

# CITY OF ROCKFORD, ILLINOIS

---

## ANNUAL COMPREHENSIVE FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED  
DECEMBER 31, 2022

425 E State St  
Rockford, IL 61104  
Phone: 779.348.7467  
[www.rockfordil.gov](http://www.rockfordil.gov)

**CITY OF ROCKFORD, ILLINOIS**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2022**

**Prepared by:**

**Finance Office**

TABLE OF CONTENTS

---

---

PAGE

**INTRODUCTORY SECTION**

Letter of Transmittal	<a href="#"><u>1</u></a>
Officials and Officers	<a href="#"><u>6</u></a>
Organization Chart	<a href="#"><u>7</u></a>
Certificate of Achievement for Excellence in Financial Reporting	<a href="#"><u>8</u></a>

**FINANCIAL SECTION**

<b>INDEPENDENT AUDITORS' REPORT</b>	<a href="#"><u>11</u></a>
-------------------------------------	---------------------------

<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	<a href="#"><u>15</u></a>
---	---------------------------

**BASIC FINANCIAL STATEMENTS**

Government-Wide Financial Statements	
Statement of Net Position	<a href="#"><u>32</u></a>
Statement of Activities	<a href="#"><u>34</u></a>
Fund Financial Statements	
Balance Sheet - Governmental Funds	<a href="#"><u>36</u></a>
Reconciliation of Total Governmental Fund Balance to the	
Statement of Net Position - Governmental Activities	<a href="#"><u>38</u></a>
Statement of Revenues, Expenditures and Changes in	
Fund Balances - Governmental Funds	<a href="#"><u>40</u></a>
Reconciliation of the Statement of Revenues, Expenditures and Changes in	
Fund Balances to the Statement of Activities - Governmental Activities	<a href="#"><u>42</u></a>
Statement of Net Position - Proprietary Funds	<a href="#"><u>44</u></a>
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	<a href="#"><u>46</u></a>
Statement of Cash Flows - Proprietary Funds	<a href="#"><u>47</u></a>
Statement of Fiduciary Net Position	<a href="#"><u>49</u></a>
Statement of Changes in Fiduciary Net Position	<a href="#"><u>50</u></a>
Notes to Financial Statements	<a href="#"><u>51</u></a>

TABLE OF CONTENTS

PAGE

FINANCIAL SECTION - Continued

**REQUIRED SUPPLEMENTARY INFORMATION**

Schedule of Employer Contributions	
Illinois Municipal Retirement Fund	<a href="#">126</a>
Police Pension Fund	<a href="#">127</a>
Firefighters' Pension Fund	<a href="#">128</a>
Schedule of Changes in the Employer's Net Pension Liability	
Illinois Municipal Retirement Fund	<a href="#">129</a>
Police Pension Fund	<a href="#">131</a>
Firefighters' Pension Fund	<a href="#">133</a>
Schedule of Investment Returns	<a href="#">135</a>
Schedule of Changes in the Employer's Total OPEB Liability	
Retiree Benefit Plan	<a href="#">137</a>
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	
General Fund	<a href="#">139</a>
Public Library - Special Revenue Fund	<a href="#">141</a>
Community Development - Special Revenue Fund	<a href="#">142</a>
Human Services - Special Revenue Fund	<a href="#">143</a>
Tax Increment - Special Revenue Fund	<a href="#">144</a>

**OTHER SUPPLEMENTARY INFORMATION**

Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	
Debt Service Fund	<a href="#">146</a>
Capital Projects Fund	<a href="#">147</a>
Combining Balance Sheet - Nonmajor Governmental - Special Revenue Funds	<a href="#">149</a>
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	
Nonmajor Governmental - Special Revenue Funds	<a href="#">150</a>
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	
Motor Fuel Tax - Special Revenue Fund	<a href="#">151</a>
Redevelopment - Special Revenue Fund	<a href="#">151</a>
Family Justice Center - Special Revenue Fund	<a href="#">152</a>
Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual	
Water Utility - Enterprise Fund	<a href="#">154</a>
Parking System - Enterprise Fund	<a href="#">154</a>

TABLE OF CONTENTS

PAGE

**FINANCIAL SECTION - Continued**

Combining Statement of Net Position - Internal Service Funds	<a href="#">157</a>
Combining Statement of Revenues, Expenses and Changes in Net Position	
Internal Service Funds	<a href="#">159</a>
Combining Statement of Cash Flows - Internal Service Funds	<a href="#">161</a>
Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual	
Central Garage - Internal Service Fund	<a href="#">163</a>
Building Maintenance - Internal Service Fund	<a href="#">163</a>
Health Insurance - Internal Service Fund	<a href="#">164</a>
911 Communication - Internal Service Fund	<a href="#">164</a>
Risk Management - Internal Service Fund	<a href="#">165</a>
Information System - Internal Service Fund	<a href="#">165</a>
Workmen's Compensation - Internal Service Fund	<a href="#">166</a>
Combining Statement of Fiduciary Net Position - Pension Trust Funds	<a href="#">168</a>
Combining Statement of Changes in Fiduciary Net Position - Pension Trust Funds	<a href="#">169</a>
Schedule of Changes in Fiduciary Net Position - Budget and Actual	
Police Pension Fund - Pension Trust Fund	<a href="#">170</a>
Firefighters' Pension Fund - Pension Trust Fund	<a href="#">170</a>
Consolidated Year-End Financial Report	<a href="#">171</a>
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters	
Based on an Audit of Financial Statements Performed in Accordance with <i>Governmental Auditing Standards</i>	<a href="#">172</a>

**STATISTICAL SECTION (Unaudited)**

Net Position by Component - Last Ten Fiscal Years	<a href="#">176</a>
Changes in Net Position - Last Ten Fiscal Years	<a href="#">178</a>
Fund Balances of Governmental Funds - Last Ten Fiscal Years	<a href="#">180</a>
Changes in Fund Balances for Governmental Funds - Last Ten Fiscal Years	<a href="#">182</a>
Assessed Value and Estimated Value of Taxable Property - Last Ten Tax Levy Years	<a href="#">184</a>
Direct and Overlapping Property Tax Rates - Last Ten Tax Levy Years	<a href="#">186</a>
Principal Property Tax Payers - Current Fiscal Year and Ten Fiscal Years Ago	<a href="#">188</a>
Property Tax Levies and Collections - Last Ten Tax Levy Years	<a href="#">189</a>
Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	<a href="#">190</a>
Ratios of Net General Bonded Debt - Last Ten Fiscal Years	<a href="#">192</a>
Schedule of Direct and Overlapping Governmental Activities Debt	<a href="#">193</a>

# CITY OF ROCKFORD, ILLINOIS

## TABLE OF CONTENTS

---

### PAGE

#### **STATISTICAL SECTION (Unaudited) - Continued**

Legal Debt Margin - Last Ten Fiscal Years	<a href="#"><u>194</u></a>
Pledged-Revenue Coverage - Last Ten Fiscal Years	<a href="#"><u>196</u></a>
Demographic and Economic Statistics - Last Ten Fiscal Years	<a href="#"><u>197</u></a>
Principal Employers - Current Fiscal Year and Ten Fiscal Years Ago	<a href="#"><u>198</u></a>
Full-Time Equivalent City Government Employees by Function/Program - Last Ten Fiscal Years	<a href="#"><u>200</u></a>
Operating Indicators by Function/Program - Last Ten Fiscal Years	<a href="#"><u>202</u></a>
Capital Asset Statistics by Function/Program - Last Ten Fiscal Years	<a href="#"><u>204</u></a>

## **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*

June 23, 2023

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 ending December 31, 2022, 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, 2022 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, 2022 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 147,711 residents encompassing approximately 64.48 square miles and serves as the county seat for Winnebago County. The City is empowered to levy property taxes (subject to the Property Tax Extension Limitation Law provisions, which limits the annual growth in property tax extensions for the City to the lesser of 5% or the percentage increase in the Consumer Price Index during the preceding calendar year plus full credit for new construction and annexations) on both real and personal property located within its boundaries and has the authority to extend its corporate limits through annexation, when deemed appropriate and as approved by City Council.

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

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

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

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

## **Factors Affecting Financial Condition**

**Local economy.** The City of Rockford continues to expand and diversify its industrial base and employment opportunities. Rockford's economy is diversified with manufacturing and medical as its primary base, while call center/office operations, distribution centers, and educational institutions become more important to the economy. The 2022 average unemployment rate for the metropolitan area was 5.9% as compared to the state average of 4.6% and the national average of 3.6%.

Rockford is home to the operations of several large companies such as: Mercy Health System, UW Health, Collins Aerospace, United Parcel Service, OSF St. Anthony's Healthcare, Stellantis, 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 over thirty 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 University Rockford Campus - featuring two year degrees that work in harmony with Rockford's business community and employer demands.

**Long-term financial planning.** The City of Rockford utilizes a five-year capital improvement program to prioritize public projects which will be scheduled over a number of years as financial resources are available. The City utilizes a variety of methods to fund these projects such as: public-private cooperative efforts, special purpose taxes, cost sharing with other governmental agencies, and issuing general obligation and alternate revenue bonds. The Program's mission is the advancement of enhancing public safety, maintaining and improving the movement of commerce and economic activity throughout the City, and promoting a sense of well-being for the community as a whole.

Areas of emphasis that are apparent in the Capital program include the programming of regular maintenance activities to economically prolong the life of our infrastructure, targeted repairs to our highway structures, improvement of our stormwater system, continued investment into neighborhood and arterial streets, and the enhancement of our City-wide pedestrian and bicycle accommodations.

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

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

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

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

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

The City of Rockford contributes to the Illinois Municipal Retirement Fund ("IMRF"), an agent for multiple-employer, public employee retirement systems, acting as a common investment and administrative agent for local governments and school districts in Illinois. The City's contribution is determined each year by IMRF and for 2022 the amount was 8.80% 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, 2021. This was the forty-second 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, 2022. 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 cursive script that reads "Carrie Hagerty". The ink is dark and the signature is fluid, with a large 'C' and a long, sweeping 'y'.

Carrie Hagerty  
Finance Director

**CITY OF ROCKFORD, ILLINOIS**

**Officials and Officers**

**December 31, 2022**

---

**MAYOR**

**Thomas P. McNamara**

**CITY COUNCIL MEMBERS**

**Franklin C. Beach  
Mark Bonne  
Timothy J. Durkee  
Kevin Frost  
Karen K. Hoffman  
Jonathan Logemann  
Linda McNeely**

**Gina Meeks  
Aprel Prunty  
Tuffy Quinonez  
Bill Rose  
Gabrielle Torina  
Chad Tuneberg  
Janessa Wilkins**

**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

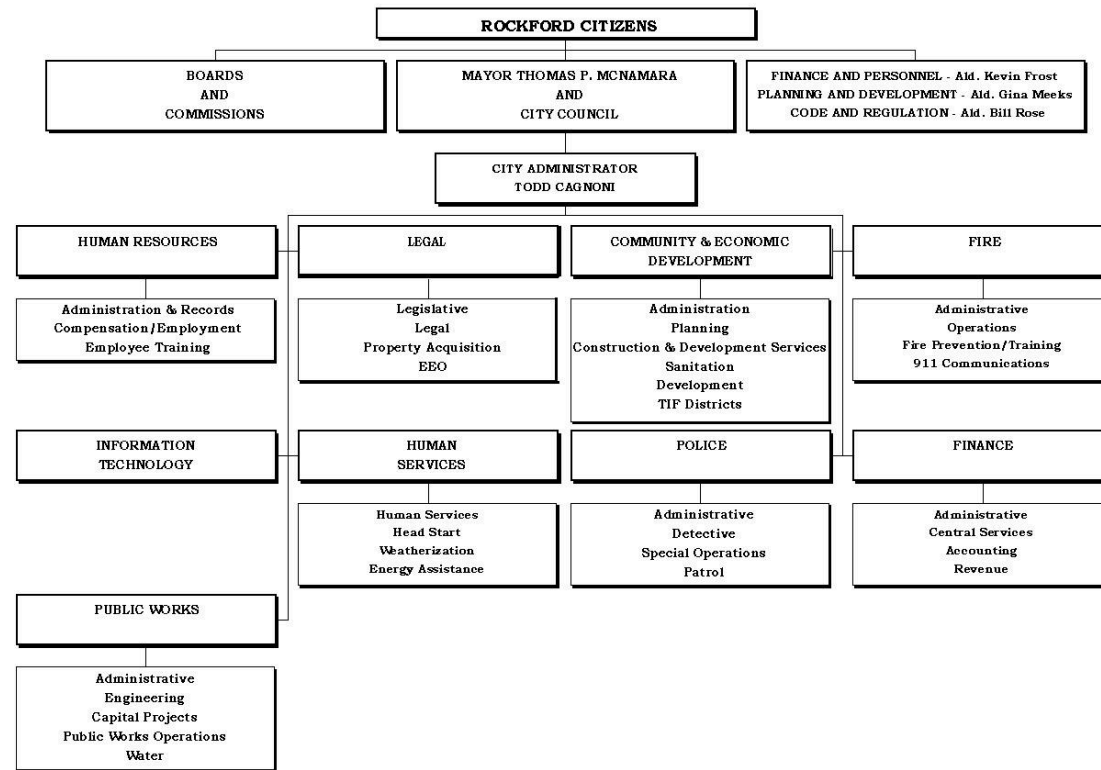
Anqunette Parham, Health and Human Services Director

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, 2021

*Christopher P. Morill*

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**

June 23, 2023

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

### **Report on the Audit of the Financial Statements**

#### *Opinion*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rockford, Illinois, as of and for the year ended December 31, 2022, 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, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2022, 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.

We did not audit the financial statements of the Rockford Mass Transit District and the Rockford Metropolitan Exposition, Auditorium and Office Building Authority as of June 30, 2022, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for the Rockford Mass Transit District and the Rockford Metropolitan Exposition, Auditorium and Office Building Authority, are based solely on the report of the other auditors.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 and *Government 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, the budgetary comparison schedules, and GASB-required pension and other post-employment benefit (OPEB) reporting, 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 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 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.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Lauterbach & Amen, LLP*

LAUTERBACH & AMEN, LLP

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

## **CITY OF ROCKFORD, ILLINOIS**

### **Management's Discussion and Analysis**

**December 31, 2022**

---

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, 2022. 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 \$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. Of this amount, approximately \$434.4 million represent the City's net investment in capital assets, \$53.3 million was held for restricted purposes and (\$277.4) 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 \$171.6 million, an increase of \$79.4 million in comparison with the prior year. Approximately 65.4 percent of this total amount, \$112.2 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 \$116.4 million, or 68.3 percent of total General Fund expenditures. In comparison, the prior year unassigned fund balance was \$46.3 million, 26.9 percent of General Fund expenditures.
- During the current fiscal year, the City's total long-term bonded debt decreased by 9.7 percent or \$8.9 million.
- Beginning balances in capital assets and long-term debt were restated due to the implementations of GASB Statement No. 87; however, the net effect on the Statement of Activities was zero.

### **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, 2022

---

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 needs improvement.

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

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

### Fund financial statements

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

## CITY OF ROCKFORD, ILLINOIS

### Management's Discussion and Analysis

December 31, 2022

---

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 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. 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 Rock River Training Fund. 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 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.

**Notes to the financial statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

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



# CITY OF ROCKFORD, ILLINOIS

## Management's Discussion and Analysis

December 31, 2022

### 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 \$210.3 million at the close of the fiscal year ended December 31, 2022.

The City's net position includes assets invested in capital net of related debt, restricted net position, and unrestricted net position. In 2022, assets invested in capital net of related debt were equal to \$434.4 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, 2022 and 2021:

	Net Position					
	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 283,770,090	\$ 251,775,110	\$ 36,754,720	\$ 30,840,601	\$ 320,524,810	\$ 282,615,711
Capital assets	337,067,927	344,193,571	217,808,447	208,737,790	554,876,374	552,931,361
Total assets	620,838,017	595,968,681	254,563,167	239,578,391	875,401,184	835,547,072
Deferred outflows of resources	126,219,788	62,047,272	3,793,461	1,389,618	130,013,249	63,436,890
Total assets/deferred outflows	747,057,805	658,015,953	258,356,628	240,968,009	1,005,414,433	898,983,962
Long-term liabilities	611,282,651	487,549,271	43,231,639	41,565,888	654,514,290	529,115,159
Current liabilities	46,102,990	66,257,848	11,780,134	9,605,964	57,883,124	75,863,812
Total liabilities	657,385,641	553,807,119	55,011,773	51,171,852	712,397,414	604,978,971
Deferred inflows of resources	74,205,384	123,006,861	8,514,456	4,878,588	82,719,840	127,885,449
Total liabilities/deferred inflows	731,591,025	676,813,980	63,526,229	56,050,440	795,117,254	732,864,420
Net position						
Net invested in capital assets	255,900,410	263,787,727	178,474,761	168,670,663	434,375,171	432,458,390
Restricted	44,987,301	39,822,410	8,318,535	8,189,179	53,305,836	48,011,589
Unrestricted	(285,420,931)	(322,408,164)	8,037,103	8,057,727	(277,383,828)	(314,350,437)
Total net position	15,466,780	(18,798,027)	194,830,399	184,917,569	210,297,179	166,119,542

## CITY OF ROCKFORD, ILLINOIS

### Management's Discussion and Analysis

December 31, 2022

---

#### 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 assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources of the City's governmental activities by \$15.5 million compared to at the end of 2021 where total liabilities and deferred inflows of resources exceeded total assets and deferred outflows of resources by \$18.8 million. 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 (\$285.4) million. Restricted net position, those restricted for special purposes such as; capital projects, debt service, and various grant related activities increased by 13.0 percent.

At the end of the current fiscal year, the City reported positive balances in all three categories of net position for the business-type activities. Total net position increased to \$194.8 million compared to \$184.9 million in the previous year.

# CITY OF ROCKFORD, ILLINOIS

## Management's Discussion and Analysis December 31, 2022

A summary of the City's 2022 Changes in Net Position is presented below:

	Changes in Net Position					
	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
<b>REVENUES</b>						
Program revenues:						
Charges for services	\$ 45,006,472	\$ 42,805,520	\$ 38,487,295	\$ 38,221,496	\$ 83,493,767	\$ 81,027,016
Operating grants and contributions	85,789,471	41,777,230	—	—	85,789,471	41,777,230
Capital grants and contributions	9,452,235	4,420,276	1,970,067	630,169	11,422,302	5,050,445
General revenues:						
Taxes						
Property taxes	61,857,366	60,828,453	—	—	61,857,366	60,828,453
Sales tax	49,183,904	48,166,796	—	—	49,183,904	48,166,796
Use taxes	6,778,301	5,801,055	—	—	6,778,301	5,801,055
Telecommunications taxes	2,446,018	2,640,048	—	—	2,446,018	2,640,048
Utility taxes	10,495,069	6,023,727	—	—	10,495,069	6,023,727
Other taxes	20,924,227	19,471,320	—	—	20,924,227	19,471,320
Intergovernmental - Unrestricted						
Income tax	24,409,935	20,565,117	—	—	24,409,935	20,565,117
Replacement tax	27,829,203	13,754,253	—	—	27,829,203	13,754,253
Grants	—	8,436,928	—	900,000	—	9,336,928
Interest earnings	4,186,856	(44,962)	528,018	(57,012)	4,714,874	(101,974)
Other	1,249,487	6,534,954	—	—	1,249,487	6,534,954
Total revenues	349,608,544	281,180,715	40,985,380	39,694,653	390,593,924	320,875,368
<b>EXPENSES</b>						
General government	53,130,735	17,817,639	—	—	53,130,735	17,817,639
Public safety	168,739,788	141,685,544	—	—	168,739,788	141,685,544
Streets, alleys and bridges	20,482,423	24,304,870	—	—	20,482,423	24,304,870
Community development	24,649,327	21,225,280	—	—	24,649,327	21,225,280
Sanitation and sewers	12,338	24,675	—	—	12,338	24,675
Culture and recreation	10,007,368	9,045,440	—	—	10,007,368	9,045,440
Public health and welfare	33,442,524	29,248,683	—	—	33,442,524	29,248,683
Interest and fiscal charges	5,186,842	5,135,893	—	—	5,186,842	5,135,893
Water	—	—	27,215,301	27,831,133	27,215,301	27,831,133
Parking	—	—	3,549,641	3,790,425	3,549,641	3,790,425
Total expenses	315,651,345	248,488,024	30,764,942	31,621,558	346,416,287	280,109,582
Increase (decrease) in net position before transfers	33,957,199	32,692,691	10,220,438	8,073,095	44,177,637	40,765,786
Transfers	307,608	33,856	(307,608)	(33,856)	—	—
Change in net position	34,264,807	32,726,547	9,912,830	8,039,239	44,177,637	40,765,786
Net position - beginning	(18,798,027)	(51,524,574)	184,917,569	176,878,330	166,119,542	125,353,756
Net position - ending	15,466,780	(18,798,027)	194,830,399	184,917,569	210,297,179	166,119,542

## CITY OF ROCKFORD, ILLINOIS

### Management's Discussion and Analysis

December 31, 2022

---

#### 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 \$349.6 million compared to \$281.2 million in 2021, an increase of 24.3 percent. The leading factors are as follows:

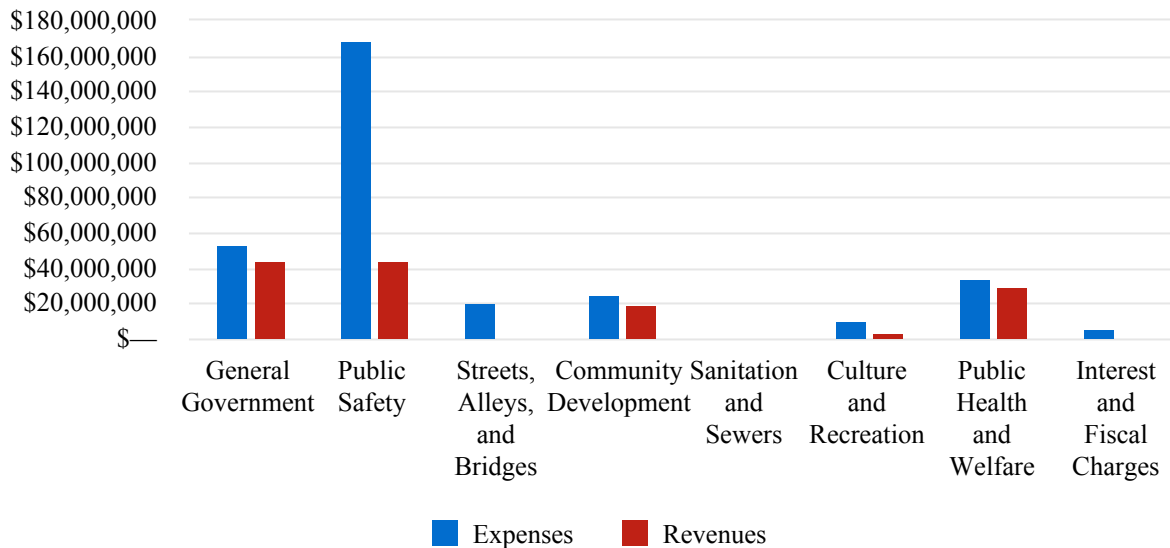
- Total operating grants and contributions for the current year were \$85.8 million an increase of \$44.0 million due to emergency relief funding.
- Total governmental activities' expense for the current year was \$315.7 million compared to \$248.5 million in 2021, an increase of 27.0 percent, due primarily to changes in the net pension liabilities and deferred items for the Police and Firefighters' pension funds.

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.

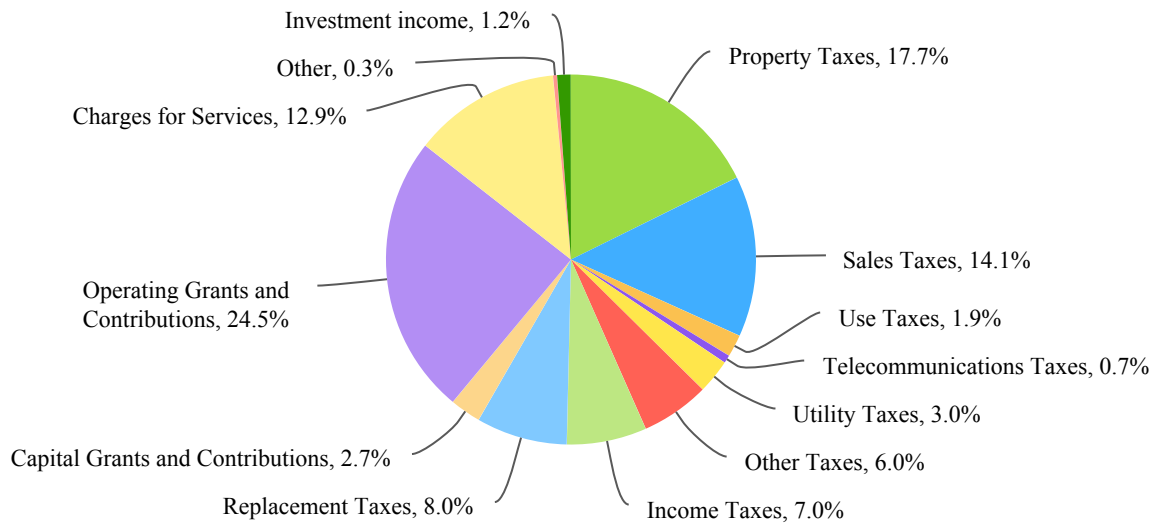
Management's Discussion and Analysis

December 31, 2022

Expense and Program Revenue - Governmental Activities



Revenues by Source - Governmental Activities



The cost of all governmental activities this year was \$315.7 million. However, the amount that taxpayers paid for these activities through City and State taxes was only \$203.9 million, an increase of \$26.7 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 services - \$45.0 million in 2022, an increase of \$2.2 million from 2021.
- Other governments and organizations that subsidized certain programs with grants - \$95.2 million in 2022, an increase of \$44.0 million due to emergency relief funding.

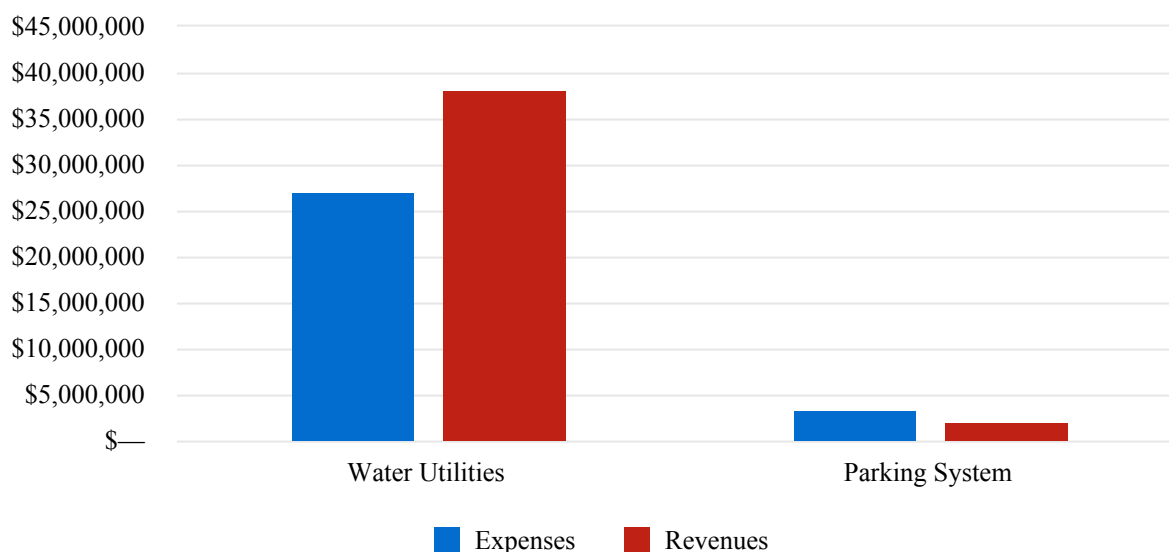
Management's Discussion and Analysis

December 31, 2022

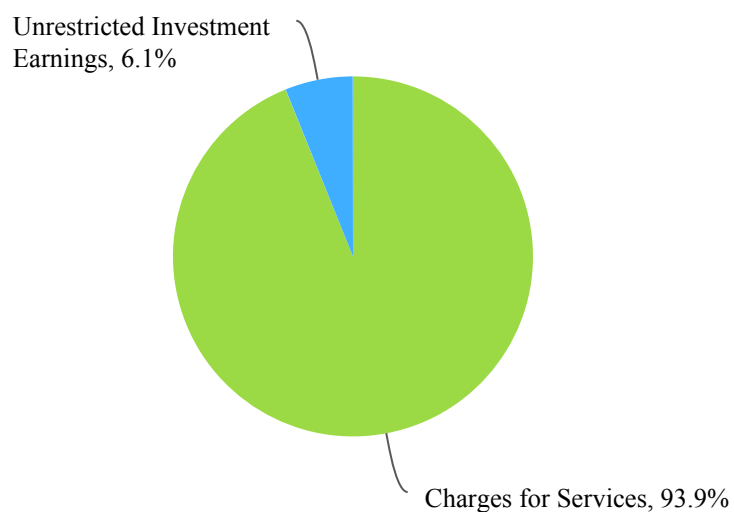
**Business-type Activities** - Business-type activities net position increased by \$9.9 million in 2022, compared to an increase of \$8.0 million in 2021. Revenues from business-type activities increased by 3.3 percent to \$41.0 million and expenses decreased 2.7 percent to \$30.8 million. Key elements contributing to these results included:

- Expenses decreased by \$0.9 million due to a gain (loss) on the disposal of capital assets of \$2.0 million in 2021 and \$0.5 million in 2022.

**Expenses and Program Revenues - Business-Type Activities**



**Revenues by Source - Business-Type Activities**



## CITY OF ROCKFORD, ILLINOIS

### Management's Discussion and Analysis

December 31, 2022

---

---

#### 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 2022, its governmental funds reported a combined fund balance of \$171.6 million, an increase of \$79.4 million, or 86.1 percent, in comparison with the prior fiscal year. Unassigned fund balance was \$112.2 million, which is available for spending at the government's discretion. The remaining \$59.4 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 \$116.4 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 68.3 percent of total General Fund expenditures.

The General Fund's 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 large increases in taxes, intergovernmental revenues, including American Rescue Plan Act relief funding in excess of \$39.0 million, charges for services, and investment income.

The following schedule presents the governmental funds summary of revenues for the years ended December 31, 2022 and 2021:

	2022	Percent of Total	2021	Amount of increase (decrease)	Percent of increase (decrease)
<b>Revenues by source</b>					
Taxes	\$ 145,179,350	41.58%	\$ 138,887,121	\$ 6,292,229	4.5%
Licenses and permits	9,241,157	2.65%	9,769,217	(528,060)	(5.4%)
Intergovernmental	153,986,379	44.09%	89,408,742	64,577,637	72.2%
Charges for services	34,283,445	9.82%	31,372,851	2,910,594	9.3%
Fines	1,481,870	0.42%	1,663,452	(181,582)	(10.9%)
Investment income	3,765,242	1.08%	516	3,764,726	729598.1%
Miscellaneous	1,249,487	0.36%	6,534,954	(5,285,467)	(80.9%)
 Total revenues	 \$ 349,186,930	 100.00%	 \$ 277,636,853	 \$ 71,550,077	 25.8%

Revenues of the City's governmental funds increased \$71.6 million or 25.8 percent from the prior fiscal year.

# CITY OF ROCKFORD, ILLINOIS

## Management's Discussion and Analysis

December 31, 2022

The following schedule presents the governmental funds summary of expenditures for the years ended December 31, 2022 and 2021:

	2022	Percent of Total	2021	Amount of increase (decrease)	Percent of increase (decrease)
<b>Expenditures by function</b>					
General government	\$ 24,475,645	8.98%	\$ 28,507,909	\$ (4,032,264)	(14.1%)
Public safety	129,221,965	47.40%	128,903,692	318,273	0.2%
Streets, alleys and bridges	12,160,406	4.46%	15,782,584	(3,622,178)	(23.0%)
Community development	24,466,215	8.97%	21,177,685	3,288,530	15.5%
Culture and recreation	8,788,636	3.22%	7,385,242	1,403,394	19.0%
Public health and welfare	33,265,425	12.20%	29,121,725	4,143,700	14.2%
Debt service:					
Principal payments	10,913,614	4.00%	10,585,839	327,775	3.1%
Interest and fiscal charges	4,827,525	1.78%	4,776,527	50,998	1.1%
Capital expenditures	24,499,621	8.99%	17,538,699	6,960,922	39.7%
<b>Total expenditures</b>	<b>\$ 272,619,052</b>	<b>100.00%</b>	<b>\$ 263,779,902</b>	<b>\$ 8,839,150</b>	<b>3.4%</b>

Expenditures of the City's governmental funds increased by \$8.8 million or 3.4 percent compared to the previous year. Capital expenditures increased by \$7.0 million.

The Public Library fund balance at year-end was \$16.2 million, up \$2.1 million from the prior year. This 15.3 percent increase is primarily the result of an increase in investment income and replacement tax revenues.

The Community Development Fund's fund balance at year-end was \$0.6 million, up \$1.0 million from the prior year. This increase is due primarily to increases in all revenues as a result of bettering economic conditions.

The Human Services Fund's fund balance at year-end was a deficit \$1.2 million, down \$4.0 million from the prior year. This decrease was due primarily to an increase of \$4.2 million in total expenditures.

The Tax Increment Fund's fund balance at year-end was a deficit \$3.0 million, up \$0.9 million from the prior year. This increase was due primarily to increases in property taxes.

The Debt Service Fund total fund balance at year-end was \$8.3 million, up \$0.4 million from the prior year, all of which is restricted or assigned for the payment of debt service. This increase was due primarily to an increase in transfers in from other funds in the current year.

Capital Projects Fund total fund balance at year-end was \$13.7 million, up \$4.0 million from the prior year, all of which is restricted or assigned for future capital projects. This increase was due primarily to an increase in taxes that was larger than the increase in expenditures in the current year.

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



## CITY OF ROCKFORD, ILLINOIS

### Management's Discussion and Analysis

December 31, 2022

---

#### General Fund Budgetary Highlights

The City Council passed a supplemental budget appropriation increasing expenditures by \$46.0 million (26.4 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:

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
Revenues	\$ 170,416,099	\$ 170,416,099	\$ 240,506,428	\$ 70,090,329
Expenditures	174,032,534	220,025,851	170,597,568	49,428,283
Excess (deficiency) of revenues over (under) expenditures	(3,616,435)	(49,609,752)	69,908,860	119,518,612
Other financing sources (uses)				
Debt issuance	6,717,589	6,717,589	2,100,000	(4,617,589)
Transfers from other funds	4,457,235	4,457,235	4,188,152	(269,083)
Transfers to other funds	(7,431,700)	(6,040,967)	(6,034,527)	6,440
Net change in fund balance	\$ 126,689	\$ (44,475,895)	\$ 70,162,485	\$ 114,638,380

During the year the City spent 77.5 percent of the final amount appropriated in the General Fund. Actual General Fund revenues were more than budgetary estimates by 41.1 percent.

# CITY OF ROCKFORD, ILLINOIS

## Management's Discussion and Analysis

December 31, 2022

### 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, 2022, amounts to \$554.9 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 decreased by 4.7 percent and the business-type activities increased by 4.3 percent.

	Primary Government Capital Assets (net of depreciation)					
	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Land	\$ 3,769,766	\$ 3,704,840	\$ 6,967,410	\$ 6,967,410	\$ 10,737,176	\$ 10,672,250
Construction in progress	22,721,324	27,188,114	12,054,253	17,094,654	34,775,577	44,282,768
Land improvements	1,143,547	148,297	298,024	332,988	1,441,571	481,285
Leased land improvements	297,568	303,662	—	—	297,568	303,662
Building improvements	54,389,437	68,298,519	32,459,112	31,924,568	86,848,549	100,223,087
Leased buildings	8,338,810	9,051,401	—	—	8,338,810	9,051,401
Improvements other than building	—	—	164,588,937	151,213,242	164,588,937	151,213,242
Equipment	17,503,175	15,273,506	1,438,535	1,204,928	18,941,710	16,478,434
Leased equipment	50,286	153,285	2,176	7,397	52,462	160,682
Infrastructure	228,854,014	229,580,295	—	—	228,854,014	229,580,295
<b>Totals</b>	<b>\$ 337,067,927</b>	<b>\$ 353,701,919</b>	<b>\$ 217,808,447</b>	<b>\$ 208,745,187</b>	<b>\$ 554,876,374</b>	<b>\$ 562,447,106</b>

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

	Governmental Activities	Business-Type Activities
Land	\$ 86,754	\$ —
Construction in progress	7,530,540	15,230,989
Land improvements	191,020	—
Building improvements	1,899,020	1,249,159
Equipment	8,341,153	415,485
Infrastructure	4,512,797	—
	<b>\$ 22,561,284</b>	<b>\$ 16,895,633</b>

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

## CITY OF ROCKFORD, ILLINOIS

### Management's Discussion and Analysis

December 31, 2022

**Long-term Debt** - At the end of the current fiscal year, the City of Rockford had total bonded debt outstanding of \$82.7 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	
	2022	2021	2022	2021	2022	2021
General obligation/ General obligation revenue bonds	\$ 65,821,177	\$ 72,482,724	\$ 16,848,823	\$ 19,057,276	\$ 82,670,000	\$ 91,540,000

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, 2022, the City's indebtedness was \$125.4 million less than the City limit and \$160.4 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 City has experienced some financial recovery, a long-term financial challenge continues. 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 2023 budget was to continue offering citizens basic services, continuing to grow our local economic base, a robust capital improvements program, and fiscal stability. Development and adoption of this budget was premised on maintaining a level of service equivalent to 2022, making incremental improvements where possible, and maintaining a flat or reduced property tax levy.

Budgeted revenues for the General Fund are \$193.1 million, including \$9.7 million for transfers in.

Budgeted expenditures in the General Fund are \$192.7 million, including \$1.5 million for transfers out. Major spending changes by account type for 2023 are:

- Personnel increased \$5.2 million as a result of wage increases and the settlement of collective bargaining, along with increases in required fire and police pension contributions.
- Contractual and supply accounts increased \$4.5 million. Fuel, vehicle repairs, and increases in contractual services costs drive the increase.
- Capital projects and equipment increase \$1.7 million from the 2022 budget, for planned vehicle purchases under the City's vehicle leasing program.

While the local economic environment and the impact it has on the City's available revenues continues to present a challenge, in November 2022, 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 2024 budget process to begin on a sound financial footing.

## **CITY OF ROCKFORD, ILLINOIS**

### **Management's Discussion and Analysis**

**December 31, 2022**

---

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

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 has committed all but \$4 million of the total for a variety of projects and initiatives throughout the City. 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, 2022**

---

**See Following Page**

# CITY OF ROCKFORD, ILLINOIS

## Statement of Net Position December 31, 2022

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Totals	Rockford Mass Transit District	Rockford Metropolitan Exposition, Auditorium and Office Building Authority
CURRENT ASSETS					
Cash and cash equivalents	\$ 152,196,718	\$ 14,656,560	\$ 166,853,278	\$ 4,187,623	\$ 3,646,680
Receivables - net of allowances	91,331,505	13,956,871	105,288,376	364,544	5,930,391
Internal balances	8,069,446	(8,069,446)	—	—	—
Due from governmental units	31,446,647	6,409,634	37,856,281	2,214,351	—
Inventories	376,838	1,482,566	1,859,404	512,146	41,141
Prepays	348,936	—	348,936	219,127	100,102
Total current assets	283,770,090	28,436,185	312,206,275	7,497,791	9,718,314
NONCURRENT ASSETS					
Capital assets					
Nondepreciable	26,491,090	19,021,663	45,512,753	1,992,553	7,239,404
Depreciable	566,191,934	327,516,167	893,708,101	57,665,361	47,795,656
Accumulated depreciation	(255,615,097)	(128,729,383)	(384,344,480)	(24,534,521)	(29,606,058)
	337,067,927	217,808,447	554,876,374	35,123,393	25,429,002
Other assets					
Other assets	—	—	—	—	9,680,779
Restricted assets:					
Cash and cash equivalents	—	8,318,535	8,318,535	3,211,170	3,157,359
	—	8,318,535	8,318,535	3,211,170	12,838,138
Total noncurrent assets	337,067,927	226,126,982	563,194,909	38,334,563	38,267,140
Total assets	620,838,017	254,563,167	875,401,184	45,832,354	47,985,454
DEFERRED OUTFLOWS OF RESOURCES					
Deferred items - net pension liabilities	117,001,872	2,679,511	119,681,383	3,528,316	—
Deferred items - total OPEB liability - RBP	8,713,597	115,653	8,829,250	—	—
Deferred items - ARO	—	998,297	998,297	—	—
Unamortized loss on refunding	504,319	—	504,319	—	—
Total deferred outflows of resources	126,219,788	3,793,461	130,013,249	3,528,316	—
Total assets and deferred outflows of resources	747,057,805	258,356,628	1,005,414,433	49,360,670	47,985,454

*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	
	Governmental Activities	Business-Type Activities	Totals	Rockford Mass Transit District	Rockford Auditorium and Office Building Authority
<b>CURRENT LIABILITIES</b>					
Accounts payable and other accrued liabilities	\$ 21,715,103	\$ 6,509,401	\$ 28,224,504	\$ 744,332	\$ 654,692
Accrued payroll and benefits	1,897,194	105,158	2,002,352	1,029,473	—
Due to other governmental units	6,544	—	6,544	—	—
Other payables	1,695,096	—	1,695,096	800,000	—
Other liabilities	342,820	1,395	344,215	2,574,283	13,670,258
Deposits and advances	—	48,723	48,723	—	—
Accrued interest payable	217,937	72,486	290,423	—	—
Current portion of long-term debt	20,228,296	5,042,971	25,271,267	153,370	342,335
Total current liabilities	46,102,990	11,780,134	57,883,124	5,301,458	14,667,285
Noncurrent liabilities:					
Noncurrent portion of long-term debt	611,282,651	43,231,639	654,514,290	11,340,589	2,207,735
Total liabilities	657,385,641	55,011,773	712,397,414	16,642,047	16,875,020
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Property taxes	63,742,471	—	63,742,471	—	—
Deferred items - leases	643,527	8,382,699	9,026,226	—	—
Deferred items - net pension liabilities	1,818,518	25,564	1,844,082	174,752	—
Deferred items - total OPEB liability - RBP	8,000,868	106,193	8,107,061	—	—
Total deferred inflows of recourses	74,205,384	8,514,456	82,719,840	174,752	—
Total liabilities and deferred inflows of resources	731,591,025	63,526,229	795,117,254	16,816,799	16,875,020
<b>NET POSITION</b>					
Net investment in capital assets	255,900,410	178,474,761	434,375,171	33,000,574	25,213,639
Restricted					
Capital projects	—	1,000,000	1,000,000	—	—
Debt service	8,046,664	7,318,535	15,365,199	—	—
Culture and recreation	16,194,130	—	16,194,130	—	3,157,360
Community development	5,124,404	—	5,124,404	—	—
Highways and streets	15,622,103	—	15,622,103	—	—
Unrestricted (deficit)	(285,420,931)	8,037,103	(277,383,828)	(456,703)	2,739,435
Total net position	\$ 15,466,780	\$ 194,830,399	\$ 210,297,179	\$ 32,543,871	\$ 31,110,434

*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, 2022**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental activities				
General government	\$ 53,130,735	\$ 43,432,095	\$ 460,000	\$ —
Public safety	168,739,788	1,442,964	42,840,024	—
Streets, alleys and bridges	20,482,423	—	—	—
Community development	24,649,327	—	10,093,161	9,452,235
Sanitation and sewers	12,338	—	—	—
Culture and recreation	10,007,368	131,413	3,186,943	—
Public health and welfare	33,442,524	—	29,209,343	—
Interest and fiscal charges	5,186,842	—	—	—
Total governmental activities	315,651,345	45,006,472	85,789,471	9,452,235
Business-type activities				
Water utilities	27,215,301	36,560,914	—	1,662,459
Parking system	3,549,641	1,926,381	—	307,608
Total business-type activities	30,764,942	38,487,295	—	1,970,067
Total primary government	\$ 346,416,287	\$ 83,493,767	\$ 85,789,471	\$ 11,422,302
COMPONENT UNITS				
Rockford mass transit district	\$ 22,145,426	\$ 1,162,326	\$ 19,111,464	\$ 6,025,790
Rockford metropolitan exposition, auditorium and office building authority	10,035,523	9,180,059	936,828	7,963,597
Total component units	\$ 32,180,949	\$ 10,342,385	\$ 20,048,292	\$ 13,989,387
General revenues				
Taxes				
Property taxes				
Sales taxes				
Use taxes				
Telecommunications taxes				
Utility taxes				
Other taxes				
Intergovernmental - Unrestricted				
Income tax				
Replacement tax				
Other				
Investment income				
Miscellaneous				
Transfers - internal activity				
Change in net position				
Net position - beginning				
Net position - ending				

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

Net (Expenses) Revenues					
Primary Government			Component Units		
			Rockford Mass Transit District	Rockford Metropolitan Exposition, Auditorium and Office Building Authority	
Governmental Activities	Business-Type Activities	Totals			
\$ (9,238,640)	\$ —	\$ (9,238,640)	\$ —	\$ —	—
(124,456,800)	—	(124,456,800)	—	—	—
(20,482,423)	—	(20,482,423)	—	—	—
(5,103,931)	—	(5,103,931)	—	—	—
(12,338)	—	(12,338)	—	—	—
(6,689,012)	—	(6,689,012)	—	—	—
(4,233,181)	—	(4,233,181)	—	—	—
(5,186,842)	—	(5,186,842)	—	—	—
(175,403,167)	—	(175,403,167)	—	—	—
—	11,008,072	11,008,072	—	—	—
—	(1,315,652)	(1,315,652)	—	—	85,654
—	9,692,420	9,692,420	—	—	85,654
(175,403,167)	9,692,420	(165,710,747)	—	—	85,654
—	—	—	4,154,154	—	—
—	—	—	—	—	8,044,961
—	—	—	4,154,154	—	8,044,961
61,857,366	—	61,857,366	—	—	—
49,183,904	—	49,183,904	—	—	—
6,778,301	—	6,778,301	—	—	—
2,446,018	—	2,446,018	—	—	—
10,495,069	—	10,495,069	—	—	—
14,418,692	—	14,418,692	—	—	174,942
24,409,935	—	24,409,935	—	—	—
27,829,203	—	27,829,203	—	—	—
6,505,535	—	6,505,535	—	—	—
4,186,856	528,018	4,714,874	6,447	—	4,074
1,249,487	—	1,249,487	—	—	—
307,608	(307,608)	—	—	—	—
209,667,974	220,410	209,888,384	6,447	—	179,016
34,264,807	9,912,830	44,177,637	4,160,601	—	8,223,977
(18,798,027)	184,917,569	166,119,542	28,383,270	—	22,886,457
\$ 15,466,780	\$ 194,830,399	\$ 210,297,179	\$ 32,543,871	\$ —	\$ 31,110,434

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

# CITY OF ROCKFORD, ILLINOIS

## Balance Sheet - Governmental Funds December 31, 2022

			Special
	General	Public Library	Community Development
<b>ASSETS</b>			
Cash and cash equivalents	\$ 75,042,962	\$ 15,960,725	\$ —
Receivables - net of allowances			
Property taxes	48,818,416	7,307,991	—
Accounts	20,810,560	698,972	—
Notes	150,000	—	4,376
Leases	645,412	600	—
Accrued interest	72,321	9,222	—
Due from the Federal Government	371,964	—	928,777
Due from the State of Illinois	247,914	—	237,226
Due from other governmental units	838,729	—	451
Due from other funds	32,706,540	—	—
Inventories	2,039	—	—
Prepays	168,219	—	—
Total assets	\$ 179,875,076	\$ 23,977,510	\$ 1,170,830
<b>LIABILITIES</b>			
Accounts payable	\$ 11,744,076	\$ 403,958	\$ 173,303
Accrued payroll and benefits	1,564,159	70,948	11,009
Due to other governmental units	—	—	168
Due to other funds	—	—	14,888
Other payables	323,744	3	338,744
Other liabilities	20,001	—	11,984
Total liabilities	13,651,980	474,909	550,096
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property taxes	48,818,416	7,307,991	—
Deferred items - leases	643,047	480	—
Total deferred inflows of resources	49,461,463	7,308,471	—
Total liabilities and deferred inflows of resources	63,113,443	7,783,380	550,096
<b>FUND BALANCES</b>			
Nonspendable	320,258	—	—
Restricted			
Debt service	—	—	—
Culture and recreation	—	16,194,130	—
Community development	—	—	620,734
Highway and streets	—	—	—
Assigned			
Community development	—	—	—
Public health and welfare	—	—	—
Unassigned	116,441,375	—	—
Total fund balances	116,761,633	16,194,130	620,734
Total liabilities and deferred inflows of resources and fund balance	\$ 179,875,076	\$ 23,977,510	\$ 1,170,830

*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		
\$ —	\$ —	\$ 7,729,652	\$ 8,470,857	\$ 20,484,777	\$ 127,688,973		
—	7,616,064	—	—	—	63,742,471		
220,634	—	373,054	5,500	746,840	22,855,560		
—	—	—	—	—	154,376		
—	—	—	—	—	646,012		
—	—	—	2,542	2,477	86,562		
8,968,438	—	—	54,502	154,553	10,478,234		
8,742,967	—	161,895	7,824,377	1,597,912	18,812,291		
—	—	—	1,088,151	—	1,927,331		
—	—	—	—	—	32,706,540		
—	—	—	—	—	2,039		
—	—	—	—	—	168,219		
\$ 17,932,039	\$ 7,616,064	\$ 8,264,601	\$ 17,445,929	\$ 22,986,559	\$ 279,268,608		
\$ 2,001,261	\$ 145,788	\$ —	\$ 3,635,354	\$ 2,083,819	\$ 20,187,559		
81,228	—	—	35,035	11,908	1,774,287		
—	—	—	6,376	—	6,544		
16,125,944	2,863,589	—	—	573,052	19,577,473		
945,790	922	—	85,893	—	1,695,096		
—	—	—	—	—	31,985		
19,154,223	3,010,299	—	3,762,658	2,668,779	43,272,944		
—	7,616,064	—	—	—	63,742,471		
—	—	—	—	—	643,527		
—	7,616,064	—	—	—	64,385,998		
19,154,223	10,626,363	—	3,762,658	2,668,779	107,658,942		
—	—	—	—	—	320,258		
—	—	8,264,601	—	—	8,264,601		
—	—	—	—	—	16,194,130		
—	—	—	—	4,503,670	5,124,404		
—	—	—	—	15,622,103	15,622,103		
—	—	—	13,683,271	—	13,683,271		
—	—	—	—	192,007	192,007		
(1,222,184)	(3,010,299)	—	—	—	112,208,892		
(1,222,184)	(3,010,299)	8,264,601	13,683,271	20,317,780	171,609,666		
\$ 17,932,039	\$ 7,616,064	\$ 8,264,601	\$ 17,445,929	\$ 22,986,559	\$ 279,268,608		

*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, 2022

---

---

Total fund balances for governmental funds	\$ 171,609,666
--	----------------

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.	337,067,927
Less: Internal Service Funds	(9,963,364)

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:

	6,225,015
--	-----------

Deferred outflows (inflows) of resources related to the pensions not reported in the funds.	115,896,083
Less: Internal Service Funds	(4,064,514)

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

Net pension liability - IMRF	(18,017,244)
Less: Internal Service Funds	3,834,715
Net pension liabilities	(454,273,560)
Total OPEB liability	(37,949,258)
Installment contracts payable	(12,807,419)
Intergovernmental payable	(3,667,924)
Bonds payable, net	(58,412,340)
Compensated absences	(10,060,148)
Leases payable	(7,436,776)
Section 108 guaranteed loans	(2,313,000)
Accrued interest on bonds	(201,079)

Total net position of governmental activities	<u>\$ 15,466,780</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, 2022**

---

**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, 2022**

		<b>Special</b>	
	<b>General</b>	<b>Public Library</b>	<b>Community Development</b>
<b>REVENUES</b>			
Taxes	\$ 96,965,338	\$ 7,357,979	\$ —
Licenses and permits	9,241,157	—	—
Intergovernmental	95,079,162	3,186,943	3,999,193
Charges for services	34,190,938	92,507	—
Fines	1,442,964	38,906	—
Investment income	3,108,147	362,213	249,520
Miscellaneous	478,722	459,343	117,175
Total revenues	240,506,428	11,497,891	4,365,888
<b>EXPENDITURES</b>			
General government	24,475,645	—	—
Public safety	128,073,458	—	—
Streets, alleys and bridges	10,733,442	—	—
Community development	3,133,525	—	3,738,044
Culture and recreation	—	8,788,636	—
Public health and welfare	—	—	—
Capital outlay	3,582,032	294,277	—
Debt service			
Principal payments	492,221	—	144,000
Interest and fiscal charges	107,245	55,890	1
Total expenditures	170,597,568	9,138,803	3,882,045
Excess (deficiency) of revenues over (under) expenditures	69,908,860	2,359,088	483,843
<b>OTHER FINANCING SOURCES (USES)</b>			
Debt issuance	2,100,000	—	—
Transfers in	4,188,152	—	478,854
Transfers out	(6,034,527)	(213,238)	—
	253,625	(213,238)	478,854
Net change in fund balances	70,162,485	2,145,850	962,697
Fund balances - beginning	46,599,148	14,048,280	(341,963)
Fund balances - ending	\$ 116,761,633	\$ 16,194,130	\$ 620,734

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

<b>Revenue</b>					
<b>Human Services</b>	<b>Tax Increment</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Nonmajor</b>	<b>Totals</b>
\$ —	\$ 6,168,328	\$ 2,036,915	\$ 24,790,843	\$ 7,859,947	\$ 145,179,350
—	—	—	—	—	9,241,157
29,209,343	—	460,000	—	22,051,738	153,986,379
—	—	—	—	—	34,283,445
—	—	—	—	—	1,481,870
(333,157)	6,988	—	60,569	310,962	3,765,242
398,192	(347,950)	—	78,055	65,950	1,249,487
29,274,378	5,827,366	2,496,915	24,929,467	30,288,597	349,186,930
—	—	—	—	—	24,475,645
—	—	—	—	1,148,507	129,221,965
—	—	—	1,426,964	—	12,160,406
—	1,929,281	—	—	15,665,365	24,466,215
—	—	—	—	—	8,788,636
33,265,425	—	—	—	—	33,265,425
—	—	—	20,623,312	—	24,499,621
40,235	209,682	9,634,514	1,967	390,995	10,913,614
2,025	117,977	2,729,408	4	1,814,975	4,827,525
33,307,685	2,256,940	12,363,922	22,052,247	19,019,842	272,619,052
(4,033,307)	3,570,426	(9,867,007)	2,877,220	11,268,755	76,567,878
—	—	—	—	208,473	2,308,473
—	—	10,246,171	2,452,408	456,969	17,822,554
—	(2,659,200)	—	(1,362,248)	(7,041,019)	(17,310,232)
—	(2,659,200)	10,246,171	1,090,160	(6,375,577)	2,820,795
(4,033,307)	911,226	379,164	3,967,380	4,893,178	79,388,673
2,811,123	(3,921,525)	7,885,437	9,715,891	15,424,602	92,220,993
\$ (1,222,184)	\$ (3,010,299)	\$ 8,264,601	\$ 13,683,271	\$ 20,317,780	\$ 171,609,666

*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 to the Statement of Activities - Governmental Activities

For the Fiscal Year Ended December 31, 2022

---

---

Net change in fund balances - total governmental funds	\$	79,388,673
--	----	------------

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 exceeds the proceeds from the sale of those assets is reported as a loss.

Capital outlays	26,343,168	
Depreciation expense	(15,338,932)	
Disposals - cost	(31,950,462)	
Disposals - accumulated depreciation	<u>4,388,914</u>	(16,557,312)

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 installment contract agreements	(2,308,473)	
---	-------------	--

Repayments:

Principal payment on bonds and other long-term obligations	<u>10,913,614</u>	8,605,141
--	-------------------	-----------

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	4,172,420	
Deferred items - RBP	(6,356,547)	
Net pension liability - IMRF	(39,283,833)	
Net pension liabilities	(110,058,196)	
Deferred items - pensions	113,742,545	
Compensated absences	(660,965)	
Accrued interest payable	41,065	
Amortization of bond premiums and discounts and losses	<u>(69,093)</u>	(38,472,604)

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.

	<u>1,300,909</u>
--	------------------

Change in net position of governmental activities	\$	<u><u>34,264,807</u></u>
---	----	--------------------------

*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, 2022**

---

**See Following Page**

**CITY OF ROCKFORD, ILLINOIS**

**Statement of Net Position - Proprietary Funds  
December 31, 2022**

	<b>Business-Type Activities - Enterprise Funds</b>			<b>Governmental Activities</b>
	<b>Water Utility</b>	<b>Nonmajor Parking System</b>	<b>Totals</b>	<b>Internal Service</b>
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 14,656,560	\$ —	\$ 14,656,560	\$ 24,507,745
Accounts receivable				
Water	2,474,122	—	2,474,122	—
Estimated unbilled water usage	3,827,000	—	3,827,000	—
Leases	—	8,382,013	8,382,013	—
Other	15,205	9,846	25,051	1,464,507
	6,316,327	8,391,859	14,708,186	1,464,507
Less allowance for uncollectible accounts	(751,315)	—	(751,315)	—
	5,565,012	8,391,859	13,956,871	1,464,507
Due from State of Illinois	6,409,634	—	6,409,634	—
Due from other governments	—	—	—	228,791
Inventories	1,482,566	—	1,482,566	374,799
Prepaid items	—	—	—	180,717
Current restricted assets				
Cash and cash equivalents				
Revenue bond renewal and replacement account	1,000,000	—	1,000,000	—
Alternate bond current debt service account	7,318,535	—	7,318,535	—
	8,318,535	—	8,318,535	—
Total current assets	36,432,307	8,391,859	44,824,166	26,756,559
Noncurrent assets				
Capital assets				
Land	637,705	6,329,705	6,967,410	—
Construction in progress	11,689,115	365,138	12,054,253	987,201
Land improvements	900,886	—	900,886	—
Buildings and improvements	26,680,218	29,073,014	55,753,232	6,180,692
Leased buildings	—	—	—	1,463,010
Equipment	5,583,723	80,745	5,664,468	11,825,879
Leased equipment	7,397	—	7,397	11,295
Improvements other than land and buildings	259,426,403	5,763,781	265,190,184	300,548
Less accumulated depreciation	(108,885,154)	(19,844,229)	(128,729,383)	(10,805,261)
Total noncurrent assets	196,040,293	21,768,154	217,808,447	9,963,364
Total assets	232,472,600	30,160,013	262,632,613	36,719,923
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred items - IMRF	2,679,511	—	2,679,511	4,103,666
Deferred items - RBP	111,006	4,647	115,653	—
Deferred items - ARO	998,297	—	998,297	—
Total deferred outflows of resources	3,788,814	4,647	3,793,461	4,103,666
Total assets and deferred outflows of resources	236,261,414	30,164,660	266,426,074	40,823,589

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

	<b>Business-Type Activities - Enterprise Funds</b>			<b>Governmental Activities</b>
	<b>Water Utility</b>	<b>Nonmajor Parking System</b>	<b>Totals</b>	<b>Internal Service</b>
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	\$ 6,171,811	\$ 337,590	\$ 6,509,401	\$ 1,527,544
Accrued payroll and benefits	101,085	4,073	105,158	122,907
Due to other funds	—	8,069,446	8,069,446	2,677,604
Other liabilities	1,395	—	1,395	310,835
Deposits and advances	48,723	—	48,723	—
Accrued interest payable	61,853	10,633	72,486	16,858
Compensated absences	72,687	1,477	74,164	69,513
Installment contracts payable	142,017	—	142,017	1,203,522
Leases payable	2,213	—	2,213	160,968
General obligation alternate bonds payable (net of unamortized premiums/discounts)	1,915,307	499,718	2,415,025	933,800
IEPA loan payable	2,138,583	—	2,138,583	—
Claims and judgements payable	—	—	—	5,114,425
Refundable water main extension advances	270,969	—	270,969	—
Total current liabilities	10,926,643	8,922,937	19,849,580	12,137,976
Noncurrent liabilities				
Compensated absences	290,750	5,908	296,658	278,050
Net Pension Liability - IMRF	2,503,897	—	2,503,897	3,834,715
Total OPEB liability - RBP	483,450	20,240	503,690	—
Customer water deposits	244,627	—	244,627	—
Installment contracts payable	234,039	—	234,039	394,123
Leases payable	—	—	—	1,152,369
General obligation alternate bonds payable (net of unamortized premiums/discounts)	8,592,590	6,354,105	14,946,695	7,536,595
IEPA loan payable	19,455,114	—	19,455,114	—
Claims and judgments payable	—	—	—	9,225,594
Asset Retirement Obligation	5,046,919	—	5,046,919	—
Total noncurrent liabilities	36,851,386	6,380,253	43,231,639	22,421,446
Total liabilities	47,778,029	15,303,190	63,081,219	34,559,422
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred items - leases	—	8,382,699	8,382,699	—
Deferred items - IMRF	25,564	—	25,564	39,152
Deferred items - RBP	101,926	4,267	106,193	—
	127,490	8,386,966	8,514,456	39,152
Total liabilities and deferred inflows of resources	47,905,519	23,690,156	71,595,675	34,598,574
<b>NET POSITION</b>				
Net investment in capital assets	163,560,430	14,914,331	178,474,761	7,052,382
Restricted				
Capital projects	1,000,000	—	1,000,000	—
Debt service	7,318,535	—	7,318,535	—
Unrestricted (deficit)	16,476,930	(8,439,827)	8,037,103	(827,367)
Total net position	\$ 188,355,895	\$ 6,474,504	\$ 194,830,399	\$ 6,225,015

*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, 2022**

	<b>Business-Type Activities - Enterprise Funds</b>			<b>Governmental Activities</b>
	<b>Nonmajor</b>			
	<b>Water Utility</b>	<b>Parking System</b>	<b>Totals</b>	<b>Internal Service</b>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 31,888,981	\$ 1,923,712	\$ 33,812,693	\$ 46,809,230
Fines and penalties	718,671	—	718,671	—
Intergovernmental	3,883,129	—	3,883,129	1,368,215
Miscellaneous	70,133	2,669	72,802	2,436,196
Total operating revenues	36,560,914	1,926,381	38,487,295	50,613,641
<b>OPERATING EXPENSES</b>				
Salaries and benefits	6,329,259	298,014	6,627,273	7,340,961
Services	8,671,152	1,728,931	10,400,083	33,867,931
Supplies and materials	1,615,513	32,629	1,648,142	4,993,038
Depreciation	6,486,382	943,146	7,429,528	1,712,473
Charges from General Fund	2,946,903	—	2,946,903	1,280,934
Miscellaneous	—	10,186	10,186	3,006
Total operating expenses	26,049,209	3,012,906	29,062,115	49,198,343
Operating income (loss)	10,511,705	(1,086,525)	9,425,180	1,415,298
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income	667,959	(139,941)	528,018	421,614
Gain (loss) on disposal of capital assets	(402,845)	—	(402,845)	—
Interest expense and service fees	(863,554)	(536,735)	(1,400,289)	(331,289)
Amortization expense	100,307	—	100,307	—
	(498,133)	(676,676)	(1,174,809)	90,325
Income (loss) before transfers and contributions	10,013,572	(1,763,201)	8,250,371	1,505,623
Transfers in	—	—	—	124,500
Transfers out	—	(307,608)	(307,608)	(329,214)
Contributions from developers	1,662,459	307,608	1,970,067	—
	1,662,459	—	1,662,459	(204,714)
Change in net position	11,676,031	(1,763,201)	9,912,830	1,300,909
Net position - beginning	176,679,864	8,237,705	184,917,569	4,924,106
Net position - ending	\$ 188,355,895	\$ 6,474,504	\$ 194,830,399	\$ 6,225,015

*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, 2022**

	<b>Business-Type Activities - Enterprise Funds</b>			<b>Governmental Activities</b>
	<b>Water Utility</b>	<b>Nonmajor Parking System</b>	<b>Totals</b>	<b>Internal Service</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 33,068,617	\$ (6,459,750)	\$ 26,608,867	\$ 51,395,214
Payment to suppliers	(9,908,662)	9,150,792	(757,870)	(39,835,377)
Payment to employees	(4,626,935)	(193,429)	(4,820,364)	(7,340,961)
Payments to other funds	(2,946,903)	—	(2,946,903)	—
Net cash provided by (used for) operating activities	15,586,117	2,497,613	18,083,730	4,218,876
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchase of capital assets	(13,905,690)	(1,019,876)	(14,925,566)	(331,289)
Debt issuance	4,026,566	—	4,026,566	(737,636)
Interest and fiscal charges	(863,554)	(536,735)	(1,400,289)	—
Payment of capital debt	(4,005,073)	(493,453)	(4,498,526)	(3,110,098)
Net cash provided by (used for) capital and related financing activities	(14,747,751)	(2,050,064)	(16,797,815)	(4,179,023)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers in	—	—	—	124,500
Transfers out	—	(307,608)	(307,608)	(329,214)
	—	(307,608)	(307,608)	(204,714)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investment income	667,959	(139,941)	528,018	421,614
Net change in cash and cash equivalents	1,506,325	—	1,506,325	256,753
Cash and cash equivalents - beginning	21,468,770	—	21,468,770	24,250,992
Cash and cash equivalents - ending	\$ 22,975,095	\$ —	\$ 22,975,095	\$ 24,507,745
Displayed as:				
Cash and cash equivalents	\$ 14,656,560	\$ —	\$ 14,656,560	\$ 24,507,745
Restricted assets - cash and cash equivalents	8,318,535	—	8,318,535	—
	\$ 22,975,095	\$ —	\$ 22,975,095	\$ 24,507,745

(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, 2022**

	<b>Business-Type Activities - Enterprise Funds</b>			<b>Governmental</b>
	<b>Nonmajor</b>			<b>Activities</b>
	<b>Water</b>	<b>Parking</b>	<b>Totals</b>	<b>Internal</b>
	<b>Utility</b>	<b>System</b>		<b>Service</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET</b>				
<b>CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ 10,511,705	\$ (1,086,525)	\$ 9,425,180	\$ 1,415,298
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	6,486,382	943,146	7,429,528	1,712,473
Increase (decrease) from changes in:				
Accounts receivable, net	(243,882)	(8,386,131)	(8,630,013)	391,546
Due from other governmental units	—	—	—	128,218
Due from State of Illinois	(2,532,485)	—	(2,532,485)	—
Prepaid items	—	—	—	41,559
Inventories	(715,930)	—	(715,930)	220,250
Accounts payable	1,942,880	16,054	1,958,934	(897,077)
Accrued interest payable	(10,113)	—	(10,113)	—
Accrued payroll and benefits	4,412	472	4,884	(27,620)
Due to Other Funds	—	—	—	539,278
Other liabilities	31,927	8,382,699	8,414,626	625,879
Deposits and advances	14,500	—	14,500	—
Compensated absences	23,981	2,016	25,997	69,072
Due to other funds	—	2,617,771	2,617,771	—
Net pension liability - IMRF	83,424	—	83,424	—
OPEB	(10,684)	8,111	(2,573)	—
Total adjustments	5,074,412	3,584,138	8,658,550	2,803,578
Net cash provided by (used for) operating activities	\$ 15,586,117	\$ 2,497,613	\$ 18,083,730	\$ 4,218,876
Noncash Capital and Related Financing Activities				
Capital Contributions	1,662,459	307,608	1,970,067	—
				(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, 2022**

	<b>Pension Trust</b>
<hr/>	
<b>ASSETS</b>	
Cash and cash equivalents	<u>\$ 5,049,621</u>
Investments - retirement plans	
Illinois Police Officer's Pension Investment Fund	196,156,843
Illinois Firefighters' Pension Investment Fund	<u>153,362,751</u>
Total investments	<u>349,519,594</u>
Accounts receivable - net of allowance	
Accrued interest receivable	69,909
Contributions receivables	24,732,618
Other	<u>170,095</u>
Total accounts receivable - net of allowance	<u>24,972,622</u>
Total assets	<u>379,541,837</u>
<b>LIABILITIES</b>	
Accrued liabilities	3,445
Due to Other Funds	<u>2,382,017</u>
Total Liabilities	<u>2,385,462</u>
<b>NET POSITION</b>	
Net position restricted for pensions	<u><u>\$ 377,156,375</u></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, 2022**

	<b>Pension Trust</b>
<hr/>	
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 25,077,759
Plan member	4,791,911
Total contributions	<u>29,869,670</u>
Investment income:	
Net appreciation (depreciation) in fair value of investments	(54,668,119)
Interest and dividend income	2,943,226
	<u>(51,724,893)</u>
Less investment expense	<u>(220,766)</u>
Net investment income	<u>(51,945,659)</u>
 Total additions	 <u>(22,075,989)</u>
 <b>DEDUCTIONS</b>	
Pension benefits	45,406,153
Refunds of contributions	220,058
Administrative expense	<u>409,483</u>
 Total deductions	 <u>46,035,694</u>
 Change in fiduciary net position	 (68,111,683)
 <b>NET POSITION RESTRICTED FOR PENSIONS</b>	
Beginning	<u>445,268,058</u>
 Ending	 <u>\$ 377,156,375</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, 2022

---

### 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.

**Notes to the Financial Statements**

**December 31, 2022**

---

---

**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. Separately issued financial statements may be obtained from the administrative offices located at 520 Mullberry Street, Rockford, Illinois 61101.

**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. Separately issued financial statements may be obtained from the administrative offices located at 300 Elm Street, Rockford, Illinois 61101.

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.

**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.

**Notes to the Financial Statements**

**December 31, 2022**

---

---

**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) charges 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:

Notes to the Financial Statements

December 31, 2022

---

---

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, 2022

---

---

### 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.

**Notes to the Financial Statements**

**December 31, 2022**

---

**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.

**Notes to the Financial Statements**

**December 31, 2022**

---

**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.



Notes to the Financial Statements

December 31, 2022

---

---

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

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

**Investments - Continued**

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

**Receivables and Payables**

Property taxes receivable are recognized at the time they are levied. The current year's levy was adopted November 21, 2022. 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 2022 levy is deferred as it is intended to finance fiscal year 2022 to 2023.

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, 2022.

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.

Notes to the Financial Statements

December 31, 2022

---

**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 Prepaids**

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” (\$7,318,535) 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, 2022

---

### 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:

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

##### Deferred Outflows/Inflows of Resources

Deferred outflow/inflow of resources represents a consumption/acquisition 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.

**Notes to the Financial Statements**

**December 31, 2022**

---

**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, 2022

---

### 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 the Rock River Training fund. 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:

<b>Fund</b>	<b>Deficit</b>
Human Services	\$ 1,222,184
Tax Increment	3,010,299
Risk Management	16,501,909

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 OVER BUDGET IN INDIVIDUAL FUNDS

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

<b>Fund</b>	<b>Excess</b>
Motor Fuel Tax	\$ 3,937,136
Redevelopment	11,754

# CITY OF ROCKFORD, ILLINOIS

## Notes to the Financial Statements

December 31, 2022

### 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.

#### City

*Deposits.* At year-end, the carrying amount of the City's deposits for governmental and business-type totaled \$31,588,768 and the bank balances totaled \$34,863,981.

*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	\$ 60,585,205	\$ 25,400,600	\$ 35,184,605	\$ —	\$ —
U.S. Agency Securities	13,419,122	3,113,436	6,192,467	1,643,366	2,469,853
Municipal Bonds	1,705,200	202,986	1,502,214	—	—
Corporate Bonds	31,830,677	23,370,106	8,460,571	—	—
	107,540,204	52,087,128	51,339,857	1,643,366	2,469,853

The City has the following recurring fair value measurements as of December 31, 2022:

- U.S. Treasury Securities of \$60,585,205 are valued using quoted market prices (Level 1 inputs).
- U.S. Agency Securities of \$13,419,122, Municipal Bonds of \$1,705,200, and Corporate Bonds of \$31,830,677 are valued using significant other observable inputs (Level 2 inputs)
- Mutual Funds of \$36,042,841 are valued using quoted market prices Level 1 inputs).

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.* 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, 2022, 59% of the City's cash and investment portfolio will mature in 5 or fewer years.

# CITY OF ROCKFORD, ILLINOIS

## Notes to the Financial Statements

December 31, 2022

### NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

#### DEPOSITS AND INVESTMENTS - Continued

##### City - Continued

*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, 2022, 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, 2022, 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.

At December 31, 2022, the City's investments were rated as follows:

Investment Type	Total Fair Value	Credit Rating	
		Moody's	Standard & Poor's
U.S. Treasury Securities	\$ 60,585,205	N/A	N/A
U.S. Agency Securities	13,419,122	N/A	N/A
Municipal Bonds	1,705,200	N/A	N/A
Corporate Bonds	31,830,677	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. In addition to the securities and fair values listed above, the City also has \$36,042,841 invested in mutual funds.

## CITY OF ROCKFORD, ILLINOIS

### Notes to the Financial Statements

December 31, 2022

---

#### NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

##### DEPOSITS AND INVESTMENTS - Continued

###### City - Continued

*Concentration of Credit Risk - Continued.* At December 31, 2022, 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

The Illinois Police Officers Pension Investment Fund (IPOPIF) is an investment trust fund responsible for the consolidation and fiduciary management of the pension assets of Illinois suburban and downstate police pension funds. IPOPIF was created by Public Act 101-0610, and codified within the Illinois Pension Code, becoming effective January 1, 2020, to streamline investments and eliminate unnecessary and redundant administrative costs, thereby ensuring assets are available to fund pension benefits for the beneficiaries of the participating pension funds. Participation in IPOPIF by Illinois suburban and downstate police pension funds is mandatory. Investments of the Fund are combined in a commingled external investment pool and held by IPOPIF. A schedule of investment expenses is included in IPOPIF's annual report. For additional information on IPOPIF's investments, please refer to their annual report, which can be obtained from IFPIF at 456 Fulton Street, Suite 402 Peoria, Illinois 61602 or at [www.ipopif.org](http://www.ipopif.org). The Fund transferred all eligible assets to the Investment Fund on June 1, 2022.

*Deposits.* The Fund retains all its available cash with one financial institution. Available cash is determined to be that amount which is required for the current expenditures of the Fund. The excess of available cash is required to be transferred to IPOPIF for purposes of the long-term investment for the Fund. At year-end, the carrying amount of the Fund's cash on hand totaled \$4,145,079 and the bank balances totaled \$4,192,652.

*Custodial Credit Risk.* In the case of deposits, this is the risk that in the event of a bank failure, the Fund's deposits may not be returned to it. The Fund's investment policy does not address custodial credit risk for investments. At year-end, the entire carrying amount of the bank balance of deposits is covered by federal depository or equivalent insurance.

*Investments.* At year-end the Fund has \$196,156,843 invested in IPOPIF, which is measured at the Net Asset Value (NAV) per share as determined by the pool. The pooled investments consist of the investments as noted in the target allocation table available at [www.ipopif.org](http://www.ipopif.org).

*Investment Policy.* IPOPIF's current investment policy was adopted by the Board of Trustees on December 17, 2021. IPOPIF is authorized to invest in all investments allowed by Illinois Compiled Statutes (ILCS). The IPOPIF shall not be subject to any of the limitations applicable to investments of pension fund assets currently held by the transferor pension funds under Sections 1-113.1 through 1-113.12 or Article 3 of the Illinois Pension Code.

###### Rate of Return

For the year ended December 31, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (10.35%). 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, 2022

---

#### NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

##### DEPOSITS AND INVESTMENTS - Continued

###### Firefighters' Pension Fund

The Illinois Firefighters' Pension Investment Fund (IFPIF) is an investment trust fund responsible for the consolidation and fiduciary management of the pension assets of Illinois suburban and downstate firefighter pension funds. IFPIF was created by Public Act 101-0610, and codified within the Illinois Pension Code, becoming effective January 1, 2020, to streamline investments and eliminate unnecessary and redundant administrative costs, thereby ensuring assets are available to fund pension benefits for the beneficiaries of the participating pension funds. Participation in IFPIF by Illinois suburban and downstate firefighter pension funds is mandatory. Investments of the Fund are combined in a commingled external investment pool and held by IFPIF. A schedule of investment expenses is included in IFPIF's annual report. For additional information on IFPIF's investments, please refer to their annual report, which can be obtained from IFPIF at 1919 South Highland Avenue, Building A, Suite 237, Lombard, IL 60148 or at [www.ifpif.org](http://www.ifpif.org). The Fund transferred all eligible assets to the IFPIF on January 4, 2022.

*Deposits.* The Fund retains all its available cash with one financial institution. Available cash is determined to be that amount which is required for the current expenditures of the Fund. The excess of available cash is required to be transferred to IFPIF for purposes of the long-term investment for the Fund. At year-end, the carrying amount of the Fund's cash on hand totaled \$904,542 and the bank balances totaled \$801,007.

*Custodial Credit Risk.* In the case of deposits, this is the risk that in the event of a bank failure, the Fund's deposits may not be returned to it. The Fund's investment policy does not address custodial credit risk for investments. At year-end, the entire carrying amount of the bank balance of deposits is covered by federal depository or equivalent insurance.

*Investments.* At year-end the Fund has \$153,362,751 invested in IFPIF, which is measured at the Net Asset Value (NAV) per share as determined by the pool. The pooled investments consist of the investments as noted in the target allocation table available at [www.ifpif.org](http://www.ifpif.org).

*Investment Policy.* IFPIF's current investment policy was adopted by the Board of Trustees on June 17, 2022. IFPIF is authorized to invest in all investments allowed by Illinois Compiled Statutes (ILCS). The IFPIF shall not be subject to any of the limitations applicable to investments of pension fund assets currently held by the transferor pension funds under Sections 1-113.1 through 1-113.12 or Article 4 of the Illinois Pension Code.

###### Rate of Return

For the year ended December 31, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (13.78%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

###### Component Units

*Deposits.* At June 30, 2022, the carrying amount of the Rockford Mass Transit District deposits totaled \$7,398,793 and the bank balances totaled \$7,398,793 and Rockford Metropolitan Exposition Authority District deposits totaled \$6,804,039 and the bank balances totaled \$6,804,039.

# CITY OF ROCKFORD, ILLINOIS

## Notes to the Financial Statements

December 31, 2022

---

### NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

#### DEPOSITS AND INVESTMENTS - Continued

##### Component Units - Continued

*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, 2022, 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, 2022, 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, 2022.

*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, 2022, 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, 2022, 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, 2022, 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, 2022

### NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

#### RECEIVABLES AND PAYABLES

Receivables and payables as of December 31, 2022 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										
											Nonmajor	Activities										
										Water	Parking	Internal										
										Utility	System	Service										
										General	Library	Development	Human Services	Tax Increment	Debt Service	Capital Project	Nonmajor					
RECEIVABLES																						
Taxes	\$	48,818,416	\$	7,307,991	\$	—	\$	—	\$	7,795,951	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—
Accounts		27,845,292		795,852		—		630,514		—		373,054		5,500		746,840		6,316,327		9,846		1,464,507
Notes		150,000		—		49,506		—		—		—		—		2,688,351		—		—		—
Leases		645,412		600		—		—		—		—		—		—		—		8,382,013		—
Accrued Interest		72,321		9,222		—		—		—		—		2,542		2,477		—		—		—
Gross receivables		77,531,441		8,113,665		49,506		630,514		7,795,951		373,054		8,042		3,437,668		6,316,327		8,391,859		1,464,507
Less: Allowance for uncollectibles		(7,034,732)		(96,880)		(45,130)		(409,880)		(179,887)		—		—		(2,688,351)		(751,315)		—		—
Total receivables	\$	70,496,709	\$	8,016,785	\$	4,376	\$	220,634	\$	7,616,064	\$	373,054	\$	8,042	\$	749,317	\$	5,565,012	\$	8,391,859	\$	1,464,507
DUE FROM OTHER GOVERNMENTAL UNITS																						
Federal	\$	371,964	\$	—	\$	928,777	\$	8,968,438	\$	—	\$	—	\$	54,502	\$	154,553	\$	—	\$	—	\$	—
State		247,914		—		237,226		8,742,967		—		161,895		7,824,377		1,597,912		6,409,634		—		—
Other		838,729		—		451		—		—		—		1,088,151		—		—		—		228,791
Total due from other governmental units	\$	1,458,607	\$	—	\$	1,166,454	\$	17,711,405	\$	—	\$	161,895	\$	8,967,030	\$	1,752,465	\$	6,409,634	\$	—	\$	228,791
PAYABLES																						
Vendors	\$	11,744,076	\$	403,958	\$	173,303	\$	2,001,261		145,788	\$	—	\$	3,635,354	\$	2,083,819	\$	6,171,811	\$	337,590	\$	1,527,544
Other governmental units		—		—		168		—		—		—		6,376		—		—		—		—
Accrued interest		—		—		—		—		—		—		—		—		61,853		10,633		16,858
Total payables	\$	11,744,076	\$	403,958	\$	173,471	\$	2,001,261	\$	145,788	\$	—	\$	3,641,730	\$	2,083,819	\$	6,233,664	\$	348,223	\$	1,544,402

#### LEASES RECEIVABLE

For the year ended December 31, 2022, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

On April 1, 2019, the City entered into a 60 month lease as Lessor for the use of Happy Wok - 211 Elm St Unit C. An initial lease receivable was recorded in the amount of \$38,581. As of December 31, 2022, the value of the lease receivable is \$21,764. The lessee is required to make monthly fixed payments of \$1,379. The lease has an interest rate of 0.3800%. The value of the deferred inflow of resources as of December 31, 2022 was \$21,434, and the City recognized lease revenue of \$17,147 during the fiscal year.

## **CITY OF ROCKFORD, ILLINOIS**

### **Notes to the Financial Statements**

**December 31, 2022**

---

#### **NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued**

##### **LEASES RECEIVABLE - Continued**

On January 24, 2020, the City entered into a 60 month lease as Lessor for the use of USCOC of Central Illinois - Small Cell Sites. An initial lease receivable was recorded in the amount of \$107,571. As of December 31, 2022, the value of the lease receivable is \$93,592. The lessee is required to make annual fixed payments of \$14,000. The lease has an interest rate of 1.1640%. The value of the deferred inflow of resources as of December 31, 2022 was \$94,153, and the City recognized lease revenue of \$13,418 during the fiscal year. The lessee has 1 extension option for 60 months.

On September 1, 2020, the City entered into a 60 month lease as Lessor for the use of State of IL - 302 S Main St Parking. An initial lease receivable was recorded in the amount of \$25,856. As of December 31, 2022, the value of the lease receivable is \$18,852. The lessee is required to make monthly fixed payments of \$594. The lease has an interest rate of 0.6020%. The value of the deferred inflow of resources as of December 31, 2022 was \$18,805, and the City recognized lease revenue of \$7,052 during the fiscal year.

On January 1, 2019, the City entered into a 60 month lease as Lessor for the use of State of IL - 303 N Main St Parking. An initial lease receivable was recorded in the amount of \$8,397,345. As of December 31, 2022, the value of the lease receivable is \$8,341,397. The lessee is required to make monthly fixed payments of \$7,091. The lease has an interest rate of 0.3800%. The Buildings estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of December 31, 2022 was \$8,342,461, and the City recognized lease revenue of \$54,885 during the fiscal year. The lessee has 3 extension options, each for 600 months.

On April 5, 2021, the City entered into a 180 month lease as Lessor for the use of Rockford Solar LLC - 1166 N Horseman. An initial lease receivable was recorded in the amount of \$565,397. As of December 31, 2022, the value of the lease receivable is \$551,820. The lessee is required to make annual fixed payments of \$16,310. The lease has an interest rate of 1.8510%. The value of the deferred inflow of resources as of December 31, 2022 was \$548,895, and the City recognized lease revenue of \$16,503 during the fiscal year. The lessee has 2 extension options, each for 120 months.

On July 1, 2021, the City entered into a 21 month lease as Lessor for the use of Rockton Centre Sublease. An initial lease receivable was recorded in the amount of \$2,396. As of December 31, 2022, the value of the lease receivable is \$600. The lessee is required to make monthly fixed payments of \$100. The lease has an interest rate of 0.2580%. The value of the deferred inflow of resources as of December 31, 2022 was \$479, and the City recognized lease revenue of \$1,917 during the fiscal year.

**CITY OF ROCKFORD, ILLINOIS**

**Notes to the Financial Statements**

**December 31, 2022**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued**

**LEASES RECEIVABLE - Continued**

During the fiscal year, the City has recognized \$109,122 of lease revenue. The future minimum lease assets as of year-end are as follows:

Fiscal Year	Governmental		Business-Type	
	Principal	Interest	Principal	Interest
2023	\$ 19,932	\$ 11,304	\$ 65,037	\$ 31,773
2024	19,934	11,034	52,243	31,526
2025	20,553	10,755	45,677	31,327
2026	21,189	10,466	41,091	31,161
2027	21,842	10,165	41,248	31,004
2028-2032	77,172	46,414	208,605	152,655
2033-2037	64,738	40,796	212,606	148,654
2038-2042	82,345	34,172	216,683	144,577
2043-2047	102,829	25,816	220,839	140,421
2048-2052	126,589	15,445	225,074	136,186
2053-2057	88,889	3,333	229,391	131,869
2058-2062	—	—	233,790	127,470
2063-2067	—	—	238,274	122,986
2068-2072	—	—	242,844	118,416
2073-2077	—	—	247,501	113,759
2078-2082	—	—	252,248	109,012
2083-2087	—	—	257,085	104,175
2088-2092	—	—	262,016	99,244
2093-2097	—	—	267,041	94,219
2098-2102	—	—	272,163	89,097
2103-2107	—	—	277,382	83,878
2108-2112	—	—	282,702	78,558
2113-2117	—	—	288,124	73,136
2118-2122	—	—	293,650	67,610
2123-2127	—	—	299,281	61,979
2128-2132	—	—	305,021	56,239
2133-2137	—	—	310,871	50,389
2138-2142	—	—	316,833	44,427
2143-2147	—	—	322,910	38,350
2148-2152	—	—	329,103	32,157
2153-2157	—	—	335,414	25,846
2158-2162	—	—	341,847	19,413
2163-2167	—	—	348,403	12,857
2168-2172	—	—	355,085	6,175
2173-2174	—	—	143,931	570
	<u>\$ 646,012</u>	<u>219,700</u>	<u>\$ 8,382,013</u>	<u>2,641,115</u>

**CITY OF ROCKFORD, ILLINOIS**

**Notes to the Financial Statements**

**December 31, 2022**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued**

**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, 2022, they are reflected below and reported in the financial statements as due from or due to other funds.

The composition of interfund balances as of December 31, 2022 is as follows:

<b>Receivable</b>	<b>Payable</b>	<b>Purpose</b>	<b>Amount</b>
General	Community Development	Interfund cash advances	\$ 14,888
General	Human Services	Interfund cash advances	16,125,944
General	Tax Increment	Interfund cash advances	2,863,589
General	Nonmajor governmental	Interfund cash advances	573,052
General	Nonmajor business-type	Interfund cash advances	8,069,446
General	911 Communication	Interfund cash advances	137,752
General	Risk management	Interfund cash advances	2,539,852
General	Police Pension	60-day collections on property taxes	2,131,740
General	Firefighters' Pension	60-day collections on property taxes	250,277
			<u>\$ 32,706,540</u>

**INTERFUND TRANSFERS**

Transfers between funds for the year ended December 31, 2022 are as follows:

<b>Transfers In</b>	<b>Transfers Out</b>	<b>Amount</b>
General	Tax Increment	\$ 202,300 (1)
General	Capital Projects	1,362,248 (1)
General	Nonmajor governmental	2,623,604 (2)
Community Development	General	478,854 (2)
Debt Service	General	4,085,608 (2)
Debt Service	Public Library	213,238 (2)
Debt Service	Tax Increment	1,456,900 (2)
Debt Service	Nonmajor governmental	4,161,211 (3)
Debt Service	Internal Service	329,214 (3)
Capital Projects	General	1,345,565 (3)
Capital Projects	Tax Increment	543,031 (3)
Capital Projects	Nonmajor governmental	256,204 (1)
Capital Projects	Nonmajor enterprise	307,608 (1)
Nonmajor governmental	Tax Increment	456,969 (3)
Internal service	General	124,500 (1)
		<u>\$ 17,947,054</u>

**CITY OF ROCKFORD, ILLINOIS**

**Notes to the Financial Statements**

**December 31, 2022**

---

---

**NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued**

**INTERFUND TRANSFERS - Continued**

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

**CONSTRUCTION COMMITMENTS**

The City has active construction projects as of December 31, 2022. 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:

<b>Project</b>	<b>Commitment</b>
Charles St - 28th To Parkside	\$ 5,537,913
Logistics Parkway Extension	4,562,383
11th St Corridor Improvement	2,132,684
15th Ave Water Main Replacement	1,549,332
9th St Two-Way Conversion	1,168,359
American Rescue Plan Act Of 2021	1,034,390
Well 39 Water Treatment Addition	654,040
Well 34 Water Treatment Facility	574,126
Longwood Garden Apartments	550,000
Well 42 & 36 Filter Media Replacement	486,985
Whitman St - Kilburn To Rock River	462,304
Seminary St Over Keith Creek	447,433
Church St Two-Way Conversion	438,083
Harrison Improvement - 11th St - 20th St	377,852
Davis Park Boat Dock	325,540
Downtown Streetscape Program	312,302
City Wide Street Repairs Package	287,115
Lorden Building	268,934
W State Street Corridor Phase 2	191,507
Harrison Ave Main To Kishwaukee	187,698
Sandy Hollow-Kishwaukee St To 9th St	182,046
	<u><u>\$ 21,731,026</u></u>

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

**CITY OF ROCKFORD, ILLINOIS**

**Notes to the Financial Statements**  
**December 31, 2022**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued**

**CAPITAL ASSETS**

Capital asset activity for the primary government for the fiscal year ended December 31, 2022 was as follows:

**Governmental Activities**

Governmental capital asset activity for the year was as follows:

	<b>Restated Beginning Balances</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balances</b>
<b>NONDEPRECIABLE CAPITAL ASSETS</b>				
Land	\$ 3,704,840	\$ 86,754	\$ (21,828)	\$ 3,769,766
Construction in progress	27,188,114	12,948,218	(17,415,008)	22,721,324
	<u>30,892,954</u>	<u>13,034,972</u>	<u>(17,436,836)</u>	<u>26,491,090</u>
<b>DEPRECIABLE/AMORTIZABLE CAPITAL ASSETS</b>				
Land improvements	2,137,063	1,180,670	—	3,317,733
Leased assets - land improvements	303,662	—	—	303,662
Buildings improvements	114,760,873	10,253,200	(25,930,120)	99,083,953
Leased assets - buildings	9,051,401	—	—	9,051,401
Equipment	58,293,736	8,341,153	(297,995)	66,336,894
Leased assets - equipment	153,285	—	—	153,285
Infrastructure	381,061,550	7,166,297	(282,841)	387,945,006
	<u>565,761,570</u>	<u>26,941,320</u>	<u>(26,510,956)</u>	<u>566,191,934</u>
<b>LESS ACCUMULATED DEPRECIATION/AMORTIZATION</b>				
Land improvements	(1,988,766)	(185,420)	—	(2,174,186)
Leased assets - land improvements	—	(6,094)	—	(6,094)
Buildings improvements	(46,462,354)	(2,275,726)	4,043,564	(44,694,516)
Leased assets - buildings	—	(712,591)	—	(712,591)
Equipment	(43,020,230)	(6,111,485)	297,996	(48,833,719)
Leased assets - equipment	—	(102,999)	—	(102,999)
Infrastructure	(151,481,255)	(7,657,090)	47,353	(159,090,992)
	<u>(242,952,605)</u>	<u>(17,051,405)</u>	<u>4,388,913</u>	<u>(255,615,097)</u>
Total net depreciable/ amortizable capital assets	<u>322,808,965</u>	<u>9,889,915</u>	<u>(22,122,043)</u>	<u>310,576,837</u>
Total net capital assets	<u>\$ 353,701,919</u>	<u>\$ 22,924,887</u>	<u>\$ (39,558,879)</u>	<u>\$ 337,067,927</u>



**CITY OF ROCKFORD, ILLINOIS**

**Notes to the Financial Statements**

**December 31, 2022**

---

**NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued**

**CAPITAL ASSETS - Continued**

**Governmental Activities - Continued**

Depreciation/amortization expense was charged to governmental activities as follows:

General government	\$ 1,150,565
Public safety	4,275,069
Streets, alleys and bridges	8,322,017
Community development	183,112
Sanitation and sewers	12,338
Culture and recreation	1,218,732
Public health and welfare	177,099
Internal service	<u>1,712,473</u>
	<u><u>\$ 17,051,405</u></u>

**CITY OF ROCKFORD, ILLINOIS**

**Notes to the Financial Statements**  
**December 31, 2022**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued**

**CAPITAL ASSETS - Continued**

**Business-Type Activities**

	<b>Restated Beginning Balances</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balances</b>
<b>NONDEPRECIABLE CAPITAL ASSETS</b>				
Land	\$ 6,967,410	\$ —	\$ —	\$ 6,967,410
Construction in progress	17,094,654	15,230,989	(20,271,390)	12,054,253
	24,062,064	15,230,989	(20,271,390)	19,021,663
<b>DEPRECIABLE/AMORTIZABLE CAPITAL ASSETS</b>				
Land improvements	900,886	—	—	900,886
Buildings and improvements	54,082,417	1,670,815	—	55,753,232
Improvements other than buildings	245,882,744	19,849,734	(542,294)	265,190,184
Equipment	5,248,983	415,485	—	5,664,468
Leased assets - equipment	7,397	—	—	7,397
	306,122,427	21,936,034	(542,294)	327,516,167
<b>LESS ACCUMULATED DEPRECIATION/AMORTIZATION</b>				
Land improvements	(567,898)	(34,964)	—	(602,862)
Buildings and improvements	(22,157,849)	(1,136,271)	—	(23,294,120)
Improvements other than buildings	(94,669,502)	(6,071,194)	139,449	(100,601,247)
Equipment	(4,044,055)	(181,878)	—	(4,225,933)
Leased assets - equipment	—	(5,221)	—	(5,221)
	(121,439,304)	(7,429,528)	139,449	(128,729,383)
Total net depreciable/ amortizable capital assets	184,683,123	14,506,506	(402,845)	198,786,784
Total net capital assets	\$ 208,745,187	\$ 29,737,495	\$ (20,674,235)	\$ 217,808,447

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

Water	\$ 6,486,382
Parking system	943,146
	<u>\$ 7,429,528</u>

**CITY OF ROCKFORD, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2022**

**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, 2022 was as follows:

**Rockford Mass Transit District**

	<b>Beginning Balances</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balances</b>
<b>NONDEPRECIABLE CAPITAL ASSETS</b>				
Land	\$ 1,969,934	\$ 22,619	\$ —	\$ 1,992,553
<b>DEPRECIABLE/AMORTIZABLE CAPITAL ASSETS</b>				
Land improvements	924,521	—	—	924,521
Buildings and improvements	25,224,051	398,992	—	25,623,043
Buses and service vehicles	20,658,659	3,919,925	(1,659,765)	22,918,819
Leased assets - equipment	—	2,371,716	—	2,371,716
Equipment and office furniture	4,313,077	1,685,446	(171,261)	5,827,262
	51,120,308	8,376,079	(1,831,026)	57,665,361
<b>LESS ACCUMULATED DEPRECIATION/AMORTIZATION</b>	(24,204,794)	(2,160,753)	1,831,026	(24,534,521)
Total net depreciable/amortizable capital assets	26,915,514	6,215,326	—	33,130,840
Total net capital assets	\$ 28,885,448	\$ 6,237,945	\$ —	\$ 35,123,393

**Rockford Metropolitan Exposition, Auditorium and Office Building Authority**

	<b>Beginning Balances</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balances</b>
<b>NONDEPRECIABLE CAPITAL ASSETS</b>				
Land	\$ 2,597,014	\$ —	\$ —	\$ 2,597,014
Construction in progress	471,998	4,170,392	—	4,642,390
	3,069,012	4,170,392	—	7,239,404
<b>DEPRECIABLE CAPITAL ASSETS</b>				
Buildings and improvements	36,569,504	486,607	—	37,056,111
Right of use asset	1,545,889	—	—	1,545,889
Equipment	8,481,967	788,993	(77,304)	9,193,656
	46,597,360	1,275,600	(77,304)	47,795,656
<b>LESS ACCUMULATED DEPRECIATION</b>				
Buildings and improvements	(20,581,779)	(717,692)	—	(21,299,471)
Right of use asset	(463,766)	(51,530)	—	(515,296)
Equipment	(7,516,638)	(305,007)	30,354	(7,791,291)
	(28,562,183)	(1,074,229)	30,354	(29,606,058)
Total net depreciable capital assets	18,035,177	201,371	(46,950)	18,189,598
Total net capital assets	\$ 21,104,189	\$ 4,371,763	\$ (46,950)	\$ 25,429,002

**CITY OF ROCKFORD, ILLINOIS****Notes to the Financial Statements  
December 31, 2022****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 \$91,540,000. 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 \$8,870,000 leaving an ending balance of \$82,670,000.

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:

<b>Purpose</b>	<b>Original Issue Amount</b>	<b>Interest Rates</b>	<b>Maturity Date</b>	<b>Amount</b>
<b>GOVERNMENTAL ACTIVITIES</b>				
2009-D Redevelopment Taxable				
General Obligation Alternate Bond Issue	\$ 1,700,000	2.25% - 5.50%	2024	\$ 400,000
2014-A Fire Station Construction				
General Obligation Alternate Bond Issue	5,420,000	3.00% - 4.00%	2034	3,650,000
2015 Fire Station Construction				
General Obligation Alternate Bond Issue	12,195,000	3.00% - 3.75%	2034	8,125,000
2019-A Police Evidence Facility Project				
General Obligation Alternate Bond Issue	7,385,000	4.00%	2039	6,655,000
2019-B Convention Center Construction				
Sales Tax Alternate Revenue Issue	13,235,000	2.061% - 3.397%	2039	11,725,000
2014-A Refunding General Obligation				
Alternate Bond Issue	9,625,000	3.00% - 4.00%	2024	850,000
2014-C Refunding General Obligation				
Alternate Bond Issue	14,280,000	3.00% - 4.00%	2027	5,590,000
2016-A Refunding General Obligation				
Sales Tax Alternate Revenue Issue	5,400,000	2.00% - 5.00%	2035	13,921,177
2018-A Refunding General Obligation				
Sales Tax Alternate Revenue Issue	2,730,000	4.00%	2027	2,025,000
2018-C Refunding General Obligation				
Bond Issue	8,265,000	3.15% - 4.45%	2028	5,360,000
2020 General Obligation Bonds				
Sales Tax Alternate Revenue Source Issue	10,020,000	3.00% - 4.00%	2030	<u>7,520,000</u>
Total governmental activities				<u>65,821,177</u>

**CITY OF ROCKFORD, ILLINOIS**

**Notes to the Financial Statements**

**December 31, 2022**

**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.

<b>Purpose</b>	<b>Original Issue Amount</b>	<b>Interest Rates</b>	<b>Maturity Date</b>	<b>Amount</b>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Water Utility Fund:				
2010-A General Obligation Alternate Bond Issue	\$ 3,400,000	2.00% - 4.00%	2030	\$ 1,750,000
2016-B Refunding General Obligation Alternate Bond Issue	10,735,000	5.00%	2027	4,845,000
2018-B Refunding General Obligation Bond Issue	5,330,000	3.13% - 4.00%	2028	3,400,000

**CITY OF ROCKFORD, ILLINOIS****Notes to the Financial Statements  
December 31, 2022****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:

<b>Purpose</b>	<b>Original Issue Amount</b>	<b>Interest Rates</b>	<b>Maturity Date</b>	<b>Amount</b>
<b>BUSINESS-TYPE ACTIVITIES - Continued</b>				
Parking System Fund:				
2015-A General Obligation Alternate Bond Issue	\$ 6,315,000	3.00% - 4.00%	2035	\$ 4,540,000
2016-A Refunding General Obligation Sales Tax Alternate Revenue Issue	650,000	2.00% - 5.00%	2035	493,823
2018-C Refunding General Obligation Bond Issue	1,225,000	3.15% - 4.45%	2028	740,000
2019B Convention Center Construction Sales Tax Alternate Revenue Issue	1,220,000	2.061% - 3.397%	2039	1,080,000
Total business-type activities				<u>16,848,823</u>
Total primary government				<u>\$ 82,670,000</u>

**Legal Debt Limitations**

The State imposes a legal limit of 8.625% of the total equalized assessed valuation on the amount of general bonded indebtedness. The City of Rockford further limits its indebtedness, by ordinance, to 80.0% of the State limit. As of December 31, 2022, the City indebtedness was \$125.4 million less than the City limit and \$160.4 million less than the State limit.

**Installment Contracts Payable**

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

<b>Purpose</b>	<b>Original Issue Amount</b>	<b>Interest Rates</b>	<b>Maturity Date</b>	<b>Amount</b>
<b>GOVERNMENTAL ACTIVITIES</b>				
General:				
2012 Installment Contract	\$ 2,000,000	1.50%	2023	\$ 95,857

**CITY OF ROCKFORD, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2022**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued**

**LONG-TERM DEBT - Continued**

**Installment Contracts Payable - Continued**

<b>Purpose</b>	<b>Original Issue Amount</b>	<b>Interest Rates</b>	<b>Maturity Date</b>	<b>Amount</b>
<b>GOVERNMENTAL ACTIVITIES - Continued</b>				
General - Continued:				
2012 HVAC	\$ 113,982	3.660%	2023	\$ 109,616
2013 Heavy Equipment	2,273,260	2.460%	2023	250,954
2014 Heavy Equipment	1,394,516	2.285%	2024	304,373
2015 Ambulance Fire Truck	1,300,000	2.102%	2023	133,464
2016 Endloader	281,000	1.696%	2023	42,280
2018 Aerial Ladder	3,206,000	4.170%	2026	1,733,687
2019 SCBA Equipment	1,404,149	3.770%	2024	593,008
2019 Mowers, Backhoe, Excavator, Loader	276,945	3.708%	2024	113,034
2019 Fire Engines	3,164,725	2.930%	2027	2,062,722
2019 Pierce Enforcer	1,852,000	3.810%	2023	1,219,228
2019 Ford	886,937	3.810%	2023	533,430
2019 Squad Cars	1,509,382	3.566%	2026	907,516
2019 CW Vehicles	594,490	2.733%	2026	353,376
2019 Heavy Equipment	1,073,773	2.975%	2029	784,000
2019 Ambulance	589,436	3.316%	2023	123,729
2020 Police	1,294,000	2.742%	2027	948,935
2020 Digger Equipment	226,795	2.510%	2027	165,961
2021 AED Cardiac Monitors	710,078	1.940%	2023	232,249
2022 Squad Cars	2,100,000	2.742%	2027	2,100,000
Total general:				<u>\$ 12,807,419</u>
Internal service:				
2012 HVAC	296,122	3.660%	2023	29,147
2013 Heavy Equipment	43,194	2.460%	2023	4,767
2018 Ford	63,542	3.810%	2023	38,216
2019 CW Vehicles	660,578	2.733%	2026	39,284
2015 HVAC	1,512,718	2.659%	2024	496,176
2018 CAD RMS	4,600,000	3.810%	2023	990,055
Total internal service:				<u>\$ 1,597,645</u>
Total governmental activities:				<u>\$ 14,405,064</u>

**CITY OF ROCKFORD, ILLINOIS****Notes to the Financial Statements  
December 31, 2022****NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued****LONG-TERM DEBT - Continued****Installment Contracts Payable - Continued**

<b>Purpose</b>	<b>Original Issue Amount</b>	<b>Interest Rates</b>	<b>Maturity Date</b>	<b>Amount</b>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Water Utility Fund:				
2013 Heavy Equipment	\$ 312,104	2.460%	2023	\$ 34,455
2014 Heavy Equipment	290,284	2.285%	2024	63,359
2019 Mowers, Backhoe, Excavator, Loader	158,055	3.708%	2024	70,519
2019 Ford Lease	142,359	3.810%	2023	85,619
2019 CW Vehicles	82,930	2.733%	2026	49,295
2019 Heavy Equipment	99,719	2.975%	2029	72,809
Total business-type activities:				<u>376,056</u>
Total installment contracts payable:				<u><u>14,781,120</u></u>

**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.



**CITY OF ROCKFORD, ILLINOIS**

**Notes to the Financial Statements**

**December 31, 2022**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued**

**LONG-TERM DEBT - Continued**

**IEPA Loans Payable - Continued**

**Illinois Environmental Protection Agency (IEPA) Loan - Continued**

<b>Date Awarded</b>	<b>Amount Approved</b>	<b>Terms</b>	<b>Loans Received</b>	<b>Construction Interest</b>	<b>Payments</b>	<b>Balance Due</b>
05/19/2008	\$ 8,308,283	2.5%	\$ 4,171,370	\$ —	\$ (477,222)	\$ 3,694,148
09/30/2008	12,512,945	2.5%	6,324,259	—	(676,601)	5,647,658
09/30/2008	2,297,070	2.5%	984,687	—	(120,935)	863,752
08/14/2009	6,877,227	0% - 25% principal forgiveness	2,498,127	—	(262,961)	2,235,166
09/30/2009	3,122,773	0% - 25% principal forgiveness	1,020,874	—	(120,103)	900,771
06/30/2010	720,521	1.25% - 25% principal forgiveness	215,067	—	(19,292)	195,775
06/30/2010	3,128,995	1.25% - 25% principal forgiveness	1,338,122	—	(126,434)	1,211,688
06/30/2010	2,633,303	1.25% - 25% principal forgiveness	1,091,013	—	(103,086)	987,927
09/29/2010	913,740	1.25% - 25% principal forgiveness	337,226	—	(35,629)	301,597
12/15/2010	381,087	1.25% - 25% principal forgiveness	204,328	—	(18,328)	186,000
01/19/2011	3,611,244	1.25% - 25% principal forgiveness	1,328,565	—	(140,369)	1,188,196
06/16/2021	5,232,000	1.35%	493,592	3,687,427	—	4,181,019
			<u>\$ 20,007,230</u>	<u>\$ 3,687,427</u>	<u>\$ (2,100,960)</u>	<u>\$ 21,593,697</u>

**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, 2022 is \$2,313,000 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, 2022**

---

### **NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued**

#### **LONG-TERM DEBT - Continued**

##### **Lease Payable**

For the year ended December 31, 2022, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

On November 1, 2011, the City entered into a 360 month lease as Lessee for the use of Greater Rockford Airport Authority - Land Lease. An initial lease liability was recorded in the amount of \$303,662. As of December 31, 2022, the value of the lease liability is \$298,954. City of Rockford, IL is required to make semi-annual fixed payments of \$4,683. The lease has an interest rate of 1.8510%. The value of the right to use asset as of December 31, 2022 of \$303,662 with accumulated amortization of \$6,094 is included with Land Improvements on the Lease Class activities table found below. The City has 1 extension option for 360 months.

On July 1, 2020, the City entered into a 60 month lease as Lessee for the use of 303 N Main St - IDES (Workforce) Office Space. An initial lease liability was recorded in the amount of \$1,463,010. As of December 31, 2022, the value of the lease liability is \$1,309,958. City of Rockford, IL is required to make monthly fixed payments of \$13,850. The lease has an interest rate of 1.1640%. The value of the right to use asset as of December 31, 2022 of \$1,463,010 with accumulated amortization of \$172,119 is included with Buildings on the Lease Class activities table found below. The City has 1 extension option for 60 months.

On June 11, 2018, the City entered into a 60 month lease as Lessee for the use of Canon Printers (Marco). An initial lease liability was recorded in the amount of \$146,919. As of December 31, 2022, the value of the lease liability is \$43,955. City of Rockford, IL is required to make monthly fixed payments of \$10,979. The lease has an interest rate of 0.2580%. The value of the right to use asset as of December 31, 2022 of \$146,919 with accumulated amortization of \$103,708 is included with Equipment on the Lease Class activities table found below.

On August 21, 2018, the City entered into a 118 month lease as Lessee for the use of Rockford Park District Fairgrounds Park Day Care Center - 902 Acorn. An initial lease liability was recorded in the amount of \$238,056. As of December 31, 2022, the value of the lease liability is \$211,093. City of Rockford, IL is required to make monthly fixed payments of \$2,400. The lease has an interest rate of 0.8930%. The value of the right to use asset as of December 31, 2022 of \$238,056 with accumulated amortization of \$27,997 is included with Buildings on the Lease Class activities table found below. The City has 1 extension option for 24 months.

## **CITY OF ROCKFORD, ILLINOIS**

### **Notes to the Financial Statements December 31, 2022**

---

#### **NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued**

##### **LONG-TERM DEBT - Continued**

###### **Lease Payable - Continued**

On August 31, 2022, the City entered into a 12 month lease as Lessee for the use of CSUMC - 215 N Court St. An initial lease liability was recorded in the amount of \$2,994. As of December 31, 2022, the value of the lease liability is \$1,199. City of Rockford, IL is required to make monthly fixed payments of \$150. The lease has an interest rate of 0.2580%. The value of the right to use asset as of December 31, 2022 of \$2,994 with accumulated amortization of \$1,796 is included with Buildings on the Lease Class activities table found below.

On December 18, 2019, the City entered into a 60 month lease as Lessee for the use of Pitney Bowes Postage Machine - Police. An initial lease liability was recorded in the amount of \$1,853. As of December 31, 2022, the value of the lease liability is \$1,284. City of Rockford, IL is required to make quarterly fixed payments of \$144. The lease has an interest rate of 0.4760%. The value of the right to use asset as of December 31, 2022 of \$1,853 with accumulated amortization of \$617 is included with Equipment on the Lease Class activities table found below.

On January 22, 2020, the City entered into a 60 month lease as Lessee for the use of Pitney Bowes Folding Machine. An initial lease liability was recorded in the amount of \$11,912. As of December 31, 2022, the value of the lease liability is \$7,953. City of Rockford, IL is required to make quarterly fixed payments of \$999. The lease has an interest rate of 0.4760%. The value of the right to use asset as of December 31, 2022 of \$11,912 with accumulated amortization of \$3,895 is included with Equipment on the Lease Class activities table found below.

On January 1, 2017, the City entered into a 84 month lease as Lessee for the use of Turner School - 1410 Broadway. An initial lease liability was recorded in the amount of \$7,277,552. As of December 31, 2022, the value of the lease liability is \$6,863,929. City of Rockford, IL is required to make monthly fixed payments of \$42,663. The lease has an interest rate of 1.5180%. The value of the right to use asset as of December 31, 2022 of \$7,277,552 with accumulated amortization of \$454,847 is included with Buildings on the Lease Class activities table found below. The City has 13 extension options, each for 12 months.

On April 1, 2000, the City entered into a 276 month lease as Lessee for the use of Rockton Centre Lease. An initial lease liability was recorded in the amount of \$69,789. As of December 31, 2022, the value of the lease liability is \$14,001. City of Rockford, IL is required to make monthly fixed payments of \$4,623. The lease has an interest rate of 0.2580%. The value of the right to use asset as of December 31, 2022 of \$69,789 with accumulated amortization of \$55,831 is included with Buildings on the Lease Class activities table found below.

**CITY OF ROCKFORD, ILLINOIS**

**Notes to the Financial Statements**  
**December 31, 2022**

---



---

**NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued**

**LONG-TERM DEBT - Continued**

**Lease Payable - Continued**

The future principal and interest lease payments as of the year-end were as follows:

<b>Fiscal Year</b>	<b>Governmental Activities</b>		<b>Business-Type Activities</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2023	\$ 659,730	\$ 123,125	\$ 2,213	\$ 1
2024	614,693	114,625	—	—
2025	622,374	106,006	—	—
2026	634,539	97,236	—	—
2027	647,115	88,299	—	—
2028-2032	2,851,047	309,171	—	—
2033-2037	2,487,571	119,039	—	—
2038-2042	26,340	20,490	—	—
2043-2047	28,882	17,948	—	—
2048-2052	31,669	15,161	—	—
2053-2057	34,725	12,105	—	—
2058-2062	38,076	8,754	—	—
2063-2067	41,751	5,079	—	—
2068-2071	31,601	1,180	—	—
	<u>\$ 8,750,113</u>	<u>\$ 1,038,218</u>	<u>\$ 2,213</u>	<u>\$ 1</u>

**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 22 years.

**CITY OF ROCKFORD, ILLINOIS**

**Notes to the Financial Statements**  
**December 31, 2022**

**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, 2022 was as follows:

	<b>Restated Beginning Balances</b>	<b>Additions</b>	<b>Deductions</b>	<b>Ending Balances</b>	<b>Due Within One Year</b>
<b>GOVERNMENTAL ACTIVITIES</b>					
Bonds payable:					
General					
General obligation bonds	\$ 64,177,724	\$ —	\$ (5,876,547)	\$ 58,301,177	\$ 6,190,282
Plus premiums and discounts	662,678	—	(47,196)	615,482	46,885
	64,840,402	—	(5,923,743)	58,916,659	6,237,167
Internal Service					
General obligation bonds	8,305,000	—	(785,000)	7,520,000	815,000
Plus premiums and discounts	1,069,194	—	(118,799)	950,395	118,800
	9,374,194	—	(903,799)	8,470,395	933,800
Installment contracts payable					
General	14,571,131	2,308,473	(4,072,185)	12,807,419	3,522,670
Internal Service	2,754,250	—	(1,156,605)	1,597,645	1,203,522
	17,325,381	2,308,473	(5,228,790)	14,405,064	4,726,192
Intergovernmental payable	3,891,538	—	(223,614)	3,667,924	230,934
Compensated absences					
General	9,399,183	1,321,930	(660,965)	10,060,148	2,012,029
Internal service	278,491	138,146	(69,074)	347,563	69,513
	9,677,674	1,460,076	(730,039)	10,407,711	2,081,542
Section 108 guaranteed loans	2,457,000	—	(144,000)	2,313,000	146,000
Leases payable					
General	8,034,044	—	(597,268)	7,436,776	597,268
Internal service	1,474,305	—	(160,968)	1,313,337	160,968
	9,508,349	—	(758,236)	8,750,113	758,236
Claims and judgments	13,742,017	22,521,556	(21,923,554)	14,340,019	5,114,425
Net pension liabilities/(asset)					
IMRF	(29,851,171)	47,868,415	—	18,017,244	—
Police Pension	155,396,998	56,594,676	—	211,991,674	—
Firefighters' Pension	188,818,366	53,463,520	—	242,281,886	—
Total OPEB liability - RBP	42,121,678	—	(4,172,420)	37,949,258	—
	\$ 487,302,426	\$ 184,216,716	\$ (40,008,195)	\$ 631,510,947	\$ 20,228,296

**CITY OF ROCKFORD, ILLINOIS**

**Notes to the Financial Statements**  
**December 31, 2022**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued**

**LONG-TERM DEBT - Continued**

**Long-Term Liabilities Activity - Continued**

	<b>Restated Beginning Balances</b>	<b>Additions</b>	<b>Deductions</b>	<b>Ending Balances</b>	<b>Due Within One Year</b>
<b>BUSINESS-TYPE ACTIVITIES</b>					
Water Utility:					
Bonds payable:					
General obligation alternate bonds	\$ 11,710,000	\$ —	\$ (1,715,000)	\$ 9,995,000	\$ 1,815,000
Plus premiums and discounts	613,204	—	(100,307)	512,897	100,307
	12,323,204	—	(1,815,307)	10,507,897	1,915,307
IEPA loans	20,007,230	3,687,427	(2,100,960)	21,593,697	2,138,583
Installment contracts payable	559,985	—	(183,929)	376,056	142,017
Leases payable	7,397	—	(5,184)	2,213	2,213
Compensated absences	339,456	47,962	(23,981)	363,437	72,687
Net pension liability/asset - IMRF	(4,852,862)	7,356,759	—	2,503,897	—
Total OPEB liability - RBP	582,878	—	(99,428)	483,450	—
Refundable water main extension advance	270,969	—	—	270,969	270,969
Customer deposits	240,914	3,713	—	244,627	—
Asset retirement obligation	4,707,780	339,139	—	5,046,919	—
Total water utility	34,186,951	11,435,000	(4,228,789)	41,393,162	4,541,776
Parking System:					
Bonds payable:					
General obligation alternate bonds	7,347,276	—	(493,453)	6,853,823	499,718
Compensated absences	5,369	4,032	(2,016)	7,385	1,477
Total OPEB liability - RBP	14,119	6,121	—	20,240	—
Total parking system	7,366,764	10,153	(495,469)	6,881,448	501,195
	<u>\$ 41,553,715</u>	<u>\$ 11,445,153</u>	<u>\$ (4,724,258)</u>	<u>\$ 48,274,610</u>	<u>\$ 5,042,971</u>

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/(asset) 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, \$347,563 of internal service funds compensated absences, \$14,340,019 for claims and judgments, \$8,470,395 of general obligations bonds, net of premiums/discounts, \$1,597,645 of installment contracts payable, and \$1,313,337 for leases payable are included in the above amounts.

# CITY OF ROCKFORD, ILLINOIS

## Notes to the Financial Statements December 31, 2022

### 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
<b>COMPONENTS UNITS</b>					
Rockford Mass Transit District:					
Leases payable	\$ 2,371,716	\$ —	\$ (248,897)	\$ 2,122,819	\$ 153,370
Net pension obligation	1,561,879	4,931,099	—	6,492,978	—
Total OPEB liability	2,733,696	144,466	—	2,878,162	—
Rockford Metropolitan Exposition, Auditorium and Office Building Authority:					
Notes payable	1,494,254	1,000,000	(216,807)	2,277,447	208,474
Leases payable	401,756	—	(129,133)	272,623	133,861
	<u>\$ 8,563,301</u>	<u>\$ 6,075,565</u>	<u>\$ (594,837)</u>	<u>\$ 14,044,029</u>	<u>\$ 495,705</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 February 22, 2022 bringing the principal balance back to the original \$2,000,000 and a new maturity date of March 31, 2023. The current balance at June 30, 2022 was \$1,277,447. 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 \$0 as of June 30, 2022.

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 \$102,012 were made during the current fiscal year bringing the lease balance to \$215,362. Principal in the amount of \$105,746 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, 2022

### 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 \$27,121 were made during the current fiscal year bringing the lease balance to \$57,262. Principal in the amount of \$28,115 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		Section 108		Intergovernmental		Installment	
	Obligation Bonds		Guaranteed Loans		Payable		Contracts Payable	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 7,005,282	\$ 2,433,992	\$ 146,000	\$ 69,106	\$ 230,934	\$ 115,838	\$ 4,726,192	\$ 467,710
2024	6,893,807	2,168,161	149,000	65,493	238,182	108,590	2,800,660	320,423
2025	6,337,121	1,897,571	151,000	61,731	246,292	100,480	2,363,545	227,007
2026	6,541,067	1,670,013	154,000	57,816	254,355	92,418	2,268,233	148,053
2027	6,795,013	1,427,623	157,000	53,640	262,682	84,091	1,357,348	71,032
2028	3,858,748	1,169,226	160,000	49,364	271,060	75,712	437,501	28,623
2029	3,982,484	1,035,069	163,000	44,827	280,155	66,617	451,585	14,538
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	—	—	—	—	—	—
	\$ 65,821,177	\$ 15,775,431	\$ 2,313,000	\$ 567,177	\$ 3,667,924	\$ 840,118	\$ 14,405,064	\$ 1,277,386

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, 2022**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued**

**LONG-TERM DEBT - Continued**

**Debt Service Requirements to Maturity - Continued**

<b>Fiscal Year</b>	<b>Business-Type Activities</b>			
	<b>General</b>		<b>Installment</b>	
	<b>Obligation Bonds</b>		<b>Contracts Payable</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2023	\$ 2,314,718	\$ 683,217	\$ 142,017	\$ 11,435
2024	2,376,193	584,524	110,902	7,322
2025	2,482,879	482,294	44,337	3,874
2026	2,543,933	380,575	45,760	2,451
2027	1,559,987	270,422	10,692	983
2028	1,336,252	209,186	11,010	665
2029	692,516	158,737	11,338	337
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>\$ 16,848,823</u>	<u>\$ 3,286,820</u>	<u>\$ 376,056</u>	<u>\$ 27,067</u>

**NET POSITION/FUND BALANCE RESTATEMENT**

Beginning balances in capital assets and long-term debt were restated due to the implementations of GASB Statement No. 87; however, the net effect on the Statement of Activities was zero.

**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.

# CITY OF ROCKFORD, ILLINOIS

## Notes to the Financial Statements

December 31, 2022

### NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

#### FUND BALANCE CLASSIFICATIONS - Continued

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

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

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

*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									
	General	Public Library	Community Development	Human Services	Tax Increment Financing	Debt Service	Capital Projects	Nonmajor	Totals	
FUND BALANCES										
Nonspendable										
Notes receivable	\$ 150,000	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 150,000	
Inventories	2,039	—	—	—	—	—	—	—	2,039	
Prepays	168,219	—	—	—	—	—	—	—	168,219	
	320,258	—	—	—	—	—	—	—	320,258	
Restricted										
Debt service	—	—	—	—	—	8,264,601	—	—	8,264,601	
Culture and recreation	—	16,194,130	—	—	—	—	—	—	16,194,130	
Community development	—	—	620,734	—	—	—	—	4,503,670	5,124,404	
Highway and streets	—	—	—	—	—	—	—	15,622,103	15,622,103	
	—	16,194,130	620,734	—	—	8,264,601	—	20,125,773	45,205,238	
Assigned										
Community development	—	—	—	—	—	—	13,683,271	—	13,683,271	
Public health and welfare	—	—	—	—	—	—	—	192,007	192,007	
	—	—	—	—	—	—	13,683,271	192,007	13,875,278	
Unassigned										
	116,441,375	—	—	(1,222,184)	(3,010,299)	—	—	—	112,208,892	
Total fund balances	\$ 116,761,633	\$ 16,194,130	\$ 620,734	\$ (1,222,184)	\$ (3,010,299)	\$ 8,264,601	\$ 13,683,271	\$ 20,317,780	\$ 171,609,666	

**CITY OF ROCKFORD, ILLINOIS**

**Notes to the Financial Statements**  
**December 31, 2022**

---

---

**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, 2022:

**GOVERNMENTAL ACTIVITIES**

Capital assets - net of accumulated depreciation	\$ 337,067,927
Plus:	
Unamortized gain	504,319
Less capital related debt:	
General obligation bonds - net	(58,516,659) *
Installment contracts payable	(14,405,064)
Leases payable	<u>(8,750,113)</u>
Net investment in capital assets	<u><u>\$ 255,900,410</u></u>

**BUSINESS-TYPE ACTIVITIES**

Capital assets - net of accumulated depreciation	\$ 217,808,447
Less capital related debt:	
General obligation alternate bonds - net	(17,361,720)
IEPA loan	(21,593,697)
Installment contracts payable	(376,056)
Leases payable	<u>(2,213)</u>
Net investment in capital assets	<u><u>\$ 178,474,761</u></u>

**COMPONENT UNITS**

Rockford Mass Transit District	
Capital assets - net of accumulated depreciation	\$ 35,123,393
Less capital related debt:	
Leases payable	<u>(2,122,819)</u>
	<u><u>\$ 33,000,574</u></u>

\*\$400,000 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, 2022**

---

---

### **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	\$ 25,429,002
--	---------------

Less capital related debt:

Notes payable	<u>(215,363)</u>
---------------	------------------

Net investment in capital assets	<u><u>\$ 25,213,639</u></u>
----------------------------------	-----------------------------

### **NOTE 4 - OTHER INFORMATION**

#### **INDUSTRIAL DEVELOPMENT REVENUE BONDS**

The City issued and has an estimated \$37,087,000 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.

# CITY OF ROCKFORD, ILLINOIS

## Notes to the Financial Statements

December 31, 2022

---

### 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:

	2022	2021
Unpaid claims - beginning	\$ 7,006,631	\$ 6,900,126
Current year claims and change in estimates	(105,277)	120,505
Claim payments	(50,000)	(14,000)
Unpaid claims - ending	<u>\$ 6,851,354</u>	<u>\$ 7,006,631</u>
Reported as:		
Claims and judgments payable	\$ 6,569,054	\$ 6,743,366
Accounts payable	282,300	263,265
	<u>\$ 6,851,354</u>	<u>\$ 7,006,631</u>

# CITY OF ROCKFORD, ILLINOIS

## Notes to the Financial Statements December 31, 2022

---

### 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:

	2022	2021
Unpaid claims - beginning	\$ 854,776	\$ 2,140,994
Current year claims and change in estimates	21,937,752	19,204,915
Claim payments	(20,418,288)	(20,491,133)
Unpaid claims - ending	<u>\$ 2,374,240</u>	<u>\$ 854,776</u>
Reported as:		
Claims and judgments payable	\$ 980,308	\$ 853,009
Accounts payable	<u>1,393,932</u>	<u>1,767</u>
	<u>\$ 2,374,240</u>	<u>\$ 854,776</u>

# CITY OF ROCKFORD, ILLINOIS

## Notes to the Financial Statements

December 31, 2022

---

### 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:

	<u>2022</u>	<u>2021</u>
Unpaid claims - beginning	\$ 5,880,610	\$ 6,149,930
Current year claims and change in estimates	689,081	1,470,004
Claim payments	<u>(1,455,266)</u>	<u>(1,739,324)</u>
Unpaid claims - ending	<u>\$ 5,114,425</u>	<u>\$ 5,880,610</u>
Reported as:		
Claims and judgments payable	<u>\$ 5,114,425</u>	<u>\$ 5,880,610</u>

# CITY OF ROCKFORD, ILLINOIS

## Notes to the Financial Statements

December 31, 2022

### 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](http://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 Expense	Net Pension Liabilities	Deferred Outflows	Deferred (Inflows)
IMRF	\$ 3,486,348	\$ 20,521,141	\$ 21,960,413	\$ (209,516)
Police Pension	28,739,782	211,991,674	46,280,431	(348,206)
Firefighters' Pension	31,580,731	242,281,886	51,440,539	(1,286,360)
	<u>\$ 63,806,861</u>	<u>\$ 474,794,701</u>	<u>\$ 119,681,383</u>	<u>\$ (1,844,082)</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, 2022

---

### 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, 2022, the measurement date, the following employees were covered by the benefit terms:

Inactive plan members currently receiving benefits	754
Inactive plan members entitled to but not yet receiving benefits	469
Active plan members	<u>548</u>
Total	<u><u>1,771</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, 2022, the City's contribution was 9.46% of covered payroll.

*Net Pension Liability/(Asset).* The City's net pension liability/(asset) was measured as of December 31, 2022. The total pension liability used to calculate the net liability/(asset) liability was determined by an actuarial valuation as of that date.

# CITY OF ROCKFORD, ILLINOIS

## Notes to the Financial Statements

December 31, 2022

---

### 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, 2022, 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	2.75%
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, 2022

---

### 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	25.50%	4.90%
Domestic Equities	35.50%	6.50%
International Equities	18.00%	7.60%
Real Estate	10.50%	6.20%
Blended	9.50%	6.25% - 9.90%
Cash and Cash Equivalents	1.00%	4.00%

##### 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 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, 2022**

**NOTE 4 - OTHER INFORMATION - Continued**

**EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued**

**Illinois Municipal Retirement Fund (IMRF) - Continued**

**Discount Rate Sensitivity**

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

	<b>1% Decrease (6.25%)</b>	<b>Current Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
Net pension liability/(asset)	\$ 47,664,539	\$ 20,521,141	\$ (1,119,407)

**Changes in the Net Pension Liability/(Asset)**

	<b>Total Pension Liability (A)</b>	<b>Plan Fiduciary Net Position (B)</b>	<b>Net Pension Liability/ (Asset) (A) - (B)</b>
Balances at December 31, 2021	\$ 247,463,544	\$ 282,167,577	\$ (34,704,033)
Changes for the year:			
Service cost	2,868,330	—	2,868,330
Interest on the total pension liability	17,471,484	—	17,471,484
Changes of benefit terms	—	—	—
Difference between expected and actual experience of the total pension liability	2,348,465	—	2,348,465
Changes of assumptions	—	—	—
Contributions - employer	—	3,047,476	(3,047,476)
Contributions - employees	—	1,471,944	(1,471,944)
Net investment income	—	(37,418,144)	37,418,144
Benefit payments, including refunds of employee contributions	(15,823,437)	(15,823,437)	—
Other (net transfer)	—	361,829	(361,829)
Net changes	6,864,842	(48,360,332)	55,225,174
Balances at December 31, 2022	\$ 254,328,386	\$ 233,807,245	\$ 20,521,141

**CITY OF ROCKFORD, ILLINOIS**

**Notes to the Financial Statements**  
**December 31, 2022**

**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, 2022, the City recognized pension expense of \$3,486,348. At December 31, 2022, the City reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Totals</b>
Difference between expected and actual experience	\$ 2,273,862	\$ —	\$ 2,273,862
Change in assumptions	—	(209,516)	(209,516)
Net difference between projected and actual earnings on pension plan investments	19,686,551	—	19,686,551
Total deferred amounts related to IMRF	<u>\$ 21,960,413</u>	<u>\$ (209,516)</u>	<u>\$ 21,750,897</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:

<b>Fiscal Year</b>	<b>Net Deferred Outflows/ (Inflows) of Resources</b>
2023	\$ (483,788)
2024	4,062,489
2025	6,676,469
2026	11,495,727
2027	—
Thereafter	—
Total	<u>\$ 21,750,897</u>

**Notes to the Financial Statements**  
**December 31, 2022**

**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, 2022, the measurement date, membership consisted of the following:

Inactive plan members currently receiving benefits	333
Inactive plan members entitled to but not yet receiving benefits	49
Active plan members	<u>270</u>
Total	<u><u>652</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 1<sup>st</sup> 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 or  $\frac{1}{2}$  of the change in the Consumer Price Index for the proceeding calendar year.

# CITY OF ROCKFORD, ILLINOIS

## Notes to the Financial Statements

December 31, 2022

---

### 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, 2022, the City's contribution was 46.45% 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, 2022, using the following actuarial methods and assumptions:

Actuarial cost method	Entry Age Normal
Asset valuation method	Market Value of Assets
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, 2022

---

### 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:

	<b>1% Decrease (6.10%)</b>	<b>Current Rate (7.10%)</b>	<b>1% Increase (8.10%)</b>
Net pension liability	\$ 268,728,434	\$ 211,991,674	\$ 165,604,174



**CITY OF ROCKFORD, ILLINOIS**

**Notes to the Financial Statements**  
**December 31, 2022**

**NOTE 4 - OTHER INFORMATION - Continued**

**EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued**

**Police Pension Plan - Continued**

**Changes in the Net Pension Liability**

	<b>Total Pension Liability (A)</b>	<b>Fiduciary Net Position (B)</b>	<b>Net Pension Liability (A) - (B)</b>
Balances at December 31, 2021	\$ 400,396,859	\$ 244,999,861	\$ 155,396,998
Changes for the year:			
Service cost	4,685,594	—	4,685,594
Interest on the total pension liability	27,945,175	—	27,945,175
Changes of benefit terms	—	—	—
Difference between expected and actual experience of the total pension liability	12,597,316	—	12,597,316
Changes of assumptions	—	—	—
Contributions - employer	—	11,237,176	(11,237,176)
Contributions - employees	—	2,473,583	(2,473,583)
Net investment income	—	(24,846,860)	24,846,860
Benefit payments, including refunds of employee contributions	(22,976,880)	(22,976,880)	—
Administrative expenses	—	(230,613)	230,613
Other (net transfer)	—	123	(123)
Net changes	22,251,205	(34,343,471)	56,594,676
Balances at December 31, 2022	\$ 422,648,064	\$ 210,656,390	\$ 211,991,674

**CITY OF ROCKFORD, ILLINOIS****Notes to the Financial Statements****December 31, 2022****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, 2022, the City recognized pension expense of \$28,739,782. At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Totals</b>
Difference between expected and actual experience	\$ 18,939,748	\$ (348,206)	\$ 18,591,542
Change in assumptions	6,645,007	—	6,645,007
Net difference between projected and actual earnings on pension plan investments	20,695,676	—	20,695,676
Total deferred amounts related to Police Pension	<u>\$ 46,280,431</u>	<u>\$ (348,206)</u>	<u>\$ 45,932,225</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:

<b>Fiscal Year</b>	<b>Net Deferred Outflows of Resources</b>
2023	\$ 8,559,564
2024	11,788,348
2025	11,736,308
2026	13,848,005
2027	—
Thereafter	—
Total	<u>\$ 45,932,225</u>

## Notes to the Financial Statements

December 31, 2022

## 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, 2022, the measurement date, membership consisted of the following:

Inactive plan members currently receiving benefits	332
Inactive plan members entitled to but not yet receiving benefits	16
Active plan members	<u>266</u>
Total	<u><u>614</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 1<sup>st</sup> 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 or  $\frac{1}{2}$  of the change in the Consumer Price Index for the proceeding calendar year.

# CITY OF ROCKFORD, ILLINOIS

## Notes to the Financial Statements

December 31, 2022

---

### 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, 2022, the City's contribution was 56.16% 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, 2022, using the following actuarial methods and assumptions:

Actuarial cost method	Entry Age Normal
Asset valuation method	Fair Value of Assets
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.

**Notes to the Financial Statements**  
**December 31, 2022**

**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:

	<b>1% Decrease (6.10%)</b>	<b>Current Rate (7.10%)</b>	<b>1% Increase (8.10%)</b>
Net pension liability	\$ 296,174,353	\$ 242,281,886	\$ 198,081,752

**CITY OF ROCKFORD, ILLINOIS**

**Notes to the Financial Statements**  
**December 31, 2022**

**NOTE 4 - OTHER INFORMATION - Continued**

**EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued**

**Firefighters' Pension Plan - Continued**

**Changes in the Net Pension Liability**

	<b>Total Pension Liability (A)</b>	<b>Fiduciary Net Position (B)</b>	<b>Net Pension Liability (A) - (B)</b>
Balances at December 31, 2021	\$ 389,086,563	\$ 200,268,197	\$ 188,818,366
Changes for the year:			
Service cost	5,190,135	—	5,190,135
Interest on the total pension liability	27,189,594	—	27,189,594
Changes of benefit terms	—	—	—
Difference between Expected and actual experience of the total pension liability	9,964,910	—	9,964,910
Changes of assumptions	—	—	—
Contributions - employer	—	13,840,583	(13,840,583)
Contributions - employees	—	2,318,328	(2,318,328)
Net investment income	—	(27,098,799)	27,098,799
Benefit payments, including refunds of employee contributions	(22,649,331)	(22,649,331)	—
Other (net transfer)	—	(178,993)	178,993
Net changes	19,695,308	(33,768,212)	53,463,520
Balances at December 31, 2022	\$ 408,781,871	\$ 166,499,985	\$ 242,281,886

**CITY OF ROCKFORD, ILLINOIS**

**Notes to the Financial Statements**

**December 31, 2022**

**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, 2022, the City recognized pension expense of \$31,580,731. At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Totals</b>
Difference between expected and actual experience	\$ 14,729,997	\$ (1,090,801)	\$ 13,639,196
Change in assumptions	13,421,370	(195,559)	13,225,811
Net difference between projected and actual earnings on pension plan investments	23,289,172	—	23,289,172
Total deferred amounts related to Firefighters' Pension	<u>\$ 51,440,539</u>	<u>\$ (1,286,360)</u>	<u>\$ 50,154,179</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:

<b>Fiscal Year</b>	<b>Net Deferred Outflows of Resources</b>
2023	\$ 11,482,695
2024	11,648,901
2025	12,822,699
2026	12,539,064
2027	1,660,820
Thereafter	—
Total	<u>\$ 50,154,179</u>

# CITY OF ROCKFORD, ILLINOIS

## Notes to the Financial Statements December 31, 2022

---

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

	Admin	ATU	IBEW	Total
Inactive plan members currently receiving benefits	25	77	15	117
Inactive plan members entitled to but not yet receiving benefits	13	30	7	50
Active plan members	20	56	16	92
Total	58	163	38	259

*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, 2021 valuation is the basis for the contributions in fiscal year 2022. The Plan does not permit employees to make contributions.



# CITY OF ROCKFORD, ILLINOIS

## Notes to the Financial Statements

December 31, 2022

---

---

### 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, 2021, 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, 2022 and 2021.

##### 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, 2022**

**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:

	<b>1% Decrease (5.50%)</b>	<b>Current Rate (6.50%)</b>	<b>1% Increase (7.50%)</b>
Net pension liability	\$ 9,820,275	\$ 6,492,978	\$ 3,655,878

**Changes in the Net Pension Liability**

	<b>Total Pension Liability (A)</b>	<b>Fiduciary Net Position (B)</b>	<b>Net Pension Liability (A) - (B)</b>
Balances at June 30, 2021	\$ 31,227,186	\$ 29,665,307	\$ 1,561,879
Changes for the year:			
Service cost	649,006	—	649,006
Interest on the total pension liability	1,983,720	—	1,983,720
Changes of benefit terms	—	—	—
Difference between Expected and actual experience of the total pension liability	(22,840)	—	(22,840)
Changes of assumptions	—	—	—
Contributions - employer	—	800,000	(800,000)
Contributions - employees	—	—	—
Capital appreciation	—	(4,380,039)	4,380,039
Net investment income	—	556,972	(556,972)
Benefit payments, including refunds of employee contributions	(1,416,847)	(1,416,847)	—
Administrative Expenses	—	701,854	(701,854)
Net changes	1,193,039	(3,738,060)	4,931,099
Balances at June 30, 2022	\$ 32,420,225	\$ 25,927,247	\$ 6,492,978

**CITY OF ROCKFORD, ILLINOIS**

**Notes to the Financial Statements**

**December 31, 2022**

**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, 2022, the District recognized pension expense of \$1,631,143. At June 30, 2022, the District reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Totals</b>
Difference between expected and actual experience	\$ 1,640,640	\$ (174,752)	\$ 1,465,888
Change in assumptions	—	—	—
Net difference between projected and actual earnings on pension plan investments	1,887,676	—	1,887,676
Total deferred amounts related to Rockford Mass Transit District	<u>\$ 3,528,316</u>	<u>\$ (174,752)</u>	<u>\$ 3,353,564</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:

<b>Fiscal Year</b>	<b>Net Deferred Outflows of Resources</b>
2023	\$ 871,496
2024	877,655
2025	442,286
2026	1,162,127
2027	—
Thereafter	—
Total	<u>\$ 3,353,564</u>

# CITY OF ROCKFORD, ILLINOIS

## Notes to the Financial Statements

December 31, 2022

---

### 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, 2022, the measurement date, the following employees were covered by the benefit terms:

Inactive plan members currently receiving benefits	199
Inactive plan members entitled to but not yet receiving benefits	—
Active plan members	<u>978</u>
Total	<u><u>1,177</u></u>

##### Total OPEB Liability

The City's total OPEB liability was measured as of December 31, 2022, and was determined by an actuarial valuation as of that date.

*Actuarial Assumptions and Other Inputs.* The total OPEB liability in the December 31, 2022 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	4.05%
Healthcare cost trend rates	6.75% for 2023, 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, 2022**

---

---

**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**

	<b>Total OPEB Liability</b>
Balance at December 31, 2021	<u>\$ 42,718,675</u>
Changes for the year:	
Service cost	2,734,807
Interest on the total pension liability	772,131
Changes of benefit terms	—
Difference between expected and actual experience	7,449
Changes of assumptions or other inputs	(6,270,064)
Benefit payments	<u>(1,510,050)</u>
Net changes	<u>(4,265,727)</u>
Balance at December 31, 2022	<u><u>38,452,948</u></u>

**CITY OF ROCKFORD, ILLINOIS**

**Notes to the Financial Statements**  
**December 31, 2022**

---

---

**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 4.05%, compared to last year's rate of 1.84%, 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:

		<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
		<b>(3.05%)</b>	<b>Discount Rate</b>	<b>(5.05%)</b>
			<b>(4.05%)</b>	
Total OPEB liability	\$	43,924,660	\$ 38,452,948	\$ 34,003,648

**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:

		<b>1% Decrease</b>	<b>Healthcare</b>	<b>1% Increase</b>
		<b>(Varies)</b>	<b>Cost Trend</b>	<b>(Varies)</b>
			<b>(Varies)</b>	
Total OPEB liability	\$	32,989,284	\$ 38,452,948	\$ 45,423,991

**CITY OF ROCKFORD, ILLINOIS**

**Notes to the Financial Statements**  
**December 31, 2022**

**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, 2022, the City recognized OPEB expense of \$3,691,604. At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Totals</b>
Difference between expected and actual experience	\$ 932,692	\$ (1,209,721)	\$ (277,029)
Change in assumptions	7,896,558	(6,897,340)	999,218
Net difference between projected and actual earnings on pension plan investments	—	—	—
	<u>—</u>	<u>—</u>	<u>—</u>
Total deferred amounts related to OPEB	<u>\$ 8,829,250</u>	<u>\$ (8,107,061)</u>	<u>\$ 722,189</u>

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

<b>Fiscal Year</b>	<b>Net Deferred Outflows/ (Inflows) of Resources</b>
2023	\$ 184,666
2024	184,666
2025	184,666
2026	184,666
2027	247,020
Thereafter	<u>(263,495)</u>
Total	<u>\$ 722,189</u>

# CITY OF ROCKFORD, ILLINOIS

## Notes to the Financial Statements

December 31, 2022

---

### 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, 2022, the measurement date, the following employees were covered by the benefit terms:

Inactive plan members currently receiving benefits	—
Inactive plan members entitled to but not yet receiving benefits	1
Active plan members	<u>23</u>
Total	<u><u>24</u></u>

##### Total OPEB Liability

The District's total OPEB liability was measured as of June 30, 2022, and was determined by an actuarial valuation as of that date.

*Actuarial Assumptions and Other Inputs.* The total OPEB liability in the June 30, 2022 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, 2022

---

### 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%, average
Discount rate	4.09%
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 until 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, 2022 and June 30, 2021. The actuarial assumptions used in the June 30, 2022 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

	<b>Total OPEB Liability</b>
Balance at June 30, 2021	<u>\$ 2,733,696</u>
Changes for the year:	
Service cost	2,758
Interest on the total pension liability	71,885
Changes of benefit terms	—
Difference between expected and actual experience	645,584
Changes of assumptions or other inputs	(406,484)
Benefit payments	<u>(169,277)</u>
Net changes	<u>144,466</u>
Balance at June 30, 2022	<u><u>2,878,162</u></u>

# CITY OF ROCKFORD, ILLINOIS

## Notes to the Financial Statements

December 31, 2022

---

### 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 4.09%, while the prior year used 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:

	1% Decrease (3.09%)	Current Discount Rate (4.09%)	1% Increase (5.09%)
Total OPEB liability	\$ 3,063,434	\$ 2,878,162	\$ 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:

	1% Decrease (Varies)	Healthcare Cost Trend (Varies)	1% Increase (Varies)
Total OPEB Liability	\$ 2,441,909	\$ 2,878,162	\$ 3,106,361

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

For the year ended June 30, 2022, the District recognized OPEB expense of \$313,743. 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.

**Notes to the Financial Statements**  
**December 31, 2022**

---

**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, 2022, amounted to \$28,792,956, of which \$540,091 (or 1.88%) was recorded as an expense during the year and \$540,091 was reported as accounts payable on the Statement of Net Position.

## **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
  - Human Services - 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, 2022**

<b>Fiscal Year</b>	<b>Actuarially Determined Contribution</b>	<b>Contributions in Relation to the Actuarially Determined Contribution</b>	<b>Contribution Excess/ (Deficiency)</b>	<b>Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
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%
2022	2,833,459	3,047,476	214,017	32,198,399	9.46%

Notes to the Required Supplementary Information:

Actuarial cost method	Entry Age Normal
Amortization method	Level % Pay (Closed)
Remaining amortization period	21 Years
Asset valuation method	5-Year Smoothed Fair Value
Inflation	2.25%
Salary increases	2.85% to 13.75%, Including
Investment rate of return	7.25%
Retirement age	See the Notes to the Financial Statements
Mortality	For non-disabled 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.

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, 2022**

<b>Fiscal Year</b>	<b>Actuarially Determined Contribution</b>	<b>Contributions in Relation to the Actuarially Determined Contribution</b>	<b>Contribution Excess/ (Deficiency)</b>	<b>Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
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%
2022	10,514,568	11,237,176	722,608	24,192,272	46.45%

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**

**Firefighters' Pension Fund  
Schedule of Employer Contributions  
December 31, 2022**

<b>Fiscal Year</b>	<b>Actuarially Determined Contribution</b>	<b>Contributions in Relation to the Actuarially Determined Contribution</b>	<b>Contribution Excess/ (Deficiency)</b>	<b>Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
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%
2022	12,914,516	13,840,583	926,067	24,647,025	56.16%

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, 2022**

	<b>12/31/2015</b>	<b>12/31/2016</b>
Total pension liability		
Service cost	\$ 3,219,833	\$ 3,174,348
Interest	14,993,283	15,433,301
Changes in benefit terms	—	—
Differences between expected and actual experience	(1,030,302)	826,985
Change of assumptions	242,384	(499,056)
Benefit payments, including refunds of member contributions	(11,047,294)	(11,457,195)
Net change in total pension liability	6,377,904	7,478,383
Total pension liability - beginning	204,091,075	210,468,979
Total pension liability - ending	<u>\$ 210,468,979</u>	<u>\$ 217,947,362</u>
Plan fiduciary net position		
Contributions - employer	\$ 3,746,033	3,969,309
Contributions - members	1,382,903	1,396,190
Net investment income	929,356	12,691,177
Benefit payments, including refunds of member contributions	(11,047,294)	(11,457,195)
Other (net transfer)	1,591,614	(146,028)
Net change in plan fiduciary net position	(3,397,388)	6,453,453
Plan net position - beginning	188,830,302	185,432,914
Plan net position - ending	<u>\$ 185,432,914</u>	<u>\$ 191,886,367</u>
Employer's net pension liability/(asset)	<u>\$ 25,036,065</u>	<u>\$ 26,060,995</u>
Plan fiduciary net position as a percentage of the total pension liability	88.10%	88.04%
Covered payroll	\$ 29,489,579	\$ 30,338,661
Employer's net pension liability as a percentage of covered payroll	84.90%	85.90%

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 2018 and 2020. Changes in assumptions related to the demographics were made in 2015 and 2017.



12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022
\$ 3,156,094	\$ 2,920,647	\$ 3,020,019	\$ 3,118,535	\$ 3,021,453	\$ 2,868,330
16,020,465	15,928,242	16,357,321	16,643,500	17,063,557	17,471,484
—	—	—	—	—	—
(1,521,059)	1,368,692	(1,868,436)	2,134,526	960,346	2,348,465
(6,474,438)	6,008,711	—	(1,673,306)	—	—
(11,838,414)	(12,747,539)	(13,321,103)	(13,900,635)	(14,860,996)	(15,823,437)
(657,352)	13,478,753	4,187,801	6,322,620	6,184,360	6,864,842
217,947,362	217,290,010	230,768,763	234,956,564	241,279,184	247,463,544
\$ 217,290,010	\$ 230,768,763	\$ 234,956,564	\$ 241,279,184	\$ 247,463,544	\$ 254,328,386
\$ 3,635,202	\$ 3,810,902	\$ 2,964,481	\$ 4,137,899	\$ 3,473,560	\$ 3,047,476
1,419,910	1,376,714	1,396,213	1,478,857	1,527,173	1,471,944
34,399,841	(12,298,436)	37,883,412	32,507,545	42,562,016	(37,418,144)
(11,838,414)	(12,747,539)	(13,321,103)	(13,900,635)	(14,860,996)	(15,823,437)
(4,831,501)	3,045,662	(1,512,907)	(635,395)	608,749	361,829
22,785,038	(16,812,697)	27,410,096	23,588,271	33,310,502	(48,360,332)
191,886,367	214,671,405	197,858,708	225,268,804	248,857,075	282,167,577
\$ 214,671,405	\$ 197,858,708	\$ 225,268,804	\$ 248,857,075	\$ 282,167,577	\$ 233,807,245
\$ 2,618,605	\$ 32,910,055	\$ 9,687,760	\$ (7,577,891)	\$ (34,704,033)	\$ 20,521,141
98.79 %	85.74 %	95.88 %	103.14 %	114.02%	91.93%
\$ 30,222,052	\$ 30,560,023	\$ 30,905,029	\$ 32,396,585	\$ 31,178,305	\$ 32,198,399
8.66%	107.69%	31.35%	(23.39%)	(111.31%)	63.73%

**CITY OF ROCKFORD, ILLINOIS**

**Police Pension Fund**

**Schedule of Changes in the Employer's Net Pension Liability**

**December 31, 2022**

	<u>12/31/2014</u>	<u>12/31/2015</u>
Total pension liability		
Service cost	\$ 4,137,623	\$ 4,421,464
Interest	17,284,872	20,815,822
Changes in benefit terms	—	—
Differences between expected and actual experience	3,503,406	(630,791)
Change of assumptions	41,577,440	1,856,861
Benefit payments, including refunds of member contributions	(14,691,555)	(15,371,972)
Net change in total pension liability	51,811,786	11,091,384
Total pension liability - beginning	259,311,840	311,123,626
Total pension liability - ending	<u>\$ 311,123,626</u>	<u>\$ 322,215,010</u>
Plan fiduciary net position		
Contributions - employer	\$ 5,717,048	\$ 6,252,516
Contributions - members	2,131,555	2,130,613
Net investment income	11,614,824	1,422,144
Benefit payments, including refunds of member contributions	(14,691,555)	(15,371,972)
Administrative expense	(228,465)	—
Net change in plan fiduciary net position	4,543,407	(5,786,253)
Plan net position - beginning	178,430,602	182,974,009
Plan net position - ending	<u>\$ 182,974,009</u>	<u>\$ 177,187,756</u>
Employer's net pension liability	<u>\$ 128,149,617</u>	<u>\$ 145,027,254</u>
Plan fiduciary net position as a percentage of the total pension liability	58.81%	54.99%
Covered payroll	\$ 21,186,652	\$ 21,197,433
Employer's net pension liability as a percentage of covered payroll	604.86%	684.17%

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

12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022
\$ 4,874,986	\$ 4,343,412	\$ 4,259,758	\$ 4,463,004	\$ 4,804,563	\$ 4,830,016	\$ 4,685,594
21,732,057	22,952,822	23,831,989	24,997,295	25,529,710	26,084,364	27,945,175
—	—	—	949,534	—	—	—
(1,904,875)	207,706	3,430,970	(1,741,022)	925,221	12,737,708	12,597,316
(20,902,340)	1,632,402	6,434,028	2,376,853	7,177,394	4,948,021	—
(15,940,422)	(16,760,381)	(17,777,105)	(18,717,873)	(20,080,650)	(21,517,296)	(22,976,880)
(12,140,594)	12,375,961	20,179,640	12,327,791	18,356,238	27,082,813	22,251,205
322,215,010	310,074,416	322,450,377	342,630,017	354,957,808	373,314,046	400,396,859
\$ 310,074,416	\$ 322,450,377	\$ 342,630,017	\$ 354,957,808	\$ 373,314,046	\$ 400,396,859	\$ 422,648,064
\$ 7,838,429	\$ 8,038,300	\$ 8,208,018	\$ 9,104,210	\$ 10,010,063	\$ 10,209,802	\$ 11,237,176
2,315,398	2,427,659	3,349,195	2,449,268	2,549,019	2,654,847	2,473,583
13,597,337	25,069,628	(7,851,247)	30,491,977	23,045,191	26,393,095	(24,846,860)
(15,940,422)	(16,760,381)	(17,777,105)	(18,717,873)	(20,080,650)	(21,517,296)	(22,976,880)
(271,503)	(274,514)	(175,208)	(187,753)	(206,027)	(179,352)	(230,490)
7,539,239	18,500,692	(14,246,347)	23,139,829	15,317,596	17,561,096	(34,343,471)
177,187,756	184,726,995	203,227,687	188,981,340	212,121,169	227,438,765	244,999,861
\$ 184,726,995	\$ 203,227,687	\$ 188,981,340	\$ 212,121,169	\$ 227,438,765	\$ 244,999,861	\$ 210,656,390
\$ 125,347,421	\$ 119,222,690	\$ 153,648,677	\$ 142,836,639	\$ 145,875,281	\$ 155,396,998	\$ 211,991,674
59.58%	63.03%	55.16%	59.76%	60.92%	61.19%	49.84%
\$ 22,777,944	\$ 22,382,387	\$ 23,368,603	\$ 23,515,133	\$ 22,577,392	\$ 23,367,793	\$ 24,192,272
550.30%	532.66%	657.50%	607.42%	646.11%	665.01%	876.28%

**CITY OF ROCKFORD, ILLINOIS**

**Firefighter's Pension Fund**  
**Schedule of Changes in the Employer's Net Pension Liability**  
**December 31, 2022**

	<u>12/31/2014</u>	<u>12/31/2015</u>
Total pension liability		
Service cost	\$ 5,023,350	\$ 5,365,942
Interest	16,732,558	19,838,705
Changes in benefit terms	—	—
Differences between expected and actual experience	2,881,346	(598,236)
Change of assumptions	36,824,449	1,695,621
Benefit payments, including refunds of member contributions	(15,698,458)	(16,135,612)
Net change in total pension liability	45,763,245	10,166,420
Total pension liability - beginning	253,194,659	298,957,904
Total pension liability - ending	<u>\$ 298,957,904</u>	<u>\$ 309,124,324</u>
Plan fiduciary net position		
Contributions - employer	\$ 7,218,958	7,345,613
Contributions - members	1,953,524	1,942,979
Net investment income	8,791,692	123,012
Benefit payments, including refunds of member contributions	(15,698,458)	(16,135,612)
Administrative expense	(187,168)	(191,306)
Net change in plan fiduciary net position	2,078,548	(6,915,314)
Plan net position - beginning	158,574,965	160,653,513
Plan net position - ending	<u>\$ 160,653,513</u>	<u>\$ 153,738,199</u>
Employer's net pension liability	<u>\$ 138,304,391</u>	<u>\$ 155,386,125</u>
Plan fiduciary net position as a percentage of the total pension liability	53.74%	49.73%
Covered payroll	\$ 20,509,870	\$ 20,783,575
Employer's net pension liability as a percentage of covered payroll	674.33%	747.64%

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

12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022
\$ 5,783,109	\$ 4,997,293	\$ 4,889,438	\$ 5,048,714	\$ 5,261,438	\$ 5,541,588	\$ 5,190,135
20,753,529	22,260,185	22,926,489	24,256,778	24,650,601	25,449,065	27,189,594
—	—	—	808,694	—	—	—
1,761,931	1,278,476	1,471,333	(3,272,409)	5,135,020	5,145,797	9,964,910
(20,164,146)	(1,368,907)	11,767,002	2,981,623	6,497,476	10,826,387	—
(16,712,080)	(17,482,902)	(18,779,108)	(19,616,944)	(20,588,820)	(21,544,411)	(22,649,331)
(8,577,657)	9,684,145	22,275,154	10,206,456	20,955,715	25,418,426	19,695,308
309,124,324	300,546,667	310,230,812	332,505,966	342,712,422	363,668,137	389,086,563
\$ 300,546,667	\$ 310,230,812	\$ 332,505,966	\$ 342,712,422	\$ 363,668,137	\$ 389,086,563	\$ 408,781,871
\$ 8,577,454	\$ 8,561,471	\$ 10,257,695	\$ 10,691,468	\$ 11,769,098	\$ 12,539,373	\$ 13,840,583
2,096,334	2,162,650	2,176,890	2,294,613	2,388,206	2,329,336	2,318,328
12,215,483	18,405,503	(6,618,670)	23,234,248	18,115,310	21,230,370	(27,098,799)
(16,712,080)	(17,482,902)	(18,779,108)	(19,616,944)	(20,588,820)	(21,544,411)	(22,649,331)
(272,587)	(236,826)	(151,916)	(159,230)	(178,802)	(173,208)	(178,993)
5,904,604	11,409,896	(13,115,109)	16,444,155	11,504,992	14,381,460	(33,768,212)
153,738,199	159,642,803	171,052,699	157,937,590	174,381,745	185,886,737	200,268,197
\$ 159,642,803	\$ 171,052,699	\$ 157,937,590	\$ 174,381,745	\$ 185,886,737	\$ 200,268,197	\$ 166,499,985
\$ 140,903,864	\$ 139,178,113	\$ 174,568,376	\$ 168,330,677	\$ 177,781,400	\$ 188,818,366	\$ 242,281,886
53.12%	55.14%	47.50%	50.88%	51.11%	51.47%	40.73%
\$ 21,896,671	\$ 22,985,956	\$ 22,375,057	\$ 22,228,652	\$ 22,512,561	\$ 22,611,861	\$ 24,647,025
643.49%	605.49%	780.19%	757.27%	789.70%	835.04%	983.01%

**CITY OF ROCKFORD, ILLINOIS**

**Schedule of Investment Returns**

**December 31, 2022**

---

---

**Police Pension Fund**

<b>Fiscal Year</b>	<b>Annual Money- Weighted Rate of Return, Net of Investment Expense</b>
2014	6.86%
2015	0.84%
2016	8.06%
2017	14.38%
2018	(3.85%)
2019	17.78%
2020	11.07%
2021	12.40%
2022	(10.35%)

**Firefighters' Pension Fund**

<b>Fiscal Year</b>	<b>Annual Money- Weighted Rate of Return, Net of Investment Expense</b>
2014	6.82%
2015	0.08%
2016	8.47%
2017	12.35%
2018	(4.05%)
2019	16.24%
2020	10.59%
2021	12.42%
2022	(13.78%)

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, 2022**

---

**See Following Page**

**CITY OF ROCKFORD, ILLINOIS**

**Retiree Benefit Plan**

**Schedule of Changes in the Employer's Total OPEB Liability**

**December 31, 2022**

	<u><b>12/31/2018</b></u>
Total OPEB liability	
Service cost	\$ 1,244,497
Interest	1,028,062
Changes in benefit terms	—
Differences between expected and actual experience	(2,450,926)
Change of assumptions or other inputs	(2,403,030)
Benefit payments	<u>(1,181,347)</u>
Net change in total OPEB liability	<u>(3,762,744)</u>
Total OPEB liability - beginning	<u>30,476,185</u>
 Total OPEB liability - ending	 <u><u>\$ 26,713,441</u></u>
 Covered-employee payroll	 \$ 60,303,027
 Total OPEB liability as a percentage of covered-employee payroll	 44.30%

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 GASB Statement 75.

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



12/31/2019	12/31/2020	12/31/2021	12/31/2022
\$ 1,024,021	\$ 1,390,419	\$ 2,508,952	\$ 2,734,807
1,069,096	866,410	785,829	772,131
—	(508,006)	—	—
—	1,279,082	—	7,449
4,776,781	6,036,694	839,744	(6,270,064)
(1,275,855)	(1,373,366)	(1,414,567)	(1,510,050)
5,594,043	7,691,233	2,719,958	(4,265,727)
26,713,441	32,307,484	39,998,717	42,718,675
<u>\$ 32,307,484</u>	<u>\$ 39,998,717</u>	<u>\$ 42,718,675</u>	<u>\$ 38,452,948</u>
\$ 62,413,633	\$ 66,988,169	\$ 69,332,755	\$ 69,261,971
51.76%	59.71%	61.61%	55.52%

**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, 2022**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Taxes	\$ 93,369,853	\$ 93,369,853	\$ 96,965,338	\$ 3,595,485
Licenses and permits	9,676,700	9,676,700	9,241,157	(435,543)
Intergovernmental	31,824,736	31,824,736	95,079,162	63,254,426
Charges for services	31,491,310	31,491,310	34,190,938	2,699,628
Fines	2,273,500	2,273,500	1,442,964	(830,536)
Investment income	1,000,000	1,000,000	3,108,147	2,108,147
Miscellaneous	780,000	780,000	478,722	(301,278)
Total revenues	170,416,099	170,416,099	240,506,428	70,090,329
<b>EXPENDITURES</b>				
General government				
Mayor's office	937,294	937,294	853,617	83,677
City Council	527,664	527,664	517,225	10,439
Legal department	1,868,689	1,993,638	1,813,484	180,154
Finance office	6,916,127	7,143,320	6,653,114	490,206
Workforce investment board	848,768	848,768	452,179	396,589
Board of fire and police commission	314,213	369,211	330,818	38,393
Board of election	1,253,210	1,253,210	1,190,232	62,978
Personnel department	829,833	1,334,803	957,808	376,995
Mass transit subsidy	1,524,000	1,548,000	1,548,000	—
Garbage collection	9,600,523	9,893,148	10,159,168	(266,020)
Total general government	24,620,321	25,849,056	24,475,645	1,373,411
Public safety				
Police department	65,589,758	84,696,265	63,219,495	21,476,770
Fire department	56,446,509	81,610,031	58,153,239	23,456,792
Public works - traffic	4,883,230	4,883,230	4,492,871	390,359
Construction and development services	1,953,903	2,314,181	2,207,853	106,328
Total public safety	128,873,400	173,503,707	128,073,458	45,430,249
Streets, alleys and bridges				
Administration	1,212,575	1,216,522	1,129,639	86,883
Engineering	1,007,806	1,007,806	785,384	222,422
Street and sewer	9,267,018	9,267,018	8,818,419	448,599
Total streets, alleys and bridges	11,487,399	11,491,346	10,733,442	757,904

**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, 2022**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>EXPENDITURES - Continued</b>				
Community development				
Administration	\$ 334,122	\$ 334,122	\$ 318,070	\$ 16,052
Construction and development services	443,978	1,352,525	1,032,146	320,379
Planning and zoning	2,281,800	2,001,241	1,783,309	217,932
Total community development	3,059,900	3,687,888	3,133,525	554,363
Capital outlay				
Board of election	50,000	50,000	—	50,000
Public safety				
Police department	1,811,340	2,230,403	1,558,000	672,403
Fire department	2,920,174	1,688,609	1,748,292	(59,683)
Total public safety	4,731,514	3,919,012	3,306,292	612,720
Streets, alleys and bridges				
Public works - traffic	240,000	240,000	—	240,000
Street and sewer	970,000	970,000	68,142	901,858
Total Streets, alleys and bridges	1,210,000	1,210,000	68,142	1,141,858
Community development				
Planning and zoning	—	207,598	207,598	—
Total capital outlay	5,991,514	5,386,610	3,582,032	1,804,578
Debt service				
Principal retirement	—	—	492,221	(492,221)
Interest and fiscal charges	—	107,244	107,245	(1)
Total debt service	—	107,244	599,466	(492,222)
Total expenditures	174,032,534	220,025,851	170,597,568	49,428,283
Excess (deficiency) of revenues over (under) expenditures	(3,616,435)	(49,609,752)	69,908,860	119,518,612
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt issuance	6,717,589	6,717,589	2,100,000	(4,617,589)
Transfers in	4,457,235	4,457,235	4,188,152	(269,083)
Transfers out	(7,431,700)	(6,040,967)	(6,034,527)	6,440
	3,743,124	5,133,857	253,625	(4,880,232)
Net changes in fund balance	\$ 126,689	\$ (44,475,895)	70,162,485	\$ 114,638,380
Fund balance - beginning			46,599,148	
Fund balance - ending			\$ 116,761,633	

**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, 2022**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Taxes	\$ 7,232,400	\$ 7,232,400	\$ 7,357,979	\$ 125,579
Intergovernmental	880,000	880,000	3,186,943	2,306,943
Charges for services	48,436	48,436	92,507	44,071
Fines	21,439	21,439	38,906	17,467
Investment income	30,000	30,000	362,213	332,213
Miscellaneous	41,252	41,252	459,343	418,091
Total revenues	8,253,527	8,253,527	11,497,891	3,244,364
<b>EXPENDITURES</b>				
Culture and recreation	7,981,539	8,951,265	8,788,636	162,629
Capital outlay				
Culture and recreation	50,000	294,280	294,277	3
Debt service				
Interest and fiscal charges	—	102	55,890	(55,788)
Total expenditures	8,031,539	9,245,647	9,138,803	106,844
Excess (deficiency) of revenues over (under) expenditures	221,988	(992,120)	2,359,088	3,351,208
<b>OTHER FINANCING (USES)</b>				
Transfers out	(221,988)	(221,988)	(213,238)	8,750
Net changes in fund balance	<u>\$ —</u>	<u>\$ (1,214,108)</u>	2,145,850	<u>\$ 3,359,958</u>
Fund balance - beginning			<u>14,048,280</u>	
Fund balance - ending			<u>\$ 16,194,130</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, 2022**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Intergovernmental	\$ 3,052,865	\$ 3,052,865	\$ 3,999,193	\$ 946,328
Investment income	—	—	249,520	249,520
Miscellaneous	9,500	9,500	117,175	107,675
Total revenues	<u>3,062,365</u>	<u>3,062,365</u>	<u>4,365,888</u>	<u>1,303,523</u>
<b>EXPENDITURES</b>				
Community development	3,214,091	4,234,855	3,738,044	496,811
Debt service				
Principal payments	—	144,000	144,000	—
Interest and fiscal charges	—	1	1	—
Total expenditures	<u>3,214,091</u>	<u>4,378,856</u>	<u>3,882,045</u>	<u>496,811</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(151,726)</u>	<u>(1,316,491)</u>	<u>483,843</u>	<u>806,712</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	—	—	478,854	478,854
Transfers out	—	(4,819)	—	4,819
	<u>—</u>	<u>(4,819)</u>	<u>478,854</u>	<u>483,673</u>
Net changes in fund balance	<u>\$ (151,726)</u>	<u>\$ (1,321,310)</u>	<u>962,697</u>	<u>\$ 2,284,007</u>
Fund balance - beginning			<u>(341,963)</u>	
Fund balance - ending			<u>\$ 620,734</u>	

**CITY OF ROCKFORD, ILLINOIS**

**Human Services - Special Revenue Fund**

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

**For the Fiscal Year Ended December 31, 2022**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Intergovernmental	\$ —	\$ —	\$ 29,209,343	\$ 29,209,343
Investment income	—	—	(333,157)	(333,157)
Miscellaneous	—	—	398,192	398,192
Total revenues	—	—	29,274,378	29,274,378
<b>EXPENDITURES</b>				
Public health and welfare	—	22,393,538	33,265,425	(10,871,887)
Debt service				
Principal payments	—	—	40,235	(40,235)
Interest and fiscal charges	—	2,027	2,025	2
Total expenditures	—	22,395,565	33,307,685	(10,912,120)
Net changes in fund balance	<u>\$ —</u>	<u>\$ (22,395,565)</u>	(4,033,307)	<u>\$ 18,362,258</u>
Fund balance - beginning			<u>2,811,123</u>	
Fund balance - ending			<u>\$ (1,222,184)</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, 2022**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Taxes				
Property	\$ 5,861,962	\$ 5,861,074	\$ 6,168,328	\$ 307,254
Investment income	73,720	73,720	6,988	(66,732)
Miscellaneous	—	—	(347,950)	(347,950)
Total revenues	5,935,682	5,934,794	5,827,366	(107,428)
<b>EXPENDITURES</b>				
Community development	1,225,876	2,338,842	1,929,281	409,561
Debt service				
Principal payments	—	—	209,682	(209,682)
	175,534	178,669	117,977	60,692
Total expenditures	1,401,410	2,517,511	2,256,940	260,571
Excess (deficiency) of revenues over (under) expenditures	4,534,272	3,417,283	3,570,426	(367,999)
<b>OTHER FINANCING (USES)</b>				
Transfers out	(1,660,150)	(3,194,941)	(2,659,200)	535,741
Net change in fund balances	<u>\$ 2,874,122</u>	<u>\$ 222,342</u>	911,226	<u>\$ 688,884</u>
Fund balance - beginning			<u>(3,921,525)</u>	
Fund balances - ending			<u>\$ (3,010,299)</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, 2022**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Taxes	\$ 1,800,000	\$ 1,800,000	\$ 2,036,915	\$ 236,915
Intergovernmental	—	—	460,000	460,000
Miscellaneous	80,000	80,000	—	(80,000)
Total revenues	1,880,000	1,880,000	2,496,915	616,915
<b>EXPENDITURES</b>				
Debt service				
Principal payments	9,634,514	9,634,514	9,634,514	—
Interest and service fees	3,941,923	3,941,923	2,729,408	1,212,515
Total expenditures	13,576,437	13,576,437	12,363,922	1,212,515
Excess (deficiency) of revenues over (under) expenditures	(11,696,437)	(11,696,437)	(9,867,007)	1,829,430
<b>OTHER FINANCING SOURCES</b>				
Transfers in	3,469,967	3,469,967	10,246,171	6,776,204
Net changes in fund balance	<u>\$ (8,226,470)</u>	<u>\$ (8,226,470)</u>	379,164	<u>\$ 8,605,634</u>
Fund balance - beginning			<u>7,885,437</u>	
Fund balance - ending			<u>\$ 8,264,601</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, 2022**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Taxes	\$ 10,852,990	\$ 10,852,990	\$ 24,790,843	\$ 13,937,853
Investment income	150,000	150,000	60,569	(89,431)
Miscellaneous	15,053,058	15,053,058	78,055	(14,975,003)
Total revenues	26,056,048	26,056,048	24,929,467	(1,126,581)
<b>EXPENDITURES</b>				
Streets, alleys and bridges	2,971,516	4,776,292	1,426,964	3,349,328
Capital outlay	24,035,126	23,452,095	20,623,312	2,828,783
Debt service				
Principal retirement	—	—	1,967	(1,967)
Interest and fiscal charges	—	—	4	(4)
Total expenditures	27,006,642	28,228,387	22,052,247	6,176,140
Excess (deficiency) of revenues over (under) expenditures	(950,594)	(2,172,339)	2,877,220	5,049,559
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	8,211,061	8,211,061	2,452,408	(5,758,653)
Transfers out	—	(778,412)	(1,362,248)	(583,836)
	8,211,061	7,432,649	1,090,160	(6,342,489)
Net changes in fund balance	<u>\$ 7,260,467</u>	<u>\$ 5,260,310</u>	3,967,380	<u>\$ (1,292,930)</u>
Fund balance - beginning			<u>9,715,891</u>	
Fund balance - ending			<u>\$ 13,683,271</u>	

## NONMAJOR GOVERNMENTAL FUNDS

---

### 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.
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, 2022**

	<b>Motor Fuel Tax</b>	<b>Redevelopment</b>	<b>Family Justice Center</b>	<b>Rock River Training</b>	<b>Totals</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 15,934,472	\$ 4,550,305	\$ —	\$ —	\$ 20,484,777
Receivables - net of allowances					
Accounts	—	746,840	—	—	746,840
Accrued interest	—	2,477	—	—	2,477
Due from Federal Government	—	—	154,553	—	154,553
Due from the State of Illinois	580,207	—	249,134	768,571	1,597,912
Total assets	<u>\$ 16,514,679</u>	<u>\$ 5,299,622</u>	<u>\$ 403,687</u>	<u>\$ 768,571</u>	<u>\$ 22,986,559</u>
<b>LIABILITIES</b>					
Accounts and contracts payable	\$ 892,576	\$ 795,952	26,720	368,571	2,083,819
Accrued payroll and benefits	—	—	11,908	—	11,908
Due to other funds	—	—	173,052	400,000	573,052
Total liabilities	<u>892,576</u>	<u>795,952</u>	<u>211,680</u>	<u>768,571</u>	<u>2,668,779</u>
<b>FUND BALANCES</b>					
Restricted for					
Community development	—	4,503,670	—	—	4,503,670
Highway and streets	15,622,103	—	—	—	15,622,103
Assigned					
Public health and welfare	—	—	192,007	—	192,007
Total fund balances	<u>15,622,103</u>	<u>4,503,670</u>	<u>192,007</u>	<u>—</u>	<u>20,317,780</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 16,514,679</u>	<u>\$ 5,299,622</u>	<u>\$ 403,687</u>	<u>\$ 768,571</u>	<u>\$ 22,986,559</u>

**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, 2022**

	<b>Motor Fuel Tax</b>	<b>Redevelopment</b>	<b>Family Justice Center</b>	<b>Rock River Training</b>	<b>Totals</b>
<b>REVENUES</b>					
Taxes	\$ —	\$ 7,859,947	\$ —	\$ —	\$ 7,859,947
Intergovernmental	9,452,235	4,777,210	1,237,412	6,584,881	22,051,738
Investment income	216,708	94,254	—	—	310,962
Miscellaneous	—	65,950	—	—	65,950
Total revenues	9,668,943	12,797,361	1,237,412	6,584,881	30,288,597
<b>EXPENDITURES</b>					
Public safety	—	—	1,148,507	—	1,148,507
Community development	5,197,109	3,883,375	—	6,584,881	15,665,365
Debt service					
Principal payments	—	389,214	1,781	—	390,995
Interest and fiscal charges	—	1,814,970	5	—	1,814,975
Total expenditures	5,197,109	6,087,559	1,150,293	6,584,881	19,019,842
Excess (deficiency) of revenues over (under) expenditures	4,471,834	6,709,802	87,119	—	11,268,755
<b>OTHER FINANCING SOURCES (USES)</b>					
Debt issuance	—	208,473	—	—	208,473
Transfers in	456,969	—	—	—	456,969
Transfers out	(2,601,769)	(4,439,250)	—	—	(7,041,019)
	(2,144,800)	(4,230,777)	—	—	(6,375,577)
Net change in fund balances	2,327,034	2,479,025	87,119	—	4,893,178
Fund balances - beginning	13,295,069	2,024,645	104,888	—	15,424,602
Fund balances - ending	\$ 15,622,103	\$ 4,503,670	\$ 192,007	\$ —	\$ 20,317,780

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, 2022

	Motor Fuel Tax				Redevelopment			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>								
Taxes								
Sales tax	\$ —	\$ —	\$ —	\$ —	\$ 6,314,200	\$ 6,314,200	\$ 7,859,947	\$ 1,545,747
Intergovernmental								
Motor fuel tax allotments	5,900,000	5,900,000	6,093,968	193,968	—	—	—	—
Other	—	—	3,358,267	3,358,267	619,944	619,944	4,777,210	4,157,266
Investment income	174,400	174,400	216,708	42,308	26,377	26,377	94,254	67,877
Miscellaneous	—	—	—	—	64,700	64,700	65,950	1,250
Total revenues	6,074,400	6,074,400	9,668,943	3,594,543	7,025,221	7,025,221	12,797,361	5,772,140
<b>EXPENDITURES</b>								
Community development	—	1,259,973	5,197,109	(3,937,136)	1,617,453	3,794,327	3,883,375	(89,048)
Debt service								
Principal payments	—	—	—	—	389,214	389,214	389,214	—
Interest and fiscal charges	—	—	—	—	1,422,581	1,892,264	1,814,970	77,294
Total expenditures	—	1,259,973	5,197,109	(3,937,136)	3,429,248	6,075,805	6,087,559	(11,754)
Excess (deficiency) of revenues over (under) expenditures	6,074,400	4,814,427	4,471,834	(342,593)	3,595,973	949,416	6,709,802	5,760,386
<b>OTHER FINANCING SOURCES (USES)</b>								
Debt issuance	—	—	—	—	—	—	208,473	208,473
Transfers in	—	—	456,969	456,969	—	—	—	—
Transfers out	(6,074,400)	(6,074,400)	(2,601,769)	3,472,631	(4,435,395)	(4,435,395)	(4,439,250)	(3,855)
	(6,074,400)	(6,074,400)	(2,144,800)	3,929,600	(4,435,395)	(4,435,395)	(4,230,777)	204,618
Net change in fund balances	\$ —	\$ (1,259,973)	2,327,034	\$ 3,587,007	\$ (839,422)	\$ (3,485,979)	2,479,025	\$ 5,965,004
Fund balances - beginning			13,295,069				2,024,645	
Fund balances - ending			<u>\$ 15,622,103</u>				<u>\$ 4,503,670</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, 2022**

	Family Justice Center			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Intergovernmental				
Other taxes	\$ —	\$ —	\$ 1,237,412	\$ 1,237,412
<b>EXPENDITURES</b>				
Public Safety	—	1,151,170	1,148,507	2,663
Debt service				
Principal retirement	—	—	1,781	(1,781)
Interest and fiscal charges	—	4	5	(1)
Total expenditures	—	1,151,174	1,150,293	881
Net change in fund balances	\$ —	\$ (1,151,174)	87,119	\$ 1,238,293
Fund balances - beginning			104,888	
Fund balances - ending			\$ 192,007	

(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, 2022

	Water Utility				Parking System			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>OPERATING REVENUES</b>								
Charges for services	\$ 31,118,365	\$ 31,118,365	\$ 31,888,981	\$ 770,616	\$ 1,572,963	\$ 1,572,963	\$ 1,923,712	\$ 350,749
Fines and penalties	900,000	900,000	718,671	(181,329)	214,137	214,137	—	(214,137)
Intergovernmental	4,000,000	4,000,000	3,883,129	(116,871)	—	—	—	—
Miscellaneous	35,000	35,000	70,133	35,133	25,800	25,800	2,669	(23,131)
Total operating revenues	36,053,365	36,053,365	36,560,914	507,549	1,812,900	1,812,900	1,926,381	113,481
<b>OPERATING EXPENSES</b>								
Salaries and benefits	7,052,851	7,052,851	6,329,259	723,592	298,678	298,994	298,014	980
Services	9,620,870	9,620,870	8,671,152	949,718	1,454,670	2,586,712	1,728,931	857,781
Supplies and materials	2,062,323	2,062,323	1,615,513	446,810	61,600	63,598	32,629	30,969
Depreciation	6,655,093	6,655,093	6,486,382	168,711	541,129	1,170,549	943,146	227,403
Charges from General Fund	2,946,903	2,946,903	2,946,903	—	—	—	—	—
Miscellaneous	—	—	—	—	10,500	10,500	10,186	314
Total operating expenses	28,338,040	28,338,040	26,049,209	2,288,831	2,366,577	4,130,353	3,012,906	1,117,447
Operating income (loss)	7,715,325	7,715,325	10,511,705	2,796,380	(553,677)	(2,317,453)	(1,086,525)	1,230,928
<b>NONOPERATING REVENUES (EXPENSES)</b>								
Investment income	200,000	200,000	667,959	467,959	(46,400)	(46,400)	(139,941)	(93,541)
Disposal of capital assets	—	—	(402,845)	(402,845)	—	—	—	—
Interest expense and service fees	(871,908)	(871,908)	(863,554)	8,354	(536,022)	(537,422)	(536,735)	687
Amortization expense	100,307	100,307	100,307	—	—	—	—	—
	(571,601)	(571,601)	(498,133)	73,468	(582,422)	(583,822)	(676,676)	(92,854)
Income (loss) before transfers and contributions	7,143,724	7,143,724	10,013,572	2,869,848	(1,136,099)	(2,901,275)	(1,763,201)	1,138,074
Transfers out	—	—	—	—	—	(307,608)	(307,608)	—
Contributions from developers	50,000	50,000	1,662,459	1,612,459	—	—	307,608	307,608
	50,000	50,000	1,662,459	1,612,459	—	(307,608)	—	307,608
Changes in net position	<u>\$ 7,193,724</u>	<u>\$ 7,193,724</u>	11,676,031	<u>\$ 4,482,307</u>	<u>\$ (1,136,099)</u>	<u>\$ (3,208,883)</u>	(1,763,201)	<u>\$ 1,445,682</u>
Net position - beginning			176,679,864				8,237,705	
Net position - ending			<u>\$ 188,355,895</u>				<u>\$ 6,474,504</u>	

## 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.
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.
Workmens' Compensation	To account for workmen's compensation claims of Governmental and Proprietary Funds. Financing is provided by service charges to user funds.

**CITY OF ROCKFORD, ILLINOIS**

**Combining Statement of Net Position - Internal Service Funds  
December 31, 2022**

---

**See Following Page**

# CITY OF ROCKFORD, ILLINOIS

## Combining Statement of Net Position - Internal Service Funds December 31, 2022

	Central Garage	Building Maintenance
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 638,506	\$ 2,605,415
Accounts receivable	430	1,532
Due from other governmental units	55,174	—
Inventories	374,799	—
Prepaid expenses	—	—
Total current assets	1,068,909	2,606,947
Noncurrent assets		
Capital assets		
Construction in progress	—	987,201
Buildings and improvements	218,245	5,804,247
Leased buildings	—	1,463,010
Equipment	500,370	363,259
Leased equipment	2,541	1,386
Improvements other than buildings	—	300,548
Less accumulated depreciation	(689,456)	(3,178,719)
Total noncurrent assets	31,700	5,740,932
Total assets	1,100,609	8,347,879
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred items - IMRF	—	—
Total assets and deferred outflows of resources	1,100,609	8,347,879
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	147,077	582,018
Accrued payroll and benefits	14,519	13,251
Other payables	—	—
Due to other funds	—	—
Accrued interest payable	—	3,636
Compensated absences	7,380	14,886
Installment contracts payable	2,953	210,514
Leases payable	760	158,003
Claims and judgments payable	—	—
General obligation bonds payable - net	—	—
Total current liabilities	172,689	982,308
Noncurrent liabilities		
Compensated absences	29,519	59,543
Net pension liability - IMRF	—	—
Installment contracts payable	—	394,123
Leases payable	—	1,152,369
Claims and judgments payable	—	—
General obligation bonds payable - net	—	—
Total noncurrent liabilities	29,519	1,606,035
Total liabilities	202,208	2,588,343
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred items - IMRF	—	—
Total liabilities and deferred inflows of resources	202,208	2,588,343
<b>NET POSITION</b>		
Net investment in capital assets	27,987	3,825,923
Unrestricted (deficit)	870,414	1,933,613
Net position	\$ 898,401	\$ 5,759,536

Health Insurance	911 Communications	Risk Management	Information Systems	Workmens' Compensation	Totals
\$ 7,928,702	\$ —	\$ —	\$ 3,144,002	\$ 10,191,120	\$ 24,507,745
263,531	—	1,192,197	1,265	5,552	1,464,507
—	173,617	—	—	—	228,791
—	—	—	—	—	374,799
—	—	180,717	—	—	180,717
8,192,233	173,617	1,372,914	3,145,267	10,196,672	26,756,559
—	—	—	—	—	987,201
—	158,200	—	—	—	6,180,692
—	—	—	—	—	1,463,010
—	116,250	—	10,846,000	—	11,825,879
—	5,334	—	2,034	—	11,295
—	—	—	—	—	300,548
—	(167,475)	—	(6,769,611)	—	(10,805,261)
—	112,309	—	4,078,423	—	9,963,364
8,192,233	285,926	1,372,914	7,223,690	10,196,672	36,719,923
—	4,103,666	—	—	—	4,103,666
8,192,233	4,389,592	1,372,914	7,223,690	10,196,672	40,823,589
89,307	6,246	—	676,148	26,748	1,527,544
—	83,512	—	11,625	—	122,907
310,835	—	—	—	—	310,835
—	137,752	2,539,852	—	—	2,677,604
—	—	13,222	—	—	16,858
—	33,684	—	13,563	—	69,513
—	—	—	990,055	—	1,203,522
—	1,596	—	609	—	160,968
—	—	—	—	5,114,425	5,114,425
—	—	933,800	—	—	933,800
400,142	262,790	3,486,874	1,692,000	5,141,173	12,137,976
—	134,737	—	54,251	—	278,050
—	3,834,715	—	—	—	3,834,715
—	—	—	—	—	394,123
—	—	—	—	—	1,152,369
2,374,240	—	6,851,354	—	—	9,225,594
—	—	7,536,595	—	—	7,536,595
2,374,240	3,969,452	14,387,949	54,251	—	22,421,446
2,774,382	4,232,242	17,874,823	1,746,251	5,141,173	34,559,422
—	39,152	—	—	—	39,152
2,774,382	4,271,394	17,874,823	1,746,251	5,141,173	34,598,574
—	110,713	—	3,087,759	—	7,052,382
5,417,851	7,485	(16,501,909)	2,389,680	5,055,499	(827,367)
\$ 5,417,851	\$ 118,198	\$ (16,501,909)	\$ 5,477,439	\$ 5,055,499	\$ 6,225,015

**CITY OF ROCKFORD, ILLINOIS**

**Combining Statement of Revenues, Expense and Changes in Net Position - Internal Service Funds**  
**For the Fiscal Year Ended December 31, 2022**

	<b>Central Garage</b>	<b>Building Maintenance</b>
<b>OPERATING REVENUES</b>		
Charges for services	\$ 4,956,541	\$ 3,567,103
Intergovernmental	—	—
Miscellaneous	—	95,815
Total operating revenues	<u>4,956,541</u>	<u>3,662,918</u>
<b>OPERATING EXPENSES</b>		
Salaries and benefits	931,906	981,923
Services	1,013,961	1,642,857
Supplies and materials	2,966,790	498,181
Depreciation	37,755	494,947
Charges from General Fund	212,800	187,400
Miscellaneous	—	3,006
Total operating expenses	<u>5,163,212</u>	<u>3,808,314</u>
Operating income (loss)	<u>(206,671)</u>	<u>(145,396)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment income	13,441	63,825
Interest expense	(135)	(43,962)
	<u>13,306</u>	<u>19,863</u>
Income (loss) before transfers	<u>(193,365)</u>	<u>(125,533)</u>
Transfers in	—	124,500
Transfers out	—	(196,380)
	<u>—</u>	<u>(71,880)</u>
Changes in net position	(193,365)	(197,413)
Net position - beginning	<u>1,091,766</u>	<u>5,956,949</u>
Net position - ending	<u><u>\$ 898,401</u></u>	<u><u>\$ 5,759,536</u></u>

<b>Health Insurance</b>	<b>911 Communications</b>	<b>Risk Management</b>	<b>Information Systems</b>	<b>Workmens' Compensation</b>	<b>Totals</b>
\$ 23,032,578	\$ 4,536,970	\$ 2,084,870	\$ 5,268,454	\$ 3,362,714	\$ 46,809,230
—	1,360,505	—	7,710	—	1,368,215
1,579,602	—	760,779	—	—	2,436,196
24,612,180	5,897,475	2,845,649	5,276,164	3,362,714	50,613,641
458	4,431,634	—	995,040	—	7,340,961
23,787,658	693,239	1,087,179	4,166,391	1,476,646	33,867,931
929	1,527,285	—	(147)	—	4,993,038
—	11,675	—	1,168,096	—	1,712,473
212,180	—	492,354	54,000	122,200	1,280,934
—	—	—	—	—	3,006
24,001,225	6,663,833	1,579,533	6,383,380	1,598,846	49,198,343
610,955	(766,358)	1,266,116	(1,107,216)	1,763,868	1,415,298
153,571	(41,371)	(44,506)	50,451	226,203	421,614
—	—	(213,132)	(74,060)	—	(331,289)
153,571	(41,371)	(257,638)	(23,609)	226,203	90,325
764,526	(807,729)	1,008,478	(1,130,825)	1,990,071	1,505,623
—	—	—	—	—	124,500
—	—	—	(132,834)	—	(329,214)
—	—	—	(132,834)	—	(204,714)
764,526	(807,729)	1,008,478	(1,263,659)	1,990,071	1,300,909
4,653,325	925,927	(17,510,387)	6,741,098	3,065,428	4,924,106
\$ 5,417,851	\$ 118,198	\$ (16,501,909)	\$ 5,477,439	\$ 5,055,499	\$ 6,225,015

# CITY OF ROCKFORD, ILLINOIS

## Combining Statement of Cash Flow - Internal Service Funds For the Fiscal Year Ended December 31, 2022

	Central Garage	Building Maintenance
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers and users	\$ 5,074,598	\$ 3,662,072
Payments to suppliers	(4,173,207)	(2,135,584)
Payments to employees	(931,906)	(981,923)
	(30,515)	544,565
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Interest paid on capital debt	(135)	(43,962)
Principal paid on capital debt	(2,129)	1,119,805
Purchase of capital assets	(20,991)	(2,431,666)
	(23,255)	(1,355,823)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers in	—	124,500
Transfers out	—	(196,380)
	—	(71,880)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment income	13,441	63,825
Net increase (decrease) in cash and cash equivalents	(40,329)	(819,313)
Cash and cash equivalents - beginning	678,835	3,424,728
Cash and cash equivalents - ending	\$ 638,506	\$ 2,605,415
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ (206,671)	\$ (145,396)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities		
Depreciation expense	37,755	494,947
Increase (decrease) from changes in:		
Accounts receivable	31,486	(846)
Due from other governmental units	45,012	—
Inventories	41,559	—
Prepaid items	—	—
Accounts payable	17,425	188,225
Accrued payroll and benefits	502	(411)
Due to Other Funds	—	—
Compensated absences	2,417	8,046
Other liabilities	—	—
	176,156	689,961
Net cash provided by (used for) operating activities	\$ (30,515)	\$ 544,565



Health Insurance	911 Communications	Risk Management	Information Systems	Workmens' Compensation	Totals
\$ 25,334,883	\$ 5,981,020	\$ 2,495,341	\$ 5,276,646	\$ 3,570,654	\$ 51,395,214
(23,740,164)	(2,130,149)	(1,333,904)	(3,984,086)	(2,338,283)	(39,835,377)
(458)	(4,431,634)	—	(995,040)	—	(7,340,961)
1,594,261	(580,763)	1,161,437	297,520	1,232,371	4,218,876
—	—	(213,132)	(74,060)	—	(331,289)
—	1,596	(903,799)	(953,109)	—	(737,636)
—	(5,334)	—	(652,107)	—	(3,110,098)
—	(3,738)	(1,116,931)	(1,679,276)	—	(4,179,023)
—	—	—	—	—	124,500
—	—	—	(132,834)	—	(329,214)
—	—	—	(132,834)	—	(204,714)
153,571	(41,371)	(44,506)	50,451	226,203	421,614
1,747,832	(625,872)	—	(1,464,139)	1,458,574	256,753
6,180,870	625,872	—	4,608,141	8,732,546	24,250,992
\$ 7,928,702	\$ —	\$ —	\$ 3,144,002	\$ 10,191,120	\$ 24,507,745
\$ 610,955	\$ (766,358)	\$ 1,266,116	\$ (1,107,216)	\$ 1,763,868	\$ 1,415,298
—	11,675	—	1,168,096	—	1,712,473
502,453	339	(350,308)	482	207,940	391,546
—	83,206	—	—	—	128,218
—	—	—	—	—	41,559
220,250	—	—	—	—	220,250
(1,288,640)	(62,678)	—	221,843	26,748	(897,077)
—	(31,158)	—	3,447	—	(27,620)
—	137,752	401,526	—	—	539,278
—	47,741	—	10,868	—	69,072
1,549,243	(1,282)	(155,897)	—	(766,185)	625,879
983,306	185,595	(104,679)	1,404,736	(531,497)	2,803,578
\$ 1,594,261	\$ (580,763)	\$ 1,161,437	\$ 297,520	\$ 1,232,371	\$ 4,218,876

**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, 2022**

	Central Garage				Building Maintenance			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>OPERATING REVENUES</b>								
Charges for services	\$ 3,769,390	\$ 3,769,390	\$ 4,956,541	\$ 1,187,151	\$ 3,754,400	\$ 3,754,400	\$ 3,567,103	\$ (187,297)
Miscellaneous	15,000	15,000	—	(15,000)	—	—	95,815	95,815
Total operating revenues	3,784,390	3,784,390	4,956,541	1,172,151	3,754,400	3,754,400	3,662,918	(91,482)
<b>OPERATING EXPENSES</b>								
Salaries and benefits	1,012,740	1,013,290	931,906	81,384	1,041,159	1,042,189	981,923	60,266
Services	698,160	988,031	1,013,961	(25,930)	1,584,010	1,820,692	1,642,857	177,835
Supplies and materials	1,792,516	2,942,930	2,966,790	(23,860)	323,150	478,481	498,181	(19,700)
Depreciation	19,769	35,961	37,755	(1,794)	306,139	321,849	494,947	(173,098)
Charges from General Fund	212,800	212,800	212,800	—	187,400	187,400	187,400	—
Miscellaneous	—	—	—	—	3,000	3,000	3,006	(6)
Total operating expenses	3,735,985	5,193,012	5,163,212	29,800	3,444,858	3,853,611	3,808,314	45,297
Operating income (loss)	48,405	(1,408,622)	(206,671)	1,201,951	309,542	(99,211)	(145,396)	(46,185)
<b>NONOPERATING REVENUES (EXPENSES)</b>								
Investment income	4,000	4,000	13,441	9,441	20,500	20,500	63,825	43,325
Interest expense	(3,020)	(3,024)	(135)	2,889	(950)	(15,745)	(43,962)	(28,217)
	980	976	13,306	12,330	19,550	4,755	19,863	15,108
Income (loss) before transfers	49,385	(1,407,646)	(193,365)	1,214,281	329,092	(94,456)	(125,533)	(31,077)
Transfers in	—	—	—	—	—	—	124,500	124,500
Transfers out	—	—	—	—	(196,380)	(196,380)	(196,380)	—
	—	—	—	—	(196,380)	(196,380)	(71,880)	124,500
Changes in net position	\$ 49,385	\$ (1,407,646)	(193,365)	\$ 1,214,281	\$ 132,712	\$ (290,836)	(197,413)	\$ 93,423
Net position - beginning			1,091,766				5,956,949	
Net position - ending			\$ 898,401				\$ 5,759,536	

(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, 2022**

	Health Insurance				911 Communication			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>OPERATING REVENUES</b>								
Charges for services	\$ 22,537,980	\$ 22,537,980	\$ 23,032,578	\$ 494,598	\$ 5,222,609	\$ 5,222,609	\$ 4,536,970	\$ (685,639)
Intergovernmental	—	—	—	—	1,269,983	1,269,983	1,360,505	90,522
Miscellaneous	1,278,920	1,278,920	1,579,602	300,682	—	—	—	—
Total operating revenues	23,816,900	23,816,900	24,612,180	795,280	6,492,592	6,492,592	5,897,475	(595,117)
<b>OPERATING EXPENSES</b>								
Salaries and benefits	220	220	458	(238)	4,417,465	4,321,408	4,431,634	(110,226)
Services	22,261,050	23,803,623	23,787,658	15,965	368,750	698,987	693,239	5,748
Supplies and materials	2,000	2,000	929	1,071	1,698,467	1,783,240	1,527,285	255,955
Depreciation	—	—	—	—	7,910	7,910	11,675	(3,765)
Charges from General Fund	212,180	212,180	212,180	—	—	—	—	—
Total operating expenses	22,475,450	24,018,023	24,001,225	16,798	6,492,592	6,811,545	6,663,833	147,712
Operating income	1,341,450	(201,123)	610,955	812,078	—	(318,953)	(766,358)	(447,405)
<b>NONOPERATING REVENUES</b>								
Investment income	59,700	59,700	153,571	93,871	—	(8)	(41,371)	(41,363)
Changes in net position	<u>\$ 1,401,150</u>	<u>\$ (141,423)</u>	764,526	<u>\$ 905,949</u>	<u>\$ —</u>	<u>\$ (318,961)</u>	(807,729)	<u>\$ (488,768)</u>
Net position - beginning			<u>4,653,325</u>				<u>925,927</u>	
Net position - ending			<u>\$ 5,417,851</u>				<u>\$ 118,198</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, 2022

	Risk Management				Information System			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>OPERATING REVENUES</b>								
Charges for services	\$ 2,087,718	\$ 2,087,718	\$ 2,084,870	\$ (2,848)	\$ 5,215,640	\$ 5,215,640	\$ 5,268,454	\$ 52,814
Intergovernmental	—	—	—	—	1,270,476	1,270,476	7,710	(1,262,766)
Miscellaneous	325,000	325,000	760,779	435,779	—	—	—	—
Total operating revenues	2,412,718	2,412,718	2,845,649	432,931	6,486,116	6,486,116	5,276,164	(1,209,952)
<b>OPERATING EXPENSES</b>								
Salaries and benefits	—	—	—	—	1,552,337	1,326,200	995,040	331,160
Services	1,926,038	1,926,038	1,087,179	838,859	3,947,825	4,171,245	4,166,391	4,854
Supplies and materials	—	—	—	—	90,500	500	(147)	647
Depreciation	—	—	—	—	173,255	1,166,665	1,168,096	(1,431)
Charges from General Fund	492,354	492,354	492,354	—	54,000	54,000	54,000	—
Total operating expenses	2,418,392	2,418,392	1,579,533	838,859	5,817,917	6,718,610	6,383,380	335,230
Operating income (loss)	(5,674)	(5,674)	1,266,116	1,271,790	668,199	(232,494)	(1,107,216)	(874,722)
<b>NONOPERATING REVENUES (EXPENSES)</b>								
Investment income	20,000	20,000	(44,506)	(64,506)	—	—	50,451	50,451
Interest expense	—	—	(213,132)	(213,132)	—	(74,065)	(74,060)	5
	20,000	20,000	(257,638)	(277,638)	—	(74,065)	(23,609)	50,456
Income (loss) before transfers	14,326	14,326	1,008,478	994,152	668,199	(306,559)	(1,130,825)	(824,266)
Transfers Out	—	—	—	—	(132,834)	(132,834)	(132,834)	—
Changes in net position	\$ 14,326	\$ 14,326	1,008,478	\$ 994,152	\$ 535,365	\$ (439,393)	(1,263,659)	\$ (824,266)
Net position - beginning			(17,510,387)				6,741,098	
Net position - ending			\$ (16,501,909)				\$ 5,477,439	

(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, 2022**

	<b>Workmens' Compensation</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 3,391,271	\$ 3,391,271	\$ 3,362,714	\$ (28,557)
<b>OPERATING EXPENSES</b>				
Services	3,121,870	3,121,870	1,476,646	1,645,224
Charges from General Fund	122,200	122,200	122,200	—
Total operating expenses	3,244,070	3,244,070	1,598,846	1,645,224
Operating income (loss)	147,201	147,201	1,763,868	1,616,667
<b>NONOPERATING REVENUES</b>				
Investment income	60,000	60,000	226,203	166,203
Changes in net position	\$ 207,201	\$ 207,201	1,990,071	\$ 1,782,870
Net position - beginning			3,065,428	
Net position - ending			\$ 5,055,499	
				(Concluded)

## FIDUCIARY FUNDS

---

### PENSION TRUST

Police Pension  
Firefighters' Pension

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

**CITY OF ROCKFORD, ILLINOIS****Pension Trust Funds****Combining Statement of Fiduciary Net Position****December 31, 2022**

	Police Pension	Firefighters' Pension	Totals
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 4,145,079	\$ 904,542	\$ 5,049,621
Investments - retirement plans			
Illinois Police Officer's Pension Investment Fund	196,156,843	—	196,156,843
Illinois Firefighters' Pension Investment Fund	—	153,362,751	153,362,751
Total investments	196,156,843	153,362,751	349,519,594
Accounts receivable - net of allowance			
Accrued interest receivable	54,932	14,977	69,909
Contributions receivables	12,264,141	12,468,477	24,732,618
Other	170,095	—	170,095
Total accounts receivable - net of allowance	12,489,168	12,483,454	24,972,622
Total assets	212,791,090	166,750,747	379,541,837
<b>LIABILITIES</b>			
Accrued liabilities	2,960	485	3,445
Due to other funds	2,131,740	250,277	2,382,017
Total liabilities	2,134,700	250,762	2,385,462
<b>NET POSITION</b>			
Net position restricted for pensions	\$ 210,656,390	\$ 166,499,985	\$ 377,156,375

**CITY OF ROCKFORD, ILLINOIS**

**Pension Trust Funds**

**Combining Statement of Changes in Fiduciary Net Position**

**For the Fiscal Year Ended December 31, 2022**

	Police Pension	Firefighters' Pension	Totals
<b>ADDITIONS</b>			
Contributions			
Employer	\$ 11,237,176	\$ 13,840,583	\$ 25,077,759
Plan member	2,473,583	2,318,328	4,791,911
Total contributions	13,710,759	16,158,911	29,869,670
Investment income			
Net appreciation in fair value of investments	(26,534,462)	(28,133,657)	(54,668,119)
Interest and dividend income	1,820,583	1,122,643	2,943,226
	(24,713,879)	(27,011,014)	(51,724,893)
Less investment expense	(132,981)	(87,785)	(220,766)
Net investment income	(24,846,860)	(27,098,799)	(51,945,659)
Total additions	(11,136,101)	(10,939,888)	(22,075,989)
<b>DEDUCTIONS</b>			
Pension benefits	22,858,165	22,547,988	45,406,153
Refunds of contributions	118,715	101,343	220,058
Administrative expense	230,490	178,993	409,483
Total deductions	23,207,370	22,828,324	46,035,694
Changes in fiduciary net position	(34,343,471)	(33,768,212)	(68,111,683)
Net position restricted for pensions			
Beginning	244,999,861	200,268,197	445,268,058
Ending	\$ 210,656,390	\$ 166,499,985	\$ 377,156,375



**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, 2022**

	Police Pension				Firefighters' Pension			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>ADDITIONS</b>								
Contributions								
Employer	\$ 10,514,568	\$ 10,514,568	\$ 11,237,176	\$ 722,608	\$ 12,914,516	\$ 12,914,516	\$ 13,840,583	\$ 926,067
Plan member	2,585,000	2,585,000	2,473,583	(111,417)	2,353,000	2,353,000	2,318,328	(34,672)
Total contributions	13,099,568	13,099,568	13,710,759	611,191	15,267,516	15,267,516	16,158,911	891,395
Investment Income								
Net appreciation in fair value of investments	6,000,000	6,000,000	(26,534,462)	(32,534,462)	3,000,000	3,000,000	(28,133,657)	(31,133,657)
Interest and dividend income	7,000,000	7,000,000	1,820,583	(5,179,417)	6,000,000	6,000,000	1,122,643	(4,877,357)
	13,000,000	13,000,000	(24,713,879)	(37,713,879)	9,000,000	9,000,000	(27,011,014)	(36,011,014)
Less investment expense	(356,268)	(356,268)	(132,981)	223,287	(395,700)	(395,700)	(87,785)	307,915
Net investment income	12,643,732	12,643,732	(24,846,860)	(37,490,592)	8,604,300	8,604,300	(27,098,799)	(35,703,099)
Total additions	25,743,300	25,743,300	(11,136,101)	(36,879,401)	23,871,816	23,871,816	(10,939,888)	(34,811,704)
<b>DEDUCTIONS</b>								
Pension benefits	22,248,433	22,858,165	22,858,165	—	22,019,995	22,547,988	22,547,988	—
Refunds of contributions	80,000	80,000	118,715	(38,715)	60,000	60,000	101,343	(41,343)
Administrative expense	208,950	208,950	230,490	(21,540)	176,830	180,523	178,993	1,530
Total deductions	22,537,383	23,147,115	23,207,370	(60,255)	22,256,825	22,788,511	22,828,324	(39,813)
Changes in fiduciary net position	<u>\$ 3,205,917</u>	<u>\$ 2,596,185</u>	<u>(34,343,471)</u>	<u>\$ 36,939,656</u>	<u>\$ 1,614,991</u>	<u>\$ 1,083,305</u>	<u>(33,768,212)</u>	<u>\$ 34,851,517</u>
Net position restricted for pensions								
Beginning			244,999,861				200,268,197	
Ending			<u>\$ 210,656,390</u>				<u>\$ 166,499,985</u>	

**CITY OF ROCKFORD, ILLINOIS**

**Consolidated Year-End Financial Report  
December 31, 2022**

<b>CSFA #</b>	<b>Program Name</b>	<b>State</b>	<b>Federal</b>	<b>Other</b>	<b>Total</b>
418-00-1330	Norman Consent Decree	\$ 47,276	\$ —	\$ —	\$ 47,276
418-00-1340	Youth Emergency and Crisis Services	34,200	—	—	34,200
420-00-1758	Site Improvements	135,940	—	—	135,940
420-00-1785	Construction and/or Renovation to Buildings, Additions, or Structures	400,000	—	—	400,000
420-00-2067	Opportunity Zone Program	887,128	—	1,765,405	2,652,533
420-27-2731	Job Training Economic Development Program	—	89,986	—	89,986
420-30-0074	Trade Adjustment Assistance Program - Formula	—	659,756	—	659,756
420-30-0076	WIOA Formula Grants	—	5,409,704	—	5,409,704
420-30-0080	WIOA National Dislocated Worker Grants	—	216,597	—	216,597
420-30-0081	WIOA Statewide Rapid Response - Formula	—	208,838	—	208,838
420-70-0087	Weatherization Assistance for Low-Income Persons	71,914	711,611	—	783,525
420-70-0090	Low-Income Home Energy Assistance	6,018,596	11,189,306	—	17,207,902
420-70-0091	Community Services Block Grant	—	1,614,662	—	1,614,662
420-70-2615	Low-Income Home Energy Assistance	—	729,960	—	729,960
422-50-1655	Certified Local Government Grants Program	—	10,342	—	10,342
444-80-0496	Emergency Solutions Grant Program	—	397,437	—	397,437
444-80-0657	Homeless Prevention Program	300,953	—	—	300,953
444-80-0689	Employment Barrier Reduction Fund	—	231,880	—	231,880
444-80-2552	Emergency Rental Assistance Program	134,481	656,414	—	790,895
494-00-1005	Local Federal Bridge Program	—	54,502	—	54,502
494-00-1439	Statewide Planning and Research Funds	—	78,464	—	78,464
494-00-2356	Rebuild Illinois Local Bond Program	256,205	—	—	256,205
494-10-0343	State and Community Highway Safety/National Priority Safety Program	—	83,734	—	83,734
546-00-1745	Victims of Crime Act (VOCA) FFY18	—	733,856	—	733,856
546-00-2378	RESTORE, REINVEST, AND RENEW (R3)	280,326	—	—	280,326
586-18-0410	Summer Food Service Program for Children	—	175,342	—	175,342
588-40-0450	Emergency Management Performance Grants	—	89,803	—	89,803
	Other Grant Programs and Activities	—	67,790,958	439,270	68,230,228
	All Other Costs Not Allocated	—	—	276,692,390	276,692,390
<b>Totals</b>		<b>\$ 8,567,019</b>	<b>\$ 91,133,152</b>	<b>\$ 278,897,065</b>	<b>\$ 378,597,236</b>



**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**

June 23, 2023

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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 23, 2023.

**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*.

**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, 2022 (Unaudited)**

---

**See Following Page**

**CITY OF ROCKFORD, ILLINOIS**

**Net Position by Component - Last Ten Fiscal Years\***  
**December 31, 2022 (Unaudited)**

	<b>2013</b>	<b>2014</b>	<b>2015**</b>	<b>2016</b>
<b>GOVERNMENTAL ACTIVITIES</b>				
Net investment in capital assets	\$ 523,202,658	\$ 529,830,638	\$ 225,009,895	\$ 232,181,881
Restricted				
Capital projects	8,262,387	5,588,205	—	—
Debt service	6,513,108	6,575,000	9,940,202	9,984,081
Other purposes	13,470,622	15,548,246	24,223,691	25,524,410
Unrestricted (deficit)	(3,428,056)	(965,343)	(281,214,840)	(294,263,674)
Total governmental activities net position	548,020,719	556,576,746	(22,041,052)	(26,573,302)
<b>BUSINESS-TYPE ACTIVITIES</b>				
Net investment in capital assets	139,564,019	140,232,135	136,801,891	138,985,875
Restricted				
Capital projects	1,000,000	1,000,000	1,000,000	1,000,000
Debt service	5,334,283	5,187,576	5,040,258	3,734,747
Unrestricted (deficit)	3,387,821	3,425,953	8,525,774	12,682,405
Total business-type activities net position	149,286,123	149,845,664	151,367,923	156,403,027
Total net position	\$ 697,306,842	\$ 706,422,410	\$ 129,326,871	\$ 129,829,725
<b>PRIMARY GOVERNMENT</b>				
Net investment in capital assets	\$ 662,766,677	\$ 670,062,773	\$ 361,811,786	\$ 371,167,756
Restricted	34,580,400	33,899,027	40,204,151	40,243,238
Unrestricted (deficit)	(40,235)	2,460,610	(272,689,066)	(281,581,269)
Total net position	\$ 697,306,842	\$ 706,422,410	\$ 129,326,871	\$ 129,829,725

Data Source: City Records

\*Accrual Basis of Accounting

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

2017	2018	2019	2020	2021	2022
\$ 246,421,993	\$ 237,514,960	\$ 240,780,483	\$ 272,587,858	\$ 263,787,727	\$ 255,900,410
—	—	—	—	—	—
10,297,303	8,350,683	9,080,224	7,274,106	7,643,293	8,046,664
24,137,561	28,293,779	26,226,292	26,605,345	32,179,117	36,940,637
(315,835,681)	(334,710,176)	(354,897,376)	(357,991,883)	(322,408,164)	(285,420,931)
(34,978,824)	(60,550,754)	(78,810,377)	(51,524,574)	(18,798,027)	15,466,780
142,017,856	148,507,880	154,684,885	164,308,985	168,670,663	178,474,761
1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
3,493,867	3,005,522	4,190,830	4,186,860	7,189,179	7,318,535
15,214,839	15,064,449	14,524,616	7,382,485	8,057,727	8,037,103
161,726,562	167,577,851	174,400,331	176,878,330	184,917,569	194,830,399
\$ 126,747,738	\$ 107,027,097	\$ 95,589,954	\$ 125,353,756	\$ 166,119,542	\$ 210,297,179
\$ 388,439,849	\$ 386,022,840	\$ 395,465,368	\$ 436,896,843	\$ 432,458,390	\$ 434,375,171
38,928,731	40,649,984	40,497,346	39,066,311	48,011,589	53,305,836
(300,620,842)	(319,645,727)	(340,372,760)	(350,609,398)	(314,350,437)	(277,383,828)
\$ 126,747,738	\$ 107,027,097	\$ 95,589,954	\$ 125,353,756	\$ 166,119,542	\$ 210,297,179



# CITY OF ROCKFORD, ILLINOIS

## Changes in Net Position - Last Ten Fiscal Years\* December 31, 2022 (Unaudited)

	2013	2014	2015**	2016	2017	2018	2019	2020	2021	2022
<b>EXPENSES</b>										
Governmental activities:										
General government	\$ 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	\$ 53,130,735
Public safety	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	168,739,788
Streets, alleys and bridges	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	20,482,423
Community development	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	24,649,327
Sanitation and sewers	7,083,257	9,356,050	12,358,032	15,308,363	14,588,031	12,423,942	24,675	24,632	24,675	12,338
Culture and recreation	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	10,007,368
Public health and welfare	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	33,442,524
Interest and fiscal charges	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	5,186,842
	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	315,651,345
Business-type activities:										
Water	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	27,215,301
Parking	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	3,549,641
	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	30,764,942
Total expenses	\$ 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	\$ 346,416,287
<b>PROGRAM REVENUES</b>										
Governmental activities:										
Charges for services:										
General government	\$ 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	\$ 43,432,095
Public safety	9,116,701	9,362,142	10,525,495	—	1,885,378	2,033,143	2,022,607	1,482,344	1,624,255	1,442,964
Streets, alleys and bridges	5,551,095	5,843,446	6,569,562	—	—	—	—	—	—	—
Community development	1,002,188	1,007,366	1,132,543	227,441	1,181,885	105,663	57,335	—	—	—
Sanitation and sewers	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	169,912	173,796	198,765	122,831	180,135	151,491	168,044	85,324	116,255	131,413
Operating grants and contributions	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	85,789,471
Capital grants and contributions	36,857,891	8,141,162	14,124,360	10,072,753	6,211,884	6,434,827	3,447,733	—	4,420,276	9,452,235
	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	140,248,178
Business-type activities:										
Charges for services:										
Water	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	36,560,914
Parking	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	1,926,381
Capital grants and contributions	586,349	644,105	—	859,380	1,305,355	3,511,512	770,104	497,436	630,169	1,970,067
	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	40,457,362
Total program revenues	\$ 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	\$ 180,705,540

	2013	2014	2015**	2016	2017	2018	2019	2020	2021	2022
<b>NET (EXPENSES) REVENUES</b>										
Governmental activities	\$ (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)	\$ (175,403,167)
Business-type activities	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	9,692,420
Total net (expenses) revenues	\$ (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)	\$ (165,710,747)
<b>CHANGES IN NET POSITION</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 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	\$ 61,857,366
Sales taxes	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	49,183,904
Use taxes	—	—	—	—	—	—	—	—	5,801,055	6,778,301
Telecommunications taxes	—	—	—	—	—	—	—	—	2,640,048	2,446,018
Utility taxes	—	—	—	—	—	—	—	—	6,023,727	10,495,069
Other taxes	16,521,501	17,551,602	10,295,225	11,592,026	16,364,785	23,989,197	28,086,266	27,530,279	15,427,042	14,418,692
Intergovernmental - Unrestricted										
Income tax	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	24,409,935
Replacement tax	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	27,829,203
Grants	—	—	—	—	—	—	—	—	8,436,928	—
Other	—	—	—	—	—	—	—	9,320,101	4,044,278	6,505,535
Investment income	(2,822,026)	4,204,812	1,188,290	1,001,420	625,757	1,156,212	1,081,913	802,248	(44,962)	4,186,856
Miscellaneous	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	1,249,487
Transfers	60,000	60,000	60,000	60,000	60,000	—	—	183,533	33,856	307,608
Total governmental activities	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	209,667,974
Business-type activities:										
Intergovernmental - Unrestricted										
Grants	—	—	—	—	—	—	—	—	900,000	—
Investment income	(667,894)	1,048,948	232,718	341,815	181,608	309,640	491,009	179,064	(57,012)	528,018
Miscellaneous	—	(167,346)	—	—	—	—	—	—	—	—
Transfers	(60,000)	(60,000)	(60,000)	(60,000)	(60,000)	—	—	(183,533)	(33,856)	(307,608)
Total business-type activities	(727,894)	821,602	172,718	281,815	121,608	309,640	491,009	(4,469)	809,132	220,410
Total primary government	\$ 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	\$ 209,888,384
<b>CHANGE IN NET POSITION</b>										
Governmental activities	\$ 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	\$ 34,264,807
Business-type activities	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	9,912,830
Total primary government	\$ 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	\$ 44,177,637

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, 2022 (Unaudited)**

	2013	2014	2015	2016
<b>GENERAL FUND</b>				
Nonspendable	\$ —	\$ —	\$ 150,000	\$ 150,000
Unassigned	34,420,681	35,567,463	37,525,349	36,636,721
Total General Fund	34,420,681	35,567,463	37,675,349	36,786,721
<b>ALL OTHER GOVERNMENTAL FUNDS</b>				
Nonspendable	958,107	870,116	798,679	437,466
Restricted for:				
Capital projects	8,262,387	5,588,205	—	—
Debt service	6,513,108	6,575,000	10,177,528	10,221,407
Culture and recreation	8,353,738	9,289,998	10,069,963	9,944,201
Community development	3,469,457	4,744,767	5,598,346	6,566,114
Public health and welfare	713,529	667,574	532,752	599,909
Highway and streets	9,478,114	11,704,798	8,022,630	8,414,186
Assigned for:				
General government	180,582	192,988	195,561	195,561
Debt service	2,195,329	4,062,585	—	—
Community development	4,849,350	4,134,143	4,266,523	12,350,498
Public health and welfare	111,807	159,297	216,535	286,150
Highway and streets	2,068,634	—	—	—
Unassigned	(6,574,475)	(8,208,433)	(7,134,235)	(10,193,553)
Total all other governmental funds	40,579,667	39,781,038	32,744,282	38,821,939
Total all governmental funds	\$ 75,000,348	\$ 75,348,501	\$ 70,419,631	\$ 75,608,660

Data Source: City Records

\*Modified Accrual Basis of Accounting

2017	2018	2019	2020	2021	2022
\$ 150,000	\$ 151,054	\$ 150,400	\$ 319,298	\$ 318,934	\$ 320,258
30,466,617	34,079,651	39,502,751	42,821,303	46,280,214	116,441,375
30,616,617	34,230,705	39,653,151	43,140,601	46,599,148	116,761,633
57,012	—	81,000	—	—	—
—	—	—	—	—	—
10,534,629	8,588,009	9,487,451	7,607,347	7,885,437	8,264,601
9,939,853	10,716,006	11,524,308	12,375,287	14,048,280	16,194,130
4,226,602	4,786,207	2,488,498	1,352,030	2,024,645	5,124,404
832,850	4,152,001	1,519,384	1,851,016	2,811,123	—
9,138,256	8,639,565	10,694,102	11,027,012	13,295,069	15,622,103
195,561	195,561	—	—	—	—
—	—	—	—	—	—
2,602,348	2,567,102	24,307,524	9,247,843	9,715,891	13,683,271
209,679	145,575	5,199	—	104,888	192,007
—	—	—	—	—	—
(10,262,963)	(11,143,082)	(9,813,638)	(9,322,248)	(4,263,488)	(4,232,483)
27,473,827	28,646,944	50,293,828	34,138,287	45,621,845	54,848,033
\$ 58,090,444	\$ 62,877,649	\$ 89,946,979	\$ 77,278,888	\$ 92,220,993	\$ 171,609,666

**CITY OF ROCKFORD, ILLINOIS**

**Changes in Fund Balances for Governmental Funds - Last Ten Fiscal Years\***  
**December 31, 2022 (Unaudited)**

	2013	2014	2015	2016
<b>REVENUES</b>				
Taxes	\$ 112,374,801	\$ 113,009,795	\$ 109,065,837	\$ 110,340,379
Licenses and permits	4,195,722	5,292,806	7,836,475	7,182,358
Intergovernmental	60,350,268	59,115,907	68,003,443	63,613,242
Charges for services	22,384,977	24,559,244	30,134,940	33,077,083
Fines	1,330,341	1,223,737	1,248,237	1,257,381
Investment income	(2,188,963)	3,118,977	914,998	726,080
Miscellaneous	1,388,622	1,017,183	1,550,932	3,536,395
Total revenues	199,835,768	207,337,649	218,754,862	219,732,918
<b>EXPENDITURES</b>				
Current:				
General government	12,424,299	12,452,533	11,152,236	11,597,842
Public safety	92,936,457	92,695,209	98,615,052	101,937,283
Streets, alleys and bridges	13,293,105	15,068,708	21,094,419	16,202,782
Community development	10,181,731	8,886,067	12,368,519	13,341,542
Sanitation and sewers	9,859,179	12,012,277	12,358,032	14,398,829
Culture and recreation	7,443,243	7,954,777	7,348,771	8,554,854
Public health and welfare	16,348,317	15,857,443	15,627,543	15,033,706
Debt service:				
Principal payments	14,109,960	10,640,814	13,148,479	12,040,963
Interest and fiscal charges	3,056,098	3,455,713	3,425,850	4,220,590
Capital outlay:				
General government	—	—	1,124,980	—
Public safety	5,518,861	5,891,123	—	—
Streets, alleys and bridges	25,568,840	24,884,980	41,979,220	36,633,253
Community development	55,666	—	—	—
Culture and recreation	5,756,123	3,415,845	375,570	—
Public health and welfare	253,537	164,218	—	—
Total expenditures	216,805,416	213,379,707	238,618,671	233,961,644
Excess (deficiencies) of revenues over (under) expenditures	(16,969,648)	(6,042,058)	(19,863,809)	(14,228,726)
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of refunding bonds	—	29,590,000	14,874,939	5,400,000
Payment to escrow agent	—	(30,911,996)	—	(5,642,373)
Issuance of general obligation bonds	—	5,420,000	—	14,770,000
Issuance of installment contracts	10,580,307	4,016,223	—	4,515,600
Discount on debt issuance	—	(369,781)	—	—
Premium on debt issuance	—	1,085,765	—	314,528
Disposal of capital assets	—	—	—	—
Transfers in	15,692,707	16,501,125	23,124,325	19,852,700
Transfers out	(15,632,707)	(18,941,125)	(23,064,325)	(19,792,700)
	10,640,307	6,390,211	14,934,939	19,417,755
Net change in fund balances	\$ (6,329,341)	\$ 348,153	\$ (4,928,870)	\$ 5,189,029
Debt service as a percentage of noncapital expenditures	9.56%	(11.01%)	8.40%	7.68%

Data Source: City Records

\*Modified Accrual Basis of Accounting

2017	2018	2019	2020	2021	2022
\$ 114,816,711	\$ 122,441,123	\$ 128,607,124	\$ 125,570,423	\$ 138,887,121	\$ 145,179,350
9,745,667	10,874,632	11,028,972	9,490,309	9,769,217	9,241,157
52,044,241	57,289,345	53,923,910	71,222,017	89,408,742	153,986,379
32,263,530	26,652,526	26,303,212	32,796,285	31,372,851	34,283,445
1,952,100	2,100,339	2,077,329	1,518,268	1,663,452	1,481,870
461,721	901,939	712,630	650,625	516	3,765,242
4,130,550	3,021,339	5,779,049	9,519,858	6,534,954	1,249,487
215,414,520	223,281,243	228,432,226	250,767,785	277,636,853	349,186,930
11,710,916	13,064,160	22,835,047	24,695,816	28,507,909	24,475,645
107,513,287	110,656,380	113,983,475	121,765,321	128,903,692	129,221,965
12,415,385	13,973,852	15,744,910	19,938,492	15,782,584	12,160,406
12,562,462	15,788,408	11,923,262	23,893,882	21,177,685	24,466,215
14,737,836	12,397,792	—	—	—	—
8,249,312	8,289,293	9,038,648	8,476,567	7,385,242	8,788,636
15,947,170	16,964,131	18,431,025	21,180,333	29,121,725	33,265,425
13,039,045	10,846,812	10,075,455	10,454,272	10,585,839	10,913,614
5,128,971	2,993,490	3,225,586	3,588,960	4,776,527	4,827,525
—	—	—	—	—	—
—	—	—	—	—	—
33,876,952	22,038,242	25,287,062	31,987,563	17,538,699	24,499,621
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
235,181,336	227,012,560	230,544,470	265,981,206	263,779,902	272,619,052
(19,766,816)	(3,731,317)	(2,112,244)	(15,213,421)	13,856,951	76,567,878
—	—	—	—	—	—
—	(10,929,758)	—	—	—	—
—	16,800,526	31,945,831	1,520,795	—	—
1,020,330	—	—	—	710,078	2,308,473
—	97,334	—	—	—	—
—	(37,960)	758,685	—	—	—
1,147,500	—	—	—	—	—
19,199,654	17,714,465	31,071,827	15,590,022	15,522,876	17,822,554
(19,139,654)	(15,126,085)	(31,268,871)	(14,565,487)	(15,147,800)	(17,310,232)
2,227,830	8,518,522	32,507,472	2,545,330	1,085,154	2,820,795
\$ (17,538,986)	\$ 4,787,205	\$ 30,395,228	\$ (12,668,091)	\$ 14,942,105	\$ 79,388,673
8.41%	6.53%	6.27%	6.19%	6.17%	6.39%

**CITY OF ROCKFORD, ILLINOIS****Assessed Value and Actual Value of Taxable Property (000's Omitted) - Last Ten Tax Levy Years  
December 31, 2022 (Unaudited)**

<b>Tax Levy Year</b>	<b>Winnebago</b>	
	<b>Residential Property</b>	<b>Commercial Property</b>
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
2022	1,245,434	523,601

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

<b>County</b>			<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Taxable Value</b>	<b>Estimated Actual Value</b>
<b>Industrial Property</b>	<b>Other Property</b>	<b>Ogle County</b>				
\$ 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%
177,204	6,531	176	1,952,594	2.83350	5,858,368	33.33%



**CITY OF ROCKFORD, ILLINOIS****Direct and Overlapping Property Tax Rates - Last Ten Tax Levy Years  
December 31, 2022 (Unaudited)**

<b>Tax Levy Year</b>	<b>City Direct Rates</b>					<b>Winnebago County</b>
	<b>General Fund</b>	<b>Library Special Revenue Fund</b>	<b>Debt Service Fund</b>	<b>Other Revenue Funds</b>	<b>Total Direct Tax Rate</b>	
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
2022	2.45750	0.37600	0.00000	0.00000	2.83350	0.83730

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
0.11650	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
0.09930	0.22450	0.94010	0.15930	0.09260	5.76250	0.47620

**CITY OF ROCKFORD, ILLINOIS**

**Principal Property Tax Payers - Current Fiscal Year and Ten Fiscal Years Ago**  
**December 31, 2022 (Unaudited)**

Taxpayer	2022			2012		
	Equalized Value	Rank	Percentage of Total Equalized Value	Equalized Value	Rank	Percentage of Total Equalized Value
Greater Rockford Airport	\$ 14,189,721	1	0.79%	\$ 11,220,897	1	0.66%
Wesley Willows	12,621,514	2	0.70%	3,405,056	10	0.20%
Lowes Homes Centers Inc.	12,519,426	3	0.70%	10,558,660	2	0.62%
Forest Plaza LLC	9,089,342	4	0.51%	6,932,827	4	0.41%
Swedish American Hospital	7,872,662	5	0.44%			
PCI, Inc	7,608,109	6	0.42%			
Walmart Stores INC	7,487,200	7	0.42%	9,068,174	3	0.53%
Hampton Ridge Apartments	5,916,456	8	0.33%			
Beacon Hill Apartment	5,360,269	9	0.30%			
Fairhaven Christian Home	4,819,925	10	0.27%			
MB Rockford State LLC				4,126,324	5	0.24%
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	<u>\$ 87,484,624</u>		<u>4.88%</u>	<u>\$ 59,878,617</u>		<u>3.51%</u>

Data Source: Winnebago County Collector's office.

**CITY OF ROCKFORD, ILLINOIS**

**Property Tax Levies and Collections - Last Ten Fiscal Years  
December 31, 2022 (Unaudited)**

<b>Tax Levy Year</b>	<b>Tax Levy (1)</b>	<b>Collections (2)</b>	<b>Percent of Tax Levy Extension Collected</b>	<b>Delinquent Tax Collections (3)</b>	<b>Total Tax Collections</b>	<b>Total Collections as Percent of Current Tax Levy Extensions</b>
2013	\$ 55,147,024	\$ 54,692,794	99.18%	\$ —	\$ 54,692,794	99.18%
2014	55,133,178	54,557,726	98.96%	—	54,557,726	98.96%
2015	54,580,057	53,655,866	98.31%	(156,499)	53,499,367	98.02%
2016	54,607,510	54,137,076	99.14%	(68,339)	54,068,737	99.01%
2017	54,524,654	53,968,144	98.98%	(51,618)	53,916,526	98.88%
2018	55,567,606	55,220,493	99.38%	(22,454)	55,198,039	99.33%
2019	55,567,606	55,269,174	99.46%	(12,177)	55,256,997	99.44%
2020	54,864,622	54,763,029	99.81%	—	54,763,029	99.81%
2021	55,623,392	55,493,918	99.77%	(8,753)	55,485,165	99.75%
2022	55,263,392	—	—%	—	—	—%

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 2022 levy will be collected in 2023.

# CITY OF ROCKFORD, ILLINOIS

## Ratios of Outstanding Debt by Type - Last Ten Fiscal Years December 31, 2022 (Unaudited)

Fiscal Year	Governmental Activities								
	General	Section 108	EPA Water	Promissory		Installment	Lines		
	Obligation	Guaranteed	Pollution	Term		Contracts	of		
	Bonds	Loans	Obligation	Note	Leases	Payable	Credit		
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	—	—	—	20,162,692	—		
2019	76,272,024	2,868,000	—	—	—	26,228,983	—		
2020	80,674,842	2,793,000	—	—	—	22,255,165	—		
2021	74,214,596	2,457,000	—	—	—	17,315,950	—		
2022	67,387,054	2,313,000	—	—	8,750,113	14,405,064	—		

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							
Water General Obligation Alternate Bonds	Parking System General Obligation Alternate Bonds	Water IEPA Loan	Leases	Installment Contracts Payable	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
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
10,507,897	6,853,823	21,593,697	2,213	376,056	132,188,917	2.02%	895

# CITY OF ROCKFORD, ILLINOIS

## Ratios of General Bonded Debt Outstanding - Last Ten Fiscal Years December 31, 2022 (Unaudited)

Fiscal Year	Population (1)	Equalized Value (2)	Bond Principal	Less: Debt Service	Net Bonded Debt	Ratio of Net Bonded Debt to Equalized Value	Net Bonded Debt Per Capita
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
2022	147,711	2,030,590,488	84,748,774	15,365,199	69,383,575	3.42%	470

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 tax increment financing areas equalized value.

**CITY OF ROCKFORD, ILLINOIS**

**Schedule of Direct and Overlapping Bonded Debt  
December 31, 2022 (Unaudited)**

Name of Governmental Unit	Total Debt Outstanding	(2) Percentage Applicable to City	City's Share of Debt
<b>DIRECT</b>			
City of Rockford, Illinois (1)	\$ 92,855,231	100.0%	\$ 92,855,231
<b>OVERLAPPING</b>			
Schools:			
Rockford School District #205	152,768,334	70.8%	108,159,980
Harlem School District #122	12,325,000	2.9%	357,425
Meridian School District #223	8,640,000	93.9%	8,112,960
Pecatonica School District #321	1,289,000	10.6%	136,634
Winnebago School District #323	12,482,200	6.2%	773,896
Rock Valley Community College #511	45,055,000	59.3%	26,717,615
	<u>232,559,534</u>		<u>144,258,510</u>
Other units:			
Winnebago County	73,830,000	40.3%	29,753,491
Winnebago County Forest Preserve	1,413,547	40.3%	569,659
Rock River Water Reclamation District	17,105,000	58.0%	9,920,900
Greater Rockford Airport Authority	62,032,550	54.7%	33,931,805
Rockford Township	—	74.2%	—
Cherry Valley Township	—	44.6%	—
Winnebago Township	—	0.7%	—
Owen Township	—	20.0%	—
Winnebago Park District	—	0.7%	—
Rockford Park District	41,355,750	70.0%	28,949,025
	<u>195,736,847</u>		<u>103,124,880</u>
Total overlapping debt	<u>428,296,381</u>		<u>247,383,390</u>
Total direct and overlapping debt	<u>\$ 521,151,612</u>		<u>\$ 340,238,621</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, 2022 (Unaudited)

### LEGAL DEBT MARGIN CALCULATION FOR THE FISCAL YEAR 2022

Assessed value	<u>\$ 2,030,590,488</u>
Debt limit - State (8.625% of assessed value)	<u>175,138,430</u>
Debt limit - City (80% of the State limit)	140,110,744
Debt applicable to limit:	
Lease/purchase agreements	<u>14,741,524</u>
Legal debt margin	<u>\$ 125,369,220</u>

	2013	2014	2015	2016
Debt limit	\$ 107,085,650	\$ 100,189,839	\$ 99,265,017	\$ 99,587,826
Total net debt applicable to limit	<u>30,531,182</u>	<u>27,828,738</u>	<u>25,393,359</u>	<u>20,204,254</u>
Legal debt margin	<u>\$ 76,554,468</u>	<u>\$ 72,361,101</u>	<u>\$ 73,871,658</u>	<u>\$ 79,383,572</u>
Total net debt applicable to the limit as a percentage of debt limit	28.51%	27.78%	25.58%	20.29%

Data Source: City Records



**CITY OF ROCKFORD, ILLINOIS**

**Pledged-Revenue Coverage - Last Ten Fiscal Years**  
**December 31, 2022 (Unaudited)**

Fiscal Year	Water Service Charges	Less: Operating Expenses	Net Revenue Available for Debt Service	Debt Service		Total	Coverage
				Principal	Interest		
Water Utility Fund							
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%
2022	31,888,981	26,049,209	5,839,772	1,815,000	441,306	2,256,306	2.59%

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, 2022 (Unaudited)

<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Personal Income (Thousands of dollars) (3)</b>	<b>Per Capita Personal Income (2)</b>	<b>Unemployment Rate (4)</b>
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%
2022	147,711	6,536,507	51,140	5.40%

Notes:

(1) U.S. Department of Commerce, Bureau of Statistics.

(2) U.S. Department of Commerce, Bureau of Statistics, the amount presented is for the Rockford MSA.

(3) Per Capita Personal Income multiplied by the population.

(4) Figures are provided by the US Bureau of Labor Statistics. The rate presented is the average unemployment for the year, Rockford MSA.

# CITY OF ROCKFORD, ILLINOIS

## Principal Employers - Current Fiscal Year and Ten Fiscal Years Ago December 31, 2022 (Unaudited)

Taxpayer	2022			2012		
	Employees (1)	Rank	Percentage of Total City Employment	Employees (2)	Rank	Percentage of Total City Employment
Rockford Public Schools	4,075	1	2.71%	4,800	1	3.30%
System (3)	3,780	2	2.51%	2,600	3	1.79%
Mercyhealth/Rockford Health	3,000	3	1.99%	2,500	4	1.72%
OSF Healthcare (4)	2,200	4	1.46%	2,000	6	1.37%
UPS	2,000	5	1.33%	2,000	7	1.37%
Collins Aerospace	2,000	6	1.33%			
Woodward Govenor Company	2,000	7	1.33%	1,200	10	1.10%
Amazon	1,535	8	1.02%			
Wal-Mart Stores	1,470	9	0.98%	2,750	2	1.89%
Stellantis/Fiat Chrysler Automobiles	1,459	10	0.97%	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>15.63%</u>	<u>23,800</u>		<u>16.63%</u>
Total employment in the Rockford MSA	<u>150,400</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, 2022 (Unaudited)**

---

**See Following Page**

**CITY OF ROCKFORD, ILLINOIS**

**Full-time Equivalent Government Employees by Function - Last Ten Fiscal Years  
December 31, 2022 (Unaudited)**

<b>Function/Program</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
General government:				
Mayor's office	4.0	4.0	4.0	4.0
Legal department	12.0	12.0	13.0	13.0
Finance office	36.0	36.0	36.0	36.0
Information technology	4.0	4.0	4.0	4.0
Human resources	5.0	5.0	5.0	5.0
Public safety				
Police department				
Officers	283.0	286.5	287.0	287.0
Civilians	36.0	36.0	36.0	36.0
Fire department	280.0	259.0	259.0	259.0
911	53.0	53.0	53.0	52.0
Public works - traffic	11.0	11.0	11.0	12.0
Construction services	25.2	25.2	23.2	24.0
Streets, alleys and bridges				
Administration	2.0	2.0	2.0	2.0
Engineering	9.5	8.0	9.1	9.0
Capital projects	16.5	18.0	18.9	20.0
Street and sewer maintenance	31.0	31.0	31.0	30.0
Property and equipment	23.0	23.0	23.0	24.0
Community development				
Administration	1.5	1.5	1.5	2.0
Development	7.0	7.0	6.0	6.0
Planning	4.3	4.3	4.3	5.0
Culture and recreation				
Library	86.3	87.0	87.0	88.0
Public health and welfare	96.4	95.5	86.4	89.0
Parking	8.5	3.0	3.0	3.0
Water	64.0	64.0	63.0	64.0
Totals	1,099.2	1,076.0	1,066.4	1,074.0

Data Source: City Finance Office

2017	2018	2019	2020	2021	2022
5.0	5.0	5.0	5.0	5.0	4.0
13.0	13.0	13.0	13.0	14.0	14.0
36.0	36.0	33.0	32.0	32.0	32.0
4.0	5.0	6.0	6.0	6.0	6.0
5.0	5.0	5.0	5.0	5.0	6.0
284.0	301.0	301.0	301.0	301.0	301.0
40.0	41.0	40.0	41.0	44.0	58.0
261.0	272.0	272.0	274.0	274.0	274.0
52.0	52.0	52.0	52.0	53.0	53.0
11.0	12.0	12.0	12.0	12.0	12.0
23.0	25.0	21.0	20.3	20.3	21.3
2.0	2.0	2.0	3.0	7.0	7.0
10.0	6.0	6.1	7.2	7.2	9.7
20.0	21.0	19.9	21.8	21.8	18.3
30.0	31.0	31.0	31.0	31.0	31.0
25.0	24.0	24.0	24.0	20.0	20.0
2.0	1.5	1.5	2.5	2.5	2.5
5.0	6.0	6.0	6.0	6.0	6.0
4.0	4.5	8.5	8.3	8.3	8.3
88.0	87.0	87.0	78.0	80.0	67.5
89.0	93.4	84.4	91.7	91.7	101.6
3.0	3.0	3.0	3.0	3.0	3.0
63.0	63.0	65.0	65.0	65.0	66.0
1,075.0	1,109.4	1,098.4	1,102.8	1,109.8	1,122.2



# CITY OF ROCKFORD, ILLINOIS

## Operating Indicators by Function/Program - Last Ten Fiscal Years December 31, 2022 (Unaudited)

Function/Program	2013	2014	2015	2016
Police department				
Total calls for service	154,000	146,033	162,339	158,966
Total group A offenses	20,504	18,217	18,119	18,164
Total group B offenses	12,345	8,659	9,872	9,960
Arrests	N/A	N/A	N/A	N/A
Clearance rate	34.60%	36.10%	32.70%	34.00%
Fire department				
Total call for service	25,100	22,008	27,446	27,580
Number of fire investigations	180	180	180	N/A
Total number of fire calls	625	638	690	679
Total number of ambulance runs	19,804	20,732	21,844	21,580
911 center				
Total non-emergency calls	101,971	105,744	106,246	132,427
Total emergency calls	117,484	134,387	137,945	108,072
Total police dispatches	153,646	195,293	167,305	163,339
Total fire dispatches	28,676	25,990	27,838	31,557
Construction and development services				
Building permits	6,642	9,664	6,463	N/A
Code enforcement	4,293	4,779	5,312	N/A
Total inspections	11,200	10,500	9,572	8,095
Demolitions	28	113	113	118
Human services				
Households receiving energy assistance	6,000	6,000	8,270	7,943
Head start children served	664	756	760	763
Homeless prevention clients served	2,800	2,800	1,155	1,155
Summer food program - meals served	23,350	23,350	53,982	56,509
Clients receiving weatherization assistance	120	120	112	90
Sanitation division				
Regular tonnage	45,970	47,314	47,140	48,609
Composting tonnage	13,114	11,994	12,470	12,777
Recycling tonnage	6,499	7,250	8,230	7,674
Public works				
Number of engineering plans reviewed	128	169	159	154
Number of permits issued	2,061	1,852	2,091	1,576
Plowing/spreading occurrences	24	24	22	17
Street sweeping cycles	3	N/A	N/A	N/A
Tree trims	1,523	2,725	2,384	2,802
Tree plantings	756	686	530	536
Total requests	7,724	6,553	7,271	5,633
Average days to close request	79	49	49	NA
Parking division				
Total parking spaces	4,504	4,233	4,170	8,246
Number of tickets issued	18,000	13,092	19,000	17,830
Water division				
Number of users	50,703	50,800	50,800	50,888
Annual water production (billion gallons)	7	7	7	6

Source: City finance department

N/A: Not Available

2017	2018	2019	2020	2021	2022
159,511	161,679	154,840	159,510	159,510	158,962
17,489	17,433	15,921	15,259	15,259	13,888
10,141	11,692	11,777	8,212	8,212	4,214
N/A	N/A	N/A	N/A	N/A	N/A
37.50%	44.00%	39.80%	38.00%	38.00%	33.70%
28,378	29,217	29,398	29,377	29,332	32,329
N/A	N/A	N/A	N/A	N/A	N/A
534	716	681	693	534	529
22,390	22,892	22,855	22,762	22,216	20,183
108,080	105,096	95,697	97,291	99,000	152,050
132,868	121,605	111,806	103,074	109,000	103,229
161,572	168,680	155,071	189,039	155,130	162,471
28,835	29,217	34,204	43,261	40,348	40,692
6,744	8,726	6,665	8,635	7,000	7,772
N/A	N/A	N/A	N/A	N/A	N/A
8,710	11,866	20,724	19,735	11,100	10,894
215	81	27	62	76	31
7,796	9,099	10,299	10,660	11,355	17,478
689	798	1,164	1,050	662	792
410	218	304	704	509	562
57,272	58,908	52,710	44,670	31,040	31,602
62	89	140	74	63	81
51,140	49,985	51,357	56,872	51,332	56,093
11,627	12,720	12,924	11,801	7,038	9,109
6,969	7,369	7,695	7,846	8,496	7,687
136	130	181	165	220	199
2,171	1,772	1,801	1,900	2,000	2,107
13	26	21	21	21	15
N/A	N/A	N/A	N/A	N/A	N/A
3,075	2,137	2,310	1,445	1,600	1,216
211	174	151	98	250	218
6,093	4,204	6,242	4,537	3,700	4,493
NA	NA	NA	NA	N/A	N/A
8,052	4,170	4,170	4,170	4,219	4,862
17,077	16,488	14,646	6,228	8,528	6,914
51,060	52,329	51,123	51,067	51,337	51,317
6	6	6	6	7	6

**CITY OF ROCKFORD, ILLINOIS**

**Capital Asset Statistics by Function/Program - Last Ten Fiscal Years  
December 31, 2022 (Unaudited)**

<b>Function/Program</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Police department				
Stations	1	1	1	3
Substations	4	4	4	4
Squad cars	140	150	150	150
Vans (including trucks and mobile units)	42	45	45	45
Fire department				
Stations	11	11	11	11
Companies				
Engine	8	8	8	9
Quints	3	3	3	3
Ladder	2	2	2	4
Ambulances	6	6	6	7
Library				
Main facility	1	1	1	1
Branch facilities	5	5	5	5
Parking division				
Surface lots	34	34	34	37
Garages	5	4	4	4
Water division				
Water mains (miles)	820	820	820	816
Wells	27	27	30	26
Treatment Plants	10	10	12	12
Production capacity (gal per day)	76,500,000	76,500,000	76,500,000	76,500,000

Date Source: City finance department

2017	2018	2019	2020	2021	2022
3	3	3	3	3	4
4	4	4	4	4	4
150	159	188	186	220	251
45	45	48	48	48	54
11	11	11	11	11	11
1	9	9	9	9	14
4	—	—	—	—	—
5	4	4	4	4	6
11	7	7	10	10	10
1	1	—	—	—	—
6	6	6	6	6	6
37	37	37	37	37	37
4	4	4	4	4	4
824	824	826	826	826	826
26	26	26	26	26	25
12	12	13	13	13	15
76,500,000	76,500,000	76,500,000	76,500,000	76,500,000	76,500,000