Police and Fire Pension Fund

MISSION STATEMENT

It is the mission of the Police and Fire Pension Funds to provide retirement benefits for retired police officers and firefighters and their beneficiaries through employer and employee contributions and investment earnings.

PRIMARY FUNCTIONS

The primary function of this non-operating budgetary unit is to finance pensions for employees by both employer and employee contributions combined with interest earnings on those contributions. These three revenue streams, if based on sound actuarial assumptions, should generate sufficient funds for employee retirement without placing either an undue burden on the employer or a risk to the pension due the employee.

POLICE PENSION FUND BUDGET SUMMARY

APPROPRIATION	2011 ACTUAL	2012 BUDGET	2012 ESTIMATED	2013 BUDGET	INCREASE (DECREASE)
PERSONNEL	$12,387,023	$4,463,520	$13,183,325	$4,770,072	$306,552
CONTRACTUAL	358,869	383,950	329,479	371,190	(12,760)
SUPPLIES	0	200	84	70	(130)
OTHER	99,900	109,200	109,200	111,600	2,400
TOTAL	12,845,792	4,956,870	13,622,088	5,252,932	296,062
NON-APPROPRIATION	0	8,725,000	0	8,725,000	0
TOTAL EXPENSE	$12,845,792	$13,681,870	$13,622,088	$13,977,932	$296,062

FUNDING SOURCE	2010 ACTUAL	2011 ACTUAL	2012 BUDGET	2013 BUDGET	INCREASE (DECREASE)
POLICE DEPARTMENT TRANSFER					
POLICE PENSION PROPERTY TAX	$2,766,826	$4,316,216	$3,673,220	$3,673,220	$0
POLICE PENSION REPLACE TAX	978,600	862,600	790,300	1,096,852	306,552
TOTAL CITY CONTRIBUTION	3,745,426	5,178,816	4,463,520	4,770,072	306,552
INTEREST INCOME	18,324,394	11,037,385	5,800,000	3,450,000	(2,350,000)
FV APPRECIATION(DEPRECIATION)	-3,057,997	(8,966,330)	1,500,000	4,000,000	2,500,000
INVESTMENT INCOME	15,266,397	2,071,055	7,300,000	7,450,000	150,000
EMPLOYEE CONTRIBUTIONS	1,975,149	1,986,500	1,981,300	2,000,800	19,500
TOTAL	$20,986,972	$9,236,371	$13,744,820	$14,220,872	$476,052
ACTUARY'S CONTRIBUTION REQUIREMENT	$5,900,674	$5,178,816	$4,463,520	$4,770,072	$306,552
AMORTIZATION AMOUNT			$62,950	$242,940	

Police and Fire Pension Fund

FIRE PENSION FUND BUDGET SUMMARY

APPROPRIATION	2011 ACTUAL	2012 BUDGET	2012 ESTIMATED	2013 BUDGET	INCREASE (DECREASE)
PERSONNEL	$12,929,522	$6,295,842	$14,166,163	$5,776,061	($519,781)
CONTRACTUAL	480,220	509,700	395,175	514,975	5,275
SUPPLIES	0	200	84	100	(100)
OTHER	101,700	99,900	109,200	111,600	11,700
TOTAL	13,511,442	6,905,642	14,670,622	6,402,736	(502,906)
NON-APPROPRIATION	0	7,350,000	0	9,275,000	1,925,000
TOTAL EXPENSE	$13,511,442	$14,255,642	$14,670,622	$15,677,736	$1,422,094

FUNDING SOURCE	2010 ACTUAL	2011 ACTUAL	2012 BUDGET	2013 BUDGET	INCREASE (DECREASE)
FIRE DEPARTMENT TRANSFER					
FIRE PENSION PROPERTY TAX	$4,483,682	$5,200,985	$4,133,879	$4,133,879	$0
FIRE PENSION REPLACE TAX	1,174,300	1,035,100	948,400	1,642,182	693,782
TOTAL CITY CONTRIBUTION	5,657,982	6,236,085	5,082,279	5,776,061	693,782
INTEREST INCOME	6,757,037	9,142,053	4,700,000	4,000,000	(700,000)
FV APPRECIATION(DEPRECIATION)	3,344,267	(6,046,886)	5,000,000	4,000,000	(1,000,000)
INVESTMENT INCOME	10,101,304	3,095,167	9,700,000	8,000,000	(1,700,000)
EMPLOYEE CONTRIBUTIONS	1,798,076	1,699,844	1,912,200	1,969,100	56,900
TOTAL	$17,557,362	$11,031,096	$16,694,479	$15,745,161	($949,318)
ACTUARY'S CONTRIBUTION REQUIREMENT	$6,951,034	$7,045,842	$5,082,279	$5,776,061	$693,782
AMORTIZATION AMOUNT			$1,728,300	$67,425	

BUDGET HIGHLIGHTS

- The City utilizes an independent actuary to determine the necessary funding for these two plans on an annual basis. Once this is determined, the City funds the plans based on the recommendations of the independent actuary. There were no changes with respect to plan provisions, actuarial methods, or actuarial assumptions from the prior year.
- For 2012, the Police plan earned $2.2 million in interest income while the Fire plan earned $2.9 million in interest income.
- The Police and Fire plans also realized $12.3 and $6.8 million respectively on the sale of investments.
- In addition, reflecting fair market value adjustments of investments, the Police Pension Fund recorded a gain of $243,600 while the Fire Pension Fund recorded a gain of $1.7 million.
- Investment expenses were $197,000 for Police and $375,200 for Fire.
- Approximate annual rates of return were above the assumption rate of 7.5%, with 9.5% for Police and 8.7% for Fire.
- Police contribution requirement increases to $4,770,072. The increase in the contribution requirement is due to the increase in the annual payroll. The percent funded in 2011 was 73.8%.

Police and Fire Pension Fund

- Fire contribution requirement increases to $5,776,061. The increase in the contribution requirement is due to the increase in the annual payroll. The percent funded in 2011 was 67.2%.

OPERATIONAL INFORMATION

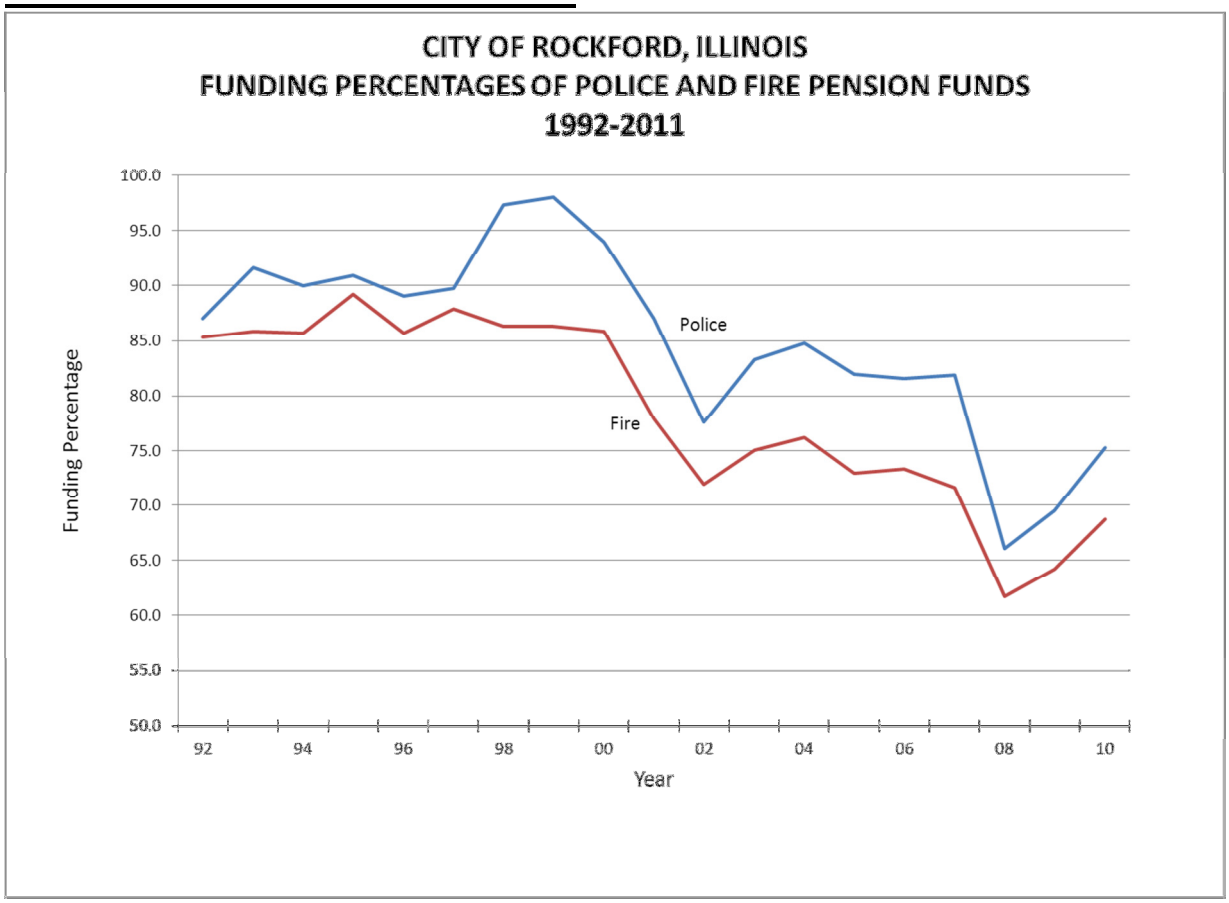
In 1993, the State of Illinois increased the pension benefits for these two plans. This increase not only increased costs for the future but it also significantly increased the unfunded liability for service already earned. With the member contribution rate increased only marginally, the bulk of the cost of paying for these improved benefits fell to local governments. To mitigate this, the State replaced the existing forty year level dollar amortization schedule begun in 1980 with a new 1993 forty year level percentage schedule. The City has elected, as long as was possible, to fund the annual contribution based on the 1980 schedule. For 2002, the last year that making this additional contribution was possible, this election added $406,805 to the Police contribution and $1,002,874 to the Fire contribution. Due to continuing and increasingly severe property tax cap restrictions, the City in 2003 changed and began to recognize the 1993 amortization method. The impact of this change for 2003 was estimated to be $980,000 for the Police contribution and $1,750,000 for the Fire contribution.

Effective July 1, 2004, the State changed the surviving spouse formula for the Fire Pension from 54% of ending salary to 100% of ending pension. To help fund this increased benefit, the firefighter contribution from salary was increased from 8.455% to 9.455%, an addition of $166,400 and the municipal contribution was calculated at $365,000, 2.1 cents on the tax rate. 30 of the 48 surviving spouses accounted for a first year cost increase of $215,000. For the future, this will add an additional $20,000 annually for each new surviving spouse. The State exempted the property tax necessary for this new benefit from the tax cap law.

The State of Illinois enacted a reform package for Illinois police and fire pension plans in 2010. Benefit changes, for new hires beginning January 1, 2011, included the following: (1) normal retirement age of 55 (currently 50); (2) early retirement at age 50 with 6% reduction for each year prior to 55; (2) pensionable salary cap of $106,800 indexed to ½% of CPI-U; (3) final average salary calculated using the last 8 of 10 years (currently final day's salary); (4) survivor benefit of 66 2/3% of pension earned at date of death (currently 100% of pension); and (5) cost of living adjustments beginning the year after a retiree or survivor turns age 60 with annual increases equaling the lesser of 3% simple or ½ of CPI-U (currently 3% compounded each year after pension becomes payable).

In addition, the following changes were made to public safety pension funding: (1) 30 year closed amortization period with a funding target of 90% by the end of 2040 (currently expires in 2033 with a funding target of 100%); (2) state shared revenue diversions to pension funds beginning in 2016 equaling the difference between the employer contribution and the required actuarial contribution. Three year phase in with up to 1/3 of state shared revenue diverted in 2016, up to 2/3 in 2017, and up to the full contribution difference beginning in 2018; (3) expanded investment authority including corporate bonds for all funds and greater equity investments for funds with assets of at least $10 million; and (4) 5 year smoothing of actuarial gains and losses. The first actuarial study to be performed using these changes was completed in the spring of 2011 for the year ended 2010 for the 2012 budget levy and the 2013 budget expense.

Police and Fire Pension Fund

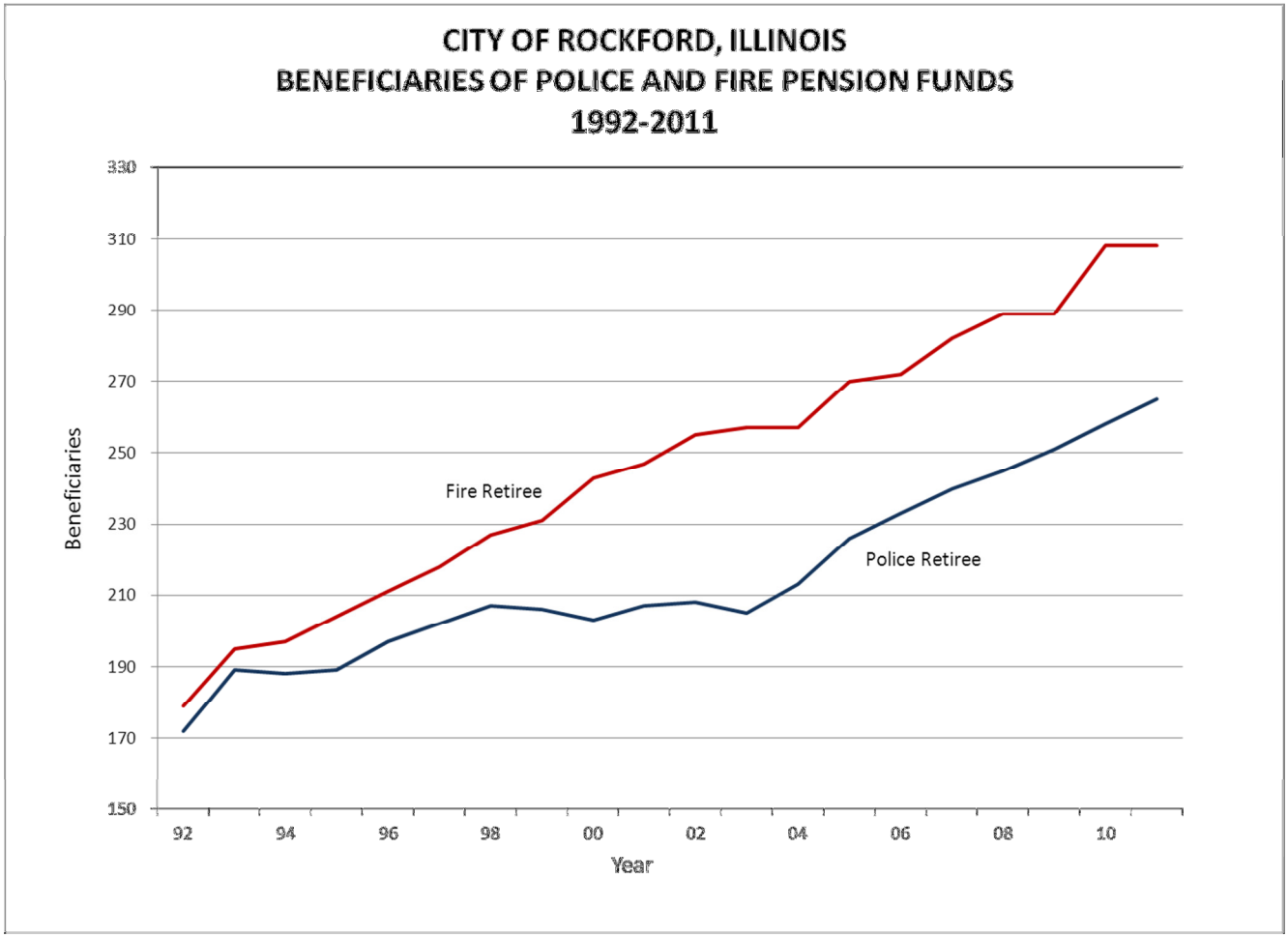


ROCKFORD PENSION PLANS

	Police	Fire	IMRF/SS
Employees	Sworn	Sworn	All Other
2013 Employer Rate	23.63%	27.73%	19.87%
2013 Employee Rate	9.910%	9.455%	10.70%
Social Security Included	No	No	Yes (6.2%)
Plan Administration	Local	Local	State
Retirement Age	50	50	55/60
Vesting (Years)	10	10	8
Pension (20 Years Service)	50%	50%	35%
Pension Limit	75%	75%	75%
Years To Achieve Limit	30	30	40
Pension Based On	Last Pay	Last Pay	Average of (4) Highest Consecutive Years In Last (10)

Trends for the two funds include active member percentage decreasing as the number of retirees increase as well as dollar costs rising.

Police and Fire Pension Fund



Approximately one-half of the annual revenues for these two plans are generated from investment earnings. While member contributions have increased to 9.91% for Police in 2000 and 9.455% for Fire in 2005, employee contributions are still the smallest element of the financing equation.

The City contributions are funded from property taxes and state replacement taxes. Pension property taxes are unlimited; however, property tax extension limitations (tax caps) do apply on a total city basis except for the new benefit provision for Fire Pension surviving spouses. For 2013, estimated rates are 23.9 cents for the Police plan and 26.8 cents for the Fire plan. 2012 rates are estimated at 20.9 and 23.5 cents respectively. The property tax rate increase is due to the plan cost increase. For the Fire plan, 3.4 cents for 2012 and 3.0 cents for 2013 are exempt from tax caps.

Both plans utilize the Finance Department's staff. The Police pension fund will also utilize a consultant, $40,000, and a custodian, $2,200, as well as six money managers at an estimated cost of $199,000 (2012-$150,001). The Fire pension uses a consultant, $65,000, a custodian, $8,500, and ten money managers at an estimated cost of $401,000 (2012-$302,183). Each fund pays the State Department of Insurance $8,000 annually for oversight services.

Police and Fire Pension Fund

POLICE PENSION FUND FIVE YEAR FINANCIAL FORECAST (IN 000'S)

	2014	2015	2016	2017	2018
Revenues	$22,000	$23,066	$24,225	$25,448	$26,757
Expenditures	14,633	15,177	15,738	16,315	16,909
Excess (Deficit)	7,367	7,889	8,487	9,133	9,848
Beginning Balance	175,287	182,654	190,543	199,030	208,163
Ending Balance	$182,654	$190,543	$199,030	$208,163	$218,011
Property Tax Rates (in cents)	25.8	27.8	30.0	32.4	34.8

FIRE PENSION FUND FIVE YEAR FINANCIAL FORECAST (IN 000'S)

	2014	2015	2016	2017	2018
Revenues	$21,006	$21,932	$22,903	$23,939	$25,033
Expenditures	15,903	16,485	17,085	17,702	18,338
Excess (Deficit)	5,103	5,447	5,818	6,237	6,695
Beginning Balance	156,300	161,404	166,851	172,669	178,906
Ending Balance	$161,404	$166,851	$172,669	$178,906	$185,601
Property Tax Rates (in cents)	28.9	31.1	33.5	36.1	38.8

The 2014-2018 five-year forecast on a traditional basis, assumes five percent City and employee contribution increases as well as a 7.5% return on investments. The combined impact for the two plans of this increase on the property tax rate would be approximately four cents annually. Costs are assumed to rise annually due to three percent pension increases and an annual new retiree group of five. This forecast does not address a number of issues such as mortality, disability, and withdrawal that an actuary would. In addition, it makes no assumptions as to the likelihood of additional benefits gained through the legislative process in Springfield.

IMRF Pension Fund

MISSION STATEMENT

It is the mission of the Illinois Municipal Retirement Fund to provide retirement benefits for all retired non-sworn City employees and their beneficiaries.

PRIMARY FUNCTIONS/FUND HIGHLIGHTS

The primary function of the IMRF Fund is to account for all benefits for retired non-sworn City employees and their beneficiaries through employer and employee contributions.

Based on sound professional actuarial advice and adequate funding, former employees are able to draw retirement benefits from the plan.

IMRF PENSION FUND BUDGET SUMMARY

APPROPRIATION	2011 ACTUAL	2012 BUDGET	2012 ESTIMATED	2013 BUDGET	INCREASE (DECREASE)
PERSONNEL	$6,325,205	$6,678,511	$6,598,069	$6,997,948	$319,437
CONTRACTUAL	246	250	0	250	0
TOTAL	$6,325,451	$6,678,761	$6,598,069	$6,998,198	$319,437

RATES APPLIED	2009	2010	2011	2012	2013
IMRF	9.35	12.53	12.81	13.18	13.67
SOCIAL SEC	7.65	7.65	7.65	7.65	7.65
TOTAL	17.00	20.18	20.46	20.83	21.32

FUNDING SOURCE	2010 ACTUAL	2011 ACTUAL	2012 BUDGET	2013 BUDGET	INCREASE (DECREASE)
PROPERTY TAXES					
IMRF FUND	$3,133,424	$3,190,674	$3,070,675	$3,219,787	$149,112
REPLACEMENT TAXES	400,000	308,100	282,300	328,700	46,400
INTERFUND TRANSFERS	3,303,243	3,654,574	3,325,785	3,449,710	123,925
INTEREST INCOME	4,119	17,130	10,000	10,000	0
TOTAL	$6,840,786	$7,170,478	$6,688,760	$7,008,197	$319,437

BUDGET HIGHLIGHTS

- The Social Security rate, last increased in 1990 to 7.65%, remains unchanged for 2013. The taxable wage base for the 1.45% Medicare portion continues to be unlimited; the ceiling for Social Security (6.2%) remains unchanged from 2012's $106,800.
- The 2013 IMRF rate increases slightly to 13.67% due to the performance of equity markets. The City's IMRF plan is 77.5% funded (2010 market value).
- The property tax rate for IMRF and Social Security retirement is unlimited by statute. The 2013 estimated rate is 18.9 cents, a slight increase from the prior year's 17.1 cents.

IMRF Pension Fund

IMRF PENSION FUND FIVE YEAR FINANCIAL FORECAST (IN 000'S)

	2014	2015	2016	2017	2018
Revenues	$7,499	$8,024	$8,586	$9,187	$9,830
Expenses	7,488	8,012	8,573	9,173	9,815
Excess (Deficit)	11	12	13	14	15
Beginning Balance	71	82	94	107	121
Ending Balance	$82	$94	$107	$121	$136
Property Tax Rates (in cents)	20.7	23.4	25.2	27.0	29.0

The 2014-2018 five-year forecast assumes that retirement costs will increase 5% annually due to salary adjustments, that the Social Security and IMRF rates will remain constant, that the Social Security base will continue to increase incrementally and that the revenue mix of property and transfer reimbursements will remain constant. Given the performance of the equity markets, the IMRF rate and consequently the City's expense may need to increase during this time period.

Health Insurance Fund

MISSION STATEMENT

It is the mission of the Health Insurance Fund is to provide health insurance benefits for City employees, City retirees, and outside participants through a self-insured plan (since 1978) financed by employer and partial premiums for employees in addition to those by retirees and outside participants.

PRIMARY FUNCTIONS/FUND HIGHLIGHTS

The primary function of the health insurance fund is to account for all health insurance costs including medical dental expenses, administrative expenses and excess coverage policies.

With health insurance costs continuing to escalate as a percentage of the City's cost of doing business, the City refined its traditional PPO plan and introduced a new health savings account (HSA) offering in 2007. A multi-year schedule designed to increase employee deductibles and co-pays was approved. For 2009, the City secured new agreements for the dental, life insurance, health savings account, and flex care programs. In 2011, a change in network and third party administrators saved additional funds. With these changes, the City continues to offer its employees excellent health insurance at a reasonable cost.

The City will work to maintain a 25% reserve for this fund.

HEALTH INSURANCE FUND BUDGET SUMMARY

APPROPRIATION	2011 ACTUAL	2012 BUDGET	2012 ESTIMATE	2013 BUDGET	INCREASE (DECREASE)
CONTRACTUAL	$18,109,845	$21,413,400	$19,051,423	$21,627,400	$214,000
SUPPLIES	16,513	0	0	500	500
OTHER EXPENSE	1,212,100	115,500	155,360	179,075	63,575
TOTAL	$19,338,458	$21,528,900	$19,206,783	$21,806,975	$278,075

FUNDING SOURCE	2010 ACTUAL	2011 ACTUAL	2012 BUDGET	2013 BUDGET	INCREASE (DECREASE)
EMPLOYER PREMIUMS	$16,432,026	$17,044,452	$19,000,118	$18,839,081	($161,037)
EMPLOYEE PREMIUMS	1,186,858	1,067,685	1,110,330	1,094,665	(15,665)
RETIREES	2,091,159	2,269,368	2,377,692	1,987,990	(389,702)
OUTSIDE AGENCIES	0	10,714	33,696	0	(33,696)
OTHER	630,072	330,412	(173,000)	(112,000)	61,000
INTEREST INCOME	37,077	241,958	54,500	96,100	41,600
TOTAL	$20,377,192	$20,964,589	$22,403,336	$21,905,836	($497,500)

BUDGET HIGHLIGHTS

- Minimal growth in expenses over 2012 reflects the continued impact of the decision to implement Blue Cross Blue Shield as both network and third party administrator. Wellness efforts are also impacting claims expenses.
- Revenue reflects no change in premiums from 2012, and changes in coverage elections from year to year. In addition, the number of retirees on the plan decreases for 2013.

Health Insurance Fund

HEALTH INSURANCE FUND FIVE YEAR FINANCIAL FORECAST (IN 000'S)

	2014	2015	2016	2017	2018
Revenues	$23,899	$26,068	$28,456	$31,081	$33,969
Expenses	23,797	25,979	28,369	30,994	33,868
Excess (Deficit)	102	89	87	87	101
Beginning Balance	6,503	6,605	6,695	6,781	6,869
Ending Balance	$6,605	$6,694	$6,782	$6,868	$6,970
Rate Increase	10.0	10.0	10.0	10.0	10.0
Reserve Percentage	27.3	25.4	23.6	21.9	20.3

The 2014-2018 five year plan assumes that medical costs will increase up to10% annually and that the revenue mix of employer, employee, and third party contributions will continue to evolve in order to continue a financially viable plan. Revenue increases are anticipated to be 5% to 10% per year for 2014-2018. Full participation in the plan by the two public safety unions would be beneficial for all employees as well as for Rockford taxpayers. As information evolves about the new federal health insurance program, changes will be made to the City's program. Those changes are anticipated to add cost to the City's plan.

Unemployment Fund

MISSION STATEMENT

It is the mission of the Unemployment Tax Fund to provide services for unemployment costs to former employees.

PRIMARY FUNCTIONS/FUND HIGHLIGHTS

The primary function of the Unemployment Tax Fund is to account for all unemployment expenditures.

The City operates a self-insured unemployment tax program with financing provided by premiums charged to departments based on a percentage of the first $9,000 salary. The City will continue to strive to provide this program to former employees while maintaining responsible costs for the taxpayers through its self-insured program.

UNEMPLOYMENT COMPENSATION TAX FUND BUDGET SUMMARY

APPROPRIATION	2011 ACTUAL	2012 BUDGET	2012 ESTIMATED	2013 BUDGET	INCREASE (DECREASE)
CONTRACTUAL	$111,572	$161,514	$61,434	$168,307	$6,793
TOTAL	$111,572	$161,514	$61,434	$168,307	$6,793

FUNDING SOURCE	2010 ACTUAL	2011 ACTUAL	2012 BUDGET	2013 BUDGET	INCREASE (DECREASE)
GENERAL FUND TRANSFERS	$55,920	$51,989	$169,720	$135,297	($34,423)
OTHER FUND TRANSFERS	10,833	29,145	29,502	32,760	3,258
INTEREST INCOME	1,174	279	900	900	0
TOTAL	$67,927	$81,413	$200,122	$168,957	($31,165)

BUDGET HIGHLIGHTS

- The property tax rate for unemployment, collected in the general fund, is unlimited by statute. The 2013 estimated rate is 0.82 cents, 0.045 cents higher than the previous 0.78 cents.

UNEMPLOYMENT COMPENSATION FUND FIVE YEAR FINANCIAL FORECAST (IN $000'S)

	2014	2015	2016	2017	2018
Revenues	$171	$175	$179	$184	$188
Expenses	60	1	63	65	66
Excess (Deficit)	111	174	116	119	122
Beginning Balance	(20)	91	265	381	500
Ending Balance	$91	$265	$381	$500	$622
Property Tax Rates (in cents)	0.9	0.9	0.9	0.9	0.9

The 2014-2018 five-year forecast assumes that unemployment costs will increase 3% annually and that premiums will be adjusted as necessary during this period. The unemployment rate charged to operating departments has remained stable at 2.0% (180) of the first $9,000 of salary per employee for 2013. For the 2014 – 2018 planning period, the rate will be 2.0% ($180).

Worker's Compensation Fund

MISSION STATEMENT

It is the mission of the Worker's Compensation Fund to provide for all administrative, reinsurance and benefit expenses associated with employees' worker's compensation claims.

PRIMARY FUNCTIONS

The primary function is to account for all workers' compensation expenditures. The City operates a self-insured worker's compensation program with financing provided by premiums charged to departments based on job type and likelihood of injury.

WORKER'S COMPENSATION FUND BUDGET SUMMARY

APPROPRIATION	2011 ACTUAL	2012 BUDGET	2012 ESTIMATE	2013 BUDGET	INCREASE (DECREASE)
CONTRACTUAL	$1,483,367	$2,407,695	$1,803,852	$2,586,971	$179,276
OTHER EXPENSE	82,800	83,500	83,500	92,400	8,900
TOTAL	$1,566,167	$2,491,195	$1,887,352	$2,679,371	$188,176

FUNDING SOURCE	2010 ACTUAL	2011 ACTUAL	2012 BUDGET	2013 BUDGET	INCREASE (DECREASE)
GENERAL FUND TRANSFERS	$3,213,999	$2,525,473	$2,216,812	$2,401,743	$184,931
OTHER FUND TRANSFERS	435,604	294,712	274,383	277,378	2,995
REIMBURSEMENTS	4,405	53,278	0	0	0
INTEREST INCOME	(1,730)	62,262	15,000	15,000	0
TOTAL	$3,652,278	$2,935,725	$2,506,195	$2,694,121	$187,926

BUDGET HIGHLIGHTS

- Rates were increased 5% for 2013 due to increased expenses.
- With a fund deficit of $3.0 million at the end of 2010, a $1.6 million surcharge was assessed to all participating funds in 2010. An additional surcharge was assessed at the end of 2011, $656,000, to bring the fund to a positive fund balance at the start of 2012.
- The property tax rate for worker's compensation, collected in the general fund, is unlimited by statute. The 2012 estimated rate is 12.8 cents, 3.3 cents higher than the previous 9.4 cents.

WORKER'S COMPENSATION FUND FIVE YEAR FINANCIAL FORECAST (IN $000'S)

	2014	2015	2016	2017	2018
Revenues	$2,828	$2,969	$3,116	$3,272	$3,434
Expenses	2,813	2,954	3,102	3,257	3,420
Excess (Deficit)	15	15	14	15	14
Beginning Balance	910,533	910,548	910,563	910,577	910,592
Ending Balance	$910,548	$910,563	$910,577	$910,592	$910,606
Expense Rate Change	5%	5%	5%	5%	5%

The 2014-2018 five-year forecast assumes that worker's compensation costs will increase five percent annually and that premiums will be increased 5% annually to keep pace with expense growth.

Auditing Fund

MISSION STATEMENT

It is the mission of the Auditing Fund to provide and pay for auditing services in the most efficient and economical manner in order to produce the most accurate financial records.

PRIMARY FUNCTIONS

The primary function of the Auditing Fund is to pay for all auditing services associated with the City's financial records.

AUDITING FUND BUDGET SUMMARY

APPROPRIATION	2011 ACTUAL	2012 BUDGET	2012 ESTIMATE	2013 BUDGET	INCREASE (DECREASE)
CONTRACTUAL	$250,492	$184,061	$184,061	$240,000	$55,939
TOTAL	$250,492	$184,061	$184,061	$240,000	$55,939

FUNDING SOURCE	2010 ACTUAL	2011 ACTUAL	2012 BUDGET	2013 BUDGET	INCREASE (DECREASE)
PROPERTY TAXES					
AUDITING	$184,467	$182,240	$138,251	$180,990	$42,739
INTERFUND TRANSFERS	54,200	55,710	45,810	59,010	13,200
TOTAL	$238,667	$237,950	$184,061	$240,000	$55,939

BUDGET HIGHLIGHTS

- The Fund reimburses the Finance Department for staff costs associated with auditing. 2013 costs include $80,000 for auditors, $158,350 for internal staff costs, and $3,000 for printing the annual report in the newspaper.
- The property tax rate for auditing is unlimited by statute. The 2013 proposed rate is 1.0 cents, increased from the prior year's 0.9 cent rate.

AUDITING FUND FIVE YEAR FORECAST

The 2014-2018 five year forecast assumes that audit costs will increase three percent annually and that the revenue mix of property taxes and transfer reimbursements will remain constant.

AUDITING FUND 2014-2018 FINANCIAL FORECAST (IN 000'S)

	2014	2015	2016	2017	2018
Revenues	$247	$254	$262	$270	$278
Expenses	247	254	262	270	278
Excess (Deficit)	0	0	0	0	0
Beginning Balance	0	0	0	0	0
Ending Balance	$0	$0	$0	$0	$0
Property Tax Rates (in cents)	1.0	1.0	1.0	1.1	1.1

Debt Management

MISSION STATEMENT

It is the mission of the Debt Management Fund to account for bonded indebtedness incurred by the City, including all bond and interest payments.

PRIMARY FUNCTION

The primary function of the Debt Management Fund is to retire debt incurred by the City for long-term capital projects and short-term cash flow financing, by making annual payments of interest and principal based upon a planned schedule.

FUND HIGHLIGHTS

Since 1982 when the first Capital Improvements Program was adopted, the City has gone to the market annually to seek financing for its infrastructure improvements. In addition to retiring debt through property taxes, sales taxes, and water revenues, the City also utilizes tax increment financing (TIF) and special service area (SSA) districts property taxes to retire bonds.

In 2006, the City submitted a referendum question to the voters to determine whether or not they would, rather than financing streets and drainage improvements through voter approved bond issue referendums and the resulting property tax financed debt service, rather pay for infrastructure improvements through a one percent sales tax. While the voters defeated that proposal, they approved the same proposal, but with a five year limitation, in the spring 2007 election. Effective July 1, 2007, the tax generates $15 million annually. The tax was extended by referendum for an additional five year period on April 5, 2011. Property tax financed debt service will end in 2017.

For the future, the City will only issue bonds for development purposes that are financed by TIF district property tax increment or other non-property tax alternate revenue sources.

The City's current bond (long-term debt) rating is Aa3 from Moody's Investors Service.

Debt Management

CITY OF ROCKFORD, ILLINOIS
OUTSTANDING AND PROPOSED DEBT ISSUES

ISSUE AND AMOUNT	PAYMENT SOURCE	FINAL LEVY YEAR
1995 $1,745,924 Kishwaukee Trunk Sewer (RRWRD)	7	2015
2004 $15.9 GOB (Series A-$8.5 Street, Series B-$2.2 Water,		
Series C-$2.0 7th St Taxable TIF Project, and Series D-$3.2 Equipment)	1, 2, 3, 7	2016
2004 $14.570 GOB Alternate and Refunding, (Alternate, Series E-$4.65,		
N Main TIF $1.65, Airport TIF $3.0, Refundings, Series F-$4.375 Street/		
Drainage, Series G-$2.475 Water, Series H-$3.070 S Rockford TIF)	1, 2, 3	2023
2005 $10.9 GOB (Series A-$8.7 Street, Series B-$2.2 Water)	1, 2	2017
2005 $10.6 GOB (Alternate, Series C-$7.550, Airport TIF $0.915,		
Lincolnwood II TIF $0.560, Springfield Corners TIF $1.795, River Oaks		
$2.450, Garrison TIF $1.500, Lincolnwood I Refunding, $0.530,		2023
Series D-$2.850 Taxable Alternate Southwest Rockford Econ Dev	3,7	2017
2006 $17.5 GOB (Series A-$15.0 Water, Series B-$2.5 Hope 6 TIF)	2,3	2025
2007 $29.865 GOB Alternate and Refunding ($23.0 Metro Centre		
Improvements (Series A-$6.635 Tax Exempt, Series B-$16.365	6,9	2026
Taxable), Series C-$6.865 GOBA Refunding)	6	2026
2007 $8.75 GOB Alternate (Series D-$3.5 Water, Series E-$1.1	2	2026
Preston Central TIF, Series F-$1.1Sewer, Series G-$3.05 Library)	2,3,7,8	2026
2008 $12.15 GOB Alternate (Series A-$9.0 Water, Series B-$1.3	2,3,5	2028
TIF ($1.1 Airport, $0.2 Jackson School), Series C-$1.85 Taxable Parking		2018
2009 $2.6 GOB Alternate (Series A-$1.65 TIF ($0.35 River North, $1.3		2028
Main Whitman), Series B-$0.95 Taxable Global Trade #1)	3	2029, 2024
2009 $8.065 Series C - GOB Alternate Refunding Taxable (Metro Center)	6,9	2026
2009 $1.7 GOB Alternate (Series D-$1.35 Springfield Corners TIF,		
Series E-$0.35 River East TIF)	3	2023
2009 $13.585 Refunding (Series E-$7.93 GOB Street, Series F-$4.325		2014, 2018,
Water, Series G-$1.33 7th Street TIF District)	1,2,3	2015
2010 $3.4 GOB Alternate Water	2	2029
2012 $1.47 Refunding (Series B-$0.64 GOB Water, $0.83 GOB Water)	2	2016
2012 $7.73 Refunding ($2.7 GO, Series C-$0.88 7th Street TIF, Series C-$0.93		2016, 2021
Springfield Corners TIF, Series A-$3.22 GO)	2, 3, 7	

2010 bonds issued
Amounts are in Millions
ALTERNATE - General Obligation Bonds (Alternate)
ALTERNATE CERTIFICATE - General Obligation Certificates
GOB - General Obligation Bonds (Exempt)
GOB TAXABLE - General Obligation Bonds (Taxable)
WRB - Water Revenue Bonds

PAYMENT SOURCES	
1	Property Taxes
2	Water Fund Revenues
3	Tax Increment Financing District Revenues
4	Special Service Area Property Taxes
5	Parking Fund Revenues
6	Redevelopment Fund Revenues
7	Sales Taxes
8	Off Track Betting Revenues
9	Private, Other

Debt Management

DEBT MANAGEMENT FUND BUDGET SUMMARY

APPROPRIATION	2011 ACTUAL	2012 BUDGET	2012 ESTIMATE	2013 BUDGET	INCREASE (DECREASE)
BOND INTEREST	$5,807,906	$5,039,476	$5,309,358	$4,329,146	($710,330)
BOND PRINCIPAL	9,015,000	12,923,221	8,330,000	12,859,335	(63,886)
TOTAL	$14,822,906	$17,962,697	$13,639,358	$17,188,481	($774,216)

Actuals exclude water system debt

FUNDING SOURCE	2010 ACTUAL	2011 ACTUAL	2012 BUDGET	2013 BUDGET	INCREASE (DECREASE)
PROPERTY TAXES					
DEBT SERVICE-CITYWIDE	$6,334,895	$5,546,650	$4,866,320	$4,849,256	($17,065)
	6,334,895	5,546,650	4,866,320	4,849,256	(17,065)
ABATEMENTS-TAX EXEMPT					
PUBLIC WORKS WATER	4,294,979	6,697,874	6,527,549	5,776,777	(750,772)
SALES TAX	583,073	579,573	574,773	579,573	4,800
TIF DISTRICTS	2,266,409	2,608,586	2,716,535	2,467,629	(248,907)
REDEVELOPMENT FUND	841,380	910,893	1,000,905	1,080,193	79,288
OTHER	824,644	819,519	814,394	809,269	(5,125)
	8,810,485	11,616,445	11,634,156	10,713,441	(920,715)
ABATEMENTS-TAXABLE					
TIF DISTRICTS	973,061	946,660	519,010	698,635	179,625
SALES TAX	331,093	319,844	333,593	321,094	(12,499)
REDEVELOPMENT FUND	441,868	441,868	441,868	441,868	0
PARKING	122,500	171,312	167,750	164,188	(3,562)
	1,868,522	1,879,684	1,462,221	1,625,785	163,564
TOTAL	$17,013,902	$19,042,779	$17,962,697	$17,188,481	($774,216)

BUDGET HIGHLIGHTS

- The last sale was held in 2012, $10.485 million bond issue for refunding six outstanding series of bonds for 2002 and 2003 for road and water system improvements and tax increment finance districts. The estimated total net present value debt savings will be approximately $540,000 during the life of the bond.
- For the $75 million water program, the City has issued $30.9 million in the traditional marketplace. In addition, the City is participating in a State (IEPA) loan program for eligible mitigation activities that is anticipated to produce $15 million in savings over traditional financing. To date, the State has approved $23.1 million in twenty year 2.5% loans, $8.5 million in twenty year 1.25% loans, and $7.5 million in twenty year 0.0% loans, a total of $39.1 million. In addition, the City has received $5.4 million in ARRA stimulus grants. The State total is $44.5 million. The total borrowing is $70.0 million. With the grant funds, the total program is $75.4 million.
- The City plans to issue bonds to fund the construction of a multi-use indoor sports facility at the former Ingersoll facility.

Debt Management

DEBT MANAGEMENT FUND FIVE YEAR FORECAST

As part of the annual development of the five year capital improvements program, the City also prepares a bond issue schedule. While currently no plans exist for the 2014-2018 period, the City may recognize a need in the future during this period and sell bonds. Actual size and issuance depends upon the development of the annual capital improvements program. As existing street debt is retired, the debt service tax rate should continue to decrease.

DEBT SERVICE FUND FIVE YEAR FINANCIAL FORECAST (IN 000'S)

	2014	2015	2016	2017	2018
Revenues	$17,620	$15,947	$14,730	$13,217	$10,534
Expenditures	17,620	15,947	14,730	13,217	10,534
Excess (Deficit)	0	0	0	0	0
Beginning Balance	2,500	2,500	2,500	2,500	2,500
Ending Balance	2,500	2,500	2,500	2,500	2,500
GO Bond Issues	0	0	0	0	0
Water Issues	0	0	0	0	0
Alternate Issues	0	0	0	0	0
Tax Rate (Cents)	25.3	17.2	12.0	6.3	0.9

Off-Track Betting Special Projects Fund

MISSION STATEMENT

It is the mission of the Off-Track Betting (OTB) Fund to finance projects from off-track betting receipts, as determined by the Mayor and Council.

PRIMARY FUNCTIONS

The primary function of the OTB Fund is to account for OTB revenues and to allocate those revenues for special projects.

FUND HIGHLIGHTS

The State Legislature approved a horse racing bill in December 1986 that included a provision for race tracks to operate off-track betting parlors in Illinois. A facility was opened in Rockford on November 18, 1987. The City and the County each receives one percent of the handle.

The City utilizes receipts for financing nonrecurring projects, the Rockford arts and property tax relief. Past undertakings have included property tax relief, contribution to the arts, certain road projects and fire station construction.

OTB SPECIAL PROJECTS FUND BUDGET SUMMARY

APPROPRIATION	2011 ACTUAL	2012 BUDGET	2012 ESTIMATE	2013 BUDGET	INCREASE (DECREASE)
DEBT SERVICE/INTEREST	$0	$200	$0	$0	($200)
TRANSFER TO REDEVELOP	0	$50,000	$25,000	$75,000	25,000
ARTS	25,000	0	0	0	0
TOTAL	$25,000	$50,200	$25,000	$75,000	$24,800

FUNDING SOURCE	2010 ACTUAL	2011 ACTUAL	2012 BUDGET	2013 BUDGET	INCREASE (DECREASE)
OTB RECEIPTS	$98,229	$98,310	$90,000	$95,000	$5,000
INTEREST INCOME	0	0	0	700	700
TOTAL	$98,229	$98,310	$90,000	$95,700	$5,700

BUDGET HIGHLIGHTS

- Income budgeted at $95,700 was increased to historical actual.
- A $75,000 transfer to redevelopment is budgeted to pay back debt service paid from the redevelopment fund in previous years.

OTB SPECIAL PROJECTS FUND FIVE YEAR FORECAST

The 2014-2018 five year forecast assumes no revenue growth and expenditure of revenue for Redevelopment Fund reimbursement. With debt service completed in 2007, the fund's deficit should be eliminated in 2012. Future excess funds will reimburse the Redevelopment Fund for past advances, $700,000, made in 2005 – 2007 with the reimbursement complete by 2020.

Off-Track Betting Special Projects Fund

OTB SPECIAL PROJECTS FUND 2014-2018 FINANCIAL FORECAST (IN 000'S)

	2014	2015	2016	2017	2018
Revenues	$96	$96	$96	$101	$101
Expenditures	100	100	100	100	100
Excess (Deficit)	(4)	(4)	(4)	1	1
Beginning Balance	57	53	50	46	46
Ending Balance	$53	$50	$46	$46	$47

Risk Management Fund

MISSION STATEMENT

It is the mission of the Risk Management Fund to provide for costs associated with insurance, legal claims, risk management, and judgments.

PRIMARY FUNCTIONS/FUND HIGHLIGHTS

The primary function of the Risk Management Fund is to account for insurance expenses, losses to City owned property, liability claims, and risk management activities.

Implemented in 1996 to comply with Governmental Accounting Standards Board guidelines, the Risk Management Internal Service Fund pays for all insurance, claim settlements, and accidental property losses for the City. Not unlike a premium from an insurance company, departments are assessed a service charge that is based on a cost recovery basis. The annual service charge covers all risk management services received for that year including claim and loss management, insurance premiums, accidental loss of equipment, and the defense and settlement of claims.

The Risk Management Fund transfers risk exposure to outside companies through purchased insurance. This coverage includes liability, surety, fidelity, and property protection. Those City activities not covered through purchased insurance are covered by the City's self-insurance program in which funds are set aside to cover losses and claims. Governmental accounting standards require the City to record anticipated liabilities from operations. The frequency and amounts of the liabilities can vary significantly from year to year.

RISK MANAGEMENT FUND BUDGET SUMMARY

APPROPRIATION	2011 ACTUAL	2012 BUDGET	2012 ESTIMATE	2013 BUDGET	INCREASE (DECREASE)
CONTRACTUAL	$1,590,608	$1,371,500	$1,590,608	$1,736,950	$365,450
OTHER	303,200	303,200	303,200	451,700	148,500
TOTAL	$1,893,808	$1,674,700	$1,893,808	$2,188,650	$513,950

FUNDING SOURCE	2010 ACTUAL	2011 ACTUAL	2012 BUDGET	2013 BUDGET	INCREASE (DECREASE)
PROPERTY TAXES					
JUDGMENTS	1,008,520	1,077,980	1,287,000	1,386,000	99,000
SERVICE CHARGES	0	0	485,450	953,840	468,390
PROPERTY DAMAGE REIMBURSEMEN	27,211	170,055	115,000	115,000	0
MISCELLANEOUS	7,479	24,806	0	0	0
INTEREST INCOME	3,615	11,244	0	0	0
TOTAL	1,046,825	1,284,085	1,887,450	2,454,840	567,390

BUDGET HIGHLIGHTS

- Policy expense increases $277,500 to reflect projected increases in premiums for new comprehensive liability coverage. Efforts to expand property coverage and secure a lower overall property premium rate will continue and affect premium expenses moving forward.
- General fund purchase of services increases $148,500 after a review of staff time spent on risk activities.
- In 2012, $125,000 for the second installment of a settlement of an auto accident case,$75,000 for a separate auto case, $80,000 in an employment discrimination case, and $114,000, $85,000 and $55,000 for three separate police excessive force cases.

Risk Management Fund

RISK MANAGEMENT FUND FIVE YEAR FINANCIAL FORECAST (In 000's)

	2014	2015	2016	2017	2018
Revenues	$2,455	$2,461	$2,468	$2,475	$2,481
Expenses	1,718	1,770	1,825	1,881	1,941
Excess (Deficit)	737	691	643	594	540
Beginning Balance	(1,000)	(263)	428	1,071	1,665
Ending Balance	($263)	$428	$1,071	$1,665	$2,205
Property Tax Rates	6.5	6.5	6.3	6.2	6.1

The five-year forecast assumes that primarily small claims will be paid out of this fund with the exception of one to two legal settlements annually. In addition, it is assumed that large claims that cannot be supported by the fund balance will be paid through the issuance of judgment bonds or through structured settlements, because larger claims are not reasonably foreseeable.

Workforce Investment Board

MISSION STATEMENT

It is the mission of the Workforce Investment Board is to create a competitive, skilled and educated workforce by providing a system for the Citizens of Boone and Winnebago Counties to gain meaningful employment responsive to the needs of business.

PRIMARY FUNCTIONS/FUND HIGHLIGHTS

The primary function of the Workforce Investment Board is to plan and oversee the local workforce development system, negotiate local performance measures with the State, coordinate with economic development agencies and develop employer linkages, and promote the participation of the private sector in the workforce investment system.

The City is the designated grant recipient for the federal Workforce Investment Act (WIA) funds for Boone and Winnebago counties. The WIA requires the establishment of a local Workforce Investment Board. This board and the City entered into an intergovernmental agreement in June 2004 that identifies the City as the employer of record and the mechanism for hiring Workforce Investment Board staff.

WORKFORCE INVESTMENT BOARD BUDGET SUMMARY

APPROPRIATION	2011 ACTUAL	2012 BUDGET	2012 ESTIMATED	2013 BUDGET	INCREASE (DECREASE)
PERSONNEL	$516,081	$520,211	$522,018	$533,960	$13,749
CONTRACTUAL	0	1,630	1,630	1,990	360
TOTAL	$516,081	$521,841	$523,648	$535,950	$14,109

FUNDING SOURCE	2010 ACTUAL	2011 ACTUAL	2012 BUDGET	2013 BUDGET	INCREASE (DECREASE)
FEDERAL	$508,507	$516,081	$521,841	$535,950	$14,109
	$508,507	$516,081	$521,841	$535,950	$14,109

WORKFORCE INVESTMENT BOARD AUTHORIZED POSITIONS

POSITION TITLE	POSITION RANGE	2012 EMPLOYEES	2013 EMPLOYEES	INCREASE/ (DECREASE)
WIB EXECUTIVE DIRECTOR	E-11	1.00	1.00	0.00
WIB BUSINESS ACCOUNT MANAGER	E-8	1.00	1.00	0.00
WIB BUSINESS ACCOUNT MANAGER	E-9	1.00	1.00	0.00
WIB PLAN & QUALITY ASSURANCE MANAGER	E-7	1.00	1.00	0.00
WIB PR/GRANTS MANAGER	E-10	1.00	1.00	0.00
WIB ASSISTANT	E-2	1.00	1.00	0.00
TOTAL PERSONNEL		**6.00**	**6.00**	**0.00**

BUDGET HIGHLIGHTS

- Salaries increase $10,400 due to a 3% increase for non-union employees.
- A 2% wage increase is budgeted for all department staff for a total cost of $3,900.

Workforce Investment Board

- All costs associated with Workforce Investment Board are reimbursed by federal funds.

Rockford Metropolitan Agency for Planning

MISSION STATEMENT

RMAP primary mission is to perform and carry out a continuing, cooperative, comprehensive transportation planning process for the Rockford Urbanized Area in accordance with applicable Federal laws, policies and procedures, and with the cooperation and assistance of its members and the U.S. Department of Transportation.

RMAP BUDGET SUMMARY

APPROPRIATION	2011 ACTUAL	2012 BUDGET	2012 ESTIMATED	2013 BUDGET	INCREASE (DECREASE)
PERSONNEL	$598,029	$563,400	$699,132	$683,212	$119,812
CONTRACTUAL	814,516	188,070	756,041	188,940	870
SUPPLIES	16,685	9,269	8,594	5,558	(3,711)
OTHER	9,200	12,600	12,600	12,600	0
CAPITAL	0	0	6,163	0	0
TOTAL	$1,438,430	$773,339	$1,482,530	$890,310	$116,971

FUNDING SOURCE	2010 ACTUAL	2011 ACTUAL	2012 BUDGET	2013 BUDGET	INCREASE (DECREASE)
CURRENT FUNDS					
FEDERAL	$165,334	$275,151	$594,377	$651,782	$57,405
STATE	713,828	827,195	0	189,208	189,208
LOCAL MATCH	85,400	173,403	66,034	92,302	26,268
CITY PORTION	166,809	82,361	82,560	76,292	(6,268)
GRANTS	0	0	0	600,000	600,000
TOTAL	$1,131,371	$1,358,110	$742,971	$1,609,584	$866,613

RMAP AUTHORIZED POSITIONS

POSITION TITLE	**POSITION RANGE**	**2012 EMPLOYEES**	**2013 EMPLOYEES**	**INCREASE/ (DECREASE)**
DIRECTOR	E-11	1.00	1.00	0.00
TRANSP PLANNER II	E-8	1.00	1.00	0.00
TRANSP PLANNER I	E-8	1.00	1.00	0.00
TRANSP ECONOMIST	E-8	1.00	1.00	0.00
TRANSP PLANNER/ENGINEER	E-8	1.00	2.00	1.00
SENIOR ADMIN ASSISTANT	E-6	1.00	1.00	0.00
TOTAL PERSONNEL		**6.00**	**7.00**	**1.00**

BUDGET HIGHLIGHTS

- Salaries increase $75,100 due to the addition of a planner/engineer position as well as a 3% increase for non-union employees.
- IMRF increase $17,900 and Health Insurance increase $16,100 in correlation with the additional position.
- A 2% wage increase is budgeted for all department staff for a total cost of $9,200.