

Finance Department

Mission Statement

It is the mission of the Finance Department to account for all municipal resources and to apply such resources in a manner that is most beneficial to the citizens of Rockford.

Primary Functions → There are four primary operating functions within the Finance Department.

- **Administration** → The Administration division is responsible for the management of the financial affairs of the city and the supervision of personnel operations within the Finance Department.
- **Central Services** → The Central Services division is responsible for financial planning, risk management, centralized purchasing, and mail/printing services for the City.
- **Accounting** → The purpose of the Accounting division is to provide financial reporting, payroll processing, accounts payable and receivable, fixed asset reporting, special tax collections, billing, and auditing functions.
- **Revenue** → The purpose of the Revenue Division is to collect various revenues, manage the police and fire pension funds, ensure payment to retirees is processed, and invest idle City funds.

2007 Accomplishments →

- Received the Distinguished Budget Award for the 23rd consecutive year and the Certificate of Achievement for Excellence in Financial Reporting for the 27th consecutive year from the Government Finance Officer's Association.
- Completed the City's final successful vehicle sticker season with a universal mailing.
- Filled five vacancies and trained new department employees.
- Reviewed water billing process and generated a plan for transitioning to monthly billing.
- Implemented the final phase of GASB 34 as required of the City for the 2006 Comprehensive Annual Financial Report, which requires all City infrastructure to be valued and recorded.
- Successfully managed the City's public pension plans and the City's investment portfolio.
- Completed the spring bond sale for the Metro Center improvements and the Coronado refunding (\$29.865 million) and the \$8.75 million multipurpose fall bond sale for water and sewer improvements, the Liebovich project, and the new eastside library branch.

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2008 Goals and Objectives →

- Achieving the Distinguished Budget Presentation Award for the 24th consecutive year and the Certificate of Achievement for Excellence in Financial Reporting for the 28th consecutive year from the Government Finance Officer's Association.
- Continued cross training of Finance staff and process improvements within the Department.
- Recommend and implement changes to business license rates and requirements as well as develop better enforcement measures.
- Fully implement the monthly water billing transition plan by the third quarter of the fiscal year.
- Implement applicable GASB statements in order to stay in compliance with Generally Accepted Accounting Practices.
- Issue debt to finance projects as necessary.
- Manage the City's public safety pension plans and the City's investment portfolio.

Budget Summary

FINANCE DEPARTMENT BUDGET SUMMARY					
APPROPRIATION	<u>2006</u> <u>ACTUAL</u>	<u>2007</u> <u>BUDGET</u>	<u>2007</u> <u>ACTUAL</u>	<u>2008</u> <u>BUDGET</u>	<u>INCREASE</u> <u>(DECREASE)</u>
PERSONNEL	\$2,207,069	\$2,387,586	\$2,297,257	\$2,511,871	\$124,285
CONTRACTUAL	899,177	923,679	899,954	813,204	(110,475)
SUPPLIES	30,185	38,350	36,789	55,515	17,165
OTHER	4,668,772	4,553,282	4,565,365	3,440,757	(1,112,525)
CAPITAL	(136)	0	0	0	0
ENCUMBRANCE	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	<u>\$7,805,067</u>	<u>\$7,902,897</u>	<u>\$7,799,365</u>	<u>\$6,821,347</u>	<u>(\$1,081,550)</u>
STAFFING REVIEW					
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>INCREASE</u> <u>(DECREASE)</u>
TOTAL	<u>34.00</u>	<u>33.00</u>	<u>33.00</u>	<u>34.00</u>	<u>1.00</u>
FUNDING SOURCE					
		<u>2007</u> <u>AMOUNT</u>	<u>2007</u> <u>PERCENTAGE</u>	<u>2008</u> <u>AMOUNT</u>	<u>2008</u> <u>PERCENTAGE</u>
PROPERTY TAXES					
FRINGE BENEFIT REIMBURSEMENTS		\$221,125	2.8	\$231,771	3.4
PURCHASE OF SERVICES		1,540,800	19.5	1,623,200	23.8
FROM OTHER GOVERNMENTS		250,000	0.0	250,000	3.7
GENERAL REVENUES		<u>5,890,972</u>	<u>77.7</u>	<u>4,716,376</u>	<u>72.8</u>
TOTAL		<u>\$7,902,897</u>	<u>100.0</u>	<u>\$6,821,347</u>	<u>103.7</u>

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Budget Analysis

The 2008 budget of \$6,871,347, is a decrease of \$1,031,550 (13%) from 2007. \$1,000,000 of this decrease reflects the additional one time 2007 General Fund transfer to the Capital Projects Fund. Personnel expenses increase \$124,300, mainly due to a general wage increase and the resolution of the AFSCME labor contract. Finance department salaries increased \$128,800 from 2007, reflecting the additional accountant position, at a cost of \$67,500 for salary and fringe benefits, fully reimbursed to the department by Community Development Block Grant funds. IMRF charges increased \$16,600 due to salary increases. Health insurance costs increased \$3,400, due to changes in plan coverage. The increases were partially offset by a decrease in employee agency wages of \$25,000.

Contractual services decreased \$60,500 from the 2007 budget. Major decreases include printing (\$31,160), postage (\$32,680), and microcomputer charges (\$92,480). These decreases were partially offset by increases in building rent (\$21,000), risk management (\$7,200), credit card collection fees (\$7,000), and office equipment maintenance (\$5,900).

2007 was the last year that citizens were required to purchase the City vehicle sticker. Ending it resulted in a significant cost savings, approximately \$103,000 for the 2008 fiscal year. Temporary employee expenses directly related to the administration of the vehicle sticker program, reflected \$40,000 of the cost savings. Printing of the vehicle stickers and the vehicle sticker applications comprised \$26,000 of the total program cost. Advertising (\$10,000) and sticker design (\$2,000) expenses saved in 2008 combined for a total of \$12,000. Lastly, postage costs incurred for mass mailing the vehicle sticker applications represented \$25,000 of the savings realized.

For 2008, the Finance Department has estimated the associated costs of implementing a quarterly-to-monthly water billing initiative. The projected cost of generating monthly water bill invoices as opposed to the current quarterly distributed water bills is approximately \$288,000. One of the most significant expenses will be postage (\$130,000), for mass mailings to residents informing them of the change in billing periods, as well as an attempt to reconcile outstanding water bill balances, and the increased monthly billing itself. Other major costs include the outsourcing of water bill printing (\$75,000), temporary employee expenses (\$15,000), for customer service and account reconciliation during the program transition, and media advertisement (\$5,000), of the new water billing process. Even though the Finance Department budgets for these expenses, it is important to note that these and all other water billing expenses are fully reimbursable to the General Fund from the Water Fund.

Supplies increase \$8,800 in 2008, due to an increase in computer non-capital for replacement computers.

Other expenses decrease \$1,112,500 in 2008. The animal control purchase of services from the County increases \$51,000 due to increased program operating expenses. As a result of the Pella development agreement formula change to a 70/30 split during the last fiscal year, the sales tax rebate amount decreases \$179,700. Debt service expense increases \$21,400 due to the 2007, \$1.1 million sewer annexation bond sale. \$200,000, a nonrecurring expense, is added for the Community Collaboration initiative. The Human Services Department transfer decreases

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\$242,000 from the previous year due to the one time flood restoration program transfer (\$250,000) concluding in 2007, and the annually recurring Human Services transfer increasing by \$8,000. \$15,000 is added to the Building Maintenance Fund transfer to maintain the current service level of city-wide graffiti removal. Finally, for 2008 a \$500,000 transfer is authorized to the Capital Projects Fund, \$1,000,000 less than the previous year, returning to its standard historically funded level.

In 2007, the Finance Department spent \$7,799,365, or 98.7% of its budgeted allocation. In the past several years, 90% to 106% of the budget has been spent.

Capital Equipment

There are no capital items budgeted for 2008.

Personnel Review

FINANCE DEPARTMENT				
BENEFITS AND SALARIES		2007	2008	INCREASE/ (DECREASE)
SALARY		<u>BUDGET</u>	<u>BUDGET</u>	
PERMANENT		\$1,574,549	\$1,703,358	\$128,809
TEMPORARY		41,000	16,000	(25,000)
OVERTIME		4,750	4,750	0
MERIT PAY		20,431	23,001	2,570
SALARY ADJUSTMENT		<u>27,711</u>	<u>24,854</u>	<u>(2,857)</u>
TOTAL SALARIES		<u>\$1,668,441</u>	<u>\$1,771,963</u>	<u>\$103,522</u>
BENEFITS				
ILLINOIS MUNICIPAL RETIREMENT		\$286,181	\$302,806	\$16,625
UNEMPLOYMENT TAX		2,079	2,142	63
WORKER'S COMPENSATION		3,255	3,512	257
HEALTH INSURANCE		397,176	400,556	3,380
RETIREE HEALTH INSURANCE		16,000	16,000	0
LIFE INSURANCE		2,574	2,652	78
PARKING BENEFITS		<u>11,880</u>	<u>12,240</u>	<u>360</u>
TOTAL BENEFITS		<u>\$719,145</u>	<u>\$739,908</u>	<u>\$20,763</u>
TOTAL COMPENSATION		<u>\$2,387,586</u>	<u>\$2,511,871</u>	<u>\$124,285</u>
	POSITION	2007	2008	INCREASE/ (DECREASE)
POSITION TITLE	<u>RANGE</u>	<u>EMPLOYEES</u>	<u>EMPLOYEES</u>	
FINANCE DIRECTOR	E-14	1.00	1.00	0.00
MANAGER	E-11	3.00	3.00	0.00
PRINCIPAL ACCOUNTANT	E-9	1.00	1.00	0.00
FINANCIAL ANALYST	E-8	2.00	2.00	0.00
SENIOR ACCOUNTANT	E-8	3.00	3.00	0.00
ACCOUNTANT	E-7	3.00	4.00	1.00
SENIOR ADMIN. ASSISTANT	E-6	1.00	1.00	0.00
ACCOUNTING TECHNICIAN	E-5	1.00	1.00	0.00
SENIOR ACCOUNT CLERK	A-21	6.00	6.00	0.00
PURCHASING TECHNICIAN	A-23	2.00	2.00	0.00
ACCOUNT CLERK	A-19	<u>10.00</u>	<u>10.00</u>	<u>0.00</u>
TOTAL PERSONNEL		<u>33.00</u>	<u>34.00</u>	<u>1.00</u>

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Performance Measures

	2005 Actual	2006 Actual	2007 Actual	2008 Estimate
Purchase Orders issued	11,732	12,145	12,231	12,200
Bids/RFP's issued	113	177	144	145
Consecutive Years receiving GFOA Budget Award	21	22	23	24
Consecutive Years receiving GFOA Financial Reporting Award	25	26	22	28
Bond Issues	2	1	2	1
Investment Earnings	1,630,447	3,355,642	5,076,438	3,583,523