

CITIZEN'S BUDGET HIGHLIGHTS

The City's goal in developing the 2005 budget was to continue offering citizens basic services, economic development efforts, a continuing capital improvements program, and fiscal stability. Development and adoption of this budget was premised on maintaining a level of service equivalent to 2004, making incremental improvements where possible, and continuing to comply with the limitations of the Property Tax Extension Limitation Law (Taxcaps).

PROGRAM EXPENDITURES

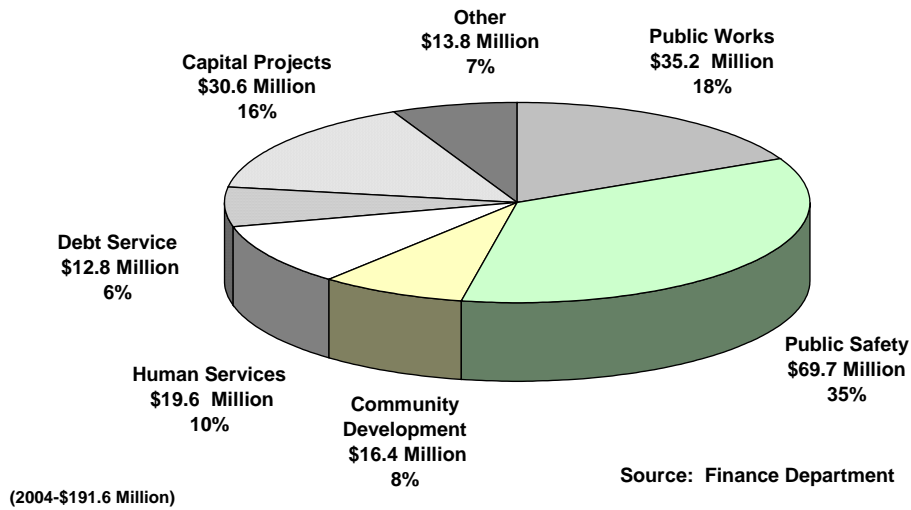
The budget appropriation in 2005 is \$198.1 million for all funds, an increase of \$6.5 million from the 2004 appropriation of \$191.6 million. This increase is due primarily to an increase in the level and number of capital improvement projects. Major program changes for 2005 include:

Community Development's appropriation decreased \$3.8 million. In 2005, the Department should oversee the renovation of 42 housing units and the demolition of approximately 33 structures. \$4.65 million in bonds were issued in late 2004 for two new TIF Districts, North Main and Rockford Global Park.

Public Safety's appropriation increased \$4.3 million due to \$1.5 million for salary increases and three new firefighters, \$1.8 million in pension increases, \$0.8 million additional for training, building maintenance, and IS support, and a \$0.3 million capital equipment decrease.

Human Services' appropriation increased \$0.3 million from 2005 with the majority of the increase in the Human Services Department and Library. The increases are a result of salaries and fringe benefits.

**City of Rockford, Illinois
2005 Budget -- Where The Money Goes
\$198.1 Million -- All Funds**



The Public Works budget decreased \$0.6 million as a result of the one time 2004 purchase of a new dump truck fleet.

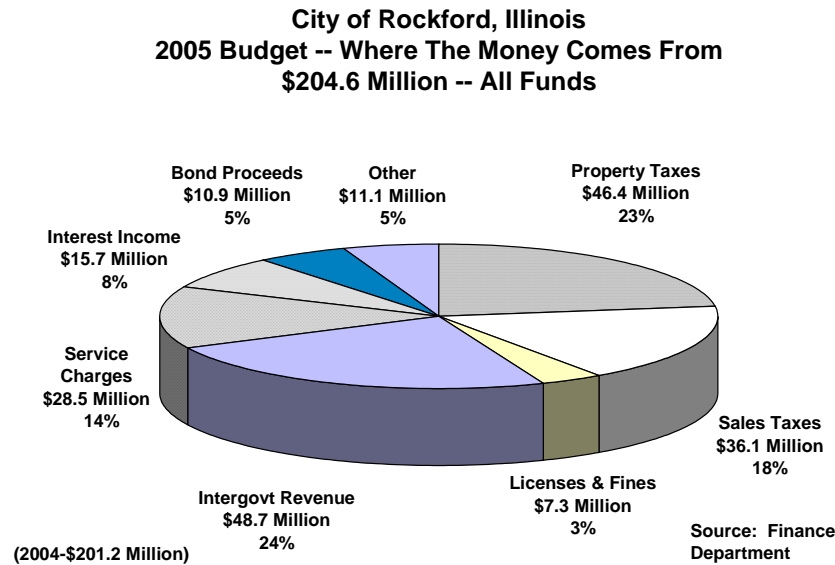
The budget for Debt Service increased \$1.2 million from 2004 to 2005. The 2005 budget plan calls for a spring sale of \$10.9 million, \$8.7 million for street improvements and a \$2.2 issue for water capital improvements. In 2004, there were two bond issues, one in the spring for street and water improvements, equipment purchases, and 7th Street TIF District improvements. In December, a bond was issued for the North Main TIF for the acquisition and redevelopment of a former Kmart property and for infrastructure improvements in the Global Trade Park TIF. In addition, several outstanding series were refunded.

The Capital Projects Fund budget increased \$2.7 million in 2005 due to increased project activity.

In the Other category, an increase of \$2.4 million is attributable to increases in health insurance, \$1.5 million and the Finance Department, \$0.5 million for the elimination of the 2004 salary savings and the addition of the 2005 salary adjustments.

REVENUES

For 2005, the revenue budget is \$204.6 million for all funds, an increase of \$3.4 million from 2004's \$201.2 million.



The 2005 revenue budget emphasizes:

- A stable property tax rate.

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

Major revenue changes for 2005 include:

Sales, use and utility taxes are estimated to increase \$1.3 million from normal growth.

Interest income is projected to decrease \$4.4 million, with the major decrease (fair value adjustment) in the Fire and Police pensions.

Service charges increase \$0.5 million from the previous year total of \$27.9 million.

2005 bond proceeds, planned at \$10.9 million for capital projects represent a \$9.6 million decrease from 2004's \$20.5 million.

Intergovernmental revenues from federal, state, and local governments are projected to increase \$10.6 million from 2004.

Licenses and fines are projected to decrease of \$0.4 million.

Property taxes increase \$2.0 million from the 2004 total of \$44.7 million due to an increase in the EAV and increased annexations.

Other revenues from a variety of sources are forecast to increase \$3.4 million.

ACCOUNT EXPENDITURES

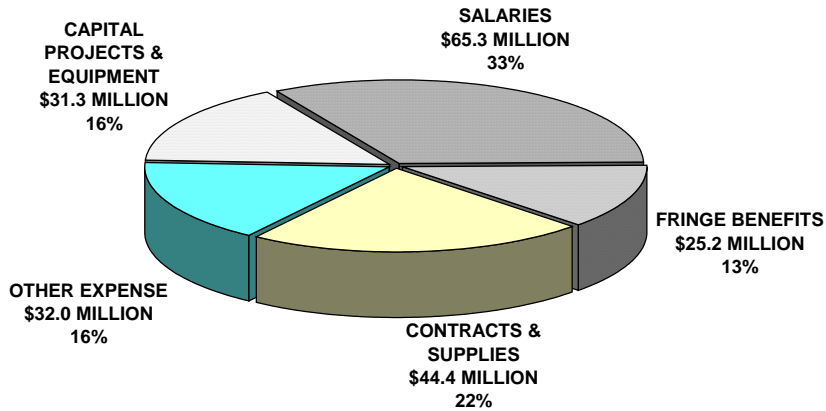
The 2005 City Budget, when viewed from a line item rather than a program perspective, illustrates the fact that almost two-thirds of the budget is attributable to personnel and infrastructure improvements. This reflects the fact that the City is a labor intensive service organization with almost 1,200 employees and has a considerable investment in streets, bridges, buildings, and water and sewer systems that must be maintained and renewed.

Major spending changes by account type for 2005 are:

Salaries and fringe benefits increase \$6.1 million as a result of salary adjustments, pensions, and health insurance premium increases.

Contractual and supply accounts increase \$2.2 million due to increases across several departments.

**City of Rockford, Illinois
2005 Budget -- \$198.1 Million
All Funds Combined By Account Classification**



(2004-\$191.6 MILLION)

SOURCE: FINANCE OFFICE

Capital projects decrease slightly by \$0.5 million from the 2004 budget.

Other expenses are projected to decrease \$1.3 million.

COUNCIL CHANGES TO THE BUDGET

The Council received the budget on December 20, 2004 and referred it to the Finance Committee. The Committee, after holding a budget hearing with departments, approved the budget on February 22, 2005. Due to the extraordinary circumstances of this budget year, most adjustments to the budget were made earlier in the process.

WHAT THE 2005 BUDGET WILL COST THE TAXPAYER

The 2005 budget continues stability for the Rockford homeowner. For a homeowner with a \$100,000 home, the rate and cost for 2002, 2003, 2004, and 2005 is shown below.

**Property Tax Bill (City Portion Only)
For Home With \$100,000 Market Value
2002-2005**

<u>Year</u>	<u>Rate</u>	<u>Bill</u>
2002	\$2.43	\$725
2003	2.45	731
2004	2.55	723
2005	2.63	745

The City continues to use and to selectively adjust user fees so that those who use certain services pay for them rather than passing the costs on to all taxpayers through property taxes.

Through a combination of property taxes and user charges, quality city services will be offered at a reasonable cost to the residents of Rockford.

HOW TO USE THIS DOCUMENT

This budget document is intended to provide Rockford Citizens with information about 2005 City government and services.

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

INTRODUCTORY SECTION

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

PROGRAM SUMMARIES

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

SUPPORTING INFORMATION

- VIII. Supplemental Section
 - Summary Schedules
 - Financial Policies

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

The 2005 budget is comprised of fifty-six (56) budgetary units. A budgetary unit can be defined as either a department, such as the Police Department, or a division of a department, such as the Street Division of the Public Works Department. A department, utilized in a managerial fashion by the City, can be by fund, such as the Library Fund or can be part of a fund, like the Fire Department in the General Fund. It also can consist of parts of the General Fund as well as other funds, such as the Community Development and Public Works Departments. An accounting fund(s) can be a department, like the 911 Communications Fund, or a division of a department, such as the Water Fund in Public Works.

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

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

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

Budgetary Unit Summary
Mission Statement
Primary Functions
2004 Accomplishments
2005 Goals and Objectives
Budget Summary
(2003-2005 Expenditure and 2002-2005 Staffing
Review, 2004-2005 Funding Analysis)
Budget Analysis
Information and Statistics
Capital Equipment
Personnel Review
Performance Measures

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

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

City Budget Manual
City Financial Statements
City Annual Report
City Capital Improvements Program

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

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

BASIS OF BUDGETING

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

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

While the 2004 audit is not yet finished, the 2004 actual revenues and/or expenditures used herein are materially correct.

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

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

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

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

THE PROCESS, PUBLIC INVOLVEMENT, AMENDING THE BUDGET

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

THE 2005 PROCESS

The 2005 process was shortened to only one budget hearing with the City Council, staff and local media present. Two were held in both 2004 and 2003. The schedule of events is shown in the Budget Timeline, beginning on Page EX-10.

PUBLIC INVOLVEMENT

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

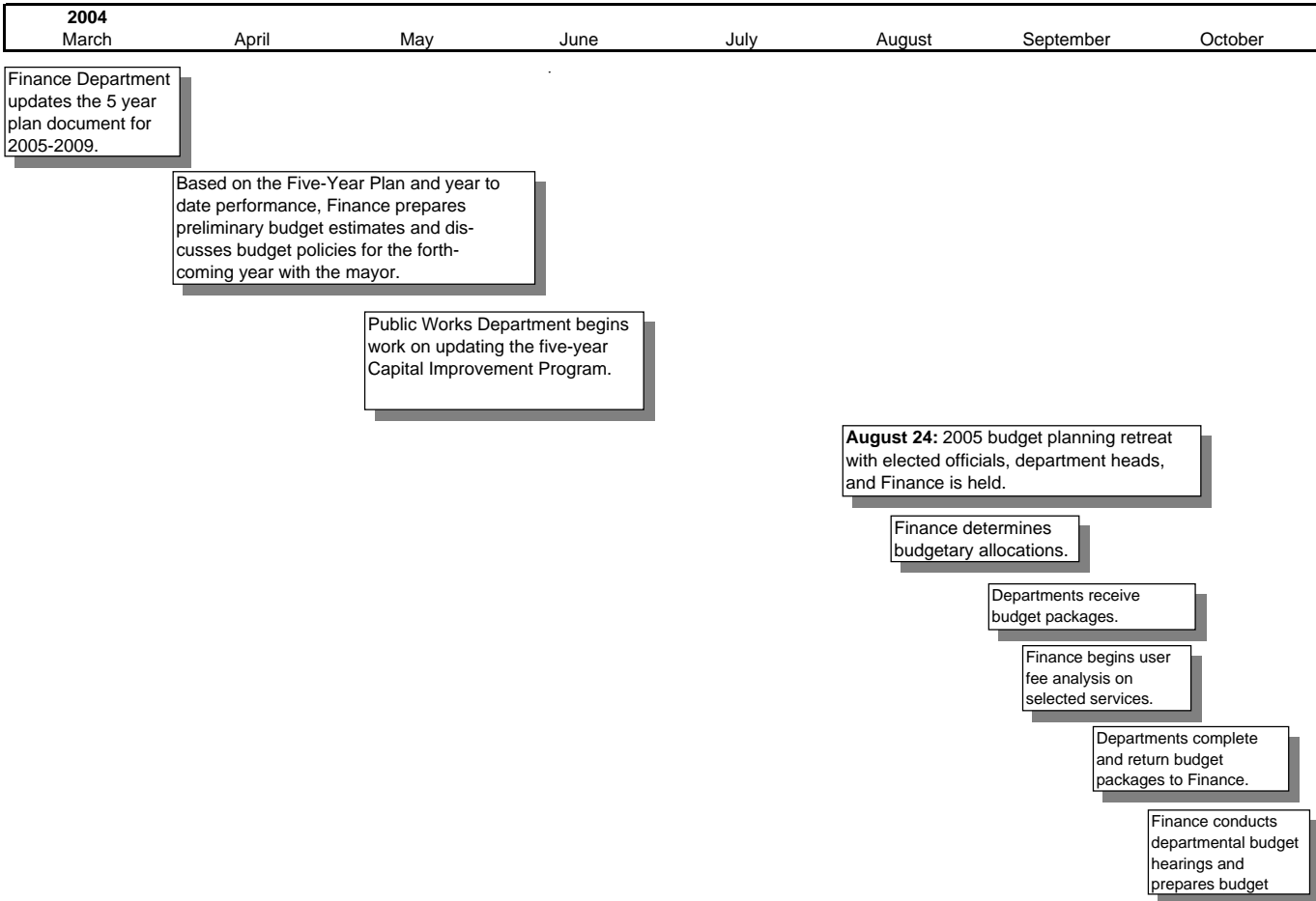
AMENDING THE BUDGET

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

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

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

**CITY OF ROCKFORD, ILLINOIS
BUDGET TIMELINE
THE 2005 PROCESS**



FINANCIAL PLANNING — THE KEY TO THE FUTURE

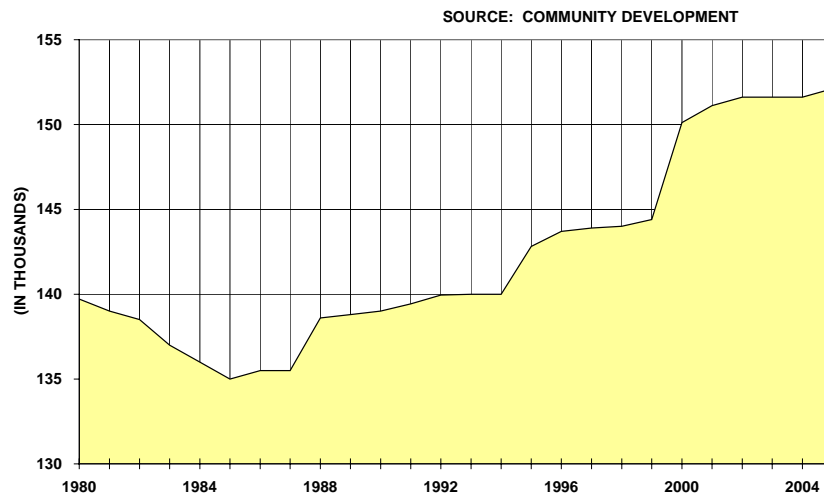
Beginning in 1984 with the General Fund, the City incorporated long-term financial planning into its budget cycle. In 1989, the planning process was expanded to incorporate the balance of the City's budget. Each year the budget staff updates selected trends and the five-year forecast. In conjunction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

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

SELECTED TRENDS

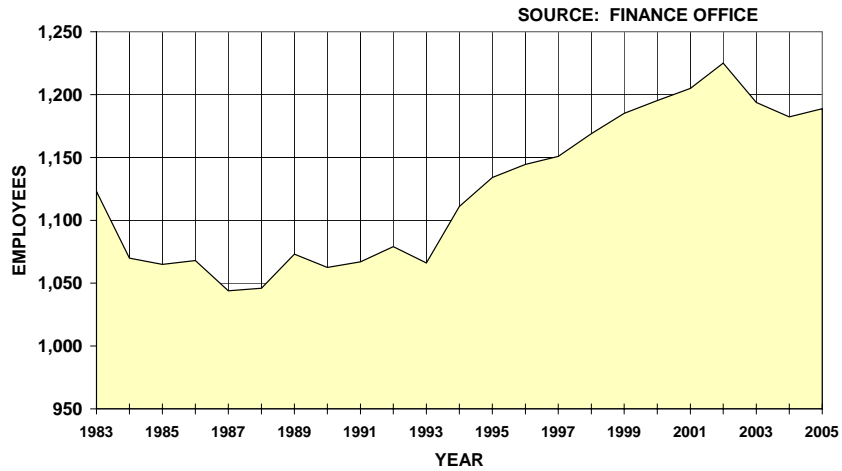
One key to the financial planning process is gathering information about trends that affect the City's financial future. One set of trends the City continually examines is demographics such as population, jobs, and unemployment. The 2000 census of 150,115 was 10,699 (7.7%) greater than the 1990 census of 139,416. The population is expected to increase gradually over the next few years. The transformation of the local economy, the City's ongoing annexation program, and the selection of Rockford as a choice of residence for Chicago suburbanites contribute to the City's increasing population.

CITY OF ROCKFORD, ILLINOIS POPULATION FROM 1980



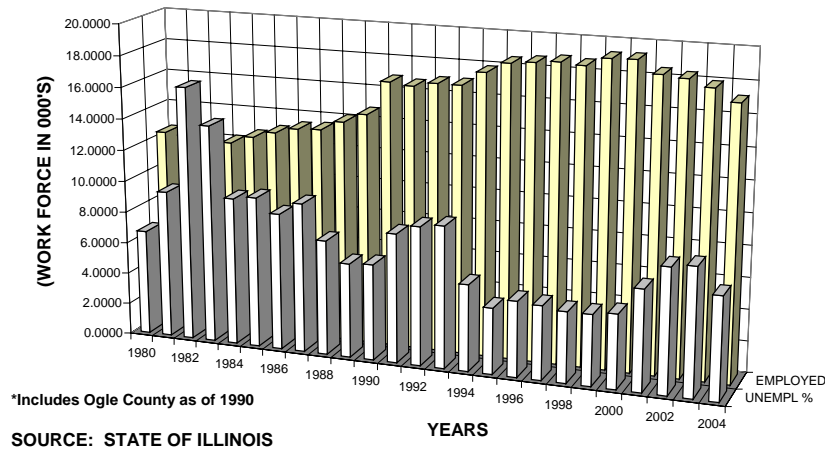
During the 1980's, the City took steps to keep the ratio of its employees and population in proportion. Since then, the City has maintained a constant ratio of employees per thousand residents. This ratio should continue to remain stable in the future as both the population and the City work force incrementally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

**CITY OF ROCKFORD, ILLINOIS
MUNICIPAL EMPLOYMENT 1983-2005**



Although the City continues to attain an increasing population, the last few years have been difficult for the manufacturing industry. Unemployment in the City and County in general has been higher than state and national averages. Strong local economic development efforts by organizations such as the Chamber of Commerce, the Rockford Area Economic Development Council, and the City of Rockford continue to recruit additional employers to help reduce the unemployment rate in the City and surrounding area. The local economy, in the near future, should expand and improve due to the growing influence of the Chicago metropolitan area.

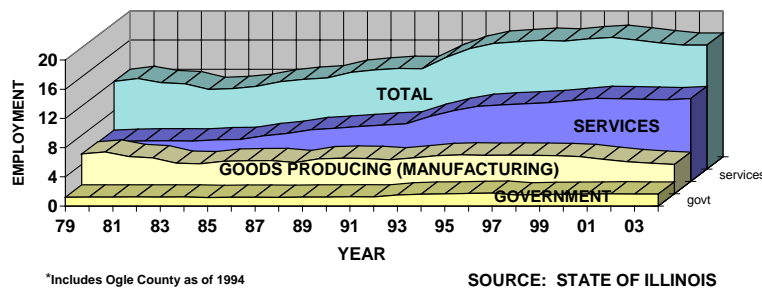
**CITY OF ROCKFORD, ILLINOIS
JOBS AND UNEMPLOYMENT SINCE 1980
IN THE ROCKFORD MSA***



Employment in the MSA decreased from 175,400 in 1998 to 169,900 in 2004. Reflecting nationwide trends, employment in manufacturing in 2004 decreased from 2003 by 4.2%. The manufacturing sector of the employment base has had a steady decline over the past three years.

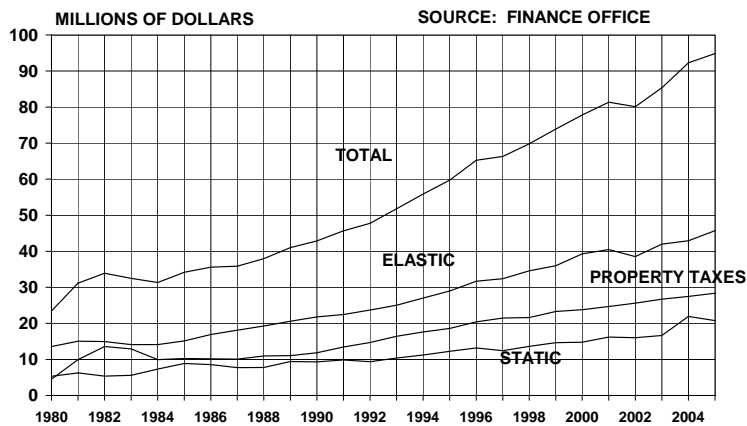
Approximately 10,000 jobs have been shed in the MSA area of Boone, Ogle, and Winnebago counties, resulting in about 20% of the region’s manufacturing job force. The service-providing sector of the employment base expanded 5.3% between 1998 and 2004 while the manufacturing employment decreased 31.2%. In 1998, 30.0% of the employment was in manufacturing and in 2004, manufacturing employment represented only 23.6% of the total. With this decrease, the overall dependence on manufacturing has decreased.

**CITY OF ROCKFORD, ILLINOIS
NON-AGRICULTURAL EMPLOYMENT HISTORY IN THE
ROCKFORD MSA* 1979-2004**



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

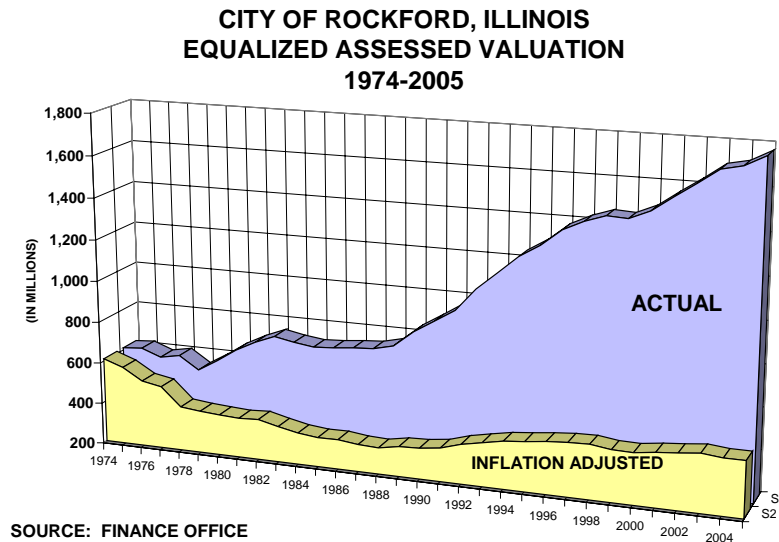
**CITY OF ROCKFORD, ILLINOIS
GENERAL FUND REVENUE SOURCE COMPOSITION
YEARS FROM 1980**



An economic expansion or recession would have a greater effect on elastic revenues than on the other two types. The General Fund Revenue Source Composition Graph illustrates this point well. Property taxes, controlled by elected officials, were flat until the early 1980’s when they

were increased for several years. After a home rule referendum in 1984 in which voters imposed certain tax rate limitations, they have decreased and remained relatively stable ever since. Increases in property tax revenue are a result of growth in the tax base and debt service expenditures approved by referendum.

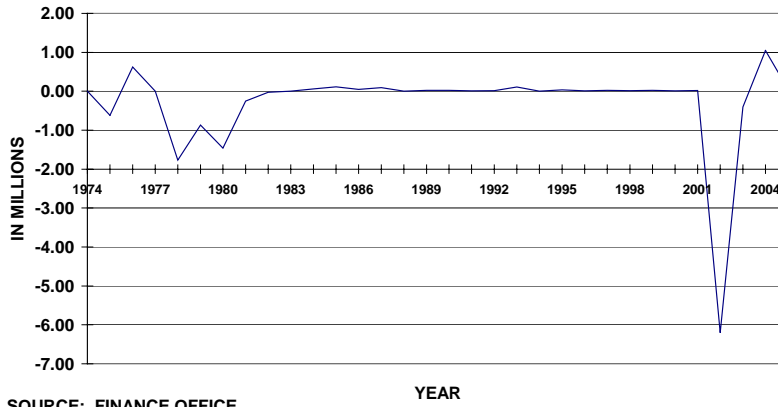
Elastic revenues increase throughout the period illustrating this revenue source’s ability to grow with the economy. In order to maintain a well-balanced mix of revenue sources, the City needs to continue to emphasize elastic as well as static revenue sources through economic maintenance and development.



For 2005, Rockford’s equalized assessed valuation (EAV) is estimated to grow by \$52 million (3.0%). In 2004, growth was \$21 million (1.2%). While new growth added \$24 million (1.4%), existing growth decreased \$3 million (-0.2%). This was a result of the change in State law increasing the owner occupied exemption from \$3,500 to \$5,000 and the senior citizen exemption from \$2,000 to \$3,000. This change increased these two exemptions by \$65 million (42.8%). Normally, growth has been the result of additional annexations, new construction, and normal growth.

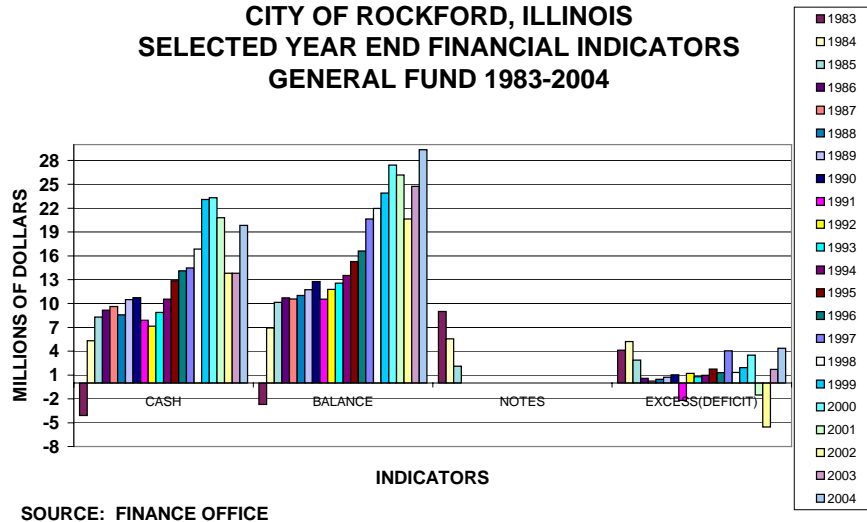
The City had been performing well since 1981 because of developing and adhering to certain essential financial policies. However, the last few years have been difficult because of lower than anticipated elastic revenues as a result of the slowing economy. After planned and actual budget deficits in the late 1970’s, the City has adopted balanced General Fund budgets for 21 of the last 23 years. As a result of current economic conditions, City operations and expenses have been curtailed to avoid deficit spending.

**CITY OF ROCKFORD, ILLINOIS
GENERAL FUND BUDGET EXCESS (DEFICIT) OF
REVENUES OVER EXPENDITURES
YEARS FROM 1974**



Added together, these year end surpluses have improved the cash and fund balances of the General Fund from negative to positive. After two deficit years, the City has once again ended the year on a positive note for both 2003 and 2004. It is the City’s intention to maintain a positive cash and fund balance by limiting the short-term borrowing of funds and to continue past practices of balancing budgets, avoiding deficits, and maintaining adequate cash in the future.

**CITY OF ROCKFORD, ILLINOIS
SELECTED YEAR END FINANCIAL INDICATORS
GENERAL FUND 1983-2004**



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

ASSUMPTIONS

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

<u>REVENUES</u>	<u>ASSUMPTION</u>	<u>PERCENT BUDGET SHARE</u>
Assessed Valuation (Percent)	3.0	26.6
Uncollectible Factor	1.0	
Sales and Other Taxes	2.0-4.0	33.3
Cable TV, Gas Licenses	0-2.0	3.7
State Income Tax	4.0	10.5
State Replacement Tax	0.0	4.4
Inspections	4.0	1.3
Federal/State/County	4.0	2.9
All Other	0.0	8.8
Service Reimbursements	2.0	5.2
Tax Levy Reimbursements	4.0	3.3

EXPENDITURES

All Salary & Wage Compensation (Percent)	3.0 - 4.0
Fringe Benefits	0.0 – 5.0
Contracts, Supplies, and Other Expense	3.0
Interest Expense	1.0
Capital Expense	5.0

The 2005 budget and the 2006-2010 plan, as presently adopted and forecasted, make use of temporary and non-recurring revenues. For the 2006 budget, the City will make the necessary adjustments in order to eliminate the use of temporary and non-recurring revenues for not only 2006 but also for the planning period.

2006-2010 PLAN

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

<u>Year</u>	<u>Excess (Deficit) (In 000's)</u>	<u>Percent of Total Budget</u>	<u>Cash Policy Test (70% Minimum)</u>
2006	\$338	0.3	59
2007	(889)	-0.9	58
2008	(2,364)	-2.2	53
2009	(3,756)	-3.4	44

2010

(5,328)

-4.6

32

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

Property taxes in Illinois are levied during a budget year but are not collected until the following year after the money has already been spent. At that time, they are collected in two payments, June and September. As will be discussed in the next section, Cash Management, this tax timing issue and the timing issue with State shared revenues require sufficient cash to be on hand to finance operations. If the City does not have sufficient cash reserves, it will have to borrow from outside sources.

While home rule cities simply have one levy for all purposes, non-home rule cities such as Rockford have specific purpose levies. Some of these levies, for example, for retirement purposes, are unlimited; others have specific rate limitations that apply, i.e., corporate (25 cents/\$100 EAV), police protection (40), fire protection (40), street (10), sanitation (10), library (30), and library maintenance (2), for specific levies. If a levy divided by the final EAV exceeds the rate limitation, then the County Clerk will reduce that specific levy.

Rate limitations have rarely been a problem for the City in the past but have been a major concern in the last several budget cycles. The City is currently at the maximum limit for all of the specific rate limitation levies currently being assessed. Since the City is a non-home rule community, other sources of revenue must be found to cover the additional expenses that the levies do not cover.

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

For 2005, the estimated property tax revenue loss due to tax caps is \$1,315,000. For the 2006 – 2010 planning period, the estimated tax cap losses are \$295,300 in 2006 and \$165,700 in 2007.

The 2005 operating tax rate is expected to increase marginally due to the City's specific purpose levies being at maximum rates. Property tax dollar growth will occur due to new construction and annexations as well as from the dollars generated from the CPI formula. Property tax revenue will increase moderately due to statutes, local economic conditions, and increased annexations into the City. The long term will see the City begin to rely more on user fees as well as making certain service reductions.

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

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

If this does not occur, then the City's cash policy test, required to be 70% of the General Fund tax levies and tax reimbursements in order for the City to avoid borrowing, will decrease. This would require the City to find alternative cash flow sources, either from other city funds or the outside. In either case, this would be an additional expense requiring additional dollars or decreased services.

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

CASH MANAGEMENT— MAXIMIZING RESOURCES

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

PROPERTY TAXES AS A PERCENTAGE OF REVENUE FOR CERTAIN FUNDS

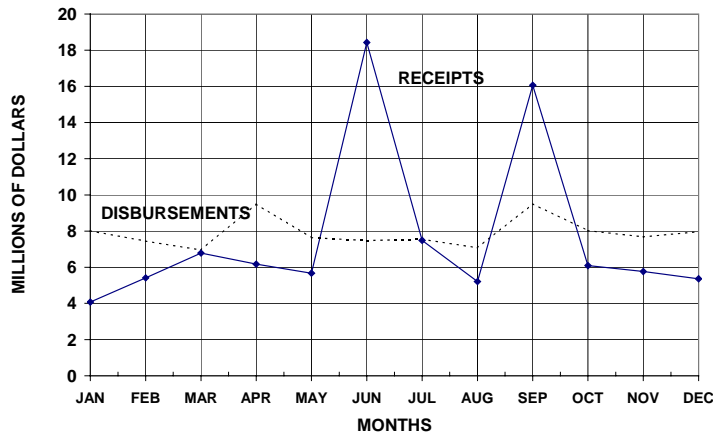
	<u>General</u>	<u>Sanitation</u>	<u>Library</u>
2001	30.9	20.0	83.2
2002	32.1	20.0	84.4
2003	30.8	18.1	86.7
2004	29.7	18.6	87.9
2005	29.9	19.4	78.6

The range of property tax revenue varies from one of every five dollars for the Sanitation Fund to less than four of every five for the Library Fund.

UNDERSTANDING CASH FLOW

To completely understand the importance that property tax revenues have in cash management, the 2005 cash flow forecast summary for the General Fund graph is useful in illustrating the timing problem.

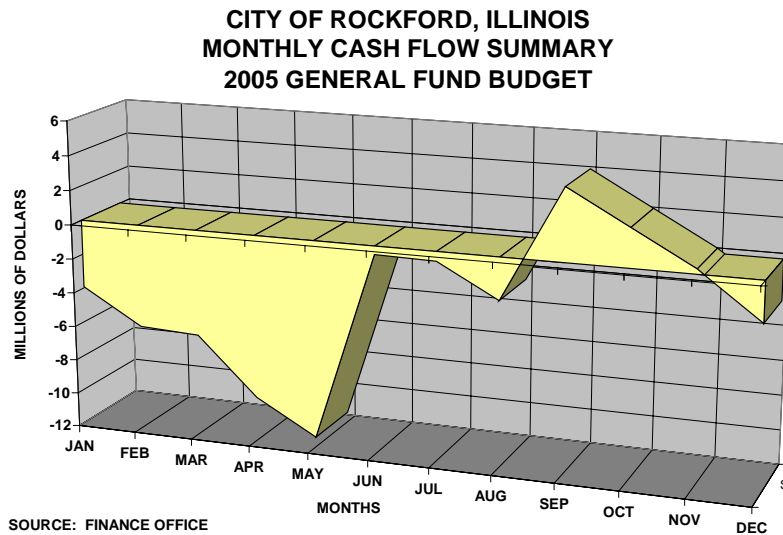
**CITY OF ROCKFORD, ILLINOIS
CASH FLOW FORECAST SUMMARY
2005 GENERAL FUND BUDGET**



SOURCE: FINANCE OFFICE

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

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



Since 1985, only the Library Fund has continued to use short-term financing. For the General Fund, the rollback from 32% to 30% for property taxes as a percentage of total fund revenues and the elastic revenue surpluses generated sufficient cash for internal financing. The Sanitation Fund changed from being financed by property taxes to having approximately eighty percent of the revenue generated from user fees. The result is an almost ideal match of revenues and expenditures.

CASH POLICY REVIEW

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

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

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

The current cash balance policy is:

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

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

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

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

In the past, excess funds have been used for capital construction needs. Due to increasing cash flow requirements and decreasing surpluses, excess funds have not been available since 1989. 2005 cash flow demands will absorb all available funds.

CASH MANAGEMENT IN 2005

For 2005 only one fund, the Library, will require interim financing. As in previous years since 1986, this will again be accomplished as a \$750,000 interfund loan (2004 - \$1,000,000) from the General Fund to the Library Fund. In 2006, the Library should not require a Library loan.

With General Fund levies increasing \$2.4 million in 2004 and \$0.4 million in 2005, cash needs have increased. With 2003 and 2004 having excesses, the 70% cash test percentage has improved to 61%.

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

2005 ESTIMATED TAX ANTICIPATION NOTE ISSUES/INTERNAL BORROWING

<u>OPERATING FUND</u>	<u>AUTHORIZATION</u>	<u>ESTIMATED SALE</u>
General	\$21,045,900	
Sanitation	1,483,800	
Library	<u>4,694,300</u>	<u>\$750,000</u>
	\$27,224,000	\$750,000

The City will continue to exert strong budget control and place importance on financial planning in 2005 in order to maintain and improve its cash position. The benefits of such efforts, the 2000 bond rating upgrading by Moody's from A2 to A1 and the financial savings that can be passed on to the taxpayers, are too great to not continue.

EMPLOYEES — THE CITY’S MOST IMPORTANT ASSET

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

Key Personnel Statistics		
	General <u>Fund</u>	Total <u>City</u>
Total Budget	\$94.8 Million	\$198.1 Million
Employees	781	1,190
Personnel Costs	\$70.7 Million	\$90.5 Million
Percentage		
Personnel	74.5	45.6
Salary	53.9	32.9
Fringe Benefits	20.7	12.7

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

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

As part of the City’s budget preparation process, departments consider the aforementioned means of reducing personnel costs while maintaining service levels and quality. When departments prepare their personnel and dollar budgets, they give consideration to current and future practices in the context of the above factors. The 2005 budget was developed using these steps as guideposts to ensure that quality services are being delivered with the lowest possible personnel costs. All departments and agencies prepared budgets by analyzing their operations in light of the above factors.

EMPLOYMENT TRENDS

Between 2002 and 2004, the total number of City employees declined approximately 2.5% and 1%. In 2005, the total number of employees increases slightly to reflect marginal employee changes.

CITY OF ROCKFORD, ILLINOIS 2005 BUDGET PERSONNEL AUTHORIZATION ALL FUNDS

PROGRAMS AND AGENCIES	<u>2002</u>	<u>2003</u>	<u>2004</u>	2003-2004 INCREASE (DECREASE)	<u>2005</u>	2004-2005 INCREASE (DECREASE)
LEGISLATIVE & MANAGEMENT						
MAYOR	7.00	6.00	6.00	0.00	8.00	2.00
COUNCIL				0.00		0.00
LEGAL	17.60	16.00	16.00	0.00	16.60	0.60
FINANCE	37.25	34.25	33.00	(1.25)	34.00	1.00
FINANCE-INFORMATION SERVICES	8.75	7.75	9.00	1.25	10.00	1.00
PERSONNEL	<u>7.00</u>	<u>7.00</u>	<u>7.00</u>	<u>0.00</u>	<u>7.00</u>	<u>0.00</u>
LEGISLATIVE & MGMT TOTAL	<u>77.60</u>	<u>71.00</u>	<u>71.00</u>	<u>0.00</u>	<u>75.60</u>	<u>4.60</u>
COMMUNITY DEVELOPMENT						
CD ADMINISTRATION	2.15	2.15	2.25	0.10	1.85	(0.40)
CD DEVELOPMENT	17.60	17.60	17.75	0.15	19.40	1.65
CD PLANNING	<u>16.25</u>	<u>14.25</u>	<u>12.00</u>	<u>(2.25)</u>	<u>11.75</u>	<u>(0.25)</u>
COMM DEV DEPARTMENT	36.00	34.00	32.00	(2.00)	33.00	1.00
BUILDING INSPECTION	<u>21.00</u>	<u>20.00</u>	<u>20.00</u>	<u>0.00</u>	<u>20.00</u>	<u>0.00</u>
COMM DEVELOPMENT TOTAL	<u>57.00</u>	<u>54.00</u>	<u>52.00</u>	<u>(2.00)</u>	<u>53.00</u>	<u>1.00</u>
HUMAN SERVICES						
HUMAN SERVICES	103.88	91.75	92.75	1.00	91.75	(1.00)
DRUG FREE INITIATIVE	1.50	1.50	1.50	0.00	1.50	0.00
TUBERCULOSIS SANITARIUM	0.00	0.00	0.00	0.00	0.00	0.00
LIBRARY	<u>111.00</u>	<u>108.50</u>	<u>97.00</u>	<u>(11.50)</u>	<u>98.00</u>	<u>1.00</u>
HUMAN SERVICES TOTAL	<u>216.38</u>	<u>201.75</u>	<u>191.25</u>	<u>(10.50)</u>	<u>191.25</u>	<u>0.00</u>
PUBLIC SAFETY						
POLICE	334.00	333.00	332.00	(1.00)	332.00	0.00
FIRE	277.00	277.00	277.00	0.00	280.00	3.00
911 COMMUNICATIONS	<u>61.00</u>	<u>61.00</u>	<u>61.00</u>	<u>0.00</u>	<u>61.00</u>	<u>0.00</u>
PUBLIC SAFETY TOTAL	<u>672.00</u>	<u>671.00</u>	<u>670.00</u>	<u>(1.00)</u>	<u>673.00</u>	<u>3.00</u>
PUBLIC WORKS						
ADMINISTRATION	6.50	6.50	6.50	0.00	6.50	0.00
ENGINEERING	4.70	4.70	5.00	0.30	4.70	(0.30)
STREETS & SEWERS	48.50	40.50	40.50	0.00	40.50	0.00
PROPERTY	0.00	0.00	0.00	0.00	0.00	0.00
TRAFFIC	19.00	18.00	18.00	0.00	18.00	0.00
CAPITAL PROJECT	12.80	12.80	12.50	(0.30)	12.80	0.30
PARKING SYSTEM	9.00	9.00	9.00	0.00	9.00	0.00
SANITATION	3.00	3.00	3.00	0.00	3.00	0.00
PROPERTY & EQUIPMENT	25.00	26.00	28.00	2.00	28.00	0.00
WATER	<u>73.50</u>	<u>75.50</u>	<u>75.50</u>	<u>0.00</u>	<u>74.50</u>	<u>(1.00)</u>
PUBLIC WORKS TOTAL	<u>202.00</u>	<u>196.00</u>	<u>198.00</u>	<u>2.00</u>	<u>197.00</u>	<u>(1.00)</u>
TOTAL	<u>1,224.98</u>	<u>1,193.75</u>	<u>1,182.25</u>	<u>(11.50)</u>	<u>1,189.85</u>	<u>7.60</u>

Since 2002, 35.13 full-time equivalent positions have been eliminated, a decrease of 2.9%, across program lines in legislative and management, public safety, community development, public works, and human services. If 1980 is used as the benchmark, then municipal employment has been reduced 6%. As was discussed and illustrated with Employees Per 1,000 Residents in the Financial Planning section, there are less employees per capita now than in 1980 despite the fact of a relatively stable population.

Staffing for 2004 was 1,182.25 positions, a reduction of 11.5 FTE over 2003. A majority of the change is attributed to a service change at the Library. In the Legislative & Management group, Finance Department staff was reduced by 1.25 with the elimination of one account clerk and the adjustment of 0.25 FTE to the Information Services Division. An information services specialist was added as well in the IS Division.

In the Community Development group, there was an overall decrease of 2.0 FTE. A number of personnel adjustments were made in this group, between divisions. The overall result was a loss of two senior office assistant positions, one of which was vacant.

In the Human Services group, staff decreased by 10.50 FTE. This is a result of the addition of a caseworker and the adjustment of staff among divisions, as well as the elimination of maintenance worker positions at the Library.

2005 EMPLOYMENT

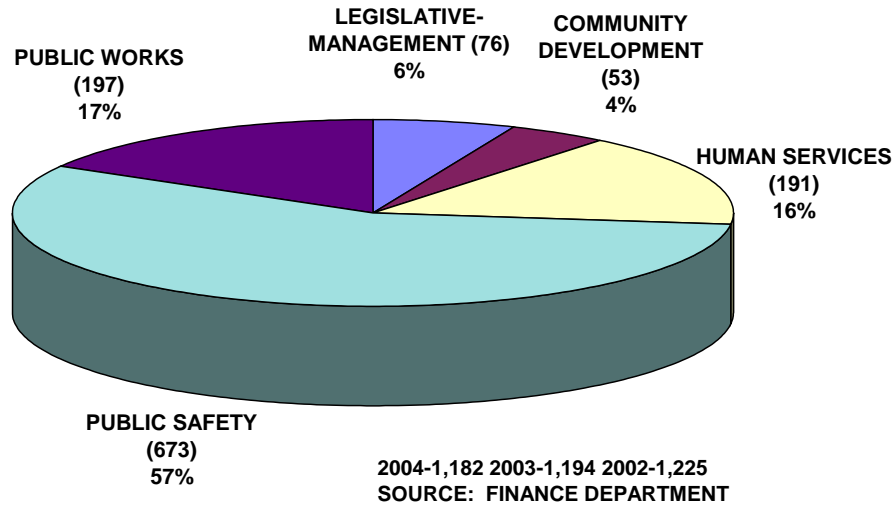
Staffing for the 2005 budget by program is provided in the Personnel Authorization Schedule. Employment has increased to 1,189.85 positions.

Legislative & Management departments saw the largest change, with an increase of 4.60 FTE. The Mayor's Office gains two positions with the addition of a green communities coordinator, which will be funded in part by the Park District, and a special projects coordinator, funded through the Capital Improvements Program. The Legal Department adds a part time (0.60) clerk in the Courthouse office to help with additional work, and the Finance Department adds a grants coordinator. Information Services also has an addition, a database specialist.

In the Community Development group, there is an overall increase of 1.00 FTE. A few personnel adjustments were made in this group, between divisions. The overall result was the addition of an industrial developer in the Development Division.

In the Human Services group, staff remains the same. A number of staff adjustments took place in the Human Services Department; the net change is a decrease of 1.00 FTE. The Library also made a number of slight adjustments, resulting in a gain of 1.00 FTE.

**CITY OF ROCKFORD, ILLINOIS
2005 BUDGET PERSONNEL AUTHORIZATION**



The Public Safety group gained 3.0 FTE in 2005. The Fire Department added three firefighters.

The Public Works Department reduced staff by 1.00 FTE for fiscal year 2005. In the Water Division, a meter reader position and a water service inspector position were both eliminated and replaced by a customer service manager. Some adjustment of staff took place as well.

2005 CHANGES IN COMPENSATION

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

CITY'S EMPLOYEE UNIONS

<u>Unit</u>	<u>Employees</u>	<u>Percentage Of Total</u>
Police Sworn	286.0	24.2%
Fire Sworn	263.0	22.0
Public Works/Clerical (AFSCME)	239.0	20.4
Community Development (AFSCME)	20.0	1.7
Human Services (AFSCME)	70.0	5.9
Library (AFSCME)	<u>61.0</u>	<u>5.2</u>
	868.5	79.4%

Labor agreements were negotiated for all employee groups in 2004. The Police group receives a 3.6% increase, effective April 1, with a total cost of \$450,800 in 2005. All other employee

groups receive a 3.0% increase, effective January 1, and a 1.0% increase July 1, with a total cost of \$885,100.

All current labor agreements will expire at the end of 2005, so no salary increases for 2006 can be predicted.

2002-2005 SALARY AND BENEFIT ADJUSTMENTS BY EMPLOYEE GROUP

<u>Year</u>	<u>Police Sworn</u>	<u>Fire Sworn</u>	<u>AFSCME</u>	<u>AFSCME B</u>	<u>Exempt</u>
2002	4.00	4.00	4.00	4.00	3.00
2003	3.50	3.50	3.50	3.50	0.00
2004	Varied, avg. 3.5 patrol, 3.25 investigator, 3.0 sergeant	3.50	3.50	3.50	3.50
2005	3.60	3.00/1.00	3.00/1.00	3.00/1.00	3.00

The labor agreement for union Library employees runs through December 31, 2006. It includes a 1% wage increase each year of the contract. Exempt library personnel received a 1% increase in 2005.

The balance of the City's employees, management and professional personnel as well as certain exempt clerical positions, participate in a merit pool. Under this plan, employees are eligible for merit increases in midyear up to 4%. The program is reviewed on an annual basis.

From the late 1970's to the 1980's the City paid the total cost of health insurance premiums. In 1988, the Community Development AFSCME group and the exempt employees each began contributing to their health insurance costs. In 2004, employee contributions more than doubled as an effort to control rising health insurance costs. Annual employee costs for 2005 are \$650 for single and \$910 for family. Library full-time employees receive free single coverage and pay \$3,528 for family coverage.

EMPLOYEE FRINGE BENEFITS

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

For the City, direct dollar fringe benefits average from 35% to 50% of salaries. While fringe benefits vary by employee group, the selection of Police Sworn, Fire Sworn, Finance (office), and Public Works Streets Division (field) illustrates the four typical groups.

BENEFITS AS A SALARY PERCENTAGE

<u>Benefits</u>	<u>Sworn</u>		<u>Non-Sworn</u>	
	<u>Police</u>	<u>Fire</u>	<u>Office</u>	<u>Field</u>
Pension	15.6	25.7	16.6	16.6
Worker's Comp	2.2	3.3	0.2	3.1
Health	17.3	19.0	25.7	22.6
Other	<u>2.3</u>	<u>2.2</u>	<u>2.0</u>	<u>0.0</u>
Total	37.4	50.2	44.5	42.3

	<u>Average Costs Per Budgeted Position</u>			
Salary	\$59,750	\$59,165	\$43,571	\$41,144
Fringe Benefits	<u>21,013</u>	<u>29,912</u>	<u>19,814</u>	<u>18,460</u>
Total	\$80,763	\$89,077	\$63,385	\$59,604

As shown above, 2005 fringe benefits range from 37.4 percent for police personnel to 50.2 percent for fire personnel, while costs per position range from \$59,604 for the field to \$89,077 for fire. Costs increase primarily because of salary adjustments, health insurance, and pension increases.

In 2004, the fringe benefit range was from 38.3 percent for police personnel to 51.5 percent for fire personnel, while costs per position range from \$56,827 for field to \$87,144 for fire. In 2003, the fringe benefit range was 37.2 percent for office to 48.9 percent for fire; the cost per position ranged from \$50,944 for field to \$79,734 for fire.

Overall, 2005 fringe benefits continue to remain fairly stable. Health insurance costs increase slightly for family coverage and decrease slightly for single coverage. IMRF rates rose moderately, while police and fire pension contributions decreased. A charge per employee for the unemployment fund was instituted. These direct fringe benefits are discussed individually in the Non-Operating Funds section of the budget.

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

CAPITAL EQUIPMENT AND PROJECTS

Capital equipment and projects, slated at \$31.3 million for 2005, are important elements of the City's service delivery system. In 2004, capital purchases were made possible with a bond issue of \$3.2 million.

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

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

Capital equipment from 1996 through 2004 for Police, Fire, and Public Works was \$28.5 million or about \$4.1 million annually (excluding 2002 and 2003 where there were no capital purchases due to budgetary constraints). Police spent \$11.2 million for cars and specialized equipment. The Fire Department spent \$9.1 million for fire trucks, specialized fire equipment, and buildings. Public Works spent \$8.2 million for vehicles and specialized equipment.

With the downturn in the economy and the long-term effects of 9/11, General Fund revenue sources for the City have not rebounded as anticipated. The current projection is that 2005 will be a slow year in terms of revenue sources. Consequently, a limited amount of capital purchases will occur in this budget for the Police, Fire, and Public Works departments.

In 2005, 15.8% of the budget is allocated to capital items. Capital items for the City can be divided into equipment and projects. The former can be further divided into the following categories: office equipment, which is primarily office equipment and furniture, building improvements, vehicles and operating equipment, and computer hardware and software.

The \$31,328,520 which will be spent on capital equipment and projects in 2005 can be divided into six components: office equipment - \$27,500; building improvements - \$65,958; vehicles and operating equipment - \$690,000; computer software and hardware - \$141,755; encumbrances - \$1,089,200; and for capital projects - \$29,314,107.

During 2005, the City will continue the process of replacing the existing decade old financial software with a more modern and fully integrated software package. The new software will

provide enhanced capabilities and services to City departments and our customers. The City will have the ability to receive payments for services through the internet, allow ACH payments, offer payment plans, and change the water billing cycle from quarterly to monthly. With the enhanced options available for receiving payments for City services, it is anticipated that cash flows will increase. With the automation of the payment process, vacant positions may not need to be filled.

Of the \$690,000 in vehicles and operating equipment, two departments, Police and Human Services represent 100% of that total. The Police Department will purchase fifteen (15) marked squad cars, three (3) unmarked squad cars, one (1) squadroll van, and the replacement of sixteen (16) MDT laptops. Human Services will purchase two (2) buses. A number of police cars currently are over 100,000 miles resulting in higher maintenance costs. With the purchase of new vehicles, the cars will be on the street instead of in the shop being maintained.

Building improvements of \$65,958 is allocated to two departments, Human Services and the Library. Human Services will use the money for roof repair at their Henrietta facility and the Library will improve areas within the Main Library and the Northeast Branch.

Of the \$141,755 in computer hardware and software, the Library is installing a Voice Internet Telephone System, routers, and catalog system software. With the purchase of these items, there will be savings in telephone expenses and increases in efficiencies in the operation of library processes and applications.

The anticipated capital purchases will replace equipment and vehicles in the existing fleet. The City expects to save approximately \$20,000 on service and repair costs related to maintaining aging vehicles for the Fire, Police, and Public Works departments.

With new vehicle purchases, department vehicles will be used in the field more frequently rather than being out of service. The old reserve vehicles wouldn't be used as often for vehicles out of service. For example, the four pumpers purchased by the Fire Department will allow for the retirement of three reserve vehicles that were purchased between 1978 and 1982.

Office equipment of \$27,500 consists of a voter registration system being purchased by the Election Commission. The voter registration system will assist in ensuring ballots are collected and voter registration is completed in the most efficient and effective manner possible.

The encumbrance of \$1,089,200 consists of \$736,500 for the Fire Department's four (4) pumpers and two (2) ambulances and \$352,700 for the two (2) vans and twenty-one (21) automobiles used by various budget units.

REVENUE AND FINANCING CHARGES

The 2005 budget estimates revenue of \$204.6 million net of inter-fund charges and transfers for all funds. As discussed in the selected trends section of Financial Planning earlier, the City classifies revenues as property taxes, elastic revenues and static revenues.

For 2005, the City assumes 3.0% growth in assessed valuation (the basis for property tax revenue), a 4% growth in elastic revenues, and a 3.5% reduction in static revenues.

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

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

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

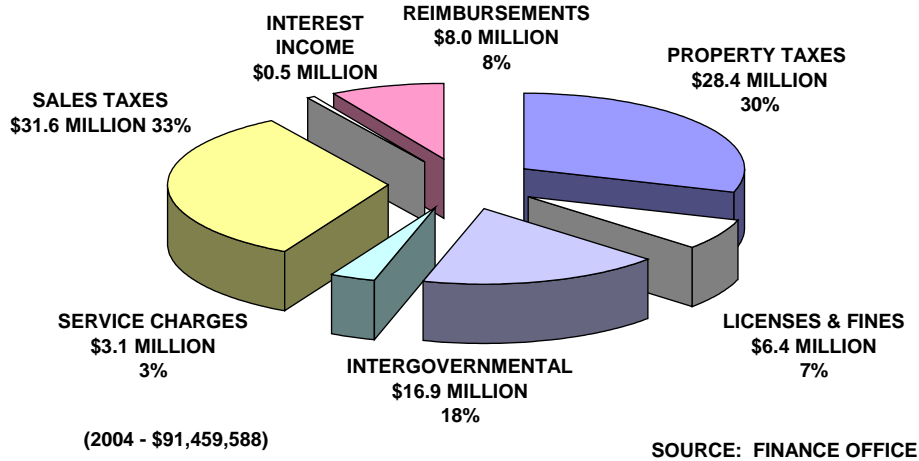
Most of these are self-explanatory. Intergovernmental revenue is income from federal, state, and other local governments. Other income and transfers are miscellaneous items, restricted receipts and transfers. Property taxes are net of accounting adjustments and projected tax cap losses.

General Fund Revenues (\$94,879,595)

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

Elastic revenues, sales and intergovernmental taxes, account for nearly one-half of the fund. With property taxes included, these three sources comprise 78% of the total. The total dollar amount collected for most of these sources has increased from 2004 to 2005. The percentage of the total that each, property taxes, elastic revenues and static revenues, represents has also slightly increased from the prior year.

**CITY OF ROCKFORD, ILLINOIS
2005 GENERAL FUND REVENUES \$94,879,595**



The Property Tax

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

Continuing a long trend, EAV continues to grow. 2005 EAV is estimated at \$1,768,000,000, an increase of 3.0%. 2004 EAV of \$1,716,660,425 certified in the spring of 2004 was a 1.2% increase compared to the previous year's \$1,695,487,843. 2000 (\$42.0 million), 2001 (\$69.9 million), 2002 (\$66.1 million), 2003 (\$69.9 million), and 2004 (\$69.9 million) EAV increases have been the result of annexations, strong commercial activity, a residential influx from the Chicago suburbs and a valuation increase due to the encroachment of the Chicago metropolitan area. New property added \$24.3 million while existing valuations increased the total by \$21.1 million.

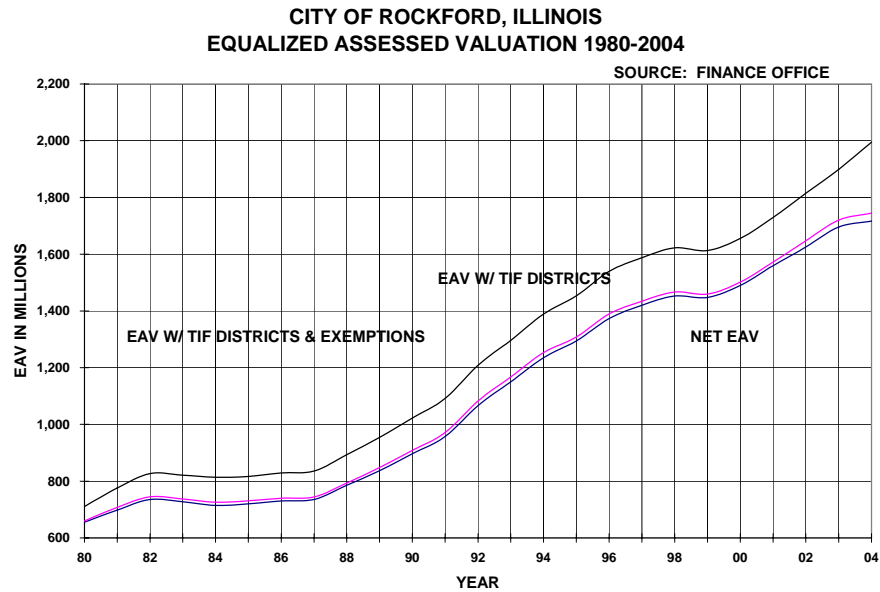
Increases in EAV due to annexation of new areas were \$0.2 million for both 1999 and 2000, \$1.5 million for 2001, \$3.0 million for 2002, \$6.9 million for 2003, and \$0.6 million for 2004. This signifies a stable level of commercial and residential activity. As in 2002, 2003, and 2004, for 2005 and the 2006-2010 planning period, 3% will be used for growth assumptions respectively. In previous years, zero percent was used for 1999-2000, five percent was used for the 1991-1998 period and two percent was utilized prior to 1991.

Exemptions (2001 - \$170.0 million, 2002 - \$188.9 million, 2003 - \$203.6 million, 2004 - \$278.1 million) represent one out of seven dollars of valuation. The exemption process, an unfunded mandate from the State Legislature, singles out certain elements for special treatment.

The State increased the homeowner exemption from \$3,500 to \$5,000 and the senior citizen exemption from \$2,000 to \$3,000. Whereas exemptions increased \$18.9 million from 2001 to

2002 and \$14.7 million from 2002 to 2003, exemptions increased \$74.8 million. For the City, this additional exemption increased the tax rate by 3.6 cents.

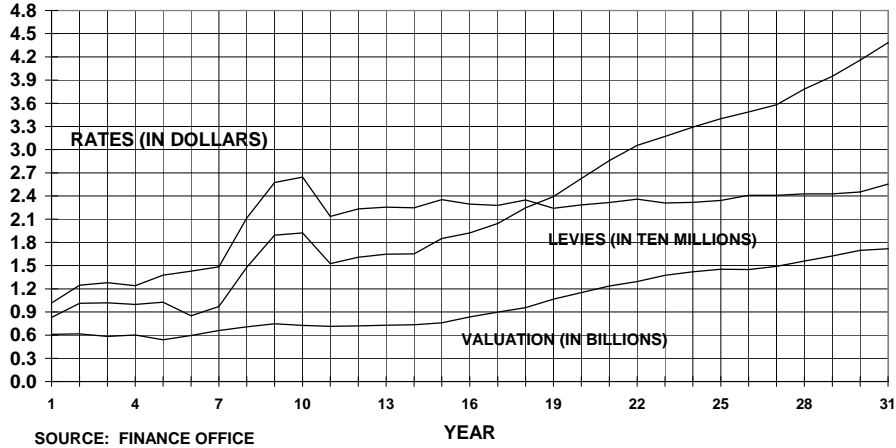
Of the four major exemptions, only one, the tax increment district (\$28.1 million), serves a common community purpose and benefit by stimulating older commercial areas and producing future economic benefits. The new tax dollars exempted and diverted from other governmental units go towards paying for infrastructure and economic development efforts in the district. At the end of the district's life all tax revenues are once again distributed normally to all taxing districts.



The other three exemptions, homeowner (\$130.8 million), senior citizen (\$20.4 million), and senior citizen tax freeze (\$22.2 million), cause economic distortions in forcing commercial and industrial properties to pay a larger share of the total. In reality, the senior citizen exemptions are shouldered by all other assessment classes. The net effect of this is to force property tax rates up as taxing bodies attempt to recover this lost revenue. In some cases where rates are at statutory limits or tax caps are applicable, the result may be a change to other revenue sources and/or a reduction in services.

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

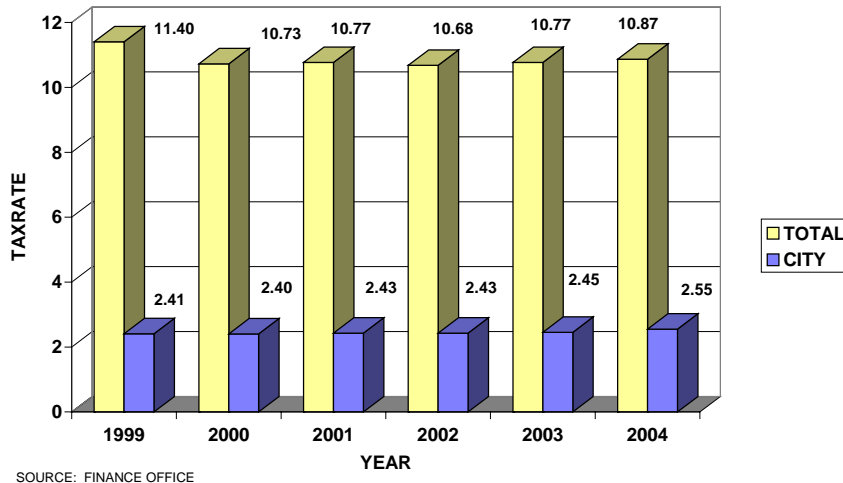
**CITY OF ROCKFORD, ILLINOIS
EQUALIZED ASSESSED VALUATIONS, TAX RATES,
AND EXTENSIONS 1974-2004**



As the All City Tax Rate Graph illustrates, tax rates for both the City and all taxing districts increased a total of \$0.10 in 2004. The City tax rate increased 10.1 cents. Tax rate changes for the remaining six taxing districts ranged from a decrease of 3.3 cents for Rockford Township roads to an increase of cents for the school district; overall, there was no increase for these units.

The City tax rate change of 10.1 cents is due to three factors. First, the increase in exemptions mentioned above added 3.6 cents to the rate, though no additional dollars. Secondly, the Spring 2004 voter approved street bond referendum added 4.4 cents for debt service. Finally, the State changed the Fire Pension surviving spouse benefit from 54% of salary to 100% of pension, an addition of 2.1 cents.

**CITY OF ROCKFORD, ILLINOIS
ALL CITY TAXING DISTRICTS COMBINED 1999-2004**



While the City rate has increased \$0.15 since 1999, its share of the total has remained at slightly more than 23% of the total. It is the City's goal to maintain a stable tax rate in order to remain

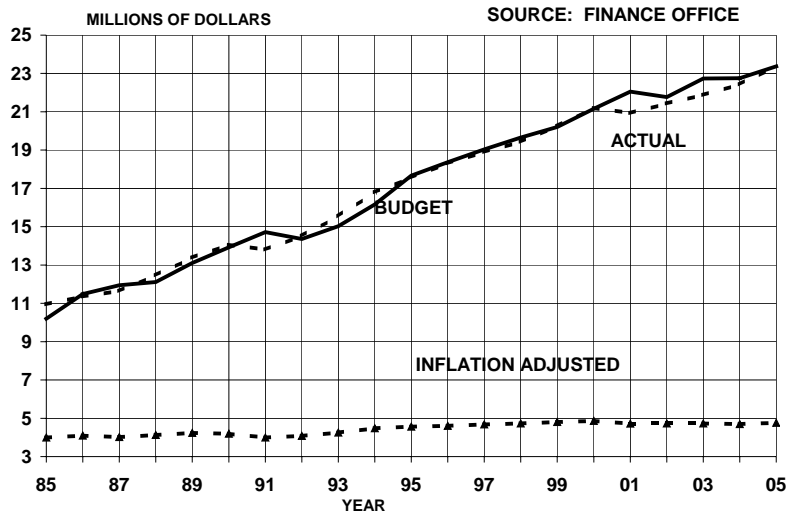
competitive with surrounding communities and unincorporated areas in economic development and annexation efforts. While the City's rate is forecast to be \$2.63 for 2005, it is unknown at this time what the rates will be for other taxing districts. Should the EAV increase be greater than 3%, then the rate will be less.

The 2005 City rate estimate, originally \$2.59, increases four cents due to the exemption law changes. For property taxes, the City's five year planning process takes into account the impact of both tax rate and tax cap limitation rules. With conservative budgeting and adequate reserves, these regulations can be adhered to.

The General Fund Sales Tax

Sales tax, retailer's occupation tax, is assessed at one percent on all sales in the municipality and is collected and distributed by the State of Illinois on a monthly basis. The 2005 budget estimates \$23,368,100 which is 3.1% (\$712,200) more than the 2004 budget (\$22,655,900) and 4.5% (\$1,011,900) more than the 2004 actual of \$22,356,167. The 2004 actual was 3.1% more than 2003's actual and 1.3% less than the \$22,655,900 budget. The continuing strong commercial development should help the City meet and perhaps exceed its four percent goal for the year. As the following graph illustrates, this elastic revenue source tends to fluctuate depending on the national and local economies as well as on local economic growth. This tax graph tends to pinpoint economic ups and downs rather well. While sales tax has increased at an average rate of better than five percent in the past, if the increase is adjusted for inflation, then this revenue source has not always held its own for the City. For the future, the City estimates four percent for both the growth and inflation rate.

**CITY OF ROCKFORD, ILLINOIS
GENERAL FUND SALES TAX REVENUES
1985-2005**



The City began receiving local use tax on a statewide formula basis during 1990. This is a sales tax collected by the State on sales to Illinois residents by out of state companies. Revenues for 2002, 2003 and 2004 are \$1,345,555, \$1,352,472, and \$1,512,231 respectively. 2005 budgeted revenue is \$1,685,600.

The phone tax rate increased from 1% to 6% July 1, 2003. Revenue, \$2,893,741 for 2003, and \$5,976,274 for all twelve months of 2004, is budgeted at \$5,711,900 for 2005. With \$680,586 reflecting a partial year during 2003 and \$781,061 in a full year for 2004 for the 5% water utility tax, \$840,000 is budgeted for 2005.

Other General Fund Revenues

License and inspection estimates have increased \$167,700 from \$4,563,800 in 2004 to \$4,731,500 in 2005. Building inspection fees for projects in excess of one million dollars are considered unusual and are not budgeted.

The 2004 actual of \$4,429,141 is \$140,624 under budget, reflecting both increases and decreases in licenses issued. Primary decreases occurred in vehicle licenses (\$83,064) and cable TV franchise fees (\$116,331).

The 2005 intergovernmental revenue budget estimate is \$16,884,315, an increase of \$1,670,355 from 2004's \$15,213,960. Increases occurred in nearly every revenue source. The most significant were the state income tax (\$965,400), replacement tax (\$350,800), and payment from the Rockford Airport (\$189,500). A decrease occurred in Rockford Housing Authority funding, federal grant reduction, for Police service of \$300,000. Income taxes are estimated to increase 4.0% from the 2004 budget. Due to the volatile nature of replacement taxes, a fixed growth assumption is not used; rather, annual results are analyzed.

The 2004 intergovernmental actual exceeded the original budget by \$1,711,510. Replacement taxes, a state revenue source distinguished by its instability since its inception in 1978, came in \$806,455 over estimates. This revenue source is allocated by state law to pensions as well as the Library and General Fund. The latter two Funds absorb all annual gains and losses. This is perhaps the most volatile elastic revenue source the City has and, consequently, the most difficult one to forecast. Income tax, \$581,059, State revenues, \$388,000, Airport public safety reimbursement, \$77,895, and other governments, \$92,012, all exceeded estimates.

Service charges, budgeted at \$2,394,000 for 2004, have increased \$704,000 to \$3,098,000 for 2005. This is primarily due to an increase in ambulance fee revenues. Rates were increased for 2005.

The 2004 service charges actual of \$ 3,211,192 was \$817,192 over budget. Increased income from ambulance fees (\$762,293) was the primary reason for this increase. The City is committed to evaluating service charges annually to insure that costs are recovered in part or full per Council policy.

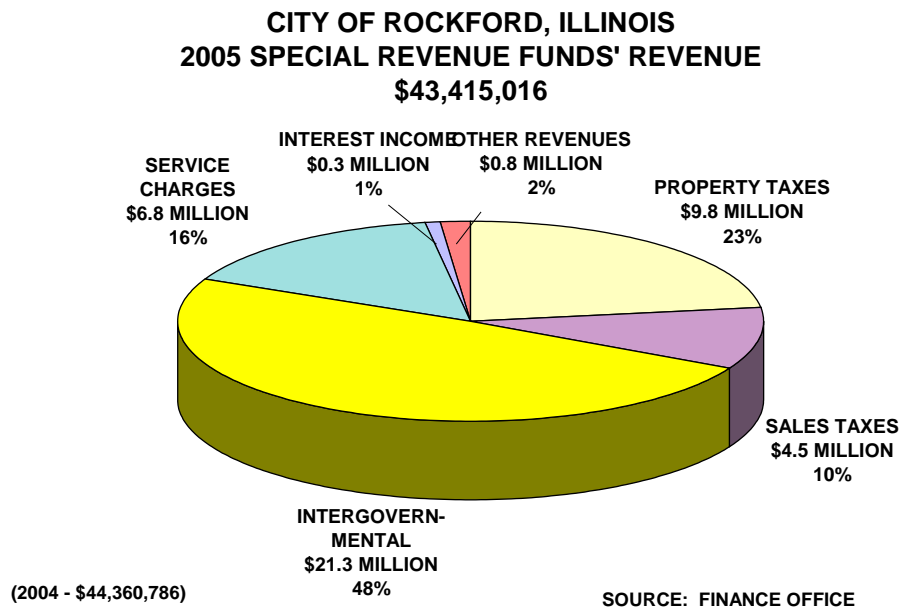
General Fund fine revenue can vary depending on economic conditions. \$1,700,000 is the 2005 estimate (2004 budget - \$1,550,000); the 2004 actual collected was \$1,698,046. Increases in magistrate, \$140,290, and zoning, \$107,998, are offset by a decrease in false alarm fines, \$95,497.

Interest income, budgeted at \$500,000 for 2004, is estimated at \$500,000 for 2005 also. \$467,439 was recorded for 2004.

Other income for the General Fund consists of purchase of service reimbursements (indirect cost allocation) from various funds for administrative, legal, financial, and personnel services provided, various damage, abandoned property, and miscellaneous accounts. The amounts charged to other funds are increased annually to insure that they reflect actual costs. The 2004 budget and receipts were \$6,134,820 and \$6,160,407 respectively. 2005's budgeted \$5,317,380 is \$817,440 less than the prior year's budget and \$843,027 less than the actual. The decrease is attributable to two one time items which occurred in 2004, an equity transfer of \$190,000 from the IMRF and Worker's Compensation funds as well as an additional \$1,000,000 for storm damage reimbursement from the Sanitation Fund..

Transfers total \$750,000 this year. The \$750,000 transfer from the Motor Fuel Tax Fund is designed to pay for street lighting. The General Fund transfers \$250,000 to the Capital Projects Fund to pay for drainage projects. In addition, \$1,906,295 of fund balance will be used as follows, \$1,089,200 for 2004 capital equipment encumbrances, \$317,095 from restricted drug seizure asset funds for police equipment, and \$500,000 in recognition of the early retirement program savings.

**Special Revenue Funds
Revenues (\$43,415,016)**



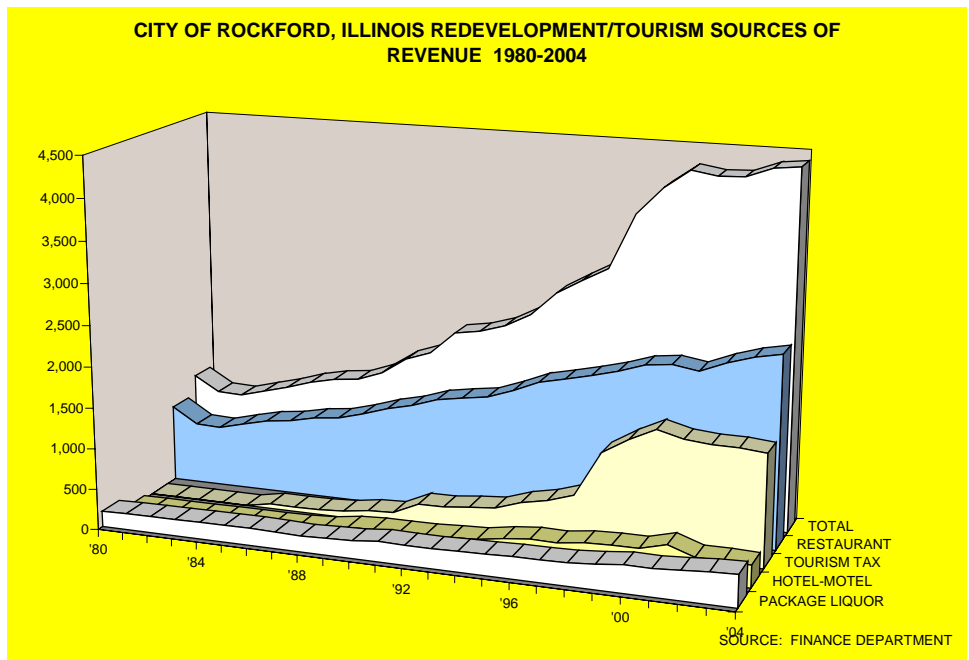
The City utilizes twenty special revenue funds. Although financing for this fund group has decreased from 2004's \$44.4 million, the revenue mix has been essentially unchanged since 1985.

Motor Fuel Tax Fund (2005 Budget – \$4,487,000; 2004 Budget - \$4,504,900; 2004 Actual - \$4,418,301; 2003 Actual - \$4,490,029). This fund is financed by shared revenue payments (\$4,422,000) from the State of Illinois on motor fuel (19 cents per gallon) for road building and maintenance purposes. 2005 interest earnings are estimated at \$65,000.

Sanitation Fund (2005 Budget - \$8,439,694; 2004 Budget - \$9,400,237; 2004 Actual - \$9,467,433; 2003 Actual - \$7,942,259). This fund is financed by a property tax levy (\$1,630,234) which at a ten cent rate produces 20% of the fund’s revenues and a \$134.40 annual user fee (\$6,773,760) collected on the quarterly water bill which produces the balance. The 15 month \$5 per quarter surcharge for storm damage lapsed at the end of 2005. In addition, the fund receives a small amount in rental, interest and fringe benefit expenditure reimbursements.

Community Development Block Grant Fund (2005 Budget - \$5,440,184; 2004 Budget - \$5,487,891; 2004 Actual - \$6,311,941; 2003 Actual - \$5,779,016). This fund, primarily involved with economic development and neighborhood rehabilitation, is financed by federal grants (\$5,032,743). It also receives monies from the Redevelopment, TIF, Capital Projects, and General Funds (\$266,760). Program income is estimated at \$140,681. The 2005 carry over of prior year funds and grant authorizations is \$4,189,001.

Redevelopment Fund (2005 Budget - \$3,075,000; 2004 Budget - \$3,017,660; 2004 Actual - \$3,038,980; 2003 Actual - \$2,997,320). This fund, for redevelopment purposes and Metro Center Authority subsidy payments, has four revenue sources: motel/hotel tax (1%) - \$276,800; restaurant/lounge (1%) - \$2,400,200; package liquor (1%) - \$393,000; and interest/other income (\$5,000). For 2004, receipts are \$3,038,980, \$21,320 above the estimate; a decline in hotel/motel receipts is offset by increases in restaurant and package liquor receipts. This tax, authorized in 1978 and originally designed to expire in 1998, was extended to 2008 in 1990, and, as a result of the Coronado Theater renovation project, extended to 2018 in 1998.



Tourism-Promotion Fund (2005 Budget - \$1,384,000; 2004 Budget - \$1,475,500; 2004 Actual - \$1,359,623; 2003 Actual - \$1,404,781). This tax, two percent on motels and hotels, was instituted in 1985 to promote tourism. It was increased from one to two percent in 1991, from two to four percent June 1997, and, for the Coronado Theater renovation project, from four to five percent July 1999.

Tax Increment Financing Districts - (2005 Budget: East Side - \$357,300, West Side - \$538,000, 7th Street - \$852,400, South Rockford - \$87,200; 2004 Budget: East Side - \$359,195, West Side - \$979,110, 7th Street - \$892,860, South Rockford - \$113,560; 2004 Actual: East Side - \$510,463, West Side - \$978,499, 7th Street - \$797,880, and South Rockford - \$85,392; 2003 Actual: East Side - \$360,191, West Side - \$977,325, 7th Street - \$803,118, South Rockford - \$37,862). TIF districts receive revenues from property taxes, state and local sales taxes, and interest income. In TIF districts, assessment values are frozen at a certain date and the increase, and the increment in assessed values and consequently, property taxes since that date, is to be used for redevelopment purposes in the districts. Property taxes for all districts continue to grow at an incremental pace. For the East and West Side Districts, new state legislation adopted in 1986 allows new sales tax revenue that is generated within the district after a certain date to be used only for district redevelopment purposes just as the property tax increment. The East and West Side TIF's began receiving State and City sales tax revenues in 1987. Due to businesses leaving both Districts, 1992 was the last year for sales tax increments. The City did not apply this sales tax increment provision to the 7th Street District due to its strong economic condition.

Southeast Housing TIF (2005 Budget - \$87,200; 2004 Budget - \$86,823; 2004 Actual - \$121,474; 2003 Actual - \$117,880). Created in 1993, this housing tax increment district will utilize property taxes to pay for certain improvements in order to generate affordable housing.

Lincolnwood Housing TIF (2005 Budget - \$54,776; 2004 Budget - \$40,387; 2004 Actual - \$59,125; 2003 Actual - \$14,626). Created in 2001, this west side housing tax increment district will utilize property taxes to pay for certain improvements in order to generate affordable housing.

Springfield Corners TIF (2005 Budget - \$58,061; 2004 Budget - \$38,813; 2004 Actual - \$2,574; 2003 Actual - \$2,098). This west side housing tax increment district was established in 2002 to utilize property taxes to pay for improvements to generate affordable housing.

North Main TIF (2005 Budget - \$0; 2004 Budget - \$0; 2004 Actual - \$0; 2003 Actual - \$0). This tax increment district was created in 2004 to aid in redevelopment within the district.

Rockford Global Trade Park TIF (2005 Budget - \$31,590; 2004 Budget - \$0; 2004 Actual - \$0; 2003 Actual - \$0). The Rockford Global Trade Park tax increment district was established in 2004 to develop 6,600 acres of land surrounding the Rockford Airport.

Human Services (2005 Budget - \$11,202,764; 2004 Budget - \$10,950,975; 2004 Actual - \$10,280,557; 2003 Actual - \$11,829,578). This fund is financed by two federal (\$5,525,012) and four state agencies (\$5,422,752) as well as City revenue (\$255,000) to provide services in

Community Services, Headstart Preschool, Weatherization and Energy Assistance. Revenues tend to fluctuate based on grants and federal philosophy. In addition to its cash contribution, the City's General Fund contributes over \$100,000 in indirect services annually.

Tuberculosis Sanitarium (2005 Budget - \$125,975; 2004 Budget - \$121,802; 2004 Actual - \$2,802; 2003 Actual - \$92,535). Revenues are received from property taxes, user fees, and interest income. The property tax limit is \$858,000; currently the fund is at \$138,000.

Library Fund (2005 Budget - \$7,001,710; 2004 Budget - \$6,662,558; 2004 Actual - \$6,910,384; 2003 Actual - \$6,675,587). This fund is financed by property taxes (\$5,502,816), fringe benefit expenditure reimbursements (\$524,394), state replacement taxes (\$558,000), fines (\$103,000), service charges and non-resident fees (\$54,500), grants (\$187,000), interest and rental income (\$44,500) and miscellaneous income (\$27,500). Of any City operating fund, the Library is most heavily dependent on the property tax as the largest source of revenue, 86%.

Underground Storage Tank Removal Fund (2005 Budget - \$12,500; 2004 Budget - \$0; 2004 Actual - \$2,360; 2003 Actual - \$173). The UST Removal Fund was financed by a property tax levy for the first two years with the understanding that the State, on a delayed basis, would reimburse the City its costs for this project. This fund is scheduled to be closed out this year.

Drug Free Initiative Fund (2005 Budget - \$143,624; 2004 Budget - \$136,628; 2004 Actual - \$113,440; 2003 Actual - \$123,524). This fund is financed by a consortium of state and local resources, public and private, to combat drug abuse.

OTB Special Projects Fund (2005 Budget - \$180,000; 2004 Budget - \$225,000; 2004 Actual - \$178,306; 2003 Actual - \$196,023). This fund, used for special projects, receives one percent of the handle from the local off-track betting parlor.

**Debt Service Funds
Revenues (\$16,972,544)**

Debt Service Funds (2005 Budget - \$16,972,544 (bonds issued); 2004 Budget - \$16,158,604; 2004 Actual, excluding utility and including refunding debt - \$18,343,237; 2003 Actual, excluding utility debt - \$10,625,344). These funds are funded by property taxes (\$8,594,945), tax abatements from TIF Districts, development funds, and OTB Special Projects Fund (\$3,217,439), the parking and water utilities (\$4,284,575), and sales tax (\$875,585). For further information, see Debt Service under Non-Operating Fund section.

**Capital Project Funds
Revenues (\$25,000,000)**

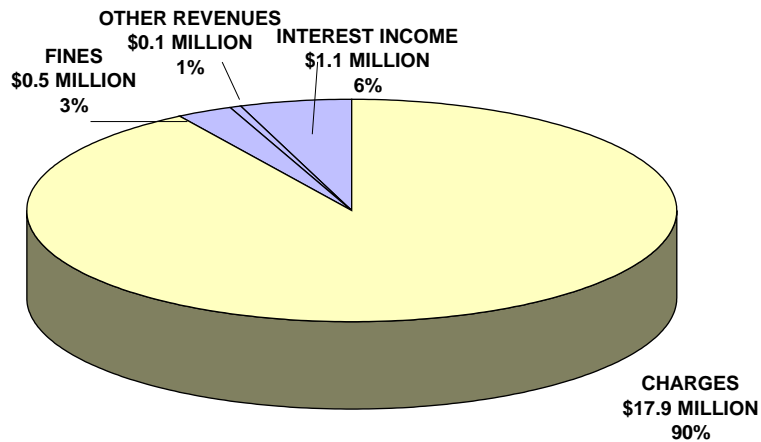
Capital Project Funds (2005 Budget - \$25,000,000; 2004 Budget - \$17,500,000; 2004 Actual - \$17,000,000 estimated; 2003 Actual - \$28,212,947). These funds are financed by bond proceeds (\$10,900,000) and transfers from Motor Fuel Tax, General, and Water Funds (\$14,100,000). For further information, see Capital Projects under the Public Works section.

**Enterprise Funds
Revenues (\$19,670,700)**

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

Water Fund (2005 Budget - \$18,225,700; 2004 Budget - \$18,159,600; 2004 Actual - \$18,584,657; 2003 Actual - \$17,076,400). This fund is financed by user fees (\$17,115,000), installations and connections (\$826,000); interest income (\$200,000), and service charges to other funds and governmental agencies (\$84,700). 2005 continues to see the practice of annual three percent rate increases to provide funds for the Division’s participation in the Capital Improvements Program as well as to pay for operating costs.

**CITY OF ROCKFORD, ILLINOIS
2005 ENTERPRISE FUNDS' REVENUES \$19,670,700**



(2004 - \$19,536,100)

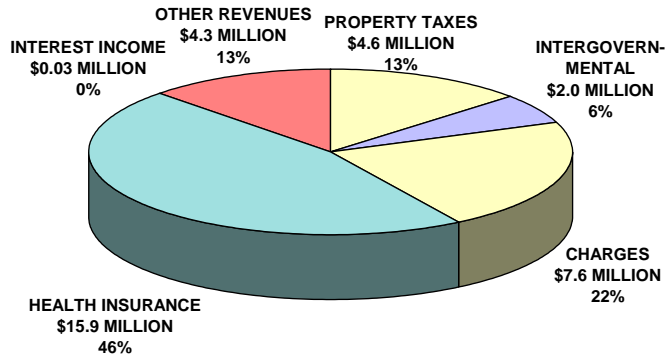
SOURCE: FINANCE OFFICE

Parking Fund (2005 Budget - \$1,445,000; 2004 Budget - \$1,376,500; 2004 Actual - \$4,768,064 (included \$2.7 million deck expansion contribution from State); 2003 Actual - \$1,968,813). The Parking System is financed by fines (\$517,000), permits and fees (\$784,800), purchase of services (\$18,000), and interest income (\$125,200).

**Internal Service Funds
Revenues (\$34,485,151)**

The City uses eleven internal service funds. While financing for this fund group has increased from 2004’s \$31,807,726 million, the revenue mix is unchanged.

CITY OF ROCKFORD, ILLINOIS
2005 INTERNAL SERVICE FUNDS' REVENUES
\$34,485,151



(2004 - \$31,807,726)

SOURCE: FINANCE OFFICE

Property Fund (2005 Budget - \$2,173,274; 2004 Budget - \$1,797,243; 2004 Actual - \$1,858,762; 2003 Actual - \$1,555,920). This fund, part of the Public Works Property and Equipment Division, provides building maintenance for City Hall, the City Yards and other City facilities.

Equipment Fund (2005 Budget - \$3,118,120; 2004 Budget - \$3,039,470; 2004 Actual - \$3,118,133; 2003 Actual - \$3,274,561). The Public Works Department operates garage facilities for vehicle maintenance for City departments and some County agencies at several locations.

Central Stores Fund (2005 Budget - \$262,250; 2004 Budget - \$254,000; 2004 Actual - \$256,875; 2003 Actual - \$262,750). This fund, part of the Public Works Property and Equipment Division, provides centralized inventory services for the Property and Equipment Units and the Water Division.

Information Services Fund (2005 Budget - \$1,889,140; 2004 Budget - \$1,572,340; 2004 Actual - \$1,571,402; 2003 Actual - \$1,471,678). This fund, part of the Finance Department, provides mainframe and microcomputer services to user departments.

911 Communications Fund (2005 Budget - \$4,763,685; 2004 Budget - \$4,503,561; 2004 Actual - \$4,616,823; 2003 Actual - \$4,286,705). Providing 911 communication services to public safety departments, this fund is financed by County and City General Fund purchase of services.

Illinois Municipal Retirement Fund (2005 Budget - \$4,786,745; 2004 Budget - \$4,327,443; 2004 Actual - \$4,586,593; 2003 Actual - \$4,013,124). The revenues for this fund finance the City pension as well as Social Security contributions. Property taxes are estimated at \$2,360,525; replacement taxes at \$279,000; interfund transfers from non-property tax funds at \$2,137,220 and interest income at \$10,000 for 2005. The property tax rate is unlimited.

Unemployment Insurance Fund (2005 Budget - \$10,414; 2004 Budget - \$2,250; 2004 Actual - \$0; 2003 Actual - \$10,942). The budget includes \$250 in property taxes and \$10,164 in interfund transfers from non-property tax funds. The property tax rate is unlimited.

Worker's Compensation Fund (2005 Budget - \$1,212,591; 2004 Budget - \$1,266,964; 2004 Actual - \$1,347,833; 2003 Actual - \$1,276,043). Income for 2005 includes \$1,070,428 in property taxes, \$127,163 in interfund transfers from non-property tax funds, and \$15,000 in interest income. The property tax rate is unlimited for this purpose.

Auditing Fund (2005 Budget - \$194,167; 2004 Budget - \$202,346; 2004 Actual - \$205,977; 2003 Actual - \$193,811). This fund is financed by property taxes (\$172,447) and interfund transfers from non-property tax funds (\$21,720). The property tax rate is unlimited for this purpose.

Health Insurance Fund (2005 Budget - \$15,935,490; 2004 Budget - \$14,433,689; 2004 Actual - \$15,020,931; 2003 Actual - \$13,190,622). The City operates a self-insured plan for active employees, retirees, and several outside groups. The City's share of \$12,095,681 is supplemented by employees, retired employees, and outside agency contributions of \$3,839,309. Premium rates will be increased 5% for 2005.

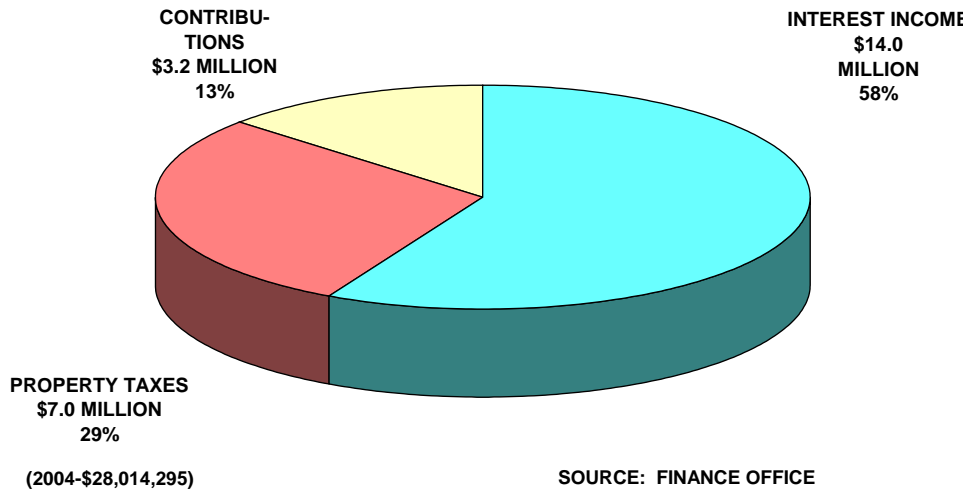
Risk Management Fund (2005 Budget - \$1,409,691; 2004 Budget - \$1,406,554; 2004 Actual - \$1,041,273; 2003 Actual - \$921,951). This fund, used for the payment of claims, judgments and general self-insured losses, is financed by an unlimited levy (\$975,231), departmental charges (\$371,460), and insurance reimbursements (\$63,000).

Pension Funds
Revenues (\$24,200,860)

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

Police Pension Fund (2005 Budget - \$10,608,307; 2004 Budget - \$14,011,282; 2004 Actual - \$17,115,854; 2003 Actual - \$21,317,589). This fund is financed by a contribution from the General Fund (property taxes, \$2,216,456 and state replacement taxes, \$571,351), member contributions (\$1,820,500), investment income (\$4,000,000), and fair value appreciation (\$2,000,000). The interest rate assumption for 2005 is 7.5% (2004 Actual -9.8% earnings).

**CITY OF ROCKFORD, ILLINOIS
2005 PENSION TRUST FUNDS' REVENUES \$24,200,860**



Fire Pension Fund (2005 Budget - \$13,592,553; 2004 Budget - \$14,003,013; 2004 Actual - \$15,117,627; 2003 Actual - \$18,298,563). This fund is financed by a contribution from the General Fund (property taxes, \$3,497,179 and state replacement taxes, \$688,474), member contributions (\$1,406,900) and investment income (\$6,000,000), and fair value appreciation (\$2,000,000). The interest rate assumption for 2005 is 7.5% (2004 Actual -8.4% earnings).

DEPARTMENT FUNDING MATRIX

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

YEAR END FINANCIAL CONDITION

Fund balances for the 2005 budget year ending December 31, 2005 are deemed to be sufficient to insure a healthy financial condition for the City. Of the fourteen funds projected to have year-end deficits, none are considered to be of concern.

Certain funds are project, rather than service oriented. In these funds, the practice can be to appropriate all available funds, current plus certain future amounts, for one or more potential projects. TIF districts, West Side, 7th Street, Lincolnwood, Springfield Corners, North Main, and Rockford Global Park, are examples of this. Three other funds, Community Development, Redevelopment, and OTB Special Projects, also can be included.

Deficits occur because of the time lag between the levying and collecting of property taxes in Illinois. For 2005, the IMRF Pension, Unemployment, and Auditing Funds will experience temporary deficits, due to property tax increases that will be collected the following year.

The Risk Management Fund carries a deficit due to an incurred claims estimate that is adjusted annually. The City has a long term funding plan in place to fund future claims.

The Health Insurance Fund deficit is being reduced by plan over a several year period.

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

CITY OF ROCKFORD, ILLINOIS SCHEDULE OF ANTICIPATED ENDING FUND BALANCES 2005 BUDGET

FUND	BEGINNING BALANCE (Unaudited) 01/01/05	REVENUES	APPROPRIATION	EXCESS (DEFICIT)	ADJUSTMENTS	ENDING BALANCE 12/31/2005
GENERAL-OPERATING	\$29,205,479	\$94,879,595	\$94,551,918	\$327,677	(\$2,181,630)	\$27,351,526
SPECIAL REVENUE						
MOTOR FUEL TAX	3,245,634	4,487,000	4,760,000	(273,000)		2,972,634
SANITATION	1,328,212	8,439,694	8,105,754	333,940		1,662,152
COMMUNITY DEVELOPMENT	3,902,219	5,440,184	9,629,185	(4,189,001)		(286,782)
REDEVELOPMENT TAX	809,429	3,075,000	4,067,238	(992,238)		(182,809)
TOURISM PROMOTION TAX	110,794	1,384,000	1,384,000	0		110,794
EAST SIDE TIF	381,945	357,300	287,993	69,307		451,252
WEST SIDE TIF	(1,372,103)	538,000	339,648	198,352		(1,173,751)
SEVENTH STREET TIF	278,328	852,400	1,433,998	(581,598)		(303,270)
SOUTH ROCKFORD TIF	144,525	87,200	41,000	46,200		190,725
SOUTHEAST HOUSING TIF	132,269	95,238	104,700	(9,462)		122,807
LINCOLNWOOD HOUSING TIF	(115,416)	54,776	52,316	2,460		(112,956)
SPRINGFIELD CORNERS TIF	(197,926)	58,061	66,975	(8,914)		(206,840)
NORTH MAIN TIF	(73,615)	0	68,962	(68,962)		(142,577)
ROCKFORD GLOBAL PARK TIF	(123,823)	31,590	197,068	(165,478)		(289,301)
HUMAN SERVICES	1,342,321	11,202,764	10,923,343	279,421		1,621,742
TUBERCULOSIS SANITARIUM	40,700	125,975	138,000	(12,025)		28,675
LIBRARY	2,042,675	7,001,710	7,037,224	(35,514)		2,007,161
OTB SPECIAL PROJECTS	(70,870)	180,000	344,298	(164,298)		(235,168)
DRUG FREE INITIATIVE PROGRAM	0	143,624	143,624	0		0
UST REMOVAL	76,892	12,500	15,000	(2,500)		74,392
DEBT SERVICE	4,386,053	12,860,498	17,186,939	(4,326,441)	4,326,441	4,386,053
CAPITAL PROJECT	16,233,976	25,000,000	30,877,680	(5,877,680)		10,356,296
ENTERPRISE						
WATER SYSTEM	83,050,808	18,225,700	15,776,215	2,449,485		85,500,293
PARKING SYSTEM	20,373,418	1,445,000	1,999,256	(554,256)		19,819,162
INTERNAL SERVICE						
PUBLIC WORKS PROPERTY	112,631	2,173,274	2,062,832	110,442		223,073
PUBLIC WORKS EQUIPMENT	673,026	3,118,120	3,107,076	11,044		684,070
PUBLIC WORKS CENTRAL STORES	57,128	262,250	260,251	1,999		59,127
911 COMMUNICATIONS	0	4,763,685	4,763,685	0		0
IMRF PENSION	111,608	4,786,745	5,103,458	(316,713)		(205,105)
UNEMPLOYMENT INSURANCE	(30,314)	10,414	70,250	(59,836)		(90,150)
WORKER'S COMPENSATION	104,578	1,212,591	1,309,307	(96,716)		7,862
AUDITING	0	194,167	212,417	(18,250)		(18,250)
RISK MANAGEMENT	(3,734,625)	1,409,691	1,453,590	(43,899)		(3,778,524)
INFORMATION SERVICES	881,961	1,889,140	1,885,421	3,719		885,680
HEALTH INSURANCE	(2,121,192)	15,935,490	16,030,060	(94,570)		(2,215,762)
PENSION						
POLICE PENSION	142,144,160	10,608,307	3,288,367	7,319,940	(4,500,000)	144,964,100
FIRE PENSION	128,848,847	13,592,553	4,656,603	8,935,950	(4,400,000)	133,384,797
ELIMINATIONS & ADJUSTMENTS	0	(51,302,441)	(55,628,882)	4,326,441	(4,326,441)	0
		<u>\$204,631,795</u>	<u>\$198,106,769</u>	<u>\$6,525,026</u>	<u>(\$11,081,630)</u>	<u>\$427,623,128</u>