

CITY OF ROCKFORD, ILLINOIS

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2007

Prepared by:

Finance Office
Andres Sammul
Finance Director

CITY OF ROCKFORD, ILLINOIS

CONTENTS

	<u>Pages</u>
INTRODUCTORY SECTION	
Letter of Transmittal	I - V
Officials and Officers	VI
Organization Chart	VII
Certificate of Achievement	VIII
FINANCIAL SECTION	
Independent Auditor's Report	1 - 2
Management's Discussion and Analysis	3 - 17
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	18
Statement of Activities	19
Fund Financial Statements:	
Balance Sheet - Governmental Funds	20 - 21
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	22
Statements of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	23 - 24
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	25
Statement of Net Assets - Proprietary Funds	26 - 27
Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Funds	28
Statement of Cash Flows - Proprietary Funds	29 - 30
Statement of Fiduciary Net Assets – Fiduciary Funds	31
Statement of Changes in Plan Net Assets – Fiduciary Funds	32
Notes to the Financial Statements	33 - 72
Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Major Funds:	
General Fund	A1
Public Library Fund	A2
Community Development Fund	A3
Human Services Fund	A4
Analysis of Funding Progress	A5
Employer Contributions	A6
Notes to Required Supplementary Information	A7

CITY OF ROCKFORD, ILLINOIS

CONTENTS (Continued)

	<u>Pages</u>
FINANCIAL SECTION (Continued)	
Other Supplementary Information:	
Nonmajor Governmental Funds Combining Statements:	
Combining Balance Sheet	B1 – B6
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	B7 – B12
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – Nonmajor Special Revenue Funds:	
Rockford Tuberculosis Care Center Fund	
Garbage and Refuse Fund	B13
Motor Fuel Tax Fund	
Redevelopment Fund	B14
Tourism Fund	
Special Projects Fund	B15
Underground Storage Tanks Fund	B16
Tax Increment Financing Areas:	
East Side Fund	
West Side Fund	B17
Seventh Street Fund	
Southeast Fund	B18
South Rockford Fund	
Lincolnwood Estates Fund	B19
Springfield Corners Fund	
Rockford Global Trade Park Fund	B20
North Main Fund	
Lincolnwood II Fund	B21
River Oaks Fund	
Garrison Fund	B22
Hope Six Fund	
Kishwaukee/Harrison Fund	B23
Jackson School	
Preston/Central	B24
North Main & Auburn	
East State & Alpine	B25

CITY OF ROCKFORD, ILLINOIS

CONTENTS (Continued)

	<u>Pages</u>
FINANCIAL SECTION (Continued)	
Other Supplementary Information (Continued):	
Nonmajor Governmental Funds Combining Statements (Continued):	
Tax Increment Financing Areas (Continued):	
West State & Central	
West State & Kilburn	B26
West Side II	B27
Internal Service Funds:	
Combining Statement of Net Assets (Deficit)	C1 - C2
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets (Deficit)	C3 - C4
Combining Statement of Cash Flows	C5 - C6
Fiduciary Funds:	
Combining Statement of Fiduciary Net Assets	D1
Combining Statement of Changes in Plan Net Assets	D2
Capital Assets:	
Capital Assets Used in the Operation of Governmental Funds:	
Schedule by Source	E1
Schedule by Function and Activity	E2
Schedule of Changes by Function and Activity	E3
STATISTICAL SECTION	
Financial Trends:	
Net Assets by Component	F1
Changes in Net Assets	F2-F3
Fund Balances, Governmental Funds	F4
Changes in Fund Balances, Governmental Funds	F5
Revenue Capacity:	
Assessed Value and Estimated Actual Value of Taxable Property	F6
Direct and Overlapping Property Tax Rates	F7-F8
Principal Property Tax Payers	F9
Property Tax Levies and Collections	F10
Debt Capacity:	
Ratio of Outstanding Debt by Type	F11
Ratio of Net General Bonded Debt	F12
Direct and Overlapping Governmental Activities Debt	F13

CITY OF ROCKFORD, ILLINOIS

CONTENTS (Continued)

	<u>Pages</u>
STATISTICAL SECTION (CONTINUED)	
Debt Capacity (Continued):	
Legal Debt Margin Information	F14-F15
Pledged-Revenue Coverage	F16
Demographic and Economic Information:	
Demographic and Economic Statistics	F17
Principal Employers	F18
Operating Information:	
Full-time Equivalent City Government Employees by Function/Program	F19
Operating Indicators by Function/Program	F20
Capital Asset Statistics by Function/Program	F21



*Andres Sammul
Director
Finance Department*

October 29, 2008

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, 2007, 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 McGladrey & Pullen, LLP has audited the City of Rockford's financial statements. The purpose of the independent audit conducted by McGladrey & Pullen was to review and provide reasonable assurance that the City's financial statements for the fiscal year ending December 31, 2007 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, 2007, are fairly presented in conformity with GAAP.

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

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

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

Profile of the City

The City of Rockford is a non-home rule city, incorporated in 1839 as a town and became a city in 1852. Located in North Central Illinois approximately 17 miles south of the Wisconsin border and 80 miles northwest of downtown Chicago, Rockford is the third largest city in Illinois with approximately 150,115 residents encompassing approximately 61.2 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 2007 average unemployment rate for the metropolitan area was 6.3% as compared to the state average of 5.0% and the national average of 4.6%.

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, Daimler Chrysler, NCO Group, Woodward Governor, Invensys, Quebecor Printing, Lowe's Distribution Center, Cadbury/Adams Division, Anderson Packaging and Amcore Bank. 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, a 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.

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. The City has completed the process of acquiring and demolishing property, at a cost of \$4 million, in the west-side business district for the construction of a new Federal Courthouse. The property acquisitions and demolitions are funded by a State grant, Federal and Illinois EPA grants, and short term financing which will be paid off once the parcel is turned over to the Federal Government and they release the \$1.8 million from the federal General Services Administration Site Acquisition Fund.

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 1.16 year average maturity for the portfolio. The average yield as of year end was 3.74% 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-insured for certain general liability, workmen's compensation, unemployment, property damage and bodily (automobile accidents) claims. 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 health plan lifetime maximum is \$1,500,000. Excess coverage was purchased to the maximum with a \$200,000 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.

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 fully funds each year's annual required contribution to the pension plan as determined by the actuary.

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 2007 the amount was 9.59% of covered payroll. Additional information on the City of Rockford's pension arrangements and post-employment benefits can be found on pages 61-65 in the notes to the financial statements.

The City implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers 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, 2006. This was the twenty-eighth consecutive year the City of Rockford has received this award.

In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized comprehensive annual financial report, the contents of which conform to program standards. Such reports must satisfy both generally accepted accounting 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, 2007. 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 blue ink that reads "Andres Sammul". The signature is written in a cursive style with a large, prominent initial 'A'.

Andres Sammul
Finance Director

CITY OF ROCKFORD, ILLINOIS
OFFICIALS AND OFFICERS
Year Ended December 31, 2007

MAYOR

Lawrence J. Morrissey

CITY COUNCIL MEMBERS

Franklin C. Beach
John C. Beck
Victory Bell
Daniel P. Conness
Patrick Curran
Joe Sosnowski
Ann Thompson-Kelly

Jeff Holt
Leonard J. Jacobson
Carl Wasco
Nancy L. Johnson
Douglas Mark
Linda McNeely
Bill Timm

CITY ADMINISTRATOR

James Ryan

Bonnie Henry
BUILDING DIRECTOR

Patrick Hayes
LEGAL DIRECTOR

Reid Montgomery
COMMUNITY DEVELOPMENT DIRECTOR

Jessica L. Jones
PERSONNEL DIRECTOR

Andres Sammul
FINANCE DIRECTOR

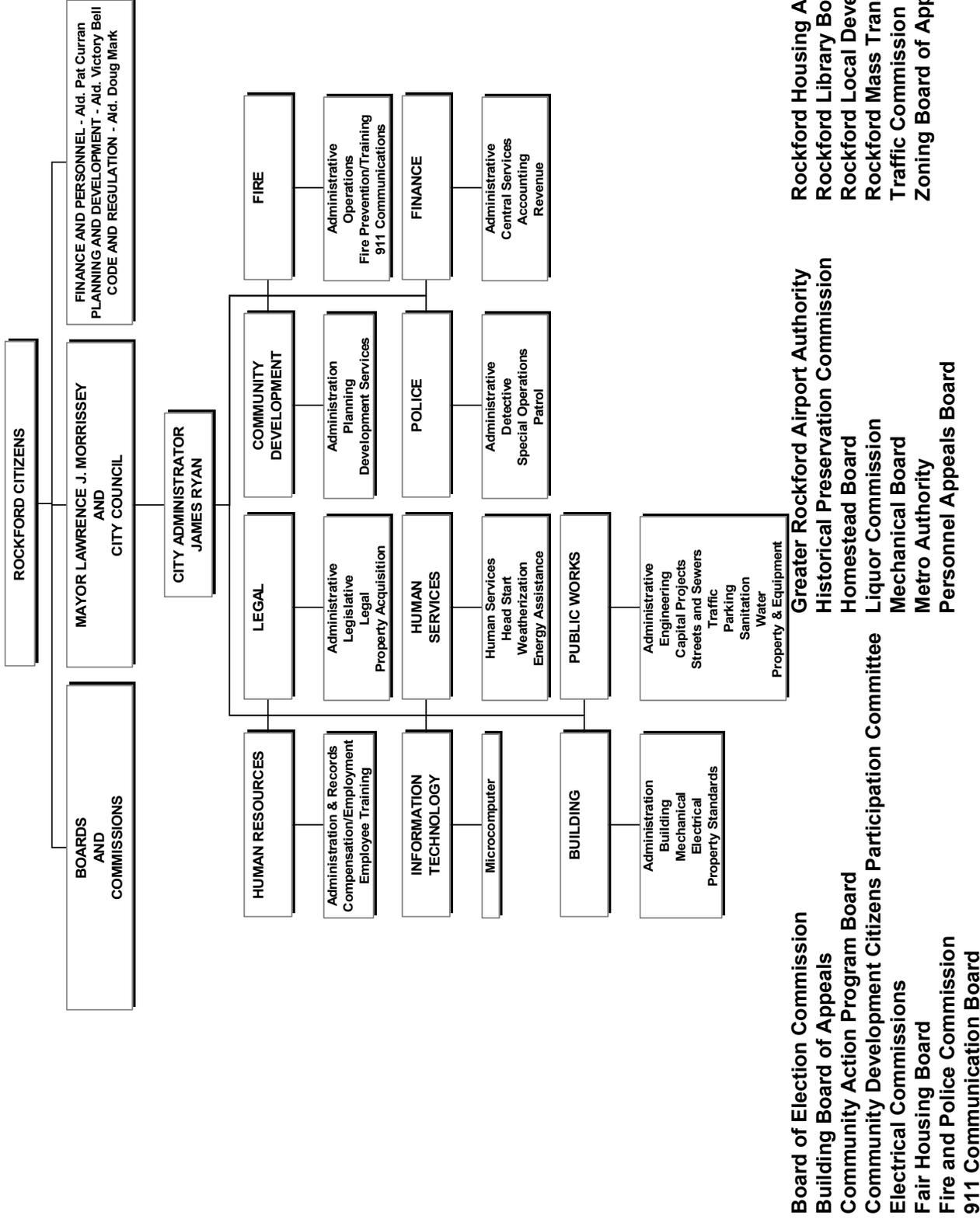
Chet Epperson
POLICE CHIEF

D. William Robertson
FIRE CHIEF

Timothy Hanson
PUBLIC WORKS DIRECTOR

George Davis
HUMAN SERVICES DIRECTOR

CITY OF ROCKFORD, ILLINOIS ORGANIZATION CHART



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, 2006

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.



Charles S. Cox

President

Jeffrey R. Emer

Executive Director

McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report

To the Honorable Mayor and Honorable Members of 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 (City) as of and for the year ended December 31, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the discretely presented component units, Rockford Metropolitan Exposition, Auditorium and Office Building Authority and the Rockford Mass Transit District, as of December 31, 2007, which statements reflect combined assets and revenue totaling \$37,066,664 and \$29,287,108, respectively. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the discretely presented component units, 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 financial statements are free of material misstatement. The financial statements of the Rockford Metropolitan Exposition, Auditorium and Office Building Authority, a discretely presented component unit of the City, were not audited in accordance with *Government Auditing Standards*. 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 reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the reports 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of December 31, 2007, and the respective changes in financial position and cash flows, where applicable, 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 October 29, 2008 on our consideration of the City's internal control over financial reporting and 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 the 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.

The management's discussion and analysis, budgetary comparison information, schedule of funding progress and employer contributions for pensions and notes to required supplementary information on pages 3 – 17 and A1 – A7, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and the schedules listed in the table of contents as other supplementary information (B1 through E3) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects in relation to the basic financial statements taken as a whole.

The accompanying introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in our audit of the basic financial statements and, accordingly, we express no opinion on them.

McGladrey & Pullen, LLP

Rockford, Illinois
October 29, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2007

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, 2007. 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, 2007 by \$626,025,358 (net assets). Of this amount, \$20,410,877 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors. Governmental activities accounted for \$499,595,129 and business-type activities accounted for \$126,430,229. The City's total net assets increased by \$4,237,994 of which (\$4,059,684) related to governmental activities and \$8,297,678 to business-type activities.
- During the year, the City's primary government-wide expenses were \$215,081,761, which was less than the \$219,319,755 generated by the primary government in taxes and other revenues.
- In the City's business-type activities, program revenues increased 13 percent to \$25,612,888, while expenses increased 7 percent to \$18,749,446.
- As of the close of the current fiscal year, the City of Rockford's governmental funds reported combined ending fund balances of \$78,964,517. Approximately 56 percent of this total amount, \$43,929,146, is available for spending at the City's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$30,358,063, or 28 percent of total General Fund expenditures.
- During the current fiscal year the City's total long-term obligations increased by 14 percent or \$19,793,071, to \$164,513,208. The key factor in this increase was the issuance of \$38,615,000 in General Obligation Bonds for various capital improvements and revitalization projects.
- The General Fund reported a decrease in fund balance of \$133,809 from fiscal year 2006 to \$33,206,482.
- The City's general fund actual revenues exceeded the budgeted amounts by \$1,772,007 and the actual expenditures were over the budgeted amounts by \$1,135,030.
- The City's Governmental Funds capital outlays were \$10,810,152 in 2007, a decrease from last year of \$7,490,739.

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2007

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 and drug free). 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 18- 19 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2007

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 39 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 33 governmental funds are combined into a single, aggregated presentation. Individual fund financial data for each of the nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

The governmental fund financial statements can be found on pages 20 - 25.

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 26 - 30 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2007

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 31 and 32 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 through 72 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, 2007

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 \$626,025,358 at the close of the fiscal year ended December 31, 2007.

By far the largest portion of the City's net assets (88 percent) reflects its 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.

City of Rockford Net Assets

	Governmental activities 2007	Governmental activities 2006	Business-type activities 2007	Business-type activities 2006	Total 2007	Total 2006
Current and other assets	\$ 163,206,091	\$ 135,163,788	\$ 35,190,016	\$ 35,138,473	\$ 198,396,107	\$ 170,302,261
Capital assets	550,270,011	552,522,625	129,856,444	120,866,460	680,126,455	673,389,085
Total assets	713,476,102	687,686,413	165,046,460	156,004,933	878,522,562	843,691,346
Long-term liabilities	129,183,483	109,726,762	35,329,725	34,993,375	164,513,208	144,720,137
Current liabilities	84,697,490	74,304,838	3,286,506	2,879,007	87,983,996	77,183,845
Total liabilities	213,880,973	184,031,600	38,616,231	37,872,382	252,497,204	221,903,982
Net assets:						
Invested in capital assets, net of related debt	436,814,982	457,172,434	116,111,150	107,986,680	552,926,132	565,159,114
Restricted	47,032,521	28,223,051	5,655,828	5,144,561	52,688,349	33,367,612
Unrestricted	15,747,626	18,259,328	4,663,251	5,001,310	20,410,877	23,260,638
Total net assets	\$ 499,595,129	\$ 503,654,813	\$ 126,430,229	\$ 118,132,551	\$ 626,025,358	\$ 621,787,364

An additional portion of the City's net assets (8 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$20,410,877) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The City's total net assets increased by \$4,237,994 during the current year to \$626,025,358.

City of Rockford, Illinois

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2007

Governmental activities – Net assets for the City's governmental activities decreased \$4,059,684. This decrease was primarily the result of an intergovernmental agreement with the Rockford Metropolitan Exposition, Auditorium and Office Building Authority, to provide improvements to the facility known as the Rockford Metro Centre and acquire a hockey franchise. The City issued \$23 million of general obligation bonds and spent \$12.6 million of those proceeds for the purchase of the hockey franchise and improvement project.

Changes in Net Assets						
	Governmental activities 2007	Governmental activities 2006	Business-type activities 2007	Business-type activities 2006	Total 2007	Total 2006
Revenues						
Program revenues:						
Charges for services	\$ 26,902,624	\$ 25,703,340	\$ 23,581,012	\$ 21,847,820	\$ 50,483,636	\$ 47,551,160
Operating grants and contributions	21,438,527	22,360,354	-	-	21,438,527	22,360,354
Capital grants and contributions	11,420,360	6,601,783	2,031,876	790,231	13,452,236	7,392,014
General revenues:						
Taxes:						
Property taxes	53,713,800	50,378,602	-	-	53,713,800	50,378,602
Sales tax	33,450,584	25,171,445	-	-	33,450,584	25,171,445
Franchise taxes	1,446,031	1,383,862	-	-	1,446,031	1,383,862
Income tax	13,400,874	12,299,422	-	-	13,400,874	12,299,422
Replacement tax	8,803,431	7,251,586	-	-	8,803,431	7,251,586
Other taxes	14,637,588	13,838,456	-	-	14,637,588	13,838,456
Interest earnings	4,342,807	3,006,127	1,491,836	1,227,266	5,834,643	4,233,393
Other	2,658,405	2,451,023	-	-	2,658,405	2,451,023
Total revenues	<u>192,215,031</u>	<u>170,446,000</u>	<u>27,104,724</u>	<u>23,865,317</u>	<u>219,319,755</u>	<u>194,311,317</u>
Expenses						
General government	14,392,429	13,297,717	-	-	14,392,429	13,297,717
Public safety	86,034,803	78,028,562	-	-	86,034,803	78,028,562
Streets, alleys and bridges	33,244,705	28,618,460	-	-	33,244,705	28,618,460
Community development	14,050,709	12,850,580	-	-	14,050,709	12,850,580
Sanitation and sewers	7,689,685	7,790,814	-	-	7,689,685	7,790,814
Culture and recreation	20,566,355	7,613,866	-	-	20,566,355	7,613,866
Public health and welfare	14,875,668	16,224,686	-	-	14,875,668	16,224,686
Interest and fiscal charges	5,477,961	5,087,266	-	-	5,477,961	5,087,266
Water	-	-	16,441,237	15,491,720	16,441,237	15,491,720
Parking	-	-	2,308,209	2,025,000	2,308,209	2,025,000
Total expenses	<u>196,332,315</u>	<u>169,511,951</u>	<u>18,749,446</u>	<u>17,516,720</u>	<u>215,081,761</u>	<u>187,028,671</u>
Change in net assets before transfers	(4,117,284)	934,049	8,355,278	6,348,597	4,237,994	7,282,646
Transfers	57,600	57,600	(57,600)	(57,600)	-	-
Change in net assets	(4,059,684)	991,649	8,297,678	6,290,997	4,237,994	7,282,646
Net assets - beginning	503,654,813	502,663,164	118,132,551	111,841,554	621,787,364	614,504,718
Net assets - ending	<u>\$ 499,595,129</u>	<u>\$ 503,654,813</u>	<u>\$ 126,430,229</u>	<u>\$ 118,132,551</u>	<u>\$ 626,025,358</u>	<u>\$ 621,787,364</u>

Total governmental activities' revenue for the current year was \$192,215,031 compared to \$170,446,000 in 2006, an increase of 12.8%. The leading factors are as follows:

- The City's largest single revenue source, property taxes amounted to \$53.7 million. Property taxes increased by approximately \$3.3 million (6.2 percent) during the current year compared to 7.2 percent and 4.8 percent for 2006 and 2005, respectively due to an increase in equalized assessed value and increased annexations. The City's property tax rate remained nearly unchanged at about \$2.52 per \$100 of EAV.

City of Rockford, Illinois

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended December 31, 2007

- Shared revenue from the State increased approximately \$11.8 million (19.7 percent) from 2006. This increase is primarily the result of the successful 2007 road referendum where voters approved an additional 1% sales tax on non-titled goods. Effective July 1, 2007 the additional tax provided \$8.7 million for capital road projects. Without the referendum, sales tax revenue would have decreased by about 2% suggesting a possible downturn in the local economy.

Income taxes and replacement taxes are also shared with the state but on a per-capita basis. Between 2006 and 2007, the City's income taxes and replacement taxes increased by \$1.1 and \$1.5 million respectively. These revenues have continued to grow, however, the full effect of a downturn in the state-wide economy is not felt immediately.

- Operating grants and capital grants increased almost \$4 million (13.8 percent), mostly as a result of a federal grant passed through the Illinois Department of Transportation for the reconstruction of a portion of Harrison Avenue.
- Charges for services increased 4.7 percent due to continued emphasis on user fees including systematically updating the rates to keep pace with costs.

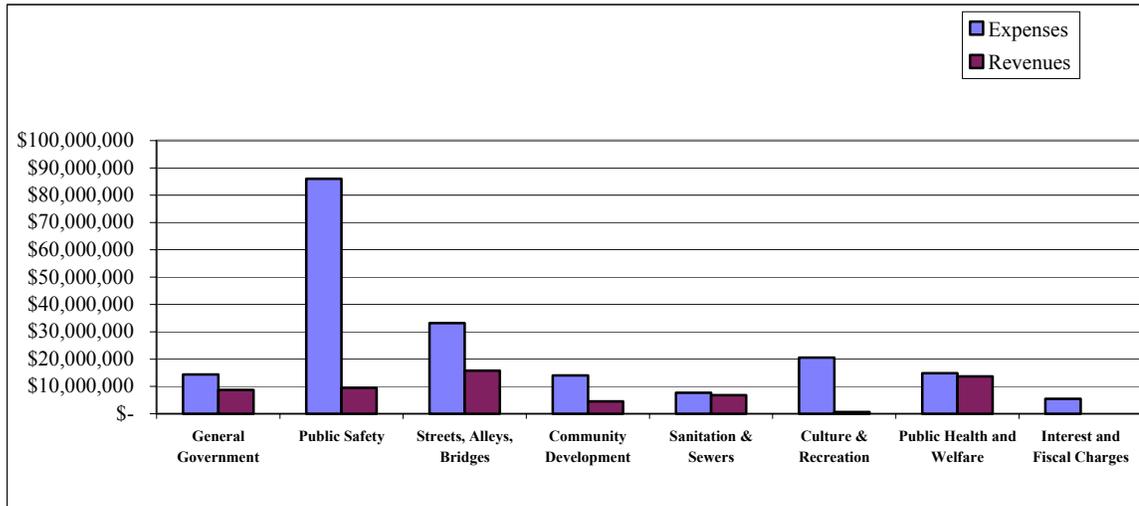
Total governmental activities' expense for the current year was \$196,332,315 compared to \$169,511,951 in 2006, an increase of 15.7%. The leading factors are as follows:

- Expenses related to culture and recreation accounted for the largest portion of the increase up \$12.9 million. As previously mentioned the City entered into an agreement with the Rockford Metropolitan Exposition, Auditorium and Office Building Authority, to provide improvements to the Rockford Metro Centre and purchase a hockey franchise. During the year the City expensed \$12.6 million toward that goal. These assets are the property of the authority and expenses of the current period for the City.
- Expenses related to public safety increased 10% from just over \$78 million in 2006 to just over \$86 million in 2007. Salary and benefit increases, particularly in health insurance and pension contributions made up \$3.3 million of the increase. Other factors were the consolidation of the 911 center and expenses for non capital computer equipment.
- Expenses for the City's public health and welfare function were down 8.6 percent during the year. This decrease reflects funding cuts from the U.S. and State Department of Human Services for energy assistance grants.
- Expenses related to community development increased approximately 10%. The current administration has made a concerted effort to cultivate development throughout the community, including the downtown.

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

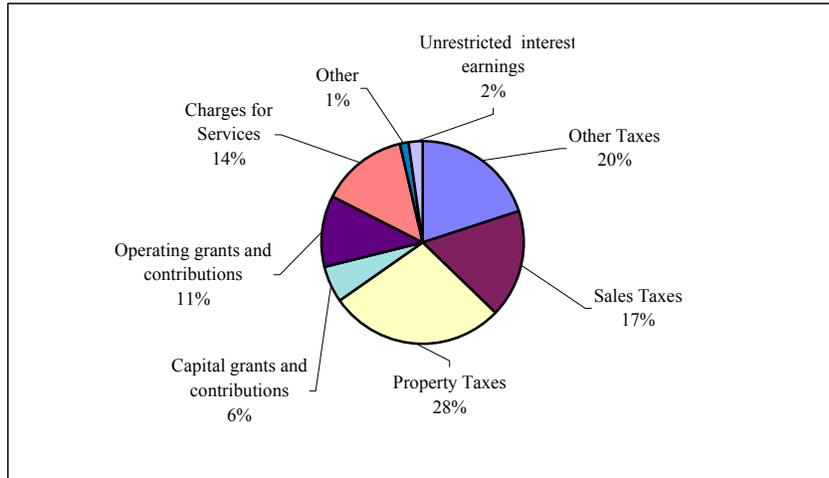
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2007

Expense and Program Revenues - Governmental Activities



MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2007

Revenues by Source - Government Activities



The cost of all governmental activities this year was \$196,332,315. However, the amount that taxpayers paid for these activities through City and State taxes and other general revenues was only \$136,570,804. Some of the cost was paid by:

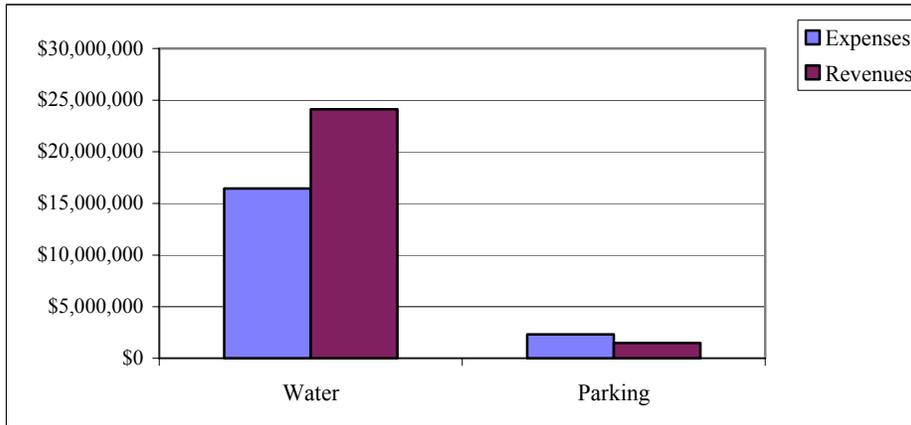
- Those who directly benefited from the programs (\$26,902,624), or
- Other governments and organizations that subsidized certain programs with grants (\$32,858,887).

Business-type Activities – Business-type activities net assets increased by \$8,297,678 in 2007. Revenues from business type activities increased 13.5 percent to \$27,104,724 and expenses increased 7.0 percent to \$18,749,446. Key elements contributing to these results included:

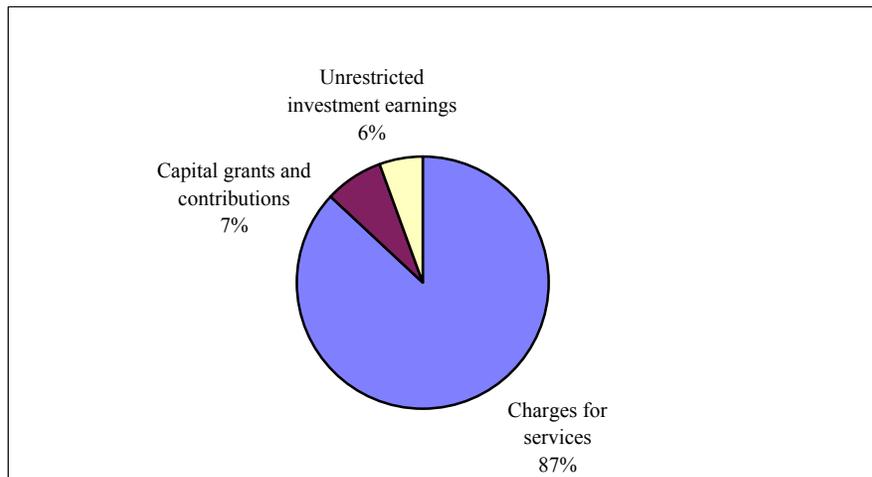
- Charges for services for business-type activities increased by 8.7 percent. The Water Utility accounts for a significant portion of this increase. An increase of less than one half percent in gallons of water supplied coupled with a 12 percent rate increase on January 1st, provided \$1,775,289 of additional revenue.
- The Water Utility received capital grants and contributions from developers of \$2,031,876 in 2007 compared to \$790,231 in 2006.

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2007

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



Revenues by Source - Business-type Activities



City of Rockford, Illinois

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended December 31, 2007

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 2007, its governmental funds reported a combined fund balance of \$78,964,517, an increase of \$16,741,376 (27 percent) in comparison with last year. Unreserved fund balance was \$43,929,146, and is available for spending at the government's discretion. The remainder \$35,035,371 is reserved to indicate that it is not available for new spending because it has already been committed to 1) liquidate purchase orders of the prior period (\$23,549,018), 2) pay debt service (\$9,520,754), 3) for long-term notes receivable (\$1,052,685), 4) for intergovernmental agreements, (\$880,000), and 5) for endowments which are restricted to principal (\$32,914).

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the General Fund is \$30,358,063, while total fund balance reached \$33,206,482. As a measure of the General Fund's liability, it may be useful to compare both unreserved fund balance and total fund balance to total expenditures. Unreserved fund balance represents 28 percent of total General Fund expenditures, while total balance represents 30 percent of that same amount.

The fund balance of the City's General Fund was virtually unchanged with a decrease of \$133,809 during the current fiscal year compared to increases of \$2,669,561 and \$1,152,518 for 2006 and 2005, respectively. The decrease is primarily the result of slowing growth in elastic revenues. 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. As a result of a slow down in the state and local economy, revenue from sales taxes finished \$1,485,778 below the budgetary estimate.

The Public Library fund balance at year-end was \$6,363,843 of which \$17,914 is reserved for endowments. The net increase in fund balance during the current fiscal year in the Library Fund was \$3,527,616. This increase is primarily the result of \$3,050,000 in bond proceeds received in November for the purchase and construction of a new east side branch.

The Community Development fund balance at year-end was \$1,998,062 of which \$897,585 is reserved for long-term notes receivables, and \$880,000 for intergovernmental agreements. There was a decrease in fund balance of \$936,034 during the year. The decrease was the result of granting \$828,824 of small business loans to the Rockford Local Development Corporation (RLDC). Under terms of the April 2007 resolution and grant agreement RLDC assumes ownership, management and administration of the City's small business loans and shall retain any interest earned.

The Human Services fund balance at year-end was \$664,548 of which \$155,100 is reserved for long-term notes receivable. The net decrease in fund balance during the current fiscal year in the Human Service Fund was \$405,765. This decrease was due to an increase in non-reimbursable operating expenditures.

The Debt Service Fund total fund balance at year-end was \$9,513,895, all of which is reserved for the payment of debt service. The net increase in the fund balance during the current year was \$2,052,171. This increase 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.

City of Rockford, Illinois

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended December 31, 2007

Capital Projects Fund total fund balance at year-end was \$24,106,120 of which \$20,697,427 is reserved for encumbrances. The net increase in fund balance during the current fiscal year to the Capital Project Fund was \$14,229,873. This increase was the result of receiving \$24.1 million in bond proceeds for projects started in 2007, however, not completed in the current year.

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

Unrestricted net assets (deficit) of the water utility fund at the end of the year amounted to \$4,988,818, and those of the Parking System Fund amounted to (\$325,567). The total growth in net assets for both funds was \$9,175,784 and (\$878,106) respectively. Other factors concerning the finances of these two funds have been addressed in the discussion of the City's business-type activities.

Budgetary Highlights

The City Council passed a supplemental budget appropriation of \$700,765 for the General Fund. The City is legally authorized by State statutes to amend the budget after June 30. The changes to the General Fund departments are as follows:

Increase in Police department	\$	420,000
Increase in Police department		1,332,100
Increase in public works department - Streets and Sewers		303,000
Decrease in public works department - Traffic		(1,500,000)
Increase in community development department - Administration		26,755
Increase in community development department - Code Enforcement		140,901
Decrease in Building department		(21,991)

During the year the City spent 101.1 percent of the final amount appropriated in the General Fund, however, revenues exceeded budgetary estimates by 101.7 percent.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets – The City's investment in capital assets for its governmental and business-type activities as of December 31, 2007 amounts to \$680,126,455 (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 governmental activities during the current fiscal year (a 0.4 percent decrease). However, net capital assets increased 7.5% for business-type activities. This increase is the result 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:

- The City purchased twenty-three new vehicles for the Police Department totaling \$444,000.
- Building improvements for the City's Fire Department, Library, and Police Department were completed totaling \$988,000.

City of Rockford, Illinois

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended December 31, 2007

- 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. However, the City's main focus in 2007 was completing major improvements to key arterial streets started in prior years. Capital street and bridge projects totaled \$17.6 million during the current year.
- Various system additions and improvements were completed in the Water Utility Fund at a cost of \$8.1 million; construction in progress as of the end of the current year had reached \$8 million.

Primary Government Capital Assets (net of depreciation)

	Governmental	Governmental	Business-type	Business-type	Total	Total
	activities	activities	activities	activities		
	2007	2006	2007	2006	2007	2006
Land	\$ 6,066,882	\$ 6,066,882	\$ 6,087,008	\$ 6,039,158	\$ 12,153,890	\$ 12,106,040
Land improvements	301,197	292,258	112,003	125,693	413,200	417,951
Buildings and improvements	29,474,403	30,342,905	13,904,015	14,549,811	43,378,418	44,892,716
Improvements other than building	-	-	100,960,929	95,404,990	100,960,929	95,404,990
Equipment	8,205,299	9,099,384	756,404	834,584	8,961,703	9,933,968
Infrastructure	506,222,230	506,721,196	-	-	506,222,230	506,721,196
Construction in progress	-	-	8,036,085	3,912,224	8,036,085	3,912,224
Total	\$ 550,270,011	\$ 552,522,625	\$ 129,856,444	\$ 120,866,460	\$ 680,126,455	\$ 673,389,085

Additional information on the City of Rockford's capital assets can be found in Note III, C on pages 48 - 49 of this report.

Long-term Debt – At the end of the current fiscal year, the City of Rockford had total general obligation debt outstanding of \$148,670,000. This debt is backed by the full faith and credit of the City. Total debt increased by \$18,830,000 during the current fiscal year. Key factors in this increase were a \$23 million bond issue for improvements to the Rockford Metro Centre and acquisition of a hockey team, a \$3.05 million bond issue for the purchase and construction of a new east branch library, and a \$3.5 million bond issue for the second phase of \$75 million water system rehabilitation program.

Primary Government Outstanding Debt

General Obligation and Revenue Bonds

	Governmental	Governmental	Business-type	Business-type	Total	Total
	activities	activities	activities	activities		
	2007	2006	2007	2006	2007	2006
General obligation bonds	\$ 114,385,000	\$ 95,950,000	\$ 34,285,000	\$ 33,890,000	\$ 148,670,000	\$ 129,840,000

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

The State imposes a legal limit of 8.625% of total equalized assessed valuation on the amount of general bond indebtedness. The City further limits their indebtedness, by ordinance, to 80.0% of the State limit. As of December 31, 2007 the City's indebtedness was \$43,587,339 less than the City limit and \$78,650,413 less than the State limit.

City of Rockford, Illinois

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended December 31, 2007

Additional information on the City of Rockford's long-term debt can be found on Note III, G on pages 54 - 60 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 call center/office operations, distribution centers and educational institutions are becoming more important to the economy. The City of Rockford economic conditions are as follows:

- The unemployment rate for the City of Rockford is currently 6.3 percent, which is a increase from a rate of 5.3 percent a year ago. This is higher than the State's average unemployment rate of 5.0 percent and the national average rate of 4.6 percent.
- Inflation in the metropolitan area compares to the national consumer price index.

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

	Unemployment rates				
	2007	2006	2005	2004	2003
Rockford	6.30%	5.30%	6.40%	6.50%	8.30%
State of Illinois	5.00%	4.50%	5.70%	5.70%	6.40%
United States	4.60%	4.60%	5.10%	5.10%	5.40%

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

Employment Number	2007	2006	2005	2004	2003
Manufacturing	42,300	44,500	39,900	40,200	38,300
Nonmanufacturing	106,900	111,500	114,500	115,000	112,500
Government	16,800	16,400	16,100	16,200	19,100
Total	166,000	172,400	170,500	171,400	169,900

All of these economic factors were taken into account when adopting the General Fund budget for 2007.

The City's goal in developing the 2008 budget was to continue offering citizens basic services, economic development efforts, a continuing capital improvements program, and fiscal stability. Development and adoption of the 2008 budget was premised on maintaining a level of service equivalent to 2007, making incremental improvements where possible, while working within the limitations of the Property Tax Extension Limitation Law.

Budgeted expenditures in the General Fund are \$113,928,330, an increase of less than 3 percent over the final 2007 budget of \$110,688,031. Employee contracts, pensions and health insurance costs make up the largest increases in the budget.

In March 2008, the City Council approved the proposed budget with minimal 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 2009 budget process to begin on a sound financial footing.

City of Rockford, Illinois

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2007

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, 2007

ASSETS	Primary Government			Component Units	
	Governmental	Business-type	Total	Rockford	Rockford
	Activities	Activities		Mass Transit	Metropolitan
				District	Auditorium and
					Office Building
					Authority
Cash and cash equivalents	\$ 74,273,776	\$ 1,035,807	\$ 75,309,583	\$ 216,714	\$ 558,500
Investments	-	-	-	-	157,456
Receivables, net	63,597,330	7,072,875	70,670,205	2,227,333	1,537,874
Internal balances	(148,174)	148,174	-	-	-
Due from other governments	23,311,511	115,081	23,426,592	-	-
Inventories	280,513	694,361	974,874	279,237	-
Prepaid items	858,486	-	858,486	206,297	39,909
Other assets	-	217,843	217,843	-	-
Restricted assets:					
Cash and cash equivalents	-	25,905,875	25,905,875	805,579	-
Net pension asset	1,032,649	-	1,032,649	-	-
Capital assets not depreciated	6,066,882	14,123,093	20,189,975	1,377,633	8,299,941
Capital assets, net of accumulated depreciation	544,203,129	115,733,351	659,936,480	11,704,663	9,655,528
Total assets	713,476,102	165,046,460	878,522,562	16,817,456	20,249,208
LIABILITIES					
Bank overdraft	11,898	-	11,898	-	-
Accounts payable and other accrued liabilities	12,214,228	2,097,288	14,311,516	578,035	2,084,665
Accrued payroll and benefits	8,301,228	215,412	8,516,640	1,376,156	228,335
Due to other governments	434,146	-	434,146	-	-
Unearned revenue	57,067,333	-	57,067,333	1,253,580	848,315
Other liabilities	6,668,655	25,351	6,694,006	-	-
Deposits and advances	-	948,455	948,455	-	30,583
Noncurrent liabilities:					
Due or payable within one year	15,086,320	3,386,724	18,473,044	-	2,094,329
Due or payable in more than one year	114,097,163	31,943,001	146,040,164	432,345	165,294
Total liabilities	213,880,971	38,616,231	252,497,202	3,640,116	5,451,521
NET ASSETS					
Invested in capital assets, net of related debt	436,814,982	116,111,150	552,926,132	13,082,296	12,023,193
Restricted for:					
Capital projects	24,595,277	1,000,000	25,595,277	-	-
Debt service	9,288,646	4,655,828	13,944,474	-	-
Culture and recreation	6,158,864	-	6,158,864	-	-
Community development	1,945,743	-	1,945,743	-	-
Public health and welfare	369,698	-	369,698	-	-
Highways and streets	4,627,320	-	4,627,320	-	-
Employee and public liability trusts	-	-	-	142,934	-
Other purposes - Grants	46,975	-	46,975	-	-
Unrestricted	15,747,626	4,663,251	20,410,877	(47,890)	2,774,494
Total net assets	\$ 499,595,131	\$ 126,430,229	\$ 626,025,360	\$ 13,177,340	\$ 14,797,687

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, 2007

Functions/programs	Net (Expenses) Revenues and Changes in Net Assets							Component Units	
	Expenses	Program Revenues			Primary Government			Rockford Mass Transit District	Rockford Metropolitan Exposition, Auditorium and Office Building Authority
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total		
Primary government:									
Governmental activities:									
General government	\$ 14,392,429	\$ 5,206,081	\$ 2,959	\$ 3,532,749	\$ (5,650,640)	\$ -	\$ (5,650,640)		
Public safety	86,034,803	8,221,830	1,257,083	-	(76,555,890)	-	(76,555,890)		
Streets, alleys and bridges	33,244,705	5,908,625	2,050,919	7,818,117	(17,467,044)	-	(17,467,044)		
Community development	14,050,709	524,515	4,039,297	-	(9,486,897)	-	(9,486,897)		
Sanitation and sewers	7,689,685	6,840,386	-	-	(849,299)	-	(849,299)		
Culture and recreation	20,566,355	201,187	443,439	-	(19,921,729)	-	(19,921,729)		
Public health and welfare	14,875,668	-	13,644,830	69,494	(1,161,344)	-	(1,161,344)		
Interest and fiscal charges	5,477,961	-	-	-	(5,477,961)	-	(5,477,961)		
Total governmental activities	196,332,315	26,902,624	21,438,527	11,420,360	(136,570,804)	-	(136,570,804)		
Business-type activities:									
Water	16,441,237	22,093,309	-	2,031,876	-	7,683,948	7,683,948		
Parking	2,308,209	1,487,703	-	-	-	(820,506)	(820,506)		
Total business-type activities	18,749,446	23,581,012	-	2,031,876	-	6,863,442	6,863,442		
Total primary government	\$ 215,081,761	\$ 50,483,636	\$ 21,438,527	\$ 13,452,236	(136,570,804)	6,863,442	(129,707,362)		
Component units:									
Bus transportation	\$ 11,238,027	\$ 1,128,121	\$ 8,636,612	\$ 6,943,831			\$ 5,470,537	\$ -	
Metro Centre - coliseum-arena	7,680,005	6,028,514	912,000	5,523,612			-	4,784,121	
Total component units	\$ 18,918,032	\$ 7,156,635	\$ 9,548,612	\$ 12,467,443			5,470,537	4,784,121	
General revenues and transfers:									
Taxes:									
Property taxes					53,713,800	-	53,713,800	-	-
Sales taxes					33,450,584	-	33,450,584	-	-
Metro Centre sales tax					3,516,164	-	3,516,164	-	-
Motel and hotel tourism tax					1,792,348	-	1,792,348	-	-
Local use tax					2,015,444	-	2,015,444	-	-
Income tax					13,400,874	-	13,400,874	-	-
Replacement tax					8,803,431	-	8,803,431	-	-
Telecommunications tax					6,291,357	-	6,291,357	-	-
Utility tax					1,022,275	-	1,022,275	-	-
Franchise taxes					1,446,031	-	1,446,031	-	-
Total taxes					125,452,308	-	125,452,308	-	-
Unrestricted interest earnings					4,342,807	1,491,836	5,834,643	99,965	11,087
Miscellaneous					2,658,405	-	2,658,405	3,366	-
Transfers					57,600	(57,600)	-	-	-
Total general revenues and transfers					132,511,120	1,434,236	133,945,356	103,331	11,087
Change in net assets					(4,059,684)	8,297,678	4,237,994	5,573,868	4,795,208
Net assets - beginning					503,654,813	118,132,551	621,787,364	7,603,472	10,002,479
Net assets - ending					\$ 499,595,129	\$ 126,430,229	\$ 626,025,358	\$ 13,177,340	\$ 14,797,687

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

CITY OF ROCKFORD, ILLINOIS
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2007

	General Fund	Public Library Fund	Community Development Fund	Human Services Fund	Debt Service Fund
ASSETS					
Cash and cash equivalents	\$ 18,966,355	\$ 6,465,563	\$ 35,871	\$ -	\$ 9,446,638
Property taxes receivable, net	34,325,208	6,817,730	-	-	8,206,149
Accounts receivable, net	4,267,809	2,876	-	303	-
Notes receivable, net	-	-	1,845,748	295,221	-
Accrued interest receivable	330,015	-	2,220	37,060	-
Due from the Federal Government	-	-	751,789	753,086	-
Due from the State of Illinois	11,002,049	215,600	-	2,176,115	-
Due from other governmental units	2,723,999	-	-	-	-
Due from other funds	10,034,912	55,758	-	-	126,793
Total assets	<u>\$ 81,650,347</u>	<u>\$ 13,557,527</u>	<u>\$ 2,635,628</u>	<u>\$ 3,261,785</u>	<u>\$ 17,779,580</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Bank overdraft	\$ 11,898	\$ -	\$ -	\$ -	\$ -
Accounts payable	3,353,553	190,343	271,789	616,653	59,536
Accrued payroll and benefits	7,503,530	182,786	27,688	175,137	-
Due to other governments	434,146	-	-	-	-
Due to other funds	739,815	-	268,276	1,363,058	-
Deferred revenue	35,690,565	6,817,730	51,146	442,299	8,206,149
Other liabilities	710,358	2,825	18,667	90	-
Total liabilities	<u>48,443,865</u>	<u>7,193,684</u>	<u>637,566</u>	<u>2,597,237</u>	<u>8,265,685</u>
Fund balances (deficits)					
Reserved for encumbrances	2,848,419	-	-	-	-
Reserved for debt service	-	-	-	-	9,520,754
Reserved for long-term notes receivable	-	-	897,585	155,100	-
Reserved for intergovernmental agreement	-	-	880,000	-	-
Reserved for endowments	-	17,914	-	-	-
Unreserved, reported in:					
General Fund	30,358,063	-	-	-	-
Special Revenue Funds	-	6,345,929	220,477	509,448	-
Debt Service Fund	-	-	-	-	(6,859)
Capital Project Fund	-	-	-	-	-
Total fund balances	<u>33,206,482</u>	<u>6,363,843</u>	<u>1,998,062</u>	<u>664,548</u>	<u>9,513,895</u>
Total liabilities and fund balances:	<u>\$ 81,650,347</u>	<u>\$ 13,557,527</u>	<u>\$ 2,635,628</u>	<u>\$ 3,261,785</u>	<u>\$ 17,779,580</u>

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

	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$	22,757,888	\$ 11,021,126	\$ 68,693,441
	-	5,980,571	55,329,658
	173,855	1,243,647	5,688,490
	-	-	2,140,969
	-	-	369,295
	-	-	1,504,875
	4,952,222	349,042	18,695,028
	173,909	2,171	2,900,079
	923,498	69,773	11,210,734
\$	28,981,372	\$ 18,666,330	\$ 166,532,569

\$	-	\$ -	\$ 11,898
	4,367,177	974,204	9,833,255
	31,729	3,443	7,924,313
	-	-	434,146
	-	8,559,542	10,930,691
	476,346	6,017,574	57,701,809
	-	-	731,940
	4,875,252	15,554,763	87,568,052

	20,697,427	3,172	23,549,018
	-	-	9,520,754
	-	-	1,052,685
	-	-	880,000
	-	15,000	32,914
	-	-	30,358,063
	-	3,093,395	10,169,249
	-	-	(6,859)
	3,408,693	-	3,408,693
	24,106,120	3,111,567	78,964,517
\$	28,981,372	\$ 18,666,330	\$ 166,532,569

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, 2007

Total fund balances for governmental funds	\$ 78,964,517
--	---------------

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	\$ 6,066,882	
Improvements other than buildings, net of \$278,390 accumulated depreciation	253,095	
Buildings and improvements, net of \$23,125,190 accumulated depreciation	28,554,770	
Equipment, net of \$22,136,194 accumulated depreciation	7,353,142	
Infrastructure, net of \$295,087,912 accumulated depreciation	506,222,230	
Total capital assets (See Note III - C.)		548,450,119

Revenues in the statement of activities that do not provide current financial resources are deferred in the funds.	1,365,357
--	-----------

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:

(2,094,871)

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 refunded some of its existing debt. The amount borrowed is received in the governmental funds and increases fund balance. The net present value of the reduction in cash flows from the new debt and the cash flow from the old debt results in an economic gain and will be deferred and amortized as an adjustment of interest expense in the statement of activities over the remaining life of the refunded debt. Deferred charge for issuance costs and discounts will also be amortized as an adjustment of interest expense over the remaining life of the debt.

Pension benefit asset	\$ 1,032,649	
Other post employment benefit liability	(367,782)	
Prepaid items	506,301	
Bonds payable	(114,385,000)	
Accrued interest on bonds	(225,249)	
Compensated absences	(6,120,210)	
Other liabilities	(5,936,717)	
EPA Water Pollution Obligations	(793,956)	
Section 108 guaranteed loans	(1,730,000)	
Deferred charge for issuance costs	524,918	
Deferred amount on refunding	405,053	
Total long-term assets and liabilities		(127,089,993)

Total net assets of governmental activities	\$ 499,595,129
---	----------------

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, 2007

	General Fund	Public Library Fund	Community Development Fund	Human Services Fund
REVENUES				
Taxes	\$ 66,863,131	6,535,762	\$ -	\$ -
Licenses and permits	4,893,701	-	-	-
Intergovernmental	26,591,733	1,209,924	4,039,297	13,612,252
Charges for services	6,654,195	61,790	-	-
Fines	1,785,467	139,397	-	-
Interest	1,491,329	189,920	84,857	18,903
Miscellaneous	537,938	168,356	142,575	73,133
Total revenues	<u>108,817,494</u>	<u>8,305,149</u>	<u>4,266,729</u>	<u>13,704,288</u>
EXPENDITURES				
Current:				
General government	11,598,049	-	-	-
Public safety	82,646,977	-	-	-
Streets, alleys and bridges	11,525,033	-	-	-
Community development	1,876,168	-	4,593,949	-
Sanitation and sewers	509,657	-	-	-
Culture and recreation	-	7,123,268	-	-
Public health and welfare	-	-	-	14,657,409
Debt service:				
Principal payments	-	-	80,000	-
Interest and fiscal charges	-	29,849	85,674	129,855
Capital outlay:				
General government	21,102	-	-	-
Public safety	1,223,848	-	-	-
Streets, alleys and bridges	-	-	-	-
Culture and recreation	-	406,116	-	-
Public health and welfare	-	-	-	69,494
Total expenditures	<u>109,400,834</u>	<u>7,559,233</u>	<u>4,759,623</u>	<u>14,856,758</u>
Excess of revenues over (under) expenditures	<u>(583,340)</u>	<u>745,916</u>	<u>(492,894)</u>	<u>(1,152,470)</u>
OTHER FINANCING SOURCES (USES)				
Refunding bonds issued	-	-	-	-
Payment to escrow agent	-	-	-	-
Issuance of general obligation bonds	-	3,050,000	-	-
Discount on issue of general obligation bonds	-	(24,359)	-	-
Transfers in	3,649,068	-	205,065	746,705
Transfers out	(3,199,537)	(243,941)	(648,205)	-
Total other financing sources (uses)	<u>449,531</u>	<u>2,781,700</u>	<u>(443,140)</u>	<u>746,705</u>
Net change in fund balances	<u>(133,809)</u>	<u>3,527,616</u>	<u>(936,034)</u>	<u>(405,765)</u>
Fund balances - beginning	33,340,291	2,836,227	2,934,096	1,070,313
Fund balances - ending	<u>\$ 33,206,482</u>	<u>\$ 6,363,843</u>	<u>\$ 1,998,062</u>	<u>\$ 664,548</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
\$ 8,764,965	\$ 8,758,062	\$ 10,880,052	\$ 101,801,972
-	-	163,844	5,057,545
250,000	3,331,991	4,530,975	53,566,172
-	71,572	6,840,386	13,627,943
-	-	-	1,924,864
590,576	1,042,200	697,820	4,115,605
-	301,867	1,434,536	2,658,405
<u>9,605,541</u>	<u>13,505,692</u>	<u>24,547,613</u>	<u>182,752,506</u>
-	795,940	1,424,422	13,818,411
-	-	-	82,646,977
-	3,159,111	-	14,684,144
-	1,662,237	5,966,299	14,098,653
-	76,700	7,110,312	7,696,669
-	12,627,776	-	19,751,044
-	-	222,743	14,880,152
10,213,026	-	-	10,293,026
4,820,903	183,950	204,489	5,454,720
-	-	-	21,102
-	-	-	1,223,848
-	9,089,592	-	9,089,592
-	-	-	406,116
-	-	-	69,494
<u>15,033,929</u>	<u>27,595,306</u>	<u>14,928,265</u>	<u>194,133,948</u>
<u>(5,428,388)</u>	<u>(14,089,614)</u>	<u>9,619,348</u>	<u>(11,381,442)</u>
6,770,679	94,321	-	6,865,000
(6,770,679)	-	-	(6,770,679)
-	24,100,000	1,100,000	28,250,000
-	(245,944)	(8,800)	(279,103)
7,480,559	5,120,814	666,688	17,868,899
-	(749,704)	(12,969,912)	(17,811,299)
<u>7,480,559</u>	<u>28,319,487</u>	<u>(11,212,024)</u>	<u>28,122,818</u>
2,052,171	14,229,873	(1,592,676)	16,741,376
7,461,724	9,876,247	4,704,243	62,223,141
<u>\$ 9,513,895</u>	<u>\$ 24,106,120</u>	<u>\$ 3,111,567</u>	<u>\$ 78,964,517</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, 2007

Net change in fund balances - total governmental funds	\$ 16,741,376
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 (\$21,436,012) exceeded capital outlays (\$10,810,152) in the current period. (See Note III - C.)	
	(10,625,860)
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.	
	(21,196)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds (capital contributions of \$8,582,795 and changes in deferred revenue of \$801,437).	
	9,384,232
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.)	
Debt issued:	
Refunding general obligation bonds issued	\$ (6,865,000)
Proceeds from general obligation bonds issued	(28,250,000)
Less: Discounts on bonds issued and issuance costs	279,103
Repayments:	
Principal payment on bonds and other long-term obligations and amounts paid to escrow agent	<u>17,063,705</u>
Net adjustment	(17,772,192)
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.	
Other liabilities	\$ (944,613)
Net OPEB obligation	(367,782)
Net pension assets	(529,710)
Compensated absences	(920,504)
Prepaid expenses	146,506
Accrued interest on bonds	(8,916)
Amortization of deferred amount from refunding and bond discounts	(100,576)
Amortization of bond issue costs	<u>(59,044)</u>
Combined adjustment	(2,784,639)
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>1,018,595</u>
Change in net assets of governmental activities	<u>\$ (4,059,684)</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, 2007

	Business-type Activities			Governmental Activities- Internal Service Funds
	Enterprise Funds			
	Water Utility	Parking System	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,035,383	\$ 424	\$ 1,035,807	\$ 5,580,335
Accounts receivable:				
Water	2,699,563	-	2,699,563	-
Estimated unbilled water usage	4,985,000	-	4,985,000	-
Other	52,534	56,792	109,326	68,918
Total accounts receivable	7,737,097	56,792	7,793,889	68,918
Less allowance for uncollectible accounts	(721,014)	-	(721,014)	-
Total accounts receivable, net	7,016,083	56,792	7,072,875	68,918
Accrued interest receivable	-	-	-	-
Due from other funds	348,951	-	348,951	38,486
Due from other governments	115,081	-	115,081	211,529
Inventories	694,361	-	694,361	280,513
Prepaid items	-	-	-	352,185
Current restricted assets:				
Cash and cash equivalents:				
Bond construction account	20,250,047	-	20,250,047	-
Revenue bond renewal and replacement account	1,000,000	-	1,000,000	-
Alternate bond current debt service account	4,655,828	-	4,655,828	-
Total current restricted assets	25,905,875	-	25,905,875	-
Total current assets	35,115,734	57,216	35,172,950	6,531,966
Noncurrent assets:				
Other assets - unamortized bond issue costs	217,843	-	217,843	-
Capital assets:				
Land	481,842	5,605,166	6,087,008	-
Construction in progress	8,036,085	-	8,036,085	-
Land improvements	347,229	-	347,229	20,000
Buildings and improvements	4,889,780	18,569,315	23,459,095	1,331,371
Equipment	3,229,804	306,592	3,536,396	4,282,028
Improvements other than land and buildings	136,336,844	4,271,839	140,608,683	194,234
Less accumulated depreciation	(42,227,470)	(9,990,582)	(52,218,052)	(4,007,741)
Total capital assets	111,094,114	18,762,330	129,856,444	1,819,892
Total noncurrent assets	111,311,957	18,762,330	130,074,287	1,819,892
Total assets	\$ 146,427,691	\$ 18,819,546	\$ 165,247,237	\$ 8,351,858

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	\$ 1,945,128	\$ 82,686	\$ 2,027,814	\$ 2,155,724
Accrued interest payable	69,474	-	69,474	-
Accrued payroll and benefits	197,136	18,276	215,412	376,915
Due to other funds	-	200,777	200,777	466,703
Other liabilities	25,351	-	25,351	-
Deposits and advances	893,933	54,522	948,455	-
Compensated absences	89,787	8,316	98,103	120,494
General obligation alternate bonds payable (net of unamortized deferred refunding benefit)	3,155,121	-	3,155,121	-
Refundable water main extension advances and deposits	133,500	-	133,500	-
Claims and judgments payable	-	-	-	4,526,312
Total current liabilities	<u>6,509,430</u>	<u>364,577</u>	<u>6,874,007</u>	<u>7,646,148</u>
Noncurrent liabilities:				
Compensated absences	272,904	18,206	291,110	225,439
Deferred revenue	-	-	-	730,881
Refundable water main extension advances	574,307	-	574,307	-
Customer water deposits	237,364	-	237,364	-
General obligation alternate bonds payable (net of unamortized deferred refunding benefit)	30,840,220	-	30,840,220	-
Claims and judgments payable	-	-	-	1,844,261
Total noncurrent liabilities	<u>31,924,795</u>	<u>18,206</u>	<u>31,943,001</u>	<u>2,800,581</u>
Total liabilities	<u>38,434,225</u>	<u>382,783</u>	<u>38,817,008</u>	<u>10,446,729</u>
NET ASSETS (DEFICIT)				
Invested in capital assets, net of related debt	97,348,820	18,762,330	116,111,150	1,819,892
Restricted:				
Capital projects	1,000,000	-	1,000,000	-
Debt service	4,655,828	-	4,655,828	-
Unrestricted	4,988,818	(325,567)	4,663,251	(3,914,763)
Total net assets (deficit)	<u>\$ 107,993,466</u>	<u>\$ 18,436,763</u>	<u>\$ 126,430,229</u>	<u>\$ (2,094,871)</u>

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

CITY OF ROCKFORD, ILLINOIS
STATEMENT OF REVENUE, EXPENSES AND
CHANGES IN NET ASSETS
PROPRIETARY FUNDS

For the Year Ended December 31, 2007

	Business-type Activities-			Governmental
	Enterprise Funds			
	Water	Parking	Totals	Internal
	Utility	System		Service Funds
OPERATING REVENUES				
Charges for services	\$ 21,991,102	\$ 860,365	\$ 22,851,467	\$ 41,509,826
Parking fines	-	582,196	582,196	-
Miscellaneous	102,207	45,142	147,349	572,607
Total operating revenues	<u>22,093,309</u>	<u>1,487,703</u>	<u>23,581,012</u>	<u>42,082,433</u>
OPERATING EXPENSES				
Salaries and benefits	5,285,194	496,062	5,781,256	7,470,732
Services	4,046,404	478,620	4,525,024	30,148,631
Supplies and materials	1,483,065	39,813	1,522,878	2,459,023
Depreciation	2,695,984	682,244	3,378,228	490,144
Charges from General Fund	1,444,904	605,700	2,050,604	721,300
Miscellaneous	-	3,964	3,964	-
Total operating expenses	<u>14,955,551</u>	<u>2,306,403</u>	<u>17,261,954</u>	<u>41,289,830</u>
Operating income (loss)	<u>7,137,758</u>	<u>(818,700)</u>	<u>6,319,058</u>	<u>792,603</u>
NONOPERATING REVENUES (EXPENSES)				
Interest revenue	1,491,836	-	1,491,836	227,203
Interest expense and service fees	(1,389,810)	(1,806)	(1,391,616)	(1,211)
Amortization expense	(95,876)	-	(95,876)	-
Total nonoperating revenues (expenses)	<u>6,150</u>	<u>(1,806)</u>	<u>4,344</u>	<u>225,992</u>
Income (loss) before transfers and capital contributions	<u>7,143,908</u>	<u>(820,506)</u>	<u>6,323,402</u>	<u>1,018,595</u>
Transfers out	-	(57,600)	(57,600)	-
Contributions from developers	2,031,876	-	2,031,876	-
Change in net assets	<u>9,175,784</u>	<u>(878,106)</u>	<u>8,297,678</u>	<u>1,018,595</u>
Total net assets - beginning	<u>98,817,682</u>	<u>19,314,869</u>	<u>118,132,551</u>	<u>(3,113,466)</u>
Total net assets - ending	<u>\$ 107,993,466</u>	<u>\$ 18,436,763</u>	<u>\$ 126,430,229</u>	<u>\$ (2,094,871)</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, 2007

	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	\$ 22,005,978	\$ 1,423,788	\$ 23,429,766	\$ 42,275,578
Other receipts	102,207	45,142	147,349	-
Payment to suppliers	(4,449,166)	(464,446)	(4,913,612)	(31,527,065)
Payment to employees	(5,271,867)	(484,957)	(5,756,824)	(7,330,203)
Payments for interfund services used	(1,204,580)	(605,700)	(1,810,280)	(721,300)
Payments to other funds	(1,444,904)	201,291	(1,243,613)	(334,552)
Net cash provided by operating activities	9,737,668	115,118	9,852,786	2,362,458
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers out	-	(57,600)	(57,600)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from capital grants	(15,260)	-	(15,260)	-
Proceeds from sale of general obligation alternate bonds	3,500,000	-	3,500,000	-
Bond issue costs	(53,829)	-	(53,829)	-
Interest paid on general obligation alternate bonds	(1,401,491)	-	(1,401,491)	-
Principal payment on general obligation alternate bonds	(3,105,000)	-	(3,105,000)	-
Repayment to contractors for water mains	(136,013)	-	(136,013)	-
Capital asset acquisitions	(9,781,154)	(123,661)	(9,904,815)	(301,790)
Net cash (used for) capital and related financing activities	(10,992,747)	(123,661)	(11,116,408)	(301,790)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received on cash and cash equivalents	1,465,408	(1,806)	1,463,602	209,036
Net increase (decrease) in cash and cash equivalents	210,329	(67,949)	142,380	2,269,704
Cash and cash equivalents, beginning	26,730,929	68,373	26,799,302	3,310,631
Cash and cash equivalents, ending	\$ 26,941,258	\$ 424	\$ 26,941,682	\$ 5,580,335
Displayed as:				
Cash and cash equivalents	\$ 1,035,383	\$ 424	\$ 1,035,807	\$ 5,580,335
Restricted assets - cash and cash equivalents	25,905,875	-	25,905,875	-
	\$ 26,941,258	\$ 424	\$ 26,941,682	\$ 5,580,335

(Continued)

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

CITY OF ROCKFORD, ILLINOIS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For The Year Ended December 31, 2007

	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 operating activities:				
Operating income (loss)	\$ 7,137,758	\$ (818,700)	\$ 6,319,058	\$ 792,603
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	2,695,984	682,244	3,378,228	490,144
Changes in assets and liabilities:				
Accounts receivable	(155,058)	(12,605)	(167,663)	(52,156)
Allowance for uncollectible accounts	205,219	-	205,219	-
Due from other governmental units	-	-	-	274,764
Due from other funds	5,404	201,291	206,695	-
Prepaid items	-	-	-	(152,647)
Inventories	(131,103)	-	(131,103)	(50,097)
Accounts payable	4,707	57,951	62,658	1,095,244
Accrued payroll and benefits	11,657	4,781	16,438	91,996
Compensated absences	1,670	6,324	7,994	48,533
Due to other funds	-	-	-	(334,552)
Deferred revenue	(48,000)	(6,168)	(54,168)	(29,463)
Other liabilities	(3,285)	-	(3,285)	188,089
Deposits and advances	12,715	-	12,715	-
Total adjustments	2,599,910	933,818	3,533,728	1,569,855
Net cash provided by operating activities	\$ 9,737,668	\$ 115,118	\$ 9,852,786	\$ 2,362,458
Noncash investing, capital and financing activities:				
Distribution main acquired from contractors to be paid over 10 years	\$ 90,719	\$ -	\$ 90,719	\$ -
Distribution main contributed from developers	2,031,876	-	2,031,876	-
Amortization of issue and discount costs paid in prior years	54,166	-	54,166	-
Amortization of revenue and general obligation bond refundings	41,710	-	41,710	-
Capital asset additions in accounts payable at year-end	1,469,564	-	1,469,564	-
Total noncash capital and related financing activities	\$ 3,688,035	\$ -	\$ 3,688,035	\$ -

(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, 2007

	<u>Pension Trust Funds</u>
ASSETS	
Cash and cash equivalents	<u>\$ 2,118,246</u>
Investments - retirement plans	
U.S. Treasury Strips	2,900,950
U.S. Treasury Bills	3,022,231
U.S. Treasury Notes	16,648,932
U.S. Treasury Bonds	10,852,088
Government National Mortgage Association	8,400,022
Government Backed Corporate Bonds	1,375,905
Federal Home Loan Bank Bonds	10,518,221
Federal Home Loan Mortgage Corporation	9,998,064
Federal National Mortgage Association	13,750,054
Federal Farm Credit Bonds	297,687
State and Local Government Securities	280,312
Small Cap Equity Common Stocks	14,571,623
Mid Cap Equity Common Stocks	8,060,944
Large Cap Equity Common Stocks	24,682,572
NTGI Collective Trust	73,055,576
ABN AMRO Stable Value Funds	16,310,659
Domestic Mutual Funds	50,707,196
International Mutual Funds	<u>32,209,648</u>
Total investments	<u>297,642,684</u>
Accrued interest receivable	<u>741,856</u>
Contributions receivable	<u>5,936,717</u>
Total assets	<u>306,439,503</u>
LIABILITIES	
Accrued liabilities	<u>153,095</u>
NET ASSETS	
Held in trust for pension benefits	<u>\$ 306,286,408</u>
(A schedule of funding progress is included in the Required Supplementary Information.)	

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, 2007

	Pension Trust Funds
ADDITIONS	
Contributions:	
Employer	\$ 7,944,524
Plan member	3,340,674
Total contributions	<u>11,285,198</u>
Investment income:	
Net appreciation in fair value of investments	13,560,346
Interest and dividend income	9,522,091
Less investment expense	<u>23,082,437</u> (783,697)
Net investment income	<u>22,298,740</u>
Total additions	<u>33,583,938</u>
DEDUCTIONS	
Pension benefits	19,531,974
Refunds of contributions	205,893
Administrative expense	264,451
Total deductions	<u>20,002,318</u>
Change in net assets	13,581,620
Total net assets - beginning	<u>292,704,788</u>
Total net assets - ending	<u><u>\$ 306,286,408</u></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.

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:

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

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 which do not meet criteria (1) and (2) above are not included among program revenues and 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 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.

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

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 interfund 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 of the government. 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 nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's 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, depreciation and charges from the General Fund. All revenues and expenses not meeting this definition are reported as nonoperating 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 nonmajor 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

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

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, 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, 2007 is \$101,215,458, of which \$95,648,515 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, 2007. 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 2007 levy is deferred as it is intended to finance fiscal year 2008.

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, 2007.

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 nonoperating revenues and expenses.

(5) INVENTORIES AND PREPAID ITEMS

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” (\$20,250,047) 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” (\$4,655,828) 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 AND 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 reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

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, Local Law Enforcement Block Grant, Flex Care, Justice Assistance Grant and Cease Fire funds. In addition, annual budgets are not adopted for the City's Debt Service or Capital Projects 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:

MAJOR FUNDS:

General Fund	
Mayor's office	\$ (49,191)
City Council	(10,653)
Board of fire and police commission	(3,660)
Board of election	(98,235)
Police department	(1,003,259)
Fire department	(639,744)
Building department	(13,999)
Public works - Street and sewer	(1,547,622)
Community Development Fund	(16,445)
Human Services Fund	(3,080,222)

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

NONMAJOR FUNDS:

Rockford Tuberculosis Care Center Fund	\$ (9,476)
Redevelopment Fund	(96,111)
Tourism Fund	(15,770)
Special Projects Fund	(4,275)
Tax Increment Financing Area - West Side Fund	(17,018)
Tax Increment Financing Area - Seventh Street Fund	(224,575)
Tax Increment Financing Area - Global Trade Park Fund	(113,428)
Tax Increment Financing Area - North Main Fund	(3,553)
Tax Increment Financing Area - Kishwaukee/Harrison Fund	(30,586)
Tax Increment Financing Area - Fund East State & Alpine	(17,475)
Tax Increment Financing Area - Fund West State & Central	(2,052)

C. DEFICIT FUND EQUITY

The following funds have deficit fund balances/net assets as of December 31, 2007:

Special Revenue Funds:

Redevelopment	\$ (4,589,031)
Special Projects	(207,000)
Tax Increment Financing Area - West Side Fund	(831,321)
Tax Increment Financing Area - Springfield Corners Fund	(490,796)
Tax Increment Financing Area - Rockford Global Trade Park Fund	(173,923)
Tax Increment Financing Area - North Main Fund	(268,594)
Tax Increment Financing Area - Lincolnwood II Fund	(62,428)
Tax Increment Financing Area - River Oaks Fund	(354,697)
Tax Increment Financing Area - Garrison Fund	(192,509)
Tax Increment Financing Area - Hope Six Fund	(215,156)
Tax Increment Financing Area - Kishwaukee Fund	(3,476)
Tax Increment Financing Area - Jackson School TIF Fund	(15,811)
Tax Increment Financing Area - North Main & Auburn Fund	(12,615)
Tax Increment Financing Area - West State & Kilburn Fund	(48,018)
Tax Increment Financing Area - West Side II Fund	(29,158)

Internal Service Funds:

Workman's Compensation Fund	\$ (2,136,844)
Health Insurance Fund	(625,564)
Risk Management Fund	(1,242,050)

Special Revenue tax increment financing area funds' deficits will be alleviated by future property tax revenues. The Special Projects fund's deficit will be alleviated by future license and permit revenues. The Internal Services funds' deficits will be alleviated from increased rate charges to participating funds.

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

III. DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

The carrying values of deposits in financial institutions and investments at December 31, 2007 are as follows:

	Primary Government	Pension Trust Funds	Component Units
Deposits in financial institutions	\$ 21,099,918	\$ 112,026	\$ 1,580,793
Overdrafts	(11,898)	-	-
Investments	80,115,540	-	157,456
Investments-pension trust funds	-	299,648,904	-
	<u>\$ 101,203,560</u>	<u>\$ 299,760,930</u>	<u>\$ 1,738,249</u>

These amounts are reported in the accompanying Statements of Net Assets at December 31, 2007 as follows:

	Primary Government	Pension Trust Funds	Component Units
Cash and cash equivalents:			
Unrestricted	\$ 75,309,583	\$ -	\$ 775,214
Restricted	25,905,875	-	805,579
Pension funds	-	2,118,246	-
Investments:			
Unrestricted	-	-	157,456
Pension funds	-	297,642,684	-
Bank overdraft	(11,898)	-	-
	<u>\$ 101,203,560</u>	<u>\$ 299,760,930</u>	<u>\$ 1,738,249</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, 2007, all of the City's deposits were insured or collateralized.

Interest Rate Risk – Investments. As of December 31, 2007, the primary government (excluding the pension trust funds) had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less Than 1	1-5	6-10
Illinois Funds*	\$ 27,568,375	\$ 27,568,375	\$ -	\$ -
U.S. Treasury Bonds/Notes	22,586,125	14,288,795	5,705,330	2,592,000
Federal Farm Credit	3,000,310	-	3,000,310	-
Federal Home Loan Bank	19,956,580	11,935,960	8,020,620	-
Federal Home Loan Mortgage	7,004,150	-	5,012,030	1,992,120
Total	<u>\$ 80,115,540</u>	<u>\$ 53,793,130</u>	<u>\$ 21,738,290</u>	<u>\$ 4,584,120</u>

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

*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, 2007, 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, 2007, 94% 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, 2007

	Total Fair Value	Credit Rating		
		Moody's	Standard & Poor's	Fitch
Illinois Funds	\$ 27,568,375	NR	AAA	NA
Federal Farm Credit	3,000,310	Aaa	AAA	NA
Federal Home Loan Bank	19,956,580	Aaa	AAA	NA
Federal Home Loan Mortgage	7,004,150	Aaa	AAA	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, 2007, the City's investments were not exposed to custodial credit risk. All investments were held by the City's agent in the name of the City.

Concentration of Credit Risk – Investments. Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The primary government has adopted a policy addressing concentrations of credit risk. The policy states that U.S. Treasury Securities cannot exceed 50% of the portfolio, U.S. Government Agencies and Instrumentalities of Government Sponsored Corporations cannot exceed 50% of the 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, 2007, 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 Home Loan Bank Obligations	20%
Federal Home Loan Mortgage Corporation Obligations	7%

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

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, 2007, the Firefighter's Pension Fund bank balances were not exposed to custodial credit risk.

Interest Rate Risk – Investments. As of December 31, 2007, the Firefighter's Pension Fund had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 - 5	6 - 10	More Than 10
U.S. Treasury Strip Bonds	\$ 2,900,950	\$ -	\$ -	\$ 1,612,272	\$ 1,288,678
U.S. Treasury Bills	3,022,231	3,022,231	-	-	-
U.S. Treasury Notes and Bonds	27,501,020	2,360,750	6,587,558	14,626,993	3,925,719
Government National Mortgage Association	8,400,022	13,146	167,724	337,885	7,881,267
Federal Farm Credit	297,687	-	297,687	-	-
Federal Home Loan Bank	10,518,221	8,560,805	1,190,774	766,642	-
Federal Home Loan Mortgage	9,998,064	-	574,959	1,450,736	7,972,369
Municipal Bonds	280,312	-	-	280,312	-
Federal National Mortgage Association	13,750,054	-	-	2,351,004	11,399,050
Tennessee Valley Authority	1,375,905	-	1,375,905	-	-
Total	\$ 78,044,466	\$ 13,956,932	\$ 10,194,607	\$ 21,425,844	\$ 32,467,083

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

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

Credit Ratings
December 31, 2007

	Total Fair Value	Credit Rating		
		Moody's	Standard & Poor's	Fitch
Federal agency and municipal bonds:				
Municipal Bonds	\$ 280,312	AAA	AAA	NR
Federal National Mortgage Association	13,750,054	Aaa	AAA	AAA
Federal Home Loan Mortgage Corporation	9,998,064	Aaa	AAA	AAA
Federal Farm Credit	297,687	Aaa	AAA	NR
Federal Home Loan Bank	10,518,221	Aaa	AAA	NR
Tennessee Valley Authority	1,375,905	Aaa	AAA	NR

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

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, 2007, 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, 2007, 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 Home Loan Mortgage Corporation	7.1%
Federal National Mortgage Association	9.8%
Federal Home Loan Bank	7.9%

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, 2007, the Police Pension Fund investments were not exposed to custodial credit risk.

Interest Rate Risk – Investments. As of December 31, 2007, the Police Pension Fund had the following weighted average maturities on their fixed income investments.

Investment Type	Fair Value	Weighted Average Maturity In Years
<i>Mutual Funds:</i>		
Northern Trust Global Investments - Long Term Daily Collective Fund	\$ 7,057,132	18.52
Northern Trust Global Investments - 1 - 10 Year Daily Collective Fund	65,998,444	3.93
ABN AMRO Income Plus Fund	16,310,659	3.43
	\$ 89,366,235	4.99

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.

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

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

Credit Ratings December 31, 2007			
	Total Fair Value	Credit Rating	
		Moody's	Standard & Poor's
Mutual Funds:			
Northern Trust Global Investments - Long Term Daily Collective Fund	\$ 7,057,132	AA1	AAA
Northern Trust Global Investments - 1 - 10 Year Daily Collective Fund	65,998,444	AA1	AAA
ABN AMRO Income Plus Fund	16,310,659	Aa3	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, 2007, 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, 2007, 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 risk. As of December 31, 2007, the Component Units had bank balances totaling \$1,724,411. Of this amount, \$594,071 was uninsured and uncollateralized and \$1,122,293 was collateralized, but not by securities held in the Component Units' name.

Interest Rate Risk – Investments. As of December 31, 2007, the Component Units had investments, consisting primarily of a CMA Liquid Asset sweep account with a fair value of \$157,456 and a maturity date of less than 1 year. The Component Units have 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, 2007.

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, 2007, the Component Units' investments were uncollateralized.

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 Component Units place no limit on the amount the entity may invest in any one issuer.

At December 31, 2007, 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, 2007 for the City’s individual major funds and nonmajor, 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 Fund
Receivables:										
Taxes	\$ 34,842,826	\$ 6,918,437	\$ -	\$ -	\$ 8,425,146	\$ -	\$ 6,105,221	\$ -	\$ -	\$ -
Accounts	10,862,930	2,876	-	303	-	173,855	1,543,647	7,737,097	56,792	68,918
Notes	-	-	2,408,082	602,569	-	-	-	-	-	-
Interest	330,015	-	2,220	37,060	-	-	-	-	-	-
Gross receivables	46,035,771	6,921,313	2,410,302	639,932	8,425,146	173,855	7,648,868	7,737,097	56,792	68,918
Less: Allowance for uncollectibles	(7,112,739)	(100,707)	(562,334)	(307,348)	(218,997)	-	(424,650)	(721,014)	-	-
Net total receivables	\$ 38,923,032	\$ 6,820,606	\$ 1,847,968	\$ 332,584	\$ 8,206,149	\$ 173,855	\$ 7,224,218	\$ 7,016,083	\$ 56,792	\$ 68,918
Due from other governmental units:										
Federal	\$ -	\$ -	\$ 751,789	\$ 753,086	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State	11,002,049	215,600	-	2,176,115	-	4,952,222	349,042	-	-	-
Other	2,723,999	-	-	-	-	173,909	2,171	115,081	-	211,529
	\$ 13,726,048	\$ 215,600	\$ 751,789	\$ 2,929,201	\$ -	\$ 5,126,131	\$ 351,213	\$ 115,081	\$ -	\$ 211,529
Payables:										
Vendors	\$ 3,353,553	\$ 190,343	\$ 271,789	\$ 616,653	\$ 59,536	\$ 4,367,177	\$ 974,204	\$ 1,945,128	\$ 82,686	\$ 2,155,724
Accrued interest	-	-	-	-	-	-	-	69,474	-	-
	\$ 3,353,553	\$ 190,343	\$ 271,789	\$ 616,653	\$ 59,536	\$ 4,367,177	\$ 974,204	\$ 2,014,602	\$ 82,686	\$ 2,155,724

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

C. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2007 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases and Adjustments	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 6,066,882	\$ -	\$ -	\$ 6,066,882
Capital assets, being depreciated:				
Land improvements	717,392	28,327	-	745,719
Buildings and improvements	52,351,695	769,449	(109,814)	53,011,330
Equipment	32,792,703	1,224,575	(245,913)	33,771,365
Infrastructure	785,384,855	17,672,387	(1,747,100)	801,310,142
Total capital assets, being depreciated	871,246,645	19,694,738	(2,102,827)	888,838,556
Less accumulated depreciation for:				
Land improvements	(425,134)	(19,388)	-	(444,522)
Buildings and improvements	(22,008,790)	(1,623,623)	95,486	(23,536,927)
Equipment	(23,693,319)	(2,111,792)	239,045	(25,566,066)
Infrastructure	(278,663,659)	(18,171,353)	1,747,100	(295,087,912)
Total accumulated depreciation	(324,790,902)	(21,926,156)	2,081,631	(344,635,427)
Total capital assets, being depreciated, net	546,455,743	(2,231,418)	(21,196)	544,203,129
Governmental activities capital assets, net	\$ 552,522,625	\$ (2,231,418)	\$ (21,196)	\$ 550,270,011

	Beginning Balance	Increases	Decreases and Adjustments	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 6,039,158	\$ 47,850	\$ -	\$ 6,087,008
Construction in progress	3,912,224	5,809,756	(1,685,895)	8,036,085
Total capital assets, not being depreciated	9,951,382	5,857,606	(1,685,895)	14,123,093
Capital assets, being depreciated:				
Land improvements	347,229	-	-	347,229
Buildings and improvements	23,459,095	-	-	23,459,095
Improvements other than buildings	132,466,547	8,142,136	-	140,608,683
Equipment	3,518,581	54,365	(36,550)	3,536,396
Total capital assets, being depreciated	159,791,452	8,196,501	(36,550)	167,951,403
Less accumulated depreciation for:				
Land improvements	(221,536)	(13,690)	-	(235,226)
Buildings and improvements	(8,909,284)	(645,796)	-	(9,555,080)
Improvements other than buildings	(37,061,557)	(2,586,197)	-	(39,647,754)
Equipment	(2,683,997)	(132,545)	36,550	(2,779,992)
Total accumulated depreciation	(48,876,374)	(3,378,228)	36,550	(52,218,052)
Total capital assets, being depreciated, net	110,915,078	4,818,273	-	115,733,351
Business-type activities capital assets, net	\$ 120,866,460	\$ 10,675,879	\$ (1,685,895)	\$ 129,856,444

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

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

Governmental activities:	
General government	\$ 732,830
Public safety	1,176,098
Streets, alleys and bridges	18,592,955
Community development	7,936
Culture and recreation	832,572
Public health and welfare	93,621
Internal service	<u>490,144</u>
Total depreciation expense - governmental activities	<u><u>\$ 21,926,156</u></u>
Business - type activities:	
Water	\$ 2,695,984
Parking	<u>682,244</u>
Total depreciation expense - business-type activities	<u><u>\$ 3,378,228</u></u>

Construction commitments

The City has active construction projects as of December 31, 2007. The projects include street resurfacing, widening and construction of existing streets and bridges, drainage projects, sidewalks, water systems, improvements and studies in areas of newly developed housing. At year-end, the City's commitments with contractors are as follows:

<u>Project</u>	<u>Commitment</u>
Metro Centre Redevelopment	\$ 11,215,591
Harrison Ave Corridor	178,053
Harrison Ave Rehab Phase I	492,328
Harrison Avenue Reconstruction	181,805
City/State Kishwaukee Street	172,974
West State Street Crossover	281,702
Streambank Stabilization	108,552
C-W Residential Reconstruction	278,655
Harmon Park Drainage	223,174
Alpine Dam-Reconstruction	319,919
C-W Alley Reconstruction	113,866
C-W Residential Resurface	471,418
Auburn Street Rehab	158,615
Harrison Avenue Bridges	775,919
Harrison Avenue Reconstruction	325,911
Water Rehab Plan	146,426
Base Well Rehab Phase I	108,802
Stanley Street Pumping	<u>524,024</u>
Total	<u><u>\$ 16,077,734</u></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, 2007 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 1,375,343	\$ 2,290	\$ -	\$ 1,377,633
Total capital assets, not being depreciated	<u>1,375,343</u>	<u>2,290</u>	<u>-</u>	<u>1,377,633</u>
Capital assets, being depreciated:				
Buildings and improvements	6,184,338	57,165	(6,130)	6,235,373
Equipment	11,739,780	6,884,375	(4,156,506)	14,467,649
Total capital assets, being depreciated	<u>17,924,118</u>	<u>6,941,540</u>	<u>(4,162,636)</u>	<u>20,703,022</u>
Less accumulated depreciation for:				
Buildings and improvements	(2,677,554)	(183,335)	6,130	(2,854,759)
Equipment	(9,345,068)	(955,038)	4,156,506	(6,143,600)
Total accumulated depreciation	<u>(12,022,622)</u>	<u>(1,138,373)</u>	<u>4,162,636</u>	<u>(8,998,359)</u>
Total capital assets, being depreciated, net	<u>5,901,496</u>	<u>5,803,167</u>	<u>-</u>	<u>11,704,663</u>
District capital assets, net	<u>\$ 7,276,839</u>	<u>\$ 5,805,457</u>	<u>\$ -</u>	<u>\$ 13,082,296</u>

Activity for the Authority for the year ended June 30, 2007 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 2,937,014	\$ -	\$ -	\$ 2,937,014
Construction in progress	9,719	1,095,131	(114,576)	990,274
Intangible capital assets - Hockey franchise	-	4,372,653	-	4,372,653
Total capital assets, not being depreciated	<u>2,946,733</u>	<u>5,467,784</u>	<u>(114,576)</u>	<u>8,299,941</u>
Capital assets, being depreciated:				
Buildings and improvements	16,281,026	-	-	16,281,026
Equipment	6,593,067	141,994	-	6,735,061
Total capital assets, being depreciated	<u>22,874,093</u>	<u>141,994</u>	<u>-</u>	<u>23,016,087</u>
Less accumulated depreciation for:				
Buildings and improvements	(8,835,233)	(460,730)	-	(9,295,963)
Equipment	(3,655,561)	(409,035)	-	(4,064,596)
Total accumulated depreciation	<u>(12,490,794)</u>	<u>(869,765)</u>	<u>-</u>	<u>(13,360,559)</u>
Total capital assets, being depreciated, net	<u>10,383,299</u>	<u>(727,771)</u>	<u>-</u>	<u>9,655,528</u>
Authority capital assets, net	<u>\$ 13,330,032</u>	<u>\$ 4,740,013</u>	<u>\$ (114,576)</u>	<u>\$ 17,955,469</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, 2007 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, 2007, 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	\$ 267,593
	Human Services	Interfund cash advances	1,363,058
	Nonmajor governmental	Interfund cash advances	7,811,194
	Nonmajor governmental	Interfund interest on common cash	28,262
	Enterprise parking	Interfund cash advances	200,777
	Internal Service	Interfund cash advances	364,028
			10,034,912
Public Library	General	Interfund interest on common cash	55,758
Debt Service	General	Interfund interest on common cash	126,793
Capital Projects	General	Interfund interest on common cash	202,729
	Community Development	Interfund charges	683
	Nonmajor governmental	Future Motor Fuel Tax receipts and West Side TIF property tax receipts	631,451
			88,635
			923,498
Nonmajor governmental	General	Interfund interest on common cash	69,773
Internal Service	General	Interfund interest on common cash	38,486
Enterprise: Water Utility	General	Interfund interest on common cash	246,276
	Water Utility	Internal Service	Interfund loan
			348,951
Total governmental funds			\$ 11,598,171

Transfers between funds for the year ended December 31, 2007 are as follows:

	Transfers in:						Total
	General Fund	Community Development Fund	Human Services Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	
Transfers out:							
General Fund	\$ -	\$ 41,513	\$528,000	\$1,024,290	\$ 1,500,000	\$ 105,734	\$ 3,199,537
Library Fund	-	-	-	243,941	-	-	243,941
Community Development Fund	429,500	-	218,705	-	-	-	648,205
Capital Projects Fund	188,750	-	-	-	-	560,954	749,704
Nonmajor governmental funds	3,030,818	163,552	-	6,154,728	3,620,814	-	12,969,912
Parking Enterprise Fund	-	-	-	57,600	-	-	57,600
Total transfer out	\$3,649,068	\$ 205,065	\$746,705	\$7,480,559	\$ 5,120,814	\$ 666,688	\$17,868,899

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

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, 2007 consisted of the following:

	General Fund	Public Library Fund	Community Development Fund	Human Services Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Internal Service Funds	Total
Property Taxes	\$ 34,325,208	\$ 6,817,730	\$ -	\$ -	\$ 8,206,149	\$ -	\$ 5,980,571	\$ -	\$ 55,329,658
Grants	1,100,383	-	51,146	442,299	-	-	37,003	-	1,630,831
Other	264,974	-	-	-	-	476,346	-	730,881	1,472,201
	<u>\$ 35,690,565</u>	<u>\$ 6,817,730</u>	<u>\$ 51,146</u>	<u>\$ 442,299</u>	<u>\$ 8,206,149</u>	<u>\$ 476,346</u>	<u>\$ 6,017,574</u>	<u>\$ 730,881</u>	<u>\$ 58,432,690</u>

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 executor costs to be paid by the lessee. Future minimum rentals of the primary government total \$473,727 as of December 31, 2007, and are to be received as follows: 2008 - \$105,240; 2009 - \$105,240; 2010 - \$105,240; 2011 - \$105,240, 2012 - \$48,517 and 2013 - \$4,250.

G. LONG-TERM OBLIGATION ACTIVITY

Long-term obligation activity for the year ended December 31, 2007 was as follows:

	Balance January 1, 2007	Additions	Reductions	Balance December 31, 2007	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 95,950,000	\$ 35,115,000	\$ (16,680,000)	\$ 114,385,000	\$ 9,415,000
Less deferred amounts:					
For issuance	(304,859)	(279,103)	59,044	(524,918)	(63,040)
On refunding	(294,950)	(210,679)	100,576	(405,053)	(81,261)
Total bonds payable	<u>95,350,191</u>	<u>34,625,218</u>	<u>(16,520,380)</u>	<u>113,455,029</u>	<u>9,270,699</u>
Section 108 Guaranteed Loans	1,810,000	-	(80,000)	1,730,000	85,000
EPA Water Pollution Obligation	886,981	-	(93,025)	793,956	95,852
Claims and judgments	6,182,484	3,591,768	(3,403,679)	6,370,573	4,743,426
Net OPEB obligation	-	589,926	(222,144)	367,782	-
Compensated absences	5,497,106	4,751,523	(3,782,486)	6,466,143	891,343
Governmental activities long-term liabilities	<u>\$ 109,726,762</u>	<u>\$ 43,558,435</u>	<u>\$ (24,101,714)</u>	<u>\$ 129,183,483</u>	<u>\$ 15,086,320</u>

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

	Balance January 1, 2007	Additions	Reductions	Balance December 31, 2007	Due Within One Year
Business-type activities:					
Bonds payable:					
General obligation alternate bonds:					
Water Utility Fund	\$ 33,890,000	\$ 3,500,000	\$ (3,105,000)	\$ 34,285,000	\$ 3,210,000
Less deferred amounts:					
For issuance costs	(228,892)	(27,992)	24,213	(232,671)	(25,154)
For gain (loss) on refunding of:					
General obligation bonds	(98,698)	-	41,710	(56,988)	(29,725)
Total bonds payable	33,562,410	3,472,008	(3,039,077)	33,995,341	3,155,121
Compensated absences	381,219	425,080	(417,086)	389,213	98,103
Refundable water main extension advance	789,102	42,718	(136,013)	695,807	121,500
Customer deposits	260,644	-	(11,280)	249,364	12,000
Business-type activities long-term liabilities	\$ 34,993,375	\$ 3,939,806	\$ (3,603,456)	\$ 35,329,725	\$ 3,386,724
Component Units:					
Rockford Mass Transit District					
Net pension obligation	\$ 487,955	\$ -	\$ (55,610)	\$ 432,345	\$ -
Rockford Metropolitan Exposition, Auditorium and Office Building Authority					
Lines of credit	1,955,322	-	-	1,955,322	1,955,322
Capital lease	437,534	-	(133,233)	304,301	139,007
Total component units	\$ 2,880,811	\$ -	\$ (188,843)	\$ 2,691,968	\$ 2,094,329

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, \$345,933 of internal service funds compensated absences and \$6,370,573 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 Fund and other non-major funds. The net OPEB obligation is liquidated by the General Fund.

(1) GENERAL OBLIGATION BONDS AND ALTERNATE BONDS

The City has issued general obligation bonds to provide for 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 \$129,840,000. During the year, new general obligation bonds totaling \$38,615,000 were issued: \$6,865,000 to refund general obligation bonds, \$31,750,000 for construction projects and \$3,500,000 for water utilities.

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	Final Maturity Date	Amount
Governmental activities				
1997-C Sewer Improvement General Obligation Alternate Bond Issue	\$ 350,000	5.50%	2010	\$ 110,000
1999-A Capital Improvement General Obligation Bond Issue	7,000,000	4.50% - 4.75%	2012	3,250,000
1999-B Coronado Theatre Project General Obligation Alternate Bond Issue	7,000,000	5.00%	2018	200,000
2000-A Capital Improvement General Obligation Bond Issue	6,000,000	5.25% - 5.375%	2013	3,380,000
2000-C Southwest Revitalization Project General Obligation Bond Issue	4,000,000	5.50%	2010	510,000
2000-D Charles Street Improvement Project General Obligation Alternate Bond Issue	3,000,000	5.00% - 5.25%	2015	1,910,000
2001-A Capital Improvement General Obligation Bond Issue	7,000,000	4.40%	2014	4,490,000
2002-A Street Improvement General Obligation Alternate Bond Issue	8,000,000	4.125% - 4.65%	2015	5,620,000
2002-C Charles Street Improvement General Obligation Alternate Bond Issue	3,000,000	4.125% - 4.65%	2015	2,130,000
2002 Taxable General Obligation Alternate Bond Issue	2,500,000	4.80% - 5.40%	2012	2,130,000
2002-D Springfield Corners General Obligation Alternate Bond Issue	1,300,000	3.75% - 5.00%	2021	1,250,000
2003 Street Improvement General Obligation Bond Issue	8,200,000	2.875% - 4.00%	2016	6,330,000
2004-A Street Improvement General Obligation Bond Issue	8,500,000	3.125% - 4.25%	2017	7,100,000
2004-C Equipment General Obligation Alternate Bond Issue	3,200,000	2.50% - 4.00%	2014	2,490,000
2004-D Seventh Street Revitalization General Obligation Alternate Bond Issue	2,000,000	4.00% - 5.25%	2016	1,690,000
2004-E Capital Improvements General Obligation Alternate Bond Issue	4,650,000	3.375% - 4.50%	2023	4,650,000
2005-A Capital Improvements General Obligation Alternate Bond Issue	\$ 8,700,000	3.25% - 4.10%	2018	7,910,000
2005-C Global Trade Park General Obligation Alternate Bond Issue	915,000	3.25% - 4.00%	2015	865,000
2005-C Neighborhood Revitalization General Obligation Alternate Bond Issue	6,305,000	3.25% - 4.40%	2024	6,305,000
2005-D Lowes Distribution Center Taxable General Obligation Bond Issue	2,850,000	5.00% - 5.12%	2018	2,675,000
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	6,300,000
2007-B Metro Centre Improvement Taxable General Obligation Bond Issue	16,700,000	5.125% - 5.40%	2027	16,700,000
2007-E Preston Central Redevelopment General Obligation Alternate Bond Issue	1,100,000	4.25% - 4.85%	2027	1,100,000
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	4.00% - 4.75%	2027	3,050,000
				<u>95,745,000</u>

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

Purpose	Original Issue Amount	Interest Rates	Final Maturity Date	Amount
Governmental activities - refunding				
1997-B Refunding General Obligation Bond Issue	\$ 7,560,000	4.85% - 5.20%	2009	\$ 1,515,000
1999-A Refunding General Obligation Bond Issue	9,500,000	4.375% - 4.75%	2009	2,540,000
2002-D Refunding General Obligation Alternate Bond Issue	705,000	3.00% - 3.75%	2008	50,000
2003-1 & 3 Refunding General Obligation Bond Issue	3,410,000	2.00% - 2.80%	2009	1,260,000
2004-F Refunding General Obligation Alternate Bond Issue	4,375,000	2.50% - 3.35%	2011	2,995,000
2004-H Refunding General Obligation Bond Issue	3,070,000	3.00% - 4.25%	2020	2,985,000
2005-C Refunding General Obligation Alternate Bond Issue	530,000	3.10% - 4.40%	2018	530,000
2007-C Refunding General Obligation Bond Issue	6,865,000	3.70% - 3.75%	2018	6,765,000
				<u>18,640,000</u>
				<u>\$ 114,385,000</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	Final Maturity Date	Amount
Business-type activities				
Water Utility Fund:				
1999-B General Obligation Alternate Bond Issue	\$ 5,300,000	4.45% - 4.50%	2018	\$ 3,245,000
2000-B General Obligation Alternate Bond Issue	2,200,000	5.375% - 5.43%	2013	1,225,000
2001-B General Obligation Alternate Bond Issue	2,220,000	4.50%	2014	1,490,000
2002-B General Obligation Alternate Bond Issue	2,220,000	4.125% - 4.65%	2015	1,565,000
2003-B General Obligation Alternate Bond Issue	2,200,000	3.00% - 4.00%	2016	1,720,000
2004-B General Obligation Alternate Bond Issue	2,200,000	3.125% - 4.25%	2017	1,870,000
2005-B General Obligation Alternate Bond Issue	2,200,000	3.65% - 4.10%	2018	2,015,000
2006-A General Obligation Alternate Bond Issue	15,000,000	4.15% - 4.15%	2018	15,000,000
2007-D General Obligation Alternate Bond Issue	3,500,000	4.10% - 4.75%	2027	3,500,000
				<u>31,630,000</u>
Business-type activities - refunding				
Water Utility Fund:				
2001A-2 Refunding General Obligation Alternate Bond Issue	5,345,000	3.60%	2008	305,000
2002-D Refunding General Obligation Alternate Bond Issue	1,355,000	3.75%	2008	240,000
2003-2 Refunding General Obligation Alternate Bond Issue	1,365,000	2.55% - 2.80%	2009	505,000
2004-G Refunding General Obligation Alternate Bond Issue	2,475,000	2.70% - 3.35%	2009	1,605,000
				<u>2,655,000</u>
				<u>\$ 34,285,000</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
2008	9,415,000	4,914,550	3,210,000	1,445,828
2009	10,960,000	4,536,426	2,805,000	1,326,823
2010	9,430,000	4,118,106	2,685,000	1,220,494
2011	9,335,000	3,723,219	2,510,000	1,113,990
2012	9,275,000	3,332,203	2,375,000	1,010,909
2013	8,690,000	2,930,801	2,240,000	910,876
2014	8,705,000	2,556,951	2,095,000	816,419
2015	8,260,000	2,187,336	1,945,000	726,599
2016	7,090,000	1,833,496	1,805,000	642,623
2017	6,285,000	1,534,065	1,635,000	564,899
2018	5,210,000	1,266,627	1,455,000	493,630
2019	3,185,000	1,042,192	1,025,000	429,687
2020	2,935,000	897,193	1,075,000	384,162
2021	2,490,000	761,324	1,100,000	336,187
2022	2,420,000	643,605	1,150,000	286,887
2023	2,560,000	528,284	1,175,000	234,938
2024	2,290,000	405,716	1,200,000	181,863
2025	1,860,000	294,314	1,275,000	127,462
2026	1,940,000	201,015	1,300,000	69,687
2027	2,050,000	103,450	225,000	10,687
Total	\$ 114,385,000	\$ 37,810,873	\$ 34,285,000	\$ 12,334,650

(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, 2007 is \$850,000 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 the Secretary of Housing and Urban Development (HUD) under the Section 108 Guaranteed Loans Program. The outstanding balance at December 31, 2007 is \$880,000 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, 2007 is \$793,956 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
2008	\$ 85,000	\$ 87,788	\$ 95,852	\$ 23,221
2009	90,000	83,980	98,764	20,309
2010	100,000	79,858	101,764	17,309
2011	100,000	75,203	104,855	14,217
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>\$ 1,730,000</u>	<u>\$ 691,795</u>	<u>\$ 793,956</u>	<u>\$ 99,091</u>

c) COMPENSATED ABSENCES

Governmental activities:

Vested vacation pay of \$4,478,706 and vested sick pay of \$1,987,437 for employees paid from governmental funds are included in the Government-wide Statement of Net Assets.

(3) CURRENT REFUNDING OF DEBT

On March 15, 2007, \$6,865,000 in General Obligation Bonds, Series 2007C were issued to refund the Coronado Theater Renovation General Obligation Bonds, Series 1999B (principal amount of \$6,560,000). Proceeds from the sale were placed in an irrevocable escrow account that is to be used to service future debt requirements until December 15, 2008 at which time the refunded bonds are redeemed. The reacquisition price exceeded the net carrying amount of the old debt by \$210,679 all of which relates to the Debt Service Fund. The transaction resulted in an economic gain of \$452,459. The savings resulting from the refunding was as follows:

	Governmental Activities	Business-type Activities	Total
Cash flow requirements to service (old) debt	\$ 9,408,930	\$ -	\$ 9,408,930
Less: Cash flow requirements for new debt	8,915,381	-	8,915,381
Net savings from refunding	<u>\$ 493,549</u>	<u>\$ -</u>	<u>\$ 493,549</u>
Present value of net savings			<u>\$ 452,459</u>

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, 2007 is \$2,740,000, of this amount all \$2,740,000 relates to the Water Utility. Funds in escrow accounts are excluded from the City's financial statements.

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

(4) LEGAL DEBT LIMITATION

The State imposes a legal limit of 8.625% of the total equalized assessed valuation on the amount of general bond indebtedness. The City of Rockford further limits its indebtedness, by ordinance, to 80.0% of the State limit. As of December 31, 2007, the City indebtedness was 43,587,339 less than the City limit and \$78,650,413 less than the State limit.

(5) COMPONENT UNITS

a) LINES OF CREDIT

The Authority has a \$750,000 line of credit, which is renewable each year in November and carries an interest rate of the bank's prime rate plus 0.25%. The Authority's bank deposits and any other property in possession, custody, or control of the bank serve as collateral for this line of credit. As of June 30, 2007, the amount of outstanding borrowings under this agreement was \$700,000.

The Authority obtained another line of credit in the amount of \$1,400,000 for the purpose of installing an ice hockey rink and purchasing the related equipment. It expires October 5, 2008 and carries an interest rate of the bank's prime rate plus 0.25%. The Authority's interest in any rents, issues, deposits, income, and profits from the lease agreement with a professional hockey team and its right, title, and interest in all net income derived from hockey events serve as collateral for this line of credit. As of June 30, 2007, the amount of outstanding borrowings under this agreement was \$1,255,322.

b) CAPITAL LEASE

During 2004, the Authority entered into a six-year capital lease agreement to lease a new ticketing system for \$776,074. The Authority will make payments of \$250,000 each year, which includes \$100,748 for annual software, hardware and website maintenance, hosting services, access subscription and other professional services. The ticketing system will be depreciated on a straight-line basis over five years. Below is a schedule of future minimum lease payments:

Year	Principal	Interest	Rent	Total
2008	139,007	10,245	100,748	250,000
2009	145,030	4,222	100,748	250,000
2010	20,264	99	42,135	62,498
	<u>\$ 304,301</u>	<u>\$ 14,566</u>	<u>\$ 243,631</u>	<u>\$ 562,498</u>

IV. OTHER INFORMATION

A. INDUSTRIAL DEVELOPMENT REVENUE BONDS

The City issued and has an estimated \$28,500,000 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. The City is self-insured for general and auto liability damages. The City has purchased commercial insurance coverage for catastrophic losses to buildings and contents totaling \$43.5 million. The City has also obtained commercial liability insurance for certain programs supported by State and Federal grant programs.

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 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:

	2007	2006
Unpaid claims at beginning of year	\$1,505,756	\$ 1,747,331
Current year claims and change in estimates	389,756	71,490
Claim payments	(391,500)	(313,065)
Unpaid claims at end of year	\$1,504,012	\$ 1,505,756
Reported as:		
Claims and judgments payable	\$1,375,280	\$ 1,484,702
Accounts payable	128,732	21,054
	\$1,504,012	\$ 1,505,756

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

Included in the \$1,504,012 are claims of \$370,000, 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 \$9,855,000. Approved claims which have been presented for reimbursement as of year end totaling \$128,732 are reported as accounts payable.

2. Health Care Coverage

The City is self-insured for its group health and dental insurance coverage. The plan provides a lifetime coverage maximum of \$1,500,000 per participant. Excess coverage has been purchased up to the lifetime maximum with a \$200,000 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:

	2007	2006
Unpaid claims at beginning of year	\$ 1,887,242	\$ 1,406,392
Current year claims and change in estimates	16,890,121	16,887,118
Claim payments	<u>(16,721,669)</u>	<u>(16,406,268)</u>
Unpaid claims at end of year	<u>\$ 2,055,694</u>	<u>\$ 1,887,242</u>
Reported as:		
Claims and judgments payable	\$ 1,838,580	\$ 1,887,242
Accounts payable	217,114	-
	<u>\$ 2,055,694</u>	<u>\$ 1,887,242</u>

3. Workmen's Compensation

The City is self-insured for its workmen's compensation coverage up to \$500,000 per occurrence and for the amount, if any, in excess of \$1,000,000. 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:

Unpaid claims at beginning of year	\$3,065,887	\$ 2,268,209
Current year claims and change in estimates	2,490,746	2,420,782
Claim payments	(2,098,235)	(1,623,104)
Unpaid claims at end of year	<u>\$3,458,398</u>	<u>\$ 3,065,887</u>
Reported as:		
Claims and judgments payable	\$3,156,713	\$ 2,810,540
Accounts payable	301,685	255,347
	<u>\$3,458,398</u>	<u>\$ 3,065,887</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, annual cost of living adjustments and death benefits to plan members and their beneficiaries. Participating members who retire at or after age 60 with 8 years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter. 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/pubs/pubs_homepage.htm 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 and may be amended by the State. Plan members are required to contribute 4.5% of their annual salary. The City is required to contribute at an actuarially determined rate. The employer rate for calendar year 2007 was 9.93% of covered payroll. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis (overfunded liability amortized on open basis). The amortization period at December 31, 2007 was 25 years.

The City's actual and required contributions to IMRF for the years ending December 31, 2005, 2006 and 2007 were \$2,481,291, \$2,830,325 and \$2,927,951 respectively, and were equal to annual pension costs for each year.

Annual pension cost. For December 31, 2007, the City's annual pension cost of \$2,927,951 was equal to the City's required and actual contributions. The required contribution was determined as part of the December 31, 2005 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions 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 10.0% per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in

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

the market value of investments over a five-year period with a 15% corridor. The assumptions used for the 2007 actuarial valuation were based on the 2002 -2004 experience study.

Three-Year Trend Information for IMRF:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2005	\$ 2,481,291	100.0	% \$ -
12/31/2006	2,830,325	100.0	-
12/31/2007	2,927,951	100.0	-

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. The PPF does not issue a separate stand-alone report.

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 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 9.91% of their annual covered salary. The City is required to contribute at an actuarially determined rate; the current rate is 17.95% of covered payroll.

Annual pension cost. For 2007, the City of Rockford’s annual pension cost was \$2,780,993. The City’s actual contribution was \$2,544,802. The net pension asset at December 31, 2007 was \$652,719. It was comprised of the following:

Annual Required Contribution (ARC)	\$ 2,803,802
Interest on the Net Pension Asset	(66,668)
Adjustment to the ARC	43,859
Annual pension cost	<u>2,780,993</u>
Contribution	<u>2,544,802</u>
Decrease in Pension Asset	(236,191)
Net pension Asset at January 1, 2007	888,910
Net pension Asset at December 31, 2007	<u>\$ 652,719</u>

The required contributions were determined as part of the January 1, 2007 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

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

amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2007 was 26 years.

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)
12/31/2005	\$ 3,036,777	101.3%	\$ (947,466)
12/31/2006	2,762,358	97.9	(888,910)
12/31/2007	2,780,993	91.5	(652,719)

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. The FPF does not issue a separate stand-alone report.

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 25.27% of covered payroll.

Annual pension cost. For 2007, the City of Rockford's annual pension cost was \$4,126,824. The City's actual contribution was \$3,833,305. The pension asset at December 31, 2007 was \$379,930. It was comprised of the following:

Annual Required Contribution (ARC)	\$ 4,144,105
Interest on the Net Pension Asset	(50,509)
Adjustment to the ARC	<u>33,228</u>
Annual pension cost	4,126,824
Contribution	<u>3,833,305</u>
Decrease in Pension Asset	(293,519)
Net pension Asset at January 1, 2007	<u>673,449</u>
Net pension Asset at December 31, 2007	<u><u>\$ 379,930</u></u>

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

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.

The required contributions were determined as part of the January 1, 2007 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, 2007 was 26 years.

Three-year trend information:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
12/31/2005	\$ 4,166,547	100.9%	\$ (754,008)
12/31/2006	4,165,400	98.1	(673,449)
12/31/2007	4,126,824	92.9	(379,930)

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 and business-type 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, 2007, membership consisted of:

Retirees and beneficiaries currently receiving benefits	116
Terminated employees entitled to benefits but not yet receiving benefits	-
Active vested plan members	686
Active nonvested plan members	518
	<hr/>
Total	1,320
	<hr/> <hr/>
Number of participating employers	1
	<hr/> <hr/>

Funding policy. For the fiscal year ending December 31, 2007, retirees contributed approximately \$222,144. 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.

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

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, 2007, 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 of \$589,926 was equal to the ARC for the fiscal year, as the transition liability was set at zero as of December 31, 2006. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2007 was as follows (information for the two preceding years is not available as an actuarial valuation was performed for the first time):

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2007	\$ 589,926	\$ -	37.7%	\$ 367,782

The net OPEB obligation as of December 31, 2007, was calculated as follows:

Annual Required Contribution	\$ 589,926
Interest on Net OPEB Obligation	-
Adjustment to Annual Required Contribution	-
Annual OPEB Cost	589,926
Contributions Made (Employee)	<u>222,144</u>
Increase (Decrease) in Net OPEB Obligation	367,782
Net OPEB Obligation Beginning of Year	<u>-</u>
Net OPEB Obligation End of Year	<u><u>\$ 367,782</u></u>

Funded Status and Funding in Process. The funded status of the plan as of December 31, 2007, was as follows:

Actuarial accrued liability (AAL)	\$ 9,062,800
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	9,062,800
Funded ratio (actuarial value of plan assets/AAL)	-
Covered payroll (active plan members)	65,578,751
UAAL as a percentage of covered payroll	13.82%

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

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

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

In the December 31, 2007, 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, 2007, was thirty years.

Individual Plan Financial Statements:

Statements of Fiduciary Net Assets - Pension Trust Funds
December 31, 2007

	Police Pension	Firefighter's Pension
ASSETS		
Cash and cash equivalents	\$ 639,814	\$ 1,478,432
Investments		
U.S. Treasury securities	-	33,424,201
US Agency securities	-	44,339,953
State and Local Government Securities	-	280,312
Equity Common Stocks	22,632,567	24,682,572
NTGI Collective Trust	73,055,576	-
ABN AMRO Stable Value Funds	16,310,659	-
Mutual Funds	46,689,335	36,227,509
Accrued interest receivable	95,250	646,606
Contributions receivable	2,350,276	3,586,441
Total assets	161,773,477	144,666,026
LIABILITIES		
Accrued liabilities	82,712	70,383
NET ASSETS		
Held in trust for pension benefits	\$ 161,690,765	\$ 144,595,643

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

Statements of Changes in Fiduciary Net Assets - Pension Trust Funds
Year Ended December 31, 2007

	Police Pension	Firefighter's Pension
ADDITIONS		
Contributions:		
Employer	\$ 3,291,206	\$ 4,653,318
Plan member	1,765,918	1,574,756
Total contributions	5,057,124	6,228,074
Investment income:		
Net appreciation in fair value of investments	9,579,620	3,980,726
Interest and dividend income	2,847,381	6,674,710
Less investment expense	(366,093)	(417,604)
Net investment income	12,060,908	10,237,832
Total additions	17,118,032	16,465,906
DEDUCTIONS		
Pension benefits	9,339,451	10,192,523
Refunds of contributions	115,549	90,344
Administrative expense	138,742	125,709
Total deductions	9,593,742	10,408,576
Change in net assets	7,524,290	6,057,330
Total net assets - beginning	154,166,475	138,538,313
Total net assets - ending	\$ 161,690,765	\$ 144,595,643

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 in 1980 to provide retirement benefits for employees of the District. 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 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. The difference between the contribution made in 2007 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, 2006 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.

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

The net pension liability at June 30, 2007 was \$432,345. It was comprised of the following:

Annual required contribution	\$ 415,651
Interest on net pension obligation (7%)	34,157
Adjustment to annual required contribution	<u>(84,618)</u>
Annual pension cost	365,190
Annual contribution made	<u>420,800</u>
Decrease in net pension liability	(55,610)
Net pension liability, beginning of year	487,955
Net pension liability, end of year	<u><u>\$ 432,345</u></u>

Three-year trend information for RMTD:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06/30/2005	\$ 384,216	105.21%	\$ 514,015
06/30/2006	394,700	106.60	487,955
06/30/2007	365,190	115.20	432,345

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 the City.
- Years 6-10 – 70% sales tax rebate of Incremental Municipal Sales Tax sourced to the City.
- Years 11-20 – 50% sales tax rebate of Incremental Municipal Sales Tax sourced to the City.

The total municipal sales tax revenue reported by the City for the year ended December 31, 2007, amounted to \$33,450,584, of which \$840,462 (or 2.5%) 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.

The City has pledged future sales tax revenues to repay \$70,990,000 in general obligation bonds issued between June 1997 and November 2007. Total principal and interest remaining on the bonds is \$96,883,501, payable through December 2027. These pledges will remain until all bonds have been retired.

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

The amount of the pledges remaining as of December 31, 2007 and a comparison of the pledged revenues collected to the related principal and interest expenditure for fiscal year 2007 are as follows:

Debt Issue	Pledged Revenue Source	Pledge Remaining	Commitment End Date	Estimated % of Revenue Pledged (1)	Principal and Interest Retired
1997-C Sewer Improvement General Obligation Alternate Bond Issue	Sales Taxes	\$ 122,375	12/15/2010	0.2%	\$ 37,700
1999-B Coronado Theatre Project General Obligation Alternate Bond Issue	Sales Taxes	210,000	12/15/2018	0.1%	157,000
2000-C Southwest Revitalization Project General Obligation Bond Issue	Sales Taxes	567,200	12/15/2010	0.8%	186,300
2000-D Charles Street Improvement Project General Obligation Alternate Bond Issue	Sales Taxes	2,376,105	12/15/2015	1.2%	296,328
2002-C Charles Street Improvement General Obligation Alternate Bond Issue	Sales Taxes	2,577,790	12/15/2015	1.3%	311,044
2002 Taxable General Obligation Alternate Bond Issue	Sales Taxes	2,468,580	12/15/2012	2.0%	495,586
2002-D Springfield Corners General Obligation Alternate Bond Issue	Sales Taxes	1,749,625	12/15/2021	0.5%	107,974
2002-D Refunding General Obligation Alternate Bond Issue	Sales Taxes	51,875	12/15/2008	0.2%	89,850
2004-C Equipment General Obligation Alternate Bond Issue	Sales Taxes	2,887,650	12/15/2014	1.7%	398,926
2004-D Seventh Street Revitalization General Obligation Alternate Bond Issue	Sales Taxes	2,152,645	12/15/2016	1.0%	219,310
2004-E Capital Improvements General Obligation Alternate Bond Issue	Sales Taxes	6,046,125	12/15/2023	1.5%	187,400
2004-H Refunding General Obligation Alternate Bond Issue	Sales Taxes	4,041,598	12/15/2020	1.3%	89,921
2005-C Global Trade Park General Obligation Alternate Bond Issue	Sales Taxes	1,037,262	12/15/2015	0.5%	85,100
2005-C Neighborhood Revitalization General Obligation Alternate Bond Issue	Sales Taxes	9,214,067	12/15/2024	2.2%	266,150
2005-C Refunding General Obligation Alternate Bond Issue	Sales Taxes	707,300	12/15/2018	0.3%	21,688
2005-D Lowes Distribution Center Taxable General Obligation Bond Issue	Sales Taxes	3,557,218	12/15/2018	1.3%	309,844
2006-B Hope Six Revitalization Project General Obligation Alternate Bond Issue	Sales Taxes	3,800,687	12/15/2024	0.9%	111,750
2007-A Metro Centre Improvement General Obligation Alternate Bond Issue	Sales Taxes	9,350,444	12/15/2027	1.9%	192,431
2007-B Metro Centre Improvement Taxable General Obligation Bond Issue	Sales Taxes	27,446,425	12/15/2027	5.6%	656,756
2007-C Refunding General Obligation Bond Issue	Sales Taxes	8,622,355	12/15/2018	3.2%	193,026
2007-E Preston Central Redevelopment General Obligation Alternate Bond Issue	Sales Taxes	1,743,700	12/15/2027	0.4%	-
2007-F Sewer Improvement General Obligation Alternate Bond Issue	Sales Taxes	1,505,000	12/15/2017	0.6%	22,250
2007-G Library Construction General Obligation Alternate Bond Issue	Sales Taxes	4,647,475	12/15/2027	0.9%	66,434
		<u>\$ 96,883,501</u>		<u>29.4%</u>	<u>\$ 4,502,768</u>

(1) During FY 2007, total sales taxes collected (pledged revenues) amounted to \$24,695,522.

The City has pledged future water customer revenues to repay \$34,285,000 in general obligation bonds issued between June 1999 and April 2007. Total principal and interest remaining on the bonds is \$46,619,650, payable through December 2027. These pledges will remain until all bonds have been retired.

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

The amount of the pledges remaining as of December 31, 2007 and a comparison of the total water customer net revenues collected to the related principal and interest expenditure for fiscal year 2007 are as follows:

Debt Issue	Pledged Revenue Source	Pledge Remaining	Commitment End Date	Estimated % of Revenue Pledged (1)	Principal and Interest Retired
1999-B General Obligation Alternate Bond Issue	Water Fees	\$ 4,027,152	12/15/2018	5.1%	\$ 489,658
2000-B General Obligation Alternate Bond Issue	Water Fees	1,464,801	12/15/2013	3.4%	250,176
Water Utility Fund:					
2001A-2 Refunding General Obligation	Water Fees	315,980	12/15/2008	4.4%	316,306
2001-B General Obligation Alternate Bond Issue	Water Fees	1,770,800	12/15/2014	3.5%	564,606
2002-B General Obligation Alternate Bond Issue	Water Fees	1,893,972	12/15/2015	3.3%	229,459
2002-D Refunding General Obligation Alternate Bond Issue	Water Fees	249,000	12/15/2008	3.5%	252,226
2003-B General Obligation Alternate Bond Issue	Water Fees	2,054,465	12/15/2016	3.2%	214,562
2003-2 Refunding General Obligation Alternate Bond Issue	Water Fees	525,808	12/15/2009	3.7%	248,702
2004-B General Obligation Alternate Bond Issue	Water Fees	2,313,838	12/15/2017	2.9%	221,628
2004-G Refunding General Obligation Alternate Bond Issue	Water Fees	1,718,957	12/15/2009	12.0%	483,492
2005-B General Obligation Alternate Bond Issue	Water Fees	2,522,796	12/15/2018	3.2%	216,746
2006-A General Obligation Alternate Bond Issue	Water Fees	22,474,000	12/15/2018	28.6%	657,000
2007-D General Obligation Alternate Bond Issue	Water Fees	5,288,081	12/15/2027	3.7%	12,689
		<u>\$ 46,619,650</u>		<u>80.7%</u>	<u>\$ 4,157,250</u>

(1) During FY 2007, total water fund net revenue (pledged revenues) amounted to \$7,137,758.

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, 2007, the City has \$5,453,766 available to be received in the future under these Community Development Grants in the event qualifying expenditures are made.

G. SUBSEQUENT EVENTS

On November 26, 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 on or before June 1, 2009, purchase the properties from RLDC at the price RLDC acquired them, and reimburse RLDC for expenses incurred in the performance of its duties. At December 31, 2007, there were no outstanding borrowings under this agreement.

In April 2008, the City Council approved the issuance of \$12,150,000 of general obligation bonds Series 2008. The obligations are due serially commencing on December 15, 2008 until maturity in 2028. Proceeds of the Series 2008A (\$9,000,000) will be used to 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 and \$3.5

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

million Series 2007D in November 2007). The proceeds of the 2008B Bonds (\$1,300,000) will be used to fund revitalization projects in the Global Industrial Trade Park and the Jackson Park Tax increment financing districts. The proceeds of the 2008C Bonds (\$1,850,000) will be used to fund the purchase of a 290 space multilevel parking deck in the west side business district.

Subsequent to the end of the City's fiscal year, the credit and liquidity crisis in the United States and throughout the global financial system has resulted in substantial volatility in financial markets and the banking system. These and other economic events have had a significant adverse impact on investment portfolios. As a result, the Police and Firefighters' pension plans investments have likely incurred a significant decline in fair value since December 31, 2007. In addition, certain non-readily marketable investments are significantly less liquid than they have been historically (and in some cases the counter parties have imposed redemption restrictions).

H. FUTURE ACCOUNTING PRONOUNCEMENTS

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

Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, issued November 2006, is effective for the City beginning with its year ending December 31, 2008. This Statement establishes uniform standards requiring more timely and complete reporting of pollution remediation obligations.

Statement No. 50, *Pension Disclosures*, issued May 2007, is effective for the City beginning with its year ending December 31, 2008. This Statement more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits and, in doing so enhances information disclosed in notes to financial statements or presented as required supplementary information by pension plans and by employers that provide pension benefits.

Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, issued June 2007, is effective for the City beginning with its year ending December 31, 2010. This Statement establishes accounting and financial reporting requirements for intangible assets and reduces inconsistencies that have developed.

Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, issued November 2007, is effective for the City beginning with its year ending December 31, 2009. This Statement establishes consistent standards for the reporting of land and other real estate held as investments by endowments.

Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, issued June 2008, is effective for the City beginning with its year ending December 31, 2010. This statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Derivative instruments are often complex financial arrangements used by governments to manage specific risks or to make investments.

Management has not currently determined what impact, if any, these statements may have on its financial statements.

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, 2007
(Required Supplementary Information)

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Taxes	\$ 67,102,508	\$ 67,102,508	\$ 66,863,131	\$ (239,377)
Licenses and permit	5,063,700	5,063,700	4,893,701	(169,999)
Intergovernmental	26,021,979	26,021,979	26,591,733	569,754
Charges for service:	6,079,100	6,079,100	6,654,195	575,095
Fines	1,701,000	1,701,000	1,785,467	84,467
Interest	500,000	500,000	1,491,329	991,329
Miscellaneous	577,200	577,200	537,938	(39,262)
Total revenues	107,045,487	107,045,487	108,817,494	1,772,007
EXPENDITURES				
Current:				
General government				
Mayor's office	938,400	938,400	987,591	(49,191)
City Council	419,149	419,149	429,802	(10,653)
Legal department	1,977,360	1,977,360	1,958,813	18,547
Finance office	4,898,815	4,898,815	4,599,828	298,987
Workforce investment board	398,419	398,419	335,358	63,061
Board of fire and police commissio	194,590	194,590	198,250	(3,660)
Board of electior	784,985	784,985	883,220	(98,235)
Personnel departmen	798,701	798,701	777,187	21,514
Mass transit subsidy	1,428,000	1,428,000	1,428,000	-
Total general governmen	11,838,419	11,838,419	11,598,049	240,370
Public safety				
Police department	41,518,130	41,618,130	42,621,389	(1,003,259)
Fire department	32,780,295	33,421,695	34,061,439	(639,744)
Public works - traffic	5,528,266	4,028,266	3,935,570	92,696
Building department	2,036,571	2,014,580	2,028,579	(13,999)
Total public safety	81,863,262	81,082,671	82,646,977	(1,564,306)
Streets, alleys and bridge:				
Administration	685,802	685,802	580,601	105,201
Engineering	637,770	637,770	524,240	113,530
Street and sewer	6,178,551	6,481,551	8,029,173	(1,547,622)
Traffic - street light:	2,577,223	2,577,223	2,391,019	186,204
Total streets, alleys and bridge:	10,079,346	10,382,346	11,525,033	(1,142,687)
Community developmen				
Administration	268,733	295,488	205,289	90,199
Code Enforcemen	-	140,901	21,991	118,910
Planning and zoning	1,718,655	1,718,655	1,648,888	69,767
Total community developmen	1,987,388	2,155,044	1,876,168	159,966
Sanitation and sewers:				
Public works - sewer:	590,609	590,609	509,657	80,952
Total current expenditures:	106,359,024	106,049,089	108,155,884	(2,225,705)
Capital Outlay:				
General government				
Mayor's office	35,000	35,000	21,102	13,898
Total general governmen	35,000	35,000	21,102	13,898
Public safety				
Police department	543,925	863,925	798,564	65,361
Fire department	707,000	1,397,700	425,284	972,416
Total public safety	1,250,925	2,261,625	1,223,848	1,037,777
Community developmen				
Planning and zoning	39,000	39,000	-	39,000
Total capital expenditures:	1,324,925	2,335,625	1,244,950	1,090,675
Total expenditures	107,683,949	108,384,714	109,400,834	(1,135,030)
Excess of revenues over (under) expenditure	(638,462)	(1,339,227)	(583,340)	755,887
OTHER FINANCING SOURCES (USES)				
Transfers in	3,187,100	3,564,418	3,649,068	84,650
Transfers out	(3,004,082)	(3,004,082)	(3,199,537)	(195,455)
Total other financing sources (uses)	183,018	560,336	449,531	(110,805)
Net change in fund balance	\$ (455,444)	\$ (778,891)	(133,809)	\$ 645,082
Fund balance - beginning			33,340,291	
Fund balance - ending			\$ 33,206,482	

See Notes to Required Supplementary Information

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, 2007
(Required Supplementary Information)

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Taxes	\$ 6,606,609	\$ 6,606,609	\$ 6,535,762	\$ (70,847)
Intergovernmental	1,048,000	1,048,000	1,209,924	161,924
Charges for services	42,600	42,600	61,790	19,190
Fines	118,320	118,320	139,397	21,077
Interest	55,000	55,000	189,920	134,920
Miscellaneous	82,000	82,000	168,356	86,356
Total revenues	<u>7,952,529</u>	<u>7,952,529</u>	<u>8,305,149</u>	<u>352,620</u>
EXPENDITURES				
Current - Culture and recreation	7,376,343	7,383,876	7,123,268	260,608
Debt service - Interest and service fee:	12,500	220,291	29,849	190,442
Capital Outlay - Culture and recreation:	257,350	208,950	406,116	(197,166)
Total expenditures	<u>7,646,193</u>	<u>7,813,117</u>	<u>7,559,233</u>	<u>253,884</u>
Excess of revenues over (under) expenditures	<u>306,336</u>	<u>139,412</u>	<u>745,916</u>	<u>606,504</u>
OTHER FINANCING SOURCES (USES)				
Issuance of general obligation bonds	-	3,050,000	3,050,000	-
Discount on issue of general obligation bonds	-	(24,359)	(24,359)	-
Transfers out	(250,000)	(250,000)	(243,941)	6,059
Total other financing sources (uses)	<u>(250,000)</u>	<u>2,775,641</u>	<u>2,781,700</u>	<u>6,059</u>
Net changes in fund balance	<u>\$ 56,336</u>	<u>\$ 2,915,053</u>	<u>3,527,616</u>	<u>\$ 612,563</u>
Fund balance - beginning			<u>2,836,227</u>	
Fund balance - ending			<u>\$ 6,363,843</u>	

See Notes to Required Supplementary Information

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, 2007

(Required Supplementary Information)

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Intergovernmental	\$ 3,891,650	\$ 3,871,206	\$ 4,039,297	\$ 168,091
Interest	-	-	84,857	84,857
Miscellaneous	155,000	238,000	142,575	(95,425)
Total revenues	<u>4,046,650</u>	<u>4,109,206</u>	<u>4,266,729</u>	<u>157,523</u>
EXPENDITURES				
Current - Community development	4,621,814	4,743,178	4,593,949	149,229
Debt service:				
Principal payments	-	-	80,000	(80,000)
Interest payments	-	-	85,674	(85,674)
Total expenditures	<u>4,621,814</u>	<u>4,743,178</u>	<u>4,759,623</u>	<u>(16,445)</u>
Excess of revenues over (under) expenditures	<u>(575,164)</u>	<u>(633,972)</u>	<u>(492,894)</u>	<u>141,078</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	225,600	225,600	205,065	(20,535)
Transfers out	(407,700)	(454,500)	(648,205)	(193,705)
Total other financing sources (uses)	<u>(182,100)</u>	<u>(228,900)</u>	<u>(443,140)</u>	<u>(214,240)</u>
Net changes in fund balance	<u>\$ (757,264)</u>	<u>\$ (862,872)</u>	<u>(936,034)</u>	<u>\$ (73,162)</u>
Fund balance - beginning			<u>2,934,096</u>	
Fund balance - ending			<u>\$ 1,998,062</u>	

See Notes to Required Supplementary Information.

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, 2007
(Required Supplementary Information)

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Intergovernmental	\$ 11,270,555	\$11,270,555	\$13,612,252	\$ 2,341,697
Interest	-	-	18,903	18,903
Miscellaneous	-	-	73,133	73,133
Total revenues	<u>11,270,555</u>	<u>11,270,555</u>	<u>13,704,288</u>	<u>2,433,733</u>
EXPENDITURES				
Current - Public health and welfare	11,776,536	11,776,536	14,657,409	(2,880,873)
Debt service - Interest and service fees	-	-	129,855	(129,855)
Capital outlay - Public health and welfare	-	-	69,494	(69,494)
Total expenditures	<u>11,776,536</u>	<u>11,776,536</u>	<u>14,856,758</u>	<u>(3,080,222)</u>
Excess of revenues over (under) expenditures	(505,981)	(505,981)	(1,152,470)	(646,489)
OTHER FINANCING SOURCES				
Transfers in	<u>268,824</u>	<u>268,824</u>	<u>746,705</u>	<u>477,881</u>
Net change in fund balance	<u>\$ (237,157)</u>	<u>\$ (237,157)</u>	<u>(405,765)</u>	<u>\$ (168,608)</u>
Fund balance - beginning			<u>1,070,313</u>	
Fund balance - ending			<u>\$ 664,548</u>	

See Notes to Required Supplementary Information.

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

December 31, 2007

(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)
12/31/2007	\$ 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
12/31/2005	70,939,034	78,089,106	7,150,072	90.84	27,600,567	25.91
12/31/2004	68,763,305	74,385,098	5,621,793	92.44	26,381,424	21.31
12/31/2003	69,726,850	71,498,112	1,771,262	97.52	25,564,102	6.93
12/31/2002	66,693,266	66,011,898	(681,368)	101.03	25,384,103	(2.68)

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)
12/31/2006	\$ 154,164,188	\$ 188,981,630	\$ 34,817,442	81.58 %	\$ 18,717,181	186.02 %
12/31/2005	145,902,806	177,921,892	32,019,086	82.00	17,860,671	179.27
12/31/2004	142,144,161	167,654,587	25,510,426	84.78	17,138,777	148.85
12/31/2003	132,305,996	158,863,419	26,557,423	83.28	16,689,987	159.12
12/31/2002	117,674,013	151,695,145	34,021,132	77.57	16,009,094	212.51
12/31/2001	122,876,537	141,313,847	18,437,310	86.95	15,017,201	122.77

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)
12/31/2006	\$ 128,848,847	\$ 169,173,373	\$ 40,324,526	76.16 %	\$ 17,375,662	232.07 %
12/31/2005	131,735,470	180,654,684	48,919,214	72.92	16,162,884	302.66
12/31/2004	128,848,847	169,173,373	40,324,526	76.16	15,640,930	257.81
12/31/2003	122,168,665	162,795,071	40,626,406	75.04	14,935,320	272.02
12/31/2002	111,744,844	155,338,059	43,593,215	71.94	14,179,607	307.44
12/31/2001	116,527,581	149,538,123	33,010,542	77.92	13,437,280	245.66

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)
12/31/2007	\$ -	\$ 9,062,800	\$ 9,062,800	- %	\$ 65,578,751	13.82 %

See Notes to Required Supplementary Information.

CITY OF ROCKFORD, ILLINOIS

EMPLOYER CONTRIBUTIONS

December 31, 2007

(Required Supplementary Information)

Illinois Municipal Retirement Fund

Actuarial Valuation Date	Annual Required Contribution	Percentage Contributed
12/31/2007	\$ 2,927,951	100.0 %
12/31/2006	2,830,325	100.0
12/31/2005	2,481,291	100.0
12/31/2004	2,237,145	100.0
12/31/2003	1,740,915	100.0
12/31/2002	1,731,196	100.0

Police Pension Fund

Actuarial Valuation Date	Annual Required Contribution	Percentage Contributed
12/31/2006	\$ 2,803,802	101.3 %
12/31/2005	2,787,807	97.0
12/31/2004	3,062,182	100.5
12/31/2003	2,216,456	91.0
12/31/2002	1,633,417	101.0
12/31/2001	1,427,780	93.0

Firefighter's Pension Fund

Actuarial Valuation Date	Annual Required Contribution	Percentage Contributed
12/31/2006	\$ 4,144,105	100.9 %
12/31/2005	4,185,653	98.1
12/31/2004	4,185,653	97.6
12/31/2003	3,497,179	105.0
12/31/2002	3,689,953	92.0
12/31/2001	2,437,571	127.0

Other Post-Employment Benefits

Actuarial Valuation Date	Annual Required Contribution	Percentage Contributed
12/31/2007	\$ 589,926	37.7 %

See Notes to Required Supplementary Information.

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, 2007, the General Fund and Major Special Revenue funds had an excess of actual expenditures and financing uses over budget at the legal level of budgetary control (department level) as follows:

MAJOR FUNDS:

General Fund	
Mayor's office	\$ (49,191)
City Council	(10,653)
Board of fire and police commission	(3,660)
Board of election	(98,235)
Police department	(1,003,259)
Fire department	(639,744)
Building department	(13,999)
Public works - Street and sewer	(1,547,622)
Community Development Fund	(16,445)
Human Services Fund	(3,080,222)

III. ILLINOIS MUNICIPAL RETIREMENT FUND

On a market value basis, the actual value of assets as of December 31, 2007 is \$88,741,675. On a market basis, the funded ratio would be 100.88%.

The actuarial assumptions used to determine the actuarial accrued liability for 2007 are based on the 2002-2004 Experience Study. The principal changes were:

1. The 1994 Group Annuity Mortality implemented.
2. For regular members, fewer normal and early retirements are expected to occur.

IV. PENSION TRUST FUND

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 purpose.

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 through B8. Fund statements for major special revenue funds are reported on Pages 19 through 24 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.
UNDERGROUND STORAGE TANKS	To account for expenditures for the removal of underground storage tanks at the City's municipal yard complex. Financing is provided by a specific property tax levy and funding from the State of Illinois.
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.

SPECIAL REVENUE FUNDS, Continued

LOCAL LAW ENFORCEMENT BLOCK GRANT	To account for expenditures for crime prevention and public safety. Financing is provided by a grant from the Federal Government, General Fund, and two other local government units.
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.
CEASE FIRE	To account for expenditures by the City's Cease Fire Program relating to the education and awareness of violence prevention. Financing is provided by a State of Illinois grant and private donations.
EAST SIDE, WEST SIDE, SEVENTH STREET, SOUTHEAST, SOUTH ROCKFORD, LINCOLNWOOD ESTATES, SPRINGFIELD CORNERS ROCKFORD GLOBAL TRADE PARK, NORTH MAIN, LINCOLNWOOD I RIVER OAKS, GARRISON, HOPE SIX, KISHWAUKEE, JACKSON SCHOOL PRESTON & CENTRAL, NORTH MAIN & AUBURN, EAST STATE, AND ALPINE, WEST STATE & CENTRAL, WEST STATE & KILBURN, AND WEST SIDE II 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 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, 2007

	Special Revenue Funds				
	Rockford Tuberculosis Care Center	Garbage and Refuse	Motor Fuel Tax	Redevelopment	Tourism
ASSETS					
Cash and cash equivalents	\$ 98,398	\$ 2,208,875	\$ 5,012,502	\$ 69	\$ 91,520
Property taxes receivable, net	140,778	2,033,787	-	-	-
Accounts receivable, net	-	742,923	-	355,900	133,085
Due from the State of Illinois	-	-	349,042	-	-
Due from other governmental units	-	-	-	-	-
Due from other funds	1,091	21,505	-	-	917
Total assets	<u>\$ 240,267</u>	<u>\$ 5,007,090</u>	<u>\$ 5,361,544</u>	<u>\$ 355,969</u>	<u>\$ 225,522</u>
LIABILITIES AND FUND BALANCES (DEFICITS)					
Liabilities:					
Accounts and contracts payable	\$ 43,496	\$ 443,704	\$ -	\$ 15,138	\$ 148,645
Accrued payroll and benefits	-	3,443	-	-	-
Due to other funds	-	4,323	734,224	4,929,862	-
Deferred revenue	140,778	2,033,787	-	-	-
Total liabilities	<u>184,274</u>	<u>2,485,257</u>	<u>734,224</u>	<u>4,945,000</u>	<u>148,645</u>
Fund balances (deficits):					
Reserved for:					
Encumbrances	-	3,172	-	-	-
Endowments	15,000	-	-	-	-
Unreserved:					
Undesignated	40,993	2,518,661	4,627,320	(4,589,031)	76,877
Total fund balances (deficits)	<u>55,993</u>	<u>2,521,833</u>	<u>4,627,320</u>	<u>(4,589,031)</u>	<u>76,877</u>
Total liabilities and fund balances (deficits)	<u>\$ 240,267</u>	<u>\$ 5,007,090</u>	<u>\$ 5,361,544</u>	<u>\$ 355,969</u>	<u>\$ 225,522</u>

Special Revenue Funds

Special Projects	Underground Storage Tanks	Veteran's Scholarship	Justice Assistance Grant	Flex Care
\$ -	\$ 86,402	\$ 46,563	\$ 37,003	\$ 200,186
-	-	-	-	-
11,739	-	-	-	-
-	-	-	-	-
-	-	-	2,171	-
-	765	412	-	937
<u>\$ 11,739</u>	<u>\$ 87,167</u>	<u>\$ 46,975</u>	<u>\$ 39,174</u>	<u>\$ 201,123</u>
\$ -	\$ -	\$ -	\$ 2,171	\$ 58,378
-	-	-	-	-
218,739	-	-	-	-
-	-	-	37,003	-
<u>218,739</u>	<u>-</u>	<u>-</u>	<u>39,174</u>	<u>58,378</u>
-	-	-	-	-
-	-	-	-	-
(207,000)	87,167	46,975	-	142,745
(207,000)	87,167	46,975	-	142,745
<u>\$ 11,739</u>	<u>\$ 87,167</u>	<u>\$ 46,975</u>	<u>\$ 39,174</u>	<u>\$ 201,123</u>

(Continued)

CITY OF ROCKFORD, ILLINOIS
COMBINING BALANCE SHEET (Continued)
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2007

	Special Revenue Funds			
	Tax Increment Financing Areas			
	East Side	West Side	Seventh Street	Southeast
ASSETS				
Cash and cash equivalents	\$ 585,021	\$ -	\$ 1,320,500	\$ 309,773
Property taxes receivable, net	488,046	405,563	1,088,284	136,292
Accounts receivable, net	-	-	-	-
Due from the State of Illinois	-	-	-	-
Due from other governmental units	-	-	-	-
Due from other funds	7,422	-	21,983	2,772
Total assets	<u>\$ 1,080,489</u>	<u>\$ 405,563</u>	<u>\$ 2,430,767</u>	<u>\$ 448,837</u>
LIABILITIES AND FUND BALANCES (DEFICITS)				
Liabilities:				
Accounts and contracts payable	\$ 375	\$ -	\$ 115,795	\$ -
Accrued payroll and benefits	-	-	-	-
Due to other funds	-	831,321	149	-
Deferred revenue	488,046	405,563	1,088,284	136,292
Total liabilities	<u>488,421</u>	<u>1,236,884</u>	<u>1,204,228</u>	<u>136,292</u>
Fund balances (deficits):				
Reserved for:				
Encumbrances	-	-	-	-
Endowments	-	-	-	-
Unreserved:				
Undesignated	592,068	(831,321)	1,226,539	312,545
Total fund balances (deficits)	<u>592,068</u>	<u>(831,321)</u>	<u>1,226,539</u>	<u>312,545</u>
Total liabilities and fund balances (deficits)	<u>\$ 1,080,489</u>	<u>\$ 405,563</u>	<u>\$ 2,430,767</u>	<u>\$ 448,837</u>

Special Revenue Funds						
Tax Increment Financing Areas						
South Rockford	Lincolnwood Estates	Springfield Corners	Rockford Global Trade Park	North Main	Lincolnwood II	
\$ 124,711	\$ 36,051	\$ -	\$ -	\$ -	\$ -	
139,792	72,183	130,584	492,544	46,336	41,878	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
1,735	566	-	1,202	-	-	
\$ 266,238	\$ 108,800	\$ 130,584	\$ 493,746	\$ 46,336	\$ 41,878	
\$ -	\$ -	\$ -	\$ 28,311	\$ -	\$ -	
-	-	-	-	-	-	
-	-	490,796	146,814	268,594	62,428	
139,792	72,183	130,584	492,544	46,336	41,878	
139,792	72,183	621,380	667,669	314,930	104,306	
-	-	-	-	-	-	
-	-	-	-	-	-	
126,446	36,617	(490,796)	(173,923)	(268,594)	(62,428)	
126,446	36,617	(490,796)	(173,923)	(268,594)	(62,428)	
\$ 266,238	\$ 108,800	\$ 130,584	\$ 493,746	\$ 46,336	\$ 41,878	

(Continued)

CITY OF ROCKFORD, ILLINOIS
COMBINING BALANCE SHEET (Continued)
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2007

	Special Revenue				
	Tax Increment Financing Areas				
	River Oaks	Garrison	Hope Six	Kishwaukee	Jackson School
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 17,029	\$ -
Property taxes receivable, net	40,795	22,677	119,778	47,480	85,174
Accounts receivable, net	-	-	-	-	-
Due from the State of Illinois	-	-	-	-	-
Due from other governmental units	-	-	-	-	-
Due from other funds	-	-	1,058	-	295
Total assets	<u>\$ 40,795</u>	<u>\$ 22,677</u>	<u>\$ 120,836</u>	<u>\$ 64,509</u>	<u>\$ 85,469</u>
LIABILITIES AND FUND BALANCES (DEFICITS)					
Liabilities:					
Accounts and contracts payable	\$ -	\$ -	\$ -	\$ 16,962	\$ 607
Accrued payroll and benefits	-	-	-	-	-
Due to other funds	354,697	192,509	216,214	3,543	15,499
Deferred revenue	40,795	22,677	119,778	47,480	85,174
Total liabilities	<u>395,492</u>	<u>215,186</u>	<u>335,992</u>	<u>67,985</u>	<u>101,280</u>
Fund balances (deficits):					
Reserved for:					
Encumbrances	-	-	-	-	-
Endowments	-	-	-	-	-
Unreserved:					
Undesignated	(354,697)	(192,509)	(215,156)	(3,476)	(15,811)
Total fund balances (deficits)	<u>(354,697)</u>	<u>(192,509)</u>	<u>(215,156)</u>	<u>(3,476)</u>	<u>(15,811)</u>
Total liabilities and fund balances (deficits)	<u>\$ 40,795</u>	<u>\$ 22,677</u>	<u>\$ 120,836</u>	<u>\$ 64,509</u>	<u>\$ 85,469</u>

Special Revenue
Tax Increment Financing Areas

Preston/ Central	North Main & Auburn	East State & Alpine	West State & Central	West State & Kilburn	West Side II	Total
\$ 674,440	\$ -	\$ 162,067	\$ 10,016	\$ -	\$ -	\$ 11,021,126
11,829	8,514	209,465	203,474	8,502	6,816	5,980,571
-	-	-	-	-	-	1,243,647
-	-	-	-	-	-	349,042
-	-	-	-	-	-	2,171
4,826	39	1,651	597	-	-	69,773
\$ 691,095	\$ 8,553	\$ 373,183	\$ 214,087	\$ 8,502	\$ 6,816	\$ 18,666,330
\$ 84,050	\$ -	\$ 16,572	\$ -	\$ -	\$ -	\$ 974,204
-	-	-	-	-	-	3,443
-	12,654	-	-	48,018	29,158	8,559,542
11,829	8,514	209,465	203,474	8,502	6,816	6,017,574
95,879	21,168	226,037	203,474	56,520	35,974	15,554,763
-	-	-	-	-	-	3,172
-	-	-	-	-	-	15,000
595,216	(12,615)	147,146	10,613	(48,018)	(29,158)	3,093,395
595,216	(12,615)	147,146	10,613	(48,018)	(29,158)	3,111,567
\$ 691,095	\$ 8,553	\$ 373,183	\$ 214,087	\$ 8,502	\$ 6,816	\$ 18,666,330

(Concluded)

CITY OF ROCKFORD, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2007

	Special Revenue Funds				
	Rockford Tuberculosis Care Center	Garbage and Refuse	Motor Fuel Tax	Redevelopment	Tourism
REVENUES					
Taxes	\$ 142,241	\$ 1,940,675	\$ -	\$ 3,516,164	\$ 1,780,810
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	4,364,010	-	-
Charges for services	-	6,840,386	-	-	-
Interest	5,750	119,168	357,739	-	3,876
Miscellaneous	-	266	-	-	-
Total revenues	<u>147,991</u>	<u>8,900,495</u>	<u>4,721,749</u>	<u>3,516,164</u>	<u>1,784,686</u>
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Community development	-	-	-	2,310,251	1,709,870
Sanitation and sewers	-	7,110,312	-	-	-
Public health and welfare	157,850	-	-	-	-
Total current expenditures	<u>157,850</u>	<u>7,110,312</u>	<u>-</u>	<u>2,310,251</u>	<u>1,709,870</u>
Debt service - interest and service fee:	-	-	-	96,060	-
Total expenditures	<u>157,850</u>	<u>7,110,312</u>	<u>-</u>	<u>2,406,311</u>	<u>1,709,870</u>
Excess of revenues over (under) expenditures	<u>(9,859)</u>	<u>1,790,183</u>	<u>4,721,749</u>	<u>1,109,853</u>	<u>74,816</u>
OTHER FINANCING SOURCES (USES)					
Issuance of general obligation bonds	-	-	-	-	-
Discount on issue of general obligation bonds	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	-	(1,450,650)	(3,935,114)	(4,325,910)	(89,900)
Total other financing sources (uses)	<u>-</u>	<u>(1,450,650)</u>	<u>(3,935,114)</u>	<u>(4,325,910)</u>	<u>(89,900)</u>
Net change in fund balances	<u>(9,859)</u>	<u>339,533</u>	<u>786,635</u>	<u>(3,216,057)</u>	<u>(15,084)</u>
Fund balances (deficits) - beginning	<u>65,852</u>	<u>2,182,300</u>	<u>3,840,685</u>	<u>(1,372,974)</u>	<u>91,961</u>
Fund balances (deficits) - ending	<u>\$ 55,993</u>	<u>\$ 2,521,833</u>	<u>\$ 4,627,320</u>	<u>\$ (4,589,031)</u>	<u>\$ 76,877</u>

Special Revenue Funds

Special Projects	Underground Storage Tanks	Veteran's Scholarship	Local Law Enforcement Block Grant	Justice Assistance Grant	Flex Care	Cease Fire
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
163,844	-	-	-	-	-	-
-	-	-	41,291	23,602	-	102,072
-	-	-	-	-	-	-
-	4,729	2,594	-	-	3,770	-
-	-	-	-	-	1,434,270	-
163,844	4,729	2,594	41,291	23,602	1,438,040	102,072
-	-	-	-	-	1,424,422	-
75,000	-	2,000	-	-	-	137,477
-	-	-	-	-	-	-
-	-	-	41,291	23,602	-	-
75,000	-	2,000	41,291	23,602	1,424,422	137,477
4,275	-	-	-	-	-	-
79,275	-	2,000	41,291	23,602	1,424,422	137,477
84,569	4,729	594	-	-	13,618	(35,405)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(203,780)	-	-	-	-	-	105,734
(203,780)	-	-	-	-	-	105,734
(119,211)	4,729	594	-	-	13,618	70,329
(87,789)	82,438	46,381	-	-	129,127	(70,329)
\$ (207,000)	\$ 87,167	\$ 46,975	\$ -	\$ -	\$ 142,745	\$ -

(Continued)

CITY OF ROCKFORD, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (Continued)
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2007

	Special Revenue Funds				
	Tax Increment Financing Areas				
	East Side	West Side	Seventh Street	Southeast	South Rockford
REVENUES					
Taxes	\$ 488,212	\$ 421,768	\$ 1,126,838	\$ 125,357	\$ 132,669
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Interest	44,484	-	116,820	13,229	7,157
Miscellaneous	-	-	-	-	-
Total revenues	<u>532,696</u>	<u>421,768</u>	<u>1,243,658</u>	<u>138,586</u>	<u>139,826</u>
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Community development	353,618	241,311	399,906	-	4,063
Sanitation and sewers	-	-	-	-	-
Public health and welfare	-	-	-	-	-
Total current expenditures	<u>353,618</u>	<u>241,311</u>	<u>399,906</u>	<u>-</u>	<u>4,063</u>
Debt service - interest and service fee:	-	59,057	-	-	-
Total expenditures	<u>353,618</u>	<u>300,368</u>	<u>399,906</u>	<u>-</u>	<u>4,063</u>
Excess of revenues over (under) expenditures	<u>179,078</u>	<u>121,400</u>	<u>843,752</u>	<u>138,586</u>	<u>135,763</u>
OTHER FINANCING SOURCES (USES)					
Issuance of general obligation bonds	-	-	-	-	-
Discount on issue of general obligation bonds	-	-	-	-	-
Transfers in	-	560,954	-	-	-
Transfers out	(273,913)	(273,913)	(858,820)	-	(85,000)
Total other financing sources (uses)	<u>(273,913)</u>	<u>287,041</u>	<u>(858,820)</u>	<u>-</u>	<u>(85,000)</u>
Net change in fund balances	<u>(94,835)</u>	<u>408,441</u>	<u>(15,068)</u>	<u>138,586</u>	<u>50,763</u>
Fund balances (deficits) - beginning	<u>686,903</u>	<u>(1,239,762)</u>	<u>1,241,607</u>	<u>173,959</u>	<u>75,683</u>
Fund balances (deficits) - ending	<u>\$ 592,068</u>	<u>\$ (831,321)</u>	<u>\$ 1,226,539</u>	<u>\$ 312,545</u>	<u>\$ 126,446</u>

Special Revenue Funds							
Tax Increment Financing Areas							
Lincolnwood Estates	Springfield Corners	Rockford Global Trade Park	North Main	Lincolnwood II	River Oaks	Garrison	
\$ 69,938	\$ 115,264	\$ 454,051	\$ 28,624	\$ 13,635	\$ 166	\$ 22,832	
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,390	135	2,997	-	-	-	-	-
-	-	-	-	-	-	-	-
71,328	115,399	457,048	28,624	13,635	166	22,832	
-	-	-	-	-	-	-	-
-	-	193,428	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	193,428	-	-	-	-	-
-	-	-	11,834	1,822	6,168	3,503	
-	-	193,428	11,834	1,822	6,168	3,503	
71,328	115,399	263,620	16,790	11,813	(6,002)	19,329	
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(21,688)	(187,694)	(510,741)	(68,963)	(24,703)	(128,485)	(83,911)	
(21,688)	(187,694)	(510,741)	(68,963)	(24,703)	(128,485)	(83,911)	
49,640	(72,295)	(247,121)	(52,173)	(12,890)	(134,487)	(64,582)	
(13,023)	(418,501)	73,198	(216,421)	(49,538)	(220,210)	(127,927)	
\$ 36,617	\$ (490,796)	\$ (173,923)	\$ (268,594)	\$ (62,428)	\$ (354,697)	\$ (192,509)	

(Continued)

CITY OF ROCKFORD, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (Continued)
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2007

	Special Revenue Funds				
	Tax Increment Financing Areas				
	Hope Six	Kishwaukee	Jackson School	Preston/Central	North Main & Auburn
REVENUES					
Taxes	\$ 75,660	\$ 33,669	\$ 44,579	\$ 11,198	\$ 10,291
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Interest	3,522	-	918	4,020	127
Miscellaneous	-	-	-	-	-
Total revenues	<u>79,182</u>	<u>33,669</u>	<u>45,497</u>	<u>15,218</u>	<u>10,418</u>
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Community development	350	16,962	2,343	431,298	1,736
Sanitation and sewers	-	-	-	-	-
Public health and welfare	-	-	-	-	-
Total current expenditures	<u>350</u>	<u>16,962</u>	<u>2,343</u>	<u>431,298</u>	<u>1,736</u>
Debt service - interest and service fee:	-	13,624	-	7,476	-
Total expenditures	<u>350</u>	<u>30,586</u>	<u>2,343</u>	<u>438,774</u>	<u>1,736</u>
Excess of revenues over (under) expenditures	<u>78,832</u>	<u>3,083</u>	<u>43,154</u>	<u>(423,556)</u>	<u>8,682</u>
OTHER FINANCING SOURCES (USES)					
Issuance of general obligation bonds	-	-	-	1,100,000	-
Discount on issue of general obligation bonds	-	-	-	(8,800)	-
Transfers in	-	-	-	-	-
Transfers out	(115,298)	(15,872)	(58,965)	(72,428)	(21,297)
Total other financing sources (uses)	<u>(115,298)</u>	<u>(15,872)</u>	<u>(58,965)</u>	<u>1,018,772</u>	<u>(21,297)</u>
Net change in fund balances	<u>(36,466)</u>	<u>(12,789)</u>	<u>(15,811)</u>	<u>595,216</u>	<u>(12,615)</u>
Fund balances (deficits) - beginning	<u>(178,690)</u>	<u>9,313</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficits) - ending	<u>\$ (215,156)</u>	<u>\$ (3,476)</u>	<u>\$ (15,811)</u>	<u>\$ 595,216</u>	<u>\$ (12,615)</u>

Special Revenue Funds					
Tax Increment Financing Areas					
East State & Alpine	West State & Central	West State & Kilburn	West Side II	Total	
\$ 207,979	\$ 108,383	\$ 6,009	\$ 3,040	\$	10,880,052
-	-	-	-		163,844
-	-	-	-		4,530,975
-	-	-	-		6,840,386
4,452	943	-	-		697,820
-	-	-	-		1,434,536
<u>212,431</u>	<u>109,326</u>	<u>6,009</u>	<u>3,040</u>		<u>24,547,613</u>
-	-	-	-		1,424,422
42,475	27,052	3,432	13,727		5,966,299
-	-	-	-		7,110,312
-	-	-	-		222,743
<u>42,475</u>	<u>27,052</u>	<u>3,432</u>	<u>13,727</u>		<u>14,723,776</u>
-	-	30	640		204,489
<u>42,475</u>	<u>27,052</u>	<u>3,462</u>	<u>14,367</u>		<u>14,928,265</u>
<u>169,956</u>	<u>82,274</u>	<u>2,547</u>	<u>(11,327)</u>		<u>9,619,348</u>
-	-	-	-		1,100,000
-	-	-	-		(8,800)
-	-	-	-		666,688
<u>(22,810)</u>	<u>(71,661)</u>	<u>(50,565)</u>	<u>(17,831)</u>		<u>(12,969,912)</u>
<u>(22,810)</u>	<u>(71,661)</u>	<u>(50,565)</u>	<u>(17,831)</u>		<u>(11,212,024)</u>
147,146	10,613	(48,018)	(29,158)		(1,592,676)
-	-	-	-		4,704,243
<u>\$ 147,146</u>	<u>\$ 10,613</u>	<u>\$ (48,018)</u>	<u>\$ (29,158)</u>	<u>\$</u>	<u>3,111,567</u>

(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, 2007

	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	\$ 140,697	\$ 140,697	\$ 142,241	\$ 1,544	\$ 1,944,266	\$ 1,944,266	\$ 1,940,675	\$ (3,591)
Charges for services	-	-	-	-	6,856,360	6,856,360	6,840,386	(15,974)
Interest	1,900	1,900	5,750	3,850	40,400	40,400	119,168	78,768
Miscellaneous	-	-	-	-	-	-	266	266
Total revenues	142,597	142,597	147,991	5,394	8,841,026	8,841,026	8,900,495	59,469
EXPENDITURES								
Current:								
Sanitation and sewers	-	-	-	-	7,343,848	7,319,548	7,110,312	209,236
Public health and welfare	148,374	148,374	157,850	(9,476)	-	-	-	-
Total current expenditures	148,374	148,374	157,850	(9,476)	7,343,848	7,319,548	7,110,312	209,236
Excess of revenues over (under) expenditures	(5,777)	(5,777)	(9,859)	(4,082)	1,497,178	1,521,478	1,790,183	268,705
OTHER FINANCING (USES)								
Transfers out	-	-	-	-	(1,426,350)	(1,450,650)	(1,450,650)	-
Net change in fund balance	\$ (5,777)	\$ (5,777)	(9,859)	\$ (4,082)	\$ 70,828	\$ 70,828	339,533	\$ 268,705
Fund balance - beginning			65,852				2,182,300	
Fund balance - ending			\$ 55,993				\$ 2,521,833	

(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, 2007

	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	\$ -	\$ -	\$ -	\$ -	\$ 3,543,900	\$ 3,543,900	\$ 3,516,164	\$ (27,736)
Intergovernmental	4,250,000	4,250,000	4,364,010	114,010	-	-	-	-
Interest	115,000	115,000	357,739	242,739	-	-	-	-
Total revenues	4,365,000	4,365,000	4,721,749	356,749	3,543,900	3,543,900	3,516,164	(27,736)
EXPENDITURES								
Current:								
Community development	-	-	-	-	2,310,200	2,310,200	2,310,251	(51)
Debt service - interest	-	-	-	-	-	-	96,060	(96,060)
Total current expenditures	-	-	-	-	2,310,200	2,310,200	2,406,311	(96,111)
Excess of revenues over (under) expenditures	4,365,000	4,365,000	4,721,749	356,749	1,233,700	1,233,700	1,109,853	(123,847)
OTHER FINANCING (USES)								
Transfers out	(4,500,000)	(4,500,000)	(3,935,114)	564,886	(3,650,660)	(4,325,910)	(4,325,910)	-
Net change in fund balance	\$ (135,000)	\$ (135,000)	786,635	\$ 921,635	\$ (2,416,960)	\$ (3,092,210)	(3,216,057)	\$ (123,847)
Fund balance (deficit) - beginning			3,840,685				(1,372,974)	
Fund balance (deficit) - ending			<u>\$ 4,627,320</u>				<u>\$ (4,589,031)</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, 2007

	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	\$ 1,784,000	\$ 1,784,000	\$ 1,780,810	\$ (3,190)				\$ -
Licenses and permits	-	-	-	-	180,000	180,000	163,844	(16,156)
Interest	-	-	3,876	3,876	-	-	-	-
Total revenues	1,784,000	1,784,000	1,784,686	686	180,000	180,000	163,844	(16,156)
EXPENDITURES								
Current:								
Community development	1,694,100	1,694,100	1,709,870	(15,770)	75,000	75,000	75,000	-
Debt service - interest	-	-	-	-	-	-	4,275	(4,275)
Total current expenditures	1,694,100	1,694,100	1,709,870	(15,770)	75,000	75,000	79,275	(4,275)
Excess of revenues over (under) expenditures:	89,900	89,900	74,816	(15,084)	105,000	105,000	84,569	(20,431)
OTHER FINANCING (USES)								
Transfers out	(89,900)	(89,900)	(89,900)	-	(203,780)	(203,780)	(203,780)	-
Net change in fund balance	\$ -	\$ -	(15,084)	\$ (15,084)	\$ (98,780)	\$ (98,780)	(119,211)	\$ (20,431)
Fund balance (deficit) - beginning			91,961				(87,789)	
Fund balance (deficit) - ending			\$ 76,877				\$ (207,000)	

(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, 2007

	<u>Underground Storage Tanks Fund</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ 50,000	\$ 50,000	\$ -	\$ (50,000)
Interest	-	-	4,729	4,729
Total revenues	<u>50,000</u>	<u>50,000</u>	<u>4,729</u>	<u>(45,271)</u>
EXPENDITURES				
Current:				
Public health and welfare	50,000	50,000	-	50,000
Total current expenditures	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>4,729</u>	<u>4,729</u>
OTHER FINANCING SOURCES				
Transfers in	-	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>4,729</u>	<u>\$ 4,729</u>
Fund balance - beginning			<u>82,438</u>	
Fund balance - ending			<u>\$ 87,167</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, 2007

	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	\$ 499,000	\$ 499,000	\$ 488,212	\$ (10,788)	\$ 450,000	\$ 450,000	\$ 421,768	\$ (28,232)
Interest	17,400	17,400	44,484	27,084	-	-	-	-
Total revenues	516,400	516,400	532,696	16,296	450,000	450,000	421,768	(28,232)
EXPENDITURES								
Current:								
Community development	370,700	470,700	353,618	117,082	232,350	232,350	241,311	(8,961)
Debt service - interest	-	-	-	-	51,200	51,000	59,057	(8,057)
Total expenditures	370,700	470,700	353,618	117,082	283,550	283,350	300,368	(17,018)
Excess of revenues over (under) expenditures	145,700	45,700	179,078	133,378	166,450	166,650	121,400	(45,250)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	983,500	983,500	560,954	(422,546)
Transfers out	(273,913)	(273,913)	(273,913)	-	(273,913)	(273,913)	(273,913)	-
Total other financing sources (uses)	(273,913)	(273,913)	(273,913)	-	709,587	709,587	287,041	(422,546)
Net change in fund balance	<u>\$ (128,213)</u>	<u>\$ (228,213)</u>	(94,835)	<u>\$ 133,378</u>	<u>\$ 876,037</u>	<u>\$ 876,237</u>	408,441	<u>\$ (467,796)</u>
Fund balance (deficit) - beginning			686,903				(1,239,762)	
Fund balance (deficit) - ending			<u>\$ 592,068</u>				<u>\$ (831,321)</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, 2007

	Tax Increment Financing Area Seventh Street Fund				Tax Increment Financing Area Southeast 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	\$ 994,000	\$ 994,000	\$ 1,126,838	\$ 132,838	\$ 125,200	\$ 125,200	\$ 125,357	\$ 157
Interest	-	-	116,820	116,820	-	-	13,229	13,229
Total revenues	994,000	994,000	1,243,658	249,658	125,200	125,200	138,586	13,386
EXPENDITURES								
Current:								
Community developmen	160,831	160,831	399,906	(239,075)	119,600	119,600	-	119,600
Debt service - interest	14,500	14,500	-	14,500	-	-	-	-
Total expenditures	175,331	175,331	399,906	(224,575)	119,600	119,600	-	119,600
Excess of revenues over (under) expenditures	818,669	818,669	843,752	25,083	5,600	5,600	138,586	132,986
OTHER FINANCING (USES)								
Transfers out	(858,820)	(858,820)	(858,820)	-	-	-	-	-
Net change in fund balance	\$ (40,151)	\$ (40,151)	(15,068)	\$ 25,083	\$ 5,600	\$ 5,600	138,586	\$ 132,986
Fund balance - beginning			1,241,607				173,959	
Fund balance (deficit) - ending			<u>\$ 1,226,539</u>				<u>\$ 312,545</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, 2007

	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	\$ 138,000	\$ 138,000	\$ 132,669	\$ (5,331)	\$ 69,300	\$ 69,700	\$ 69,938	\$ 238
Interest	-	-	7,157	7,157	-	-	1,390	1,390
Total revenues	138,000	138,000	139,826	1,826	69,300	69,700	71,328	1,628
EXPENDITURES								
Current:								
Community development	50,000	50,000	4,063	45,937	-	-	-	-
Debt service - interest	-	-	-	-	582	582	-	582
Total expenditures	50,000	50,000	4,063	45,937	582	582	-	582
Excess of revenues over (under) expenditures	88,000	88,000	135,763	47,763	68,718	69,118	71,328	2,210
OTHER FINANCING (USES)								
Transfers out	(85,000)	(85,000)	(85,000)	-	(21,688)	(21,688)	(21,688)	-
Net change in fund balance	\$ 3,000	\$ 3,000	50,763	\$ 47,763	\$ 47,030	\$ 47,430	49,640	\$ 2,210
Fund balance (deficit) - beginning			75,683				(13,023)	
Fund balance - ending			<u>\$ 126,446</u>				<u>\$ 36,617</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, 2007

	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	\$ 263,300	\$ 263,300	\$ 115,264	\$ (148,036)	\$ 486,700	\$ 486,700	\$ 454,051	\$ (32,649)
Interest	-	-	135	135	-	-	2,997	2,997
Total revenues	263,300	263,300	115,399	(147,901)	486,700	486,700	457,048	(29,652)
EXPENDITURES								
Current:								
Community development	-	-	-	-	80,000	80,000	193,428	(113,428)
Debt service - interest	17,202	17,202	-	17,202	-	-	-	-
Total expenditures	17,202	17,202	-	17,202	80,000	80,000	193,428	(113,428)
Excess of revenues over (under) expenditures	246,098	246,098	115,399	(130,699)	406,700	406,700	263,620	(143,080)
OTHER FINANCING (USES)								
Transfers out	(187,694)	(187,694)	(187,694)	-	(323,988)	(325,041)	(510,741)	(185,700)
Net change in fund balance	\$ 58,404	\$ 58,404	(72,295)	\$ (130,699)	\$ 82,712	\$ 81,659	(247,121)	\$ (328,780)
Fund balance (deficit) - beginning			(418,501)				73,198	
Fund balance (deficit) - ending			<u>\$ (490,796)</u>				<u>\$ (173,923)</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, 2007

	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	\$ 12,232	\$ 12,232	\$ 28,624	\$ 16,392	\$ 53,300	\$ 53,300	\$ 13,635	\$ (39,665)
Total revenues	12,232	12,232	28,624	16,392	53,300	53,300	13,635	(39,665)
EXPENDITURES								
Debt service - interest	8,281	8,281	11,834	(3,553)	2,031	2,031	1,822	209
Total expenditures	8,281	8,281	11,834	(3,553)	2,031	2,031	1,822	209
Excess of revenues over (under) expenditures	3,951	3,951	16,790	12,839	51,269	51,269	11,813	(39,456)
OTHER FINANCING (USES)								
Transfers out	(68,963)	(68,963)	(68,963)	-	(23,631)	(24,703)	(24,703)	-
Net change in fund balance	\$ (65,012)	\$ (65,012)	(52,173)	\$ 12,839	\$ 27,638	\$ 26,566	(12,890)	\$ (39,456)
Fund balance (deficit) - beginning			(216,421)				(49,538)	
Fund balance (deficit) - ending			<u>\$ (268,594)</u>				<u>\$ (62,428)</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, 2007

	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	\$ 151,500	\$ 151,500	\$ 166	\$ (151,334)	\$ 11,900	\$ 11,900	\$ 22,832	\$ 10,932
Total revenues	151,500	151,500	166	(151,334)	11,900	11,900	22,832	10,932
EXPENDITURES								
Debt service - interest	9,005	9,005	6,168	2,837	3,909	3,909	3,503	406
Total expenditures	9,005	9,005	6,168	2,837	3,909	3,909	3,503	406
Excess of revenues over (under) expenditures	142,495	142,495	(6,002)	(148,497)	7,991	7,991	19,329	11,338
OTHER FINANCING (USES)								
Transfers out	(101,588)	(128,485)	(128,485)	-	(36,463)	(83,911)	(83,911)	-
Net change in fund balance	\$ 40,907	\$ 14,010	(134,487)	\$ (148,497)	\$ (28,472)	\$ (75,920)	(64,582)	\$ 11,338
Fund balance (deficit) - beginning			(220,210)				(127,927)	
Fund balance (deficit) - ending			<u>\$ (354,697)</u>				<u>\$ (192,509)</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, 2007

	Tax Increment Financing Area Hope Six				Tax Increment Financing Area Kishwaukee/Harrison			
	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	\$ 157,984	\$ 157,984	\$ 75,660	\$ (82,324)	\$ 52,375	\$ 52,375	\$ 33,669	\$ (18,706)
Interest			3,522	3,522	45	-	-	-
Total revenues	157,984	157,984	79,182	(78,802)	52,420	52,375	33,669	(18,706)
EXPENDITURES								
Current:								
Community development	-	-	350	(350)	-	-	16,962	(16,962)
Debt service - interest	7,971	7,971	-	7,971	-	-	13,624	(13,624)
Total expenditures	7,971	7,971	350	7,621	-	-	30,586	(30,586)
Excess of revenues over (under) expenditures	150,013	150,013	78,832	(71,181)	52,420	52,375	3,083	(49,292)
OTHER FINANCING (USES)								
Transfers out	(111,750)	(115,298)	(115,298)	-	(44,519)	(60,391)	(15,872)	44,519
Net change in fund balance	\$ 38,263	\$ 34,715	(36,466)	\$ (71,181)	\$ 7,901	\$ (8,016)	(12,789)	\$ (4,773)
Fund balance (deficit) - beginning			(178,690)				9,313	
Fund balance (deficit) - ending			\$ (215,156)				\$ (3,476)	

(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, 2007

	Tax Increment Financing Area Jackson School				Tax Increment Financing Area Preston/Central			
	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	\$ -	\$ -	\$ 44,579	\$ 44,579	\$ 52,375	\$ 52,375	\$ 11,198	\$ (41,177)
Interest	-	-	918	918	45	-	4,020	4,020
Total revenues	-	-	45,497	45,497	52,420	52,375	15,218	(37,157)
EXPENDITURES								
Current:								
Community development	25,000	25,000	2,343	22,657	25,000	800,000	431,298	368,702
Debt service - interest	-	-	-	-	-	-	7,476	(7,476)
Total expenditures	25,000	25,000	2,343	22,657	25,000	800,000	438,774	361,226
Excess of revenues over (under) expenditures	(25,000)	(25,000)	43,154	68,154	27,420	(747,625)	(423,556)	324,069
OTHER FINANCING SOURCES (USES)								
Issuance of general obligation bonds	-	-	-	-	-	1,100,000	1,100,000	-
Discount on issue of general obligation bonds	-	-	-	-	-	(8,800)	(8,800)	-
Transfers out	-	(58,965)	(58,965)	-	-	(17,801)	(72,428)	(54,627)
Total other financing sources (uses)	-	(58,965)	(58,965)	-	-	1,073,399	1,018,772	(54,627)
Net change in fund balance	<u>\$ (25,000)</u>	<u>\$ (83,965)</u>	<u>(15,811)</u>	<u>\$ 68,154</u>	<u>\$ 27,420</u>	<u>\$ 325,774</u>	<u>595,216</u>	<u>\$ 269,442</u>
Fund balance- beginning			-				-	
Fund balance (deficit) - ending			<u>\$ (15,811)</u>				<u>\$ 595,216</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, 2007

	Tax Increment Financing Area North Main & Auburn				Tax Increment Financing Area East State & Alpine			
	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	\$ -	\$ -	\$ 10,291	\$ 10,291	\$ -	\$ -	\$ 207,979	\$ 207,979
Interest	-	-	127	127	-	-	4,452	4,452
Total revenues	-	-	10,418	10,418	-	-	212,431	212,431
EXPENDITURES								
Current:								
Community development	25,000	25,000	1,736	23,264	25,000	25,000	42,475	(17,475)
Total expenditures	25,000	25,000	1,736	23,264	25,000	25,000	42,475	(17,475)
Excess of revenues over (under) expenditures	(25,000)	(25,000)	8,682	33,682	(25,000)	(25,000)	169,956	194,956
OTHER FINANCING (USES)								
Transfers out	-	(21,297)	(21,297)	-	(22,810)	(22,810)	(22,810)	-
Net change in fund balance	\$ (25,000)	\$ (46,297)	(12,615)	\$ 33,682	\$ (47,810)	\$ (47,810)	147,146	\$ 194,956
Fund balance- beginning			-				-	
Fund balance (deficit) - ending			\$ (12,615)				\$ 147,146	

(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, 2007

	Tax Increment Financing Area West State & Central				Tax Increment Financing Area West State & Kilburn			
	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
REVENUES								
Taxes - Property	\$ -	\$ -	\$ 108,383	\$ 108,383	\$ -	\$ -	\$ 6,009	\$ 6,009
Interest	-	-	943	943	-	-	-	-
Total revenues	-	-	109,326	109,326	-	-	6,009	6,009
EXPENDITURES								
Current:								
Community development	25,000	25,000	27,052	(2,052)	25,000	25,000	3,432	21,568
Debt service - interest	-	-	-	-	-	-	30	(30)
Total expenditures	25,000	25,000	27,052	(2,052)	25,000	25,000	3,462	21,538
Excess of revenues over (under) expenditures	(25,000)	(25,000)	82,274	107,274	(25,000)	(25,000)	2,547	27,547
OTHER FINANCING (USES)								
Transfers out	-	(71,661)	(71,661)	-	(50,565)	(50,565)	(50,565)	-
Net change in fund balance	\$ (25,000)	\$ (96,661)	10,613	\$ 107,274	\$ (75,565)	\$ (75,565)	(48,018)	\$ 27,547
Fund balance- beginning			-				-	
Fund balance (deficit) - ending			<u>\$ 10,613</u>				<u>\$ (48,018)</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, 2007

	Tax Increment Financing Area West Side II			Variance with Final Budget- Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Taxes - Property	\$ -	\$ -	\$ 3,040	\$ 3,040
Total revenues	-	-	3,040	3,040
EXPENDITURES				
Current:				
Community development	25,000	25,000	13,727	11,273
Debt service - interest	-	-	640	(640)
Total expenditures	25,000	25,000	14,367	10,633
Excess of revenues over (under) expenditures	(25,000)	(25,000)	(11,327)	13,673
OTHER FINANCING (USES)				
Transfers out	-	(17,831)	(17,831)	-
Net change in fund balance	\$ (25,000)	\$ (42,831)	(29,158)	\$ 13,673
Fund balance- beginning			-	
Fund balance (deficit) - ending			\$ (29,158)	

(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, 2007

	Central Garage	Building Maintenance	Central Stores	Illinois Municipal Retirement	Unemployment
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 739,679	\$ 503,854	\$ 67,806	\$ 518,196	\$ 89,578
Accounts receivable	-	24,000	-	-	-
Due from other governmental units	18,618	-	-	-	-
Due from other funds	3,022	2,887	521	4,406	790
Inventories	280,513	-	-	-	-
Prepaid items	-	-	-	-	-
Total current assets	<u>1,041,832</u>	<u>530,741</u>	<u>68,327</u>	<u>522,602</u>	<u>90,368</u>
Noncurrent assets:					
Capital assets:					
Land improvements	20,000	-	-	-	-
Buildings and improvements	178,080	1,141,649	11,642	-	-
Equipment	523,015	35,186	37,591	-	-
Improvements other than buildings	85,345	108,889	-	-	-
Less accumulated depreciation	(689,072)	(425,010)	(45,676)	-	-
Total capital assets, net	<u>117,368</u>	<u>860,714</u>	<u>3,557</u>	<u>-</u>	<u>-</u>
Total assets	<u>1,159,200</u>	<u>1,391,455</u>	<u>71,884</u>	<u>522,602</u>	<u>90,368</u>
LIABILITIES					
Current liabilities:					
Accounts payable	377,896	237,329	823	346,835	23,214
Accrued payroll and benefits	34,406	35,051	11,681	-	-
Due to other funds	-	466,703	-	-	-
Compensated absences	5,371	7,018	2,979	-	-
Claims and judgments payable	-	-	-	-	-
Total current liabilities	<u>417,673</u>	<u>746,101</u>	<u>15,483</u>	<u>346,835</u>	<u>23,214</u>
Noncurrent:					
Compensated absences	60,434	13,893	33,132	-	-
Deferred revenue	60,515	491,192	-	-	-
Claims and judgments payable	-	-	-	-	-
Total noncurrent liabilities	<u>120,949</u>	<u>505,085</u>	<u>33,132</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>538,622</u>	<u>1,251,186</u>	<u>48,615</u>	<u>346,835</u>	<u>23,214</u>
NET ASSETS (DEFICIT)					
Invested in capital assets	117,368	860,714	3,557	-	-
Unrestricted	503,210	(720,445)	19,712	175,767	67,154
Total net assets (deficit)	<u>\$ 620,578</u>	<u>\$ 140,269</u>	<u>\$ 23,269</u>	<u>\$ 175,767</u>	<u>\$ 67,154</u>

Workmen's Compensation	Health Insurance	911 Communications	Risk Management	Information Systems	Total Internal Service Funds
\$ 1,309,193	\$ 1,574,118	\$ 206,568	\$ 260,788	\$ 310,555	\$ 5,580,335
-	44,918	-	-	-	68,918
-	-	192,911	-	-	211,529
12,362	12,405	-	1,174	919	38,486
-	-	-	-	-	280,513
-	-	-	-	352,185	352,185
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
1,321,555	1,631,441	399,479	261,962	663,659	6,531,966
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
-	-	-	-	-	20,000
-	-	-	-	-	1,331,371
-	-	150,737	-	3,535,499	4,282,028
-	-	-	-	-	194,234
-	-	(150,737)	-	(2,697,246)	(4,007,741)
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
-	-	-	-	838,253	1,819,892
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
1,321,555	1,631,441	399,479	261,962	1,501,912	8,351,858
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
301,686	239,251	6,012	128,732	493,946	2,155,724
-	-	268,127	-	27,650	376,915
-	-	-	-	-	466,703
-	-	88,336	-	16,790	120,494
1,312,452	1,838,580	-	1,375,280	-	4,526,312
1,614,138	2,077,831	362,475	1,504,012	538,386	7,646,148
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
-	-	37,004	-	80,976	225,439
-	179,174	-	-	-	730,881
1,844,261	-	-	-	-	1,844,261
1,844,261	179,174	37,004	-	80,976	2,800,581
3,458,399	2,257,005	399,479	1,504,012	619,362	10,446,729
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
-	-	-	-	838,253	1,819,892
(2,136,844)	(625,564)	-	(1,242,050)	44,297	(3,914,763)
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ (2,136,844)	\$ (625,564)	\$ -	\$ (1,242,050)	\$ 882,550	\$ (2,094,871)

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, 2007

	Central Garage	Building Maintenance	Central Stores	Illinois Municipal Retirement	Unemploy- ment
OPERATING REVENUES					
Charges for services	\$ 3,767,076	\$ 3,086,903	\$ 320,000	\$ 5,585,064	\$ 66,428
Miscellaneous	375	-	-	-	-
Total operating revenues	<u>3,767,451</u>	<u>3,086,903</u>	<u>320,000</u>	<u>5,585,064</u>	<u>66,428</u>
OPERATING EXPENSES					
Salaries and benefits	910,953	841,477	266,709	-	-
Services	812,048	1,773,793	44,975	5,585,347	8,825
Supplies and materials	2,013,702	237,053	2,065	-	-
Depreciation	26,210	58,688	3,476	-	-
Charges from General Fund	116,000	93,600	14,100	-	-
Total operating expenses	<u>3,878,913</u>	<u>3,004,611</u>	<u>331,325</u>	<u>5,585,347</u>	<u>8,825</u>
Operating income (loss)	<u>(111,462)</u>	<u>82,292</u>	<u>(11,325)</u>	<u>(283)</u>	<u>57,603</u>
NONOPERATING REVENUES (EXPENSES)					
Interest income	18,209	26,915	2,995	31,792	4,793
Interest expense	-	-	-	-	-
Total nonoperating revenues (expenses)	<u>18,209</u>	<u>26,915</u>	<u>2,995</u>	<u>31,792</u>	<u>4,793</u>
Change in net assets (deficit)	<u>(93,253)</u>	<u>109,207</u>	<u>(8,330)</u>	<u>31,509</u>	<u>62,396</u>
Total net assets (deficit) - beginning	<u>713,831</u>	<u>31,062</u>	<u>31,599</u>	<u>144,258</u>	<u>4,758</u>
Total net assets (deficit) - ending	<u>\$ 620,578</u>	<u>\$ 140,269</u>	<u>\$ 23,269</u>	<u>\$ 175,767</u>	<u>\$ 67,154</u>

Workmen's Compensation	Auditing	Health Insurance	911 Communi- cations	Risk Management	Information Systems	Total Internal Service Funds
\$ 1,768,866	\$ 261,169	\$ 18,762,648	\$ 4,737,842	\$ 956,720	\$ 2,197,110	\$ 41,509,826
383	-	513,288	-	58,561		572,607
1,769,249	261,169	19,275,936	4,737,842	1,015,281	2,197,110	42,082,433
-	-	-	4,639,384	-	812,209	7,470,732
2,504,172	261,169	17,805,266	85,447	605,273	662,316	30,148,631
-	-	549	13,011	-	192,643	2,459,023
-	-	-	-	-	401,770	490,144
80,800	-	98,500	-	278,600	39,700	721,300
2,584,972	261,169	17,904,315	4,737,842	883,873	2,108,638	41,289,830
(815,723)	-	1,371,621	-	131,408	88,472	792,603
84,662	-	48,139	-	9,698	-	227,203
-	-	-	-	-	(1,211)	(1,211)
84,662	-	48,139	-	9,698	(1,211)	225,992
(731,061)	-	1,419,760	-	141,106	87,261	1,018,595
(1,405,783)	-	(2,045,324)	-	(1,383,156)	795,289	(3,113,466)
\$ (2,136,844)	\$ -	\$ (625,564)	\$ -	\$ (1,242,050)	\$ 882,550	\$ (2,094,871)

CITY OF ROCKFORD, ILLINOIS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2007

	Central Garage	Building Maintenance	Central Stores	Illinois Municipal Retirement
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 3,765,291	\$ 3,033,006	\$ 320,000	\$ 5,585,064
Payments to suppliers	(2,573,628)	(1,991,549)	(46,313)	(5,565,788)
Payments to employees	(885,165)	(854,611)	(237,694)	-
Payments for internal services used	(116,000)	(93,600)	(14,100)	-
Payments to other funds	-	(24,563)	-	-
Net cash provided by (used for) operating activities:	190,498	68,683	21,893	19,276
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	-	(129,897)	-	-
Net cash (used for) capital and related financing activities:	-	(129,897)	-	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	19,605	27,424	2,776	30,963
Net increase (decrease) in cash and cash equivalents	210,103	(33,790)	24,669	50,239
Cash and cash equivalents, beginning	529,576	537,644	43,137	467,957
Cash and cash equivalents, ending	\$ 739,679	\$ 503,854	\$ 67,806	\$ 518,196
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ (111,462)	\$ 82,292	\$ (11,325)	\$ (283)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation expense	26,210	58,688	3,476	-
Changes in assets and liabilities:				
Accounts receivable	-	(24,000)	-	-
Due from other governmental units	(2,160)	-	-	-
Inventories	(50,097)	-	-	-
Prepaid items	-	-	-	-
Accounts payable	302,219	19,297	727	19,559
Accrued payroll and benefit	8,117	8,451	3,496	-
Compensated absences	17,671	(21,585)	25,519	-
Due to other funds	-	(24,563)	-	-
Deferred revenue	-	(29,897)	-	-
Other liabilities:	-	-	-	-
Total adjustments	301,960	(13,609)	33,218	19,559
Net cash provided by (used for) operating activities	\$ 190,498	\$ 68,683	\$ 21,893	\$ 19,276

	Unemployment	Workmen's Compensation	Auditing	Health Insurance	911 Communications	Risk Management	Information Systems	Total Internal Service Funds
\$	66,428	\$ 1,769,249	\$ 261,169	\$ 19,248,214	\$ 5,014,766	\$ 1,015,281	\$ 2,197,110	\$ 42,275,578
	(23,111)	(2,031,198)	(261,169)	(17,555,985)	(98,200)	(607,292)	(772,832)	(31,527,065)
	-	-	-	-	(4,552,549)	-	(800,184)	(7,330,203)
	-	(80,800)	-	(98,500)	-	(278,600)	(39,700)	(721,300)
	-	-	-	(54,326)	(157,649)	-	(98,014)	(334,552)
	43,317	(342,749)	-	1,539,403	206,368	129,389	486,380	2,362,458
	-	-	-	-	-	-	(171,893)	(301,790)
	-	-	-	-	-	-	(171,893)	(301,790)
	4,308	84,582		34,715	-	8,595	(3,932)	209,036
	47,625	(258,167)	-	1,574,118	206,368	137,984	310,555	2,269,704
	41,953	1,567,360	-	-	200	122,804	-	3,310,631
\$	89,578	\$ 1,309,193	\$ -	\$ 1,574,118	\$ 206,568	\$ 260,788	\$ 310,555	\$ 5,580,335
\$	57,603	\$ (815,723)	\$ -	\$ 1,371,621	\$ -	\$ 131,408	\$ 88,472	\$ 792,603
	-	-		-	-	-	401,770	490,144
	-	-		(28,156)	-	-	-	(52,156)
	-	-		-	276,924	-	-	274,764
	-	-		-	-	-	-	(50,097)
	-	80,493		119,045	-	-	(352,185)	(152,647)
(14,286)	46,308		179,447		258	107,403	434,312	1,095,244
-	-		-		72,703	-	(771)	91,996
-	-		-		14,132	-	12,796	48,533
-	-		(54,326)		(157,649)	-	(98,014)	(334,552)
-	-		434		-	-	-	(29,463)
-	346,173		(48,662)			(109,422)	-	188,089
(14,286)	472,974		167,782		206,368	(2,019)	397,908	1,569,855
\$	43,317	\$ (342,749)	\$ -	\$ 1,539,403	\$ 206,368	\$ 129,389	\$ 486,380	\$ 2,362,458

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, 2007

	Pension Trust Funds		
	Police Pension	Firefighter's Pension	Total
ASSETS			
Cash and cash equivalents	\$ 639,814	\$ 1,478,432	\$ 2,118,246
Investments			
U.S. Treasury Strips	-	2,900,950	2,900,950
U.S. Treasury Bills	-	3,022,231	3,022,231
U.S. Treasury Notes	-	16,648,932	16,648,932
U.S. Treasury Bonds	-	10,852,088	10,852,088
Government National Mortgage Association	-	8,400,022	8,400,022
Government Backed Corporate Bonds	-	1,375,905	1,375,905
Federal Home Loan Bank Bonds	-	10,518,221	10,518,221
Federal Home Loan Mortgage Corporation	-	9,998,064	9,998,064
Federal National Mortgage Association	-	13,750,054	13,750,054
Federal Farm Credit Bonds	-	297,687	297,687
State and Local Government Securities	-	280,312	280,312
Small Cap Equity Common Stocks	14,571,623	-	14,571,623
Mid Cap Equity Common Stocks	8,060,944	-	8,060,944
Large Cap Equity Common Stocks	-	24,682,572	24,682,572
NTGI Collective Trust	73,055,576	-	73,055,576
ABN AMRO Stable Value Funds	16,310,659	-	16,310,659
Domestic Mutual Funds	31,368,297	19,338,899	50,707,196
International Mutual Funds	15,321,038	16,888,610	32,209,648
Accrued interest receivable	95,250	646,606	741,856
Contributions receivable	2,350,276	3,586,441	5,936,717
Total assets	161,773,477	144,666,026	306,439,503
LIABILITIES			
Accrued liabilities	82,712	70,383	153,095
NET ASSETS			
Held in trust for pension benefits	\$ 161,690,765	\$ 144,595,643	\$ 306,286,408

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

For the Year Ended December 31, 2007

	Pension Trust Funds		
	Police Pension	Firefighter's Pension	Total
ADDITIONS			
Contributions:			
Employer	\$ 3,291,206	\$ 4,653,318	\$ 7,944,524
Plan member	1,765,918	1,574,756	3,340,674
Total contributions	5,057,124	6,228,074	11,285,198
Investment income:			
Net appreciation in fair value of investments	9,579,620	3,980,726	13,560,346
Interest and dividend income	2,847,381	6,674,710	9,522,091
	12,427,001	10,655,436	23,082,437
Less investment expense	(366,093)	(417,604)	(783,697)
Net investment income	12,060,908	10,237,832	22,298,740
Total additions	17,118,032	16,465,906	33,583,938
DEDUCTIONS			
Pension benefits	9,339,451	10,192,523	19,531,974
Refunds of contributions	115,549	90,344	205,893
Administrative expense	138,742	125,709	264,451
Total deductions	9,593,742	10,408,576	20,002,318
Change in net assets	7,524,290	6,057,330	13,581,620
Total net assets - beginning	154,166,475	138,538,313	292,704,788
Total net assets - ending	\$ 161,690,765	\$ 144,595,643	\$ 306,286,408

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

December 31, 2007

GOVERNMENTAL FUNDS CAPITAL ASSETS

Land and improvements	\$ 6,598,367
Buildings and improvements	51,679,959
Equipment	29,489,337
Infrastructure	<u>801,310,142</u>
Total governmental funds capital assets	<u>\$ 889,077,805</u>

INVESTMENT IN GOVERNMENTAL FUNDS CAPITAL
ASSETS BY SOURCE

General Fund	\$ 73,300,716
Special Revenue Funds	184,473,145
Capital Projects Fund	394,794,123
Grants	<u>236,509,821</u>
Total investment in governmental funds capital assets	<u>\$ 889,077,805</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, 2007

FUNCTION AND ACTIVITY	Land and Improvements	Buildings and Improvements	Equipment	Infrastructure	Total
General government	\$ 4,939,047	\$ 11,549,279	\$ 1,232,479	\$ -	\$ 17,720,805
Public safety	878,155	12,522,173	17,728,466	-	31,128,794
Streets, alleys and bridges	197,322	1,360,879	7,864,563	801,310,142	810,732,906
Community development	203,704	950,443	153,868	-	1,308,015
Sanitation and sewers	201,500	-	23,264	-	224,764
Culture and recreation	158,139	24,460,469	1,467,332	-	26,085,940
Public health and welfare	20,500	836,716	1,019,365	-	1,876,581
Total governmental funds capital assets	<u>\$ 6,598,367</u>	<u>\$ 51,679,959</u>	<u>\$ 29,489,337</u>	<u>\$ 801,310,142</u>	<u>\$ 889,077,805</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, 2007

<u>FUNCTION AND ACTIVITY</u>	Governmental Funds Capital Assets			Governmental Funds Capital Assets
	January 1, 2007	Additions	Deductions	December 31, 2007
General government	\$ 17,699,703	\$ 21,102	\$ -	\$ 17,720,805
Public safety	29,976,967	1,223,848	72,021	31,128,794
Streets, alleys and bridges	794,814,148	17,672,388	1,753,630	810,732,906
Community development	1,308,015	-		1,308,015
Sanitation and sewers	224,764	-		224,764
Culture and recreation	25,911,651	406,116	231,827	26,085,940
Public health and welfare	1,852,436	69,494	45,349	1,876,581
Total governmental funds capital assets	<u>\$ 871,787,684</u>	<u>\$ 19,392,948</u>	<u>\$ 2,102,827</u>	<u>\$ 889,077,805</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
NET ASSETS BY COMPONENT, LAST THREE FISCAL YEARS

(accrual basis of accounting)

	<u>2005</u>		<u>2006</u>		<u>2007</u>
Governmental activities					
Invested in capital assets, net of related debt	\$ 439,881,835	\$	457,172,437	\$	436,814,982
Restricted					
Capital projects	17,919,997		10,764,755		24,595,277
Debt service	4,944,429		7,245,389		9,288,644
Other purposes	9,961,886		10,212,907		13,148,600
Unrestricted	14,647,406		18,259,325		15,747,626
Total governmental activities net assets	<u>\$ 487,355,553</u>	<u>\$</u>	<u>503,654,813</u>	<u>\$</u>	<u>499,595,129</u>
Business-type activities					
Invested in capital assets, net of related debt	\$ 95,612,984	\$	107,986,680	\$	116,111,150
Restricted					
Capital projects	8,258,356		1,000,000		1,000,000
Debt service	4,235,834		4,144,561		4,655,828
Unrestricted	3,734,380		5,001,310		4,663,251
Total business-type activities net assets	<u>\$ 111,841,554</u>	<u>\$</u>	<u>118,132,551</u>	<u>\$</u>	<u>126,430,229</u>
Total governmental activities net assets	<u>\$ 599,197,107</u>	<u>\$</u>	<u>621,787,364</u>	<u>\$</u>	<u>626,025,358</u>
Primary Government					
Invested in capital assets, net of related debt	\$ 535,494,819	\$	565,159,117	\$	552,926,132
Restricted	45,320,502		33,367,612		52,688,349
Unrestricted	18,381,786		23,260,635		20,410,877
Total governmental activities net assets	<u>\$ 599,197,107</u>	<u>\$</u>	<u>621,787,364</u>	<u>\$</u>	<u>626,025,358</u>

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

(accrual basis of accounting)

	<u>2005</u>	<u>2006</u>	<u>2007</u>
Expenses			
Governmental activities:			
General government	\$ 13,392,590	\$ 13,297,717	\$ 14,392,429
Public safety	72,945,042	78,028,562	86,034,803
Streets, alleys and bridges	11,008,143	28,618,460	33,244,705
Community development	13,761,490	12,850,580	14,050,709
Sanitation and sewers	7,095,605	7,790,814	7,689,685
Culture and recreation	7,719,111	7,613,866	20,566,355
Public health and welfare	14,186,561	16,224,686	14,875,668
Interest and fiscal charges	4,507,875	5,087,266	5,477,961
Total governmental activities expenses	<u>144,616,417</u>	<u>169,511,951</u>	<u>196,332,315</u>
Business-type activities:			
Water	14,734,889	15,491,720	16,441,237
Parking	2,028,583	2,025,000	2,308,209
Total business-type activities	<u>16,763,472</u>	<u>17,516,720</u>	<u>18,749,446</u>
Total primary government expenses	<u>\$ 161,379,889</u>	<u>\$ 187,028,671</u>	<u>\$ 215,081,761</u>
Program Revenues			
Governmental activities:			
Charges for services:			
General government	\$ 5,333,840	\$ 5,105,389	\$ 5,206,081
Public safety	5,944,017	7,055,847	8,221,830
Streets, alleys and bridges	5,775,581	6,053,144	5,908,625
Community development	561,929	475,309	524,515
Sanitation and sewers	6,725,442	6,813,361	6,840,386
Culture and recreation	164,971	200,290	201,187
Operating grants and contributions	21,335,383	22,360,354	21,438,527
Capital grants and contributions	<u>6,872,910</u>	<u>6,601,783</u>	<u>11,420,360</u>
Total governmental activities program revenues	<u>52,714,073</u>	<u>54,665,477</u>	<u>59,761,511</u>
Business-type activities:			
Charges for services:			
Water	18,605,553	20,318,020	22,093,309
Parking	1,573,703	1,529,800	1,487,703
Capital grants and contributions	4,887,660	790,231	2,031,876
Total business-type activities program revenues	<u>25,066,916</u>	<u>22,638,051</u>	<u>25,612,888</u>
Total primary government program revenues	<u>\$ 77,780,989</u>	<u>\$ 77,303,528</u>	<u>\$ 85,374,399</u>

(Continued)

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

(accrual basis of accounting)

	<u>2005</u>	<u>2006</u>	<u>2007</u>
Net (Expense)/Revenue			
Governmental activities	\$ (91,902,344)	\$ (114,846,474)	\$ (136,570,804)
Business-type activities	8,303,444	5,121,331	6,863,442
Total primary government net expense	<u>\$ (83,598,900)</u>	<u>\$ (109,725,143)</u>	<u>\$ (129,707,362)</u>
General Revenues and Other Changes in Net Assets			
Governmental activities:			
Taxes:			
Property taxes	\$ 47,010,384	\$ 50,378,602	\$ 53,713,800
Sales taxes	23,378,788	25,171,445	33,450,584
Metro Centre sales tax	3,243,519	3,504,878	3,516,164
Motel and hotel tourism tax	1,527,358	1,733,131	1,792,348
Local use tax	1,821,123	1,963,229	2,015,444
Income tax	11,294,861	12,299,422	13,400,874
Replacement tax	6,920,944	7,251,586	8,803,431
Telecommunications tax	5,772,796	5,771,186	6,291,357
Utility tax	888,953	866,032	1,022,275
Franchise taxes	1,256,422	1,383,862	1,446,031
Unrestricted interest earnings	1,485,108	3,006,127	4,342,807
Miscellaneous	3,009,223	2,451,023	2,658,405
Transfers	57,600	57,600	57,600
Total governmental activities	<u>107,667,079</u>	<u>115,838,123</u>	<u>132,511,120</u>
Business-type activities:			
Unrestricted interest earnings	376,485	1,227,266	1,491,836
Transfers	(57,600)	(57,600)	(57,600)
Total business-type activities	<u>318,885</u>	<u>1,169,666</u>	<u>1,434,236</u>
Total primary government	<u>\$ 107,985,964</u>	<u>\$ 117,007,789</u>	<u>\$ 133,945,356</u>
Change in Net Assets			
Governmental activities	\$ 15,764,735	\$ 991,649	\$ (4,059,684)
Business-type activities	8,622,329	6,290,997	8,297,678
Total primary government	<u>\$ 24,387,064</u>	<u>\$ 7,282,646</u>	<u>\$ 4,237,994</u>

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

(modified accrual basis of accounting)

	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Fund			
Reserved	\$ 1,393,308	\$ 3,625,662	\$ 2,848,419
Unreserved	29,277,422	29,714,629	30,358,063
Total General Fund	<u>\$ 30,670,730</u>	<u>\$ 33,340,291</u>	<u>\$ 33,206,482</u>
All Other Governmental Funds			
Reserved	\$ 17,114,176	\$ 15,608,994	\$ 32,186,952
Unreserved, reported in			
Special Revenue Funds	7,315,179	8,598,211	10,169,249
Capital Project Funds	9,001,715	4,752,174	3,408,693
Debt Service Funds	(263,135)	(76,529)	(6,859)
Total all other governmental funds	<u>\$ 33,167,935</u>	<u>\$ 28,882,850</u>	<u>\$ 45,758,035</u>

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

(modified accrual basis of accounting)

	<u>2005</u>	<u>2006</u>	<u>2007</u>
REVENUES			
Taxes	\$ 83,796,845	\$ 89,388,504	\$ 101,801,972
Licenses and permits	5,314,798	5,203,117	5,057,545
Intergovernmental	48,245,126	54,858,358	53,566,172
Charges for services	12,881,071	12,786,424	13,627,943
Fines	1,911,259	1,891,646	1,924,864
Interest	1,398,874	2,856,189	4,115,605
Miscellaneous	3,537,361	3,451,023	2,658,405
Total revenues	<u>157,085,334</u>	<u>170,435,261</u>	<u>182,752,506</u>
EXPENDITURES			
Current:			
General government	12,802,668	12,881,005	13,818,411
Public safety	72,060,997	76,643,710	82,646,977
Streets, alleys and bridges	9,218,492	9,427,135	14,684,144
Community development	13,855,963	12,855,383	14,098,653
Sanitation and sewers	7,114,598	7,786,710	7,696,669
Culture and recreation	6,843,800	6,829,540	19,751,044
Public health and welfare	14,289,739	16,174,189	14,880,152
Debt service:			
Principal payments	7,880,000	8,845,284	10,293,026
Interest and fiscal charges	4,395,004	4,844,538	5,454,720
Capital outlay:			
General government	554,991	1,097,418	21,102
Public safety	1,529,720	828,826	1,223,848
Streets, alleys and bridges	18,388,101	15,711,225	9,089,592
Community development	4,794,032	-	-
Sanitation and sewers	149,997	-	-
Culture and recreation	436,688	448,406	406,116
Public health and welfare	66,510	215,016	69,494
Total expenditures	<u>174,381,300</u>	<u>174,588,385</u>	<u>194,133,948</u>
Excess of revenues over (under) expenditures	<u>(17,295,966)</u>	<u>(4,153,124)</u>	<u>(11,381,442)</u>
OTHER FINANCING SOURCES (USES)			
Refunding bonds issued	530,000	-	6,865,000
Payment to escrow agent	(107,622)	-	(6,770,679)
Issuance of general obligation bonds	18,770,000	2,500,000	28,250,000
Discount on issue of general obligation bonds	(140,011)	(20,000)	(279,103)
Transfers in	14,117,564	19,061,648	17,868,899
Transfers out	(14,259,930)	(19,004,048)	(17,811,299)
Total other financing sources (uses)	<u>18,910,001</u>	<u>2,537,600</u>	<u>28,122,818</u>
Net change in fund balances	1,614,035	(1,615,524)	16,741,376
Debt service as a percentage of noncapital expenditures	8.3%	8.8%	8.6%

**CITY OF ROCKFORD, ILLINOIS
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL 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
1998	\$ 1,036,821	\$ 403,660	\$ 185,553	\$ 1,628	\$ 175,274	\$ 1,452,388	\$ 2.38280	\$ 4,882,987	33.33%
1999	1,023,889	406,639	187,929	1,620	172,426	1,447,651	2.45380	4,860,231	33.33%
2000	1,037,308	429,860	190,865	1,660	170,085	1,489,607	2.49250	4,979,077	33.33%
2001	1,074,584	455,832	201,051	1,733	173,678	1,559,522	2.47240	5,199,601	33.33%
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%

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 FISCAL YEARS**

	City Direct Rates				
	General Fund	Library Special Revenue Fund	Debt Service Fund	Other Special Revenue Funds	Total Direct Tax Rate
1998	\$ 1.60360	\$ 0.31630	\$ 0.35890	\$ 0.10400	\$ 2.38280
1999	1.66220	0.32000	0.36400	0.10760	2.45380
2000	1.70280	0.32000	0.36270	0.10700	2.49250
2001	1.66440	0.32000	0.38220	0.10580	2.47240
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

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	Rockford Township	Rockford Park District	Rock River Water Reclamation	Greater Rockford Airport	Rockford School District	Rock Valley Community College
\$ 0.85690	\$ 0.18890	\$ 0.79460	\$ 0.16100	\$ 0.32220	\$ 6.43380	\$ 0.39160
0.87510	0.19580	0.81650	0.15770	0.32240	0.62113	0.41480
0.89550	0.19900	0.81410	0.15180	0.31760	5.53100	0.41440
0.89560	0.19910	0.80100	0.14420	0.30700	5.57930	0.40860
0.89700	0.16170	0.78070	0.14350	0.30760	5.52710	0.43510
0.89410	0.23310	0.76910	0.14030	0.30750	5.51800	0.45280
0.90040	0.20180	0.77660	0.14060	0.31210	5.53100	0.45300
0.88940	0.19920	0.75250	0.13420	0.26650	5.51070	0.44710
0.87800	0.19730	0.73600	0.12370	0.08930	5.41230	0.46600
0.86090	0.19660	0.71980	0.12210	0.08840	5.33810	0.44100

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

Taxpayer	2007			1998		
	Equalized Value	Rank	Percentage of Total Equalized Value	Equalized Value	Rank	Percentage of Total Equalized Value
Lowes Home Centers INC.	\$ 14,759,490	1	0.73%			
Wal-Mart Stores Inc.	10,858,841	2	0.53%			
Greater Rockford Airport Authority	7,316,371	3	0.36%	\$ 6,457,306	2	0.44%
Hamilton Sundstrand Corporation	7,294,782	4	0.36%	13,121,088	1	0.90%
United Parcel Service Inc.	5,584,632	5	0.28%	5,097,719	5	0.35%
Simon Property Group	5,078,555	6	0.25%	5,355,456	3	0.37%
Swedish American Hospital	4,784,808	7	0.24%	4,059,672	8	0.28%
MB Rockford State LLC.	4,481,988	8	0.22%	-		
WPH Rockford LLC.	4,299,905	9	0.21%	-		
Rock River Valley Industrial Park	3,984,205	10	0.20%	-		
Sunil Puri	-		-	5,145,379	4	0.35%
Fairhaven Christian Home	-		-	5,097,719	6	0.35%
United Realty	-		-	4,666,873	7	0.32%
Metro Centre	-		-	3,779,218	9	0.26%
Amcore	-		-	3,540,985	10	0.24%
Total	<u>\$ 68,443,577</u>		<u>3.37%</u>	<u>\$ 34,091,241</u>		<u>3.86%</u>

Source: Winnebago County Collector's office.

**CITY OF ROCKFORD, ILLINOIS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL 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
1998	\$ 34,652,738	\$ 34,278,980	98.92%	\$ 53,423	\$ 34,332,403	99.08%
1999	35,526,411	35,141,112	98.92%	30,089	35,171,201	99.00%
2000	36,460,556	35,851,425	98.33%	36,343	35,887,768	98.43%
2001	38,559,171	38,133,728	98.90%	16,117	38,149,845	98.94%
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%	95,968	42,368,717	100.06%
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%	-	50,112,235	99.62%
2007 (4)	51,167,696					

- 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 2007 levy will be collected in 2008.

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

Fiscal Year Ended	Governmental Activities			Business-Type Activities		Percentage of Personal Income	Per Capita
	General Obligation Bonds	Section 108 Guaranteed Loans	EPA Water Pollution Obligation	Water General Obligation Alternate Bonds	Total Primary Government		
1998	\$ 44,525,300	\$ 225,000	\$ 1,538,961	\$ 29,859,700	\$ 76,148,961	2.05%	\$ 529
1999	59,336,820	215,000	1,465,740	31,273,180	92,290,740	2.40%	632
2000	67,894,220	205,000	1,373,555	29,345,780	98,818,555	2.42%	658
2001	70,335,000	195,000	1,312,557	27,920,000	99,762,557	2.50%	665
2002	74,950,000	185,000	1,232,458	26,650,000	103,017,458	2.55%	686
2003	75,240,000	1,075,000	1,149,926	25,135,000	102,599,926	2.48%	683
2004	90,550,000	1,065,000	1,064,887	23,740,000	116,419,887	2.82%	776
2005	101,970,000	2,045,000	977,265	22,250,000	127,242,265	2.99%	848
2006	95,950,000	1,810,000	886,981	33,890,000	132,536,981	2.96%	883
2007	114,385,000	1,730,000	793,956	34,285,000	151,193,956	3.38%	1,007

**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
1998	144,000	\$ 1,452,388,253	\$ 44,525,300	\$ 1,978,143	\$ 42,547,157	2.93%	\$ 295.47
1999	146,000	1,447,651,195	59,336,820	2,211,553	57,125,267	3.95%	391.27
2000	150,115	1,489,606,620	67,894,220	3,550,610	64,343,610	4.32%	428.63
2001	150,115	1,559,521,582	70,335,000	7,676,658	62,658,342	4.02%	417.40
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

- 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 or amount included in general Landfill Obligation.
 - (3) Does not include tax increment financing areas equalized value.

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

As of December 31, 2007

Name of Governmental Unit	Total Debt Outstanding	Percentage Applicable To City of Rockford	City of Rockford's Share of Debt
Direct:			
City of Rockford, Illinois (1)	\$ 116,908,956	100.0%	\$ 116,908,956
Overlapping:			
Schools:			
School District #205	83,860,000	73.1%	61,293,274
School District #122	35,035,364	3.1%	1,072,082
School District #323	8,410,000	2.6%	216,978
Community College #511	51,068,595	31.9%	16,311,309
	<u>178,373,959</u>		<u>78,893,643</u>
Other Units:			
Greater Rockford Airport Authority	3,629,150	64.6%	2,343,705
Rockford Park District	5,000,000	70.6%	3,530,500
Winnebago County Forest Preserve	4,620,000	45.4%	2,095,170
	<u>13,249,150</u>		<u>7,969,375</u>
Total Overlapping Debt	<u>191,623,109</u>		<u>86,863,018</u>
Total Direct and Overlapping Debt	<u>\$ 308,532,065</u>		<u>\$ 203,771,974</u>

NOTES: (1) Total debt outstanding for the City of Rockford does not include general obligation bonds and water r the Water Utility Fund.

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 2007

Assessed value	\$ 2,032,641,960
Debt limit - State (8.625% of assessed value)	175,315,369
Debt Limit - City (80% of the State limit)	140,252,295
Debt applicable to limit:	
General obligation bonds:	114,385,000
Less: Amount set aside for repayment of general obligation debt	<u>(17,720,044)</u>
Total amount of debt applicable to debt limit	<u>96,664,956</u>
Legal debt margin	<u>43,587,339</u>

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Debt limit	\$ 140,252,295	\$ 135,222,965	\$ 125,509,805	\$ 118,449,569
Total net debt applicable to limit	<u>96,664,956</u>	<u>79,806,507</u>	<u>88,070,924</u>	<u>78,338,260</u>
Legal debt margin	<u>\$ 43,587,339</u>	<u>\$ 55,416,458</u>	<u>\$ 37,438,881</u>	<u>\$ 40,111,309</u>
Total net debt applicable to the limit as a percentage of debt limit	68.92%	59.02%	70.17%	66.14%

2003	2002	2001	2000	1999	1998
\$ 116,988,661	\$ 112,168,370	\$ 107,606,989	\$ 102,782,857	\$ 99,887,933	\$ 100,214,790
64,765,501	63,960,907	56,721,645	59,589,862	51,862,761	37,031,724
\$ 52,223,160	\$ 48,207,463	\$ 50,885,344	\$ 43,192,995	\$ 48,025,172	\$ 63,183,066
55.36%	57.02%	52.71%	57.98%	51.92%	36.95%

**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
Water Utility Fund (1)							
1998	\$ 14,484,023	\$ 9,764,153	\$ 4,719,870	\$ 3,866,140	\$ 1,642,664	\$ 5,508,804	0.86%
1999	14,992,980	10,305,020	4,687,960	3,886,520	1,693,377	5,579,897	0.84%
2000	15,047,175	10,862,301	4,184,874	4,127,400	1,609,674	5,737,074	0.73%
2001	16,151,821	11,494,239	4,657,582	3,717,300	1,501,298	5,218,598	0.89%
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	1,401,491	4,506,491	1.56%

NOTES: Details regarding the city's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation, 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)
1998	144,000	\$ 3,705,552	\$ 25,733	27,605	4.50%
1999	146,000	3,843,304	26,324	27,361	4.90%
2000	150,115	4,077,274	27,161	27,441	4.70%
2001	150,115	3,990,807	26,585	27,704	6.50%
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	4,479,432	29,840	29,637	6.30%

- 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 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	2007			1998		
	Employees (1)	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Rockford School District No. 205	3,500	1	2.11%	3,285	4	1.93%
Rockford Health Systems (2)	2,952	2	1.78%	3,800	1	2.23%
Swedish American Health Systems	2,923	3	1.76%	3,600	2	2.11%
Daimler Chrysler	2,500	4	1.51%	2,590	5	1.52%
Hamilton Sundstrand Corporation	2,300	5	1.39%	3,500	3	2.06%
United Parcel Service (3)	2,200	6	1.33%	2,000	7	1.17%
OSF St. Anthony's Medical Center	2,200	7	1.33%	1,660	8	0.97%
Woodward Governor Company	1,490	8	0.90%	-		0.00%
City of Rockford	1,207	9	0.73%	-		0.00%
Cadbury Adams	750	10	0.45%	-		0.00%
Ingersoll Milling Machine Company	-		-	2,100	6	1.23%
Elco Textron	-		-	1,500	9	0.88%
Camcar Textron	-		-	1,600	10	0.94%
Total	22,022		13.27%	25,635		15.05%
Total employment in the Rockford MSA	166,000			170,284		

(1) Based on March 2008 telephone canvass of employers

(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									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
General government										
Mayor's office	8	8	8	6	6	7	7	6	6	6
Legal department	19	17	17	16	16	18	18	17	17	17
Finance office	33	33	34	33	34	37	36	36	36	36
Information Services	10	10	10	9	8	8	9	8	7	7
Personnel department	7	7	7	7	7	7	7	7	7	7
Public safety										
Police department										
Officers	305	305	299	299	300	301	296	295	293	289
Civilians	33	33	33	33	33	33	32	32	33	34
Fire department	282	280	282	277	277	277	268	268	262	256
911	53	61	61	61	61	61	61	61	61	61
Public works - traffic	18	18	18	18	18	19	19	18	16	16
Building department	21	20	20	20	20	21	21	20	20	20
Streets, alleys and bridges										
Administration	7	6	6	6	6	6	6	6	6	6
Engineering	5	5	5	5	5	5	5	5	4	4
Capital Projects	16	16	13	13	13	13	13	13	13	13
Street and sewer maintenance	40	40	40	41	41	49	49	48	48	48
Property and equipment	28	24	28	28	26	24	24	25	25	25
Community development										
Administration	2	2	2	2	2	2	2	2	2	3
Development	17	18	19	18	18	18	17	17	17	17
Planning	15	12	12	12	14	16	15	15	16	14
Code enforcement	13	-	-	-	-	-	-	-	-	-
Sanitation and sewers										
Public works - sewers	3	3	3	3	3	3	3	3	1	2
Culture and recreation										
Library	103	102	98	97	104	108	108	108	108	107
Public health and welfare	93	96	92	93	92	105	108	103	105	102
Parking	9	9	9	9	9	9	9	9	9	9
Water	75	76	75	76	76	74	74	73	73	72
Total	1,215	1,201	1,191	1,182	1,189	1,221	1,207	1,195	1,185	1,171

Source: City Finance Office

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

Function/Program	Fiscal Year			
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Police department				
Total calls for service	188,840	200,874	190,747	190,097
Total part 1 crimes	28,441	12,415	11,394	12,190
Number of alarms	5,802	5,696	6,155	5,980
Arrests	16,320	17,247	16,497	16,545
Clearance Rate	36.38%	23.33%	24.00%	24.00%
Fire department				
Total call for service	22,864	20,915	19,498	18,634
Number of fire investigations	355	364	373	382
Total number of fire calls	781	671	715	732
Total number of ambulance runs	17,372	15,390	15,281	15,837
911 Center				
Total non-emergency calls	125,202	293,012	290,133	291,427
Total emergency calls	153,559	182,076	172,070	182,564
Total police dispatches	192,399	342,008	336,068	328,295
Total fire dispatches	27,669	30,213	29,575	27,976
Building department				
Residential permits	1,471	1,340	1,288	1,229
Commercial permits	445	413	401	345
Plan reviews	874	974	1,015	995
Total inspections	17,780	18,786	19,112	17,688
Project over \$1million/total value	29/92.4M	23/\$61.8M	19/\$129.5M	8/\$24.5M
Economic development				
Commercial/Industrial expansion projects	4/11	5/8	11/29	13/4
New Commercial/Industrial projects	7/3	14/3	12/18	11/1
New Jobs	912	470	912	205
Retained Jobs	123	380	362	220
Planning and zoning				
Total acres annexed	848	200	526	152
Assessed valuation in annexed areas	\$ 5,800,000	\$ 3,500,000	\$ 1,130,000	\$ 666,063
Human services				
Households receiving energy assistance	9,906	9,886	9,100	8,300
Head Start program enrollment	669	649	665	653
Homeless prevention clients served	1,870	1,496	1,049	1,494
Summer Food program	2,500	2,985	2,190	1,800
Sanitation Division				
Regular tonnage	57,340	56,436	54,466	55,370
Composting tonnage	14,920	15,378	13,563	15,819
Recycling tonnage	7,170	7,006	7,178	7,171
Library				
Total collection	501,309	517,302	513,428	N/A
Total circulation	1,650,419	1,544,064	1,351,836	N/A
Total program attendance	60,341	55,656	45,257	N/A
Parking division				
Total parking spaces	4,329	4,303	3,593	3,971
Number of tickets issued	26,869	44,009	38,055	40,000
Water division				
Number of users	53,221	53,100	52,902	52,423
Annual water production (billion gallons)	8.34	8.40	9.36	8.48

The City has presented data for as many years as is available.

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

Function/Program	Fiscal Year <u>2007</u>	Fiscal Year <u>2006</u>
Police department		
Stations	1	1
Substations	4	4
Squad cars	130	127
Vans (including trucks and mobile units)	38	38
Fire department		
Stations	11	11
Companies:		
Engine	8	8
Quints	3	3
Ladder	2	2
Ambulances	5	5
Library		
Main facility	1	1
Branch facilities	5	5
Public works		
Streets (miles)		
Bridges		
Street lights		
Traffic signals		
Parking division		
Surface lots	30	30
Garages	4	4
Water division		
Water mains (miles)	770	751
Wells	39	39
Production capacity (gal per day)	76,500,000	76,500,000

The City has presented data for as many years as is available.