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# POPULAR ANNUAL FINANCIAL REPORT

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2022



# City of Rockford Government Organization



## Mayor and City Council



Mayor  
Thomas McNamara

The City of Rockford has an Aldermanic-City form of government which consists of 14 Alderpersons, a Mayor and an appointed City Administrator. The Alderpersons and Mayor are elected officials who serve four year terms on the City Council. The City of Rockford is divided into 14 wards.

City Council is responsible for establishing policy, passing ordinances, adopting the budget, and appropriate funds and present initiatives to best represent the needs of both their respective constituents and the City of Rockford as a whole.

The Mayor, with assistance from the City Administrator, is responsible for carrying out the policies and ordinances of the City Council and overseeing the day-to-day operations of the City. City services are provided by 9 City Departments: Community and Economic Development, Fire, Police, Finance, Health and Human Services, Legal, Human Resources, Information Technology, and Public Works.



Dr. Timothy J Durkee

Ward 1



Johathan Logemann

Ward 2



Chad Tuneburg

Ward 3



Kevin J. Frost

Ward 4



Gabrielle Torina

Ward 5



Aprel Prunty

Ward 6



Janessa Wilkins

Ward 7



Karen Hoffman

Ward 8



Bill Rose

Ward 9



Franklin C. Beach

Ward 10



Isidro Barrios

Ward 11



Gina Meeks

Ward 12



Linda McNeely

Ward 13



Mark Bonne

Ward 14



## FROM THE MAYOR

*Tom McNamara*

I am happy to present the city's first Popular Annual Financial Report (PAFR). The PAFR is a summarized version of important elements of the city's official financial statements, the Annual Comprehensive Financial Report (ACFR). The ACFR is compliant with generally accepted accounting principles and has received an unmodified ("clean") opinion from independent auditors.

For those without experience with financial statements, the full ACFR can be challenging to read and get a clear picture of the City's financial condition. The PAFR is specifically designed to convey information about major aspects of the City's financial condition that may be of interest to citizens of Rockford. We hope that this document gives you a feel for the City's finances, and if you should have any questions, please don't hesitate to contact the Finance Department.

*Thank you*

## CITY FACTS

POPULATION: 147,711

### PHYSICAL:

Square Miles	65.92
Miles of streets	779
Number of street lights	12,849

### PUBLIC SAFETY:

Annual police calls for service	158,962
Annual fire calls for service	32,329
Annual ambulance runs	20,183
Number of fire stations	11
Number of fire hydrants	5,800

### COMMUNITY & ECONOMIC DEVELOPMENT:

Building permits issued	7,772
Inspections	10,894
Demolitions	31

### HEALTH & HUMAN SERVICES:

Households receiving energy assistance	17,478
Head Start children served	792
Homeless prevention clients served	562
Summer food program meals served	31,602

### PUBLIC WORKS:

Number of engineering plans reviewed	199
Number of permits issued	2,107
Tree trims	1,216
Tree planting	218

### PARKING DIVISION:

Total parking spaces	4,862
Number of tickets issued	6,914

### WATER DIVISION:

Number of users	51,317
Annual water production (billion gal)	6.08
Miles of water main	750
Water sample tests	23,500
Number of water wells	30

### FINANCE

Number of purchase orders	3,641
Percent of local businesses	60.9%
Number of invoices processed	44,804
Number of vendor payments issued	13,179

# *To the Citizens* of the City of Rockford

We are proud to present the City of Rockford's Popular Annual Financial Report (PAFR) for the fiscal year ended December 31, 2022. This report gives readers a summary of the City's financial activities. The purpose of the PAFR is to report the City's financial information in a clear, concise manner giving all readers, both financial and non-financial, an understanding of where the revenue comes from and where dollars are being spent. Most importantly, it is essential that our citizens understand the key services that the City provides to make the City of Rockford a safer and more enjoyable place in which to work, live, and play.

The PAFR summarizes the financial activities of the City for our fiscal year which runs from January 1 to December 31. It is drawn from a more detailed report called the Annual Comprehensive Financial Report (ACFR). The ACFR includes financial statements that are prepared in accordance with Generally Accepted Accounting Principles (GAAP) and audited by Lauterbach & Amen LLP, an independent auditing firm. The 2022 ACFR has received an unmodified (clean) opinion. The numbers contained within the ACFR were acquired by applying the basis of accounting principles as prescribed by the Governmental Accounting Standards Board (GASB).

Although the numbers used in the PAFR come from an audited source, we have presented them in a condensed, easy to understand, non-GAAP format. GAAP reports deal with the presentation of segregated funds as well as full disclosure of all material financial and nonfinancial events in notes to the financial statements, while non-GAAP reports do not contain such notes. Citizens who wish to review audited GAAP basis financial statements can refer to the City of Rockford ACFR, which is available from the Finance Department or on the City's website at [rockfordil.gov](http://rockfordil.gov).

As a municipality, we want to continue to promote awareness, accountability, and transparency of the City's financial information. We anticipate that after reading the PAFR, community members will be reassured that public dollars are being used to build a better, safer, and stronger City of Rockford. With the help of all departments, the City, in 2022 has accomplished many goals. All these positive achievements have helped to increase growth and success in our City. We look forward to the future and growth of the City.

We are honored to serve the citizens of the City of Rockford and hope you enjoy reviewing the 2022 PAFR. We welcome any input, questions, and comments you may have regarding this report. You may contact the Finance Department at 779-348-7470.

City of Rockford Finance Department



## Basic Demographics

	CITY OF ROCKFORD	WINNEBAGO COUNTY	STATE OF ILLINOIS	UNITED STATES
Population	148,655	285,350	12,812,508	331,449,281
Households	61,304	115,240	4,930,255	124,010,992
Persons per household	2.37	2.44	2.54	2.60
Median Household Income	47,002	57,779	72,563	69,021
Per Capita Income	27,186	31,134	39,571	37,638
High School Graduate or Higher (%)	84.5%	88.2%	89.9%	88.9%
Persons in Poverty (%)	22.0%	14.2%	12.1%	11.6%
Median Home Value	97,500	125,900	212,600	244,900

Source: 2020 Census Quick Facts

## 10 Years at a Glance

CITY OF ROCKFORD	2012	2017	2022
Population	151,095	147,051	147,711
Unemployment Rate (%)	13.8%	6.4%	5.4%
Full Time Employees	1,101	1,075	1,122
Number of Sworn Police Officers	283	284	301
Number of Sworn Fire Personnel	280	261	274
Taxable Assessed Value	1,708,929	1,472,904	1,952,770
City Direct Tax Rate	3.2845	3.7608	2.8335
Net Bonded Debt (000s)	102,911	81,182	76,709
Municipal Sales Tax (000s)	37,902	23,860	28,792
Governmental Fund Revenue (000s)	201,485	215,415	349,187
Governmental Fund Expenditures (000s)	197,648	235,181	272,619
Governmental Funds - Fund Balance (000s)	81,329	58,090	171,610



# The City's Finances

## Accounting for Financial Activities

**Fund Accounting Structure** – The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

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.

The City maintains 11 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.

**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 government-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.

# CITY HALL

## Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the finances of the City in a manner similar to a private-sector business. The statement of net position presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Net Position measures the net financial resources available as a result of City operations to pay expenditures in future periods. Rating agencies examine net positions when considering the overall economic health and creditworthiness of the City. Net position here means the balance of governmental funds calculated in

accordance with generally accepted accounting principles. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

With total assets and deferred outflows of \$1,005.4 million and total liabilities and deferred inflows of \$795.1 million, the City's total net position was \$210.3 million at December 31, 2022. This is an increase of \$44.1 million mainly due to emergency funding. Approximately \$434.4 million represents the City's net investment in capital assets, \$53.3 million was held for restricted purposes and (\$277.4) million is classified as unrestricted.

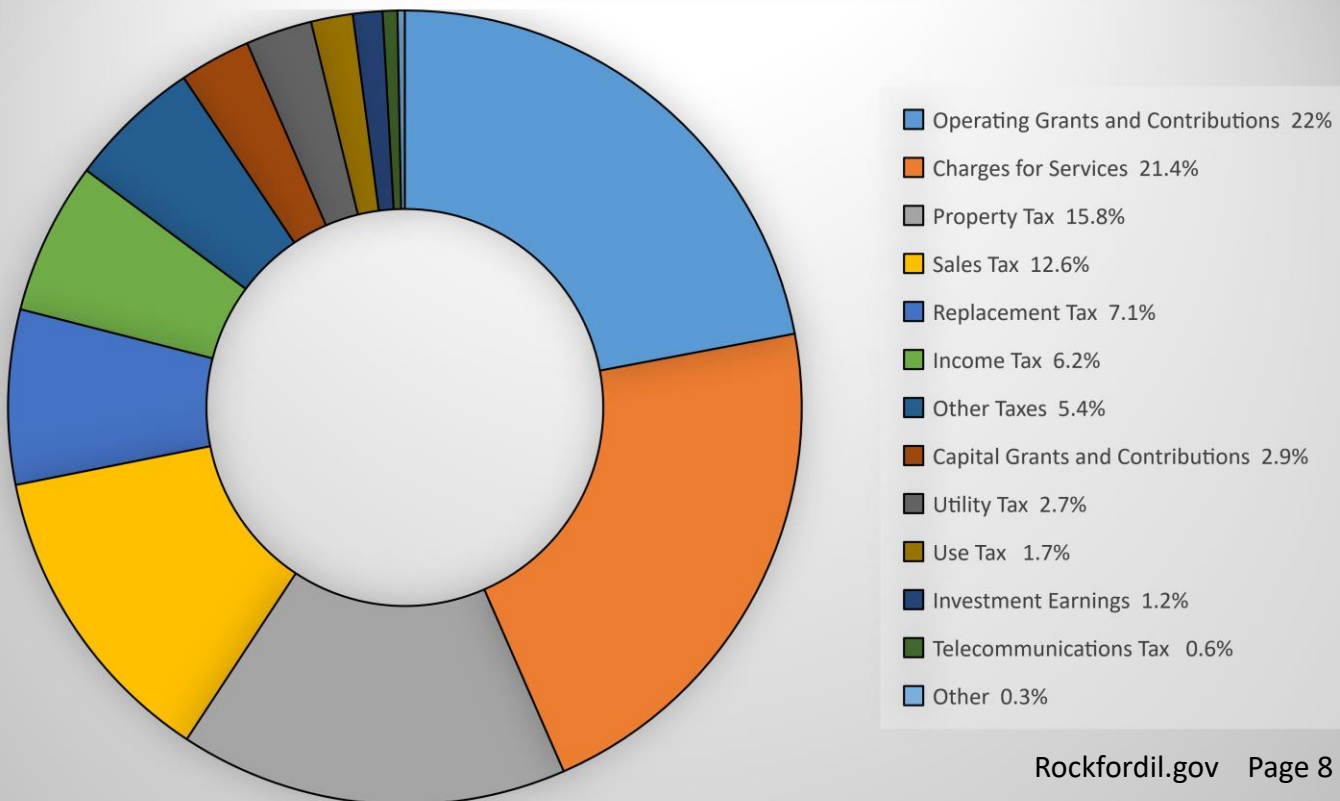
	12/31/2022	12/31/2021	12/31/2020
<b>ASSETS</b>			
Total current assets	312,206	239,722	187,964
Total noncurrent assets	563,195	595,825	556,620
Total assets	875,401	835,547	744,584
Total deferred outflows of resources	130,013	63,437	46,466
<b>LIABILITIES</b>			
Total current liabilities	57,883	75,864	46,006
Noncurrent liabilities	654,514	529,115	511,498
Total liabilities	712,397	604,979	557,504
Total deferred inflows of resources	82,720	127,885	108,192
<b>NET POSITION</b>			
Net Investment in Capital Assets			
Assets	434,375	432,458	436,897
Restricted	53,305	48,012	39,066
Unrestricted	(277,383)	(314,350)	(350,609)
Total Net Position	210,297	166,120	125,354



# Revenue

## Government-wide

REVENUE (in 000s)	12/31/2022	12/31/2021	12/31/2020
Operating Grants and Contributions	85,790	51,114	37,227
Charges for Services	83,494	81,027	78,384
Property Tax	61,857	60,828	59,559
Sales Tax	49,184	48,167	38,481
Replacement Tax	27,829	13,754	7,841
Income Tax	24,410	20,565	16,834
Other Taxes	20,924	19,472	18,893
Capital Grants and Contributions	11,422	5,050	497
Utility Tax	10,495	6,024	8,180
Use Tax	6,778	5,801	6,945
Investment Earnings	4,715	(102)	981
Telecommunications Tax	2,446	2,640	2,833
Other	1,250	6,535	9,520
<b>TOTAL</b>	<b>390,594</b>	<b>320,875</b>	<b>286,175</b>

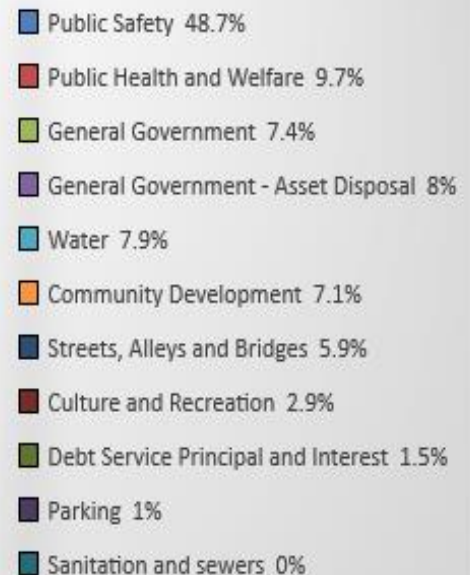
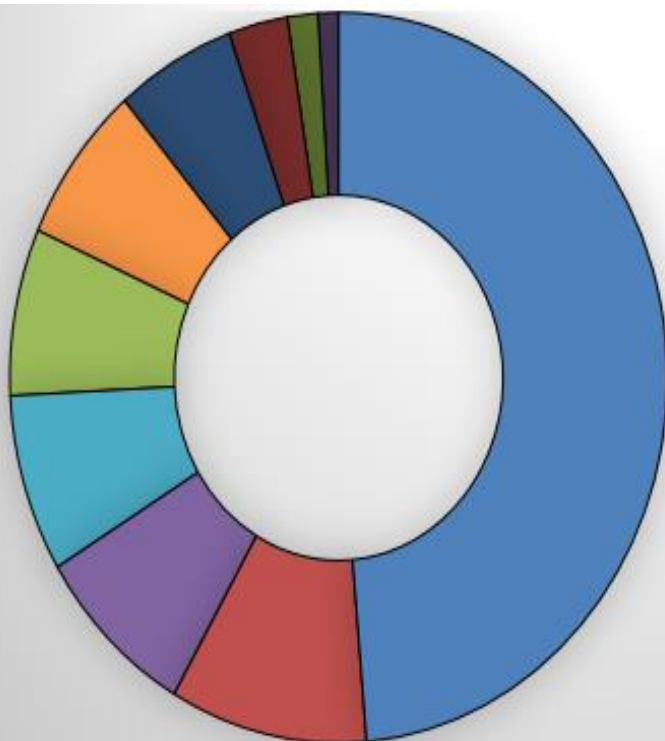




# Expenses

## Government-wide

EXPENSES (in 000s)	12/31/2022	12/31/2021	12/31/2020
Public Safety	168,741	141,686	128,277
Public Health and Welfare	33,443	29,249	21,384
General Government	25,569	17,818	11,274
General Government - Asset Disposal	27,562	-	-
Water	27,215	27,831	26,594
Community Development	24,649	21,225	23,971
Streets, Alleys and Bridges	20,482	24,305	23,434
Culture and Recreation	10,007	9,045	11,303
Debt Service Principal and Interest	5,187	5,136	4,149
Parking	3,550	3,790	2,805
Sanitation and sewers	12	25	25
<b>TOTAL</b>	<b>346,417</b>	<b>280,110</b>	<b>253,216</b>





# GENERAL FUND

## Statement of Revenues, Expenditures, & Changes in Fund Balance

REVENUES	12/31/2022	12/31/2021
Taxes	\$96,965,338	\$93,090,292
Licenses and permits	9,241,157	9,769,217
Intergovernmental	95,079,162	41,336,705
Charges for services	34,190,938	31,295,793
Fines	1,442,964	1,624,255
Investment income	3,108,147	(240,007)
Miscellaneous	478,722	260,863
<b>Total revenues</b>	<b>240,506,428</b>	<b>177,137,118</b>
<b>EXPENDITURES</b>		
General government	24,475,645	28,507,909
Public safety	128,073,458	128,074,403
Streets, alleys and bridges	10,733,442	11,854,105
Community development	3,133,525	2,252,866
Capital outlay	3,582,032	
Debt service	599,466	1,205,046
<b>Total expenditures</b>	<b>170,597,568</b>	<b>171,894,329</b>
<b>Excess revenues over expenditures</b>	<b>69,908,860</b>	<b>5,242,789</b>
<b>OTHER FINANCING SOURCES (USES)</b>		
Debt issuance	2,100,000	710,078
Transfers in	4,188,152	3,287,459
Transfers out	(6,034,527)	(5,781,779)
<b>Net change in fund balances</b>	<b>70,162,485</b>	<b>3,458,547</b>
<b>Fund balances - beginning</b>	<b>46,599,148</b>	<b>43,140,601</b>
<b>Fund balances - ending</b>	<b>\$116,761,633</b>	<b>\$46,599,148</b>

The General Fund is the chief operating fund of the City.

Revenues are primarily derived from general property taxes, charges for services, fines, licenses and permits, and State and Federal Sources.

Expenditures are primarily related to general administration, police and fire protection, street inspection and maintenance, building inspection, and planning and zoning.

The General Fund's unassigned fund balance at year end was \$116.8 million, an increase of \$70.2 million from the previous year. This 150.6% increase is primarily due to increases in tax collection, intergovernmental revenues, including American Rescue Plan Act relief funding, charges for services, and investment income.





# ENTERPRISE FUNDS

## Schedule of Revenues, Expenses, & Changes in Net Position

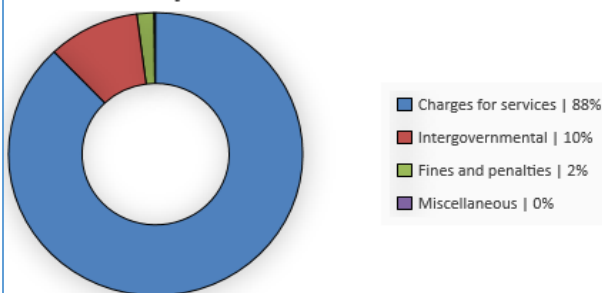
Enterprise Funds are used to record the City's business type activities.

The City's enterprise funds are the Water Utility fund and the Parking system fund.

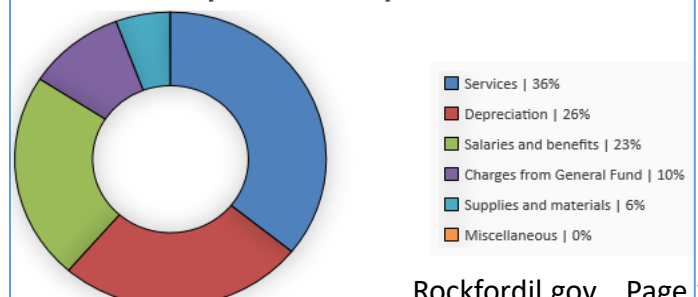
These funds are designed to be self-sustaining deriving revenue from customer fees. These fees supply the necessary funds to allow the water and parking fund to remain financially independent and also allow for some capital investments to provide and maintain the City's water utility and parking system.

	<u>Water Utility</u>	<u>Parking System</u>	<u>Total Enterprise 2022</u>	<u>Total Enterprise 2021</u>
<b>OPERATING REVENUES</b>				
Charges for services	31,888,981	1,923,712	33,812,693	33,184,650
Fines and penalties	718,671	-	718,671	1,488,554
Intergovernmental	3,883,129	-	3,883,129	3,504,470
Miscellaneous	70,133	2,669	72,802	43,822
Total operating revenues	36,560,914	1,926,381	38,487,295	38,221,496
<b>OPERATING EXPENSES</b>				
Salaries and benefits	6,329,259	298,014	6,627,273	6,172,345
Services	8,671,152	1,728,931	10,400,083	10,034,849
Supplies and materials	1,615,513	32,629	1,648,142	1,325,346
Depreciation	6,486,382	943,146	7,429,528	7,599,305
Charges from General Fund	2,946,903	-	2,946,903	2,911,753
Miscellaneous	-	10,186	10,186	10,244
Total operating expenses	26,049,209	3,012,906	29,062,115	28,053,842
Operating Income (loss)	10,511,705	(1,086,525)	9,425,180	10,167,654
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Unrestricted Grants	-	-	-	900,000
Investment Income	667,959	(139,941)	528,018	(57,012)
Disposal of capital assets	(402,845)	-	(402,845)	(2,216,421)
Interest expense and service fees	(863,554)	(536,735)	(1,400,289)	(1,451,602)
Amortization expense	100,307	-	100,307	100,307
	(498,133)	(676,676)	(1,174,809)	(2,724,728)
Income (loss) before transfers and contribution	10,013,572	(1,763,201)	8,250,371	7,442,926
Transfers out	-	(307,608)	(307,608)	(33,856)
Contributions from developers	1,662,459	307,608	1,970,067	630,169
	1,662,459	-	1,662,459	596,313
Changes in net position	11,676,031	(1,763,201)	9,912,830	8,039,239
Net position - beginning	176,679,864	8,237,705	184,917,569	176,878,330
Net position - ending	188,355,895	6,474,504	194,830,399	184,917,569

**Enterprise Fund Revenue**



**Enterprise Fund Expenses**





## Government-wide

All general obligation notes and bonds payable are backed by the full faith and credit of the City. The chart below illustrates the City's total outstanding debt service and how it can be expected to change over time. Should the City not issue any more debt, the City's general obligation would be completely paid off by the year 2039. As a non-home rule government, under Illinois law, the City is limited in issuing debt. Moody's Investor Service has issued the City of Rockford a bond rating of A3.

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, 2022, the City's indebtedness was \$125.4 million less than the City limit and \$160.4 million less than the State limit.

Long Term Debt Obligations (in 000s)





## Pension Benefits

The City contributes to three defined benefit pension plans: The Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer public employee retirement system; the Police Pension Plan, a single-employer pension plan; and the Firefighters' Pension, also a single-employer pension plan. The benefits, benefit levels, employee contributions and employer contributions for all three plans are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly.

All employees (other than those covered by the Police Pension and Firefighters' Pension Plan) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. Participating members are required to contribute 4.50% of their annual gross salary to IMRF. The City is required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The City's actuarially determined contribution rate for the fiscal year ended December 31, 2022 was 9.46% of covered payroll.

The City's sworn police personnel are enrolled in the Police Pension Plan as participating members and contribute 9.91% of their base salary to the Police Pension Plan. The City's sworn fire personnel are enrolled in the Firefighters' Pension Plan as participating members and contribute 9.455% of their base salary to the Firefighters' Pension Plan.

The City is required to contribute the remaining amounts necessary to finance the Plans and the administrative costs as actuarially determined by an enrolled actuary. ILCS requires the City to contribute a minimum amount annually calculated using a 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, 2022, the City's contribution to the Police Pension Fund was 46.45% of covered payroll. The unfunded net pension liability at December 31, 2022 measures \$212 million and the fund is 49.84% funded.
- For the year-ended December 31, 2022, the City's contribution to the Fire Pension Fund was 56.16% of covered payroll. The unfunded net pension liability at December 31, 2022 measures \$242 million and the fund is 40.73% funded.

### Executed Summary

As reported under GASB87 as of December 31, 2022

	Police Pension	Firefighters' Pension
Total Pension Liability	422,648,064	408,781,871
Plan Fiduciary Net Position	210,656,390	166,499,985
Net Pension Liability	211,991,674	242,281,886
Plan Fiduciary Net Position as a % of Total Pension Liability	49.84%	40.73%



## FOR MORE INFORMATION...

Visit the City of Rockford website to access the full Annual Comprehensive Financial Report, pay a bill, report an issue, and access all city departments:



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