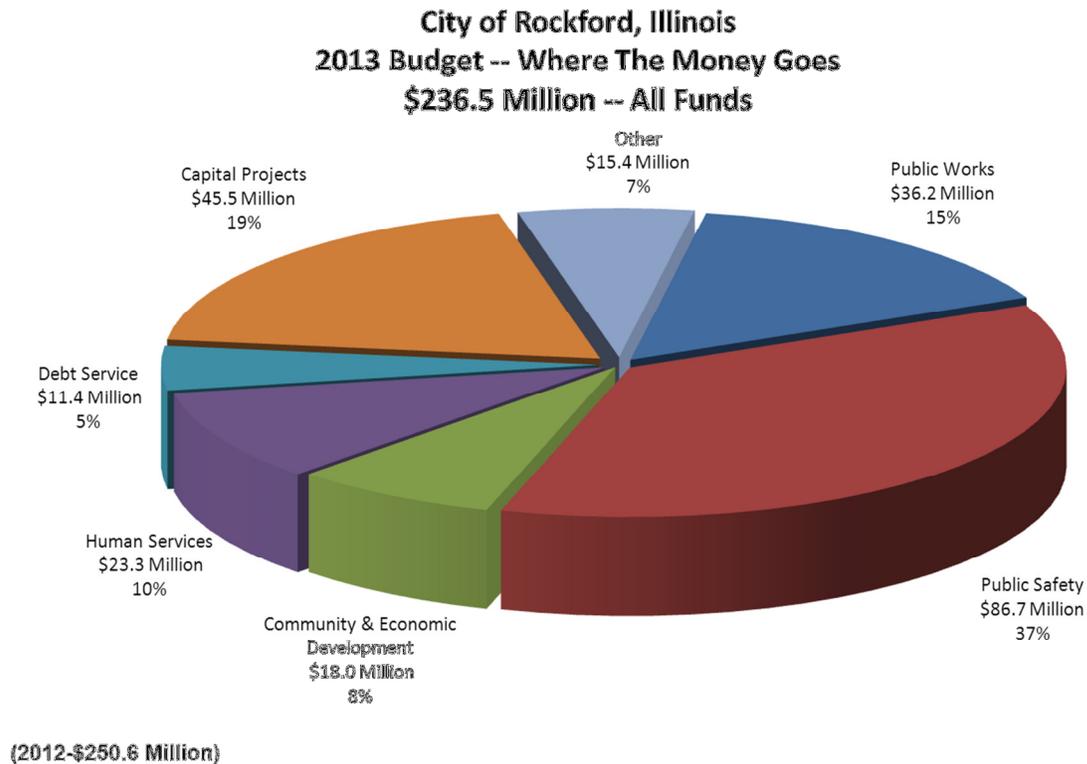


CITIZEN'S BUDGET HIGHLIGHTS

The City's goal in developing the 2013 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 2012, making incremental improvements where possible, and continuing to comply with the limitations of the Property Tax Extension Limitation Law (Tax caps).

PROGRAM EXPENDITURES

The budget appropriation in 2013 is \$236.5 million for all funds, a decrease of \$14.1 million from the 2012 appropriation of \$250.6 million. Major program changes for 2013 include:



Community Development's appropriation decreases \$81,200 due to staff reductions.

Public Safety's appropriation decreases \$459,500. Decreases are due to a decrease in overtime expenses offset by increases resulting from contract increases, pension costs, and an increase in capital expenses in Police, Fire, and 911 Communications budgets.

Human Services' appropriation increased \$1.1 million from 2012. Increases for Human Services are due to an increase in Head Start personnel. Increases in contractual expenses occurred due adjustments to internal services charges.

The Public Works budget increases \$739,200 from the previous year's budget. Personnel costs increased and as a result, IMRF and health insurance expense also increased.

The budget for Debt Service decreases \$23,400 from 2012 to 2013.

The Capital Projects Fund budget for 2013 decreased \$16.9 million from the previous year. Projects that will begin in 2013 include construction of Main and Auburn Roundabout and the reconstruction of West State Street and South Main Street.

In the Other category, the increase of \$1.5 million is due to an increase in permanent salaries and pension expenses offset by a decrease in contractual services in the Health Insurance Fund, Workers' Compensation Fund, Risk Management Fund, and the Legislative and Management departments within the General Fund.

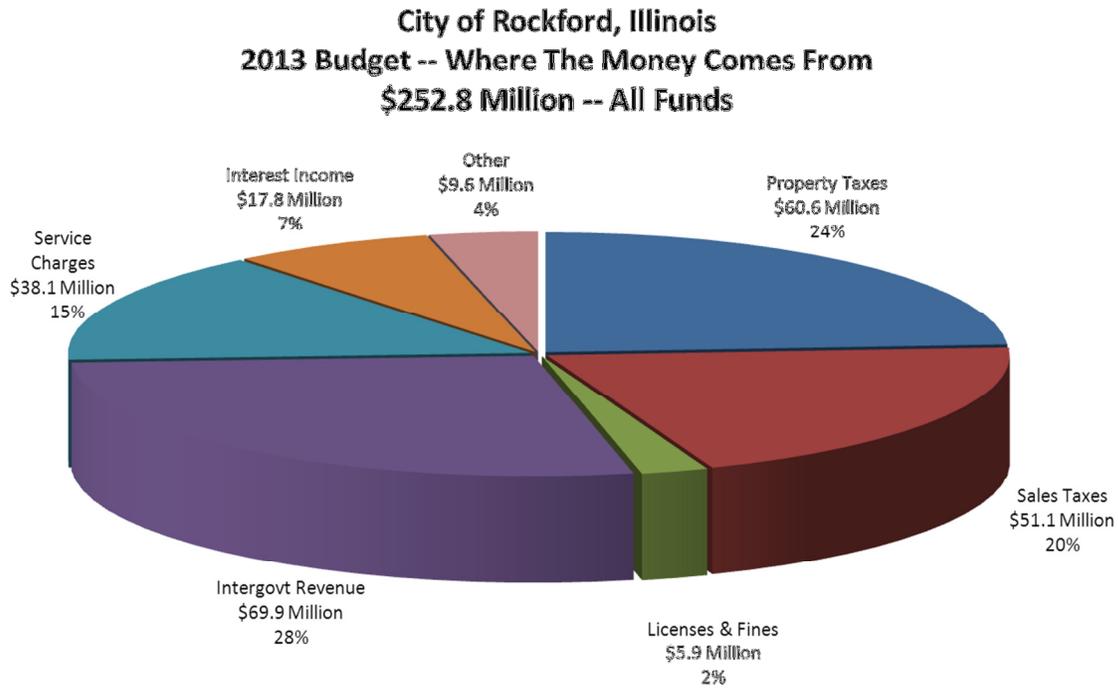
REVENUES

For 2013, the revenue budget is \$252.8 million for all funds, a decrease of \$16.7 million from 2012's \$269.5 million.

The 2013 revenue budget emphasizes:

- A stable property tax levy.
- 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 2013 include:



(2012 - \$269.5 Million)

Sales tax increased \$818,700 due to improvement in the current economic conditions.

Intergovernmental revenues from federal, state, and local governments are projected to decrease \$14.1 million from 2012, as major construction project funding is complete.

Property taxes increased \$2.1 million from the 2012 total due to an increase in the consumer price index.

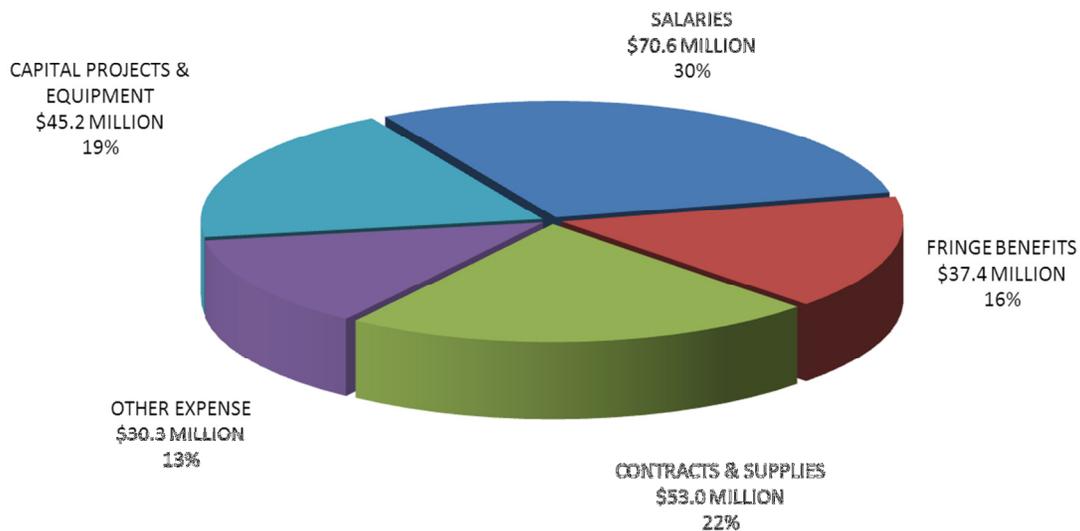
Interest income decreased \$1.2 million from the 2012 total of \$19.0 million due to the decreased revenue from police and fire pension investments.

ACCOUNT EXPENDITURES

The 2013 City Budget, when viewed from a line item rather than a program perspective, illustrates the fact that over sixty-five percent of the budget is attributable to personnel and infrastructure improvements. This reflects the fact that the City is a labor intensive service organization with 1,100 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 2013 are:

City of Rockford, Illinois
2013 Budget -- \$236.5 Million
All Funds Combined By Account Classification



(2012-\$250.7 MILLION)

Salaries increased \$1.6 million as a result of contract increases and a 2% nonunion wage increase.

Fringe benefits decreased \$2.2 million as a result of stagnant health insurance premiums and coverage changes by employees.

Contractual and supply accounts increased \$1.5 million. Slight increases across various departments contributed to this increase.

Capital projects and equipment decrease \$15.6 million from the 2012 budget, with available funding for transportation and economic development initiatives offset by increases for funding vehicle purchases under the City's vehicle leasing program. Projects scheduled to begin in 2013 include total reconstruction of W. State Street and South Main Street and the Main and Auburn Roundabout.

Other expenses are projected to increase \$510,900.

COUNCIL CHANGES TO THE BUDGET

The Council received the budget on August 27, 2012 and referred it to the Finance Committee. The Committee, after holding three budget hearings with departments, approved the budget on February 11, 2013.

WHAT THE 2013 BUDGET WILL COST THE TAXPAYER

The 2013 budget continues stability for the Rockford homeowner. For a homeowner with a \$100,000 home, the rate and cost for 2009 – 2013 are shown below.

Property Tax Bill (City Portion Only)
For Home With \$100,000 Market Value
2008-2013 Levy Years

<u>Year</u>	<u>Rate</u>	<u>Bill</u>
2009	2.23	610
2010	2.36	645
2011	2.52	689
2012	2.66	727
2013	2.86	782

While the rates are anticipated to increase for 2013, the increase is a reflection of decreasing equalized assessed valuations (EAV). The levies, as always under non-home rule tax rates and the property tax extension limitation law (tax caps), are limited as to increases. If EAV decreases, the tax rates will rise to maintain the status quo.

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.