36,416,142
Refunds of contributions	140,071
Administrative expense	327,124
	<u>36,883,337</u>
 Change in fiduciary net position	 (27,361,456)
NET POSITION RESTRICTED FOR PENSIONS	
Net position restricted for pensions - beginning	<u>374,280,386</u>
Net position restricted for pensions - ending	<u>\$ 346,918,930</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, 2018

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, 2018

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, 2018

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, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements – Continued

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

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

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

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

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The City maintains 45 special revenue funds. The Public Library Fund (a major fund) accounts for the operations and maintenance of the main downtown library and five branch libraries. Financing is mainly provided by a specific property tax levy. Other sources of revenue include replacement taxes, rental of rooms and theater space, etc. The Community Development Fund (a major fund) accounts for community rehabilitation projects, including certain community loans, financed primarily by community grants from the Federal government. Projects include public and private rehabilitation. The Human Services Fund (also a major fund) accounts for services provided by the City's Human Services Department, including certain community loans. Services include Head Start program for children, weatherization of homes, payment of heat and electrical bills on behalf of persons in need and services related to intervention and correction programs for youths involved in anti-social behavior and gang activity. Financing is primarily provided by grants from the Federal government and the State of Illinois-Social Services and the General Fund.

Debt Service Fund is used to account for the accumulation of resources for the payment of principal and interest on general obligation bonds. Debt service resources are principally from property taxes levied by the City and transfers from other funds. The City maintains one debt service fund and it is treated as a major fund.

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements December 31, 2018

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, 2018

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, 2018

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, 2018

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 March 26, 2018. 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 2018 levy is deferred as it is intended to finance fiscal year 2018 to 2019.

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, 2018.

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, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Interfund Receivables and Payables

The City has the following types of transactions between funds:

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

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

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

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

Inventories and Prepaids

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

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

Restricted Assets

Certain proceeds of Water Utility Fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted cash and cash equivalents on the balance sheet because their use is limited by applicable bond covenants. The “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” (\$3,005,522) 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, 2018**

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 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, 2018

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, 2018

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, 2018**

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
Family Justice Center	\$ 8,558
Justice Assistance Grant	44,909
Tax Increment Financing Area - South Rockford	260,385
Tax Increment Financing Area - Springfield Corners	1,545,794
Tax Increment Financing Area - Rockford Global Trade Park	869,467
Tax Increment Financing Area - North Main	1,380,919
Tax Increment Financing Area - Lincolnwood II	62,707
Tax Increment Financing Area - River Oaks	2,962,869
Tax Increment Financing Area - Garrison	658,121
Tax Increment Financing Area - Hope Six	922,852
Tax Increment Financing Area - Jackson School	129,637
Tax Increment Financing Area - Preston/Central	1,555,971
Tax Increment Financing Area - West State and Central	133,444
Tax Increment Financing Area - River North	153,545
Tax Increment Financing Area - North Main and Whitman	490,174
Tax Increment Financing Area - Rockford Global Trade Park III	8,639
Risk Management	9,108,617

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – Continued

DEFICIT FUND BALANCE/NET POSITION – Continued

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.

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
Community Development	\$ 2,407
Motor Fuel Tax	2,003,242
Tax Increment Financing Area - South Rockford	1,673
Parking System	158,575
Illinois Municipal Retirement	4,918
Workmen's Compensation	7,741
Police Pension	490,886
Firefighters' Pension	39,798

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. The Illinois Funds is not registered with the SEC as an investment company. 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, 2018**

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 \$18,056,875 and the bank balances totaled \$19,371,108.

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	\$ 14,400,042	\$ 1,500,630	\$ 12,899,412	\$ -	\$ -
*Illinois Funds	45,901,865	45,901,865	-	-	-
Totals	\$ 60,301,907	\$ 47,402,495	\$ 12,899,412	\$ -	\$ -

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements December 31, 2018

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, 2018, 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, 2018:

- U.S. Treasury Securities of \$14,400,042 are valued using quoted market prices (Level 1 inputs)
- Illinois Funds of \$45,901,865 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, 2018, 60% 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, 2018, 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, 2018, 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, 2018, 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, 2018**

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, 2018, the City’s investments were rated as follows:

Investment Type	Total Fair Value	Credit Rating	
		Moody's	Standard & Poor's
U.S. Treasury Securities	\$ 14,400,042	N/A	AAA
Illinois Funds	45,901,865	N/A	AAAm

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, 2018, 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 \$1,228,912 and the bank balances totaled \$1,279,565.

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	\$ 5,686,941	\$ 841,643	\$ 1,299,454	\$ 3,545,844	\$ -
U.S. Agency Securities	6,875,135	544,319	1,297,227	2,367,982	2,665,607
Municipal Bonds	1,862,279	104,634	1,626,346	131,299	-
Corporate Bonds	16,772,912	-	12,554,867	4,218,045	-
Totals	\$ 31,197,267	\$ 1,490,596	\$ 16,777,894	\$ 10,263,170	\$ 2,665,607

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

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, 2018:

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	\$ 5,686,941	\$ 5,686,941	\$ -	\$ -
U.S. Agency Securities	6,875,135	-	6,875,135	-
Municipal Bonds	1,862,279	-	1,862,279	-
Corporate Bonds	16,772,912	-	16,772,912	-
Equity Securities				
Common Stocks	10,686,128	10,686,128	-	-
Northern Trust Collective Funds	31,404,822	31,404,822	-	-
Mutual Funds	106,983,209	106,983,209	-	-
Total Investments Measured at Fair Value	\$ 180,271,426	\$ 154,761,100	\$ 25,510,326	\$ -

Debt Securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Custodial Credit Risk – Deposits. The Fund does not have a deposit policy for custodial credit risk for deposits. As of December 31, 2018, 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, 2018, 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, 2018**

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	\$ 5,686,941	N/A	A3 to BAA1
Federal Home Loan Mortgage Corporation	3,019,134	N/A	AAA to AA+
Federal National Mortgage Association	3,856,001	N/A	AAA to AA+
Municipal Bonds	1,862,279	N/A	AA1 to AA+
Corporate Bonds	16,772,912	N/A	A3 to BAA1

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 \$10,686,128, invested in common stock, \$31,404,800 invested in Northern Trust collective funds, and \$106,983,209, invested in mutual funds. At December 31, 2018, 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, 2018**

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 40%. Securities in any one company should not exceed 5% of the total fund.

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 2019 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, 2018 are listed in the table above.

Rate of Return

For the year ended December 31, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (3.85%). 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 \$1,163,291 and the bank balances totaled \$1,212,898.

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	\$ 22,792,398	\$ 365,044	\$ 8,731,685	\$ 10,122,713	\$ 3,572,956
U.S. Agency Securities	10,035,117	542,521	924,490	1,919,384	6,648,722
Municipal Bonds	1,287,810	-	1,287,810	-	-
Corporate Bonds	17,230,076	-	10,352,655	4,410,261	2,467,160
Totals	<u>\$ 51,345,401</u>	<u>\$ 907,565</u>	<u>\$ 21,296,640</u>	<u>\$ 16,452,358</u>	<u>\$ 12,688,838</u>

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

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, 2018:

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	\$ 22,792,398	\$ 22,792,398	\$ -	\$ -
U.S. Agencies	10,035,117	-	10,035,117	-
Municipal Bonds	1,287,810	-	1,287,810	-
Corporate Bonds	17,230,076	-	17,230,076	-
Equity Securities				
Common Stocks	8,389,478	8,389,478	-	-
Mutual Funds	87,581,655	87,581,655	-	-
Total Investments Measured at Fair Value	\$ 147,316,534	\$ 118,763,531	\$ 28,553,003	\$ -

Debt Securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities’ relationship to benchmark quoted prices.

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, 2018, 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, 2018, 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, 2018**

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	\$ 22,792,398	N/A	AAA to AA+
Government National Mortgage Association	526,541	N/A	N/A
Federal National Mortgage Association	3,349,017	N/A	AAA to AA+
Federal Home Loan Mortgage	6,159,559	N/A	AAA to AA+
Municipal Bonds	1,287,810	N/A	N/A
Corporate Bonds	17,230,076	N/A	A3 to BAA1

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 \$8,389,478 invested in common stock and \$87,581,655 invested in mutual funds. At December 31, 2018, 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, 2018

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 40%. Securities in any one company should not exceed 5% of the total fund.

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 2019 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, 2018 are listed in the table above.

Rate of Return

For the year ended December 31, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (4.05%). 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, 2018, the carrying amount of the Rockford Mass Transit District deposits totaled \$7,847,392 and the bank balances totaled \$7,847,392 and Rockford Metropolitan Exposition Authority District deposits totaled \$2,134,105 and the bank balances totaled \$2,082,761.

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, 2018, the Rockford Mass Transit District total deposits were not exposed to custodial credit risk. The Rockford Metropolitan Exposition Authority does not have a policy that addresses custodial credit risk.

Interest Rate Risk. As of June 30, 2018, 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, 2018

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, 2018.

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, 2018, 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, 2018, 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, 2018, 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, 2018**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

RECEIVABLES AND PAYABLES

Receivables and payables as of December 31, 2018 for the City’s individual major funds and non-major, internal service and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Special Revenue						Business-Type Activities			Governmental Internal Service
	General	Public	Community	Human	Debt	Capital	Enterprise Funds		Nonmajor	
		Library	Development	Services			Water	Parking		
					Service	Project	Utility	System		
RECEIVABLES										
Taxes	\$54,535,432	\$7,444,991	\$ -	\$ -	\$ 25,844	\$ -	\$5,424,903	\$ -	\$ -	\$ -
Accounts	15,042,403	386,492	622	202,133	-	151,410	773,106	5,656,469	5,126	273,539
Notes	150,000	-	163,469	409,880	-	-	-	-	-	-
Accrued Interest	75,237	30,384	-	(7,898)	-	1,639	(18,839)	-	-	-
Gross receivables	69,803,072	7,861,867	164,091	604,115	25,844	153,049	6,179,170	5,656,469	5,126	273,539
Less: Allowance for uncollectibles	(7,014,877)	(136,034)	(70,302)	(409,880)	(25,844)	-	(1,430,420)	(985,416)	-	-
Total receivables	\$62,788,195	\$7,725,833	\$ 93,789	\$ 194,235	\$ -	\$ 153,049	\$4,748,750	\$ 4,671,053	\$ 5,126	\$ 273,539
DUE FROM OTHER										
GOVERNMENTAL UNITS										
Federal	\$ 343,585	\$ -	\$ 1,252,496	\$4,759,056	\$ -	\$ 1,551,543	\$ 44,503	\$ -	\$ -	\$ -
State	134,061	-	664,975	4,441,989	289,527	10,890,699	332,031	-	-	-
Other	1,315,034	-	-	-	-	3,678,253	-	-	-	189,399
Total due from other governmental units	\$ 1,792,680	\$ -	\$ 1,917,471	\$9,201,045	\$ 289,527	\$16,120,495	\$ 376,534	\$ -	\$ -	\$ 189,399
PAYABLES										
Vendors	\$ 4,110,607	\$ 342,345	\$ 256,348	\$1,727,044	\$ 422,895	\$ 7,362,805	\$ 495,959	\$ 2,635,263	\$ 416,911	\$ 1,897,681
Other governmental units	-	-	168	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-	89,533	11,486	-
Total payables	\$ 4,110,607	\$ 342,345	\$ 256,516	\$1,727,044	\$ 422,895	\$ 7,362,805	\$ 495,959	\$ 2,724,796	\$ 428,397	\$ 1,897,681

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, 2018, 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, 2018**

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, 2018 is as follows:

Receivable	Payable	Purpose	Amount
General	Community Development	Interfund cash advances	\$ 1,368,996
General	Human Services	Interfund cash advances	1,508,426
General	Capital Projects	Interfund cash advances	1,987,412
General	Nonmajor governmental	Interfund cash advances	11,274,475
General	Nonmajor business-type	Interfund cash advances	2,003,501
General	Police Pension	60-day collections on property taxes	633,880
Firefighters' Pension	General	60-day collections on property taxes	553,541
			<u>\$ 19,330,231</u>

Interfund Transfers

Transfers between funds for the year ended December 31, 2018 are as follows:

Transfers In	Transfers Out	Amount
General	Capital Projects	\$ 1,652,271 (1)
General	Nonmajor governmental	2,851,476 (1)
General	Internal Service	2,588,380 (4)
Debt Service	General	2,786,698 (2)
Debt Service	Public Library	217,488 (2)
Debt Service	Capital Projects	8,657 (2)
Debt Service	Nonmajor governmental	5,386,530 (2)
Capital Projects	General	1,500,000 (3)
Nonmajor governmental	Nonmajor governmental	706,137 (1)
Nonmajor governmental	Debt Service	16,828 (1)
		<u>\$ 17,714,465</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, (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, and (4) to balance the deficit in the General Fund.

In addition, the City transferred the remaining fund balance in the Garbage and Refuse Fund (nonmajor governmental) to the General Fund as of December 31, 2018.

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CONSTRUCTION COMMITMENTS

The City has active construction projects as of December 31, 2018. The projects include street resurfacing, widening and construction of existing streets and bridges, drainage projects, sidewalks, and water system improvements. At year-end, the City’s commitments with contractors are as follows:

Project	Commitment
Harrison Improvement 11th - 20th	\$ 3,111,400
Mercy Way/Lyford Road Improvements	1,318,950
Keith Creek Bank Stabilization	908,322
Hartman Street Reconstruction	827,030
North Main - Auburn to Riverside	703,896
Parking - State and Main West Deck	562,556
City-Wide Street Repairs	480,764
Amerock Surface Parking	477,127
Alpine Dam Retrofit	469,894
Bell School/E State Intersection Improvements	458,600
1920 N Main Street Demo	356,690
West State Street Corridor	240,152
OFS Access Extension	184,008
S Main Street Parking Lots Construction	171,311
Well45 Water Treatment Plant	162,620
Cedar Street Roof Replacement	157,694
Church and Park Water Main Replacement	140,250
Whitman Street Interchange Feasibility	131,102
Yale Drive Box Culvert Replacement	124,912
	<u>\$ 10,987,278</u>

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

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CAPITAL ASSETS

Capital asset activity for the primary government for the fiscal year ended December 31, 2018 was as follows:

Governmental Activities

	Beginning Balances	Increases	Decreases	Ending Balances
NONDEPRECIABLE CAPITAL ASSETS				
Land	\$ 4,430,855	\$ -	\$ (726,015)	\$ 3,704,840
Construction in progress	7,871,409	2,102,196	(7,312,456)	2,661,149
	<u>12,302,264</u>	<u>2,102,196</u>	<u>(8,038,471)</u>	<u>6,365,989</u>
DEPRECIABLE CAPITAL ASSETS				
Land improvements	2,088,208	-	(173,738)	1,914,470
Buildings improvements	95,123,948	7,781,219	(4,307,739)	98,597,428
Equipment	42,434,936	2,170,393	(750,257)	43,855,072
Infrastructure	354,357,418	12,660,699	(766,977)	366,251,140
	<u>494,004,510</u>	<u>22,612,311</u>	<u>(5,998,711)</u>	<u>510,618,110</u>
LESS ACCUMULATED DEPRECIATION				
Land improvements	(760,876)	(399,679)	17,374	(1,143,181)
Buildings improvements	(38,967,275)	(2,503,804)	3,837,909	(37,633,170)
Equipment	(31,465,808)	(3,463,291)	756,507	(34,172,592)
Infrastructure	(122,217,270)	(7,511,478)	166,165	(129,562,583)
	<u>(193,411,229)</u>	<u>(13,878,252)</u>	<u>4,777,955</u>	<u>(202,511,526)</u>
Total net depreciable capital assets	<u>300,593,281</u>	<u>8,734,059</u>	<u>(1,220,756)</u>	<u>308,106,584</u>
Total net capital assets	<u>\$ 312,895,545</u>	<u>\$ 10,836,255</u>	<u>\$ (9,259,227)</u>	<u>\$ 314,472,573</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 214,172
Public safety	2,219,802
Streets, alleys and bridges	8,349,728
Community development	53,000
Sanitation and sewers	24,675
Culture and recreation	1,902,059
Public health and welfare	202,556
Internal service	912,260
	<u>\$ 13,878,252</u>

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CAPITAL ASSETS – Continued

Business-Type Activities

	Beginning Balances	Increases	Decreases	Ending Balances
NONDEPRECIABLE CAPITAL ASSETS				
Land	\$ 6,242,871	\$ 724,539	\$ -	\$ 6,967,410
Construction in progress	6,966,133	6,711,205	(2,298,978)	11,378,360
	<u>13,209,004</u>	<u>7,435,744</u>	<u>(2,298,978)</u>	<u>18,345,770</u>
DEPRECIABLE CAPITAL ASSETS				
Land improvements	890,586	10,300	-	900,886
Buildings and improvements	49,483,611	-	-	49,483,611
Improvements other than buildings	230,086,949	5,371,858	(4,407,643)	231,051,164
Equipment	4,721,041	100,339	(39,973)	4,781,407
	<u>285,182,187</u>	<u>5,482,497</u>	<u>(4,447,616)</u>	<u>286,217,068</u>
LESS ACCUMULATED DEPRECIATION				
Land improvements	(426,937)	(35,650)	-	(462,587)
Buildings and improvements	(17,844,218)	(977,974)	-	(18,822,192)
Improvements other than buildings	(79,335,018)	(5,516,556)	2,742,423	(82,109,151)
Equipment	(3,209,324)	(319,571)	28,914	(3,499,981)
	<u>(100,815,497)</u>	<u>(6,849,751)</u>	<u>2,771,337</u>	<u>(104,893,911)</u>
 Total net depreciable capital assets	 <u>184,366,690</u>	 <u>(1,367,254)</u>	 <u>(1,676,279)</u>	 <u>181,323,157</u>
 Total net capital assets	 <u>\$ 197,575,694</u>	 <u>\$ 6,068,490</u>	 <u>\$ (3,975,257)</u>	 <u>\$ 199,668,927</u>

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

Water	\$ 6,181,602
Parking system	<u>668,149</u>
	<u>\$ 6,849,751</u>

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

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, 2018 was as follows:

Rockford Mass Transit District

	Beginning Balances	Increases	Decreases	Ending Balances
NONDEPRECIABLE CAPITAL ASSETS				
Land	\$ 1,969,934	\$ -	\$ -	\$ 1,969,934
Construction in progress	269,475	1,323,971	-	1,593,446
	<u>2,239,409</u>	<u>1,323,971</u>	<u>-</u>	<u>3,563,380</u>
DEPRECIABLE CAPITAL ASSETS				
Land improvements	924,521	-	-	924,521
Buildings and improvements	17,167,510	37,549	-	17,205,059
Buses and service vehicles	16,490,750	-	-	16,490,750
Equipment and office furniture	3,911,858	99,170	-	4,011,028
	<u>38,494,639</u>	<u>136,719</u>	<u>-</u>	<u>38,631,358</u>
LESS ACCUMULATED DEPRECIATION				
	(20,172,290)	(2,269,685)	-	(22,441,975)
Total net depreciable capital assets	<u>18,322,349</u>	<u>(2,132,966)</u>	<u>-</u>	<u>16,189,383</u>
Total net capital assets	<u>\$ 20,561,758</u>	<u>\$ (808,995)</u>	<u>\$ -</u>	<u>\$ 19,752,763</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	36,957,616	155,148	-	37,112,764
Equipment	7,941,382	275,079	-	8,216,461
	<u>44,898,998</u>	<u>430,227</u>	<u>-</u>	<u>45,329,225</u>
LESS ACCUMULATED DEPRECIATION				
Buildings and improvements	(16,914,398)	(1,069,979)	-	(17,984,377)
Equipment	(6,244,450)	(376,737)	-	(6,621,187)
	<u>(23,158,848)</u>	<u>(1,446,716)</u>	<u>-</u>	<u>(24,605,564)</u>
Total net depreciable capital assets	<u>21,740,150</u>	<u>(1,016,489)</u>	<u>-</u>	<u>20,723,661</u>
Total net capital assets	<u>\$ 24,337,164</u>	<u>\$ (1,016,489)</u>	<u>\$ -</u>	<u>\$ 23,320,675</u>

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT

General Obligation Bonds and Alternate Bonds

The City has issued general obligation bonds to provide for community development and the acquisition and construction of major capital projects. General obligation bonds have been issued for both governmental and business-type activities. The beginning balance of outstanding general obligation bonds was \$94,115,000. During the year, there was \$17,550,000 new general obligation bonds issued for governmental activities and for business-type activities, and the City made principal payments of \$27,475,000 leaving an ending balance of \$84,190,000.

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

Purpose	Original Issue Amount	Interest Rates	Maturity Date	Amount
GOVERNMENTAL ACTIVITIES				
2007-A Metro Centre Improvement				
General Obligation Alternate Bond Issue	\$ 6,300,000	4.00% - 4.20%	2027	\$ 665,000
2009-B Redevelopment Taxable				
General Obligation Alternate Bond Issue	950,000	5.30% - 5.70%	2024	50,000
2009-D Redevelopment Taxable				
General Obligation Alternate Bond Issue	1,700,000	2.25% - 5.50%	2024	1,000,000
2014-A Fire Station Construction				
General Obligation Alternate Bond Issue	5,420,000	3.00% - 4.00%	2034	4,590,000
2015 Fire Station Construction				
General Obligation Alternate Bond Issue	12,195,000	3.00% - 3.75%	2034	10,245,000
2016-A Refunding General Obligation				
Sales Tax Alternate Revenue Issue	14,770,000	2.00% - 5.00%	2035	13,639,741
2012-C Refunding General Obligation				
Alternate Bond Issue	1,810,000	1.50% - 2.00%	2021	350,000
2014-A Refunding General Obligation				
Alternate Bond Issue	9,625,000	3.00% - 4.00%	2024	4,545,000
2014-C Refunding General Obligation				
Alternate Bond Issue	14,280,000	3.00% - 4.00%	2027	9,415,000
2016-A Refunding General Obligation				
Sales Tax Alternate Revenue Issue	5,400,000	2.00% - 5.00%	2035	4,725,000
2018-A Refunding General Obligation				
Sales Tax Alternate Revenue Issue	2,730,000	4.00%	2027	2,730,000
2018-C Refunding General Obligation				
Bond Issue	8,265,000	3.15% - 4.45%	2028	8,265,000
				<u>29,680,000</u>
Total governmental activities				<u>60,219,741</u>

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements December 31, 2018

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

General Obligation Bonds and Alternate Bonds – Continued

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

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

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

General Obligation Bonds and Alternate Bonds – Continued

General obligation alternate bonds currently outstanding are as follows:

Purpose	Original Issue Amount	Interest Rates	Maturity Date	Amount
BUSINESS-TYPE ACTIVITIES				
Water Utility Fund:				
2010-A General Obligation Alternate Bond Issue	3,400,000	2.00% - 4.00%	2030	\$ 2,350,000
2016-B Refunding General Obligation Alternate Bond Issue	10,735,000	5.00%	2027	8,860,000
2018-B Refunding General Obligation Bond Issue	5,330,000	3.13% - 4.00%	2028	5,330,000
Parking System Fund:				
2015-A General Obligation Alternate Bond Issue	6,315,000	3.00% - 4.00%	2035	5,605,000
2016-A Refunding General Obligation Sales Tax Alternate Revenue Issue	650,000	2.00% - 5.00%	2035	600,259
2018-C Refunding General Obligation Bond Issue	1,225,000	3.15% - 4.45%	2028	<u>1,225,000</u>
Total business-type activities				<u>23,970,259</u>
Total primary government				<u>\$ 84,190,000</u>

Section 108 Guaranteed Loans

During 2003, the City’s Community Development Department entered in a contract with the Secretary of Housing and Urban Development (HUD) under the Section 108 Guaranteed Loans Program. The outstanding balance at December 31, 2018 is \$330,000 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.

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Illinois Environmental Protection Agency (IEPA) Loan

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

Date Awarded	Amount Approved	Terms	Loans Received	Construction Interest	Payments	Balance Due
05/19/08	\$8,308,283	2.5%	\$ 6,387,464	\$ -	\$ (853,549)	\$ 5,533,915
09/30/08	12,512,945	2.5%	9,466,217	-	(1,210,154)	8,256,063
09/30/08	2,297,070	2.5%	1,546,276	-	(216,301)	1,329,975
08/14/09	6,877,227	0% - 25% principal forgiveness	3,812,931	-	(525,923)	3,287,008
09/30/09	3,122,773	0% - 25% principal forgiveness	1,611,235	-	(240,206)	1,371,029
06/30/10	720,521	1.25% - 25% principal forgiveness	205,801	-	(36,480)	169,321
06/30/10	3,128,995	1.25% - 25% principal forgiveness	1,947,192	-	(238,943)	1,708,249
06/30/10	2,633,303	1.25% - 25% principal forgiveness	1,587,604	-	(194,946)	1,392,658
09/29/10	913,740	1.25% - 25% principal forgiveness	508,862	-	(67,374)	441,488
12/15/10	381,087	1.25% - 25% principal forgiveness	292,622	-	(31,143)	261,479
01/19/11	3,611,244	1.25% - 25% principal forgiveness	2,117,111	-	(265,432)	1,851,679
			\$ 29,483,315	\$ -	\$ (3,880,451)	\$ 25,602,864

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, 2018, the City indebtedness was \$86.3 million less than the City limit and \$106.1 million less than the State limit.

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Lease Purchase Agreements

During 2012 through 2018 the City entered into lease purchase agreements totaling \$32,363,492 for the acquisition of City-wide vehicles, fire apparatuses, squad cars, heavy equipment, ambulances, and heating and air units. Outstanding balances at December 31, 2018 are \$19,410,938 for the governmental activities and \$673,799 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 16 separate lease agreements as lessee for financing the acquisition of capital assets. Capital assets of \$34,231,218 have been added to governmental activities and \$15,859,511 has been added to business-type activities. These lease agreements qualify as capital leases for accounting purposes and; therefore, have been recorded at the present value of the future minimum lease payments as of the inception date. The capital leases have been recorded as liabilities of the Municipal Garage and Vehicle Replacement Funds.

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

Fiscal Year	Governmental Activities	Business-Type Activities	Totals
2019	\$ 4,710,590	\$ 146,710	\$ 4,857,300
2020	5,211,757	146,710	5,358,467
2021	3,879,345	146,710	4,026,055
2022	3,216,248	171,121	3,387,369
2023	2,423,648	68,007	2,491,655
2024	755,958	32,780	788,738
2025	616,170	-	616,170
2026	460,333	-	
	<u>21,274,049</u>	<u>712,038</u>	<u>21,525,754</u>
Interest portion	<u>(1,863,111)</u>	<u>(38,239)</u>	<u>(1,901,350)</u>
Principal balances	<u>\$ 19,410,938</u>	<u>\$ 673,799</u>	<u>\$ 19,624,404</u>

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

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, 2018 was as follows:

	Beginning Balances as Restated	Additions	Deductions	Ending Balances	Due Within One Year
GOVERNMENTAL ACTIVITIES					
Bonds payable:					
General obligation bonds	\$ 67,770,081	\$ 10,995,000	\$ (18,545,340)	\$ 60,219,741	* \$ 5,379,513
Less premiums and discounts	44,142	59,374	(46,858)	56,658	31,585
	<u>67,814,223</u>	<u>11,054,374</u>	<u>(18,592,198)</u>	<u>60,276,399</u>	<u>5,411,098</u>
Compensated absences:					
General	6,225,802	719,714	(359,857)	6,585,659	1,317,131
Internal service	545,740	51,382	(25,691)	571,431	114,287
	<u>6,771,542</u>	<u>771,096</u>	<u>(385,548)</u>	<u>7,157,090</u>	<u>1,431,418</u>
Section 108 guaranteed loans	<u>3,115,000</u>	<u>-</u>	<u>(60,000)</u>	<u>3,055,000</u>	<u>187,000</u>
Lease/purchase agreements:					
General	11,666,464	4,910,380	(3,087,456)	13,489,388	3,069,291
Internal service	1,529,053	4,600,000	(207,503)	5,921,550	1,051,929
	<u>13,195,517</u>	<u>9,510,380</u>	<u>(3,294,959)</u>	<u>19,410,938</u>	<u>4,121,220</u>
Claims and judgments	<u>16,736,927</u>	<u>21,959,947</u>	<u>(20,680,595)</u>	<u>18,016,279</u>	<u>7,467,498</u>
Net pension liability					
IMRF	2,618,605	30,291,450	-	32,910,055	-
Police Pension	119,222,690	34,425,987	-	153,648,677	-
Firefighters' Pension	139,178,113	35,390,263	-	174,568,376	-
Total OPEB liability - RBP	<u>29,895,804</u>	<u>-</u>	<u>(3,691,087)</u>	<u>26,204,717</u>	<u>-</u>
	<u>\$ 398,548,421</u>	<u>\$ 143,403,497</u>	<u>\$ (46,704,387)</u>	<u>\$ 495,247,531</u>	<u>\$ 18,618,234</u>

*\$1,665,000 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, 2018**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Long-Term Liability Activity – Continued

BUSINESS-TYPE ACTIVITIES

Water Utility:

Bonds payable:

General obligation alternate bonds	\$ 18,570,000	\$ 5,330,000	\$ (7,360,000)	\$ 16,540,000	\$ 1,550,195
Less premiums and discounts	813,870	146,509	(46,254)	914,125	93,309
	<u>19,383,870</u>	<u>5,476,509</u>	<u>(7,406,254)</u>	<u>17,454,125</u>	<u>1,643,504</u>
IEPA loan	27,558,040	-	(1,955,176)	25,602,864	1,989,452
Capital lease payable	858,998	-	(185,199)	673,799	133,681
Compensated absences	309,618	63,692	(31,846)	341,464	68,293
Total OPEB liability - RBP	575,581	-	(71,064)	504,517	-
Refundable water main extension advance	270,969	-	-	270,969	-
Customer deposits	222,064	91,423	-	313,487	-
Total water utility	<u>49,179,140</u>	<u>5,631,624</u>	<u>(9,649,539)</u>	<u>45,161,225</u>	<u>3,834,930</u>

Parking System:

Bonds payable:

General obligation alternate bonds	7,774,919	1,225,000	(1,569,660)	7,430,259	380,292
Compensated absences	9,113	101	(202)	9,012	1,802
Total OPEB liability - RBP	4,800	-	(593)	4,207	-
Total parking system	<u>7,788,832</u>	<u>1,225,101</u>	<u>(1,570,455)</u>	<u>7,443,478</u>	<u>382,094</u>
	<u>\$ 56,967,972</u>	<u>\$ 6,856,725</u>	<u>\$ (11,219,994)</u>	<u>\$ 52,604,703</u>	<u>\$ 4,217,024</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, \$571,431 of internal service funds compensated absences, \$18,016,280 for claims and judgments, and \$5,921,550 for capital leases payable are included in the above amounts.

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Long-Term Liability Activity – Continued

	Beginning Balances as Restated	Additions	Deductions	Ending Balances	Due Within One Year
COMPONENTS UNITS					
Rockford Mass Transit District:					
Net pension obligation	\$ 6,180,038	\$ -	\$ (401,040)	\$ 5,778,998	\$ -
Total OPEB liability	10,332,597	269,672	-	10,602,269	-
Rockford Metropolitan Exposition, Auditorium and Office Building Authority:					
Notes payable	2,140,121	-	(364,665)	1,775,456	374,926
	<u>\$ 18,652,756</u>	<u>\$ 269,672</u>	<u>\$ (765,705)</u>	<u>\$ 18,156,723</u>	<u>\$ 374,926</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
2019	\$ 5,379,513	\$ 2,210,488	\$ 187,000	\$ 18,414	\$ 1,930,487	\$ 1,057,117
2020	5,149,247	2,061,961	205,000	15,138	2,010,753	972,974
2021	4,766,046	1,878,441	207,000	10,990	2,038,954	883,795
2022	5,051,165	1,701,647	195,000	6,798	2,173,835	792,699
2023	5,341,673	1,509,358	198,000	3,414	2,283,327	695,348
2024	5,165,680	1,300,802	141,000	-	2,349,320	592,963
2025	4,557,384	1,090,145	143,000	-	2,447,616	486,834
2026	4,696,167	925,109	146,000	-	2,513,833	375,805
2027	4,869,950	748,265	149,000	-	1,540,050	259,881
2028	1,972,777	559,413	152,000	-	1,207,224	192,159
2029	1,957,484	492,593	155,000	-	632,516	131,201
2030	1,901,219	423,819	158,000	-	643,781	108,805
2031	1,974,533	354,726	161,000	-	405,467	85,676
2032	2,043,058	282,007	165,000	-	421,942	69,876
2033	2,121,372	205,910	168,000	-	438,628	53,434
2034	2,199,685	125,899	171,000	-	455,315	36,342
2035	1,072,788	42,912	175,000	-	477,211	18,598
2036	-	-	179,000	-	-	-
	<u>\$ 60,219,741</u>	<u>\$ 15,913,495</u>	<u>\$ 3,055,000</u>	<u>\$ 54,754</u>	<u>\$ 23,970,259</u>	<u>\$ 6,813,507</u>

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements December 31, 2018

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Defeased Debt

During the fiscal year, the City issued \$2,730,000 par value General Obligation Refunding Bonds of 2018A to refund \$2,790,000 of the General Obligation Alternate Bonds of 2007A, \$5,330,000 General Obligation Refunding Bonds of 2018B to fully refund the General Obligation Alternate Bond of 2008A, and \$9,490,000 General Obligation Refunding Bond of 2018C to refund the General Obligation Alternate Bond of 2008C, the General Obligation Alternate Bonds of 2009B and the Taxable Refunding General Obligation Alternate Bonds of 2009C. . The City defeased bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payment of the old bonds. Since the requirements that normally satisfy defeasance have been met, the financial statements reflect satisfaction of the original liability through the irrevocable transfer to an escrow agent of an amount computed to be adequate to meet the future debt service requirements of the issue. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the government's basic financial statements. Through these refundings, the City reduced its total debt service by \$1,126,480 and obtained an economic gain of \$941,010.

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, 2018 was \$854,691. 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 \$158,334 as of June 30, 2018.

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 \$88,350 were made during the current fiscal year bringing the loan balance to \$602,305. Principal in the amount of \$91,584 is due within one year of the date of the statement of net position.

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements December 31, 2018

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Component Units – Continued

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 \$23,483 were made during the current fiscal year bringing the loan balance to \$160,126. Principal in the amount of \$24,344 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.

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 20% percent of the adopted budget appropriation.

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

FUND BALANCE/NET POSITION – Continued

Fund Balance Classifications – Continued

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

	General	Special Revenue			Debt Service	Capital Projects	Nonmajor	Totals
		Public Library	Community Development	Human Services				
FUND BALANCES								
Nonspendable								
Notes receivable	\$ 150,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 150,000
Inventories	1,054	-	-	-	-	-	-	1,054
	<u>151,054</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>151,054</u>
Restricted								
Debt service	-	-	-	-	8,588,009	-	-	8,588,009
Culture and recreation	-	10,716,006	-	-	-	-	-	10,716,006
Community development	-	-	68,715	-	-	-	4,717,492	4,786,207
Public health and welfare	-	-	-	4,152,001	-	-	-	4,152,001
Highway and streets	-	-	-	-	-	-	8,639,565	8,639,565
	<u>-</u>	<u>10,716,006</u>	<u>68,715</u>	<u>4,152,001</u>	<u>8,588,009</u>	<u>-</u>	<u>13,357,057</u>	<u>36,881,788</u>
Assigned								
General government	-	-	-	-	-	-	195,561	195,561
Community development	-	-	-	-	-	2,567,102	-	2,567,102
Public health and welfare	-	-	-	-	-	-	145,575	145,575
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,567,102</u>	<u>341,136</u>	<u>2,908,238</u>
Unassigned	34,079,651	-	-	-	-	-	(11,143,082)	22,936,569
Total fund balances	<u>\$ 34,230,705</u>	<u>\$ 10,716,006</u>	<u>\$ 68,715</u>	<u>\$ 4,152,001</u>	<u>\$ 8,588,009</u>	<u>\$ 2,567,102</u>	<u>\$ 2,555,111</u>	<u>\$ 62,877,649</u>

Net Position Restatements

Beginning net position was restated due to the implementation of GASB Statement No. 75. The following is a summary of the net position as originally reported and as restated:

<u>Net Position</u>	<u>As Reported</u>	<u>As Restated</u>	<u>(Decrease)</u>
Governmental Activities	\$ (34,978,824)	(58,942,987)	(23,964,163)
Business-Type Activities	161,726,562	161,146,181	(580,381)
Water Utility Fund	149,964,211	149,388,630	(575,581)
Parking System Fund	11,762,351	11,757,551	(4,800)

COMPONENT UNIT

Rockford Metropolitan Exposition, Auditorium and Office Building	19,019,453	12,240,735	(6,778,718)
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CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

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, 2018:

GOVERNMENTAL ACTIVITIES

Capital assets - net of accumulated depreciation	\$ 314,472,573
Plus: Unamortized gain	1,064,724
Less capital related debt:	
General obligation bonds - net	(58,611,399)
Capital lease payable	<u>(19,410,938)</u>
Net investment in capital assets	<u><u>\$ 237,514,960</u></u>

BUSINESS-TYPE ACTIVITIES

Capital assets - net of accumulated depreciation	\$ 199,668,927
Less capital related debt:	
General obligation alternate bonds - net	(24,884,384)
IEPA loan	(25,602,864)
Capital lease payable	<u>(673,799)</u>
Net investment in capital assets	<u><u>\$ 148,507,880</u></u>

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

FUND BALANCE/NET POSITION – Continued

Net Position Classifications – Continued

COMPONENT UNITS

Rockford Mass Transit District

Capital assets - net of accumulated depreciation	<u>\$ 19,752,763</u>
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Rockford Metropolitan Exposition, Auditorium and
Office Building

Capital assets - net of accumulated depreciation	\$ 23,320,675
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Less capital related debt:

Notes payable	<u>(641,888)</u>
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Net investment in capital assets	<u>\$ 22,678,787</u>
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NOTE 4 – OTHER INFORMATION

INDUSTRIAL DEVELOPMENT REVENUE BONDS

The City issued and has an estimated \$45,413,000 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, 2018**

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>2018</u>	<u>2017</u>
Unpaid claims - beginning	\$ 9,189,282	\$ 9,678,175
Current year claims and change in estimates	1,551,911	(273,983)
Claim payments	(192,322)	(215,000)
	<u>\$ 10,548,871</u>	<u>\$ 9,189,192</u>
Reported as:		
Claims and judgments payable	\$ 10,393,350	\$ 9,170,989
Accounts payable	155,431	18,293
	<u>\$ 10,548,781</u>	<u>\$ 9,189,282</u>

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

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>2018</u>	<u>2017</u>
Unpaid claims - beginning	\$ 2,648,628	\$ 2,410,467
Current year claims and change in estimates	17,046,409	18,689,133
Claim payments	<u>(17,614,260)</u>	<u>(18,450,972)</u>
Unpaid claims - ending	<u>\$ 2,080,777</u>	<u>\$ 2,648,628</u>
Reported as:		
Claims and judgments payable	\$ 986,023	\$ 1,385,615
Accounts payable	<u>1,094,754</u>	<u>1,263,013</u>
	<u>\$ 2,080,777</u>	<u>\$ 2,648,628</u>

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

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>2018</u>	<u>2017</u>
Unpaid claims - beginning	\$ 6,180,323	\$ 4,034,972
Current year claims and change in estimates	2,080,411	4,172,431
Claim payments	<u>(2,874,013)</u>	<u>(2,027,080)</u>
Unpaid claims - ending	<u>\$ 5,386,721</u>	<u>\$ 6,180,323</u>
Reported as:		
Claims and judgments payable	<u>\$ 5,386,721</u>	<u>\$ 6,180,323</u>

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

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.

The aggregate amount of pension expense recognized for the three pension plans is:

IMRF	\$ 3,183,421
Police Pension	12,256,286
Firefighters' Pension	<u>16,987,723</u>
	<u><u>32,427,430</u></u>

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.

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Descriptions – Continued

Benefits Provided – Continued. 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.

Plan Membership. As of December 31, 2018, the measurement date, the following employees were covered by the benefit terms:

Inactive plan members currently receiving benefits	685
Inactive plan members entitled to but not yet receiving benefits	390
Active plan members	<u>527</u>
Total	<u><u>1,602</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, 2018, the City’s annual contribution rate for calendar year 2018 was 12.47% of covered payroll.

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Descriptions – Continued

Net Pension Liability. The City’s net pension liability was measured as of December 31, 2018. 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, 2018, using the following actuarial methods and assumptions:

Actuarial cost method	Entry age Normal
Asset valuation method	Market
Actuarial assumptions	
Interest rate	7.25%
Salary increases	3.39% to 14.25%
Cost of living adjustments	2.50%
Inflation	2.50%

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.

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

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. 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	28.00%	3.00%
Domestic Equities	37.00%	6.85%
International Equities	18.00%	6.75%
Real Estate	9.00%	5.75%
Blended	7.00%	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 7.25%, and 7.50% in the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund’s fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

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 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 (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net pension liability	\$ 60,042,888	\$ 33,910,055	\$ 10,456,378

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2017	\$ 217,290,010	\$ 214,671,405	\$ 2,618,605
Changes for the year:			
Service cost	2,920,647	-	2,920,647
Interest on the total pension liability	15,928,242	-	15,928,242
Changes of benefit terms	-	-	-
Difference between expected and actual experience of the total pension liability	1,368,692	-	1,368,692
Changes of assumptions	6,008,711	-	6,008,711
Contributions - employer	-	3,810,902	(3,810,902)
Contributions - employees	-	1,376,714	(1,376,714)
Net investment income	-	(12,298,436)	12,298,436
Benefit payments, including refunds of employee contributions	(12,747,539)	(12,747,539)	-
Other (net transfer)	-	3,045,662	(3,045,662)
Net changes	13,478,753	(16,812,697)	30,291,450
Balances at December 31, 2018	\$ 230,768,763	\$ 197,858,708	\$ 32,910,055

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

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, 2018, the City recognized pension expense of \$3,183,421. At December 31, 2018, 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	\$ 1,147,970	\$ (732,517)	\$ 415,453
Change in assumptions	4,310,663	(3,218,195)	1,092,468
Net difference between projected and actual earnings on pension plan investments	13,324,339	-	13,324,339
Total deferred amounts related to IMRF	<u>\$ 18,782,972</u>	<u>\$ (3,950,712)</u>	<u>\$ 14,832,260</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
2019	\$ 4,445,913
2020	2,060,434
2021	2,680,010
2022	5,645,903
2023	-
Thereafter	-
Totals	<u>\$ 14,832,260</u>

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

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, 2018, the measurement date, membership consisted of the following:

Inactive plan members currently receiving benefits	295
Inactive plan members entitled to but not yet receiving benefits	56
Active plan members	<u>293</u>
Total	<u><u>644</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, 2018**

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 officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3 percent 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, 2018, the City’s contribution was 35.12% 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, 2018, using the following actuarial methods and assumptions:

Actuarial cost method	Entry age Normal
Asset valuation method	Market
Actuarial assumptions	
Interest rate	7.40%
Salary increases	5.00%
Cost of living adjustments	3.00%
Inflation	2.50%

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan – Continued

Actuarial Assumptions – Continued

Mortality rates for healthy members were based on the RP-2014 Mortality Table with a blue collar adjustment, with generational improvement scale MP-2018 applied from 2013 and for disabled members based on 115% of the Healthy Mortality Table, with generational improvement scale MP-2018 applied from 2013.

Discount Rate

The discount rate used to measure the total pension liability was 7.40%, and the prior year valuation used 7.50%. 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 (6.40%)	Current Discount Rate (7.40%)	1% Increase (8.40%)
Net pension liability	\$ 199,583,824	\$ 153,648,677	\$ 116,031,301

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

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, 2017	\$ 322,450,377	\$ 203,227,687	\$ 119,222,690
Changes for the year:			
Service cost	4,259,758	-	4,259,758
Interest on the total pension liability	23,831,989	-	23,831,989
Changes of benefit terms	-	-	-
Difference between expected and actual experience of the total pension liability	3,430,970	-	3,430,970
Changes of assumptions	6,434,028	-	6,434,028
Contributions - employer	-	8,208,018	(8,208,018)
Contributions - employees	-	3,349,195	(3,349,195)
Net investment income	-	(7,851,247)	7,851,247
Benefit payments, including refunds of employee contributions	(17,777,105)	(17,777,105)	-
Administrative expenses	-	(175,208)	175,208
Net changes	20,179,640	(14,246,347)	34,425,987
Balances at December 31, 2018	\$ 342,630,017	\$ 188,981,340	\$ 153,648,677

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

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, 2018, the City recognized pension expense of \$12,256,286. At December 31, 2018, 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	\$ 2,883,246	\$ (877,809)	\$ 2,005,437
Change in assumptions	6,576,547	(8,360,936)	(1,784,389)
Net difference between projected and actual earnings on pension plan investments	13,202,713	-	13,202,713
Total deferred amounts related to Police Pension Plan	<u>\$ 22,662,506</u>	<u>\$ (9,238,745)</u>	<u>\$ 13,423,761</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
2019	\$ 2,315,209
2020	(318,120)
2021	4,576,402
2022	6,850,270
2023	
Thereafter	-
Totals	<u>\$ 13,423,761</u>

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

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, 2018, the measurement date, membership consisted of the following:

Inactive plan members currently receiving benefits	320
Inactive plan members entitled to but not yet receiving benefits	14
Active plan members	<u>272</u>
Total	<u><u>606</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, 2018**

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, 2018, the City’s contribution was 43.88% 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, 2018, using the following actuarial methods and assumptions:

Actuarial cost method	Entry age Normal
Asset valuation method	Market
Actuarial assumptions	
Interest rate	7.40%
Salary increases	5.00%
Cost of living adjustments	3.00%
Inflation	2.50%

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Firefighters’ Pension Plan – Continued

Actuarial Assumptions – Continued

Mortality rates for healthy members were based on the RP-2014 Mortality Table with a blue collar adjustment, with generational improvement scale MP-2018 applied from 2013 and for disabled members based on 115% of the Healthy Mortality Table, with generational improvement scale MP-2018 applied from 2013.

Discount Rate

The discount rate used to measure the total pension liability was 7.40%, and the prior year valuation used 7.50%. 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 (6.40%)	Current Discount Rate (7.40%)	1% Increase (8.40%)
Net pension liability	\$ 217,956,804	\$ 174,568,376	\$ 138,891,413

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

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, 2017	\$ 310,230,812	\$ 171,052,699	\$ 139,178,113
Changes for the year:			
Service cost	4,889,438	-	4,889,438
Interest on the total pension liability	22,926,489	-	22,926,489
Changes of benefit terms	-	-	-
Difference between expected and actual experience of the total pension liability	1,471,333	-	1,471,333
Changes of assumptions	11,767,002	-	11,767,002
Contributions - employer	-	10,257,695	(10,257,695)
Contributions - employees	-	2,176,890	(2,176,890)
Net investment income	-	(6,618,670)	6,618,670
Benefit payments, including refunds of employee contributions	(18,779,108)	(18,779,108)	-
Administrative expenses	-	(151,916)	151,916
Net changes	22,275,154	(13,115,109)	35,390,263
Balances at December 31, 2018	\$ 332,505,966	\$ 157,937,590	\$ 174,568,376

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

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, 2018, the City recognized pension expense of \$16,987,723. At December 31, 2018, 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	\$ 3,020,275	\$ (185,660)	\$ 2,834,615
Change in assumptions	10,332,064	(11,059,863)	(727,799)
Net difference between projected and actual earnings on pension plan investments	12,947,718	-	12,947,718
Total deferred amounts related to Firefighters' Pension Fund	<u>\$ 26,300,057</u>	<u>\$ (11,245,523)</u>	<u>\$ 15,054,534</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
2019	\$ 3,777,720
2020	1,407,470
2021	1,642,477
2022	6,033,394
2023	2,193,473
Thereafter	-
Totals	<u>\$ 15,054,534</u>

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

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, 2018, the measurement date, membership consisted of the following:

	Admin	ATU	IBEW	Total
Inactive plan members currently receiving benefits	29	83	21	133
Inactive plan members entitled to but not yet receiving benefits	17	64	10	91
Active plan members	10	29	8	47
Total	56	176	39	271

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, 2017 valuation is the basis for the contributions in fiscal year 2018. The Plan does not permit employees to make contributions.

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

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, 2017, 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, 2018**

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	\$ 8,719,156	\$ 5,778,998	\$ 3,281,122

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at June 30, 2017	\$ 23,050,630	\$ 16,870,592	\$ 6,180,038
Changes for the year:			
Service cost	787,653	-	787,653
Interest on the total pension liability	1,581,675	-	1,581,675
Changes of benefit terms	-	-	-
Difference between expected and actual experience of the total pension liability	306,477	-	306,477
Changes of assumptions	-	-	-
Contributions - employer	-	1,404,877	(1,404,877)
Contributions - employees	-	1,420,686	(1,420,686)
Net investment income	-	328,264	(328,264)
Benefit payments, including refunds of employee contributions	(779,427)	(779,427)	-
Administrative expenses	-	(76,982)	76,982
Net changes	1,896,378	2,297,418	(401,040)
Balances at June 30, 2018	\$ 24,947,008	\$ 19,168,010	\$ 5,778,998

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

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, 2018, the District recognized pension expense of \$1,523,400. At June 30, 2018, 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	\$ 660,287	\$ -	\$ 660,287
Net difference between projected and actual earnings on pension plan investments	474,714	-	474,714
Total pension expense to be recognized in future periods	1,135,001	-	1,135,001
Contributions made subsequent to measurement date	1,400,000	-	1,400,000
 Total deferred amounts related to Rockford Mass Transit District	 <u>\$ 2,535,001</u>	 <u>\$ -</u>	 <u>\$ 2,535,001</u>

\$1,400,000 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2019

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
2019	\$ 277,481
2020	459,494
2021	303,570
2022	(13,280)
2023	64,608
Thereafter	<u>43,128</u>
Totals	<u>\$ 1,135,001</u>

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS

General Information about the OPEB Plan

Plan Description. The City’s defined benefit OPEB plan, Retiree Benefits Plan (RBP), provides OPEB for all permanent full-time general and public safety employees of the City. RBP is a single-employer defined benefit OPEB plan administered by the City. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the City Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided. RBP provides retirees and their dependents coverage under the City’s group program by contributing the monthly premium. The retirees and their dependents may participate in any of the plans available to active employees. The City pays the difference between the actuarial cost of the health coverage for retirees and the premium for the level and type of coverage.

Plan Membership. As of December 31, 2018, the measurement date, the following employees were covered by the benefit terms:

Inactive plan members currently receiving benefits	218
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	<u>880</u>
Total	<u><u>1,098</u></u>

Total OPEB Liability

The City’s total OPEB liability was measured as of December 31, 2018, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.50%
Salary increases	3.50%
Discount rate	4.10%
Healthcare cost trend rates	8.0% for 2018, decreasing 0.5% per year to an ultimate rate of 4.5% for 2027 and later years
Retirees' share of benefit-related costs	100% of projected health insurance premiums for retirees

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

Total OPEB Liability – Continued

Actuarial Assumptions and Other Inputs – Continued.

The discount rate was based on the expected rate of return associated with funded benefits, and for unfunded benefits, the 20-year muni bond rates.

Mortality rates were based on the RP-2014 base rates with blue collar adjustment projected to 2018 using scale MP2018.

Change in the Total OPEB Liability

Balance at December 31, 2017	<u>\$ 30,476,185</u>
Changes for the year:	
Service cost	1,244,497
Interest on the total pension liability	1,028,062
Changes of benefit terms	-
Difference between expected and actual experience	(2,450,926)
Changes of assumptions or other inputs	(2,403,030)
Benefit payments	<u>(1,181,347)</u>
Net changes	<u>(3,762,744)</u>
Balance at December 31, 2018	<u>\$ 26,713,441</u>

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability, calculated using a Single Discount Rate of 4.10%, as well as what the total OPEB liability would be if it were calculated using a Single Discount Rate that is one percentage point lower or one percentage point higher:

	1% Decrease (3.10%)	Current Discount Rate (4.10%)	1% Increase (5.10%)
Total OPEB liability	\$ 29,965,714	26,713,441	23,978,859

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability, calculated using a Healthcare Trend Rate of 8.00%, as well as what the total OPEB liability would be if it were calculated using a Healthcare Trend Rate that is one percentage point lower or one percentage point higher:

	(7.00% decreasing to 3.50%)	Healthcare Cost Trend Rates (8.00% decreasing to 4.50%)	(9.00% decreasing to 5.50%)
Total OPEB liability	\$ 23,498,211	26,713,441	30,645,074

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2018, the City recognized OPEB expense of \$1,780,928. At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ -	(2,202,685)	(2,202,685)
Change in assumptions	-	(2,159,640)	(2,159,640)
Net difference between projected and actual earnings on pension plan investments	-	-	-
Total deferred amounts related to OPEB	<u>\$ -</u>	<u>(4,362,325)</u>	<u>(4,362,325)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year	Net Deferred (Inflows) of Resources
2019	\$ (491,631)
2020	(491,631)
2021	(491,631)
2022	(491,631)
2023	(491,631)
Thereafter	<u>(1,904,170)</u>
Total	<u>\$ (4,362,325)</u>

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS

Component Unit – Rockford Mass Transit District (the District)

General Information about the OPEB Plan

Plan Description. The District’s defined benefit OPEB plan, Retiree Benefits Plan (RBP), provides OPEB for all permanent full-time general and public safety employees of the District. RBP is a single-employer defined benefit OPEB plan administered by the District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided. RBP provides healthcare insurance benefits for retirees and their dependents. The benefit terms provide for coverage for the retiree and their spouse until the retiree’s death. 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 the 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.

Plan Membership. As of June 30, 2018, the measurement date, the following employees were covered by the benefit terms:

Inactive plan members currently receiving benefits	7
Inactive plan members entitled to but not yet receiving benefits	1
Active plan members	<u>23</u>
Total	<u><u>31</u></u>

Total OPEB Liability

The District’s total OPEB liability was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

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

General Information about the OPEB Plan – Continued

Actuarial Assumptions and Other Inputs – Continued.

Inflation	N/A
Salary increases	3.00%
Discount rate	2.98%
Healthcare cost trend rates	6.5% for 2018, decreasing .05% e year to an ultimate rate of 5.0% for 2021 and later years
Retirees' share of benefit-related costs	All retirees must contribute their share of the monthly premium equal to that required stated in the applicable bargaining until contract

The discount rate was based on S&P Municipal Mond 20 Year High Grade Rate index.

Mortality rates were based on the RP-2000 combined Healthy Mortality Table projected to 2017 using Scale AA. The actuarial assumptions used in the June 30, 2018 valuation were based on anticipated future experience under the plan, including consideration for the current demographics of the covered population where applicable, or anticipated future experience under the Retirement Plan sponsored by the District.

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

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

Change in the Total OPEB Liability

Balance at June 30, 2017	<u>\$ 10,332,597</u>
Changes for the year:	
Service cost	55,880
Interest on the total pension liability	320,293
Changes of benefit terms	-
Difference between expected and actual experience	-
Changes of assumptions or other inputs	206,841
Benefit payments	<u>(313,342)</u>
Net changes	<u>269,672</u>
Balance at June 30, 2018	<u><u>\$ 10,602,269</u></u>

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

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

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability, calculated using a Single Discount Rate of 2.98%, as well as what the total OPEB liability would be if it were calculated using a Single Discount Rate that is one percentage point lower or one percentage point higher:

	1% Decrease (1.98%)	Current Discount Rate (2.98%)	1% Increase (3.98%)
Total OPEB liability	\$ 12,201,084	10,602,269	9,286,510

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability, calculated using a Healthcare Trend Rate of 6.50%, as well as what the total OPEB liability would be if it were calculated using a Healthcare Trend Rate that is one percentage point lower or one percentage point higher:

	(5.50% decreasing to 4.00%)	Healthcare Cost Trend Rates (6.50% decreasing to 5.00%)	(7.50% decreasing to 6.00%)
Total OPEB liability	\$ 9,307,785	10,602,269	12,156,157

CITY OF ROCKFORD, ILLINOIS

**Notes to the Financial Statements
December 31, 2018**

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

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

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the District recognized negative OPEB expense of \$583,014. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ -	-	-
Change in assumptions	-	-	-
Net difference between projected and actual earnings on pension plan investments	-	-	-
Total deferred amounts related to OPEB	<u>\$ -</u>	<u>-</u>	<u>-</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year	Net Deferred Outflows of Resources
2019	\$
2020	
2021	
2022	
2023	-
Thereafter	<u>-</u>
Total	<u>\$ -</u>

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements December 31, 2018

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, 2018, amounted to \$24,887,966, of which \$180,006 (or 0.72%) was recorded as an expense during the year and \$180,006 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 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

- Schedule of Changes in the Employers' Total OPEB Liability
 - Retiree Benefits Plan

Notes to the Required Supplementary Information

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

CITY OF ROCKFORD, ILLINOIS

Illinois Municipal Retirement Fund

**Required Supplementary Information
Schedule of Employer Contributions
December 31, 2018**

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%
2018	3,688,595	3,810,902	122,307	30,560,023	12.47%

Notes to the required supplementary information:

Actuarial cost method	Entry age normal
Amortization method	Level % pay (closed)
Remaining amortization period	25 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, 2018**

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%
2018	8,207,238	8,208,018	780	23,368,603	35.12%

Notes to the required supplementary information:

Actuarial cost method	Projected unit credit
Amortization method	Level % pay (closed)
Remaining amortization period	22 years
Asset valuation method	Market value
Inflation	2.50%
Salary increases	5.00%
Investment rate of return	7.40%
Retirement age	See the Notes to the Financial Statements
Mortality	RP-2014 Mortality Table with a blue collar adjustment, with generational improvement scale MP-2018 applied from 2013

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, 2018**

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%
2018	9,480,024	10,257,695	777,671	23,375,057	43.88%

Notes to the required supplementary information:

Actuarial cost method	Projected unit credit
Amortization method	Level % pay (closed)
Remaining amortization period	22 years
Asset valuation method	Market value
Inflation	2.50%
Salary increases	5.00%
Investment rate of return	7.40%
Retirement age	See the Notes to the Financial Statements
Mortality	RP-2014 Mortality Table with a blue collar adjustment, with generational improvement scale MP-2018 applied from 2013

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, 2018**

	<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	12/31/18
\$ 3,174,348	\$ 3,156,094	\$ 2,920,647
15,433,301	16,020,465	15,928,242
826,985	(1,521,059)	1,368,692
(499,056)	(6,474,438)	6,008,711
(11,457,195)	(11,838,414)	(12,747,539)
7,478,383	(657,352)	13,478,753
210,468,979	217,947,362	217,290,010
\$ 217,947,362	\$ 217,290,010	\$ 230,768,763

\$ 3,969,309	\$ 3,635,202	\$ 3,810,902
1,396,190	1,419,910	1,376,714
12,691,177	34,399,841	(12,298,436)
(11,457,195)	(11,838,414)	(12,747,539)
(146,028)	(4,831,501)	3,045,662
6,453,453	22,785,038	(16,812,697)
185,432,914	191,886,367	214,671,405
\$ 191,886,367	\$ 214,671,405	\$ 197,858,708

\$ 26,060,995	\$ 2,618,605	\$ 32,910,055
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88.04%	98.79%	85.74%
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\$ 30,338,661	\$ 30,222,052	\$ 30,560,023
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85.90%	8.66%	107.69%
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CITY OF ROCKFORD, ILLINOIS

Police Pension Fund

**Required Supplementary Information
Schedule of Changes in the Employer's Net Pension Liability
December 31, 2018**

	<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	12/31/2018
\$ 4,421,464	\$ 4,874,986	\$ 4,343,412	\$ 4,259,758
20,815,822	21,732,057	22,952,822	23,831,989
(630,791)	(1,904,875)	207,706	3,430,970
1,856,861	(20,902,340)	1,632,402	6,434,028
(15,371,972)	(15,940,422)	(16,760,381)	(17,777,105)
11,091,384	(12,140,594)	12,375,961	20,179,640
311,123,626	322,215,010	310,074,416	322,450,377
\$ 322,215,010	\$ 310,074,416	\$ 322,450,377	\$ 342,630,017
\$ 6,252,516	\$ 7,838,429	\$ 8,038,300	\$ 8,208,018
2,130,613	2,315,398	2,427,659	3,349,195
1,422,144	13,597,337	25,069,628	(7,851,247)
(15,371,972)	(15,940,422)	(16,760,381)	(17,777,105)
(219,554)	(271,503)	(274,514)	(175,208)
(5,786,253)	7,539,239	18,500,692	(14,246,347)
182,974,009	177,187,756	184,726,995	203,227,687
\$ 177,187,756	\$ 184,726,995	\$ 203,227,687	\$ 188,981,340
\$ 145,027,254	\$ 125,347,421	\$ 119,222,690	\$ 153,648,677
54.99%	59.58%	63.03%	55.16%
\$ 21,197,433	\$ 22,777,944	\$ 22,382,387	\$ 23,368,603
684.17%	550.30%	532.66%	657.50%

CITY OF ROCKFORD, ILLINOIS

Firefighters' Pension Fund

**Required Supplementary Information
Schedule of Changes in the Employer's Net Pension Liability
December 31, 2018**

	<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	12/31/18
\$ 5,365,942	\$ 5,783,109	\$ 4,997,293	\$ 4,889,438
19,838,705	20,753,529	22,260,185	22,926,489
(598,236)	1,761,931	1,278,476	1,471,333
1,695,621	(20,164,146)	(1,368,907)	11,767,002
(16,135,612)	(16,712,080)	(17,482,902)	(18,779,108)
10,166,420	(8,577,657)	9,684,145	22,275,154
298,957,904	309,124,324	300,546,667	310,230,812
\$ 309,124,324	\$ 300,546,667	\$ 310,230,812	\$ 332,505,966
\$ 7,345,613	\$ 8,577,454	\$ 8,561,471	\$ 10,257,695
1,942,979	2,096,334	2,162,650	2,176,890
123,012	12,215,483	18,405,503	(6,618,670)
(16,135,612)	(16,712,080)	(17,482,902)	(18,779,108)
(191,306)	(272,587)	(236,826)	(151,916)
(6,915,314)	5,904,604	11,409,896	(13,115,109)
160,653,513	153,738,199	159,642,803	171,052,699
\$ 153,738,199	\$ 159,642,803	\$ 171,052,699	\$ 157,937,590
\$ 155,386,125	\$ 140,903,864	\$ 139,178,113	\$ 174,568,376
49.73%	53.12%	55.14%	47.50%
\$ 20,783,575	\$ 21,896,671	\$ 22,985,956	\$ 22,375,057
747.64%	643.49%	605.49%	780.19%

CITY OF ROCKFORD, ILLINOIS

Required Supplementary Information

Schedule of Investment Returns

December 31, 2018

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%
2018	(3.85%)

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%
2018	(4.05%)

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

Retiree Benefits Plan

**Required Supplementary Information
Schedule of Changes in the Employer's Total OPEB Liability
December 31, 2018**

	<u>12/31/18</u>
Total OPEB liability	
Service cost	\$ 1,244,497
Interest	1,028,062
Changes in benefit terms	-
Differences between expected and actual experience	(2,450,926)
Change of assumptions or other inputs	(2,403,030)
Benefit payments	(1,181,347)
Net change in total OPEB liability	<u>(3,762,744)</u>
Total OPEB liability - beginning	<u>30,476,185</u>
Total OPEB liability - ending	<u>\$ 26,713,441</u>
Covered payroll	\$ 60,303,027
Total OPEB liability as a percentage of covered payroll	44.30%

Notes:

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

Changes of Benefit Terms. There was no change in the retirees' share of health insurance premiums.

Changes of Assumptions. Changes of assumptions and other inputs reflect the effects of changes in the trend rate each period. The following are the trend rates used in each period:

Fiscal Year	Medical
2019	8.00%
2020	7.50%
2021	7.00%
2022	6.50%
2023	6.00%
2024	5.50%
2025	5.00%
2026	4.50%
2027	4.50%
Ultimate	4.50%

In 2018, there was no change in the healthcare trend rates from the prior year.

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, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 79,820,957	\$ 79,815,887	\$ 80,852,456	\$ 1,036,569
Licenses and permits	10,094,570	10,094,570	10,807,115	712,545
Intergovernmental	24,662,683	24,662,683	25,224,714	562,031
Charges for services	10,754,584	10,754,584	13,960,717	3,206,133
Fines	1,927,500	1,927,500	2,033,143	105,643
Interest	200,000	200,000	411,577	211,577
Miscellaneous	428,000	428,000	822,892	394,892
Total revenues	127,888,294	127,883,224	134,112,614	6,229,390
EXPENDITURES				
Current				
General government				
Mayor's office	856,536	856,536	838,017	18,519
City Council	509,078	509,078	498,669	10,409
Legal department	1,604,156	1,632,093	1,619,900	12,193
Finance office	5,425,064	5,379,671	6,006,111	(626,440)
Workforce investment board	531,413	637,942	637,942	-
Board of fire and police commission	291,702	291,702	117,811	173,891
Board of election	980,386	1,062,386	1,090,170	(27,784)
Personnel department	690,359	729,995	731,540	(1,545)
Mass transit subsidy	1,524,000	1,524,000	1,524,000	-
Total general government	12,412,694	12,623,403	13,064,160	(440,757)
Public safety				
Police department	56,517,705	56,932,807	56,507,774	425,033
Fire department	47,290,865	48,529,140	48,249,591	279,549
Public works - traffic	4,557,168	4,422,388	4,431,109	(8,721)
Construction and development services	1,695,613	1,417,115	1,371,453	45,662
Total public safety	110,061,351	111,301,450	110,559,927	741,523
Streets, alleys and bridges				
Administration	491,994	428,629	421,042	7,587
Engineering	703,448	605,453	611,863	(6,410)
Street and sewer	7,805,270	8,583,740	8,923,684	(339,944)
Total streets, alleys and bridges	9,000,712	9,617,822	9,956,589	(338,767)
Community development				
Administration	234,975	234,975	222,867	12,108
Construction and development services	640,460	486,095	467,580	18,515
Planning and zoning	1,462,598	2,054,608	2,081,326	(26,718)
Total community development	2,338,033	2,775,678	2,771,773	3,905
Total current	133,812,790	136,318,353	136,352,449	(34,096)
Capital outlay				
General government				
Board of election	25,000	25,000	-	25,000
Public safety				
Police department	-	1,727,680	1,535,171	192,509
Fire department	125,000	350,015	350,015	-
Total public safety	125,000	2,077,695	1,885,186	192,509
Total capital outlay	150,000	2,102,695	1,885,186	217,509
Total expenditures	133,962,790	138,421,048	138,237,635	183,413
Excess (deficiency) of revenues over (under) expenditures	(6,074,496)	(10,537,824)	(4,125,021)	6,412,803
OTHER FINANCING SOURCES (USES)				
Debt issuance	-	-	4,933,680	4,933,680
Transfers in	7,396,854	7,396,854	7,092,127	(304,727)
Transfers out	(4,286,706)	(4,286,706)	(4,286,698)	8
	3,110,148	3,110,148	7,739,109	4,628,961
Net changes in fund balance	\$ (2,964,348)	\$ (7,427,676)	3,614,088	\$ 11,041,764
Fund balance - beginning			30,616,617	(1,956,583)
Fund balance - ending			\$ 34,230,705	

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, 2018**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 7,300,000	\$ 7,300,000	\$ 7,302,779	\$ 2,779
Intergovernmental	1,005,186	1,005,186	1,009,818	4,632
Charges for services	133,700	133,700	84,295	(49,405)
Fines	46,750	46,750	67,196	20,446
Interest	42,000	42,000	158,190	116,190
Miscellaneous	1,666,408	1,666,408	656,489	(1,009,919)
Total revenues	<u>10,194,044</u>	<u>10,194,044</u>	<u>9,278,767</u>	<u>(915,277)</u>
EXPENDITURES				
Current				
Culture and recreation	9,973,556	10,028,468	8,289,293	1,739,175
Capital outlay				
Culture and recreation	83,000	145,249	52,845	92,404
Total expenditures	<u>10,056,556</u>	<u>10,173,717</u>	<u>8,342,138</u>	<u>1,831,579</u>
Excess (deficiency) of revenues over (under) expenditures	137,488	20,327	936,629	916,302
OTHER FINANCING (USES)				
Transfers out	<u>(217,488)</u>	<u>(217,488)</u>	<u>(217,488)</u>	-
Net changes in fund balance	<u>\$ (80,000)</u>	<u>\$ (197,161)</u>	719,141	<u>\$ 916,302</u>
Fund balance - beginning			<u>9,996,865</u>	
Fund balance - ending			<u>\$ 10,716,006</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, 2018**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 2,912,222	\$ 2,912,222	\$ 2,761,682	\$ (150,540)
Interest	-	-	90,081	90,081
Miscellaneous	27,415	27,415	402,822	375,407
Total revenues	<u>2,939,637</u>	<u>2,939,637</u>	<u>3,254,585</u>	<u>314,948</u>
EXPENDITURES				
Current				
Community development	<u>2,932,710</u>	<u>4,712,483</u>	<u>4,714,890</u>	<u>(2,407)</u>
Net changes in fund balance	<u>\$ 6,927</u>	<u>\$ (1,772,846)</u>	<u>(1,460,305)</u>	<u>\$ 317,355</u>
Fund balance - beginning			<u>1,529,020</u>	
Fund balance - ending			<u>\$ 68,715</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, 2018**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 1,500,000	\$ 1,500,000	\$ 2,656,326	\$ 1,156,326
Intergovernmental	-	-	460,000	460,000
Interest	-	-	8	8
Miscellaneous	50,000	50,000	20,000	(30,000)
Total revenues	<u>1,550,000</u>	<u>1,550,000</u>	<u>3,136,334</u>	<u>1,586,334</u>
EXPENDITURES				
Debt service				
Principal payments	10,632,996	10,632,996	10,636,203	(3,207)
Interest and service fees	2,828,472	5,768,895	2,953,912	2,814,983
Total expenditures	<u>13,461,468</u>	<u>16,401,891</u>	<u>13,590,115</u>	<u>2,811,776</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(11,911,468)</u>	<u>(14,851,891)</u>	<u>(10,453,781)</u>	<u>4,398,110</u>
OTHER FINANCING SOURCES (USES)				
Debt issuance	-	-	10,995,000	10,995,000
Premium on debt issuance	-	-	97,334	97,334
Discount on debt issuance	-	(10,920)	(37,960)	(27,040)
Payment to escrow agent	-	(2,798,657)	(10,929,758)	(8,131,101)
Transfers in	1,165,987	1,165,987	8,399,373	7,233,386
Transfers out	-	-	(16,828)	(16,828)
	<u>1,165,987</u>	<u>(1,643,590)</u>	<u>8,507,161</u>	<u>10,150,751</u>
Net changes in fund balance	<u>\$ (10,745,481)</u>	<u>\$ (16,495,481)</u>	<u>(1,946,620)</u>	<u>\$ 14,548,861</u>
Fund balance - beginning			<u>10,534,629</u>	
Fund balance - ending			<u>\$ 8,588,009</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, 2018**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 15,650,000	\$ 15,650,000	\$ 17,019,408	\$ 1,369,408
Intergovernmental	8,000,000	8,000,000	6,434,827	(1,565,173)
Interest	150,000	150,000	233,035	83,035
Miscellaneous	-	-	715,556	715,556
Total revenues	<u>23,800,000</u>	<u>23,800,000</u>	<u>24,402,826</u>	<u>602,826</u>
EXPENDITURES				
Current				
Streets, alleys and bridges	2,545,508	2,545,508	4,017,263	(1,471,755)
Capital outlay	29,786,068	29,786,068	20,100,211	9,685,857
Total expenditures	<u>32,331,576</u>	<u>32,331,576</u>	<u>24,117,474</u>	<u>8,214,102</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,531,576)</u>	<u>(8,531,576)</u>	<u>285,352</u>	<u>8,816,928</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	9,452,366	9,452,366	1,500,000	(7,952,366)
Transfers out	(865,790)	(865,790)	(1,660,928)	(795,138)
	<u>8,586,576</u>	<u>8,586,576</u>	<u>(160,928)</u>	<u>(8,747,504)</u>
Net changes in fund balance	<u>\$ 55,000</u>	<u>\$ 55,000</u>	124,424	<u>\$ 69,424</u>
Fund balance - beginning			<u>2,442,678</u>	
Fund balance - ending			<u>\$ 2,567,102</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.
Family Justice Center	To account for the revenues and expenditures of the center and services provided to the survivors of domestic violence, sexual assault, and human trafficking. Funding is provided by grants and donations.
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.

NONMAJOR GOVERNMENTAL FUNDS - Continued

SPECIAL REVENUE FUNDS - Continued

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. In September 2018, RMAP ceased to be a special revenue fund and began as a stand-alone entity that is not reported or consolidated in the City's financial statements.
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, 2018**

	Rockford Tuberculosis Care Center	Garbage and Refuse	Motor Fuel Tax	Redevelopment
ASSETS				
Cash and cash equivalents	\$ 214,515	\$ -	\$ 8,443,196	\$ 1,410,766
Receivables - net of allowances				
Property taxes	119,574	-	-	-
Accounts	-	-	-	483,456
Accrued interest	591	-	-	2,769
Due from Federal Government	-	-	-	-
Due from the State of Illinois	-	-	332,031	-
Due from other governmental units	-	-	-	-
	<hr/>			
Total assets	\$ 334,680	\$ -	\$ 8,775,227	\$ 1,896,991
<hr/>				
LIABILITIES				
Accounts and contracts payable	\$ 24,622	\$ -	\$ 135,662	\$ 139,088
Accrued payroll and benefits	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	24,622	-	135,662	139,088
<hr/>				
DEFERRED INFLOWS OF RESOURCES				
Property taxes	119,574	-	-	-
Total liabilities and deferred inflows of recourses	144,196	-	135,662	139,088
<hr/>				
FUND BALANCES				
Restricted for				
Community development	-	-	-	1,757,903
Highway and streets	-	-	8,639,565	-
Assigned for				
General government	-	-	-	-
Public health and welfare	190,484	-	-	-
Unassigned	-	-	-	-
Total fund balances	190,484	-	8,639,565	1,757,903
<hr/>				
Total liabilities, deferred inflows of resources and fund balances	\$ 334,680	\$ -	\$ 8,775,227	\$ 1,896,991
<hr/>				

Tourism	Family Justice Center	Special Projects	RKFD Metro Agency for Planning	Veteran's Scholarship	Justice Assistance Grant	Flex Care
\$ 930,729	\$ -	\$ -	\$ -	\$ 25,331	\$ -	\$ 196,111
-	-	-	-	-	-	-
143,033	-	8,667	-	-	-	-
2,637	-	148	-	70	-	-
-	-	-	-	-	44,503	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
\$ 1,076,399	\$ -	\$ 8,815	\$ -	\$ 25,401	\$ 44,503	\$ 196,111
\$ 122,204	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 550
-	-	-	-	-	-	-
-	8,558	8,446	-	-	89,412	-
122,204	8,558	8,446	-	-	89,412	550
-	-	-	-	-	-	-
122,204	8,558	8,446	-	-	89,412	550
954,195	-	369	-	25,401	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	195,561
-	-	-	-	-	(44,909)	-
-	(8,558)	-	-	-	-	-
954,195	(8,558)	369	-	25,401	(44,909)	195,561
\$ 1,076,399	\$ -	\$ 8,815	\$ -	\$ 25,401	\$ 44,503	\$ 196,111

CITY OF ROCKFORD, ILLINOIS

Nonmajor Governmental - Special Revenue Funds

**Combining Balance Sheet - Continued
December 31, 2018**

	South Rockford	Lincolnwood Estates	Springfield Corners	Rockford Global Trade Park
ASSETS				
Cash and cash equivalents	\$ -	\$ 69,305	\$ -	\$ -
Receivables - net of allowances				
Property taxes	141,073	54,784	219,747	972,333
Accounts	-	-	-	137,950
Accrued interest	(619)	191	(4,247)	(2,649)
Due from Federal Government	-	-	-	-
Due from the State of Illinois	-	-	-	-
Due from other governmental units	-	-	-	-
 Total assets	 \$ 140,454	 \$ 124,280	 \$ 215,500	 \$ 1,107,634
LIABILITIES				
Accounts and contracts payable	\$ 9,328	\$ -	\$ -	\$ -
Accrued payroll and benefits	-	-	-	-
Due to other funds	250,438	-	1,541,547	1,004,768
Total liabilities	259,766	-	1,541,547	1,004,768
DEFERRED INFLOWS OF RESOURCES				
Property taxes	141,073	54,784	219,747	972,333
Total liabilities and deferred inflows of recourses	400,839	54,784	1,761,294	1,977,101
FUND BALANCES				
Restricted for				
Community development	-	69,496	-	-
Highway and streets	-	-	-	-
Assigned for				
General government	-	-	-	-
Public health and welfare	-	-	-	-
Unassigned	(260,385)	-	(1,545,794)	(869,467)
Total fund balances	(260,385)	69,496	(1,545,794)	(869,467)
 Total liabilities, deferred inflows of resources and fund balances	 \$ 140,454	 \$ 124,280	 \$ 215,500	 \$ 1,107,634

Tax Increment Financing Areas

North Main	Lincolnwood II	River Oaks	Garrison	Hope Six	Kishwaukee/Harrison	Jackson School
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 118,956	\$ -
45,119	40,724	26,274	126,489	134,771	41,661	34,826
-	-	-	-	-	-	-
(3,794)	(172)	(8,141)	(1,808)	(2,532)	343	(356)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
\$ 41,325	\$ 40,552	\$ 18,133	\$ 124,681	\$ 132,239	\$ 160,960	\$ 34,470
\$ -	\$ -	\$ -	\$ -	\$ 1,289	\$ -	\$ -
-	-	-	-	-	-	-
1,377,125	62,535	2,954,728	656,313	919,030	-	129,281
1,377,125	62,535	2,954,728	656,313	920,319	-	129,281
45,119	40,724	26,274	126,489	134,772	41,661	34,826
1,422,244	103,259	2,981,002	782,802	1,055,091	41,661	164,107
-	-	-	-	-	119,299	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(1,380,919)	(62,707)	(2,962,869)	(658,121)	(922,852)	-	(129,637)
(1,380,919)	(62,707)	(2,962,869)	(658,121)	(922,852)	119,299	(129,637)
\$ 41,325	\$ 40,552	\$ 18,133	\$ 124,681	\$ 132,239	\$ 160,960	\$ 34,470

CITY OF ROCKFORD, ILLINOIS

Nonmajor Governmental - Special Revenue Funds

**Combining Balance Sheet - Continued
December 31, 2018**

	Preston/ Central	North Main and Auburn	East State and Alpine	West State and Central
ASSETS				
Cash and cash equivalents	\$ -	\$ 27,059	\$ 430,627	\$ -
Receivables - net of allowances				
Property taxes	81,226	27,004	122,390	84,096
Accounts	-	-	-	-
Accrued interest	(4,276)	74	1,187	(368)
Due from Federal Government	-	-	-	-
Due from the State of Illinois	-	-	-	-
Due from other governmental units	-	-	-	-
	<hr/>			
Total assets	\$ 76,950	\$ 54,137	\$ 554,204	\$ 83,728
<hr/>				
LIABILITIES				
Accounts and contracts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll and benefits	-	-	-	-
Due to other funds	1,551,695	-	-	133,076
Total liabilities	1,551,695	-	-	133,076
<hr/>				
DEFERRED INFLOWS OF RESOURCES				
Property taxes	81,226	27,004	122,390	84,096
Total liabilities and deferred inflows of recourses	1,632,921	27,004	122,390	217,172
<hr/>				
FUND BALANCES				
Restricted for				
Community development	-	27,133	431,814	-
Highway and streets	-	-	-	-
Assigned for				
General government	-	-	-	-
Public health and welfare	-	-	-	-
Unassigned	(1,555,971)	-	-	(133,444)
Total fund balances	(1,555,971)	27,133	431,814	(133,444)
<hr/>				
Total liabilities, deferred inflows of resources and fund balances	\$ 76,950	\$ 54,137	\$ 554,204	\$ 83,728
<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	
\$ 147,914	\$ 8,752	\$ 96,670	\$ -	\$ -	\$ 100,617	
31,832	453	245,760	304,717	124,073	403,116	
-	-	-	-	-	-	
407	24	266	(248)	(1,347)	276	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
\$ 180,153	\$ 9,229	\$ 342,696	\$ 304,469	\$ 122,726	\$ 504,009	
\$ -	\$ -	\$ -	\$ 63,216	\$ -	\$ -	
-	-	-	-	-	-	
-	-	-	90,081	488,827	-	
-	-	-	153,297	488,827	-	
31,832	453	245,760	304,717	124,073	403,116	
31,832	453	245,760	458,014	612,900	403,116	
148,321	8,776	96,936	-	-	100,893	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	(153,545)	(490,174)	-	
148,321	8,776	96,936	(153,545)	(490,174)	100,893	
\$ 180,153	\$ 9,229	\$ 342,696	\$ 304,469	\$ 122,726	\$ 504,009	

CITY OF ROCKFORD, ILLINOIS

Nonmajor Governmental - Special Revenue Funds

**Combining Balance Sheet - Continued
December 31, 2018**

	Assisted Living	Midtown	Kishwaukee and Harrison II	Rockford Global Trade Park III
ASSETS				
Cash and cash equivalents	\$ 241	\$ 42,030	\$ 635	\$ -
Receivables - net of allowances				
Property taxes	-	48,049	-	50,354
Accounts	-	-	-	-
Accrued interest	1	116	1	(24)
Due from Federal Government	-	-	-	-
Due from the State of Illinois	-	-	-	-
Due from other governmental units	-	-	-	-
Total assets	\$ 242	\$ 90,195	\$ 636	\$ 50,330
LIABILITIES				
Accounts and contracts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll and benefits	-	-	-	-
Due to other funds	-	-	-	8,615
Total liabilities	-	-	-	8,615
DEFERRED INFLOWS OF RESOURCES				
Property taxes	-	48,049	-	50,354
Total liabilities and deferred inflows of recourses	-	48,049	-	58,969
FUND BALANCES				
Restricted for				
Community development	242	42,146	636	-
Highway and streets	-	-	-	-
Assigned for				
General government	-	-	-	-
Public health and welfare	-	-	-	-
Unassigned	-	-	-	(8,639)
Total fund balances	242	42,146	636	(8,639)
Total liabilities, deferred inflows of resources and fund balances	\$ 242	\$ 90,195	\$ 636	\$ 50,330

Tax Increment Financing Areas							
Broadway	Rockford Global Trade Park South	Jefferson and Third Street	Mulford and State	Auburn Street	Amerock Hotel		Totals
\$ 271,980	\$ 97,604	\$ 1,919	\$ 488,857	\$ 70,651	\$ 280		\$ 13,194,745
66,189	22,536	39,961	335,353	49,252	747		3,994,483
-	-	-	-	-	-		773,106
750	270	5	1,420	195	1		(18,839)
-	-	-	-	-	-		44,503
-	-	-	-	-	-		332,031
-	-	-	-	-	-		-
\$ 338,919	\$ 120,410	\$ 41,885	\$ 825,630	\$ 120,098	\$ 1,028		\$ 18,320,029
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ 495,959
-	-	-	-	-	-		-
-	-	-	-	-	-		11,274,475
-	-	-	-	-	-		11,770,434
66,189	22,536	39,961	335,353	49,252	747		3,994,484
66,189	22,536	39,961	335,353	49,252	747		15,764,918
272,730	97,874	1,924	490,277	70,846	281		4,717,492
-	-	-	-	-	-		8,639,565
-	-	-	-	-	-		195,561
-	-	-	-	-	-		145,575
-	-	-	-	-	-		(11,143,082)
272,730	97,874	1,924	490,277	70,846	281		2,555,111
\$ 338,919	\$ 120,410	\$ 41,885	\$ 825,630	\$ 120,098	\$ 1,028		\$ 18,320,029

(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, 2018**

	Rockford Tuberculosis Care Center	Garbage and Refuse	Motor Fuel Tax	Redevelopment
REVENUES				
Taxes	\$ 157,722	\$ -	\$ 3,912,835	\$ 4,859,177
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	602,582
Charges for services	-	12,569,368	-	-
Interest	3,078	2,647	168,016	15,641
Miscellaneous	-	17,583	-	1,222
Total revenues	<u>160,800</u>	<u>12,589,598</u>	<u>4,080,851</u>	<u>5,478,622</u>
EXPENDITURES				
Current				
Public safety	-	-	-	-
Community development	-	-	2,079,542	2,119,330
Sanitation and sewers	-	12,397,792	-	-
Public health and welfare	152,618	-	-	-
Debt service				
Principal payments	-	-	-	210,609
Interest and fiscal charges	-	-	-	39,578
Total expenditures	<u>152,618</u>	<u>12,397,792</u>	<u>2,079,542</u>	<u>2,369,517</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,182</u>	<u>191,806</u>	<u>2,001,309</u>	<u>3,109,105</u>
OTHER FINANCING SOURCES (USES)				
Debt issuance	-	-	-	871,846
Transfers in	-	-	-	691,643
Transfers out	-	(351,476)	(2,500,000)	(2,924,515)
	<u>-</u>	<u>(351,476)</u>	<u>(2,500,000)</u>	<u>(1,361,026)</u>
Net change in fund balances	8,182	(159,670)	(498,691)	1,748,079
Fund balances - beginning	<u>182,302</u>	<u>159,670</u>	<u>9,138,256</u>	<u>9,824</u>
Fund balances - ending	<u>\$ 190,484</u>	<u>\$ -</u>	<u>\$ 8,639,565</u>	<u>\$ 1,757,903</u>

Tourism	Family Justice Center	Special Projects	RKFD Metro Agency for Planning	Veteran's Scholarship	Justice Assistance Grant	Flex Care
\$ 2,250,522	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	67,517	-	-	-	-
-	-	-	853,653	-	-	-
-	-	-	38,146	-	-	-
14,437	-	467	(12,173)	389	-	-
-	-	-	16,287	-	-	-
2,264,959	-	67,984	895,913	389	-	-
-	8,558	-	-	-	72,286	-
1,687,326	-	-	707,498	3,500	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,687,326	8,558	-	707,498	3,500	72,286	-
577,633	(8,558)	67,984	188,415	(3,111)	(72,286)	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(607,200)	-	(67,615)	-	-	-	-
(607,200)	-	(67,615)	-	-	-	-
(29,567)	(8,558)	369	188,415	(3,111)	(72,286)	-
983,762	-	-	(188,415)	28,512	27,377	195,561
\$ 954,195	\$ (8,558)	\$ 369	\$ -	\$ 25,401	\$ (44,909)	\$ 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, 2018**

	South Rockford	Lincolnwood Estates	Springfield Corners	Rockford Global Trade Park
REVENUES				
Taxes	\$ 118,453	\$ 54,282	\$ 198,425	\$ 956,182
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Interest	(3,232)	914	(23,495)	(15,987)
Miscellaneous	-	85	-	137,950
Total revenues	<u>115,221</u>	<u>55,281</u>	<u>174,930</u>	<u>1,078,145</u>
EXPENDITURES				
Current				
Public safety	-	-	-	-
Community development	70,544	-	665	316,172
Sanitation and sewers	-	-	-	-
Public health and welfare	-	-	-	-
Debt service				
Principal payments	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>70,544</u>	<u>-</u>	<u>665</u>	<u>316,172</u>
Excess (deficiency) of revenues over (under) expenditures	<u>44,677</u>	<u>55,281</u>	<u>174,265</u>	<u>761,973</u>
OTHER FINANCING SOURCES (USES)				
Debt issuance	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(345,100)	-	(484,783)	(480,599)
	<u>(345,100)</u>	<u>-</u>	<u>(484,783)</u>	<u>(480,599)</u>
Net change in fund balances	(300,423)	55,281	(310,518)	281,374
Fund balances - beginning	<u>40,038</u>	<u>14,215</u>	<u>(1,235,276)</u>	<u>(1,150,841)</u>
Fund balances - ending	<u>\$ (260,385)</u>	<u>\$ 69,496</u>	<u>\$ (1,545,794)</u>	<u>\$ (869,467)</u>

Tax Increment Financing Areas

	North Main	Lincolnwood II	River Oaks	Garrison	Hope Six	Kishwaukee/ Harrison	Jackson School
\$	41,386	\$ 39,411	\$ 22,066	\$ 104,038	\$ 134,369	\$ 40,462	\$ 32,516
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	(21,021)	(957)	(45,107)	(10,016)	(14,076)	1,935	(2,053)
	-	-	-	-	-	-	-
	20,365	38,454	(23,041)	94,022	120,293	42,397	30,463
	-	-	-	-	-	-	-
	-	2,251	-	-	-	33,920	15,000
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	2,251	-	-	-	33,920	15,000
	20,365	36,203	(23,041)	94,022	120,293	8,477	15,463
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	(166,841)	(59,241)	(307,157)	(132,881)	(246,800)	-	-
	(166,841)	(59,241)	(307,157)	(132,881)	(246,800)	-	-
	(146,476)	(23,038)	(330,198)	(38,859)	(126,507)	8,477	15,463
	(1,234,443)	(39,669)	(2,632,671)	(619,262)	(796,345)	110,822	(145,100)
\$	(1,380,919)	\$ (62,707)	\$ (2,962,869)	\$ (658,121)	\$ (922,852)	\$ 119,299	\$ (129,637)

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, 2018**

	Preston/ Central	North Main and Auburn	East State and Alpine	West State and Central
REVENUES				
Taxes	\$ 80,738	\$ 26,622	\$ 116,279	\$ 79,337
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Interest	(23,854)	412	6,003	(2,199)
Miscellaneous	-	-	-	-
Total revenues	<u>56,884</u>	<u>27,034</u>	<u>122,282</u>	<u>77,138</u>
EXPENDITURES				
Current				
Public safety	-	-	-	-
Community development	-	-	90,000	45,456
Sanitation and sewers	-	-	-	-
Public health and welfare	-	-	-	-
Debt service				
Principal payments	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>90,000</u>	<u>45,456</u>
Excess (deficiency) of revenues over (under) expenditures	<u>56,884</u>	<u>27,034</u>	<u>32,282</u>	<u>31,682</u>
OTHER FINANCING SOURCES (USES)				
Debt issuance	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(76,656)	-	-	-
	<u>(76,656)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(19,772)	27,034	32,282	31,682
Fund balances - beginning	<u>(1,536,199)</u>	<u>99</u>	<u>399,532</u>	<u>(165,126)</u>
Fund balances - ending	<u>\$ (1,555,971)</u>	<u>\$ 27,133</u>	<u>\$ 431,814</u>	<u>\$ (133,444)</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	
\$ 26,641	\$ 455	\$ 242,378	\$ 177,418	\$ 119,310	\$ 371,684	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
2,185	137	1,870	(1,566)	(7,647)	1,725	
-	-	-	-	-	-	
28,826	592	244,248	175,852	111,663	373,409	
-	-	-	-	-	-	
-	668	385,752	349,999	-	264,492	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	668	385,752	349,999	-	264,492	
28,826	(76)	(141,504)	(174,147)	111,663	108,917	
-	-	-	-	-	-	
-	-	31,322	-	-	-	
-	-	-	(37,551)	(88,843)	(35,563)	
-	-	31,322	(37,551)	(88,843)	(35,563)	
28,826	(76)	(110,182)	(211,698)	22,820	73,354	
119,495	8,852	207,118	58,153	(512,994)	27,539	
\$ 148,321	\$ 8,776	\$ 96,936	\$ (153,545)	\$ (490,174)	\$ 100,893	

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, 2018**

	Assisted Living	Midtown	Kishwaukee and Harrison II	Rockford Global Trade Park III
REVENUES				
Taxes	\$ -	\$ 18,734	\$ -	\$ 32,691
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Interest	4	538	10	(132)
Miscellaneous	-	-	-	-
Total revenues	4	19,272	10	32,559
EXPENDITURES				
Current				
Public safety	-	-	-	-
Community development	-	33,893	-	3,254
Sanitation and sewers	-	-	-	-
Public health and welfare	-	-	-	-
Debt service				
Principal payments	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	-	33,893	-	3,254
Excess (deficiency) of revenues over (under) expenditures	4	(14,621)	10	29,305
OTHER FINANCING SOURCES (USES)				
Debt issuance	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	(31,322)
	-	-	-	(31,322)
Net change in fund balances	4	(14,621)	10	(2,017)
Fund balances - beginning	238	56,767	626	(6,622)
Fund balances - ending	\$ 242	\$ 42,146	\$ 636	\$ (8,639)

Tax Increment Financing Areas							
Broadway	Rockford Global Trade Park South	Jefferson and Third Street	Mulford and State	Auburn Street	Amerock Hotel		Totals
\$ 58,831	\$ 25,958	\$ 15,801	\$ 266,435	\$ 28,719	\$ 277		\$ 14,610,154
-	-	-	-	-	-		67,517
-	-	-	-	-	-		1,456,235
-	-	-	-	-	-		12,607,514
4,052	1,471	60	7,401	1,025	4		50,906
-	-	-	-	-	-		173,127
62,883	27,429	15,861	273,836	29,744	281		28,965,453
-	-	15,609	-	-	-		96,453
-	738	-	91,745	-	-		8,301,745
-	-	-	-	-	-		12,397,792
-	-	-	-	-	-		152,618
-	-	-	-	-	-		210,609
-	-	-	-	-	-		39,578
-	738	15,609	91,745	-	-		21,198,795
62,883	26,691	252	182,091	29,744	281		7,766,658
-	-	-	-	-	-		871,846
-	-	-	-	-	-		722,965
-	-	-	-	-	-		(8,944,143)
-	-	-	-	-	-		(7,349,332)
62,883	26,691	252	182,091	29,744	281		417,326
209,847	71,183	1,672	308,186	41,102	-		2,137,785
\$ 272,730	\$ 97,874	\$ 1,924	\$ 490,277	\$ 70,846	\$ 281		\$ 2,555,111

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, 2018**

	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	\$ 158,400	\$ 158,400	\$ 157,722	\$ (678)	\$ 35,350	\$ 35,350	\$ -	\$ (35,350)
Charges for services	-	-	-	-	12,550,000	12,550,000	12,569,368	19,368
Interest	3,300	3,300	3,078	(222)	80,000	80,000	2,647	(77,353)
Miscellaneous	-	-	-	-	32,100	32,100	17,583	(14,517)
Total revenues	161,700	161,700	160,800	(900)	12,697,450	12,697,450	12,589,598	(107,852)
EXPENDITURES								
Current								
Sanitation and sewers	-	-	-	-	12,159,103	12,410,703	12,397,792	12,911
Public health and welfare	160,000	160,000	152,618	7,382	-	-	-	-
Total expenditures	160,000	160,000	152,618	7,382	12,159,103	12,410,703	12,397,792	12,911
Excess (deficiency) of revenues over (under) expenditures	1,700	1,700	8,182	6,482	538,347	286,747	191,806	(94,941)
OTHER FINANCING SOURCES								
Transfers out	-	-	-	-	(250,000)	(250,000)	(351,476)	(101,476)
Net change in fund balances	\$ 1,700	\$ 1,700	\$ 8,182	\$ 6,482	\$ 288,347	\$ 36,747	\$ (159,670)	\$ (196,417)
Fund balances - beginning			182,302				159,670	
Fund balances - ending			\$ 190,484				\$ -	

(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, 2018**

	Tourism			Special Projects			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	
REVENUES							
Taxes							
Sales tax	\$ -	\$ 2,000,000	\$ 2,250,522	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	80,000	80,000	67,517	(12,483)
Interest	-	9,000	14,437	2,575	2,575	467	(2,108)
Total revenues	-	2,009,000	2,264,959	82,575	82,575	67,984	(14,591)
EXPENDITURES							
Current							
Community development	1,401,800	1,795,782	1,687,326	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	(1,401,800)	213,218	577,633	82,575	82,575	67,984	(14,591)
OTHER FINANCING (USES)							
Transfers out	(607,200)	(607,200)	(607,200)	(82,575)	(82,575)	(67,615)	14,960
Net change in fund balances	<u>\$ (2,009,000)</u>	<u>\$ (393,982)</u>	<u>\$ (29,567)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 369</u>	<u>\$ 369</u>
Fund balances - beginning			<u>983,762</u>				
Fund balances - ending			<u>\$ 954,195</u>			<u>\$ 369</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, 2018**

	RKFD Metro Agency for Planning			Variance with
	Original Budget	Final Budget	Actual	Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 1,159,728	\$ 1,159,728	\$ 853,653	\$ (306,075)
Charges for Services	76,292	76,292	38,146	(38,146)
Interest	-	-	(12,173)	(12,173)
Miscellaneous	167,000	167,000	16,287	16,287
Total revenues	1,403,020	1,403,020	895,913	(340,107)
EXPENDITURES				
Current				
Community development	1,516,596	1,187,935	707,498	480,437
Net change in fund balances	\$ (113,576)	\$ 215,085	188,415	\$ 140,330
Fund balances - beginning			(188,415)	
Fund balances - ending			\$ -	

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, 2018**

	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	\$ 113,531	\$ 113,531	\$ 118,453	\$ 4,922	\$ 54,611	\$ 54,611	\$ 54,282	\$ (329)
Interest	-	-	(3,232)	(3,232)	279	279	914	635
Miscellaneous	-	-	-	-	-	-	85	85
Total revenues	113,531	113,531	115,221	1,690	54,890	54,890	55,281	391
EXPENDITURES								
Current								
Community development	34,241	68,871	70,544	(1,673)	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	79,290	44,660	44,677	17	54,890	54,890	55,281	391
OTHER FINANCING (USES)								
Transfers out	(236,901)	(347,101)	(345,100)	2,001	(59,241)	(59,241)	-	59,241
Net change in fund balances	\$ (157,611)	\$ (302,441)	(300,423)	2,018	(4,351)	(4,351)	55,281	59,632
Fund balances - beginning			40,038				14,215	
Fund balances - ending			<u>\$ (260,385)</u>				<u>\$ 69,496</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, 2018**

	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	\$ 207,002	\$ 207,002	\$ 198,425	\$ 841,450	\$ 841,450	\$ 956,182	\$ 114,732
Interest	-	-	(23,495)	-	-	(15,987)	(15,987)
Miscellaneous	-	-	-	-	-	137,950	137,950
Total revenues	<u>207,002</u>	<u>207,002</u>	<u>174,930</u>	<u>841,450</u>	<u>841,450</u>	<u>1,078,145</u>	<u>236,695</u>
EXPENDITURES							
Current							
Community development	-	-	665	304,098	304,098	316,172	(12,074)
Debt service							
Interest and fiscal charges	13,755	13,755	-	13,976	13,976	-	13,976
Total expenditures	<u>13,755</u>	<u>13,755</u>	<u>665</u>	<u>318,074</u>	<u>318,074</u>	<u>316,172</u>	<u>1,902</u>
Excess (deficiency) of revenues over (under) expenditures	193,247	193,247	174,265	523,376	523,376	761,973	238,597
OTHER FINANCING (USES)							
Transfers out	(484,783)	(484,783)	(484,783)	(484,734)	(484,734)	(480,599)	4,135
Net change in fund balances	<u>\$ (291,536)</u>	<u>\$ (291,536)</u>	<u>\$ (310,518)</u>	<u>\$ 38,642</u>	<u>\$ 38,642</u>	<u>\$ 281,374</u>	<u>\$ 242,732</u>
Fund balances - beginning			<u>(1,235,276)</u>			<u>(1,150,841)</u>	
Fund balances - ending			<u>\$ (1,545,794)</u>			<u>\$ (869,467)</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, 2018**

	Tax Increment Financing Area				Tax Increment Financing Area			
	North Main		Lincolnwood II		North Main		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	\$ 39,968	\$ 39,968	\$ 41,386	\$ 1,418	\$ 40,590	\$ 40,590	\$ 39,411	\$ (1,179)
Interest	-	-	(21,021)	(21,021)	-	-	(957)	(957)
Total revenues	39,968	39,968	20,365	(19,603)	40,590	40,590	38,454	(2,136)
EXPENDITURES								
Current								
Community development	-	-	-	-	-	2,252	2,251	1
Debt service								
Interest and fiscal charges	18,498	18,498	-	18,498	816	816	-	816
Total expenditures	18,498	18,498	-	18,498	816	3,068	2,251	817
Excess (deficiency) of revenues over (under) expenditures	21,470	21,470	20,365	(38,101)	39,774	37,522	36,203	(2,953)
OTHER FINANCING (USES)								
Transfers out	(166,841)	(166,841)	(166,841)	-	(59,240)	(59,240)	(59,241)	(1)
Net change in fund balances	\$ (145,371)	\$ (145,371)	\$ (146,476)	\$ (38,101)	\$ (19,466)	\$ (21,718)	\$ (23,038)	\$ (2,954)
Fund balances - beginning			(1,234,443)				(39,669)	
Fund balances - ending			\$ (1,380,919)				\$ (62,707)	

(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, 2018**

	Tax Increment Financing Area River Oaks				Tax Increment Financing Area Garrison				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	\$ 23,469	\$ 23,469	\$ 22,066	\$ (1,403)	\$ 105,499	\$ 105,499	\$ 104,038	\$ (1,461)	
Interest	-	-	(45,107)	(45,107)	-	-	(10,016)	(10,016)	
Total revenues	23,469	23,469	(23,041)	(46,510)	105,499	105,499	94,022	(11,477)	
EXPENDITURES									
Debt service									
Interest and fiscal charges	39,690	39,690	-	39,690	9,421	9,421	-	9,421	
Excess (deficiency) of revenues over (under) expenditures	(16,221)	(16,221)	(23,041)	(6,820)	96,078	96,078	94,022	(2,056)	
OTHER FINANCING (USES)									
Transfers out	(307,157)	(307,157)	(307,157)	-	(132,881)	(132,881)	(132,881)	-	
Net change in fund balances	\$ (323,378)	\$ (323,378)	(330,198)	(6,820)	\$ (36,803)	\$ (36,803)	(38,859)	\$ (2,056)	
Fund balances - beginning			(2,632,671)				(619,262)		
Fund balances - ending			\$ (2,962,869)				\$ (658,121)		

(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, 2018**

	Tax Increment Financing Area Hope Six				Tax Increment Financing Area Kishwaukee/Harrison			
	Original Budget	Final Budget	Actual	Variance with	Original Budget	Final Budget	Actual	Variance with
				Final Budget Positive (Negative)				Final Budget Positive (Negative)
REVENUES								
Taxes								
Property	\$ 140,027	\$ 140,027	\$ 134,369	\$ (5,658)	\$ -	\$ -	\$ 40,462	\$ 40,462
Interest	-	-	(14,076)	(14,076)	-	-	1,935	1,935
Total revenues	140,027	140,027	120,293	(19,734)	-	-	42,397	42,397
EXPENDITURES								
Current								
Community development	-	-	-	-	33,930	33,930	33,920	10
Debt service								
Interest and fiscal charges	12,202	12,202	-	12,202	-	-	-	-
Total expenditures	12,202	12,202	-	12,202	33,930	33,930	33,920	10
Excess (deficiency) of revenues over (under) expenditures	127,825	127,825	120,293	(7,532)	(33,930)	(33,930)	8,477	42,407
OTHER FINANCING (USES)								
Transfers out	(246,800)	(246,800)	(246,800)	-	-	-	-	-
Net change in fund balances	\$ (118,975)	\$ (118,975)	(126,507)	(7,532)	\$ (33,930)	\$ (33,930)	8,477	42,407
Fund balances - beginning			(796,345)				110,822	
Fund balances - ending			\$ (922,852)				\$ 119,299	

(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, 2018**

	Tax Increment Financing Area Jackson School				Tax Increment Financing Area Preston/Central			
	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	\$ 30,931	\$ 30,931	\$ 32,516	\$ 1,585	\$ 79,259	\$ 79,259	\$ 80,738	\$ 1,479
Interest	-	-	(2,053)	(2,053)	-	-	(23,854)	(23,854)
Miscellaneous	-	-	-	-	-	-	-	-
Total revenues	30,931	30,931	30,463	(468)	79,259	79,259	56,884	(22,375)
EXPENDITURES								
Current								
Community development	40,300	40,300	15,000	25,300	-	-	-	-
Debt service								
Interest and fiscal charges	2,566	2,566	-	2,566	23,366	23,366	-	23,366
Total expenditures	42,866	42,866	15,000	27,866	23,366	23,366	-	23,366
Excess (deficiency) of revenues over (under) expenditures	(11,935)	(11,935)	15,463	27,398	55,893	55,893	56,884	991
OTHER FINANCING (USES)								
Transfers out	-	-	-	-	(76,656)	(76,656)	(76,656)	-
Net change in fund balances	<u>\$ (11,935)</u>	<u>\$ (11,935)</u>	<u>\$ 15,463</u>	<u>\$ 27,398</u>	<u>\$ (20,763)</u>	<u>\$ (20,763)</u>	<u>\$ (19,772)</u>	<u>\$ 991</u>
Fund balances - beginning			<u>(145,100)</u>				<u>(1,536,199)</u>	
Fund balances - ending			<u>\$ (129,637)</u>				<u>\$ (1,555,971)</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, 2018**

	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	\$ 2,840	\$ 2,840	\$ 26,622	\$ 23,782	\$ 113,240	\$ 113,240	\$ 116,279	\$ 3,039	
Interest	65	65	412	347	4,253	4,253	6,003	1,750	
Total revenues	2,905	2,905	27,034	24,129	117,493	117,493	122,282	4,789	
EXPENDITURES									
Current									
Community development	8,838	8,838	-	8,838	90,000	90,000	90,000	-	
Net change in fund balances	\$ (5,933)	\$ (5,933)	\$ 27,034	\$ 32,967	\$ 27,493	\$ 27,493	\$ 32,282	\$ 4,789	
Fund balances - beginning			99				399,532		
Fund balances - ending			\$ 27,133				\$ 431,814		(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, 2018**

	Tax Increment Financing Area West State and Central				Tax Increment Financing Area West State and Kilburn			
	Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
				(Negative) Positive				(Negative) Positive
REVENUES								
Taxes								
Property	\$ 64,200	\$ 64,200	\$ 79,337	\$ 15,137	\$ 17,851	\$ 17,851	\$ 26,641	\$ 8,790
Interest	-	-	(2,199)	(2,199)	2,335	2,335	2,185	(150)
Total revenues	64,200	64,200	77,138	12,938	20,186	20,186	28,826	8,640
EXPENDITURES								
Current								
Community development	40,000	42,065	45,456	(3,391)	-	-	-	-
Debt service								
Interest and fiscal charges	3,392	3,392	-	3,392	-	-	-	-
Total expenditures	43,392	45,457	45,456	1	-	-	-	-
Net change in fund balances	\$ 20,808	\$ 18,743	\$ 31,682	\$ 12,939	\$ 20,186	\$ 20,186	\$ 28,826	\$ 8,640
Fund balances - beginning			(165,126)				119,495	
Fund balances - ending			\$ (133,444)				\$ 148,321	(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, 2018**

	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	\$ 809	\$ 809	\$ 455	\$ 239,845	\$ 239,845	\$ 242,378	\$ 2,533
Interest	180	180	137	3,069	3,069	1,870	(1,199)
Total revenues	989	989	592	242,914	242,914	244,248	1,334
EXPENDITURES							
Current							
Community development	-	700	668	390,372	402,446	385,752	16,694
Excess (deficiency) of revenues over (under) expenditures	989	289	(76)	(147,458)	(159,532)	(141,504)	18,028
OTHER FINANCING SOURCES							
Transfers in	-	-	-	-	-	31,322	31,322
Net change in fund balances	\$ 989	\$ 289	(76)	\$ (147,458)	\$ (159,532)	(110,182)	\$ 49,350
Fund balances - beginning			8,852			207,118	
Fund balances - ending			\$ 8,776			\$ 96,936	

(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, 2018**

	Tax Increment Financing Area River North				Tax Increment Financing Area North Main and Whitman			
	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	\$ 57,420	\$ 57,420	\$ 177,418	\$ 119,998	\$ 137,589	\$ 137,589	\$ 119,310	\$ (18,279)
Interest	3,680	3,680	(1,566)	(5,246)	-	-	(7,647)	(7,647)
Total revenues	61,100	61,100	175,852	114,752	137,589	137,589	111,663	(25,926)
EXPENDITURES								
Current								
Community development	218,462	350,055	349,999	56	-	-	-	-
Debt service	-	-	-	-	8,285	8,285	-	8,285
Interest and fiscal charges	-	-	-	-	8,285	8,285	-	8,285
Total expenditures	218,462	350,055	349,999	56	8,285	8,285	-	8,285
Excess (deficiency) of revenues over (under) expenditures	(157,362)	(157,362)	(174,147)	(16,785)	129,304	129,304	111,663	(17,641)
OTHER FINANCING (USES)								
Transfers out	(37,551)	(37,551)	(37,551)	-	(88,843)	(88,843)	(88,843)	-
Net change in fund balances	<u>\$ (194,913)</u>	<u>\$ (194,913)</u>	<u>(211,698)</u>	<u>(16,785)</u>	<u>\$ 40,461</u>	<u>\$ 40,461</u>	<u>22,820</u>	<u>\$ (17,641)</u>
Fund balances - beginning			58,153				(512,994)	
Fund balances - ending			<u>\$ (153,545)</u>				<u>\$ (490,174)</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, 2018**

	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	\$ -	\$ -	\$ 371,684	\$ 371,684	\$ -	\$ -	\$ -	\$ -	-
Interest	428	428	1,725	1,297	4	4	4	4	-
Total revenues	428	428	373,409	372,981	4	4	4	4	-
EXPENDITURES									
Current									
Community development	176,749	264,492	264,492	-	-	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	(176,321)	(264,064)	108,917	372,981	4	4	4	4	-
OTHER FINANCING SOURCES (USES)									
Transfers in	339,764	339,764	-	(339,764)	-	-	-	-	-
Transfers out	(34,313)	(35,563)	(35,563)	-	-	-	-	-	-
	305,451	304,201	(35,563)	(339,764)	-	-	-	-	-
Net change in fund balances	\$ 129,130	\$ 40,137	73,354	\$ 33,217	\$ 4	\$ 4	\$ 4	\$ 4	\$ -
Fund balances - beginning			27,539						238
Fund balances - ending			\$ 100,893						\$ 242

(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, 2018**

	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	\$ 10,081	\$ 10,081	\$ 18,734	\$ 8,653	\$ -	\$ -
Interest	1,032	1,032	538	(494)	9	10
Total revenues	11,113	11,113	19,272	8,159	9	10
EXPENDITURES						
Current						
Community development	4,643	33,893	33,893	-	-	-
Net change in fund balances	\$ 6,470	\$ (22,780)	(14,621)	\$ 8,159	\$ 9	\$ 10
Fund balances - beginning			56,767			626
Fund balances - ending			\$ 42,146			\$ 636

(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, 2018**

	Tax Increment Financing Area Rockford Global Trade Park III				Tax Increment Financing Area Broadway			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES								
Taxes								
Property	\$ 29,894	\$ 29,894	\$ 32,691	\$ 2,797	\$ 48,650	\$ 48,650	\$ 58,831	\$ 10,181
Interest	1,428	1,428	(132)	(1,560)	1,653	1,653	4,052	2,399
Total revenues	31,322	31,322	32,559	1,237	50,303	50,303	62,883	12,580
EXPENDITURES								
Current								
Community development	-	3,254	3,254	-	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	31,322	28,068	29,305	1,237	50,303	50,303	62,883	12,580
OTHER FINANCING (USES)								
Transfers out	(31,322)	(31,322)	(31,322)	-	-	-	-	-
Net change in fund balances	\$ -	\$ (3,254)	(2,017)	1,237	\$ 50,303	\$ 50,303	62,883	\$ 12,580
Fund balances - beginning			(6,622)				209,847	
Fund balances - ending		\$ (8,639)					\$ 272,730	

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, 2018**

	Tax Increment Financing Area Rockford Global Trade Park South			Tax Increment Financing Area Jefferson and Third Street				
	Original Budget	Final Budget	Actual	Variance with Final Budget				
				Positive (Negative)	Original Budget	Final Budget	Actual	Positive (Negative)
REVENUES								
Taxes								
Property	\$ 17,033	\$ 17,033	\$ 25,958	\$ 8,925	\$ 15,834	\$ 15,834	\$ 15,801	\$ (33)
Interest	1,027	1,027	1,471	444	-	-	60	60
Total revenues	18,060	18,060	27,429	9,369	15,834	15,834	15,861	27
EXPENDITURES								
Current								
Community development	-	738	738	-	16,350	16,350	15,609	741
Net change in fund balances	\$ 18,060	\$ 17,322	26,691	\$ 9,369	\$ (516)	\$ (516)	252	\$ 768
Fund balances - beginning			71,183				1,672	
Fund balances - ending			\$ 97,874				\$ 1,924	(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, 2018**

	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	\$ 237,782	\$ 237,782	\$ 266,435	\$ 28,653	\$ 20,269	\$ 20,269	\$ 28,719	\$ 8,450
Interest	2,801	2,801	7,401	4,600	-	-	1,025	1,025
Total revenues	240,583	240,583	273,836	33,253	20,269	20,269	29,744	9,475
EXPENDITURES								
Current								
Community development	117,920	117,920	91,745	26,175	-	-	-	-
Net change in fund balances	\$ 122,663	\$ 122,663	182,091	\$ 59,428	\$ 20,269	\$ 20,269	29,744	\$ 9,475
Fund balances - beginning			308,186				41,102	
Fund balances - ending			\$ 490,277				\$ 70,846	

(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, 2018

	Water Utility			Parking System		
	Original Budget	Final Budget	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Variance with Final Budget Positive (Negative)
OPERATING REVENUES						
Charges for services	\$ 28,571,450	\$ 28,571,450	\$ (32,876)	\$ 1,883,500	\$ 1,883,500	\$ (136,153)
Fines and penalties	760,000	760,000	73,504	550,000	550,000	(548,942)
Miscellaneous	33,000	33,000	(4,725)	10,000	10,000	8,544
Total operating revenues	29,364,450	29,364,450	(264,097)	2,443,500	2,443,500	(676,551)
OPERATING EXPENSES						
Salaries and benefits	6,453,686	6,453,686	444,006	286,727	286,727	6,303
Services	6,803,278	6,803,278	788,725	1,333,667	1,333,667	(130,747)
Supplies and materials	1,879,800	1,879,800	377,086	41,100	41,100	(35,911)
Depreciation	6,353,200	6,353,200	171,598	785,000	785,000	116,851
Charges from General Fund	2,479,469	2,479,469	1,324	192,600	192,600	-
Miscellaneous	-	-	-	9,600	9,600	1,781
Total operating expenses	23,969,433	23,969,433	1,782,739	2,648,694	2,648,694	(41,723)
Operating income (loss)	5,395,017	5,395,017	1,518,642	(205,194)	(205,194)	(718,274)
NONOPERATING REVENUES (EXPENSES)						
Interest received	200,000	200,000	137,112	11,400	11,400	(38,872)
Disposal of capital assets	-	-	(1,644,739)	-	-	-
Interest expense and service fees	(1,365,375)	(1,365,375)	(76,723)	(258,263)	(258,263)	(62,138)
Amortization expense	-	-	27,565	-	-	-
	(1,165,375)	(1,165,375)	(1,556,785)	(246,863)	(246,863)	(101,010)
Income (loss) before contributions	4,229,642	4,229,642	(38,143)	(452,057)	(452,057)	(819,284)
Contributions from developers	50,000	50,000	2,144,713	-	-	1,316,799
Changes in net position	\$ 4,279,642	\$ 4,279,642	\$ 2,106,570	\$ (452,057)	\$ (452,057)	\$ 497,515
Net position - beginning as restated		149,388,630				11,757,551
Net position - ending		\$ 155,774,842				\$ 11,803,009

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 to mainframe and microcomputer network services. Financing is provided by service charges to user funds.

CITY OF ROCKFORD, ILLINOIS

Combining Statement of Net Position - Internal Service Funds
December 31, 2018

	Central Garage	Building Maintenance	Central Stores	Illinois Municipal Retirement	Unemployment
ASSETS					
Current assets					
Cash and cash equivalents	\$ 984,683	\$ 386,082	\$ 405,725	\$ 485,348	\$ -
Accounts receivable	2,280	5,594	1,227	1,341	2,361
Due from State of Illinois	-	-	-	-	92,852
Due from other governmental units	23,396	-	-	-	-
Inventories	282,594	-	-	-	-
Prepaid expenses	-	-	-	-	-
Total current assets	1,292,953	391,676	406,952	486,689	95,213
Noncurrent assets					
Capital assets					
Construction in progress	-	480,737	-	-	-
Buildings and improvements	218,245	4,757,782	-	-	-
Equipment	442,569	189,404	-	-	-
Improvements other than buildings	-	182,407	-	-	-
Less accumulated depreciation	(578,931)	(1,756,977)	-	-	-
Total noncurrent assets	81,883	3,853,353	-	-	-
Total assets	1,374,836	4,245,029	406,952	486,689	95,213
DEFERRED OUTFLOWS OF RESOURCES					
None					
Total assets and deferred outflows of resources	1,374,836	4,245,029	406,952	486,689	95,213
LIABILITIES					
Current liabilities					
Accounts payable	213,126	318,687	295	280,254	16,231
Accrued payroll and benefits	29,622	31,077	8,772	119,092	-
Other payables	-	-	-	-	-
Compensated absences	15,104	15,340	12,640	-	-
Capital lease payable	15,617	183,796	-	-	-
Claims and judgments payable	-	-	-	-	-
Total current liabilities	273,469	548,900	21,707	399,346	16,231
Noncurrent liabilities					
Compensated absences	60,414	61,358	50,560	-	-
Capital lease payable	29,213	1,092,924	-	-	-
Claims and judgments payable	-	-	-	-	-
Total noncurrent liabilities	89,627	1,154,282	50,560	-	-
Total liabilities	363,096	1,703,182	72,267	399,346	16,231
DEFERRED INFLOWS OF RESOURCES					
None					
Total liabilities and deferred inflows of resources	363,096	1,703,182	72,267	399,346	16,231
NET POSITION					
Net investment in capital assets	37,053	2,576,633	-	-	-
Unrestricted (deficit)	974,687	(34,786)	334,685	87,343	78,982
Net position	\$ 1,011,740	\$ 2,541,847	\$ 334,685	\$ 87,343	\$ 78,982

Workmens' Compensation	Auditing	Health Insurance	911 Communications	Risk Management	Information Systems	Totals
6,151,218	\$ -	\$ 3,815,192	\$ 165,280	\$ 1,257,401	\$ 5,157,109	\$ 18,808,038
21,536	-	53,550	(230)	182,763	3,117	273,539
-	-	-	-	-	-	92,852
-	-	-	166,003	-	-	189,399
-	-	-	-	-	-	282,594
-	-	324,156	-	-	-	324,156
6,172,754	-	4,192,898	331,053	1,440,164	5,160,226	19,970,578
-	-	-	-	-	1,067,651	1,548,388
-	-	-	-	-	-	4,976,027
-	-	-	274,450	-	5,163,129	6,069,552
-	-	-	-	-	-	182,407
-	-	-	(132,070)	-	(4,855,056)	(7,323,034)
-	-	-	142,380	-	1,375,724	5,453,340
6,172,754	-	4,192,898	473,433	1,440,164	6,535,950	25,423,918
-	-	-	-	-	-	-
6,172,754	-	4,192,898	473,433	1,440,164	6,535,950	25,423,918
346,755	-	202,623	18,910	-	500,800	1,897,681
-	-	-	191,097	-	23,188	402,848
-	-	182,197	-	-	-	182,197
-	-	-	52,685	-	18,518	114,287
-	-	-	-	-	852,516	1,051,929
5,386,721	-	2,080,777	-	-	-	7,467,498
5,733,476	-	2,465,597	262,692	-	1,395,022	11,116,440
-	-	-	210,741	-	74,071	457,144
-	-	-	-	-	3,747,484	4,869,621
-	-	-	-	10,548,781	-	10,548,781
-	-	-	210,741	10,548,781	3,821,555	15,875,546
5,733,476	-	2,465,597	473,433	10,548,781	5,216,577	26,991,986
-	-	-	-	-	-	-
5,733,476	-	2,465,597	473,433	10,548,781	5,216,577	26,991,986
-	-	-	142,380	-	(3,224,276)	(468,210)
439,278	-	1,727,301	(142,380)	(9,108,617)	4,543,649	(1,099,858)
439,278	\$ -	\$ 1,727,301	\$ -	\$ (9,108,617)	\$ 1,319,373	\$ (1,568,068)

CITY OF ROCKFORD, ILLINOIS

**Combining Statement of Revenues, Expenses and Changes in Net Position - Internal Service Funds
For the Fiscal Year Ended December 31, 2018**

	Central Garage	Building Maintenance	Central Stores	Illinois Municipal Retirement	Unemployment
OPERATING REVENUES					
Charges for services	\$ 4,124,515	\$ 3,627,979	\$ 466,700	\$ 6,719,176	\$ 186,737
Intergovernmental	-	-	-	-	-
Miscellaneous	25,951	4,498	-	-	-
Total operating revenues	<u>4,150,466</u>	<u>3,632,477</u>	<u>466,700</u>	<u>6,719,176</u>	<u>186,737</u>
OPERATING EXPENSES					
Salaries and benefits	925,868	970,445	385,887	6,719,176	-
Services	659,862	1,352,756	59,269	302	66,586
Supplies and materials	1,982,382	312,916	15,600	-	-
Depreciation	23,222	253,968	-	-	-
Charges from General Fund	63,600	129,600	24,400	-	-
Miscellaneous	-	2,958	-	-	-
Total operating expenses	<u>3,654,934</u>	<u>3,022,643</u>	<u>485,156</u>	<u>6,719,478</u>	<u>66,586</u>
Operating income (loss)	<u>495,532</u>	<u>609,834</u>	<u>(18,456)</u>	<u>(302)</u>	<u>120,151</u>
NONOPERATING REVENUES (EXPENSES)					
Interest received	13,316	8,280	6,883	7,933	14,715
Interest expense	(1,241)	(39,311)	-	-	-
	<u>12,075</u>	<u>(31,031)</u>	<u>6,883</u>	<u>7,933</u>	<u>14,715</u>
Income (loss) before transfers	507,607	578,803	(11,573)	7,631	134,866
Transfers out	-	-	-	-	(888,380)
Changes in net position	507,607	578,803	(11,573)	7,631	(753,514)
Net position - beginning	<u>504,133</u>	<u>1,963,044</u>	<u>346,258</u>	<u>79,712</u>	<u>832,496</u>
Net position - ending	<u>\$ 1,011,740</u>	<u>\$ 2,541,847</u>	<u>\$ 334,685</u>	<u>\$ 87,343</u>	<u>\$ 78,982</u>

Workmens' Compensation	Auditing	Health Insurance	911 Communications	Risk Management	Information Systems	Totals
\$ 3,155,604	\$ 192,100	\$ 20,515,909	\$ 4,693,919	\$ 1,707,038	\$ 3,854,191	\$ 49,243,868
-	-	-	984,661	-	-	984,661
323,357	-	835,424	-	253,938	-	1,443,168
3,478,961	192,100	21,351,333	5,678,580	1,960,976	3,854,191	51,671,697
-	-	-	5,331,854	-	657,560	14,990,790
2,696,782	191,751	21,458,477	343,161	2,427,247	2,185,419	31,441,612
101,600	-	-	39,546	-	287,531	2,739,575
-	-	-	7,910	-	627,162	912,262
-	-	163,240	-	452,445	36,000	869,285
-	-	-	-	-	-	2,958
2,798,382	191,751	21,621,717	5,722,471	2,879,692	3,793,672	50,956,482
680,579	349	(270,384)	(43,891)	(918,716)	60,519	715,215
117,324	(349)	54,145	(2,878)	19,201	15,703	254,273
-	-	-	-	-	-	(40,552)
117,324	(349)	54,145	(2,878)	19,201	15,703	213,721
797,903	-	(216,239)	(46,769)	(899,515)	76,222	928,936
(1,700,000)	-	-	-	-	-	(2,588,380)
(902,097)	-	(216,239)	(46,769)	(899,515)	76,222	(1,659,444)
1,341,375	-	1,943,540	46,769	(8,209,102)	1,243,151	91,376
\$ 439,278	\$ -	\$ 1,727,301	\$ -	\$ (9,108,617)	\$ 1,319,373	\$ (1,568,068)

CITY OF ROCKFORD, ILLINOIS

Combining Statement of Cash Flow - Internal Service Funds
For the Fiscal Year Ended December 31, 2018

	Central Garage	Building Maintenance	Central Stores	Illinois Municipal Retirement	Unemployment
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 4,165,160	\$ 3,628,372	\$ 466,114	\$ 6,718,241	\$ 92,773
Payments to suppliers	(3,055,024)	(2,045,397)	(225,336)	(6,724,662)	(72,472)
Payments to employees	(582,878)	(623,322)	(247,016)	-	-
Payments for internal services used	-	-	-	-	-
Payments to other funds	(63,600)	(129,600)	(24,400)	-	-
	<u>463,658</u>	<u>830,053</u>	<u>(30,638)</u>	<u>(6,421)</u>	<u>20,301</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Interest paid on capital debt	(1,241)	(39,311)	-	-	-
Principal paid on capital debt	(15,202)	(192,301)	-	-	-
Debt issuance	-	-	-	-	-
Disposal of capital assets	-	-	-	-	-
Purchase of capital assets	-	(941,147)	-	-	-
	<u>(16,443)</u>	<u>(1,172,759)</u>	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers out	-	-	-	-	(888,380)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	13,316	8,280	6,883	7,933	14,715
Net increase (decrease) in cash and cash equivalents	460,531	(334,426)	(23,755)	1,512	(853,364)
Cash and cash equivalents - beginning	524,152	720,508	429,480	483,836	853,364
Cash and cash equivalents - ending	<u>\$ 984,683</u>	<u>\$ 386,082</u>	<u>\$ 405,725</u>	<u>\$ 485,348</u>	<u>\$ -</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES					
Operating income (loss)	\$ 495,532	\$ 609,834	\$ (18,456)	\$ (302)	\$ 120,151
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities					
Depreciation expense	23,222	253,968	-	-	-
Increase (decrease) from changes in:					
Accounts receivable	(1,795)	(4,105)	(586)	(935)	(1,112)
Due from State of Illinois	-	-	-	-	(92,852)
Due from other governmental units	25,568	-	-	-	-
Inventories	(9,079)	-	-	-	-
Prepaid items	-	-	-	-	-
Accounts payable	(794)	(18,408)	(8,850)	4,915	(5,886)
Accrued payroll and benefits	1,319	2,599	(2,373)	(10,099)	-
Compensated absences	(9,800)	(13,835)	(373)	-	-
Other liabilities	(60,515)	-	-	-	-
	<u>(31,874)</u>	<u>220,219</u>	<u>(12,182)</u>	<u>(6,119)</u>	<u>(99,850)</u>
Net cash provided by (used for) operating activities	<u>\$ 463,658</u>	<u>\$ 830,053</u>	<u>\$ (30,638)</u>	<u>\$ (6,421)</u>	<u>\$ 20,301</u>

Workmens' Compensation	Auditing	Health Insurance	911 Communications	Risk Management	Information Systems	Totals
\$ 3,467,913	\$ 191,984	\$ 21,288,619	\$ 4,620,970	\$ 1,869,208	\$ 3,911,006	\$ 50,420,360
(3,245,729)	(199,351)	(21,956,275)	(1,993,157)	(1,279,017)	(3,020,386)	(43,816,806)
-	-	-	(3,652,162)	-	-	(5,105,378)
-	-	-	984,661	-	-	984,661
-	-	(163,240)	-	(452,445)	(36,000)	(869,285)
222,184	(7,367)	(830,896)	(39,688)	137,746	854,620	1,613,552
-	-	-	-	-	-	(40,552)
-	-	-	-	-	-	(207,503)
-	-	-	-	-	4,600,000	4,600,000
-	-	-	2,643	-	-	2,643
-	-	-	-	-	(723,605)	(1,664,752)
-	-	-	2,643	-	3,876,395	2,689,836
(1,700,000)	-	-	-	-	-	(2,588,380)
117,324	(349)	54,145	(2,878)	19,201	15,703	254,273
(1,360,492)	(7,716)	(776,751)	(39,923)	156,947	4,746,718	1,969,281
7,511,710	7,716	4,591,943	205,203	1,100,454	410,391	16,838,757
\$ 6,151,218	\$ -	\$ 3,815,192	\$ 165,280	\$ 1,257,401	\$ 5,157,109	\$ 18,808,038
\$ 680,579	\$ 349	\$ (270,384)	\$ (43,891)	\$ (918,716)	\$ 60,519	\$ 715,215
-	-	-	7,910	-	627,162	912,262
(11,048)	(116)	(47,558)	151	(91,768)	20,815	(138,057)
-	-	-	-	-	-	(92,852)
-	-	-	(73,100)	-	-	(47,532)
-	-	-	-	-	-	(9,079)
-	-	(15,156)	-	-	-	(15,156)
21,255	(7,600)	(125,347)	5,460	(74,131)	131,112	(78,274)
-	-	-	21,091	-	8,004	20,541
-	-	-	42,691	-	7,008	25,691
(468,602)	-	(372,451)	-	1,222,361	-	320,793
(458,395)	(7,716)	(560,512)	4,203	1,056,462	794,101	898,337
\$ 222,184	\$ (7,367)	\$ (830,896)	\$ (39,688)	\$ 137,746	\$ 854,620	\$ 1,613,552

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, 2018**

	Central Garage			Building Maintenance			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	
OPERATING REVENUES							
Charges for services	\$ 3,287,330	\$ 3,287,330	\$ 4,124,515	\$ 3,691,437	\$ 3,691,437	\$ 3,627,979	\$ (63,458)
Miscellaneous	15,000	15,000	25,951	-	-	4,498	4,498
Total operating revenues	<u>3,302,330</u>	<u>3,302,330</u>	<u>4,150,466</u>	<u>3,691,437</u>	<u>3,691,437</u>	<u>3,632,477</u>	<u>(58,960)</u>
OPERATING EXPENSES							
Salaries and benefits	967,853	947,638	925,868	1,013,183	1,013,183	970,445	42,738
Services	749,110	647,170	659,862	1,693,855	1,693,855	1,352,756	341,099
Supplies and materials	1,404,287	1,986,887	1,982,382	353,700	353,700	312,916	40,784
Depreciation	27,600	27,600	23,222	331,150	331,150	253,968	77,182
Charges from General Fund	63,600	63,600	63,600	129,600	129,600	129,600	-
Miscellaneous	-	-	-	8,700	8,700	2,958	5,742
Total operating expenses	<u>3,212,450</u>	<u>3,672,895</u>	<u>3,654,934</u>	<u>3,530,188</u>	<u>3,530,188</u>	<u>3,022,643</u>	<u>507,545</u>
Operating income (loss)	89,880	(370,565)	495,532	161,249	161,249	609,834	448,585
NONOPERATING REVENUES (EXPENSES)							
Interest received	5,000	5,000	13,316	20,000	20,000	8,280	(11,720)
Interest expense	(3,020)	(3,020)	(1,241)	(950)	(950)	(39,311)	(38,361)
	1,980	1,980	12,075	19,050	19,050	(31,031)	(50,081)
Changes in net position	\$ 91,860	\$ (368,585)	\$ 507,607	\$ 180,299	\$ 180,299	\$ 578,803	\$ 398,504
Net position - beginning			504,133			1,963,044	
Net position - ending			\$ 1,011,740			\$ 2,541,847	

(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, 2018**

	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	\$ 466,580	\$ 466,580	\$ 466,700	\$ 6,537,756	\$ 6,537,756	\$ 6,719,176	\$ 181,420
OPERATING EXPENSES							
Salaries and benefits	352,428	394,133	385,887	6,537,457	6,714,260	6,719,176	(4,916)
Services	58,130	58,130	59,269	300	300	302	(2)
Supplies and materials	31,500	15,500	15,600	-	-	-	-
Charges from General Fund	24,400	24,400	24,400	-	-	-	-
Total operating expenses	466,458	492,163	485,156	6,537,757	6,714,560	6,719,478	(4,918)
Operating income (loss)	122	(25,583)	(18,456)	(1)	(176,804)	(302)	176,502
NONOPERATING REVENUES							
Interest received	-	-	6,883	10,000	10,000	7,933	(2,067)
Changes in net position	\$ 122	\$ (25,583)	\$ (11,573)	\$ 9,999	\$ (166,804)	\$ 7,631	\$ 174,435
Net position - beginning			<u>346,258</u>			<u>79,712</u>	
Net position - ending			<u>\$ 334,685</u>			<u>\$ 87,343</u>	(Continued)

CITY OF ROCKFORD, ILLINOIS

Internal Service Funds - Continued

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended December 31, 2018**

	Unemployment			Workmens' Compensation			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	
OPERATING REVENUES							
Charges for services	\$ 173,700	\$ 173,700	\$ 186,737	\$ 2,648,946	\$ 2,648,946	\$ 3,155,604	\$ 506,658
Miscellaneous	-	-	-	318,625	318,625	323,357	4,732
Total operating revenues	173,700	173,700	186,737	2,967,571	2,967,571	3,478,961	511,390
OPERATING EXPENSES							
Services	174,800	174,800	66,586	2,802,250	2,802,250	2,696,782	105,468
Charges from General Fund	-	-	-	101,600	101,600	101,600	-
Total operating expenses	174,800	174,800	66,586	2,903,850	2,903,850	2,798,382	105,468
Operating income (loss)	(1,100)	(1,100)	120,151	63,721	63,721	680,579	616,858
NONOPERATING REVENUES							
Interest received	14,000	14,000	14,715	80,000	80,000	117,324	37,324
Income (loss) before transfers	12,900	12,900	134,866	143,721	143,721	797,903	654,182
Transfers out	(1,000,000)	(1,000,000)	(888,380)	(1,700,000)	(1,700,000)	(1,700,000)	-
Changes in net position	\$ (987,100)	\$ (987,100)	\$ (753,514)	\$ (1,556,279)	\$ (1,556,279)	\$ (902,097)	\$ 654,182
Net position - beginning			832,496			1,341,375	
Net position - ending			\$ 78,982			\$ 439,278	

(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, 2018**

	Audit			Health Insurance			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	
OPERATING REVENUES							
Charges for services	\$ 184,010	\$ 184,010	\$ 192,100	\$ 21,767,939	\$ 21,767,939	\$ 20,515,909	\$ (1,252,030)
Miscellaneous	-	-	-	1,160,000	1,160,000	835,424	(324,576)
Total operating revenues	184,010	184,010	192,100	22,927,939	22,927,939	21,351,333	(1,576,606)
OPERATING EXPENSES							
Services	184,010	184,010	191,751	22,348,305	22,348,305	21,458,477	889,828
Supplies and materials	-	-	-	6,000	6,000	-	6,000
Charges from General Fund	-	-	-	163,240	163,240	163,240	-
Total operating expenses	184,010	184,010	191,751	22,517,545	22,517,545	21,621,717	895,828
Operating income (loss)	-	-	349	410,394	410,394	(270,384)	(680,778)
NONOPERATING REVENUES							
Interest received	-	-	(349)	77,200	77,200	54,145	(23,055)
Changes in net position	\$ -	\$ -	\$ -	\$ 487,594	\$ 487,594	(216,239)	(703,833)
Net position - beginning	-	-	-	-	-	1,943,540	-
Net position - ending	\$ -	\$ -	\$ -	\$ 487,594	\$ 487,594	\$ 1,727,301	(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, 2018**

	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	\$ 4,974,224	\$ 4,974,224	\$ 4,693,919	\$ 1,025,013	\$ 1,025,013	\$ 1,707,038	\$ 682,025
Intergovernmental	881,737	881,737	984,661	-	-	-	-
Miscellaneous	-	-	-	150,000	150,000	253,938	103,938
Total operating revenues	5,855,961	5,855,961	5,678,580	1,175,013	1,175,013	1,960,976	785,963
OPERATING EXPENSES							
Salaries and benefits	5,470,401	5,470,401	5,331,854	-	-	-	-
Services	354,760	354,760	343,161	2,564,550	2,564,550	2,427,247	137,303
Supplies and materials	30,800	30,800	39,546	-	-	-	-
Depreciation	-	-	7,910	-	-	-	-
Charges from General Fund	-	-	-	452,445	452,445	452,445	-
Total operating expenses	5,855,961	5,855,961	5,722,471	3,016,995	3,016,995	2,879,692	137,303
Operating income (loss)	-	-	(43,891)	(1,841,982)	(1,841,982)	(918,716)	923,266
NONOPERATING REVENUES							
Interest received	-	-	(2,878)	-	-	19,201	-
Income (loss) before transfers	-	-	(46,769)	(1,841,982)	(1,841,982)	(899,515)	923,266
Transfers In	-	-	-	716,640	716,640	-	(716,640)
Changes in net position	\$ -	\$ -	(46,769)	\$ (1,125,342)	\$ (1,125,342)	(899,515)	206,626
Net position - beginning			46,769			(8,209,102)	
Net position - ending			\$ -			\$ (9,108,617)	

(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, 2018**

	Information System			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
OPERATING REVENUES				
Charges for services	\$ 4,297,478	\$ 4,297,478	\$ 3,854,191	\$ (443,287)
OPERATING EXPENSES				
Salaries and benefits	595,419	595,419	657,560	(62,141)
Services	2,698,819	2,698,819	2,185,419	513,400
Supplies and materials	91,000	91,000	287,531	(196,531)
Depreciation	525,000	525,000	627,162	(102,162)
Charges from Other Funds	36,000	36,000	36,000	-
Total operating expenses	3,946,238	3,946,238	3,793,672	152,566
Operating income (loss)	351,240	351,240	60,519	(290,721)
NONOPERATING REVENUES				
Interest received	-	-	15,703	15,703
Changes in net position	\$ 351,240	\$ 351,240	76,222	\$ (275,018)
Net position - beginning			1,243,151	
Net position - ending			\$ 1,319,373	(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, 2018**

	Police Pension	Firefighters' Pension	Totals
ASSETS			
Cash and cash equivalents	\$ 1,228,912	\$ 1,163,291	\$ 2,392,203
Investments - retirement plans			
U.S. Treasury Notes	5,686,941	19,219,442	24,906,383
U.S. Treasury Bonds	-	3,572,956	3,572,956
Government National Mortgage Association	-	526,541	526,541
Federal Home Loan Mortgage Corporation	3,019,134	3,349,017	6,368,151
Federal National Mortgage Association	3,856,001	6,159,559	10,015,560
Municipal Bonds	1,862,279	1,287,810	3,150,089
Corporate Bonds	16,772,912	17,230,076	34,002,988
Common Stocks	10,686,128	8,389,478	19,075,606
Northern Trust Collective Funds	31,404,800	-	31,404,800
Mutual Funds	106,983,209	87,581,655	194,564,864
Total investments	180,271,404	147,316,534	327,587,938
Accounts receivable - net of allowance			
Accrued interest receivable	208,687	330,802	539,489
Contributions receivables	7,945,826	8,640,387	16,586,213
Other	8,248	-	8,248
Total accounts receivable - net of allowance	8,162,761	8,971,189	17,133,950
Due from other funds	-	553,541	553,541
Total assets	189,663,077	158,004,555	347,667,632
LIABILITIES			
Accrued liabilities	47,857	66,965	114,822
Due to Other Funds	633,880	-	633,880
Total Liabilities	681,737	66,965	748,702
NET POSITION			
Net position restricted for pensions	\$ 188,981,340	\$ 157,937,590	\$ 346,918,930

CITY OF ROCKFORD, ILLINOIS

Pension Trust Funds

**Combining Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended December 31, 2018**

	Police Pension	Firefighters' Pension	Totals
ADDITIONS			
Contributions			
Employer	\$ 8,208,018	\$ 10,257,695	\$ 18,465,713
Plan member	3,349,195	2,176,890	5,526,085
Total contributions	<u>11,557,213</u>	<u>12,434,585</u>	<u>23,991,798</u>
Investment income			
Net appreciation in fair value of investments	(11,296,006)	(10,523,027)	(21,819,033)
Interest and dividend income	3,697,453	4,209,805	7,907,258
	<u>(7,598,553)</u>	<u>(6,313,222)</u>	<u>(13,911,775)</u>
Less investment expense	(252,694)	(305,448)	(558,142)
Net investment income	<u>(7,851,247)</u>	<u>(6,618,670)</u>	<u>(14,469,917)</u>
Total additions	<u>3,705,966</u>	<u>5,815,915</u>	<u>9,521,881</u>
DEDUCTIONS			
Pension benefits	17,695,955	18,720,187	36,416,142
Refunds of contributions	81,150	58,921	140,071
Administrative expense	175,208	151,916	327,124
Total deductions	<u>17,952,313</u>	<u>18,931,024</u>	<u>36,883,337</u>
Changes in fiduciary net position	(14,246,347)	(13,115,109)	(27,361,456)
Net position restricted for pensions - beginning	<u>203,227,687</u>	<u>171,052,699</u>	<u>374,280,386</u>
Net position restricted for pensions - ending	<u>\$ 188,981,340</u>	<u>\$ 157,937,590</u>	<u>\$ 346,918,930</u>

CITY OF ROCKFORD, ILLINOIS

**Consolidated Year-End Financial Report
December 31, 2018**

CSFA #	Program Name	State	Federal	Other	Total
420-30-0074	Trade Adjustment Assistance Program	\$ -	\$ 69,018	\$ -	\$ 69,018
420-30-0076	WIOA Formula Grants	-	4,587,710	-	4,587,710
420-30-0081	WIOA Statewide Rapid Response	-	54,627	-	54,627
420-70-0087	Weatherization Assistance for Low-Income Persons	353,193	748,867	-	1,102,060
420-70-0090	Low-Income Home Energy Assistance	1,777,001	4,753,203	-	6,530,204
420-70-0091	Community Services Block Grant	-	944,974	-	944,974
444-80-0496	Emergency Solutions Grant Program	-	28,072	-	28,072
444-80-0657	Homeless Prevention Program	175,862	-	-	175,862
494-00-0963	Grade Crossing Protection Fund	68,002	-	-	68,002
494-00-1488	Motor Fuel Tax Program	4,579,542	-	566,021	5,145,563
494-10-0343	State and Community Highway Safety/ National Priority Safety Program	-	37,708	-	37,708
494-42-0495	Local Surface Transportation Program	-	363,049	-	363,049
586-14-0869	Preschool Development Grant-Expansion	-	66,182	-	66,182
586-18-0410	Summer Food Service Program for Children	-	26,449	-	26,449
588-40-0450	Emergency Management Performance Grants	-	58,506	58,506	117,012
	Other grant programs and activities	-	13,449,616	3,990,092	17,439,708
	All other costs not allocated	-	-	216,643,867	216,643,867
	Totals	\$ 6,953,600	\$ 25,187,981	\$ 221,258,486	\$ 253,400,067

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.	G1-G8
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.	G9-G14
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.	G15-G21
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.	G22-G23
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.	G24-G29
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, 2018 (Unaudited)**

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

Data Source: City Records

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

2013	2014	2015*	2016	2017	2018
\$ 523,202,658	\$ 529,830,638	\$ 225,009,895	\$ 232,181,881	\$ 246,421,993	\$ 237,514,960
8,262,387	5,588,205	-	-	-	-
6,513,108	6,575,000	9,940,202	9,984,081	10,297,303	8,350,683
13,470,622	15,548,246	24,223,691	25,524,410	24,137,561	28,293,779
(3,428,056)	(965,343)	(281,214,840)	(294,263,674)	(315,835,681)	(334,710,176)
548,020,719	556,576,746	(22,041,052)	(26,573,302)	(34,978,824)	(60,550,754)
139,564,019	140,232,135	136,801,891	138,985,875	142,017,856	148,507,880
1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
5,334,283	5,187,576	5,040,258	3,734,747	3,493,867	3,005,522
3,387,821	3,425,953	8,525,774	12,682,405	15,214,839	15,064,449
149,286,123	149,845,664	151,367,923	156,403,027	161,726,562	167,577,851
\$ 697,306,842	\$ 706,422,410	\$ 129,326,871	\$ 129,829,725	\$ 126,747,738	\$ 107,027,097
\$ 662,766,677	\$ 670,062,773	\$ 361,811,786	\$ 371,167,756	\$ 388,439,849	\$ 386,022,840
34,580,400	33,899,027	40,204,151	40,243,238	38,928,731	40,649,984
(40,235)	2,460,610	(272,689,066)	(281,581,269)	(300,620,842)	(319,645,727)
\$ 697,306,842	\$ 706,422,410	\$ 129,326,871	\$ 129,829,725	\$ 126,747,738	\$ 107,027,097

CITY OF ROCKFORD, ILLINOIS

Changes in Net Position - Last Ten Fiscal Years*
December 31, 2018 (Unaudited)

	2009	2010	2011	2012	2013	2014	2015*	2016	2017	2018
EXPENSES										
Governmental activities:										
General government	\$ 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	\$ 14,226,719
Public safety	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	116,539,144
Streets, alleys and bridges	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	38,576,921
Community development	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	13,693,237
Sanitation and sewers	7,544,392	7,072,936	6,885,950	6,703,345	7,083,257	9,356,050	12,358,032	15,308,363	14,588,031	12,423,942
Culture and recreation	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	10,299,372
Public health and welfare	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	17,091,672
Interest and fiscal charges	4,716,887	5,290,071	4,910,952	4,783,229	3,913,461	3,451,326	3,444,206	4,270,103	4,093,321	2,292,276
	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	225,143,283
Business-type activities:										
Water	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	25,245,966
Parking	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	3,010,818
	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	28,256,784
Total expenses	\$ 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	\$ 253,400,067
PROGRAM REVENUES										
Governmental activities:										
Charges for services:										
General government	\$ 5,476,375	\$ 5,774,210	\$ 6,721,553	\$ 7,277,778	\$ 7,174,058	\$ 7,156,417	\$ 8,045,685	\$ 28,458,097	\$ 28,538,407	\$ 24,767,832
Public safety	9,435,382	9,130,719	10,013,940	9,512,944	9,116,701	9,362,142	10,525,495	-	1,885,578	2,033,143
Streets, alleys and bridges	4,873,914	5,291,149	5,518,115	5,032,043	5,551,095	5,843,446	6,569,562	-	-	-
Community development	436,500	337,749	855,001	910,398	1,002,188	1,007,366	1,132,543	227,441	1,181,885	105,663
Sanitation and sewers	6,745,535	8,540,308	8,540,308	9,288,182	9,188,324	11,338,644	12,747,602	12,708,453	12,175,492	12,569,368
Culture and recreation	250,261	204,514	187,201	177,017	169,912	173,796	198,765	122,831	180,135	151,491
Operating grants and contributions	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	29,600,919
Capital grants and contributions	2,000,666	2,837,398	8,343,151	4,790,309	36,857,891	8,141,162	14,124,360	10,072,753	6,211,884	6,434,827
	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	75,663,243
Business-type activities:										
Charges for services:										
Water	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	29,100,353
Parking	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	1,766,949
Capital grants and contributions	749,767	3,498,532	2,273,425	-	586,349	644,105	-	859,380	1,305,355	3,511,512
	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	34,378,814
Total program revenues	\$ 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	\$ 110,042,057

CITY OF ROCKFORD, ILLINOIS

Changes in Net Position - Last Ten Fiscal Years*
December 31, 2018 (Unaudited)

	2009	2010	2011	2012	2013	2014	2015*	2016	2017	2018
NET (EXPENSES) REVENUES										
Governmental activities	\$ (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)	\$ (149,480,040)
Business-type activities	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	6,122,030
Total net (expense) revenues	\$ (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)	\$ (143,358,010)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental activities:										
Taxes										
Property taxes	\$ 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	\$ 58,210,507
Sales taxes	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	40,241,419
Other taxes	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	23,989,197
Intergovernmental										
Income tax	12,201,422	11,736,930	11,978,090	13,553,269	14,741,571	14,477,198	16,529,806	14,686,440	13,888,264	13,888,264
Replacement tax	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	7,365,335
Unrestricted interest earnings	226,143	478,887	2,176,835	919,186	(2,822,026)	4,204,812	1,188,290	1,001,420	625,757	1,156,212
Miscellaneous	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	3,021,339
Transfers	-	-	400,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Total governmental activities	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	147,872,273
Business-type activities:										
Unrestricted interest earnings	2,414	244,381	841,454	324,952	(667,894)	1,048,948	232,718	341,815	181,608	309,640
Miscellaneous	-	-	(400,000)	159,073	-	(167,346)	-	-	-	-
Transfers	-	-	-	(60,000)	(60,000)	(60,000)	(60,000)	(60,000)	(60,000)	(60,000)
Total business-type activities	2,414	244,381	441,454	424,025	(727,894)	821,602	172,718	281,815	121,608	309,640
Total primary government	\$ 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	\$ 148,181,913
CHANGE IN NET POSITION										
Governmental activities	\$ (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)	\$ (1,607,767)
Business-type activities	3,149,170	5,672,365	4,108,884	2,980,197	425,655	599,541	1,695,498	5,035,104	5,323,535	6,431,670
Total primary government	\$ (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)	\$ 4,823,903

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, 2018 (Unaudited)

	2009	2010	2011*	2012
GENERAL FUND				
Reserved	\$ 195,966	\$ 98,892	\$ -	\$ -
Unreserved	21,810,257	22,516,220	-	-
Assigned	-	-	43,094	-
Nonspendable	-	-	-	-
Unassigned	-	-	27,490,250	32,168,324
Total General Fund	<u>22,006,223</u>	<u>22,615,112</u>	<u>27,533,344</u>	<u>32,168,324</u>
ALL OTHER GOVERNMENTAL FUNDS				
Reserved	17,111,431	18,451,669	-	-
Unreserved, reported in				
Special Revenue Funds	11,376,328	14,015,070	-	-
Capital Project Funds	3,692,856	4,428,124	-	-
Debt Service Funds	-	-	-	-
Nonspendable	-	-	789,678	1,104,145
Restricted for:				
Capital projects	-	-	10,546,148	12,924,115
Debt service	-	-	5,437,035	5,686,654
Culture and recreation	-	-	6,519,138	7,835,329
Community development	-	-	2,550,317	2,161,179
Public health and welfare	-	-	612,290	716,785
Highway and streets	-	-	9,466,862	9,673,378
Assigned for:				
General government	-	-	163,915	151,980
Debt service	-	-	3,183,834	2,522,003
Community development	-	-	4,143,400	5,041,069
Public health and welfare	-	-	116,619	148,211
Highway and streets	-	-	5,574,040	5,641,805
Unassigned	-	-	(4,919,989)	(4,445,288)
Total all other governmental funds	<u>32,180,615</u>	<u>36,894,863</u>	<u>44,183,287</u>	<u>49,161,365</u>
Total all governmental funds	<u>\$54,186,838</u>	<u>\$59,509,975</u>	<u>\$71,716,631</u>	<u>\$81,329,689</u>

Data Source: City Records

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

2013	2014	2015	2016	2017	2018
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	150,000	150,000	150,000	151,054
34,420,681	35,567,463	37,525,349	36,636,721	30,466,617	34,079,651
34,420,681	35,567,463	37,675,349	36,786,721	30,616,617	34,230,705
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
958,107	870,116	798,679	437,466	57,012	-
8,262,387	5,588,205	-	-	-	-
6,513,108	6,575,000	10,177,528	10,221,407	10,534,629	8,588,009
8,353,738	9,289,998	10,069,963	9,944,201	9,939,853	10,716,006
3,469,457	4,744,767	5,598,346	6,566,114	4,226,602	4,786,207
713,529	667,574	532,752	599,909	832,850	4,152,001
9,478,114	11,704,798	8,022,630	8,414,186	9,138,256	8,639,565
180,582	192,988	195,561	195,561	195,561	195,561
2,195,329	4,062,585	-	-	-	-
4,849,350	4,134,143	4,266,523	12,350,498	2,602,348	2,567,102
111,807	159,297	216,535	286,150	209,679	145,575
2,068,634	-	-	-	-	-
(6,574,475)	(8,208,433)	(7,134,235)	(10,193,553)	(10,262,963)	(11,143,082)
40,579,667	39,781,038	32,744,282	38,821,939	27,473,827	28,646,944
\$75,000,348	\$75,348,501	\$70,419,631	\$75,608,660	\$58,090,444	\$62,877,649

CITY OF ROCKFORD, ILLINOIS

**Changes in Fund Balances for Governmental Funds - Last Ten Fiscal Years
December 31, 2018 (Unaudited)**

	2009	2010	2011	2012
REVENUES				
Taxes	\$107,955,951	\$108,786,155	\$111,577,708	\$112,169,125
Licenses and permits	3,483,059	4,594,725	4,406,169	4,650,908
Intergovernmental	60,433,907	62,059,049	62,495,106	60,326,767
Charges for services	14,385,440	16,744,784	18,076,762	21,121,354
Fines	1,788,890	1,647,241	1,559,476	1,661,996
Interest	232,371	431,036	1,785,330	728,812
Miscellaneous	2,415,129	1,557,877	587,768	826,206
Total revenues	<u>190,694,747</u>	<u>195,820,867</u>	<u>200,488,319</u>	<u>201,485,168</u>
EXPENDITURES				
Current:				
General government	14,043,280	12,905,125	10,961,941	11,867,343
Public safety	83,776,249	84,569,192	87,380,847	90,632,349
Streets, alleys and bridges	14,007,048	15,361,827	13,768,376	13,385,427
Community development	17,741,099	13,603,906	10,330,365	14,156,925
Sanitation and sewers	7,561,459	7,081,234	6,881,566	8,909,767
Culture and recreation	8,571,187	6,551,920	6,716,162	6,870,954
Public health and welfare	19,488,307	21,257,861	16,872,678	16,402,620
Debt service:				
Principal payments	9,113,764	9,416,768	14,411,960	8,870,514
Interest and fiscal charges	4,725,156	4,283,764	3,982,921	3,500,558
Capital outlay:				
General government	-	-	-	-
Public safety	288,374	650,472	313,903	5,083,271
Streets, alleys and bridges	21,641,741	14,655,878	15,629,085	17,439,699
Community development	-	31,626	-	-
Sanitation and sewers	-	-	-	-
Culture and recreation	516,677	58,388	1,431,859	500,307
Public health and welfare	239,927	275,660	-	28,715
Total expenditures	<u>201,714,268</u>	<u>190,703,621</u>	<u>188,681,663</u>	<u>197,648,449</u>
Excess (deficiencies) of revenues over (under) expenditures	<u>(11,019,521)</u>	<u>5,117,246</u>	<u>11,806,656</u>	<u>3,836,719</u>
OTHER FINANCING SOURCES (USES)				
Issuance of refunding bonds	17,325,000	-	-	7,735,000
Payment to escrow agent	(16,754,910)	-	-	(8,522,305)
Issuance of general obligation bonds	4,300,000	-	-	-
Issuance of capital leases	-	-	-	5,837,061
Issuance of promissory term note	2,000,000	205,891	-	-
Issuance of line of credit	-	-	-	445,000
Discount on debt issuance	(83,763)	-	-	(49,080)
Premium on debt issuance	197,902	-	-	270,663
Disposal of capital assets	-	-	-	-
Transfers in	17,304,330	12,329,937	18,165,736	13,532,961
Transfers out	(17,304,330)	(12,329,937)	(17,765,736)	(13,472,961)
	<u>6,984,229</u>	<u>205,891</u>	<u>400,000</u>	<u>5,776,339</u>
Net change in fund balances	<u>\$ (4,035,292)</u>	<u>\$ 5,323,137</u>	<u>\$ 12,206,656</u>	<u>\$ 9,613,058</u>
Debt service as a percentage of noncapital expenditures	7.73%	7.83%	10.74%	7.09%

Data Source: City Records

2013	2014	2015	2016	2017	2018
\$112,374,801	\$113,009,795	\$109,065,837	\$110,340,379	\$114,816,711	\$122,441,123
4,195,722	5,292,806	7,836,475	7,182,358	9,745,667	10,874,632
60,350,268	59,115,907	68,003,443	63,613,242	52,044,241	57,289,345
22,384,977	24,559,244	30,134,940	33,077,083	32,263,530	26,652,526
1,330,341	1,223,737	1,248,237	1,257,381	1,952,100	2,100,339
(2,188,963)	3,118,977	914,998	726,080	461,721	901,939
1,388,622	1,017,183	1,550,932	3,536,395	4,130,550	3,021,339
199,835,768	207,337,649	218,754,862	219,732,918	215,414,520	223,281,243
12,424,299	12,452,533	11,152,236	11,597,842	11,710,916	13,064,160
92,936,457	92,695,209	98,615,052	101,937,283	107,513,287	110,656,380
13,293,105	15,068,708	21,094,419	16,202,782	12,415,385	13,973,852
10,181,731	8,886,067	12,368,519	13,341,542	12,562,462	15,788,408
9,859,179	12,012,277	12,358,032	14,398,829	14,737,836	12,397,792
7,443,243	7,954,777	7,348,771	8,554,854	8,249,312	8,289,293
16,348,317	15,857,443	15,627,543	15,033,706	15,947,170	16,964,131
14,109,960	10,640,814	13,148,479	12,040,963	13,039,045	10,846,812
3,056,098	3,455,713	3,425,850	4,220,590	5,128,971	2,993,490
-	-	1,124,980	-	-	-
5,518,861	5,891,123	-	-	-	-
25,568,840	24,884,980	41,979,220	36,633,253	33,876,952	22,038,242
55,666	-	-	-	-	-
-	-	-	-	-	-
5,756,123	3,415,845	375,570	-	-	-
253,537	164,218	-	-	-	-
216,805,416	213,379,707	238,618,671	233,961,644	235,181,336	227,012,560
(16,969,648)	(6,042,058)	(19,863,809)	(14,228,726)	(19,766,816)	(3,731,317)
-	29,590,000	14,874,939	5,400,000	-	-
-	(30,911,996)	-	(5,642,373)	-	(10,929,758)
-	5,420,000	-	14,770,000	-	16,800,526
10,580,307	4,016,223	-	4,515,600	1,020,330	-
-	-	-	-	-	-
-	-	-	-	-	-
-	(369,781)	-	-	-	97,334
-	1,085,765	-	314,528	-	(37,960)
-	-	-	-	1,147,500	-
15,692,707	16,501,125	23,124,325	19,852,700	19,199,654	17,714,465
(15,632,707)	(18,941,125)	(23,064,325)	(19,792,700)	(19,139,654)	(15,126,085)
10,640,307	6,390,211	14,934,939	19,417,755	2,227,830	8,518,522
\$ (6,329,341)	\$ 348,153	\$ (4,928,870)	\$ 5,189,029	\$ (17,538,986)	\$ 4,787,205
9.56%	-11.01%	8.40%	7.68%	8.41%	6.53%

CITY OF ROCKFORD, ILLINOIS

**Assessed Value and Actual Value of Taxable Property (000's Omitted) - Last Ten Tax Levy Years
December 31, 2018 (Unaudited)**

Tax Levy Year	Winnebago	
	Residential Property	Commercial Property
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
2018	950,922	405,789

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					
\$ 175,716	\$ 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%
147,832	5,107	180	1,509,470	3.60840	4,529,403	33.33%

CITY OF ROCKFORD, ILLINOIS

**Direct and Overlapping Property Tax Rates - Last Ten Tax Levy Years
December 31, 2018 (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		
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
2018	3.11140	0.48900	-	0.00800	3.60840	1.01730

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	0.20090	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
0.11470	0.28010	1.09630	0.19640	0.10730	7.35080	0.49870

CITY OF ROCKFORD, ILLINOIS

**Principal Property Tax Payers - Current Fiscal Year and Nine Fiscal Years Ago
December 31, 2018 (Unaudited)**

Taxpayer	2018			2009		
	Equalized Value	Rank	Percentage of Total Equalized Value	Equalized Value	Rank	Percentage of Total Equalized Value
Greater Rockford Airport Authority	\$ 10,707,987	1	0.71%	\$ 13,027,505	2	0.54%
Lowes Homes Centers Inc.	9,747,696	2	0.65%	16,002,507	1	0.86%
Welsey Willows	8,524,305	3	0.56%			
Forest Plaza LLC	7,077,017	4	0.47%			
Walmart Stores INC	6,719,337	5	0.45%	10,434,333	3	0.42%
MB Rockford State LLC	4,133,562	6	0.27%	4,745,542	5	0.30%
Fairhaven Christian Home	3,752,813	7	0.25%	4,194,217	8	0.22%
Hamilton Sundstrand Corporation	3,543,087	8	0.23%	4,391,526	7	0.23%
Meijer	3,480,162	9	0.23%			
Rock River Valley Industrial Park	3,367,199	10	0.22%	4,028,918	9	0.21%
Simon Property Group				9,287,594	4	0.39%
WPH Rockford LLC				4,404,256	6	0.29%
Swedish American Hospital				3,725,608	10	0.20%
Totals	<u>\$ 61,053,165</u>		<u>4.04%</u>	<u>\$ 74,242,006</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, 2018 (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
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	53,968,144	98.98%	(51,618)	53,916,526	98.88%
2018	55,567,606	-	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 2018 levy will be collected in 2019.

CITY OF ROCKFORD, ILLINOIS

Ratios of Outstanding Debt by Type - Last Ten Fiscal Years
December 31, 2018 (Unaudited)

Fiscal Year	Governmental Activities						Lines of Credit
	General Obligation Bonds	Section 108 Guaranteed Loans	EPA Water Pollution Obligation	Promissory Term Note	Capital Leases		
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	-	
2018	60,276,399	3,055,000	-	-	19,410,938	-	

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)
\$ 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
17,454,125	7,430,259	25,602,864	673,799	-	133,903,384	2.18%	914

CITY OF ROCKFORD, ILLINOIS

**Ratios of General Bonded Debt Outstanding - Last Ten Fiscal Years
December 31, 2018 (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
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
2018	146,526	1,537,222,547	85,160,783	11,356,205	73,804,578	4.80%	504

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, 2018 (Unaudited)**

Name of Governmental Unit	Total Debt Outstanding	(2) Percentage Applicable to City	City's Share of Debt
DIRECT			
City of Rockford, Illinois (1)	\$ 82,742,337	100.0%	\$ 82,742,337
OVERLAPPING			
Schools:			
Rockford School District #205	187,071,608	70.8%	132,353,163
Harlem School District #122	17,485,000	2.7%	465,101
Meridian School District #223	12,015,694	94.0%	11,289,946
Pecatonica School District #321	717,144	10.3%	73,866
Winnebago School District #323	10,920,400	5.9%	642,120
Rock Valley Community College #511	83,290,000	59.8%	49,790,762
	<u>311,499,846</u>		<u>194,614,957</u>
Other units:			
Winnebago County	111,495,000	39.3%	43,817,535
Winnebago County Forest Preserve	2,219,090	39.3%	872,102
Rock River Water Reclamation District	31,005,000	57.5%	17,812,373
Greater Rockford Airport Authority	36,966,588	54.1%	19,995,227
Rockford Township	-	74.3%	-
Cherry Valley Township	-	41.4%	-
Winnebago Township	-	0.7%	-
Owen Township	-	22.5%	-
Rockford Park District	37,775,000	70.0%	26,457,610
	<u>219,460,678</u>		<u>108,954,847</u>
Total overlapping debt	<u>530,960,524</u>		<u>303,569,804</u>
Total direct and overlapping debt	<u>\$ 613,702,861</u>		<u>\$ 386,312,141</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, 2018 (Unaudited)**

LEGAL DEBT MARGIN CALCULATION FOR THE FISCAL YEAR 2018

Assessed value	<u>\$ 1,537,222,547</u>
Debt limit - State (8.625% of assessed value)	<u>132,585,445</u>
Debt limit - City (80% of the State limit)	<u>106,068,356</u>
Debt applicable to limit:	
General obligation bonds	350,000
Lease/purchase agreements	<u>19,410,938</u>
Total amount of debt applicable to debt limit	<u>19,760,938</u>
Legal debt margin	<u>\$ 86,307,418</u>

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

Data Source: City Records

2013	2014	2015	2016	2017	2018
\$ 107,085,650	\$ 100,189,839	\$ 99,265,017	\$ 99,587,826	\$ 101,647,164	\$ 106,068,356
30,531,182	27,828,738	25,393,359	20,204,254	14,480,517	19,760,938
\$ 76,554,468	\$ 72,361,101	\$ 73,871,658	\$ 79,383,572	\$ 87,166,647	\$ 86,307,418
28.51%	27.78%	25.58%	20.29%	14.25%	18.63%

CITY OF ROCKFORD, ILLINOIS

**Pledged-Revenue Coverage - Last Ten Fiscal Years
December 31, 2018 (Unaudited)**

Fiscal Year	Water Service Charges	Less: Operating Expenses	Net Revenue Available for Debt Service	Debt Service		Total	Coverage
				Principal	Interest		
Water Utility Fund							
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%
2018	28,238,574	22,186,694	6,051,880	2,365,000	1,328,979	3,693,979	1.64%

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, 2018 (Unaudited)**

Fiscal Year	Population (1)	Personal Income (Thousands of dollars) (3)	Per Capita Personal Income (2)	Unemployment Rate (4)
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%
2018	146,526	6,152,773	41,991	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, 2018 (Unaudited)**

Taxpayer	2018			2009		
	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	1.79%
Mercyhealth/Rockford Health	4,000	2	2.59%	2,500	4	1.72%
Rockford Public Schools	3,713	3	2.40%	4,800	1	3.31%
SwedishAmerican Health System (3)	3,359	4	2.17%	2,600	2	1.79%
OSF Healthcare (4)	2,800	5	1.81%	2,000	6	1.38%
UPS	2,379	6	1.54%	2,000	7	1.38%
UTC Aerospace Systems	2,200	7	1.42%			
Woodward Govenor Company	1,900	8	1.23%	1,200	9	0.83%
PCI - Packaging Coordinators Inc	1,800	9	1.16%			
Wal-Mart Stores	1,471	10	0.95%			
Hamilton Sundstrand Corporation				2,200	5	1.52%
Winnebago County				1,602	8	1.11%
Textron				1,135	10	0.78%
Totals	28,774		18.60%	22,637		15.61%
Total employment in the Rockford MSA	156,322			144,956		

Note:

- (1) Data Source: Rockford Area Economic and Development Council
- (2) Based on March 2009 telephone canvass of employers
- (3) Full-time equivalents
- (4) Includes part-time employees

CITY OF ROCKFORD, ILLINOIS

**Full-Time Equivalent Government Employees by Function/Program - Last Ten Fiscal Years
December 31, 2018 (Unaudited)**

See Following Page

CITY OF ROCKFORD, ILLINOIS

**Full-Time Equivalent Government Employees by Function/Program - Last Ten Fiscal Years
December 31, 2018 (Unaudited)**

Function/Program	2009	2010	2011	2012
General government:				
Mayor's office	8.0	6.0	5.0	4.0
Legal department	20.0	17.0	12.0	12.0
Finance office	32.0	31.0	30.0	31.0
Information technology	8.0	6.0	6.0	6.0
Human resources	7.0	6.0	5.0	5.0
Public safety				
Police department				
Officers	295.0	282.0	282.0	283.0
Civilians	28.0	36.0	36.0	36.0
Fire department	282.0	282.0	278.0	280.0
911	53.0	53.0	53.0	53.0
Public works - traffic	12.5	13.0	11.0	11.0
Construction services	25.0	18.0	15.0	15.0
Streets, alleys and bridges				
Administration	4.5	4.0	2.0	2.0
Engineering	10.0	7.5	5.5	10.0
Capital Projects	16.0	17.2	18.5	17.0
Street and sewer maintenance	40.0	38.0	32.0	31.0
Property and equipment	27.0	27.0	24.0	24.0
Community development				
Administration	2.0	1.5	1.5	1.5
Development	8.0	7.0	8.0	8.0
Planning	6.0	5.3	4.3	4.3
Code enforcement	13.0	12.2	10.2	10.2
Culture and recreation				
Library	115.0	82.0	84.5	86.0
Public health and welfare	91.0	97.9	99.0	91.0
Parking	9.0	8.5	8.5	8.5
Water	75.0	77.0	72.0	72.0
Totals	<u>1,187.0</u>	<u>1,135.0</u>	<u>1,103.0</u>	<u>1,101.5</u>

Data Source: City Finance Office

2013	2014	2015	2016	2017	2018
4.0	4.0	4.0	4.0	5.0	5.0
12.0	12.0	13.0	13.0	13.0	13.0
36.0	36.0	36.0	36.0	36.0	36.0
4.0	4.0	4.0	4.0	4.0	5.0
5.0	5.0	5.0	5.0	5.0	5.0
283.0	286.5	287.0	287.0	284.0	301.0
36.0	36.0	36.0	36.0	40.0	41.0
280.0	259.0	259.0	259.0	261.0	272.0
53.0	53.0	53.0	52.0	52.0	52.0
11.0	11.0	11.0	12.0	11.0	12.0
25.2	25.2	23.2	24.0	23.0	25.0
2.0	2.0	2.0	2.0	2.0	2.0
9.5	8.0	9.1	9.0	10.0	6.0
16.5	18.0	18.9	20.0	20.0	21.0
31.0	31.0	31.0	30.0	30.0	31.0
23.0	23.0	23.0	24.0	25.0	24.0
1.5	1.5	1.5	2.0	2.0	1.5
7.0	7.0	6.0	6.0	5.0	6.0
4.3	4.3	4.3	5.0	4.0	4.5
-	-	-	-	-	-
86.3	87.0	87.0	88.0	88.0	87.0
96.4	95.5	86.4	89.0	89.0	93.4
8.5	3.0	3.0	3.0	3.0	3.0
64.0	64.0	63.0	64.0	63.0	63.0
1,099.1	1,076.0	1,066.4	1,074.0	1,075.0	1,109.4

CITY OF ROCKFORD, ILLINOIS

Operating Indicators by Function/Program - Last Ten Fiscal Years
December 31, 2018 (Unaudited)

Function/Program	2009	2010	2011	2012
Police department				
Total calls for service	177,688	167,304	166,714	164,000
Total group A offenses	24,663	23,169	19,876	19,854
Total group B offenses	N/A	N/A	14,715	12,447
Arrests	15,286	13,536	13,676	13,536
Clearance rate	32.88%	33.40%	33.21%	34.80%
Fire department				
Total call for service	23,663	22,839	22,216	24,800
Number of fire investigations	268	216	180	216
Total number of fire calls	688	564	566	641
Total number of ambulance runs	18,391	17,958	18,854	19,506
911 center				
Total non-emergency calls	119,097	112,076	109,984	106,712
Total emergency calls	120,247	119,200	126,613	131,809
Total police dispatches	159,703	167,305	174,368	168,848
Total fire dispatches	24,425	23,539	25,440	38,997
Construction and development services				
Building permits	N/A	6,722	7,058	7,411
Code enforcement	N/A	8,710	3,455	6,740
Total inspections	10,485	10,157	11,000	11,800
Demolitions	125	127	135	121
Human services				
Households receiving energy assistance	16,000	13,000	9,649	6,873
Head start children served	624	721	780	677
Homeless prevention clients served	2,435	1,267	2,800	1,267
Summer food program - meals served	4,400	4,400	22,515	23,362
Clients receiving weatherization assistance	459	459	500	581
Sanitation division				
Regular tonnage	53,640	52,120	53,210	45,497
Composting tonnage	14,155	14,320	14,560	12,440
Recycling tonnage	6,705	7,210	7,330	6,064
Public works				
Number of engineering plans reviewed	94	70	75	100
Number of permits issued	1,623	1,751	1,625	1,507
Plowing/spreading occurrences	20	21	22	17
Street sweeping cycles	3	3	3	3
Tree trims	4,136	1,181	1,500	2,541
Tree plantings	18	28	100	278
Total requests	N/A	N/A	N/A	8,376
Average days to close request	N/A	N/A	N/A	24
Parking division				
Total parking spaces	4,504	4,504	4,504	4,504
Number of tickets issued	24,741	18,268	15,769	14,950
Water division				
Number of users	53,030	53,055	52,725	50,973
Annual water production (billion gallons)	7.30	7.40	7.03	7.20

Source: City finance department

N/A: Not Available

2013	2014	2015	2016	2017	2018
154,000	146,033	162,339	158,966	159,511	161,679
20,504	18,217	18,119	18,164	17,489	17,433
12,345	8,659	9,872	9,960	10,141	11,692
N/A	N/A	N/A	N/A	N/A	N/A
34.60%	36.10%	32.70%	34.00%	37.50%	44.00%
25,100	22,008	27,446	27,580	28,378	29,217
180	180	180	N/A	N/A	N/A
625	638	690	679	534	716
19,804	20,732	21,844	21,580	22,390	22,892
101,971	105,744	106,246	132,427	108,080	105,096
117,484	134,387	137,945	108,072	132,868	121,605
153,646	195,293	167,305	163,339	161,572	168,680
28,676	25,990	27,838	31,557	28,835	29,217
6,642	9,664	6,463	N/A	6,744	8,726
4,293	4,779	5,312	N/A	N/A	N/A
11,200	10,500	9,572	8,095	8,710	11,866
28	113	113	118	215	81
6,000	6,000	8,270	7,943	7,796	9,099
664	756	760	763	689	798
2,800	2,800	1,155	1,155	410	218
23,350	23,350	53,982	56,509	57,272	58,908
120	120	112	90	62	89
45,970	47,314	47,140	48,609	51,140	49,985
13,114	11,994	12,470	12,777	11,627	12,720
6,499	7,250	8,230	7,674	6,969	7,369
128	169	159	154	136	130
2,061	1,852	2,091	1,576	2,171	1,772
24	24	22	17	13	26
3	N/A	N/A	N/A	N/A	N/A
1,523	2,725	2,384	2,802	3,075	2,137
756	686	530	536	211	174
7,724	6,553	7,271	5,633	6,093	4,204
79	49	49	NA	NA	NA
4,504	4,233	4,170	8,246	8,052	4,170
18,000	13,092	19,000	17,830	17,077	16,488
50,703	50,800	50,800	50,888	51,060	52,329
6.90	6.85	6.50	6.41	6.45	6.39

CITY OF ROCKFORD, ILLINOIS

**Capital Asset Statistics by Function/Program - Last Ten Fiscal Years
December 31, 2018 (Unaudited)**

Function/Program	2009	2010	2011	2012
Police department				
Stations	1	1	1	1
Substations	4	4	4	4
Squad cars	130	130	130	135
Vans (including trucks and mobile units)	40	40	40	41
Fire department				
Stations	11	11	11	11
Companies:				
Engine	8	8	8	8
Quints	3	3	3	3
Ladder	2	2	2	2
Ambulances	6	6	6	6
Library				
Main facility	1	1	1	1
Branch facilities	5	5	5	5
Parking division				
Surface lots	32	32	32	33
Garages	5	5	5	5
Water division				
Water mains (miles)	770	770	816	820
Wells	39	39	27	27
Treatment Plants	3	10	10	10
Production capacity (gal per day)	76,500,000	76,500,000	76,500,000	76,500,000

Date Source: City finance department

2013	2014	2015	2016	2017	2018
1	1	1	3	3	3
4	4	4	4	4	4
140	150	150	150	150	159
42	45	45	45	45	45
11	11	11	11	11	11
8	8	8	9	1	9
3	3	3	3	4	0
2	2	2	4	5	4
6	6	6	7	11	7
1	1	1	1	1	1
5	5	5	5	6	6
34	34	34	37	37	37
5	4	4	4	4	4
820	820	820	816	824	824
27	27	30	26	26	26
10	10	12	12	12	12
76,500,000	76,500,000	76,500,000	76,500,000	76,500,000	76,500,000