

## CITIZEN'S BUDGET HIGHLIGHTS

The City's goal in developing the 2008 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 2007, making incremental improvements where possible, and continuing to comply with the limitations of the Property Tax Extension Limitation Law (Taxcaps).

### PROGRAM EXPENDITURES

The budget appropriation in 2008 is \$208.9 million for all funds, a decrease of \$17.0 million from the 2007 appropriation of \$225.9 million. This decrease reflects the nonrecurring 2007 \$23.0 million Metro Center project. Major program changes for 2008 include:

Community Development's appropriation decreased \$1.4 million. With 2007 the beginning of the Metro Center renovation, a final one-time \$0.9 million operating subsidy was approved for 2007. The remaining decrease is the net change of the twenty-eight budget units in this group.

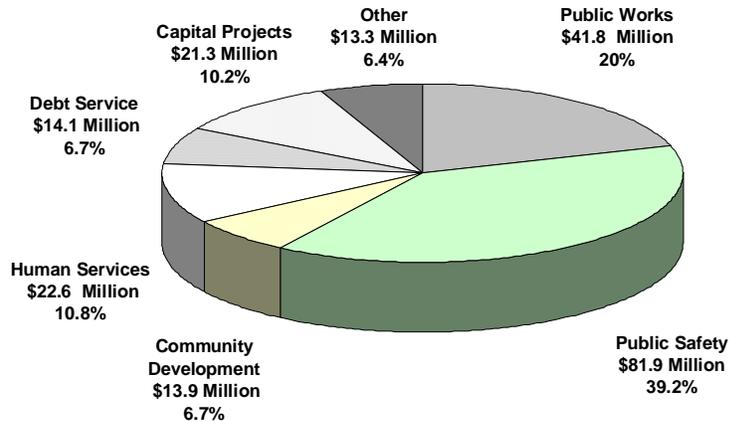
Public Safety's appropriation increased \$3.7 million due to salary increases, fringe benefit increases, particularly in health insurance and pension contributions, which combined accounted for \$1.3 million of the public safety appropriation increase, and contractual and supply increases as well. Contractual increases can be largely attributed to microcomputer expenses related to the increased utilization of technological equipment and software applications by the police and fire departments.

Human Services' appropriation decreased \$1.0 million from 2007 with the majority of the decrease in the Human Services Department. A \$437,100 net decrease occurred in contractual services, mainly due to the absence of one-time flood relief initiative monies, \$0.7 million, budgeted for in the previous fiscal year. The other account group decreased \$0.7 million as well due to a reduction in funding for rental assistance and essential services.

The Public Works budget decreased \$1.3 million from the previous year's budget. The majority of the decrease can be attributed to a \$1.3 million decrease in the Public Works Traffic division for a 2007 comprehensive rail study.

The budget for Debt Service decreases \$1.5 million from 2007 to 2008 primarily due to the City Hall debt service ending. The 2008 budget plan calls for a \$12.15 million bond issue in the spring for water (\$9.0 million), TIF district development (\$1.3 million), and parking deck acquisition (\$1.815 million). Two 2007 bond issues totaling \$38.6 million were offered for Metro Center improvements, Coronado Theatre refunding, water improvements, and TIF district development opportunities.

**City of Rockford, Illinois  
2008 Budget -- Where The Money Goes  
\$208.9 Million -- All Funds**



The Capital Projects Fund budget for 2008 decreased \$14.5 million from the previous year. The 2007 budget included the Metro Center renovation. In 2008 \$20.0 million will be expended on transportation and economic development incentives. \$1.0 million will also be spent on new water projects in 2008. Ongoing projects, already funded in previous years, will continue and incur expenses in 2008 as well. The City placed a referendum before the voters on April 17, 2007 for a one-percent sales tax increase in order to finance capital projects in forthcoming years. Sales tax revenue was sought as a replacement to general obligation bonds issued annually to fund capital projects. In 2008, sales tax revenue will generate \$16.0 million for capital projects. The remainder of funding will come from state motor fuel tax revenue and inter-fund transfers.

In the Other category, the \$0.9 million decrease is due to the changes instituted in the City's health insurance program.

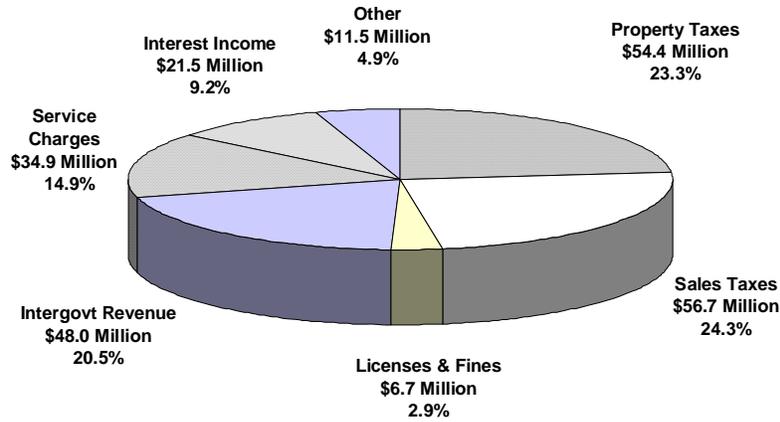
### REVENUES

For 2008, the revenue budget is \$233.6 million for all funds, a decrease of \$8.1 million from 2007's \$241.7 million.

The 2008 revenue budget emphasizes:

- A stable property tax rate.
- Continued emphasis on user fees including systematically updating the rates to keep pace with costs.
- Ongoing efforts to aggressively capture federal and state revenues.

**City of Rockford, Illinois  
2008 Budget -- Where The Money Comes From  
\$233.6 Million -- All Funds**



Major revenue changes for 2008 include:

The amount of the 1% capital program sales tax budgeted increases \$13.0 million, reflecting a full year's collection on this revenue source.

Interest income is projected to increase \$3.1 million, due to anticipated higher balances and yields.

Service charges, primarily water user fees, increase \$1.1 million from the previous year total of \$33.8 million.

Intergovernmental revenues from federal, state, and local governments are projected to decrease \$550,000 from 2007.

Licenses and fines are projected to decrease \$1.1 million from the previous year's budget due to the elimination of the vehicle license.

Property taxes increase \$2.0 million from the 2007 total of \$52.3 million due to an increase in the EAV and increased annexations.

### ACCOUNT EXPENDITURES

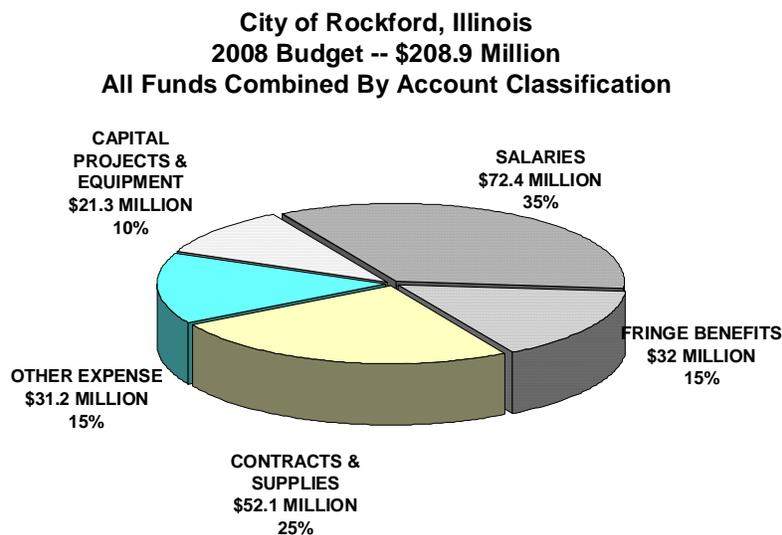
The 2008 City Budget, when viewed from a line item rather than a program perspective, illustrates the fact that almost two-thirds of the budget is attributable to personnel and infrastructure improvements. This reflects the fact that the City is a labor intensive service

organization with 1,200 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 2008 are:

Salaries and fringe benefits increase \$3.3 million as a result of salary adjustments, pensions, and health insurance premium increases.

Contractual and supply accounts decrease \$3.8 million due to reductions across several departments, including an adjusted \$1.5 million decrease occurring in the Public Works Traffic division related to a multi-year comprehensive rail study.



Capital projects decrease by \$14.8 million (Metro Center renovation) from the 2007 budget, with available funding for transportation and economic development initiatives, as well as new and ongoing water projects.

Other expenses are projected to decrease \$1.2 million including \$0.7 million for rental assistance and essential services in Human Services.

#### COUNCIL CHANGES TO THE BUDGET

The Council received the budget on December 17, 2007 and referred it to the Finance Committee. The Committee, after holding budget hearings with departments, approved the budget on March 10, 2008. After the initial budget passed, City Council amended the budget to include funding for the purchase of two additional ambulances, \$360,000, for the Fire Department.

#### WHAT THE 2008 BUDGET WILL COST THE TAXPAYER

The 2008 budget continues stability for the Rockford homeowner. For a homeowner with a \$100,000 home, the rate and cost for 2005, 2006, 2007, and 2008 are shown below.

Property Tax Bill (City Portion Only)  
For Home With \$100,000 Market Value  
2005-2008

<u>Year</u>	<u>Rate</u>	<u>Bill</u>
2005	\$2.58	\$728
2006	2.57	728
2007	2.52	714
2008	2.53	704

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.