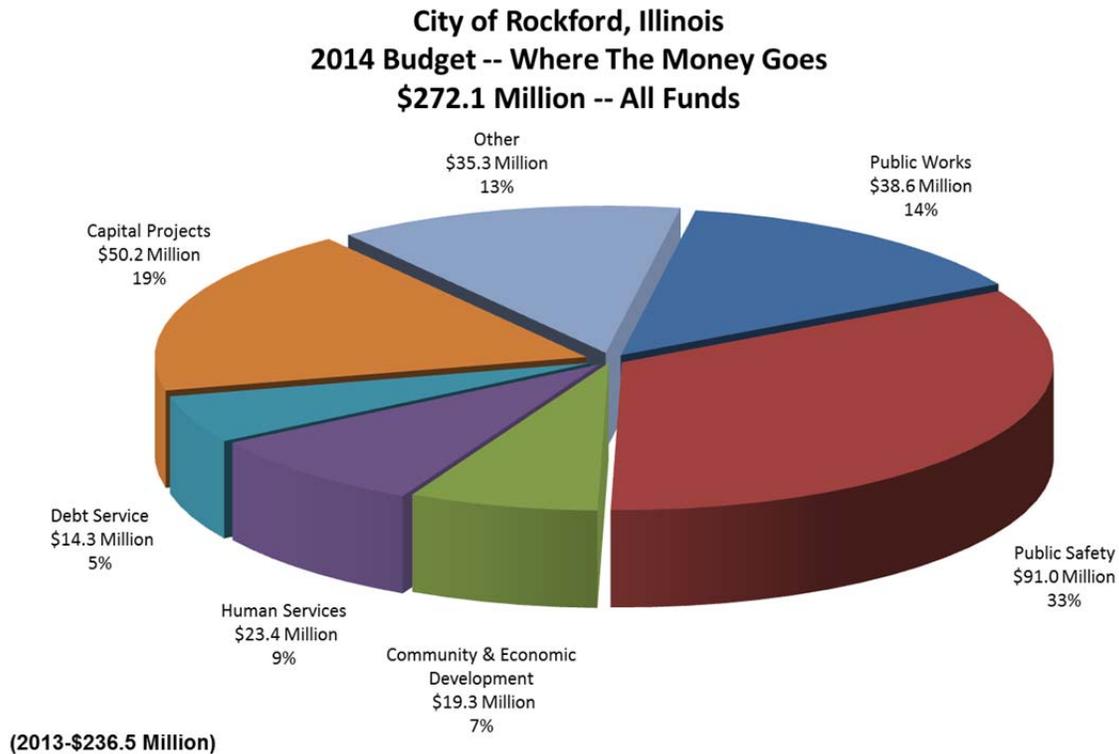


CITIZEN'S BUDGET HIGHLIGHTS

The City's goal in developing the 2014 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 2013, 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 2014 is \$272.1 million for all funds, an increase of \$35.6 million from the 2013 appropriation of \$236.5 million. Major program changes for 2014 include:



Community Development's appropriation increases \$1.3 million due to a 2% wage increase, salary study adjustments, and an increase in demolitions which is offset by a reduction in health insurance rates.

Public Safety's appropriation increases \$4.3 million. Increases are due to general step and longevity increases, salary study adjustments, increase in overtime expenses, and increased building maintenance costs at the Public Safety Building. These increases are offset by a decrease in fire personnel expenses due to reduction in staffing and a reduction in health insurance rates in Police, Fire, and 911 Communications budgets.

Human Services' appropriation increased \$125,200 from 2013. Increases for Human Services are due to a 3% salary increase and additional costs associated with the Nordlof Center for the Library. These increases are offset by staffing level reductions in the Human Services department and a reduction in health insurance rates.

The Public Works budget increases \$2.4 million from the previous year’s budget. Personnel costs increased due to a budgeted 2% wage increase, salary study adjustments and increased depreciation expense.

The budget for Debt Service increases \$2.8 million from 2013 to 2014 which includes lease payment costs.

The Capital Projects Fund budget for 2014 increased \$4.8 million from the previous year. Projects that will begin in 2014 include Phase I study and design of Jefferson Street Bridge reconstruction and construction of the Ingersoll Indoor Sports Complex.

In the Other category, the increase of \$19.9 million is due to an increase in permanent salaries and pension expenses offset by a decrease in contractual services in the Health Insurance Fund, Risk Management Fund, and the Legislative and Management departments within the General Fund.

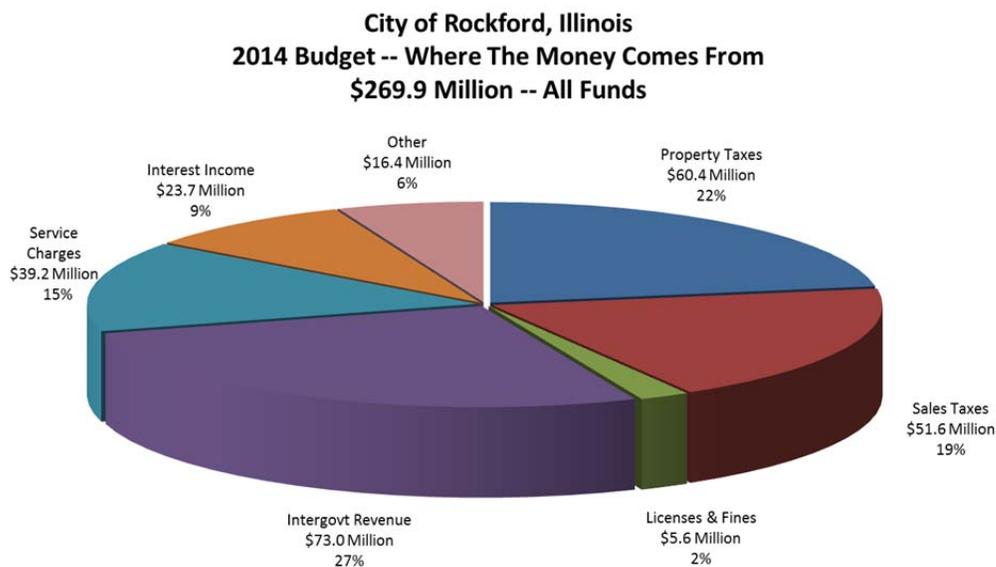
REVENUES

For 2014, the revenue budget is \$269.9 million for all funds, an increase of \$17.1 million from 2013’s \$252.8 million.

The 2014 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 2014 include:



(2013 - \$252.8 Million)

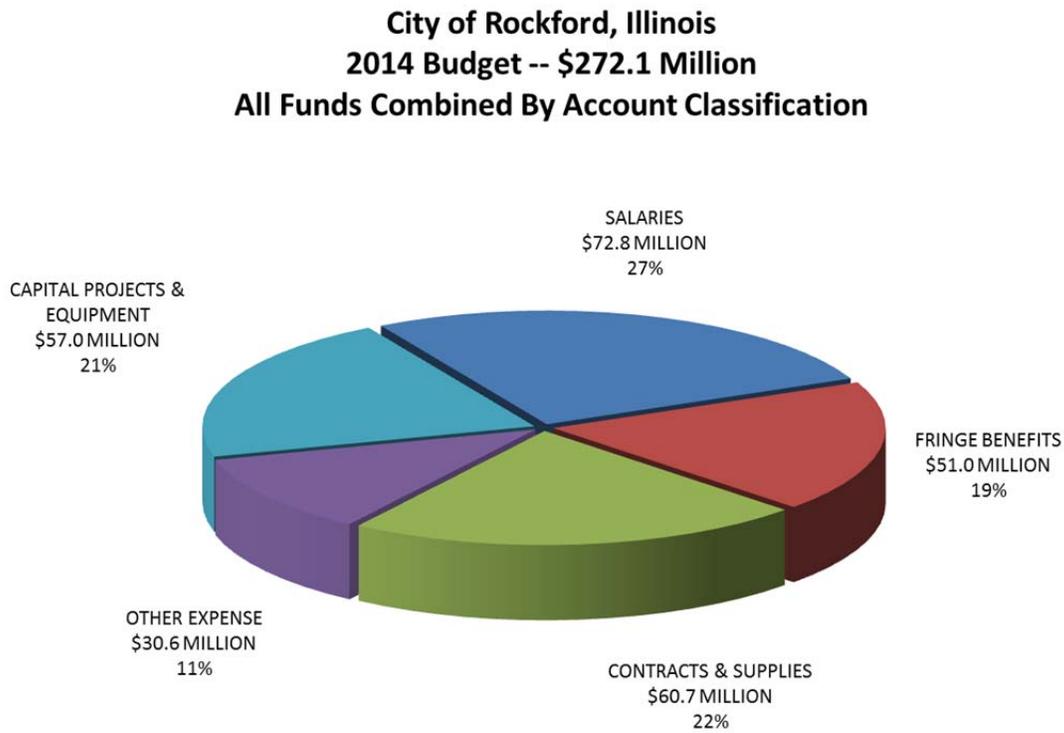
Intergovernmental revenues from federal, state, and local governments are projected to increase \$3.3 million from 2013.

Interest income increased \$5.9 million from the 2013 total of \$17.8 million due to the increased revenue from police and fire pension investments.

ACCOUNT EXPENDITURES

The 2014 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 2014 are:



(2013-\$236.5 MILLION)

Salaries increased \$2.2 million as a result of contract increases, a 2% nonunion wage increase, and the implementation of salary study adjustments for nonunion staff.

Fringe benefits increased \$13.7 million as a direct result of increased salaries and offset by a health insurance premium decrease.

Contractual and supply accounts increased \$7.6 million. Slight increases across various departments contributed to this increase.

Capital projects and equipment increase \$11.9 million from the 2013 budget, with increases for funding vehicle purchases under the City’s vehicle leasing program. Projects scheduled to begin in 2014 include study and design of Jefferson Street Bridge reconstruction and construction of the Ingersoll Indoor Sports Complex.

COUNCIL CHANGES TO THE BUDGET

The Council received the budget on September 28, 2013 and referred it to the Finance Committee. The proposed budget was modified by the City Council to avoid an increase in the property tax levy, add additional patrol officers through a federal grant program, and direct additional funds to demolition activities. The Committee, after holding three budget hearings with departments, approved the budget on December 16, 2013.

WHAT THE 2014 BUDGET WILL COST THE TAXPAYER

The 2014 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
2009-2013 Levy Years

<u>Year</u>	<u>Rate</u>	<u>Bill</u>
2009	2.23	610
2010	2.36	645
2011	2.52	689
2012	2.82	770
2013	3.04	831

While the rates are anticipated to increase for 2014, 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.