

CITY OF ROCKFORD, ILLINOIS

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ANNUAL COMPREHENSIVE FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED  
DECEMBER 31, 2023

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

**CITY OF ROCKFORD, ILLINOIS**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

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

**Prepared by:**

**Finance Office**

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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**

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## 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

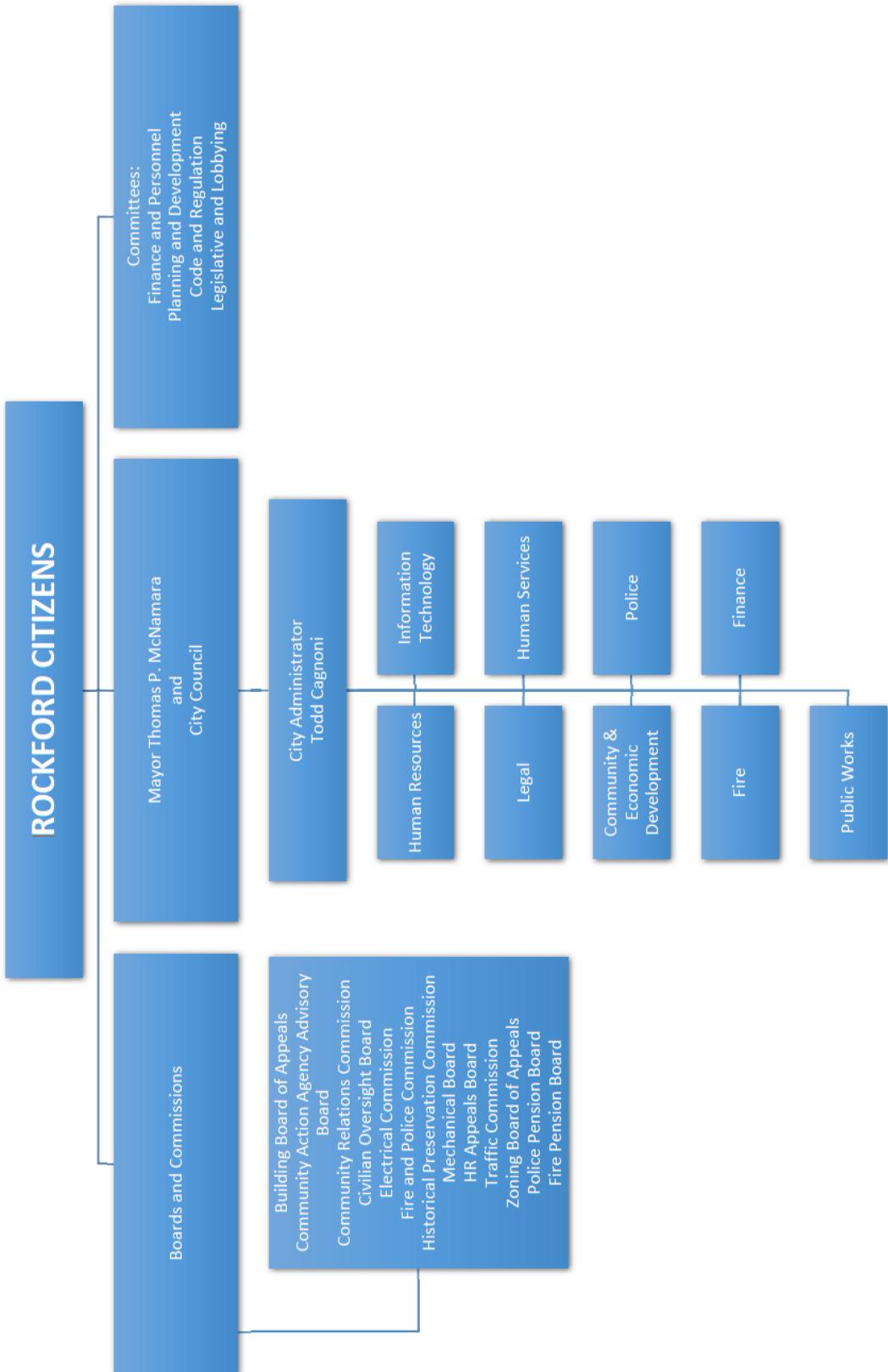
Shurice Hunter, Human Resources Director

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**

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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

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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

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The City has three types of funds:

**Governmental funds** - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources at the end of the fiscal year. Consequently, the governmental fund statements provide a short-term view and help determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, a reconciliation is provided that explains the relationship or differences between the governmental funds and governmental activities.

The City maintains 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

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### Normal Impacts

There are five basic (normal) transactions that will affect the comparability of the Statement of Net Position summary presentation.

**Net Results of Activities** - which will impact (increase/decrease) current assets and unrestricted net position.

**Borrowing of Capital** - which will increase current assets and long-term debt.

**Spending Borrowed Proceeds on New Capital** - which will reduce current assets and increase capital assets. There is a second impact, an increase in the City's investment in capital assets and an increase in related net debt which will not change the net investment in capital assets.

**Principal Payment on Debt** - which will (a) reduce current assets and reduce long-term debt and (b) reduce unrestricted net position and increase net investment in capital assets.

**Reduction of Capital Assets through Depreciation** - which will reduce capital assets and net investment in capital assets.

### Current Year Impacts

Total 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
<b>REVENUES</b>						
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
<b>EXPENSES</b>						
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

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### Normal Impacts

#### Revenues:

**Economic Conditions** - which can reflect a declining, stable, or growing economic environment and has a substantial impact on property, sales, income, utility tax revenues as well as public spending habits for building permits, elective user fees and volumes of consumption.

**Increase/Decrease in the City Approved Rates** - while certain tax rates are set by statute, the City has significant authority to impose and periodically increase/decrease rates.

**Changing Patterns in Intergovernmental and Grant Revenue** - (both recurring and nonrecurring) - certain recurring revenue (state shared revenues, etc.) may experience significant changes periodically while non-recurring (or one-time) grants are less predictable and often distorting in their impact on year-to-date comparison.

**Market Impact on Investment Income** - the City's investment portfolio is managed utilizing investments of various maturities. Changes in market conditions will cause investment income to fluctuate due to the related appreciation or depreciation of these assets.

#### Expenses:

**Changes in Authorized Personnel** - changes in service demand may cause the City to increase/decrease authorized staffing.

**Salary Increase (annual adjustments and merit)** - the ability to attract and retain human and intellectual resources requires the City to strive to approach a competitive salary range position in the market place.

**Inflation** - while overall inflation appears to be reasonably modest, the City is a major consumer of certain commodities such as supplies, fuels, and parts. Some function may experience unusual commodity-specific increases.

### Current Year Impacts

Total governmental activities' revenue for the current year was \$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.

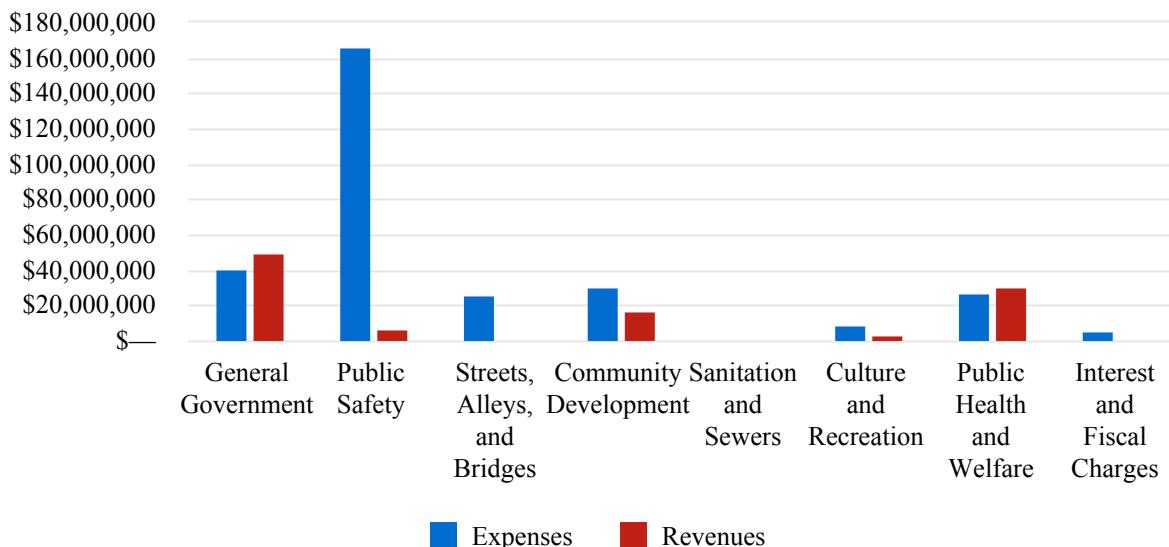
The graph on the next page shows a comparison between the expenses by governmental activity type and the revenues generated that are specific to those activities.

# CITY OF ROCKFORD, ILLINOIS

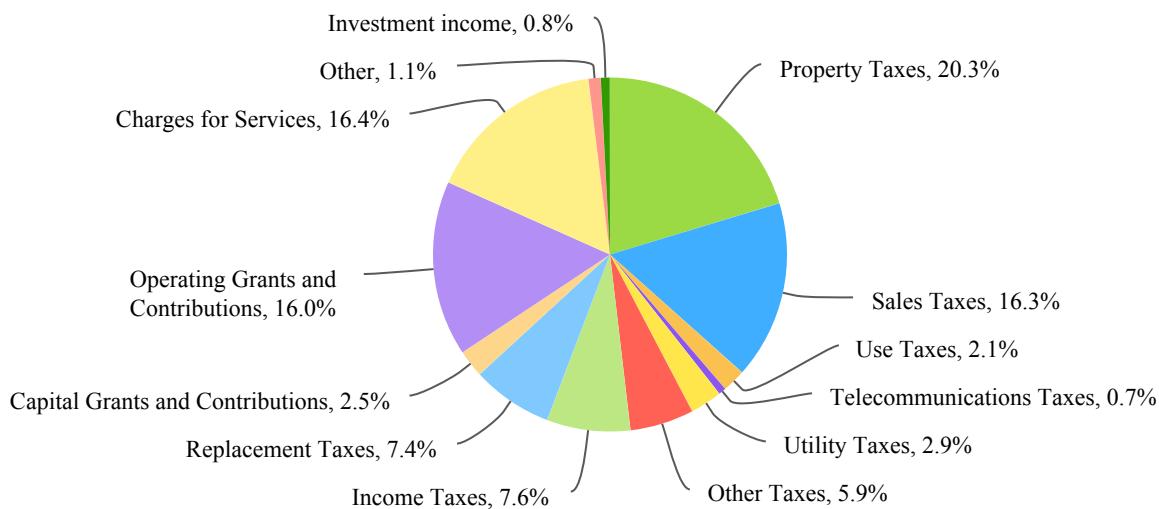
## Management's Discussion and Analysis

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

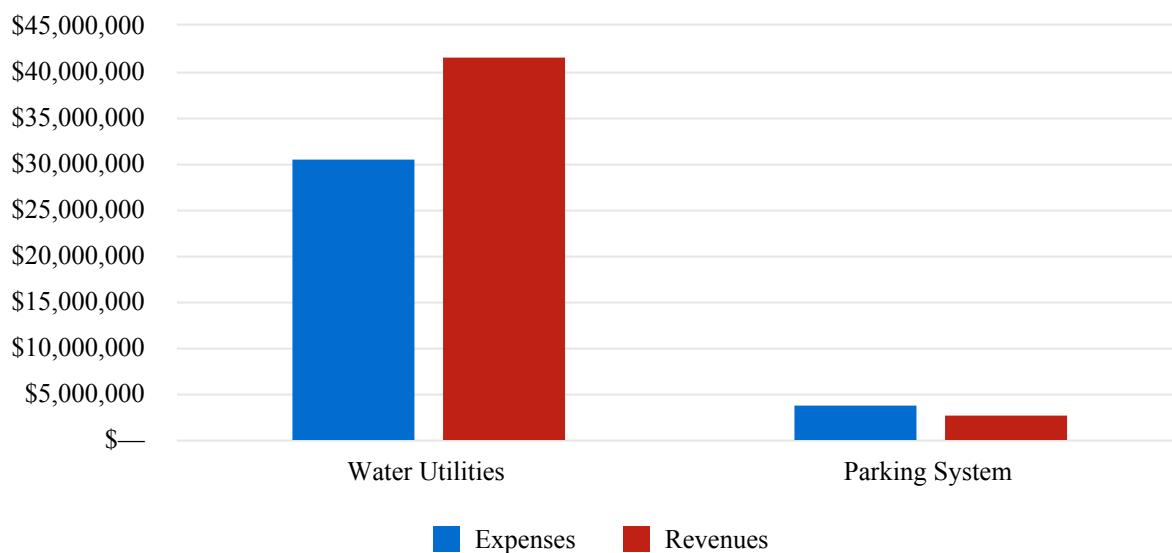
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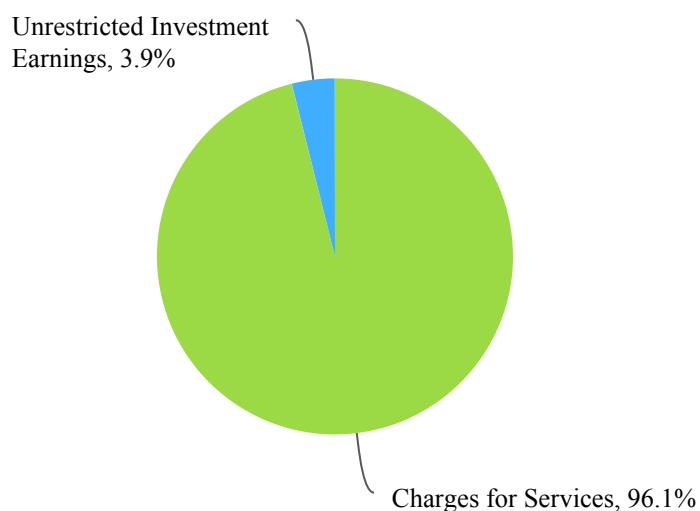
**Business-type Activities** - Business-type activities net position increased by \$10.0 million in 2023, compared to an increase of \$9.9 million in 2022. Revenues from business-type activities increased by 8.9 percent to \$44.6 million and expenses increased 12.6 percent to \$34.7 million. Key elements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

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### 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)
<b>Revenues by source</b>						
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)
<b>Expenditures by function</b>					
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

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### 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
<b>Totals</b>	<b>\$ 359,221,352</b>	<b>\$ 353,923,682</b>	<b>\$ 231,846,545</b>	<b>\$ 217,885,088</b>	<b>\$ 591,067,897</b>	<b>\$ 571,808,770</b>

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	—
	<b>\$ 27,226,463</b>	<b>\$ 23,569,935</b>

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

# CITY OF ROCKFORD, ILLINOIS

## Management's Discussion and Analysis

December 31, 2023

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### 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**

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

While the local economic environment and the impact it has on the City's available revenues continues to present a challenge, in 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**

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**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		
<b>CURRENT ASSETS</b>					
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
<b>NONCURRENT ASSETS</b>					
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
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
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		
<b>CURRENT LIABILITIES</b>					
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
<b>DEFERRED INFLOWS OF RESOURCES</b>					
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
<b>NET POSITION</b>					
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**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>		
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
<b>PRIMARY GOVERNMENT</b>				
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>
<b>COMPONENT UNITS</b>				
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
<b>ASSETS</b>				
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	—	—
<b>Total assets</b>	<b>\$ 192,737,702</b>	<b>\$ 26,367,725</b>	<b>\$ 1,089,285</b>	
<b>LIABILITIES</b>				
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	
<b>Total liabilities</b>	<b>4,208,584</b>	<b>1,344,855</b>	<b>403,014</b>	
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property taxes	48,839,643	7,672,353	—	
Grants	—	—	—	
Deferred items - leases	12,226,102	—	—	
<b>Total deferred inflows of resources</b>	<b>61,065,745</b>	<b>7,672,353</b>	<b>—</b>	
<b>Total liabilities and deferred inflows of resources</b>	<b>65,274,329</b>	<b>9,017,208</b>	<b>403,014</b>	
<b>FUND BALANCES</b>				
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	—	—	
<b>Total fund balances</b>	<b>127,463,373</b>	<b>17,350,517</b>	<b>686,271</b>	
<b>Total liabilities and deferred inflows of resources and fund balance</b>	<b>\$ 192,737,702</b>	<b>\$ 26,367,725</b>	<b>\$ 1,089,285</b>	

*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
—	211,112	8,877,353	—	—	—	—	—	—	—	65,389,349
—	—	—	—	—	—	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
<b>\$</b>	<b>21,465,310</b>	<b>\$</b>	<b>8,877,353</b>	<b>\$</b>	<b>8,780,330</b>	<b>\$</b>	<b>16,749,267</b>	<b>\$</b>	<b>34,860,024</b>	<b>\$ 310,926,996</b>
—	2,429,209	\$	25,656	\$	—	\$	2,388,625	\$	2,038,096	\$ 9,877,343
75,069	—	—	—	—	—	38,240	—	17,019	—	1,958,622
—	—	—	—	—	—	6,375	—	—	—	6,375
15,664,782	6,120,521	—	—	—	—	—	—	746,722	—	22,532,025
1,510,433	—	—	—	—	85,893	—	—	—	—	2,546,327
—	—	—	—	—	—	—	—	—	—	182,401
<b>19,679,493</b>	<b>6,146,177</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>2,519,133</b>	<b>—</b>	<b>2,801,837</b>	<b>—</b>	<b>—</b>	<b>37,103,093</b>
—	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
<b>19,679,493</b>	<b>15,023,530</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>4,851,191</b>	<b>—</b>	<b>2,801,837</b>	<b>—</b>	<b>—</b>	<b>117,050,602</b>
—	—	—	—	—	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
<b>1,785,817</b>	<b>(6,146,177)</b>	<b>—</b>	<b>8,780,330</b>	<b>—</b>	<b>11,898,076</b>	<b>—</b>	<b>32,058,187</b>	<b>—</b>	<b>—</b>	<b>193,876,394</b>
<b>\$</b>	<b>21,465,310</b>	<b>\$</b>	<b>8,877,353</b>	<b>\$</b>	<b>8,780,330</b>	<b>\$</b>	<b>16,749,267</b>	<b>\$</b>	<b>34,860,024</b>	<b>\$ 310,926,996</b>

*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

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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**

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**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**

	<b>General</b>	<b>Public Library</b>	<b>Community Development</b>	<b>Special</b>
<b>REVENUES</b>				
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>	
<b>EXPENDITURES</b>				
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>	
<b>OTHER FINANCING SOURCES (USES)</b>				
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.*

<b>Revenue</b>						
<b>Human Services</b>	<b>Tax Increment</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Nonmajor</b>	<b>Totals</b>	
\$ —	\$ 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	
<b>30,390,183</b>	<b>7,560,425</b>	<b>2,503,344</b>	<b>25,208,078</b>	<b>28,044,303</b>	<b>313,288,386</b>	
—	—	—	—	—	—	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	
<b>27,382,182</b>	<b>9,341,501</b>	<b>12,053,934</b>	<b>28,844,381</b>	<b>19,001,502</b>	<b>297,319,171</b>	
<b>3,008,001</b>	<b>(1,781,076)</b>	<b>(9,550,590)</b>	<b>(3,636,303)</b>	<b>9,042,801</b>	<b>15,969,215</b>	
—	—	—	—	—	—	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	
<b>\$ 1,785,817</b>	<b>\$ (6,146,177)</b>	<b>\$ 8,780,330</b>	<b>\$ 11,898,076</b>	<b>\$ 32,058,187</b>	<b>\$ 193,876,394</b>	

*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
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The change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful life and reported as depreciation expense. This amount by which capital outlays exceeded depreciation in the current period. In the statement of activities, the amount by which the carrying value of capital assets disposed of 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
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*The accompanying notes to the financial statements are an integral part of this statement.*

**CITY OF ROCKFORD, ILLINOIS**

**Statement of Net Position - Proprietary Funds**  
**December 31, 2023**

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**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
<b>ASSETS</b>				
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
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
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
<b>LIABILITIES</b>				
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
<b>DEFERRED INFLOWS OF RESOURCES</b>				
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
<b>NET POSITION</b>				
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**

	<b>Business-Type Activities - Enterprise Funds</b>			<b>Governmental Activities</b>
	<b>Water</b>	<b>Parking</b>	<b>Internal</b>	<b>Activities</b>
	<b>Utility</b>	<b>System</b>	<b>Totals</b>	<b>Service</b>
<b>OPERATING REVENUES</b>				
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
<b>OPERATING EXPENSES</b>				
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)
<b>NONOPERATING REVENUES (EXPENSES)</b>				
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**

<b>Business-Type Activities - Enterprise Funds</b>			<b>Governmental Activities</b>
<b>Water Utility</b>	<b>Parking System</b>	<b>Totals</b>	<b>Internal Service</b>

**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
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**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**

	<b>Business-Type Activities - Enterprise Funds</b>			<b>Governmental</b>
	<b>Nonmajor</b>		<b>Totals</b>	<b>Activities</b>
	<b>Water</b>	<b>Parking</b>		
	<b>Utility</b>	<b>System</b>		<b>Internal</b>
				<b>Service</b>

**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**

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	<b>Pension Trust</b>
<b>ASSETS</b>	
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
<b>LIABILITIES</b>	
Accrued liabilities	<u>7,854</u>
<b>NET POSITION</b>	
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**

	<b>Pension Trust</b>
<b>ADDITIONS</b>	
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>
<b>DEDUCTIONS</b>	
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
<b>NET POSITION RESTRICTED FOR PENSIONS</b>	
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**

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### **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**

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### **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**

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### **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

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### 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

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### 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**

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### **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**

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### **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

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### 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**

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### **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

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### 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**

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### **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

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### 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

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### 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

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### 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

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### 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](http://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](http://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

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### 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](http://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](http://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

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### 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
<b>RECEIVABLES</b>											
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
<b>DUE FROM OTHER GOVERNMENTAL UNITS</b>											
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
<b>PAYABLES</b>											
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

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### 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

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### 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

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### 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	
<b>NONDEPRECIABLE CAPITAL ASSETS</b>				
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

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**

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### **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**

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

**CAPITAL ASSETS - Continued**

**Business-Type Activities**

	<b>Restated</b>			
	<b>Beginning</b>			
	<b>Balances</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending</b>
<b>NONDEPRECIABLE CAPITAL ASSETS</b>				
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>
<b>DEPRECIABLE/AMORTIZABLE CAPITAL ASSETS</b>				
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>
<b>LESS ACCUMULATED DEPRECIATION/AMORTIZATION</b>				
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
<b>NONDEPRECIABLE CAPITAL ASSETS</b>				
Land	\$ 1,992,553	\$ —	\$ —	\$ 1,992,553
<b>DEPRECIABLE/AMORTIZABLE CAPITAL ASSETS</b>				
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
<b>LESS ACCUMULATED DEPRECIATION/AMORTIZATION</b>	(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
<b>NONDEPRECIABLE CAPITAL ASSETS</b>				
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
<b>DEPRECIABLE CAPITAL ASSETS</b>				
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
<b>LESS ACCUMULATED DEPRECIATION</b>				
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

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### 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
<b>GOVERNMENTAL ACTIVITIES</b>				
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

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### 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
<b>BUSINESS-TYPE ACTIVITIES</b>				
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

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### 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
<b>BUSINESS-TYPE ACTIVITIES - Continued</b>				
Parking System Fund:				
2015-A General Obligation Alternate Bond Issue	\$ 6,315,000	3.00% - 4.00%	2035	\$ 4,255,000
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
<b>GOVERNMENTAL ACTIVITIES - Continued</b>				
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

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### 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
<b>BUSINESS-TYPE ACTIVITIES</b>				
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

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### 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

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### 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

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### 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
<b>GOVERNMENTAL ACTIVITIES</b>					
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
<b>BUSINESS-TYPE ACTIVITIES</b>					
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
<b>COMPONENTS UNITS</b>					
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

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### 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				
<b>FUND BALANCES</b>									
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

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### 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**

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### **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

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### 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:

	<b>2023</b>	<b>2022</b>
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

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### 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

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### 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:

	<b>2023</b>	<b>2022</b>
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

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### NOTE 4 - OTHER INFORMATION - Continued

#### EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS

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

The aggregate 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

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### 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

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### 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

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### 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

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### 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

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### 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

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### 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 1<sup>st</sup> after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3 percent or  $\frac{1}{2}$  of the change in the Consumer Price Index for the proceeding calendar year.

# CITY OF ROCKFORD, ILLINOIS

## Notes to the Financial Statements

December 31, 2023

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### 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**

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

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

##### **Police Pension Plan - Continued**

###### **Discount Rate**

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

###### **Discount Rate Sensitivity**

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

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

# CITY OF ROCKFORD, ILLINOIS

## Notes to the Financial Statements

December 31, 2023

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### 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

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### 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

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### 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 1<sup>st</sup> after the firefighter retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3 percent or  $\frac{1}{2}$  of the change in the Consumer Price Index for the proceeding calendar year.

# CITY OF ROCKFORD, ILLINOIS

## Notes to the Financial Statements

December 31, 2023

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### 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**

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

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

##### **Firefighters' Pension Plan - Continued**

###### **Discount Rate**

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

###### **Discount Rate Sensitivity**

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

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

# CITY OF ROCKFORD, ILLINOIS

## Notes to the Financial Statements

December 31, 2023

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### 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

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### 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

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### 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

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### 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

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### 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

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### 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

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### 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

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### 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

	<b>Total OPEB Liability</b>
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

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### 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:

	<b>Current</b>		
	<b>1% Decrease</b>	<b>Discount Rate</b>	<b>1% Increase</b>
	<b>(2.77%)</b>	<b>(3.77%)</b>	<b>(4.77%)</b>
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:

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

# CITY OF ROCKFORD, ILLINOIS

## Notes to the Financial Statements

December 31, 2023

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### 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:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Totals</b>
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:

<b>Fiscal Year</b>	<b>Net Deferred Outflows/ (Inflows) of Resources</b>
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

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### 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

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### 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

	<b>Total OPEB Liability</b>
Balance at June 30, 2022	<u><u>\$ 2,878,162</u></u>
<b>Changes for the year:</b>	
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><u>(6,658)</u></u>
Balance at June 30, 2023	<u><u>2,871,504</u></u>

# CITY OF ROCKFORD, ILLINOIS

## Notes to the Financial Statements

December 31, 2023

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### 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**

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### **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**

<b>Fiscal Year</b>	<b>Contributions in Relation to the Actuarially Determined Contribution</b>		<b>Contribution Excess/(Deficiency)</b>	<b>Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
	<b>Actuarially Determined Contribution</b>	<b>Determined Contribution</b>			
2015	\$ 3,697,993	\$ 3,746,033	\$ 48,040	\$ 29,489,579	12.70%
2016	3,840,874	3,969,309	128,435	30,338,661	13.08%
2017	3,539,002	3,635,202	96,200	30,222,052	12.03%
2018	3,688,595	3,810,902	122,307	30,560,023	12.47%
2019	2,883,439	2,964,481	81,042	30,905,029	9.59%
2020	3,903,788	4,137,899	234,111	32,396,585	12.77%
2021	3,426,496	3,473,560	47,064	31,178,305	11.14%
2022	2,833,459	3,047,476	214,017	32,198,399	9.46%
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**

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

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

	<b>12/31/2015</b>	<b>12/31/2016</b>
Total pension liability		
Service cost	\$ 3,219,833	\$ 3,174,348
Interest	14,993,283	15,433,301
Changes in benefit terms	—	—
Differences between expected and actual experience	(1,030,302)	826,985
Change of assumptions	242,384	(499,056)
Benefit payments, including refunds of member contributions	(11,047,294)	(11,457,195)
Net change in total pension liability	6,377,904	7,478,383
Total pension liability - beginning	<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.

	<b>12/31/2017</b>	<b>12/31/2018</b>	<b>12/31/2019</b>	<b>12/31/2020</b>	<b>12/31/2021</b>	<b>12/31/2022</b>	<b>12/31/2023</b>
\$ 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	
<b>\$ 217,290,010</b>	<b>\$ 230,768,763</b>	<b>\$ 234,956,564</b>	<b>\$ 241,279,184</b>	<b>\$ 247,463,544</b>	<b>\$ 254,328,386</b>	<b>\$ 262,000,122</b>	
\$ 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	
<b>\$ 214,671,405</b>	<b>\$ 197,858,708</b>	<b>\$ 225,268,804</b>	<b>\$ 248,857,075</b>	<b>\$ 282,167,577</b>	<b>\$ 233,807,245</b>	<b>\$ 252,047,204</b>	
\$ 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**

	<b>12/31/2014</b>	<b>12/31/2015</b>	<b>12/31/2016</b>
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	259,311,840	311,123,626	322,215,010
Total pension liability - ending	<b>\$ 311,123,626</b>	<b>\$ 322,215,010</b>	<b>\$ 310,074,416</b>
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	178,430,602	182,974,009	177,187,756
Plan net position - ending	<b>\$ 182,974,009</b>	<b>\$ 177,187,756</b>	<b>\$ 184,726,995</b>
Employer's net pension liability	<b>\$ 128,149,617</b>	<b>\$ 145,027,254</b>	<b>\$ 125,347,421</b>
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%

	<b>12/31/2017</b>	<b>12/31/2018</b>	<b>12/31/2019</b>	<b>12/31/2020</b>	<b>12/31/2021</b>	<b>12/31/2022</b>	<b>12/31/2023</b>
\$ 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	
<b>\$ 322,450,377</b>	<b>\$ 342,630,017</b>	<b>\$ 354,957,808</b>	<b>\$ 373,314,046</b>	<b>\$ 400,396,859</b>	<b>\$ 422,648,064</b>	<b>\$ 443,757,757</b>	
\$ 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	
<b>\$ 203,227,687</b>	<b>\$ 188,981,340</b>	<b>\$ 212,121,169</b>	<b>\$ 227,438,765</b>	<b>\$ 244,999,861</b>	<b>\$ 210,656,390</b>	<b>\$ 229,461,661</b>	
<b>\$ 119,222,690</b>	<b>\$ 153,648,677</b>	<b>\$ 142,836,639</b>	<b>\$ 145,875,281</b>	<b>\$ 155,396,998</b>	<b>\$ 211,991,674</b>	<b>\$ 214,296,096</b>	
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**

	<b>12/31/2014</b>	<b>12/31/2015</b>	<b>12/31/2016</b>
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	<b>\$ 298,957,904</b>	<b>\$ 309,124,324</b>	<b>\$ 300,546,667</b>
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	<b>\$ 160,653,513</b>	<b>\$ 153,738,199</b>	<b>\$ 159,642,803</b>
Employer's net pension liability	<b>\$ 138,304,391</b>	<b>\$ 155,386,125</b>	<b>\$ 140,903,864</b>
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%

	<b>12/31/2017</b>	<b>12/31/2018</b>	<b>12/31/2019</b>	<b>12/31/2020</b>	<b>12/31/2021</b>	<b>12/31/2022</b>	<b>12/31/2023</b>
\$ 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	
<b>\$ 310,230,812</b>	<b>\$ 332,505,966</b>	<b>\$ 342,712,422</b>	<b>\$ 363,668,137</b>	<b>\$ 389,086,563</b>	<b>\$ 408,781,871</b>	<b>\$ 427,963,638</b>	
\$ 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	
<b>\$ 171,052,699</b>	<b>\$ 157,937,590</b>	<b>\$ 174,381,745</b>	<b>\$ 185,886,737</b>	<b>\$ 200,268,197</b>	<b>\$ 166,499,985</b>	<b>\$ 185,707,413</b>	
<b>\$ 139,178,113</b>	<b>\$ 174,568,376</b>	<b>\$ 168,330,677</b>	<b>\$ 177,781,400</b>	<b>\$ 188,818,366</b>	<b>\$ 242,281,886</b>	<b>\$ 242,256,225</b>	
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**

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

**Firefighters' Pension Fund**

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

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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.

<b>12/31/2019</b>	<b>12/31/2020</b>	<b>12/31/2021</b>	<b>12/31/2022</b>	<b>12/31/2023</b>
\$ 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
<b>\$ 32,307,484</b>	<b>\$ 39,998,717</b>	<b>\$ 42,718,675</b>	<b>\$ 38,452,948</b>	<b>\$ 41,926,213</b>
\$ 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**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b> <b>Positive (Negative)</b>
<b>REVENUES</b>				
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
<b>EXPENDITURES</b>				
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**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>EXPENDITURES - Continued</b>				
Community development				
Administration	\$ 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>
<b>OTHER FINANCING SOURCES (USES)</b>				
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**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
				<b>Positive (Negative)</b>
<b>REVENUES</b>				
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>
<b>EXPENDITURES</b>				
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
<b>OTHER FINANCING (USES)</b>				
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**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
				<b>Positive (Negative)</b>
<b>REVENUES</b>				
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>
<b>EXPENDITURES</b>				
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**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
				<b>Positive (Negative)</b>
<b>REVENUES</b>				
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>
<b>EXPENDITURES</b>				
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
<b>OTHER FINANCING (USES)</b>				
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**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
				<b>Positive (Negative)</b>
<b>REVENUES</b>				
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>
<b>EXPENDITURES</b>				
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
<b>OTHER FINANCING SOURCES</b>				
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**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
				<b>Positive (Negative)</b>
<b>REVENUES</b>				
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>
<b>EXPENDITURES</b>				
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>
<b>OTHER FINANCING SOURCES (USES)</b>				
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

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### 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**

	<b>Motor</b>		<b>Family</b>			
	<b>Fuel Tax</b>	<b>Redevelopment</b>	<b>Justice Center</b>	<b>Workforce Connection, Inc.</b>		<b>Totals</b>
<b>ASSETS</b>						
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	
<b>LIABILITIES</b>						
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	
<b>FUND BALANCES</b>						
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**

	<b>Motor</b>		<b>Family</b>		
	<b>Fuel Tax</b>	<b>Redevelopment</b>	<b>Justice</b>	<b>Workforce</b>	
			<b>Center</b>	<b>Connection, Inc.</b>	<b>Totals</b>
<b>REVENUES</b>					
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
<b>Total revenues</b>	<b>7,202,806</b>	<b>10,045,545</b>	<b>1,053,216</b>	<b>9,742,736</b>	<b>28,044,303</b>
<b>EXPENDITURES</b>					
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
<b>Total expenditures</b>	<b>2,610,091</b>	<b>5,351,447</b>	<b>1,297,228</b>	<b>9,742,736</b>	<b>19,001,502</b>
Excess (deficiency) of revenues over (under) expenditures	4,592,715	4,694,098	(244,012)	—	9,042,801
<b>OTHER FINANCING SOURCES (USES)</b>					
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
<b>Fund balances - ending</b>	<b>\$ 17,715,117</b>	<b>\$ 14,395,075</b>	<b>\$ (52,005)</b>	<b>\$ —</b>	<b>\$ 32,058,187</b>

**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		
<b>REVENUES</b>								
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	—	—	—	—	604,944	604,944	—	
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	
<b>EXPENDITURES</b>								
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	
<b>OTHER FINANCING SOURCES (USES)</b>								
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**

			<b>Family Justice Center</b>		<b>Variance with Final Budget</b>	
			<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Positive (Negative)</b>
<b>REVENUES</b>						
Intergovernmental						
Grants			\$ 1,124,696	\$ 1,124,696	\$ 1,053,216	\$ (71,480)
<b>EXPENDITURES</b>						
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

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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**

## INTERNAL SERVICE FUNDS

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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**

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**See Following Page**

# CITY OF ROCKFORD, ILLINOIS

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

	Central Garage	Building Maintenance
<b>ASSETS</b>		
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>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred items - IMRF	<u>306,538</u>	<u>316,747</u>
Total assets and deferred outflows of resources	<u>1,689,714</u>	<u>9,229,845</u>
<b>LIABILITIES</b>		
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>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred items - IMRF	<u>2,260</u>	<u>2,335</u>
Total liabilities and deferred inflows of resources	<u>536,494</u>	<u>2,728,202</u>
<b>NET POSITION</b>		
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>

<b>Health Insurance</b>	<b>911 Communications</b>	<b>Risk Management</b>	<b>Information Systems</b>	<b>Workmens' Compensation</b>	<b>Totals</b>
\$ 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
<b>4,407,931</b>	<b>557,034</b>	<b>1,492,682</b>	<b>2,106,419</b>	<b>10,519,635</b>	<b>21,647,420</b>
—	—	—	—	—	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)
<b>4,407,931</b>	<b>668,535</b>	<b>1,492,682</b>	<b>11,309,379</b>	<b>10,519,635</b>	<b>38,694,436</b>
—	2,030,835	—	329,807	—	2,983,927
<b>4,407,931</b>	<b>2,699,370</b>	<b>1,492,682</b>	<b>11,639,186</b>	<b>10,519,635</b>	<b>41,678,363</b>
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
<b>1,565,675</b>	<b>142,684</b>	<b>4,651,457</b>	<b>2,366,751</b>	<b>4,636,174</b>	<b>14,795,981</b>
—	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
<b>1,064,022</b>	<b>1,386,226</b>	<b>13,847,720</b>	<b>5,324,676</b>	<b>—</b>	<b>23,449,505</b>
<b>2,629,697</b>	<b>1,528,910</b>	<b>18,499,177</b>	<b>7,691,427</b>	<b>4,636,174</b>	<b>38,245,486</b>
—	14,971	—	2,431	—	21,997
<b>2,629,697</b>	<b>1,543,881</b>	<b>18,499,177</b>	<b>7,693,858</b>	<b>4,636,174</b>	<b>38,267,483</b>
—	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)
<b>\$ 1,778,234</b>	<b>\$ 1,155,489</b>	<b>\$ (17,006,495)</b>	<b>\$ 3,945,328</b>	<b>\$ 5,883,461</b>	<b>\$ 3,410,880</b>

**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**

	<b>Central Garage</b>	<b>Building Maintenance</b>
<b>OPERATING REVENUES</b>		
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>
<b>OPERATING EXPENSES</b>		
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>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
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
<b>24,939,883</b>	<b>6,559,412</b>	<b>2,690,212</b>	<b>6,163,897</b>	<b>3,766,959</b>	<b>52,591,960</b>
—	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
<b>28,577,727</b>	<b>5,531,336</b>	<b>3,006,014</b>	<b>7,560,568</b>	<b>2,993,068</b>	<b>55,992,455</b>
<b>(3,637,844)</b>	<b>1,028,076</b>	<b>(315,802)</b>	<b>(1,396,671)</b>	<b>773,891</b>	<b>(3,400,495)</b>
(1,773)	9,215	(7,931)	16,403	54,071	63,117
—	—	—	—	—	(80,430)
—	—	118,800	—	—	118,800
—	—	(299,653)	(151,843)	—	(483,746)
<b>(1,773)</b>	<b>9,215</b>	<b>(188,784)</b>	<b>(135,440)</b>	<b>54,071</b>	<b>(382,259)</b>
<b>(3,639,617)</b>	<b>1,037,291</b>	<b>(504,586)</b>	<b>(1,532,111)</b>	<b>827,962</b>	<b>(3,782,754)</b>
—	—	—	—	—	170,000
—	—	—	—	—	798,619
—	—	—	—	—	968,619
<b>(3,639,617)</b>	<b>1,037,291</b>	<b>(504,586)</b>	<b>(1,532,111)</b>	<b>827,962</b>	<b>(2,814,135)</b>
<b>5,417,851</b>	<b>118,198</b>	<b>(16,501,909)</b>	<b>5,477,439</b>	<b>5,055,499</b>	<b>6,225,015</b>
<b>\$ 1,778,234</b>	<b>\$ 1,155,489</b>	<b>\$ (17,006,495)</b>	<b>\$ 3,945,328</b>	<b>\$ 5,883,461</b>	<b>\$ 3,410,880</b>

# CITY OF ROCKFORD, ILLINOIS

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

	Central Garage	Building Maintenance
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
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
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
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)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers in	294,500	504,119
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment income	<hr/>	(2,982) (3,886)
Net increase (decrease) in cash and cash equivalents	(121,827)	(992,088)
Cash and cash equivalents - beginning	<hr/>	638,506 2,605,415
Cash and cash equivalents - ending	<hr/>	\$ 516,679 \$ 1,613,327
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ (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	\$ —	\$ 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		
<b>OPERATING REVENUES</b>								
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>	
<b>OPERATING EXPENSES</b>								
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>	
<b>NONOPERATING REVENUES (EXPENSES)</b>								
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		
<b>OPERATING REVENUES</b>								
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>	
<b>OPERATING EXPENSES</b>								
Salaries and benefits	—	—	—	—	4,673,233	4,673,233	3,985,497	
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	1,410,852	
Depreciation	—	—	—	—	7,910	7,910	10,442	
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	
<b>NONOPERATING REVENUES</b>								
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>908,739</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			
<b>OPERATING REVENUES</b>								
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	—	—	
<b>OPERATING EXPENSES</b>								
Salaries and benefits	1,983,512	2,635,213	2,591,634	—	—	1,823,857	766,175	
Services	—	—	—	—	43,579	3,958,934	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)	
<b>NONOPERATING REVENUES (EXPENSES)</b>								
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**

<b>Workmens' Compensation</b>				<b>Variance with Final Budget</b>
<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Positive (Negative)</b>	
<b>\$ 2,975,796</b>	<b>\$ 2,975,796</b>	<b>\$ 3,766,959</b>	<b>\$ 791,163</b>	
<b>OPERATING REVENUES</b>				
Charges for services				
<b>OPERATING EXPENSES</b>				
Services				
Charges from General Fund				
Total operating expenses				
Operating income (loss)				
<b>NONOPERATING REVENUES</b>				
Investment income				
Changes in net position				
Net position - beginning				<b><u>5,055,499</u></b>
Net position - ending				<b><u>\$ 5,883,461</u></b>
				(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
<b>ASSETS</b>			
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
<b>LIABILITIES</b>			
Accrued liabilities	1,238	6,616	7,854
<b>NET POSITION</b>			
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
<b>ADDITIONS</b>			
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>
<b>DEDUCTIONS</b>			
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**

<b>CSFA #</b>	<b>Program Name</b>	<b>State</b>	<b>Federal</b>	<b>Other</b>	<b>Total</b>
418-00-1330	Norman Consent Decree	\$ 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
<b>Totals</b>		<b>\$ 6,549,201</b>	<b>\$ 50,468,748</b>	<b>\$ 320,385,594</b>	<b>\$ 377,403,543</b>

## **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)**

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**See Following Page**

**CITY OF ROCKFORD, ILLINOIS**

**Net Position by Component - Last Ten Fiscal Years\***

**December 31, 2023 (Unaudited)**

	<b>2014</b>	<b>2015**</b>	<b>2016</b>	<b>2017</b>
<b>GOVERNMENTAL ACTIVITIES</b>				
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>
<b>BUSINESS-TYPE ACTIVITIES</b>				
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>
<b>PRIMARY GOVERNMENT</b>				
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
<b>EXPENSES</b>										
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>
<b>PROGRAM REVENUES</b>										
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
<b>NET (EXPENSES) REVENUES</b>										
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>
<b>CHANGES IN NET POSITION</b>										
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>
<b>CHANGE IN NET POSITION</b>										
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>

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

	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>GENERAL FUND</b>				
Nonspendable	\$ —	\$ 150,000	\$ 150,000	\$ 150,000
Unassigned	35,567,463	37,525,349	36,636,721	30,466,617
<b>Total General Fund</b>	<b>35,567,463</b>	<b>37,675,349</b>	<b>36,786,721</b>	<b>30,616,617</b>
<b>ALL OTHER GOVERNMENTAL FUNDS</b>				
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)
<b>Total all other governmental funds</b>	<b>39,781,038</b>	<b>32,744,282</b>	<b>38,821,939</b>	<b>27,473,827</b>
<b>Total all governmental funds</b>	<b>\$ 75,348,501</b>	<b>\$ 70,419,631</b>	<b>\$ 75,608,660</b>	<b>\$ 58,090,444</b>

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
<b>REVENUES</b>				
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>
<b>EXPENDITURES</b>				
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>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of refunding bonds	29,590,000	14,874,939	5,400,000	—
Payment to escrow agent	(30,911,996)	—	(5,642,373)	—
Issuance of general obligation bonds	5,420,000	—	14,770,000	—
Issuance of installment contracts	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)**

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<b>Tax Levy Year</b>	<b>Winnebago</b>	
	<b>Residential Property</b>	<b>Commercial Property</b>
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 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)**

<b>Name of Governmental Unit</b>	<b>(2) Total Debt Outstanding</b>	<b>Percentage Applicable to City</b>	<b>City's Share of Debt</b>
<b>DIRECT</b>			
City of Rockford, Illinois (1)	<u>\$ 103,918,408</u>	100.0%	<u>\$ 103,918,408</u>
<b>OVERLAPPING</b>			
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	<u>34,480,000</u>	59.3%	<u>20,446,640</u>
	<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	<u>39,324,000</u>	70.0%	<u>27,526,800</u>
	<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

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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)**

<b>Fiscal Year</b>	<b>Water Service Charges</b>	<b>Less: Operating Expenses</b>	<b>Available for Debt Service</b>	<b>Debt Service</b>		<b>Total</b>	<b>Coverage</b>
				<b>Principal</b>	<b>Interest</b>		
<b>Water Utility Fund</b>							
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)**

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**See Following Page**

**CITY OF ROCKFORD, ILLINOIS**

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

<b>Function/Program</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
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
<b>Totals</b>	<b>1,076.0</b>	<b>1,066.4</b>	<b>1,074.0</b>	<b>1,075.0</b>

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)**

<b>Function/Program</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
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

<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
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