

CITY OF ROCKFORD, ILLINOIS

ANNUAL COMPREHENSIVE FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2023

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CITY OF ROCKFORD, ILLINOIS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2023**

Prepared by:

Finance Office

CITY OF ROCKFORD, ILLINOIS

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INTRODUCTORY SECTION

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



Carrie Hagerty
Director
Finance Department

June 24, 2024

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, 2023, 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, 2023 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, 2023 are fairly presented in conformity with GAAP.

In addition to the independent audit of the financial statements, a separate, federally mandated "Single Audit" was performed to meet the needs of specific grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls over compliance and compliance with legal requirements applicable to certain federal awards. These reports are available in the City of Rockford's separately issued Single Audit Report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Rockford's MD&A can be found in the Financial Section, immediately following the report of the independent auditors.

Profile of the City

The City of Rockford is a non-home rule city, incorporated in 1839 as a town and became a city in 1852. Located in North Central Illinois approximately 17 miles south of the Wisconsin border and 80 miles northwest of downtown Chicago, Rockford is the fifth largest city in Illinois with approximately 148,655 residents encompassing approximately 64.48 square miles and serves as the county seat for Winnebago County. The City is empowered to levy property taxes (subject to the Property Tax Extension Limitation Law provisions, which limits the annual growth in property tax extensions for the City to the lesser of 5% or the percentage increase in the Consumer Price Index during the preceding calendar year plus full credit for new construction and annexations) on both real and personal property located within its boundaries and has the authority to extend its corporate limits through annexation, when deemed appropriate and as approved by City Council.

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

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

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

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

Factors Affecting Financial Condition

Local economy. The City of Rockford continues to expand and diversify its industrial base and employment opportunities. Rockford's economy is diversified with manufacturing and medical as its primary base, while call center/office operations, distribution centers, and educational institutions become more important to the economy. The 2023 average unemployment rate for the metropolitan area was 5.9% as compared to the state average of 4.8% and the national average of 3.7%.

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 5.64% 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, 2022. This was the forty-third 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.

The City of Rockford prepared the City's first ever Popular Annual Financial Report (PAFR) for the fiscal year ending December 31, 2022 and submitted that document for review under GFOA's PAFR program. The City was awarded the GFOA PAFR award.

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, 2023. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

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

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

Respectfully submitted,

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

Carrie Hagerty
Finance Director

CITY OF ROCKFORD, ILLINOIS

Officials and Officers

December 31, 2023

MAYOR

Thomas P. McNamara

CITY COUNCIL MEMBERS

Jeff Bailey
Isidro B. Barrios
Franklin C. Beach
Mark Bonne
Timothy J. Durkee
Kevin Frost
Karen K. Hoffman

Jonathan Logemann
Gina Meeks
Aprel Prunty
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

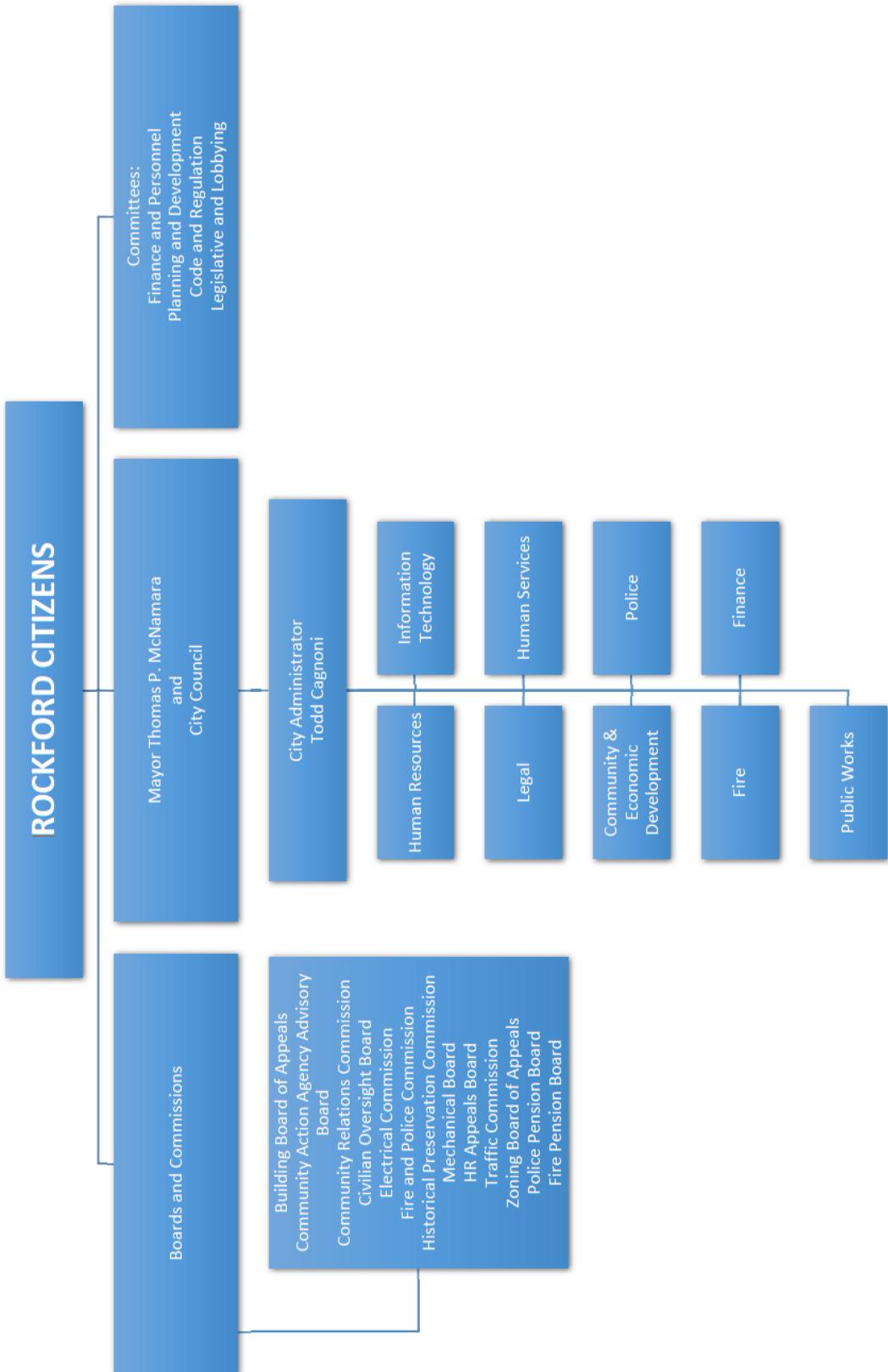
Shurice Hunter, Human Resources Director

Anqunette Parham, Health and Human Services Director

Nicholas Meyer, Legal Director

Todd Hughes, Information Technology Director

Kyle Saunders, Public Works Director





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, 2022

Christopher P. Monell

Executive Director/CEO

FINANCIAL SECTION

This section includes:

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

INDEPENDENT AUDITORS' REPORTS

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



INDEPENDENT AUDITORS' REPORT

June 24, 2024

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 (the City), Illinois, as of and for the year ended December 31, 2023, 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 of Rockford, Illinois, as of December 31, 2023, 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, 2023, 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 supplementary pension and other post-employment benefit (OPEB) schedules, 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 is 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 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises 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 24, 2024, 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



INDEPENDENT AUDITOR'S 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 24, 2024

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, each major fund, and the aggregate remaining fund information of the City of Rockford, Illinois, as of and for the year ended December 31, 2023, 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 24, 2024.

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. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

Report on Compliance and Other Matters

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

City of Rockford, Illinois
June 24, 2024
Page 2

Purpose of this Report

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

Lauterbach & Amen, LLP
LAUTERBACH & AMEN, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF ROCKFORD, ILLINOIS

Management's Discussion and Analysis

December 31, 2023

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, 2023. 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 \$1,035.1 million and total liabilities and deferred inflows of \$807.7 million, the City's total net position was \$227.5 million at December 31, 2023. Of this amount, approximately \$456.9 million represent the City's net investment in capital assets, \$59.7 million was held for restricted purposes and (\$289.1) 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 \$193.9 million, an increase of \$22.3 million in comparison with the prior year. Approximately 62.5 percent of this total amount, \$121.3 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 \$127.5 million, or 68.5 percent of total General Fund expenditures. In comparison, the prior year unassigned fund balance was \$116.4 million, 68.3 percent of General Fund expenditures.
- During the current fiscal year, the City's total long-term bonded debt decreased by 11.3 percent or \$9.3 million.
- Beginning balances in capital assets and long-term debt and beginning net position were restated due to the implementations of GASB Statement No. 96 and the identification of additional long-term liabilities. Beginning balances in business-type activities capital assets and long-term debt and beginning net position were restated due to the implementations of GASB Statement No. 96; 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, 2023

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, 2023

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 four governmental funds are combined into a single, aggregated presentation. Individual fund financial data for each of the nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for all of its governmental funds, except for the Human Services Fund and the Workforce Connection, Inc. 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 governmental-wide financial statements because those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City has two fiduciary funds, the police pension and firefighters' pension funds. The City is the trustee for these pensions and it is also responsible for ensuring that the assets reported in these funds are used only for their intended purposes.

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

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

CITY OF ROCKFORD, ILLINOIS

Management's Discussion and Analysis

December 31, 2023

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 \$227.5 million at the close of the fiscal year ended December 31, 2023.

The City's net position includes assets invested in capital net of related debt, restricted net position, and unrestricted net position. In 2023, assets invested in capital net of related debt were equal to \$456.9 million. These assets reflect the City's investment in capital assets (land, buildings, equipment, other improvements and infrastructure) less any related debt used to acquire those assets that is still outstanding. The City uses this capital to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following table presents a summary of the City's Net Position at December 31, 2023 and 2022:

| | Net Position | | | | | |
|------------------------------------|-------------------------|----------------|--------------------------|---------------|----------------|----------------|
| | Governmental Activities | | Business-Type Activities | | Totals | |
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Current and other assets | \$ 306,439,244 | \$ 283,770,090 | \$ 37,533,350 | \$ 36,754,720 | \$ 343,972,594 | \$ 320,524,810 |
| Capital assets | 359,221,352 | 337,067,927 | 231,846,545 | 217,808,447 | 591,067,897 | 554,876,374 |
| Total assets | 665,660,596 | 620,838,017 | 269,379,895 | 254,563,167 | 935,040,491 | 875,401,184 |
| Deferred outflows of resources | 96,775,967 | 126,219,788 | 3,321,312 | 3,793,461 | 100,097,279 | 130,013,249 |
| Total assets/deferred outflows | 762,436,563 | 747,057,805 | 272,701,207 | 258,356,628 | 1,035,137,770 | 1,005,414,433 |
| Long-term liabilities | 611,913,655 | 611,282,651 | 47,101,338 | 43,231,639 | 659,014,993 | 654,514,290 |
| Current liabilities | 40,273,009 | 46,102,990 | 12,193,804 | 11,780,134 | 52,466,813 | 57,883,124 |
| Total liabilities | 652,186,664 | 657,385,641 | 59,295,142 | 55,011,773 | 711,481,806 | 712,397,414 |
| Deferred inflows of resources | 87,563,290 | 74,205,384 | 8,616,145 | 8,514,456 | 96,179,435 | 82,719,840 |
| Total liabilities/deferred inflows | 739,749,954 | 731,591,025 | 67,911,287 | 63,526,229 | 807,661,241 | 795,117,254 |
| Net position | | | | | | |
| Net invested in capital assets | 269,436,848 | 255,900,410 | 187,438,140 | 178,474,761 | 456,874,988 | 434,375,171 |
| Restricted | 51,253,571 | 44,987,301 | 8,492,301 | 8,318,535 | 59,745,872 | 53,305,836 |
| Unrestricted | (298,003,810) | (285,420,931) | 8,859,479 | 8,037,103 | (289,144,331) | (277,383,828) |
| Total net position | 22,686,609 | 15,466,780 | 204,789,920 | 194,830,399 | 227,476,529 | 210,297,179 |

CITY OF ROCKFORD, ILLINOIS

Management's Discussion and Analysis

December 31, 2023

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 \$22.7 million compared to at the end of 2022 where total liabilities and deferred inflows of resources exceeded total assets and deferred outflows of resources by \$15.0 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 (\$298.0) million. Restricted net position, those restricted for special purposes such as; capital projects, debt service, and various grant related activities increased by 13.9 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 \$204.8 million compared to \$194.8 million in the previous year.

CITY OF ROCKFORD, ILLINOIS

Management's Discussion and Analysis

December 31, 2023

A summary of the City's 2023 Changes in Net Position is presented below:

| | Changes in Net Position | | | | | |
|--|-------------------------|---------------|--------------------------|---------------|---------------|---------------|
| | Governmental Activities | | Business-Type Activities | | Totals | |
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| REVENUES | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 51,256,543 | \$ 45,006,472 | \$ 42,874,504 | \$ 38,487,295 | \$ 94,131,047 | \$ 83,493,767 |
| Operating grants and contributions | 50,161,134 | 85,789,471 | — | — | 50,161,134 | 85,789,471 |
| Capital grants and contributions | 7,857,504 | 9,452,235 | 1,651,403 | 1,970,067 | 9,508,907 | 11,422,302 |
| General revenues: | | | | | | |
| Taxes | | | | | | |
| Property taxes | 63,699,332 | 61,857,366 | — | — | 63,699,332 | 61,857,366 |
| Sales tax | 50,985,850 | 49,183,904 | — | — | 50,985,850 | 49,183,904 |
| Use taxes | 6,622,473 | 6,778,301 | — | — | 6,622,473 | 6,778,301 |
| Telecommunications taxes | 2,142,514 | 2,446,018 | — | — | 2,142,514 | 2,446,018 |
| Utility taxes | 9,171,226 | 10,495,069 | — | — | 9,171,226 | 10,495,069 |
| Other taxes | 18,269,317 | 20,924,227 | — | — | 18,269,317 | 20,924,227 |
| Intergovernmental - Unrestricted | | | | | | |
| Income tax | 23,901,617 | 24,409,935 | — | — | 23,901,617 | 24,409,935 |
| Replacement tax | 23,170,810 | 27,829,203 | — | — | 23,170,810 | 27,829,203 |
| Grants | 415,431 | — | — | — | 415,431 | — |
| Interest earnings | 2,589,386 | 4,186,856 | 89,712 | 528,018 | 2,679,098 | 4,714,874 |
| Other | 3,108,366 | 1,249,487 | — | — | 3,108,366 | 1,249,487 |
| Total revenues | 313,351,503 | 349,608,544 | 44,615,619 | 40,985,380 | 357,967,122 | 390,593,924 |
| EXPENSES | | | | | | |
| General government | 40,910,756 | 53,130,735 | — | — | 40,910,756 | 53,130,735 |
| Public safety | 166,536,916 | 168,739,788 | — | — | 166,536,916 | 168,739,788 |
| Streets, alleys and bridges | 25,624,252 | 20,482,423 | — | — | 25,624,252 | 20,482,423 |
| Community development | 30,497,306 | 24,649,327 | — | — | 30,497,306 | 24,649,327 |
| Sanitation and sewers | 30,124 | 12,338 | — | — | 30,124 | 12,338 |
| Culture and recreation | 8,869,861 | 10,007,368 | — | — | 8,869,861 | 10,007,368 |
| Public health and welfare | 27,616,955 | 33,442,524 | — | — | 27,616,955 | 33,442,524 |
| Interest and fiscal charges | 5,566,720 | 5,186,842 | — | — | 5,566,720 | 5,186,842 |
| Water | — | — | 30,748,914 | 27,215,301 | 30,748,914 | 27,215,301 |
| Parking | — | — | 3,907,184 | 3,549,641 | 3,907,184 | 3,549,641 |
| Total expenses | 305,652,890 | 315,651,345 | 34,656,098 | 30,764,942 | 340,308,988 | 346,416,287 |
| Increase (decrease) in net position before transfers | 7,698,613 | 33,957,199 | 9,959,521 | 10,220,438 | 17,658,134 | 44,177,637 |
| Transfers | — | 307,608 | — | (307,608) | — | — |
| Change in net position | 7,698,613 | 34,264,807 | 9,959,521 | 9,912,830 | 17,658,134 | 44,177,637 |
| Net position - beginning | 14,987,996 | (18,798,027) | 194,830,399 | 184,917,569 | 209,818,395 | 166,119,542 |
| Net position - ending | 22,686,609 | 15,466,780 | 204,789,920 | 194,830,399 | 227,476,529 | 210,297,179 |

CITY OF ROCKFORD, ILLINOIS

Management's Discussion and Analysis

December 31, 2023

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 \$313.4 million compared to \$349.6 million in 2022, a decrease of 10.4 percent. The leading factors are as follows:

- Total operating grants and contributions for the current year were \$50.2 million a decrease of \$35.6 million due to the prior year one-time influx of emergency relief funding.
- Total governmental activities' expense for the current year was \$305.7 million compared to \$315.7 million in 2022, a decrease of 3.2 percent, due primarily to changes in the net pension liabilities and deferred items for the Police and Firefighters' pension funds.

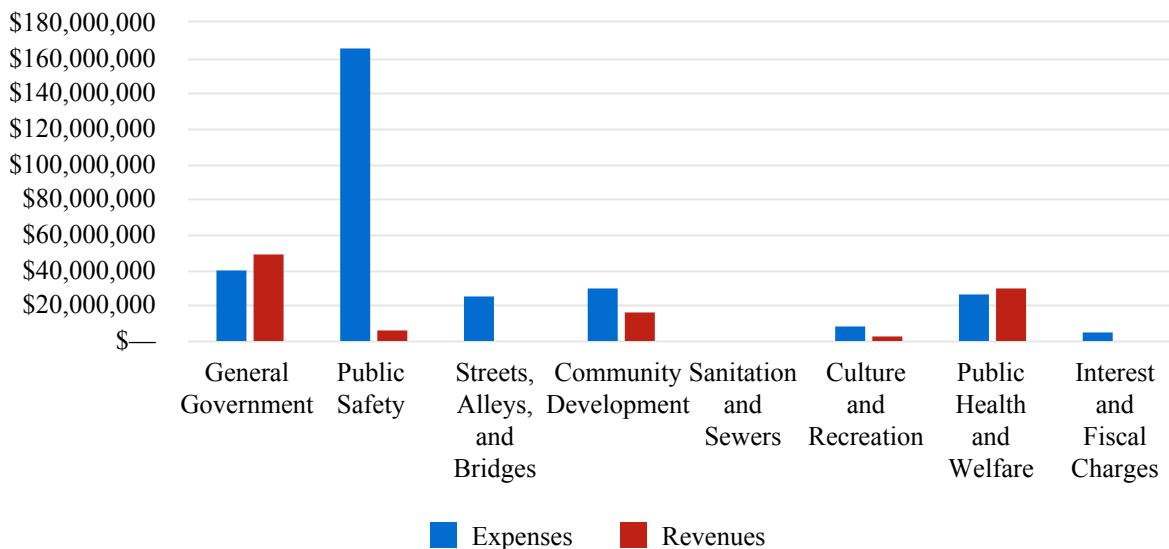
The graph on the next page shows a comparison between the expenses by governmental activity type and the revenues generated that are specific to those activities.

CITY OF ROCKFORD, ILLINOIS

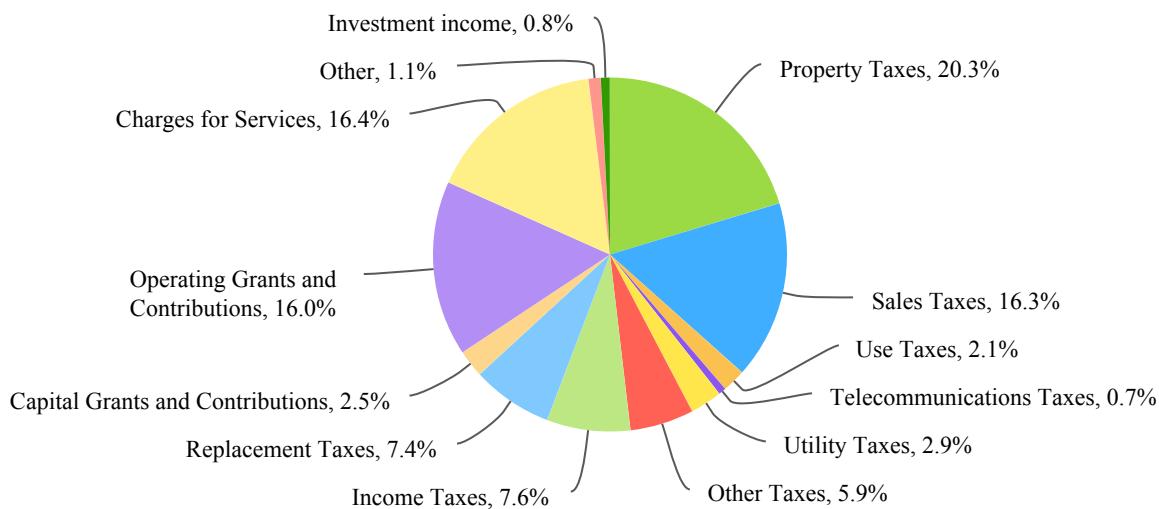
Management's Discussion and Analysis

December 31, 2023

Expense and Program Revenue - Governmental Activities



Revenues by Source - Government Activities



The cost of all governmental activities this year was \$305.7 million. However, the amount that taxpayers paid for these activities through City and State taxes was only \$198.0 million, a decrease of \$6.0 million from the previous year due to decreases in income and replacement taxes. Some of the costs were paid by:

- Those who directly benefited from the services - \$51.3 million in 2023, an increase of \$6.3 million from 2022.
- Other governments and organizations that subsidized certain programs with grants - \$58.0 million in 2023, a decrease of \$35.6 million due to the prior year one-time influx of emergency relief funding.

CITY OF ROCKFORD, ILLINOIS

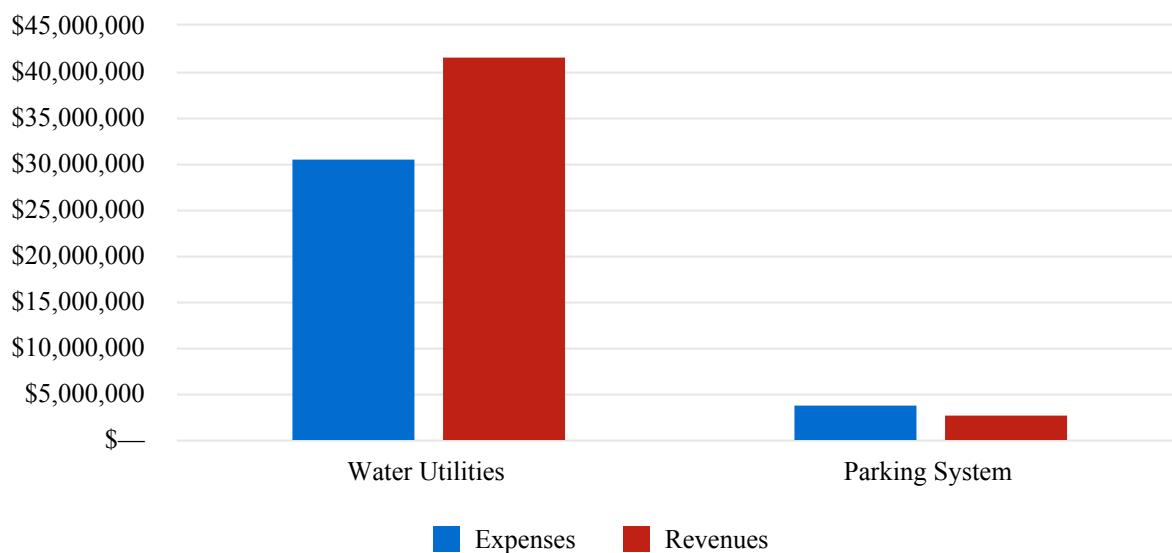
Management's Discussion and Analysis

December 31, 2023

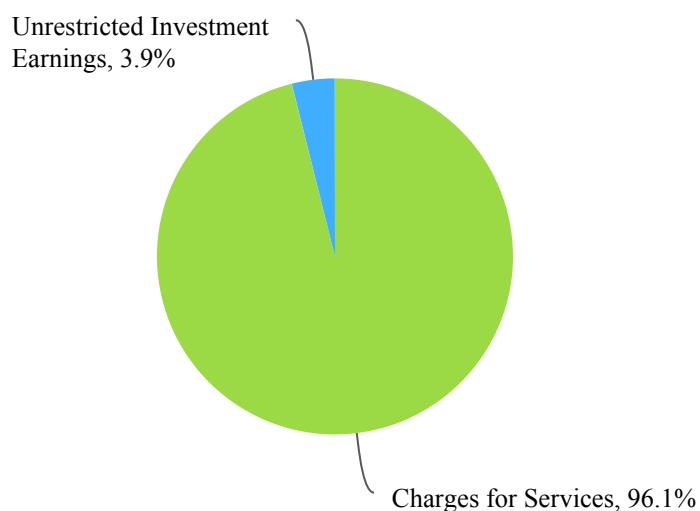
Business-type Activities - Business-type activities net position increased by \$10.0 million in 2023, compared to an increase of \$9.9 million in 2022. Revenues from business-type activities increased by 8.9 percent to \$44.6 million and expenses increased 12.6 percent to \$34.7 million. Key elements contributing to these results included:

- Expenses increased by \$3.9 million due to an increase in depreciation and a loss on the disposal of a capital asset. There was also an increase in lead service line replacements.

Expenses and Program Revenues - Business-Type Activities



Revenues by Source - Business-Type Activities



CITY OF ROCKFORD, ILLINOIS

Management's Discussion and Analysis December 31, 2023

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 2023, its governmental funds reported a combined fund balance of \$193.9 million, an increase of \$22.3 million, or 13.0 percent, in comparison with the prior fiscal year. Unassigned fund balance was \$121.3 million, which is available for spending at the government's discretion. The remaining \$72.6 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 \$127.5 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 68.5 percent of total General Fund expenditures.

The General Fund's fund balance at year end was \$127.5 million, an increase of \$10.7 million from the previous year. This 9.2 percent increase is primarily due to increases in tax collections and charges for services that were sufficient to cover the operations of the City in the current year.

The following schedule presents the governmental funds summary of revenues for the years ended December 31, 2023 and 2022:

| | 2023 | Percent of Total | 2022 | Amount of increase (decrease) | | Percent of increase (decrease) |
|---------------------------|-----------------------|---------------------|-----------------------|-------------------------------------|--|--------------------------------------|
| | | | | | | |
| Revenues by source | | | | | | |
| Taxes | \$ 146,468,381 | 46.75% | \$ 145,179,350 | \$ 1,289,031 | | 0.9% |
| Licenses and permits | 11,388,480 | 3.64% | 9,241,157 | 2,147,323 | | 23.2% |
| Intergovernmental | 109,928,827 | 35.09% | 153,986,379 | (44,057,552) | | (28.6%) |
| Charges for services | 38,547,402 | 12.30% | 34,283,445 | 4,263,957 | | 12.4% |
| Fines | 1,320,661 | 0.42% | 1,481,870 | (161,209) | | (10.9%) |
| Investment income | 2,526,269 | 0.81% | 3,765,242 | (1,238,973) | | (32.9%) |
| Miscellaneous | 3,108,366 | 0.99% | 1,249,487 | 1,858,879 | | 148.8% |
| Total revenues | <u>\$ 313,288,386</u> | <u>100.00%</u> | <u>\$ 349,186,930</u> | <u>\$ (35,898,544)</u> | | <u>(10.3%)</u> |

Revenues of the City's governmental funds decreased \$35.9 million or 10.3 percent from the prior fiscal year.

CITY OF ROCKFORD, ILLINOIS

Management's Discussion and Analysis

December 31, 2023

The following schedule presents the governmental funds summary of expenditures for the years ended December 31, 2023 and 2022:

| | 2023 | Percent of Total | 2022 | Amount of increase (decrease) | Percent of increase (decrease) |
|---------------------------------|-----------------------|---------------------|-----------------------|-------------------------------------|--------------------------------------|
| Expenditures by function | | | | | |
| General government | \$ 28,889,610 | 9.72% | \$ 24,475,645 | \$ 4,413,965 | 18.0% |
| Public safety | 137,290,476 | 46.18% | 129,221,965 | 8,068,511 | 6.2% |
| Streets, alleys and bridges | 17,431,049 | 5.86% | 12,160,406 | 5,270,643 | 43.3% |
| Community development | 30,375,214 | 10.22% | 24,466,215 | 5,908,999 | 24.2% |
| Culture and recreation | 8,369,498 | 2.81% | 8,788,636 | (419,138) | (4.8%) |
| Public health and welfare | 27,346,093 | 9.20% | 33,265,425 | (5,919,332) | (17.8%) |
| Debt service: | | | | | |
| Principal payments | 13,050,443 | 4.39% | 10,913,614 | 2,136,829 | 19.6% |
| Interest and fiscal charges | 5,030,566 | 1.69% | 4,827,525 | 203,041 | 4.2% |
| Capital expenditures | 29,536,222 | 9.93% | 24,499,621 | 5,036,601 | 20.6% |
| Total expenditures | <u>\$ 297,319,171</u> | <u>100.00%</u> | <u>\$ 272,619,052</u> | <u>\$ 24,700,119</u> | <u>9.1%</u> |

Expenditures of the City's governmental funds increased by \$24.7 million or 9.1 percent compared to the previous year. Capital expenditures increased by \$5.0 million.

The Public Library fund balance at year-end was \$17.4 million, up \$1.2 million from the prior year. This 7.1 percent increase is primarily the result of increases in grants, as well as cost controlling measures taken by the City.

The Community Development Fund's fund balance at year-end was \$0.7 million, up \$0.1 million from the prior year. This increase is due primarily to increases in program activity.

The Human Services Fund's fund balance at year-end was \$1.8 million, up \$3.0 million from the prior year. This increase was due primarily to a decrease of \$5.9 million in total expenditures.

The Tax Increment Fund's fund balance at year-end was a deficit \$6.1 million, down \$3.1 million from the prior year. This decrease was due primarily to a new TIF advance.

The Debt Service Fund total fund balance at year-end was \$8.8 million, up \$0.5 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 \$11.9 million, down \$1.8 million from the prior year, all of which is restricted or assigned for future capital projects. This decrease was due primarily to an increase in capital 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, 2023

General Fund Budgetary Highlights

The City Council passed a supplemental budget appropriation increasing expenditures by \$6.0 million (3.2 percent) in the General Fund, due to timing of capital purchases and unexpected personnel expenditures related to snow removal and police and fire department staffing. The City is legally authorized by State statutes to amend the budget after June 30. Budgetary results for the General Fund departments are as follows:

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|--------------------|-----------------|----------------|---|
| Revenues | \$ 179,962,302 | \$ 179,962,302 | \$ 203,570,420 | \$ 23,608,118 |
| Expenditures | 187,149,424 | 193,197,293 | 186,135,450 | 7,061,843 |
| Excess (deficiency) of revenues over (under) expenditures | (7,187,122) | (13,234,991) | 17,434,970 | 30,669,961 |
| Other financing sources (uses) | | | | |
| Debt issuance | 7,981,318 | 7,981,318 | 7,096,132 | (885,186) |
| Transfers from other funds | 5,154,723 | 5,154,723 | 3,552,410 | (1,602,313) |
| Transfers to other funds | (5,741,468) | (4,618,436) | (17,381,772) | (12,763,336) |
| Net change in fund balance | \$ 207,451 | \$ (4,717,386) | \$ 10,701,740 | \$ 15,419,126 |

During the year the City spent 96.3 percent of the final amount appropriated in the General Fund. Actual General Fund revenues were more than budgetary estimates by 13.1 percent.

CITY OF ROCKFORD, ILLINOIS

Management's Discussion and Analysis

December 31, 2023

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, 2023, amounts to \$591.1 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, improvements, roads and bridges, and water and sewer lines. The City's investment in capital assets net of accumulated depreciation for the governmental activities increased by 1.5 percent and the business-type activities increased by 6.4 percent.

| | Primary Government Capital Assets (net of depreciation) | | | | | |
|----------------------------------|---|-----------------------|--------------------------|-----------------------|-----------------------|-----------------------|
| | Governmental Activities | | Business-Type Activities | | Totals | |
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Land | \$ 3,769,766 | \$ 3,769,766 | \$ 6,973,799 | \$ 6,967,410 | \$ 10,743,565 | \$ 10,737,176 |
| Construction in progress | 25,503,596 | 22,721,324 | 21,712,427 | 12,054,253 | 47,216,023 | 34,775,577 |
| Land improvements | 1,036,694 | 1,143,547 | 245,851 | 298,024 | 1,282,545 | 1,441,571 |
| Lease assets - land improvements | 236,836 | 297,568 | — | — | 236,836 | 297,568 |
| Building improvements | 52,473,453 | 54,389,437 | 32,034,216 | 32,459,112 | 84,507,669 | 86,848,549 |
| Lease assets - buildings | 8,137,668 | 8,338,810 | — | — | 8,137,668 | 8,338,810 |
| Improvements other than building | — | — | 167,603,692 | 164,588,937 | 167,603,692 | 164,588,937 |
| Equipment | 15,188,618 | 17,503,175 | 1,367,262 | 1,438,535 | 16,555,880 | 18,941,710 |
| Lease assets - equipment | 310,774 | 50,286 | 1,846,592 | 2,176 | 2,157,366 | 52,462 |
| Subscription assets - software | 14,300,865 | 16,855,755 | 62,706 | 76,641 | 14,363,571 | 16,932,396 |
| Infrastructure | 238,263,082 | 228,854,014 | — | — | 238,263,082 | 228,854,014 |
| Totals | \$ 359,221,352 | \$ 353,923,682 | \$ 231,846,545 | \$ 217,885,088 | \$ 591,067,897 | \$ 571,808,770 |

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

| | Governmental Activities | Business-Type Activities |
|----------------------------------|-------------------------|--------------------------|
| Land | \$ — | \$ 6,389 |
| Construction in progress | 13,350,168 | 19,117,386 |
| Land improvements | 174,460 | — |
| Lease assets - land improvements | — | 769,096 |
| Building improvements | 1,818,227 | — |
| Lease assets - buildings | — | 1,278,656 |
| Equipment | 3,591,968 | 141,462 |
| Lease assets - equipment | 338,088 | 2,256,946 |
| Subscription assets - software | 366,572 | — |
| Infrastructure | 7,586,980 | — |
| | \$ 27,226,463 | \$ 23,569,935 |

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, 2023

CAPITAL ASSET AND DEBT ADMINISTRATION - Continued

Long-term Debt - At the end of the current fiscal year, the City of Rockford had total bonded debt outstanding of \$73.4 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 | |
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| General obligation/ | | | | | | |
| General obligation revenue bonds | \$ 58,815,895 | \$ 65,821,177 | \$ 14,534,105 | \$ 16,848,823 | \$ 73,350,000 | \$ 82,670,000 |

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, 2023, the City's indebtedness was \$140.4 million less than the City limit and \$179.8 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

Rockford is the industrial and business hub of the Rock River Valley as well as North Central and Northwestern Illinois. Located just 65 miles northwest of Chicago's O'Hare International Airport and 90 miles east of the Mississippi River, its location allows for easy access to regional, national, and international markets. The economy is still based largely on manufacturing and is the largest fastener product producer (screw, nuts, and bolts) in the United States. Rockford is also one of the largest machine tool centers in the world. Furniture, hardware, farm implements, automobile parts, aviation and space instruments and machinery are among the more than 300 types of products made in Rockford.

The City's goal in developing the 2024 budget was to continue offering citizens basic services, economic development efforts, a continuing capital improvements program, and fiscal stability. Development and adoption of this budget was premised on maintaining a level of service equivalent to 2023, making incremental improvements where possible, and maintaining a flat or reduced property tax levy.

Budgeted revenues for the General Fund are \$214.2 million, which represents an increase of 10.9 percent over the prior year. Budgeted expenditures are projected to increase by 11.0 percent, or \$21.3 million, to \$214.2 million in 2024. Major spending changes by account type for 2024 are:

- a. Personnel increased \$10.0 million as a result of wage increases and the settlement of collective bargaining agreements with Police and Fire unions, along with increases in required fire and police pension contributions.
- b. Contractual and supply accounts increased \$4.0 million. Fuel, vehicle repairs, and increases in contractual services costs drive the increase.
- c. Capital projects and equipment increase \$5.7 million from the 2023 budget, for planned vehicle purchases under the City's vehicle leasing program.

CITY OF ROCKFORD, ILLINOIS

Management's Discussion and Analysis

December 31, 2023

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

While the local economic environment and the impact it has on the City's available revenues continues to present a challenge, in December 2023, 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 2025 budget process to begin on a sound financial footing.

The City was awarded \$54.8 million in American Rescue Plan Act funding, the first half of which was received in May, 2021. Projects and programs were selected for funding based 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 E 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, 2023

See Following Page

CITY OF ROCKFORD, ILLINOIS

Statement of Net Position

December 31, 2023

| | Component Units | | | | |
|---|-------------------------|--------------------------|----------------|--------------|---|
| | Primary Government | | | Rockford | Metropolitan Exposition, Auditorium and Office Building Authority |
| | Governmental Activities | Business-Type Activities | Totals | | |
| CURRENT ASSETS | | | | | |
| Cash and cash equivalents | \$ 141,695,482 | \$ 10,105,311 | \$ 151,800,793 | \$ 2,391,185 | \$ 3,937,679 |
| Receivables - net of allowances | 106,226,120 | 14,515,984 | 120,742,104 | 973,068 | 3,470,826 |
| Internal balances | 9,886,666 | (9,886,666) | — | — | — |
| Due from governmental units | 32,942,902 | 11,259,749 | 44,202,651 | 3,966,832 | — |
| Inventories | 382,638 | 1,546,671 | 1,929,309 | 640,229 | 38,112 |
| Prepays | 15,305,436 | 1,500,000 | 16,805,436 | 225,073 | 148,483 |
| Total current assets | 306,439,244 | 29,041,049 | 335,480,293 | 8,196,387 | 7,595,100 |
| NONCURRENT ASSETS | | | | | |
| Capital assets | | | | | |
| Nondepreciable | 29,273,362 | 28,686,226 | 57,959,588 | 1,992,553 | 5,284,097 |
| Depreciable | 603,343,871 | 337,338,299 | 940,682,170 | 64,245,174 | 57,365,554 |
| Accumulated depreciation | (273,395,881) | (134,177,980) | (407,573,861) | (26,880,201) | (30,831,801) |
| | 359,221,352 | 231,846,545 | 591,067,897 | 39,357,526 | 31,817,850 |
| Other assets | | | | | |
| Other assets | — | — | — | — | 8,674,779 |
| Restricted assets: | | | | | |
| Cash and cash equivalents | — | 8,492,301 | 8,492,301 | 3,122,502 | 2,987,087 |
| | — | 8,492,301 | 8,492,301 | 3,122,502 | 11,661,866 |
| Total noncurrent assets | 359,221,352 | 240,338,846 | 599,560,198 | 42,480,028 | 43,479,716 |
| Total assets | 665,660,596 | 269,379,895 | 935,040,491 | 50,676,415 | 51,074,816 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| Deferred items - net pension liabilities | 87,567,520 | 2,429,760 | 89,997,280 | 2,233,785 | — |
| Deferred items - total OPEB liability - RBP | 8,821,029 | 116,560 | 8,937,589 | — | — |
| Deferred items - ARO | — | 774,992 | 774,992 | — | — |
| Unamortized loss on refunding | 387,418 | — | 387,418 | — | — |
| Total deferred outflows of resources | 96,775,967 | 3,321,312 | 100,097,279 | 2,233,785 | — |
| Total assets and deferred outflows of resources | 762,436,563 | 272,701,207 | 1,035,137,770 | 52,910,200 | 51,074,816 |

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

| | Component Units | | | | |
|---|-------------------------|--------------------------|----------------|---------------|---|
| | Primary Government | | | Rockford | Metropolitan Exposition, Auditorium and Office Building Authority |
| | Governmental Activities | Business-Type Activities | Totals | | |
| CURRENT LIABILITIES | | | | | |
| Accounts payable and other accrued liabilities | \$ 11,810,506 | \$ 6,396,249 | \$ 18,206,755 | \$ 520,994 | \$ 1,440,398 |
| Accrued payroll and benefits | 2,093,791 | 134,965 | 2,228,756 | 1,087,282 | — |
| Due to other governmental units | 6,375 | — | 6,375 | — | — |
| Other payables | 2,546,327 | — | 2,546,327 | 825,000 | — |
| Other liabilities | 523,517 | — | 523,517 | 2,537,901 | 13,567,775 |
| Deposits and advances | — | 87,540 | 87,540 | — | — |
| Accrued interest payable | 197,222 | 63,860 | 261,082 | — | — |
| Current portion of long-term debt | 23,095,271 | 5,511,190 | 28,606,461 | 160,271 | 413,904 |
| Total current liabilities | 40,273,009 | 12,193,804 | 52,466,813 | 5,131,448 | 15,422,077 |
| Noncurrent liabilities: | | | | | |
| Noncurrent portion of long-term debt | 611,913,655 | 47,101,338 | 659,014,993 | 10,249,323 | 1,799,258 |
| Total liabilities | 652,186,664 | 59,295,142 | 711,481,806 | 15,380,771 | 17,221,335 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Property taxes | 65,389,349 | — | 65,389,349 | — | — |
| Grants | 2,000,000 | — | 2,000,000 | — | — |
| Deferred items - leases | 12,558,160 | 8,506,204 | 21,064,364 | — | — |
| Deferred items - net pension liabilities | 651,184 | 17,912 | 669,096 | 64,819 | — |
| Deferred items - total OPEB liability - RBP | 6,964,597 | 92,029 | 7,056,626 | — | — |
| Total deferred inflows of resources | 87,563,290 | 8,616,145 | 96,179,435 | 64,819 | — |
| Total liabilities and deferred inflows of resources | 739,749,954 | 67,911,287 | 807,661,241 | 15,445,590 | 17,221,335 |
| NET POSITION | | | | | |
| Net investment in capital assets | 269,436,848 | 187,438,140 | 456,874,988 | 37,388,077 | 31,708,234 |
| Restricted | | | | | |
| Capital projects | — | 1,000,000 | 1,000,000 | — | — |
| Debt service | 8,583,108 | 7,492,301 | 16,075,409 | — | — |
| Culture and recreation | 17,338,183 | — | 17,338,183 | — | 2,987,087 |
| Community development | 5,831,346 | — | 5,831,346 | — | — |
| Public health and welfare | 1,785,817 | — | 1,785,817 | — | — |
| Highways and streets | 17,715,117 | — | 17,715,117 | — | — |
| Unrestricted (deficit) | (298,003,810) | 8,859,479 | (289,144,331) | 76,533 | (841,840) |
| Total net position | \$ 22,686,609 | \$ 204,789,920 | \$ 227,476,529 | \$ 37,464,610 | \$ 33,853,481 |

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, 2023

| Functions/Programs | Expenses | Program Revenues | | |
|--|-----------------------|--------------------------------------|---|---|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| PRIMARY GOVERNMENT | | | | |
| Governmental activities | | | | |
| General government | \$ 40,910,756 | \$ 49,827,741 | \$ 460,000 | \$ — |
| Public safety | 166,536,916 | 1,278,916 | 5,785,678 | — |
| Streets, alleys and bridges | 25,624,252 | — | — | 1,441,334 |
| Community development | 30,497,306 | — | 10,213,351 | 6,416,170 |
| Sanitation and sewers | 30,124 | — | — | — |
| Culture and recreation | 8,869,861 | 149,886 | 3,526,803 | — |
| Public health and welfare | 27,616,955 | — | 30,175,302 | — |
| Interest and fiscal charges | 5,566,720 | — | — | — |
| Total governmental activities | <u>305,652,890</u> | <u>51,256,543</u> | <u>50,161,134</u> | <u>7,857,504</u> |
| Business-type activities | | | | |
| Water utilities | 30,748,914 | 40,756,311 | — | 980,541 |
| Parking system | 3,907,184 | 2,118,193 | — | 670,862 |
| Total business-type activities | <u>34,656,098</u> | <u>42,874,504</u> | <u>—</u> | <u>1,651,403</u> |
| Total primary government | <u>\$ 340,308,988</u> | <u>\$ 94,131,047</u> | <u>\$ 50,161,134</u> | <u>\$ 9,508,907</u> |
| COMPONENT UNITS | | | | |
| Rockford mass transit district | \$ 23,432,604 | \$ 1,249,411 | \$ 20,424,360 | \$ 6,589,964 |
| Rockford metropolitan exposition, auditorium and office building authority | 13,661,951 | 12,308,132 | 922,839 | 2,874,104 |
| Total component units | <u>\$ 37,094,555</u> | <u>\$ 13,557,543</u> | <u>\$ 21,347,199</u> | <u>\$ 9,464,068</u> |
| | | | | |
| | | General revenues | | |
| | | Taxes | | |
| | | Property taxes | | |
| | | Sales taxes | | |
| | | Use taxes | | |
| | | Telecommunications taxes | | |
| | | Utility taxes | | |
| | | Other taxes | | |
| | | Intergovernmental - Unrestricted | | |
| | | Income tax | | |
| | | Replacement tax | | |
| | | Grants | | |
| | | Other | | |
| | | Investment income | | |
| | | Miscellaneous | | |
| | | Change in net position | | |
| | | Net position - beginning as restated | | |
| | | Net position - ending | | |

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

| Net (Expenses) Revenues | | | | | | Component Units |
|-------------------------|--------------------------|-----------------------|-----------------------|--|----------------|-----------------|
| Primary Government | | | Rockford | Rockford Metropolitan | | |
| Governmental Activities | Business-Type Activities | Totals | Mass Transit District | Exposition, Auditorium and Office Building Authority | | |
| \$ 9,376,985 | \$ — | \$ 9,376,985 | \$ — | \$ — | \$ — | — |
| (159,472,322) | — | (159,472,322) | — | — | — | — |
| (24,182,918) | — | (24,182,918) | — | — | — | — |
| (13,867,785) | — | (13,867,785) | — | — | — | — |
| (30,124) | — | (30,124) | — | — | — | — |
| (5,193,172) | — | (5,193,172) | — | — | — | — |
| 2,558,347 | — | 2,558,347 | — | — | — | — |
| (5,566,720) | — | (5,566,720) | — | — | — | — |
| <u>(196,377,709)</u> | <u>—</u> | <u>(196,377,709)</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>—</u> |
| — | 10,987,938 | 10,987,938 | — | — | — | — |
| — | (1,118,129) | (1,118,129) | — | — | — | — |
| — | 9,869,809 | 9,869,809 | — | — | — | — |
| <u>(196,377,709)</u> | <u>9,869,809</u> | <u>(186,507,900)</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>—</u> |
| — | — | — | 4,831,131 | — | — | — |
| — | — | — | — | — | 2,443,124 | — |
| — | — | — | 4,831,131 | — | 2,443,124 | — |
| 63,699,332 | — | 63,699,332 | — | — | — | — |
| 50,985,850 | — | 50,985,850 | — | — | — | — |
| 6,622,473 | — | 6,622,473 | — | — | — | — |
| 2,142,514 | — | 2,142,514 | — | — | — | — |
| 9,171,226 | — | 9,171,226 | — | — | — | — |
| 13,846,986 | — | 13,846,986 | — | — | 250,793 | — |
| 23,901,617 | — | 23,901,617 | — | — | — | — |
| 23,170,810 | — | 23,170,810 | — | — | — | — |
| 415,431 | — | 415,431 | — | — | — | — |
| 4,422,331 | — | 4,422,331 | — | — | — | — |
| 2,589,386 | 89,712 | 2,679,098 | 89,608 | — | 49,130 | — |
| 3,108,366 | — | 3,108,366 | — | — | — | — |
| <u>204,076,322</u> | <u>89,712</u> | <u>204,166,034</u> | <u>89,608</u> | <u>—</u> | <u>299,923</u> | <u>—</u> |
| 7,698,613 | 9,959,521 | 17,658,134 | 4,920,739 | — | 2,743,047 | — |
| 14,987,996 | 194,830,399 | 209,818,395 | 32,543,871 | — | 31,110,434 | — |
| <u>\$ 22,686,609</u> | <u>\$ 204,789,920</u> | <u>\$ 227,476,529</u> | <u>\$ 37,464,610</u> | <u>\$ 33,853,481</u> | <u>—</u> | <u>—</u> |

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

CITY OF ROCKFORD, ILLINOIS

Balance Sheet - Governmental Funds

December 31, 2023

| | General | Public Library | Community Development | Special |
|---|-----------------------|----------------------|-----------------------|---------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 70,248,660 | \$ 17,476,576 | \$ 725,719 | |
| Receivables - net of allowances | | | | |
| Property taxes | 48,839,643 | 7,672,353 | — | |
| Accounts | 24,398,002 | 1,194,959 | — | |
| Notes | — | — | 7,328 | |
| Leases | 12,239,056 | — | — | |
| Accrued interest | 90,817 | 11,503 | — | |
| Due from the Federal Government | 359,796 | — | 269,712 | |
| Due from the State of Illinois | 10,556 | — | 86,480 | |
| Due from other governmental units | 529,334 | — | 46 | |
| Due from other funds | 36,021,838 | — | — | |
| Prepays | — | 12,334 | — | |
| Total assets | \$ 192,737,702 | \$ 26,367,725 | \$ 1,089,285 | |
| LIABILITIES | | | | |
| Accounts payable | \$ 1,630,984 | \$ 1,272,274 | \$ 92,499 | |
| Accrued payroll and benefits | 1,742,376 | 72,581 | 13,337 | |
| Due to other governmental units | — | — | — | |
| Due to other funds | — | — | — | |
| Other payables | 659,435 | — | 290,566 | |
| Other liabilities | 175,789 | — | 6,612 | |
| Total liabilities | 4,208,584 | 1,344,855 | 403,014 | |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Property taxes | 48,839,643 | 7,672,353 | — | |
| Grants | — | — | — | |
| Deferred items - leases | 12,226,102 | — | — | |
| Total deferred inflows of resources | 61,065,745 | 7,672,353 | — | |
| Total liabilities and deferred inflows of resources | 65,274,329 | 9,017,208 | 403,014 | |
| FUND BALANCES | | | | |
| Nonspendable | — | 12,334 | — | |
| Restricted | | | | |
| Debt service | — | — | — | |
| Culture and recreation | — | 17,338,183 | — | |
| Community development | — | — | 686,271 | |
| Public health and welfare | — | — | — | |
| Highway and streets | — | — | — | |
| Assigned | | | | |
| Community development | — | — | — | |
| Unassigned | 127,463,373 | — | — | |
| Total fund balances | 127,463,373 | 17,350,517 | 686,271 | |
| Total liabilities and deferred inflows of resources and fund balance | \$ 192,737,702 | \$ 26,367,725 | \$ 1,089,285 | |

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

| Revenue | | | | | | | | | | |
|----------------------|---|---------------------|---|---------------------|-----------|----------------------|-----------|----------------------|------------|-----------------------|
| Human Services | | Tax Increment | | Debt Service | | Capital Projects | | Nonmajor | | Totals |
| \$ | — | \$ | — | \$ | 8,616,712 | \$ | 2,399,524 | \$ | 22,884,068 | \$ 122,351,259 |
| — | | 8,877,353 | | — | | — | — | — | — | 65,389,349 |
| 211,112 | | — | | — | | 152,689 | | 793,554 | | 26,750,316 |
| — | | — | | — | | — | | — | | 7,328 |
| — | | — | | — | | — | | — | | 12,239,056 |
| — | | — | | — | | 3,771 | | 3,825 | | 109,916 |
| 16,358,775 | | — | | — | | 773,392 | | 58,694 | | 17,820,369 |
| 4,895,423 | | — | | 163,618 | | 6,713,491 | | 1,869,883 | | 13,739,451 |
| — | | — | | — | | 706,400 | | — | | 1,235,780 |
| — | | — | | — | | — | | — | | 36,021,838 |
| — | | — | | — | | 6,000,000 | | 9,250,000 | | 15,262,334 |
| \$ 21,465,310 | | \$ 8,877,353 | | \$ 8,780,330 | | \$ 16,749,267 | | \$ 34,860,024 | | \$ 310,926,996 |
| — | | 8,877,353 | | — | | — | | — | | 65,389,349 |
| — | | — | | — | | 2,000,000 | | — | | 2,000,000 |
| — | | — | | — | | 332,058 | | — | | 12,558,160 |
| — | | 8,877,353 | | — | | 2,332,058 | | — | | 79,947,509 |
| 19,679,493 | | 15,023,530 | | — | | 4,851,191 | | 2,801,837 | | 117,050,602 |
| — | | — | | — | | 6,000,000 | | 9,250,000 | | 15,262,334 |
| — | | — | | 8,780,330 | | — | | — | | 8,780,330 |
| — | | — | | — | | — | | — | | 17,338,183 |
| — | | — | | — | | — | | 5,145,075 | | 5,831,346 |
| 1,785,817 | | — | | — | | — | | — | | 1,785,817 |
| — | | — | | — | | — | | 17,715,117 | | 17,715,117 |
| — | | — | | — | | 5,898,076 | | — | | 5,898,076 |
| — | | (6,146,177) | | — | | — | | (52,005) | | 121,265,191 |
| 1,785,817 | | (6,146,177) | | 8,780,330 | | 11,898,076 | | 32,058,187 | | 193,876,394 |
| \$ 21,465,310 | | \$ 8,877,353 | | \$ 8,780,330 | | \$ 16,749,267 | | \$ 34,860,024 | | \$ 310,926,996 |

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, 2023

| | |
|--|----------------------|
| Total fund balances for governmental funds | \$ 193,876,394 |
| 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. | 359,221,352 |
| Less: Internal Service Funds | (17,047,016) |
| Internal service funds are used by the City to charge the cost of fleet management, building maintenance, inventories, auditing, 911 communications, risk management, information systems, and employee benefits for Illinois municipal retirement, unemployment, workmen's compensation, and health insurance. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. Internal service fund net position is: | 3,410,880 |
| Deferred outflows (inflows) of resources related to the pensions not reported in the funds. | 88,772,768 |
| Less: Internal Service Funds | (2,961,930) |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. | |
| Net pension liability - IMRF | (8,511,715) |
| Less: Internal Service Funds | 1,769,905 |
| Net pension liabilities | (456,552,321) |
| Total OPEB liability | (41,379,432) |
| Installment contracts payable | (15,700,891) |
| Installment note payable | (425,795) |
| Intergovernmental payable | (3,417,096) |
| Bonds payable, net | (52,292,074) |
| Compensated absences | (10,114,687) |
| Leases payable | (7,246,686) |
| Subscriptions payable | (6,364,576) |
| Section 108 guaranteed loans | (2,167,000) |
| Accrued interest on bonds | (183,471) |
| Total net position of governmental activities | <u>\$ 22,686,609</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, 2023

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, 2023

| | General | Public Library | Community Development | Special |
|--|-----------------------|-----------------------|------------------------------|----------------|
| REVENUES | | | | |
| Taxes | \$ 97,818,508 | \$ 7,322,442 | \$ — | — |
| Licenses and permits | 11,388,480 | — | — | — |
| Intergovernmental | 52,858,105 | 3,526,803 | 3,797,181 | — |
| Charges for services | 38,439,261 | 108,141 | — | — |
| Fines | 1,278,916 | 41,745 | — | — |
| Investment income | 1,150,595 | 116,635 | 260,716 | — |
| Miscellaneous | 636,555 | 593,915 | 244,055 | — |
| Total revenues | <u>203,570,420</u> | <u>11,709,681</u> | <u>4,301,952</u> | |
| EXPENDITURES | | | | |
| General government | 28,889,610 | — | — | — |
| Public safety | 135,994,183 | — | — | — |
| Streets, alleys and bridges | 12,510,745 | — | — | — |
| Community development | 2,847,780 | — | 4,090,404 | — |
| Culture and recreation | — | 8,369,498 | — | — |
| Public health and welfare | — | — | — | — |
| Capital outlay | 3,671,841 | 1,940,304 | — | — |
| Debt service | | | | |
| Principal payments | 2,141,186 | 14,001 | 146,000 | — |
| Interest and fiscal charges | 80,105 | 3 | 11 | — |
| Total expenditures | <u>186,135,450</u> | <u>10,323,806</u> | <u>4,236,415</u> | |
| Excess (deficiency) of revenues over (under) expenditures | <u>17,434,970</u> | <u>1,385,875</u> | <u>65,537</u> | |
| OTHER FINANCING SOURCES (USES) | | | | |
| Debt issuance | 7,096,132 | — | — | — |
| Transfers in | 3,552,410 | — | — | — |
| Transfers out | (17,381,772) | (229,488) | — | — |
| | <u>(6,733,230)</u> | <u>(229,488)</u> | <u>—</u> | |
| Net change in fund balances | 10,701,740 | 1,156,387 | 65,537 | — |
| Fund balances - beginning | <u>116,761,633</u> | <u>16,194,130</u> | <u>620,734</u> | |
| Fund balances - ending | <u>\$ 127,463,373</u> | <u>\$ 17,350,517</u> | <u>\$ 686,271</u> | |

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

| Revenue | | | | | | |
|---------------------------|--------------------------|-------------------------|-----------------------------|----------------------|-----------------------|------------|
| Human Services | Tax Increment | Debt Service | Capital Projects | Nonmajor | Totals | |
| \$ — | \$ 7,576,289 | \$ 2,003,114 | \$ 23,017,584 | \$ 8,730,444 | \$ 146,468,381 | |
| — | — | — | — | — | — | 11,388,480 |
| 30,175,302 | — | 460,000 | 1,441,334 | 17,670,102 | 109,928,827 | |
| — | — | — | — | — | — | 38,547,402 |
| — | — | — | — | — | — | 1,320,661 |
| (89,257) | (17,154) | — | 296,882 | 807,852 | 2,526,269 | |
| 304,138 | 1,290 | 40,230 | 452,278 | 835,905 | 3,108,366 | |
| 30,390,183 | 7,560,425 | 2,503,344 | 25,208,078 | 28,044,303 | 313,288,386 | |
| — | — | — | — | — | — | 28,889,610 |
| — | — | — | — | 1,296,293 | 137,290,476 | |
| — | — | — | 4,920,304 | — | 17,431,049 | |
| — | 9,007,771 | — | — | 14,429,259 | 30,375,214 | |
| — | — | — | — | — | 8,369,498 | |
| 27,346,093 | — | — | — | — | 27,346,093 | |
| — | — | — | 23,924,077 | — | 29,536,222 | |
| 34,140 | 245,312 | 9,507,478 | — | 962,326 | 13,050,443 | |
| 1,949 | 88,418 | 2,546,456 | — | 2,313,624 | 5,030,566 | |
| 27,382,182 | 9,341,501 | 12,053,934 | 28,844,381 | 19,001,502 | 297,319,171 | |
| 3,008,001 | (1,781,076) | (9,550,590) | (3,636,303) | 9,042,801 | 15,969,215 | |
| — | — | — | — | — | — | 7,096,132 |
| — | — | 10,066,319 | 2,596,916 | 9,365,000 | 25,580,645 | |
| — | (1,354,802) | — | (745,808) | (6,667,394) | (26,379,264) | |
| — | (1,354,802) | 10,066,319 | 1,851,108 | 2,697,606 | 6,297,513 | |
| 3,008,001 | (3,135,878) | 515,729 | (1,785,195) | 11,740,407 | 22,266,728 | |
| (1,222,184) | (3,010,299) | 8,264,601 | 13,683,271 | 20,317,780 | 171,609,666 | |
| \$ 1,785,817 | \$ (6,146,177) | \$ 8,780,330 | \$ 11,898,076 | \$ 32,058,187 | \$ 193,876,394 | |

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

CITY OF ROCKFORD, ILLINOIS

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

For the Fiscal Year Ended December 31, 2023

| | |
|--|---------------|
| Net change in fund balances - total governmental funds | \$ 22,266,728 |
|--|---------------|

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 | 24,928,086 |
| Depreciation expense | (16,025,211) |
| Disposals - cost | (3,688,925) |
| Disposals - accumulated depreciation | <u>1,473,653</u> 6,687,603 |

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 leases payable | (313,418) |
| Proceeds from subscriptions payable | (366,572) |
| Proceeds from installment contract agreements | (6,416,142) |
| Repayments: | |
| Principal payment on bonds and other long-term obligations | <u>13,050,443</u> 5,954,311 |

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 | (3,430,174) |
| Deferred items - RBP | 1,143,703 |
| Net pension liability - IMRF | 7,440,719 |
| Net pension liabilities | (2,278,761) |
| Deferred items - pensions | (27,164,434) |
| Compensated absences | (54,539) |
| Accrued interest payable | 17,608 |
| Amortization of bond premiums and discounts and losses | <u>(70,016)</u> (24,395,894) |

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.

(2,814,135)

| | |
|---|--------------|
| Change in net position of governmental activities | \$ 7,698,613 |
|---|--------------|

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, 2023

See Following Page

CITY OF ROCKFORD, ILLINOIS

Statement of Net Position - Proprietary Funds

December 31, 2023

| | Business-Type Activities - Enterprise Funds | | | Governmental Activities |
|---|---|----------------|---------------|-------------------------|
| | Water Utility | Parking System | Totals | Internal Service |
| | | | | |
| ASSETS | | | | |
| Current assets | | | | |
| Cash and cash equivalents | \$ 10,105,311 | \$ — | \$ 10,105,311 | \$ 19,344,223 |
| Accounts receivable | | | | |
| Water | 2,588,422 | — | 2,588,422 | — |
| Estimated unbilled water usage | 4,320,000 | — | 4,320,000 | — |
| Leases | — | 8,525,261 | 8,525,261 | — |
| Other | 12,358 | 21,358 | 33,716 | 1,730,155 |
| | 6,920,780 | 8,546,619 | 15,467,399 | 1,730,155 |
| Less allowance for uncollectible accounts | (951,415) | — | (951,415) | — |
| | 5,969,365 | 8,546,619 | 14,515,984 | 1,730,155 |
| Due from State of Illinois | 11,259,749 | — | 11,259,749 | — |
| Due from other governments | — | — | — | 147,302 |
| Inventories | 1,546,671 | — | 1,546,671 | 382,638 |
| Prepaid items | 1,500,000 | — | 1,500,000 | 43,102 |
| 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 | 7,492,301 | — | 7,492,301 | — |
| | 8,492,301 | — | 8,492,301 | — |
| Total current assets | 38,873,397 | 8,546,619 | 47,420,016 | 21,647,420 |
| Noncurrent assets | | | | |
| Capital assets | | | | |
| Land | 644,094 | 6,329,705 | 6,973,799 | — |
| Construction in progress | 21,712,427 | — | 21,712,427 | 1,945,143 |
| Land improvements | 744,366 | — | 744,366 | — |
| Buildings and improvements | 26,434,046 | 29,842,110 | 56,276,156 | 6,785,402 |
| Leased buildings | — | — | — | 1,463,010 |
| Equipment | 4,984,104 | 80,745 | 5,064,849 | 12,635,607 |
| Lease assets - equipment | 2,256,946 | — | 2,256,946 | 27,065 |
| Subscription assets - computers | 76,641 | — | 76,641 | 7,924,728 |
| Improvements other than land and buildings | 266,661,672 | 6,257,669 | 272,919,341 | 300,548 |
| Less accumulated depreciation | (113,440,548) | (20,737,432) | (134,177,980) | (14,034,487) |
| Total noncurrent assets | 210,073,748 | 21,772,797 | 231,846,545 | 17,047,016 |
| Total assets | 248,947,145 | 30,319,416 | 279,266,561 | 38,694,436 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred items - IMRF | 2,337,554 | 92,206 | 2,429,760 | 2,983,927 |
| Deferred items - RBP | 111,846 | 4,714 | 116,560 | — |
| Deferred items - ARO | 774,992 | — | 774,992 | — |
| Total deferred outflows of resources | 3,224,392 | 96,920 | 3,321,312 | 2,983,927 |
| Total assets and deferred outflows of resources | 252,171,537 | 30,416,336 | 282,587,873 | 41,678,363 |

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

| | Business-Type Activities - Enterprise Funds | | | Governmental Activities |
|--|---|----------------|----------------|-------------------------|
| | Water Utility | Parking System | Totals | Internal Service |
| | | | | |
| LIABILITIES | | | | |
| Current liabilities | | | | |
| Accounts payable | \$ 6,101,085 | \$ 295,164 | \$ 6,396,249 | \$ 1,933,163 |
| Accrued payroll and benefits | 130,283 | 4,682 | 134,965 | 135,169 |
| Due to other funds | — | 9,886,666 | 9,886,666 | 3,603,147 |
| Other liabilities | — | — | — | 341,116 |
| Deposits and advances | 87,540 | — | 87,540 | — |
| Accrued interest payable | 53,993 | 9,867 | 63,860 | 13,751 |
| Compensated absences | 87,504 | 2,032 | 89,536 | 89,685 |
| Installment contracts payable | 183,103 | — | 183,103 | 186,427 |
| Leases payable | 142,901 | — | 142,901 | 167,342 |
| Subscriptions payable | 14,728 | — | 14,728 | 1,617,394 |
| General obligation alternate bonds payable (net of unamortized premiums/discounts) | 1,965,307 | 511,193 | 2,476,500 | 968,799 |
| IEPA loan payable | 2,333,453 | — | 2,333,453 | — |
| Claims and judgements payable | — | — | — | 5,739,988 |
| Refundable water main extension advances | 270,969 | — | 270,969 | — |
| Total current liabilities | 11,370,866 | 10,709,604 | 22,080,470 | 14,795,981 |
| Noncurrent liabilities | | | | |
| Compensated absences | 350,018 | 8,130 | 358,148 | 358,744 |
| Net Pension Liability - IMRF | 1,386,511 | 54,692 | 1,441,203 | 1,769,905 |
| Total OPEB liability - RBP | 524,668 | 22,113 | 546,781 | — |
| Customer water deposits | 314,366 | — | 314,366 | — |
| Installment contracts payable | 800,936 | — | 800,936 | 232,696 |
| Leases payable | 1,941,971 | — | 1,941,971 | 1,012,626 |
| Subscriptions payable | 46,386 | — | 46,386 | 5,163,792 |
| General obligation alternate bonds payable (net of unamortized premiums/discounts) | 6,627,282 | 5,842,912 | 12,470,194 | 6,567,796 |
| IEPA loan payable | 23,998,233 | — | 23,998,233 | — |
| Claims and judgments payable | — | — | — | 8,343,946 |
| Asset Retirement Obligation | 5,183,120 | — | 5,183,120 | — |
| Total noncurrent liabilities | 41,173,491 | 5,927,847 | 47,101,338 | 23,449,505 |
| Total liabilities | 52,544,357 | 16,637,451 | 69,181,808 | 38,245,486 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred items - leases | — | 8,506,204 | 8,506,204 | — |
| Deferred items - IMRF | 17,232 | 680 | 17,912 | 21,997 |
| Deferred items - RBP | 88,307 | 3,722 | 92,029 | — |
| | 105,539 | 8,510,606 | 8,616,145 | 21,997 |
| Total liabilities and deferred inflows of resources | 52,649,896 | 25,148,057 | 77,797,953 | 38,267,483 |
| NET POSITION | | | | |
| Net investment in capital assets | 172,019,448 | 15,418,692 | 187,438,140 | \$ 8,666,739 |
| Restricted | | | | |
| Capital projects | 1,000,000 | — | 1,000,000 | — |
| Debt service | 7,492,301 | — | 7,492,301 | — |
| Unrestricted (deficit) | 19,009,892 | (10,150,413) | 8,859,479 | (5,255,859) |
| Total net position | \$ 199,521,641 | \$ 5,268,279 | \$ 204,789,920 | \$ 3,410,880 |

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, 2023

| | Business-Type Activities - Enterprise Funds | | | Governmental Activities |
|--|--|----------------|-----------------|--------------------------------|
| | Water | Parking | Internal | Activities |
| | Utility | System | Totals | Service |
| OPERATING REVENUES | | | | |
| Charges for services | \$ 34,793,778 | \$ 2,104,992 | \$ 36,898,770 | \$ 48,339,569 |
| Fines and penalties | 660,963 | — | 660,963 | — |
| Intergovernmental | 5,171,989 | — | 5,171,989 | 1,951,019 |
| Miscellaneous | 129,581 | 13,201 | 142,782 | 2,301,372 |
| Total operating revenues | 40,756,311 | 2,118,193 | 42,874,504 | 52,591,960 |
| OPERATING EXPENSES | | | | |
| Salaries and benefits | 5,918,704 | 273,759 | 6,192,463 | 6,422,784 |
| Services | 10,336,517 | 1,821,534 | 12,158,051 | 40,093,006 |
| Supplies and materials | 2,101,781 | 35,418 | 2,137,199 | 4,630,750 |
| Depreciation | 7,070,212 | 1,041,079 | 8,111,291 | 3,607,878 |
| Charges from General Fund | 3,181,011 | 290,308 | 3,471,319 | 1,234,980 |
| Miscellaneous | — | 10,132 | 10,132 | 3,057 |
| Total operating expenses | 28,608,225 | 3,472,230 | 32,080,455 | 55,992,455 |
| Operating income (loss) | 12,148,086 | (1,354,037) | 10,794,049 | (3,400,495) |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Investment income | 177,808 | (88,096) | 89,712 | 63,117 |
| Gain (loss) on disposal of capital assets | (1,423,554) | — | (1,423,554) | (80,430) |
| Interest expense and service fees | (817,442) | (434,954) | (1,252,396) | (483,746) |
| Amortization expense | 100,307 | — | 100,307 | 118,800 |
| | (1,962,881) | (523,050) | (2,485,931) | (382,259) |
| Income (loss) before transfers and contributions | 10,185,205 | (1,877,087) | 8,308,118 | (3,782,754) |
| Transfers in | — | — | — | 798,619 |
| Contributions from developers | 980,541 | 670,862 | 1,651,403 | 170,000 |
| | 980,541 | 670,862 | 1,651,403 | 968,619 |
| Change in net position | 11,165,746 | (1,206,225) | 9,959,521 | (2,814,135) |
| Net position - beginning | 188,355,895 | 6,474,504 | 194,830,399 | 6,225,015 |
| Net position - ending | \$ 199,521,641 | \$ 5,268,279 | \$ 204,789,920 | \$ 3,410,880 |

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, 2023

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

CASH FLOWS FROM OPERATING ACTIVITIES

| | | | | |
|--|---------------|--------------|---------------|---------------|
| Receipts from customers and users | \$ 33,937,738 | \$ 1,963,433 | \$ 35,901,171 | \$ 52,537,577 |
| Payment to suppliers | (13,899,410) | (66,316) | (13,965,726) | (45,714,956) |
| Payment to employees | (4,723,231) | (209,181) | (4,932,412) | (6,422,784) |
| Payments to other funds | (3,181,011) | (290,308) | (3,471,319) | — |
| Net cash provided by (used for) operating activities | 12,134,086 | 1,397,628 | 13,531,714 | 399,837 |

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

| | | | | |
|--|--------------|-------------|--------------|-------------|
| Purchase of capital assets | (21,543,672) | (374,860) | (21,918,532) | (483,746) |
| Debt issuance | 9,901,723 | — | 9,901,723 | (3,868,356) |
| Disposal of capital assets | 73,633 | — | 73,633 | 52,066 |
| Interest and fiscal charges | (817,442) | (434,954) | (1,252,396) | 3,321 |
| Payment of capital debt | (4,303,619) | (499,718) | (4,803,337) | (2,128,380) |
| Net cash provided by (used for) capital and related financing activities | (16,689,377) | (1,309,532) | (17,998,909) | (6,425,095) |

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

| | | | | |
|--------------|---|---|---|---------|
| Transfers in | — | — | — | 798,619 |
|--------------|---|---|---|---------|

CASH FLOWS FROM INVESTING ACTIVITIES

| | | | | |
|---|---------------|----------|---------------|---------------|
| Investment income | 177,808 | (88,096) | 89,712 | 63,117 |
| Net change in cash and cash equivalents | (4,377,483) | — | (4,377,483) | (5,163,522) |
| Cash and cash equivalents - beginning | 22,975,095 | — | 22,975,095 | 24,507,745 |
| Cash and cash equivalents - ending | \$ 18,597,612 | \$ — | \$ 18,597,612 | \$ 19,344,223 |

Displayed as:

| | | | | |
|---|---------------|------|---------------|---------------|
| Cash and cash equivalents | \$ 10,105,311 | \$ — | \$ 10,105,311 | \$ 19,344,223 |
| Restricted assets - cash and cash equivalents | 8,492,301 | — | 8,492,301 | — |
| | \$ 18,597,612 | \$ — | \$ 18,597,612 | \$ 19,344,223 |

(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, 2023

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

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

| | | | | |
|---|---------------|----------------|---------------|----------------|
| Operating income (loss) | \$ 12,148,086 | \$ (1,354,037) | \$ 10,794,049 | \$ (3,400,495) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: | | | | |
| | | | | |
| Depreciation | 7,070,212 | 1,041,079 | 8,111,291 | 3,607,878 |
| Increase (decrease) from changes in: | | | | |
| Accounts receivable, net | (404,353) | (154,760) | (559,113) | (265,648) |
| Due from other governmental units | — | — | — | 81,489 |
| Due from State of Illinois | (4,850,115) | — | (4,850,115) | — |
| Prepaid items | (1,500,000) | — | (1,500,000) | (7,839) |
| Inventories | (64,105) | — | (64,105) | 137,615 |
| Accounts payable | (70,727) | (42,426) | (113,153) | 402,512 |
| Accrued interest payable | (7,860) | (766) | (8,626) | — |
| Accrued payroll and benefits | 29,198 | 609 | 29,807 | 12,262 |
| Due to Other Funds | — | — | — | 925,543 |
| Other liabilities | 358,111 | 123,505 | 481,616 | (1,194,346) |
| Deposits and advances | 108,556 | — | 108,556 | — |
| Compensated absences | 74,085 | 2,777 | 76,862 | 100,866 |
| Due to other funds | — | 1,817,220 | 1,817,220 | — |
| Net pension liability - IMRF | (783,761) | (36,834) | (820,595) | — |
| OPEB | 26,759 | 1,261 | 28,020 | — |
| Total adjustments | (14,000) | 2,751,665 | 2,737,665 | 3,800,332 |
| Net cash provided by (used for) operating activities | \$ 12,134,086 | \$ 1,397,628 | \$ 13,531,714 | \$ 399,837 |
| Noncash Capital and Related Financing Activities | | | | |
| Capital Contributions | 980,541 | 670,862 | 1,651,403 | 170,000 |
| (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, 2023**

| | Pension Trust |
|---|--------------------------|
| ASSETS | |
| Cash and cash equivalents | <u>\$ 1,606,492</u> |
| Investments - retirement plans | |
| Illinois Police Officer's Pension Investment Fund | 216,308,169 |
| Illinois Firefighters' Pension Investment Fund | 170,973,782 |
| Total investments | <u>387,281,951</u> |
| Accounts receivable - net of allowance | |
| Accrued interest receivable | 11,590 |
| Contributions receivables | 26,272,264 |
| Other | 4,631 |
| Total accounts receivable - net of allowance | <u>26,288,485</u> |
| Total assets | 415,176,928 |
| LIABILITIES | |
| Accrued liabilities | <u>7,854</u> |
| NET POSITION | |
| Net position restricted for pensions | <u>\$ 415,169,074</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, 2023**

| | Pension Trust |
|--|--------------------------|
| ADDITIONS | |
| Contributions: | |
| Employer | \$ 30,660,514 |
| Plan member | <u>5,562,629</u> |
| Total contributions | <u>36,223,143</u> |
| Investment income: | |
| Net appreciation (depreciation) in fair value of investments | 45,612,175 |
| Interest and dividend income | <u>4,386,323</u> |
| | 49,998,498 |
| Less investment expense | <u>(469,420)</u> |
| Net investment income | <u>49,529,078</u> |
| | <u>85,752,221</u> |
| DEDUCTIONS | |
| Pension benefits | 47,351,516 |
| Refunds of contributions | <u>52,653</u> |
| Administrative expense | <u>335,353</u> |
| | <u>47,739,522</u> |
| Change in fiduciary net position | 38,012,699 |
| NET POSITION RESTRICTED FOR PENSIONS | |
| Beginning | <u>377,156,375</u> |
| Ending | <u>\$ 415,169,074</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, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Rockford, Illinois (the “City”) is a municipal corporation governed by an elected mayor and a fourteen-member Council. 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.

REPORTING ENTITY

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government’s operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is both legally and substantively separate from the government. Management has determined that there are two fiduciary component units that are required to be included in the financial statements of the City as pension trust funds and there are two discretely component units to include in the reporting entity.

Blended Component Units

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 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 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 fiduciary fund, and specifically a pension trust fund, due to the fiduciary responsibility exercised over the PPF.

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 those employees and is governed by a five-member pension board, with two members appointed by the City 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 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 fiduciary fund, and specifically a pension trust fund, due to the fiduciary responsibility exercised over the FPF.

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

REPORTING ENTITY - Continued

Discretely Presented Component Units

Discretely presented component units are separate legal entities that meet the component unit criteria described in GASB Statement No. 61 and GASB Statement No. 84 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.

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.

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

BASIS OF PRESENTATION - Continued

Government-Wide Statements - Continued

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:

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2023

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 8 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, 2023

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 7 internal service funds. These funds account for central garage, building maintenance, workmens' compensation, health insurance, 911 communications, risk management and information system services provided to other departments and outside agencies on a cost-reimbursement basis.

Fiduciary Funds

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

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

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

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Measurement Focus

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

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

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

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

Basis of Accounting

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

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

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING - Continued

Basis of Accounting - Continued

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

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

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

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

Cash and Cash Equivalents

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

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

Investments

Investment activity is carried on by the City in an investment pool, except for those funds required to maintain their investments separately. The funds included in the pool participate in the earnings of the pool in proportion to their average balance therein. Should any of these funds have an average deficit in the pool, they are charged interest accordingly.

State statutes authorize the City and its component units to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the Illinois Funds Investment Pool.

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2023

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 20, 2023. 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 2023 levy is deferred as it is intended to finance fiscal year 2023 to 2024.

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, 2023.

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

Interfund Receivables and Payables

The City has the following types of transactions between funds:

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

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

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

Interfund Receivables and Payables - Continued

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

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

Inventories and Prepays

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

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

Restricted Assets

Certain proceeds of Water Utility Fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted cash and cash equivalents on the balance sheet because their use is limited by applicable bond covenants. The “revenue bond renewal and replacement account” (\$1,000,000) is used to report resources set aside to meet unexpected contingencies or to fund asset renewals and replacements. The “alternate bond current debt service account” (\$7,492,301) 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, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

Capital Assets

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

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

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

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

Deferred Outflows/Inflows of Resources

Deferred outflow/inflow of resources represents 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.

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2023

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."

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2023

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 Human Services Fund and the Workforce Connection, Inc. 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:

| Fund | Deficit |
|-------------------------|--------------|
| Tax Increment Financing | \$ 6,146,177 |
| Family Justice Center | 52,005 |
| Risk Management | 17,006,495 |

The Tax Increment Fund's deficit will be alleviated by future property tax revenues. The Family Justice Center has been awarded additional grant funds to recover the deficit. 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:

| Fund | Excess |
|-------------------------|--------------|
| Tax Increment Financing | \$ 5,713,681 |
| Parking System | 571,041 |
| Building Maintenance | 86,411 |
| Health Insurance | 2,667,920 |

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2023

NOTE 3 - DETAIL NOTES ON ALL FUNDS

DEPOSITS AND INVESTMENTS

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

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

The Illinois Trust was established for the purpose of allowing various public agencies including, but not limited to, counties, townships, cities, towns, villages, school districts, housing authorities and public water supply districts, to jointly invest funds in accordance with the Laws of the State of Illinois. Participation in the Illinois Trust is voluntary. The Illinois Trust is not registered with the SEC as an Investment Company. Investments in the Illinois Trust are valued at the share price, the price for which the investment could be sold.

City

Deposits. At year-end, the carrying amount of the City's deposits for governmental and business-type totaled \$54,357,267 and the bank balances totaled \$58,050,218.

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 | \$ 49,179,001 | \$ 22,432,501 | \$ 26,746,500 | \$ — | \$ — |
| U.S. Agency Securities | 17,939,657 | 4,379,284 | 10,015,208 | 915,674 | 2,629,491 |
| Municipal Bonds | 2,259,584 | — | 2,259,584 | — | — |
| Corporate Bonds | 17,362,542 | 7,752,435 | 9,610,107 | — | — |
| Illinois Trust | 19,195,043 | 19,195,043 | — | — | — |
| | <u>105,935,827</u> | <u>53,759,263</u> | <u>48,631,399</u> | <u>915,674</u> | <u>2,629,491</u> |

The City has the following recurring fair value measurements as of December 31, 2023:

- U.S. Treasury Securities of \$49,179,001 are valued using quoted market prices (Level 1 inputs).
- U.S. Agency Securities of \$17,939,657, Municipal Bonds of \$2,259,584, and Corporate Bonds of \$17,362,542 are valued using significant other observable inputs (Level 2 inputs).
- Illinois Trust of \$19,195,043 measured at net asset value per share as determined by the pool.

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.

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2023

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

City - Continued

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, 2023, 52% of the City's cash and investment portfolio will mature in 5 or fewer years.

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The primary government's (excluding the pension trust funds) policy with respect to custodial credit risk on deposits requires collateralization on all certificates of deposit purchased after January 1, 1999. The amount of collateral should be at least 105% of the total investment less the amount insured by the FDIC or the FSLIC. As of December 31, 2023, 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, 2023, 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. The City's investment in the Illinois Trust is not subject to custodial credit risk.

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, 2023, the City's investments were rated as follows:

| Investment Type | Total Fair Value | Credit Rating | |
|--------------------------|------------------|---------------|-------------------|
| | | Moody's | Standard & Poor's |
| U.S. Treasury Securities | \$ 49,179,001 | Aaa | AA+ |
| U.S. Agency Securities | 17,939,657 | Aaa | AAA to AA+ |
| Municipal Bonds | 2,259,584 | NR to Aa2 | AA- to AAA |
| Corporate Bonds | 17,362,542 | A3 to Aa1 | BBB+ to AA |
| Illinois Trust | 19,195,043 | N/A | AAAm |

N/A - Not Available

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2023

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

City - Continued

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.

Concentration of Credit Risk - Continued. At December 31, 2023, 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 comprehensive financial report, which can be obtained from IFPIF at 456 Fulton Street, Suite 402 Peoria, Illinois 61602 or at www.ipopif.org.

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 \$1,105,726 and the bank balances totaled \$1,165,266.

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 \$216,308,169 invested in IPOPIF. The pooled investments consist of the investments as noted in the target allocation table available at www.ipopif.org. Investments in IPOPIF are valued at IPOPIF's share price, which is the price the investment could be sold. There are no unfunded commitments at year-end. The fund may redeem shares with a seven calendar day notice. IPOPIF may, at its sole discretion and based on circumstances, process redemption requests with fewer than a seven calendar day notice. Regular redemptions of the same amount on a particular day of the month may be arranged with IPOPIF.

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2023

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

Police Pension Fund - Continued

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, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 13.66%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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 comprehensive financial 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.

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 \$500,766 and the bank balances totaled \$538,593.

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 \$170,973,782 invested in IFPIF. The pooled investments consist of the investments as noted in the target allocation table available at www.ifpif.org. Investments in IFPIF are valued at IFPIF's share price, which is the price the investment could be sold. There are no unfunded commitments at year-end. The plan may redeem shares by giving notice by 5:00 pm central time on the 1st of each month. Requests properly submitted on or before the 1st of each month will be processed for redemption by the 14th of the month. Expedited redemptions may be processed at the sole discretion of IFPIF.

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.

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2023

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

Firefighters' Pension Fund - Continued

Rate of Return

For the year ended December 31, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 15.43%. 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, 2023, the carrying amount of the Rockford Mass Transit District deposits totaled \$5,513,687 and the bank balances totaled \$5,513,687 and Rockford Metropolitan Exposition Authority District deposits totaled \$6,924,766 and the bank balances totaled \$6,924,766.

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, 2023, 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, 2023, 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, 2023.

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, 2023, 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, 2023, 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, 2023, 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, 2023

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

RECEIVABLES AND PAYABLES

Receivables and payables as of December 31, 2023 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 | | |
|--|-----------------|----------------|-----------------------|----------------|------------------|--------------|-----------------|-------------------------|--------------------------|----------------|------------------|
| | Special Revenue | | | | Enterprise Funds | | | Governmental Activities | | | |
| | General | Public Library | Community Development | Human Services | Tax Increment | Debt Service | Capital Project | Nonmajor | Water Utility | Parking System | Internal Service |
| RECEIVABLES | | | | | | | | | | | |
| Taxes | \$ 48,839,643 | \$ 7,672,353 | \$ — | \$ — | \$ 9,018,990 | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — |
| Accounts | 32,935,456 | 1,353,766 | — | 620,992 | — | — | 152,689 | 793,554 | 6,920,780 | 21,358 | 1,730,155 |
| Notes | — | — | 16,548 | — | — | — | — | 2,891,398 | — | — | — |
| Leases | 12,239,056 | — | — | — | — | — | — | — | — | 8,525,261 | — |
| Accrued Interest | 90,817 | 11,503 | — | — | — | — | 3,771 | 3,825 | — | — | — |
| Gross receivables | 94,104,972 | 9,037,622 | 16,548 | 620,992 | 9,018,990 | — | 156,460 | 3,688,777 | 6,920,780 | 8,546,619 | 1,730,155 |
| Less: Allowance for uncollectibles | (8,537,454) | (158,807) | (9,220) | (409,880) | (141,637) | — | — | (2,891,398) | (951,415) | — | — |
| Total receivables | \$ 85,567,518 | \$ 8,878,815 | \$ 7,328 | \$ 211,112 | \$ 8,877,353 | \$ — | \$ 156,460 | \$ 797,379 | \$ 5,969,365 | \$ 8,546,619 | \$ 1,730,155 |
| DUE FROM OTHER GOVERNMENTAL UNITS | | | | | | | | | | | |
| Federal | \$ 359,796 | \$ — | \$ 269,712 | \$ 16,358,775 | \$ — | \$ — | \$ 773,392 | \$ 58,694 | \$ — | \$ — | \$ — |
| State | 10,556 | — | 86,480 | 4,895,423 | — | 163,618 | 6,713,491 | 1,869,883 | 11,259,749 | — | — |
| Other | 529,334 | — | 46 | — | — | — | 706,400 | — | — | — | 147,302 |
| Total due from other governmental units | \$ 899,686 | \$ — | \$ 356,238 | \$ 21,254,198 | \$ — | \$ 163,618 | \$ 8,193,283 | \$ 1,928,577 | \$ 11,259,749 | \$ — | \$ 147,302 |
| PAYABLES | | | | | | | | | | | |
| Vendors | \$ 1,630,984 | \$ 1,272,274 | \$ 92,499 | \$ 2,429,209 | \$ 25,656 | \$ — | \$ 2,388,625 | \$ 2,038,096 | \$ 6,101,085 | \$ 295,164 | \$ 1,933,163 |
| Other governmental units | — | — | — | — | — | — | 6,375 | — | — | — | — |
| Accrued interest | — | — | — | — | — | — | — | — | 53,993 | 9,867 | 13,751 |
| Total payables | \$ 1,630,984 | \$ 1,272,274 | \$ 92,499 | \$ 2,429,209 | \$ 25,656 | \$ — | \$ 2,395,000 | \$ 2,038,096 | \$ 6,155,078 | \$ 305,031 | \$ 1,946,914 |

LEASES RECEIVABLE

As of December 31, 2023, the City had nine active leases. The leases have receipts that range from \$600 to \$86,664 and interest rates that range from 0.0000% to 2.9600%. As of December 31, 2023, the total combined value of the lease receivable is \$20,764,317, and the combined value of the deferred inflow of resources is \$21,064,364.

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2023

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LEASES RECEIVABLE - Continued

During the fiscal year, the City has recognized \$206,811 of lease revenue. The future minimum lease assets as of year-end are as follows:

| Fiscal Year | Governmental | | Business-Type | |
|-------------|----------------------|----------------|---------------------|------------------|
| | Principal | Interest | Principal | Interest |
| 2024 | \$ 149,930 | \$ 11,034 | \$ 68,585 | \$ 37,474 |
| 2025 | 150,549 | 10,755 | 63,187 | 36,775 |
| 2026 | 151,185 | 10,466 | 59,825 | 36,074 |
| 2027 | 151,838 | 10,165 | 61,262 | 35,346 |
| 2028 | 152,510 | 9,854 | 62,761 | 34,578 |
| 2029-2033 | 716,303 | 45,174 | 323,726 | 159,963 |
| 2034-2038 | 718,027 | 39,598 | 213,415 | 147,845 |
| 2039-2043 | 736,180 | 32,648 | 217,508 | 143,752 |
| 2044-2048 | 757,285 | 23,912 | 221,679 | 139,581 |
| 2049-2053 | 781,753 | 13,102 | 225,931 | 135,329 |
| 2054-2058 | 710,380 | 1,688 | 230,264 | 130,996 |
| 2059-2063 | 649,980 | — | 234,680 | 126,580 |
| 2064-2068 | 649,980 | — | 239,181 | 122,079 |
| 2069-2073 | 649,980 | — | 243,768 | 117,492 |
| 2074-2078 | 649,980 | — | 248,443 | 112,817 |
| 2079-2083 | 649,980 | — | 253,208 | 108,052 |
| 2084-2088 | 649,980 | — | 258,064 | 103,196 |
| 2089-2093 | 649,980 | — | 263,013 | 98,247 |
| 2094-2098 | 649,980 | — | 268,058 | 93,202 |
| 2099-2103 | 649,980 | — | 273,199 | 88,061 |
| 2104-2108 | 649,980 | — | 278,438 | 82,822 |
| 2109-2113 | 563,316 | — | 283,778 | 77,482 |
| 2114-2118 | — | — | 289,221 | 72,039 |
| 2119-2123 | — | — | 294,767 | 66,493 |
| 2124-2128 | — | — | 300,421 | 60,839 |
| 2129-2133 | — | — | 306,182 | 55,078 |
| 2134-2138 | — | — | 312,054 | 49,206 |
| 2139-2143 | — | — | 318,039 | 43,221 |
| 2144-2148 | — | — | 324,139 | 37,121 |
| 2149-2153 | — | — | 330,355 | 30,905 |
| 2154-2158 | — | — | 336,691 | 24,569 |
| 2159-2163 | — | — | 343,148 | 18,112 |
| 2164-2168 | — | — | 349,729 | 11,531 |
| 2169-2173 | — | — | 356,437 | 4,823 |
| 2174 | — | — | 72,105 | 147 |
| | <u>\$ 12,239,056</u> | <u>208,396</u> | <u>\$ 8,525,261</u> | <u>2,641,827</u> |

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2023

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, 2023, 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, 2023 is as follows:

| Receivable | Payable | Purpose | Amount |
|------------|------------------------|-------------------------|----------------------|
| General | Human Services | Interfund cash advances | \$ 15,664,782 |
| General | Tax Increment | Interfund cash advances | 6,120,521 |
| General | Nonmajor governmental | Interfund cash advances | 746,722 |
| General | Nonmajor business-type | Interfund cash advances | 9,886,666 |
| General | Risk management | Interfund cash advances | <u>3,603,147</u> |
| | | | <u>\$ 36,021,838</u> |

INTERFUND TRANSFERS

Transfers between funds for the year ended December 31, 2023 are as follows:

| Transfers In | Transfers Out | Amount |
|-----------------------|-------------------------|----------------------|
| General | Tax Increment Financing | \$ 306,602 (1) |
| General | Capital Projects | 745,808 (1) |
| General | Nonmajor governmental | 2,500,000 (2) |
| Debt Service | General | 4,621,237 (2) |
| Debt Service | Public Library | 229,488 (2) |
| Debt Service | Tax Increment Financing | 1,048,200 (2) |
| Debt Service | Nonmajor governmental | 4,167,394 (3) |
| Capital Projects | General | 2,596,916 (3) |
| Nonmajor governmental | General | 9,365,000 (1) |
| Internal service | General | <u>798,619 (1)</u> |
| | | <u>\$ 26,379,264</u> |

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

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2023

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

CONSTRUCTION COMMITMENTS

The City has active construction projects as of December 31, 2023. The projects include street resurfacing, widening and construction of existing streets and bridges, drainage projects, sidewalks, and water system improvements. At year-end, the City's commitments with contractors are as follows:

| Project | Commitment |
|--|---------------|
| Well 34 Water Treatment Facility | \$ 3,525,964 |
| Alpine Dam Improvements | 2,659,422 |
| American Rescue Plan Act of 2021 | 2,150,933 |
| 11th St Corridor Improvement | 1,521,876 |
| 15th Ave Bridge Reconstruction | 1,309,703 |
| East High Zone Booster Station | 1,299,900 |
| Well 24 Relocate | 1,111,121 |
| 9th St Two-Way Conversion | 1,006,008 |
| 1131 N Main - Think Big | 935,909 |
| Logistics Parkway Extension | 572,195 |
| City Wide Downtown Streetscape | 537,274 |
| Well 42 HMO Room Build Out | 523,204 |
| Downtown Complete Streets Revitalization | 512,557 |
| Harrison Ave Main to Kishwaukee | 273,297 |
| Millennium Fountain Renovations | 256,637 |
| Fire Mobile Inter Healthcare | 245,211 |
| Corbin St Water Main Replacement | 216,173 |
| E State St Widening | 212,403 |
| Broadway Road Diet | 195,720 |
| W State St Corridor Phase 2 | 175,534 |
| Well 13 Reservoir Exterior Rehab | 167,397 |
| | <hr/> |
| | \$ 19,408,438 |

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

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements December 31, 2023

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

CAPITAL ASSETS

Capital asset activity for the primary government for the fiscal year ended December 31, 2023 was as follows:

Governmental Activities

Governmental capital asset activity for the year was as follows:

| | Restated Beginning Balances | | | Restated Ending Balances |
|--------------------------------------|-----------------------------------|-------------------|---------------------|--------------------------------|
| | | Increases | Decreases | |
| NONDEPRECIABLE CAPITAL ASSETS | | | | |
| Land | \$ 3,769,766 | \$ — | \$ — | \$ 3,769,766 |
| Construction in progress | 22,721,324 | 13,350,168 | (10,567,896) | 25,503,596 |
| | <u>26,491,090</u> | <u>13,350,168</u> | <u>(10,567,896)</u> | <u>29,273,362</u> |

DEPRECIABLE/AMORTIZABLE CAPITAL ASSETS

CAPITAL ASSETS

| | | | | |
|----------------------------------|--------------------|-------------------|--------------------|--------------------|
| Land improvements | 3,317,733 | 174,460 | — | 3,492,193 |
| Lease assets - land improvements | 303,662 | — | — | 303,662 |
| Buildings improvements | 99,083,953 | 1,818,227 | (1,636,015) | 99,266,165 |
| Lease assets - buildings | 9,051,401 | — | — | 9,051,401 |
| Equipment | 66,336,894 | 3,591,968 | (345,628) | 69,583,234 |
| Lease assets - equipment | 153,285 | 338,088 | (139,522) | 351,851 |
| Subscription assets - software | 16,855,755 | 366,572 | — | 17,222,327 |
| Infrastructure | 387,945,006 | 18,154,876 | (2,026,844) | 404,073,038 |
| | <u>583,047,689</u> | <u>24,444,191</u> | <u>(4,148,009)</u> | <u>603,343,871</u> |

LESS ACCUMULATED DEPRECIATION/AMORTIZATION

| | | | | |
|----------------------------------|----------------------|---------------------|------------------|----------------------|
| Land improvements | (2,174,186) | (281,313) | — | (2,455,499) |
| Lease assets - land improvements | (6,094) | (60,732) | — | (66,826) |
| Buildings improvements | (44,694,516) | (2,497,407) | 399,211 | (46,792,712) |
| Lease assets - buildings | (712,591) | (201,142) | — | (913,733) |
| Equipment | (48,833,719) | (5,908,927) | 348,030 | (54,394,616) |
| Lease assets - equipment | (102,999) | (36,564) | 98,486 | (41,077) |
| Subscription assets - software | — | (2,921,462) | — | (2,921,462) |
| Infrastructure | (159,090,992) | (7,725,542) | 1,006,578 | (165,809,956) |
| | <u>(255,615,097)</u> | <u>(19,633,089)</u> | <u>1,852,305</u> | <u>(273,395,881)</u> |

| | | | | |
|--|----------------|---------------|-----------------|----------------|
| Total net depreciable/ amortizable capital assets | 327,432,592 | 4,811,102 | (2,295,704) | 329,947,990 |
| Total net capital assets | \$ 353,923,682 | \$ 18,161,270 | \$ (12,863,600) | \$ 359,221,352 |

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2023

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 | \$ 3,355,285 |
| Public safety | 3,553,282 |
| Streets, alleys and bridges | 8,193,203 |
| Community development | 122,092 |
| Sanitation and sewers | 30,124 |
| Culture and recreation | 500,363 |
| Public health and welfare | 270,862 |
| Internal service | <u>3,607,878</u> |
| | <u><u>\$ 19,633,089</u></u> |

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2023

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

CAPITAL ASSETS - Continued

Business-Type Activities

| | Restated | | | |
|--|-----------------------|----------------------|------------------------|-----------------------|
| | Beginning | | | |
| | Balances | Increases | Decreases | Ending |
| NONDEPRECIABLE CAPITAL ASSETS | | | | |
| Land | \$ 6,967,410 | \$ 6,389 | \$ — | \$ 6,973,799 |
| Construction in progress | 12,054,253 | 19,117,386 | (9,459,212) | 21,712,427 |
| | <u>19,021,663</u> | <u>19,123,775</u> | <u>(9,459,212)</u> | <u>28,686,226</u> |
| DEPRECIABLE/AMORTIZABLE CAPITAL ASSETS | | | | |
| Land improvements | 900,886 | — | (156,520) | 744,366 |
| Buildings and improvements | 55,753,232 | 769,096 | (246,172) | 56,276,156 |
| Improvements other than buildings | 265,190,184 | 10,737,868 | (3,008,711) | 272,919,341 |
| Equipment | 5,664,468 | 141,462 | (741,081) | 5,064,849 |
| Lease assets - equipment | 7,397 | 2,256,946 | (7,397) | 2,256,946 |
| Subscription assets - computers | 76,641 | — | — | 76,641 |
| | <u>327,592,808</u> | <u>13,905,372</u> | <u>(4,159,881)</u> | <u>337,338,299</u> |
| LESS ACCUMULATED DEPRECIATION/AMORTIZATION | | | | |
| Land improvements | (602,862) | (34,191) | 138,538 | (498,515) |
| Buildings and improvements | (23,294,120) | (1,169,625) | 221,805 | (24,241,940) |
| Improvements other than buildings | (100,601,247) | (6,290,534) | 1,576,132 | (105,315,649) |
| Equipment | (4,225,933) | (190,476) | 718,822 | (3,697,587) |
| Lease assets - equipment | (5,221) | (412,530) | 7,397 | (410,354) |
| Subscription assets - computers | — | (13,935) | — | (13,935) |
| | <u>(128,729,383)</u> | <u>(8,111,291)</u> | <u>2,662,694</u> | <u>(134,177,980)</u> |
| Total net depreciable/ amortizable capital assets | 198,863,425 | 5,794,081 | (1,497,187) | 203,160,319 |
| Total net capital assets | <u>\$ 217,885,088</u> | <u>\$ 24,917,856</u> | <u>\$ (10,956,399)</u> | <u>\$ 231,846,545</u> |

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

| | |
|----------------|---------------------|
| Water | \$ 7,070,212 |
| Parking system | <u>1,041,079</u> |
| | <u>\$ 8,111,291</u> |

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements December 31, 2023

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, 2023 was as follows:

Rockford Mass Transit District

| | Beginning Balances | Increases | Decreases | Ending Balances |
|---|-----------------------|--------------|-----------|--------------------|
| NONDEPRECIABLE CAPITAL ASSETS | | | | |
| Land | \$ 1,992,553 | \$ — | \$ — | \$ 1,992,553 |
| DEPRECIABLE/AMORTIZABLE CAPITAL ASSETS | | | | |
| Land improvements | 924,521 | 817 | — | 925,338 |
| Buildings and improvements | 25,623,043 | 411,591 | — | 26,034,634 |
| Buses and service vehicles | 22,918,819 | 4,621,680 | — | 27,540,499 |
| Lease assets - equipment | 2,371,716 | — | — | 2,371,716 |
| Equipment and office furniture | 5,827,262 | 1,555,876 | (10,151) | 7,372,987 |
| | 57,665,361 | 6,589,964 | (10,151) | 64,245,174 |
| LESS ACCUMULATED DEPRECIATION/AMORTIZATION | (24,534,521) | (2,355,831) | 10,151 | (26,880,201) |
| Total net depreciable/amortizable capital assets | 33,130,840 | 4,234,133 | — | 37,364,973 |
| Total net capital assets | \$ 35,123,393 | \$ 4,234,133 | \$ — | \$ 39,357,526 |

Rockford Metropolitan Exposition, Auditorium and Office Building Authority

| | Beginning Balances | Increases | Decreases | Ending Balances |
|--------------------------------------|-----------------------|---------------|----------------|--------------------|
| NONDEPRECIABLE CAPITAL ASSETS | | | | |
| Land | \$ 2,597,014 | \$ — | \$ — | \$ 2,597,014 |
| Construction in progress | 4,642,390 | 5,883,714 | (7,839,021) | 2,687,083 |
| | 7,239,404 | 5,883,714 | (7,839,021) | 5,284,097 |
| DEPRECIABLE CAPITAL ASSETS | | | | |
| Buildings and improvements | 37,056,111 | 7,189,334 | — | 44,245,445 |
| Right of use asset | 1,545,889 | — | — | 1,545,889 |
| Equipment | 9,193,656 | 2,380,564 | — | 11,574,220 |
| | 47,795,656 | 9,569,898 | — | 57,365,554 |
| LESS ACCUMULATED DEPRECIATION | | | | |
| Buildings and improvements | (21,299,471) | (775,727) | — | (22,075,198) |
| Right of use asset | (515,296) | (51,530) | — | (566,826) |
| Equipment | (7,791,291) | (398,486) | — | (8,189,777) |
| | (29,606,058) | (1,225,743) | — | (30,831,801) |
| Total net depreciable capital assets | 18,189,598 | 8,344,155 | — | 26,533,753 |
| Total net capital assets | \$ 25,429,002 | \$ 14,227,869 | \$ (7,839,021) | \$ 31,817,850 |

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2023

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 \$82,670,000. 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 \$9,320,000 leaving an ending balance of \$73,350,000.

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

| Purpose | Original Issue Amount | Interest Rates | Maturity Date | Amount |
|--|-----------------------|-----------------|---------------|-------------------|
| GOVERNMENTAL ACTIVITIES | | | | |
| 2009-D Redevelopment Taxable | | | | |
| General Obligation Alternate Bond Issue | \$ 1,700,000 | 2.25% - 5.50% | 2024 | \$ 200,000 |
| 2014-A Fire Station Construction | | | | |
| General Obligation Alternate Bond Issue | 5,420,000 | 3.00% - 4.00% | 2034 | 3,400,000 |
| 2015 Fire Station Construction | | | | |
| General Obligation Alternate Bond Issue | 12,195,000 | 3.00% - 3.75% | 2034 | 7,555,000 |
| 2019-A Police Evidence Facility Project | | | | |
| General Obligation Alternate Bond Issue | 7,385,000 | 4.00% | 2039 | 6,375,000 |
| 2019-B Convention Center Construction | | | | |
| Sales Tax Alternate Revenue Issue | 13,235,000 | 2.061% - 3.397% | 2039 | 11,175,000 |
| 2014-A Refunding General Obligation | | | | |
| Alternate Bond Issue | 9,625,000 | 3.00% - 4.00% | 2024 | 235,000 |
| 2014-C Refunding General Obligation | | | | |
| Alternate Bond Issue | 14,280,000 | 3.00% - 4.00% | 2027 | 4,555,000 |
| 2016-A Refunding General Obligation | | | | |
| Sales Tax Alternate Revenue Issue | 5,400,000 | 2.00% - 5.00% | 2035 | 12,655,895 |
| 2018-A Refunding General Obligation | | | | |
| Sales Tax Alternate Revenue Issue | 2,730,000 | 4.00% | 2027 | 1,655,000 |
| 2018-C Refunding General Obligation | | | | |
| Bond Issue | 8,265,000 | 3.15% - 4.45% | 2028 | 4,305,000 |
| 2020 General Obligation Bonds | | | | |
| Sales Tax Alternate Revenue Source Issue | 10,020,000 | 3.00% - 4.00% | 2030 | <u>6,705,000</u> |
| Total governmental activities | | | | <u>58,815,895</u> |

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2023

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM DEBT - Continued

General Obligation Bonds and Alternate Bonds - Continued

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

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

| Purpose | Original Issue Amount | Interest Rates | Maturity Date | Amount |
|--|-----------------------|----------------|---------------|--------------|
| BUSINESS-TYPE ACTIVITIES | | | | |
| Water Utility Fund: | | | | |
| 2010-A General Obligation Alternate Bond Issue | \$ 3,400,000 | 2.00% - 4.00% | 2030 | \$ 1,550,000 |
| 2016-B Refunding General Obligation Alternate Bond Issue | 10,735,000 | 5.00% | 2027 | 3,755,000 |
| 2018-B Refunding General Obligation Bond Issue | 5,330,000 | 3.13% - 4.00% | 2028 | 2,875,000 |

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2023

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM DEBT - Continued

General Obligation Bonds and Alternate Bonds - Continued

General obligation alternate bonds currently outstanding are as follows:

| Purpose | Original Issue Amount | Interest Rates | Maturity Date | Amount |
|--|-----------------------|-----------------|---------------|-----------------------------|
| BUSINESS-TYPE ACTIVITIES - Continued | | | | |
| Parking System Fund: | | | | |
| 2015-A General Obligation Alternate Bond Issue | \$ 6,315,000 | 3.00% - 4.00% | 2035 | \$ 4,255,000 |
| 2016-A Refunding General Obligation Sales Tax Alternate Revenue Issue | 650,000 | 2.00% - 5.00% | 2035 | 464,105 |
| 2018-C Refunding General Obligation Bond Issue | 1,225,000 | 3.15% - 4.45% | 2028 | 605,000 |
| 2019B Convention Center Construction Sales Tax Alternate Revenue Issue | 1,220,000 | 2.061% - 3.397% | 2039 | <u>1,030,000</u> |
| Total business-type activities | | | | <u>14,534,105</u> |
| Total primary government | | | | <u><u>\$ 73,350,000</u></u> |

Legal Debt Limitations

The State imposes a legal limit of 8.625% of the total equalized assessed valuation on the amount of general bonded indebtedness. The City of Rockford further limits its indebtedness, by ordinance, to 80.0% of the State limit. As of December 31, 2023, the City indebtedness was \$140.4 million less than the City limit and \$179.8 million less than the State limit.

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2023

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM DEBT - Continued

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:

| Purpose | Original Issue Amount | Interest Rates | Maturity Date | Amount |
|--|-----------------------|----------------|---------------|---------------|
| GOVERNMENTAL ACTIVITIES - Continued | | | | |
| General - Continued: | | | | |
| 2014 Heavy Equipment | \$ 1,394,516 | 2.285% | 2024 | \$ 153,923 |
| 2018 Aerial Ladder | 3,206,000 | 4.170% | 2026 | 1,326,453 |
| 2019 SCBA Equipment | 1,404,149 | 3.770% | 2024 | 301,990 |
| 2019 Mowers, Backhoe, Excavator, Loader | 276,945 | 3.708% | 2024 | 57,546 |
| 2019 Fire Engines | 3,164,725 | 2.930% | 2027 | 1,673,655 |
| 2019 Pierce Enforcer | 1,852,000 | 3.810% | 2023 | 992,635 |
| 2019 Ford | 886,937 | 3.810% | 2023 | 407,039 |
| 2019 Squad Cars | 1,509,382 | 3.566% | 2026 | 692,419 |
| 2019 CW Vehicles | 594,490 | 2.733% | 2026 | 268,572 |
| 2019 Heavy Equipment | 1,073,773 | 2.975% | 2029 | 681,606 |
| 2020 Police | 1,294,000 | 2.742% | 2027 | 769,274 |
| 2020 Digger Equipment | 226,795 | 2.510% | 2027 | 134,394 |
| 2022 Squad Cars | 2,100,000 | 2.742% | 2027 | 1,825,243 |
| 2023 Ambulance | 1,420,540 | 4.890% | 2028 | 1,420,540 |
| 2023 Vehicle | 605,000 | 4.890% | 2030 | 605,000 |
| 2023 Heavy Equipment | 2,110,000 | 4.940% | 2033 | 2,110,000 |
| 2023 Police Squad | 2,280,602 | 4.890% | 2028 | 2,280,602 |
| Total general: | | | | \$ 15,700,891 |
| Internal service: | | | | |
| 2018 Ford | 63,542 | 3.810% | 2023 | 29,161 |
| 2019 CW Vehicles | 660,578 | 2.733% | 2026 | 29,857 |
| 2015 HVAC | 1,512,718 | 2.659% | 2024 | 335,105 |
| 2023 Heavy Equipment | 25,000 | 4.940% | 2033 | 25,000 |
| Total internal service: | | | | \$ 419,123 |
| Total governmental activities: | | | | \$ 16,120,014 |

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2023

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM DEBT - Continued

Installment Contracts Payable - Continued

| Purpose | Original Issue Amount | Interest Rates | Maturity Date | Amount |
|---|-----------------------|----------------|---------------|-------------------|
| BUSINESS-TYPE ACTIVITIES | | | | |
| Water Utility Fund: | | | | |
| 2014 Heavy Equipment | 290,284 | 2.285% | 2024 | \$ 32,041 |
| 2019 Mowers, Backhoe, Excavator, Loader | 158,055 | 3.708% | 2024 | 35,901 |
| 2019 Ford Lease | 142,359 | 3.810% | 2023 | 65,332 |
| 2019 CW Vehicles | 82,930 | 2.733% | 2026 | 37,465 |
| 2019 Heavy Equipment | 99,719 | 2.975% | 2029 | 63,300 |
| 2023 Vehicle | 275,000 | 4.890% | 2030 | 275,000 |
| 2023 Heavy Equipment | 475,000 | 4.940% | 2033 | 475,000 |
| Total business-type activities: | | | | <u>984,039</u> |
| Total installment contracts payable: | | | | <u>17,104,053</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, 2023

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM DEBT - Continued

IEPA Loans Payable - Continued

Illinois Environmental Protection Agency (IEPA) Loan - Continued

| Date Awarded | Amount Approved | Terms | Loans Received | Construction Interest | Payments | Balance Due |
|--------------|-----------------|-----------------------------------|----------------|-----------------------|----------------|---------------|
| 05/19/2008 | \$ 8,308,283 | 2.5% | \$ 3,694,148 | \$ (489,225) | \$ 3,204,923 | |
| 09/30/2008 | 12,512,945 | 2.5% | 5,647,658 | (693,621) | | 4,954,037 |
| 09/30/2008 | 2,297,070 | 2.5% | 863,752 | (123,977) | | 739,775 |
| 08/14/2009 | 6,877,227 | 0% - 25% principal forgiveness | 2,235,166 | (262,961) | | 1,972,205 |
| 09/30/2009 | 3,122,773 | 0% - 25% principal forgiveness | 900,771 | (120,103) | | 780,668 |
| 06/30/2010 | 720,521 | 1.25% - 25% principal forgiveness | 195,775 | (19,534) | | 176,241 |
| 06/30/2010 | 3,128,995 | 1.25% - 25% principal forgiveness | 1,211,688 | (128,020) | | 1,083,668 |
| 06/30/2010 | 2,633,303 | 1.25% - 25% principal forgiveness | 987,927 | (104,379) | | 883,548 |
| 09/29/2010 | 913,740 | 1.25% - 25% principal forgiveness | 301,597 | (54,283) | | 247,314 |
| 12/15/2010 | 381,087 | 1.25% - 25% principal forgiveness | 186,000 | (18,558) | | 167,442 |
| 01/19/2011 | 3,611,244 | 1.25% - 25% principal forgiveness | 1,188,196 | (142,128) | | 1,046,068 |
| 06/16/2021 | 5,232,000 | 1.35% | 4,181,019 | 1,090,541 | | 5,271,560 |
| 05/05/2023 | 9,459,917 | 1.24% | — | 5,804,237 | | 5,804,237 |
| | | | \$ 21,593,697 | \$ 6,894,778 | \$ (2,156,789) | \$ 26,331,686 |

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, 2023 is \$2,167,000 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, 2023

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM DEBT - Continued

Leases Payable

As of December 31, 2023, the City had eleven active leases. The leases have payments that range from \$574 to \$511,956 and interest rates that range from 0.2580% to 3.5110%. As of December 31, 2023, the total combined value of the lease liability is \$10,511,526. The combined value of the right to use asset, as of December 31, 2023 of \$11,896,468 with accumulated amortization of \$1,464,482 is included within the capital asset tables found in Note 3.

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

| Fiscal Year | Governmental Activities | | Business-Type Activities | |
|----------------|----------------------------|-------------------|-----------------------------|-------------------|
| | Principal | Interest | Principal | Interest |
| 2024 | \$ 682,353 | \$ 125,318 | \$ 142,894 | \$ 68,693 |
| 2025 | 690,586 | 114,346 | 139,982 | 63,842 |
| 2026 | 705,186 | 103,143 | 134,701 | 59,161 |
| 2027 | 720,282 | 91,685 | 129,743 | 54,655 |
| 2028 | 716,546 | 80,022 | 130,677 | 50,240 |
| 2029-2033 | 2,673,589 | 268,798 | 705,486 | 181,897 |
| 2034-2038 | 2,010,142 | 84,512 | 701,389 | 52,887 |
| 2039-2043 | 26,830 | 20,000 | — | — |
| 2044-2048 | 29,419 | 17,411 | — | — |
| 2049-2053 | 32,258 | 14,572 | — | — |
| 2054-2058 | 35,371 | 11,459 | — | — |
| 2059-2063 | 38,784 | 8,046 | — | — |
| 2064-2068 | 42,527 | 4,303 | — | — |
| 2069-2071 | 22,781 | 634 | — | — |
| | <u>\$ 8,426,654</u> | <u>\$ 944,249</u> | <u>\$ 2,084,872</u> | <u>\$ 531,375</u> |

Subscriptions Payable

For the year ended December 31, 2023, the financial statements include the adoption of GASB Statement No. 96, Subscription-Based Information Technology Arrangements. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset. For additional information, refer to the disclosures below.

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2023

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM DEBT - Continued

Subscriptions Payable - Continued

As of December 31, 2023, the City had forty-one active leases. The leases have payments that range from \$3,420 to \$683,153 and interest rates that range from 2.4500% to 3.7643%. As of December 31, 2023, the total combined value of the lease liability is \$13,206,876. The combined value of the right to use asset, as of December 31, 2023, of \$17,298,968 with accumulated amortization of \$2,935,397 is included within the capital asset tables found in Note 3.

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

| Fiscal Year | Governmental Activities | | Business-Type Activities | |
|----------------|----------------------------|-------------------|-----------------------------|-----------------|
| | Principal | Interest | Principal | Interest |
| 2024 | \$ 3,247,370 | \$ 361,861 | \$ 14,728 | \$ 1,498 |
| 2025 | 3,323,149 | 274,592 | 15,089 | 1,137 |
| 2026 | 3,325,077 | 182,128 | 15,459 | 767 |
| 2027 | 3,172,146 | 90,083 | 15,838 | 388 |
| 2028 | 78,020 | 2,367 | — | — |
| | <u>\$ 13,145,762</u> | <u>\$ 911,031</u> | <u>\$ 61,114</u> | <u>\$ 3,790</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 21 years.

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements December 31, 2023

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, 2023 was as follows:

| | Restated Beginning Balances | Additions | Deductions | Ending Balances | Due Within One Year |
|--------------------------------|-----------------------------------|----------------------|------------------------|-----------------------|------------------------|
| GOVERNMENTAL ACTIVITIES | | | | | |
| Bonds payable: | | | | | |
| General | | | | | |
| General obligation bonds | \$ 58,301,177 | \$ — | \$ (6,190,282) | \$ 52,110,895 | \$ 6,043,807 |
| Plus premiums and discounts | 615,482 | — | (46,885) | 568,597 | 46,885 |
| | <u>58,916,659</u> | <u>—</u> | <u>(6,237,167)</u> | <u>52,679,492</u> | <u>6,090,692</u> |
| Internal Service | | | | | |
| General obligation bonds | 7,520,000 | — | (815,000) | 6,705,000 | 850,000 |
| Plus premiums and discounts | 950,395 | — | (118,800) | 831,595 | 118,799 |
| | <u>8,470,395</u> | <u>—</u> | <u>(933,800)</u> | <u>7,536,595</u> | <u>968,799</u> |
| Installment contracts payable | | | | | |
| General | 12,711,562 | 6,416,142 | (3,426,813) | 15,700,891 | 3,535,891 |
| Internal Service | 1,597,645 | 25,000 | (1,203,522) | 419,123 | 186,427 |
| | <u>14,309,207</u> | <u>6,441,142</u> | <u>(4,630,335)</u> | <u>16,120,014</u> | <u>3,722,318</u> |
| Installment note payable | | | | | |
| Intergovernmental payable | | | | | |
| Compensated absences | | | | | |
| General | 10,060,148 | 54,539 | — | 10,114,687 | 2,022,938 |
| Internal service | 347,563 | 100,866 | — | 448,429 | 89,685 |
| | <u>10,407,711</u> | <u>155,405</u> | <u>—</u> | <u>10,563,116</u> | <u>2,112,623</u> |
| Section 108 guaranteed loans | | | | | |
| Leases payable | | | | | |
| General | 7,436,776 | 313,418 | (503,508) | 7,246,686 | 515,006 |
| Internal service | 1,313,337 | 27,066 | (160,435) | 1,179,968 | 167,342 |
| | <u>8,750,113</u> | <u>340,484</u> | <u>(663,943)</u> | <u>8,426,654</u> | <u>682,348</u> |
| Subscriptions payable | | | | | |
| General | 7,679,165 | 366,572 | (1,681,161) | 6,364,576 | 1,629,977 |
| Internal service | 8,470,585 | — | (1,689,399) | 6,781,186 | 1,617,394 |
| | <u>16,149,750</u> | <u>366,572</u> | <u>(3,370,560)</u> | <u>13,145,762</u> | <u>3,247,371</u> |
| Claims and judgments | | | | | |
| Net pension liabilities | | | | | |
| IMRF | 18,017,244 | — | (9,505,529) | 8,511,715 | — |
| Police Pension | 211,991,674 | 2,304,422 | — | 214,296,096 | — |
| Firefighters' Pension | 242,281,886 | — | (25,661) | 242,256,225 | — |
| Total OPEB liability - RBP | 37,949,258 | 3,430,174 | — | 41,379,432 | — |
| | <u>\$ 648,842,486</u> | <u>\$ 39,638,347</u> | <u>\$ (53,471,907)</u> | <u>\$ 635,008,926</u> | <u>\$ 23,095,271</u> |

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2023

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM DEBT - Continued

Long-Term Liabilities Activity - Continued

| | Restated Beginning Balances | Additions | Deductions | Ending Balances | Due Within One Year |
|--|-----------------------------------|----------------------|-----------------------|----------------------|------------------------|
| BUSINESS-TYPE ACTIVITIES | | | | | |
| Water Utility: | | | | | |
| Bonds payable: | | | | | |
| General obligation alternate bonds | \$ 9,995,000 | \$ — | \$ (1,815,000) | \$ 8,180,000 | \$ 1,865,000 |
| Plus premiums and discounts | 512,897 | — | (100,308) | 412,589 | 100,307 |
| | 10,507,897 | — | (1,915,308) | 8,592,589 | 1,965,307 |
| IEPA loans | 21,593,697 | 6,894,778 | (2,156,789) | 26,331,686 | 2,333,453 |
| Installment contracts payable | 376,056 | 750,000 | (142,017) | 984,039 | 183,103 |
| Leases payable | 2,213 | 2,256,945 | (174,286) | 2,084,872 | 142,901 |
| Subscriptions payable | 76,641 | — | (15,527) | 61,114 | 14,728 |
| Compensated absences | 363,437 | 74,085 | — | 437,522 | 87,504 |
| Net pension liability - IMRF | 2,503,897 | — | (1,117,386) | 1,386,511 | — |
| Total OPEB liability - RBP | 483,450 | 41,218 | — | 524,668 | — |
| Refundable water main extension advance | 270,969 | — | — | 270,969 | 270,969 |
| Customer deposits | 244,627 | 69,739 | — | 314,366 | — |
| Asset retirement obligation | 5,046,919 | 136,201 | — | 5,183,120 | — |
| Total water utility | 41,469,803 | 10,222,966 | (5,521,313) | 46,171,456 | 4,997,965 |
| Parking System: | | | | | |
| Bonds payable: | | | | | |
| General obligation alternate bonds | 6,853,823 | — | (499,718) | 6,354,105 | 511,193 |
| Compensated absences | 7,385 | 2,777 | — | 10,162 | 2,032 |
| Total OPEB liability - RBP | 20,240 | 1,873 | — | 22,113 | — |
| Total parking system | 6,881,448 | 4,650 | (499,718) | 6,386,380 | 513,225 |
| | <u>\$ 48,351,251</u> | <u>\$ 10,227,616</u> | <u>\$ (6,021,031)</u> | <u>\$ 52,557,836</u> | <u>\$ 5,511,190</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 are liquidated by the General Fund and internal service funds. 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, \$448,429 of internal service funds compensated absences, \$14,083,934 for claims and judgments, \$7,536,595 of general obligations bonds, net of premiums/discounts, \$419,123 of installment contracts payable, \$1,179,968 for leases payable, and \$6,781,186 for subscriptions payable are included in the above amounts.

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2023

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM DEBT - Continued

Long-Term Liabilities Activity - Continued

| | Beginning Balances | Additions | Deductions | Ending Balances | Due Within One Year |
|---|-----------------------|-----------|-----------------------|----------------------|------------------------|
| COMPONENTS UNITS | | | | | |
| Rockford Mass Transit District: | | | | | |
| Leases payable | \$ 2,122,819 | — | \$ (153,370) | \$ 1,969,449 | \$ 160,271 |
| Net pension obligation | 6,492,978 | — | (924,337) | 5,568,641 | — |
| Total OPEB liability | 2,878,162 | — | (6,658) | 2,871,504 | — |
| Rockford Metropolitan Exposition, Auditorium and Office Building Authority: | | | | | |
| Notes payable | 2,277,447 | — | (203,048) | 2,074,399 | 275,141 |
| Leases payable | 272,623 | — | (133,860) | 138,763 | 138,763 |
| | <u>\$ 14,044,029</u> | <u>—</u> | <u>\$ (1,421,273)</u> | <u>\$ 12,622,756</u> | <u>\$ 574,175</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, 2023 was \$1,074,399. These monthly payments are currently holdbacks from the City's monthly support payments to the Authority.

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 \$105,746 were made during the current fiscal year bringing the lease balance to \$109,616. Principal in the amount of \$109,616 is due within one year of the date of the statement of net position.

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 \$28,116 were made during the current fiscal year bringing the lease balance to \$29,146. Principal in the amount of \$29,146 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, 2023

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM DEBT - Continued

Debt Service Requirements to Maturity

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

| Fiscal Year | Governmental Activities | | | | | | | | | | |
|-------------|--------------------------|----------------------|------------------------------|-------------------|--------------------------|------------------|---------------------------|-------------------|-------------------------------|---------------------|--|
| | General Obligation Bonds | | Section 108 Guaranteed Loans | | Installment Note Payable | | Intergovernmental Payable | | Installment Contracts Payable | | |
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest | |
| 2024 | \$ 6,893,807 | \$ 2,168,161 | \$ 149,000 | \$ 65,493 | \$ 137,078 | \$ 14,903 | \$ 245,054 | \$ 89,600 | \$ 3,722,318 | \$ 633,291 | |
| 2025 | 6,337,121 | 1,897,571 | 151,000 | 61,731 | 141,876 | 10,105 | 251,961 | 82,693 | 3,325,952 | 499,126 | |
| 2026 | 6,541,067 | 1,670,013 | 154,000 | 57,816 | 146,841 | 5,139 | 258,799 | 75,855 | 3,304,013 | 373,019 | |
| 2027 | 6,795,013 | 1,427,623 | 157,000 | 53,640 | — | — | 265,823 | 68,831 | 2,416,369 | 246,537 | |
| 2028 | 3,858,748 | 1,169,226 | 160,000 | 49,364 | — | — | 272,858 | 61,796 | 1,548,411 | 152,241 | |
| 2029 | 3,982,484 | 1,035,069 | 163,000 | 44,827 | — | — | 280,443 | 54,211 | 765,200 | 83,730 | |
| 2030 | 4,001,219 | 892,674 | 166,000 | 39,890 | — | — | 288,054 | 46,600 | 329,059 | 53,745 | |
| 2031 | 3,034,533 | 746,478 | 169,000 | 34,779 | — | — | 295,872 | 38,782 | 241,193 | 37,539 | |
| 2032 | 3,138,058 | 637,792 | 173,000 | 29,490 | — | — | 303,807 | 30,847 | 253,108 | 25,625 | |
| 2033 | 3,256,372 | 523,823 | 176,000 | 23,987 | — | — | 312,147 | 22,507 | 214,391 | 13,121 | |
| 2034 | 3,374,685 | 403,834 | 179,000 | 18,300 | — | — | 320,619 | 14,035 | — | — | |
| 2035 | 2,287,788 | 279,419 | 183,000 | 12,426 | — | — | 321,659 | 4,828 | — | — | |
| 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 | — | — | — | — | — | — | — | — | |
| | <u>\$ 58,815,895</u> | <u>\$ 13,341,439</u> | <u>\$ 2,167,000</u> | <u>\$ 498,071</u> | <u>\$ 425,795</u> | <u>\$ 30,147</u> | <u>\$ 3,417,096</u> | <u>\$ 590,585</u> | <u>\$ 16,120,014</u> | <u>\$ 2,117,974</u> | |

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, 2023

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM DEBT - Continued

Debt Service Requirements to Maturity - Continued

| Fiscal Year | Business-Type Activities | | | | | |
|-------------|--------------------------|---------------------|-------------------------------|-------------------|-----------|----------|
| | General Obligation Bonds | | Installment Contracts Payable | | | |
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2024 | \$ 2,376,193 | \$ 584,524 | \$ 183,103 | \$ 43,722 | | |
| 2025 | 2,482,879 | 482,294 | 119,575 | 37,237 | | |
| 2026 | 2,543,933 | 380,575 | 124,697 | 32,115 | | |
| 2027 | 1,559,987 | 270,422 | 93,510 | 26,766 | | |
| 2028 | 1,336,252 | 209,186 | 97,900 | 22,376 | | |
| 2029 | 692,516 | 158,737 | 102,500 | 17,777 | | |
| 2030 | 703,781 | 134,409 | 95,643 | 12,957 | | |
| 2031 | 465,467 | 109,109 | 53,040 | 8,255 | | |
| 2032 | 486,942 | 91,062 | 55,660 | 5,635 | | |
| 2033 | 503,628 | 72,138 | 58,411 | 2,886 | | |
| 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>\$ 14,534,105</u> | <u>\$ 2,603,603</u> | <u>\$ 984,039</u> | <u>\$ 209,726</u> | | |

NET POSITION RESTATEMENT

Beginning balances in governmental activities capital assets and long-term debt and beginning net position were restated due to the implementations of GASB Statement No. 96 and the identification of additional long-term liabilities. The following is a summary of the net position as originally reported and as restated:

| Net Position | As Reported | As Restated | (Decrease) |
|-------------------------|-------------|-------------|------------|
| Governmental Activities | 15,466,780 | 14,987,996 | (478,784) |

Beginning balances in business-type activities capital assets and long-term debt and beginning net position were restated due to the implementations of GASB Statement No. 96; 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.

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2023

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

FUND BALANCE CLASSIFICATIONS - Continued

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

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

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

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

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 | | | | | Debt Service | Capital Projects | Nonmajor | Totals |
|---------------------------|-----------------|----------------|-----------------------|----------------|-------------------------|--------------|------------------|---------------|----------------|
| | General | Public Library | Community Development | Human Services | Tax Increment Financing | | | | |
| FUND BALANCES | | | | | | | | | |
| Nonspendable | | | | | | | | | |
| Prepays | \$ — | \$ 12,334 | \$ — | \$ — | \$ — | \$ — | \$ 6,000,000 | \$ 9,250,000 | \$ 15,262,334 |
| Restricted | | | | | | | | | |
| Debt service | — | — | — | — | — | 8,780,330 | — | — | 8,780,330 |
| Culture and recreation | — | 17,338,183 | — | — | — | — | — | — | 17,338,183 |
| Community development | — | — | 686,271 | — | — | — | — | 5,145,075 | 5,831,346 |
| Public health and welfare | — | — | — | 1,785,817 | — | — | — | — | 1,785,817 |
| Highway and streets | — | — | — | — | — | — | — | 17,715,117 | 17,715,117 |
| | — | 17,338,183 | 686,271 | 1,785,817 | — | 8,780,330 | — | 22,860,192 | 51,450,793 |
| Assigned | | | | | | | | | |
| Community development | — | — | — | — | — | — | 5,898,076 | — | 5,898,076 |
| Unassigned | 127,463,373 | — | — | — | (6,146,177) | — | — | (52,005) | 121,265,191 |
| Total fund balances | \$ 127,463,373 | \$ 17,350,517 | \$ 686,271 | \$ 1,785,817 | \$ (6,146,177) | \$ 8,780,330 | \$ 11,898,076 | \$ 32,058,187 | \$ 193,876,394 |

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2023

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, 2023:

GOVERNMENTAL ACTIVITIES

| | |
|--|-----------------------|
| Capital assets - net of accumulated depreciation | \$ 359,221,352 |
| Plus: | |
| Unamortized gain | 387,418 |
| Less capital related debt: | |
| General obligation bonds - net | (52,479,492) * |
| Installment contracts payable | (16,120,014) |
| Leases payable | (8,426,654) |
| Subscriptions payable | <u>(13,145,762)</u> |
| Net investment in capital assets | <u>\$ 269,436,848</u> |

BUSINESS-TYPE ACTIVITIES

| | |
|--|-----------------------|
| Capital assets - net of accumulated depreciation | \$ 231,846,545 |
| Less capital related debt: | |
| General obligation alternate bonds - net | (14,946,694) |
| IEPA loan | (26,331,686) |
| Installment contracts payable | (984,039) |
| Leases payable | (2,084,872) |
| Subscriptions payable | <u>(61,114)</u> |
| Net investment in capital assets | <u>\$ 187,438,140</u> |

COMPONENT UNITS

| | |
|--|----------------------|
| Rockford Mass Transit District | |
| Capital assets - net of accumulated depreciation | \$ 39,357,526 |
| Less capital related debt: | |
| Leases payable | <u>(1,969,449)</u> |
| | |
| | <u>\$ 37,388,077</u> |

*\$200,000 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, 2023

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 | \$ 31,817,850 |
| Less capital related debt: | |
| Notes payable | <u>(109,616)</u> |
| Net investment in capital assets | <u>\$ 31,708,234</u> |

NOTE 4 - OTHER INFORMATION

INDUSTRIAL DEVELOPMENT REVENUE BONDS

The City issued and has an estimated \$34,888,000 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.

Litigation

From time to time, the City is party to various pending claims and legal proceedings with respect to employment, civil rights, property taxes and other matters. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the City attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the City's financial position or results of operations.

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2023

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:

| | 2023 | 2022 |
|---|----------------------------|----------------------------|
| Unpaid claims - beginning | \$ 6,851,354 | \$ 7,006,631 |
| Current year claims and change in estimates | 543,856 | (105,277) |
| Claim payments | <u>(47,500)</u> | <u>(50,000)</u> |
| Unpaid claims - ending | <u><u>\$ 7,347,710</u></u> | <u><u>\$ 6,851,354</u></u> |
| Reported as: | | |
| Claims and judgments payable | \$ 7,279,924 | \$ 6,569,054 |
| Accounts payable | <u>67,786</u> | <u>282,300</u> |
| | <u><u>\$ 7,347,710</u></u> | <u><u>\$ 6,851,354</u></u> |

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2023

NOTE 4 - OTHER INFORMATION - Continued

RISK MANAGEMENT - Continued

Health Care Coverage

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

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

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

| | <u>2023</u> | <u>2022</u> |
|---|---------------------|---------------------|
| Unpaid claims - beginning | \$ 2,374,240 | \$ 854,776 |
| Current year claims and change in estimates | 23,961,724 | 21,937,752 |
| Claim payments | <u>(24,227,173)</u> | <u>(20,418,288)</u> |
| Unpaid claims - ending | <u>\$ 2,108,791</u> | <u>\$ 2,374,240</u> |
| Reported as: | | |
| Claims and judgments payable | \$ 1,064,022 | \$ 980,308 |
| Accounts payable | 1,044,769 | 1,393,932 |
| | <u>\$ 2,108,791</u> | <u>\$ 2,374,240</u> |

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2023

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:

| | 2023 | 2022 |
|---|----------------------------|----------------------------|
| Unpaid claims - beginning | \$ 5,114,425 | \$ 5,880,610 |
| Current year claims and change in estimates | 2,094,568 | 689,081 |
| Claim payments | <u>(2,581,560)</u> | <u>(1,455,266)</u> |
| Unpaid claims - ending | <u><u>\$ 4,627,433</u></u> | <u><u>\$ 5,114,425</u></u> |
| Reported as: | | |
| Claims and judgments payable | <u><u>\$ 4,627,433</u></u> | <u><u>\$ 5,114,425</u></u> |

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2023

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS

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

The aggregate amounts recognized for the three pension plans are:

| | Pension Expense (Revenue) | Net Pension Liabilities | Deferred Outflows | Deferred (Inflows) |
|-----------------------|---------------------------------|-------------------------------|----------------------|-----------------------|
| IMRF | \$ (3,386,278) | \$ 9,952,918 | \$ 16,779,874 | \$ (123,697) |
| Police Pension | 25,354,977 | 214,296,096 | 36,687,739 | — |
| Firefighters' Pension | 30,998,695 | 242,256,225 | 36,529,667 | (545,399) |
| | <u>\$ 52,967,394</u> | <u>\$ 466,505,239</u> | <u>\$ 89,997,280</u> | <u>\$ (669,096)</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, 2023

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Plan Descriptions - Continued

Benefits Provided - 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, 2023, the measurement date, the following employees were covered by the benefit terms:

| | |
|--|--------------|
| Inactive plan members currently receiving benefits | 750 |
| Inactive plan members entitled to but not yet receiving benefits | 501 |
| Active plan members | <u>566</u> |
| | |
| Total | <u>1,817</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, 2023, the City's contribution was 5.76% of covered payroll.

Net Pension Liability. The City's net pension liability was measured as of December 31, 2023. The total pension liability used to calculate the net liability was determined by an actuarial valuation as of that date.

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2023

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, 2023, 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 non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 108.0%) and Female (adjusted 106.4%) tables, and future mortality improvements projected using scale MP-2021. 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-2021. 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-2021.

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2023

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 | 24.50% | 4.75% |
| Domestic Equities | 34.50% | 5.00% |
| International Equities | 18.00% | 6.35% |
| Real Estate | 10.50% | 6.30% |
| Blended | 11.50% | 6.05% - 8.65% |
| Cash and Cash Equivalents | 1.00% | 3.80% |

Discount Rate

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

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2023

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Discount Rate Sensitivity

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

| | Current | | |
|-------------------------------|------------------------|--------------------------|------------------------|
| | 1% Decrease (6.25%) | Discount Rate (7.25%) | 1% Increase (8.25%) |
| Net pension liability/(asset) | \$ 37,963,494 | \$ 9,952,918 | \$ (12,541,616) |

Changes in the Net Pension Liability

| | Total Pension Liability (A) | Plan Fiduciary Net Position (B) | Net Pension Liability (A) - (B) |
|---|--------------------------------------|---------------------------------------|---------------------------------------|
| Balances at December 31, 2022 | \$ 254,328,386 | \$ 233,807,245 | \$ 20,521,141 |
| Changes for the year: | | | |
| Service cost | 3,025,741 | — | 3,025,741 |
| Interest on the total pension liability | 17,957,417 | — | 17,957,417 |
| Changes of benefit terms | — | — | — |
| Difference between expected and actual experience of the total pension liability | 3,173,367 | — | 3,173,367 |
| Changes of assumptions | (179,283) | — | (179,283) |
| Contributions - employer | — | 2,087,225 | (2,087,225) |
| Contributions - employees | — | 1,650,607 | (1,650,607) |
| Net investment income | — | 26,217,200 | (26,217,200) |
| Benefit payments, including refunds of employee contributions | (16,305,506) | (16,305,506) | — |
| Other (net transfer) | — | 4,590,433 | (4,590,433) |
| Net changes | 7,671,736 | 18,239,959 | (10,568,223) |
| Balances at December 31, 2023 | \$ 262,000,122 | \$ 252,047,204 | \$ 9,952,918 |

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2023

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, 2023, the City recognized pension revenue of \$3,386,278. At December 31, 2023, the City reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources | Totals |
|---|---|--|-------------------|
| Difference between expected and actual experience | \$ 3,178,845 | \$ — | \$ 3,178,845 |
| Change in assumptions | — | (123,697) | (123,697) |
| Net difference between projected and actual earnings on pension plan investments | 13,601,029 | — | 13,601,029 |
| Total deferred amounts related to IMRF | \$ 16,779,874 | \$ (123,697) | \$ 16,656,177 |

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

| Fiscal Year | Net Deferred Outflows/ (Inflows) of Resources |
|------------------------|--|
| 2024 | \$ 3,079,731 |
| 2025 | 5,693,711 |
| 2026 | 9,793,805 |
| 2027 | (1,911,070) |
| 2028 | — |
| Thereafter | — |
| Total | \$ 16,656,177 |

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2023

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, 2023, the measurement date, membership consisted of the following:

| | |
|--|-------------------|
| Inactive plan members currently receiving benefits | 339 |
| Inactive plan members entitled to but not yet receiving benefits | 55 |
| Active plan members | <u>278</u> |
| | |
| Total | <u><u>672</u></u> |

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

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

Covered employees hired on or after January 1, 2011 (Tier 2), attaining the age of 55 or older with 10 or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officer salary for the pension purposes is capped at \$106,800, plus the lesser of $\frac{1}{2}$ of the annual change in the Consumer Price Index or 3 percent compounded. The annual benefit shall be increased by 2.5 percent of such a salary for each additional year of service over 20 years up to 30 years to a maximum of 75 percent of such salary. Employees with at least 10 years may retire at or after age 50 and receive a reduced benefit (i.e., $\frac{1}{2}$ percent for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3 percent 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, 2023

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, 2023, the City's contribution was 51.71% 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, 2023, 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 | 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, 2023

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Police Pension Plan - Continued

Discount Rate

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

Discount Rate Sensitivity

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

| | Current | | |
|-----------------------|--------------------|----------------------|--------------------|
| | 1% Decrease | Discount Rate | 1% Increase |
| | (6.10%) | (7.10%) | (8.10%) |
| Net pension liability | \$ 273,702,539 | \$ 214,296,096 | \$ 165,688,857 |

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2023

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Police Pension Plan - Continued

Changes in the Net Pension Liability

| | Total Pension Liability (A) | Fiduciary Net Position (B) | Net Pension Liability (A) - (B) |
|---|--------------------------------------|----------------------------------|---------------------------------------|
| Balances at December 31, 2022 | \$ 422,648,064 | \$ 210,656,390 | \$ 211,991,674 |
| Changes for the year: | | | |
| Service cost | 4,911,016 | — | 4,911,016 |
| Interest on the total pension liability | 29,502,768 | — | 29,502,768 |
| Changes of benefit terms | — | — | — |
| Difference between expected and actual experience of the total pension liability | 10,750,175 | — | 10,750,175 |
| Changes of assumptions | — | — | — |
| Contributions - employer | — | 13,806,069 | (13,806,069) |
| Contributions - employees | — | 2,945,122 | (2,945,122) |
| Net investment income | — | 26,296,403 | (26,296,403) |
| Benefit payments, including refunds of employee contributions | (24,054,266) | (24,054,266) | — |
| Administrative expenses | — | (188,630) | 188,630 |
| Other (net transfer) | — | 573 | (573) |
| Net changes | 21,109,693 | 18,805,271 | 2,304,422 |
| Balances at December 31, 2023 | \$ 443,757,757 | \$ 229,461,661 | \$ 214,296,096 |

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2023

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, 2023, the City recognized pension expense of \$25,354,977. At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources | Totals |
|---|--------------------------------------|-------------------------------------|-------------------|
| Difference between expected and actual experience | \$ 22,712,430 | \$ — | \$ 22,712,430 |
| Change in assumptions | 3,909,489 | — | 3,909,489 |
| Net difference between projected and actual earnings on pension plan investments | 10,065,820 | — | 10,065,820 |
| Total deferred amounts related to Police Pension | \$ 36,687,739 | \$ — | \$ 36,687,739 |

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

| Fiscal Year | Net Deferred Outflows/ (Inflows) of Resources |
|----------------|--|
| 2024 | \$ 11,617,117 |
| 2025 | 11,565,077 |
| 2026 | 13,676,774 |
| 2027 | (171,229) |
| 2028 | — |
| Thereafter | — |
| Total | \$ 36,687,739 |

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2023

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, 2023, the measurement date, membership consisted of the following:

| | |
|--|-------------------|
| Inactive plan members currently receiving benefits | 338 |
| Inactive plan members entitled to but not yet receiving benefits | 19 |
| Active plan members | <u>268</u> |
| | |
| Total | <u><u>625</u></u> |

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

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

Covered employees hired on or after January 1, 2011 (Tier 2), attaining the age of 55 or older with 10 or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the firefighter during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Firefighters' salary for the pension purposes is capped at \$106,800, plus the lesser of $\frac{1}{2}$ of the annual change in the Consumer Price Index or 3 percent compounded. The annual benefit shall be increased by 2.5 percent of such a salary for each additional year of service over 20 years up to 30 years to a maximum of 75 percent of such salary. Employees with at least 10 years may retire at or after age 50 and receive a reduced benefit (i.e., $\frac{1}{2}$ percent for each month under 55). The monthly benefit of a Tier 2 firefighter shall be increased annually at age 60 on the January 1st after the firefighter retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3 percent 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, 2023

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, 2023, the City's contribution was 63.68% 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, 2023, 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.

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2023

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Firefighters' Pension Plan - Continued

Discount Rate

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

Discount Rate Sensitivity

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

| | 1% Decrease (6.10%) | Current Rate (7.10%) | 1% Increase (8.10%) |
|-----------------------|--------------------------------|-------------------------------------|--------------------------------|
| Net pension liability | \$ 298,776,581 | \$ 242,256,225 | \$ 195,912,743 |

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2023

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Firefighters' Pension Plan - Continued

Changes in the Net Pension Liability

| | Total Pension Liability (A) | Fiduciary Net Position (B) | Net Pension Liability (A) - (B) |
|---|--------------------------------------|----------------------------------|---------------------------------------|
| Balances at December 31, 2022 | \$ 408,781,871 | \$ 166,499,985 | \$ 242,281,886 |
| Changes for the year: | | | |
| Service cost | 5,734,650 | — | 5,734,650 |
| Interest on the total pension liability | 28,601,751 | — | 28,601,751 |
| Changes of benefit terms | — | — | — |
| Difference between Expected and actual experience of the total pension liability | 8,195,269 | — | 8,195,269 |
| Changes of assumptions | — | — | — |
| Contributions - employer | — | 16,854,445 | (16,854,445) |
| Contributions - employees | — | 2,617,507 | (2,617,507) |
| Net investment income | — | 23,232,675 | (23,232,675) |
| Benefit payments, including refunds of employee contributions | (23,349,903) | (23,349,903) | — |
| Other (net transfer) | — | (147,296) | 147,296 |
| Net changes | 19,181,767 | 19,207,428 | (25,661) |
| Balances at December 31, 2023 | \$ 427,963,638 | \$ 185,707,413 | \$ 242,256,225 |

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2023

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, 2023, the City recognized pension expense of \$30,998,695. At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources | Totals |
|---|--------------------------------------|-------------------------------------|--------------------------|
| Difference between expected and actual experience | \$ 17,484,059 | \$ (545,399) | \$ 16,938,660 |
| Change in assumptions | 8,075,955 | — | 8,075,955 |
| Net difference between projected and actual earnings on pension plan investments | 10,969,653 | — | 10,969,653 |
| Total deferred amounts related to Firefighters' Pension | <u>\$ 36,529,667</u> | <u>\$ (545,399)</u> | <u>\$ 35,984,268</u> |

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

| Fiscal Year | Net Deferred Outflows of Resources |
|----------------|--|
| 2024 | \$ 10,977,097 |
| 2025 | 12,150,895 |
| 2026 | 11,867,260 |
| 2027 | 989,016 |
| 2028 | — |
| Thereafter | — |
| Total | <u>\$ 35,984,268</u> |

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2023

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

| | Admin | ATU | IBEW | Total |
|--|-------|-----|------|-------|
| Inactive plan members currently receiving benefits | 25 | 87 | 15 | 127 |
| Inactive plan members entitled to but not yet receiving benefits | 13 | 27 | 9 | 49 |
| Active plan members | 20 | 48 | 14 | 82 |
| | | | | |
| Total | 58 | 162 | 38 | 258 |

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, 2022 valuation is the basis for the contributions in fiscal year 2023. The Plan does not permit employees to make contributions.

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2023

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, 2022, 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-2010 Mortality Table for Males or Females, as appropriate, as of June 30, 2023 and 2022.

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, 2023

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

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

Discount Rate Sensitivity

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

| | 1% Decrease (5.50%) | Current Rate (6.50%) | 1% Increase (7.50%) |
|-----------------------|------------------------|----------------------------|------------------------|
| Net pension liability | \$ 9,034,340 | \$ 5,568,641 | \$ 2,612,638 |

Changes in the Net Pension Liability

| | Total Pension Liability (A) | Fiduciary Net Position (B) | Net Pension Liability (A) - (B) |
|---|--------------------------------------|----------------------------------|---------------------------------------|
| Balances at June 30, 2022 | \$ 32,420,225 | \$ 25,927,247 | \$ 6,492,978 |
| Changes for the year: | | | |
| Service cost | 609,454 | — | 609,454 |
| Interest on the total pension liability | 2,056,462 | — | 2,056,462 |
| Changes of benefit terms | — | — | — |
| Difference between Expected and actual experience of the total pension liability | 342,799 | — | 342,799 |
| Changes of assumptions | — | — | — |
| Contributions - employer | — | 1,650,000 | (1,650,000) |
| Contributions - employees | — | — | — |
| Capital appreciation | — | 1,598,257 | (1,598,257) |
| Net investment income | — | 769,675 | (769,675) |
| Benefit payments, including refunds of employee contributions | (1,564,659) | (1,564,659) | — |
| Administrative Expenses | — | (84,880) | 84,880 |
| Net changes | 1,444,056 | 2,368,393 | (924,337) |
| Balances at June 30, 2023 | \$ 33,864,281 | \$ 28,295,640 | \$ 5,568,641 |

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2023

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, 2023, the District recognized pension expense of \$1,950,311. At June 30, 2023, the District reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources | Totals |
|---|--------------------------------------|-------------------------------------|---------------------|
| Difference between expected and actual experience | \$ 1,604,887 | \$ (64,819) | \$ 1,540,068 |
| Change in assumptions | — | — | — |
| Net difference between projected and actual earnings on pension plan investments | 628,898 | — | 628,898 |
| Total deferred amounts related to Rockford Mass Transit District | <u>\$ 2,233,785</u> | <u>\$ (64,819)</u> | <u>\$ 2,168,966</u> |

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

| Fiscal Year | Outflows/ (Inflows) of Resources |
|----------------|--|
| 2024 | \$ 833,689 |
| 2025 | 400,308 |
| 2026 | 1,072,252 |
| 2027 | (137,283) |
| 2028 | — |
| Thereafter | — |
| Total | <u>\$ 2,168,966</u> |

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2023

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 | 978 |
| | <hr/> |
| Total | 1,177 |

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 December 31, 2021.

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 | 3.77% |
| 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 | Retirees contribute 100% of the average employer group cost. The City contributes 100% of the cost of coverage for three years for non-PSEBA disabled retirees. The City contributes 100% of the cost of coverage for life for PSEBA disabled retirees. |

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2023

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 PubS base rates projected generationally by scale MP-2021 for Police and Fire. For all others the PubG rates projected generationally by scale MP-2021 was used.

Change in the Total OPEB Liability

| | Total OPEB Liability |
|---|-------------------------------------|
| Balance at December 31, 2022 | <u>\$ 38,452,948</u> |
| Changes for the year: | |
| Service cost | 1,760,749 |
| Interest on the total pension liability | 1,531,151 |
| Changes of benefit terms | — |
| Difference between expected and actual experience | — |
| Changes of assumptions or other inputs | 1,474,886 |
| Benefit payments | <u>(1,293,521)</u> |
| Net changes | <u>3,473,265</u> |
| Balance at December 31, 2023 | <u>41,926,213</u> |

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2023

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 3.77%, compared to last year's rate of 4.05%, as well as what the total OPEB liability would be if it were calculated using a Single Discount Rate that is one percentage point lower or one percentage point higher:

| | Current | | |
|----------------------|--------------------|----------------------|--------------------|
| | 1% Decrease | Discount Rate | 1% Increase |
| | (2.77%) | (3.77%) | (4.77%) |
| Total OPEB liability | \$ 47,892,159 | \$ 41,926,213 | \$ 37,075,031 |

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

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

| | Healthcare | | |
|----------------------|--------------------|-------------------|--------------------|
| | 1% Decrease | Cost Trend | 1% Increase |
| | (Varies) | (Varies) | (Varies) |
| Total OPEB liability | \$ 35,969,043 | \$ 41,926,213 | \$ 49,526,917 |

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2023

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, 2023, the City recognized OPEB expense of \$3,608,012. At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources | Totals |
|---|---|--|---------------------|
| Difference between expected and actual experience | \$ 814,303 | \$ (961,480) | \$ (147,177) |
| Change in assumptions | 8,123,286 | (6,095,146) | 2,028,140 |
| Net difference between projected and actual earnings on pension plan investments | — | — | — |
| Total deferred amounts related to OPEB | <u>\$ 8,937,589</u> | <u>\$ (7,056,626)</u> | <u>\$ 1,880,963</u> |

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

| Fiscal Year | Net Deferred Outflows/ (Inflows) of Resources |
|------------------------|--|
| 2024 | \$ 316,112 |
| 2025 | 316,112 |
| 2026 | 316,112 |
| 2027 | 378,466 |
| 2028 | 746,384 |
| Thereafter | <u>(192,223)</u> |
| Total | <u>\$ 1,880,963</u> |

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2023

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 | 1 |
| Inactive plan members entitled to but not yet receiving benefits | 1 |
| Active plan members | <u>22</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, 2023

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 | 4.13% |
| Healthcare cost trend rates | 6.5% for 2018, decreasing to an ultimate rate of 5.0% for 2021 and later years |
| Retirees' share of benefit-related costs | All retirees must contribute their share of the monthly premium equal to that required stated in the applicable bargaining unit contract |

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

Mortality rates were based on the PubG-2020 tables as of June 30, 2023 and June 30, 2022. The actuarial assumptions used in the June 30, 2023 and June 30, 2022 valuations were based on anticipated future experiences under the plan, including consideration for the current demographics of the covered population where applicable, or anticipated future experience under the Retirement Plan sponsored by the District.

Change in the Total OPEB Liability

| | Total OPEB Liability |
|---|-------------------------------------|
| Balance at June 30, 2022 | <u>\$ 2,878,162</u> |
| <hr/> | |
| Changes for the year: | |
| Service cost | 315 |
| Interest on the total pension liability | 116,742 |
| Changes of benefit terms | — |
| Difference between expected and actual experience | 64,783 |
| Changes of assumptions or other inputs | (10,591) |
| Benefit payments | (177,907) |
| Net changes | <u>(6,658)</u> |
| Balance at June 30, 2023 | <u>2,871,504</u> |

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2023

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 4.13%, while the prior year used 4.09%, as well as what the total OPEB liability would be if it were calculated using a Single Discount Rate that is one percentage point lower or one percentage point higher:

| | Current | | |
|----------------------|--------------|---------------|--------------|
| | 1% Decrease | Discount Rate | 1% Increase |
| | (3.13%) | (4.13%) | (5.13%) |
| Total OPEB liability | \$ 3,157,402 | \$ 2,871,504 | \$ 2,626,828 |

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

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

| | Healthcare | | |
|----------------------|--------------|--------------|--------------|
| | 1% Decrease | Cost Trend | 1% Increase |
| | (Varies) | (Varies) | (Varies) |
| Total OPEB Liability | \$ 2,571,290 | \$ 2,871,504 | \$ 3,220,374 |

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 \$171,249. Per GASB Statement No. 75, under the Alternative Measurement Method, changes in Total OPEB Liability are immediately recognized as expense, resulting in no deferred outflows of resources or deferred inflows of resources related to OPEB.

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2023

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 was extended through 2028.

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.

The total municipal sales tax revenue reported by the City for the year ended December 31, 2023, amounted to \$30,093,829, of which \$707,493 (or 2.35%) was recorded as an expense during the year and \$707,493 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
 - 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, 2023

| Fiscal Year | Contributions in Relation to the Actuarially Determined Contribution | | Contribution Excess/(Deficiency) | Covered Payroll | Contributions as a Percentage of Covered Payroll |
|--------------------|---|--------------------------------|---|------------------------|---|
| | Actuarially Determined Contribution | Determined Contribution | | | |
| 2015 | \$ 3,697,993 | \$ 3,746,033 | \$ 48,040 | \$ 29,489,579 | 12.70% |
| 2016 | 3,840,874 | 3,969,309 | 128,435 | 30,338,661 | 13.08% |
| 2017 | 3,539,002 | 3,635,202 | 96,200 | 30,222,052 | 12.03% |
| 2018 | 3,688,595 | 3,810,902 | 122,307 | 30,560,023 | 12.47% |
| 2019 | 2,883,439 | 2,964,481 | 81,042 | 30,905,029 | 9.59% |
| 2020 | 3,903,788 | 4,137,899 | 234,111 | 32,396,585 | 12.77% |
| 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% |
| 2023 | 2,044,636 | 2,087,225 | 42,589 | 36,252,410 | 5.76% |

Notes to the Required Supplementary Information:

| | |
|-------------------------------|--|
| Actuarial cost method | Aggregate Entry Age Normal |
| Amortization method | Level % Pay (Closed) |
| Remaining amortization period | 20 Years |
| Asset valuation method | 5-Year Smoothed Fair Value |
| Inflation | 2.25% |
| Salary increases | 2.75% to 13.75%, Including Inflation |
| Investment rate of return | 7.25% |
| Retirement age | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2020 valuation pursuant to an experience study of the period 2017-2019. |
| 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, 2023

| Fiscal Year | Contributions in Relation to the Actuarially Determined Contribution | | Contribution Excess/(Deficiency) | Covered Payroll | Contributions as a Percentage of Covered Payroll |
|--------------------|---|--------------------------------|---|------------------------|---|
| | Actuarially Determined Contribution | Determined Contribution | | | |
| 2014 | \$ 5,455,009 | \$ 5,717,048 | \$ 262,039 | \$ 21,186,652 | 26.98% |
| 2015 | 6,069,076 | 6,252,516 | 183,440 | 21,197,433 | 29.50% |
| 2016 | 7,815,910 | 7,838,429 | 22,519 | 22,777,944 | 34.41% |
| 2017 | 8,190,838 | 8,038,300 | (152,538) | 22,382,387 | 35.91% |
| 2018 | 7,970,750 | 8,208,018 | 237,268 | 23,368,603 | 35.12% |
| 2019 | 8,207,238 | 9,104,210 | 896,972 | 23,515,133 | 38.72% |
| 2020 | 9,179,555 | 10,010,063 | 830,508 | 22,577,392 | 44.34% |
| 2021 | 9,940,383 | 10,209,802 | 269,419 | 23,367,793 | 43.69% |
| 2022 | 10,514,568 | 11,237,176 | 722,608 | 24,192,272 | 46.45% |
| 2023 | 11,989,318 | 13,806,069 | 1,816,751 | 26,698,496 | 51.71% |

Notes to the Required Supplementary Information:

| | |
|-------------------------------|---|
| Actuarial cost method | Projected unit credit |
| Amortization method | Level % pay (closed) |
| Remaining amortization period | 18 years |
| Asset valuation method | Fair value |
| Inflation | 2.50% |
| Salary increases | 3.50% to 11.00% |
| Investment rate of return | 7.10% |
| Retirement age | See the Notes to the Financial Statements |
| Mortality | Pub-2010 Public Safety Employee Mortality Table without adjustment, with generational improvement scale MP-2021 applied from 2010 |

CITY OF ROCKFORD, ILLINOIS

Firefighters' Pension Fund
Schedule of Employer Contributions
December 31, 2023

| Fiscal Year | Contributions in Relation to the Actuarially Determined Contribution | | Contribution Excess/ (Deficiency) | Covered Payroll | Contributions as a Percentage of Covered Payroll |
|--------------------|---|--------------------------------|--|------------------------|---|
| | Actuarially Determined Contribution | Determined Contribution | | | |
| 2014 | \$ 6,672,686 | \$ 7,218,958 | \$ 546,272 | \$ 20,509,870 | 35.20% |
| 2015 | 7,229,015 | 7,345,613 | 116,598 | 20,783,575 | 35.34% |
| 2016 | 8,552,472 | 8,577,454 | 24,982 | 21,896,671 | 39.17% |
| 2017 | 8,843,594 | 8,561,472 | (282,122) | 22,985,956 | 37.25% |
| 2018 | 9,332,995 | 10,257,695 | 924,700 | 23,375,057 | 43.88% |
| 2019 | 9,480,024 | 10,691,468 | 1,211,444 | 22,228,652 | 48.10% |
| 2020 | 10,696,770 | 11,769,098 | 1,072,328 | 22,512,561 | 52.28% |
| 2021 | 11,738,231 | 12,539,373 | 801,142 | 22,611,861 | 55.45% |
| 2022 | 12,914,516 | 13,840,583 | 926,067 | 24,647,025 | 56.16% |
| 2023 | 14,746,535 | 16,854,445 | 2,107,910 | 26,466,044 | 63.68% |

Notes to the Required Supplementary Information:

| | |
|-------------------------------|--|
| Actuarial Cost Method | Projected unit credit |
| Amortization Method | Level % pay (closed) |
| Remaining Amortization Period | 18 years |
| Asset Valuation Method | Fair value |
| Inflation | 2.50% |
| Salary Increases | 4.00% to 12.50% (varies by service) |
| Investment Rate of Return | 7.10% |
| Retirement Age | See the Notes to the Financial Statements |
| Mortality | Pub-2010 Public Safety Employee Mortality Table without adjustment, with generational improvement scale MP-2021 applied from 2010. |

CITY OF ROCKFORD, ILLINOIS

Illinois Municipal Retirement Fund

Schedule of Changes in the Employer's Net Pension Liability/(Asset)

December 31, 2023

| | 12/31/2015 | 12/31/2016 |
|---|---------------------------|---------------------------|
| 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 | <u>204,091,075</u> | <u>210,468,979</u> |
| 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 | <u>(3,397,388)</u> | <u>6,453,453</u> |
| Plan net position - beginning | <u>188,830,302</u> | <u>185,432,914</u> |
| 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, 2017, and 2023.

| | 12/31/2017 | 12/31/2018 | 12/31/2019 | 12/31/2020 | 12/31/2021 | 12/31/2022 | 12/31/2023 |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-------------------|
| \$ 3,156,094 | \$ 2,920,647 | \$ 3,020,019 | \$ 3,118,535 | \$ 3,021,453 | \$ 2,868,330 | \$ 3,025,741 | |
| 16,020,465 | 15,928,242 | 16,357,321 | 16,643,500 | 17,063,557 | 17,471,484 | 17,957,417 | |
| — | — | — | — | — | — | — | — |
| (1,521,059) | 1,368,692 | (1,868,436) | 2,134,526 | 960,346 | 2,348,465 | 3,173,367 | |
| (6,474,438) | 6,008,711 | — | (1,673,306) | — | — | (179,283) | |
| (11,838,414) | (12,747,539) | (13,321,103) | (13,900,635) | (14,860,996) | (15,823,437) | (16,305,506) | |
| (657,352) | 13,478,753 | 4,187,801 | 6,322,620 | 6,184,360 | 6,864,842 | 7,671,736 | |
| 217,947,362 | 217,290,010 | 230,768,763 | 234,956,564 | 241,279,184 | 247,463,544 | 254,328,386 | |
| \$ 217,290,010 | \$ 230,768,763 | \$ 234,956,564 | \$ 241,279,184 | \$ 247,463,544 | \$ 254,328,386 | \$ 262,000,122 | |
| \$ 3,635,202 | \$ 3,810,902 | \$ 2,964,481 | \$ 4,137,899 | \$ 3,473,560 | \$ 3,047,476 | \$ 2,087,225 | |
| 1,419,910 | 1,376,714 | 1,396,213 | 1,478,857 | 1,527,173 | 1,471,944 | 1,650,607 | |
| 34,399,841 | (12,298,436) | 37,883,412 | 32,507,545 | 42,562,016 | (37,418,144) | 26,217,200 | |
| (11,838,414) | (12,747,539) | (13,321,103) | (13,900,635) | (14,860,996) | (15,823,437) | (16,305,506) | |
| (4,831,501) | 3,045,662 | (1,512,907) | (635,395) | 608,749 | 361,829 | 4,590,433 | |
| 22,785,038 | (16,812,697) | 27,410,096 | 23,588,271 | 33,310,502 | (48,360,332) | 18,239,959 | |
| 191,886,367 | 214,671,405 | 197,858,708 | 225,268,804 | 248,857,075 | 282,167,577 | 233,807,245 | |
| \$ 214,671,405 | \$ 197,858,708 | \$ 225,268,804 | \$ 248,857,075 | \$ 282,167,577 | \$ 233,807,245 | \$ 252,047,204 | |
| \$ 2,618,605 | \$ 32,910,055 | \$ 9,687,760 | \$ (7,577,891) | \$ (34,704,033) | \$ 20,521,141 | \$ 9,952,918 | |
| 98.79 % | 85.74 % | 95.88 % | 103.14 % | 114.02% | 91.93% | 96.20% | |
| \$ 30,222,052 | \$ 30,560,023 | \$ 30,905,029 | \$ 32,396,585 | \$ 31,178,305 | \$ 32,198,399 | \$ 36,252,410 | |
| 8.66% | 107.69% | 31.35% | (23.39%) | (111.31%) | 63.73% | 27.45% | |

CITY OF ROCKFORD, ILLINOIS

Police Pension Fund

Schedule of Changes in the Employer's Net Pension Liability

December 31, 2023

| | 12/31/2014 | 12/31/2015 | 12/31/2016 |
|--|------------------------------|------------------------------|------------------------------|
| Total pension liability | | | |
| Service cost | \$ 4,137,623 | \$ 4,421,464 | \$ 4,874,986 |
| Interest | 17,284,872 | 20,815,822 | 21,732,057 |
| Changes in benefit terms | — | — | — |
| Differences between expected and actual experience | 3,503,406 | (630,791) | (1,904,875) |
| Change of assumptions | 41,577,440 | 1,856,861 | (20,902,340) |
| Benefit payments, including refunds of member contributions | (14,691,555) | (15,371,972) | (15,940,422) |
| Net change in total pension liability | 51,811,786 | 11,091,384 | (12,140,594) |
| Total pension liability - beginning | <u>259,311,840</u> | <u>311,123,626</u> | <u>322,215,010</u> |
| Total pension liability - ending | <u><u>\$ 311,123,626</u></u> | <u><u>\$ 322,215,010</u></u> | <u><u>\$ 310,074,416</u></u> |
| Plan fiduciary net position | | | |
| Contributions - employer | \$ 5,717,048 | \$ 6,252,516 | \$ 7,838,429 |
| Contributions - members | 2,131,555 | 2,130,613 | 2,315,398 |
| Net investment income | 11,614,824 | 1,422,144 | 13,597,337 |
| Benefit payments, including refunds of member contributions | (14,691,555) | (15,371,972) | (15,940,422) |
| Administrative expense | (228,465) | (219,554) | (271,503) |
| Net change in plan fiduciary net position | 4,543,407 | (5,786,253) | 7,539,239 |
| Plan net position - beginning | <u>178,430,602</u> | <u>182,974,009</u> | <u>177,187,756</u> |
| Plan net position - ending | <u><u>\$ 182,974,009</u></u> | <u><u>\$ 177,187,756</u></u> | <u><u>\$ 184,726,995</u></u> |
| Employer's net pension liability | <u><u>\$ 128,149,617</u></u> | <u><u>\$ 145,027,254</u></u> | <u><u>\$ 125,347,421</u></u> |
| Plan fiduciary net position as a percentage of the total pension liability | 58.81% | 54.99% | 59.58% |
| Covered payroll | \$ 21,186,652 | \$ 21,197,433 | \$ 22,777,944 |
| Employer's net pension liability as a percentage of covered payroll | 604.86% | 684.17% | 550.30% |

| | 12/31/2017 | 12/31/2018 | 12/31/2019 | 12/31/2020 | 12/31/2021 | 12/31/2022 | 12/31/2023 |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-------------------|
| \$ 4,343,412 | \$ 4,259,758 | \$ 4,463,004 | \$ 4,804,563 | \$ 4,830,016 | \$ 4,685,594 | \$ 4,911,016 | |
| 22,952,822 | 23,831,989 | 24,997,295 | 25,529,710 | 26,084,364 | 27,945,175 | 29,502,768 | |
| — | — | 949,534 | — | — | — | — | — |
| 207,706 | 3,430,970 | (1,741,022) | 925,221 | 12,737,708 | 12,597,316 | 10,750,175 | |
| 1,632,402 | 6,434,028 | 2,376,853 | 7,177,394 | 4,948,021 | — | — | — |
| (16,760,381) | (17,777,105) | (18,717,873) | (20,080,650) | (21,517,296) | (22,976,880) | (24,054,266) | |
| 12,375,961 | 20,179,640 | 12,327,791 | 18,356,238 | 27,082,813 | 22,251,205 | 21,109,693 | |
| 310,074,416 | 322,450,377 | 342,630,017 | 354,957,808 | 373,314,046 | 400,396,859 | 422,648,064 | |
| \$ 322,450,377 | \$ 342,630,017 | \$ 354,957,808 | \$ 373,314,046 | \$ 400,396,859 | \$ 422,648,064 | \$ 443,757,757 | |
| \$ 8,038,300 | \$ 8,208,018 | \$ 9,104,210 | \$ 10,010,063 | \$ 10,209,802 | \$ 11,237,176 | \$ 13,806,069 | |
| 2,427,659 | 3,349,195 | 2,449,268 | 2,549,019 | 2,654,847 | 2,473,583 | 2,945,122 | |
| 25,069,628 | (7,851,247) | 30,491,977 | 23,045,191 | 26,393,095 | (24,846,860) | 26,296,403 | |
| (16,760,381) | (17,777,105) | (18,717,873) | (20,080,650) | (21,517,296) | (22,976,880) | (24,054,266) | |
| (274,514) | (175,208) | (187,753) | (206,027) | (179,352) | (230,490) | (188,057) | |
| 18,500,692 | (14,246,347) | 23,139,829 | 15,317,596 | 17,561,096 | (34,343,471) | 18,805,271 | |
| 184,726,995 | 203,227,687 | 188,981,340 | 212,121,169 | 227,438,765 | 244,999,861 | 210,656,390 | |
| \$ 203,227,687 | \$ 188,981,340 | \$ 212,121,169 | \$ 227,438,765 | \$ 244,999,861 | \$ 210,656,390 | \$ 229,461,661 | |
| \$ 119,222,690 | \$ 153,648,677 | \$ 142,836,639 | \$ 145,875,281 | \$ 155,396,998 | \$ 211,991,674 | \$ 214,296,096 | |
| 63.03% | 55.16% | 59.76% | 60.92% | 61.19% | 49.84% | 51.71% | |
| \$ 22,382,387 | \$ 23,368,603 | \$ 23,515,133 | \$ 22,577,392 | \$ 23,367,793 | \$ 24,192,272 | \$ 26,698,496 | |
| 532.66% | 657.50% | 607.42% | 646.11% | 665.01% | 876.28% | 802.65% | |

CITY OF ROCKFORD, ILLINOIS

Firefighter's Pension Fund

Schedule of Changes in the Employer's Net Pension Liability

December 31, 2023

| | 12/31/2014 | 12/31/2015 | 12/31/2016 |
|--|-----------------------|-----------------------|-----------------------|
| Total pension liability | | | |
| Service cost | \$ 5,023,350 | \$ 5,365,942 | \$ 5,783,109 |
| Interest | 16,732,558 | 19,838,705 | 20,753,529 |
| Changes in benefit terms | — | — | — |
| Differences between expected and actual experience | 2,881,346 | (598,236) | 1,761,931 |
| Change of assumptions | 36,824,449 | 1,695,621 | (20,164,146) |
| Benefit payments, including refunds of member contributions | (15,698,458) | (16,135,612) | (16,712,080) |
| Net change in total pension liability | 45,763,245 | 10,166,420 | (8,577,657) |
| Total pension liability - beginning | 253,194,659 | 298,957,904 | 309,124,324 |
| Total pension liability - ending | \$ 298,957,904 | \$ 309,124,324 | \$ 300,546,667 |
| Plan fiduciary net position | | | |
| Contributions - employer | \$ 7,218,958 | 7,345,613 | 8,577,454 |
| Contributions - members | 1,953,524 | 1,942,979 | 2,096,334 |
| Net investment income | 8,791,692 | 123,012 | 12,215,483 |
| Benefit payments, including refunds of member contributions | (15,698,458) | (16,135,612) | (16,712,080) |
| Administrative expense | (187,168) | (191,306) | (272,587) |
| Net change in plan fiduciary net position | 2,078,548 | (6,915,314) | 5,904,604 |
| Plan net position - beginning | 158,574,965 | 160,653,513 | 153,738,199 |
| Plan net position - ending | \$ 160,653,513 | \$ 153,738,199 | \$ 159,642,803 |
| Employer's net pension liability | \$ 138,304,391 | \$ 155,386,125 | \$ 140,903,864 |
| Plan fiduciary net position as a percentage of the total pension liability | 53.74% | 49.73% | 53.12% |
| Covered payroll | \$ 20,509,870 | \$ 20,783,575 | \$ 21,896,671 |
| Employer's net pension liability as a percentage of covered payroll | 674.33% | 747.64% | 643.49% |

| | 12/31/2017 | 12/31/2018 | 12/31/2019 | 12/31/2020 | 12/31/2021 | 12/31/2022 | 12/31/2023 |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-------------------|
| \$ 4,997,293 | \$ 4,889,438 | \$ 5,048,714 | \$ 5,261,438 | \$ 5,541,588 | \$ 5,190,135 | \$ 5,734,650 | |
| 22,260,185 | 22,926,489 | 24,256,778 | 24,650,601 | 25,449,065 | 27,189,594 | 28,601,751 | |
| — | — | 808,694 | — | — | — | — | |
| 1,278,476 | 1,471,333 | (3,272,409) | 5,135,020 | 5,145,797 | 9,964,910 | 8,195,269 | |
| (1,368,907) | 11,767,002 | 2,981,623 | 6,497,476 | 10,826,387 | — | — | |
| (17,482,902) | (18,779,108) | (19,616,944) | (20,588,820) | (21,544,411) | (22,649,331) | (23,349,903) | |
| 9,684,145 | 22,275,154 | 10,206,456 | 20,955,715 | 25,418,426 | 19,695,308 | 19,181,767 | |
| 300,546,667 | 310,230,812 | 332,505,966 | 342,712,422 | 363,668,137 | 389,086,563 | 408,781,871 | |
| \$ 310,230,812 | \$ 332,505,966 | \$ 342,712,422 | \$ 363,668,137 | \$ 389,086,563 | \$ 408,781,871 | \$ 427,963,638 | |
| \$ 8,561,471 | \$ 10,257,695 | \$ 10,691,468 | \$ 11,769,098 | \$ 12,539,373 | \$ 13,840,583 | \$ 16,854,445 | |
| 2,162,650 | 2,176,890 | 2,294,613 | 2,388,206 | 2,329,336 | 2,318,328 | 2,617,507 | |
| 18,405,503 | (6,618,670) | 23,234,248 | 18,115,310 | 21,230,370 | (27,098,799) | 23,232,675 | |
| (17,482,902) | (18,779,108) | (19,616,944) | (20,588,820) | (21,544,411) | (22,649,331) | (23,349,903) | |
| (236,826) | (151,916) | (159,230) | (178,802) | (173,208) | (178,993) | (147,296) | |
| 11,409,896 | (13,115,109) | 16,444,155 | 11,504,992 | 14,381,460 | (33,768,212) | 19,207,428 | |
| 159,642,803 | 171,052,699 | 157,937,590 | 174,381,745 | 185,886,737 | 200,268,197 | 166,499,985 | |
| \$ 171,052,699 | \$ 157,937,590 | \$ 174,381,745 | \$ 185,886,737 | \$ 200,268,197 | \$ 166,499,985 | \$ 185,707,413 | |
| \$ 139,178,113 | \$ 174,568,376 | \$ 168,330,677 | \$ 177,781,400 | \$ 188,818,366 | \$ 242,281,886 | \$ 242,256,225 | |
| 55.14% | 47.50% | 50.88% | 51.11% | 51.47% | 40.73% | 43.39% | |
| \$ 22,985,956 | \$ 22,375,057 | \$ 22,228,652 | \$ 22,512,561 | \$ 22,611,861 | \$ 24,647,025 | \$ 26,466,044 | |
| 605.49% | 780.19% | 757.27% | 789.70% | 835.04% | 983.01% | 915.35% | |

CITY OF ROCKFORD, ILLINOIS**Schedule of Investment Returns****December 31, 2023****Police Pension Fund**

| Fiscal Year | Annual Money- Weighted Rate of Return, Net of Investment Expense |
|------------------------|---|
| 2014 | 6.86% |
| 2015 | 0.84% |
| 2016 | 8.06% |
| 2017 | 14.38% |
| 2018 | (3.85%) |
| 2019 | 17.78% |
| 2020 | 11.07% |
| 2021 | 12.40% |
| 2022 | (10.35%) |
| 2023 | 13.66% |

Firefighters' Pension Fund

| Fiscal Year | Annual Money- Weighted Rate of Return, Net of Investment Expense |
|------------------------|---|
| 2014 | 6.82% |
| 2015 | 0.08% |
| 2016 | 8.47% |
| 2017 | 12.35% |
| 2018 | (4.05%) |
| 2019 | 16.24% |
| 2020 | 10.59% |
| 2021 | 12.42% |
| 2022 | (13.78%) |
| 2023 | 15.43% |

See Following Page

CITY OF ROCKFORD, ILLINOIS

Retiree Benefit Plan

Schedule of Changes in the Employer's Total OPEB Liability

December 31, 2023

12/31/2018

| | |
|--|--------------------------|
| 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 | (1,181,347) |
| 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>\$ 26,713,441</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 related to the discount are reflected in 2018 through 2023.

| 12/31/2019 | 12/31/2020 | 12/31/2021 | 12/31/2022 | 12/31/2023 |
|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 1,024,021 | \$ 1,390,419 | \$ 2,508,952 | \$ 2,734,807 | \$ 1,760,749 |
| 1,069,096 | 866,410 | 785,829 | 772,131 | 1,531,151 |
| — | (508,006) | — | — | — |
| — | 1,279,082 | — | 7,449 | — |
| 4,776,781 | 6,036,694 | 839,744 | (6,270,064) | 1,474,886 |
| (1,275,855) | (1,373,366) | (1,414,567) | (1,510,050) | (1,293,521) |
| 5,594,043 | 7,691,233 | 2,719,958 | (4,265,727) | 3,473,265 |
| 26,713,441 | 32,307,484 | 39,998,717 | 42,718,675 | 38,452,948 |
| \$ 32,307,484 | \$ 39,998,717 | \$ 42,718,675 | \$ 38,452,948 | \$ 41,926,213 |
| \$ 62,413,633 | \$ 66,988,169 | \$ 69,332,755 | \$ 69,261,971 | \$ 71,686,140 |
| 51.76% | 59.71% | 61.61% | 55.52% | 58.49% |

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, 2023

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---------------------------------------|----------------------------|-------------------------|---------------|---|
| REVENUES | | | | |
| Taxes | \$ 93,893,503 | \$ 93,893,503 | \$ 97,818,508 | \$ 3,925,005 |
| Licenses and permits | 10,050,900 | 10,050,900 | 11,388,480 | 1,337,580 |
| Intergovernmental | 40,111,424 | 40,111,424 | 52,858,105 | 12,746,681 |
| Charges for services | 31,933,875 | 31,933,875 | 38,439,261 | 6,505,386 |
| Fines | 2,090,100 | 2,090,100 | 1,278,916 | (811,184) |
| Investment income | 1,000,000 | 1,000,000 | 1,150,595 | 150,595 |
| Miscellaneous | 882,500 | 882,500 | 636,555 | (245,945) |
| Total revenues | 179,962,302 | 179,962,302 | 203,570,420 | 23,608,118 |
| EXPENDITURES | | | | |
| General government | | | | |
| Mayor's office | 943,797 | 943,797 | 897,441 | 46,356 |
| City Council | 526,642 | 526,642 | 499,310 | 27,332 |
| Legal department | 2,164,973 | 2,164,973 | 2,147,707 | 17,266 |
| Finance office | 10,047,497 | 11,485,018 | 10,247,632 | 1,237,386 |
| Workforce investment board | 834,599 | 834,599 | 562,282 | 272,317 |
| Board of fire and police commission | 314,213 | 314,213 | 148,328 | 165,885 |
| Board of election | 1,366,480 | 1,366,480 | 1,230,403 | 136,077 |
| Personnel department | 1,074,569 | 1,074,569 | 1,108,905 | (34,336) |
| Mass transit subsidy | 1,524,000 | 1,524,000 | 1,548,000 | (24,000) |
| Garbage collection | 9,491,069 | 10,491,069 | 10,499,602 | (8,533) |
| Total general government | 28,287,839 | 30,725,360 | 28,889,610 | 1,835,750 |
| Public safety | | | | |
| Police department | 70,893,995 | 72,221,907 | 67,316,128 | 4,905,779 |
| Fire department | 58,374,949 | 58,374,949 | 61,942,757 | (3,567,808) |
| Public works - traffic | 4,581,748 | 4,581,748 | 4,716,929 | (135,181) |
| Construction and development services | 1,892,334 | 1,980,451 | 2,018,369 | (37,918) |
| Total public safety | 135,743,026 | 137,159,055 | 135,994,183 | 1,164,872 |
| Streets, alleys and bridges | | | | |
| Administration | 1,304,631 | 1,304,631 | 1,261,550 | 43,081 |
| Engineering | 1,280,593 | 1,280,593 | 1,548,556 | (267,963) |
| Street and sewer | 9,579,279 | 9,579,279 | 9,700,639 | (121,360) |
| Total streets, alleys and bridges | 12,164,503 | 12,164,503 | 12,510,745 | (346,242) |

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, 2023

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|----------------------------|-------------------------|-----------------------|---|
| EXPENDITURES - Continued | | | | |
| Community development | | | | |
| Administration | \$ 341,772 | \$ 341,772 | \$ 312,465 | \$ 29,307 |
| Construction and development services | 558,353 | 852,793 | 805,866 | 46,927 |
| Planning and zoning | 2,076,613 | 1,715,351 | 1,729,449 | (14,098) |
| Total community development | <u>2,976,738</u> | <u>2,909,916</u> | <u>2,847,780</u> | <u>62,136</u> |
| Capital outlay | | | | |
| Board of election | 50,000 | 50,000 | — | 50,000 |
| Public safety | | | | |
| Police department | 2,409,918 | 2,409,918 | 1,381,040 | 1,028,878 |
| Fire department | 3,492,400 | 3,492,400 | 2,142,893 | 1,349,507 |
| Total public safety | <u>5,902,318</u> | <u>5,902,318</u> | <u>3,523,933</u> | <u>2,378,385</u> |
| Streets, alleys and bridges | | | | |
| Public works - traffic | 315,000 | 315,000 | 147,908 | 167,092 |
| Administration | 116,000 | 116,000 | — | 116,000 |
| Street and sewer | 1,542,000 | 1,542,000 | — | 1,542,000 |
| Total Streets, alleys and bridges | <u>1,973,000</u> | <u>1,973,000</u> | <u>147,908</u> | <u>1,825,092</u> |
| Community development | | | | |
| Planning and zoning | 52,000 | — | — | — |
| Total capital outlay | <u>7,977,318</u> | <u>7,925,318</u> | <u>3,671,841</u> | <u>4,253,477</u> |
| Debt service | | | | |
| Principal retirement | — | 2,141,186 | 2,141,186 | — |
| Interest and fiscal charges | — | 171,955 | 80,105 | 91,850 |
| Total debt service | — | <u>2,313,141</u> | <u>2,221,291</u> | <u>91,850</u> |
| Total expenditures | <u>187,149,424</u> | <u>193,197,293</u> | <u>186,135,450</u> | <u>7,061,843</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(7,187,122)</u> | <u>(13,234,991)</u> | <u>17,434,970</u> | <u>30,669,961</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Debt issuance | 7,981,318 | 7,981,318 | 7,096,132 | (885,186) |
| Transfers in | 5,154,723 | 5,154,723 | 3,552,410 | (1,602,313) |
| Transfers out | (5,741,468) | (4,618,436) | (17,381,772) | (12,763,336) |
| | <u>7,394,573</u> | <u>8,517,605</u> | <u>(6,733,230)</u> | <u>(15,250,835)</u> |
| Net changes in fund balance | <u>\$ 207,451</u> | <u>\$ (4,717,386)</u> | <u>\$ 10,701,740</u> | <u>\$ 15,419,126</u> |
| Fund balance - beginning | | | <u>116,761,633</u> | |
| Fund balance - ending | | | <u>\$ 127,463,373</u> | |

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, 2023

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|--|------------------------------|------------------------------|-----------------------------|---------------------------------------|
| | | | | Positive (Negative) |
| REVENUES | | | | |
| Taxes | \$ 7,380,000 | \$ 7,380,000 | \$ 7,322,442 | \$ (57,558) |
| Intergovernmental | 1,219,000 | 1,219,000 | 3,526,803 | 2,307,803 |
| Charges for services | 97,570 | 97,570 | 108,141 | 10,571 |
| Fines | 37,900 | 37,900 | 41,745 | 3,845 |
| Investment income | 10,000 | 10,000 | 116,635 | 106,635 |
| Miscellaneous | 4,318,871 | 4,318,871 | 593,915 | (3,724,956) |
| Total revenues | <u>13,063,341</u> | <u>13,063,341</u> | <u>11,709,681</u> | <u>(1,353,660)</u> |
| EXPENDITURES | | | | |
| Culture and recreation | 8,651,325 | 8,651,325 | 8,369,498 | 281,827 |
| Capital outlay | | | | |
| Culture and recreation | 7,896,784 | 7,896,784 | 1,940,304 | 5,956,480 |
| Debt service | | | | |
| Principal retirement | — | — | 14,001 | (14,001) |
| Interest and fiscal charges | — | — | 3 | (3) |
| Total expenditures | <u>16,548,109</u> | <u>16,548,109</u> | <u>10,323,806</u> | <u>6,224,303</u> |
| Excess (deficiency) of revenues over (under) expenditures | (3,484,768) | (3,484,768) | 1,385,875 | 4,870,643 |
| OTHER FINANCING (USES) | | | | |
| Transfers out | <u>(229,488)</u> | <u>(229,488)</u> | <u>(229,488)</u> | <u>—</u> |
| Net changes in fund balance | <u><u>\$ (3,714,256)</u></u> | <u><u>\$ (3,714,256)</u></u> | <u><u>1,156,387</u></u> | <u><u>\$ 4,870,643</u></u> |
| Fund balance - beginning | | | <u>16,194,130</u> | |
| Fund balance - ending | | | <u><u>\$ 17,350,517</u></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, 2023

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|-----------------------------|----------------------------|-------------------------|-------------------|---------------------------------------|
| | | | | Positive (Negative) |
| REVENUES | | | | |
| Intergovernmental | \$ 3,052,865 | \$ 3,052,865 | \$ 3,797,181 | \$ 744,316 |
| Investment income | — | — | 260,716 | 260,716 |
| Miscellaneous | 9,500 | 9,500 | 244,055 | 234,555 |
| Total revenues | <u>3,062,365</u> | <u>3,062,365</u> | <u>4,301,952</u> | <u>1,239,587</u> |
| EXPENDITURES | | | | |
| Community development | 3,415,724 | 4,944,391 | 4,090,404 | 853,987 |
| Debt service | | | | |
| Principal payments | — | — | 146,000 | (146,000) |
| Interest and fiscal charges | — | — | 11 | (11) |
| Total expenditures | <u>3,415,724</u> | <u>4,944,391</u> | <u>4,236,415</u> | <u>707,976</u> |
| Net changes in fund balance | <u>\$ (353,359)</u> | <u>\$ (1,882,026)</u> | <u>65,537</u> | <u>\$ 1,947,563</u> |
| Fund balance - beginning | | | <u>620,734</u> | |
| Fund balance - ending | | | <u>\$ 686,271</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, 2023

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|--|----------------------------|-------------------------|-----------------------|---------------------------------------|
| | | | | Positive (Negative) |
| REVENUES | | | | |
| Taxes | | | | |
| Property | \$ 6,400,752 | \$ 6,372,528 | \$ 7,576,289 | \$ 1,203,761 |
| Investment income | 86,809 | 86,809 | (17,154) | (103,963) |
| Miscellaneous | — | — | 1,290 | 1,290 |
| Total revenues | <u>6,487,561</u> | <u>6,459,337</u> | <u>7,560,425</u> | <u>1,101,088</u> |
| EXPENDITURES | | | | |
| Community development | 1,405,639 | 3,474,240 | 9,007,771 | (5,533,531) |
| Debt service | | | | |
| Principal payments | — | 3,850 | 245,312 | (241,462) |
| | <u>151,122</u> | <u>149,730</u> | <u>88,418</u> | <u>61,312</u> |
| Total expenditures | <u>1,556,761</u> | <u>3,627,820</u> | <u>9,341,501</u> | <u>(5,713,681)</u> |
| Excess (deficiency) of revenues over (under) expenditures | 4,930,800 | 2,831,517 | (1,781,076) | 6,814,769 |
| OTHER FINANCING (USES) | | | | |
| Transfers out | <u>(997,200)</u> | <u>(1,048,200)</u> | <u>(1,354,802)</u> | <u>(306,602)</u> |
| Net change in fund balances | <u>\$ 3,933,600</u> | <u>\$ 1,783,317</u> | <u>(3,135,878)</u> | <u>\$ (4,919,195)</u> |
| Fund balance - beginning | | | <u>(3,010,299)</u> | |
| Fund balances - ending | | | <u>\$ (6,146,177)</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, 2023

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|--|----------------------------|-------------------------|---------------------|---------------------------------------|
| | | | | Positive (Negative) |
| REVENUES | | | | |
| Taxes | \$ 1,800,000 | \$ 1,800,000 | \$ 2,003,114 | \$ 203,114 |
| Intergovernmental | 451,000 | 451,000 | 460,000 | 9,000 |
| Miscellaneous | 80,000 | 80,000 | 40,230 | (39,770) |
| Total revenues | <u>2,331,000</u> | <u>2,331,000</u> | <u>2,503,344</u> | <u>172,344</u> |
| EXPENDITURES | | | | |
| Debt service | | | | |
| Principal payments | 9,507,478 | 9,507,478 | 9,507,478 | — |
| Interest and service fees | 4,142,541 | 4,142,541 | 2,546,456 | 1,596,085 |
| Total expenditures | <u>13,650,019</u> | <u>13,650,019</u> | <u>12,053,934</u> | <u>1,596,085</u> |
| Excess (deficiency) of revenues over (under) expenditures | (11,319,019) | (11,319,019) | (9,550,590) | 1,768,429 |
| OTHER FINANCING SOURCES | | | | |
| Transfers in | <u>11,319,019</u> | <u>11,319,019</u> | <u>10,066,319</u> | <u>(1,252,700)</u> |
| Net changes in fund balance | <u>\$ —</u> | <u>\$ —</u> | <u>515,729</u> | <u>\$ 515,729</u> |
| Fund balance - beginning | | | <u>8,264,601</u> | |
| Fund balance - ending | | | <u>\$ 8,780,330</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, 2023

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|--|----------------------------|-------------------------|--------------------|---|
| | | | | Positive (Negative) |
| REVENUES | | | | |
| Taxes | \$ 51,597,578 | \$ 51,597,578 | \$ 23,017,584 | \$ (28,579,994) |
| Intergovernmental | | | | |
| Grants | — | — | 1,441,334 | 1,441,334 |
| Investment income | 150,000 | 150,000 | 296,882 | 146,882 |
| Miscellaneous | — | — | 452,278 | 452,278 |
| Total revenues | <u>51,747,578</u> | <u>51,747,578</u> | <u>25,208,078</u> | <u>(26,539,500)</u> |
| EXPENDITURES | | | | |
| Streets, alleys and bridges | 3,044,304 | 3,044,304 | 4,920,304 | (1,876,000) |
| Capital outlay | 53,686,811 | 53,686,811 | 23,924,077 | 29,762,734 |
| Total expenditures | <u>56,731,115</u> | <u>56,731,115</u> | <u>28,844,381</u> | <u>27,886,734</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(4,983,537)</u> | <u>(4,983,537)</u> | <u>(3,636,303)</u> | <u>1,347,234</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 5,560,347 | 5,560,347 | 2,596,916 | (2,963,431) |
| Transfers out | (576,810) | (576,810) | (745,808) | (168,998) |
| 4,983,537 | <u>4,983,537</u> | <u>1,851,108</u> | <u>(3,132,429)</u> | |
| Net changes in fund balance | <u>\$ —</u> | <u>\$ —</u> | <u>(1,785,195)</u> | <u>\$ (1,785,195)</u> |
| Fund balance - beginning | | | | <u>13,683,271</u> |
| Fund balance - ending | | | | <u>\$ 11,898,076</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. |
| Workforce Connection, Inc. | To account for the revenues and expenditures of Workforce Connection, Inc. 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, 2023

| | Motor | | Family | | | |
|---|-------------------|----------------------|-----------------------|-----------------------------------|-------------------|----------------|
| | Fuel Tax | Redevelopment | Justice Center | Workforce Connection, Inc. | | Totals |
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 17,723,405 | \$ 5,160,663 | \$ — | \$ — | \$ — | \$ 22,884,068 |
| Receivables - net of allowances | | | | | | |
| Accounts | — | 793,554 | — | — | — | 793,554 |
| Accrued interest | — | 3,825 | — | — | — | 3,825 |
| Due from Federal Government | — | — | 58,694 | — | — | 58,694 |
| Due from the State of Illinois | 580,195 | — | 230,051 | 1,059,637 | 1,869,883 | |
| Prepays | — | 9,250,000 | — | — | — | 9,250,000 |
| Total assets | \$ 18,303,600 | \$ 15,208,042 | \$ 288,745 | \$ 1,059,637 | \$ 34,860,024 | |
| LIABILITIES | | | | | | |
| Accounts and contracts payable | \$ 588,483 | \$ 812,967 | \$ 47,009 | \$ 589,637 | \$ 2,038,096 | |
| Accrued payroll and benefits | — | — | 17,019 | — | — | 17,019 |
| Due to other funds | — | — | 276,722 | 470,000 | 746,722 | |
| Total liabilities | 588,483 | 812,967 | 340,750 | 1,059,637 | 2,801,837 | |
| FUND BALANCES | | | | | | |
| Nonspendable | — | 9,250,000 | — | — | — | 9,250,000 |
| Restricted for | | | | | | |
| Community development | — | 5,145,075 | — | — | — | 5,145,075 |
| Highway and streets | 17,715,117 | — | — | — | — | 17,715,117 |
| Unassigned | — | — | (52,005) | — | — | (52,005) |
| Total fund balances | 17,715,117 | 14,395,075 | (52,005) | — | — | 32,058,187 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 18,303,600 | \$ 15,208,042 | \$ 288,745 | \$ 1,059,637 | \$ 34,860,024 | |

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, 2023

| | Motor | | Family | | |
|--|----------------------|----------------------|--------------------|-------------------------|----------------------|
| | Fuel Tax | Redevelopment | Justice | Workforce | |
| | | | Center | Connection, Inc. | Totals |
| REVENUES | | | | | |
| Taxes | \$ — | \$ 8,730,444 | \$ — | \$ — | \$ 8,730,444 |
| Intergovernmental | 6,416,170 | 457,980 | 1,053,216 | 9,742,736 | 17,670,102 |
| Investment income | 786,636 | 21,216 | — | — | 807,852 |
| Miscellaneous | — | 835,905 | — | — | 835,905 |
| Total revenues | 7,202,806 | 10,045,545 | 1,053,216 | 9,742,736 | 28,044,303 |
| EXPENDITURES | | | | | |
| Public safety | — | — | 1,296,293 | — | 1,296,293 |
| Community development | 2,610,091 | 2,076,432 | — | 9,742,736 | 14,429,259 |
| Debt service | | | | | |
| Principal payments | — | 961,467 | 859 | — | 962,326 |
| Interest and fiscal charges | — | 2,313,548 | 76 | — | 2,313,624 |
| Total expenditures | 2,610,091 | 5,351,447 | 1,297,228 | 9,742,736 | 19,001,502 |
| Excess (deficiency) of revenues over (under) expenditures | 4,592,715 | 4,694,098 | (244,012) | — | 9,042,801 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | — | 9,365,000 | — | — | 9,365,000 |
| Transfers out | (2,499,701) | (4,167,693) | — | — | (6,667,394) |
| | (2,499,701) | 5,197,307 | — | — | 2,697,606 |
| Net change in fund balances | 2,093,014 | 9,891,405 | (244,012) | — | 11,740,407 |
| Fund balances - beginning | 15,622,103 | 4,503,670 | 192,007 | — | 20,317,780 |
| Fund balances - ending | \$ 17,715,117 | \$ 14,395,075 | \$ (52,005) | \$ — | \$ 32,058,187 |

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, 2023

| | Motor Fuel Tax | | | Redevelopment | | | Variance with Final Budget Positive (Negative) | |
|--|--------------------|-----------------|--------------|-------------------------------|--------------------|-----------------|---|--|
| | Original Budget | Final Budget | Actual | Variance with Final Budget | | Actual | | |
| | | | | Positive (Negative) | Original Budget | Final Budget | | |
| REVENUES | | | | | | | | |
| Taxes | \$ — | \$ — | \$ — | \$ — | \$ 7,499,610 | \$ 7,499,610 | \$ 8,730,444 | |
| Sales tax | 6,410,347 | 6,410,347 | 6,416,170 | 5,823 | — | — | 1,230,834 | |
| Intergovernmental | — | — | — | — | — | — | — | |
| Motor fuel tax allotments | 150,000 | 150,000 | 786,636 | 636,636 | 27,168 | 27,168 | (146,964) | |
| Other | — | — | — | — | 44,800 | 44,800 | (5,952) | |
| Investment income | — | — | — | — | — | — | — | |
| Miscellaneous | — | — | — | — | — | — | — | |
| Total revenues | 6,560,347 | 6,560,347 | 7,202,806 | 642,459 | 8,176,522 | 8,176,522 | 10,045,545 | |
| EXPENDITURES | | | | | | | | |
| Community development | 4,060,347 | 4,060,347 | 2,610,091 | 1,450,256 | 2,305,959 | 3,030,881 | 2,076,432 | |
| Debt service | — | — | — | — | 961,467 | 961,467 | 961,467 | |
| Principal payments | — | — | — | — | 1,811,082 | 1,811,082 | 2,313,548 | |
| Interest and fiscal charges | — | — | — | — | — | — | (502,466) | |
| Total expenditures | 4,060,347 | 4,060,347 | 2,610,091 | 1,450,256 | 5,078,508 | 5,803,430 | 5,351,447 | |
| Excess (deficiency) of revenues over (under) expenditures | 2,500,000 | 2,500,000 | 4,592,715 | 2,092,715 | 3,098,014 | 2,373,092 | 4,694,098 | |
| OTHER FINANCING SOURCES (USES) | | | | | | | | |
| Transfers in | (2,500,000) | (2,500,000) | (2,499,701) | — | (4,173,095) | (4,173,095) | 9,365,000 | |
| Transfers out | (2,500,000) | (2,500,000) | (2,499,701) | 299 | (4,173,095) | (4,173,095) | 5,402 | |
| Net change in fund balances | \$ — | \$ — | \$ 2,093,014 | \$ 2,093,014 | \$ (1,075,081) | \$ (1,800,003) | \$ 9,891,405 | |
| Fund balances - beginning | | | | 15,622,103 | | | 11,691,408 | |
| Fund balances - ending | | | | \$ 17,715,117 | | | 4,503,670 | |
| | | | | | | | \$ 14,395,075 | |

(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, 2023

| | | | Family Justice Center | | Variance with | |
|-----------------------------|--|--|------------------------------|---------------|----------------------|---------------------|
| | | | Original | Final | Actual | Final Budget |
| | | | Budget | Budget | (Negative) | Positive |
| | | | \$ | \$ | \$ | \$ |
| REVENUES | | | | | | |
| Intergovernmental | | | | | | |
| Grants | | | \$ 1,124,696 | \$ 1,124,696 | \$ 1,053,216 | \$ (71,480) |
| EXPENDITURES | | | | | | |
| Public Safety | | | 1,124,696 | 1,357,547 | 1,296,293 | 61,254 |
| Debt service | | | — | 859 | 859 | — |
| Principal retirement | | | — | 82 | 76 | 6 |
| Interest and fiscal charges | | | | | | |
| Total expenditures | | | \$ 1,124,696 | \$ 1,358,488 | \$ 1,297,228 | \$ 61,260 |
| Net change in fund balances | | | \$ — | \$ (233,792) | \$ (244,012) | \$ (10,220) |
| Fund balances - beginning | | | | | | 192,007 |
| Fund balances - ending | | | | | | \$ (52,005) |

(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, 2023**

| | Water Utility | | | | Parking System | | | Variance with Final Budget Positive (Negative) |
|--|--------------------|-----------------|---------------|---|--------------------|-----------------|----------------|---|
| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) | Original Budget | Final Budget | Actual | |
| | | | | | | | | |
| OPERATING REVENUES | | | | | | | | |
| Charges for services | \$ 31,112,575 | \$ 31,112,575 | \$ 34,793,778 | \$ 3,681,203 | \$ 1,618,178 | \$ 1,618,178 | \$ 2,104,992 | \$ 486,814 |
| Fines and penalties | 900,000 | 900,000 | 660,963 | (239,037) | 220,561 | 220,561 | — | (20,561) |
| Intergovernmental | 4,000,000 | 4,000,000 | 5,171,989 | 1,171,989 | — | — | — | — |
| Miscellaneous | 35,000 | 35,000 | 129,581 | 94,581 | 26,574 | 26,574 | 13,201 | (13,373) |
| Total operating revenues | 36,047,575 | 36,047,575 | 40,756,311 | 4,708,736 | 1,865,313 | 1,865,313 | 2,118,193 | 252,880 |
| OPERATING EXPENSES | | | | | | | | |
| Salaries and benefits | 6,912,274 | 6,912,274 | 5,918,704 | 993,570 | 314,539 | 314,539 | 273,759 | 40,780 |
| Services | 9,768,407 | 9,933,904 | 10,336,517 | (402,613) | 1,495,308 | 1,187,263 | 1,821,534 | (634,271) |
| Supplies and materials | 2,373,963 | 2,373,963 | 2,101,781 | 272,182 | 57,500 | 57,500 | 35,48 | 22,082 |
| Depreciation | 6,543,214 | 7,065,184 | 7,070,212 | (5,028) | 541,129 | 1,041,079 | 1,041,079 | — |
| Changes from General Fund | 3,181,011 | 3,181,011 | — | — | 290,308 | 290,308 | 290,308 | — |
| Miscellaneous | — | — | — | — | 10,500 | 10,500 | 10,132 | 368 |
| Total operating expenses | 28,778,869 | 29,466,336 | 28,608,225 | 858,111 | 2,418,976 | 2,901,189 | 3,472,230 | (571,041) |
| Operating income (loss) | 7,268,706 | 6,581,239 | 12,148,086 | 5,566,847 | (553,663) | (1,035,876) | (1,354,037) | (318,161) |
| NONOPERATING REVENUES (EXPENSES) | | | | | | | | |
| Investment income | 200,000 | 200,000 | 177,808 | (22,192) | (47,792) | (47,792) | (88,096) | (40,304) |
| Disposal of capital assets | — | (1,437,141) | (1,423,554) | 13,587 | — | — | — | — |
| Interest expense and service fees | (750,305) | (832,291) | (817,442) | 14,849 | (544,934) | (433,554) | (434,954) | (1,400) |
| Amortization expense | 100,307 | 100,307 | 100,307 | — | — | — | — | — |
| (449,998) | (1,969,125) | (1,962,881) | 6,244 | (592,726) | (481,346) | (523,050) | (41,704) | |
| Income (loss) before transfers and contributions | 6,818,708 | 4,612,114 | 10,185,205 | 5,573,091 | (1,146,389) | (1,517,222) | (1,877,087) | (359,865) |
| Contributions from developers | 50,000 | 50,000 | 980,541 | 930,541 | — | — | 670,862 | 670,862 |
| Changes in net position | \$ 6,868,708 | \$ 4,662,114 | \$ 11,165,746 | \$ 6,503,632 | \$ (1,146,389) | \$ (1,517,222) | \$ (1,206,225) | \$ 310,997 |
| Net position - beginning | | | 188,355,895 | | | | 6,474,504 | |
| Net position - ending | | | | | | | \$ 5,268,279 | |
| | | | | | | | | \$ 199,521,641 |

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, 2023

See Following Page

CITY OF ROCKFORD, ILLINOIS

Combining Statement of Net Position - Internal Service Funds December 31, 2023

| | Central Garage | Building Maintenance |
|---|---------------------|-------------------------|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | \$ 516,679 | \$ 1,613,327 |
| Accounts receivable | 1,460 | 865 |
| Due from other governmental units | 48,750 | — |
| Inventories | 382,638 | — |
| Prepaid expenses | — | — |
| Total current assets | <u>949,527</u> | <u>1,614,192</u> |
| Noncurrent assets | | |
| Capital assets | | |
| Construction in progress | — | 1,945,143 |
| Buildings and improvements | 218,245 | 6,408,957 |
| Leased buildings | — | 1,463,010 |
| Equipment | 794,870 | 329,632 |
| Lease assets - equipment | 4,816 | 9,430 |
| Subscription assets - computers | 166,279 | — |
| Improvements other than buildings | — | 300,548 |
| Less accumulated depreciation | (750,561) | (3,157,814) |
| Total noncurrent assets | <u>433,649</u> | <u>7,298,906</u> |
| Total assets | <u>1,383,176</u> | <u>8,913,098</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Deferred items - IMRF | 306,538 | 316,747 |
| Total assets and deferred outflows of resources | <u>1,689,714</u> | <u>9,229,845</u> |
| LIABILITIES | | |
| Current liabilities | | |
| Accounts payable | 120,025 | 875,341 |
| Accrued payroll and benefits | 16,847 | 14,127 |
| Other payables | — | — |
| Due to other funds | — | — |
| Accrued interest payable | — | 2,026 |
| Compensated absences | 9,513 | 17,970 |
| Installment contracts payable | 2,008 | 184,419 |
| Leases payable | 940 | 163,899 |
| Subscriptions Payable | 26,125 | — |
| Claims and judgments payable | — | — |
| General obligation bonds payable - net | — | — |
| Total current liabilities | <u>175,458</u> | <u>1,257,782</u> |
| Noncurrent liabilities | | |
| Compensated absences | 38,054 | 71,881 |
| Net pension liability - IMRF | 181,822 | 187,877 |
| Installment contracts payable | 22,992 | 209,704 |
| Leases payable | 3,824 | 998,623 |
| Subscriptions Payable | 112,084 | — |
| Claims and judgments payable | — | — |
| General obligation bonds payable - net | — | — |
| Total noncurrent liabilities | <u>358,776</u> | <u>1,468,085</u> |
| Total liabilities | <u>534,234</u> | <u>2,725,867</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| Deferred items - IMRF | 2,260 | 2,335 |
| Total liabilities and deferred inflows of resources | <u>536,494</u> | <u>2,728,202</u> |
| NET POSITION | | |
| Net investment in capital assets | 265,676 | 5,742,261 |
| Unrestricted (deficit) | 887,544 | 759,382 |
| Net position | <u>\$ 1,153,220</u> | <u>\$ 6,501,643</u> |

| Health Insurance | 911 Communications | Risk Management | Information Systems | Workmens' Compensation | Totals |
|-----------------------------|-------------------------------|----------------------------|--------------------------------|-----------------------------------|---------------------|
| \$ 4,137,958 | \$ 458,058 | \$ — | \$ 2,105,305 | \$ 10,512,896 | \$ 19,344,223 |
| 269,973 | 424 | 1,449,580 | 1,114 | 6,739 | 1,730,155 |
| — | 98,552 | — | — | — | 147,302 |
| — | — | — | — | — | 382,638 |
| — | — | 43,102 | — | — | 43,102 |
| 4,407,931 | 557,034 | 1,492,682 | 2,106,419 | 10,519,635 | 21,647,420 |
| — | — | — | — | — | 1,945,143 |
| — | 158,200 | — | — | — | 6,785,402 |
| — | — | — | — | — | 1,463,010 |
| — | 116,250 | — | 11,394,855 | — | 12,635,607 |
| — | 9,634 | — | 3,185 | — | 27,065 |
| — | — | — | 7,758,449 | — | 7,924,728 |
| — | — | — | — | — | 300,548 |
| — | (172,583) | — | (9,953,529) | — | (14,034,487) |
| 4,407,931 | 668,535 | 1,492,682 | 11,309,379 | 10,519,635 | 38,694,436 |
| — | 2,030,835 | — | 329,807 | — | 2,983,927 |
| 4,407,931 | 2,699,370 | 1,492,682 | 11,639,186 | 10,519,635 | 41,678,363 |
| 179,790 | 5,912 | — | 743,354 | 8,741 | 1,933,163 |
| — | 91,393 | — | 12,802 | — | 135,169 |
| 341,116 | — | — | — | — | 341,116 |
| — | — | 3,603,147 | — | — | 3,603,147 |
| — | — | 11,725 | — | — | 13,751 |
| — | 43,498 | — | 18,704 | — | 89,685 |
| — | — | — | — | — | 186,427 |
| — | 1,881 | — | 622 | — | 167,342 |
| — | — | — | 1,591,269 | — | 1,617,394 |
| 1,044,769 | — | 67,786 | — | 4,627,433 | 5,739,988 |
| — | — | 968,799 | — | — | 968,799 |
| 1,565,675 | 142,684 | 4,651,457 | 2,366,751 | 4,636,174 | 14,795,981 |
| — | 173,994 | — | 74,815 | — | 358,744 |
| — | 1,204,582 | — | 195,624 | — | 1,769,905 |
| — | — | — | — | — | 232,696 |
| — | 7,650 | — | 2,529 | — | 1,012,626 |
| — | — | — | 5,051,708 | — | 5,163,792 |
| 1,064,022 | — | 7,279,924 | — | — | 8,343,946 |
| — | — | 6,567,796 | — | — | 6,567,796 |
| 1,064,022 | 1,386,226 | 13,847,720 | 5,324,676 | — | 23,449,505 |
| 2,629,697 | 1,528,910 | 18,499,177 | 7,691,427 | 4,636,174 | 38,245,486 |
| — | 14,971 | — | 2,431 | — | 21,997 |
| 2,629,697 | 1,543,881 | 18,499,177 | 7,693,858 | 4,636,174 | 38,267,483 |
| — | 101,970 | — | 2,556,832 | — | 8,666,739 |
| 1,778,234 | 1,053,519 | (17,006,495) | 1,388,496 | 5,883,461 | (5,255,859) |
| \$ 1,778,234 | \$ 1,155,489 | \$ (17,006,495) | \$ 3,945,328 | \$ 5,883,461 | \$ 3,410,880 |

CITY OF ROCKFORD, ILLINOIS

Combining Statement of Revenues, Expense and Changes in Net Position - Internal Service Funds
For the Fiscal Year Ended December 31, 2023

| | Central Garage | Building Maintenance |
|--|---------------------------|---------------------------------|
| OPERATING REVENUES | | |
| Charges for services | \$ 4,632,091 | \$ 3,735,810 |
| Intergovernmental | — | — |
| Miscellaneous | — | 103,696 |
| Total operating revenues | <u>4,632,091</u> | <u>3,839,506</u> |
| OPERATING EXPENSES | | |
| Salaries and benefits | 833,640 | 837,472 |
| Services | 938,103 | 1,856,697 |
| Supplies and materials | 2,617,790 | 424,509 |
| Depreciation and amortization | 63,645 | 347,839 |
| Charges from General Fund | 213,550 | 187,440 |
| Miscellaneous | — | 3,057 |
| Total operating expenses | <u>4,666,728</u> | <u>3,657,014</u> |
| Operating income (loss) | <u>(34,637)</u> | <u>182,492</u> |
| NONOPERATING REVENUES (EXPENSES) | | |
| Investment income | (2,982) | (3,886) |
| Disposal of capital assets | — | (80,430) |
| Amortization expense | — | — |
| Interest expense | <u>(2,062)</u> | <u>(30,188)</u> |
| | <u>(5,044)</u> | <u>(114,504)</u> |
| Income (loss) before transfers and contributions | <u>(39,681)</u> | <u>67,988</u> |
| Contributions | — | 170,000 |
| Transfers in | <u>294,500</u> | <u>504,119</u> |
| | <u>294,500</u> | <u>674,119</u> |
| Changes in net position | 254,819 | 742,107 |
| Net position - beginning | <u>898,401</u> | <u>5,759,536</u> |
| Net position - ending | <u>\$ 1,153,220</u> | <u>\$ 6,501,643</u> |

| Health Insurance | 911 Communications | Risk Management | Information Systems | Workmens' Compensation | Totals |
|---------------------|-----------------------|------------------------|------------------------|---------------------------|---------------------|
| \$ 23,289,750 | \$ 5,571,542 | \$ 2,142,669 | \$ 5,200,748 | \$ 3,766,959 | \$ 48,339,569 |
| — | 987,870 | — | 963,149 | — | 1,951,019 |
| 1,650,133 | — | 547,543 | — | — | 2,301,372 |
| 24,939,883 | 6,559,412 | 2,690,212 | 6,163,897 | 3,766,959 | 52,591,960 |
| — | 3,985,497 | — | 766,175 | — | 6,422,784 |
| 28,347,307 | 124,545 | 2,591,634 | 3,372,492 | 2,862,228 | 40,093,006 |
| 150 | 1,410,852 | — | 177,449 | — | 4,630,750 |
| — | 10,442 | — | 3,185,952 | — | 3,607,878 |
| 230,270 | — | 414,380 | 58,500 | 130,840 | 1,234,980 |
| — | — | — | — | — | 3,057 |
| 28,577,727 | 5,531,336 | 3,006,014 | 7,560,568 | 2,993,068 | 55,992,455 |
| (3,637,844) | 1,028,076 | (315,802) | (1,396,671) | 773,891 | (3,400,495) |
| (1,773) | 9,215 | (7,931) | 16,403 | 54,071 | 63,117 |
| — | — | — | — | — | (80,430) |
| — | — | 118,800 | — | — | 118,800 |
| — | — | (299,653) | (151,843) | — | (483,746) |
| (1,773) | 9,215 | (188,784) | (135,440) | 54,071 | (382,259) |
| (3,639,617) | 1,037,291 | (504,586) | (1,532,111) | 827,962 | (3,782,754) |
| — | — | — | — | — | 170,000 |
| — | — | — | — | — | 798,619 |
| — | — | — | — | — | 968,619 |
| (3,639,617) | 1,037,291 | (504,586) | (1,532,111) | 827,962 | (2,814,135) |
| 5,417,851 | 118,198 | (16,501,909) | 5,477,439 | 5,055,499 | 6,225,015 |
| \$ 1,778,234 | \$ 1,155,489 | \$ (17,006,495) | \$ 3,945,328 | \$ 5,883,461 | \$ 3,410,880 |

CITY OF ROCKFORD, ILLINOIS

Combining Statement of Cash Flow - Internal Service Funds For the Fiscal Year Ended December 31, 2023

| | Central Garage | Building Maintenance |
|--|-------------------|-------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from customers and users | \$ 4,629,646 | \$ 3,840,173 |
| Payments to suppliers | (3,911,675) | (2,275,419) |
| Payments to employees | (833,640) | (837,472) |
| | <hr/> | <hr/> |
| | (115,669) | 727,282 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Interest paid on capital debt | (2,062) | (30,188) |
| Principal paid on capital debt | (31,676) | (368,559) |
| Debt issuance | 29,815 | 9,432 |
| Disposal of capital assets | 747 | 407 |
| Purchase of capital assets | (294,500) | (1,830,695) |
| | <hr/> | <hr/> |
| | (297,676) | (2,219,603) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| Transfers in | <hr/> | <hr/> |
| | 294,500 | 504,119 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Investment income | <hr/> | <hr/> |
| | (2,982) | (3,886) |
| Net increase (decrease) in cash and cash equivalents | <hr/> | <hr/> |
| | (121,827) | (992,088) |
| Cash and cash equivalents - beginning | <hr/> | <hr/> |
| | 638,506 | 2,605,415 |
| Cash and cash equivalents - ending | <hr/> | <hr/> |
| | \$ 516,679 | \$ 1,613,327 |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES | | |
| Operating income (loss) | <hr/> | <hr/> |
| | \$ (34,637) | \$ 182,492 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities | | |
| Depreciation and amortization expense | 63,645 | 347,839 |
| Increase (decrease) from changes in: | | |
| Accounts receivable | (1,030) | 667 |
| Due from other governmental units | 6,424 | — |
| Inventories | (7,839) | — |
| Prepaid items | — | — |
| Accounts payable | (27,052) | 291,713 |
| Accrued payroll and benefits | 2,328 | 876 |
| Due to Other Funds | — | — |
| Compensated absences | 10,668 | 15,422 |
| Other liabilities | (128,176) | (111,727) |
| | <hr/> | <hr/> |
| | (81,032) | 544,790 |
| Net cash provided by (used for) operating activities | <hr/> | <hr/> |
| | \$ (115,669) | \$ 727,282 |
| Noncash Capital and Related Financing Activities | | |
| Capital Contributions | <hr/> | <hr/> |
| | \$ — | \$ 170,000 |

| Health Insurance | 911 Communications | Risk Management | Information Systems | Workmens' Compensation | Totals |
|---------------------|-----------------------|--------------------|------------------------|---------------------------|----------------|
| \$ 24,933,441 | \$ 6,634,053 | \$ 2,570,444 | \$ 6,164,048 | \$ 3,765,772 | \$ 52,537,577 |
| (28,722,412) | (2,209,610) | (1,447,860) | (3,649,913) | (3,498,067) | (45,714,956) |
| — | (3,985,497) | — | (766,175) | — | (6,422,784) |
| (3,788,971) | 438,946 | 1,122,584 | 1,747,960 | 267,705 | 399,837 |
| — | — | (299,653) | (151,843) | — | (483,746) |
| — | (1,306) | (815,000) | (2,651,815) | — | (3,868,356) |
| — | 9,634 | — | 3,185 | — | 52,066 |
| — | 1,569 | — | 598 | — | 3,321 |
| — | — | — | (3,185) | — | (2,128,380) |
| — | 9,897 | (1,114,653) | (2,803,060) | — | (6,425,095) |
| — | — | — | — | — | 798,619 |
| (1,773) | 9,215 | (7,931) | 16,403 | 54,071 | 63,117 |
| (3,790,744) | 458,058 | — | (1,038,697) | 321,776 | (5,163,522) |
| 7,928,702 | — | — | 3,144,002 | 10,191,120 | 24,507,745 |
| \$ 4,137,958 | \$ 458,058 | \$ — | \$ 2,105,305 | \$ 10,512,896 | \$ 19,344,223 |
| \$ (3,637,844) | \$ 1,028,076 | \$ (315,802) | \$ (1,396,671) | \$ 773,891 | \$ (3,400,495) |
| — | 10,442 | — | 3,185,952 | — | 3,607,878 |
| (6,442) | (424) | (257,383) | 151 | (1,187) | (265,648) |
| — | 75,065 | — | — | — | 81,489 |
| — | — | — | — | — | (7,839) |
| — | — | 137,615 | — | — | 137,615 |
| 90,483 | (334) | (1,497) | 67,206 | (18,007) | 402,512 |
| — | 7,881 | — | 1,177 | — | 12,262 |
| — | (137,752) | 1,063,295 | — | — | 925,543 |
| — | 49,071 | — | 25,705 | — | 100,866 |
| (235,168) | (593,079) | 496,356 | (135,560) | (486,992) | (1,194,346) |
| (151,127) | (589,130) | 1,438,386 | 3,144,631 | (506,186) | 3,800,332 |
| \$ (3,788,971) | \$ 438,946 | \$ 1,122,584 | \$ 1,747,960 | \$ 267,705 | \$ 399,837 |
| — | — | — | — | — | 170,000 |

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, 2023

| | Central Garage | | | Building Maintenance | | | Variance with Final Budget Positive (Negative) | |
|--|--------------------|---------------------|---------------------|-------------------------------|------------------|------------------|---|--|
| | Original Budget | Final Budget | Actual | Variance with Final Budget | | | | |
| | | | | Original Budget | Final Budget | Actual | | |
| OPERATING REVENUES | | | | | | | | |
| Charges for services | \$ 4,280,520 | \$ 4,280,520 | \$ 4,632,091 | \$ 351,571 | \$ 3,810,410 | \$ 3,735,810 | \$ (74,600) | |
| Miscellaneous | 15,000 | 15,000 | — | (15,000) | — | — | 103,696 | |
| Total operating revenues | <u>4,295,520</u> | <u>4,295,520</u> | <u>4,632,091</u> | <u>336,571</u> | <u>3,810,410</u> | <u>3,839,506</u> | <u>29,096</u> | |
| OPERATING EXPENSES | | | | | | | | |
| Salaries and benefits | 974,600 | 943,100 | 833,640 | 109,460 | 1,028,039 | 837,472 | 190,567 | |
| Services | 809,156 | 923,812 | 938,103 | (14,291) | 1,724,086 | 1,856,697 | (132,611) | |
| Supplies and materials | 2,246,087 | 2,538,482 | 2,617,790 | (79,308) | 321,899 | 424,509 | (102,610) | |
| Depreciation | 19,769 | 63,656 | 63,645 | 11 | 306,139 | 347,839 | (41,700) | |
| Charges from General Fund | 213,550 | 213,550 | — | — | 187,440 | 187,440 | — | |
| Miscellaneous | — | — | — | — | 3,000 | 3,000 | 3,057 | |
| Total operating expenses | <u>4,263,162</u> | <u>4,682,600</u> | <u>4,666,728</u> | <u>15,872</u> | <u>3,570,603</u> | <u>3,570,603</u> | <u>(57)</u> | |
| Operating income (loss) | <u>32,358</u> | <u>(387,080)</u> | <u>(34,637)</u> | <u>352,443</u> | <u>239,807</u> | <u>239,807</u> | <u>(57,315)</u> | |
| NONOPERATING REVENUES (EXPENSES) | | | | | | | | |
| Investment income | 4,000 | 4,000 | (2,982) | (6,982) | 20,500 | 20,500 | (3,886) | |
| Disposal of capital assets | (3,020) | (7,293) | (2,062) | 5,231 | — | — | (80,430) | |
| Interest expense | <u>980</u> | <u>(3,293)</u> | <u>(5,044)</u> | <u>(1,751)</u> | <u>(15,679)</u> | <u>(15,679)</u> | <u>(30,188)</u> | |
| Income (loss) before transfers and contributions | <u>33,338</u> | <u>(390,373)</u> | <u>(39,681)</u> | <u>350,692</u> | <u>244,628</u> | <u>244,628</u> | <u>67,988</u> | |
| Contributions | — | — | — | — | — | — | 176,640 | |
| Transfers in | — | — | 294,500 | 294,500 | — | — | 170,000 | |
| Transfers out | — | — | — | — | (196,380) | (196,380) | 504,119 | |
| Changes in net position | <u>\$ 33,338</u> | <u>\$ (390,373)</u> | <u>254,819</u> | <u>645,192</u> | <u>\$ 48,248</u> | <u>\$ 48,248</u> | <u>504,119</u> | |
| Net position - beginning | | | <u>898,401</u> | | | | <u>196,380</u> | |
| Net position - ending | | | <u>\$ 1,153,220</u> | | | | <u>870,499</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, 2023

| | Health Insurance | | | 911 Communication | | | Variance with Final Budget Positive (Negative) | |
|------------------------------|--------------------|-----------------------|--------------------|---|-------------------|-------------------|---|--|
| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) | | | | |
| | | | | Original Budget | Final Budget | Actual | | |
| OPERATING REVENUES | | | | | | | | |
| Charges for services | \$ 22,175,540 | \$ 22,175,540 | \$ 23,289,750 | \$ 1,114,210 | \$ 5,565,483 | \$ 5,565,483 | \$ 5,571,542 | |
| Intergovernmental | — | — | — | — | 1,200,696 | 1,200,696 | 987,870 | |
| Miscellaneous | 1,270,080 | 1,270,080 | 1,650,133 | 380,053 | — | — | — | |
| Total operating revenues | <u>23,445,620</u> | <u>23,445,620</u> | <u>24,939,883</u> | <u>1,494,263</u> | <u>6,766,179</u> | <u>6,766,179</u> | <u>6,559,412</u> | |
| OPERATING EXPENSES | | | | | | | | |
| Salaries and benefits | — | — | — | 4,673,233 | 4,673,233 | 3,985,497 | 687,736 | |
| Services | 23,145,980 | 25,677,537 | 28,347,307 | (2,669,770) | 738,541 | 738,541 | 124,545 | |
| Supplies and materials | 2,000 | 2,000 | 150 | 1,850 | 1,217,943 | 1,217,943 | (192,909) | |
| Depreciation | — | — | — | — | 7,910 | 7,910 | (2,532) | |
| Charges from General Fund | 230,270 | 230,270 | 230,270 | — | — | — | — | |
| Total operating expenses | <u>23,378,250</u> | <u>25,909,807</u> | <u>28,577,727</u> | <u>(2,667,920)</u> | <u>6,637,627</u> | <u>6,637,627</u> | <u>5,531,336</u> | |
| Operating income | 67,370 | (2,464,187) | (3,637,844) | (1,173,657) | 128,552 | 128,552 | 1,028,076 | |
| NONOPERATING REVENUES | | | | | | | | |
| Investment income | 90,800 | 90,800 | (1,773) | (92,573) | — | — | 9,215 | |
| Changes in net position | <u>\$ 158,170</u> | <u>\$ (2,373,387)</u> | <u>(3,639,617)</u> | <u>\$ (1,266,230)</u> | <u>\$ 128,552</u> | <u>\$ 128,552</u> | <u>\$ 1,037,291</u> | |
| Net position - beginning | | | | | | | <u>118,198</u> | |
| Net position - ending | | | | | | | <u>\$ 1,155,489</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, 2023

| | Risk Management | | | Information System | | | Variance with Final Budget Positive (Negative) | |
|---|--------------------|-----------------|--------------|-------------------------------|--------------------|----------------|---|--|
| | Original Budget | Final Budget | Actual | Variance with Final Budget | | Actual | | |
| | | | | Positive (Negative) | Original Budget | | | |
| OPERATING REVENUES | | | | | | | | |
| Charges for services | \$ 2,142,669 | \$ 2,142,669 | \$ 2,142,669 | \$ 2,142,669 | \$ 2,142,669 | \$ 2,142,669 | \$ 5,200,748 | |
| Intergovernmental | — | — | — | — | — | — | 963,149 | |
| Miscellaneous | 325,000 | 325,000 | 547,543 | 547,543 | 222,543 | 1,289,550 | 1,289,550 | |
| Total operating revenues | 2,467,669 | 2,467,669 | 2,690,212 | 2,690,212 | 222,543 | — | — | |
| OPERATING EXPENSES | | | | | | | | |
| Salaries and benefits | 1,983,512 | 2,635,213 | 2,591,634 | — | — | 1,823,857 | 766,175 | |
| Services | — | — | — | — | 43,579 | 3,958,660 | 3,372,492 | |
| Supplies and materials | — | — | — | — | — | 262,500 | 177,449 | |
| Depreciation | — | — | — | — | — | 173,255 | 3,185,952 | |
| Charges from General Fund | 504,157 | 504,157 | 414,380 | 414,380 | 89,777 | 58,500 | 58,500 | |
| Total operating expenses | 2,487,669 | 3,139,370 | 3,006,014 | 3,006,014 | 133,356 | 6,276,772 | 9,289,743 | |
| Operating income (loss) | (20,000) | (671,701) | (315,802) | (315,802) | 355,899 | 33,468 | (2,979,503) | |
| NONOPERATING REVENUES (EXPENSES) | | | | | | | | |
| Investment income | 20,000 | 20,000 | (7,931) | (7,931) | — | — | 16,403 | |
| Interest expense | — | (303,876) | (299,653) | 4,223 | — | (252,556) | (151,843) | |
| Amortization expense | — | — | 118,800 | 118,800 | — | — | — | |
| Income (loss) before transfers | — | (955,577) | (504,586) | 450,991 | 33,468 | (3,232,059) | (1,532,111) | |
| Transfers Out | — | — | — | — | (37,721) | (37,721) | — | |
| Changes in net position | \$ — | \$ (955,577) | \$ (504,586) | \$ 450,991 | \$ (4,253) | \$ (3,269,780) | \$ (1,532,111) | |
| Net position - beginning | | | | | | | 1,737,669 | |
| Net position - ending | | | | | | | 5,477,439 | |
| | | | | | | | \$ 3,945,328 | |

(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, 2023

| | | Workmens' Compensation | | | Variance with Final Budget |
|------------------------------|--|-------------------------------|-------------------------|------------------|---------------------------------------|
| | | Original Budget | Final Budget | Actual | |
| | | | | | Positive (Negative) |
| | | | | | |
| OPERATING REVENUES | | | | | |
| Charges for services | | | | | |
| | | | | | |
| OPERATING EXPENSES | | | | | |
| Services | | 3,121,170 | 3,121,170 | 2,862,228 | 258,942 |
| Charges from General Fund | | 130,840 | 130,840 | 130,840 | — |
| Total operating expenses | | <u>3,252,010</u> | <u>3,252,010</u> | <u>2,993,068</u> | <u>258,942</u> |
| | | | | | |
| Operating income (loss) | | (276,214) | (276,214) | 773,891 | 1,050,105 |
| | | | | | |
| NONOPERATING REVENUES | | | | | |
| Investment income | | 60,000 | 60,000 | 54,071 | (5,929) |
| | | | | | |
| Changes in net position | | <u>\$(216,214)</u> | <u>\$(216,214)</u> | <u>827,962</u> | <u>\$ 1,044,176</u> |
| | | | | | |
| Net position - beginning | | | | | <u>5,055,499</u> |
| | | | | | |
| Net position - ending | | | | | <u>\$ 5,883,461</u> |
| | | | | | (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, 2023

| | Police Pension | Firefighters' Pension | Totals |
|---|-------------------|--------------------------|----------------|
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 1,105,726 | \$ 500,766 | \$ 1,606,492 |
| Investments - retirement plans | | | |
| Illinois Police Officer's Pension Investment Fund | 216,308,169 | — | 216,308,169 |
| Illinois Firefighters' Pension Investment Fund | — | 170,973,782 | 170,973,782 |
| Total investments | 216,308,169 | 170,973,782 | 387,281,951 |
| Accounts receivable - net of allowance | | | |
| Accrued interest receivable | 6,440 | 5,150 | 11,590 |
| Contributions receivables | 12,037,933 | 14,234,331 | 26,272,264 |
| Other | 4,631 | — | 4,631 |
| Total accounts receivable - net of allowance | 12,049,004 | 14,239,481 | 26,288,485 |
| Total assets | 229,462,899 | 185,714,029 | 415,176,928 |
| LIABILITIES | | | |
| Accrued liabilities | 1,238 | 6,616 | 7,854 |
| NET POSITION | | | |
| Net position restricted for pensions | \$ 229,461,661 | \$ 185,707,413 | \$ 415,169,074 |

CITY OF ROCKFORD, ILLINOIS

Pension Trust Funds

Combining Statement of Changes in Fiduciary Net Position

For the Fiscal Year Ended December 31, 2023

| | Police Pension | Firefighters' Pension | Totals |
|---|-----------------------|--------------------------|-----------------------|
| ADDITIONS | | | |
| Contributions | | | |
| Employer | \$ 13,806,069 | \$ 16,854,445 | \$ 30,660,514 |
| Plan member | 2,945,122 | 2,617,507 | 5,562,629 |
| Total contributions | <u>16,751,191</u> | <u>19,471,952</u> | <u>36,223,143</u> |
| Investment income | | | |
| Net appreciation in fair value of investments | 25,058,722 | 20,553,453 | 45,612,175 |
| Interest and dividend income | 1,534,738 | 2,851,585 | 4,386,323 |
| | <u>26,593,460</u> | <u>23,405,038</u> | <u>49,998,498</u> |
| Less investment expense | (297,057) | (172,363) | (469,420) |
| Net investment income | <u>26,296,403</u> | <u>23,232,675</u> | <u>49,529,078</u> |
| Total additions | <u>43,047,594</u> | <u>42,704,627</u> | <u>85,752,221</u> |
| DEDUCTIONS | | | |
| Pension benefits | 24,001,613 | 23,349,903 | 47,351,516 |
| Refunds of contributions | 52,653 | — | 52,653 |
| Administrative expense | 188,057 | 147,296 | 335,353 |
| Total deductions | <u>24,242,323</u> | <u>23,497,199</u> | <u>47,739,522</u> |
| Changes in fiduciary net position | 18,805,271 | 19,207,428 | 38,012,699 |
| Net position restricted for pensions | | | |
| Beginning | <u>210,656,390</u> | <u>166,499,985</u> | <u>377,156,375</u> |
| Ending | <u>\$ 229,461,661</u> | <u>\$ 185,707,413</u> | <u>\$ 415,169,074</u> |

CITY OF ROCKFORD, ILLINOIS

Pension Trust Funds
Schedule of Changes in the Fiduciary Net Position - Budget and Actual
For the Fiscal Year Ended December 31, 2023

CITY OF ROCKFORD, ILLINOIS

Consolidated Year-End Financial Report

December 31, 2023

| CSFA # | Program Name | State | Federal | Other | Total |
|---------------|---|---------------------|----------------------|-----------------------|-----------------------|
| 418-00-1330 | Norman Consent Decree | \$ 71,099 | \$ — | \$ — | \$ 71,099 |
| 418-00-1340 | Youth Emergency and Crisis Services | 10,376 | — | — | 10,376 |
| 420-00-1758 | Site Improvements | 604,532 | — | — | 604,532 |
| 420-00-2725 | Provision of Services to the Public | — | — | — | — |
| | From Named Line GRF | 250,000 | — | — | 250,000 |
| 420-27-2731 | Job Training Economic Development Program | — | 209,140 | — | 209,140 |
| 420-30-0074 | Trade Adjustment Assistance Program - Formula | — | 3,368,830 | — | 3,368,830 |
| 420-30-0076 | WIOA Formula Grants | — | 4,817,817 | — | 4,817,817 |
| 420-30-0080 | WIOA National Dislocated Worker Grants | — | 1,141,428 | — | 1,141,428 |
| 420-30-0081 | WIOA Statewide Rapid Response - Formula | — | 176,592 | — | 176,592 |
| 420-30-3163 | State Apprenticeship Expansion Program | — | 28,419 | — | 28,419 |
| 420-30-3299 | State Local Workforce Area Grants | — | 507 | — | 507 |
| | Direct Appropriations | — | 507 | — | 507 |
| 420-70-0087 | Weatherization Assistance for Low-Income Persons | 180,582 | 627,203 | — | 807,785 |
| 420-70-0090 | Low-Income Home Energy Assistance | 3,588,318 | 8,676,032 | — | 12,264,350 |
| 420-70-0091 | Community Services Block Grant | — | 1,025,946 | — | 1,025,946 |
| 420-70-2615 | Low-Income Home Energy Assistance | — | 682,439 | — | 682,439 |
| 444-80-0496 | Emergency Solutions Grant Program | — | 353,841 | — | 353,841 |
| 444-80-0657 | Homeless Prevention Program | 761,493 | — | — | 761,493 |
| 444-80-0689 | Employment Barrier Reduction Fund | 47,105 | 180,985 | — | 228,090 |
| 444-80-2552 | Emergency Rental Assistance Program | 32,853 | — | — | 32,853 |
| 444-80-3023 | Greater Illinois Violence Protection Council | 3,087 | — | — | 3,087 |
| 444-80-3153 | Rapid Re-Housing | 55,527 | — | — | 55,527 |
| 444-80-3154 | Shelter Diversion | 11,195 | — | — | 11,195 |
| 494-00-1660 | RAISE Grant- State Match | 137,610 | 773,392 | — | 911,002 |
| 494-00-2356 | Rebuild Illinois Local Bond Program | 324,118 | — | — | 324,118 |
| 494-10-0343 | State and Community Highway Safety/National Priority Safety Program | — | 86,014 | — | 86,014 |
| 532-60-3017 | Lead Service Inventory Grant Program | 31,930 | — | — | 31,930 |
| 546-00-1745 | Victims of Crime Act (VOCA) FFY18 | — | 475,446 | — | 475,446 |
| 546-00-2378 | RESTORE, REINVEST, AND RENEW (R3) | 439,376 | — | — | 439,376 |
| 588-40-0450 | Emergency Management Performance Grants | — | 53,684 | — | 53,684 |
| | Other Grant Programs and Activities | — | 27,791,033 | 71,217 | 27,862,250 |
| | All Other Costs Not Allocated | — | — | 320,314,377 | 320,314,377 |
| Totals | | \$ 6,549,201 | \$ 50,468,748 | \$ 320,385,594 | \$ 377,403,543 |

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, 2023 (Unaudited)

See Following Page

CITY OF ROCKFORD, ILLINOIS

Net Position by Component - Last Ten Fiscal Years*

December 31, 2023 (Unaudited)

| | 2014 | 2015** | 2016 | 2017 |
|---|------------------------------|------------------------------|------------------------------|------------------------------|
| GOVERNMENTAL ACTIVITIES | | | | |
| Net investment in capital assets | \$ 529,830,638 | \$ 225,009,895 | \$ 232,181,881 | \$ 246,421,993 |
| Restricted | | | | |
| Capital projects | 5,588,205 | — | — | — |
| Debt service | 6,575,000 | 9,940,202 | 9,984,081 | 10,297,303 |
| Other purposes | 15,548,246 | 24,223,691 | 25,524,410 | 24,137,561 |
| Unrestricted (deficit) | (965,343) | (281,214,840) | (294,263,674) | (315,835,681) |
| Total governmental activities net position | <u>556,576,746</u> | <u>(22,041,052)</u> | <u>(26,573,302)</u> | <u>(34,978,824)</u> |
| BUSINESS-TYPE ACTIVITIES | | | | |
| Net investment in capital assets | 140,232,135 | 136,801,891 | 138,985,875 | 142,017,856 |
| Restricted | | | | |
| Capital projects | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| Debt service | 5,187,576 | 5,040,258 | 3,734,747 | 3,493,867 |
| Unrestricted (deficit) | 3,425,953 | 8,525,774 | 12,682,405 | 15,214,839 |
| Total business-type activities net position | <u>149,845,664</u> | <u>151,367,923</u> | <u>156,403,027</u> | <u>161,726,562</u> |
| Total net position | <u><u>\$ 706,422,410</u></u> | <u><u>\$ 129,326,871</u></u> | <u><u>\$ 129,829,725</u></u> | <u><u>\$ 126,747,738</u></u> |
| PRIMARY GOVERNMENT | | | | |
| Net investment in capital assets | \$ 670,062,773 | \$ 361,811,786 | \$ 371,167,756 | \$ 388,439,849 |
| Restricted | 33,899,027 | 40,204,151 | 40,243,238 | 38,928,731 |
| Unrestricted (deficit) | 2,460,610 | (272,689,066) | (281,581,269) | (300,620,842) |
| Total net position | <u><u>\$ 706,422,410</u></u> | <u><u>\$ 129,326,871</u></u> | <u><u>\$ 129,829,725</u></u> | <u><u>\$ 126,747,738</u></u> |

Data Source: City Records

*Accrual Basis of Accounting

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

| 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|----------------|----------------|----------------|----------------|----------------|----------------|
| \$ 237,514,960 | \$ 240,780,483 | \$ 272,587,858 | \$ 263,787,727 | \$ 255,900,410 | \$ 269,436,848 |
| — | — | — | — | — | — |
| 8,350,683 | 9,080,224 | 7,274,106 | 7,643,293 | 8,046,664 | 8,583,108 |
| 28,293,779 | 26,226,292 | 26,605,345 | 32,179,117 | 36,940,637 | 42,670,463 |
| (334,710,176) | (354,897,376) | (357,991,883) | (322,408,164) | (285,420,931) | (298,003,810) |
| (60,550,754) | (78,810,377) | (51,524,574) | (18,798,027) | 15,466,780 | 22,686,609 |
| 148,507,880 | 154,684,885 | 164,308,985 | 168,670,663 | 178,474,761 | 187,438,140 |
| 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| 3,005,522 | 4,190,830 | 4,186,860 | 7,189,179 | 7,318,535 | 7,492,301 |
| 15,064,449 | 14,524,616 | 7,382,485 | 8,057,727 | 8,037,103 | 8,859,479 |
| 167,577,851 | 174,400,331 | 176,878,330 | 184,917,569 | 194,830,399 | 204,789,920 |
| \$ 107,027,097 | \$ 95,589,954 | \$ 125,353,756 | \$ 166,119,542 | \$ 210,297,179 | \$ 227,476,529 |
| \$ 386,022,840 | \$ 395,465,368 | \$ 436,896,843 | \$ 432,458,390 | \$ 434,375,171 | \$ 456,874,988 |
| 40,649,984 | 40,497,346 | 39,066,311 | 48,011,589 | 53,305,836 | 59,745,872 |
| (319,645,727) | (340,372,760) | (350,609,398) | (314,350,437) | (277,383,828) | (289,144,331) |
| \$ 107,027,097 | \$ 95,589,954 | \$ 125,353,756 | \$ 166,119,542 | \$ 210,297,179 | \$ 227,476,529 |

CITY OF ROCKFORD, ILLINOIS

Changes in Net Position - Last Ten Fiscal Years* December 31, 2023 (Unaudited)

| | 2014 | 2015** | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| EXPENSES | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 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 | \$ 40,910,756 |
| Public safety | 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 | 166,536,916 |
| Streets, alleys and bridges | 39,685,242 | 42,806,715 | 38,707,462 | 41,388,115 | 38,576,921 | 32,398,120 | 23,434,088 | 24,304,870 | 20,482,423 | 25,624,252 |
| Community development | 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 | 30,497,306 |
| Sanitation and sewers | 9,356,050 | 12,358,032 | 15,308,363 | 14,588,031 | 12,423,942 | 24,675 | 24,632 | 24,675 | 12,338 | 30,124 |
| Culture and recreation | 8,971,095 | 8,270,725 | 8,554,834 | 10,197,937 | 10,299,372 | 9,810,071 | 11,303,428 | 9,045,440 | 10,007,368 | 8,869,861 |
| Public health and welfare | 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 | 27,616,955 |
| Interest and fiscal charges | 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 | 5,566,720 |
| | <u>199,625,313</u> | <u>241,258,710</u> | <u>227,279,708</u> | <u>224,064,848</u> | <u>225,143,283</u> | <u>239,920,971</u> | <u>223,817,138</u> | <u>248,488,024</u> | <u>315,651,345</u> | <u>305,652,890</u> |
| Business-type activities: | | | | | | | | | | |
| Water | 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 | 30,748,914 |
| Parking | 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 | 3,907,184 |
| | <u>26,898,867</u> | <u>25,161,659</u> | <u>25,793,942</u> | <u>26,829,582</u> | <u>28,256,784</u> | <u>27,159,207</u> | <u>29,398,745</u> | <u>31,621,558</u> | <u>30,764,942</u> | <u>34,656,098</u> |
| Total expenses | <u>\$ 226,524,180</u> | <u>\$ 266,420,369</u> | <u>\$ 253,073,650</u> | <u>\$ 250,894,430</u> | <u>\$ 253,400,067</u> | <u>\$ 267,080,178</u> | <u>\$ 253,215,883</u> | <u>\$ 280,109,582</u> | <u>\$ 346,416,287</u> | <u>\$ 340,308,988</u> |
| PROGRAM REVENUES | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government | \$ 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 | \$ 49,827,741 |
| Public safety | 9,362,142 | 10,525,495 | — | 1,885,578 | 2,033,143 | 2,022,607 | 1,482,344 | 1,624,255 | 1,442,964 | 1,278,916 |
| Streets, alleys and bridges | 5,843,446 | 6,569,562 | — | — | — | — | — | — | — | — |
| Community development | 1,007,346 | 1,132,543 | 227,441 | 1,181,885 | 105,663 | 57,335 | — | — | — | — |
| Sanitation and sewers | 11,338,644 | 12,747,602 | 12,708,453 | 12,175,492 | 12,569,368 | 12,473,238 | 12,616,425 | — | — | — |
| Culture and recreation | 173,796 | 198,765 | 122,831 | 180,135 | 151,491 | 168,044 | 85,324 | 116,255 | 131,413 | 149,886 |
| Operating grants and contributions | 21,686,554 | 29,023,324 | 31,665,946 | 24,578,58 | 29,600,919 | 26,763,411 | 37,226,428 | 41,777,230 | 85,789,471 | 50,161,134 |
| Capital grants and contributions | 8,141,162 | 14,124,360 | 10,072,753 | 6,211,884 | 6,434,827 | 3,447,733 | — | 4,420,276 | 9,452,235 | 7,857,504 |
| | <u>64,709,527</u> | <u>82,367,336</u> | <u>83,255,521</u> | <u>74,751,939</u> | <u>75,663,243</u> | <u>69,620,657</u> | <u>81,031,290</u> | <u>89,003,026</u> | <u>140,248,178</u> | <u>109,275,181</u> |
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Waiver | 23,771,130 | 24,772,693 | 27,628,814 | 28,943,917 | 29,100,353 | 30,944,297 | 33,162,144 | 36,560,914 | 40,756,311 | |
| Parking | 2,221,571 | 1,911,746 | 2,059,037 | 1,782,237 | 1,766,949 | 1,766,277 | 1,416,136 | 1,383,429 | 1,926,381 | 2,118,193 |
| Capital grants and contributions | 644,105 | — | 859,380 | 1,305,555 | 3,511,512 | 770,104 | 497,436 | 630,169 | 1,970,067 | 1,651,403 |
| | <u>26,636,806</u> | <u>26,684,439</u> | <u>30,547,231</u> | <u>32,031,509</u> | <u>34,378,814</u> | <u>33,490,678</u> | <u>35,076,316</u> | <u>38,851,665</u> | <u>40,457,362</u> | <u>44,525,907</u> |
| Total program revenues | <u>\$ 91,346,333</u> | <u>\$ 109,051,775</u> | <u>\$ 113,802,752</u> | <u>\$ 106,783,448</u> | <u>\$ 110,042,057</u> | <u>\$ 103,111,335</u> | <u>\$ 116,107,606</u> | <u>\$ 127,854,691</u> | <u>\$ 180,705,540</u> | <u>\$ 153,801,088</u> |

| | 2014 | 2015** | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|----------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| NET (EXPENSES) REVENUES | | | | | | | | | | |
| Governmental activities | \$ (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) | \$ (196,377,709) |
| Business-type activities | (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 | 9,869,809 |
| Total net (expenses) revenues | <u>\$ (135,177,847)</u> | <u>\$ (157,368,594)</u> | <u>\$ (139,270,898)</u> | <u>\$ (144,110,982)</u> | <u>\$ (143,358,010)</u> | <u>\$ (163,968,843)</u> | <u>\$ (137,108,277)</u> | <u>\$ (152,254,891)</u> | <u>\$ (165,710,747)</u> | <u>\$ (186,507,900)</u> |
| CHANGES IN NET POSITION | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Taxes | | | | | | | | | | |
| Property taxes | \$ 59,593,973 | \$ 59,557,696 | \$ 59,518,930 | \$ 58,210,507 | \$ 59,088,158 | \$ 59,559,026 | \$ 60,828,453 | \$ 61,857,366 | \$ 63,699,332 | |
| Sales taxes | 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 | 50,985,850 |
| Use taxes | — | — | — | — | — | — | — | 5,801,055 | 6,778,301 | 6,622,473 |
| Telecommunications taxes | — | — | — | — | — | — | — | 2,640,048 | 2,446,018 | 2,142,514 |
| Utility taxes | — | — | — | — | — | — | — | 6,023,727 | 10,495,069 | 9,171,226 |
| Other taxes | 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 | 13,846,986 |
| Intergovernmental - Unrestricted | | | | | | | | | | |
| Income tax | 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 | 23,901,617 |
| Replacement tax | 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 | 23,170,810 |
| Grants | — | — | — | — | — | — | — | 8,436,928 | — | 415,431 |
| Other | — | — | — | — | — | — | — | 9,320,101 | 4,044,278 | 6,505,535 |
| Investment income | 4,204,812 | 1,188,290 | 1,001,420 | 625,757 | 1,156,212 | 1,081,913 | 802,248 | (44,962) | 4,186,856 | 4,422,331 |
| Miscellaneous | 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 | 2,589,386 |
| Transfers | 60,000 | 60,000 | 60,000 | 60,000 | — | — | 183,533 | 33,856 | 307,608 | 3,108,366 |
| Total governmental activities | <u>\$ 143,471,813</u> | <u>\$ 136,720,818</u> | <u>\$ 136,812,737</u> | <u>\$ 140,886,617</u> | <u>\$ 147,872,273</u> | <u>\$ 160,638,715</u> | <u>\$ 170,071,651</u> | <u>\$ 192,211,545</u> | <u>\$ 209,667,974</u> | <u>\$ 204,076,322</u> |
| Business-type activities: | | | | | | | | | | |
| Intergovernmental - Unrestricted | | | | | | | | | | |
| Grants | — | — | — | — | — | — | — | 900,000 | — | |
| Investment income | 1,048,948 | 232,718 | 341,815 | 181,608 | 309,640 | 491,009 | 179,064 | (57,012) | 528,018 | 89,712 |
| Miscellaneous | (167,346) | — | — | — | — | — | — | — | — | — |
| Transfers | (60,000) | (60,000) | (60,000) | (60,000) | — | — | (183,333) | (33,856) | (307,608) | — |
| Total business-type activities | <u>\$ 821,602</u> | <u>172,718</u> | <u>281,815</u> | <u>121,608</u> | <u>309,640</u> | <u>491,009</u> | <u>(4,469)</u> | <u>809,132</u> | <u>220,410</u> | <u>89,712</u> |
| Total primary government | <u>\$ 144,293,415</u> | <u>\$ 136,893,536</u> | <u>\$ 137,094,552</u> | <u>\$ 141,008,225</u> | <u>\$ 148,181,913</u> | <u>\$ 161,129,724</u> | <u>\$ 170,067,182</u> | <u>\$ 193,020,677</u> | <u>\$ 209,888,384</u> | <u>\$ 204,166,034</u> |
| CHANGE IN NET POSITION | | | | | | | | | | |
| Governmental activities | \$ 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 | \$ 7,698,613 |
| Business-type activities | 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 | 9,959,521 |
| Total primary government | <u>\$ 9,115,568</u> | <u>\$ (20,475,058)</u> | <u>\$ (2,176,346)</u> | <u>\$ (3,102,757)</u> | <u>\$ 4,823,903</u> | <u>\$ (2,839,119)</u> | <u>\$ 32,958,905</u> | <u>\$ 40,765,786</u> | <u>\$ 44,177,637</u> | <u>\$ 17,658,134</u> |

*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, 2023 (Unaudited)

| | 2014 | 2015 | 2016 | 2017 |
|---|----------------------|----------------------|----------------------|----------------------|
| GENERAL FUND | | | | |
| Nonspendable | \$ — | \$ 150,000 | \$ 150,000 | \$ 150,000 |
| Unassigned | 35,567,463 | 37,525,349 | 36,636,721 | 30,466,617 |
| Total General Fund | 35,567,463 | 37,675,349 | 36,786,721 | 30,616,617 |
| ALL OTHER GOVERNMENTAL FUNDS | | | | |
| Nonspendable | 870,116 | 798,679 | 437,466 | 57,012 |
| Restricted for: | | | | |
| Capital projects | 5,588,205 | — | — | — |
| Debt service | 6,575,000 | 10,177,528 | 10,221,407 | 10,534,629 |
| Culture and recreation | 9,289,998 | 10,069,963 | 9,944,201 | 9,939,853 |
| Community development | 4,744,767 | 5,598,346 | 6,566,114 | 4,226,602 |
| Public health and welfare | 667,574 | 532,752 | 599,909 | 832,850 |
| Highway and streets | 11,704,798 | 8,022,630 | 8,414,186 | 9,138,256 |
| Assigned for: | | | | |
| General government | 192,988 | 195,561 | 195,561 | 195,561 |
| Debt service | 4,062,585 | — | — | — |
| Community development | 4,134,143 | 4,266,523 | 12,350,498 | 2,602,348 |
| Public health and welfare | 159,297 | 216,535 | 286,150 | 209,679 |
| Unassigned | (8,208,433) | (7,134,235) | (10,193,553) | (10,262,963) |
| Total all other governmental funds | 39,781,038 | 32,744,282 | 38,821,939 | 27,473,827 |
| Total all governmental funds | \$ 75,348,501 | \$ 70,419,631 | \$ 75,608,660 | \$ 58,090,444 |

Data Source: City Records

*Modified Accrual Basis of Accounting

| 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|-------------------|-------------------|-------------------|-------------------|--------------------|--------------------|
| \$ 151,054 | \$ 150,400 | \$ 319,298 | \$ 318,934 | \$ 320,258 | \$ — |
| 34,079,651 | 39,502,751 | 42,821,303 | 46,280,214 | 116,441,375 | 127,463,373 |
| <u>34,230,705</u> | <u>39,653,151</u> | <u>43,140,601</u> | <u>46,599,148</u> | <u>116,761,633</u> | <u>127,463,373</u> |
| — | 81,000 | — | — | — | 15,262,334 |
| — | — | — | — | — | — |
| 8,588,009 | 9,487,451 | 7,607,347 | 7,885,437 | 8,264,601 | 8,780,330 |
| 10,716,006 | 11,524,308 | 12,375,287 | 14,048,280 | 16,194,130 | 17,338,183 |
| 4,786,207 | 2,488,498 | 1,352,030 | 2,024,645 | 5,124,404 | 5,831,346 |
| 4,152,001 | 1,519,384 | 1,851,016 | 2,811,123 | — | 1,785,817 |
| 8,639,565 | 10,694,102 | 11,027,012 | 13,295,069 | 15,622,103 | 17,715,117 |
| 195,561 | — | — | — | — | — |
| — | — | — | — | — | — |
| 2,567,102 | 24,307,524 | 9,247,843 | 9,715,891 | 13,683,271 | 5,898,076 |
| 145,575 | 5,199 | — | 104,888 | 192,007 | — |
| (11,143,082) | (9,813,638) | (9,322,248) | (4,263,488) | (4,232,483) | (6,198,182) |
| <u>28,646,944</u> | <u>50,293,828</u> | <u>34,138,287</u> | <u>45,621,845</u> | <u>54,848,033</u> | <u>66,413,021</u> |
| \$ 62,877,649 | \$ 89,946,979 | \$ 77,278,888 | \$ 92,220,993 | \$ 171,609,666 | \$ 193,876,394 |

CITY OF ROCKFORD, ILLINOIS

Changes in Fund Balances for Governmental Funds - Last Ten Fiscal Years* December 31, 2023 (Unaudited)

| | 2014 | 2015 | 2016 | 2017 |
|--|--------------------|---------------------|---------------------|---------------------|
| REVENUES | | | | |
| Taxes | \$ 113,009,795 | \$ 109,065,837 | \$ 110,340,379 | \$ 114,816,711 |
| Licenses and permits | 5,292,806 | 7,836,475 | 7,182,358 | 9,745,667 |
| Intergovernmental | 59,115,907 | 68,003,443 | 63,613,242 | 52,044,241 |
| Charges for services | 24,559,244 | 30,134,940 | 33,077,083 | 32,263,530 |
| Fines | 1,223,737 | 1,248,237 | 1,257,381 | 1,952,100 |
| Investment income | 3,118,977 | 914,998 | 726,080 | 461,721 |
| Miscellaneous | 1,017,183 | 1,550,932 | 3,536,395 | 4,130,550 |
| Total revenues | <u>207,337,649</u> | <u>218,754,862</u> | <u>219,732,918</u> | <u>215,414,520</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 12,452,533 | 11,152,236 | 11,597,842 | 11,710,916 |
| Public safety | 92,695,209 | 98,615,052 | 101,937,283 | 107,513,287 |
| Streets, alleys and bridges | 15,068,708 | 21,094,419 | 16,202,782 | 12,415,385 |
| Community development | 8,886,067 | 12,368,519 | 13,341,542 | 12,562,462 |
| Sanitation and sewers | 12,012,277 | 12,358,032 | 14,398,829 | 14,737,836 |
| Culture and recreation | 7,954,777 | 7,348,771 | 8,554,854 | 8,249,312 |
| Public health and welfare | 15,857,443 | 15,627,543 | 15,033,706 | 15,947,170 |
| Debt service: | | | | |
| Principal payments | 10,640,814 | 13,148,479 | 12,040,963 | 13,039,045 |
| Interest and fiscal charges | 3,455,713 | 3,425,850 | 4,220,590 | 5,128,971 |
| Capital outlay: | | | | |
| General government | — | 1,124,980 | — | — |
| Public safety | 5,891,123 | — | — | — |
| Streets, alleys and bridges | 24,884,980 | 41,979,220 | 36,633,253 | 33,876,952 |
| Community development | — | — | — | — |
| Culture and recreation | 3,415,845 | 375,570 | — | — |
| Public health and welfare | 164,218 | — | — | — |
| Total expenditures | <u>213,379,707</u> | <u>238,618,671</u> | <u>233,961,644</u> | <u>235,181,336</u> |
| Excess (deficiencies) of revenues over (under) expenditures | <u>(6,042,058)</u> | <u>(19,863,809)</u> | <u>(14,228,726)</u> | <u>(19,766,816)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| 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 | 4,016,223 | — | 4,515,600 | 1,020,330 |
| Issuance of leases payable | — | — | — | — |
| Issuance of subscriptions payable | — | — | — | — |
| Discount on debt issuance | (369,781) | — | — | — |
| Premium on debt issuance | 1,085,765 | — | 314,528 | — |
| Disposal of capital assets | — | — | — | 1,147,500 |
| Transfers in | 16,501,125 | 23,124,325 | 19,852,700 | 19,199,654 |
| Transfers out | (18,941,125) | (23,064,325) | (19,792,700) | (19,139,654) |
| Net change in fund balances | <u>6,390,211</u> | <u>14,934,939</u> | <u>19,417,755</u> | <u>2,227,830</u> |
| Debt service as a percentage of noncapital expenditures | (11.01%) | 8.40% | 7.68% | 8.41% |

Data Source: City Records

*Modified Accrual Basis of Accounting

| 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|----------------|----------------|-----------------|----------------|----------------|----------------|
| \$ 122,441,123 | \$ 128,607,124 | \$ 125,570,423 | \$ 138,887,121 | \$ 145,179,350 | \$ 146,468,381 |
| 10,874,632 | 11,028,972 | 9,490,309 | 9,769,217 | 9,241,157 | 11,388,480 |
| 57,289,345 | 53,923,910 | 71,222,017 | 89,408,742 | 153,986,379 | 109,928,827 |
| 26,652,526 | 26,303,212 | 32,796,285 | 31,372,851 | 34,283,445 | 38,547,402 |
| 2,100,339 | 2,077,329 | 1,518,268 | 1,663,452 | 1,481,870 | 1,320,661 |
| 901,939 | 712,630 | 650,625 | 516 | 3,765,242 | 2,526,269 |
| 3,021,339 | 5,779,049 | 9,519,858 | 6,534,954 | 1,249,487 | 3,108,366 |
| 223,281,243 | 228,432,226 | 250,767,785 | 277,636,853 | 349,186,930 | 313,288,386 |
| | | | | | |
| 13,064,160 | 22,835,047 | 24,695,816 | 28,507,909 | 24,475,645 | 28,889,610 |
| 110,656,380 | 113,983,475 | 121,765,321 | 128,903,692 | 129,221,965 | 137,290,476 |
| 13,973,852 | 15,744,910 | 19,938,492 | 15,782,584 | 12,160,406 | 17,431,049 |
| 15,788,408 | 11,923,262 | 23,893,882 | 21,177,685 | 24,466,215 | 30,375,214 |
| 12,397,792 | — | — | — | — | — |
| 8,289,293 | 9,038,648 | 8,476,567 | 7,385,242 | 8,788,636 | 8,369,498 |
| 16,964,131 | 18,431,025 | 21,180,333 | 29,121,725 | 33,265,425 | 27,346,093 |
| | | | | | |
| 10,846,812 | 10,075,455 | 10,454,272 | 10,585,839 | 10,913,614 | 13,050,443 |
| 2,993,490 | 3,225,586 | 3,588,960 | 4,776,527 | 4,827,525 | 5,030,566 |
| | | | | | |
| — | — | — | — | — | — |
| — | — | — | — | — | — |
| 22,038,242 | 25,287,062 | 31,987,563 | 17,538,699 | 24,499,621 | 29,536,222 |
| — | — | — | — | — | — |
| — | — | — | — | — | — |
| — | — | — | — | — | — |
| 227,012,560 | 230,544,470 | 265,981,206 | 263,779,902 | 272,619,052 | 297,319,171 |
| | | | | | |
| (3,731,317) | (2,112,244) | (15,213,421) | 13,856,951 | 76,567,878 | 15,969,215 |
| | | | | | |
| — | — | — | — | — | — |
| (10,929,758) | — | — | — | — | — |
| 16,800,526 | 31,945,831 | 1,520,795 | — | — | — |
| — | — | — | 710,078 | 2,308,473 | 6,416,142 |
| — | — | — | — | — | 313,418 |
| — | — | — | — | — | 366,572 |
| 97,334 | — | — | — | — | — |
| (37,960) | 758,685 | — | — | — | — |
| — | — | — | — | — | — |
| 17,714,465 | 31,071,827 | 15,590,022 | 15,522,876 | 17,822,554 | 25,580,645 |
| (15,126,085) | (31,268,871) | (14,565,487) | (15,147,800) | (17,310,232) | (26,379,264) |
| 8,518,522 | 32,507,472 | 2,545,330 | 1,085,154 | 2,820,795 | 6,297,513 |
| \$ 4,787,205 | \$ 30,395,228 | \$ (12,668,091) | \$ 14,942,105 | \$ 79,388,673 | \$ 22,266,728 |

6.53% 6.27% 6.19% 6.17% 6.39% 6.64%

CITY OF ROCKFORD, ILLINOIS**Assessed Value and Actual Value of Taxable Property (000's Omitted) - Last Ten Tax Levy Years**
December 31, 2023 (Unaudited)

| Tax Levy Year | Winnebago | |
|------------------------------|---------------------------------|--------------------------------|
| | Residential Property | Commercial Property |
| 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 |
| 2023 | 1,438,629 | 614,770 |

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

| County | | | | Total Taxable Assessed Value | Total Direct Tax Rate | Estimated Actual Taxable Value | Estimated Actual Value |
|------------------------|-------------------|----------------|--------------|---------------------------------------|--------------------------------|---|------------------------------|
| Industrial Property | Other Property | Ogle County | | | | | |
| \$ 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% | |
| 221,626 | 7,868 | 122 | 2,282,771 | 2.55000 | 6,848,998 | 33.33% | |

CITY OF ROCKFORD, ILLINOIS

Direct and Overlapping Property Tax Rates - Last Ten Tax Levy Years
December 31, 2023 (Unaudited)

| Tax Levy Year | City Direct Rates | | | | | Winnebago County |
|---------------------|-------------------|---------------------------------------|-------------------------|---------------------------|-----------------------------|---------------------|
| | General Fund | Library Special Revenue Fund | Debt Service Fund | Other Revenue Funds | Total Direct Tax Rate | |
| 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 |
| 2023 | 2.19720 | 0.35280 | 0.00000 | 0.00000 | 2.55000 | 0.75870 |

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 |
| 0.11990 | 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 |
| 0.09130 | 0.20710 | 0.89140 | 0.14250 | 0.08770 | 5.19540 | 0.45930 |

CITY OF ROCKFORD, ILLINOIS

Principal Property Tax Payers - Current Fiscal Year and Ten Fiscal Years Ago
December 31, 2023 (Unaudited)

| Taxpayer | 2023 | | | 2013 | | |
|------------------------------------|----------------------|------|------------------------|----------------------|------|------------------------|
| | Equalized Value | Rank | Percentage of Total | Equalized Value | Rank | Percentage of Total |
| | | | Equalized Value | | | Equalized Value |
| Greater Rockford Airport Authority | \$ 14,175,361 | 1 | 0.79% | \$ 11,271,057 | 2 | 0.73% |
| Wesley Willows | 12,621,514 | 2 | 0.70% | 5,546,728 | 5 | 0.36% |
| Lowes Homes Centers Inc. | 12,519,426 | 3 | 0.70% | 11,525,111 | 1 | 0.74% |
| Forest Plaza LLC | 9,089,342 | 4 | 0.51% | 6,536,961 | 4 | 0.42% |
| 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% | 8,603,233 | 3 | 0.55% |
| 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% | 3,378,005 | 9 | 0.22% |
| MB Rockford State LLC | | | | 3,890,710 | 6 | 0.25% |
| Hamilton Sundstrand Corporation | | | | 3,683,547 | 7 | 0.24% |
| Anderson Rockford LLC | | | | 3,525,525 | 8 | 0.23% |
| Rock River Valley Industrial Park | | | | 3,333,185 | 10 | 0.21% |
| | | | | | | |
| Totals | <u>\$ 87,470,264</u> | | <u>4.88%</u> | <u>\$ 61,294,062</u> | | <u>3.95%</u> |

Data Source: Winnebago County Collector's office.

CITY OF ROCKFORD, ILLINOIS

Property Tax Levies and Collections - Last Ten Fiscal Years
December 31, 2023 (Unaudited)

| Tax Levy Year | Tax Levy (1) | Collections (2) | Percent of Tax Levy Extension Collected | | Delinquent Tax Collections (3) | Total Tax Collections | Total Collections as Percent of Current Tax Levy Extensions |
|---------------------|-----------------|--------------------|--|------------------------|--------------------------------------|--------------------------|---|
| | | | Tax Levy | Extension Collected | | | |
| 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 | 54,215,868 | 54,137,076 | 99.85% | | (68,339) | 54,068,737 | 99.73% |
| 2017 | 54,696,106 | 53,968,144 | 98.67% | | (51,618) | 53,916,526 | 98.57% |
| 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 | 55,567,606 | 54,763,029 | 98.55% | | — | 54,763,029 | 98.55% |
| 2021 | 55,623,392 | 55,493,918 | 99.77% | | (8,753) | 55,485,165 | 99.75% |
| 2022 | 55,623,392 | 54,501,385 | 97.98% | | — | 54,501,385 | 97.98% |
| 2023 | 55,992,392 | — | —% | | — | — | —% |

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 2023 levy will be collected in 2024.

CITY OF ROCKFORD, ILLINOIS

Ratios of Outstanding Debt by Type - Last Ten Fiscal Years December 31, 2023 (Unaudited)

| Fiscal Year | Governmental Activities | | | | | | | | | | |
|-------------|--------------------------|------------------------------|--------------------------------|-----------------|-----------|-------------------------------|--------------------------|----------------------------|-----------------------|-----------------|--|
| | General Obligation Bonds | Section 108 Guaranteed Loans | EPA Water Pollution Obligation | Promissory Note | Leases | Installment Contracts Payable | Installment Note Payable | Inter-governmental Payable | Subscriptions Payable | Lines of Credit | |
| | | | | | | | | | | | |
| 2014 | \$ 69,426,067 | \$ 825,000 | \$ 58,653 | \$ 138,518 | — | \$ 16,778,615 | \$ — | \$ — | \$ — | \$ 1,661,113 | |
| 2015 | 67,266,849 | 635,000 | — | 28,065 | — | 17,797,236 | — | — | — | 1,461,113 | |
| 2016 | 69,826,993 | 3,175,000 | — | — | — | 15,723,141 | — | — | — | 1,461,113 | |
| 2017 | 76,178,017 | 3,115,000 | — | — | — | 13,195,517 | — | — | — | — | |
| 2018 | 67,814,223 | 3,055,000 | — | — | — | 20,162,692 | — | 4,520,372 | — | — | |
| 2019 | 60,276,399 | 2,868,000 | — | — | — | 26,228,983 | — | 4,317,345 | — | — | |
| 2020 | 76,272,024 | 2,793,000 | — | — | — | 22,255,165 | — | 4,108,063 | — | — | |
| 2021 | 80,674,842 | 2,457,000 | — | — | — | 17,315,950 | — | 3,891,538 | — | — | |
| 2022 | 74,214,596 | 2,313,000 | — | — | 8,750,113 | 14,405,064 | — | 3,667,924 | — | — | |
| 2023 | 60,216,087 | 2,167,000 | — | — | 8,426,654 | 16,120,014 | 425,795 | 3,417,096 | 13,145,762 | — | |

Data Source: City Records

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

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

| Business-Type Activities | | | | | | | | | | |
|--------------------------|--------------|---------------|-----------|---------------|--------------|----------------|------------|-------------|-------|------------|
| Parking | | | | | | | | | | |
| Water | System | | | | | | | | | |
| General | General | | | | | | | | | |
| Obligation | Obligation | Water | | Installment | | Total | | Percentage | | |
| Alternate | Alternate | IEPA | Leases | Subscriptions | Contracts | Primary | Government | of Personal | Per | Income (1) |
| Bonds | Bonds | Loan | Leases | Payable | Payable | Government | | Income (1) | Per | Capita (1) |
| \$ 28,876,652 | \$ 1,575,000 | \$ 33,170,452 | — | — | \$ 1,281,492 | \$ 153,791,562 | 2.69% | \$ 1,030 | | |
| 26,266,614 | 7,815,000 | 31,373,810 | — | — | 1,261,945 | 153,905,632 | 2.62% | | 1,037 | |
| 23,776,576 | 8,140,000 | 29,483,315 | — | — | 1,033,603 | 152,619,741 | 2.57% | | 1,034 | |
| 21,608,315 | 7,774,919 | 27,558,040 | — | — | 858,998 | 150,288,806 | 2.54% | | 1,022 | |
| 19,383,870 | 7,430,259 | 25,602,864 | — | — | 673,799 | 148,643,079 | 2.42% | | 1,014 | |
| 17,454,125 | 8,249,967 | 23,606,083 | — | — | 995,563 | 143,996,465 | 2.30% | | 989 | |
| 15,788,818 | 7,809,254 | 21,577,827 | — | — | 785,046 | 151,389,197 | 2.09% | | 1,040 | |
| 14,063,511 | 7,347,276 | 20,007,230 | — | — | 559,985 | 146,317,332 | 2.22% | | 984 | |
| 12,323,204 | 6,853,823 | 21,593,697 | 2,213 | — | 376,056 | 144,499,690 | 1.91% | | 978 | |
| 8,592,589 | 6,354,105 | 26,331,686 | 2,084,872 | 61,114 | 984,039 | 148,326,813 | 1.99% | | 1,011 | |

CITY OF ROCKFORD, ILLINOIS

Ratios of General Bonded Debt Outstanding - Last Ten Fiscal Years December 31, 2023 (Unaudited)

| Fiscal Year | Population (1) | Equalized Value (2) | Bond Principal | Less: | | Net Bonded Debt | Ratio of Net Bonded Debt to Equalized Value | | Net Bonded Debt Per Capita |
|-------------|-------------------|------------------------|-------------------|-----------------|--------------------|--------------------|--|-----|--|
| | | | | Debt Service | Net Bonded Debt | | Debt to Equalized Value | | |
| 2014 | 149,287 | 1,452,026,645 | \$ 99,877,719 | \$ 8,895,000 | \$ 90,982,719 | 6.27% | \$ 609 | | |
| 2015 | 148,422 | 1,438,623,439 | 101,348,463 | 9,940,202 | 91,408,261 | 6.35% | | 616 | |
| 2016 | 147,651 | 1,443,301,828 | 101,743,569 | 9,984,081 | 91,759,488 | 6.36% | | 621 | |
| 2017 | 147,051 | 1,473,147,305 | 105,561,251 | 13,791,170 | 91,770,081 | 6.23% | | 624 | |
| 2018 | 146,526 | 1,537,222,547 | 94,628,352 | 11,356,205 | 83,272,147 | 5.42% | | 568 | |
| 2019 | 145,609 | 1,649,676,971 | 85,980,491 | 12,106,408 | 73,874,083 | 4.48% | | 507 | |
| 2020 | 145,609 | 1,741,706,058 | 99,870,096 | 11,460,966 | 88,409,130 | 5.08% | | 607 | |
| 2021 | 148,655 | 1,850,371,307 | 102,085,629 | 14,832,472 | 87,253,157 | 4.72% | | 587 | |
| 2022 | 147,711 | 2,030,590,488 | 93,391,623 | 15,365,199 | 78,026,424 | 3.84% | | 528 | |
| 2023 | 146,713 | 2,283,014,227 | 75,162,781 | 16,075,409 | 59,087,372 | 2.59% | | 403 | |

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, 2023 (Unaudited)

| Name of Governmental Unit | (2) Total Debt Outstanding | Percentage Applicable to City | City's Share of Debt |
|------------------------------------|---|--|-------------------------------------|
| DIRECT | | | |
| City of Rockford, Illinois (1) | \$ 103,918,408 | 100.0% | \$ 103,918,408 |
| OVERLAPPING | | | |
| Schools: | | | |
| Rockford School District #205 | 146,089,921 | 70.8% | 103,431,664 |
| Harlem School District #122 | 10,250,000 | 2.9% | 297,250 |
| Meridian School District #223 | 7,290,000 | 93.9% | 6,845,310 |
| Pecatonica School District #321 | 1,289,000 | 10.6% | 136,634 |
| Winnebago School District #323 | 11,936,800 | 6.2% | 740,082 |
| Rock Valley Community College #511 | 34,480,000 | 59.3% | 20,446,640 |
| | <u>211,335,721</u> | | <u>131,897,580</u> |
| Other units: | | | |
| Winnebago County | 69,585,000 | 40.3% | 28,042,756 |
| Winnebago County Forest Preserve | 1,246,633 | 40.3% | 502,393 |
| Four Rivers Sanitation Authority | 12,120,000 | 58.0% | 7,029,600 |
| Greater Rockford Airport Authority | 58,963,258 | 54.7% | 32,252,902 |
| 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 | 39,324,000 | 70.0% | 27,526,800 |
| | <u>181,238,891</u> | | <u>95,354,451</u> |
| Total overlapping debt | <u>392,574,612</u> | | <u>227,252,031</u> |
| Total direct and overlapping debt | <u>\$ 496,493,020</u> | | <u>\$ 331,170,439</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, 2023 (Unaudited)

LEGAL DEBT MARGIN CALCULATION FOR THE FISCAL YEAR 2022

| | |
|---|-------------------------|
| Assessed value | <u>\$ 2,283,014,227</u> |
| Debt limit - State (8.625% of assessed value) | <u>196,909,977</u> |
| Debt limit - City (80% of the State limit) | 157,527,982 |
| Debt applicable to limit: | |
| Lease/purchase agreements | <u>17,104,053</u> |
| Legal debt margin | <u>\$ 140,423,929</u> |

| | 2014 | 2015 | 2016 | 2017 |
|---|----------------------|---------------|---------------|----------------|
| Debt limit | \$ 100,189,839 | \$ 99,265,017 | \$ 99,587,826 | \$ 101,647,164 |
| Total net debt applicable to limit | <u>27,828,738</u> | 25,393,359 | 20,204,254 | 14,480,517 |
| Legal debt margin | <u>\$ 72,361,101</u> | \$ 73,871,658 | \$ 79,383,572 | \$ 87,166,647 |
| Total net debt applicable to the limit as a percentage of debt limit | 27.78% | 25.58% | 20.29% | 14.25% |

Data Source: City Records

| 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|----------------------|----------------------|----------------------|-----------------------|-----------------------|-----------------------|
| \$ 106,068,356 | \$ 113,827,711 | \$ 120,177,718 | \$ 127,675,620 | \$ 140,110,744 | \$ 157,527,982 |
| 19,760,938 | 27,224,546 | 21,552,656 | 17,877,894 | 14,741,524 | 17,104,053 |
| <u>\$ 86,307,418</u> | <u>\$ 86,603,165</u> | <u>\$ 98,625,062</u> | <u>\$ 109,797,726</u> | <u>\$ 125,369,220</u> | <u>\$ 140,423,929</u> |
| 18.63% | 23.92% | 17.93% | 14.00% | 10.52% | 10.86% |

CITY OF ROCKFORD, ILLINOIS

Pledged-Revenue Coverage - Last Ten Fiscal Years
December 31, 2023 (Unaudited)

| Fiscal Year | Water Service Charges | Less: Operating Expenses | Available for Debt Service | Net Revenue | | Total | Coverage |
|---------------------------|------------------------------|---------------------------------|-----------------------------------|--------------------|-----------------|--------------|-----------------|
| | | | | Principal | Interest | | |
| Water Utility Fund | | | | | | | |
| 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 | 1,625,000 | 594,431 | 2,219,431 | 1.94% |
| 2021 | 31,799,113 | 24,736,833 | 7,062,280 | 1,640,000 | 519,806 | 2,159,806 | 3.27% |
| 2022 | 31,888,981 | 26,049,209 | 5,839,772 | 1,715,000 | 441,306 | 2,156,306 | 2.71% |
| 2023 | 34,793,778 | 28,608,225 | 6,185,553 | 1,815,000 | 358,806 | 2,173,806 | 2.85% |

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, 2023 (Unaudited)

| Fiscal Year | Population (1) | Personal Income (Thousands of dollars) (3) | Per Capita Personal Income (2) | Unemployment Rate (4) |
|-------------|----------------|--|--------------------------------|-----------------------|
| 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 | 7,553,941 | 51,140 | 5.40% |
| 2023 | 146,713 | 7,453,901 | 50,806 | 5.90% |

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, 2023 (Unaudited)

| Taxpayer | 2023 | | | 2013 | | |
|--|--------------------|------|---|--------------------|------|---|
| | Employees (1) | Rank | Percentage of Total City Employment | Employees (2) | Rank | Percentage of Total City Employment |
| | | | | | | |
| Rockford Public Schools | 4,075 | 1 | 2.57% | 4,800 | 1 | 3.34% |
| UW Health/Swedish American Health System (3) | 3,780 | 2 | 2.39% | 2,600 | 3 | 1.81% |
| Mercyhealth/Rockford Health | 3,000 | 3 | 1.90% | 2,500 | 4 | 1.74% |
| OSF Healthcare (4) | 2,200 | 4 | 1.39% | 2,000 | 6 | 1.39% |
| UPS | 2,000 | 5 | 1.26% | | | |
| Collins Aerospace | 2,000 | 6 | 1.26% | | | |
| Woodward Governor Company | 2,000 | 7 | 1.26% | | | |
| Amazon | 1,535 | 8 | 0.97% | | | |
| Wal-Mart Stores | 1,470 | 9 | 0.93% | 2,000 | 8 | 1.39% |
| Stellantis/Fiat Chrysler Automobiles | 1,459 | 10 | 0.92% | 2,750 | 2 | 1.91% |
| Hamilton Sundstrand Corporation | | | | 2,350 | 5 | 1.63% |
| Rockford Park District | | | | 2,000 | 7 | 1.39% |
| Freeport Health Network Hospital | | | | 1,600 | 9 | 1.11% |
| Winnebago County | | | | 1,200 | 10 | 0.83% |
| Totals | <u>23,519</u> | | <u>14.85%</u> | <u>23,800</u> | | <u>16.54%</u> |
| Total employment in the Rockford MSA | <u>158,289</u> | | | <u>143,771</u> | | |

Note:

- (1) Data Source: Rockford Area Economic and Development Council
- (2) Based on March 2013 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, 2023 (Unaudited)

See Following Page

CITY OF ROCKFORD, ILLINOIS

Full-time Equivalent Government Employees by Function - Last Ten Fiscal Years
December 31, 2023 (Unaudited)

| Function/Program | 2014 | 2015 | 2016 | 2017 |
|------------------------------|----------------|----------------|----------------|----------------|
| General government: | | | | |
| Mayor's office | 4.0 | 4.0 | 4.0 | 5.0 |
| Legal department | 12.0 | 13.0 | 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 | 286.5 | 287.0 | 287.0 | 284.0 |
| Civilians | 36.0 | 36.0 | 36.0 | 40.0 |
| Fire department | 259.0 | 259.0 | 259.0 | 261.0 |
| 911 | 53.0 | 53.0 | 52.0 | 52.0 |
| Public works - traffic | 11.0 | 11.0 | 12.0 | 11.0 |
| Construction services | 25.2 | 23.2 | 24.0 | 23.0 |
| Streets, alleys and bridges | | | | |
| Administration | 2.0 | 2.0 | 2.0 | 2.0 |
| Engineering | 8.0 | 9.1 | 9.0 | 10.0 |
| Capital projects | 18.0 | 18.9 | 20.0 | 20.0 |
| Street and sewer maintenance | 31.0 | 31.0 | 30.0 | 30.0 |
| Property and equipment | 23.0 | 23.0 | 24.0 | 25.0 |
| Community development | | | | |
| Administration | 1.5 | 1.5 | 2.0 | 2.0 |
| Development | 7.0 | 6.0 | 6.0 | 5.0 |
| Planning | 4.3 | 4.3 | 5.0 | 4.0 |
| Culture and recreation | | | | |
| Library | 87.0 | 87.0 | 88.0 | 88.0 |
| Public health and welfare | 95.5 | 86.4 | 89.0 | 89.0 |
| Parking | 3.0 | 3.0 | 3.0 | 3.0 |
| Water | 64.0 | 63.0 | 64.0 | 63.0 |
| Totals | 1,076.0 | 1,066.4 | 1,074.0 | 1,075.0 |

Data Source: City Finance Office

| 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---------|---------|---------|---------|---------|---------|
| 5.0 | 5.0 | 5.0 | 5.0 | 4.0 | 4.0 |
| 13.0 | 13.0 | 13.0 | 14.0 | 14.0 | 15.0 |
| 36.0 | 33.0 | 32.0 | 32.0 | 32.0 | 32.0 |
| 5.0 | 6.0 | 6.0 | 6.0 | 6.0 | 8.0 |
| 5.0 | 5.0 | 5.0 | 5.0 | 6.0 | 6.0 |
| | | | | | |
| 301.0 | 301.0 | 301.0 | 301.0 | 303.0 | 304.0 |
| 41.0 | 40.0 | 41.0 | 44.0 | 45.0 | 45.0 |
| 272.0 | 272.0 | 274.0 | 274.0 | 274.0 | 274.0 |
| 52.0 | 52.0 | 52.0 | 53.0 | 53.0 | 53.0 |
| 12.0 | 12.0 | 12.0 | 12.0 | 12.0 | 12.0 |
| 25.0 | 21.0 | 20.3 | 20.3 | 21.3 | 21.3 |
| | | | | | |
| 2.0 | 2.0 | 3.0 | 7.0 | 7.0 | 7.0 |
| 6.0 | 6.1 | 7.2 | 7.2 | 9.7 | 13.4 |
| 21.0 | 20.9 | 21.8 | 21.8 | 18.3 | 15.6 |
| 31.0 | 31.0 | 31.0 | 31.0 | 31.0 | 31.0 |
| 24.0 | 24.0 | 24.0 | 20.0 | 20.0 | 20.0 |
| | | | | | |
| 1.5 | 1.5 | 2.5 | 2.5 | 2.5 | 2.5 |
| 6.0 | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 |
| 4.5 | 8.5 | 8.3 | 8.3 | 8.3 | 8.3 |
| | | | | | |
| 87.0 | 88.1 | 78.0 | 80.0 | 67.5 | 67.5 |
| 93.4 | 84.4 | 91.7 | 91.7 | 101.6 | 101.6 |
| 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 |
| 63.0 | 65.0 | 65.0 | 65.0 | 66.0 | 67.0 |
| | | | | | |
| 1,109.4 | 1,100.5 | 1,102.8 | 1,109.8 | 1,111.2 | 1,117.2 |

CITY OF ROCKFORD, ILLINOIS

Operating Indicators by Function/Program - Last Ten Fiscal Years December 31, 2023 (Unaudited)

| Function/Program | 2014 | 2015 | 2016 | 2017 |
|---|---------|---------|---------|---------|
| Police department | | | | |
| Total calls for service | 146,033 | 162,339 | 158,966 | 159,511 |
| Total group A offenses | 18,217 | 18,119 | 18,164 | 17,489 |
| Total group B offenses | 8,659 | 9,872 | 9,960 | 10,141 |
| Clearance rate | 36.10% | 32.70% | 34.00% | 37.50% |
| Fire department | | | | |
| Total call for service | 22,008 | 27,446 | 27,580 | 28,378 |
| Number of fire investigations | 180 | 180 | N/A | N/A |
| Total number of fire calls | 638 | 690 | 679 | 534 |
| Total number of ambulance runs | 20,732 | 21,844 | 21,580 | 22,390 |
| 911 center | | | | |
| Total non-emergency calls | 105,744 | 106,246 | 132,427 | 108,080 |
| Total emergency calls | 134,387 | 137,945 | 108,072 | 132,868 |
| Total police dispatches | 195,293 | 167,305 | 163,339 | 161,572 |
| Total fire dispatches | 25,990 | 27,838 | 31,557 | 28,835 |
| Construction and development services | | | | |
| Building permits | 9,664 | 6,463 | N/A | 6,744 |
| Code enforcement | 4,779 | 5,312 | N/A | N/A |
| Total inspections | 10,500 | 9,572 | 8,095 | 8,710 |
| Demolitions | 113 | 113 | 118 | 215 |
| Human services | | | | |
| Households receiving energy assistance | 6,000 | 8,270 | 7,943 | 7,796 |
| Head start children served | 756 | 760 | 763 | 689 |
| Homeless prevention clients served | 2,800 | 1,155 | 1,155 | 410 |
| Summer food program - meals served | 23,350 | 53,982 | 56,509 | 57,272 |
| Clients receiving weatherization assistance | 120 | 112 | 90 | 62 |
| Sanitation division | | | | |
| Regular tonnage | 47,314 | 47,140 | 48,609 | 51,140 |
| Composting tonnage | 11,994 | 12,470 | 12,777 | 11,627 |
| Recycling tonnage | 7,250 | 8,230 | 7,674 | 6,969 |
| Public works | | | | |
| Number of engineering plans reviewed | 169 | 159 | 154 | 136 |
| Number of permits issued | 1,852 | 2,091 | 1,576 | 2,171 |
| Plowing/spreading occurrences | 24 | 22 | 17 | 13 |
| Street sweeping cycles | N/A | N/A | N/A | N/A |
| Tree trims | 2,725 | 2,384 | 2,802 | 3,075 |
| Tree plantings | 686 | 530 | 536 | 211 |
| Total requests | 6,553 | 7,271 | 5,633 | 6,093 |
| Average days to close request | 49 | 49 | NA | NA |
| Parking division | | | | |
| Total parking spaces | 4,233 | 4,170 | 8,246 | 8,052 |
| Number of tickets issued | 13,092 | 19,000 | 17,830 | 17,077 |
| Water division | | | | |
| Number of users | 50,800 | 50,800 | 50,888 | 51,060 |
| Annual water production (billion gallons) | 7 | 7 | 6 | 6 |

Source: City finance department

N/A: Not Available

| 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---------|---------|---------|---------|---------|---------|
| 161,679 | 154,840 | 159,510 | 159,510 | 158,962 | 168,732 |
| 17,433 | 15,921 | 15,259 | 15,259 | 13,888 | 14,624 |
| 11,692 | 11,777 | 8,212 | 8,212 | 4,214 | 4,512 |
| 44.00% | 39.80% | 38.00% | 38.00% | 33.70% | 36.99% |
| 29,217 | 29,398 | 29,377 | 29,332 | 32,329 | 32,659 |
| N/A | N/A | N/A | N/A | N/A | N/A |
| 716 | 681 | 693 | 534 | 529 | 613 |
| 22,892 | 22,855 | 22,762 | 22,216 | 20,183 | 23,719 |
| 105,096 | 95,697 | 97,291 | 99,000 | 152,050 | 145,490 |
| 121,605 | 111,806 | 103,074 | 109,000 | 103,229 | 109,542 |
| 168,680 | 155,071 | 189,039 | 155,130 | 162,471 | N/A |
| 29,217 | 34,204 | 43,261 | 40,348 | 40,692 | N/A |
| 8,726 | 6,665 | 8,635 | 7,000 | 7,772 | 9,495 |
| N/A | N/A | N/A | N/A | N/A | N/A |
| 11,866 | 20,724 | 19,735 | 11,100 | 10,894 | 10,761 |
| 81 | 27 | 62 | 76 | 31 | 75 |
| 9,099 | 10,299 | 10,660 | 11,355 | 17,478 | 9,689 |
| 798 | 1,164 | 1,050 | 662 | 792 | 874 |
| 218 | 304 | 704 | 509 | 562 | 661 |
| 58,908 | 52,710 | 44,670 | 31,040 | 31,602 | N/A |
| 89 | 140 | 74 | 63 | 81 | 38 |
| 49,985 | 51,357 | 56,872 | 51,332 | 56,093 | 50,498 |
| 12,720 | 12,924 | 11,801 | 7,038 | 9,109 | 11,273 |
| 7,369 | 7,695 | 7,846 | 8,496 | 7,687 | 6,550 |
| 130 | 181 | 165 | 220 | 199 | 182 |
| 1,772 | 1,801 | 1,900 | 2,000 | 2,107 | 1,153 |
| 26 | 21 | 21 | 21 | 15 | 10 |
| N/A | N/A | N/A | N/A | N/A | N/A |
| 2,137 | 2,310 | 1,445 | 1,600 | 1,216 | 1,537 |
| 174 | 151 | 98 | 250 | 218 | 227 |
| 4,204 | 6,242 | 4,537 | 3,700 | 4,493 | 5,037 |
| NA | NA | NA | N/A | N/A | N/A |
| 4,170 | 4,170 | 4,170 | 4,219 | 4,862 | 4,394 |
| 16,488 | 14,646 | 6,228 | 8,528 | 6,914 | 7,936 |
| 52,329 | 51,123 | 51,067 | 51,337 | 51,317 | 51,534 |
| 6 | 6 | 6 | 7 | 6 | 6 |

CITY OF ROCKFORD, ILLINOIS

Capital Asset Statistics by Function/Program - Last Ten Fiscal Years
December 31, 2023 (Unaudited)

| Function/Program | 2014 | 2015 | 2016 | 2017 |
|--|-------------|-------------|-------------|-------------|
| Police department | | | | |
| Stations | 1 | 1 | 3 | 3 |
| Substations | 4 | 4 | 4 | 4 |
| Squad cars | 150 | 150 | 150 | 150 |
| Vans (including trucks and mobile units) | 45 | 45 | 45 | 45 |
| Fire department | | | | |
| Stations | 11 | 11 | 11 | 11 |
| Companies | | | | |
| Engine | 8 | 8 | 9 | 1 |
| Ladder | 2 | 2 | 4 | 5 |
| Ambulances | 6 | 6 | 7 | 11 |
| Library | | | | |
| Main facility | 1 | 1 | 1 | 1 |
| Branch facilities | 5 | 5 | 5 | 6 |
| Parking division | | | | |
| Surface lots | 34 | 34 | 37 | 37 |
| Garages | 4 | 4 | 4 | 4 |
| Water division | | | | |
| Water mains (miles) | 820 | 820 | 816 | 824 |
| Wells | 27 | 30 | 26 | 26 |
| Treatment plants | 10 | 12 | 12 | 12 |
| Production capacity (gal per day) | 76,500,000 | 76,500,000 | 76,500,000 | 76,500,000 |

Date Source: City finance department

| 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|-------------|-------------|-------------|-------------|-------------|-------------|
| 3 | 3 | 3 | 3 | 4 | 4 |
| 4 | 4 | 4 | 4 | 4 | 2 |
| 159 | 188 | 186 | 220 | 251 | 274 |
| 45 | 48 | 48 | 48 | 54 | 28 |
| | | | | | |
| 11 | 11 | 11 | 11 | 11 | 11 |
| 9 | 9 | 9 | 9 | 14 | 13 |
| 4 | 4 | 4 | 4 | 6 | 6 |
| 7 | 7 | 10 | 10 | 10 | 14 |
| | | | | | |
| 1 | — | — | — | — | — |
| 6 | 6 | 6 | 6 | 6 | 5 |
| | | | | | |
| 37 | 37 | 37 | 37 | 37 | 40 |
| 4 | 4 | 4 | 4 | 4 | 4 |
| | | | | | |
| 824 | 826 | 826 | 826 | 826 | 826 |
| 26 | 26 | 26 | 26 | 25 | 25 |
| 12 | 13 | 13 | 13 | 15 | 14 |
| 76,500,000 | 76,500,000 | 76,500,000 | 76,500,000 | 76,500,000 | 71,830,000 |