



2023 POPULAR ANNUAL FINANCIAL REPORT



City of Rockford Government Organization



Mayor and City Council



Mayor Thomas McNamara

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

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

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



Ward 1
Dr.
Timothy J.
Durkee



Ward 2
Jonathan
Logemann



Ward 3
Chad
Tuneburg



Ward 4
Kevin J.
Frost



Ward 5
Gabrielle
Torina



Ward 6
Aprel
Prunty



Ward 7
Janessa
Wilkins



Ward 8
Karen
Hoffman



Ward 9
Bill
Rose



Ward 10
Franklin C.
Beach



Ward 11
Isidro
Barrios



Ward 12
Gina
Meeks



Ward 13
Jeff
Bailey



Ward 14
Mark
Bonne

From Mayor McNamara



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

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

Thank you

CITY FACTS

POPULATION: 146,713

PHYSICAL:

Square Miles	66.46
Miles of streets	779
Number of street lights	12,876

PUBLIC SAFETY:

Annual police calls for service	168,732
Annual fire calls for service	32,659
Annual ambulance runs	23,719
Number of fire stations	11
Number of fire hydrants	6,837

COMMUNITY & ECONOMIC DEVELOPMENT:

Building permits issued	9,495
Inspections	10,761
Demolitions	75

HEALTH & HUMAN SERVICES:

Households receiving energy assistance	9,689
Head Start children served	874
Homeless prevention clients served	661

PUBLIC WORKS:

Number of engineering plans reviewed	182
Number of permits issued	1,152
Tree trims	1,537
Tree planting	227

PARKING DIVISION:

Total parking spaces	4,394
Number of tickets issued	7,936

WATER DIVISION:

Number of users	51,534
Annual water production (billion gal)	6.03
Miles of water main	826
Water sample tests	4,938
Number of water wells	25

FINANCE

Number of purchase orders	3,702
Percent of local businesses	55.8%
Number of invoices processed	43,566
Number of vendor payments issued	12,300

To the Citizens of the City of Rockford

We are proud to present the City of Rockford's Popular Annual Financial Report (PAFR) for the fiscal year ended December 31, 2023. This report gives readers a summary of the City's financial activities. The purpose of the PAFR is to report the City's financial information in a clear, concise manner giving all readers, both financial and non-financial, an understanding of where the revenue comes from and where dollars are being spent. Most importantly, it is essential that our citizens understand the key services that the City provides to make the City of Rockford a safer and more enjoyable place in which to work, live, and play.

The PAFR summarizes the financial activities of the City for our fiscal year which runs from January 1 to December 31. It is drawn from a more detailed report called the Annual Comprehensive Financial Report (ACFR). The ACFR includes financial statements that are prepared in accordance with Generally Accepted Accounting Principles (GAAP) and audited by Lauterbach & Amen LLP, an independent auditing firm. The 2023 ACFR has received an unmodified (clean) opinion. The numbers contained within the ACFR were acquired by applying the basis of accounting principles as prescribed by the Governmental Accounting Standards Board (GASB).

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

As a municipality, we want to continue to promote awareness, accountability, and transparency of the City's financial information. We anticipate that after reading the PAFR, community members will be reassured that public dollars are being used to build a better, safer, and stronger City of Rockford. With the help of all departments, the City, in 2023 has accomplished many goals. All these positive achievements have helped to increase growth and success in our City. We look forward to the future and growth of the City.

We are honored to serve the citizens of the City of Rockford and hope you enjoy reviewing the 2023 PAFR. We welcome any input, questions, and comments you may have regarding this report. You may contact the Finance Department at 779-348-7470.

City of Rockford Finance Department



Basic Demographics

	CITY OF ROCKFORD	WINNEBAGO COUNTY	STATE OF ILLINOIS	UNITED STATES
Population	148,655	285,350	12,812,508	331,449,281
Households	61,342	115,214	4,968,761	125,736,353
Persons per household	2.36	2.43	2.57	2.51
Median Household Income	50,744	61,738	78,433	75,149
Per Capita Income	29,187	33,474	43,198	43,198
High School Graduate or Higher (%)	85.4%	88.5%	90.1%	89.1%
Persons in Poverty (%)	22.2%	15.4%	11.9%	11.5%
Median Home Value	114,100	146,800	239,100	281,900

Source: US Census Quick Facts

10 Years at a Glance

CITY OF ROCKFORD	2013	2018	2023
Population	152,871	146,526	146,713
Unemployment Rate (%)	14.4%	6.4%	5.9%
Full Time Employees	1,099	1,187	1,117
Number of Sworn Police Officers	283	295	304
Number of Sworn Fire Personnel	280	282	274
Taxable Assessed Value	1,551,966	1,509,470	2,283,014
City Direct Tax Rate	3.554	3.608	2.550
Net Bonded Debt (000s)	91,357	73,805	59,087
Municipal Sales Tax (000s)	37,992	40,242	50,986
Governmental Fund Revenue (000s)	227,529	223,536	313,352
Governmental Fund Expenditures (000s)	192,060	225,143	297,319
Governmental Funds - Fund Balance (000s)	85,238	89,399	192,738



The City's Finances

Accounting for Financial Activities

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

The City has three types of funds:

Governmental funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources at the end of the fiscal year. Consequently, the governmental fund statements provide a short-term view and help determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The City maintains 11 individual governmental funds of which seven are considered major funds. Information is presented separately for the City's major funds in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. The General Fund, Public Library Fund, Community Development Fund, Human Services Fund, Tax Increment Financing Fund, Debt Service Fund, and Capital Projects Fund are considered the City's major funds.

Proprietary funds - Services for which the City charges customers a fee are generally reported in proprietary funds. The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented ad hoc business-type activities in the government-wide financial statements, only in more detail. The City uses enterprise funds to account for its Water Utility Fund and its Parking System Fund, both of which are considered to be major funds of the City. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its fleet of vehicles, building maintenance, management information system, health system, 911 communications, and services for the City's other programs and services. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Fiduciary funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the 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.



Government-wide Financial Statements

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

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

With total assets and deferred outflows of \$1,035.1 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. This is an increase of \$17.2 million. Approximately \$456.9 million represents the City's net investment in capital assets, \$59.7 million was held for restricted purposes and (\$289.1) million is classified as unrestricted.

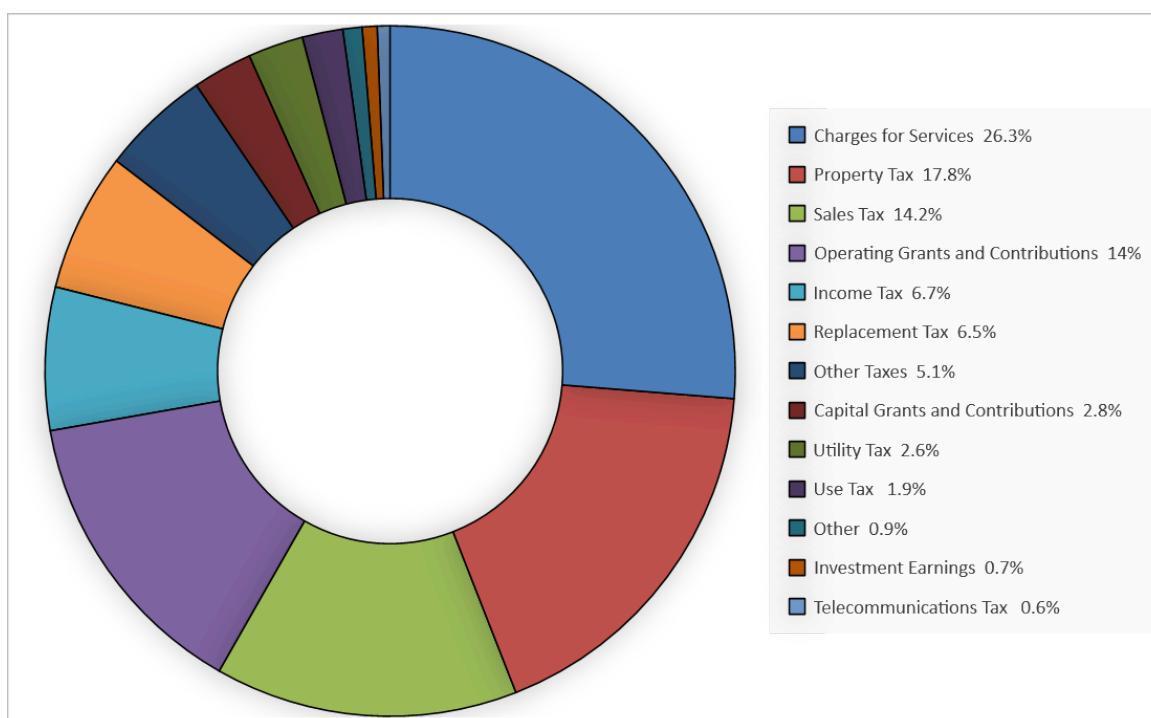
	12/31/2023	12/31/2022	12/31/2021
ASSETS			
Total current assets	343,973	312,206	239,722
Total noncurrent assets	591,068	563,195	595,825
Total assets	935,041	875,401	835,547
Total deferred outflows of resources	100,097	130,013	63,437
LIABILITIES			
Total current liabilities	52,467	57,883	75,864
Noncurrent liabilities	659,015	654,514	529,115
Total liabilities	711,482	712,397	604,979
Total deferred inflows of resources	96,179	82,720	127,885
NET POSITION			
Net Investment in Capital Assets			
Assets	456,875	434,375	432,458
Restricted	59,746	53,305	48,012
Unrestricted	(289,144)	(277,383)	(314,350)
Total Net Position	227,477	210,297	166,120

Revenue

Government-wide



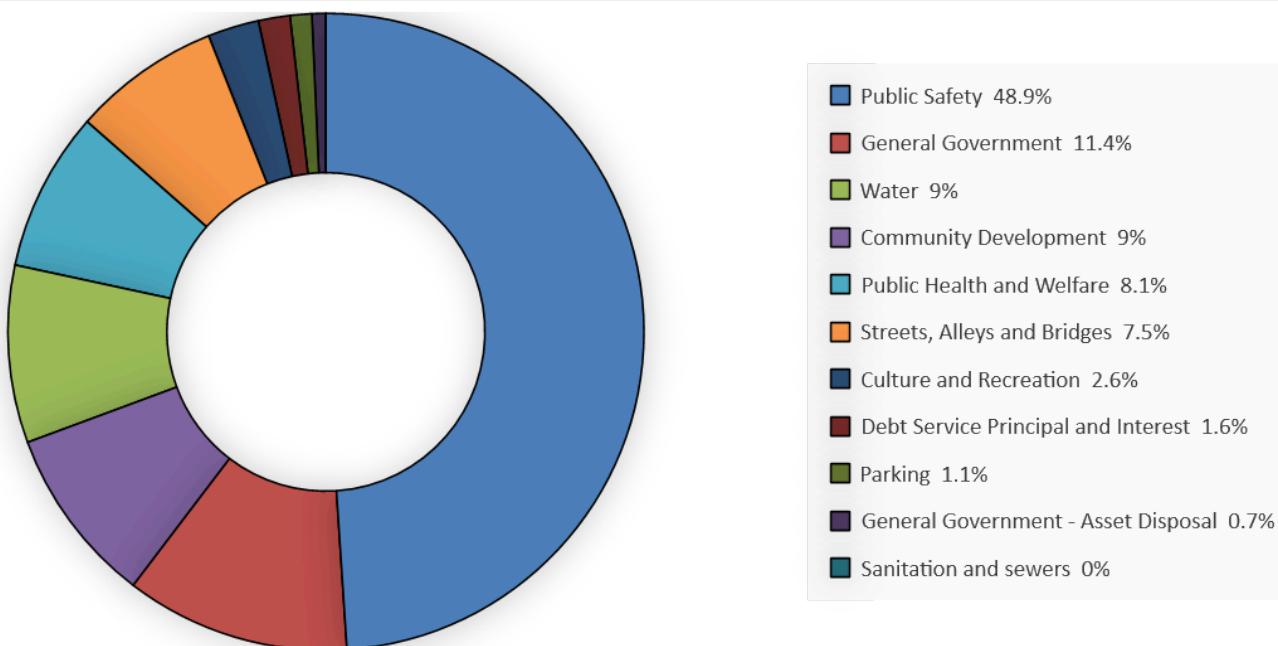
REVENUE (in 000s)	12/31/2023	12/31/2022	12/31/2021
Charges for Services	94,132	83,494	81,027
Property Tax	63,700	61,857	60,828
Sales Tax	50,987	49,184	48,167
Operating Grants and Contributions	50,162	85,790	51,114
Income Tax	23,903	24,410	20,565
Replacement Tax	23,172	27,829	13,754
Other Taxes	18,270	20,924	19,472
Capital Grants and Contributions	9,925	11,422	5,050
Utility Tax	9,172	10,495	6,024
Use Tax	6,623	6,778	5,801
Other	3,109	1,250	6,535
Investment Earnings	2,680	4,715	(102)
Telecommunications Tax	2,144	2,446	2,640
TOTAL	357,979	390,594	320,875



Expenses

Government-wide

EXPENSES (in 000s)	12/31/2023	12/31/2022	12/31/2021
Public Safety	166,537	168,741	141,686
General Government	38,695	25,569	17,818
Water	30,749	27,215	27,831
Community Development	30,497	24,649	21,225
Public Health and Welfare	27,618	33,443	29,249
Streets, Alleys and Bridges	25,624	20,482	24,305
Culture and Recreation	8,870	10,007	9,045
Debt Service Principal and Interest	5,567	5,187	5,136
Parking	3,907	3,550	3,790
General Government - Asset Disposal	2,215	27,562	-
Sanitation and sewers	30	12	25
TOTAL	340,309	346,417	280,110





General Fund

Statement of Revenues, Expenditures, & Changes in Fund Balance

REVENUES	12/31/2023	12/31/2022
Taxes	\$97,818,508	\$96,965,338
Licenses and permits	11,388,480	9,241,157
Intergovernmental	52,858,105	95,079,162
Charges for services	38,439,261	34,190,938
Fines	1,278,916	1,442,964
Investment income	1,150,595	3,108,147
Miscellaneous	636,555	478,722
Total revenues	203,570,420	240,506,428

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

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

EXPENDITURES		
General government	28,889,610	24,475,645
Public safety	135,994,183	128,073,458
Streets, alleys and bridges	12,510,745	10,733,442
Community development	2,847,780	3,133,525
Capital outlay	3,671,841	3,582,032
Debt service	2,221,291	599,466
Total expenditures	186,135,450	170,597,568
Excess revenues over expenditures	17,434,970	69,908,860

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

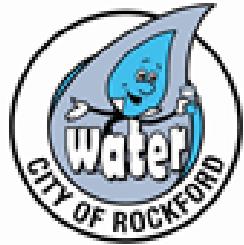
OTHER FINANCING SOURCES (USES)		
Debt issuance	7,096,132	2,100,000
Transfers in	3,552,410	4,188,152
Transfers out	(17,381,772)	(6,034,527)
Net change in fund balances	10,701,740	70,162,485
Fund balances - beginning	116,761,633	46,599,148
Fund balances - ending	\$127,463,373	\$116,761,633

The General Fund's unassigned fund balance at year end was \$127.5 million, or 68.5% of total General Fund Balance. This increase of \$10.7 million (9.2%) and is primarily due to increases in tax collection, budgeted American Rescue Plan Act projects, intergovernmental revenues, charges for services, and investment income.



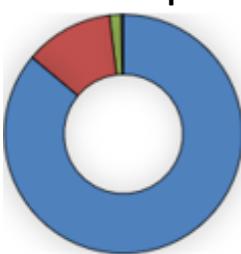
Enterprise Funds

Schedule of Revenues, Expenses, & Changes in Net Position



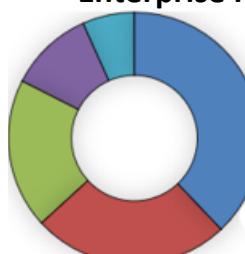
	Water Utility	Parking System	Total Enterprise	Total Enterprise
			2023	2022
OPERATING REVENUES				
Charges for services	34,793,778	2,104,992	36,898,770	33,812,693
Fines and penalties	660,963	-	660,963	718,671
Intergovernmental	5,171,989	-	5,171,989	3,883,129
Miscellaneous	129,581	13,201	142,782	72,802
Total operating revenues	40,756,311	2,118,193	42,874,504	38,487,295
OPERATING EXPENSES				
Salaries and benefits	5,918,704	273,759	6,192,463	6,627,273
Services	10,336,517	1,821,534	12,158,051	10,400,083
Supplies and materials	2,101,781	35,418	2,137,199	1,648,142
Depreciation	7,070,212	1,041,079	8,111,291	7,429,528
Charges from General Fund	3,181,011	290,308	3,471,319	2,946,903
Miscellaneous	-	10,132	10,132	10,186
Total operating expenses	28,608,225	3,472,230	32,080,455	29,062,115
Operating Income (loss)	12,148,086	(1,354,037)	10,794,049	9,425,180
NONOPERATING REVENUES (EXPENSES)				
Unrestricted Grants	-	-	-	-
Investment Income	177,808	(88,096)	89,712	528,018
Disposal of capital assets	(1,423,554)	-	(1,423,554)	(402,845)
Interest expense and service fees	(817,442)	(434,954)	(1,252,396)	(1,400,289)
Amortization expense	100,307	-	100,307	100,307
	(1,962,881)	(523,050)	(2,485,931)	(1,174,809)
Income (loss) before transfers and contrib	10,185,205	(1,877,087)	8,308,118	8,250,371
Transfers out	-	-	-	(307,608)
Contributions from developers	980,541	670,862	1,651,403	1,970,067
Changes in net position	11,165,746	(1,206,225)	9,959,521	9,912,830
Net position - beginning	188,355,895	6,474,504	194,830,399	184,917,569
Net position - ending	199,521,641	5,268,279	204,789,920	194,830,399

Enterprise Fund Revenue



- Charges for services | 86%
- Intergovernmental | 12%
- Fines and penalties | 1.5%
- Miscellaneous | 0.5%

Enterprise Fund Expenses



- Services | 38%
- Depreciation | 25%
- Salaries and benefits | 19%
- Charges from General Fund | 11%
- Supplies and materials | 6.9%
- Miscellaneous | 0.1%

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

The City's enterprise funds are the Water Utility fund and the Parking system fund. The Water fund is used to account for the provision of water services to residents. The Parking fund is used to provide ample parking for the business districts within the City.

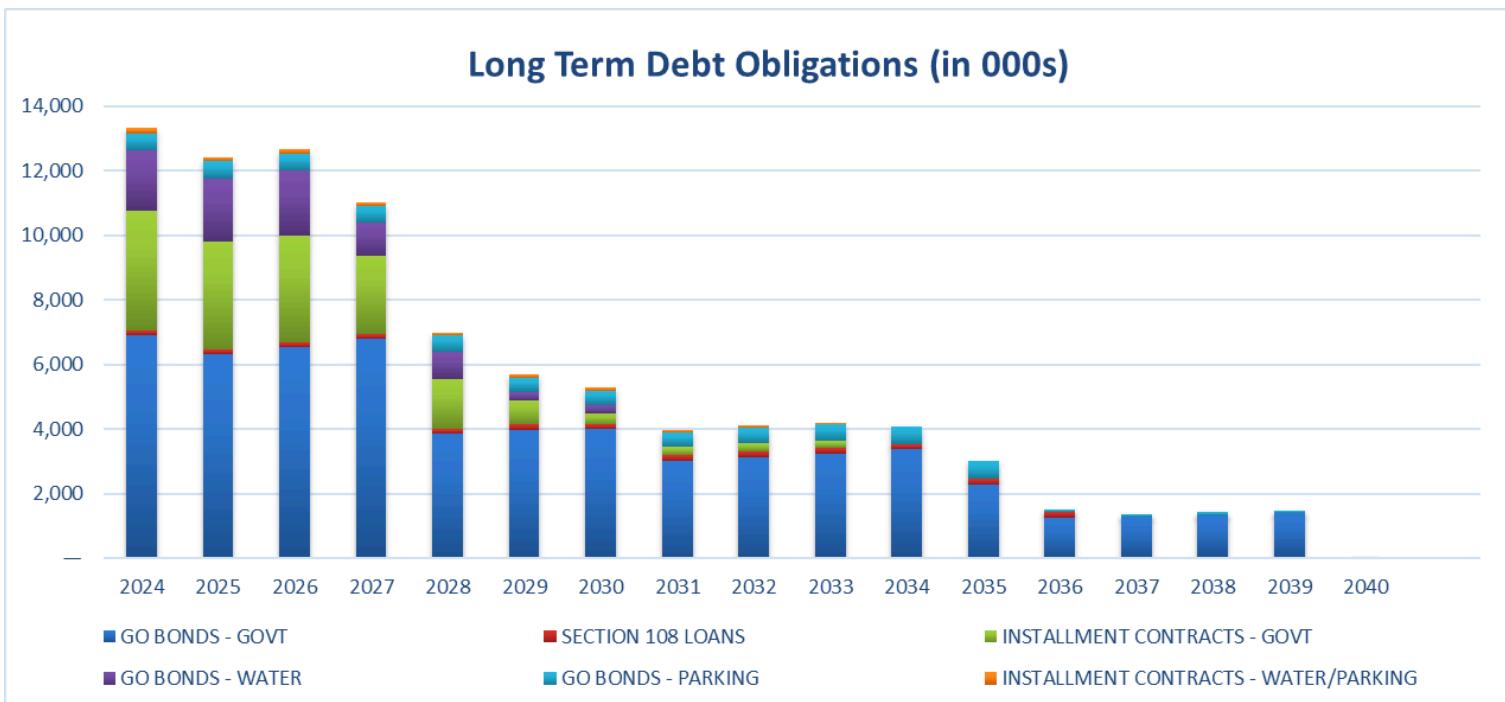
These funds are designed to be self-sustaining deriving revenue from customer fees. These fees supply the necessary funds to allow the water and parking fund to remain financially independent and also allow for some capital investments to provide and maintain the City's water utility and parking system.



Government-wide

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

The State imposes a legal limit of 8.625% of total equalized assessed valuation on the amount of general bond indebtedness. The City further limits their indebtedness, by ordinance, to 80.0% of the State limit. As of December 31, 2023, the City's indebtedness was \$140.4 million less than the City limit and \$178.8 million less than the State limit.





Pension Benefits

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

All employees (other than those covered by the Police Pension and Firefighters' Pension Plan) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. Participating members are required to contribute 4.50% of their annual gross salary to IMRF. The City is required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The City's actuarially determined contribution rate for the fiscal year ended December 31, 2023 was 5.76% of covered payroll.

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

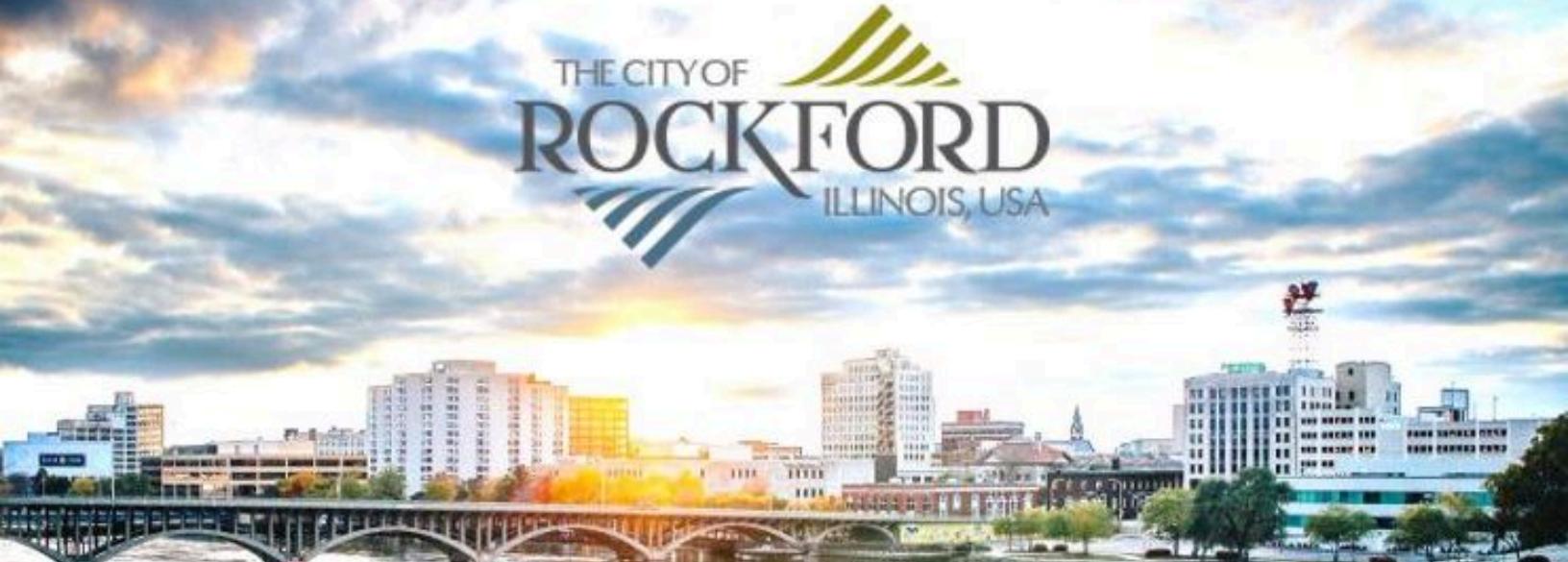
The City is required to contribute the remaining amounts necessary to finance the Plans and the administrative costs as actuarially determined by an enrolled actuary. ILCS requires the City to contribute a minimum amount annually calculated using a projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040.

- For the year-ended December 31, 2023, the City's contribution to the Police Pension Fund was 51.71% of covered payroll. The unfunded net pension liability at December 31, 2023 measures \$214 million and the fund was 51.7% funded.
- For the year-ended December 31, 2023, the City's contribution to the Fire Pension Fund was 63.68% of covered payroll. The unfunded net pension liability at December 31, 2023 measures \$242 million and the fund was 43.4% funded.

Executed Summary

Reported as of December 31, 2023

	Police Pension	Firefighters' Pension
Total Pension Liability	443,757,757	427,963,638
Plan Fiduciary Net Position	229,461,661	185,707,413
Net Pension Liability	214,296,096	242,256,225
Plan Fiduciary Net Position as a % of Total Pension Liability	51.71%	43.39%



For more information . . .

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



rockfordil.gov

