

CITY OF ROCKFORD, ILLINOIS  

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COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED  
DECEMBER 31, 2019

**CITY OF ROCKFORD, ILLINOIS**

**ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2019**

**Prepared by:**

**Finance Office**

**CITY OF ROCKFORD, ILLINOIS**

**TABLE OF CONTENTS**

---

---

**PAGE**

**INTRODUCTORY SECTION**

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

**FINANCIAL SECTION**

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

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

**BASIC FINANCIAL STATEMENTS**

Government-Wide Financial Statements	
Statement of Net Position	<a href="#">33</a>
Statement of Activities	<a href="#">35</a>
Fund Financial Statements	
Balance Sheet - Governmental Funds	<a href="#">37</a>
Reconciliation of Total Governmental Fund Balance to the Statement of Net Position - Governmental Activities	<a href="#">39</a>
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<a href="#">41</a>
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities - Governmental Activities	<a href="#">43</a>
Statement of Net Position - Proprietary Funds	<a href="#">45</a>
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	<a href="#">47</a>
Statement of Cash Flows - Proprietary Funds	<a href="#">48</a>
Statement of Fiduciary Net Position	<a href="#">50</a>
Statement of Changes in Fiduciary Net Position	<a href="#">51</a>
Notes to Financial Statements	<a href="#">52</a>

**CITY OF ROCKFORD, ILLINOIS**

**TABLE OF CONTENTS**

---

---

**PAGE**

**FINANCIAL SECTION - Continued**

**REQUIRED SUPPLEMENTARY INFORMATION**

Schedule of Employer Contributions	
Illinois Municipal Retirement Fund	<a href="#">130</a>
Police Pension Fund	<a href="#">131</a>
Firefighters' Pension Fund	<a href="#">132</a>
Schedule of Changes in the Employer's Net Pension Liability	
Illinois Municipal Retirement Fund	<a href="#">133</a>
Police Pension Fund	<a href="#">135</a>
Firefighters' Pension Fund	<a href="#">137</a>
Schedule of Investment Returns	<a href="#">139</a>
Schedule of Changes in the Employer's Total OPEB Liability	
Retiree Benefit Plan	<a href="#">140</a>
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	
General Fund	<a href="#">141</a>
Public Library - Special Revenue Fund	<a href="#">143</a>
Community Development - Special Revenue Fund	<a href="#">144</a>
Tax Increment - Special Revenue Fund	<a href="#">145</a>

**OTHER SUPPLEMENTARY INFORMATION**

Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	
Debt Service Fund	<a href="#">147</a>
Capital Projects Fund	<a href="#">148</a>
Combining Balance Sheet - Nonmajor Governmental - Special Revenue Funds	<a href="#">152</a>
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	
Nonmajor Governmental - Special Revenue Funds	<a href="#">160</a>
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	
Rockford Tuberculosis Care Center - Special Revenue Fund	<a href="#">168</a>
Motor Fuel Tax - Special Revenue Fund	<a href="#">169</a>
Redevelopment - Special Revenue Fund	<a href="#">169</a>
Tourism - Special Revenue Fund	<a href="#">170</a>
Special Projects - Special Revenue Fund	<a href="#">170</a>
South Rockford TIF - Special Revenue Fund	<a href="#">171</a>

**CITY OF ROCKFORD, ILLINOIS**

**TABLE OF CONTENTS**

---

---

**PAGE**

**FINANCIAL SECTION - Continued**

**OTHER SUPPLEMENTARY INFORMATION - Continued**

Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	
Lincolnwood Estates TIF - Special Revenue Fund	<a href="#">171</a>
Springfield Corners TIF - Special Revenue Fund	<a href="#">172</a>
Rockford Global Trade Park TIF - Special Revenue Fund	<a href="#">172</a>
North Main TIF - Special Revenue Fund	<a href="#">173</a>
Lincolnwood II TIF - Special Revenue Fund	<a href="#">173</a>
River Oaks TIF - Special Revenue Fund	<a href="#">174</a>
Garrison TIF - Special Revenue Fund	<a href="#">174</a>
Hope Six TIF - Special Revenue Fund	<a href="#">175</a>
Kishwaukee/Harrison TIF - Special Revenue Fund	<a href="#">175</a>
Jackson School TIF - Special Revenue Fund	<a href="#">176</a>
Preston/Central TIF - Special Revenue Fund	<a href="#">176</a>
North Main and Auburn TIF - Special Revenue Fund	<a href="#">177</a>
East State and Alpine TIF - Special Revenue Fund	<a href="#">177</a>
West State and Central TIF - Special Revenue Fund	<a href="#">178</a>
West State and Kilburn TIF - Special Revenue Fund	<a href="#">178</a>
West Side II TIF - Special Revenue Fund	<a href="#">179</a>
Rockford Global Trade Park II TIF - Special Revenue Fund	<a href="#">179</a>
River North TIF - Special Revenue Fund	<a href="#">180</a>
North Main and Whitman TIF - Special Revenue Fund	<a href="#">180</a>
East River TIF - Special Revenue Fund	<a href="#">181</a>
Assisted Living TIF - Special Revenue Fund	<a href="#">181</a>
Midtown TIF - Special Revenue Fund	<a href="#">182</a>
Kishwaukee and Harrison II TIF - Special Revenue Fund	<a href="#">182</a>
Rockford Global Trade Park III TIF - Special Revenue Fund	<a href="#">183</a>
Broadway TIF - Special Revenue Fund	<a href="#">183</a>
Rockford Global Trade South Park TIF - Special Revenue Fund	<a href="#">184</a>
Jefferson and Third Street TIF - Special Revenue Fund	<a href="#">184</a>
Mulford and State TIF - Special Revenue Fund	<a href="#">185</a>
Auburn Street TIF - Special Revenue Fund	<a href="#">185</a>
Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual	
Water Utility - Enterprise Fund	<a href="#">187</a>
Parking System - Enterprise Fund	<a href="#">187</a>

**CITY OF ROCKFORD, ILLINOIS**

**TABLE OF CONTENTS**

---

---

**PAGE**

**FINANCIAL SECTION - Continued**

Combining Statement of Net Position - Internal Service Funds	<a href="#">190</a>
Combining Statement of Revenues, Expenses and Changes in Net Position Internal Service Funds	<a href="#">192</a>
Combining Statement of Cash Flows - Internal Service Funds	<a href="#">194</a>
Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual	
Central Garage - Internal Service Fund	<a href="#">196</a>
Building Maintenance - Internal Service Fund	<a href="#">196</a>
Central Store - Internal Service Fund	<a href="#">197</a>
Illinois Municipal Retirement - Internal Service Fund	<a href="#">197</a>
Unemployment - Internal Service Fund	<a href="#">198</a>
Workmen's Compensation - Internal Service Fund	<a href="#">198</a>
Health Insurance - Internal Service Fund	<a href="#">199</a>
911 Communication - Internal Service Fund	<a href="#">199</a>
Risk Management - Internal Service Fund	<a href="#">200</a>
Information System - Internal Service Fund	<a href="#">200</a>
Combining Statement of Fiduciary Net Position - Pension Trust Funds	<a href="#">202</a>
Combining Statement of Changes in Fiduciary Net Position - Pension Trust Funds	<a href="#">203</a>
Schedule of Changes in Fiduciary Net Position - Budget and Actual	
Police Pension Fund - Pension Trust Fund	<a href="#">204</a>
Firefighters' Pension Fund - Pension Trust Fund	<a href="#">204</a>
Consolidated Year-End Financial Report	<a href="#">205</a>

**STATISTICAL SECTION (Unaudited)**

Net Position by Component - Last Ten Fiscal Years	<a href="#">208</a>
Changes in Net Position - Last Ten Fiscal Years	<a href="#">210</a>
Fund Balances of Governmental Funds - Last Ten Fiscal Years	<a href="#">212</a>
Changes in Fund Balances for Governmental Funds - Last Ten Fiscal Years	<a href="#">214</a>
Assessed Value and Estimated Value of Taxable Property - Last Ten Tax Levy Years	<a href="#">216</a>
Direct and Overlapping Property Tax Rates - Last Ten Tax Levy Years	<a href="#">218</a>
Principal Property Tax Payers - Current Fiscal Year and Nine Fiscal Years Ago	<a href="#">220</a>
Property Tax Levies and Collections - Last Ten Tax Levy Years	<a href="#">221</a>
Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	<a href="#">222</a>
Ratios of Net General Bonded Debt - Last Ten Fiscal Years	<a href="#">224</a>
Schedule of Direct and Overlapping Governmental Activities Debt	<a href="#">225</a>

**CITY OF ROCKFORD, ILLINOIS**

**TABLE OF CONTENTS**

---

---

**PAGE**

**STATISTICAL SECTION (Unaudited) - Continued**

Legal Debt Margin - Last Ten Fiscal Years	<a href="#">226</a>
Pledged-Revenue Coverage - Last Ten Fiscal Years	<a href="#">228</a>
Demographic and Economic Statistics - Last Ten Fiscal Years	<a href="#">229</a>
Principal Employers - Current Fiscal Year and Nine Fiscal Years Ago	<a href="#">230</a>
Full-Time Equivalent City Government Employees by Function/Program - Last Ten Fiscal Years	<a href="#">232</a>
Operating Indicators by Function/Program - Last Ten Fiscal Years	<a href="#">234</a>
Capital Asset Statistics by Function/Program - Last Ten Fiscal Years	<a href="#">236</a>

## **INTRODUCTORY SECTION**

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



*Carrie Hagerty  
Director  
Finance Department*

June 23, 2020

Citizens of the City of Rockford, Illinois,  
Honorable Mayor and  
Honorable Members of Council

The Comprehensive Annual Financial Report (CAFR) of the City of Rockford, Illinois for the fiscal year ended December 31, 2019, is hereby submitted. This report is prepared by the Finance Director's Office 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, 2019 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, 2019, 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. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Rockford’s MD&A can be found in the Financial Section, immediately following the report of the independent auditors.

## **Profile of the City**

The City of Rockford is a non-home rule city, incorporated in 1839 as a town and became a city in 1852. Located in North Central Illinois approximately 17 miles south of the Wisconsin border and 80 miles northwest of downtown Chicago, Rockford is the fifth largest city in Illinois with approximately 147,051 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 operates 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 2019 average unemployment rate for the metropolitan area was 5.5% as compared to the state average of 4.0% and the national average of 3.7%.

Rockford is home to the operations of several large companies such as: Mercy Health System, Swedish American, part of UW Health, Collins Aerospace, United Parcel Service, OSF St. Anthony's Healthcare, Fiat Chrysler, 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 program, 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 thirty one 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 College Rockford – a two year community college that works 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 bonds. Capital Improvement projects are selected if they: 1) eliminate conditions detrimental to health, safety and general welfare of the community; 2) improve the City's existing infrastructure; 3) encourage private capital investment to improve job opportunities and the City's tax base; and 4) benefit the greatest number of City residents or contribute to an equitable distribution of service throughout the City.

The yearly capital improvement program generally consists of projects designed to repair and improve both arterial and neighborhood streets, bridges, pedestrian safety, storm water management, and water service expansion and replacement. The City provides leadership and encourages the private sector in the development of the Riverfront, Downtown, and other areas of the City.

**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 2019 the amount was 9.33% 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 Acknowledgements**

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 comprehensive annual financial report for the fiscal year ended December 31, 2018. This was the thirty-ninth 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 comprehensive annual financial report, the contents of which conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement Program requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

In addition, the City of Rockford received the GFOA's Distinguished Budget Presentation Award for its annual budget for the fiscal year beginning January 1, 2019. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

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

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

Respectfully submitted,

A handwritten signature in cursive script that reads "Carrie Hagerty".

Carrie Hagerty  
Finance Director

**CITY OF ROCKFORD, ILLINOIS**

**Officials and Officers**

**December 31, 2019**

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**MAYOR**

**Thomas P. McNamara**

**CITY COUNCIL MEMBERS**

**Franklin C. Beach  
John C. Beck  
Joseph Chiarelli  
Timothy J. Durkee  
Natavias L. Ervins  
Kevin Frost  
Venita Hervey**

**Karen K. Hoffman  
Tony Gasparini  
Linda McNeely  
Tuffy Quinonez  
Bill Rose  
Ann Thompson Kelly  
Chad Tuneberg**

**ADMINISTRATION**

**Todd M. Cagnoni, City Administrator**

Karl Franzen, Community Development Director

Carrie Hagerty, Finance Director

Derek Bergsten, Fire Chief

Daniel O'Shea, Police Chief

Shurice Hunter, Human Resources Director

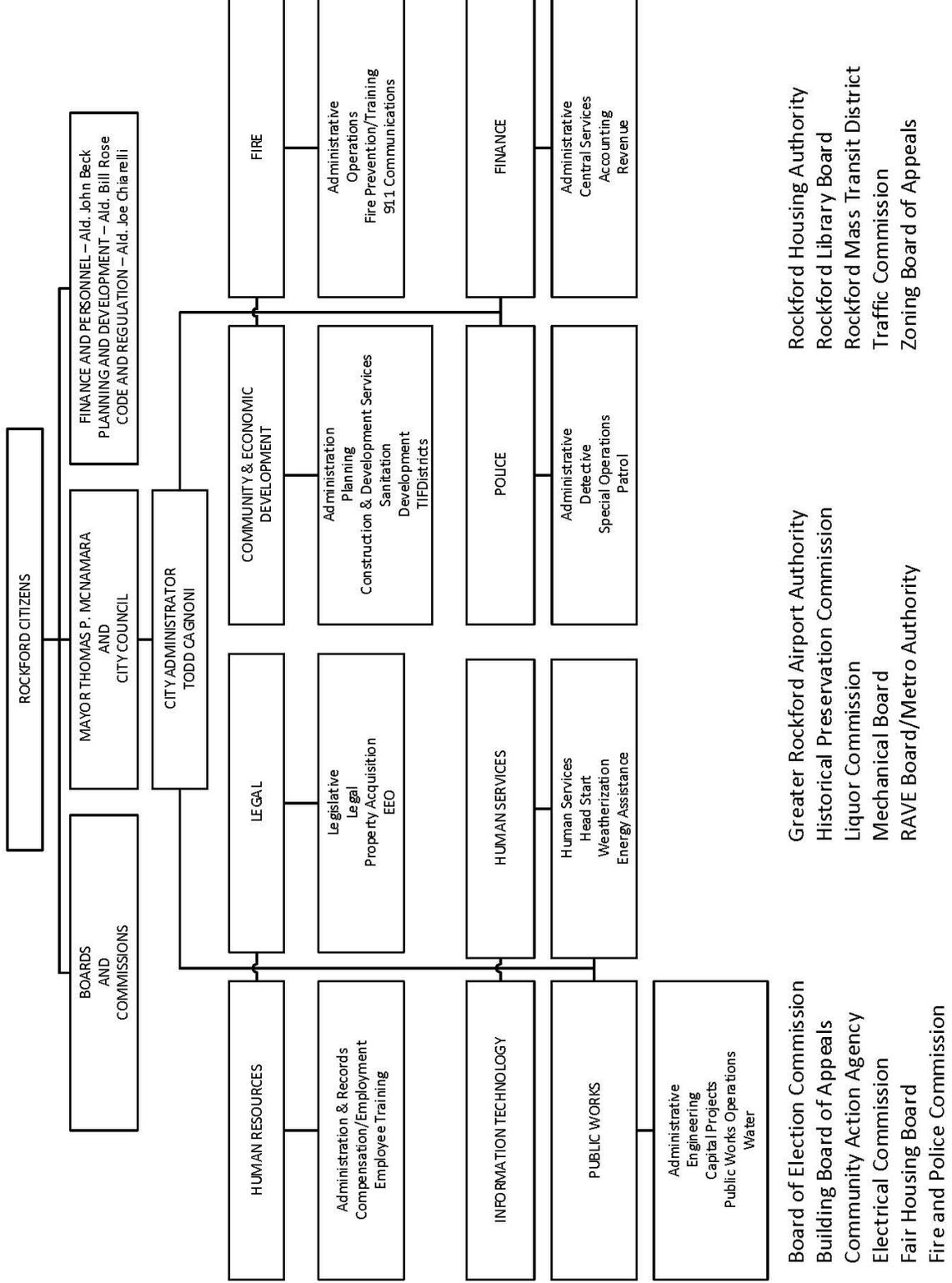
George Davis, Human Services Director

Nicholas Meyer, Legal Director

Glenn Trommels, Information Technology Director

Kyle Saunders, Public Works Director

# CITY OF ROCKFORD, ILLINOIS ORGANIZATION CHART





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Rockford  
Illinois**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2018**

*Christopher P. Morill*

Executive Director/CEO

## **FINANCIAL SECTION**

This section includes:

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

## **INDEPENDENT AUDITORS' REPORT**

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



## **INDEPENDENT AUDITORS' REPORT**

June 23, 2020

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rockford, Illinois, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Rockford Mass Transit District and Rockford Metropolitan Exposition, Auditorium and Office Building Authority. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Rockford Mass Transit District and Rockford Metropolitan Exposition, Auditorium and Office Building Authority, is based solely on the report of the other auditors. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, based on our audit and the report of other auditors, 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, 2019, 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.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents and budgetary information reported in the required supplementary information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, 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.

### *Other 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 introductory section, other supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Matters – Continued**

*Other Information – Continued*

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provision of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Lauterbach & Amen, LLP*

LAUTERBACH & AMEN, LLP

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

# CITY OF ROCKFORD, ILLINOIS

## Management's Discussion and Analysis

December 31, 2019

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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, 2019. 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 \$763.2 million and total liabilities and deferred inflows of \$667.6 million the City's total net position was \$95.6 million at December 31, 2019. Of this amount, approximately \$395.5 million represent the City's net investment in capital assets, \$40.5 million was held for restricted purposes and (\$340.4) million is classified as unrestricted.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$89.9 million, an increase of \$30.4 million in comparison with the prior year. Approximately 33.0 percent of this total amount, \$29.7 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 \$39.5 million, or 24.6 percent of total General Fund expenditures. In comparison, the prior year unassigned fund balance was \$34.1 million, 24.7 percent of General Fund expenditures.
- During the current fiscal year, the City's total long-term bonded debt increased by 17.3 percent or \$14.5 million.

### 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, 2019

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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 deteriorating.

**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).

The government-wide financial statements can be found on pages 33 - 36 of this report.

### 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, 2019

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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 47 individual governmental funds of which six 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 40 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 the Human Services, the Family Justice Center, the Justice Assistance Grant, the Amerock Hotel, the Veteran's Scholarship, and the Flex Care funds. A budgetary comparison schedule has been provided for these funds to demonstrate compliance with this budget.

The governmental fund financial statements can be found on pages 37 - 43.

# CITY OF ROCKFORD, ILLINOIS

## Management's Discussion and Analysis

December 31, 2019

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**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.

The proprietary fund financial statements can be found on pages 45 - 49 of this report.

**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.

The fiduciary fund financial statements can be found on pages 50 -51 of this report.

**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. The notes to the financial statements can be found on pages 52 - 128 of this report.

**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.

Required supplementary information can be found on pages 130 - 145 of this report.

**CITY OF ROCKFORD, ILLINOIS**

**Management’s Discussion and Analysis  
December 31, 2019**

**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 \$95.6 million at the close of the fiscal year ended December 31, 2019.

The City’s net position includes assets invested in capital net of related debt, restricted net position, and unrestricted net position. In 2019, assets invested in capital net of related debt were equal to \$395.5 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, 2019 and 2018:

	<b>Net Position</b>					
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Totals</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Current and other assets	\$183,831,852	\$166,142,971	\$25,992,691	\$24,000,282	\$209,824,543	\$190,143,253
Capital assets	320,857,904	314,472,573	202,510,010	199,668,927	523,367,914	514,141,500
Total assets	504,689,756	480,615,544	228,502,701	223,669,209	733,192,457	704,284,753
Deferred outflows of resources	29,909,645	68,810,259	81,890	—	29,991,535	68,810,259
Total assets and deferred outflows	534,599,401	549,425,803	228,584,591	223,669,209	763,183,992	773,095,012
Long-term liabilities	476,000,420	476,629,297	45,792,277	48,387,679	521,792,697	525,016,976
Current liabilities	39,240,519	45,809,034	8,318,149	7,620,604	47,558,668	53,429,638
Total liabilities	515,240,939	522,438,331	54,110,426	56,008,283	569,351,365	578,446,614
Deferred inflows of resources	98,168,839	87,538,226	73,834	83,075	98,242,673	87,621,301
Total liabilities and deferred inflows	613,409,778	609,976,557	54,184,260	56,091,358	667,594,038	666,067,915
Net position						
Net invested in capital assets	240,780,483	237,514,960	154,684,885	148,507,880	395,465,368	386,022,840
Restricted	35,306,516	36,644,462	5,190,830	4,005,522	40,497,346	40,649,984
Unrestricted	(354,897,376)	(334,710,176)	14,524,616	15,064,449	(340,372,760)	(319,645,727)
Total net position	(\$78,810,377)	(\$60,550,754)	\$174,400,331	\$167,577,851	\$95,589,954	\$107,027,097

**Normal Impacts**

## CITY OF ROCKFORD, ILLINOIS

### Management's Discussion and Analysis

December 31, 2019

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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 liabilities and deferred inflows of resources exceeded total assets and deferred outflows of the City's governmental activities by (\$78.8) million compared to a restated (\$69.1) million at the end of 2018. 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 (\$354.9) million. Restricted net position, those restricted for special purposes such as; capital projects, debt service, and various grant related activities decreased by 3.7 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 \$174.4 million compared to \$167.6 million at the end of 2018.

A summary of the City's 2019 Changes in Net Position is presented on the following page.

**CITY OF ROCKFORD, ILLINOIS**

**Management's Discussion and Analysis  
December 31, 2019**

	Changes in Net Position					
	Governmental Activities		Business-Type Activities		Totals	
	2019	2018	2019	2018	2019	2018
<b>REVENUES</b>						
Program revenues:						
Charges for services	\$39,409,513	\$39,627,497	\$32,720,574	\$30,867,302	\$72,130,087	\$70,494,799
Operating grants and contributions	26,763,411	29,600,919	—	—	26,763,411	29,600,919
Capital grants and contributions	3,447,733	6,434,827	770,104	3,511,512	4,217,837	9,946,339
General revenues:						
Taxes:						
Property taxes	59,088,158	58,210,507	—	—	59,088,158	58,210,507
Sales tax	41,432,700	40,241,419	—	—	41,432,700	40,241,419
Other taxes	28,086,266	23,989,197	—	—	28,086,266	23,989,197
Intergovernmental						
Income tax	16,402,072	13,888,264	—	—	16,402,072	13,888,264
Replacement tax	8,768,557	7,365,335	—	—	8,768,557	7,365,335
Interest earnings	1,081,913	1,156,212	491,009	309,640	1,572,922	1,465,852
Other	5,779,049	3,021,339	—	—	5,779,049	3,021,339
Total revenues	230,259,372	223,535,516	33,981,687	34,688,454	264,241,059	258,223,970
<b>EXPENSES</b>						
General government	35,092,646	14,226,719	—	—	35,092,646	14,226,719
Public safety	128,312,734	116,539,144	—	—	128,312,734	116,539,144
Streets, alleys and bridges	32,328,120	38,576,921	—	—	32,328,120	38,576,921
Community development	11,973,876	13,693,237	—	—	11,973,876	13,693,237
Sanitation	24,675	12,423,942	—	—	24,675	12,423,942
Culture and recreation	9,810,071	10,299,372	—	—	9,810,071	10,299,372
Public health and welfare	18,634,837	17,091,672	—	—	18,634,837	17,091,672
Interest and fiscal charges	3,744,012	2,292,276	—	—	3,744,012	2,292,276
Water	—	—	24,003,349	25,245,966	24,003,349	25,245,966
Parking	—	—	3,155,858	3,010,818	3,155,858	3,010,818
Total expenses	239,920,971	225,143,283	27,159,207	28,256,784	267,080,178	253,400,067
Change in net position	(9,661,599)	(1,607,767)	6,822,480	6,431,670	(2,839,119)	4,823,903
Net position - beginning as restated	(69,148,778)	(58,942,987)	167,577,851	161,146,181	98,429,073	102,203,194
Net position - ending	(\$78,810,377)	(\$60,550,754)	\$174,400,331	\$167,577,851	\$95,589,954	\$107,027,097

**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.

## CITY OF ROCKFORD, ILLINOIS

### Management's Discussion and Analysis

December 31, 2019

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**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

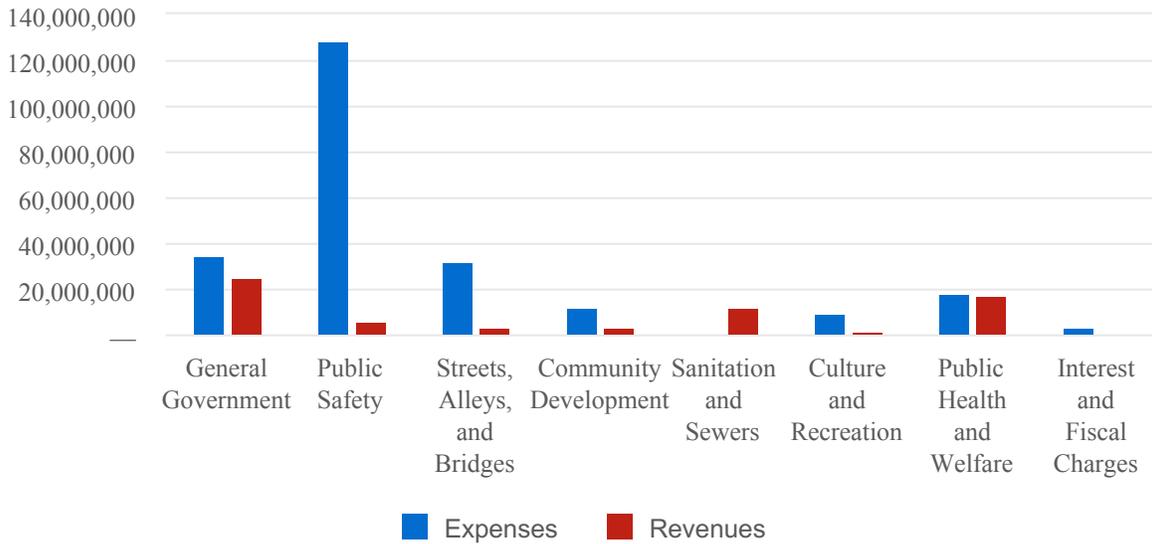
Total governmental activities' revenue for the current year was \$230.3 million compared to \$223.5 million in 2018, an increase of 3.0 percent. The leading factors are as follows:

- Other tax of \$28.1 million increased \$4.1 million, due to the full year collection of new electric and natural gas utility taxes as well as improvements in sales, use and income taxes over the previous year as the local economy continues to improve.
- Total governmental activities' expense for the current year was \$239.9 million compared to \$225.1 million in 2018, an increase of 6.6 percent.

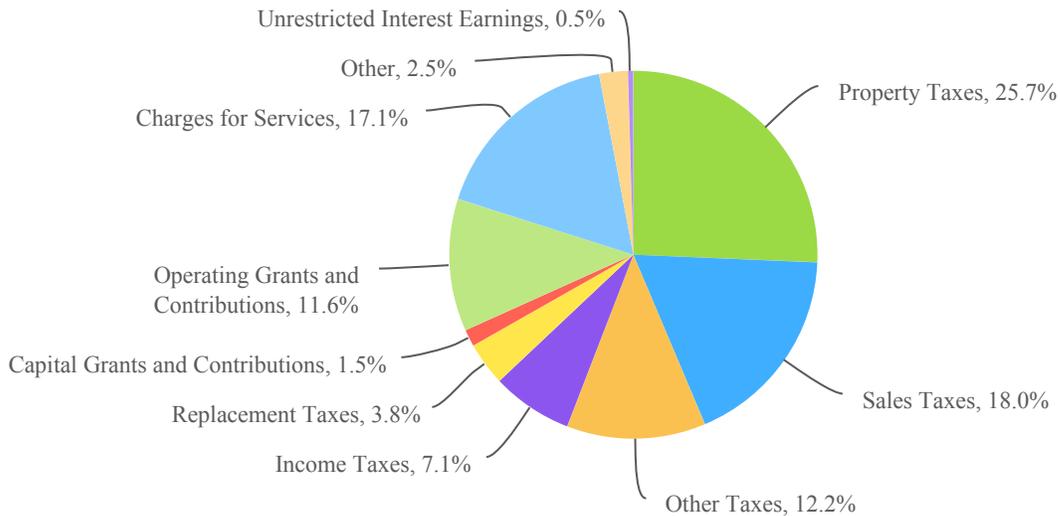
The graph on the next page shows a comparison between the expenses by governmental activity type and the revenues generated that are specific to those activities.

Management’s Discussion and Analysis  
December 31, 2019

**Expense and Program Revenue – Governmental Activities**



**Revenues by Source - Government Activities**



**Revenues by Source - Government Activities**

The cost of all governmental activities this year was \$239.9 million. However, the amount that taxpayers paid for these activities through City and State taxes was only \$153.8 million. Some of the cost was paid by:

- Those who directly benefited from the programs - \$39.4 million.
- Other governments and organizations that subsidized certain programs with grants - \$30.2 million.

**CITY OF ROCKFORD, ILLINOIS**

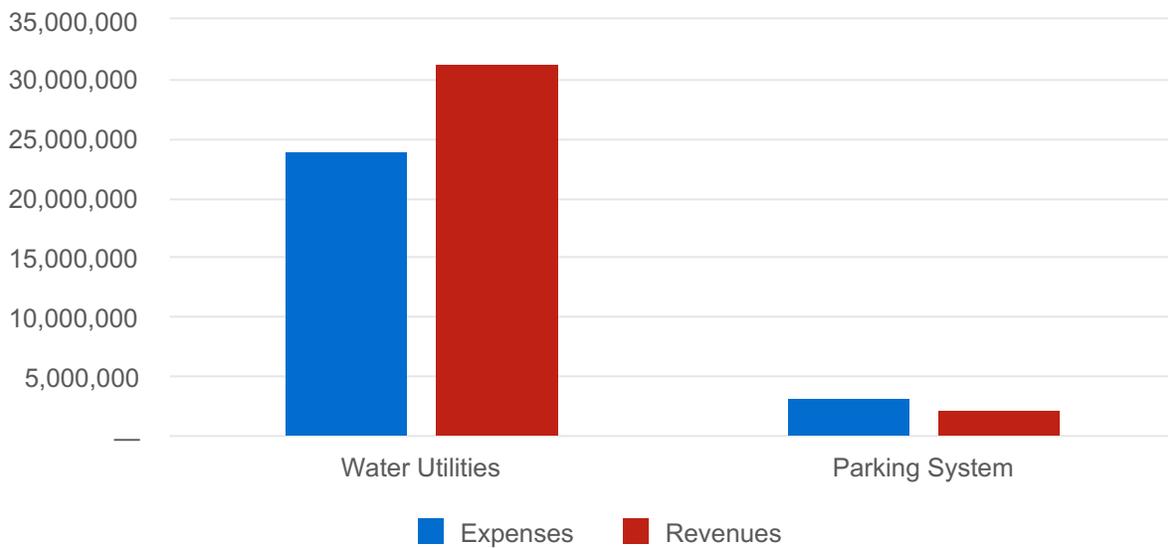
**Management’s Discussion and Analysis  
December 31, 2019**

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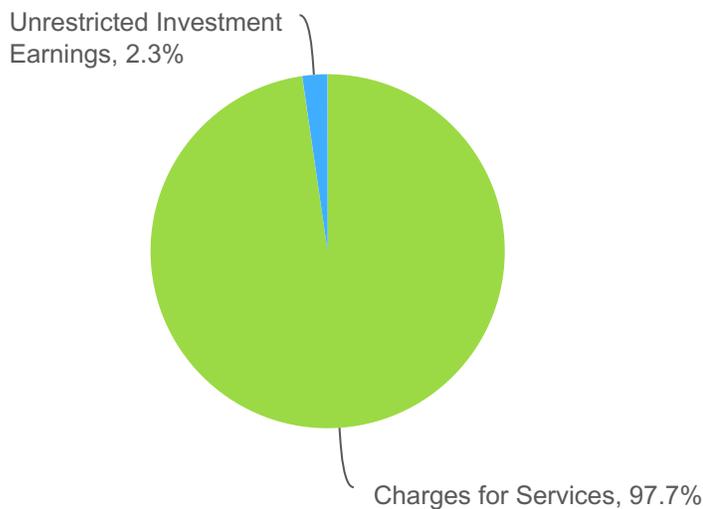
**Business-type Activities** – Business-type activities net position increased by \$6.8 million in 2019, compared to an increase of \$6.4 million in 2018. Revenues from business type activities decreased by 2.0 percent to \$34.0 million and expenses decreased 3.9 percent to \$27.2 million. Key elements contributing to these results included:

- Expenses decreased by \$1.1 million due to cost controlling measures during the year.

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



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



# CITY OF ROCKFORD, ILLINOIS

## Management's Discussion and Analysis

December 31, 2019

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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 2019, its governmental funds reported a combined fund balance of \$89.9 million, an increase of \$30.4 million, or 51.0 percent, in comparison with the prior fiscal year. Unassigned fund balance was \$29.7 million, which is available for spending at the government's discretion. The remaining \$60.3 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 \$39.5 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 24.6 percent of total General Fund expenditures.

The following schedule presents the governmental funds summary of revenues for the years ended December 31, 2019 and 2018:

	2019	Percent of Total	2018	Amount of increase (decrease)	Percent of increase (decrease)
<b>Revenues by source</b>					
Taxes	\$128,607,124	56.30%	\$122,441,123	\$6,166,001	5.04%
Licenses and permits	11,028,972	4.83%	10,874,632	154,340	1.42%
Intergovernmental	53,923,910	23.61%	57,289,345	(3,365,435)	(5.87%)
Charges for services	26,303,212	11.51%	26,652,526	(349,314)	(1.31%)
Fines	2,077,329	0.91%	2,100,339	(23,010)	(1.10%)
Interest	712,630	0.31%	901,939	(189,309)	(20.99%)
Miscellaneous	5,779,049	2.53%	3,021,339	2,757,710	91.27%
Total revenues	\$228,432,226	100.00%	\$223,281,243	\$5,150,983	2.31%

Revenues of the City's governmental funds increased \$5.2 million or 2.3 percent from the prior fiscal year.

**CITY OF ROCKFORD, ILLINOIS**

**Management’s Discussion and Analysis  
December 31, 2019**

The following schedule presents the governmental funds summary of expenditures for the years ended December 31, 2019 and 2018:

	2019	Percent of Total	2018	Amount of increase (decrease)	Percent of increase (decrease)
<b>Expenditures by function</b>					
General government	\$22,835,047	9.90%	\$13,064,160	\$9,770,887	74.79%
Public safety	113,983,475	49.44%	110,656,380	3,327,095	3.01%
Streets, alleys and bridges	15,744,910	6.83%	13,973,852	1,771,058	12.67%
Community development	11,923,262	5.17%	15,788,408	(3,865,146)	(24.48%)
Sanitation and sewers	—	0.00%	12,397,792	(12,397,792)	(100.00%)
Culture and recreation	9,038,648	3.92%	8,289,293	749,355	9.04%
Public health and welfare	18,431,025	7.99%	16,964,131	1,466,894	8.65%
Debt service:	0				
Principal payments	10,075,455	4.37%	10,846,812	(771,357)	(7.11%)
Interest and fiscal charges	3,225,586	1.40%	2,993,490	232,096	7.75%
Capital expenditures	25,287,062	10.97%	22,038,242	3,248,820	14.74%
<b>Total expenditures</b>	<b>\$230,544,470</b>	<b>100.00%</b>	<b>\$227,012,560</b>	<b>\$3,531,910</b>	<b>1.56%</b>

Expenditures of the City’s governmental funds increased by \$3.5 million or 1.6 percent compared to the previous year. Capital expenditures increased by \$3.2 million.

The Public Library fund balance at year-end was \$11.6 million, up \$889,302 from the prior year. This 8.3 percent increase is primarily the result of an increase in interest and replacement tax revenues, as well as facility construction reimbursement from ComEd.

The Debt Service Fund total fund balance at year-end was \$9.5 million, all of which is restricted or assigned for the payment of debt service.

Capital Projects Fund total fund balance at year-end was \$24.3 million, all of which is restricted or assigned for future capital projects.

**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, 2019

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### General Fund Budgetary Highlights

The City Council passed a supplemental budget appropriation increasing expenditures by \$10.5 million (6.9 percent) in the General Fund, due to timing of capital purchases and unexpected personnel expenditures related to snow removal and police and fire department staffing. The City is legally authorized by State statutes to amend the budget after June 30. Budgetary results for the General Fund departments are as follows:

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
Revenues	148,280,745	148,280,745	157,098,406	8,817,661
Expenditures	151,744,696	162,267,598	160,873,697	1,393,901
Excess (deficiency) of revenues over (under) expenditures	(3,463,951)	(13,986,853)	(3,775,291)	10,211,562
Other financing sources (uses)				
Debt issuance	5,789,000	5,789,000	11,325,831	5,536,831
Disposal of capital assets	—	—	—	—
Transfers from other funds	3,023,878	3,023,878	3,245,968	222,090
Transfers to other funds	(5,074,131)	(5,039,805)	(5,374,062)	(334,257)
Net change in fund balance	274,796	(10,213,780)	5,422,446	15,636,226

During the year the City spent 99.1 percent of the final amount appropriated in the General Fund. Actual General Fund revenues were more than budgetary estimates by 5.9 percent.

**CITY OF ROCKFORD, ILLINOIS**

**Management’s Discussion and Analysis  
December 31, 2019**

**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, 2019, amounts to \$523.4 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 2.0 percent and the business-type activities increased by 1.4 percent.

	Primary Government Capital Assets (net of depreciation)					
	Governmental Activities		Business-Type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Land	\$ 3,704,840	3,704,840	6,967,410	6,967,410	10,672,250	10,672,250
Construction in progress	6,354,776	2,661,149	11,154,884	11,378,360	17,509,660	14,039,509
Land improvements	371,610	771,289	403,056	438,299	774,666	1,209,588
Building improvements	59,178,774	60,964,258	34,197,289	30,661,419	93,376,063	91,625,677
Improvements other than building	—	—	148,485,857	148,942,013	148,485,857	148,942,013
Equipment	16,302,369	9,682,480	1,301,514	1,281,426	17,603,883	10,963,906
Infrastructure	234,945,535	236,688,557	—	—	234,945,535	236,688,557
<b>Totals</b>	<b>320,857,904</b>	<b>314,472,573</b>	<b>202,510,010</b>	<b>199,668,927</b>	<b>523,367,914</b>	<b>514,141,500</b>

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

	Governmental Activities	Business-Type Activities
Construction in progress	\$ 4,155,864	8,259,246
Building improvements	830,106	4,558,171
Improvements other than building	—	4,941,537
Equipment	10,013,922	381,857
Infrastructure	7,083,894	—
	<b>22,083,786</b>	<b>18,140,811</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, 2019**

**Long-term Debt** – At the end of the current fiscal year, the City of Rockford had total bonded debt outstanding of \$98.7 million. This debt is backed by the full faith and credit of the City.

	Primary Government Outstanding Debt					
	General Obligation and Revenue Bonds					
	Governmental Activities		Business-Type Activities		Totals	
	2019	2018	2019	2018	2019	2018
General obligation/ General obligation revenue bonds	\$75,495,033	\$60,219,741	\$23,224,967	\$23,970,259	\$98,720,000	\$84,190,000

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, 2019, the City's indebtedness was \$87 million less than the City limit and \$115.1 million less than the State limit.

Additional information on the City of Rockford’s long-term debt can be found in Note 3 of this report.

**ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES**

The City of Rockford is the industrial and business hub of the Rock River Valley and northwestern Illinois. Rockford’s economy is diversified with manufacturing and medical as its primary base. While the national economy is showing signs of recovery, the local economic environment and the impact it has on the City’s available revenue continues to present a challenge. The City must continue to carefully balance its priorities in order to maintain the quality of services and public infrastructure.

The City’s goal in developing the 2020 budget was to continue offering citizens standard municipal services, continuing economic development efforts, and maintaining fiscal stability. Development and adoption of the 2020 budget was premised on maintaining staffing and service levels equivalent to 2019 and making significant capital investment.

Budgeted revenues for the General Fund are \$163.7 million, including \$9.2 million for transfers in.

Budgeted expenditures in the General Fund are \$163.7 million, including \$.5 million for transfers out. Major spending changes by account type for 2020 are:

- a. Salaries increased \$2.0 million as a result of contract increases and a 2% wage increase.
- b. Fringe Benefits increased \$4.7 million due to increases to pension funding, health insurance, and IMRF contributions.
- c. Contractual and supply accounts increased \$1.8 million with normal increases in contractual service costs.
- d. Capital outlays decreased \$2.0 million with variation in planned purchases under the City’s vehicle leasing plan.

# **CITY OF ROCKFORD, ILLINOIS**

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

**December 31, 2019**

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While the local economic environment and the impact it has on the City's available revenues continues to present a challenge, in November 2019, 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 2021 budget process to begin on a sound financial footing.

### **Requests for information**

This financial report is designed to provide a general overview of the City of Rockford's finances for all those with an interest in the Government's finances and to demonstrate the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, 425 East State Street, Rockford, Illinois, 61104.

## **BASIC FINANCIAL STATEMENTS**

The basic financial Statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

Government-Wide Financial Statements

Fund Financial Statements

Governmental Funds

Proprietary Funds

Fiduciary Funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

**CITY OF ROCKFORD, ILLINOIS**

**Statement of Net Position**

**December 31, 2019**

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**See Following Page**

**CITY OF ROCKFORD, ILLINOIS**

**Statement of Net Position  
December 31, 2019**

	Primary Government			Component Units	
	Governmental	Business-Type	Totals	Rockford	Rockford
	Activities	Activities		Mass Transit	Auditorium and Office Building Authority
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	\$ 76,167,565	\$ 18,317,438	\$ 94,485,003	\$ 2,753,261	\$ 1,340,663
Receivables - net of allowances	80,103,261	4,653,870	84,757,131	122,763	520,367
Internal balances	3,592,853	(3,592,853)	—	—	—
Due from governmental units	23,537,443	824,033	24,361,476	1,366,743	—
Inventories	334,856	599,373	934,229	384,248	105,745
Prepays	95,874	—	95,874	130,074	99,153
Total current assets	183,831,852	20,801,861	204,633,713	4,757,089	2,065,928
<b>NONCURRENT ASSETS</b>					
Capital assets					
Nondepreciable	10,059,616	18,122,294	28,181,910	1,969,934	2,656,507
Depreciable	525,197,150	295,714,208	820,911,358	46,488,636	45,655,298
Accumulated depreciation	(214,398,862)	(111,326,492)	(325,725,354)	(23,936,133)	(25,983,140)
	320,857,904	202,510,010	523,367,914	24,522,437	22,328,665
Other assets					
Other assets	—	—	—	—	4,350,763
Restricted assets:					
Cash and cash equivalents	—	5,190,830	5,190,830	5,792,304	310,389
	—	5,190,830	5,190,830	5,792,304	4,661,152
Total noncurrent assets	320,857,904	207,700,840	528,558,744	30,314,741	26,989,817
Total assets	504,689,756	228,502,701	733,192,457	35,071,830	29,055,745
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred items - net pension liabilities	24,810,256	—	24,810,256	2,516,611	—
Deferred items - total OPEB liability - RBP	4,211,077	81,890	4,292,967	—	—
Unamortized loss on refunding	888,312	—	888,312	—	—
Total deferred outflows of resources	29,909,645	81,890	29,991,535	2,516,611	—
Total assets and deferred outflows of resources	534,599,401	228,584,591	763,183,992	37,588,441	29,055,745

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

	<b>Component Units</b>				
	<b>Primary Government</b>			<b>Rockford Mass Transit District</b>	<b>Rockford Metropolitan Exposition, Auditorium and Office Building Authority</b>
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Totals</b>		
<b>CURRENT LIABILITIES</b>					
Accounts payable and other accrued liabilities	\$ 9,720,837	\$ 3,517,443	\$ 13,238,280	\$ 1,357,133	\$ 813,935
Accrued payroll and benefits	4,327,304	245,008	4,572,312	873,258	—
Due to other governmental units	4,093	—	4,093	243,863	—
Other payables	2,382,653	—	2,382,653	—	1,617,532
Other liabilities	212,472	1,395	213,867	—	—
Deposits and advances	—	33,855	33,855	675,681	—
Accrued interest payable	407,227	112,670	519,897	—	—
Current portion of long-term debt	22,185,933	4,407,778	26,593,711	—	385,507
Total current liabilities	39,240,519	8,318,149	47,558,668	3,149,935	2,816,974
Noncurrent liabilities:					
Noncurrent portion of long-term debt	476,000,420	45,792,277	521,792,697	15,936,748	1,015,023
Total liabilities	515,240,939	54,110,426	569,351,365	19,086,683	3,831,997
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Property taxes	59,290,996	—	59,290,996	—	—
Deferred items - net pension liabilities	35,080,983	—	35,080,983	415,760	—
Deferred items - total OPEB liability - RBP	3,796,860	73,834	3,870,694	—	—
Grants	—	—	—	2,170,745	463,338
Total deferred inflows of resources	98,168,839	73,834	98,242,673	2,586,505	463,338
Total liabilities and deferred inflows of resources	613,409,778	54,184,260	667,594,038	21,673,188	4,295,335
<b>NET POSITION</b>					
Net investment in capital assets	240,780,483	154,684,885	395,465,368	24,522,437	21,790,865
Restricted					
Capital projects	—	1,000,000	1,000,000	—	—
Debt service	9,080,224	4,190,830	13,271,054	—	—
Culture and recreation	11,524,308	—	11,524,308	—	—
Community development	2,488,498	—	2,488,498	—	—
Public health and welfare	1,519,384	—	1,519,384	—	—
Highways and streets	10,694,102	—	10,694,102	—	—
Employee and public liability trusts	—	—	—	1,281,995	—
Unrestricted (deficit)	(354,897,376)	14,524,616	(340,372,760)	(9,889,179)	2,969,545
Total net position	\$ (78,810,377)	\$ 174,400,331	\$ 95,589,954	\$ 15,915,253	\$ 24,760,410

*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, 2019**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT</b>				
Governmental activities				
General government	\$ 35,092,646	\$ 24,688,289	\$ 460,000	\$ —
Public safety	128,312,734	2,022,607	4,153,167	—
Streets, alleys and bridges	32,328,120	—	—	3,447,733
Community development	11,973,876	57,335	3,086,596	—
Sanitation and sewers	24,675	12,473,238	—	—
Culture and recreation	9,810,071	168,044	1,277,648	—
Public health and welfare	18,634,837	—	17,786,000	—
Interest and fiscal charges	3,744,012	—	—	—
Total governmental activities	<u>239,920,971</u>	<u>39,409,513</u>	<u>26,763,411</u>	<u>3,447,733</u>
Business-type activities				
Water utilities	24,003,349	30,954,297	—	385,410
Parking system	3,155,858	1,766,277	—	384,694
Total business-type activities	<u>27,159,207</u>	<u>32,720,574</u>	<u>—</u>	<u>770,104</u>
Total primary government	<u>\$ 267,080,178</u>	<u>\$ 72,130,087</u>	<u>\$ 26,763,411</u>	<u>\$ 4,217,837</u>
<b>COMPONENT UNITS</b>				
Rockford mass transit district	\$ 18,396,275	\$ 1,810,209	\$ 15,008,679	\$ 6,793,370
Rockford metropolitan exposition, auditorium and office building authority	14,218,959	11,635,482	978,998	134,854
Total component units	<u>\$ 32,615,234</u>	<u>\$ 13,445,691</u>	<u>\$ 15,987,677</u>	<u>\$ 6,928,224</u>
		General revenues		
		Taxes		
		Property taxes		
		Sales taxes		
		Other taxes		
		Intergovernmental		
		Income tax		
		Replacement tax		
		Interest earnings		
		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.*

<b>Net (Expenses) Revenues</b>					
<b>Primary Government</b>			<b>Component Units</b>		
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Totals</b>	<b>Rockford Mass Transit District</b>	<b>Rockford Metropolitan Exposition, Auditorium and Office Building Authority</b>	
\$ (9,944,357)	\$ —	\$ (9,944,357)	\$ —	\$ —	
(122,136,960)	—	(122,136,960)	—	—	
(28,880,387)	—	(28,880,387)	—	—	
(8,829,945)	—	(8,829,945)	—	—	
12,448,563	—	12,448,563	—	—	
(8,364,379)	—	(8,364,379)	—	—	
(848,837)	—	(848,837)	—	—	
(3,744,012)	—	(3,744,012)	—	—	
(170,300,314)	—	(170,300,314)	—	—	
—	7,336,358	7,336,358	—	—	
—	(1,004,887)	(1,004,887)	—	—	
—	6,331,471	6,331,471	—	—	
(170,300,314)	6,331,471	(163,968,843)	—	—	
—	—	—	5,215,983	—	
—	—	—	—	(1,469,625)	
—	—	—	5,215,983	(1,469,625)	
59,088,158	—	59,088,158	—	—	
41,432,700	—	41,432,700	—	—	
28,086,266	—	28,086,266	—	193,766	
16,402,072	—	16,402,072	—	—	
8,768,557	—	8,768,557	—	—	
1,081,913	491,009	1,572,922	97,378	2,827	
5,779,049	—	5,779,049	600	—	
160,638,715	491,009	161,129,724	97,978	196,593	
(9,661,599)	6,822,480	(2,839,119)	5,313,961	(1,273,032)	
(69,148,778)	167,577,851	98,429,073	10,601,292	26,033,442	
\$ (78,810,377)	\$ 174,400,331	\$ 95,589,954	\$ 15,915,253	\$ 24,760,410	

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

**CITY OF ROCKFORD, ILLINOIS**

**Balance Sheet - Governmental Funds  
December 31, 2019**

	General	Public Library	Special Community Development
<b>ASSETS</b>			
Cash and cash equivalents	\$ 7,173,320	\$ 11,580,940	\$ —
Receivables - net of allowances			
Property taxes	47,717,174	7,308,133	—
Accounts	17,996,678	503,613	—
Notes	150,000	—	54,368
Accrued interest	22,172	8,565	—
Due from the Federal Government	217,189	—	633,097
Due from the State of Illinois	(31,536)	—	33,559
Due from other governmental units	889,029	—	—
Due from other funds	19,886,847	—	—
Inventories	400	—	—
Prepays	—	81,000	—
Total assets	<u>\$ 94,021,273</u>	<u>\$ 19,482,251</u>	<u>\$ 721,024</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 3,254,631	\$ 384,806	\$ 273,734
Accrued payroll and benefits	3,342,807	184,004	18,942
Due to other governmental units	—	—	4,093
Due to other funds	—	—	105,622
Other payables	53,510	—	297,616
Other liabilities	—	—	6,612
Total liabilities	<u>6,650,948</u>	<u>568,810</u>	<u>706,619</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property taxes	47,717,174	7,308,133	—
Total liabilities and deferred inflows of resources	<u>54,368,122</u>	<u>7,876,943</u>	<u>706,619</u>
<b>FUND BALANCES</b>			
Nonspendable	150,400	81,000	—
Restricted			
Debt service	—	—	—
Culture and recreation	—	11,524,308	—
Community development	—	—	14,405
Public health and welfare	—	—	—
Highway and streets	—	—	—
Assigned			
Community development	—	—	—
Public health and welfare	—	—	—
Unassigned	39,502,751	—	—
Total fund balances	<u>39,653,151</u>	<u>11,605,308</u>	<u>14,405</u>
Total liabilities and deferred inflows of resources and fund balance	<u>\$ 94,021,273</u>	<u>\$ 19,482,251</u>	<u>\$ 721,024</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>		
\$ —	\$ —	\$ 9,208,100	\$ 16,750,804	\$ 12,239,802	\$ 56,952,966		
—	4,265,689	—	—	—	59,290,996		
189,364	207,950	—	645,743	676,947	20,220,295		
—	—	—	—	—	204,368		
(3,421)	(7,303)	—	13,960	1,267	35,240		
6,357,998	—	—	1,556,468	21,010	8,785,762		
2,891,052	—	279,351	8,931,411	671,055	12,774,892		
—	—	—	819,218	—	1,708,247		
—	—	—	—	—	19,886,847		
—	—	—	—	—	400		
—	—	—	—	—	81,000		
<b>\$ 9,434,993</b>	<b>\$ 4,466,336</b>	<b>\$ 9,487,451</b>	<b>\$ 28,717,604</b>	<b>\$ 13,610,081</b>	<b>\$ 179,941,013</b>		
\$ 1,381,161	\$ 8,567	\$ —	\$ 3,601,310	\$ 421,637	\$ 9,325,846		
210,533	—	—	76,448	2,892	3,835,626		
—	—	—	—	—	4,093		
5,024,710	10,005,718	—	—	12,158	15,148,208		
1,299,205	—	—	732,322	—	2,382,653		
—	—	—	—	—	6,612		
7,915,609	10,014,285	—	4,410,080	436,687	30,703,038		
—	4,265,689	—	—	—	59,290,996		
7,915,609	14,279,974	—	4,410,080	436,687	89,994,034		
—	—	—	—	—	231,400		
—	—	9,487,451	—	—	9,487,451		
—	—	—	—	—	11,524,308		
—	—	—	—	2,474,093	2,488,498		
1,519,384	—	—	—	—	1,519,384		
—	—	—	—	10,694,102	10,694,102		
—	—	—	24,307,524	—	24,307,524		
—	—	—	—	5,199	5,199		
—	(9,813,638)	—	—	—	29,689,113		
1,519,384	(9,813,638)	9,487,451	24,307,524	13,173,394	89,946,979		
<b>\$ 9,434,993</b>	<b>\$ 4,466,336</b>	<b>\$ 9,487,451</b>	<b>\$ 28,717,604</b>	<b>\$ 13,610,081</b>	<b>\$ 179,941,013</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, 2019**

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Total fund balances for governmental funds	\$	89,946,979
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.		320,857,904
Less: Internal Service Funds		(6,771,560)
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:		(7,868,973)
Deferred outflows (inflows) of resources related to the pensions not reported in the funds.		(9,856,510)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Net pension liabilities		(320,855,076)
Total OPEB liability		(31,691,209)
Bonds payable, net		(75,383,712)
Compensated absences		(8,369,395)
Lease/purchase agreements		(20,686,629)
Section 108 guaranteed loans		(2,868,000)
Accrued interest on bonds		(407,227)
Total net position of governmental activities	\$	<u>(78,810,377)</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, 2019**

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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, 2019**

	<b>General</b>	<b>Public Library</b>	<b>Special Community Development</b>
<b>REVENUES</b>			
Taxes	\$ 86,623,629	\$ 7,344,289	\$ —
Licenses and permits	10,971,637	—	—
Intergovernmental	29,323,796	1,277,648	2,197,606
Charges for services	26,189,890	113,322	—
Fines	2,022,607	54,722	—
Interest	638,724	230,932	80,767
Miscellaneous	1,328,123	1,146,525	841,138
Total revenues	<u>157,098,406</u>	<u>10,167,438</u>	<u>3,119,511</u>
<b>EXPENDITURES</b>			
Current			
General government	22,835,047	—	—
Public safety	113,888,986	—	—
Streets, alleys and bridges	11,503,030	—	—
Community development	2,826,771	—	3,035,256
Culture and recreation	—	9,038,648	—
Public health and welfare	—	—	—
Debt service			
Principal payments	—	—	127,000
Interest and fiscal charges	—	—	11,565
Capital outlay	9,819,863	—	—
Total expenditures	<u>160,873,697</u>	<u>9,038,648</u>	<u>3,173,821</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,775,291)</u>	<u>1,128,790</u>	<u>(54,310)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Debt issuance	11,325,831	—	—
Premium on debt issuance	—	—	—
Transfers in	3,245,968	—	—
Transfers out	(5,374,062)	(239,488)	—
	<u>9,197,737</u>	<u>(239,488)</u>	<u>—</u>
Net change in fund balances	5,422,446	889,302	(54,310)
Fund balances - beginning as restated	<u>34,230,705</u>	<u>10,716,006</u>	<u>68,715</u>
Fund balances - ending	<u>\$ 39,653,151</u>	<u>\$ 11,605,308</u>	<u>\$ 14,405</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>
\$ —	\$ —	\$ 1,744,704	\$ 16,802,190	\$ 16,092,312	\$ 128,607,124
—	—	—	—	57,335	11,028,972
17,786,000	—	460,000	1,989,870	888,990	53,923,910
—	—	—	—	—	26,303,212
—	—	—	—	—	2,077,329
(79,683)	—	—	(161,642)	3,532	712,630
1,316,912	—	747,295	(415,388)	814,444	5,779,049
19,023,229	—	2,951,999	18,215,030	17,856,613	228,432,226
—	—	—	—	—	22,835,047
—	—	—	—	94,489	113,983,475
—	—	—	4,241,880	—	15,744,910
—	—	—	—	6,061,235	11,923,262
—	—	—	—	—	9,038,648
18,329,948	—	—	—	101,077	18,431,025
—	—	9,438,362	—	510,093	10,075,455
—	—	2,649,064	379,035	185,922	3,225,586
—	—	—	15,467,199	—	25,287,062
18,329,948	—	12,087,426	20,088,114	6,952,816	230,544,470
693,281	—	(9,135,427)	(1,873,084)	10,903,797	(2,112,244)
—	—	—	20,620,000	—	31,945,831
—	—	—	758,685	—	758,685
—	2,552,810	10,034,869	2,234,821	13,003,359	31,071,827
—	(12,366,448)	—	—	(13,288,873)	(31,268,871)
—	(9,813,638)	10,034,869	23,613,506	(285,514)	32,507,472
693,281	(9,813,638)	899,442	21,740,422	10,618,283	30,395,228
826,103	—	8,588,009	2,567,102	2,555,111	59,551,751
\$ 1,519,384	\$ (9,813,638)	\$ 9,487,451	\$ 24,307,524	\$ 13,173,394	\$ 89,946,979

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

**CITY OF ROCKFORD, ILLINOIS**

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to to the Statement of Activities - Governmental Activities  
For the Fiscal Year Ended December 31, 2019**

Net change in fund balances - total governmental funds \$ 30,395,228

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

Capital outlays	18,278,566	
Capital Contributions	1,457,863	
Depreciation expense	(13,566,351)	
Disposals - cost	(3,348,882)	
Disposals - accumulated depreciation	2,245,915	5,067,111

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 general obligation bonds	(20,620,000)	
Proceeds from capital lease agreements	(11,325,831)	
Repayments:		
Principal payment on bonds and other long-term obligations	10,075,455	(21,870,376)

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	(5,486,492)	
Deferred items - RBP	4,693,467	
Net pension liability	40,272,032	
Deferred items - pensions	(53,581,282)	
Compensated absences	(1,783,736)	
Accrued interest payable	(169,901)	
Amortization of bond premiums and discounts and losses	(896,745)	(16,952,657)

Internal service funds are used by the City to charge the cost of Central Garage, Building Maintenance, Central Stores, Auditing, 911 Communications, Risk Management, Data Processing and employee benefits for Illinois Municipal Retirement, Unemployment, Workmens' Compensation, and Health Insurance to individual funds. The net revenue (expenses) of the above Internal Service funds is reported within governmental activities. (6,300,905)

Change in net position of governmental activities \$ (9,661,599)

*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, 2019**

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**See Following Page**

**CITY OF ROCKFORD, ILLINOIS**

**Statement of Net Position - Proprietary Funds  
December 31, 2019**

	<b>Business-Type Activities - Enterprise Funds</b>			<b>Governmental</b>
	<b>Water Utility</b>	<b>Nonmajor</b>	<b>Totals</b>	<b>Activities</b>
		<b>Parking System</b>		<b>Internal Service</b>
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 18,317,438	\$ —	\$ 18,317,438	\$ 19,214,599
Accounts receivable				
Water	1,849,580	—	1,849,580	—
Estimated unbilled water usage	3,382,000	—	3,382,000	—
Other	16,953	65,052	82,005	352,362
	5,248,533	65,052	5,313,585	352,362
Less allowance for uncollectible accounts	(659,715)	—	(659,715)	—
	4,588,818	65,052	4,653,870	352,362
Due from State of Illinois	824,033	—	824,033	—
Due from other governments	—	—	—	268,542
Inventories	599,373	—	599,373	334,456
Prepaid items	—	—	—	14,874
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	4,190,830	—	4,190,830	—
	5,190,830	—	5,190,830	—
Total current assets	29,520,492	65,052	29,585,544	20,184,833
Noncurrent assets				
Capital assets				
Land	637,705	6,329,705	6,967,410	—
Construction in progress	9,106,272	2,048,612	11,154,884	2,427,620
Land improvements	900,886	—	900,886	—
Buildings and improvements	26,494,815	27,402,200	53,897,015	5,636,957
Equipment	4,842,860	80,746	4,923,606	6,414,510
Improvements other than land and buildings	232,032,788	3,959,913	235,992,701	182,407
Less accumulated depreciation	(94,330,378)	(16,996,114)	(111,326,492)	(7,889,934)
Total noncurrent assets	179,684,948	22,825,062	202,510,010	6,771,560
Total assets	209,205,440	22,890,114	232,095,554	26,956,393
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred items - RBP	81,101	789	81,890	—
Total assets and deferred outflows of resources	209,286,541	22,890,903	232,177,444	26,956,393

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

	<b>Business-Type Activities - Enterprise Funds</b>			<b>Governmental</b>
	<b>Water Utility</b>	<b>Nonmajor</b>	<b>Totals</b>	<b>Activities</b>
		<b>Parking System</b>		<b>Internal Service</b>
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	\$ 3,245,917	\$ 271,526	\$ 3,517,443	\$ 1,540,777
Accrued interest payable	91,520	21,150	112,670	—
Accrued payroll and benefits	235,818	9,190	245,008	491,678
Due to other funds	—	3,592,853	3,592,853	—
Other liabilities	1,395	—	1,395	205,860
Deposits and advances	33,855	—	33,855	—
Compensated absences	78,669	2,116	80,785	130,104
Capital lease payable	136,451	—	136,451	1,103,797
General obligation alternate bonds payable (net of unamortized premiums/discounts)	1,725,307	440,713	2,166,020	—
IEPA loan payable	2,024,522	—	2,024,522	—
Claims and judgments payable	—	—	—	9,060,894
<b>Total current liabilities</b>	<b>7,573,454</b>	<b>4,337,548</b>	<b>11,911,002</b>	<b>12,533,110</b>
Noncurrent liabilities				
Compensated absences	314,676	8,462	323,138	520,417
Total OPEB liability - RBP	610,338	5,937	616,275	—
Refundable water main extension advances	270,969	—	270,969	—
Customer water deposits	268,457	—	268,457	—
Capital lease payable	859,112	—	859,112	3,898,933
General obligation alternate bonds payable (net of unamortized premiums/discounts)	14,063,511	7,809,254	21,872,765	—
IEPA loan payable	21,581,561	—	21,581,561	—
Claims and judgments payable	—	—	—	17,872,906
<b>Total noncurrent liabilities</b>	<b>37,968,624</b>	<b>7,823,653</b>	<b>45,792,277</b>	<b>22,292,256</b>
<b>Total liabilities</b>	<b>45,542,078</b>	<b>12,161,201</b>	<b>57,703,279</b>	<b>34,825,366</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred items - RBP	73,123	711	73,834	—
<b>Total liabilities and deferred inflows of resources</b>	<b>45,615,201</b>	<b>12,161,912</b>	<b>57,777,113</b>	<b>34,825,366</b>
<b>NET POSITION</b>				
Net investment in capital assets	139,294,484	15,390,401	154,684,885	1,768,830
Restricted				
Capital projects	1,000,000	—	1,000,000	—
Debt service	4,190,830	—	4,190,830	—
Unrestricted (deficit)	19,186,026	(4,661,410)	14,524,616	(9,637,803)
<b>Total net position</b>	<b>\$ 163,671,340</b>	<b>\$ 10,728,991</b>	<b>\$ 174,400,331</b>	<b>\$ (7,868,973)</b>

*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, 2019**

	<b>Funds</b>			<b>Governmental</b>
	<b>Water Utility</b>	<b>Nonmajor Parking System</b>	<b>Totals</b>	<b>Activities Internal Service</b>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 29,064,491	\$ 1,741,416	\$ 30,805,907	\$ 50,258,499
Fines and penalties	1,057,713	998	1,058,711	—
Intergovernmental	824,033	—	824,033	1,741,659
Miscellaneous	8,060	23,863	31,923	1,716,179
Total operating revenues	<u>30,954,297</u>	<u>1,766,277</u>	<u>32,720,574</u>	<u>53,716,337</u>
<b>OPERATING EXPENSES</b>				
Salaries and benefits	6,117,454	278,332	6,395,786	14,725,118
Services	7,057,932	1,792,470	8,850,402	41,505,444
Supplies and materials	1,215,142	45,269	1,260,411	2,572,970
Depreciation	6,213,920	541,792	6,755,712	566,899
Charges from General Fund	2,319,782	193,800	2,513,582	989,495
Miscellaneous	—	10,302	10,302	13,178
Total operating expenses	<u>22,924,230</u>	<u>2,861,965</u>	<u>25,786,195</u>	<u>60,373,104</u>
Operating income (loss)	<u>8,030,067</u>	<u>(1,095,688)</u>	<u>6,934,379</u>	<u>(6,656,767)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest revenue	560,140	(69,131)	491,009	369,283
Gain (loss) on disposal of capital assets	(2,093)	—	(2,093)	—
Interest expense and service fees	(1,177,333)	(293,893)	(1,471,226)	(210,465)
Amortization expense	100,307	—	100,307	—
	<u>(518,979)</u>	<u>(363,024)</u>	<u>(882,003)</u>	<u>158,818</u>
Income (loss) before transfers and contributions	<u>7,511,088</u>	<u>(1,458,712)</u>	<u>6,052,376</u>	<u>(6,497,949)</u>
Transfers in	—	—	—	240,000
Transfers out	—	—	—	(42,956)
Contributions from developers	385,410	384,694	770,104	—
	<u>385,410</u>	<u>384,694</u>	<u>770,104</u>	<u>197,044</u>
Change in net position	7,896,498	(1,074,018)	6,822,480	(6,300,905)
Net position - beginning	<u>155,774,842</u>	<u>11,803,009</u>	<u>167,577,851</u>	<u>(1,568,068)</u>
Net position - ending	<u>\$ 163,671,340</u>	<u>\$ 10,728,991</u>	<u>\$ 174,400,331</u>	<u>\$ (7,868,973)</u>

*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, 2019**

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental</u>
	<u>Water</u>	<u>Nonmajor</u>	<u>Totals</u>	<u>Activities</u>
		<u>Parking</u>		<u>Internal</u>
	<u>Utility</u>	<u>System</u>		<u>Service</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 30,156,221	\$ 1,706,351	\$ 31,862,572	\$ 53,908,643
Payment to suppliers	(9,517,741)	(487,923)	(10,005,664)	(36,328,886)
Payment to employees	(4,208,818)	(181,439)	(4,390,257)	(14,725,118)
Payments to other funds	(2,319,782)	(193,800)	(2,513,582)	—
Net cash provided by (used for) operating activities	14,109,880	843,189	14,953,069	2,854,639
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchase of capital assets	(7,526,818)	(1,299,873)	(8,826,691)	(210,465)
Debt issuance	485,063	1,220,000	1,705,063	(1,048,450)
Disposal of capital assets	(2,093)	—	(2,093)	129,630
Interest and fiscal charges	(1,177,333)	(293,893)	(1,471,226)	—
Payment of capital debt	(3,725,080)	(400,292)	(4,125,372)	(1,885,120)
Net cash provided by (used for) capital and related financing activities	(11,946,261)	(774,058)	(12,720,319)	(3,014,405)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers in	—	—	—	240,000
Transfers out	—	—	—	(42,956)
	—	—	—	197,044
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received on cash and cash equivalents	560,140	(69,131)	491,009	369,283
Net change in cash and cash equivalents	2,723,759	—	2,723,759	406,561
Cash and cash equivalents - beginning	20,784,509	—	20,784,509	18,808,038
Cash and cash equivalents - ending	\$ 23,508,268	\$ —	\$ 23,508,268	\$ 19,214,599
Displayed as:				
Cash and cash equivalents	\$ 18,317,438	\$ —	\$ 16,778,987	\$ 19,214,599
Restricted assets - cash and cash equivalents	5,190,830	—	4,005,522	—
	\$ 23,508,268	\$ —	\$ 20,784,509	\$ 19,214,599

(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, 2019**

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental</u>
	<u>Water</u>	<u>Nonmajor</u>	<u>Totals</u>	<u>Activities</u>
	<u>Utility</u>	<u>Parking</u>		<u>Internal</u>
		<u>System</u>		<u>Service</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET</b>				
<b>CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ 8,030,067	\$ (1,095,688)	\$ 6,934,379	\$ (6,656,767)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	6,213,920	541,792	6,755,712	566,899
Increase (decrease) from changes in:				
Accounts receivable, net	82,235	(59,926)	22,309	(78,823)
Due from other governmental units	—	—	—	(79,143)
Due from State of Illinois	(824,033)	—	(824,033)	92,852
Prepaid items	—	—	—	(51,862)
Inventories	(56,278)	—	(56,278)	309,282
Accounts payable	610,655	(145,385)	465,270	(356,903)
Accrued interest payable	1,987	9,664	11,651	—
Accrued payroll and benefits	29,146	850	29,996	88,831
Other liabilities	—	—	—	8,941,183
Deposits and advances	(45,155)	—	(45,155)	—
Compensated absences	51,881	1,566	53,447	79,090
Due to other funds	—	1,589,351	1,589,351	—
OPEB	15,455	965	16,420	—
Total adjustments	6,079,813	1,938,877	8,018,690	9,511,406
Net cash provided by (used for) operating activities	\$ 14,109,880	\$ 843,189	\$ 14,953,069	\$ 2,854,639
Noncash Capital and Related Financing Activities				
Capital Contributions	385,410	384,694	770,104	—

(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, 2019**

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	<b>Pension Trust</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 9,546,592
Investments - retirement plans	
U.S. Treasury Securities	32,155,315
U.S. Agency Securities	16,708,414
Municipal Bonds	4,017,294
Corporate Bonds	33,530,666
Common Stocks	22,259,509
Northern Trust Collective Funds	33,704,902
Mutual Funds	216,491,301
Total investments	<u>358,867,401</u>
Accounts receivable - net of allowance	
Accrued interest receivable	567,351
Contributions receivables	18,779,198
Total accounts receivable - net of allowance	<u>19,346,549</u>
Total assets	<u>387,760,542</u>
<b>LIABILITIES</b>	
Accrued liabilities	111,842
Due to Other Funds	1,145,786
Total Liabilities	<u>1,257,628</u>
<b>NET POSITION</b>	
Net position restricted for pensions	<u><u>\$ 386,502,914</u></u>

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

**CITY OF ROCKFORD, ILLINOIS**

**Statement of Changes in Fiduciary Net Position  
For the Fiscal Year Ended December 31, 2019**

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	<b>Pension Trust</b>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 19,795,678
Plan member	4,743,881
Total contributions	<u>24,539,559</u>
Investment income:	
Net appreciation (depreciation) in fair value of investments	46,631,319
Interest and dividend income	7,655,982
	<u>54,287,301</u>
Less investment expense	(561,076)
Net investment income	<u>53,726,225</u>
 Total additions	 <u>78,265,784</u>
<b>DEDUCTIONS</b>	
Pension benefits	38,258,424
Refunds of contributions	76,393
Administrative expense	346,983
	<u>38,681,800</u>
 Total deductions	 <u>38,681,800</u>
 Change in fiduciary net position	 39,583,984
<b>NET POSITION RESTRICTED FOR PENSIONS</b>	
Beginning	<u>346,918,930</u>
 Ending	 <u>\$ 386,502,914</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, 2019

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### REPORTING ENTITY

The City of Rockford, Illinois (the “City”) is a municipal corporation governed by an elected mayor and a fourteen-member Council. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The government-wide financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the City’s accounting policies established in GAAP and used by the City are described below.

The City’s financial reporting entity comprises the following:

Primary Government:	City of Rockford
Discretely Presented Component Units:	Rockford Mass Transit District
	Rockford Metropolitan Exposition, Auditorium and Office Building Authority

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 61, “The Financial Reporting Omnibus - an Amendment of GASB Statements No. 14 and No. 34” and includes all component units that have a significant operational or financial relationship with the City.

#### Police Pension Employees Retirement System

The City’s sworn police employees participate in the Police Pension Fund (“PPF”). The PPF functions for the benefit of these employees and is governed by a five-member pension board, with two members appointed by the City’s Mayor, two elected from active participants of the PPF, and one elected from the retired members of the PPF. Funding for the PPF comes from the following sources: participant contributions as required by stat statue, PPF investment returns, and contributions from the City as determined by an independent actuarial study. The State of Illinois is authorized to establish benefit levels and the City is authorized to approve the actuarial assumptions used in the determination of the City’s contribution levels. Although it is legally separate from the City, the PPF is reported as if it were part of the primary government because its sole purpose is to provide retirement benefits for the City’s sworn police employees. The PPF is reported as a pension trust fund.

# CITY OF ROCKFORD, ILLINOIS

## Notes to the Financial Statements

December 31, 2019

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

#### REPORTING ENTITY - Continued

##### Firefighters' Pension Employees Retirement System

The City's sworn full-time firefighters participate in the Firefighters' Pension Fund ("FPF"). The FPF functions for the benefit of these employees and is governed by a give-member pension board, with two members appointed by the City's Mayor, two elected from active participants of the FPF, and one elected from the retired members of the FPF. Funding for the FPF comes from the following sources: participant contributions as required by state statute, FPF investments returns, and contributions from the City as determined by an independent actuary study. The State of Illinois is authorized to establish benefit levels and the City is authorized to approve the actuarial assumptions used in the determination of the City's contribution levels. Although it is legally separate from the City, the FPF is reported as if it were part of the primary government because its sole purpose is to provide retirement benefits for the City's sworn firefighters. The FPF is reported as a pension trust fund.

#### Discretely Presented Component Unit

Discretely presented component units are separate legal entities that meet the component unit criteria described in GASB Statement No. 39 but do not meet the criteria for blending.

##### Rockford Mass Transit District (the "District")

The District is a public service bus company organized to provide mass transit services to Rockford.

##### 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 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. Separately issued financial statements may be obtained from their respective administrative offices located in Rockford, Illinois.

# CITY OF ROCKFORD, ILLINOIS

## Notes to the Financial Statements

December 31, 2019

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

#### BASIS OF PRESENTATION

##### Government-Wide Statements

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.

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.

# CITY OF ROCKFORD, ILLINOIS

## Notes to the Financial Statements

December 31, 2019

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

#### BASIS OF PRESENTATION - Continued

##### Fund Financial Statements - Continued

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:

#### 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.

# CITY OF ROCKFORD, ILLINOIS

## Notes to the Financial Statements

December 31, 2019

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

#### BASIS OF PRESENTATION - Continued

##### Fund Financial Statements - Continued

##### Governmental Funds - Continued

*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 45 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.

*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, 2019

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

#### BASIS OF PRESENTATION - Continued

##### Fund Financial Statements - 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 11 internal service funds. These funds account for central garage, building maintenance, central stores, Illinois Municipal Retirement, unemployment, workmens' compensation, auditing, health insurance, 911 communications, risk management and information services provided to other departments and outside agencies on a cost-reimbursement basis.

##### Fiduciary Funds

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

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

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

# CITY OF ROCKFORD, ILLINOIS

## Notes to the Financial Statements

December 31, 2019

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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.

# CITY OF ROCKFORD, ILLINOIS

## Notes to the Financial Statements

December 31, 2019

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

#### MEASUREMENT FOCUS AND BASIS OF ACCOUNTING - Continued

##### Basis of Accounting - Continued

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.

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 Equivalent

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.

# CITY OF ROCKFORD, ILLINOIS

## Notes to the Financial Statements

December 31, 2019

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

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

##### Cash and Cash Equivalents - Continued

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.

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 February 19, 2019. 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 2019 levy is deferred as it is intended to finance fiscal year 2019 to 2020.

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, 2019.

**CITY OF ROCKFORD, ILLINOIS**

**Notes to the Financial Statements**

**December 31, 2019**

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

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

**Receivables and Payables - Continued**

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.

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

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

**Inventories and Prepaids**

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

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

# CITY OF ROCKFORD, ILLINOIS

## Notes to the Financial Statements

December 31, 2019

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

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

##### 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” (\$4,190,830) 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.

##### 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.

**CITY OF ROCKFORD, ILLINOIS**

**Notes to the Financial Statements**

**December 31, 2019**

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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 - Continued**

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

<b>Capital Asset</b>	<b>Years</b>
Land Improvements	5
Building Improvements	10 - 30
Equipment	3 - 20
Infrastructure	50
Buildings	45

**Deferred Outflows/Inflows of Resources**

Deferred outflow/inflow of resources represents an acquisition/reduction of net position 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.

**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.

# CITY OF ROCKFORD, ILLINOIS

## Notes to the Financial Statements

December 31, 2019

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

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

##### Long-Term Obligations

In the government-wide financial statements and proprietary fund statements of net assets, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance cost, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures in both the government-wide and fund statements.

##### Net Position

In the government-wide financial statements, equity is classified as net position and displayed in three components:

Net Investment in Capital Assets - Consists of capital assets, including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted - All other net position balances that do not meet the definition of “restricted” or “net investment in capital assets.”

**CITY OF ROCKFORD, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2019**

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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 Human Services, the Family Justice Center, the Justice Assistance Grant, the Amerock Hotel, the Veteran’s Scholarship, and the Flex Care funds. In addition, annual budgets are adopted for the City’s debt service, capital projects, enterprise, internal service and pension funds. The budget represents departmental appropriations, expenditures and other uses, as authorized by the City’s appropriation ordinance, and includes revisions authorized by the City Council to reflect changes in departmental programs. All appropriations of the budgetary fund (General and Special Revenue funds) automatically lapse at year-end. There is no difference between GAAP and budgetary basis of accounting.

The appropriated budget is prepared by fund and department. Transfers of appropriations between departments within the General Fund require the approval of the City Council. The level of budgetary control is the department level (fund level for Special Revenue funds). The City Council may amend the budget in total by a supplemental appropriation ordinance after June 30, per State statutes. Management may amend the budget during the year within a department, without seeking the approval of the governing body.

**DEFICIT FUND BALANCE/NET POSITION**

The following funds had deficit fund balance/net position as of the date of this report:

<b>Fund</b>	<b>Deficit</b>
Tax Increment	\$ 9,813,638
Risk Management	17,060,007

The Tax Increment Fund's deficit will be alleviated by future property tax revenues. The Risk Management (Internal Service) Fund’s deficit will be alleviated from increased rate charges to participating funds.

**CITY OF ROCKFORD, ILLINOIS**

**Notes to the Financial Statements**

**December 31, 2019**

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**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - Continued**

**EXCESS OF ACTUAL EXPENDITURES/EXPENSES OVER BUDGET IN INDIVIDUAL FUNDS**

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

<b>Fund</b>	<b>Excess</b>
Motor Fuel Tax	\$ 722,549
Tax Increment Financing Area - Rockford Global Trade Park	4,188
Parking System	5,008
Unemployment	1,430
Workmen's Compensation	222,420
Health Insurance	1,956,737
911 Communication	30,712
Risk Management	7,283,773

**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, and Illinois Funds.

The Illinois Funds is an investment pool managed by the Illinois Public Treasurer's Office which allows governments within the State to pool their funds for investment purposes. The Illinois Funds is not registered with the SEC as an investment company. Investments in Illinois Funds are valued at the share price, the price for which the investment could be sold.

# CITY OF ROCKFORD, ILLINOIS

## Notes to the Financial Statements

December 31, 2019

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

#### DEPOSITS AND INVESTMENTS - Continued

The deposits and investments of the Pension Funds are held separately from those of other City funds. Illinois Statutes authorizes the Pension Fund to make deposits/invest in interest bearing direct obligations of the United States of America; obligations that are fully guaranteed or insured as to the payment of principal and interest by the United States of America; bonds, notes, debentures, or similar obligations of agencies of the United States of America; savings accounts or certificates of deposit issued by banks or savings and loan associations chartered by the United States of America or by the State of Illinois, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; credit unions, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; State of Illinois bonds; pooled accounts managed by the Illinois Funds Market Fund (Formerly known as IPTIP, Illinois Public Treasurer's Investment Pool), or by banks, their subsidiaries or holding companies, in accordance with the laws of the State of Illinois; bonds or tax anticipation warrants of any county, township, or municipal corporation of the State of Illinois; direct obligations of the State of Israel; money market mutual funds managed by investment companies that are registered under the Federal Investment Company Act of 1940 and the Illinois Securities Law of 1953 and are diversified, open-ended management investment companies, provided the portfolio is limited to specified restrictions; general accounts of life insurance companies; and separate accounts of life insurance companies and mutual funds, the mutual funds must meet specific restrictions, provided the investment in separate accounts and mutual funds does not exceed ten percent of the Pension Fund's plan net position; and corporate bonds managed through an investment advisor, rated as investment grade by one of the two largest rating services at the time of purchase. Pension Funds with plan net position of \$2.5 million or more may invest up to forty-five percent of plan net position in separate accounts of life insurance companies and mutual funds. Pension Funds with plan net position of at least \$5 million that have appointed an investment advisor, may through that investment advisor invest up to forty-five percent of the plan net position in common and preferred stocks that meet specific restrictions. In addition, Pension Funds with plan net position of at least \$10 million that have appointed an investment advisor, may invest up to fifty percent of its net position in common and preferred stocks and mutual funds that meet specific restrictions effective July 1, 2011 and up to fifty-five percent effective July 1, 2012.

#### City - Interest Rate Risk, Credit Risk, Custodial Credit Risk, and Concentration Risk

*Deposits.* At year-end, the carrying amount of the City's deposits for governmental and business-type totaled \$79,221,357 and the bank balances totaled \$82,020,252.

**CITY OF ROCKFORD, ILLINOIS**

**Notes to the Financial Statements**

**December 31, 2019**

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

**DEPOSITS AND INVESTMENTS - Continued**

**City - Interest Rate Risk, Credit Risk, Custodial Credit Risk, and Concentration Risk - Continued**

*Investments.* At year-end, the City has the following investments and maturities:

<b>Investment Type</b>	<b>Fair Value</b>	<b>Investment Maturities (in Years)</b>			
		<b>Less Than 1</b>	<b>1-5</b>	<b>6-10</b>	<b>More Than 10</b>
U.S. Treasury Securities	\$ 10,180,940	\$ 2,006,880	\$ 8,174,060	\$ —	\$ —
*Illinois Funds	10,273,536	10,273,536	—	—	—
	<u>\$ 20,454,476</u>	<u>\$ 12,280,416</u>	<u>\$ 8,174,060</u>	<u>\$ —</u>	<u>\$ —</u>

\*The Illinois Funds Investment Pool (Pool) is not registered with the SEC. The Pool is administered by the Illinois State Treasury and oversight is provided by the Auditor General’s Office of the State of Illinois. The fair value of the positions in the Pool is the same as the value of the Pool shares. Because the Pool had a weighted average maturity of less than one year as of December 31, 2019, it has been presented as an investment with a maturity of less than one year.

The City has the following recurring fair value measurements as of December 31, 2019:

- U.S. Treasury Securities of \$10,180,940 are valued using quoted market prices (Level 1 inputs) Illinois Funds of \$10,273,536 which are measured at the net asset value per share as determined by the pool

*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, 2019, 21% 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, 2019, all of the City’s deposits were insured or collateralized.

**CITY OF ROCKFORD, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2019**

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

**DEPOSITS AND INVESTMENTS - Continued**

**City - Interest Rate Risk, Credit Risk, Custodial Credit Risk, and Concentration Risk - Continued**

*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, 2019, the City’s investments were not exposed to custodial credit risk. All investments were held by the City’s agent in the name of the City.

*Credit Risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Statutes authorize the primary government to invest in obligations of the U.S. Treasury and U.S. Government Agencies, obligations of states and their political subdivisions, savings accounts, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds Investment Pool. The primary government’s investment policy does not further limit the allowed investments.

At December 31, 2019, the City’s investments were rated as follows:

<b>Investment Type</b>	<b>Total Fair Value</b>	<b>Credit Rating</b>	
		<b>Moody's</b>	<b>Standard &amp; Poor's</b>
U.S. Treasury Securities	\$ 10,180,940	N/A	AAA
Illinois Funds	10,273,536	N/A	AAAm

N/A - Not Available

*Concentration of Credit Risk.* Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. The primary government has adopted a policy addressing concentrations of credit risk. The policy states that U.S. Treasury Securities cannot exceed 50% of the portfolio, U.S. Government Agencies and Instrumentalities of Government Sponsored Corporations cannot exceed 50% of the portfolio, total certificates of deposits cannot exceed 50% of the portfolio, certificates of deposit of any one financial institution cannot exceed 20% of the portfolio, commercial paper cannot exceed 15% of the portfolio, Illinois Funds cannot exceed 50% of the portfolio, and securities purchased for interest rate play cannot exceed 25% of the portfolio.

At December 31, 2019, 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).

**CITY OF ROCKFORD, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2019**

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

**DEPOSITS AND INVESTMENTS - Continued**

**Police Pension Fund - Interest Rate Risk, Credit Risk, Custodial Credit Risk, and Concentration Risk**

*Deposits.* At year-end, the carrying amount of the Fund's deposits totaled \$5,284,131 and the bank balances totaled \$5,334,615.

*Investments.* The Fund has the following investment fair values and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
U.S. Treasury Securities	\$ 7,062,270	\$ 558,606	\$ 1,379,169	\$ 5,124,495	\$ —
U.S. Agency Securities	7,092,658	—	1,960,690	2,537,951	2,594,017
Municipal Bonds	1,905,808	915,528	858,509	131,771	—
Corporate Bonds	16,688,946	1,724,240	9,922,768	5,041,938	—
Totals	<u>\$ 32,749,682</u>	<u>\$ 3,198,374</u>	<u>\$ 14,121,136</u>	<u>\$ 12,836,155</u>	<u>\$ 2,594,017</u>

The Fund has the following recurring fair value measurements as of December 31, 2019:

Investments by Fair Value Level	Totals	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities				
U.S. Treasury Securities	\$ 7,062,270	\$ 7,062,270	\$ —	\$ —
U.S. Agency Securities	7,092,658	—	7,092,658	—
Municipal Bonds	1,905,808	—	1,905,808	—
Corporate Bonds	16,688,946	—	16,688,946	—
Equity Securities				
Common Stocks	12,337,961	12,337,961	—	—
Northern Trust Collective Funds	33,704,902	33,704,902	—	—
Mutual Funds	119,390,046	119,390,046	—	—
Total Investments Measured at Fair Value	<u>\$ 198,182,591</u>	<u>\$ 172,495,179</u>	<u>\$ 25,687,412</u>	<u>\$ —</u>

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements  
December 31, 2019

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NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

**Police Pension Fund - Interest Rate Risk, Credit Risk, Custodial Credit Risk, and Concentration Risk - Continued**

*Investments - Continued.* 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.

*Custodial Credit Risk – Deposits.* The Fund does not have a deposit policy for custodial credit risk for deposits. As of December 31, 2019, all of the Fund's deposits were insured or collateralized.

*Custodial Credit Risk – Investments.* The Fund's investment policy does not address custodial credit risk for investments. As of December 31, 2019, the Fund's investments were not exposed to custodial credit risk. All investments were held by the Fund's agent in the name of the Fund.

*Interest Rate Risk.* The Fund does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit Risk.* State statutes authorize the Fund 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, the Illinois Funds Investment Pool, certain non-U.S. Government obligations, mortgages, veteran's loans, common and preferred stocks, mutual funds and life insurance company contracts, subject to limitations. The Fund does not have a formal policy beyond State statute authorizations.

The credit ratings of the Fund's fixed income securities are as follows:

Investment Type	Total Fair Value	Credit Rating	
		Moody's	Standard & Poor's
U.S. Treasury Securities	\$ 7,062,270	N/A	AAA to AA+
U.S. Agency Securities	7,092,658	N/A	AAA to AA+
Municipal Bonds	1,905,808	N/A	AA2 to AA+
Corporate Bonds	16,688,946	N/A	A3 to BAA1

N/A - Not Available

# CITY OF ROCKFORD, ILLINOIS

## Notes to the Financial Statements

December 31, 2019

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

#### DEPOSITS AND INVESTMENTS - Continued

##### Police Pension Fund - Interest Rate Risk, Credit Risk, Custodial Credit Risk, and Concentration Risk - Continued

*Concentration Risk.* The Fund's investment policy does not address concentration risk. In addition to the securities and fair values listed above, the Fund also has \$12,337,961, invested in common stock, \$33,704,902 invested in Northern Trust collective funds, and \$119,390,046, invested in mutual funds. At December 31, 2019, the Fund does not have any investments (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments) in any one organization that represent 5 percent or more of net position available for retirement benefits.

The Fund's investment policy in accordance with Illinois Compiled Statutes (ILCS) establishes the following target allocation across asset classes:

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	30.00% - 40.00%	4.40%
Domestic Equities	27.50% - 37.50%	7.90%
International Equities	12.50% - 22.50%	8.10%
Real Estate	5.00% - 15.00%	7.50%
Global Tactical	0.00% - 10.00%	6.20%
Cash and Cash Equivalents	0.00% - 5.00%	2.70%

Illinois Compiled Statutes (ILCS) limit the Fund's investments in equities, mutual funds and variable annuities to 40%. Securities in any one company should not exceed 5% of the total fund.

The long-term expected rate of return on the Fund's investments was determined using an asset allocation study conducted by the Fund's investment management consultant in January 2020 in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding the expected inflation. Best estimates or arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2019 are listed in the table above.

#### Rate of Return

For the year ended December 31, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 17.78%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**CITY OF ROCKFORD, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2019**

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

**DEPOSITS AND INVESTMENTS - Continued**

**Firefighters' Pension Fund - Interest Rate Risk, Credit Risk, Custodial Credit Risk, and Concentration Risk**

*Deposits.* At year-end, the carrying amount of the Fund's deposits totaled \$4,262,461 and the bank balances totaled \$4,320,641.

*Investments.* The Fund has the following investment fair values and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
U.S. Treasury Securities	\$ 25,093,045	\$ 1,211,726	\$ 10,231,699	\$ 9,146,671	\$ 4,502,949
U.S. Agency Securities	9,615,756	—	1,315,920	2,061,687	6,238,149
Municipal Bonds	2,111,486	1,213,619	792,450	105,417	—
Corporate Bonds	16,841,720	1,063,301	8,024,465	4,712,745	3,041,209
Totals	<u>\$ 53,662,007</u>	<u>\$ 3,488,646</u>	<u>\$ 20,364,534</u>	<u>\$ 16,026,520</u>	<u>\$ 13,782,307</u>

The Fund has the following recurring fair value measurements as of December 31, 2019:

Investments by Fair Value Level	Totals	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities				
U.S. Treasury Securities	\$ 25,093,045	\$ 25,093,045	\$ —	\$ —
U.S. Agency Securities	9,615,756	—	9,615,756	—
Municipal Bonds	2,111,486	—	2,111,486	—
Corporate Bonds	16,841,720	—	16,841,720	—
Equity Securities				
Common Stocks	9,921,548	9,921,548	—	—
Mutual Funds	97,101,255	97,101,255	—	—
Total Investments Measured at Fair Value	<u>\$ 160,684,810</u>	<u>\$ 132,115,848</u>	<u>\$ 28,568,962</u>	<u>\$ —</u>

**CITY OF ROCKFORD, ILLINOIS**

**Notes to the Financial Statements**

**December 31, 2019**

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

**DEPOSITS AND INVESTMENTS - Continued**

**Firefighters' Pension Fund - Interest Rate Risk, Credit Risk, Custodial Credit Risk, and Concentration Risk - Continued**

*Investments - Continued.* Debt Securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

*Interest Rate Risk.* The Fund does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Custodial Credit Risk – Deposits.* The Fund does not have a deposit policy for custodial credit risk. As of December 31, 2019, all of the Fund's deposits were insured or collateralized.

*Custodial Credit Risk – Investments.* The Fund's investment policy does not address custodial credit risk. As of December 31, 2019, the Fund investments were not exposed to custodial credit risk. All investments were held by the Fund's agent in the name of the Fund.

*Credit Risk.* State statutes authorize the Fund 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, the Illinois Funds Investment Pool, certain non-U.S. Government obligations, mortgages, veteran's loans, common and preferred stocks, mutual funds and life insurance company contracts, subject to limitations. The Fund does not have a formal policy beyond State statute authorizations.

Investment Type	Total Fair Value	Credit Rating	
		Moody's	Standard & Poor's
U.S. Treasury Securities	\$ 25,093,045	N/A	AAA to AA+
U.S. Agency Securities	9,615,756	N/A	AAA to AA+
Municipal Bonds	2,111,486	N/A	N/A
Corporate Bonds	16,841,720	N/A	A3 to BAA1

N/A - Not Available

# CITY OF ROCKFORD, ILLINOIS

## Notes to the Financial Statements

December 31, 2019

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

#### DEPOSITS AND INVESTMENTS - Continued

##### Firefighters' Pension Fund - Interest Rate Risk, Credit Risk, Custodial Credit Risk, and Concentration Risk - Continued

*Concentration Risk.* The Fund's investment policy does not address concentration risk. In addition to the securities and fair values listed above, the Fund also has \$9,921,548 invested in common stock and \$97,101,255 invested in mutual funds. At December 31, 2019, the Fund does not have any investments (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments) in any one organization that represent 5 percent or more of net position available for retirement benefits.

The Fund's investment policy in accordance with Illinois Compiled Statutes (ILCS) establishes the following target allocation across asset classes:

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	30.00% - 40.00%	4.40%
Domestic Equities	27.50% - 37.50%	7.90%
International Equities	12.50% - 22.50%	8.10%
Real Estate	5.00% - 15.00%	7.50%
Global Tactical	0.00% - 10.00%	6.20%
Cash and Cash Equivalents	0.00% - 5.00%	2.70%

Illinois Compiled Statutes (ILCS) limit the Fund's investments in equities, mutual funds and variable annuities to 40%. Securities in any one company should not exceed 5% of the total fund.

The long-term expected rate of return on the Fund's investments was determined using an asset allocation study conducted by the Fund's investment management consultant in January 2020 in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding the expected inflation. Best estimates or arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2019 are listed in the table above.

#### Rate of Return

For the year ended December 31, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 16.24%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

# CITY OF ROCKFORD, ILLINOIS

## Notes to the Financial Statements

December 31, 2019

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

#### DEPOSITS AND INVESTMENTS - Continued

##### Component Units – Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration

*Deposits.* At June 30, 2019, the carrying amount of the Rockford Mass Transit District deposits totaled \$8,545,565 and the bank balances totaled \$8,545,565 and Rockford Metropolitan Exposition Authority District deposits totaled \$1,651,052 and the bank balances totaled \$1,651,052.

*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, 2019, 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, 2019, 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, 2019.

*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, 2019, 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, 2019, 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, 2019, 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, 2019**

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

**RECEIVABLES AND PAYABLES**

Receivables and payables as of December 31, 2019 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	
	General	Public Library	Community Development	Human Services	Tax Increment	Debt Service	Capital Project	Nonmajor	Nonmajor		Internal Service
									Water Utility	Parking System	
<b>RECEIVABLES</b>											
Taxes	\$ 48,787,956	\$ 7,472,910	\$ —	\$ —	\$ 4,350,285	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Accounts	22,335,775	503,613	—	599,244	207,950	—	645,743	2,713,058	5,248,533	65,052	352,362
Notes	150,000	—	98,224	—	—	—	—	—	—	—	—
Accrued Interest	22,172	8,565	—	(3,421)	(7,303)	—	13,960	1,267	—	—	—
Gross receivables	71,295,903	7,985,088	98,224	595,823	4,550,932	—	659,703	2,714,325	5,248,533	65,052	352,362
Less: Allowance for uncollectibles	(5,409,879)	(164,777)	(43,856)	(409,880)	(84,596)	—	—	(2,036,111)	(659,715)	—	—
Total receivables	\$ 65,886,024	\$ 7,820,311	\$ 54,368	\$ 185,943	\$ 4,466,336	\$ —	\$ 659,703	\$ 678,214	\$ 4,588,818	\$ 65,052	\$ 352,362
<b>DUE FROM OTHER</b>											
<b>GOVERNMENTAL UNITS</b>											
Federal	\$ 217,189	\$ —	\$ 633,097	\$ 6,357,998	\$ —	\$ —	\$ 1,556,468	\$ 21,010	\$ —	\$ —	\$ —
State	(31,536)	—	33,559	2,891,052	—	279,351	8,931,411	671,055	824,033	—	—
Other	889,029	—	—	—	—	—	819,218	—	—	—	268,542
Total due from other governmental units	\$ 1,074,682	\$ —	\$ 666,656	\$ 9,249,050	\$ —	\$ 279,351	\$ 11,307,097	\$ 692,065	\$ 824,033	\$ —	\$ 268,542
<b>PAYABLES</b>											
Vendors	\$ 3,254,631	\$ 384,806	\$ 273,734	\$ 1,381,161	\$ 8,567	\$ —	\$ 3,601,310	\$ 421,637	\$ 3,245,917	\$ 271,526	\$ 1,540,777
Other governmental units	—	—	4,093	—	—	—	—	—	—	—	—
Accrued interest	—	—	—	—	—	—	—	—	91,520	21,150	—
Total payables	\$ 3,254,631	\$ 384,806	\$ 277,827	\$ 1,381,161	\$ 8,567	\$ —	\$ 3,601,310	\$ 421,637	\$ 3,337,437	\$ 292,676	\$ 1,540,777

**INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

**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, 2019, they are reflected below and reported in the financial statements as due from or due to other funds.

**CITY OF ROCKFORD, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2019**

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

**INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS - Continued**

**Interfund Balances - Continued**

The composition of interfund balances as of December 31, 2019 is as follows:

<b>Receivable</b>	<b>Payable</b>	<b>Purpose</b>	<b>Amount</b>
General	Community Development	Interfund cash advances	\$ 105,622
General	Human Services	Interfund cash advances	5,024,710
General	Tax Increment	Interfund cash advances	10,005,718
General	Nonmajor governmental	Interfund cash advances	12,158
General	Nonmajor business-type	Interfund cash advances	3,592,853
General	Police Pension	60-day collections on property taxes	1,125,786
General	Firefighters' Pension	60-day collections on property taxes	20,000
			<u>\$ 19,886,847</u>

**Interfund Transfers**

Transfers between funds for the year ended December 31, 2019 are as follows:

<b>Transfers In</b>	<b>Transfers Out</b>	<b>Amount</b>
General	Nonmajor governmental	\$ 3,245,968 (1)
Tax Increment	Nonmajor governmental	2,552,810 (1)
Debt Service	General	3,634,062 (2)
Debt Service	Public Library	239,488 (2)
Debt Service	Nonmajor governmental	6,118,363 (2)
Debt Service	Internal Service	42,956 (2)
Capital Projects	General	1,500,000 (3)
Capital Projects	Nonmajor governmental	734,821 (1)
Nonmajor governmental	Tax Increment	12,366,448 (1)
Nonmajor governmental	Nonmajor governmental	636,911 (1)
Internal Service	General	240,000 (3)
		<u>\$ 31,311,827</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 primarily the General Fund to finance the various programs accounted for in other funds in accordance with budgetary authorizations.

**CITY OF ROCKFORD, ILLINOIS**

**Notes to the Financial Statements**

**December 31, 2019**

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

**INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS - Continued**

**Interfund Transfers - Continued**

In addition, the City transferred the remaining fund balance in the Rockford Tuberculosis Care Center Fund, the Flex Care Fund, and the Justice Assistance Grants (nonmajor governmental funds) to the General Fund as of December 31, 2019.

**CONSTRUCTION COMMITMENTS**

The City has active construction projects as of December 31, 2019. 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:

<u>Project</u>	<u>Commitment</u>
Harrison Improvement 11th - 20th	\$ 3,099,583
Lead Service Line Replacement	1,553,593
North Main - Auburn to Riverside	842,793
Church Two-Way Conversion	799,244
City-Wide Street Repairs	790,637
Michigan Ave Watermain Replacement	699,442
OFS Access Extension	292,062
Well 39 Water Treatment Addition	247,500
Alpine Dam Improvements	233,964
Amerock Surface Parking	201,229
Roxbury Road Improvement	189,051
Mercy Way/Lyford Road Improvements	182,209
Seminary Street Over Keith Creek	135,393
Whitman Street Interchange Feasibility	131,102
Police Property and Evidence Facility	127,811
Spring Creek Resurfacing	111,251
	<u>\$ 9,636,864</u>

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

**CITY OF ROCKFORD, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2019**

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

**CAPITAL ASSETS**

Capital asset activity for the primary government for the fiscal year ended December 31, 2019 was as follows:

**Governmental Activities**

Governmental capital asset activity for the year was as follows:

	<b>Beginning Balances</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balances</b>
<b>NONDEPRECIABLE CAPITAL ASSETS</b>				
Land	\$ 3,704,840	\$ —	\$ —	\$ 3,704,840
Construction in progress	2,661,149	4,155,864	(462,237)	6,354,776
	<u>6,365,989</u>	<u>4,155,864</u>	<u>(462,237)</u>	<u>10,059,616</u>
<b>DEPRECIABLE CAPITAL ASSETS</b>				
Land improvements	1,914,470	—	—	1,914,470
Buildings improvements	98,597,428	830,106	—	99,427,534
Equipment	43,855,072	10,013,922	(2,204,882)	51,664,112
Infrastructure	366,251,140	7,083,894	(1,144,000)	372,191,034
	<u>510,618,110</u>	<u>17,927,922</u>	<u>(3,348,882)</u>	<u>525,197,150</u>
<b>LESS ACCUMULATED DEPRECIATION</b>				
Land improvements	(1,143,181)	(399,679)	—	(1,542,860)
Buildings improvements	(37,633,170)	(2,615,590)	—	(40,248,760)
Equipment	(34,172,592)	(3,394,034)	2,204,883	(35,361,743)
Infrastructure	(129,562,583)	(7,723,948)	41,032	(137,245,499)
	<u>(202,511,526)</u>	<u>(14,133,251)</u>	<u>2,245,915</u>	<u>(214,398,862)</u>
Total net depreciable capital assets	<u>308,106,584</u>	<u>3,794,671</u>	<u>(1,102,967)</u>	<u>310,798,288</u>
Total net capital assets	<u>\$ 314,472,573</u>	<u>\$ 7,950,535</u>	<u>\$ (1,565,204)</u>	<u>\$ 320,857,904</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 251,195
Public safety	2,689,918
Streets, alleys and bridges	8,517,328
Community development	50,614
Sanitation and sewers	24,675
Culture and recreation	1,828,809
Public health and welfare	203,812
Internal service	<u>566,900</u>
	<u>\$ 14,133,251</u>

**CITY OF ROCKFORD, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2019**

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

**CAPITAL ASSETS - Continued**

**Business-Type Activities**

	<b>Beginning Balances</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balances</b>
<b>NONDEPRECIABLE CAPITAL ASSETS</b>				
Land	\$ 6,967,410	\$ —	\$ —	\$ 6,967,410
Construction in progress	11,378,360	8,259,246	(8,482,722)	11,154,884
	<u>18,345,770</u>	<u>8,259,246</u>	<u>(8,482,722)</u>	<u>18,122,294</u>
<b>DEPRECIABLE CAPITAL ASSETS</b>				
Land improvements	900,886	—	—	900,886
Buildings and improvements	49,483,611	4,558,171	(144,767)	53,897,015
Improvements other than buildings	231,051,164	4,941,537	—	235,992,701
Equipment	4,781,407	381,857	(239,658)	4,923,606
	<u>286,217,068</u>	<u>9,881,565</u>	<u>(384,425)</u>	<u>295,714,208</u>
<b>LESS ACCUMULATED DEPRECIATION</b>				
Land improvements	(462,587)	(35,243)	—	(497,830)
Buildings and improvements	(18,822,192)	(1,022,301)	144,767	(19,699,726)
Improvements other than buildings	(82,109,151)	(5,397,693)	—	(87,506,844)
Equipment	(3,499,981)	(300,475)	178,364	(3,622,092)
	<u>(104,893,911)</u>	<u>(6,755,712)</u>	<u>323,131</u>	<u>(111,326,492)</u>
 Total net depreciable capital assets	 <u>181,323,157</u>	 <u>3,125,853</u>	 <u>(61,294)</u>	 <u>184,387,716</u>
 Total net capital assets	 <u>\$ 199,668,927</u>	 <u>\$ 11,385,099</u>	 <u>\$ (8,544,016)</u>	 <u>\$ 202,510,010</u>

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

Water	\$ 6,213,920
Parking system	<u>541,792</u>
	<u>\$ 6,755,712</u>

**CITY OF ROCKFORD, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2019**

**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, 2019 was as follows:

**Rockford Mass Transit District**

	<b>Beginning Balances</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balances</b>
<b>NONDEPRECIABLE CAPITAL ASSETS</b>				
Land	\$ 1,969,934	\$ —	\$ —	\$ 1,969,934
Construction in progress	1,593,446	723,739	(2,317,185)	—
	<u>3,563,380</u>	<u>723,739</u>	<u>(2,317,185)</u>	<u>1,969,934</u>
<b>DEPRECIABLE CAPITAL ASSETS</b>				
Land improvements	924,521	—	—	924,521
Buildings and improvements	17,205,059	7,872,213	—	25,077,272
Buses and service vehicles	16,490,750	198,036	(146,651)	16,542,135
Equipment and office furniture	4,011,028	316,567	(382,887)	3,944,708
	<u>38,631,358</u>	<u>8,386,816</u>	<u>(529,538)</u>	<u>46,488,636</u>
<b>LESS ACCUMULATED DEPRECIATION</b>				
	(22,441,975)	(2,023,696)	529,538	(23,936,133)
Total net depreciable capital assets	<u>16,189,383</u>	<u>6,363,120</u>	<u>—</u>	<u>22,552,503</u>
Total net capital assets	<u>\$ 19,752,763</u>	<u>\$ 7,086,859</u>	<u>\$ (2,317,185)</u>	<u>\$ 24,522,437</u>

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

	<b>Beginning Balances</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balances</b>
<b>NONDEPRECIABLE CAPITAL ASSETS</b>				
Land	\$ 2,597,014	\$ —	\$ —	\$ 2,597,014
Construction in progress	—	59,493	—	59,493
	<u>2,597,014</u>	<u>59,493</u>	<u>—</u>	<u>2,656,507</u>
<b>DEPRECIABLE CAPITAL ASSETS</b>				
Buildings and improvements	37,112,764	235,994	—	37,348,758
Equipment	8,216,461	90,079	—	8,306,540
	<u>45,329,225</u>	<u>326,073</u>	<u>—</u>	<u>45,655,298</u>
<b>LESS ACCUMULATED DEPRECIATION</b>				
Buildings and improvements	(17,984,377)	(1,082,729)	—	(19,067,106)
Equipment	(6,621,187)	(294,847)	—	(6,916,034)
	<u>(24,605,564)</u>	<u>(1,377,576)</u>	<u>—</u>	<u>(25,983,140)</u>
Total net depreciable capital assets	<u>20,723,661</u>	<u>(1,051,503)</u>	<u>—</u>	<u>19,672,158</u>
Total net capital assets	<u>\$ 23,320,675</u>	<u>\$ (992,010)</u>	<u>\$ —</u>	<u>\$ 22,328,665</u>

**CITY OF ROCKFORD, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2019**

**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 \$84,190,000. During the year, there was \$21,840,000 new general obligation bonds issued for governmental activities and for business-type activities, and the City made principal payments of \$7,310,000 leaving an ending balance of \$98,720,000.

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>				
2007-A Metro Centre Improvement General Obligation Alternate Bond Issue	\$ 6,300,000	4.00% - 4.20%	2027	\$ 340,000
2009-D Redevelopment Taxable General Obligation Alternate Bond Issue	1,700,000	2.25% - 5.50%	2024	850,000
2014-A Fire Station Construction General Obligation Alternate Bond Issue	5,420,000	3.00% - 4.00%	2034	4,365,000
2015 Fire Station Construction General Obligation Alternate Bond Issue	12,195,000	3.00% - 3.75%	2034	9,740,000
2019A Police Evidence Facility Project General Obligation Alternate Bond Issue	7,385,000	4.00%	2039	7,385,000
2019B Convention Center Construction Sales Tax Alternate Revenue Issue	13,235,000	2.061% - 3.397%	2039	13,235,000
2016-A Refunding General Obligation Sales Tax Alternate Revenue Issue	14,770,000	2.00% - 5.00%	2035	13,065,033
2012-C Refunding General Obligation Alternate Bond Issue	1,810,000	1.50% - 2.00%	2021	245,000
2014-A Refunding General Obligation Alternate Bond Issue	9,625,000	3.00% - 4.00%	2024	3,060,000
2014-C Refunding General Obligation Alternate Bond Issue	14,280,000	3.00% - 4.00%	2027	8,500,000
2016-A Refunding General Obligation Sales Tax Alternate Revenue Issue	5,400,000	2.00% - 5.00%	2035	4,255,000
2018-A Refunding General Obligation Sales Tax Alternate Revenue Issue	2,730,000	4.00%	2027	2,730,000
2018-C Refunding General Obligation Bond Issue	8,265,000	3.15% - 4.45%	2028	7,725,000
Total governmental activities				<u>75,495,033</u>

**CITY OF ROCKFORD, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2019**

**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	\$ 2,200,000
2016-B Refunding General Obligation Alternate Bond Issue	10,735,000	5.00%	2027	7,925,000
2018-B Refunding General Obligation Bond Issue	5,330,000	3.13% - 4.00%	2028	4,850,000

**CITY OF ROCKFORD, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2019**

**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	\$ 5,350,000
2016-A Refunding General Obligation Sales Tax Alternate Revenue Issue	650,000	2.00% - 5.00%	2035	574,967
2018-C Refunding General Obligation Bond Issue	1,225,000	3.15% - 4.45%	2028	1,105,000
2019B Convention Center Construction Sales Tax Alternate Revenue Issue	1,220,000	2.061% - 3.397%	2039	1,220,000
Total business-type activities				<u>23,224,967</u>
Total primary government				<u>\$ 98,720,000</u>

**Legal Debt Limitations**

The State imposes a legal limit of 8.625% of the total equalized assessed valuation on the amount of general bonded indebtedness. The City of Rockford further limits its indebtedness, by ordinance, to 80.0% of the State limit. As of December 31, 2019, the City indebtedness was \$86.6 million less than the City limit and \$115.1 million less than the State limit.

**Installment Contract 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
2012 Installment Contract	\$ 2,000,000	1.50%	2023	\$ 539,624

**CITY OF ROCKFORD, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2019**

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

**LONG-TERM DEBT - Continued**

**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.

<b>Date Awarded</b>	<b>Amount Approved</b>	<b>Terms</b>	<b>Loans Received</b>	<b>Construction Interest</b>	<b>Payments</b>	<b>Balance Due</b>
05/19/08	8,308,283	2.5%	\$ 5,533,915	\$ —	\$ (442,946)	\$ 5,090,969
09/30/08	12,512,945	2.5%	8,256,063	—	(628,004)	7,628,059
09/30/08	2,297,070	2.5%	1,329,975	—	(112,249)	1,217,726
08/14/09	6,877,227	0% - 25% principal forgiveness	3,287,008	—	(262,959)	3,024,049
09/30/09	3,122,773	0% - 25% principal forgiveness	1,381,183	—	(120,103)	1,261,080
06/30/10	720,521	1.25% - 25% principal forgiveness	271,520	—	(18,584)	252,936
06/30/10	3,128,995	1.25% - 25% principal forgiveness	1,708,249	—	(121,936)	1,586,313
06/30/10	2,633,303	1.25% - 25% principal forgiveness	1,392,658	—	(99,289)	1,293,369
09/29/10	913,740	1.25% - 25% principal forgiveness	441,488	—	(34,321)	407,167
12/15/10	381,087	1.25% - 25% principal forgiveness	257,963	—	(17,656)	240,307
01/19/11	3,611,244	1.25% - 25% principal forgiveness	1,742,842	—	(138,734)	1,604,108
			<b>\$ 25,602,864</b>	<b>\$ —</b>	<b>\$ (1,996,781)</b>	<b>\$ 23,606,083</b>

**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, 2019 is \$2,868,000 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, 2019**

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

**LONG-TERM DEBT - Continued**

**Lease Purchase Agreements**

During 2012 through 2019 the City entered into lease purchase agreements totaling \$54,633,419 for the acquisition of City-wide vehicles, fire apparatuses, squad cars, heavy equipment, ambulances, and heating and air units. Outstanding balances at December 31, 2019 are \$25,689,359 for the governmental activities and \$995,563 for the Water Utility business-type activity fund. The interest rates for the leases range from 1.27% to 3.67%.

The City has entered into 31 separate lease agreements as lessee for financing the acquisition of capital assets. Capital assets of \$46,967,100 have been added to governmental activities and \$2,285,694 has been added to business-type activities. These lease agreements qualify as capital leases for accounting purposes and; therefore, have been recorded at the present value of the future minimum lease payments as of the inception date. The capital leases have been recorded as liabilities of the Municipal Garage and Vehicle Replacement Funds.

The future minimum lease payments and the net present value of these minimum lease payments are as follows:

<b>Fiscal Year</b>	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Totals</b>
2020	\$ 6,014,702	\$ 238,748	\$ 6,253,450
2021	5,663,101	247,771	5,910,872
2022	5,017,157	200,893	5,218,050
2023	4,241,409	154,013	4,395,422
2024	2,509,847	118,651	2,628,498
2025	1,993,259	48,501	2,041,760
2026	1,819,760	48,359	1,868,119
2027	844,800	11,675	856,475
2028	125,277	11,675	136,952
2029	125,266	11,675	136,941
	<u>28,354,578</u>	<u>1,091,961</u>	<u>29,446,539</u>
Interest portion	<u>(2,665,219)</u>	<u>(96,398)</u>	<u>(2,761,617)</u>
Principal balances	<u>\$ 25,689,359</u>	<u>\$ 995,563</u>	<u>\$ 26,684,922</u>

**CITY OF ROCKFORD, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2019**

**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, 2019 was as follows:

	<b>Restated Beginning Balances</b>	<b>Additions</b>	<b>Deductions</b>	<b>Ending Balances</b>	<b>Due Within One Year</b>
<b>GOVERNMENTAL ACTIVITIES</b>					
Bonds payable:					
General obligation bonds	\$ 60,219,741	\$ 20,620,000	\$ (5,344,708)	\$ 75,495,033	*\$ 5,379,513
Less premiums and discounts	56,658	758,685	(38,352)	776,991	65,889
	<u>60,276,399</u>	<u>21,378,685</u>	<u>(5,383,060)</u>	<u>76,272,024</u>	<u>5,445,402</u>
Installment Contracts Payable	751,754	—	(212,130)	539,624	218,538
Intergovernmental Payable	4,520,372	—	(203,027)	4,317,345	209,282
Compensated absences:					
General	6,585,659	3,567,472	(1,783,736)	8,369,395	1,673,879
Internal service	571,431	158,180	(79,090)	650,521	130,104
	<u>7,157,090</u>	<u>3,725,652</u>	<u>(1,862,826)</u>	<u>9,019,916</u>	<u>1,803,983</u>
Section 108 guaranteed loans	3,055,000	—	(187,000)	2,868,000	205,000
Lease/purchase agreements:					
General	13,489,388	11,325,831	(4,128,590)	20,686,629	4,139,037
Internal service	5,921,550	129,630	(1,048,450)	5,002,730	1,103,797
	<u>19,410,938</u>	<u>11,455,461</u>	<u>(5,177,040)</u>	<u>25,689,359</u>	<u>5,242,834</u>
Claims and judgments	18,016,279	30,525,829	(21,608,308)	26,933,800	9,060,894
Net pension liability					
IMRF	32,910,055	—	(23,222,295)	9,687,760	—
Police Pension	153,648,677	—	(10,812,038)	142,836,639	—
Firefighters' Pension	174,568,376	—	(6,237,699)	168,330,677	—
Total OPEB liability - RBP	<u>26,204,717</u>	<u>5,486,492</u>	<u>—</u>	<u>31,691,209</u>	<u>—</u>
	<u>\$ 500,519,657</u>	<u>\$ 72,572,119</u>	<u>\$ (74,905,423)</u>	<u>\$ 498,186,353</u>	<u>\$ 22,185,933</u>

\*\$1,190,000 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, 2019**

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

**LONG-TERM DEBT - Continued**

**Long-Term Liabilities Activity - Continued**

	<b>Beginning Balances</b>	<b>Additions</b>	<b>Deductions</b>	<b>Ending Balances</b>	<b>Due Within One Year</b>
<b>BUSINESS-TYPE ACTIVITIES</b>					
Water Utility:					
Bonds payable:					
General obligation alternate bonds	\$ 16,540,000	\$ —	\$ (1,565,000)	\$ 14,975,000	\$ 1,625,000
Less premiums and discounts	914,125	—	(100,307)	813,818	100,307
	<u>17,454,125</u>	<u>—</u>	<u>(1,665,307)</u>	<u>15,788,818</u>	<u>1,725,307</u>
IEPA loan	25,602,864	—	(1,996,781)	23,606,083	2,024,522
Capital lease payable	673,799	485,063	(163,299)	995,563	136,451
Compensated absences	341,464	103,762	(51,881)	393,345	78,669
Total OPEB liability - RBP	504,517	105,821	—	610,338	—
Refundable water main extension advance	270,969	—	—	270,969	—
Customer deposits	313,487	—	(45,030)	268,457	—
Total water utility	<u>45,161,225</u>	<u>694,646</u>	<u>(3,922,298)</u>	<u>41,933,573</u>	<u>3,964,949</u>
Parking System:					
Bonds payable:					
General obligation alternate bonds	7,430,259	1,220,000	(400,292)	8,249,967	440,713
Compensated absences	9,012	3,132	(1,566)	10,578	2,116
Total OPEB liability - RBP	4,207	1,730	—	5,937	—
Total parking system	<u>7,443,478</u>	<u>1,224,862</u>	<u>(401,858)</u>	<u>8,266,482</u>	<u>442,829</u>
	<u>\$ 52,604,703</u>	<u>\$ 1,919,508</u>	<u>\$ (4,324,156)</u>	<u>\$ 50,200,055</u>	<u>\$ 4,407,778</u>

For the governmental activities, the claims and judgments are liquidated by the General 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. 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, \$650,521 of internal service funds compensated absences, \$26,933,800 for claims and judgments, and \$5,002,730 for capital leases payable are included in the above amounts.

**CITY OF ROCKFORD, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2019**

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

**LONG-TERM DEBT - Continued**

**Long-Term Liabilities Activity - Continued**

	<b>Beginning Balances</b>	<b>Additions</b>	<b>Deductions</b>	<b>Ending Balances</b>	<b>Due Within One Year</b>
<b>COMPONENTS UNITS</b>					
Rockford Mass Transit District:					
Net pension obligation	\$ 5,778,998	\$ —	\$ (519,840)	\$ 5,259,158	\$ —
Total OPEB liability	10,602,269	75,321	—	10,677,590	—
Rockford Metropolitan Exposition, Auditorium and Office Building Authority:					
Notes payable	1,775,456	—	(374,926)	1,400,530	385,507
	<u>\$ 18,156,723</u>	<u>\$ 75,321</u>	<u>\$ (894,766)</u>	<u>\$ 17,337,278</u>	<u>\$ 385,507</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 July 1, 2012 bringing the principal balance back to the original \$2,000,000 and a new maturity date of June 30, 2022. The current balance at June 30, 2019 was \$645,693. These monthly payments are currently holdbacks from the City's monthly support payments to the Authority.

In September of 2010, SMG, a private management firm, began the management of the BMO Harris Bank Center for a five-year term. The agreement included a provision for SMG to provide a non-interest-bearing loan of \$1,000,000 to the Authority to be paid back in monthly installments of \$8,333. This agreement was restructured effective February 3, 2014. The outstanding principal balance was reduced by \$300,000, thereby reducing the monthly installments to \$4,166 effective September 1, 2014. Principal payments of \$50,000 were made during the year bringing the balance of the loan to \$108,334 as of June 30, 2019.

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 \$91,584 were made during the current fiscal year bringing the loan balance to \$510,721. Principal in the amount of \$94,936 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, 2019**

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

**LONG-TERM DEBT - Continued**

**Component Units - Continued**

In connection with a November 2011 intergovernmental agreement with the City of Rockford the Authority is responsible for reimbursing the City for the City's lease agreement with Siemens. The terms of the City's lease agreements require 12 annual lease payments with an interest rate of 3.66%. Principal repayments of \$24,344 were made during the current fiscal year bringing the loan balance to \$135,782. Principal in the amount of \$25,237 is due within one year of the date of the statement of net position.

**Debt Service Requirements to Maturity**

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

Fiscal Year	Governmental Activities							
	General		Section 108		Intergovernmental		Installment	
	Obligation Bonds		Guaranteed Loans		Payable		Contracts Payable	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 5,779,287	\$ 2,870,395	\$ 205,000	\$ 15,138	\$ 209,282	\$ 137,490	\$ 218,538	\$ 6,592
2021	5,538,022	2,546,752	207,000	10,990	216,525	130,247	225,229	3,268
2022	5,876,547	2,348,656	195,000	6,798	223,614	123,158	95,857	419
2023	6,190,282	2,133,192	198,000	3,414	230,934	115,838	—	—
2024	6,043,807	1,899,961	141,000	—	238,182	108,590	—	—
2025	5,457,121	1,663,371	143,000	—	246,292	100,480	—	—
2026	5,626,067	1,471,013	146,000	—	254,355	92,418	—	—
2027	5,840,013	1,265,223	149,000	—	262,682	84,091	—	—
2028	2,858,748	1,045,026	152,000	—	271,060	75,712	—	—
2029	2,952,484	950,869	155,000	—	280,155	66,617	—	—
2030	2,926,219	849,674	158,000	—	289,327	57,446	—	—
2031	3,034,533	746,478	161,000	—	298,798	47,974	—	—
2032	3,138,058	637,792	165,000	—	308,463	38,310	—	—
2033	3,256,372	523,823	168,000	—	318,679	28,094	—	—
2034	3,374,685	403,834	171,000	—	329,111	17,661	—	—
2035	2,287,788	279,419	175,000	—	339,886	6,887	—	—
2036	1,260,000	192,520	179,000	—	—	—	—	—
2037	1,305,000	146,884	—	—	—	—	—	—
2038	1,350,000	99,628	—	—	—	—	—	—
2039	1,400,000	50,724	—	—	—	—	—	—
	<u>\$ 75,495,033</u>	<u>\$ 21,974,882</u>	<u>\$ 2,868,000</u>	<u>\$ 36,340</u>	<u>\$ 4,317,345</u>	<u>\$ 1,231,013</u>	<u>\$ 539,624</u>	<u>\$ 10,279</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, 2019**

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

**LONG-TERM DEBT - Continued**

**Debt Service Requirements to Maturity - Continued**

<b>Fiscal Year</b>	<b>Business-Type Activities</b>	
	<b>General</b>	
	<b>Obligation Bonds</b>	
	<b>Principal</b>	<b>Interest</b>
2020	\$ 2,065,713	\$ 960,471
2021	2,101,978	866,426
2022	2,208,453	777,361
2023	2,314,718	683,217
2024	2,376,193	584,524
2025	2,482,879	482,294
2026	2,543,933	380,575
2027	1,559,987	270,422
2028	1,336,252	209,186
2029	692,516	158,737
2030	703,781	134,409
2031	465,467	109,109
2032	486,942	91,062
2033	503,628	72,138
2034	525,315	52,483
2035	547,212	31,997
2036	75,000	10,531
2037	75,000	7,983
2038	80,000	5,435
2039	80,000	2,718
	<u>\$ 23,224,967</u>	<u>\$ 5,882,925</u>

**CITY OF ROCKFORD, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2019**

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

**NET POSITION/FUND BALANCE RESTATEMENT**

Beginning net position/fund balance was restated to correct errors in recognition of prior year grant receivables, intergovernmental payables, and installment contracts payable. The following is a summary of the net position as originally reported and as restated:

<u>Net Position</u>	<u>As Reported</u>	<u>As Restated</u>	<u>(Decrease)</u>
Governmental Activities	\$ (60,550,754)	\$ (69,148,778)	\$ (8,598,024)
Human Services	4,152,001	826,103	(3,325,898)

**FUND BALANCE/NET POSITION**

**Fund Balance Classifications**

In the governmental funds' financial statements, the City considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The City first utilizes committed, then assigned and then unassigned fund balance when an expenditure is incurred for purposes for which all three unrestricted fund balances are available.

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

*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.

**CITY OF ROCKFORD, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2019**

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

**FUND BALANCE/NET POSITION - Continued**

**Fund Balance Classifications - Continued**

*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							Totals	
	General	Public Library	Community Development	Human Services	Tax Increment Financing	Debt Service	Capital Projects		Nonmajor
<b>FUND BALANCES</b>									
Nonspendable									
Notes receivable	\$ 150,000	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 150,000	
Inventories	400	—	—	—	—	—	—	400	
Prepays	—	81,000	—	—	—	—	—	81,000	
	<u>150,400</u>	<u>81,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>231,400</u>	
Restricted									
Debt service	—	—	—	—	—	9,487,451	—	9,487,451	
Culture and recreation	—	11,524,308	—	—	—	—	—	11,524,308	
Community development	—	—	14,405	—	—	—	—	2,474,093	
Public health and welfare	—	—	—	1,519,384	—	—	—	1,519,384	
Highway and streets	—	—	—	—	—	—	—	10,694,102	
	<u>—</u>	<u>11,524,308</u>	<u>14,405</u>	<u>1,519,384</u>	<u>—</u>	<u>9,487,451</u>	<u>—</u>	<u>35,713,743</u>	
Assigned									
Community development	—	—	—	—	—	—	24,307,524	—	
Public health and welfare	—	—	—	—	—	—	—	5,199	
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>24,307,524</u>	<u>5,199</u>	
Unassigned	39,502,751	—	—	—	(9,813,638)	—	—	—	
	<u>39,502,751</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(9,813,638)</u>	<u>—</u>	<u>—</u>	<u>29,689,113</u>	
Total fund balances	<u>\$ 39,653,151</u>	<u>\$ 11,605,308</u>	<u>\$ 14,405</u>	<u>\$ 1,519,384</u>	<u>\$ (9,813,638)</u>	<u>\$ 9,487,451</u>	<u>\$ 24,307,524</u>	<u>\$ 13,173,394</u>	<u>\$ 89,946,979</u>



**CITY OF ROCKFORD, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2019**

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

**FUND BALANCE/NET POSITION - Continued**

**Net Position Classifications - Continued**

**COMPONENT UNITS**

Rockford Mass Transit District

Capital assets - net of accumulated depreciation	<u>\$ 24,522,437</u>
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Rockford Metropolitan Exposition, Auditorium and  
Office Building

Capital assets - net of accumulated depreciation	\$ 22,328,665
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Less capital related debt:

Notes payable	<u>(537,800)</u>
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Net investment in capital assets	<u>\$ 21,790,865</u>
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**NOTE 4 – OTHER INFORMATION**

**INDUSTRIAL DEVELOPMENT REVENUE BONDS**

The City issued and has an estimated \$43,399,000 in outstanding industrial development revenue bonds. Proceeds from these issues were used to finance in whole or in part the cost of the acquisition or improvement of economic development projects. Debt service on these issues is paid solely from the revenue and receipts derived from the economic development projects. The bonds are not a liability nor is the resulting property an asset of the City and accordingly, neither are reflected in the City's financial statements.

**CONTINGENT LIABILITIES**

**Grantor Agencies**

Federal and state grants-in-aid received by the City are subject to audit and adjustment by grantor agencies. If grant revenues are received for expenditures which are subsequently disallowed, the City may be required to repay the revenues. In the opinion of management, liabilities resulting from such disallowed expenditures, if any, will not be material.

**CITY OF ROCKFORD, ILLINOIS**

**Notes to the Financial Statements**

**December 31, 2019**

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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:

	<u>2019</u>	<u>2018</u>
Unpaid claims - beginning	\$ 10,548,781	\$ 9,189,192
Current year claims and change in estimates	7,434,064	1,551,911
Claim payments	<u>(109,939)</u>	<u>(192,322)</u>
Unpaid claims - ending	<u>\$ 17,872,906</u>	<u>\$ 10,548,781</u>
Reported as:		
Claims and judgments payable	\$ 17,752,546	\$ 10,393,350
Accounts payable	<u>120,360</u>	<u>155,431</u>
	<u>\$ 17,872,906</u>	<u>\$ 10,548,781</u>

**CITY OF ROCKFORD, ILLINOIS**

**Notes to the Financial Statements**

**December 31, 2019**

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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>2019</u>	<u>2018</u>
Unpaid claims - beginning	\$ 2,080,777	\$ 2,648,628
Current year claims and change in estimates	20,363,660	17,046,409
Claim payments	<u>(19,828,403)</u>	<u>(17,614,260)</u>
Unpaid claims - ending	<u>\$ 2,616,034</u>	<u>\$ 2,080,777</u>
Reported as:		
Claims and judgments payable	\$ 1,071,278	\$ 986,023
Accounts payable	<u>1,544,756</u>	<u>1,094,754</u>
	<u>\$ 2,616,034</u>	<u>\$ 2,080,777</u>

**CITY OF ROCKFORD, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2019**

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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:

	<u>2019</u>	<u>2018</u>
Unpaid claims - beginning	\$ 5,386,721	\$ 6,180,323
Current year claims and change in estimates	2,728,105	2,080,411
Claim payments	<u>(1,669,966)</u>	<u>(2,874,013)</u>
Unpaid claims - ending	<u>\$ 6,444,860</u>	<u>\$ 5,386,721</u>
Reported as:		
Claims and judgments payable	<u>\$ 6,444,860</u>	<u>\$ 5,386,721</u>

**CITY OF ROCKFORD, ILLINOIS**

**Notes to the Financial Statements**

**December 31, 2019**

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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 amount recognized for the three pension plans is:

	<b>Pension Expense</b>	<b>Net Pension Liability</b>	<b>Deferred Outflows</b>	<b>Deferred Inflows</b>
IMRF	\$ 4,634,390	\$ 9,687,760	\$ 3,207,729	\$ (13,267,673)
Police Pension	13,522,510	142,836,639	8,740,533	(10,547,110)
Firefighters' Pension	17,912,509	168,330,677	12,861,994	(11,266,200)
	<u>\$ 36,069,409</u>	<u>\$ 320,855,076</u>	<u>\$ 24,810,256</u>	<u>\$ (35,080,983)</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.

CITY OF ROCKFORD, ILLINOIS

Notes to the Financial Statements

December 31, 2019

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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.* 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.

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, 2019, the measurement date, the following employees were covered by the benefit terms:

Inactive plan members currently receiving benefits	687
Inactive plan members entitled to but not yet receiving benefits	400
Active plan members	<u>554</u>
Total	<u><u>1,641</u></u>

**CITY OF ROCKFORD, ILLINOIS**

**Notes to the Financial Statements**

**December 31, 2019**

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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**

*Contributions.* As set by statute, the City's Regular Plan Members are required to contribute 4.5% 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, 2019, the City's contribution was 9.59% of covered payroll.

*Net Pension Liability.* The City's net pension liability was measured as of December 31, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

*Actuarial Assumptions.* The total pension liability was determined by an actuarial valuation performed, as of December 31, 2019, using the following actuarial methods and assumptions:

Actuarial cost method	Entry Age Normal
Asset valuation method	Market
Actuarial assumptions	
Interest rate	7.25%
Salary increases	3.35% to 14.25%
Cost of living adjustments	2.50%
Inflation	2.50%

For nondisabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality tables was used with fully generational projection scale MP-2017 (base year 2015). IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for nondisabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

**CITY OF ROCKFORD, ILLINOIS**

**Notes to the Financial Statements**

**December 31, 2019**

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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:

<b>Asset Class</b>	<b>Target</b>	<b>Long-Term Expected Real Rate of Return</b>
Fixed Income	28.00%	3.00%
Domestic Equities	37.00%	6.85%
International Equities	18.00%	6.75%
Real Estate	9.00%	5.75%
Blended	7.00%	2.65% - 7.35%
Cash and Cash Equivalents	1.00%	2.25%

**Discount Rate**

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

**CITY OF ROCKFORD, ILLINOIS**

**Notes to the Financial Statements**

**December 31, 2019**

**NOTE 4 - OTHER INFORMATION - Continued**

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

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

**Discount Rate Sensitivity**

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

	<b>1% Decrease</b> <b>(6.25%)</b>	<b>Current</b> <b>Rate</b> <b>(7.25%)</b>	<b>1% Increase</b> <b>(8.25%)</b>
Net pension liability	\$ 37,009,010	\$ 9,687,760	\$ (12,926,977)

**Changes in the Net Pension Liability**

	<b>Total</b> <b>Pension</b> <b>Liability</b> <b>(A)</b>	<b>Plan Fiduciary</b> <b>Net Position</b> <b>(B)</b>	<b>Net Pension</b> <b>Liability</b> <b>(A) - (B)</b>
Balances at December 31, 2018	\$ 230,768,763	\$ 197,858,708	\$ 32,910,055
Changes for the year:			
Service cost	3,020,019	—	3,020,019
Interest on the total pension liability	16,357,321	—	16,357,321
Changes of benefit terms	—	—	—
Difference between Expected and actual experience of the total pension liability	(1,868,436)	—	(1,868,436)
Changes of assumptions	—	—	—
Contributions - employer	—	2,964,481	(2,964,481)
Contributions - employees	—	1,396,213	(1,396,213)
Net investment income	—	37,883,412	(37,883,412)
Benefit payments, including refunds of employee contributions	(13,321,103)	(13,321,103)	—
Other (net transfer)	—	(1,512,907)	1,512,907
Net changes	4,187,801	27,410,096	(23,222,295)
Balances at December 31, 2019	\$ 234,956,564	\$ 225,268,804	\$ 9,687,760

**CITY OF ROCKFORD, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2019**

**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, 2019, the City recognized pension expense of \$4,634,390. At December 31, 2019, the City reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Totals</b>
Difference between expected and actual experience	\$ 595,114	\$ (1,649,887)	\$ (1,054,773)
Change in assumptions	2,612,615	(1,439,751)	1,172,864
Net difference between projected and actual earnings on pension plan investments	—	(10,178,035)	(10,178,035)
Total deferred amounts related to IMRF	<u>\$ 3,207,729</u>	<u>\$ (13,267,673)</u>	<u>\$ (10,059,944)</u>

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

<b>Fiscal Year</b>	<b>Net Deferred Outflows/ (Inflows) of Resources</b>
2020	\$ (3,280,024)
2021	(2,660,448)
2022	664,189
2023	(4,783,661)
2024	—
Thereafter	—
Total	<u>\$ (10,059,944)</u>

**CITY OF ROCKFORD, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2019**

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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, 2019, the measurement date, membership consisted of the following:

Inactive plan members currently receiving benefits	303
Inactive plan members entitled to but not yet receiving benefits	56
Active plan members	<u>300</u>
Total	<u><u>659</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 ½ 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.

# CITY OF ROCKFORD, ILLINOIS

## Notes to the Financial Statements

December 31, 2019

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### NOTE 4 - OTHER INFORMATION - Continued

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

##### Police Pension Plan - Continued

##### Plan Descriptions - Continued

*Benefits Provided - Continued.* 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 ½ 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., ½ 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 ½ of the change in the Consumer Price Index for the proceeding calendar year.

*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, 2019, the City's contribution was 38.72% 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).

**CITY OF ROCKFORD, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2019**

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**NOTE 4 - OTHER INFORMATION - Continued**

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

**Police Pension Plan - Continued**

**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation performed, as of December 31, 2019, using the following actuarial methods and assumptions:

Actuarial cost method	Entry Age Normal
Asset valuation method	Market
Actuarial assumptions	
Interest rate	7.30%
Salary increases	5.00%
Cost of living adjustments	3.00%
Inflation	2.50%

Mortality rates for healthy members were based on the RP-2014 Mortality Table with a blue collar adjustment, with generational improvement scale MP-2019 applied from 2013 and for disabled members based on 115% of the Healthy Mortality Table, with generational improvement scale MP-2019 applied from 2013.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.30%, and the prior year valuation was 7.40%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

**CITY OF ROCKFORD, ILLINOIS**

**Notes to the Financial Statements**

**December 31, 2019**

**NOTE 4 - OTHER INFORMATION - Continued**

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

**Police Pension Plan - 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 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 (6.30%)</b>	<b>Current Rate (7.30%)</b>	<b>1% Increase (8.30%)</b>
Net pension liability	\$ 189,937,993	\$ 142,836,639	\$ 104,227,092

**Changes in the Net Pension Liability**

	<b>Total Pension Liability (A)</b>	<b>Fiduciary Net Position (B)</b>	<b>Net Pension Liability (A) - (B)</b>
Balances at December 31, 2018	\$ 342,630,017	\$ 188,981,340	\$ 153,648,677
Changes for the year:			
Service cost	4,463,004	—	4,463,004
Interest on the total pension liability	24,997,295	—	24,997,295
Changes of benefit terms	949,534	—	949,534
Difference between Expected and actual experience of the total pension liability	(1,741,022)	—	(1,741,022)
Changes of assumptions	2,376,853	—	2,376,853
Contributions - employer	—	9,104,210	(9,104,210)
Contributions - employees	—	2,449,268	(2,449,268)
Net investment income	—	30,491,977	(30,491,977)
Benefit payments, including refunds of employee contributions	(18,717,873)	(18,717,873)	—
Other (net transfer)	—	(187,753)	187,753
Net changes	12,327,791	23,139,829	(10,812,038)
Balances at December 31, 2019	\$ 354,957,808	\$ 212,121,169	\$ 142,836,639

**CITY OF ROCKFORD, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2019**

**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, 2019, the City recognized pension expense of \$13,522,510. At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Totals</b>
Difference between expected and actual experience	\$ 2,162,434	\$ (1,773,793)	\$ 388,641
Change in assumptions	6,578,099	(4,180,468)	2,397,631
Net difference between projected and actual earnings on pension plan investments	—	(4,592,849)	(4,592,849)
Total deferred amounts related to Police Pension	<u>\$ 8,740,533</u>	<u>\$ (10,547,110)</u>	<u>\$ (1,806,577)</u>

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

<b>Fiscal Year</b>	<b>Net Deferred Outflows/ (Inflows) of Resources</b>
2021	\$ (3,546,901)
2022	1,347,621
2023	3,621,489
2024	(3,228,786)
2025	—
Thereafter	—
Total	<u>\$ (1,806,577)</u>

**CITY OF ROCKFORD, ILLINOIS**

**Notes to the Financial Statements**

**December 31, 2019**

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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, 2019, the measurement date, membership consisted of the following:

Inactive plan members currently receiving benefits	315
Inactive plan members entitled to but not yet receiving benefits	16
Active plan members	<u>271</u>
Total	<u><u>602</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 ½ 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 3percent compounded annually thereafter.

# CITY OF ROCKFORD, ILLINOIS

## Notes to the Financial Statements

December 31, 2019

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### NOTE 4 - OTHER INFORMATION - Continued

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

##### Firefighters' Pension Plan - Continued

##### Plan Descriptions - Continued

*Benefits Provided - Continued.* 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 ½ 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., ½ 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 of ½ of the change in the Consumer Price Index for the preceding calendar year.

*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, 2019, the City's contribution was 48.10% 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).

**CITY OF ROCKFORD, ILLINOIS**

**Notes to the Financial Statements**

**December 31, 2019**

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**NOTE 4 - OTHER INFORMATION - Continued**

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

**Firefighters' Pension Plan - Continued**

**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation performed, as of December 31, 2019, using the following actuarial methods and assumptions:

Actuarial cost method	Entry Age Normal
Asset valuation method	Market
Actuarial assumptions	
Interest rate	7.30%
Salary increases	5.00%
Cost of living adjustments	3.00%
Inflation	2.50%

Mortality rates for healthy members were based on the RP-2014 Mortality Table with a blue collar adjustment, with generational improvement scale MP-2019 applied from 2013 and for disabled members based on 115% of the Healthy Mortality Table, with generational improvement scale MP-2019 applied from 2013.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.30%, and the prior year valuation was 7.40%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

**CITY OF ROCKFORD, ILLINOIS**

**Notes to the Financial Statements**

**December 31, 2019**

**NOTE 4 - OTHER INFORMATION - Continued**

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

**Firefighters' Pension Plan - 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 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 (6.30%)</b>	<b>Current Rate (7.30%)</b>	<b>1% Increase (8.30%)</b>
Net pension liability	\$ 212,865,478	\$ 168,330,677	\$ 131,674,042

**Changes in the Net Pension Liability**

	<b>Total Pension Liability (A)</b>	<b>Fiduciary Net Position (B)</b>	<b>Net Pension Liability (A) - (B)</b>
Balances at December 31, 2018	\$ 332,505,966	\$ 157,937,590	\$ 174,568,376
Changes for the year:			
Service cost	5,048,714	—	5,048,714
Interest on the total pension liability	24,256,778	—	24,256,778
Changes of benefit terms	808,694	—	808,694
Difference between Expected and actual experience of the total pension liability	(3,272,409)	—	(3,272,409)
Changes of assumptions	2,981,623	—	2,981,623
Contributions - employer	—	10,691,468	(10,691,468)
Contributions - employees	—	2,294,613	(2,294,613)
Net investment income	—	23,234,248	(23,234,248)
Benefit payments, including refunds of employee contributions	(19,616,944)	(19,616,944)	—
Other (net transfer)	—	(159,230)	159,230
Net changes	10,206,456	16,444,155	(6,237,699)
Balances at December 31, 2019	\$ 342,712,422	\$ 174,381,745	\$ 168,330,677

**CITY OF ROCKFORD, ILLINOIS**

**Notes to the Financial Statements**

**December 31, 2019**

**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, 2019, the City recognized pension expense of \$17,912,509. At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Totals</b>
Difference between expected and actual experience	\$ 2,298,759	\$ (2,809,523)	\$ (510,764)
Change in assumptions	10,563,235	(7,503,614)	3,059,621
Net difference between projected and actual earnings on pension plan investments	—	(953,063)	(953,063)
Total deferred amounts related to Firefighters' Pension	<u>\$ 12,861,994</u>	<u>\$ (11,266,200)</u>	<u>\$ 1,595,794</u>

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

<b>Fiscal Year</b>	<b>Net Deferred Outflows/ (Inflows) of Resources</b>
2020	\$ (1,000,670)
2021	(765,663)
2022	3,625,254
2023	(214,666)
2024	(48,461)
Thereafter	—
Total	<u>\$ 1,595,794</u>

**CITY OF ROCKFORD, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2019**

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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, 2018, the measurement date, membership consisted of the following:

	Admin	ATU	IBEW	Total
Inactive plan members currently receiving benefits	26	78	21	125
Inactive plan members entitled to but not yet receiving benefits	18	64	11	93
Active plan members	10	31	8	49
Total	54	173	40	267

*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, 2018 valuation is the basis for the contributions in fiscal year 2019. The Plan does not permit employees to make contributions.

**CITY OF ROCKFORD, ILLINOIS**

**Notes to the Financial Statements**

**December 31, 2019**

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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, 2018, the most recent actuarial valuation, using the following actuarial methods and assumptions:

Actuarial cost	Entry Age Normal
Asset valuation	Market
Actuarial Interest rate	7.00%
Salary increases	3.00%
Cost of living	3.00%
Inflation	3.00%

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on the AA scale.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.00%, 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, 2019**

**NOTE 4 - OTHER INFORMATION - Continued**

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

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

**Discount Rate Sensitivity**

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

	<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
	<b>(6.00%)</b>	<b>Rate</b>	<b>(8.00%)</b>
	<hr/>		
Net pension liability	\$ 8,319,462	\$ 5,259,158	\$ 2,664,994

**Changes in the Net Pension Liability**

	<b>Total</b>	<b>Fiduciary</b>	<b>Net Pension</b>
	<b>Pension</b>	<b>Net Position</b>	<b>Liability</b>
	<b>Liability</b>	<b>(B)</b>	<b>(A) - (B)</b>
	<b>(A)</b>	<hr/>	
Balances at June 30, 2018	\$ 24,947,008	\$ 19,168,010	\$ 5,778,998
Changes for the year:			
Service cost	754,673	—	754,673
Interest on the total pension liability	1,707,751	—	1,707,751
Changes of benefit terms	—	—	—
Difference between Eepected and actual experience of the total pension liability	(507,972)	—	(507,972)
Changes of assumptions	—	—	—
Contributions - employer	—	1,404,554	(1,404,554)
Contributions - employees	—	896,820	(896,820)
Net investment income	—	262,538	(262,538)
Benefit payments, including refunds of employee contributions	(794,893)	(794,893)	—
Administrative Expenses	—	(89,620)	89,620
	<hr/>		
Net changes	1,159,559	1,679,399	(519,840)
	<hr/>		
Balances at June 30, 2019	\$ 26,106,567	\$ 20,847,409	\$ 5,259,158
	<hr/>		

**CITY OF ROCKFORD, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2019**

**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, 2019, the District recognized pension expense of \$1,416,162. At June 30, 2019, the District reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Totals</b>
Difference between expected and actual experience	\$ 516,153	\$ (415,760)	\$ 100,393
Change in assumptions	—	—	—
Net difference between projected and actual earnings on pension plan investments	500,458	—	500,458
	<u>1,016,611</u>	<u>(415,760)</u>	<u>600,851</u>
Contributions made subsequent to measurement date	1,500,000	—	1,500,000
Total deferred amounts related to Rockford Mass Transit District	<u>\$ 2,516,611</u>	<u>\$ (415,760)</u>	<u>\$ 2,100,851</u>

\$1,500,000 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2020. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

<b>Fiscal Year</b>	<b>Net Deferred Outflows/ (Inflows) of Resources</b>
2020	\$ 397,577
2021	241,652
2022	(75,199)
2023	2,686
2024	34,135
Thereafter	<u>—</u>
Total	<u>\$ 600,851</u>

# CITY OF ROCKFORD, ILLINOIS

## Notes to the Financial Statements

December 31, 2019

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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, 2019, the measurement date, the following employees were covered by the benefit terms:

Inactive plan members currently receiving benefits	218
Inactive plan members entitled to but not yet receiving benefits	—
Active plan members	<u>880</u>
Total	<u><u>1,098</u></u>

##### Total OPEB Liability

The City's total OPEB liability was measured as of December 31, 2019, and was determined by an actuarial valuation as of that date.

*Actuarial Assumptions and Other Inputs.* The total OPEB liability in the December 31, 2019 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	2.74%
Healthcare cost trend rates	8.0% for 2019, decreasing to an ultimate rate of 4.50% for 2027 and later years
Retirees' share of benefit-related costs	100% of projected health insurance premiums for retirees

**CITY OF ROCKFORD, ILLINOIS**

**Notes to the Financial Statements**

**December 31, 2019**

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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 bond rates.

Mortality rates were based on the RP-2014 base rates with blue collar adjustment projected to 2018 using scale MP-2018.

**Change in the Total OPEB Liability**

	<b>Total OPEB Liability</b>
Balance at December 31, 2018	<u>\$ 26,713,441</u>
Changes for the year:	
Service cost	1,024,021
Interest on the total pension liability	1,069,096
Changes of benefit terms	—
Difference between expected and actual experience	—
Changes of assumptions or other inputs	4,776,781
Benefit payments	<u>(1,275,855)</u>
Net changes	<u>5,594,043</u>
Balance at December 31, 2019	<u><u>32,307,484</u></u>

**CITY OF ROCKFORD, ILLINOIS**

**Notes to the Financial Statements**

**December 31, 2019**

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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 2.74%, as well as what the total OPEB liability would be if it were calculated using a Single Discount Rate that is one percentage point lower or one percentage point higher:

	<b>1% Decrease (1.74%)</b>	<b>Current Discount Rate (2.74%)</b>	<b>1% Increase (3.74%)</b>
Total OPEB liability	\$ 36,604,662	\$ 32,307,484	\$ 28,759,366

**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>(7.00% decreasing to 3.50%)</b>	<b>Healthcare Cost Trend (7.00% decreasing to 4.50%)</b>	<b>(7.00% increasing to 5.50%)</b>
Total OPEB Liability	\$ 27,829,972	\$ 32,307,484	\$ 37,903,683

**CITY OF ROCKFORD, ILLINOIS**

**Notes to the Financial Statements**

**December 31, 2019**

**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, 2019, the City recognized OPEB expense of \$2,085,300. Per GASB Statement No. 75, under the Alternative Measurement Method, changes in Total OBEP Liability are immediately recognized as expense, resulting in no deferred outflows of resources or deferred inflows of resources related to OPEB. At December 31, 2019, 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	\$ —	\$ (1,954,444)	\$ (1,954,444)
Change in assumptions	4,292,967	(1,916,250)	2,376,717
Net difference between projected and actual earnings on pension plan investments	—	—	—
Total deferred amounts related to OPEB	<u>\$ 4,292,967</u>	<u>\$ (3,870,694)</u>	<u>\$ 422,273</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>
2020	\$ (7,817)
2021	(7,817)
2022	(7,817)
2023	(7,817)
2024	(7,817)
Thereafter	<u>461,358</u>
Total	<u>\$ 422,273</u>

**CITY OF ROCKFORD, ILLINOIS**

**Notes to the Financial Statements**

**December 31, 2019**

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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, 2019, the measurement date, the following employees were covered by the benefit terms:

Inactive plan members currently receiving benefits	7
Inactive plan members entitled to but not yet receiving benefits	1
Active plan members	<u>22</u>
Total	<u><u>30</u></u>

**Total OPEB Liability**

The District's total OPEB liability was measured as of June 30, 2019, and was determined by an actuarial valuation as of that date.

*Actuarial Assumptions and Other Inputs.* The total OPEB liability in the June 30, 2019 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, 2019**

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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	3.00%
Discount rate	2.79%
Healthcare cost trend rates	6.5% for 2018, decreasing to an ultimate rate of 5.0% for 2021 and later years
Retirees' share of benefit-related costs	All retirees must contribute their share of the monthly premium equal to that required stated in the applicable bargaining until contract

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

Mortality rates were based on the RP-2000 combined Healthy Mortality Table projected to 2017 using Scale AA. The actuarial assumptions used in the June 30, 2019 valuation were based on anticipated future experience under the plan, including consideration for the current demographics of the covered population where applicable, or anticipated future experience under the Retirement Plan sponsored by the District.

**Change in the Total OPEB Liability**

	<b>Total OPEB Liability</b>
Balance at June 30, 2018	<u>\$ 10,602,269</u>
Changes for the year:	
Service cost	46,052
Interest on the total pension liability	312,116
Changes of benefit terms	—
Difference between expected and actual experience	(189,842)
Changes of assumptions or other inputs	258,807
Benefit payments	(351,812)
Net changes	<u>75,321</u>
Balance at June 30, 2019	<u><u>10,677,590</u></u>

**CITY OF ROCKFORD, ILLINOIS**

**Notes to the Financial Statements**

**December 31, 2019**

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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 2.79%, as well as what the total OPEB liability would be if it were calculated using a Single Discount Rate that is one percentage point lower or one percentage point higher:

	<b>1% Decrease (1.79%)</b>	<b>Current Discount Rate (2.79%)</b>	<b>1% Increase (3.79%)</b>
Total OPEB liability	\$ 12,205,987	\$ 10,677,590	\$ 9,412,791

**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:

	<b>(5.50% decreasing to 4.00%)</b>	<b>Healthcare Cost Trend (6.50% decreasing to 5.00%)</b>	<b>(7.50% increasing to 6.00%)</b>
Total OPEB Liability	\$ 9,360,629	\$ 10,677,590	\$ 12,260,580

**CITY OF ROCKFORD, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2019**

**NOTE 4 - OTHER INFORMATION - Continued**

**OTHER POST-EMPLOYMENT BENEFITS - Continued**

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

For the year ended June 30, 2019, the District recognized OPEB expense of \$427,133. Per GASB Statement No. 75, under the Alternative Measurement Method, changes in Total OBEP Liability are immediately recognized as expense, resulting in no deferred outflows of resources or deferred inflows of resources related to OPEB. At June 30, 2019, the District 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	\$ —	\$ —	\$ —
Change in assumptions	—	—	—
Net difference between projected and actual earnings on pension plan investments	—	—	—
<b>Total deferred amounts related to OPEB</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>

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>
2020	\$ —
2021	—
2022	—
2023	—
2024	—
Thereafter	—
<b>Total</b>	<b>\$ —</b>

# CITY OF ROCKFORD, ILLINOIS

## Notes to the Financial Statements

December 31, 2019

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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 terminates in calendar year 2022.

The terms of the agreement indicate that beginning in August 2002 the City shall rebate to the retailer on a monthly basis the Municipal Sales Tax resulting from taxable sales with order-acceptance at the Property and received by the City in the following amounts:

- Years 1-5 – 100% sales tax rebate of Incremental Municipal Sales Tax sourced to Rockford.
- Years 6-10 – 70% sales tax rebate of Incremental Municipal Sales Tax sourced to Rockford.
- Years 11-20 – 50% sales tax rebate of Incremental Municipal Sales Tax sourced to Rockford.

The total municipal sales tax revenue reported by the City for the year ended December 31, 2019, amounted to \$25,003,918, of which \$430,322 (or 1.72%) was recorded as an expense during the year and \$430,322 was reported as accounts payable on the Statement of Net Position.

#### SUBSEQUENT EVENTS

Subsequent to the date of the financial statements and prior to the audit opinion date, the World Health Organization declared the COVID-19 virus a public health emergency. As of the date of this report, the extent of the impact of COVID-19 on the City's operations and financial position cannot be determined.

In March 2020, the City of Rockford settled the lawsuit, *Anthony Ross, Lumont Johnson and Tyjuan Anderson v The City of Rockford, et al.*, which will require the City to pay out \$11 million over four years. The City of Rockford expects to issue bonds to cover the settlement costs and has reported this liability in the Risk Management Fund at December 31, 2019.

## **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
  - 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, 2019**

<b>Fiscal Year</b>	<b>Actuarially Determined Contribution</b>	<b>Contributions in Relation to the Actuarially Determined Contribution</b>	<b>Contribution Excess/ (Deficiency)</b>	<b>Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
2015	\$ 3,697,993	\$ 3,746,033	\$ 48,040	\$ 29,489,579	12.70%
2016	3,840,874	3,969,309	128,435	30,338,661	13.08%
2017	3,539,002	3,635,202	96,200	30,222,052	12.03%
2018	3,688,595	3,810,902	122,307	30,560,023	12.47%
2019	2,883,439	2,964,481	81,042	30,905,029	9.59%

Notes to the Required Supplementary Information:

Actuarial cost method	Entry Age Normal
Amortization method	Level % Pay (Closed)
Remaining amortization period	24 Years
Asset valuation method	5-Year Smoothed Market
Inflation	2.50%
Salary increases	3.35% - 14.25%
Investment rate of return	7.50%
Retirement age	See the Notes to the Financial Statements
Mortality	IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015).

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, 2019**

<b>Fiscal Year</b>	<b>Actuarially Determined Contribution</b>	<b>Contributions in Relation to the Actuarially Determined Contribution</b>	<b>Contribution Excess/ (Deficiency)</b>	<b>Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
2014	\$ 5,455,009	\$ 5,717,048	\$ 262,039	\$ 21,186,652	26.98%
2015	6,069,076	6,252,516	183,440	21,197,433	29.50%
2016	7,815,910	7,838,429	22,519	22,777,944	34.41%
2017	8,190,838	8,038,300	(152,538)	22,382,387	35.91%
2018	7,970,750	8,208,018	237,268	23,368,603	35.12%
2019	8,207,238	9,104,210	896,972	23,515,133	38.72%

Notes to the Required Supplementary Information:

Actuarial cost method	Projected unit credit
Amortization method	Level % pay (closed)
Remaining amortization period	21 years
Asset valuation method	Market value
Inflation	2.50%
Salary increases	5.00%
Investment rate of return	7.30%
Retirement age	See the Notes to the Financial Statements
Mortality	RP-2014 Mortality Table with a blue collar adjustment, with generational improvement scale MP-2019 applied from 2013.

Note:

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

**CITY OF ROCKFORD, ILLINOIS**

**Firefighters' Pension Fund  
Schedule of Employer Contributions  
December 31, 2019**

<b>Fiscal Year</b>	<b>Actuarially Determined Contribution</b>	<b>Contributions in Relation to the Actuarially Determined Contribution</b>	<b>Contribution Excess/ (Deficiency)</b>	<b>Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
2014	\$ 6,672,686	\$ 7,218,958	\$ 546,272	\$ 20,509,870	35.20%
2015	7,229,015	7,345,613	116,598	20,783,575	35.34%
2016	8,552,472	8,577,454	24,982	21,896,671	39.17%
2017	8,843,594	8,561,472	(282,122)	22,985,956	37.25%
2018	9,332,995	10,257,695	924,700	23,375,057	43.88%
2019	9,480,024	10,691,468	1,211,444	22,228,652	48.10%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Projected unit credit
Amortization Method	Level % pay (closed)
Remaining Amortization Period	21 years
Asset Valuation Method	Market value
Inflation	2.50%
Salary Increases	5.00%
Investment Rate of Return	7.30%
Retirement Age	See the Notes to the Financial Statements
Mortality	RP-2014 Mortality Table with a blue collar adjustment, with generational improvement scale MP-2019 applied from 2013.

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

**CITY OF ROCKFORD, ILLINOIS**

**Illinois Municipal Retirement Fund  
Schedule of Changes in the Employer's Net Pension Liability  
December 31, 2019**

	<u>12/31/2015</u>
Total pension liability	
Service cost	\$ 3,219,833
Interest	14,993,283
Changes in benefit terms	—
Differences between expected and actual experience	(1,030,302)
Change of assumptions	242,384
Benefit payments, including refunds of member contributions	<u>(11,047,294)</u>
Net change in total pension liability	6,377,904
Total pension liability - beginning	<u>204,091,075</u>
 Total pension liability - ending	 <u><u>\$ 210,468,979</u></u>
 Plan fiduciary net position	
Contributions - employer	\$ 3,746,033
Contributions - members	1,382,903
Net investment income	929,356
Benefit payments, including refunds of member contributions	<u>(11,047,294)</u>
Other (net transfer)	1,591,614
Net change in plan fiduciary net position	<u>(3,397,388)</u>
Plan net position - beginning	<u>188,830,302</u>
 Plan net position - ending	 <u><u>\$ 185,432,914</u></u>
 Employer's net pension liability	 <u><u>\$ 25,036,065</u></u>
 Plan fiduciary net position as a percentage of the total pension liability	  88.10%
 Covered payroll	 \$ 29,489,579
 Employer's net pension liability as a percentage of covered payroll	  84.90%

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

	<u>12/31/2016</u>	<u>12/31/17</u>	<u>12/31/18</u>	<u>12/31/19</u>
\$	3,174,348	\$ 3,156,094	\$ 2,920,647	\$ 3,020,019
	15,433,301	16,020,465	15,928,242	16,357,321
	—	—	—	—
	826,985	(1,521,059)	1,368,692	(1,868,436)
	(499,056)	(6,474,438)	6,008,711	—
	(11,457,195)	(11,838,414)	(12,747,539)	(13,321,103)
	7,478,383	(657,352)	13,478,753	4,187,801
	210,468,979	217,947,362	217,290,010	230,768,763
\$	<u>217,947,362</u>	<u>\$ 217,290,010</u>	<u>\$ 230,768,763</u>	<u>\$ 234,956,564</u>
\$	3,969,309	\$ 3,635,202	\$ 3,810,902	\$ 2,964,481
	1,396,190	1,419,910	1,376,714	1,396,213
	12,691,177	34,399,841	(12,298,436)	37,883,412
	(11,457,195)	(11,838,414)	(12,747,539)	(13,321,103)
	(146,028)	(4,831,501)	3,045,662	(1,512,907)
	6,453,453	22,785,038	(16,812,697)	27,410,096
	185,432,914	191,886,367	214,671,405	197,858,708
\$	<u>191,886,367</u>	<u>\$ 214,671,405</u>	<u>\$ 197,858,708</u>	<u>\$ 225,268,804</u>
\$	<u>26,060,995</u>	<u>\$ 2,618,605</u>	<u>\$ 32,910,055</u>	<u>\$ 9,687,760</u>
	88.04%	98.79%	85.74%	95.88%
\$	30,338,661	\$ 30,222,052	\$ 30,560,023	\$ 30,905,029
	85.90%	8.66%	107.69%	31.35%

**CITY OF ROCKFORD, ILLINOIS**

**Police Pension Fund  
Schedule of Changes in the Employer's Net Pension Liability  
December 31, 2019**

	<u>12/31/14</u>
Total pension liability	
Service cost	\$ 4,137,623
Interest	17,284,872
Changes in benefit terms	—
Differences between expected and actual experience	3,503,406
Change of assumptions	41,577,440
Benefit payments, including refunds of member contributions	<u>(14,691,555)</u>
Net change in total pension liability	51,811,786
Total pension liability - beginning	<u>259,311,840</u>
 Total pension liability - ending	 <u><u>\$ 311,123,626</u></u>
 Plan fiduciary net position	
Contributions - employer	\$ 5,717,048
Contributions - members	2,131,555
Net investment income	11,614,824
Benefit payments, including refunds of member contributions	<u>(14,691,555)</u>
Administrative expense	<u>(228,465)</u>
Net change in plan fiduciary net position	4,543,407
Plan net position - beginning	<u>178,430,602</u>
 Plan net position - ending	 <u><u>\$ 182,974,009</u></u>
 Employer's net pension liability	 <u><u>\$ 128,149,617</u></u>
 Plan fiduciary net position as a percentage of the total pension liability	  58.81%
 Covered payroll	 \$ 21,186,652
 Employer's net pension liability as a percentage of covered payroll	  604.86%

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

	12/31/15	12/31/16	12/31/17	12/31/18	12/31/19
\$	4,421,464	\$ 4,874,986	\$ 4,343,412	\$ 4,259,758	\$ 4,463,004
	20,815,822	21,732,057	22,952,822	23,831,989	24,997,295
	—	—	—	—	949,534
	(630,791)	(1,904,875)	207,706	3,430,970	(1,741,022)
	1,856,861	(20,902,340)	1,632,402	6,434,028	2,376,853
	(15,371,972)	(15,940,422)	(16,760,381)	(17,777,105)	(18,717,873)
	11,091,384	(12,140,594)	12,375,961	20,179,640	12,327,791
	311,123,626	322,215,010	310,074,416	322,450,377	342,630,017
\$	322,215,010	\$ 310,074,416	\$ 322,450,377	\$ 342,630,017	\$ 354,957,808
\$	6,252,516	\$ 7,838,429	\$ 8,038,300	\$ 8,208,018	\$ 9,104,210
	2,130,613	2,315,398	2,427,659	3,349,195	2,449,268
	1,422,144	13,597,337	25,069,628	(7,851,247)	30,491,977
	(15,371,972)	(15,940,422)	(16,760,381)	(17,777,105)	(18,717,873)
	(219,554)	(271,503)	(274,514)	(175,208)	(187,753)
	(5,786,253)	7,539,239	18,500,692	(14,246,347)	23,139,829
	182,974,009	177,187,756	184,726,995	203,227,687	188,981,340
\$	177,187,756	\$ 184,726,995	\$ 203,227,687	\$ 188,981,340	\$ 212,121,169
\$	145,027,254	\$ 125,347,421	\$ 119,222,690	\$ 153,648,677	\$ 142,836,639
	54.99%	59.58%	63.03%	55.16%	59.76%
\$	21,197,433	\$ 22,777,944	\$ 22,382,387	\$ 23,368,603	\$ 23,515,133
	684.17%	550.30%	532.66%	657.50%	607.42%

**CITY OF ROCKFORD, ILLINOIS**

**Firefighter's Pension Fund  
 Schedule of Changes in the Employer's Net Pension Liability  
 December 31, 2019**

	<u>12/31/14</u>
Total pension liability	
Service cost	\$ 5,023,350
Interest	16,732,558
Changes in benefit terms	—
Differences between expected and actual experience	2,881,346
Change of assumptions	36,824,449
Benefit payments, including refunds of member contributions	<u>(15,698,458)</u>
Net change in total pension liability	45,763,245
Total pension liability - beginning	<u>253,194,659</u>
 Total pension liability - ending	 <u><u>\$ 298,957,904</u></u>
 Plan fiduciary net position	
Contributions - employer	\$ 7,218,958
Contributions - members	1,953,524
Net investment income	8,791,692
Benefit payments, including refunds of member contributions	<u>(15,698,458)</u>
Administrative expense	<u>(187,168)</u>
Net change in plan fiduciary net position	2,078,548
Plan net position - beginning	<u>158,574,965</u>
 Plan net position - ending	 <u><u>\$ 160,653,513</u></u>
 Employer's net pension liability	 <u><u>\$ 138,304,391</u></u>
 Plan fiduciary net position as a percentage of the total pension liability	  53.74%
 Covered payroll	 \$ 20,509,870
 Employer's net pension liability as a percentage of covered payroll	  674.33%

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

	12/31/15	12/31/16	12/31/17	12/31/18	12/31/19
\$	5,365,942	\$ 5,783,109	\$ 4,997,293	\$ 4,889,438	\$ 5,048,714
	19,838,705	20,753,529	22,260,185	22,926,489	24,256,778
	—	—	—	—	808,694
	(598,236)	1,761,931	1,278,476	1,471,333	(3,272,409)
	1,695,621	(20,164,146)	(1,368,907)	11,767,002	2,981,623
	(16,135,612)	(16,712,080)	(17,482,902)	(18,779,108)	(19,616,944)
	10,166,420	(8,577,657)	9,684,145	22,275,154	10,206,456
	298,957,904	309,124,324	300,546,667	310,230,812	332,505,966
\$	309,124,324	\$ 300,546,667	\$ 310,230,812	\$ 332,505,966	\$ 342,712,422
\$	7,345,613	\$ 8,577,454	\$ 8,561,471	\$ 10,257,695	\$ 10,691,468
	1,942,979	2,096,334	2,162,650	2,176,890	2,294,613
	123,012	12,215,483	18,405,503	(6,618,670)	23,234,248
	(16,135,612)	(16,712,080)	(17,482,902)	(18,779,108)	(19,616,944)
	(191,306)	(272,587)	(236,826)	(151,916)	(159,230)
	(6,915,314)	5,904,604	11,409,896	(13,115,109)	16,444,155
	160,653,513	153,738,199	159,642,803	171,052,699	157,937,590
\$	153,738,199	\$ 159,642,803	\$ 171,052,699	\$ 157,937,590	\$ 174,381,745
\$	155,386,125	\$ 140,903,864	\$ 139,178,113	\$ 174,568,376	\$ 168,330,677
	49.73%	53.12%	55.14%	47.50%	50.88%
\$	20,783,575	\$ 21,896,671	\$ 22,985,956	\$ 22,375,057	\$ 22,228,652
	747.64%	643.49%	605.49%	780.19%	757.27%

**CITY OF ROCKFORD, ILLINOIS**

**Schedule of Investment Returns**

**December 31, 2019**

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**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%

**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%

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

**CITY OF ROCKFORD, ILLINOIS**

**Retiree Benefit Plan**

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

**December 31, 2019**

	<u>12/31/18</u>	<u>12/31/19</u>
Total OPEB liability		
Service cost	\$ 1,244,497	\$ 1,024,021
Interest	1,028,062	1,069,096
Changes in benefit terms	—	—
Differences between expected and actual experience	(2,450,926)	—
Change of assumptions or other inputs	(2,403,030)	4,776,781
Benefit payments	(1,181,347)	(1,275,855)
Net change in total OPEB liability	(3,762,744)	5,594,043
Total OPEB liability - beginning	<u>30,476,185</u>	<u>26,713,441</u>
Total OPEB liability - ending	<u>\$ 26,713,441</u>	<u>\$ 32,307,484</u>
Covered payroll	\$ 60,303,027	\$ 62,413,633
Total OPEB liability as a percentage of covered payroll	44.30%	51.76%

Notes:

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

Changes of Benefit Terms. There was no change in the retirees' share of health insurance premiums.

Changes of Assumptions. Changes of assumptions and other inputs reflect the effects of changes in the trend rate each period. The following are the trend rates used in each period:

<b>Fiscal Year</b>	<b>Medical</b>
2020	7.50%
2021	7.00%
2022	6.50%
2023	6.00%
2024	5.50%
2025	5.00%
2026	4.50%
2027	4.50%
Ultimate	4.50%

In 2019, there was no change in the healthcare trend rates from the prior year.

**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, 2019**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Taxes	\$ 85,607,393	\$ 85,607,393	\$ 86,623,629	\$ 1,016,236
Licenses and permits	10,056,140	10,056,140	10,971,637	915,497
Intergovernmental	25,499,545	25,499,545	29,323,796	3,824,251
Charges for services	24,484,667	24,484,667	26,189,890	1,705,223
Fines	1,953,000	1,953,000	2,022,607	69,607
Interest	200,000	200,000	638,724	438,724
Miscellaneous	480,000	480,000	1,328,123	848,123
Total revenues	<u>148,280,745</u>	<u>148,280,745</u>	<u>157,098,406</u>	<u>8,817,661</u>
<b>EXPENDITURES</b>				
Current				
General government				
Mayor's office	874,997	883,578	869,950	13,628
City Council	514,756	532,306	525,173	7,133
Legal department	1,650,027	1,650,027	1,625,817	24,210
Finance office	5,400,683	6,287,480	6,064,751	222,729
Workforce investment board	656,860	686,966	686,964	2
Board of fire and police commission	314,414	314,414	284,542	29,872
Board of election	1,025,427	1,139,470	1,154,756	(15,286)
Personnel department	717,589	726,774	726,394	380
Mass transit subsidy	1,524,000	1,524,000	1,524,000	—
Garbage Collection	9,382,050	9,262,538	9,372,700	(110,162)
Total general government	<u>22,060,803</u>	<u>23,007,553</u>	<u>22,835,047</u>	<u>172,506</u>
Public safety				
Police department	57,715,023	57,774,081	57,224,727	549,354
Fire department	47,702,168	50,243,490	50,241,406	2,084
Public works - traffic	4,767,293	4,767,293	4,715,142	52,151
Construction and development services	1,562,737	1,616,101	1,707,711	(91,610)
Total public safety	<u>111,747,221</u>	<u>114,400,965</u>	<u>113,888,986</u>	<u>511,979</u>
Streets, alleys and bridges				
Administration	479,990	570,995	511,527	59,468
Engineering	713,320	713,320	692,176	21,144
Street and sewer	7,926,388	10,299,456	10,299,327	129
Total streets, alleys and bridges	<u>9,119,698</u>	<u>11,583,771</u>	<u>11,503,030</u>	<u>80,741</u>

**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, 2019**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>EXPENDITURES - Continued</b>				
Current - Continued				
Community development				
Administration	\$ 221,705	\$ 286,783	\$ 286,781	\$ 2
Construction and development services	566,896	566,896	366,373	200,523
Planning and zoning	2,153,373	2,414,131	2,173,617	240,514
Total community development	2,941,974	3,267,810	2,826,771	441,039
Total current	145,869,696	152,260,099	151,053,834	1,206,265
Capital outlay				
General government				
Board of election	25,000	25,000	—	25,000
Public safety				
Police department	1,490,000	1,490,000	1,536,719	(46,719)
Fire department	2,595,000	7,451,348	7,451,348	—
Public works - traffic	222,000	222,000	—	222,000
Total public safety	4,307,000	9,163,348	8,988,067	175,281
Streets, alleys and bridges				
Administration	108,000	81,000	93,648	(12,648)
Street and sewer	1,411,000	550,855	550,852	3
Total Streets, alleys and bridges	1,519,000	631,855	644,500	(12,645)
Community development				
Planning and zoning	24,000	187,296	187,296	—
Total capital outlay	5,875,000	10,007,499	9,819,863	187,636
Total expenditures	151,744,696	162,267,598	160,873,697	1,393,901
Excess (deficiency) of revenues over (under) expenditures	(3,463,951)	(13,986,853)	(3,775,291)	10,211,562
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt issuance	5,789,000	5,789,000	11,325,831	5,536,831
Transfers in	3,023,878	3,023,878	3,245,968	222,090
Transfers out	(5,074,131)	(5,039,805)	(5,374,062)	(334,257)
	3,738,747	3,773,073	9,197,737	5,424,664
Net changes in fund balance	\$ 274,796	\$ (10,213,780)	5,422,446	\$ 15,636,226
Fund balance - beginning			34,230,705	
Fund balance - ending			\$ 39,653,151	

**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, 2019**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Taxes	\$ 7,380,000	\$ 7,380,000	\$ 7,344,289	\$ (35,711)
Intergovernmental	967,840	967,840	1,277,648	309,808
Charges for services	88,119	88,119	113,322	25,203
Fines	44,081	44,081	54,722	10,641
Interest	30,000	30,000	230,932	200,932
Miscellaneous	4,580,000	4,580,000	1,146,525	(3,433,475)
Total revenues	<u>13,090,040</u>	<u>13,090,040</u>	<u>10,167,438</u>	<u>(2,922,602)</u>
<b>EXPENDITURES</b>				
Current				
Culture and recreation	12,828,802	12,948,829	9,038,648	3,910,181
Capital outlay				
Culture and recreation	43,750	43,750	—	43,750
Total expenditures	<u>12,872,552</u>	<u>12,992,579</u>	<u>9,038,648</u>	<u>3,953,931</u>
Excess (deficiency) of revenues over (under) expenditures	217,488	97,461	1,128,790	1,031,329
<b>OTHER FINANCING (USES)</b>				
Transfers out	<u>(217,488)</u>	<u>(239,488)</u>	<u>(239,488)</u>	<u>—</u>
Net changes in fund balance	<u>\$ —</u>	<u>\$ (142,027)</u>	889,302	<u>\$ 1,031,329</u>
Fund balance - beginning			<u>10,716,006</u>	
Fund balance - ending			<u>\$ 11,605,308</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, 2019**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Intergovernmental	\$ 3,301,725	\$ 3,301,725	\$ 2,197,606	\$ (1,104,119)
Interest	—	—	80,767	80,767
Miscellaneous	34,497	34,497	841,138	806,641
Total revenues	<u>3,336,222</u>	<u>3,336,222</u>	<u>3,119,511</u>	<u>(216,711)</u>
<b>EXPENDITURES</b>				
Current				
Community development	3,271,999	3,271,999	3,035,256	236,743
Debt Service				
Principal payments	—	—	127,000	(127,000)
Interest and Fiscal Charges	—	—	11,565	(11,565)
Total expenditures	<u>3,271,999</u>	<u>3,271,999</u>	<u>3,173,821</u>	<u>98,178</u>
Net changes in fund balance	<u>\$ 64,223</u>	<u>\$ 64,223</u>	(54,310)	<u>\$ (118,533)</u>
Fund balance - beginning			<u>68,715</u>	
Fund balance - ending			<u>\$ 14,405</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, 2019**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Taxes				
Property	\$ —	\$ —	\$ —	\$ —
<b>EXPENDITURES</b>				
Current				
Community development	—	—	—	—
Excess (deficiency) of revenues over (under) expenditures	—	—	—	—
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	—	—	2,552,810	2,552,810
Transfers out	—	—	(12,366,448)	(12,366,448)
	—	—	(9,813,638)	(9,813,638)
Net change in fund balances	<u>\$ —</u>	<u>\$ —</u>	(9,813,638)	<u>\$ (9,813,638)</u>
Fund balances - beginning			—	
Fund balances - ending			<u>\$ (9,813,638)</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 Statement - 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, 2019**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Taxes	\$ 1,510,000	\$ 1,510,000	\$ 1,744,704	\$ 234,704
Intergovernmental	—	—	460,000	460,000
Miscellaneous	50,000	50,000	747,295	697,295
Total revenues	<u>1,560,000</u>	<u>1,560,000</u>	<u>2,951,999</u>	<u>1,391,999</u>
<b>EXPENDITURES</b>				
Debt service				
Principal payments	9,491,479	9,569,270	9,438,362	130,908
Interest and service fees	2,799,340	2,799,340	2,649,064	150,276
Total expenditures	<u>12,290,819</u>	<u>12,368,610</u>	<u>12,087,426</u>	<u>281,184</u>
Excess (deficiency) of revenues over (under) expenditures	(10,730,819)	(10,808,610)	(9,135,427)	1,673,183
<b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>1,809,055</u>	<u>1,809,055</u>	10,034,869	8,225,814
Net changes in fund balance	<u>\$ (8,921,764)</u>	<u>\$ (8,999,555)</u>	899,442	<u>\$ 9,898,997</u>
Fund balance - beginning			<u>8,588,009</u>	
Fund balance - ending			<u>\$ 9,487,451</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, 2019**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Taxes	\$ —	\$ —	\$ 16,802,190	\$ 16,802,190
Intergovernmental	25,685,850	25,685,850	1,989,870	(23,695,980)
Interest	150,000	150,000	(161,642)	(311,642)
Miscellaneous	—	—	(415,388)	(415,388)
Total revenues	<u>25,835,850</u>	<u>25,835,850</u>	<u>18,215,030</u>	<u>(7,620,820)</u>
<b>EXPENDITURES</b>				
Current				
Streets, alleys and bridges	2,527,088	2,527,088	4,241,880	(1,714,792)
Capital outlay	37,129,692	37,129,692	15,467,199	21,662,493
Debt Service				
Interest and fiscal charges	—	—	379,035	(379,035)
Total expenditures	<u>39,656,780</u>	<u>39,656,780</u>	<u>20,088,114</u>	<u>19,568,666</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(13,820,930)</u>	<u>(13,820,930)</u>	<u>(1,873,084)</u>	<u>11,947,846</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt issuance	—	—	20,620,000	20,620,000
Premium on debt issuance	—	—	758,685	758,685
Transfers in	14,338,750	14,338,750	2,234,821	(12,103,929)
Transfers out	(517,820)	(517,820)	—	517,820
	<u>13,820,930</u>	<u>13,820,930</u>	<u>23,613,506</u>	<u>9,792,576</u>
Net changes in fund balance	<u>\$ —</u>	<u>\$ —</u>	<u>21,740,422</u>	<u>\$ 21,740,422</u>
Fund balance - beginning			<u>2,567,102</u>	
Fund balance - ending			<u>\$ 24,307,524</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.

Rockford Tuberculosis Care	To account for services (i.e. tuberculosis shots and examination) provided by the Health Department to patients. The Tuberculosis Care Center's primary revenue is property taxes.
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 in accordance with an intergovernmental agreement between the City and the Rockford Metropolitan Exposition, Auditorium and Office Building Authority. Monies deposited are from a sales tax of one percent upon the retail purchase of food and beverages and the charge for renting a hotel or motel room. These monies are used to cover any debt which has been authorized by the City Council.
Tourism	To account for revenues provided by the City's four percent motel and hotel tax and related expenditures. The ordinance provides that revenue from the tax shall be 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.
Special Projects	To account for expenditures on special projects determined annually by the City Council. Financing is provided by the City's proceeds received from the off-track betting establishment located within the City.

## NONMAJOR GOVERNMENTAL FUNDS - Continued

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### SPECIAL REVENUE FUNDS - Continued

Veteran's Scholarship	To account for receipt of investment earnings on original principal and payment of annual scholarships. The original principal was transferred from the War Memorial Fund.
Justice Assistance Grant	To account for expenditures for crime prevention and public safety. Financing is provided by a grant from the Federal Government and General Fund.
Flex Care	To account for the collection and payment of City employee salaries to the Flexible benefit program, along with administration expenses of the fund.
Tax Increment Financing Areas	To account 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 in assessed valuation within the districts.

**CITY OF ROCKFORD, ILLINOIS**

**Nonmajor Governmental - Special Revenue Funds**

**Combining Balance Sheet**

**December 31, 2019**

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**See Following Page**

**CITY OF ROCKFORD, ILLINOIS**

**Nonmajor Governmental - Special Revenue Funds  
Combining Balance Sheet  
December 31, 2019**

	<b>Rockford Tuberculosis Care Center</b>	<b>Motor Fuel Tax</b>	<b>Redevelopment</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ —	\$ 10,221,028	\$ 1,082,228
Receivables - net of allowances			
Accounts	—	—	522,231
Accrued interest	—	—	626
Due from Federal Government	—	—	—
Due from the State of Illinois	—	671,055	—
	<hr/>		
Total assets	\$ —	\$ 10,892,083	\$ 1,605,085
<b>LIABILITIES</b>			
Accounts and contracts payable	\$ —	\$ 197,981	\$ 125,804
Accrued payroll and benefits	—	—	—
Due to other funds	—	—	—
	<hr/>		
Total liabilities	—	197,981	125,804
<b>FUND BALANCES</b>			
Restricted for			
Community development	—	—	1,479,281
Highway and streets	—	10,694,102	—
Assigned for			
Public health and welfare	—	—	—
	<hr/>		
Total fund balances	—	10,694,102	1,479,281
	<hr/>		
Total liabilities, deferred inflows of resources and fund balances	\$ —	\$ 10,892,083	\$ 1,605,085

<b>Tourism</b>	<b>Family Justice Center</b>	<b>Special Projects</b>	<b>Veteran's Scholarship</b>	<b>Justice Assistance Grant</b>	<b>Flex Care</b>
\$ 936,117	\$ —	\$ —	\$ 429	\$ —	\$ —
154,716	—	—	—	—	—
641	—	—	—	—	—
—	21,010	—	—	—	—
—	—	—	—	—	—
<b>\$ 1,091,474</b>	<b>\$ 21,010</b>	<b>\$ —</b>	<b>\$ 429</b>	<b>\$ —</b>	<b>\$ —</b>
\$ 122,017	\$ 761	\$ —	\$ (24,926)	\$ —	\$ —
—	2,892	—	—	—	—
—	12,158	—	—	—	—
<b>122,017</b>	<b>15,811</b>	<b>—</b>	<b>(24,926)</b>	<b>—</b>	<b>—</b>
969,457	—	—	25,355	—	—
—	—	—	—	—	—
—	5,199	—	—	—	—
<b>969,457</b>	<b>5,199</b>	<b>—</b>	<b>25,355</b>	<b>—</b>	<b>—</b>
<b>\$ 1,091,474</b>	<b>\$ 21,010</b>	<b>\$ —</b>	<b>\$ 429</b>	<b>\$ —</b>	<b>\$ —</b>

**CITY OF ROCKFORD, ILLINOIS**

**Nonmajor Governmental - Special Revenue Funds**

**Combining Balance Sheet - Continued**

**December 31, 2019**

	<b>South Rockford</b>	<b>Lincolnwood Estates</b>	<b>Springfield Corners</b>	<b>Rockford Global Trade Park</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ —	\$ —	\$ —	\$ —
Receivables - net of allowances				
Accounts	—	—	—	—
Accrued interest	—	—	—	—
Due from Federal Government	—	—	—	—
Due from the State of Illinois	—	—	—	—
<b>Total assets</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>
<b>LIABILITIES</b>				
Accounts and contracts payable	\$ —	\$ —	\$ —	\$ —
Accrued payroll and benefits	—	—	—	—
Due to other funds	—	—	—	—
<b>Total liabilities</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>FUND BALANCES</b>				
Restricted for				
Community development	—	—	—	—
Highway and streets	—	—	—	—
Assigned for				
Public health and welfare	—	—	—	—
<b>Total fund balances</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>

**Tax Increment Financing Areas**

North Main	Lincolnwood II	River Oaks	Garrison	Hope Six	Kishwaukee/ Harrison	Jackson School
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

**CITY OF ROCKFORD, ILLINOIS**

**Nonmajor Governmental - Special Revenue Funds**

**Combining Balance Sheet - Continued**

**December 31, 2019**

	<b>Preston/ Central</b>	<b>North Main and Auburn</b>	<b>East State and Alpine</b>	<b>West State and Central</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ —	\$ —	\$ —	\$ —
Receivables - net of allowances				
Accounts	—	—	—	—
Accrued interest	—	—	—	—
Due from Federal Government	—	—	—	—
Due from the State of Illinois	—	—	—	—
<b>Total assets</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>
<b>LIABILITIES</b>				
Accounts and contracts payable	\$ —	\$ —	\$ —	\$ —
Accrued payroll and benefits	—	—	—	—
Due to other funds	—	—	—	—
<b>Total liabilities</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>FUND BALANCES</b>				
Restricted for				
Community development	—	—	—	—
Highway and streets	—	—	—	—
Assigned for				
Public health and welfare	—	—	—	—
<b>Total fund balances</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>

<b>Tax Increment Financing Areas</b>											
<b>West State and Kilburn</b>	<b>West Side II</b>	<b>Rockford Global Trade Park II</b>	<b>River North</b>	<b>North Main and Whitman</b>	<b>East River</b>						
\$	—	\$	—	\$	—	\$	—	\$	—	\$	—
	—		—		—		—		—		—
	—		—		—		—		—		—
	—		—		—		—		—		—
	—		—		—		—		—		—
\$	—	\$	—	\$	—	\$	—	\$	—	\$	—
\$	—	\$	—	\$	—	\$	—	\$	—	\$	—
	—		—		—		—		—		—
	—		—		—		—		—		—
	—		—		—		—		—		—
	—		—		—		—		—		—
	—		—		—		—		—		—
\$	—	\$	—	\$	—	\$	—	\$	—	\$	—

**CITY OF ROCKFORD, ILLINOIS**

**Nonmajor Governmental - Special Revenue Funds**

**Combining Balance Sheet - Continued**

**December 31, 2019**

	<b>Assisted Living</b>	<b>Midtown</b>	<b>Kishwaukee and Harrison II</b>	<b>Rockford Trade Park III</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ —	\$ —	\$ —	\$ —
Receivables - net of allowances				
Accounts	—	—	—	—
Accrued interest	—	—	—	—
Due from Federal Government	—	—	—	—
Due from the State of Illinois	—	—	—	—
<b>Total assets</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>
<b>LIABILITIES</b>				
Accounts and contracts payable	\$ —	\$ —	\$ —	\$ —
Accrued payroll and benefits	—	—	—	—
Due to other funds	—	—	—	—
<b>Total liabilities</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>FUND BALANCES</b>				
Restricted for				
Community development	—	—	—	—
Highway and streets	—	—	—	—
Assigned for				
Public health and welfare	—	—	—	—
<b>Total fund balances</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>

<b>Tax Increment Financing Areas</b>							
<b>Broadway</b>	<b>Rockford Global Trade Park South</b>	<b>Jefferson and Third Street</b>	<b>Mulford and State</b>	<b>Auburn Street</b>	<b>Amerock Hotel</b>		<b>Totals</b>
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 12,239,802
—	—	—	—	—	—	—	676,947
—	—	—	—	—	—	—	1,267
—	—	—	—	—	—	—	21,010
—	—	—	—	—	—	—	671,055
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 13,610,081
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 421,637
—	—	—	—	—	—	—	2,892
—	—	—	—	—	—	—	12,158
—	—	—	—	—	—	—	436,687
—	—	—	—	—	—	—	2,474,093
—	—	—	—	—	—	—	10,694,102
—	—	—	—	—	—	—	5,199
—	—	—	—	—	—	—	13,173,394
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 13,610,081

(Concluded)

**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, 2019**

	<b>Rockford Tuberculosis Care Center</b>	<b>Motor Fuel Tax</b>	<b>Redevelopment</b>
<b>REVENUES</b>			
Taxes	\$ 120,153	\$ 5,015,071	\$ 4,843,906
Licenses and permits	—	—	—
Intergovernmental	—	60,000	649,458
Interest	4,918	202,015	35,030
Miscellaneous	—	734,821	2,385
Total revenues	<u>125,071</u>	<u>6,011,907</u>	<u>5,530,779</u>
<b>EXPENDITURES</b>			
Current			
Public safety	—	—	—
Community development	—	722,549	2,235,249
Public health and welfare	101,077	—	—
Debt service			
Principal payments	—	—	307,066
Interest and fiscal charges	—	—	42,177
Total expenditures	<u>101,077</u>	<u>722,549</u>	<u>2,584,492</u>
Excess (deficiency) of revenues over (under) expenditures	<u>23,994</u>	<u>5,289,358</u>	<u>2,946,287</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	—	—	605,240
Transfers out	(214,478)	(3,234,821)	(3,830,149)
	<u>(214,478)</u>	<u>(3,234,821)</u>	<u>(3,224,909)</u>
Net change in fund balances	(190,484)	2,054,537	(278,622)
Fund balances - beginning	<u>190,484</u>	<u>8,639,565</u>	<u>1,757,903</u>
Fund balances - ending	<u>\$ —</u>	<u>\$ 10,694,102</u>	<u>\$ 1,479,281</u>

<b>Tourism</b>	<b>Family Justice Center</b>	<b>Special Projects</b>	<b>Veteran's Scholarship</b>	<b>Justice Assistance Grant</b>	<b>Flex Care</b>
\$ 2,225,407	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	57,335	—	—	—
—	107,246	—	—	72,286	—
20,433	—	336	(46)	—	—
—	1,000	—	—	—	—
2,245,840	108,246	57,671	(46)	72,286	—
—	94,489	—	—	—	—
1,683,378	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
1,683,378	94,489	—	—	—	—
562,462	13,757	57,671	(46)	72,286	—
—	—	—	—	—	—
(547,200)	—	(58,040)	—	(27,377)	(195,561)
(547,200)	—	(58,040)	—	(27,377)	(195,561)
15,262	13,757	(369)	(46)	44,909	(195,561)
954,195	(8,558)	369	25,401	(44,909)	195,561
\$ 969,457	\$ 5,199	\$ —	\$ 25,355	\$ —	\$ —

**CITY OF ROCKFORD, ILLINOIS**

**Nonmajor Governmental - Special Revenue Funds**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Continued**

**For the Fiscal Year Ended December 31, 2019**

	<b>South Rockford</b>	<b>Lincolnwood Estates</b>	<b>Springfield Corners</b>	<b>Rockford Global Trade Park</b>
<b>REVENUES</b>				
Taxes	\$ 132,989	\$ 55,463	\$ 220,983	\$ 984,271
Licenses and permits	—	—	—	—
Intergovernmental	—	—	—	—
Interest	(10,889)	2,132	(42,999)	(23,950)
Miscellaneous	—	—	—	76,238
Total revenues	<u>122,100</u>	<u>57,595</u>	<u>177,984</u>	<u>1,036,559</u>
<b>EXPENDITURES</b>				
Current				
Public safety	—	—	—	—
Community development	69,678	—	28,129	330,080
Public health and welfare	—	—	—	—
Debt service				
Principal payments	—	—	—	—
Interest and fiscal charges	—	—	—	—
Total expenditures	<u>69,678</u>	<u>—</u>	<u>28,129</u>	<u>330,080</u>
Excess (deficiency) of revenues over (under) expenditures	<u>52,422</u>	<u>57,595</u>	<u>149,855</u>	<u>706,479</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	563,313	—	1,884,236	286,348
Transfers out	(355,350)	(127,091)	(488,297)	(123,360)
	<u>207,963</u>	<u>(127,091)</u>	<u>1,395,939</u>	<u>162,988</u>
Net change in fund balances	260,385	(69,496)	1,545,794	869,467
Fund balances - beginning	<u>(260,385)</u>	<u>69,496</u>	<u>(1,545,794)</u>	<u>(869,467)</u>
Fund balances - ending	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

**Tax Increment Financing Areas**

<b>North Main</b>	<b>Lincolnwood II</b>	<b>River Oaks</b>	<b>Garrison</b>	<b>Hope Six</b>	<b>Kishwaukee/ Harrison</b>	<b>Jackson School</b>
\$ 45,678	\$ 41,229	\$ 24,026	\$ 126,274	\$ 132,139	\$ 42,178	\$ 34,995
—	—	—	—	—	—	—
—	—	—	—	—	—	—
(35,599)	(2,003)	(77,109)	(17,049)	(24,840)	3,189	(3,339)
—	—	—	—	—	—	—
10,079	39,226	(53,083)	109,225	107,299	45,367	31,656
—	—	—	—	—	—	—
35	—	—	—	—	34,835	15,000
—	—	—	—	—	—	—
—	—	—	—	—	—	—
35	—	—	—	—	34,835	15,000
10,044	39,226	(53,083)	109,225	107,299	10,532	16,656
1,511,025	80,305	3,329,896	676,944	1,053,553	—	112,981
(140,150)	(56,824)	(313,944)	(128,048)	(238,000)	(129,831)	—
1,370,875	23,481	3,015,952	548,896	815,553	(129,831)	112,981
1,380,919	62,707	2,962,869	658,121	922,852	(119,299)	129,637
(1,380,919)	(62,707)	(2,962,869)	(658,121)	(922,852)	119,299	(129,637)
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

**CITY OF ROCKFORD, ILLINOIS**

**Nonmajor Governmental - Special Revenue Funds**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Continued**

**For the Fiscal Year Ended December 31, 2019**

	<b>Preston/ Central</b>	<b>North Main and Auburn</b>	<b>East State and Alpine</b>	<b>West State and Central</b>
<b>REVENUES</b>				
Taxes	\$ 82,234	\$ 27,339	\$ 123,909	\$ 82,363
Licenses and permits	—	—	—	—
Intergovernmental	—	—	—	—
Interest	(38,729)	944	9,374	(3,312)
Miscellaneous	—	—	—	—
Total revenues	<u>43,505</u>	<u>28,283</u>	<u>133,283</u>	<u>79,051</u>
<b>EXPENDITURES</b>				
Current				
Public safety	—	—	—	—
Community development	—	—	96,760	45,456
Public health and welfare	—	—	—	—
Debt service				
Principal payments	—	—	—	—
Interest and fiscal charges	—	—	—	—
Total expenditures	<u>—</u>	<u>—</u>	<u>96,760</u>	<u>45,456</u>
Excess (deficiency) of revenues over (under) expenditures	<u>43,505</u>	<u>28,283</u>	<u>36,523</u>	<u>33,595</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,588,122	—	—	99,849
Transfers out	(75,656)	(55,416)	(468,337)	—
	<u>1,512,466</u>	<u>(55,416)</u>	<u>(468,337)</u>	<u>99,849</u>
Net change in fund balances	1,555,971	(27,133)	(431,814)	133,444
Fund balances - beginning	<u>(1,555,971)</u>	<u>27,133</u>	<u>431,814</u>	<u>(133,444)</u>
Fund balances - ending	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

<b>Tax Increment Financing Areas</b>					
<b>West State and Kilburn</b>	<b>West Side II</b>	<b>Rockford Global Trade Park II</b>	<b>River North</b>	<b>North Main and Whitman</b>	<b>East River</b>
\$ 32,211	\$ 459	\$ 248,739	\$ 307,102	\$ 125,612	\$ 394,383
—	—	—	—	—	—
—	—	—	—	—	—
3,869	(9,944)	620	(7,693)	(12,332)	4,012
—	—	—	—	—	—
36,080	(9,485)	249,359	299,409	113,280	398,395
—	—	—	—	—	—
—	—	40,247	296,260	—	277,661
—	—	—	—	—	—
—	—	203,027	—	—	—
—	—	143,745	—	—	—
—	—	387,019	296,260	—	277,661
36,080	(9,485)	(137,660)	3,149	113,280	120,734
—	523,739	40,724	185,582	461,502	—
(184,401)	(523,030)	—	(35,186)	(84,608)	(221,627)
(184,401)	709	40,724	150,396	376,894	(221,627)
(148,321)	(8,776)	(96,936)	153,545	490,174	(100,893)
148,321	8,776	96,936	(153,545)	(490,174)	100,893
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

**CITY OF ROCKFORD, ILLINOIS**

**Nonmajor Governmental - Special Revenue Funds**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Continued**

**For the Fiscal Year Ended December 31, 2019**

	<b>Assisted Living</b>	<b>Midtown</b>	<b>Kishwaukee and Harrison II</b>	<b>Rockford Global Trade Park III</b>
<b>REVENUES</b>				
Taxes	\$ —	\$ 47,199	\$ —	\$ 50,978
Licenses and permits	—	—	—	—
Intergovernmental	—	—	—	—
Interest	6	710	16	(248)
Miscellaneous	—	—	—	—
Total revenues	<u>6</u>	<u>47,909</u>	<u>16</u>	<u>50,730</u>
<b>EXPENDITURES</b>				
Current				
Public safety	—	—	—	—
Community development	—	61,021	—	3,628
Public health and welfare	—	—	—	—
Debt service				
Principal payments	—	—	—	—
Interest and fiscal charges	—	—	—	—
Total expenditures	<u>—</u>	<u>61,021</u>	<u>—</u>	<u>3,628</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6</u>	<u>(13,112)</u>	<u>16</u>	<u>47,102</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	—	—	—	—
Transfers out	(248)	(29,034)	(652)	(38,463)
	<u>(248)</u>	<u>(29,034)</u>	<u>(652)</u>	<u>(38,463)</u>
Net change in fund balances	(242)	(42,146)	(636)	8,639
Fund balances - beginning	<u>242</u>	<u>42,146</u>	<u>636</u>	<u>(8,639)</u>
Fund balances - ending	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

<b>Tax Increment Financing Areas</b>							
<b>Broadway</b>	<b>Rockford Global Trade Park South</b>	<b>Jefferson and Third Street</b>	<b>Mulford and State</b>	<b>Auburn Street</b>	<b>Amerock Hotel</b>		<b>Totals</b>
\$ 64,445	\$ 29,990	\$ 40,457	\$ 339,513	\$ 49,861	\$ 756	\$	\$ 16,092,312
—	—	—	—	—	—		57,335
—	—	—	—	—	—		888,990
7,222	2,681	275	13,696	2,122	13		3,532
—	—	—	—	—	—		814,444
71,667	32,671	40,732	353,209	51,983	769		17,856,613
—	—	—	—	—	—		94,489
711	708	21,550	98,300	—	—		6,061,235
—	—	—	—	—	—		101,077
—	—	—	—	—	—		510,093
—	—	—	—	—	—		185,922
711	708	21,550	98,300	—	—		6,952,816
70,956	31,963	19,182	254,909	51,983	769		10,903,797
—	—	—	—	—	—		13,003,359
(343,686)	(129,837)	(21,106)	(745,186)	(122,829)	(1,050)		(13,288,873)
(343,686)	(129,837)	(21,106)	(745,186)	(122,829)	(1,050)		(285,514)
(272,730)	(97,874)	(1,924)	(490,277)	(70,846)	(281)		10,618,283
272,730	97,874	1,924	490,277	70,846	281		2,555,111
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$	\$ 13,173,394

(Concluded)

**CITY OF ROCKFORD, ILLINOIS**

**Nonmajor Governmental - Special Revenue Funds  
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
For the Fiscal Year Ended December 31, 2019**

	<b>Rockford Tuberculosis Care Center</b>				<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>	<b>Positive</b>
	<b>Budget</b>	<b>Budget</b>	<b></b>	<b>(Negative)</b>	<b>(Negative)</b>
<b>REVENUES</b>					
Taxes					
Property	\$ 163,152	\$ 163,152	\$ 120,153	\$ (42,999)	
Interest	2,000	2,000	4,918	2,918	
Total revenues	165,152	165,152	125,071	(40,081)	
<b>EXPENDITURES</b>					
Current					
Public health and welfare	164,800	164,800	101,077	63,723	
Excess (deficiency) of revenues over (under) expenditures	352	352	23,994	23,642	
<b>OTHER FINANCING (USES)</b>					
Transfers out	—	—	(214,478)	(214,478)	
Net change in fund balances	\$ 352	\$ 352	(190,484)	(190,836)	
Fund balances - beginning			190,484		
Fund balances - ending	\$ —	\$ —			(Continued)

**CITY OF ROCKFORD, ILLINOIS**

**Nonmajor Governmental - Special Revenue Funds - Continued**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended December 31, 2019**

	Motor Fuel Tax			Redevelopment			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	
<b>REVENUES</b>							
Taxes							
Sales tax	\$ 4,000,000	\$ 4,000,000	\$ 5,015,071	\$ 4,520,000	\$ 4,520,000	\$ 4,843,906	\$ 323,906
Intergovernmental	—	—	60,000	270,000	270,000	649,458	379,458
Interest	150,000	150,000	202,015	10,000	10,000	35,030	25,030
Miscellaneous	—	—	734,821	—	—	2,385	2,385
Total revenues	4,150,000	4,150,000	6,011,907	4,800,000	4,800,000	5,530,779	730,779
<b>EXPENDITURES</b>							
Current							
Community development	—	—	722,549	2,328,342	2,235,410	2,235,249	161
Debt service	—	—	—	300,624	307,066	307,066	—
Principal payments	—	—	—	57,490	42,176	42,177	(1)
Interest and fiscal charges	—	—	—	2,686,456	2,584,652	2,584,492	160
Total expenditures	—	—	722,549	2,964,412	2,869,244	2,969,984	160
Excess (deficiency) of revenues over (under) expenditures	4,150,000	4,150,000	5,289,358	2,113,544	2,215,348	2,946,287	730,939
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	—	—	—	623,850	623,850	605,240	(18,610)
Transfers out	(4,150,000)	(4,150,000)	(3,234,821)	(2,992,086)	(3,830,149)	(3,830,149)	—
	(4,150,000)	(4,150,000)	(3,234,821)	(2,368,236)	(3,206,299)	(3,224,909)	(18,610)
Net change in fund balances	\$ —	\$ —	2,054,537	\$ (254,692)	\$ (990,951)	\$ (278,622)	\$ 712,329
Fund balances - beginning			8,639,565			1,757,903	
Fund balances - ending			\$ 10,694,102			\$ 1,479,281	

(Continued)

**CITY OF ROCKFORD, ILLINOIS**

**Nonmajor Governmental - Special Revenue Funds - Continued**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended December 31, 2019**

	Tourism			Special Projects		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
<b>REVENUES</b>						
Taxes						
Sales tax	\$ 2,159,000	\$ 2,159,000	\$ 2,225,407	\$ —	\$ —	\$ —
Licenses and permits	—	—	—	75,000	75,000	57,335
Interest	—	—	20,433	1,650	1,650	336
Total revenues	2,159,000	2,159,000	2,245,840	76,650	76,650	57,671
<b>EXPENDITURES</b>						
Current						
Community development	1,611,800	1,711,800	1,683,378	76,650	76,650	—
Excess (deficiency) of revenues over (under) expenditures	547,200	447,200	562,462	—	—	57,671
<b>OTHER FINANCING (USES)</b>						
Transfers out	(547,200)	(547,200)	(547,200)	—	—	(58,040)
Net change in fund balances	\$ —	\$ (100,000)	\$ 15,262	\$ —	\$ —	\$ (369)
Fund balances - beginning			954,195			369
Fund balances - ending			\$ 969,457			\$ —

(Continued)



**CITY OF ROCKFORD, ILLINOIS**

**Nonmajor Governmental - Special Revenue Funds - Continued**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended December 31, 2019**

	Tax Increment Financing Area Springfield Corners				Tax Increment Financing Area Rockford Global Trade Park			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>								
Taxes								
Property	\$ 203,201	\$ 203,201	\$ 220,983	\$ 17,782	\$ 965,700	\$ 965,700	\$ 984,271	\$ 18,571
Interest	—	—	(42,999)	(42,999)	—	—	(23,950)	(23,950)
Miscellaneous	—	—	—	—	—	—	76,238	76,238
Total revenues	203,201	203,201	177,984	(25,217)	965,700	965,700	1,036,559	70,859
<b>EXPENDITURES</b>								
Current								
Community development	—	16,333	28,129	(11,796)	251,948	311,740	330,080	(18,340)
Debt service								
Interest and fiscal charges	11,798	11,798	—	11,798	14,152	14,152	—	14,152
Total expenditures	11,798	28,131	28,129	2	266,100	325,892	330,080	(4,188)
Excess (deficiency) of revenues over (under) expenditures	191,403	175,070	149,855	(25,215)	699,600	639,808	706,479	66,671
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	—	—	1,884,236	1,884,236	—	—	286,348	286,348
Transfers out	(488,296)	(488,296)	(488,297)	(1)	(127,550)	(127,550)	(123,360)	4,190
	(488,296)	(488,296)	1,395,939	1,884,235	(127,550)	(127,550)	162,988	290,538
Net change in fund balances	\$ (296,893)	\$ (313,226)	\$ 1,545,794	\$ 1,859,020	\$ 572,050	\$ 512,258	\$ 869,467	\$ 357,209
Fund balances - beginning			(1,545,794)				(869,467)	
Fund balances - ending			\$ —				\$ —	

(Continued)

**CITY OF ROCKFORD, ILLINOIS**

**Nonmajor Governmental - Special Revenue Funds - Continued**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended December 31, 2019**

	Tax Increment Financing Area North Main			Tax Increment Financing Area Lincolnwood II			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	
<b>REVENUES</b>							
Taxes							
Property	\$ 41,800	\$ 41,800	\$ 45,678	\$ 39,805	\$ 39,805	\$ 41,229	\$ 1,424
Interest	—	—	(35,599)	—	—	(2,003)	(2,003)
Total revenues	41,800	41,800	10,079	39,805	39,805	39,226	(579)
<b>EXPENDITURES</b>							
Current							
Community development	—	—	35	—	—	—	—
Debt service							
Interest and fiscal charges	20,676	20,676	—	901	901	—	901
Total expenditures	20,676	20,676	35	901	901	—	901
Excess (deficiency) of revenues over (under) expenditures	21,124	21,124	10,044	38,904	38,904	39,226	322
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	—	—	1,511,025	—	—	80,305	80,305
Transfers out	(140,150)	(140,150)	(140,150)	(56,824)	(56,824)	(56,824)	—
	(140,150)	(140,150)	1,370,875	(56,824)	(56,824)	23,481	80,305
Net change in fund balances	\$ (119,026)	\$ (119,026)	\$ 1,380,919	\$ (17,920)	\$ (17,920)	\$ 62,707	\$ 80,627
Fund balances - beginning			(1,380,919)			(62,707)	
Fund balances - ending	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

(Continued)

**CITY OF ROCKFORD, ILLINOIS**

**Nonmajor Governmental - Special Revenue Funds - Continued**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended December 31, 2019**

	Tax Increment Financing Area River Oaks				Tax Increment Financing Area Garrison			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>								
Taxes								
Property	\$ 25,000	\$ 25,000	\$ 24,026	(974)	\$ 105,450	\$ 105,450	\$ 126,274	20,824
Interest	—	—	(77,109)	(77,109)	—	—	(17,049)	(17,049)
Total revenues	25,000	25,000	(53,083)	(78,083)	105,450	105,450	109,225	3,775
<b>EXPENDITURES</b>								
Debt service								
Interest and fiscal charges	44,321	44,321	—	44,321	9,855	9,855	—	9,855
Excess (deficiency) of revenues over (under) expenditures	(19,321)	(19,321)	(53,083)	(33,762)	95,595	95,595	109,225	13,630
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	—	—	3,329,896	3,329,896	—	—	676,944	676,944
Transfers out	(313,944)	(313,944)	(313,944)	—	(128,048)	(128,048)	(128,048)	—
	(313,944)	(313,944)	3,015,952	3,329,896	(128,048)	(128,048)	548,896	676,944
Net change in fund balances	\$ (333,265)	\$ (333,265)	2,962,869	3,296,134	\$ (32,453)	\$ (32,453)	658,121	690,574
Fund balances - beginning			(2,962,869)				(658,121)	
Fund balances - ending			\$ —				\$ —	

(Continued)

**CITY OF ROCKFORD, ILLINOIS**

**Nonmajor Governmental - Special Revenue Funds - Continued**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended December 31, 2019**

	Tax Increment Financing Area Hope Six			Tax Increment Financing Area Kishwaukee/Harrison			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	
<b>REVENUES</b>							
Taxes							
Property	\$ 136,392	\$ 136,392	\$ 132,139	\$ 40,866	\$ 40,866	\$ 42,178	\$ 1,312
Interest	—	—	(24,840)	1,778	1,778	3,189	1,411
Total revenues	136,392	136,392	107,299	42,644	42,644	45,367	2,723
<b>EXPENDITURES</b>							
Current							
Community development	—	—	—	34,736	34,836	34,835	1
Debt service							
Interest and fiscal charges	13,805	13,805	—	—	—	—	—
Total expenditures	13,805	13,805	—	34,736	34,836	34,835	1
Excess (deficiency) of revenues over (under) expenditures	122,587	122,587	107,299	7,908	7,808	10,532	2,724
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	—	—	1,053,553	—	—	—	—
Transfers out	(238,000)	(238,000)	(238,000)	—	—	(129,831)	(129,831)
	(238,000)	(238,000)	815,553	—	—	(129,831)	(129,831)
Net change in fund balances	\$ (115,413)	\$ (115,413)	922,852	\$ 7,908	\$ 7,808	(119,299)	(127,107)
Fund balances - beginning			(922,852)			119,299	
Fund balances - ending	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	(Continued)

**CITY OF ROCKFORD, ILLINOIS**

**Nonmajor Governmental - Special Revenue Funds - Continued**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended December 31, 2019**

	Tax Increment Financing Area Jackson School				Tax Increment Financing Area Preston/Central			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>								
Taxes								
Property	\$ 33,100	\$ 33,100	\$ 34,995	\$ 1,895	\$ 81,500	\$ 81,500	\$ 82,234	\$ 734
Interest	—	—	(3,339)	(3,339)	—	—	(38,729)	(38,729)
Total revenues	33,100	33,100	31,656	(1,444)	81,500	81,500	43,505	(37,995)
<b>EXPENDITURES</b>								
Current								
Community development	27,761	27,761	15,000	12,761	—	—	—	—
Debt service								
Interest and fiscal charges	2,322	2,322	—	2,322	23,327	23,327	—	23,327
Total expenditures	30,083	30,083	15,000	15,083	23,327	23,327	—	23,327
Excess (deficiency) of revenues over (under) expenditures	3,017	3,017	16,656	13,639	58,173	58,173	43,505	(14,668)
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	—	—	112,981	112,981	—	—	1,588,122	1,588,122
Transfers out	—	—	—	—	(75,657)	(75,657)	(75,656)	1
	—	—	112,981	112,981	(75,657)	(75,657)	1,512,466	1,588,123
Net change in fund balances	\$ 3,017	\$ 3,017	\$ 129,637	\$ 126,620	\$ (17,484)	\$ (17,484)	\$ 1,555,971	\$ 1,573,455
Fund balances - beginning			(129,637)				(1,555,971)	
Fund balances - ending	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

(Continued)

**CITY OF ROCKFORD, ILLINOIS**

**Nonmajor Governmental - Special Revenue Funds - Continued**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended December 31, 2019**

	Tax Increment Financing Area North Main and Auburn				Tax Increment Financing Area East State and Alpine			
	Original Budget		Final Budget		Original Budget		Final Budget	
	Budget	Actual	Positive (Negative)	Variance with Final Budget	Budget	Actual	Positive (Negative)	Variance with Final Budget
<b>REVENUES</b>								
Taxes								
Property	\$ 26,893	\$ 27,339	\$ 446		\$ 117,400	\$ 123,909	\$ 6,509	
Interest	299	944	645		4,381	9,374	4,993	
Total revenues	27,192	28,283	1,091		121,781	133,283	11,502	
<b>EXPENDITURES</b>								
Current								
Community development	6,764	—	6,764		90,000	96,762	6,762	2
Excess (deficiency) of revenues over (under) expenditures	20,428	28,283	7,855		31,781	25,019	36,523	11,504
<b>OTHER FINANCING (USES)</b>								
Transfers out	—	(55,416)	(55,416)		—	(468,337)	(468,337)	
Net change in fund balances	\$ 20,428	\$ (27,133)	\$ (47,561)		\$ 31,781	\$ 25,019	\$ (431,814)	\$ (456,833)
Fund balances - beginning		27,133				431,814		
Fund balances - ending	\$ —	\$ —			\$ —	\$ —		(Continued)

**CITY OF ROCKFORD, ILLINOIS**

**Nonmajor Governmental - Special Revenue Funds - Continued**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended December 31, 2019**

	Tax Increment Financing Area West State and Central			Tax Increment Financing Area West State and Kilburn		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
						Variance with Final Budget Positive (Negative)
<b>REVENUES</b>						
Taxes						
Property	\$ 86,337	\$ 86,337	\$ 82,363	\$ 29,900	\$ 29,900	\$ 32,211
Interest	—	—	(3,312)	2,405	2,405	3,869
Total revenues	86,337	86,337	79,051	32,305	32,305	36,080
<b>EXPENDITURES</b>						
Current						
Community development	40,000	42,383	45,456	—	—	—
Debt service						
Interest and fiscal charges	3,075	3,075	—	—	—	—
Total expenditures	43,075	45,458	45,456	—	—	—
Excess (deficiency) of revenues over (under) expenditures	43,262	40,879	33,595	32,305	32,305	36,080
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	—	—	99,849	—	—	—
Transfers out	—	—	—	—	—	(184,401)
Net change in fund balances	\$ 43,262	\$ 40,879	\$ 133,444	\$ 32,305	\$ 32,305	\$ (148,321)
Fund balances - beginning			(133,444)			148,321
Fund balances - ending			\$ —			\$ —

(Continued)



**CITY OF ROCKFORD, ILLINOIS**

**Nonmajor Governmental - Special Revenue Funds - Continued**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended December 31, 2019**

	Tax Increment Financing Area River North			Tax Increment Financing Area North Main and Whitman		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
						Variance with Final Budget
<b>REVENUES</b>						<b>Positive</b>
Taxes						<b>(Negative)</b>
Property	\$ 282,232	\$ 282,232	\$ 307,102	\$ 120,505	\$ 120,505	\$ 125,612
Interest	1,921	1,921	(7,693)	—	—	(12,332)
Total revenues	284,153	284,153	299,409	120,505	120,505	113,280
<b>EXPENDITURES</b>						
Current						
Community development	120,332	296,262	296,260	—	—	—
Debt service	—	—	—	7,353	7,353	—
Interest and fiscal charges	—	—	—	—	—	7,353
Total expenditures	120,332	296,262	296,260	7,353	7,353	7,353
Excess (deficiency) of revenues over (under) expenditures	163,821	163,821	3,149	113,152	113,152	113,280
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	—	—	185,582	—	—	461,502
Transfers out	(35,186)	(35,186)	(35,186)	(84,608)	(84,608)	(84,608)
	(35,186)	(35,186)	150,396	(84,608)	(84,608)	376,894
Net change in fund balances	\$ 128,635	\$ 128,635	\$ 153,545	\$ 28,544	\$ 28,544	\$ 490,174
Fund balances - beginning			(153,545)			(490,174)
Fund balances - ending	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

(Continued)

**CITY OF ROCKFORD, ILLINOIS**

**Nonmajor Governmental - Special Revenue Funds - Continued**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended December 31, 2019**

	Tax Increment Financing Area East River			Tax Increment Financing Area Assisted Living			Variance with Final Budget		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	Positive (Negative)	Positive (Negative)	
<b>REVENUES</b>									
Taxes									
Property	\$ —	\$ —	\$ 394,383	\$ —	\$ —	\$ —	\$ 394,383	\$ —	\$ —
Interest	2,559	2,559	4,012	4	4	6	1,453	2	2
Total revenues	2,559	2,559	398,395	4	4	6	395,836	2	2
<b>EXPENDITURES</b>									
Current									
Community development	178,516	277,662	277,661	—	—	—	1	—	—
Excess (deficiency) of revenues over (under) expenditures	(175,957)	(275,103)	120,734	4	4	6	395,837	2	2
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfers in	385,846	385,846	—	—	—	—	(385,846)	—	—
Transfers out	(33,063)	(34,313)	(221,627)	—	—	(248)	(187,314)	(248)	(248)
	352,783	351,533	(221,627)	—	—	(248)	(573,160)	(248)	(248)
Net change in fund balances	\$ 176,826	\$ 76,430	(100,893)	\$ 4	\$ 4	(242)	(177,323)	(246)	(246)
Fund balances - beginning			100,893			242			
Fund balances - ending			\$ —			\$ —			(Continued)

**CITY OF ROCKFORD, ILLINOIS**

**Nonmajor Governmental - Special Revenue Funds - Continued**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended December 31, 2019**

	Tax Increment Financing Area Midtown				Tax Increment Financing Area Kishwaukee and Harrison II			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>								
Taxes								
Property	\$ 20,679	\$ 20,679	\$ 47,199	\$ 26,520	\$ —	\$ —	\$ —	\$ —
Interest	654	654	710	56	10	10	16	6
Total revenues	21,333	21,333	47,909	26,576	10	10	16	6
<b>EXPENDITURES</b>								
Current								
Community development	4,689	61,022	61,021	1	—	—	—	—
Excess (deficiency) of revenues over (under) expenditures	16,644	(39,689)	(13,112)	26,577	10	10	16	6
<b>OTHER FINANCING (USES)</b>								
Transfers out	—	—	(29,034)	(29,034)	—	—	(652)	(652)
Net change in fund balances	\$ 16,644	\$ (39,689)	(42,146)	(2,457)	\$ 10	\$ 10	(636)	(646)
Fund balances - beginning			42,146				636	
Fund balances - ending			\$ —				\$ —	(Continued)

**CITY OF ROCKFORD, ILLINOIS**

**Nonmajor Governmental - Special Revenue Funds - Continued**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended December 31, 2019**

	Tax Increment Financing Area Rockford Global Trade Park III			Tax Increment Financing Area Broadway			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	
<b>REVENUES</b>							
Taxes							
Property	\$ 33,000	\$ 33,000	\$ 50,978	\$ 61,421	\$ 61,421	\$ 64,445	\$ 3,024
Interest	488	488	(248)	1,686	1,686	7,222	5,536
Total revenues	33,488	33,488	50,730	63,107	63,107	71,667	8,560
<b>EXPENDITURES</b>							
Current							
Community development	—	3,556	3,628	—	712	711	1
Debt Service							
Interest and fiscal charges	73	73	—	—	—	—	—
Total expenditures	73	3,629	3,628	—	712	711	1
Excess (deficiency) of revenues over (under) expenditures	33,415	29,859	47,102	63,107	62,395	70,956	8,561
<b>OTHER FINANCING (USES)</b>							
Transfers out	(31,671)	(31,671)	(38,463)	—	—	(343,686)	(343,686)
Net change in fund balances	\$ 1,744	\$ (1,812)	\$ 8,639	\$ 63,107	\$ 62,395	\$ (272,730)	\$ (335,125)
Fund balances - beginning			(8,639)			272,730	
Fund balances - ending	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	(Continued)



**CITY OF ROCKFORD, ILLINOIS**

**Nonmajor Governmental - Special Revenue Funds - Continued**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended December 31, 2019**

	Tax Increment Financing Area Mulford and State			Tax Increment Financing Area Auburn Street		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
						Variance with Final Budget Positive (Negative)
<b>REVENUES</b>						
Taxes						
Property	\$ 271,903	\$ 271,903	\$ 339,513	\$ 29,006	\$ 29,006	\$ 49,861
Interest	2,843	2,843	13,696	247	247	2,122
Total revenues	<u>274,746</u>	<u>274,746</u>	<u>353,209</u>	<u>29,253</u>	<u>29,253</u>	<u>51,983</u>
<b>EXPENDITURES</b>						
Current						
Community development	136,666	136,666	98,300	—	—	—
Excess (deficiency) of revenues over (under) expenditures	138,080	138,080	254,909	29,253	29,253	51,983
<b>OTHER FINANCING (USES)</b>						
Transfers out	—	—	(745,186)	—	—	(122,829)
Net change in fund balances	<u>\$ 138,080</u>	<u>\$ 138,080</u>	<u>(490,277)</u>	<u>\$ 29,253</u>	<u>\$ 29,253</u>	<u>(70,846)</u>
Fund balances - beginning			<u>490,277</u>			<u>70,846</u>
Fund balances - ending			<u>\$ —</u>			<u>\$ —</u>
						(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**

**Statement of Revenues, Expenses and Changes in Net Position - Budget and Actual**

**For the Fiscal Year Ended December 31, 2019**

	Water Utility			Parking System			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	
<b>OPERATING REVENUES</b>							
Charges for services	\$ 29,229,780	\$ 29,229,780	\$ 29,064,491	\$ 1,577,000	\$ 1,577,000	\$ 1,741,416	\$ 164,416
Fines and penalties	780,000	780,000	1,057,713	463,500	463,500	998	(462,502)
Intergovernmental	—	—	824,033	—	—	—	—
Miscellaneous	33,000	33,000	8,060	10,300	10,300	23,863	13,563
Total operating revenues	<u>30,042,780</u>	<u>30,042,780</u>	<u>30,954,297</u>	<u>2,050,800</u>	<u>2,050,800</u>	<u>1,766,277</u>	<u>(284,523)</u>
<b>OPERATING EXPENSES</b>							
Salaries and benefits	6,492,861	6,492,861	6,117,454	289,463	276,183	278,332	(2,149)
Services	6,398,145	6,398,145	7,057,932	1,373,987	2,601,661	1,792,470	809,191
Supplies and materials	1,735,600	1,735,600	1,215,142	49,700	56,305	45,269	11,036
Depreciation	6,656,379	6,656,379	6,213,920	822,600	534,118	541,792	(7,674)
Charges from General Fund	2,319,782	2,319,782	2,319,782	193,800	193,800	193,800	—
Miscellaneous	—	—	—	9,600	9,600	10,302	(702)
Total operating expenses	<u>23,602,767</u>	<u>23,602,767</u>	<u>22,924,230</u>	<u>2,739,150</u>	<u>3,671,667</u>	<u>2,861,965</u>	<u>809,702</u>
Operating income (loss)	6,440,013	6,440,013	8,030,067	(688,350)	(1,620,867)	(1,095,688)	525,179
<b>NONOPERATING REVENUES (EXPENSES)</b>							
Interest received	200,000	200,000	560,140	13,800	13,800	(69,131)	(82,931)
Disposal of capital assets	—	—	(2,093)	—	—	—	—
Interest expense and service fees	(1,231,841)	(1,231,841)	(1,177,333)	(258,263)	(291,228)	(293,893)	(2,665)
Amortization expense	82,205	82,205	100,307	—	—	—	—
	<u>(949,636)</u>	<u>(949,636)</u>	<u>(518,979)</u>	<u>(244,463)</u>	<u>(277,428)</u>	<u>(363,024)</u>	<u>(85,596)</u>
Income (loss) before contributions	5,490,377	5,490,377	7,511,088	(932,813)	(1,898,295)	(1,458,712)	439,583
Contributions from developers	50,000	50,000	385,410	—	—	384,694	384,694
Changes in net position	<u>5,540,377</u>	<u>5,540,377</u>	<u>7,896,498</u>	<u>(932,813)</u>	<u>(1,898,295)</u>	<u>(1,074,018)</u>	<u>824,277</u>
Net position - beginning			<u>155,774,842</u>			<u>11,803,009</u>	
Net position - ending			<u>\$ 163,671,340</u>			<u>\$ 10,728,991</u>	

## 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.
Central Stores	To account for the costs of operating centralized inventory system for the Central Garage, Building Maintenance, and Water Utility Funds. Financing is provided by service charges to user funds.
Illinois Municipal Retirement	To account for pension and social security costs of Governmental and Proprietary Funds. Financing is provided by service charges to user funds.
Unemployment	To account for unemployment costs relating to Governmental and Proprietary Funds. 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.
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.

**CITY OF ROCKFORD, ILLINOIS**

**Combining Statement of Net Position - Internal Service Funds  
December 31, 2019**

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**See Following Page**

**CITY OF ROCKFORD, ILLINOIS**

**Combining Statement of Net Position - Internal Service Funds  
December 31, 2019**

	<b>Central Garage</b>	<b>Building Maintenance</b>	<b>Central Stores</b>	<b>Illinois Municipal Retirement</b>
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 1,093,983	\$ 596,759	\$ 436,273	\$ 444,699
Accounts receivable	645	1,223	333	327
Due from other governmental units	32,766	—	—	—
Inventories	334,456	—	—	—
Prepaid expenses	—	—	—	2,000
Total current assets	<u>1,461,850</u>	<u>597,982</u>	<u>436,606</u>	<u>447,026</u>
Noncurrent assets				
Capital assets				
Construction in progress	—	18,500	—	—
Buildings and improvements	218,245	5,418,712	—	—
Equipment	442,569	252,946	—	—
Improvements other than buildings	—	182,407	—	—
Less accumulated depreciation	<u>(602,152)</u>	<u>(2,037,838)</u>	<u>—</u>	<u>—</u>
Total noncurrent assets	<u>58,662</u>	<u>3,834,727</u>	<u>—</u>	<u>—</u>
Total assets	<u>1,520,512</u>	<u>4,432,709</u>	<u>436,606</u>	<u>447,026</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
None	—	—	—	—
Total assets and deferred outflows of resources	<u>1,520,512</u>	<u>4,432,709</u>	<u>436,606</u>	<u>447,026</u>
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	212,462	148,673	596	221,909
Accrued payroll and benefits	41,802	35,075	12,827	126,878
Other payables	—	—	—	—
Compensated absences	16,435	19,436	6,373	—
Capital lease payable	13,682	205,118	—	—
Claims and judgments payable	—	—	—	—
Total current liabilities	<u>284,381</u>	<u>408,302</u>	<u>19,796</u>	<u>348,787</u>
Noncurrent liabilities				
Compensated absences	65,741	77,746	25,494	—
Capital lease payable	19,804	1,016,642	—	—
Claims and judgments payable	—	—	—	—
Total noncurrent liabilities	<u>85,545</u>	<u>1,094,388</u>	<u>25,494</u>	<u>—</u>
Total liabilities	<u>369,926</u>	<u>1,502,690</u>	<u>45,290</u>	<u>348,787</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
None	—	—	—	—
Total liabilities and deferred inflows of resources	<u>369,926</u>	<u>1,502,690</u>	<u>45,290</u>	<u>348,787</u>
<b>NET POSITION</b>				
Net investment in capital assets	25,176	2,612,967	—	—
Unrestricted (deficit)	<u>1,125,410</u>	<u>317,052</u>	<u>391,316</u>	<u>98,239</u>
Net position	<u>\$ 1,150,586</u>	<u>\$ 2,930,019</u>	<u>\$ 391,316</u>	<u>\$ 98,239</u>

Unemployment	Workmens' Compensation	Health Insurance	911 Communications	Risk Management	Information Systems	Totals
\$ 5,721	\$ 7,122,707	\$ 4,366,976	\$ 225,175	\$ 565,230	\$ 4,357,076	\$ 19,214,599
75,301	5,190	21,008	(166)	247,669	832	352,362
—	—	—	235,776	—	—	268,542
—	—	—	—	—	—	334,456
—	—	12,874	—	—	—	14,874
81,022	7,127,897	4,400,858	460,785	812,899	4,357,908	20,184,833
—	—	—	—	—	2,409,120	2,427,620
—	—	—	—	—	—	5,636,957
—	—	—	274,450	—	5,444,545	6,414,510
—	—	—	—	—	—	182,407
—	—	—	(139,980)	—	(5,109,964)	(7,889,934)
—	—	—	134,470	—	2,743,701	6,771,560
81,022	7,127,897	4,400,858	595,255	812,899	7,101,609	26,956,393
—	—	—	—	—	—	—
81,022	7,127,897	4,400,858	595,255	812,899	7,101,609	26,956,393
—	175,494	375,789	16,267	—	389,587	1,540,777
—	—	—	248,215	—	26,881	491,678
—	—	205,860	—	—	—	205,860
—	—	—	66,155	—	21,705	130,104
—	—	—	—	—	884,997	1,103,797
—	6,444,860	2,616,034	—	—	—	9,060,894
—	6,620,354	3,197,683	330,637	—	1,323,170	12,533,110
—	—	—	264,618	—	86,818	520,417
—	—	—	—	—	2,862,487	3,898,933
—	—	—	—	17,872,906	—	17,872,906
—	—	—	264,618	17,872,906	2,949,305	22,292,256
—	6,620,354	3,197,683	595,255	17,872,906	4,272,475	34,825,366
—	—	—	—	—	—	—
—	6,620,354	3,197,683	595,255	17,872,906	4,272,475	34,825,366
—	—	—	134,470	—	(1,003,783)	1,768,830
81,022	507,543	1,203,175	(134,470)	(17,060,007)	3,832,917	(9,637,803)
\$ 81,022	\$ 507,543	\$ 1,203,175	\$ —	\$ (17,060,007)	\$ 2,829,134	\$ (7,868,973)

**CITY OF ROCKFORD, ILLINOIS**

**Combining Statement of Revenues, Expense and Changes in Net Position - Internal Service Funds  
For the Fiscal Year Ended December 31, 2019**

	<b>Central Garage</b>	<b>Building Maintenance</b>	<b>Central Stores</b>	<b>Illinois Municipal Retirement</b>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 3,923,029	\$ 3,711,196	\$ 465,700	\$ 5,939,465
Intergovernmental	—	—	—	—
Miscellaneous	3,035	7,597	—	—
Total operating revenues	<u>3,926,064</u>	<u>3,718,793</u>	<u>465,700</u>	<u>5,939,465</u>
<b>OPERATING EXPENSES</b>				
Salaries and benefits	943,553	994,653	297,947	5,939,465
Services	752,447	1,563,472	63,150	—
Supplies and materials	2,012,062	299,654	33,746	—
Depreciation	23,222	280,861	—	—
Charges from General Fund	63,800	131,600	25,300	—
Miscellaneous	—	13,178	—	—
Total operating expenses	<u>3,795,084</u>	<u>3,283,418</u>	<u>420,143</u>	<u>5,939,465</u>
Operating income (loss)	<u>130,980</u>	<u>435,375</u>	<u>45,557</u>	<u>—</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest received	23,218	15,606	11,074	10,896
Interest expense	(972)	(34,233)	—	—
	<u>22,246</u>	<u>(18,627)</u>	<u>11,074</u>	<u>10,896</u>
Income (loss) before transfers	<u>153,226</u>	<u>416,748</u>	<u>56,631</u>	<u>10,896</u>
Trasnfers in	—	—	—	—
Transfers out	(14,380)	(28,576)	—	—
	<u>(14,380)</u>	<u>(28,576)</u>	<u>—</u>	<u>—</u>
Changes in net position	138,846	388,172	56,631	10,896
Net position - beginning	<u>1,011,740</u>	<u>2,541,847</u>	<u>334,685</u>	<u>87,343</u>
Net position - ending	<u>\$ 1,150,586</u>	<u>\$ 2,930,019</u>	<u>\$ 391,316</u>	<u>\$ 98,239</u>

	<b>Unemployment</b>	<b>Workmens' Compensation</b>	<b>Health Insurance</b>	<b>911 Communications</b>	<b>Risk Management</b>	<b>Information Systems</b>	<b>Totals</b>
\$	50,964	\$ 3,128,367	\$ 21,318,519	\$ 5,259,071	\$ 1,824,893	\$ 4,637,295	\$ 50,258,499
	—	—	—	1,016,195	—	725,464	1,741,659
	—	16,301	1,424,741	—	264,505	—	1,716,179
	50,964	3,144,668	22,743,260	6,275,266	2,089,398	5,362,759	53,716,337
	—	—	113	5,847,230	—	702,157	14,725,118
	48,203	3,129,670	23,195,479	377,551	9,618,323	2,757,149	41,505,444
	—	—	1,065	38,958	—	187,485	2,572,970
	—	—	—	7,910	—	254,906	566,899
	—	101,600	182,080	—	450,615	34,500	989,495
	—	—	—	—	—	—	13,178
	48,203	3,231,270	23,378,737	6,271,649	10,068,938	3,936,197	60,373,104
	2,761	(86,602)	(635,477)	3,617	(7,979,540)	1,426,562	(6,656,767)
	(721)	154,867	111,351	(3,617)	28,150	18,459	369,283
	—	—	—	—	—	(175,260)	(210,465)
	(721)	154,867	111,351	(3,617)	28,150	(156,801)	158,818
	2,040	68,265	(524,126)	—	(7,951,390)	1,269,761	(6,497,949)
	—	—	—	—	—	240,000	240,000
	—	—	—	—	—	—	(42,956)
	—	—	—	—	—	240,000	197,044
	2,040	68,265	(524,126)	—	(7,951,390)	1,509,761	(6,300,905)
	78,982	439,278	1,727,301	—	(9,108,617)	1,319,373	(1,568,068)
\$	81,022	\$ 507,543	\$ 1,203,175	—	\$ (17,060,007)	\$ 2,829,134	\$ (7,868,973)

**CITY OF ROCKFORD, ILLINOIS**

**Combining Statement of Cash Flow - Internal Service Funds  
For the Fiscal Year Ended December 31, 2019**

	Central Garage	Building Maintenance	Central Stores	Illinois Municipal Retirement	Unemployment
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers and users	\$ 3,866,467	\$ 3,723,164	\$ 466,594	\$ 5,938,479	\$ 70,876
Payments to suppliers	(2,810,134)	(2,153,436)	(149,173)	(50,559)	(64,434)
Payments to employees	(943,553)	(994,653)	(297,947)	(5,939,465)	—
	112,780	575,075	19,474	(51,545)	6,442
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Interest paid on capital debt	(972)	(34,233)	—	—	—
Principal paid on capital debt	(140,976)	(54,960)	—	—	—
Debt issuance	129,630	—	—	—	—
Purchase of capital assets	—	(262,235)	—	—	—
	(12,318)	(351,428)	—	—	—
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers in	—	—	—	—	—
Transfers out	(14,380)	(28,576)	—	—	—
	(14,380)	(28,576)	—	—	—
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest received	23,218	15,606	11,074	10,896	(721)
Net increase (decrease) in cash and cash equivalents	109,300	210,677	30,548	(40,649)	5,721
Cash and cash equivalents - beginning	984,683	386,082	405,725	485,348	—
Cash and cash equivalents - ending	\$ 1,093,983	\$ 596,759	\$ 436,273	\$ 444,699	\$ 5,721
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ 130,980	\$ 435,375	\$ 45,557	\$ —	\$ 2,761
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities					
Depreciation expense	23,222	280,861	—	—	—
Increase (decrease) from changes in:					
Accounts receivable	1,635	4,371	894	1,014	(72,940)
Due from State of Illinois	—	—	—	—	92,852
Due from other governmental units	(9,370)	—	—	—	—
Inventories	(51,862)	—	—	—	—
Prepaid items	—	—	—	(2,000)	—
Accounts payable	(664)	(170,014)	301	(58,345)	(16,231)
Accrued payroll and benefits	12,181	3,998	4,055	7,786	—
Compensated absences	6,658	20,484	(31,333)	—	—
Other liabilities	—	—	—	—	—
	(18,200)	139,700	(26,083)	(51,545)	3,681
Net cash provided by (used for) operating activities	\$ 112,780	\$ 575,075	\$ 19,474	\$ (51,545)	\$ 6,442

<b>Workmens' Compensation</b>	<b>Health Insurance</b>	<b>911 Communications</b>	<b>Risk Management</b>	<b>Information Systems</b>	<b>Totals</b>
\$ 3,161,014	\$ 23,087,084	\$ 6,205,429	\$ 2,024,492	\$ 5,365,044	\$ 53,908,643
(2,344,392)	(22,646,538)	(294,687)	(2,744,813)	(3,070,720)	(36,328,886)
—	(113)	(5,847,230)	—	(702,157)	(14,725,118)
816,622	440,433	63,512	(720,321)	1,592,167	2,854,639
—	—	—	—	(175,260)	(210,465)
—	—	—	—	(852,514)	(1,048,450)
—	—	—	—	—	129,630
—	—	—	—	(1,622,885)	(1,885,120)
—	—	—	—	(2,650,659)	(3,014,405)
—	—	—	—	240,000	240,000
—	—	—	—	—	(42,956)
—	—	—	—	240,000	197,044
154,867	111,351	(3,617)	28,150	18,459	369,283
971,489	551,784	59,895	(692,171)	(800,033)	406,561
6,151,218	3,815,192	165,280	1,257,401	5,157,109	18,808,038
\$ 7,122,707	\$ 4,366,976	\$ 225,175	\$ 565,230	\$ 4,357,076	\$ 19,214,599
(86,602)	(635,477)	3,617	(7,979,540)	1,426,562	(6,656,767)
—	—	7,910	—	254,906	566,899
16,346	32,542	(64)	(64,906)	2,285	(78,823)
—	—	—	—	—	92,852
—	—	(69,773)	—	—	(79,143)
—	—	—	—	—	(51,862)
—	311,282	—	—	—	309,282
(171,261)	173,167	(2,643)	—	(111,213)	(356,903)
—	—	57,118	—	3,693	88,831
—	—	67,347	—	15,934	79,090
1,058,139	558,919	—	7,324,125	—	8,941,183
903,224	1,075,910	59,895	7,259,219	165,605	9,511,406
\$ 816,622	\$ 440,433	\$ 63,512	\$ (720,321)	\$ 1,592,167	\$ 2,854,639

**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, 2019**

	Central Garage			Building Maintenance			
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>OPERATING REVENUES</b>							
Charges for services	\$ 3,593,890	\$ 3,593,890	\$ 3,923,029	\$ 3,736,190	\$ 3,736,190	\$ 3,711,196	\$ (24,994)
Miscellaneous	15,000	15,000	3,035	—	—	7,597	7,597
Total operating revenues	<u>3,608,890</u>	<u>3,608,890</u>	<u>3,926,064</u>	<u>3,736,190</u>	<u>3,736,190</u>	<u>3,718,793</u>	<u>(17,397)</u>
<b>OPERATING EXPENSES</b>							
Salaries and benefits	962,692	957,447	943,553	991,932	991,932	994,653	(2,721)
Services	752,860	752,200	752,447	1,696,495	1,696,495	1,563,472	133,023
Supplies and materials	1,746,940	2,062,608	2,012,062	353,700	353,700	299,654	54,046
Depreciation	42,662	23,222	23,222	328,521	328,521	280,861	47,660
Charges from General Fund	63,800	63,800	63,800	131,600	131,600	131,600	—
Miscellaneous	—	—	—	8,700	8,700	13,178	(4,478)
Total operating expenses	<u>3,568,954</u>	<u>3,859,277</u>	<u>3,795,084</u>	<u>3,510,948</u>	<u>3,510,948</u>	<u>3,283,418</u>	<u>227,530</u>
Operating income (loss)	39,936	(250,387)	130,980	225,242	225,242	435,375	210,133
<b>NONOPERATING REVENUES (EXPENSES)</b>							
Interest received	4,000	4,000	23,218	20,500	20,500	15,606	(4,894)
Interest expense	(3,020)	(3,020)	(972)	(950)	(950)	(34,233)	(33,283)
	980	980	22,246	19,550	19,550	(18,627)	(38,177)
Income (loss) before transfers	40,916	(249,407)	153,226	244,792	244,792	416,748	171,956
Transfers out	(14,380)	(14,380)	(14,380)	(28,576)	(28,576)	(28,576)	—
Changes in net position	<u>\$ 26,536</u>	<u>\$ (263,787)</u>	<u>\$ 138,846</u>	<u>\$ 216,216</u>	<u>\$ 216,216</u>	<u>\$ 388,172</u>	<u>\$ 171,956</u>
Net position - beginning			<u>1,011,740</u>			<u>2,541,847</u>	
Net position - ending			<u>\$ 1,150,586</u>			<u>\$ 2,930,019</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, 2019**

	Central Stores			Illinois Municipal Retirement			
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>OPERATING REVENUES</b>							
Charges for services	\$ 471,942	\$ 471,942	\$ 465,700	\$ 5,392,451	\$ 5,392,451	\$ 5,939,465	\$ 547,014
Intergovernmental	—	—	—	298,500	298,500	—	(298,500)
Total operating revenues	471,942	471,942	465,700	5,690,951	5,690,951	5,939,465	248,514
<b>OPERATING EXPENSES</b>							
Salaries and benefits	352,789	352,789	297,947	5,690,951	6,007,642	5,939,465	68,177
Services	62,353	62,353	63,150	—	—	—	—
Supplies and materials	31,500	31,500	33,746	—	—	—	—
Charges from General Fund	25,300	25,300	25,300	—	—	—	—
Total operating expenses	471,942	471,942	420,143	5,690,951	6,007,642	5,939,465	68,177
Operating income (loss)	—	—	45,557	—	(316,691)	—	316,691
<b>NONOPERATING REVENUES</b>							
Interest received	—	—	11,074	10,000	10,000	10,896	896
Changes in net position	\$ —	\$ —	\$ 56,631	\$ 10,000	\$ (306,691)	\$ 10,896	\$ 317,587
Net position - beginning			334,685			87,343	
Net position - ending			\$ 391,316			\$ 98,239	(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, 2019**

	Unemployment			Workmens' Compensation			
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>OPERATING REVENUES</b>							
Charges for services	\$ 45,648	\$ 45,648	\$ 50,964	\$ 2,695,012	\$ 2,695,012	\$ 3,128,367	\$ 433,355
Miscellaneous	—	—	—	307,301	307,301	16,301	(291,000)
Total operating revenues	45,648	45,648	50,964	3,002,313	3,002,313	3,144,668	142,355
<b>OPERATING EXPENSES</b>							
Services	46,773	46,773	48,203	2,907,250	2,907,250	3,129,670	(222,420)
Charges from General Fund	—	—	—	101,600	101,600	101,600	—
Total operating expenses	46,773	46,773	48,203	3,008,850	3,008,850	3,231,270	(222,420)
Operating income (loss)	(1,125)	(1,125)	2,761	(6,537)	(6,537)	(86,602)	(80,065)
<b>NONOPERATING REVENUES</b>							
Interest received	10,000	10,000	(721)	70,000	70,000	154,867	84,867
Changes in net position	\$ 8,875	\$ 8,875	\$ 2,040	\$ 63,463	\$ 63,463	\$ 68,265	\$ 4,802
Net position - beginning			78,982			439,278	
Net position - ending		\$ 81,022			\$ 507,543		(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, 2019**

	Health Insurance			911 Communication			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	
<b>OPERATING REVENUES</b>							
Charges for services	\$ 21,464,948	\$ 21,464,948	\$ 21,318,519	\$ 5,040,563	\$ 5,040,563	\$ 5,259,071	\$ 218,508
Intergovernmental	—	—	—	871,038	871,038	1,016,195	145,157
Miscellaneous	673,620	673,620	1,424,741	—	—	—	—
Total operating revenues	<u>22,138,568</u>	<u>22,138,568</u>	<u>22,743,260</u>	<u>5,911,601</u>	<u>5,911,601</u>	<u>6,275,266</u>	<u>363,665</u>
<b>OPERATING EXPENSES</b>							
Salaries and benefits	—	—	113	5,530,986	5,826,187	5,847,230	(21,043)
Services	21,237,920	21,237,920	23,195,479	352,415	375,390	377,551	(2,161)
Supplies and materials	2,000	2,000	1,065	28,200	39,360	38,958	402
Depreciation	—	—	—	—	—	7,910	(7,910)
Charges from General Fund	182,080	182,080	182,080	—	—	—	—
Total operating expenses	<u>21,422,000</u>	<u>21,422,000</u>	<u>23,378,737</u>	<u>5,911,601</u>	<u>6,240,937</u>	<u>6,271,649</u>	<u>(30,712)</u>
Operating income (loss)	716,568	716,568	(635,477)	—	(329,336)	3,617	332,953
<b>NONOPERATING REVENUES</b>							
Interest received	27,500	27,500	111,351	—	—	(3,617)	(3,617)
Changes in net position	<u>\$ 744,068</u>	<u>\$ 744,068</u>	<u>(524,126)</u>	<u>\$ —</u>	<u>\$ (329,336)</u>	<u>—</u>	<u>\$ 329,336</u>
Net position - beginning			<u>1,727,301</u>				
Net position - ending			<u>\$ 1,203,175</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, 2019**

	Risk Management			Information System			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	
<b>OPERATING REVENUES</b>							
Charges for services	\$ 1,824,893	\$ 1,824,893	\$ 1,824,893	\$ 4,295,904	\$ 4,295,904	\$ 4,637,295	\$ 341,391
Intergovernmental	—	—	—	—	—	725,464	725,464
Miscellaneous	150,000	150,000	264,505	—	—	—	—
Total operating revenues	1,974,893	1,974,893	2,089,398	4,295,904	4,295,904	5,362,759	1,066,855
<b>OPERATING EXPENSES</b>							
Salaries and benefits	—	—	—	676,647	702,158	702,157	1
Services	2,334,550	2,334,550	9,618,323	2,764,713	2,764,713	2,757,149	7,564
Supplies and materials	—	—	—	91,000	179,922	187,485	(7,563)
Depreciation	—	—	—	382,590	254,906	254,906	—
Charges from General Fund	450,615	450,615	450,615	34,500	34,500	34,500	—
Total operating expenses	2,785,165	2,785,165	10,068,938	3,949,450	3,936,199	3,936,197	2
Operating income (loss)	(810,272)	(810,272)	(7,979,540)	346,454	359,705	1,426,562	1,066,857
<b>NONOPERATING REVENUES (EXPENSES)</b>							
Interest received	—	—	28,150	—	—	18,459	18,459
Interest expense	—	—	—	—	(175,260)	(175,260)	—
	—	—	28,150	—	(175,260)	(156,801)	18,459
Income (loss) before transfers	(810,272)	(810,272)	(7,951,390)	346,454	184,445	1,269,761	1,085,316
Transfers In	—	—	—	—	—	240,000	240,000
Changes in net position	<u>\$ (810,272)</u>	<u>\$ (810,272)</u>	<u>\$ (7,951,390)</u>	<u>\$ 346,454</u>	<u>\$ 184,445</u>	<u>\$ 1,509,761</u>	<u>\$ 1,325,316</u>
Net position - beginning			<u>(9,108,617)</u>			<u>1,319,373</u>	
Net position - ending			<u>\$ (17,060,007)</u>			<u>\$ 2,829,134</u>	(Concluded)

## FIDUCIARY FUNDS

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### 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, 2019**

	Police Pension	Firefighters' Pension	Totals
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 5,284,131	\$ 4,262,461	\$ 9,546,592
Investments - retirement plans			
U.S. Treasury Securities	7,062,270	25,093,045	32,155,315
U.S. Agency Securities	7,092,658	9,615,756	16,708,414
Municipal Bonds	1,905,808	2,111,486	4,017,294
Corporate Bonds	16,688,946	16,841,720	33,530,666
Common Stocks	12,337,961	9,921,548	22,259,509
Northern Trust Collective Funds	33,704,902	—	33,704,902
Mutual Funds	119,390,046	97,101,255	216,491,301
Total investments	198,182,591	160,684,810	358,867,401
Accounts receivable - net of allowance			
Accrued interest receivable	218,755	348,596	567,351
Contributions receivables	9,616,740	9,162,458	18,779,198
Total accounts receivable - net of allowance	9,835,495	9,511,054	19,346,549
Total assets	213,302,217	174,458,325	387,760,542
<b>LIABILITIES</b>			
Accrued liabilities	55,262	56,580	111,842
Due to other funds	1,125,786	20,000	1,145,786
Total liabilities	1,181,048	76,580	1,257,628
<b>NET POSITION</b>			
Net position restricted for pensions	\$ 212,121,169	\$ 174,381,745	\$ 386,502,914

**CITY OF ROCKFORD, ILLINOIS**

**Pension Trust Funds**

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

**For the Fiscal Year Ended December 31, 2019**

	Police Pension	Firefighters' Pension	Totals
<b>ADDITIONS</b>			
Contributions			
Employer	\$ 9,104,210	\$ 10,691,468	\$ 19,795,678
Plan member	2,449,268	2,294,613	4,743,881
Total contributions	<u>11,553,478</u>	<u>12,986,081</u>	<u>24,539,559</u>
Investment Income			
Net appreciation in fair value of investments	26,965,529	19,665,790	46,631,319
Interest and dividend income	3,809,957	3,846,025	7,655,982
	<u>30,775,486</u>	<u>23,511,815</u>	<u>54,287,301</u>
Less investment expense	(283,509)	(277,567)	(561,076)
Net investment income	<u>30,491,977</u>	<u>23,234,248</u>	<u>53,726,225</u>
Total additions	<u>42,045,455</u>	<u>36,220,329</u>	<u>78,265,784</u>
<b>DEDUCTIONS</b>			
Pension benefits	18,668,227	19,590,197	38,258,424
Refunds of contributions	49,646	26,747	76,393
Administrative expense	187,753	159,230	346,983
Total deductions	<u>18,905,626</u>	<u>19,776,174</u>	<u>38,681,800</u>
Changes in fiduciary net position	23,139,829	16,444,155	39,583,984
Net position restricted for pensions			
Beginning	<u>188,981,340</u>	<u>157,937,590</u>	<u>346,918,930</u>
Ending	<u>\$ 212,121,169</u>	<u>\$ 174,381,745</u>	<u>\$ 386,502,914</u>



**CITY OF ROCKFORD, ILLINOIS**

**Consolidated Year-End Financial Report  
December 31, 2019**

<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	\$ 4,961	\$ —	\$ —	\$ 4,961
418-00-1340	Youth Emergency and Crisis Services	3,923	—	—	3,923
420-00-2037	Installation of Dispatch and Record System	75,000	—	—	75,000
420-30-0074	Trade Adjustment Assistance				
	Program - Formula	—	12,990	—	12,990
420-30-0075	WIOA Statewide Activities - Nonformula	—	18,294	—	18,294
420-30-0076	WIOA Formula Grants	—	5,183,222	—	5,183,222
420-30-0081	WIOA Statewide Rapid Response - Formula	—	186,411	—	186,411
420-70-0087	Weatherization Assistance for				
	Low Income Persons	221,234	931,500	—	1,152,734
420-70-0090	Low-Income Home Energy Assistance	2,013,140	4,288,776	—	6,301,916
420-70-0091	Community Services Block Grant	—	1,104,993	—	1,104,993
444-80-0496	Emergency Solutions Grant Program	—	25,058	—	25,058
444-80-0657	Homeless Prevention Program	345,869	—	—	345,869
494-00-1488	Motor Fuel Tax Program	3,222,549	—	566,021	3,788,570
494-10-0343	State and Community Highway Safety/				
	National Priority Safety Program	—	32,094	—	32,094
494-42-0495	Local Surface Transportation Program	—	9,353	—	9,353
569-00-2095	Law Enforcement Camera Grant FY19	—	192,754	—	192,754
586-18-0410	Summer Food Service Program for Children	—	249,164	—	249,164
588-40-0450	Emergency Management Performance Grants	—	50,036	50,036	100,072
	Other Grant Programs and Activities	—	12,733,373	512,666	13,246,039
	All Other Costs Not Allocated	—	—	267,661,995	267,661,995
	<b>Totals</b>	<b>5,886,676</b>	<b>25,018,018</b>	<b>268,790,718</b>	<b>299,695,412</b>

## **STATISTICAL SECTION (Unaudited)**

This part of the comprehensive annual 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, 2019 (Unaudited)**

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**See Following Page**

**CITY OF ROCKFORD, ILLINOIS**

**Net Position by Component - Last Ten Fiscal Years  
December 31, 2019 (Unaudited)**

	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>GOVERNMENTAL ACTIVITIES</b>				
Net investment in capital assets	\$ 481,780,204	\$ 482,815,999	\$ 480,167,639	\$ 523,202,658
Restricted				
Capital projects	7,840,349	10,546,148	10,546,148	8,262,387
Debt service	5,717,798	5,437,035	5,686,654	6,513,108
Other purposes	16,504,779	18,103,293	19,429,953	13,470,622
Unrestricted (deficit)	(32,745,075)	(17,342,443)	(3,338,207)	(3,428,056)
Total governmental activities net position	479,098,055	499,560,032	512,492,187	548,020,719
<b>BUSINESS-TYPE ACTIVITIES</b>				
Net investment in capital assets	133,021,249	135,803,303	138,848,876	139,564,019
Restricted				
Capital projects	1,000,000	1,000,000	1,000,000	1,000,000
Debt service	5,041,923	5,424,356	5,452,243	5,334,283
Unrestricted (deficit)	2,708,215	3,652,612	3,559,349	3,387,821
Total business-type activities net position	141,771,387	145,880,271	148,860,468	149,286,123
Total net position	\$ 620,869,442	\$ 645,440,303	\$ 661,352,655	\$ 697,306,842
<b>PRIMARY GOVERNMENT</b>				
Net investment in capital assets	\$ 614,801,453	\$ 618,619,302	\$ 619,016,515	\$ 662,766,677
Restricted	36,104,849	40,510,832	42,114,998	34,580,400
Unrestricted (deficit)	(30,036,860)	(13,689,831)	221,142	(40,235)
Total net position	\$ 620,869,442	\$ 645,440,303	\$ 661,352,655	\$ 697,306,842

Data Source: City Records

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

2014	2015*	2016	2017	2018	2019
\$ 529,830,638	\$ 225,009,895	\$ 232,181,881	\$ 246,421,993	\$ 237,514,960	\$ 240,780,483
5,588,205	—	—	—	—	—
6,575,000	9,940,202	9,984,081	10,297,303	8,350,683	9,080,224
15,548,246	24,223,691	25,524,410	24,137,561	28,293,779	26,226,292
(965,343)	(281,214,840)	(294,263,674)	(315,835,681)	(334,710,176)	(354,897,376)
556,576,746	(22,041,052)	(26,573,302)	(34,978,824)	(60,550,754)	(78,810,377)
140,232,135	136,801,891	138,985,875	142,017,856	148,507,880	154,684,885
1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
5,187,576	5,040,258	3,734,747	3,493,867	3,005,522	4,190,830
3,425,953	8,525,774	12,682,405	15,214,839	15,064,449	14,524,616
149,845,664	151,367,923	156,403,027	161,726,562	167,577,851	174,400,331
\$ 706,422,410	\$ 129,326,871	\$ 129,829,725	\$ 126,747,738	\$ 107,027,097	\$ 95,589,954
\$ 670,062,773	\$ 361,811,786	\$ 371,167,756	\$ 388,439,849	\$ 386,022,840	\$ 395,465,368
33,899,027	40,204,151	40,243,238	38,928,731	40,649,984	40,497,346
2,460,610	(272,689,066)	(281,581,269)	(300,620,842)	(319,645,727)	(340,372,760)
\$ 706,422,410	\$ 129,326,871	\$ 129,829,725	\$ 126,747,738	\$ 107,027,097	\$ 95,589,954

**CITY OF ROCKFORD, ILLINOIS**

**Changes in Net Position - Last Ten Fiscal Years  
December 31, 2019 (Unaudited)**

	2010	2011	2012	2013	2014	2015*	2016	2017	2018	2019
<b>EXPENSES</b>										
Governmental activities:										
General government	\$ 13,297,890	\$ 11,074,142	\$ 11,993,604	\$ 13,134,604	\$ 13,264,913	\$ 18,051,570	\$ 21,300,763	\$ 18,138,188	\$ 14,226,719	\$ 35,092,646
Public safety	89,109,641	88,787,990	91,813,775	98,591,263	99,756,203	128,158,182	110,625,870	108,748,346	116,539,144	128,312,734
Streets, alleys and bridges	35,079,905	34,788,508	32,971,181	34,444,654	39,683,242	42,806,715	38,707,462	41,388,115	38,576,921	32,328,120
Community development	13,694,212	10,312,407	13,899,004	10,147,688	9,011,612	12,401,104	13,478,587	11,918,656	13,693,237	11,973,876
Sanitation and sewers	7,072,936	6,885,950	6,703,345	7,083,257	9,356,050	12,358,032	15,308,363	14,588,031	12,423,942	24,675
Culture and recreation	7,373,399	7,591,103	7,690,140	8,347,463	8,971,095	8,270,725	8,554,854	10,197,037	10,299,372	9,810,071
Public health and welfare	21,230,764	16,837,305	16,215,478	16,398,282	16,128,872	15,768,176	15,033,706	14,993,154	17,091,672	18,634,837
Interest and fiscal charges	5,290,071	4,910,952	4,783,229	3,913,461	3,451,326	3,444,206	4,270,103	4,093,321	2,292,276	3,744,012
	192,148,818	181,188,357	186,069,756	192,060,337	199,623,313	241,258,710	227,279,708	224,064,848	225,143,283	239,920,971
Business-type activities:										
Water	20,402,549	21,058,993	21,578,537	21,977,859	24,317,101	22,414,342	22,860,954	23,861,455	25,245,966	24,003,349
Parking	2,177,041	2,088,672	2,029,911	2,488,973	2,581,766	2,747,317	2,932,988	2,968,127	3,010,818	3,155,858
	22,579,590	23,147,665	23,608,448	24,466,832	26,898,867	25,161,659	25,793,942	26,829,582	28,256,784	27,159,207
Total expenses	\$ 214,728,408	\$ 204,336,022	\$ 209,678,204	\$ 216,527,169	\$ 226,524,180	\$ 266,420,369	\$ 253,073,650	\$ 250,894,430	\$ 253,400,067	\$ 267,080,178
<b>PROGRAM REVENUES</b>										
Governmental activities:										
Charges for services:										
General government	\$ 5,774,210	\$ 6,721,553	\$ 7,277,778	\$ 7,174,058	\$ 7,156,417	\$ 8,045,685	\$ 28,458,097	\$ 28,538,407	\$ 24,767,832	\$ 24,688,289
Public safety	9,130,719	10,013,940	9,512,944	9,116,701	9,362,142	10,525,495	—	1,885,378	2,033,143	2,022,607
Streets, alleys and bridges	5,291,149	5,518,115	5,032,043	5,551,095	5,843,446	6,569,562	—	—	—	—
Community development	337,749	855,001	910,398	1,002,188	1,007,366	1,132,543	227,441	1,181,885	105,663	57,335
Sanitation and sewers	8,568,067	8,540,308	9,288,182	9,188,324	11,338,644	12,747,602	12,708,453	12,175,492	12,569,368	12,473,238
Culture and recreation	204,514	187,201	177,017	169,912	173,796	198,765	122,831	180,135	151,491	168,044
Operating grants and contributions	29,807,880	26,038,343	25,819,764	22,637,706	21,686,554	29,023,324	31,665,946	24,578,758	29,600,919	26,763,411
Capital grants and contributions	2,837,398	8,343,151	4,790,309	36,857,891	8,141,162	14,124,360	10,072,753	6,211,884	6,434,827	3,447,733
	61,951,686	66,217,612	62,808,435	91,697,875	64,709,527	82,367,336	83,255,521	74,751,939	75,663,243	69,620,657
Business-type activities:										
Charges for services:										
Water	22,715,297	22,675,543	24,682,211	23,401,598	23,771,130	24,772,693	27,628,814	28,943,917	29,100,353	30,954,297
Parking	1,793,745	1,866,127	1,482,409	1,632,434	2,221,571	1,911,746	2,059,037	1,782,237	1,766,949	1,766,277
Capital Grants and contributions	3,498,532	2,273,425	—	586,349	644,105	—	859,380	1,305,355	3,511,512	770,104
	28,007,574	26,815,095	26,164,620	25,620,381	26,636,806	26,684,439	30,547,231	32,031,509	34,378,814	33,490,678
Total program revenues	\$ 89,959,260	\$ 93,032,707	\$ 88,973,055	\$ 117,318,256	\$ 91,346,333	\$ 109,051,775	\$ 113,802,752	\$ 106,783,448	\$ 110,042,057	\$ 103,111,335

	2010	2011	2012	2013	2014	2015*	2016	2017	2018	2019
<b>NET (EXPENSES) REVENUES</b>										
Governmental activities	\$ (130,197,132)	\$ (114,970,745)	\$ (123,261,321)	\$ (100,362,462)	\$ (134,915,786)	\$ (158,891,374)	\$ (144,024,187)	\$ (149,312,909)	\$ (149,480,040)	\$ (170,300,314)
Business-type activities	5,427,984	3,667,430	2,556,172	1,153,549	(262,061)	1,522,780	4,753,289	5,201,927	6,122,030	6,331,471
Total net (expenses) revenues	\$ (124,769,148)	\$ (111,303,315)	\$ (120,705,149)	\$ (99,208,913)	\$ (135,177,847)	\$ (157,368,594)	\$ (139,270,898)	\$ (144,110,982)	\$ (143,358,010)	\$ (163,968,843)
<b>CHANGES IN NET POSITION</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 58,784,815	\$ 59,851,344	\$ 60,064,811	\$ 60,194,938	\$ 59,593,973	\$ 59,557,696	\$ 59,518,930	\$ 58,210,507	\$ 58,210,507	\$ 59,088,158
Sales taxes	36,380,336	37,027,021	37,902,668	37,991,893	38,956,355	39,212,916	39,229,423	40,241,419	40,241,419	41,432,700
Other taxes	16,240,095	16,383,527	16,016,298	16,521,501	17,551,602	10,295,225	11,592,026	16,364,785	23,989,197	28,086,266
Intergovernmental										
Income tax	11,736,930	11,978,090	13,553,269	14,741,571	14,477,198	16,529,806	14,686,440	13,888,264	13,888,264	16,402,072
Replacement tax	7,555,032	7,068,952	6,851,038	7,814,495	7,610,690	6,541,765	7,188,103	7,365,335	7,365,335	8,768,557
Interest earnings	478,887	2,176,835	919,186	(2,822,026)	4,204,812	1,188,290	1,001,420	625,757	1,156,212	1,081,913
Miscellaneous	1,557,877	546,953	826,206	1,388,622	1,017,183	3,335,120	3,536,395	4,130,550	3,021,339	5,779,049
Transfers	—	400,000	60,000	60,000	60,000	60,000	60,000	60,000	—	—
Total governmental activities	132,733,972	135,432,722	136,193,476	135,890,994	143,471,813	136,720,818	136,812,737	140,886,617	147,872,273	160,638,715
Business-type activities:										
Unrestricted interest earnings	244,381	841,454	324,952	(667,894)	1,048,948	232,718	341,815	181,608	309,640	491,009
Miscellaneous	—	—	159,073	—	(167,346)	—	—	—	—	—
Transfers	—	(400,000)	(60,000)	(60,000)	(60,000)	(60,000)	(60,000)	(60,000)	—	—
Total business-type activities	244,381	441,454	424,025	(727,894)	821,602	172,718	281,815	121,608	309,640	491,009
Total primary government	\$ 132,978,353	\$ 135,874,176	\$ 136,617,501	\$ 135,163,100	\$ 144,293,415	\$ 136,893,536	\$ 137,094,552	\$ 141,008,225	\$ 148,181,913	\$ 161,129,724
<b>CHANGE IN NET POSITION</b>										
Governmental activities	\$ 2,536,840	\$ 20,461,977	\$ 12,932,155	\$ 35,528,532	\$ 8,556,027	\$ (22,170,556)	\$ (7,211,450)	\$ (8,426,292)	\$ (1,607,767)	\$ (9,661,599)
Business-type activities	5,672,365	4,108,884	2,980,197	425,655	559,541	1,695,498	5,035,104	5,323,535	6,431,670	6,822,480
Total primary government	\$ 8,209,205	\$ 24,570,861	\$ 15,912,352	\$ 35,954,187	\$ 9,115,568	\$ (20,475,058)	\$ (2,176,346)	\$ (3,102,757)	\$ 4,823,903	\$ (2,839,119)

Data Source: City Records

\*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, 2019 (Unaudited)**

	<b>2010</b>	<b>2011*</b>	<b>2012</b>	<b>2013</b>
<b>GENERAL FUND</b>				
Reserved	\$ 98,892	\$ —	\$ —	\$ —
Unreserved	22,516,220	—	—	—
Assigned	—	43,094	—	—
Nonspendable	—	—	—	—
Unassigned	—	27,490,250	32,168,324	34,420,681
Total General Fund	<u>22,615,112</u>	<u>27,533,344</u>	<u>32,168,324</u>	<u>34,420,681</u>
<b>ALL OTHER GOVERNMENTAL FUNDS</b>				
Reserved	18,451,669	—	—	—
Unreserved, reported in				
Special Revenue Funds	14,015,070	—	—	—
Capital Project Funds	4,428,124	—	—	—
Debt Service Funds	—	—	—	—
Nonspendable	—	789,678	1,104,145	958,107
Restricted for:				
Capital projects	—	10,546,148	12,924,115	8,262,387
Debt service	—	5,437,035	5,686,654	6,513,108
Culture and recreation	—	6,519,138	7,835,329	8,353,738
Community development	—	2,550,317	2,161,179	3,469,457
Public health and welfare	—	612,290	716,785	713,529
Highway and streets	—	9,466,862	9,673,378	9,478,114
Assigned for:				
General government	—	163,915	151,980	180,582
Debt service	—	3,183,834	2,522,003	2,195,329
Community development	—	4,143,400	5,041,069	4,849,350
Public health and welfare	—	116,619	148,211	111,807
Highway and streets	—	5,574,040	5,641,805	2,068,634
Unassigned	—	(4,919,989)	(4,445,288)	(6,574,475)
Total all other governmental funds	<u>36,894,863</u>	<u>44,183,287</u>	<u>49,161,365</u>	<u>40,579,667</u>
Total all governmental funds	<u>\$ 59,509,975</u>	<u>\$ 71,716,631</u>	<u>\$ 81,329,689</u>	<u>\$ 75,000,348</u>

Data Source: City Records

\*The City implemented GASB Statement No. 54 in fiscal year 2011.

	2014	2015	2016	2017	2018	2019		
\$	—	\$	—	\$	—	\$	—	
	—		—		—		—	
	—		—		—		—	
	—	150,000	150,000	150,000	151,054	150,400		
	35,567,463	37,525,349	36,636,721	30,466,617	34,079,651	39,502,751		
	35,567,463	37,675,349	36,786,721	30,616,617	34,230,705	39,653,151		
	—	—	—	—	—	—		
	—	—	—	—	—	—		
	—	—	—	—	—	—		
	—	—	—	—	—	—		
	870,116	798,679	437,466	57,012	—	81,000		
	5,588,205	—	—	—	—	—		
	6,575,000	10,177,528	10,221,407	10,534,629	8,588,009	9,487,451		
	9,289,998	10,069,963	9,944,201	9,939,853	10,716,006	11,524,308		
	4,744,767	5,598,346	6,566,114	4,226,602	4,786,207	2,488,498		
	667,574	532,752	599,909	832,850	4,152,001	1,519,384		
	11,704,798	8,022,630	8,414,186	9,138,256	8,639,565	10,694,102		
	192,988	195,561	195,561	195,561	195,561	—		
	4,062,585	—	—	—	—	—		
	4,134,143	4,266,523	12,350,498	2,602,348	2,567,102	24,307,524		
	159,297	216,535	286,150	209,679	145,575	5,199		
	—	—	—	—	—	—		
	(8,208,433)	(7,134,235)	(10,193,553)	(10,262,963)	(11,143,082)	(9,813,638)		
	39,781,038	32,744,282	38,821,939	27,473,827	28,646,944	50,293,828		
\$	75,348,501	\$	70,419,631	\$	75,608,660	\$	58,090,444	
					\$	62,877,649	\$	89,946,979

**CITY OF ROCKFORD, ILLINOIS**

**Changes in Fund Balances for Governmental Funds - Last Ten Fiscal Years  
December 31, 2019 (Unaudited)**

	2010	2011	2012	2013
<b>REVENUES</b>				
Taxes	\$ 108,786,155	\$ 111,577,708	\$ 112,169,125	\$ 112,374,801
Licenses and permits	4,594,725	4,406,169	4,650,908	4,195,722
Intergovernmental	62,059,049	62,495,106	60,326,767	60,350,268
Charges for services	16,744,784	18,076,762	21,121,354	22,384,977
Fines	1,647,241	1,559,476	1,661,996	1,330,341
Interest	431,036	1,785,330	728,812	(2,188,963)
Miscellaneous	1,557,877	587,768	826,206	1,388,622
Total revenues	195,820,867	200,488,319	201,485,168	199,835,768
<b>EXPENDITURES</b>				
Current:				
General government	12,905,125	10,961,941	11,867,343	12,424,299
Public safety	84,569,192	87,380,847	90,632,349	92,936,457
Streets, alleys and bridges	15,361,827	13,768,376	13,385,427	13,293,105
Community development	13,603,906	10,330,365	14,156,925	10,181,731
Sanitation and sewers	7,081,234	6,881,566	8,909,767	9,859,179
Culture and recreation	6,551,920	6,716,162	6,870,954	7,443,243
Public health and welfare	21,257,861	16,872,678	16,402,620	16,348,317
Debt service:				
Principal payments	9,416,768	14,411,960	8,870,514	14,109,960
Interest and fiscal charges	4,283,764	3,982,921	3,500,558	3,056,098
Capital outlay:				
General government	—	—	—	—
Public safety	650,472	313,903	5,083,271	5,518,861
Streets, alleys and bridges	14,655,878	15,629,085	17,439,699	25,568,840
Community development	31,626	—	—	55,666
Sanitation and sewers	—	—	—	—
Culture and recreation	58,388	1,431,859	500,307	5,756,123
Public health and welfare	275,660	—	28,715	253,537
Total expenditures	190,703,621	188,681,663	197,648,449	216,805,416
Excess (deficiencies) of revenues over (under) expenditures	5,117,246	11,806,656	3,836,719	(16,969,648)
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of refunding bonds	—	—	7,735,000	—
Payment to escrow agent	—	—	(8,522,305)	—
Issuance of general obligation bonds	—	—	—	—
Issuance of capital leases	—	—	5,837,061	10,580,307
Issuance of promissory term note	205,891	—	—	—
Issuance of line of credit	—	—	445,000	—
Discount on debt issuance	—	—	(49,080)	—
Premium on debt issuance	—	—	270,663	—
Disposal of capital assets	—	—	—	—
Transfers in	12,329,937	18,165,736	13,532,961	15,692,707
Transfers out	(12,329,937)	(17,765,736)	(13,472,961)	(15,632,707)
	205,891	400,000	5,776,339	10,640,307
Net change in fund balances	\$ 5,323,137	\$ 12,206,656	\$ 9,613,058	\$ (6,329,341)
Debt service as a percentage of noncapital expenditures	7.83%	10.74%	7.09%	9.56%

Data Source: City Records

	2014	2015	2016	2017	2018	2019
\$	113,009,795	\$ 109,065,837	\$ 110,340,379	\$ 114,816,711	\$ 122,441,123	\$ 128,607,124
	5,292,806	7,836,475	7,182,358	9,745,667	10,874,632	11,028,972
	59,115,907	68,003,443	63,613,242	52,044,241	57,289,345	53,923,910
	24,559,244	30,134,940	33,077,083	32,263,530	26,652,526	26,303,212
	1,223,737	1,248,237	1,257,381	1,952,100	2,100,339	2,077,329
	3,118,977	914,998	726,080	461,721	901,939	712,630
	1,017,183	1,550,932	3,536,395	4,130,550	3,021,339	5,779,049
	207,337,649	218,754,862	219,732,918	215,414,520	223,281,243	228,432,226
	12,452,533	11,152,236	11,597,842	11,710,916	13,064,160	22,835,047
	92,695,209	98,615,052	101,937,283	107,513,287	110,656,380	113,983,475
	15,068,708	21,094,419	16,202,782	12,415,385	13,973,852	15,744,910
	8,886,067	12,368,519	13,341,542	12,562,462	15,788,408	11,923,262
	12,012,277	12,358,032	14,398,829	14,737,836	12,397,792	—
	7,954,777	7,348,771	8,554,854	8,249,312	8,289,293	9,038,648
	15,857,443	15,627,543	15,033,706	15,947,170	16,964,131	18,431,025
	10,640,814	13,148,479	12,040,963	13,039,045	10,846,812	10,075,455
	3,455,713	3,425,850	4,220,590	5,128,971	2,993,490	3,225,586
	—	1,124,980	—	—	—	—
	5,891,123	—	—	—	—	—
	24,884,980	41,979,220	36,633,253	33,876,952	22,038,242	25,287,062
	—	—	—	—	—	—
	—	—	—	—	—	—
	3,415,845	375,570	—	—	—	—
	164,218	—	—	—	—	—
	213,379,707	238,618,671	233,961,644	235,181,336	227,012,560	230,544,470
	(6,042,058)	(19,863,809)	(14,228,726)	(19,766,816)	(3,731,317)	(2,112,244)
	29,590,000	14,874,939	5,400,000	—	—	—
	(30,911,996)	—	(5,642,373)	—	(10,929,758)	—
	5,420,000	—	14,770,000	—	16,800,526	31,945,831
	4,016,223	—	4,515,600	1,020,330	—	—
	—	—	—	—	—	—
	—	—	—	—	—	—
	(369,781)	—	—	—	97,334	—
	1,085,765	—	314,528	—	(37,960)	758,685
	—	—	—	1,147,500	—	—
	16,501,125	23,124,325	19,852,700	19,199,654	17,714,465	31,071,827
	(18,941,125)	(23,064,325)	(19,792,700)	(19,139,654)	(15,126,085)	(31,268,871)
	6,390,211	14,934,939	19,417,755	2,227,830	8,518,522	32,507,472
\$	348,153	\$ (4,928,870)	\$ 5,189,029	\$ (17,538,986)	\$ 4,787,205	\$ 30,395,228
	(11.01%)	8.40%	7.68%	8.41%	6.53%	6.27%

**CITY OF ROCKFORD, ILLINOIS**

**Assessed Value and Actual Value of Taxable Property (000's Omitted) - Last Ten Tax Levy Years  
December 31, 2019 (Unaudited)**

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<b>Tax Levy Year</b>	<b>Winnebago</b>	
	<b>Residential Property</b>	<b>Commercial Property</b>
2010	\$ 1,353,879	\$ 482,095
2011	1,277,287	450,759
2012	1,147,712	407,632
2013	1,023,039	384,084
2014	939,243	365,518
2015	895,443	392,693
2016	897,083	394,345
2017	916,110	401,147
2018	950,922	405,789
2019	1,010,668	447,832

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

<b>County</b>		<b>Ogle</b>	<b>Total</b>	<b>Total</b>	<b>Estimated</b>	<b>Estimated</b>
<b>Industrial</b>	<b>Other</b>	<b>County</b>	<b>Taxable</b>	<b>Direct</b>	<b>Actual</b>	<b>Actual</b>
<b>Property</b>	<b>Property</b>		<b>Assessed</b>	<b>Tax</b>	<b>Taxable</b>	<b>Value</b>
			<b>Value</b>	<b>Rate</b>	<b>Value</b>	<b>Value</b>
\$ 170,089	\$ 2,932	\$ —	\$ 2,008,995	2.71590	\$ 6,027,588	33.33%
160,585	2,902	—	1,891,533	2.90510	5,675,167	33.33%
150,299	3,410	124	1,708,929	3.28450	5,127,672	33.33%
141,101	3,618	124	1,551,718	3.55350	4,655,992	33.33%
143,010	4,132	122	1,451,781	3.79730	4,356,145	33.33%
145,896	4,477	122	1,438,387	3.87910	4,315,959	33.33%
146,506	5,246	122	1,443,058	3.83970	4,329,973	33.33%
150,748	5,021	122	1,472,904	3.76080	4,419,520	33.33%
147,832	5,107	180	1,509,470	3.60840	4,529,403	33.33%
152,516	5,457	153	1,616,320	3.37490	4,849,904	33.33%

**CITY OF ROCKFORD, ILLINOIS**

**Direct and Overlapping Property Tax Rates - Last Ten Tax Levy Years  
December 31, 2019 (Unaudited)**

Tax Levy Year	City Direct Rates					Total Direct Tax Rate	Winnebago County
	General Fund	Library Special Revenue Fund	Debt Service Fund	Other Revenue Fund	Funds		
2010	2.03510	0.35640	0.31560	0.00880		2.71590	0.82990
2011	2.21630	0.38600	0.29350	0.00930		2.90510	0.86760
2012	2.54980	0.44350	0.27970	0.01150		3.28450	0.94230
2013	2.79970	0.47240	0.26870	0.01270		3.55350	1.03290
2014	3.04320	0.50420	0.23630	0.01360		3.79730	1.08450
2015	3.16080	0.51960	0.18470	0.01400		3.87910	1.09840
2016	3.18710	0.51900	0.12370	0.00990		3.83970	1.08260
2017	3.18050	0.50910	0.06020	0.01100		3.76080	1.05870
2018	3.11140	0.48900	—	0.00800		3.60840	1.01730
2019	2.90820	0.45640	—	0.01030		3.37490	0.96610

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.

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**Overlapping Rates**

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<b>Winnebago County Forest Preserve</b>	<b>Rockford Township</b>	<b>Rockford Park District</b>	<b>Rock River Water Reclamation</b>	<b>Greater Rockford Airport</b>	<b>Rockford School District</b>	<b>Rock Valley Community College</b>
0.08980	0.20430	0.78690	0.13620	0.09540	6.01520	0.45030
0.09560	0.21680	0.84320	0.14690	0.09370	6.55950	0.45410
0.10720	0.23490	0.95220	0.16650	0.10240	6.68840	0.44770
0.11650	0.25870	1.05770	0.18560	0.10430	7.23010	0.46300
0.11990	0.28130	1.12860	0.21000	0.10630	7.78100	0.48230
0.12030	0.29360	1.16290	0.20750	0.10730	7.93790	0.48930
0.12070	0.29420	1.15440	0.20820	0.11030	7.80310	0.49270
0.11820	0.29240	1.13710	0.20400	0.11020	7.64960	0.50530
0.11470	0.28010	1.09630	0.19640	0.10730	7.35080	0.49870
0.11070	0.26250	1.03340	0.18480	0.10110	6.89290	0.47030

**CITY OF ROCKFORD, ILLINOIS**

**Principal Property Tax Payers - Current Fiscal Year and Nine Fiscal Years Ago  
December 31, 2019 (Unaudited)**

Taxpayer	2019			2010		
	Equalized Value	Rank	Percentage of Total Equalized Value	Equalized Value	Rank	Percentage of Total Equalized Value
Greater Rockford Airport	\$ 11,342,625	1	0.70%	\$ 11,927,080	2	0.63%
Lowe's Home Centers Inc.	10,343,250	2	0.64%	15,250,281	1	0.80%
Welsey Willows	10,126,651	3	0.63%			
Forest Plaza LLC	7,509,397	4	0.46%	8,260,403	4	0.44%
PCI, Inc	5,575,566	5	0.34%			
Beacon Hill Apartment	4,652,134	6	0.29%			
MB Rockford State LLC	4,386,112	7	0.27%	4,519,846	5	0.24%
Rockford Memorial Hospital	4,040,621	8	0.25%			
Fairhaven Christian Home	3,982,106	9	0.25%	3,994,738	7	0.21%
Meijer	3,692,789	10	0.23%			
Walmart Stores INC				9,953,582	3	0.53%
Anderson Rockford LLC				4,223,184	6	0.23%
Hamilton Sundstrand Corporation				3,951,829	8	0.21%
Rock River Valley Industrial Park				3,787,990	9	0.20%
Ruloff Harrison LLC				2,868,308	10	0.15%
Totals	<u>\$ 65,651,251</u>		<u>4.06%</u>	<u>\$ 68,737,241</u>		<u>3.64%</u>

Data Source: Winnebago County Collector's office.

**CITY OF ROCKFORD, ILLINOIS**

**Property Tax Levies and Collections - Last Ten Fiscal Years  
December 31, 2019 (Unaudited)**

<b>Tax Levy Year</b>	<b>Tax Levy (1)</b>	<b>Collections (2)</b>	<b>Percent of Tax Levy Extension Collected</b>	<b>Delinquent Tax Collections (3)</b>	<b>Total Tax Collections</b>	<b>Total Collections as Percent of Current Tax Levy Extensions</b>
2010	\$ 54,562,306	\$ 54,196,463	99.33%	\$ (26,980)	\$ 54,169,483	99.28%
2011	54,950,931	54,658,636	99.47%	(46,452)	54,612,184	99.38%
2012	55,719,158	55,409,385	99.44%	(68,121)	55,341,264	99.32%
2013	55,147,024	54,692,794	99.18%	—	54,692,794	99.18%
2014	55,133,178	54,557,726	98.96%	—	54,557,726	98.96%
2015	54,580,057	53,655,866	98.31%	(156,499)	53,499,367	98.02%
2016	54,607,510	54,137,076	99.14%	(68,339)	54,068,737	99.01%
2017	54,524,654	53,968,144	98.98%	(51,618)	53,916,526	98.88%
2018	55,567,606	55,220,493	99.38%	(22,454)	55,198,039	99.33%
2019	54,564,494	—	0.00%	—	—	0.00%

Data Source: City Records

Notes:

The tax levy extensions do not include tax increment financing districts or special service tax areas.

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.

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 2019 levy will be collected in 2020.

**CITY OF ROCKFORD, ILLINOIS**

**Ratios of Outstanding Debt by Type - Last Ten Fiscal Years  
December 31, 2019 (Unaudited)**

Fiscal Year	Governmental Activities						
	General Obligation Bonds	Section 108 Guaranteed Loans	EPA Water Pollution Obligation	Promissory Term Note	Capital Leases	Installment Contracts Payable	Lines of Credit
2010	\$ 95,493,350	\$ 1,455,000	\$ 497,576	\$ 2,352,013	\$ —	\$ —	\$ 9,150,967
2011	86,493,400	1,355,000	392,721	452,741	—	—	5,758,859
2012	77,768,281	1,185,000	284,680	350,781	10,034,707	—	6,041,424
2013	69,426,067	1,005,000	173,357	246,065	15,375,022	—	1,766,293
2014	67,266,849	825,000	58,653	138,518	16,778,615	—	1,661,113
2015	69,826,993	635,000	—	28,065	17,797,236	—	1,461,113
2016	76,178,017	3,175,000	—	—	15,723,141	—	1,461,113
2017	67,814,223	3,115,000	—	—	13,195,517	—	—
2018	60,276,399	3,055,000	—	—	19,410,938	751,754	—
2019	76,272,024	2,868,000	—	—	25,689,359	539,624	—

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.

<b>Business-Type Activities</b>							
<b>Water General Obligation Alternate Bonds</b>	<b>Parking System General Obligation Alternate Bonds</b>	<b>Water IEPA Loan</b>	<b>Capital Leases</b>	<b>Water Installment Purchase Agreement</b>	<b>Total Primary Government</b>	<b>Percentage of Personal Income (1)</b>	<b>Per Capita (1)</b>
\$ 37,363,836	\$ 1,805,667	\$ 26,909,280	\$ —	\$ 14,000,000	\$ 189,027,689	3.74%	\$ 1,235
34,432,263	1,781,937	35,293,002	—	4,000,000	169,959,923	3.25%	1,118
31,626,691	1,725,000	36,607,891	669,021	—	166,293,476	3.00%	1,101
28,876,652	1,650,000	34,913,623	1,158,802	—	154,590,881	2.75%	1,027
26,266,614	1,575,000	33,170,452	1,281,492	—	149,022,306	2.61%	998
23,776,576	7,815,000	31,373,810	1,261,945	—	153,975,738	2.62%	1,037
21,608,315	8,140,000	29,483,315	1,033,603	—	156,802,504	2.64%	1,062
19,383,870	7,774,919	27,558,040	858,998	—	139,700,567	2.36%	950
17,454,125	7,430,259	25,602,864	673,799	—	134,655,138	2.19%	919
15,788,818	8,249,967	23,606,083	995,563	—	154,009,438	2.46%	1,058

**CITY OF ROCKFORD, ILLINOIS**

**Ratios of General Bonded Debt Outstanding - Last Ten Fiscal Years**

**December 31, 2019 (Unaudited)**

<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Equalized Value (3)</b>	<b>Bond Principal (2)</b>	<b>Less: Debt Service</b>	<b>Net Bonded Debt</b>	<b>Ratio of Net Bonded Debt to Equalized Value</b>	<b>Net Bonded Debt Per Capita</b>
2010	153,047	\$ 2,008,995,393	\$ 134,662,853	\$ 8,317,681	\$ 126,345,172	6.29%	\$ 826
2011	152,021	1,891,533,215	122,707,600	8,620,869	114,086,731	6.03%	750
2012	151,095	1,709,052,860	111,119,972	8,208,657	102,911,315	6.02%	681
2013	150,492	1,551,965,935	99,952,719	8,708,437	91,244,282	5.88%	606
2014	149,287	1,452,026,645	95,108,463	8,895,000	86,213,463	5.94%	578
2015	148,422	1,438,623,439	101,418,569	9,940,202	91,478,367	6.36%	616
2016	147,651	1,443,301,828	105,926,332	9,984,081	95,942,251	6.65%	650
2017	147,051	1,473,147,305	94,973,012	13,791,170	81,181,842	5.51%	552
2018	146,526	1,537,222,547	85,160,783	11,356,205	73,804,578	4.80%	504
2019	145,609	1,649,676,978	100,310,809	12,106,408	88,204,401	5.35%	606

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 general obligation bonds being funded by earnings of the Water Utility Fund or Water revenue bonds, and Water general obligation alternate bonds for long-term debt.

(3) Does not include tax increment financing areas equalized value.

**CITY OF ROCKFORD, ILLINOIS**

**Schedule of Direct and Overlapping Bonded Debt  
December 31, 2019 (Unaudited)**

<b>Name of Governmental Unit</b>	<b>Total Debt Outstanding</b>	<b>(2) Percentage Applicable to City</b>	<b>City's Share of Debt</b>
<b>DIRECT</b>			
City of Rockford, Illinois (1)	\$82,742,337	100.0%	\$82,742,337
<b>OVERLAPPING</b>			
Schools:			
Rockford School District #205	181,321,755	70.8%	128,285,142
Harlem School District #122	14,110,000	2.7%	375,326
Meridian School District #223	11,658,628	94.0%	10,954,447
Pecatonica School District #321	355,333	10.3%	36,599
Winnebago School District #323	10,427,400	5.9%	613,131
Rock Valley Community College #511	74,125,000	59.8%	44,311,925
	<u>291,998,116</u>		<u>184,576,570</u>
Other units:			
Winnebago County	105,255,000	39.3%	41,365,215
Winnebago County Forest Preserve	1,869,090	39.3%	734,552
Rock River Water Reclamation District	27,185,000	57.5%	15,617,783
Greater Rockford Airport Authority	35,612,815	54.1%	19,262,972
Rockford Township	—	74.3%	—
Cherry Valley Township	—	41.4%	—
Winnebago Township	—	0.7%	—
Owen Township	—	22.5%	—
Rockford Park District	41,785,000	70.0%	29,266,214
	<u>211,706,905</u>		<u>106,246,736</u>
Total overlapping debt	<u>503,705,021</u>		<u>290,823,305</u>
Total direct and overlapping debt	<u>\$586,447,358</u>		<u>\$373,565,642</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, 2019 (Unaudited)**

**LEGAL DEBT MARGIN CALCULATION FOR THE FISCAL YEAR 2019**

Assessed value	<u>\$ 1,649,676,978</u>
Debt limit - State (8.625% of assessed value)	<u>142,284,639</u>
Debt limit - City (80% of the State limit)	<u>113,827,711</u>
Debt applicable to limit:	
Lease/purchase agreements	<u>27,224,546</u>
Total amount of debt applicable to debt limit	<u>27,224,546</u>
Legal debt margin	<u>\$ 86,603,165</u>

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Debt limit	\$ 138,620,682	\$ 130,515,792	\$ 117,924,647	\$ 107,085,650
Total net debt applicable to limit	<u>51,882,980</u>	<u>31,216,600</u>	<u>37,665,933</u>	<u>30,531,182</u>
Legal debt margin	<u>\$ 86,737,702</u>	<u>\$ 99,299,192</u>	<u>\$ 80,258,714</u>	<u>\$ 76,554,468</u>
Total net debt applicable to the limit as a percentage of debt limit	37.43%	23.92%	31.94%	28.51%

Data Source: City Records

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2014	2015	2016	2017	2018	2019
\$ 100,189,839	\$ 99,265,017	\$ 99,587,826	\$ 101,647,164	\$ 106,068,356	\$ 113,827,711
27,828,738	25,393,359	20,204,254	14,480,517	19,760,938	27,224,546
\$ 72,361,101	\$ 73,871,658	\$ 79,383,572	\$ 87,166,647	\$ 86,307,418	\$ 86,603,165
27.78%	25.58%	20.29%	14.25%	18.63%	23.92%

**CITY OF ROCKFORD, ILLINOIS**

**Pledged-Revenue Coverage - Last Ten Fiscal Years  
December 31, 2019 (Unaudited)**

Fiscal Year	Water Service Charges	Less: Operating Expenses	Net Revenue Available for Debt Service	Debt Service		Total	Coverage
				Principal	Interest		
Water Utility Fund							
2010	\$ 22,715,297	\$ 18,013,327	\$ 4,701,970	\$ 2,965,000	\$ 1,615,853	\$ 4,580,853	1.03%
2011	22,675,543	18,696,527	3,979,016	2,910,000	1,520,749	4,430,749	0.90%
2012	24,682,211	21,578,537	3,103,674	2,740,000	1,407,193	4,147,193	0.75%
2013	23,248,674	19,952,612	3,296,062	2,665,000	1,212,451	3,877,451	0.85%
2014	23,572,048	22,382,536	1,189,512	2,480,000	1,120,789	3,600,789	0.33%
2015	24,642,193	20,496,014	4,146,179	2,365,000	1,026,735	3,391,735	1.22%
2016	27,301,152	20,922,909	6,378,243	3,175,000	1,595,786	4,770,786	1.34%
2017	28,615,526	21,867,186	6,748,340	2,130,000	1,433,182	3,563,182	1.89%
2018	28,238,574	22,186,694	6,051,880	2,365,000	1,328,979	3,693,979	1.64%
2019	29,064,491	22,924,230	6,140,261	1,625,000	668,306	2,293,306	2.68%

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, 2019 (Unaudited)**

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<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Personal Income (Thousands of dollars) (3)</b>	<b>Per Capita Personal Income (2)</b>	<b>Unemployment Rate (4)</b>
2010	153,047	\$ 5,054,377	33,025	16.60%
2011	152,021	5,226,026	34,377	14.40%
2012	151,095	5,547,755	36,717	13.80%
2013	150,492	5,629,304	37,406	12.20%
2014	149,287	5,707,839	38,234	9.80%
2015	148,422	5,882,706	39,635	7.50%
2016	147,651	5,943,543	40,254	7.70%
2017	147,051	5,919,391	40,254	6.40%
2018	146,526	6,152,773	41,991	6.40%
2019	145,609	6,270,797	43,066	5.80%

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 Nine Fiscal Years Ago  
December 31, 2019 (Unaudited)**

Taxpayer	2019			2010		
	Employees (1)	Rank	Percentage of Total City Employment	Employees (2)	Rank	Percentage of Total City Employment
Rockford Public Schools	4,890	1	3.00%	4,800	1	3.30%
Mercyhealth/Rockford Health	4,520	2	2.77%	2,500	4	1.72%
Fiat Chrysler Automobiles	3,749	3	2.30%	2,350	5	1.62%
SwedishAmerican Health System (3)	3,375	4	2.07%	2,600	3	1.79%
UPS	2,203	5	1.35%	2,000	6	1.37%
OSF Healthcare (4)	2,200	6	1.35%	2,000	7	1.37%
UTC Aerospace Systems	2,200	7	1.35%			
Woodward Govenor Company	1,900	8	1.17%			
PCI - Packaging Coordinators Inc	1,800	9	1.10%			
Wal-Mart Stores	1,470	10	0.90%	2,750	2	1.89%
Hamilton Sundstrand Corporation				2,000	8	1.37%
Winnebago County				1,600	9	1.10%
Harris Bank				1,600	10	1.10%
Totals	<u>28,307</u>		<u>17.36%</u>	<u>24,200</u>		<u>16.63%</u>
Total employment in the Rockford MSA	<u>162,941</u>			<u>145,500</u>		

Note:

- (1) Data Source: Rockford Area Economic and Development Council
- (2) Based on March 2010 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, 2019 (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, 2019 (Unaudited)**

<b>Function/Program</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
General government:				
Mayor's office	6.0	5.0	4.0	4.0
Legal department	17.0	12.0	12.0	12.0
Finance office	31.0	30.0	31.0	36.0
Information technology	6.0	6.0	6.0	4.0
Human resources	6.0	5.0	5.0	5.0
Public safety				
Police department				
Officers	282.0	282.0	283.0	283.0
Civilians	36.0	36.0	36.0	36.0
Fire department	282.0	278.0	280.0	280.0
911	53.0	53.0	53.0	53.0
Public works - traffic	13.0	11.0	11.0	11.0
Construction services	18.0	15.0	15.0	25.2
Streets, alleys and bridges				
Administration	4.0	2.0	2.0	2.0
Engineering	7.5	5.5	10.0	9.5
Capital projects	17.2	18.5	17.0	16.5
Street and sewer maintenance	38.0	32.0	31.0	31.0
Property and equipment	27.0	24.0	24.0	23.0
Community development				
Administration	1.5	1.5	1.5	1.5
Development	7.0	8.0	8.0	7.0
Planning	5.3	4.3	4.3	4.3
Code enforcement	12.2	10.2	10.2	—
Culture and recreation				
Library	82.0	84.5	86.0	86.3
Public health and welfare	97.9	99.0	91.0	96.4
Parking	8.5	8.5	8.5	8.5
Water	77.0	72.0	72.0	64.0
Totals	1,135.0	1,103.0	1,101.5	1,099.1

Data Source: City Finance Office

2014	2015	2016	2017	2018	2019
4.0	4.0	4.0	5.0	5.0	5.0
12.0	13.0	13.0	13.0	13.0	13.0
36.0	36.0	36.0	36.0	36.0	33.0
4.0	4.0	4.0	4.0	5.0	6.0
5.0	5.0	5.0	5.0	5.0	5.0
286.5	287.0	287.0	284.0	301.0	301.0
36.0	36.0	36.0	40.0	41.0	40.0
259.0	259.0	259.0	261.0	272.0	272.0
53.0	53.0	52.0	52.0	52.0	52.0
11.0	11.0	12.0	11.0	12.0	12.0
25.2	23.2	24.0	23.0	25.0	21.0
2.0	2.0	2.0	2.0	2.0	2.0
8.0	9.1	9.0	10.0	6.0	6.1
18.0	18.9	20.0	20.0	21.0	19.9
31.0	31.0	30.0	30.0	31.0	31.0
23.0	23.0	24.0	25.0	24.0	24.0
1.5	1.5	2.0	2.0	1.5	1.5
7.0	6.0	6.0	5.0	6.0	6.0
4.3	4.3	5.0	4.0	4.5	8.5
—	—	—	—	—	—
87.0	87.0	88.0	88.0	87.0	87.0
95.5	86.4	89.0	89.0	93.4	84.4
3.0	3.0	3.0	3.0	3.0	3.0
64.0	63.0	64.0	63.0	63.0	65.0
1,076.0	1,066.4	1,074.0	1,075.0	1,109.4	1,098.4

**CITY OF ROCKFORD, ILLINOIS**

**Operating Indicators by Function/Program - Last Ten Fiscal Years  
December 31, 2019 (Unaudited)**

<b>Function/Program</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>Police department</b>				
Total calls for service	167,304	166,714	164,000	154,000
Total group A offenses	23,169	19,876	19,854	20,504
Total group B offenses	N/A	14,715	12,447	12,345
Arrests	13,536	13,676	13,536	N/A
Clearance rate	33.40%	33.21%	34.80%	34.60%
<b>Fire department</b>				
Total call for service	22,839	22,216	24,800	25,100
Number of fire investigations	216	180	216	180
Total number of fire calls	564	566	641	625
Total number of ambulance runs	17,958	18,854	19,506	19,804
<b>911 center</b>				
Total non-emergency calls	112,076	109,984	106,712	101,971
Total emergency calls	119,200	126,613	131,809	117,484
Total police dispatches	167,305	174,368	168,848	153,646
Total fire dispatches	23,539	25,440	38,997	28,676
<b>Construction and development services</b>				
Building permits	6,722	7,058	7,411	6,642
Code enforcement	8,710	3,455	6,740	4,293
Total inspections	10,157	11,000	11,800	11,200
Demolitions	127	135	121	28
<b>Human services</b>				
Households receiving energy assistance	13,000	9,649	6,873	6,000
Head start children served	721	780	677	664
Homeless prevention clients served	1,267	2,800	1,267	2,800
Summer food program - meals served	4,400	22,515	23,362	23,350
Clients receiving weatherization assistance	459	500	581	120
<b>Sanitation division</b>				
Regular tonnage	52,120	53,210	45,497	45,970
Composting tonnage	14,320	14,560	12,440	13,114
Recycling tonnage	7,210	7,330	6,064	6,499
<b>Public works</b>				
Number of engineering plans reviewed	70	75	100	128
Number of permits issued	1,751	1,625	1,507	2,061
Plowing/spreading occurrences	21	22	17	24
Street sweeping cycles	3	3	3	3
Tree trims	1,181	1,500	2,541	1,523
Tree plantings	28	100	278	756
Total requests	N/A	N/A	8,376	7,724
Average days to close request	N/A	N/A	24	79
<b>Parking division</b>				
Total parking spaces	4,504	4,504	4,504	4,504
Number of tickets issued	18,268	15,769	14,950	18,000
<b>Water division</b>				
Number of users	53,055	52,725	50,973	50,703
Annual water production (billion gallons)	7	7	7	7

Source: City finance department

N/A: Not Available

2014	2015	2016	2017	2018	2019
146,033	162,339	158,966	159,511	161,679	154,840
18,217	18,119	18,164	17,489	17,433	15,921
8,659	9,872	9,960	10,141	11,692	11,777
N/A	N/A	N/A	N/A	N/A	N/A
36.10%	32.70%	34.00%	37.50%	44.00%	39.80%
22,008	27,446	27,580	28,378	29,217	29,398
180	180	N/A	N/A	N/A	N/A
638	690	679	534	716	681
20,732	21,844	21,580	22,390	22,892	22,855
105,744	106,246	132,427	108,080	105,096	95,697
134,387	137,945	108,072	132,868	121,605	111,806
195,293	167,305	163,339	161,572	168,680	155,071
25,990	27,838	31,557	28,835	29,217	34,204
9,664	6,463	N/A	6,744	8,726	6,665
4,779	5,312	N/A	N/A	N/A	N/A
10,500	9,572	8,095	8,710	11,866	20,724
113	113	118	215	81	27
6,000	8,270	7,943	7,796	9,099	10,299
756	760	763	689	798	1,164
2,800	1,155	1,155	410	218	304
23,350	53,982	56,509	57,272	58,908	52,710
120	112	90	62	89	140
47,314	47,140	48,609	51,140	49,985	51,357
11,994	12,470	12,777	11,627	12,720	12,924
7,250	8,230	7,674	6,969	7,369	7,695
169	159	154	136	130	181
1,852	2,091	1,576	2,171	1,772	1,801
24	22	17	13	26	21
N/A	N/A	N/A	N/A	N/A	N/A
2,725	2,384	2,802	3,075	2,137	2,310
686	530	536	211	174	151
6,553	7,271	5,633	6,093	4,204	6,242
49	49	NA	NA	NA	NA
4,233	4,170	8,246	8,052	4,170	4,170
13,092	19,000	17,830	17,077	16,488	14,646
50,800	50,800	50,888	51,060	52,329	51,123
7	7	6	6	6	6

**CITY OF ROCKFORD, ILLINOIS**

**Capital Asset Statistics by Function/Program - Last Ten Fiscal Years  
December 31, 2019 (Unaudited)**

<b>Function/Program</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Police department				
Stations	1	1	1	1
Substations	4	4	4	4
Squad cars	130	130	135	140
Vans (including trucks and mobile units)	40	40	41	42
Fire department				
Stations	11	11	11	11
Companies:				
Engine	8	8	8	8
Quints	3	3	3	3
Ladder	2	2	2	2
Ambulances	6	6	6	6
Library				
Main facility	1	1	1	1
Branch facilities	5	5	5	5
Parking division				
Surface lots	32	32	33	34
Garages	5	5	5	5
Water division				
Water mains (miles)	770	816	820	820
Wells	39	27	27	27
Treatment Plants	10	10	10	10
Production capacity (gal per day)	76,500,000	76,500,000	76,500,000	76,500,000

Date Source: City finance department

2014	2015	2016	2017	2018	2019
1	1	3	3	3	3
4	4	4	4	4	4
150	150	150	150	159	188
45	45	45	45	45	48
11	11	11	11	11	11
8	8	9	1	9	9
3	3	3	4	—	—
2	2	4	5	4	4
6	6	7	11	7	7
1	1	1	1	1	—
5	5	5	6	6	6
34	34	37	37	37	37
4	4	4	4	4	4
820	820	816	824	824	826
27	30	26	26	26	26
10	12	12	12	12	13
76,500,000	76,500,000	76,500,000	76,500,000	76,500,000	76,500,000