

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

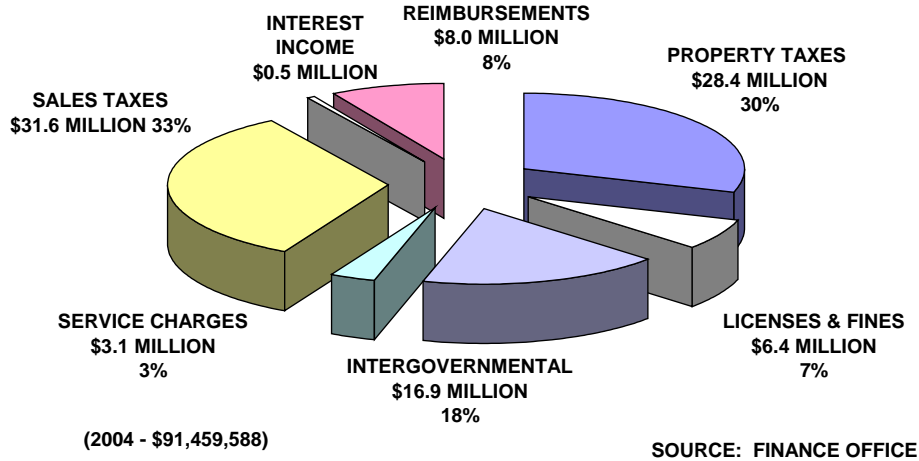
Most of these are self-explanatory. Intergovernmental revenue is income from federal, state, and other local governments. Other income and transfers are miscellaneous items, restricted receipts and transfers. Property taxes are net of accounting adjustments and projected tax cap losses.

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.

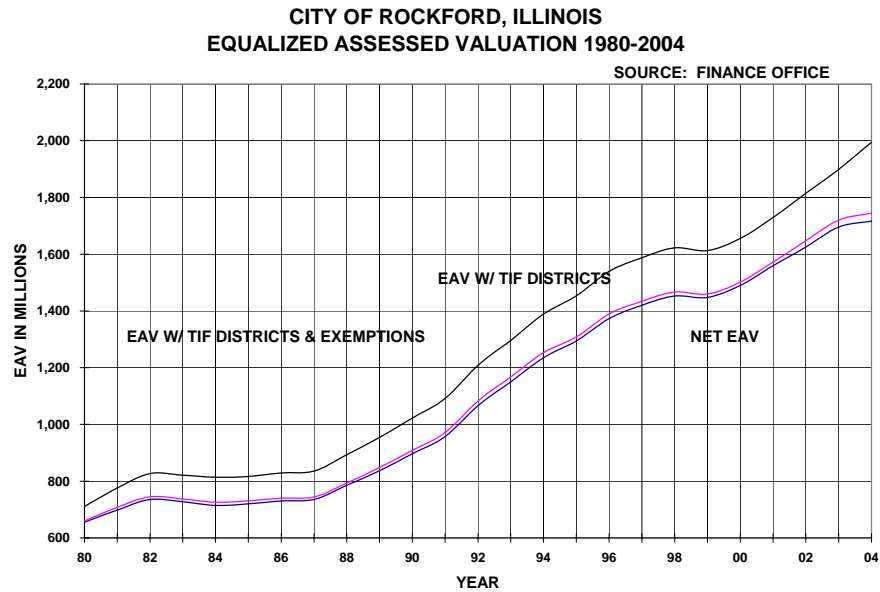
Increases in EAV due to annexation of new areas were \$0.2 million for both 1999 and 2000, \$1.5 million for 2001, \$3.0 million for 2002, \$6.9 million for 2003, and \$0.6 million for 2004. This signifies a stable level of commercial and residential activity. As in 2002, 2003, and 2004, for 2005 and 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.

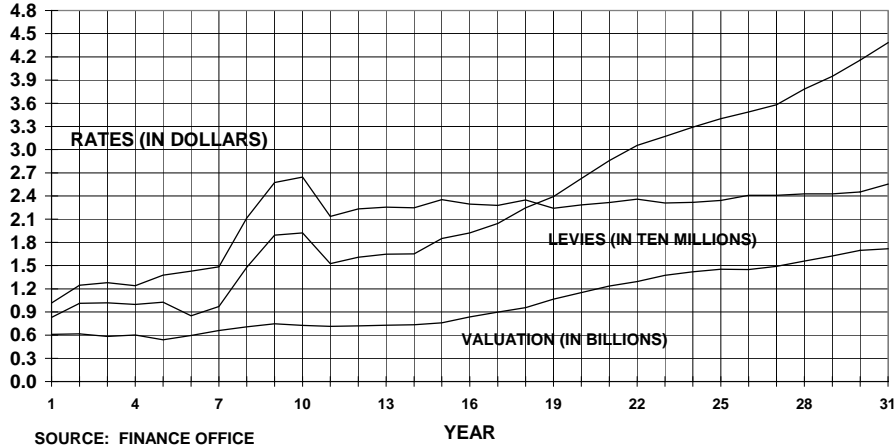
Of the four major exemptions, only one, the tax increment district (\$28.1 million), serves a common community purpose and benefit by stimulating older commercial areas and producing future economic benefits. The new tax dollars exempted and diverted from other governmental units go towards paying for 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.

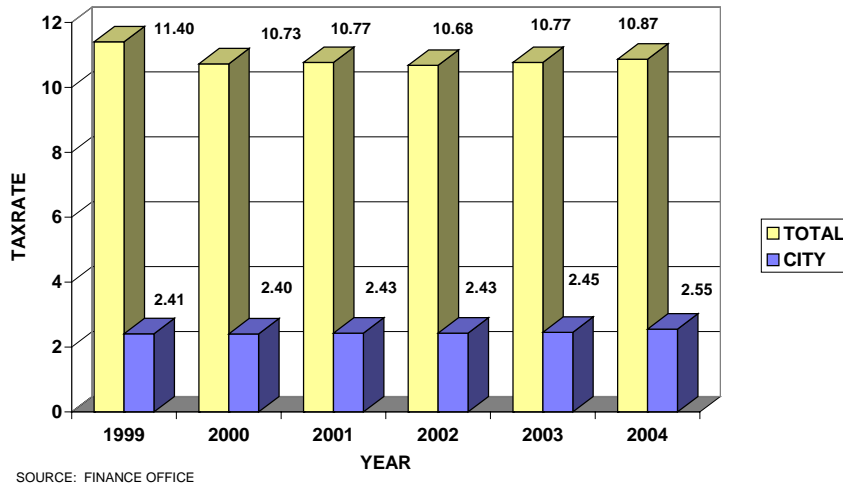
**CITY OF ROCKFORD, ILLINOIS
EQUALIZED ASSESSED VALUATIONS, TAX RATES,
AND EXTENSIONS 1974-2004**



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

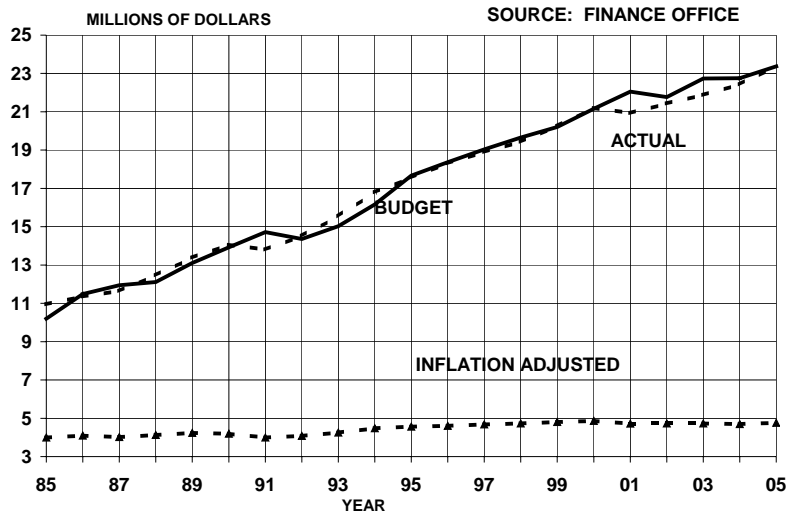
competitive with surrounding communities and unincorporated areas in economic development and annexation efforts. While the City's rate is forecast to be \$2.63 for 2005, it is unknown at this time what the rates will be for other taxing districts. Should the EAV increase be greater than 3%, then the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

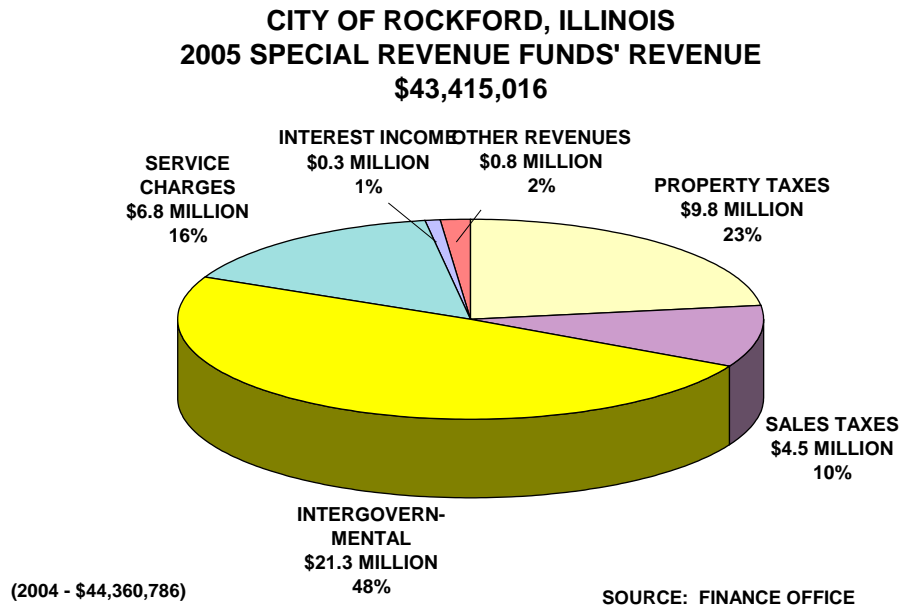
General Fund fine revenue can vary depending on economic conditions. \$1,700,000 is the 2005 estimate (2004 budget - \$1,550,000); the 2004 actual collected was \$1,698,046. Increases in magistrate, \$140,290, and zoning, \$107,998, are offset by a decrease in false alarm fines, \$95,497.

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)**



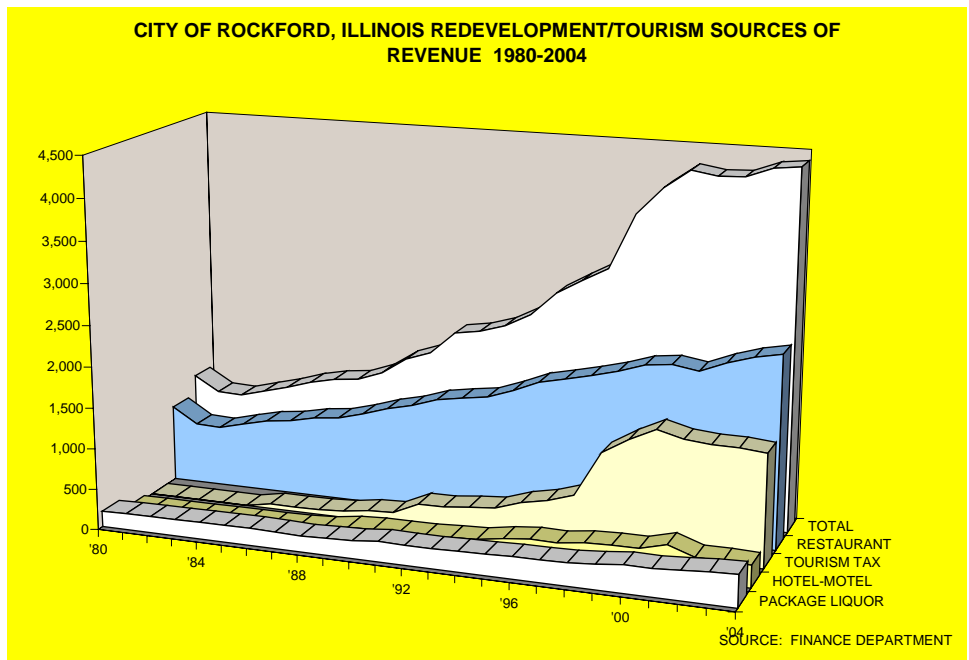
The City utilizes twenty special revenue funds. Although financing for this fund group has decreased from 2004's \$44.4 million, the revenue mix has been essentially unchanged since 1985.

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)**

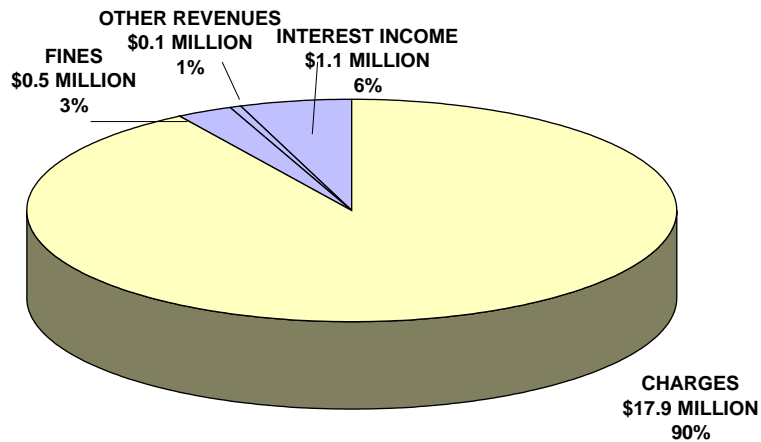
Capital Project Funds (2005 Budget - \$25,000,000; 2004 Budget - \$17,500,000; 2004 Actual - \$17,000,000 estimated; 2003 Actual - \$28,212,947). These funds are financed by bond proceeds (\$10,900,000) and transfers from Motor Fuel Tax, General, and Water Funds (\$14,100,000). For further information,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

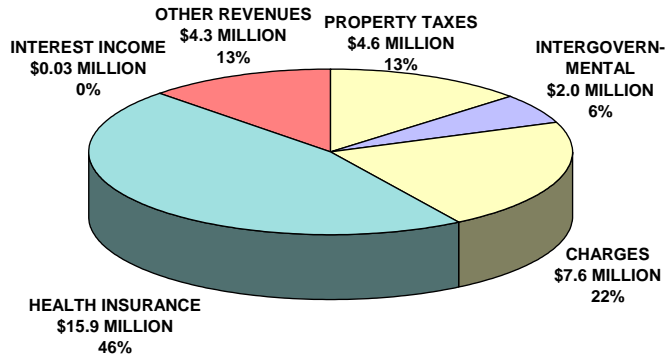
SOURCE: FINANCE OFFICE

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.

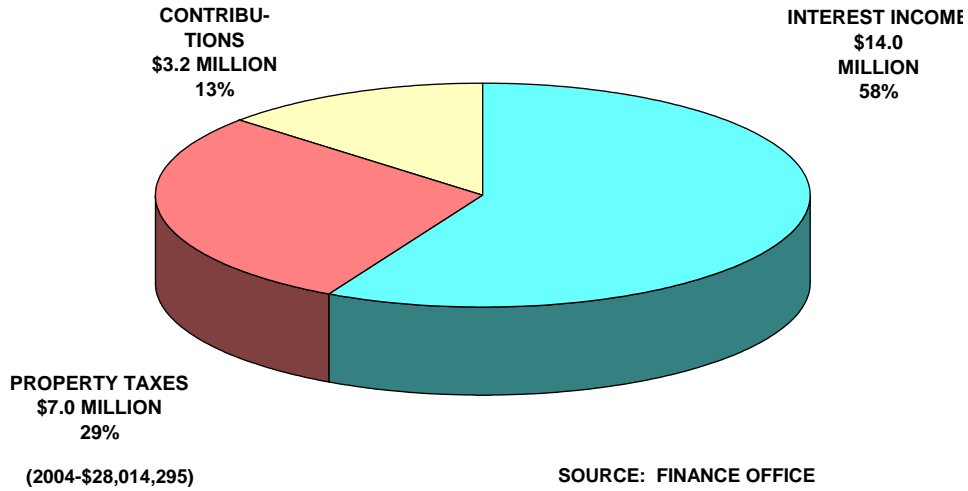
Risk Management Fund (2005 Budget - \$1,409,691; 2004 Budget - \$1,406,554; 2004 Actual - \$1,041,273; 2003 Actual - \$921,951). This fund, used for the payment of claims, judgments and general self-insured losses, is financed by an unlimited levy (\$975,231), departmental charges (\$371,460), and insurance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

