

CITY OF ROCKFORD,
ILLINOIS

COMPREHENSIVE
ANNUAL
FINANCIAL REPORT

YEAR ENDED
DECEMBER 31, 2011



CITY OF ROCKFORD, ILLINOIS

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2011

Prepared by:

Finance Office
Chris Black
Finance Director



CITY OF ROCKFORD, ILLINOIS

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Chris Black
Director
Finance Department

June 27, 2012

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, 2011, 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, 2011 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 unqualified opinion that the City of Rockford's financial statements for the fiscal year ended December 31, 2011, 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

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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 64.19 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 2011 average unemployment rate for the metropolitan area was 12.9% as compared to the state average of 9.8% and the national average of 8.9%.

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, NCO Group, Woodward Governor, Invensys, Quebecor Printing, Lowe's Distribution Center, Kraft Foods, 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 3.15 year average maturity for the portfolio. The average yield as of year-end was 1.202% 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 2011 the amount was 12.81% 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, 2010. This was the thirty second 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, 2011. 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 black ink that reads "Chris Black". The signature is written in a cursive, slightly slanted style.

Chris Black
Finance Director

CITY OF ROCKFORD, ILLINOIS
OFFICIALS AND OFFICERS
Year Ended December 31, 2011

MAYOR

Lawrence J. Morrissey

CITY COUNCIL MEMBERS

Franklin C. Beach
John C. Beck
Venita Hervey
Bill Robertson
Patrick Curran
Tim Durkee
Ann Thompson-Kelly

Karen Elyea
Leonard J. Jacobson
Carl Wasco
Nancy L. Johnson
Douglas Mark
Linda McNeely
William Timm

CITY ADMINISTRATOR

James Ryan

Reid Montgomery
COMMUNITY DEVELOPMENT DIRECTOR

Chis Black
FINANCE DIRECTOR

Derek Bergsten
FIRE CHIEF

George Davis
HUMAN SERVICES DIRECTOR

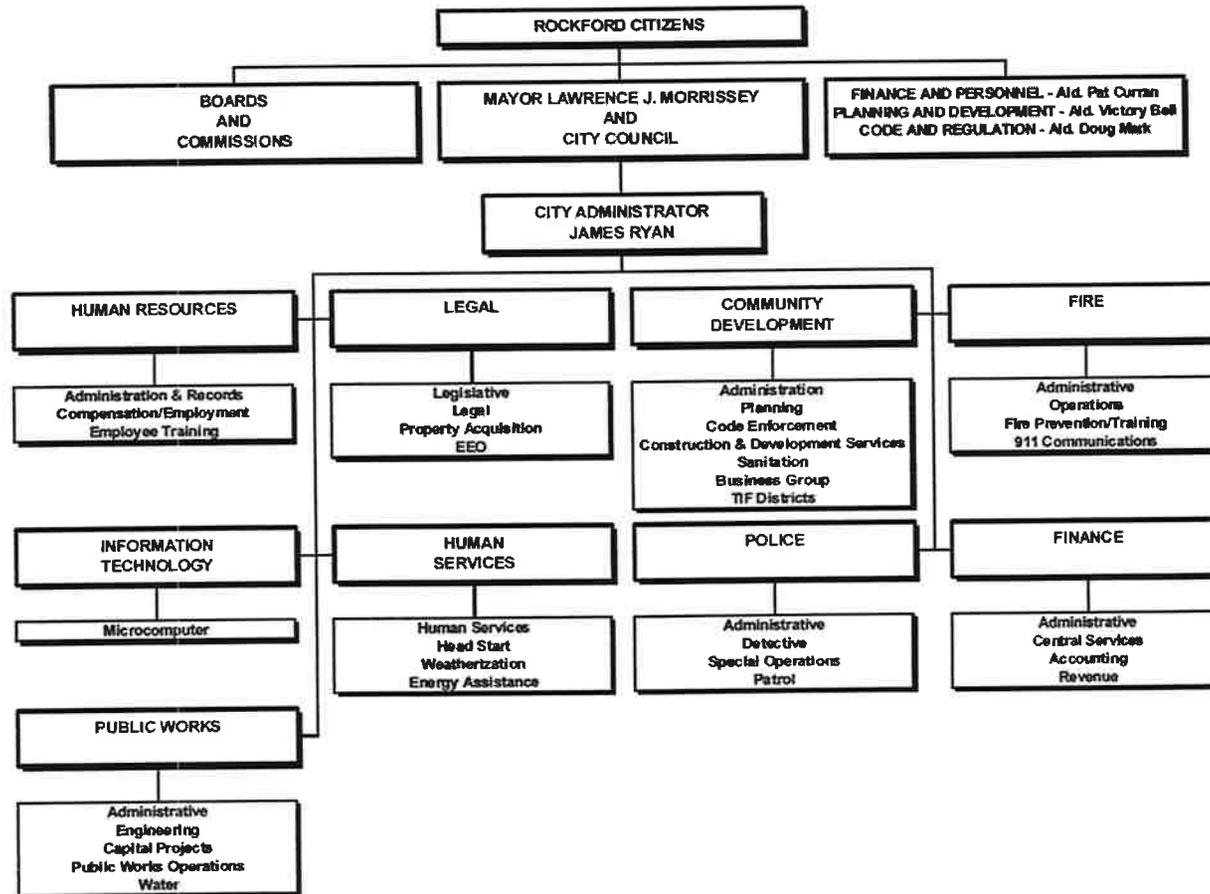
Patrick Hayes
LEGAL DIRECTOR

Julia Valdez
PERSONNEL DIRECTOR

Chet Epperson
POLICE CHIEF

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

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, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Sandison

President

Jeffrey R. Egan

Executive Director

INDEPENDENT AUDITORS' REPORT

June 25, 2012

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, 2011, which collectively comprise the City's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the City of Rockford, Illinois' management. 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 or the Rockford Metropolitan Exposition, Auditorium and Office Building Authority discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Rockford Mass Transit District and the Rockford Metropolitan Exposition, Auditorium and Office Building Authority, is based 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Rockford, Illinois as of December 31, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2012, on our consideration of the City of Rockford, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions 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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors 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.

Our audit was conducted for the purposes of forming opinions on the financial statements that collectively comprise the City of Rockford, Illinois' financial statements as a whole. The combining and individual nonmajor fund financial statements and schedules and other information listed as schedules and other supplementary information in the accompanying table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements and schedules and other information listed as schedules and other supplementary information in the accompanying table of contents 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. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the report of other auditors, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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


LAUTERBACH & AMEN, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS



City of Rockford, Illinois

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended December 31, 2011

This section of the City of Rockford ("City") annual financial report presents our discussion and analysis of the City's financial performance for the fiscal year ended December 31, 2011. 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

- The assets of the City of Rockford exceeded its liabilities at year-end December 31, 2011 by \$645.4 million (net assets). Of this amount, the City's unrestricted net assets, which may be used to meet the City's ongoing obligations to citizens and creditors was a negative (\$13.7) million. Governmental activities accounted for \$499.6 million and business-type activities accounted for \$145.9 million. The City's total net assets increased by \$24.5 million of which \$20.4 million was related to governmental activities and \$4.1 million to business-type activities.
- During the year, the City's primary government-wide expenses were \$204.3 million, which was less than the \$228.9 million generated in primary government-wide taxes and other revenues for governmental functions.
- In the City's business-type activities, program revenues decreased 1 percent to \$27.7 million, while expenses increased less than 1 percent to \$23.1 million.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$71.7 million, an increase of \$12.2 million in comparison with the prior year. Approximately 31 percent of this total amount, \$22.7 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 \$27.5 million, or 25 percent of total General Fund expenditures. In comparison, the prior year unassigned/unreserved fund balance was \$22.5 million or 20 percent of General Fund expenditures.
- During the current fiscal year the City's total long-term obligations decreased by 7.5 percent or \$15.3 million, to \$188.3 million. The key factors in this decrease were the issuance of \$11.8 million in IEPA loans, for water system upgrades, \$3.8 million increase in the net pension and OPEB obligations and principle payments of \$31 million.
- The City's Governmental Funds capital outlays were \$17.3 million in 2011, an increase from last year of \$1.7 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2011

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:

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 assets – The statement of net assets presents financial information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the current fiscal year. All changes in net assets 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 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2011

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

The City maintains 46 individual governmental funds of which six are considered major funds. Information is presented separately for the City's major funds in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. The General Fund, Public Library Fund, Community Development Fund, Human Services Fund, Debt Service Fund, and Capital Projects Fund are considered the City's major funds. Financial data from the other 40 governmental funds are combined into a single, aggregated presentation. Individual fund financial data for each of the nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund and its three major special revenue funds. A budgetary comparison statement 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2011

Fiduciary funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the governmental-wide financial statements because those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City has two fiduciary funds, the police pension and 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 33 - 75 of this report.

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

Required supplementary information can be found on pages A1 –A7 of this report.

City of Rockford, Illinois

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended December 31, 2011

Government-wide

FINANCIAL ANALYSIS

Net assets – As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$645.4 million at the close of the fiscal year ended December 31, 2011.

The City's net assets include assets invested in capital net of related debt, restricted net assets, and unrestricted net assets. In 2011, assets invested in capital net of related debt were equal to \$618.6 million and comprised 96 percent of total net assets. 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 Assets at December 31, 2011 and 2010.

	City of Rockford Net Assets					
	Governmental activities 2011	Governmental activities 2010	Business-type activities 2011	Business-type activities 2010	Total 2011	Total 2010
Current and other assets	\$ 168,266,006	\$ 146,359,490	\$ 29,190,381	\$ 32,191,574	\$ 197,456,387	\$ 178,551,064
Capital assets	535,659,031	542,467,030	195,267,743	193,540,586	730,926,774	736,007,616
Total assets	<u>703,925,037</u>	<u>688,826,520</u>	<u>224,458,124</u>	<u>225,732,160</u>	<u>928,383,161</u>	<u>914,558,680</u>
Long-term liabilities	97,056,179	98,736,807	67,779,307	76,735,209	164,835,486	175,472,016
Current liabilities	107,308,826	110,991,658	10,798,546	7,225,564	118,107,372	118,217,222
Total liabilities	<u>204,365,005</u>	<u>209,728,465</u>	<u>78,577,853</u>	<u>83,960,773</u>	<u>282,942,858</u>	<u>293,689,238</u>
Net assets:						
Invested in capital assets, net of related debt	482,815,998	481,780,203	135,803,303	133,021,249	618,619,301	614,801,452
Restricted	34,086,476	30,062,927	6,424,356	6,041,923	40,510,832	36,104,850
Unrestricted	(17,342,442)	(32,745,075)	3,652,612	2,708,215	(13,689,830)	(30,036,860)
Total net assets	<u>\$ 499,560,032</u>	<u>\$ 479,098,055</u>	<u>\$ 145,880,271</u>	<u>\$ 141,771,387</u>	<u>\$ 645,440,303</u>	<u>\$ 620,869,442</u>

Normal Impacts

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2011

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

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

Reduction of Capital Assets through Depreciation – which will reduce capital assets and invested in capital assets, net of debt.

Current Year Impacts

Net assets of the City's governmental activities increased by 4 percent (\$499.5 million compared to \$479.1 million). Unrestricted net assets, those that can be used to finance the day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, increased by 47 percent (-\$17.3 million compared to -\$32.7 million). Restricted net assets, those restricted for special purposes such as; capital projects, debt service, and various grant related activities increased by 13 percent or \$4 million. This increase may be attributed to the economic environment beginning to stabilize; cost cutting measures taken across all departments, as well as reduction in force and the elimination of vacant positions.

At the end of the current fiscal year, the City reported positive balances in all three categories of net assets for the business type activities. Total net assets increased 2.9 percent (\$145.9 million compared to \$141.8 million).

A summary of the City's 2011 Changes in Net Assets is presented on the following page.

City of Rockford, Illinois

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2011

Changes in Net Assets

	Governmental	Governmental	Business-type	Business-type	Total	Total
	activities	activities	activities	activities	2011	2010
	2011	2010	2011	2010		
Revenues						
Program revenues:						
Charges for services	\$ 31,836,118	\$ 29,306,408	\$ 24,541,670	\$ 24,509,042	\$ 56,377,788	\$ 53,815,450
Operating grants and contributions	26,038,343	29,807,880	-	-	26,038,343	29,807,880
Capital grants and contributions	8,343,151	2,837,398	2,273,425	3,498,532	10,616,576	6,335,930
General revenues:						
Taxes:						
Property taxes	59,851,344	58,784,815	-	-	59,851,344	58,784,815
Sales tax	37,027,021	36,380,336	-	-	37,027,021	36,380,336
Franchise taxes	1,684,182	2,619,091	-	-	1,684,182	2,619,091
Income tax	11,978,090	11,736,930	-	-	11,978,090	11,736,930
Replacement tax	7,068,952	7,555,032	-	-	7,068,952	7,555,032
Other taxes	14,699,345	13,621,004	-	-	14,699,345	13,621,004
Interest earnings	2,176,835	478,887	841,454	244,381	3,018,289	723,268
Other	546,953	1,557,877	-	-	546,953	1,557,877
Total revenues	201,250,334	194,685,658	27,656,549	28,251,955	228,906,883	222,937,613
Expenses						
General government	11,074,142	13,297,890	-	-	11,074,142	13,297,890
Public safety	88,787,990	89,109,641	-	-	88,787,990	89,109,641
Streets, alleys and bridges	34,788,508	35,079,905	-	-	34,788,508	35,079,905
Community development	10,312,407	13,694,212	-	-	10,312,407	13,694,212
Sanitation	6,885,950	7,072,936	-	-	6,885,950	7,072,936
Culture and recreation	7,591,103	7,373,399	-	-	7,591,103	7,373,399
Public health and welfare	16,837,305	21,230,764	-	-	16,837,305	21,230,764
Interest and fiscal charges	4,910,952	5,290,071	-	-	4,910,952	5,290,071
Water	-	-	21,058,993	20,402,549	21,058,993	20,402,549
Parking	-	-	2,088,672	2,177,041	2,088,672	2,177,041
Total expenses	181,188,357	192,148,818	23,147,665	22,579,590	204,336,022	214,728,408
Increase in net assets before transfers	20,061,977	2,536,840	4,508,884	5,672,365	24,570,861	8,209,205
Transfers	400,000	-	(400,000)	-	-	-
Increase in net assets	20,461,977	2,536,840	4,108,884	5,672,365	24,570,861	8,209,205
Net assets - beginning	479,098,055	476,561,215	141,771,387	136,099,022	620,869,442	612,660,237
Net assets - ending	\$ 499,560,032	\$ 479,098,055	\$ 145,880,271	\$ 141,771,387	\$ 645,440,303	\$ 620,869,442

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2011

while non-recurring (or one-time) grants are less predictable and often distorting in their impact on year-to-date comparison.

Market Impact on Investment Income – the City's investment portfolio is managed utilizing investments of various maturities. Changes in market conditions will cause investment income to fluctuate due to the related appreciation or depreciation of these assets.

Expenses:

Changes in Authorized Personnel – changes in service demand may cause the City to increase/decrease authorized staffing.

Salary Increase (annual adjustments and merit) – the ability to attract and retain human and intellectual resources requires the City to strive to approach a competitive salary range position in the market place.

Inflation – while overall inflation appears to be reasonably modest, the City is a major consumer of certain commodities such as supplies, fuels and parts. Some function may experience unusual commodity-specific increases.

Current Year Impacts

Total governmental activities' revenue for the current year was \$201.2 million compared to \$194.7 million in 2010, an increase of 3.3%. The leading factors are as follows:

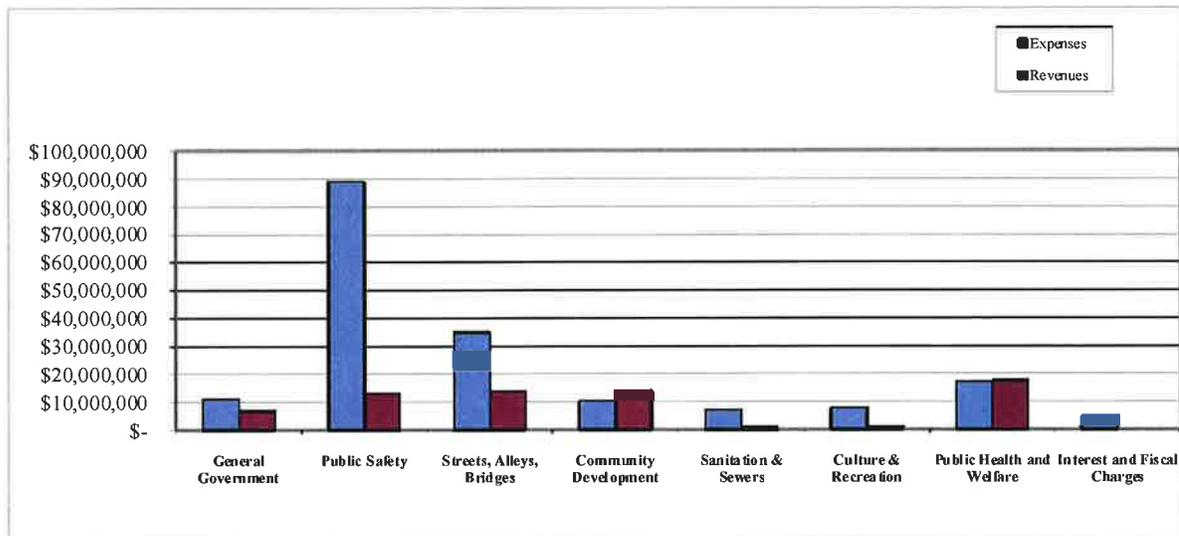
- The City's largest single revenue source, property taxes amounted to \$59.8 million. Property taxes increased by approximately \$1.1 million (1.8 percent) during the current year compared to .4 percent and 4.5 percent for 2010 and 2009, respectively. The City's property tax rate increased 5.8 percent to \$2.71 per \$100 of EAV.
- Shared revenue from the State increased approximately \$.4 million (.7 percent) from 2010. This represents to second year of modest increases following two years of sharp declines, 2011 levels remain \$5.8 million (almost 10 percent) below 2008.
- Operating grants, capital grants, and capital contributions increased \$5.5 million (5.3 percent), mostly as a result of state contributions for capital road projects.
- Charges for services increased 8.6 percent due to significant increases to water rates and charges for services provided to other local governments and agencies.

Total governmental activities' expense for the current year was \$181.2 million compared to \$192.1 in 2010, a decrease of 5.6%. This decrease was primarily the result of cost cutting measures taken across all departments, as well as force reductions and the elimination of vacant positions.

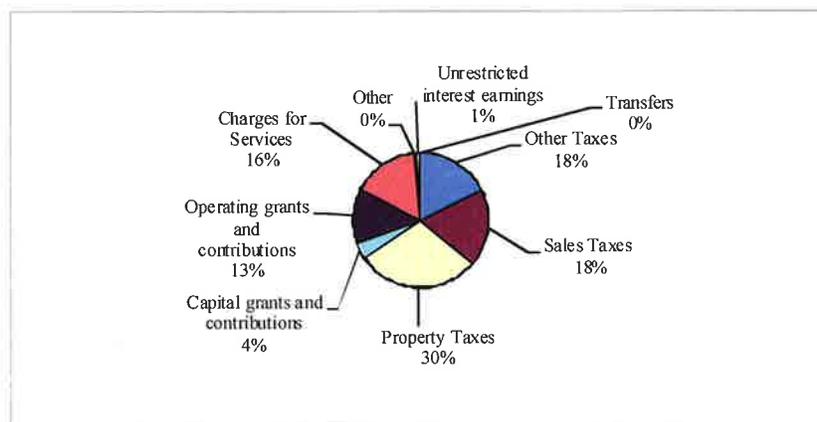
The graph below shows a comparison between the expenditures by governmental activity type and the revenues generated that are specific to those activities.

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2011

Expense and Program Revenue – Governmental Activities



Revenues by Source - Government Activities



Revenues by Source - Government Activities

The cost of all governmental activities this year was \$181.2 million. However, the amount that taxpayers paid for these activities through City and State taxes was only \$132.3 million. Some of the cost was paid by:

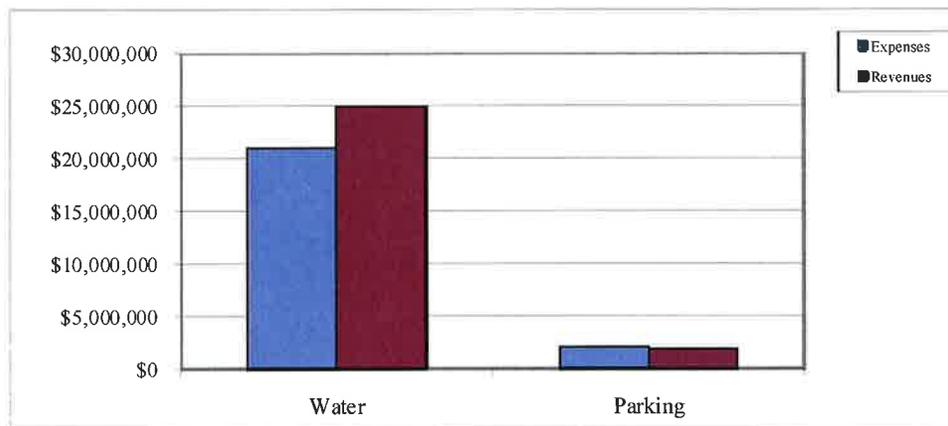
- Those who directly benefited from the programs \$31.8 million.
- Other governments and organizations that subsidized certain programs with grants \$34.4 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2011

Business-type Activities – Business-type activities net assets increased by \$4.1 million in 2011, compared to an increase of \$5.7 million in 2010. Revenues from business type activities decreased by 2.1 percent to \$27.6 million and expenses increased 2.5 percent to \$23.1 million. Key elements contributing to these results included:

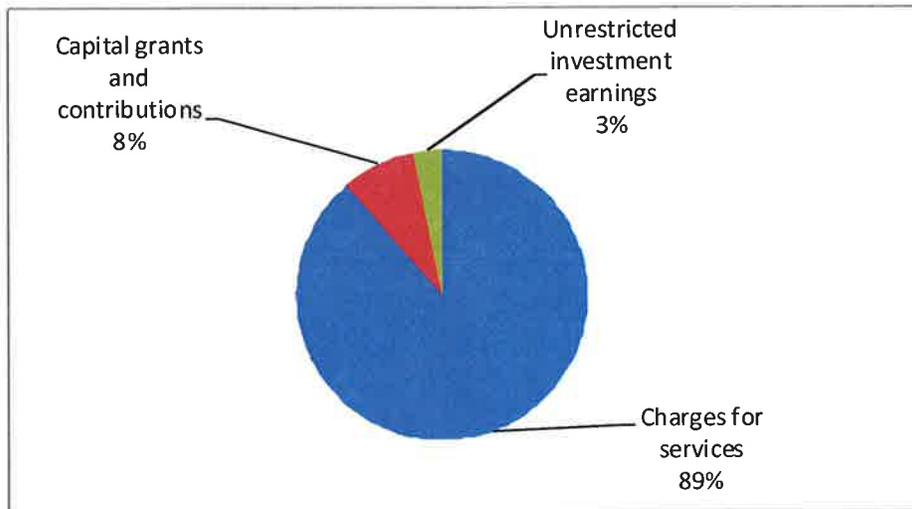
- Charges for services for business-type activities decreased by one tenth of a percent. The Water Utility accounts for a significant portion of this revenue. A decrease of 4 percent in gallons of water supplied was off set with a 3 percent rate increase on January 1st. Although water sales were up in 2010 they remain well below the ten year average. Higher than average rainfall and conservation efforts have impacted water usage.
- The Water Utility received capital grants and contributions from developers of \$2.3 million in 2011 compared to \$3.5 million in 2010. Certain non-recurring (or one-time) grants and contributions are often not predictable and distorting in their impact on year-to-year comparisons.

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



MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2011

Revenues by Source - Business-type Activities



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, unreserved 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 2011, its governmental funds reported a combined fund balance of \$71.7 million, an increase of \$12.2 million (20.5 percent) in comparison with the prior fiscal year. Unassigned fund balance was \$22.6 million, and is available for spending at the government's discretion. The remainder \$49.1 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 \$27.5. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total expenditures. Unassigned fund balance represents 24.8 percent of total General Fund expenditures.

The following schedule presents the governmental funds summary of revenues for the years ended December 31, 2011 and 2010:

City of Rockford, Illinois

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2011

	FY 2011	Percent of Total	FY 2010	Amount of increase (decrease)	Percent of increase (decrease)
Revenues by source					
Taxes	\$ 111,577,708	55.65%	\$108,786,155	\$ 2,791,553	2.57%
Licenses and permits	4,406,169	2.20%	4,594,725	(188,556)	-4.10%
Intergovernmental	62,495,106	31.17%	62,059,049	436,057	0.70%
Charges for services	18,076,762	9.02%	16,744,784	1,331,978	7.95%
Fines	1,559,476	0.78%	1,647,241	(87,765)	-5.33%
Interest	1,785,330	0.89%	431,036	1,354,294	314.20%
Miscellaneous	587,768	0.29%	1,557,877	(970,109)	-62.27%
Total revenues	<u>\$200,488,319</u>	<u>100.00%</u>	<u>\$195,820,867</u>	<u>\$ 4,667,452</u>	<u>2.38%</u>

Revenues of the City's governmental funds increased almost \$4.7 million or 2.38 percent from the prior fiscal year. Taxes made up the largest dollar value increase, up \$2.9 million or 2.57 percent. Taxes include such items as property tax, retail sales tax, hotel/motel, food and beverage, local use tax and utility tax. The increase is primarily the result of stabilizing elastic revenues which finished the year \$2.4 million above the budgetary estimate. Elastic revenues are those revenues that tend to change with economic conditions such as, sales tax, use tax, state income tax, and personal property replacement tax.

The following schedule presents the governmental funds summary of expenditures for the years ended December 31, 2011 and 2010:

	FY 2011	Percent of Total	FY 2010	Amount of increase (decrease)	Percent of increase (decrease)
Expenditures by function					
General government	10,961,941	5.81%	12,905,125	(1,943,184)	-15.06%
Public safety	87,380,847	46.31%	84,569,192	2,811,655	3.32%
Streets, alleys and bridges	13,768,376	7.30%	15,361,827	(1,593,451)	-10.37%
Community development	10,330,365	5.48%	13,603,906	(3,273,541)	-24.06%
Sanitation and sewers	6,881,566	3.65%	7,081,234	(199,668)	-2.82%
Culture and recreation	6,716,162	3.56%	6,551,920	164,242	2.51%
Public health and welfare	16,872,678	8.94%	21,257,861	(4,385,183)	-20.63%
Debt service:					
Principal payments	14,411,960	7.64%	9,416,768	4,995,192	53.05%
Interest and fiscal charges	3,982,921	2.11%	4,283,764	(300,843)	-7.02%
Capital expenditures	17,374,847	9.21%	15,672,024	1,702,823	10.87%
Total expenditures	<u>188,681,663</u>	<u>100.00%</u>	<u>190,703,621</u>	<u>(2,021,958)</u>	<u>-1.06%</u>

Expenditures of the City's governmental funds decreased by over \$2 million or 1.06 percent compared to the previous year. Overall current expenditures decreased by \$8.4 million or 5.22 percent, the result of cost cutting measures taken across all departments, as well as a reduction in force and the elimination of positions. Principal payment for long term debt increased \$4.4 million or 53 percent as the City's paid down and additional \$5.0 million on the line of credit.

The Public Library fund balance at year-end was \$6.5 million up \$1.2 million from the prior year. This 23 percent increase is primarily the result of a complete restructuring during 2010, which included a reduction of staff and reduced hours of service.

City of Rockford, Illinois

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended December 31, 2011

The Debt Service Fund total fund balance at year-end was \$8.6 million, all of which is restricted or assigned for the payment of debt service. The net increase 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 \$16.1 million all of which is restricted or assigned for capital projects. The net increase in fund balance during the current fiscal year was \$2.5 million. This increase was the result of holding additional sales tax revenues earned in 2011 for future 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.

Budgetary Highlights

The City Council passed a supplemental budget appropriation decreasing estimated revenues by \$.1 million (less than 1 tenth of a percent) and increasing expenditures by \$1.6 million (1.5 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:

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues	\$ 108,333,817	108,219,217	113,783,827	\$ 5,564,610
Expenditures	109,179,412	110,772,897	110,820,255	(47,358)
Excess of revenues over expenditures	(845,595)	(2,553,680)	2,963,572	5,517,252
Other financing sources and uses				
Transfers from other funds	5,071,415	5,071,415	5,406,438	335,023
Transfers to other funds	(3,555,217)	(3,455,217)	(3,451,778)	3,439
Net change in fund balance	\$ 670,603	(937,482)	4,918,232	\$ 5,855,714

During the year the City spent 100 percent of the final amount appropriated in the General Fund. Actual General Fund revenues were more than budgetary estimates by 5.1 percent. As discussed previously, although revenues have stabilized they remain below 2007 levels due to the national economic downturn. In response to the diminished revenues the City; implemented a wage freeze for all exempt employees; closely scrutinized requests to fill vacant staff positions; and reduced total staffing levels by about 8% through lay-offs, attrition, and an early retirement program.

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, 2011 amounts to \$730,926,774 (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 was relatively unchanged for both the governmental activities and business-type activities during the current year; a 1.3 percent decrease for the governmental activities and a 1 percent increase for the business-type activities. The current fiscal

City of Rockford, Illinois

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended December 31, 2011

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 were suspended due to the budget shortfall. However, a few minor purchases were made; the police department purchased four new squad cars with grant funds; and the fire department purchased four new emergency response vehicles and used ambulances. Total general fund additions were less than \$300,000.
- 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 \$16.8 million during the current year. Significant projects in 2011 included – West State Street Corridor (\$2.6 million), Morgan Street Bridge (\$1.6 million), City-Wide Arterial Resurfacing (\$1.5 million), City-Wide Residential Resurfacing Program (\$1.4 million), Main & Auburn Roundabout (\$1.4 million), Riverwalk Museum Campus (\$1.2 million), Whitman Street Interchange Repair (\$920,000), Spring Brook Road (\$520,000) and Kishwaukee Street Reconstruction (\$453,000).
- Various system additions and improvements were completed in the Water Utility Fund at a cost of \$12.4 million. The final phase of the \$75 million water system rehabilitation project was completed with no construction in progress as of the end of the current year.

Primary Government Capital Assets (net of depreciation)

	Governmental	Governmental	Business-type	Business-type	Total	Total
	activities	activities	activities	activities		
	2011	2010	2011	2010	2011	2010
Land	\$ 6,899,241	\$ 6,899,241	\$ 6,153,801	\$ 6,153,801	\$ 13,053,042	\$ 13,053,042
Land improvements	234,705	254,791	500,023	468,814	734,728	723,605
Buildings and improvements	26,305,845	27,768,256	26,433,335	24,914,244	52,739,180	52,682,500
Improvements other than building	-	-	150,991,686	145,787,865	150,991,686	145,787,865
Equipment	5,907,481	7,443,573	1,843,337	2,105,712	7,750,818	9,549,285
Infrastructure	496,311,759	500,101,169	-	-	496,311,759	500,101,169
Construction in progress	-	-	9,345,561	14,110,150	9,345,561	14,110,150
Total	\$535,659,031	\$ 542,467,030	\$195,267,743	\$ 193,540,586	\$ 730,926,774	\$ 736,007,616

Additional information on the City of Rockford's capital assets can be found in Note III, C on pages 47 - 48 of this report.

Long-term Debt – At the end of the current fiscal year, the City of Rockford had total debt outstanding of \$170.3 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; \$1.4 million for section 108 loans, \$0.4 million for EPA water pollution obligations, \$5.8 million outstanding under lines of credit, \$0.45 million for term notes, \$4.0 million for an installment purchase agreement and \$35.3 million for IEPA loans. Total debt decreased by \$19.1 million during the current fiscal year. Key factors in this decrease were; \$11.8 million IEPA loans issued for the final phase of the \$75 million water system rehabilitation, a \$10.0 million reduction in the installment purchase agreement, a \$5.3 million reduction in the outstanding balance of the line of credit and term notes, and G.O. principal payments of \$11.98 million.

City of Rockford, Illinois

MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2011

Primary Government Outstanding Debt
General Obligation and Revenue Bonds

	Governmental	Governmental	Business-type	Business-type	Total	Total
	activities	activities	activities	activities		
	2011	2010	2011	2010	2011	2010
General obligation bonds	\$ 21,005,000	\$ 26,380,000	\$ -	\$ -	\$ 21,005,000	\$ 26,380,000
General obligation revenue bonds	65,700,000	69,340,000	36,370,000	39,335,000	\$ 102,070,000	\$ 108,675,000
Total bonded debt	<u>\$ 86,705,000</u>	<u>\$ 95,720,000</u>	<u>\$ 36,370,000</u>	<u>\$ 39,335,000</u>	<u>\$ 123,075,000</u>	<u>\$ 135,055,000</u>

The City of Rockford's bond rating is Aa2 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, 2011 the City's indebtedness was \$99.3 million less than the City limit and \$131.9 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 – 62 of this report.

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. Further stagnation in revenues will require the City to reassess the services it provides and make adjustments to maintain a balanced budget.

The average unemployment rate for the City of Rockford for the current year was 14.4 percent. However, the actual rate at year end was 12.1 percent compared to 12.9 percent a year ago. This is higher than the State’s average unemployment rate of 9.9 percent and the national average rate of 8.9 percent.

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

	Unemployment rates				
	2011	2010	2009	2008	2007
Rockford	14.40%	16.60%	15.10%	9.10%	6.30%
State of Illinois	9.90%	9.80%	10.30%	6.50%	5.00%
United States	8.90%	9.70%	9.30%	5.80%	4.60%
Total Employment	145,500	146,392	144,956	160,400	166,000

The City’s goal in developing the 2012 budget was to continue offering citizens basic services, economic development efforts, and fiscal stability. Development and adoption of the 2012 budget was premised on maintaining a level of service equivalent to 2011, and continue the capital equipment program.

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

City of Rockford, Illinois

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended December 31, 2011

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 \$112.5 million, an increase of 1.5 percent over the final 2011 budget of \$110.8 million. Employee contracts, pensions, and resuming the capital equipment program 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 2011, 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 2013 budget process to begin on a sound financial footing.

Requests for information

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

CITY OF ROCKFORD, ILLINOIS
STATEMENT OF NET ASSETS

December 31, 2011

	Primary Government			Component Units	
	Governmental	Business-type	Total	Rockford	Rockford
	Activities	Activities		Mass Transit	Metropolitan
				District	Exposition,
					Auditorium and
					Office Building
					Authority
ASSETS					
Cash and cash equivalents	\$ 72,299,345	\$ 1,958,775	\$ 74,258,120	\$ 1,593,200	\$ 475,613
Receivables, net	67,056,530	3,968,467	71,024,997	3,459,650	899,015
Internal balances	(143,972)	143,972	-	-	-
Due from other governments	28,022,515	-	28,022,515	-	-
Inventories	249,843	604,910	854,753	277,277	-
Prepaid items	781,745	-	781,745	82,512	101,035
Other assets	-	256,689	256,689	-	4,350,763
Restricted assets:					
Cash and cash equivalents	-	22,257,568	22,257,568	817,722	-
Capital assets not depreciated	6,899,241	15,499,362	22,398,603	7,907,497	2,597,014
Capital assets, net of accumulated depreciation	528,759,790	179,768,381	708,528,171	15,089,803	23,965,401
Total assets	703,925,037	224,458,124	928,383,161	29,227,661	32,388,841
LIABILITIES					
Accounts payable and other accrued liabilities	14,795,214	1,987,570	16,782,784	1,761,707	1,182,009
Accrued payroll and benefits	1,680,634	116,312	1,796,946	1,222,998	104,067
Due to other governments	282,672	-	282,672	-	-
Unearned revenue	67,175,135	-	67,175,135	1,256,144	1,339,150
Other liabilities	8,474,215	30,629	8,504,844	534,844	-
Deposits and advances	-	128,345	128,345	-	-
Noncurrent liabilities:					
Due or payable within one year	14,900,956	8,535,690	23,436,646	-	300,000
Due or payable in more than one year	97,056,179	67,779,307	164,835,486	1,058,713	3,322,663
Total liabilities	204,365,005	78,577,853	282,942,858	5,834,406	6,247,889
NET ASSETS					
Invested in capital assets, net of related debt	482,815,998	135,803,303	618,619,301	22,997,300	26,562,415
Restricted for:					
Capital projects	10,546,148	1,000,000	11,546,148	-	-
Debt service	5,437,035	5,424,356	10,861,391	-	-
Culture and recreation	6,538,294	-	6,538,294	-	-
Community development	1,210,225	-	1,210,225	-	-
Public health and welfare	843,748	-	843,748	-	-
Highways and streets	9,466,862	-	9,466,862	-	-
Employee and public liability trusts	-	-	-	282,878	-
Other purposes - Grants	44,164	-	44,164	-	-
Unrestricted	(17,342,442)	3,652,612	(13,689,830)	113,077	(421,463)
Total net assets	\$ 499,560,032	\$ 145,880,271	\$ 645,440,303	\$ 23,393,255	\$ 26,140,952

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, 2011

Functions/programs	Expenses	Net (Expenses) Revenues and Changes in Net Assets							
		Program Revenues			Primary Government			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
Primary government:									
Governmental activities:									
General government	\$ 11,074,142	\$ 6,721,553	\$ -	\$ -	\$ (4,352,589)	\$ -	\$ (4,352,589)		
Public safety	88,787,990	10,013,940	2,940,777	88,061	(75,745,212)	-	(75,745,212)		
Streets, alleys and bridges	34,788,508	5,518,115	-	8,255,090	(21,015,303)	-	(21,015,303)		
Community development	10,312,407	8,540,308	5,132,983	-	3,360,884	-	3,360,884		
Sanitation and sewers	6,885,950	855,001	-	-	(6,030,949)	-	(6,030,949)		
Culture and recreation	7,591,103	187,201	681,003	-	(6,722,899)	-	(6,722,899)		
Public health and welfare	16,837,305	-	17,283,580	-	446,275	-	446,275		
Interest and fiscal charges	4,910,952	-	-	-	(4,910,952)	-	(4,910,952)		
Total governmental activities	181,188,357	31,836,118	26,038,343	8,343,151	(114,970,745)	-	(114,970,745)		
Business-type activities:									
Water	21,058,993	22,675,543	-	2,273,425	-	3,889,975	3,889,975		
Parking	2,088,672	1,866,127	-	-	-	(222,545)	(222,545)		
Total business-type activities	23,147,665	24,541,670	-	2,273,425	-	3,667,430	3,667,430		
Total primary government	\$ 204,336,022	\$ 56,377,788	\$ 26,038,343	\$ 10,616,576	(114,970,745)	3,667,430	(111,303,315)		
Component units:									
Bus transportation	\$ 14,851,643	\$ 1,579,823	\$ 11,599,008	\$ 5,646,343			\$ 3,973,531	\$ -	
Metro Centre - coliseum-arena	9,565,115	7,264,194	1,116,816	-			-	(1,184,105)	
Total component units	\$ 24,416,758	\$ 8,844,017	\$ 12,715,824	\$ 5,646,343			3,973,531	(1,184,105)	
General revenues:									
Taxes:									
Property taxes					59,851,344	-	59,851,344	-	-
Sales taxes					37,027,021	-	37,027,021	-	-
Metro Centre sales tax					3,902,627	-	3,902,627	-	-
Motel and hotel tourism tax					1,935,936	-	1,935,936	-	-
Local use tax					2,229,113	-	2,229,113	-	-
Income tax					11,978,090	-	11,978,090	-	-
Replacement tax					7,068,952	-	7,068,952	-	-
Telecommunications tax					5,564,418	-	5,564,418	-	-
Utility tax					1,067,251	-	1,067,251	-	-
Franchise taxes					1,684,182	-	1,684,182	-	-
Total taxes					132,308,934	-	132,308,934	-	-
Unrestricted interest earnings					2,176,835	841,454	3,018,289	4,909	(50,946)
Miscellaneous					546,953	-	546,953	3,451	-
Transfers					400,000	(400,000)	-	-	-
Total general revenues					135,432,722	441,454	135,874,176	8,360	(50,946)
Change in net assets					20,461,977	4,108,884	24,570,861	3,981,891	(1,235,051)
Net assets - beginning					479,098,055	141,771,387	620,869,442	19,411,364	27,376,003
Net assets - ending					\$ 499,560,032	\$ 145,880,271	\$ 645,440,303	\$ 23,393,255	\$ 26,140,952

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



CITY OF ROCKFORD, ILLINOIS
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2011

	General Fund	Public Library Fund	Community Development Fund	Human Services Fund	Debt Service Fund
ASSETS					
Cash and cash equivalents	\$ 6,323,521	\$ 6,564,916	\$ 40,051	\$ 167,085	\$ 8,615,756
Property taxes receivable, net	42,448,543	7,234,068	-	-	5,501,247
Accounts receivable, net	4,081,129	-	-	-	-
Notes receivable, net	-	-	1,148,937	279,000	-
Accrued interest receivable	220,625	-	136	5,912	-
Due from the Federal Government	357,405	-	169,673	2,996,485	-
Due from the State of Illinois	12,060,486	186,394	-	2,127,288	-
Due from other governmental units	389,029	-	-	-	-
Due from other funds	8,371,078	16,807	-	-	-
Total assets	\$ 74,251,816	\$ 14,002,185	\$ 1,358,797	\$ 5,575,770	\$ 14,117,003
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 1,637,504	\$ 165,899	\$ 91,005	\$ 798,975	\$ -
Accrued payroll and benefits	1,356,261	69,687	9,293	81,174	-
Due to other governments	282,672	-	-	-	-
Due to other funds	176,161	-	26,388	1,610,029	-
Deferred revenue	42,798,768	7,228,305	-	2,241,754	5,496,134
Other liabilities	467,106	-	21,886	90	-
Total liabilities	46,718,472	7,463,891	148,572	4,732,022	5,496,134
Fund balances:					
Nonspendable	-	19,156	479,649	231,458	-
Restricted for:					
Capital Projects	-	-	-	-	-
Debt service	-	-	-	-	5,437,035
Culture and recreation	-	6,519,138	-	-	-
Community development	-	-	730,576	-	-
Public health and welfare	-	-	-	612,290	-
Highway and streets	-	-	-	-	-
Assigned for:					
General government	43,094	-	-	-	-
Debt service	-	-	-	-	3,183,834
Community development	-	-	-	-	-
Public health and welfare	-	-	-	-	-
Highway and streets	-	-	-	-	-
Unassigned	27,490,250	-	-	-	-
Total fund balances	27,533,344	6,538,294	1,210,225	843,748	8,620,869
Total liabilities and fund balances	\$ 74,251,816	\$ 14,002,185	\$ 1,358,797	\$ 5,575,770	\$ 14,117,003

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

Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 19,461,504	\$ 16,409,133	\$ 57,581,966
-	4,746,248	59,930,106
16,200	1,368,954	5,466,283
-	-	1,427,937
-	-	226,673
201,326	-	3,724,889
8,073,808	514,950	22,962,926
-	702,886	1,091,915
783,713	15,717	9,187,315
<u>\$ 28,536,551</u>	<u>\$ 23,757,888</u>	<u>\$ 161,600,010</u>

\$ 7,562,022	\$ 942,292	\$ 11,197,697
17,202	9,460	1,543,077
-	-	282,672
-	7,096,179	8,908,757
4,837,139	4,744,969	67,347,069
-	115,025	604,107
<u>12,416,363</u>	<u>12,907,925</u>	<u>89,883,379</u>

-	59,415	789,678
10,546,148	-	10,546,148
-	-	5,437,035
-	-	6,519,138
-	1,819,741	2,550,317
-	-	612,290
-	9,466,862	9,466,862
-	163,915	207,009
-	-	3,183,834
-	4,143,400	4,143,400
-	116,619	116,619
5,574,040	-	5,574,040
-	(4,919,989)	22,570,261
<u>16,120,188</u>	<u>10,849,963</u>	<u>71,716,631</u>
<u>\$ 28,536,551</u>	<u>\$ 23,757,888</u>	<u>\$ 161,600,010</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 ASSETS
December 31, 2011

Total fund balances for governmental funds \$ 71,716,631

Total net assets reported for governmental activities in the statement of net assets 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	\$ 6,899,241	
Construction in progress	-	
Improvements other than buildings, net of \$330,175 accumulated depreciation	216,171	
Buildings and improvements, net of \$29,367,274 accumulated depreciation	25,396,721	
Equipment, net of \$24,915,176 accumulated depreciation	4,138,269	
Infrastructure, net of \$361,217,922 accumulated depreciation	<u>496,311,759</u>	
Total capital assets (See Note III - C.)		532,962,161

Revenues in the statement of activities that do not provide current financial resources are deferred in the funds. 1,130,801

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 assets. Internal service fund net assets are: 3,985,394

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 assets. 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 issuance costs and discounts will also be amortized as an adjustment of interest expense over the remaining life of the debt.

Pension benefit obligation	\$ (3,247,439)	
Other post employment benefit liability	(2,624,435)	
Prepaid items	444,946	
Bonds payable	(86,705,000)	
Accrued interest on bonds	(167,875)	
Compensated absences	(5,328,152)	
Other liabilities	(7,870,109)	
EPA Water Pollution Obligations	(392,720)	
Development agreement	(5,758,859)	
Term note	-	
Section 108 guaranteed loans	(1,355,000)	
Deferred charge for issuance costs	211,600	
Deferred amount on refunding	<u>2,558,088</u>	
Total long-term assets and liabilities (See Note III - G.)		<u>(110,234,955)</u>

Total net assets of governmental activities \$ 499,560,032

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, 2011

	General Fund	Public Library Fund	Community Development Fund	Human Services Fund
REVENUES				
Taxes	\$ 72,171,726	7,125,340	\$ -	\$ -
Licenses and permits	4,307,103	-	-	-
Intergovernmental	25,296,654	934,507	3,857,234	17,283,580
Charges for services	9,478,216	58,238	-	-
Fines	1,430,514	128,962	-	-
Interest	752,710	152,397	36,153	11,176
Miscellaneous	346,904	59,523	52,539	108,079
Total revenues	<u>113,783,827</u>	<u>8,458,967</u>	<u>3,945,926</u>	<u>17,402,835</u>
EXPENDITURES				
Current:				
General government	10,427,262	-	-	-
Public safety	87,029,675	-	-	-
Streets, alleys and bridges	10,892,935	-	-	-
Community development	1,891,905	-	2,934,409	-
Sanitation and sewers	352,636	-	-	-
Culture and recreation	-	6,703,085	-	-
Public health and welfare	-	-	-	16,738,256
Debt service:				
Principal payments	-	-	100,000	-
Interest and fiscal charges	-	-	75,204	52,780
Capital outlay:				
Public safety	225,842	-	-	-
Streets, alleys and bridges	-	-	-	-
Culture and recreation	-	280,807	-	-
Total expenditures	<u>110,820,255</u>	<u>6,983,892</u>	<u>3,109,613</u>	<u>16,791,036</u>
Excess of revenues over (under) expenditures	<u>2,963,572</u>	<u>1,475,075</u>	<u>836,313</u>	<u>611,799</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	5,406,438	-	-	70,000
Transfers out	(3,451,778)	(239,519)	(972,963)	-
Total other financing sources (uses)	<u>1,954,660</u>	<u>(239,519)</u>	<u>(972,963)</u>	<u>70,000</u>
Net change in fund balances	4,918,232	1,235,556	(136,650)	681,799
Fund balances - beginning	22,615,112	5,302,738	1,346,875	161,949
Fund balances - ending	<u>\$ 27,533,344</u>	<u>\$ 6,538,294</u>	<u>\$ 1,210,225</u>	<u>\$ 843,748</u>

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

Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 6,357,183	\$ 15,292,506	\$ 10,630,953	\$ 111,577,708
-	-	99,066	4,406,169
460,000	8,462,535	6,200,596	62,495,106
-	-	8,540,308	18,076,762
-	-	-	1,559,476
-	634,360	198,534	1,785,330
-	5,823	14,900	587,768
<u>6,817,183</u>	<u>24,395,224</u>	<u>25,684,357</u>	<u>200,488,319</u>
-	511,172	23,507	10,961,941
-	-	351,172	87,380,847
-	2,875,441	-	13,768,376
-	208,118	5,295,933	10,330,365
-	-	6,528,930	6,881,566
-	13,077	-	6,716,162
-	-	134,422	16,872,678
9,119,855	5,008,768	183,337	14,411,960
3,497,405	166,987	190,545	3,982,921
-	-	88,061	313,903
-	15,629,085	-	15,629,085
-	1,151,052	-	1,431,859
<u>12,617,260</u>	<u>25,563,700</u>	<u>12,795,907</u>	<u>188,681,663</u>
<u>(5,800,077)</u>	<u>(1,168,476)</u>	<u>12,888,450</u>	<u>11,806,656</u>
6,103,265	4,672,183	1,913,850	18,165,736
-	(994,339)	(12,107,137)	(17,765,736)
<u>6,103,265</u>	<u>3,677,844</u>	<u>(10,193,287)</u>	<u>400,000</u>
303,188	2,509,368	2,695,163	12,206,656
8,317,681	13,610,820	8,154,800	59,509,975
<u>\$ 8,620,869</u>	<u>\$ 16,120,188</u>	<u>\$ 10,849,963</u>	<u>\$ 71,716,631</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, 2011

Net change in fund balances - total governmental funds	\$ 12,206,656
The change in net assets 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 depreciation (\$22,451,628) exceeded capital outlays (\$17,374,847) in the current period. (See Note III - C.)	(5,076,781)
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.	(1,423,827)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	674,816
Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds, but reduces the liability in the statement of net assets. (See Note III - G.)	
Repayments:	
Principal payment on bonds and other long-term obligations and amounts paid to escrow agent	<u>14,411,960</u>
Net adjustment	14,411,960
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.)	
Other liabilities	\$ 1,598,899
Net OPEB obligation	(488,955)
Net pension obligation	(2,964,427)
Compensated absences	(50,327)
Prepaid expenses	(75,674)
Accrued interest on bonds	8,136
Amortization of deferred amount from refunding and bond discounts	(821,012)
Amortization of bond issue costs	<u>(15,050)</u>
Combined adjustment	(2,808,410)
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.	<u>2,477,563</u>
Change in net assets of governmental activities	<u>\$ 20,461,977</u>

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



CITY OF ROCKFORD, ILLINOIS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2011

	Business-type Activities Enterprise Funds			Governmental Activities- Internal Service Funds
	Water Utility	Parking System	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,119,950	\$ 838,825	\$ 1,958,775	\$ 14,717,379
Accounts receivable:				
Water	2,001,021	-	2,001,021	-
Estimated unbilled water usage	2,496,000	-	2,496,000	-
Other	17,064	118,576	135,640	5,531
Total accounts receivable	4,514,085	118,576	4,632,661	5,531
Less allowance for uncollectible accounts	(664,194)	-	(664,194)	-
Total accounts receivable, net	3,849,891	118,576	3,968,467	5,531
Due from other funds	141,813	2,159	143,972	36,342
Due from other governments	-	-	-	242,785
Inventories	604,910	-	604,910	249,843
Prepaid items	-	-	-	336,799
Current restricted assets:				
Cash and cash equivalents:				
Bond construction account	15,833,212	-	15,833,212	-
Revenue bond renewal and replacement account	1,000,000	-	1,000,000	-
Alternate bond current debt service account	5,424,356	-	5,424,356	-
Total current restricted assets	22,257,568	-	22,257,568	-
Total current assets	27,974,132	959,560	28,933,692	15,588,679
Noncurrent assets:				
Other assets - unamortized bond issue costs	256,689	-	256,689	-
Capital assets:				
Land	548,635	5,605,166	6,153,801	-
Construction in progress	9,345,561	-	9,345,561	-
Land improvements	762,086	-	762,086	20,000
Buildings and improvements	18,059,027	20,520,918	38,579,945	1,610,195
Equipment	4,648,278	315,378	4,963,656	6,535,998
Improvements other than land and buildings	198,774,807	4,314,787	203,089,594	194,234
Less accumulated depreciation	(54,800,180)	(12,826,720)	(67,626,900)	(5,663,557)
Total capital assets	177,338,214	17,929,529	195,267,743	2,696,870
Total noncurrent assets	177,594,903	17,929,529	195,524,432	2,696,870
Total assets	\$ 205,569,035	\$ 18,889,089	\$ 224,458,124	\$ 18,285,549

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

	Business-type Activities Enterprise Funds			Governmental Activities- Internal Service Funds
	Water Utility	Parking System	Total	
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 1,824,673	\$ 29,707	\$ 1,854,380	\$ 3,429,642
Accrued interest payable	128,968	4,222	133,190	-
Accrued payroll and benefits	109,561	6,751	116,312	137,557
Due to other funds	-	-	-	458,872
Other liabilities	30,629	-	30,629	-
Deposits and advances	35,870	92,475	128,345	-
Compensated absences	61,776	4,493	66,269	122,065
Installment purchase agreement	-	-	-	99,277
General obligation alternate bonds payable (net of unamortized deferred refunding benefit)	2,781,678	73,132	2,854,810	-
IEPA loan	1,573,811	-	1,573,811	-
Refundable water main extension advances	40,800	-	40,800	-
Claims and judgments payable	-	-	-	5,542,829
Total current liabilities	6,587,766	210,780	6,798,546	9,790,242
Noncurrent liabilities:				
Compensated absences	374,099	21,086	395,185	212,410
Deferred revenue	-	-	-	958,867
Refundable water main extension advances	298,141	-	298,141	-
Customer water deposits	216,950	-	216,950	-
Installment purchase agreement	4,000,000	-	4,000,000	353,464
General obligation alternate bonds payable (net of unamortized deferred refunding benefit)	31,441,035	1,708,805	33,149,840	-
IEPA loan	33,719,191	-	33,719,191	-
Claims and judgments payable	-	-	-	2,985,172
Total noncurrent liabilities	70,049,416	1,729,891	71,779,307	4,509,913
Total liabilities	76,637,182	1,940,671	78,577,853	14,300,155
NET ASSETS				
Invested in capital assets, net of related debt	119,655,711	16,147,592	135,803,303	2,244,129
Restricted:				
Capital projects	1,000,000	-	1,000,000	-
Debt service	5,424,356	-	5,424,356	-
Unrestricted	2,851,786	800,826	3,652,612	1,741,265
Total net assets	\$ 128,931,853	\$ 16,948,418	\$ 145,880,271	\$ 3,985,394

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 ASSETS
PROPRIETARY FUNDS
For the Year Ended December 31, 2011

	Business-type Activities- Enterprise Funds			Governmental Activities- Internal Service Funds
	Water Utility	Parking System	Totals	
OPERATING REVENUES				
Charges for services	\$ 22,548,192	\$ 1,407,503	\$ 23,955,695	\$ 46,269,172
Parking fines	-	432,786	432,786	-
Miscellaneous	127,351	25,838	153,189	631,884
Total operating revenues	<u>22,675,543</u>	<u>1,866,127</u>	<u>24,541,670</u>	<u>46,901,056</u>
OPERATING EXPENSES				
Salaries and benefits	5,806,995	504,873	6,311,868	7,689,633
Services	4,719,186	360,704	5,079,890	32,385,553
Supplies and materials	986,501	27,455	1,013,956	2,371,855
Depreciation	5,165,541	726,913	5,892,454	525,974
Charges from General Fund	2,018,304	368,900	2,387,204	1,817,300
Miscellaneous	-	-	-	246
Total operating expenses	<u>18,696,527</u>	<u>1,988,845</u>	<u>20,685,372</u>	<u>44,790,561</u>
Operating income (loss)	<u>3,979,016</u>	<u>(122,718)</u>	<u>3,856,298</u>	<u>2,110,495</u>
NONOPERATING REVENUES (EXPENSES)				
Interest revenue	820,656	20,798	841,454	391,499
Loss on disposal of capital assets	(22,157)	-	(22,157)	-
Interest expense and service fees	(2,247,412)	(98,557)	(2,345,969)	(24,431)
Amortization expense	(92,897)	(1,270)	(94,167)	-
Total nonoperating revenues (expenses)	<u>(1,541,810)</u>	<u>(79,029)</u>	<u>(1,620,839)</u>	<u>367,068</u>
Income before capital contributions	<u>2,437,206</u>	<u>(201,747)</u>	<u>2,235,459</u>	<u>2,477,563</u>
Transfers	(340,000)	(60,000)	(400,000)	
Contributions from the State of Illinois	2,273,425	-	2,273,425	-
Change in net assets	<u>4,370,631</u>	<u>(261,747)</u>	<u>4,108,884</u>	<u>2,477,563</u>
Total net assets - beginning	124,561,222	17,210,165	141,771,387	1,507,831
Total net assets - ending	<u>\$ 128,931,853</u>	<u>\$ 16,948,418</u>	<u>\$ 145,880,271</u>	<u>\$ 3,985,394</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, 2011

	Business-type Activities			Governmental Activities- Internal Service Funds
	Enterprise Funds			
	Water Utility	Parking System	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 22,835,244	\$ 1,851,375	\$ 24,686,619	\$ 46,933,649
Other receipts	127,351	-	127,351	-
Payment to suppliers	(4,392,182)	(387,074)	(4,779,256)	(33,540,835)
Payment to employees	(5,781,154)	(520,840)	(6,301,994)	(7,658,112)
Payments for interfund services used	(1,270,889)	(368,900)	(1,639,789)	(1,817,300)
Payments to other funds	(2,018,304)	-	(2,018,304)	(32,659)
Net cash provided by (used for) operating activities	<u>9,500,066</u>	<u>574,561</u>	<u>10,074,627</u>	<u>3,884,743</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers out	(340,000)	(60,000)		
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from capital grants	2,273,425	-	2,273,425	-
Proceeds from IEPA loan	9,446,276	-	9,446,276	-
Proceeds from sale of capital assets	16,686	-	16,686	-
Bond issue costs	(11,900)	-	(11,900)	-
Interest paid on general obligation alternate bonds	(1,518,353)	(98,000)	(1,616,353)	-
Interest paid on installment purchase agreement	(129,547)	-	(129,547)	(13,523)
Interest paid on IEPA loans	(661,594)	-	(661,594)	-
Principal payment on general obligation alternate bonds	(2,940,000)	(25,000)	(2,965,000)	-
Principal paid on installment purchase agreement	(10,000,000)	-	(10,000,000)	(99,276)
Principal payment on loans from IEPA	(1,097,165)	-	(1,097,165)	-
Repayment to contractors for water mains	(65,040)	-	(65,040)	-
Capital asset acquisitions	(8,321,222)	(77,371)	(8,398,593)	(218,583)
Net cash provided by (used for) capital and related financing activities	<u>(13,008,434)</u>	<u>(200,371)</u>	<u>(13,208,805)</u>	<u>(331,382)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received on cash and cash equivalents	816,516	19,705	836,221	367,184
Net increase (decrease) in cash and cash equivalents	(3,031,852)	333,895	(2,697,957)	3,920,545
Cash and cash equivalents, beginning	26,409,370	504,930	26,914,300	10,796,834
Cash and cash equivalents, ending	<u>\$ 23,377,518</u>	<u>\$ 838,825</u>	<u>\$ 24,216,343</u>	<u>\$ 14,717,379</u>
Displayed as:				
Cash and cash equivalents	\$ 1,119,950	\$ 838,825	\$ 1,958,775	\$ 14,717,379
Restricted assets - cash and cash equivalents	22,257,568	-	22,257,568	-
	<u>\$ 23,377,518</u>	<u>\$ 838,825</u>	<u>\$ 24,216,343</u>	<u>\$ 14,717,379</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, 2011

	Business-type Activities Enterprise Funds			Governmental Activities- Internal Service Funds
	Water Utility	Parking System	Totals	
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ 3,979,016	\$ (122,718)	\$ 3,856,298	\$ 2,110,495
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	5,165,541	726,913	5,892,454	525,974
Increase (decrease) from changes in:				
Accounts receivable	205,371	(18,303)	187,068	37,468
Allowance for uncollectible accounts	98,679	-	98,679	-
Due from other governmental units	-	-	-	(18,360)
Due from other funds	5,404	-	5,404	-
Prepaid items	-	-	-	(336,799)
Inventories	(2,433)	-	(2,433)	24,977
Accounts payable	36,798	1,085	37,883	2,088,891
Accrued payroll and benefits	5,852	(2,704)	3,148	15,621
Compensated absences	19,989	(13,263)	6,726	15,900
Due to other funds	-	-	-	(32,659)
Deferred revenue	-	3,551	3,551	13,485
Other liabilities	2,847	-	2,847	(560,250)
Deposits and advances	(16,998)	-	(16,998)	-
Total adjustments	5,521,050	697,279	6,218,329	1,774,248
Net cash provided by (used for) operating activities	\$ 9,500,066	\$ 574,561	\$ 10,074,627	\$ 3,884,743
Noncash investing, capital and financing activities:				
Loss on disposal of assets	\$ (22,158)	-	\$ (22,158)	\$ -
Accrued interest from IEPA loans converted to loan principle	(34,613)	-	(34,613)	-
Amortization of issue and discount costs paid in prior years	(40,077)	(1,270)	(41,347)	-
Amortization of revenue and general obligation bond refundings	(52,819)	-	(52,819)	-
Capital asset additions in accounts payable at year-end	1,275,485	-	1,275,485	-
Total noncash capital and related financing activities	\$ 1,125,818	\$ (1,270)	\$ 1,124,548	\$ -

(Concluded)

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

CITY OF ROCKFORD, ILLINOIS
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
December 31, 2011

	<u>Pension Trust Funds</u>
ASSETS	
Cash and cash equivalents	<u>\$ 2,770,586</u>
Investments - retirement plans	
U.S. Treasury Strips	2,924,803
U.S. Treasury Notes	8,452,483
U.S. Treasury Bonds	3,477,365
Government National Mortgage Association	3,272,141
Government Backed Corporate Bonds	1,195,386
Federal National Mortgage Association	8,471,367
Federal Farm Credit Bonds	1,930,971
Small Cap Equity Common Stocks	23,058,201
Large Cap Equity Common Stocks	16,504,317
NTGI Collective Trust	117,812,310
Domestic Mutual Funds	62,122,492
International Mutual Funds	<u>35,251,595</u>
Total investments	<u>285,452,899</u>
Accrued interest receivable	373,068
Contributions receivable	<u>7,870,109</u>
Total assets	<u>296,466,662</u>
LIABILITIES	
Accrued liabilities	<u>90,122</u>
NET ASSETS	
Held in trust for pension benefits	<u>\$ 296,376,540</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 ASSETS
FIDUCIARY FUNDS

For the Year Ended December 31, 2011

	<u>Pension Trust Funds</u>
ADDITIONS	
Contributions:	
Employer	\$ 9,808,286
Plan member	<u>3,528,546</u>
Total contributions	<u>13,336,832</u>
Investment income:	
Net appreciation (depreciation) in fair value of investments	1,895,542
Interest and dividend income	<u>3,274,721</u>
	5,170,263
Less investment expense	<u>(629,891)</u>
Net investment income	<u>4,540,372</u>
Total additions	<u>17,877,204</u>
DEDUCTIONS	
Pension benefits	25,717,510
Refunds of contributions	179,799
Administrative expense	<u>349,203</u>
Total deductions	<u>26,246,512</u>
Change in net assets	(8,369,308)
Total net assets - beginning	<u>304,745,848</u>
Total net assets - ending	<u>\$ 296,376,540</u>

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



NOTES TO THE FINANCIAL STATEMENTS



CITY OF ROCKFORD, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS

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

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 Assets presents the City's non-fiduciary assets and liabilities with the difference reported in three categories:

Invested in capital assets, net of related debt 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 assets result when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets 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, state and local 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

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

accrual and so have been 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.

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*, the Enterprise Funds apply all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins as issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The City has elected not to apply FASB Statements or Interpretations issued after November 30, 1989.

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.

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

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 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

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, 2011 is \$96,515,688, of which \$85,604,841 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 12, 2011. 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 2011 levy is deferred as it is intended to finance fiscal year 2012.

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, 2011.

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

(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" (\$15,833,212) 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" (\$5,424,356) 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 assets are available.

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

(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 / UNEARNED REVENUES

Deferred and unearned revenues are those amounts under the accrual and modified accrual basis of accounting for which asset recognition criteria have been met, but which revenue recognition have not yet been met because such amounts have not yet been earned.

(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, as well as issuance cost, 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 debt service expenditures.

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

(11) FUND EQUITY

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. Assigned fund balance represent amounts constrained by the City's intent to use them for a specific purpose. Any residual fund balance is reported as unassigned. 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.

Encumbrances, which represent purchase orders, contracts and other commitments for goods and services not yet received, are reported as reservations of fund balances in the governmental funds. Encumbrances are not recorded as expenditures or liabilities in the financial statements. Actual expenditures are recognized when the goods or services are received.

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

MAJOR FUNDS:

General Fund	
Workforce investment board	\$ (2,631)
Fire Department	(1,312,615)
Public works - Administration	(48,701)
Public works - Street & Sewer	(456,309)
Community Development - Planning & Zoning	(13,772)
Human Services Fund	(1,781,373)

NONMAJOR FUNDS:

Redevelopment Fund	\$ (168,732)
Tourism Fund	(130,523)
Tax Increment Financing Area - Springfield Corners Fund	(1,962)
Tax Increment Financing Area - Rockford Global Trade Park Fund	(47,541)
Tax Increment Financing Area - Hope Six Fund	(47,522)
Tax Increment Financing Area - Preston/Central Fund	(2,592)
Tax Increment Financing Area - North Main Fund	(1,506)
Tax Increment Financing Area - River Oaks Fund	(296)
Tax Increment Financing Area - Garrison Fund	(951)
Tax Increment Financing Area - North Main & Whitman Fund	(1,186)

C. DEFICIT FUND EQUITY

The following funds have deficit fund balances/net assets as of December 31, 2010:

Special Revenue Funds:

Redevelopment	\$(1,156,752)
RKFD Metro Agency for Planning	(209,417)
Tax Increment Financing Area - South Rockford Fund	(41,277)
Tax Increment Financing Area - Springfield Corners Fund	(218,901)
Tax Increment Financing Area - North Main Fund	(392,196)
Tax Increment Financing Area - River Oaks Fund	(838,345)
Tax Increment Financing Area - Garrison Fund	(282,344)
Tax Increment Financing Area - Hope Six Fund	(118,814)
Tax Increment Financing Area - Preston / Central Fund	(1,269,821)
Tax Increment Financing Area - North Main and Whitman Fund	(283,144)
Tax Increment Financing Area - River East Fund	(107,573)
Tax Increment Financing Area - Midtown Fund	(357)
Tax Increment Financing Area - Broadway Fund	(797)

Internal Service Funds:

Risk Management Fund	\$(4,469,217)
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CITY OF ROCKFORD, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS, Continued

Special Revenue tax increment financing area fund's deficits will be alleviated by future property tax revenues. The Redevelopment fund's deficit will be alleviated with future sales tax revenues and a debt restructuring. The Internal Services fund's deficits will be alleviated from increased rate charges to participating funds.

III. DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

The carrying values of deposits in financial institutions and investments at December 31, 2011 are as follows:

	Primary Government	Pension Trust Funds	Component Units
Deposits in financial institutions	\$ 8,523,059	\$ -	\$ 2,886,535
Overdrafts	-	(31,056)	-
Investments	87,992,629	-	-
Investments-pension trust funds	-	288,254,541	-
	<u>\$ 96,515,688</u>	<u>\$288,223,485</u>	<u>\$ 2,886,535</u>

These amounts are reported in the accompanying Statements of Net Assets at December 31, 2011 as follows:

	Primary Government	Pension Trust Funds	Component Units
Cash and cash equivalents:			
Unrestricted	\$ 74,258,120	\$ -	\$ 2,068,813
Restricted	22,257,568	-	817,722
Pension funds	-	2,770,586	-
Investments:			
Unrestricted	-	285,452,899	-
	<u>\$ 96,515,688</u>	<u>\$ 288,223,485</u>	<u>\$ 2,886,535</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 110% of the total investment less the amount insured by the FDIC or the FSLIC. As of December 31, 2011, all of the City's deposits were insured or collateralized.

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

Interest Rate Risk – Investments. As of December 31, 2011, the primary government (excluding the pension trust funds) had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More Than 10</u>
Illinois Funds*	\$ 40,864,972	\$ 40,864,972	\$ -	\$ -	\$ -
U.S. Treasury Bonds and Notes	17,563,407	784,961	3,671,910	13,106,536	-
Federal Farm Credit	10,010,500	-	10,010,500	-	-
Federal Home Loan Bank	4,019,700	-	4,019,700	-	-
Federal Home Loan Mortgage	10,018,660	-	10,018,660	-	-
Federal National Mortgage Association	5,515,390	-	1,501,470	4,013,920	-
Total	\$ 87,992,629	\$ 41,649,933	\$ 29,222,240	\$ 17,120,456	\$ -

*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, 2011, 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, 2011, 80% 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, 2011

	<u>Total Fair Value</u>	<u>Credit Rating</u>		
		<u>Moody's</u>	<u>Standard & Poor's</u>	<u>Fitch</u>
Illinois Funds	\$ 40,864,972	NR	AAAm	NA
Federal Farm Credit Obligations	10,010,500	Aaa	AA+	AAA
Federal Home Loan Bank Obligations	4,019,700	Aaa	AA+	NA
Federal Home Loan Mortgage Corporation Obligations	10,018,660	Aaa	AA+	AAA
Federal National Mortgage Association	5,515,390	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, 2011, the City's investments were not exposed to custodial credit risk. All investments were held by the City's agent in the name of the City.

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

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 portfolio, total certificates of deposits cannot exceed 50% of the portfolio, certificates of deposit of any one financial institution can not 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, 2011, 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	12.0%
Federal National Mortgage Association	6.6%
Federal Home Loan Mortgage Corporation Obligations	12.0%

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, 2011, the Firefighter’s Pension Fund bank balances were not exposed to custodial credit risk.

Interest Rate Risk – Investments. As of December 31, 2011, 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	\$ 2,924,803	\$ -			\$ 2,924,803
U.S. Treasury Bills, Notes and Bonds	11,929,848	7,074,913	4,383,134	373,184	98,617
Government National Mortgage Association	3,272,141			-	3,272,141
Federal Farm Credit Obligations	1,930,971			1,930,971	-
Federal National Mortgage Association	8,471,367			-	8,471,367
National Archives Authority	1,195,386			1,195,386	-
Federal Home Loan Mortgage	979,468			-	979,468
Northern Trust Global Investments					
1-10 Year Daily Collective Fund	39,873,469		39,873,469		
Total	\$ 70,577,453	\$ 7,074,913	\$44,256,603	\$ 3,499,541	\$ 15,746,396

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,

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

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.

Credit Ratings December 31, 2011				
	Total Fair Value	Credit Rating		
		Moody's	Standard & Poor's	Fitch
Federal agency bonds:				
Federal National Mortgage Association	8,471,367	Aaa	AA+	AAA
Federal Farm Credit Obligations	1,930,971	Aaa	AA+	AAA
National Archives Facility Trust	1,195,386	AAA	AA+	NR
Federal Home Loan Mortgage	979,468	Aaa	AA+	AAA
Northern Trust Global Investments 1-10 Year Daily Collective Fund	39,873,469	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, 2011, 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, 2011, 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 assets:

	% of Plan Net Assets
Federal National Mortgage Association	6.2%
Northern Trust Global Investments 1-10 Year Daily Collective Fund	29.3%

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, 2011, the Police Pension Fund investments were not exposed to custodial credit risk.

Interest Rate Risk – Investments. As of December 31, 2011, the Police Pension Fund had the following weighted average maturities on their fixed income investments.

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

Investment Type	Fair Fair Value	Weighted Average Maturity In Years
Mutual Funds:		
Northern Trust Global Investments - Collective Mortgage Backed Index Fund	\$ 15,591,031	1.66
Northern Trust Global Investments - 1 - 10 Year Daily Collective Fund	62,347,810	3.69
	<u>\$ 77,938,841</u>	<u>3.28</u>

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, 2011		
	Total Fair Value	Credit Rating	
		Moody's	Standard & Poor's
Mutual Funds:			
Northern Trust Global Investments - Collective Mortgage Backed Index Fund	\$ 15,591,031	Aaa	AA+
Northern Trust Global Investments - 1 - 10 Year Daily Collective Fund	62,347,810	Aaa	AA+

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, 2011, 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, 2011, 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 assets.

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 Component Units do not have deposit policies for custodial credit

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

risk. As of December 31, 2011, the Component Units had bank balances totaling \$2,886,535. All of this amount was collateralized, but not by securities held in the Component Units' name.

Interest Rate Risk – Investments. As of December 31, 2011, the Component Units had no investments and 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 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, 2011.

Custodial Credit Risk – Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Component Units will not be able to recover the value of their investments or collateral securities that are in the possession of an outside party. The Component Units' investment policy does not address custodial credit risk. As of December 31, 2011, the Component Units' investments were uncollateralized.

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, 2011, the Component Units had no investments which exceed 5% of total net assets of the component units.

B. RECEIVABLES AND PAYABLES

Receivables and payables as of December 31, 2011 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
Receivables:										
Taxes	\$ 44,530,903	\$ 7,338,990	\$ -	\$ -	\$ 5,584,956	\$ -	\$ 4,794,192	\$ -	\$ -	\$ -
Accounts	6,799,498	-	-	-	-	16,200	1,368,954	4,514,085	118,576	5,531
Notes	150,000	-	1,620,657	730,615	-	-	2,542,259	-	-	-
Interest	220,625	-	136	5,912	-	-	-	-	-	-
Gross receivables	51,701,026	7,338,990	1,620,793	736,527	5,584,956	16,200	8,705,405	4,514,085	118,576	5,531
Less: Allowance for uncollectibles	(4,950,728)	(104,922)	(471,720)	(451,615)	(83,709)	-	(2,590,203)	(664,194)	-	-
Net total receivables	\$ 46,750,298	\$ 7,234,068	\$ 1,149,073	\$ 284,912	\$ 5,501,247	\$ 16,200	\$ 6,115,202	\$ 3,849,891	\$ 118,576	\$ 5,531
Due from other governmental units:										
Federal	\$ 357,405	\$ -	\$ 169,673	\$ 2,996,485	\$ -	\$ 201,326	\$ -	\$ -	\$ -	\$ -
State	12,060,486	186,394	-	2,127,288	-	8,073,808	514,950	-	-	-
Other	389,029	-	-	-	-	-	702,886	-	-	224,785
	\$ 12,806,920	\$ 186,394	\$ 169,673	\$ 5,123,773	\$ -	\$ 8,275,134	\$ 1,217,836	\$ -	\$ -	\$ 224,785
Payables:										
Vendors	\$ 1,637,504	\$ 165,899	\$ 91,005	\$ 798,975	\$ -	\$ 7,562,022	\$ 942,292	\$ 1,824,673	\$ 29,707	\$ 3,429,642
Other governments	282,672	-	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-	128,968	4,222	-
	\$ 1,920,176	\$ 165,899	\$ 91,005	\$ 798,975	\$ -	\$ 7,562,022	\$ 942,292	\$ 1,953,641	\$ 33,929	\$ 3,429,642

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

C. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2011 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases and Adjustments	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 6,899,241	\$ -		\$ 6,899,241
Total capital assets, not being depreciated	<u>6,899,241</u>	<u>-</u>	<u>-</u>	<u>6,899,241</u>
Capital assets, being depreciated:				
Land improvements	760,580	-	-	760,580
Buildings and improvements	56,299,028	202,818	(127,656)	56,374,190
Equipment	36,260,177	610,476	(1,281,211)	35,589,442
Infrastructure	845,034,286	16,780,135	(4,284,739)	857,529,682
Total capital assets, being depreciated	<u>938,354,071</u>	<u>17,593,429</u>	<u>(5,693,606)</u>	<u>950,253,894</u>
Less accumulated depreciation for:				
Land improvements	(505,789)	(20,086)	-	(525,875)
Buildings and improvements	(28,530,772)	(1,665,229)	127,656	(30,068,345)
Equipment	(28,816,604)	(2,146,568)	1,281,211	(29,681,961)
Infrastructure	(344,933,117)	(19,145,718)	2,860,912	(361,217,923)
Total accumulated depreciation	<u>(402,786,282)</u>	<u>(22,977,601)</u>	<u>4,269,779</u>	<u>(421,494,104)</u>
Total capital assets, being depreciated, net	<u>535,567,789</u>	<u>(5,384,172)</u>	<u>(1,423,827)</u>	<u>528,759,790</u>
Governmental activities capital assets, net	<u>\$ 542,467,030</u>	<u>\$ (5,384,172)</u>	<u>\$ (1,423,827)</u>	<u>\$ 535,659,031</u>

	Beginning Balance	Increases	Decreases and Adjustments	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 6,153,801	\$ -	\$ -	\$ 6,153,801
Construction in progress	14,110,150	-	(4,764,589)	9,345,561
Total capital assets, not being depreciated	<u>20,263,951</u>	<u>-</u>	<u>(4,764,589)</u>	<u>15,499,362</u>
Capital assets, being depreciated:				
Land improvements	722,913	63,364	(24,191)	762,086
Buildings and improvements	36,231,594	2,528,830	(180,478)	38,579,946
Improvements other than buildings	194,482,741	9,792,144	(1,185,290)	203,089,595
Equipment	5,262,888	30,642	(329,874)	4,963,656
Total capital assets, being depreciated	<u>236,700,136</u>	<u>12,414,980</u>	<u>(1,719,833)</u>	<u>247,395,283</u>
Less accumulated depreciation for:				
Land improvements	(254,099)	(30,901)	22,937	(262,063)
Buildings and improvements	(11,317,350)	(988,835)	159,574	(12,146,611)
Improvements other than buildings	(48,694,876)	(4,588,322)	1,185,289	(52,097,909)
Equipment	(3,157,176)	(284,395)	321,252	(3,120,319)
Total accumulated depreciation	<u>(63,423,501)</u>	<u>(5,892,453)</u>	<u>1,689,052</u>	<u>(67,626,902)</u>
Total capital assets, being depreciated, net	<u>173,276,635</u>	<u>6,522,527</u>	<u>(30,781)</u>	<u>179,768,381</u>
Business-type activities capital assets, net	<u>\$ 193,540,586</u>	<u>\$ 6,522,527</u>	<u>\$ (4,795,370)</u>	<u>\$ 195,267,743</u>

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

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

Governmental activities:	
General government	\$ 605,084
Public safety	1,253,492
Streets, alleys and bridges	19,492,803
Community development	18,559
Culture and recreation	893,739
Public health and welfare	187,951
Internal service	525,973
Total depreciation expense - governmental activities	<u>\$ 22,977,601</u>
Business - type activities:	
Water	\$ 5,165,541
Parking	726,913
Total depreciation expense - business-type activities	<u>\$ 5,892,454</u>

Construction commitments

The City has active construction projects as of December 31, 2011. 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	\$ 5,653,007
Base Well Rehab	1,665,460
Harrison Impr 11th-20th	1,265,805
Riverwalk Museum Campus	1,121,147
Rkfd Junction Track Improv (Morgan)	770,269
Harrison Ave Br Over RR	737,802
West State Street Corridor	626,609
Colorado Ave Resurfacing	588,953
Water Rehab Plan	474,341
Keith Creek Watershed Feasibility	445,000
Kishwaukee St Bridge Over Keith Crk	427,032
Renaissance Corners	401,716
Alpine Dam Design	336,225
Kishwaukee St Resurfac/Repair Ph I	330,161
Water Main Construction	308,495
Harrison Ave Rehab	273,253
Guilford Rd Resurfacing	258,276
ARRA-Whitman Street Interchange	224,431
Huffman Repairs	210,000
Total	<u>\$ 16,117,982</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, 2011 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 1,978,884	\$ 7,201	\$ -	\$ 1,986,085
Construction work in progress	465,155	5,456,257	-	5,921,412
Total capital assets, not being depreciated	<u>2,444,039</u>	<u>5,463,458</u>	<u>-</u>	<u>7,907,497</u>
Capital assets, being depreciated:				
Buildings and improvements	9,418,657	74,852	-	9,493,509
Equipment	19,434,702	639,454	(3,034,395)	17,039,761
Total capital assets, being depreciated	<u>28,853,359</u>	<u>714,306</u>	<u>(3,034,395)</u>	<u>26,533,270</u>
Less accumulated depreciation for:				
Buildings and improvements	(3,533,331)	(267,535)	-	(3,800,866)
Equipment	(9,189,972)	(1,487,024)	3,034,395	(7,642,601)
Total accumulated depreciation	<u>(12,723,303)</u>	<u>(1,754,559)</u>	<u>3,034,395</u>	<u>(11,443,467)</u>
Total capital assets, being depreciated, net	<u>16,130,056</u>	<u>(1,040,253)</u>	<u>-</u>	<u>15,089,803</u>
District capital assets, net	<u>\$ 18,574,095</u>	<u>\$ 4,423,205</u>	<u>\$ -</u>	<u>\$ 22,997,300</u>

Activity for the Authority for the year ended June 30, 2011 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 2,597,014		\$ -	\$ 2,597,014
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	<u>2,597,014</u>	<u>-</u>	<u>-</u>	<u>2,597,014</u>
Capital assets, being depreciated:				
Buildings and improvements	32,779,305	42,543	-	32,821,848
Equipment	8,513,272	239,431	-	8,752,703
Total capital assets, being depreciated	<u>41,292,577</u>	<u>281,974</u>	<u>-</u>	<u>41,574,551</u>
Less accumulated depreciation for:				
Buildings and improvements	(10,984,641)	(841,329)	-	(11,825,970)
Equipment	(5,370,335)	(412,845)	-	(5,783,180)
Total accumulated depreciation	<u>(16,354,976)</u>	<u>(1,254,174)</u>	<u>-</u>	<u>(17,609,150)</u>
Total capital assets, being depreciated, net	<u>24,937,601</u>	<u>(972,200)</u>	<u>-</u>	<u>23,965,401</u>
Authority capital assets, net	<u>\$ 27,534,615</u>	<u>\$ (972,200)</u>	<u>\$ -</u>	<u>\$ 26,562,415</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, 2011 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, 2011, they are reflected below and reported in the financial statements as due from or due to other funds.

Due to/from other funds:				
Receivable Fund	Payable Fund	Purpose	Amount	
General	Community Development	Interfund cash advances	\$ 26,388	
	Human Services	Interfund cash advances	1,610,029	
	Nonmajor governmental	Interfund cash advances	6,341,909	
	Nonmajor governmental	Interfund interest on common cash	14,939	
	Internal Service	Interfund cash advances	90,189	
	Internal Service	Interfund interest on common cash	232	
	Internal Service	Interfund loan	287,392	
			<u>8,371,078</u>	
Public Library	General	Interfund interest on common cash	<u>16,807</u>	
Capital Projects	General	Interfund interest on common cash	44,383	
	Nonmajor governmental	Future Motor Fuel Tax receipts and	739,330	
			<u>783,713</u>	
Nonmajor governmental	General	Interfund interest on common cash	15,717	
			<u>15,717</u>	
Internal Service	General	Interfund interest on common cash	<u>36,342</u>	
Enterprise:	General	Interfund interest on common cash	2,159	
		Water Utility	Interfund interest on common cash	60,754
		Water Utility	Interfund loan	81,059
			<u>143,972</u>	
Total governmental funds			<u><u>\$ 9,367,629</u></u>	

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

Transfers between funds for the year ended December 31, 2011 are as follows:

	Transfers in:					Total
	General Fund	Human Services Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	
Transfers out:						
General Fund	\$ -	\$ 70,000	\$ 899,417	\$ 2,400,000	\$ 82,361	\$ 3,451,778
Library Fund	-	-	239,519	-	-	239,519
Community Development Fund	972,963	-	-	-	-	972,963
Capital Projects Fund	-	-	-	-	994,339	994,339
Nonmajor governmental funds	4,093,475	-	4,904,329	2,272,183	837,150	12,107,137
Parking Enterprise Fund	-	-	60,000	-	-	60,000
Water Enterprise Fund	340,000	-	-	-	-	340,000
Total transfer out	\$5,406,438	\$ 70,000	\$ 6,103,265	\$ 4,672,183	\$ 1,913,850	\$18,165,736

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. DEFERRED REVENUE

Deferred revenue as of December 31, 2011 consisted of the following:

	General Fund	Public Library Fund	Human Services Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Internal Service Funds	Total
Property Taxes	\$42,414,056	\$ 7,228,305	\$ -	\$ 5,496,134	\$ -	\$ 4,744,969		\$ 59,883,464
Grants	384,712	-	2,241,754	-	-	-		2,626,466
Other	-	-	-	-	4,837,139	-	958,867	5,796,006
	\$42,798,768	\$ 7,228,305	\$ 2,241,754	\$ 5,496,134	\$ 4,837,139	\$ 4,744,969	\$ 958,867	\$ 68,305,936

Governmental funds defer revenue recognition in connection with resources that have been received, but not yet earned. Governmental funds also report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period, if any.

F. 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 \$108,156 as of December 31, 2011, and are to be received as follows: 2012 - \$54,052; 2013 - \$27,052; and 2014 - \$27,052.

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

G. LONG-TERM OBLIGATION ACTIVITY

Long-term obligation activity for the year ended December 31, 2011 was as follows:

	Balance January 1, 2011	Additions	Reductions	Balance December 31, 2011	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 95,720,000	\$ -	\$ (9,015,000)	\$ 86,705,000	\$ 8,885,000
Less deferred amounts:					
For issuance	(226,650)	-	15,050	(211,600)	(10,783)
On refunding	(3,379,100)	-	821,012	(2,558,088)	(820,015)
Total bonds payable	92,114,250	-	(8,178,938)	83,935,312	8,054,202
Section 108 Guaranteed Loans	1,455,000	-	(100,000)	1,355,000	170,000
EPA Water Pollution Obligation	497,576	-	(104,855)	392,721	108,041
Lines of credit	9,150,967	5,758,859	(9,150,967)	5,758,859	-
Term notes	2,352,013	-	(1,899,272)	452,741	101,960
Claims and judgments	9,088,252	3,273,796	(3,834,047)	8,528,001	5,542,830
Net OPEB obligation	2,135,480	488,955	-	2,624,435	-
Net pension obligation	291,921	2,964,427	(8,909)	3,247,439	-
Compensated absences	5,596,399	4,876,603	(4,810,375)	5,662,627	923,923
Governmental activities long-term liabilities	<u>\$ 122,681,858</u>	<u>\$ 17,362,640</u>	<u>\$ (28,087,363)</u>	<u>\$ 111,957,135</u>	<u>\$ 14,900,956</u>
Business-type activities:					
Water Utility Fund:					
Bonds payable:					
General obligation alternate bonds	\$ 37,510,000	\$ -	\$ (2,940,000)	\$ 34,570,000	\$ 2,835,000
Less deferred amounts:					
For issuance costs	(146,164)	-	8,427	(137,737)	(6,005)
For gain (loss) on refunding of: General obligation bonds	(262,369)	-	52,819	(209,550)	(47,317)
Total water bonds payable	37,101,467	-	(2,878,754)	34,222,713	2,781,678
Installment Purchase Agreement	14,000,000	-	(10,000,000)	4,000,000	4,000,000
IEPA Loan	26,909,280	11,754,313	(3,370,591)	35,293,002	1,573,811
Compensated absences	415,886	362,495	(342,506)	435,875	61,776
Refundable water main extension advance	397,981	-	(65,040)	332,941	34,800
Customer deposits	229,592	-	(6,642)	222,950	6,000
Total water utility	<u>79,054,206</u>	<u>12,116,808</u>	<u>(16,663,533)</u>	<u>74,507,481</u>	<u>8,458,065</u>
Parking System Fund:					
Bonds payable:					
General obligation alternate bonds	1,825,000	-	(25,000)	1,800,000	75,000
Less deferred amounts:					
For issuance costs	(19,333)	-	1,270	(18,063)	(1,868)
Total parking bonds payable	1,805,667	-	(23,730)	1,781,937	73,132
Compensated absences	38,842	15,213	(28,476)	25,579	4,493
Total parking fund	1,844,509	15,213	(52,206)	1,807,516	77,625
Business-type activities long-term liabilities	<u>\$ 80,898,715</u>	<u>\$ 12,132,021</u>	<u>\$ (16,715,739)</u>	<u>\$ 76,314,997</u>	<u>\$ 8,535,690</u>
Component Units:					
Rockford Mass Transit District					
Net pension obligation	\$ 300,484	\$ -	\$ (136,443)	\$ 164,041	\$ -
Net OPEB obligation	494,044	400,628	-	894,672	-
Rockford Metropolitan Exposition, Auditorium and Office Building Authority					
Lines of credit	500,000	-	(500,000)	-	-
Notes payable	2,856,000	966,667	(200,004)	3,622,663	300,000
Total component units	<u>\$ 4,150,528</u>	<u>\$ 1,367,295</u>	<u>\$ (836,447)</u>	<u>\$ 4,681,376</u>	<u>\$ 300,000</u>

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

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, \$334,475 of internal service funds compensated absences and \$8,528,001 for claims and judgments 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 \$135,055,000. During the year, the City made principal payments of \$11,980,000 and no new bonds were issued, leaving and ending balance of \$123,075,000.

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

Purpose	Original Issue Amount	Interest Rates	Maturity Date	Amount
Governmental activities				
2002-A Street Improvement General Obligation Bond Issue	8,000,000	4.3% - 4.65%	2015	\$ 3,080,000
2002-C Charles Street Improvement General Obligation Alternate Bond Issue	3,000,000	4.3% - 4.65%	2015	1,160,000
2002 Taxable General Obligation Alternate Bond Issue	2,500,000	5.40%	2012	450,000
2002-D Springfield Corners General Obligation Alternate Bond Issue	1,300,000	4.00% - 5.00%	2021	1,000,000
2003 Street Improvement General Obligation Bond Issue	8,200,000	3.45% - 4.00%	2016	3,890,000
2004-A Street Improvement General Obligation Bond Issue	8,500,000	4.00% - 4.25%	2017	4,550,000
2004-C Equipment General Obligation Alternate Bond Issue	3,200,000	4.00%	2014	1,150,000
2004-D Seventh Street Revitalization General Obligation Alternate Bond Issue	2,000,000	5.00% - 5.25%	2016	1,050,000
2004-E Capital Improvements General Obligation Alternate Bond Issue	4,650,000	4.00% - 4.50%	2023	4,050,000
2005-A Capital Improvements General Obligation Bond Issue	8,700,000	3.50% - 4.10%	2018	5,490,000
2005-C Global Trade Park General Obligation Alternate Bond Issue	915,000	4.00%	2015	515,000
2005-C Neighborhood Revitalization General Obligation Alternate Bond Issue	6,305,000	4.00% - 4.40%	2024	6,030,000
2005-D Lowes Distribution Center Taxable General Obligation Alternate Bond Issue	2,850,000	5.00% - 5.12%	2018	1,875,000
2006-B Hope Six Revitalization Project General Obligation Alternate Bond Issue	2,500,000	4.15% - 4.15%	2024	2,500,000
2007-A Metro Centre Improvement General Obligation Alternate Bond Issue	6,300,000	4.00% - 4.20%	2027	5,400,000
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	1,000,000
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	2,600,000
2008-B Redevelopment General Obligation Alternate Bond Issue	1,300,000	3.00% - 4.00%	2018	1,225,000
2009-A Redevelopment General Obligation Alternate Bond Issue	1,650,000	4.625% - 5.00%	2029	1,600,000
2009-B Redevelopment Taxable General Obligation Alternate Bond Issue	950,000	5.30% - 5.70%	2024	900,000
2009-D Redevelopment Taxable General Obligation Alternate Bond Issue	1,700,000	2.25% - 5.50%	2024	1,650,000
				<u>64,910,000</u>

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

Governmental activities - refunding				
2004-H Refunding General Obligation Alternate Bond Issue	3,070,000	3.75% - 4.25%	2020	2,675,000
2005-C Refunding General Obligation Alternate Bond Issue	530,000	4.00% - 4.40%	2018	480,000
2007-C Refunding General Obligation Alternate Bond Issue	6,865,000	3.75% - 3.75%	2018	5,520,000
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	3,995,000
2009-G Refunding General Obligation Alternate Bond Issue	1,330,000	2.00% - 3.00%	2015	1,060,000
				<u>21,795,000</u>
				<u>\$ 86,705,000</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:

Purpose	Original Issue Amount	Interest Rates	Maturity Date	Amount
Business-type activities				
Water Utility Fund:				
2002-B General Obligation Alternate Bond Issue	2,220,000	4.30% - 4.65%	2015	\$ 855,000
2003-B General Obligation Alternate Bond Issue	2,200,000	3.45% - 4.00%	2016	1,045,000
2004-B General Obligation Alternate Bond Issue	2,200,000	4.00% - 4.25%	2017	1,225,000
2005-B General Obligation Alternate Bond Issue	2,200,000	3.65% - 4.10%	2018	1,400,000
2006-A General Obligation Alternate Bond Issue	15,000,000	4.15% - 4.15%	2018	12,675,000
2007-D General Obligation Alternate Bond Issue	3,500,000	4.125% - 4.75%	2027	2,975,000
2008-A General Obligation Alternate Bond Issue	9,000,000	3.75% - 5.00%	2028	8,200,000
2010-A General Obligation Alternate Bond Issue	3,400,000	2.00% - 4.00%	2030	<u>2,845,000</u>
				<u>31,220,000</u>
Parking System Fund:				
2008-A General Obligation Alternate	1,850,000	4.75% - 6.00%	2028	<u>1,800,000</u>
Business-type activities - refunding				
Water Utility Fund:				
2009-F Refunding General Obligation Alternate Bond Issue	4,325,000	2.50% - 3.50%	2018	<u>3,350,000</u>
				<u>3,350,000</u>
				<u>\$ 36,370,000</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
2012	8,885,000	3,152,302	2,910,000	1,520,749
2013	8,305,000	2,826,113	2,835,000	1,421,863
2014	8,280,000	2,504,562	2,680,000	1,319,269
2015	8,580,000	2,842,491	2,565,000	1,214,786
2016	7,440,000	2,481,589	2,470,000	1,111,060
2017	6,835,000	2,166,770	2,295,000	1,011,261
2018	6,310,000	1,875,632	2,140,000	916,980
2019	3,935,000	1,600,073	1,750,000	828,562
2020	3,760,000	1,416,910	1,800,000	753,962
2021	3,340,000	1,238,916	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	\$ 86,705,000	\$ 25,846,157	\$ 36,370,000	\$ 13,082,023

(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, 2011 is \$710,000 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, 2011 is \$645,000 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, 2011 is \$392,720 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
2012	\$ 170,000	70,416	108,041	11,032
2013	180,000	62,012	111,324	7,750
2014	180,000	53,033	114,704	4,369
2015	190,000	43,976	58,652	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>\$ 1,355,000</u>	<u>\$ 364,966</u>	<u>\$ 392,721</u>	<u>\$ 24,035</u>

c) LINES OF CREDIT

In November of 2007, the City entered into an agreement with the Rockford Local Development Corporation (RLDC) an Illinois not-for-profit corporation. Under terms of the agreement, RLDC shall secure a \$10,000,000 line of credit to be used for the voluntary acquisition of approximately 80 homes and two commercial properties that are located within the Keith Creek floodplain. The loan will fund the acquisition costs for each parcel, demolition expense, costs of all activities related to the project, and an interest reserve to cover carrying costs. The City shall provide guarantee of the loan and purchase the properties from RLDC at the price RLDC acquired them, and reimburse RLDC for expenses incurred in the performance of its duties. On November 29, 2011 outstanding borrowings of \$4,142,200 under this agreement were converted to the PNC Line of Credit. At December 31, 2011 the outstanding balance of this agreement was zero.

In November of 2011 the City entered into an agreement with PNC Bank to establish a \$20.7 million line of credit. The line of credit will provide cash flow until property tax revenues are received in June of 2011. Interest will be paid monthly at a rate per annum equal to the daily LIBOR rate plus 1.2%. At December 31, 2011 the outstanding borrowings under this agreement are \$5,758,859.

d) INSTALLMENT PURCHASE AGREEMENT

In July of 2008 the City entered into an Installment Purchase Agreement for the purpose of paying a part of the cost of construction of improvements to the existing waterworks system, authorizing and providing for the issue of \$25,000,000 General Obligation Limited Tax Debt Certificates. Terms of the agreement are balance due on June 15, 2013 interest is calculated as 65% of the three month LIBOR plus 1.2443%. The City redeemed the first \$11,000,000 on June 15, 2009 and an additional \$10,000,000 on June 15, 2011, the remaining balance at December 31, 2011 is \$4,000,000.

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

e) PROMISSORY TERM NOTE

In December of 2009 the City issued a \$2,000,000 Taxable Promissory Note, Series 2009B for the purpose of paying ordinary and necessary expenses of the Rockford Metropolitan Exposition, Auditorium and Office Building Authority. Terms of the Note are; ten years with monthly principal payment of \$16,667, and interest at a rate per annum of the monthly LIBOR rate plus 2%. On November 29, 2011 the remaining balance of \$1,616,659 was converted to the City's Line of Credit with PNC Bank, balance of this term note at December 31, 2011 is zero.

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, 2011 the outstanding balance was \$452,741.

f) 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 \$41,485,000 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 \$2,400,000 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.

Loan #	Date Awarded	Amount Approved	Terms	Loans Received	Principal Forgiveness	Construction Interest	Payments	Balance Due
L172991	05/19/08	\$ 8,308,283	0.025	\$ 8,308,200	\$ -	\$ 203,947	\$ (515,111)	\$ 7,997,037
L172992	09/30/08	12,512,945	0.025	12,224,300	-	248,853	(477,106)	11,996,048
L172994	09/30/08	2,297,070	0.025	2,039,800	-	11,976	(145,590)	1,906,186
L172993	08/14/09	6,877,227	0% - 25% principal forgiveness	6,463,800	(1,719,307)	-	-	4,744,493
L173068	09/30/09	3,122,773	0% - 25% principal forgiveness	3,122,700	(780,694)	-	(120,103)	2,221,903
L174676	06/30/10	720,521	1.25% - 25% principal forgiveness	550,000	(180,131)	2,713	-	372,582
L173127	06/30/10	3,128,995	1.25% - 25% principal forgiveness	2,175,000	(782,249)	14,716	-	1,407,467
L173128	06/30/10	2,633,303	1.25% - 25% principal forgiveness	1,987,700	(658,326)	7,123	-	1,336,497
L173132	08/29/10	913,740	1.25% - 25% principal forgiveness	913,100	(228,435)	30	(15,276)	669,420
L173133	12/15/10	381,087	1.25% - 25% principal forgiveness	96,100	(95,272)	438	-	1,266
L173067	01/19/11	3,611,244	1.25% - 25% principal forgiveness	3,604,300	(902,811)	-	(61,385)	2,640,104
				\$41,485,000	\$(5,347,225)	\$ 489,797	\$(1,334,570)	\$35,293,002

g) COMPENSATED ABSENCES

Governmental activities:

Vested vacation pay of \$3,952,560 and vested sick pay of \$1,710,067 for employees paid from governmental funds are included in the Government-wide Statement of Net Assets.

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

(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. The total amount of defeased debt at December 31, 2011 is \$13,045,000, of this amount \$11,475,000 relates to the debt service fund and \$1,570,000 relates to the Water Utility. Funds in escrow accounts are excluded from the City's financial statements.

(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, 2011, the City indebtedness was \$99,299,192 less than the City limit and \$131,928,140 less than the State limit.

(5) COMPONENT UNITS

a) NOTES PAYABLE

On November 13, 2007 the Rockford City Council approved a \$456,000 no-interest, 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. In the City's statements these notes receivable are completely offset by an allowance for doubtful accounts.

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%. These monthly payments are currently holdbacks from the City's monthly support payments to the Authority.

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.

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

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 the current year the City secured comprehensive general liability insurance to cover losses from \$500,000 to \$11 million. The City has purchased commercial insurance coverage for catastrophic losses to buildings and contents totaling \$43.5 million and commercial liability insurance for certain programs supported by State and Federal grant programs which is consistent with prior years.

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

A liability for a claim has been recorded in the Risk Management Internal Service Fund if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimated. This liability is the City's best estimate based on available information. The estimate of the claims liability also includes amounts, if any, for incremental claims adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims.

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

	2011	2010
Unpaid claims at beginning of year	\$3,967,756	\$ 2,339,629
Current year claims and change in estimates	1,122,168	2,440,990
Claim payments	(925,529)	(812,863)
Unpaid claims at end of year	\$4,164,395	\$ 3,967,756
Reported as:		
Claims and judgments payable	\$4,140,153	\$ 3,888,564
Accounts payable	24,242	79,192
	\$4,164,395	\$ 3,967,756

Included in the \$4,164,395 are claims of \$445,000, 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 \$9,480,000. Approved claims which have been presented for reimbursement as of year-end totaling \$24,242 are reported as accounts payable.

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

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:

	2011	2010
Unpaid claims at beginning of year	\$ 1,948,739	\$ 3,014,994
Current year claims and change in estimates	16,277,856	16,806,277
Claim payments	<u>(16,674,397)</u>	<u>(17,872,532)</u>
Unpaid claims at end of year	<u>\$ 1,552,198</u>	<u>\$ 1,948,739</u>
Reported as:		

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.

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

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

	2011	2010
Unpaid claims at beginning of year	\$3,398,686	\$ 3,569,341
Current year claims and change in estimates	1,260,284	2,330,583
Claim payments	<u>(1,823,320)</u>	<u>(2,501,238)</u>
Unpaid claims at end of year	<u>\$2,835,650</u>	<u>\$ 3,398,686</u>
Reported as:		
Claims and judgments payable	\$2,835,650	\$ 3,370,687
Accounts payable	-	27,999
	<u>\$2,835,650</u>	<u>\$ 3,398,686</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 required supplementary information. The report may be obtained at 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 2011 was 12.81% 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, 2011, the City's annual pension cost of \$3,654,110 was equal to the City's required and actual contributions.

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

Three-Year Trend Information for IMRF:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2011	\$ 3,654,110	100.0	\$ -
12/31/2010	3,760,797	100.0	-
12/31/2009	3,101,178	100.0	-

The required contribution for 2011 was determined as part of the December 31, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2009 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, 2009 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, 2011, the most recent actuarial valuation date, the City's plan was 70.20 percent funded. The actuarial accrued liability for benefits was \$90,541,030 and the actuarial value of assets was \$63,561,565, resulting in an underfunded actuarial accrued liability (UAAL) of \$26,979,465. The covered payroll (annual payroll of active employees covered by the plan) for calendar year 2011 was \$28,525,452 and the ratio of the UAAL to the covered payroll was 95 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 in 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 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

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

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 27.47% of covered payroll.

Annual pension cost. For 2011, the City of Rockford's annual pension cost was \$5,718,704. The City's actual contribution was \$4,579,538. The net pension obligation at December 31, 2011 was \$1,130,257. It was comprised of the following:

Police Pension

Annual Required Contribution (ARC)	\$ 5,718,953
Interest on the Net Pension Asset	(668)
Adjustment to the ARC	419
Annual pension cost	5,718,704
Contribution	4,579,538
Increase in Pension Asset (Liability)	(1,139,166)
Net pension Asset at January 1, 2011	8,909
Net pension Asset at December 31, 2011	(1,130,257)

The required contributions were determined as part of the December 31, 2009 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, 2011 was 29 years.

Funded Status and Funding Progress. As of December 31, 2011, the most recent actuarial valuation date, the PPF plan was 66.7 percent funded. The actuarial accrued liability for benefits was \$233,497,763 and the actuarial value of assets was \$155,807,420, resulting in an underfunded actuarial accrued liability (UAAL) of \$77,690,343. The covered payroll (annual payroll of active employees covered by the plan) was \$18,862,464 and the ratio of the UAAL to the covered payroll was 411.9 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.

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)*
12/31/2011	\$ 5,718,704	80.1	\$ 1,130,257
12/31/2010	5,888,326	89.6	(8,909)
12/31/2009	3,723,049	104.1	(622,995)

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

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 27.442% of covered payroll.

Annual pension cost. For 2011, the City of Rockford's annual pension cost was \$7,054,009. The City's actual contribution was \$5,228,748. The pension obligation at December 31, 2011 was (\$2,117,182). It was comprised of the following:

Annual Required Contribution (ARC)	\$ 7,045,842
Interest on the Net Pension Asset	21,894
Adjustment to the ARC	<u>(13,727)</u>
Annual pension cost	7,054,009
Contribution	<u>5,228,748</u>
Increase in Pension Asset (Liability)	(1,825,261)
Net pension Asset at January 1, 2011	<u>(291,921)</u>
Net pension Obligation at December 31, 2011	<u><u>(2,117,182)</u></u>

The required contributions were determined as part of the December 31, 2009 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, 2011 was 29 years.

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

Funded Status and Funding Progress. As of December 31, 2011, the most recent actuarial valuation date, the FPF plan was 61.0 percent funded. The actuarial accrued liability for benefits was \$230,421,150, and the actuarial value of assets was \$140,569,120, resulting in an underfunded actuarial accrued liability (UAAL) of \$89,852,030. The covered payroll (annual payroll of active employees covered by the plan) was \$19,053,834 and the ratio of the UAAL to the covered payroll was 471.6 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)*
12/31/2011	\$ 7,054,009	74.1	\$ 2,117,182
12/31/2010	6,944,984	91.4	291,921
12/31/2009	5,631,754	103.1	(305,225)

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.

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, 2011, membership consisted of:

Retirees and beneficiaries currently receiving benefits	173
Terminated employees entitled to benefits but not yet receiving benefits	-
Active vested plan members	702
Total	1,300
Number of participating employers	1

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

Funding policy. For the fiscal year ending December 31, 2011, retirees contributed approximately \$703,248. 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, 2011, 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 \$1,192,203 for the year ended December 31, 2011. 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, 2011	1,192,203	703,248	60.8%	2,624,435
December 31, 2010	1,176,301	222,144	19.2%	2,135,480
December 31, 2009	632,276	222,144	35.1%	1,181,323

The net OPEB obligation as of December 31, 2011, was calculated as follows:

Annual Required Contribution	\$ 1,156,612
Interest on Net OPEB Obligation	106,774
Adjustment to Annual Required Contribution	<u>(71,183)</u>
Annual OPEB Cost	1,192,203
Contributions Made	<u>703,248</u>
Increase (Decrease) in Net OPEB Obligation	488,955
Net OPEB Obligation Beginning of Year	<u>2,135,480</u>
Net OPEB Obligation End of Year	<u><u>2,624,435</u></u>
 Actuarial accrued liability (AAL)	 \$ 14,941,274

Funded Status and Funding in Process. The funded status of the plan as of December 31, 2011, was as follows:

Funded ratio (actuarial value of plan assets/AAL)	-
Covered payroll (active plan members)	66,441,750
UAAL as a percentage of covered payroll	33.16%

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

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

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 January 1, 2012, 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, 2012, was twenty seven years.

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

Individual Plan Financial Statements:

Statements of Fiduciary Net Assets – Pension Trust Funds
December 31, 2011

	Pension Trust Funds		
	Police Pension	Firefighter's Pension	Total
ASSETS			
Cash and cash equivalents	\$ 433,478	\$ 2,337,108	\$ 2,770,586
Investments			
U.S. Treasury Strips	-	2,924,803	2,924,803
U.S. Treasury Notes	-	8,452,483	8,452,483
U.S. Treasury Bonds	-	3,477,365	3,477,365
Government National Mortgage Association	-	3,272,141	3,272,141
Government Backed Corporate Bonds	-	1,195,386	1,195,386
Federal Home Loan Mortgage Corporation	-	979,468	979,468
Federal National Mortgage Association	-	8,471,367	8,471,367
Federal Farm Credit Bonds	-	1,930,971	1,930,971
Small Cap Equity Common Stocks	11,582,809	11,475,392	23,058,201
Large Cap Equity Common Stocks	-	16,504,317	16,504,317
NTGI Collective Trust	77,938,841	39,873,469	117,812,310
Domestic Mutual Funds	42,753,296	19,369,196	62,122,492
International Mutual Funds	19,369,137	15,882,458	35,251,595
Accrued interest receivable	72,245	300,823	373,068
Contributions receivable	3,699,796	4,170,313	7,870,109
Total assets	155,849,602	140,617,060	296,466,662
LIABILITIES			
Accrued liabilities	42,182	47,940	90,122
NET ASSETS			
Held in trust for pension benefits	<u>\$ 155,807,420</u>	<u>\$ 140,569,120</u>	<u>\$ 296,376,540</u>

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

Statements of Changes in Fiduciary Net Assets – Pension Trust Funds
Year Ended December 31, 2011

	Pension Trust Funds		
	Police Pension	Firefighter's Pension	Total
ADDITIONS			
Contributions:			
Employer	\$ 4,579,538	\$ 5,228,748	\$ 9,808,286
Plan member	1,828,702	1,699,844	3,528,546
Total contributions	<u>6,408,240</u>	<u>6,928,592</u>	<u>13,336,832</u>
Investment income:			
Net appreciation in fair value of investments	396,770	1,498,772	1,895,542
Interest and dividend income	1,678,249	1,596,472	3,274,721
	<u>2,075,019</u>	<u>3,095,244</u>	<u>5,170,263</u>
Less investment expense	(217,707)	(412,184)	(629,891)
Net investment income	<u>1,857,312</u>	<u>2,683,060</u>	<u>4,540,372</u>
Total additions	<u>8,265,552</u>	<u>9,611,652</u>	<u>17,877,204</u>
DEDUCTIONS			
Pension benefits	12,290,160	13,427,350	25,717,510
Refunds of contributions	135,666	44,133	179,799
Administrative expense	224,144	125,059	349,203
Total deductions	<u>12,649,970</u>	<u>13,596,542</u>	<u>26,246,512</u>
Change in net assets	(4,384,418)	(3,984,890)	(8,369,308)
Total net assets - beginning	<u>160,191,838</u>	<u>144,554,010</u>	<u>304,745,848</u>
Total net assets - ending	<u>\$ 155,807,420</u>	<u>\$ 140,569,120</u>	<u>\$ 296,376,540</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 employee is entitled to receive a monthly benefit payment in the form of a life annuity. Benefits under the Plan are

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

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 2011, the required contribution was \$769,943 or 15.4% of covered payroll per year. The difference between the contribution made in 2011 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, 2010 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 1971 Group Annuity 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 liability at June 30, 2011 was \$164,041. It was comprised of the following:

Annual required contribution	\$ 769,943
Interest on net pension obligation (7%)	21,034
Adjustment to annual required contribution	<u>(51,704)</u>
Annual pension cost	739,273
Annual contribution made	<u>875,716</u>
Increase in net pension liability	(136,443)
Net pension liability, beginning of year	<u>300,484</u>
Net pension liability, end of year	<u><u>\$ 164,041</u></u>

Three-year trend information for RMTD:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2011	\$ 739,273	118.46 %	\$ 164,041
6/30/2010	801,919	109.12	\$ 300,484
6/30/2009	565,626	106.21	373,582

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 2011, the District contributed \$173,724. 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, 2011 is as follow:

Annual required contribution	\$	735,258
Interest on net OPEB obligation		24,702
Adjustment to annual required contribution		<u>(108,575)</u>
Annual OPEB cost		651,385
Contributions made		<u>250,757</u>
Increase in Net OPEB Obligation		400,628
Net OPEB Obligation - beginning of year		<u>494,044</u>
Net OPEB Obligation - end of year	\$	<u><u>894,672</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2011	\$ 651,385	38.50%	\$ 894,672
June 30, 2010	401,330	38.50%	494,044

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)	\$	10,315,033
Actuarial balure of plan assets		<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)		<u>\$ 10,315,033</u>
Funded ratio (actuarial value of plan assets AAL)		0%
Covered payroll (active plan members)	\$	5,004,232
UAAL as a percentage of covered payroll		206.10%

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

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

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 entry age actuarial cost method was used and market rates were used for the asset valuation method. The actuarial assumptions include a 5 percent investment rate of return and an annual healthcare cost trend rate of 8 percent initially, reduced by decrements to an ultimate rate of 6 percent. Both rates include a 3 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, 2011 was 30 years.

E. 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, 2011, amounted to \$37,027,021, of which \$457,427.77 (or 1.24%) 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.

F. 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, 2011, the City has \$3,722,503.63 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

G. SUBSEQUENT EVENTS

In the first five months of 2012 the City received an additional \$1,533,200 from the Illinois Environmental Protection Agency (IEPA) bringing the total IEPA loans to \$36,826,202. These proceeds provide additional funding for a \$75 million water improvement program (initial funding was provided from the sale of the City's \$15 million Series 2006A Bonds in April of 2006, \$3.5 million Series 2007D in November of 2007 and \$9.0 million Series 2008A in April of 2008).

On June 14th 2011 the City redeemed the remaining \$4,000,000 outstanding on the 2008 Water System Improvement General Obligation Limited Tax Debt Certificates. The original issue was \$25,000,000 due June 15th 2013.

H. FUTURE ACCOUNTING PRONOUNCEMENTS

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

Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, issued November 2010, is effective for the City beginning with its year ending December 31, 2012. The object of this statement is to improve financial reporting by addressing issues related to service concession arrangements, which are a type of public-private or public-public partnership.

Statement No. 61, *The Financial Reporting Entity: Omnibus*, issued November 2010, is effective for the City beginning with its year ending December 31, 2013. The object of this statement is to improve financial reporting for a governmental financial reporting entity. This Statement modifies certain requirements for inclusion of component units in the financial reporting entity.

Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, issued December 2010, is effective for the City beginning with its year ending December 31, 2012. The object of this statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in certain pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements.

Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*, issued June 2011, is effective for the City beginning with its year ending December 31, 2012. The object of this statement is to provide guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures.

REQUIRED SUPPLEMENTARY INFORMATION



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, 2011
(Required Supplementary Information)

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Taxes	\$ 70,417,527	\$ 70,417,527	\$ 72,171,726	\$ 1,754,199
Licenses and permits	3,427,200	3,427,200	4,307,103	879,903
Intergovernmental	22,878,890	23,278,890	25,296,654	2,017,764
Charges for services	9,760,200	9,245,600	9,478,216	232,616
Fines	1,590,000	1,590,000	1,430,514	(159,486)
Interest	100,000	100,000	752,710	652,710
Miscellaneous	160,000	160,000	346,904	186,904
Total revenues	108,333,817	108,219,217	113,783,827	5,564,610
EXPENDITURES				
Current:				
General government:				
Mayor's office	692,794	692,794	566,896	125,898
City Council	582,970	582,970	513,979	68,991
Legal department	1,631,175	1,631,175	1,590,477	40,698
Finance office	4,514,505	4,514,505	4,330,949	183,556
Workforce investment board	513,690	513,690	516,321	(2,631)
Board of fire and police commission	145,435	145,435	131,205	14,230
Board of election	808,702	808,702	610,555	198,147
Personnel department	650,029	650,029	642,880	7,149
Mass transit subsidy	1,524,000	1,524,000	1,524,000	-
Total general government	11,063,300	11,063,300	10,427,262	636,038
Public safety				
Police department	44,626,440	44,726,440	44,360,222	366,218
Fire department	37,513,966	38,420,746	39,507,519	(1,086,773)
Public works - traffic	1,706,400	1,706,400	1,705,849	551
Building department	1,587,698	1,587,698	1,456,085	131,613
Total public safety	85,434,504	86,441,284	87,029,675	(588,391)
Streets, alleys and bridges				
Administration	332,612	332,612	381,313	(48,701)
Engineering	621,194	1,207,899	755,760	452,139
Street and sewer	9,299,553	9,299,553	9,755,862	(456,309)
Total streets, alleys and bridges	10,253,359	10,840,064	10,892,935	(52,871)
Community development				
Administration	226,199	226,199	222,643	3,556
Code Enforcement	1,196,056	1,196,056	1,145,536	50,520
Planning and zoning	509,954	509,954	523,726	(13,772)
Total community development	1,932,209	1,932,209	1,891,905	40,304
Sanitation and sewers				
Public works - sewers	496,040	496,040	352,636	143,404
Total current expenditures	109,179,412	110,772,897	110,594,413	178,484
Capital Outlay:				
Public safety				
Fire department	-	-	225,842	(225,842)
Total public safety	-	-	225,842	(225,842)
Total capital expenditures	-	-	225,842	(225,842)
Total expenditures	109,179,412	110,772,897	110,820,255	(47,358)
Excess of revenues over (under) expenditures	(845,595)	(2,553,680)	2,963,572	5,517,252
OTHER FINANCING SOURCES (USES)				
Transfers in	5,071,415	5,071,415	5,406,438	335,023
Transfers out	(3,555,217)	(3,455,217)	(3,451,778)	3,439
Total other financing sources (uses)	1,516,198	1,616,198	1,954,660	338,462
Net change in fund balance	\$ 670,603	\$ (937,482)	4,918,232	\$ 5,855,714
Fund balance - beginning			22,615,112	
Fund balance - ending			\$ 27,533,344	

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, 2011
(Required Supplementary Information)

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Taxes	\$ 7,282,400	\$ 7,282,400	\$ 7,125,340	\$ (157,060)
Intergovernmental	772,000	772,000	934,507	162,507
Charges for services	74,420	74,420	58,238	(16,182)
Fines	168,300	168,300	128,962	(39,338)
Interest	117,232	117,232	152,397	35,165
Miscellaneous	26,500	26,500	59,523	33,023
Total revenues	<u>8,440,852</u>	<u>8,440,852</u>	<u>8,458,967</u>	<u>18,115</u>
EXPENDITURES				
Current - Culture and recreation	7,312,025	7,312,025	6,703,085	608,940
Capital Outlay - Culture and recreation	350,400	350,400	280,807	69,593
Total expenditures	<u>7,662,425</u>	<u>7,662,425</u>	<u>6,983,892</u>	<u>678,533</u>
Excess of revenues over (under) expenditures	<u>778,427</u>	<u>778,427</u>	<u>1,475,075</u>	<u>696,648</u>
OTHER FINANCING USES				
Transfers out	(248,575)	(248,575)	(239,519)	9,056
Total other financing uses	<u>(248,575)</u>	<u>(248,575)</u>	<u>(239,519)</u>	<u>9,056</u>
Net changes in fund balance	<u>\$ 529,852</u>	<u>\$ 529,852</u>	<u>\$ 1,235,556</u>	<u>\$ 705,704</u>
Fund balance - beginning			<u>5,302,738</u>	
Fund balance - ending			<u>\$ 6,538,294</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, 2011

(Required Supplementary Information)

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Intergovernmental	\$ 4,421,551	\$ 4,421,551	\$ 3,857,234	\$ (564,317)
Interest	-	-	36,153	36,153
Miscellaneous	122,000	122,000	52,539	(69,461)
Total revenues	<u>4,543,551</u>	<u>4,543,551</u>	<u>3,945,926</u>	<u>(597,625)</u>
EXPENDITURES				
Current - Community development	3,361,641	3,361,641	2,934,409	427,232
Debt service:				
Principal payments	100,000	100,000	100,000	-
Interest payments	75,204	75,204	75,204	-
Total expenditures	<u>3,536,845</u>	<u>3,536,845</u>	<u>3,109,613</u>	<u>427,232</u>
Excess of revenues over (under) expenditures	<u>1,006,706</u>	<u>1,006,706</u>	<u>836,313</u>	<u>(170,393)</u>
OTHER FINANCING USES				
Transfers out	(1,006,706)	(1,006,706)	(972,963)	33,743
Total other financing uses	<u>(1,006,706)</u>	<u>(1,006,706)</u>	<u>(972,963)</u>	<u>33,743</u>
Net changes in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(136,650)</u>	<u>\$ (136,650)</u>
Fund balance - beginning			<u>1,346,875</u>	
Fund balance - ending			<u>\$ 1,210,225</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, 2011
(Required Supplementary Information)

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Intergovernmental	\$ 15,009,663	\$ 15,009,663	\$ 17,283,580	\$ 2,273,917
Interest	-	-	11,176	11,176
Miscellaneous	-	-	108,079	108,079
Total revenues	<u>15,009,663</u>	<u>15,009,663</u>	<u>17,402,835</u>	<u>2,393,172</u>
EXPENDITURES				
Current - Public health and welfare	15,009,663	15,009,663	16,738,256	(1,728,593)
Debt service - Interest and service fees	-	-	52,780	(52,780)
Total expenditures	<u>15,009,663</u>	<u>15,009,663</u>	<u>16,791,036</u>	<u>(1,781,373)</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>611,799</u>	<u>611,799</u>
OTHER FINANCING SOURCES				
Transfers in	70,000	70,000	70,000	-
Total other financing sources	<u>70,000</u>	<u>70,000</u>	<u>70,000</u>	<u>-</u>
Net changes in fund balance	<u>\$ 70,000</u>	<u>\$ 70,000</u>	<u>681,799</u>	<u>\$ 611,799</u>
Fund balance - beginning			<u>161,949</u>	
Fund balance - ending			<u>\$ 843,748</u>	

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

December 31, 2011
(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)
12/31/2011	\$ 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
12/31/2007	82,879,833	87,968,864	5,089,031	94.21	29,485,908	17.26
12/31/2006	77,109,958	83,288,988	6,179,030	92.58	28,618,048	21.59

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)
12/31/2011	\$ 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
12/31/2007	161,674,221	197,484,179	35,809,958	81.87	18,760,525	190.88
12/31/2006	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)
12/31/2011	\$ 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
12/31/2007	144,587,141	201,841,057	57,253,916	71.63	18,485,822	309.72
12/31/2006	138,535,126	189,079,809	50,544,683	73.27	17,375,662	290.89

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)
12/31/2011	\$ -	\$ 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
12/31/2008	-	9,062,800	9,062,800	-	65,578,751	13.82

**CITY OF ROCKFORD, ILLINOIS
EMPLOYER CONTRIBUTIONS**

December 31, 2011
(Required Supplementary Information)

Illinois Municipal Retirement Fund

Actuarial Valuation Date		Annual Required Contribution	Percentage Contributed
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
12/31/2007		2,927,951	100.0
12/31/2006		2,830,325	100.0

Police Pension Fund

Actuarial Valuation Date		Annual Required Contribution	Percentage Contributed
12/31/2011	\$	5,718,953	80.1 %
12/31/2010		5,900,674	89.1
12/31/2009		3,733,161	104.1
12/31/2008		3,608,547	96.6
12/31/2007		3,330,276	97.3
12/31/2006		2,803,802	90.1

Firefighter's Pension Fund

Actuarial Valuation Date		Annual Required Contribution	Percentage Contributed
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
12/31/2007		4,762,441	97.8
12/31/2006		4,144,105	92.5

Other Post-Employment Benefits

Actuarial Valuation Date		Annual Required Contribution	Percentage Contributed
12/31/2011	\$	1,156,612	60.8 %
12/31/2010		1,156,612	19.2
12/31/2009		619,422	35.7
12/31/2008		619,423	37.7

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, 2011, 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	
Workforce investment board	\$ (2,631)
Fire Department	(1,312,615)
Public works - Administration	(48,701)
Public works - Street & Sewer	(456,309)
Community Development - Planning & Zoning	(13,772)
Human Services Fund	(1,781,373)

III. ILLINOIS MUNICIPAL RETIREMENT FUND

On a market value basis, the actual value of assets as of December 31, 2011 is \$63,561,565. On a market basis, the funded ratio would be 70.20%.

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

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 B32. 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. The East Side and West Side areas also receive the resulting increase of sales tax from the City's sales tax and a share of the State of Illinois' sales tax resulting from increased sales as a result of redevelopment within each district.

CITY OF ROCKFORD, ILLINOIS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2011

	Special Revenue Funds			
	Rockford Tuberculosis Care Center	Garbage and Refuse	Motor Fuel Tax	Redevelopment
ASSETS				
Cash and cash equivalents	\$ 157,962	\$ 4,070,496	\$ 9,884,650	\$ 112,786
Property taxes receivable, net	153,679	20,616	-	-
Accounts receivable, net	-	511,032	-	604,857
Due from the State of Illinois	-	-	321,542	-
Due from other governmental units	-	-	-	-
Due from other funds	406	10,453	-	-
Total assets	<u>\$ 312,047</u>	<u>\$ 4,612,597</u>	<u>\$ 10,206,192</u>	<u>\$ 717,643</u>
LIABILITIES AND FUND BALANCES (DEFICITS)				
Liabilities:				
Accounts and contracts payable	\$ 26,873	\$ 448,598	-	\$ 38,307
Accrued payroll and benefits	-	-	-	-
Due to other funds	-	-	739,330	1,836,088
Due to other governmental units	-	-	-	-
Deferred revenue	153,555	20,599	-	-
Total liabilities	<u>180,428</u>	<u>469,197</u>	<u>739,330</u>	<u>1,874,395</u>
Fund balances (deficits):				
Nonspendable	15,000	-	-	-
Restricted for:	-	-	-	-
Culture and recreation	-	-	-	-
Community development	-	-	-	-
Public health and welfare	-	-	-	-
Highway and streets	-	-	9,466,862	-
Assigned for:	-	-	-	-
General government	-	-	-	-
Community development	-	4,143,400	-	-
Public health and welfare	116,619	-	-	-
Unassigned	-	-	-	(1,156,752)
Total fund balances (deficits)	<u>131,619</u>	<u>4,143,400</u>	<u>9,466,862</u>	<u>(1,156,752)</u>
Total liabilities and fund balances (deficits)	<u>\$ 312,047</u>	<u>\$ 4,612,597</u>	<u>\$ 10,206,192</u>	<u>\$ 717,643</u>

Special Revenue Funds

Tourism	Special Projects	RKFD Metro Agency for Planning	Veteran's Scholarship	Justice Assistance Grant	Flex Care
\$ 282,764	\$ -	\$ 126,782	\$ 44,051	\$ -	\$ 163,915
-	-	-	-	-	-
244,213	8,852	-	-	-	-
-	-	193,408	-	-	-
-	-	39,184	-	663,702	-
726	-	-	113	-	-
\$ 527,703	\$ 8,852	\$ 359,374	\$ 44,164	\$ 663,702	\$ 163,915
\$ 227,082	\$ -	\$ 74,543	\$ -	\$ 42,800	\$ -
-	-	9,460	-	-	-
-	8,033	369,763	-	620,902	-
-	-	115,025	-	-	-
-	-	-	-	-	-
227,082	8,033	568,791	-	663,702	-
-	-	-	44,164	-	-
-	-	-	-	-	-
300,621	819	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	163,915
-	-	-	-	-	-
-	-	(209,417)	-	-	-
300,621	819	(209,417)	44,164	-	163,915
\$ 527,703	\$ 8,852	\$ 359,374	\$ 44,164	\$ 663,702	\$ 163,915

CITY OF ROCKFORD, ILLINOIS
COMBINING BALANCE SHEET (Continued)
NONMAJOR SPECIAL REVENUE FUNDS
December 31, 2011

	Special Revenue Funds					
	Tax Increment Financing Areas					
	East Side	West Side	Seventh Street	South Rockford	Lincolnwood Estates	Springfield Corners
ASSETS						
Cash and cash equivalents	\$ 176,707	\$ 40,542	\$ 62,976	\$ -	\$ 150,268	\$ -
Property taxes receivable, net	346,601	440,439	1,051,588	132,037	78,038	184,513
Accounts receivable, net	-	-	-	-	-	-
Due from the State of Illinois	-	-	-	-	-	-
Due from other governmental units	-	-	-	-	-	-
Due from other funds	454	104	162	-	386	-
Total assets	\$ 523,762	\$ 481,085	\$ 1,114,726	\$ 132,037	\$ 228,692	\$ 184,513
LIABILITIES AND FUND BALANCES (DEFICITS)						
Liabilities:						
Accounts and contracts payable	\$ 9,695	\$ -	\$ -	\$ 28,900	\$ -	\$ -
Accrued payroll and benefits	-	-	-	-	-	-
Due to other funds	-	-	-	12,377	-	218,901
Due to other governmental units	-	-	-	-	-	-
Deferred revenue	346,602	440,439	1,050,977	132,037	78,038	184,513
Total liabilities	356,297	440,439	1,050,977	173,314	78,038	403,414
Fund balances (deficits):						
Nonspendable	-	-	-	-	-	-
Restricted for:						
Culture and recreation	-	-	-	-	-	-
Community development	167,465	40,646	63,749	-	150,654	-
Public health and welfare	-	-	-	-	-	-
Highway and streets	-	-	-	-	-	-
Assigned for:						
General government	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Public health and welfare	-	-	-	-	-	-
Unassigned	-	-	-	(41,277)	-	(218,901)
Total fund balances (deficits)	167,465	40,646	63,749	(41,277)	150,654	(218,901)
Total liabilities and fund balances (deficits)	\$ 523,762	\$ 481,085	\$ 1,114,726	\$ 132,037	\$ 228,692	\$ 184,513

Special Revenue Funds

Tax Increment Financing Areas

Rockford Global Trade Park	North Main	Lincolnwood II	River Oaks	Garrison	Hope Six	Kishwaukee	Jackson School
\$ 132,439	\$ -	\$ 75,143	\$ -	\$ -	\$ -	\$ 48,668	\$ 58,034
750,958	74,186	49,363	48,600	91,960	166,491	53,169	92,616
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
340	-	193	-	-	-	125	149
\$ 883,737	\$ 74,186	\$ 124,699	\$ 48,600	\$ 91,960	\$ 166,491	\$ 101,962	\$ 150,799
\$ 9,376	\$ -	\$ -	\$ -	\$ -	\$ 1,289	\$ -	\$ -
-	392,196	-	838,345	282,344	117,525	-	-
750,898	74,186	49,363	48,600	91,960	166,491	53,169	92,616
760,274	466,382	49,363	886,945	374,304	285,305	53,169	92,616
-	-	-	-	-	-	-	-
123,463	-	75,336	-	-	-	48,793	58,183
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	(392,196)	-	(838,345)	(282,344)	(118,814)	-	-
123,463	(392,196)	75,336	(838,345)	(282,344)	(118,814)	48,793	58,183
\$ 883,737	\$ 74,186	\$ 124,699	\$ 48,600	\$ 91,960	\$ 166,491	\$ 101,962	\$ 150,799

CITY OF ROCKFORD, ILLINOIS
COMBINING BALANCE SHEET (Continued)
NONMAJOR SPECIAL REVENUE FUNDS
December 31, 2011

	Preston/ Central	North Main & Auburn	East State & Alpine	West State & Central	West State & Kilburn	West Side II
ASSETS						
Cash and cash equivalents	\$ -	\$ 54,849	\$ 360,922	\$ 148,939	\$ 14,997	\$ 1,479
Property taxes receivable, net	80,716	18,171	198,536	184,824	14,516	3,427
Accounts receivable, net	-	-	-	-	-	-
Due from the State of Illinois	-	-	-	-	-	-
Due from other governmental units	-	-	-	-	-	-
Due from other funds	-	141	927	382	38	4
Total assets	\$ 80,716	\$ 73,161	\$ 560,385	\$ 334,145	\$ 29,551	\$ 4,910
LIABILITIES AND FUND BALANCES (DEFICITS)						
Liabilities:						
Accounts and contracts payable	\$ 1,725	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and benefits	-	-	-	-	-	-
Due to other funds	1,268,096	-	-	-	-	-
Due to other governmental units	-	-	-	-	-	-
Deferred revenue	80,716	18,171	198,536	184,765	14,515	3,427
Total liabilities	1,350,537	18,171	198,536	184,765	14,515	3,427
Fund balances (deficits):						
Nonspendable	251	-	-	-	-	-
Restricted for:	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Community development	-	54,990	361,849	149,380	15,036	1,483
Public health and welfare	-	-	-	-	-	-
Highway and streets	-	-	-	-	-	-
Assigned for:	-	-	-	-	-	-
General government	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Public health and welfare	-	-	-	-	-	-
Unassigned	(1,270,072)	-	-	-	-	-
Total fund balances (deficits)	(1,269,821)	54,990	361,849	149,380	15,036	1,483
Total liabilities and fund balances (deficits)	\$ 80,716	\$ 73,161	\$ 560,385	\$ 334,145	\$ 29,551	\$ 4,910

Special Revenue Funds

Tax Increment Financing Areas

Rockford Global Trade Park II	River North	North Main and Whitman	East River	Assisted Living	Midtown	Kishwaukee Harrison II	Rockford Global Trade Park III	Broadway	Total
\$ 65,632	\$ 107,930	\$ -	\$ -	\$ 188	\$ -	\$ 473	\$ 65,541	\$ -	\$ 16,409,133
187,931	56,326	40,044	90,000	28	36,404	-	55,150	45,321	4,746,248
-	-	-	-	-	-	-	-	-	1,368,954
-	-	-	-	-	-	-	-	-	514,950
-	-	-	-	-	-	-	-	-	702,886
168	277	-	-	-	-	1	168	-	15,717
\$ 253,731	\$ 164,533	\$ 40,044	\$ 90,000	\$ 216	\$ 36,404	\$ 474	\$ 120,859	\$ 45,321	\$ 23,757,888
\$ 33,104	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	942,292
-	-	-	-	-	-	-	-	-	9,460
-	-	283,144	107,573	-	733	-	-	829	7,096,179
-	-	-	-	-	-	-	-	-	115,025
187,931	56,326	40,044	90,000	28	36,028	-	55,150	45,289	4,744,969
221,035	56,326	323,188	197,573	28	36,761	-	55,150	46,118	12,907,925
-	-	-	-	-	-	-	-	-	59,415
-	-	-	-	-	-	-	-	-	-
32,696	108,207	-	-	188	-	474	65,709	-	1,819,741
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	9,466,862
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	163,915
-	-	-	-	-	-	-	-	-	4,143,400
-	-	-	-	-	-	-	-	-	116,619
-	-	(283,144)	(107,573)	-	(357)	-	-	(797)	(4,919,989)
32,696	108,207	(283,144)	(107,573)	188	(357)	474	65,709	(797)	10,849,963
\$ 253,731	\$ 164,533	\$ 40,044	\$ 90,000	\$ 216	\$ 36,404	\$ 474	\$ 120,859	\$ 45,321	\$ 23,757,888

(Concluded)

CITY OF ROCKFORD, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2011

	Special Revenue Funds			
	Rockford Tuberculosis Care Center	Garbage and Refuse	Motor Fuel Tax	Redevelopment
REVENUES				
Taxes	\$ 153,966	\$ 21,983	\$ -	\$ 3,902,627
Licenses and permits	-	-	-	-
Intergovernmental	-	-	4,485,614	-
Charges for services	-	8,540,308	-	-
Interest	3,789	126,743	6,032	-
Miscellaneous	-	-	-	-
Total revenues	<u>157,755</u>	<u>8,689,034</u>	<u>4,491,646</u>	<u>3,902,627</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public Safety	-	-	-	1,487,573
Community development	-	-	-	-
Sanitation and sewers	-	6,528,930	-	-
Public health and welfare	134,422	-	-	-
Total current expenditures	<u>134,422</u>	<u>6,528,930</u>	<u>-</u>	<u>1,487,573</u>
Debt service				
Principal payments	-	-	-	183,337
Interest and fiscal charges	-	-	-	92,717
Capital outlay:				
Public Safety	-	-	-	-
Community development	-	-	-	-
Total expenditures	<u>134,422</u>	<u>6,528,930</u>	<u>-</u>	<u>1,763,627</u>
Excess of revenues over (under) expenditures	<u>23,333</u>	<u>2,160,104</u>	<u>4,491,646</u>	<u>2,139,000</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	549,545
Transfers out	-	(1,367,775)	(4,672,183)	(930,760)
Total other financing sources (uses)	<u>-</u>	<u>(1,367,775)</u>	<u>(4,672,183)</u>	<u>(381,215)</u>
Net change in fund balances	<u>23,333</u>	<u>792,329</u>	<u>(180,537)</u>	<u>1,757,785</u>
Fund balances (deficits) - beginning	<u>108,286</u>	<u>3,351,071</u>	<u>9,647,399</u>	<u>(2,914,537)</u>
Fund balances (deficits) - ending	<u>\$ 131,619</u>	<u>\$ 4,143,400</u>	<u>\$ 9,466,862</u>	<u>\$ (1,156,752)</u>

Special Revenue Funds

Tourism	Special Projects	RKFD Metro Agency for Planning	Veteran's Scholarship	Justice Assistance Grant	Flex Care
\$ 1,889,174	\$ -		\$ -	\$ -	\$ -
-	99,066		-	-	-
-	-	1,275,749	-	439,233	-
3,851	-	-	1,345	-	-
-	-	-	-	-	11,996
<u>1,893,025</u>	<u>99,066</u>	<u>1,275,749</u>	<u>1,345</u>	<u>439,233</u>	<u>11,996</u>
-	-	-	-	-	23,507
1,685,223	25,000	1,433,548	3,000	351,172	-
-	-	-	-	-	-
<u>1,685,223</u>	<u>25,000</u>	<u>1,433,548</u>	<u>3,000</u>	<u>351,172</u>	<u>23,507</u>
-	757	12,790	-	-	-
-	-	-	-	88,061	-
<u>1,685,223</u>	<u>25,757</u>	<u>1,446,338</u>	<u>3,000</u>	<u>439,233</u>	<u>23,507</u>
<u>207,802</u>	<u>73,309</u>	<u>(170,589)</u>	<u>(1,655)</u>	<u>-</u>	<u>(11,511)</u>
-	-	82,361	-	-	-
(1,800)	-	(9,200)	-	-	-
<u>(1,800)</u>	<u>-</u>	<u>73,161</u>	<u>-</u>	<u>-</u>	<u>-</u>
206,002	73,309	(97,428)	(1,655)	-	(11,511)
94,619	(72,490)	(111,989)	45,819	-	175,426
<u>\$ 300,621</u>	<u>\$ 819</u>	<u>\$ (209,417)</u>	<u>\$ 44,164</u>	<u>\$ -</u>	<u>\$ 163,915</u>

CITY OF ROCKFORD, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (Continued)
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2011

	Special Revenue Funds			
	Tax Increment Financing Areas			
	East Side	West Side	Seventh Street	South Rockford
REVENUES				
Taxes	\$ 354,391	\$ 411,915	1,068,082	132,144
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Interest	6,227	2,845	10,192	767
Miscellaneous	-	2,900	-	-
Total revenues	<u>360,618</u>	<u>417,660</u>	<u>1,078,274</u>	<u>132,911</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public Safety				
Community development	43,105	186,883	19,156	29,865
Sanitation and sewers	-	-	-	-
Public health and welfare	-	-	-	-
Total current expenditures	<u>43,105</u>	<u>186,883</u>	<u>19,156</u>	<u>29,865</u>
Debt service				
Principal payments				
Interest and fiscal charges	-	-	-	-
Capital outlay:				
Community development				
Public Safety	-	-	-	-
Total expenditures	<u>43,105</u>	<u>186,883</u>	<u>19,156</u>	<u>29,865</u>
Excess of revenues over (under) expenditures	<u>317,513</u>	<u>230,777</u>	<u>1,059,118</u>	<u>103,046</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	237,150	50,000	-
Transfers out	(262,150)	(474,300)	(1,139,620)	(145,000)
Total other financing sources (uses)	<u>(262,150)</u>	<u>(237,150)</u>	<u>(1,089,620)</u>	<u>(145,000)</u>
Net change in fund balances	55,363	(6,373)	(30,502)	(41,954)
Fund balances (deficits) - beginning	112,102	47,019	94,251	677
Fund balances (deficits) - ending	<u>\$ 167,465</u>	<u>\$ 40,646</u>	<u>\$ 63,749</u>	<u>\$ (41,277)</u>

Special Revenue Funds

Tax Increment Financing Areas

Lincolnwood Estates	Springfield Corners	Rockford Global Trade Park	North Main	Lincolnwood II	River Oaks	Garrison
79,066	176,166	766,972	95,695	51,294	58,704	80,194
-	-	-	-	-	-	-
-	-	-	-	-	-	-
4,292	-	7,079	-	2,591	-	-
-	-	-	-	-	-	-
<u>83,358</u>	<u>176,166</u>	<u>774,051</u>	<u>95,695</u>	<u>53,885</u>	<u>58,704</u>	<u>80,194</u>
-	-	-	-	-	-	-
-	-	102,271	-	-	-	-
-	-	-	-	-	-	-
-	-	102,271	-	-	-	-
-	1,962	-	9,463	-	19,552	8,290
-	-	-	-	-	-	-
<u>-</u>	<u>1,962</u>	<u>102,271</u>	<u>9,463</u>	<u>-</u>	<u>19,552</u>	<u>8,290</u>
<u>83,358</u>	<u>174,204</u>	<u>671,780</u>	<u>86,232</u>	<u>53,885</u>	<u>39,152</u>	<u>71,904</u>
8,082	94,181	300,000	-	19,596	173,318	137
(44,686)	(310,630)	(764,438)	(168,963)	(48,631)	(290,588)	(64,463)
<u>(36,604)</u>	<u>(216,449)</u>	<u>(464,438)</u>	<u>(168,963)</u>	<u>(29,035)</u>	<u>(117,270)</u>	<u>(64,326)</u>
46,754	(42,245)	207,342	(82,731)	24,850	(78,118)	7,578
103,900	(176,656)	(83,879)	(309,465)	50,486	(760,227)	(289,922)
<u>\$ 150,654</u>	<u>\$ (218,901)</u>	<u>\$ 123,463</u>	<u>\$ (392,196)</u>	<u>\$ 75,336</u>	<u>\$ (838,345)</u>	<u>\$ (282,344)</u>

CITY OF ROCKFORD, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For The Year Ended December 31, 2011

	Special Revenue Funds				
	Tax Increment Financing Areas				
	Hope Six	Kishwaukee Harrison	Jackson School	Preston/ Central	North Main & Auburn
REVENUES					
Taxes	174,636	54,958	105,861	33,941	19,671
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	-	1,407	1,997	-	1,332
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>174,636</u>	<u>56,365</u>	<u>107,858</u>	<u>33,941</u>	<u>21,003</u>
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Public Safety	51,527	34,786	18,854	10,807	-
Community development	-	-	-	-	-
Sanitation and sewers	-	-	-	-	-
Public health and welfare	-	-	-	-	-
Total current expenditures	<u>51,527</u>	<u>34,786</u>	<u>18,854</u>	<u>10,807</u>	<u>-</u>
Debt service					
Principal payments	53	-	-	36,187	-
Interest and fiscal charges	-	-	-	-	-
Capital outlay:					
Community development	-	-	-	-	-
Public Safety	-	-	-	-	-
Total expenditures	<u>51,580</u>	<u>34,786</u>	<u>18,854</u>	<u>46,994</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>123,056</u>	<u>21,579</u>	<u>89,004</u>	<u>(13,053)</u>	<u>21,003</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	149,480	-	-	-	-
Transfers out	(261,750)	-	(96,250)	(96,175)	-
Total other financing sources (uses)	<u>(112,270)</u>	<u>-</u>	<u>(96,250)</u>	<u>(96,175)</u>	<u>-</u>
Net change in fund balances	<u>10,786</u>	<u>21,579</u>	<u>(7,246)</u>	<u>(109,228)</u>	<u>21,003</u>
Fund balances - beginning	(129,600)	27,214	65,429	(1,160,593)	33,987
Fund balances - ending	<u>\$ (118,814)</u>	<u>\$ 48,793</u>	<u>\$ 58,183</u>	<u>\$ (1,269,821)</u>	<u>\$ 54,990</u>

Special Revenue Funds

Tax Increment Financing Areas							
East State & Alpine	West State & Central	West State & Kilburn	West Side II	Rockford Global Trade Park II	River North	North Main and Whitman	East River
245,613	199,094	16,621	8,926	188,598	62,830	42,283	65,300
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
9,420	1,421	191	-	880	2,868	-	1,599
-	-	-	-	-	-	-	-
255,033	200,515	16,812	8,926	189,478	65,698	42,283	66,899
-	-	-	-	-	-	-	-
130,000	-	-	-	33,819	-	-	516
-	-	-	-	-	-	-	-
130,000	-	-	-	33,819	-	-	516
-	516	-	87	-	-	6,773	-
-	-	-	-	-	-	-	-
130,000	516	-	87	33,819	-	6,773	516
125,033	199,999	16,812	8,839	155,659	65,698	35,510	66,383
-	-	-	-	-	-	-	250,000
(40,000)	-	-	-	(200,000)	(26,786)	(99,564)	(491,425)
(40,000)	-	-	-	(200,000)	(26,786)	(99,564)	(241,425)
85,033	199,999	16,812	8,839	(44,341)	38,912	(64,054)	(175,042)
276,816	(50,619)	(1,776)	(7,356)	77,037	69,295	(219,090)	67,469
\$ 361,849	\$ 149,380	\$ 15,036	\$ 1,483	\$ 32,696	\$ 108,207	\$ (283,144)	\$ (107,573)

CITY OF ROCKFORD, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (Continued)
NONMAJOR GOVERNMENTAL FUNDS
For The Year Ended December 31, 2011

	Assisted Living	Midtown	Kishwaukee Harrison II	Rockford Global Trade Park III	Broadway	Total
REVENUES						
Taxes	60	46,252	215	82,657	41,064	\$ 10,630,953
Licenses and permits	-	-	-	-	-	99,066
Intergovernmental	-	-	-	-	-	6,200,596
Charges for services	-	-	-	-	-	8,540,308
Interest	-	-	10	1,656	-	198,534
Miscellaneous	4	-	-	-	-	14,900
Total revenues	64	46,252	225	84,313	41,064	25,684,357
EXPENDITURES						
Current:						
General government	-	-	-	-	-	23,507
Public Safety	-	-	-	-	-	351,172
Community development	-	-	-	-	-	5,295,933
Sanitation and sewers	-	-	-	-	-	6,528,930
Public health and welfare	-	-	-	-	-	134,422
Total current expenditures	-	-	-	-	-	12,333,964
Debt service						
Principal payments	-	-	-	-	-	183,337
Interest and fiscal charges	-	718	-	-	680	190,545
Capital outlay:						
Community development	-	-	-	-	-	88,061
Public Safety	-	-	-	-	-	-
Total expenditures	-	718	-	-	680	12,795,907
Excess of revenues over (under) expenditures	64	45,534	225	84,313	40,384	12,888,450
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	1,913,850
Transfers out	-	-	-	(100,000)	-	(12,107,137)
Total other financing sources (uses)	-	-	-	(100,000)	-	(10,193,287)
Net change in fund balances	64	45,534	225	(15,687)	40,384	2,695,163
Fund balances - beginning	124	(45,891)	249	81,396	(41,181)	8,154,800
Fund balances - ending	\$ 188	\$ (357)	\$ 474	\$ 65,709	\$ (797)	\$ 10,849,963

(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, 2011

	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)
REVENUES								
Taxes - Property	\$ 151,175	\$ 151,175	\$ 153,966	\$ 2,791	\$ 21,700	\$ 21,700	\$ 21,983	\$ 283
Charges for services	-	-	-	-	8,586,500	8,586,500	8,540,308	(46,192)
Interest	-	-	3,789	3,789	39,000	39,000	126,743	87,743
Total revenues	151,175	151,175	157,755	6,580	8,647,200	8,647,200	8,689,034	41,834
EXPENDITURES								
Current:								
Sanitation and sewers	-	-	-	-	7,138,632	7,138,632	6,528,930	609,702
Public health and welfare	160,000	160,000	134,422	25,578	-	-	-	-
Total current expenditures	160,000	160,000	134,422	25,578	7,138,632	7,138,632	6,528,930	609,702
Excess of revenues over (under) expenditures	(8,825)	(8,825)	23,333	32,158	1,508,568	1,508,568	2,160,104	651,536
OTHER FINANCING (USES)								
Transfers out	-	-	-	-	(1,367,775)	(1,367,775)	(1,367,775)	-
Net change in fund balance	\$ (8,825)	\$ (8,825)	23,333	\$ 32,158	\$ 140,793	\$ 140,793	792,329	\$ 651,536
Fund balance - beginning			108,286				3,351,071	
Fund balance - ending			<u>\$ 131,619</u>				<u>\$ 4,143,400</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, 2011

	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)
REVENUES								
Taxes - Sales tax	\$ -	\$ -	\$ -	\$ -	\$ 3,528,000	\$ 3,528,000	\$ 3,902,627	\$ 374,627
Intergovernmental	3,694,400	3,694,400	4,485,614	791,214	-	-	-	-
Interest	114,000	114,000	6,032	(107,968)	-	-	-	-
Total revenues	<u>3,808,400</u>	<u>3,808,400</u>	<u>4,491,646</u>	<u>683,246</u>	<u>3,528,000</u>	<u>3,528,000</u>	<u>3,902,627</u>	<u>374,627</u>
EXPENDITURES								
Current:								
Community development	-	-	-	-	1,599,640	1,499,640	1,487,573	12,067
Debt service								
Principal payments	-	-	-	-	-	-	183,337	(183,337)
Interest and fiscal charges	-	-	-	-	95,255	95,255	92,717	2,538
Total current expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,694,895</u>	<u>1,594,895</u>	<u>1,763,627</u>	<u>(168,732)</u>
Excess of revenues over (under) expenditures	<u>3,808,400</u>	<u>3,808,400</u>	<u>4,491,646</u>	<u>683,246</u>	<u>1,833,105</u>	<u>1,933,105</u>	<u>2,139,000</u>	<u>205,895</u>
OTHER FINANCING SOURCES (USES)								
Note proceeds	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	549,545	549,545
Transfers out	(5,700,000)	(5,700,000)	(4,672,183)	1,027,817	(1,465,061)	(930,760)	(930,760)	-
Total other financing sources (uses)	<u>(5,700,000)</u>	<u>(5,700,000)</u>	<u>(4,672,183)</u>	<u>1,027,817</u>	<u>(1,465,061)</u>	<u>(930,760)</u>	<u>(381,215)</u>	<u>549,545</u>
Net change in fund balance	<u>\$ (1,891,600)</u>	<u>\$ (1,891,600)</u>	<u>(180,537)</u>	<u>\$ 1,711,063</u>	<u>\$ 368,044</u>	<u>\$ 1,002,345</u>	<u>1,757,785</u>	<u>\$ 755,440</u>
Fund balance - beginning			9,647,399				(2,914,537)	
Fund balance - ending			<u>\$ 9,466,862</u>				<u>\$ (1,156,752)</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, 2011

	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)
REVENUES								
Taxes - Sales tax	\$ 1,556,500	\$ 1,556,500	\$ 1,889,174	\$ 332,674	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	90,000	90,000	99,066	9,066
Interest	-	-	3,851	3,851	-	-	-	-
Total revenues	1,556,500	1,556,500	1,893,025	336,525	90,000	90,000	99,066	9,066
EXPENDITURES								
Current:								
Community development	1,437,300	1,554,700	1,685,223	(130,523)	26,700	26,700	25,000	1,700
Debt service - interest and fiscal charges	-	-	-	-	-	-	757	(757)
Total current expenditures	1,437,300	1,554,700	1,685,223	(130,523)	26,700	26,700	25,757	943
Excess of revenues over (under) expenditures	119,200	1,800	207,802	206,002	63,300	63,300	73,309	10,009
OTHER FINANCING (USES)								
Transfers out	(119,200)	(1,800)	(1,800)	-	-	-	-	-
Net change in fund balance	\$ -	\$ -	206,002	\$ 206,002	\$ 63,300	\$ 63,300	73,309	\$ 10,009
Fund balance (deficit) - beginning			94,619				(72,490)	
Fund balance (deficit) - ending			<u>\$ 300,621</u>				<u>\$ 819</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, 2011

	RKFD Metro Agency for Planning Fund			Variance with Final Budget- Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Intergovernmental	\$ 594,377	\$ 594,377	\$ 1,275,749	\$ 681,372
Total revenues	<u>594,377</u>	<u>594,377</u>	<u>1,275,749</u>	<u>681,372</u>
EXPENDITURES				
Current:				
Community development	732,800	1,472,632	1,433,548	39,084
Debt service - interest and fiscal charges	-	-	12,790	(12,790)
Total current expenditures	<u>732,800</u>	<u>1,472,632</u>	<u>1,446,338</u>	<u>26,294</u>
Excess of revenues over (under) expenditures	<u>(138,423)</u>	<u>(878,255)</u>	<u>(170,589)</u>	<u>707,666</u>
OTHER FINANCING SOURCES				
Transfers in	82,560	82,560	82,361	(199)
Transfers out	(9,200)	(9,200)	(9,200)	-
Total other financing sources (uses)	<u>73,360</u>	<u>73,360</u>	<u>73,161</u>	<u>(199)</u>
Net change in fund balance	<u>\$ (65,063)</u>	<u>\$ (804,895)</u>	<u>(97,428)</u>	<u>\$ 707,467</u>
Fund balance - beginning			(111,989)	
Fund balance - ending			<u>\$ (209,417)</u>	

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, 2011

	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)
REVENUES								
Taxes - Property	\$ 348,070	\$ 348,070	\$ 354,391	\$ 6,321	\$ 404,390	\$ 404,390	\$ 411,915	\$ 7,525
Intergovernmental	-	-	-	-	-	-	-	-
Interest	14,300	14,300	6,227	(8,073)	-	-	2,845	2,845
Miscellaneous	-	-	-	-	-	-	2,900	2,900
Total revenues	<u>362,370</u>	<u>362,370</u>	<u>360,618</u>	<u>(1,752)</u>	<u>404,390</u>	<u>404,390</u>	<u>417,660</u>	<u>13,270</u>
EXPENDITURES								
Current:								
Community development	129,800	129,800	43,105	86,695	192,423	192,423	186,883	5,540
Total expenditures	<u>129,800</u>	<u>129,800</u>	<u>43,105</u>	<u>86,695</u>	<u>192,423</u>	<u>192,423</u>	<u>186,883</u>	<u>5,540</u>
Excess of revenues over (under) expenditures	<u>232,570</u>	<u>232,570</u>	<u>317,513</u>	<u>84,943</u>	<u>211,967</u>	<u>211,967</u>	<u>230,777</u>	<u>18,810</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	237,150	237,150	-
Transfers out	(262,150)	(262,150)	(262,150)	-	(237,150)	(474,300)	(474,300)	-
Total other financing sources (uses)	<u>(262,150)</u>	<u>(262,150)</u>	<u>(262,150)</u>	<u>-</u>	<u>(237,150)</u>	<u>(237,150)</u>	<u>(237,150)</u>	<u>-</u>
Net change in fund balance	<u>\$ (29,580)</u>	<u>\$ (29,580)</u>	<u>55,363</u>	<u>\$ 84,943</u>	<u>\$ (25,183)</u>	<u>\$ (25,183)</u>	<u>(6,373)</u>	<u>\$ 18,810</u>
Fund balance (deficit) - beginning			112,102				47,019	
Fund balance (deficit) - ending			<u>\$ 167,465</u>				<u>\$ 40,646</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, 2011

	Tax Increment Financing Area Seventh Street Fund			Variance with Final Budget- Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Taxes - Property	\$ 1,060,660	\$ 1,060,660	\$ 1,068,082	\$ 7,422
Interest			10,192	10,192
Miscellaneous	-	-	-	-
Total revenues	<u>1,060,660</u>	<u>1,060,660</u>	<u>1,078,274</u>	<u>7,422</u>
EXPENDITURES				
Current:				
Community development	264,800	64,800	19,156	45,644
Total expenditures	<u>264,800</u>	<u>64,800</u>	<u>19,156</u>	<u>45,644</u>
Excess of revenues over (under) expenditures	<u>795,860</u>	<u>995,860</u>	<u>1,059,118</u>	<u>63,258</u>
OTHER FINANCING (USES)				
Transfers in	-	50,000	50,000	-
Transfers out	(889,620)	(1,139,620)	(1,139,620)	-
Total other financing sources (uses)	<u>(889,620)</u>	<u>(1,089,620)</u>	<u>(1,089,620)</u>	<u>-</u>
Net change in fund balance	<u>\$ (93,760)</u>	<u>\$ (143,760)</u>	<u>(30,502)</u>	<u>\$ 63,258</u>
Fund balance - beginning			94,251	
Fund balance (deficit) - ending			<u>\$ 63,749</u>	

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, 2011

	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)
REVENUES								
Taxes - Property	\$ 128,452	\$ 128,453	\$ 132,144	\$ 3,691	\$ 76,800	\$ 76,800	\$ 79,066	\$ 2,266
Interest	200	200	767	567	-	-	4,292	4,292
Total revenues	<u>128,652</u>	<u>128,653</u>	<u>132,911</u>	<u>4,258</u>	<u>76,800</u>	<u>76,800</u>	<u>83,358</u>	<u>6,558</u>
EXPENDITURES								
Current:								
Community development	30,494	30,494	29,865	629	-	-	-	-
Excess of revenues over (under) expenditures	<u>98,158</u>	<u>98,159</u>	<u>103,046</u>	<u>4,887</u>	<u>76,800</u>	<u>76,800</u>	<u>83,358</u>	<u>6,558</u>
OTHER FINANCING (USES)								
Transfers in	-	-	-	-	-	-	8,082	8,082
Transfers out	(145,000)	(145,000)	(145,000)	-	(44,688)	(44,688)	(44,686)	2
Total other financing sources (uses)	<u>(145,000)</u>	<u>(145,000)</u>	<u>(145,000)</u>	<u>-</u>	<u>(44,688)</u>	<u>(44,688)</u>	<u>(36,604)</u>	<u>8,084</u>
Net change in fund balance	<u>\$ (46,842)</u>	<u>\$ (46,841)</u>	<u>(41,954)</u>	<u>\$ 4,887</u>	<u>\$ 32,112</u>	<u>\$ 32,112</u>	<u>46,754</u>	<u>\$ 14,642</u>
Fund balance (deficit) - beginning			677				103,900	
Fund balance (deficit) - ending			<u>\$ (41,277)</u>				<u>\$ 150,654</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, 2011

	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)
REVENUES								
Taxes - Property	\$ 165,500	\$ 165,500	\$ 176,166	\$ 10,666	\$ 779,000	\$ 779,000	\$ 766,972	\$ (12,028)
Interest	-	-	-	-	-	-	7,079	7,079
Total revenues	165,500	165,500	176,166	10,666	779,000	779,000	774,051	(4,949)
EXPENDITURES								
Current:								
Community development	-	-	-	-	54,730	54,730	102,271	(47,541)
Debt service - interest and fiscal charges	-	-	1,962	(1,962)	-	-	-	-
Total expenditures	-	-	1,962	(1,962)	54,730	54,730	102,271	(47,541)
Excess of revenues over (under) expenditures	165,500	165,500	174,204	8,704	724,270	724,270	671,780	(52,490)
OTHER FINANCING SOURCES (USES)								
Issuance of general obligation bonds	-	-	-	-	-	-	-	-
Premium (discount) on issue of general obligation bond	-	-	-	-	-	-	-	-
Transfers in	250,000	250,000	94,181	155,819	300,000	300,000	300,000	-
Transfers out	(310,632)	(310,632)	(310,630)	2	(764,438)	(764,438)	(764,438)	-
Total other financing sources (uses)	(60,632)	(60,632)	(216,449)	155,821	(464,438)	(464,438)	(464,438)	-
Net change in fund balance	\$ 104,868	\$ 104,868	(42,245)	\$ 164,525	\$ 259,832	\$ 259,832	207,342	\$ (52,490)
Fund balance (deficit) - beginning			(176,656)				(83,879)	
Fund balance (deficit) - ending			\$ (218,901)				\$ 123,463	

(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, 2011

	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)
REVENUES								
Taxes - Property	\$ 86,232	\$ 86,232	\$ 95,695	\$ 9,463	\$ 54,600	\$ 54,600	\$ 51,294	\$ (3,306)
Interest	-	-	-	-	-	-	2,591	2,591
Total revenues	86,232	86,232	95,695	9,463	54,600	54,600	53,885	(715)
EXPENDITURES								
Current:								
Debt service - interest and fiscal charges	7,957	7,957	9,463	(1,506)	-	-	-	-
Total expenditures	7,957	7,957	9,463	(1,506)	-	-	-	-
Excess of revenues over (under) expenditures	78,275	78,275	86,232	7,957	54,600	54,600	53,885	(715)
OTHER FINANCING (USES)								
Transfers in	-	-	-	-	-	-	19,596	19,596
Transfers out	(168,963)	(168,963)	(168,963)	-	(48,631)	(48,631)	(48,631)	-
Total other financing sources (uses)	(168,963)	(168,963)	(168,963)	-	(48,631)	(48,631)	(29,035)	19,596
Net change in fund balance	\$ (90,688)	\$ (90,688)	(82,731)	\$ 7,957	\$ 5,969	\$ 5,969	24,850	\$ 18,881
Fund balance (deficit) - beginning			(309,465)				50,486	
Fund balance (deficit) - ending			<u>\$ (392,196)</u>				<u>\$ 75,336</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, 2011

	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)
REVENUES								
Taxes - Property	\$ 73,000	\$ 73,000	\$ 58,704	\$ (14,296)	\$ 53,000	\$ 53,000	\$ 80,194	\$ 27,194
Total revenues	<u>73,000</u>	<u>73,000</u>	<u>58,704</u>	<u>(14,296)</u>	<u>53,000</u>	<u>53,000</u>	<u>80,194</u>	<u>27,194</u>
EXPENDITURES								
Current:								
Debt service - interest and fiscal charges	19,256	19,256	19,552	(296)	7,339	7,339	8,290	(951)
Total expenditures	<u>19,256</u>	<u>19,256</u>	<u>19,552</u>	<u>(296)</u>	<u>7,339</u>	<u>7,339</u>	<u>8,290</u>	<u>(951)</u>
Excess of revenues over (under) expenditures	<u>53,744</u>	<u>53,744</u>	<u>39,152</u>	<u>(14,592)</u>	<u>45,661</u>	<u>45,661</u>	<u>71,904</u>	<u>26,243</u>
OTHER FINANCING (USES)								
Transfers in	-	-	173,318	(173,318)	-	-	137	137
Transfers out	(290,588)	(290,588)	(290,588)	-	(64,463)	(64,463)	(64,463)	-
Total other financing sources (uses)	<u>(290,588)</u>	<u>(290,588)</u>	<u>(117,270)</u>	<u>(173,318)</u>	<u>(64,463)</u>	<u>(64,463)</u>	<u>(64,326)</u>	<u>137</u>
Net change in fund balance	<u>\$ (236,844)</u>	<u>\$ (236,844)</u>	<u>(78,118)</u>	<u>\$ (187,910)</u>	<u>\$ (18,802)</u>	<u>\$ (18,802)</u>	<u>7,578</u>	<u>\$ 26,380</u>
Fund balance- beginning			(760,227)				(289,922)	
Fund balance (deficit) - ending			<u>\$ (838,345)</u>				<u>\$ (282,344)</u>	

(Concluded)

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, 2011

	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)
REVENUES								
Taxes - Property	\$ 162,530	\$ 162,530	\$ 174,636	\$ 12,106	\$ 54,399	\$ 54,399	\$ 54,958	\$ 559
Interest	-	-	-	-	416	416	1,407	991
Total revenues	<u>162,530</u>	<u>162,530</u>	<u>174,636</u>	<u>12,106</u>	<u>54,815</u>	<u>54,815</u>	<u>56,365</u>	<u>1,550</u>
EXPENDITURES								
Current:								
Community development	-	-	51,527	(51,527)	46,239	46,239	34,786	11,453
Debt service - interest and fiscal charges	4,058	4,058	53	4,005	-	-	-	-
Total expenditures	<u>4,058</u>	<u>4,058</u>	<u>51,580</u>	<u>(47,522)</u>	<u>46,239</u>	<u>46,239</u>	<u>34,786</u>	<u>11,453</u>
Excess of revenues over (under) expenditures	<u>158,472</u>	<u>158,472</u>	<u>123,056</u>	<u>(35,416)</u>	<u>8,576</u>	<u>8,576</u>	<u>21,579</u>	<u>13,003</u>
OTHER FINANCING (USES)								
Transfers in	-	-	149,480	(149,480)	-	-	-	-
Transfers out	(261,750)	(261,750)	(261,750)	-	-	-	-	-
Total other financing sources (uses)	<u>(261,750)</u>	<u>(261,750)</u>	<u>(112,270)</u>	<u>(149,480)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ (103,278)</u>	<u>\$ (103,278)</u>	<u>10,786</u>	<u>\$ (184,896)</u>	<u>\$ 8,576</u>	<u>\$ 8,576</u>	<u>21,579</u>	<u>\$ 13,003</u>
Fund balance- beginning			(129,600)				27,214	
Fund balance (deficit) - ending			<u>\$ (118,814)</u>				<u>\$ 48,793</u>	

(Concluded)

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, 2011

	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)
REVENUES								
Taxes - Property	\$ 143,385	\$ 143,385	\$ 105,861	\$ (37,524)	\$ 135,600	\$ 135,600	\$ 33,941	\$ (101,659)
Interest	-	-	1,997	1,997	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Total revenues	143,385	143,385	107,858	(37,524)	135,600	135,600	33,941	(101,659)
EXPENDITURES								
Current:								
Community development	46,485	46,485	18,854	27,631	-	-	10,807	(10,807)
Debt service - interest and fiscal charges	-	-	-	-	44,402	44,402	36,187	8,215
Total expenditures	46,485	46,485	18,854	27,631	44,402	44,402	46,994	(2,592)
Excess of revenues over (under) expenditures	96,900	96,900	89,004	(7,896)	91,198	91,198	(13,053)	(104,251)
OTHER FINANCING (USES)								
Transfers out	(96,250)	(96,250)	(96,250)	-	(96,175)	(96,175)	(96,175)	-
Total other financing sources (uses)	(96,250)	(96,250)	(96,250)	-	(96,175)	(96,175)	(96,175)	-
Net change in fund balance	\$ 650	\$ 650	(7,246)	\$ (7,896)	\$ (4,977)	\$ (4,977)	(109,228)	\$ (104,251)
Fund balance- beginning			65,429				(1,160,593)	
Fund balance (deficit) - ending			\$ 58,183				\$ (1,269,821)	

(Concluded)

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, 2011

	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)
REVENUES								
Taxes - Property	\$ 20,000	\$ 20,000	\$ 19,671	\$ (329)	\$ 265,200	\$ 265,200	\$ 245,613	\$ (19,587)
Interest	-	-	1,332	1,332	-	-	9,420	9,420
Total revenues	20,000	20,000	21,003	1,003	265,200	265,200	255,033	(10,167)
EXPENDITURES								
Current:								
Community development	10,000	10,000	-	10,000	282,429	282,429	130,000	152,429
Total expenditures	10,000	10,000	-	10,000	282,429	282,429	130,000	152,429
Excess of revenues over (under) expenditures	10,000	10,000	21,003	11,003	(17,229)	(17,229)	125,033	142,262
OTHER FINANCING (USES)								
Transfers out	-	-	-	-	(40,000)	(40,000)	(40,000)	-
Net change in fund balance	\$ 10,000	\$ 10,000	21,003	\$ 11,003	\$ (57,229)	\$ (57,229)	85,033	\$ 142,262
Fund balance- beginning			33,987				276,816	
Fund balance (deficit) - ending			<u>\$ 54,990</u>				<u>\$ 361,849</u>	

(Concluded)

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, 2011

	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)
REVENUES								
Taxes - Property	\$ 250,700	\$ 250,700	\$ 199,094	\$ (51,606)	\$ 23,300	\$ 23,300	\$ 16,621	\$ (6,679)
Interest	-	-	1,421	1,421	-	-	191	191
Total revenues	250,700	250,700	200,515	(50,185)	23,300	23,300	16,812	(6,488)
EXPENDITURES								
Current:								
Debt service - interest and fiscal charges	746	746	516	230	-	-	-	-
Total expenditures	746	746	516	230	-	-	-	-
Excess of revenues over (under) expenditures	249,954	249,954	199,999	(49,955)	23,300	23,300	16,812	(6,488)
OTHER FINANCING (USES)								
Transfers out	(250,000)	(250,000)	-	250,000	-	-	-	-
Net change in fund balance	\$ (46)	\$ (46)	199,999	\$ 200,045	\$ 23,300	\$ 23,300	16,812	\$ (6,488)
Fund balance- beginning			(50,619)				(1,776)	
Fund balance (deficit) - ending			<u>\$ 149,380</u>				<u>\$ 15,036</u>	

(Concluded)

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, 2011

	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)
REVENUES								
Taxes - Property	\$ 10,000	\$ 10,000	\$ 8,926	\$ (1,074)	\$ 193,600	\$ 193,600	\$ 188,598	\$ (5,002)
Interest	-	-	-	-	-	-	880	880
Total revenues	10,000	10,000	8,926	(1,074)	193,600	193,600	189,478	(4,122)
EXPENDITURES								
Current:								
Community development	-	-	-	-	36,000	36,000	33,819	2,181
Debt service - interest and fiscal charges	355	355	87	268	-	-	-	-
Total expenditures	355	355	87	268	36,000	36,000	33,819	2,181
Excess of revenues over (under) expenditures	9,645	9,645	8,839	(806)	157,600	157,600	155,659	(1,941)
OTHER FINANCING (USES)								
Transfers out	-	-	-	-	(200,000)	(200,000)	(200,000)	-
Net change in fund balance	\$ 9,645	\$ 9,645	8,839	\$ (806)	\$ (42,400)	\$ (42,400)	(44,341)	\$ (1,941)
Fund balance- beginning			(7,356)				77,037	
Fund balance (deficit) - ending			\$ 1,483				\$ 32,696	

(Concluded)

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, 2011

	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)
REVENUES								
Taxes - Property	\$ 100,976	\$ 100,976	\$ 62,830	\$ (38,146)	\$ 77,900	\$ 77,900	\$ 42,283	\$ (35,617)
Interest	1,669	1,669	2,868	1,199	-	-	-	-
Total revenues	102,645	102,645	65,698	(36,947)	77,900	77,900	42,283	(35,617)
EXPENDITURES								
Current:								
Community development	106,538	106,538	-	106,538	-	-	-	-
Debt service - interest and fiscal charges	-	-	-	-	5,587	5,587	6,773	(1,186)
Total expenditures	106,538	106,538	-	106,538	5,587	5,587	6,773	(1,186)
Excess of revenues over (under) expenditures	(3,893)	(3,893)	65,698	69,591	72,313	72,313	35,510	(36,803)
OTHER FINANCING SOURCES (USES)								
Transfers out	(26,786)	(26,786)	(26,786)	-	(99,564)	(99,564)	(99,564)	-
Total other financing sources (uses)	(26,786)	(26,786)	(26,786)	-	(99,564)	(99,564)	(99,564)	-
Net change in fund balance	\$ (30,679)	\$ (30,679)	38,912	\$ 69,591	\$ (27,251)	\$ (27,251)	(64,054)	\$ (36,803)
Fund balance (deficit) - beginning			69,295				(219,090)	
Fund balance (deficit) - ending			<u>\$ 108,207</u>				<u>\$ (283,144)</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, 2011

	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)
REVENUES								
Taxes - Property	\$ 116,568	\$ 116,568	\$ 65,300	\$ (51,268)	\$ 40	\$ 40	\$ 60	\$ 20
Interest	812	812	1,599	787	-	-	4	4
Total revenues	117,380	117,380	66,899	(50,481)	40	40	64	24
EXPENDITURES								
Current:								
Community development	35,564	35,564	516	35,048	-	-	-	-
Total expenditures	35,564	35,564	516	35,048	-	-	-	-
Excess of revenues over (under) expenditures	81,816	81,816	66,383	(15,433)	40	40	64	24
OTHER FINANCING SOURCES (USES)								
Transfers in	-	250,000	250,000	-	-	-	-	-
Transfers out	(17,125)	(491,425)	(491,425)	-	-	-	-	-
Total other financing sources (uses)	(17,125)	(241,425)	(241,425)	-	-	-	-	-
Net change in fund balance	\$ 64,691	\$ (159,609)	(175,042)	\$ (15,433)	\$ 40	\$ 40	64	\$ 24
Fund balance- beginning			67,469				124	
Fund balance (deficit) - ending			<u>\$ (107,573)</u>				<u>\$ 188</u>	

(Concluded)

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, 2011

	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)
REVENUES								
Taxes - Property	\$ 65,860	\$ 65,860	\$ 46,252	\$ (19,608)	\$ 253	\$ 253	\$ 215	\$ (38)
Interest	-	-	-	-	-	-	10	10
Total revenues	65,860	65,860	46,252	(19,608)	253	253	225	(28)
EXPENDITURES								
Current:								
Community development	30,000	30,000	-	30,000	-	-	-	-
Debt service - interest and fiscal charges	1,127	1,127	718	409	-	-	-	-
Total expenditures	31,127	31,127	718	30,409	-	-	-	-
Excess of revenues over (under) expenditures	34,733	34,733	45,534	10,801	253	253	225	(28)
OTHER FINANCING (USES)								
Transfers out	-	-	-	-	-	-	-	-
Net change in fund balance	\$ 34,733	\$ 34,733	45,534	\$ 10,801	\$ 253	\$ 253	225	\$ (28)
Fund balance- beginning			(45,891)				249	
Fund balance (deficit) - ending			\$ (357)				\$ 474	

(Concluded)

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, 2011

	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)
REVENUES								
Taxes - Property	\$ 138,900	\$ 138,900	\$ 82,657	\$ (56,243)	\$ 52,884	\$ 52,884	\$ 41,064	\$ (11,820)
Interest	-	-	1,656	1,656	-	-	-	-
Total revenues	138,900	138,900	84,313	(54,587)	52,884	52,884	41,064	(11,820)
EXPENDITURES								
Current:								
Community development	-	-	-	-	-	-	-	-
Debt service - interest and fiscal charges	-	-	-	-	990	990	680	310
Total expenditures	-	-	-	-	990	990	680	310
Excess of revenues over (under) expenditures	138,900	138,900	84,313	(54,587)	51,894	51,894	40,384	(11,510)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(100,000)	(100,000)	(100,000)	-	-	-	-	-
Net change in fund balance	\$ 38,900	\$ 38,900	(15,687)	\$ (54,587)	\$ 51,894	\$ 51,894	40,384	\$ (11,510)
Fund balance- beginning			81,396				(41,181)	
Fund balance (deficit) - ending			\$ 65,709				\$ (797)	

(Concluded)



INTERNAL SERVICE FUNDS

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

CENTRAL GARAGE	To account for the costs of operating a maintenance facility for automotive equipment used by other City departments and other government agencies. Billings to other departments and agencies are based on actual costs, including depreciation on the garage building and improvements, machinery, and equipment used to provide the service. The automotive equipment itself is acquired by the user departments which are also responsible for financing replacement vehicles as necessary.
BUILDING MAINTENANCE	To account for the costs of operating maintenance facilities, including depreciation, which provide maintenance services and repairs of City buildings and properties. Financing is provided by service charges to user funds.
CENTRAL STORES	To account for the costs of operating centralized inventory system for the Central Garage, Building Maintenance, and Water Utility Funds. Financing is provided by service charges to user funds.
ILLINOIS MUNICIPAL RETIREMENT	To account for pension and social security costs of Governmental and Proprietary Funds. Financing is provided by service charges to user funds.
UNEMPLOYMENT	To account for unemployment costs relating to Governmental and Proprietary Funds. Financing is provided by service charges to user funds.
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 ASSETS (DEFICIT)
December 31, 2011

	Central Garage	Building Maintenance	Central Stores	Illinois Municipal Retirement	Unemployment
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 563,370	\$ 1,036,621	\$ 283,083	\$ 815,361	\$ 29,105
Accounts receivable	-	-	-	-	-
Due from other governmental units	4,937	-	-	-	-
Due from other funds	1,461	3,048	727	2,094	75
Inventories	249,843	-	-	-	-
Prepaid expenses	-	-	-	-	-
Total current assets	<u>819,611</u>	<u>1,039,669</u>	<u>283,810</u>	<u>817,455</u>	<u>29,180</u>
Noncurrent assets:					
Capital assets:					
Land improvements	20,000	-	-	-	-
Buildings and improvements	178,080	1,420,473	11,642	-	-
Equipment	642,507	183,962	37,591	-	-
Improvements other than buildings	85,345	108,889	-	-	-
Less accumulated depreciation	(764,358)	(804,194)	(49,233)	-	-
Total capital assets, net	<u>161,574</u>	<u>909,130</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>981,185</u>	<u>1,948,799</u>	<u>283,810</u>	<u>817,455</u>	<u>29,180</u>
LIABILITIES					
Current liabilities:					
Accounts payable	169,801	179,404	443	749,582	29,000
Accrued payroll and benefits	14,799	11,641	4,596	-	-
Due to other funds	-	368,451	-	-	-
Compensated absences	18,856	8,371	2,754	-	-
Installment note payable	-	-	-	-	-
Claims and judgments payable	-	-	-	-	-
Total current liabilities	<u>203,456</u>	<u>567,867</u>	<u>7,793</u>	<u>749,582</u>	<u>29,000</u>
Noncurrent:					
Compensated absences	38,289	25,632	36,015	-	-
Deferred revenue	60,515	732,252	-	-	-
Installment note payable	-	-	-	-	-
Claims and judgments payable	-	-	-	-	-
Total noncurrent liabilities	<u>98,804</u>	<u>757,884</u>	<u>36,015</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>302,260</u>	<u>1,325,751</u>	<u>43,808</u>	<u>749,582</u>	<u>29,000</u>
NET ASSETS (DEFICIT)					
Invested in capital assets, net of related debt	161,574	909,130	-	-	-
Unrestricted	517,351	(286,082)	240,002	67,873	180
Total net assets (deficit)	<u>\$ 678,925</u>	<u>\$ 623,048</u>	<u>\$ 240,002</u>	<u>\$ 67,873</u>	<u>\$ 180</u>

Workmen's Compensation	Auditing	Health Insurance	911 Communications	Risk Management	Information Systems	Total Internal Service Funds
\$ 3,004,303	\$ -	\$ 8,846,388	\$ 39,772	\$ -	\$ 99,376	\$ 14,717,379
-	-	5,531	-	-	-	5,531
5,965	-	22,716	237,848	-	256	242,785
-	-	-	-	-	-	36,342
-	-	131,541	-	-	205,258	249,843
3,010,268	-	9,006,176	277,620	-	304,890	15,588,679
-	-	-	-	-	-	20,000
-	-	-	-	-	-	1,610,195
-	-	-	150,738	-	5,521,200	6,535,998
-	-	-	-	-	-	194,234
-	-	-	(150,738)	-	(3,895,034)	(5,663,557)
-	-	-	-	-	1,626,166	2,696,870
3,010,268	-	9,006,176	277,620	-	1,931,056	18,285,549
161,727	-	1,758,113	10,347	238,643	132,582	3,429,642
-	-	-	98,604	-	7,917	137,557
-	-	-	-	90,421	-	458,872
-	-	-	62,778	-	29,306	122,065
-	-	-	-	-	99,277	99,277
1,301,478	-	1,552,198	-	2,689,153	-	5,542,829
1,463,205	-	3,310,311	171,729	3,018,217	269,082	9,790,242
-	-	-	105,891	-	6,583	212,410
-	-	166,100	-	-	-	958,867
-	-	-	-	-	353,464	353,464
1,534,172	-	-	-	1,451,000	-	2,985,172
1,534,172	-	166,100	105,891	1,451,000	360,047	4,509,913
2,997,377	-	3,476,411	277,620	4,469,217	629,129	14,300,155
-	-	-	-	-	1,173,425	2,244,129
12,891	-	5,529,765	-	(4,469,217)	128,502	1,741,265
\$ 12,891	\$ -	\$ 5,529,765	\$ -	\$ (4,469,217)	\$ 1,301,927	\$ 3,985,394

CITY OF ROCKFORD, ILLINOIS
INTERNAL SERVICE FUNDS
COMBING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS (DEFICIT)
For the Year Ended December 31, 2011

	Central Garage	Building Maintenance	Central Stores	Illinois Municipal Retirement	Unemployment
OPERATING REVENUES					
Charges for services	\$ 3,856,645	\$ 2,832,308	\$ 417,530	\$ 6,325,206	\$ 239,309
Miscellaneous	261	53,072	-	-	-
Total operating revenues	<u>3,856,906</u>	<u>2,885,380</u>	<u>417,530</u>	<u>6,325,206</u>	<u>239,309</u>
OPERATING EXPENSES					
Salaries and benefits	843,703	738,613	260,347	-	-
Services	1,128,993	1,459,581	47,105	6,325,205	104,483
Supplies and materials	2,015,447	250,283	32,814	-	-
Depreciation	22,796	102,295	-	-	-
Charges from General Fund	75,100	87,600	22,000	-	-
Miscellaneous	-	-	-	246	-
Total operating expenses	<u>4,086,039</u>	<u>2,638,372</u>	<u>362,266</u>	<u>6,325,451</u>	<u>104,483</u>
Operating income (loss)	<u>(229,133)</u>	<u>247,008</u>	<u>55,264</u>	<u>(245)</u>	<u>134,826</u>
NONOPERATING REVENUES (EXPENSES)					
Interest received	19,858	29,096	8,292	17,130	279
Interest expense	-	-	-	-	-
Total nonoperating revenues (expenses)	<u>19,858</u>	<u>29,096</u>	<u>8,292</u>	<u>17,130</u>	<u>279</u>
Change in net assets (deficit)	<u>(209,275)</u>	<u>276,104</u>	<u>63,556</u>	<u>16,885</u>	<u>135,105</u>
Total net assets (deficit) - beginning	<u>888,200</u>	<u>346,944</u>	<u>176,446</u>	<u>50,988</u>	<u>(134,925)</u>
Total net assets (deficit) - ending	<u>\$ 678,925</u>	<u>\$ 623,048</u>	<u>\$ 240,002</u>	<u>\$ 67,873</u>	<u>\$ 180</u>

Workmen's Compensation	Auditing	Health Insurance	911 Communications	Risk Management	Information Systems	Total Internal Service Funds
\$ 2,820,185	\$ 251,619	\$ 20,392,219	\$ 5,433,021	\$ 1,077,980	\$ 2,623,150	\$ 46,269,172
53,278	-	330,413	-	194,860	-	631,884
2,873,463	251,619	20,722,632	5,433,021	1,272,840	2,623,150	46,901,056
-	-	-	5,276,686	-	570,284	7,689,633
1,441,214	250,492	18,109,844	147,995	1,842,197	1,528,444	32,385,553
-	-	16,513	9,721	-	47,077	2,371,855
-	-	-	-	-	400,883	525,974
82,800	-	1,212,100	-	303,200	34,500	1,817,300
-	-	-	-	-	-	246
1,524,014	250,492	19,338,457	5,434,402	2,145,397	2,581,188	44,790,561
1,349,449	1,127	1,384,175	(1,381)	(872,557)	41,962	2,110,495
62,261	-	241,958	1,381	11,244	-	391,499
-	(1,127)	-	-	-	(23,304)	(24,431)
62,261	(1,127)	241,958	1,381	11,244	(23,304)	367,068
1,411,710	-	1,626,133	-	(861,313)	18,658	2,477,563
(1,398,819)	-	3,903,632	-	(3,607,904)	1,283,269	1,507,831
\$ 12,891	\$ -	\$ 5,529,765	\$ -	\$ (4,469,217)	\$ 1,301,927	\$ 3,985,394

CITY OF ROCKFORD, ILLINOIS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2011

	Central Garage	Building Maintenance	Central Stores	Illinois Municipal Retirement	Unemployment
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	3,859,500	2,897,506	417,530	6,325,206	239,309
Payments to suppliers	(3,150,489)	(1,681,000)	(79,659)	(6,171,405)	(112,123)
Payments to employees	(849,570)	(737,402)	(257,475)	-	-
Payments for internal services used	(75,100)	(87,600)	(22,000)	-	-
Payments to other funds	-	(24,563)	-	-	(98,285)
Net cash provided by (used for) operating activities	(215,659)	366,941	58,396	153,801	28,901
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Interest paid on installment purchase agreement	-	-	-	-	-
Principal paid on installment purchase agreement	-	-	-	-	-
Acquisition of capital assets	(33,755)	(120,189)	-	-	-
Net cash (used for) capital and related financing activities	(33,755)	(120,189)	-	-	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	20,059	27,655	8,019	16,394	204
Net increase (decrease) in cash and cash equivalents	(229,355)	274,407	66,415	170,195	29,105
Cash and cash equivalents, beginning	792,725	762,214	216,668	645,166	-
Cash and cash equivalents, ending	\$ 563,370	\$ 1,036,621	\$ 283,083	\$ 815,361	\$ 29,105
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	\$ (229,133)	\$ 247,008	\$ 55,264	\$ (245)	\$ 134,826
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities					
Depreciation expense	22,796	102,295	-	-	-
Increase (decrease) from changes in:					
Accounts receivable	-	-	-	-	-
Due from other governmental units	2,594	-	-	-	-
Inventories	24,977	-	-	-	-
Prepaid items	-	-	-	-	-
Accounts payable	(31,026)	28,864	260	154,046	(7,640)
Accrued payroll and benefits	(522)	1,545	1,134	-	-
Compensated absences	(5,345)	(334)	1,738	-	-
Due to other funds	-	(24,563)	-	-	(98,285)
Deferred revenue	-	12,126	-	-	-
Other liabilities	-	-	-	-	-
Total adjustments	13,474	119,933	3,132	154,046	(105,925)
Net cash provided by (used for) operating activities	\$ (215,659)	\$ 366,941	\$ 58,396	\$ 153,801	\$ 28,901

Workmen's Compensation	Auditing	Health Insurance	911 Communications	Risk Management	Information Systems	Total Internal Service Funds
2,873,463	251,619	20,761,459	5,412,067	1,272,840	2,623,150	46,933,649
(1,842,523)	(250,492)	(16,896,326)	(152,209)	(1,431,157)	(1,773,452)	(33,540,835)
-	-	-	(5,239,873)	-	(573,792)	(7,658,112)
(82,800)	-	(1,212,100)	-	(303,200)	(34,500)	(1,817,300)
-	-	-	-	90,189	-	(32,659)
948,140	1,127	2,653,033	19,985	(371,328)	241,406	3,884,743
-	-	-	-	-	(13,523)	(13,523)
-	-	-	-	-	(99,276)	(99,276)
-	-	-	-	-	(64,639)	(218,583)
-	-	-	-	-	(177,438)	(331,382)
60,474	(1,127)	231,801	1,399	12,229	(9,923)	367,184
1,008,614	-	2,884,834	21,384	(359,099)	54,045	3,920,545
1,995,689	-	5,961,554	18,388	359,099	45,331	10,796,834
\$ 3,004,303	\$ -	\$ 8,846,388	\$ 39,772	\$ -	\$ 99,376	\$ 14,717,379
\$ 1,349,449	\$ 1,127	\$ 1,384,175	\$ (1,381)	\$ (872,557)	\$ 41,962	\$ 2,110,495
-	-	-	-	-	400,883	525,974
-	-	37,468	-	-	-	37,468
-	-	-	(20,954)	-	-	(18,360)
-	-	-	-	-	-	24,977
-	-	(131,541)	-	-	(205,258)	(336,799)
133,728	-	1,638,374	5,507	159,451	7,327	2,088,891
-	-	-	14,932	-	(1,468)	15,621
-	-	-	21,881	-	(2,040)	15,900
-	-	-	-	90,189	-	(32,659)
-	-	1,359	-	-	-	13,485
(535,037)	-	(276,802)	-	251,589	-	(560,250)
(401,309)	-	1,268,858	21,366	501,229	199,444	1,774,248
\$ 948,140	\$ 1,127	\$ 2,653,033	\$ 19,985	\$ (371,328)	\$ 241,406	\$ 3,884,743



FIDUCIARY FUNDS

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 ASSETS
FIDUCIARY FUNDS
December 31, 2011

	Pension Trust Funds		
	Police Pension	Firefighter's Pension	Total
ASSETS			
Cash and cash equivalents	\$ 433,478	\$ 2,337,108	\$ 2,770,586
Investments			
U.S. Treasury Strips	-	2,924,803	2,924,803
U.S. Treasury Notes	-	8,452,483	8,452,483
U.S. Treasury Bonds	-	3,477,365	3,477,365
Government National Mortgage Association	-	3,272,141	3,272,141
Government Backed Corporate Bonds	-	1,195,386	1,195,386
Federal Home Loan Mortgage Corporation	-	979,468	979,468
Federal National Mortgage Association	-	8,471,367	8,471,367
Federal Farm Credit Bonds	-	1,930,971	1,930,971
Small Cap Equity Common Stocks	11,582,809	11,475,392	23,058,201
Large Cap Equity Common Stocks	-	16,504,317	16,504,317
NTGI Collective Trust	77,938,841	39,873,469	117,812,310
Domestic Mutual Funds	42,753,296	19,369,196	62,122,492
International Mutual Funds	19,369,137	15,882,458	35,251,595
Accrued interest receivable	72,245	300,823	373,068
Contributions receivable	3,699,796	4,170,313	7,870,109
Total assets	155,849,602	140,617,060	296,466,662
LIABILITIES			
Accrued liabilities	42,182	47,940	90,122
NET ASSETS			
Held in trust for pension benefits	<u>\$ 155,807,420</u>	<u>\$ 140,569,120</u>	<u>\$ 296,376,540</u>

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

For the Year Ended December 31, 2011

	Pension Trust Funds		
	Police Pension	Firefighter's Pension	Total
ADDITIONS			
Contributions:			
Employer	\$ 4,579,538	\$ 5,228,748	\$ 9,808,286
Plan member	1,828,702	1,699,844	3,528,546
Total contributions	6,408,240	6,928,592	13,336,832
Investment income:			
Net appreciation in fair value of investments	396,770	1,498,772	1,895,542
Interest and dividend income	1,678,249	1,596,472	3,274,721
	2,075,019	3,095,244	5,170,263
Less investment expense	(217,707)	(412,184)	(629,891)
Net investment income	1,857,312	2,683,060	4,540,372
Total additions	8,265,552	9,611,652	17,877,204
DEDUCTIONS			
Pension benefits	12,290,160	13,427,350	25,717,510
Refunds of contributions	135,666	44,133	179,799
Administrative expense	224,144	125,059	349,203
Total deductions	12,649,970	13,596,542	26,246,512
Change in net assets	(4,384,418)	(3,984,890)	(8,369,308)
Total net assets - beginning	160,191,838	144,554,010	304,745,848
Total net assets - ending	\$ 155,807,420	\$ 140,569,120	\$ 296,376,540

CITY OF ROCKFORD, ILLINOIS
CAPITAL ASSETS USED IN THE OPERATION OF
GOVERNEMENTAL FUNDS - SCHEDULE BY SOURCE

December 31, 2011

GOVERNMENTAL FUNDS CAPITAL ASSETS	
Land and improvements	\$ 7,445,587
Buildings and improvements	54,763,995
Equipment	29,053,444
Infrastructure	<u>857,529,682</u>
Total governmental funds capital assets	<u>\$ 948,792,708</u>

INVESTMENT IN GOVERNMENTAL FUNDS CAPITAL	
ASSETS BY SOURCE	
General Fund	\$ 71,159,436
Special Revenue Funds	189,419,146
Capital Projects Fund	446,352,960
Grants	<u>241,861,166</u>
Total investment in governmental funds capital assets	<u>\$ 948,792,708</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 Assets.

CITY OF ROCKFORD, ILLINOIS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
December 31, 2011

FUNCTION AND ACTIVITY	Land and Improvements	Buildings and Improvements	Equipment	Infrastructure	Total
General government	\$ 4,939,047	\$ 11,536,766	\$ 1,216,757	\$ -	\$ 17,692,570
Public safety	913,506	12,606,182	16,148,335	-	29,668,023
Streets, alleys and bridges	197,322	1,377,527	7,571,690	856,378,630	865,525,169
Community development	203,704	950,443	199,725	-	1,353,872
Sanitation and sewers	201,500	-	23,264	-	224,764
Culture and recreation	970,008	27,448,615	2,258,610	1,151,052	31,828,285
Public health and welfare	20,500	844,462	1,635,063	-	2,500,025
Total governmental funds capital assets	<u>\$ 7,445,587</u>	<u>\$ 54,763,995</u>	<u>\$ 29,053,444</u>	<u>\$ 857,529,682</u>	<u>\$ 948,792,708</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 Assets.

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, 2011

FUNCTION AND ACTIVITY	Governmental Funds Capital Assets			Governmental Funds Capital Assets
	January 1, 2011	Additions	Deductions	December 31, 2011
General government	\$ 17,720,805	\$ -	\$ 28,235	\$ 17,692,570
Public safety	30,135,609	313,903	781,489	29,668,023
Streets, alleys and bridges	854,589,630	15,629,085	4,693,546	865,525,169
Community development	1,353,872	-	-	1,353,872
Sanitation and sewers	224,764	-	-	224,764
Culture and recreation	30,559,709	1,431,859	163,283	31,828,285
Public health and welfare	2,527,079	-	27,054	2,500,025
Total governmental funds capital assets	\$ 937,111,468	\$ 17,374,847	\$ 5,693,607	\$ 948,792,708

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 Assets.



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>
Financial Trends These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.	F1-F7
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the city's ability to generate its property and sales taxes.	F8-F12
Debt Capacity These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.	F13-F19
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place and to help make comparisons over time and with other governments.	F20-F21
Operating Information These schedules contain information about the city's operations and resources to help the reader understand how the city's financial information relates to the services the city provides and the activities it performs.	F22-F24

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 six previous fiscal years.



CITY OF ROCKFORD, ILLINOIS
NET ASSETS BY COMPONENT, LAST SEVEN FISCAL YEARS

(accrual basis of accounting)

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Governmental activities							
Invested in capital assets, net of related debt	\$ 482,815,999	\$ 481,780,204	\$ 477,852,551	\$ 471,473,879	\$ 460,914,982	\$ 457,172,437	\$ 439,881,835
Restricted							
Capital projects	10,546,148	7,840,349	4,531,567	9,453,077	18,841,311	10,764,755	17,919,997
Debt service	5,437,035	5,717,798	5,437,870	6,443,154	9,288,644	7,245,389	4,944,429
Other purposes	18,103,293	16,504,779	13,258,097	11,735,813	13,148,600	10,212,907	9,961,886
Unrestricted	(17,342,443)	(32,745,075)	(24,518,870)	(19,328,902)	(2,598,408)	18,259,325	14,647,406
Total governmental activities net assets	\$ 499,560,032	\$ 479,098,055	\$ 476,561,215	\$ 479,777,021	\$ 499,595,129	\$ 503,654,813	\$ 487,355,553
Business-type activities							
Invested in capital assets, net of related debt	\$ 135,803,303	\$ 133,021,249	\$ 131,269,066	\$ 127,460,090	\$ 116,111,150	\$ 107,986,680	\$ 95,612,984
Restricted							
Capital projects	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	8,258,356
Debt service	5,424,356	5,041,923	4,661,406	3,836,269	4,655,828	4,144,561	4,235,834
Unrestricted	3,652,612	2,708,215	(831,450)	653,493	4,663,251	5,001,310	3,734,380
Total business-type activities net assets	\$ 145,880,271	\$ 141,771,387	\$ 136,099,022	\$ 132,949,852	\$ 126,430,229	\$ 118,132,551	\$ 111,841,554
Total net assets	\$ 645,440,303	\$ 620,869,442	\$ 612,660,237	\$ 612,726,873	\$ 626,025,358	\$ 621,787,364	\$ 599,197,107
Primary Government							
Invested in capital assets, net of related debt	\$ 618,619,302	\$ 614,801,453	\$ 609,121,617	\$ 598,933,969	\$ 577,026,132	\$ 565,159,117	\$ 535,494,819
Restricted	40,510,832	36,104,849	28,888,940	32,468,313	46,934,383	33,367,612	45,320,502
Unrestricted	(13,689,831)	(30,036,860)	(25,350,320)	(18,675,409)	2,064,843	23,260,635	18,381,786
Total net assets	\$ 645,440,303	\$ 620,869,442	\$ 612,660,237	\$ 612,726,873	\$ 626,025,358	\$ 621,787,364	\$ 599,197,107

CITY OF ROCKFORD, ILLINOIS
CHANGES IN NET ASSETS, LAST SEVEN FISCAL YEARS

(accrual basis of accounting)

	2011	2010	2009	2008	2007	2006	2005
Expenses							
Governmental activities:							
General government	\$ 11,074,142	\$ 13,297,890	\$ 14,561,840	\$ 15,005,594	\$ 14,392,429	\$ 13,297,717	\$ 13,392,590
Public safety	88,787,990	89,109,641	84,813,690	87,630,182	86,034,803	78,028,562	72,945,042
Streets, alleys and bridges	34,788,508	35,079,905	34,557,692	43,499,830	33,244,705	28,618,460	11,008,143
Community development	10,312,407	13,694,212	17,901,167	13,876,323	14,050,709	12,850,580	13,761,490
Sanitation and sewers	6,885,950	7,072,936	7,544,392	7,560,231	7,689,685	7,790,814	7,095,605
Culture and recreation	7,591,103	7,373,399	9,490,086	17,990,844	20,566,355	7,613,866	7,719,111
Public health and welfare	16,837,305	21,230,764	19,723,022	15,708,487	14,875,668	16,224,686	14,186,561
Interest and fiscal charges	4,910,952	5,290,071	4,716,887	5,689,763	5,477,961	5,087,266	4,507,875
Total governmental activities expenses	181,188,357	192,148,818	193,308,776	206,961,254	196,332,315	169,511,951	144,616,417
Business-type activities:							
Water	21,058,993	20,402,549	18,865,983	18,003,425	16,441,237	15,491,720	14,734,889
Parking	2,088,672	2,177,041	2,202,193	2,426,974	2,308,209	2,025,000	2,028,583
Total business-type activities	23,147,665	22,579,590	21,068,176	20,430,399	18,749,446	17,516,720	16,763,472
Total primary government expenses	\$ 204,336,022	\$ 214,728,408	\$ 214,376,952	\$ 227,391,653	\$ 215,081,761	\$ 187,028,671	\$ 161,379,889
Program Revenues							
Governmental activities:							
Charges for services:							
General government	\$ 6,721,553	\$ 5,774,210	\$ 5,426,375	\$ 5,409,390	\$ 5,206,081	\$ 5,105,389	\$ 5,333,840
Public safety	10,013,940	9,130,719	9,435,382	7,917,191	8,221,830	7,055,847	5,944,017
Streets, alleys and bridges	5,518,115	5,291,149	4,873,914	4,255,227	5,908,625	6,053,144	5,775,581
Community development	8,540,308	337,749	436,500	552,012	524,515	475,309	561,929
Sanitation and sewers	855,001	8,568,067	6,745,535	6,796,053	6,840,386	6,813,361	6,725,442
Culture and recreation	187,201	204,514	250,261	217,851	201,187	200,290	164,971
Operating grants and contributions	26,038,343	29,807,880	29,288,219	21,562,828	21,438,527	22,360,354	21,335,383
Capital grants and contributions	8,343,151	2,837,398	2,000,666	763,307	11,420,360	6,601,783	6,872,910
Total governmental activities program revenues	66,217,612	61,951,686	58,456,852	47,473,859	59,761,511	54,665,477	52,714,073
Business-type activities:							
Charges for services:							
Water	22,675,543	22,715,297	21,671,106	22,767,988	22,093,309	20,318,020	18,605,553
Parking	1,866,127	1,793,745	1,794,059	1,558,661	1,487,703	1,529,800	1,573,703
Capital grants and contributions	2,273,425	3,498,532	749,767	936,237	2,031,876	790,231	4,887,660
Total business-type activities program revenues	26,815,095	28,007,574	24,214,932	25,262,886	25,612,888	22,638,051	25,066,916
Total primary government revenues	\$ 93,032,707	\$ 89,959,260	\$ 82,671,784	\$ 72,736,745	\$ 85,374,399	\$ 77,303,528	\$ 77,780,989
	(Continued)						

CITY OF ROCKFORD, ILLINOIS
CHANGES IN NET ASSETS, LAST SEVEN YEARS (CONTINUED)

(accrual basis of accounting)

	2011	2010	2009	2008	2007	2006	2005
Net (Expense)/Revenue							
Governmental activities	\$ (114,970,745)	\$ (130,197,132)	\$ (134,851,924)	\$ (159,487,395)	\$ (136,570,804)	\$ (114,846,474)	\$ (91,902,344)
Business-type activities	3,667,430	5,427,984	3,146,756	4,832,487	6,863,442	5,121,331	8,303,444
Total primary government net expense	\$ (111,303,315)	\$ (124,769,148)	\$ (131,705,168)	\$ (154,654,908)	\$ (129,707,362)	\$ (109,725,143)	\$ (83,598,900)
General Revenues and Other Changes in Net Assets							
Governmental activities:							
Taxes:							
Property taxes	\$ 59,851,344	\$ 58,784,815	\$ 58,379,104	\$ 55,712,310	\$ 53,713,800	\$ 50,378,602	\$ 47,010,384
Sales taxes	37,027,021	36,380,336	35,756,775	39,497,031	33,450,584	25,171,445	23,378,788
Metro Centre sales tax	3,902,627	3,626,556	3,538,842	3,530,918	3,516,164	3,504,878	3,243,519
Motel and hotel tourism tax	1,935,936	1,541,577	1,490,316	1,839,367	1,792,348	1,733,131	1,527,358
Local use tax	2,229,113	2,030,554	1,818,959	2,189,685	2,015,444	1,963,229	1,821,123
Income tax	11,978,090	11,736,930	12,201,422	14,193,822	13,400,874	12,299,422	11,294,861
Replacement tax	7,068,952	7,555,032	7,212,783	8,181,027	8,803,431	7,251,586	6,920,944
Telecommunications tax	5,564,418	5,363,605	5,852,740	5,928,166	6,291,357	5,771,186	5,772,796
Utility tax	1,067,251	1,058,712	1,119,215	1,054,625	1,022,275	866,032	888,953
Franchise taxes	1,684,182	2,619,091	1,624,690	1,624,014	1,446,031	1,383,862	1,256,422
Unrestricted interest earnings	2,176,835	478,887	226,143	3,086,564	4,342,807	3,006,127	1,485,108
Miscellaneous	546,953	1,557,877	2,415,129	2,831,758	2,658,405	2,451,023	3,009,223
Transfers	400,000	-	-	-	57,600	57,600	57,600
Total governmental activities	135,432,722	132,733,972	131,636,118	139,669,287	132,511,120	115,838,123	107,667,079
Business-type activities:							
Unrestricted interest earnings	841,454	244,381	2,414	1,687,136	1,491,836	1,227,266	376,485
Transfers	(400,000)	-	-	-	(57,600)	(57,600)	(57,600)
Total business-type activities	441,454	244,381	2,414	1,687,136	1,434,236	1,169,666	318,885
Total primary government	\$ 135,874,176	\$ 132,978,353	\$ 131,638,532	\$ 141,356,423	\$ 133,945,356	\$ 117,007,789	\$ 107,985,964
Change in Net Assets							
Governmental activities	\$ 20,461,977	\$ 2,536,840	\$ (3,215,806)	\$ (19,818,108)	\$ (4,059,684)	\$ 991,649	\$ 15,764,735
Business-type activities	4,108,884	5,672,365	3,149,170	6,519,623	8,297,678	6,290,997	8,622,329
Total primary government	\$ 24,570,861	\$ 8,209,205	\$ (66,636)	\$ (13,298,485)	\$ 4,237,994	\$ 7,282,646	\$ 24,387,064

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

(modified accrual basis of accounting)

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

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$ 2,848,419	\$ 3,625,662	\$ 1,393,308	\$ 1,900,846	\$ 498,263	\$ 412,991
30,358,063	29,714,629	29,277,422	27,616,366	24,247,151	20,209,794
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 33,206,482</u>	<u>\$ 33,340,291</u>	<u>\$ 30,670,730</u>	<u>\$ 29,517,212</u>	<u>\$ 24,745,414</u>	<u>\$ 20,622,785</u>
\$ 32,186,952	\$ 15,608,994	\$ 17,114,176	\$ 11,597,027	\$ 11,433,598	\$ 12,160,398
10,169,249	8,598,211	7,315,179	8,408,609	9,867,477	9,932,707
3,408,693	4,752,174	9,001,715	13,089,282	7,002,694	6,808,553
(6,859)	(76,529)	(263,135)	(387,500)	(273,602)	(396,214)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 45,758,035</u>	<u>\$ 28,882,850</u>	<u>\$ 33,167,935</u>	<u>\$ 32,707,418</u>	<u>\$ 28,030,167</u>	<u>\$ 28,505,444</u>

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

(modified accrual basis of accounting)

	<u>2011</u>	<u>2010</u>	<u>2009</u>
REVENUES			
Taxes	\$ 111,577,708	\$ 108,786,155	\$ 107,955,951
Licenses and permits	4,406,169	4,594,725	3,483,059
Intergovernmental	62,495,106	62,059,049	60,433,907
Charges for services	18,076,762	16,744,784	14,385,440
Fines	1,559,476	1,647,241	1,788,890
Interest	1,785,330	431,036	232,371
Miscellaneous	587,768	1,557,877	2,415,129
Total revenues	<u>200,488,319</u>	<u>195,820,867</u>	<u>190,694,747</u>
EXPENDITURES			
Current:			
General government	10,961,941	12,905,125	14,043,280
Public safety	87,380,847	84,569,192	83,776,249
Streets, alleys and bridges	13,768,376	15,361,827	14,007,048
Community development	10,330,365	13,603,906	17,741,099
Sanitation and sewers	6,881,566	7,081,234	7,561,459
Culture and recreation	6,716,162	6,551,920	8,571,187
Public health and welfare	16,872,678	21,257,861	19,488,307
Debt service:			
Principal payments	14,411,960	9,416,768	9,113,764
Interest and fiscal charges	3,982,921	4,283,764	4,725,156
Capital outlay:			
General government	-	-	-
Public safety	313,903	650,472	288,374
Streets, alleys and bridges	15,629,085	14,655,878	21,641,741
Community development	-	31,626	-
Sanitation and sewers	-	-	-
Culture and recreation	1,431,859	58,388	516,677
Public health and welfare	-	275,660	239,927
Total expenditures	<u>188,681,663</u>	<u>190,703,621</u>	<u>201,714,268</u>
Excess of revenues over (under) expenditures	<u>11,806,656</u>	<u>5,117,246</u>	<u>(11,019,521)</u>
OTHER FINANCING SOURCES (USES)			
Refunding bonds issued	-	-	17,325,000
Payment to escrow agent	-	-	(16,754,910)
Issuance of general obligation bonds	-	-	4,300,000
Issuance of promissory term note	-	205,891	2,000,000
Discount on issue of general obligation bonds	-	-	(83,763)
Premium on issue of general obligation bonds	-	-	197,902
Transfers in	18,165,736	12,329,937	17,304,330
Transfers out	<u>(17,765,736)</u>	<u>(12,329,937)</u>	<u>(17,304,330)</u>
Total other financing sources (uses)	<u>400,000</u>	<u>205,891</u>	<u>6,984,229</u>
Net change in fund balances	12,206,656	5,323,137	(4,035,292)
Debt service as a percentage of noncapital expenditures			
	10.7%	7.8%	7.7%

<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$ 109,752,102	\$ 101,801,972	\$ 89,388,504	\$ 83,796,845	\$ 80,793,558	\$ 73,304,614	\$ 67,399,558
4,147,741	5,057,545	5,203,117	5,314,798	4,605,223	4,332,276	4,859,644
52,145,651	53,566,172	54,858,358	48,245,126	44,806,597	44,179,064	41,204,584
12,988,688	13,627,943	12,786,424	12,881,071	13,321,087	9,550,358	8,624,259
1,884,847	1,924,864	1,891,646	1,911,259	1,797,905	1,741,662	1,747,876
2,895,335	4,115,605	2,856,189	1,398,874	1,541,137	759,962	2,602,619
2,831,758	2,658,405	3,451,023	3,537,361	2,522,495	4,631,086	5,431,480
<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>	<u>138,499,022</u>	<u>131,870,020</u>
14,547,784	13,818,411	12,881,005	12,802,668	11,238,905	9,659,056	10,900,334
85,764,726	82,646,977	76,643,710	72,060,997	66,605,199	62,427,635	62,873,892
16,367,446	14,684,144	9,427,135	9,218,492	8,046,183	8,582,025	31,579,429
13,926,337	14,098,653	12,855,383	13,855,963	11,978,122	9,243,483	9,495,404
7,569,703	7,696,669	7,786,710	7,114,598	7,134,786	6,901,965	8,002,666
17,124,098	19,751,044	6,829,540	6,843,800	8,249,917	5,668,082	7,395,603
15,732,201	14,880,152	16,174,189	14,289,739	10,370,029	12,329,817	10,387,812
11,110,852	10,293,026	8,845,284	7,880,000	7,520,039	6,952,532	11,485,099
5,498,601	5,454,720	4,844,538	4,395,004	4,186,878	3,990,435	4,247,318
-	21,102	1,097,418	554,991	1,046,169	2,072,685	-
1,426,569	1,223,848	828,826	1,529,720	970,125	153,908	-
15,658,632	9,089,592	15,711,225	18,388,101	19,098,487	15,390,954	-
44,331	-	-	4,794,032	1,401,033	832,954	2,802,296
-	-	-	149,997	-	-	-
3,890,876	406,116	448,406	436,688	330,479	1,572,203	-
147,661	69,494	215,016	66,510	290,398	-	-
<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>	<u>145,777,734</u>	<u>159,169,853</u>
<u>(22,163,695)</u>	<u>(11,381,442)</u>	<u>(4,153,124)</u>	<u>(17,295,966)</u>	<u>(9,078,747)</u>	<u>(7,278,712)</u>	<u>(27,299,833)</u>
-	6,865,000	-	530,000	7,535,000	4,490,000	703,710
-	(6,770,679)	-	(107,622)	(7,387,358)	(4,490,000)	(705,000)
1,300,000	28,250,000	2,500,000	18,770,000	18,260,000	8,200,000	14,699,815
(3,692)	(279,103)	(20,000)	(140,011)	(127,446)	(77,567)	-
13,765,252	17,868,899	19,061,648	14,117,564	13,181,910	12,882,634	10,907,508
<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>(12,807,384)</u>	<u>(11,000,708)</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>	<u>8,197,683</u>	<u>14,605,325</u>
(20,742,387)	16,741,376	(1,615,524)	1,614,035	9,449,049	918,971	(12,694,508)
8.9%	8.6%	8.8%	8.3%	8.7%	8.7%	10.1%

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

(000's Omitted)

Tax Levy Year	Residential Property	Commercial Property	Industrial Property	Other Property	Less Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Estimated Actual Value
2002	1,135,218	472,251	207,064	1,816	189,757	1,626,592	2.45880	5,449,048	33.33%
2003	1,218,259	482,742	197,658	1,901	204,113	1,696,447	2.49750	5,701,680	33.33%
2004	1,383,621	433,802	172,428	1,504	273,617	1,717,738	2.60190	5,974,065	33.33%
2005	1,479,310	453,997	170,341	1,487	286,152	1,818,983	2.62220	6,315,406	33.33%
2006	1,575,881	475,345	174,070	1,513	301,148	1,925,661	2.56830	6,681,095	33.33%
2007	1,644,576	519,318	193,768	2,077	327,097	2,032,642	2.51730	7,079,925	33.33%
2008	1,722,354	539,365	199,570	2,555	363,663	2,100,181	2.53180	7,392,271	33.33%
2009	1,743,140	534,784	201,381	2,624	398,525	2,082,800	2.56060	7,444,719	33.33%
2010	1,665,051	512,763	194,628	3,011	366,458	2,008,995	2.71590	7,127,072	33.33%
2011	1,572,996	480,100	184,086	2,971	348,620	1,891,533	2.90510	6,721,131	33.33%

NOTE: (1) Assessed valuations are provided by Office of Winnebago County 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					Total Direct Tax Rate
	General Fund	Library Special Revenue Fund	Debt Service Fund	Other Special Revenue Funds		
2002	1.64390	0.31830	0.39370	0.10290		2.45880
2003	1.67131	0.32000	0.40610	0.10009		2.49750
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

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
0.79520	0.10180	0.16170	0.78070	0.14350	0.30760	5.52710	0.43510
0.79230	0.10180	0.23310	0.76910	0.14030	0.30750	5.51800	0.45280
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

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

Taxpayer	2011			2002		
	Equalized Value	Rank	Percentage of Total Equalized Value	Equalized Value	Rank	Percentage of Total Equalized Value
Lowes Home Centers INC.	\$ 15,250,281	1	0.80%	\$ 8,110,348	1	0.50%
Greater Rockford Airport Authority	11,927,080	2	0.63%			
Wal-Mart Stores Inc.	9,953,582	3	0.53%			
Forest Plaza LLC.	8,260,403	4	0.44%	4,305,800	6	0.26%
MB Rockford State LLC.	4,519,846	5	0.24%			
Anderson Rockford LLC.	4,223,184	6	0.23%			
Fairhaven Christian Home	3,994,738	7	0.21%	5,342,600	4	0.33%
Hamilton Sundstrand Corporation	3,951,829	8	0.21%	7,362,069	3	0.45%
Rock River Valley Industrial Park	3,787,990	9	0.20%	7,888,519	2	0.49%
Ruloff Harrison LLC.	2,868,308	10	0.15%			
United Parcel Service Inc.				5,246,346	5	0.32%
Market Shopping Center LLC.				4,149,433	7	0.26%
Metro Centre				3,741,624	8	0.23%
Sunil Puri				3,712,674	9	0.23%
Swedish American Realty				3,530,789	10	0.22%
Total	\$ 68,737,241		3.64%	\$ 53,390,202		3.29%

Source: Winnebago County Collector's office.

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

Tax Levy Year	Tax Levy (1)	Collections (2)	Percent of Tax Levy Extension Collected	Delinquent Tax Collections (3)	Total Tax Collections	Total Collections as Percent of Current Tax Levy Extensions
2002	39,978,160	39,841,304	99.66%	63,949	39,905,253	99.82%
2003	42,344,826	42,272,749	99.83%	59,968	42,332,717	99.97%
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%	-	54,196,463	99.33%
2011	54,950,931					

- 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 2010 levy will be collected in 2011.

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

Governmental Activities						Water
Fiscal Year Ended	General Obligation Bonds	Section 108 Guaranteed Loans	EPA Water Pollution Obligation	Promissory Term Note	Lines of Credit	General Obligation Alternate Bonds
2002	74,950,000	185,000	1,232,458			26,650,000
2003	75,240,000	1,075,000	1,149,926			25,135,000
2004	90,550,000	1,065,000	1,064,887			23,740,000
2005	101,970,000	2,045,000	977,265			22,250,000
2006	95,950,000	1,810,000	886,981			33,890,000
2007	114,385,000	1,730,000	793,956			34,285,000
2008	104,755,000	1,645,000	698,104		8,844,578	40,075,000
2009	104,735,000	1,555,000	599,340	2,000,000	8,945,076	37,190,000
2010	95,720,000	1,455,000	497,576	2,352,013	9,150,967	37,510,000
2011	86,705,000	1,355,000	392,721	452,741	5,758,859	34,570,000

<u>Business-Type Activities</u>					
<u>Parking System</u>		<u>Water</u>			
<u>General</u>	<u>Water</u>	<u>Instalment</u>	<u>Total</u>	<u>Percentage</u>	<u>Per</u>
<u>Obligation</u>	<u>IEPA</u>	<u>Purchase</u>	<u>Primary</u>	<u>of Personal</u>	<u>Capita</u>
<u>Alternate Bonds</u>	<u>Loan</u>	<u>Agreement</u>	<u>Government</u>	<u>Income</u>	
			103,017,458	2.53%	686
			102,599,926	2.57%	683
			116,419,887	2.88%	776
			127,242,265	3.08%	848
			132,536,981	3.22%	883
			151,193,956	3.55%	1,007
1,850,000	2,041,100	25,000,000	184,908,782	4.13%	1,232
1,850,000	18,588,514	14,000,000	189,462,930	4.04%	1,262
1,825,000	26,909,280	14,000,000	189,419,836	3.75%	1,239
1,800,000	35,293,002	4,000,000	170,327,323	N/A	1,114

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

Year	Population (1)	Equalized Value (3)	Bond Principal (2)	Less Debt Service Funds	Net Bonded Debt	Ratio of Net Bonded Debt to Equalized Value	Net Bonded Debt Per Capita
2002	150,115	1,625,628,544	74,950,000	3,464,276	71,485,724	4.40%	476.21
2003	150,115	1,695,487,843	75,240,000	4,784,289	70,455,711	4.16%	469.34
2004	150,115	1,716,660,425	90,550,000	4,386,052	86,163,948	5.02%	573.99
2005	150,115	1,817,902,953	101,970,000	5,131,603	96,838,397	5.33%	645.09
2006	150,115	1,925,661,337	95,950,000	7,461,724	88,488,276	4.60%	589.47
2007	150,115	2,032,641,960	114,385,000	9,513,895	104,871,105	5.16%	698.61
2008	150,115	2,100,181,000	106,605,000	8,667,411	97,937,589	4.66%	652.42
2009	150,115	2,082,799,663	106,585,000	7,989,282	98,595,718	4.73%	656.80
2010	152,871	2,008,995,393	97,545,000	8,317,681	89,227,319	4.44%	583.68
2011	152,871	1,891,533,215	88,505,000	8,620,869	79,884,131	4.22%	522.56

- 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 general obligation bonds being funded by earnings of the Water Utility Fund or Water revenue bonds, and Water general obligation alternate bonds for long-term debt.
- (3) Does not include tax increment financing areas equalized value.

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

As of December 31, 2011

Name of Governmental Unit	Total Debt Outstanding	(2) Percentage Applicable To City of Rockford	City of Rockford's Share of Debt
Direct:			
City of Rockford, Illinois (1)	\$ 88,505,000	100.0%	\$ 88,505,000
Overlapping:			
Schools:			
School District #205	52,627,634	72.4%	38,076,093
School District #122	21,870,000	2.7%	586,116
School District #321	-	8.5%	-
School District #323	10,750,000	3.5%	375,175
Community College #511	71,898,595	29.7%	21,346,693
	<u>157,146,229</u>		<u>60,384,077</u>
Other Units:			
Winnebago County	-	43.5%	-
Winnebago County Forest Preserve	2,389,000	42.6%	1,018,192
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	5,060,000	69.4%	3,509,616
Rockford City Library District	-	71.3%	-
	<u>7,449,000</u>		<u>4,527,808</u>
Total Overlapping Debt	<u>164,595,229</u>		<u>64,911,885</u>
Total Direct and Overlapping Debt	<u>\$ 253,100,229</u>		<u>\$ 153,416,885</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 2011

Assessed value	\$ 1,891,533,215
Debt limit - State (8.625% of assessed value)	163,144,740
Debt Limit - City (80% of the State limit)	130,515,792
Debt applicable to limit:	
General obligation bonds	21,005,000
Debt certificates	4,000,000
General obligation promissory notes	6,211,600
Total amount of debt applicable to debt limit	<u>31,216,600</u>
Legal debt margin	<u>99,299,192</u>

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

2007	2006	2005	2004	2003	2002
140,252,295	\$ 135,222,965	\$ 125,509,805	\$ 118,449,569	\$ 116,988,661	\$ 112,168,370
53,665,000	60,275,000	64,110,000	65,055,000	64,765,501	63,960,907
86,587,295	\$ 74,947,965	\$ 61,399,805	\$ 53,394,569	\$ 52,223,160	\$ 48,207,463
38.26%	44.57%	51.08%	54.92%	55.36%	57.02%

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

Year	Water Service Charges	Less: Operating Expenses	Net Revenue Available for Debt Service	Principal	Interest	Total	Coverage
<u>Water Utility Fund (1)</u>							
2002	17,062,256	12,252,983	4,809,273	3,495,000	1,331,841	4,826,841	1.00%
2003	16,465,260	12,832,977	3,632,283	3,715,000	1,179,547	4,894,547	0.74%
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%

NOTES: Details regarding the city's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest or amortization expenses.

**CITY OF ROCKFORD, ILLINOIS
 DEMOGRAPHIC AND ECONOMIC STATISTICS,
 LAST TEN FISCAL YEARS**

Year	Population (1)	Personal Income (Thousands of dollars) (3)	Per Capita Personal Income (2)	School Enrollment (4)	Unemployment Rate (5)
2002	150,115	4,045,899	26,952	28,362	7.80%
2003	150,115	4,134,317	27,541	28,685	8.30%
2004	150,115	4,122,308	27,461	28,887	6.50%
2005	150,115	4,253,509	28,335	29,145	6.40%
2006	150,115	4,479,432	29,840	29,601	5.30%
2007	150,115	4,848,714	32,300	29,637	6.30%
2008	150,115	4,945,389	32,944	28,844	9.10%
2009	150,115	4,823,345	32,131	28,970	15.10%
2010	152,871	5,048,564	33,025	29,920	16.60%
2011	152,871	N/A	N/A	29,920	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 Rockford MSA.
- (3) Per Capita Personal Income multiplied by the population.
- (4) Annual school census by Rockford Board of Education. Students in community colleges are not included.
- (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	2011			2002		
	Employees (1)	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Rockford School District No. 205	4,800	1	3.30%	4,070	1	2.22%
Wal-Mart Stores	2,750	2	1.89%			
Swedish American Health Systems	2,600	3	1.79%	2,923	3	1.59%
Rockford Health Systems	2,500	4	1.72%	4,000	2	2.18%
Chrysler, LLC	2,350	5	1.62%	1,850	7	1.01%
Hamilton Sundstrand Corporation	2,000	6	1.37%	2,700	4	1.47%
OSF St. Anthony's Medical Center	2,000	7	1.37%	2,000	6	1.09%
United Parcel Service (3)	2,000	8	1.37%	2,200	5	1.20%
County of Winnebago	1,600	9	1.10%			
Harris Bank N.A.	1,600	10	1.10%			0.00%
Textron				1,700	8	0.93%
City of Rockford				1,198	9	0.65%
Woodward Governor Company				1,100	10	0.60%
Total	<u>24,200</u>		<u>16.63%</u>	<u>23,741</u>		<u>12.95%</u>
Total employment in the Rockford MSA	145,500			183,323		

(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>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
General government:										
Mayor's office	5.0	6.0	8.0	8.0	8.0	8.0	8.0	6.0	6.0	7.0
Legal department	12.0	17.0	20.0	20.0	19.0	17.0	17.0	16.0	16.0	18.0
Finance office	30.0	31.0	32.0	33.0	33.0	33.0	34.0	33.0	34.0	37.0
Information Services	6.0	6.0	8.0	10.0	10.0	10.0	10.0	9.0	8.0	8.0
Personnel department	5.0	6.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Public safety										
Police department										
Officers	282.0	282.0	295.0	305.0	305.0	305.0	299.0	299.0	300.0	301.0
Civilians	36.0	36.0	28.0	33.0	33.0	33.0	33.0	33.0	33.0	33.0
Fire department	278.0	282.0	282.0	282.0	282.0	280.0	282.0	277.0	277.0	277.0
###	53.0	53.0	53.0	53.0	53.0	61.0	61.0	61.0	61.0	61.0
Public works - traffic	11.0	13.0	12.5	18.0	18.0	18.0	18.0	18.0	18.0	19.0
Building department	15.0	18.0	25.0	19.0	21.0	20.0	20.0	20.0	20.0	21.0
Streets, alleys and bridges										
Administration	2.0	4.0	4.5	6.5	7.0	6.0	6.0	6.0	6.0	6.0
Engineering	5.5	7.5	10.0	4.5	5.0	5.0	5.0	5.0	5.0	5.0
Capital Projects	18.5	17.2	16.0	16.0	16.0	16.0	13.0	13.0	13.0	13.0
Street and sewer maintenance	32.0	38.0	40.0	39.5	40.0	40.0	40.0	41.0	41.0	49.0
Property and equipment	24.0	27.0	27.0	28.0	28.0	24.0	28.0	28.0	26.0	24.0
Community development										
Administration	1.5	1.5	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Development	8.0	7.0	8.0	9.0	17.0	18.0	19.0	18.0	18.0	18.0
Planning	4.3	5.3	6.0	11.0	15.0	12.0	12.0	12.0	14.0	16.0
Code enforcement	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	3.0	3.0
Culture and recreation										
Library	84.5	82.0	115.0	109.0	103.0	102.0	98.0	97.0	104.0	108.0
Public health and welfare	99.0	97.9	91.0	92.5	93.0	96.0	92.0	93.0	92.0	105.0
Parking	8.5	8.5	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0
Water	72.0	77.0	75.0	76.0	75.0	76.0	75.0	76.0	76.0	74.0
Total	1,103.0	1,135.0	1,187.0	1,207.0	1,215.0	1,201.0	1,191.0	1,182.0	1,189.0	1,221.0

Source: City Finance Office

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

Function/Program	Fiscal Year							
	2011	2010	2009	2008	2007	2006	2005	2004
Police department								
Total calls for service	166,714	167,304	177,688	184,824	188,840	200,874	190,747	190,097
Total group A offenses	20,799	23,169	24,663	27,590	28,441	12,415	11,394	12,190
Number of alarms	5,349	5,559	5,422	6,215	5,802	5,696	6,155	5,980
Arrests	13,676	13,536	15,286	15,864	16,320	17,247	16,497	16,545
Clearance Rate	33.21%	33.40%	32.88%	33.70%	36.38%	23.33%	24.00%	24.00%
Fire department								
Total call for service	22,216	22,839	23,663	23,629	22,864	20,915	19,498	18,634
Number of fire investigations	180	216	268	312	355	364	373	382
Total number of fire calls	566	564	688	702	781	671	715	732
Total number of ambulance runs	17,719	17,958	18,391	18,243	17,372	15,390	15,281	15,837
911 Center								
Total non-emergency calls	114,317	112,076	119,097	130,481	125,202	293,012	290,133	291,427
Total emergency calls	121,584	119,200	120,247	137,536	153,559	182,076	172,070	182,564
Total police dispatches	170,651	167,305	159,703	174,122	192,399	342,008	336,068	328,295
Total fire dispatches	24,009	23,539	24,425	27,643	27,669	30,213	29,575	27,976
Construction and Development Services								
Residential permits	1,950	2,160	1,581	1,730	1,471	1,340	1,288	1,229
Commercial permits	350	315	339	457	445	413	401	345
Plan reviews	500	448	472	806	874	974	1,015	995
Total inspections	11,000	10,157	10,485	13,259	17,780	18,786	19,112	17,688
Project over \$1million/total value	10/30M	15/34M	16/50M	30/94M	29/92.4M	23/\$61.8M	19/\$129.5M	8/\$24.5M
Zoning Clearances	2,000	1,729	1,730	1,945	N/A	N/A	N/A	N/A
Demolitions	100	127	125	109	N/A	N/A	N/A	N/A
Total acres annexed	40	3	37	372	848	200	526	152
Assessed valuation in annexed areas	130,000	97,879	125,000	2,870,000	5,800,000	3,500,000	1,130,000	666,063
Human services								
Households receiving energy assistance	16,000	13,000	16,000	9,900	9,906	9,886	9,100	8,300
Head Start program enrollment	780	721	624	653	669	649	665	653
Homeless prevention clients served	2,800	1,267	2,435	1,900	1,870	1,496	1,049	1,494
Summer Food program	3,890	4,400	4,400	3,000	2,500	2,985	2,190	1,800
Clients receiving weatherization assistance	500	459	459	155	N/A	N/A	N/A	N/A
Sanitation Division								
Regular tonnage	53,210	52,120	53,640	55,419	57,340	56,436	54,466	55,370
Composting tonnage	14,560	14,320	14,155	14,624	14,920	15,378	13,563	15,819
Recycling tonnage	7,330	7,210	6,705	6,928	7,170	7,006	7,178	7,171
Public Works								
Number of engineering plans reviewed	75	70	94	113	118	N/A	N/A	N/A
Number of permits issued	1,625	1,751	1,623	1,584	N/A	N/A	N/A	N/A
Plowing/spreading occurrences	22	21	20	31	32	N/A	N/A	N/A
Street sweeping cycles	3	3	3	4	6	N/A	N/A	N/A
Pothole patching (tons used)	1,400	1,868	3,131	2,762	1,478	N/A	N/A	N/A
Tree trims	1,500	1,181	4,136	2,890	N/A	N/A	N/A	N/A
Tree plantings	100	28	18	N/A	N/A	N/A	N/A	N/A
Parking division								
Total parking spaces	4,504	4,504	4,504	4,504	4,329	4,303	3,593	3,971
Number of tickets issued	15,769	18,268	24,741	24,023	26,869	44,009	38,055	40,000
Water division								
Number of users	52,725	53,055	53,030	53,267	53,221	53,100	52,902	52,423
Annual water production (billion gallons)	7.03	7.40	7.30	8.00	8.34	8.40	9.36	8.48

Source: City finance department

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

Function/Program	Fiscal Year 2011	Fiscal Year 2010	Fiscal Year 2009	Fiscal Year 2008	Fiscal Year 2007	Fiscal Year 2006
Police department						
Stations	1	1	1	1	1	1
Substations	4	4	4	4	4	4
Squad cars	130	130	130	130	130	127
Vans (including trucks and mobile units)	40	40	40	38	38	38
Fire department						
Stations	11	11	11	11	11	11
Companies:						
Engine	8	8	8	8	8	8
Quints	3	3	3	3	3	3
Ladder	2	2	2	2	2	2
Ambulances	6	6	6	5	5	5
Library						
Main facility	1	1	1	1	1	1
Branch facilities	5	5	5	5	5	5
Parking division						
Surface lots	32	32	32	30	30	30
Garages	5	5	5	4	4	4
Water division						
Water mains (miles)	816	770	770	770	770	751
Wells	27	39	39	39	39	39
Treatment Plants	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

Source: City finance department

