

CITY OF ROCKFORD, ILLINOIS
COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

CITY OF ROCKFORD, ILLINOIS

ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020**

Prepared by:

Finance Office

CITY OF ROCKFORD, ILLINOIS

TABLE OF CONTENTS

	PAGE
<u>INTRODUCTORY SECTION</u>	
Letter of Transmittal	<u>1</u>
Officials and Officers	<u>6</u>
Organization Chart	<u>7</u>
Certificate of Achievement for Excellence in Financial Reporting	<u>8</u>
<u>FINANCIAL SECTION</u>	
INDEPENDENT AUDITORS' REPORT	<u>11</u>
MANAGEMENT'S DISCUSSION AND ANALYSIS	<u>15</u>
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Position	<u>32</u>
Statement of Activities	<u>34</u>
Fund Financial Statements	
Balance Sheet - Governmental Funds	<u>36</u>
Reconciliation of Total Governmental Fund Balance to the Statement of Net Position - Governmental Activities	<u>38</u>
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>40</u>
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities - Governmental Activities	<u>42</u>
Statement of Net Position - Proprietary Funds	<u>44</u>
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	<u>46</u>
Statement of Cash Flows - Proprietary Funds	<u>47</u>
Statement of Fiduciary Net Position	<u>49</u>
Statement of Changes in Fiduciary Net Position	<u>50</u>
Notes to Financial Statements	<u>51</u>

CITY OF ROCKFORD, ILLINOIS

TABLE OF CONTENTS

	PAGE
<u>FINANCIAL SECTION - Continued</u>	
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Employer Contributions	
Illinois Municipal Retirement Fund	125
Police Pension Fund	126
Firefighters' Pension Fund	127
Schedule of Changes in the Employer's Net Pension Liability	
Illinois Municipal Retirement Fund	128
Police Pension Fund	130
Firefighters' Pension Fund	132
Schedule of Investment Returns	134
Schedule of Changes in the Employer's Total OPEB Liability	
Retiree Benefit Plan	135
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	
General Fund	136
Public Library - Special Revenue Fund	138
Community Development - Special Revenue Fund	139
Tax Increment - Special Revenue Fund	140
OTHER SUPPLEMENTARY INFORMATION	
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	
Debt Service Fund	142
Capital Projects Fund	143
Combining Balance Sheet - Nonmajor Governmental - Special Revenue Funds	146
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	
Nonmajor Governmental - Special Revenue Funds	148
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	
Motor Fuel Tax - Special Revenue Fund	150
Redevelopment - Special Revenue Fund	150
Tourism - Special Revenue Fund	151
Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual	
Water Utility - Enterprise Fund	153
Parking System - Enterprise Fund	153

CITY OF ROCKFORD, ILLINOIS

TABLE OF CONTENTS

	PAGE
<u>FINANCIAL SECTION - Continued</u>	
Combining Statement of Net Position - Internal Service Funds	<u>156</u>
Combining Statement of Revenues, Expenses and Changes in Net Position	
Internal Service Funds	<u>158</u>
Combining Statement of Cash Flows - Internal Service Funds	<u>160</u>
Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual	
Central Garage - Internal Service Fund	<u>162</u>
Building Maintenance - Internal Service Fund	<u>162</u>
Central Store - Internal Service Fund	<u>163</u>
Illinois Municipal Retirement - Internal Service Fund	<u>163</u>
Unemployment - Internal Service Fund	<u>164</u>
Workmen's Compensation - Internal Service Fund	<u>164</u>
Health Insurance - Internal Service Fund	<u>165</u>
911 Communication - Internal Service Fund	<u>165</u>
Risk Management - Internal Service Fund	<u>166</u>
Information System - Internal Service Fund	<u>166</u>
Combining Statement of Fiduciary Net Position - Pension Trust Funds	<u>168</u>
Combining Statement of Changes in Fiduciary Net Position - Pension Trust Funds	<u>169</u>
Schedule of Changes in Fiduciary Net Position - Budget and Actual	
Police Pension Fund - Pension Trust Fund	<u>170</u>
Firefighters' Pension Fund - Pension Trust Fund	<u>170</u>
Consolidated Year-End Financial Report	<u>171</u>

STATISTICAL SECTION (Unaudited)

Net Position by Component - Last Ten Fiscal Years	<u>174</u>
Changes in Net Position - Last Ten Fiscal Years	<u>176</u>
Fund Balances of Governmental Funds - Last Ten Fiscal Years	<u>178</u>
Changes in Fund Balances for Governmental Funds - Last Ten Fiscal Years	<u>180</u>
Assessed Value and Estimated Value of Taxable Property - Last Ten Tax Levy Years	<u>182</u>
Direct and Overlapping Property Tax Rates - Last Ten Tax Levy Years	<u>184</u>
Principal Property Tax Payers - Current Fiscal Year and Nine Fiscal Years Ago	<u>186</u>
Property Tax Levies and Collections - Last Ten Tax Levy Years	<u>187</u>
Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	<u>188</u>
Ratios of Net General Bonded Debt - Last Ten Fiscal Years	<u>190</u>
Schedule of Direct and Overlapping Governmental Activities Debt	<u>191</u>

CITY OF ROCKFORD, ILLINOIS

TABLE OF CONTENTS

	PAGE
<u>STATISTICAL SECTION (Unaudited) - Continued</u>	
Legal Debt Margin - Last Ten Fiscal Years	<u>192</u>
Pledged-Revenue Coverage - Last Ten Fiscal Years	<u>194</u>
Demographic and Economic Statistics - Last Ten Fiscal Years	<u>195</u>
Principal Employers - Current Fiscal Year and Nine Fiscal Years Ago	<u>196</u>
Full-Time Equivalent City Government Employees by Function/Program - Last Ten Fiscal Years	<u>198</u>
Operating Indicators by Function/Program - Last Ten Fiscal Years	<u>200</u>
Capital Asset Statistics by Function/Program - Last Ten Fiscal Years	<u>202</u>

INTRODUCTORY SECTION

This section includes miscellaneous data regarding the City of Rockford including: Letter of Transmittal, Officials and Officers, Organization Chart, and Certificate of Achievement for Excellence in Financial Reporting.



Carrie Hagerty
Director
Finance Department

July 12, 2021

Citizens of the City of Rockford, Illinois,
Honorable Mayor and
Honorable Members of Council

The Comprehensive Annual Financial Report (Annual Report) of the City of Rockford, Illinois for the fiscal year ended December 31, 2020, is hereby submitted. This report is prepared by the Finance Department of the City of Rockford, Illinois. We believe the data, as presented, is accurate in all material respects; is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

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

The independent auditing firm of Lauterbach & Amen, LLP has audited the City of Rockford's financial statements. The purpose of the independent audit conducted by Lauterbach & Amen, LLP was to review and provide reasonable assurance that the City's financial statements for the fiscal year ending December 31, 2020 are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the government-wide and fund financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Rockford's financial statements for the fiscal year ended December 31, 2020 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 (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Rockford's MD&A can be found in the Financial Section, immediately following the report of the independent auditors.

Profile of the City

The City of Rockford is a non-home rule city, incorporated in 1839 as a town and became a city in 1852. Located in North Central Illinois approximately 17 miles south of the Wisconsin border and 80 miles northwest of downtown Chicago, Rockford is the fifth largest city in Illinois with approximately 145,609 residents encompassing approximately 64.48 square miles and serves as the county seat for Winnebago County. The City is empowered to levy property taxes (subject to the Property Tax Extension Limitation Law provisions, which limits the annual growth in property tax extensions for the City to the lesser of 5% or the percentage increase in the Consumer Price Index during the preceding calendar year plus full credit for new construction and annexations) on both real and personal property located within its boundaries and has the authority to extend its corporate limits through annexation, when deemed appropriate and as approved by City Council.

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

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

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

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

Factors Affecting Financial Condition

Local economy. The City of Rockford continues to expand and diversify its industrial base and employment opportunities. Rockford's economy is diversified with manufacturing and medical as its primary base, while call center/office operations, distribution centers, and educational institutions become more important to the economy. The 2020 average unemployment rate for the metropolitan area was 11.4% as compared to the state average of 9.5% and the national average of 8.1%.

Rockford is home to the operations of several large companies such as: Mercy Health System, Swedish American, part of UW Health, Collins Aerospace, United Parcel Service, OSF St. Anthony's Healthcare, Fiat Chrysler, Woodward Inc., Lowe's Distribution Center, Mondelez International, Amazon, and Packaging Coordinators Inc. Rockford is proud of its quality of life, skilled workforce, and low cost of living. The City and private interests are aggressively pursuing the expansion and diversification of the work force. The City has created tax increment districts, an enterprise zone, and small business loan programs, and administers the Community Development Block Grant Program.

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

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

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

Cash management policies and practices. The primary objective of the City investment policy is to provide for the safety of principal, liquidity and a reasonable rate of return. The City complies with the Illinois State Statute requirements in purchasing securities for investment of the City's idle cash. The investment maturities range from daily, for money markets, to 15 years, for U.S. Treasury and Agency bonds, with a 2-year average maturity for the portfolio. The City currently looks at a shorter time horizon when investing the City's funds.

Risk management. The City of Rockford is self-funded for all general liability claims up to \$750,000. Comprehensive general liability insurance was secured in 2011 to cover losses from \$750,000 to \$12 million. Liabilities are recorded when it is probable that a liability has been incurred as of the balance sheet date and the amount of the liability can be reasonably estimated. Both the current and non-current portions of any liability are reported in the Internal Service Funds. The City will continue to evaluate loss potential, risk retention, and insurance coverage to achieve optimum levels of risk management. The City's major facilities are insured for property damage.

The lifetime maximum for the City's health plan, which is also self-funded, was eliminated in 2011. Excess coverage was purchased to cover losses in excess of the \$225,000 retention. Risk control techniques include pre-certification and utilization review process, pre-employment drug testing, an employee assistance program, voluntary second opinion for surgery program, and alcohol and substance abuse training. These initiatives were implemented to enhance employee life while controlling total City risk. In 2014, the City opened the Wellness Center, a medical clinic available to plan participants, with a focus on employee wellness in an effort to reduce costs and improve employee health. The City is also self-funded for unemployment and workmen's compensation claims. Excess coverage is in place for losses in excess of \$750,000 per occurrence for workers compensation claims.

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

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

The City of Rockford contributes to the Illinois Municipal Retirement Fund ("IMRF"), an agent for multiple-employer, public employee retirement systems, acting as a common investment and administrative agent for local governments and school districts in Illinois. The City's contribution is determined each year by IMRF and for 2020 the amount was 12.05% of covered payroll. Additional information on the City of Rockford's pension arrangements and post-employment benefits can be found in the notes to the financial statements.

The City implemented GASB Statement No. 75, Accounting and Financial Reporting by Employees for Post-Employment Benefit Plans Other than Pensions. Since the City does not contribute towards the cost of the retiree's health insurance, the City is reporting only the implicit liability that is created when the retiree (by State Statute) is charged the group rate for the insurance as opposed to the true rate that would have been charged based on the risk.

Awards and Acknowledgments

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, 2019. This was the fortieth consecutive year the City of Rockford has received this award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized comprehensive annual financial report, the contents of which conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

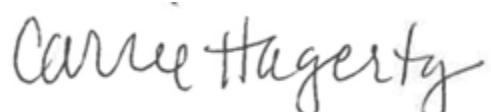
A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement Program requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

In addition, the City of Rockford received the GFOA's Distinguished Budget Presentation Award for its annual budget for the fiscal year beginning January 1, 2020. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

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

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

Respectfully submitted,

A handwritten signature in black ink that reads "Carrie Hagerty". The signature is fluid and cursive, with "Carrie" on the top line and "Hagerty" on the bottom line.

Carrie Hagerty
Finance Director

CITY OF ROCKFORD, ILLINOIS

Officials and Officers
December 31, 2020

MAYOR

Thomas P. McNamara

CITY COUNCIL MEMBERS

Franklin C. Beach

Ginger Hanley

Timothy J. Durkee

Natavias L. Ervins

Kevin Frost

Venita Hervey

Karen K. Hoffman

Tony Gasparini

Linda McNeely

Tuffy Quinonez

Bill Rose

Ann Thompson Kelly

Chad Tuneberg

ADMINISTRATION

Todd M. Cagnoni, City Administrator

Karl Franzen, Community Development Director

Carrie Hagerty, Finance Director

Derek Bergsten, Fire Chief

Daniel O'Shea, Police Chief

Shurice Hunter, Human Resources Director

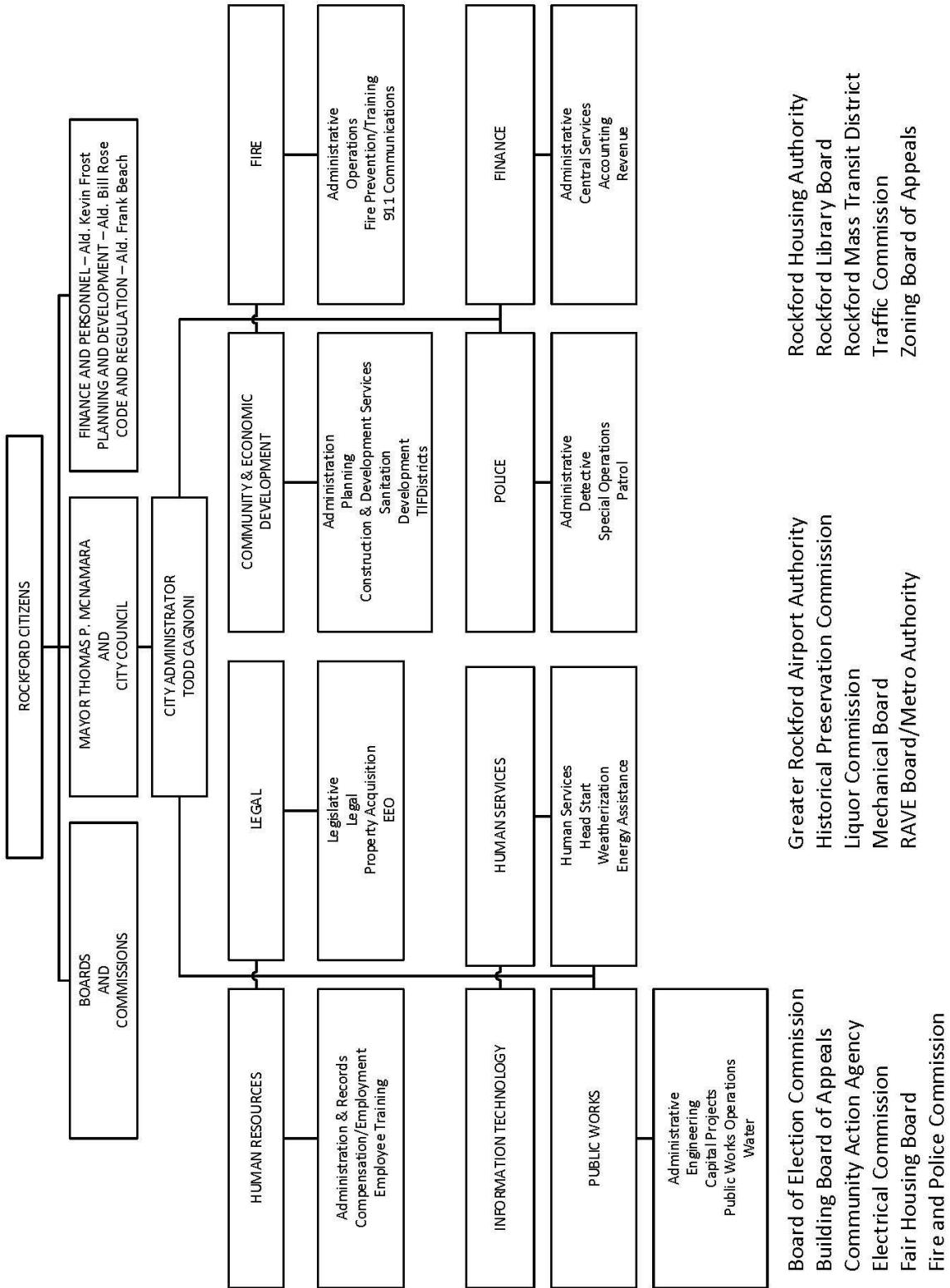
Anquanette Perhman, Human Services Director

Nicholas Meyer, Legal Director

Glenn Trommels, Information Technology Director

Kyle Saunders, Public Works Director

CITY OF ROCKFORD, ILLINOIS ORGANIZATION CHART





Government Finance Officers Association

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

Presented to

**City of Rockford
Illinois**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

December 31, 2019

Christopher P. Moriel

Executive Director/CEO

FINANCIAL SECTION

This section includes:

- Independent Auditors' Report
- Management's Discussion and Analysis
- Basic Financial Statements
- Required Supplementary Information
- Other Supplementary Information

INDEPENDENT AUDITORS' REPORT

This section includes the opinion of the City of Rockford's independent auditing firm.



INDEPENDENT AUDITORS' REPORT

July 12, 2021

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rockford, Illinois, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rockford, Illinois, as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Matters – Continued

Other Information – Continued

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 12, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provision of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Lauterbach & Amen, LLP

LAUTERBACH & AMEN, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF ROCKFORD, ILLINOIS

Management's Discussion and Analysis

December 31, 2020

The management of the City of Rockford, Illinois presents this narrative overview and analysis to facilitate both short and long-term analysis of the financial activities of the City for the fiscal year ended December 31, 2020. This Management Discussion and Analysis (MD&A) is based on currently known facts, decisions, and conditions which existed as of the date of the independent auditor's report. Additional information outside the scope of this analysis can be found in the Letter of Transmittal. We encourage readers to consider the information presented here in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- With total assets and deferred outflows of \$791.0 million and total liabilities and deferred inflows of \$665.7 million, the City's total net position was \$125.4 million at December 31, 2020. Of this amount, approximately \$436.9 million represent the City's net investment in capital assets, \$39.1 million was held for restricted purposes and (\$350.6) million is classified as unrestricted.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$77.3 million, a decrease of \$12.7 million in comparison with the prior year. Approximately 43.3 percent of this total amount, \$33.5 million, is unassigned and available for spending at the City's discretion.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$42.8 million, or 25.9 percent of total General Fund expenditures. In comparison, the prior year unassigned fund balance was \$39.5 million, 24.6 percent of General Fund expenditures.
- During the current fiscal year, the City's total long-term bonded debt increased by 1.2 percent or \$1.2 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide financial statements

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

CITY OF ROCKFORD, ILLINOIS

Management's Discussion and Analysis December 31, 2020

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

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

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

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

The two government-wide statements are as follows:

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

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

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

Fund financial statements

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

CITY OF ROCKFORD, ILLINOIS

Management's Discussion and Analysis December 31, 2020

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 13 individual governmental funds of which seven 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, Tax Increment Financing Fund, Debt Service Fund, and Capital Projects Fund are considered the City's major funds. Financial data from the other six governmental funds are combined into a single, aggregated presentation. Individual fund financial data for each of the nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for all of its governmental funds, except for the Human Services, the Family Justice Center, the Veteran's Scholarship, and the Rock River Training funds. A budgetary comparison schedule has been provided for these funds to demonstrate compliance with this budget.

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 ad hoc 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.

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

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.

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

CITY OF ROCKFORD, ILLINOIS

Management's Discussion and Analysis December 31, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position – As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets/deferred outflows exceeded liabilities/deferred inflows by \$125.4 million at the close of the fiscal year ended December 31, 2020.

The City's net position includes assets invested in capital net of related debt, restricted net position, and unrestricted net position. In 2020, assets invested in capital net of related debt were equal to \$436.9 million. These assets reflect the City's investment in capital assets (land, buildings, equipment, other improvements and infrastructure) less any related debt used to acquire those assets that is still outstanding. The City uses this capital to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following table presents a summary of the City's Net Position at December 31, 2020 and 2019:

	Net Position					
	Governmental Activities		Business-Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 171,121,648	\$ 183,831,852	\$ 22,029,451	\$ 25,992,691	\$ 193,151,099	\$ 209,824,543
Capital assets	343,703,277	320,857,904	207,729,317	202,510,010	551,432,594	523,367,914
Total assets	514,824,925	504,689,756	229,758,768	228,502,701	744,583,693	733,192,457
Deferred outflows of resources	45,264,375	29,909,645	1,201,905	81,890	46,466,280	29,991,535
Total assets and deferred outflows	560,089,300	534,599,401	230,960,673	228,584,591	791,049,973	763,183,992
Long-term liabilities	465,978,036	476,000,420	45,519,647	45,792,277	511,497,683	521,792,697
Current liabilities	37,499,414	39,240,519	8,507,125	8,318,149	46,006,539	47,558,668
Total liabilities	503,477,450	515,240,939	54,026,772	54,110,426	557,504,222	569,351,365
Deferred inflows of resources	108,136,424	98,168,839	55,571	73,834	108,191,995	98,242,673
Total liabilities and deferred inflows	611,613,874	613,409,778	54,082,343	54,184,260	665,696,217	667,594,038
Net position	272,587,858	240,780,483	164,308,985	154,684,885	436,896,843	395,465,368
Net invested in capital assets	33,879,451	35,306,516	5,186,860	5,190,830	39,066,311	40,497,346
Restricted	(357,991,883)	(354,897,376)	7,382,485	14,524,616	(350,609,398)	(340,372,760)
Unrestricted	(51,524,574)	(78,810,377)	176,878,330	174,400,331	125,353,756	95,589,954
Total net position						

CITY OF ROCKFORD, ILLINOIS

Management's Discussion and Analysis

December 31, 2020

Normal Impacts

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

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

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

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

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

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

Current Year Impacts

Total liabilities and deferred inflows of resources exceeded total assets and deferred outflows of the City's governmental activities by \$51.5 million compared to \$78.8 million at the end of 2019. Unrestricted net position, which may be used to finance the day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, was (\$358.0) million. Restricted net position, those restricted for special purposes such as; capital projects, debt service, and various grant related activities decreased by 4.0 percent.

At the end of the current fiscal year, the City reported positive balances in all three categories of net position for the business type activities. Total net position increased to \$176.9 million compared to a restated \$171.2 million.

CITY OF ROCKFORD, ILLINOIS

Management's Discussion and Analysis December 31, 2020

A summary of the City's 2020 Changes in Net Position is presented below:

REVENUES	Changes in Net Position					
	Governmental Activities		Business-Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Program revenues:						
Charges for services	\$ 43,804,862	\$ 39,409,513	\$ 34,578,880	\$ 32,720,574	\$ 78,383,742	\$ 72,130,087
Operating grants and contributions	37,226,428	26,763,411	—	—	37,226,428	26,763,411
Capital grants and contributions	—	3,447,733	497,436	770,104	497,436	4,217,837
General revenues:						
Taxes						
Property taxes	59,559,026	59,088,158	—	—	59,559,026	59,088,158
Sales tax	38,481,118	41,432,700	—	—	38,481,118	41,432,700
Other taxes	36,850,380	28,086,266	—	—	36,850,380	28,086,266
Intergovernmental						
Income tax	16,834,216	16,402,072	—	—	16,834,216	16,402,072
Replacement tax	7,841,272	8,768,557	—	—	7,841,272	8,768,557
Interest earnings	802,248	1,081,913	179,064	491,009	981,312	1,572,922
Other	9,519,858	5,779,049	—	—	9,519,858	5,779,049
Total revenues	250,919,408	230,259,372	35,255,380	33,981,687	286,174,788	264,241,059
EXPENSES						
General government	11,274,151	35,092,646	—	—	11,274,151	35,092,646
Public safety	128,276,579	128,312,734	—	—	128,276,579	128,312,734
Streets, alleys and bridges	23,434,088	32,328,120	—	—	23,434,088	32,328,120
Community development	23,971,515	11,973,876	—	—	23,971,515	11,973,876
Sanitation and sewers	24,632	24,675	—	—	24,632	24,675
Culture and recreation	11,303,428	9,810,071	—	—	11,303,428	9,810,071
Public health and welfare	21,383,787	18,634,837	—	—	21,383,787	18,634,837
Interest and fiscal charges	4,148,958	3,744,012	—	—	4,148,958	3,744,012
Water	—	—	26,593,664	24,003,349	26,593,664	24,003,349
Parking	—	—	2,805,081	3,155,858	2,805,081	3,155,858
Total expenses	223,817,138	239,920,971	29,398,745	27,159,207	253,215,883	267,080,178
Increase (decrease) in net position before transfers	27,102,270	(9,661,599)	5,856,635	6,822,480	32,958,905	(2,839,119)
Transfers	183,533	—	(183,533)	—	—	—
Change in net position	27,285,803	(9,661,599)	5,673,102	6,822,480	32,958,905	(2,839,119)
Net position - beginning as restated	(78,810,377)	(69,148,778)	171,205,228	167,577,851	92,394,851	98,429,073
Net position - ending	(51,524,574)	(78,810,377)	176,878,330	174,400,331	125,353,756	95,589,954

CITY OF ROCKFORD, ILLINOIS

Management's Discussion and Analysis December 31, 2020

Normal Impacts

Revenues:

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

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

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

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

Expenses:

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

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

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

Current Year Impacts

Total governmental activities' revenue for the current year was \$250.9 million compared to \$230.3 million in 2019, an increase of 9.0 percent. The leading factors are as follows:

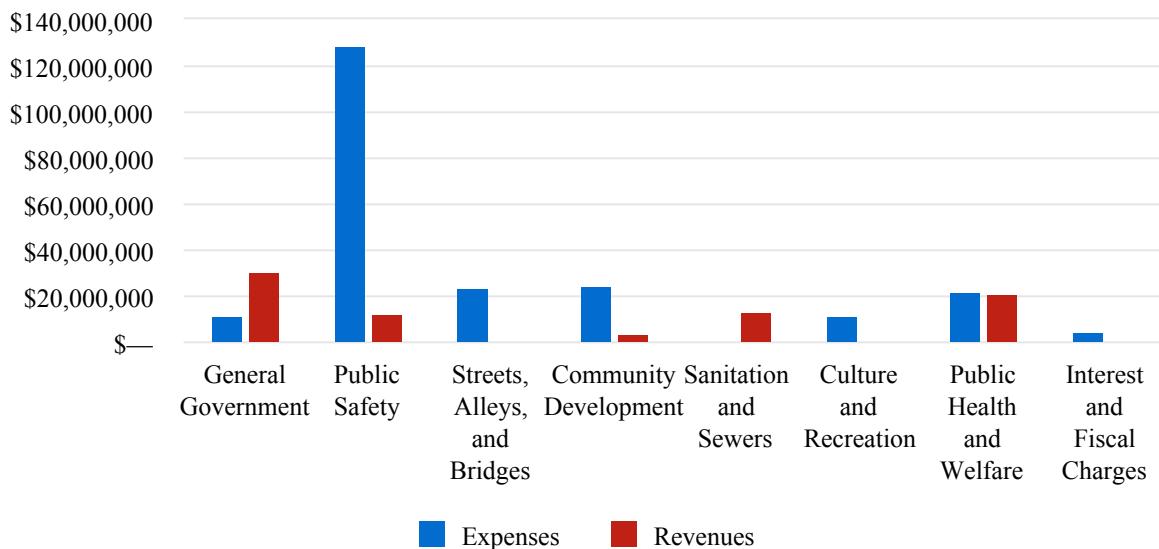
- Total operating grants and contributions for the current year were \$37.2 million an increase of \$10.5 million due to emergency relief funding.
- Total governmental activities' expense for the current year was \$223.8 million compared to \$239.9 million in 2019, a decrease of 6.7 percent.

The graph on the next page shows a comparison between the expenses by governmental activity type and the revenues generated that are specific to those activities.

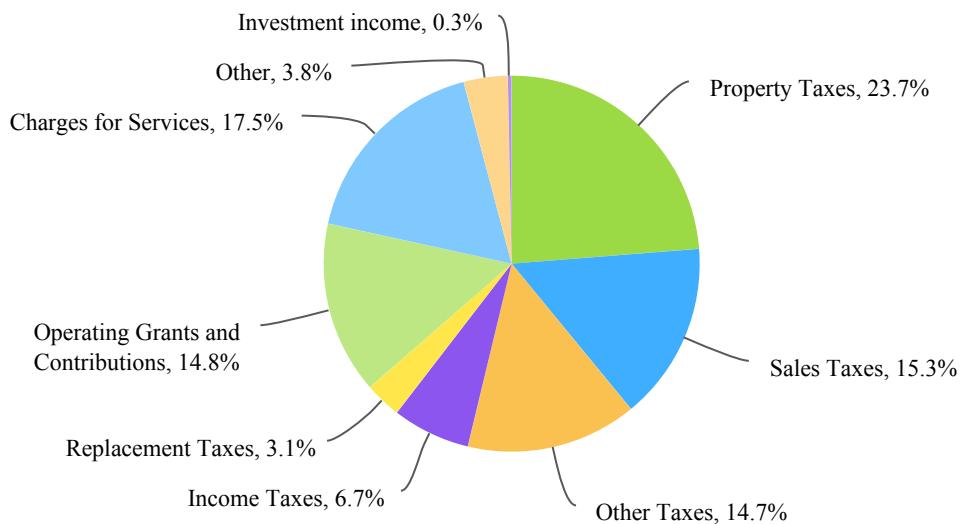
CITY OF ROCKFORD, ILLINOIS

Management's Discussion and Analysis December 31, 2020

Expense and Program Revenue – Governmental Activities



Revenues by Source - Government Activities



The cost of all governmental activities this year was 223.8 million. However, the amount that taxpayers paid for these activities through City and State taxes was only \$159.6 million, an increase of \$5.8 million from the previous year due to increases in other taxes. Some of the cost was paid by:

- Those who directly benefited from the programs - \$43.8 million in 2020, an increase of \$4.4 million from 2019.
- Other governments and organizations that subsidized certain programs with grants - \$37.2 million in 2020, an increase of \$10.5 million due to emergency relief funding.

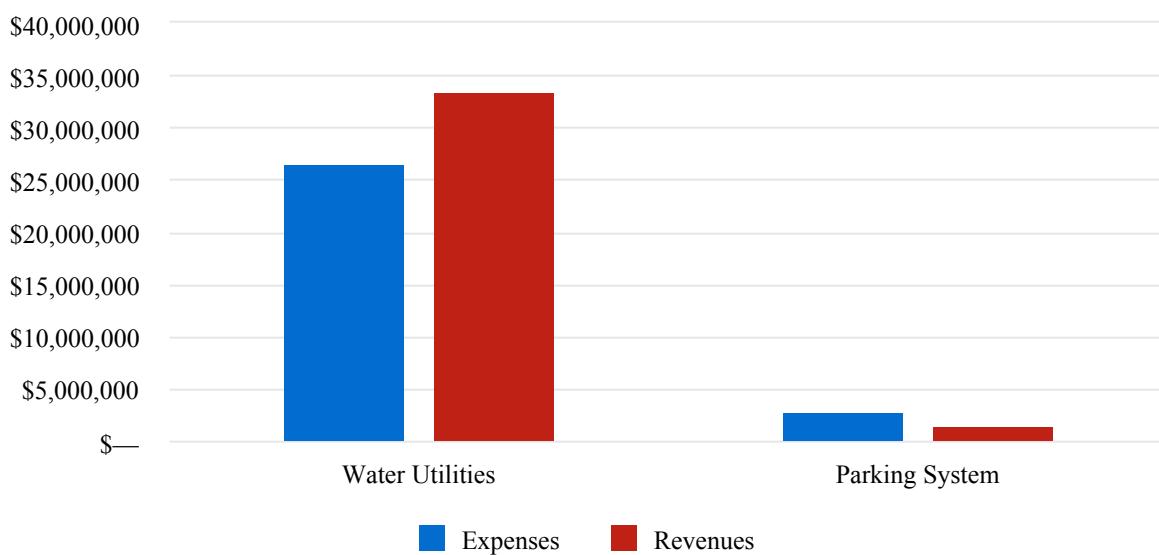
CITY OF ROCKFORD, ILLINOIS

Management's Discussion and Analysis December 31, 2020

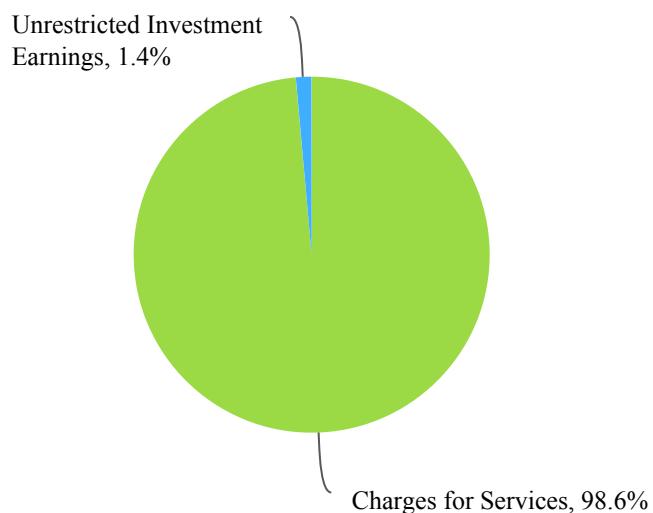
Business-type Activities – Business-type activities net position increased by \$5.7 million in 2020, compared to an increase of \$6.8 million in 2019. Revenues from business-type activities increased by 3.7 percent to \$35.3 million and expenses increased 8.2 percent to \$29.4 million. Key elements contributing to these results included:

- Expenses increased by \$2.2 million due to primarily to increased water utility usage as many residents spent more time at home due to the COVID-19 pandemic and shutdown orders placed on the State of Illinois.

Expenses and Program Revenues – Business-Type Activities



Revenues by Source – Business-Type Activities



CITY OF ROCKFORD, ILLINOIS

Management's Discussion and Analysis December 31, 2020

FINANCIAL ANALYSIS OF THE CITY'S MAJOR FUNDS

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

Governmental funds – The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As the City completed the year 2020, its governmental funds reported a combined fund balance of \$77.3 million, a decrease of \$12.7 million, or 14.1 percent, in comparison with the prior fiscal year. Unassigned fund balance was \$33.5 million, which is available for spending at the government's discretion. The remaining \$43.8 million is for a variety of nonspendable, restricted or assigned purposes and is not available for new spending.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund is \$42.8 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total expenditures. Unassigned fund balance represents 25.9 percent of total General Fund expenditures.

The following schedule presents the governmental funds summary of revenues for the years ended December 31, 2020 and 2019:

	2020	Percent of Total	2019	Amount of	Percent of
				increase (decrease)	increase (decrease)
Revenues by source					
Taxes	\$ 125,570,423	50.07%	\$ 128,607,124	\$ (3,036,701)	(2.4%)
Licenses and permits	9,490,309	3.78%	11,028,972	(1,538,663)	(14.0%)
Intergovernmental	71,222,017	28.40%	53,923,910	17,298,107	32.1%
Charges for services	32,796,285	13.08%	26,303,212	6,493,073	24.7%
Fines	1,518,268	0.61%	2,077,329	(559,061)	(26.9%)
Investment income	650,625	0.26%	712,630	(62,005)	(8.7%)
Miscellaneous	9,519,858	3.80%	5,779,049	3,740,809	64.7%
Total revenues	<u>\$ 250,767,785</u>	<u>100.00%</u>	<u>\$ 228,432,226</u>	<u>\$ 22,335,559</u>	<u>9.8%</u>

Revenues of the City's governmental funds increased \$22.3 million or 9.8 percent from the prior fiscal year.

CITY OF ROCKFORD, ILLINOIS

Management's Discussion and Analysis December 31, 2020

The following schedule presents the governmental funds summary of expenditures for the years ended December 31, 2020 and 2019:

	2020	Percent of Total	2019	Amount of increase (decrease)	Percent of increase (decrease)
Expenditures by function					
General government	\$ 24,695,816	9.28%	\$ 22,835,047	\$ 1,860,769	8.1%
Public safety	121,765,321	45.78%	113,983,475	7,781,846	6.8%
Streets, alleys and bridges	19,938,492	7.50%	15,744,910	4,193,582	26.6%
Community development	23,893,882	8.98%	11,923,262	11,970,620	100.4%
Culture and recreation	8,476,567	3.19%	9,038,648	(562,081)	(6.2%)
Public health and welfare	21,180,333	7.96%	18,431,025	2,749,308	14.9%
Debt service:					
Principal payments	10,454,272	3.93%	10,075,455	378,817	3.8%
Interest and fiscal charges	3,588,960	1.35%	3,225,586	363,374	11.3%
Capital expenditures	31,987,563	12.03%	25,287,062	6,700,501	26.5%
Total expenditures	<u>\$ 265,981,206</u>	<u>100.00%</u>	<u>\$ 230,544,470</u>	<u>\$ 35,436,736</u>	<u>15.4%</u>

Expenditures of the City's governmental funds increased by \$35.4 million or 15.4 percent compared to the previous year. Capital expenditures increased by \$6.7 million.

The Public Library fund balance at year-end was \$12.4 million, up \$769,979 from the prior year. This 6.6 percent increase is primarily the result of an increase in interest and replacement tax revenues, as well as facility construction reimbursement from ComEd.

The Debt Service Fund total fund balance at year-end was \$7.6 million, all of which is restricted or assigned for the payment of debt service.

Capital Projects Fund total fund balance at year-end was \$9.2 million, all of which is restricted or assigned for future capital projects.

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

CITY OF ROCKFORD, ILLINOIS

Management's Discussion and Analysis December 31, 2020

General Fund Budgetary Highlights

The City Council passed a supplemental budget appropriation increasing expenditures by \$7.9 million (4.9 percent) in the General Fund, due to timing of capital purchases and unexpected personnel expenditures related to snow removal and police and fire department staffing. The City is legally authorized by State statutes to amend the budget after June 30. Budgetary results for the General Fund departments are as follows:

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues	\$ 157,334,603	\$ 157,334,603	\$ 166,819,853	\$ 9,485,250
Expenditures	159,771,595	167,653,246	165,333,313	2,319,933
Excess (deficiency) of revenues over (under) expenditures	(2,436,992)	(10,318,643)	1,486,540	11,805,183
Other financing sources (uses)				
Debt issuance	3,825,000	3,825,000	1,520,795	(2,304,205)
Transfers from other funds	2,500,000	2,500,000	4,451,825	1,951,825
Transfers to other funds	(3,971,710)	(3,971,710)	(3,971,710)	—
Net change in fund balance	\$ (83,702)	\$ (7,965,353)	\$ 3,487,450	\$ 11,452,803

During the year the City spent 98.6 percent of the final amount appropriated in the General Fund. Actual General Fund revenues were more than budgetary estimates by 6.0 percent.

CITY OF ROCKFORD, ILLINOIS

Management's Discussion and Analysis December 31, 2020

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, 2020, amounts to \$551.4 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, improvements, roads and bridges, and water and sewer lines. The City's investment in capital assets net of accumulated depreciation for the governmental activities increased by 7.1 percent and the business-type activities increased by 2.6 percent.

	Primary Government Capital Assets (net of depreciation)					
	Governmental Activities		Business-Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Land	\$ 3,704,840	\$ 3,704,840	\$ 6,967,410	\$ 6,967,410	\$ 10,672,250	\$ 10,672,250
Construction in progress	13,072,502	6,354,776	15,982,259	11,154,884	29,054,761	17,509,660
Land improvements	110,380	371,610	367,952	403,056	478,332	774,666
Building improvements	70,591,732	59,313,243	33,305,901	34,197,289	103,897,633	93,510,532
Improvements other than building	—	—	149,839,859	148,485,857	149,839,859	148,485,857
Equipment	17,165,075	16,167,900	1,265,936	1,301,514	18,431,011	17,469,414
Infrastructure	239,058,748	234,945,535	—	—	239,058,748	234,945,535
Totals	\$ 343,703,277	\$ 320,857,904	\$ 207,729,317	\$ 202,510,010	\$ 551,432,594	\$ 523,367,914

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

	Governmental Activities	Business-Type Activities
Construction in progress	\$ 7,949,605	\$ 11,364,738
Land improvements	136,665	—
Building improvements	13,689,461	185,402
Improvements other than building	—	360,428
Equipment	5,671,528	234,834
Infrastructure	15,608,176	—
	\$ 43,055,435	\$ 12,145,402

Additional information on the City of Rockford's capital assets can be found in Note 3 of this report.

CITY OF ROCKFORD, ILLINOIS

Management's Discussion and Analysis December 31, 2020

Long-term Debt – At the end of the current fiscal year, the City of Rockford had total bonded debt outstanding of \$99.9 million. This debt is backed by the full faith and credit of the City.

Primary Government Outstanding Debt						
General Obligation and Revenue Bonds						
Governmental Activities		Business-Type Activities		Totals		
2020	2019	2020	2019	2020	2019	
General obligation/						
General obligation revenue bonds	\$ 78,775,746	\$ 75,495,033	\$ 21,159,254	\$ 23,224,967	\$ 99,935,000	\$ 98,720,000

The City of Rockford's bond rating is A3 from Moody's Investors Services.

The State imposes a legal limit of 8.625% of total equalized assessed valuation on the amount of general bond indebtedness. The City further limits their indebtedness, by ordinance, to 80.0% of the State limit. As of December 31, 2020, the City's indebtedness was \$98.6 million less than the City limit and \$128.7 million less than the State limit.

Additional information on the City of Rockford's long-term debt can be found in Note 3 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City of Rockford is the industrial and business hub of the Rock River Valley and northwestern Illinois. Rockford's economy is diversified with manufacturing and medical as its primary base. While the national economy is showing signs of recovery, the local economic environment and the impact it has on the City's available revenue continues to present a challenge. The City must continue to carefully balance its priorities in order to maintain the quality of services and public infrastructure.

The City's goal in developing the 2021 budget was to continue offering citizens standard municipal services, continuing economic development efforts, and maintaining fiscal stability. Development and adoption of the 2021 budget was premised on maintaining service levels equivalent to 2020, making incremental improvements where possible, and maintaining a flat or reduced property tax levy.

Budgeted revenues for the General Fund are \$168.6 million, including \$26.2 million for transfers in.

Budgeted expenditures in the General Fund are \$163.7 million, including \$0.5 million for transfers out. Major spending changes by account type for 2021 are:

- a. Salaries increased \$2.3 million as a result of contract increases and additional positions.
- b. Fringe Benefits increased \$0.7 million due to increases to pension funding, health insurance, and then offset by decreases in IMRF contributions.
- c. Contractual and supply accounts decreased \$1.5 million as a result of slight decreases across various departments with normal increases in internal service costs.
- d. Capital outlays decreased \$4.4 million with variation in planned purchases under the City's vehicle leasing plan.

CITY OF ROCKFORD, ILLINOIS

Management's Discussion and Analysis

December 31, 2020

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES - Continued

While the local economic environment and the impact it has on the City's available revenues continues to present a challenge, in December 2020, the City Council approved the proposed budget. Staff reviewed all revenues and expenditures, changes were made as necessary, and a balanced General Fund GAAP budget was adopted. This budget allows the City to maintain the necessary fund and cash balances, as well as allowing the 2022 budget process to begin on a sound financial footing.

Requests for information

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

BASIC FINANCIAL STATEMENTS

The basic financial Statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

Government-Wide Financial Statements

Fund Financial Statements

Governmental Funds

Proprietary Funds

Fiduciary Funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

CITY OF ROCKFORD, ILLINOIS

Statement of Net Position

December 31, 2020

See Following Page

CITY OF ROCKFORD, ILLINOIS

Statement of Net Position

December 31, 2020

	Component Units				
	Primary Government			Rockford	Metropolitan Exposition, Auditorium and Office Building Authority
	Governmental Activities	Business-Type Activities	Totals		
CURRENT ASSETS					
Cash and cash equivalents	\$ 57,634,549	\$ 13,870,439	\$ 71,504,988	\$ 3,863,496	\$ 1,382,215
Receivables - net of allowances	82,891,115	5,355,331	88,246,446	673,849	395,756
Internal balances	5,153,066	(5,153,066)	—	—	—
Due from governmental units	24,731,511	2,090,620	26,822,131	2,747,455	—
Inventories	361,680	679,267	1,040,947	404,116	167,759
Prepays	349,727	—	349,727	120,342	139,358
Total current assets	171,121,648	16,842,591	187,964,239	7,809,258	2,085,088
NONCURRENT ASSETS					
Capital assets					
Nondepreciable	16,777,342	22,949,669	39,727,011	1,969,934	2,614,114
Depreciable	556,233,498	302,972,591	859,206,089	49,184,736	46,108,083
Accumulated depreciation	(229,307,563)	(118,192,943)	(347,500,506)	(24,614,491)	(27,349,229)
	343,703,277	207,729,317	551,432,594	26,540,179	21,372,968
Other assets					
Other assets	—	—	—	—	4,350,763
Restricted assets:					
Cash and cash equivalents	—	5,186,860	5,186,860	4,854,742	283,755
	—	5,186,860	5,186,860	4,854,742	4,634,518
Total noncurrent assets	343,703,277	212,916,177	556,619,454	31,394,921	26,007,486
Total assets	514,824,925	229,758,768	744,583,693	39,204,179	28,092,574
DEFERRED OUTFLOWS OF RESOURCES					
Deferred items - net pension liabilities	34,244,806	—	34,244,806	2,163,689	—
Deferred items - total OPEB liability - RBP	10,279,711	171,884	10,451,595	—	—
Deferred items - ARO	—	1,030,021	1,030,021	—	—
Unamortized loss on refunding	739,858	—	739,858	—	—
Total deferred outflows of resources	45,264,375	1,201,905	46,466,280	2,163,689	—
Total assets and deferred outflows of resources	560,089,300	230,960,673	791,049,973	41,367,868	28,092,574

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

	Component Units				
	Primary Government			Rockford	Metropolitan Exposition, Auditorium and Office Building Authority
	Governmental Activities	Business-Type Activities	Totals		
CURRENT LIABILITIES					
Accounts payable and other accrued liabilities	\$ 10,551,077	\$ 3,542,748	\$ 14,093,825	\$ 539,728	\$ 723,798
Accrued payroll and benefits	1,525,029	79,626	1,604,655	873,863	—
Due to other governmental units	168	—	168	939,646	—
Other payables	1,862,072	—	1,862,072	2,347,470	1,570,409
Other liabilities	254,690	1,395	256,085	—	—
Deposits and advances	—	65,075	65,075	853,390	—
Accrued interest payable	348,341	93,400	441,741	—	—
Current portion of long-term debt	22,958,037	4,724,881	27,682,918	—	396,459
Total current liabilities	37,499,414	8,507,125	46,006,539	5,554,097	2,690,666
Noncurrent liabilities:					
Noncurrent portion of long-term debt	465,978,036	45,519,647	511,497,683	6,980,835	1,358,564
Total liabilities	503,477,450	54,026,772	557,504,222	12,534,932	4,049,230
DEFERRED INFLOWS OF RESOURCES					
Property taxes	60,653,161	—	60,653,161	—	—
Deferred items - net pension liabilities	44,159,771	—	44,159,771	847,549	—
Deferred items - total OPEB liability - RBP	3,323,492	55,571	3,379,063	—	—
Grants	—	—	—	2,208,466	432,088
Total deferred inflows of resources	108,136,424	55,571	108,191,995	3,056,015	432,088
Total liabilities and deferred inflows of resources	611,613,874	54,082,343	665,696,217	15,590,947	4,481,318
NET POSITION					
Net investment in capital assets	272,587,858	164,308,985	436,896,843	24,192,709	20,942,605
Restricted					
Capital projects	—	1,000,000	1,000,000	—	—
Debt service	7,274,106	4,186,860	11,460,966	—	—
Culture and recreation	12,375,287	—	12,375,287	—	—
Community development	1,352,030	—	1,352,030	—	—
Public health and welfare	1,851,016	—	1,851,016	—	—
Highways and streets	11,027,012	—	11,027,012	—	—
Employee and public liability trusts	—	—	—	142,433	—
Unrestricted (deficit)	(357,991,883)	7,382,485	(350,609,398)	1,441,779	2,668,651
Total net position	\$ (51,524,574)	\$ 176,878,330	\$ 125,353,756	\$ 25,776,921	\$ 23,611,256

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

CITY OF ROCKFORD, ILLINOIS

Statement of Activities

For the Fiscal Year Ended December 31, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental activities				
General government	\$ 11,274,151	\$ 29,620,769	\$ 460,000	\$ —
Public safety	128,276,579	1,482,344	10,791,827	—
Streets, alleys and bridges	23,434,088	—	—	—
Community development	23,971,515	—	3,836,787	—
Sanitation and sewers	24,632	12,616,425	—	—
Culture and recreation	11,303,428	85,324	1,137,020	—
Public health and welfare	21,383,787	—	21,000,794	—
Interest and fiscal charges	4,148,958	—	—	—
Total governmental activities	223,817,138	43,804,862	37,226,428	—
Business-type activities				
Water utilities	26,593,664	33,162,144	—	313,902
Parking system	2,805,081	1,416,736	—	183,534
Total business-type activities	29,398,745	34,578,880	—	497,436
Total primary government	\$ 253,215,883	\$ 78,383,742	\$ 37,226,428	\$ 497,436
COMPONENT UNITS				
Rockford mass transit district	\$ 11,787,667	\$ 1,370,847	\$ 16,183,672	\$ 4,009,819
Rockford metropolitan exposition, auditorium and office building authority	12,011,310	9,599,296	985,333	125,100
Total component units	\$ 23,798,977	\$ 10,970,143	\$ 17,169,005	\$ 4,134,919
General revenues				
Taxes				
Property taxes				
Sales taxes				
Other taxes				
Intergovernmental				
Income tax				
Replacement tax				
Other				
Investment income				
Miscellaneous				
Transfers - internal activity				
Change in net position				
Net position - beginning as restated				
Net position - ending				

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

Net (Expenses) Revenues						Component Units	
Primary Government			Rockford		Rockford Metropolitan Exposition, Auditorium and Office Building Authority		
Governmental Activities	Business-Type Activities	Totals	Mass Transit District				
\$ 18,806,618	\$ —	\$ 18,806,618	\$ —	\$ —	\$ —	—	—
(116,002,408)	—	(116,002,408)	—	—	—	—	—
(23,434,088)	—	(23,434,088)	—	—	—	—	—
(20,134,728)	—	(20,134,728)	—	—	—	—	—
12,591,793	—	12,591,793	—	—	—	—	—
(10,081,084)	—	(10,081,084)	—	—	—	—	—
(382,993)	—	(382,993)	—	—	—	—	—
(4,148,958)	—	(4,148,958)	—	—	—	—	—
(142,785,848)	—	(142,785,848)	—	—	—	—	—
—	6,882,382	6,882,382	—	—	—	—	—
—	(1,204,811)	(1,204,811)	—	—	—	—	—
—	5,677,571	5,677,571	—	—	—	—	—
(142,785,848)	5,677,571	(137,108,277)	—	—	—	—	—
—	—	—	9,776,671	—	—	—	—
—	—	—	—	—	—	(1,301,581)	—
—	—	—	9,776,671	—	—	(1,301,581)	—
59,559,026	—	59,559,026	—	—	—	—	—
38,481,118	—	38,481,118	—	—	—	—	—
27,530,279	—	27,530,279	—	—	—	150,531	—
16,834,216	—	16,834,216	—	—	—	—	—
7,841,272	—	7,841,272	—	—	—	—	—
9,320,101	—	9,320,101	—	—	—	—	—
802,248	179,064	981,312	84,997	—	—	1,896	—
9,519,858	—	9,519,858	—	—	—	—	—
183,533	(183,533)	—	—	—	—	—	—
170,071,651	(4,469)	170,067,182	84,997	—	—	152,427	—
27,285,803	5,673,102	32,958,905	9,861,668	—	—	(1,149,154)	—
(78,810,377)	171,205,228	92,394,851	15,915,253	—	—	24,760,410	—
\$ (51,524,574)	\$ 176,878,330	\$ 125,353,756	\$ 25,776,921	\$	\$	23,611,256	—

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

CITY OF ROCKFORD, ILLINOIS

Balance Sheet - Governmental Funds

December 31, 2020

	General	Public Library	Community Development	Special
ASSETS				
Cash and cash equivalents	\$ 2,002,838	\$ 11,793,137	\$ —	—
Receivables - net of allowances				
Property taxes	48,609,689	7,400,957	—	—
Accounts	18,476,131	1,029,531	—	—
Notes	150,000	—	34,001	—
Accrued interest	19,280	7,936	—	—
Due from the Federal Government	160,625	—	645,903	—
Due from the State of Illinois	1,865,078	—	529,683	—
Due from other governmental units	689,704	—	3,202	—
Due from other funds	25,000,780	—	—	—
Inventories	288	—	—	—
Prepays	169,010	—	—	—
Total assets	\$ 97,143,423	\$ 20,231,561	\$ 1,212,789	
LIABILITIES				
Accounts payable	\$ 4,639,073	\$ 469,940	\$ 195,392	—
Accrued payroll and benefits	1,192,567	78,253	7,319	—
Due to other governmental units	—	—	168	—
Due to other funds	—	—	706,779	—
Other payables	167,486	—	348,315	—
Other liabilities	—	—	6,612	—
Total liabilities	5,999,126	548,193	1,264,585	
DEFERRED INFLOWS OF RESOURCES				
Property taxes	48,003,696	7,308,081	—	—
Total liabilities and deferred inflows of resources	54,002,822	7,856,274	1,264,585	
FUND BALANCES				
Nonspendable	319,298	—	—	—
Restricted				
Debt service	—	—	—	—
Culture and recreation	—	12,375,287	—	—
Community development	—	—	—	—
Public health and welfare	—	—	—	—
Highway and streets	—	—	—	—
Assigned				
Community development	—	—	—	—
Unassigned	42,821,303	—	(51,796)	—
Total fund balances	43,140,601	12,375,287	(51,796)	
Total liabilities and deferred inflows of resources and fund balance	\$ 97,143,423	\$ 20,231,561	\$ 1,212,789	

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

Revenue										
Human Services		Tax Increment		Debt Service		Capital Projects		Nonmajor		Totals
\$	8,721	\$	—	\$	7,389,130	\$	3,791,965	\$	12,730,040	\$ 37,715,831
—	5,367,631	—	—	—	—	—	—	—	—	61,378,277
178,463	277,950	—	—	—	387,112	—	543,837	—	20,893,024	184,001
—	—	—	—	—	—	2,770	520	—	—	30,506
7,918,623	—	—	—	—	1,525,978	—	108,544	—	10,359,673	—
3,220,263	—	—	218,217	—	5,593,056	—	984,783	—	12,411,080	—
—	—	—	—	—	810,100	—	9,155	—	1,512,161	—
—	—	—	—	—	—	—	—	—	25,000,780	—
—	—	—	—	—	—	—	—	—	—	288
—	—	—	—	—	—	—	—	—	—	169,010
\$	11,326,070	\$	5,645,581	\$	7,607,347	\$	12,110,981	\$	14,376,879	\$ 169,654,631
—	—	—	—	—	—	—	—	—	—	—
\$	1,549,801	\$	14,504	\$	—	\$	2,650,511	\$	1,653,836	\$ 11,173,057
66,461	—	—	—	—	25,188	—	2,001	—	—	1,371,789
—	—	—	—	—	—	—	—	—	—	168
6,699,960	9,528,764	—	—	—	—	—	373,381	—	17,308,884	—
1,158,832	—	—	—	—	187,439	—	—	—	—	1,862,072
—	—	—	—	—	—	—	—	—	—	6,612
9,475,054	9,543,268	—	—	—	2,863,138	—	2,029,218	—	—	31,722,582
—	—	—	—	—	—	—	—	—	—	—
—	5,341,384	—	—	—	—	—	—	—	—	60,653,161
9,475,054	14,884,652	—	—	—	2,863,138	—	2,029,218	—	—	92,375,743
—	—	—	—	—	—	—	—	—	—	319,298
—	—	—	7,607,347	—	—	—	—	—	—	7,607,347
—	—	—	—	—	—	—	—	—	—	12,375,287
—	—	—	—	—	—	—	1,352,030	—	—	1,352,030
1,851,016	—	—	—	—	—	—	—	—	—	1,851,016
—	—	—	—	—	—	—	11,027,012	—	—	11,027,012
—	—	—	—	—	9,247,843	—	—	—	—	9,247,843
—	(9,239,071)	—	—	—	—	—	(31,381)	—	—	33,499,055
1,851,016	(9,239,071)	—	7,607,347	—	9,247,843	—	12,347,661	—	—	77,278,888
\$	11,326,070	\$	5,645,581	\$	7,607,347	\$	12,110,981	\$	14,376,879	\$ 169,654,631

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

CITY OF ROCKFORD, ILLINOIS

Reconciliation of the Total Governmental Fund Balance to the Statement of Net Position - Governmental Activities

December 31, 2020

Total fund balances for governmental funds	\$ 77,278,888
Total net position reported for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	343,703,277
Less: Internal Service Funds	(7,287,382)
Internal service funds are used by the City to charge the cost of fleet management, building maintenance, inventories, auditing, 911 communications, risk management, information systems, and employee benefits for Illinois municipal retirement, unemployment, workmen's compensation, and health insurance. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. Internal service fund net position is:	(3,425,387)
Deferred outflows (inflows) of resources related to the pensions not reported in the funds.	(2,958,746)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Net pension liabilities	(316,078,790)
Total OPEB liability	(39,340,911)
Installment Contracts Payable	(321,086)
Intergovernmental Payable	(4,108,063)
Bonds payable, net	(69,686,990)
Compensated absences	(8,137,884)
Lease/purchase agreements	(18,035,259)
Section 108 guaranteed loans	(2,793,000)
Accrued interest on bonds	<u>(333,241)</u>
Total net position of governmental activities	<u>\$ (51,524,574)</u>

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

CITY OF ROCKFORD, ILLINOIS

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Fiscal Year Ended December 31, 2020

See Following Page

CITY OF ROCKFORD, ILLINOIS

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Fiscal Year Ended December 31, 2020

	General	Public Library	Community Development	Special
REVENUES				
Taxes	\$ 86,667,045	\$ 7,340,913	\$ —	—
Licenses and permits	9,490,309	—	—	—
Intergovernmental	35,467,315	1,137,020	3,836,787	—
Charges for services	32,746,885	49,400	—	—
Fines	1,482,344	35,924	—	—
Investment income	270,352	96,962	105,226	—
Miscellaneous	695,603	960,956	5,749	—
Total revenues	<u>166,819,853</u>	<u>9,621,175</u>	<u>3,947,762</u>	
EXPENDITURES				
Current				
General government	24,695,816	—	—	—
Public safety	121,461,487	—	—	—
Streets, alleys and bridges	10,868,020	—	—	—
Community development	2,559,607	—	3,962,765	—
Culture and recreation	—	8,476,567	—	—
Public health and welfare	—	—	—	—
Debt service				
Principal payments	—	—	75,000	—
Interest and fiscal charges	4,538	—	6,398	—
Capital outlay	5,743,845	143,891	—	—
Total expenditures	<u>165,333,313</u>	<u>8,620,458</u>	<u>4,044,163</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>1,486,540</u>	<u>1,000,717</u>	<u>(96,401)</u>	
OTHER FINANCING SOURCES (USES)				
Debt issuance	1,520,795	—	—	—
Transfers in	4,451,825	—	30,200	—
Transfers out	(3,971,710)	(230,738)	—	—
	<u>2,000,910</u>	<u>(230,738)</u>	<u>30,200</u>	
Net change in fund balances	3,487,450	769,979	(66,201)	—
Fund balances - beginning	39,653,151	11,605,308	14,405	—
Fund balances - ending	<u>\$ 43,140,601</u>	<u>\$ 12,375,287</u>	<u>\$ (51,796)</u>	

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

Revenue						
Human Services	Tax Increment	Debt Service	Capital Projects	Nonmajor	Totals	
\$ —	\$ 4,302,030	\$ 1,089,315	\$ 15,280,353	\$ 10,890,767	\$ 125,570,423	
—	—	—	—	—	9,490,309	
21,000,794	—	460,000	—	9,320,101	71,222,017	
—	—	—	—	—	32,796,285	
—	—	—	—	—	1,518,268	
(62,806)	(96,472)	—	275,120	62,243	650,625	
573,977	70,000	202,419	5,671,612	1,339,542	9,519,858	
21,511,965	4,275,558	1,751,734	21,227,085	21,612,653	250,767,785	
—	—	—	—	—	24,695,816	
—	—	—	—	303,834	121,765,321	
—	—	—	9,070,472	—	19,938,492	
—	1,969,989	—	—	15,401,521	23,893,882	
—	—	—	—	—	8,476,567	
21,180,333	—	—	—	—	21,180,333	
—	209,282	9,853,041	—	316,949	10,454,272	
—	—	3,492,459	—	85,565	3,588,960	
—	—	—	26,099,827	—	31,987,563	
21,180,333	2,179,271	13,345,500	35,170,299	16,107,869	265,981,206	
331,632	2,096,287	(11,593,766)	(13,943,214)	5,504,784	(15,213,421)	
—	—	—	—	—	1,520,795	
—	—	9,713,662	183,533	1,210,802	15,590,022	
—	(1,521,720)	—	(1,300,000)	(7,541,319)	(14,565,487)	
—	(1,521,720)	9,713,662	(1,116,467)	(6,330,517)	2,545,330	
331,632	574,567	(1,880,104)	(15,059,681)	(825,733)	(12,668,091)	
1,519,384	(9,813,638)	9,487,451	24,307,524	13,173,394	89,946,979	
\$ 1,851,016	\$ (9,239,071)	\$ 7,607,347	\$ 9,247,843	\$ 12,347,661	\$ 77,278,888	

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

CITY OF ROCKFORD, ILLINOIS

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities - Governmental Activities

For the Fiscal Year Ended December 31, 2020

Net change in fund balances - total governmental funds	\$ (12,668,091)
--	-----------------

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful life and reported as depreciation expense. This amount by which capital outlays exceeded depreciation in the current period. In the statement of activities, the amount by which the carrying value of capital assets disposed of exceed the disposed of exceed the proceeds from the sale of those assets is reported as a loss.

Capital outlays	38,590,339
Depreciation expense	(15,999,617)
Disposals - cost	(1,904,256)
Disposals - accumulated depreciation	<u>1,643,085</u> 22,329,551

Bond proceeds are reported as financing sources in governmental funds and they contribute to the change in fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds, but reduces the liability in the statement of net assets.

Debt issued:	
Proceeds from capital lease agreements	(1,520,795)
Repayments:	
Principal payment on bonds and other long-term obligations	<u>10,454,272</u> 8,933,477

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

Net OPEB obligation - RBP	(7,649,702)
Deferred items - RBP	6,542,002
Net pension liability	4,776,286
Deferred items - pensions	355,762
Compensated absences	231,511
Accrued interest payable	73,986
Amortization of bond premiums and discounts and losses	<u>(82,565)</u> 4,247,280

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

4,443,586

Change in net position of governmental activities	\$ <u>27,285,803</u>
---	----------------------

CITY OF ROCKFORD, ILLINOIS

Statement of Net Position - Proprietary Funds
December 31, 2020

See Following Page

CITY OF ROCKFORD, ILLINOIS

Statement of Net Position - Proprietary Funds

December 31, 2020

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Water Utility	Nonmajor		Internal Service
		Parking System	Totals	
ASSETS				
Current assets				
Cash and cash equivalents	\$ 13,870,439	\$ —	\$ 13,870,439	\$ 19,918,718
Accounts receivable				
Water	2,696,580	—	2,696,580	—
Estimated unbilled water usage	3,600,000	—	3,600,000	—
Other	15,796	14,372	30,168	405,307
	6,312,376	14,372	6,326,748	405,307
Less allowance for uncollectible accounts	(971,417)	—	(971,417)	—
	5,340,959	14,372	5,355,331	405,307
Due from State of Illinois	2,090,620	—	2,090,620	—
Due from other governments	—	—	—	448,597
Inventories	679,267	—	679,267	361,392
Prepaid items	—	—	—	180,717
Current restricted assets				
Cash and cash equivalents				
Revenue bond renewal and replacement account	1,000,000	—	1,000,000	—
Alternate bond current debt service account	4,186,860	—	4,186,860	—
	5,186,860	—	5,186,860	—
Total current assets	27,168,145	14,372	27,182,517	21,314,731
Noncurrent assets				
Capital assets				
Land	637,705	6,329,705	6,967,410	—
Construction in progress	13,748,025	2,234,234	15,982,259	3,085,354
Land improvements	900,886	—	900,886	—
Buildings and improvements	26,680,218	27,402,199	54,082,417	6,056,102
Equipment	5,018,051	80,745	5,098,796	6,352,884
Improvements other than land and buildings	238,930,579	3,959,913	242,890,492	235,145
Less accumulated depreciation	(100,646,193)	(17,546,750)	(118,192,943)	(8,442,103)
Total noncurrent assets	185,269,271	22,460,046	207,729,317	7,287,382
Total assets	212,437,416	22,474,418	234,911,834	28,602,113
DEFERRED OUTFLOWS OF RESOURCES				
Deferred items - RBP	169,138	2,746	171,884	—
Deferred items - ARO	1,030,021	—	1,030,021	—
Total deferred outflows of resources	1,199,159	2,746	1,201,905	—
Total assets and deferred outflows of resources	213,636,575	22,477,164	236,113,739	28,602,113

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

	Business-Type Activities - Enterprise Funds			Governmental
	Nonmajor		Totals	Activities
	Water Utility	Parking System		
LIABILITIES				
Current liabilities				
Accounts payable	\$ 3,367,585	\$ 175,163	\$ 3,542,748	\$ 758,705
Accrued interest payable	81,444	11,956	93,400	15,100
Accrued payroll and benefits	76,220	3,406	79,626	153,240
Due to other funds	—	5,153,066	5,153,066	1,158,145
Other liabilities	1,395	—	1,395	248,078
Deposits and advances	65,075	—	65,075	—
Compensated absences	77,640	2,149	79,789	50,465
Capital lease payable	225,060	—	225,060	1,142,944
General obligation alternate bonds payable (net of unamortized premiums/discounts)	1,740,307	461,978	2,202,285	873,800
IEPA loan payable	2,024,522	—	2,024,522	—
Claims and judgments payable	—	—	—	8,290,924
Asset Retirement Obligation	193,225	—	193,225	—
Total current liabilities	7,852,473	5,807,718	13,660,191	12,691,401
Noncurrent liabilities				
Compensated absences	310,562	8,596	319,158	305,903
Total OPEB liability - RBP	647,298	10,508	657,806	—
Refundable water main extension advances	270,969	—	270,969	—
Customer water deposits	262,814	—	262,814	—
Capital lease payable	559,986	—	559,986	2,755,876
General obligation alternate bonds payable (net of unamortized premiums/discounts)	12,323,204	7,347,276	19,670,480	9,374,194
IEPA loan payable	19,553,305	—	19,553,305	—
Claims and judgments payable	—	—	—	6,900,126
Asset Retirement Obligation	4,225,129	—	4,225,129	—
Total noncurrent liabilities	38,153,267	7,366,380	45,519,647	19,336,099
Total liabilities	46,005,740	13,174,098	59,179,838	32,027,500
DEFERRED INFLOWS OF RESOURCES				
Deferred items - RBP	54,683	888	55,571	—
Total liabilities and deferred inflows of resources	46,060,423	13,174,986	59,235,409	32,027,500
NET POSITION				
Net investment in capital assets	148,842,887	15,466,098	164,308,985	3,388,562
Restricted				
Capital projects	1,000,000	—	1,000,000	—
Debt service	4,186,860	—	4,186,860	—
Unrestricted (deficit)	13,546,405	(6,163,920)	7,382,485	(6,813,949)
Total net position	\$ 167,576,152	\$ 9,302,178	\$ 176,878,330	\$ (3,425,387)

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

CITY OF ROCKFORD, ILLINOIS

Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds
For the Fiscal Year Ended December 31, 2020

	Business-Type Activities - Enterprise Funds			Governmental
	Nonmajor		Totals	Activities
	Water	Parking		
	Utility	System		Internal
				Service
OPERATING REVENUES				
Charges for services	\$ 29,907,792	\$ 1,408,165	\$ 31,315,957	\$ 53,722,504
Fines and penalties	793,345	1,163	794,508	—
Intergovernmental	2,454,295	—	2,454,295	1,742,036
Miscellaneous	6,712	7,408	14,120	1,981,882
Total operating revenues	<u>33,162,144</u>	<u>1,416,736</u>	<u>34,578,880</u>	<u>57,446,422</u>
OPERATING EXPENSES				
Salaries and benefits	6,152,692	311,061	6,463,753	14,447,337
Services	9,170,752	1,385,855	10,556,607	32,066,167
Supplies and materials	1,139,821	80,454	1,220,275	3,630,709
Depreciation	6,369,494	550,637	6,920,131	552,169
Charges from General Fund	2,768,806	—	2,768,806	1,099,600
Miscellaneous	224	10,275	10,499	2,961
Total operating expenses	<u>25,601,789</u>	<u>2,338,282</u>	<u>27,940,071</u>	<u>51,798,943</u>
Operating income (loss)	<u>7,560,355</u>	<u>(921,546)</u>	<u>6,638,809</u>	<u>5,647,479</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	217,533	(38,469)	179,064	151,623
Gain (loss) on disposal of capital assets	807	—	807	—
Interest expense and service fees	(1,092,989)	(466,799)	(1,559,788)	(551,419)
Amortization expense	100,307	—	100,307	—
	<u>(774,342)</u>	<u>(505,268)</u>	<u>(1,279,610)</u>	<u>(399,796)</u>
Income (loss) before transfers and contributions	<u>6,786,013</u>	<u>(1,426,814)</u>	<u>5,359,199</u>	<u>5,247,683</u>
Transfers in	—	—	—	36,905
Transfers out	—	(183,533)	(183,533)	(841,002)
Contributions from developers	313,902	183,534	497,436	—
	<u>313,902</u>	<u>1</u>	<u>313,903</u>	<u>(804,097)</u>
Change in net position	7,099,915	(1,426,813)	5,673,102	4,443,586
Net position - beginning as restated	<u>160,476,237</u>	<u>10,728,991</u>	<u>171,205,228</u>	<u>(7,868,973)</u>
Net position - ending	<u>\$ 167,576,152</u>	<u>\$ 9,302,178</u>	<u>\$ 176,878,330</u>	<u>\$ (3,425,387)</u>

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

CITY OF ROCKFORD, ILLINOIS

Statement of Cash Flows - Proprietary Funds
For the Fiscal Year Ended December 31, 2020

	Business-Type Activities - Enterprise Funds			Governmental
	Nonmajor		Totals	Activities
	Water Utility	Parking System		

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers and users	\$ 31,063,522	\$ 1,467,416	\$ 32,530,938	\$ 57,020,643
Payment to suppliers	(12,158,531)	(154,375)	(12,312,906)	(48,743,722)
Payment to employees	(4,208,818)	(181,439)	(4,390,257)	(14,447,337)
Payments to other funds	(2,768,806)	—	(2,768,806)	—
Net cash provided by (used for) operating activities	11,927,367	1,131,602	13,058,969	(6,170,416)

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Purchase of capital assets	(11,645,878)	(2,088)	(11,647,966)	(551,419)
Debt issuance	—	—	—	(1,231,205)
Disposal of capital assets	6,771	—	6,771	10,377,624
Interest and fiscal charges	(1,092,989)	(466,799)	(1,559,788)	—
Payment of capital debt	(3,863,773)	(440,713)	(4,304,486)	(1,067,991)
Net cash provided by (used for) capital and related financing activities	(16,595,869)	(909,600)	(17,505,469)	7,527,009

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Transfers out	—	(183,533)	(183,533)	36,905
Transfers out	—	—	—	(841,002)
	—	(183,533)	(183,533)	(804,097)

CASH FLOWS FROM INVESTING ACTIVITIES

Investment income	217,533	(38,469)	179,064	151,623
Net change in cash and cash equivalents	(4,450,969)	—	(4,450,969)	704,119
Cash and cash equivalents - beginning	23,508,268	—	23,508,268	19,214,599
Cash and cash equivalents - ending	\$ 19,057,299	\$ —	\$ 19,057,299	\$ 19,918,718

Displayed as:

Cash and cash equivalents	\$ 13,870,439	\$ —	\$ 13,870,439	\$ 19,918,718
Restricted assets - cash and cash equivalents	5,186,860	—	5,186,860	—
	\$ 19,057,299	\$ —	\$ 19,057,299	\$ 19,918,718

(Continued)

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

CITY OF ROCKFORD, ILLINOIS

Statement of Cash Flows - Proprietary Funds - Continued
For the Fiscal Year Ended December 31, 2020

	Business-Type Activities - Enterprise Funds			Governmental
	Nonmajor		Totals	Activities
	Water	Parking		
	Utility	System		Internal
				Service

**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET
CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES**

Operating income (loss)	\$ 7,560,355	\$ (921,546)	\$ 6,638,809	\$ 5,647,479
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	6,369,494	550,637	6,920,131	552,169
Increase (decrease) from changes in:				
Accounts receivable, net	(752,141)	50,680	(701,461)	(52,945)
Due from other governmental units	—	—	—	(180,055)
Due from State of Illinois	(1,266,587)	—	(1,266,587)	—
Prepaid items	—	—	—	(26,936)
Inventories	(79,894)	—	(79,894)	(165,843)
Accounts payable	121,672	(96,362)	25,310	(784,407)
Accrued interest payable	(10,076)	(9,194)	(19,270)	—
Accrued payroll and benefits	(159,598)	(5,784)	(165,382)	(338,438)
Due to Other Funds	—	—	—	1,158,145
Other liabilities	193,225	—	193,225	(11,685,432)
Deposits and advances	25,577	—	25,577	—
Compensated absences	(5,143)	167	(4,976)	(294,153)
Due to other funds	—	1,560,213	1,560,213	—
OPEB	(69,517)	2,791	(66,726)	—
Total adjustments	4,367,012	2,053,148	6,420,160	(11,817,895)
Net cash provided by (used for) operating activities	\$ 11,927,367	\$ 1,131,602	\$ 13,058,969	\$ (6,170,416)
Noncash Capital and Related Financing Activities				
Capital Contributions	313,902	183,534	497,436	—
				(Concluded)

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

CITY OF ROCKFORD, ILLINOIS**Statement of Fiduciary Net Position****December 31, 2020**

	Pension Trust
ASSETS	
Cash and cash equivalents	<u>\$ 16,121,017</u>
Investments - retirement plans	
U.S. Treasury Securities	24,355,089
U.S. Agency Securities	22,472,753
Municipal Bonds	1,430,648
Corporate Bonds	41,349,765
Common Stocks	23,640,623
Northern Trust Collective Funds	33,467,804
Mutual Funds	<u>230,978,835</u>
Total investments	<u>377,695,517</u>
Accounts receivable - net of allowance	
Accrued interest receivable	519,458
Contributions receivables	<u>20,478,409</u>
Total accounts receivable - net of allowance	<u>20,997,867</u>
Total assets	<u>414,814,401</u>
LIABILITIES	
Accrued liabilities	108,214
Due to Other Funds	<u>1,380,685</u>
Total Liabilities	<u>1,488,899</u>
NET POSITION	
Net position restricted for pensions	<u>\$ 413,325,502</u>

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

CITY OF ROCKFORD, ILLINOIS**Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended December 31, 2020**

	Pension Trust
ADDITIONS	
Contributions:	
Employer	\$ 21,779,161
Plan member	<u>4,937,225</u>
Total contributions	<u>26,716,386</u>
Investment income:	
Net appreciation (depreciation) in fair value of investments	34,686,663
Interest and dividend income	<u>7,012,461</u>
	41,699,124
Less investment expense	<u>(538,623)</u>
Net investment income	<u>41,160,501</u>
	<u>67,876,887</u>
DEDUCTIONS	
Pension benefits	40,578,836
Refunds of contributions	90,634
Administrative expense	<u>384,829</u>
	<u>41,054,299</u>
Change in fiduciary net position	26,822,588
NET POSITION RESTRICTED FOR PENSIONS	
Beginning	<u>386,502,914</u>
Ending	<u>\$ 413,325,502</u>

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

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

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

The government-wide financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the City’s accounting policies established in GAAP and used by the City are described below.

The City’s financial reporting entity comprises the following:

Primary Government:	City of Rockford
Discretely Presented Component Units:	Rockford Mass Transit District
	Rockford Metropolitan Exposition, Auditorium and Office Building Authority

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 61, “The Financial Reporting Omnibus - an Amendment of GASB Statements No. 14 and No. 34” and includes all component units that have a significant operational or financial relationship with the City.

Police Pension Employees Retirement System

The City’s sworn police employees participate in the Police Pension Fund (“PPF”). The PPF functions for the benefit of these employees and is governed by a five-member pension board, with two members appointed by the City’s Mayor, two elected from active participants of the PPF, and one elected from the retired members of the PPF. Funding for the PPF comes from the following sources: participant contributions as required by state statute, PPF investment returns, and contributions from the City as determined by an independent actuarial study. The State of Illinois is authorized to establish benefit levels and the City is authorized to approve the actuarial assumptions used in the determination of the City’s contribution levels. Although it is legally separate from the City, the PPF is reported as if it were part of the primary government because its sole purpose is to provide retirement benefits for the City’s sworn police employees. The PPF is reported as a pension trust fund.

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

REPORTING ENTITY - Continued

Firefighters' Pension Employees Retirement System

The City's sworn full-time firefighters participate in the Firefighters' Pension Fund ("FPF"). The FPF functions for the benefit of these employees and is governed by a give-member pension board, with two members appointed by the City's Mayor, two elected from active participants of the FPF, and one elected from the retired members of the FPF. Funding for the FPF comes from the following sources: participant contributions as required by state statute, FPF investments returns, and contributions from the City as determined by an independent actuary study. The State of Illinois is authorized to establish benefit levels and the City is authorized to approve the actuarial assumptions used in the determination of the City's contribution levels. Although it is legally separate from the City, the FPF is reported as if it were part of the primary government because its sole purpose is to provide retirement benefits for the City's sworn firefighters. The FPF is reported as a pension trust fund.

Discretely Presented Component Unit

Discretely presented component units are separate legal entities that meet the component unit criteria described in GASB Statement No. 39 but do not meet the criteria for blending.

Rockford Mass Transit District (the "District")

The District is a public service bus company organized to provide mass transit services to Rockford.

Rockford Metropolitan Exposition, Auditorium and Office Building Authority (the "Authority").

The Authority operates the Metro Centre with its responsibility to arrange, finance and maintain industrial, cultural, theatrical, sports, trade, and other activities that meet the needs of the citizens of Rockford.

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

BASIS OF PRESENTATION

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The City's public safety, street, alleys and bridges, community development, sanitation and sewers, culture and recreation, public, health and welfare, and general administrative services are classified as governmental activities. The City's water utilities and parking system activities are classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are: (a) presented on a consolidated basis by column, and (b) reported on a full accrual, economic resource basis, which recognizes all long-term assets/deferred outflows and receivables as well as long-term debt/deferred inflows and obligations.

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

BASIS OF PRESENTATION - Continued

Government-Wide Statements - Continued

The City's net position is reported in three parts: net investment in capital assets; restricted; and unrestricted. The City utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions and business-type activities (general government, public safety, street, alleys and bridges, community development, sanitation and sewers, culture and recreation, public, health and welfare, etc.). The functions are supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges for services, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, which include 1) changes to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

The net costs (by function or business-type activity) are normally covered by general revenue (property, sales and use taxes, certain intergovernmental revenues, permits and charges for services, etc.).

This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities.

Fund Financial Statements

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets/deferred outflows, liabilities/deferred inflows, fund equity, revenues and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories.

GASB Statement No. 34 sets forth minimum criteria (percentage of the assets/deferred outflows, liabilities/deferred inflows, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

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

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

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

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

BASIS OF PRESENTATION - Continued

Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the City:

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

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The City maintains 10 special revenue funds. The Public Library Fund (a major fund) accounts for the operations and maintenance of the main downtown library and five branch libraries. Financing is mainly provided by a specific property tax levy. Other sources of revenue include replacement taxes, rental of rooms and theater space, etc. The Community Development Fund (a major fund) accounts for community rehabilitation projects, including certain community loans, financed primarily by community grants from the Federal government. Projects include public and private rehabilitation. The Human Services Fund (also a major fund) accounts for services provided by the City's Human Services Department, including certain community loans. Services include Head Start program for children, weatherization of homes, payment of heat and electrical bills on behalf of persons in need and services related to intervention and correction programs for youths involved in anti-social behavior and gang activity. Financing is primarily provided by grants from the Federal government and the State of Illinois-Social Services and the General Fund. The Tax Increment Financing Fund (also a major fund) accounts 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 assessed valuation within the districts.

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

Capital Projects Fund is used to account for resources designated to construct or acquire general capital assets and major improvements. Such resources are provided principally from proceeds of general obligation bonds, Federal and State grants, interest earned on such funds and transfers from other funds. The City maintains one capital projects fund and it is treated as a major fund.

Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the City:

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

BASIS OF PRESENTATION - Continued

Proprietary Funds - Continued

Enterprise Funds are required to account for operations for which a fee is charged to external users for goods or services and the activity is (a) financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges, or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. The City maintains two proprietary funds. The Water Utility Fund (a major fund) is used to account for the provision of water services to the residents of the City and some residents of Winnebago County. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service and billing and collection. The Parking System Fund (a nonmajor fund) is used to account for the activities to provide ample parking for the business districts within the City. Activities include, but are not limited to, the collection of parking revenue from reserved spaces, the issuance and collection of parking fees, administration, operations, and maintenance.

Internal Service Funds are used to account for the financing of goods or services provided by an activity to other departments, funds or component units of the City on a cost-reimbursement basis. The City maintains 10 internal service funds. These funds account for central garage, building maintenance, central stores, Illinois Municipal Retirement, unemployment, workmens' compensation, health insurance, 911 communications, risk management and information services provided to other departments and outside agencies on a cost-reimbursement basis.

Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee capacity by the City for others and therefore are not available to support City programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds.

Pension Trust Funds are used to account for assets held in a trustee capacity by the City for pension benefit payments. The Police Pension Fund accounts for the accumulation of resources to pay retirement and other related benefits for sworn members of the City's police force. The Firefighters' Pension Fund accounts for the accumulation of resources to pay retirement and other related benefits for sworn members of the City's Fire Department.

The City's pension trust funds are presented in the fiduciary fund financial statements. Since by definition these assets are being held for the benefit of a third party (pension participants) and cannot be used to address activities or obligations of the City, these funds are not incorporated into the government-wide statements.

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate.

All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets/deferred outflows and liabilities/deferred inflows are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

All proprietary and pension trust funds utilize an “economic resources” measurement focus. The accounting objectives of the “economic resources” measurement focus is the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets/deferred outflows, liabilities/deferred inflows (whether current or noncurrent) associated with their activities are reported. Proprietary and pension trust fund equity is classified as net position.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability/deferred inflow is incurred or economic asset used. Revenues, expenses, gains, losses, assets/deferred outflows, and liabilities/deferred inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. The City recognizes property taxes when they become both measurable and available in accordance with GASB Codification Section P70. A sixty-day availability period is used for revenue recognition for all other governmental fund revenues. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are recognized when due.

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING - Continued

Basis of Accounting - Continued

In applying the susceptible to accrual concept under the modified accrual basis, those revenues susceptible to accrual are property taxes, sales and use taxes, franchise taxes, utility taxes, hotel/motel taxes, fines, interest revenue, and charges for services. All other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

All proprietary funds and pension trust funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Cash and Cash Equivalents

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

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

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.

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

Investments - Continued

Investments are generally reported at fair value. For investments, the City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Receivables and Payables

Property taxes receivable are recognized at the time they are levied. The current year's levy was adopted November 4, 2020. 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 2020 levy is deferred as it is intended to finance fiscal year 2020 to 2021.

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

All trade and property tax receivables are shown net of allowance for uncollectable. The property tax receivable allowance is equal to 1 percent of outstanding property taxes at December 31, 2020.

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.

Interfund Receivables and Payables

The City has the following types of transactions between funds:

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

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

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

Interfund Receivables and Payables - Continued

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

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

Inventories and Prepays

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

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

Restricted Assets

Certain proceeds of Water Utility Fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted cash and cash equivalents on the balance sheet because their use is limited by applicable bond covenants. The “revenue bond renewal and replacement account” (\$1,000,000) is used to report resources set aside to meet unexpected contingencies or to fund asset renewals and replacements. The “alternate bond current debt service account” (\$4,186,860) is used to segregate resources accumulated for alternate bond debt service payments over the next twelve months.

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

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

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

Capital Assets

Capital assets, which include: land, buildings, equipment, and infrastructure assets (e.g. roads, bridges, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets (excluding the Water Utility fund) are defined by the City as assets with an initial, individual cost of more than \$25,000 (except for land which is an initial, individual cost of \$1 or more) and an estimated useful life in excess of one year. The Water Utility fund defines a capital asset as an asset with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year. Purchased or constructed capital assets are recorded at actual cost, including all ancillary and direct labor costs, based on invoices and/or other supporting documentation. Donated capital assets are recorded at acquisition value at the date of donation. In accordance with the prospective reporting of infrastructure assets allowed under GASB Statement No. 34, infrastructure assets acquired prior to January 1, 2002, have been recorded on the government wide financial statements as of January 1, 2006.

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

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

Capital Asset	Years
Land Improvements	5
Buildings and Improvements	10 - 45
Equipment	3 - 20
Infrastructure	50

Deferred Outflows/Inflows of Resources

Deferred outflow/inflow of resources represents an acquisition/reduction of net position that applies to a future period and therefore will not be recognized as an outflow of resources (expense)/inflow of resources (revenue) until that future time.

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

Compensated Absences

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

Long-Term Obligations

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

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

Net Position

In the government-wide financial statements, equity is classified as net position and displayed in three components:

Net Investment in Capital Assets - Consists of capital assets, including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted - All other net position balances that do not meet the definition of "restricted" or "net investment in capital assets."

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2020

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general fund and special revenue funds except for the Human Services, the Family Justice Center, the Veteran's Scholarship, and the Rock River Training funds. In addition, annual budgets are adopted for the City's debt service, capital projects, enterprise, internal service and pension funds. The budget represents departmental appropriations, expenditures and other uses, as authorized by the City's appropriation ordinance, and includes revisions authorized by the City Council to reflect changes in departmental programs. All appropriations of the budgetary fund (General and Special Revenue funds) automatically lapse at year-end. There is no difference between GAAP and budgetary basis of accounting.

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

DEFICIT FUND BALANCE/NET POSITION

The following funds had deficit fund balance/net position as of the date of this report:

Fund	Deficit
Community Development	\$ 51,796
Tax Increment	9,239,071
Family Justice Center	31,381
Risk Management	17,743,707

The Tax Increment Fund's deficit will be alleviated by future property tax revenues. The Risk Management (Internal Service) Fund's deficit will be alleviated from increased rate charges to participating funds.

EXCESS OF ACTUAL EXPENDITURES/EXPENSES, EXCLUSIVE OF DEPRECIATION, OVER BUDGET IN INDIVIDUAL FUNDS

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

Fund	Excess
Motor Fuel Tax	\$ 6,136,707
Health Insurance	607,619
Police Pension	227

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2020

NOTE 3 - DETAIL NOTES ON ALL FUNDS

DEPOSITS AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds except the pension trust funds. Each fund type's portion of this pool is displayed on the financial statements as "cash and investments." In addition, investments are separately held by several of the City's funds. The deposits and investments of the pension trust funds are held separately from those of other funds.

Permitted Deposits and Investments - Illinois Statutes authorizes the City to make deposits/invest in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, obligations of States and their political subdivisions, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services.

The deposits and investments of the Pension Funds are held separately from those of other City funds. Illinois Statutes authorizes the Pension Fund to make deposits/invest in interest bearing direct obligations of the United States of America; obligations that are fully guaranteed or insured as to the payment of principal and interest by the United States of America; bonds, notes, debentures, or similar obligations of agencies of the United States of America; savings accounts or certificates of deposit issued by banks or savings and loan associations chartered by the United States of America or by the State of Illinois, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; credit unions, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; State of Illinois bonds; pooled accounts managed by the Illinois Funds Market Fund (Formerly known as IPTIP, Illinois Public Treasurer's Investment Pool), or by banks, their subsidiaries or holding companies, in accordance with the laws of the State of Illinois; bonds or tax anticipation warrants of any county, township, or municipal corporation of the State of Illinois; direct obligations of the State of Israel; money market mutual funds managed by investment companies that are registered under the Federal Investment Company Act of 1940 and the Illinois Securities Law of 1953 and are diversified, open-ended management investment companies, provided the portfolio is limited to specified restrictions; general accounts of life insurance companies; and separate accounts of life insurance companies and mutual funds, the mutual funds must meet specific restrictions, provided the investment in separate accounts and mutual funds does not exceed ten percent of the Pension Fund's plan net position; and corporate bonds managed through an investment advisor, rated as investment grade by one of the two largest rating services at the time of purchase. Pension Funds with plan net position of \$2.5 million or more may invest up to forty-five percent of plan net position in separate accounts of life insurance companies and mutual funds. Pension Funds with plan net position of at least \$5 million that have appointed an investment advisor, may through that investment advisor invest up to forty-five percent of the plan net position in common and preferred stocks that meet specific restrictions. In addition, Pension Funds with plan net position of at least \$10 million that have appointed an investment advisor, may invest up to fifty percent of its net position in common and preferred stocks and mutual funds that meet specific restrictions effective July 1, 2011 and up to fifty-five percent effective July 1, 2012.

City - Interest Rate Risk, Credit Risk, Custodial Credit Risk, and Concentration Risk

Deposits. At year-end, the carrying amount of the City's deposits for governmental and business-type totaled \$68,362,948 and the bank balances totaled \$72,541,279.

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2020

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

City - Interest Rate Risk, Credit Risk, Custodial Credit Risk, and Concentration Risk - Continued

Investments. At year-end, the City has 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 Securities	\$ 8,328,900	\$ 4,057,500	\$ 4,271,400	\$ —	\$ —

The City has the following recurring fair value measurements as of December 31, 2020:

- U.S. Treasury Securities of \$8,328,900 are valued using quoted market prices (Level 1 inputs).

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City has adopted a policy in regards to interest rate risk that states that the maximum maturity for its investments shall be under 15 years. The average maturity of the total portfolio shall not exceed 5 years. As of December 31, 2020, 11% of the City's cash and investment portfolio will mature in 5 or fewer years.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The primary government's (excluding the pension trust funds) policy with respect to custodial credit risk on deposits requires collateralization on all certificates of deposit purchased after January 1, 1999. The amount of collateral should be at least 105% of the total investment less the amount insured by the FDIC or the FSLIC. As of December 31, 2020, all of the City's deposits were insured or collateralized.

Custodial Credit Risk – Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy does not address custodial credit risk. As of December 31, 2020, the City's investments were not exposed to custodial credit risk. All investments were held by the City's agent in the name of the City.

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

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2020

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

City - Interest Rate Risk, Credit Risk, Custodial Credit Risk, and Concentration Risk - Continued

At December 31, 2020, the City's investments were rated as follows:

Investment Type	Total Fair Value	Credit Rating	
		Standard Moody's	& Poor's
U.S. Treasury Securities	\$ 8,328,900	Aaa	N/A
N/A - Not Available			

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The primary government has adopted a policy addressing concentrations of credit risk. The policy states that U.S. Treasury Securities cannot exceed 50% of the portfolio, U.S. Government Agencies and Instrumentalities of Government Sponsored Corporations cannot exceed 50% of the portfolio, total certificates of deposits cannot exceed 50% of the portfolio, certificates of deposit of any one financial institution cannot exceed 20% of the portfolio, commercial paper cannot exceed 15% of the portfolio, Illinois Funds cannot exceed 50% of the portfolio, and securities purchased for interest rate play cannot exceed 25% of the portfolio.

At December 31, 2020, the City does not have any investments over 5 percent of the total cash and investment portfolio (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

Police Pension Fund - Interest Rate Risk, Credit Risk, Custodial Credit Risk, and Concentration Risk

Deposits. At year-end, the carrying amount of the Fund's deposits totaled \$8,147,110 and the bank balances totaled \$8,199,507.

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2020

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

Police Pension Fund - Interest Rate Risk, Credit Risk, Custodial Credit Risk, and Concentration Risk - Continued

Investments. The Fund has the following investment fair values and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
U.S. Treasury Securities	\$ 8,430,046	\$ 161,987	\$ 5,065,225	\$ 3,202,834	\$ —
U.S. Agency Securities	7,058,918	—	3,120,625	1,156,053	2,782,240
Municipal Bonds	799,422	—	799,422	—	—
Corporate Bonds	19,309,525	1,492,889	13,781,996	4,034,640	—
Totals	\$ 35,597,911	\$ 1,654,876	\$ 22,767,268	\$ 8,393,527	\$ 2,782,240

The Fund has the following recurring fair value measurements as of December 31, 2020:

Investments by Fair Value Level		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
	Totals	(Level 1)	(Level 2)	(Level 3)
Debt Securities				
U.S. Treasury Securities	\$ 8,430,046	\$ 8,430,046	\$ —	\$ —
U.S. Agency Securities	7,058,918	—	7,058,918	—
Municipal Bonds	799,422	—	799,422	—
Corporate Bonds	19,309,525	—	19,309,525	—
Equity Securities				
Common Stocks	13,240,729	13,240,729	—	—
Northern Trust Collective Funds	33,467,804	33,467,804	—	—
Mutual Funds	127,683,572	127,683,572	—	—
Total Investments Measured at Fair Value	\$ 209,990,016	\$ 182,822,151	\$ 27,167,865	\$ —

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2020

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

Police Pension Fund - Interest Rate Risk, Credit Risk, Custodial Credit Risk, and Concentration Risk - Continued

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

Custodial Credit Risk – Deposits. The Fund does not have a deposit policy for custodial credit risk for deposits. As of December 31, 2020, all of the Fund's deposits were insured or collateralized.

Custodial Credit Risk – Investments. The Fund's investment policy does not address custodial credit risk for investments. As of December 31, 2020, the Fund's investments were not exposed to custodial credit risk. All investments were held by the Fund's agent in the name of the Fund.

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

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

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

Investment Type	Total Fair Value	Credit Rating	
		Moody's	Standard & Poor's
U.S. Treasury Securities	\$ 8,430,046	N/A	AAA to AA+
U.S. Agency Securities	7,058,918	N/A	AAA to AA+
Municipal Bonds	799,422	N/A	AA2 to AA+
Corporate Bonds	19,309,525	N/A	A3 to BAA1

N/A - Not Available

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2020

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

Police Pension Fund - Interest Rate Risk, Credit Risk, Custodial Credit Risk, and Concentration Risk - Continued

Concentration Risk. The Fund's investment policy does not address concentration risk. In addition to the securities and fair values listed above, the Fund also has \$13,240,729, invested in common stock, \$33,467,804 invested in Northern Trust collective funds, and \$127,683,572, invested in mutual funds. At December 31, 2020, the Fund does not have any investments (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments) in any one organization that represent 5 percent or more of net position available for retirement benefits.

The Fund's investment policy in accordance with Illinois Compiled Statutes (ILCS) establishes the following target allocation across asset classes:

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	30.00% - 40.00%	4.40%
Domestic Equities	27.50% - 37.50%	7.90%
International Equities	12.50% - 22.50%	8.10%
Real Estate	5.00% - 15.00%	7.50%
Global Tactical	0.00% - 10.00%	6.20%
Cash and Cash Equivalents	0.00% - 5.00%	0.50%

Illinois Compiled Statutes (ILCS) limit the Fund's investments in equities, mutual funds and variable annuities to 40%. Securities in any one company should not exceed 5% of the total fund.

The long-term expected rate of return on the Fund's investments was determined using an asset allocation study conducted by the Fund's investment management consultant in January 2021 in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding the expected inflation. Best estimates or arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2020 are listed in the table above.

Rate of Return

For the year ended December 31, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 11.07%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2020

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

Firefighters' Pension Fund - Interest Rate Risk, Credit Risk, Custodial Credit Risk, and Concentration Risk

Deposits. At year-end, the carrying amount of the Fund's deposits totaled \$7,973,907 and the bank balances totaled \$7,868,960.

Investments. The Fund has the following investment fair values and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
U.S. Treasury Securities	\$ 15,925,043	\$ 2,435,668	\$ 8,188,166	\$ 2,838,094	\$ 2,463,115
U.S. Agency Securities	15,413,835	—	4,064,293	4,724,480	6,625,062
Municipal Bonds	631,226	182,266	448,960	—	—
Corporate Bonds	22,040,240	1,096,621	9,334,576	7,803,344	3,805,699
Totals	\$ 54,010,344	\$ 3,714,555	\$ 22,035,995	\$ 15,365,918	\$ 12,893,876

The Fund has the following recurring fair value measurements as of December 31, 2020:

Investments by Fair Value Level		Fair Value Measurements Using			
		Quoted Prices in Active Markets for Identical Assets	Significant Other Inputs	Significant Observable Inputs	Unobservable Inputs
	Totals	(Level 1)	(Level 2)	(Level 3)	
Debt Securities					
U.S. Treasury Securities	\$ 15,925,043	\$ 15,925,043	\$ —	\$ —	—
U.S. Agency Securities	15,413,835	—	15,413,835	—	—
Municipal Bonds	631,226	—	631,226	—	—
Corporate Bonds	22,040,240	—	22,040,240	—	—
Equity Securities					
Common Stocks	10,399,894	10,399,894	—	—	—
Mutual Funds	103,295,263	103,295,263	—	—	—
Total Investments Measured at Fair Value	\$ 167,705,501	\$ 129,620,200	\$ 38,085,301	\$ —	—

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2020

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

Firefighters' Pension Fund - Interest Rate Risk, Credit Risk, Custodial Credit Risk, and Concentration Risk - Continued

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

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

Custodial Credit Risk - Deposits. The Fund does not have a deposit policy for custodial credit risk. As of December 31, 2020, all of the Fund's deposits were insured or collateralized.

Custodial Credit Risk - Investments. The Fund's investment policy does not address custodial credit risk. As of December 31, 2020, the Fund investments were not exposed to custodial credit risk. All investments were held by the Fund's agent in the name of the Fund.

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

Investment Type	Total Fair Value	Credit Rating	
		Moody's	Standard & Poor's
U.S. Treasury Securities	\$ 15,925,043	Aaa	N/A
U.S. Agency Securities	15,413,835	Aaa	AA+
Municipal Bonds	631,226	Aaa	A- to AAA
Corporate Bonds	22,040,240	A1 to A3	BBB to AA+

N/A - Not Available

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2020

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

Firefighters' Pension Fund - Interest Rate Risk, Credit Risk, Custodial Credit Risk, and Concentration Risk - Continued

Concentration Risk. The Fund's investment policy does not address concentration risk. In addition to the securities and fair values listed above, the Fund also has \$10,399,894 invested in common stock and \$103,295,263 invested in mutual funds. At December 31, 2020, the Fund does not have any investments (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments) in any one organization that represent 5 percent or more of net position available for retirement benefits.

The Fund's investment policy in accordance with Illinois Compiled Statutes (ILCS) establishes the following target allocation across asset classes:

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	30.00% - 40.00%	4.40%
Domestic Equities	27.50% - 37.50%	7.90%
International Equities	12.50% - 22.50%	8.10%
Real Estate	5.00% -15.00%	7.50%
Global Tactical	0.00% - 10.00%	6.20%
Cash and Cash Equivalents	0.00% - 5.00%	0.50%

Illinois Compiled Statutes (ILCS) limit the Fund's investments in equities, mutual funds and variable annuities to 40%. Securities in any one company should not exceed 5% of the total fund.

The long-term expected rate of return on the Fund's investments was determined using an asset allocation study conducted by the Fund's investment management consultant in January 2021 in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding the expected inflation. Best estimates or arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2020 are listed in the table above.

Rate of Return

For the year ended December 31, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 10.59%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2020

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

Component Units – Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration

Deposits. At June 30, 2020, the carrying amount of the Rockford Mass Transit District deposits totaled \$8,718,238 and the bank balances totaled \$8,718,238 and Rockford Metropolitan Exposition Authority District deposits totaled \$1,665,970 and the bank balances totaled \$1,665,970.

Custodial Credit Risk – Deposits. The Rockford Mass Transit District investment policy requires that deposits with financial institutions in excess of FDIC be collateralized with collateral in an amount of 100% of uninsured deposits. As of June 30, 2020, the Rockford Mass Transit District total deposits were not exposed to custodial credit risk. The Rockford Metropolitan Exposition Authority does not have a policy that addresses custodial credit risk.

Interest Rate Risk. As of June 30, 2020, the Rockford Mass Transit District and the Rockford Metropolitan Exposition Authority have no formal policies with regards to managing interest rate risk.

Credit Risk. Statutes authorize the Rockford Mass Transit District and the Rockford Metropolitan Exposition Authority to invest in securities issued or guaranteed by the U.S. Government, interest-bearing accounts in federally insured financial institutions, short-term obligations (less than 280 days) of U.S. corporations with assets over \$500 million rated in the three highest classifications by at least two rating agencies, insured accounts of an Illinois credit union chartered under Federal or Illinois law, money market mutual funds with portfolios of securities issued or guaranteed by the U.S. Government or agreements to repurchase these same types of obligations, Illinois Funds and repurchase agreement which meet instrument transaction requirements of Illinois law. There is no credit quality rating available for the Rockford Mass Transit District and the Rockford Metropolitan Exposition Authority investments at June 30, 2020.

Concentration of Credit Risk. The Rockford Mass Transit District and the Rockford Metropolitan Exposition Authority place no limit on the amount the entity may invest in any one issuer. At June 30, 2020, the Rockford Mass Transit District and the Rockford Metropolitan Exposition Authority had no investments which exceed 5% of total net position of the component units.

Custodial Credit Risk – Deposits. The Rockford Mass Transit District and the Rockford Metropolitan Exposition Authority do not have a deposit policy for custodial credit risk. As of June 30, 2020, all of the Rockford Mass Transit District and the Rockford Metropolitan Exposition Authority deposits were insured or collateralized.

Custodial Credit Risk – Investments. The Rockford Mass Transit District and the Rockford Metropolitan Exposition Authority investment policy does not address custodial credit risk. As of June 30, 2020, the Rockford Mass Transit District and the Rockford Metropolitan Exposition Authority investments were not exposed to custodial credit risk.

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2020

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

RECEIVABLES AND PAYABLES

Receivables and payables as of December 31, 2020 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:

	Business-Type Activities									
	Enterprise Funds					Governmental Activities				
	Special Revenue			Nonmajor		Water Utility			Parking System	
	General	Public Library	Community Development	Human Services	Tax Increment	Debt Service	Capital Project	Nonmajor	Water Utility	Internal Service
RECEIVABLES										
Taxes	\$ 48,609,689	\$ 7,445,472	\$ —	\$ —	\$ 5,462,140	\$ —	\$ —	\$ —	\$ —	\$ —
Accounts	23,849,744	1,103,350	—	588,343	277,950	—	387,112	2,798,486	6,312,376	14,372
Notes	150,000	—	79,131	—	—	—	—	—	—	—
Accrued Interest	19,280	7,936	—	—	—	—	2,770	520	—	—
Gross receivables	72,628,713	8,556,758	79,131	588,343	5,740,090	—	389,882	2,799,006	6,312,376	14,372
Less: Allowance for uncollectibles	(5,373,613)	(118,334)	(45,130)	(409,880)	(94,509)	—	—	(2,254,649)	(971,417)	—
Total receivables	\$ 67,255,100	\$ 8,438,424	\$ 34,001	\$ 178,463	\$ 5,645,581	\$ —	\$ 389,882	\$ 544,357	\$ 5,340,959	\$ 14,372
										\$ 405,307
DUE FROM OTHER GOVERNMENTAL UNITS										
Federal	\$ 160,625	\$ —	\$ 645,903	\$ 7,918,623	\$ —	\$ —	\$ 1,525,978	\$ 108,544	\$ —	\$ —
State	1,865,078	—	529,683	3,220,263	—	218,217	5,593,056	984,783	2,090,620	—
Other	689,704	—	3,202	—	—	—	810,100	9,155	—	448,597
Total due from other governmental units	\$ 2,715,407	\$ —	\$ 1,178,788	\$ 11,138,886	\$ —	\$ 218,217	\$ 7,929,134	\$ 1,102,482	\$ 2,090,620	\$ —
										\$ 448,597
PAYABLES										
Vendors	\$ 4,639,073	\$ 469,940	\$ 195,392	\$ 1,549,801	\$ 14,504	\$ —	\$ 2,650,511	\$ 1,653,836	\$ 3,367,585	\$ 175,163
Accrued interest	—	—	—	—	—	—	—	—	81,444	11,956
Total payables	\$ 4,639,073	\$ 469,940	\$ 195,392	\$ 1,549,801	\$ 14,504	\$ —	\$ 2,650,511	\$ 1,653,836	\$ 3,449,029	\$ 187,119
										\$ 758,705

INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund Balances

During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, construct assets and service debt. To the extent that payments related to certain transactions between funds have not been paid or received as of December 31, 2020, they are reflected below and reported in the financial statements as due from or due to other funds.

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2020

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS - Continued

Interfund Balances - Continued

The composition of interfund balances as of December 31, 2020 is as follows:

Receivable	Payable	Purpose	Amount
General	Community Development	Interfund cash advances	\$ 706,779
General	Human Services	Interfund cash advances	6,699,960
General	Tax Increment	Interfund cash advances	9,528,764
General	Nonmajor governmental	Interfund cash advances	373,381
General	Nonmajor business-type	Interfund cash advances	5,153,066
General	Risk management	Interfund cash advances	1,158,145
General	Police Pension	60-day collections on property taxes	1,244,539
General	Firefighters' Pension	60-day collections on property taxes	<u>136,146</u>
			<u>\$ 25,000,780</u>

Interfund Transfers

Transfers between funds for the year ended December 31, 2020 are as follows:

Transfers In	Transfers Out	Amount
General	Capital Projects	\$ 1,300,000 (1)
General	Internal Service	651,825 (4)
General	Nonmajor governmental	2,500,000 (2)
Community Development	Internal Service	30,200 (1)
Debt Service	General	3,971,710 (2)
Debt Service	Tax Increment	1,521,720 (2)
Debt Service	Nonmajor governmental	3,830,517 (2)
Debt Service	Public Library	230,738 (3)
Debt Service	Internal Service	158,977 (3)
Capital Projects	Nonmajor enterprise	183,533 (1)
Nonmajor governmental	Nonmajor governmental	1,210,802 (1)
Internal Service	Governmental Activities	<u>36,905 (4)</u>
		<u>\$ 15,626,927</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the fund collecting the receipts to the Debt Service Fund as debt service payments become due, (3) use unrestricted revenues collected in primarily the General Fund to finance the various programs accounted for in other funds in accordance with budgetary authorizations, and (4) transfer remaining fund equity to/from the General Fund and Governmental Activities to close the Central Stores Fund, Illinois Municipal Retirement Fund, and the Unemployment Fund at year end.

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2020

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

CONSTRUCTION COMMITMENTS

The City has active construction projects as of December 31, 2020. The projects include street resurfacing, widening and construction of existing streets and bridges, drainage projects, sidewalks, and water system improvements. At year-end, the City's commitments with contractors are as follows:

Project	Commitment
Harrison Improvement - 11th St - 20th St	\$ 3,464,498
Edgebrook Watermain Replacement	1,578,892
Alpine Dam Improvements	457,248
Police Property and Evidence Facility	444,777
City Wide Street Repairs 2020	430,035
15th Ave Bridge Reconstruction	410,975
Church St Two-Way Conversion	336,717
Gregory Heights Drainage Improvement	281,005
Strathmoor Dr Extension	280,533
Brownfield Asststance Grant	204,417
Whitman St - Kilburn To Rock River	195,579
Railroad Bridge Replacement	190,589
Park Ave and Water St Watermain Replacement	152,688
Cedar St Over Kent Creek Bridge Replacement	148,038
City Wide Street Repairs 2019	123,476
11th St Corridor Study - Samuelson To Charles	116,972
E State St - Mill Rd To Buckley Dr	110,694
9th St Improvement - 6th Ave To E State St	<u>105,077</u>
	<u>\$ 9,032,210</u>

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

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2020

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

CAPITAL ASSETS

Capital asset activity for the primary government for the fiscal year ended December 31, 2020 was as follows:

Governmental Activities

Governmental capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
NONDEPRECIABLE CAPITAL ASSETS				
Land	\$ 3,704,840	\$ —	\$ —	\$ 3,704,840
Construction in progress	6,354,776	7,949,605	(1,231,879)	13,072,502
	<u>10,059,616</u>	<u>7,949,605</u>	<u>(1,231,879)</u>	<u>16,777,342</u>
DEPRECIABLE CAPITAL ASSETS				
Land improvements	1,914,470	136,665	—	2,051,135
Buildings improvements	99,585,734	14,921,340	—	114,507,074
Equipment	51,505,912	5,671,528	(555,304)	56,622,136
Infrastructure	372,191,034	15,608,176	(4,746,057)	383,053,153
	<u>525,197,150</u>	<u>36,337,709</u>	<u>(5,301,361)</u>	<u>556,233,498</u>
LESS ACCUMULATED DEPRECIATION				
Land improvements	(1,542,860)	(397,895)	—	(1,940,755)
Buildings improvements	(40,272,491)	(3,642,851)	—	(43,915,342)
Equipment	(35,338,012)	(4,686,348)	567,299	(39,457,061)
Infrastructure	(137,245,499)	(7,824,692)	1,075,786	(143,994,405)
	<u>(214,398,862)</u>	<u>(16,551,786)</u>	<u>1,643,085</u>	<u>(229,307,563)</u>
Total net depreciable capital assets	310,798,288	19,785,923	(3,658,276)	326,925,935
Total net capital assets	<u>\$ 320,857,904</u>	<u>\$ 27,735,528</u>	<u>\$ (4,890,155)</u>	<u>\$ 343,703,277</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 340,452
Public safety	3,970,005
Streets, alleys and bridges	8,556,580
Community development	77,633
Sanitation and sewers	24,632
Culture and recreation	2,826,861
Public health and welfare	203,454
Internal service	<u>552,169</u>
	<u><u>\$ 16,551,786</u></u>

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2020

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

CAPITAL ASSETS - Continued

Business-Type Activities

	Beginning Balances	Increases	Decreases	Ending Balances
NONDEPRECIABLE CAPITAL ASSETS				
Land	\$ 6,967,410	\$ —	\$ —	\$ 6,967,410
Construction in progress	11,154,884	11,364,738	(6,537,363)	15,982,259
	<u>18,122,294</u>	<u>11,364,738</u>	<u>(6,537,363)</u>	<u>22,949,669</u>
DEPRECIABLE CAPITAL ASSETS				
Land improvements	900,886	—	—	900,886
Buildings and improvements	53,897,015	185,402	—	54,082,417
Improvements other than buildings	235,992,701	6,897,791	—	242,890,492
Equipment	4,923,606	234,834	(59,644)	5,098,796
	<u>295,714,208</u>	<u>7,318,027</u>	<u>(59,644)</u>	<u>302,972,591</u>
LESS ACCUMULATED DEPRECIATION				
Land improvements	(497,830)	(35,104)	—	(532,934)
Buildings and improvements	(19,699,726)	(1,076,790)	—	(20,776,516)
Improvements other than buildings	(87,506,844)	(5,543,789)	—	(93,050,633)
Equipment	(3,622,092)	(264,448)	53,680	(3,832,860)
	<u>(111,326,492)</u>	<u>(6,920,131)</u>	<u>53,680</u>	<u>(118,192,943)</u>
Total net depreciable capital assets	184,387,716	397,896	(5,964)	184,779,648
Total net capital assets	<u>\$ 202,510,010</u>	<u>\$ 11,762,634</u>	<u>\$ (6,543,327)</u>	<u>\$ 207,729,317</u>

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

Water	\$ 6,369,494
Parking system	<u>550,637</u>
	<u>\$ 6,920,131</u>

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements December 31, 2020

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

CAPITAL ASSETS - Continued

Capital asset activity for the component units for the fiscal years ended June 30, 2020 was as follows:

Rockford Mass Transit District

	Beginning Balances	Increases	Decreases	Ending Balances
NONDEPRECIABLE CAPITAL ASSETS				
Land	\$ 1,969,934	\$ —	\$ —	\$ 1,969,934
DEPRECIABLE CAPITAL ASSETS				
Land improvements	924,521	—	—	924,521
Buildings and improvements	25,077,272	140,186	(2,464)	25,214,994
Buses and service vehicles	16,542,135	3,618,287	(1,195,482)	18,964,940
Equipment and office furniture	3,944,708	158,484	(22,911)	4,080,281
	46,488,636	3,916,957	(1,220,857)	49,184,736
LESS ACCUMULATED DEPRECIATION	(23,936,133)	(1,899,215)	1,220,857	(24,614,491)
Total net depreciable capital assets	22,552,503	2,017,742	—	24,570,245
Total net capital assets	\$ 24,522,437	\$ 2,017,742	\$ —	\$ 26,540,179

Rockford Metropolitan Exposition, Auditorium and Office Building Authority

	Beginning Balances	Increases	Decreases	Ending Balances
NONDEPRECIABLE CAPITAL ASSETS				
Land	\$ 2,597,014	\$ —	\$ —	\$ 2,597,014
Construction in progress	59,493	17,100	(59,493)	17,100
	2,656,507	17,100	(59,493)	2,614,114
DEPRECIABLE CAPITAL ASSETS				
Buildings and improvements	37,348,758	280,774	—	37,629,532
Equipment	8,306,540	172,011	—	8,478,551
	45,655,298	452,785	—	46,108,083
LESS ACCUMULATED DEPRECIATION				
Buildings and improvements	(19,067,106)	(1,068,679)	—	(20,135,785)
Equipment	(6,916,034)	(298,381)	971	(7,213,444)
	(25,983,140)	(1,367,060)	971	(27,349,229)
Total net depreciable capital assets	19,672,158	(914,275)	971	18,758,854
Total net capital assets	\$ 22,328,665	\$ (897,175)	\$ (58,522)	\$ 21,372,968

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2020

NOTE 3 – DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM DEBT

General Obligation Bonds and Alternate Bonds

The City has issued general obligation bonds to provide for community development and the acquisition and construction of major capital projects. General obligation bonds have been issued for both governmental and business-type activities. The beginning balance of outstanding general obligation bonds was \$98,720,000. During the year, there was \$10,020,000 new general obligation bonds issued for governmental activities and for business-type activities, and the City made principal payments of \$8,805,000 leaving an ending balance of \$99,935,000.

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

Purpose	Original Issue Amount	Interest Rates	Maturity Date	Amount
GOVERNMENTAL ACTIVITIES				
2009-D Redevelopment Taxable				
General Obligation Alternate Bond Issue	\$ 1,700,000	2.25% - 5.50%	2024	\$ 700,000
2014-A Fire Station Construction				
General Obligation Alternate Bond Issue	5,420,000	3.00% - 4.00%	2034	4,135,000
2015 Fire Station Construction				
General Obligation Alternate Bond Issue	12,195,000	3.00% - 3.75%	2034	9,220,000
2019-A Police Evidence Facility Project				
General Obligation Alternate Bond Issue	7,385,000	4.00%	2039	7,185,000
2019-B Convention Center Construction				
Sales Tax Alternate Revenue Issue	13,235,000	2.061% - 3.397%	2039	12,790,000
2016-A Refunding General Obligation				
Sales Tax Alternate Revenue Issue	14,770,000	2.00% - 5.00%	2035	12,480,746
2012-C Refunding General Obligation				
Alternate Bond Issue	1,810,000	1.50% - 2.00%	2021	125,000
2014-A Refunding General Obligation				
Alternate Bond Issue	9,625,000	3.00% - 4.00%	2024	1,955,000
2014-C Refunding General Obligation				
Alternate Bond Issue	14,280,000	3.00% - 4.00%	2027	7,560,000
2016-A Refunding General Obligation				
Sales Tax Alternate Revenue Issue	5,400,000	2.00% - 5.00%	2035	3,770,000
2018-A Refunding General Obligation				
Sales Tax Alternate Revenue Issue	2,730,000	4.00%	2027	2,730,000
2018-C Refunding General Obligation				
Bond Issue	8,265,000	3.15% - 4.45%	2028	7,065,000
2020 General Obligation Bonds				
Sales Tax Alternate Revenue Source Issue	10,020,000	3.00% - 4.00%	2030	<u>9,060,000</u>
Total governmental activities				<u>78,775,746</u>

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2020

NOTE 3 – DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM DEBT - Continued

General Obligation Bonds and Alternate Bonds - Continued

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

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

Purpose	Original Issue Amount	Interest Rates	Maturity Date	Amount
BUSINESS-TYPE ACTIVITIES				
Water Utility Fund:				
2010-A General Obligation Alternate Bond Issue	\$ 3,400,000	2.00% - 4.00%	2030	\$ 2,050,000
2016-B Refunding General Obligation Alternate Bond Issue	10,735,000	5.00%	2027	6,925,000
2018-B Refunding General Obligation Bond Issue	5,330,000	3.13% - 4.00%	2028	4,375,000

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2020

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM DEBT - Continued

General Obligation Bonds and Alternate Bonds - Continued

General obligation alternate bonds currently outstanding are as follows:

Purpose	Original Issue Amount	Interest Rates	Maturity Date	Amount
BUSINESS-TYPE ACTIVITIES - Continued				
Parking System Fund:				
2015-A General Obligation Alternate Bond Issue	\$ 6,315,000	3.00% - 4.00%	2035	\$ 5,090,000
2016-A Refunding General Obligation Sales Tax Alternate Revenue Issue	650,000	2.00% - 5.00%	2035	549,254
2018-C Refunding General Obligation Bond Issue	1,225,000	3.15% - 4.45%	2028	990,000
2019B Convention Center Construction Sales Tax Alternate Revenue Issue	1,220,000	2.061% - 3.397%	2039	<u>1,180,000</u>
Total business-type activities				<u>21,159,254</u>
Total primary government				<u>\$ 99,935,000</u>

Legal Debt Limitations

The State imposes a legal limit of 8.625% of the total equalized assessed valuation on the amount of general bonded indebtedness. The City of Rockford further limits its indebtedness, by ordinance, to 80.0% of the State limit. As of December 31, 2020, the City indebtedness was \$98.6 million less than the City limit and \$128.7 million less than the State limit.

Installment Contract Payable

The City also issues installment contracts payable to provide funds for the purchase of capital assets. Installment contracts currently outstanding are as follows:

Purpose	Original Issue Amount	Interest Rates	Maturity Date	Amount
2012 Installment Contract	\$ 2,000,000	1.50%	2023	\$ 321,086

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2020

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM DEBT - Continued

IEPA Loans Payable

Illinois Environmental Protection Agency (IEPA) Loan

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

Date Awarded	Amount Approved	Terms	Loans Received	Construction Interest	Payments	Balance Due
05/19/08	8,308,283	2.5%	\$ 5,090,969	\$ —	\$ (454,088)	\$ 4,636,881
09/30/08	12,512,945	2.5%	7,628,059	—	(643,802)	6,984,257
09/30/08	2,297,070	2.5%	1,217,726	—	(115,073)	1,102,653
08/14/09	6,877,227	0% - 25% principal forgiveness	3,024,049	—	(262,961)	2,761,088
09/30/09	3,122,773	0% - 25% principal forgiveness	1,261,080	—	(120,103)	1,140,977
06/30/10	720,521	1.25% - 25% principal forgiveness	252,936	—	(18,817)	234,119
06/30/10	3,128,995	1.25% - 25% principal forgiveness	1,586,313	—	(123,322)	1,462,991
06/30/10	2,633,303	1.25% - 25% principal forgiveness	1,293,369	—	(100,548)	1,192,821
09/29/10	913,740	1.25% - 25% principal forgiveness	407,167	—	(34,752)	372,415
12/15/10	381,087	1.25% - 25% principal forgiveness	240,307	—	(17,877)	222,430
01/19/11	3,611,244	1.25% - 25% principal forgiveness	1,604,108	—	(136,913)	1,467,195
			\$ 23,606,083	\$ —	\$ (2,028,256)	\$ 21,577,827

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, 2020 is \$2,793,000 due in various annual amounts not exceeding \$75,000 through 2023; interest at 1.410% to 5.890%. The proceeds were then loaned to a secondary authorized representative under the guidelines of the City and HUD contract, for acquisition of equipment for Gray's IGA Grocery Store.

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2020

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM DEBT - Continued

Capital Lease Payable

During 2012 through 2020 the City entered into lease purchase agreements totaling \$56,154,214 for the acquisition of City-wide vehicles, fire apparatuses, squad cars, heavy equipment, ambulances, and heating and air units. Outstanding balances at December 31, 2020 are \$21,934,079 for the governmental activities and \$785,046 for the Water Utility business-type activity fund. The interest rates for the leases range from 1.27% to 3.67%.

The City has entered into 33 separate lease agreements as lessee for financing the acquisition of capital assets. Capital assets of \$48,487,895 have been added to governmental activities and \$2,285,694 has been added to business-type activities. These lease agreements qualify as capital leases for accounting purposes and; therefore, have been recorded at the present value of the future minimum lease payments as of the inception date. The capital leases have been recorded as liabilities of the Municipal Garage and Vehicle Replacement Funds.

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

Fiscal Year	Governmental Activities	Business-Type Activities	Totals
2021	\$ 6,676,383	\$ 247,771	\$ 6,924,154
2022	5,258,571	200,893	5,459,464
2023	4,482,821	154,013	4,636,834
2024	2,751,261	118,651	2,869,912
2025	2,234,672	48,501	2,283,173
2026	2,061,173	48,359	2,109,532
2027	1,086,213	11,675	1,097,888
2028	125,277	11,675	136,952
2029	125,266	11,677	136,943
	24,801,637	853,215	25,654,852
Interest portion	(2,867,558)	(68,169)	(2,935,727)
Principal balances	<u>\$ 21,934,079</u>	<u>\$ 785,046</u>	<u>\$ 22,719,125</u>

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2020

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM DEBT - Continued

Long-Term Liabilities Activity

Long-term obligation activity for the year ended December 31, 2020 was as follows:

	Beginning Balances	Additions	Deductions	Ending Balances	Due Within One Year
GOVERNMENTAL ACTIVITIES					
Bonds payable:					
General					
General obligation bonds	\$ 75,495,033	\$ —	\$ (5,779,287)	\$ 69,715,746	* \$ 5,379,513
Plus premiums and discounts	776,991	—	(65,889)	711,102	48,424
	<u>76,272,024</u>	<u>—</u>	<u>(5,845,176)</u>	<u>70,426,848</u>	<u>5,427,937</u>
Internal Service:					
General obligation bonds	—	10,020,000	(960,000)	9,060,000	755,000
Plus premiums and discounts	—	1,187,994	—	1,187,994	118,800
	<u>—</u>	<u>11,207,994</u>	<u>(960,000)</u>	<u>10,247,994</u>	<u>873,800</u>
Installment Contracts Payable	539,624	—	(218,538)	321,086	225,229
Intergovernmental Payable	4,317,345	—	(209,282)	4,108,063	216,525
Compensated absences					
General	8,369,395	231,511	(463,022)	8,137,884	1,648,385
Internal service	650,521	294,153	(588,306)	356,368	50,465
	<u>9,019,916</u>	<u>525,664</u>	<u>(1,051,328)</u>	<u>8,494,252</u>	<u>1,698,850</u>
Section 108 guaranteed loans	2,868,000	—	(75,000)	2,793,000	216,000
Capital lease payable					
General	20,686,629	1,520,795	(4,172,165)	18,035,259	4,095,858
Internal service	5,002,730	—	(1,103,910)	3,898,820	1,142,944
	<u>25,689,359</u>	<u>1,520,795</u>	<u>(5,276,075)</u>	<u>21,934,079</u>	<u>5,238,802</u>
Claims and judgments	26,933,800	19,951,907	(31,694,657)	15,191,050	9,060,894
Net pension liability					
IMRF	9,687,760	—	(17,265,651)	(7,577,891)	—
Police Pension	142,836,639	3,038,642	—	145,875,281	—
Firefighters' Pension	168,330,677	9,450,723	—	177,781,400	—
Total OPEB liability - RBP	31,691,209	7,649,702	—	39,340,911	—
	<u>\$ 498,186,353</u>	<u>\$ 53,345,427</u>	<u>\$ (62,595,707)</u>	<u>\$ 488,936,073</u>	<u>\$ 22,958,037</u>

*\$700,000 of General Obligation Bond principal has been excluded from the calculation of Net Invested in Capital Assets on the Statement of Net Position as the bond proceeds were used to fund community development projects not resulting in capital additions.

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2020

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM DEBT - Continued

Long-Term Liabilities Activity - Continued

	Restated Beginning Balances	Additions	Deductions	Ending Balances	Due Within One Year
--	-----------------------------------	-----------	------------	--------------------	------------------------

BUSINESS-TYPE ACTIVITIES

Water Utility:

Bonds payable:

General obligation alternate bonds	\$ 14,975,000	\$ —	\$ (1,625,000)	\$ 13,350,000	\$ 1,640,000
Plus premiums and discounts	813,818	—	(100,307)	713,511	100,307
	15,788,818	—	(1,725,307)	14,063,511	1,740,307
IEPA loans	23,606,083	—	(2,028,256)	21,577,827	2,024,522
Capital lease payable	995,563	—	(210,517)	785,046	225,060
Compensated absences	393,345	5,143	(10,286)	388,202	77,640
Total OPEB liability - RBP	610,338	36,960	—	647,298	—
Refundable water main extension advance	270,969	—	—	270,969	—
Customer deposits	268,457	—	(5,643)	262,814	—
Asset retirement obligation	4,347,056	71,298	—	4,418,354	193,225
Total water utility	46,280,629	113,401	(3,980,009)	42,414,021	4,260,754

Parking System:

Bonds payable:

General obligation alternate bonds	8,249,967	—	(440,713)	7,809,254	461,978
Compensated absences	10,578	334	(167)	10,745	2,149
Total OPEB liability - RBP	5,937	4,571	—	10,508	—
Total parking system	8,266,482	4,905	(440,880)	7,830,507	464,127
	\$ 54,547,111	\$ 118,306	\$ (4,420,889)	\$ 50,244,528	\$ 4,724,881

For the governmental activities, the claims and judgments are liquidated by the Risk Management Fund. Compensated absences are generally liquidated by the governmental fund where the related employee salaries are recorded, which includes the General Fund, Public Library Fund, Community Development Fund, Human Services Fund, Capital Improvement Project Fund and other non-major funds. The net pension liabilities are liquidated by the General Fund. Internal service funds predominately serve the governmental funds. Accordingly, long-term liabilities for internal service funds are included as part of the above totals for governmental activities. At year-end, \$356,368 of internal service funds compensated absences, \$15,191,050 for claims and judgments, \$10,247,994 of general obligations bonds, net of premiums/discounts, and \$3,898,820 for capital leases payable are included in the above amounts.

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2020

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM DEBT - Continued

Long-Term Liabilities Activity - Continued

	Beginning Balances	Additions	Deductions	Ending Balances	Due Within One Year
COMPONENTS UNITS					
Rockford Mass Transit District:					
Net pension obligation	\$ 5,259,158	\$ —	\$ (838,190)	\$ 4,420,968	\$ —
Total OPEB liability	10,677,590	—	(8,117,723)	2,559,867	—
Rockford Metropolitan Exposition, Auditorium and Office Building Authority:					
Notes payable	1,400,530	740,000	(385,507)	1,755,023	396,459
	<u>\$ 17,337,278</u>	<u>\$ 740,000</u>	<u>\$ (9,341,420)</u>	<u>\$ 8,735,858</u>	<u>\$ 396,459</u>

Component Units

On December 23, 2009 the City funded a \$2 million loan to the Authority, the proceeds of which were used primarily to pay off a \$1,200,000 bank revolving line of credit. \$100,000 was retained by the City as a six-month advanced principal payment on the term debt and the remaining \$700,000 was used to pay vendor obligations. The term debt is structured with a 10-year amortization, whereby commencing in January 2010, the Metro Centre repays the City \$16,667 monthly principal and interest at LIBOR plus 1.2%. This agreement was restructured effective July 1, 2012 bringing the principal balance back to the original \$2,000,000 and a new maturity date of June 30, 2022. The current balance at June 30, 2020 was \$645,693. These monthly payments are currently holdbacks from the City's monthly support payments to the Authority.

In September of 2010, SMG, a private management firm, began the management of the BMO Harris Bank Center for a five-year term. The agreement included a provision for SMG to provide a non-interest-bearing loan of \$1,000,000 to the Authority to be paid back in monthly installments of \$8,333. This agreement was restructured effective February 3, 2014. The outstanding principal balance was reduced by \$300,000, thereby reducing the monthly installments to \$4,166 effective September 1, 2014. Principal payments of \$50,000 were made during the year bringing the balance of the loan to \$58,334 as of June 30, 2020.

In connection with a November 2011 intergovernmental agreement with the City of Rockford the Authority is responsible for reimbursing the City for the City's lease agreement with Siemens. The terms of the City's lease agreements require 12 annual lease payments with an interest rate of 3.66%. Principal repayments of \$94,936 were made during the current fiscal year bringing the loan balance to \$415,785. Principal in the amount of \$98,411 is due within one year of the date of the statement of net position.

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2020

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM DEBT - Continued

Component Units - Continued

In connection with a November 2011 intergovernmental agreement with the City of Rockford the Authority is responsible for reimbursing the City for the City's lease agreement with Siemens. The terms of the City's lease agreements require 12 annual lease payments with an interest rate of 3.66%. Principal repayments of \$25,237 were made during the current fiscal year bringing the loan balance to \$110,545. Principal in the amount of \$26,162 is due within one year of the date of the statement of net position.

Debt Service Requirements to Maturity

The annual debt service requirements to maturity, including principal and interest, are as follows:

Fiscal Year	Governmental Activities									
	General Obligation Bonds		Section 108 Guaranteed Loans		Intergovernmental Payable		Installment Contracts Payable			
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest		
2021	\$ 6,293,022	\$ 2,909,152	\$ 216,000	\$ 80,849	\$ 216,525	\$ 130,247	\$ 225,229	\$ 3,268		
2022	6,661,547	2,680,856	204,000	75,694	223,614	123,158	95,857	419		
2023	7,005,282	2,433,992	206,000	70,786	230,934	115,838	—	—		
2024	6,893,807	2,168,161	149,000	65,493	238,182	108,590	—	—		
2025	6,337,121	1,897,571	151,000	61,731	246,292	100,480	—	—		
2026	6,541,067	1,670,013	154,000	57,816	254,355	92,418	—	—		
2027	6,795,013	1,427,623	157,000	53,640	262,682	84,091	—	—		
2028	3,858,748	1,169,226	160,000	49,364	271,060	75,712	—	—		
2029	3,982,484	1,035,069	163,000	44,827	280,155	66,617	—	—		
2030	4,001,219	892,674	166,000	39,890	289,327	57,446	—	—		
2031	3,034,533	746,478	169,000	34,779	298,798	47,974	—	—		
2032	3,138,058	637,792	173,000	29,490	308,463	38,310	—	—		
2033	3,256,372	523,823	176,000	23,987	318,679	28,094	—	—		
2034	3,374,685	403,834	179,000	18,300	329,111	17,661	—	—		
2035	2,287,788	279,419	183,000	12,426	339,886	6,887	—	—		
2036	1,260,000	192,520	187,000	6,328	—	—	—	—		
2037	1,305,000	146,884	—	—	—	—	—	—		
2038	1,350,000	99,628	—	—	—	—	—	—		
2039	1,400,000	50,724	—	—	—	—	—	—		
	\$ 78,775,746	\$ 21,314,715	\$ 2,793,000	\$ 725,401	\$ 4,108,063	\$ 1,093,523	\$ 321,086	\$ 3,687		

The Intergovernmental Payable represents the principal outstanding on the Airport Authorities's loan payable of 2012 which were issued for airport purposes and are being repaid by the Airport Authority's Debt Service Fund.

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2020

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM DEBT - Continued

Debt Service Requirements to Maturity - Continued

Fiscal Year	Business-Type Activities	
	General	
	Principal	Interest
2021	\$ 2,101,978	\$ 866,426
2022	2,208,453	777,361
2023	2,314,718	683,217
2024	2,376,193	584,524
2025	2,482,879	482,294
2026	2,543,933	380,575
2027	1,559,987	270,422
2028	1,336,252	209,186
2029	692,516	158,737
2030	703,781	134,409
2031	465,467	109,109
2032	486,942	91,062
2033	503,628	72,138
2034	525,315	52,483
2035	547,212	31,997
2036	75,000	10,531
2037	75,000	7,983
2038	80,000	5,435
2039	80,000	2,718
	<u>\$ 21,159,254</u>	<u>\$ 4,927,889</u>

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2020

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

NET POSITION/FUND BALANCE RESTATEMENT

Beginning net position/fund balance was restated due to the implementation of GASB 83 and the recognition of assets and liabilities associated with the asset retirement obligation and deferred items. The following is a summary of the net position as originally reported and as restated:

Net Position	As Reported	As Restated	(Decrease)
Business-Type Activities	\$ 174,400,331	\$ 171,205,228	\$ (3,195,103)
Water Utility	163,671,340	160,476,237	(3,195,103)

FUND BALANCE/NET POSITION

Fund Balance Classifications

In the governmental funds' financial statements, the City considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The City first utilizes committed, then assigned and then unassigned fund balance when an expenditure is incurred for purposes for which all three unrestricted fund balances are available.

Nonspendable Fund Balance. Consists of resources that cannot be spent because they are either: a) not in a spendable form; or b) legally or contractually required to be maintained intact.

Restricted Fund Balance. Consists of resources that are restricted to specific purposes, that is, when constraints placed on the use of resources are either: a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance. Consists of resources constrained (issuance of an ordinance) to specific purposes by the government itself, using its highest level of decision-making authority, the City Council; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.

Assigned Fund Balance. Consists of amounts that are constrained by the City Council's intent to be used for specific purposes but are neither restricted nor committed. Intent is expressed by a) the City Council itself or b) a body or official to which the City Council has delegated the authority to assign amounts to be used for specific purposes. The City's highest level of decision-making authority is the City Council, who is authorized to assign amounts to a specific purpose.

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2020

NOTE 3 – DETAIL NOTES ON ALL FUNDS - Continued

FUND BALANCE/NET POSITION - Continued

Fund Balance Classifications - Continued

Unassigned Fund Balance. Consists of residual net resources of a fund that has not been restricted, committed, or assigned within the General Fund and deficit fund balances of other governmental funds.

Minimum Fund Balance Policy. The City has a policy to maintain fund balance in the General Fund equal to 20% percent of the adopted budget appropriation.

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

	Special Revenue								Totals
	General	Public Library	Community Development	Human Services	Tax Increment Financing	Debt Service	Capital Projects	Nonmajor	
FUND BALANCES									
Nonspendable									
Notes receivable	\$ 150,000	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 150,000
Inventories	288	—	—	—	—	—	—	—	288
Prepays	169,010	—	—	—	—	—	—	—	169,010
	319,298	—	—	—	—	—	—	—	319,298
Restricted									
Debt service	—	—	—	—	—	7,607,347	—	—	7,607,347
Culture and recreation	—	12,375,287	—	—	—	—	—	—	12,375,287
Community development	—	—	—	—	—	—	—	1,352,030	1,352,030
Public health and welfare	—	—	—	1,851,016	—	—	—	—	1,851,016
Highway and streets	—	—	—	—	—	—	—	11,027,012	11,027,012
	—	12,375,287	—	1,851,016	—	7,607,347	—	12,379,042	34,212,692
Assigned									
Community development	—	—	—	—	—	—	9,247,843	—	9,247,843
Unassigned	42,821,303	—	(51,796)	—	(9,239,071)	—	—	(31,381)	33,499,055
Total fund balances	\$ 43,140,601	\$ 12,375,287	\$ (51,796)	\$ 1,851,016	\$ (9,239,071)	\$ 7,607,347	\$ 9,247,843	\$ 12,347,661	\$ 77,278,888

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2020

NOTE 3 – DETAIL NOTES ON ALL FUNDS - Continued

FUND BALANCE/NET POSITION - Continued

Net Position Classifications

Net investment in capital assets was comprised of the following as of December 31, 2020:

GOVERNMENTAL ACTIVITIES

Capital assets - net of accumulated depreciation	\$ 343,703,277
--	----------------

Plus:

Unamortized gain	739,858
------------------	---------

Unspent bond proceeds	19,805,650
-----------------------	------------

Less capital related debt:

General obligation bonds - net	(69,726,848)
--------------------------------	--------------

Capital lease payable	<u>(21,934,079)</u>
-----------------------	---------------------

Net investment in capital assets	<u>\$ 272,587,858</u>
----------------------------------	-----------------------

BUSINESS-TYPE ACTIVITIES

Capital assets - net of accumulated depreciation	\$ 207,729,317
--	----------------

Plus: Unspent bond proceeds 815,306

Less capital related debt:

General obligation alternate bonds - net	(21,872,765)
--	--------------

IEPA loan	(21,577,827)
-----------	--------------

Capital lease payable	<u>(785,046)</u>
-----------------------	------------------

Net investment in capital assets	<u>\$ 164,308,985</u>
----------------------------------	-----------------------

COMPONENT UNITS

Rockford Mass Transit District

Capital assets - net of accumulated depreciation	\$ 26,540,179
--	---------------

Less capital related debt:

Line of Credit	<u>(2,347,470)</u>
----------------	--------------------

24,192,709

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2020

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

FUND BALANCE/NET POSITION - Continued

Net Position Classifications - Continued

COMPONENT UNITS - Continued

Rockford Metropolitan Exposition, Auditorium and
Office Building

Capital assets - net of accumulated depreciation	\$ 21,372,968
--	---------------

Less capital related debt:

Notes payable	<u>(430,363)</u>
---------------	------------------

Net investment in capital assets	<u>\$ 20,942,605</u>
----------------------------------	----------------------

NOTE 4 – OTHER INFORMATION

INDUSTRIAL DEVELOPMENT REVENUE BONDS

The City issued and has an estimated \$41,340,000 in outstanding industrial development revenue bonds. Proceeds from these issues were used to finance in whole or in part the cost of the acquisition or improvement of economic development projects. Debt service on these issues is paid solely from the revenue and receipts derived from the economic development projects. The bonds are not a liability nor is the resulting property an asset of the City and accordingly, neither are reflected in the City's financial statements.

CONTINGENT LIABILITIES

Grantor Agencies

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

Financial Impacts from COVID-19

In March 2020, the World Health Organization declared the COVID-19 virus a public health emergency. As of the date of this report, the extent of the impact of COVID-19 on the City's operations and financial position cannot be determined.

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2020

NOTE 4 – OTHER INFORMATION - Continued

RISK MANAGEMENT

Claims and Judgments

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

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

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

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

	2020	2019
Unpaid claims - beginning	\$ 17,872,906	\$ 10,548,781
Current year claims and change in estimates	149,520	7,434,064
Claim payments	<u>(11,122,300)</u>	<u>(109,939)</u>
Unpaid claims - ending	<u>\$ 6,900,126</u>	<u>\$ 17,872,906</u>
Reported as:		
Claims and judgments payable	\$ 6,707,376	\$ 17,752,546
Accounts payable	192,750	120,360
	<u>\$ 6,900,126</u>	<u>\$ 17,872,906</u>

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2020

NOTE 4 – OTHER INFORMATION - Continued

RISK MANAGEMENT - Continued

Health Care Coverage

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

Premiums are charged to each department based on the number of single, single plus one, and family contracts in the respective departments. Expenses for medical claims, stop-loss insurance and administrative fees are recorded in the Health Insurance Internal Service Fund. The stop-loss insurance coverage is consistent with the prior year and the amounts of claim settlements during the past three years have not exceeded this coverage.

The following represents changes in unpaid health care claims for the past two years:

	<u>2020</u>	<u>2019</u>
Unpaid claims - beginning	\$ 2,616,034	\$ 2,080,777
Current year claims and change in estimates	18,061,448	20,363,660
Claim payments	<u>(18,536,488)</u>	<u>(19,828,403)</u>
Unpaid claims - ending	<u>\$ 2,140,994</u>	<u>\$ 2,616,034</u>
Reported as:		
Claims and judgments payable	\$ 928,549	\$ 1,071,278
Accounts payable	<u>1,212,445</u>	<u>1,544,756</u>
	<u>\$ 2,140,994</u>	<u>\$ 2,616,034</u>

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2020

NOTE 4 – OTHER INFORMATION - Continued

RISK MANAGEMENT - Continued

Workmens' Compensation

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

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

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

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

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

	2020	2019
Unpaid claims - beginning	\$ 6,444,860	\$ 5,386,721
Current year claims and change in estimates	1,740,939	2,728,105
Claim payments	(2,035,869)	(1,669,966)
Unpaid claims - ending	<u>\$ 6,149,930</u>	<u>\$ 6,444,860</u>
Reported as:		
Claims and judgments payable	<u>\$ 6,149,930</u>	<u>\$ 6,444,860</u>

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2020

NOTE 4 – OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS

The City contributes to three defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system, the Police Pension Plan which is a single-employer pension plan, and the Firefighters' Pension Plan which is a single-employer pension plan. A separate report is issued for the Police Pension Plan and Firefighters' Pension Plan and may be obtained by writing to the City at 425 East State Street, Rockford, Illinois 61104. IMRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained online at www.imrf.org. The benefits, benefit levels, employee contributions, and employer contributions are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly.

The aggregate amount recognized for the three pension plans is:

	Pension	Net		
	Expense/ (Revenue)	Pension Liability/(Asset)	Deferred Outflows	Deferred (Inflows)
IMRF	\$ (3,535,402)	\$ (7,577,891)	\$ 2,634,998	\$ (22,287,292)
Police Pension	9,293,634	145,875,281	12,467,569	(10,519,075)
Firefighters' Pension	15,026,780	177,781,400	19,142,239	(11,353,404)
	<u>\$ 20,785,012</u>	<u>\$ 316,078,790</u>	<u>\$ 34,244,806</u>	<u>\$ (44,159,771)</u>

Illinois Municipal Retirement Fund (IMRF)

Plan Descriptions

Plan Administration. All employees (other than those covered by the Police and Firefighters' Pension Plan) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

Benefits Provided. IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

IMRF provides two tiers of pension benefits. Employees hired **before** January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2020

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Plan Descriptions - Continued

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the lesser of:

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

Plan Membership. As of December 31, 2020, the measurement date, the following employees were covered by the benefit terms:

Inactive plan members currently receiving benefits	702
Inactive plan members entitled to but not yet receiving benefits	396
Active plan members	<u>539</u>
Total	<u><u>1,637</u></u>

Contributions. As set by statute, the City's Regular Plan Members are required to contribute 4.50% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. For the year-ended December 31, 2020, the City's contribution was 12.77% of covered payroll.

Net Pension Liability. The City's net pension liability was measured as of December 31, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2020

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Plan Descriptions - Continued

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation performed, as of December 31, 2020, using the following actuarial methods and assumptions:

Actuarial cost method	Entry Age
	Normal
Asset valuation method	Fair Value
Actuarial assumptions	
Interest rate	7.25%
Salary increases	2.85% to 13.75%
Cost of living adjustments	2.25%
Inflation	2.25%

For nondisabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2020

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Plan Descriptions - Continued

Actuarial Assumptions - Continued. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	28.00%	3.25%
Domestic Equities	37.00%	5.75%
International Equities	18.00%	6.50%
Real Estate	9.00%	5.20%
Blended	7.00%	3.60% - 7.60%
Cash and Cash Equivalents	1.00%	1.85%

Discount Rate

The discount rate used to measure the total pension liability was 7.25%, the same as the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2020

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension liability/(asset) to changes in the discount rate. The table below presents the net pension liability/(asset) of the City calculated using the discount rate as well as what the City's net pension liability/(asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	Current		
	1% Decrease (6.25%)	Rate (7.25%)	1% Increase (8.25%)
Net pension liability/(asset)	\$ 19,212,097	\$ (7,577,891)	\$ (28,948,329)

Changes in the Net Pension Liability/(Asset)

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability/ (Asset) (A) - (B)
Balances at December 31, 2019	\$ 234,956,564	\$ 225,268,804	\$ 9,687,760
Changes for the year:			
Service cost	3,118,535	—	3,118,535
Interest on the total pension liability	16,643,500	—	16,643,500
Changes of benefit terms	—	—	—
Difference between expected and actual experience of the total pension liability	2,134,526	—	2,134,526
Changes of assumptions	(1,673,306)	—	(1,673,306)
Contributions - employer	—	4,137,899	(4,137,899)
Contributions - employees	—	1,478,857	(1,478,857)
Net investment income	—	32,507,545	(32,507,545)
Benefit payments, including refunds of employee contributions	(13,900,635)	(13,900,635)	—
Other (net transfer)	—	(635,395)	635,395
Net changes	6,322,620	23,588,271	(17,265,651)
Balances at December 31, 2020	\$ 241,279,184	\$ 248,857,075	\$ (7,577,891)

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2020

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2020, the City recognized pension revenue of \$3,535,402. At December 31, 2020, the City reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference between expected and actual experience	\$ 1,720,431	\$ (754,846)	\$ 965,585
Change in assumptions	914,567	(1,185,376)	(270,809)
Net difference between projected and actual earnings on pension plan investments	—	(20,347,070)	(20,347,070)
 Total deferred amounts related to IMRF	 <u>\$ 2,634,998</u>	 <u>\$ (22,287,292)</u>	 <u>\$ (19,652,294)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Fiscal Year	Net Deferred (Inflows) of Resources
2021	\$ (5,825,734)
2022	(2,501,097)
2023	(8,025,687)
2024	(3,299,776)
2025	—
Thereafter	—
 Total	 <u>\$ (19,652,294)</u>

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2020

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Police Pension Plan

Plan Descriptions

Plan Administration. The Police Pension Plan is a single-employer defined benefit pension plan that covers all sworn police personnel. The defined benefits and employee and minimum employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. The City accounts for the Fund as a pension trust fund. The Fund is governed by a five-member pension board. Two members of the Board are appointed by the City's Mayor, one member is elected by pension beneficiaries and two members are elected by active police employees.

Plan Membership. At December 31, 2020, the measurement date, membership consisted of the following:

Inactive plan members currently receiving benefits	314
Inactive plan members entitled to but not yet receiving benefits	40
Active plan members	<u>287</u>
Total	<u><u>641</u></u>

Benefits Provided. The following is a summary of the Police Pension Plan as provided for in Illinois State Statutes.

The Police Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Covered employees hired before January 1, 2011 (Tier 1), attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit of $\frac{1}{2}$ of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5 percent of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75 percent of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3 percent of the original pension and 3 percent compounded annually thereafter.

Covered employees hired on or after January 1, 2011 (Tier 2), attaining the age of 55 or older with 10 or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officer salary for the pension purposes is capped at \$106,800, plus the lesser of $\frac{1}{2}$ of the annual change in the Consumer Price Index or 3 percent compounded. The annual benefit shall be increased by 2.5 percent of such a salary for each additional year of service over 20 years up to 30 years to a maximum of 75 percent of such salary. Employees with at least 10 years may retire at or after age 50 and receive a reduced benefit (i.e., $\frac{1}{2}$ percent for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3 percent of $\frac{1}{2}$ of the change in the Consumer Price Index for the proceeding calendar year.

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2020

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Police Pension Plan - Continued

Plan Descriptions - Continued

Contributions. Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. However, effective January 1, 2011, ILCS requires the City to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. For the year-ended December 31, 2020, the City's contribution was 44.34% of covered payroll.

Concentrations. At year end, the Pension Plan does not have any investments over 5 percent of net plan position available for retirement benefits (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed, as of December 31, 2020, using the following actuarial methods and assumptions:

Actuarial cost method	Entry Age Normal
Asset valuation method	Fair Value
Actuarial assumptions	
Interest rate	7.10%
Salary increases	5.00%
Cost of living adjustments	3.00%
Inflation	2.50%

Mortality rates for healthy members were based on the RP-2014 Mortality Table with a blue collar adjustment, with generational improvement scale MP-2020 applied from 2013 and for disabled members based on 115% of the Healthy Mortality Table, with generational improvement scale MP-2020 applied from 2013.

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2020

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Police Pension Plan - Continued

Discount Rate

The discount rate used to measure the total pension liability was 7.10%, and the prior year valuation was 7.30%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

Discount Rate Sensitivity

The following is a sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the City calculated using the discount rate as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	Current		
	1% Decrease	Rate	1% Increase
	(6.10%)	(7.10%)	(8.10%)
Net pension liability	\$ 195,382,714	\$ 145,875,281	\$ 105,266,152

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2020

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Police Pension Plan - Continued

Changes in the Net Pension Liability

	Total Pension Liability (A)	Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2019	\$ 354,957,808	\$ 212,121,169	\$ 142,836,639
Changes for the year:			
Service cost	4,804,563	—	4,804,563
Interest on the total pension liability	25,529,710	—	25,529,710
Changes of benefit terms	—	—	—
Difference between Expected and actual experience of the total pension liability	925,221	—	925,221
Changes of assumptions	7,177,394	—	7,177,394
Contributions - employer	—	10,010,063	(10,010,063)
Contributions - employees	—	2,549,019	(2,549,019)
Net investment income	—	23,045,191	(23,045,191)
Benefit payments, including refunds of employee contributions	(20,080,650)	(20,080,650)	—
Other (net transfer)	—	(206,027)	206,027
Net changes	18,356,238	15,317,596	3,038,642
Balances at December 31, 2020	\$ 373,314,046	\$ 227,438,765	\$ 145,875,281

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2020

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Police Pension Plan - Continued

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2020, the City recognized pension expense of \$9,293,634. At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference between expected and actual experience	\$ 2,181,799	\$ (1,044,614)	\$ 1,137,185
Change in assumptions	10,285,770	—	10,285,770
Net difference between projected and actual earnings on pension plan investments	—	(9,474,461)	(9,474,461)
 Total deferred amounts related to Police Pension	 \$ 12,467,569	 \$ (10,519,075)	 \$ 1,948,494

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Fiscal Year	Net Deferred Outflows/ (Inflows) of Resources
2021	\$ 1,399,664
2022	3,673,532
2023	(3,176,743)
2024	52,041
2025	—
Thereafter	—
 Total	 \$ 1,948,494

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2020

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Firefighters' Pension Plan

Plan Descriptions

Plan Administration. The Firefighters' Pension Plan is a single-employer defined benefit pension plan that covers all sworn firefighter personnel. The defined benefits and employee and minimum employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/4-1) and may be amended only by the Illinois legislature. The City accounts for the Fund as a pension trust fund. The Fund is governed by a five-member pension board. Two members of the Board are appointed by the City Mayor, one member is elected by pension beneficiaries and two members are elected by active fire employees.

Plan Membership. At December 31, 2020, the measurement date, membership consisted of the following:

Inactive plan members currently receiving benefits	323
Inactive plan members entitled to but not yet receiving benefits	17
Active plan members	<u>269</u>
Total	<u><u>609</u></u>

Benefits Provided. The following is a summary of the Firefighters' Pension Plan as provided for in Illinois State Statutes.

The Firefighters' Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Covered employees hired before January 1, 2011 (Tier 1), attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit of $\frac{1}{2}$ of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5 percent of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75 percent of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a firefighter who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3 percent of the original pension and 3 percent compounded annually thereafter.

Covered employees hired on or after January 1, 2011 (Tier 2), attaining the age of 55 or older with 10 or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the firefighter during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Firefighters' salary for the pension purposes is capped at \$106,800, plus the lesser of $\frac{1}{2}$ of the annual change in the Consumer Price Index or 3 percent compounded. The annual benefit shall be increased by 2.5 percent of such a salary for each additional year of service over 20 years up to 30 years to a maximum of 75 percent of such salary. Employees with at least 10 years may retire at or after age 50 and receive a reduced benefit (i.e., $\frac{1}{2}$ percent for each month under 55). The monthly benefit of a Tier 2 firefighter shall be increased annually at age 60 on the January 1st after the firefighter retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3 percent of $\frac{1}{2}$ of the change in the Consumer Price Index for the proceeding calendar year.

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2020

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Firefighters' Pension Plan - Continued

Plan Descriptions - Continued

Contributions. Covered employees are required to contribute 9.455% of their base salary to the Firefighters' Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. However, effective January 1, 2011, ILCS requires the City to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. For the year-ended December 31, 2020, the City's contribution was 52.28% of covered payroll.

Concentrations. At year end, the Pension Plan does not have any investments over 5 percent of net plan position available for retirement benefits (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed, as of December 31, 2020, using the following actuarial methods and assumptions:

Actuarial cost method	Entry Age Normal
Asset valuation method	Fair Value
Actuarial assumptions	
Interest rate	7.10%
Salary increases	5.00%
Cost of living adjustments	3.00%
Inflation	2.50%

Mortality rates for healthy members were based on the RP-2014 Mortality Table with a blue collar adjustment, with generational improvement scale MP-2020 applied from 2013 and for disabled members based on 115% of the Healthy Mortality Table, with generational improvement scale MP-2020 applied from 2013.

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2020

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Firefighters' Pension Plan - Continued

Discount Rate

The discount rate used to measure the total pension liability was 7.10%, and the prior year valuation was 7.30%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

Discount Rate Sensitivity

The following is a sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the City calculated using the discount rate as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	Current		
	1% Decrease	Rate	1% Increase
	(6.10%)	(7.10%)	(8.10%)
Net pension liability	\$ 224,897,504	\$ 177,781,400	\$ 138,965,029

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2020

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Firefighters' Pension Plan - Continued

Changes in the Net Pension Liability

	Total Pension Liability (A)	Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2019	\$ 342,712,422	\$ 174,381,745	\$ 168,330,677
Changes for the year:			
Service cost	5,261,438	—	5,261,438
Interest on the total pension liability	24,650,601	—	24,650,601
Changes of benefit terms	—	—	—
Difference between Expected and actual experience of the total pension liability	5,135,020	—	5,135,020
Changes of assumptions	6,497,476	—	6,497,476
Contributions - employer	—	11,769,098	(11,769,098)
Contributions - employees	—	2,388,206	(2,388,206)
Net investment income	—	18,115,310	(18,115,310)
Benefit payments, including refunds of employee contributions	(20,588,820)	(20,588,820)	—
Other (net transfer)	—	(178,802)	178,802
Net changes	20,955,715	11,504,992	9,450,723
Balances at December 31, 2020	\$ 363,668,137	\$ 185,886,737	\$ 177,781,400

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2020

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Firefighters' Pension Plan - Continued

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2020, the City recognized pension expense of \$15,026,780. At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference between expected and actual experience	\$ 5,856,426	\$ (2,181,605)	\$ 3,674,821
Change in assumptions	13,285,813	(3,947,365)	9,338,448
Net difference between projected and actual earnings on pension plan investments	—	(5,224,434)	(5,224,434)
Total deferred amounts related to Firefighters' Pension	<u>\$ 19,142,239</u>	<u>\$ (11,353,404)</u>	<u>\$ 7,788,835</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Fiscal Year	Net Deferred Outflows of Resources
2021	\$ 47,743
2022	4,438,660
2023	598,740
2024	764,946
2025	1,938,746
Thereafter	—
Total	<u>\$ 7,788,835</u>

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2020

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Component Unit - Rockford Mass Transit District (the District)

Plan Administration. The Rockford Mass Transit District Retirement Plan (the Plan) is a single employer defined benefit plan administered by DeBenedetto & Associates, Ltd. The District established the Plan to provide retirement benefits for employees of the District. The District, together with employees covered under collective bargaining agreements, has the right at any time and from time to time to amend the Plan. The Board of Directors has the authority to establish and amend the benefits and the funding policy. The Plan issues a stand-alone financial report which may be obtained by contacting the District.

The Plan is segregated into three separate plans tied to the multiple employee representations including; International Brotherhood of Electrical Workers (IBEW), Amalgamated Transit Union (ATU) and the Administrative Employees. These plans are combined to represent the Plan with is discussed below.

Plan Membership. At June 30, 2019, the measurement date, membership consisted of the following:

	Admin	ATU	IBEW	Total
Inactive plan members currently receiving benefits	26	70	16	112
Inactive plan members entitled to but not yet receiving benefits	19	65	13	97
Active plan members	11	34	8	53
Total	56	169	37	262

Benefits Provided. Under the provision of the Plan, pension benefits vest after five years of full-time employment and exclude employee disability. Upon retiring at the normal retirement age of sixty-five prescribed in the Plan, an employee is entitled to receive a monthly benefit payment in the form of a life annuity. Benefits under the Plan are accumulated during each year of service and determined based on compensation level. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Contributions. The current policy of the District is to use each actuarial valuation as the basis for determining employer contributions to the Plan during the fiscal year beginning in the year of the valuation year. The July 1, 2019 valuation is the basis for the contributions in fiscal year 2020. The Plan does not permit employees to make contributions.

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2020

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

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

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed as of June 30, 2019, the most recent actuarial valuation, using the following actuarial methods and assumptions:

Actuarial cost	Entry Age Normal
Asset valuation	Fair Value
Actuarial	
Interest rate	7.00%
Salary increases	3.00%
Cost of living	3.00%
Inflation	3.00%

Mortality rates were based on the PubG-2020 Mortality Table for Males or Females, as appropriate, as of June 30, 2019 and the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA as of June 30, 2018.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%, the same as the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that District contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2020

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

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

Discount Rate Sensitivity

The following is a sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability of the District calculated using the discount rate as well as what the District's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6.00%)	Current Rate (7.00%)	1% Increase (8.00%)
Net pension liability	\$ 7,585,569	\$ 4,420,968	\$ 1,716,178

Changes in the Net Pension Liability

	Total Pension Liability (A)	Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at June 30, 2019	\$ 26,106,567	\$ 20,847,409	\$ 5,259,158
Changes for the year:			
Service cost	656,666	—	656,666
Interest on the total pension liability	1,858,352	—	1,858,352
Changes of benefit terms	—	—	—
Difference between Eepected and actual experience of the total pension liability	(650,497)	—	(650,497)
Changes of assumptions	—	—	—
Contributions - employer	—	1,501,852	(1,501,852)
Contributions - employees	—	789,778	(789,778)
Net investment income	—	501,103	(501,103)
Benefit payments, including refunds of employee contributions	(923,202)	(923,202)	—
Administrative Expenses	—	(90,022)	90,022
Net changes	941,319	1,779,509	(838,190)
Balances at June 30, 2020	\$ 27,047,886	\$ 22,626,918	\$ 4,420,968

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2020

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

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

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2020, the District recognized pension expense of \$1,546,521. At June 30, 2020, the District reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference between expected and actual experience	\$ 462,597	\$ (847,549)	\$ (384,952)
Change in assumptions	—	—	—
Net difference between projected and actual earnings on pension plan investments	201,092	—	201,092
	663,689	(847,549)	(183,860)
Contributions made subsequent to measurement date	1,500,000	—	1,500,000
Total deferred amounts related to Rockford Mass Transit District	\$ 2,163,689	\$ (847,549)	\$ 1,316,140

\$1,500,000 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2021. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Fiscal Year	Net Deferred Outflows/ (Inflows) of Resources
2021	\$ 158,172
2022	(158,678)
2023	(80,790)
2024	(49,334)
2025	(53,230)
Thereafter	—
Total	\$ (183,860)

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2020

NOTE 4 - OTHER INFORMATION - Continued

OTHER POST-EMPLOYMENT BENEFITS

General Information about the OPEB Plan

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

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

Plan Membership. As of December 31, 2020, the measurement date, the following employees were covered by the benefit terms:

Inactive plan members currently receiving benefits	197
Inactive plan members entitled to but not yet receiving benefits	—
Active plan members	975
	<hr/>
Total	1,172

Total OPEB Liability

The City's total OPEB liability was measured as of December 31, 2020, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.50%
Salary increases	3.50%
Discount rate	2.00%
Healthcare cost trend rates	7.25% for 2020, decreasing to an ultimate rate of 4.50% for 2028 and later years
Retirees' share of benefit-related costs	100% of projected health insurance premiums for retirees

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2020

NOTE 4 - OTHER INFORMATION - Continued

OTHER POST-EMPLOYMENT BENEFITS - Continued

Total OPEB Liability - Continued

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

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

Change in the Total OPEB Liability

	Total OPEB Liability
Balance at December 31, 2019	<u>\$ 32,307,484</u>
Changes for the year:	
Service cost	1,390,419
Interest on the total pension liability	866,410
Changes of benefit terms	(508,006)
Difference between expected and actual experience	1,279,082
Changes of assumptions or other inputs	6,036,694
Benefit payments	<u>(1,373,366)</u>
Net changes	<u>7,691,233</u>
Balance at December 31, 2020	<u><u>39,998,717</u></u>

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2020

NOTE 4 - OTHER INFORMATION - Continued

OTHER POST-EMPLOYMENT BENEFITS - Continued

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

The following presents the total OPEB liability, calculated using a Single Discount Rate of 2.00%, compared to last year's rate of 2.74%, as well as what the total OPEB liability would be if it were calculated using a Single Discount Rate that is one percentage point lower or one percentage point higher:

	Current		
	1% Decrease	Discount Rate	1% Increase
	(1.12%)	(2.00%)	(3.12%)
Total OPEB liability	\$ 45,120,342	\$ 39,998,717	\$ 35,671,530

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

The following presents the total OPEB liability, calculated using varied Healthcare Trend Rates, as well as what the total OPEB liability would be if it were calculated using varied Healthcare Trend Rates that are one percentage point lower or one percentage point higher:

	Healthcare		
	1% Decrease	Cost Trend	1% Increase
	(Varies)	(Varies)	(Varies)
Total OPEB Liability	\$ 34,269,233	\$ 39,998,717	\$ 47,213,918

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2020

NOTE 4 - OTHER INFORMATION - Continued

OTHER POST-EMPLOYMENT BENEFITS - Continued

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

For the year ended December 31, 2020, the City recognized OPEB expense of \$2,414,340. At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference between expected and actual experience	\$ 1,161,357	\$ (1,706,203)	\$ (544,846)
Change in assumptions	9,290,238	(1,672,860)	7,617,378
Net difference between projected and actual earnings on pension plan investments	—	—	—
Total deferred amounts related to OPEB	<u>\$ 10,451,595</u>	<u>\$ (3,379,063)</u>	<u>\$ 7,072,532</u>

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

Fiscal Year	Net Deferred Outflows of Resources
2021	\$ 665,517
2022	665,517
2023	665,517
2024	665,517
2025	665,517
Thereafter	<u>3,744,947</u>
Total	<u>\$ 7,072,532</u>

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2020

NOTE 4 - OTHER INFORMATION - Continued

OTHER POST-EMPLOYMENT BENEFITS - Continued

Component Unit - Rockford Mass Transit District (the District)

General Information about the OPEB Plan

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

Benefits Provided. RBP provides healthcare insurance benefits for retirees and their dependents. The benefit terms provide for coverage for the retiree and their spouse until the retiree's death. The District makes the same monthly health insurance contribution on behalf of the select retirees as it makes on behalf of all other active employees during the year. The District contributes 100% of the current year premiums for a family and a single plan, respectively, for select eligible retired plan members and their spouses.

Plan Membership. As of June 30, 2020, the measurement date, the following employees were covered by the benefit terms:

Inactive plan members currently receiving benefits	4
Inactive plan members entitled to but not yet receiving benefits	1
Active plan members	<u>24</u>
Total	<u><u>29</u></u>

Total OPEB Liability

The District's total OPEB liability was measured as of June 30, 2020, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2020

NOTE 4 - OTHER INFORMATION - Continued

OTHER POST-EMPLOYMENT BENEFITS - Continued

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

General Information about the OPEB Plan - Continued

Actuarial Assumptions and Other Inputs - Continued.

Inflation	N/A
Salary increases	3.00%
Discount rate	2.66%
Healthcare cost trend rates	6.5% for 2018, decreasing to an ultimate rate of 5.0% for 2021 and later years
Retirees' share of benefit-related costs	All retirees must contribute their share of the monthly premium equal to that required stated in the applicable bargaining unit contract

The discount rate was based S&P Municipal Bond 20 year high grade rate index.

Mortality rates were based on the PubG-2020 tables as of June 30, 2020 and the RP-2000 combined Healthy Mortality Table projected to 2017 using Scale AA as of June 30, 2019. The actuarial assumptions used in the June 30, 2020 valuation were based on anticipated future experience under the plan, including consideration for the current demographics of the covered population where applicable, or anticipated future experience under the Retirement Plan sponsored by the District.

Change in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2019	<u><u>\$ 10,677,590</u></u>
Changes for the year:	
Service cost	16,040
Interest on the total pension liability	293,503
Changes of benefit terms	—
Difference between expected and actual experience	(291,052)
Changes of assumptions or other inputs	(7,788,624)
Benefit payments	(347,590)
Net changes	<u><u>(8,117,723)</u></u>
Balance at June 30, 2020	<u><u>2,559,867</u></u>

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2020

NOTE 4 - OTHER INFORMATION - Continued

OTHER POST-EMPLOYMENT BENEFITS - Continued

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

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

The following presents the total OPEB liability, calculated using a Single Discount Rate of 2.66%, as well as what the total OPEB liability would be if it were calculated using a Single Discount Rate that is one percentage point lower or one percentage point higher:

	Current		
	1% Decrease	Discount Rate	1% Increase
	(1.66%)	(2.66%)	(3.66%)
Total OPEB liability	\$ 2,844,275	\$ 2,559,867	\$ 2,319,291

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

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

	Healthcare		
	1% Decrease	Cost Trend	1% Increase
	(Varies)	(Varies)	(Varies)
Total OPEB Liability	\$ 2,278,979	\$ 2,559,867	\$ 2,900,070

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

For the year ended June 30, 2020, the District recognized OPEB revenue of \$7,770,133. Per GASB Statement No. 75, under the Alternative Measurement Method, changes in Total OPEB Liability are immediately recognized as expense, resulting in no deferred outflows of resources or deferred inflows of resources related to OPEB.

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2020

NOTE 4 - OTHER INFORMATION - Continued

PLEDGES OF RECEIVABLES AND FUTURE REVENUES

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

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

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

The total municipal sales tax revenue reported by the City for the year ended December 31, 2020, amounted to \$23,410,243, of which \$703,586 (or 3.01%) was recorded as an expense during the year and \$703,586 was reported as accounts payable on the Statement of Net Position.

SUBSEQUENT EVENTS

On March 11, 2021, the American Rescue Plan Act of 2021 was signed into law. This act provides \$350 billion in funding for local governments. The City has been allocated \$54,822,355 to be received in two installments. On May 19, 2021 the City received their first installment of \$27,411,177.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Schedule Employer Contributions
 - Illinois Municipal Retirement Fund
 - Police Pension Fund
 - Firefighters' Pension Fund
- Schedule of Changes in the Employer's Net Pension Liability/(Asset)
 - Illinois Municipal Retirement Fund
 - Police Pension Fund
 - Firefighters' Pension Fund
- Schedule of Investment Returns
 - Police Pension Fund
 - Firefighters' Pension Fund
- Schedule of Changes in the Employer's Total OPEB Liability
 - Retiree Benefit Plan
- Budgetary Comparison Schedule
 - General Fund
 - Public Library - Special Revenue Fund
 - Community Development - Special Revenue Fund
 - Tax Increment - Special Revenue Fund

Notes to the Required Supplementary Information

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

CITY OF ROCKFORD, ILLINOIS

Illinois Municipal Retirement Fund
Schedule of Employer Contributions
December 31, 2020

Fiscal Year	Contributions in Relation to the Actuarially Determined Contribution		Contribution Excess/(Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
	Actuarially Determined Contribution	Determined Contribution			
2015	\$ 3,697,993	\$ 3,746,033	\$ 48,040	\$ 29,489,579	12.70%
2016	3,840,874	3,969,309	128,435	30,338,661	13.08%
2017	3,539,002	3,635,202	96,200	30,222,052	12.03%
2018	3,688,595	3,810,902	122,307	30,560,023	12.47%
2019	2,883,439	2,964,481	81,042	30,905,029	9.59%
2020	3,903,788	4,137,899	234,111	32,396,585	12.77%

Notes to the Required Supplementary Information:

Actuarial cost method	Entry Age Normal
Amortization method	Level % Pay (Closed)
Remaining amortization period	23 Years
Asset valuation method	5-Year Smoothed Fair Value
Inflation	2.50%
Salary increases	3.35% - 14.25%
Investment rate of return	7.25%
Retirement age	See the Notes to the Financial Statements
Mortality	IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015).

Note:

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

CITY OF ROCKFORD, ILLINOIS

Police Pension Fund

Schedule of Employer Contributions

December 31, 2020

Fiscal Year	Contributions in Relation to the Actuarially Determined Contribution		Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
	Actuarially Determined Contribution	Determined Contribution			
2014	\$ 5,455,009	\$ 5,717,048	\$ 262,039	\$ 21,186,652	26.98%
2015	6,069,076	6,252,516	183,440	21,197,433	29.50%
2016	7,815,910	7,838,429	22,519	22,777,944	34.41%
2017	8,190,838	8,038,300	(152,538)	22,382,387	35.91%
2018	7,970,750	8,208,018	237,268	23,368,603	35.12%
2019	8,207,238	9,104,210	896,972	23,515,133	38.72%
2020	9,179,555	10,010,063	830,508	22,577,392	44.34%

Notes to the Required Supplementary Information:

Actuarial cost method	Projected unit credit
Amortization method	Level % pay (closed)
Remaining amortization period	20 years
Asset valuation method	Fair value
Inflation	2.50%
Salary increases	5.00%
Investment rate of return	7.30%
Retirement age	See the Notes to the Financial Statements
Mortality	RP-2014 Mortality Table with a blue collar adjustment, with generational improvement scale MP-2019 applied from 2013.

Note:

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

CITY OF ROCKFORD, ILLINOIS

Firefighters' Pension Fund
Schedule of Employer Contributions
December 31, 2020

Fiscal Year	Contributions in Relation to the Actuarially Determined Contribution		Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
	Actuarially Determined Contribution	Determined Contribution			
2014	\$ 6,672,686	\$ 7,218,958	\$ 546,272	\$ 20,509,870	35.20%
2015	7,229,015	7,345,613	116,598	20,783,575	35.34%
2016	8,552,472	8,577,454	24,982	21,896,671	39.17%
2017	8,843,594	8,561,472	(282,122)	22,985,956	37.25%
2018	9,332,995	10,257,695	924,700	23,375,057	43.88%
2019	9,480,024	10,691,468	1,211,444	22,228,652	48.10%
2020	10,696,770	11,769,098	1,072,328	22,512,561	52.28%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Projected unit credit
Amortization Method	Level % pay (closed)
Remaining Amortization Period	20 years
Asset Valuation Method	Fair value
Inflation	2.50%
Salary Increases	5.00%
Investment Rate of Return	7.30%
Retirement Age	See the Notes to the Financial Statements
Mortality	RP-2014 Mortality Table with a blue collar adjustment, with generational improvement scale MP-2019 applied from 2013.

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

CITY OF ROCKFORD, ILLINOIS**Illinois Municipal Retirement Fund****Schedule of Changes in the Employer's Net Pension Liability/(Asset)****December 31, 2020****12/31/2015**

Total pension liability	
Service cost	\$ 3,219,833
Interest	14,993,283
Changes in benefit terms	—
Differences between expected and actual experience	(1,030,302)
Change of assumptions	242,384
Benefit payments, including refunds of member contributions	(11,047,294)
Net change in total pension liability	6,377,904
Total pension liability - beginning	<u>204,091,075</u>
 Total pension liability - ending	<u>\$ 210,468,979</u>
 Plan fiduciary net position	
Contributions - employer	\$ 3,746,033
Contributions - members	1,382,903
Net investment income	929,356
Benefit payments, including refunds of member contributions	(11,047,294)
Other (net transfer)	1,591,614
Net change in plan fiduciary net position	(3,397,388)
Plan net position - beginning	<u>188,830,302</u>
 Plan net position - ending	<u>\$ 185,432,914</u>
 Employer's net pension liability/(asset)	<u>\$ 25,036,065</u>
 Plan fiduciary net position as a percentage of the total pension liability	88.10%
 Covered payroll	\$ 29,489,579
 Employer's net pension liability as a percentage of covered payroll	84.90%

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

	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020
\$	3,174,348	\$ 3,156,094	\$ 2,920,647	\$ 3,020,019	\$ 3,118,535
15,433,301	16,020,465	15,928,242	16,357,321	16,643,500	—
—	—	—	—	—	—
826,985	(1,521,059)	1,368,692	(1,868,436)	2,134,526	
(499,056)	(6,474,438)	6,008,711	—	(1,673,306)	
(11,457,195)	(11,838,414)	(12,747,539)	(13,321,103)	(13,900,635)	
7,478,383	(657,352)	13,478,753	4,187,801	6,322,620	
210,468,979	217,947,362	217,290,010	230,768,763	234,956,564	
\$ 217,947,362	\$ 217,290,010	\$ 230,768,763	\$ 234,956,564	\$ 241,279,184	
\$	3,969,309	\$ 3,635,202	\$ 3,810,902	\$ 2,964,481	\$ 4,137,899
1,396,190	1,419,910	1,376,714	1,396,213	1,478,857	
12,691,177	34,399,841	(12,298,436)	37,883,412	32,507,545	
(11,457,195)	(11,838,414)	(12,747,539)	(13,321,103)	(13,900,635)	
(146,028)	(4,831,501)	3,045,662	(1,512,907)	(635,395)	
6,453,453	22,785,038	(16,812,697)	27,410,096	23,588,271	
185,432,914	191,886,367	214,671,405	197,858,708	225,268,804	
\$ 191,886,367	\$ 214,671,405	\$ 197,858,708	\$ 225,268,804	\$ 248,857,075	
\$ 26,060,995	\$ 2,618,605	\$ 32,910,055	\$ 9,687,760	\$ (7,577,891)	
88.04%	98.79%	85.74%	95.88%	103.14%	
\$ 30,338,661	\$ 30,222,052	\$ 30,560,023	\$ 30,905,029	\$ 32,396,585	
85.90%	8.66%	107.69%	31.35%	(23.39%)	

CITY OF ROCKFORD, ILLINOIS**Police Pension Fund****Schedule of Changes in the Employer's Net Pension Liability****December 31, 2020****12/31/2014**

Total pension liability	
Service cost	\$ 4,137,623
Interest	17,284,872
Changes in benefit terms	—
Differences between expected and actual experience	3,503,406
Change of assumptions	41,577,440
Benefit payments, including refunds of member contributions	(14,691,555)
Net change in total pension liability	51,811,786
Total pension liability - beginning	<u>259,311,840</u>
 Total pension liability - ending	<u>\$ 311,123,626</u>
 Plan fiduciary net position	
Contributions - employer	\$ 5,717,048
Contributions - members	2,131,555
Net investment income	11,614,824
Benefit payments, including refunds of member contributions	(14,691,555)
Administrative expense	(228,465)
Net change in plan fiduciary net position	4,543,407
Plan net position - beginning	<u>178,430,602</u>
 Plan net position - ending	<u>\$ 182,974,009</u>
 Employer's net pension liability	<u>\$ 128,149,617</u>
 Plan fiduciary net position as a percentage of the total pension liability	58.81%
 Covered payroll	\$ 21,186,652
 Employer's net pension liability as a percentage of covered payroll	604.86%

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

	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020
\$ 4,421,464	\$ 4,874,986	\$ 4,343,412	\$ 4,259,758	\$ 4,463,004	\$ 4,804,563	
20,815,822	21,732,057	22,952,822	23,831,989	24,997,295	25,529,710	
—	—	—	—	949,534	—	
(630,791)	(1,904,875)	207,706	3,430,970	(1,741,022)	925,221	
1,856,861	(20,902,340)	1,632,402	6,434,028	2,376,853	7,177,394	
(15,371,972)	(15,940,422)	(16,760,381)	(17,777,105)	(18,717,873)	(20,080,650)	
11,091,384	(12,140,594)	12,375,961	20,179,640	12,327,791	18,356,238	
311,123,626	322,215,010	310,074,416	322,450,377	342,630,017	354,957,808	
\$ 322,215,010	\$ 310,074,416	\$ 322,450,377	\$ 342,630,017	\$ 354,957,808	\$ 373,314,046	
\$ 6,252,516	\$ 7,838,429	\$ 8,038,300	\$ 8,208,018	\$ 9,104,210	\$ 10,010,063	
2,130,613	2,315,398	2,427,659	3,349,195	2,449,268	2,549,019	
1,422,144	13,597,337	25,069,628	(7,851,247)	30,491,977	23,045,191	
(15,371,972)	(15,940,422)	(16,760,381)	(17,777,105)	(18,717,873)	(20,080,650)	
(219,554)	(271,503)	(274,514)	(175,208)	(187,753)	(206,027)	
(5,786,253)	7,539,239	18,500,692	(14,246,347)	23,139,829	15,317,596	
182,974,009	177,187,756	184,726,995	203,227,687	188,981,340	212,121,169	
\$ 177,187,756	\$ 184,726,995	\$ 203,227,687	\$ 188,981,340	\$ 212,121,169	\$ 227,438,765	
\$ 145,027,254	\$ 125,347,421	\$ 119,222,690	\$ 153,648,677	\$ 142,836,639	\$ 145,875,281	
54.99%	59.58%	63.03%	55.16%	59.76%	60.92%	
\$ 21,197,433	\$ 22,777,944	\$ 22,382,387	\$ 23,368,603	\$ 23,515,133	\$ 22,577,392	
684.17%	550.30%	532.66%	657.50%	607.42%	646.11%	

CITY OF ROCKFORD, ILLINOIS**Firefighter's Pension Fund****Schedule of Changes in the Employer's Net Pension Liability****December 31, 2020****12/31/2014**

Total pension liability	
Service cost	\$ 5,023,350
Interest	16,732,558
Changes in benefit terms	—
Differences between expected and actual experience	2,881,346
Change of assumptions	36,824,449
Benefit payments, including refunds of member contributions	(15,698,458)
Net change in total pension liability	45,763,245
Total pension liability - beginning	<u>253,194,659</u>
 Total pension liability - ending	<u>\$ 298,957,904</u>
 Plan fiduciary net position	
Contributions - employer	\$ 7,218,958
Contributions - members	1,953,524
Net investment income	8,791,692
Benefit payments, including refunds of member contributions	(15,698,458)
Administrative expense	(187,168)
Net change in plan fiduciary net position	2,078,548
Plan net position - beginning	<u>158,574,965</u>
 Plan net position - ending	<u>\$ 160,653,513</u>
 Employer's net pension liability	<u>\$ 138,304,391</u>
 Plan fiduciary net position as a percentage of the total pension liability	53.74%
 Covered payroll	\$ 20,509,870
 Employer's net pension liability as a percentage of covered payroll	674.33%

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

	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020
\$	5,365,942	\$ 5,783,109	\$ 4,997,293	\$ 4,889,438	\$ 5,048,714	\$ 5,261,438
	19,838,705	20,753,529	22,260,185	22,926,489	24,256,778	24,650,601
—	—	—	—	—	808,694	—
(598,236)	1,761,931	1,278,476	1,471,333	(3,272,409)	5,135,020	
1,695,621	(20,164,146)	(1,368,907)	11,767,002	2,981,623	6,497,476	
(16,135,612)	(16,712,080)	(17,482,902)	(18,779,108)	(19,616,944)	(20,588,820)	
10,166,420	(8,577,657)	9,684,145	22,275,154	10,206,456	20,955,715	
298,957,904	309,124,324	300,546,667	310,230,812	332,505,966	342,712,422	342,712,422
\$ 309,124,324	\$ 300,546,667	\$ 310,230,812	\$ 332,505,966	\$ 342,712,422	\$ 363,668,137	
\$	7,345,613	\$ 8,577,454	\$ 8,561,471	\$ 10,257,695	\$ 10,691,468	\$ 11,769,098
	1,942,979	2,096,334	2,162,650	2,176,890	2,294,613	2,388,206
123,012	12,215,483	18,405,503	(6,618,670)	23,234,248	18,115,310	
(16,135,612)	(16,712,080)	(17,482,902)	(18,779,108)	(19,616,944)	(20,588,820)	
(191,306)	(272,587)	(236,826)	(151,916)	(159,230)	(178,802)	
(6,915,314)	5,904,604	11,409,896	(13,115,109)	16,444,155	11,504,992	
160,653,513	153,738,199	159,642,803	171,052,699	157,937,590	174,381,745	174,381,745
\$ 153,738,199	\$ 159,642,803	\$ 171,052,699	\$ 157,937,590	\$ 174,381,745	\$ 185,886,737	
\$ 155,386,125	\$ 140,903,864	\$ 139,178,113	\$ 174,568,376	\$ 168,330,677	\$ 177,781,400	
	49.73%	53.12%	55.14%	47.50%	50.88%	51.11%
\$	20,783,575	\$ 21,896,671	\$ 22,985,956	\$ 22,375,057	\$ 22,228,652	\$ 22,512,561
	747.64%	643.49%	605.49%	780.19%	757.27%	789.70%

CITY OF ROCKFORD, ILLINOIS

Schedule of Investment Returns

December 31, 2020

Police Pension Fund

Fiscal Year	Annual Money-Weighted Rate of Return, Net of Investment Expense
2014	6.86%
2015	0.84%
2016	8.06%
2017	14.38%
2018	(3.85%)
2019	17.78%
2020	11.07%

Firefighters' Pension Fund

Fiscal Year	Annual Money-Weighted Rate of Return, Net of Investment Expense
2014	6.82%
2015	0.08%
2016	8.47%
2017	12.35%
2018	(4.05%)
2019	16.24%
2020	10.59%

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

CITY OF ROCKFORD, ILLINOIS

Retiree Benefit Plan

Schedule of Changes in the Employer's Total OPEB Liability

December 31, 2020

	12/31/2018	12/31/2019	12/31/2020
Total OPEB liability			
Service cost	\$ 1,244,497	\$ 1,024,021	\$ 1,390,419
Interest	1,028,062	1,069,096	866,410
Changes in benefit terms	—	—	(508,006)
Differences between expected and actual experience	(2,450,926)	—	1,279,082
Change of assumptions or other inputs	(2,403,030)	4,776,781	6,036,694
Benefit payments	(1,181,347)	(1,275,855)	(1,373,366)
Net change in total OPEB liability	(3,762,744)	5,594,043	7,691,233
Total OPEB liability - beginning	30,476,185	26,713,441	32,307,484
 Total OPEB liability - ending	 <u>\$ 26,713,441</u>	 <u>\$ 32,307,484</u>	 <u>\$ 39,998,717</u>
 Covered payroll	 \$ 60,303,027	 \$ 62,413,633	 \$ 66,988,169
 Total OPEB liability as a percentage of covered payroll	 44.30%	 51.76%	 59.71%

Notes:

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

Changes of Assumptions. Changes of assumptions and other inputs reflect the effects of changes in the discount rate in 2018 through 2020.

CITY OF ROCKFORD, ILLINOIS

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 87,136,821	\$ 87,136,821	\$ 86,667,045	\$ (469,776)
Licenses and permits	10,535,500	10,535,500	9,490,309	(1,045,191)
Intergovernmental	27,561,484	27,561,484	35,467,315	7,905,831
Charges for services	28,833,298	28,833,298	32,746,885	3,913,587
Fines	2,227,500	2,227,500	1,482,344	(745,156)
Investment income	400,000	400,000	270,352	(129,648)
Miscellaneous	640,000	640,000	695,603	55,603
Total revenues	157,334,603	157,334,603	166,819,853	9,485,250
EXPENDITURES				
Current				
General government				
Mayor's office	924,115	924,115	891,750	32,365
City Council	591,546	591,546	549,751	41,795
Legal department	1,759,392	1,759,392	1,695,177	64,215
Finance office	7,178,167	7,245,667	7,781,082	(535,415)
Workforce investment board	820,259	820,259	712,391	107,868
Board of fire and police commission	315,508	315,508	100,332	215,176
Board of election	1,092,841	1,167,841	1,127,561	40,280
Personnel department	771,640	771,640	732,916	38,724
Mass transit subsidy	1,524,000	1,524,000	1,524,000	—
Garbage Collection	9,746,272	9,746,272	9,580,856	165,416
Total general government	24,723,740	24,866,240	24,695,816	170,424
Public safety				
Police department	60,903,424	60,903,424	59,522,521	1,380,903
Fire department	50,269,082	55,200,842	55,850,579	(649,737)
Public works - traffic	4,902,034	4,902,034	4,409,458	492,576
Construction and development services	1,700,504	1,700,504	1,678,929	21,575
Total public safety	117,775,044	122,706,804	121,461,487	1,245,317
Streets, alleys and bridges				
Administration	685,007	689,407	608,968	80,439
Engineering	820,112	820,112	702,509	117,603
Street and sewer	8,689,910	9,687,091	9,556,543	130,548
Total streets, alleys and bridges	10,195,029	11,196,610	10,868,020	328,590

CITY OF ROCKFORD, ILLINOIS

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Continued
For the Fiscal Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES - Continued				
Current - Continued				
Community development				
Administration	\$ 317,921	\$ 317,921	\$ 290,768	\$ 27,153
Construction and development services	676,590	676,590	352,017	324,573
Planning and zoning	2,131,271	2,131,271	1,916,822	214,449
Total community development	3,125,782	3,125,782	2,559,607	566,175
Total current	155,819,595	161,895,436	159,584,930	2,310,506
Capital outlay				
Board of election	25,000	25,000	—	25,000
Public safety				
Police department	1,294,000	1,294,000	1,102,688	191,312
Fire department	2,119,000	3,544,400	3,553,229	(8,829)
Public works - traffic	196,000	196,000	256,615	(60,615)
Total public safety	3,609,000	5,034,400	4,912,532	121,868
Streets, alleys and bridges				
Administration	78,000	107,820	84,307	23,513
Street and sewer	216,000	566,590	696,598	(130,008)
Total Streets, alleys and bridges	294,000	674,410	780,905	(106,495)
Community development				
Planning and zoning	24,000	24,000	50,408	(26,408)
Total capital outlay	3,952,000	5,757,810	5,743,845	13,965
Debt Service				
Interest and fiscal charges	—	—	4,538	(4,538)
Total expenditures	159,771,595	167,653,246	165,333,313	2,319,933
Excess (deficiency) of revenues over (under) expenditures	(2,436,992)	(10,318,643)	1,486,540	11,805,183
OTHER FINANCING SOURCES (USES)				
Debt issuance	3,825,000	3,825,000	1,520,795	(2,304,205)
Transfers in	2,500,000	2,500,000	4,451,825	1,951,825
Transfers out	(3,971,710)	(3,971,710)	(3,971,710)	—
Net changes in fund balance	\$ (83,702)	\$ (7,965,353)	3,487,450	\$ 11,452,803
Fund balance - beginning			39,653,151	
Fund balance - ending			\$ 43,140,601	

CITY OF ROCKFORD, ILLINOIS

Public Library - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
				Positive (Negative)
REVENUES				
Taxes	\$ 7,380,000	\$ 7,380,000	\$ 7,340,913	\$ (39,087)
Intergovernmental	1,030,000	1,030,000	1,137,020	107,020
Charges for services	116,669	116,669	49,400	(67,269)
Fines	43,081	43,081	35,924	(7,157)
Investment income	30,000	30,000	96,962	66,962
Miscellaneous	4,580,000	4,580,000	960,956	(3,619,044)
Total revenues	<u>13,179,750</u>	<u>13,179,750</u>	<u>9,621,175</u>	<u>(3,558,575)</u>
EXPENDITURES				
Current				
Culture and recreation	12,939,012	12,939,012	8,476,567	4,462,445
Capital outlay				
Culture and recreation	10,000	10,000	143,891	(133,891)
Total expenditures	<u>12,949,012</u>	<u>12,949,012</u>	<u>8,620,458</u>	<u>4,328,554</u>
Excess (deficiency) of revenues over (under) expenditures	230,738	230,738	1,000,717	769,979
OTHER FINANCING (USES)				
Transfers out	<u>(230,738)</u>	<u>(230,738)</u>	<u>(230,738)</u>	<u>—</u>
Net changes in fund balance	<u>\$ —</u>	<u>\$ —</u>	<u>769,979</u>	<u>\$ 769,979</u>
Fund balance - beginning			<u>11,605,308</u>	
Fund balance - ending			<u>\$ 12,375,287</u>	

CITY OF ROCKFORD, ILLINOIS

Community Development - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
				Positive (Negative)
REVENUES				
Intergovernmental	\$ 3,177,756	\$ 3,177,756	\$ 3,836,787	\$ 659,031
Investment income	—	—	105,226	105,226
Miscellaneous	34,497	725,229	5,749	(719,480)
Total revenues	<u>3,212,253</u>	<u>3,902,985</u>	<u>3,947,762</u>	<u>44,777</u>
EXPENDITURES				
Current				
Community development	3,151,885	3,984,479	3,962,765	21,714
Debt service				
Principal payments	67,526	67,526	75,000	(7,474)
Interest and fiscal charges	—	—	6,398	(6,398)
Total expenditures	<u>3,219,411</u>	<u>4,052,005</u>	<u>4,044,163</u>	<u>7,842</u>
Excess (deficiency) of revenues over (under) expenditures	(7,158)	(149,020)	(96,401)	36,935
OTHER FINANCING SOURCES				
Transfers in	—	—	30,200	30,200
Net changes in fund balance	\$ <u>(7,158)</u>	\$ <u>(149,020)</u>	\$ <u>(66,201)</u>	\$ <u>67,135</u>
Fund balance - beginning			<u>14,405</u>	
Fund balance - ending			\$ <u>(51,796)</u>	

CITY OF ROCKFORD, ILLINOIS

Tax Increment - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
				Positive (Negative)
REVENUES				
Taxes				
Property	\$ 3,841,468	\$ 3,841,468	\$ 4,302,030	\$ 460,562
Investment income	32,587	32,587	(96,472)	(129,059)
Miscellaneous	—	—	70,000	70,000
Total revenues	3,874,055	3,874,055	4,275,558	401,503
EXPENDITURES				
Current				
Community development	1,443,366	2,323,295	1,969,989	353,306
Debt service				
Principal payments	133,817	133,817	209,282	(75,465)
Total expenditures	1,577,183	2,457,112	2,179,271	277,841
Excess (deficiency) of revenues over (under) expenditures	2,296,872	1,416,943	2,096,287	123,662
OTHER FINANCING SOURCES (USES)				
Transfers in	277,914	277,914	—	(277,914)
Transfers out	(1,850,651)	(1,850,651)	(1,521,720)	328,931
	(1,572,737)	(1,572,737)	(1,521,720)	51,017
Net change in fund balances	\$ 724,135	\$ (155,794)	\$ 574,567	\$ 174,679
Fund balances - beginning				<u>(9,813,638)</u>
Fund balances - ending				<u>\$ (9,239,071)</u>

OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedules include:

- Budgetary Comparison Schedules - Major Governmental Funds
- Combining Statements - Nonmajor Governmental Funds
- Budgetary Comparison Schedules - Nonmajor Governmental Funds
- Budgetary Comparison Schedules - Enterprise Funds
- Combining Statement - Internal Service Funds
- Budgetary Comparison Schedules - Internal Service Funds
- Combining Statements - Pension Trust Funds
- Budgetary Comparison Schedules - Pension Trust Funds
- Consolidated Year-End Financial Report

CITY OF ROCKFORD, ILLINOIS

Debt Service Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
				Positive (Negative)
REVENUES				
Taxes	\$ 1,800,000	\$ 1,800,000	\$ 1,089,315	\$ (710,685)
Intergovernmental	—	—	460,000	460,000
Miscellaneous	20,000	20,000	202,419	182,419
Total revenues	<u>1,820,000</u>	<u>1,820,000</u>	<u>1,751,734</u>	<u>(68,266)</u>
EXPENDITURES				
Debt service				
Principal payments	9,844,034	13,285,739	9,853,041	3,432,698
Interest and service fees	2,751,466	2,751,466	3,492,459	(740,993)
Total expenditures	<u>12,595,500</u>	<u>16,037,205</u>	<u>13,345,500</u>	<u>2,691,705</u>
Excess (deficiency) of revenues over (under) expenditures	(10,775,500)	(14,217,205)	(11,593,766)	2,623,439
OTHER FINANCING SOURCES				
Transfers in	<u>3,189,111</u>	<u>3,189,111</u>	<u>9,713,662</u>	<u>6,524,551</u>
Net changes in fund balance	<u>\$ (7,586,389)</u>	<u>\$ (11,028,094)</u>	<u>(1,880,104)</u>	<u>\$ 9,147,990</u>
Fund balance - beginning			<u>9,487,451</u>	
Fund balance - ending			<u>\$ 7,607,347</u>	

CITY OF ROCKFORD, ILLINOIS

Capital Projects Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 21,769,170	\$ 21,769,170	\$ 15,280,353	\$ (6,488,817)
Investment income	150,000	150,000	275,120	125,120
Miscellaneous	—	—	5,671,612	5,671,612
Total revenues	<u>21,919,170</u>	<u>21,919,170</u>	<u>21,227,085</u>	<u>(692,085)</u>
EXPENDITURES				
Current				
Streets, alleys and bridges	3,910,477	3,910,477	9,070,472	(5,159,995)
Capital outlay	<u>32,719,835</u>	<u>44,491,529</u>	<u>26,099,827</u>	<u>18,391,702</u>
Total expenditures	<u>36,630,312</u>	<u>48,402,006</u>	<u>35,170,299</u>	<u>13,231,707</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(14,711,142)</u>	<u>(26,482,836)</u>	<u>(13,943,214)</u>	<u>12,539,622</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	14,711,142	16,011,142	183,533	(15,827,609)
Transfers out	—	—	(1,300,000)	(1,300,000)
	<u>14,711,142</u>	<u>16,011,142</u>	<u>(1,116,467)</u>	<u>(17,127,609)</u>
Net changes in fund balance	<u>\$ —</u>	<u>\$ (10,471,694)</u>	<u>(15,059,681)</u>	<u>\$ (4,587,987)</u>
Fund balance - beginning			<u>24,307,524</u>	
Fund balance - ending			<u>\$ 9,247,843</u>	

NONMAJOR GOVERNMENTAL FUNDS - Continued

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.

Motor Fuel Tax	To account for the receipt of the City's share of state gasoline taxes. These funds are then transferred to the Capital Improvement Program Fund and used for street maintenance and repairs. State of Illinois law requires separate accounting for such revenues and expenditures.
Redevelopment	To account for monies deposited in accordance with an intergovernmental agreement between the City and the Rockford Metropolitan Exposition, Auditorium and Office Building Authority. Monies deposited are from a sales tax of one percent upon the retail purchase of food and beverages and the charge for renting a hotel or motel room. These monies are used to cover any debt which has been authorized by the City Council.
Tourism	To account for revenues provided by the City's four percent motel and hotel tax and related expenditures. The ordinance provides that revenue from the tax shall be used to promote tourism, conventions and other special events within the municipality.
Family Justice Center	To account for the revenues and expenditures of the center and services provided to the survivors of domestic violence, sexual assault, and human trafficking. Funding is provided by grants and donations.
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.
Rock River Training	To account for the revenues and expenditures of the Rock River Training Center and services provided to the youth in Boone and Winnebago Counties to complete their education and train in areas that help build a foundation to enhance their futures. Funding is provided by grants and donations.

CITY OF ROCKFORD, ILLINOIS

Nonmajor Governmental - Special Revenue Funds
Combining Balance Sheet
December 31, 2020

See Following Page

CITY OF ROCKFORD, ILLINOIS

Nonmajor Governmental - Special Revenue Funds
Combining Balance Sheet
December 31, 2020

	Motor		
	Fuel Tax		Redevelopment
ASSETS			
Cash and cash equivalents	\$ 11,737,525	\$ 992,083	
Receivables - net of allowances	—	516,851	
Accounts	—	514	
Accrued interest	6	—	
Due from Federal Government	—	—	
Due from the State of Illinois	507,474	—	
Due from other governmental units	—	—	
 Total assets	 \$ 12,245,005	 \$ 1,509,448	
LIABILITIES			
Accounts and contracts payable	\$ 1,217,993	\$ 182,776	
Accrued payroll and benefits	—	—	
Due to other funds	—	—	
 Total liabilities	 1,217,993	 182,776	
FUND BALANCES			
Restricted for			
Community development	—	1,326,672	
Highway and streets	11,027,012	—	
Unassigned	—	—	
 Total fund balances	 11,027,012	 1,326,672	
 Total liabilities, deferred inflows of resources and fund balances	 \$ 12,245,005	 \$ 1,509,448	

Tourism	Family Justice Center	Veteran's Scholarship	Rock River Training	Total
\$ —	\$ —	\$ 432	—	\$ 12,730,040
—	2,060	24,926	—	543,837
—	—	—	—	520
—	108,544	—	—	108,544
—	—	—	477,309	984,783
—	—	—	9,155	9,155
<hr/>				
\$ —	\$ 110,604	\$ 25,358	\$ 486,464	\$ 14,376,879
<hr/>				
\$ —	\$ 25,758	\$ —	227,309	\$ 1,653,836
—	2,001	—	—	2,001
—	114,226	—	259,155	373,381
—	141,985	—	486,464	2,029,218
<hr/>				
—	—	25,358	—	1,352,030
—	—	—	—	11,027,012
—	(31,381)	—	—	(31,381)
—	(31,381)	25,358	—	12,347,661
<hr/>				
\$ —	\$ 110,604	\$ 25,358	\$ 486,464	\$ 14,376,879

CITY OF ROCKFORD, ILLINOIS

Nonmajor Governmental - Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended December 31, 2020

	Motor Fuel Tax	Redevelopment
REVENUES		
Taxes	\$ 5,563,177	\$ 4,025,109
Intergovernmental	3,358,267	792,871
Investment income	48,173	6,894
Miscellaneous	—	1,337,843
Total revenues	<u>8,969,617</u>	<u>6,162,717</u>
EXPENDITURES		
Current		
Public safety	—	—
Community development	6,136,707	3,293,097
Debt service		
Principal payments	—	316,949
Interest and fiscal charges	—	85,565
Total expenditures	<u>6,136,707</u>	<u>3,695,611</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,832,910</u>	<u>2,467,106</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	—	1,210,802
Transfers out	<u>(2,500,000)</u>	<u>(3,830,517)</u>
	<u>(2,500,000)</u>	<u>(2,619,715)</u>
Net change in fund balances	332,910	(152,609)
Fund balances - beginning	<u>10,694,102</u>	<u>1,479,281</u>
Fund balances - ending	<u>\$ 11,027,012</u>	<u>\$ 1,326,672</u>

Tourism	Family Justice Center	Veteran's Scholarship	Rock River Training	Total
\$ 1,302,481	\$ —	\$ —	\$ —	\$ 10,890,767
—	265,555	—	4,903,408	9,320,101
7,173	—	3	—	62,243
—	1,699	—	—	1,339,542
1,309,654	267,254	3	4,903,408	21,612,653
—	303,834	—	—	303,834
1,068,309	—	—	4,903,408	15,401,521
—	—	—	—	316,949
—	—	—	—	85,565
1,068,309	303,834	—	4,903,408	16,107,869
241,345	(36,580)	3	—	5,504,784
—	—	—	—	1,210,802
(1,210,802)	—	—	—	(7,541,319)
(1,210,802)	—	—	—	(6,330,517)
(969,457)	(36,580)	3	—	(825,733)
969,457	5,199	25,355	—	13,173,394
\$ —	\$ (31,381)	\$ 25,358	\$ —	\$ 12,347,661

CITY OF ROCKFORD, ILLINOIS

Nonmajor Governmental - Special Revenue Funds - Continued
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended December 31, 2020

	Motor Fuel Tax				Redevelopment				Variance with Final Budget Positive (Negative)	
	Original Budget	Final Budget	Variance with Final Budget		Original Budget	Final Budget	Actual			
			Positive	(Negative)						
REVENUES										
Taxes	\$ 5,900,000	\$ 5,900,000	\$ 5,563,177	\$ (336,823)	\$ 4,788,900	\$ 4,788,900	\$ 4,025,109	\$ (763,791)		
Sales tax	—	—	3,358,267	3,358,267	270,000	270,000	792,871	522,871		
Intergovernmental	175,000	175,000	48,173	(126,827)	10,300	10,300	6,894	(3,406)		
Investment income	—	—	—	—	62,500	62,500	1,337,843	1,275,343		
Miscellaneous	—	—	—	—	—	—	—	—		
Total revenues	<u>6,075,000</u>	<u>6,075,000</u>	<u>8,969,617</u>	<u>2,894,617</u>	<u>5,131,700</u>	<u>5,131,700</u>	<u>6,162,717</u>	<u>1,031,017</u>		
EXPENDITURES										
Current	—	—	6,136,707	(6,136,707)	1,909,088	3,291,188	3,293,097	(1,909)		
Community development	—	—	—	—	—	—	—	—		
Debt service	—	—	—	—	316,949	316,949	316,949	316,949		
Principal payments	—	—	—	—	35,843	90,699	85,565	5,134		
Interest and fiscal charges	—	—	—	—	—	—	—	—		
Total expenditures	<u>—</u>	<u>—</u>	<u>6,136,707</u>	<u>(6,136,707)</u>	<u>2,261,880</u>	<u>3,698,836</u>	<u>3,695,611</u>	<u>3,225</u>		
Excess (deficiency) of revenues over (under) expenditures	<u>6,075,000</u>	<u>6,075,000</u>	<u>2,832,910</u>	<u>(3,242,090)</u>	<u>2,869,820</u>	<u>1,432,864</u>	<u>2,467,106</u>	<u>1,034,242</u>		
OTHER FINANCING SOURCES (USES)										
Transfers in	—	—	—	—	—	537,700	537,700	1,210,802	673,102	
Transfers out	(6,075,000)	(8,583,508)	(2,500,000)	6,083,508	(2,923,096)	(3,831,096)	(3,830,517)	579		
(6,075,000)	(8,583,508)	(2,500,000)	6,083,508	(2,385,396)	(3,293,396)	(2,619,715)	(673,681)			
Net change in fund balances	<u>\$ —</u>	<u>\$ (2,508,508)</u>	<u>332,910</u>	<u>\$ 2,841,418</u>	<u>\$ 484,424</u>	<u>\$ (1,860,532)</u>	<u>(152,609)</u>	<u>\$ 1,707,923</u>		
Fund balances - beginning	—	—	—	—	10,694,102	—	—	1,479,281		
Fund balances - ending	—	—	—	—	<u>\$ 11,027,012</u>	<u>—</u>	<u>—</u>	<u>\$ 1,326,672</u>	<u>(Continued)</u>	

CITY OF ROCKFORD, ILLINOIS

Nonmajor Governmental - Special Revenue Funds - Continued
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended December 31, 2020

		Tourism		Variance with Final Budget	
		Original Budget	Final Budget	Actual	Positive (Negative)
REVENUES					
Taxes	\$ 2,264,500	\$ 2,264,500	\$ 1,302,481	\$ (962,019)	
Sales tax	—	—	7,173	7,173	
Investment income					
Total revenues	<u>2,264,500</u>	<u>2,264,500</u>	<u>1,309,654</u>	<u>(954,846)</u>	
EXPENDITURES					
Current					
Community development					
	<u>1,726,800</u>	<u>1,726,800</u>	<u>1,068,309</u>	<u>658,491</u>	
Excess (deficiency) of revenues over (under) expenditures					
	<u>537,700</u>	<u>537,700</u>	<u>241,345</u>	<u>(296,355)</u>	
OTHER FINANCING (USES)					
Transfers out					
	<u>(537,700)</u>	<u>(537,700)</u>	<u>(1,210,802)</u>	<u>(673,102)</u>	
Net change in fund balances					
	<u>\$ —</u>	<u>\$ —</u>	<u>—</u>	<u>(969,457)</u>	<u><u>(969,457)</u></u>
Fund balances - beginning					
	<u>\$ —</u>	<u>\$ —</u>	<u>—</u>	<u>969,457</u>	<u><u>(Concluded)</u></u>

ENTERPRISE FUNDS

Water Utility	To account for the provision of water services to the residents of the City and some residents of Winnebago County. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service and billing and collection.
Parking System	To account for the activities to provide ample parking for the business districts within the City. Activities include, but are not limited to, the collection of parking revenue from reserved spaces, the issuance and collection of parking fines, administration, operations, and maintenance.

CITY OF ROCKFORD, ILLINOIS

Enterprise Funds

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended December 31, 2020**

	Water Utility				Parking System			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	
OPERATING REVENUES								
Charges for services	\$ 29,908,931	\$ 29,908,931	\$ 29,907,792	\$ (1,139)	\$ 1,624,300	\$ 1,624,300	\$ 1,408,165	\$ (216,135)
Fines and penalties	810,000	810,000	793,345	(16,655)	477,400	477,400	1,163	(476,237)
Intergovernmental	—	—	2,454,295	2,454,295	—	—	—	—
Miscellaneous	35,000	35,000	6,712	(28,288)	10,600	10,600	7,408	(3,192)
Total operating revenues	30,753,931	30,753,931	33,162,144	2,408,213	2,112,300	2,112,300	1,416,736	(695,564)
OPERATING EXPENSES								
Salaries and benefits	6,887,583	6,294,487	6,152,692	141,795	299,641	299,641	311,061	(11,420)
Services	7,473,605	9,103,713	9,170,752	(67,039)	1,505,840	1,505,840	1,385,855	119,985
Supplies and materials	1,732,600	1,151,182	1,139,821	11,361	111,036	111,036	80,454	30,582
Depreciation	6,727,335	6,369,494	6,369,494	—	538,119	538,119	550,637	(12,518)
Changes from General Fund	2,768,806	2,768,806	2,768,806	—	—	—	—	—
Miscellaneous	—	—	224	(224)	10,500	10,500	10,275	225
Total operating expenses	25,589,929	25,687,682	25,601,789	85,893	2,465,136	2,465,136	2,338,282	126,854
Operating income (loss)	5,164,002	5,066,249	7,560,355	2,494,106	(352,836)	(352,836)	(921,546)	(568,710)
NONOPERATING REVENUES (EXPENSES)								
Investment income	200,000	200,000	217,533	17,533	14,200	14,200	(38,469)	(52,669)
Disposal of capital assets	—	—	807	807	—	—	—	—
Interest expense and service fees	(1,095,191)	(1,095,191)	(1,092,989)	2,202	(475,908)	(475,908)	(466,799)	9,109
Amortization expense	100,307	100,307	100,307	—	—	—	—	—
Income (loss) before transfers contributions	4,369,118	4,271,365	6,786,013	2,514,648	(814,544)	(814,544)	(1,426,814)	(612,270)
Transfers out	—	—	—	—	—	—	(183,533)	(183,533)
Contributions from developers	50,000	50,000	313,902	263,902	—	—	183,534	183,534
Changes in net position	\$ 4,419,118	\$ 4,321,365	\$ 7,099,915	\$ 2,778,550	\$ (814,544)	\$ (814,544)	\$ (1,426,813)	\$ (612,269)
Net position - beginning as restated							10,728,991	
Net position - ending							\$ 167,576,152	\$ 9,302,178

INTERNAL SERVICE FUNDS

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

Central Garage	To account for the costs of operating a maintenance facility for automotive equipment used by other City departments and other government agencies. Billings to other departments and agencies are based on actual costs, including depreciation on the garage building and improvements, machinery, and equipment used to provide the service. The automotive equipment itself is acquired by the user departments which are also responsible for financing replacement vehicles as necessary.
Building Maintenance	To account for the costs of operating maintenance facilities, including depreciation, which provide maintenance services and repairs of City buildings and properties. Financing is provided by service charges to user funds.
Central Stores	To account for the costs of operating centralized inventory system for the Central Garage, Building Maintenance, and Water Utility Funds. Financing is provided by service charges to user funds.
Illinois Municipal Retirement	To account for pension and social security costs of Governmental and Proprietary Funds. Financing is provided by service charges to user funds.
Unemployment	To account for unemployment costs relating to Governmental and Proprietary Funds. Financing is provided by service charges to user funds.
Workmens' Compensation	To account for workmen's compensation claims of Governmental and Proprietary Funds. Financing is provided by service charges to user funds.
Health Insurance	To account for health insurance claims relating to City employees and retirees. Financing is provided by service charges to user funds.
911 Communication	To account for the operating costs relating to the 911 communications center serving the City of Rockford and Winnebago County with emergency services. Financing is provided by the Police Department, Fire Department, and Winnebago County.
Risk Management	To account for all insurance, claims, and accidental property loss expenses of Governmental and Proprietary Funds. Financing is provided by service charges to user funds.
Information Systems	To account for the costs relating to the City's data processing functions, pertaining to mainframe and microcomputer network services. Financing is provided by service charges to user funds.

CITY OF ROCKFORD, ILLINOIS

Combining Statement of Net Position - Internal Service Funds

December 31, 2020

See Following Page

CITY OF ROCKFORD, ILLINOIS

Combining Statement of Net Position - Internal Service Funds December 31, 2020

	Central Garage	Building Maintenance	Central Stores	Illinois Municipal Retirement
ASSETS				
Current assets				
Cash and cash equivalents	\$ 920,503	\$ 655,237	\$ —	\$ —
Accounts receivable	530	506	—	—
Due from other governmental units	37,624	—	—	—
Inventories	361,392	—	—	—
Prepaid expenses	—	—	—	—
Total current assets	1,320,049	655,743	—	—
Noncurrent assets				
Capital assets				
Construction in progress	—	18,500	—	—
Buildings and improvements	218,245	5,679,657	—	—
Equipment	442,569	349,520	—	—
Improvements other than buildings	—	235,145	—	—
Less accumulated depreciation	(625,374)	(2,375,965)	—	—
Total noncurrent assets	35,440	3,906,857	—	—
Total assets	1,355,489	4,562,600	—	—
DEFERRED OUTFLOWS OF RESOURCES				
None	—	—	—	—
Total assets and deferred outflows of resources	1,355,489	4,562,600	—	—
LIABILITIES				
Current liabilities				
Accounts payable	189,334	223,242	—	—
Accrued payroll and benefits	10,456	17,696	—	—
Other payables	—	—	—	—
Due to other funds	—	—	—	—
Accrued interest payable	—	—	—	—
Compensated absences	1,112	1,200	—	—
Capital lease payable	13,963	210,266	—	—
Claims and judgments payable	—	—	—	—
General obligation bonds payable - net	—	—	—	—
Total current liabilities	214,865	452,404	—	—
Noncurrent liabilities				
Compensated absences	54,500	58,792	—	—
Capital lease payable	5,841	806,262	—	—
Claims and judgments payable	—	—	—	—
General obligation bonds payable - net	—	—	—	—
Total noncurrent liabilities	60,341	865,054	—	—
Total liabilities	275,206	1,317,458	—	—
DEFERRED INFLOWS OF RESOURCES				
None	—	—	—	—
Total liabilities and deferred inflows of resources	275,206	1,317,458	—	—
NET POSITION				
Net investment in capital assets	15,636	2,890,329	—	—
Unrestricted (deficit)	1,064,647	354,813	—	—
Net position	\$ 1,080,283	\$ 3,245,142	\$ —	\$ —

Unemployment	Workmens' Compensation	Health Insurance	911 Communications	Risk Management	Information Systems	Totals
\$	— \$ 7,911,699	\$ 6,334,262	\$ 389,149	\$ —	\$ 3,707,868	\$ 19,918,718
	— 5,232	1,356	105	396,941	637	405,307
	— —	—	410,973	—	—	448,597
	— —	—	—	—	—	361,392
	— —	—	—	180,717	—	180,717
	— 7,916,931	6,335,618	800,227	577,658	3,708,505	21,314,731
	— —	—	—	—	3,066,854	3,085,354
	— —	—	158,200	—	—	6,056,102
	— —	—	116,250	—	5,444,545	6,352,884
	— —	—	—	—	—	235,145
	— —	—	(147,890)	—	(5,292,874)	(8,442,103)
	— —	—	126,560	—	3,218,525	7,287,382
	— 7,916,931	6,335,618	926,787	577,658	6,927,030	28,602,113
	— —	—	—	—	—	—
	— 7,916,931	6,335,618	926,787	577,658	6,927,030	28,602,113
	— 21,675	—	4,396	—	320,058	758,705
	— —	—	88,156	—	36,932	153,240
	— —	248,078	—	—	—	248,078
	— —	—	—	1,158,145	—	1,158,145
	— —	—	—	15,100	—	15,100
	— —	—	35,091	—	13,062	50,465
	— —	—	—	—	918,715	1,142,944
	— 6,149,930	2,140,994	—	—	—	8,290,924
	— —	—	—	873,800	—	873,800
	— 6,171,605	2,389,072	127,643	2,047,045	1,288,767	12,691,401
	— —	—	140,365	—	52,246	305,903
	— —	—	—	—	1,943,773	2,755,876
	— —	—	—	6,900,126	—	6,900,126
	— —	—	—	9,374,194	—	9,374,194
	— —	—	140,365	16,274,320	1,996,019	19,336,099
	— 6,171,605	2,389,072	268,008	18,321,365	3,284,786	32,027,500
	— —	—	—	—	—	—
	— 6,171,605	2,389,072	268,008	18,321,365	3,284,786	32,027,500
	— —	—	126,560	—	356,037	3,388,562
	— 1,745,326	3,946,546	532,219	(17,743,707)	3,286,207	(6,813,949)
\$	— \$ 1,745,326	\$ 3,946,546	\$ 658,779	\$ (17,743,707)	\$ 3,642,244	\$ (3,425,387)

CITY OF ROCKFORD, ILLINOIS

Combining Statement of Revenues, Expense and Changes in Net Position - Internal Service Funds
For the Fiscal Year Ended December 31, 2020

	Central Garage	Building Maintenance	Central Stores	Illinois Municipal Retirement
OPERATING REVENUES				
Charges for services	\$ 3,368,556	\$ 3,666,398	\$ 497,518	\$ 7,097,482
Intergovernmental	—	—	—	—
Miscellaneous	200	64,008	—	—
Total operating revenues	3,368,756	3,730,406	497,518	7,097,482
OPERATING EXPENSES				
Salaries and benefits	870,714	912,562	365,803	7,097,483
Services	911,368	1,474,068	56,585	3,890
Supplies and materials	1,556,861	458,647	41,595	—
Depreciation	23,222	338,128	—	—
Charges from General Fund	84,100	146,500	31,600	—
Miscellaneous	—	2,961	—	—
Total operating expenses	3,446,265	3,332,866	495,583	7,101,373
Operating income (loss)	(77,509)	397,540	1,935	(3,891)
NONOPERATING REVENUES (EXPENSES)				
Investment income	7,903	7,219	4,200	4,646
Interest expense	(697)	(33,293)	—	—
	7,206	(26,074)	4,200	4,646
Income (loss) before transfers	(70,303)	371,466	6,135	755
Transfers in	—	—	36,905	—
Transfers out	—	(56,343)	(434,356)	(98,994)
	—	(56,343)	(397,451)	(98,994)
Changes in net position	(70,303)	315,123	(391,316)	(98,239)
Net position - beginning	1,150,586	2,930,019	391,316	98,239
Net position - ending	\$ 1,080,283	\$ 3,245,142	\$ —	\$ —

	Workmens' Unemployment	Compensation	Health Insurance	911 Communications	Risk Management	Information Systems	Totals
\$	48,498	3,361,098	23,323,545	5,274,750	1,931,521	5,153,138	53,722,504
—	—	—	—	1,694,278	—	47,758	1,742,036
—	—	—	1,654,367	—	263,307	—	1,981,882
48,498	3,361,098	24,977,912	6,969,028	2,194,828	5,200,896	57,446,422	
—	—	202	4,481,999	—	718,574	14,447,337	
11,521	2,077,088	22,077,154	510,328	2,034,572	2,909,593	32,066,167	
—	—	—	1,303,401	—	270,205	3,630,709	
—	—	—	7,910	—	182,909	552,169	
—	112,600	197,320	—	484,380	43,100	1,099,600	
—	—	—	—	—	—	—	2,961
11,521	2,189,688	22,274,676	6,303,638	2,518,952	4,124,381	51,798,943	
36,977	1,171,410	2,703,236	665,390	(324,124)	1,076,515	5,647,479	
476	66,373	40,135	(6,611)	15,074	12,208	151,623	
—	—	—	—	(374,650)	(142,779)	(551,419)	
476	66,373	40,135	(6,611)	(359,576)	(130,571)	(399,796)	
37,453	1,237,783	2,743,371	658,779	(683,700)	945,944	5,247,683	
—	—	—	—	—	—	—	36,905
(118,475)	—	—	—	—	(132,834)	(841,002)	
(118,475)	—	—	—	—	(132,834)	(804,097)	
(81,022)	1,237,783	2,743,371	658,779	(683,700)	813,110	4,443,586	
81,022	507,543	1,203,175	—	(17,060,007)	2,829,134	(7,868,973)	
\$	—	\$ 1,745,326	\$ 3,946,546	\$ 658,779	\$ (17,743,707)	\$ 3,642,244	\$ (3,425,387)

CITY OF ROCKFORD, ILLINOIS

Combining Statement of Cash Flow - Internal Service Funds For the Fiscal Year Ended December 31, 2020

	Central Garage	Building Maintenance	Central Stores	Municipal Retirement	Illinois Unemployment
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 3,337,077	\$ 3,731,123	\$ 497,851	\$ 7,099,809	\$ 123,799
Payments to suppliers	(2,635,703)	(2,062,177)	(175,070)	(352,677)	(11,521)
Payments to employees	(870,714)	(912,562)	(365,803)	(7,097,483)	—
	<u>(169,340)</u>	<u>756,384</u>	<u>(43,022)</u>	<u>(350,351)</u>	<u>112,278</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Interest paid on capital debt	(697)	(33,293)	—	—	—
Principal paid on capital debt	(140,976)	(205,232)	—	—	—
Debt issuance	129,630	—	—	—	—
Purchase of capital assets	—	(410,257)	—	—	—
	<u>(12,043)</u>	<u>(648,782)</u>	<u>—</u>	<u>—</u>	<u>—</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in	—	—	36,905	—	—
Transfers out	—	(56,343)	(434,356)	(98,994)	(118,475)
	<u>—</u>	<u>(56,343)</u>	<u>(397,451)</u>	<u>(98,994)</u>	<u>(118,475)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income	7,903	7,219	4,200	4,646	476
Net increase (decrease) in cash and cash equivalents	(173,480)	58,478	(436,273)	(444,699)	(5,721)
Cash and cash equivalents - beginning	1,093,983	596,759	436,273	444,699	5,721
Cash and cash equivalents - ending	<u>\$ 920,503</u>	<u>\$ 655,237</u>	<u>— \$</u>	<u>— \$</u>	<u>—</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES					
Operating income (loss)	\$ (77,509)	\$ 397,540	\$ 1,935	\$ (3,891)	\$ 36,977
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities					
Depreciation expense	23,222	338,128	—	—	—
Increase (decrease) from changes in:					
Accounts receivable	115	717	333	327	75,301
Due from other governmental units	(4,858)	—	—	—	—
Inventories	(26,936)	—	—	—	—
Prepaid items	—	—	—	2,000	—
Accounts payable	(25,464)	74,568	(596)	(221,909)	—
Accrued payroll and benefits	(31,346)	(17,379)	(12,827)	(126,878)	—
Due to Other Funds	—	—	—	—	—
Compensated absences	(26,564)	(37,190)	(31,867)	—	—
Other liabilities	—	—	—	—	—
	<u>(91,831)</u>	<u>358,844</u>	<u>(44,957)</u>	<u>(346,460)</u>	<u>75,301</u>
Net cash provided by (used for) operating activities	<u>\$ (169,340)</u>	<u>\$ 756,384</u>	<u>\$ (43,022)</u>	<u>\$ (350,351)</u>	<u>\$ 112,278</u>

Workmens' Compensation	Health Insurance	911 Communications	Risk Management	Information Systems	Totals
\$ 3,361,056	\$ 25,010,438	\$ 6,793,560	\$ 1,864,839	\$ 5,201,091	\$ 57,020,643
(2,638,437)	(23,083,085)	(2,140,976)	(12,318,487)	(3,325,589)	(48,743,722)
—	(202)	(4,481,999)	—	(718,574)	(14,447,337)
722,619	1,927,151	170,585	(10,453,648)	1,156,928	(6,170,416)
—	—	—	(374,650)	(142,779)	(551,419)
—	—	—	—	(884,997)	(1,231,205)
—	—	—	10,247,994	—	10,377,624
—	—	—	—	(657,734)	(1,067,991)
—	—	—	9,873,344	(1,685,510)	7,527,009
—	—	—	—	—	36,905
—	—	—	—	(132,834)	(841,002)
—	—	—	—	(132,834)	(804,097)
66,373	40,135	(6,611)	15,074	12,208	151,623
788,992	1,967,286	163,974	(565,230)	(649,208)	704,119
7,122,707	4,366,976	225,175	565,230	4,357,076	19,214,599
\$ 7,911,699	\$ 6,334,262	\$ 389,149	\$ —	\$ 3,707,868	\$ 19,918,718
\$ 1,171,410	\$ 2,703,236	\$ 665,390	\$ (324,124)	\$ 1,076,515	\$ 5,647,479
—	—	7,910	—	182,909	552,169
(42)	19,652	(271)	(149,272)	195	(52,945)
—	—	(175,197)	—	—	(180,055)
—	—	—	—	—	(26,936)
—	12,874	—	(180,717)	—	(165,843)
(153,819)	(375,789)	(11,871)	—	(69,527)	(784,407)
—	—	(160,059)	—	10,051	(338,438)
—	—	—	1,158,145	—	1,158,145
—	—	(155,317)	—	(43,215)	(294,153)
(294,930)	(432,822)	—	(10,957,680)	—	(11,685,432)
(448,791)	(776,085)	(494,805)	(10,129,524)	80,413	(11,817,895)
\$ 722,619	\$ 1,927,151	\$ 170,585	\$ (10,453,648)	\$ 1,156,928	\$ (6,170,416)

CITY OF ROCKFORD, ILLINOIS

Internal Service Funds
Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended December 31, 2020

	Central Garage			Building Maintenance			Variance with Final Budget Positive (Negative)	
	Original Budget	Final Budget	Actual	Variance with Final Budget				
				Positive (Negative)	Original Budget	Final Budget		
OPERATING REVENUES								
Charges for services	\$ 3,818,750	\$ 3,818,750	\$ 3,368,556	\$ (450,194)	\$ 3,762,351	\$ 3,762,351	\$ 3,666,398 (95,953)	
Miscellaneous	15,000	15,000	200	(14,800)	—	—	64,008 64,008	
Total operating revenues	<u>3,833,750</u>	<u>3,833,750</u>	<u>3,368,756</u>	<u>(464,994)</u>	<u>3,762,351</u>	<u>3,762,351</u>	<u>3,730,406 (31,945)</u>	
OPERATING EXPENSES								
Salaries and benefits	1,014,948	1,014,948	870,714	144,234	1,073,502	1,073,502	912,562 160,940	
Services	754,570	754,570	911,368	(156,798)	1,762,354	1,762,354	1,474,068 288,286	
Supplies and materials	1,840,100	1,840,100	1,556,861	283,239	369,260	369,260	458,647 (89,387)	
Depreciation	53,323	53,323	23,222	30,101	285,722	285,722	338,128 (52,406)	
Charges from General Fund	84,100	84,100	84,100	—	146,500	146,500	146,500 —	
Miscellaneous	—	—	—	—	8,700	8,700	2,961 5,739	
Total operating expenses	<u>3,747,041</u>	<u>3,747,041</u>	<u>3,446,265</u>	<u>300,776</u>	<u>3,646,038</u>	<u>3,646,038</u>	<u>3,332,866 313,172</u>	
Operating income (loss)	<u>86,709</u>	<u>86,709</u>	<u>(77,509)</u>	<u>(164,218)</u>	<u>116,313</u>	<u>116,313</u>	<u>397,540 281,227</u>	
NONOPERATING REVENUES (EXPENSES)								
Investment income	4,000	4,000	7,903	3,903	20,500	20,500	7,219 (13,281)	
Interest expense	(3,020)	(3,020)	(697)	2,323	(950)	(950)	(33,293) (32,343)	
Income (loss) before transfers	<u>87,689</u>	<u>87,689</u>	<u>(70,303)</u>	<u>(157,992)</u>	<u>135,863</u>	<u>135,863</u>	<u>371,466 235,603</u>	
Transfers out	—	—	—	—	(26,143)	(26,143)	(56,343) (30,200)	
Changes in net position	<u>\$ 87,689</u>	<u>\$ 87,689</u>	<u>(70,303)</u>	<u>\$ (157,992)</u>	<u>\$ 109,720</u>	<u>\$ 109,720</u>	<u>315,123 \$ 205,403</u>	
Net position - beginning							<u>2,930,019</u>	
Net position - ending							<u>\$ 3,245,142</u>	

(Continued)

CITY OF ROCKFORD, ILLINOIS

Internal Service Funds - Continued
Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended December 31, 2020

	Central Stores				Illinois Municipal Retirement				Variance with Final Budget Positive (Negative)	
	Original Budget	Final Budget	Variance with Final Budget Positive (Negative)		Original Budget	Final Budget	Actual			
			Final Budget	Positive (Negative)						
OPERATING REVENUES										
Charges for services	\$ 497,520	\$ 497,520	\$ 497,518	\$ (2)	\$ 5,707,309	\$ 5,707,309	\$ 7,097,482	\$ 1,390,173		
OPERATING EXPENSES										
Salaries and benefits	369,369	369,369	365,803	3,566	6,010,919	7,097,919	7,097,483	436		
Services	69,970	69,970	56,585	13,385	3,890	3,890	3,890	—		
Supplies and materials	26,500	26,500	41,595	(15,095)	—	—	—	—		
Charges from General Fund	31,600	31,600	31,600	—	—	—	—	—		
Total operating expenses	497,439	497,439	495,583	1,856	6,014,809	7,101,809	7,101,373	436		
Operating income (loss)	81	81	1,935	1,854	(307,500)	(1,394,500)	(3,891)	1,390,609		
NONOPERATING REVENUES										
Investment income	—	—	4,200	4,200	10,000	10,000	4,646	(5,354)		
Income (loss) before transfers	81	81	6,135	6,054	(297,500)	(1,384,500)	755	1,385,255		
Transfers in	—	—	36,905	36,905	—	—	—	—		
Transfers out	—	—	(434,356)	(434,356)	—	—	(98,994)	(98,994)		
Changes in net position	—	—	(397,451)	(397,451)	—	—	(98,994)	(98,994)		
Net position - beginning	\$ 81	\$ 81	(391,316)	\$ (391,397)	\$ (297,500)	\$ (1,384,500)	\$ (98,239)	\$ 1,286,261		
Net position - ending			391,316		98,239				\$ —	

(Continued)

CITY OF ROCKFORD, ILLINOIS

Internal Service Funds - Continued
Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended December 31, 2020

	Unemployment				Workmens' Compensation			
	Original Budget	Final Budget	Variance with Final Budget		Original Budget	Variance with Final Budget		Final Budget
			Positive	(Negative)		Positive	(Negative)	
OPERATING REVENUES								
Charges for services	\$ 49,646	\$ 49,646	\$ 48,498	\$ (1,148)	\$ 3,132,030	\$ 3,132,030	\$ 3,361,098	\$ 229,068
OPERATING EXPENSES								
Services	49,686	49,686	11,521	38,165	3,010,255	3,010,255	2,077,088	933,167
Charges from General Fund	—	—	—	—	112,600	112,600	112,600	—
Total operating expenses	49,686	49,686	11,521	38,165	3,122,855	3,122,855	2,189,688	933,167
Operating income (loss)	(40)	(40)	36,977	37,017	9,175	9,175	1,171,410	1,162,235
NONOPERATING REVENUES								
Investment income	2,300	2,300	476	(1,824)	70,000	70,000	66,373	(3,627)
Income (loss) before transfers	2,260	2,260	37,453	35,193	79,175	79,175	1,237,783	1,158,608
Transfers Out	—	—	(118,475)	(118,475)	—	—	—	—
Changes in net position	\$ 2,260	\$ 2,260	(81,022)	\$ (83,282)	\$ 79,175	\$ 79,175	1,237,783	\$ 1,158,608
Net position - beginning			81,022				507,543	
Net position - ending			\$ —				\$ 1,745,326	(Continued)

CITY OF ROCKFORD, ILLINOIS

Internal Service Funds - Continued
Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended December 31, 2020

	Health Insurance			911 Communication			Variance with Final Budget Positive (Negative)	
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)				
				Original Budget	Final Budget	Actual		
OPERATING REVENUES								
Charges for services	\$ 22,394,582	\$ 22,394,582	\$ 23,323,545	\$ 928,963	\$ 5,293,202	\$ 5,293,202	\$ (18,452)	
Intergovernmental	—	—	—	—	1,068,004	1,068,004	626,274	
Miscellaneous	1,131,828	1,131,828	1,654,367	522,539	—	—	—	
Total operating revenues	<u>23,526,410</u>	<u>23,526,410</u>	<u>24,977,912</u>	<u>1,451,502</u>	<u>6,361,206</u>	<u>6,969,028</u>	<u>607,822</u>	
OPERATING EXPENSES								
Salaries and benefits	—	—	202	(202)	4,504,830	4,504,830	4,481,999	
Services	21,467,737	21,467,737	22,077,154	(609,417)	356,505	438,505	510,328	
Supplies and materials	2,000	2,000	—	2,000	1,491,961	1,491,961	1,303,401	
Depreciation	—	—	—	—	7,910	7,910	188,560	
Charges from General Fund	197,320	197,320	197,320	—	—	—	—	
Total operating expenses	<u>21,667,057</u>	<u>21,667,057</u>	<u>22,274,676</u>	<u>(607,619)</u>	<u>6,361,206</u>	<u>6,443,206</u>	<u>6,303,638</u>	
Operating income	1,859,353	1,859,353	2,703,236	843,883	—	(82,000)	665,390	
NONOPERATING REVENUES								
Investment income	38,700	38,700	40,135	1,435	—	—	(6,611)	
Changes in net position	<u>\$ 1,898,053</u>	<u>\$ 1,898,053</u>	<u>2,743,371</u>	<u>\$ 845,318</u>	<u>\$ —</u>	<u>\$ (82,000)</u>	<u>\$ 658,779</u>	
Net position - beginning							<u>740,779</u>	
Net position - ending							<u>\$ 658,779</u>	

(Continued)

CITY OF ROCKFORD, ILLINOIS

Internal Service Funds - Continued
Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended December 31, 2020

	Risk Management				Information System			Variance with Final Budget Positive (Negative)	
	Original Budget	Final Budget	Variance with Final Budget		Final Budget	Actual			
			Positive	(Negative)					
OPERATING REVENUES									
Charges for services	\$ 2,663,653	\$ 2,663,653	\$ 1,931,521	\$ (732,132)	\$ 4,670,875	\$ 5,153,138	\$ 482,263		
Intergovernmental	—	—	—	—	1,235,003	47,758	(1,187,245)		
Miscellaneous	250,000	250,000	263,307	13,307	—	—	—	—	
Total operating revenues	2,913,653	2,913,653	2,194,828	(718,825)	5,905,878	5,905,878	5,200,896	(704,982)	
OPERATING EXPENSES									
Salaries and benefits	—	—	—	—	1,624,908	1,624,908	718,574	906,334	
Services	2,216,800	13,566,800	2,034,572	11,532,228	3,080,128	3,080,128	2,909,593	170,535	
Supplies and materials	—	—	—	—	91,000	91,000	270,205	(179,205)	
Depreciation	—	—	—	—	374,090	374,090	182,909	191,181	
Charges from General Fund	484,380	484,380	484,380	—	43,100	43,100	43,100	—	
Total operating expenses	2,701,180	14,051,180	2,518,952	11,532,228	5,213,226	5,213,226	4,124,381	1,088,845	
Operating income (loss)	212,473	(11,137,527)	(324,124)	10,813,403	692,652	692,652	1,076,515	383,863	
NONOPERATING REVENUES (EXPENSES)									
Investment income	—	—	15,074	15,074	—	—	12,208	12,208	
Interest expense	—	—	(374,650)	(374,650)	—	—	(142,779)	(142,779)	
Income (loss) before transfers	—	—	(359,576)	(359,576)	—	—	(130,571)	(130,571)	
Transfers Out	212,473	(11,137,527)	(683,700)	10,453,827	692,652	692,652	945,944	253,292	
Changes in net position	\$ 212,473	\$ (11,137,527)	\$ (683,700)	\$ 10,453,827	\$ 559,818	\$ 559,818	\$ 813,110	\$ 253,292	
Net position - beginning								2,829,134	
Net position - ending								\$ 3,642,244	

(Concluded)

FIDUCIARY FUNDS

PENSION TRUST

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

CITY OF ROCKFORD, ILLINOIS

Pension Trust Funds

Combining Statement of Fiduciary Net Position

December 31, 2020

	Police Pension	Firefighters' Pension	Totals
ASSETS			
Cash and Cash Equivalents	\$ 8,147,110	\$ 7,973,907	\$ 16,121,017
Investments - retirement plans			
U.S. Treasury Securities	8,430,046	15,925,043	24,355,089
U.S. Agency Securities	7,058,918	15,413,835	22,472,753
Municipal Bonds	799,422	631,226	1,430,648
Corporate Bonds	19,309,525	22,040,240	41,349,765
Common Stocks	13,240,729	10,399,894	23,640,623
Northern Trust Collective Funds	33,467,804	—	33,467,804
Mutual Funds	127,683,572	103,295,263	230,978,835
Total investments	209,990,016	167,705,501	377,695,517
Accounts receivable - net of allowance			
Accrued interest receivable	202,628	316,830	519,458
Contributions receivables	10,399,729	10,078,680	20,478,409
Total accounts receivable - net of allowance	10,602,357	10,395,510	20,997,867
Total assets	228,739,483	186,074,918	414,814,401
LIABILITIES			
Accrued liabilities	56,179	52,035	108,214
Due to other funds	1,244,539	136,146	1,380,685
Total liabilities	1,300,718	188,181	1,488,899
NET POSITION			
Net position restricted for pensions	\$ 227,438,765	\$ 185,886,737	\$ 413,325,502

CITY OF ROCKFORD, ILLINOIS

Pension Trust Funds

Combining Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended December 31, 2020

	Police Pension	Firefighters' Pension	Totals
ADDITIONS			
Contributions			
Employer	\$ 10,010,063	\$ 11,769,098	\$ 21,779,161
Plan member	2,549,019	2,388,206	4,937,225
Total contributions	<u>12,559,082</u>	<u>14,157,304</u>	<u>26,716,386</u>
Investment income			
Net appreciation in fair value of investments	19,808,592	14,878,071	34,686,663
Interest and dividend income	3,493,550	3,518,911	7,012,461
Less investment expense	23,302,142	18,396,982	41,699,124
Net investment income	(256,951)	(281,672)	(538,623)
	<u>23,045,191</u>	<u>18,115,310</u>	<u>41,160,501</u>
Total additions	<u>35,604,273</u>	<u>32,272,614</u>	<u>67,876,887</u>
DEDUCTIONS			
Pension benefits	20,020,058	20,558,778	40,578,836
Refunds of contributions	60,592	30,042	90,634
Administrative expense	206,027	178,802	384,829
Total deductions	<u>20,286,677</u>	<u>20,767,622</u>	<u>41,054,299</u>
Changes in fiduciary net position	15,317,596	11,504,992	26,822,588
Net position restricted for pensions			
Beginning	<u>212,121,169</u>	<u>174,381,745</u>	<u>386,502,914</u>
Ending	<u>\$ 227,438,765</u>	<u>\$ 185,886,737</u>	<u>\$ 413,325,502</u>

CITY OF ROCKFORD, ILLINOIS

Pension Trust Funds
Schedule of Changes in the Fiduciary Net Position - Budget and Actual
For the Fiscal Year Ended December 31, 2020

CITY OF ROCKFORD, ILLINOIS

Consolidated Year-End Financial Report

December 31, 2020

CSFA #	Program Name	State	Federal	Other	Total
418-00-1330	Norman Consent Decree	\$ 5,458	\$ —	\$ —	\$ 5,458
418-00-1340	Youth Emergency and Crisis Services	4,713	—	—	4,713
420-00-1781	Structural Updates to Fire Stations and Backup Generators at Fire Stations	187,440	—	—	187,440
420-00-2412	WIOA Statewide Activities	—	44,071	—	44,071
420-00-2433	Local Coronavirus Urgent Remediation Emergency (or Local CURE) & Economic Support Payments Grants Program	—	6,797,773	—	6,797,773
420-30-0075	WIOA Statewide Activities - Nonformula	—	45,279	—	45,279
420-30-0076	WIOA Formula Grants	—	4,661,965	—	4,661,965
420-30-0080	WIOA National Dislocated Worker Grants	—	14,705	—	14,705
420-30-0081	WIOA Statewide Rapid Response - Formula	—	137,388	—	137,388
420-70-0087	Weatherization Assistance for Low-Income Persons	43,287	189,215	—	232,502
420-70-0090	Low-Income Home Energy Assistance	1,803,190	7,536,284	—	9,339,474
420-70-0091	Community Services Block Grant	—	1,689,808	—	1,689,808
444-80-0496	Emergency Solutions Grant Program	—	52,554	—	52,554
444-80-0657	Homeless Prevention Program	631,415	—	—	631,415
444-80-2454	CURES Act Housing: Financial Support	—	59,972	—	59,972
494-00-1439	Statewide Planning and Research Funds	—	66,413	—	66,413
494-00-1488	Motor Fuel Tax Program	8,583,507	—	—	8,583,507
494-10-0343	State and Community Highway Safety/National Priority Safety Program	—	42,806	—	42,806
546-00-1564	Victims of Crime Act (VOCA) FFY17	—	72,824	—	72,824
549-00-2179	Violence Prevention and Street Intervention Programs (VP-SIP)	56,181	—	—	56,181
586-18-0410	Summer Food Service Program for Children	—	233,573	—	233,573
588-40-0450	Emergency Management Performance Grants	—	298,513	52,112	350,625
	Other Grant Programs and Activities	—	21,061,951	277,960	21,339,911
	All Other Costs Not Allocated	—	—	222,364,503	222,364,503
Totals		11,315,191	43,005,094	222,694,575	277,014,860

STATISTICAL SECTION (Unaudited)

This part of the 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.

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue sources.

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

CITY OF ROCKFORD, ILLINOIS

Net Position by Component - Last Ten Fiscal Years
December 31, 2020 (Unaudited)

See Following Page

CITY OF ROCKFORD, ILLINOIS

Net Position by Component - Last Ten Fiscal Years*

December 31, 2020 (Unaudited)

	2011	2012	2013	2014
GOVERNMENTAL ACTIVITIES				
Net investment in capital assets	\$ 482,815,999	\$ 480,167,639	\$ 523,202,658	\$ 529,830,638
Restricted				
Capital projects	10,546,148	10,546,148	8,262,387	5,588,205
Debt service	5,437,035	5,686,654	6,513,108	6,575,000
Other purposes	18,103,293	19,429,953	13,470,622	15,548,246
Unrestricted (deficit)	(17,342,443)	(3,338,207)	(3,428,056)	(965,343)
Total governmental activities net position	<u>499,560,032</u>	<u>512,492,187</u>	<u>548,020,719</u>	<u>556,576,746</u>
BUSINESS-TYPE ACTIVITIES				
Net investment in capital assets	135,803,303	138,848,876	139,564,019	140,232,135
Restricted				
Capital projects	1,000,000	1,000,000	1,000,000	1,000,000
Debt service	5,424,356	5,452,243	5,334,283	5,187,576
Unrestricted (deficit)	3,652,612	3,559,349	3,387,821	3,425,953
Total business-type activities net position	<u>145,880,271</u>	<u>148,860,468</u>	<u>149,286,123</u>	<u>149,845,664</u>
Total net position	<u><u>\$ 645,440,303</u></u>	<u><u>\$ 661,352,655</u></u>	<u><u>\$ 697,306,842</u></u>	<u><u>\$ 706,422,410</u></u>
PRIMARY GOVERNMENT				
Net investment in capital assets	\$ 618,619,302	\$ 619,016,515	\$ 662,766,677	\$ 670,062,773
Restricted	40,510,832	42,114,998	34,580,400	33,899,027
Unrestricted (deficit)	(13,689,831)	221,142	(40,235)	2,460,610
Total net position	<u><u>\$ 645,440,303</u></u>	<u><u>\$ 661,352,655</u></u>	<u><u>\$ 697,306,842</u></u>	<u><u>\$ 706,422,410</u></u>

Data Source: City Records

*Accrual Basis of Accounting

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

2015**	2016	2017	2018	2019	2020
\$ 225,009,895	\$ 232,181,881	\$ 246,421,993	\$ 237,514,960	\$ 240,780,483	\$ 272,587,858
—	—	—	—	—	—
9,940,202	9,984,081	10,297,303	8,350,683	9,080,224	7,274,106
24,223,691	25,524,410	24,137,561	28,293,779	26,226,292	26,605,345
(281,214,840)	(294,263,674)	(315,835,681)	(334,710,176)	(354,897,376)	(357,991,883)
(22,041,052)	(26,573,302)	(34,978,824)	(60,550,754)	(78,810,377)	(51,524,574)
136,801,891	138,985,875	142,017,856	148,507,880	154,684,885	164,308,985
1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
5,040,258	3,734,747	3,493,867	3,005,522	4,190,830	4,186,860
8,525,774	12,682,405	15,214,839	15,064,449	14,524,616	7,382,485
151,367,923	156,403,027	161,726,562	167,577,851	174,400,331	176,878,330
\$ 129,326,871	\$ 129,829,725	\$ 126,747,738	\$ 107,027,097	\$ 95,589,954	\$ 125,353,756
\$ 361,811,786	\$ 371,167,756	\$ 388,439,849	\$ 386,022,840	\$ 395,465,368	\$ 436,896,843
40,204,151	40,243,238	38,928,731	40,649,984	40,497,346	39,066,311
(272,689,066)	(281,581,269)	(300,620,842)	(319,645,727)	(340,372,760)	(350,609,398)
\$ 129,326,871	\$ 129,829,725	\$ 126,747,738	\$ 107,027,097	\$ 95,589,954	\$ 125,353,756

CITY OF ROCKFORD, ILLINOIS

Changes in Net Position - Last Ten Fiscal Years* December 31, 2020 (Unaudited)

	2011	2012	2013	2014	2015**	2016	2017	2018	2019	2020
EXPENSES										
Governmental activities:										
General government	\$ 11,074,142	\$ 11,993,604	\$ 13,134,269	\$ 13,264,913	\$ 18,051,570	\$ 21,300,763	\$ 18,138,188	\$ 14,226,719	\$ 35,092,646	\$ 11,274,151
Public safety	88,787,990	91,813,775	98,591,263	99,756,203	128,158,182	110,625,870	108,748,346	116,539,144	128,312,734	128,276,579
Streets, alleys and bridges	34,788,508	32,971,181	34,444,654	39,685,242	42,806,715	38,707,462	41,388,115	38,576,921	32,328,120	23,434,088
Community development	10,312,407	13,899,004	10,147,688	9,011,612	12,401,104	13,478,587	11,918,656	13,693,237	11,973,876	23,971,515
Sanitation and sewers	6,885,950	6,703,345	7,083,257	9,356,050	12,358,032	15,308,363	14,588,031	12,423,942	24,675	24,632
Culture and recreation	7,591,103	7,690,140	8,347,463	8,971,095	8,270,725	8,554,854	10,197,037	10,299,372	9,810,071	11,303,428
Public health and welfare	16,837,305	16,215,478	16,398,282	16,128,872	15,768,176	15,033,706	14,993,154	17,091,672	18,634,837	21,383,787
Interest and fiscal charges	4,910,952	4,783,229	3,913,461	3,451,326	3,444,206	4,270,103	4,093,321	2,292,276	3,744,012	4,148,958
	<u>181,188,357</u>	<u>186,069,756</u>	<u>192,060,337</u>	<u>199,625,313</u>	<u>241,258,710</u>	<u>227,297,708</u>	<u>224,064,848</u>	<u>225,143,283</u>	<u>239,920,971</u>	<u>223,817,138</u>
Business-type activities:										
Water	21,058,993	21,578,537	21,977,859	24,317,101	22,414,342	22,860,954	23,861,455	25,245,966	24,003,349	26,593,664
Parking	2,088,672	2,029,911	2,488,973	2,581,766	2,747,317	2,932,988	2,968,127	3,010,818	3,155,858	2,805,081
	<u>23,147,665</u>	<u>23,608,448</u>	<u>24,466,832</u>	<u>26,898,867</u>	<u>25,161,659</u>	<u>25,793,942</u>	<u>26,829,582</u>	<u>28,256,784</u>	<u>27,159,207</u>	<u>29,398,745</u>
Total expenses	<u>\$ 204,336,022</u>	<u>\$ 209,678,204</u>	<u>\$ 216,527,169</u>	<u>\$ 226,524,180</u>	<u>\$ 266,420,369</u>	<u>\$ 253,073,650</u>	<u>\$ 250,894,430</u>	<u>\$ 253,400,067</u>	<u>\$ 267,080,178</u>	<u>\$ 253,215,883</u>
PROGRAM REVENUES										
Governmental activities:										
Charges for services:										
General government	\$ 6,721,553	\$ 7,277,778	\$ 7,174,058	\$ 7,156,417	\$ 8,045,685	\$ 28,458,097	\$ 28,538,407	\$ 24,767,832	\$ 24,688,289	\$ 29,620,769
Public safety	10,013,940	9,512,944	9,116,701	9,362,142	10,525,495	—	1,885,578	2,033,143	2,022,607	1,482,344
Streets, alleys and bridges	5,518,115	5,032,043	5,551,095	5,843,446	6,569,562	—	—	—	—	—
Community development	855,001	910,398	1,002,188	1,007,366	1,132,543	227,441	1,181,885	105,663	57,335	—
Sanitation and sewers	8,540,308	9,288,182	9,188,324	11,338,644	12,747,602	12,708,453	12,175,492	12,569,368	12,473,238	12,616,425
Culture and recreation	187,201	177,017	169,912	173,796	198,765	122,831	180,135	151,491	168,044	85,324
Operating grants and contributions	26,038,343	25,819,764	22,637,706	21,686,554	29,023,324	31,665,946	24,578,58	29,600,919	26,763,411	37,226,428
Capital grants and contributions	8,343,151	4,790,309	36,857,891	8,141,162	14,124,360	10,027,753	6,211,884	6,434,827	3,447,733	—
	<u>66,217,612</u>	<u>62,808,435</u>	<u>91,697,875</u>	<u>64,709,527</u>	<u>82,367,336</u>	<u>83,255,521</u>	<u>74,751,939</u>	<u>75,663,243</u>	<u>69,620,657</u>	<u>8,031,290</u>
Business-type activities:										
Charges for services:										
Wafer	22,675,543	24,682,211	23,401,598	23,771,130	24,772,693	27,628,814	28,943,917	29,100,353	30,954,297	33,162,144
Parking	1,866,127	1,482,409	1,632,434	2,221,571	1,911,746	2,059,037	1,782,237	1,766,949	1,766,277	1,416,736
Capital grants and contributions	2,273,425	—	586,349	644,105	—	89,380	1,305,355	3,511,512	770,104	497,436
Total program revenues	<u>\$ 93,032,707</u>	<u>\$ 88,973,055</u>	<u>\$ 117,318,256</u>	<u>\$ 91,346,333</u>	<u>\$ 109,051,775</u>	<u>\$ 113,802,752</u>	<u>\$ 106,783,448</u>	<u>\$ 110,042,057</u>	<u>\$ 103,111,335</u>	<u>\$ 116,107,606</u>

	2011	2012	2013	2014	2015**	2016	2017	2018	2019	2020
NET (EXPENSES) REVENUES										
Governmental activities	\$ (114,970,745)	\$ (123,261,321)	\$ (100,362,462)	\$ (134,915,786)	\$ (158,891,374)	\$ (144,024,187)	\$ (149,312,909)	\$ (149,480,040)	\$ (170,300,314)	\$ (142,785,848)
Business-type activities	3,667,430	2,556,172	1,153,549	(262,061)	1,522,780	4,753,289	5,201,927	6,122,030	6,331,471	5,677,571
Total net (expenses) revenues	<u>\$ (111,303,315)</u>	<u>\$ (120,705,149)</u>	<u>\$ (99,208,913)</u>	<u>\$ (135,177,847)</u>	<u>\$ (157,368,594)</u>	<u>\$ (139,270,898)</u>	<u>\$ (144,110,982)</u>	<u>\$ (143,358,010)</u>	<u>\$ (163,968,843)</u>	<u>\$ (137,108,277)</u>
CHANGES IN NET POSITION										
Governmental activities:										
Taxes	\$ 59,851,344	\$ 60,064,811	\$ 60,194,938	\$ 59,593,973	\$ 59,557,696	\$ 59,518,930	\$ 58,210,507	\$ 58,210,507	\$ 59,088,158	\$ 59,559,026
Property taxes	37,027,021	37,902,668	37,991,893	38,956,555	39,212,916	39,229,423	40,241,419	40,241,419	41,432,700	38,481,118
Sales taxes										
Other taxes	16,016,298	16,521,501	17,551,602	10,295,225	11,592,026	16,364,785	23,989,197	23,989,197	28,086,266	27,530,279
Intergovernmental										
Income tax	11,978,090	13,553,269	14,741,571	14,477,198	16,529,806	14,686,440	13,888,264	13,888,264	16,402,072	16,834,216
Replacement tax	7,068,952	6,851,038	7,814,495	7,610,690	6,541,765	7,188,103	7,365,335	7,365,335	8,768,557	7,841,272
Other	—	—	—	—	—	—	—	—	—	9,320,101
Investment income	2,176,835	919,186	(2,822,026)	4,204,812	1,188,290	1,001,420	625,757	1,156,212	1,081,913	802,248
Miscellaneous	546,953	826,206	1,388,622	1,017,183	3,335,120	3,536,395	4,136,550	3,021,339	5,779,049	9,519,858
Transfers	400,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	—	183,533
Total governmental activities	<u>135,432,722</u>	<u>136,193,476</u>	<u>135,890,994</u>	<u>143,471,813</u>	<u>136,720,818</u>	<u>136,812,737</u>	<u>140,886,617</u>	<u>147,872,273</u>	<u>160,638,715</u>	<u>170,071,651</u>
Business-type activities:										
Investment income	841,454	324,952	(667,894)	1,048,948	232,718	341,815	181,608	309,640	491,009	179,064
Miscellaneous	—	159,073	—	(167,346)	—	—	—	—	—	—
Transfers	(400,000)	(60,000)	(60,000)	(60,000)	(60,000)	(60,000)	(60,000)	(60,000)	—	(183,533)
Total business-type activities	<u>441,454</u>	<u>424,025</u>	<u>(727,894)</u>	<u>821,602</u>	<u>172,718</u>	<u>281,815</u>	<u>121,608</u>	<u>309,640</u>	<u>491,009</u>	<u>(4,469)</u>
Total primary government	<u>\$ 135,874,176</u>	<u>\$ 136,617,501</u>	<u>\$ 135,163,100</u>	<u>\$ 144,293,415</u>	<u>\$ 136,893,536</u>	<u>\$ 137,094,552</u>	<u>\$ 141,008,225</u>	<u>\$ 148,181,913</u>	<u>\$ 161,129,724</u>	<u>\$ 170,067,182</u>
CHANGE IN NET POSITION										
Governmental activities	\$ 20,461,977	\$ 12,932,155	\$ 35,528,532	\$ 8,556,027	\$ (22,170,556)	\$ (7,211,450)	\$ (8,426,292)	\$ (1,607,767)	\$ (9,661,599)	\$ 27,285,803
Business-type activities	4,108,884	2,980,197	425,655	559,541	1,695,498	5,035,104	5,323,535	6,431,670	6,822,480	5,673,102
Total primary government	<u>\$ 24,570,861</u>	<u>\$ 15,912,352</u>	<u>\$ 35,954,187</u>	<u>\$ 9,115,568</u>	<u>\$ (20,475,058)</u>	<u>\$ (2,176,346)</u>	<u>\$ (3,102,757)</u>	<u>\$ 4,823,903</u>	<u>\$ (2,839,119)</u>	<u>\$ 32,958,905</u>

Data Source: City Records
*Accrual Basis of Accounting

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

CITY OF ROCKFORD, ILLINOIS

Fund Balances of Governmental Funds - Last Ten Fiscal Years*

December 31, 2020 (Unaudited)

	2011	2012	2013	2014
GENERAL FUND				
Assigned	\$ 43,094	\$ —	\$ —	\$ —
Nonspendable	—	—	—	—
Unassigned	27,490,250	32,168,324	34,420,681	35,567,463
Total General Fund	27,533,344	32,168,324	34,420,681	35,567,463
ALL OTHER GOVERNMENTAL FUNDS				
Nonspendable	789,678	1,104,145	958,107	870,116
Restricted for:				
Capital projects	10,546,148	12,924,115	8,262,387	5,588,205
Debt service	5,437,035	5,686,654	6,513,108	6,575,000
Culture and recreation	6,519,138	7,835,329	8,353,738	9,289,998
Community development	2,550,317	2,161,179	3,469,457	4,744,767
Public health and welfare	612,290	716,785	713,529	667,574
Highway and streets	9,466,862	9,673,378	9,478,114	11,704,798
Assigned for:				
General government	163,915	151,980	180,582	192,988
Debt service	3,183,834	2,522,003	2,195,329	4,062,585
Community development	4,143,400	5,041,069	4,849,350	4,134,143
Public health and welfare	116,619	148,211	111,807	159,297
Highway and streets	5,574,040	5,641,805	2,068,634	—
Unassigned	(4,919,989)	(4,445,288)	(6,574,475)	(8,208,433)
Total all other governmental funds	44,183,287	49,161,365	40,579,667	39,781,038
Total all governmental funds	\$ 71,716,631	\$ 81,329,689	\$ 75,000,348	\$ 75,348,501

Data Source: City Records

*Modified Accrual Basis of Accounting

2015	2016	2017	2018	2019	2020
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
150,000	150,000	150,000	151,054	150,400	319,298
37,525,349	36,636,721	30,466,617	34,079,651	39,502,751	42,821,303
37,675,349	36,786,721	30,616,617	34,230,705	39,653,151	43,140,601
 798,679	 437,466	 57,012	 —	 81,000	 —
—	—	—	—	—	—
10,177,528	10,221,407	10,534,629	8,588,009	9,487,451	7,607,347
10,069,963	9,944,201	9,939,853	10,716,006	11,524,308	12,375,287
5,598,346	6,566,114	4,226,602	4,786,207	2,488,498	1,352,030
532,752	599,909	832,850	4,152,001	1,519,384	1,851,016
8,022,630	8,414,186	9,138,256	8,639,565	10,694,102	11,027,012
195,561	195,561	195,561	195,561	—	—
—	—	—	—	—	—
4,266,523	12,350,498	2,602,348	2,567,102	24,307,524	9,247,843
216,535	286,150	209,679	145,575	5,199	—
—	—	—	—	—	—
(7,134,235)	(10,193,553)	(10,262,963)	(11,143,082)	(9,813,638)	(9,322,248)
32,744,282	38,821,939	27,473,827	28,646,944	50,293,828	34,138,287
 \$ 70,419,631	 \$ 75,608,660	 \$ 58,090,444	 \$ 62,877,649	 \$ 89,946,979	 \$ 77,278,888

CITY OF ROCKFORD, ILLINOIS

Changes in Fund Balances for Governmental Funds - Last Ten Fiscal Years* December 31, 2020 (Unaudited)

	2011	2012	2013	2014
REVENUES				
Taxes	\$ 111,577,708	\$ 112,169,125	\$ 112,374,801	\$ 113,009,795
Licenses and permits	4,406,169	4,650,908	4,195,722	5,292,806
Intergovernmental	62,495,106	60,326,767	60,350,268	59,115,907
Charges for services	18,076,762	21,121,354	22,384,977	24,559,244
Fines	1,559,476	1,661,996	1,330,341	1,223,737
Investment income	1,785,330	728,812	(2,188,963)	3,118,977
Miscellaneous	587,768	826,206	1,388,622	1,017,183
Total revenues	200,488,319	201,485,168	199,835,768	207,337,649
EXPENDITURES				
Current:				
General government	10,961,941	11,867,343	12,424,299	12,452,533
Public safety	87,380,847	90,632,349	92,936,457	92,695,209
Streets, alleys and bridges	13,768,376	13,385,427	13,293,105	15,068,708
Community development	10,330,365	14,156,925	10,181,731	8,886,067
Sanitation and sewers	6,881,566	8,909,767	9,859,179	12,012,277
Culture and recreation	6,716,162	6,870,954	7,443,243	7,954,777
Public health and welfare	16,872,678	16,402,620	16,348,317	15,857,443
Debt service:				
Principal payments	14,411,960	8,870,514	14,109,960	10,640,814
Interest and fiscal charges	3,982,921	3,500,558	3,056,098	3,455,713
Capital outlay:				
General government	—	—	—	—
Public safety	313,903	5,083,271	5,518,861	5,891,123
Streets, alleys and bridges	15,629,085	17,439,699	25,568,840	24,884,980
Community development	—	—	55,666	—
Culture and recreation	1,431,859	500,307	5,756,123	3,415,845
Public health and welfare	—	28,715	253,537	164,218
Total expenditures	188,681,663	197,648,449	216,805,416	213,379,707
Excess (deficiencies) of revenues over (under) expenditures	11,806,656	3,836,719	(16,969,648)	(6,042,058)
(USES)				
Issuance of refunding bonds	—	7,735,000	—	29,590,000
Payment to escrow agent	—	(8,522,305)	—	(30,911,996)
Issuance of general obligation bonds	—	—	—	5,420,000
Issuance of capital leases	—	5,837,061	10,580,307	4,016,223
Issuance of line of credit	—	445,000	—	—
Discount on debt issuance	—	(49,080)	—	(369,781)
Premium on debt issuance	—	270,663	—	1,085,765
Disposal of capital assets	—	—	—	—
Transfers in	18,165,736	13,532,961	15,692,707	16,501,125
Transfers out	(17,765,736)	(13,472,961)	(15,632,707)	(18,941,125)
Net change in fund balances	\$ 400,000	\$ 5,776,339	\$ 10,640,307	\$ 6,390,211
Debt service as a percentage of noncapital expenditures	10.74%	7.09%	9.56%	(11.01%)

Data Source: City Records

*Modified Accrual Basis of Accounting

	2015	2016	2017	2018	2019	2020
\$	109,065,837	\$ 110,340,379	\$ 114,816,711	\$ 122,441,123	\$ 128,607,124	\$ 125,570,423
7,836,475	7,182,358	9,745,667	10,874,632	11,028,972	9,490,309	
68,003,443	63,613,242	52,044,241	57,289,345	53,923,910	71,222,017	
30,134,940	33,077,083	32,263,530	26,652,526	26,303,212	32,796,285	
1,248,237	1,257,381	1,952,100	2,100,339	2,077,329	1,518,268	
914,998	726,080	461,721	901,939	712,630	650,625	
1,550,932	3,536,395	4,130,550	3,021,339	5,779,049	9,519,858	
218,754,862	219,732,918	215,414,520	223,281,243	228,432,226	250,767,785	
11,152,236	11,597,842	11,710,916	13,064,160	22,835,047	24,695,816	
98,615,052	101,937,283	107,513,287	110,656,380	113,983,475	121,765,321	
21,094,419	16,202,782	12,415,385	13,973,852	15,744,910	19,938,492	
12,368,519	13,341,542	12,562,462	15,788,408	11,923,262	23,893,882	
12,358,032	14,398,829	14,737,836	12,397,792	—	—	
7,348,771	8,554,854	8,249,312	8,289,293	9,038,648	8,476,567	
15,627,543	15,033,706	15,947,170	16,964,131	18,431,025	21,180,333	
13,148,479	12,040,963	13,039,045	10,846,812	10,075,455	10,454,272	
3,425,850	4,220,590	5,128,971	2,993,490	3,225,586	3,588,960	
1,124,980	—	—	—	—	—	
—	—	—	—	—	—	
41,979,220	36,633,253	33,876,952	22,038,242	25,287,062	31,987,563	
—	—	—	—	—	—	
375,570	—	—	—	—	—	
—	—	—	—	—	—	
238,618,671	233,961,644	235,181,336	227,012,560	230,544,470	265,981,206	
(19,863,809)	(14,228,726)	(19,766,816)	(3,731,317)	(2,112,244)	(15,213,421)	
14,874,939	5,400,000	—	—	—	—	
—	(5,642,373)	—	(10,929,758)	—	—	
—	14,770,000	—	16,800,526	31,945,831	1,520,795	
—	4,515,600	1,020,330	—	—	—	
—	—	—	—	—	—	
—	—	—	97,334	—	—	
—	314,528	—	—	758,685	—	
—	—	1,147,500	—	—	—	
23,124,325	19,852,700	19,199,654	17,714,465	31,071,827	15,590,022	
(23,064,325)	(19,792,700)	(19,139,654)	(15,126,085)	(31,268,871)	(14,565,487)	
14,934,939	19,417,755	2,227,830	8,556,482	32,507,472	2,545,330	
\$ (4,928,870)	\$ 5,189,029	\$ (17,538,986)	\$ 4,825,165	\$ 30,395,228	\$ (12,668,091)	

8.40%

7.68%

8.41%

6.53%

6.27%

6.19%

CITY OF ROCKFORD, ILLINOIS**Assessed Value and Actual Value of Taxable Property (000's Omitted) - Last Ten Tax Levy Years**
December 31, 2020 (Unaudited)

Tax Levy Year	Winnebago	
	Residential Property	Commercial Property
2011	\$ 1,277,287	\$ 450,759
2012	1,147,712	407,632
2013	1,023,039	384,084
2014	939,243	365,518
2015	895,443	392,693
2016	897,083	394,345
2017	916,110	401,147
2018	950,922	405,789
2019	1,010,668	447,832
2020	1,066,142	465,612

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

County				Total Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Estimated Actual Value
Industrial Property	Other Property	Ogle County					
\$ 160,585	\$ 2,902	\$ —	\$ 1,891,533	2.90510	\$ 5,675,167	33.33%	
150,299	3,410	124	1,708,929	3.28450	5,127,300	33.33%	
141,101	3,618	124	1,551,718	3.55350	4,655,620	33.33%	
143,010	4,132	122	1,451,781	3.79730	4,355,779	33.33%	
145,896	4,477	122	1,438,387	3.87910	4,315,593	33.33%	
146,506	5,246	122	1,443,058	3.83970	4,329,607	33.33%	
150,748	5,021	122	1,472,904	3.76080	4,419,154	33.33%	
147,832	5,107	180	1,509,470	3.60840	4,528,863	33.33%	
152,516	5,457	153	1,616,320	3.37490	4,849,445	33.33%	
161,289	6,019	164	1,698,898	3.22860	5,097,204	33.33%	

CITY OF ROCKFORD, ILLINOIS

Direct and Overlapping Property Tax Rates - Last Ten Tax Levy Years
December 31, 2020 (Unaudited)

Tax Levy Year	City Direct Rates					
	General Fund	Library Special Revenue Fund	Debt Service Fund	Other Revenue Funds	Total Direct Tax Rate	Winnebago County
2011	2.21630	0.38600	0.29350	0.00930	2.90510	0.86760
2012	2.54980	0.44350	0.27970	0.01150	3.28450	0.94230
2013	2.79970	0.47240	0.26870	0.01270	3.55350	1.03290
2014	3.04320	0.50420	0.23630	0.01360	3.79730	1.08450
2015	3.16080	0.51960	0.18470	0.01400	3.87910	1.09840
2016	3.18710	0.51900	0.12370	0.00990	3.83970	1.08260
2017	3.18050	0.50910	0.06020	0.01100	3.76080	1.05870
2018	3.11140	0.48900	0.00000	0.00800	3.60840	1.01730
2019	2.90820	0.45640	0.00000	0.01030	3.37490	0.96610
2020	2.78450	0.43430	0.00000	0.00980	3.22860	0.94360

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

Notes:

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

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

Overlapping Rates						
Winnebago County Forest Preserve	Rockford Township	Rockford Park District	Rock River Water Reclamation	Greater Rockford Airport	Rockford School District	Rock Valley Community College
0.09560	0.21680	0.84320	0.14690	0.09370	6.55950	0.45410
0.10720	0.23490	0.95220	0.16650	0.10240	6.68840	0.44770
0.11650	0.25870	1.05770	0.18560	0.10430	7.23010	0.46300
0.11990	0.28130	1.12860	0.21000	0.10630	7.78100	0.48230
0.12030	0.29360	1.16290	0.20750	0.10730	7.93790	0.48930
0.12070	0.29420	1.15440	0.20820	0.11030	7.80310	0.49270
0.11820	0.29240	1.13710	0.20400	0.11020	7.64960	0.50530
0.11470	0.28010	1.09630	0.19640	0.10730	7.35080	0.49870
0.11070	0.26250	1.03340	0.18480	0.10110	6.89290	0.47030
0.10730	0.49300	1.00420	0.17950	0.09870	6.58570	0.46150

CITY OF ROCKFORD, ILLINOIS

Principal Property Tax Payers - Current Fiscal Year and Nine Fiscal Years Ago
December 31, 2020 (Unaudited)

Taxpayer	2020			2011		
	Equalized Value	Rank	Percentage of Total	Equalized Value	Rank	Percentage of Total
			Equalized Value			Equalized Value
Greater Rockford Airport	\$ 12,833,730	1	0.74%	\$ 11,927,080	2	0.63%
Wesley Willows	10,899,088	2	0.63%			
Lowes Homes Centers Inc.	10,852,139	3	0.62%	15,250,281	1	0.80%
Forest Plaza LLC	7,878,861	4	0.45%	8,260,403	4	0.44%
PCI, Inc	6,594,892	5	0.38%			
Beacon Hill Apartment	4,881,019	6	0.28%			
MB Rockford State LLC	4,601,908	7	0.26%	4,519,846	5	0.24%
Fairhaven Christian Home	4,178,026	8	0.24%	3,994,738	7	0.21%
Rockford Memorial Hospital	4,139,178	9	0.24%			
Meijer	3,874,474	10	0.22%			
Walmart Stores INC				9,953,582	3	0.53%
Anderson Rockford LLC				4,223,184	6	0.23%
Hamilton Sundstrand Corporation				3,951,829	8	0.21%
Rock River Valley Industrial Park				3,787,990	9	0.20%
Ruloff Harrison LLC				2,868,308	10	0.15%
Totals	\$ 70,733,315		4.06%	\$ 68,737,241		3.64%

Data Source: Winnebago County Collector's office.

CITY OF ROCKFORD, ILLINOIS

Property Tax Levies and Collections - Last Ten Fiscal Years
December 31, 2020 (Unaudited)

Tax Levy Year	Tax Levy (1)	Collections (2)	Percent of Tax Levy Extension Collected		Delinquent Tax Collections (3)	Total Tax Collections	Total Collections as Percent of Current Tax Levy Extensions
			Tax Levy	Extension Collected			
2011	\$ 54,950,931	\$ 54,658,636	99.47%	\$ (46,452)	\$ 54,612,184	99.38%	
2012	55,719,158	55,409,385	99.44%	(68,121)	55,341,264	99.32%	
2013	55,147,024	54,692,794	99.18%	—	54,692,794	99.18%	
2014	55,133,178	54,557,726	98.96%	—	54,557,726	98.96%	
2015	54,580,057	53,655,866	98.31%	(156,499)	53,499,367	98.02%	
2016	54,607,510	54,137,076	99.14%	(68,339)	54,068,737	99.01%	
2017	54,524,654	53,968,144	98.98%	(51,618)	53,916,526	98.88%	
2018	55,567,606	55,220,493	99.38%	(22,454)	55,198,039	99.33%	
2019	55,567,606	55,269,174	99.46%	(12,177)	55,256,997	99.44%	
2020	54,864,622	—	—%	—	—	—%	

Data Source: City Records

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.

The 2020 levy will be collected in 2021.

CITY OF ROCKFORD, ILLINOIS

Ratios of Outstanding Debt by Type - Last Ten Fiscal Years
December 31, 2020 (Unaudited)

Fiscal Year	Governmental Activities							
	General Obligation Bonds	Section 108 Guaranteed Loans	EPA Water Pollution Obligation	Promissory Term Note	Capital Leases	Installment Contracts Payable	Lines of Credit	
2011	\$ 86,493,400	\$ 1,355,000	\$ 392,721	\$ 452,741	\$ —	\$ —	\$ 5,758,859	
2012	77,768,281	1,185,000	284,680	350,781	10,034,707	—	6,041,424	
2013	69,426,067	1,005,000	173,357	246,065	15,375,022	—	1,766,293	
2014	67,266,849	825,000	58,653	138,518	16,778,615	—	1,661,113	
2015	69,826,993	635,000	—	28,065	17,797,236	—	1,461,113	
2016	76,178,017	3,175,000	—	—	15,723,141	—	1,461,113	
2017	67,814,223	3,115,000	—	—	13,195,517	—	—	
2018	60,276,399	3,055,000	—	—	19,410,938	751,754	—	
2019	76,272,024	2,868,000	—	—	25,689,359	539,624	—	
2020	80,674,842	2,793,000	—	—	21,934,079	321,086	—	

Data Source: City Records

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) See Schedule of Demographic and Economic Statistics for personal income and population data.

Business-Type Activities									
		Parking							
Water	System								
General	General			Water					
Obligation	Obligation	Water		Installment		Total	Percentage		
Alternate	Alternate	IEPA	Capital	Purchase	Primary	Government	of Personal	Income (1)	Per Capita (1)
Bonds	Bonds	Loan	Leases	Agreement					
34,432,263	1,781,937	35,293,002	—	4,000,000	\$	169,959,923	3.25%	\$	1,118
31,626,691	1,725,000	36,607,891	669,021	—		166,293,476	3.00%		1,101
28,876,652	1,650,000	34,913,623	1,158,802	—		154,590,881	2.75%		1,027
26,266,614	1,575,000	33,170,452	1,281,492	—		149,022,306	2.61%		998
23,776,576	7,815,000	31,373,810	1,261,945	—		153,975,738	2.62%		1,037
21,608,315	8,140,000	29,483,315	1,033,603	—		156,802,504	2.64%		1,062
19,383,870	7,774,919	27,558,040	858,998	—		139,700,567	2.36%		950
17,454,125	7,430,259	25,602,864	673,799	—		134,655,138	2.19%		919
15,788,818	8,249,967	23,606,083	995,563	—		154,009,438	2.46%		1,058
14,063,511	7,809,254	21,577,827	785,046	—		149,958,645	2.07%		1,030

CITY OF ROCKFORD, ILLINOIS

Ratios of General Bonded Debt Outstanding - Last Ten Fiscal Years December 31, 2020 (Unaudited)

Fiscal Year	Population (1)	Equalized Value (3)	Bond Principal (2)	Less:		Net Bonded Debt	Ratio of Net Bonded to Equalized Debt	
				Debt	Service		Debt to Equalized Value	Net Bonded Per Capita
				Debt	Service		Debt to Equalized Value	Net Bonded Per Capita
2011	152,021	\$ 1,891,533,215	\$ 122,707,600	\$ 8,620,869	\$ 114,086,731	6.03%	\$ 750	
2012	151,095	1,709,052,860	111,119,972	8,208,657	102,911,315	6.02%	681	
2013	150,492	1,551,965,935	99,952,719	8,708,437	91,244,282	5.88%	606	
2014	149,287	1,452,026,645	95,108,463	8,895,000	86,213,463	5.94%	578	
2015	148,422	1,438,623,439	101,418,569	9,940,202	91,478,367	6.36%	616	
2016	147,651	1,443,301,828	105,926,332	9,984,081	95,942,251	6.65%	650	
2017	147,051	1,473,147,305	94,973,012	13,791,170	81,181,842	5.51%	552	
2018	146,526	1,537,222,547	85,160,783	11,356,205	73,804,578	4.80%	504	
2019	145,609	1,649,676,971	100,310,809	12,106,408	88,204,401	5.35%	606	
2020	145,609	1,741,706,058	102,547,607	11,460,966	91,086,641	5.23%	626	

Data Source: City Records

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) Per the United States Department of Commerce, Bureau of Statistics.

(2) Does not include general obligation bonds being funded by earnings of the Water Utility Fund or Water revenue bonds, and Water general obligation alternate bonds for long-term debt.

(3) Does not include tax increment financing areas equalized value.

CITY OF ROCKFORD, ILLINOIS

Schedule of Direct and Overlapping Bonded Debt
December 31, 2020 (Unaudited)

Name of Governmental Unit	(2) Total Debt Outstanding	Percentage Applicable to City	City's Share of Debt
DIRECT			
City of Rockford, Illinois (1)	\$ 105,723,007	100.0%	\$ 105,723,007
OVERLAPPING			
Schools:			
Rockford School District #205	174,245,395	70.8%	123,365,740
Harlem School District #122	8,830,000	2.8%	247,240
Meridian School District #223	11,182,261	94.0%	10,511,325
Pecatonica School District #321	1,289,000	10.4%	134,056
Winnebago School District #323	13,453,500	6.2%	834,117
Rock Valley Community College #511	64,650,000	59.6%	38,531,400
	<u>273,650,156</u>		<u>173,623,878</u>
Other units:			
Winnebago County	99,910,000	39.3%	39,264,631
Winnebago County Forest Preserve	1,725,163	39.3%	677,989
Rock River Water Reclamation District	23,905,000	57.7%	13,793,185
Greater Rockford Airport Authority	33,925,352	54.4%	18,455,391
Rockford Township	—	74.2%	—
Cherry Valley Township	—	44.4%	—
Winnebago Township	—	0.7%	—
Owen Township	—	21.5%	—
Winnebago Park District	—	0.7%	—
Rockford Park District	39,905,000	70.0%	27,933,500
	<u>199,370,515</u>		<u>100,124,696</u>
Total overlapping debt	<u>473,020,671</u>		<u>273,748,574</u>
Total direct and overlapping debt	<u>\$ 578,743,678</u>		<u>\$ 379,471,581</u>

Data Source: Information on overlapping debt obtained from Winnebago County.

Notes:

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

CITY OF ROCKFORD, ILLINOIS

Legal Debt Margin - Last Ten Fiscal Years December 31, 2020 (Unaudited)

LEGAL DEBT MARGIN CALCULATION FOR THE FISCAL YEAR 2019

Assessed value	<u>\$ 1,741,706,058</u>
Debt limit - State (8.625% of assessed value)	<u>150,222,148</u>
Debt limit - City (80% of the State limit)	<u>120,177,718</u>
Debt applicable to limit:	
Lease/purchase agreements	<u>21,552,656</u>
Total amount of debt applicable to debt limit	<u>21,552,656</u>
Legal debt margin	<u>\$ 98,625,062</u>

	2011	2012	2013	2014
Debt limit	\$ 130,515,792	\$ 117,924,647	\$ 107,085,650	\$ 100,189,839
Total net debt applicable to limit	<u>31,216,600</u>	<u>37,665,933</u>	<u>30,531,182</u>	<u>27,828,738</u>
Legal debt margin	<u>\$ 99,299,192</u>	<u>\$ 80,258,714</u>	<u>\$ 76,554,468</u>	<u>\$ 72,361,101</u>
Total net debt applicable to the limit as a percentage of debt limit	23.92%	31.94%	28.51%	27.78%

Data Source: City Records

2015	2016	2017	2018	2019	2020
\$ 99,265,017	\$ 99,587,826	\$ 101,647,164	\$ 106,068,356	\$ 113,827,711	\$ 120,177,718
25,393,359	20,204,254	14,480,517	19,760,938	27,224,546	21,552,656
\$ 73,871,658	\$ 79,383,572	\$ 87,166,647	\$ 86,307,418	\$ 86,603,165	\$ 98,625,062

25.58%	20.29%	14.25%	18.63%	23.92%	17.93%
--------	--------	--------	--------	--------	--------

CITY OF ROCKFORD, ILLINOIS

Pledged-Revenue Coverage - Last Ten Fiscal Years
December 31, 2020 (Unaudited)

Fiscal Year	Water Service Charges	Less: Operating Expenses	Available for Debt Service	Net Revenue		Total	Coverage
				Principal	Interest		
Water Utility Fund							
2011	\$ 22,675,543	\$ 18,696,527	\$ 3,979,016	\$ 2,910,000	\$ 1,520,749	\$ 4,430,749	0.90%
2012	24,682,211	21,578,537	3,103,674	2,740,000	1,407,193	4,147,193	0.75%
2013	23,248,674	19,952,612	3,296,062	2,665,000	1,212,451	3,877,451	0.85%
2014	23,572,048	22,382,536	1,189,512	2,480,000	1,120,789	3,600,789	0.33%
2015	24,642,193	20,496,014	4,146,179	2,365,000	1,026,735	3,391,735	1.22%
2016	27,301,152	20,922,909	6,378,243	3,175,000	1,595,786	4,770,786	1.34%
2017	28,615,526	21,867,186	6,748,340	2,130,000	1,433,182	3,563,182	1.89%
2018	28,238,574	22,186,694	6,051,880	7,360,000	1,328,979	8,688,979	0.70%
2019	29,064,491	22,924,230	6,140,261	1,565,000	668,306	2,233,306	2.75%
2020	29,907,792	25,601,789	4,306,003	1,640,000	594,431	2,234,431	1.93%

Notes:

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

CITY OF ROCKFORD, ILLINOIS

Demographic and Economic Statistics - Last Ten Fiscal Years December 31, 2020 (Unaudited)

Fiscal Year	Population (1)	Personal Income (Thousands of dollars) (3)	Per Capita Personal Income (2)	Unemployment Rate (4)
2011	152,021	5,226,026	34,377	14.40%
2012	151,095	5,547,755	36,717	13.80%
2013	150,492	5,629,304	37,406	12.20%
2014	149,287	5,707,839	38,234	9.80%
2015	148,422	5,882,706	39,635	7.50%
2016	147,651	5,943,543	40,254	7.70%
2017	147,051	5,919,391	40,254	6.40%
2018	146,526	6,152,773	41,991	6.40%
2019	145,609	6,270,797	43,066	5.80%
2020	145,609	7,232,457	49,670	11.40%

Notes:

- (1) U.S. Department of Commerce, Bureau of Statistics.
- (2) U.S. Department of Commerce, Bureau of Statistics, the amount presented is for the Rockford MSA.
- (3) Per Capita Personal Income multiplied by the population.
- (4) Figures are provided by the US Bureau of Labor Statistics. The rate presented is the average unemployment for the year, Rockford MSA.

CITY OF ROCKFORD, ILLINOIS

Principal Employers - Current Fiscal Year and Nine Fiscal Years Ago
December 31, 2020 (Unaudited)

Taxpayer	2020			2011		
	Employees (1)	Rank	Percentage of Total City Employment	Employees (2)	Rank	Percentage of Total City Employment
Rockford Public Schools	4,890	1	3.00%	4,800	1	3.30%
Mercyhealth/Rockford Health	4,520	2	2.77%	2,500	4	1.72%
Fiat Chrysler Automobiles	3,749	3	2.30%	2,350	5	1.62%
SwedishAmerican Health System (3)	3,375	4	2.07%	2,600	3	1.79%
UPS	2,203	5	1.35%	2,000	6	1.37%
OSF Healthcare (4)	2,200	6	1.35%	2,000	6	1.37%
UTC Aerospace Systems	2,200	7	1.35%			
Woodward Govenor Company	1,900	8	1.17%			
PCI - Packaging Coordinators Inc	1,800	9	1.10%			
Wal-Mart Stores	1,470	10	0.90%	2,750	2	1.89%
Hamilton Sundstrand Corporation				2,000	6	1.37%
Winnebago County				1,600	9	1.10%
Harris Bank				1,600	10	1.10%
 Totals	 <u>28,307</u>		 <u>17.36%</u>	 <u>24,200</u>		 <u>16.63%</u>
 Total employment in the Rockford MSA	 <u>162,941</u>			 <u>145,500</u>		

Note:

- (1) Data Source: Rockford Area Economic and Development Council
- (2) Based on March 2011 telephone canvass of employers
- (3) Full-time equivalents
- (4) Includes part-time employees

CITY OF ROCKFORD, ILLINOIS

Full-time Equivalent Government Employees by Function - Last Ten Fiscal Years
December 31, 2020 (Unaudited)

See Following Page

CITY OF ROCKFORD, ILLINOIS

Full-time Equivalent Government Employees by Function - Last Ten Fiscal Years
December 31, 2020 (Unaudited)

Function/Program	2011	2012	2013	2014
General government:				
Mayor's office	5.0	4.0	4.0	4.0
Legal department	12.0	12.0	12.0	12.0
Finance office	30.0	31.0	36.0	36.0
Information technology	6.0	6.0	4.0	4.0
Human resources	5.0	5.0	5.0	5.0
Public safety				
Police department				
Officers	282.0	283.0	283.0	286.5
Civilians	36.0	36.0	36.0	36.0
Fire department	278.0	280.0	280.0	259.0
911	53.0	53.0	53.0	53.0
Public works - traffic	11.0	11.0	11.0	11.0
Construction services	15.0	15.0	25.2	25.2
Streets, alleys and bridges				
Administration	2.0	2.0	2.0	2.0
Engineering	5.5	10.0	9.5	8.0
Capital projects	18.5	17.0	16.5	18.0
Street and sewer maintenance	32.0	31.0	31.0	31.0
Property and equipment	24.0	24.0	23.0	23.0
Community development				
Administration	1.5	1.5	1.5	1.5
Development	8.0	8.0	7.0	7.0
Planning	4.3	4.3	4.3	4.3
Code enforcement	10.2	10.2	—	—
Culture and recreation				
Library	84.5	86.0	86.3	87.0
Public health and welfare				
99.0	91.0	96.4	95.5	
Parking	8.5	8.5	8.5	3.0
Water	72.0	72.0	64.0	64.0
Totals	1,103.0	1,101.5	1,099.1	1,076.0

Data Source: City Finance Office

2015	2016	2017	2018	2019	2020
4.0	4.0	5.0	5.0	5.0	5.0
13.0	13.0	13.0	13.0	13.0	13.0
36.0	36.0	36.0	36.0	33.0	32.0
4.0	4.0	4.0	5.0	6.0	6.0
5.0	5.0	5.0	5.0	5.0	5.0
287.0	287.0	284.0	301.0	301.0	301.0
36.0	36.0	40.0	41.0	40.0	41.0
259.0	259.0	261.0	272.0	272.0	274.0
53.0	52.0	52.0	52.0	52.0	52.0
11.0	12.0	11.0	12.0	12.0	12.0
23.2	24.0	23.0	25.0	21.0	20.3
2.0	2.0	2.0	2.0	2.0	3.0
9.1	9.0	10.0	6.0	6.1	7.2
18.9	20.0	20.0	21.0	19.9	21.8
31.0	30.0	30.0	31.0	31.0	31.0
23.0	24.0	25.0	24.0	24.0	24.0
1.5	2.0	2.0	1.5	1.5	2.5
6.0	6.0	5.0	6.0	6.0	6.0
4.3	5.0	4.0	4.5	8.5	8.3
—	—	—	—	—	—
87.0	88.0	88.0	87.0	87.0	78.0
86.4	89.0	89.0	93.4	84.4	91.7
3.0	3.0	3.0	3.0	3.0	3.0
63.0	64.0	63.0	63.0	65.0	65.0
1,066.4	1,074.0	1,075.0	1,109.4	1,098.4	1,102.8

CITY OF ROCKFORD, ILLINOIS

Operating Indicators by Function/Program - Last Ten Fiscal Years December 31, 2020 (Unaudited)

Function/Program	2011	2012	2013	2014
Police department				
Total calls for service	166,714	164,000	154,000	146,033
Total group A offenses	19,876	19,854	20,504	18,217
Total group B offenses	14,715	12,447	12,345	8,659
Arrests	13,676	13,536	N/A	N/A
Clearance rate	33.21%	34.80%	34.60%	36.10%
Fire department				
Total call for service	22,216	24,800	25,100	22,008
Number of fire investigations	180	216	180	180
Total number of fire calls	566	641	625	638
Total number of ambulance runs	18,854	19,506	19,804	20,732
911 center				
Total non-emergency calls	109,984	106,712	101,971	105,744
Total emergency calls	126,613	131,809	117,484	134,387
Total police dispatches	174,368	168,848	153,646	195,293
Total fire dispatches	25,440	38,997	28,676	25,990
Construction and development services				
Building permits	7,058	7,411	6,642	9,664
Code enforcement	3,455	6,740	4,293	4,779
Total inspections	11,000	11,800	11,200	10,500
Demolitions	135	121	28	113
Human services				
Households receiving energy assistance	9,649	6,873	6,000	6,000
Head start children served	780	677	664	756
Homeless prevention clients served	2,800	1,267	2,800	2,800
Summer food program - meals served	22,515	23,362	23,350	23,350
Clients receiving weatherization assistance	500	581	120	120
Sanitation division				
Regular tonnage	53,210	45,497	45,970	47,314
Composting tonnage	14,560	12,440	13,114	11,994
Recycling tonnage	7,330	6,064	6,499	7,250
Public works				
Number of engineering plans reviewed	75	100	128	169
Number of permits issued	1,625	1,507	2,061	1,852
Plowing/spreading occurrences	22	17	24	24
Street sweeping cycles	3	3	3	N/A
Tree trims	1,500	2,541	1,523	2,725
Tree plantings	100	278	756	686
Total requests	N/A	8,376	7,724	6,553
Average days to close request	N/A	24	79	49
Parking division				
Total parking spaces	4,504	4,504	4,504	4,233
Number of tickets issued	15,769	14,950	18,000	13,092
Water division				
Number of users	52,725	50,973	50,703	50,800
Annual water production (billion gallons)	7	7	7	7

Source: City finance department

N/A: Not Available

2015	2016	2017	2018	2019	2020
162,339	158,966	159,511	161,679	154,840	159,510
18,119	18,164	17,489	17,433	15,921	15,259
9,872	9,960	10,141	11,692	11,777	8,212
N/A	N/A	N/A	N/A	N/A	N/A
32.70%	34.00%	37.50%	44.00%	39.80%	38.00%
27,446	27,580	28,378	29,217	29,398	29,377
180	N/A	N/A	N/A	N/A	N/A
690	679	534	716	681	693
21,844	21,580	22,390	22,892	22,855	22,762
106,246	132,427	108,080	105,096	95,697	97,291
137,945	108,072	132,868	121,605	111,806	103,074
167,305	163,339	161,572	168,680	155,071	189,039
27,838	31,557	28,835	29,217	34,204	43,261
6,463	N/A	6,744	8,726	6,665	8,635
5,312	N/A	N/A	N/A	N/A	N/A
9,572	8,095	8,710	11,866	20,724	19,735
113	118	215	81	27	62
8,270	7,943	7,796	9,099	10,299	10,660
760	763	689	798	1,164	1,050
1,155	1,155	410	218	304	704
53,982	56,509	57,272	58,908	52,710	44,670
112	90	62	89	140	74
47,140	48,609	51,140	49,985	51,357	56,872
12,470	12,777	11,627	12,720	12,924	11,801
8,230	7,674	6,969	7,369	7,695	7,846
159	154	136	130	181	165
2,091	1,576	2,171	1,772	1,801	1,900
22	17	13	26	21	21
N/A	N/A	N/A	N/A	N/A	N/A
2,384	2,802	3,075	2,137	2,310	1,445
530	536	211	174	151	98
7,271	5,633	6,093	4,204	6,242	4,537
49	NA	NA	NA	NA	NA
4,170	8,246	8,052	4,170	4,170	4,170
19,000	17,830	17,077	16,488	14,646	6,228
50,800	50,888	51,060	52,329	51,123	51,067
7	6	6	6	6	6

CITY OF ROCKFORD, ILLINOIS

Capital Asset Statistics by Function/Program - Last Ten Fiscal Years
December 31, 2020 (Unaudited)

Function/Program	2011	2012	2013	2014
Police department				
Stations	1	1	1	1
Substations	4	4	4	4
Squad cars	130	135	140	150
Vans (including trucks and mobile units)	40	41	42	45
Fire department				
Stations	11	11	11	11
Companies				
Engine	8	8	8	8
Quints	3	3	3	3
Ladder	2	2	2	2
Ambulances	6	6	6	6
Library				
Main facility	1	1	1	1
Branch facilities	5	5	5	5
Parking division				
Surface lots	32	33	34	34
Garages	5	5	5	4
Water division				
Water mains (miles)	816	820	820	820
Wells	27	27	27	27
Treatment Plants	10	10	10	10
Production capacity (gal per day)	76,500,000	76,500,000	76,500,000	76,500,000

Date Source: City finance department

2015	2016	2017	2018	2019	2020
1	3	3	3	3	3
4	4	4	4	4	4
150	150	150	159	188	186
45	45	45	45	48	48
11	11	11	11	11	11
8	9	1	9	9	9
3	3	4	—	—	—
2	4	5	4	4	4
6	7	11	7	7	10
1	1	1	1	—	—
5	5	6	6	6	6
34	37	37	37	37	37
4	4	4	4	4	4
820	816	824	824	826	826
30	26	26	26	26	26
12	12	12	12	13	13
76,500,000	76,500,000	76,500,000	76,500,000	76,500,000	76,500,000