

# 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.

## Budget Summary

<b>POLICE PENSION FUND BUDGET SUMMARY</b>					
	2008	2009	2009	2010	INCREASE
<b>APPROPRIATION</b>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>(DECREASE)</u>
PERSONNEL	\$10,232,021	\$3,733,131	\$10,881,796	\$5,900,674	\$2,167,543
CONTRACTUAL	376,982	425,650	364,362	414,300	(11,350)
SUPPLIES	278	200	122	200	0
OTHER	98,400	101,700	101,700	101,700	0
TOTAL	10,707,681	4,260,681	11,347,980	6,416,874	2,156,193
NON-APPROPRIATION	0	7,500,000	0	5,800,000	(1,700,000)
TOTAL EXPENSE	\$10,707,681	\$11,760,681	\$11,347,980	\$12,216,874	\$456,193

<b>FUNDING SOURCE</b>	2009	2009	2010	2010
	<u>AMOUNT</u>	<u>PERCENTAGE</u>	<u>AMOUNT</u>	<u>PERCENTAGE</u>
POLICE DEPARTMENT TRANSFER				
POLICE PENSION PROPERTY TAX	\$2,754,531	17.9	\$5,038,074	28.1
POLICE PENSION REPLACE TAX	978,600	6.4	862,600	4.8
TOTAL CITY CONTRIBUTION	3,733,131	24.3	5,900,674	32.9
INTEREST INCOME	4,500,000	29.3	3,600,000	20.1
FV APPRECIATION(DEPRECIATION)	3,500,000	22.8	6,500,000	36.2
INVESTMENT INCOME	9,700,000	63.1	10,100,000	56.3
EMPLOYEE CONTRIBUTIONS	2,106,600	12.6	1,954,200	10.8
TOTAL	15,369,047	100.0	17,954,874	100.0
ACTUARY'S CONTRIBUTION				
REQUIREMENT	3,733,131	24.3	5,900,674	32.9
AMORTIZATION AMOUNT	\$5,232,900		\$5,738,000	

(SEE TEXT FOR PENSION FINANCING EXPLANATION TO EXPLAIN REVENUE AND EXPENSE DISCREPANCY)

# Police and Fire Pension Fund

## Budget Summary

<b>FIRE PENSION FUND BUDGET SUMMARY</b>					
<b>APPROPRIATION</b>	2008 <u>ACTUAL</u>	2009 <u>BUDGET</u>	2009 <u>ACTUAL</u>	2010 <u>BUDGET</u>	INCREASE <u>(DECREASE)</u>
PERSONNEL	\$11,070,846	\$5,634,548	\$11,888,462	\$6,951,034	\$1,316,486
CONTRACTUAL	405,205	403,400	451,270	592,000	188,600
SUPPLIES	102	200	0	200	0
OTHER	98,400	101,700	101,700	101,700	0
TOTAL	11,574,553	6,139,848	12,441,432	7,644,934	1,505,086
NON-APPROPRIATION	0	6,400,000	0	7,100,000	700,000
TOTAL EXPENSE	\$11,574,553	\$12,539,848	\$12,441,432	\$14,744,934	\$2,205,086

<b>FUNDING SOURCE</b>	2009 <u>AMOUNT</u>	2009 <u>PERCENTAGE</u>	2010 <u>AMOUNT</u>	2010 <u>PERCENTAGE</u>
FIRE DEPARTMENT TRANSFER				
FIRE PENSION PROPERTY TAX	\$4,460,248	30.5	\$5,915,934	32.7
FIRE PENSION REPLACE TAX	1,174,300	8.0	1,035,100	5.7
TOTAL CITY CONTRIBUTION	5,634,548	38.5	6,951,034	38.4
INTEREST INCOME	4,300,000	29.4	4,300,000	23.8
FV APPRECIATION(DEPRECIATION)	2,800,000	19.2	5,000,000	27.6
INVESTMENT INCOME	7,100,000	48.6	9,300,000	51.4
EMPLOYEE CONTRIBUTIONS	1,886,000	12.9	1,849,200	10.2
TOTAL	14,620,548	100.0	18,100,234	100.0
ACTUARY'S CONTRIBUTION REQUIREMENT	5,634,548	38.5	6,951,034	38.4
AMORTIZATION AMOUNT	\$2,179,116		\$3,355,300	

(SEE TEXT FOR PENSION FINANCING EXPLANATION TO EXPLAIN REVENUE AND EXPENSE DISCREPANCY)

## Budget Analysis

The City utilizes an independent actuary to annually determine the necessary funding for these two plans. 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 2009, the Police plan earned \$1.5 million in interest income while the Fire plan earned \$3.4 million in interest income. The Police and Fire plans also realized \$6.3 and \$2.0 million respectively on the sale of investments. In addition, reflecting fair market value adjustments of investments, the Police Pension Fund recorded a depreciation gain of \$9.8 million. Investment expenses were \$334,000 for Police and \$435,000 for Fire. Approximate annual rates of return were positive for both, (13.4%) for Police and (11.8%) for Fire.

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

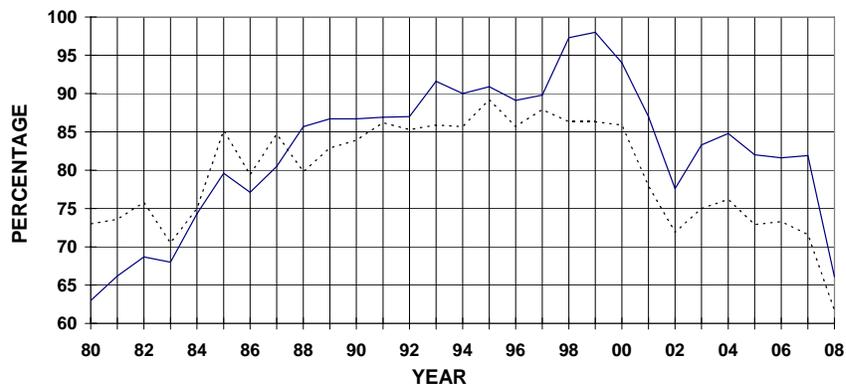
# Police and Fire Pension Fund

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.

For the 2010 Police contribution requirement, the amount has increased from \$3,733,131 to \$5,900,674 (\$2,167,543 – 58.1%). The increase in the contribution requirement is due to the increase in salaries and the equity market loss.. The percent funded has decreased from 81.9% to 66.1%.

**CITY OF ROCKFORD, ILLINOIS  
PERCENTAGE RATE OF FULL FUNDING  
FOR POLICE & FIRE PENSIONS YEARS FROM 1980**



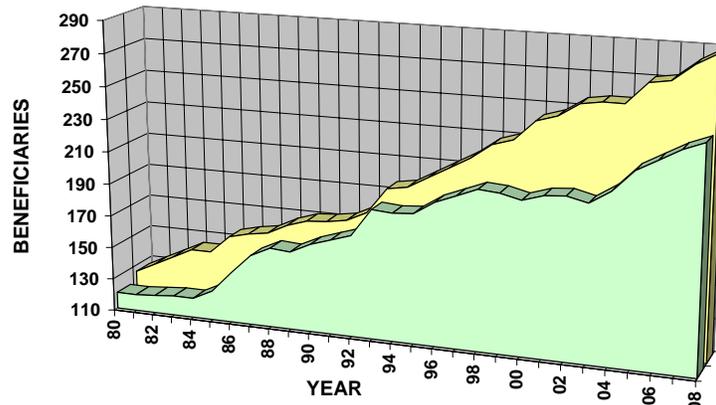
For the 2010 Fire contribution requirement, the amount has increased from \$5,634,548 to \$6,951,034 (\$1,316,486 – 23.4%). The increase in the contribution requirement is due to the increase in salaries and the equity market loss. The percent funded has decreased from 71.6% to 61.7%.

# Police and Fire Pension Fund

ROCKFORD PENSION PLANS			
	<u>Police</u>	<u>Fire</u>	<u>IMRF/SS</u>
Employees	Sworn	Sworn	All Other
2010 Employer Rate	31.12%	36.96%	18.73%
2010 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.

**CITY OF ROCKFORD, ILLINOIS  
POLICE & FIRE BENEFICIARIES  
YEARS FROM 1980**



51 to 56% 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 2010, estimated rates are 24.4 cents for the Police plan and 28.7 cents for the Fire plan. 2009 rates are 13.3 and 21.6 cents respectively. The property tax rate increase is due to the plan cost increase. For the Fire plan, 2.4 cents for 2009 and 2.9 cents for 2010 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, \$3,400, as well as seven money managers at an estimated cost

# Police and Fire Pension Fund

of \$450,000. The Fire pension uses a consultant, \$60,000, a custodian, \$11,600, and seven money managers at an estimated cost of \$500,000. Each fund pays the State Department of Insurance \$8,000 annually for oversight services.

## Five Year Financial Forecast

The 2011-2015 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 less than two 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.

During 2009, the two portfolios recovered a portion of their 2008 losses. If this continues, then future contribution increases can return to more normal levels.

### POLICE PENSION FUND 2011-2015 FINANCIAL FORECAST (IN 000'S)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Revenues	\$21,389	\$22,652	\$24,001	\$25,458	\$27,025
Expenditures	12,252	12,725	13,212	13,713	14,229
Excess (Deficit)	9,137	9,927	10,790	11,745	12,795
Beginning Balance	158,156	167,293	177,220	188,010	199,755
Ending Balance	<u>\$167,293</u>	<u>\$177,220</u>	<u>\$188,010</u>	<u>\$199,755</u>	<u>\$212,550</u>
Property Tax Rates (in cents)	26.4	27.7	29.2	30.6	32.1

### FIRE PENSION FUND 2011-2015 FINANCIAL FORECAST (IN 000'S)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Revenues	\$20,108	\$21,223	\$22,397	\$23,659	\$25,013
Expenditures	13,412	13,920	14,442	14,980	15,535
Excess (Deficit)	6,696	7,304	7,954	8,679	9,478
Beginning Balance	134,313	141,009	148,313	156,267	164,946
Ending Balance	<u>\$141,009</u>	<u>\$148,313</u>	<u>\$156,267</u>	<u>\$164,946</u>	<u>\$174,424</u>
Property Tax Rates (in cents)	30.9	32.4	34.0	35.6	37.3

# 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** → 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.

## Fund Highlights

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

## Budget Summary

<b>IMRF PENSION FUND BUDGET SUMMARY</b>					
<b>APPROPRIATION</b>	2008 <u>ACTUAL</u>	2009 <u>BUDGET</u>	2009 <u>ACTUAL</u>	2010 <u>BUDGET</u>	INCREASE (DECREASE)
PERSONNEL	\$5,947,533	\$6,432,496	\$5,947,533	\$6,878,846	\$446,350
CONTRACTUAL	317	250	317	250	0
OTHER	<u>125,000</u>	<u>0</u>	<u>125,000</u>	<u>0</u>	<u>0</u>
TOTAL	<u>\$6,072,850</u>	<u>\$6,432,746</u>	<u>\$6,072,850</u>	<u>\$6,879,096</u>	<u>\$446,350</u>
<b>RATES APPLIED</b>					
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
IMRF	9.89	9.93	9.59	9.35	12.53
SOCIAL SEC	<u>7.65</u>	<u>7.65</u>	<u>7.65</u>	<u>7.65</u>	<u>7.65</u>
TOTAL	<u>17.54</u>	<u>17.58</u>	<u>17.24</u>	<u>17.00</u>	<u>20.18</u>
<b>FUNDING SOURCE</b>					
	2009 <u>AMOUNT</u>	2009 <u>PERCENTAGE</u>	2010 <u>AMOUNT</u>	2010 <u>PERCENTAGE</u>	
PROPERTY TAXES					
IMRF FUND	\$3,734,567	58.0	\$3,173,264	46.1	
REPLACEMENT TAXES	433,400	6.7	308,100	4.5	
INTERFUND TRANSFERS	2,264,779	35.2	3,397,732	49.3	
INTEREST INCOME	<u>10,000</u>	<u>0.1</u>	<u>10,000</u>	<u>0.1</u>	
TOTAL	<u>\$6,442,746</u>	<u>100.0</u>	<u>\$6,889,096</u>	<u>100.0</u>	

## Budget Analysis

The Social Security rate, last increased in 1990 to 7.65%, remains unchanged for 2010. The taxable wage base for the 1.45% Medicare portion continues to be unlimited; the ceiling for Social Security (6.2%) remains unchanged from 2009's \$106,800.

The 2010 IMRF rate increases to 12.53% from 2009's 9.35% (34.0%) due to the performance of equity markets. Combining IMRF and Social Security, the 2010 rate is 20.18%, an 18.7% increase.

# **IMRF Pension Fund**

The City's IMRF plan is 69.7% funded (2009 market value). Funding for the City's Police and Fire plans is 81.9% and 71.6% respectively (2008 market value).

The property tax rate for IMRF and Social Security retirement is unlimited by statute. The 2010 estimated rate is 15.1 cents, unchanged from the prior year's 15.1 cents.

## **Five Year Financial Forecast**

The 2011-2015 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. The preliminary 2011 IMRF rate notice is 12.81%, up 2.2% from 2010's 12.53%.

IMRF FUND 2011-2015 FINANCIAL FORECAST (IN 000'S)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Revenues	\$7,234	\$7,596	\$7,976	\$8,375	\$8,794
Expenses	<u>7,223</u>	<u>7,584</u>	<u>7,963</u>	<u>8,361</u>	<u>8,779</u>
Excess (Deficit)	<u>11</u>	<u>12</u>	<u>13</u>	<u>14</u>	<u>15</u>
Beginning Balance	<u>74</u>	<u>85</u>	<u>97</u>	<u>110</u>	<u>124</u>
Ending Balance	<u>\$85</u>	<u>\$97</u>	<u>\$110</u>	<u>\$124</u>	<u>\$139</u>
Property Tax Rates (in cents)	16.2	16.8	17.3	17.9	18.4

# 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** → 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.

## Fund Highlights

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. 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.

## Budget Summary

HEALTH INSURANCE FUND BUDGET SUMMARY					
APPROPRIATION	2008 ACTUAL	2009 BUDGET	2009 ACTUAL	2010 BUDGET	INCREASE (DECREASE)
CONTRACTUAL	\$19,206,818	\$20,790,550	\$19,537,941	\$20,370,719	(\$419,831)
SUPPLIES	424	250	187	0	(250)
OTHER EXPENSE	100,800	103,800	103,800	108,500	4,700
INTEREST EXPENSE	0	12,100	0	0	(12,100)
TOTAL	\$19,308,042	\$20,906,700	\$19,641,928	\$20,479,219	(\$427,481)
FUNDING SOURCE		2009 AMOUNT	2009 PERCENTAGE	2010 AMOUNT	2010 PERCENTAGE
EMPLOYER CONTRIBUTIONS		\$17,478,688	83.1	\$16,904,299	80.1
TOTAL CITY CONTRIBUTION		17,478,688	83.1	16,904,299	80.1
EMPLOYEE PREMIUMS		1,129,570	5.4	1,139,151	5.4
RETIREES		1,900,000	9.0	2,498,888	11.8
OUTSIDE AGENCIES		29,120	0.1	30,576	0.1
OTHER		500,000	0.1	500,000	2.4
		3,558,690	14.6	4,168,615	19.7
INTEREST INCOME		0	0.0	33,800	0.2
TOTAL		\$21,037,378	97.7	\$21,106,714	100.0

# Health Insurance Fund

## Budget Analysis

After several deficit years, experience for 2008 and 2009 has been positive allowing the fund balance to once again be positive after eight deficit years. This is a result of premium increases as well as increased employee participation. As the schedule below illustrates, the ratio has ranged from 84% to 128%.

	<u>REVENUE</u>	<u>EXPENSE</u>	<u>NET</u>	<u>BALANCE</u>	<u>BALANCE %</u>	<u>RATIO</u>	<u>% INC(DEC)</u>
1988	2,777,020	2,549,611	227,409	560,612		91.8	10 ALL
1989	3,144,942	2,967,420	177,522	738,134	18.9	94.4	10 ALL
1990	3,176,403	3,365,489	(189,086)	549,048	21.9	106.0	0
1991	3,483,241	4,452,611	(969,370)	(420,322)	12.3	127.8	10 ALL
1992	4,095,408	4,954,672	(859,264)	(1,279,586)	(8.5)	121.0	25 ALL
1993	5,296,853	5,404,698	(107,845)	(1,387,430)	(23.7)	102.0	25 ALL
1994	6,392,149	5,364,154	1,027,995	(359,435)	(25.9)	83.9	25 ALL
1995	6,359,549	5,500,937	858,612	499,177	(6.5)	86.5	0
1996	6,535,598	6,124,402	411,196	910,373	8.2	93.7	0
1997	7,367,537	7,645,259	(277,722)	632,651	11.9	103.8	5 ALL
1998	7,217,807	7,652,194	(434,387)	198,264	8.3	106.0	0
1999	7,564,951	7,613,746	(48,795)	149,468	2.6	100.6	5 ALL
2000	8,076,883	9,246,188	(1,169,305)	(1,019,837)	1.6	114.5	5 ALL
2001	10,042,763	10,374,979	(332,216)	(1,352,053)	(9.8)	103.3	20 ALL
2002	11,538,109	12,533,560	(995,451)	(2,347,504)	(10.8)	108.6	20 ALL
2003	13,260,622	12,542,048	718,574	(1,628,930)	(18.7)	94.6	20 ALL
2004	15,020,931	15,513,193	(492,262)	(2,121,192)	(10.5)	103.3	10 ALL
2005	16,122,114	16,816,537	(694,423)	(2,815,615)	(12.6)	104.3	5 ALL
2006	18,135,153	17,364,862	770,291	(2,045,324)	(16.2)	95.8	15 ALL
2007	19,324,075	17,904,315	1,419,760	(625,564)	(11.4)	92.7	10 ALL
2008	20,671,082	19,308,042	1,363,040	737,476	(3.2)	93.4	5 ALL
2009	21,156,324	19,641,928	1,514,396	2,251,872	3.8	92.8	5 ALL
2010	21,106,714	20,479,219	627,495	2,879,367	11.0	97.0	5 ALL
2011	22,072,349	22,240,850	(168,501)	2,710,866	12.9	100.8	5 ALL
2012	24,031,649	24,160,150	(128,501)	2,582,365	11.2	100.5	10 ALL
2013	26,186,549	26,236,150	(49,601)	2,532,764	9.8	100.2	10 ALL
2014	28,559,249	28,500,550	58,699	2,591,463	8.9	99.8	10 ALL
2015	31,170,149	30,997,950	172,199	2,763,662	8.4	99.4	10 ALL

## Five Year Financial Forecast

The 2011-2015 five year plan assumes that medical costs will increase up to 10% 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 15% per year for 2011-2015. 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.

HEALTH INSURANCE FUND 2011-2015 FINANCIAL FORECAST (IN 000'S)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Revenues	\$22,072	\$24,032	\$26,187	\$28,559	\$31,170
Expenses	<u>22,241</u>	<u>24,160</u>	<u>26,236</u>	<u>28,501</u>	<u>30,998</u>
Excess (Deficit)	(169)	(128)	(49)	58	172
Beginning Balance	<u>2,879</u>	<u>2,710</u>	<u>2,582</u>	<u>2,533</u>	<u>2,591</u>
Ending Balance	<u>\$2,710</u>	<u>\$2,582</u>	<u>\$2,533</u>	<u>\$2,591</u>	<u>\$2,763</u>
Rate Increase	5.0	10.0	10.0	10.0	10.0
Reserve Percentage	12.9	11.2	9.8	8.9	8.4

# Unemployment Fund

## Mission Statement

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

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

## Fund Highlights

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.

## Budget Summary

UNEMPLOYMENT TAX FUND BUDGET SUMMARY					
APPROPRIATION	2008 <u>ACTUAL</u>	2009 <u>BUDGET</u>	2009 <u>ACTUAL</u>	2010 <u>BUDGET</u>	INCREASE (DECREASE)
CONTRACTUAL	<u>\$77,143</u>	<u>\$74,896</u>	<u>\$111,572</u>	<u>\$161,514</u>	<u>\$86,618</u>
TOTAL	<u>\$77,143</u>	<u>\$74,896</u>	<u>\$111,572</u>	<u>\$161,514</u>	<u>\$86,618</u>
FUNDING SOURCE		2009 <u>AMOUNT</u>	2009 <u>PERCENTAGE</u>	2010 <u>AMOUNT</u>	2010 <u>PERCENTAGE</u>
PROPERTY TAXES					
UNEMPLOYMENT TAX		\$64,173	82.5	\$50,681	30.9
INTERFUND TRANSFERS		10,723	13.8	110,833	67.6
INTEREST INCOME		<u>2,900</u>	<u>3.7</u>	<u>2,400</u>	<u>1.5</u>
TOTAL		<u>\$77,796</u>	<u>100.0</u>	<u>\$163,914</u>	<u>100.0</u>

## Budget Analysis

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 property tax rate for unemployment compensation is unlimited by statute. The 2010 estimated rate is 0.3 cents, unchanged from the prior year's rate. Due to the fall 2009 staff reductions, unemployment expense increased in the fourth quarter of 2009 and will be more than normal during the first half of 2010.

## Five Year Financial Forecast

The 2011-2015 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 will be increased from 0.7% (\$63) of the first \$9,000 of salary per employee to 2.0% (\$180) for 2011. For the 2012 – 2016 planning period, the rate will be 1.0% (\$90).

# Unemployment Fund

## UNEMPLOYMENT COMPENSATION FUND 2011-2015 FINANCIAL FORECAST (IN \$000'S)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Revenues	\$169	\$86	\$86	\$87	\$87
Expenses	<u>80</u>	<u>82</u>	<u>84</u>	<u>86</u>	<u>88</u>
Excess (Deficit)	<u>89</u>	<u>4</u>	<u>2</u>	<u>1</u>	<u>(1)</u>
Beginning Balance	<u>(56)</u>	<u>33</u>	<u>37</u>	<u>39</u>	<u>40</u>
Ending Balance	<u>\$33</u>	<u>\$37</u>	<u>\$39</u>	<u>\$40</u>	<u>\$39</u>
Property Tax Rates (in cents)	0.7	0.3	0.3	0.3	0.3

# 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.

## Budget Summary

WORKER'S COMPENSATION FUND BUDGET SUMMARY					
APPROPRIATION	2008 ACTUAL	2009 BUDGET	2009 ACTUAL	2009 BUDGET	INCREASE (DECREASE)
CONTRACTUAL	\$2,331,359	\$1,993,739	\$2,258,423	\$1,833,398	(\$160,341)
OTHER EXPENSE	83,400	79,000	79,000	79,900	900
RESERVE ADJUST	0	0	0	0	0
TOTAL	<u>\$2,414,759</u>	<u>\$2,072,739</u>	<u>\$2,337,423</u>	<u>\$1,913,298</u>	<u>(\$159,441)</u>

FUNDING SOURCE	2009 AMOUNT	2008 PERCENTAGE	2009 AMOUNT	2009 PERCENTAGE
PROPERTY TAXES				
WORKER'S COMP	\$1,884,694	90.3	\$1,711,915	88.8
INTERFUND TRANSFERS	188,045	9.0	201,383	10.4
INTEREST INCOME	15,000	0.7	15,000	0.8
TOTAL	<u>\$2,087,739</u>	<u>100.0</u>	<u>\$1,928,298</u>	<u>100.0</u>

## Budget Analysis

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. With employees having three years from the date of injury to file a claim and payments on yet a longer cycle, the fund tends to exhibit a variable pattern. Adjustments to the reserve reflect this, increases for 2006 (\$710,348), 2007 (\$346,173), 2008 (\$135,062), and 2009 (\$277,565) and decreases for 2010 (\$21,122). Incurred claims currently stand at \$3,569,340. Discounting the reserve adjustment, 2008 and 2009 expenses were 108% and 92% of the budget respectively. Rates, decreased 25% in 2000, were increased 25% for 2007, 10% for 2009, and will be increased 6% for 2011 due to increased expenses. The property tax rate for worker's compensation is unlimited by statute. The 2010 estimated rate is 8.3 cents, slightly less than the prior year's 9.1 cents.

## Five Year Financial Forecast

The 2011-2015 five-year forecast assumes that worker's compensation costs will increase five percent annually and that the revenue mix of property and transfer reimbursements will remain constant. After 2010, premiums will be increased 6% annually during this period.

# Worker's Compensation Fund

## WORKER'S COMPENSATION FUND 2011-2015 FINANCIAL FORECAST (IN \$000'S)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Revenues	\$2,043	\$2,165	\$2,294	\$2,430	\$2,575
Expenses	<u>2,009</u>	<u>2,109</u>	<u>2,214</u>	<u>2,325</u>	<u>2,441</u>
Excess (Deficit)	<u>34</u>	<u>56</u>	<u>80</u>	<u>105</u>	<u>134</u>
Beginning Balance	<u>(2,247)</u>	<u>(2,316)</u>	<u>(2,369)</u>	<u>(2,404)</u>	<u>(2,421)</u>
Acctg Int Adjust	<u>(103)</u>	<u>(109)</u>	<u>(115)</u>	<u>(122)</u>	<u>(130)</u>
Ending Balance	<u>(\$2,316)</u>	<u>(\$2,369)</u>	<u>(\$2,404)</u>	<u>(\$2,421)</u>	<u>(\$2,417)</u>
Property Tax Rates (in cents)	8.3	8.8	9.1	9.5	9.9

# 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.

## Budget Summary

AUDITING FUND BUDGET SUMMARY					
APPROPRIATION	2008 ACTUAL	2009 BUDGET	2009 ACTUAL	2010 BUDGET	INCREASE (DECREASE)
CONTRACTUAL	\$307,732	\$266,170	\$236,814	\$238,667	(\$27,503)
SUPPLIES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	<u>\$307,732</u>	<u>\$266,170</u>	<u>\$236,814</u>	<u>\$238,667</u>	<u>(\$27,503)</u>

FUNDING SOURCE	2009 AMOUNT	2009 PERCENTAGE	2010 AMOUNT	2010 PERCENTAGE
PROPERTY TAXES				
AUDITING	\$236,250	88.8	\$184,467	77.3
INTERFUND TRANSFERS	<u>29,920</u>	<u>11.2</u>	<u>54,200</u>	<u>22.7</u>
TOTAL	<u>\$266,170</u>	<u>100.0</u>	<u>\$238,667</u>	<u>100.0</u>

## Budget Analysis

The City utilizes an external auditor. In addition, the Fund reimburses the Finance Department for staff costs associated with auditing. 2010 costs include \$78,650 for auditors, \$157,017 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 2010 proposed rate is 0.9 cents, a slight decrease from the prior year's 1.1 cent rate.

## Five Year Financial Forecast

The 2011-2015 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

## AUDITING FUND 2011-2015 FINANCIAL FORECAST (IN 000'S)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Revenues	\$246	\$253	\$261	\$269	\$277
Expenses	<u>246</u>	<u>253</u>	<u>261</u>	<u>269</u>	<u>277</u>
Excess (Deficit)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Beginning Balance	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Ending Balance	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Property Tax Rates (in cents)	0.9	0.9	0.9	1.0	1.0

# **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 Functions** → 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. Property tax financed debt service will end in 2017.

Currently, the City is in the midst of a four year \$75 million water improvement program that is being financed by bond issues and Illinois EPA loans that will be repaid by water revenues. When this program is complete, the City will finance future water improvements on a cash basis.

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) and note (short-term debt) ratings are Aa2 and MIG-1 respectively from Moody's Investors Service. The bond rating was last upgraded during 2000 from A2 to A1. Moody's highlighted three critical factors in their review: (1) the City's economic base will continue to experience moderate growth and diversification improving economic performance; (2) sound financial operations in the City government due to steady revenue growth and conservative financial management; and (3) a moderate debt burden with rapid payout. This improved rating will reduce interest costs for future bond issues. The City plans to continue its efforts in order to insure that it will be able to borrow and borrow at the best interest rate possible. In 2010, Moody's developed a new rating system; the result for the City rating was a change from A1 to Aa2.

# Debt Management

## CITY OF ROCKFORD, ILLINOIS OUTSTANDING AND PROPOSED DEBT ISSUES

<u>ISSUE AND AMOUNT</u>	<u>PAYMENT SOURCE</u>	<u>FINAL LEVY YEAR</u>
1995 \$1,745,924 Kishwaukee Trunk Sewer (RRWRD)	7	2015
1999 \$5.3 Water Alt (Series A-\$2.2, Series B-\$3.1)	2	2011, 2018
1999 \$28.5 GOB (Series A-\$16.5 (\$7.0 Street, \$9.5 GOB Refunding), Series B-\$7.0 Coronado Theatre Public	1,6	2012, 2018
2000 \$12.2 GOB (Series A-\$6.0 Street, Series B-\$2.2 Water, Series C-\$4.0 South Rockford TIF)	1,2,3,6, 9	2013, 2020
2000 \$3.0 GO Alt (Series D-7th Street TIF Project)	3	2014
2001 \$9.2 GOB (Series A-\$7.0 Street, Series B-\$2.2 Water	1, 2	2013
2001 \$0.575 GOB Alternate (Lincolnwood Housing TIF)	3	2010
2002 \$13.2 GOB (Series A-\$8.0 Street, Series B-\$2.2 Water, and Series C-\$3.0 7th Street TIF Project)	1, 2, 3	2014
2002 \$2.5 GOB Taxable Alternate (Downtown Development)	3	2011
2002 \$3.360 GOB Alternate and Refunding (Series D-\$2.060 Refunding Sales/Water, \$1.3 Springfield Corners Housing TIF	2, 3, 7	2020
2003 \$10.4 GOB (Series A-\$8.2 Street, Series B-\$2.2 Water	1, 2	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, 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 Taxable), Series C-\$6.865 GOBA Refunding)	6,9	2026
2007 \$8.75 GOB Alternate (Series D-\$3.5 Water, Series E-\$1.1 Preston Central TIF, Series F-\$1.1Sewer, Series G-\$3.05 Library)	2	2026
2008 \$12.15 GOB Alternate (Series A-\$9.0 Water, Series B-\$1.3 TIF (\$1.1 Airport, \$0.2 Jackson School), Series C-\$1.85 Taxable Parking	2,3,7,8	2026
2009 \$2.6 GOB Alternate (Series A-\$1.65 TIF (\$0.35 River North, \$1.3 Main Whitman), Series B-\$0.95 Taxable Global Trade #1)	2,3,5	2028
2009 \$8.065 Series C - GOB Alternate Refunding Taxable (Metro Center)	3	2018
2009 \$1.7 GOB Alternate (Series D-\$1.35 Springfield Corners TIF, Series E-\$0.35 River East TIF)	3	2028
2009 \$13.585 Refunding (Series E-\$7.93 GOB Street, Series F-\$4.325 Water, Series G-\$1.33 7th Street TIF District)	6,9	2026
2010 \$3.4 GOB Alternate Water	1,2,3	2014, 2018, 2015
	2	2029

2010 bonds unissued

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

## Budget Summary

DEBT SERVICE FUND BUDGET SUMMARY					
APPROPRIATION	2008 ACTUAL	2009 BUDGET	2009 ACTUAL	2010 BUDGET	INCREASE (DECREASE)
BOND INTEREST	\$5,037,849	\$6,111,173	\$4,695,169	\$4,982,228	(\$1,128,945)
REFUNDING ESCROW	0	0	18,273,210	0	0
BOND PRINCIPAL	11,025,852	12,613,764	9,023,765	12,031,764	(582,000)
TOTAL	\$16,063,701	\$18,724,937	\$31,992,144	\$17,013,992	(\$1,710,945)
Actuals exclude water system debt					
FUNDING SOURCE	2009 AMOUNT	2009 PERCENTAGE	2010 AMOUNT	2010 PERCENTAGE	
PROPERTY TAXES					
DEBT SERVICE-CITYWIDE	\$6,996,014	39.5	\$6,334,985	37.2	
DEBT SERVICE-SPECIAL DISTRICTS	0	0.0	0	0.0	
	6,996,014	39.5	6,334,985	37.2	
ABATEMENTS-TAX EXEMPT					
PUBLIC WORKS WATER DIVISION	4,587,139	25.9	4,294,979	25.2	
SALES TAX	617,173	3.5	583,073	3.4	
TIF DISTRICTS	2,052,151	11.6	2,266,409	13.3	
OFF TRACK BETTING	0	0.0	0	0.0	
REDEVELOPMENT FUND	786,905	4.4	841,380	4.9	
OTHER	829,769	4.7	824,644	4.8	
	8,873,137	50.1	8,810,485	51.6	
ABATEMENTS-TAXABLE					
TIF DISTRICTS	873,061	4.9	973,061	6.0	
SALES TAX	316,094	1.8	331,093	1.9	
REDEVELOPMENT FUND	532,696	3.7	441,868	2.6	
PARKING	123,687	(15.9)	122,500	0.7	
OTHER	0	0.0	0	0.0	
	1,845,538	10.4	1,868,522	11.2	
INTEREST INCOME	0	0.0	0	0.0	
TOTAL	\$17,714,689	100.0	\$17,013,992	100.0	

## Budget Analysis

Four sales were held in 2009. On March 2<sup>nd</sup>, a \$2.6 million development issue was sold. The nineteen year \$1.65 million tax exempt portion funded housing rehabilitation projects in two tax increment districts, \$0.35 million for the Valencia in the River North TIF District and \$1.3 million for the Rock River Towers in the Main Whitman TIF District. The fourteen year \$0.95 million taxable portion funded the Tandem cargo facility project at the airport in Global Trade Park #1 TIF District. Repayment is by TIF property tax increment.

On September 14<sup>th</sup>, an \$8.065 million taxable structural refunding issue was sold to advance refund a portion of the 2007B taxable bonds, debt service through December 15, 2014. Repayment is by Redevelopment Fund revenues.

# Debt Management

On December 3<sup>rd</sup>, a \$13.585 refunding issue for refinancing seven bond issues originally issued between 1999 and 2001 was sold in a negotiated sale that will provide \$757,800 in savings over a nine year period. Repayment is by the original sources.

On December 7th, a fourteen year \$1.7 million taxable development issue was sold to fund two development projects. In the Springfield Corners TIF District, \$1.35 million reimburses the Renaissance project developer for land acquisition, demolition, and soft costs. For the 202 North Madison building rehabilitation project in the East River TIF District, \$350,000 was needed. Repayment is by TIF property tax increment.

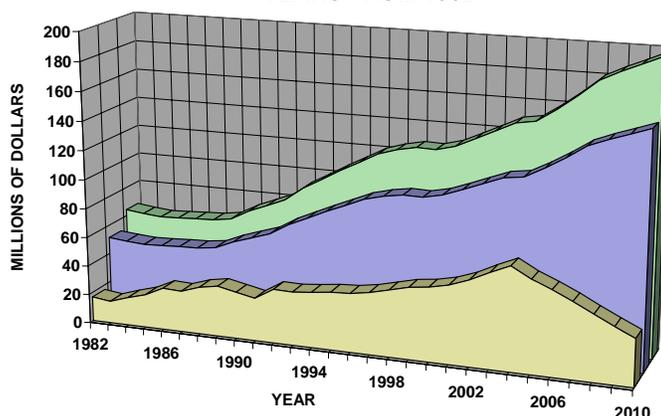
For 2010, a \$3.4 million water issue, needed to complete the \$75 million water program, will be issued.

For the \$75 million water program, the City has issued \$27.5 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 \$32.7 million in twenty year 2.5% loans. The City anticipates seeking \$6.5 million in additional IEPA loans to complete the program. In addition, the City has received \$5.0 million in ARRA stimulus fund, half as a grant and half as a 0% twenty year loan.

The General Fund sales tax transfer for annexation improvements will be \$494,667 (includes \$119,073 for the Kishwaukee Sewer Trunk, a 20 year state loan through the water reclamation district). In addition, the \$3.2 million Equipment issue, averaging \$400,000 per year for 10 years, will be repaid from sales tax. Combined, the 2010 sales tax transfer for debt service will be \$914,167.

With no new general obligation debt proposed for street issues, the 2010 property tax funded debt service will only be for the six outstanding bond issues. The 2010 gross levy is \$6,398,975, a rate of 31.8 cents. The \$660,000 decrease from the prior year is due primarily to the 1999 \$9.5 million refunding issue debt service ending. With no new referendum debt for street improvements to be proposed, all outstanding debt will be retired by 2017 and the City's debt service tax rate will be eliminated.

**CITY OF ROCKFORD, ILLINOIS  
LONG TERM DEBT OUTSTANDING  
YEARS FROM 1982**



## Debt Management

The State has a limit of 8.625% of debt to equalized assessed valuation (EAV) for non-home rule units. Applying this percentage to the City, the limit would be \$179.6 million (2009 EAV). With \$32.2 million outstanding in general obligation bonds and certificates, the City is at 17.9% of the limit and has \$147.4 million in authority remaining. The City Council has adopted a more stringent policy, 20% less than the State limit that allows only \$143.7 million, 6.9% of EAV. Even with the stricter City policy, \$111.5 million in authority is still available.

### Five Year Financial 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 2011-2015 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 2011-2015 FINANCIAL FORECAST (IN 000'S)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Revenues	\$16,375	\$15,247	\$14,646	\$15,067	\$13,312
Expenditures	<u>16,375</u>	<u>15,247</u>	<u>14,646</u>	<u>15,067</u>	<u>13,312</u>
Excess (Deficit)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Beginning Balance	<u>2,500</u>	<u>2,500</u>	<u>2,500</u>	<u>2,500</u>	<u>2,500</u>
Ending Balance	<u>2,500</u>	<u>2,500</u>	<u>2,500</u>	<u>2,500</u>	<u>2,500</u>
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)	28.9	25.3	22.2	18.1	13.4

# 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.

As part of its City Hall renovation project, the City issued three General Obligation Certificate issues (1990 - \$1,355,000; 1991 - \$4,000,000; and 1992 - \$5,050,000) totaling \$10,405,000. Debt service, 1990-2008, was scheduled to be derived from four revenue streams: the East Side TIF District, off-track betting income, redevelopment sales taxes and existing property taxes.

For the last three remaining debt service payments, 2005 - \$269,298, 2006 - \$403,040, 2007 - \$453,780, the amounts to come from this fund were reduced by \$200,000 for 2005 and \$250,000 annually for 2006 and 2007. Were this not done, this fund would have been negative until 2022. The funding source for the difference was interest earnings and Redevelopment Fund.

## Budget Summary

OTB PROJECTS BUDGET SUMMARY					
APPROPRIATION	2008	2009	2009	2010	INCREASE
	ACTUAL	BUDGET	ACTUAL	BUDGET	(DECREASE)
DEBT SERVICE/INTEREST	\$7,228	\$0	\$0	\$1,700	\$1,700
ARTS	75,000	50,000	50,000	50,000	0
TOTAL	\$82,228	\$50,000	\$50,000	\$51,700	\$1,700
FUNDING SOURCE	2009		2010		
	AMOUNT	PERCENTAGE	AMOUNT	PERCENTAGE	
OTB RECEIPTS	\$140,000	100.0	\$120,000	100.0	
OTB ADMISSION FEE	0	0.0	0	0.0	
INTEREST INCOME	0	0.0	0	0.0	
TOTAL	\$140,000	100.0	\$120,000	100.0	

# **Off-Track Betting Special Projects Fund**

## **Budget Analysis**

2008 and 2009 income, budgeted at \$180,000 and \$140,000 respectively, were \$136,667 (75.9%) and \$116,953 (83.5%) respectively. For 2010, the estimate is reduced to \$120,000 for an estimated 360 days of operation. Expense is for the arts contribution is \$50,000.

## **Five Year Financial Forecast**

The 2011-2015 five year forecast assumes no revenue growth and expenditure of revenue for the arts and debt service. With debt service completed in 2007, the fund's deficit should be eliminated by 2012. Future excess funds will reimburse the Redevelopment Fund for past advances, \$700,000, made in 2005 – 2007 with the reimbursement complete by 2022.

OTB SPECIAL PROJECTS FUND 2011-2015 FINANCIAL FORECAST (IN 000'S)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Revenues	\$110	\$111	\$111	\$110	\$110
Expenditures	<u>50</u>	<u>120</u>	<u>120</u>	<u>120</u>	<u>120</u>
Excess (Deficit)	<u>60</u>	<u>(9)</u>	<u>(9)</u>	<u>(10)</u>	<u>(10)</u>
Beginning Balance	<u>(21)</u>	<u>39</u>	<u>30</u>	<u>20</u>	<u>11</u>
Ending Balance	<u>\$39</u>	<u>\$30</u>	<u>\$20</u>	<u>\$11</u>	<u>\$1</u>

# 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 judgements.

**Primary Functions** → 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.

### Fund Highlights →

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. Approximately 64 percent of insurance coverage are directly attributable to non-general fund departments and grant-funded programs. Those City activities not covered through purchased insurance, such as the operation of fire, police, and public works vehicles, 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. For 2008 and 2009, no large claims were paid.

### Budget Summary

RISK MANAGEMENT FUND BUDGET SUMMARY						
APPROPRIATION	2008 <u>ACTUAL</u>	2009 <u>BUDGET</u>	2009 <u>ACTUAL</u>	2010 <u>BUDGET</u>	INCREASE (DECREASE)	
CONTRACTUAL	\$671,823	\$1,321,440	\$1,909,879	\$1,312,270	(\$9,170)	
OTHER	<u>292,700</u>	<u>307,300</u>	<u>307,300</u>	<u>303,200</u>	<u>(4,100)</u>	
TOTAL	<u>\$964,523</u>	<u>\$1,445,540</u>	<u>\$2,217,179</u>	<u>\$1,615,470</u>	<u>(\$13,270)</u>	
FUNDING SOURCE			2009 <u>AMOUNT</u>	2009 <u>PERCENTAGE</u>	2010 <u>AMOUNT</u>	2010 <u>PERCENTAGE</u>
PROPERTY TAXES						
JUDGMENTS			\$1,178,100	71.7	\$1,178,100	72.5
SERVICE CHARGES			400,970	24.4	384,100	23.6
PROPERTY DAMAGE REIMBURSEMENTS			63,000	3.9	63,000	3.9
TOTAL			\$1,642,070	100.0	\$1,625,200	100.0

# **Risk Management Fund**

## **Budget Analysis**

The Risk Management Fund's budget of \$1,615,470 is \$13,270 less than the prior year's appropriation. The contractual group decreases \$9,170. Risk policies decrease \$30,430 as a result of premium decreases, as well as some small increases in coverage. Claims increases \$21,260 and city losses remains stagnant. The other accounts group decreases \$4,100 in the purchase of services from the Legal and Finance departments.

Prior to 1996, the Judgments Fund was funded by a Judgments tax levy and expense activity was limited to tax levy funded departments. Since the conversion to an internal service fund, the Risk Management Fund obtains its revenue from service charges and damage reimbursements from other parties. The total General Fund levy to accommodate this change to a service charge remains approximately same as the amount levied to finance the Judgments Fund in prior years.

Due to the nature of the fund, spending can fluctuate greatly from year to year depending on the claims presented against the City. As a result, the property tax rate for risk management is unlimited by statute. The estimated rate for 2010 is 5.5 cents.

In 2009, the Risk Management Fund spent \$2,217,179 or 153.4% of the budgeted allocation. In the past several years, 61% to 170% of the budget has been spent.

## **Five Year Financial Forecast**

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.

Risk Management Fund 2011-2015 Financial Forecast (In 000's)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Revenues	\$1,622	\$1,627	\$1,632	\$1,637	\$1,642
Expenses	<u>1,133</u>	<u>1,163</u>	<u>1,194</u>	<u>1,226</u>	<u>1,260</u>
Excess (Deficit)	<u>489</u>	<u>464</u>	<u>438</u>	<u>411</u>	<u>382</u>
Beginning Balance	<u>(1,000)</u>	<u>(511)</u>	<u>(47)</u>	<u>391</u>	<u>802</u>
Ending Balance	<u>(\$511)</u>	<u>(\$47)</u>	<u>\$391</u>	<u>\$802</u>	<u>\$1,184</u>
Property Tax Rates	5.5	5.5	5.4	5.3	5.2

# 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** → 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.

## Fund Highlights

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.

## Budget Summary

WORKFORCE INVESTMENT BOARD BUDGET SUMMARY					
<b>APPROPRIATION</b>	<u>2008</u>	<u>2009</u>	<u>2009</u>	<u>2010</u>	<u>INCREASE</u>
	<u>ACTUAL</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>(DECREASE)</u>
PERSONNEL	<u>\$406,417</u>	<u>\$476,290</u>	<u>\$454,294</u>	<u>\$506,917</u>	<u>\$30,627</u>
TOTAL	<u>\$406,417</u>	<u>\$476,290</u>	<u>\$454,294</u>	<u>\$506,917</u>	<u>\$30,627</u>
<b>STAFFING REVIEW</b>					<u>INCREASE</u>
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>(DECREASE)</u>
TOTAL	<u>5.00</u>	<u>6.00</u>	<u>6.00</u>	<u>6.00</u>	<u>0.00</u>
<b>FUNDING SOURCE</b>		<u>2009</u>	<u>2009</u>	<u>2010</u>	<u>2010</u>
		<u>AMOUNT</u>	<u>PERCENTAGE</u>	<u>AMOUNT</u>	<u>PERCENTAGE</u>
FEDERAL		<u>476,290</u>	<u>100.0</u>	<u>506,917</u>	<u>100.0</u>
		<u>\$476,290</u>	<u>100.0</u>	<u>\$506,917</u>	<u>100.0</u>

## Budget Analysis

The budget for 2010 reflects personnel expenses for six staff members. The overall budget of \$506,917 is a 6.4% increase from 2009 due to an increase in salaries (\$18,000), IMRF (\$14,000), and health insurance (\$4,000). This change is a result of a filled vacancy.

# **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.

### **2009 Accomplishments →**

- Developed an 18-month Strategic Plan that will lay the foundation for the work program. Regional priorities for “value-added” planning tasks will be intertwined with the federally-required planning work tasks to create a vision of planning excellence for the region.
- Completed the NICTI Alternatives Analysis documentation, hold all required public meetings, and advocate for implementation of commuter transportation from Rockford to Elgin Big Timber.
- Advocated at the State and Federal level for comprehensive changes to the way that transportation funds are distributed in the United States and the State of Illinois.
- Incorporated the stand-alone transportation component documents that have been completed in the last 3-4 years, such as the bicycle / pedestrian plan, into the 2010 update of the RMAP Long-Range Transportation Plan.
- Worked with the Census Bureau to review and modify the census geometry for the two-county metropolitan area that will be used in the 2010 Census.
- Assisted the City of Rockford and the Rockford Area Economic Development Council with the Comprehensive Economic Development Strategy (CEDS) process to create an economic development zone in the Rockford MSA that will allow Economic Development Assistance (EDA) grants to come to the region.
- Initiated the planning work to develop a regional affordable housing plan for all of the RMAP member agencies.
- Analyzed field data provided by IDOT from the 2007-2008 comprehensive ground count to produce a regional “congestion map” as one of the primary steps in a regional congestion management process.
- Initiated and evaluated a program for RMAP employees that encourage alternative travel to work, such as walking / running, bicycling, or transit.
- Completed the 1<sup>st</sup> phase of the office remodeling project to create the new RMAP office space within the greater framework of the RCDP. Completed the 2<sup>nd</sup> phase if funding is available.

# **Rockford Metropolitan Agency for Planning**

- Incorporated the national goals of climate change into the update of Long Range Transportation Plan.

## **2010 Goals and Objectives →**

- Continue to advocate at the State and Federal level for comprehensive changes to the way that transportation funds are distributed in the United States and the State of Illinois.
- Incorporate the stand-alone transportation component documents that have been completed in the last 3-4 years, such as the bicycle / pedestrian plan, into the 2010 update of the RMAP Long-Range Transportation Plan.
- Continue to work with the City of Rockford and the Rockford Area Economic Development Council with the Comprehensive Economic Development Strategy (CEDS) process to create an economic development zone in the Rockford MSA that will allow Economic Development Assistance (EDA) grants to come to the region.
- Complete a regional affordable housing plan for all of the RMAP member agencies.
- Continue to evaluate and promote a program for RMAP employees that encourage alternative travel to work, such as walking / running, bicycling, or transit.
- Continue to incorporate the national goals of climate change into the update of Long Range Transportation Plan.

# Rockford Metropolitan Agency for Planning

## Budget Summary

RMAP BUDGET SUMMARY					
APPROPRIATION	2008 <u>ACTUAL</u>	2009 <u>BUDGET</u>	2009 <u>ACTUAL</u>	2010 <u>BUDGET</u>	INCREASE (DECREASE)
PERSONNEL	\$209,334	\$592,397	\$541,700	\$558,501	(\$33,896)
CONTRACTUAL	51,724	271,950	936,834	419,233	147,283
SUPPLIES	37,177	11,350	10,204	8,750	(2,600)
OTHER	0	0	0	8,920	8,920
CAPITAL	0	<u>269,047</u>	<u>4,774</u>	0	<u>(269,047)</u>
TOTAL	<u>\$298,235</u>	<u>\$1,144,744</u>	<u>\$1,493,512</u>	<u>\$995,404</u>	<u>(\$149,340)</u>
<b>STAFFING REVIEW</b>					
	<u>2006</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	INCREASE (DECREASE)
TOTAL	0.00	4.00	6.00	6.00	0.0
<b>FUNDING SOURCE</b>					
		<u>2008 AMOUNT</u>	<u>2008 PERCENTAGE</u>	<u>2009 AMOUNT</u>	<u>2009 PERCENTAGE</u>
CURRENT FUNDS					
OTHER FEDERAL/STATE		920,000	80.4	743,360	73.1
REPROGRAMMED FUNDS-PRIOR YEARS					
OTHER FEDERAL/STATE		224,744	0.0	273,300	0.0
TOTAL		<u>\$1,144,744</u>	<u>80.4</u>	<u>\$1,016,660</u>	<u>73.1</u>

## Budget Analysis

The 2010 budget is \$995,404, which is a decrease of \$149,340 (-13.0%) from the previous year. Personnel costs decrease \$33,900 as a result of merit and health insurance adjustments.

Contractual costs increase \$147,280 as a result of contractual service increases. The supply group has decreased \$2,600. Other expenses increase \$8,920 due to an increase in purchase of services.

The new interagency agreement altered the funding formula for the organization by keeping all Federal and State funds within the organization, and changed the local match formula so that the City of Rockford no longer paid 100% of the local match.

In 2009, RMAP spent \$1,493,512 or 130.1% of budget of its budget allocation.

## Fixed Assets

There are no fixed assets budgeted for 2010.

# Rockford Metropolitan Agency for Planning

## Personnel Review

Rockford Metropolitan Agency for Planning				
BENEFITS AND SALARIES		2009	2010	INCREASE/ (DECREASE)
SALARY		<u>BUDGET</u>	<u>BUDGET</u>	
PERMANENT		\$396,878	\$396,878	\$0
MERIT PAY		20,475	0	(20,475)
SALARY ADJUSTMENT		<u>0</u>	<u>0</u>	<u>0</u>
<b>TOTAL SALARIES</b>		<b><u>\$417,353</u></b>	<b><u>\$396,878</u></b>	<b><u>(\$20,475)</u></b>
<b>BENEFITS</b>				
ILLINOIS MUNICIPAL RETIREMENT		\$70,950	\$80,090	\$9,140
UNEMPLOYMENT TAX		378	378	0
WORKMEN'S COMPENSATION		918	873	(45)
HEALTH INSURANCE		99,450	76,934	(22,516)
LIFE INSURANCE		468	468	0
PARKING BENEFITS		<u>2,880</u>	<u>2,880</u>	<u>0</u>
<b>TOTAL BENEFITS</b>		<b><u>\$175,044</u></b>	<b><u>\$161,623</u></b>	<b><u>(\$13,421)</u></b>
<b>TOTAL COMPENSATION</b>		<b><u>\$592,397</u></b>	<b><u>\$558,501</u></b>	<b><u>(\$33,896)</u></b>
POSITION TITLE	POSTION RANGE	2009 EMPLOYEES	2010 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	1.00	0.00
SENIOR ADMIN ASSISTANT	E-6	1.00	1.00	0.00
<b>TOTAL PERSONNEL</b>		<b><u>6.00</u></b>	<b><u>6.00</u></b>	<b><u>0.00</u></b>