

CITIZEN'S BUDGET HIGHLIGHTS

The City's goal in developing the 2012 budget was to continue offering citizens basic services, economic development efforts, a continuing capital improvements program, and fiscal stability. Development and adoption of this budget was premised on maintaining a level of service equivalent to 2011, making incremental improvements where possible, and continuing to comply with the limitations of the Property Tax Extension Limitation Law (Taxcaps).

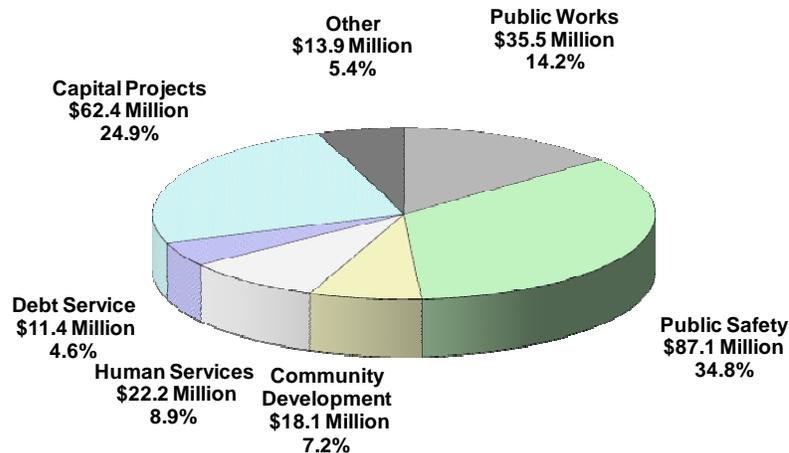
PROGRAM EXPENDITURES

The budget appropriation in 2012 is \$250.6 million for all funds, a decrease of \$1.6 million from the 2011 appropriation of \$252.2 million. Major program changes for 2012 include:

Community Development's appropriation decreases \$513,000. Decreases are the result of a reduction in permanent salaries, health insurance and IMRF costs, the elimination of TIF development costs and Brownfield grants, and decreases in cleanups and demolitions.

Public Safety's appropriation increases \$3.9 million. Increases are the result of contract increases and pension costs in Police, Fire, and 911 Communications budgets.

**City of Rockford, Illinois
2012 Budget -- Where The Money Goes
\$250.6 Million -- All Funds**



(2011-\$252.2)

Human Services' appropriation decreased \$2.1 million from 2011. Decreases for Human Services are due to a decrease in Weatherization personnel. Expenses that directly impact the community, such as homeless prevention and housing assistance decreased as well. Decreases in contractual expenses occurred due to the completion of additional federal ARRA funding for a number of programs.

The Public Works budget increases \$578,000 from the previous year's budget. Personnel costs increased and as a result, IMRF and health insurance expense also increased.

The budget for Debt Service decreases \$910,000 from 2011 to 2012.

The Capital Projects Fund budget for 2012 changed slightly from the previous year. Projects that will begin in 2012 include total reconstruction of W. State Street and the Morgan Street Bridge and construction of Main and Auburn Roundabout.

In the Other category, the decrease of \$2.4 million is due to a decrease in contractual services offset by decreases in permanent salaries, pension and health insurance expenses in the Health Insurance Fund, Workers' Compensation Fund, Risk Management Fund and the Legislative and Management departments within the General Fund.

REVENUES

For 2012, the revenue budget is \$269.5 million for all funds, an increase of \$2.2 million from 2011's \$267.3 million.

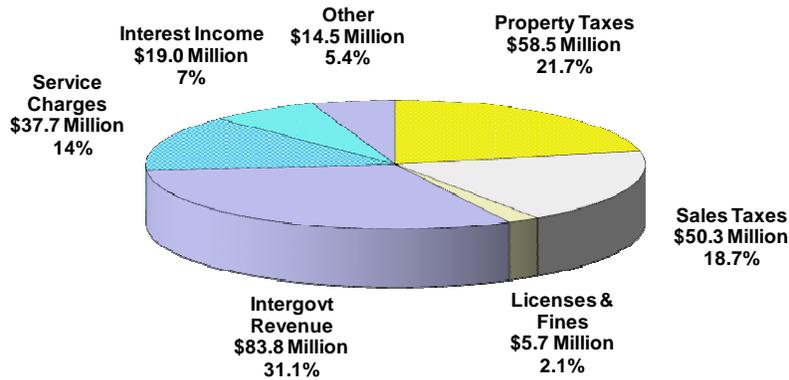
The 2012 revenue budget emphasizes:

- A stable property tax levy.
- Continued emphasis on user fees including systematically updating the rates to keep pace with costs.
- Ongoing efforts to aggressively capture federal and state revenues.

Major revenue changes for 2012 include:

Sales tax increased \$1.5 million due to improvement in the current economic conditions.

**City of Rockford, Illinois
2012 Budget -- Where The Money Comes From
\$269.5 Million -- All Funds**



(2011 - \$267.3 Million)

Service charges increase \$384,000 from the previous year total of \$37.3 million due to a stabilization in turn-off fees for the water utility as customers became accustomed to monthly water billing.

Intergovernmental revenues from federal, state, and local governments are projected to decrease \$2.4 million from 2011.

Property taxes decreased \$351,000 from the 2011 total due to a decrease in the EAV.

Interest income increased \$1.9 million from the 2011 total of \$17.1 million due to the increased revenue from police and fire pension investments.

ACCOUNT EXPENDITURES

The 2012 City Budget, when viewed from a line item rather than a program perspective, illustrates the fact that over forty percent of the budget is attributable to personnel and infrastructure improvements. This reflects the fact that the City is a labor intensive service organization with 1,100 employees and has a considerable investment in streets, bridges, buildings, and water and sewer systems that must be maintained and renewed.

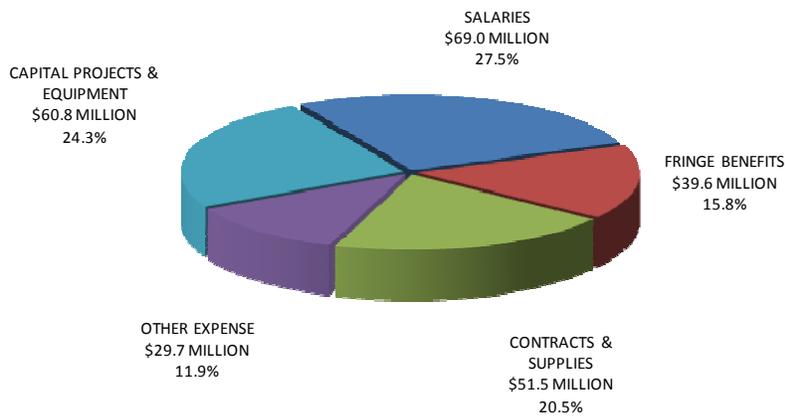
Major spending changes by account type for 2012 are:

Salaries increased \$1.1 million as a result of contract increases.

Fringe benefits increased \$3.0 million as a result of health insurance premium increases and pension increases.

Contractual and supply accounts decreased \$3.8 million. Human Services contributed to this decrease as a result of an decrease in service contracts. In addition, the health insurance fund went down due to decreased medical and pharmacy costs.

City of Rockford, Illinois
2012 Budget -- \$250.6 Million
All Funds Combined By Account Classification



(2011-\$252.2 MILLION)

Capital projects decrease \$372,000 from the 2011 budget, with available funding for transportation and economic development initiatives. Projects scheduled to begin in 2012 include total reconstruction of W. State Street and South Main Street and the Main and Auburn Roundabout.

Other expenses are projected to decrease \$1.5 million.

COUNCIL CHANGES TO THE BUDGET

The Council received the budget on August 20, 2011 and referred it to the Finance Committee. The Committee, after holding three budget hearings with departments, approved the budget on December 19, 2011.

WHAT THE 2012 BUDGET WILL COST THE TAXPAYER

The 2012 budget continues stability for the Rockford homeowner. For a homeowner with a \$100,000 home, the rate and cost for 2008 – 2012 are shown below.

Property Tax Bill (City Portion Only) For Home With \$100,000 Market Value 2008-2012 Levy Years		
<u>Year</u>	<u>Rate</u>	<u>Bill</u>
2008	2.21	615
2009	2.23	610
2010	2.35	645
2011	2.49	681
2012	2.68	733

Whiles the rates are anticipated to increase for 2011 and 2012, the increase is a reflection of decreasing equalized assessed valuations (EAV). The levies, as always under non-home rule tax rates and the property tax extension limitation law (tax caps), are limited as to increases. If EAV decreases, the tax rates will rise to maintain the status quo.

The City continues to use and to selectively adjust user fees so that those who use certain services pay for them rather than passing the costs on to all taxpayers through property taxes. Through a combination of property taxes and user charges, quality city services will be offered at a reasonable cost to the residents of Rockford.

HOW TO USE THIS DOCUMENT

This budget document is intended to provide Rockford Citizens with information about 2011 City government and services.

The Table of Contents lists every subject covered in this document and its' page number. The document is organized under three major headings composed of a total of eight divider sections (Roman Numerals).

INTRODUCTORY SECTION

- I. Executive Summary
 - Citizen's Budget Highlights
 - How To Use This Document
 - The Budget Process and Document
 - Significant Budget Issues

PROGRAM SUMMARIES

- II. Legislative and Management Services
- III. Community Development Services
- IV. Human Services
- V. Public Safety Services
- VI. Public Works Services
- VII. Non-Operating Funds

SUPPORTING INFORMATION

- VIII. Supplemental Section
 - Summary Schedules
 - Financial Policies

This budget is a financial plan relating proposed City services for the year with the estimated means of financing them. The budget is prepared on a basis sufficient to accommodate accounting, legal and management requirements.

The 2012 budget is comprised of sixty-six (66) budgetary units. A budgetary unit can be defined as either a department, such as the Police Department, or a division of a department, such as the Street Division of the Public Works Department. A department, utilized in a managerial fashion by the City, can be by fund, such as the Library Fund or can be part of a fund, like the Fire Department in the General Fund. It also can consist of parts of the General Fund as well as other funds, such as the Community Development and Public Works Departments. An accounting fund(s) can be a department, like the 911 Communications Fund, or a division of a department, such as the Water Fund in Public Works.

Each city budgetary unit, regardless of accounting fund, is assigned to a program category, i.e., Police to Public Safety. For those readers interested in the City budget from a purely fund accounting point of view, the summary schedules in the appendix address that need as does the

Revenue and Financing Changes section in the summary's Significant Budget Issues. Revenues from a program perspective are discussed under each department.

The description of each budgetary unit and its programs is structured as follows:

- Budgetary Unit Summary
 - Mission Statement
 - Primary Functions
 - 2011 Accomplishments
 - 2012 Goals and Objectives
 - Budget Summary
(2010-2012 Expenditure and 2009-2012 Staffing
Review, 2011-2012 Funding Analysis)
 - Budget Analysis
 - Information and Statistics
 - Capital Equipment
 - Personnel Review
 - Performance Measures

The City utilizes a cost center budget with a cost center defined as the budget for a specific service being delivered. The primary advantage of cost center budgeting is that it gives policy makers and management exact information concerning a service and its associated costs for the decision making process. The cost center provides a description of the service being provided, how it is being provided and the service unit being delivered. For example, cost centers in the Fire Department budget are categorized by function such as Ambulance or Arson Investigation. The budget for a cost center includes all costs associated with providing the particular service—labor, fringe benefit, contractual, supply, interest and capital expenditures.

Additional information on the City's fiscal affairs is available in the following documents at City Hall:

- City Financial Statements
- City Annual Report
- City Capital Improvements Program

The Finance Department staff is also available to answer any questions citizens may have on the City's financial affairs:

City of Rockford - Finance Department
425 East State Street
Rockford, Illinois 61104
(815) 987-5643

BASIS OF BUDGETING

The City's budget is prepared on the gross, rather than net budgetary basis. In order to associate costs with services, revenues and expenditures for pensions and certain other fringe benefits are budgeted by premium or unit/percentage allocation in departments providing services and are then transferred to funds that provide for the actual expenditures.

All revenues and expenditures that result from transfers between funds are adjusted to eliminate overstatements when all funds are consolidated.

While the 2011 audit is not yet completed, the 2011 actual revenues and/or expenditures used herein are materially correct.

The budget for the City of Rockford general government funds (these include the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Project Funds) is prepared on a modified accrual basis consistent with Generally Accepted Accounting Principles. This means that expenditures are recorded when the related fund liability (such as an outstanding purchase order) is incurred and revenue is recognized when measurable and available. Expendable trust and agency funds are also prepared on the modified accrual basis.

Enterprise Funds, Internal Service Funds, Non-expendable Trust Funds, Pension Trust Funds, and Component Units are budgeted according to accrual accounting. These funds recognize revenues in the accounting period in which they are earned and become measurable while expenses are recognized in the period they are incurred. Budgeting for these funds is also consistent with Generally Accepted Accounting Principles.

The City attempts to use Generally Accepted Accounting Principles when preparing the budget, one exception is noted:

For budget purposes, Proprietary Funds expense compensated absence liabilities when paid to employees as opposed to GAAP statements which require these liabilities to be accrued as earned.

THE PROCESS, PUBLIC INVOLVEMENT, AMENDING THE BUDGET

The City's fiscal year is the calendar year and its budget cycle is an annual one. By Illinois State Statutes, the Council must pass a budget prior to the end of the first quarter of the proposed budget year. During the first quarter of the proposed budget year, if the Council has not yet adopted a new budget, departments operate under the prior year's budget. Typically, the process begins sometime in March/April and ends at some point before the beginning of the budget year.

THE 2012 PROCESS

The 2012 process began early in 2011 due to projected General Fund deficit. Two Saturday hearings were held in August, followed by one hearing held in September and one in October to achieve budget approval by the end of 2011. Since 2003, two hearings have been held every year with the exception of 2005. The schedule of events is shown in the Budget Timeline, beginning on Page EX-10.

PUBLIC INVOLVEMENT

It is the City's policy to keep citizens informed during the budget process and to seek public input. In addition to holding public hearings, the City also makes available, before and after adoption, other summary and detail information. The City's efforts are assisted by extensive media coverage (daily newspaper, four television stations and a number of radio stations).

AMENDING THE BUDGET

The State of Illinois provides two avenues for budget (Appropriation Ordinance) amendment.

The City Council, at any time after the first half of each fiscal year, by a two-thirds vote of all members, may make transfers within any department of funds appropriated for one corporate purpose to another.

During any part of the fiscal year, the Council may adopt a supplemental Appropriation Ordinance in an amount not in excess of the aggregate of any additional revenue available to the City, or estimated to be received, subsequent to the adoption of the Appropriation Ordinance for that fiscal year. Such a supplemental Appropriation Ordinance shall affect only revenue that was not available for appropriation when the annual Appropriation Ordinance was adopted.

**CITY OF ROCKFORD, ILLINOIS
BUDGET TIMELINE
THE 2012 PROCESS**



March 2011	Finance Department prepares preliminary budget estimates and discusses budget policies for the forthcoming year with the Mayor.
May – June 2011	Public Works Department begins work on updating the five-year Capital Improvement Program.
June 2011	Finance Department determines budgetary allocations. Departments receive budget packages.
July 2011	Departments complete and return budget packages to Finance Department for review.
July – August 2011	Finance Department reviews Department budgets and prepares a budget draft.
August 2011	Mayor’s Office reviews budget and presents budget to Council.
August – October 2011	Finance Committee and Council, as Committee of Whole, hold budget hearings (August 20 th , August 27 th , September 10 th , October 22 nd) with City Departments.
September – October 2011	Mayor submits 2012-2016 Capital Improvements Program to Council for Committee review and approval.
October 24, 2011	Council adopts 2012-2016 Capital Improvements Program.
December 19, 2011	Finance Committee approves budget and submits to Council (Committee Report). Council holds State Budget Act public hearing for citizen input. Appropriation Ordinance and 2012 Budget Committee Report adopted by Council.

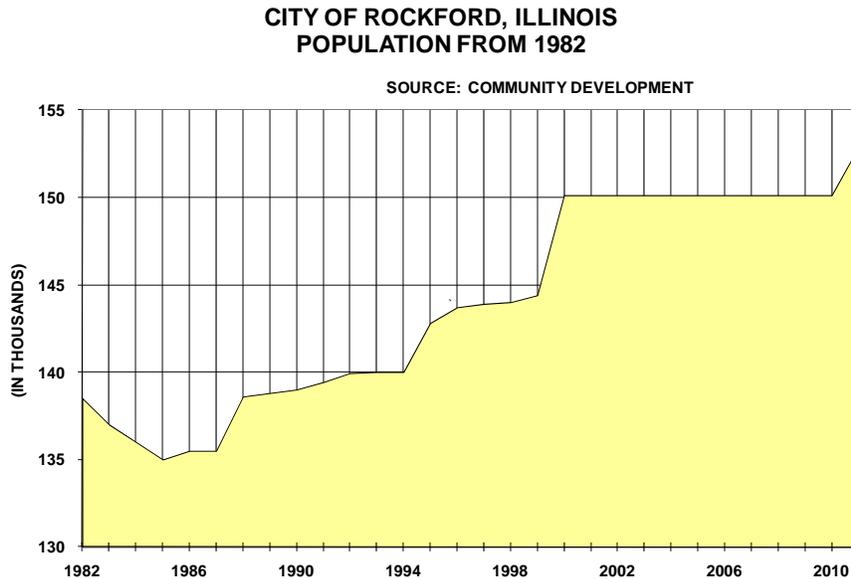
FINANCIAL PLANNING — THE KEY TO THE FUTURE

Beginning in 1984 with the General Fund, the City incorporated long-term financial planning into its budget cycle. In 1989, the planning process was expanded to incorporate the balance of the City's budget. Each year the budget staff updates selected trends and the five-year forecast. In conjunction with this, the City has from time to time used a financial task force of business and financial executives who review and discuss the trends, assumptions, and proposed forecasts. In addition, the group reviews financial policy proposals that the staff develops for Council approval.

Since their inception, the planning process and the financial advisory group have guided the development of financial policies for budgeting, cash flow management, infrastructure improvement, and investment guidelines. In addition, the planning process has provided policy makers with the opportunity to view the possible future and temper today's decisions accordingly.

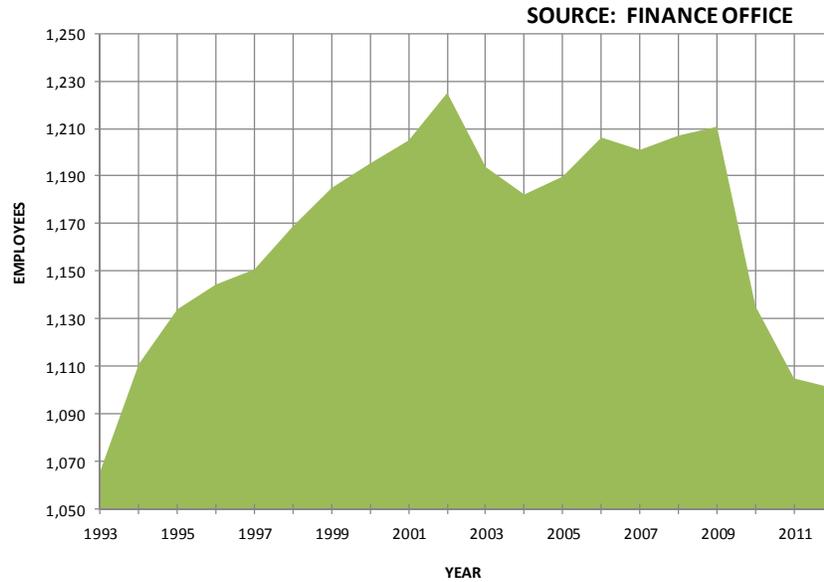
SELECTED TRENDS

One key to the financial planning process is gathering information about trends that affect the City's financial future. One set of trends the City continually examines is demographics such as population, jobs, and unemployment. The 2010 census of 152,871 was 2,756 (1.8%) greater than the 2000 census of 150,115. The population is expected to increase gradually over the next few years. The transformation of the local economy, the City's ongoing annexation program, and the selection of Rockford as a choice of residence for Chicago suburbanites contribute to the City's increasing population.



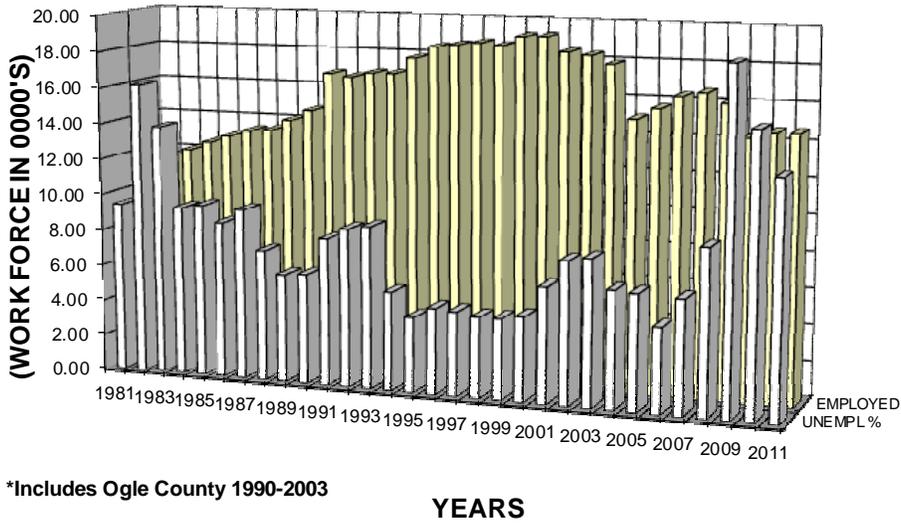
During the 1980's, the City took steps to keep the ratio of its employees and population in proportion. Since then, the City has maintained a constant ratio of employees per thousand residents. This ratio should continue to remain stable in the future as both the population and the City work force incrementally increase.

**CITY OF ROCKFORD, ILLINOIS
MUNICIPAL EMPLOYMENT 1993-2012**



Although the City continues to attain an increasing population, the last few years have been difficult for the manufacturing industry. Unemployment in the City and County in general has been higher than state and national averages. Strong local economic development efforts by organizations such as the Chamber of Commerce, the Rockford Area Economic Development Council, and the City of Rockford continue to recruit additional employers to help reduce the unemployment rate in the City and surrounding area; however, the unemployment rate may continue to increase over the next few years.

CITY OF ROCKFORD, ILLINOIS JOBS AND UNEMPLOYMENT SINCE 1981 IN THE ROCKFORD MSA*



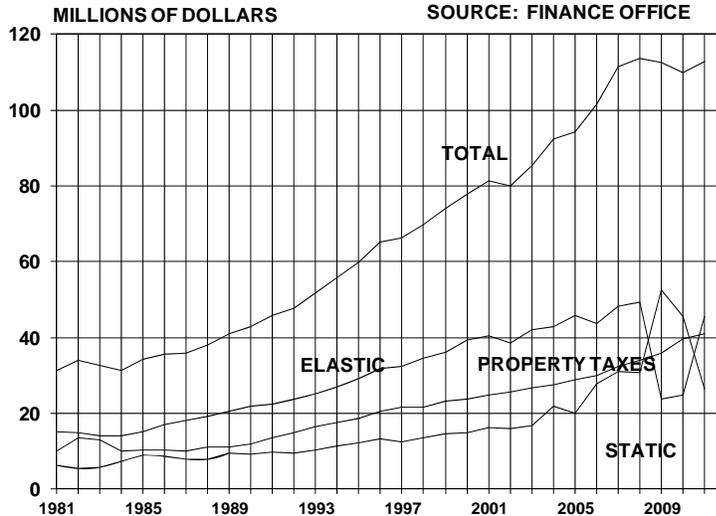
*Includes Ogle County 1990-2003

SOURCE: STATE OF ILLINOIS

Employment in the Rockford MSA for December 2011 was approximately 146,467, an increase of 75 from 2010. Overall, total employment has decreased 12.2% from 1991 to 2010.

In addition to demographic trends, the City also follows revenue trends for its General Fund. All City revenues can be classified as property taxes, elastic revenues, and static revenues. Property taxes are a tax levied on real property. Elastic revenues are defined as those revenues that tend to change with economic conditions, such as sales taxes and income taxes. Static revenues, the balance, are revenues that change only by increased population and/or legislative change. Examples of these are building permits, liquor licenses and magistrate fines.

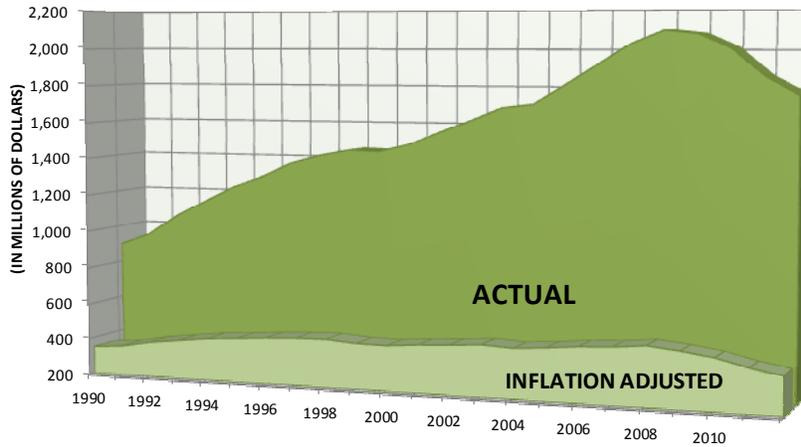
**CITY OF ROCKFORD, ILLINOIS
GENERAL FUND REVENUE SOURCE
COMPOSITION YEARS FROM 1981**



An economic expansion or recession would have a greater effect on elastic revenues than on the other two types. The General Fund Revenue Source Composition Graph illustrates this point well. Property tax rates, controlled by elected officials, were flat until the early 1980's when they were increased for several years. After a home rule referendum in 1984 in which voters imposed certain tax rate limitations, property tax rates have decreased and remained relatively stable ever since. Increases in property tax revenue are a result of growth in the tax base, the consumer price index factor in the PTELL law, and debt service expenditures approved by referendum.

Elastic revenues increase throughout the period illustrating their ability to grow with the economy. In order to maintain a well-balanced mix of revenue sources, the City needs to continue to emphasize the growth of elastic revenues as well as static revenue sources through economic maintenance and development.

**CITY OF ROCKFORD, ILLINOIS
EQUALIZED ASSESSED VALUATION
1990-2012**

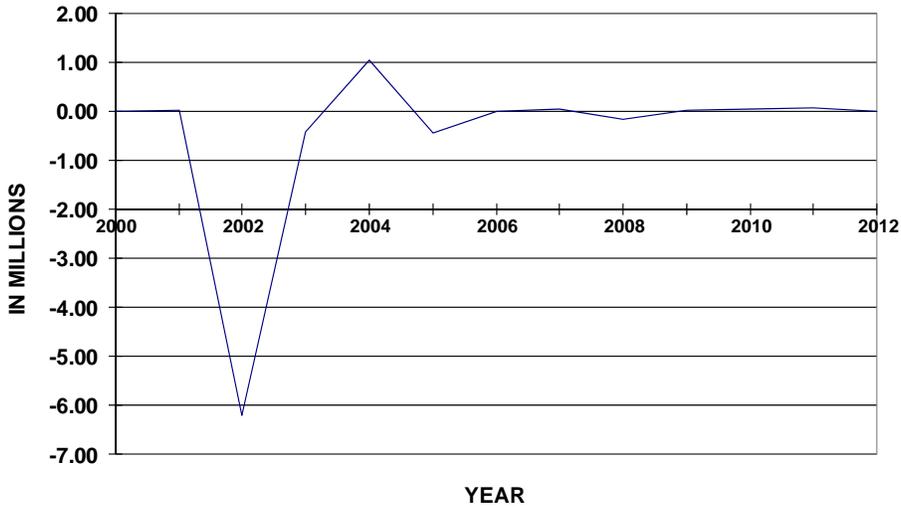


SOURCE: FINANCE OFFICE

For 2012, Rockford's equalized assessed valuation (EAV) is estimated to decrease 7.0% to \$1.772 billion. 2011 EAV decreased \$100 million (-5%).

The City has been successfully achieving fiscal management goals since 1981, following the development and implementation of responsive and proactive financial policies. However, the last few years have been more challenging because of lower than anticipated elastic revenues as a result of the slowing economy. After planned and actual budget deficits in the late 1970's, the City has adopted balanced General Fund budgets for 28 of the last 30 years. As a result of current economic conditions, City operations and expenses have been curtailed to avoid deficit spending.

**CITY OF ROCKFORD, ILLINOIS
GENERAL FUND BUDGET EXCESS (DEFICIT) OF
REVENUES OVER EXPENDITURES
YEARS FROM 2000**



Added together, these year end surpluses have improved the cash and fund balances of the General Fund from negative to positive. 2012 is a balanced budget year. It is the City's intention to maintain a positive cash and fund balance by limiting the short-term borrowing of funds and to continue past practices of balancing budgets, avoiding deficits, and maintaining adequate cash in the future.

The financial trends discussed in this section provide the City policy makers with a sense of direction as they make decisions that affect the City's future. Examining these past trends and extrapolating them into the future gives decision-makers information that allows them to chart a direction for the City.

ASSUMPTIONS

The City's five-year forecast for the General Fund (one-half of the City budget and the one with the most flexibility as to revenues and services) is based on certain assumptions. Certain important assumptions include:

<u>REVENUES</u>	<u>ASSUMPTION</u>	<u>PERCENT BUDGET SHARE</u>
Assessed Valuation (Percent)	(-7.0) – 0	31.3
Uncollectible Factor	0 – 1.0	
Sales and Other Taxes	0 – 3.2	26.8
Cable TV, Gas Licenses	-8.7	1.5
State Income Tax	-0.5	10.5
State Replacement Tax	0.0	5.2
Inspections	0 – 3.0	1.0
Federal/State/County	0.0	4.9
All Other	0.0	8.4
Service Reimbursements	0 – 5.0	5.7
Tax Levy Reimbursements	0 – 3.0	4.7

EXPENDITURES

All Salary & Wage Compensation (Percent)	0 – 2.0
Fringe Benefits	0 – 20.0
Contracts, Supplies, and Other Expense	0 – 3.0
Interest Expense	0 – 3.0
Capital Expense	0 – 5.0

2013-2017 PLAN

These assumptions, when applied to General Fund budget estimates for future years, produce the following excesses or deficits of revenues over expenditures.

<u>Year</u>	<u>Excess (Deficit) (In 000's)</u>	<u>Percent of Total Budget</u>	<u>Cash Policy Test (70% Minimum)</u>
2013	1,164	1.0	11
2014	(3,384)	-2.9	7
2015	(4,749)	-3.9	3
2016	(6,364)	-5.0	-4
2017	(8,144)	-6.2	-12

NOTE: For the revenue and expenditure detail supporting these, refer to the General Fund summary schedule in the Supplemental Section.

Property taxes in Illinois are levied during a budget year but are not collected until the following year after the money has already been spent. At that time, they are collected in two payments, June and September. As will be discussed in the next section, Cash Management, this tax timing

issue and the timing issue with State shared revenues require sufficient cash to be on hand to finance operations. If the City does not have sufficient cash reserves, it will have to borrow from outside sources.

While home rule cities simply have one levy for all purposes, non-home rule cities such as Rockford have specific purpose levies. Some of these levies, for example, for retirement purposes, are unlimited; others have specific rate limitations that apply, i.e., corporate (43.75 cents/\$100 EAV), police protection (60), fire protection (60), street (10), sanitation (10), library (60), and library maintenance (2), for specific levies. If a levy divided by the final EAV exceeds the rate limitation, then the County Clerk will reduce that specific levy.

For budget years 1997 and thereafter, voters in Winnebago County approved tax caps for all units of government including the City of Rockford. The tax cap law (Property Tax Extension Limitation Law) can be defined as limiting the proposed budget year's property tax extension increase to the lesser of the consumer price index (CPI) or five percent plus the new money generated by new construction and annexations. While rate limitations are specific to individual levies, tax caps are applied to the overall tax levy extension, excepting referendum approved debt service. Thus, an individual levy could be affected by its rate limitation and the overall City extension could be impacted by tax caps.

For 2012, the estimated property tax revenue loss due to tax caps is \$0.3 million. For the 2013 – 2017 planning period, tax cap losses occur annually and range from \$67,000 to \$455,000.

The 2012 operating tax rate is expected to increase marginally while the debt service rate will decrease. The increase is due to decreasing assessments and marginal CPI while the debt service decrease is due to the City ending its use of bonding to fund its infrastructure program. Property tax dollar growth will occur due to new construction and annexations as well as from the dollars generated from the CPI formula. Property tax revenue will increase moderately due to statutes, local economic conditions, and increased annexations into the City. The long term will see the City begin to rely more on user fees and other taxes as well as making certain service reductions.

Future assumptions are set to insure that revenue production will be maximized; however, expenditures will be planned to match expected revenues.

This five-year budget forecast indicates annual deficits for nearly the entire period. Since the City has operated with a surplus for most of the last two decades, it may be that actual revenues will again exceed budgets and departments will under expend their budgets. This scenario may eliminate these initial deficits.

If this does not occur, then the City's cash policy test, required to be 70% of the General Fund tax levies and tax reimbursements in order for the City to avoid borrowing, will decrease. This would require the City to find alternative cash flow sources either from other city funds or the outside. This has been the case as the 2008 – 2010 losses have required external borrowing to finance non General Fund cash flow needs.

While the City faces potential deficits in its newest five-year plan, the history of its past experience illustrates that, by calling attention early to possible problems, solutions are sought and, as the deficit years get nearer, the size of the problem diminishes.

The City will review operations to seek solutions to the growing deficit by addressing efficiency and effectiveness of City services. The City plans to implement a capital leasing plan that will allow for the replacement of the aging fleet and is projected to save the City \$1 million in maintenance expenses. The City will continue to review the health insurance plan and the employee premiums to look for cost savings.

CASH MANAGEMENT— MAXIMIZING RESOURCES

Each year the City adopts a budget. At the same time, this budget is converted into a cash budget internally to determine the cash flow for the budget year. Two revenue issues require consideration, property taxes and timing issues with shared revenues from the State. This requires the City to provide interim financing, internal or external, for certain operating funds. These funds and their percentage of revenue that is property tax are as follows.

PROPERTY TAXES AS A PERCENTAGE OF REVENUE FOR CERTAIN FUNDS

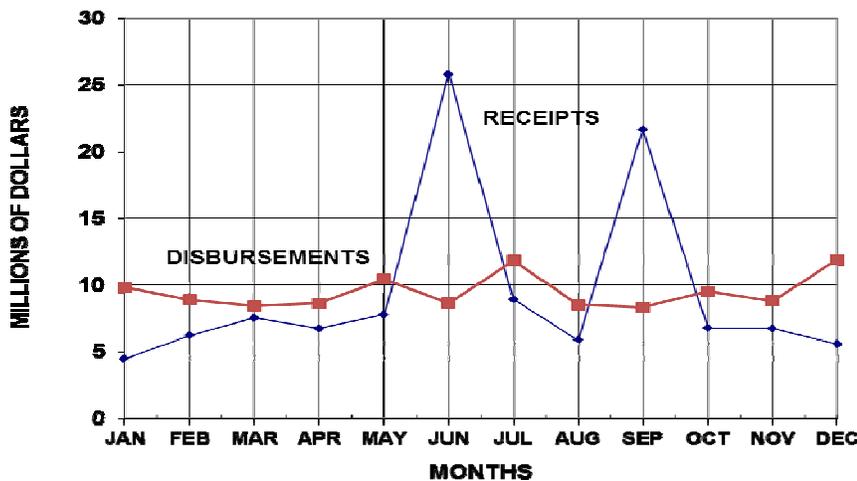
	<u>General</u>	<u>Sanitation</u>	<u>Library</u>
2008	28.8	22.9	81.6
2009	32.1	23.5	82.8
2010	36.0	0.2	78.6
2011	36.4	0.2	85.9
2012	37.0	0.2	87.1

The range of property tax revenue varies from nearly negligible for the Sanitation Fund to just over three of every four for the Library Fund.

UNDERSTANDING CASH FLOW

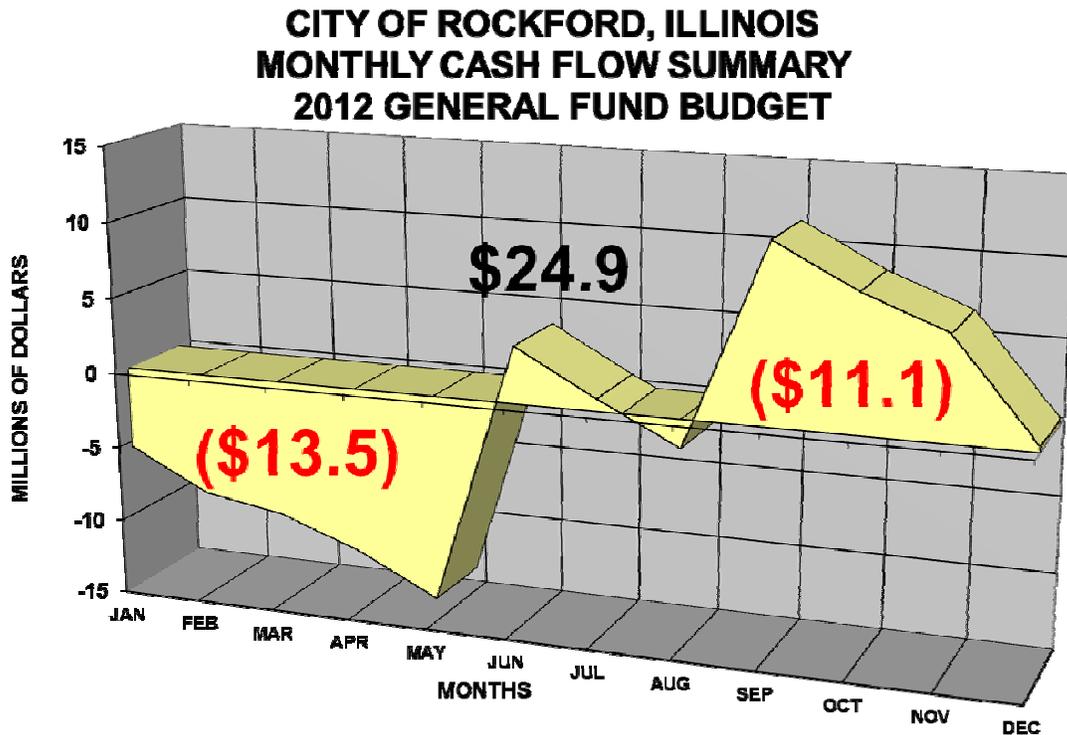
To completely understand the importance that property tax revenues have in cash management, the 2012 cash flow forecast summary for the General Fund graph is useful in illustrating the timing problem.

**CITY OF ROCKFORD, ILLINOIS
CASH FLOW FORECAST SUMMARY
2012 GENERAL FUND BUDGET**



Illinois property taxes are collected the year after the budget for which they were authorized in two payments: June and September. As noted above, the collection of over a quarter of the fund's revenues distorts any semblance of an orderly flow of revenue that matches expenditures.

This produces a cash draw down for the first five months of a fiscal year as the monthly cumulative summary illustrates.



For the General Fund, the 30% range for property taxes as a percentage of total fund revenues and the elastic revenue surpluses have generated sufficient cash for internal financing. The Sanitation Fund changed in 2010 from being financed by property taxes (20%) and user fees (80%) to being totally financed by user fees. The result is an almost ideal match of revenues and expenditures. Due to its heavy reliance on property taxes, the Library Fund utilized short term financing internally until 2005.

CASH POLICY REVIEW

The first City Financial Task Force recommended that the City develop balances that would allow it to accomplish two objectives:

- Reduce or eliminate the need to obtain short-term borrowing to cover operating expenses, and;

Offset fluctuations caused by yearly excesses (deficits) of revenues over expenditures.

The current cash balance policy is:

Assure adequate cash balances are available to meet the City's anticipated disbursements. Prior to budget deliberations, the Finance Department will annually develop cash flow analysis and recommend cash balance goals at specific points in time to meet those disbursements.

For 1987, a minimum cash balance equal to 70% of those levies that support the General Fund is recommended to be in effect at the beginning of the City's fiscal year, January 1.

The Council policy for the use of above 70% excess funds is:

Those funds available in excess of the minimum cash balance may be reappropriated for other municipal purposes by the City Council. The use of these funds should be limited to non-recurring expenditures outside of the City's operating budget. Funds may also be used for abating taxes if the City Council so approves.

In the past, excess funds have been used for capital construction needs. Due to increasing cash flow requirements and decreasing surpluses, excess funds have not been available since 1989. 2012 cash flow demands will absorb all available funds.

CASH MANAGEMENT IN 2012

As in 2011, the City will utilize a \$15 million line of credit during the first five months of the fiscal year. It is anticipated that \$12 million will actually be drawn down. The line of credit will be repaid in June and September from the receipt of property taxes. While the General Fund almost has adequate cash, \$14.1 million, to deal with its beginning year mismatch, due to the operating losses in the last two years, common cash pool loans to other funds will have to be financed externally.

With General Fund levies increasing \$1.5 million in 2011 and \$1.4 million in 2012 (primarily due to increasing public safety pension contribution requirements), cash needs have increased.

It is anticipated that excess funds, should they materialize during future years, will be used exclusively to maintain the cash policy percentage of 70%. Management of the necessary cash flow will be the primary concern in the next few years for the City as property tax caps and binding arbitration continue to affect City operations.

The City will continue to exert strong budget control and place importance on financial planning in 2012 in order to restore and maintain its cash position.

EMPLOYEES—THE CITY’S MOST IMPORTANT ASSET

The City, like most local governmental units, provides services and can therefore be classified as a labor-intensive organization. Any organization that provides services can expect a substantial portion of its budget to be allocated for personnel costs. The following chart illustrates the City’s personnel costs.

	Key Personnel Statistics	
	General <u>Fund</u>	Total <u>City</u>
Total Budget	\$113.7 Million	\$249.5 Million
Employees	736	1,101
Personnel Costs	\$85.1 Million	\$108.6 Million
Percentage		
Personnel	74.9	43.6
Salary	49.0	27.7
Fringe Benefits	25.9	15.9

To help contain personnel costs, the City has taken several steps in the past to economize its use of personnel while maintaining service quality. These steps include:

- eliminating inefficient or ineffective services;
- improving the method of delivery for certain services;
- contracting certain specialized and/or seasonal services to private contractors; and
- adding certain key positions.

As part of the City’s budget preparation process, departments consider the aforementioned means of reducing personnel costs while maintaining service levels and quality. When departments prepare their personnel and dollar budgets, they give consideration to current and future practices in the context of the above factors. The 2012 budget was developed using these steps as guideposts to ensure that quality services are being delivered with the lowest possible personnel costs. All departments and agencies prepared budgets by analyzing their operations in light of the above factors.

EMPLOYMENT TRENDS

Since 2010, 34.27 full-time equivalent positions have been eliminated, a decrease of 3.1%, across program lines in legislative and management, public safety, community development, public works, and human services.

CITY OF ROCKFORD, ILLINOIS 2012 BUDGET PERSONNEL AUTHORIZATION ALL FUNDS

PROGRAMS AND AGENCIES	<u>2009</u>	<u>2010</u>	<u>2011</u>	2010-2011 INCREASE (DECREASE)	<u>2012</u>	2011-2012 INCREASE (DECREASE)
LEGISLATIVE & MANAGEMENT						
MAYOR	8.00	6.00	5.00	(1.00)	4.00	(1.00)
COUNCIL				0.00		0.00
LEGAL	20.00	17.00	12.00	(5.00)	12.00	0.00
FINANCE	34.00	32.00	32.00	0.00	32.00	0.00
INFORMATION SERVICES	8.00	6.00	6.00	0.00	6.00	0.00
HUMAN RESOURCES	<u>7.00</u>	<u>6.00</u>	<u>5.00</u>	<u>(1.00)</u>	<u>5.00</u>	<u>0.00</u>
LEGISLATIVE & MGMT TOTAL	<u>77.00</u>	<u>67.00</u>	<u>60.00</u>	<u>(7.00)</u>	<u>59.00</u>	<u>(1.00)</u>
COMMUNITY DEVELOPMENT						
CD ADMINISTRATION	2.00	1.50	1.50	0.00	1.50	0.00
CD CODE ENFORCEMENT	14.20	12.20	10.20	(2.00)	10.20	0.00
CD PLANNING	6.30	5.30	4.30	(1.00)	4.30	0.00
CD CONSTRUCTION SERVICES	25.00	18.00	15.00	(3.00)	15.00	0.00
CD SANITATION	0.00	0.00	0.00	0.00	0.00	0.00
CD DEVELOPMENT	<u>7.50</u>	<u>7.00</u>	<u>8.00</u>	<u>1.00</u>	<u>8.00</u>	<u>0.00</u>
COMM DEVELOPMENT TOTAL	<u>55.00</u>	<u>44.00</u>	<u>39.00</u>	<u>(5.00)</u>	<u>39.00</u>	<u>0.00</u>
HUMAN SERVICES						
HUMAN SERVICES	90.75	97.85	99.00	1.15	90.58	(8.42)
DRUG FREE INITIATIVE	0.00	0.00	0.00	0.00	0.00	0.00
TUBERCULOSIS SANITARIUM	0.00	0.00	0.00	0.00	0.00	0.00
LIBRARY	<u>115.10</u>	<u>82.00</u>	<u>84.50</u>	<u>2.50</u>	<u>86.00</u>	<u>1.50</u>
HUMAN SERVICES TOTAL	<u>205.85</u>	<u>179.85</u>	<u>183.50</u>	<u>3.65</u>	<u>176.58</u>	<u>(6.92)</u>
PUBLIC SAFETY						
POLICE	345.00	318.00	318.00	0.00	318.00	0.00
FIRE	282.00	282.00	278.00	(4.00)	280.00	2.00
911 COMMUNICATIONS	<u>53.00</u>	<u>53.00</u>	<u>53.00</u>	<u>0.00</u>	<u>53.00</u>	<u>0.00</u>
PUBLIC SAFETY TOTAL	<u>680.00</u>	<u>653.00</u>	<u>649.00</u>	<u>(4.00)</u>	<u>651.00</u>	<u>2.00</u>
PUBLIC WORKS						
ADMINISTRATION	4.50	3.50	2.00	(1.50)	2.00	0.00
ENGINEERING	10.00	7.45	5.50	(1.95)	10.00	4.50
STREETS & SEWERS	40.00	38.00	32.00	(6.00)	31.00	(1.00)
TRAFFIC	12.40	13.00	11.00	(2.00)	11.00	0.00
CAPITAL PROJECT	16.30	17.05	18.50	1.45	17.00	(1.50)
PARKING SYSTEM	9.00	8.50	8.50	0.00	8.50	0.00
SANITATION	0.00	0.00	0.00	0.00	0.00	0.00
PROPERTY & EQUIPMENT	0.00	0.00	0.00	0.00	0.00	0.00
BUILDING MAINTENANCE	12.00	12.00	10.00	(2.00)	10.00	0.00
EQUIPMENT MAINTENANCE	11.00	11.00	10.00	(1.00)	10.00	0.00
CENTRAL STORES	4.00	4.00	4.00	0.00	4.00	0.00
WATER	<u>75.00</u>	<u>77.00</u>	<u>72.00</u>	<u>(5.00)</u>	<u>72.00</u>	<u>0.00</u>
PUBLIC WORKS TOTAL	<u>194.20</u>	<u>191.50</u>	<u>173.50</u>	<u>(18.00)</u>	<u>175.50</u>	<u>2.00</u>
NON OPERATING						
CITY HALL REHAB MGMT	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
TOTAL	<u>1,212.05</u>	<u>1,135.35</u>	<u>1,105.00</u>	<u>(30.35)</u>	<u>1,101.08</u>	<u>(3.92)</u>

Staffing for 2011 was 1,105.00 positions, a decrease of 30.35 FTE over 2010. 1 position was eliminated from Legislative and Management, 8.4 eliminated from Human Services while Library increased 1.5. 2 positions were increased for both Fire and Public Works.

2012 EMPLOYMENT

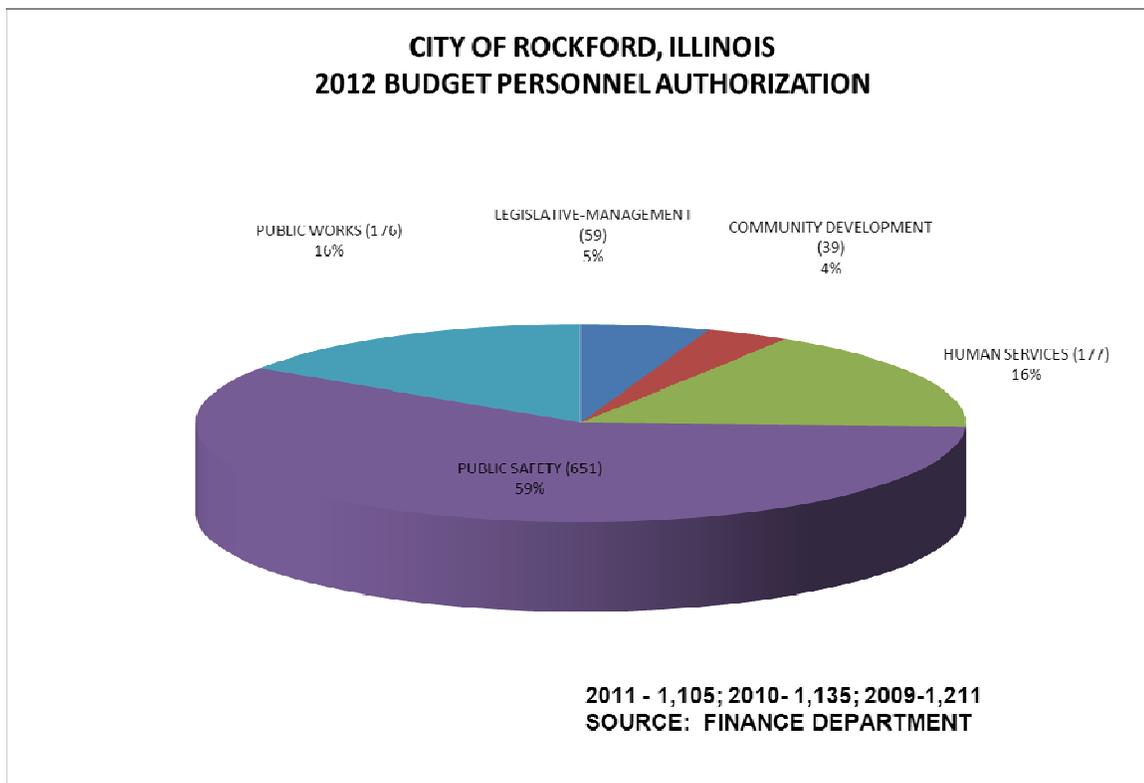
Staffing for the 2012 budget by program is provided in the Personnel Authorization Schedule. Employment has decreased to 1,101.08 positions.

The Public Works group total FTE increased by 2.00, for 1 office assistant as well as an office assistant to Operating Manager for the Engineering Division.

In the Legislative and Management group, there is a decrease of 1.00 FTE as a result of the vacant Senior Administrative Assistant being eliminated in Mayor's Office.

In the Public Safety group, there is an overall increase of 2.00 FTE. Increases include two Fire Inspectors for the Fire Department, required to be filled by an arbitrators decision.

In the Human Services group, there is an overall decrease of 6.92 FTE. Decreases include 8.42 FTE for Human Services offset by an increase of 1.50 FTE for Library.



2012 CHANGES IN COMPENSATION

The majority of the City's work force is organized into five collective bargaining units.

CITY'S EMPLOYEE UNIONS

<u>Unit</u>	<u>Employees</u>	<u>Percentage Of Total</u>
Police Sworn	269.0	31.3%
Fire Sworn	264.0	30.7
Public Works/Clerical (AFSCME)	198.0	23.0
Community Development (AFSCME)	17.0	2.0
Human Services (AFSCME)	50.0	5.8
Library (AFSCME)	<u>62.5</u>	<u>7.2</u>
	860.5	100.0%

2008-2012 SALARY AND BENEFIT ADJUSTMENTS BY EMPLOYEE GROUP (Percentage)

<u>Year</u>	<u>Police Sworn</u>	<u>Fire Sworn</u>	<u>AFSCME</u>	<u>AFSCME B</u>	<u>Exempt</u>
2008	4.00	4.00	4.00	4.00	2.50
2009	0	0	4.00	4.00	-3.33
2010	2.00	2.00	0	0	0
2011	2.00	2.00/2.00/2.00	0	0	0
2012	Currently Bargaining	Currently Bargaining	Currently Bargaining	Currently Bargaining	0

From the late 1970's to the 1980's the City paid the total cost of health insurance premiums. In 1988, the Community Development AFSCME group and the exempt employees each began contributing to their health insurance costs. In 2004, employee contributions more than doubled as an effort to control rising health insurance costs. In 2007, the City introduced a new health savings (HSA) option in addition to the traditional PPO plan for health insurance premiums. Annual premium costs for the HSA in 2012 are \$7,202 for single, \$14,404 for single plus one, and \$21,606 for family. Annual premium costs for the traditional PPO plan in 2012 are \$7,774 for single, \$15,548 for single plus one, and \$23,322 for family.

EMPLOYEE FRINGE BENEFITS

Total employee compensation includes not only salaries but also all direct fringe benefits necessary to fund a position. Fringe benefits are often not considered during compensation review and the ramifications of this hidden cost are often not realized until later budget years.

For the City, direct dollar fringe benefits average from 50.7% to 65.2% of salaries. While fringe benefits vary by employee group, the selection of Police Sworn, Fire Sworn, Finance (office), and Public Works Streets Division (field) illustrates the four typical groups.

BENEFITS AS A SALARY PERCENTAGE

<u>Benefits</u>	<u>Sworn</u>		<u>Non-Sworn</u>	
	<u>Police</u>	<u>Fire</u>	<u>Office</u>	<u>Field</u>
Pension	22.3	25.7	20.8	20.5
Worker's Comp	4.3	6.3	0.3	4.4
Health	27.9	28.1	33.1	30.6
Other	<u>0.9</u>	<u>0.4</u>	<u>1.1</u>	<u>0.2</u>
Total	55.4	60.5	55.3	55.7
	<u>Average Costs Per Budgeted Position</u>			
Salary	\$70,896	\$72,265	\$51,784	\$40,167
Fringe Benefits	<u>39,265</u>	<u>43,729</u>	<u>28,647</u>	<u>22,356</u>
Total	\$110,161	\$115,994	\$80,431	\$62,522

As shown above, 2012 fringe benefits range from 55.3 percent for office personnel to 60.5 percent for fire personnel, while average costs per position range from \$62,522 for field personnel to \$115,994 for firefighters. Costs increase primarily because of salary adjustments, and health insurance.

In 2011, the fringe benefit range was from 50.7 percent for office personnel to 60.5 percent for fire personnel, while costs per position range from \$62,522 for field to \$115,994 for fire.

Overall, 2012 fringe benefits, except for health insurance and pension, continue to remain fairly stable. Direct fringe benefits are discussed individually in the Non-Operating Funds section of the budget.

In addition to direct fringe benefit costs, certain indirect fringe benefits, such as vacations and sick leave, may add approximately six to eight percent to the fringe benefit percentages. These costs are not, unless additional positions are budgeted to compensate for this lost time, an addition in dollars, rather they represent a loss in service units delivered. Employees, as this section illustrates, are a key component of the City's budget both in terms of delivering services to citizens and as the single largest expense.

CAPITAL EQUIPMENT AND PROJECTS

Capital equipment and projects, slated at \$62.8 million for 2012, are important elements of the City's service delivery system. Capital equipment, over \$5,000, is used by employees to deliver services such as police and fire protection to the public. Capital projects, whether streets, bridges, wells, sewers, or water mains, serve community residents by providing basic necessities for industrial, commercial, and residential needs and development.

It is City policy to avoid balancing the budget by deferring capital equipment purchases. Doing so may serve an immediate purpose but it becomes a costly deferral in the long run. Failure to purchase necessary capital items can have disastrous consequences. Drawbacks to deferring capital equipment purchases results in acquiring assets whose lives do not match the repayment schedule, accentuating an extremely cyclical equipment replacement schedule, and sharply higher maintenance costs.

Since the early 1980's, capital equipment for operating departments has been funded on a level basis with a goal of minimizing erratic annual spending patterns. With balanced spending patterns, equipment replacement is ideally sought when maintenance and the accompanying loss of employee productivity become greater than the depreciation of the equipment. Certain items, such as quints and ladder trucks used by the Fire Department, are budgeted over the course of several years in order to avoid disrupting replacement schedules for other equipment. City policy dictates acquiring capital equipment if doing so eliminates or stabilizes personnel costs. Capital spending policies are discussed in the Capital Project Fund under the Public Works section and in the Financial Policies under the Supplemental section.

With the 2002 economic downturn, \$3.0 million in capital equipment spending was eliminated. Police vehicle spending of \$500,000 was augmented by a \$3.2 million 2004 bond issue for fire trucks, ambulances, and a fifteen truck snow fleet. Spending since then has been sporadic. Since 2009, the City has purchased used ambulance and fire trucks.

Capital equipment from 2004 through 2009 for Police, Fire, and Public Works was \$8.9 million or about \$1.7 million annually. Police spent \$2.7 million for cars and specialized equipment. The Fire Department spent \$3.4 million for fire trucks, specialized fire equipment, and buildings. Public Works spent \$2.8 million for vehicles and specialized equipment, with no capital expenditures for these functions last year or in 2005 through 2007. For both 2011 and 2012, capital spending was eliminated due to budgetary restraints.

In 2012, 25.0% of the budget is allocated to capital items. Capital items for the City can be divided into equipment and projects. The former can be further divided into the following categories: office equipment, which is primarily office equipment and furniture, building improvements, vehicles and operating equipment, and computer hardware and software.

The \$62,842,500 budgeted for capital equipment and projects in 2012 can be divided into five components: office equipment - \$25,000; building improvements - \$298,000; vehicles and operating equipment - \$301,000; computer software and hardware - \$190,800; and for capital projects - \$60,517,267.

Equipment Fund	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Actual Expenditures	3,347,325	3,407,340	3,878,913	4,634,799	3,784,746	3,774,495	4,080,237

The Equipment Fund has shown historical growth in repair expenses over the past several years as a result of the elimination of capital equipment purchases. To address the growing maintenance costs, the City pursued the option of vehicle leasing in 2011.

The CIP Sales Tax has given the City a higher level of capital project investment than ever. As a result of the increased investment in road resurfacing and reconstruction, the Street Division has experienced a reduction in pothole complaints and pothole patching.

POTHOLE SUMMARY					
Statistics	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>TOTAL</u>
Potholes Patched	127,127	152,358	88,442	188,378	556,305
Material Cost	\$ 195,000.01	\$ 202,810.48	\$ 126,216.72	\$ 164,580.35	\$ 688,607.56
Number Pothole Requests	241	2,792	1,808	3,503	8,344

Office equipment of \$25,000 is allocated to the Election Commission. The Election Commission's capital dollars will go toward future election equipment.

Building improvements of \$125,000 are allocated to the Main Library and various branches. The Library also has \$27,500 in office equipment as well as \$19,500 in computer software and \$68,000 in computer hardware. The Water Division's \$486,000 includes a variety of vehicles, operating equipment, and building improvements.

The anticipated capital purchases will replace equipment and vehicles in the existing fleet, and add new vehicles to the fleet as well. The City expects to realize a significant reduction in service and repair costs related to maintaining aging City vehicles. With new vehicle purchases, department vehicles will be used in the field more frequently rather than being out of service.

The capital project portion, \$62.8 million (\$60.5 million capital) includes \$58.5 million for transportation and economic development and \$4.3 million for water for new projects. Ongoing projects, already funded in previous years, will continue and incur expenses in 2012 as well.

The proposed water system improvements, \$4.3.0 million in 2012 work, include water system operation upgrades and construction of trunkline water main. The project initiated in 2006 as a \$75.0 million program, is being done to address several problems including low water pressure, discolored water, and the requirement to remediate radium levels at five wells.

The current program revenues for 2012 are at \$62.8 million. A new local sales tax of one percent (1%) was approved for a five year period starting July 2007 and was extended by referendum for an additional five year period April 5, 2011. The local sales tax replaces the annual street bond referendum and provides \$14.9 million in revenue. State motor fuel tax revenues decrease \$300,000.

The \$58.5 million budgeted in the capital improvements program supports the traditional transportation and drainage programs funded by sales tax, motor fuel taxes and grants. State motor fuel taxes provide only \$3.3 million of funding while the new local sales tax, which replaced the annual street bond referendum, will generate \$14.2 million in revenue. 2012 is the first year of the 2012-2016 five-year capital improvement program becoming part of the current year's budget. The capital improvements program is City Council approved and funded by a mix of revenues including bond proceeds, state taxes, local taxes, and interfund transfers.

REVENUE AND FINANCING CHARGES

The 2012 budget estimates revenue of \$263.8 million net of inter-fund charges and transfers for all funds. As discussed in the selected trends section of Financial Planning earlier, the City classifies revenues as property taxes, elastic revenues and static revenues.

For 2012, the City assumes (-3.5%) - 0% growth in assessed valuation (the basis for property tax revenue), a 0-4% growth in elastic revenues, and a 0-2% increase in static revenues.

For accounting purposes, the City classifies programs and operations into the fund structure used for local governments. These funds and how they are financed are shown below.

<u>FUND</u>	<u>FINANCED BY</u>
General Fund	1,2,3,4,5,6,8
Special Revenue	1,2,3,4,5,6,8
Debt Service	1,6,8
Capital Projects	6,7,8
Enterprises	3,4,6
Internal Service	1,3,5,6,8
Pension Trust	1,5,6

- 1 Property Taxes
- 2 Sales Taxes
- 3 Service Charges
- 4 Licenses/Fines
- 5 Intergovernmental Revenue
- 6 Interest Income
- 7 Bond Proceeds
- 8 Other/Transfers

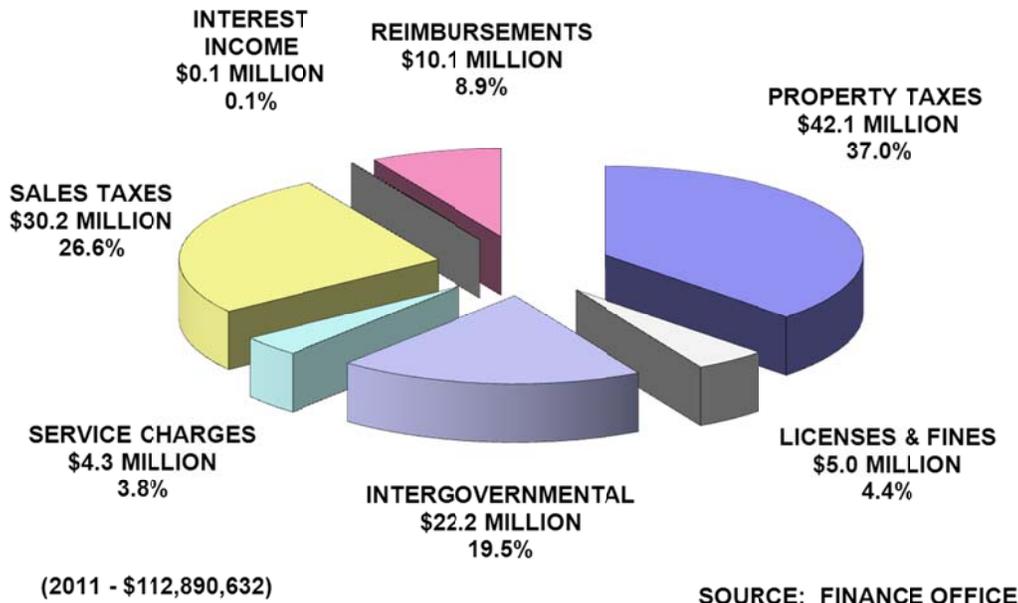
Most of these are self-explanatory. Intergovernmental revenue is income from federal, state, and other local governments. Other income and transfers are miscellaneous items, restricted receipts and transfers. Property taxes are net of accounting adjustments and projected tax cap losses.

General Fund Revenues (\$113,675,350)

General Fund revenues are derived from eight major sources: taxes, licenses, intergovernmental revenues, service charges, fines, interest income, transfers and other miscellaneous income.

Elastic revenues, sales and intergovernmental taxes, account for more than one-half of the fund. With property taxes included, these three sources comprise 80% of the total. The total dollar amount collected for most of these sources has increased from 2011 to 2012. The percentage of the total that each, property taxes, elastic revenues and static revenues, represents has also slightly increased from the prior year.

**CITY OF ROCKFORD, ILLINOIS
2012 GENERAL FUND REVENUES \$113,675,350**



The Property Tax

Property tax revenues are generated by multiplying equalized assessed valuation (EAV), in Illinois one-third of market value less any exemptions, by a tax rate.

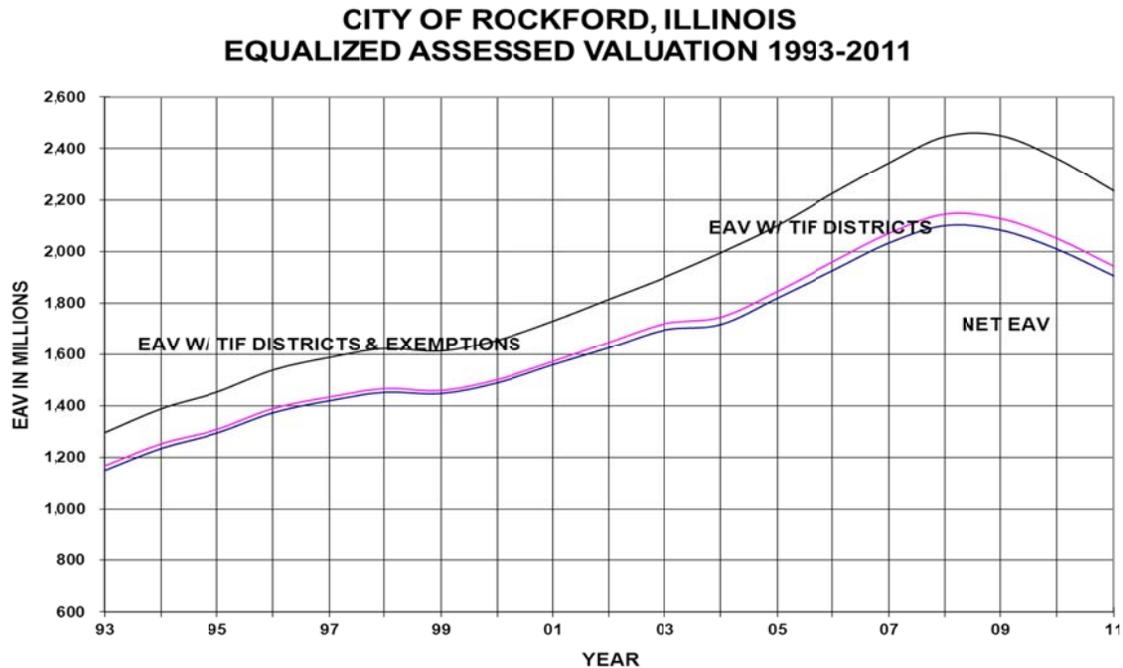
2012 EAV is estimated at \$1,966,000,000 (3.0%). Estimated 2011 EAV of \$2,008,995,373 is yet to be certified by the County compared to the previous year's \$2,008,995,373. With the economic downturn, the drop in existing valuation of \$80.6 million (-3.9%) was offset by estimated new construction and annexations of \$7.1 million (0.3%) resulting in a net 2010 decrease of \$73.8 million (-3.5%).

Increases in EAV due to annexation of new areas were \$6.3 million for 2007, \$3.4 million for 2008, \$0.2 million for 2009, \$0.1 million for 2010, and \$0.5 million for 2011. EAV change estimates will be -3.5% for 2010, -5.0% for 2011, -7.0% for 2012, -5.0% for 2013, and 0% for 2014-2016. In previous years, zero percent was used for 1999-2000, one percent was used for 2005-2009, five percent was used for the 1991-1998 period and two percent was utilized prior to 1991.

Exemptions (2008 - \$346.8 million, 2009 - \$367.9, 2010 - \$352.0, 2011 estimate - \$345.8) represent one out of seven dollars of valuation. The exemption process, an unfunded mandate from the State Legislature, singles out certain elements for special treatment.

The State allows homeowner exemptions at \$6,000 and the senior citizen exemption at \$4,000. Exemptions increased \$21.1 million from 2008-2009, decreased \$15.9 million from 2009-2010.

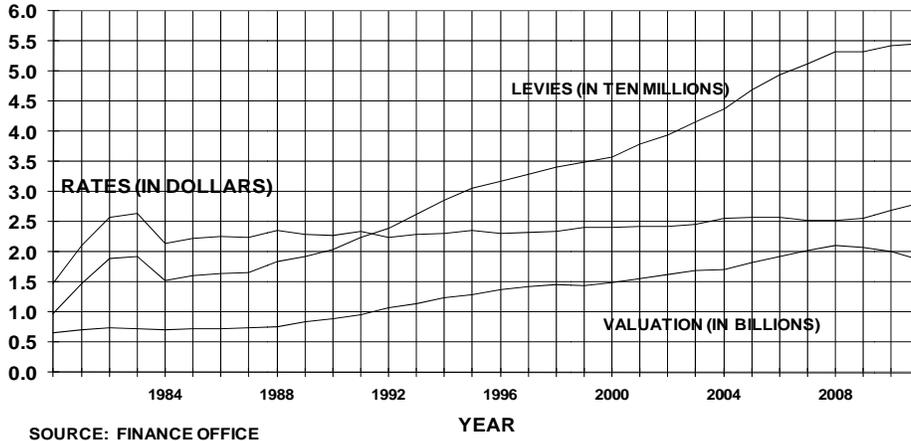
Of the exemptions, only one, the tax increment district (\$37.4 million), serves a common community purpose and benefit by stimulating older commercial areas and producing future economic benefits. The new tax dollars exempted and diverted from other governmental units go towards paying for infrastructure and economic development efforts in the district. At the end of the district's life all tax revenues are once again distributed normally to all taxing districts.



The other exemptions, homeowner (\$219.7 million), senior citizen (\$69.6 million), and all other (\$19.1 million), cause economic distortions in forcing commercial and industrial properties to pay a larger share of the total. In reality, the senior citizen exemptions are shouldered by all other assessment classes. The net effect of this is to force property tax rates up as taxing bodies attempt to recover this lost revenue. In some cases where rates are at statutory limits or tax caps are applicable, the result may be a change to other revenue sources and/or a reduction in services.

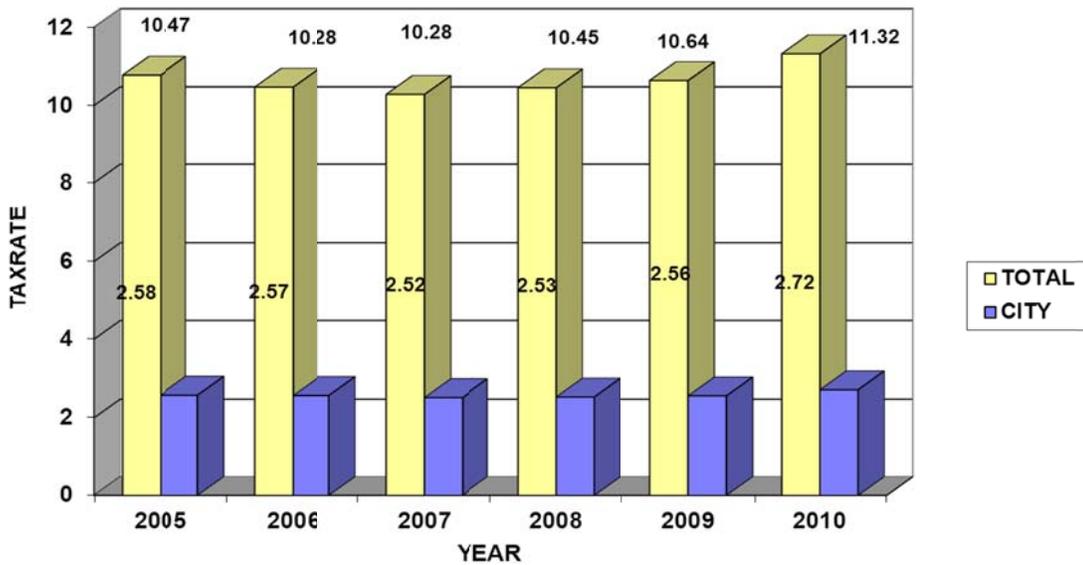
The graph below illustrates the relationships. Poor EAV performance puts pressure on the rate if levies are increased to raise revenue. Given the fact that rates are fixed for a number of levies and that the City is at the maximum for many limited levies, this has implications for future budgets.

**CITY OF ROCKFORD, ILLINOIS
EQUALIZED ASSESSED VALUATIONS, TAX RATES,
AND EXTENSIONS 1980-2011**



As the All City Tax Rate Graph illustrates, tax rates for both the City and all taxing districts increased a total of 79.4 cents in 2011. The City tax rate increased 15.5 cents. Tax rate changes for the remaining six taxing districts ranged from an increase of 53.9 cents for the school district to an increase of 0.6 cents for the township; overall, there was an increase of 63.9 cents for these units.

**CITY OF ROCKFORD, ILLINOIS
ALL CITY TAXING DISTRICTS COMBINED 2005-2010**

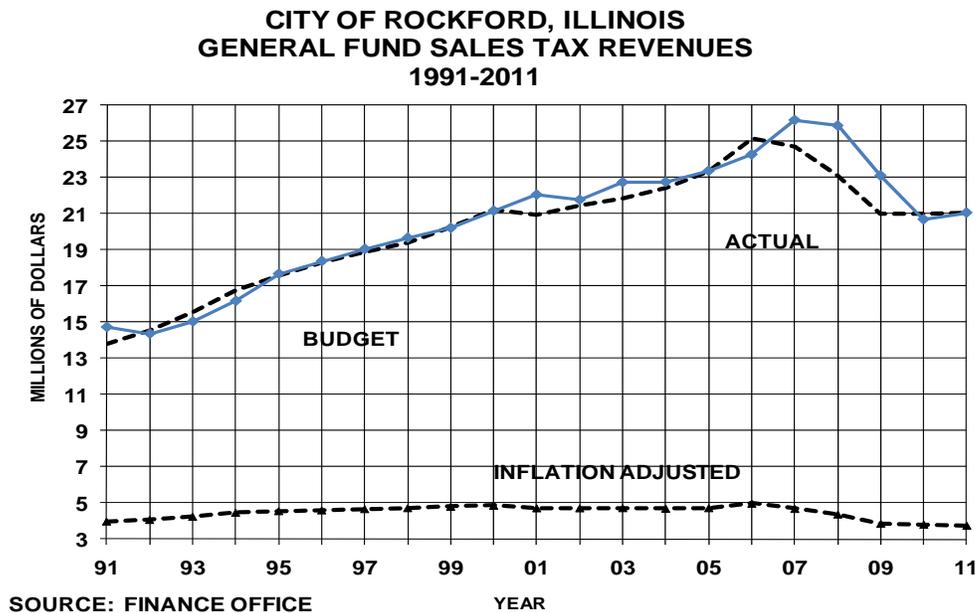


The City rate is 23.8% of the total rate of \$11.43. It is the City's goal to maintain a stable tax rate in order to remain competitive with surrounding communities and unincorporated areas in economic development and annexation efforts.

The 2011 City rate estimate, is \$2.93. For property taxes, the City's five year planning process takes into account the impact of both tax rate and tax cap limitation rules. With conservative budgeting and adequate reserves, these regulations can be adhered to.

The General Fund Sales Tax

Sales tax, retailer's occupation tax, is assessed at one percent on all sales in the municipality and is collected and distributed by the State of Illinois on a monthly basis. The 2012 budget estimates \$21,721,000 which is 3.2% (\$671,000) more than the 2011 budget (\$21,050,000). As the following graph illustrates, this elastic revenue source tends to fluctuate depending on the national and local economies as well as on local economic growth. This tax graph tends to pinpoint economic ups and downs rather well. While sales tax has increased at an average rate of better than five percent in the past, if the increase is adjusted for inflation, then this revenue source has not always held its own for the City. For the future, the City estimates three percent for both the growth and inflation rate.



The City began receiving local use tax on a statewide formula basis during 1990. This is a sales tax collected by the State on sales to Illinois residents by out of state companies. Revenues for 2009, 2010, and 2011 are \$1,818,959, \$2,030,553, and \$2,179,292 respectively. 2012 budgeted revenue is \$1,890,000.

The City receives a 6% phone tax. Revenue, \$5,363,604 for 2010 and \$5,629,622 for 2011, is budgeted at \$5,567,300 for 2012. The 5% water utility tax, implemented in 2003, generated \$1,058,108 in 2010 and \$1,066,441 in 2011; \$1,020,000 is budgeted for 2012.

Other General Fund Revenues

License and inspection estimates have increased \$63,000 from \$3,427,200 in 2011 to \$3,490,200 in 2012. Building inspection fees in excess of \$100,000 per project are considered unusual and are not budgeted.

The 2011 actual of \$4,128,809 is \$853,609 over budget, reflecting both increases and decreases in licenses issued. Primary increases occurred in building inspection fees (\$411,360), deposit fees (\$105,000), other licenses (\$78,572), and technology fees (\$65,016).

The 2012 intergovernmental revenue budget estimate is \$22,225,790, a decrease of \$653,100 from 2011's \$23,878,890. The most significant decrease was the state income tax (\$1,042,000) offset by an increase in Federal Government revenue (\$540,000). Income taxes are estimated to decrease 8.7% from the 2011 budget. Due to the volatile nature of replacement taxes, a fixed growth assumption is not used; rather, annual results are analyzed.

The 2011 intergovernmental actual exceeded the original budget by \$1,308,064. Replacement taxes, a state revenue source distinguished by its instability since its inception in 1978, came in \$908,361 over estimates. This revenue source is allocated by state law to pensions as well as the Library and General Fund. The latter two Funds absorb all annual gains and losses. This is perhaps the most volatile elastic revenue source the City has and, consequently, the most difficult one to forecast. Rockford School District reimbursement, \$31,646, and State of Illinois, \$104,638, exceeded estimates.

Service charges, budgeted at \$4,380,000 for 2011, have decreased \$85,000 to \$4,295,000 for 2012. This is primarily due to a decrease in ambulance fee revenues.

The 2011 service charges actual of \$4,455,289 was \$75,289 over budget. Decreased income from police record fees (\$16,110) was offset by increases in fire telephone (\$11,810), rent (\$14,000), and ambulance fees (\$63,577).

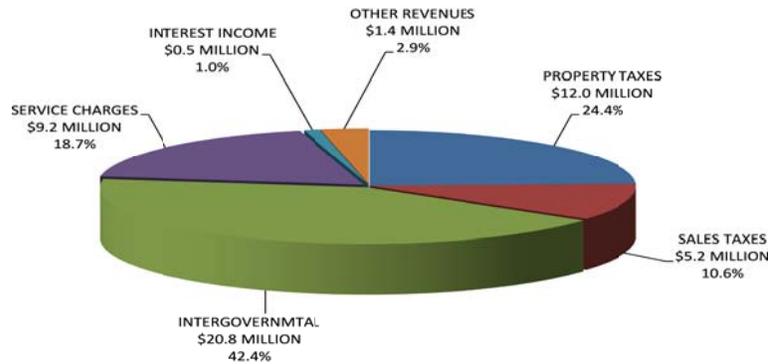
General Fund fine revenue can vary depending on economic conditions. \$1,481,000 is the 2012 estimate (2011 budget - \$1,590,000); the 2011 actual collected was \$1,423,374. A decrease in magistrate fines, \$112,819, neighborhood fines, \$44,628, and zoning parking violations, \$39,756, is offset by an increase in code hearing fines, \$24,625, and false alarm fines, \$45,136.

Interest income, budgeted at \$100,000 for 2011, is estimated at \$100,000 for 2012. \$600,527 was recorded for 2011.

Other income for the General Fund consists of purchase of service reimbursements (indirect cost allocation) from various funds for administrative, legal, financial, and personnel services provided, various damage, abandoned property, and miscellaneous accounts. The amounts charged to other funds are increased annually to insure that they reflect actual costs. The 2011 budget and receipts were \$7,697,015 and \$8,017,409 respectively. 2012's budgeted \$8,581,940 is \$884,925 more than the prior year's budget and \$564,531 more than the actual. Purchase of service reimbursements are increased annually to reflect increased costs.

Transfers total \$1,200,000 this year. The \$1,200,000 transfer from the Motor Fuel Tax Fund is designed to pay for street lighting. The General Fund, in turn, transfers \$1,200,000 to the Capital Projects Fund to pay for designated projects.

**CITY OF ROCKFORD, ILLINOIS
2012 SPECIAL REVENUE FUNDS' REVENUE
\$49,161,123**



(2011 - \$50,210,513)

The City utilizes thirty-one special revenue funds. Although financing for this fund group has decreased slightly from 2011's \$50.2, the revenue mix has been essentially unchanged since 1985.

Motor Fuel Tax Fund (2012 budget - \$3,881,400; 2011 Budget - \$3,816,400; 2011 Actual - \$4,170,103; 2010 Actual - \$4,223,945). This fund is financed by shared revenue payments (\$3,694,400) from the State of Illinois on motor fuel (19 cents per gallon) for road building and maintenance purposes. 2012 interest earnings are estimated at \$187,000.

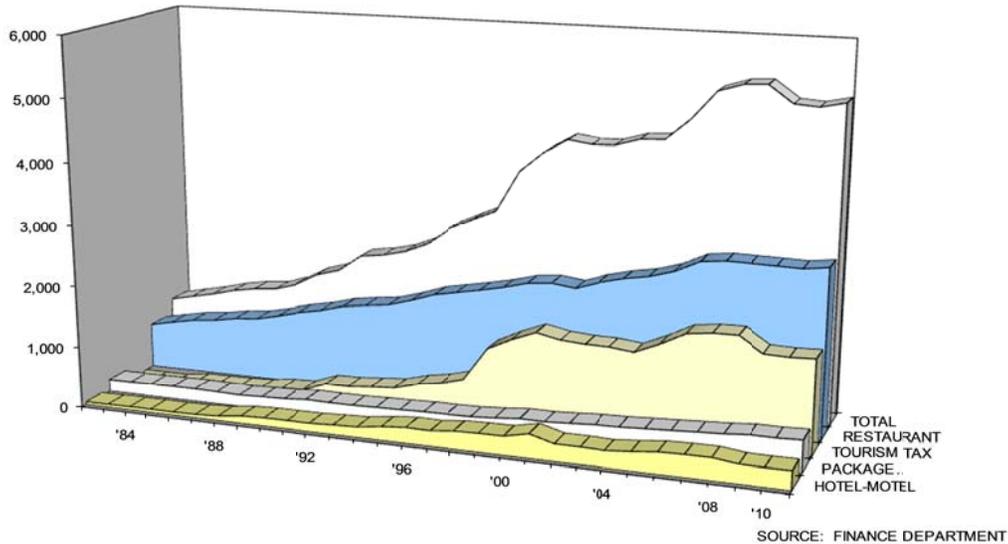
Sanitation Fund (2012 Budget - \$9,254,200; 2011 Budget - \$8,647,200; 2011 Actual - \$8,663,659; 2010 Actual - \$8,616,907). This fund is financed by a \$170.40 annual user fee collected on the monthly water bill. In addition, the fund receives a small amount in rental income and, interest earnings.

Community Development Block Grant Fund (2012 Budget - \$4,971,754; 2011 Budget - \$4,479,717; 2011 Actual - \$4,533,528; 2010 Actual - \$5,297,997). This fund, primarily involved with economic development and neighborhood rehabilitation, is financed by federal grants (\$3,116,917). Program income is estimated at \$123,500. The 2011 carryover of prior year funds and grant authorizations is \$855,444.

Redevelopment Fund (2012 Budget - \$3,621,500; 2011 Budget - \$3,528,000; 2011 Actual - \$4,155,675; 2010 Actual - \$3,557,288). This fund, for redevelopment purposes and Metro Center Authority subsidy payments, has four revenue sources: motel/hotel tax (1%) - \$311,300; restaurant/lounge (1%) - \$2,815,000; package liquor (1%) - \$525,200. For 2011, receipts are \$3,611,194, \$9,194 above the estimate; with motel taxes coming in above estimates. This tax,

authorized in 1978 and originally designed to expire in 1998, was extended to 2008 in 1990, as a result of the Coronado Theater renovation project, extended to 2018 in 1998, and, as a result of the 2007 Metro Center renovation project, extended to 2028.

CITY OF ROCKFORD, ILLINOIS REDEVELOPMENT/TOURISM SOURCES OF REVENUE 1982-2011



Tourism-Promotion Fund (2012 Budget - \$1,572,100; 2011 Budget - \$1,556,500; 2011 Actual - \$1,941,243; 2010 Actual - \$1,542,290). This tax, five percent on motels and hotels, was instituted in 1985 to promote tourism. It was increased from one to two percent in 1991, from two to four percent June 1997, and, for the Coronado Theater renovation project, from four to five percent July 1999.

Tax Increment Financing Districts - (2012 Budget: East Side - \$358,523, West Side - \$723,970, 7th Street - \$1,046,055; South Rockford - \$235,979; 2011 Budget: East Side - \$348,070, West Side - \$404,390, 7th Street - \$1,070,460, South Rockford - \$128,653; 2011 Actual: East Side - \$359,504, West Side - \$654,554, 7th Street - \$1,127,877, South Rockford - \$132,989; 2010 Actual: East Side - \$350,075, West Side - \$654,229, 7th Street - \$1,214,434, South Rockford - \$128,019). TIF districts receive revenues from property taxes, state and local sales taxes, and interest income. In TIF districts, assessment values are frozen at a certain date and the increase, and the increment in assessed values and consequently, property taxes since that date, is to be used for redevelopment purposes in the districts. Property taxes for all districts continue to grow at an incremental pace. For the East and West Side Districts, new state legislation adopted in 1986 allows new sales tax revenue that is generated within the district after a certain date to be used only for district redevelopment purposes just as the property tax increment. The East and West Side TIF's began receiving State and City sales tax revenues in 1987. Due to businesses leaving both Districts, 1992 was the last year for sales tax increments. The City did not apply this sales tax increment provision to the 7th Street District due to its strong economic condition.

East River TIF (2012 Budget - \$272,674; 2011 Budget - \$116,990; 2011 Actual - \$317,575; 2010 Actual - \$296,359). The East River tax increment district, created in 2008, was established to aid in retail and residential development within the district.

Westside II TIF (2012 Budget - \$8,959; 2011 Budget - \$10,000; 2011 Actual - \$8,850; 2010 Actual - \$9,827). The Westside II tax increment district, created in 2007, was established to aid in redevelopment within the district.

Lincolnwood Housing TIF (2012 Budget - \$82,560; 2011 Budget - \$79,443; 2011 Actual - \$90,494; 2010 Actual - \$77,591). Created in 2001, this west side housing tax increment district will utilize property taxes to pay for certain improvements in order to generate affordable housing.

Lincolnwood II TIF (2012 Budget - \$60,253; 2011 Budget - \$55,870; 2011 Actual - \$73,007; 2010 Actual - \$49,183). The Lincolnwood II tax increment district was established in 2005 to assist affordable residential development on the City's west-side.

Springfield Corners TIF (2012 Budget - \$374,386; 2011 Budget - \$442,076; 2011 Actual - \$269,762; 2010 Actual - \$163,696). This west side housing tax increment district was established in 2002 to utilize property taxes to pay for improvements to generate affordable housing.

North Main TIF (2012 Budget- \$96,032; 2011 Budget- \$86,232; 2011 Actual - \$88,697; 2010 Actual - \$74,105). This tax increment district was created in 2004 to aid in redevelopment within the district.

Rockford Global Trade Park TIF (2012 Budget - \$1,067,592; 2011 Budget - \$1,079,000; 2011 Actual - \$1,073,216; 2010 Actual - \$908,572). The Rockford Global Trade Park tax increment district was established in 2004 to develop 6,600 acres of land surrounding the Rockford Airport.

Rockford Global Trade Park 2 TIF (2012 Budget - \$189,342; 2011 Budget - \$196,971; 2011 Actual - \$189,065; 2010 Actual - \$190,343). The Rockford Global Trade Park tax increment district was established in 2007 to develop land surrounding the Rockford Airport.

Rockford Global Trade Park 3 TIF (2012 Budget - \$84,231; 2011 Budget - \$141,432; 2011 Actual - \$83,900; 2010 Actual - \$117,942). The Rockford Global Trade Park tax increment district was established in 2008 to develop land surrounding the Rockford Airport.

Garrison TIF (2012 Budget - \$80,734; 2011 Budget - \$53,000; 2011 Actual - \$73,815; 2010 Actual - \$50,541) The Garrison tax increment district was established in 2005 to develop the area surrounding the old Garrison school. Residential development is planned for the area.

River Oaks TIF (2012 Budget - \$58,697; 2011 Budget - \$73,000; 2011 Actual - \$58,704; 2010 Actual - \$69,118;) The River Oaks tax increment district was created in 2005 to assist river front residential development.

Hope Six TIF (2012 Budget - \$176,729; 2011 Budget - \$162,530; 2011 Actual - \$324,802; 2010 Actual - \$182,849) The Hope Six tax increment district, created in 2006, was established to assist with residential development.

Kishwaukee Harrison 1 TIF (2012 Budget - \$56,141; 2011 Budget - \$54,815; 2011 Actual - \$56,058; 2010 Actual - \$53,994) The Kishwaukee Harrison tax increment district, created in 2006, was established to aid in redevelopment within the district.

Kishwaukee Harrison 2 TIF (2012 Budget - \$217; 2011 Budget - \$253; 2011 Actual - \$223; 2010 Actual - \$249) The Kishwaukee Harrison 2 tax increment district, created in 2009, was established to aid in redevelopment within the district.

Main Auburn TIF (2012 Budget - \$20,778; 2011 Budget - \$20,735; 2011 Actual - \$20,658; 2010 Actual - \$20,102) The Main and Auburn tax increment district, created in 2006, was established to aid in redevelopment within the district.

Jackson School TIF (2012 Budget - \$109,369; 2011 Budget - \$145,284; 2011 Actual - \$107,493; 2010 Actual - \$121,710) The Jackson School tax increment district, created in 2006, was established to aid in redevelopment within the district.

State Kilburn TIF (2012 Budget - \$17,580; 2011 Budget - \$23,311; 2011 Actual - \$16,717; 2010 Actual - \$20,959) The State and Kilburn tax increment district, created in 2006, was established to aid in redevelopment within the district.

State Central TIF (2012 Budget - \$221,200; 2011 Budget - \$275,270; 2011 Actual - \$199,577; 2010 Actual - \$231,722) The State and Central tax increment district, created in 2006, was established to aid in redevelopment within the district.

Preston Central TIF (2012 Budget - \$34,258; 2011 Budget - \$135,600; 2011 Actual - \$5,724; 2010 Actual - \$241,424) The Preston and Central tax increment district, created in 2006, was established to aid in redevelopment within the district.

State Alpine TIF (2012 Budget - \$251,512; 2011 Budget - \$270,927; 2011 Actual - \$252,758; 2010 Actual - \$264,678) The State and Alpine tax increment district, created in 2006, was established to aid in redevelopment within the district.

River North TIF (2012 Budget - \$85,292; 2011 Budget - \$102,645; 2011 Actual - \$65,018; 2010 Actual - \$80,860) The River North tax increment district, created in 2008, was established to aid in redevelopment within the district.

Main Whitman TIF (2012 Budget - \$42,279; 2011 Budget - \$77,900; 2011 Actual - \$37,290; 2010 Actual - \$40,701) The Main Whitman tax increment district, created in 2008, was established to aid in redevelopment within the district.

Assisted Living TIF (2012 Budget - \$65; 2011 Budget - \$43; 2011 Actual - \$64; 2010 Actual - \$83) The Assisted Living tax increment district, created in 2008, was established to aid in redevelopment within the district.

Broadway TIF (2012 Budget - \$43,484; 2011 Budget - \$52,884; 2011 Actual - \$40,389; 2010 Actual - \$93,717) The Broadway tax increment district, created in 2008, was established to aid in redevelopment within the district.

Midtown TIF (2012 Budget - \$46,620; 2011 Budget - \$65,860; 2011 Actual - \$45,539; 2010 Actual - \$65,728) The Midtown tax increment district, created in 2008, was established to aid in redevelopment within the district.

Human Services (2012 Budget - \$12,656,647; 2011 Budget - \$14,114,983; 2011 Actual - \$11,328,023; 2010 Actual - \$22,818,897). This fund is financed by two federal (\$5,607,679) and four state agencies (\$7,022,968) as well as City revenue (\$26,000) to provide services in Community Services, Headstart Preschool, Drug Free, Weatherization and Energy Assistance. Revenues tend to fluctuate based on grants and federal philosophy. In addition to its cash contribution, the City's General Fund contributes over \$100,000 in indirect services annually.

Tuberculosis Sanitarium (2012 Budget - \$168,417; 2011 Budget - \$151,175; 2011 Actual - \$156,760; 2010 Actual - \$186,683). Revenues are received from property taxes, user fees, and interest income. The property tax limit is \$970,000; currently the fund is at \$160,500.

Library Fund (2012 Budget - \$8,122,930; 2011 Budget - \$8,440,852; 2011 Actual - \$8,388,189; 2010 Actual - \$8,095,720). This fund is financed by property taxes (\$7,100,000), state replacement taxes (\$700,000) fines (\$92,680), service charges and non-resident fees (\$39,500), grants (\$150,000), interest and rental income (\$10,000) and miscellaneous income (\$30,750). Of any City operating fund, the Library is most heavily dependent on the property tax as the largest source of revenue, 84.0%.

OTB Special Projects Fund (2012 Budget - \$90,000; 2011 Budget - \$90,000; 2011 Actual - \$96,938; 2010 Actual - \$98,229). This fund, used for special projects, receives one percent of the handle from the local off-track betting parlor.

Debt Service Funds Revenues (\$17,962,697)

Debt Service Funds (2012 Budget - \$17,962,697; 2011 Budget - \$19,042,779; 2011 Actual, excluding utility debt - \$12,920,449; 2010 Actual, excluding utility debt - \$13,976,948). These funds are funded by property taxes (\$4,866,320), tax abatements from TIF Districts, development funds, and OTB Special Projects Fund (\$5,492,712), the parking and water utilities (\$6,695,299), and sales tax (\$908,366). For further information, see Debt Service under Non-Operating Fund section.

**Capital Project Funds
Revenues (\$62,842,500)**

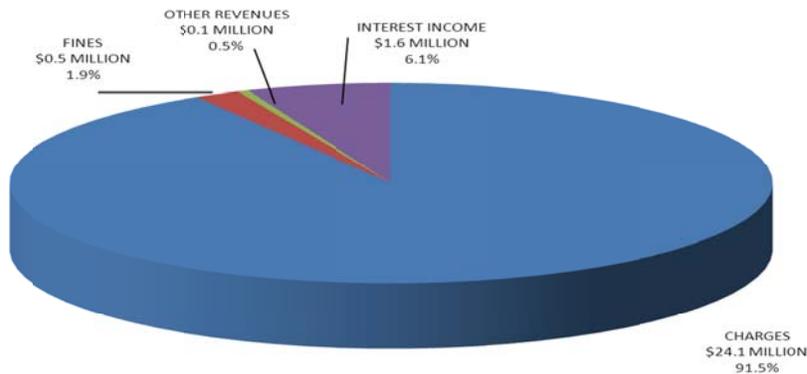
Capital Project Funds (2012 Budget - \$62,842,500; 2011 Budget - \$62,825,000; 2011 Actual - \$21,680,941; 2010 Actual - \$40,693,300). These funds are financed transfers from Sales Tax, Motor Fuel Tax, General, and Water Funds. For further information, see Capital Projects under the Public Works section.

**Enterprise Funds
Revenues (\$26,304,520)**

The City utilizes two enterprise funds, Water and Parking in the Public Works Department. The revenue mix has changed little from the previous year.

Water Fund (2012 Budget - \$24,338,400; 2011 Budget - \$24,569,400; 2011 Actual - \$23,015,834; 2010 Actual - \$22,911,864). This fund is financed by user fees (\$23,231,000), installations and connections (\$651,000); interest income (\$160,000), and service charges to other funds and governmental agencies (\$206,400).

**CITY OF ROCKFORD, ILLINOIS
2012 ENTERPRISE FUNDS' REVENUES \$26,304,520**



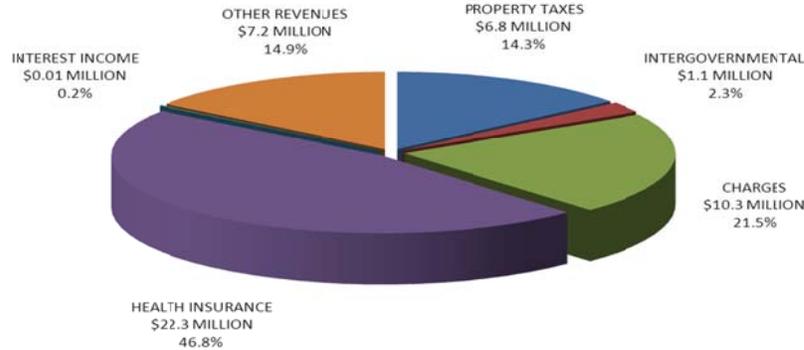
(2011 - \$26,570,800)

Parking Fund (2012 Budget - \$1,966,120; 2011 Budget - \$2,001,400; 2011 Actual - \$1,881,626; 2010 Actual - \$2,313,947). The Parking System is financed by fines (\$501,020), permits and fees (\$1,328,000), purchase of services (\$24,400), and interest income (\$112,700).

**Internal Service Funds
Revenues (\$47,765,780)**

The City uses eleven internal service funds. While financing for this fund group has increased from 2011's \$45,615,664 budget, the revenue mix is unchanged.

**CITY OF ROCKFORD, ILLINOIS
2012 INTERNAL SERVICE FUNDS' REVENUES
\$47,793,157**



(2011 - \$45,615,664)

Property Fund (2012 Budget - \$2,655,090; 2011 Budget - \$2,858,990; 2011 Actual - \$3,050,147; 2010 Actual - \$2,571,785). This fund, part of the Public Works Property and Equipment Division, provides building maintenance for City Hall, the City Yards and other City facilities.

Equipment Fund (2012 Budget - \$4,113,490; 2011 Budget - \$3,754,990; 2011 Actual - \$3,873,179; 2010 Actual - \$3,901,251). The Public Works Department operates garage facilities for vehicle maintenance for City departments and some County agencies at several locations.

Central Stores Fund (2012 Budget - \$420,000; 2011 Budget - \$417,520; 2011 Actual - \$424,039; 2010 Actual - \$414,404). This fund, part of the Public Works Property and Equipment Division, provides centralized inventory services for the Property and Equipment Units and the Water Division.

Information Technology Fund (2012 Budget - \$2,841,060; 2011 Budget - \$2,650,210; 2011 Actual - \$2,341,902; 2010 Actual - \$2,645,879). This fund finances the Information Technology department, which provides mainframe and microcomputer services to user departments.

911 Communications Fund (2012 Budget - \$5,266,935; 2011 Budget - \$5,249,218; 2011 Actual - \$5,426,388; 2010 Actual - \$5,081,273). Providing 911 communication services to public safety departments, this fund is financed by County and City General Fund purchase of services.

Illinois Municipal Retirement Fund (2012 Budget - \$6,688,760; 2011 Budget - \$6,647,727; 2011 Actual - \$6,337,199; 2010 Actual - \$6,529,757). The revenues for this fund finance the City pension as well as Social Security contributions. Property taxes are estimated at \$3,070,675; replacement taxes at \$282,300; interfund transfers from non-property tax funds at \$3,325,785 and interest income at \$10,000 for 2012. The property tax rate is unlimited.

Unemployment Insurance Fund (2012 Budget - \$169,720; 2011 Budget - \$171,020; 2011 Actual - \$239,404; 2010 Actual - \$64,543). The budget includes \$140,218 in property taxes and \$29,502 in interfund transfers from non-property tax funds. The property tax rate is unlimited.

Worker's Compensation Fund (2012 Budget - \$2,506,195; 2011 Budget - \$1,985,470; 2011 Actual - \$2,264,628; 2010 Actual - \$3,658,490). Income for 2012 includes \$2,216,812 in property taxes, \$274,383 in interfund transfers from non-property tax funds, and \$15,000 in interest income. The property tax rate is unlimited for this purpose.

Auditing Fund (2012 Budget - \$184,061; 2011 Budget - \$237,950; 2011 Actual - \$250,492; 2010 Actual - \$277,181; 2009 Actual - \$236,553). This fund is financed by property taxes (\$138,251) and interfund transfers from non-property tax funds (\$45,810). The property tax rate is unlimited for this purpose.

Health Insurance Fund (2012 Budget - \$22,403,236; 2011 Budget - \$21,394,734; 2011 Actual - \$20,908,852; 2010 Actual - \$21,309,412). The City operates a self-insured plan for active employees, retirees, and several outside groups. The City's share of \$18,479,370 is supplemented by employees, retired employees, and outside agency contributions of \$3,959,766.

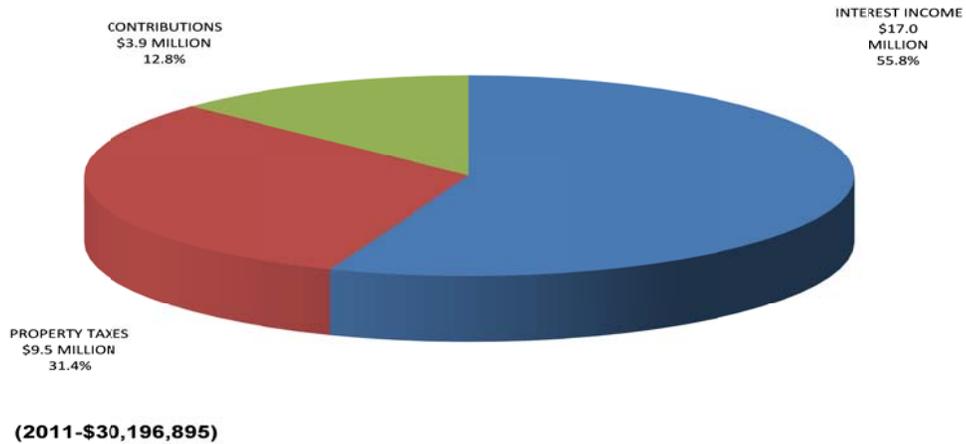
Risk Management Fund (2012 Budget - \$1,887,450; 2011 Budget - \$1,679,050; 2011 Actual - \$1,284,653; 2010 Actual - \$1,046,825). This fund, used for the payment of claims, judgments and general self-insured losses, is financed by an unlimited levy (\$1,287,000), departmental charges (\$485,450), and insurance reimbursements (\$115,000).

Pension Funds Revenues (\$30,439,299)

The City operates local pension plans for sworn police and fire officers.

Police Pension Fund (2012 Budget - \$13,744,820; 2011 Budget - \$14,255,453; 2011 Actual - \$12,845,792; 2010 Actual - \$22,526,873). This fund is financed by a contribution from the General Fund (property taxes, \$3,673,220 and state replacement taxes, \$790,300), member contributions (\$1,981,300), investment income (\$5,800,000), and fair value appreciation (\$1,500,000). The interest rate assumption for 2012 is 7% (2011 Actual 7.6% earnings).

**CITY OF ROCKFORD, ILLINOIS
2012 PENSION TRUST FUNDS' REVENUES
\$30,439,299**



Fire Pension Fund (2012 Budget - \$16,694,479; 2011 Budget - \$15,941,442; 2011 Actual - \$14,008,728; 2010 Actual - \$3,904,122). This fund is financed by a contribution from the General Fund (property taxes, \$4,133,879 and state replacement taxes, \$848,400), member contributions (\$1,912,200) and investment income (\$4,700,000), and fair value appreciation (\$5,000,000). The interest rate assumption for 2012 is 7% (2011 Actual 6.7% earnings).

DEPARTMENT FUNDING MATRIX

The table on the following two pages shows the funds listed in the preceding pages and the City departments that they fund. This matrix helps to illustrate how the financial structure of the City relates to the budgetary units that will be described in more detail in the rest of the budget book.

DEPARTMENT FUNDING

	Funds													
	General Fund	Motor Fuel Tax Fund	Sanitation Fund	CD Block Grant Fund	Redevelopment Fund	Tourism-Promotion Fund	TIF Funds	Human Services Fund	Tuberculosis Sanitarium	Library Fund	OTB Fund	Debt Service Funds	Capital Project Funds	Water Fund
City Departments														
Mayor's Office	x					x							x	
City Council	x													
Legal Department	x			x									x	
Finance Department	x		x		x	x							x	x
Information Technology Department														
Human Resources Department	x													
Board of Elections	x													
CD Administration	x													
CD Business Group				x	x									
CD Redevelopment					x									
CD Tourism Promotion						x								
TIF Funds							x							
Planning Division	x						x							
Sanitation Division			x											
Code Enforcement Division	x		x	x										
Building Department	x													
Human Services Department	x							x						
Tuberculosis Sanitarium								x						
Rockford Public Library									x					
Rockford Mass Transit District	x													
Police Department	x													
Fire Department	x													
911 Division	x													
Fire & Police Commissioners	x													
Public Works Administration	x		x											x
Public Works Engineering	x													x
Capital Project Fund	x	x											x	x
Motor Fuel Tax Fund		x												
Street Maintenance Division	x		x											
Traffic Division	x	x												
Parking Division	x													
Property & Equipment Division														
Water Division	x				x									x
Police Pension														
Fire Pension														
IMRF Pension														
Health Insurance														
Unemployment														
Worker's Compensation														
Auditing														
Debt Management												x		
OTB Special Projects											x			
Risk Management														
Workforce Investment Board	x													

DEPARTMENT FUNDING

City Departments	Parking Fund	Property Fund	Equipment Fund	Central Stores Fund	Information Tech Fund	911 Fund	IMRF Fund	Unemployment Fund	Worker's Comp Fund	Auditing Fund	Health Insurance Fund	Risk Management Fund	Police Pension Fund	Fire Pension Fund
Mayor's Office														
City Council														
Legal Department												x		
Finance Department	x											x	x	x
Information Technology Department					x									
Human Resources Department									x		x			
Board of Elections														
CD Administration														
CD Business Group														
CD Redevelopment														
CD Tourism Promotion														
TIF Funds														
Planning Division														
Sanitation Division														
Code Enforcement Division														
Building Department														
Human Services Department														
Tuberculosis Sanitarium														
Rockford Public Library														
Rockford Mass Transit District														
Police Department	x													
Fire Department														
911 Division						x								
Fire & Police Commissioners														
Public Works Administration	x	x	x	x										
Public Works Engineering														
Capital Project Fund														
Motor Fuel Tax Fund														
Street Maintenance Division														
Traffic Division	x													
Parking Division	x													
Property & Equipment Division		x	x	x										
Water Division														
Police Pension													x	
Fire Pension														x
IMRF Pension							x							
Health Insurance											x			
Unemployment								x						
Worker's Compensation									x					
Auditing										x				
Debt Management														
OTB Special Projects														
Risk Management												x		
Workforce Investment Board														

EX-47

YEAR END FINANCIAL CONDITION

Fund balances for the 2012 budget year ending December 31, 2012 are deemed to be sufficient to insure a healthy financial condition for the City. Of the eighteen funds projected to have year-end deficits, none are considered to be of concern.

Certain funds are project, rather than service oriented. In these funds, the practice can be to appropriate all available funds, current plus certain future amounts, for one or more potential projects. The ten TIF districts with deficits are examples of this. The Redevelopment fund can also be included. All of these project funds should turn positive before their current legal authority ends.

The Risk Management, Unemployment Compensation, and Workers' Compensation Funds carry deficits due to incurred claim estimates that are adjusted annually. The City has a long term funding plan in place to fund future claims.

A 20% rate increase in 2012 will eliminate most of the Worker's Compensation Fund deficit.

The RMAP fund has a temporary deficit due to startup costs. This will be corrected over several years. The Human Services, 911 Communications, and Purchase of Service have short term deficits which will correct.

With these actions, these funds should again be in good condition.

CITY OF ROCKFORD, ILLINOIS SCHEDULE OF ANTICIPATED ENDING FUND BALANCES 2012 BUDGET

FUND	BEGINNING	REVENUES	APPROPRIATION	EXCESS	ADJUSTMENTS	ENDING
	BALANCE			(DEFICIT)		BALANCE
	01/01/12					12/31/12
GENERAL-OPERATING	\$22,914,945	113,675,150	\$113,651,818	\$23,332		\$22,938,277
SPECIAL REVENUE						
MOTOR FUEL TAX	7,763,799	3,881,400	4,200,000	(318,600)		7,445,199
SANITATION	3,489,427	9,254,200	9,355,680	(101,480)		3,387,947
COMMUNITY DEVELOPMENT	684,020	3,972,361	4,031,880	(59,519)		624,501
REDEVELOPMENT TAX	(2,472,493)	3,651,500	3,140,793	510,707		(1,961,786)
TOURISM PROMOTION TAX	94,619	1,572,100	1,572,100	0		94,619
TAX INCREMENT DISTRICTS	(2,517,536)	5,937,961	6,212,907	(274,946)		(2,792,482)
HUMAN SERVICES	(1,070,660)	12,656,647	12,907,866	(251,219)		(1,321,879)
TUBERCULOSIS SANITARIUM	99,159	168,417	168,300	117		99,276
LIBRARY	5,692,018	8,122,930	8,122,930	0		5,692,018
OTB SPECIAL PROJECTS	(9,190)	90,000	50,200	39,800		30,610
RMAP PLANNING	(107,778)	742,971	773,339	(30,368)		(138,146)
DEBT SERVICE	8,317,681	11,264,823	17,962,697	(6,697,874)	6,697,874	8,317,681
CAPITAL PROJECT	15,275,594	62,842,500	62,842,500	0		15,275,594
ENTERPRISE						
WATER SYSTEM	122,878,874	24,338,400	23,632,067	706,333		123,585,207
PARKING SYSTEM	16,925,179	1,966,120	2,367,996	(401,876)		16,523,303
INTERNAL SERVICE						
PUBLIC WORKS PROPERTY	484,943	2,655,090	2,545,627	109,463		594,406
PUBLIC WORKS EQUIPMENT	794,970	4,113,490	4,009,336	104,154		899,124
PUBLIC WORKS CENTRAL STORE	171,001	420,000	418,187	1,813		172,814
911 COMMUNICATIONS	(253,501)	5,266,935	5,266,935	0		(253,501)
IMRF PENSION	302,357	6,688,760	6,678,761	9,999		312,356
UNEMPLOYMENT INSURANCE	(114,298)	169,720	169,720	0		(114,298)
WORKER'S COMPENSATION	(1,468,990)	2,506,195	2,491,195	15,000		(1,453,990)
AUDITING	717	184,061	184,061	0		717
RISK MANAGEMENT	(3,657,404)	1,887,450	1,674,700	212,750		(3,444,654)
INFORMATION TECHNOLOGY	1,443,980	2,841,060	2,644,387	196,673		1,640,653
HEALTH INSURANCE	1,461,849	22,403,336	21,568,760	834,576		2,296,425
PENSION						
POLICE PENSION	165,052,560	13,744,820	4,956,870	8,787,950	(8,725,000)	165,115,510
FIRE PENSION	148,398,600	16,694,479	5,691,179	11,003,300	(9,275,000)	150,126,900
ELIMINATIONS & ADJUSTMENTS	0	(71,953,035)	(71,782,710)	(170,325)	170,325	0
		<u>\$271,759,841</u>	<u>\$257,510,081</u>	<u>\$14,249,760</u>	<u>(\$11,131,801)</u>	<u>\$513,692,401</u>