



# COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2010

CITY OF ROCKFORD, ILLINOIS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2010

Prepared by:

Finance Office  
Andres Sammul  
Finance Director



# CITY OF ROCKFORD, ILLINOIS

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## **INTRODUCTORY SECTION**

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Andres Sammul  
Director  
Finance Department

June 17, 2011

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, 2010, is hereby submitted. This report is prepared by the Finance Director's Office of the City of Rockford, Illinois. We believe the data, as presented, is accurate in all material respects; is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

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

The independent auditing firm of Lauterbach & Amen, LLP has audited the City of Rockford's financial statements. The purpose of the independent audit conducted by Lauterbach & Amen was to review and provide reasonable assurance that the City's financial statements for the fiscal year ending December 31, 2010 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, 2010, 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 61.86 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 2010 average unemployment rate for the metropolitan area was 15.3% as compared to the state average of 10.3% and the national average of 9.6%.

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, Chrysler, NCO Group, Woodward Governor, Invensys, Quebecor Printing, Lowe's Distribution Center, Cadbury/Adams Division, and Anderson Packaging. Rockford is proud of its quality of life, skilled workforce and low cost of living. The City and private interests are aggressively pursuing the expansion and diversification of the work force. The City has created tax increment districts, an enterprise zone, 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; Rasmussen College Rockford – a two year community college that works in harmony with Rockford's business community and employer demands.

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

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

**Cash management policies and practices.** The primary objective of the City investment policy is to provide for the safety of principal, liquidity and a reasonable rate of return. The City complies with the Illinois State Statute requirements in purchasing securities for investment of the City's idle cash. The investment maturities range from daily, for money markets, to 15 years, for US Treasury and Agency bonds, with a 2.79 year average maturity for the portfolio. The average yield as of year end was 1.325% 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 \$225,000 retention. Risk control techniques include pre-certification and utilization review process, pre-employment drug testing, an employee assistance program, voluntary second opinion for surgery program and alcohol and substance abuse training. These initiatives were implemented to enhance employee life while controlling total City risk.

**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 2010 the amount was 12.53% of covered payroll. Additional information on the City of Rockford's pension arrangements and post-employment benefits can be found on pages 63-70 in the notes to the financial statements.

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

### **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement in Financial Reporting to the City of Rockford, Illinois, for its comprehensive annual financial report for the fiscal year ended December 31, 2009. This was the thirty first 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.

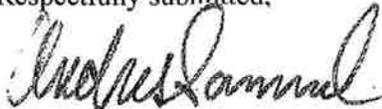
A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement Program requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

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, 2010. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

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

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Andres Sammul". The signature is written in a cursive, flowing style.

Andres Sammul  
Finance Director

CITY OF ROCKFORD, ILLINOIS  
OFFICIALS AND OFFICERS  
Year Ended December 31, 2010

MAYOR

Lawrence J. Morrissey

CITY COUNCIL MEMBERS

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

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

CITY ADMINISTRATOR

James Ryan

Reid Montgomery  
COMMUNITY DEVELOPMENT DIRECTOR

Andres Sammul  
FINANCE DIRECTOR

Derek Bergsten  
FIRE CHIEF

George Davis  
HUMAN SERVICES DIRECTOR

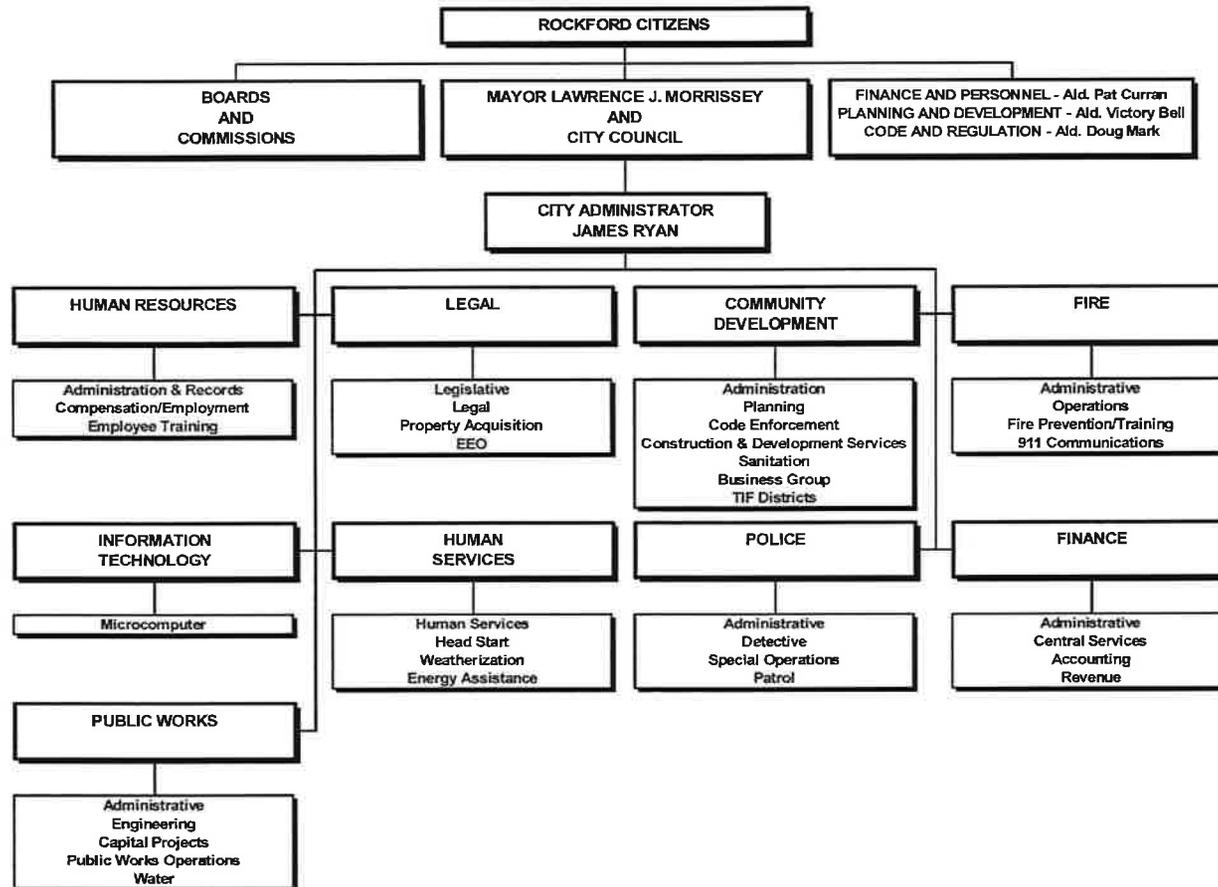
Patrick Hayes  
LEGAL DIRECTOR

Julia Valdez  
PERSONNEL DIRECTOR

Chet Epperson  
POLICE CHIEF

Timothy Hanson  
PUBLIC WORKS DIRECTOR

# CITY OF ROCKFORD, ILLINOIS ORGANIZATION CHART



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

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

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

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Rockford  
Illinois

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2009

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.



President

Executive Director

## **FINANCIAL SECTION**

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**INDEPENDENT AUDITORS' REPORT**

June 28, 2011

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information for the City of Rockford, Illinois as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the City of Rockford, Illinois' management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Rockford Mass Transit District or the Rockford Metropolitan Exposition, Auditorium and Office Building Authority discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us; and our opinion, insofar as it relates to the amounting included for the Rockford Mass Transit District and the Rockford Metropolitan Exposition, Auditorium and Office Building Authority, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Rockford, Illinois as of December 31, 2010, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2011, on our consideration of the City of Rockford, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purposes of forming opinions on the financial statements that collectively comprise the City of Rockford, Illinois' financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of federal expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



LAUTERBACH & AMEN, LLP

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



## City of Rockford, Illinois

### MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended December 31, 2010

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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, 2010. 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, 2010 by \$620,869,442 (net assets). Of this amount, the City's unrestricted net assets which may be used to meet the City's ongoing obligations to citizens and creditors was a negative (\$30,036,860). Governmental activities accounted for \$479,098,055 and business-type activities accounted for \$141,771,387. The City's total net assets increased by \$8,209,205 of which \$2,536,840 was related to governmental activities and \$5,672,365 to business-type activities.
- During the year, the City's primary government-wide expenses were \$214,728,408, which was less than the \$222,937,613 generated in primary government-wide taxes and other revenues for governmental functions.
- In the City's business-type activities, program revenues increased 15 percent to \$28,007,574, while expenses increased 7 percent to \$22,579,590.
- As of the close of the current fiscal year, the City of Rockford's governmental funds reported combined ending fund balances of \$59,509,975. Approximately 69 percent of this total amount, \$40,959,414, 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 \$22,516,220, or 20 percent of total General Fund expenditures.
- During the current fiscal year the City's total long-term obligations increased by less than 1 percent or \$1,808,825, to \$203,580,573. The key factors in this increase were the issuance of \$11.6 million in IEPA loans, the issuance of \$3.4 million in General Obligation Bonds for water system upgrades, \$1 million increase in the net OPEB obligation and principle payments of \$15.9 million.
- The General Fund reported an increase in fund balance of \$608,889 during fiscal year 2010 to \$22,615,112.
- The City's Governmental Funds capital outlays were \$15,672,024 in 2010, a decrease from last year of \$7,014,695.

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2010

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**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**Government-wide financial statements**

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

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

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

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

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

The two government-wide statements are as follows:

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

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

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

The government-wide financial statements can be found on pages 17- 18 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2010

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**Fund financial statements**

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

The City has three types of funds:

**Governmental funds** – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources at the end of the fiscal year. Consequently, the governmental fund statements provide a short-term view and help determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, a reconciliation is provided that explains the relationship or differences between the governmental funds and governmental activities.

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

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

The governmental fund financial statements can be found on pages 19 - 24.

**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 25 - 29 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2010

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**Fiduciary funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the governmental-wide financial statements because those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City has two fiduciary funds, the police pension and 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 30 - 31 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 32 - 74 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, 2010

### 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 \$620,869,442 at the close of the fiscal year ended December 31, 2010.

By far the largest portion of the City's net assets (over 100 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 2010	Governmental activities 2009	Business-type activities 2010	Business-type activities 2009	Total 2010	Total 2009
Current and other assets	\$ 146,359,490	\$ 135,864,704	\$ 32,191,574	\$ 33,703,616	\$ 178,551,064	\$ 169,568,320
Capital assets	542,467,030	550,164,842	193,540,586	181,151,339	736,007,616	731,316,181
Total assets	688,826,520	686,029,546	225,732,160	214,854,955	914,558,680	900,884,501
Long-term liabilities	98,736,807	105,421,459	76,735,209	68,630,983	175,472,016	174,052,442
Current liabilities	110,991,658	104,046,872	7,225,564	10,124,950	118,217,222	114,171,822
Total liabilities	209,728,465	209,468,331	83,960,773	78,755,933	293,689,238	288,224,264
Net assets:						
Invested in capital assets, net of related debt	481,780,204	477,852,551	133,021,249	131,269,066	614,801,453	609,121,617
Restricted	30,062,927	23,227,534	6,041,923	5,661,406	36,104,850	28,888,940
Unrestricted	(32,745,075)	(24,518,870)	2,708,215	(831,450)	(30,036,860)	(25,350,320)
Total net assets	\$ 479,098,055	\$ 476,561,215	\$ 141,771,387	\$ 136,099,022	\$ 620,869,442	\$ 612,660,237

The City's combined net assets increased by \$8,209,205 (from \$612.7 to \$620.9 million) during 2010. This change is the result of a \$2.5 million increase and a \$5.6 million increase in the net assets of the governmental activities and business-type activities, respectively. The decline of \$8.2 million in unrestricted net assets of the governmental activities was primarily attributable to; an increase in the City's net pension and net post-employment benefits obligations; an increase in net assets restricted for capital projects (CIP sales tax), highways and streets (motor fuel tax), and culture and recreation (library operations).

The \$5,672,365, increase to net assets and \$3,539,665 increase to unrestricted net assets of the business-type activities is attributable to operating activities of the water fund.

City of Rockford, Illinois

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2010

**Governmental activities** – Net assets for the City's governmental activities increased \$2,536,840. This increase may be attributed to the economic environment beginning to stabilize; cost cutting measures taken across all departments, as well as reduction in force and the elimination of vacant positions; and a reduction in reimbursements to developers for redevelopment projects.

<b>Changes in Net Assets</b>						
	Governmental activities 2010	Governmental activities 2009	Business-type activities 2010	Business-type activities 2009	Total 2010	Total 2009
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 29,306,408	\$ 27,167,967	\$ 24,509,042	\$ 23,465,165	\$ 53,815,450	\$ 50,633,132
Operating grants and contributions	29,807,880	29,288,219	-	-	29,807,880	29,288,219
Capital grants and contributions	2,837,398	2,000,666	3,498,532	749,767	6,335,930	2,750,433
General revenues:						
Taxes:						
Property taxes	58,784,815	58,379,104	-	-	58,784,815	58,379,104
Sales tax	36,380,336	35,756,775	-	-	36,380,336	35,756,775
Franchise taxes	2,619,091	1,624,690	-	-	2,619,091	1,624,690
Income tax	11,736,930	12,201,422	-	-	11,736,930	12,201,422
Replacement tax	7,555,032	7,212,783	-	-	7,555,032	7,212,783
Other taxes	13,621,004	13,820,072	-	-	13,621,004	13,820,072
Interest earnings	478,887	226,143	244,381	2,414	723,268	228,557
Other	1,557,877	2,415,129	-	-	1,557,877	2,415,129
Total revenues	<u>194,685,658</u>	<u>190,092,970</u>	<u>28,251,955</u>	<u>24,217,346</u>	<u>222,937,613</u>	<u>214,310,316</u>
<b>Expenses</b>						
General government	13,297,890	14,561,840	-	-	13,297,890	14,561,840
Public safety	89,109,641	84,813,690	-	-	89,109,641	84,813,690
Streets, alleys and bridges	35,079,905	34,557,692	-	-	35,079,905	34,557,692
Community development	13,694,212	17,901,167	-	-	13,694,212	17,901,167
Sanitation	7,072,936	7,544,392	-	-	7,072,936	7,544,392
Culture and recreation	7,373,399	9,490,086	-	-	7,373,399	9,490,086
Public health and welfare	21,230,764	19,723,022	-	-	21,230,764	19,723,022
Interest and fiscal charges	5,290,071	4,716,887	-	-	5,290,071	4,716,887
Water	-	-	20,402,549	18,865,983	20,402,549	18,865,983
Parking	-	-	2,177,041	2,202,193	2,177,041	2,202,193
Total expenses	<u>192,148,818</u>	<u>193,308,776</u>	<u>22,579,590</u>	<u>21,068,176</u>	<u>214,728,408</u>	<u>214,376,952</u>
Increase in net assets before transfers	2,536,840	(3,215,806)	5,672,365	3,149,170	8,209,205	(66,636)
Transfers	-	-	-	-	-	-
Increase in net assets	2,536,840	(3,215,806)	5,672,365	3,149,170	8,209,205	(66,636)
Net assets - beginning	476,561,215	479,777,021	136,099,022	132,949,852	612,660,237	612,726,873
Net assets - ending	<u>\$ 479,098,055</u>	<u>\$ 476,561,215</u>	<u>\$ 141,771,387</u>	<u>\$ 136,099,022</u>	<u>\$ 620,869,442</u>	<u>\$ 612,660,237</u>

Total governmental activities' revenue for the current year was \$194,685,658 compared to \$190,092,970 in 2009, an increase of 2.4%. The leading factors are as follows:

- The City's largest single revenue source, property taxes amounted to \$58.8 million. Property taxes increased by approximately \$.4 million (.6 percent) during the current year compared to 4.5 percent and 3.7 percent for 2009 and 2008, respectively due to an increase in equalized assessed value and new growth. The City's property tax rate remained nearly unchanged at about \$2.56 per \$100 of EAV.

# City of Rockford, Illinois

## MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended December 31, 2010

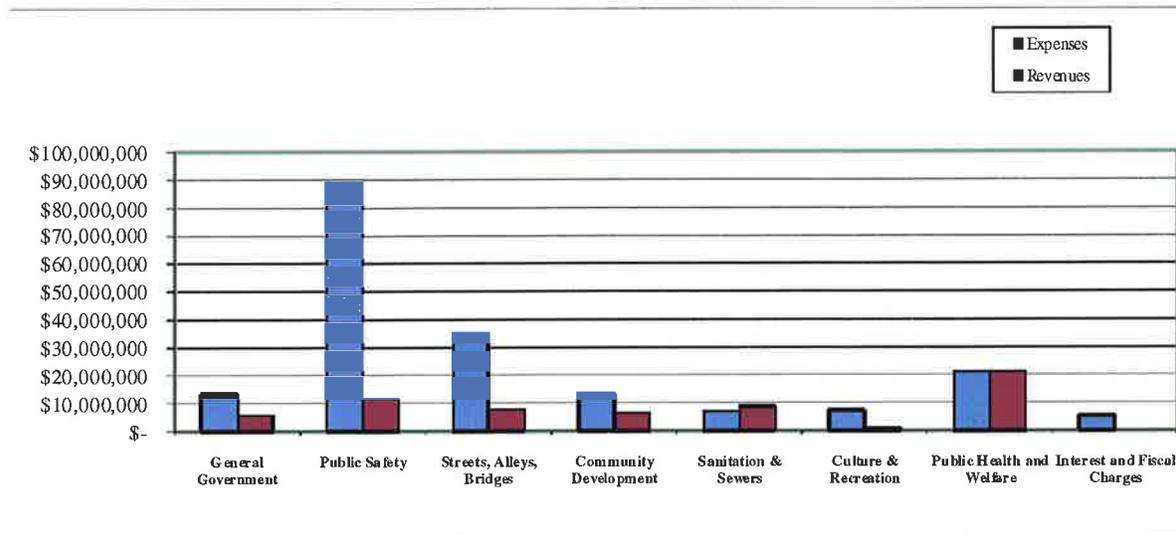
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- Shared revenue from the State increased approximately \$.5 million (.6 percent) from 2009. This modest increase follows two years of sharp declines, 2010 levels remain \$6.2 million (10 percent) below 2008.
- Operating grants, capital grants, and capital contributions increased almost \$1.4 million (4.5 percent), mostly as a result of federal grants administered by the City's community development and human services departments. While these grants increase revenues they also increase expenditures, generally on a one to one basis at best, resulting in little change to net assets.
- Charges for services increased 7.9 percent due to significant increases to water rates and charges for services provided to other local governments and agencies.

Total governmental activities' expense for the current year was \$192,148,818 compared to \$193,308,776 in 2009, a decrease of 1.0%. This decrease was primarily the result of cost cutting measures taken across all departments, as well as force reductions and the elimination of vacant positions.

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

### Expense and Program Revenue – Governmental Activities

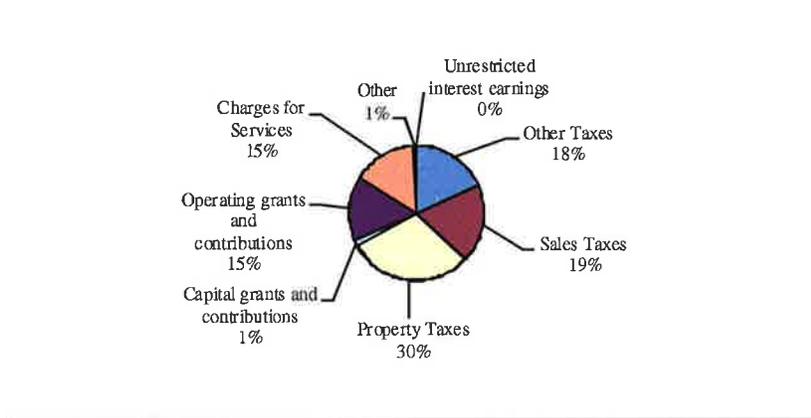


# City of Rockford, Illinois

## MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended December 31, 2010

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### Revenues by Source - Government Activities



### Revenues by Source - Government Activities

The cost of all governmental activities this year was \$192,148,818. However, the amount that taxpayers paid for these activities through City and State taxes was only \$130,697,208. Some of the cost was paid by:

- Those who directly benefited from the programs (\$29,306,408), or
- Other governments and organizations that subsidized certain programs with grants (\$32,645,278).

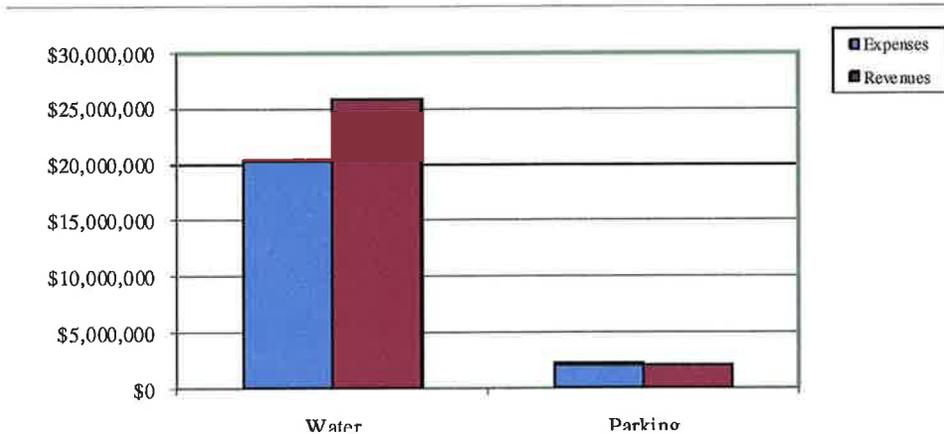
**Business-type Activities** – Business-type activities net assets increased by \$5,672,365 in 2010, compared to an increase of \$3,149,170 in 2010. Revenues from business type activities increased more than 16 percent to \$28,251,955 and expenses increased 7.1 percent to \$22,579,590. Key elements contributing to these results included:

- Charges for services for business-type activities increased by 4.4 percent. The Water Utility accounts for a significant portion of this increase. An increase of 3 percent in gallons of water supplied coupled with a 3 percent rate increase on January 1<sup>st</sup>, provided \$1.0 million more revenue. Although water sales were up in 2010 they remain well below the ten year average. Higher than average rainfall and conservation efforts have impacted water usage.
- The Water Utility received capital grants and contributions from developers of \$3,498,532 in 2010 compared to \$749,767 in 2009. Certain non-recurring (or one-time) grants and contributions are often not predictable and distorting in their impact on year-to-year comparisons.

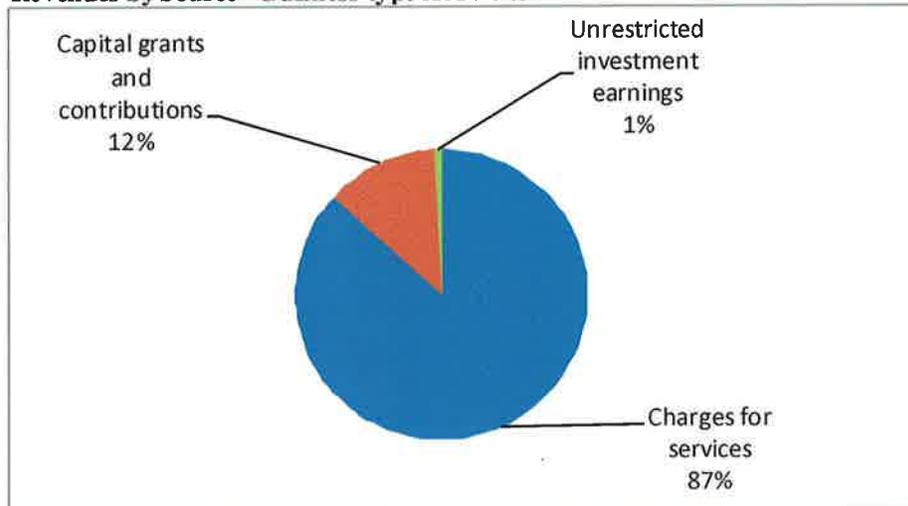
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2010

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



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



MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2010

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FINANCIAL ANALYSIS OF THE CITY'S MAJOR FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds** – The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, 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 2010, its governmental funds reported a combined fund balance of \$59,509,975, an increase of \$5,323,137 (9.8 percent) in comparison with last year. Unreserved fund balance was \$40,959,414, and is available for spending at the government's discretion. The remainder \$18,550,561 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 (\$9,359,281), 2) pay debt service (\$8,317,681), 3) for long-term notes receivable (\$134,496), 4) for intergovernmental agreements, (\$705,000), and 5) for endowments which are restricted to principal (\$34,103).

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 \$22,516,220, while total fund balance reached \$22,615,112. 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 20 percent of total General Fund expenditures.

The fund balance of the City's General Fund increased \$608,889 during the current fiscal year compared to a decrease of \$2,346,275 for 2009 and a decrease of \$8,853,984 for 2008. The increase is primarily the result of stabilizing elastic revenues which finished the year \$1,427,943 above the budgetary estimate. Elastic revenues are those revenues that tend to change with economic conditions such as, sales tax, use tax, state income tax, and personal property replacement tax.

The Public Library fund balance at year-end was \$5,302,738 of which \$19,103 is reserved for endowments. The net increase in fund balance during the current fiscal year in the Library Fund was \$1,274,781. This increase is primarily the result of a complete restructuring; which included a reduction of staff and reduced hours of service.

The Community Development fund balance at year-end was \$1,346,875 of which \$705,000 is reserved for intergovernmental agreements and \$58,192 reserved for encumbrances. There was a decrease in fund balance of \$198,556. This decrease was the result of an increase in non-reimbursable operating expenditures.

The Human Services fund balance at year-end was \$161,949 of which \$134,496 is reserved for long-term notes receivable. The net decrease in fund balance during the current fiscal year in the Human Service Fund was \$29,166. This decrease was due to an increase in non-reimbursable operating expenditures.

The Debt Service Fund total fund balance at year-end was \$8,317,681, all of which is reserved for the payment of debt service. The net increase in the fund balance during the current year was \$328,399. 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.

Capital Projects Fund total fund balance at year-end was \$13,610,820 of which \$9,182,696 is reserved for encumbrances. The net increase in fund balance during the current fiscal year to the Capital Project Fund was \$1,536,129. This increase was the result of holding \$1.5 million in sales tax revenues earned in 2010 for future construction projects.

# City of Rockford, Illinois

## MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended December 31, 2010

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

### Budgetary Highlights

The City Council passed a supplemental budget appropriation increasing estimated revenues by \$.8 million (less than 1 percent) and expenditures by \$1.7 million (1.6 percent) in the General Fund. The City is legally authorized by State statutes to amend the budget after June 30. Budgetary results for the General Fund departments are as follows:

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues	105,644,402	106,478,602	109,408,917	2,930,315
Expenditures	107,344,367	109,092,567	110,400,799	(1,308,232)
Excess of revenues over expenditures	(1,699,965)	(2,613,965)	(991,882)	1,622,083
Other financing sources and uses				
Transfers from other funds	4,117,570	4,117,570	2,781,746	(1,335,824)
Transfers to other funds	(2,367,467)	(2,291,467)	(1,180,975)	1,110,492
Net change in fund balance	50,138	(787,862)	608,889	1,396,751

During the year the City spent 101.2 percent of the final amount appropriated in the General Fund. Actual General Fund revenues were more than budgetary estimates by 2.7 percent. As discussed previously, although revenues have stabilized they remain below 2007 levels due to the national economic downturn. In response to the diminished revenues the City; implemented a wage freeze for all exempt employees; closely scrutinized requests to fill vacant staff positions; and reduced total staffing levels by about 8% through lay-offs, attrition, and an early retirement program.

### CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital Assets** – The City's investment in capital assets for its governmental and business-type activities as of December 31, 2010 amounts to \$736,007,616 (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 1.4 percent decrease). However, net capital assets increased 6.6% 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:

- Capital additions for the general fund were suspended due to the budget shortfall. However, a few minor purchases were made with grant funds; the police department purchased two new squad cars; and the fire department purchased two used pumper trucks and two used ambulances. Total general fund additions were less than \$500,000.

City of Rockford, Illinois

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2010

- A variety of street construction projects in both new residential and business developments, along with widening and expansion projects for existing streets and bridges were completed during the year. Capital street and bridge projects totaled \$14.6 million during the current year. Significant projects in 2010 included – City-wide Residential Resurfacing program (\$2.2 million), Morgan Street Bridge (\$1.9 million), Kishwaukee Street Improvements (\$1.6 million), Sandy Hollow Road Improvements (\$1.2 million), Downtown Streetscape, (\$824,000), Harrison Avenue Improvements, (\$704,000), West State Street Corridor (\$622,000) and the Riverwalk (\$355,000).
- Various system additions and improvements were completed in the Water Utility Fund at a cost of \$34.7 million; construction in progress as of the end of the current year had reached \$14 million.

**Primary Government Capital Assets (net of depreciation)**

	Governmental activities 2010	Governmental activities 2009	Business-type activities 2010	Business-type activities 2009	Total 2010	Total 2009
Land	\$ 6,899,241	\$ 6,899,241	\$ 6,153,801	\$ 6,153,801	\$ 13,053,042	\$ 13,053,042
Land improvements	254,791	274,877	468,814	218,386	723,605	493,263
Buildings and improvements	27,768,256	29,442,225	24,914,244	18,940,609	52,682,500	48,382,834
Improvements other than building	-	-	145,787,865	122,549,682	145,787,865	122,549,682
Equipment	7,443,573	8,134,212	2,105,712	1,886,514	9,549,285	10,020,726
Infrastructure	500,101,169	505,414,287	-	-	500,101,169	505,414,287
Construction in progress	-	-	14,110,150	31,402,347	14,110,150	31,402,347
<b>Total</b>	<b>\$ 542,467,030</b>	<b>\$ 550,164,842</b>	<b>\$ 193,540,586</b>	<b>\$ 181,151,339</b>	<b>\$ 736,007,616</b>	<b>\$ 731,316,181</b>

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

**Long-term Debt** – At the end of the current fiscal year, the City of Rockford had total bonded debt outstanding of \$143,775,000. This debt is backed by the full faith and credit of the City. Total debt decreased by \$8,720,000 during the current fiscal year. Key factors in this decrease were; \$3.4 million series 2010A issued for the final phase of the \$75 million water system rehabilitation and principal payments of \$12.1 million.

**Primary Government Outstanding Debt**  
General Obligation and Revenue Bonds

	Governmental activities 2010	Governmental activities 2009	Business-type activities 2010	Business-type activities 2009	Total 2010	Total 2009
General obligation bonds	\$ 26,380,000	\$ 32,235,000	\$ -	\$ -	\$ 26,380,000	\$ 32,235,000
General obligation revenue bonds	69,340,000	72,500,000	39,335,000	39,040,000	\$108,675,000	\$111,540,000
<b>Total bonded debt</b>	<b>\$ 95,720,000</b>	<b>\$ 104,735,000</b>	<b>\$ 39,335,000</b>	<b>\$ 39,040,000</b>	<b>\$135,055,000</b>	<b>\$ 143,775,000</b>

The City of Rockford's bond rating is Aa2 from Moody's Investors Services.

The State imposes a legal limit of 8.625% of total equalized assessed valuation on the amount of general bond indebtedness. The City further limits their indebtedness, by ordinance, to 80.0% of the State limit.

# City of Rockford, Illinois

## MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended December 31, 2010

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As of December 31, 2010 the City's indebtedness was \$80,940,682 less than the City limit and \$115,595,853 less than the State limit.

Additional information on the City of Rockford's long-term debt can be found on Note III, G on pages 52 -- 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 average unemployment rate for the City of Rockford for the current year was 15.3 percent. However, the actual rate at year end was 12.9 percent, which is 3.4 percent less than a year ago. This is higher than the State's average unemployment rate of 10.25 percent and the national average rate of 9.7 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				
	2010	2009	2008	2007	2006
Rockford	15.30%	15.00%	9.10%	6.30%	5.30%
State of Illinois	10.25%	10.10%	6.50%	5.00%	4.50%
United States	9.70%	9.30%	5.80%	4.60%	4.60%
Total Employment	146,392	144,956	160,400	166,000	172,400

All of these economic factors were taken into account when adopting the General Fund budget for 2010.

The City's goal in developing the 2010 budget was to continue offering citizens basic services, economic development efforts, and fiscal stability. Development and adoption of the 2010 budget was premised on maintaining a level of service equivalent to 2009, and continue the capital equipment program.

Budgeted expenditures in the General Fund are \$109,092,567, a decrease of 1 percent over the final 2009 budget of \$110,148,816. Employee contracts, pensions and other benefit costs make up the largest increases in the budget, while staff reductions and a temporary suspension of the City's capital improvement program accounts for the overall reduction.

In December 2010, the City Council approved the proposed budget after numerous revisions from the original proposed budget. Staff reviewed all revenues and expenditures, changes were made as necessary, and a balanced General Fund GAAP budget was adopted. This budget allows the City to maintain the necessary fund and cash balances, as well as allowing the 2012 budget process to begin on a sound financial footing.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended December 31, 2010**

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**Requests for information**

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

**CITY OF ROCKFORD, ILLINOIS**

**STATEMENT OF NET ASSETS**

December 31, 2010

	Primary Government			Component Units	
	Governmental	Business-type	Total	Rockford Mass Transit District	Rockford Metropolitan Exposition, Auditorium and Office Building Authority
	Activities	Activities			
<b>ASSETS</b>					
Cash and cash equivalents	\$ 58,084,950	\$ 1,575,300	\$ 59,660,250	\$ 2,426,357	\$ 64,677
Receivables, net	64,788,281	4,254,214	69,042,495	1,012,718	739,241
Internal balances	(144,143)	144,143	-	-	-
Due from other governments	22,826,054	-	22,826,054	-	-
Inventories	274,820	602,477	877,297	274,181	-
Prepaid items	520,619	-	520,619	162,688	111,829
Other assets	-	276,440	276,440	-	4,350,763
Restricted assets:					
Cash and cash equivalents	-	25,339,000	25,339,000	881,909	-
Net pension asset	8,909	-	8,909	-	-
Capital assets not depreciated	6,899,241	20,263,951	27,163,192	2,444,039	2,597,014
Capital assets, net of accumulated depreciation	535,567,789	173,276,635	708,844,424	15,988,671	24,937,601
<b>Total assets</b>	<b>688,826,520</b>	<b>225,732,160</b>	<b>914,558,680</b>	<b>23,190,563</b>	<b>32,801,125</b>
<b>LIABILITIES</b>					
Bank overdraft	10,052	-	10,052	-	-
Accounts payable and other accrued liabilities	10,129,453	2,785,963	12,915,416	746,290	1,499,868
Accrued payroll and benefits	1,487,084	113,164	1,600,248	564,302	169,191
Due to other governments	173,371	-	173,371	-	-
Unearned revenue	65,051,820	-	65,051,820	1,188,152	798,661
Other liabilities	10,194,827	27,781	10,222,608	627,312	-
Deposits and advances	-	135,150	135,150	-	-
Noncurrent liabilities:					
Due or payable within one year	23,945,051	4,163,506	28,108,557	-	200,000
Due or payable in more than one year	98,736,807	76,735,209	175,472,016	794,528	2,757,402
<b>Total liabilities</b>	<b>209,728,465</b>	<b>83,960,773</b>	<b>293,689,238</b>	<b>3,920,584</b>	<b>5,425,122</b>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	481,780,204	133,021,249	614,801,453	18,432,710	27,534,615
Restricted for:					
Capital projects	7,840,349	1,000,000	8,840,349	-	-
Debt service	5,717,798	5,041,923	10,759,721	-	-
Culture and recreation	5,302,738	-	5,302,738	-	-
Community development	1,346,875	-	1,346,875	-	-
Public health and welfare	161,949	-	161,949	-	-
Highways and streets	9,647,399	-	9,647,399	-	-
Employee and public liability trusts	-	-	-	255,376	-
Other purposes - Grants	45,819	-	45,819	-	-
Unrestricted	(32,745,075)	2,708,215	(30,036,860)	581,893	(158,612)
<b>Total net assets</b>	<b>\$ 479,098,055</b>	<b>\$ 141,771,387</b>	<b>\$ 620,869,442</b>	<b>\$ 19,269,979</b>	<b>\$ 27,376,003</b>

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

**CITY OF ROCKFORD, ILLINOIS**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended December 31, 2010

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		
<b>Primary government:</b>									
Governmental activities:									
General government	\$ 13,297,890	\$ 5,774,210	\$ -	\$ -	\$ (7,523,680)	\$ -	\$ (7,523,680)		
Public safety	89,109,641	9,130,719	2,380,536	290,000	(77,308,386)	-	(77,308,386)		
Streets, alleys and bridges	35,079,905	5,291,149	-	2,271,739	(27,517,017)	-	(27,517,017)		
Community development	13,694,212	337,749	5,864,269	-	(7,492,194)	-	(7,492,194)		
Sanitation and sewers	7,072,936	8,568,067	-	-	1,495,131	-	1,495,131		
Culture and recreation	7,373,399	204,514	653,440	-	(6,515,445)	-	(6,515,445)		
Public health and welfare	21,230,764	-	20,909,635	275,659	(45,470)	-	(45,470)		
Interest and fiscal charges	5,290,071	-	-	-	(5,290,071)	-	(5,290,071)		
Total governmental activities	192,148,818	29,306,408	29,807,880	2,837,398	(130,197,132)	-	(130,197,132)		
Business-type activities:									
Water	20,402,549	22,715,297	-	3,168,300	-	5,481,048	5,481,048		
Parking	2,177,041	1,793,745	-	330,232	-	(53,064)	(53,064)		
Total business-type activities	22,579,590	24,509,042	-	3,498,532	-	5,427,984	5,427,984		
Total primary government	\$ 214,728,408	\$ 53,815,450	\$ 29,807,880	\$ 6,335,930	(130,197,132)	5,427,984	(124,769,148)		
<b>Component units:</b>									
Bus transportation	\$ 14,160,479	\$ 1,506,278	\$ 11,419,835	\$ 5,041,098			\$ 3,806,732	\$ -	
Metro Centre - coliseum-arena	10,016,868	7,238,738	1,200,000	-			-	(1,578,130)	
Total component units	\$ 24,177,347	\$ 8,745,016	\$ 12,619,835	\$ 5,041,098			3,806,732	(1,578,130)	
General revenues:									
Taxes:									
Property taxes					58,784,815	-	58,784,815	-	-
Sales taxes					36,380,336	-	36,380,336	-	-
Metro Centre sales tax					3,626,556	-	3,626,556	-	-
Motel and hotel tourism tax					1,541,577	-	1,541,577	-	-
Local use tax					2,030,554	-	2,030,554	-	-
Income tax					11,736,930	-	11,736,930	-	-
Replacement tax					7,555,032	-	7,555,032	-	-
Telecommunications tax					5,363,605	-	5,363,605	-	-
Utility tax					1,058,712	-	1,058,712	-	-
Franchise taxes					2,619,091	-	2,619,091	-	-
Total taxes					130,697,208	-	130,697,208	-	-
Unrestricted interest earnings					478,887	244,381	723,268	3,008	(49,515)
Miscellaneous					1,557,877	-	1,557,877	2,327	70,967
Total general revenues					132,733,972	244,381	132,978,353	5,335	21,452
Change in net assets					2,536,840	5,672,365	8,209,205	3,812,067	(1,556,678)
Net assets - beginning					476,561,215	136,099,022	612,660,237	15,457,912	28,932,681
Net assets - ending					\$ 479,098,055	\$ 141,771,387	\$ 620,869,442	\$ 19,269,979	\$ 27,376,003

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



**CITY OF ROCKFORD, ILLINOIS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
December 31, 2010

	General Fund	Public Library Fund	Community Development Fund	Human Services Fund	Debt Service Fund
<b>ASSETS</b>					
Cash and cash equivalents	\$ 710,558	\$ 5,292,660	\$ 924	\$ 953	\$ 8,317,681
Property taxes receivable, net	40,215,668	7,088,459	-	-	6,276,986
Accounts receivable, net	3,624,431	-	-	-	-
Notes receivable, net	-	-	1,280,802	252,212	-
Accrued interest receivable	159,855	-	28	9,452	-
Due from the Federal Government	14,798	-	600,386	1,413,253	-
Due from the State of Illinois	12,557,455	155,279	-	1,526,670	-
Due from other governmental units	772,840	-	-	-	-
Due from other funds	8,812,733	11,106	-	-	-
Total assets	<u>\$ 66,868,338</u>	<u>\$ 12,547,504</u>	<u>\$ 1,882,140</u>	<u>\$ 3,202,540</u>	<u>\$ 14,594,667</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Bank overdraft	\$ 10,052	\$ -	\$ -	\$ -	\$ -
Accounts payable	1,846,955	91,395	177,599	707,576	-
Accrued payroll and benefits	1,179,653	61,821	9,243	85,703	-
Due to other governments	168,509	-	4,862	-	-
Due to other funds	138,032	-	318,694	983,537	-
Deferred revenue	40,215,668	7,088,459	-	1,263,684	6,276,986
Other liabilities	694,357	3,091	24,867	91	-
Total liabilities	<u>44,253,226</u>	<u>7,244,766</u>	<u>535,265</u>	<u>3,040,591</u>	<u>6,276,986</u>
Fund balances:					
Reserved for encumbrances	98,892	-	58,192	-	-
Reserved for debt service	-	-	-	-	8,317,681
Reserved for long-term notes receivable	-	-	-	134,496	-
Reserved for intergovernmental agreement	-	-	705,000	-	-
Reserved for endowments	-	19,103	-	-	-
Unreserved, reported in:					
General Fund	22,516,220	-	-	-	-
Special Revenue Funds	-	5,283,635	583,683	27,453	-
Capital Project Fund	-	-	-	-	-
Total fund balances	<u>22,615,112</u>	<u>5,302,738</u>	<u>1,346,875</u>	<u>161,949</u>	<u>8,317,681</u>
Total liabilities and fund balances	<u>\$ 66,868,338</u>	<u>\$ 12,547,504</u>	<u>\$ 1,882,140</u>	<u>\$ 3,202,540</u>	<u>\$ 14,594,667</u>

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

	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$	17,696,915	\$ 15,268,425	\$ 47,288,116
	-	4,827,860	58,408,973
	21,600	987,929	4,633,960
	-	-	1,533,014
	-	-	169,335
	201,326	-	2,229,763
	4,234,285	558,411	19,032,100
	351,879	215,047	1,339,766
	401,201	10,455	9,235,495
<u>\$</u>	<u>22,907,206</u>	<u>\$ 21,868,127</u>	<u>\$ 143,870,522</u>

\$	-	\$ -	\$ 10,052
	4,383,530	1,405,636	8,612,691
	19,676	9,052	1,365,148
	-	-	173,371
	-	7,470,779	8,911,042
	4,889,766	4,827,860	64,562,423
	3,414	-	725,820
	<u>9,296,386</u>	<u>13,713,327</u>	<u>84,360,547</u>

	9,182,696	19,501	9,359,281
	-	-	8,317,681
	-	-	134,496
	-	-	705,000
	-	15,000	34,103
	-	-	22,516,220
	-	8,120,299	14,015,070
	4,428,124	-	4,428,124
	<u>13,610,820</u>	<u>8,154,800</u>	<u>59,509,975</u>
<u>\$</u>	<u>22,907,206</u>	<u>\$ 21,868,127</u>	<u>\$ 143,870,522</u>

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

**CITY OF ROCKFORD, ILLINOIS**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET ASSETS**  
December 31, 2010

Total fund balances for governmental funds \$ 59,509,975

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

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

Land	\$ 6,899,241	
Construction in progress	-	
Improvements other than buildings, net of \$316,980 accumulated depreciation	229,366	
Buildings and improvements, net of \$27,903,771 accumulated depreciation	26,905,251	
Equipment, net of \$24,494,830 accumulated depreciation	5,327,743	
Infrastructure, net of \$344,933,117 accumulated depreciation	500,101,169	
Total capital assets (See Note III - C.)		539,462,770

Revenues in the statement of activities that do not provide current financial resources are deferred in the funds. 455,985

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: 1,507,831

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

Pension benefit obligation	\$ (291,921)	
Pension benefit asset	8,909	
Other post employment benefit liability	(2,135,480)	
Prepaid items	520,619	
Bonds payable	(95,720,000)	
Accrued interest on bonds	(176,011)	
Compensated absences	(5,277,825)	
Other liabilities	(9,469,008)	
EPA Water Pollution Obligations	(497,576)	
Development agreement	(9,150,967)	
Term note	(1,799,996)	
Section 108 guaranteed loans	(1,455,000)	
Deferred charge for issuance costs	226,650	
Deferred amount on refunding	3,379,100	
Total long-term assets and liabilities (See Note III - G.)		(121,838,506)

Total net assets of governmental activities \$ 479,098,055

*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, 2010

	General Fund	Public Library Fund	Community Development Fund	Human Services Fund
<b>REVENUES</b>				
Taxes	\$ 69,691,411	6,870,920	\$ -	\$ -
Licenses and permits	4,495,706	-	-	-
Intergovernmental	25,105,017	998,988	4,805,866	21,185,294
Charges for services	8,112,091	64,626	-	-
Fines	1,507,353	139,888	-	-
Interest	152,823	24,678	39,365	7,873
Miscellaneous	344,516	30,633	75,878	77,270
Total revenues	<u>109,408,917</u>	<u>8,129,733</u>	<u>4,921,109</u>	<u>21,270,437</u>
<b>EXPENDITURES</b>				
Current:				
General government	11,731,062	-	-	-
Public safety	84,181,223	-	-	-
Streets, alleys and bridges	11,377,609	-	-	-
Community development	2,158,028	-	3,983,976	-
Sanitation and sewers	490,078	-	-	-
Culture and recreation	-	6,551,920	-	-
Public health and welfare	-	-	-	21,126,402
Debt service:				
Principal payments	-	-	100,000	-
Interest and fiscal charges	-	-	79,858	37,252
Capital outlay:				
Public safety	447,500	-	-	-
Streets, alleys and bridges	15,299	-	-	-
Community development	-	-	-	-
Culture and recreation	-	58,388	-	-
Public health and welfare	-	-	-	275,660
Total expenditures	<u>110,400,799</u>	<u>6,610,308</u>	<u>4,163,834</u>	<u>21,439,314</u>
Excess of revenues over (under) expenditures	<u>(991,882)</u>	<u>1,519,425</u>	<u>757,275</u>	<u>(168,877)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of promissory term note	2,781,746	-	-	139,711
Transfers in	(1,180,975)	(244,644)	(955,831)	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>1,600,771</u>	<u>(244,644)</u>	<u>(955,831)</u>	<u>139,711</u>
Net change in fund balances	608,889	1,274,781	(198,556)	(29,166)
Fund balances - beginning	22,006,223	4,027,957	1,545,431	191,115
Fund balances - ending	<u>\$ 22,615,112</u>	<u>\$ 5,302,738</u>	<u>\$ 1,346,875</u>	<u>\$ 161,949</u>

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

<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 7,034,032	\$ 15,171,378	\$ 10,018,414	\$ 108,786,155
-	-	99,019	4,594,725
460,000	3,412,550	6,091,334	62,059,049
-	-	8,568,067	16,744,784
-	-	-	1,647,241
-	144,484	61,813	431,036
-	197,796	831,784	1,557,877
<b>7,494,032</b>	<b>18,926,208</b>	<b>25,670,431</b>	<b>195,820,867</b>
-	575,663	598,400	12,905,125
-	-	387,969	84,569,192
-	3,984,218	-	15,361,827
-	269,625	7,192,277	13,603,906
-	-	6,591,156	7,081,234
-	-	-	6,551,920
-	-	131,459	21,257,861
9,116,764	-	200,004	9,416,768
3,850,765	205,891	109,998	4,283,764
-	-	202,972	650,472
-	14,640,579	-	14,655,878
-	-	31,626	31,626
-	-	-	58,388
-	-	-	275,660
<b>12,967,529</b>	<b>19,675,976</b>	<b>15,445,861</b>	<b>190,703,621</b>
<b>(5,473,497)</b>	<b>(749,768)</b>	<b>10,224,570</b>	<b>5,117,246</b>
-	205,891	-	205,891
5,801,896	2,346,538	1,260,046	12,329,937
-	-	(9,948,487)	(12,329,937)
<b>5,801,896</b>	<b>2,552,429</b>	<b>(8,688,441)</b>	<b>205,891</b>
328,399	1,802,661	1,536,129	5,323,137
7,989,282	11,808,159	6,618,671	54,186,838
<b>\$ 8,317,681</b>	<b>\$ 13,610,820</b>	<b>\$ 8,154,800</b>	<b>\$ 59,509,975</b>

*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, 2010

Net change in fund balances - total governmental funds \$ 5,323,137

The change in net assets reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful life and reported as depreciation expense. This is the amount by which depreciation (\$22,555,985) exceeded capital outlays (\$15,672,024) in the current period. (See Note III - C.) (6,883,961)

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. (940,920)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (949,860)

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	\$	-
Proceeds from general obligation bonds issued		-
Proceeds from development agreement		(205,891)
Proceeds from term note		-
Less: Discounts on bonds issued and issuance costs		-
Add: Premiums on bonds issued and issuance costs		-

Repayments:

Principal payment on bonds and other long-term obligations and amounts paid to escrow agent		9,416,768
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Net adjustment 9,210,877

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues.

This adjustment combines the net changes of the following balances. (See Note III - G.)

Other liabilities	\$	(2,254,228)
Net OPEB obligation		(954,157)
Net pension obligation		(882,976)
Compensated absences		621,133
Prepaid expenses		(84,101)
Accrued interest on bonds		(1,012)
Amortization of deferred amount from refunding and bond discounts		(846,716)
Amortization of bond issue costs		(74,478)
Combined adjustment		(4,476,535)

Internal Service funds are used by the City to charge the cost of Central Garage, Building Maintenance, Central Stores, Auditing, 911 Communications, Risk Management, Data Processing and employee benefits for Illinois Municipal Retirement, Unemployment, Workmen's Compensation, and Health Insurance to individual funds. The net revenue (expenses) of the above Internal Service funds is reported within governmental activities. 1,254,102

Change in net assets of governmental activities \$ 2,536,840

*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, 2010

	Business-type Activities Enterprise Funds			Governmental Activities- Internal Service Funds
	Water Utility	Parking System	Total	
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 1,070,370	\$ 504,930	\$ 1,575,300	\$ 10,796,834
Accounts receivable:				
Water	1,945,091	-	1,945,091	-
Estimated unbilled water usage	2,754,000	-	2,754,000	-
Other	20,365	100,273	120,638	42,999
Total accounts receivable	4,719,456	100,273	4,819,729	42,999
Less allowance for uncollectible accounts	(565,515)	-	(565,515)	-
Total accounts receivable, net	4,153,941	100,273	4,254,214	42,999
Due from other funds	143,077	1,066	144,143	22,703
Due from other governments	-	-	-	224,425
Inventories	602,477	-	602,477	274,820
Current restricted assets:				
Cash and cash equivalents:				
Bond construction account	19,297,077	-	19,297,077	-
Revenue bond renewal and replacement account	1,000,000	-	1,000,000	-
Alternate bond current debt service account	5,041,923	-	5,041,923	-
Total current restricted assets	25,339,000	-	25,339,000	-
Total current assets	31,308,865	606,269	31,915,134	11,361,781
Noncurrent assets:				
Other assets - unamortized bond issue costs	276,440	-	276,440	-
Capital assets:				
Land	548,635	5,605,166	6,153,801	-
Construction in progress	14,110,150	-	14,110,150	-
Land improvements	722,913	-	722,913	20,000
Buildings and improvements	15,788,046	20,443,548	36,231,594	1,490,006
Equipment	4,923,818	339,070	5,262,888	6,437,604
Improvements other than land and buildings	190,167,954	4,314,787	194,482,741	194,234
Less accumulated depreciation	(51,300,001)	(12,123,500)	(63,423,501)	(5,137,584)
Total capital assets	174,961,515	18,579,071	193,540,586	3,004,260
Total noncurrent assets	175,237,955	18,579,071	193,817,026	3,004,260
Total assets	\$ 206,546,820	\$ 19,185,340	\$ 225,732,160	\$ 14,366,041

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

	<b>Business-type Activities Enterprise Funds</b>			<b>Governmental Activities- Internal Service Funds</b>
	<b>Water Utility</b>	<b>Parking System</b>	<b>Total</b>	
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 2,528,013	\$ 28,622	\$ 2,556,635	\$ 1,340,751
Accrued interest payable	225,663	3,665	229,328	-
Accrued payroll and benefits	103,709	9,455	113,164	121,936
Due to other funds	-	-	-	491,299
Other liabilities	27,781	-	27,781	-
Deposits and advances	46,226	88,924	135,150	-
Compensated absences	59,763	4,876	64,639	76,541
Installment purchase agreement	-	-	-	90,922
General obligation alternate bonds payable (net of unamortized deferred refunding benefit)	2,878,389	23,060	2,901,449	-
IEPA loan	1,112,173	-	1,112,173	-
Refundable water main extension advances	64,200	-	64,200	-
Claims and judgments payable	-	-	-	5,630,784
Total current liabilities	<u>7,045,917</u>	<u>158,602</u>	<u>7,204,519</u>	<u>7,752,233</u>
Noncurrent liabilities:				
Compensated absences	356,123	33,966	390,089	242,033
Deferred revenue	-	-	-	945,382
Refundable water main extension advances	338,781	-	338,781	-
Customer water deposits	224,592	-	224,592	-
Installment purchase agreement	14,000,000	-	14,000,000	461,095
General obligation alternate bonds payable (net of unamortized deferred refunding benefit)	34,223,078	1,782,607	36,005,685	-
IEPA loan	25,797,107	-	25,797,107	-
Claims and judgments payable	-	-	-	3,457,467
Total noncurrent liabilities	<u>74,939,681</u>	<u>1,816,573</u>	<u>76,756,254</u>	<u>5,105,977</u>
Total liabilities	<u>81,985,598</u>	<u>1,975,175</u>	<u>83,960,773</u>	<u>12,858,210</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	116,247,845	16,773,404	133,021,249	2,452,243
Restricted:				
Capital projects	1,000,000	-	1,000,000	-
Debt service	5,041,923	-	5,041,923	-
Unrestricted	2,271,454	436,761	2,708,215	(944,412)
Total net assets	<u>\$ 124,561,222</u>	<u>\$ 17,210,165</u>	<u>\$ 141,771,387</u>	<u>\$ 1,507,831</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, 2010

	<b>Business-type Activities- Enterprise Funds</b>			<b>Governmental Activities- Internal Service Funds</b>
	<b>Water Utility</b>	<b>Parking System</b>	<b>Totals</b>	
<b>OPERATING REVENUES</b>				
Charges for services	\$ 22,586,801	\$ 1,233,375	\$ 23,820,176	\$ 45,808,384
Parking fines	-	535,130	535,130	11,263
Miscellaneous	128,496	25,240	153,736	691,481
Total operating revenues	<u>22,715,297</u>	<u>1,793,745</u>	<u>24,509,042</u>	<u>46,511,128</u>
<b>OPERATING EXPENSES</b>				
Salaries and benefits	5,982,256	483,700	6,465,956	7,367,218
Services	4,604,743	430,325	5,035,068	34,310,166
Supplies and materials	1,029,115	27,959	1,057,074	2,235,401
Depreciation	4,360,966	722,615	5,083,581	593,209
Charges from General Fund	2,036,247	410,710	2,446,957	798,300
Miscellaneous	-	1,753	1,753	583
Total operating expenses	<u>18,013,327</u>	<u>2,077,062</u>	<u>20,090,389</u>	<u>45,304,877</u>
Operating income (loss)	<u>4,701,970</u>	<u>(283,317)</u>	<u>4,418,653</u>	<u>1,206,251</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest revenue	242,523	1,858	244,381	67,790
Loss on disposal of capital assets	(6,138)	-	(6,138)	-
Interest expense and service fees	(2,272,839)	(98,015)	(2,370,854)	(19,939)
Amortization expense	(110,245)	(1,964)	(112,209)	-
Total nonoperating revenues (expenses)	<u>(2,146,699)</u>	<u>(98,121)</u>	<u>(2,244,820)</u>	<u>47,851</u>
Income before capital contributions	<u>2,555,271</u>	<u>(381,438)</u>	<u>2,173,833</u>	<u>1,254,102</u>
Contributions from the State of Illinois	3,073,800	330,232	3,404,032	-
Contributions from developers	94,500	-	94,500	-
Change in net assets	<u>5,723,571</u>	<u>(51,206)</u>	<u>5,672,365</u>	<u>1,254,102</u>
Total net assets - beginning	<u>118,837,651</u>	<u>17,261,371</u>	<u>136,099,022</u>	<u>253,729</u>
Total net assets - ending	<u>\$ 124,561,222</u>	<u>\$ 17,210,165</u>	<u>\$ 141,771,387</u>	<u>\$ 1,507,831</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, 2010

	Business-type Activities			Governmental Activities- Internal Service Funds
	Enterprise Funds			
	Water Utility	Parking System	Totals	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 22,454,725	\$ 1,767,291	\$ 24,222,016	\$ 46,753,977
Other receipts	128,496	-	128,496	-
Payment to suppliers	(4,016,158)	(445,275)	(4,461,433)	(36,465,573)
Payment to employees	(5,965,326)	(484,083)	(6,449,409)	(7,380,287)
Payments for interfund services used	(1,255,185)	(410,710)	(1,665,895)	(798,300)
Payments to other funds	(2,036,247)	-	(2,036,247)	(323,576)
Net cash provided by (used for) operating activities	9,310,305	427,223	9,737,528	1,786,241
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from capital grants	3,073,800	330,232	3,404,032	-
Proceeds from sale of general obligation alternate bonds	3,400,000	-	3,400,000	-
Proceeds from installment purchase agreement	-	-	-	617,617
Proceeds from IEPA loan	8,277,200	-	8,277,200	-
Proceeds from sale of capital assests	3,351	-	3,351	-
Bond issue costs	(71,308)	-	(71,308)	-
Interest paid on general obligation alternate bonds	(1,544,613)	(98,688)	(1,643,301)	-
Interest paid on installment purchase agreement	(204,538)	-	(204,538)	(9,600)
Principal payment on general obligation alternate bonds	(150,923)	(25,000)	(175,923)	-
Principal paid on installment purchase agreement	-	-	-	(65,600)
Principal refunding on general obligation alternate bonds	(3,080,000)	-	(3,080,000)	-
Principal payment on loans from IEPA	(237,404)	-	(237,404)	-
Repayment to contractors for water mains	(76,176)	-	(76,176)	-
Capital asset acquisitions	(20,671,461)	(373,181)	(21,044,642)	(720,278)
Net cash provided by (used for) capital and related financing activities	(11,282,072)	(166,637)	(11,448,709)	(177,861)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received on cash and cash equivalents	284,210	1,688	285,898	68,487
Net increase (decrease) in cash and cash equivalents	(1,687,557)	262,274	(1,425,283)	1,676,867
Cash and cash equivalents, beginning	28,096,927	242,656	28,339,583	9,119,967
Cash and cash equivalents, ending	\$ 26,409,370	\$ 504,930	\$ 26,914,300	\$ 10,796,834
Displayed as:				
Cash and cash equivalents	\$ 1,070,370	\$ 504,930	\$ 1,575,300	\$ 10,796,834
Restricted assets - cash and cash equivalents	25,339,000	-	25,339,000	-
	\$ 26,409,370	\$ 504,930	\$ 26,914,300	\$ 10,796,834

(Continued)

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

**CITY OF ROCKFORD, ILLINOIS**  
**STATEMENT OF CASH FLOWS (CONTINUED)**  
**PROPRIETARY FUNDS**  
For The Year Ended December 31, 2010

	Business-type Activities Enterprise Funds			Governmental Activities- Internal Service Funds
	Water Utility	Parking System	Totals	
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>				
Operating income (loss)	\$ 4,701,970	\$ (283,317)	\$ 4,418,653	\$ 1,206,251
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	4,360,966	722,615	5,083,581	593,209
Increase (decrease) from changes in:				
Accounts receivable	(107,833)	(28,188)	(136,021)	73,102
Allowance for uncollectible accounts	(4,162)	-	(4,162)	-
Due from other governmental units	107,214	-	107,214	64,281
Due from other funds	5,404	-	5,404	-
Prepaid items	-	-	-	117,969
Inventories	72,733	-	72,733	(1,577)
Accounts payable	180,357	14,762	195,119	(404,748)
Accrued payroll and benefits	20,279	2,604	22,883	10,878
Compensated absences	(3,349)	(2,987)	(6,336)	(23,947)
Due to other funds	-	-	-	(323,576)
Deferred revenue	-	1,734	1,734	105,466
Other liabilities	(3,193)	-	(3,193)	368,933
Deposits and advances	(20,081)	-	(20,081)	-
Total adjustments	4,608,335	710,540	5,318,875	579,990
Net cash provided by (used for) operating activities	\$ 9,310,305	\$ 427,223	\$ 9,737,528	\$ 1,786,241
<b>Noncash investing, capital and financing activities:</b>				
Loss on disposal of assets	\$ (6,138)		\$ (6,138)	\$ -
Distribution main contributed from developers	94,500	-	94,500	-
Accrued interest from IEPA loans converted to loan principle	(280,969)	-	(280,969)	-
Amortization of issue and discount costs paid in prior years	(101,035)	1,964	(99,071)	-
Amortization of revenue and general obligation bond refundings	(9,211)	-	(9,211)	-
Capital asset additions in accounts payable at year-end	2,015,623	-	2,015,623	-
Total noncash capital and related financing activities	\$ 1,712,770	\$ 1,964	\$ 1,714,734	\$ -

(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, 2010

	<u>Pension Trust Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 3,325,938
Investments - retirement plans	
U.S. Treasury Strips	3,376,057
U.S. Treasury Bills	5,360,686
U.S. Treasury Notes	1,226,540
U.S. Treasury Bonds	312,311
Government National Mortgage Association	6,144,798
Government Backed Corporate Bonds	2,062,477
Federal National Mortgage Association	7,620,392
Federal Farm Credit Bonds	1,805,047
Small Cap Equity Common Stocks	24,302,778
Large Cap Equity Common Stocks	19,669,731
NTGI Collective Trust	121,459,995
ABN AMRO Stable Value Funds	13,911,560
Domestic Mutual Funds	44,818,204
International Mutual Funds	39,833,555
Total investments	<u>291,904,131</u>
Accrued interest receivable	194,558
Contributions receivable	<u>9,469,008</u>
Total assets	<u>304,893,635</u>
<b>LIABILITIES</b>	
Accrued liabilities	<u>147,787</u>
<b>NET ASSETS</b>	
Held in trust for pension benefits	<u>\$ 304,745,848</u>

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

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

For the Year Ended December 31, 2010

	<u>Pension Trust Funds</u>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 11,621,908
Plan member	<u>3,773,225</u>
Total contributions	<u>15,395,133</u>
Investment income:	
Net appreciation (depreciation) in fair value of investments	23,344,276
Interest and dividend income	<u>4,034,796</u>
	27,379,072
Less investment expense	<u>(750,334)</u>
Net investment income	<u>26,628,738</u>
Total additions	<u>42,023,871</u>
<b>DEDUCTIONS</b>	
Pension benefits	24,545,522
Refunds of contributions	24,325
Administrative expense	<u>283,458</u>
Total deductions	<u>24,853,305</u>
Change in net assets	17,170,566
Total net assets - beginning	<u>287,575,282</u>
Total net assets - ending	<u>\$ 304,745,848</u>

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



**NOTES TO THE FINANCIAL STATEMENTS**

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

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. REPORTING ENTITY**

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

**Discretely presented component units**

The City’s component units consist of the following:

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

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

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

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

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

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

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

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

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

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

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

**Unrestricted net assets** consist of net assets that do not meet the criteria of the two preceding categories.

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

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

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

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

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

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

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

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

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

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

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

### **Fund Financial Statements**

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

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

#### **General Fund**

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

#### **Special Revenue Funds**

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

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

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

Human Services – This fund accounts for services provided by the City’s Human Services Department, including certain community loans. Services include Head Start program for children, weatherization of homes, payment of heat and electrical bills on behalf of persons in need and services related to intervention and correction programs for youths involved in anti-social behavior and gang activity. Financing is primarily provided by grants from the Federal government and the State of Illinois-Social Services and the General Fund.

**Debt Service Fund**

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

**Capital Projects Fund**

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

The City reports the following major proprietary funds:

**Water Utility Fund**

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

**Parking System Fund**

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

Additionally, the City reports the following fund types:

**Internal Service Funds**

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

**Pension Trust Funds**

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

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

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

**(1) CASH AND CASH EQUIVALENTS**

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

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

Total cash and cash equivalents for the City's governmental and business-type activities at December 31, 2010 is \$84,999,250, of which \$75,615,609 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, 2010. 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 2010 levy is deferred as it is intended to finance fiscal year 2011.

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, 2010.

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

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

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**(4) INTERFUND RECEIVABLES AND PAYABLES**

The City has the following types of transactions between funds:

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

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

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

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

**(5) INVENTORIES AND PREPAID EXPENSES**

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

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

**(6) RESTRICTED ASSETS**

Certain proceeds of Water Utility Fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted cash and cash equivalents on the balance sheet because their use is limited by applicable bond covenants. The "bond construction account" (\$19,297,077) is used to report those proceeds of bond issuance that are restricted for use in construction. The "revenue bond renewal and replacement account" (\$1,000,000) is used to report resources set aside to meet unexpected contingencies or to fund asset renewals and replacements. The "alternate bond current debt service account" (\$5,041,923) 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**

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**(7) CAPITAL ASSETS**

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

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

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

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

**(8) DEFERRED / 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**

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(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, if any, 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, Flex Care and Justice Assistance Grant funds. In addition, annual budgets are not adopted for the City's Debt Service, Capital Projects enterprise, internal service or pension funds. The budget represents departmental appropriations, expenditures and other uses, as authorized by the City's appropriation ordinance, and includes revisions authorized by the City Council to reflect changes in departmental programs. All appropriations of the budgetary fund (General and Special Revenue funds) automatically lapse at year-end. There is no difference between GAAP and budgetary basis of accounting.

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

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

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

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

**MAJOR FUNDS:**

General Fund

Finance office	\$ (295,347)
Workforce investment board	(1,590)
Board of election	(21,705)
Personnel department	(34,359)
Police Department	(376,772)
Fire Department	(1,578,959)
Public works - Administration	(22,456)
Public works - Street lighting	(94,239)
Community Development Fund	(196,744)
Human Services Fund	(8,144,733)

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

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**NONMAJOR FUNDS:**

Tourism Fund	\$ (1,149)
Special Projects Fund	(34,090)
RKFD Metro Agency for Planning Fund	(17,898)
Tax Increment Financing Area - Springfield Corners Fund	(1,155,138)
Tax Increment Financing Area - Hope Six Fund	(12,102)
Tax Increment Financing Area - Preston/Central Fund	(1,638)
Tax Increment Financing Area - West State & Central Fund	(736)
Tax Increment Financing Area - River North Fund	(241,826)

**C. DEFICIT FUND EQUITY**

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

**Special Revenue Funds:**

Redevelopment	\$ (2,914,537)
Special Projects	(72,490)
RKFD Metro Agency for Planning	(111,989)
Tax Increment Financing Area - Springfield Corners Fund	(176,656)
Tax Increment Financing Area - Rockford Global Trade Park Fund	(83,879)
Tax Increment Financing Area - North Main Fund	(309,465)
Tax Increment Financing Area - River Oaks Fund	(760,227)
Tax Increment Financing Area - Garrison Fund	(289,922)
Tax Increment Financing Area - Hope Six Fund	(129,600)
Tax Increment Financing Area - Preston / Central Fund	(1,160,593)
Tax Increment Financing Area - West State & Central Fund	(50,619)
Tax Increment Financing Area - West State & Kilburn Fund	(1,776)
Tax Increment Financing Area - West Side II Fund	(7,356)
Tax Increment Financing Area - North Main and Whitman Fund	(219,090)
Tax Increment Financing Area - Midtown Fund	(45,891)
Tax Increment Financing Area - Broadway Fund	(41,181)

**Internal Service Funds:**

Workman's Compensation Fund	\$ (1,398,819)
Unemployment Fund	(134,925)
Risk Management Fund	(3,607,904)

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

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

**III. DETAILED NOTES ON ALL FUNDS**

**A. DEPOSITS AND INVESTMENTS**

The carrying values of deposits in financial institutions and investments at December 31, 2010 are as follows:

	<b>Primary Government</b>	<b>Pension Trust Funds</b>	<b>Component Units</b>
Deposits in financial institutions	\$ 4,573,768	\$ 425,402	\$ 3,372,943
Overdrafts	(10,052)	-	-
Investments	80,425,482	-	-
Investments-pension trust funds	-	294,804,667	-
	<u>\$ 84,989,198</u>	<u>\$295,230,069</u>	<u>\$ 3,372,943</u>

These amounts are reported in the accompanying Statements of Net Assets at December 31, 2010 as follows:

	<b>Primary Government</b>	<b>Pension Trust Funds</b>	<b>Component Units</b>
Cash and cash equivalents:			
Unrestricted	\$ 59,660,250	\$ -	\$ 2,491,034
Restricted	25,339,000	-	881,909
Pension funds	-	3,325,938	-
Investments:			
Unrestricted	-	291,904,131	-
Restricted	-	-	-
Bank overdraft	(10,052)	-	-
	<u>\$ 84,989,198</u>	<u>\$ 295,230,069</u>	<u>\$ 3,372,943</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, 2010, all of the City's deposits were insured or collateralized.

*Interest Rate Risk – Investments.* As of December 31, 2010, the primary government (excluding the pension trust funds) had the following investments and maturities:

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

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
Illinois Funds*	\$ 36,535,548	\$ 36,535,548	\$ -	\$ -	\$ -
U.S. Treasury Bonds and Notes	18,591,941	799,712	6,502,550	11,289,679	-
Federal Farm Credit	6,996,280	-	1,995,160	5,001,120	-
Federal Home Loan Bank	2,968,290	-	2,968,290	-	-
Federal Home Loan Mortgage	4,428,426	3,428,016	1,000,410	-	-
Federal National Mortgage Association	10,904,997	-	5,518,060	5,386,937	-
Total	\$ 80,425,482	\$ 40,763,276	\$ 17,984,470	\$ 21,677,736	\$ -

\*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, 2010, 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, 2010, 73% 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, 2010**

	Total Fair Value	Credit Rating		
		Moody's	Standard & Poor's	Fitch
Illinois Funds	\$ 36,535,548	NR	AAA	NA
Federal Farm Credit Obligations	6,996,280	Aaa	AAA	AAA
Federal Home Loan Bank Obligations	2,968,290	Aaa	AAA	NA
Federal Home Loan Mortgage Corporation Obligations	4,428,426	Aaa	AAA	AAA
Federal National Mortgage Association	10,904,997	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, 2010, 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.

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

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, 2010, the primary government had the following investments (excluding securities explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools and other pooled investments) which exceed 5% of the total investment portfolio:

	% of Portfolio
Federal Farm Credit	8.7%
Federal National Mortgage Association	13.6%
Federal Home Loan Mortgage Corporation Obligations	5.5%

***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, 2010, the Firefighter's Pension Fund bank balances were not exposed to custodial credit risk.

*Interest Rate Risk – Investments.* As of December 31, 2010, 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	\$ 8,736,743	\$ 5,360,687			\$ 3,376,056
U.S. Treasury Bills, Notes and Bonds	1,538,851		1,538,851		
Government National Mortgage Association	6,144,798				6,144,798
Federal Farm Credit	1,805,047			1,805,047	
Federal National Mortgage Association	7,620,392				7,620,392
National Archives Authority	1,248,909			1,248,909	
New Valley Authority	813,568			813,568	
<b>Total</b>	<b>\$ 27,908,308</b>	<b>\$ 5,360,687</b>	<b>\$ 1,538,851</b>	<b>\$ 3,867,524</b>	<b>\$ 17,141,246</b>

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

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

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

Credit Ratings  
December 31, 2010

	Total Fair Value	Credit Rating		
		Moody's	Standard & Poor's	Fitch
<b>Federal agency bonds:</b>				
Federal National Mortgage Association	\$ 7,620,391	Aaa	AAA	AAA
Federal Farm Credit	1,805,047	Aaa	AAA	NR
National Archives Facility Trust	1,248,909	NR	AAA	NR
New Valley Authority	813,568	AAA	AAA	NR

*Custodial Credit Risk – Investments.* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Firefighter's Pension Fund will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Firefighter's Pension Fund's investment policy does not address custodial credit risk. As of December 31, 2010, 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, 2010, the Firefighter's Pension Fund has the following investments (excluding securities explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools and other pooled investments) which exceed 5% of total plan net assets:

	% of Plan Net Assets
Federal National Mortgage Association	5.5

***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, 2010, the Police Pension Fund investments were not exposed to custodial credit risk.

*Interest Rate Risk – Investments.* As of December 31, 2010, the Police Pension Fund had the following weighted average maturities on their fixed income investments.

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

<u>Investment Type</u>	Fair Fair Value	Weighted Average Maturity In Years
Mutual Funds:		
ABN AMRO Stable Value Fund Daily Collective Fund	\$ 13,911,560	2.08
Northern Trust Global Investments - 1 - 10 Year Daily Collective Fund	72,240,809	4.01
	<u>\$ 86,152,369</u>	<u>3.70</u>

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

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

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

December 31, 2010			
	Total Fair Value	Credit Rating	
		Moody's	Standard & Poor's
Mutual Funds:			
ABN AMRO Stable Value Fund	\$ 13,911,560	AAA	AA
Northern Trust Global Investments - 1 - 10 Year Daily Collective Fund	72,240,809	AA1	AAA

*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, 2010, 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, 2010, the Police Pension Fund had no investments (excluding securities explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools and other pooled investments) which exceed 5% of total plan net assets.

***Component Units:***

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that, in the event of a bank failure, the Component Units’ deposits may not be returned to them. The Component Units do not have deposit policies for custodial credit

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

risk. As of December 31, 2010, the Component Units had bank balances totaling \$3,372,943. All of this amount was collateralized, but not by securities held in the Component Units' name.

*Interest Rate Risk – Investments.* As of December 31, 2010, the Component Units had no investments and no formal policies with regards to managing interest rate risk.

*Credit Risk – Investments.* Statutes authorize the Component Units to invest in securities issued or guaranteed by the U.S. Government, interest-bearing accounts in federally insured financial institutions, short-term obligations (less than 280 days) of U.S. corporations with assets over \$500 million rated in the three highest classifications by at least two rating agencies, insured accounts of an Illinois credit union chartered under Federal or Illinois law, money market mutual funds with portfolios of securities issued or guaranteed by the U.S. Government or agreements to repurchase these same types of obligations, Illinois Funds and repurchase agreement which meet instrument transaction requirements of Illinois law. There is no credit quality rating available for the Component Units' investments at December 31, 2010.

*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, 2010, the Component Units' investments were uncollateralized.

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

At December 31, 2010, 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, 2010 for the City's individual major funds and non-major, internal service and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Public Library Fund	Community Development Fund	Human Services Fund	Debt Service Fund	Capital Project Fund	Nonmajor Governmental Funds	Water Utility Fund	Parking System Fund	Internal Service Funds
<b>Receivables:</b>										
Taxes	\$ 42,224,757	\$ 7,201,371	\$ -	\$ -	\$ 6,382,478	\$ -	\$ 4,941,506	\$ -	\$ -	\$ -
Accounts	5,644,920	-	-	-	-	21,600	1,308,732	4,719,456	100,273	42,999
Notes	150,000	-	1,761,862	689,824	-	-	2,725,596	-	-	-
Interest	159,855	-	28	9,452	-	-	-	-	-	-
Gross receivables	48,179,532	7,201,371	1,761,890	699,276	6,382,478	21,600	8,975,834	4,719,456	100,273	42,999
Less: Allowance for uncollectibles	(4,179,578)	(112,912)	(481,060)	(437,612)	(105,492)	-	(3,160,045)	(565,515)	-	-
Net total receivables	\$ 43,999,954	\$ 7,088,459	\$ 1,280,830	\$ 261,664	\$ 6,276,986	\$ 21,600	\$ 5,815,789	\$ 4,153,941	\$ 100,273	\$ 42,999
<b>Due from other governmental units:</b>										
Federal	\$ 14,798	\$ -	\$ 600,386	\$ 1,413,253	\$ -	\$ 201,326	\$ -	\$ -	\$ -	\$ -
State	12,557,455	155,279	-	1,526,670	-	4,234,285	558,411	-	-	-
Other	772,840	-	-	-	-	351,879	215,047	-	-	224,425
	\$ 13,345,093	\$ 155,279	\$ 600,386	\$ 2,939,923	\$ -	\$ 4,787,490	\$ 773,458	\$ -	\$ -	\$ 224,425
<b>Payables:</b>										
Vendors	\$ 1,846,955	\$ 91,395	\$ 177,599	\$ 707,576	\$ -	\$ 4,383,530	\$ 1,405,636	\$ 2,528,013	\$ 28,622	\$ 1,340,751
Other governments	168,509	-	4,862	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-	225,663	3,665	-
	\$ 2,015,464	\$ 91,395	\$ 182,461	\$ 707,576	\$ -	\$ 4,383,530	\$ 1,405,636	\$ 2,753,676	\$ 32,287	\$ 1,340,751

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

**C. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2010 was as follows:

**Primary Government**

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases and Adjustments</b>	<b>Ending Balance</b>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 6,899,241	\$ -		\$ 6,899,241
Total capital assets, not being depreciated	<u>6,899,241</u>	<u>-</u>	<u>-</u>	<u>6,899,241</u>
Capital assets, being depreciated:				
Land improvements	760,580	-	-	760,580
Buildings and improvements	56,299,028	-	-	56,299,028
Equipment	35,879,879	1,751,723	(1,371,425)	36,260,177
Infrastructure	834,515,133	14,640,577	(4,121,424)	845,034,286
Total capital assets, being depreciated	<u>927,454,620</u>	<u>16,392,300</u>	<u>(5,492,849)</u>	<u>938,354,071</u>
Less accumulated depreciation for:				
Land improvements	(485,703)	(20,086)	-	(505,789)
Buildings and improvements	(26,856,803)	(1,673,969)	-	(28,530,772)
Equipment	(27,745,667)	(2,400,288)	1,329,351	(28,816,604)
Infrastructure	(329,100,846)	(19,054,849)	3,222,578	(344,933,117)
Total accumulated depreciation	<u>(384,189,019)</u>	<u>(23,149,192)</u>	<u>4,551,929</u>	<u>(402,786,282)</u>
Total capital assets, being depreciated, net	<u>543,265,601</u>	<u>(6,756,892)</u>	<u>(940,920)</u>	<u>535,567,789</u>
Governmental activities capital assets, net	<u>\$ 550,164,842</u>	<u>\$ (6,756,892)</u>	<u>\$ (940,920)</u>	<u>\$ 542,467,030</u>

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases and Adjustments</b>	<b>Ending Balance</b>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 6,153,801	\$ -	\$ -	\$ 6,153,801
Construction in progress	31,402,347	14,892,286	(32,184,483)	14,110,150
Total capital assets, not being depreciated	<u>37,556,148</u>	<u>14,892,286</u>	<u>(32,184,483)</u>	<u>20,263,951</u>
Capital assets, being depreciated:				
Land improvements	457,119	274,172	(8,378)	722,913
Buildings and improvements	29,776,623	6,864,442	(409,471)	36,231,594
Improvements other than buildings	167,971,163	27,130,705	(619,127)	194,482,741
Equipment	4,833,131	518,073	(88,316)	5,262,888
Total capital assets, being depreciated	<u>203,038,036</u>	<u>34,787,392</u>	<u>(1,125,292)</u>	<u>236,700,136</u>
Less accumulated depreciation for:				
Land improvements	(238,733)	(23,744)	8,378	(254,099)
Buildings and improvements	(10,836,015)	(877,444)	396,109	(11,317,350)
Improvements other than buildings	(45,421,481)	(3,887,463)	614,068	(48,694,876)
Equipment	(2,946,616)	(294,930)	84,370	(3,157,176)
Total accumulated depreciation	<u>(59,442,845)</u>	<u>(5,083,581)</u>	<u>1,102,925</u>	<u>(63,423,501)</u>
Total capital assets, being depreciated, net	<u>143,595,191</u>	<u>29,703,811</u>	<u>(22,367)</u>	<u>173,276,635</u>
Business-type activities capital assets, net	<u>\$ 181,151,339</u>	<u>\$44,596,097</u>	<u>\$ (32,206,850)</u>	<u>\$ 193,540,586</u>

**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	\$ 714,825
Public safety	1,298,325
Streets, alleys and bridges	19,456,425
Community development	14,041
Culture and recreation	894,593
Public health and welfare	177,774
Internal service	593,209
Total depreciation expense - governmental activities	<u>\$ 23,149,192</u>
Business - type activities:	
Water	\$ 4,360,966
Parking	722,615
Total depreciation expense - business-type activities	<u>\$ 5,083,581</u>

**Construction commitments**

The City has active construction projects as of December 31, 2010. The projects include street resurfacing, widening and construction of existing streets and bridges, drainage projects, sidewalks, and water system improvements. At year-end, the City's commitments with contractors are as follows:

<u>Project</u>	<u>Commitment</u>
Base Well Rehab	\$ 9,952,320
Keith Creek Watershed Feasibility	736,000
Harrison Impr 11th-20th	734,882
Water Main Construction	539,593
Riverwalk Museum Campus	455,000
Kishwaukee St Bridge Over Keith Crk	429,287
Kent Creek Trunk	398,205
Water Rehab Plan	387,539
C-W Alley Recon - Phase I	366,019
West State Street Corridor	365,463
Central Avenue Bridge	346,154
Morsay Drive Over Keith Creek	314,348
Perrycreek Interchange/Sp Crk Partn	258,925
6th Ward Drainage	251,100
Main & Auburn Roundabout	234,441
Whitewater Engineering	209,339
Total	<u>\$ 15,978,615</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, 2010 was as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets, not being depreciated:				
Land	\$ 1,965,838	\$ 13,046	\$ -	\$ 1,978,884
Construction work in progress	-	465,155	-	465,155
Total capital assets, not being depreciated	<u>1,965,838</u>	<u>478,201</u>	<u>-</u>	<u>2,444,039</u>
Capital assets, being depreciated:				
Buildings and improvements	9,356,827	61,830	-	9,418,657
Equipment	15,033,081	4,501,067	(256,541)	19,277,607
Total capital assets, being depreciated	<u>24,389,908</u>	<u>4,562,897</u>	<u>(256,541)</u>	<u>28,696,264</u>
Less accumulated depreciation for:				
Buildings and improvements	(3,263,767)	(269,564)	-	(3,533,331)
Equipment	(8,199,315)	(1,231,488)	256,541	(9,174,262)
Total accumulated depreciation	<u>(11,463,082)</u>	<u>(1,501,052)</u>	<u>256,541</u>	<u>(12,707,593)</u>
Total capital assets, being depreciated, net	<u>12,926,826</u>	<u>3,061,845</u>	<u>-</u>	<u>15,988,671</u>
District capital assets, net	<u>\$ 14,892,664</u>	<u>\$ 3,540,046</u>	<u>\$ -</u>	<u>\$ 18,432,710</u>

Activity for the Authority for the year ended June 30, 2010 was as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets, not being depreciated:				
Land	\$ 2,597,014		\$ -	\$ 2,597,014
Construction in progress	55,772	453,618	(509,390)	-
Total capital assets, not being depreciated	<u>2,652,786</u>	<u>453,618</u>	<u>(509,390)</u>	<u>2,597,014</u>
Capital assets, being depreciated:				
Buildings and improvements	32,239,226	540,079	-	32,779,305
Equipment	8,471,711	41,561	-	8,513,272
Total capital assets, being depreciated	<u>40,710,937</u>	<u>581,640</u>	<u>-</u>	<u>41,292,577</u>
Less accumulated depreciation for:				
Buildings and improvements	(10,157,352)	(827,289)	-	(10,984,641)
Equipment	(4,962,663)	(407,672)	-	(5,370,335)
Total accumulated depreciation	<u>(15,120,015)</u>	<u>(1,234,961)</u>	<u>-</u>	<u>(16,354,976)</u>
Total capital assets, being depreciated, net	<u>25,590,922</u>	<u>(653,321)</u>	<u>-</u>	<u>24,937,601</u>
Authority capital assets, net	<u>\$ 28,243,708</u>	<u>\$ (199,703)</u>	<u>\$ (509,390)</u>	<u>\$ 27,534,615</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, 2010 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, 2010, they are reflected below and reported in the financial statements as due from or due to other funds.

Due to/from other funds:

<b>Receivable Fund</b>	<b>Payable Fund</b>	<b>Purpose</b>	<b>Amount</b>
General	Community Development	Interfund cash advances	\$ 318,694
	Human Services	Interfund cash advances	981,537
	Human Services	Interfund interest on common cash	2,000
	Nonmajor governmental	Interfund cash advances	7,090,674
	Nonmajor governmental	Interfund interest on common cash	14,992
	Enterprise parking	Interfund interest on common cash	-
	Internal Service	Interfund cash advances	98,131
	Internal Service	Interfund interest on common cash	154
	Internal Service	Interfund loan	306,551
			<u>8,812,733</u>
Public Library	General	Interfund interest on common cash	<u>11,106</u>
Capital Projects	General	Interfund interest on common cash	36,088
	Nonmajor governmental	Future Motor Fuel Tax receipts and	365,113
			<u>401,201</u>
Nonmajor governmental	General	Interfund interest on common cash	<u>10,455</u>
			<u>10,455</u>
Internal Service	General	Interfund interest on common cash	<u>22,703</u>
Enterprise: Parking Water Utility Water Utility	General	Interfund interest on common cash	1,066
	General	Interfund interest on common cash	56,614
	Internal Service	Interfund loan	86,463
			<u>144,143</u>
<b>Total governmental funds</b>			<u><u>\$ 9,402,341</u></u>

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

Transfers between funds for the year ended December 31, 2010 are as follows:

	Transfers in:					Total
	General Fund	Human Services Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	
<b>Transfers out:</b>						
General Fund	\$ -	\$ 100,000	\$ 914,166	\$ -	\$ 166,809	\$ 1,180,975
Library Fund	-	-	244,644	-	-	244,644
Community Development Fund	916,120	39,711	-	-	-	955,831
Capital Projects Fund	-	-	-	-	-	-
Nonmajor governmental funds	1,865,626	-	4,643,086	2,346,538	1,093,237	9,948,487
Total transfer out	<u>\$2,781,746</u>	<u>\$ 139,711</u>	<u>\$ 5,801,896</u>	<u>\$ 2,346,538</u>	<u>\$ 1,260,046</u>	<u>\$12,329,937</u>

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

**E. DEFERRED REVENUE**

Deferred revenue as of December 31, 2010 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	\$ 40,215,668	\$ 7,088,459	\$ -	\$ -	\$ 6,276,986	\$ -	\$ 4,827,860	-	\$ 58,408,973
Grants	-	-	-	1,263,684	-	-	-	-	1,263,684
Other	-	-	-	-	-	4,889,766	-	945,382	5,835,148
	<u>\$ 40,215,668</u>	<u>\$ 7,088,459</u>	<u>\$ -</u>	<u>\$ 1,263,684</u>	<u>\$ 6,276,986</u>	<u>\$ 4,889,766</u>	<u>\$ 4,827,860</u>	<u>\$ 945,382</u>	<u>\$ 65,507,805</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 executory costs to be paid by the lessee. Future minimum rentals of the primary government total \$64,750 as of December 31, 2010, and are to be received as follows: 2011 - \$49,000; 2012 - \$13,000; and 2013 - \$2,750.

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

**G. LONG-TERM OBLIGATION ACTIVITY**

Long-term obligation activity for the year ended December 31, 2010 was as follows:

	Balance January 1, 2010	Additions	Reductions	Balance December 31, 2010	Due Within One Year
<b>Governmental activities:</b>					
Bonds payable:					
General obligation bonds	\$ 104,735,000	\$ -	\$ (9,015,000)	\$ 95,720,000	\$ 9,015,000
Less deferred amounts:					
For issuance	(301,128)	-	74,478	(226,650)	(15,050)
On refunding	(4,225,816)	-	846,716	(3,379,100)	(821,012)
Total bonds payable	100,208,056	-	(8,093,806)	92,114,250	8,178,938
Section 108 Guaranteed Loans	1,555,000	-	(100,000)	1,455,000	100,000
EPA Water Pollution Obligation	599,340	-	(101,764)	497,576	104,855
Lines of credit	8,945,076	205,891	-	9,150,967	8,650,967
Term notes	2,000,000	617,617	(265,604)	2,352,013	290,926
Claims and judgments	8,719,318	5,484,117	(5,115,183)	9,088,252	5,630,784
Net OPEB obligation	1,181,323	954,157	-	2,135,480	-
Net pension obligation	-	291,921	-	291,921	-
Compensated absences	6,241,479	4,322,342	(4,967,422)	5,596,399	988,581
Governmental activities long-term liabilities	\$ 129,449,592	\$ 11,876,045	\$ (18,643,779)	\$ 122,681,858	\$ 23,945,051
<b>Business-type activities:</b>					
<b>Water Utility Fund:</b>					
Bonds payable:					
General obligation alternate bonds	\$ 37,190,000	\$ 3,400,000	\$ (3,080,000)	\$ 37,510,000	\$ 2,940,000
Less deferred amounts:					
For issuance costs	(133,071)	(22,304)	9,211	(146,164)	(8,426)
For gain (loss) on refunding of: General obligation bonds	(322,192)	-	59,823	(262,369)	(52,819)
Total water bonds payable	36,734,737	3,377,696	(3,010,966)	37,101,467	2,878,755
Installment Purchase Agreement	14,000,000	-	-	14,000,000	-
IEPA Loan	18,588,514	11,631,969	(3,311,203)	26,909,280	1,112,173
Compensated absences	419,235	343,454	(346,803)	415,886	80,429
Refundable water main extension advance	474,157	-	(76,176)	397,981	59,213
Customer deposits	234,981	-	(5,389)	229,592	5,000
Total water utility	70,451,624	15,353,119	(6,750,537)	79,054,206	4,135,570
<b>Parking System Fund:</b>					
Bonds payable:					
General obligation alternate bonds	1,850,000	-	(25,000)	1,825,000	25,000
Less deferred amounts:					
For issuance costs	(21,297)	-	1,964	(19,333)	(1,940)
Total parking bonds payable	1,828,703	-	(23,036)	1,805,667	23,060
Compensated absences	41,829	33,634	(36,621)	38,842	4,876
Total parking fund	1,870,532	33,634	(59,657)	1,844,509	27,936
Business-type activities long-term liabilities	\$ 72,322,156	\$ 15,386,753	\$ (6,810,194)	\$ 80,898,715	\$ 4,163,506
<b>Component Units:</b>					
<b>Rockford Mass Transit District</b>					
Net pension obligation	\$ 373,582	\$ -	\$ (73,098)	\$ 300,484	\$ -
Net OPEB obligation	247,022	247,022	-	494,044	-
<b>Rockford Metropolitan Exposition, Auditorium and Office Building Authority</b>					
Lines of credit	1,001,090	500,000	(1,001,090)	500,000	-
Notes payable	1,056,000	1,900,000	(100,000)	2,856,000	-
Total component units	\$ 2,677,694	\$ 2,647,022	\$ (1,174,188)	\$ 4,150,528	\$ -

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

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Internal service funds predominately serve the governmental funds. Accordingly, long-term liabilities for internal service funds are included as part of the above totals for governmental activities. At year-end, \$318,574 of internal service funds compensated absences and \$9,088,252 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 pension obligation and pension contributions are liquidated by the General Fund.

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

The City has issued general obligation bonds to provide for community development and the acquisition and construction of major capital projects. General obligation bonds have been issued for both governmental and business-type activities. The beginning balance of outstanding general obligation bonds was \$143,775,000. During the year, new general obligation bonds totaling \$3,400,000 were issue for the construction and improvements to the existing waterworks system..

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

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

<b>Purpose</b>	<b>Original Issue Amount</b>	<b>Interest Rates</b>	<b>Maturity Date</b>	<b>Amount</b>
<b>Governmental activities</b>				
2002-A Street Improvement General Obligation Bond Issue	8,000,000	4.125% - 4.65%	2015	\$ 3,760,000
2002-C Charles Street Improvement General Obligation Alternate Bond Issue	3,000,000	4.25% - 4.65%	2015	1,420,000
2002 Taxable General Obligation Alternate Bond Issue	2,500,000	5.25% - 5.40%	2012	900,000
2002-D Springfield Corners General Obligation Alternate Bond Issue	1,300,000	4.00% - 5.00%	2021	1,070,000
2003 Street Improvement General Obligation Bond Issue	8,200,000	3.25% - 4.00%	2016	4,550,000
2004-A Street Improvement General Obligation Bond Issue	8,500,000	3.75% - 4.25%	2017	5,210,000
2004-C Equipment General Obligation Alternate Bond Issue	3,200,000	3.75% - 4.00%	2014	1,510,000
2004-D Seventh Street Revitalization General Obligation Alternate Bond Issue	2,000,000	5.00% - 5.25%	2016	1,230,000
2004-E Capital Improvements General Obligation Alternate Bond Issue	4,650,000	3.625% - 4.50%	2023	4,250,000
2005-A Capital Improvements General Obligation Bond Issue	8,700,000	3.50% - 4.10%	2018	6,140,000
2005-C Global Trade Park General Obligation Alternate Bond Issue	915,000	4.00%	2015	615,000
2005-C Neighborhood Revitalization General Obligation Alternate Bond Issue	6,305,000	4.00% - 4.40%	2024	6,230,000
2005-D Lowes Distribution Center Taxable General Obligation Alternate Bond Issue	2,850,000	5.00% - 5.12%	2018	2,100,000
2006-B Hope Six Revitalization Project General Obligation Alternate Bond Issue	2,500,000	4.15% - 4.15%	2024	2,500,000
2007-A Metro Centre Improvement General Obligation Alternate Bond Issue	6,300,000	4.00% - 4.20%	2027	5,640,000
2007-B Metro Centre Improvement Taxable General Obligation Alternate Bond Issue	16,700,000	5.125% - 5.40%	2027	12,645,000
2007-E Preston Central Redevelopment General Obligation Alternate Bond Issue	1,100,000	4.25% - 4.85%	2027	1,050,000
2007-F Sewer Improvement General Obligation Alternate Bond Issue	1,100,000	4.00% - 4.25%	2017	1,100,000
2007-G Library Construction General Obligation Alternate Bond Issue	3,050,000	4.10% - 4.75%	2027	2,725,000
2008-B Redevelopment General Obligation Alternate Bond Issue	1,300,000	3.00% - 4.00%	2018	1,275,000
2009-A Redevelopment General Obligation Alternate Bond Issue	1,650,000	4.625% - 5.00%	2029	1,650,000
2009-B Redevelopment Taxable General Obligation Alternate Bond Issue	950,000	5.30% - 5.70%	2024	950,000
2009-D Redevelopment Taxable General Obligation Alternate Bond Issue	1,700,000	2.25% - 5.50%	2024	1,700,000
				<u>70,220,000</u>

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

<b>Governmental activities - refunding</b>				
2004-F Refunding General Obligation Bond Issue	4,375,000	3.35% - 3.35%	2011	\$ 790,000
2004-H Refunding General Obligation Alternate Bond Issue	3,070,000	3.50% - 4.25%	2020	2,895,000
2005-C Refunding General Obligation Alternate Bond Issue	530,000	4.00% - 4.40%	2018	505,000
2007-C Refunding General Obligation Alternate Bond Issue	6,865,000	3.75% - 3.75%	2018	6,005,000
2009-C Taxable Refunding General Obligation Alternate Bond Issue	8,065,000	5.125% - 5.40%	2027	8,065,000
2009-E Refunding General Obligation Bond Issue	7,930,000	2.00% - 3.00%	2014	5,930,000
2009-G Refunding General Obligation Alternate Bond Issue	1,330,000	2.00% - 3.00%	2015	1,310,000
				<u>25,500,000</u>
				<u>\$ 95,720,000</u>

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

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

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

General obligation alternate bonds currently outstanding are as follows:

<b>Purpose</b>	<b>Original Issue Amount</b>	<b>Interest Rates</b>	<b>Maturity Date</b>	<b>Amount</b>
<b>Business-type activities</b>				
Water Utility Fund:				
2002-B General Obligation Alternate Bond Issue	2,220,000	4.25% - 4.65%	2015	\$ 1,045,000
2003-B General Obligation Alternate Bond Issue	2,200,000	3.35% - 4.00%	2016	1,225,000
2004-B General Obligation Alternate Bond Issue	2,200,000	3.75% - 4.25%	2017	1,400,000
2005-B General Obligation Alternate Bond Issue	2,200,000	3.65% - 4.10%	2018	1,565,000
2006-A General Obligation Alternate Bond Issue	15,000,000	4.15% - 4.15%	2018	13,275,000
2007-D General Obligation Alternate Bond Issue	3,500,000	4.125% - 4.75%	2027	3,125,000
2008-A General Obligation Alternate Bond Issue	9,000,000	3.25% - 5.00%	2028	8,550,000
2010-A General Obligation Alternate Bond Issue	3,400,000	2.00% - 4.00%	2030	3,400,000
				<u>33,585,000</u>
Parking System Fund:				
2008-A General Obligation Alternate	1,850,000	4.75% - 6.00%	2028	<u>1,825,000</u>
<b>Business-type activities - refunding</b>				
Water Utility Fund:				
2004-G Refunding General Obligation Alternate Bond Issue	2,475,000	3.15% - 3.35%	2011	230,000
2009-F Refunding General Obligation Alternate Bond Issue	4,325,000	2.00% - 3.50%	2018	3,695,000
				<u>3,925,000</u>
				<u>\$ 39,335,000</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
2011	\$ 9,015,000	\$ 3,462,438	\$ 2,965,000	\$ 1,615,853
2012	8,885,000	3,152,302	2,910,000	1,520,749
2013	8,305,000	2,826,113	2,835,000	1,421,863
2014	8,280,000	2,504,562	2,680,000	1,319,269
2015	8,580,000	2,842,491	2,565,000	1,214,786
2016	7,440,000	2,481,589	2,470,000	1,111,060
2017	6,835,000	2,166,770	2,295,000	1,011,261
2018	6,310,000	1,875,632	2,140,000	916,980
2019	3,935,000	1,600,073	1,750,000	828,562
2020	3,760,000	1,416,910	1,800,000	753,962
2021	3,340,000	1,238,916	1,825,000	676,319
2022	3,635,000	1,075,898	1,925,000	596,606
2023	3,920,000	895,059	2,025,000	510,844
2024	3,705,000	699,196	2,075,000	420,456
2025	3,025,000	511,201	2,175,000	326,931
2026	3,165,000	353,205	2,225,000	228,188
2027	3,335,000	187,490	1,175,000	125,187
2028	125,000	12,500	1,000,000	69,000
2029	125,000	6,250	250,000	20,000
2030	-	-	250,000	10,000
<b>Total</b>	<b>\$ 95,720,000</b>	<b>\$ 29,308,595</b>	<b>\$ 39,335,000</b>	<b>\$ 14,697,876</b>

**(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, 2010 is \$750,000 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, 2010 is \$705,000 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, 2010 is \$497,576 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 Guaranteed Loans		EPA Water Pollution Obligation	
	Principal	Interest	Principal	Interest
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>\$ 1,455,000</u>	<u>\$ 440,169</u>	<u>\$ 497,576</u>	<u>\$ 38,252</u>

**c) LINES OF CREDIT**

In November of 2007, the City entered into an agreement with the Rockford Local Development Corporation (RLDC) an Illinois not-for-profit corporation. Under terms of the agreement, RLDC shall secure a \$10,000,000 line of credit to be used for the voluntary acquisition of approximately 80 homes and two commercial properties that are located within the Keith Creek floodplain. The loan will fund the acquisition costs for each parcel, demolition expense, costs of all activities related to the project, and an interest reserve to cover carrying costs. The City shall provide guarantee of the loan and purchase the properties from RLDC at the price RLDC acquired them, and reimburse RLDC for expenses incurred in the performance of its duties. At December 31, 2010, there were outstanding borrowings of \$8,650,967 under this agreement.

In December of 2009 the City entered into an agreement with PNC Bank to establish a \$15.5 million line of credit. The line of credit will provide cash flow until property tax revenues are received in June of 2010. Interest will be paid monthly at a rate per annum equal to the daily LIBOR rate plus 1.4%. The Loan Account terminates and the Note shall be due and payable on December 23<sup>rd</sup> 2012. At December 31, 2010, there were outstanding borrowings of \$500,000 under this agreement.

**d) INSTALLMENT PURCHASE AGREEMENT**

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

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

**e) PROMISSORY TERM NOTE**

In December of 2009 the City issued a \$2,000,000 Taxable Promissory Note, Series 2009B for the purpose of paying ordinary and necessary expenses of the Rockford Metropolitan Exposition, Auditorium and Office Building Authority. Terms of the Note are; ten years with monthly principal payment of \$16,667, and interest at a rate per annum of the monthly LIBOR rate plus 2%. At December 31, 2010, the outstanding balance was \$1,799,006.

In February of 2010 the City entered into an Asset Purchase Agreement to purchase a Fiber Optic Ring. Terms of the agreement are principal amount due of \$617,717 and an annual interest rate of 2.67 percent compounded monthly, which Promissory Amount shall provide for an aggregate payment of principal and interest of \$667,400, monthly payments of \$9,400 for seventy one months. At December 31, 2010 the outstanding balance was \$553,007.

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

The City has been approved for approximately \$44,500,000 in low interest loans from the State Revolving Loan Fund through the IEPA. These loans range from 0% to 2.5% interest and some have principal forgiveness of a portion of the balance. Two of these loans totaling \$10,000,000 were funded in part through the American Recovery and Reinvestment Act of 2009. The City has received \$29,765,300 in loans, of which \$3,073,800 will not be required to be repaid. The loans are repayable over a 20 year period beginning six months after the date the project is expected to be completed. The City has begun to make payments on some of the loan agreements but others are still under construction. Once all the loan projects are completed the estimated annual debt service will be approximately \$2,400,000 per year for twenty years. The City has recorded the debt outstanding in the Water Utility Fund and will repay the debt with water revenues.

Loan #	Date Awarded	Amount Approved	Terms	Loans Received	Principal Forgiveness	Construction Interest	Payments	Balance Due
L172991	05/19/08	\$ 8,308,283	2.5%	\$ 8,289,000	\$ -	\$ 202,790	\$ (169,575)	\$ 8,322,215
L172992	09/30/08	12,512,945	2.5%	11,582,100	-	239,748	-	11,821,848
L172994	09/30/08	2,297,070	2.5%	2,039,800	-	11,407	(67,829)	1,983,378
L172993	08/14/09	6,877,227	0% - 25% principal forgiveness	4,157,900	(1,719,307)	-	-	2,438,593
L173068	09/30/09	3,122,773	0% - 25% principal forgiveness	3,122,700	(780,693)	-	-	2,342,007
L174676	06/30/10	720,521	1.25% - 25% principal forgiveness	158,800	(158,800)	299	-	299
L173127	06/30/10	3,128,995	1.25% - 25% principal forgiveness	223,900	(223,900)	383	-	383
L173128	06/30/10	2,633,303	1.25% - 25% principal forgiveness	191,100	(191,100)	556	-	556
L173132	08/29/10	913,740	1.25% - 25% principal forgiveness	-	-	-	-	-
L173133	12/15/10	381,087	1.25% - 25% principal forgiveness	-	-	-	-	-
L173067	01/19/11	3,611,244	1.25% - 25% principal forgiveness	-	-	-	-	-
				<u>\$29,765,300</u>	<u>\$ (3,073,800)</u>	<u>\$ 455,184</u>	<u>\$ (237,404)</u>	<u>\$ 26,909,280</u>

**g) COMPENSATED ABSENCES**

Governmental activities:

Vested vacation pay of \$4,012,796 and vested sick pay of \$1,583,603 for employees paid from governmental funds are included in the Government-wide Statement of Net Assets.

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

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**(3) REFUNDING OF DEBT**

In prior years, the City defeased certain general obligation bonds by placing the proceeds of new general obligation bonds in escrow accounts to provide for all future debt service payments on the old debt. The total amount of defeased debt at December 31, 2010 is \$17,260,000, of this amount \$15,055,000 relates to the debt service fund and \$2,205,000 relates to the Water Utility. Funds in escrow accounts are excluded from the City's financial statements.

**(4) LEGAL DEBT LIMITATION**

The State imposes a legal limit of 8.625% of the total equalized assessed valuation on the amount of general bond indebtedness. The City of Rockford further limits its indebtedness, by ordinance, to 80.0% of the State limit. As of December 31, 2010, the City indebtedness was \$80,940,682 less than the City limit and \$115,595,853 less than the State limit.

**(5) COMPONENT UNITS**

**a) LINES OF CREDIT**

The Authority, in 2010, obtained a line of credit through the City of Rockford (City) in the amount of \$500,000 for the purpose of making deposits to secure acts at the City's borrowing rate of LIBOR (.30875%) plus 1.4%. As of June 30, 2010, the amount of outstanding borrowings under this agreement was \$0.

**b) NOTES PAYABLE**

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

On December 23, 2009 the City funded a \$2 million loan to the Authority, the proceeds of which were used primarily to pay off a \$1,200,000 bank revolving line of credit. \$100,000 was retained by the City as a six month advanced principal payment on the term debt and the remaining \$700,000 was used to pay vendor obligations. The term debt is structured with a 10 year amortization, whereby commencing in January 2010, the Metro Centre repays the City \$16,667 monthly principal and interest at LIBOR plus 1.4%. These monthly payments are currently holdbacks from the City's monthly support payments to the Authority.

**IV. OTHER INFORMATION**

**A. INDUSTRIAL DEVELOPMENT REVENUE BONDS**

The City issued and has an estimated \$19,107,847 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:

	2010	2009
Unpaid claims at beginning of year	\$2,339,629	\$ 1,152,541
Current year claims and change in estimates	2,440,990	1,861,085
Claim payments	(812,863)	(673,997)
Unpaid claims at end of year	\$3,967,756	\$ 2,339,629
Reported as:		
Claims and judgments payable	\$3,888,564	\$ 2,253,977
Accounts payable	79,192	85,652
	\$3,967,756	\$ 2,339,629

Included in the \$3,967,756 are claims of \$765,000, representing losses for which the lowest amount in a range of probable losses has been accrued because no amount within that range is a better estimate of loss. The City estimates that those losses could be as high as \$11,470,000. Approved claims which have been presented for reimbursement as of year-end totaling \$79,192 are reported as accounts payable.

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

**2. Health Care Coverage**

The City is self-insured for its group health and dental insurance coverage. 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:

	<u>2010</u>	<u>2009</u>
Unpaid claims at beginning of year	\$ 3,014,994	\$ 2,036,479
Current year claims and change in estimates	16,806,277	18,105,921
Claim payments	<u>(17,872,532)</u>	<u>(17,127,406)</u>
Unpaid claims at end of year	<u>\$ 1,948,739</u>	<u>\$ 3,014,994</u>
Reported as:		
Claims and judgments payable	\$ 1,829,000	\$ 2,896,000
Accounts payable	119,739	118,994
	<u>\$ 1,948,739</u>	<u>\$ 3,014,994</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:

	2010	2009
Unpaid claims at beginning of year	\$3,569,341	\$ 3,464,344
Current year claims and change in estimates	2,330,583	2,113,135
Claim payments	<u>(2,501,238)</u>	<u>(2,008,138)</u>
Unpaid claims at end of year	<u>\$3,398,686</u>	<u>\$ 3,569,341</u>
Reported as:		
Claims and judgments payable	\$3,370,687	\$ 3,569,341
Accounts payable	27,999	-
	<u>\$3,398,686</u>	<u>\$ 3,569,341</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. All employees, except those covered by the police and fire pension plans, in positions that meet or exceed the prescribed minimum hours standard must be enrolled in IMRF. The State is authorized by statute to establish and amend all plan provisions. IMRF issues a financial report that includes financial statements and required supplementary information. The report may be obtained at [www.imrf.org](http://www.imrf.org) or by writing to IMRF, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

**Funding policy.** The contribution requirements of the plan members are established by State statute. Plan members are required to contribute 4.5% of their annual salary. The statutes require the City to contribute at an actuarially determined rate, the amount necessary, in addition to member contributions, to finance retirement coverage of its own employees. The employer rate for calendar year 2010 was 12.53% of covered payroll. The employer also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

**Annual pension cost.** For December 31, 2010, the City's annual pension cost of \$3,760,797 was equal to the City's required and actual contributions.

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

Three-Year Trend Information for IMRF:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2010	\$ 3,760,797	100.0	\$ -
12/31/2009	3,101,178	100.0	-
12/31/2008	3,024,393	100.0	-

The required contribution for 2010 was determined as part of the December 31, 2008 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2008 included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3% annually. The actuarial value of the City's IMRF plan assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The plan's unfunded actuarial accrued liability at December 31, 2008 is being amortized as a level percentage of projected payroll on an open 30 year basis.

**Funded Status and Funding Progress.** As of December 31, 2010, the most recent actuarial valuation date, the City's plan was 71.53 percent funded. The actuarial accrued liability for benefits was \$92,654,543 and the actuarial value of assets was \$66,273,409, resulting in an underfunded actuarial accrued liability (UAAL) of \$26,381,134. The covered payroll (annual payroll of active employees covered by the plan) was \$30,014,340 and the ratio of the UAAL to the covered payroll was 88 percent.

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

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

**Plan description.** The City of Rockford administers the PPF, a single-employer defined benefit pension plan in which all sworn police employees of the City participate. PPF provides retirement, disability, and death benefits to plan members and their beneficiaries. Employees attaining the age 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefits of 2.5% of final salary for each year of service up to 30 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 issues a publicly available financial report that includes the applicable financial statements and required supplementary information. The report may be obtained at the City's Finance Office.

**Summary of significant accounting policies – basis of accounting and valuation of investments.** The financial statements of PPF are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The City's contributions are recognized when due and a formal commitment to provide the 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 20.05% of covered payroll.

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

**Annual pension cost.** For 2010, the City of Rockford's annual pension cost was \$5,888,260. The City's actual contribution was \$5,274,174. The net pension asset at December 31, 2010 was \$8,909. It was comprised of the following:

Police Pension

Annual Required Contribution (ARC)	\$ 5,900,674
Interest on the Net Pension Asset	(46,725)
Adjustment to the ARC	34,311
Annual pension cost	5,888,260
Contribution	5,274,174
Increase in Pension Asset (Liability)	(614,086)
Net pension Asset at January 1, 2010	622,995
Net pension Asset at December 31, 2010	8,909

The required contributions were determined as part of the January 1, 2010 actuarial valuation using the entry normal age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return, (b) projected salary increases due to inflation of 5.0% per year, and (c) projected salary increases due to seniority/merit raises of 3.0% per year. The actuarial value of assets is determined by market method. The PPF unfunded liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2010 was 23 years.

**Funded Status and Funding Progress.** As of December 31, 2009, the most recent actuarial valuation date, the PPF plan was 69.5 percent funded. The actuarial accrued liability for benefits was \$215,470,181 and the actuarial value of assets was \$149,757,096, resulting in an underfunded actuarial accrued liability (UAAL) of \$65,713,085. The covered payroll (annual payroll of active employees covered by the plan) was \$19,328,358 and the ratio of the UAAL to the covered payroll was 340 percent.

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

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

**Three-year trend information:**

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)*
12/31/2010	\$ 5,733,571	92.0	\$ (10,385)
12/31/2009	3,723,049	104.1	(622,995)
12/31/2008	3,595,225	96.9	(469,782)

**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

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

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 issues a publicly available report that includes the applicable financial statements and required supplementary information. The report may be obtained at the City's Finance Office.

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

**Funding policy.** The defined benefits and employee contribution levels are governed by Illinois State Statutes (Chapter 40 Article 3) and may be amended only by the Illinois legislature. Plan members are required to contribute 9.455% of their annual covered salary. The City is required to contribute at an actuarially determined rate; the current rate is 31.126% of covered payroll.

**Annual pension cost.** For 2010, the City of Rockford's annual pension cost was \$6,944,880. The City's actual contribution was \$6,347,734. The pension obligation at December 31, 2010 was (\$291,921). It was comprised of the following:

Annual Required Contribution (ARC)	\$ 6,951,034
Interest on the Net Pension Asset	(22,892)
Adjustment to the ARC	<u>16,738</u>
Annual pension cost	6,944,880
Contribution	<u>6,347,734</u>
Increase in Pension Asset (Liability)	(597,146)
Net pension Asset at January 1, 2010	<u>305,225</u>
Net pension Obligation at December 31, 2010	<u><u>(291,921)</u></u>

The required contributions were determined as part of the January 1, 2010 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, 2010 was 23 years.

**Funded Status and Funding Progress.** As of December 31, 2009, the most recent actuarial valuation date, the FPF plan was 64.2 percent funded. The actuarial accrued liability for benefits was \$214,739,654, and the actuarial value of assets was \$137,818,046, resulting in an underfunded actuarial accrued liability (UAAL) of \$76,921,609. The covered payroll (annual payroll of active employees covered by the plan) was \$18,655,815 and the ratio of the UAAL to the covered payroll was 412.3 percent.

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

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

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

**Three-year trend information:**

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)*
12/31/2010	\$ 5,631,754	94.8	\$ 291,524
12/31/2009	5,631,754	103.1	(305,225)
12/31/2008	5,080,116	97.0	(130,182)

**4. Other Post-Employment Benefits**

**Plan description.** In addition to providing the pension benefits described, the City provides post-employment healthcare benefits (OPEB) for retired employees through a single employer defined benefit plan. The benefits, benefit levels, employee contributions and employer contribution are governed by the City and can be amended by the City through its personnel manual and union contracts. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activity of the plan is reported in the City's governmental 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, 2009, membership consisted of:

Retirees and beneficiaries currently receiving benefits	151
Terminated employees entitled to benefits but not yet receiving benefits	-
Active vested plan members	721
Active nonvested plan members	434
Total	1,306
Number of participating employers	1

**Funding policy.** For the fiscal year ending December 31, 2010, retirees contributed approximately \$907,048. The City is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future. Active employees do not contribute to the plan until retirement.

**Annual OPEB Cost and Net OPEB Obligation.** The City's annual other post-employment benefits (OPEB) cost (expense) for the fiscal year ended December 31, 2010, is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The City's annual OPEB cost is \$1,176,301 for the three years ended December 31, 2010. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 was as follows:

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

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2008	1,176,301	222,144	18.9%	2,135,480
December 31, 2009	632,276	222,144	35.1%	1,181,323
December 31, 2008	625,553	222,144	35.5%	771,191

The net OPEB obligation as of December 31, 2009, was calculated as follows:

Annual Required Contribution	\$ 1,156,612
Interest on Net OPEB Obligation	59,066
Adjustment to Annual Required Contribution	<u>(39,377)</u>
Annual OPEB Cost	1,176,301
Contributions Made	<u>222,144</u>
Increase (Decrease) in Net OPEB Obligation	954,157
Net OPEB Obligation Beginning of Year	<u>1,181,323</u>
Net OPEB Obligation End of Year	<u><u>2,135,480</u></u>

**Funded Status and Funding in Process.** The funded status of the plan as of December 31, 2009, was as follows:

Unfunded actuarial accrued liability (UAAL)	14,941,274
Funded ratio (actuarial value of plan assets/AAL)	-
Covered payroll (active plan members)	70,288,041
UAAL as a percentage of covered payroll	21.26%

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

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

In the January 1, 2010, 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

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

being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2010, was twenty seven years.

**Individual Plan Financial Statements:**

**Statements of Fiduciary Net Assets – Pension Trust Funds**  
**December 31, 2010**

	<b>Pension Trust Funds</b>		
	<b>Police Pension</b>	<b>Firefighter's Pension</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 847,437	\$ 2,478,501	\$ 3,325,938
Investments			
U.S. Treasury Strips	-	3,376,057	3,376,057
U.S. Treasury Bills		5,360,686	5,360,686
U.S. Treasury Notes	-	1,226,540	1,226,540
U.S. Treasury Bonds	-	312,311	312,311
Government National Mortgage Association	-	6,144,798	6,144,798
Government Backed Corporate Bonds	-	2,062,477	2,062,477
Federal National Mortgage Association	-	7,620,392	7,620,392
Federal Farm Credit Bonds	-	1,805,047	1,805,047
Small Cap Equity Common Stocks	11,740,071	12,562,707	24,302,778
Large Cap Equity Common Stocks	-	19,669,731	19,669,731
NTGI Collective Trust	72,240,809	49,219,186	121,459,995
ABN AMRO Stable Value Funds	13,911,560	-	13,911,560
Domestic Mutual Funds	33,969,358	10,848,846	44,818,204
International Mutual Funds	23,219,669	16,613,886	39,833,555
Accrued interest receivable	26,459	168,099	194,558
Contributions receivable	4,295,574	5,173,434	9,469,008
Total assets	160,250,937	144,642,698	304,893,635
<b>LIABILITIES</b>			
Accrued liabilities	59,099	88,688	147,787
<b>NET ASSETS</b>			
Held in trust for pension benefits	\$ 160,191,838	\$ 144,554,010	\$ 304,745,848

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

**Statements of Changes in Fiduciary Net Assets – Pension Trust Funds**  
**Year Ended December 31, 2010**

	<b>Pension Trust Funds</b>		
	<b>Police Pension</b>	<b>Firefighter's Pension</b>	<b>Total</b>
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 5,274,174	\$ 6,347,734	\$ 11,621,908
Plan member	1,975,149	1,798,076	3,773,225
Total contributions	<u>7,249,323</u>	<u>8,145,810</u>	<u>15,395,133</u>
Investment income:			
Net appreciation in fair value of investments	13,372,535	9,971,741	23,344,276
Interest and dividend income	1,905,014	2,129,782	4,034,796
	<u>15,277,549</u>	<u>12,101,523</u>	<u>27,379,072</u>
Less investment expense	(289,630)	(460,704)	(750,334)
Net investment income	<u>14,987,919</u>	<u>11,640,819</u>	<u>26,628,738</u>
Total additions	<u>22,237,242</u>	<u>19,786,629</u>	<u>42,023,871</u>
<b>DEDUCTIONS</b>			
Pension benefits	11,616,000	12,929,522	24,545,522
Refunds of contributions	24,325	-	24,325
Administrative expense	162,242	121,216	283,458
Total deductions	<u>11,802,567</u>	<u>13,050,738</u>	<u>24,853,305</u>
Change in net assets	10,434,675	6,735,891	17,170,566
Total net assets - beginning	<u>149,757,163</u>	<u>137,818,119</u>	<u>287,575,282</u>
Total net assets - ending	<u>\$ 160,191,838</u>	<u>\$ 144,554,010</u>	<u>\$ 304,745,848</u>

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

**Rockford Mass Transit District (RMTD)**

**Plan description.** The RMTD contributes to a single-employer public defined benefit retirement plan. RMTD established the plan to provide retirement benefits for employees of the District. The plan is now administered by DiBenedetto & Associates, LTD. RMTD together with employees covered under collective bargaining agreements,

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

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. For fiscal year 2010, the required contribution was \$824,799 or 17.2% of covered payroll per year. The difference between the contribution made in 2010 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, 2009 actuarial valuation using the aggregate actuarial cost funding method which does not identify or separate amortized unfunded actuarial liabilities. Under this method, no unfunded accrued liability is determined. The actuarial assumptions included (a) 7.0% investment rate of return and (b) projected salary increases of 4.00%. The actuarial value of assets is determined using a market approach and the 1971 Group Annuity Mortality Table. Information about the funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose and that information presented is intended to serve as a surrogate for the funded status and funding progress of the plan.

The net pension liability at June 30, 2010 was \$300,484. It was comprised of the following:

Annual required contribution	\$ 824,799
Interest on net pension obligation (7%)	26,151
Adjustment to annual required contribution	<u>(49,031)</u>
Annual pension cost	801,919
Annual contribution made	<u>875,017</u>
Increase in net pension liability	(73,098)
Net pension liability, beginning of year	<u>373,582</u>
Net pension liability, end of year	<u><u>\$ 300,484</u></u>

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

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2010	\$ 801,919	109.12	\$ 300,484
6/30/2009	565,626	106.21	373,582
6/30/2008	397,169	105.95	408,714

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

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

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

Contribution requirements are established through collective bargaining agreements and may be amended only through negotiations between the District and the union. The District makes the same monthly health insurance contribution on behalf of the select retirees as it makes on behalf of all other active employees during that year. The District contributes 100% of the current year premiums for a family and a single plan, respectively, for select eligible retired plan members and their spouses. For fiscal year 2010, the District contributed \$154,308. Remaining plan members receiving benefits contribute 100% of their premium costs for a family plan and a single plan, at the blended rates. Actual contributions are made on a pay-as-you-go basis. Administrative costs of the plan are financed through investment earnings.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for June 30, 2010 is as follow:

Annual required contribution	\$	404,661
Interest on net OPEB obligation		12,351
Adjustment to annual required contribution		<u>(15,682)</u>
Annual OPEB cost		401,330
Contributions made		<u>154,308</u>
Increase in Net OPEB Obligation		247,022
Net OPEB Obligation - beginning of year		<u>247,022</u>
Net OPEB Obligation - end of year	\$	494,044

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 were as follows:

<u>Fiscal Year Eended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
30-Jun-10	\$ 401,330	38.50%	\$ 494,044
30-Jun-09	413,321	40.20%	247,022

The funded status of the District's plan as of June 30, 2009, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 7,612,828
Actuarial balure of plan assets	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 7,612,828</u>
Funded ratio (actuarial value of plan assets AAL)	0%
Covered payroll (active plan members)	\$ 4,840,617
UAAL as a percentage of covered payroll	157.30%

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

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

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

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

In the District's actuarial valuation, the entry age actuarial cost method was used and market rates were used for the asset valuation method. The actuarial assumptions include a 5 percent investment rate of return and an annual healthcare cost trend rate of 8 percent initially, reduced by decrements to an ultimate rate of 6 percent. Both rates include a 3 percent inflation assumption. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at June 30, 2010 was 30 years.

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

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

The terms of the agreement indicate that beginning in August 2002 the City shall rebate to the retailer on a monthly basis the Municipal Sales Tax resulting from taxable sales with order-acceptance at the Property and received by the City in the following amounts:

- Years 1-5 – 100% sales tax rebate of Incremental Municipal Sales Tax sourced to Rockford.
- Years 6-10 – 70% sales tax rebate of Incremental Municipal Sales Tax sourced to Rockford.
- Years 11-20 – 50% sales tax rebate of Incremental Municipal Sales Tax sourced to Rockford.

The total municipal sales tax revenue reported by the City for the year ended December 31, 2010, amounted to \$36,380,336, of which \$539,250 (or 1.5%) 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.

**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, 2010, the City has \$3,722,503.63 available to be received in the future under these Community Development Grants in the event qualifying expenditures are made.

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

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**G. SUBSEQUENT EVENTS**

In the first six months of 2011 the City received an additional \$9,149,000 from the Illinois Environmental Protection Agency (IEPA) bringing the total IEPA loans to \$36,058,280. These proceeds provide additional funding for a \$75 million water improvement program (initial funding was provided from the sale of the City's \$15 million Series 2006A Bonds in April of 2006, \$3.5 million Series 2007D in November of 2007 and \$9.0 million Series 2008A in April of 2008).

On June 1<sup>st</sup> 2011 the City redeemed an additional \$10,000,000 of the \$14,000,000 outstanding on the 2008 Water System Improvement General Obligation Limited Tax Debt Certificates. The original issue was \$25,000,000 due June 15<sup>th</sup> 2013.

**H. FUTURE ACCOUNTING PRONOUNCEMENTS**

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

Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, issued February 2009, is effective for the City beginning with its year ending December 31, 2011. The object of this statement is to enhance the usefulness of fund balance information by providing clearer classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions.

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

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

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



**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, 2010  
(Required Supplementary Information)

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 68,918,885	\$ 68,918,885	\$ 69,691,411	\$ 772,526
Licenses and permits	3,590,000	3,590,000	4,495,706	905,706
Intergovernmental	22,680,317	23,246,517	25,105,017	1,858,500
Charges for services	7,975,200	8,243,200	8,112,091	(131,109)
Fines	1,740,000	1,740,000	1,507,353	(232,647)
Interest	100,000	100,000	152,823	52,823
Miscellaneous	640,000	640,000	344,516	(295,484)
Total revenues	105,644,402	106,478,602	109,408,917	2,930,315
<b>EXPENDITURES</b>				
<b>Current:</b>				
General government:				
Mayor's office	804,623	804,623	667,883	136,740
City Council	533,998	533,998	494,971	39,027
Legal department	1,841,413	1,841,413	1,838,400	3,013
Finance office	4,536,663	4,648,663	4,944,010	(295,347)
Workforce investment board	506,917	506,917	508,507	(1,590)
Board of fire and police commission	281,785	281,785	105,476	176,309
Board of election	899,441	899,441	921,146	(21,705)
Personnel department	692,310	692,310	726,669	(34,359)
Mass transit subsidy	1,524,000	1,524,000	1,524,000	-
Total general government	11,621,150	11,733,150	11,731,062	2,088
Public safety				
Police department	41,991,781	42,067,781	42,444,553	(376,772)
Fire department	35,738,620	36,547,620	38,126,579	(1,578,959)
Public works - traffic	2,082,414	2,082,414	1,855,870	226,544
Building department	1,857,943	1,857,943	1,754,221	103,722
Total public safety	81,670,758	82,555,758	84,181,223	(1,625,465)
Streets, alleys and bridges				
Administration	451,050	511,050	533,506	(22,456)
Engineering	780,560	1,017,060	880,416	136,644
Street and sewer	7,285,092	7,285,092	7,267,878	17,214
Traffic - street lighting	2,601,570	2,601,570	2,695,809	(94,239)
Total streets, alleys and bridges	11,118,272	11,414,772	11,377,609	37,163
Community development				
Administration	259,003	259,003	182,190	76,813
Code Enforcement	1,463,630	1,463,630	1,333,661	129,969
Planning and zoning	606,296	685,996	642,177	43,819
Total community development	2,328,929	2,408,629	2,158,028	250,601
Sanitation and sewers				
Public works - sewers	580,258	580,258	490,078	90,180
Total current expenditures	107,319,367	108,692,567	109,938,000	(1,245,433)
<b>Capital Outlay:</b>				
General Government				
Board of election	25,000	25,000	-	25,000
Total public safety	25,000	25,000	-	25,000
Public safety				
Police department	-	-	40,000	(40,000)
Fire department	-	375,000	407,500	(32,500)
Total public safety	-	375,000	447,500	(72,500)
Streets, alleys and bridges				
Street and sewer	-	-	15,299	(15,299)
Total streets, alleys and bridges	-	-	15,299	(15,299)
Total capital expenditures	25,000	400,000	462,799	(62,799)
Total expenditures	107,344,367	109,092,567	110,400,799	(1,308,232)
Excess of revenues over (under) expenditures	(1,699,965)	(2,613,965)	(991,882)	1,622,083
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	4,117,570	4,117,570	2,781,746	(1,335,824)
Transfers out	(2,367,467)	(2,291,467)	(1,180,975)	1,110,492
Total other financing sources (uses)	1,750,103	1,826,103	1,600,771	(225,332)
Net change in fund balance	\$ 50,138	\$ (787,862)	608,889	\$ 1,396,751
Fund balance - beginning			22,006,223	
Fund balance - ending			<u>\$ 22,615,112</u>	

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

For the Year Ended December 31, 2010  
(Required Supplementary Information)

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 6,810,163	\$ 6,810,163	\$ 6,870,920	\$ 60,757
Intergovernmental	967,900	967,900	998,988	31,088
Charges for services	73,500	73,500	64,626	(8,874)
Fines	165,000	165,000	139,888	(25,112)
Interest	26,500	26,500	24,678	(1,822)
Miscellaneous	75,000	75,000	30,633	(44,367)
Total revenues	<u>8,118,063</u>	<u>8,118,063</u>	<u>8,129,733</u>	<u>11,670</u>
<b>EXPENDITURES</b>				
Current - Culture and recreation	7,213,712	6,994,003	6,551,920	442,083
Capital Outlay - Culture and recreation	277,762	265,173	58,388	206,785
Total expenditures	<u>7,491,474</u>	<u>7,259,176</u>	<u>6,610,308</u>	<u>648,868</u>
Excess of revenues over (under) expenditures	<u>626,589</u>	<u>858,887</u>	<u>1,519,425</u>	<u>660,538</u>
<b>OTHER FINANCING USES</b>				
Transfers out	(250,560)	(250,560)	(244,644)	5,916
Total other financing uses	<u>(250,560)</u>	<u>(250,560)</u>	<u>(244,644)</u>	<u>5,916</u>
Net changes in fund balance	<u>\$ 376,029</u>	<u>\$ 608,327</u>	<u>\$ 1,274,781</u>	<u>\$ 666,454</u>
Fund balance - beginning			<u>4,027,957</u>	
Fund balance - ending			<u>\$ 5,302,738</u>	

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

For the Year Ended December 31, 2010

(Required Supplementary Information)

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
<b>REVENUES</b>				
Intergovernmental	\$ 4,849,754	\$ 4,849,754	\$ 4,805,866	\$ (43,888)
Interest	-	-	39,365	39,365
Miscellaneous	122,000	122,000	75,878	(46,122)
Total revenues	<u>4,971,754</u>	<u>4,971,754</u>	<u>4,921,109</u>	<u>(50,645)</u>
<b>EXPENDITURES</b>				
Current - Community development	3,787,232	3,787,232	3,983,976	(196,744)
Debt service:				
Principal payments	100,000	100,000	100,000	-
Interest payments	79,858	79,858	79,858	-
Total expenditures	<u>3,967,090</u>	<u>3,967,090</u>	<u>4,163,834</u>	<u>(196,744)</u>
Excess of revenues over (under) expenditures	<u>1,004,664</u>	<u>1,004,664</u>	<u>757,275</u>	<u>(247,389)</u>
<b>OTHER FINANCING USES</b>				
Transfers out	(973,686)	(973,686)	(955,831)	17,855
Total other financing uses	<u>(973,686)</u>	<u>(973,686)</u>	<u>(955,831)</u>	<u>17,855</u>
Net changes in fund balance	<u>\$ 30,978</u>	<u>\$ 30,978</u>	<u>(198,556)</u>	<u>\$ (229,534)</u>
Fund balance - beginning			<u>1,545,431</u>	
Fund balance - ending			<u>\$ 1,346,875</u>	

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

For the Year Ended December 31, 2010  
(Required Supplementary Information)

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
<b>REVENUES</b>				
Intergovernmental	\$ 13,294,581	\$ 13,294,581	\$ 21,185,294	\$ 7,890,713
Interest	-	-	7,873	7,873
Miscellaneous	-	-	77,270	77,270
Total revenues	<u>13,294,581</u>	<u>13,294,581</u>	<u>21,270,437</u>	<u>7,975,856</u>
<b>EXPENDITURES</b>				
Current - Public health and welfare	13,294,581	13,294,581	21,126,402	(7,831,821)
Debt service - Interest and service fees	-	-	37,252	(37,252)
Capital outlay - Public health and welfare	-	-	275,660	(275,660)
Total expenditures	<u>13,294,581</u>	<u>13,294,581</u>	<u>21,439,314</u>	<u>(8,144,733)</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(168,877)</u>	<u>(168,877)</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	126,666	126,666	139,711	13,045
Total other financing sources	<u>126,666</u>	<u>126,666</u>	<u>139,711</u>	<u>13,045</u>
Net changes in fund balance	<u>\$ 126,666</u>	<u>\$ 126,666</u>	<u>(29,166)</u>	<u>\$ (155,832)</u>
Fund balance - beginning			<u>191,115</u>	
Fund balance - ending			<u>\$ 161,949</u>	

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

December 31, 2010

(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)
12/31/2010	\$ 66,273,409	\$ 92,654,543	\$ 26,381,134	71.53 %	\$ 30,014,340	87.90 %
12/31/2009	71,652,490	99,279,370	27,626,880	72.17	33,167,684	83.29
12/31/2008	71,433,001	95,526,894	24,093,893	74.78	31,536,943	76.40
12/31/2007	82,879,833	87,968,864	5,089,031	94.21	29,485,908	17.26
12/31/2006	77,109,958	83,288,988	6,179,030	92.58	28,618,048	21.59
12/31/2005	70,939,034	78,089,106	7,150,072	90.84	27,600,567	25.91

**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)
12/31/2009	\$ 149,757,096	\$ 215,470,181	\$ 65,713,085	69.50 %	\$ 19,328,358	339.98 %
12/31/2008	137,508,810	208,039,571	70,530,761	66.10	19,744,695	357.21
12/31/2007	161,674,221	197,484,179	35,809,958	81.87	18,760,525	190.88
12/31/2006	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

**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)
12/31/2009	\$ 137,818,046	\$ 214,739,654	\$ 76,921,608	64.18 %	\$ 18,655,815	412.32 %
12/31/2008	127,654,609	206,921,554	79,266,945	61.69	18,157,179	436.56
12/31/2007	144,587,141	201,841,057	57,253,916	71.63	18,485,822	309.72
12/31/2006	138,535,126	189,079,809	50,544,683	73.27	17,375,662	290.89
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

**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)
12/31/2009	\$ -	\$ 14,941,274	\$ 14,941,274	- %	\$ 70,288,041	21.26 %
12/31/2008	-	9,062,800	9,062,800	-	68,783,290	13.18
12/31/2007	-	9,062,800	9,062,800	-	65,578,751	13.82

# CITY OF ROCKFORD, ILLINOIS EMPLOYER CONTRIBUTIONS

December 31, 2010  
(Required Supplementary Information)

## Illinois Municipal Retirement Fund

Actuarial Valuation Date	Annual Required Contribution	Percentage Contributed
12/31/2010	\$ 3,760,797	100.0 %
12/31/2009	3,101,178	100.0
12/31/2008	3,024,393	100.0
12/31/2007	2,927,951	100.0
12/31/2006	2,830,325	100.0
12/31/2005	2,481,291	100.0

## Police Pension Fund

Actuarial Valuation Date	Annual Required Contribution	Percentage Contributed
12/31/2010	\$ 5,900,674	89.4 %
12/31/2009	3,733,161	104.1
12/31/2008	3,608,547	96.6
12/31/2007	3,330,276	97.3
12/31/2006	2,803,802	90.1
12/31/2005	2,787,807	97.0

## Firefighter's Pension Fund

Actuarial Valuation Date	Annual Required Contribution	Percentage Contributed
12/31/2010	\$ 6,951,034	91.3 %
12/31/2009	5,634,548	103.1
12/31/2008	5,086,621	96.9
12/31/2007	4,762,441	97.8
12/31/2006	4,144,105	92.5
12/31/2005	4,185,653	97.6
12/31/2004	4,185,653	100.4

## Other Post-Employment Benefits

Actuarial Valuation Date	Annual Required Contribution	Percentage Contributed
12/31/2010	\$ 1,156,612	19.2 %
12/31/2009	619,422	35.7
12/31/2008	619,423	35.7
12/31/2007	589,926	37.7

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

**I. BUDGETARY INFORMATION**

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

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

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

For the year ended December 31, 2010, the General Fund and Major Special Revenue funds had excess of actual expenditures and financing uses over budget at the legal level of budgetary control (department level) as follows:

**MAJOR FUNDS:**

General Fund	
Finance office	\$ (295,347)
Workforce investment board	(1,590)
Board of election	(21,705)
Personnel department	(34,359)
Police Department	(376,772)
Fire Department	(1,578,959)
Public works - Administration	(22,456)
Public works - Street lighting	(94,239)
Community Development Fund	(196,744)
Human Services Fund	(8,144,733)

**III. ILLINOIS MUNICIPAL RETIREMENT FUND**

On a market value basis, the actual value of assets as of December 31, 2010 is \$71,811,463. On a market basis, the funded ratio would be 77.50%.

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

**IV. PENSION TRUST**

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



**OTHER SUPPLEMENTARY INFORMATION**



## NONMAJOR GOVERNMENTAL FUNDS

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### SPECIAL REVENUE FUNDS

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

Combining statements for all individual nonmajor special revenue funds are reported here. The combined totals are reported in the combining nonmajor governmental fund statements at B1 thru B32. Fund statements for major special revenue funds are reported on Pages 19 thru 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.
VETERAN'S SCHOLARSHIP	To account for receipt of investment earnings on original principal and payment of annual scholarships. The original principal was transferred from the War Memorial Fund.
Rockford Metro Agency for Planning	To account for the revenues and expenditures of a cooperative, comprehensive transportation planning process for the Rockford Urbanized Area. Funding is provided by grants and local matching.
JUSTICE ASSISTANCE GRANT	To account for expenditures for crime prevention and public safety. Financing is provided by a grant from the Federal Government and General Fund.
FLEX CARE	To account for the collection and payment of City employee salaries to the Flexible benefit program, along with administration expenses of the fund.
TAX INCREMENT FINANCING AREAS	To account for the redevelopment costs of each blighted area. Financing is provided from property taxes levied on property within each district, which will increase as a result of the redevelopment and the resulting increase in assessed valuation within the districts. The East Side and West Side areas also receive the resulting increase of sales tax from the City's sales tax and a share of the State of Illinois' sales tax resulting from increased sales as a result of redevelopment within each district.

**CITY OF ROCKFORD, ILLINOIS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
December 31, 2010

**Special Revenue Funds**

	<b>Rockford Tuberculosis Care Center</b>	<b>Garbage and Refuse</b>	<b>Motor Fuel Tax</b>	<b>Redevelopment</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 142,458	\$ 3,292,013	\$ 9,689,224	\$ 601,733
Property taxes receivable, net	153,146	21,878	-	-
Accounts receivable, net	-	494,176	-	341,072
Due from the State of Illinois	-	-	323,288	-
Due from other governmental units	-	-	-	-
Due from other funds	301	6,917	-	-
<b>Total assets</b>	<b>\$ 295,905</b>	<b>\$ 3,814,984</b>	<b>\$ 10,012,512</b>	<b>\$ 942,805</b>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>				
<b>Liabilities:</b>				
Accounts and contracts payable	\$ 34,473	\$ 442,035	\$ -	\$ 510,086
Accrued payroll and benefits	-	-	-	-
Due to other funds	-	-	365,113	3,347,256
Deferred revenue	153,146	21,878	-	-
<b>Total liabilities</b>	<b>187,619</b>	<b>463,913</b>	<b>365,113</b>	<b>3,857,342</b>
<b>Fund balances (deficits):</b>				
<b>Reserved for:</b>				
Encumbrances	-	-	-	-
Endowments	15,000	-	-	-
Unreserved - special revenue funds	93,286	3,351,071	9,647,399	(2,914,537)
<b>Total fund balances (deficits)</b>	<b>108,286</b>	<b>3,351,071</b>	<b>9,647,399</b>	<b>(2,914,537)</b>
<b>Total liabilities and fund balances (deficits)</b>	<b>\$ 295,905</b>	<b>\$ 3,814,984</b>	<b>\$ 10,012,512</b>	<b>\$ 942,805</b>

**Special Revenue Funds**

<b>Tourism</b>	<b>Special Projects</b>	<b>RKFD Metro Agency for Planning</b>	<b>Veteran's Scholarship</b>	<b>Justice Assistance Grant</b>	<b>Flex Care</b>
\$ 48,737	\$ -	\$ -	\$ 45,723	\$ -	\$ 193,667
-	-	-	-	-	-
145,251	7,430	-	-	-	-
-	-	235,123	-	-	-
-	-	59,423	-	155,624	-
101	-	-	96	-	-
<b>\$ 194,089</b>	<b>\$ 7,430</b>	<b>\$ 294,546</b>	<b>\$ 45,819</b>	<b>\$ 155,624</b>	<b>\$ 193,667</b>
\$ 99,470	\$ 50,000	\$ 59,668	\$ -	\$ 39,820	\$ 18,241
-	-	9,052	-	-	-
-	29,920	337,815	-	115,804	-
-	-	-	-	-	-
99,470	79,920	406,535	-	155,624	18,241
-	-	-	-	-	-
-	-	-	-	-	-
94,619	(72,490)	(111,989)	45,819	-	175,426
94,619	(72,490)	(111,989)	45,819	-	175,426
<b>\$ 194,089</b>	<b>\$ 7,430</b>	<b>\$ 294,546</b>	<b>\$ 45,819</b>	<b>\$ 155,624</b>	<b>\$ 193,667</b>

**CITY OF ROCKFORD, ILLINOIS**  
**COMBINING BALANCE SHEET (Continued)**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
December 31, 2010

	<b>Special Revenue Funds</b>				
	<b>Tax Increment Financing Areas</b>				
	<b>East Side</b>	<b>West Side</b>	<b>Seventh Street</b>	<b>Southeast</b>	<b>South Rockford</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 111,870	\$ 46,922	\$ 104,044	\$ -	\$ 677
Property taxes receivable, net	350,464	412,687	1,058,913	-	133,146
Accounts receivable, net	-	-	-	-	-
Due from the State of Illinois	-	-	-	-	-
Due from other governmental units	-	-	-	-	-
Due from other funds	232	97	207	-	-
Total assets	<u>\$ 462,566</u>	<u>\$ 459,706</u>	<u>\$ 1,163,164</u>	<u>\$ -</u>	<u>\$ 133,823</u>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>					
<b>Liabilities:</b>					
Accounts and contracts payable	\$ -	\$ -	\$ 10,000	\$ -	\$ -
Accrued payroll and benefits	-	-	-	-	-
Due to other funds	-	-	-	-	-
Deferred revenue	350,464	412,687	1,058,913	-	133,146
Total liabilities	<u>350,464</u>	<u>412,687</u>	<u>1,068,913</u>	<u>-</u>	<u>133,146</u>
<b>Fund balances (deficits):</b>					
<b>Reserved for:</b>					
Encumbrances	6,250	-	12,500	-	-
Endowments	-	-	-	-	-
Unreserved - special revenue funds	105,852	47,019	81,751	-	677
Total fund balances (deficits)	<u>112,102</u>	<u>47,019</u>	<u>94,251</u>	<u>-</u>	<u>677</u>
Total liabilities and fund balances (deficits)	<u>\$ 462,566</u>	<u>\$ 459,706</u>	<u>\$ 1,163,164</u>	<u>\$ -</u>	<u>\$ 133,823</u>

**Special Revenue Funds**

**Tax Increment Financing Areas**

Lincolnwood Estates	Springfield Corners	Rockford Global Trade Park	North Main	Lincolnwood II	River Oaks	Garrison	Hope Six	Kishwaukee
\$ 103,682	\$ -	\$ -	\$ -	\$ 50,380	\$ -	\$ -	\$ -	\$ 27,157
78,184	174,202	755,239	95,972	50,946	58,049	79,842	174,776	54,558
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
218	-	-	-	106	-	-	-	57
<b>\$ 182,084</b>	<b>\$ 174,202</b>	<b>\$ 755,239</b>	<b>\$ 95,972</b>	<b>\$ 101,432</b>	<b>\$ 58,049</b>	<b>\$ 79,842</b>	<b>\$ 174,776</b>	<b>\$ 81,772</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,807	\$ -
-	176,656	83,879	309,465	-	760,227	289,922	127,793	-
78,184	174,202	755,239	95,972	50,946	58,049	79,842	174,776	54,558
78,184	350,858	839,118	405,437	50,946	818,276	369,764	304,376	54,558
-	-	-	-	-	-	-	-	-
103,900	(176,656)	(83,879)	(309,465)	50,486	(760,227)	(289,922)	(129,600)	27,214
103,900	(176,656)	(83,879)	(309,465)	50,486	(760,227)	(289,922)	(129,600)	27,214
<b>\$ 182,084</b>	<b>\$ 174,202</b>	<b>\$ 755,239</b>	<b>\$ 95,972</b>	<b>\$ 101,432</b>	<b>\$ 58,049</b>	<b>\$ 79,842</b>	<b>\$ 174,776</b>	<b>\$ 81,772</b>

**CITY OF ROCKFORD, ILLINOIS**  
**COMBINING BALANCE SHEET (Continued)**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
December 31, 2010

	<b>Special Revenue Funds</b>						
	<b>Tax Increment Financing Areas</b>						
	<b>Jackson School</b>	<b>Preston/ Central</b>	<b>North Main &amp; Auburn</b>	<b>East State &amp; Alpine</b>	<b>West State &amp; Central</b>	<b>West State &amp; Kilburn</b>	<b>West Side II</b>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 65,295	\$ -	\$ 33,915	\$ 415,940	\$ -	\$ -	\$ -
Property taxes receivable, net	106,668	34,219	19,452	242,875	218,753	16,989	8,826
Accounts receivable, net	-	-	-	-	-	-	-
Due from the State of Illinois	-	-	-	-	-	-	-
Due from other governmental units	-	-	-	-	-	-	-
Due from other funds	134	-	72	876	423	-	-
Total assets	<u>\$ 172,097</u>	<u>\$ 34,219</u>	<u>\$ 53,439</u>	<u>\$ 659,691</u>	<u>\$ 219,176</u>	<u>\$ 16,989</u>	<u>\$ 8,826</u>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>							
<b>Liabilities:</b>							
Accounts and contracts payable	\$ -	\$ -	\$ -	\$ 140,000	\$ -	\$ -	\$ -
Accrued payroll and benefits	-	-	-	-	-	-	-
Due to other funds	-	1,160,593	-	-	51,042	1,776	7,356
Deferred revenue	106,668	34,219	19,452	242,875	218,753	16,989	8,826
Total liabilities	<u>106,668</u>	<u>1,194,812</u>	<u>19,452</u>	<u>382,875</u>	<u>269,795</u>	<u>18,765</u>	<u>16,182</u>
<b>Fund balances (deficits):</b>							
<b>Reserved for:</b>							
Encumbrances	-	751	-	-	-	-	-
Endowments	-	-	-	-	-	-	-
Unreserved - special revenue funds	65,429	(1,161,344)	33,987	276,816	(50,619)	(1,776)	(7,356)
Total fund balances (deficits)	<u>65,429</u>	<u>(1,160,593)</u>	<u>33,987</u>	<u>276,816</u>	<u>(50,619)</u>	<u>(1,776)</u>	<u>(7,356)</u>
Total liabilities and fund balances (deficits)	<u>\$ 172,097</u>	<u>\$ 34,219</u>	<u>\$ 53,439</u>	<u>\$ 659,691</u>	<u>\$ 219,176</u>	<u>\$ 16,989</u>	<u>\$ 8,826</u>

Special Revenue Funds									
Tax Increment Financing Areas									
Rockford Global Trade Park II	River North	Main & Whitman	East River	Assisted Living	Midtown	Kishwaukee Harrison II	Rockford Global Trade Park III	Broadway	Total
\$ 76,912	\$ 69,152	\$ -	\$ 67,327	\$ 124	\$ -	\$ 249	\$ 81,224	\$ -	\$ 15,268,425
186,497	62,343	41,812	66,537	59	46,109	-	81,735	42,984	4,827,860
-	-	-	-	-	-	-	-	-	987,929
-	-	-	-	-	-	-	-	-	558,411
-	-	-	-	-	-	-	-	-	215,047
161	143	-	142	-	-	-	172	-	10,455
<b>\$ 263,570</b>	<b>\$ 131,638</b>	<b>\$ 41,812</b>	<b>\$ 134,006</b>	<b>\$ 183</b>	<b>\$ 46,109</b>	<b>\$ 249</b>	<b>\$ 163,131</b>	<b>\$ 42,984</b>	<b>\$ 21,868,127</b>
\$ 36	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	1,405,636
-	-	-	-	-	-	-	-	-	9,052
-	-	219,090	-	-	45,891	-	-	41,181	7,470,779
186,497	62,343	41,812	66,537	59	46,109	-	81,735	42,984	4,827,860
186,533	62,343	260,902	66,537	59	92,000	-	81,735	84,165	13,713,327
-	-	-	-	-	-	-	-	-	19,501
-	-	-	-	-	-	-	-	-	15,000
77,037	69,295	(219,090)	67,469	124	(45,891)	249	81,396	(41,181)	8,120,299
77,037	69,295	(219,090)	67,469	124	(45,891)	249	81,396	(41,181)	8,154,800
<b>\$ 263,570</b>	<b>\$ 131,638</b>	<b>\$ 41,812</b>	<b>\$ 134,006</b>	<b>\$ 183</b>	<b>\$ 46,109</b>	<b>\$ 249</b>	<b>\$ 163,131</b>	<b>\$ 42,984</b>	<b>\$ 21,868,127</b>

(Concluded)

**CITY OF ROCKFORD, ILLINOIS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended December 31, 2010

	<b>Special Revenue Funds</b>			
	<b>Rockford Tuberculosis Care Center</b>	<b>Garbage and Refuse</b>	<b>Motor Fuel Tax</b>	<b>Redevelopment</b>
<b>REVENUES</b>				
Taxes	\$ 186,370	\$ 22,765	\$ -	\$ 3,557,289
Licenses and permits	-	-	-	-
Intergovernmental	-	-	4,535,832	-
Charges for services	-	8,568,067	-	-
Interest	313	27,912	11,402	-
Miscellaneous	-	-	-	-
Total revenues	<u>186,683</u>	<u>8,618,744</u>	<u>4,547,234</u>	<u>3,557,289</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Public Safety	-	-	-	-
Community development	-	-	-	1,536,816
Sanitation and sewers	-	6,591,156	-	-
Public health and welfare	131,459	-	-	-
Total current expenditures	<u>131,459</u>	<u>6,591,156</u>	<u>-</u>	<u>1,536,816</u>
Debt service				
Principal payments	-	-	-	200,004
Interest and fiscal charges	-	-	-	80,449
Capital outlay:				
Public Safety	-	-	-	-
Community development	-	-	-	-
Total expenditures	<u>131,459</u>	<u>6,591,156</u>	<u>-</u>	<u>1,817,269</u>
Excess of revenues over (under) expenditures	<u>55,224</u>	<u>2,027,588</u>	<u>4,547,234</u>	<u>1,740,020</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	(1,293,600)	(2,346,538)	(1,246,047)
Total other financing sources (uses)	<u>-</u>	<u>(1,293,600)</u>	<u>(2,346,538)</u>	<u>(1,246,047)</u>
Net change in fund balances	<u>55,224</u>	<u>733,988</u>	<u>2,200,696</u>	<u>493,973</u>
Fund balances (deficits) - beginning	<u>53,062</u>	<u>2,617,083</u>	<u>7,446,703</u>	<u>(3,408,510)</u>
Fund balances (deficits) - ending	<u>\$ 108,286</u>	<u>\$ 3,351,071</u>	<u>\$ 9,647,399</u>	<u>\$ (2,914,537)</u>

**Special Revenue Funds**

<b>Tourism</b>	<b>Special Projects</b>	<b>RKFD Metro Agency for Planning</b>	<b>Veteran's Scholarship</b>	<b>Justice Assistance Grant</b>	<b>Flex Care</b>
\$ 1,541,577	\$ -		\$ -	\$ -	\$ -
-	99,019		-	-	-
-	-	964,561	-	590,941	-
713	-	-	428	-	-
-	-	-	-	-	610,335
<u>1,542,290</u>	<u>99,019</u>	<u>964,561</u>	<u>428</u>	<u>590,941</u>	<u>610,335</u>
-	-	-	-	-	598,400
1,404,449	85,000	976,302	1,500	387,969	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,404,449</u>	<u>85,000</u>	<u>976,302</u>	<u>1,500</u>	<u>387,969</u>	<u>598,400</u>
-	790	5,374	-	-	-
-	-	31,626	-	202,972	-
<u>1,404,449</u>	<u>85,790</u>	<u>1,013,302</u>	<u>1,500</u>	<u>590,941</u>	<u>598,400</u>
137,841	13,229	(48,741)	(1,072)	-	11,935
-	-	166,809	-	-	-
(119,200)	-	-	-	-	-
<u>(119,200)</u>	<u>-</u>	<u>166,809</u>	<u>-</u>	<u>-</u>	<u>-</u>
18,641	13,229	118,068	(1,072)	-	11,935
75,978	(85,719)	(230,057)	46,891	-	163,491
<u>\$ 94,619</u>	<u>\$ (72,490)</u>	<u>\$ (111,989)</u>	<u>\$ 45,819</u>	<u>\$ -</u>	<u>\$ 175,426</u>

**CITY OF ROCKFORD, ILLINOIS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES (Continued)**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended December 31, 2010

	<b>Special Revenue Funds</b>			
	<b>Tax Increment Financing Areas</b>			
	<b>East Side</b>	<b>West Side</b>	<b>Seventh Street</b>	<b>Southeast</b>
<b>REVENUES</b>				
Taxes	\$ 348,042	\$ 404,387	1,056,660	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Interest	2,033	879	6,428	-
Miscellaneous	-	-	1,346	-
Total revenues	<u>350,075</u>	<u>405,266</u>	<u>1,064,434</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Public Safety	-	-	-	-
Community development	66,215	194,651	463,176	574,108
Sanitation and sewers	-	-	-	-
Public health and welfare	-	-	-	-
Total current expenditures	<u>66,215</u>	<u>194,651</u>	<u>463,176</u>	<u>574,108</u>
Debt service				
Principal payments	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay:				
Community development	-	-	-	-
Public Safety	-	-	-	-
Total expenditures	<u>66,215</u>	<u>194,651</u>	<u>463,176</u>	<u>574,108</u>
Excess of revenues over (under) expenditures	<u>283,860</u>	<u>210,615</u>	<u>601,258</u>	<u>(574,108)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	248,963	150,000	-
Transfers out	(273,963)	(448,963)	(1,136,170)	-
Total other financing sources (uses)	<u>(273,963)</u>	<u>(200,000)</u>	<u>(986,170)</u>	<u>-</u>
Net change in fund balances	9,897	10,615	(384,912)	(574,108)
Fund balances (deficits) - beginning	<u>102,205</u>	<u>36,404</u>	<u>479,163</u>	<u>574,108</u>
Fund balances (deficits) - ending	<u>\$ 112,102</u>	<u>\$ 47,019</u>	<u>\$ 94,251</u>	<u>\$ -</u>

**Special Revenue Funds**

**Tax Increment Financing Areas**

<b>South Rockford</b>	<b>Lincolnwood Estates</b>	<b>Springfield Corners</b>	<b>Rockford Global Trade Park</b>	<b>North Main</b>	<b>Lincolnwood II</b>	<b>River Oaks</b>	<b>Garrison</b>
126,948	76,782	163,871	758,836	76,679	48,875	72,355	52,766
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,072	809	-	-	-	307	-	-
-	-	-	-	-	-	-	-
128,020	77,591	163,871	758,836	76,679	49,182	72,355	52,766
-	-	-	-	-	-	-	-
28,037	-	1,174,895	56,641	-	-	-	-
-	-	-	-	-	-	-	-
28,037	-	1,174,895	56,641	-	-	-	-
-	-	175	315	2,573	-	3,237	2,225
-	-	-	-	-	-	-	-
28,037	-	1,175,070	56,956	2,573	-	3,237	2,225
99,983	77,591	(1,011,199)	701,880	74,106	49,182	69,118	50,541
-	-	250,000	150,000	-	-	-	-
(145,000)	(45,688)	(357,810)	(700,987)	(68,963)	(23,631)	(298,587)	(64,463)
(145,000)	(45,688)	(107,810)	(550,987)	(68,963)	(23,631)	(298,587)	(64,463)
(45,017)	31,903	(1,119,009)	150,893	5,143	25,551	(229,469)	(13,922)
45,694	71,997	942,353	(234,772)	(314,608)	24,935	(530,758)	(276,000)
\$ 677	\$ 103,900	\$ (176,656)	\$ (83,879)	\$ (309,465)	\$ 50,486	\$ (760,227)	\$ (289,922)

**CITY OF ROCKFORD, ILLINOIS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For The Year Ended December 31, 2010

Special Revenue Funds					
Tax Increment Financing Areas					
	Hope Six	Kishwaukee Harrison	Jackson School	Preston/ Central	North Main & Auburn
<b>REVENUES</b>					
Taxes	183,946	53,852	119,336	31,518	20,031
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Interest	-	142	2,374	-	72
Miscellaneous	-	-	-	220,103	-
Total revenues	<u>183,946</u>	<u>53,994</u>	<u>121,710</u>	<u>251,621</u>	<u>20,103</u>
<b>EXPENDITURES</b>					
Current:					
General government	-	-	-	-	-
Public Safety	-	-	-	-	-
Community development	17,370	33,273	8,753	35,843	-
Sanitation and sewers	-	-	-	-	-
Public health and welfare	-	-	-	-	-
Total current expenditures	<u>17,370</u>	<u>33,273</u>	<u>8,753</u>	<u>35,843</u>	<u>-</u>
Debt service					
Principal payments	-	-	-	-	-
Interest and fiscal charges	1,097	-	-	10,197	-
Capital outlay:					
Community development	-	-	-	-	-
Public Safety	-	-	-	-	-
Total expenditures	<u>18,467</u>	<u>33,273</u>	<u>8,753</u>	<u>46,040</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>165,479</u>	<u>20,721</u>	<u>112,957</u>	<u>205,581</u>	<u>20,103</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	-
Transfers out	(111,750)	-	(197,310)	(98,300)	-
Total other financing sources (uses)	<u>(111,750)</u>	<u>-</u>	<u>(197,310)</u>	<u>(98,300)</u>	<u>-</u>
Net change in fund balances	53,729	20,721	(84,353)	107,281	20,103
Fund balances - beginning	(183,329)	6,493	149,782	(1,267,874)	13,884
Fund balances - ending	<u>\$ (129,600)</u>	<u>\$ 27,214</u>	<u>\$ 65,429</u>	<u>\$ (1,160,593)</u>	<u>\$ 33,987</u>

**Special Revenue Funds**

**Tax Increment Financing Areas**

<b>East State &amp; Alpine</b>	<b>West State &amp; Central</b>	<b>West State &amp; Kilburn</b>	<b>West Side II</b>	<b>Rockford Global Trade Park II</b>	<b>River North</b>	<b>North Main and Whitman</b>	<b>East River</b>
262,536	232,458	21,198	9,990	189,432	78,859	41,577	45,983
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,142	-	-	-	911	2,000	-	376
-	-	-	-	-	-	-	-
264,678	232,458	21,198	9,990	190,343	80,859	41,577	46,359
-	-	-	-	-	-	-	-
260,000	-	-	-	1,786	243,462	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
260,000	-	-	-	1,786	243,462	-	-
-	736	239	164	-	-	876	-
-	-	-	-	-	-	-	-
260,000	736	239	164	1,786	243,462	876	-
4,678	231,722	20,959	9,826	188,557	(162,603)	40,701	46,359
-	-	-	-	-	-	-	250,000
(40,000)	(250,000)	-	-	(100,000)	(27,527)	(101,385)	(267,605)
(40,000)	(250,000)	-	-	(100,000)	(27,527)	(101,385)	(17,605)
(35,322)	(18,278)	20,959	9,826	88,557	(190,130)	(60,684)	28,754
312,138	(32,341)	(22,735)	(17,182)	(11,520)	259,425	(158,406)	38,715
\$ 276,816	\$ (50,619)	\$ (1,776)	\$ (7,356)	\$ 77,037	\$ 69,295	\$ (219,090)	\$ 67,469

**CITY OF ROCKFORD, ILLINOIS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES (Continued)**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For The Year Ended December 31, 2010

	Assisted Living	Midtown	Kishwaukee Harrison II	Rockford Global Trade Park III	Broadway	Total
<b>REVENUES</b>						
Taxes	83	64,480	249	117,690	50,994	\$ 10,018,414
Licenses and permits	-	-	-	-	-	99,019
Intergovernmental	-	-	-	-	-	6,091,334
Charges for services	-	-	-	-	-	8,568,067
Interest	-	1,248	-	252	-	61,813
Miscellaneous	-	-	-	-	-	831,784
Total revenues	83	65,728	249	117,942	50,994	25,670,431
<b>EXPENDITURES</b>						
Current:						
General government	-	-	-	-	-	598,400
Public Safety	-	-	-	-	-	387,969
Community development	-	30,000	-	-	-	7,192,277
Sanitation and sewers	-	-	-	-	-	6,591,156
Public health and welfare	-	-	-	-	-	131,459
Total current expenditures	-	30,000	-	-	-	14,901,261
Debt service						
Principal payments	-	-	-	-	-	200,004
Interest and fiscal charges	-	-	-	-	1,551	109,998
Capital outlay:						
Community development	-	-	-	-	-	202,972
Public Safety	-	-	-	-	-	31,626
Total expenditures	-	30,000	-	-	1,551	15,445,861
Excess of revenues over (under) expenditures	83	35,728	249	117,942	49,443	10,224,570
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	44,274	1,260,046
Transfers out	-	(135,000)	-	(50,000)	-	(9,948,487)
Total other financing sources (uses)	-	(135,000)	-	(50,000)	44,274	(8,688,441)
Net change in fund balances	83	(99,272)	249	67,942	93,717	1,536,129
Fund balances - beginning	41	53,381	-	13,454	(134,898)	6,618,671
Fund balances - ending	\$ 124	\$ (45,891)	\$ 249	\$ 81,396	\$ (41,181)	\$ 8,154,800

(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, 2010

	Rockford Tuberculosis Care Center Fund				Garbage and Refuse Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
<b>REVENUES</b>								
Taxes - Property	\$ 151,175	\$ 151,175	\$ 186,370	\$ 35,195	\$ 21,700	\$ 21,700	\$ 22,765	\$ 1,065
Charges for services	-	-	-	-	8,479,200	8,479,200	8,568,067	88,867
Interest	800	800	313	(487)	41,400	41,400	27,912	(13,488)
Total revenues	<u>151,975</u>	<u>151,975</u>	<u>186,683</u>	<u>34,708</u>	<u>8,542,300</u>	<u>8,542,300</u>	<u>8,618,744</u>	<u>76,444</u>
<b>EXPENDITURES</b>								
Current:								
Sanitation and sewers	-	-	-	-	7,313,905	7,313,905	6,591,156	722,749
Public health and welfare	152,700	152,700	131,459	21,241	-	-	-	-
Total current expenditures	<u>152,700</u>	<u>152,700</u>	<u>131,459</u>	<u>21,241</u>	<u>7,313,905</u>	<u>7,313,905</u>	<u>6,591,156</u>	<u>722,749</u>
Excess of revenues over (under) expenditures	<u>(725)</u>	<u>(725)</u>	<u>55,224</u>	<u>55,949</u>	<u>1,228,395</u>	<u>1,228,395</u>	<u>2,027,588</u>	<u>799,193</u>
<b>OTHER FINANCING (USES)</b>								
Transfers out	-	-	-	-	(1,293,600)	(1,293,600)	(1,293,600)	-
Net change in fund balance	<u>\$ (725)</u>	<u>\$ (725)</u>	<u>55,224</u>	<u>\$ 55,949</u>	<u>\$ (65,205)</u>	<u>\$ (65,205)</u>	<u>733,988</u>	<u>\$ 799,193</u>
Fund balance - beginning			53,062				2,617,083	
Fund balance - ending			<u>\$ 108,286</u>				<u>\$ 3,351,071</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, 2010

	Motor Fuel Tax Fund				Redevelopment Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
<b>REVENUES</b>								
Taxes - Sales tax	\$ -	\$ -	\$ -	\$ -	\$ 3,495,200	\$ 3,495,200	\$ 3,557,289	\$ 62,089
Intergovernmental	3,843,000	3,843,000	4,535,832	692,832	-	-	-	-
Interest	114,000	114,000	11,402	(102,598)	-	-	-	-
Total revenues	<u>3,957,000</u>	<u>3,957,000</u>	<u>4,547,234</u>	<u>590,234</u>	<u>3,495,200</u>	<u>3,495,200</u>	<u>3,557,289</u>	<u>62,089</u>
<b>EXPENDITURES</b>								
Current:								
Community development	-	-	-	-	2,021,150	2,021,150	1,536,816	484,334
Debt service								
Principal payments	-	-	-	-	-	-	200,004	(200,004)
Interest and fiscal charges	-	-	-	-	135,199	135,199	80,449	54,750
Total current expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,156,349</u>	<u>2,156,349</u>	<u>1,817,269</u>	<u>339,080</u>
Excess of revenues over (under) expenditures	<u>3,957,000</u>	<u>3,957,000</u>	<u>4,547,234</u>	<u>590,234</u>	<u>1,338,851</u>	<u>1,338,851</u>	<u>1,740,020</u>	<u>401,169</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Note proceeds	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(5,000,000)	(5,000,000)	(2,346,538)	2,653,462	(1,446,048)	(1,246,048)	(1,246,047)	1
Total other financing sources (uses)	<u>(5,000,000)</u>	<u>(5,000,000)</u>	<u>(2,346,538)</u>	<u>2,653,462</u>	<u>(1,446,048)</u>	<u>(1,246,048)</u>	<u>(1,246,047)</u>	<u>1</u>
Net change in fund balance	<u>\$ (1,043,000)</u>	<u>\$ (1,043,000)</u>	<u>2,200,696</u>	<u>\$ 3,243,696</u>	<u>\$ (107,197)</u>	<u>\$ 92,803</u>	<u>493,973</u>	<u>\$ 401,170</u>
Fund balance - beginning			<u>7,446,703</u>				<u>(3,408,510)</u>	
Fund balance - ending			<u>\$9,647,399</u>				<u>\$ (2,914,537)</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, 2010

	Tourism Fund				Special Projects Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
<b>REVENUES</b>								
Taxes - Sales tax	\$ 1,522,500	\$ 1,522,500	\$ 1,541,577	\$ 19,077	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	120,000	120,000	99,019	(20,981)
Interest	-	-	713	713	-	-	-	-
Total revenues	1,522,500	1,522,500	1,542,290	19,790	120,000	120,000	99,019	(20,981)
<b>EXPENDITURES</b>								
Current:								
Community development	1,403,300	1,403,300	1,404,449	(1,149)	51,700	51,700	85,000	(33,300)
Debt service - interest and fiscal charges	-	-	-	-	-	-	790	(790)
Total current expenditures	1,403,300	1,403,300	1,404,449	(1,149)	51,700	51,700	85,790	(34,090)
Excess of revenues over (under) expenditures	119,200	119,200	137,841	18,641	68,300	68,300	13,229	(55,071)
<b>OTHER FINANCING (USES)</b>								
Transfers out	(119,200)	(119,200)	(119,200)	-	-	-	-	-
Net change in fund balance	\$ -	\$ -	18,641	\$ 18,641	\$ 68,300	\$ 68,300	13,229	\$ (55,071)
Fund balance (deficit) - beginning			75,978				(85,719)	
Fund balance (deficit) - ending			<u>\$ 94,619</u>				<u>\$ (72,490)</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, 2010

	<u>RKFD Metro Agency for Planning Fund</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
<b>REVENUES</b>				
Intergovernmental	\$ 660,800	\$ 839,000	\$ 964,561	\$ 125,561
Total revenues	<u>660,800</u>	<u>839,000</u>	<u>964,561</u>	<u>125,561</u>
<b>EXPENDITURES</b>				
Current:				
Community development	995,404	995,404	1,007,928	(12,524)
Debt service - interest and fiscal charges	-	-	5,374	(5,374)
Total current expenditures	<u>995,404</u>	<u>995,404</u>	<u>1,013,302</u>	<u>(17,898)</u>
Excess of revenues over (under) expenditures	<u>(334,604)</u>	<u>(156,404)</u>	<u>(48,741)</u>	<u>107,663</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>82,560</u>	<u>82,560</u>	<u>166,809</u>	<u>84,249</u>
Net change in fund balance	<u>\$ (252,044)</u>	<u>\$ (73,844)</u>	<u>118,068</u>	<u>\$ 191,912</u>
Fund balance - beginning			<u>(230,057)</u>	
Fund balance - ending			<u><u>\$ (111,989)</u></u>	

**CITY OF ROCKFORD, ILLINOIS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
For the Year Ended December 31, 2010

	Tax Increment Financing Area East Side Fund				Tax Increment Financing Area West Side Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
<b>REVENUES</b>								
Taxes - Property	\$ 360,900	\$ 360,900	\$ 348,042	\$ (12,858)	\$ 402,900	\$ 402,900	\$ 404,387	\$ 1,487
Intergovernmental	-	-	-	-	-	-	-	-
Interest	14,300	14,300	2,033	(12,267)	-	-	879	879
Total revenues	<u>375,200</u>	<u>375,200</u>	<u>350,075</u>	<u>(25,125)</u>	<u>402,900</u>	<u>402,900</u>	<u>405,266</u>	<u>2,366</u>
<b>EXPENDITURES</b>								
Current:								
Community development	273,963	273,963	66,215	207,748	209,223	209,223	194,651	14,572
Total expenditures	<u>273,963</u>	<u>273,963</u>	<u>66,215</u>	<u>207,748</u>	<u>209,223</u>	<u>209,223</u>	<u>194,651</u>	<u>14,572</u>
Excess of revenues over (under) expenditures	<u>101,237</u>	<u>101,237</u>	<u>283,860</u>	<u>182,623</u>	<u>193,677</u>	<u>193,677</u>	<u>210,615</u>	<u>16,938</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	-	-	-	248,963	248,963	-
Transfers out	(273,963)	(273,963)	(273,963)	-	(248,963)	(448,963)	(448,963)	-
Total other financing sources (uses)	<u>(273,963)</u>	<u>(273,963)</u>	<u>(273,963)</u>	<u>-</u>	<u>(248,963)</u>	<u>(200,000)</u>	<u>(200,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ (172,726)</u>	<u>\$ (172,726)</u>	<u>9,897</u>	<u>\$ 182,623</u>	<u>\$ (55,286)</u>	<u>\$ (6,323)</u>	<u>10,615</u>	<u>\$ 16,938</u>
Fund balance (deficit) - beginning			<u>102,205</u>				<u>36,404</u>	
Fund balance (deficit) - ending			<u>\$ 112,102</u>				<u>\$ 47,019</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, 2010

	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)
<b>REVENUES</b>								
Taxes - Property	\$ 1,044,600	\$ 1,044,600	\$ 1,056,660	\$ 12,060	\$ -	\$ -	\$ -	\$ -
Interest			6,428	6,428				
Miscellaneous	-	-	1,346	1,346	-	-	-	-
Total revenues	1,044,600	1,044,600	1,064,434	13,406	-	-	-	-
<b>EXPENDITURES</b>								
Current:								
Community development	92,000	492,000	463,176	28,824	400,000	574,108	574,108	-
Total expenditures	92,000	492,000	463,176	28,824	400,000	574,108	574,108	-
Excess of revenues over (under) expenditures	952,600	552,600	601,258	48,658	(400,000)	(574,108)	(574,108)	-
<b>OTHER FINANCING (USES)</b>								
Transfers in	-	150,000	150,000	-	-	-	-	-
Transfers out	(886,170)	(1,136,170)	(1,136,170)	-	-	-	-	-
Total other financing sources (uses)	(886,170)	(986,170)	(986,170)	-	-	-	-	-
Net change in fund balance	\$ 66,430	\$ (583,570)	(384,912)	\$ 48,658	\$ (400,000)	\$ (574,108)	(574,108)	\$ -
Fund balance - beginning			479,163				574,108	
Fund balance (deficit) - ending			\$ 94,251				\$ -	

(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, 2010

	Tax Increment Financing Area South Rockford Fund				Tax Increment Financing Area Lincolnwood Estates Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
<b>REVENUES</b>								
Taxes - Property	\$ 182,194	\$ 182,194	\$ 126,948	\$ (55,246)	\$ 75,500	\$ 75,500	\$ 76,782	\$ 1,282
Interest	1,700	1,700	1,072	(628)	-	-	809	809
Total revenues	<u>183,894</u>	<u>183,894</u>	<u>128,020</u>	<u>(55,874)</u>	<u>75,500</u>	<u>75,500</u>	<u>77,591</u>	<u>2,091</u>
<b>EXPENDITURES</b>								
Current:								
Community development	30,494	30,494	28,037	2,457	-	-	-	-
Excess of revenues over (under) expenditures	<u>153,400</u>	<u>153,400</u>	<u>99,983</u>	<u>(53,417)</u>	<u>75,500</u>	<u>75,500</u>	<u>77,591</u>	<u>2,091</u>
<b>OTHER FINANCING (USES)</b>								
Transfers out	(145,000)	(145,000)	(145,000)	-	(45,688)	(45,688)	(45,688)	-
Total other financing sources (uses)	<u>(145,000)</u>	<u>(145,000)</u>	<u>(145,000)</u>	<u>-</u>	<u>(45,688)</u>	<u>(45,688)</u>	<u>(45,688)</u>	<u>-</u>
Net change in fund balance	<u>\$ 8,400</u>	<u>\$ 8,400</u>	<u>(45,017)</u>	<u>\$ (53,417)</u>	<u>\$ 29,812</u>	<u>\$ 29,812</u>	<u>31,903</u>	<u>\$ 2,091</u>
Fund balance (deficit) - beginning			45,694				71,997	
Fund balance (deficit) - ending			<u>\$ 677</u>				<u>\$ 103,900</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, 2010

	Tax Increment Financing Area Springfield Corners Fund				Tax Increment Financing Area Rockford Global Trade Park Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
<b>REVENUES</b>								
Taxes - Property	\$ 411,100	\$ 411,100	\$ 163,871	\$ (247,229)	\$ 734,887	\$ 734,887	\$ 758,836	\$ 23,949
Total revenues	411,100	411,100	163,871	(247,229)	734,887	734,887	758,836	23,949
<b>EXPENDITURES</b>								
Current:								
Community development	-	-	1,174,895	(1,174,895)	53,500	53,500	56,641	(3,141)
Debt service - interest and fiscal charges	19,932	19,932	175	19,757	9,475	9,475	315	9,160
Total expenditures	19,932	19,932	1,175,070	(1,155,138)	62,975	62,975	56,956	6,019
Excess of revenues over (under) expenditures	391,168	391,168	(1,011,199)	(1,402,367)	671,912	671,912	701,880	29,968
<b>OTHER FINANCING SOURCES (USES)</b>								
Issuance of general obligation bonds	-	-	-	-	-	-	-	-
Premium (discount) on issue of general obligation bonds	-	-	-	-	-	-	-	-
Transfers in	-	-	250,000	(250,000)	150,000	150,000	150,000	-
Transfers out	(330,338)	(330,338)	(357,810)	(27,472)	(700,988)	(700,988)	(700,987)	1
Total other financing sources (uses)	(330,338)	(330,338)	(107,810)	(277,472)	(550,988)	(550,988)	(550,987)	1
Net change in fund balance	\$ 60,830	\$ 60,830	(1,119,009)	\$ (1,679,839)	\$ 120,924	\$ 120,924	150,893	\$ 29,969
Fund balance (deficit) - beginning			942,353				(234,772)	
Fund balance (deficit) - ending			<u>\$ (176,656)</u>				<u>\$ (83,879)</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, 2010

	Tax Increment Financing Area North Main Fund				Tax Increment Financing Area Lincolnwood II Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
<b>REVENUES</b>								
Taxes - Property	\$ 62,700	\$ 62,700	\$ 76,679	\$ 13,979	\$ 47,000	\$ 47,000	\$ 48,875	\$ 1,875
Interest	-	-	-	-	-	-	307	307
Total revenues	62,700	62,700	76,679	13,979	47,000	47,000	49,182	2,182
<b>EXPENDITURES</b>								
Current:								
Debt service - interest and fiscal charges	11,383	11,383	2,573	8,810	-	-	-	-
Total expenditures	11,383	11,383	2,573	8,810	-	-	-	-
Excess of revenues over (under) expenditures	51,317	51,317	74,106	22,789	47,000	47,000	49,182	2,182
<b>OTHER FINANCING (USES)</b>								
Transfers out	(68,963)	(68,963)	(68,963)	-	(23,631)	(23,631)	(23,631)	-
Net change in fund balance	\$ (17,646)	\$ (17,646)	5,143	\$ 22,789	\$ 23,369	\$ 23,369	25,551	\$ 2,182
Fund balance (deficit) - beginning			(314,608)				24,935	
Fund balance (deficit) - ending			<u>\$ (309,465)</u>				<u>\$ 50,486</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, 2010

	Tax Increment Financing Area River Oaks Fund				Tax Increment Financing Area Garrison Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
<b>REVENUES</b>								
Taxes - Property	\$ 71,300	\$ 71,300	\$ 72,355	\$ 1,055	\$ 51,800	\$ 51,800	\$ 52,766	\$ 966
Total revenues	71,300	71,300	72,355	1,055	51,800	51,800	52,766	966
<b>EXPENDITURES</b>								
Current:								
Debt service - interest and fiscal charges	19,118	19,118	3,237	15,881	9,952	9,952	2,225	7,727
Total expenditures	19,118	19,118	3,237	15,881	9,952	9,952	2,225	7,727
Excess of revenues over (under) expenditures	52,182	52,182	69,118	16,936	41,848	41,848	50,541	8,693
<b>OTHER FINANCING (USES)</b>								
Transfers out	(298,588)	(298,588)	(298,587)	1	(64,463)	(64,463)	(64,463)	-
Net change in fund balance	<u>\$ (246,406)</u>	<u>\$ (246,406)</u>	<u>(229,469)</u>	<u>\$ 16,937</u>	<u>\$ (22,615)</u>	<u>\$ (22,615)</u>	<u>(13,922)</u>	<u>\$ 8,693</u>
Fund balance- beginning			(530,758)				(276,000)	
Fund balance (deficit) - ending			<u>\$ (760,227)</u>				<u>\$ (289,922)</u>	

(Concluded)

**CITY OF ROCKFORD, ILLINOIS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
For the Year Ended December 31, 2010

	Tax Increment Financing Area Hope Six Fund				Tax Increment Financing Area Kishwaukee/Harrison Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
<b>REVENUES</b>								
Taxes - Property	\$ 182,990	\$ 182,990	\$ 183,946	\$ 956	\$ 53,000	\$ 53,000	\$ 53,852	\$ 852
Interest	-	-	-	-	346	346	142	(204)
Total revenues	182,990	182,990	183,946	956	53,346	53,346	53,994	648
<b>EXPENDITURES</b>								
Current:								
Community development	-	-	17,370	(17,370)	45,050	45,050	33,273	11,777
Debt service - interest and fiscal charges	6,365	6,365	1,097	5,268	-	-	-	-
Total expenditures	6,365	6,365	18,467	(12,102)	45,050	45,050	33,273	11,777
Excess of revenues over (under) expenditures	176,625	176,625	165,479	(11,146)	8,296	8,296	20,721	12,425
<b>OTHER FINANCING (USES)</b>								
Transfers out	(111,750)	(111,750)	(111,750)	-	-	-	-	-
Net change in fund balance	\$ 64,875	\$ 64,875	53,729	\$ (11,146)	\$ 8,296	\$ 8,296	20,721	\$ 12,425
Fund balance- beginning			(183,329)				6,493	
Fund balance (deficit) - ending			<u>\$ (129,600)</u>				<u>\$ 27,214</u>	

(Concluded)

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

For the Year Ended December 31, 2010

	Tax Increment Financing Area Jackson School Fund				Tax Increment Financing Area Preston/Central Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
<b>REVENUES</b>								
Taxes - Property	\$ 142,885	\$ 142,885	\$ 119,336	\$ (23,549)	\$ 20,900	\$ 20,900	\$ 31,518	\$ 10,618
Interest	-	-	2,374	2,374	-	-	-	-
Miscellaneous	-	-	-	-	279,573	279,573	220,103	(59,470)
Total revenues	142,885	142,885	121,710	(23,549)	300,473	300,473	251,621	(48,852)
<b>EXPENDITURES</b>								
Current:								
Community development	90,000	15,000	8,753	6,247	-	-	35,843	(35,843)
Debt service - interest and fiscal charges	-	-	-	-	44,402	44,402	10,197	34,205
Total expenditures	90,000	15,000	8,753	6,247	44,402	44,402	46,040	(1,638)
Excess of revenues over (under) expenditures	52,885	127,885	112,957	(14,928)	256,071	256,071	205,581	(50,490)
<b>OTHER FINANCING (USES)</b>								
Transfers out	(47,000)	(197,000)	(197,310)	(310)	(98,300)	(98,300)	(98,300)	-
Total other financing sources (uses)	(47,000)	(197,000)	(197,310)	(310)	(98,300)	(98,300)	(98,300)	-
Net change in fund balance	\$ 5,885	\$ (69,115)	(84,353)	\$ (15,238)	\$ 157,771	\$ 157,771	107,281	\$ (50,490)
Fund balance- beginning			149,782				(1,267,874)	
Fund balance (deficit) - ending			\$ 65,429				\$ (1,160,593)	

(Concluded)

**CITY OF ROCKFORD, ILLINOIS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
For the Year Ended December 31, 2010

	Tax Increment Financing Area North Main & Auburn Fund				Tax Increment Financing Area East State & Alpine Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
<b>REVENUES</b>								
Taxes - Property	\$ 20,700	\$ 20,700	\$ 20,031	\$ (669)	\$ 294,300	\$ 294,300	\$ 262,536	\$ (31,764)
Interest	-	-	72	72	-	-	2,142	2,142
Total revenues	20,700	20,700	20,103	(597)	294,300	294,300	264,678	(29,622)
<b>EXPENDITURES</b>								
Current:								
Community development	-	-	-	-	312,429	312,429	260,000	52,429
Total expenditures	-	-	-	-	312,429	312,429	260,000	52,429
Excess of revenues over (under) expenditures	20,700	20,700	20,103	(597)	(18,129)	(18,129)	4,678	22,807
<b>OTHER FINANCING (USES)</b>								
Transfers out	-	-	-	-	(40,000)	(40,000)	(40,000)	-
Net change in fund balance	\$ 20,700	\$ 20,700	20,103	\$ (597)	\$ (58,129)	\$ (58,129)	(35,322)	\$ 22,807
Fund balance- beginning			13,884				312,138	
Fund balance (deficit) - ending			<u>\$ 33,987</u>				<u>\$ 276,816</u>	

(Concluded)

**CITY OF ROCKFORD, ILLINOIS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
For the Year Ended December 31, 2010

	Tax Increment Financing Area West State & Central Fund				Tax Increment Financing Area West State & Kilburn Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
<b>REVENUES</b>								
Taxes - Property	\$ 273,500	\$ 273,500	\$ 232,458	\$ (41,042)	\$ 19,900	\$ 19,900	\$ 21,198	\$ 1,298
Interest	5,093	5,093	-	(5,093)	-	-	-	-
Total revenues	<u>278,593</u>	<u>278,593</u>	<u>232,458</u>	<u>(46,135)</u>	<u>19,900</u>	<u>19,900</u>	<u>21,198</u>	<u>1,298</u>
<b>EXPENDITURES</b>								
Current:								
Debt service - interest and fiscal charges	-	-	736	(736)	833	833	239	594
Total expenditures	<u>-</u>	<u>-</u>	<u>736</u>	<u>(736)</u>	<u>833</u>	<u>833</u>	<u>239</u>	<u>594</u>
Excess of revenues over (under) expenditures	<u>278,593</u>	<u>278,593</u>	<u>231,722</u>	<u>(46,871)</u>	<u>19,067</u>	<u>19,067</u>	<u>20,959</u>	<u>1,892</u>
<b>OTHER FINANCING (USES)</b>								
Transfers out	(250,000)	(250,000)	(250,000)	-	-	-	-	-
Net change in fund balance	<u>\$ 28,593</u>	<u>\$ 28,593</u>	<u>(18,278)</u>	<u>\$ (46,871)</u>	<u>\$ 19,067</u>	<u>\$ 19,067</u>	<u>20,959</u>	<u>\$ 1,892</u>
Fund balance- beginning			<u>(32,341)</u>				<u>(22,735)</u>	
Fund balance (deficit) - ending			<u>\$ (50,619)</u>				<u>\$ (1,776)</u>	

(Concluded)

**CITY OF ROCKFORD, ILLINOIS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
For the Year Ended December 31, 2010

	Tax Increment Financing Area West Side II Fund				Tax Increment Financing Area Rockford Global Trade Park II Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
<b>REVENUES</b>								
Taxes - Property	\$ 9,800	\$ 9,800	\$ 9,990	\$ 190	\$ 211,200	\$ 211,200	\$ 189,432	\$ (21,768)
Interest	-	-	-	-	-	-	911	911
Total revenues	9,800	9,800	9,990	190	211,200	211,200	190,343	(20,857)
<b>EXPENDITURES</b>								
Current:								
Community development	-	-	-	-	133,700	33,700	1,786	31,914
Debt service - interest and fiscal charges	700	700	164	536	-	-	-	-
Total expenditures	700	700	164	536	133,700	33,700	1,786	31,914
Excess of revenues over (under) expenditures	9,100	9,100	9,826	726	77,500	177,500	188,557	11,057
<b>OTHER FINANCING (USES)</b>								
Transfers out	-	-	-	-	-	(100,000)	(100,000)	-
Net change in fund balance	\$ 9,100	\$ 9,100	9,826	\$ 726	\$ 77,500	\$ 77,500	88,557	\$ 11,057
Fund balance- beginning			(17,182)				(11,520)	
Fund balance (deficit) - ending			<u>\$ (7,356)</u>				<u>\$ 77,037</u>	

(Concluded)

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

For the Year Ended December 31, 2010

	Tax Increment Financing Area River North Fund				Tax Increment Financing Area North Main and Whitman Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
<b>REVENUES</b>								
Taxes - Property	\$ 84,000	\$ 84,000	\$ 78,859	\$ (5,141)	\$ 40,856	\$ 40,856	\$ 41,577	\$ 721
Interest	-	-	2,000	2,000	-	-	-	-
Total revenues	84,000	84,000	80,859	(3,141)	40,856	40,856	41,577	721
<b>EXPENDITURES</b>								
Current:								
Community development	-	-	243,462	(243,462)	-	-	-	-
Debt service - interest and fiscal charges	1,636	1,636	-	1,636	5,265	5,265	876	4,389
Total expenditures	1,636	1,636	243,462	(241,826)	5,265	5,265	876	4,389
Excess of revenues over (under) expenditures	82,364	82,364	(162,603)	(244,967)	35,591	35,591	40,701	5,110
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers out	(23,139)	(23,139)	(27,527)	4,388	(128,663)	(128,663)	(101,385)	27,278
Total other financing sources (uses)	(23,139)	(23,139)	(27,527)	4,388	(128,663)	(128,663)	(101,385)	27,278
Net change in fund balance	\$ 59,225	\$ 59,225	(190,130)	\$ (240,579)	\$ (93,072)	\$ (93,072)	(60,684)	\$ 32,388
Fund balance (deficit) - beginning			259,425				(158,406)	
Fund balance (deficit) - ending			\$ 69,295				\$ (219,090)	

(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, 2010

	Tax Increment Financing Area East River Fund				Tax Increment Financing Area Assisted Living Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
<b>REVENUES</b>								
Taxes - Property	\$ 44,300	\$ 44,300	\$ 45,983	\$ 1,683	\$ 40	\$ 40	\$ 83	\$ 43
Interest	423	423	376	(47)	-	-	-	-
Total revenues	44,723	44,723	46,359	1,636	40	40	83	43
<b>EXPENDITURES</b>								
Current:								
Community development	35,564	35,564	-	35,564	-	-	-	-
Total expenditures	35,564	35,564	-	35,564	-	-	-	-
Excess of revenues over (under) expenditures	9,159	9,159	46,359	37,200	40	40	83	43
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	250,000	250,000	-	-	-	-	-
Transfers out	(18,642)	(267,605)	(267,605)	-	-	-	-	-
Total other financing sources (uses)	(18,642)	(17,605)	(17,605)	-	-	-	-	-
Net change in fund balance	\$ (9,483)	\$ (8,446)	28,754	\$ 37,200	\$ 40	\$ 40	83	\$ 43
Fund balance- beginning			38,715				41	
Fund balance (deficit) - ending			\$ 67,469				\$ 124	

(Concluded)

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

For the Year Ended December 31, 2010

	Tax Increment Financing Area Midtown Fund				Tax Increment Financing Area Kishwaukee and Harrison II			
	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
<b>REVENUES</b>								
Taxes - Property	\$ 69,300	\$ 69,300	\$ 64,480	\$ (4,820)	\$ 245	\$ 245	\$ 249	\$ 4
Interest	-	-	1,248	1,248	-	-	-	-
Total revenues	69,300	69,300	65,728	(3,572)	245	245	249	4
<b>EXPENDITURES</b>								
Current:								
Community development	50,000	30,000	30,000	-	-	-	-	-
Total expenditures	50,000	30,000	30,000	-	-	-	-	-
Excess of revenues over (under) expenditures	19,300	39,300	35,728	(3,572)	245	245	249	4
<b>OTHER FINANCING (USES)</b>								
Transfers out	-	(135,000)	(135,000)	-	-	-	-	-
Net change in fund balance	\$ 19,300	\$ (95,700)	(99,272)	\$ (3,572)	\$ 245	\$ 245	249	\$ 4
Fund balance- beginning			53,381				-	
Fund balance (deficit) - ending			\$ (45,891)				\$ 249	

(Concluded)

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

For the Year Ended December 31, 2010

	Tax Increment Financing Area Rockford Global Trade Park III Fund				Tax Increment Financing Area Broadway			
	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
<b>REVENUES</b>								
Taxes - Property	\$ 135,100	\$ 135,100	\$ 117,690	\$ (17,410)	\$ 58,300	\$ 58,300	\$ 50,994	\$ (7,306)
Interest	-	-	252	252	-	-	-	-
Total revenues	135,100	135,100	117,942	(17,158)	58,300	58,300	50,994	(7,306)
<b>EXPENDITURES</b>								
Current:								
Community development	50,000	-	-	-	25,000	25,000	-	25,000
Debt service - interest and fiscal charges	-	-	-	-	-	-	1,551	(1,551)
Total expenditures	50,000	-	-	-	25,000	25,000	1,551	23,449
Excess of revenues over (under) expenditures	85,100	135,100	117,942	(17,158)	33,300	33,300	49,443	16,143
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	-	-	-	44,274	44,274	-
Transfers out		(50,000)	(50,000)	-		-	-	-
Net change in fund balance	\$ 85,100	\$ 85,100	67,942	\$ (17,158)	\$ 33,300	\$ 77,574	93,717	\$ 16,143
Fund balance- beginning			13,454				(134,898)	
Fund balance (deficit) - ending			\$ 81,396				\$ (41,181)	

(Concluded)



## **INTERNAL SERVICE FUNDS**

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

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

**CITY OF ROCKFORD, ILLINOIS**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF NET ASSETS (DEFICIT)**  
December 31, 2010

	Central Garage	Building Maintenance	Central Stores	Illinois Municipal Retirement	Unemployment
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 792,725	\$ 762,214	\$ 216,668	\$ 645,166	\$ -
Accounts receivable	-	-	-	-	-
Due from other governmental units	7,531	-	-	-	-
Due from other funds	1,662	1,607	454	1,358	-
Inventories	274,820	-	-	-	-
Total current assets	1,076,738	763,821	217,122	646,524	-
Noncurrent assets:					
Capital assets:					
Land improvements	20,000	-	-	-	-
Buildings and improvements	178,080	1,300,284	11,642	-	-
Equipment	608,752	183,963	37,591	-	-
Improvements other than buildings	85,345	108,889	-	-	-
Less accumulated depreciation	(741,562)	(701,900)	(49,233)	-	-
Total capital assets, net	150,615	891,236	-	-	-
Total assets	1,227,353	1,655,057	217,122	646,524	-
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	200,827	150,540	183	595,536	36,640
Accrued payroll and benefits	15,321	10,096	3,462	-	-
Due to other funds	-	393,014	-	-	98,285
Compensated absences	9,539	2,373	1,698	-	-
Installment note payable	-	-	-	-	-
Claims and judgments payable	-	-	-	-	-
Total current liabilities	225,687	556,023	5,343	595,536	134,925
Noncurrent:					
Compensated absences	52,951	31,964	35,333	-	-
Deferred revenue	60,515	720,126	-	-	-
Installment note payable	-	-	-	-	-
Claims and judgments payable	-	-	-	-	-
Total noncurrent liabilities	113,466	752,090	35,333	-	-
Total liabilities	339,153	1,308,113	40,676	595,536	134,925
<b>NET ASSETS (DEFICIT)</b>					
Invested in capital assets	150,615	891,236	-	-	-
Unrestricted	737,585	(544,292)	176,446	50,988	(134,925)
Total net assets (deficit)	\$ 888,200	\$ 346,944	\$ 176,446	\$ 50,988	\$ (134,925)

Workmen's Compensation	Auditing	Health Insurance	911 Communications	Risk Management	Information Systems	Total Internal Service Funds
\$ 1,995,689	\$ -	\$ 5,961,554	\$ 18,388	\$ 359,099	\$ 45,331	\$ 10,796,834
-	-	42,999	-	-	-	42,999
-	-	-	216,894	-	-	224,425
4,178	-	12,559	18	753	114	22,703
-	-	-	-	-	-	274,820
1,999,867	-	6,017,112	235,300	359,852	45,445	11,361,781
-	-	-	-	-	-	20,000
-	-	-	-	-	-	1,490,006
-	-	-	150,738	-	5,456,560	6,437,604
-	-	-	-	-	-	194,234
-	-	-	(150,738)	-	(3,494,151)	(5,137,584)
-	-	-	-	-	1,962,409	3,004,260
1,999,867	-	6,017,112	235,300	359,852	2,007,854	14,366,041
27,999	-	119,739	4,840	79,192	125,255	1,340,751
-	-	-	83,672	-	9,385	121,936
-	-	-	-	-	-	491,299
-	-	-	57,889	-	5,042	76,541
-	-	-	-	-	90,922	90,922
1,638,220	-	1,829,000	-	2,163,564	-	5,630,784
1,666,219	-	1,948,739	146,401	2,242,756	230,604	7,752,233
-	-	-	88,899	-	32,886	242,033
-	-	164,741	-	-	-	945,382
-	-	-	-	-	461,095	461,095
1,732,467	-	-	-	1,725,000	-	3,457,467
1,732,467	-	164,741	88,899	1,725,000	493,981	5,105,977
3,398,686	-	2,113,480	235,300	3,967,756	724,585	12,858,210
-	-	-	-	-	1,410,392	2,452,243
(1,398,819)	-	3,903,632	-	(3,607,904)	(127,123)	(944,412)
\$ (1,398,819)	\$ -	\$ 3,903,632	\$ -	\$ (3,607,904)	\$ 1,283,269	\$ 1,507,831

**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, 2010

	<b>Central Garage</b>	<b>Building Maintenance</b>	<b>Central Stores</b>	<b>Illinois Municipal Retirement</b>	<b>Unemployment</b>
<b>OPERATING REVENUES</b>					
Charges for services	\$ 3,894,693	\$ 2,547,767	\$ 412,100	\$ 6,525,639	\$ 63,369
Intergovernmental	-	11,263	-	-	-
Miscellaneous	328	8,935	-	-	-
Total operating revenues	<u>3,895,021</u>	<u>2,567,965</u>	<u>412,100</u>	<u>6,525,639</u>	<u>63,369</u>
<b>OPERATING EXPENSES</b>					
Salaries and benefits	854,977	728,545	275,963	-	-
Services	845,783	1,373,890	60,661	6,525,637	215,241
Supplies and materials	1,920,426	225,145	33,683	-	-
Depreciation	21,109	100,439	456	-	-
Charges from General Fund	132,200	100,500	19,300	-	-
Miscellaneous	-	-	-	583	-
Total operating expenses	<u>3,774,495</u>	<u>2,528,519</u>	<u>390,063</u>	<u>6,526,220</u>	<u>215,241</u>
Operating income (loss)	<u>120,526</u>	<u>39,446</u>	<u>22,037</u>	<u>(581)</u>	<u>(151,872)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest received	6,230	3,820	2,304	4,119	1,174
Interest expense	-	-	-	-	-
Total nonoperating revenues (expenses)	<u>6,230</u>	<u>3,820</u>	<u>2,304</u>	<u>4,119</u>	<u>1,174</u>
Change in net assets (deficit)	<u>126,756</u>	<u>43,266</u>	<u>24,341</u>	<u>3,538</u>	<u>(150,698)</u>
Total net assets (deficit) - beginning	<u>761,444</u>	<u>303,678</u>	<u>152,105</u>	<u>47,450</u>	<u>15,773</u>
Total net assets (deficit) - ending	<u>\$ 888,200</u>	<u>\$ 346,944</u>	<u>\$ 176,446</u>	<u>\$ 50,988</u>	<u>\$ (134,925)</u>

<b>Workmen's Compensation</b>	<b>Auditing</b>	<b>Health Insurance</b>	<b>911 Communications</b>	<b>Risk Management</b>	<b>Information Systems</b>	<b>Total Internal Service Funds</b>
\$ 3,649,603	\$ 277,181	\$ 19,710,042	\$ 5,071,822	\$ 1,008,520	\$ 2,647,648	\$ 45,808,384
-	-	-	-	-	-	11,263
10,617	-	630,072	-	34,690	6,839	691,481
3,660,220	277,181	20,340,114	5,071,822	1,043,210	2,654,487	46,511,128
-	-	-	4,934,073	-	573,660	7,367,218
2,446,837	276,921	18,617,625	137,779	2,440,989	1,368,803	34,310,166
-	-	164	6,240	-	49,743	2,235,401
-	-	-	-	-	471,205	593,209
79,900	-	108,500	-	316,500	41,400	798,300
-	-	-	-	-	-	583
2,526,737	276,921	18,726,289	5,078,092	2,757,489	2,504,811	45,304,877
1,133,483	260	1,613,825	(6,270)	(1,714,279)	149,676	1,206,251
-	-	37,077	9,451	3,615	-	67,790
(1,730)	-	-	-	-	(18,209)	(19,939)
(1,730)	-	37,077	9,451	3,615	(18,209)	47,851
1,131,753	260	1,650,902	3,181	(1,710,664)	131,467	1,254,102
(2,530,572)	(260)	2,252,730	(3,181)	(1,897,240)	1,151,802	253,729
\$ (1,398,819)	\$ -	\$ 3,903,632	\$ -	\$ (3,607,904)	\$ 1,283,269	\$ 1,507,831

**CITY OF ROCKFORD, ILLINOIS**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
For the Year Ended December 31, 2010

	Central Garage	Building Maintenance	Central Stores	Illinois Municipal Retirement	Unemployment
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers and users	3,889,033	2,739,965	412,100	6,525,639	63,369
Payments to suppliers	(2,750,986)	(1,647,360)	(95,529)	(6,672,502)	(279,882)
Payments to employees	(855,780)	(723,828)	(274,903)	-	-
Payments for internal services used	(132,200)	(100,500)	(19,300)	-	-
Receipts from other funds	-	-	-	-	-
Payments to other funds	-	(24,563)	-	-	98,285
Net cash provided by (used for) operating activities	150,067	243,714	22,368	(146,863)	(118,228)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Proceeds from installment purchase agreement	-	-	-	-	-
Interest paid on installment purchase agreement	-	-	-	-	-
Principal paid on installment purchase agreement	-	-	-	-	-
Acquisition of capital assets	-	-	-	-	-
Net cash (used for) capital and related financing activities	-	-	-	-	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest received	6,926	4,116	2,559	5,688	1,606
Net increase (decrease) in cash and cash equivalents	156,993	247,830	24,927	(141,175)	(116,622)
Cash and cash equivalents, beginning	635,732	514,384	191,741	786,341	116,622
Cash and cash equivalents, ending	\$ 792,725	\$ 762,214	\$ 216,668	\$ 645,166	\$ -
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>					
Operating income (loss)	\$ 120,526	\$ 39,446	\$ 22,037	\$ (581)	\$ (151,872)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities					
Depreciation expense	21,109	100,439	456	-	-
Increase (decrease) from changes in:					
Accounts receivable	-	72,000	-	-	-
Due from other governmental units	(5,988)	-	-	-	-
Inventories	(1,577)	-	-	-	-
Prepaid items	-	-	-	-	-
Accounts payable	16,800	(48,325)	(1,185)	(146,282)	(64,641)
Accrued payroll and benefits	(460)	(1,360)	616	-	-
Compensated absences	(343)	6,077	444	-	-
Due to other funds	-	(24,563)	-	-	98,285
Deferred revenue	-	100,000	-	-	-
Other liabilities	-	-	-	-	-
Total adjustments	29,541	204,268	331	(146,282)	33,644
Net cash provided by (used for) operating activities	\$ 150,067	\$ 243,714	\$ 22,368	\$ (146,863)	\$ (118,228)

<b>Workmen's Compensation</b>	<b>Auditing</b>	<b>Health Insurance</b>	<b>911 Communications</b>	<b>Risk Management</b>	<b>Information Systems</b>	<b>Total Internal Service Funds</b>
3,660,220	277,181	20,346,682	5,095,091	1,043,210	2,701,487	46,753,977
(2,629,223)	(276,921)	(19,694,241)	(148,282)	(812,862)	(1,457,785)	(36,465,573)
-	-	-	(4,952,427)	-	(573,349)	(7,380,287)
(79,900)	-	(108,500)	-	(316,500)	(41,400)	(798,300)
-	-	-	-	-	-	-
-	(260)	-	-	-	(397,038)	(323,576)
951,097	-	543,941	(5,618)	(86,152)	231,915	1,786,241
-	-	-	-	-	617,617	617,617
-	-	-	-	-	(9,600)	(9,600)
-	-	-	-	-	(65,600)	(65,600)
-	-	-	-	-	(720,278)	(720,278)
-	-	-	-	-	(177,861)	(177,861)
(2,124)	-	44,446	9,498	4,495	(8,723)	68,487
948,973	-	588,387	3,880	(81,657)	45,331	1,676,867
1,046,716	-	5,373,167	14,508	440,756	-	9,119,967
\$ 1,995,689	\$ -	\$ 5,961,554	\$ 18,388	\$ 359,099	\$ 45,331	\$ 10,796,834
\$ 1,133,483	\$ 260	\$ 1,613,825	\$ (6,270)	\$ (1,714,279)	\$ 149,676	\$ 1,206,251
-	-	-	-	-	471,205	593,209
-	-	1,102	-	-	-	73,102
-	-	-	23,269	-	47,000	64,281
-	-	-	-	-	-	(1,577)
-	-	44,936	-	-	73,033	117,969
16,268	-	(54,388)	(4,263)	(6,460)	(112,272)	(404,748)
-	-	-	10,101	-	1,981	10,878
-	-	-	(28,455)	-	(1,670)	(23,947)
-	(260)	-	-	-	(397,038)	(323,576)
-	-	5,466	-	-	-	105,466
(198,654)	-	(1,067,000)	-	1,634,587	-	368,933
(182,386)	(260)	(1,069,884)	652	1,628,127	82,239	579,990
\$ 951,097	\$ -	\$ 543,941	\$ (5,618)	\$ (86,152)	\$ 231,915	\$ 1,786,241



**FIDUCIARY FUNDS**

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**PENSION TRUST FUNDS**

Police Pension  
Firefighter's Pension

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



**CITY OF ROCKFORD, ILLINOIS**  
**COMBINING STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
December 31, 2010

	<b>Pension Trust Funds</b>		
	<b>Police Pension</b>	<b>Firefighter's Pension</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 847,437	\$ 2,478,501	\$ 3,325,938
Investments			
U.S. Treasury Strips	-	3,376,057	3,376,057
U.S. Treasury Bills		5,360,686	5,360,686
U.S. Treasury Notes	-	1,226,540	1,226,540
U.S. Treasury Bonds	-	312,311	312,311
Government National Mortgage Association	-	6,144,798	6,144,798
Government Backed Corporate Bonds	-	2,062,477	2,062,477
Federal National Mortgage Association	-	7,620,392	7,620,392
Federal Farm Credit Bonds	-	1,805,047	1,805,047
Small Cap Equity Common Stocks	11,740,071	12,562,707	24,302,778
Large Cap Equity Common Stocks	-	19,669,731	19,669,731
NTGI Collective Trust	72,240,809	49,219,186	121,459,995
ABN AMRO Stable Value Funds	13,911,560	-	13,911,560
Domestic Mutual Funds	33,969,358	10,848,846	44,818,204
International Mutual Funds	23,219,669	16,613,886	39,833,555
Accrued interest receivable	26,459	168,099	194,558
Contributions receivable	4,295,574	5,173,434	9,469,008
Total assets	160,250,937	144,642,698	304,893,635
<b>LIABILITIES</b>			
Accrued liabilities	59,099	88,688	147,787
<b>NET ASSETS</b>			
Held in trust for pension benefits	<u>\$ 160,191,838</u>	<u>\$ 144,554,010</u>	<u>\$ 304,745,848</u>

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

For the Year Ended December 31, 2010

	<b>Pension Trust Funds</b>		
	<b>Police Pension</b>	<b>Firefighter's Pension</b>	<b>Total</b>
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 5,274,174	\$ 6,347,734	\$ 11,621,908
Plan member	1,975,149	1,798,076	3,773,225
Total contributions	<u>7,249,323</u>	<u>8,145,810</u>	<u>15,395,133</u>
Investment income:			
Net appreciation in fair value of investments	13,372,535	9,971,741	23,344,276
Interest and dividend income	1,905,014	2,129,782	4,034,796
	<u>15,277,549</u>	<u>12,101,523</u>	<u>27,379,072</u>
Less investment expense	(289,630)	(460,704)	(750,334)
Net investment income	<u>14,987,919</u>	<u>11,640,819</u>	<u>26,628,738</u>
Total additions	<u>22,237,242</u>	<u>19,786,629</u>	<u>42,023,871</u>
<b>DEDUCTIONS</b>			
Pension benefits	11,616,000	12,929,522	24,545,522
Refunds of contributions	24,325	-	24,325
Administrative expense	162,242	121,216	283,458
Total deductions	<u>11,802,567</u>	<u>13,050,738</u>	<u>24,853,305</u>
Change in net assets	<u>10,434,675</u>	<u>6,735,891</u>	<u>17,170,566</u>
Total net assets - beginning	<u>149,757,163</u>	<u>137,818,119</u>	<u>287,575,282</u>
Total net assets - ending	<u>\$ 160,191,838</u>	<u>\$ 144,554,010</u>	<u>\$ 304,745,848</u>

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

December 31, 2010

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**GOVERNMENTAL FUNDS CAPITAL ASSETS**

Land and improvements	\$ 7,445,587
Buildings and improvements	54,809,022
Equipment	29,822,574
Infrastructure	<u>845,034,285</u>
Total governmental funds capital assets	<u>\$ 937,111,468</u>

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

General Fund	\$ 72,044,410
Special Revenue Funds	189,234,960
Capital Projects Fund	438,264,260
Grants	<u>237,567,838</u>
Total investment in governmental funds capital assets	<u>\$ 937,111,468</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, 2010

<b>FUNCTION AND ACTIVITY</b>	<b>Land and Improvements</b>	<b>Buildings and Improvements</b>	<b>Equipment</b>	<b>Infrastructure</b>	<b>Total</b>
General government	\$ 4,939,047	\$ 11,549,280	\$ 1,232,478	\$ -	\$ 17,720,805
Public safety	913,506	12,615,442	16,606,661	-	30,135,609
Streets, alleys and bridges	197,322	1,377,527	7,980,496	845,034,285	854,589,630
Community development	203,704	950,443	199,725	-	1,353,872
Sanitation and sewers	201,500	-	23,264	-	224,764
Culture and recreation	970,008	27,471,868	2,117,833	-	30,559,709
Public health and welfare	20,500	844,462	1,662,117	-	2,527,079
<b>Total governmental funds capital assets</b>	<b>\$ 7,445,587</b>	<b>\$ 54,809,022</b>	<b>\$ 29,822,574</b>	<b>\$ 845,034,285</b>	<b>\$ 937,111,468</b>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in the internal service funds are excluded from the above amounts. The capital assets of internal service funds are included as governmental activities in the Statement of Net 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, 2010

<b>FUNCTION AND ACTIVITY</b>	<b>Governmental Funds Capital Assets</b>			<b>Governmental Funds Capital Assets</b>
	<b>January 1, 2010</b>	<b>Additions</b>	<b>Deductions</b>	<b>December 31, 2010</b>
General government	\$ 17,720,805	\$ -	\$ -	\$ 17,720,805
Public safety	30,232,093	650,472	746,956	30,135,609
Streets, alleys and bridges	844,137,245	14,655,878	4,203,493	854,589,630
Community development	1,341,896	31,626	19,650	1,353,872
Sanitation and sewers	224,764	-	-	224,764
Culture and recreation	30,501,321	58,388	-	30,559,709
Public health and welfare	2,264,169	275,660	12,750	2,527,079
<b>Total governmental funds capital assets</b>	<b>\$ 926,422,293</b>	<b>\$ 15,672,024</b>	<b>\$ 4,982,849</b>	<b>\$ 937,111,468</b>

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



## **STATISTICAL SECTION**

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## Statistical Section

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

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

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The city implemented the infrastructure portion of Statement 34 in the 2006 fiscal year, schedules presenting government-wide information include information for the current and four previous fiscal years.



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

(accrual basis of accounting)

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

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

(accrual basis of accounting)

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

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

(accrual basis of accounting)

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

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

(accrual basis of accounting)

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b>General Fund</b>				
Reserved	\$ 98,892	\$ 195,966	\$ 1,392,085	\$ 2,848,419
Unreserved	22,516,220	21,810,257	22,960,413	30,358,063
<b>Total General Fund</b>	<u>\$ 22,615,112</u>	<u>\$ 22,006,223</u>	<u>\$ 24,352,498</u>	<u>\$ 33,206,482</u>
<b>All Other Governmental Funds</b>				
Reserved	\$ 18,451,669	\$ 17,111,431	\$ 20,909,673	\$ 32,186,952
Unreserved, reported in				
Special Revenue Funds	14,015,070	11,376,328	6,384,419	10,169,249
Capital Project Funds	4,428,124	3,692,856	6,575,540	3,408,693
Debt Service Funds	-	-	-	(6,859)
<b>Total all other governmental funds</b>	<u>\$ 36,894,863</u>	<u>\$ 32,180,615</u>	<u>\$ 33,869,632</u>	<u>\$ 45,758,035</u>

Years prior to implementation of GASB 34 are not provided

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

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

(modified accrual basis of accounting)

	<u>2010</u>	<u>2009</u>	<u>2008</u>
<b>REVENUES</b>			
Taxes	\$ 108,786,155	\$ 107,955,951	\$ 109,752,102
Licenses and permits	4,594,725	3,483,059	4,147,741
Intergovernmental	62,059,049	60,433,907	52,145,651
Charges for services	16,744,784	14,385,440	12,988,688
Fines	1,647,241	1,788,890	1,884,847
Interest	431,036	232,371	2,895,335
Miscellaneous	1,557,877	2,415,129	2,831,758
Total revenues	<u>195,820,867</u>	<u>190,694,747</u>	<u>186,646,122</u>
<b>EXPENDITURES</b>			
Current:			
General government	12,905,125	14,043,280	14,547,784
Public safety	84,569,192	83,776,249	85,764,726
Streets, alleys and bridges	15,361,827	14,007,048	16,367,446
Community development	13,603,906	17,741,099	13,926,337
Sanitation and sewers	7,081,234	7,561,459	7,569,703
Culture and recreation	6,551,920	8,571,187	17,124,098
Public health and welfare	21,257,861	19,488,307	15,732,201
Debt service:			
Principal payments	9,416,768	9,113,764	11,110,852
Interest and fiscal charges	4,283,764	4,725,156	5,498,601
Capital outlay:			
General government	-	-	-
Public safety	650,472	288,374	1,426,569
Streets, alleys and bridges	14,655,878	21,641,741	15,658,632
Community development	31,626	-	44,331
Sanitation and sewers	-	-	-
Culture and recreation	58,388	516,677	3,890,876
Public health and welfare	275,660	239,927	147,661
Total expenditures	<u>190,703,621</u>	<u>201,714,268</u>	<u>208,809,817</u>
Excess of revenues over (under) expenditures	<u>5,117,246</u>	<u>(11,019,521)</u>	<u>(22,163,695)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Refunding bonds issued	-	17,325,000	-
Payment to escrow agent	-	(16,754,910)	-
Issuance of general obligation bonds	-	4,300,000	1,300,000
Issuance of promissory term note	205,891	2,000,000	-
Discount on issue of general obligation bonds	-	(83,763)	(3,692)
Premium on issue of general obligation bonds	-	197,902	-
Transfers in	12,329,937	17,304,330	13,765,252
Transfers out	<u>(12,329,937)</u>	<u>(17,304,330)</u>	<u>(13,640,252)</u>
Total other financing sources (uses)	<u>205,891</u>	<u>6,984,229</u>	<u>1,421,308</u>
Net change in fund balances	5,323,137	(4,035,292)	(20,742,387)
Debt service as a percentage of noncapital expenditures	7.8%	7.7%	8.9%

Years prior to implementation of GASB 34 are not provided

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$ 101,801,972	\$ 89,388,504	\$ 83,796,845	\$ 80,793,558	\$ 73,304,614	\$ 67,399,558
5,057,545	5,203,117	5,314,798	4,605,223	4,332,276	4,859,644
53,566,172	54,858,358	48,245,126	44,806,597	44,179,064	41,204,584
13,627,943	12,786,424	12,881,071	13,321,087	9,550,358	8,624,259
1,924,864	1,891,646	1,911,259	1,797,905	1,741,662	1,747,876
4,115,605	2,856,189	1,398,874	1,541,137	759,962	2,602,619
2,658,405	3,451,023	3,537,361	2,522,495	4,631,086	5,431,480
<u>182,752,506</u>	<u>170,435,261</u>	<u>157,085,334</u>	<u>149,388,002</u>	<u>138,499,022</u>	<u>131,870,020</u>
13,818,411	12,881,005	12,802,668	11,238,905	9,659,056	10,900,334
82,646,977	76,643,710	72,060,997	66,605,199	62,427,635	62,873,892
14,684,144	9,427,135	9,218,492	8,046,183	8,582,025	31,579,429
14,098,653	12,855,383	13,855,963	11,978,122	9,243,483	9,495,404
7,696,669	7,786,710	7,114,598	7,134,786	6,901,965	8,002,666
19,751,044	6,829,540	6,843,800	8,249,917	5,668,082	7,395,603
14,880,152	16,174,189	14,289,739	10,370,029	12,329,817	10,387,812
10,293,026	8,845,284	7,880,000	7,520,039	6,952,532	11,485,099
5,454,720	4,844,538	4,395,004	4,186,878	3,990,435	4,247,318
21,102	1,097,418	554,991	1,046,169	2,072,685	-
1,223,848	828,826	1,529,720	970,125	153,908	-
9,089,592	15,711,225	18,388,101	19,098,487	15,390,954	-
-	-	4,794,032	1,401,033	832,954	2,802,296
-	-	149,997	-	-	-
406,116	448,406	436,688	330,479	1,572,203	-
69,494	215,016	66,510	290,398	-	-
<u>194,133,948</u>	<u>174,588,385</u>	<u>174,381,300</u>	<u>158,466,749</u>	<u>145,777,734</u>	<u>159,169,853</u>
<u>(11,381,442)</u>	<u>(4,153,124)</u>	<u>(17,295,966)</u>	<u>(9,078,747)</u>	<u>(7,278,712)</u>	<u>(27,299,833)</u>
6,865,000	-	530,000	7,535,000	4,490,000	703,710
(6,770,679)	-	(107,622)	(7,387,358)	(4,490,000)	(705,000)
28,250,000	2,500,000	18,770,000	18,260,000	8,200,000	14,699,815
(279,103)	(20,000)	(140,011)	(127,446)	(77,567)	-
17,868,899	19,061,648	14,117,564	13,181,910	12,882,634	10,907,508
<u>(17,811,299)</u>	<u>(19,004,048)</u>	<u>(14,259,930)</u>	<u>(12,934,310)</u>	<u>(12,807,384)</u>	<u>(11,000,708)</u>
<u>28,122,818</u>	<u>2,537,600</u>	<u>18,910,001</u>	<u>18,527,796</u>	<u>8,197,683</u>	<u>14,605,325</u>
16,741,376	(1,615,524)	1,614,035	9,449,049	918,971	(12,694,508)
8.6%	8.8%	8.3%	8.7%	8.7%	10.1%

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

(000's Omitted)

<b>Tax Levy Year</b>	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Industrial Property</b>	<b>Other Property</b>	<b>Less Tax Exempt Property</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Taxable Value</b>	<b>Estimated Actual Value</b>
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%
2008	1,722,354	539,365	199,570	2,555	363,663	2,100,181	2.53180	7,392,271	33.33%
2009	1,743,140	534,784	201,381	2,624	398,525	2,082,800	2.56060	7,444,719	33.33%
2010	1,665,051	512,763	194,628	3,011	366,458	2,008,995	2.71590	7,127,072	33.33%

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



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

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	City Direct Rates				
	General Fund	Library Special Revenue Fund	Debt Service Fund	Other Special Revenue Funds	Total Direct Tax Rate
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
2008	1.75100	0.32330	0.36540	0.09210	2.53180
2009	1.88330	0.33090	0.33630	0.01010	2.56060
2010	2.03510	0.35640	0.31560	0.00880	2.71590

**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 Sistrict	Rock Valley Community College
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
0.86940	0.19740	0.73190	0.12430	0.08900	5.45200	0.45780
0.87930	0.20090	0.74550	0.12680	0.09010	5.57650	0.45830
0.91970	0.20430	0.78690	0.13620	0.09540	6.01520	0.45030

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

Taxpayer	2010			2001		
	Equalized Value	Rank	Percentage of Total Equalized Value	Equalized Value	Rank	Percentage of Total Equalized Value
Lowes Home Centers INC.	\$ 15,786,032	1	0.79%	\$		
Greater Rockford Airport Authority	12,508,009	2	0.62%	6,977,888	2	0.45%
Wal-Mart Stores Inc.	10,434,333	3	0.52%			
Simon Realty Group	8,550,595	4	0.43%	6,359,130	3	0.41%
Swedish American Hospital/Realty	6,538,983	5	0.33%	4,285,839	9	0.27%
MB Rockford State LLC.	4,678,630	6	0.23%			
WPH Rockford LLC.	4,342,156	7	0.22%			
Fairhaven Christian Home	4,135,078	8	0.21%	5,170,704	6	0.33%
Hamilton Sundstrand Corporation	3,995,803	9	0.20%	7,139,641	1	0.46%
Rock River Valley Industrial Park	3,933,688	10	0.20%	6,149,777	4	0.39%
Sunil Puri				5,453,248	5	0.35%
United Parcel Service Inc.				5,008,188	7	0.32%
Schnucks Markets, Inc.				4,324,521	8	0.28%
Fridh Corporation				4,241,682	10	0.27%
Total	<u>\$ 74,903,307</u>		<u>3.75%</u>	<u>\$ 55,110,618</u>		<u>3.53%</u>

Source: Winnebago County Collector's office.

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

<b>Tax Levy Year</b>	<b>Tax Levy (1)</b>	<b>Collections (2)</b>	<b>Percent of Tax Levy Extension Collected</b>	<b>Delinquent Tax Collections (3)</b>	<b>Total Tax Collections</b>	<b>Total Collections as Percent of Current Tax Levy Extensions</b>
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%	48,057	50,160,292	99.71%
2007	51,167,696	50,940,582	99.56%	20,447	50,961,029	99.60%
2008	53,172,394	52,827,215	99.35%	18,291	52,845,506	99.39%
2009	53,332,168	53,011,644	99.40%	-	53,011,644	99.40%
2010	54,562,306					

- 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 2009 levy will be collected in 2010.

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

Governmental Activities						Water
Fiscal Year Ended	General Obligation Bonds	Section 108 Guaranteed Loans	EPA Water Pollution Obligation	Promissory Term Note	Lines of Credit	General Obligation Alternate Bonds
2001	70,335,000	195,000	1,312,557			27,920,000
2002	74,950,000	185,000	1,232,458			26,650,000
2003	75,240,000	1,075,000	1,149,926			25,135,000
2004	90,550,000	1,065,000	1,064,887			23,740,000
2005	101,970,000	2,045,000	977,265			22,250,000
2006	95,950,000	1,810,000	886,981			33,890,000
2007	114,385,000	1,730,000	793,956			34,285,000
2008	104,755,000	1,645,000	698,104		8,844,578	40,075,000
2009	104,735,000	1,555,000	599,340	2,000,000	8,945,076	37,190,000
2010	95,720,000	1,455,000	497,576	2,352,013	9,150,967	37,510,000

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Business-Type Activities					
Parking System		Water	Total	Percentage	Per
General	Water	Instalment	Primary	of Personal	Capita
Obligation	IEPA	Purchase	Government	Income	
Alternate Bonds	Loan	Agreement			
			99,762,557	2.45%	665
			103,017,458	2.58%	686
			102,599,926	2.54%	683
			116,419,887	2.82%	776
			127,242,265	3.09%	848
			132,536,981	3.12%	883
			151,193,956	3.38%	1,007
1,850,000	2,041,100	25,000,000	184,908,782	3.94%	1,232
1,850,000	18,588,514	14,000,000	189,462,930	4.04%	1,262
1,825,000	26,909,280	14,000,000	189,419,836	4.04%	1,262

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

<b>Year</b>	<b>Population (1)</b>	<b>Equalized Value (3)</b>	<b>Bond Principal (2)</b>	<b>Less Debt Service Funds</b>	<b>Net Bonded Debt</b>	<b>Ratio of Net Bonded Debt to Equalized Value</b>	<b>Net Bonded Debt Per Capita</b>
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
2008	150,115	2,100,181,000	106,605,000	8,667,411	97,937,589	4.66%	652.42
2009	150,115	2,082,799,663	106,585,000	7,989,282	98,595,718	4.73%	656.80
2010	150,115	2,008,995,393	97,545,000	8,317,681	89,227,319	4.44%	594.39

- 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, 2010

Name of Governmental Unit	Total Debt Outstanding	Percentage Applicable To City of Rockford	City of Rockford's Share of Debt
<b>Direct:</b>			
City of Rockford, Illinois (1)	\$ 97,545,000	100.0%	\$ 97,545,000
<b>Overlapping:</b>			
Schools:			
School District #205	69,474,936	72.6%	50,438,804
School District #122	36,930,725	2.8%	1,034,060
School District #321	3,417,423	8.5%	290,481
School District #323	40,000	4.8%	1,920
Community College #511	40,875,000	61.4%	25,097,250
	<u>150,738,084</u>		<u>76,862,515</u>
Other Units:			
Winnebago County	-	43.5%	-
Winnebago County Forest Preserve	3,074,090	43.5%	1,337,229
Rock River Water Reclamation District	-	62.3%	-
Greater Rockford Airport Authority	7,364,300	56.9%	4,190,287
Rockford Township	-	75.0%	-
Cherry Valley Township	-	42.9%	-
Owen Township	-	23.9%	-
Rockford Park District	18,330,000	75.0%	13,747,500
Rockford City Library District	-	71.3%	-
	<u>28,768,390</u>		<u>19,275,016</u>
Total Overlapping Debt	<u>179,506,474</u>		<u>96,137,531</u>
Total Direct and Overlapping Debt	<u>\$ 277,051,474</u>		<u>\$ 193,682,531</u>

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

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 2010

Assessed value	\$ 2,008,995,393
Debt limit - State (8.625% of assessed value)	173,275,853
Debt Limit - City (80% of the State limit)	138,620,682
Debt applicable to limit:	
General obligation bonds	26,380,000
Debt certificates	14,000,000
General obligation promissory note	17,300,000
Total amount of debt applicable to debt limit	<u>57,680,000</u>
Legal debt margin	<u>80,940,682</u>

	2010	2009	2008	2007
Debt limit	\$ 138,620,682	\$ 143,713,177	\$ 144,912,521	140,252,295
Total net debt applicable to limit	<u>57,680,000</u>	<u>63,735,000</u>	<u>63,600,000</u>	<u>53,665,000</u>
Legal debt margin	<u>\$ 80,940,682</u>	<u>\$ 79,978,177</u>	<u>\$ 81,312,521</u>	<u>86,587,295</u>
Total net debt applicable to the limit as a percentage of debt limit	41.61%	44.35%	43.89%	38.26%

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2006	2005	2004	2003	2002	2001
\$ 135,222,965	\$ 125,509,805	\$ 118,449,569	\$ 116,988,661	\$ 112,168,370	\$ 107,606,989
60,275,000	64,110,000	65,055,000	64,765,501	63,960,907	56,721,645
\$ 74,947,965	\$ 61,399,805	\$ 53,394,569	\$ 52,223,160	\$ 48,207,463	\$ 50,885,344
44.57%	51.08%	54.92%	55.36%	57.02%	52.71%

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

<b>Year</b>	<b>Water Service Charges</b>	<b>Less: Operating Expenses</b>	<b>Net Revenue Available for Debt Service</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Coverage</b>
Water Utility Fund (1)							
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	1,389,810	4,494,810	1.57%
2008	22,528,255	15,829,814	6,698,441	2,905,000	1,710,304	4,615,304	1.45%
2009	21,552,933	16,718,002	4,834,931	3,105,000	1,605,824	4,710,824	1.03%
2010	22,715,297	18,013,327	4,701,970	2,965,000	1,615,853	4,580,853	1.03%

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

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

<b>Year</b>	<b>Population (1)</b>	<b>Personal Income (Thousands of dollars) (3)</b>	<b>Per Capita Personal Income (2)</b>	<b>School Enrollment (4)</b>	<b>Unemployment Rate (5)</b>
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	4,848,714	32,300	29,637	6.30%
2008	150,115	4,945,389	32,944	28,844	9.10%
2009	150,115	4,823,345	32,131	28,970	15.10%
2010	150,115	N/A	N/A	29,920	15.30%

**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 the State of Illinois Department of Employment Security.  
 The rate presented is the average unemployment for the year, Rockford MSA.

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

Taxpayer	2010			2001		
	Employees (1)	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Rockford School District No. 205	4,800	1	3.31%	4,105	1	2.24%
Swedish American Health Systems (2)	2,600	2	1.79%	2,600	4	1.42%
Chrysler, LLC	2,600	3	1.79%	1,950	7	1.06%
Rockford Health Systems	2,500	4	1.72%	2,800	2	1.53%
Hamilton Sundstrand Corporation	2,200	5	1.52%	2,700	3	1.47%
OSF St. Anthony's Medical Center (3)	2,000	6	1.38%	1,800	8	0.98%
United Parcel Service	2,000	7	1.38%	2,200	6	1.20%
County of Winnebago	1,602	8	1.11%			0.00%
Woodward Governor Company	1,200	9	0.83%	1,100	10	0.60%
City of Rockford	1,135	10	0.78%	1,220	9	0.67%
Textron				2,200	5	1.20%
<b>Total</b>	<b>22,637</b>		<b>15.62%</b>	<b>22,675</b>		<b>12.38%</b>
Total employment in the Rockford MSA	144,956			183,100		

(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									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
General government:										
Mayor's office	6	8	8	8	8	8	6	6	7	7
Legal department	17	20	20	19	17	17	16	16	18	18
Finance office	31	32	33	33	33	34	33	34	37	36
Information Services	6	8	10	10	10	10	9	8	8	9
Personnel department	6	7	7	7	7	7	7	7	7	7
Public safety										
Police department										
Officers	282.0	295	305	305	305	299	299	300	301	296
Civilians	36.0	28	33	33	33	33	33	33	33	32
Fire department	282.0	282	282	282	280	282	277	277	277	268
##	53.0	53	53	53	61	61	61	61	61	61
Public works - traffic	13.0	13	18	18	18	18	18	18	19	19
Building department	18.0	25	19	21	20	20	20	20	21	21
Streets, alleys and bridges										
Administration	4.0	4.5	6.5	7	6	6	6	6	6	6
Engineering	7.5	10.0	4.5	5	5	5	5	5	5	5
Capital Projects	17.2	16	16	16	16	13	13	13	13	13
Street and sewer maintenance	38.0	40.0	39.5	40	40	40	41	41	49	49
Property and equipment	27.0	27	28	28	24	28	28	26	24	24
Community development										
Administration	1.5	2	2	2	2	2	2	2	2	2
Development	7.0	8	9	17	18	19	18	18	18	17
Planning	5.3	6	11	15	12	12	12	14	16	15
Code enforcement	12.2	13	13	13	-	-	-	-	-	-
Sanitation and sewers										
Public works - sewers	-	-	3	3	3	3	3	3	3	3
Culture and recreation										
Library	82.0	115	109	103	102	98	97	104	108	108
Public health and welfare	97.9	91.0	92.5	93	96	92	93	92	105	108
Parking	8.5	9	9	9	9	9	9	9	9	9
Water	77.0	75	76	75	76	75	76	76	74	74
<b>Total</b>	<b>1,135.0</b>	<b>1,187</b>	<b>1,207</b>	<b>1,215</b>	<b>1,201</b>	<b>1,191</b>	<b>1,182</b>	<b>1,189</b>	<b>1,221</b>	<b>1,207</b>

Source: City Finance Office

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

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

Source: City finance department

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

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

Source: City finance department