



Office of Mayor Thomas P. McNamara

MEDIA RELEASE

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Moody's Downgrades City of Rockford Debt Rating *City Had Anticipated Change in Rating*

ROCKFORD, ILL. – Moody's Investors Service recently downgraded the rating on the City of Rockford's general obligation debt to A2 from A1 and assigned a negative outlook. The rating impacts the cost a municipality will pay to take on debt to finance projects or operations; higher ratings tend to mean less risk and cheaper borrowing.

The current rating reflects challenges faced by the City with high pension costs that will continue to escalate in the near term. And, Moody's noted growth in operating expenditures and limited revenue raising flexibility due to lack of home rule authority, which hampers local control, as added challenges.

"We had expected a change in this rating, as we know the financial challenges faced by the City are severe," said Mayor Tom McNamara. "However, we've started our budget process earlier than ever and I'm confident our Finance Task Force will leave nothing on the table as we look for opportunities to develop a realistic budget."

The report cited the City's strengths in its role as an economic hub of northern Illinois and healthy levels of operating reserves.

"There are healthy indicators but we are clearly challenged by growing pension contributions that must be made," said Carrie Eklund, City of Rockford Finance Director. "We continue to work with our partners in Winnebago County to explore consolidation options that could yield more efficiencies and possible cost savings in areas of operations."

The Moody's report noted several factors that could lead to an upgrade, including growth in general fund reserves, expanded tax base and strengthening socioeconomic indicators.

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