

CITY OF ROCKFORD, ILLINOIS
ANNUAL COMPREHENSIVE FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2021

CITY OF ROCKFORD, ILLINOIS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2021**

Prepared by:

Finance Office

CITY OF ROCKFORD, ILLINOIS

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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, 2022

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

The Annual Comprehensive Financial Report (Annual Report) of the City of Rockford, Illinois for the fiscal year ended December 31, 2021, 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, 2021 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, 2021 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 148,655 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 distribution and logistics, food processing, and educational institutions become more important to the economy. The 2020 average unemployment rate for the metropolitan area was 6.50% as compared to the state average of 6.1% and the national average of 5.3%.

Rockford is home to the operations of several large companies such as: Mercy Health System, UW Health, Collins Aerospace, United Parcel Service, OSF 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 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 City operates a self-funded health plan. 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 2021 the amount was 10.99% 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 annual comprehensive financial report for the fiscal year ended December 31, 2020. This was the forty-first consecutive year the City of Rockford has received this award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized annual comprehensive financial report, the contents of which conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

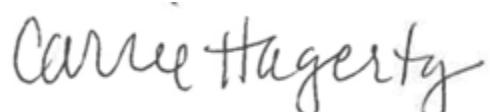
A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement Program requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

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, 2021. 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, 2021

MAYOR

Thomas P. McNamara

CITY COUNCIL MEMBERS

Franklin C. Beach

Mark Bonne

Timothy J. Durkee

Gina Meeks

Kevin Frost

Aprel Prunty

Gabrielle Torina

Karen K. Hoffman

Jonathan Logemann

Linda McNeely

Tuffy Quinonez

Bill Rose

Janessa Wilkins

Chad Tuneberg

ADMINISTRATION

Todd M. Cagnoni, City Administrator

Karl Franzen, Community and Economic Development Director

Carrie Hagerty, Finance Director

Michele Pankow, Fire Chief

Carla Redd, Police Chief

Shurice Hunter, Human Resources Director

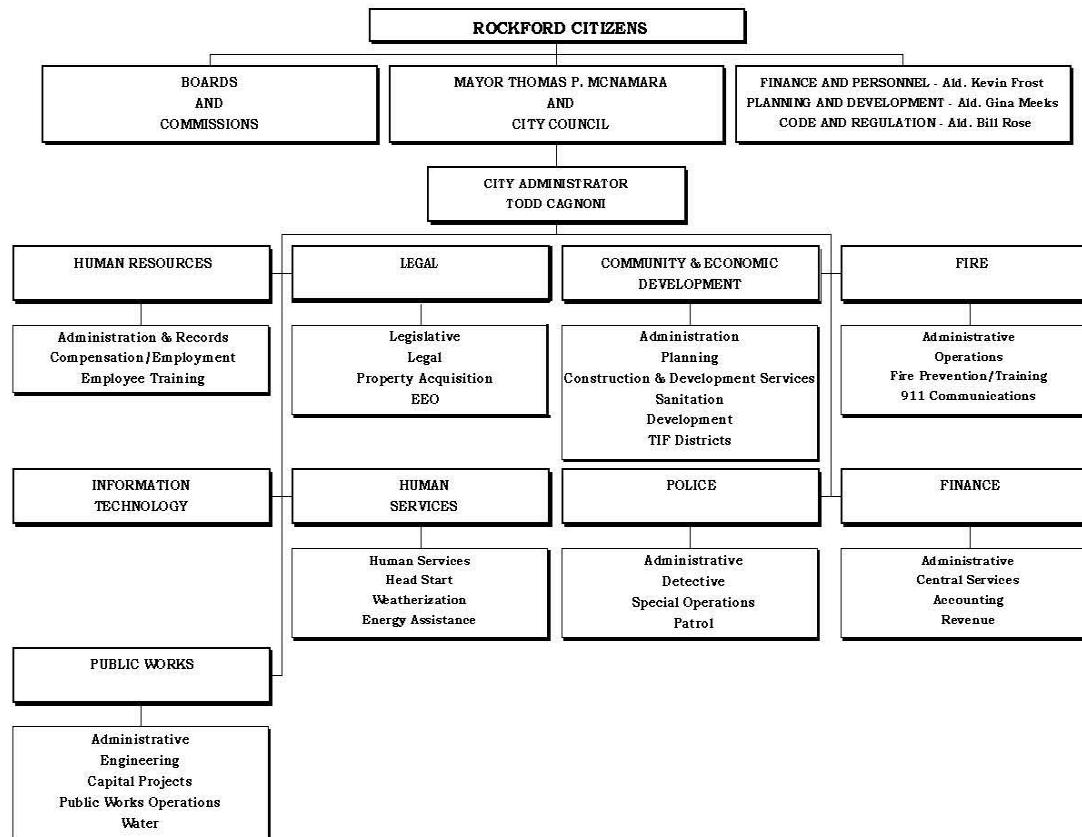
Anqunette Parham, Health and Human Services Director

Nicholas Meyer, Legal Director

Todd Hughes, Information Technology Director

Kyle Saunders, Public Works Director

CITY OF ROCKFORD, ILLINOIS ORGANIZATION CHART



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

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

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



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Rockford
Illinois**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2020

Christopher P. Monill

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, 2022

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

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Rockford, Illinois, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Rockford, Illinois, as of December 31, 2021, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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 other supplementary information and supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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, other supplementary information and supplemental schedules are (is) fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises of the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Lauterbach & Amen, LLP

LAUTERBACH & AMEN, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF ROCKFORD, ILLINOIS

Management's Discussion and Analysis

December 31, 2021

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, 2021. 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 \$899.0 million and total liabilities and deferred inflows of \$732.9 million, the City's total net position was \$166.1 million at December 31, 2021. Of this amount, approximately \$432.5 million represent the City's net investment in capital assets, \$48.0 million was held for restricted purposes and (\$314.4) 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 \$92.2 million, an increase of \$14.9 million in comparison with the prior year. Approximately 45.6 percent of this total amount, \$42.0 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 \$46.3 million, or 26.9 percent of total General Fund expenditures. In comparison, the prior year unassigned fund balance was \$42.8 million, 25.9 percent of General Fund expenditures.
- During the current fiscal year, the City's total long-term bonded debt decreased by 8.4 percent or \$8.4 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, 2021

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

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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 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.

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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 \$166.1 million at the close of the fiscal year ended December 31, 2021.

The City's net position includes assets invested in capital net of related debt, restricted net position, and unrestricted net position. In 2021, assets invested in capital net of related debt were equal to \$432.5 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, 2021 and 2020:

	Net Position					
	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 251,775,110	\$ 171,121,648	\$ 30,840,601	\$ 22,029,451	\$ 282,615,711	\$ 193,151,099
Capital assets	344,193,571	343,703,277	208,737,790	207,729,317	552,931,361	551,432,594
Total assets	595,968,681	514,824,925	239,578,391	229,758,768	835,547,072	744,583,693
Deferred outflows of resources	62,047,272	45,264,375	1,389,618	1,201,905	63,436,890	46,466,280
Total assets and deferred outflows	658,015,953	560,089,300	240,968,009	230,960,673	898,983,962	791,049,973
Long-term liabilities	487,549,271	465,948,036	41,565,888	45,519,647	529,115,159	511,467,683
Current liabilities	66,257,848	37,529,414	9,605,964	8,507,125	75,863,812	46,036,539
Total liabilities	553,807,119	503,477,450	51,171,852	54,026,772	604,978,971	557,504,222
Deferred inflows of resources	123,006,861	108,136,424	4,878,588	55,571	127,885,449	108,191,995
Total liabilities and deferred inflows	676,813,980	611,613,874	56,050,440	54,082,343	732,864,420	665,696,217
Net position						
Net invested in capital assets	263,787,727	272,587,858	168,670,663	164,308,985	432,458,390	436,896,843
Restricted	39,822,410	33,879,451	8,189,179	5,186,860	48,011,589	39,066,311
Unrestricted	(322,408,164)	(357,991,883)	8,057,727	7,382,485	(314,350,437)	(350,609,398)
Total net position	(18,798,027)	(51,524,574)	184,917,569	176,878,330	166,119,542	125,353,756

CITY OF ROCKFORD, ILLINOIS

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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 \$18.8 million compared to \$51.5 million at the end of 2020. 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 (\$322.4) million. Restricted net position, those restricted for special purposes such as; capital projects, debt service, and various grant related activities increased by 17.5 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 \$184.9 million compared to \$176.9 million in the previous year.

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A summary of the City's 2021 Changes in Net Position is presented below:

REVENUES	Changes in Net Position					
	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Program revenues:						
Charges for services	\$ 42,805,520	\$ 43,804,862	\$ 38,221,496	\$ 34,578,880	\$ 81,027,016	\$ 78,383,742
Operating grants and contributions	41,777,230	37,226,428	—	—	41,777,230	37,226,428
Capital grants and contributions	4,420,276	—	630,169	497,436	5,050,445	497,436
General revenues:						
Taxes						
Property taxes	60,828,453	59,559,026	—	—	60,828,453	59,559,026
Sales tax	48,166,796	38,481,118	—	—	48,166,796	38,481,118
Other taxes	33,936,150	36,850,380	—	—	33,936,150	36,850,380
Intergovernmental - Unrestricted						
Income tax	20,565,117	16,834,216	—	—	20,565,117	16,834,216
Replacement tax	13,754,253	7,841,272	—	—	13,754,253	7,841,272
Grants	8,436,928	—	900,000	—	9,336,928	—
Interest earnings	(44,962)	802,248	(57,012)	179,064	(101,974)	981,312
Other	6,534,954	9,519,858	—	—	6,534,954	9,519,858
Total revenues	281,180,715	250,919,408	39,694,653	35,255,380	320,875,368	286,174,788
EXPENSES						
General government	17,817,639	11,274,151	—	—	17,817,639	11,274,151
Public safety	141,685,544	128,276,579	—	—	141,685,544	128,276,579
Streets, alleys and bridges	24,304,870	23,434,088	—	—	24,304,870	23,434,088
Community development	21,225,280	23,971,515	—	—	21,225,280	23,971,515
Sanitation and sewers	24,675	24,632	—	—	24,675	24,632
Culture and recreation	9,045,440	11,303,428	—	—	9,045,440	11,303,428
Public health and welfare	29,248,683	21,383,787	—	—	29,248,683	21,383,787
Interest and fiscal charges	5,135,893	4,148,958	—	—	5,135,893	4,148,958
Water	—	—	27,831,133	26,593,664	27,831,133	26,593,664
Parking	—	—	3,790,425	2,805,081	3,790,425	2,805,081
Total expenses	248,488,024	223,817,138	31,621,558	29,398,745	280,109,582	253,215,883
Increase (decrease) in net position before transfers	32,692,691	27,102,270	8,073,095	5,856,635	40,765,786	32,958,905
Transfers	33,856	183,533	(33,856)	(183,533)	—	—
Change in net position	32,726,547	27,285,803	8,039,239	5,673,102	40,765,786	32,958,905
Net position - beginning	(51,524,574)	(78,810,377)	176,878,330	171,205,228	125,353,756	92,394,851
Net position - ending	(18,798,027)	(51,524,574)	184,917,569	176,878,330	166,119,542	125,353,756

CITY OF ROCKFORD, ILLINOIS

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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 \$281.2 million compared to \$250.9 million in 2020, an increase of 12.1 percent. The leading factors are as follows:

- Total operating grants and contributions for the current year were \$41.8 million an increase of \$4.6 million due to emergency relief funding.
- Total governmental activities' expense for the current year was \$248.5 million compared to \$223.8 million in 2020, an increase of 11.0 percent.

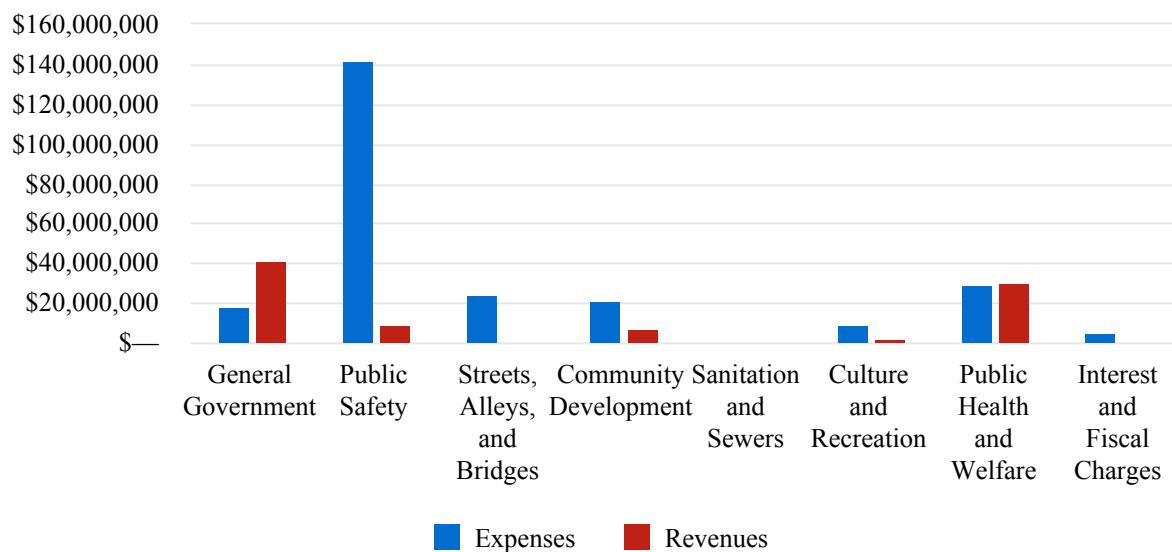
The graph on the next page shows a comparison between the expenses by governmental activity type and the revenues generated that are specific to those activities.

CITY OF ROCKFORD, ILLINOIS

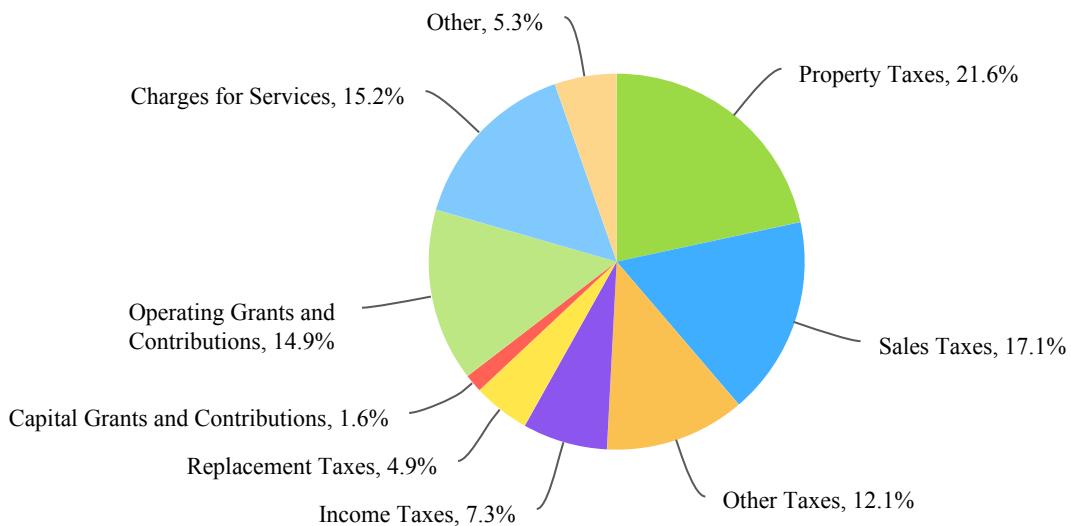
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Expense and Program Revenue - Governmental Activities



Revenues by Source - Government Activities



The cost of all governmental activities this year was \$248.5 million. However, the amount that taxpayers paid for these activities through City and State taxes was only \$177.3 million, an increase of \$17.7 million from the previous year due to increases in property taxes, sales tax, income tax, and replacement tax. Some of the cost was paid by:

- Those who directly benefited from the programs - \$42.8 million in 2021, a decrease of \$1.0 million from 2020.
- Other governments and organizations that subsidized certain programs with grants - \$46.2 million in 2021, an increase of \$4.6 million due to emergency relief funding.

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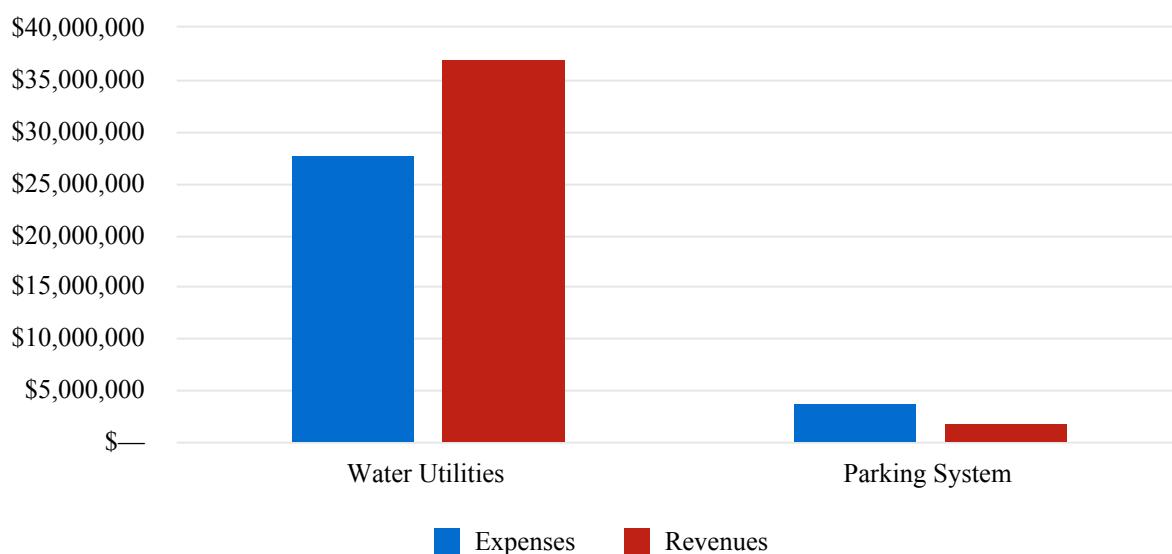
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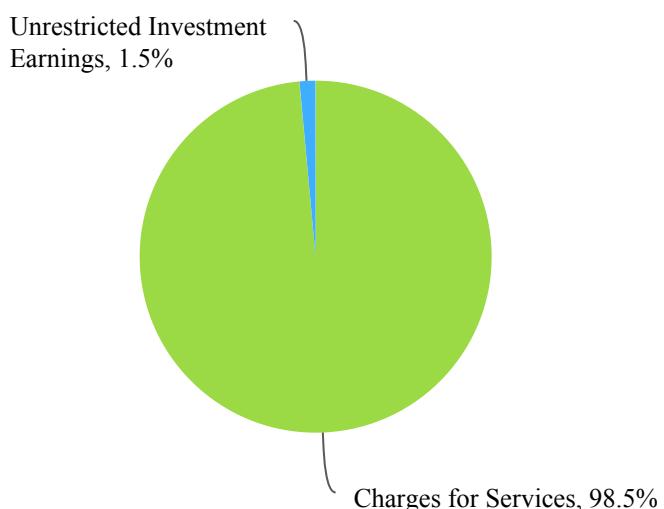
Business-type Activities - Business-type activities net position increased by \$8.0 million in 2021, compared to an increase of \$5.7 million in 2020. Revenues from business-type activities increased by 12.6 percent to \$39.7 million and expenses increased 7.6 percent to \$31.6 million. Key elements 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, 2021

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 2021, its governmental funds reported a combined fund balance of \$92.2 million, an increase of \$14.9 million, or 19.3 percent, in comparison with the prior fiscal year. Unassigned fund balance was \$42.0 million, which is available for spending at the government's discretion. The remaining \$50.2 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 \$46.3 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 26.9 percent of total General Fund expenditures.

The following schedule presents the governmental funds summary of revenues for the years ended December 31, 2021 and 2020:

	2021	Percent of Total	2020	Amount of increase (decrease)		Percent of increase (decrease)
Revenues by source						
Taxes	\$ 138,887,121	50.02%	\$ 128,607,124	\$ 10,279,997		8.0%
Licenses and permits	9,769,217	3.52%	11,028,972	(1,259,755)		(11.4%)
Intergovernmental	89,408,742	32.20%	53,923,910	35,484,832		65.8%
Charges for services	31,372,851	11.30%	26,303,212	5,069,639		19.3%
Fines	1,663,452	0.60%	2,077,329	(413,877)		(19.9%)
Investment income	516	0.00%	712,630	(712,114)		(99.9%)
Miscellaneous	6,534,954	2.35%	5,779,049	755,905		13.1%
 Total revenues	 \$ 277,636,853	 100.00%	 \$ 228,432,226	 \$ 49,204,627		 21.5%

Revenues of the City's governmental funds increased \$49.2 million or 21.5 percent from the prior fiscal year.

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The following schedule presents the governmental funds summary of expenditures for the years ended December 31, 2021 and 2020:

	2021	Percent of Total	2020	Amount of	Percent of
				increase (decrease)	increase (decrease)
Expenditures by function					
General government	\$ 28,507,909	10.81%	\$ 22,835,047	\$ 5,672,862	24.8%
Public safety	128,903,692	48.87%	113,983,475	14,920,217	13.1%
Streets, alleys and bridges	15,782,584	5.98%	15,744,910	37,674	0.2%
Community development	21,177,685	8.03%	11,923,262	9,254,423	77.6%
Culture and recreation	7,385,242	2.80%	9,038,648	(1,653,406)	(18.3%)
Public health and welfare	29,121,725	11.04%	18,431,025	10,690,700	58.0%
Debt service:					
Principal payments	10,585,839	4.01%	10,075,455	510,384	5.1%
Interest and fiscal charges	4,776,527	1.81%	3,225,586	1,550,941	48.1%
Capital expenditures	<u>17,538,699</u>	<u>6.65%</u>	<u>25,287,062</u>	<u>(7,748,363)</u>	<u>(30.6%)</u>
Total expenditures	<u>\$ 263,779,902</u>	<u>100.00%</u>	<u>\$ 230,544,470</u>	<u>\$ 33,235,432</u>	<u>14.4%</u>

Expenditures of the City's governmental funds increased by \$33.2 million or 14.4 percent compared to the previous year. Capital expenditures decreased by \$7.7 million.

The Public Library fund balance at year-end was \$14.0 million, up \$1,672,993 from the prior year. This 13.5 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 \$7.9 million, all of which is restricted or assigned for the payment of debt service.

Capital Projects Fund total fund balance at year-end was \$9.7 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

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General Fund Budgetary Highlights

The City Council passed a supplemental budget appropriation increasing expenditures by \$11.1 million (6.9 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	\$ 166,131,274	\$ 166,131,274	\$ 177,137,118	\$ 11,005,844
Expenditures	161,546,322	172,655,581	171,894,329	761,252
Excess (deficiency) of revenues over (under) expenditures	4,584,952	(6,524,307)	5,242,789	11,767,096
Other financing sources (uses)				
Debt issuance	—	—	710,078	710,078
Transfers from other funds	2,500,000	2,500,000	3,287,459	787,459
Transfers to other funds	(6,774,138)	(6,896,508)	(5,781,779)	1,114,729
Net change in fund balance	\$ 310,814	\$ (10,920,815)	\$ 3,458,547	\$ 14,379,362

During the year the City spent 99.6 percent of the final amount appropriated in the General Fund. Actual General Fund revenues were more than budgetary estimates by 6.6 percent.

CITY OF ROCKFORD, ILLINOIS

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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, 2021, amounts to \$552.9 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 0.1 percent and the business-type activities increased by 0.5 percent.

	Primary Government Capital Assets (net of depreciation)					
	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Land	\$ 3,704,840	\$ 3,704,840	\$ 6,967,410	\$ 6,967,410	\$ 10,672,250	\$ 10,672,250
Construction in progress	14,694,167	13,072,502	17,094,654	15,982,259	31,788,821	29,054,761
Land improvements	148,297	110,380	332,988	367,952	481,285	478,332
Building improvements	68,298,519	70,591,732	31,924,568	33,305,901	100,223,087	103,897,633
Improvements other than building	—	—	151,213,242	149,839,859	151,213,242	149,839,859
Equipment	15,273,506	17,165,075	1,204,928	1,265,936	16,478,434	18,431,011
Infrastructure	242,074,242	239,058,748	—	—	242,074,242	239,058,748
Totals	\$ 344,193,571	\$ 343,703,277	\$ 208,737,790	\$ 207,729,317	\$ 552,931,361	\$ 551,432,594

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

	Governmental Activities	Business-Type Activities
Construction in progress	\$ 2,657,335	\$ 10,234,382
Land improvements	85,928	—
Building improvements	253,799	—
Improvements other than building	—	439,630
Equipment	3,506,553	150,187
Infrastructure	10,452,286	—
	\$ 16,955,901	\$ 10,824,199

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

CITY OF ROCKFORD, ILLINOIS

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Long-term Debt - At the end of the current fiscal year, the City of Rockford had total bonded debt outstanding of \$91.5 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		
2021	2020	2021	2020	2021	2020	
General obligation/						
General obligation revenue bonds	\$ 72,482,724	\$ 78,775,746	\$ 19,057,276	\$ 21,159,254	\$ 91,540,000	\$ 99,935,000

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, 2021, the City's indebtedness was \$109.8 million less than the City limit and \$141.7 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 2022 budget was to continue offering citizens basic services, economic development efforts, a continuing capital improvements program, and fiscal stability. Development and adoption of this budget was premised on maintaining a level of service equivalent to 2021, making incremental improvements where possible, and maintaining a flat or reduced property tax levy.

Budgeted revenues for the General Fund are \$181.6 million, including \$31.8 million for transfers in.

Budgeted expenditures in the General Fund are \$181.5 million, including \$1.5 million for transfers out. Major spending changes by account type for 2022 are:

- a. Salaries increased \$2.8 million as a result of additional positions and wage increases.
- b. Fringe Benefits increased \$4.2 million as a direct result of increased salaries, changes in health insurance election and a \$1.75 million increase in police and fire pension contributions offset by decreases in Illinois Municipal Retirement Fund (IMRF).
- c. Contractual and supply accounts decreased \$0.2 million. Slight decreases across various departments offset by increases in internal services charges.
- d. Capital projects and equipment decrease \$1.5 million from the 2021 budget, offset by vehicle purchases under the City's vehicle leasing program.

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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 October 2021, 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 2023 budget process to begin on a sound financial footing.

The City was awarded \$54.8 million in American Rescue Plan Act funding, the first half of which was received in May, 2021. City Council took steps to program approximately \$9.0 million of the total mid-year, and intend to approve broad categories of spending for the balance of the funds in 2022. City Council will focus on stability of operations, including deferred capital investments, economic development, and violence prevention for those most impacted by the pandemic.

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, 2021

See Following Page

CITY OF ROCKFORD, ILLINOIS

Statement of Net Position December 31, 2021

	Component Units				
	Primary Government			Rockford	Metropolitan Exposition, Auditorium and Office Building Authority
	Governmental Activities	Business-Type Activities	Totals		
CURRENT ASSETS					
Cash and cash equivalents	\$ 101,398,328	\$ 13,279,591	\$ 114,677,919	\$ 1,948,806	\$ 1,673,763
Receivables - net of allowances	87,830,576	5,326,859	93,157,435	115,974	783,005
Internal balances	5,451,675	(5,451,675)	—	—	—
Due from governmental units	26,257,101	3,877,149	30,134,250	4,816,215	—
Inventories	417,073	766,636	1,183,709	424,627	131,608
Prepays	569,186	—	569,186	44,697	132,644
Total current assets	221,923,939	17,798,560	239,722,499	7,350,319	2,721,020
NONCURRENT ASSETS					
Capital assets					
Nondepreciable	18,399,007	24,062,064	42,461,071	1,969,934	3,069,012
Depreciable	568,747,169	306,115,030	874,862,199	51,120,308	46,597,360
Accumulated depreciation	(242,952,605)	(121,439,304)	(364,391,909)	(24,204,794)	(28,562,183)
	344,193,571	208,737,790	552,931,361	28,885,448	21,104,189
Other assets					
Other assets	—	—	—	—	4,350,763
Net pension asset - IMRF	29,851,171	4,852,862	34,704,033	—	—
Restricted assets:					
Cash and cash equivalents	—	8,189,179	8,189,179	3,401,124	2,981,976
	29,851,171	13,042,041	42,893,212	3,401,124	7,332,739
Total noncurrent assets	374,044,742	221,779,831	595,824,573	32,286,572	28,436,928
Total assets	595,968,681	239,578,391	835,547,072	39,636,891	31,157,948
DEFERRED OUTFLOWS OF RESOURCES					
Deferred items - net pension liabilities	51,510,308	218,848	51,729,156	1,113,816	—
Deferred items - total OPEB liability - RBP	9,916,356	140,546	10,056,902	—	—
Deferred items - ARO	—	1,030,224	1,030,224	—	—
Unamortized loss on refunding	620,608	—	620,608	—	—
Total deferred outflows of resources	62,047,272	1,389,618	63,436,890	1,113,816	—
Total assets and deferred outflows of resources	658,015,953	240,968,009	898,983,962	40,750,707	31,157,948

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	\$ 22,898,736	\$ 4,550,468	\$ 27,449,204	\$ 195,965	\$ 902,051
Accrued payroll and benefits	2,010,224	100,274	2,110,498	969,210	—
Due to other governmental units	663,116	—	663,116	—	—
Other payables	20,037,482	—	20,037,482	—	2,335,820
Other liabilities	287,668	1,395	289,063	1,224,500	—
Deposits and advances	—	37,936	37,936	758,224	—
Accrued interest payable	274,076	82,599	356,675	—	—
Current portion of long-term debt	20,086,546	4,833,292	24,919,838	—	345,941
Total current liabilities	66,257,848	9,605,964	75,863,812	3,147,899	3,583,812
Noncurrent liabilities:					
Noncurrent portion of long-term debt	487,549,271	41,565,888	529,115,159	4,295,575	1,550,070
Total liabilities	553,807,119	51,171,852	604,978,971	7,443,474	5,133,882
DEFERRED INFLOWS OF RESOURCES					
Property taxes	61,504,418	—	61,504,418	—	—
Deferred items - net pension liabilities	58,655,363	4,838,236	63,493,599	2,693,707	—
Deferred items - total OPEB liability - RBP	2,847,080	40,352	2,887,432	—	—
Grants	—	—	—	2,230,256	3,137,609
Total deferred inflows of recourses	123,006,861	4,878,588	127,885,449	4,923,963	3,137,609
Total liabilities and deferred inflows of resources	676,813,980	56,050,440	732,864,420	12,367,437	8,271,491
NET POSITION					
Net investment in capital assets	263,787,727	168,670,663	432,458,390	28,885,448	20,784,737
Restricted					
Capital projects	—	1,000,000	1,000,000	—	—
Debt service	7,643,293	7,189,179	14,832,472	—	—
Culture and recreation	14,048,280	—	14,048,280	—	—
Community development	2,024,645	—	2,024,645	—	—
Public health and welfare	2,811,123	—	2,811,123	—	—
Highways and streets	13,295,069	—	13,295,069	—	—
Employee and public liability trusts	—	—	—	81,602	—
Unrestricted (deficit)	(322,408,164)	8,057,727	(314,350,437)	(583,780)	2,101,720
Total net position	\$ (18,798,027)	\$ 184,917,569	\$ 166,119,542	\$ 28,383,270	\$ 22,886,457

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, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental activities				
General government	\$ 17,817,639	\$ 41,065,010	\$ 460,000	\$ —
Public safety	141,685,544	1,624,255	7,017,335	—
Streets, alleys and bridges	24,304,870	—	—	—
Community development	21,225,280	—	2,674,632	4,420,276
Sanitation and sewers	24,675	—	—	—
Culture and recreation	9,045,440	116,255	1,772,218	—
Public health and welfare	29,248,683	—	29,853,045	—
Interest and fiscal charges	5,135,893	—	—	—
Total governmental activities	248,488,024	42,805,520	41,777,230	4,420,276
Business-type activities				
Water utilities	27,831,133	36,838,067	—	168,964
Parking system	3,790,425	1,383,429	—	461,205
Total business-type activities	31,621,558	38,221,496	—	630,169
Total primary government	\$ 280,109,582	\$ 81,027,016	\$ 41,777,230	\$ 5,050,445
COMPONENT UNITS				
Rockford mass transit district	\$ 19,877,785	\$ 711,242	\$ 18,740,395	\$ 4,775,989
Rockford metropolitan exposition, auditorium and office building authority	3,400,111	338,121	990,440	1,345,834
Total component units	\$ 23,277,896	\$ 1,049,363	\$ 19,730,835	\$ 6,121,823
		General revenues		
		Taxes		
		Property taxes		
		Sales taxes		
		Other taxes		
		Intergovernmental - Unrestricted		
		Income tax		
		Replacement tax		
		Grants		
		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		
Governmental Activities	Business-Type Activities	Totals	Mass Transit District	Rockford	Exposition, Auditorium and Office Building Authority		
\$ 23,707,371	\$ —	\$ 23,707,371	\$ —	\$ —	\$ —	—	
(133,043,954)	—	(133,043,954)	—	—	—	—	
(24,304,870)	—	(24,304,870)	—	—	—	—	
(14,130,372)	—	(14,130,372)	—	—	—	—	
(24,675)	—	(24,675)	—	—	—	—	
(7,156,967)	—	(7,156,967)	—	—	—	—	
604,362	—	604,362	—	—	—	—	
(5,135,893)	—	(5,135,893)	—	—	—	—	
(159,484,998)	—	(159,484,998)	—	—	—	—	
—	9,175,898	9,175,898	—	—	—	—	
—	(1,945,791)	(1,945,791)	—	—	—	—	
—	7,230,107	7,230,107	—	—	—	—	
(159,484,998)	7,230,107	(152,254,891)	—	—	—	—	
—	—	—	4,349,841	—	—	—	
—	—	—	—	—	(725,716)	—	
—	—	—	4,349,841	—	(725,716)	—	
60,828,453	—	60,828,453	—	—	—	—	
48,166,796	—	48,166,796	—	—	—	—	
29,891,872	—	29,891,872	—	—	186	—	
20,565,117	—	20,565,117	—	—	—	—	
13,754,253	—	13,754,253	—	—	—	—	
8,436,928	900,000	9,336,928	—	—	—	—	
4,044,278	—	4,044,278	—	—	—	—	
(44,962)	(57,012)	(101,974)	6,554	—	731	—	
6,534,954	—	6,534,954	—	—	—	—	
33,856	(33,856)	—	—	—	—	—	
192,211,545	809,132	193,020,677	6,554	—	917	—	
32,726,547	8,039,239	40,765,786	4,356,395	—	(724,799)	—	
(51,524,574)	176,878,330	125,353,756	24,026,875	—	23,611,256	—	
\$ (18,798,027)	\$ 184,917,569	\$ 166,119,542	\$ 28,383,270	\$ 22,886,457			

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

CITY OF ROCKFORD, ILLINOIS

Balance Sheet - Governmental Funds

December 31, 2021

	General	Public Library	Community Development	Special
ASSETS				
Cash and cash equivalents	\$ 32,159,930	\$ 14,278,921	\$ 3,525	
Receivables - net of allowances				
Property taxes	48,030,844	7,319,903	—	
Accounts	20,646,847	393,244	—	
Notes	150,000	—	16,200	
Accrued interest	96,124	17,750	—	
Due from the Federal Government	330,975	—	186,123	
Due from the State of Illinois	202,057	—	—	
Due from other governmental units	649,092	—	874	
Due from other funds	20,713,637	—	—	
Inventories	715	—	—	
Prepays	168,219	—	—	
Total assets	\$ 123,148,440	\$ 22,009,818	\$ 206,722	
LIABILITIES				
Accounts payable	\$ 8,498,313	\$ 593,470	\$ 187,106	
Accrued payroll and benefits	1,676,689	61,320	9,004	
Due to other governmental units	—	—	168	
Due to other funds	—	—	—	
Other payables	18,429,629	—	345,795	
Other liabilities	—	—	6,612	
Total liabilities	28,604,631	654,790	548,685	
DEFERRED INFLOWS OF RESOURCES				
Property taxes	47,944,661	7,306,748	—	
Total liabilities and deferred inflows of resources	76,549,292	7,961,538	548,685	
FUND BALANCES				
Nonspendable	318,934	—	—	
Restricted				
Debt service	—	—	—	
Culture and recreation	—	14,048,280	—	
Community development	—	—	—	
Public health and welfare	—	—	—	
Highway and streets	—	—	—	
Assigned				
Community development	—	—	—	
Public health and welfare	—	—	—	
Unassigned	46,280,214	—	(341,963)	
Total fund balances	46,599,148	14,048,280	(341,963)	
Total liabilities and deferred inflows of resources and fund balance	\$ 123,148,440	\$ 22,009,818	\$ 206,722	

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
\$	—	\$	—	\$	7,402,692	\$	5,490,954	\$	17,811,314	\$ 77,147,336
—		6,253,007		—		—	—	—	—	61,603,754
166,520		347,950		313,375		262,112		720,996		22,851,044
—		—		—		—	—	—	—	166,200
—		—		—		9,736		(89)		123,521
5,378,565		—		—		1,679,477		405,287		7,980,427
8,057,409		—		169,370		6,369,867		1,342,592		16,141,295
—		—		—		1,119,249		9,155		1,778,370
—		—		—		—		—		20,713,637
—		—		—		—		—		715
—		—		—		—		—		168,219
\$	13,602,494	\$	6,600,957	\$	7,885,437	\$	14,931,395	\$	20,289,255	\$ 208,674,518
 \$	 2,693,995	 \$	 12,274	 \$	 —	 \$	 4,436,156	 \$	 4,067,254	 \$ 20,488,568
 77,833	 —	 —	 —	 —	 —	 29,683	 —	 5,168	 —	 1,859,697
 —	 —	 —	 —	 —	 —	 662,948	 —	 —	 —	 663,116
 6,844,202	 —	 4,257,199	 —	 —	 —	 —	 —	 792,231	 —	 11,893,632
 1,175,341	 —	 —	 —	 —	 —	 86,717	 —	 —	 —	 20,037,482
 —	 —	 —	 —	 —	 —	 —	 —	 —	 —	 6,612
 10,791,371	 —	 4,269,473	 —	 —	 —	 5,215,504	 —	 4,864,653	 —	 54,949,107
 —	 —	 6,253,009	 —	 —	 —	 —	 —	 —	 —	 61,504,418
 10,791,371	 —	 10,522,482	 —	 —	 —	 5,215,504	 —	 4,864,653	 —	 116,453,525
 —	 —	 —	 —	 —	 —	 —	 —	 —	 —	 318,934
 —	 —	 —	 7,885,437	 —	 —	 —	 —	 —	 —	 7,885,437
 —	 —	 —	 —	 —	 —	 —	 —	 —	 —	 14,048,280
 —	 —	 —	 —	 —	 —	 —	 —	 2,024,645	 —	 2,024,645
 2,811,123	 —	 —	 —	 —	 —	 —	 —	 13,295,069	 —	 2,811,123
 —	 —	 —	 —	 —	 —	 —	 —	 —	 —	 13,295,069
 —	 —	 —	 —	 —	 —	 9,715,891	 —	 —	 —	 9,715,891
 —	 —	 —	 —	 —	 —	 —	 —	 104,888	 —	 104,888
 —	 (3,921,525)	 —	 —	 —	 —	 —	 —	 —	 —	 42,016,726
 2,811,123	 (3,921,525)	 —	 7,885,437	 —	 —	 9,715,891	 —	 15,424,602	 —	 92,220,993
 \$	 13,602,494	 \$	 6,600,957	 \$	 7,885,437	 \$	 14,931,395	 \$	 20,289,255	 \$ 208,674,518

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, 2021

Total fund balances for governmental funds	\$ 92,220,993
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.	344,193,571
Less: Internal Service Funds	(8,565,740)
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:	4,924,106
A net pension asset is not considered to represent a financial resource and therefore is not reported in the funds.	
Net Pension Asset - IMRF	29,851,171
Less: Internal Service Funds	(4,749,867)
Deferred outflows (inflows) of resources related to the pensions not reported in the funds.	(75,779)
Less: Internal Service Funds	4,521,350
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Net pension liabilities	(344,215,364)
Total OPEB liability	(42,121,678)
Installment Contracts Payable	(95,857)
Intergovernmental Payable	(3,891,538)
Bonds payable, net	(64,219,794)
Compensated absences	(9,399,183)
Lease/purchase agreements	(14,475,274)
Section 108 guaranteed loans	(2,457,000)
Accrued interest on bonds	<u>(242,144)</u>
Total net position of governmental activities	<u>\$ (18,798,027)</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, 2021

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, 2021

	General	Public Library	Community Development	Special
REVENUES				
Taxes	\$ 93,090,292	\$ 7,334,409	\$ —	—
Licenses and permits	9,769,217	—	—	—
Intergovernmental	41,336,705	1,772,218	2,674,632	—
Charges for services	31,295,793	77,058	—	—
Fines	1,624,255	39,197	—	—
Investment income	(240,007)	(41,441)	244,171	—
Miscellaneous	260,863	374,281	20,580	—
Total revenues	177,137,118	9,555,722	2,939,383	
EXPENDITURES				
Current				
General government	28,507,909	—	—	—
Public safety	128,074,403	—	—	—
Streets, alleys and bridges	11,854,105	—	—	—
Community development	2,252,866	—	2,883,807	—
Culture and recreation	—	7,385,242	—	—
Public health and welfare	—	—	—	—
Debt service				
Principal payments	—	—	336,000	—
Interest and fiscal charges	—	—	9,743	—
Capital outlay	1,205,046	275,499	—	—
Total expenditures	171,894,329	7,660,741	3,229,550	
Excess (deficiency) of revenues over (under) expenditures	5,242,789	1,894,981	(290,167)	
OTHER FINANCING SOURCES (USES)				
Debt issuance	710,078	—	—	—
Transfers in	3,287,459	—	—	—
Transfers out	(5,781,779)	(221,988)	—	—
	(1,784,242)	(221,988)	—	—
Net change in fund balances	3,458,547	1,672,993	(290,167)	
Fund balances - beginning	43,140,601	12,375,287	(51,796)	
Fund balances - ending	\$ 46,599,148	\$ 14,048,280	\$ (341,963)	

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
\$	—	\$ 5,293,386	\$ 2,205,986	\$ 17,846,445	\$ 13,116,603	\$ 138,887,121
—	—	—	—	—	—	9,769,217
29,853,045	—	—	460,000	—	13,312,142	89,408,742
—	—	—	—	—	—	31,372,851
—	—	—	—	—	—	1,663,452
12,312	18,529	—	—	(13,190)	20,142	516
216,475	3,766,184	262,939	—	1,396,033	237,599	6,534,954
30,081,832	9,078,099	2,928,925	—	19,229,288	26,686,486	277,636,853
—	—	—	—	—	—	28,507,909
—	—	—	—	—	829,289	128,903,692
—	—	—	—	3,928,479	—	15,782,584
—	1,724,279	—	—	—	14,316,733	21,177,685
—	—	—	—	—	—	7,385,242
29,121,725	—	—	—	—	—	29,121,725
—	216,525	9,706,073	—	—	327,241	10,585,839
—	130,247	3,167,327	—	—	1,469,210	4,776,527
—	—	—	—	16,058,154	—	17,538,699
29,121,725	2,071,051	12,873,400	—	19,986,633	16,942,473	263,779,902
960,107	7,007,048	(9,944,475)	(757,345)	(757,345)	9,744,013	13,856,951
—	—	—	—	—	—	710,078
—	—	10,222,565	2,012,852	—	—	15,522,876
—	(1,689,502)	—	(787,459)	(6,667,072)	(6,667,072)	(15,147,800)
—	(1,689,502)	10,222,565	1,225,393	(6,667,072)	(6,667,072)	1,085,154
960,107	5,317,546	278,090	468,048	3,076,941	14,942,105	
1,851,016	(9,239,071)	7,607,347	9,247,843	12,347,661	77,278,888	
\$ 2,811,123	\$ (3,921,525)	\$ 7,885,437	\$ 9,715,891	\$ 15,424,602	\$ 92,220,993	

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, 2021

Net change in fund balances - total governmental funds	\$ 14,942,105
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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	14,996,373
Depreciation expense	(14,399,237)
Disposals - cost	(2,790,079)
Disposals - accumulated depreciation	<u>1,404,879</u> (788,064)

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	(710,078)
Repayments:	
Principal payment on bonds and other long-term obligations	<u>10,585,839</u> 9,875,761

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	(2,780,767)
Deferred items - RBP	113,057
Net pension asset - IMRF	17,523,413
Net pension liabilities	(20,558,683)
Deferred items - pensions	7,291,260
Compensated absences	(1,261,299)
Accrued interest payable	91,097
Amortization of bond premiums and discounts and losses	<u>(70,826)</u> 347,252

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

Change in net position of governmental activities	\$ 32,726,547
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The accompanying notes to the financial statements are an integral part of this statement.

CITY OF ROCKFORD, ILLINOIS

Statement of Net Position - Proprietary Funds
December 31, 2021

See Following Page

CITY OF ROCKFORD, ILLINOIS

Statement of Net Position - Proprietary Funds

December 31, 2021

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Water Utility	Nonmajor		Internal Service
		Parking System	Totals	
ASSETS				
Current assets				
Cash and cash equivalents	\$ 13,279,591	\$ —	\$ 13,279,591	\$ 24,250,992
Accounts receivable				
Water	2,381,479	—	2,381,479	—
Estimated unbilled water usage	3,800,000	—	3,800,000	—
Other	31,450	5,729	37,179	1,856,053
	6,212,929	5,729	6,218,658	1,856,053
Less allowance for uncollectible accounts	(891,799)	—	(891,799)	—
	5,321,130	5,729	5,326,859	1,856,053
Due from State of Illinois	3,877,149	—	3,877,149	—
Due from other governments	—	—	—	357,009
Inventories	766,636	—	766,636	416,358
Prepaid items	—	—	—	400,967
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	7,189,179	—	7,189,179	—
	8,189,179	—	8,189,179	—
Total current assets	31,433,685	5,729	31,439,414	27,281,379
Noncurrent assets				
Capital assets				
Land	637,705	6,329,705	6,967,410	—
Construction in progress	16,386,185	708,469	17,094,654	3,735,643
Land improvements	900,886	—	900,886	—
Buildings and improvements	26,680,218	27,402,199	54,082,417	6,180,692
Equipment	5,168,238	80,745	5,248,983	7,441,644
Improvements other than land and buildings	240,118,963	5,763,781	245,882,744	300,548
Less accumulated depreciation	(102,538,221)	(18,901,083)	(121,439,304)	(9,092,787)
Total Capital Assets	187,353,974	21,383,816	208,737,790	8,565,740
Other assets				
Net pension asset - IMRF	4,852,862	—	4,852,862	4,749,867
Total noncurrent assets	192,206,836	21,383,816	213,590,652	13,315,607
Total assets	223,640,521	21,389,545	245,030,066	40,596,986
DEFERRED OUTFLOWS OF RESOURCES				
Deferred items - IMRF	218,848	—	218,848	214,203
Deferred items - RBP	137,222	3,324	140,546	—
Deferred items - ARO	1,030,224	—	1,030,224	—
Total deferred outflows of resources	1,386,294	3,324	1,389,618	214,203
Total assets and deferred outflows of resources	225,026,815	21,392,869	246,419,684	40,811,189

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	\$ 4,228,931	\$ 321,537	\$ 4,550,468	\$ 2,410,168
Accrued interest payable	71,966	10,633	82,599	31,932
Accrued payroll and benefits	96,673	3,601	100,274	150,527
Due to other funds	—	5,451,675	5,451,675	2,138,326
Other liabilities	1,395	—	1,395	281,056
Deposits and advances	37,936	—	37,936	—
Compensated absences	67,891	1,074	68,965	55,698
Capital lease payable	183,931	—	183,931	1,156,067
General obligation alternate bonds payable (net of unamortized premiums/discounts)	1,715,000	493,453	2,208,453	903,799
IEPA loan payable	2,100,974	—	2,100,974	—
Claims and judgements payable	—	—	—	5,880,610
Refundable water main extension advances	270,969	—	270,969	—
Total current liabilities	8,775,666	6,281,973	15,057,639	13,008,183
Noncurrent liabilities				
Compensated absences	271,565	4,295	275,860	222,793
Total OPEB liability - RBP	582,878	14,119	596,997	—
Refundable water main extension advances	—	—	—	—
Customer water deposits	240,914	—	240,914	—
Capital lease payable	376,054	—	376,054	1,588,752
General obligation alternate bonds payable (net of unamortized premiums/discounts)	10,608,204	6,853,823	17,462,027	8,470,395
IEPA loan payable	17,906,256	—	17,906,256	—
Claims and judgments payable	—	—	—	7,861,407
Asset Retirement Obligation	4,707,780	—	4,707,780	—
Total noncurrent liabilities	34,693,651	6,872,237	41,565,888	18,143,347
Total liabilities	43,469,317	13,154,210	56,623,527	31,151,530
DEFERRED INFLOWS OF RESOURCES				
Deferred items - IMRF	4,838,236	—	4,838,236	4,735,553
Deferred items - RBP	39,398	954	40,352	—
	4,877,634	954	4,878,588	4,735,553
Total liabilities and deferred inflows of resources	48,346,951	13,155,164	61,502,115	35,887,083
NET POSITION				
Net investment in capital assets	154,463,555	14,207,108	168,670,663	5,820,921
Restricted				
Capital projects	1,000,000	—	1,000,000	—
Debt service	7,189,179	—	7,189,179	—
Unrestricted (deficit)	14,027,130	(5,969,403)	8,057,727	(896,815)
Total net position	\$ 176,679,864	\$ 8,237,705	\$ 184,917,569	\$ 4,924,106

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, 2021

	Business-Type Activities - Enterprise Funds			Governmental
	Nonmajor		Totals	Activities
	Water	Parking		
	Utility	System		Internal
				Service
OPERATING REVENUES				
Charges for services	\$ 31,799,113	\$ 1,385,537	\$ 33,184,650	\$ 46,268,611
Fines and penalties	1,486,550	2,004	1,488,554	—
Intergovernmental	3,504,470	—	3,504,470	3,541,985
Miscellaneous	47,934	(4,112)	43,822	2,376,497
Total operating revenues	<u>36,838,067</u>	<u>1,383,429</u>	<u>38,221,496</u>	<u>52,187,093</u>
OPERATING EXPENSES				
Salaries and benefits	5,874,794	297,551	6,172,345	6,925,651
Services	8,492,546	1,542,303	10,034,849	33,997,551
Supplies and materials	1,212,718	112,628	1,325,346	3,844,179
Depreciation	6,244,972	1,354,333	7,599,305	652,862
Charges from General Fund	2,911,753	—	2,911,753	1,237,380
Miscellaneous	50	10,194	10,244	2,982
Total operating expenses	<u>24,736,833</u>	<u>3,317,009</u>	<u>28,053,842</u>	<u>46,660,605</u>
Operating income (loss)	<u>12,101,234</u>	<u>(1,933,580)</u>	<u>10,167,654</u>	<u>5,526,488</u>
NONOPERATING REVENUES (EXPENSES)				
Unrestricted Grants	—	900,000	900,000	3,589,340
Investment income	(72,186)	15,174	(57,012)	(45,478)
Gain (loss) on disposal of capital assets	(2,216,421)	—	(2,216,421)	—
Interest expense and service fees	(978,186)	(473,416)	(1,451,602)	(379,637)
Amortization expense	100,307	—	100,307	—
	<u>(3,166,486)</u>	<u>441,758</u>	<u>(2,724,728)</u>	<u>3,164,225</u>
Income (loss) before transfers and contributions	<u>8,934,748</u>	<u>(1,491,822)</u>	<u>7,442,926</u>	<u>8,690,713</u>
Transfers out	—	(33,856)	(33,856)	(341,220)
Contributions from developers	168,964	461,205	630,169	—
	<u>168,964</u>	<u>427,349</u>	<u>596,313</u>	<u>(341,220)</u>
Change in net position	9,103,712	(1,064,473)	8,039,239	8,349,493
Net position - beginning	<u>167,576,152</u>	<u>9,302,178</u>	<u>176,878,330</u>	<u>(3,425,387)</u>
Net position - ending	<u>\$ 176,679,864</u>	<u>\$ 8,237,705</u>	<u>\$ 184,917,569</u>	<u>\$ 4,924,106</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, 2021

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

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers and users	\$ 35,209,342	\$ 1,392,071	\$ 36,601,413	\$ 50,552,719
Payment to suppliers	(10,898,809)	(1,330,871)	(12,229,680)	(38,206,091)
Payment to employees	(4,142,604)	(190,226)	(4,332,830)	(6,925,651)
Payments to other funds	(2,911,753)	—	(2,911,753)	—
Net cash provided by (used for) operating activities	17,256,176	(129,026)	17,127,150	5,420,977

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Purchase of capital assets	(10,377,132)	183,102	(10,194,030)	(379,637)
Debt issuance	783,018	—	783,018	(2,022,017)
Interest and fiscal charges	(978,186)	(473,416)	(1,451,602)	—
Payment of capital debt	(3,929,250)	(461,978)	(4,391,228)	(1,889,691)
Net cash provided by (used for) capital and related financing activities	(14,501,550)	(752,292)	(15,253,842)	(4,291,345)

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Unrestricted Grants	—	900,000	900,000	3,589,340
Transfers out	—	(33,856)	(33,856)	—
Transfers out	—	—	—	(341,220)
	—	866,144	866,144	3,248,120

CASH FLOWS FROM INVESTING ACTIVITIES

Investment income	(72,186)	15,174	(57,012)	(45,478)
Net change in cash and cash equivalents	2,682,440	—	2,682,440	4,332,274
Cash and cash equivalents - beginning	19,057,299	—	19,057,299	19,918,718
Cash and cash equivalents - ending	\$ 21,739,739	\$ —	\$ 21,739,739	\$ 24,250,992

Displayed as:

Cash and cash equivalents	\$ 13,279,591	\$ —	\$ 13,279,591	\$ 24,250,992
Restricted assets - cash and cash equivalents	8,189,179	—	8,189,179	—
	\$ 21,468,770	\$ —	\$ 21,468,770	\$ 24,250,992

(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, 2021

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

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET

CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES

Operating income (loss)	\$ 12,101,234	\$ (1,933,580)	\$ 10,167,654	\$ 5,526,488
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	6,244,972	1,354,333	7,599,305	652,862
Increase (decrease) from changes in:				
Accounts receivable, net	245,173	8,642	253,815	(1,450,746)
Due from other governmental units	—	—	—	91,588
Due from State of Illinois	(1,786,529)	—	(1,786,529)	—
Prepaid items	—	—	—	(54,966)
Inventories	(87,369)	—	(87,369)	(220,250)
Accounts payable	861,346	146,375	1,007,721	1,393,723
Accrued interest payable	(9,478)	(1,323)	(10,801)	—
Accrued payroll and benefits	20,453	195	20,648	(2,713)
Due to Other Funds	—	—	—	980,181
Other liabilities	77,541	—	77,541	(1,417,313)
Deposits and advances	(49,039)	—	(49,039)	—
Compensated absences	(48,746)	(5,376)	(54,122)	(77,877)
Due to other funds	—	298,609	298,609	—
Net pension asset - IMRF	(233,474)	—	(233,474)	—
OPEB	(79,908)	3,099	(76,809)	—
Total adjustments	5,154,942	1,804,554	6,959,496	(105,511)
Net cash provided by (used for) operating activities	\$ 17,256,176	\$ (129,026)	\$ 17,127,150	\$ 5,420,977
Noncash Capital and Related Financing Activities				
Capital Contributions	168,964	461,205	630,169	—

(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, 2021**

	Pension Trust
ASSETS	
Cash and cash equivalents	<u>\$ 14,115,352</u>
Investments - retirement plans	
U.S. Treasury Securities	34,019,615
U.S. Agency Securities	36,984,057
Municipal Bonds	1,737,685
Corporate Bonds	59,784,291
Common Stocks	28,365,427
Mutual Funds	<u>249,761,781</u>
Total investments	<u>410,652,856</u>
Accounts receivable - net of allowance	
Accrued interest receivable	536,405
Contributions receivables	21,322,125
Other	16,181
Total accounts receivable - net of allowance	<u>21,874,711</u>
Total assets	<u>446,642,919</u>
LIABILITIES	
Accrued liabilities	144,857
Due to Other Funds	<u>1,230,004</u>
Total Liabilities	<u>1,374,861</u>
NET POSITION	
Net position restricted for pensions	<u>\$ 445,268,058</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, 2021**

	Pension Trust
ADDITIONS	
Contributions:	
Employer	\$ 22,749,175
Plan member	<u>4,984,183</u>
Total contributions	<u>27,733,358</u>
Investment income:	
Net appreciation (depreciation) in fair value of investments	36,245,722
Interest and dividend income	<u>12,032,065</u>
	48,277,787
Less investment expense	<u>(654,322)</u>
Net investment income	<u>47,623,465</u>
	<u>75,356,823</u>
DEDUCTIONS	
Pension benefits	42,997,946
Refunds of contributions	63,761
Administrative expense	<u>352,560</u>
	<u>43,414,267</u>
Change in fiduciary net position	31,942,556
NET POSITION RESTRICTED FOR PENSIONS	
Beginning	<u>413,325,502</u>
Ending	<u>\$ 445,268,058</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, 2021

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, 2021

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 Authority is fiscally dependent on the City.

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, 2021

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, 2021

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, 2021

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, 2021

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, 2021

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, 2021

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 October 4, 2021. 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 2021 levy is deferred as it is intended to finance fiscal year 2021 to 2022.

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, 2021.

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, 2021

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” (\$7,189,179) 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, 2021

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 assets 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, 2021

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, 2021

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	\$ 341,963
Tax Increment	3,921,525
Risk Management	17,510,387

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
Redevelopment	\$ 1,152
Parking System	10,236
Health Insurance	492,696

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2021

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 \$34,949,543 and the bank balances totaled \$37,192,641.

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2021

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	\$ 56,483,579	\$ —	\$ 56,483,579	\$ —	\$ —
U.S. Agency Securities	1,080,842	—	1,080,842	—	—
Municipal Bonds	809,213	—	809,213	—	—
Corporate Bonds	10,618,944	10,618,944	—	—	—
	68,992,578	10,618,944	58,373,634	—	—

The City has the following recurring fair value measurements as of December 31, 2021:

- U.S. Treasury Securities of \$56,483,579 are valued using quoted market prices (Level 1 inputs).
- U.S. Agency Securities of \$1,080,842, Municipal Bonds of \$809,213, and Corporate Bonds of \$10,618,944 are valued using significant other observable inputs (Level 2 inputs)
- Mutual Funds of \$18,924,977 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, 2021, 56% 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, 2021, 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, 2021, 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, 2021

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, 2021, the City's investments were rated as follows:

Investment Type	Total Fair Value	Credit Rating	
		Moody's	Standard & Poor's
U.S. Treasury Securities	\$ 56,483,579	N/A	N/A
U.S. Agency Securities	1,080,842	N/A	N/A
Municipal Bonds	809,213	N/A	N/A
Corporate Bonds	10,618,944	N/A	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, 2021, 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 \$6,358,985 and the bank balances totaled \$6,427,943.

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2021

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	\$ 11,746,480	\$ —	\$ 5,673,111	\$ 6,073,369	\$ —
U.S. Agency Securities	28,121,649	23,146,027	1,778,202	1,250,226	1,947,194
Municipal Bonds	1,067,408	675,742	391,666	—	—
Corporate Bonds	37,530,560	18,172,129	13,903,744	5,454,687	—
Totals	\$ 78,466,097	\$ 41,993,898	\$ 21,746,723	\$ 12,778,282	\$ 1,947,194

The Fund has the following recurring fair value measurements as of December 31, 2021:

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	\$ 11,746,480	\$ 11,746,480	\$ —	\$ —
U.S. Agency Securities	28,121,649	—	28,121,649	—
Municipal Bonds	1,067,408	—	1,067,408	—
Corporate Bonds	37,530,560	—	37,530,560	—
Equity Securities				
Common Stocks	14,045,383	14,045,383	—	—
Mutual Funds	136,573,054	136,573,054	—	—
Total Investments Measured at Fair Value	\$ 229,084,534	\$ 162,364,917	\$ 66,719,617	\$ —

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2021

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, 2021, 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, 2021, 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	\$ 11,746,480	N/A	AAA to AA+
U.S. Agency Securities	28,121,649	N/A	AAA to AA+
Municipal Bonds	1,067,408	N/A	AA2 to AA+
Corporate Bonds	37,530,560	N/A	BAA1

N/A - Not Available

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2021

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 \$14,045,383, invested in common stock, and \$136,573,054, invested in mutual funds. At December 31, 2021, 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%	4.10%
Domestic Equities	27.50% - 37.50%	7.70%
International Equities	12.50% - 22.50%	8.10%
Real Estate	5.00% - 15.00%	7.40%
Global Tactical	0.00% - 10.00%	4.90%
Cash and Cash Equivalents	0.00% - 5.00%	2.70%

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 March 2022 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, 2021 are listed in the table above.

Rate of Return

For the year ended December 31, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 12.40%. 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, 2021

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 \$7,756,367 and the bank balances totaled \$7,640,934.

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	\$ 22,273,135	\$ 3,384,462	\$ 11,597,049	\$ 5,886,615	\$ 1,405,009
U.S. Agency Securities	8,862,408	292,678	1,379,875	635,404	6,554,451
Municipal Bonds	670,277	245,000	425,277	—	—
Corporate Bonds	22,253,731	1,214,775	10,549,283	6,263,874	4,225,799
Totals	\$ 54,059,551	\$ 5,136,915	\$ 23,951,484	\$ 12,785,893	\$ 12,185,259

The Fund has the following recurring fair value measurements as of December 31, 2021:

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	\$ 22,273,135	\$ 22,273,135	\$ —	\$ —	—
U.S. Agency Securities	8,862,408	—	8,862,408	—	—
Municipal Bonds	670,277	—	670,277	—	—
Corporate Bonds	22,253,731	—	22,253,731	—	—
Equity Securities					
Common Stocks	14,320,044	14,320,044	—	—	—
Mutual Funds	113,188,727	113,188,727	—	—	—
Total Investments Measured at Fair Value	\$ 181,568,322	\$ 149,781,906	\$ 31,786,416	\$ —	—

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2021

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, 2021, 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, 2021, 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	\$ 22,273,135	Aaa	N/A
U.S. Agency Securities	8,862,408	Aaa	AA+
Municipal Bonds	670,277	Aaa	A- to AAA
Corporate Bonds	22,253,731	A3	BBB

N/A - Not Available

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2021

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 \$14,320,044 invested in common stock and \$113,188,727 invested in mutual funds. At December 31, 2021, 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%	4.10%
Domestic Equities	27.50% - 37.50%	7.70%
International Equities	12.50% - 22.50%	8.10%
Real Estate	5.00% - 15.00%	7.40%
Global Tactical	0.00% - 10.00%	4.90%
Cash and Cash Equivalents	0.00% - 5.00%	2.70%

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 March 2022 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, 2021 are listed in the table above.

Rate of Return

For the year ended December 31, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 12.42%. 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, 2021

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, 2021, the carrying amount of the Rockford Mass Transit District deposits totaled \$5,349,930 and the bank balances totaled \$5,349,930 and Rockford Metropolitan Exposition Authority District deposits totaled \$4,655,739 and the bank balances totaled \$4,655,739.

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, 2021, 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, 2021, 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, 2021.

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, 2021, 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, 2021, 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, 2021, 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, 2021

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

RECEIVABLES AND PAYABLES

Receivables and payables as of December 31, 2021 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		Internal Service
	General	Public Library	Community Development	Human Services	Tax Increment	Debt Service	Capital Project	Nonmajor	Water Utility	Internal Service
RECEIVABLES										
Taxes	\$ 48,030,844	\$ 7,319,903	\$ —	\$ —	\$ 6,370,922	\$ —	\$ —	\$ —	\$ —	\$ —
Accounts	27,264,776	516,510	—	576,400	347,950	313,375	262,112	720,996	6,212,929	5,729 1,856,053
Notes	150,000	—	61,330	—	—	—	—	2,479,878	—	—
Accrued Interest	96,124	17,750	—	—	—	—	9,736	(89)	—	—
Gross receivables	75,541,744	7,854,163	61,330	576,400	6,718,872	313,375	271,848	3,200,785	6,212,929	5,729 1,856,053
Less: Allowance for uncollectibles	(6,617,929)	(123,266)	(45,130)	(409,880)	(117,915)	—	—	(2,479,878)	(891,799)	—
Total receivables	\$ 68,923,815	\$ 7,730,897	\$ 16,200	\$ 166,520	\$ 6,600,957	\$ 313,375	\$ 271,848	\$ 720,907	\$ 5,321,130	\$ 5,729 \$ 1,856,053
DUE FROM OTHER GOVERNMENTAL UNITS										
Federal	\$ 330,975	\$ —	\$ 186,123	\$ 5,378,565	\$ —	\$ —	\$ 1,679,477	\$ 405,287	\$ —	\$ —
State	202,057	—	—	8,057,409	—	169,370	6,369,867	1,342,592	3,877,149	—
Other	649,092	—	874	—	—	—	1,119,249	9,155	—	357,009
Total due from other governmental units	\$ 1,182,124	\$ —	\$ 186,997	\$ 13,435,974	\$ —	\$ 169,370	\$ 9,168,593	\$ 1,757,034	\$ 3,877,149	\$ — \$ 357,009
PAYABLES										
Vendors	\$ 8,498,313	\$ 593,470	\$ 187,106	\$ 2,693,995	\$ 12,274	\$ —	\$ 4,436,156	\$ 4,067,254	\$ 4,228,931	\$ 321,537 \$ 2,410,168
Other governmental units	—	—	168	—	—	—	662,948	—	—	—
Accrued interest	—	—	—	—	—	—	—	71,966	10,633	31,932
Total payables	\$ 8,498,313	\$ 593,470	\$ 187,274	\$ 2,693,995	\$ 12,274	\$ —	\$ 5,099,104	\$ 4,067,254	\$ 4,300,897	\$ 332,170 \$ 2,442,100

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, 2021, 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, 2021

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

INTERFUND BALANCES - Continued

The composition of interfund balances as of December 31, 2021 is as follows:

Receivable	Payable	Purpose	Amount
General	Human Services	Interfund cash advances	\$ 6,844,202
General	Tax Increment	Interfund cash advances	4,257,199
General	Nonmajor governmental	Interfund cash advances	792,231
General	Nonmajor business-type	Interfund cash advances	5,451,675
General	Risk management	Interfund cash advances	2,138,326
General	Police Pension	60-day collections on property taxes	1,137,027
General	Firefighters' Pension	60-day collections on property taxes	<u>92,977</u>
			<u>\$ 20,713,637</u>

INTERFUND TRANSFERS

Transfers between funds for the year ended December 31, 2021 are as follows:

Transfers In	Transfers Out	Amount
General	Capital Projects	\$ 787,459 (1)
General	Nonmajor governmental	2,500,000 (2)
Debt Service	General	4,159,412 (2)
Debt Service	Tax Increment	1,332,873 (2)
Debt Service	Nonmajor governmental	4,167,072 (2)
Debt Service	Public Library	221,988 (3)
Debt Service	Internal Service	341,220 (3)
Capital Projects	General	1,622,367 (3)
Capital Projects	Tax Increment	356,629 (3)
Capital Projects	Nonmajor enterprise	<u>33,856 (1)</u>
		<u>\$ 15,522,876</u>

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

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2021

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

CONSTRUCTION COMMITMENTS

The City has active construction projects as of December 31, 2021. 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
Well 39 Water Treatment Addition	\$ 4,629,342
Police Property & Evidence Facility	1,314,461
9Th St Two-Way Conversion	1,073,061
Seminary St Over Keith Creek	885,653
N Main-Auburn To Riverside	842,793
City Wide Street Repairs - 2021	687,449
E State St - Mill Rd To Buckley Dr	610,106
Gregory Heights Drainage Improvement	527,878
E State St & New Towne Rd Traffic Signal	479,505
Harrison Improvement - 11Th St - 20Th St	377,852
Well 34 Water Treatment Facility	296,639
W State Street Corridor Phase 2	284,737
Harrison Ave Main To Kishwaukee	247,037
Church St Two-Way Conversion	209,195
15Th Ave Bridge Reconstruction	191,351
Sandy Hollow Rd - Kishwaukee St To 9Th St	180,334
Madison St - E State To Y Blvd	179,993
East High Zone Booster Station	177,721
City Wide Sidewalk Repairs - 2021	171,495
Strathmoor Dr Extension	156,695
Fy 2020 Brownfield Assistance Grant	<u>155,120</u>
	<u>\$ 13,678,417</u>

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

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2021

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

CAPITAL ASSETS

Capital asset activity for the primary government for the fiscal year ended December 31, 2021 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	13,072,502	2,657,335	(1,035,670)	14,694,167
	<u>16,777,342</u>	<u>2,657,335</u>	<u>(1,035,670)</u>	<u>18,399,007</u>
DEPRECIABLE CAPITAL ASSETS				
Land improvements	2,051,135	85,928	—	2,137,063
Buildings improvements	114,507,074	253,799	—	114,760,873
Equipment	56,622,136	3,506,553	(1,834,953)	58,293,736
Infrastructure	383,053,153	11,487,956	(985,612)	393,555,497
	<u>556,233,498</u>	<u>15,334,236</u>	<u>(2,820,565)</u>	<u>568,747,169</u>
LESS ACCUMULATED DEPRECIATION				
Land improvements	(1,940,755)	(48,011)	—	(1,988,766)
Buildings improvements	(43,915,342)	(2,547,012)	—	(46,462,354)
Equipment	(39,457,061)	(4,525,750)	962,581	(43,020,230)
Infrastructure	(143,994,405)	(7,931,326)	444,476	(151,481,255)
	<u>(229,307,563)</u>	<u>(15,052,099)</u>	<u>1,407,057</u>	<u>(242,952,605)</u>
Total net depreciable capital assets	326,925,935	282,137	(1,413,508)	325,794,564
Total net capital assets	<u>\$ 343,703,277</u>	<u>\$ 2,939,472</u>	<u>\$ (2,449,178)</u>	<u>\$ 344,193,571</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 260,723
Public safety	3,756,802
Streets, alleys and bridges	8,522,286
Community development	47,595
Sanitation and sewers	24,675
Culture and recreation	1,660,198
Public health and welfare	126,958
Internal service	<u>652,862</u>
	<u><u>\$ 15,052,099</u></u>

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements
December 31, 2021

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	15,982,259	10,234,382	(9,121,987)			17,094,654	
	<u>22,949,669</u>	<u>10,234,382</u>	<u>(9,121,987)</u>			<u>24,062,064</u>	
DEPRECIABLE CAPITAL ASSETS							
Land improvements	900,886	—	—	—	900,886		
Buildings and improvements	54,082,417	—	—	—	54,082,417		
Improvements other than buildings	242,890,492	9,561,617	(6,569,365)		245,882,744		
Equipment	5,098,796	150,187	—	—	5,248,983		
	<u>302,972,591</u>	<u>9,711,804</u>	<u>(6,569,365)</u>		<u>306,115,030</u>		
LESS ACCUMULATED DEPRECIATION							
Land improvements	(532,934)	(34,964)	—	—	(567,898)		
Buildings and improvements	(20,776,516)	(1,381,333)	—	—	(22,157,849)		
Improvements other than buildings	(93,050,633)	(5,971,813)	4,352,944		(94,669,502)		
Equipment	(3,832,860)	(211,195)	—	—	(4,044,055)		
	<u>(118,192,943)</u>	<u>(7,599,305)</u>	<u>4,352,944</u>		<u>(121,439,304)</u>		
Total net depreciable capital assets	184,779,648	2,112,499	(2,216,421)		184,675,726		
Total net capital assets	<u>\$ 207,729,317</u>	<u>\$ 12,346,881</u>	<u>\$ (11,338,408)</u>		<u>\$ 208,737,790</u>		

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

Water	\$ 6,244,972
Parking system	<u>1,354,333</u>
	<u>\$ 7,599,305</u>

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements
December 31, 2021

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, 2021 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	25,214,994	277,582	(268,525)	25,224,051
Buses and service vehicles	18,964,940	4,238,672	(2,544,953)	20,658,659
Equipment and office furniture	4,080,281	259,734	(26,938)	4,313,077
	49,184,736	4,775,988	(2,840,416)	51,120,308
LESS ACCUMULATED DEPRECIATION	(24,614,491)	(2,162,195)	2,571,892	(24,204,794)
Total net depreciable capital assets	24,570,245	2,613,793	(268,524)	26,915,514
Total net capital assets	\$ 26,540,179	\$ 2,613,793	\$ (268,524)	\$ 28,885,448

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	17,100	454,898	—	471,998
	2,614,114	454,898	—	3,069,012
DEPRECIABLE CAPITAL ASSETS				
Buildings and improvements	37,629,532	485,861	—	38,115,393
Equipment	8,478,551	3,416	—	8,481,967
	46,108,083	489,277	—	46,597,360
LESS ACCUMULATED DEPRECIATION				
Buildings and improvements	(20,135,785)	(909,760)	—	(21,045,545)
Equipment	(7,213,444)	(303,194)	—	(7,516,638)
	(27,349,229)	(1,212,954)	—	(28,562,183)
Total net depreciable capital assets	18,758,854	(723,677)	—	18,035,177
Total net capital assets	\$ 21,372,968	\$ (268,779)	\$ —	\$ 21,104,189

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2021

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 \$99,935,000. During the year, there were no new general obligation bonds issued for governmental activities and for business-type activities, and the City made principal payments of \$8,395,000 leaving an ending balance of \$91,540,000.

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	\$ 550,000
2014-A Fire Station Construction				
General Obligation Alternate Bond Issue	5,420,000	3.00% - 4.00%	2034	3,895,000
2015 Fire Station Construction				
General Obligation Alternate Bond Issue	12,195,000	3.00% - 3.75%	2034	8,680,000
2019-A Police Evidence Facility Project				
General Obligation Alternate Bond Issue	7,385,000	4.00%	2039	6,925,000
2019-B Convention Center Construction				
Sales Tax Alternate Revenue Issue	13,235,000	2.061% - 3.397%	2039	12,265,000
2014-A Refunding General Obligation				
Alternate Bond Issue	9,625,000	3.00% - 4.00%	2024	1,395,000
2014-C Refunding General Obligation				
Alternate Bond Issue	14,280,000	3.00% - 4.00%	2027	6,590,000
2016-A Refunding General Obligation				
Sales Tax Alternate Revenue Issue	5,400,000	2.00% - 5.00%	2035	15,102,724
2018-A Refunding General Obligation				
Sales Tax Alternate Revenue Issue	2,730,000	4.00%	2027	2,385,000
2018-C Refunding General Obligation				
Bond Issue	8,265,000	3.15% - 4.45%	2028	6,390,000
2020 General Obligation Bonds				
Sales Tax Alternate Revenue Source Issue	10,020,000	3.00% - 4.00%	2030	8,305,000
Total governmental activities				72,482,724

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2021

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	\$ 1,900,000
2016-B Refunding General Obligation Alternate Bond Issue	10,735,000	5.00%	2027	5,910,000
2018-B Refunding General Obligation Bond Issue	5,330,000	3.13% - 4.00%	2028	3,900,000

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2021

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	\$ 4,820,000
2016-A Refunding General Obligation Sales Tax Alternate Revenue Issue	650,000	2.00% - 5.00%	2035	522,276
2018-C Refunding General Obligation Bond Issue	1,225,000	3.15% - 4.45%	2028	875,000
2019B Convention Center Construction Sales Tax Alternate Revenue Issue	1,220,000	2.061% - 3.397%	2039	<u>1,130,000</u>
Total business-type activities				<u>19,057,276</u>
Total primary government				<u><u>\$ 91,540,000</u></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, 2021, the City indebtedness was \$109.8 million less than the City limit and \$141.7 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	\$ 95,857

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2021

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
05/19/2008	\$ 8,308,283	2.5%	\$ 4,636,881	\$ —	\$ (465,511)	\$ 4,171,370
09/30/2008	12,512,945	2.5%	6,984,257	—	(659,998)	6,324,259
09/30/2008	2,297,070	2.5%	1,102,653	—	(117,966)	984,687
08/14/2009	6,877,227	0% - 25% principal forgiveness	2,761,088	—	(262,961)	2,498,127
09/30/2009	3,122,773	0% - 25% principal forgiveness	1,140,977	—	(120,103)	1,020,874
06/30/2010	720,521	1.25% - 25% principal forgiveness	234,119	—	(19,052)	215,067
06/30/2010	3,128,995	1.25% - 25% principal forgiveness	1,462,991	—	(124,869)	1,338,122
06/30/2010	2,633,303	1.25% - 25% principal forgiveness	1,192,821	—	(101,808)	1,091,013
09/29/2010	913,740	1.25% - 25% principal forgiveness	372,415	—	(35,189)	337,226
12/15/2010	381,087	1.25% - 25% principal forgiveness	222,430	—	(18,102)	204,328
01/19/2011	3,611,244	1.25% - 25% principal forgiveness	1,467,195	—	(138,630)	1,328,565
06/16/2021	5,232,000	1.35%	—	493,592	—	493,592
			\$ 21,577,827	\$ 493,592	\$ (2,064,189)	\$ 20,007,230

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, 2021 is \$2,457,000 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, 2021

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM DEBT - Continued

Capital Lease Payable

During 2012 through 2021 the City entered into lease purchase agreements totaling \$56,864,292 for the acquisition of City-wide vehicles, fire apparatuses, squad cars, heavy equipment, ambulances, and heating and air units. Outstanding balances at December 31, 2021 are \$17,220,093 for the governmental activities and \$559,985 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 34 separate lease agreements as lessee for financing the acquisition of capital assets. Capital assets of \$49,197,973 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
2022	\$ 5,539,478	\$ 200,893	\$ 5,740,371
2023	4,757,641	154,013	4,911,654
2024	2,780,679	118,651	2,899,330
2025	2,250,146	48,501	2,298,647
2026	2,109,336	48,590	2,157,926
2027	1,087,974	11,675	1,099,649
2028	125,718	11,675	137,393
2029	125,718	11,677	137,395
	18,776,690	605,675	19,382,365
Interest portion	(1,556,597)	(45,690)	(1,602,287)
Principal balances	\$ 17,220,093	\$ 559,985	\$ 17,780,078

Asset Retirement Obligation

The City has recognized an asset retirement obligation (ARO) and related deferred outflow of resources in connection with its obligation to seal and abandon various water wells and demolition of the City's water towers and stand pipes at the end of their estimated useful lives in accordance with federal, state, and/or local requirements. The ARO was measured using actual historical costs for similar abandonments, adjusted for inflation through the end of the year. The estimated remaining useful lives of the water wells are 23 years.

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements December 31, 2021

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, 2021 was as follows:

	Beginning Balances	Additions	Deductions	Ending Balances	Due Within One Year
GOVERNMENTAL ACTIVITIES					
Bonds payable:					
General					
General obligation bonds	\$ 69,715,746	\$ —	\$ (5,538,022)	\$ 64,177,724	* \$ 5,876,547
Plus premiums and discounts	711,102	—	(48,424)	662,678	47,196
	<u>70,426,848</u>	<u>—</u>	<u>(5,586,446)</u>	<u>64,840,402</u>	<u>5,923,743</u>
Internal Service:					
General obligation bonds	9,060,000	—	(755,000)	8,305,000	785,000
Plus premiums and discounts	1,187,994	—	(118,800)	1,069,194	118,799
	<u>10,247,994</u>	<u>—</u>	<u>(873,800)</u>	<u>9,374,194</u>	<u>903,799</u>
Installment Contracts Payable	321,086	—	(225,229)	95,857	95,857
Intergovernmental Payable	4,108,063	—	(216,525)	3,891,538	223,614
Compensated absences					
General	8,137,884	2,522,598	(1,261,299)	9,399,183	1,879,837
Internal service	356,368	77,877	(155,754)	278,491	55,698
	<u>8,494,252</u>	<u>2,600,475</u>	<u>(1,417,053)</u>	<u>9,677,674</u>	<u>1,935,535</u>
Section 108 guaranteed loans	2,793,000	—	(336,000)	2,457,000	144,000
Capital lease payable					
General	18,035,259	710,078	(4,270,063)	14,475,274	3,823,321
Internal service	3,898,820	—	(1,154,001)	2,744,819	1,156,067
	<u>21,934,079</u>	<u>710,078</u>	<u>(5,424,064)</u>	<u>17,220,093</u>	<u>4,979,388</u>
Claims and judgments	15,191,050	20,795,424	(22,244,457)	13,742,017	5,880,610
Net pension liability					
Police Pension	145,875,281	9,521,717	—	155,396,998	—
Firefighters' Pension	177,781,400	11,036,966	—	188,818,366	—
Total OPEB liability - RBP	39,340,911	2,780,767	—	42,121,678	—
	<u>\$ 496,513,964</u>	<u>\$ 47,445,427</u>	<u>\$ (36,323,574)</u>	<u>\$ 507,635,817</u>	<u>\$ 20,086,546</u>

*\$550,000 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, 2021

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
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BUSINESS-TYPE ACTIVITIES

Water Utility:

Bonds payable:

General obligation alternate bonds	\$ 13,350,000	\$ —	\$ (1,640,000)	\$ 11,710,000	\$ 1,715,000
Plus premiums and discounts	713,511	—	(100,307)	613,204	—
	14,063,511	—	(1,740,307)	12,323,204	1,715,000
IEPA loans	21,577,827	493,592	(2,064,189)	20,007,230	2,100,974
Capital lease payable	785,046	—	(225,061)	559,985	183,931
Compensated absences	388,202	48,746	(97,492)	339,456	67,891
Total OPEB liability - RBP	647,298	—	(64,420)	582,878	—
Refundable water main extension advance	270,969	—	—	270,969	270,969
Customer deposits	262,814	—	(21,900)	240,914	—
Asset retirement obligation	4,418,354	289,426	—	4,707,780	—
Total water utility	42,414,021	831,764	(4,213,369)	39,032,416	4,338,765

Parking System:

Bonds payable:

General obligation alternate bonds	7,809,254	—	(461,978)	7,347,276	493,453
Compensated absences	10,745	5,376	(10,752)	5,369	1,074
Total OPEB liability - RBP	10,508	3,611	—	14,119	—
Total parking system	7,830,507	8,987	(472,730)	7,366,764	494,527

\$ 50,244,528 \$ 840,751 \$ (4,686,099) \$ 46,399,180 \$ 4,833,292

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, \$278,491 of internal service funds compensated absences, \$13,742,017 for claims and judgments, \$9,374,194 of general obligations bonds, net of premiums/discounts, and \$2,744,819 for capital leases payable are included in the above amounts.

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2021

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
COMPONENTS UNITS					
Rockford Mass Transit District:					
Net pension obligation	\$ 6,335,904	\$ —	\$ (4,774,025)	\$ 1,561,879	\$ —
Total OPEB liability	2,559,867	173,829	—	2,733,696	—
Rockford Metropolitan Exposition, Auditorium and Office Building Authority:					
Notes payable	1,755,023	536,000	(395,012)	1,896,011	345,941
	<u>\$ 10,650,794</u>	<u>\$ 709,829</u>	<u>\$ (5,169,037)</u>	<u>\$ 6,191,586</u>	<u>\$ 345,941</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, 2021 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, 2021.

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, 2021

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		
2022	\$ 6,661,547	\$ 2,680,856	\$ 144,000	\$ 75,694	\$ 223,614	\$ 123,158	\$ 95,857	\$ 419		
2023	7,005,282	2,433,992	146,000	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	—	—	—	—	—	—		
	\$ 72,482,724	\$ 18,456,287	\$ 2,457,000	\$ 644,551	\$ 3,891,538	\$ 963,276	\$ 95,857	\$ 419		

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, 2021

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
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>\$ 19,057,276</u>	<u>\$ 4,064,181</u>

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.

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2021

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

FUND BALANCE CLASSIFICATIONS - Continued

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.

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	715	—	—	—	—	—	—	—	715
Prepays	168,219	—	—	—	—	—	—	—	168,219
	318,934	—	—	—	—	—	—	—	318,934
Restricted									
Debt service	—	—	—	—	—	7,885,437	—	—	7,885,437
Culture and recreation	—	14,048,280	—	—	—	—	—	—	14,048,280
Community development	—	—	—	—	—	—	—	2,024,645	2,024,645
Public health and welfare	—	—	—	2,811,123	—	—	—	—	2,811,123
Highway and streets	—	—	—	—	—	—	—	13,295,069	13,295,069
	—	14,048,280	—	2,811,123	—	7,885,437	—	15,319,714	40,064,554
Assigned									
Community development	—	—	—	—	—	—	9,715,891	—	9,715,891
Public health and welfare	—	—	—	—	—	—	—	104,888	104,888
	—	—	—	—	—	—	9,715,891	104,888	9,820,779
Unassigned	46,280,214	—	(341,963)	—	(3,921,525)	—	—	—	42,016,726
Total fund balances	\$ 46,599,148	\$ 14,048,280	\$ (341,963)	\$ 2,811,123	\$ (3,921,525)	\$ 7,885,437	\$ 9,715,891	\$ 15,424,602	\$ 92,220,993

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2021

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

NET POSITION CLASSIFICATIONS

Net investment in capital assets was comprised of the following as of December 31, 2021:

GOVERNMENTAL ACTIVITIES

Capital assets - net of accumulated depreciation	\$ 344,193,571
<hr/>	
Plus:	
Unamortized gain	620,608
Unspent bond proceeds	484,043
<hr/>	
Less capital related debt:	
General obligation bonds - net	(64,290,402)
Capital lease payable	<u>(17,220,093)</u>
<hr/>	
Net investment in capital assets	<u>\$ 263,787,727</u>

BUSINESS-TYPE ACTIVITIES

Capital assets - net of accumulated depreciation	\$ 208,737,790
<hr/>	
Plus: Unspent bond proceeds	170,568
<hr/>	
Less capital related debt:	
General obligation alternate bonds - net	(19,670,480)
IEPA loan	(20,007,230)
Capital lease payable	<u>(559,985)</u>
<hr/>	
Net investment in capital assets	<u>\$ 168,670,663</u>

COMPONENT UNITS

Rockford Mass Transit District	
Capital assets - net of accumulated depreciation	<u>\$ 28,885,448</u>

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2021

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

NET POSITION CLASSIFICATIONS - Continued

COMPONENT UNITS - Continued

Rockford Metropolitan Exposition, Auditorium and
Office Building

Capital assets - net of accumulated depreciation	\$ 21,104,189
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Less capital related debt:

Notes payable	<u>(319,452)</u>
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Net investment in capital assets	<u>\$ 20,784,737</u>
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NOTE 4 - OTHER INFORMATION

INDUSTRIAL DEVELOPMENT REVENUE BONDS

The City issued and has an estimated \$39,236,000 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, 2021

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:

	2021	2020
Unpaid claims - beginning	\$ 6,900,126	\$ 17,872,906
Current year claims and change in estimates	120,505	149,520
Claim payments	<u>(14,000)</u>	<u>(11,122,300)</u>
Unpaid claims - ending	<u><u>\$ 7,006,631</u></u>	<u><u>\$ 6,900,126</u></u>
Reported as:		
Claims and judgments payable	\$ 6,743,366	\$ 6,707,376
Accounts payable	<u>263,265</u>	<u>192,750</u>
	<u><u>\$ 7,006,631</u></u>	<u><u>\$ 6,900,126</u></u>

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2021

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>2021</u>	<u>2020</u>
Unpaid claims - beginning	\$ 2,140,994	\$ 2,616,034
Current year claims and change in estimates	19,204,915	18,061,448
Claim payments	<u>(20,491,133)</u>	<u>(18,536,488)</u>
Unpaid claims - ending	<u>\$ 854,776</u>	<u>\$ 2,140,994</u>
Reported as:		
Claims and judgments payable	\$ 853,009	\$ 928,549
Accounts payable	1,767	1,212,445
	<u>\$ 854,776</u>	<u>\$ 2,140,994</u>

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2021

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:

	2021	2020
Unpaid claims - beginning	\$ 6,149,930	\$ 6,444,860
Current year claims and change in estimates	1,470,004	1,740,939
Claim payments	<u>(1,739,324)</u>	<u>(2,035,869)</u>
Unpaid claims - ending	<u><u>\$ 5,880,610</u></u>	<u><u>\$ 6,149,930</u></u>
Reported as:		
Claims and judgments payable	<u><u>\$ 5,880,610</u></u>	<u><u>\$ 6,149,930</u></u>

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2021

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	\$ (10,269,471)	\$ (34,704,033)	\$ 1,565,037	\$ (34,600,442)
Police Pension	14,839,858	155,396,998	22,830,098	(15,989,943)
Firefighters' Pension	16,934,367	188,818,366	27,334,021	(12,903,214)
	<u>\$ 21,504,754</u>	<u>\$ 309,511,331</u>	<u>\$ 51,729,156</u>	<u>\$ (63,493,599)</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, 2021

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, 2021, the measurement date, the following employees were covered by the benefit terms:

Inactive plan members currently receiving benefits	742
Inactive plan members entitled to but not yet receiving benefits	432
Active plan members	<u>519</u>
Total	<u><u>1,693</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, 2021, the City's contribution was 11.14% of covered payroll.

Net Pension (Asset). The City's net pension (asset) was measured as of December 31, 2021. The total pension liability used to calculate the net (asset) liability was determined by an actuarial valuation as of that date.

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2021

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, 2021, 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, 2021

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	25.00%	2.00%
Domestic Equities	39.00%	4.50%
International Equities	15.00%	5.75%
Real Estate	10.00%	5.90%
Blended	10.00%	4.30% - 8.10%
Cash and Cash Equivalents	1.00%	1.70%

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, 2021

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 (asset) to changes in the discount rate. The table below presents the net pension (asset) of the City calculated using the discount rate as well as what the City's net pension (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 (asset)	\$ (7,991,527)	\$ (34,704,033)	\$ (55,972,885)

Changes in the Net Pension (Asset)

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension (Asset) (A) - (B)
Balances at December 31, 2020	\$ 241,279,184	\$ 248,857,075	\$ (7,577,891)
Changes for the year:			
Service cost	3,021,453	—	3,021,453
Interest on the total pension liability	17,063,557	—	17,063,557
Changes of benefit terms	—	—	—
Difference between expected and actual experience of the total pension liability	960,346	—	960,346
Changes of assumptions	—	—	—
Contributions - employer	—	3,473,560	(3,473,560)
Contributions - employees	—	1,527,173	(1,527,173)
Net investment income	—	42,562,016	(42,562,016)
Benefit payments, including refunds of employee contributions	(14,860,996)	(14,860,996)	—
Other (net transfer)	—	608,749	(608,749)
Net changes	6,184,360	33,310,502	(27,126,142)
Balances at December 31, 2021	\$ 247,463,544	\$ 282,167,577	\$ (34,704,033)

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2021

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, 2021, the City recognized pension revenue of \$10,269,471. At December 31, 2021, 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	\$ 1,565,037	\$ (198,051)	\$ 1,366,986
Change in assumptions	—	(697,446)	(697,446)
Net difference between projected and actual earnings on pension plan investments	—	(33,704,945)	(33,704,945)
 Total deferred amounts related to IMRF	 <u>\$ 1,565,037</u>	 <u>\$ (34,600,442)</u>	 <u>\$ (33,035,405)</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
2022	\$ (7,187,151)
2023	(12,711,741)
2024	(8,165,464)
2025	(4,971,049)
2026	—
Thereafter	—
 Total	 <u>\$ (33,035,405)</u>

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2021

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, 2021, the measurement date, membership consisted of the following:

Inactive plan members currently receiving benefits	326
Inactive plan members entitled to but not yet receiving benefits	40
Active plan members	<u>278</u>
Total	<u><u>644</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, 2021

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, 2021, the City's contribution was 43.69% 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, 2021, 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	3.50% - 11.00%
Cost of living adjustments	3.00%
Inflation	2.50%

Mortality rates for healthy members were based on the Pub-2010 Public Safety Mortality Table without adjustment, with generational improvement scale MP-2021 applied from 2010. Mortality rates for disabled members were based on the Pub-2010 Disabled Retiree Mortality Table with 108% adjustment for males, with generational improvement scale MP-2021 applied from 2010.

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2021

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 also 7.10%. 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	\$ 209,000,357	\$ 155,396,998	\$ 111,552,117

CITY OF ROCKFORD, ILLINOIS**Notes to the Financial Statements****December 31, 2021****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, 2020	\$ 373,314,046	\$ 227,438,765	\$ 145,875,281
Changes for the year:			
Service cost	4,830,016	—	4,830,016
Interest on the total pension liability	26,084,364	—	26,084,364
Changes of benefit terms	—	—	—
Difference between Expected and actual experience of the total pension liability	12,737,708	—	12,737,708
Changes of assumptions	4,948,021	—	4,948,021
Contributions - employer	—	10,209,802	(10,209,802)
Contributions - employees	—	2,654,847	(2,654,847)
Net investment income	—	26,393,095	(26,393,095)
Benefit payments, including refunds of employee contributions	(21,517,296)	(21,517,296)	—
Other (net transfer)	—	(179,352)	179,352
Net changes	27,082,813	17,561,096	9,521,717
Balances at December 31, 2021	\$ 400,396,859	\$ 244,999,861	\$ 155,396,998

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2021

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, 2021, the City recognized pension expense of \$14,839,858. At December 31, 2021, 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	\$ 11,890,700	\$ (696,410)	\$ 11,194,290
Change in assumptions	10,939,398	—	10,939,398
Net difference between projected and actual earnings on pension plan investments	—	(15,293,533)	(15,293,533)
 Total deferred amounts related to Police Pension	 \$ 22,830,098	 \$ (15,989,943)	 \$ 6,840,155

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
2022	\$ 4,509,457
2023	(2,340,818)
2024	887,966
2025	835,926
2026	2,947,624
Thereafter	—
 Total	 \$ 6,840,155

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2021

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, 2021, the measurement date, membership consisted of the following:

Inactive plan members currently receiving benefits	330
Inactive plan members entitled to but not yet receiving benefits	16
Active plan members	<u>263</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, 2021

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, 2021, the City's contribution was 55.45% 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, 2021, 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	4.00% - 12.50%
Cost of living adjustments	3.00%
Inflation	2.25%

Mortality rates for healthy members were based on the Pub-2010 Public Safety Mortality Table without adjustment, with generational improvement scale MP-2021 applied from 2010. Mortality rates for disabled members were based on the Pub-2010 Disabled Retiree Mortality Table with 117.8% adjustment for males, with generational improvement scale MP-2021 applied from 2010.

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2021

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 also 7.10%. 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:

	1% Decrease (6.10%)	Current Rate (7.10%)	1% Increase (8.10%)
Net pension liability	\$ 240,057,288	\$ 188,818,366	\$ 146,803,758

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2021

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, 2020	\$ 363,668,137	\$ 185,886,737	\$ 177,781,400
Changes for the year:			
Service cost	5,541,588	—	5,541,588
Interest on the total pension liability	25,449,065	—	25,449,065
Changes of benefit terms	—	—	—
Difference between Expected and actual experience of the total pension liability	5,145,797	—	5,145,797
Changes of assumptions	10,826,387	—	10,826,387
Contributions - employer	—	12,539,373	(12,539,373)
Contributions - employees	—	2,329,336	(2,329,336)
Net investment income	—	21,230,370	(21,230,370)
Benefit payments, including refunds of employee contributions	(21,544,411)	(21,544,411)	—
Other (net transfer)	—	(173,208)	173,208
Net changes	25,418,426	14,381,460	11,036,966
Balances at December 31, 2021	\$ 389,086,563	\$ 200,268,197	\$ 188,818,366

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2021

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, 2021, the City recognized pension expense of \$16,934,367. At December 31, 2021, 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	\$ 8,567,236	\$ (1,636,203)	\$ 6,931,033
Change in assumptions	18,766,785	(391,117)	18,375,668
Net difference between projected and actual earnings on pension plan investments	—	(10,875,894)	(10,875,894)
Total deferred amounts related to Firefighters' Pension	<u>\$ 27,334,021</u>	<u>\$ (12,903,214)</u>	<u>\$ 14,430,807</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
2022	\$ 5,445,582
2023	1,605,662
2024	1,771,868
2025	2,945,666
2026	2,662,029
Thereafter	—
Total	<u>\$ 14,430,807</u>

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2021

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, 2020, the measurement date, membership consisted of the following:

	Admin	ATU	IBEW	Total
Inactive plan members currently receiving benefits	23	72	15	110
Inactive plan members entitled to but not yet receiving benefits	10	33	7	50
Active plan members	25	61	16	102
Total	58	166	38	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, 2020 valuation is the basis for the contributions in fiscal year 2021. The Plan does not permit employees to make contributions.

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2021

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, 2020, the most recent actuarial valuation, using the following actuarial methods and assumptions:

Actuarial cost	Entry Age Normal
Asset valuation	Fair Value
Actuarial	
Interest rate	6.50%
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, 2021 and the PubG-2020 Mortality Table for Males or Females, as appropriate, as of June 30, 2020.

Discount Rate

The discount rate used to measure the total pension liability was 6.50%, 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, 2021

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 (5.50%)	Current Rate (6.50%)	1% Increase (7.50%)
Net pension liability	\$ 5,048,477	\$ 1,561,879	\$ 1,409,411

Changes in the Net Pension Liability

	Total Pension Liability (A)	Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at June 30, 2020	\$ 29,528,531	\$ 23,192,627	\$ 6,335,904
Changes for the year:			
Service cost	699,167	—	699,167
Interest on the total pension liability	1,876,435	—	1,876,435
Changes of benefit terms	—	—	—
Difference between Eepected and actual experience of the total pension liability	443,651	—	443,651
Changes of assumptions	—	—	—
Contributions - employer	—	1,224,500	(1,224,500)
Contributions - employees	—	5,040,996	(5,040,996)
Net investment income	—	397,646	(397,646)
Benefit payments, including refunds of employee contributions	(1,320,598)	(1,320,598)	—
Administrative Expenses	—	1,130,136	(1,130,136)
Net changes	1,698,655	6,472,680	(4,774,025)
Balances at June 30, 2021	\$ 31,227,186	\$ 29,665,307	\$ 1,561,879

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2021

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, 2021, the District recognized pension revenue of \$212,201. At June 30, 2021, 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	\$ 1,113,816	\$ (409,415)	\$ 704,401
Change in assumptions	—	—	—
Net difference between projected and actual earnings on pension plan investments	—	(2,284,292)	(2,284,292)
Total deferred amounts related to Rockford Mass Transit District	<u>\$ 1,113,816</u>	<u>\$ (2,693,707)</u>	<u>\$ (1,579,891)</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
2022	\$ (313,882)
2023	(282,416)
2024	(276,318)
2025	(707,275)
2026	—
Thereafter	—
Total	<u>\$ (1,579,891)</u>

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2021

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, 2021, 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
	<hr/>

Total OPEB Liability

The City's total OPEB liability was measured as of December 31, 2021, and was determined by an actuarial valuation as of December 31, 2020.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the December 31, 2021 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	1.84%
Healthcare cost trend rates	7.25% for 2021, decreasing to an ultimate rate of 4.50% for 2029 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, 2021

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 municipal bond rates.

Mortality rates were based on the RP-2014 base rates with blue collar adjustment projected to 2020 using scale MP-2020.

Change in the Total OPEB Liability

	Total OPEB Liability
Balance at December 31, 2020	<u>\$ 39,998,717</u>
Changes for the year:	
Service cost	2,508,952
Interest on the total pension liability	785,829
Changes of benefit terms	—
Difference between expected and actual experience	—
Changes of assumptions or other inputs	839,744
Benefit payments	<u>(1,414,567)</u>
Net changes	<u>2,719,958</u>
Balance at December 31, 2021	<u>42,718,675</u>

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2021

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 1.84%, compared to last year's rate of 2.00%, 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
	(1.06%)	(1.84%)	(3.06%)
Total OPEB liability	\$ 48,238,127	\$ 42,718,675	\$ 38,062,504

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	\$ 36,542,073	\$ 42,718,675	\$ 50,513,618

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2021

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, 2021, the City recognized OPEB expense of \$4,037,587. At December 31, 2021, 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	\$ 1,043,632	\$ (1,457,962)	\$ (414,330)
Change in assumptions	9,013,270	(1,429,470)	7,583,800
Net difference between projected and actual earnings on pension plan investments	—	—	—
Total deferred amounts related to OPEB	<u>\$ 10,056,902</u>	<u>\$ (2,887,432)</u>	<u>\$ 7,169,470</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
2022	\$ 742,806
2023	742,806
2024	742,806
2025	742,806
2026	742,806
Thereafter	<u>3,455,440</u>
Total	<u>\$ 7,169,470</u>

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2021

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, 2021, the measurement date, the following employees were covered by the benefit terms:

Inactive plan members currently receiving benefits	3
Inactive plan members entitled to but not yet receiving benefits	1
Active plan members	<u>23</u>
Total	<u><u>27</u></u>

Total OPEB Liability

The District's total OPEB liability was measured as of June 30, 2021, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2021 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, 2021

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	2.18%
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, 2021 and June 30, 2020. The actuarial assumptions used in the June 30, 2021 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, 2020	<u><u>\$ 2,559,867</u></u>
Changes for the year:	
Service cost	1,770
Interest on the total pension liability	69,805
Changes of benefit terms	—
Difference between expected and actual experience	35,241
Changes of assumptions or other inputs	208,564
Benefit payments	(141,551)
Net changes	<u><u>173,829</u></u>
Balance at June 30, 2021	<u><u>2,733,696</u></u>

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2021

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 2.18%, 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
	(1.18%)	(2.18%)	(3.18%)
Total OPEB liability	\$ 3,063,434	\$ 2,733,696	\$ 2,457,117

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	\$ 2,441,909	\$ 2,733,696	\$ 3,106,361

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$315,380. 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, 2021

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, 2021, amounted to \$28,565,646, of which \$990,900 (or 3.47%) was recorded as an expense during the year and \$990,900 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. On June 6, 2022, the City received their second installment of \$27,411,178.

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, 2021

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	Actuarially 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%
2021	3,426,496	3,473,560	47,064	31,178,305	11.14%

Notes to the Required Supplementary Information:

Actuarial cost method	Entry Age Normal
Amortization method	Level % Pay (Closed)
Remaining amortization period	22 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, 2021

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%
2021	9,940,383	10,209,802	269,419	23,367,793	43.69%

Notes to the Required Supplementary Information:

Actuarial cost method	Projected unit credit
Amortization method	Level % pay (closed)
Remaining amortization period	19 years
Asset valuation method	Fair value
Inflation	2.50%
Salary increases	5.00%
Investment rate of return	7.10%
Retirement age	See the Notes to the Financial Statements
Mortality	RP-2014 Mortality Table with a blue collar adjustment, with generational improvement scale MP-2020 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, 2021

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%
2021	11,738,231	12,539,373	801,142	22,611,861	55.45%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Projected unit credit
Amortization Method	Level % pay (closed)
Remaining Amortization Period	19 years
Asset Valuation Method	Fair value
Inflation	2.50%
Salary Increases	5.00%
Investment Rate of Return	7.10%
Retirement Age	See the Notes to the Financial Statements
Mortality	RP-2014 Mortality Table with a blue collar adjustment, with generational improvement scale MP-2020 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, 2021

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	<u>(3,397,388)</u>
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.

Changes of Assumptions. Changes in assumptions related to the discount rate were made in 2015 through 2021. Changes in assumptions related to the demographics were made in 2015 and 2017.

	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021
\$ 3,174,348	\$ 3,156,094	\$ 2,920,647	\$ 3,020,019	\$ 3,118,535	\$ 3,021,453	
15,433,301	16,020,465	15,928,242	16,357,321	16,643,500	17,063,557	
—	—	—	—	—	—	—
826,985	(1,521,059)	1,368,692	(1,868,436)	2,134,526	960,346	
(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)	(14,860,996)	
7,478,383	(657,352)	13,478,753	4,187,801	6,322,620	6,184,360	
210,468,979	217,947,362	217,290,010	230,768,763	234,956,564	241,279,184	
\$ 217,947,362	\$ 217,290,010	\$ 230,768,763	\$ 234,956,564	\$ 241,279,184	\$ 247,463,544	
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 3,969,309	\$ 3,635,202	\$ 3,810,902	\$ 2,964,481	\$ 4,137,899	\$ 3,473,560	
1,396,190	1,419,910	1,376,714	1,396,213	1,478,857	1,527,173	
12,691,177	34,399,841	(12,298,436)	37,883,412	32,507,545	42,562,016	
(11,457,195)	(11,838,414)	(12,747,539)	(13,321,103)	(13,900,635)	(14,860,996)	
(146,028)	(4,831,501)	3,045,662	(1,512,907)	(635,395)	608,749	
6,453,453	22,785,038	(16,812,697)	27,410,096	23,588,271	33,310,502	
185,432,914	191,886,367	214,671,405	197,858,708	225,268,804	248,857,075	
\$ 191,886,367	\$ 214,671,405	\$ 197,858,708	\$ 225,268,804	\$ 248,857,075	\$ 282,167,577	
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 26,060,995	\$ 2,618,605	\$ 32,910,055	\$ 9,687,760	\$ (7,577,891)	\$ (34,704,033)	
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
88.04%	98.79%	85.74%	95.88%	103.14%	114.02%	
\$ 30,338,661	\$ 30,222,052	\$ 30,560,023	\$ 30,905,029	\$ 32,396,585	\$ 31,178,305	
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
85.90%	8.66%	107.69%	31.35%	(23.39%)	(111.31%)	

CITY OF ROCKFORD, ILLINOIS**Police Pension Fund****Schedule of Changes in the Employer's Net Pension Liability****December 31, 2021****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	12/31/2021
\$ 4,421,464	\$ 4,874,986	\$ 4,343,412	\$ 4,259,758	\$ 4,463,004	\$ 4,804,563	\$ 4,830,016	
20,815,822	21,732,057	22,952,822	23,831,989	24,997,295	25,529,710	26,084,364	
—	—	—	—	949,534	—	—	
(630,791)	(1,904,875)	207,706	3,430,970	(1,741,022)	925,221	12,737,708	
1,856,861	(20,902,340)	1,632,402	6,434,028	2,376,853	7,177,394	4,948,021	
(15,371,972)	(15,940,422)	(16,760,381)	(17,777,105)	(18,717,873)	(20,080,650)	(21,517,296)	
11,091,384	(12,140,594)	12,375,961	20,179,640	12,327,791	18,356,238	27,082,813	
311,123,626	322,215,010	310,074,416	322,450,377	342,630,017	354,957,808	373,314,046	
\$ 322,215,010	\$ 310,074,416	\$ 322,450,377	\$ 342,630,017	\$ 354,957,808	\$ 373,314,046	\$ 400,396,859	
\$ 6,252,516	\$ 7,838,429	\$ 8,038,300	\$ 8,208,018	\$ 9,104,210	\$ 10,010,063	\$ 10,209,802	
2,130,613	2,315,398	2,427,659	3,349,195	2,449,268	2,549,019	2,654,847	
1,422,144	13,597,337	25,069,628	(7,851,247)	30,491,977	23,045,191	26,393,095	
(15,371,972)	(15,940,422)	(16,760,381)	(17,777,105)	(18,717,873)	(20,080,650)	(21,517,296)	
(219,554)	(271,503)	(274,514)	(175,208)	(187,753)	(206,027)	(179,352)	
(5,786,253)	7,539,239	18,500,692	(14,246,347)	23,139,829	15,317,596	17,561,096	
182,974,009	177,187,756	184,726,995	203,227,687	188,981,340	212,121,169	227,438,765	
\$ 177,187,756	\$ 184,726,995	\$ 203,227,687	\$ 188,981,340	\$ 212,121,169	\$ 227,438,765	\$ 244,999,861	
\$ 145,027,254	\$ 125,347,421	\$ 119,222,690	\$ 153,648,677	\$ 142,836,639	\$ 145,875,281	\$ 155,396,998	
54.99%	59.58%	63.03%	55.16%	59.76%	60.92%	61.19%	
\$ 21,197,433	\$ 22,777,944	\$ 22,382,387	\$ 23,368,603	\$ 23,515,133	\$ 22,577,392	\$ 23,367,793	
684.17%	550.30%	532.66%	657.50%	607.42%	646.11%	665.01%	

CITY OF ROCKFORD, ILLINOIS

Firefighter's Pension Fund

Schedule of Changes in the Employer's Net Pension Liability

December 31, 2021

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	12/31/2021
\$ 5,365,942	\$ 5,783,109	\$ 4,997,293	\$ 4,889,438	\$ 5,048,714	\$ 5,261,438	\$ 5,541,588	
19,838,705	20,753,529	22,260,185	22,926,489	24,256,778	24,650,601	25,449,065	
—	—	—	—	808,694	—	—	
(598,236)	1,761,931	1,278,476	1,471,333	(3,272,409)	5,135,020	5,145,797	
1,695,621	(20,164,146)	(1,368,907)	11,767,002	2,981,623	6,497,476	10,826,387	
(16,135,612)	(16,712,080)	(17,482,902)	(18,779,108)	(19,616,944)	(20,588,820)	(21,544,411)	
10,166,420	(8,577,657)	9,684,145	22,275,154	10,206,456	20,955,715	25,418,426	
298,957,904	309,124,324	300,546,667	310,230,812	332,505,966	342,712,422	363,668,137	
\$ 309,124,324	\$ 300,546,667	\$ 310,230,812	\$ 332,505,966	\$ 342,712,422	\$ 363,668,137	\$ 389,086,563	
\$ 7,345,613	\$ 8,577,454	\$ 8,561,471	\$ 10,257,695	\$ 10,691,468	\$ 11,769,098	\$ 12,539,373	
1,942,979	2,096,334	2,162,650	2,176,890	2,294,613	2,388,206	2,329,336	
123,012	12,215,483	18,405,503	(6,618,670)	23,234,248	18,115,310	21,230,370	
(16,135,612)	(16,712,080)	(17,482,902)	(18,779,108)	(19,616,944)	(20,588,820)	(21,544,411)	
(191,306)	(272,587)	(236,826)	(151,916)	(159,230)	(178,802)	(173,208)	
(6,915,314)	5,904,604	11,409,896	(13,115,109)	16,444,155	11,504,992	14,381,460	
160,653,513	153,738,199	159,642,803	171,052,699	157,937,590	174,381,745	185,886,737	
\$ 153,738,199	\$ 159,642,803	\$ 171,052,699	\$ 157,937,590	\$ 174,381,745	\$ 185,886,737	\$ 200,268,197	
\$ 155,386,125	\$ 140,903,864	\$ 139,178,113	\$ 174,568,376	\$ 168,330,677	\$ 177,781,400	\$ 188,818,366	
49.73%	53.12%	55.14%	47.50%	50.88%	51.11%	51.47%	
\$ 20,783,575	\$ 21,896,671	\$ 22,985,956	\$ 22,375,057	\$ 22,228,652	\$ 22,512,561	\$ 22,611,861	
747.64%	643.49%	605.49%	780.19%	757.27%	789.70%	835.04%	

CITY OF ROCKFORD, ILLINOIS

Schedule of Investment Returns

December 31, 2021

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%
2021	12.40%

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%
2021	12.42%

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, 2021

	12/31/2018	12/31/2019	12/31/2020	12/31/2021
Total OPEB liability				
Service cost	\$ 1,244,497	\$ 1,024,021	\$ 1,390,419	\$ 2,508,952
Interest	1,028,062	1,069,096	866,410	785,829
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	839,744
Benefit payments	(1,181,347)	(1,275,855)	(1,373,366)	(1,414,567)
Net change in total OPEB liability	(3,762,744)	5,594,043	7,691,233	2,719,958
Total OPEB liability - beginning	30,476,185	26,713,441	32,307,484	39,998,717
 Total OPEB liability - ending	 \$ 26,713,441	 \$ 32,307,484	 \$ 39,998,717	 \$ 42,718,675
 Covered-employee payroll	 \$ 60,303,027	 \$ 62,413,633	 \$ 66,988,169	 69,332,755
 Total OPEB liability as a percentage of covered-employee payroll	 44.30%	 51.76%	 59.71%	 61.61%

Notes:

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

No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Changes of Assumptions. Changes of assumptions and other inputs reflect the effects of changes in the discount rate in 2018 through 2021.

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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 84,179,914	\$ 84,179,914	\$ 93,090,292	\$ 8,910,378
Licenses and permits	9,997,200	9,997,200	9,769,217	(227,983)
Intergovernmental	26,213,941	26,213,941	41,336,705	15,122,764
Charges for services	34,679,228	34,679,228	31,295,793	(3,383,435)
Fines	2,273,500	2,273,500	1,624,255	(649,245)
Investment income	400,000	400,000	(240,007)	(640,007)
Miscellaneous	8,387,491	8,387,491	260,863	(8,126,628)
Total revenues	166,131,274	166,131,274	177,137,118	11,005,844
EXPENDITURES				
Current				
General government				
Mayor's office	955,202	955,202	1,077,235	(122,033)
City Council	598,115	598,370	568,519	29,851
Legal department	1,900,157	1,900,157	1,707,904	192,253
Finance office	6,059,363	11,000,230	10,969,582	30,648
Workforce investment board	829,968	829,968	650,962	179,006
Board of fire and police commission	315,088	315,088	290,368	24,720
Board of election	1,165,213	1,165,213	1,128,653	36,560
Personnel department	796,303	796,303	795,564	739
Mass transit subsidy	1,524,000	1,524,000	1,524,000	—
Garbage collection	9,745,528	9,745,528	9,795,122	(49,594)
Total general government	23,888,937	28,830,059	28,507,909	322,150
Public safety				
Police department	63,024,360	63,828,544	64,440,073	(611,529)
Fire department	53,786,013	57,506,093	57,345,611	160,482
Public works - traffic	4,904,142	4,904,142	4,589,508	314,634
Construction and development services	1,856,936	1,856,936	1,699,211	157,725
Total public safety	123,571,451	128,095,715	128,074,403	21,312
Streets, alleys and bridges				
Administration	1,161,079	1,161,079	1,060,566	100,513
Engineering	801,095	801,095	745,340	55,755
Street and sewer	9,051,716	10,048,329	10,048,199	130
Total streets, alleys and bridges	11,013,890	12,010,503	11,854,105	156,398

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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES - Continued				
Current - Continued				
Community development				
Administration	\$ 325,111	\$ 325,111	\$ 307,610	\$ 17,501
Construction and development services	668,273	668,273	309,229	359,044
Planning and zoning	2,028,660	2,028,660	1,636,027	392,633
Total community development	3,022,044	3,022,044	2,252,866	769,178
Total current	161,496,322	171,958,321	170,689,283	1,269,038
Capital outlay				
Board of election	50,000	50,000	—	50,000
Public safety				
Police department	—	—	324,847	(324,847)
Fire department	—	90,030	250,885	(160,855)
Total public safety	—	90,030	575,732	(485,702)
Streets, alleys and bridges				
Administration	—	44,250	116,337	(72,087)
Street and sewer	—	512,980	512,977	3
Total Streets, alleys and bridges	—	557,230	629,314	(72,084)
Total capital outlay	50,000	697,260	1,205,046	(507,786)
Total expenditures	161,546,322	172,655,581	171,894,329	761,252
Excess (deficiency) of revenues over (under) expenditures	4,584,952	(6,524,307)	5,242,789	11,767,096
OTHER FINANCING SOURCES (USES)				
Debt issuance	—	—	710,078	710,078
Transfers in	2,500,000	2,500,000	3,287,459	787,459
Transfers out	(6,774,138)	(6,896,508)	(5,781,779)	1,114,729
	(4,274,138)	(4,396,508)	(1,784,242)	2,612,266
Net changes in fund balance	\$ 310,814	\$ (10,920,815)	3,458,547	\$ 14,379,362
Fund balance - beginning			43,140,601	
Fund balance - ending			\$ 46,599,148	

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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
				Positive (Negative)
REVENUES				
Taxes	\$ 7,380,000	\$ 7,380,000	\$ 7,334,409	\$ (45,591)
Intergovernmental	1,030,000	1,030,000	1,772,218	742,218
Charges for services	116,669	116,669	77,058	(39,611)
Fines	43,081	43,081	39,197	(3,884)
Investment income	30,000	30,000	(41,441)	(71,441)
Miscellaneous	80,000	80,000	374,281	294,281
Total revenues	<u>8,679,750</u>	<u>8,679,750</u>	<u>9,555,722</u>	<u>875,972</u>
EXPENDITURES				
Current				
Culture and recreation	8,439,012	8,188,825	7,385,242	803,583
Capital outlay				
Culture and recreation	10,000	—	275,499	(275,499)
Total expenditures	<u>8,449,012</u>	<u>8,188,825</u>	<u>7,660,741</u>	<u>528,084</u>
Excess (deficiency) of revenues over (under) expenditures	230,738	490,925	1,894,981	1,404,056
OTHER FINANCING (USES)				
Transfers out	<u>(230,738)</u>	<u>(230,738)</u>	<u>(221,988)</u>	<u>8,750</u>
Net changes in fund balance	<u>\$ —</u>	<u>\$ 260,187</u>	<u>1,672,993</u>	<u>\$ 1,412,806</u>
Fund balance - beginning			<u>12,375,287</u>	
Fund balance - ending			<u>\$ 14,048,280</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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
				Positive (Negative)
REVENUES				
Intergovernmental	\$ —	\$ —	\$ 2,674,632	\$ 2,674,632
Investment income	—	—	244,171	244,171
Miscellaneous	2,101,348	2,101,348	20,580	(2,080,768)
Total revenues	<u>2,101,348</u>	<u>2,101,348</u>	<u>2,939,383</u>	<u>838,035</u>
EXPENDITURES				
Current				
Community development	3,120,417	3,162,174	2,883,807	278,367
Debt service				
Principal payments	79,913	79,913	336,000	(256,087)
Interest and fiscal charges	—	—	9,743	(9,743)
Total expenditures	<u>3,200,330</u>	<u>3,242,087</u>	<u>3,229,550</u>	<u>12,537</u>
Net changes in fund balance	<u>\$ (1,098,982)</u>	<u>\$ (1,140,739)</u>	<u>(290,167)</u>	<u>\$ 850,572</u>
Fund balance - beginning			<u>(51,796)</u>	
Fund balance - ending			<u>\$ (341,963)</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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
				Positive (Negative)
REVENUES				
Taxes				
Property	\$ 5,010,472	\$ 4,956,804	\$ 5,293,386	\$ 336,582
Investment income	50,816	50,816	18,529	(32,287)
Miscellaneous	—	—	3,766,184	3,766,184
Total revenues	<u>5,061,288</u>	<u>5,007,620</u>	<u>9,078,099</u>	<u>4,070,479</u>
EXPENDITURES				
Current				
Community development	1,106,783	1,802,832	1,724,279	78,553
Debt service				
Principal payments	216,525	216,525	216,525	—
	297,271	297,271	130,247	167,024
Total expenditures	<u>1,620,579</u>	<u>2,316,628</u>	<u>2,071,051</u>	<u>245,577</u>
Excess (deficiency) of revenues over (under) expenditures	3,440,709	2,690,992	7,007,048	3,824,902
OTHER FINANCING (USES)				
Transfers out	<u>(1,357,026)</u>	<u>(1,703,189)</u>	<u>(1,689,502)</u>	<u>13,687</u>
Net change in fund balances	<u>\$ 2,083,683</u>	<u>\$ 987,803</u>	<u>\$ 5,317,546</u>	<u>\$ 4,329,743</u>
Fund balance - beginning				<u>(9,239,071)</u>
Fund balances - ending				<u>\$ (3,921,525)</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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
				Positive (Negative)
REVENUES				
Taxes	\$ 1,800,000	\$ 1,800,000	\$ 2,205,986	\$ 405,986
Intergovernmental	—	—	460,000	460,000
Miscellaneous	80,000	80,000	262,939	182,939
Total revenues	<u>1,880,000</u>	<u>1,880,000</u>	<u>2,928,925</u>	<u>1,048,925</u>
EXPENDITURES				
Debt service				
Principal payments	10,865,402	10,865,402	9,706,073	1,159,329
Interest and service fees	3,265,674	3,265,674	3,167,327	98,347
Total expenditures	<u>14,131,076</u>	<u>14,131,076</u>	<u>12,873,400</u>	<u>1,257,676</u>
Excess (deficiency) of revenues over (under) expenditures	(12,251,076)	(12,251,076)	(9,944,475)	2,306,601
OTHER FINANCING SOURCES				
Transfers in	<u>3,884,606</u>	<u>3,884,606</u>	<u>10,222,565</u>	<u>6,337,959</u>
Net changes in fund balance	<u>\$ (8,366,470)</u>	<u>\$ (8,366,470)</u>	<u>278,090</u>	<u>\$ 8,644,560</u>
Fund balance - beginning			<u>7,607,347</u>	
Fund balance - ending			<u>\$ 7,885,437</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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
				Positive (Negative)
REVENUES				
Taxes	\$ 25,906,048	\$ 25,906,048	\$ 17,846,445	\$ (8,059,603)
Investment income	150,000	150,000	(13,190)	(163,190)
Miscellaneous	—	—	1,396,033	1,396,033
Total revenues	<u>26,056,048</u>	<u>26,056,048</u>	<u>19,229,288</u>	<u>(6,826,760)</u>
EXPENDITURES				
Current				
Streets, alleys and bridges	3,768,628	3,768,628	3,928,479	(159,851)
Capital outlay	<u>31,464,748</u>	<u>31,464,748</u>	<u>16,058,154</u>	<u>15,406,594</u>
Total expenditures	<u>35,233,376</u>	<u>35,233,376</u>	<u>19,986,633</u>	<u>15,246,743</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,177,328)</u>	<u>(9,177,328)</u>	<u>(757,345)</u>	<u>8,419,983</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	8,794,897	8,794,897	2,012,852	(6,782,045)
Transfers out	—	—	(787,459)	(787,459)
	<u>8,794,897</u>	<u>8,794,897</u>	<u>1,225,393</u>	<u>(7,569,504)</u>
Net changes in fund balance	<u>\$ (382,431)</u>	<u>\$ (382,431)</u>	<u>468,048</u>	<u>\$ 850,479</u>
Fund balance - beginning			<u>9,247,843</u>	
Fund balance - ending			<u>\$ 9,715,891</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 for sales tax and tourism tax in accordance with intergovernmental agreements between the City and the Rockford Metropolitan Exposition, Auditorium and Office Building Authority and between the City and the Rockford Area Convention & Visitors Bureau. Monies deposited are from a sales tax of one percent charged upon the retail purchase of food and beverages, renting of a hotel or motel room, and are used to cover any debt which has been authorized by City Council. Monies deposited also include a tourism tax of four percent charged upon the renting of a hotel or motel room and related expenditures and are 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, 2021

See Following Page

CITY OF ROCKFORD, ILLINOIS

Nonmajor Governmental - Special Revenue Funds
Combining Balance Sheet
December 31, 2021

	Motor Fuel Tax	Redevelopment
ASSETS		
Cash and cash equivalents	\$ 16,108,910	\$ 1,702,404
Receivables - net of allowances		
Accounts	—	720,996
Accrued interest	—	(89)
Due from Federal Government	—	—
Due from the State of Illinois	568,476	—
Due from other governmental units	—	—
 Total assets	 \$ 16,677,386	 \$ 2,423,311
LIABILITIES		
Accounts and contracts payable	\$ 3,382,317	\$ 398,666
Accrued payroll and benefits	—	—
Due to other funds	—	—
Total liabilities	3,382,317	398,666
FUND BALANCES		
Restricted for		
Community development	—	2,024,645
Highway and streets	13,295,069	—
Assigned		
Public health and welfare	—	—
Total fund balances	13,295,069	2,024,645
 Total liabilities, deferred inflows of resources and fund balances	 \$ 16,677,386	 \$ 2,423,311

Family Justice Center	Veteran's Scholarship	Rock River Training	Total
\$ —	\$ —	—	\$ 17,811,314
—	—	—	720,996
—	—	—	(89)
405,287	—	—	405,287
212,531	—	561,585	1,342,592
—	—	9,155	9,155
\$ 617,818	\$ —	\$ 570,740	\$ 20,289,255
\$ 64,686	\$ —	221,585	\$ 4,067,254
5,168	—	—	5,168
443,076	—	349,155	792,231
512,930	—	570,740	4,864,653
—	—	—	2,024,645
—	—	—	13,295,069
104,888	—	—	104,888
104,888	—	—	15,424,602
\$ 617,818	\$ —	\$ 570,740	\$ 20,289,255

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, 2021

	Motor Fuel Tax	Redevelopment
REVENUES		
Taxes	\$ 5,989,790	\$ 7,126,813
Intergovernmental	4,420,276	2,388,663
Investment income	19,720	422
Miscellaneous	—	237,599
Total revenues	<u>10,429,786</u>	<u>9,753,497</u>
EXPENDITURES		
Current		
Public safety	—	—
Community development	5,661,729	3,092,001
Debt service		
Principal payments	—	327,241
Interest and fiscal charges	—	1,469,210
Total expenditures	<u>5,661,729</u>	<u>4,888,452</u>
Excess (deficiency) of revenues over (under) expenditures	4,768,057	4,865,045
OTHER FINANCING (USES)		
Transfers out	(2,500,000)	(4,167,072)
Net change in fund balances	2,268,057	697,973
Fund balances - beginning	<u>11,027,012</u>	<u>1,326,672</u>
Fund balances - ending	<u>\$ 13,295,069</u>	<u>\$ 2,024,645</u>

Family Justice Center	Veteran's Scholarship	Rock River Training	Total
\$ —	\$ —	\$ —	\$ 13,116,603
965,558	—	5,537,645	13,312,142
—	—	—	20,142
—	—	—	237,599
965,558	—	5,537,645	26,686,486
<hr/>			
829,289	—	—	829,289
—	25,358	5,537,645	14,316,733
—	—	—	327,241
—	—	—	1,469,210
829,289	25,358	5,537,645	16,942,473
<hr/>			
136,269	(25,358)	—	9,744,013
—	—	—	(6,667,072)
136,269	(25,358)	—	3,076,941
(31,381)	25,358	—	12,347,661
\$ 104,888	\$ —	\$ —	\$ 15,424,602

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, 2021

	Motor Fuel Tax				Redevelopment				Variance with Final Budget	
	Original Budget	Final Budget	Actual	Positive (Negative)	Original Budget	Final Budget	Actual	Positive (Negative)		
REVENUES										
Taxes										
Sales tax	\$ 5,900,000	\$ 5,900,000	\$ 5,989,790	\$ 89,790	\$ 6,002,010	\$ 6,002,010	\$ 7,126,813	\$ 1,124,803		
Intergovernmental	—	—	4,420,276	4,420,276	621,344	621,344	2,388,663	1,767,319		
Investment income	175,000	175,000	19,720	(155,280)	25,609	25,609	422	(25,187)		
Miscellaneous	—	—	—	—	63,100	63,100	237,599	174,499		
Total revenues	<u>6,075,000</u>	<u>6,075,000</u>	<u>10,429,786</u>	<u>4,354,786</u>	<u>6,712,063</u>	<u>6,712,063</u>	<u>9,753,497</u>	<u>3,041,434</u>		
EXPENDITURES										
Current										
Community development	—	—	5,661,729	(5,661,729)	3,872,706	4,400,556	3,092,001	1,308,555		
Debt service										
Principal payments	—	—	—	—	304,572	304,572	327,241	(22,669)		
Interest and fiscal charges	—	—	—	—	46,772	182,172	1,469,210	(1,287,038)		
Total expenditures	<u>—</u>	<u>—</u>	<u>5,661,729</u>	<u>(5,661,729)</u>	<u>4,224,050</u>	<u>4,887,300</u>	<u>4,888,452</u>	<u>(1,152)</u>		
Excess (deficiency) of revenues over (under) expenditures	<u>6,075,000</u>	<u>6,075,000</u>	<u>4,768,057</u>	<u>(1,306,943)</u>	<u>2,488,013</u>	<u>1,824,763</u>	<u>4,865,045</u>	<u>3,040,282</u>		
OTHER FINANCING SOURCES (USES)										
Transfers out	<u>(6,075,000)</u>	<u>(7,099,731)</u>	<u>(2,500,000)</u>	<u>4,599,731</u>	<u>(4,168,227)</u>	<u>(4,168,227)</u>	<u>(4,167,072)</u>	<u>1,155</u>		
Net change in fund balances	<u>\$ —</u>	<u>\$ (1,024,731)</u>	<u>2,268,057</u>	<u>\$ 3,292,788</u>	<u>\$ (1,680,214)</u>	<u>\$ (2,343,464)</u>	<u>697,973</u>	<u>\$ 3,041,437</u>		
Fund balances - beginning			<u>11,027,012</u>				<u>1,326,672</u>			
Fund balances - ending			<u>\$ 13,295,069</u>				<u>\$ 2,024,645</u>			

(Continued)

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, 2021

	Family Justice Center			Variance with Final Budget
	Original Budget	Final Budget	Actual	
REVENUES				
Intergovernmental				
Other taxes	\$ —	\$ —	\$ 965,558	\$ 965,558
EXPENDITURES				
Current				
Public Safety	—	829,325	829,289	36
Net change in fund balances	\$ —	\$ (829,325)	\$ 136,269	\$ 965,594
Fund balances - beginning				(31,381)
Fund balances - ending			\$ 104,888	
(Concluded)				

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, 2021

	Water Utility				Parking System			
	Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
				Positive (Negative)				Positive (Negative)
OPERATING REVENUES								
Charges for services	\$ 30,635,481	\$ 30,635,481	\$ 31,799,113	\$ 1,163,632	\$ 1,653,300	\$ 1,653,300	\$ 1,385,537	\$ (267,763)
Fines and penalties	700,000	700,000	1,486,550	786,550	387,300	387,300	2,004	(385,296)
Intergovernmental	2,000,000	2,000,000	3,504,470	1,504,470	—	—	—	—
Miscellaneous	35,000	35,000	47,934	12,934	25,800	25,800	(4,112)	(29,912)
Total operating revenues	33,370,481	33,370,481	36,838,067	3,467,586	2,066,400	2,066,400	1,383,429	(682,971)
OPERATING EXPENSES								
Salaries and benefits	6,919,482	6,919,482	5,874,794	1,044,688	302,540	302,540	297,551	4,989
Services	8,167,315	8,167,315	8,492,546	(325,231)	1,443,140	1,525,660	1,542,303	(16,643)
Supplies and materials	1,795,278	1,795,278	1,212,718	582,560	113,742	113,742	112,628	1,114
Depreciation	6,378,786	6,378,786	6,244,972	133,814	577,221	1,354,331	1,354,333	(2)
Charges from General Fund	2,911,753	2,911,753	2,911,753	—	—	—	—	—
Miscellaneous	—	—	50	(50)	10,500	10,500	10,194	306
Total operating expenses	26,172,614	26,172,614	24,736,833	1,435,781	2,447,143	3,306,773	3,317,009	(10,236)
Operating income (loss)	7,197,867	7,197,867	12,101,234	4,903,367	(380,743)	(1,240,373)	(1,933,580)	(693,207)
NONOPERATING REVENUES (EXPENSES)								
Unrestricted Grants	—	—	—	—	—	—	900,000	900,000
Investment income	200,000	200,000	(72,186)	(272,186)	14,600	14,600	15,174	574
Disposal of capital assets	—	(1,045,365)	(2,216,421)	(1,171,056)	—	—	—	—
Interest expense and service fees	(988,284)	(988,284)	(978,186)	10,098	(480,557)	(480,557)	(473,416)	7,141
Amortization expense	100,307	100,307	100,307	—	—	—	—	—
	(687,977)	(1,733,342)	(3,166,486)	(1,433,144)	(465,957)	(465,957)	441,758	907,715
Income (loss) before transfers and contributions	6,509,890	5,464,525	8,934,748	3,470,223	(846,700)	(1,706,330)	(1,491,822)	214,508
Transfers out	—	—	—	—	—	(33,855)	(33,856)	(1)
Contributions from developers	50,000	50,000	168,964	118,964	—	—	461,205	461,205
	50,000	50,000	168,964	118,964	—	(33,855)	427,349	461,204
Changes in net position	\$ 6,559,890	\$ 5,514,525	\$ 9,103,712	\$ 3,589,187	\$ (846,700)	\$ (1,740,185)	\$ (1,064,473)	\$ 675,712
Net position - beginning as restated			167,576,152				9,302,178	
Net position - ending			\$ 176,679,864				\$ 8,237,705	

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.
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, 2021

See Following Page

CITY OF ROCKFORD, ILLINOIS

Combining Statement of Net Position - Internal Service Funds December 31, 2021

	Central Garage	Building Maintenance
ASSETS		
Current assets		
Cash and cash equivalents	\$ 678,835	\$ 3,424,728
Accounts receivable	31,916	686
Due from other governmental units	100,186	—
Inventories	416,358	—
Prepaid expenses	—	—
Total current assets	<u>1,227,295</u>	<u>3,425,414</u>
Noncurrent assets		
Capital assets		
Construction in progress	—	19,931
Buildings and improvements	218,245	5,804,247
Equipment	481,920	363,259
Improvements other than buildings	—	300,548
Less accumulated depreciation	(651,701)	(2,683,771)
Total capital assets	<u>48,464</u>	<u>3,804,214</u>
Other assets		
Net pension asset - IMRF	—	—
Total noncurrent assets	<u>48,464</u>	<u>3,804,214</u>
Total assets	<u>1,275,759</u>	<u>7,229,628</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred items - IMRF	—	—
Total assets and deferred outflows of resources	<u>1,275,759</u>	<u>7,229,628</u>
LIABILITIES		
Current liabilities		
Accounts payable	129,652	379,340
Accrued payroll and benefits	14,017	13,662
Other payables	—	—
Due to other funds	—	—
Accrued interest payable	—	18,090
Compensated absences	6,896	13,277
Capital lease payable	5,842	196,507
Claims and judgments payable	—	—
General obligation bonds payable - net	—	—
Total current liabilities	<u>156,407</u>	<u>620,876</u>
Noncurrent liabilities		
Compensated absences	27,586	53,106
Capital lease payable	—	598,697
Claims and judgments payable	—	—
General obligation bonds payable - net	—	—
Total noncurrent liabilities	<u>27,586</u>	<u>651,803</u>
Total liabilities	<u>183,993</u>	<u>1,272,679</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred items - IMRF	—	—
Total liabilities and deferred inflows of resources	<u>183,993</u>	<u>1,272,679</u>
NET POSITION		
Net investment in capital assets	42,622	3,009,010
Unrestricted (deficit)	<u>1,049,144</u>	<u>2,947,939</u>
Net position	<u><u>\$ 1,091,766</u></u>	<u><u>\$ 5,956,949</u></u>

Workmens' Compensation	Health Insurance	911 Communications	Risk Management	Information Systems	Totals
\$ 8,732,546	\$ 6,180,870	\$ 625,872	\$ —	\$ 4,608,141	\$ 24,250,992
213,492	765,984	339	841,889	1,747	1,856,053
—	—	256,823	—	—	357,009
—	—	—	—	—	416,358
—	220,250	—	180,717	—	400,967
8,946,038	7,167,104	883,034	1,022,606	4,609,888	27,281,379
—	—	—	—	3,715,712	3,735,643
—	—	158,200	—	—	6,180,692
—	—	116,250	—	6,480,215	7,441,644
—	—	—	—	—	300,548
—	—	(155,800)	—	(5,601,515)	(9,092,787)
—	—	118,650	—	4,594,412	8,565,740
—	—	4,749,867	—	—	4,749,867
—	—	4,868,517	—	4,594,412	13,315,607
8,946,038	7,167,104	5,751,551	1,022,606	9,204,300	40,596,986
—	—	214,203	—	—	214,203
8,946,038	7,167,104	5,965,754	1,022,606	9,204,300	40,811,189
—	1,377,947	68,924	—	454,305	2,410,168
—	—	114,670	—	8,178	150,527
—	281,056	—	—	—	281,056
—	—	—	2,138,326	—	2,138,326
—	—	—	13,842	—	31,932
—	—	24,136	—	11,389	55,698
—	—	—	—	953,718	1,156,067
5,880,610	—	—	—	—	5,880,610
—	—	—	903,799	—	903,799
5,880,610	1,659,003	207,730	3,055,967	1,427,590	13,008,183
—	—	96,544	—	45,557	222,793
—	—	—	—	990,055	1,588,752
—	854,776	—	7,006,631	—	7,861,407
—	—	—	8,470,395	—	8,470,395
—	854,776	96,544	15,477,026	1,035,612	18,143,347
5,880,610	2,513,779	304,274	18,532,993	2,463,202	31,151,530
—	—	4,735,553	—	—	4,735,553
5,880,610	2,513,779	5,039,827	18,532,993	2,463,202	35,887,083
—	—	118,650	—	2,650,639	5,820,921
3,065,428	4,653,325	807,277	(17,510,387)	4,090,459	(896,815)
\$ 3,065,428	\$ 4,653,325	\$ 925,927	\$ (17,510,387)	\$ 6,741,098	\$ 4,924,106

CITY OF ROCKFORD, ILLINOIS

Combining Statement of Revenues, Expense and Changes in Net Position - Internal Service Funds
For the Fiscal Year Ended December 31, 2021

	Central Garage	Building Maintenance
OPERATING REVENUES		
Charges for services	\$ 4,198,984	\$ 3,704,121
Intergovernmental	—	—
Miscellaneous	40	111,282
Total operating revenues	<u>4,199,024</u>	<u>3,815,403</u>
OPERATING EXPENSES		
Salaries and benefits	893,592	957,328
Services	900,600	1,581,845
Supplies and materials	2,177,328	378,442
Depreciation	26,328	309,983
Charges from General Fund	187,600	186,100
Miscellaneous	—	2,982
Total operating expenses	<u>4,185,448</u>	<u>3,416,680</u>
Operating income (loss)	<u>13,576</u>	<u>398,723</u>
NONOPERATING REVENUES (EXPENSES)		
Unrestricted Grants	—	2,551,340
Investment income	(1,676)	(2,403)
Interest expense	(417)	(27,467)
	<u>(2,093)</u>	<u>2,521,470</u>
Income (loss) before transfers	11,483	2,920,193
Transfers out	—	(208,386)
Changes in net position	11,483	2,711,807
Net position - beginning	<u>1,080,283</u>	<u>3,245,142</u>
Net position - ending	<u>\$ 1,091,766</u>	<u>\$ 5,956,949</u>

Workmens' Compensation	Health Insurance	911 Communications	Risk Management	Information Systems	Totals
\$ 3,325,534	\$ 23,211,153	\$ 5,180,875	\$ 2,046,702	\$ 4,601,242	\$ 46,268,611
—	—	1,696,998	—	1,844,987	3,541,985
—	1,684,973	—	580,202	—	2,376,497
3,325,534	24,896,126	6,877,873	2,626,904	6,446,229	52,187,093
—	101	4,406,977	—	667,653	6,925,651
1,864,810	23,969,220	913,503	1,645,312	3,122,261	33,997,551
—	—	1,281,653	—	6,756	3,844,179
—	—	7,910	—	308,641	652,862
117,300	206,100	—	505,780	34,500	1,237,380
—	—	—	—	—	2,982
1,982,110	24,175,421	6,610,043	2,151,092	4,139,811	46,660,605
1,343,424	720,705	267,830	475,812	2,306,418	5,526,488
—	—	—	—	1,038,000	3,589,340
(23,322)	(13,926)	(682)	200	(3,669)	(45,478)
—	—	—	(242,692)	(109,061)	(379,637)
(23,322)	(13,926)	(682)	(242,492)	925,270	3,164,225
1,320,102	706,779	267,148	233,320	3,231,688	8,690,713
—	—	—	—	(132,834)	(341,220)
1,320,102	706,779	267,148	233,320	3,098,854	8,349,493
1,745,326	3,946,546	658,779	(17,743,707)	3,642,244	(3,425,387)
\$ 3,065,428	\$ 4,653,325	\$ 925,927	\$ (17,510,387)	\$ 6,741,098	\$ 4,924,106

CITY OF ROCKFORD, ILLINOIS

Combining Statement of Cash Flow - Internal Service Funds For the Fiscal Year Ended December 31, 2021

	Central Garage	Building Maintenance
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 4,050,110	\$ 3,815,223
Payments to suppliers	(3,387,915)	(1,975,001)
Payments to employees	(893,592)	(957,328)
	<hr/>	<hr/>
	(231,397)	882,894
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Interest paid on capital debt	(417)	(27,467)
Principal paid on capital debt	(8,178)	(221,324)
Purchase of capital assets	—	(205,163)
	<hr/>	<hr/>
	(8,595)	(453,954)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Unrestricted Grants	—	2,551,340
Transfers out	—	(208,386)
	<hr/>	<hr/>
	—	2,342,954
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	<hr/>	(2,403)
Net increase (decrease) in cash and cash equivalents	(241,668)	2,769,491
Cash and cash equivalents - beginning	<hr/>	655,237
Cash and cash equivalents - ending	\$ 678,835	\$ 3,424,728
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
Operating income (loss)	\$ 13,576	\$ 398,723
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities		
Depreciation expense	26,328	309,983
Increase (decrease) from changes in:		
Accounts receivable	(31,386)	(180)
Due from other governmental units	(62,562)	—
Inventories	(54,966)	—
Prepaid items	—	—
Accounts payable	(104,818)	172,011
Accrued payroll and benefits	3,561	(4,034)
Due to Other Funds	—	—
Compensated absences	(21,130)	6,391
Other liabilities	—	—
	<hr/>	<hr/>
Net cash provided by (used for) operating activities	\$ (231,397)	\$ 882,894

Workmens' Compensation	Health Insurance	911 Communications	Risk Management	Information Systems	Totals
\$ 3,117,274	\$ 23,911,248	\$ 7,031,789	\$ 2,181,956	\$ 6,445,119	\$ 50,552,719
(2,273,105)	(24,050,613)	(2,387,407)	(1,065,664)	(3,066,386)	(38,206,091)
—	(101)	(4,406,977)	—	(667,653)	(6,925,651)
844,169	(139,466)	237,405	1,116,292	2,711,080	5,420,977
—	—	—	(242,692)	(109,061)	(379,637)
—	—	—	(873,800)	(918,715)	(2,022,017)
—	—	—	—	(1,684,528)	(1,889,691)
—	—	—	(1,116,492)	(2,712,304)	(4,291,345)
—	—	—	—	1,038,000	3,589,340
—	—	—	—	(132,834)	(341,220)
—	—	—	—	905,166	3,248,120
(23,322)	(13,926)	(682)	200	(3,669)	(45,478)
820,847	(153,392)	236,723	—	900,273	4,332,274
7,911,699	6,334,262	389,149	—	3,707,868	19,918,718
\$ 8,732,546	\$ 6,180,870	\$ 625,872	\$ —	\$ 4,608,141	\$ 24,250,992
\$ 1,343,424	\$ 720,705	\$ 267,830	\$ 475,812	\$ 2,306,418	\$ 5,526,488
—	—	7,910	—	308,641	652,862
(208,260)	(764,628)	(234)	(444,948)	(1,110)	(1,450,746)
—	—	154,150	—	—	91,588
—	—	—	—	—	(54,966)
—	(220,250)	—	—	—	(220,250)
(21,675)	1,377,947	(163,989)	—	134,247	1,393,723
—	—	26,514	—	(28,754)	(2,713)
—	—	—	980,181	—	980,181
—	—	(54,776)	—	(8,362)	(77,877)
(269,320)	(1,253,240)	—	105,247	—	(1,417,313)
(499,255)	(860,171)	(30,425)	640,480	404,662	(105,511)
\$ 844,169	\$ (139,466)	\$ 237,405	\$ 1,116,292	\$ 2,711,080	\$ 5,420,977

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, 2021

	Central Garage				Building Maintenance				Variance with Final Budget
	Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget	
				Positive (Negative)				Positive (Negative)	
OPERATING REVENUES									
Charges for services	\$ 3,768,140	\$ 3,768,140	\$ 4,198,984	\$ 430,844	\$ 3,843,440	\$ 3,843,440	\$ 3,704,121	\$ (139,319)	
Miscellaneous	15,000	15,000	40	(14,960)	—	—	111,282	111,282	
Total operating revenues	<u>3,783,140</u>	<u>3,783,140</u>	<u>4,199,024</u>	<u>415,884</u>	<u>3,843,440</u>	<u>3,843,440</u>	<u>3,815,403</u>	<u>(28,037)</u>	
OPERATING EXPENSES									
Salaries and benefits	994,912	994,912	893,592	101,320	1,071,841	1,071,841	957,328	114,513	
Services	694,870	909,770	900,600	9,170	1,578,037	1,578,037	1,581,845	(3,808)	
Supplies and materials	1,807,666	2,123,891	2,177,328	(53,437)	333,099	333,099	378,442	(45,343)	
Depreciation	29,889	29,889	26,328	3,561	358,415	358,415	309,983	48,432	
Charges from General Fund	187,600	187,600	187,600	—	186,100	186,100	186,100	—	
Miscellaneous	—	—	—	—	3,000	3,000	2,982	18	
Total operating expenses	<u>3,714,937</u>	<u>4,246,062</u>	<u>4,185,448</u>	<u>60,614</u>	<u>3,530,492</u>	<u>3,530,492</u>	<u>3,416,680</u>	<u>113,812</u>	
Operating income (loss)	<u>68,203</u>	<u>(462,922)</u>	<u>13,576</u>	<u>476,498</u>	<u>312,948</u>	<u>312,948</u>	<u>398,723</u>	<u>85,775</u>	
NONOPERATING REVENUES (EXPENSES)									
Unrestricted Grants	—	—	—	—	—	—	2,551,340	2,551,340	
Investment income	4,000	4,000	(1,676)	(5,676)	20,500	20,500	(2,403)	(22,903)	
Interest expense	(3,020)	(3,020)	(417)	2,603	(950)	(950)	(27,467)	(26,517)	
	<u>980</u>	<u>980</u>	<u>(2,093)</u>	<u>(3,073)</u>	<u>19,550</u>	<u>19,550</u>	<u>2,521,470</u>	<u>2,501,920</u>	
Income (loss) before transfers	<u>69,183</u>	<u>(461,942)</u>	<u>11,483</u>	<u>473,425</u>	<u>332,498</u>	<u>332,498</u>	<u>2,920,193</u>	<u>2,587,695</u>	
Transfers out	—	—	—	—	(208,386)	(208,386)	(208,386)	—	
Changes in net position	<u>\$ 69,183</u>	<u>\$ (461,942)</u>	<u>\$ 11,483</u>	<u>\$ 473,425</u>	<u>\$ 124,112</u>	<u>\$ 124,112</u>	<u>\$ 2,711,807</u>	<u>\$ 2,587,695</u>	
Net position - beginning			<u>1,080,283</u>				<u>3,245,142</u>		
Net position - ending			<u>\$ 1,091,766</u>				<u>\$ 5,956,949</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, 2021

	Health Insurance				911 Communication			
				Variance with Final Budget				Variance with Final Budget
	Original Budget	Final Budget	Actual	Positive (Negative)	Original Budget	Final Budget	Actual	Positive (Negative)
OPERATING REVENUES								
Charges for services	\$ 22,506,200	\$ 22,506,200	\$ 23,211,153	\$ 704,953	\$ 5,156,578	\$ 5,156,578	\$ 5,180,875	\$ 24,297
Intergovernmental	—	—	—	—	1,267,371	1,267,371	1,696,998	429,627
Miscellaneous	1,196,180	1,196,180	1,684,973	488,793	—	—	—	—
Total operating revenues	23,702,380	23,702,380	24,896,126	1,193,746	6,423,949	6,423,949	6,877,873	453,924
OPERATING EXPENSES								
Salaries and benefits	—	—	101	(101)	4,477,350	4,477,350	4,406,977	70,373
Services	23,474,625	23,474,625	23,969,220	(494,595)	355,370	769,990	913,503	(143,513)
Supplies and materials	2,000	2,000	—	2,000	1,583,319	1,583,319	1,281,653	301,666
Depreciation	—	—	—	—	7,910	7,910	7,910	—
Charges from General Fund	206,100	206,100	206,100	—	—	—	—	—
Total operating expenses	23,682,725	23,682,725	24,175,421	(492,696)	6,423,949	6,838,569	6,610,043	228,526
Operating income	19,655	19,655	720,705	701,050	—	(414,620)	267,830	682,450
NONOPERATING REVENUES								
Investment income	275,800	275,800	(13,926)	(289,726)	—	—	(682)	(682)
Changes in net position	\$ 295,455	\$ 295,455	\$ 706,779	\$ 411,324	\$ —	\$ (414,620)	\$ 267,148	\$ 681,768
Net position - beginning			3,946,546				658,779	
Net position - ending			\$ 4,653,325				\$ 925,927	

(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, 2021

	Risk Management				Information System				Variance with Final Budget Positive (Negative)	
	Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual			
				Positive (Negative)						
OPERATING REVENUES										
Charges for services	\$ 2,047,063	\$ 2,047,063	\$ 2,046,702	\$ (361)	\$ 4,904,563	\$ 4,904,563	\$ 4,601,242	\$ (303,321)		
Intergovernmental	—	—	—	—	1,235,003	1,235,003	1,844,987	609,984		
Miscellaneous	300,000	300,000	580,202	280,202	—	—	—	—		
Total operating revenues	<u>2,347,063</u>	<u>2,347,063</u>	<u>2,626,904</u>	<u>279,841</u>	<u>6,139,566</u>	<u>6,139,566</u>	<u>6,446,229</u>	<u>306,663</u>		
OPERATING EXPENSES										
Salaries and benefits	—	—	—	—	1,600,774	1,600,774	667,653	933,121		
Services	2,378,034	2,378,034	1,645,312	732,722	3,353,888	3,353,888	3,122,261	231,627		
Supplies and materials	—	—	—	—	91,000	91,000	6,756	84,244		
Depreciation	—	—	—	—	369,091	369,091	308,641	60,450		
Charges from General Fund	505,780	505,780	505,780	—	34,500	34,500	34,500	—		
Total operating expenses	<u>2,883,814</u>	<u>2,883,814</u>	<u>2,151,092</u>	<u>732,722</u>	<u>5,449,253</u>	<u>5,449,253</u>	<u>4,139,811</u>	<u>1,309,442</u>		
Operating income (loss)	<u>(536,751)</u>	<u>(536,751)</u>	<u>475,812</u>	<u>1,012,563</u>	<u>690,313</u>	<u>690,313</u>	<u>2,306,418</u>	<u>1,616,105</u>		
NONOPERATING REVENUES (EXPENSES)										
Unrestricted Grants	—	—	—	—	—	—	1,038,000	1,038,000		
Investment income	20,000	20,000	200	(19,800)	—	—	(3,669)	(3,669)		
Interest expense	—	—	(242,692)	(242,692)	—	—	(109,061)	(109,061)		
	<u>20,000</u>	<u>20,000</u>	<u>(242,492)</u>	<u>(262,492)</u>	<u>—</u>	<u>—</u>	<u>925,270</u>	<u>925,270</u>		
Income (loss) before transfers	<u>(516,751)</u>	<u>(516,751)</u>	<u>233,320</u>	<u>750,071</u>	<u>690,313</u>	<u>690,313</u>	<u>3,231,688</u>	<u>2,541,375</u>		
Transfers Out	—	—	—	—	<u>(132,834)</u>	<u>(132,834)</u>	<u>(132,834)</u>	—		
Changes in net position	<u>\$ (516,751)</u>	<u>\$ (516,751)</u>	<u>233,320</u>	<u>\$ 750,071</u>	<u>\$ 557,479</u>	<u>\$ 557,479</u>	<u>\$ 3,098,854</u>	<u>\$ 2,541,375</u>		
Net position - beginning			<u>(17,743,707)</u>					<u>3,642,244</u>		
Net position - ending			<u>\$ (17,510,387)</u>					<u>\$ 6,741,098</u>		

(Concluded)

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, 2021

	Workmens' Compensation			Variance with Final Budget
	Original Budget	Final Budget	Actual	
OPERATING REVENUES				
Charges for services	\$ 3,222,522	\$ 3,222,522	\$ 3,325,534	\$ 103,012
OPERATING EXPENSES				
Services	3,121,800	3,121,800	1,864,810	1,256,990
Charges from General Fund	117,300	117,300	117,300	—
Total operating expenses	3,239,100	3,239,100	1,982,110	1,256,990
Operating income (loss)	(16,578)	(16,578)	1,343,424	1,360,002
NONOPERATING REVENUES				
Investment income	70,000	70,000	(23,322)	(93,322)
Changes in net position	\$ 53,422	\$ 53,422	\$ 1,320,102	\$ 1,266,680
Net position - beginning				<u>1,745,326</u>
Net position - ending				<u>\$ 3,065,428</u>

(Continued)

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, 2021

	Police Pension	Firefighters' Pension	Totals
ASSETS			
Cash and Cash Equivalents	\$ 6,358,985	\$ 7,756,367	\$ 14,115,352
Investments - retirement plans			
U.S. Treasury Securities	11,746,480	22,273,135	34,019,615
U.S. Agency Securities	28,121,649	8,862,408	36,984,057
Municipal Bonds	1,067,408	670,277	1,737,685
Corporate Bonds	37,530,560	22,253,731	59,784,291
Common Stocks	14,045,383	14,320,044	28,365,427
Mutual Funds	136,573,054	113,188,727	249,761,781
Total investments	229,084,534	181,568,322	410,652,856
Accounts receivable - net of allowance			
Accrued interest receivable	222,064	314,341	536,405
Contributions receivables	10,518,886	10,803,239	21,322,125
Other	16,181	—	16,181
Total accounts receivable - net of allowance	10,757,131	11,117,580	21,874,711
Total assets	246,200,650	200,442,269	446,642,919
LIABILITIES			
Accrued liabilities	63,762	81,095	144,857
Due to other funds	1,137,027	92,977	1,230,004
Total liabilities	1,200,789	174,072	1,374,861
NET POSITION			
Net position restricted for pensions	\$ 244,999,861	\$ 200,268,197	\$ 445,268,058

CITY OF ROCKFORD, ILLINOIS

Pension Trust Funds

Combining Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended December 31, 2021

	Police Pension	Firefighters' Pension	Totals
ADDITIONS			
Contributions			
Employer	\$ 10,209,802	\$ 12,539,373	\$ 22,749,175
Plan member	2,654,847	2,329,336	4,984,183
Total contributions	<u>12,864,649</u>	<u>14,868,709</u>	<u>27,733,358</u>
Investment income			
Net appreciation in fair value of investments	21,403,395	14,842,327	36,245,722
Interest and dividend income	5,305,557	6,726,508	12,032,065
Less investment expense	<u>26,708,952</u>	<u>21,568,835</u>	<u>48,277,787</u>
Net investment income	<u>(315,857)</u>	<u>(338,465)</u>	<u>(654,322)</u>
	<u>26,393,095</u>	<u>21,230,370</u>	<u>47,623,465</u>
Total additions	<u>39,257,744</u>	<u>36,099,079</u>	<u>75,356,823</u>
DEDUCTIONS			
Pension benefits	21,453,535	21,544,411	42,997,946
Refunds of contributions	63,761	—	63,761
Administrative expense	179,352	173,208	352,560
Total deductions	<u>21,696,648</u>	<u>21,717,619</u>	<u>43,414,267</u>
Changes in fiduciary net position	<u>17,561,096</u>	<u>14,381,460</u>	<u>31,942,556</u>
Net position restricted for pensions			
Beginning	<u>227,438,765</u>	<u>185,886,737</u>	<u>413,325,502</u>
Ending	<u>\$ 244,999,861</u>	<u>\$ 200,268,197</u>	<u>\$ 445,268,058</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, 2021

	Police Pension				Firefighters' Pension			
	Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
				Positive (Negative)				Positive (Negative)
ADDITIONS								
Contributions								
Employer	\$ 9,942,265	\$ 9,942,265	\$ 10,209,802	\$ 267,537	\$ 11,738,231	\$ 11,738,231	\$ 12,539,373	\$ 801,142
Plan member	2,157,400	2,157,400	2,654,847	497,447	2,004,600	2,004,600	2,329,336	324,736
Total contributions	<u>12,099,665</u>	<u>12,099,665</u>	<u>12,864,649</u>	<u>764,984</u>	<u>13,742,831</u>	<u>13,742,831</u>	<u>14,868,709</u>	<u>1,125,878</u>
Investment Income								
Net appreciation in fair value of investments	5,000,000	5,000,000	21,403,395	16,403,395	2,000,000	2,000,000	14,842,327	12,842,327
Interest and dividend income	5,762,600	5,762,600	5,305,557	(457,043)	5,104,541	5,104,541	6,726,508	1,621,967
	10,762,600	10,762,600	26,708,952	15,946,352	7,104,541	7,104,541	21,568,835	14,464,294
Less investment expense	(314,000)	(314,000)	(315,857)	(1,857)	(395,700)	(395,700)	(338,465)	57,235
Net investment income	10,448,600	10,448,600	26,393,095	15,944,495	6,708,841	6,708,841	21,230,370	14,521,529
Total additions	<u>22,548,265</u>	<u>22,548,265</u>	<u>39,257,744</u>	<u>16,709,479</u>	<u>20,451,672</u>	<u>20,451,672</u>	<u>36,099,079</u>	<u>15,647,407</u>
DEDUCTIONS								
Pension benefits	19,652,400	21,407,273	21,453,535	(46,262)	20,220,960	21,424,293	21,544,411	(120,118)
Refunds of contributions	80,000	80,000	63,761	16,239	60,000	60,000	—	60,000
Administrative expense	211,450	211,450	179,352	32,098	176,830	176,830	173,208	3,622
Total deductions	<u>19,943,850</u>	<u>21,698,723</u>	<u>21,696,648</u>	<u>2,075</u>	<u>20,457,790</u>	<u>21,661,123</u>	<u>21,717,619</u>	<u>(56,496)</u>
Changes in fiduciary net position	<u>\$ 2,604,415</u>	<u>\$ 849,542</u>	<u>17,561,096</u>	<u>\$ (16,711,554)</u>	<u>\$ (6,118)</u>	<u>\$ (1,209,451)</u>	<u>14,381,460</u>	<u>\$ (15,590,911)</u>
Net position restricted for pensions								
Beginning			<u>227,438,765</u>				<u>185,886,737</u>	
Ending			<u>\$ 244,999,861</u>				<u>\$ 200,268,197</u>	

CITY OF ROCKFORD, ILLINOIS

Consolidated Year-End Financial Report

December 31, 2021

CSFA #	Program Name	State	Federal	Other	Total
418-00-1330	Norman Consent Decree	\$ 39,055	\$ —	\$ —	\$ 39,055
418-00-1340	Youth Emergency and Crisis Services	33,913	—	—	33,913
420-00-2067	Opportunity Zone Program	909,893	—	190,313	1,100,206
420-00-2412	WIOA Statewide Activities	—	44,763	—	44,763
420-30-0075	WIOA Statewide Activities - Nonformula	—	49,556	—	49,556
420-30-0076	WIOA Formula Grants	—	4,986,997	—	4,986,997
420-30-0080	WIOA National Dislocated Worker Grants	—	405,998	—	405,998
420-30-0081	WIOA Statewide Rapid Response - Formula	—	41,700	—	41,700
420-30-2074	Trade Adjustment Assistance Program-Formula	—	8,633	—	8,633
420-70-0087	Weatherization Assistance for Low-Income Persons	102,650	971,528	—	1,074,178
420-70-0090	Low-Income Home Energy Assistance	2,530,054	12,568,269	—	15,098,323
420-70-0091	Community Services Block Grant	—	1,151,270	—	1,151,270
420-70-2615	Low-Income home Energy Assistance	—	29,575	—	29,575
422-50-1655	Certified Local Government Grants Program	—	17,408	—	17,408
444-80-0496	Emergency Solutions Grant Program	—	555,601	—	555,601
444-80-0657	Homeless Prevention Program	334,723	528,269	—	862,992
444-80-0689	Employment Barrier Reduction Fund	65,807	13,510	—	79,317
444-80-2454	CURES Act Housing: Financial Support	—	28	—	28
444-80-2552	Emergency Rental Assistance Program	66,182	1,140,500	—	1,206,682
494-00-1005	Local Federal Bridge Program	—	152,960	—	152,960
494-00-1439	Statewide Planning and Research Funds	—	111,664	—	111,664
494-00-1488	Motor Fuel Tax Program	7,919,626	—	1,126,847	9,046,473
494-00-2356	Rebuild Illinois Local Bond Program	242,104	—	—	242,104
494-10-0343	State and Community Highway Safety/National Priority Safety Program	—	34,689	—	34,689
494-42-0495	Local Surface Transportation Program	—	28,648	—	28,648
546-00-1564	Victims of Crime Act (VOCA) FFY17	—	564,470	—	564,470
546-00-2378	RESTORE, REINVEST, AND RENEW (R3)	129,842	—	—	129,842
586-18-0410	Summer Food Service Program for Children	—	164,297	—	164,297
588-40-0450	Emergency Management Performance Grants	—	99,294	99,294	198,588
	Other Grant Programs and Activities	—	38,150,011	—	38,150,011
	All Other Costs Not Allocated	—	—	227,777,537	227,777,537
Totals		12,373,849	61,819,638	229,193,991	303,387,478



REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENTAL AUDITING STANDARDS

July 12, 2022

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

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Rockford, Illinois, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 12, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. According, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Rockford, Illinois
July 12, 2022
Page 2

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lauterbach & Amen, LLP
LAUTERBACH & AMEN, LLP

STATISTICAL SECTION (Unaudited)

This part of the annual comprehensive 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, 2021 (Unaudited)

See Following Page

CITY OF ROCKFORD, ILLINOIS

Net Position by Component - Last Ten Fiscal Years*

December 31, 2021 (Unaudited)

	2012	2013	2014	2015**
GOVERNMENTAL ACTIVITIES				
Net investment in capital assets	\$ 480,167,639	\$ 523,202,658	\$ 529,830,638	\$ 225,009,895
Restricted				
Capital projects	10,546,148	8,262,387	5,588,205	—
Debt service	5,686,654	6,513,108	6,575,000	9,940,202
Other purposes	19,429,953	13,470,622	15,548,246	24,223,691
Unrestricted (deficit)	(3,338,207)	(3,428,056)	(965,343)	(281,214,840)
Total governmental activities net position	<u>512,492,187</u>	<u>548,020,719</u>	<u>556,576,746</u>	<u>(22,041,052)</u>
BUSINESS-TYPE ACTIVITIES				
Net investment in capital assets	138,848,876	139,564,019	140,232,135	136,801,891
Restricted				
Capital projects	1,000,000	1,000,000	1,000,000	1,000,000
Debt service	5,452,243	5,334,283	5,187,576	5,040,258
Unrestricted (deficit)	3,559,349	3,387,821	3,425,953	8,525,774
Total business-type activities net position	<u>148,860,468</u>	<u>149,286,123</u>	<u>149,845,664</u>	<u>151,367,923</u>
Total net position	<u><u>\$ 661,352,655</u></u>	<u><u>\$ 697,306,842</u></u>	<u><u>\$ 706,422,410</u></u>	<u><u>\$ 129,326,871</u></u>
PRIMARY GOVERNMENT				
Net investment in capital assets	\$ 619,016,515	\$ 662,766,677	\$ 670,062,773	\$ 361,811,786
Restricted	42,114,998	34,580,400	33,899,027	40,204,151
Unrestricted (deficit)	221,142	(40,235)	2,460,610	(272,689,066)
Total net position	<u><u>\$ 661,352,655</u></u>	<u><u>\$ 697,306,842</u></u>	<u><u>\$ 706,422,410</u></u>	<u><u>\$ 129,326,871</u></u>

Data Source: City Records

*Accrual Basis of Accounting

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

2016	2017	2018	2019	2020	2021
\$ 232,181,881	\$ 246,421,993	\$ 237,514,960	\$ 240,780,483	\$ 272,587,858	\$ 263,787,727
—	—	—	—	—	—
9,984,081	10,297,303	8,350,683	9,080,224	7,274,106	7,643,293
25,524,410	24,137,561	28,293,779	26,226,292	26,605,345	32,179,117
(294,263,674)	(315,835,681)	(334,710,176)	(354,897,376)	(357,991,883)	(322,408,164)
(26,573,302)	(34,978,824)	(60,550,754)	(78,810,377)	(51,524,574)	(18,798,027)
138,985,875	142,017,856	148,507,880	154,684,885	164,308,985	168,670,663
1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
3,734,747	3,493,867	3,005,522	4,190,830	4,186,860	7,189,179
12,682,405	15,214,839	15,064,449	14,524,616	7,382,485	8,057,727
156,403,027	161,726,562	167,577,851	174,400,331	176,878,330	184,917,569
\$ 129,829,725	\$ 126,747,738	\$ 107,027,097	\$ 95,589,954	\$ 125,353,756	\$ 166,119,542
\$ 371,167,756	\$ 388,439,849	\$ 386,022,840	\$ 395,465,368	\$ 436,896,843	\$ 432,458,390
40,243,238	38,928,731	40,649,984	40,497,346	39,066,311	48,011,589
(281,581,269)	(300,620,842)	(319,645,727)	(340,372,760)	(350,609,398)	(314,350,437)
\$ 129,829,725	\$ 126,747,738	\$ 107,027,097	\$ 95,589,954	\$ 125,353,756	\$ 166,119,542

CITY OF ROCKFORD, ILLINOIS

Changes in Net Position - Last Ten Fiscal Years*

December 31, 2021 (Unaudited)

	2012	2013	2014	2015**	2016	2017	2018	2019	2020	2021
EXPENSES										
Governmental activities:										
General government	\$ 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	\$ 17,817,639
Public safety	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	141,685,544
Streets, alleys and bridges	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	24,304,870
Community development	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	21,225,280
Sanitation and sewers	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	24,675
Culture and recreation	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	9,045,440
Public health and welfare	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	29,248,683
Interest and fiscal charges	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	5,135,893
	186,069,756	192,060,337	199,625,313	241,258,710	227,279,708	224,064,848	225,143,283	239,920,971	223,817,138	248,488,024
Business-type activities:										
Water	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	27,831,133
Parking	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	3,790,425
	23,608,448	24,466,832	26,898,867	25,161,659	25,793,942	26,829,582	28,256,784	27,159,207	29,398,745	31,621,558
Total expenses	\$ 209,678,204	\$ 216,527,169	\$ 226,524,180	\$ 266,420,369	\$ 253,073,650	\$ 250,894,430	\$ 253,400,067	\$ 267,080,178	\$ 253,215,883	\$ 280,109,582
PROGRAM REVENUES										
Governmental activities:										
Charges for services:										
General government	\$ 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	\$ 41,065,010
Public safety	9,512,944	9,116,701	9,362,142	10,525,495	—	1,885,378	2,033,143	2,022,607	1,482,344	1,624,255
Streets, alleys and bridges	5,032,043	5,551,095	5,843,446	6,569,562	—	—	—	—	—	—
Community development	910,398	1,002,188	1,007,366	1,132,543	227,441	1,181,885	105,663	57,335	—	—
Sanitation and sewers	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	177,017	169,912	173,796	198,765	122,831	180,135	151,491	168,044	85,324	116,255
Operating grants and contributions	25,819,764	22,637,706	21,686,554	29,023,324	31,665,946	24,578,758	29,600,919	26,763,411	37,226,428	41,777,230
Capital grants and contributions	4,790,309	36,857,891	8,141,162	14,124,360	10,072,753	6,211,884	6,434,827	3,447,733	—	4,420,276
	62,808,435	91,697,875	64,709,527	82,367,336	83,255,521	74,751,939	75,663,243	69,620,657	81,031,290	89,003,026
Business-type activities:										
Charges for services:										
Water	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	36,838,067
Parking	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	1,383,429
Capital grants and contributions	—	586,349	644,105	—	859,380	1,305,355	3,511,512	770,104	497,436	630,169
	26,164,620	25,620,381	26,636,806	26,684,439	30,547,231	32,031,509	34,378,814	33,490,678	35,076,316	38,851,665
Total program revenues	\$ 88,973,055	\$ 117,318,256	\$ 91,346,333	\$ 109,051,775	\$ 113,802,752	\$ 106,783,448	\$ 110,042,057	\$ 103,111,335	\$ 116,107,606	\$ 127,854,691

	2012	2013	2014	2015**	2016	2017	2018	2019	2020	2021
NET (EXPENSES) REVENUES										
Governmental activities	\$ (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)	\$ (159,484,998)
Business-type activities	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	7,230,107
Total net (expenses) revenues	\$ (120,705,149)	\$ (99,208,913)	\$ (135,177,847)	\$ (157,368,594)	\$ (139,270,898)	\$ (144,110,982)	\$ (143,358,010)	\$ (163,968,843)	\$ (137,108,277)	\$ (152,254,891)
CHANGES IN NET POSITION										
Governmental activities:										
Taxes										
Property taxes	\$ 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	\$ 60,828,453
Sales taxes	37,902,668	37,991,893	38,956,355	39,212,916	39,229,423	40,241,419	40,241,419	41,432,700	38,481,118	48,166,796
Other taxes	16,016,298	16,521,501	17,551,602	10,295,225	11,592,026	16,364,785	23,989,197	28,086,266	27,530,279	29,891,872
Intergovernmental - Unrestricted										
Income tax	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	20,565,117
Replacement tax	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	13,754,253
Grants	—	—	—	—	—	—	—	—	—	8,436,928
Other	—	—	—	—	—	—	—	—	9,320,101	4,044,278
Investment income	919,186	(2,822,026)	4,204,812	1,188,290	1,001,420	625,757	1,156,212	1,081,913	802,248	(44,962)
Miscellaneous	826,206	1,388,622	1,017,183	3,335,120	3,536,395	4,130,550	3,021,339	5,779,049	9,519,858	6,534,954
Transfers	60,000	60,000	60,000	60,000	60,000	60,000	—	—	183,533	33,856
Total governmental activities	136,193,476	135,890,994	143,471,813	136,720,818	136,812,737	140,886,617	147,872,273	160,638,715	170,071,651	192,211,545
Business-type activities:										
Intergovernmental - Unrestricted										
Grants	—	—	—	—	—	—	—	—	—	900,000
Investment income	324,952	(667,894)	1,048,948	232,718	341,815	181,608	309,640	491,009	179,064	(57,012)
Miscellaneous	159,073	—	(167,346)	—	—	—	—	—	—	—
Transfers	(60,000)	(60,000)	(60,000)	(60,000)	(60,000)	(60,000)	—	—	(183,533)	(33,856)
Total business-type activities	424,025	(727,894)	821,602	172,718	281,815	121,608	309,640	491,009	(4,469)	809,132
Total primary government	\$ 136,617,501	\$ 135,163,100	\$ 144,293,415	\$ 136,893,536	\$ 137,094,552	\$ 141,008,225	\$ 148,181,913	\$ 161,129,724	\$ 170,067,182	\$ 193,020,677
CHANGE IN NET POSITION										
Governmental activities	\$ 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	\$ 32,726,547
Business-type activities	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	8,039,239
Total primary government	\$ 15,912,352	\$ 35,954,187	\$ 9,115,568	\$ (20,475,058)	\$ (2,176,346)	\$ (3,102,757)	\$ 4,823,903	\$ (2,839,119)	\$ 32,958,905	\$ 40,765,786

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, 2021 (Unaudited)

	2012	2013	2014	2015
GENERAL FUND				
Nonspendable	\$ —	\$ —	\$ —	\$ 150,000
Unassigned	32,168,324	34,420,681	35,567,463	37,525,349
Total General Fund	32,168,324	34,420,681	35,567,463	37,675,349
ALL OTHER GOVERNMENTAL FUNDS				
Nonspendable	1,104,145	958,107	870,116	798,679
Restricted for:				
Capital projects	12,924,115	8,262,387	5,588,205	—
Debt service	5,686,654	6,513,108	6,575,000	10,177,528
Culture and recreation	7,835,329	8,353,738	9,289,998	10,069,963
Community development	2,161,179	3,469,457	4,744,767	5,598,346
Public health and welfare	716,785	713,529	667,574	532,752
Highway and streets	9,673,378	9,478,114	11,704,798	8,022,630
Assigned for:				
General government	151,980	180,582	192,988	195,561
Debt service	2,522,003	2,195,329	4,062,585	—
Community development	5,041,069	4,849,350	4,134,143	4,266,523
Public health and welfare	148,211	111,807	159,297	216,535
Highway and streets	5,641,805	2,068,634	—	—
Unassigned	(4,445,288)	(6,574,475)	(8,208,433)	(7,134,235)
Total all other governmental funds	49,161,365	40,579,667	39,781,038	32,744,282
Total all governmental funds	\$ 81,329,689	\$ 75,000,348	\$ 75,348,501	\$ 70,419,631

Data Source: City Records

*Modified Accrual Basis of Accounting

2016	2017	2018	2019	2020	2021
\$ 150,000	\$ 150,000	\$ 151,054	\$ 150,400	\$ 319,298	\$ 318,934
36,636,721	30,466,617	34,079,651	39,502,751	42,821,303	46,280,214
<u>36,786,721</u>	<u>30,616,617</u>	<u>34,230,705</u>	<u>39,653,151</u>	<u>43,140,601</u>	<u>46,599,148</u>
437,466	57,012	—	81,000	—	—
—	—	—	—	—	—
10,221,407	10,534,629	8,588,009	9,487,451	7,607,347	7,885,437
9,944,201	9,939,853	10,716,006	11,524,308	12,375,287	14,048,280
6,566,114	4,226,602	4,786,207	2,488,498	1,352,030	2,024,645
599,909	832,850	4,152,001	1,519,384	1,851,016	2,811,123
8,414,186	9,138,256	8,639,565	10,694,102	11,027,012	13,295,069
195,561	195,561	195,561	—	—	—
—	—	—	—	—	—
12,350,498	2,602,348	2,567,102	24,307,524	9,247,843	9,715,891
286,150	209,679	145,575	5,199	—	104,888
—	—	—	—	—	—
(10,193,553)	(10,262,963)	(11,143,082)	(9,813,638)	(9,322,248)	(4,263,488)
<u>38,821,939</u>	<u>27,473,827</u>	<u>28,646,944</u>	<u>50,293,828</u>	<u>34,138,287</u>	<u>45,621,845</u>
\$ 75,608,660	\$ 58,090,444	\$ 62,877,649	\$ 89,946,979	\$ 77,278,888	\$ 92,220,993

CITY OF ROCKFORD, ILLINOIS

Changes in Fund Balances for Governmental Funds - Last Ten Fiscal Years* December 31, 2021 (Unaudited)

	2012	2013	2014	2015
REVENUES				
Taxes	\$ 112,169,125	\$ 112,374,801	\$ 113,009,795	\$ 109,065,837
Licenses and permits	4,650,908	4,195,722	5,292,806	7,836,475
Intergovernmental	60,326,767	60,350,268	59,115,907	68,003,443
Charges for services	21,121,354	22,384,977	24,559,244	30,134,940
Fines	1,661,996	1,330,341	1,223,737	1,248,237
Investment income	728,812	(2,188,963)	3,118,977	914,998
Miscellaneous	826,206	1,388,622	1,017,183	1,550,932
Total revenues	<u>201,485,168</u>	<u>199,835,768</u>	<u>207,337,649</u>	<u>218,754,862</u>
EXPENDITURES				
Current:				
General government	11,867,343	12,424,299	12,452,533	11,152,236
Public safety	90,632,349	92,936,457	92,695,209	98,615,052
Streets, alleys and bridges	13,385,427	13,293,105	15,068,708	21,094,419
Community development	14,156,925	10,181,731	8,886,067	12,368,519
Sanitation and sewers	8,909,767	9,859,179	12,012,277	12,358,032
Culture and recreation	6,870,954	7,443,243	7,954,777	7,348,771
Public health and welfare	16,402,620	16,348,317	15,857,443	15,627,543
Debt service:				
Principal payments	8,870,514	14,109,960	10,640,814	13,148,479
Interest and fiscal charges	3,500,558	3,056,098	3,455,713	3,425,850
Capital outlay:				
General government	—	—	—	1,124,980
Public safety	5,083,271	5,518,861	5,891,123	—
Streets, alleys and bridges	17,439,699	25,568,840	24,884,980	41,979,220
Community development	—	55,666	—	—
Culture and recreation	500,307	5,756,123	3,415,845	375,570
Public health and welfare	28,715	253,537	164,218	—
Total expenditures	<u>197,648,449</u>	<u>216,805,416</u>	<u>213,379,707</u>	<u>238,618,671</u>
Excess (deficiencies) of revenues over (under) expenditures	<u>3,836,719</u>	<u>(16,969,648)</u>	<u>(6,042,058)</u>	<u>(19,863,809)</u>
OTHER FINANCING SOURCES (USES)				
Issuance of refunding bonds	7,735,000	—	29,590,000	14,874,939
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	13,532,961	15,692,707	16,501,125	23,124,325
Transfers out	(13,472,961)	(15,632,707)	(18,941,125)	(23,064,325)
Net change in fund balances	<u>5,776,339</u>	<u>10,640,307</u>	<u>6,390,211</u>	<u>14,934,939</u>
Debt service as a percentage of noncapital expenditures	7.09%	9.56%	(11.01%)	8.40%

Data Source: City Records

*Modified Accrual Basis of Accounting

2016	2017	2018	2019	2020	2021
\$ 110,340,379	\$ 114,816,711	\$ 122,441,123	\$ 128,607,124	\$ 125,570,423	\$ 138,887,121
7,182,358	9,745,667	10,874,632	11,028,972	9,490,309	9,769,217
63,613,242	52,044,241	57,289,345	53,923,910	71,222,017	89,408,742
33,077,083	32,263,530	26,652,526	26,303,212	32,796,285	31,372,851
1,257,381	1,952,100	2,100,339	2,077,329	1,518,268	1,663,452
726,080	461,721	901,939	712,630	650,625	516
3,536,395	4,130,550	3,021,339	5,779,049	9,519,858	6,534,954
219,732,918	215,414,520	223,281,243	228,432,226	250,767,785	277,636,853
11,597,842	11,710,916	13,064,160	22,835,047	24,695,816	28,507,909
101,937,283	107,513,287	110,656,380	113,983,475	121,765,321	128,903,692
16,202,782	12,415,385	13,973,852	15,744,910	19,938,492	15,782,584
13,341,542	12,562,462	15,788,408	11,923,262	23,893,882	21,177,685
14,398,829	14,737,836	12,397,792	—	—	—
8,554,854	8,249,312	8,289,293	9,038,648	8,476,567	7,385,242
15,033,706	15,947,170	16,964,131	18,431,025	21,180,333	29,121,725
12,040,963	13,039,045	10,846,812	10,075,455	10,454,272	10,585,839
4,220,590	5,128,971	2,993,490	3,225,586	3,588,960	4,776,527
—	—	—	—	—	—
—	—	—	—	—	—
36,633,253	33,876,952	22,038,242	25,287,062	31,987,563	17,538,699
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
233,961,644	235,181,336	227,012,560	230,544,470	265,981,206	263,779,902
(14,228,726)	(19,766,816)	(3,731,317)	(2,112,244)	(15,213,421)	13,856,951
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	—	—	—	710,078
—	—	—	—	—	—
—	—	97,334	—	—	—
314,528	—	(37,960)	—	—	—
—	1,147,500	—	—	—	—
19,852,700	19,199,654	17,714,465	31,071,827	15,590,022	15,522,876
(19,792,700)	(19,139,654)	(15,126,085)	(31,268,871)	(14,565,487)	(15,147,800)
19,417,755	2,227,830	8,518,522	31,748,787	2,545,330	1,085,154
\$ 5,189,029	\$ (17,538,986)	\$ 4,787,205	\$ 29,636,543	\$ (12,668,091)	\$ 14,942,105

7.68%

8.41%

6.53%

6.27%

6.19%

6.17%

CITY OF ROCKFORD, ILLINOIS**Assessed Value and Actual Value of Taxable Property (000's Omitted) - Last Ten Tax Levy Years**
December 31, 2021 (Unaudited)

Tax Levy Year	Winnebago	
	Residential Property	Commercial Property
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
2021	1,135,854	488,330

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 Tax Rate	Estimated Taxable Value	Estimated Actual Value
Industrial Property	Other Property	Ogle County					
\$ 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%
167,541	6,416	164	1,797,977	3.04640	5,394,470		33.33%

CITY OF ROCKFORD, ILLINOIS

Direct and Overlapping Property Tax Rates - Last Ten Tax Levy Years
December 31, 2021 (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
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
2021	2.63610	0.41030	0.00000	0.00000	3.04640	0.90320

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
0.10720	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
0.10410	0.23910	0.97390	0.17310	0.09550	6.26460	0.45640

CITY OF ROCKFORD, ILLINOIS

Principal Property Tax Payers - Current Fiscal Year and Nine Fiscal Years Ago
December 31, 2021 (Unaudited)

Taxpayer	2021			2012		
	Equalized Value	Rank	Percentage of Total	Equalized Value	Rank	Percentage of Total
			Equalized Value			Equalized Value
Greater Rockford Airport	\$ 12,432,696	1	0.69%	\$ 11,220,897	1	0.66%
Wesley Willows	11,573,000	2	0.64%	3,405,056	10	0.20%
Lowes Homes Centers Inc.	11,479,392	3	0.64%	10,558,660	2	0.62%
Forest Plaza LLC	8,334,258	4	0.46%	6,932,827	4	0.41%
Swedish American Hospital	7,005,074	5	0.39%			
PCI, Inc	6,976,077	6	0.39%			
Hampton Ridge Apartments	5,221,781	7	0.29%			
Beacon Hill Apartment	5,097,736	8	0.28%			
MB Rockford State LLC	4,726,384	9	0.26%	4,126,324	5	0.24%
Fairhaven Christian Home	4,419,516	10	0.25%			
Walmart Stores INC				9,068,174	3	0.53%
Hamilton Sundstrand Corporation				3,826,591	6	0.22%
Anderson Rockford LLC				3,739,023	7	0.22%
Rock River Valley Industrial Park				3,535,036	8	0.21%
Ruloff Harrison LLC				3,466,029	9	0.20%
Totals	\$ 77,265,914		4.29%	\$ 59,878,617		3.51%

Data Source: Winnebago County Collector's office.

CITY OF ROCKFORD, ILLINOIS

Property Tax Levies and Collections - Last Ten Fiscal Years
December 31, 2021 (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			
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%	73,647	54,041,791	99.11%	
2018	55,567,606	55,220,493	99.38%	332,861	55,553,354	99.97%	
2019	55,567,606	55,269,174	99.46%	238,132	55,507,306	99.89%	
2020	54,864,622	54,763,029	99.81%	—	54,763,029	99.81%	
2021	55,623,392	—	—%	—	—	—%	

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 2021 levy will be collected in 2022.

CITY OF ROCKFORD, ILLINOIS

Ratios of Outstanding Debt by Type - Last Ten Fiscal Years
December 31, 2021 (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	
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	—	
2021	74,214,596	2,457,000	—	—	17,220,093	95,857	—	

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							
Obligation	Obligation	Water	Capital	Water	Total	Percentage		
Alternate	Alternate	IEPA	Leases	Installment Purchase	Primary	of Personal	Per	
Bonds	Bonds	Loan	Leases	Agreement	Government	Income (1)	Capita (1)	
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
12,323,204	7,347,276	20,007,230	559,985	—	134,225,241	2.04%		903

CITY OF ROCKFORD, ILLINOIS

Ratios of General Bonded Debt Outstanding - Last Ten Fiscal Years December 31, 2021 (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
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	
2021	148,655	1,850,371,307	93,885,076	14,832,472	79,052,604	4.27%	532	

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, 2021 (Unaudited)

Name of Governmental Unit	(2) Total Debt Outstanding	Percentage Applicable to City	City's Share of Debt
DIRECT			
City of Rockford, Illinois (1)	\$ 93,987,546	100.0%	\$ 93,987,546
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	9,925,000	93.8%	9,309,650
Pecatonica School District #321	1,289,000	10.7%	137,923
Winnebago School District #323	13,003,600	6.3%	819,227
Rock Valley Community College #511	64,650,000	59.1%	38,208,150
	<u>271,942,995</u>		<u>172,087,930</u>
Other units:			
Winnebago County	91,510,000	40.0%	36,604,001
Winnebago County Forest Preserve	1,588,986	40.0%	635,594
Rock River Water Reclamation District	20,545,000	57.8%	11,875,010
Greater Rockford Airport Authority	65,255,297	54.5%	35,564,137
Rockford Township	—	74.2%	—
Cherry Valley Township	—	44.6%	—
Winnebago Township	—	0.7%	—
Owen Township	—	20.9%	—
Winnebago Park District	—	0.7%	—
Rockford Park District	38,271,000	69.9%	26,751,429
	<u>217,170,283</u>		<u>111,430,171</u>
Total overlapping debt	<u>489,113,278</u>		<u>283,518,101</u>
Total direct and overlapping debt	<u>\$ 583,100,824</u>		<u>\$ 377,505,647</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, 2021 (Unaudited)

LEGAL DEBT MARGIN CALCULATION FOR THE FISCAL YEAR 2021

Assessed value	<u>\$ 1,850,371,307</u>
Debt limit - State (8.625% of assessed value)	<u>159,594,525</u>
Debt limit - City (80% of the State limit)	127,675,620
Debt applicable to limit:	
Lease/purchase agreements	<u>17,877,894</u>
Legal debt margin	<u>\$ 109,797,726</u>

	2012	2013	2014	2015
Debt limit	\$ 117,924,647	\$ 107,085,650	\$ 100,189,839	\$ 99,265,017
Total net debt applicable to limit	<u>37,665,933</u>	<u>30,531,182</u>	<u>27,828,738</u>	<u>25,393,359</u>
Legal debt margin	<u>\$ 99,299,192</u>	<u>\$ 80,258,714</u>	<u>\$ 72,361,101</u>	<u>\$ 73,871,658</u>
Total net debt applicable to the limit as a percentage of debt limit	31.94%	28.51%	27.78%	25.58%

Data Source: City Records

2016	2017	2018	2019	2020	2021
\$ 99,587,826	\$ 101,647,164	\$ 106,068,356	\$ 113,827,711	\$ 120,177,718	\$ 127,675,620
20,204,254	14,480,517	19,760,938	27,224,546	21,552,656	17,877,894
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 79,383,572	\$ 87,166,647	\$ 86,307,418	\$ 86,603,165	\$ 98,625,062	\$ 109,797,726
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
20.29%	14.25%	18.63%	23.92%	17.93%	14.00%

CITY OF ROCKFORD, ILLINOIS

Pledged-Revenue Coverage - Last Ten Fiscal Years
December 31, 2021 (Unaudited)

Fiscal Year	Water Service Charges	Less: Operating Expenses	Available for Debt Service	Net Revenue		Total	Coverage
				Principal	Interest		
Water Utility Fund							
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%
2021	31,799,113	24,736,833	7,062,280	1,715,000	519,806	2,234,806	3.16%

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, 2021 (Unaudited)

Fiscal Year	Population (1)	Personal Income (Thousands of dollars) (3)	Per Capita Personal Income (2)	Unemployment Rate (4)
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	7,232,399	49,670	11.40%
2021	148,655	6,578,281	44,252	6.50%

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, 2021 (Unaudited)

Taxpayer	2021			2012		
	Employees (1)	Rank	Percentage of Total City Employment	Employees (2)	Rank	Percentage of Total City Employment
Rockford Public Schools	4,075	1	2.31%	4,800	1	3.30%
UW Health/Swedish American Health System (3)	3,780	2	2.14%	2,600	3	1.79%
Mercyhealth/Rockford Health	3,000	3	1.70%	2,500	4	1.72%
OSF Healthcare (4)	2,200	4	1.25%	2,000	6	1.37%
UTC Aerospace Systems	2,000	5	1.13%			
Woodward Govenor Company	2,000	6	1.13%	1,200	10	1.10%
UPS	2,000	7	1.13%	2,000	7	1.37%
Amazon	1,535	8	0.87%			
Wal-Mart Stores	1,470	9	0.83%	2,750	2	1.89%
Stellantis/Fiat Chrysler Automobiles	1,459	10	0.83%	2,350	5	1.62%
Hamilton Sundstrand Corporation				2,000	8	1.37%
Winnebago County				1,600	9	1.10%
 Totals	 <u>23,519</u>		 <u>13.32%</u>	 <u>23,800</u>		 <u>16.63%</u>
 Total employment in the Rockford MSA	 <u>176,700</u>			 <u>145,500</u>		

Note:

- (1) Data Source: Rockford Area Economic and Development Council
- (2) Based on March 2012 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, 2021 (Unaudited)

See Following Page

CITY OF ROCKFORD, ILLINOIS

Full-time Equivalent Government Employees by Function - Last Ten Fiscal Years
December 31, 2021 (Unaudited)

Function/Program	2012	2013	2014	2015
General government:				
Mayor's office	4.0	4.0	4.0	4.0
Legal department	12.0	12.0	12.0	13.0
Finance office	31.0	36.0	36.0	36.0
Information technology	6.0	4.0	4.0	4.0
Human resources	5.0	5.0	5.0	5.0
Public safety				
Police department				
Officers	283.0	283.0	286.5	287.0
Civilians	36.0	36.0	36.0	36.0
Fire department	280.0	280.0	259.0	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	25.2	25.2	23.2
Streets, alleys and bridges				
Administration	2.0	2.0	2.0	2.0
Engineering	10.0	9.5	8.0	9.1
Capital projects	17.0	16.5	18.0	18.9
Street and sewer maintenance	31.0	31.0	31.0	31.0
Property and equipment	24.0	23.0	23.0	23.0
Community development				
Administration	1.5	1.5	1.5	1.5
Development	8.0	7.0	7.0	6.0
Planning	4.3	4.3	4.3	4.3
Code enforcement	10.2	—	—	—
Culture and recreation				
Library	86.0	86.3	87.0	87.0
Public health and welfare				
911	91.0	96.4	95.5	86.4
Parking	8.5	8.5	3.0	3.0
Water	72.0	64.0	64.0	63.0
Totals	1,101.5	1,099.2	1,076.0	1,066.4

Data Source: City Finance Office

2016	2017	2018	2019	2020	2021
4.0	5.0	5.0	5.0	5.0	5.0
13.0	13.0	13.0	13.0	13.0	14.0
36.0	36.0	36.0	33.0	32.0	32.0
4.0	4.0	5.0	6.0	6.0	6.0
5.0	5.0	5.0	5.0	5.0	5.0
287.0	284.0	301.0	301.0	301.0	301.0
36.0	40.0	41.0	40.0	41.0	44.0
259.0	261.0	272.0	272.0	274.0	274.0
52.0	52.0	52.0	52.0	52.0	53.0
12.0	11.0	12.0	12.0	12.0	12.0
24.0	23.0	25.0	21.0	20.3	20.3
2.0	2.0	2.0	2.0	3.0	7.0
9.0	10.0	6.0	6.1	7.2	7.2
20.0	20.0	21.0	19.9	21.8	21.8
30.0	30.0	31.0	31.0	31.0	31.0
24.0	25.0	24.0	24.0	24.0	20.0
2.0	2.0	1.5	1.5	2.5	2.5
6.0	5.0	6.0	6.0	6.0	6.0
5.0	4.0	4.5	8.5	8.3	8.3
—	—	—	—	—	—
88.0	88.0	87.0	87.0	78.0	80.0
89.0	89.0	93.4	84.4	91.7	91.7
3.0	3.0	3.0	3.0	3.0	3.0
64.0	63.0	63.0	65.0	65.0	65.0
1,074.0	1,075.0	1,109.4	1,098.4	1,102.8	1,109.8

CITY OF ROCKFORD, ILLINOIS

Operating Indicators by Function/Program - Last Ten Fiscal Years December 31, 2021 (Unaudited)

Function/Program	2012	2013	2014	2015
Police department				
Total calls for service	164,000	154,000	146,033	162,339
Total group A offenses	19,854	20,504	18,217	18,119
Total group B offenses	12,447	12,345	8,659	9,872
Arrests	13,536	N/A	N/A	N/A
Clearance rate	34.80%	34.60%	36.10%	32.70%
Fire department				
Total call for service	24,800	25,100	22,008	27,446
Number of fire investigations	216	180	180	180
Total number of fire calls	641	625	638	690
Total number of ambulance runs	19,506	19,804	20,732	21,844
911 center				
Total non-emergency calls	106,712	101,971	105,744	106,246
Total emergency calls	131,809	117,484	134,387	137,945
Total police dispatches	168,848	153,646	195,293	167,305
Total fire dispatches	38,997	28,676	25,990	27,838
Construction and development services				
Building permits	7,411	6,642	9,664	6,463
Code enforcement	6,740	4,293	4,779	5,312
Total inspections	11,800	11,200	10,500	9,572
Demolitions	121	28	113	113
Human services				
Households receiving energy assistance	6,873	6,000	6,000	8,270
Head start children served	677	664	756	760
Homeless prevention clients served	1,267	2,800	2,800	1,155
Summer food program - meals served	23,362	23,350	23,350	53,982
Clients receiving weatherization assistance	581	120	120	112
Sanitation division				
Regular tonnage	45,497	45,970	47,314	47,140
Composting tonnage	12,440	13,114	11,994	12,470
Recycling tonnage	6,064	6,499	7,250	8,230
Public works				
Number of engineering plans reviewed	100	128	169	159
Number of permits issued	1,507	2,061	1,852	2,091
Plowing/spreading occurrences	17	24	24	22
Street sweeping cycles	3	3	N/A	N/A
Tree trims	2,541	1,523	2,725	2,384
Tree plantings	278	756	686	530
Total requests	8,376	7,724	6,553	7,271
Average days to close request	24	79	49	49
Parking division				
Total parking spaces	4,504	4,504	4,233	4,170
Number of tickets issued	14,950	18,000	13,092	19,000
Water division				
Number of users	50,973	50,703	50,800	50,800
Annual water production (billion gallons)	7	7	7	7

Source: City finance department

N/A: Not Available

2016	2017	2018	2019	2020	2021
158,966	159,511	161,679	154,840	159,510	159,510
18,164	17,489	17,433	15,921	15,259	15,259
9,960	10,141	11,692	11,777	8,212	8,212
N/A	N/A	N/A	N/A	N/A	N/A
34.00%	37.50%	44.00%	39.80%	38.00%	38.00%
27,580	28,378	29,217	29,398	29,377	29,332
N/A	N/A	N/A	N/A	N/A	N/A
679	534	716	681	693	534
21,580	22,390	22,892	22,855	22,762	22,216
132,427	108,080	105,096	95,697	97,291	99,000
108,072	132,868	121,605	111,806	103,074	109,000
163,339	161,572	168,680	155,071	189,039	155,130
31,557	28,835	29,217	34,204	43,261	40,348
N/A	6,744	8,726	6,665	8,635	7,000
N/A	N/A	N/A	N/A	N/A	N/A
8,095	8,710	11,866	20,724	19,735	11,100
118	215	81	27	62	76
7,943	7,796	9,099	10,299	10,660	11,355
763	689	798	1,164	1,050	662
1,155	410	218	304	704	509
56,509	57,272	58,908	52,710	44,670	31,040
90	62	89	140	74	63
48,609	51,140	49,985	51,357	56,872	51,332
12,777	11,627	12,720	12,924	11,801	7,038
7,674	6,969	7,369	7,695	7,846	8,496
154	136	130	181	165	220
1,576	2,171	1,772	1,801	1,900	2,000
17	13	26	21	21	21
N/A	N/A	N/A	N/A	N/A	N/A
2,802	3,075	2,137	2,310	1,445	1,600
536	211	174	151	98	250
5,633	6,093	4,204	6,242	4,537	3,700
NA	NA	NA	NA	NA	N/A
8,246	8,052	4,170	4,170	4,170	4,219
17,830	17,077	16,488	14,646	6,228	8,528
50,888	51,060	52,329	51,123	51,067	51,337
6	6	6	6	6	7

CITY OF ROCKFORD, ILLINOIS

Capital Asset Statistics by Function/Program - Last Ten Fiscal Years
December 31, 2021 (Unaudited)

Function/Program	2012	2013	2014	2015
Police department				
Stations	1	1	1	1
Substations	4	4	4	4
Squad cars	135	140	150	150
Vans (including trucks and mobile units)	41	42	45	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	33	34	34	34
Garages	5	5	4	4
Water division				
Water mains (miles)	820	820	820	820
Wells	27	27	27	30
Treatment Plants	10	10	10	12
Production capacity (gal per day)	76,500,000	76,500,000	76,500,000	76,500,000

Date Source: City finance department

2016	2017	2018	2019	2020	2021
3	3	3	3	3	3
4	4	4	4	4	4
150	150	159	188	186	220
45	45	45	48	48	48
11	11	11	11	11	11
9	1	9	9	9	9
3	4	—	—	—	—
4	5	4	4	4	4
7	11	7	7	10	10
1	1	1	—	—	—
5	6	6	6	6	6
37	37	37	37	37	37
4	4	4	4	4	4
816	824	824	826	826	826
26	26	26	26	26	26
12	12	12	13	13	13
76,500,000	76,500,000	76,500,000	76,500,000	76,500,000	76,500,000