

## CITIZEN'S BUDGET HIGHLIGHTS

The City's goal in developing the 2011 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 2010, making incremental improvements where possible, and continuing to comply with the limitations of the Property Tax Extension Limitation Law (Taxcaps).

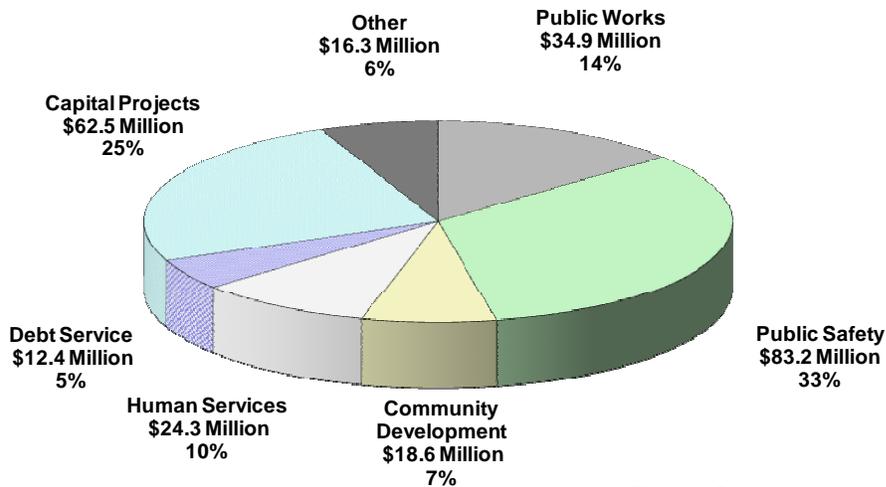
### PROGRAM EXPENDITURES

The budget appropriation in 2011 is \$252.2 million for all funds, an increase of \$4.8 million from the 2010 appropriation of \$247.4 million. Major program changes for 2011 include:

Community Development's appropriation decreases \$3.5 million. Decreases are the result of a reduction in permanent salaries, health insurance and IMRF costs, the elimination of TIF development costs and Brownfield grants, and decreases in cleanups and demolitions.

Public Safety's appropriation increases \$3.0 million. Increases are the result of contract increases and pension costs in Police, Fire, and 911 Communications budgets. Pension costs were decreased from the original actuary-determined contribution by \$1.5 million in anticipation of changes to the funding formula passed by the State legislature.

**City of Rockford, Illinois  
2011 Budget -- Where The Money Goes  
\$252.2 Million -- All Funds**



(2010-\$247.4 Million)

Source: Finance Department

Human Services' appropriation increased \$2.1 million from 2011. Increases for Human Services are due to an increase in Head Start and Weatherization

personnel. Expenses that directly impact the community, such as homeless prevention and housing assistance increased as well. Increases in contractual expenses occurred due to the additional federal ARRA funding for a number of programs.

The Public Works budget decreases \$2.4 million from the previous year's budget. Personnel costs decreased and as a result, IMRF and health insurance expense also decreased. Streetlight electricity costs decreased as a measure to eliminate a projected deficit in the City's budget.

The budget for Debt Service decreases \$0.4 million from 2010 to 2011.

The Capital Projects Fund budget for 2011 increased \$5.1 million from the previous year. Projects that will begin in 2011 include total reconstruction of W. State Street, the Morgan Street bridge, and construction of the Riverwalk.

In the Other category, the increase of \$0.9 million is due to an increase in contractual services offset by decreases in permanent salaries, pension and health insurance expenses in the Health Insurance Fund, Workers' Compensation Fund, Risk Management Fund and the Legislative and Management departments within the General Fund.

## REVENUES

For 2011, the revenue budget is \$267.3 million for all funds, an increase of \$10.4 million from 2010's \$256.9 million.

The 2011 revenue budget emphasizes:

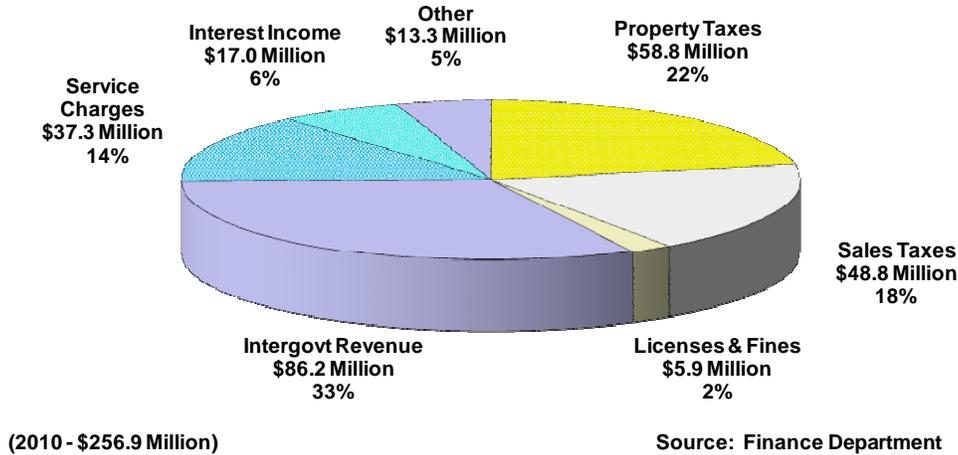
- A stable property tax rate.
- Continued emphasis on user fees including systematically updating the rates to keep pace with costs.
- Ongoing efforts to aggressively capture federal and state revenues.

Major revenue changes for 2011 include:

Sales tax increased \$367,500 due to a slight improvement in the current economic conditions.

Replacement taxes decrease \$567,800 as a result of the prior year tax amnesty program artificially inflating the per capita distribution and a decrease in the amount of unpaid income tax refunds.

**City of Rockford, Illinois  
2011 Budget -- Where The Money Comes From  
\$267.3 Million -- All Funds**



Service charges decrease \$1.8 million from the previous year total of \$39.1 million due to a decrease in new installation and connection fees for water and a decrease in water usage, based on economic conditions. Turn-off fees for the water utility also declined due to monthly water billing as customers are able to stay current with regular billing.

Intergovernmental revenues from federal, state, and local governments are projected to increase \$23.3 million from 2010.

The state income tax increased \$0.4 million due to unemployment rate slowly starting to decline.

Property taxes increased \$1.7 million from the 2010 total due to an increase in the EAV and annexations.

Interest income decreased \$4.6 million from the 2010 total of \$21.7 million due to the decreased revenue from police and fire pension investments.

Bond proceeds decreased \$12 million to zero for 2011 with no expected bond sales to occur for the year.

**ACCOUNT EXPENDITURES**

The 2011 City Budget, when viewed from a line item rather than a program perspective, illustrates the fact that almost forty 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.

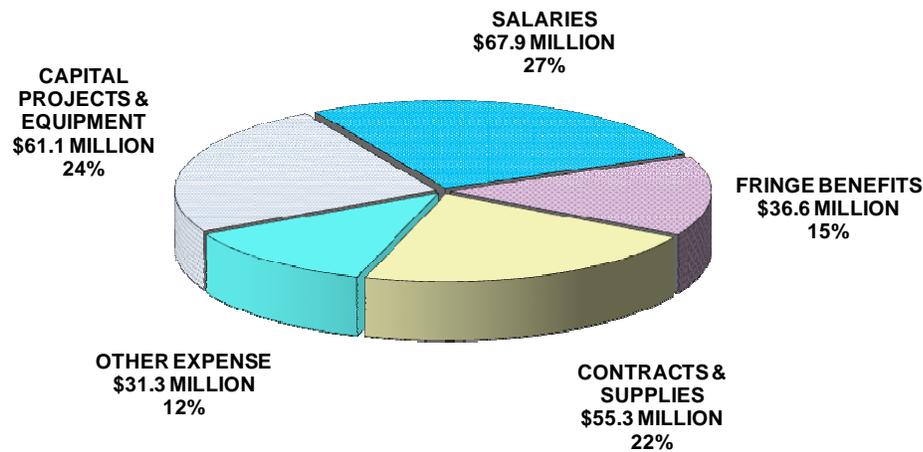
Major spending changes by account type for 2011 are:

Salaries decreased \$1.3 million as a result of retirements and resulting positions being left vacant, wage freezes and a small number of layoffs.

Fringe benefits increased \$2.3 million as a result of health insurance premium increases, pension increases, and worker's compensation increases.

Contractual and supply accounts increased \$1.0 million. Human Services and Library contributed to this increase as a result of an increase in service contracts. In addition, the health insurance fund went up due to increased medical and pharmacy costs.

**City of Rockford, Illinois  
2011 Budget -- \$252.2 Million  
All Funds Combined By Account Classification**



(2010-\$247.4 MILLION)

SOURCE: FINANCE OFFICE

Capital projects increase \$6.2 million from the 2010 budget, with available funding for transportation and economic development initiatives. Projects scheduled to begin in 2011 include total reconstruction of W. State Street, the Morgan Street bridge, and construction of the Riverwalk.

Other expenses are projected to decrease \$2.9 million.

## COUNCIL CHANGES TO THE BUDGET

The Council received the budget on September 7, 2010 and referred it to the Finance Committee. The Committee, after holding four budget hearings with departments, approved the budget on December 27, 2010.

## WHAT THE 2011 BUDGET WILL COST THE TAXPAYER

The 2011 budget continues stability for the Rockford homeowner. For a homeowner with a \$100,000 home, the rate and cost for 2007 – 2011 are shown below.

Property Tax Bill (City Portion Only)  
For Home With \$100,000 Market Value  
2007-2011 Levy Years

<u>Year</u>	<u>Rate</u>	<u>Bill</u>
2007	\$2.20	\$623
2008	2.21	615
2009	2.23	610
2010	2.36	645
2011	2.49	681

Whiles the rates are anticipated to increase for 2010 and 2011, 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.