

**CITY OF ROCKFORD,  
ILLINOIS**



**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
DECEMBER 31, 2013**



CITY OF ROCKFORD, ILLINOIS

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2013

Prepared by:

Finance Office  
Chris Black  
Finance Director



# CITY OF ROCKFORD, ILLINOIS

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*Chris Black  
Director  
Finance Department*

June 26, 2014

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, 2013, is hereby submitted. This report is prepared by the Finance Director's Office of the City of Rockford, Illinois. We believe the data, as presented, is accurate in all material respects; is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the City. To provide a reasonable basis for making these representations, the City of Rockford management has established a comprehensive internal control framework that is designed to both protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Rockford's financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). Because the cost of internal controls should not outweigh their benefits, the City of Rockford's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The independent auditing firm of Lauterbach & Amen, LLP has audited the City of Rockford's financial statements. The purpose of the independent audit conducted by Lauterbach & Amen was to review and provide reasonable assurance that the City's financial statements for the fiscal year ending December 31, 2013 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, 2013, are fairly presented in conformity with GAAP.

In addition to the independent audit of the financial statements, a separate, federally mandated "Single Audit" was performed to meet the needs of specific grantor agencies. The standards governing Single Audit

engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls over compliance and compliance with legal requirements applicable to certain federal awards. These reports are available in the City of Rockford's separately issued Single Audit Report.

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

## **Profile of the City**

The City of Rockford is a non-home rule city, incorporated in 1839 as a town and became a city in 1852. Located in North Central Illinois approximately 17 miles south of the Wisconsin border and 80 miles northwest of downtown Chicago, Rockford is the third largest city in Illinois with approximately 150,115 residents encompassing approximately 64.23 square miles and serves as the county seat for Winnebago County. The City is empowered to levy property taxes (subject to the Property Tax Extension Limitation Law provisions, which limits the annual growth in property tax extensions for the City to the lesser of 5% or the percentage increase in the Consumer Price Index during the preceding calendar year plus full credit for new construction and annexations) on both real and personal property located within its boundaries and has the authority to extend its corporate limits through annexation, when deemed appropriate and as approved by City Council.

The City has operated under the Mayor-Alderman form of government since April 1852. Policy-making and legislative authority are vested in the City Council consisting of the mayor and fourteen aldermen. The City Council is responsible for enacting ordinances, resolutions and regulations governing the City, adopting the budget, as well as appointing the members of various statutory and ordinance boards, and for approving the appointments by the Mayor for the City Administrator and the heads of the various departments. The Mayor and Alderman (one from each ward) are elected and serve four year terms.

The City of Rockford provides a full range of services, including police and fire protection, emergency communication center, public works services, water distribution services, public library services and general administrative services. The City also operates the Rockford Mass Transit District and the Rockford Metropolitan Exposition, Auditorium and Office Building Authority, all of which are accounted for in the financial statements as component units.

The Rockford School District 205 and the Greater Rockford Airport do not meet the criteria for inclusion in the financial reporting entity and, accordingly, are not presented in this report.

The annual budget serves as the foundation for the City of Rockford's financial planning and control. During the budget preparation process, each department and agency of the reporting entity provides detailed estimates of revenue and expenditures for evaluation by the City Finance Director. The Finance Director also reviews estimates of all pending capital projects and those recommended for approval in the next budget year and within the succeeding five years. The Finance Director, in conjunction with the department heads, may revise these estimates prior to submitting the budget to the City Council for approval. The budget is prepared by fund, function (e.g. public safety) and department (e.g. police). The budget must be approved by City Council prior to the end of the first quarter of the budget year. Neither transfers within a department nor transfers between departments are made once the budget is approved. Budget-to-actual comparisons for the General and Special Revenue Funds are provided in this report.

## **Factors Affecting Financial Condition**

**Local economy.** The City of Rockford continues to expand and diversify its industrial base and employment opportunities. Rockford's economy is diversified with manufacturing and medical as its primary base, while call center/office operations, distribution centers and educational institutions become more important to the economy. The 2013 average unemployment rate for the metropolitan area was 11.6% as compared to the state average of 9.2% and the national average of 7.8%.

Rockford is home to the operations of several large companies such as: Rockford Health System, Swedish American Health System, Hamilton Sundstrand Company, United Parcel Service, OSF St. Anthony's Medical Center, Chrysler, APAC Customer Services Inc, Woodward Governor, Invensys, Quebecor Printing, Lowe's Distribution Center, Mondelez International, and Anderson Packaging. Rockford is proud of its quality of life, skilled workforce and low cost of living. The City and private interests are aggressively pursuing the expansion and diversification of the work force. The City has created tax increment districts, an enterprise zone, and small business loan program and administers the Community Development Block Grant Program.

One of Rockford's assets is the quality of higher education in and around the community. Rockford is home to: Rock Valley College – a two year community college with a state of the art Technology Center that is used by area manufacturers and businesses; Rockford College – 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 Branch – offers courses in business, education, engineering and engineering technology, health and human sciences, and liberal arts and sciences, as well as a cooperative effort with Rock Valley College to award bachelor degrees in Nursing, General Studies, Computer Science, Industrial Technology, Community Health and Elementary Education; University of Illinois College of Medicine at Rockford – provides education to second, third and fourth year medical students in the fields of primary care, family practice, internal medicine, pediatrics and other medical specialties; Rasmussen College Rockford – a two year community college that works in harmony with Rockford's business community and employer demands.

**Long-term financial planning.** The City of Rockford utilizes a five-year capital improvement program to prioritize public projects which will be scheduled over a number of years as financial resources are available. The City utilizes a variety of methods to fund these projects such as: public-private cooperative efforts, special purpose taxes, cost sharing with other governmental agencies and issuing general obligation bonds. Capital Improvement projects are selected if they: 1) eliminate conditions detrimental to health, safety and general welfare of the community; 2) improve the City's existing infrastructure; 3) encourage private capital investment to improve job opportunities and the City's tax base; and 4) benefit the greatest number of City residents or contribute to an equitable distribution of service throughout the City.

The yearly capital improvement program generally consists of projects designed to repair and improve both arterial and neighborhood streets, bridges, pedestrian safety, and water service expansion and replacement. The City provides leadership and encourages the private sector in the development of the Riverfront, Downtown and other areas of the City.

**Cash management policies and practices.** The primary objective of the City investment policy is to provide for the safety of principal, liquidity and a reasonable rate of return. The City complies with the Illinois State Statute requirements in purchasing securities for investment of the City's idle cash. The investment maturities range from daily, for money markets, to 15 years, for US Treasury and Agency bonds, with a 5.75 year average maturity for the portfolio. The average yield as of year-end was 1.565% and will fluctuate on a daily basis. The City currently looks at a shorter time horizon when investing the City's funds.

**Risk management.** The City of Rockford is self-funded for all general liability claims up to \$500,000. Comprehensive general liability insurance was secured in 2011 to cover losses from \$500,000 to \$11 million. Liabilities are recorded when it is probable that a liability has been incurred as of the balance sheet date and the amount of the liability can be reasonably estimated. Both the current and non-current portions of any liability are reported in the Internal Service Funds. The City will continue to evaluate loss potential, risk retention and insurance coverage to achieve optimum levels of risk management. The City's major facilities are insured for property damage.

The lifetime maximum for the City's health plan, which is also self-funded, was eliminated in 2011. Excess coverage was purchased to cover losses in excess of the \$225,000 retention. Risk control techniques include pre-certification and utilization review process, pre-employment drug testing, an employee assistance program, voluntary second opinion for surgery program and alcohol and substance abuse training. These initiatives were implemented to enhance employee life while controlling total City risk. The City is also self-funded for unemployment and workmen's compensation claims. Excess coverage is in place for losses in excess of \$750,000 per occurrence for workers compensation claims.

**Employee Retirement Plans.** The State of Illinois statutes provide for three pension funds for municipal employees: the Illinois Municipal Retirement Fund, the Police Pension Fund, and the Firefighter's Pension Fund. Each plan has retirement, disability and death benefits for eligible employees. The Rockford Mass Transit District provides its employees a single-employer retirement system.

The Police and Firefighter's Pension Funds are each administered by separate local boards. The Police Pension Board and the Firefighter's Pension Board are composed of five members each. The Mayor appoints two members to each board; two members are elected from the regular active members of the police force and firefighters, and one member is elected to each board by and from the beneficiaries of the fund. Illinois State Statutes determine the amount of contribution that each police officer and firefighter makes to their respective fund. The City each year engages an independent actuary to calculate the amount of the annual contribution that the City of Rockford must make to each pension fund to ensure that the plan will be able to meet its obligations on a timely basis.

The City of Rockford contributes to the Illinois Municipal Retirement Fund ("IMRF"), an agent for multiple-employer, public employee retirement systems, acting as a common investment and administrative agent for local governments and school districts in Illinois. The City's contribution is determined each year by IMRF and for 2013 the amount was 13.67% of covered payroll. Additional information on the City of Rockford's pension arrangements and post-employment benefits can be found on pages 63-70 in the notes to the financial statements.

The City implemented GASB Statement No. 45, Accounting and Financial Reporting by Employees for Post Employment Benefit Plans Other than Pensions. Since the City does not contribute towards the cost of the retiree's health insurance, the City is reporting only the implicit liability that is created when the retiree (by State Statute) is charged the group rate for the insurance as opposed to the true rate that would have been charged based on the risk.

### **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement in Financial Reporting to the City of Rockford, Illinois, for its comprehensive annual financial report for the fiscal year ended December 31, 2012. This was the thirty fourth consecutive year the City of Rockford has received this award.

In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized comprehensive annual financial report, the contents of which conform to program standards. Such reports must satisfy both generally accepted accounting principals and applicable legal requirements.

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

In addition, the City of Rockford received the GFOA's Distinguished Budget Presentation Award for its annual budget for the fiscal year beginning January 1, 2013. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

The preparation of this report has been accomplished through the diligent efforts of the staff of the Finance Department. I should like to express my appreciation to members of this department who assisted and contributed to its preparation.

I also thank the Mayor and members of the City Council for their interest and support in planning and conducting the financial operations of the City.

Respectfully submitted,

A handwritten signature in cursive script that reads "Chris Black".

Chris Black  
Finance Director

CITY OF ROCKFORD, ILLINOIS  
OFFICIALS AND OFFICERS  
Year Ended December 31, 2013

MAYOR

Lawrence J. Morrissey

CITY COUNCIL MEMBERS

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

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

CITY ADMINISTRATOR

James Ryan

Todd Cagnoni  
COMMUNITY DEVELOPMENT DIRECTOR

Patrick Hayes  
LEGAL DIRECTOR

Chis Black  
FINANCE DIRECTOR

Julia Valdez  
PERSONNEL DIRECTOR

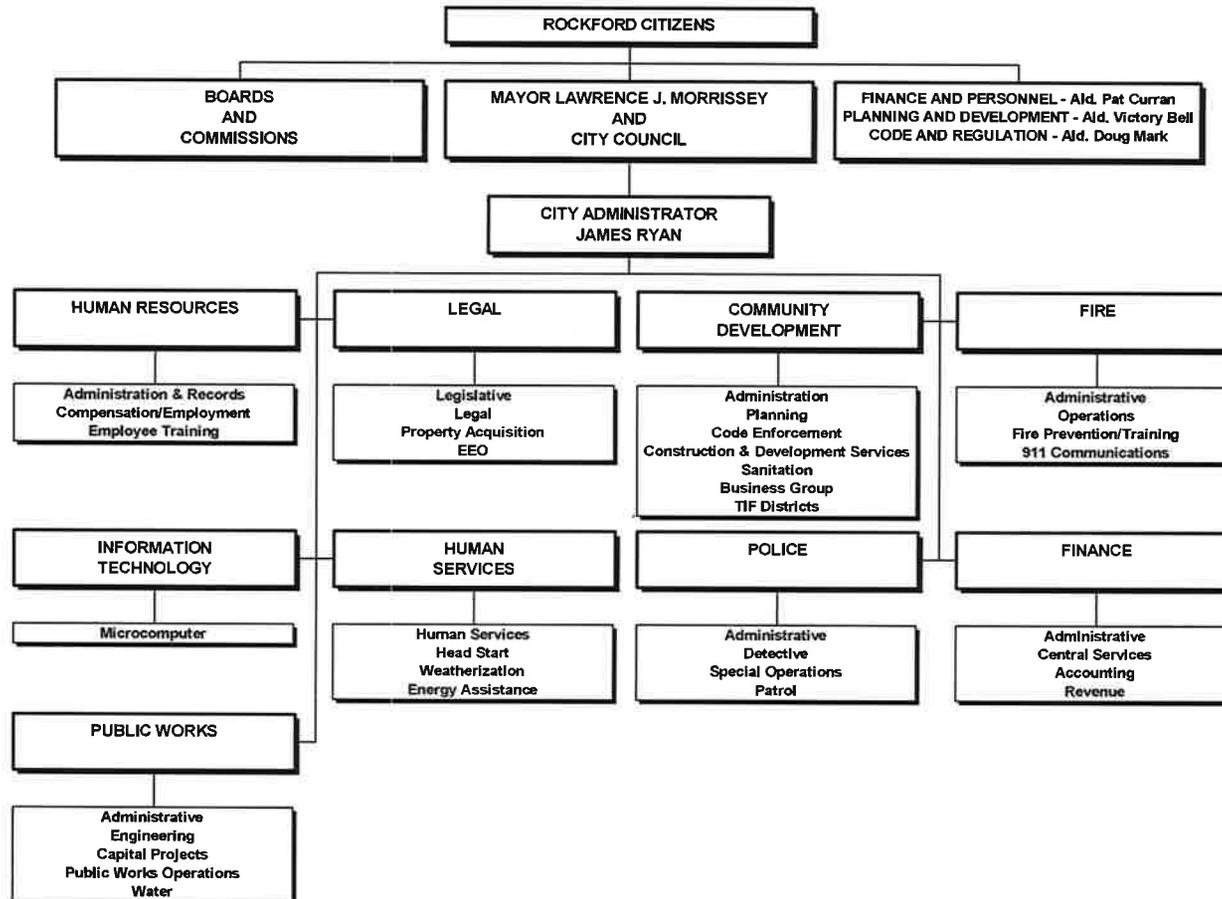
Derek Bergsten  
FIRE CHIEF

Chet Epperson  
POLICE CHIEF

George Davis  
HUMAN SERVICES DIRECTOR

Timothy Hanson  
PUBLIC WORKS DIRECTOR

# CITY OF ROCKFORD, ILLINOIS ORGANIZATION CHART



Board of Election Commission  
 Building Board of Appeals  
 Community Action Program Board  
 Community Development Citizens Participation Committee  
 Electrical Commissions  
 Fair Housing Board  
 Fire and Police Commission  
 911 Communication Board

Greater Rockford Airport Authority  
 Historical Preservation Commission  
 Homestead Board  
 Liquor Commission  
 Mechanical Board  
 Metro Authority  
 Personnel Appeals Board

Rockford Housing Authority  
 Rockford Library Board  
 Rockford Local Development Corporation  
 Rockford Mass Transit District  
 Traffic Commission  
 Zoning Board of Appeals



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Rockford  
Illinois**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2012**

Executive Director/CEO

**INDEPENDENT AUDITORS' REPORT**

June 26, 2014

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rockford, Illinois, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Rockford Mass Transit District and Rockford Metropolitan Exposition, Auditorium and Office Building Authority discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Rockford Mass Transit District and Rockford Metropolitan Exposition, Auditorium and Office Building Authority, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

*Opinions*

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Rockford, Illinois, as of December 31, 2013, 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*

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

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Rockford, Illinois', financial statements as a whole. The introductory section, combining and individual fund financial statements and schedules, supplemental schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements.

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

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

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provision of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



LAUTERBACH & AMEN, LLP

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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# City of Rockford, Illinois

## MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended December 31, 2013

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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, 2013. 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 \$974.3 million and total liabilities and deferred inflows of \$277.0 million the City of Rockford's total net position increased about 5.4% or \$35.9 million to \$697.3 million at year-end December 31, 2013. Of this amount, approximately \$662.8 million represents the City's net investment in capital assets, \$34.6 million was held for restricted purposes and (\$40,235) is classified as unrestricted.
- The net position of the governmental type activities increased 6.9 percent and the business type activities increased by .3 percent.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$75.0 million, a decrease of \$6.3 million in comparison with the prior year. Approximately 37 percent of this total amount, \$27.8 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 \$34.4 million, or 26.7 percent of total General Fund expenditures. In comparison, the prior year unassigned fund balance was \$32.2 million also 26.7 percent of General Fund expenditures.
- During the current fiscal year the City's total long-term obligations decreased by 3.7 percent or \$6.8 million, to \$182.1 million. The key factors in this decrease were the issuance of \$7.2 million for capital leases, a \$2.6 million increase in claims and judgments, and principal payments of \$20 million.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's annual report consists of three components: 1) the basic government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required and nonrequired supplementary information in addition to the basic financial statements.

#### Government-wide financial statements

The governmental-wide financial statements report information about the City as a whole, and are designed to provide readers with a broad overview of the City's finances, using accounting methods in a manner similar to a private-sector business.

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

# City of Rockford, Illinois

## MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended December 31, 2013

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

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

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

The two government-wide statements are as follows:

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

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

Both of these statements assist assessing the overall condition of the City, but one also needs to consider additional nonfinancial factors such as changes in the City's property tax base and the condition of the City's capital assets (roads and bridge, buildings, and water).

The government-wide financial statements can be found on pages 19 - 20 of this report.

### **Fund financial statements**

The fund financial statements provide more detailed information about the City's most significant funds, but not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required to be established by State law and bond covenants. The City also establishes many other funds to help it control and manage resources for particular purposes (e.g., like capital improvement projects, or to show that it is properly using certain taxes (Library), or grants (Community Development and Human Services).

The City has three types of funds:

**Governmental funds** – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources at the end of the fiscal year.

## MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended December 31, 2013

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Consequently, the governmental fund statements provide a short-term view and help determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, a reconciliation is provided that explains the relationship or differences between the governmental funds and governmental activities.

The City maintains 48 individual governmental funds of which six are considered major funds. Information is presented separately for the City's major funds in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. The General Fund, Public Library Fund, Community Development Fund, Human Services Fund, Debt Service Fund, and Capital Projects Fund are considered the City's major funds. Financial data from the other 42 governmental funds are combined into a single, aggregated presentation. Individual fund financial data for each of the nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund and its three major special revenue funds. A budgetary comparison schedule has been provided for the General Fund, Public Library Fund, Community Development Fund, and Human Services Fund to demonstrate compliance with this budget.

The governmental fund financial statements can be found on pages 21 - 26.

**Proprietary funds** – Services for which the City charges customers a fee are generally reported in proprietary funds. The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented 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 27 - 31 of this report.

**Fiduciary funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City has two fiduciary funds, the police pension and firefighter's pension funds. The City is the trustee for these pensions and it is also responsible for ensuring that the assets reported in these funds are used only for their intended purposes.

The fiduciary fund financial statements can be found on pages 32 - 33 of this report.

**Notes to the financial statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 34 - 77 of this report.

City of Rockford, Illinois

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2013

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**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 –A7 of this report.

# City of Rockford, Illinois

## MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended December 31, 2013

### 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 \$697.3 million at the close of the fiscal year ended December 31, 2013.

The City's net position includes assets invested in capital net of related debt, restricted net position, and unrestricted net position. In 2013, assets invested in capital net of related debt were equal to \$662.8 million and comprised 95.0 percent of total net position. These assets reflect the City's investment in capital assets (land, buildings, equipment, other improvements and infrastructure) less any related debt used to acquire those assets that is still outstanding. The City uses this capital to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following table presents a summary of the City's Net Position at December 31, 2013 and 2012.

<b>City of Rockford Net Position</b>						
	Governmental activities 2013	Governmental activities 2012	Business-type activities 2013	Business-type activities 2012	Total 2013	Total 2012
Current and other assets	\$ 178,129,965	\$ 179,936,393	\$ 24,567,742	\$ 28,371,843	\$ 202,697,707	208,308,236
Capital assets	576,875,931	535,615,718	193,473,898	193,850,176	770,349,829	729,465,894
Deferred outflows of resources	1,062,238	1,925,370	168,410	229,129	1,230,648	2,154,499
Total assets and deferred outflows	<u>756,068,134</u>	<u>717,477,481</u>	<u>218,210,050</u>	<u>222,451,148</u>	<u>974,278,184</u>	<u>939,928,629</u>
Long-term liabilities	96,154,661	99,189,122	62,609,466	66,730,419	158,764,127	165,919,541
Current liabilities	48,961,654	43,405,538	6,314,461	6,860,261	55,276,115	50,265,799
Deferred inflows of resources	62,931,100	62,390,634	-	-	62,931,100	62,390,634
Total liabilities and deferred inflows	<u>208,047,415</u>	<u>204,985,294</u>	<u>68,923,927</u>	<u>73,590,680</u>	<u>276,971,342</u>	<u>278,575,974</u>
Net position:						
Net invested in capital assets	523,202,658	480,167,639	139,564,019	138,848,876	662,766,677	619,016,515
Restricted	28,246,117	35,662,755	6,334,283	6,452,243	34,580,400	42,114,998
Unrestricted	(3,428,056)	(3,338,207)	3,387,821	3,559,349	(40,235)	221,142
Total net position	<u>\$548,020,719</u>	<u>\$512,492,187</u>	<u>\$149,286,123</u>	<u>\$148,860,468</u>	<u>\$697,306,842</u>	<u>\$661,352,655</u>

#### 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2013

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

**Spending Borrowed Proceeds on New Capital** – which will reduce current assets and increase capital assets. There is a second impact, an increase in the City's investment in capital assets and an increase in related net debt which will not change the net investment in capital assets.

**Principal Payment on Debt** – which will (a) reduce current assets and reduce long-term debt and (b) reduce unrestricted net position and increase net investment in capital assets.

**Reduction of Capital Assets through Depreciation** – which will reduce capital assets and net investment in capital assets.

**Current Year Impacts**

Total assets and deferred outflows of the City's governmental activities exceeded total liabilities and deferred inflows of resources by \$548.0 million compared to \$512.5 million at the end of 2012. 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 (\$3.4) million, relatively unchanged from the previous year. Restricted net position, those restricted for special purposes such as; capital projects, debt service, and various grant related activities decreased by 20.7 percent or \$7.4 million. The overall improvement in net position was due primarily to \$28 million in capital contributions from the State for infrastructure improvements.

At the end of the current fiscal year, the City reported positive balances in all three categories of net position for the business type activities. Total net position was relatively unchanged (\$149.3 million compared to \$148.7 million at the end of 2012).

A summary of the City's 2013 Changes in Net Position is presented on the following page.

# City of Rockford, Illinois

## MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended December 31, 2013

### Changes in Net Position

	Governmental	Governmental	Business-type	Business-type	Total	Total
	activities	activities	activities	activities	2013	2012
	2013	2012	2013	2012		
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 32,202,278	\$ 32,198,362	\$ 25,034,032	\$ 26,164,620	\$ 57,236,310	\$ 58,362,982
Operating grants and contributions	22,637,706	25,819,764	-	-	22,637,706	25,819,764
Capital grants and contributions	36,857,891	4,790,309	586,349	-	37,444,240	4,790,309
General revenues:						
Taxes:						
Property taxes	60,194,938	60,064,811	-	-	60,194,938	60,064,811
Sales tax	37,991,893	37,902,668	-	-	37,991,893	37,902,668
Franchise taxes	1,878,557	1,814,652	-	-	1,878,557	1,814,652
Other taxes	14,642,944	14,201,646	-	-	14,642,944	14,201,646
Intergovernmental						
Income tax	14,741,571	13,553,269	-	-	14,741,571	13,553,269
Replacement tax	7,814,495	6,851,038	-	-	7,814,495	6,851,038
Interest earnings	(2,822,026)	919,186	(667,894)	324,952	(3,489,920)	1,244,138
Other	1,388,622	826,206	-	159,073	1,388,622	985,279
Total revenues	227,528,869	198,941,911	24,952,487	26,648,645	252,481,356	225,590,556
<b>Expenses</b>						
General government	13,134,269	11,993,604	-	-	13,134,269	11,993,604
Public safety	98,591,263	91,813,775	-	-	98,591,263	91,813,775
Streets, alleys and bridges	34,444,654	32,971,181	-	-	34,444,654	32,971,181
Community development	10,147,688	13,899,004	-	-	10,147,688	13,899,004
Sanitation	7,083,257	6,703,345	-	-	7,083,257	6,703,345
Culture and recreation	8,347,463	7,690,140	-	-	8,347,463	7,690,140
Public health and welfare	16,398,282	16,215,478	-	-	16,398,282	16,215,478
Interest and fiscal charges	3,913,461	4,783,229	-	-	3,913,461	4,783,229
Water	-	-	21,977,859	21,578,537	21,977,859	21,578,537
Parking	-	-	2,488,973	2,029,911	2,488,973	2,029,911
Total expenses	192,060,337	186,069,756	24,466,832	23,608,448	216,527,169	209,678,204
Increase in net position before transfers	35,468,532	12,872,155	485,655	3,040,197	35,954,187	15,912,352
Transfers	60,000	60,000	(60,000)	(60,000)	-	-
Increase in net position	35,528,532	12,932,155	425,655	2,980,197	35,954,187	15,912,352
Net position - beginning	512,492,187	499,560,032	148,860,468	145,880,271	661,352,655	645,440,303
Net position - ending	\$ 548,020,719	\$ 512,492,187	\$ 149,286,123	\$ 148,860,468	\$ 697,306,842	\$ 661,352,655

### Normal Impacts

#### Revenues:

**Economic Conditions** – which can reflect a declining, stable, or growing economic environment and has a substantial impact on property, sales, income, utility tax revenues as well as public spending habits for building permits, elective user fees and volumes of consumption.

**Increase/Decrease in the City Approved Rates** – while certain tax rates are set by statute, the City has significant authority to impose and periodically increase/decrease rates.

**Changing Patterns in Intergovernmental and Grant Revenue** – (both recurring and nonrecurring) – certain recurring revenue (state shared revenues, etc.) may experience significant changes periodically while non-recurring (or one-time) grants are less predictable and often distorting in their impact on year-to-date comparison.

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2013

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**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 \$227.6 million compared to \$198.9 million in 2012, an increase of 14.4%. The leading factors are as follows:

- The City's largest single revenue source, property taxes amounted to \$60.2 million. Property taxes were relatively flat increasing by approximately \$0.1 million (0.2 percent) during the current year compared to .3 percent and 1.8 percent for 2012 and 2011, respectively.
- Shared revenue from the State increased approximately \$2.3 million (3.8 percent) from 2012. This represents the fourth year of modest increases following two years of sharp declines, 2013 levels remain \$1.6 million (almost 2 percent) below 2007.
- Operating grants, capital grants, and capital contributions increased \$32.0 million, mostly due to state contributions for capital road projects.
- Charges for services were flat increasing less than .1 percent.

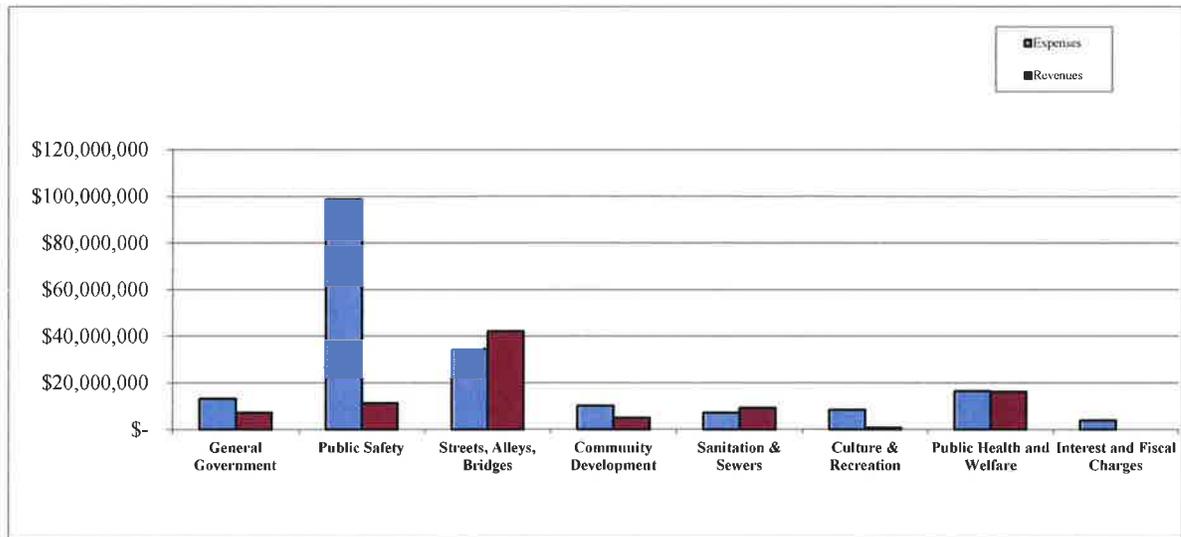
Total governmental activities' expense for the current year was \$192.0 million compared to \$186.1 in 2012, an increase of 3.2%. This increase was primarily the result of a three percent wage increases for all three City bargaining units.

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.

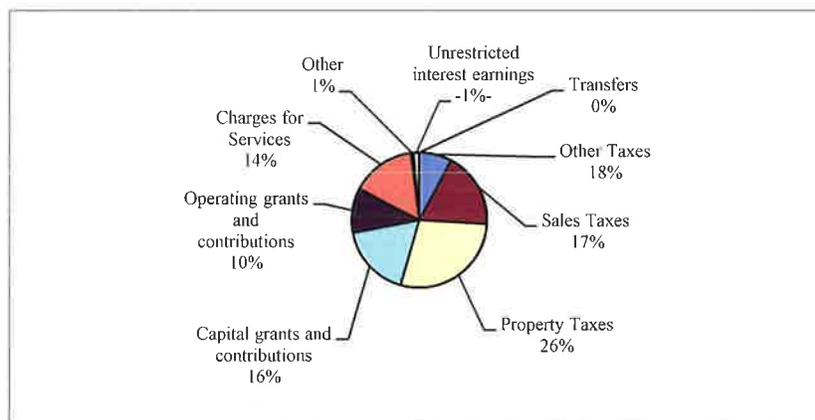
# City of Rockford, Illinois

## MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended December 31, 2013

### Expense and Program Revenue – Governmental Activities



### Revenues by Source - Governmental Activities



The cost of all governmental activities this year was \$192.0 million. However, the amount that taxpayers paid for these activities through City and State taxes was only \$137,264,398 million. Some of the cost was paid by:

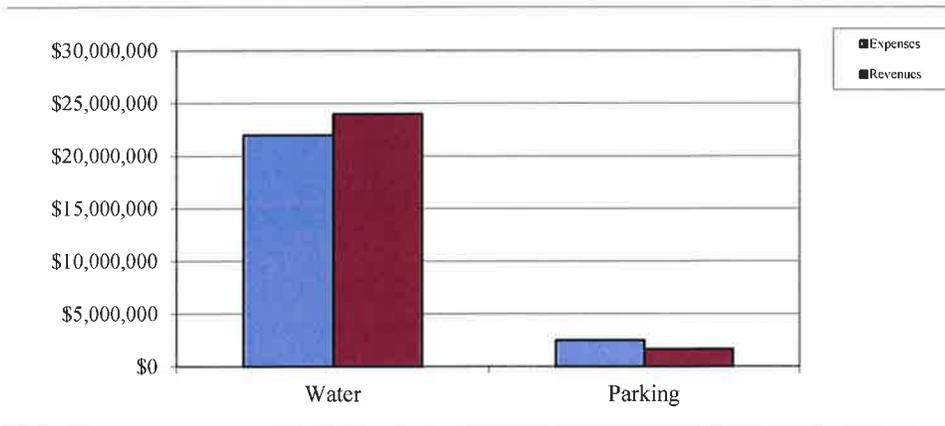
- Those who directly benefited from the programs \$32.2 million.
- Other governments and organizations that subsidized certain programs with grants \$59.5 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2013

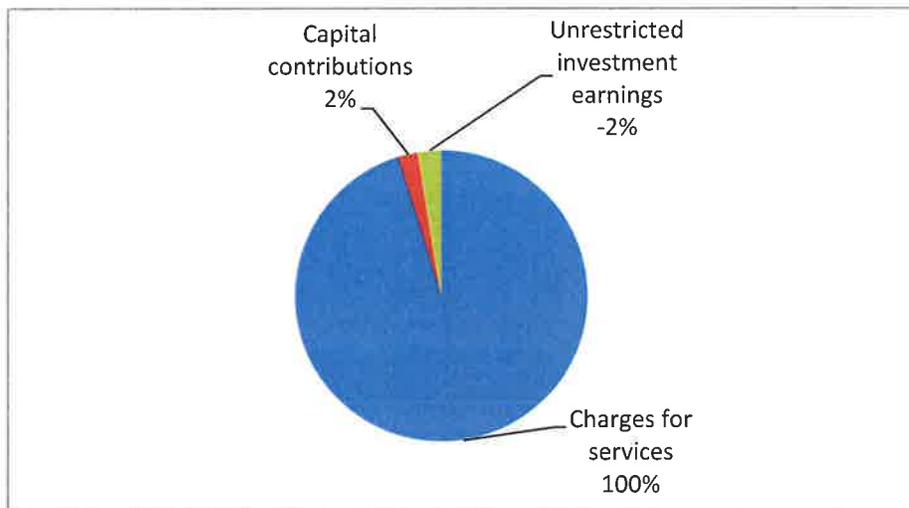
**Business-type Activities** – Business-type activities net position increased by \$.4 million in 2013, compared to an increase of \$3.0 million in 2012. Revenues from business type activities decreased by 6.0 percent to \$25.0 million and expenses increased 3.8 percent to \$24.5 million. Key elements contributing to these results included:

- Charges for services for business-type activities decreased by 4.5 percent. The Water Utility accounts for a significant portion of this revenue. This decrease was due to a 6 percent decrease in gallons of water supplied coupled with a 3 percent rate increase on January 1<sup>st</sup>. Water sales for 2013 were 12 percent below the ten year average. Higher than average rainfall and conservation efforts have impacted water usage.

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



**Revenues by Source - Business-type Activities**



# City of Rockford, Illinois

## MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended December 31, 2013

### 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 2013, its governmental funds reported a combined fund balance of \$75.0 million, a decrease of \$6.3 million (7.7 percent) in comparison with the prior fiscal year. Unassigned fund balance was \$27.8 million, and is available for spending at the government's discretion. The remainder \$47.5 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 \$34.4. 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 26.7 percent of total General Fund expenditures.

The following schedule presents the governmental funds summary of revenues for the years ended December 31, 2013 and 2012:

	FY 2013	Percent of Total	FY 2012	Amount of increase (decrease)	Percent of increase (decrease)
<b>Revenues by source</b>					
Taxes	\$112,374,801	56.23%	\$112,169,125	\$ 205,676	0.18%
Licenses and permits	4,195,722	2.10%	4,650,908	(455,186)	-9.79%
Intergovernmental	60,350,268	30.20%	60,326,767	23,501	0.04%
Charges for services	22,384,977	11.20%	21,121,354	1,263,623	5.98%
Fines	1,330,341	0.67%	1,661,996	(331,655)	-19.96%
Interest	(2,188,963)	-1.10%	728,812	(2,917,775)	-400.35%
Miscellaneous	1,388,622	0.69%	826,206	562,416	68.07%
Total revenues	<u>\$199,835,768</u>	<u>100.00%</u>	<u>\$201,485,168</u>	<u>\$ (1,649,400)</u>	<u>-0.82%</u>

Revenues of the City's governmental funds decreased \$1.6 million or .8 percent from the prior fiscal year. Charges for services made up the largest dollar value increase, up \$1.3 million or .6 percent. This increase was primarily due to an increase in fees. Taxes up for the fourth consecutive year accounted for just a \$.2 million increase and seem to have stabilized. Taxes include such items as property tax, retail sales tax, state income tax, personal property replacement tax, hotel/motel, food and beverage, local use tax and utility tax, those revenues that tend to change with economic conditions. These increases were more than offset by the decrease in interest revenue of \$2.9 million.

The following schedule presents the governmental funds summary of expenditures for the years ended December 31, 2013 and 2012:

# City of Rockford, Illinois

## MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended December 31, 2013

	FY 2013	Percent of Total	FY 2012	Amount of increase (decrease)	Percent of increase (decrease)
<b>Expenditures by function</b>					
General government	12,424,299	5.73%	11,867,343	556,956	4.69%
Public safety	92,936,457	42.87%	90,632,349	2,304,108	2.54%
Streets, alleys and bridges	13,293,105	6.13%	13,385,427	(92,322)	-0.69%
Community development	10,181,731	4.70%	14,156,925	(3,975,194)	-28.08%
Sanitation and sewers	9,859,179	4.55%	8,909,767	949,412	10.66%
Culture and recreation	7,443,243	3.43%	6,870,954	572,289	8.33%
Public health and welfare	16,348,317	7.54%	16,402,620	(54,303)	-0.33%
Debt service:					
Principal payments	14,109,960	6.51%	8,870,514	5,239,446	59.07%
Interest and fiscal charges	3,056,098	1.41%	3,500,558	(444,460)	-12.70%
Capital expenditures	37,153,027	17.14%	23,051,992	14,101,035	61.17%
Total expenditures	216,805,416	100.00%	197,648,449	19,156,967	9.69%

Expenditures of the City's governmental funds increased by over \$19 million or 9.7 percent compared to the previous year. Overall current expenditures increased by \$3 million less than 1 percent. Capital expenditures increased by almost \$14.1 million, after four years of limited investment in capital equipment, due to budget constraints the City has completed the second year of an aggressive four year replacement plan.

The Public Library fund balance at year-end was \$8.4 million up \$.5 million from the prior year. This 6.6 percent increase is primarily the result of a complete restructuring during 2010, which included a reduction of staff and reduced hours of service.

The Debt Service Fund total fund balance at year-end was \$8.2 million, all of which is restricted or assigned for the payment of debt service. The net increase of \$0.5 million in the fund balance corresponds with the increase of transfers into the Debt Service Fund during the current fiscal year needed for principal and interest payments during following fiscal year.

Capital Projects Fund total fund balance at year-end was \$10.3 million all of which is restricted or assigned for capital projects. The decrease in fund balance during the current fiscal year was \$8.2 million. This decrease was the result of spending sales tax revenues earned in prior years for current construction projects.

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

### General Fund Budgetary Highlights

The City Council passed a supplemental budget appropriation increasing expenditures by \$9.9 million (8.6 percent) in the General Fund. The City is legally authorized by State statutes to amend the budget after June 30. Budgetary results for the General Fund departments are as follows:

# City of Rockford, Illinois

## MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues	\$ 115,018,006	115,018,006	121,168,245	\$ 6,150,239
Expenditures	115,504,939	125,400,685	128,621,400	(3,220,715)
Excess of revenues over expenditures	(486,933)	(10,382,679)	(7,453,155)	2,929,524
Other financing sources and uses				
Lease proceeds	-	-	10,580,307	10,580,307
Transfers from other funds	2,387,000	2,387,000	2,345,984	(41,016)
Transfers to other funds	(1,900,867)	(3,216,633)	(3,220,779)	(4,146)
Net change in fund balance	\$ (800)	(11,212,312)	2,252,357	\$ 13,464,669

During the year the City spent 102.6 percent of the final amount appropriated in the General Fund. Actual General Fund revenues were more than budgetary estimates by 5.3 percent.

### CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets – The City's investment in capital assets for its governmental and business-type activities as of December 31, 2013 amounts to \$770.3 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 5.6 percent and the business-type activities decreased by less than one percent. General fund capital expenditures increased by almost \$5.0 million, after four years of limited investment in capital equipment due to budget constraints the City has completed the second year of an aggressive four year replacement plan. The current fiscal year marked the end of a \$75 million capital improvement program to improve water quality and modernize Rockford's water utility.

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

- Capital additions for the general fund included forty new squad cars for the police department at a cost of \$1.4 million, four new engines for the fire department at a cost of \$2.3 million, ten new dump trucks and other heavy equipment for the public works department for 3.0 million, four new ambulances for 1.0 million, and city wide vehicles at a cost of 1.2 million.
- A variety of street construction projects in both new residential and business developments, along with widening and expansion projects for existing streets and bridges were completed during the year. Capital street and bridge projects totaled \$20.3 million during the current year. Significant projects in 2013 included – West State Street Corridor (\$1.5 million), Morgan Street Bridge (\$4.0 million), Main & Auburn Roundabout (\$6.6 million), City Wide Residential Resurfacing Program (\$5.9), Harrison Avenue Improvements (\$1.6 million).
- Various system additions and improvements were completed in the Water Utility Fund at a cost of \$5.1 million. The previous year marked the end of a four year \$75 million water system rehabilitation project.

City of Rockford, Illinois

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2013

Primary Government Capital Assets (net of depreciation)

	Governmental	Governmental	Business-type	Business-type	Total	Total
	activities	activities	activities	activities	2013	2012
	2013	2012	2013	2012		
Land	\$ 7,148,009	\$ 6,899,241	\$ 6,231,754	\$ 6,219,733	\$ 13,379,763	\$ 13,118,974
Land improvements	233,249	252,945	549,577	564,658	782,826	817,603
Buildings and improvements	24,459,880	25,541,443	27,480,357	27,623,275	51,940,237	53,164,718
Improvements other than building	-	-	154,350,618	154,885,415	154,350,618	154,885,415
Equipment	16,730,625	8,624,273	2,246,506	2,011,117	18,977,131	10,635,390
Infrastructure	528,304,168	494,297,816	-	-	528,304,168	494,297,816
Construction in progress	-	-	2,615,086	2,545,978	2,615,086	2,545,978
<b>Total</b>	<b>\$ 576,875,931</b>	<b>\$ 535,615,718</b>	<b>\$ 193,473,898</b>	<b>\$ 193,850,176</b>	<b>\$ 770,349,829</b>	<b>\$ 729,465,894</b>

Additional information on the City of Rockford's capital assets can be found in Note III, C on pages 49 - 50 of this report.

**Long-term Debt** – At the end of the current fiscal year, the City of Rockford had total debt outstanding of \$154.7 million. This debt is backed by the full faith and credit of the City. In addition to the general obligation and revenue bonds listed below the City has outstanding; \$1.0 million for section 108 loans, \$0.2 million for EPA water pollution obligations, \$1.8 million outstanding under lines of credit, \$0.2 million for term notes, \$15.4 million for capital lease purchase agreements and \$34.9 million for IEPA loans. Total debt decreased by \$9.9 million during the current fiscal year. Key factors in this decrease were; \$7.2 million of capital leases issued for the purchase of city wide equipment, a \$4.2 million reduction in the lines of credit, and G.O. principal payments of \$11.1 million.

Primary Government Outstanding Debt  
General Obligation and Revenue Bonds

	Governmental	Governmental	Business-type	Business-type	Total	Total
	activities	activities	activities	activities	2013	2012
	2013	2012	2013	2012		
General obligation bonds	\$ 11,985,000	\$ 16,195,000	\$ -	\$ -	\$ 11,985,000	\$ 16,195,000
General obligation revenue bonds	57,475,000	61,560,000	30,605,000	33,420,000	\$ 88,080,000	\$ 94,980,000
<b>Total bonded debt</b>	<b>\$ 69,460,000</b>	<b>\$ 77,755,000</b>	<b>\$ 30,605,000</b>	<b>\$ 33,420,000</b>	<b>\$ 100,065,000</b>	<b>\$ 111,175,000</b>

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

The State imposes a legal limit of 8.625% of total equalized assessed valuation on the amount of general bond indebtedness. The City further limits their indebtedness, by ordinance, to 80.0% of the State limit. As of December 31, 2013 the City's indebtedness was \$76.6 million less than the City limit and \$103.3 million less than the State limit.

Additional information on the City of Rockford's long-term debt can be found on Note III, G on pages 54 – 66 of this report.

# City of Rockford, Illinois

## MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended December 31, 2013

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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 average unemployment rate for the City of Rockford the current year was 11.6 percent. However, the actual rate at year end was 11.1 percent compared to 12.1 percent a year ago. This is higher than the State's average unemployment rate of 9.2 percent and the national average rate of 8.1 percent.

#### City of Rockford MSA Non-Agricultural Wage and Salary Employment (Annual Averages)

	Unemployment rates				
	2013	2012	2011	2010	2009
Rockford	11.60%	12.10%	14.40%	16.60%	15.10%
State of Illinois	9.20%	8.90%	9.90%	9.80%	10.30%
United States	8.10%	8.60%	8.90%	9.70%	9.30%
Total Employment	143,771	146,000	145,500	146,392	144,956

The City's goal in developing the 2014 budget was to continue offering citizens basic services, economic development efforts, and fiscal stability. Development and adoption of the 2014 budget was premised on maintaining staffing and service levels equivalent to 2013, and continuing the capital equipment program. With the 2014 budget the City was able to maintain a stable property tax rate for citizens with a declining debt service rate as a result of the 1% sales tax referendum used to fund capital projects.

Financial challenges in upcoming years include fully funding capital equipment as part of the City's annual budget. After limited capital purchases of equipment from 2009 through 2011 the 2012 budget required capital equipment purchases due to equipment reaching its life expectancy. The City Council approved a Vehicle Leasing Policy that will implement the replacement of vehicles over a four-year period.

Budgeted expenditures in the General Fund are \$126.6 million, an increase of 1.0 percent over the final 2013 budget of \$125.4 million. Employee contracts and pensions make up the largest increases in the budget.

While the local economic environment and the impact it has on the City's available revenues continues to present a challenge in December 2013, the City Council approved the proposed budget after numerous revisions from the original proposed budget. Staff reviewed all revenues and expenditures, changes were made as necessary, and a balanced General Fund GAAP budget was adopted. This budget allows the City to maintain the necessary fund and cash balances, as well as allowing the 2015 budget process to begin on a sound financial footing.

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2013

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**Requests for information**

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

**CITY OF ROCKFORD, ILLINOIS**

**STATEMENT OF NET POSITION**

December 31, 2013

ASSETS	Primary Government			Component Units	
	Governmental	Business-type	Total	Rockford	Rockford
	Activities	Activities		Mass Transit	Metropolitan
				District	Exposition,
					Office Building
					Authority
Cash and cash equivalents	\$ 87,458,510	\$ 1,779,304	\$ 89,237,814	\$ 1,877,753	\$ 639,246
Receivables, net	66,259,670	3,743,679	70,003,349	3,465,600	1,007,359
Internal balances	188,938	(188,938)	-	-	-
Due from other governments	23,994,747	-	23,994,747	-	-
Inventories	228,100	378,626	606,726	232,219	33,671
Prepaid items	-	-	-	131,010	47,155
Other assets	-	-	-	-	4,350,763
Restricted assets:					
Cash and cash equivalents	-	18,855,071	18,855,071	879,836	996,178
Net pension asset	-	-	-	58,812	-
Capital assets not depreciated	7,148,009	8,846,840	15,994,849	1,991,739	2,675,479
Capital assets, net of accumulated depreciation	569,727,922	184,627,058	754,354,980	22,856,618	23,356,317
<b>Total assets</b>	<b>755,005,896</b>	<b>218,041,640</b>	<b>973,047,536</b>	<b>31,493,587</b>	<b>33,106,168</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Unamortized loss on refunding	1,062,238	168,410	1,230,648	-	-
<b>Total deferred outflows of resources</b>	<b>1,062,238</b>	<b>168,410</b>	<b>1,230,648</b>	<b>-</b>	<b>-</b>
<b>Total assets and deferred outflows of resources</b>	<b>756,068,134</b>	<b>218,210,050</b>	<b>974,278,184</b>	<b>31,493,587</b>	<b>33,106,168</b>
<b>LIABILITIES</b>					
Accounts payable and other accrued liabilities	14,135,039	1,299,232	15,434,271	758,579	1,110,905
Accrued payroll and benefits	2,376,823	163,280	2,540,103	890,604	164,123
Due to other governments	719,049	-	719,049	-	-
Unearned revenue	2,487,192	-	2,487,192	1,562,888	2,355,028
Other liabilities	10,749,647	29,852	10,779,499	457,715	-
Deposits and advances	-	25,535	25,535	-	-
Noncurrent liabilities:					
Due or payable within one year	18,493,904	4,796,562	23,290,466	-	541,774
Due or payable in more than one year	96,154,661	62,609,466	158,764,127	1,772,196	4,909,138
<b>Total liabilities</b>	<b>145,116,315</b>	<b>68,923,927</b>	<b>214,040,242</b>	<b>5,441,982</b>	<b>9,080,968</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Property taxes	59,535,675	-	59,535,675	-	-
Grants	3,395,425	-	3,395,425	-	-
<b>Total deferred inflows of resources</b>	<b>62,931,100</b>	<b>-</b>	<b>62,931,100</b>	<b>-</b>	<b>-</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>208,047,415</b>	<b>68,923,927</b>	<b>276,971,342</b>	<b>5,441,982</b>	<b>9,080,968</b>
<b>NET POSITION</b>					
Net invested in capital assets	523,202,658	139,564,019	662,766,677	24,848,357	24,822,019
Restricted for:					
Capital projects	8,262,387	1,000,000	9,262,387	-	-
Debt service	6,513,108	5,334,283	11,847,391	-	-
Culture and recreation	8,353,738	-	8,353,738	-	-
Community development	4,213,801	-	4,213,801	-	-
Public health and welfare	865,987	-	865,987	-	-
Employee and public liability trusts	-	-	-	482,533	-
Other purposes - Grants	37,096	-	37,096	-	-
Unrestricted (deficit)	(3,428,056)	3,387,821	(40,235)	720,715	(796,819)
<b>Total net position</b>	<b>\$ 548,020,719</b>	<b>\$ 149,286,123</b>	<b>\$ 697,306,842</b>	<b>\$ 26,051,605</b>	<b>\$ 24,025,200</b>

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

**CITY OF ROCKFORD, ILLINOIS**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended December 31, 2013

Functions/programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position			Component Units	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Rockford Mass Transit District	Rockford Metropolitan Exposition, Auditorium and Office Building Authority
<b>Primary government:</b>									
Governmental activities:									
General government	\$ 13,134,269	\$ 7,174,058	\$ 3,890	\$ -	\$ (5,956,321)	\$ -	\$ (5,956,321)		
Public safety	98,591,263	9,116,701	1,872,536	282,900	(87,319,126)	-	(87,319,126)		
Streets, alleys and bridges	34,444,654	5,551,095	-	36,574,991	7,681,432	-	7,681,432		
Community development	10,147,688	1,002,188	3,938,158	-	(5,207,342)	-	(5,207,342)		
Sanitation and sewers	7,083,257	9,188,324	-	-	2,105,067	-	2,105,067		
Culture and recreation	8,347,463	169,912	608,837	-	(7,568,714)	-	(7,568,714)		
Public health and welfare	16,398,282	-	16,214,285	-	(183,997)	-	(183,997)		
Interest and fiscal charges	3,913,461	-	-	-	(3,913,461)	-	(3,913,461)		
Total governmental activities	<u>192,060,337</u>	<u>32,202,278</u>	<u>22,637,706</u>	<u>36,857,891</u>	<u>(100,362,462)</u>	<u>-</u>	<u>(100,362,462)</u>		
Business-type activities:									
Water	21,977,859	23,401,598	-	586,349	-	2,010,088	2,010,088		
Parking	2,488,973	1,632,434	-	-	-	(856,539)	(856,539)		
Total business-type activities	<u>24,466,832</u>	<u>25,034,032</u>	<u>-</u>	<u>586,349</u>	<u>-</u>	<u>1,153,549</u>	<u>1,153,549</u>		
Total primary government	<u>\$ 216,527,169</u>	<u>\$ 57,236,310</u>	<u>\$ 22,637,706</u>	<u>\$ 37,444,240</u>	<u>(100,362,462)</u>	<u>1,153,549</u>	<u>(99,208,913)</u>		
<b>Component units:</b>									
Bus transportation	\$ 16,674,440	\$ 1,713,788	\$ 12,971,723	\$ 4,005,761			\$ 2,016,832	\$ -	
Metro Centre - coliseum-arena	12,219,172	9,106,875	1,186,893	123,287			-	(1,802,117)	
Total component units	<u>\$ 28,893,612</u>	<u>\$ 10,820,663</u>	<u>\$ 14,158,616</u>	<u>\$ 4,129,048</u>			<u>2,016,832</u>	<u>(1,802,117)</u>	
<b>General revenues:</b>									
Taxes:									
Property taxes					60,194,938	-	60,194,938	-	
Sales taxes					37,991,893	-	37,991,893	-	
Metro Centre sales tax					4,015,535	-	4,015,535	-	
Motel and hotel tourism tax					1,545,509	-	1,545,509	-	
Entertainment tax					-	-	-	86,873	
Video gaming tax					454,974	-	454,974	-	
Local use tax					2,633,477	-	2,633,477	-	
Telecommunications tax					4,918,775	-	4,918,775	-	
Utility tax					1,074,674	-	1,074,674	-	
Franchise taxes					1,878,557	-	1,878,557	-	
Intergovernmental - Unrestricted									
Income tax					14,741,571	-	14,741,571	-	
Replacement tax					7,814,495	-	7,814,495	-	
Total taxes and intergovernmental					137,264,398	-	137,264,398	86,873	
Unrestricted interest earnings					(2,822,026)	(667,894)	(3,489,920)	4,197	
Miscellaneous					1,388,622	-	1,388,622	4,848	
Transfers					60,000	(60,000)	-	-	
Total general revenues					<u>135,890,994</u>	<u>(727,894)</u>	<u>135,163,100</u>	<u>9,045</u>	<u>88,055</u>
Change in net position					35,528,532	425,655	35,954,187	2,025,877	(1,714,062)
Net position - beginning					512,492,187	148,860,468	661,352,655	24,025,728	25,739,262
Net position - ending					<u>\$ 548,020,719</u>	<u>\$ 149,286,123</u>	<u>\$ 697,306,842</u>	<u>\$ 26,051,605</u>	<u>\$ 24,025,200</u>

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



**CITY OF ROCKFORD, ILLINOIS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
December 31, 2013

	General Fund	Public Library Fund	Community Development Fund	Human Services Fund	Debt Service Fund
<b>ASSETS</b>					
Cash and cash equivalents	\$ 14,574,399	\$ 8,522,340	\$ 163,734	\$ 15,092	\$ 8,708,437
Property taxes receivable, net	43,939,306	7,258,163	-	-	4,128,426
Accounts receivable, net	4,031,087	3,892	25	-	-
Notes receivable, net	-	-	744,344	285,538	-
Accrued interest receivable	415,203	-	2	5,908	-
Due from the Federal Government	-	-	473,277	1,151,041	-
Due from the State of Illinois	10,985,250	139,695	-	1,724,028	-
Due from other governmental units	1,021,134	-	-	-	-
Due from other funds	10,270,900	27,268	-	14,548	-
Total assets	85,237,279	15,951,358	1,381,382	3,196,155	12,836,863
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
None	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-
Total assets and deferred outflows of resources	85,237,279	15,951,358	1,381,382	3,196,155	12,836,863
<b>LIABILITIES</b>					
Accounts payable	\$ 1,461,827	\$ 216,615	\$ 106,951	\$ 405,768	\$ -
Accrued payroll and benefits	1,884,563	98,633	13,523	125,071	-
Due to other governments	719,049	-	-	-	-
Due to other funds	301,447	-	-	630,507	-
Unearned revenue	2,030,348	-	-	-	-
Other liabilities	480,058	-	8,520	90	-
Total liabilities	6,877,292	315,248	128,994	1,161,436	-
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Property taxes	43,939,306	7,258,163	-	-	4,128,426
Grants	-	-	419,354	1,168,732	-
Total deferred inflows of resources	43,939,306	7,258,163	419,354	1,168,732	4,128,426
Total liabilities and deferred inflows of resources	50,816,598	7,573,411	548,348	2,330,168	4,128,426
<b>FUND BALANCES</b>					
Nonspendable	-	24,209	744,344	152,458	-
Restricted for:					
Capital Projects	-	-	-	-	-
Debt service	-	-	-	-	6,513,108
Culture and recreation	-	8,353,738	-	-	-
Community development	-	-	88,690	-	-
Public health and welfare	-	-	-	713,529	-
Highway and streets	-	-	-	-	-
Assigned for:					
General government	-	-	-	-	-
Debt service	-	-	-	-	2,195,329
Community development	-	-	-	-	-
Public health and welfare	-	-	-	-	-
Highway and streets	-	-	-	-	-
Unassigned	34,420,681	-	-	-	-
Total fund balances	34,420,681	8,377,947	833,034	865,987	8,708,437
Total liabilities and deferred inflows of resources and fund balance	\$ 85,237,279	\$ 15,951,358	\$ 1,381,382	\$ 3,196,155	\$ 12,836,863

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

<b>Capital Projects Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 11,579,503	\$ 22,947,450	\$ 66,510,955
-	4,209,780	59,535,675
6,306	952,327	4,993,637
-	-	1,029,882
-	-	421,113
289,742	-	1,914,060
6,798,557	585,248	20,232,778
368,421	130,722	1,520,277
3,130,876	44,792	13,488,384
<u>22,173,405</u>	<u>28,870,319</u>	<u>169,646,761</u>
-	-	-
-	-	-
<u>22,173,405</u>	<u>28,870,319</u>	<u>169,646,761</u>
\$ 6,467,016	\$ 2,208,470	\$ 10,866,647
35,348	15,531	2,172,669
-	-	719,049
-	10,973,297	11,905,251
1,432,291	-	3,462,639
-	-	488,668
<u>7,934,655</u>	<u>13,197,298</u>	<u>29,614,923</u>
-	4,209,780	59,535,675
3,907,729	-	5,495,815
<u>3,907,729</u>	<u>4,209,780</u>	<u>65,031,490</u>
<u>11,842,384</u>	<u>17,407,078</u>	<u>94,646,413</u>
-	37,096	958,107
8,262,387	-	8,262,387
-	-	6,513,108
-	-	8,353,738
-	3,380,767	3,469,457
-	-	713,529
-	9,478,114	9,478,114
-	180,582	180,582
-	-	2,195,329
-	4,849,350	4,849,350
-	111,807	111,807
2,068,634	-	2,068,634
-	(6,574,475)	27,846,206
<u>10,331,021</u>	<u>11,463,241</u>	<u>75,000,348</u>
<u>\$ 22,173,405</u>	<u>\$ 28,870,319</u>	<u>\$ 169,646,761</u>

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

**CITY OF ROCKFORD, ILLINOIS**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
December 31, 2013

Total fund balances for governmental funds \$ 75,000,348

Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:

Land	\$	7,148,009	
Improvements other than buildings, net of \$356,563 accumulated depreciation		189,783	
Buildings and improvements, net of \$32,457,623 accumulated depreciation		22,754,476	
Equipment, net of \$23,963,896 accumulated depreciation		15,310,997	
Infrastructure, net of \$392,035,281 accumulated depreciation		528,304,168	
Total capital assets (See Note III - C.)		573,707,433	573,707,433

Revenues in the statement of activities that do not provide current financial resources are deferred in the funds. 3,937,681

Internal service funds are used by the City to charge the cost of fleet management, building maintenance, inventories, auditing, 911 communications, risk management, information systems, and employee benefits for Illinois municipal retirement, unemployment, workers' compensation, and health insurance. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. Internal service fund net position is: 7,518,594

Long-term assets and liabilities applicable to the City governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities—both current and long-term—are reported in the statement of net position. Also, during the year the City issued additional bonds. The amount borrowed is received in the governmental funds and increases fund balance. Deferred charges for discounts and losses on refundings will also be amortized as an adjustment of interest expense over the remaining life of the debt.

Pension benefit obligation	\$	(5,787,637)	
Other post employment benefit liability		(2,911,392)	
Bonds payable		(69,460,000)	
Accrued interest on bonds		(245,903)	
Compensated absences		(6,604,840)	
Other liabilities		(10,260,979)	
EPA Water Pollution Obligations		(173,357)	
Development agreement		(1,766,293)	
Capital leases		(15,024,107)	
Section 108 guaranteed loans		(1,005,000)	
Unamortized bond premiums and discounts		33,933	
Deferred amount on refunding		1,062,238	
Total long-term assets and liabilities (See Note III - G.)		(112,143,337)	(112,143,337)

Total net position of governmental activities \$ 548,020,719

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



**CITY OF ROCKFORD, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**

For the Year Ended December 31, 2013

	General Fund	Public Library Fund	Community Development Fund	Human Services Fund
<b>REVENUES</b>				
Taxes	\$ 74,916,123	7,511,337	\$ -	\$ -
Licenses and permits	4,080,317	-	-	-
Intergovernmental	27,761,187	982,726	3,013,359	16,214,285
Charges for services	13,123,500	71,153	-	-
Fines	1,231,582	98,759	-	-
Interest	(861,061)	(208,993)	26,283	(153,766)
Miscellaneous	916,597	92,529	96,546	-
Total revenues	<u>121,168,245</u>	<u>8,547,511</u>	<u>3,136,188</u>	<u>16,060,519</u>
<b>EXPENDITURES</b>				
Current:				
General government	11,563,581	-	-	-
Public safety	92,681,054	-	-	-
Streets, alleys and bridges	11,311,232	-	-	-
Community development	1,894,887	-	2,133,283	-
Sanitation and sewers	576,539	-	-	-
Culture and recreation	-	7,310,301	-	-
Public health and welfare	-	-	-	16,010,427
Debt service:				
Principal payments	-	-	180,000	-
Interest and fiscal charges	-	-	62,013	-
Capital outlay:				
Public safety	5,227,578	-	-	-
Streets, alleys and bridges	5,310,863	-	-	-
Community development	55,666	-	-	-
Culture and recreation	-	489,531	-	-
Public health and welfare	-	-	-	53,348
Total expenditures	<u>128,621,400</u>	<u>7,799,832</u>	<u>2,375,296</u>	<u>16,063,775</u>
Excess of revenues over (under) expenditures	<u>(7,453,155)</u>	<u>747,679</u>	<u>760,892</u>	<u>(3,256)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of lease purchase agreement	10,580,307	-	-	-
Transfers in	2,345,984	-	-	-
Transfers out	(3,220,779)	(229,269)	(914,484)	-
Total other financing sources (uses)	<u>9,705,512</u>	<u>(229,269)</u>	<u>(914,484)</u>	<u>-</u>
Net change in fund balances	<u>2,252,357</u>	<u>518,410</u>	<u>(153,592)</u>	<u>(3,256)</u>
Fund balances - beginning	<u>32,168,324</u>	<u>7,859,537</u>	<u>986,626</u>	<u>869,243</u>
Fund balances - ending	<u>\$ 34,420,681</u>	<u>\$ 8,377,947</u>	<u>\$ 833,034</u>	<u>\$ 865,987</u>

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

<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 4,750,610	\$ 15,524,262	\$ 9,672,469	\$ 112,374,801
-	-	115,405	4,195,722
914,974	5,846,062	5,617,675	60,350,268
-	2,000	9,188,324	22,384,977
-	-	-	1,330,341
-	(655,311)	(336,115)	(2,188,963)
197,782	47,943	37,225	1,388,622
<u>5,863,366</u>	<u>20,764,956</u>	<u>24,294,983</u>	<u>199,835,768</u>
-	860,718	-	12,424,299
-	-	255,403	92,936,457
-	1,981,874	-	13,293,106
-	192,106	5,961,455	10,181,731
-	10,960	9,271,680	9,859,179
-	132,942	-	7,443,243
-	131,685	206,205	16,348,317
9,578,311	4,142,200	209,449	14,109,960
2,896,107	30,968	67,010	3,056,098
-	291,283	-	5,518,861
-	20,257,976	-	25,568,839
-	-	-	55,666
-	5,266,592	-	5,756,123
-	200,189	-	253,537
<u>12,474,418</u>	<u>33,499,493</u>	<u>15,971,202</u>	<u>216,805,416</u>
<u>(6,611,052)</u>	<u>(12,734,537)</u>	<u>8,323,781</u>	<u>(16,969,648)</u>
-	-	-	10,580,307
7,110,832	4,962,680	1,273,211	15,692,707
-	(463,042)	(10,805,133)	(15,632,707)
<u>7,110,832</u>	<u>4,499,638</u>	<u>(9,531,922)</u>	<u>10,640,307</u>
499,780	(8,234,899)	(1,208,141)	(6,329,341)
<u>8,208,657</u>	<u>18,565,920</u>	<u>12,671,382</u>	<u>81,329,689</u>
<u>\$ 8,708,437</u>	<u>\$ 10,331,021</u>	<u>\$ 11,463,241</u>	<u>\$ 75,000,348</u>

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

**CITY OF ROCKFORD, ILLINOIS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**

For the Year Ended December 31, 2013

Net change in fund balances - total governmental funds	\$ (6,329,341)
The change in net position reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful life and reported as depreciation expense. This is the amount by which capital outlays (\$37,153,026) exceeded depreciation (\$24,498,364) in the current period. (See Note III - C.)	12,654,662
In the statement of activities, the amount by which the carrying value of capital assets disposed of exceed the proceeds from the sale of those assets is reported as a loss.	(463,036)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds (capital contributions of \$28,834,317 and changes in deferred revenue of \$2,843,781).	31,678,098
Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position 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 position. (See Note III - G.)	
Debt issued:	
Refunding general obligation bonds issued	\$ -
Proceeds from lines of credit	-
Proceeds from capital lease agreements	(10,580,307)
Less: Discounts on bonds issued and issuance costs	-
Repayments:	
Principal payment on bonds and other long-term obligations and amounts paid to escrow agent	14,109,960
Net adjustment	3,529,653
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues.	
This adjustment combines the net changes of the following balances. (See Note III - G.)	
Net OPEB obligation	(130,877)
Net pension obligation	(562,277)
Compensated absences	(608,011)
Other liabilities	(2,390,870)
Accrued interest on bonds	(21,079)
Amortization of deferred amount from refunding and bond discounts	(863,132)
Amortization of bond premiums and discounts	47,214
Combined adjustment	(4,529,032)
Internal Service funds are used by the City to charge the cost of Central Garage, Building Maintenance, Central Stores, Auditing, 911 Communications, Risk Management, Data Processing and employee benefits for Illinois Municipal Retirement, Unemployment, Workmen's Compensation, and Health Insurance to individual funds. The net revenue (expenses) of the above Internal Service funds is reported within governmental activities.	(1,012,472)
Change in net position of governmental activities	<u>\$ 35,528,532</u>

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



**CITY OF ROCKFORD, ILLINOIS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**

December 31, 2013

	Business-type Activities Enterprise Funds			Governmental Activities- Internal Service Funds
	Water Utility	Parking System	Total	
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 1,113,040	\$ 666,264	\$ 1,779,304	\$ 20,947,555
Accounts receivable:				
Water	1,702,884	-	1,702,884	-
Estimated unbilled water usage	2,708,000	-	2,708,000	-
Other	65,698	-	65,698	279,363
Total accounts receivable	4,476,582	-	4,476,582	279,363
Less allowance for uncollectible accounts	(732,903)	-	(732,903)	-
Total accounts receivable, net	3,743,679	-	3,743,679	279,363
Due from other funds	152,134	1,088	153,222	74,786
Due from other governments	-	-	-	327,632
Inventories	378,626	-	378,626	228,100
Current restricted assets:				
Cash and cash equivalents:				
Bond construction account	12,520,788	-	12,520,788	-
Revenue bond renewal and replacement account	1,000,000	-	1,000,000	-
Alternate bond current debt service account	5,334,283	-	5,334,283	-
Total current restricted assets	18,855,071	-	18,855,071	-
Total current assets	24,242,550	667,352	24,909,902	21,857,436
Noncurrent assets:				
Capital assets:				
Land	626,588	5,605,166	6,231,754	-
Construction in progress	2,615,086	-	2,615,086	-
Land improvements	853,296	-	853,296	20,000
Buildings and improvements	20,710,799	20,778,154	41,488,953	2,651,015
Equipment	5,199,686	77,666	5,277,352	7,109,000
Improvements other than land and buildings	210,334,054	4,412,398	214,746,452	233,365
Less accumulated depreciation	(63,765,130)	(13,973,865)	(77,738,995)	(6,844,882)
Total capital assets	176,574,379	16,899,519	193,473,898	3,168,498
Total noncurrent assets	176,574,379	16,899,519	193,473,898	3,168,498
Total assets	200,816,929	17,566,871	218,383,800	25,025,934
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Unamortized loss on refunding	168,410	-	168,410	-
Total deferred outflows of resources	168,410	-	168,410	-
Total assets and deferred outflows of resources	200,985,339	17,566,871	218,552,210	25,025,934

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

	<b>Business-type Activities</b>			<b>Governmental Activities- Internal Service Funds</b>
	<b>Enterprise Funds</b>			
	<b>Water Utility</b>	<b>Parking System</b>	<b>Total</b>	
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 1,111,271	\$ 55,779	\$ 1,167,050	\$ 3,022,489
Accrued interest payable	128,273	3,909	132,182	-
Accrued payroll and benefits	158,831	4,449	163,280	204,154
Due to other funds	-	342,160	342,160	1,468,981
Other liabilities	29,852	-	29,852	-
Deposits and advances	25,535	-	25,535	-
Compensated absences	101,465	1,518	102,983	110,863
Capital lease payable	167,594	-	167,594	44,327
Installment purchase agreement	-	-	-	107,546
General obligation alternate bonds payable (net of unamortized premiums/discounts)	2,610,038	75,000	2,685,038	-
IEPA loan	1,757,450	-	1,757,450	-
Refundable water main extension advances	83,497	-	83,497	-
Claims and judgments payable	-	-	-	6,731,359
Total current liabilities	<u>6,173,806</u>	<u>482,815</u>	<u>6,656,621</u>	<u>11,689,719</u>
Noncurrent liabilities:				
Compensated absences	263,011	2,130	265,141	320,114
Unearned revenue	-	-	-	861,844
Refundable water main extension advances	279,512	-	279,512	-
Customer water deposits	75,818	-	75,818	-
Capital lease payable	991,208	-	991,208	306,588
Installment purchase agreement	-	-	-	138,519
General obligation alternate bonds payable (net of unamortized premiums/discounts)	26,266,614	1,575,000	27,841,614	-
IEPA loan	33,156,173	-	33,156,173	-
Claims and judgments payable	-	-	-	4,190,556
Total noncurrent liabilities	<u>61,032,336</u>	<u>1,577,130</u>	<u>62,609,466</u>	<u>5,817,621</u>
Total liabilities	<u>67,206,142</u>	<u>2,059,945</u>	<u>69,266,087</u>	<u>17,507,340</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
None	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>67,206,142</u>	<u>2,059,945</u>	<u>69,266,087</u>	<u>17,507,340</u>
<b>NET POSITION</b>				
Invested in capital assets, net of related debt	124,314,500	15,249,519	139,564,019	2,477,809
Restricted:				
Capital projects	1,000,000	-	1,000,000	-
Debt service	5,334,283	-	5,334,283	-
Unrestricted	3,130,414	257,407	3,387,821	4,947,076
Total net position	<u>\$ 133,779,197</u>	<u>\$ 15,506,926</u>	<u>\$ 149,286,123</u>	<u>\$ 7,518,594</u>

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

**CITY OF ROCKFORD, ILLINOIS**  
**STATEMENT OF REVENUE, EXPENSES AND**  
**CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
For the Year Ended December 31, 2013

	<b>Business-type Activities- Enterprise Funds</b>			<b>Governmental Activities- Internal Service Funds</b>
	<b>Water Utility</b>	<b>Parking System</b>	<b>Totals</b>	
<b>OPERATING REVENUES</b>				
Charges for services	\$ 23,248,674	\$ 1,336,905	\$ 24,585,579	\$ 47,980,327
Parking fines	-	222,488	222,488	-
Intergovernmental	-	-	-	190,697
Miscellaneous	152,924	73,041	225,965	801,093
Total operating revenues	<u>23,401,598</u>	<u>1,632,434</u>	<u>25,034,032</u>	<u>48,972,117</u>
<b>OPERATING EXPENSES</b>				
Salaries and benefits	5,738,202	231,976	5,970,178	7,831,612
Services	4,720,266	1,206,565	5,926,831	37,550,695
Supplies and materials	1,056,682	23,568	1,080,250	2,385,704
Depreciation	5,812,553	684,970	6,497,523	616,674
Charges from General Fund	2,624,909	248,800	2,873,709	946,475
Total operating expenses	<u>19,952,612</u>	<u>2,395,879</u>	<u>22,348,491</u>	<u>49,331,160</u>
Operating income (loss)	<u>3,448,986</u>	<u>(763,445)</u>	<u>2,685,541</u>	<u>(359,043)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest revenue	(654,410)	(13,484)	(667,894)	(633,063)
Gain (loss) on disposal of capital assets	(4,433)	-	(4,433)	-
Interest expense and service fees	(1,970,133)	(93,094)	(2,063,227)	(20,366)
Amortization expense	(50,681)	-	(50,681)	-
Total nonoperating revenues (expenses)	<u>(2,679,657)</u>	<u>(106,578)</u>	<u>(2,786,235)</u>	<u>(653,429)</u>
Income (loss) before transfers and capital contribution:	<u>769,329</u>	<u>(870,023)</u>	<u>(100,694)</u>	<u>(1,012,472)</u>
Transfers	-	(60,000)	(60,000)	-
Contributions from developers	586,349	-	586,349	-
Change in net position	<u>1,355,678</u>	<u>(930,023)</u>	<u>425,655</u>	<u>(1,012,472)</u>
Total net position - beginning	<u>132,423,519</u>	<u>16,436,949</u>	<u>148,860,468</u>	<u>8,531,066</u>
Total net position - ending	<u>\$ 133,779,197</u>	<u>\$ 15,506,926</u>	<u>\$ 149,286,123</u>	<u>\$ 7,518,594</u>

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



**CITY OF ROCKFORD, ILLINOIS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**

For the Year Ended December 31, 2013

	<b>Business-type Activities</b>			<b>Governmental Activities- Internal Service Funds</b>
	<b>Enterprise Funds</b>			
	<b>Water Utility</b>	<b>Parking System</b>	<b>Totals</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 23,298,846	\$ 1,651,305	\$ 24,950,151	\$ 48,519,269
Other receipts	152,924	-	152,924	-
Payment to suppliers	(4,295,203)	(1,209,308)	(5,504,511)	(36,895,477)
Payment to employees	(5,872,528)	(252,290)	(6,124,818)	(7,854,817)
Payments for interfund services used	(1,361,292)	(248,800)	(1,610,092)	(946,456)
Payments to other funds	-	342,160	342,160	-
Payments to other funds	(2,624,909)	-	(2,624,909)	491,680
Net cash provided by (used for) operating activities	<u>9,297,838</u>	<u>283,067</u>	<u>9,580,905</u>	<u>3,314,199</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers out	-	(60,000)	(60,000)	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from IEPA loan	40,100	-	40,100	26,755
Proceeds from capital lease	576,596	-	576,596	-
Proceeds from sale of capital assets	44,943	-	44,943	-
Interest paid on general obligation alternate bonds	(1,330,669)	(93,251)	(1,423,920)	-
Interest paid on installment purchase agreement	-	-	-	(8,084)
Interest paid on capital lease	(10,962)	-	(10,962)	(12,282)
Interest paid on IEPA loans	(622,946)	-	(622,946)	-
Principal payment on general obligation alternate bonds	(2,740,000)	(75,000)	(2,815,000)	-
Principal paid on installment purchase agreement	-	-	-	(104,716)
Principal paid on capital lease	(86,815)	-	(86,815)	(39,075)
Principal payment on loans from IEPA	(1,739,948)	-	(1,739,948)	-
Repayment to contractors for water mains	(14,338)	-	(14,338)	-
Capital asset acquisitions	(5,732,524)	(256,025)	(5,988,549)	(850,943)
Net cash provided by (used for) capital and related financing activities	<u>(11,616,563)</u>	<u>(424,276)</u>	<u>(12,040,839)</u>	<u>(988,345)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received on cash and cash equivalents	(668,360)	(12,041)	(680,401)	(650,147)
Net increase (decrease) in cash and cash equivalents	<u>(2,987,085)</u>	<u>(213,250)</u>	<u>(3,200,335)</u>	<u>1,675,707</u>
Cash and cash equivalents, beginning	22,955,196	879,514	23,834,710	19,271,848
Cash and cash equivalents, ending	<u>\$ 19,968,111</u>	<u>\$ 666,264</u>	<u>\$ 20,634,375</u>	<u>\$ 20,947,555</u>
Displayed as:				
Cash and cash equivalents	\$ 1,113,040	\$ 666,264	\$ 1,779,304	\$ 20,947,555
Restricted assets - cash and cash equivalents	18,855,071	-	18,855,071	-
	<u>\$ 19,968,111</u>	<u>\$ 666,264</u>	<u>\$ 20,634,375</u>	<u>\$ 20,947,555</u>

(Continued)

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

**CITY OF ROCKFORD, ILLINOIS**  
**STATEMENT OF CASH FLOWS (CONTINUED)**  
**PROPRIETARY FUNDS**

For The Year Ended December 31, 2013

	Business-type Activities Enterprise Funds			Governmental Activities- Internal Service Funds
	Water Utility	Parking System	Totals	
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>				
Operating income (loss)	\$ 3,448,986	\$ (763,445)	\$ 2,685,541	\$ (359,043)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	5,812,553	684,970	6,497,523	616,674
Increase (decrease) from changes in:				
Accounts receivable	(78,108)	111,374	33,266	(279,363)
Allowance for uncollectible accounts	68,253	-	68,253	-
Due from other governmental units	-	-	-	(180,635)
Due from other funds	5,404	-	5,404	-
Prepaid items	-	(92,503)	-	81,473
Inventories	167,190	-	167,190	19,450
Accounts payable	(48,542)	20,825	(27,717)	373,729
Accrued payroll and benefits	(65,173)	(7,526)	(72,699)	(115,049)
Compensated absences	(69,153)	(12,788)	(81,941)	91,844
Due to other funds	-	342,160	342,160	491,699
Deferred revenue	-	-	-	7,150
Other liabilities	(3,599)	-	(3,599)	2,566,270
Deposits and advances	60,027	-	60,027	-
Total adjustments	5,848,852	1,046,512	6,895,364	3,673,242
Net cash provided by (used for) operating activities	\$ 9,297,838	\$ 283,067	\$ 9,580,905	\$ 3,314,199
<b>Noncash investing, capital and financing activities:</b>				
Loss on disposal of assets	\$ (4,433)	\$ -	\$ (4,433)	\$ -
Accrued interest from IEPA loans converted to loan principle	(5,580)	-	(5,580)	-
Amortization of issue and discount costs paid in prior years	10,038	-	10,038	-
Amortization of revenue and general obligation bond refundings	(60,719)	-	(60,719)	-
Capital asset additions in accounts payable at year-end	694,224	-	694,224	-
Total noncash capital and related financing activities	\$ 633,530	\$ -	\$ 633,530	\$ -

(Concluded)

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

**CITY OF ROCKFORD, ILLINOIS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
December 31, 2013

	<u>Pension Trust Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	<u>\$ 8,305,333</u>
Investments - retirement plans	
U.S. Treasury Strips	1,467,290
U.S. Treasury Notes	17,084,906
U.S. Treasury Bonds	2,749,722
Government National Mortgage Association	2,149,604
Federal Home Loan Mortgage Corporation	7,144,460
Federal National Mortgage Association	12,202,345
Federal Farm Credit Bonds	1,839,433
State and Local Government Securities	1,027,778
Small Cap Equity Common Stocks	28,333,566
Mid Cap Equity Common Stocks	26,872,385
Large Cap Equity Common Stocks	7,774,559
NTGI Collective Trust	36,811,247
Domestic Mutual Funds	139,735,483
International Mutual Funds	<u>32,857,487</u>
Total investments	<u>318,050,265</u>
Accrued interest receivable	499,793
Contributions receivable	<u>10,260,978</u>
Total assets	<u>337,116,369</u>
<b>LIABILITIES</b>	
Accrued liabilities	<u>110,802</u>
<b>NET POSITION</b>	
Held in trust for pension benefits	<u>\$ 337,005,567</u>

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

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

For the Year Ended December 31, 2013

	<b>Pension Trust Funds</b>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 11,936,670
Plan member	4,032,935
Total contributions	<u>15,969,605</u>
Investment income:	
Net appreciation (depreciation) in fair value of investments	22,157,521
Interest and dividend income	21,035,503
	<u>43,193,024</u>
Less investment expense	<u>(620,070)</u>
Net investment income	<u>42,572,954</u>
Total additions	<u>58,542,559</u>
<b>DEDUCTIONS</b>	
Pension benefits	28,403,426
Refunds of contributions	18,781
Administrative expense	510,724
Total deductions	<u>28,932,931</u>
Net increase (decrease)	29,609,628
<b>NET POSITION HELD IN TRUST FOR BENEFITS</b>	
Total net position - beginning	<u>307,395,939</u>
Total net position - ending	<u>\$ 337,005,567</u>

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



## **NOTES TO THE FINANCIAL STATEMENTS**

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

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. REPORTING ENTITY**

The City of Rockford, Illinois (the “City”) is a municipal corporation governed by an elected mayor and a fourteen-member Council. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

**Discretely presented component units**

The City’s component units consist of the following:

- Rockford Mass Transit District (the “District”) - The District is a public service bus company organized to provide mass transit services to Rockford.
- Rockford Metropolitan Exposition, Auditorium and Office Building Authority (the “Authority”) - The Authority operates the Metro Centre with its responsibility to arrange, finance and maintain industrial, cultural, theatrical, sports, trade, and other activities that meet the needs of the citizens of Rockford.

The governing boards of both the District and Authority are appointed by the City’s Mayor and substantial funding is provided by the City for their operations. The City also guarantees certain debt of the District. Both are reported on a June 30 fiscal year. Separately issued financial statements may be obtained from their respective administrative offices located in Rockford, Illinois.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. Significant changes in the Statement include the following:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the City’s overall financial position and results of operations;
- Financial statements prepared using full accrual accounting for all of the City’s activities, including infrastructure (roads, bridges, etc.);
- A change in fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to the financial statements). During fiscal 2002, the City elected to implement the general provisions of the Statement and have retroactively reported infrastructure (assets acquired prior to December 31, 2002) in the fiscal year ending December 31, 2006.

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

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**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The government-wide financial statements report information about the primary government and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Eliminations have been made to minimize the double counting of internal activities.

The Statement of Net Position presents the City's non-fiduciary assets/deferred outflows and liabilities/deferred inflows with the difference reported in three categories:

**Net investment in capital assets** consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds and other debt that are attributable to the acquisition, construction or improvement of those assets.

**Restricted net position** result when constraints placed on net position use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

**Unrestricted net position** consists of net position that do not meet the criteria of the two preceding categories.

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function or segment. Program revenues include 1) fees, fines, and charges paid by recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. Additionally, the City reports columns for nonmajor governmental funds and internal service funds in its financial statements.

**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues from federal reimbursement type grants to be available if they are collected within one year of the end of the current fiscal period. The City considers all other revenues to be available if they are collected within 90 days of the end of the current fiscal period, except for property taxes for which the availability period is 60 days. Expenditures are recorded when the related fund liability is incurred, if measurable, except for principal and interest on general long-term debt, claims, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Property taxes, intergovernmental revenues, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been

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

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recognized as revenues of the current fiscal year to the extent they are available. All other revenue items are considered to be measurable and available only when cash is received by the government.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, they are both restricted and unrestricted net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs followed by general revenues.

As a general rule, the effect of inter-fund activity has been eliminated from the governmental-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and parking function. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's Water Utility and Parking System enterprise funds and of the City's internal service funds are charges to customers for services. The City also recognizes as operating revenues fines, rents and miscellaneous for the above enterprise funds. Operating expenses for the enterprise funds and internal service funds include salaries and benefits, services, supplies and materials, and depreciation. All revenues and expenses not meeting this definition are reported as non-operating revenue and expenses.

### **Fund Financial Statements**

The fund financial statements provide information about the City's funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are reported as non-major funds.

The City reports the following major governmental funds and fund types:

#### **General Fund**

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

#### **Special Revenue Funds**

Public Library – This fund accounts for the operations and maintenance of the main downtown library and five branch libraries. Financing is mainly provided by a specific property tax levy. Other sources of revenue include replacement taxes, rental of books and films, etc.

Community Development – This fund accounts for community rehabilitation projects, including certain community loans, financed primarily by community grants from the Federal government. Projects include public and private rehabilitation.

Human Services – This fund accounts for services provided by the City's Human Services Department, including certain community loans. Services include Head Start program for children, weatherization of homes, payment of heat and electrical bills on behalf of persons in need and services related to intervention and correction programs

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

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for youths involved in anti-social behavior and gang activity. Financing is primarily provided by grants from the Federal government and the State of Illinois-Social Services and the General Fund.

**Debt Service Fund**

This fund is used to account for the accumulation of resources for the payment of principal and interest on general obligation bonds. Debt service resources are principally from property taxes levied by the City and transfers from other funds.

**Capital Projects Fund**

This fund is used to account for resources designated to construct or acquire general capital assets and major improvements. Such resources are provided principally from proceeds of general obligation bonds, Federal and State grants, interest earned on such funds and transfers from other funds.

The City reports the following major proprietary funds:

**Water Utility Fund**

This fund is used to account for the provision of water services to the residents of the City and some residents of Winnebago County. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service and billing and collection.

**Parking System Fund**

This fund is used to account for the activities to provide ample parking for the business districts within the City. Activities include, but are not limited to, the collection of parking revenue from reserved spaces, the issuance and collection of parking fines, administration, operations, and maintenance.

Additionally, the City reports the following fund types:

**Internal Service Funds**

These funds account for central garage, building maintenance, central stores, Illinois Municipal Retirement, unemployment, workmen's compensation, auditing, health insurance, 911 communications, risk management and information services provided to other departments and outside agencies on a cost-reimbursement basis.

**Pension Trust Funds**

These funds account for Police and Firefighter's retirement systems, which accumulate resources for pension benefit payments to qualified employees.

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

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**D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY**

**(1) CASH AND CASH EQUIVALENTS**

Cash received by the City is deposited in various bank accounts. The major account is the common pool account. The majority of the other bank accounts are for Special Revenue Funds, which are required by State statutes, and for Debt Service Funds which are required by bond ordinances. Miscellaneous accounts include petty cash and special donations. Cash accounts with a deficit balance are shown in the financial statements as bank overdrafts.

The City considers all cash accounts and all highly liquid investment instruments purchased with an original maturity of three months or less to be cash equivalents. The City also considers investments held by the common pool account to be cash equivalents because the common pool is used essentially as a demand deposit account by the various funds of the City.

Total cash and cash equivalents for the City's governmental and business-type activities at December 31, 2013 is \$108,092,885, of which \$88,787,132 is in the common pool account.

**(2) DEPOSITS AND INVESTMENTS**

Investment activity is carried on by the City in an investment pool, except for those funds required to maintain their investments separately. The funds included in the pool participate in the earnings of the pool in proportion to their average balance therein. Should any of these funds have an average deficit in the pool, they are charged interest accordingly.

State statutes authorize the City and its component units to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the Illinois Funds Investment Pool.

The City's (including its component units) investments are carried at fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments in mutual funds are reported at their cash redemption value. Unallocated insurance contracts are reported at contract value. Investments that do not have an established market value are reported at estimated fair values.

**(3) RECEIVABLES AND PAYABLES**

Property taxes receivable are recognized at the time they are levied. The current year's levy was adopted December 10, 2013. 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 2013 levy is deferred as it is intended to finance fiscal year 2014.

The Property Tax Extension Limitation Law imposes mandatory property tax limitations on the ability of taxing districts in Illinois to raise revenues through unlimited property tax increases. The increase in property tax extensions is limited to the lesser of 5% or the percentage increase in the Consumer Price Index for all urban consumers. Even taxes levied for tort immunity, for prevention and safety, municipal retirement and social security purposes are subject to the limitation provisions. The amount of the limitation may be adjusted for new property added or annexed to the tax base and due to voter approved increase.

All trade and property tax receivables are shown net of allowance for uncollectibles. The property tax receivable allowance is equal to 1 percent of outstanding property taxes at December 31, 2013.

Notes receivable in the governmental funds consist primarily of rehabilitation and redevelopment loans that are generally not expected or scheduled to be collected in the subsequent year.

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

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**(4) INTERFUND RECEIVABLES AND PAYABLES**

The City has the following types of transactions between funds:

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

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

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

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

**(5) INVENTORIES AND PREPAID EXPENSES**

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

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

**(6) RESTRICTED ASSETS**

Certain proceeds of Water Utility Fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted cash and cash equivalents on the balance sheet because their use is limited by applicable bond covenants. The "bond construction account" (\$12,520,788) is used to report those proceeds of bond issuance that are restricted for use in construction. The "revenue bond renewal and replacement account" (\$1,000,000) is used to report resources set aside to meet unexpected contingencies or to fund asset renewals and replacements. The "alternate bond current debt service account" (\$5,334,283) is used to segregate resources accumulated for alternate bond debt service payments over the next twelve months.

These accounts are all presented in the restricted asset accounts in both government-wide and fund financial statements.

It is the City's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

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

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**(7) CAPITAL ASSETS**

Capital assets, which include: property, buildings, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. In accordance with the prospective reporting of infrastructure assets allowed under GASB Statement No. 34, infrastructure assets acquired prior to January 1, 2002, have been recorded on the government wide financial statements as of January 1, 2006.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Property, buildings, infrastructure, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

<u>Property and Equipment</u>	<u>Years</u>
Infrastructure	20-99
Buildings	20-50
Building Improvements	20
Equipment	2-15
Improvements Other Than Buildings	2-15
Land Improvements	15-40

**(8) DEFERRED OUTFLOWS/ INFLOWS OF RESOURCES**

Deferred outflows of resources include the loss on refunding transactions. Deferred inflows of resources includes property taxes that will finance the subsequent fiscal year and grants based on timing requirements.

**(9) COMPENSATED ABSENCES**

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of unpaid, accumulated vacation and sick leave balances. The liability has been calculated using the vesting method, which means amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**(10) LONG-TERM OBLIGATIONS**

In the government-wide financial statements and proprietary fund statements of net assets, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance cost, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures in both the government-wide and fund statements.

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

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(11) FUND BALANCE/NET POSITION

In the fund financial statements, governmental funds report equity as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned or unassigned. The City reports nonspendable fund balance for amounts that are either not in spendable form or legally or contractually required to be maintained intact. Restrictions of fund balance are reported for amounts constrained by legal restrictions from outside parties for use for a specific purpose, or externally imposed by outside entities or from enabling legislation adopted by the City. Committed fund balance is constrained by formal actions of the City Council, which is considered the City's highest level of decision making authority. Formal actions include resolutions and ordinances approved by the Council and the constraint can only be removed by same action adopted by the council. Assigned fund balance represents amounts constrained by the City's intent to use them for a specific purpose. Any residual fund balance of the General Fund and any deficits in other funds, if any, are reported as unassigned.

The City's flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. Additionally, if different levels of unrestricted funds are available for spending the City considers committed funds to be expended first followed by assigned funds and then unassigned funds.

The City has a policy to maintain fund balance in the general fund equal to fifty percent of the property tax levy for the current fiscal year and six percent of the elastic revenue sources (sales, income, and replacement taxes).

## **II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

### **A. BUDGETARY INFORMATION**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general fund and special revenue funds except for the Veteran's Scholarship, Flex Care and Justice Assistance Grant funds. In addition, annual budgets are not adopted for the City's debt service, capital projects, enterprise, internal service or pension funds. The budget represents departmental appropriations, expenditures and other uses, as authorized by the City's appropriation ordinance, and includes revisions authorized by the City Council to reflect changes in departmental programs. All appropriations of the budgetary fund (General and Special Revenue funds) automatically lapse at year-end. There is no difference between GAAP and budgetary basis of accounting.

The appropriated budget is prepared by fund and department. Transfers of appropriations between departments within the General Fund require the approval of the City Council. The level of budgetary control is the department level (fund level for Special Revenue funds). The City Council may amend the budget in total by a supplemental appropriation ordinance after June 30, per State statutes. Management may amend the budget during the year within a department, without seeking the approval of the governing body.

### **B. EXCESS OF EXPENDITURES AND OTHER USES OVER APPROPRIATIONS**

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

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

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**MAJOR FUNDS:**

General Fund-Current Expenditures	
Mayor's Office	\$ (13,749)
Finance Office	(167,554)
Fire Department	(845,002)
Streets, alleys and bridges - Administration	(23,615)
Streets, alleys and bridges - Engineering	(82,611)
Streets, alleys and bridges - Streets and Sewers	(307,893)
Community Development - Administration	(21,421)
Community Development - Construction and Development Services	(3,465)
Community Development - Planning and Zoning	(31,631)
General Fund-Capital Expenditures	
Fire Department	(353,102)
Public works - Streets and Sewers	(2,950,739)

**NONMAJOR FUNDS:**

Rockford Tuberculosis Care Center Fund	\$ (37,905)
Motor Fuel Fund	(838,972)
Rockford Metro Agency for Planning	(321,139)
Tax Increment Financing Area - Seventh Street Fund	(16,691)
Tax Increment Financing Area - Springfield Corners Fund	(1,400,000)
Tax Increment Financing Area - Rockford Global Trade Park Fund	(82,922)
Tax Increment Financing Area - Jackson School Fund	(3,749)

**C. DEFICIT FUND EQUITY**

The following funds have deficit fund balances/net position as of December 31, 2013:

**Special Revenue Funds:**

RKFD Metro Agency for Planning	(243,748)
Tax Increment Financing Area - Seventh Street Fund	(111,087)
Tax Increment Financing Area - Springfield Corners Fund	(300,154)
Tax Increment Financing Area - Rockford Global Trade Park Fund	(46,818)
Tax Increment Financing Area - North Main Fund	(594,801)
Tax Increment Financing Area - River Oaks Fund	(1,360,134)
Tax Increment Financing Area - Garrison Fund	(355,441)
Tax Increment Financing Area - Hope Six Fund	(307,330)
Tax Increment Financing Area - Jackson School Fund	(35,523)
Tax Increment Financing Area - Preston / Central Fund	(1,357,745)
Tax Increment Financing Area - North Main and Whitman Fund	(416,292)
Tax Increment Financing Area - River East Fund	(45,402)

**Internal Service Funds:**

Risk Management Fund	(6,763,356)
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Special Revenue tax increment financing area fund's deficits will be alleviated by future property tax revenues. The RKFD Metro Agency for planning fund's deficit will be alleviated increased rates charge to other governments and the City's general fund. The Internal Services fund's deficits will be alleviated from increased rate charges to participating funds.

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

**III. DETAILED NOTES ON ALL FUNDS**

**A. DEPOSITS AND INVESTMENTS**

The carrying values of deposits in financial institutions and investments at December 31, 2013 are as follows:

	<b>Primary Government</b>	<b>Pension Trust Funds</b>	<b>Component Units</b>
Deposits in financial institutions	\$ 6,349,938	\$ 110,329	\$ 4,393,013
Overdrafts	-	-	-
Investments	101,742,947	-	-
Investments-pension trust funds	-	326,245,269	-
	<u>\$108,092,885</u>	<u>\$326,355,598</u>	<u>\$ 4,393,013</u>

These amounts are reported in the accompanying Statements of Net Position at December 31, 2013 as follows:

	<b>Primary Government</b>	<b>Pension Trust Funds</b>	<b>Component Units</b>
Cash and cash equivalents:			
Unrestricted	\$ 89,237,814	\$ -	\$ 2,516,999
Restricted	18,855,071	-	1,876,014
Pension funds	-	8,305,333	-
Investments:			
Unrestricted	-	318,050,265	-
	<u>\$ 108,092,885</u>	<u>\$ 326,355,598</u>	<u>\$ 4,393,013</u>

The primary government of the City (excluding the pension trust funds), the City's component units, and each pension trust fund have adopted separate investment policies.

***Primary Government (excluding the pension trust funds):***

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The primary government's (excluding the pension trust funds) policy with respect to custodial credit risk on deposits requires collateralization on all certificates of deposit purchased after January 1, 1999. The amount of collateral should be at least 105% of the total investment less the amount insured by the FDIC or the FSLIC. As of December 31, 2013, all of the City's deposits were insured or collateralized.

*Interest Rate Risk – Investments.* As of December 31, 2013, the primary government (excluding the pension trust funds) had the following investments and maturities:

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

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
Illinois Funds*	\$ 39,113,893	\$ 39,113,893	\$ -	\$ -	\$ -
U.S. Treasury Bonds and Notes	17,726,111	699,874	2,218,280	14,807,957	-
Federal Farm Credit	15,955,100	-	-	15,955,100	-
Federal Home Loan Bank	16,115,323	-	-	16,115,323	-
Federal Home Loan Mortgage	5,574,360	-	-	5,574,360	-
Federal National Mortgage Association	7,258,160	-	-	7,258,160	-
<b>Total</b>	<b>\$101,742,947</b>	<b>\$ 39,813,767</b>	<b>\$ 2,218,280</b>	<b>\$ 59,710,900</b>	<b>\$ -</b>

\*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, 2013, it has been presented as an investment with a maturity of less than one year.

The primary government (excluding the pension trust funds) has adopted a policy in regards to interest rate risk that states that the maximum maturity for its investments shall be under 15 years. The average maturity of the total portfolio shall not exceed 5 years. As of December 31, 2013, 40% of the City's portfolio will mature in 5 or fewer years.

*Credit Risk – Investments.* Statutes authorize the primary government to invest in obligations of the U.S. Treasury and U.S. Government Agencies, obligations of states and their political subdivisions, savings accounts, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds Investment Pool. The primary government's investment policy does not further limit the allowed investments.

**Credit Ratings**  
**December 31, 2013**

	Total Fair Value	Credit Rating		
		Moody's	Standard & Poor's	Fitch
Illinois Funds	\$ 39,113,893	NR	AAAm	NA
Federal Farm Credit Obligations	15,955,100	Aaa	AA+	AAA
Federal Home Loan Bank Obligations	16,115,323	Aaa	AA+	NA
Federal Home Loan Mortgage Corporation Obligations	5,574,360	Aaa	AA+	AAA
Federal National Mortgage Association	7,258,160	Aaa	AA+	AAA

NR – not rated.

NA – not available.

*Custodial Credit Risk - Investments.* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy does not address custodial credit risk. As of December 31, 2013, the City's investments were not exposed to custodial credit risk. All investments were held by the City's agent in the name of the City.

*Concentration of Credit Risk – Investments.* Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The primary government has adopted a policy addressing concentrations of credit risk. The policy states that U.S. Treasury Securities cannot exceed 50% of the portfolio, U.S. Government Agencies and Instrumentalities of Government Sponsored Corporations cannot exceed 50% of the

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

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, 2013, the primary government had the following investments (excluding securities explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools and other pooled investments) which exceed 5% of the total investment portfolio:

	% of Portfolio
Federal Farm Credit	15.7%
Federal Home Loan Bank	15.8%
Federal Home Loan Mortgage	5.5%
Federal National Mortgage Association	7.1%

***Firefighter's Pension Fund:***

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the Firefighter's Pension Fund deposits may not be returned to it. The Firefighter's Pension Fund does not have a deposit policy for custodial credit risk. As of December 31, 2013, the Firefighter's Pension Fund bank balances were not exposed to custodial credit risk.

*Interest Rate Risk – Investments.* As of December 31, 2013, the Firefighter's Pension Fund had the following investments and maturities:

Investment Type	Investment Maturities (in Years)				
	Fair Value	Less Than 1	1 - 5	6 - 10	More Than 10
U.S. Treasury Strip Bonds	\$ 1,364,170	\$ -	\$ -	\$ -	\$ 1,364,170
U.S. Treasury Bills, Notes and Bonds	14,988,084	3,887,742	6,300,687	3,696,425	1,103,230
Government National Mortgage Association	1,828,326	-	-	-	1,828,326
Federal Farm Credit Obligations	1,839,433	-	1,839,433	-	-
Federal National Mortgage Association	7,512,753	726,836	2,462,066	-	4,323,852
Federal Home Loan Mortgage	3,613,816	960,958	198,800	381,847	2,072,211
State and Local Government	472,354	-	174,297	298,057	-
Corporate Bonds	14,997,074	614,274	6,554,598	6,881,163	972,249
Northern Trust Global Investments- 1-10 Year Daily Collective Fund	6,732,780	-	6,732,780	-	-
<b>Total</b>	<b>\$ 53,348,790</b>	<b>\$ 6,189,810</b>	<b>\$ 24,262,661</b>	<b>\$ 11,257,492</b>	<b>\$ 11,664,038</b>

The Firefighter's Pension Fund does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit Risk – Investments.* State statutes authorize the Firefighter's Pension Fund to invest in obligations of the U.S. Treasury and U.S. Government Agencies, obligations of states and their political subdivisions, savings accounts, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, the Illinois Funds Investment Pool, certain non-U.S. Government obligations, mortgages, veteran's loans, common and preferred stocks, mutual funds and life insurance company contracts, subject to limitations. The Firefighter's Pension Fund does not have a formal policy beyond State statute authorizations.

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

	Credit Ratings December 31, 2013			
	Total Fair Value	Credit Rating		
		Moody's	Standard & Poor's	Fitch
Federal agency bonds:				
Federal National Mortgage Association	\$ 7,512,753	Aaa	AA+	AAA
Federal Farm Credit Obligations	1,839,433	Aaa	AA+	AAA
Federal Home Loan Mortgage	3,613,816	Aaa	AA+	AAA
Corporate Bonds	14,997,074	AAA to BAA2	AAA to BBB-	NR
Northern Trust Global Investments- 1-10 Year Daily Collective Fund	6,732,780	Aaa	AA+	NR

*Custodial Credit Risk – Investments.* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Firefighter's Pension Fund will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Firefighter's Pension Fund's investment policy does not address custodial credit risk. As of December 31, 2013, the Firefighter's Pension Fund investments were not exposed to custodial credit risk. All investments were held by the Firefighter's Pension Fund's agent in the name of the Firefighter's Pension Fund.

*Concentration of Credit Risk – Investments.* Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Firefighter's Pension Fund places no limit on the amount the fund may invest in any one issuer.

At December 31, 2013, the Firefighter's Pension Fund has the following investments (excluding securities explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools and other pooled investments) which exceed 5% of total plan net position:

	% of Plan Net Position
Vanguard Institutional Index Fund	10.9%
Vanguard Institutional Value Index Fund	10.9%
Principal Real Estate Fund	7.8%

***Police Pension Fund:***

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that, in the event of a bank failure, the Police Pension Fund's deposits may not be returned to it. The Police Pension Fund does not have a deposit policy for custodial credit risk. As of December 31, 2013, the Police Pension Fund investments were not exposed to custodial credit risk.

*Interest Rate Risk – Investments.* As of December 31, 2013, the Police Pension Fund had the following weighted average maturities on their fixed income investments.

Investment Type	Fair Value	Investment Maturities (In Years)			
		Less Than 1	1 to 5	6 to 10	Over 10
U.S. Treasury Bonds / Notes	\$ 4,949,664	-	\$ 1,753,997	\$ 3,195,667	-
Federal Home Loan Mortgage Corp	3,530,645	-	1,322,420	807,293	1,400,932
Federal National Mortgage Assn	4,689,592	-	4,054,609	-	634,983
Government National Mortgage Association	321,278	-	-	-	321,278
Northern Trust Global Investments - Collective Mtg-Backed Index Fund	16,071,566	-	12,828,726	-	-
Northern Trust Global Inv- 1-10 Year Collective Fur	27,498,308	-	17,249,741	-	-
State and Local Governments	555,424	225,432	-	329,992	-
Corporate Bonds	13,336,492	-	8,560,928	4,775,564	-
Total	<u>\$ 70,952,970</u>	<u>\$ 225,432</u>	<u>\$ 45,770,421</u>	<u>\$ 9,108,516</u>	<u>\$ 2,357,193</u>

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

The Police Pension Fund does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit Risk – Investments.* State statutes authorize the Police Pension Fund to invest in obligations of the U.S. Treasury and U.S. Government Agencies, obligations of states and their political subdivisions, savings accounts, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, the Illinois Funds Investment Pool, certain non-U.S. Government obligations, mortgages, veteran’s loans, common and preferred stocks, mutual funds and life insurance company contracts, subject to limitations. The Police Pension Fund does not have a formal policy beyond State statute authorizations.

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

	Credit Ratings December 31, 2013			
	Total Fair Value	Credit Rating		
		Moody's	Standard & Poor's	Fitch
Federal Home Loan Mortgage Corp	\$ 3,530,645	Aaa	AA+	AAA
Federal National Mortgage Association	4,689,591	Aaa	AA+	AAA
Northern Trust Global Investments - Collective Mortgage Backed Index Fund	16,071,566	Aaa	AA+	NR
Northern Trust Global Investments - 1 - 10 Year Daily Collective Fund	62,347,810	Aaa	AA+	
Corporate Bonds	13,336,492	AAA to BAA2	AAA to BBB-	NR

*Custodial Credit Risk – Investments.* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Police Pension Fund will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Police Pension Fund’s investment policy does not address custodial credit risk. As of December 31, 2013, the Police Pension Fund’s investments were not exposed to custodial credit risk. All investments were held by the Police Pension Fund’s agent in the name of the Police Pension Fund.

*Concentration of Credit Risk – Investments.* Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. The Police Pension Fund places no limit on the amount the fund may invest in any one issuer.

At December 31, 2013, the Police Pension Fund had no investments (excluding securities explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools and other pooled investments) which exceed 5% of total plan net position.

**Component Units:**

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that, in the event of a bank failure, the Component Units’ deposits may not be returned to them. The Rockford Mass Transit District investment policy requires that deposits with financial institutions in excess of FDIC be collateralized with collateral in an amount of 100% of uninsured deposits. As of June 30, 2013 the District had collateral agreements with a market value of \$4,078,002 and all the District’s uninsured bank balances were fully collateralized. The Rockford Metropolitan Exposition Authority does not have a policy that addresses custodial credit risk. At June 30, 2013 \$835 dollars was exposed to custodial credit risk.

*Interest Rate Risk – Investments.* As of December 31, 2013, the Component Units had no formal policies with regards to managing interest rate risk.

*Credit Risk – Investments.* Statutes authorize the Component Units to invest in securities issued or guaranteed by the U.S. Government, interest-bearing accounts in federally insured financial institutions, short-term obligations (less than

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

280 days) of U.S. corporations with assets over \$500 million rated in the three highest classifications by at least two rating agencies, insured accounts of an Illinois credit union chartered under Federal or Illinois law, money market mutual funds with portfolios of securities issued or guaranteed by the U.S. Government or agreements to repurchase these same types of obligations, Illinois Funds and repurchase agreement which meet instrument transaction requirements of Illinois law. There is no credit quality rating available for the Component Units' investments at December 31, 2013.

*Concentration of Credit Risk – Investments.* Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Component Units place no limit on the amount the entity may invest in any one issuer.

At December 31, 2013, the Component Units had no investments which exceed 5% of total net position of the component units.

**B. RECEIVABLES AND PAYABLES**

Receivables and payables as of December 31, 2013 for the City's individual major funds and non-major, internal service and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Public Library Fund	Community Development Fund	Human Services Fund	Debt Service Fund	Capital Project Fund	Nonmajor Governmental Funds	Water Utility Fund	Parking System Fund	Internal Service Funds
<b>Receivables:</b>										
Taxes	\$ 51,719,641	\$ 7,372,222	\$ -	\$ -	\$ 4,196,044	\$ -	\$ 4,302,192	\$ -	\$ -	\$ -
Accounts	7,210,155	3,892	25	-	-	6,306	952,327	4,476,582	-	279,363
Notes	150,000	-	838,888	675,742	-	-	4,441,131	-	-	-
Interest	415,203	-	2	5,908	-	-	-	-	-	-
Gross receivables	59,494,999	7,376,114	838,915	681,650	4,196,044	6,306	9,695,650	4,476,582	-	279,363
Less: Allowance for uncollectibles	(5,272,771)	(114,059)	(94,544)	(390,204)	(67,618)	-	(4,533,543)	(732,903)	-	-
Net total receivables	\$ 54,222,228	\$ 7,262,055	\$ 744,371	\$ 291,446	\$ 4,128,426	\$ 6,306	\$ 5,162,107	\$ 3,743,679	\$ -	\$ 279,363
<b>Due from other governmental units:</b>										
Federal	\$ -	\$ -	\$ 473,277	\$ 1,151,041	\$ -	\$ 289,742	\$ -	\$ -	\$ -	\$ -
State	5,148,618	139,695	-	1,724,028	-	6,798,557	585,248	-	-	-
Other	1,021,134	-	-	-	-	368,421	130,722	-	-	327,632
	\$ 6,169,752	\$ 139,695	\$ 473,277	\$ 2,875,069	\$ -	\$ 7,456,720	\$ 715,970	\$ -	\$ -	\$ 327,632
<b>Payables:</b>										
Vendors	\$ 1,461,827	\$ 216,615	\$ 106,951	\$ 405,768	\$ -	\$ 6,467,016	\$ 808,470	\$ 1,111,271	\$ 55,779	\$ 3,022,489
Other governments	719,049	-	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-	128,273	3,909	-
	\$ 2,180,876	\$ 216,615	\$ 106,951	\$ 405,768	\$ -	\$ 6,467,016	\$ 808,470	\$ 1,239,544	\$ 59,688	\$ 3,022,489

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

**C. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2013 was as follows:

**Primary Government**

	Beginning Balance	Increases	Decreases and Adjustments	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 6,899,241	\$ 248,768	\$ -	\$ 7,148,009
Total capital assets, not being depreciated	6,899,241	248,768	-	7,148,009
Capital assets, being depreciated:				
Land improvements	799,711	-	-	799,711
Buildings and improvements	57,296,043	648,141	(81,070)	57,863,114
Equipment	37,088,127	11,382,304	(2,086,538)	46,383,893
Infrastructure	868,535,600	54,559,074	(2,755,225)	920,339,449
Total capital assets, being depreciated	963,719,481	66,589,519	(4,922,833)	1,025,386,167
Less accumulated depreciation for:				
Land improvements	(546,766)	(19,696)	-	(566,462)
Buildings and improvements	(31,754,600)	(1,729,702)	81,068	(33,403,234)
Equipment	(28,463,854)	(3,230,371)	2,040,957	(29,653,268)
Infrastructure	(374,237,784)	(20,135,269)	2,337,772	(392,035,281)
Total accumulated depreciation	(435,003,004)	(25,115,038)	4,459,797	(455,658,245)
Total capital assets, being depreciated, net	528,716,477	41,474,481	(463,036)	569,727,922
Governmental activities capital assets, net	\$ 535,615,718	\$ 41,723,249	\$ (463,036)	\$ 576,875,931

	Beginning Balance	Increases	Decreases and Adjustments	Ending Balance
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 6,219,733	\$ 12,021	\$ -	\$ 6,231,754
Construction in progress	2,545,978	69,108	-	2,615,086
Total capital assets, not being depreciated	8,765,711	81,129	-	8,846,840
Capital assets, being depreciated:				
Land improvements	850,422	20,229	(17,355)	853,296
Buildings and improvements	40,712,891	893,341	(117,279)	41,488,953
Improvements other than buildings	211,495,171	4,525,639	(1,274,358)	214,746,452
Equipment	5,227,233	618,300	(568,181)	5,277,352
Total capital assets, being depreciated	258,285,717	6,057,509	(1,977,173)	262,366,053
Less accumulated depreciation for:				
Land improvements	(285,764)	(35,310)	17,355	(303,719)
Buildings and improvements	(13,089,616)	(1,035,340)	116,360	(14,008,596)
Improvements other than buildings	(56,609,756)	(5,059,288)	1,273,210	(60,395,834)
Equipment	(3,216,116)	(367,585)	552,855	(3,030,846)
Total accumulated depreciation	(73,201,252)	(6,497,523)	1,959,780	(77,738,995)
Total capital assets, being depreciated, net	185,084,465	(440,014)	(17,393)	184,627,058
Business-type activities capital assets, net	\$ 193,850,176	\$ (358,885)	\$ (17,393)	\$ 193,473,898

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

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 491,121
Public safety	2,213,227
Streets, alleys and bridges	20,670,081
Community development	21,506
Culture and recreation	926,912
Public health and welfare	175,517
Internal service	616,674
Total depreciation expense - governmental activities	<u>\$ 25,115,038</u>
Business - type activities:	
Water	\$ 5,812,553
Parking	684,970
Total depreciation expense - business-type activities	<u>\$ 6,497,523</u>

**Construction commitments**

The City has active construction projects as of December 31, 2013. The projects include street resurfacing, widening and construction of existing streets and bridges, drainage projects, sidewalks, and water system improvements. At year-end, the City's commitments with contractors are as follows:

<u>Project</u>	<u>Commitment</u>
Morgan Street Bridge - Phase II	\$ 3,019,212
Secondary Well Site Chemical Rooms	2,717,561
Riverwalk Museum Campus	1,723,068
Blackhawk Park & Seminary St Rehab	1,147,519
West State Street Corridor	787,369
RERZ-Ingersoll Building Improvements	737,278
Keith Creek Watershed Feasibility	445,000
Main & Auburn Roundabout	438,048
Whitman St Interchange Feasibility	311,546
South Main-Comed Relocation	310,989
RKFD Junction Track Improvements (Morgan St.)	305,726
Harrison Improvements 11th-20th	280,064
Airport Dr/Falcon Road	235,429
City Wide Drainage Improvements	197,094
N Main-Auburn To Riverside('14/'15)	162,530
US 20 Bypass Bridges - Rock River	142,612
Total	<u>\$ 12,961,045</u>

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

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

**Discretely presented component units**

Activity for the District for the year ended June 30, 2013 was as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets, not being depreciated:				
Land	\$ 1,991,739	\$ -	\$ -	\$ 1,991,739
Construction work in progress	-	-	-	-
Total capital assets, not being depreciated	<u>1,991,739</u>	<u>-</u>	<u>-</u>	<u>1,991,739</u>
Capital assets, being depreciated:				
Buildings and improvements	16,358,571	342,637	-	16,701,208
Equipment	17,554,740	3,663,122	(255,929)	20,961,933
Total capital assets, being depreciated	<u>33,913,311</u>	<u>4,005,759</u>	<u>(255,929)</u>	<u>37,663,141</u>
Less accumulated depreciation for:				
Buildings and improvements	(4,156,502)	(447,090)	-	(4,603,592)
Equipment	(8,922,779)	(1,536,081)	255,929	(10,202,931)
Total accumulated depreciation	<u>(13,079,281)</u>	<u>(1,983,171)</u>	<u>255,929</u>	<u>(14,806,523)</u>
Total capital assets, being depreciated, net	<u>20,834,030</u>	<u>2,022,588</u>	<u>-</u>	<u>22,856,618</u>
District capital assets, net	<u>\$ 22,825,769</u>	<u>\$ 2,022,588</u>	<u>\$ -</u>	<u>\$ 24,848,357</u>

Activity for the Authority for the year ended June 30, 2013 was as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets, not being depreciated:				
Land	\$ 2,597,014	-	-	\$ 2,597,014
Construction in progress	-	78,465	-	78,465
Total capital assets, not being depreciated	<u>2,597,014</u>	<u>78,465</u>	<u>-</u>	<u>2,675,479</u>
Capital assets, being depreciated:				
Buildings and improvements	33,713,289	815	(115,000)	33,599,104
Equipment	6,993,314	118,730	(73,151)	7,038,893
Total capital assets, being depreciated	<u>40,706,603</u>	<u>119,545</u>	<u>(188,151)</u>	<u>40,637,997</u>
Less accumulated depreciation for:				
Buildings and improvements	(11,995,512)	(895,566)	77,625	(12,813,453)
Equipment	(4,072,448)	(436,264)	40,485	(4,468,227)
Total accumulated depreciation	<u>(16,067,960)</u>	<u>(1,331,830)</u>	<u>118,110</u>	<u>(17,281,680)</u>
Total capital assets, being depreciated, net	<u>24,638,643</u>	<u>(1,212,285)</u>	<u>(70,041)</u>	<u>23,356,317</u>
Authority capital assets, net	<u>\$ 27,235,657</u>	<u>\$ (1,133,820)</u>	<u>\$ (70,041)</u>	<u>\$ 26,031,796</u>

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

**D. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

The composition of interfund balances as of December 31, 2013 is as follows:

During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, construct assets and service debt. To the extent that payments related to certain transactions between funds have not been paid or received as of December 31, 2013, they are reflected below and reported in the financial statements as due from or due to other funds.

Due to/from other funds:

<b>Receivable Fund</b>	<b>Payable Fund</b>	<b>Purpose</b>	<b>Amount</b>
General	Human Services	Interfund cash advances	\$ 630,507
	Nonmajor governmental	Interfund cash advances	7,899,501
	Nonmajor governmental	Interfund interest on common cash	2
	Parking	Interfund cash advances	342,160
	Internal Service	Interfund interest on common cash	1,149,656
	Internal Service	Interfund loan	249,074
			10,270,900
Public Library	General	Interfund interest on common cash	27,268
Human Services	General	Interfund interest on common cash	14,548
Capital Projects	General	Interfund interest on common cash	57,082
	Nonmajor governmental	Future Motor Fuel Tax receipts	3,073,794
			3,130,876
Nonmajor governmental	General	Interfund interest on common cash	44,792
			44,792
Internal Service	General	Interfund interest on common cash	74,786
Enterprise:			
Parking	General	Interfund interest on common cash	1,088
Water Utility	General	Interfund interest on common cash	81,883
Water Utility	Internal Service	Interfund loan	70,251
			153,222
<b>Total governmental funds</b>			<b>\$ 13,716,392</b>

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

Transfers between funds for the year ended December 31, 2013 are as follows:

	Transfers in:				Total
	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	
<b>Transfers out:</b>					
General Fund	\$ -	\$ 2,020,779	\$ 1,200,000	\$ -	\$ 3,220,779
Library Fund	-	229,269	-	-	229,269
Community Development Fund	914,484	-	-	-	914,484
Capital Projects Fund	-	16,123	-	446,919	463,042
Nonmajor governmental funds	1,431,500	4,784,661	3,762,680	826,292	10,805,133
Parking Enterprise Fund	-	60,000	-	-	60,000
Total transfer out	<u>\$2,345,984</u>	<u>\$ 7,110,832</u>	<u>\$ 4,962,680</u>	<u>\$ 1,273,211</u>	<u>\$15,692,707</u>

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

**E. LEASES**

**Operating leases – Governmental funds**

The City leases certain land and buildings to others under operating leases. Some of the agreements require the real estate taxes and other executory costs to be paid by the lessee. Future minimum rentals of the primary government total \$223,778 as of December 31, 2013, and are to be received as follows: 2014 - \$111,889; and 2015 - \$111,889.

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

**F. LONG-TERM OBLIGATION ACTIVITY**

Long-term obligation activity for the year ended December 31, 2013 was as follows:

	Balance January 1, 2013	Additions	Reductions	Balance December 31, 2013	Due Within One Year
<b>Governmental activities:</b>					
Bonds payable:					
General obligation bonds	\$ 77,755,000	\$ -	\$ (8,295,000)	\$ 69,460,000 *	\$ 8,290,000
Less premiums and discounts	13,281	-	(47,214)	(33,933)	50,202
Total bonds payable	77,768,281	-	(8,342,214)	69,426,067	8,340,202
Section 108 Guaranteed Loans	1,185,000	-	(180,000)	1,005,000	180,000
EPA water pollution obligation	284,680	-	(111,323)	173,357	114,704
Lines of credit	6,041,424	-	(4,275,131)	1,766,293	182,616
Term notes	350,781	-	(104,716)	246,065	107,546
Lease/purchase agreements	10,034,707	6,627,896	(1,287,581)	15,375,022	2,292,292
Claims and judgments	8,355,644	5,493,088	(2,926,818)	10,921,914	6,331,359
Net OPEB obligation	2,780,515	130,877	-	2,911,392	-
Net pension obligation	5,225,360	562,277	-	5,787,637	-
Compensated absences	6,335,962	5,505,301	(4,805,445)	7,035,818	945,185
Governmental activities long-term liabilities	\$ 118,362,354	\$ 18,319,439	\$ (22,033,228)	\$ 114,648,565	\$ 18,493,904
<b>Business-type activities:</b>					
Water Utility Fund:					
Bonds payable:					
General obligation alternate bonds	\$ 31,695,000	\$ -	\$ (2,740,000)	\$ 28,955,000	\$ 2,600,000
Less deferred amounts:					
Net premium/(discount)	(68,309)	-	(10,039)	(78,348)	10,038
Total water bonds payable	31,626,691	-	(2,750,039)	28,876,652	2,610,038
Installment Purchase Agreement	-	-	-	-	-
IEPA Loan	36,607,891	45,680	(1,739,948)	34,913,623	1,757,450
Capital lease payable	669,021	576,596	(86,815)	1,158,802	167,594
Compensated absences	433,629	271,851	(341,004)	364,476	101,465
Refundable water main extension advance	298,122	-	(14,338)	283,784	4,272
Customer deposits	75,899	79,225	(81)	155,043	79,225
Total water utility	69,711,253	973,352	(4,932,225)	65,752,380	4,720,044
Parking System Fund:					
Bonds payable:					
General obligation alternate bonds	1,725,000	-	(75,000)	1,650,000	75,000
Less deferred amounts:					
For issuance costs	-	-	-	-	-
Total parking bonds payable	1,725,000	-	(75,000)	1,650,000	75,000
Compensated absences	16,436	1,190	(13,978)	3,648	1,518
Total parking fund	1,741,436	1,190	(88,978)	1,653,648	76,518
Business-type activities long-term liabilities	\$ 71,452,689	\$ 974,542	\$ (5,021,203)	\$ 67,406,028	\$ 4,796,562
<b>Component Units:</b>					
Rockford Mass Transit District					
Net pension obligation	\$ 101,697	\$ 1,039,491	\$ (1,200,000)	\$ (58,812)	\$ -
Net OPEB obligation	1,347,291	732,840	(307,935)	1,772,196	-
Rockford Metropolitan Exposition, Auditorium and Office Building Authority					
Notes payable	4,703,308	1,446,230	(698,626)	5,450,912	541,774
Total component units	\$ 6,152,296	\$ 3,218,561	\$ (2,206,561)	\$ 7,164,296	\$ 541,774

\* \$30,485,000 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, Continued**

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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, \$430,977 of internal service funds compensated absences, \$10,521,915 for claims and judgments, and \$350,915 for capital leases payable are included in the above amounts.

For the governmental activities, claims and judgments are generally liquidated by the General Fund. Compensated absences are generally liquidated by the governmental fund where the related employee salaries are recorded, which includes the General Fund, Public Library Fund, Community Development Fund, Human Services Fund, Capital Improvement Project Fund and other non-major funds. The net pension obligation and pension contributions are liquidated by the General Fund.

**(1) GENERAL OBLIGATION BONDS AND ALTERNATE BONDS**

The City has issued general obligation bonds to provide for community development and the acquisition and construction of major capital projects. General obligation bonds have been issued for both governmental and business-type activities. The beginning balance of outstanding general obligation bonds was \$111,175,000. During the year, the City made principal payments of \$11,110,000 and no new bonds were issued, leaving an ending balance of \$100,065,000.

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:

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

<b>Purpose</b>	<b>Original Issue Amount</b>	<b>Interest Rates</b>	<b>Maturity Date</b>	<b>Amount</b>
<b>Governmental activities</b>				
2004-A Street Improvement General Obligation Bond Issue	8,500,000	4.00% - 4.25%	2017	\$ 3,150,000
2004-C Equipment General Obligation Alternate Bond Issue	3,200,000	4.00%	2014	400,000
2004-D Seventh Street Revitalization General Obligation Alternate Bond Issue	2,000,000	5.00% - 5.25%	2016	660,000
2004-E Capital Improvements General Obligation Alternate Bond Issue	4,650,000	4.00% - 4.50%	2023	3,350,000
2005-A Capital Improvements General Obligation Bond Issue	8,700,000	3.50% - 4.10%	2018	4,100,000
2005-C Global Trade Park General Obligation Alternate Bond Issue	915,000	4.00%	2015	290,000
2005-C Neighborhood Revitalization General Obligation Alternate Bond Issue	6,305,000	4.00% - 4.40%	2024	5,480,000
2005-D Lowes Distribution Center Taxable General Obligation Alternate Bond Issue	2,850,000	5.00% - 5.12%	2018	1,400,000
2006-B Hope Six Revitalization Project General Obligation Alternate Bond Issue	2,500,000	4.15% - 4.15%	2024	2,200,000
2007-A Metro Centre Improvement General Obligation Alternate Bond Issue	6,300,000	4.00% - 4.20%	2027	4,900,000
2007-B Metro Centre Improvement Taxable General Obligation Alternate Bond Issue	16,700,000	5.125% - 5.40%	2027	12,645,000
2007-E Preston Central Redevelopment General Obligation Alternate Bond Issue	1,100,000	4.25% - 4.85%	2027	900,000
2007-F Sewer Improvement General Obligation Alternate Bond Issue	1,100,000	4.00% - 4.25%	2017	1,100,000
2007-G Library Construction General Obligation Alternate Bond Issue	3,050,000	4.10% - 4.75%	2027	2,350,000
2008-B Redevelopment General Obligation Alternate Bond Issue	1,300,000	3.00% - 4.00%	2018	1,075,000
2009-A Redevelopment General Obligation Alternate Bond Issue	1,650,000	4.625% - 5.00%	2029	1,500,000
2009-B Redevelopment Taxable General Obligation Alternate Bond Issue	950,000	5.30% - 5.70%	2024	800,000
2009-D Redevelopment Taxable General Obligation Alternate Bond Issue	1,700,000	2.25% - 5.50%	2024	1,500,000
				<u>47,800,000</u>

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

<b>Governmental activities - refunding</b>				
2004-H Refunding General Obligation Alternate Bond Issue	3,070,000	3.75% - 4.25%	2020	\$ 2,180,000
2005-C Refunding General Obligation Alternate Bond Issue	530,000	4.00% - 4.40%	2018	405,000
2007-C Refunding General Obligation Alternate Bond Issue	6,865,000	3.75% - 3.75%	2018	4,280,000
2009-C Taxable Refunding General Obligation Alternate Bond Issue	8,065,000	5.125% - 5.40%	2027	8,065,000
2009-E Refunding General Obligation Bond Issue	7,930,000	2.00% - 3.00%	2014	710,000
2009-G Refunding General Obligation Alternate Bond Issue	1,330,000	2.00% - 3.00%	2015	550,000
2012-A Refunding General Obligation Bond Issue	5,925,000	2.00% - 3.00%	2016	4,025,000
2012-C Refunding General Obligation Alternate Bond Issue	1,810,000	2.00% - 3.00%	2021	1,445,000
				<u>21,660,000</u>
				<u>\$ 69,460,000</u>

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

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

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

General obligation alternate bonds currently outstanding are as follows:

<b>Purpose</b>	<b>Original Issue Amount</b>	<b>Interest Rates</b>	<b>Maturity Date</b>	<b>Amount</b>
<b>Business-type activities</b>				
Water Utility Fund:				
2004-B General Obligation Alternate Bond Issue	2,200,000	4.00% - 4.25%	2017	\$ 855,000
2005-B General Obligation Alternate Bond Issue	2,200,000	3.65% - 4.10%	2018	1,045,000
2006-A General Obligation Alternate Bond Issue	15,000,000	4.15% - 4.15%	2018	11,400,000
2007-D General Obligation Alternate Bond Issue	3,500,000	4.125% - 4.75%	2027	2,675,000
2008-A General Obligation Alternate Bond Issue	9,000,000	3.75% - 5.00%	2028	7,475,000
2010-A General Obligation Alternate Bond Issue	3,400,000	2.00% - 4.00%	2030	3,100,000
				<u>26,550,000</u>
Parking System Fund:				
2008-A General Obligation Alternate	1,850,000	4.75% - 6.00%	2028	<u>1,650,000</u>
<b>Business-type activities - refunding</b>				
Water Utility Fund:				
2009-F Refunding General Obligation Alternate Bond Issue	4,325,000	2.50% - 3.50%	2018	1,325,000
2012-B Refunding General Obligation Alternate Bond Issue	1,470,000	2.50% - 3.50%	2018	1,080,000
				<u>2,405,000</u>
				<u>\$ 30,605,000</u>

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

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending December 31	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2014	\$ 8,290,000	\$ 2,373,025	\$ 2,675,000	\$ 1,301,639
2015	8,545,000	2,755,734	2,555,000	1,206,414
2016	7,430,000	2,445,251	2,465,000	1,108,610
2017	6,835,000	2,150,008	2,295,000	1,011,261
2018	6,310,000	1,861,495	2,140,000	916,980
2019	3,930,000	1,588,822	1,750,000	828,563
2020	3,755,000	1,409,060	1,800,000	753,962
2021	3,330,000	1,234,916	1,825,000	676,319
2022	3,635,000	1,075,898	1,925,000	596,606
2023	3,920,000	895,059	2,025,000	510,844
2024	3,705,000	699,196	2,075,000	420,456
2025	3,025,000	511,201	2,175,000	326,931
2026	3,165,000	353,205	2,225,000	228,188
2027	3,335,000	187,490	1,175,000	125,187
2028	125,000	12,500	1,000,000	69,000
2029	125,000	6,250	250,000	20,000
2030	-	-	250,000	10,000
Total	\$ 69,460,000	\$ 19,559,110	\$ 30,605,000	\$ 10,110,960

**(2) OTHER OBLIGATIONS**

**a) SECTION 108 GUARANTEED LOANS**

During 2003, the City's Community Development Department entered in a contract with the Secretary of Housing and Urban Development (HUD) under the Section 108 Guaranteed Loans Program. The outstanding balance at December 31, 2013 is \$620,000 due in various annual amounts not exceeding \$75,000 through 2023; interest at 1.410% to 5.890%. The proceeds were then loaned to a secondary authorized representative under the guidelines of the City and HUD contract, for acquisition of equipment for Gray's IGA Grocery Store. During 2005, the City's Community Development Department entered into a contract with HUD under the Section 108 Guaranteed Loans Program. The outstanding balance at December 31, 2013 is \$385,000 due in annual amounts not exceeding \$130,000 through 2016; interest at 5.06% to 5.11%. The proceeds were then loaned to a secondary authorized representative under the guidelines of the City and HUD contract, for the purchase of a local manufacturer by an outside company to aid in the retention and creation of new jobs with the purchase.

**b) EPA WATER POLLUTION OBLIGATION**

During 1990, the City entered into a Funding Agreement with Rock River Water Reclamation District and the Illinois Environmental Protection Agency to construct an interceptor, described as the Kishwaukee Trunk Sewer Extension. The sewer extension obligation payable at December 31, 2013 is \$173,357 due in various bi-annual amounts not exceeding \$115,000 through 2015; interest at 3.015%.

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

Annual debt service requirements to maturity for other obligations are as follows:

Year Ending December 31	Governmental Activities			
	Section 108		EPA Water	
	Guaranteed Loans		Pollution Obligation	
	Principal	Interest	Principal	Interest
2014	\$ 180,000	\$ 53,033	\$ 114,704	\$ 4,369
2015	190,000	43,976	58,653	884
2016	185,000	34,317	-	-
2017	60,000	24,816	-	-
2018	60,000	21,642	-	-
2019	60,000	18,414	-	-
2020	75,000	15,138	-	-
2021	75,000	10,990	-	-
2022	60,000	6,798	-	-
2023	60,000	3,414	-	-
	<u>\$ 1,005,000</u>	<u>\$ 232,538</u>	<u>\$ 173,357</u>	<u>\$ 5,253</u>

**c) LINES OF CREDIT**

In November of 2013 the City entered into an agreement with PNC Bank to establish a \$12 million line of credit. The line of credit will provide cash flow until property tax revenues are received in June of each year. Interest will be paid monthly at a rate per annum equal to the daily LIBOR rate plus 1.2%. At December 31, 2013 the outstanding borrowings under this agreement are \$1,766,293.

**d) PROMISSORY TERM NOTE**

In February of 2010 the City entered into an Asset Purchase Agreement to purchase a Fiber Optic Ring. Terms of the agreement are principal amount due of \$617,717 and an annual interest rate of 2.67 percent compounded monthly, which Promissory Amount shall provide for an aggregate payment of principal and interest of \$667,400, monthly payments of \$9,400 for seventy one months. At December 31, 2013 the outstanding balance was \$246,065.

**e) ILLINOIS ENVIRONMENTAL PROTECTION AGENCY (IEPA) LOAN**

The City has been approved for approximately \$44,500,000 in low interest loans from the State Revolving Loan Fund through the IEPA. These loans range from 0% to 2.5% interest and some have principal forgiveness of a portion of the balance. Two of these loans totaling \$10,000,000 were funded in part through the American Recovery and Reinvestment Act of 2009. The City has received \$44,338,400 in loans, of which \$5,347,225 will not be required to be repaid. The loans are repayable over a 20 year period beginning six months after the date the project is expected to be completed. The City has begun to make payments on some of the loan agreements but others are still under construction. Once all the loan projects are completed the estimated annual debt service will be approximately \$2,430,000 per year for twenty years. The City has recorded the debt outstanding in the Water Utility Fund and will repay the debt with water revenues.

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

Date Awarded	Amount Approved	Terms	Loans Received	Principal Forgiveness	Construction Interest	Payments	Balance Due
05/19/08	\$ 8,308,283	2.5%	\$ 8,629,100	\$ -	\$ 207,267	\$ (1,245,531)	\$ 7,590,836
09/30/08	12,512,945	2.5%	12,414,000	-	265,594	(1,507,245)	11,172,349
09/30/08	2,297,070	2.5%	2,168,700	-	12,868	(330,339)	1,851,229
08/14/09	6,877,227	0% - 25% principal forgiveness	6,805,000	(1,719,307)	-	(483,880)	4,601,813
09/30/09	3,122,773	0% - 25% principal forgiveness	3,122,700	(780,694)	-	(360,309)	1,981,697
06/30/10	720,521	1.25% - 25% principal forgiveness	550,000	(180,131)	8,420	(17,245)	361,044
06/30/10	3,128,995	1.25% - 25% principal forgiveness	3,128,900	(782,249)	22,785	(156,133)	2,213,303
06/30/10	2,633,303	1.25% - 25% principal forgiveness	2,621,600	(658,326)	18,073	(111,395)	1,869,952
09/29/10	913,740	1.25% - 25% principal forgiveness	913,100	(228,435)	125	(77,963)	606,827
12/15/10	381,087	1.25% - 25% principal forgiveness	381,000	(95,272)	1,221	(13,081)	273,868
01/19/11	3,611,244	1.25% - 25% principal forgiveness	3,604,300	(902,811)	-	(310,784)	2,390,705
			<u>\$44,338,400</u>	<u>(\$5,347,225)</u>	<u>\$536,353</u>	<u>(\$4,613,905)</u>	<u>\$34,913,623</u>

**f) LEASE PURCHASE AGREEMENTS**

During 2012 and 2013 the City entered into lease purchase agreements totaling \$17,502,975 for the acquisition of City-wide vehicles, fire apparatuses, squad cars, heavy equipment, ambulances, and heating and air units. Outstanding balances at December 31, 2013 are \$17,000,370 for the governmental activities and \$1,158,802 for the water proprietary fund. The interest rates for the leases range from 1.27% to 3.67%.

The following is a schedule of future minimum lease payments under these leases and the present value of the minimum lease payments.

December 31,	Governmental Activities							City-wide Vehicles	Total Governmental Activities
	HVAC Equipment BMO Bank Center	HVAC Equipment Coronado	Fire Vehicles	Fire Apparatuses	Police Squad Cars	Heavy Equipment	Ambulances		
2014	\$ 113,628	\$ 30,215	\$45,184	\$ 698,426	\$ 727,313	\$ 568,898	\$ 218,491	\$ 194,858	\$ 2,597,013
2015	113,628	30,215	45,184	698,426	727,314	568,898	218,491	194,858	2,597,015
2016	113,628	30,215	45,184	698,426	727,297	568,899	218,491	194,858	2,596,999
2017	113,628	30,215		698,426	280,584	568,885	218,491	194,858	2,105,087
2018	113,628	30,215		698,426		568,877	218,491		1,629,637
2019	113,628	30,215		698,426		568,877			1,411,146
2020	113,628	30,215		1,278,091		568,877			1,990,811
2021	113,628	30,215				568,877			712,720
2022	113,628	30,215				568,877			712,720
2023	113,628	30,215				244,821			388,664
Total minimum lease payments	1,136,283	302,148	135,553	5,468,645	2,462,508	5,364,786	1,092,456	779,433	16,741,812
Amount representing interest	198,857	52,956	7,028	447,442	68,337	530,891	37,078	24,201	1,366,790
Present value of minimum lease payments	937,426	249,192	128,525	5,021,203	2,394,171	4,833,895	1,055,378	755,232	15,375,022

December 31,	Water Proprietary Fund		
	Heavy Equipment	City-wide Vehicles	Total Proprietary Activities
2014	\$ 80,565	\$ 105,114	\$ 185,678
2015	81,981	105,937	187,918
2016	81,981	105,937	187,918
2017	81,981	105,937	187,919
2018	81,981	54,915	136,896
2019	81,978		81,978
2020	81,978		81,978
2021	81,978		81,978
2022	81,978		81,978
2023	35,226		35,226
Total minimum lease payments	771,627	477,840	1,249,467
Amount representing interest	75,070	15,595	90,665
Present value of minimum lease payments	696,557	462,245	1,158,802

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

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**h) COMPENSATED ABSENCES**

Governmental activities:

Vested vacation pay of \$4,096,008 and vested sick pay of \$2,508,833 for employees paid from governmental funds are included in the Government-wide Statement of Net Position.

**(3) REFUNDING OF DEBT**

In prior years, the City defeased certain general obligation bonds by placing the proceeds of new general obligation bonds in escrow accounts to provide for all future debt service payments on the old debt. Since the requirements which normally satisfy defeasance, have been met, the financial statements reflect satisfaction of the original liability through the irrevocable transfer to an escrow agent of an amount computed to be adequate to meet the future debt service requirements of the issue. Accordingly the trust account assets and the liability for the defeased bonds are not included in the government's financial statements. Defeased bonds of \$670,000 remain outstanding as of the date of this report.

**(4) LEGAL DEBT LIMITATION**

The State imposes a legal limit of 8.625% of the total equalized assessed valuation on the amount of general bonded indebtedness. The City of Rockford further limits its indebtedness, by ordinance, to 80.0% of the State limit. As of December 31, 2013, the City indebtedness was \$76,554,468 less than the City limit and \$103,325,880 less than the State limit.

**(5) COMPONENT UNITS**

**a) Debt**

On November 13, 2007 the Rockford City Council approved a \$456,000 no-interest bearing, 15 years, loan to the Authority, for operations. In 2009 the repayment terms were amended to begin on January 1, 2013 for principal of \$30,000 each year. In 2009 the City also extended a \$600,000 loan to the Authority and in the Intergovernmental Agreement dated July 20, 2009 the Authority agreed to begin \$30,000 quarterly repayments of that loan, beginning January 1, 2013. The current balances at June 30, 2013 are \$433,500 and \$570,000 respectively. In the City's statements these notes receivable are completely offset by an allowance for doubtful accounts.

On July 16, 2007 the Rockford City Council approved a \$600,000 line of credit to the previous management of the Coronado Performing Arts Center and was fully drawn upon before the theater became managed by SMG effective July 1, 2012. The repayment of this non-interest bearing debt was restructured into the Authority's new intergovernmental agreement at that time and the Authority assumed this liability during the current fiscal year. The note has a maturity date of December 31, 2022 with principal payment beginning January 1, 2013. The current balance as of June 30, 2013 is \$570,000.

On December 23, 2009 the City funded a \$2 million loan to the Authority, the proceeds of which were used primarily to pay off a \$1,200,000 bank revolving line of credit. \$100,000 was retained by the City as a six month advanced principal payment on the term debt and the remaining \$700,000 was used to pay vendor obligations. The term debt is structured with a 10 year amortization, whereby commencing in January 2010, the Metro Centre repays the City \$16,667 monthly principal and interest at LIBOR plus 1.2%. This agreement was restructured effective July 1, 2012 bringing the principal balance back to the original \$2,000,000 and a new maturity date of June 30, 2022. The current balance at June 30, 2013 was \$1,810,608. These monthly payments are currently holdbacks from the City's monthly support payments to the Authority.

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

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On May 21, 2012, the Authority entered into a short-term loan with a local financial institution for \$200,000 for the period May 21, 2012 to August 31, 2012 at an interest rate of 2.25%. The balance of this note was paid off August 31, 2012.

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. The balance of the loan was \$783,334 as of June 30, 2013.

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 \$126,734 were made during the current fiscal year bringing the loan balance to \$1,283,470. Principal in the amount of \$96,850 is due within one year of the date of the statement of net position.

#### **IV. OTHER INFORMATION**

##### **A. INDUSTRIAL DEVELOPMENT REVENUE BONDS**

The City issued and has an estimated \$55,000,000 in outstanding industrial development revenue bonds. Proceeds from these issues were used to finance in whole or in part the cost of the acquisition or improvement of economic development projects. Debt service on these issues is paid solely from the revenue and receipts derived from the economic development projects. The bonds' are not a liability nor is the resulting property an asset of the City and accordingly, neither are reflected in the City's financial statements.

##### **B. CONTINGENT LIABILITIES**

###### **Grantor Agencies**

Federal and state grants-in-aid received by the City are subject to audit and adjustment by grantor agencies. If grant revenues are received for expenditures which are subsequently disallowed, the City may be required to repay the revenues. In the opinion of management, liabilities resulting from such disallowed expenditures, if any, will not be material.

##### **C. RISK MANAGEMENT**

###### **1. Claims and Judgments**

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; and errors and omissions. Prior to 2011 the City was self-insured for general and auto liability damages; however, during 2012 the City secured comprehensive general liability insurance to cover losses from \$500,000 to \$11 million on claims arising after that date. The City has purchased commercial insurance coverage for catastrophic losses to buildings and contents totaling \$43.5 million and commercial liability insurance for certain programs supported by State and Federal grant programs which is consistent with prior years.

The revenue and expenses relating to the City's claims and judgments, other than health care and workers' compensation, are recorded in the Risk Management Internal Service Fund. The charges to the individual funds are based on specific identification. The Risk Management Fund records expenses for claims, insurance coverage and administrative fees.

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

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:

	2013	2012
Unpaid claims at beginning of year	\$4,542,612	\$ 4,164,395
Current year claims and change in estimates	2,081,261	1,271,288
Claim payments	<u>(800,235)</u>	<u>(893,071)</u>
Unpaid claims at end of year	<u>\$5,823,638</u>	<u>\$ 4,542,612</u>
Reported as:		
Claims and judgments payable	\$5,794,709	\$ 4,505,572
Accounts payable	28,929	37,040
	<u>\$5,823,638</u>	<u>\$ 4,542,612</u>

Included in the \$5,823,638 are claims of \$80,000, representing losses for which the lowest amount in a range of probable losses has been accrued because no amount within that range is a better estimate of loss. The City estimates that those losses could be as high as \$11,030,000. Approved claims which have been presented for reimbursement as of year-end totaling \$28,929 are reported as accounts payable.

**2. Health Care Coverage**

The City is self-insured for its group health and dental insurance coverage. During 2011 the lifetime maximum was eliminated, excess coverage has been purchased to cover losses in excess of the \$225,000 annual retention per participant. The plan is administered by a third-party administrator. As the claim cycle has various stages, there may be situations where loss contingencies have occurred before the balance sheet date; but the claims have not been asserted. These potential unasserted claims and existing claims, if the amounts can be reasonably estimated and it is probable that the claims will be asserted, have been recorded as a liability of the Health Insurance Internal Service Fund. This liability is the City's best estimate based on available information.

Premiums are charged to each department based on the number of single 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:

	2013	2012
Unpaid claims at beginning of year	\$ 970,237	\$ 1,552,198
Current year claims and change in estimates	18,716,737	15,933,569
Claim payments	<u>(18,449,424)</u>	<u>(16,515,530)</u>
Unpaid claims at end of year	<u>\$ 1,237,550</u>	<u>\$ 970,237</u>

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

**3. Workmen's Compensation**

The City is self-insured for its workmen's compensation coverage up to \$750,000 per occurrence with excess coverage in place for claims above that amount. The City utilizes a third-party administrator to administer the plan.

The insurance coverage is consistent with the prior year and the amounts of settlements during the past three years have not exceeded this coverage.

The revenue and expenses relating to workmen's compensation are recorded in the Workmen's Compensation Internal Service Fund. The charges to the individual funds are based on the wages and job classifications of the employees in the respective funds. The Workmen's Compensation Internal Service Fund records expenses for claims, stop-loss insurance coverage and administrative fees.

A liability for a claim has been recorded in the Workmen's Compensation Internal Service Fund if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimable. This liability is the City's best estimate based on available information.

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

	2013	2012
Unpaid claims at beginning of year	\$2,879,836	\$ 2,835,650
Current year claims and change in estimates	2,599,030	1,595,110
Claim payments	<u>(1,589,211)</u>	<u>(1,550,924)</u>
Unpaid claims at end of year	<u>\$3,889,655</u>	<u>\$ 2,879,836</u>
Reported as:		
Claims and judgments payable	\$3,889,655	\$ 2,879,836
Accounts payable	-	-
	<u>\$3,889,655</u>	<u>\$ 2,879,836</u>

**D. EMPLOYEE RETIREMENT SYSTEMS AND PENSIONS PLANS**

**Pension plans – primary government**

The City of Rockford General, Water and Parking employees are covered by a State agent multiple-employer defined benefit public retirement system (Illinois Municipal Retirement Fund) that acts as a common investment and administrative agent for local governments. Police and Fire sworn employees are covered by defined benefit single-employer pension plans and are governed by Illinois State Statutes (Chapter 40 Article 3).

**1. Illinois Municipal Retirement Fund (IMRF)**

**Plan description.** The City of Rockford participates in the Illinois Municipal Retirement Fund (IMRF), agent multiple-employer, defined benefit pension plan administered by the State for local governments and school districts in Illinois. IMRF provides retirement, disability, post retirement increases, and death benefits to plan members and their beneficiaries. All employees, except those covered by the police and fire pension plans, in positions that meet or exceed the prescribed minimum hours standard must be enrolled in IMRF. The State is authorized by statute to establish and amend all plan provisions. IMRF issues a financial report that includes financial statements and

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**NOTES TO THE FINANCIAL STATEMENTS, Continued**

required supplementary information. The report may be obtained at [www.imrf.org](http://www.imrf.org) or by writing to IMRF, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

**Funding policy.** The contribution requirements of the plan members are established by State statute. Plan members are required to contribute 4.5% of their annual salary. The statutes require the City to contribute at an actuarially determined rate, the amount necessary, in addition to member contributions, to finance retirement coverage of its own employees. The employer rate for calendar year 2012 was 13.67% of covered payroll. The employer also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute

**Annual pension cost.** For December 31, 2013, the City's annual pension cost of \$4,001,332 was equal to the City's required and actual contributions.

Three-Year Trend Information for IMRF:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2013	\$ 4,001,332	100.0	\$ -
12/31/2012	3,692,788	100.0	-
12/31/2011	3,654,110	100.0	-

The required contribution for 2013 was determined as part of the December 31, 2011 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2011 included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3% annually. The actuarial value of the City's IMRF plan assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The plan's unfunded actuarial accrued liability at December 31, 2011 is being amortized as a level percentage of projected payroll on an open 30 year basis.

**Funded Status and Funding Progress.** As of December 31, 2013, the most recent actuarial valuation date, the City's plan was 76.06 percent funded. The actuarial accrued liability for benefits was \$94,344,966 and the actuarial value of assets was \$71,760,362, resulting in an underfunded actuarial accrued liability (UAAL) of \$22,584,604. The covered payroll (annual payroll of active employees covered by the plan) for calendar year 2013 was \$29,270,900 and the ratio of the UAAL to the covered payroll was 77 percent.

The schedule of progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**2. Police Pension Fund (PPF)**

**Plan description.** The City of Rockford administers the PPF, a single-employer defined benefit pension plan in which all sworn police employees of the City participate. PPF provides retirement, disability, and death benefits to plan members and their beneficiaries. Employees attaining the age 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefits of 2.5% of final salary for each year of service up to 30

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

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years, to a maximum of 75% of such salary. Employees with at least 8 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit of 2.50% of final salary for each year of service.

For employees hired after January 1, 2011, the normal retirement age is attainment of age 55 and completion of 10 years of service; early retirement age is attainment of age 50, completion of 10 years of service and the early retirement factor is 6% per year; the employee's accrued benefit is based on the employee's final 8 year average salary not to exceed \$106,800 (as indexed); cost of living increases are simple (not compounded) of the lesser of 3% or 50% of the CPI; surviving spouse benefits are 66 2/3% of the employees benefit. The PPF issues a publicly available financial report that includes the applicable financial statements and required supplementary information. The report may be obtained at the City's Finance Office.

**Summary of significant accounting policies – basis of accounting and valuation of investments.** The financial statements of PPF are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The City's contributions are recognized when due and a formal commitment to provide the contribution has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. All plan investments are reported at fair value. Administrative costs are financed primarily through investment earnings.

**Funding policy.** The defined benefits and employee contribution levels are governed by Illinois State Statutes (Chapter 40 Article 3) and may be amended only by the Illinois legislature. Plan members are required to contribute 9.91% of their annual covered salary. The City is required to contribute at an actuarially determined rate; the current rate is 26.57% of covered payroll.

**Annual pension cost.** For 2013, the City of Rockford's annual pension cost was \$5,446,117. The City's actual contribution was \$5,369,950. The net pension obligation at December 31, 2013 was \$(1,837,559). It was comprised of the following:

Police Pension

Annual Required Contribution (ARC)	\$ 5,400,921
Interest on the Net Pension Obligation	132,104
Adjustment to the ARC	<u>(86,908)</u>
Annual pension cost	5,446,117
Contribution	<u>5,369,950</u>
Increase in Pension Asset (Liability)	(76,167)
Net pension Obligation at January 1, 2013	<u>(1,761,392)</u>
Net pension Obligation at December 31, 2013	<u><u>(1,837,559)</u></u>

The required contributions were determined as part of the December 31, 2011 actuarial valuation using the entry normal age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return, (b) projected salary increases due to inflation of 5.0% per year, and (c) projected salary increases due to seniority/merit raises of 3.0% per year. The actuarial value of assets is determined by market method. The PPF unfunded liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2013 was 27 years.

**Funded Status and Funding Progress.** As of December 31, 2013, the most recent actuarial valuation date, the PPF plan was 68.8 percent funded. The actuarial accrued liability for benefits was \$259,311,840 and the actuarial value of assets was \$1,178,430,602, resulting in an underfunded actuarial accrued liability (UAAL) of \$80,881,238. The covered payroll (annual payroll of active employees covered by the plan) was \$20,214,199 and the ratio of the UAAL to the covered payroll was 400.1 percent.

The schedule of progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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

**Reserves and concentration of investments.** There are no assets legally reserved for purposes other than the payment of Plan member benefits. There are no long-term contracts for contributions. See Note III A for concentration of investments.

**Three-year trend information:**

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)*
12/31/2013	\$ 5,446,117	98.6	\$ 1,837,559
12/31/2012	5,125,205	87.7	\$ 1,761,392
12/31/2011	5,718,704	80.1	1,130,257

**3. Firefighter's Pension Fund (FPF)**

**Plan description.** The City of Rockford administers the FPF, a single-employer defined benefit pension plan in which all sworn fire employees of the City participate. FPF provides retirement, disability, and death benefits to plan members and their beneficiaries. Employees attaining the age of 50 with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one-half of the salary attached to the rank held on the last day of service. The pension shall be increased by ½ of 2.5% of such monthly salary for each additional year of service over 20 years up to 30 years, to a maximum of 75% of such monthly salary. Employees with at least 10 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit ranging from 15% of final salary for 10 years of service to 45.6% for 19 years of service.

For employees hired after January 1, 2011, the annual retirement benefit is (2.5%) of final average salary for each year of service up to (30) years, to a maximum of (75%) of salary. The normal retirement age is attainment of age 55 and completion of 10 years of service; early retirement age is attained at age 50, completion of 10 years of service and the early retirement factor is 6% per year; the employee's accrued benefit is based on the employee's final 8 year average salary not to exceed \$106,800 (as indexed); cost of living increases are simple (not compounded) of the lesser of 3% or 50% of the CPI; surviving spouse benefits are 66 2/3% of the employees benefit. The FPF issues a publicly available report that includes the applicable financial statements and required supplementary information. The report may be obtained at the City's Finance Office.

**Summary of significant accounting policies – basis of accounting and valuation of investments.** The financial statements of the FPF are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The City's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. All plan investments are reported at fair value. Administrative costs are financed primarily through investment earnings.

**Funding policy.** The defined benefits and employee contribution levels are governed by Illinois State Statutes (Chapter 40 Article 3) and may be amended only by the Illinois legislature. Plan members are required to contribute 9.455% of their annual covered salary. The City is required to contribute at an actuarially determined rate; the current rate is 32.435% of covered payroll.

**Annual pension cost.** For 2013, the City of Rockford's annual pension cost was \$7,052,830. The City's actual contribution was \$6,566,720. The pension obligation at December 31, 2013 was (\$3,950,078). It was comprised of the following:

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**NOTES TO THE FINANCIAL STATEMENTS, Continued**

Annual Required Contribution (ARC)	\$ 6,963,946
Interest on the Net Pension Obligation	259,798
Adjustment to the ARC	(170,914)
Annual pension cost	7,052,830
Contribution	6,566,720
Increase in Pension Asset (Liability)	(486,110)
Net pension Obligation at January 1, 2013	(3,463,968)
Net pension Obligation at December 31, 2013	(3,950,078)

The required contributions were determined as part of the December 31, 2011 actuarial valuation using the entry normal age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return, (b) projected salary increases due to inflation of 3.0% per year, and (c) projected salary increases due to seniority/merit raises of 5.0% per year. The actuarial value of assets is determined by market method. The FPF unfunded actuarial liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2013 was 27 years.

**Funded Status and Funding Progress.** As of December 31, 2013, the most recent actuarial valuation date, the FPF plan was 62.6 percent funded. The actuarial accrued liability for benefits was \$253,194,659, and the actuarial value of assets was \$158,574,965, resulting in an underfunded actuarial accrued liability (UAAL) of \$94,619,694. The covered payroll (annual payroll of active employees covered by the plan) was \$20,245,682 and the ratio of the UAAL to the covered payroll was 467.4 percent.

The schedule of progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**Reserve and concentration of investments.** There are no assets legally reserved for purposes other than the payment of Plan member benefits. There are no long-term contracts for contributions. See Note III A for concentration of investments.

**Three-year trend information:**

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)*
12/31/2013	\$ 7,052,830	93.1	\$ 3,950,078
12/31/2012	6,470,573	79.2	3,463,968
12/31/2011	7,054,009	74.1	2,117,182

**4. Other Post-Employment Benefits**

**Plan description.** In addition to providing the pension benefits described, the City provides post-employment healthcare benefits (OPEB) for retired employees through a single employer defined benefit plan. The benefits, benefit levels, employee contributions and employer contribution are governed by the City and can be amended by the City through its personnel manual and union contracts. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activity of the plan is reported in the City's governmental activities.

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

**Benefits provided.** The City provides continued health insurance coverage at the active employer rate to all eligible employees. To be eligible for benefits, an employee must qualify for retirement under one of the City's retirement plans.

**Membership.** At December 31, 2013, membership consisted of:

Retirees and beneficiaries currently receiving benefits	153
Terminated employees entitled to benefits but not yet receiving benefits	-
Active vested plan members	681
Active nonvested plan members	443
Total	1,277
Number of participating employers	1

**Funding policy.** For the fiscal year ending December 31, 2013, retirees contributed approximately \$1,032,068. The City is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future. Active employees do not contribute to the plan until retirement.

**Annual OPEB Cost and Net OPEB Obligation.** The City's annual other post-employment benefits (OPEB) cost (expense) for the fiscal year ended December 31, 2013, is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The City's annual OPEB cost is \$1,465,239 for the year ended December 31, 2013. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the past three years was as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2013	\$ 1,465,239	\$ 1,334,362	91.1%	\$ 2,911,392
December 31, 2012	1,490,442	1,334,362	89.5%	2,780,515
December 31, 2011	1,192,203	703,248	60.8%	2,624,435

The net OPEB obligation as of December 31, 2012, was calculated as follows:

Annual Required Contribution	\$ 1,446,702
Interest on Net OPEB Obligation	111,221
Adjustment to Annual Required Contribution	(92,684)
Annual OPEB Cost	1,465,239
Contributions Made	1,334,362
Increase (Decrease) in Net OPEB Obligation	130,877
Net OPEB Obligation Beginning of Year	2,780,515
Net OPEB Obligation End of Year	2,911,392
 Actuarial accrued liability (AAL)	 \$ 19,336,839

**Funded Status and Funding in Process.** The funded status of the plan as of December 31, 2013, was as follows:

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

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Funded ratio (actuarial value of plan assets/AAL)	-
Covered payroll (active plan members)	70,440,671
UAAL as a percentage of covered payroll	27.45%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2013 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 5.0% investment rate of return and an initial healthcare cost trend rate of 8.0% with an ultimate healthcare inflation rate of 6.0%. Both rates include a 3.0% inflation assumption. The actuarial value of assets was not determined as the City has not advanced funded its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2013 was thirty years.

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

**Individual Plan Financial Statements:**

**Statements of Fiduciary Net Position – Pension Trust Funds**  
**December 31, 2013**

	<b>Pension Trust Funds</b>		
	<b>Police Pension</b>	<b>Firefighter's Pension</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 4,456,083	\$ 3,849,250	\$ 8,305,333
Investments			
U.S. Treasury Strips	57,289	1,410,001	1,467,290
U.S. Treasury Notes	4,683,969	12,400,937	17,084,906
U.S. Treasury Bonds	208,406	2,541,316	2,749,722
Government National Mortgage Association	321,278	1,828,326	2,149,604
Federal Home Loan Mortgage Corporation	3,530,644	3,613,816	7,144,460
Federal National Mortgage Association	4,689,592	7,512,753	12,202,345
Federal Farm Credit Bonds	-	1,839,433	1,839,433
State and Local Government Securities	555,424	472,354	1,027,778
Corporate Bonds	13,336,492	14,997,074	28,333,566
Small Cap Equity Common Stocks	12,953,917	13,918,468	26,872,385
Large Cap Equity Common Stocks	-	7,774,559	7,774,559
NTGI Collective Trust	30,078,467	6,732,780	36,811,247
Domestic Mutual Funds	81,195,571	58,539,912	139,735,483
International Mutual Funds	17,629,049	15,228,438	32,857,487
Accrued interest receivable	186,273	313,520	499,793
Contributions receivable	4,606,225	5,654,753	10,260,978
Total assets	178,488,679	158,627,690	337,116,369
<b>LIABILITIES</b>			
Accrued liabilities	58,077	52,725	110,802
<b>NET POSITION</b>			
Held in trust for pension benefits	\$ 178,430,602	\$ 158,574,965	\$ 337,005,567

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

**Statements of Changes in Fiduciary Net Position – Pension Trust Funds**  
**Year Ended December 31, 2013**

	<b>Pension Trust Funds</b>		
	<b>Police Pension</b>	<b>Firefighter's Pension</b>	<b>Total</b>
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 5,369,950	\$ 6,566,720	\$ 11,936,670
Plan member	2,028,926	2,004,009	4,032,935
Total contributions	<u>7,398,876</u>	<u>8,570,729</u>	<u>15,969,605</u>
Investment income:			
Net appreciation in fair value of investments	11,708,810	10,448,711	22,157,521
Interest and dividend income	10,744,690	10,290,813	21,035,503
	22,453,500	20,739,524	43,193,024
Less investment expense	(279,794)	(340,276)	(620,070)
Net investment income	<u>22,173,706</u>	<u>20,399,248</u>	<u>42,572,954</u>
Total additions	<u>29,572,582</u>	<u>28,969,977</u>	<u>58,542,559</u>
<b>DEDUCTIONS</b>			
Pension benefits	13,650,205	14,753,221	28,403,426
Refunds of contributions	14,207	4,574	18,781
Administrative expense	318,047	192,677	510,724
Total deductions	<u>13,982,459</u>	<u>14,950,472</u>	<u>28,932,931</u>
Change in net position	15,590,123	14,019,505	29,609,628
Total net position - beginning	<u>162,840,479</u>	<u>144,555,460</u>	<u>307,395,939</u>
Total net position - ending	<u>\$ 178,430,602</u>	<u>\$ 158,574,965</u>	<u>\$ 337,005,567</u>

**5. Pension plan – discretely presented component unit**

**Rockford Mass Transit District (RMTD)**

**Plan description.** The RMTD contributes to a single-employer public defined benefit retirement plan. RMTD established the plan to provide retirement benefits for employees of the District. The plan is now administered by DiBenedetto & Associates, LTD. RMTD together with employees covered under collective bargaining agreements, has the right at any time and from time to time to amend the Plan. Under the provisions of the Plan, pension benefits vest after five years of full-time employment. Upon retiring at the normal age of sixty-five provided by the Plan, an

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

employee is entitled to receive a monthly benefit payment in the form of a life annuity. Benefits under the Plan are accumulated during each year of service and determined based on compensation level. The Plan does not issue a stand-alone financial report and is not included in the report of another entity.

**Funding policy.** Employer contributions to the Plan are recognized on the accrual basis and are actuarially determined each year. For fiscal year 2013, the required contribution was \$1,040,031 or 19.4% of covered payroll per year. The difference between the contribution made in 2013 and the annual required contribution is due to actual rates of returns on investments lower than the assumed 7.0% rate. The Plan does not allow for employees to make contributions.

**Annual pension cost.** The annual required contributions were determined as part of the July 1, 2012 actuarial valuation using the aggregate actuarial cost funding method which does not identify or separate amortized unfunded actuarial liabilities. Under this method, no unfunded accrued liability is determined. The actuarial assumptions included (a) 7.0% investment rate of return and (b) projected salary increases of 4.00%. The actuarial value of assets is determined using a market approach and the RP2000 Mortality Table. Information about the funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose and that information presented is intended to serve as a surrogate for the funded status and funding progress of the plan.

The net pension asset at June 30, 2013 was \$58,812. It was comprised of the following:

Annual required contribution	\$ 1,040,031
Interest on net pension obligation (7%)	7,119
Adjustment to annual required contribution	<u>(7,659)</u>
Annual pension cost	1,039,491
Annual contribution made	<u>1,200,000</u>
Increase in net pension liability	<u>(160,509)</u>
Net pension liability, beginning of year	101,697
Net pension liability (asset), end of year	<u><u>\$ (58,812)</u></u>

**Three-year trend information for RMTD:**

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2013	\$ 1,039,491	115.44 %	\$ (58,812)
6/30/2012	877,295	107.11	\$ 101,697
6/30/2011	739,273	118.46	\$ 164,041

**6. Other Post-employment Benefit Plan – discretely presented component unit**

The RMTD administers a single-employer defined benefit healthcare plan. The plan provides health insurance contributions for eligible retirees and their spouse through the District's group health insurance plan, which covers both active and retired members. Benefit provisions are established through collective bargaining agreements and state that select eligible retirees (hired before 1993) and their spouses receive lifetime healthcare insurance at established contribution rates. This is commonly referred to as an explicit rate subsidy.

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

Contribution requirements are established through collective bargaining agreements and may be amended only through negotiations between the District and the union. The District makes the same monthly health insurance contribution on behalf of the select retirees as it makes on behalf of all other active employees during that year. The District contributes 100% of the current year premiums for a family and a single plan, respectively, for select eligible retired plan members and their spouses. For fiscal year 2013, the District contributed \$307,935. Remaining plan members receiving benefits contribute 100% of their premium costs for a family plan and a single plan, at the blended rates. Actual contributions are made on a pay-as-you-go basis. Administrative costs of the plan are financed through investment earnings.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for June 30, 2013 is as follow:

Annual required contribution	\$	722,272
Interest on net OPEB obligation		67,365
Adjustment to annual required contribution		<u>(56,797)</u>
Annual OPEB cost		732,840
Contributions made		<u>307,935</u>
Increase in Net OPEB Obligation		424,905
Net OPEB Obligation - beginning of year		<u>1,347,291</u>
Net OPEB Obligation - end of year	\$	<u><u>1,772,196</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 were as follows:

<u>Fiscal Year Eended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2013	\$ 732,840	42.00%	\$ 1,772,196
June 30, 2012	748,632	39.50%	1,347,291
June 30, 2011	651,385	38.50%	894,672

The funded status of the District's plan as of June 30, 2010, the most recent actuarial valuation date, was as follows:

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

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that

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**NOTES TO THE FINANCIAL STATEMENTS, Continued**

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shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the District's actuarial valuation, the unit credit actuarial cost method was used and market rates were used for the asset valuation method. The actuarial assumptions include a 5 percent investment rate of return and an annual healthcare cost trend rate of 9 percent initially, reduced by decrements to an ultimate rate of 5 percent. Both rates include a 2 percent inflation assumption. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at June 30, 2013 was 30 years.

**G. PLEDGES OF RECEIVABLES AND FUTURE REVENUES**

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

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, 2013, amounted to \$37,991,893, of which \$617,696 (or 1.62%) was remitted during the current year or was due to the retailer at the end of the current year, and reported as accounts payable on the statement of net assets.

**H. COMMUNITY DEVELOPMENT GRANTS**

The City is entitled to receive Community Development grants only to the extent that expenditures and encumbrances have been made for approved programs. As of December 31, 2013, the City has \$5,047,690 available to be received in the future under these Community Development Grants in the event qualifying expenditures are made.

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

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**I. SUBSEQUENT EVENTS**

In June of 2014 the City Council approved the issuance of \$15,045,000 General Obligation Bonds (Sales Tax Alternate), Series 2014A, \$5,460,000 General Obligation Bonds Series 2014B, and \$14,505,000 General Obligation Bonds (Sales Tax Alternate), Series 2014C.

The Series 2014A Bonds are being issued to: (1) finance the construction of a new fire station; (2) currently refund all of the City's outstanding General Obligation Bonds Series 2004E and Series 2004F both are sales tax alternate source; (3) advance refund a portion of the City's General Obligation Bonds Series 2005C (Alternate Revenue Source). The obligations are due serially commencing on December 15, 2015 through 2031 and 2034.

The Series 2014B Bonds are being issued to currently refund all of the City's outstanding General Obligation Bonds, Series 2004A and advance refund a portion of the City's outstanding General Obligation Bonds, Series 2005A. . The obligations are due serially commencing on December 15, 2014 through 2018.

The Series 2014C Bonds are being issued to: currently refund all of the City's outstanding Taxable General Obligation Bonds, Series 2004D (sales tax alternate source); advance refund a portion of the City's outstanding Taxable General Obligation Bonds, Series 2005D (sales tax alternate source) and the City's outstanding General Obligation Bonds, Series 2007B (sales tax alternate source). The obligations are due serially commencing on December 15, 2014 through 2027.

**J. FUTURE ACCOUNTING PRONOUNCEMENTS**

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

Statement No. 67, *Financial Reporting for Pension Plans*, issued June 2012, is effective for the City beginning with its year ending December 31, 2014. The objective of this statement is to improve financial reporting by state and local governmental pension plans. This statement replaces GASB statements 25 and 50.

Statement No. 68, *Accounting and Financial Reporting for Pensions*, issued June 2012, is effective for the City beginning with its year ending December 31, 2015. The objective of this statement is to improve accounting and financial reporting by state and local governments for pensions. This Statement replaces GASB statement 27, *Accounting for Pensions by State and Local Governments*.

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

**REQUIRED SUPPLEMENTARY INFORMATION**

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**CITY OF ROCKFORD, ILLINOIS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL - MAJOR FUNDS**  
**GENERAL FUND**

For the Year Ended December 31, 2013  
(Required Supplementary Information)

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 74,162,316	\$ 74,162,316	\$ 74,916,123	\$ 753,807
Licenses and permits	3,781,600	3,781,600	4,080,317	298,717
Intergovernmental	22,380,058	22,380,058	27,761,187	5,381,129
Charges for services	12,776,232	12,776,232	13,123,500	347,268
Fines	1,400,000	1,400,000	1,231,582	(168,418)
Interest	350,000	350,000	(861,061)	(1,211,061)
Miscellaneous	167,800	167,800	916,597	748,797
Total revenues	<u>115,018,006</u>	<u>115,018,006</u>	<u>121,168,245</u>	<u>6,150,239</u>
<b>EXPENDITURES</b>				
Current:				
General government:				
Mayor's office	629,727	629,727	643,476	(13,749)
City Council	576,702	576,702	511,389	65,313
Legal department	1,592,576	1,613,436	1,561,079	52,357
Finance office	5,085,142	4,990,962	5,158,516	(167,554)
Workforce investment board	535,950	535,950	535,374	576
Board of fire and police commission	218,485	192,730	146,851	45,879
Board of election	981,280	981,280	822,420	158,860
Personnel department	709,347	709,347	660,476	48,871
Mass transit subsidy	1,274,000	1,524,000	1,524,000	-
Total general government	<u>11,603,209</u>	<u>11,754,134</u>	<u>11,563,581</u>	<u>190,553</u>
Public safety				
Police department	45,080,662	46,664,662	46,439,332	225,330
Fire department	40,360,278	41,733,671	42,578,673	(845,002)
Public works - traffic	1,980,000	1,980,000	1,971,531	8,469
Construction and Development Services	1,870,903	1,691,903	1,691,518	385
Total public safety	<u>89,291,843</u>	<u>92,070,236</u>	<u>92,681,054</u>	<u>(610,818)</u>
Streets, alleys and bridges				
Administration	361,351	361,351	384,966	(23,615)
Engineering	867,446	867,446	950,057	(82,611)
Street and sewer	9,247,316	9,668,316	9,976,209	(307,893)
Total streets, alleys and bridges	<u>10,476,113</u>	<u>10,897,113</u>	<u>11,311,232</u>	<u>(414,119)</u>
Community development				
Administration	241,417	177,517	198,938	(21,421)
Construction and Development Services	1,177,196	1,194,496	1,197,961	(3,465)
Planning and zoning	527,457	466,357	497,988	(31,631)
Total community development	<u>1,946,070</u>	<u>1,838,370</u>	<u>1,894,887</u>	<u>(56,517)</u>
Sanitation and sewers				
Public works - sewers	577,000	577,000	576,539	461
Total current expenditures	<u>113,894,235</u>	<u>117,136,853</u>	<u>118,027,293</u>	<u>(890,440)</u>
Capital Outlay:				
Public safety				
Police department	752,689	2,295,500	1,383,948	911,552
Fire department	449,001	3,490,528	3,843,630	(353,102)
Total public safety	<u>1,201,690</u>	<u>5,786,028</u>	<u>5,227,578</u>	<u>558,450</u>
Streets, alleys and bridges				
Public Works	385,597	2,360,124	5,310,863	(2,950,739)
Total streets, alleys and bridges	<u>385,597</u>	<u>2,360,124</u>	<u>5,310,863</u>	<u>(2,950,739)</u>
Community development				
Construction and Development Services	23,417	117,680	55,666	62,014
Total public safety	<u>23,417</u>	<u>117,680</u>	<u>55,666</u>	<u>62,014</u>
Total capital expenditures	<u>1,610,704</u>	<u>8,263,832</u>	<u>10,594,107</u>	<u>(2,330,275)</u>
Total expenditures	<u>115,504,939</u>	<u>125,400,685</u>	<u>128,621,400</u>	<u>(3,220,715)</u>
Excess of revenues over (under) expenditures	<u>(486,933)</u>	<u>(10,382,679)</u>	<u>(7,453,155)</u>	<u>2,929,524</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital lease proceeds	-	-	10,580,307	10,580,307
Transfers in	2,387,000	2,387,000	2,345,984	(41,016)
Transfers out	(1,900,867)	(3,216,633)	(3,220,779)	(4,146)
Total other financing sources (uses)	<u>486,133</u>	<u>(829,633)</u>	<u>9,705,512</u>	<u>10,535,145</u>
Net change in fund balance	<u>\$ (800)</u>	<u>\$ (11,212,312)</u>	<u>2,252,357</u>	<u>\$ 13,464,669</u>
Fund balance - beginning			<u>32,168,324</u>	
Fund balance - ending			<u>\$ 34,420,681</u>	

**CITY OF ROCKFORD, ILLINOIS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL - MAJOR FUNDS**  
**PUBLIC LIBRARY FUND**

For the Year Ended December 31, 2013  
(Required Supplementary Information)

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
<b>REVENUES</b>				
Taxes	\$ 7,200,000	\$ 7,200,000	\$ 7,511,337	\$ 311,337
Intergovernmental	910,000	910,000	982,726	72,726
Charges for services	75,500	75,500	71,153	(4,347)
Fines	135,180	135,180	98,759	(36,421)
Interest	7,000	7,000	(208,993)	(215,993)
Miscellaneous	80,750	80,750	92,529	11,779
Total revenues	<u>8,408,430</u>	<u>8,408,430</u>	<u>8,547,511</u>	<u>139,081</u>
<b>EXPENDITURES</b>				
Current - Culture and recreation	7,877,730	7,884,551	7,310,301	574,250
Capital Outlay - Culture and recreation	291,306	436,852	489,531	(52,679)
Total expenditures	<u>8,169,036</u>	<u>8,321,403</u>	<u>7,799,832</u>	<u>521,571</u>
Excess of revenues over (under) expenditures	<u>239,394</u>	<u>87,027</u>	<u>747,679</u>	<u>660,652</u>
<b>OTHER FINANCING USES</b>				
Transfers out	(239,394)	(239,394)	(229,269)	10,125
Total other financing uses	<u>(239,394)</u>	<u>(239,394)</u>	<u>(229,269)</u>	<u>10,125</u>
Net changes in fund balance	<u>\$ -</u>	<u>\$ (152,367)</u>	<u>\$ 518,410</u>	<u>\$ 670,777</u>
Fund balance - beginning			<u>7,859,537</u>	
Fund balance - ending			<u>\$ 8,377,947</u>	

**CITY OF ROCKFORD, ILLINOIS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL - MAJOR FUNDS**  
**COMMUNITY DEVELOPMENT FUND**

For the Year Ended December 31, 2013

(Required Supplementary Information)

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 3,576,431	\$ 3,576,431	\$ 3,013,359	\$ (563,072)
Interest	-	-	26,283	26,283
Miscellaneous	116,500	116,500	96,546	(19,954)
Total revenues	<u>3,692,931</u>	<u>3,692,931</u>	<u>3,136,188</u>	<u>(556,743)</u>
<b>EXPENDITURES</b>				
Current - Community development	2,528,351	2,528,351	2,133,283	395,068
Debt service:				
Principal payments	180,000	180,000	180,000	-
Interest payments	62,013	62,013	62,013	-
Total expenditures	<u>2,770,364</u>	<u>2,770,364</u>	<u>2,375,296</u>	<u>395,068</u>
Excess of revenues over (under) expenditures	<u>922,567</u>	<u>922,567</u>	<u>760,892</u>	<u>(161,675)</u>
<b>OTHER FINANCING USES</b>				
Transfers in	-	-	-	-
Transfers out	(978,980)	(978,980)	(914,484)	64,496
Total other financing uses	<u>(978,980)</u>	<u>(978,980)</u>	<u>(914,484)</u>	<u>64,496</u>
Net changes in fund balance	<u>\$ (56,413)</u>	<u>\$ (56,413)</u>	<u>(153,592)</u>	<u>\$ (97,179)</u>
Fund balance - beginning			<u>986,626</u>	
Fund balance - ending			<u>\$ 833,034</u>	

**CITY OF ROCKFORD, ILLINOIS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL - MAJOR FUNDS**  
**HUMAN SERVICES FUND**

For the Year Ended December 31, 2013  
(Required Supplementary Information)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>REVENUES</b>				
Intergovernmental	\$ 13,630,884	\$ 13,630,884	\$ 16,214,285	\$ 2,583,401
Interest	-	-	(153,766)	(153,766)
Miscellaneous	-	-	-	-
Total revenues	<u>13,630,884</u>	<u>13,630,884</u>	<u>16,060,519</u>	<u>2,429,635</u>
<b>EXPENDITURES</b>				
Current - Public health and welfare	13,707,475	17,160,886	16,010,427	1,150,459
Debt service - Interest and service fees	-	-	-	-
Capital outlay - Public health and welfare	-	53,348	53,348	-
Total expenditures	<u>13,707,475</u>	<u>17,214,234</u>	<u>16,063,775</u>	<u>1,150,459</u>
Excess of revenues over (under) expenditures	<u>(76,591)</u>	<u>(3,583,350)</u>	<u>(3,256)</u>	<u>3,580,094</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balance	<u>\$ (76,591)</u>	<u>\$ (3,583,350)</u>	<u>(3,256)</u>	<u>\$ 3,580,094</u>
Fund balance - beginning			<u>869,243</u>	
Fund balance - ending			<u>\$ 865,987</u>	

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

December 31, 2013

(Required Supplementary Information)

**Illinois Municipal Retirement Fund**

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age	(2)-(1) Unfunded AAL (UAAL)	(1)/(2) Funded Ratio	(3) Covered Payroll	UAAL as a Percentage of Covered Payroll ((2-1)/3)
12/31/2013	\$ 71,760,362	\$ 94,344,966	\$ 22,584,604	76.06 %	\$ 29,270,900	77.16 %
12/31/2012	65,619,123	91,780,581	26,161,458	71.50	28,018,120	93.37
12/31/2011	63,561,565	90,541,030	26,979,465	70.20	28,525,452	94.58
12/31/2010	66,273,409	92,654,543	26,381,134	71.53	30,014,340	87.90
12/31/2009	71,652,490	99,279,370	27,626,880	72.17	33,167,684	83.29
12/31/2008	71,433,001	95,526,894	24,093,893	74.78	31,536,943	76.40

**Police Pension Fund**

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age	(2)-(1) Unfunded AAL (UAAL)	(1)/(2) Funded Ratio	(3) Covered Payroll	UAAL as a Percentage of Covered Payroll ((2-1)/3)
12/31/2013	\$ 178,430,602	\$ 259,311,840	\$ 80,881,238	68.81 %	\$ 20,214,199	400.12 %
12/31/2012	162,840,479	245,782,220	82,941,741	66.25	18,764,470	442.01
12/31/2011	155,807,420	233,497,763	77,690,343	66.73	18,862,464	411.88
12/31/2010	160,191,838	224,136,202	63,944,364	71.47	19,199,670	333.05
12/31/2009	149,757,096	215,470,181	65,713,085	69.50	19,328,358	339.98
12/31/2008	137,508,810	208,039,571	70,530,761	66.10	19,744,695	357.21

**Firefighter's Pension Fund**

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age	(2)-(1) Unfunded AAL (UAAL)	(1)/(2) Funded Ratio	(3) Covered Payroll	UAAL as a Percentage of Covered Payroll ((2-1)/3)
12/31/2013	\$ 158,574,965	\$ 253,194,659	\$ 94,619,694	62.63 %	\$ 20,245,682	467.36 %
12/31/2012	144,555,460	241,525,649	96,970,189	59.85	19,058,989	508.79
12/31/2011	140,569,120	230,421,150	89,852,030	61.01	19,053,834	471.57
12/31/2010	144,554,040	221,270,891	76,716,851	65.33	18,144,029	422.82
12/31/2009	137,818,046	214,739,654	76,921,608	64.18	18,655,815	412.32
12/31/2008	127,654,609	206,921,554	79,266,945	61.69	18,157,179	436.56

**Other Post-Employment Benefits**

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age	(2)-(1) Unfunded AAL (UAAL)	(1)/(2) Funded Ratio	(3) Covered Payroll	UAAL as a Percentage of Covered Payroll ((2-1)/3)
12/31/2013	\$ -	\$ 19,336,839	\$ 19,336,839	- %	\$ 65,841,579	29.37 %
12/31/2012	-	22,030,855	22,030,855	-	65,841,579	33.46
12/31/2011	-	22,030,855	22,030,855	-	66,441,750	33.16
12/31/2010	-	14,941,274	14,941,274	-	67,998,513	21.97
12/31/2009	-	14,941,274	14,941,274	-	71,069,558	21.02

**CITY OF ROCKFORD, ILLINOIS  
EMPLOYER CONTRIBUTIONS**

December 31, 2013  
(Required Supplementary Information)

**Illinois Municipal Retirement Fund**

Actuarial Valuation Date	Annual Required Contribution	Percentage Contributed
12/31/2013	\$ 4,001,332	100.0 %
12/31/2012	3,692,788	100.0
12/31/2011	3,654,110	100.0
12/31/2010	3,760,797	100.0
12/31/2009	3,101,178	100.0
12/31/2008	3,024,393	100.0

**Police Pension Fund**

Actuarial Valuation Date	Annual Required Contribution	Percentage Contributed
12/31/2013	\$ 5,400,921	98.6 %
12/31/2012	5,094,847	87.7
12/31/2011	5,718,953	80.1
12/31/2010	5,900,674	89.6
12/31/2009	3,733,161	104.1
12/31/2008	3,608,547	96.6

**Firefighter's Pension Fund**

Actuarial Valuation Date	Annual Required Contribution	Percentage Contributed
12/31/2013	\$ 6,963,946	93.1 %
12/31/2011	6,413,705	79.2
12/31/2011	7,045,842	74.1
12/31/2010	6,951,034	91.4
12/31/2009	5,634,548	103.1
12/31/2008	5,086,621	96.9

**Other Post-Employment Benefits**

Actuarial Valuation Date	Annual Required Contribution	Percentage Contributed
12/31/2013	\$ 1,465,239	91.1 %
12/31/2012	1,446,702	92.2
12/31/2011	1,192,203	59.0
12/31/2010	1,156,612	19.2

**CITY OF ROCKFORD, ILLINOIS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**I. BUDGETARY INFORMATION**

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

The budget represents departmental appropriations, expenditures and other uses, as authorized by the City's appropriation ordinance and includes revisions authorized by the City Council to reflect changes in departmental programs. All annual appropriations lapse at fiscal year-end.

**II. EXCESS OF ACTUAL EXPENDITURES OVER BUDGET**

For the year ended December 31, 2013, the General Fund and Major Special Revenue funds had excess of actual expenditures and financing uses over budget at the legal level of budgetary control (department level) as follows:

**MAJOR FUNDS:**

General Fund-Current Expenditures	
Mayor's Department	\$ (13,749)
Finance Department	(167,554)
Fire Department	(845,002)
Public works - Administration	(23,615)
Public works - Engineering	(82,611)
Public works - Streets and Sewers	(307,893)
Community Development - Administration	(21,421)
Community Development - Construction and Development Services	(3,465)
Community Development - Planning and Zoning	(31,631)
General Fund-Capital Expenditures	
Fire Department	(353,102)
Public works - Streets and Sewers	(2,950,739)

**III. ILLINOIS MUNICIPAL RETIREMENT FUND**

On a market value basis, the actual value of assets as of December 31, 2013 is \$71,760,362. On a market basis, the funded ratio would be 76.06%.

For the IMRF pension, there were no changes with respect to plan provisions, actuarial methods or actuarial assumptions from the prior year.

**IV. PENSION TRUST**

For the Police and Firefighters' pension funds, there were no changes with respect to plan provisions, actuarial methods or actuarial assumptions from the prior year.



## **OTHER SUPPLEMENTARY INFORMATION**



## **NONMAJOR GOVERNMENTAL FUNDS**

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### **SPECIAL REVENUE FUNDS**

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Combining statements for all individual nonmajor special revenue funds are reported here. The combined totals are reported in the combining nonmajor governmental fund statements at B1 thru B35. Fund statements for major special revenue funds are reported on Pages 19 thru 26 of the basic financial statements.

ROCKFORD TUBERCULOSIS CARE CENTER	To account for services (i.e., tuberculosis shots and examinations) provided by the Health Department to patients. The Tuberculosis Care Center's primary revenue is property taxes.
GARBAGE AND REFUSE	To account for the collection and disposal of garbage and refuse, which are performed on a contractual basis. The two contracts, collection and use of landfill site, are financed by a specific property tax levy and charges for services provided.
MOTOR FUEL TAX	To record the receipt of the City's share of state gasoline taxes. These funds are then transferred to the Capital Improvement Program Fund and used for street maintenance and repairs. State of Illinois law requires separate accounting for such revenues and expenditures.
REDEVELOPMENT	To account for monies deposited in accordance with an intergovernmental agreement between the City and the Rockford Metropolitan Exposition, Auditorium and Office Building Authority. Monies deposited are from a sales tax of one percent upon the retail purchase of food and beverages and the charge for renting a hotel or motel room. These monies are used to cover any debt which has been authorized by the City Council.
TOURISM	To account for revenues provided by the City's four percent motel and hotel tax and related expenditures. The ordinance provides that revenue from the tax shall be used to promote tourism, conventions and other special events within the municipality.
SPECIAL PROJECTS	To account for expenditures on special projects determined annually by the City Council. Financing is provided by the City's proceeds received from the off-track betting establishment located within the City.
VETERAN'S SCHOLARSHIP	To account for receipt of investment earnings on original principal and payment of annual scholarships. The original principal was transferred from the War Memorial Fund.
Rockford Metro Agency for Planning	To account for the revenues and expenditures of a cooperative, comprehensive transportation planning process for the Rockford Urbanized Area. Funding is provided by grants and local matching.
JUSTICE ASSISTANCE GRANT	To account for expenditures for crime prevention and public safety. Financing is provided by a grant from the Federal Government and General Fund.
FLEX CARE	To account for the collection and payment of City employee salaries to the Flexible benefit program, along with administration expenses of the fund.
TAX INCREMENT FINANCING AREAS	To account for the redevelopment costs of each blighted area. Financing is provided from property taxes levied on property within each district, which will increase as a result of the redevelopment and the resulting increase in assessed valuation within the districts.

**CITY OF ROCKFORD, ILLINOIS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
December 31, 2013

	<b>Special Revenue Funds</b>			
	<b>Rockford Tuberculosis Care Center</b>	<b>Garbage and Refuse</b>	<b>Motor Fuel Tax</b>	<b>Redevelopment</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 139,442	\$ 4,861,107	\$ 14,215,396	\$ 891,938
Property taxes receivable, net	159,790	35,338	-	-
Accounts receivable, net	-	424,606	-	394,487
Due from the State of Illinois	-	-	382,537	-
Due from other governmental units	-	-	-	-
Due from other funds	448	15,680	-	2,096
Total assets	<u>299,680</u>	<u>5,336,731</u>	<u>14,597,933</u>	<u>1,288,521</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
None	-	-	-	-
Total deferred outflows of resources	-	-	-	-
Total assets and deferred outflows of resources	<u>299,680</u>	<u>5,336,731</u>	<u>14,597,933</u>	<u>1,288,521</u>
<b>LIABILITIES</b>				
Liabilities:				
Accounts and contracts payable	\$ 28,083	\$ 452,043	\$ -	\$ 25
Accrued payroll and benefits	-	-	-	-
Due to other funds	-	-	5,119,819	-
Total liabilities	<u>28,083</u>	<u>452,043</u>	<u>5,119,819</u>	<u>25</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	159,790	35,338	-	-
Total deferred inflows of resources	<u>159,790</u>	<u>35,338</u>	<u>-</u>	<u>-</u>
Total liabilities and deferred inflows of resource:	<u>187,873</u>	<u>487,381</u>	<u>5,119,819</u>	<u>25</u>
<b>FUND BALANCES (DEFICITS):</b>				
Nonspendable	-	-	-	-
Restricted for:				
Community development	-	-	-	1,288,496
Highway and streets	-	-	9,478,114	-
Assigned for:				
General government	-	-	-	-
Community development	-	4,849,350	-	-
Public health and welfare	111,807	-	-	-
Unassigned	-	-	-	-
Total fund balances (deficits)	<u>111,807</u>	<u>4,849,350</u>	<u>9,478,114</u>	<u>1,288,496</u>
Total liabilities and deferred inflows of resources and fund balance	<u>\$ 299,680</u>	<u>\$ 5,336,731</u>	<u>\$ 14,597,933</u>	<u>\$ 1,288,521</u>

**Special Revenue Funds**

<b>Tourism</b>	<b>Special Projects</b>	<b>RKFD Metro Agency for Planning</b>	<b>Veteran's Scholarship</b>	<b>Justice Assistance Grant</b>	<b>Flex Care</b>
\$ 348,726	\$ 127,922	\$ 473,137	\$ 36,977	\$ -	\$ 180,882
-	-	-	-	-	-
124,567	8,667	-	-	-	-
-	-	202,711	-	-	-
-	-	18,076	-	112,646	-
1,891	411	2,907	119	-	-
475,184	137,000	696,831	37,096	112,646	180,882
-	-	-	-	-	-
475,184	137,000	696,831	37,096	112,646	180,882
\$ 168,274	\$ -	\$ 18,764	\$ -	\$ 110,084	\$ 300
-	-	15,531	-	-	-
-	-	906,284	-	1,880	-
168,274	-	940,579	-	111,964	300
-	-	-	-	-	-
168,274	-	940,579	-	111,964	300
-	-	-	37,096	-	-
306,910	137,000	-	-	682	-
-	-	-	-	-	-
-	-	-	-	-	180,582
-	-	-	-	-	-
-	-	(243,748)	-	-	-
306,910	137,000	(243,748)	37,096	682	180,582
\$ 475,184	\$ 137,000	\$ 696,831	\$ 37,096	\$ 112,646	\$ 180,882

**CITY OF ROCKFORD, ILLINOIS**  
**COMBINING BALANCE SHEET (Continued)**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
December 31, 2013

	Special Revenue Funds					
	Tax Increment Financing Areas					
	East Side	West Side	Seventh Street	South Rockford	Lincolnwood Estates	Springfield Corners
<b>ASSETS</b>						
Cash and cash equivalents	\$ 41,157	\$ 189,907	\$ -	\$ 171,168	\$ 140,447	\$ -
Property taxes receivable, net	302,712	405,085	804,689	107,645	63,404	213,305
Accounts receivable, net	-	-	-	-	-	-
Due from the State of Illinois	-	-	-	-	-	-
Due from other governmental units	-	-	-	-	-	-
Due from other funds	132	609	358	549	451	967
Total assets	344,001	595,601	805,047	279,362	204,302	214,272
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
None	-	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-	-
Total assets and deferred outflows of resources	344,001	595,601	805,047	279,362	204,302	214,272
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>						
Liabilities:						
Accounts and contracts payable	\$ -	\$ -	\$ -	\$ 29,608	\$ -	\$ 1,400,000
Accrued payroll and benefits	-	-	-	-	-	-
Due to other funds	-	-	111,445	-	-	301,121
Total liabilities	-	-	111,445	29,608	-	1,701,121
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue	302,712	405,085	804,689	107,645	63,404	213,305
Total deferred inflows of resources	302,712	405,085	804,689	107,645	63,404	213,305
Total liabilities and deferred inflows of resources	302,712	405,085	916,134	137,253	63,404	1,914,426
<b>FUND BALANCES (DEFICITS):</b>						
Nonspendable	-	-	-	-	-	-
Restricted for:						
Community development	41,289	190,516	-	142,109	140,898	-
Highway and streets	-	-	-	-	-	-
Assigned for:						
General government	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Public health and welfare	-	-	-	-	-	-
Unassigned	-	-	(111,087)	-	-	(1,700,154)
Total fund balances (deficits)	41,289	190,516	(111,087)	142,109	140,898	(1,700,154)
Total liabilities and deferred inflows of resources and fund balance	\$ 344,001	\$ 595,601	\$ 805,047	\$ 279,362	\$ 204,302	\$ 214,272

**Special Revenue Funds**

**Tax Increment Financing Areas**

<b>Rockford Global Trade Park</b>	<b>North Main</b>	<b>Lincolnwood II</b>	<b>River Oaks</b>	<b>Garrison</b>	<b>Hope Six</b>	<b>Kishwaukee</b>	<b>Jackson School</b>
\$ -	\$ -	\$ 51,424	\$ -	\$ -	\$ -	\$ 76,351	\$ -
746,821	53,145	42,437	29,708	60,036	156,973	40,395	41,263
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
151	1,915	165	4,380	1,144	986	245	114
746,972	55,060	94,026	34,088	61,180	157,959	116,991	41,377
-	-	-	-	-	-	-	-
746,972	55,060	94,026	34,088	61,180	157,959	116,991	41,377
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,289	\$ -	\$ -
46,969	596,716	-	1,364,514	356,585	307,027	-	35,637
46,969	596,716	-	1,364,514	356,585	308,316	-	35,637
746,821	53,145	42,437	29,708	60,036	156,973	40,395	41,263
746,821	53,145	42,437	29,708	60,036	156,973	40,395	41,263
793,790	649,861	42,437	1,394,222	416,621	465,289	40,395	76,900
-	-	-	-	-	-	-	-
-	-	51,589	-	-	-	76,596	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(46,818)	(594,801)	-	(1,360,134)	(355,441)	(307,330)	-	(35,523)
(46,818)	(594,801)	51,589	(1,360,134)	(355,441)	(307,330)	76,596	(35,523)
\$ 746,972	\$ 55,060	\$ 94,026	\$ 34,088	\$ 61,180	\$ 157,959	\$ 116,991	\$ 41,377

**CITY OF ROCKFORD, ILLINOIS**  
**COMBINING BALANCE SHEET (Continued)**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
December 31, 2013

	Special Revenue Funds					
	Tax Increment Financing Areas					
	Preston/ Central	North Main & Auburn	East State & Alpine	West State & Central	West State & Kilburn	West Side II
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ 77,806	\$ 377,773	\$ 20,902	\$ 35,639	\$ 10,018
Property taxes receivable, net	75,226	5,350	120,399	68,526	7,253	1,459
Accounts receivable, net	-	-	-	-	-	-
Due from the State of Illinois	-	-	-	-	-	-
Due from other governmental units	-	-	-	-	-	-
Due from other funds	4,372	250	1,213	67	114	32
Total assets	79,598	83,406	499,385	89,495	43,006	11,509
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
None	-	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-	-
Total assets and deferred outflows of resources	79,598	83,406	499,385	89,495	43,006	11,509
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>						
<b>Liabilities:</b>						
Accounts and contracts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and benefits	-	-	-	-	-	-
Due to other funds	1,362,117	-	-	-	-	-
Total liabilities	1,362,117	-	-	-	-	-
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue	75,226	5,350	120,399	68,526	7,253	1,459
Total deferred inflows of resources	75,226	5,350	120,399	68,526	7,253	1,459
Total liabilities and deferred inflows of resource	1,437,343	5,350	120,399	68,526	7,253	1,459
<b>FUND BALANCES (DEFICITS):</b>						
Nonspendable	-	-	-	-	-	-
Restricted for:						
Community development	-	78,056	378,986	20,969	35,753	10,050
Highway and streets	-	-	-	-	-	-
Assigned for:						
General government	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Public health and welfare	-	-	-	-	-	-
Unassigned	(1,357,745)	-	-	-	-	-
Total fund balances (deficits)	(1,357,745)	78,056	378,986	20,969	35,753	10,050
Total liabilities and deferred inflows of resources and fund balance	\$ 79,598	\$ 83,406	\$ 499,385	\$ 89,495	\$ 43,006	\$ 11,509

**Special Revenue Funds**

**Tax Increment Financing Areas**

<b>Rockford Global Trade Park II</b>	<b>River North</b>	<b>North Main and Whitman</b>	<b>East River</b>	<b>Assisted Living</b>	<b>Midtown</b>	<b>Kishwaukee Harrison II</b>
\$ 172,523	\$ 127,276	\$ -	\$ -	\$ 216	\$ 51,775	\$ 568
242,855	58,906	26,425	128,871	-	13,883	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
554	408	1,341	146	-	166	2
415,932	186,590	27,766	129,017	216	65,824	570
-	-	-	-	-	-	-
415,932	186,590	27,766	129,017	216	65,824	570
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	417,633	45,548	-	-	-
-	-	417,633	45,548	-	-	-
242,855	58,906	26,425	128,871	-	13,883	-
242,855	58,906	26,425	128,871	-	13,883	-
242,855	58,906	444,058	174,419	-	13,883	-
-	-	-	-	-	-	-
173,077	127,684	-	-	216	51,941	570
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	(416,292)	(45,402)	-	-	-
173,077	127,684	(416,292)	(45,402)	216	51,941	570
\$ 415,932	\$ 186,590	\$ 27,766	\$ 129,017	\$ 216	\$ 65,824	\$ 570

**CITY OF ROCKFORD, ILLINOIS**  
**COMBINING BALANCE SHEET (Continued)**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
December 31, 2013

	Special Revenue Funds						Total
	Tax Increment Financing Areas						
	Rockford Global Trade Park III	Broadway	Rockford Global Trade Park South	Jefferson and Third Street	Mulford and State		
<b>ASSETS</b>							
Cash and cash equivalents	\$ 45,067	\$ 66,712	\$ 7,226	\$ 4,561	\$ 3,407	\$	22,947,450
Property taxes receivable, net	21,048	18,652	7,993	14,134	136,054		4,209,780
Accounts receivable, net	-	-	-	-	-		952,327
Due from the State of Illinois	-	-	-	-	-		585,248
Due from other governmental units	-	-	-	-	-		130,722
Due from other funds	144	214	-	29	22		44,792
Total assets	66,259	85,578	15,219	18,724	139,483		28,870,319
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
None	-	-	-	-	-		-
Total deferred outflows of resources	-	-	-	-	-		-
Total assets and deferred outflows of resources	66,259	85,578	15,219	18,724	139,483		28,870,319
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>							
Liabilities:							
Accounts and contracts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$	2,208,470
Accrued payroll and benefits	-	-	-	-	-		15,531
Due to other funds	-	-	2	-	-		10,973,297
Total liabilities	-	-	2	-	-		13,197,298
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenue	21,048	18,652	7,993	14,134	136,054		4,209,780
Total deferred inflows of resources	21,048	18,652	7,993	14,134	136,054		4,209,780
Total liabilities and deferred inflows of resources	21,048	18,652	7,995	14,134	136,054		17,407,078
<b>FUND BALANCES (DEFICITS):</b>							
Nonspendable	-	-	-	-	-		37,096
Restricted for:							
Community development	45,211	66,926	7,224	4,590	3,429		3,380,767
Highway and streets	-	-	-	-	-		9,478,114
Assigned for:							
General government	-	-	-	-	-		180,582
Community development	-	-	-	-	-		4,849,350
Public health and welfare	-	-	-	-	-		111,807
Unassigned	-	-	-	-	-		(6,574,475)
Total fund balances (deficits)	45,211	66,926	7,224	4,590	3,429		11,463,241
Total liabilities and deferred inflows of resources and fund balance	\$ 66,259	\$ 85,578	\$ 15,219	\$ 18,724	\$ 139,483	\$	28,870,319

(Concluded)



**CITY OF ROCKFORD, ILLINOIS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended December 31, 2013

	<b>Special Revenue Funds</b>			
	<b>Rockford Tuberculosis Care Center</b>	<b>Garbage and Refuse</b>	<b>Motor Fuel Tax</b>	<b>Redevelopment</b>
<b>REVENUES</b>				
Taxes	\$ 159,659	\$ 35,655	\$ -	\$ 4,015,535
Licenses and permits	-	-	-	-
Intergovernmental	-	-	4,393,002	-
Charges for services	-	9,188,324	-	-
Interest	(4,858)	(144,018)	3,787	(18,844)
Miscellaneous	-	-	-	675
Total revenues	<u>154,801</u>	<u>9,079,961</u>	<u>4,396,789</u>	<u>3,997,366</u>
<b>EXPENDITURES</b>				
Current:				
Public Safety	-	-	-	-
Community development	-	-	-	1,047,860
Sanitation and sewers	-	9,271,680	-	-
Public health and welfare	206,205	-	-	-
Total current expenditures	<u>206,205</u>	<u>9,271,680</u>	<u>-</u>	<u>1,047,860</u>
Debt service				
Principal payments	-	-	-	209,449
Interest and fiscal charges	-	-	-	67,010
Total expenditures	<u>206,205</u>	<u>9,271,680</u>	<u>-</u>	<u>1,324,319</u>
Excess of revenues over (under) expenditures	<u>(51,404)</u>	<u>(191,719)</u>	<u>4,396,789</u>	<u>2,673,047</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	446,919	-
Transfers out	-	-	(5,038,972)	(1,022,060)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(4,592,053)</u>	<u>(1,022,060)</u>
Net change in fund balances	<u>(51,404)</u>	<u>(191,719)</u>	<u>(195,264)</u>	<u>1,650,987</u>
Fund balances (deficits) - beginning	<u>163,211</u>	<u>5,041,069</u>	<u>9,673,378</u>	<u>(362,491)</u>
Fund balances (deficits) - ending	<u>\$ 111,807</u>	<u>\$ 4,849,350</u>	<u>\$ 9,478,114</u>	<u>\$ 1,288,496</u>

**Special Revenue Funds**

<b>Tourism</b>	<b>Special Projects</b>	<b>RKFD Metro Agency for Planning</b>	<b>Veteran's Scholarship</b>	<b>Justice Assistance Grant</b>	<b>Flex Care</b>
\$ 1,545,509	\$ -	\$ -	\$ -	\$ -	\$ -
-	115,405	-	-	-	-
-	-	969,270	-	255,403	-
(11,523)	(2,210)	(15,196)	(1,073)	-	-
1,533,986	113,195	954,074	(1,073)	255,403	28,602
-	-	-	-	255,403	-
1,532,095	50,000	1,198,849	3,000	-	-
-	-	-	-	-	-
1,532,095	50,000	1,198,849	3,000	255,403	-
-	-	-	-	-	-
1,532,095	50,000	1,198,849	3,000	255,403	-
1,891	63,195	(244,775)	(4,073)	-	28,602
-	-	76,292	-	-	-
-	-	(12,600)	-	-	-
-	-	63,692	-	-	-
1,891	63,195	(181,083)	(4,073)	-	28,602
305,019	73,805	(62,665)	41,169	682	151,980
\$ 306,910	\$ 137,000	\$ (243,748)	\$ 37,096	\$ 682	\$ 180,582

**CITY OF ROCKFORD, ILLINOIS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES (Continued)**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended December 31, 2013

	Special Revenue Funds				
	Tax Increment Financing Areas				
	East Side	West Side	Seventh Street	South Rockford	Lincolnwood Estates
<b>REVENUES</b>					
Taxes	\$ 312,764	\$ 414,190	\$ 838,943	\$ 117,355	\$ 74,055
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Interest	(1,680)	(2,355)	(2,912)	(2,909)	(3,925)
Miscellaneous	-	2,900	2,000	-	-
Total revenues	<u>311,084</u>	<u>414,735</u>	<u>838,031</u>	<u>114,446</u>	<u>70,130</u>
<b>EXPENDITURES</b>					
Current:					
Public Safety	-	-	-	-	-
Community development	73,608	202,021	68,991	29,608	-
Sanitation and sewers	-	-	-	-	-
Public health and welfare	-	-	-	-	-
Total current expenditures	<u>73,608</u>	<u>202,021</u>	<u>68,991</u>	<u>29,608</u>	<u>-</u>
Debt service					
Principal payments	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>73,608</u>	<u>202,021</u>	<u>68,991</u>	<u>29,608</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>237,476</u>	<u>212,714</u>	<u>769,040</u>	<u>84,838</u>	<u>70,130</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	300,000	50,000	100,000	-
Transfers out	(325,000)	(400,000)	(964,560)	(99,800)	(91,688)
Total other financing sources (uses)	<u>(325,000)</u>	<u>(100,000)</u>	<u>(914,560)</u>	<u>200</u>	<u>(91,688)</u>
Net change in fund balances	<u>(87,524)</u>	<u>112,714</u>	<u>(145,520)</u>	<u>85,038</u>	<u>(21,558)</u>
Fund balances (deficits) - beginning	<u>128,813</u>	<u>77,802</u>	<u>34,433</u>	<u>57,071</u>	<u>162,456</u>
Fund balances (deficits) - ending	<u>\$ 41,289</u>	<u>\$ 190,516</u>	<u>\$ (111,087)</u>	<u>\$ 142,109</u>	<u>\$ 140,898</u>

**Special Revenue Funds**

**Tax Increment Financing Areas**

<b>Springfield Corners</b>	<b>Rockford Global Trade Park</b>	<b>North Main</b>	<b>Lincolnwood II</b>	<b>River Oaks</b>	<b>Garrison</b>	<b>Hope Six</b>	<b>Kishwaukee Harrison</b>
\$ 205,737	\$ 730,303	\$ 65,999	\$ 46,503	\$ 40,250	\$ 73,598	\$ 158,512	\$ 45,498
-	-	-	-	-	-	-	-
(6,433)	(3,101)	(11,760)	(1,632)	(26,548)	(7,023)	(5,916)	(2,190)
199,304	727,202	54,239	44,871	13,702	66,575	152,596	43,308
-	-	-	-	-	-	-	-
1,400,000	132,922	-	-	-	-	-	34,200
-	-	-	-	-	-	-	-
1,400,000	132,922	-	-	-	-	-	34,200
-	-	-	-	-	-	-	-
1,400,000	132,922	-	-	-	-	-	34,200
(1,200,696)	594,280	54,239	44,871	13,702	66,575	152,596	9,108
200,000	-	-	-	-	-	-	-
(439,687)	(783,513)	(160,962)	(71,631)	(299,588)	(164,463)	(248,813)	-
(239,687)	(783,513)	(160,962)	(71,631)	(299,588)	(164,463)	(248,813)	-
(1,440,383)	(189,233)	(106,723)	(26,760)	(285,886)	(97,888)	(96,217)	9,108
(259,771)	142,415	(488,078)	78,349	(1,074,248)	(257,553)	(211,113)	67,488
\$ (1,700,154)	\$ (46,818)	\$ (594,801)	\$ 51,589	\$ (1,360,134)	\$ (355,441)	\$ (307,330)	\$ 76,596

**CITY OF ROCKFORD, ILLINOIS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended December 31, 2013

**Special Revenue Funds**

**Tax Increment Financing Areas**

	<b>Jackson School</b>	<b>Preston/ Central</b>	<b>North Main &amp; Auburn</b>	<b>East State &amp; Alpine</b>	<b>West State &amp; Central</b>
<b>REVENUES</b>					
Taxes	\$ 55,067	\$ 75,570	\$ 6,398	\$ 135,312	\$ 103,036
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Interest	(496)	(28,348)	(2,103)	(9,014)	(1,243)
Miscellaneous	-	-	-	-	-
Total revenues	54,571	47,222	4,295	126,298	101,793
<b>EXPENDITURES</b>					
Current:					
Public Safety	-	-	-	-	-
Community development	25,234	-	-	115,632	-
Sanitation and sewers	-	-	-	-	-
Public health and welfare	-	-	-	-	-
Total current expenditures	25,234	-	-	115,632	-
Debt service					
Principal payments	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	25,234	-	-	115,632	-
Excess of revenues over (under) expenditures	29,337	47,222	4,295	10,666	101,793
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	-
Transfers out	(94,687)	(91,862)	-	(40,000)	(200,000)
Total other financing sources (uses)	(94,687)	(91,862)	-	(40,000)	(200,000)
Net change in fund balances	(65,350)	(44,640)	4,295	(29,334)	(98,207)
Fund balances - beginning	29,827	(1,313,105)	73,761	408,320	119,176
Fund balances - ending	\$ (35,523)	\$ (1,357,745)	\$ 78,056	\$ 378,986	\$ 20,969

**Special Revenue Funds**

**Tax Increment Financing Areas**

<b>West State &amp; Kilburn</b>	<b>West Side II</b>	<b>Rockford Global Trade Park II</b>	<b>River North</b>	<b>North Main and Whitman</b>	<b>East River</b>	<b>Assisted Living</b>	<b>Midtown</b>
\$ 8,089	\$ 2,415	\$ 179,139	\$ 33,529	\$ 32,690	\$ 79,590	\$ -	\$ 18,163
-	-	-	-	-	-	-	-
(845)	(315)	(3,982)	(3,556)	(8,644)	(1,430)	(2)	(1,160)
7,244	5,148	175,157	29,973	24,046	78,160	(2)	17,003
-	-	-	-	-	-	-	-
-	-	26,424	11,410	-	9,601	-	-
-	-	-	-	-	-	-	-
-	-	26,424	11,410	-	9,601	-	-
-	-	-	-	-	-	-	-
-	-	26,424	11,410	-	9,601	-	-
7,244	5,148	148,733	18,563	24,046	68,559	(2)	17,003
-	-	-	-	-	100,000	-	-
-	-	-	(17,212)	(95,910)	(142,125)	-	-
-	-	-	(17,212)	(95,910)	(42,125)	-	-
7,244	5,148	148,733	1,351	(71,864)	26,434	(2)	17,003
28,509	4,902	24,344	126,333	(344,428)	(71,836)	218	34,938
\$ 35,753	\$ 10,050	\$ 173,077	\$ 127,684	\$ (416,292)	\$ (45,402)	\$ 216	\$ 51,941

**CITY OF ROCKFORD, ILLINOIS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES (Continued)**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended December 31, 2013

**Special Revenue Funds**

**Tax Increment Financing Areas**

	<b>Kishwaukee Harrison II</b>	<b>Rockford Global Trade Park III</b>	<b>Broadway</b>	<b>Rockford Global Trade Park South</b>	<b>Jefferson and Third Street</b>	<b>Mulford and State</b>	<b>Total</b>
<b>REVENUES</b>							
Taxes	\$ -	\$ 24,710	\$ 25,623	\$ 4,990	\$ 4,622	\$ 3,461	\$ 9,672,469
Licenses and permits	-	-	-	-	-	-	115,405
Intergovernmental	-	-	-	-	-	-	5,617,675
Charges for services	-	-	-	-	-	-	9,188,324
Interest	(13)	(1,029)	(1,412)	(140)	(32)	(32)	(336,115)
Miscellaneous	-	-	-	-	-	-	37,225
Total revenues	(13)	23,681	24,211	4,850	4,590	3,429	24,294,983
<b>EXPENDITURES</b>							
Current:							
Public Safety	-	-	-	-	-	-	255,403
Community development	-	-	-	-	-	-	5,961,455
Sanitation and sewers	-	-	-	-	-	-	9,271,680
Public health and welfare	-	-	-	-	-	-	206,205
Total current expenditures	-	-	-	-	-	-	15,694,743
Debt service							
Principal payments	-	-	-	-	-	-	209,449
Interest and fiscal charges	-	-	-	-	-	-	67,010
Total expenditures	-	-	-	-	-	-	15,971,202
Excess of revenues over (under) expenditures	(13)	23,681	24,211	4,850	4,590	3,429	8,323,781
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	-	-	-	-	-	-	1,273,211
Transfers out	-	-	-	-	-	-	(10,805,133)
Total other financing sources (uses)	-	-	-	-	-	-	(9,531,922)
Net change in fund balances	(13)	23,681	24,211	4,850	4,590	3,429	(1,208,141)
Fund balances - beginning	583	21,530	42,715	2,374	-	-	12,671,382
Fund balances - ending	\$ 570	\$ 45,211	\$ 66,926	\$ 7,224	\$ 4,590	\$ 3,429	\$ 11,463,241

(Concluded)



**CITY OF ROCKFORD, ILLINOIS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**NONMAJOR SPECIAL REVENUE FUNDS**

For the Year Ended December 31, 2013

	Rockford Tuberculosis Care Center Fund				Garbage and Refuse Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
<b>REVENUES</b>								
Taxes - Property	\$ 166,617	\$ 166,617	\$ 159,659	\$ (6,958)	\$ 21,000	\$ 21,000	\$ 35,655	\$ 14,655
Charges for services	-	-	-	-	9,371,900	9,371,900	9,188,324	(183,576)
Interest	2,000	2,000	(4,858)	(6,858)	42,900	42,900	(144,018)	(186,918)
Total revenues	168,617	168,617	154,801	(13,816)	9,435,800	9,435,800	9,079,961	(355,839)
<b>EXPENDITURES</b>								
Current:								
Sanitation and sewers	-	-	-	-	9,690,746	9,690,746	9,271,680	419,066
Public health and welfare	168,300	168,300	206,205	(37,905)	-	-	-	-
Total current expenditures	168,300	168,300	206,205	(37,905)	9,690,746	9,690,746	9,271,680	419,066
Excess of revenues over (under) expenditures	317	317	(51,404)	(51,721)	(254,946)	(254,946)	(191,719)	63,227
<b>OTHER FINANCING (USES)</b>								
Transfers out	-	-	-	-	-	-	-	-
Net change in fund balance	\$ 317	\$ 317	(51,404)	\$ (51,721)	\$ (254,946)	\$ (254,946)	(191,719)	\$ 63,227
Fund balance - beginning			163,211				5,041,069	
Fund balance - ending			<u>\$ 111,807</u>				<u>\$ 4,849,350</u>	

(Continued)

**CITY OF ROCKFORD, ILLINOIS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)**  
**NONMAJOR SPECIAL REVENUE FUNDS**

For the Year Ended December 31, 2013

	Motor Fuel Tax Fund				Redevelopment Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
<b>REVENUES</b>								
Taxes - Sales tax	\$ -	\$ -	\$ -	\$ -	\$ 3,710,600	\$ 3,710,600	\$ 4,015,535	\$ 304,935
Intergovernmental	4,300,000	4,300,000	4,393,002	93,002	-	-	-	-
Interest	229,000	229,000	3,787	(225,213)	425,000	425,000	(18,844)	(443,844)
Miscellaneous	-	-	-	-	-	-	675	675
Total revenues	4,529,000	4,529,000	4,396,789	(132,211)	4,135,600	4,135,600	3,997,366	(138,234)
<b>EXPENDITURES</b>								
Current:								
Community development	-	-	-	-	2,030,978	1,496,678	1,047,860	448,818
Total current expenditures	-	-	-	-	2,030,978	1,496,678	1,047,860	448,818
Debt service								
Principal payments	-	-	-	-	210,000	210,000	209,449	551
Interest and fiscal charges	-	-	-	-	70,000	70,000	67,010	2,990
Total current expenditures	-	-	-	-	2,310,978	1,776,678	1,324,319	452,359
Excess of revenues over (under) expenditures	4,529,000	4,529,000	4,396,789	(132,211)	1,824,622	2,358,922	2,673,047	314,125
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	446,919	446,919	-	-	-	-
Transfers out	(4,200,000)	(4,200,000)	(5,038,972)	(838,972)	(1,022,061)	(1,022,061)	(1,022,060)	1
Total other financing sources (uses)	(4,200,000)	(4,200,000)	(4,592,053)	(392,053)	(1,022,061)	(1,022,061)	(1,022,060)	1
Net change in fund balance	\$ 329,000	\$ 329,000	(195,264)	\$ (524,264)	\$ 802,561	\$ 1,336,861	1,650,987	\$ 314,126
Fund balance - beginning			9,673,378				(362,491)	
Fund balance - ending			<u>\$ 9,478,114</u>				<u>\$ 1,288,496</u>	

(Continued)

**CITY OF ROCKFORD, ILLINOIS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)**  
**NONMAJOR SPECIAL REVENUE FUNDS**

For the Year Ended December 31, 2013

	Tourism Fund				Special Projects Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
<b>REVENUES</b>								
Taxes - Sales tax	\$ 1,790,000	\$ 1,790,000	\$ 1,545,509	\$ (244,491)	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	75,000	75,000	115,405	40,405
Interest	-	-	(11,523)	(11,523)	-	-	(2,210)	(2,210)
Total revenues	1,790,000	1,790,000	1,533,986	(256,014)	75,000	75,000	113,195	38,195
<b>EXPENDITURES</b>								
Current:								
Community development	1,790,000	1,790,000	1,532,095	257,905	75,000	75,000	50,000	25,000
Total current expenditures	1,790,000	1,790,000	1,532,095	257,905	75,000	75,000	50,000	25,000
Excess of revenues over (under) expenditures	-	-	1,891	1,891	-	-	63,195	63,195
<b>OTHER FINANCING (USES)</b>								
Transfers out	-	-	-	-	-	-	-	-
Net change in fund balance	\$ -	\$ -	1,891	\$ 1,891	\$ -	\$ -	63,195	\$ 63,195
Fund balance (deficit) - beginning			305,019				73,805	
Fund balance (deficit) - ending			<u>\$ 306,910</u>				<u>\$ 137,000</u>	

(Continued)

**CITY OF ROCKFORD, ILLINOIS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
For the Year Ended December 31, 2013

	<b>RKFD Metro Agency for Planning Fund</b>			<b>Variance with Final Budget- Positive (Negative)</b>
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	
<b>REVENUES</b>				
Intergovernmental	\$ 933,292	\$ 933,262	\$ 969,270	\$ 36,008
Interest	-	-	(15,196)	(15,196)
Total revenues	<u>933,292</u>	<u>933,262</u>	<u>954,074</u>	<u>20,812</u>
<b>EXPENDITURES</b>				
Current:				
Community development	877,710	877,710	1,198,849	(321,139)
Total current expenditures	<u>877,710</u>	<u>877,710</u>	<u>1,198,849</u>	<u>(321,139)</u>
Debt service - interest and fiscal charges	-	-	-	-
Total expenditures	<u>877,710</u>	<u>877,710</u>	<u>1,198,849</u>	<u>(321,139)</u>
Excess of revenues over (under) expenditures	<u>55,582</u>	<u>55,552</u>	<u>(244,775)</u>	<u>(300,327)</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	76,292	76,292	76,292	-
Transfers out	(12,600)	(12,600)	(12,600)	-
Total other financing sources (uses)	<u>63,692</u>	<u>63,692</u>	<u>63,692</u>	<u>-</u>
Net change in fund balance	<u>\$ 119,274</u>	<u>\$ 119,244</u>	<u>(181,083)</u>	<u>\$ (300,327)</u>
Fund balance - beginning			(62,665)	
Fund balance - ending			<u>\$ (243,748)</u>	

(Continued)

**CITY OF ROCKFORD, ILLINOIS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
For the Year Ended December 31, 2013

	Tax Increment Financing Area East Side Fund				Tax Increment Financing Area West Side Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
<b>REVENUES</b>								
Taxes - Property	\$ 350,103	\$ 350,103	\$ 312,764	\$ (37,339)	\$ 444,888	\$ 444,888	\$ 414,190	\$ (30,698)
Intergovernmental	-	-	-	-	-	-	-	-
Interest	600	600	(1,680)	(2,280)	-	-	(2,355)	(2,355)
Miscellaneous	-	-	-	-	-	-	2,900	2,900
Total revenues	<u>350,703</u>	<u>350,703</u>	<u>311,084</u>	<u>(39,619)</u>	<u>444,888</u>	<u>444,888</u>	<u>414,735</u>	<u>(30,153)</u>
<b>EXPENDITURES</b>								
Current:								
Community development	80,000	80,000	73,608	6,392	237,299	235,999	202,021	33,978
Total expenditures	<u>80,000</u>	<u>80,000</u>	<u>73,608</u>	<u>6,392</u>	<u>237,299</u>	<u>235,999</u>	<u>202,021</u>	<u>33,978</u>
Excess of revenues over (under) expenditures	<u>270,703</u>	<u>270,703</u>	<u>237,476</u>	<u>(33,227)</u>	<u>207,589</u>	<u>208,889</u>	<u>212,714</u>	<u>3,825</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	-	-	300,000	300,000	300,000	-
Transfers out	(325,000)	(325,000)	(325,000)	-	(500,000)	(400,000)	(400,000)	-
Total other financing sources (uses)	<u>(325,000)</u>	<u>(325,000)</u>	<u>(325,000)</u>	<u>-</u>	<u>(200,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ (54,297)</u>	<u>\$ (54,297)</u>	<u>(87,524)</u>	<u>\$ (33,227)</u>	<u>\$ 7,589</u>	<u>\$ 108,889</u>	<u>112,714</u>	<u>\$ 3,825</u>
Fund balance (deficit) - beginning			128,813				77,802	
Fund balance (deficit) - ending			<u>\$ 41,289</u>				<u>\$ 190,516</u>	

(Continued)

**CITY OF ROCKFORD, ILLINOIS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
For the Year Ended December 31, 2013

**Tax Increment Financing Area**  
**Seventh Street Fund**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget- Positive (Negative)</b>
<b>REVENUES</b>				
Taxes - Property	\$ 986,094	\$ 986,094	\$ 838,943	\$ (147,151)
Interest	-	-	(2,912)	(2,912)
Miscellaneous	-	-	2,000	2,000
Total revenues	986,094	986,094	838,031	(148,063)
<b>EXPENDITURES</b>				
Current:				
Community development	52,300	52,300	68,991	(16,691)
Total expenditures	52,300	52,300	68,991	(16,691)
Excess of revenues over (under) expenditures	933,794	933,794	769,040	(164,754)
<b>OTHER FINANCING (USES)</b>				
Transfers in	50,000	50,000	50,000	-
Transfers out	(992,728)	(1,046,128)	(964,560)	81,568
Total other financing sources (uses)	(942,728)	(996,128)	(914,560)	81,568
Net change in fund balance	\$ (8,934)	\$ (62,334)	\$ (145,520)	\$ (83,186)
Fund balance - beginning			34,433	
Fund balance (deficit) - ending			\$ (111,087)	

(Continued)

**CITY OF ROCKFORD, ILLINOIS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)**  
**NONMAJOR SPECIAL REVENUE FUNDS**

For the Year Ended December 31, 2013

	Tax Increment Financing Area South Rockford Fund				Tax Increment Financing Area Lincolnwood Estates Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
<b>REVENUES</b>								
Taxes - Property	\$ 133,370	\$ 133,370	\$ 117,355	\$ (16,015)	\$ 80,656	\$ 80,656	\$ 74,055	\$ (6,601)
Interest	-	-	(2,909)	(2,909)	4,140	4,140	(3,925)	(8,065)
Total revenues	133,370	133,370	114,446	(18,924)	84,796	84,796	70,130	(14,666)
<b>EXPENDITURES</b>								
Current:								
Community development	31,107	35,599	29,608	5,991	-	-	-	-
Excess of revenues over (under) expenditures	102,263	97,771	84,838	(12,933)	84,796	84,796	70,130	(14,666)
<b>OTHER FINANCING (USES)</b>								
Transfers in	100,000	100,000	100,000	-	-	-	-	-
Transfers out	(358,518)	(99,800)	(99,800)	-	(91,688)	(91,688)	(91,688)	-
Total other financing sources (uses)	(258,518)	200	200	-	(91,688)	(91,688)	(91,688)	-
Net change in fund balance	\$ (156,255)	\$ 97,971	85,038	\$ (12,933)	\$ (6,892)	\$ (6,892)	(21,558)	\$ (14,666)
Fund balance (deficit) - beginning			57,071				162,456	
Fund balance (deficit) - ending			<u>\$ 142,109</u>				<u>\$ 140,898</u>	

(Continued)

**CITY OF ROCKFORD, ILLINOIS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
For the Year Ended December 31, 2013

	Tax Increment Financing Area Springfield Corners Fund				Tax Increment Financing Area Rockford Global Trade Park Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
<b>REVENUES</b>								
Taxes - Property	\$ 188,241	\$ 188,241	\$ 205,737	\$ 17,496	\$ 766,100	\$ 766,100	\$ 730,303	\$ (35,797)
Interest	-	-	(6,433)	(6,433)	9,014	9,014	(3,101)	(12,115)
Total revenues	188,241	188,241	199,304	11,063	775,114	775,114	727,202	(47,912)
<b>EXPENDITURES</b>								
Current:								
Community development	-	-	1,400,000	(1,400,000)	50,000	50,000	132,922	(82,922)
Total current expenditures	-	-	1,400,000	(1,400,000)	50,000	50,000	132,922	(82,922)
Debt service - interest and fiscal charges	6,767	6,767	-	6,767	-	-	-	-
Total expenditures	6,767	6,767	1,400,000	(1,393,233)	50,000	50,000	132,922	(82,922)
Excess of revenues over (under) expenditures	181,474	181,474	(1,200,696)	(1,382,170)	725,114	725,114	594,280	(130,834)
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	200,000	200,000	200,000	-	-	-	-	-
Transfers out	(456,072)	(439,687)	(439,687)	-	(783,513)	(774,488)	(783,513)	(9,025)
Total other financing sources (uses)	(256,072)	(239,687)	(239,687)	-	(783,513)	(774,488)	(783,513)	(9,025)
Net change in fund balance	\$ (74,598)	\$ (58,213)	(1,440,383)	\$ (1,382,170)	\$ (58,399)	\$ (49,374)	(189,233)	\$ (139,859)
Fund balance (deficit) - beginning			(259,771)				142,415	
Fund balance (deficit) - ending			\$ (1,700,154)				\$ (46,818)	

(Continued)

**CITY OF ROCKFORD, ILLINOIS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)**  
**NONMAJOR SPECIAL REVENUE FUNDS**

For the Year Ended December 31, 2013

	Tax Increment Financing Area North Main Fund				Tax Increment Financing Area Lincolnwood II Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
<b>REVENUES</b>								
Taxes - Property	\$ 75,700	\$ 75,700	\$ 65,999	\$ (9,701)	\$ 50,361	\$ 50,361	\$ 46,503	\$ (3,858)
Interest	-	-	(11,760)	(11,760)	1,986	1,986	(1,632)	(3,618)
Total revenues	75,700	75,700	54,239	(21,461)	52,347	52,347	44,871	(7,476)
<b>EXPENDITURES</b>								
Debt service - interest and fiscal charges	12,299	12,299	-	12,299	-	-	-	-
Total expenditures	12,299	12,299	-	12,299	-	-	-	-
Excess of revenues over (under) expenditures	63,401	63,401	54,239	(9,162)	52,347	52,347	44,871	(7,476)
<b>OTHER FINANCING (USES)</b>								
Transfers out	(160,963)	(160,963)	(160,962)	1	(71,631)	(71,631)	(71,631)	-
Total other financing sources (uses)	(160,963)	(160,963)	(160,962)	1	(71,631)	(71,631)	(71,631)	-
Net change in fund balance	\$ (97,562)	\$ (97,562)	(106,723)	\$ (9,161)	\$ (19,284)	\$ (19,284)	(26,760)	\$ (7,476)
Fund balance (deficit) - beginning			(488,078)				78,349	
Fund balance (deficit) - ending			<u>\$ (594,801)</u>				<u>\$ 51,589</u>	

(Continued)

**CITY OF ROCKFORD, ILLINOIS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
For the Year Ended December 31, 2013

	Tax Increment Financing Area River Oaks Fund				Tax Increment Financing Area Garrison Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
<b>REVENUES</b>								
Taxes - Property	\$ 49,581	\$ 49,581	\$ 40,250	\$ (9,331)	\$ 93,818	\$ 93,818	\$ 73,598	\$ (20,220)
Interest	-	-	(26,548)	(26,548)	-	-	(7,023)	(7,023)
Total revenues	49,581	49,581	13,702	(35,879)	93,818	93,818	66,575	(27,243)
<b>EXPENDITURES</b>								
Debt service - interest and fiscal charges	10,971	10,971	-	10,971	6,524	7,042	-	7,042
Total expenditures	10,971	10,971	-	10,971	6,524	7,042	-	7,042
Excess of revenues over (under) expenditures	38,610	38,610	13,702	(24,908)	87,294	86,776	66,575	(20,201)
<b>OTHER FINANCING (USES)</b>								
Transfers out	(299,588)	(299,588)	(299,588)	-	(164,463)	(164,463)	(164,463)	-
Total other financing sources (uses)	(299,588)	(299,588)	(299,588)	-	(164,463)	(164,463)	(164,463)	-
Net change in fund balance	\$ (260,978)	\$ (260,978)	(285,886)	\$ (24,908)	\$ (77,169)	\$ (77,687)	(97,888)	\$ (20,201)
Fund balance- beginning			(1,074,248)				(257,553)	
Fund balance (deficit) - ending			<u>\$ (1,360,134)</u>				<u>\$ (355,441)</u>	

(Continued)

**CITY OF ROCKFORD, ILLINOIS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
For the Year Ended December 31, 2013

	Tax Increment Financing Area Hope Six Fund				Tax Increment Financing Area Kishwaukee/Harrison Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
<b>REVENUES</b>								
Taxes - Property	\$ 174,892	\$ 174,892	\$ 158,512	\$ (16,380)	\$ 54,139	\$ 54,139	\$ 45,498	\$ (8,641)
Interest	-	-	(5,916)	(5,916)	1,451	1,451	(2,190)	(3,641)
Total revenues	174,892	174,892	152,596	(22,296)	55,590	55,590	43,308	(12,282)
<b>EXPENDITURES</b>								
Current:								
Community development	-	-	-	-	46,018	46,018	34,200	11,818
Total current expenditures	-	-	-	-	46,018	46,018	34,200	11,818
Debt service - interest and fiscal charges	5,288	5,288	-	5,288	-	-	-	-
Total expenditures	5,288	5,288	-	5,288	46,018	46,018	34,200	11,818
Excess of revenues over (under) expenditures	169,604	169,604	152,596	(17,008)	9,572	9,572	9,108	(464)
<b>OTHER FINANCING (USES)</b>								
Transfers out	(248,813)	(248,813)	(248,813)	-	-	-	-	-
Total other financing sources (uses)	(248,813)	(248,813)	(248,813)	-	-	-	-	-
Net change in fund balance	\$ (79,209)	\$ (79,209)	(96,217)	\$ (17,008)	\$ 9,572	\$ 9,572	9,108	\$ (464)
Fund balance- beginning			(211,113)				67,488	
Fund balance (deficit) - ending			<u>\$ (307,330)</u>				<u>\$ 76,596</u>	

(Continued)

**CITY OF ROCKFORD, ILLINOIS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
For the Year Ended December 31, 2013

	Tax Increment Financing Area Jackson School Fund				Tax Increment Financing Area Preston/Central Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
<b>REVENUES</b>								
Taxes - Property	\$ 94,500	\$ 94,500	\$ 55,067	\$ (39,433)	\$ 82,300	\$ 82,300	\$ 75,570	\$ (6,730)
Interest	905	905	(496)	(1,401)	-	-	(28,348)	(28,348)
Miscellaneous	-	-	-	-	-	-	-	-
Total revenues	94,500	94,500	54,571	(39,433)	82,300	82,300	47,222	(35,078)
<b>EXPENDITURES</b>								
Current:								
Community development	21,485	21,485	25,234	(3,749)	-	-	-	-
Total current expenditures	21,485	21,485	25,234	(3,749)	-	-	-	-
Debt service - interest and fiscal charges	-	-	-	-	32,779	32,779	-	32,779
Total expenditures	21,485	21,485	25,234	(3,749)	32,779	32,779	-	32,779
Excess of revenues over (under) expenditures	73,015	73,015	29,337	(43,678)	49,521	49,521	47,222	(2,299)
<b>OTHER FINANCING (USES)</b>								
Transfers out	(94,688)	(94,688)	(94,687)	1	(91,863)	(91,863)	(91,862)	1
Total other financing sources (uses)	(94,688)	(94,688)	(94,687)	1	(91,863)	(91,863)	(91,862)	1
Net change in fund balance	\$ (21,673)	\$ (21,673)	(65,350)	\$ (43,677)	\$ (42,342)	\$ (42,342)	(44,640)	\$ (2,298)
Fund balance- beginning			29,827				(1,313,105)	
Fund balance (deficit) - ending			<u>\$ (35,523)</u>				<u>\$ (1,357,745)</u>	

(Continued)

**CITY OF ROCKFORD, ILLINOIS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
For the Year Ended December 31, 2013

	Tax Increment Financing Area North Main & Auburn Fund				Tax Increment Financing Area East State & Alpine Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
<b>REVENUES</b>								
Taxes - Property	\$ 18,540	\$ 18,540	\$ 6,398	\$ (12,142)	\$ 202,500	\$ 202,500	\$ 135,312	\$ (67,188)
Interest	1,618	1,618	(2,103)	(3,721)	7,150	7,150	(9,014)	(16,164)
Total revenues	20,158	20,158	4,295	(15,863)	209,650	209,650	126,298	(83,352)
<b>EXPENDITURES</b>								
Current:								
Community development	20,000	20,000	-	20,000	245,429	245,429	115,632	129,797
Total expenditures	20,000	20,000	-	20,000	245,429	245,429	115,632	129,797
Excess of revenues over (under) expenditures	158	158	4,295	4,137	(35,779)	(35,779)	10,666	46,445
<b>OTHER FINANCING (USES)</b>								
Transfers out	-	-	-	-	(40,000)	(40,000)	(40,000)	-
Net change in fund balance	\$ 158	\$ 158	4,295	\$ 4,137	\$ (75,779)	\$ (75,779)	(29,334)	\$ 46,445
Fund balance- beginning			73,761				408,320	
Fund balance (deficit) - ending			<u>\$ 78,056</u>				<u>\$ 378,986</u>	

(Continued)

**CITY OF ROCKFORD, ILLINOIS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
For the Year Ended December 31, 2013

	Tax Increment Financing Area West State & Central Fund				Tax Increment Financing Area West State & Kilburn Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
<b>REVENUES</b>								
Taxes - Property	\$ 188,500	\$ 188,500	\$ 103,036	\$ (85,464)	\$ 14,800	\$ 14,800	\$ 8,089	\$ (6,711)
Interest	3,442	3,442	(1,243)	(4,685)	752	752	(845)	(1,597)
Total revenues	191,942	191,942	101,793	(90,149)	15,552	15,552	7,244	(8,308)
<b>EXPENDITURES</b>								
Debt service - interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	-	-	-	-	-	-	-	-
Excess of revenues over (under) expenditures	191,942	191,942	101,793	(90,149)	15,552	15,552	7,244	(8,308)
<b>OTHER FINANCING (USES)</b>								
Transfers out	(200,000)	(200,000)	(200,000)	-	-	-	-	-
Net change in fund balance	\$ (8,058)	\$ (8,058)	(98,207)	\$ (90,149)	\$ 15,552	\$ 15,552	7,244	\$ (8,308)
Fund balance- beginning			119,176				28,509	
Fund balance (deficit) - ending			<u>\$ 20,969</u>				<u>\$ 35,753</u>	

(Continued)

**CITY OF ROCKFORD, ILLINOIS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
For the Year Ended December 31, 2013

	Tax Increment Financing Area West Side II Fund				Tax Increment Financing Area Rockford Global Trade Park II Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
<b>REVENUES</b>								
Taxes - Property	\$ 3,500	\$ 3,500	\$ 2,415	\$ (1,085)	\$ 191,700	\$ 191,700	\$ 179,139	\$ (12,561)
Interest	-	-	(315)	(315)	-	-	(3,982)	(3,982)
Miscellaneous	125	125	3,048	2,923	-	-	-	-
Total revenues	3,625	3,625	5,148	1,838	191,700	191,700	175,157	(12,561)
<b>EXPENDITURES</b>								
Current:								
Community development	-	-	-	-	130,400	130,400	26,424	103,976
	-	-	-	-	130,400	130,400	26,424	103,976
Debt service - interest and fiscal charges	-	-	-	-	169	169	-	169
Total expenditures	-	-	-	-	130,569	130,569	26,424	104,145
Excess of revenues over (under) expenditures	3,625	3,625	5,148	1,523	61,131	61,131	148,733	87,602
<b>OTHER FINANCING (USES)</b>								
Transfers out	-	-	-	-	-	-	-	-
Net change in fund balance	\$ 3,625	\$ 3,625	5,148	\$ 1,523	\$ 61,131	\$ 61,131	148,733	\$ 87,602
Fund balance- beginning			4,902				24,344	
Fund balance (deficit) - ending			<u>\$ 10,050</u>				<u>\$ 173,077</u>	

(Continued)

**CITY OF ROCKFORD, ILLINOIS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)**  
**NONMAJOR SPECIAL REVENUE FUNDS**

For the Year Ended December 31, 2013

	Tax Increment Financing Area River North Fund				Tax Increment Financing Area North Main and Whitman Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
<b>REVENUES</b>								
Taxes - Property	\$ 57,464	\$ 57,464	\$ 33,529	\$ (23,935)	\$ 40,853	\$ 40,853	\$ 32,690	\$ (8,163)
Interest	3,538	3,538	(3,556)	(7,094)	-	-	(8,644)	(8,644)
Total revenues	61,002	61,002	29,973	(31,029)	40,853	40,853	24,046	(16,807)
<b>EXPENDITURES</b>								
Current:								
Community development	50,000	50,000	11,410	38,590	-	-	-	-
	50,000	50,000	11,410	38,590	-	-	-	-
Debt service - interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	50,000	50,000	11,410	38,590	-	-	-	-
Excess of revenues over (under) expenditures	11,002	11,002	18,563	7,561	40,853	40,853	24,046	(16,807)
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers out	(25,803)	(25,803)	(17,212)	8,591	(101,122)	(95,910)	(95,910)	-
Total other financing sources (uses)	(25,803)	(25,803)	(17,212)	8,591	(101,122)	(95,910)	(95,910)	-
Net change in fund balance	\$ (14,801)	\$ (14,801)	1,351	\$ 16,152	\$ (60,269)	\$ (55,057)	(71,864)	\$ (16,807)
Fund balance (deficit) - beginning			126,333				(344,428)	
Fund balance (deficit) - ending			\$ 127,684				\$ (416,292)	

(Continued)

**CITY OF ROCKFORD, ILLINOIS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)**  
**NONMAJOR SPECIAL REVENUE FUNDS**

For the Year Ended December 31, 2013

	Tax Increment Financing Area East River Fund				Tax Increment Financing Area Assisted Living Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
<b>REVENUES</b>								
Taxes - Property	\$ 91,820	\$ 91,820	\$ 79,590	\$ (12,230)	\$ 29	\$ 29	\$ -	\$ (29)
Interest	-	-	(1,430)	(1,430)	6	6	(2)	(8)
Total revenues	91,820	91,820	78,160	(13,660)	35	35	(2)	(37)
<b>EXPENDITURES</b>								
Current:								
Community development	35,564	35,564	9,601	25,963	-	-	-	-
Total expenditures	35,564	35,564	9,601	25,963	-	-	-	-
Excess of revenues over (under) expenditures	56,256	56,256	68,559	12,303	35	35	(2)	(37)
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	150,000	150,000	100,000	(50,000)	-	-	-	-
Transfers out	(142,474)	(142,474)	(142,125)	349	-	-	-	-
Total other financing sources (uses)	7,526	7,526	(42,125)	(49,651)	-	-	-	-
Net change in fund balance	\$ 63,782	\$ 63,782	26,434	\$ (37,348)	\$ 35	\$ 35	(2)	\$ (37)
Fund balance- beginning			(71,836)				218	
Fund balance (deficit) - ending			\$ (45,402)				\$ 216	

(Continued)

**CITY OF ROCKFORD, ILLINOIS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)**  
**NONMAJOR SPECIAL REVENUE FUNDS**

For the Year Ended December 31, 2013

	Tax Increment Financing Area Midtown Fund				Tax Increment Financing Area Kishwaukee and Harrison II			
	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
<b>REVENUES</b>								
Taxes - Property	\$ 36,760	\$ 36,760	\$ 18,163	\$ (18,597)	\$ 104	\$ 104	\$ -	\$ (104)
Interest	900	900	(1,160)	(2,060)	13	13	(13)	(26)
Total revenues	37,660	37,660	17,003	(20,657)	117	117	(13)	(130)
<b>EXPENDITURES</b>								
Current:								
Community development	-	-	-	-	50	50	-	50
Total expenditures	-	-	-	-	50	50	-	50
Excess of revenues over (under) expenditures	37,660	37,660	17,003	(20,657)	67	67	(13)	(80)
Net change in fund balance	<u>\$ 37,660</u>	<u>\$ 37,660</u>	17,003	<u>\$ (20,657)</u>	<u>\$ 67</u>	<u>\$ 67</u>	(13)	<u>\$ (80)</u>
Fund balance- beginning			34,938				583	
Fund balance (deficit) - ending			<u>\$ 51,941</u>				<u>\$ 570</u>	

(Continued)

**CITY OF ROCKFORD, ILLINOIS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)**  
**NONMAJOR SPECIAL REVENUE FUNDS**

For the Year Ended December 31, 2013

	Tax Increment Financing Area Rockford Global Trade Park III Fund				Tax Increment Financing Area Broadway			
	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
<b>REVENUES</b>								
Taxes - Property	\$ 56,300	\$ 56,300	\$ 24,710	\$ (31,590)	\$ 46,204	\$ 46,204	\$ 25,623	\$ (20,581)
Interest	576	576	(1,029)	(1,605)	1,124	1,124	(1,412)	(2,536)
Total revenues	<u>56,876</u>	<u>56,876</u>	<u>23,681</u>	<u>(33,195)</u>	<u>47,328</u>	<u>47,328</u>	<u>24,211</u>	<u>(23,117)</u>
<b>EXPENDITURES</b>								
Current:								
Community development	50,000	50,000	-	50,000	-	-	-	-
Total expenditures	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>6,876</u>	<u>6,876</u>	<u>23,681</u>	<u>16,805</u>	<u>47,328</u>	<u>47,328</u>	<u>24,211</u>	<u>(23,117)</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers out	-	-	-	-	-	-	-	-
Net change in fund balance	<u>\$ 6,876</u>	<u>\$ 6,876</u>	<u>23,681</u>	<u>\$ 16,805</u>	<u>\$ 47,328</u>	<u>\$ 47,328</u>	<u>24,211</u>	<u>\$ (23,117)</u>
Fund balance- beginning			21,530				42,715	
Fund balance (deficit) - ending			<u>\$ 45,211</u>				<u>\$ 66,926</u>	

(Continued)

**CITY OF ROCKFORD, ILLINOIS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)**  
**NONMAJOR SPECIAL REVENUE FUNDS**

For the Year Ended December 31, 2013

	Tax Increment Financing Area Rockford Global Trade Park South Fund				Tax Increment Financing Area Jefferson and Third Street			
	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
<b>REVENUES</b>								
Taxes - Property	\$ 2,477	\$ 2,477	\$ 4,990	\$ 2,513	\$ 27,750	\$ 27,750	\$ 4,622	\$ (23,128)
Interest	316	316	(140)	(456)	-	-	(32)	(32)
Total revenues	2,793	2,793	4,850	2,057	27,750	27,750	4,590	(23,160)
<b>EXPENDITURES</b>								
Current:								
Community development	-	-	-	-	-	-	-	-
Debt service - interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	-	-	-	-	-	-	-	-
Excess of revenues over (under) expenditures	2,793	2,793	4,850	2,057	27,750	27,750	4,590	(23,160)
Net change in fund balance	\$ 2,793	\$ 2,793	4,850	\$ 2,057	\$ 27,750	\$ 27,750	4,590	\$ (23,160)
Fund balance- beginning			2,374				-	
Fund balance (deficit) - ending			\$ 7,224				\$ 4,590	

(Continued)

**CITY OF ROCKFORD, ILLINOIS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)**  
**NONMAJOR SPECIAL REVENUE FUNDS**

For the Year Ended December 31, 2013

	Tax Increment Financing Area Mulford and State			
	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
<b>REVENUES</b>				
Taxes - Property	\$ 40,048	\$ 40,048	\$ 3,461	\$ (36,587)
Interest	-	-	(32)	(32)
Total revenues	40,048	40,048	3,429	(36,619)
<b>EXPENDITURES</b>				
Current:				
Community development	-	-	-	-
Debt service - interest and fiscal charges	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenues over (under) expenditures	40,048	40,048	3,429	(36,619)
Net change in fund balance	\$ 40,048	\$ 40,048	3,429	\$ (36,619)
Fund balance- beginning			-	
Fund balance (deficit) - ending			\$ 3,429	

(Concluded)

## **INTERNAL SERVICE FUNDS**

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Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other governmental units, on a cost reimbursement basis.

CENTRAL GARAGE	To account for the costs of operating a maintenance facility for automotive equipment used by other City departments and other government agencies. Billings to other departments and agencies are based on actual costs, including depreciation on the garage building and improvements, machinery, and equipment used to provide the service. The automotive equipment itself is acquired by the user departments which are also responsible for financing replacement vehicles as necessary.
BUILDING MAINTENANCE	To account for the costs of operating maintenance facilities, including depreciation, which provide maintenance services and repairs of City buildings and properties. Financing is provided by service charges to user funds.
CENTRAL STORES	To account for the costs of operating centralized inventory system for the Central Garage, Building Maintenance, and Water Utility Funds. Financing is provided by service charges to user funds.
ILLINOIS MUNICIPAL RETIREMENT	To account for pension and social security costs of Governmental and Proprietary Funds. Financing is provided by service charges to user funds.
UNEMPLOYMENT	To account for unemployment costs relating to Governmental and Proprietary Funds. Financing is provided by service charges to user funds.
WORKMEN'S COMPENSATION	To account for workmen's compensation claims of Governmental and Proprietary Funds. Financing is provided by service charges to user funds.
AUDITING	To account for costs related to the audit of the City. Financing is provided by service charges to user funds.
HEALTH INSURANCE	To account for health insurance claims relating to City employees and retirees. Financing is provided by service charges to user funds.
911 COMMUNICATIONS	To account for the operating costs relating to the 911 communications center serving the City of Rockford and Winnebago County with emergency services. Financing is provided by the Police Department, Fire Department, and Winnebago County.
RISK MANAGEMENT	To account for all insurance, claims, and accidental property loss expenses of Governmental and Proprietary Funds. Financing is provided by service charges to user funds.
INFORMATION SYSTEMS	To account for the costs relating to the City's data processing functions, pertaining to mainframe and microcomputer network services. Financing is provided by service charges to user funds.

**CITY OF ROCKFORD, ILLINOIS**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF NET POSITION (DEFICIT)**  
December 31, 2013

	Central Garage	Building Maintenance	Central Stores	Illinois Municipal Retirement	Unemployment
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 414,886	\$ 786,257	\$ 310,954	\$ 459,998	\$ 231,020
Accounts receivable	-	-	-	-	-
Due from other governmental units	10,362	-	-	-	-
Due from other funds	409	3,944	1,000	1,476	745
Inventories	228,100	-	-	-	-
Total current assets	653,757	790,201	311,954	461,474	231,765
Noncurrent assets:					
Capital assets:					
Land improvements	20,000	-	-	-	-
Buildings and improvements	214,546	2,424,827	11,642	-	-
Equipment	684,262	294,120	37,591	-	-
Improvements other than buildings	85,345	148,020	-	-	-
Less accumulated depreciation	(814,764)	(1,101,558)	(49,233)	-	-
Total capital assets, net	189,389	1,765,409	-	-	-
Total assets	843,146	2,555,610	311,954	461,474	231,765
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
None	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Total assets and deferred outflows of resources	843,146	2,555,610	311,954	461,474	231,765
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	248,491	252,827	484	426,630	8,563
Accrued payroll and benefits	26,389	18,491	5,718	-	-
Due to other funds	-	319,325	-	-	-
Compensated absences	4,976	3,848	963	-	-
Capital lease payable	5,218	39,109	-	-	-
Installment note payable	-	-	-	-	-
Claims and judgments payable	-	-	-	-	-
Total current liabilities	285,074	633,600	7,165	426,630	8,563
Noncurrent:					
Compensated absences	78,678	46,653	48,080	-	-
Unearned revenue	60,515	682,424	-	-	-
Capital lease payable	21,537	285,051	-	-	-
Installment note payable	-	-	-	-	-
Claims and judgments payable	-	-	-	-	-
Total noncurrent liabilities	160,730	1,014,128	48,080	-	-
Total liabilities	445,804	1,647,728	55,245	426,630	8,563
<b>DEFERRED INFLOWS OF RESOURCES</b>					
None	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Total liabilities and deferred inflows of resource	445,804	1,647,728	55,245	426,630	8,563
<b>NET POSITION (DEFICIT)</b>					
Net investment in capital assets	162,634	1,441,249	-	-	-
Unrestricted	234,708	(533,367)	256,709	34,844	223,202
Total net position (deficit)	\$ 397,342	\$ 907,882	\$ 256,709	\$ 34,844	\$ 223,202

Workmen's Compensation	Auditing	Health Insurance	911 Communications	Risk Management	Information Systems	Total Internal Service Funds
\$ 4,726,399	\$ -	\$ 13,129,373	\$ 80,037		\$ 808,631	\$ 20,947,555
-	-	279,363	-	-	-	279,363
-	-	-	317,270	-	-	327,632
14,947	19	45,873	126	3,690	2,557	74,786
-	-	-	-	-	-	228,100
4,741,346	19	13,454,609	397,433	3,690	811,188	21,857,436
-	-	-	-	-	-	20,000
-	-	-	-	-	-	2,651,015
-	-	-	150,738	-	5,942,289	7,109,000
-	-	-	-	-	-	233,365
-	-	-	(150,738)	-	(4,728,589)	(6,844,882)
-	-	-	-	-	1,213,700	3,168,498
4,741,346	19	13,454,609	397,433	3,690	2,024,888	25,025,934
-	-	-	-	-	-	-
4,741,346	19	13,454,609	397,433	3,690	2,024,888	25,025,934
36,658	-	1,567,454	22,809	222,700	235,873	3,022,489
-	-	-	143,579	-	9,977	204,154
-	19	-	-	1,149,637	-	1,468,981
-	-	-	93,288	-	7,788	110,863
-	-	-	-	-	-	44,327
-	-	-	-	-	107,546	107,546
1,579,433	-	1,237,550	-	3,914,376	-	6,731,359
1,616,091	19	2,805,004	259,676	5,286,713	361,184	11,689,719
-	-	-	137,757	-	8,946	320,114
-	-	118,905	-	-	-	861,844
-	-	-	-	-	-	306,588
-	-	-	-	-	138,519	138,519
2,310,223	-	-	-	1,880,333	-	4,190,556
2,310,223	-	118,905	137,757	1,880,333	147,465	5,817,621
3,926,314	19	2,923,909	397,433	7,167,046	508,649	17,507,340
-	-	-	-	-	-	-
3,926,314	19	2,923,909	397,433	7,167,046	508,649	17,507,340
-	-	-	-	-	967,635	2,571,518
815,032	-	10,530,700	-	(7,163,356)	548,604	4,947,076
\$ 815,032	\$ -	\$ 10,530,700	\$ -	\$ (7,163,356)	\$ 1,516,239	\$ 7,518,594

**CITY OF ROCKFORD, ILLINOIS**  
**INTERNAL SERVICE FUNDS**  
**COMBING STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN FUND NET POSITION (DEFICIT)**  
For the Year Ended December 31, 2013

	Central Garage	Building Maintenance	Central Stores	Illinois Municipal Retirement	Unemployment
<b>OPERATING REVENUES</b>					
Charges for services	\$ 3,541,382	\$ 2,353,587	\$ 420,000	\$ 6,817,873	\$ 175,356
Intergovernmental	-	-	-	-	-
Miscellaneous	21,513	31,268	-	-	-
Total operating revenues	3,562,895	2,384,855	420,000	6,817,873	175,356
<b>OPERATING EXPENSES</b>					
Salaries and benefits	868,857	798,424	303,214	-	-
Services	923,559	1,135,375	48,912	6,837,574	48,213
Supplies and materials	1,974,534	237,045	35,164	-	-
Depreciation	26,026	168,617	-	-	-
Charges from General Fund	78,000	89,000	23,700	-	-
Total operating expenses	3,870,976	2,428,461	410,990	6,837,574	48,213
Operating income (loss)	(308,081)	(43,606)	9,010	(19,701)	127,143
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest received	(7,237)	(32,274)	(8,528)	(18,536)	(6,477)
Interest expense	(491)	(11,791)	-	-	-
Total nonoperating revenues (expenses)	(7,728)	(44,065)	(8,528)	(18,536)	(6,477)
Change in net position (deficit)	(315,809)	(87,671)	482	(38,237)	120,666
Total net position (deficit) - beginning	713,151	995,553	256,227	73,081	102,536
Total net position (deficit) - ending	\$ 397,342	\$ 907,882	\$ 256,709	\$ 34,844	\$ 223,202

<b>Workmen's Compensation</b>	<b>Auditing</b>	<b>Health Insurance</b>	<b>911 Communications</b>	<b>Risk Management</b>	<b>Information Systems</b>	<b>Total Internal Service Funds</b>
\$ 3,055,910	\$ 212,573	\$ 21,431,249	\$ 5,610,021	\$ 1,746,930	\$ 2,615,446	\$ 47,980,327
-	-	-	-	-	190,697	190,697
1,382	-	563,856	-	183,074	-	801,093
<b>3,057,292</b>	<b>212,573</b>	<b>21,995,105</b>	<b>5,610,021</b>	<b>1,930,004</b>	<b>2,806,143</b>	<b>48,972,117</b>
-	-	-	5,418,582	-	442,535	7,831,612
2,860,330	212,257	20,283,975	173,660	3,406,393	1,620,447	37,550,695
-	-	24	15,840	236	122,861	2,385,704
-	-	-	-	-	422,031	616,674
92,400	-	179,075	-	451,700	32,600	946,475
<b>2,952,730</b>	<b>212,257</b>	<b>20,463,074</b>	<b>5,608,082</b>	<b>3,858,329</b>	<b>2,640,474</b>	<b>49,331,160</b>
<b>104,562</b>	<b>316</b>	<b>1,532,031</b>	<b>1,939</b>	<b>(1,928,325)</b>	<b>165,669</b>	<b>(359,043)</b>
(113,988)	(365)	(399,185)	(3,272)	(24,138)	(19,063)	(633,063)
-	-	-	-	-	(8,084)	(20,366)
<b>(113,988)</b>	<b>(365)</b>	<b>(399,185)</b>	<b>(3,272)</b>	<b>(24,138)</b>	<b>(27,147)</b>	<b>(653,429)</b>
(9,426)	(49)	1,132,846	(1,333)	(1,952,463)	138,522	(1,012,472)
824,458	49	9,397,854	1,333	(5,210,893)	1,377,717	8,531,066
<b>\$ 815,032</b>	<b>\$ -</b>	<b>\$ 10,530,700</b>	<b>\$ -</b>	<b>\$ (7,163,356)</b>	<b>\$ 1,516,239</b>	<b>\$ 7,518,594</b>

**CITY OF ROCKFORD, ILLINOIS**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
For the Year Ended December 31, 2013

	Central Garage	Building Maintenance	Central Stores	Illinois Municipal Retirement	Unemployment
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers and users	3,566,878	2,422,943	420,000	6,817,873	175,356
Payments to suppliers	(2,860,691)	(1,355,974)	(84,121)	(6,803,360)	(50,042)
Payments to employees	(857,455)	(795,953)	(296,267)	-	-
Payments for internal services used	(78,000)	(89,000)	(23,700)	-	-
Payments to other funds	-	(24,563)	-	-	-
Net cash provided by (used for) operating activities	(229,268)	157,453	15,912	14,513	125,314
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Proceeds from capital lease agreement	26,755	-	-	-	-
Interest paid on installment purchase agreement	-	-	-	-	-
Principal paid on installment purchase agreement	-	-	-	-	-
Interest paid on capital lease agreement	(491)	(11,791)	-	-	-
Principal paid on capital lease agreement	-	(39,075)	-	-	-
Acquisition of capital assets	(78,221)	(551,564)	-	-	-
Net cash (used for) capital and related financing activities	(51,957)	(602,430)	-	-	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest received	(5,440)	(32,542)	(8,574)	(18,558)	(6,867)
Net increase (decrease) in cash and cash equivalents	(286,665)	(477,519)	7,338	(4,045)	118,447
Cash and cash equivalents, beginning	701,551	1,263,776	303,616	464,043	112,573
Cash and cash equivalents, ending	\$ 414,886	\$ 786,257	\$ 310,954	\$ 459,998	\$ 231,020
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>					
Operating income (loss)	\$ (308,081)	\$ (43,606)	\$ 9,010	\$ (19,701)	\$ 127,143
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities					
Depreciation expense	26,026	168,617	-	-	-
Increase (decrease) from changes in:					
Accounts receivable	-	-	-	-	-
Due from other governmental units	3,983	-	-	-	-
Inventories	19,450	-	-	-	-
Prepaid items	-	-	-	-	-
Accounts payable	17,952	16,446	(45)	34,214	(1,829)
Accrued payroll and benefits	(11,307)	(14,455)	(3,187)	-	-
Compensated absences	22,709	16,926	10,134	-	-
Due to other funds	-	(24,563)	-	-	-
Deferred revenue	-	38,088	-	-	-
Other liabilities	-	-	-	-	-
Total adjustments	78,813	201,059	6,902	34,214	(1,829)
Net cash provided by (used for) operating activities	\$ (229,268)	\$ 157,453	\$ 15,912	\$ 14,513	\$ 125,314

Workmen's Compensation	Auditing	Health Insurance	911 Communications	Risk Management	Information Systems	Total Internal Service Funds
3,057,292	212,573	21,684,804	5,425,403	1,930,004	2,806,143	48,519,269
(1,878,922)	(224,965)	(19,790,763)	(176,757)	(1,964,737)	(1,705,145)	(36,895,477)
-	-	-	(5,467,506)	-	(437,636)	(7,854,817)
(92,400)	19	(179,075)	-	(451,700)	(32,600)	(946,456)
-	-	-	-	516,243	-	491,680
1,085,970	(12,373)	1,714,966	(218,860)	29,810	630,762	3,314,199
-	-	-	-	-	-	26,755
-	-	-	-	-	(8,084)	(8,084)
-	-	-	-	-	(104,716)	(104,716)
-	-	-	-	-	-	(12,282)
-	-	-	-	-	-	(39,075)
-	-	-	-	-	(221,158)	(850,943)
-	-	-	-	-	(333,958)	(988,345)
(117,379)	(344)	(408,029)	(2,433)	(29,810)	(20,171)	(650,147)
968,591	(12,717)	1,306,937	(221,293)	-	276,633	1,675,707
3,757,808	12,717	11,822,436	301,330	-	531,998	19,271,848
\$ 4,726,399	\$ -	\$ 13,129,373	\$ 80,037	\$ -	\$ 808,631	\$ 20,947,555
\$ 104,562	\$ 316	\$ 1,532,031	\$ 1,939	\$ (1,928,325)	\$ 165,669	\$ (359,043)
-	-	-	-	-	422,031	616,674
-	-	(279,363)	-	-	-	(279,363)
-	-	-	(184,618)	-	-	(180,635)
-	-	-	-	-	-	19,450
-	-	52,150	-	-	29,323	81,473
(28,412)	(12,708)	173,773	12,743	152,755	8,840	373,729
-	-	-	(87,697)	-	1,597	(115,049)
-	-	-	38,773	-	3,302	91,844
-	19	-	-	516,243	-	491,699
-	-	(30,938)	-	-	-	7,150
1,009,820	-	267,313	-	1,289,137	-	2,566,270
981,408	(12,689)	182,935	(220,799)	1,958,135	465,093	3,673,242
\$ 1,085,970	\$ (12,373)	\$ 1,714,966	\$ (218,860)	\$ 29,810	\$ 630,762	\$ 3,314,199



## **FIDUCIARY FUNDS**

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### **PENSION TRUST FUNDS**

Police Pension  
Firefighter's Pension

To account for the accumulation of resources to be used for retirement annuity payments at appropriate amounts and times in the future. Administration costs are accounted for in each fund. Resources are contributed by employees at rates fixed by the State of Illinois and by the City at amounts determined by an annual actuarial evaluation.



**CITY OF ROCKFORD, ILLINOIS**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
December 31, 2013

	<b>Pension Trust Funds</b>		
	<b>Police Pension</b>	<b>Firefighter's Pension</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 4,456,083	\$ 3,849,250	\$ 8,305,333
Investments			
U.S. Treasury Strips	57,289	1,410,001	1,467,290
U.S. Treasury Notes	4,683,969	12,400,937	17,084,906
U.S. Treasury Bonds	208,406	2,541,316	2,749,722
Government National Mortgage Association	321,278	1,828,326	2,149,604
Federal Home Loan Mortgage Corporation	3,530,644	3,613,816	7,144,460
Federal National Mortgage Association	4,689,592	7,512,753	12,202,345
Federal Farm Credit Bonds	-	1,839,433	1,839,433
State and Local Government Securities	555,424	472,354	1,027,778
Corporate Bonds	13,336,492	14,997,074	28,333,566
Small Cap Equity Common Stocks	12,953,917	13,918,468	26,872,385
Large Cap Equity Common Stocks	-	7,774,559	7,774,559
NTGI Collective Trust	30,078,467	6,732,780	36,811,247
Domestic Mutual Funds	81,195,571	58,539,912	139,735,483
International Mutual Funds	17,629,049	15,228,438	32,857,487
Accrued interest receivable	186,273	313,520	499,793
Contributions receivable	4,606,225	5,654,753	10,260,978
Total assets	178,488,679	158,627,690	337,116,369
<b>LIABILITIES</b>			
Accrued liabilities	58,077	52,725	110,802
<b>NET POSITION</b>			
Held in trust for pension benefits	\$ 178,430,602	\$ 158,574,965	\$ 337,005,567

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

For the Year Ended December 31, 2013

	<b>Pension Trust Funds</b>		
	<b>Police Pension</b>	<b>Firefighter's Pension</b>	<b>Total</b>
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 5,369,950	\$ 6,566,720	\$ 11,936,670
Plan member	2,028,926	2,004,009	4,032,935
Total contributions	<u>7,398,876</u>	<u>8,570,729</u>	<u>15,969,605</u>
Investment income:			
Net appreciation in fair value of investments	11,708,810	10,448,711	22,157,521
Interest and dividend income	10,744,690	10,290,813	21,035,503
	22,453,500	20,739,524	43,193,024
Less investment expense	(279,794)	(340,276)	(620,070)
Net investment income	<u>22,173,706</u>	<u>20,399,248</u>	<u>42,572,954</u>
Total additions	<u>29,572,582</u>	<u>28,969,977</u>	<u>58,542,559</u>
<b>DEDUCTIONS</b>			
Pension benefits	13,650,205	14,753,221	28,403,426
Refunds of contributions	14,207	4,574	18,781
Administrative expense	318,047	192,677	510,724
Total deductions	<u>13,982,459</u>	<u>14,950,472</u>	<u>28,932,931</u>
Change in net position	15,590,123	14,019,505	29,609,628
Total net position - beginning	<u>162,840,479</u>	<u>144,555,460</u>	<u>307,395,939</u>
Total net position - ending	<u>\$ 178,430,602</u>	<u>\$ 158,574,965</u>	<u>\$ 337,005,567</u>

**CITY OF ROCKFORD, ILLINOIS**  
**CAPITAL ASSETS USED IN THE OPERATION OF**  
**GOVERNMENTAL FUNDS - SCHEDULE BY SOURCE**  
December 31, 2013

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**GOVERNMENTAL FUNDS CAPITAL ASSETS**

Land and improvements	\$ 7,694,355
Buildings and improvements	55,212,099
Equipment	39,274,892
Infrastructure	<u>920,339,450</u>
Total governmental funds capital assets	<u>\$ 1,022,520,796</u>

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

General Fund	\$ 81,719,411
Special Revenue Funds	189,738,799
Capital Projects Fund	474,075,654
Grants	<u>276,986,932</u>
Total investment in governmental funds capital assets	<u>\$ 1,022,520,796</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. The capital assets of internal service funds are included as governmental activities in the Statement of Net Position.

**CITY OF ROCKFORD, ILLINOIS**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE BY FUNCTION AND ACTIVITY**  
December 31, 2013

<b>FUNCTION AND ACTIVITY</b>	<b>Land and Improvements</b>	<b>Buildings and Improvements</b>	<b>Equipment</b>	<b>Infrastructure</b>	<b>Total</b>
General government	\$ 4,939,047	\$ 11,536,766	\$ 1,179,919	\$ -	\$ 17,655,732
Public safety	1,162,274	12,934,627	22,849,425	-	36,946,326
Streets, alleys and bridges	197,322	1,377,527	10,452,922	913,603,224	925,630,995
Community development	203,704	950,443	220,094	-	1,374,241
Sanitation and sewers	201,500	-	-	-	201,500
Culture and recreation	970,008	27,628,390	2,739,176	6,736,226	38,073,800
Public health and welfare	20,500	784,346	1,833,356	-	2,638,202
Total governmental funds capital assets	<u>\$ 7,694,355</u>	<u>\$ 55,212,099</u>	<u>\$ 39,274,892</u>	<u>\$ 920,339,450</u>	<u>\$ 1,022,520,796</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in the internal service funds are excluded from the above amounts. The capital assets of internal service funds are included as governmental activities in the Statement of Net Position.

**CITY OF ROCKFORD, ILLINOIS**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY**  
For the Year Ended December 31, 2013

<b>FUNCTION AND ACTIVITY</b>	<b>Governmental Funds Capital Assets</b>			<b>Governmental Funds Capital Assets</b>
	<b>January 1, 2013</b>	<b>Additions</b>	<b>Deductions</b>	<b>December 31, 2013</b>
General government	\$ 17,655,732	\$ -	\$ -	\$ 17,655,732
Public safety	32,519,622	5,518,861	1,092,157	36,946,326
Streets, alleys and bridges	874,938,777	54,403,158	3,710,940	925,630,995
Community development	1,342,182	55,666	23,607	1,374,241
Sanitation and sewers	224,764	-	23,264	201,500
Culture and recreation	32,317,677	5,756,123	-	38,073,800
Public health and welfare	2,457,531	253,537	72,866	2,638,202
<b>Total governmental funds capital assets</b>	<b>\$ 961,456,285</b>	<b>\$ 65,987,345</b>	<b>\$ 4,922,834</b>	<b>\$ 1,022,520,796</b>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in the internal service funds are excluded from the above amounts. The capital assets of internal service funds are included as governmental activities in the Statement of Net Position.



## Statistical Section

This part of the City of Rockford comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial health.

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

**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 NINE FISCAL YEARS**

**(accrual basis of accounting)**

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
<b>Governmental activities</b>				
Invested in capital assets, net of related debt	\$ 523,202,658	\$ 480,167,639	\$ 482,815,999	\$ 481,780,204
Restricted				
Capital projects	8,262,387	10,546,148	10,546,148	7,840,349
Debt service	6,513,108	5,686,654	5,437,035	5,717,798
Other purposes	13,470,622	19,429,953	18,103,293	16,504,779
Unrestricted	<u>(3,428,056)</u>	<u>(3,338,207)</u>	<u>(17,342,443)</u>	<u>(32,745,075)</u>
<b>Total governmental activities net position</b>	<u>\$ 548,020,719</u>	<u>\$ 512,492,187</u>	<u>\$ 499,560,032</u>	<u>\$ 479,098,055</u>
<b>Business-type activities</b>				
Invested in capital assets, net of related debt	\$ 139,564,019	\$ 138,848,876	\$ 135,803,303	\$ 133,021,249
Restricted				
Capital projects	1,000,000	1,000,000	1,000,000	1,000,000
Debt service	5,334,283	5,452,243	5,424,356	5,041,923
Unrestricted	<u>3,387,821</u>	<u>3,559,349</u>	<u>3,652,612</u>	<u>2,708,215</u>
<b>Total business-type activities net position</b>	<u>\$ 149,286,123</u>	<u>\$ 148,860,468</u>	<u>\$ 145,880,271</u>	<u>\$ 141,771,387</u>
<b>Total net position</b>	<u>\$ 697,306,842</u>	<u>\$ 661,352,655</u>	<u>\$ 645,440,303</u>	<u>\$ 620,869,442</u>
<b>Primary Government</b>				
Invested in capital assets, net of related debt	\$ 662,766,677	\$ 619,016,515	\$ 618,619,302	\$ 614,801,453
Restricted	34,580,400	42,114,998	40,510,832	36,104,849
Unrestricted	<u>(40,235)</u>	<u>221,142</u>	<u>(13,689,831)</u>	<u>(30,036,860)</u>
<b>Total net position</b>	<u>\$ 697,306,842</u>	<u>\$ 661,352,655</u>	<u>\$ 645,440,303</u>	<u>\$ 620,869,442</u>

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

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

(accrual basis of accounting)

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

<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
\$ 13,297,890	\$ 14,561,840	\$ 15,005,594	\$ 14,392,429	\$ 13,297,717	\$ 13,392,590
89,109,641	84,813,690	87,630,182	86,034,803	78,028,562	72,945,042
35,079,905	34,557,692	43,499,830	33,244,705	28,618,460	11,008,143
13,694,212	17,901,167	13,876,323	14,050,709	12,850,580	13,761,490
7,072,936	7,544,392	7,560,231	7,689,685	7,790,814	7,095,605
7,373,399	9,490,086	17,990,844	20,566,355	7,613,866	7,719,111
21,230,764	19,723,022	15,708,487	14,875,668	16,224,686	14,186,561
5,290,071	4,716,887	5,689,763	5,477,961	5,087,266	4,507,875
<u>192,148,818</u>	<u>193,308,776</u>	<u>206,961,254</u>	<u>196,332,315</u>	<u>169,511,951</u>	<u>144,616,417</u>
20,402,549	18,865,983	18,003,425	16,441,237	15,491,720	14,734,889
2,177,041	2,202,193	2,426,974	2,308,209	2,025,000	2,028,583
<u>22,579,590</u>	<u>21,068,176</u>	<u>20,430,399</u>	<u>18,749,446</u>	<u>17,516,720</u>	<u>16,763,472</u>
<u>\$ 214,728,408</u>	<u>\$ 214,376,952</u>	<u>\$ 227,391,653</u>	<u>\$ 215,081,761</u>	<u>\$ 187,028,671</u>	<u>\$ 161,379,889</u>
\$ 5,774,210	\$ 5,426,375	\$ 5,409,390	\$ 5,206,081	\$ 5,105,389	\$ 5,333,840
9,130,719	9,435,382	7,917,191	8,221,830	7,055,847	5,944,017
5,291,149	4,873,914	4,255,227	5,908,625	6,053,144	5,775,581
337,749	436,500	552,012	524,515	475,309	561,929
8,568,067	6,745,535	6,796,053	6,840,386	6,813,361	6,725,442
204,514	250,261	217,851	201,187	200,290	164,971
29,807,880	29,288,219	21,562,828	21,438,527	22,360,354	21,335,383
<u>2,837,398</u>	<u>2,000,666</u>	<u>763,307</u>	<u>11,420,360</u>	<u>6,601,783</u>	<u>6,872,910</u>
<u>61,951,686</u>	<u>58,456,852</u>	<u>47,473,859</u>	<u>59,761,511</u>	<u>54,665,477</u>	<u>52,714,073</u>
22,715,297	21,671,106	22,767,988	22,093,309	20,318,020	18,605,553
1,793,745	1,794,059	1,558,661	1,487,703	1,529,800	1,573,703
3,498,532	749,767	936,237	2,031,876	790,231	4,887,660
<u>28,007,574</u>	<u>24,214,932</u>	<u>25,262,886</u>	<u>25,612,888</u>	<u>22,638,051</u>	<u>25,066,916</u>
<u>\$ 89,959,260</u>	<u>\$ 82,671,784</u>	<u>\$ 72,736,745</u>	<u>\$ 85,374,399</u>	<u>\$ 77,303,528</u>	<u>\$ 77,780,989</u>
(Continued)	(Continued)	(Continued)	(Continued)	(Continued)	(Continued)

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

(accrual basis of accounting)

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

<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
\$ (130,197,132)	\$ (134,851,924)	\$ (159,487,395)	\$ (136,570,804)	\$ (114,846,474)	\$ (91,902,344)
5,427,984	3,146,756	4,832,487	6,863,442	5,121,331	8,303,444
<u>\$ (124,769,148)</u>	<u>\$ (131,705,168)</u>	<u>\$ (154,654,908)</u>	<u>\$ (129,707,362)</u>	<u>\$ (109,725,143)</u>	<u>\$ (83,598,900)</u>
\$ 58,784,815	\$ 58,379,104	\$ 55,712,310	\$ 53,713,800	\$ 50,378,602	\$ 47,010,384
36,380,336	35,756,775	39,497,031	33,450,584	25,171,445	23,378,788
3,626,556	3,538,842	3,530,918	3,516,164	3,504,878	3,243,519
1,541,577	1,490,316	1,839,367	1,792,348	1,733,131	1,527,358
-	-	-	-	-	-
2,030,554	1,818,959	2,189,685	2,015,444	1,963,229	1,821,123
11,736,930	12,201,422	14,193,822	13,400,874	12,299,422	11,294,861
7,555,032	7,212,783	8,181,027	8,803,431	7,251,586	6,920,944
5,363,605	5,852,740	5,928,166	6,291,357	5,771,186	5,772,796
1,058,712	1,119,215	1,054,625	1,022,275	866,032	888,953
2,619,091	1,624,690	1,624,014	1,446,031	1,383,862	1,256,422
478,887	226,143	3,086,564	4,342,807	3,006,127	1,485,108
1,557,877	2,415,129	2,831,758	2,658,405	2,451,023	3,009,223
-	-	-	57,600	57,600	57,600
<u>132,733,972</u>	<u>131,636,118</u>	<u>139,669,287</u>	<u>132,511,120</u>	<u>115,838,123</u>	<u>107,667,079</u>
244,381	2,414	1,687,136	1,491,836	1,227,266	376,485
-	-	-	-	-	-
-	-	-	(57,600)	(57,600)	(57,600)
<u>244,381</u>	<u>2,414</u>	<u>1,687,136</u>	<u>1,434,236</u>	<u>1,169,666</u>	<u>318,885</u>
<u>\$ 132,978,353</u>	<u>\$ 131,638,532</u>	<u>\$ 141,356,423</u>	<u>\$ 133,945,356</u>	<u>\$ 117,007,789</u>	<u>\$ 107,985,964</u>
\$ 2,536,840	\$ (3,215,806)	\$ (19,818,108)	\$ (4,059,684)	\$ 991,649	\$ 15,764,735
5,672,365	3,149,170	6,519,623	8,297,678	6,290,997	8,622,329
<u>\$ 8,209,205</u>	<u>\$ (66,636)</u>	<u>\$ (13,298,485)</u>	<u>\$ 4,237,994</u>	<u>\$ 7,282,646</u>	<u>\$ 24,387,064</u>

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

(modified accrual basis of accounting)

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
<b>General Fund</b>				
Reserved	\$ -	\$ -	\$ -	\$ 98,892
Unreserved	-	-	-	22,516,220
Assigned	-	-	43,094	-
Unassigned	34,420,681	32,168,324	27,490,250	-
<b>Total General Fund</b>	<u>\$ 34,420,681</u>	<u>\$ 32,168,324</u>	<u>\$ 27,533,344</u>	<u>\$ 22,615,112</u>
<b>All Other Governmental Funds</b>				
Reserved	\$ -	\$ -	\$ -	\$ 18,451,669
Unreserved, reported in				
Special Revenue Funds	-	-	-	14,015,070
Capital Project Funds	-	-	-	4,428,124
Debt Service Funds	-	-	-	-
Nonspendable	958,107	1,104,145	789,678	-
Restricted for:				
Capital Projects	8,262,387	12,924,115	10,546,148	-
Debt service	6,513,108	5,686,654	5,437,035	-
Culture and recreation	8,353,738	7,835,329	6,519,138	-
Community development	3,469,457	2,161,179	2,550,317	-
Public health and welfare	713,529	716,785	612,290	-
Highway and streets	9,478,114	9,673,378	9,466,862	-
Assigned for:				
General government	180,582	151,980	163,915	-
Debt service	2,195,329	2,522,003	3,183,834	-
Community development	4,849,350	5,041,069	4,143,400	-
Public health and welfare	111,807	148,211	116,619	-
Highway and streets	2,068,634	5,641,805	5,574,040	-
Unassigned	(6,574,475)	(4,445,288)	(4,919,989)	-
<b>Total all other governmental funds</b>	<u>\$ 40,579,667</u>	<u>\$ 49,161,365</u>	<u>\$ 44,183,287</u>	<u>\$ 36,894,863</u>

<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
\$ 195,966	\$ 1,392,085	\$ 2,848,419	\$ 3,625,662	\$ 1,393,308	\$ 1,900,846
21,810,257	22,960,413	30,358,063	29,714,629	29,277,422	27,616,366
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 22,006,223</u>	<u>\$ 24,352,498</u>	<u>\$ 33,206,482</u>	<u>\$ 33,340,291</u>	<u>\$ 30,670,730</u>	<u>\$ 29,517,212</u>
\$ 17,111,431	\$ 20,909,673	\$ 32,186,952	\$ 15,608,994	\$ 17,114,176	\$ 11,597,027
11,376,328	6,384,419	10,169,249	8,598,211	7,315,179	8,408,609
3,692,856	6,575,540	3,408,693	4,752,174	9,001,715	13,089,282
-	-	(6,859)	(76,529)	(263,135)	(387,500)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 32,180,615</u>	<u>\$ 33,869,632</u>	<u>\$ 45,758,035</u>	<u>\$ 28,882,850</u>	<u>\$ 33,167,935</u>	<u>\$ 32,707,418</u>

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

(modified accrual basis of accounting)

	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b>REVENUES</b>			
Taxes	\$ 112,374,801	\$ 112,169,125	\$ 111,577,708
Licenses and permits	4,195,722	4,650,908	4,406,169
Intergovernmental	60,350,268	60,326,767	62,495,106
Charges for services	22,384,977	21,121,354	18,076,762
Fines	1,330,341	1,661,996	1,559,476
Interest	(2,188,963)	728,812	1,785,330
Miscellaneous	1,388,622	826,206	587,768
Total revenues	<u>199,835,768</u>	<u>201,485,168</u>	<u>200,488,319</u>
<b>EXPENDITURES</b>			
Current:			
General government	12,424,299	11,867,343	10,961,941
Public safety	92,936,457	90,632,349	87,380,847
Streets, alleys and bridges	13,293,105	13,385,427	13,768,376
Community development	10,181,731	14,156,925	10,330,365
Sanitation and sewers	9,859,179	8,909,767	6,881,566
Culture and recreation	7,443,243	6,870,954	6,716,162
Public health and welfare	16,348,317	16,402,620	16,872,678
Debt service:			
Principal payments	14,109,960	8,870,514	14,411,960
Interest and fiscal charges	3,056,098	3,500,558	3,982,921
Capital outlay:			
General government	-	-	-
Public safety	5,518,861	5,083,271	313,903
Streets, alleys and bridges	25,568,840	17,439,699	15,629,085
Community development	55,666	-	-
Sanitation and sewers	-	-	-
Culture and recreation	5,756,123	500,307	1,431,859
Public health and welfare	253,537	28,715	-
Total expenditures	<u>216,805,416</u>	<u>197,648,449</u>	<u>188,681,663</u>
Excess of revenues over (under) expenditures	<u>(16,969,648)</u>	<u>3,836,719</u>	<u>11,806,656</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Refunding bonds issued	-	7,735,000	-
Payment to escrow agent	-	(8,522,305)	-
Issuance of general obligation bonds	-	-	-
Issuance of capital leases	10,580,307	5,837,061	-
Issuance of promissory term note	-	-	-
Issuance of line of credit	-	445,000	-
Discount on issue of general obligation bonds	-	(49,080)	-
Premium on issue of general obligation bonds	-	270,663	-
Transfers in	15,692,707	13,532,961	18,165,736
Transfers out	<u>(15,632,707)</u>	<u>(13,472,961)</u>	<u>(17,765,736)</u>
Total other financing sources (uses)	<u>10,640,307</u>	<u>5,776,339</u>	<u>400,000</u>
Net change in fund balances	(6,329,341)	9,613,058	12,206,656
Debt service as a percentage of noncapital expenditures	9.6%	7.1%	10.7%

<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
\$ 108,786,155	\$ 107,955,951	\$ 109,752,102	\$ 101,801,972	\$ 89,388,504	\$ 83,796,845	\$ 80,793,558
4,594,725	3,483,059	4,147,741	5,057,545	5,203,117	5,314,798	4,605,223
62,059,049	60,433,907	52,145,651	53,566,172	54,858,358	48,245,126	44,806,597
16,744,784	14,385,440	12,988,688	13,627,943	12,786,424	12,881,071	13,321,087
1,647,241	1,788,890	1,884,847	1,924,864	1,891,646	1,911,259	1,797,905
431,036	232,371	2,895,335	4,115,605	2,856,189	1,398,874	1,541,137
1,557,877	2,415,129	2,831,758	2,658,405	3,451,023	3,537,361	2,522,495
<u>195,820,867</u>	<u>190,694,747</u>	<u>186,646,122</u>	<u>182,752,506</u>	<u>170,435,261</u>	<u>157,085,334</u>	<u>149,388,002</u>
12,905,125	14,043,280	14,547,784	13,818,411	12,881,005	12,802,668	11,238,905
84,569,192	83,776,249	85,764,726	82,646,977	76,643,710	72,060,997	66,605,199
15,361,827	14,007,048	16,367,446	14,684,144	9,427,135	9,218,492	8,046,183
13,603,906	17,741,099	13,926,337	14,098,653	12,855,383	13,855,963	11,978,122
7,081,234	7,561,459	7,569,703	7,696,669	7,786,710	7,114,598	7,134,786
6,551,920	8,571,187	17,124,098	19,751,044	6,829,540	6,843,800	8,249,917
21,257,861	19,488,307	15,732,201	14,880,152	16,174,189	14,289,739	10,370,029
9,416,768	9,113,764	11,110,852	10,293,026	8,845,284	7,880,000	7,520,039
4,283,764	4,725,156	5,498,601	5,454,720	4,844,538	4,395,004	4,186,878
-	-	-	21,102	1,097,418	554,991	1,046,169
650,472	288,374	1,426,569	1,223,848	828,826	1,529,720	970,125
14,655,878	21,641,741	15,658,632	9,089,592	15,711,225	18,388,101	19,098,487
31,626	-	44,331	-	-	4,794,032	1,401,033
-	-	-	-	-	149,997	-
58,388	516,677	3,890,876	406,116	448,406	436,688	330,479
275,660	239,927	147,661	69,494	215,016	66,510	290,398
<u>190,703,621</u>	<u>201,714,268</u>	<u>208,809,817</u>	<u>194,133,948</u>	<u>174,588,385</u>	<u>174,381,300</u>	<u>158,466,749</u>
5,117,246	(11,019,521)	(22,163,695)	(11,381,442)	(4,153,124)	(17,295,966)	(9,078,747)
-	17,325,000	-	6,865,000	-	530,000	7,535,000
-	(16,754,910)	-	(6,770,679)	-	(107,622)	(7,387,358)
-	4,300,000	1,300,000	28,250,000	2,500,000	18,770,000	18,260,000
-	-	-	-	-	-	-
205,891	2,000,000	-	-	-	-	-
-	-	-	-	-	-	-
-	(83,763)	(3,692)	(279,103)	(20,000)	(140,011)	(127,446)
-	197,902	-	-	-	-	-
12,329,937	17,304,330	13,765,252	17,868,899	19,061,648	14,117,564	13,181,910
<u>(12,329,937)</u>	<u>(17,304,330)</u>	<u>(13,640,252)</u>	<u>(17,811,299)</u>	<u>(19,004,048)</u>	<u>(14,259,930)</u>	<u>(12,934,310)</u>
<u>205,891</u>	<u>6,984,229</u>	<u>1,421,308</u>	<u>28,122,818</u>	<u>2,537,600</u>	<u>18,910,001</u>	<u>18,527,796</u>
5,323,137	(4,035,292)	(20,742,387)	16,741,376	(1,615,524)	1,614,035	9,449,049
7.8%	7.7%	8.9%	8.6%	8.8%	8.3%	8.7%

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

(000's Omitted)

Tax Levy Year	Winnebago County					Ogle County	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Estimated Actual Value
	Residential Property	Commercial Property	Industrial Property	Other Property						
2004	1,108,927	433,802	172,428	1,504	-	1,717,738	2.60190	5,974,065	33.33%	
2005	1,193,159	453,996	170,341	1,487	-	1,818,983	2.62220	6,315,406	33.33%	
2006	1,274,733	475,345	174,070	1,513	-	1,925,661	2.56830	5,777,561	33.33%	
2007	1,366,860	490,389	173,396	1,997	-	2,032,642	2.51730	6,098,536	33.33%	
2008	1,414,810	507,079	175,831	2,461	-	2,100,181	2.53180	6,301,173	33.33%	
2009	1,407,401	497,114	175,716	2,569	-	2,082,800	2.56060	6,249,025	33.33%	
2010	1,353,879	482,095	170,089	2,932	-	2,008,995	2.71590	6,027,588	33.33%	
2011	1,277,287	450,759	160,585	2,902	-	1,891,533	2.90510	5,675,167	33.33%	
2012	1,147,712	407,632	150,299	3,410	124	1,709,177	3.26000	5,128,416	33.33%	
2013	1,023,039	384,084	141,101	3,618	124	1,551,966	3.55350	4,656,736	33.33%	

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



**CITY OF ROCKFORD, ILLINOIS  
 DIRECT AND OVERLAPPING PROPERTY TAX RATES,  
 LAST TEN LEVY YEARS**

	City Direct Rates				
	General Fund	Library Special Revenue Fund	Debt Service Fund	Other Special Revenue Funds	Total Direct Tax Rate
2004	1.72430	0.32000	0.44970	0.10790	2.60190
2005	1.72480	0.31710	0.47310	0.10700	2.62200
2006	1.68990	0.31560	0.45540	0.10740	2.56830
2007	1.68750	0.31470	0.40810	0.10700	2.51730
2008	1.75100	0.32330	0.36540	0.09210	2.53180
2009	1.88330	0.33090	0.33630	0.01010	2.56060
2010	2.03510	0.35640	0.31560	0.00880	2.71590
2011	2.21630	0.38600	0.29350	0.00930	2.90510
2012	2.54980	0.44350	0.27970	0.01150	3.28450
2013	2.79970	0.47240	0.26870	0.01270	3.55350

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

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

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

Overlapping Rates

Winnebago County	Winnebago County Forest Preserve	Rockford Township	Rockford Park District	Rock River Water Reclamation	Greater Rockford Airport	Rockford School Sistrict	Rock Valley Community College
0.79730	0.10310	0.20180	0.77660	0.14060	0.31210	5.53100	0.45300
0.79000	0.09940	0.19920	0.75250	0.13420	0.26650	5.51070	0.44710
0.78290	0.09510	0.19730	0.73600	0.12370	0.08930	5.41230	0.46600
0.77040	0.09050	0.19660	0.71980	0.12210	0.08840	5.33810	0.44100
0.78350	0.08590	0.19740	0.73190	0.12430	0.08900	5.45200	0.45780
0.79340	0.08590	0.20090	0.74550	0.12680	0.09010	5.57650	0.45830
0.82990	0.08980	0.20430	0.78690	0.13620	0.09540	6.01520	0.45030
0.86760	0.09560	0.21680	0.84320	0.14690	0.09370	6.55950	0.45410
0.94230	0.10720	0.23490	0.95220	0.16650	0.10240	6.68840	0.44770
1.03290	0.11650	0.25870	1.05770	0.18560	0.10430	7.23010	0.46300

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

Taxpayer	2013			2004		
	Equalized Value	Rank	Percentage of Total Equalized Value	Equalized Value	Rank	Percentage of Total Equalized Value
Lowes Home Centers INC.	\$ 11,525,111	1	0.74%	\$ 7,729,359	1	0.45%
Greater Rockford Airport Authority	11,271,057	2	0.73%			
Wal-Mart Stores Inc.	8,603,233	3	0.55%			
Forest Plaza LLC.	6,536,961	4	0.42%			
Wesley Willows	5,546,728	5	0.36%			
MB Rockford State LLC.	3,890,710	6	0.25%			
Hamilton Sundstrand Corporation	3,683,547	7	0.24%	6,857,757	2	0.40%
Anderson Rockford Properties LLC	3,525,525	8	0.23%			
Fairhaven Christian Home	3,378,005	9	0.22%			
Rock River Valley Industrial Park	3,333,185	10	0.21%	5,921,013	3	0.35%
United Parcel Service Inc.				5,632,394	4	0.33%
Swedish American Hospital				5,108,490	5	0.30%
Fairhaven Christian Home				4,708,582	6	0.27%
Simon Property Group				4,548,216	7	0.26%
Market Shopping Center LLC.				4,383,057	8	0.26%
Metro Centre				3,947,342	9	0.23%
Sunil Puri				3,712,680	10	0.23%
Rocjard Perno						
Total	\$ 61,294,062		3.95%	\$ 52,548,890		3.08%

Source: Winnebago County Collector's office.

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

<b>Tax Levy Year</b>	<b>Tax Levy (1)</b>	<b>Collections (2)</b>	<b>Percent of Tax Levy Extension Collected</b>	<b>Delinquent Tax Collections (3)</b>	<b>Total Tax Collections</b>	<b>Total Collections as Percent of Current Tax Levy Extensions</b>
2004	44,595,473	44,388,203	99.54%	168,025	44,556,228	99.91%
2005	47,672,363	47,433,307	99.50%	33,119	47,466,426	99.57%
2006	50,305,082	50,112,235	99.62%	48,057	50,160,292	99.71%
2007	51,167,696	50,940,582	99.56%	20,447	50,961,029	99.60%
2008	53,172,394	52,827,215	99.35%	18,291	52,845,506	99.39%
2009	53,332,168	53,011,644	99.40%	17,832	53,029,476	99.43%
2010	54,562,306	54,196,463	99.33%	(26,980)	54,169,483	99.28%
2011	54,950,931	54,658,636	99.47%	(46,452)	54,612,184	99.38%
2012	55,719,158	55,409,385	99.44%	-	55,409,385	99.44%
2013	55,147,024					

- NOTES:
- (1) The tax levy extensions do not include tax increment financing districts or special service tax areas.
  - (2) Current collections as shown above represent those collections made by Winnebago County on the current levy up to the date of tax sale (the date such taxes are determined to be delinquent). The current tax collection period normally is the calendar year immediately subsequent to the tax year, but may be extended beyond December 31, depending on the date of the tax sale.
  - (3) Delinquent property taxes collected by the County Treasurer are distributed to the taxing units by use of the current tax rate and cannot be applied to specific levy years. Thus, delinquent taxes collected during the year are applied to the year preceding the tax levy for which current taxes are being collected.
  - (4) The 2013 levy will be collected in 2014.

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

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Governmental Activities						
Fiscal Year Ended	General Obligation Bonds	Section 108 Guaranteed Loans	EPA Water Pollution Obligation	Promissory Term Note	Capital Leases	Lines of Credit
2004	90,550,000	1,065,000	1,064,887			
2005	101,970,000	2,045,000	977,265			
2006	95,950,000	1,810,000	886,981			
2007	114,385,000	1,730,000	793,956			
2008	104,755,000	1,645,000	698,104			8,844,578
2009	104,735,000	1,555,000	599,340	2,000,000		8,945,076
2010	95,720,000	1,455,000	497,576	2,352,013		9,150,967
2011	86,705,000	1,355,000	392,721	452,741		5,758,859
2012	77,755,000	1,185,000	284,680	350,781	10,034,707	6,041,424
2013	69,460,000	1,005,000	173,357	246,065	15,375,022	1,766,293

Business-Type Activities						
Water General Obligation Alternate Bonds	Parking System General Obligation Alternate Bonds	Water IEPA Loan	Water Instalment Purchase Agreement	Total Primary Government	Percentage of Personal Income	Per Capita
23,740,000				116,419,887	2.88%	776
22,250,000				127,242,265	3.08%	848
33,890,000				132,536,981	3.22%	883
34,285,000				151,193,956	3.55%	1,007
40,075,000	1,850,000	2,041,100	25,000,000	184,908,782	4.13%	1,232
37,190,000	1,850,000	18,588,514	14,000,000	189,462,930	4.04%	1,262
37,510,000	1,825,000	26,909,280	14,000,000	189,419,836	3.75%	1,239
34,570,000	1,800,000	35,293,002	4,000,000	170,327,323	3.37%	1,114
31,695,000	1,725,000	36,607,891	-	165,679,483	3.15%	1,084
28,955,000	1,650,000	34,913,623	-	153,544,360	2.92%	1,004

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

<b>Year</b>	<b>Population (1)</b>	<b>Equalized Value (3)</b>	<b>Bond Principal (2)</b>	<b>Less Debt Service Funds</b>	<b>Net Bonded Debt</b>	<b>Ratio of Net Bonded Debt to Equalized Value</b>	<b>Net Bonded Debt Per Capita</b>
2004	150,115	1,716,660,425	114,290,000	4,386,052	109,903,948	6.40%	732.13
2005	150,115	1,817,902,953	124,220,000	5,131,603	119,088,397	6.55%	793.31
2006	150,115	1,925,661,337	129,840,000	7,461,724	122,378,276	6.36%	815.23
2007	150,115	2,032,641,960	148,678,000	9,513,895	139,164,105	6.85%	927.05
2008	150,115	2,100,181,000	146,688,000	8,667,411	138,020,589	6.57%	919.43
2009	150,115	2,082,799,663	143,775,000	7,989,282	135,785,718	6.52%	904.54
2010	152,871	2,008,995,393	135,055,000	8,317,681	126,737,319	6.31%	829.05
2011	152,871	1,891,533,215	123,075,000	8,620,869	114,454,131	6.05%	748.70
2012	152,871	1,709,052,860	111,175,000	8,208,657	102,966,343	6.02%	673.55
2013	152,871	1,551,965,935	100,065,000	8,708,437	91,356,563	5.89%	597.61

NOTES: (1) Per the United States Department of Commerce, Bureau of Statistics, Rockford Council of 100 and City of Rockford estimates.  
(2) Does not include tax increment financing areas equalized value.

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

As of December 31, 2013

Name of Governmental Unit	Total Debt Outstanding	(2) Percentage Applicable To City of Rockford	City of Rockford's Share of Debt
<b>Direct:</b>			
City of Rockford, Illinois (1)	\$ 100,065,000	100.0%	\$ 100,065,000
<b>Overlapping:</b>			
Schools:			
School District #205	178,555,000	71.6%	127,898,947
School District #122	24,867,065	2.6%	634,110
School District #321	-	8.5%	-
School District #323	4,740,000	3.2%	150,732
Community College #511	64,133,595	27.9%	17,906,100
	<u>272,295,660</u>		<u>146,589,888</u>
Other Units:			
Winnebago County	-	43.5%	-
Winnebago County Forest Preserve	2,719,089	41.8%	1,137,395
Rock River Water Reclamation District	-	62.3%	-
Greater Rockford Airport Authority	-	56.9%	-
Rockford Township	-	75.0%	-
Cherry Valley Township	-	42.9%	-
Owen Township	-	23.9%	-
Rockford Park District	5,245,000	70.0%	3,670,451
Rockford City Library District	-	71.3%	-
	<u>7,964,089</u>		<u>4,807,846</u>
Total Overlapping Debt	<u>280,259,749</u>		<u>151,397,734</u>
Total Direct and Overlapping Debt	<u>\$ 380,324,749</u>		<u>\$ 251,462,734</u>

NOTES:

- (1) Total debt outstanding for the City of Rockford does not include general obligation bonds and water revenue bonds being funded by the Water Utility Fund.
- (2) Determined by ratio of assessed value of property subject of taxation in City of Rockford to value of property subject of taxation in overlapping unit.

Source: Information on overlapping debt obtained from Winnebago County.

**CITY OF ROCKFORD, ILLINOIS  
LEGAL DEBT MARGIN INFORMATION,  
LAST TEN FISCAL YEARS**

Legal Debt Margin Calculation for Fiscal Year 2013

Assessed value	\$ 1,551,965,935
Debt limit - State (8.625% of assessed value)	133,857,062
Debt Limit - City (80% of the State limit)	107,085,650
Debt applicable to limit:	
General obligation bonds	11,985,000
Lease/purchase agreements	16,533,824
General obligation promissory notes	2,012,358
Total amount of debt applicable to debt limit	<u>30,531,182</u>
Legal debt margin	<u>76,554,468</u>

	2012	2012	2011	2010
Debt limit	\$ 107,085,650	\$ 117,924,647	\$ 130,515,792	\$ 138,620,682
Total net debt applicable to limit	<u>30,531,182</u>	<u>37,665,933</u>	<u>31,216,600</u>	<u>51,882,980</u>
Legal debt margin	<u>\$ 76,554,468</u>	<u>\$ 80,258,714</u>	<u>\$ 99,299,192</u>	<u>\$ 86,737,702</u>
Total net debt applicable to the limit as a percentage of debt limit	28.51%	31.94%	23.92%	37.43%

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2009	2008	2007	2006	2005	2004
143,713,177	\$ 144,912,521	\$ 140,252,295	\$ 135,222,965	\$ 125,509,805	\$ 118,449,569
63,735,000	63,600,000	53,665,000	60,275,000	64,110,000	65,055,000
79,978,177	\$ 81,312,521	\$ 86,587,295	\$ 74,947,965	\$ 61,399,805	\$ 53,394,569
44.35%	43.89%	38.26%	44.57%	51.08%	54.92%

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

<u>Year</u>	<u>Water Service Charges</u>	<u>Less: Operating Expenses</u>	<u>Net Revenue Available for Debt Service</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Coverage</u>
<u>Water Utility Fund (1)</u>							
2004	16,353,453	12,967,309	3,386,144	3,695,000	1,092,484	4,787,484	0.71%
2005	18,510,339	13,618,993	4,891,346	3,690,000	971,322	4,661,322	1.05%
2006	20,130,357	14,021,767	6,108,590	3,360,000	1,338,489	4,698,489	1.30%
2007	21,991,102	14,955,551	7,035,551	3,105,000	1,389,810	4,494,810	1.57%
2008	22,528,255	15,829,814	6,698,441	2,905,000	1,710,304	4,615,304	1.45%
2009	21,552,933	16,718,002	4,834,931	3,105,000	1,605,824	4,710,824	1.03%
2010	22,715,297	18,013,327	4,701,970	2,965,000	1,615,853	4,580,853	1.03%
2011	22,675,543	18,696,527	3,979,016	2,910,000	1,520,749	4,430,749	0.90%
2012	24,682,211	21,578,537	3,103,674	2,740,000	1,407,193	4,147,193	0.75%
2013	23,248,674	19,952,612	3,296,062	2,740,000	1,301,639	4,041,639	0.82%

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**

<b>Year</b>	<b>Population (1)</b>	<b>Personal Income (Thousands of dollars) (3)</b>	<b>Per Capita Personal Income (2)</b>	<b>Unemployment Rate (5)</b>
2004	150,115	4,122,308	27,461	6.50%
2005	150,115	4,253,509	28,335	6.40%
2006	150,115	4,479,432	29,840	5.30%
2007	150,115	4,848,714	32,300	6.30%
2008	150,115	4,945,389	32,944	9.10%
2009	150,115	4,823,345	32,131	15.10%
2010	152,871	5,048,564	33,025	16.60%
2011	152,871	5,255,246	34,377	14.40%
2012	152,871	5,516,656	36,087	14.40%
2013	152,871	N/A	N/A	14.40%

- NOTES:
- (1) U.S. Department of Commerce, Bureau of Statistics and Rockford Council of 100
  - (2) U.S. Department of Commerce, Bureau of Statistics, the amount presented is for the Ro
  - (3) Per Capita Personal Income multiplied by the population.
  - (4) Annual school census by Rockford Board of Education. Students in community college
  - (5) Figures are provided by the State of Illinois Department of Employment Security.  
 The rate presented is the average unemployment for the year, Rockford MSA.

**CITY OF ROCKFORD, ILLINOIS  
PRINCIPAL EMPLOYERS,  
CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	2013			2004		
	Employees (1)	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Rockford School District No. 205	4,800	1	3.34%	3,471	2	2.03%
Chrysler, LLC	2,750	2	1.91%	1,750	7	1.02%
Swedish American Health Systems	2,600	3	1.81%	2,837	3	1.66%
Rockford Memorial Hospital	2,500	4	1.74%	3,600	1	2.10%
Hamilton Sundstrand Corporation	2,350	5	1.63%	2,400	4	1.40%
OSF St. Anthony's Medical Center	2,000	6	1.39%	2,000	6	1.17%
Rockford Park District	2,000	7	1.39%			
Wal-Mart Stores (3)	2,000	8	1.39%			
Freeport Health Network Hospital	1,600	9	1.11%			
County of Winnebago	1,200	10	0.83%			
United Parcel Service				2,200	5	1.28%
City of Rockford				1,193	8	0.70%
Woodward Governor Company				1,100	9	0.64%
County of Winnebago				1,100	10	0.64%
Total	<u>23,800</u>		<u>16.55%</u>	<u>21,651</u>		<u>11.99%</u>
Total employment in the Rockford MSA	143,771			171,400		

(1) Source: 2012 Illinois Manufacturer's Directory, 2012 Illinois Services Directory, the Rockford Area Council of 100, the Illinois Department of Commerce and Economic Activity, and the selected telephone survey.

(2) Full-time equivalents

(3) Includes part-time employees

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

Function/Program	Full-time Equivalent Employees									
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
General government:										
Mayor's office	4.0	4.0	5.0	6.0	8.0	8.0	8.0	8.0	8.0	6.0
Legal department	12.0	12.0	12.0	17.0	20.0	20.0	19.0	17.0	17.0	16.0
Finance office	36.0	31.0	30.0	31.0	32.0	33.0	33.0	33.0	34.0	33.0
Information Services	4.0	6.0	6.0	6.0	8.0	10.0	10.0	10.0	10.0	9.0
Personnel department	5.0	5.0	5.0	6.0	7.0	7.0	7.0	7.0	7.0	7.0
Public safety										
Police department										
Officers	283.0	283.0	282.0	282.0	295.0	305.0	305.0	305.0	299.0	299.0
Civilians	36.0	36.0	36.0	36.0	28.0	33.0	33.0	33.0	33.0	33.0
Fire department	280.0	280.0	278.0	282.0	282.0	282.0	282.0	280.0	282.0	277.0
911	53.0	53.0	53.0	53.0	53.0	53.0	53.0	61.0	61.0	61.0
Public works - traffic	11.0	11.0	11.0	13.0	12.5	18.0	18.0	18.0	18.0	18.0
Construction Services	25.2	15.0	15.0	18.0	25.0	19.0	21.0	20.0	20.0	20.0
Streets, alleys and bridges										
Administration	2.0	2.0	2.0	4.0	4.5	6.5	7.0	6.0	6.0	6.0
Engineering	9.5	10.0	5.5	7.5	10.0	4.5	5.0	5.0	5.0	5.0
Capital Projects	16.5	17.0	18.5	17.2	16.0	16.0	16.0	16.0	13.0	13.0
Street and sewer maintenance	31.0	31.0	32.0	38.0	40.0	39.5	40.0	40.0	40.0	41.0
Property and equipment	23.0	24.0	24.0	27.0	27.0	28.0	28.0	24.0	28.0	28.0
Community development										
Administration	1.5	1.5	1.5	1.5	2.0	2.0	2.0	2.0	2.0	2.0
Development	7.0	8.0	8.0	7.0	8.0	9.0	17.0	18.0	19.0	18.0
Planning	4.3	4.3	4.3	5.3	6.0	11.0	15.0	12.0	12.0	12.0
Code enforcement	-	10.2	10.2	12.2	13.0	13.0	13.0	-	-	-
Sanitation and sewers										
Public works - sewers	-	-	-	-	-	3.0	3.0	3.0	3.0	3.0
Culture and recreation										
Library	86.3	86.0	84.5	82.0	115.0	109.0	103.0	102.0	98.0	97.0
Public health and welfare	96.4	91.0	99.0	97.9	91.0	92.5	93.0	96.0	92.0	93.0
Parking	8.5	8.5	8.5	8.5	9.0	9.0	9.0	9.0	9.0	9.0
Water	64.0	72.0	72.0	77.0	75.0	76.0	75.0	76.0	75.0	76.0
Total	1,099.1	1,101.5	1,103.0	1,135.0	1,187.0	1,207.0	1,215.0	1,201.0	1,191.0	1,182.0

Source: City Finance Office

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

Function/Program	Fiscal Year							
	2013	2012	2011	2010	2009	2008	2007	2006
<b>Police department</b>								
Total calls for service	154,000	164,000	166,714	167,304	177,688	184,824	188,840	200,874
Total group A offenses	20,504	19,854	19,876	23,169	24,663	27,590	28,441	12,415
Total group B offenses	12,345	12,447	14,715	N/A	N/A	N/A	N/A	N/A
Clearance Rate	34.60%	34.80%	33.21%	33.40%	32.88%	33.70%	36.38%	23.33%
<b>Fire department</b>								
Total call for service	25,100	24,800	22,216	22,839	23,663	23,629	22,864	20,915
Total number of fire calls	625	641	566	564	688	702	781	671
Total number of ambulance runs	19,804	19,506	18,854	17,958	18,391	18,243	17,372	15,390
<b>911 Center</b>								
Total non-emergency calls	101,971	106,712	109,984	112,076	119,097	130,481	125,202	293,012
Total emergency calls	117,484	131,809	126,613	119,200	120,247	137,536	153,559	182,076
Total police dispatches	153,646	168,848	174,368	167,305	159,703	174,122	192,399	342,008
Total fire dispatches	28,676	38,997	25,440	23,539	24,425	27,643	27,669	30,213
<b>Human services</b>								
Households receiving energy assistance	6,000	6,873	9,649	13,000	16,000	9,900	9,906	9,886
Head Start children served	664	677	780	721	624	653	669	649
Homeless prevention clients served	2,800	1,267	2,800	1,267	2,435	1,900	1,870	1,496
Summer Food program - meals served	23,350	23,362	22,515	4,400	4,400	3,000	2,500	2,985
Clients receiving weatherization assistance	120	581	500	459	459	155	N/A	N/A
<b>Sanitation Division</b>								
Regular tonnage	45,970	45,497	53,210	52,120	53,640	55,419	57,340	56,436
Composting tonnage	13,114	12,440	14,560	14,320	14,155	14,624	14,920	15,378
Recycling tonnage	6,499	6,064	7,330	7,210	6,705	6,928	7,170	7,006
<b>Public Works</b>								
Number of engineering plans reviewed	128	100	75	70	94	113	118	N/A
Number of permits issued	2,061	1,507	1,625	1,751	1,623	1,584	N/A	N/A
Plowing/spreading occurrences	24	17	22	21	20	31	32	N/A
Street sweeping cycles	3	3	3	3	3	4	6	N/A
Tree trims	1,523	2,541	1,500	1,181	4,136	2,890	N/A	N/A
Tree plantings	756	278	100	28	18	N/A	N/A	N/A
Total requests	7,724	8,376	N/A	N/A	N/A	N/A	N/A	N/A
Average days to close request	79	24	N/A	N/A	N/A	N/A	N/A	N/A
<b>Parking division</b>								
Total parking spaces	4,504	4,504	4,504	4,504	4,504	4,504	4,329	4,303
Number of tickets issued	13,500	14,950	15,769	18,268	24,741	24,023	26,869	44,009
<b>Water division</b>								
Number of users	52,645	52,825	52,725	53,055	53,030	53,267	53,221	53,100
Annual water production (billion gallons)	6.90	7.20	7.03	7.40	7.30	8.00	8.34	8.40

Source: City finance department

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

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

Source: City finance department