Paul Denham

From: Paul Denham
Sent: Wednesday, September 2, 2015 1:12 PM
To: Jim Weerda
Subject: 2016 COR Budget
Attachments: 8-31-15 16 Budget.pdf; 1640_001.pdf

Jim,

For our discussions about economic issues, I wanted to forward the materials concerning the 2016 budget that were submitted to the Aldermen on Monday. Obviously, the City's current budget issues will be even more severe in the event that Springfield reduces the City's funding in response to the State budget crisis.

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2016 Budget
City Council Workshop

August 31, 2015

Excellence Everywhere

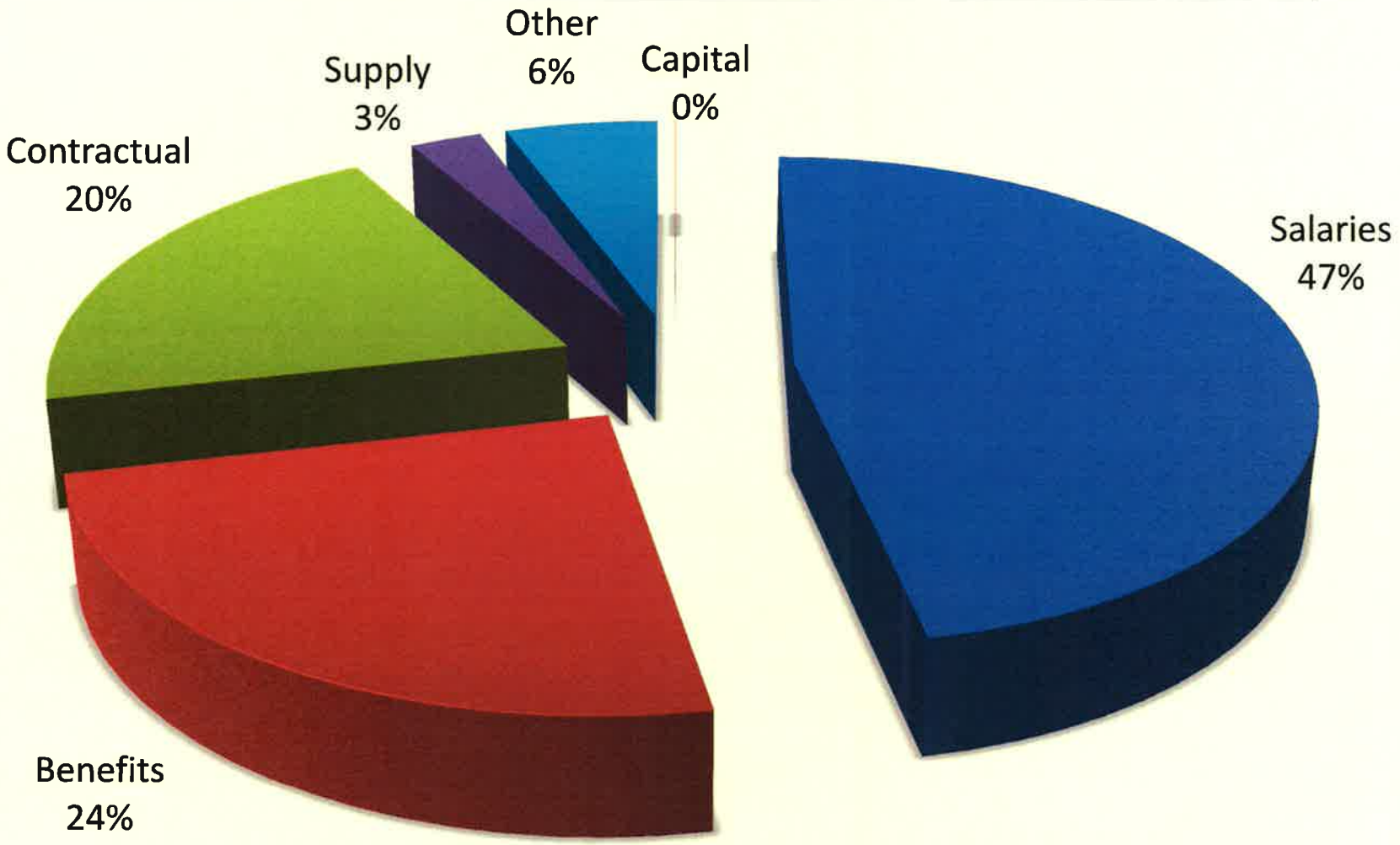
THE CITY OF ROCKFORD ILLINOIS USA

Financial Structure Based on Fund Types

Funds define the purpose of expenses

- **General Fund** – Chief operating fund of city funding "core" services.
- **Special Revenue Funds** – Legally restricted for a specific purpose with their own revenue source. (i.e., Community Development, TIF, Motor Fuel Tax)
- **Enterprise Funds** – Account for operations in which a fees is charged for users of the service. (i.e., Water)
- **Internal Service Funds** – Used to account for the financing of goods or services provided by one department to another on a cost reimbursement basis. (i.e., Property, IT, Equipment)
- **Fiduciary Funds** – Funds held in agency for others thus not available to support city programs. (i.e., Pensions)

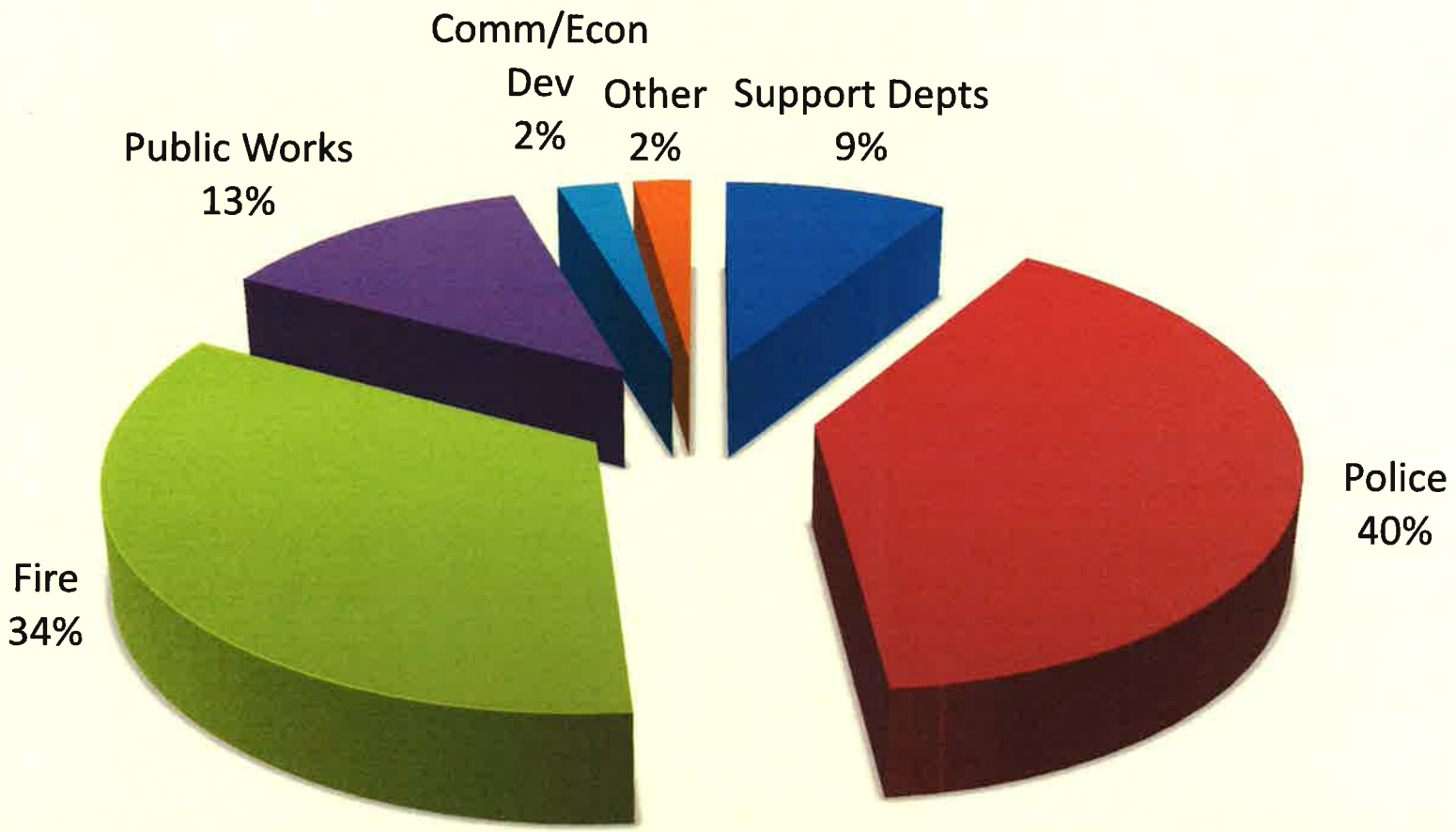
2016 Budget: General Fund, $128.1M



Excellence Everywhere

DISCOVER ROCKFORD BUSINESS USA

2016 Budget: Expense by Department



Other: WIB, Fire & Police Commission, Board of Elections, RMTD

Expenses Increase $1.051 million

Personnel costs drive a majority of the increase.

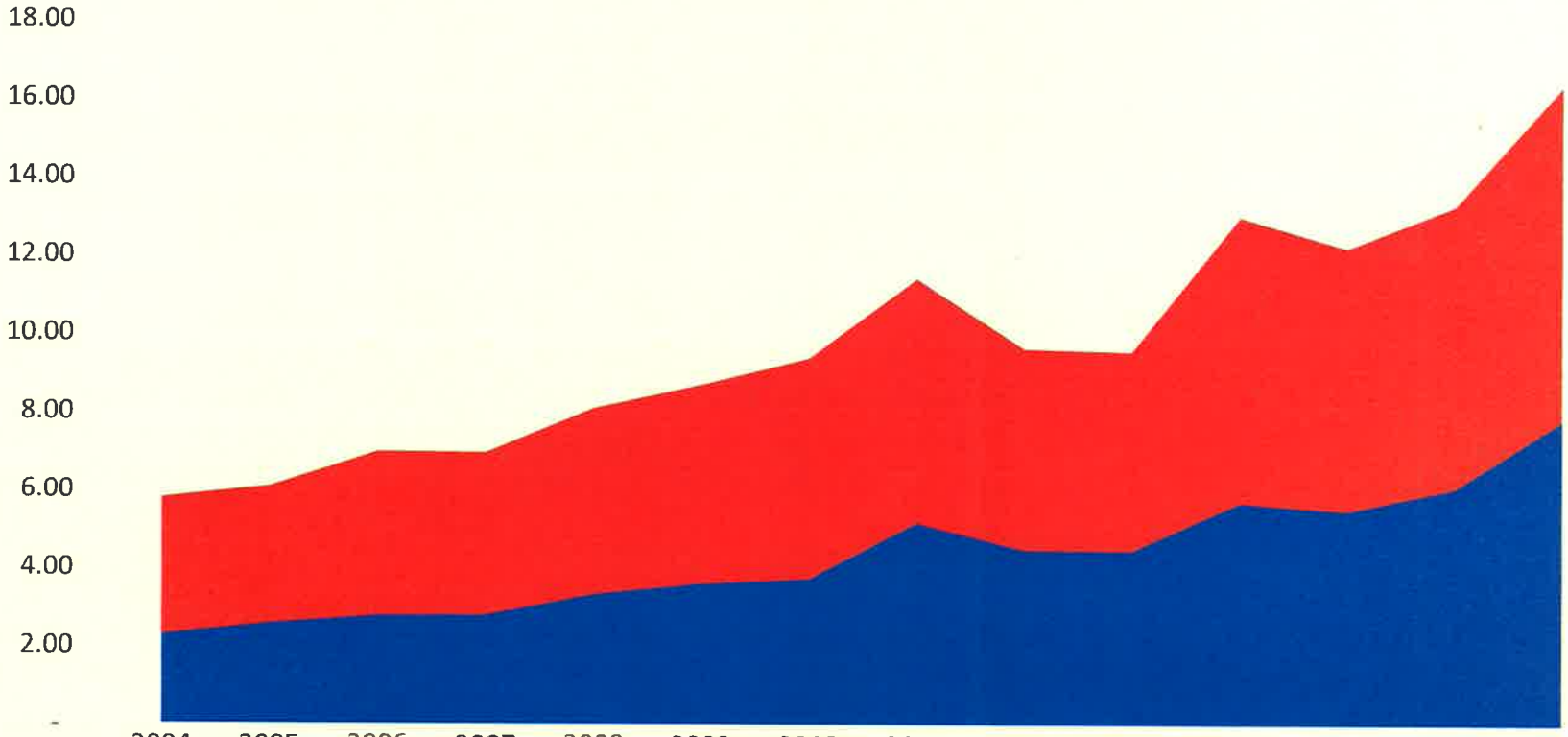
- Budgeted 2% wage adjustment for all employees adds $1.1 million
- Pension payments for Police and Fire add $1.077 million
- The health fund absorbs a planned $500,000 deficit with reductions in premiums for 2016.
- Fuel and vehicle repair charges decrease $290,000
- Lease transfers increase $950,000, after 2015 saw a $500,000 draw on fund balance

Capital Lease Payments

Increase $950,000 in 2016, with new lease payments and elimination of a $500,000 in reserves used for payments in 2015.

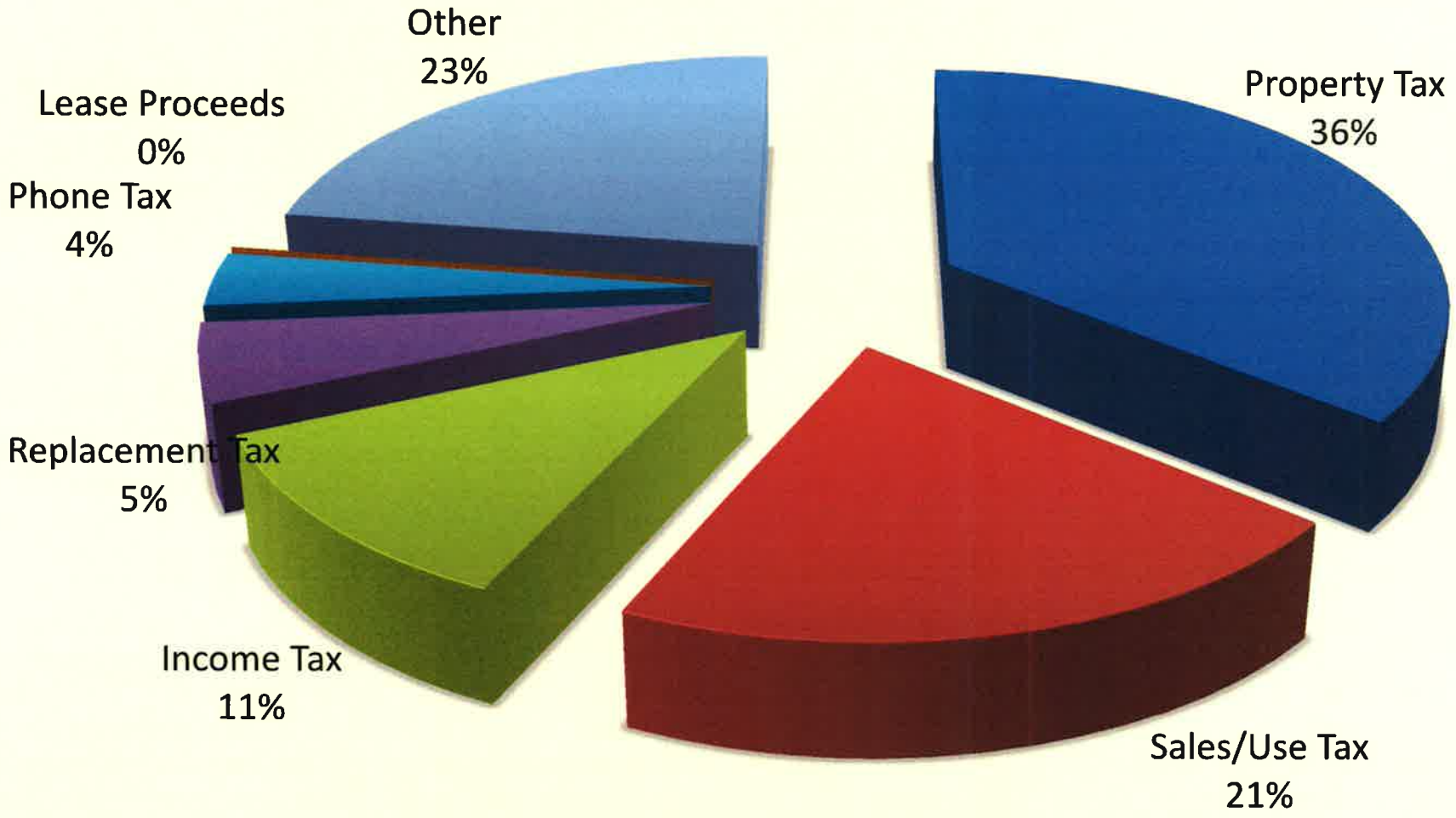
	2015	2016	Change
Mayor	$3,652	$4,693	$1,041
Police	688,397	938,790	250,393
Fire	811,792	1,345,908	534,116
PW Admin	3,305	4,247	942
Engineering	7,166	9,209	2,043
Streets	433,349	570,418	137,069
Traffic	54,707	70,301	15,594
CD Admin	2,344	3,012	668
Planning	2,183	2,806	623
Construction Serv	24,987	32,110	7,123
Total	$2,031,882	$2,981,494	$949,612

City Contributions
Public Safety Pensions
(in millions)



	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Fire	3.50	3.50	4.19	4.14	4.76	5.09	5.63	6.23	5.12	5.08	7.30	6.72	7.23	8.55
Police	2.30	2.59	2.79	2.80	3.33	3.61	3.73	5.18	4.49	4.46	5.70	5.50	6.07	7.82

2016 Revenue $124.9M



Major Elastic Revenue sources increase $425,000 over 2015

	2013 ACTUAL	2014 ACTUAL	2015 BUDGET	2016 BUDGET	CHANGE
REPLACEMENT TAX	$6,980,606	$6,800,545	$6,500,211	$6,625,422	$125,211
SALES TAX	22,467,631	22,980,694	22,903,500	23,016,208	112,708
USE TAX	2,633,776	2,986,568	2,740,125	2,900,000	159,875
INCOME TAX	14,741,570	14,477,197	14,435,397	14,477,198	41,801
PHONE TAX	4,918,776	4,576,698	4,569,000	4,554,387	(14,613)
TOTAL	$51,742,359	$51,821,702	$51,148,233	$51,573,215	$424,982
CHANGE	3.8%	0.2%	-1.3%	0.8%	

Revenue decreases $2.0 million overall

Along with adjustments to elastic revenue, major changes occurred as follows

- With the temporary discontinuation of the capital program, no vehicle purchases are expensed and no lease proceeds are recognized as revenue ($2,249,000 in 2015)

- COPS hiring grants for the Police Department have expired, resulting in a reduction of $850,500; COPS grants have been used to hire or retain 25 officers since 2009, with annual revenue between $1.476 million and $452,000 over that time period

- Motor Fuel Tax transfer to the general fund decreases from $2.5 million to $1.5 million

2016 Projected Budget: General Fund Position

	2016
Revenue	$124,853,486
Expense	128,080,524
Net	$(3,227,038)

Health Fund Status

Projected budget includes planned operating loss to reduce the starting deficit position.

- General Fund expenses decrease $500,000
- Other funds expenses decrease $191,000
- Decline in fund balance of $1.98 million
- Reduces fund balance to 27% of budget

	2014 Actual	2015 Estimate	2016 Estimate
Fund Balance	$9,028,056	$7,993,663	$6,013,045
Percent	47%	39%	27%

Sanitation Fund Status

Fund balance declines in 2015.

- A planned contribution to residential demolitions in 2014 was carried over to 2015, drawing from fund balance.
- Continued health of the fund relies on annual rate increases to bring revenue in line with expense of approximately 2% annually

	2014 Actual	2015 Budget	2016 Projection
Fund Balance	$4,134,143	$3,794,253	$3,794,253

Risk Management Fund Status

Significant deficit position due to outstanding unsettled claims.

- At the end of 2014, a negative fund balance included $7,875,780 for potential claim payouts
- Rates were adjusted to address the potential claim payouts in the fund

	2014 Actual	2015 Estimate	2016 Estimate
Fund Balance	($8,747,792)	($8,362,792)	($7,269,482)
Potential Claim Payouts	$7,875,780	$7,875,780	$7,875,780

Budget Deficit Allocation

	INELIGIBLE COST TO BE ELIMINATED	ELIGIBLE FOR DEFICIT	DEFICIT ALLOCATION
MAYOR	171,635	504,028	25,600
COUNCIL	567,341	0	0
LEGAL	0	1,660,747	84,400
FINANCE	4,054,330	4,117,565	209,300
WIB OPS	533,674	1,130	100
POLICE	10,325,744	39,706,860	2,018,200
FIRE	40,084,269	3,844,936	195,400
PW-ADMINISTRATION	0	376,618	19,100
ENGINEERING	0	1,088,477	55,300
STREETS & SEWERS	4,279,388	5,151,212	261,800
TRAFFIC	1,793,370	2,460,997	125,100
CD-ADMINISTRATION	0	232,564	11,800
PLANNING	0	624,644	31,700
CONST SERVICES	0	3,033,720	154,200
FIRE & POLICE COMM	225,965	0	0
ELECTION COMMISSION	737,433	0	0
HUMAN RESOURCES	0	686,764	34,900
MASS TRANSIT	1,524,000	0	0
TOTAL	64,297,149	63,490,262	3,227,000

General Fund Results and Projection

YEAR	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Actual
REVENUE	$ 112,104,400	$ 109,668,837	$ 112,190,663	$ 119,190,265	$ 127,367,113
EXPENSE	120,958,385	112,015,112	111,581,774	114,272,033	123,651,818
NET	$ (8,853,985)	$ (2,346,275)	$ 608,889	$ 4,918,232	$ 3,715,295

YEAR	2013 Actual	2014 Actual	2015 Budget	2016 Projection	2017 Estimate
REVENUE	$ 130,873,757	$ 131,022,298	$ 127,787,411	$ 124,853,486	$ 127,704,217
EXPENSE	128,621,400	129,875,516	127,787,411	128,080,524	134,024,283
NET	$ 2,252,357	$ 1,146,782	$ -	$ (3,227,038)	$ (6,320,066)

2016 BUDGET DEFICIT ALLOCATION
$3.227 MILLION

	INELIGIBLE COST TO BE ELIMINATED	ELIGIBLE FOR DEFICIT	DEFICIT ALLOCATION
MAYOR	171,635	504,028	25,600
COUNCIL	567,341	0	0
LEGAL	0	1,660,747	84,400
FINANCE	4,054,330	4,117,565	209,300
WIB OPS	533,674	1,130	100
POLICE	10,325,744	39,706,860	2,018,200
FIRE	40,084,269	3,844,936	195,400
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PLANNING	0	624,644	31,700
CONST SERVICES	0	3,033,720	154,200
FIRE & POLICE COMM	225,965	0	0
ELECTION COMMISSION	737,433	0	0
HUMAN RESOURCES	0	686,764	34,900
MASS TRANSIT	1,524,000	0	0
TOTAL	**64,297,149**	**63,490,262**	**3,227,000**

2016 BUDGET DEFICIT ALLOCATION
$3.227 MILLION (FULL FIRE PARTICIPATION)

	INELIGIBLE COST TO BE ELIIMINATED	ELIGIBLE FOR DEFICIT	DEFICIT ALLOCATION
MAYOR	171,635	504,028	17,100
COUNCIL	567,341	0	0
LEGAL	0	1,660,747	56,300
FINANCE	4,054,330	4,117,565	139,500
WIB OPS	533,674	1,130	0
POLICE	10,325,744	39,706,860	1,345,500
FIRE	8,343,515	35,585,690	1,205,900
PW-ADMINISTRATION	0	376,618	12,800
ENGINEERING	0	1,088,477	36,900
STREETS & SEWERS	4,279,388	5,151,212	174,600
TRAFFIC	1,793,370	2,460,997	83,400
CD-ADMINISTRATION	0	232,564	7,900
PLANNING	0	624,644	21,200
CONST SERVICES	0	3,033,720	102,800
FIRE & POLICE COMM	225,965	0	0
ELECTION COMMISSION	737,433	0	0
HUMAN RESOURCES	0	686,764	23,100
MASS TRANSIT	1,524,000	0	0
TOTAL	**32,556,395**	**95,231,016**	**3,227,000**