

CITIZEN'S BUDGET HIGHLIGHTS

The City's goal in developing the 2012 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 2011, making incremental improvements where possible, and continuing to comply with the limitations of the Property Tax Extension Limitation Law (Taxcaps).

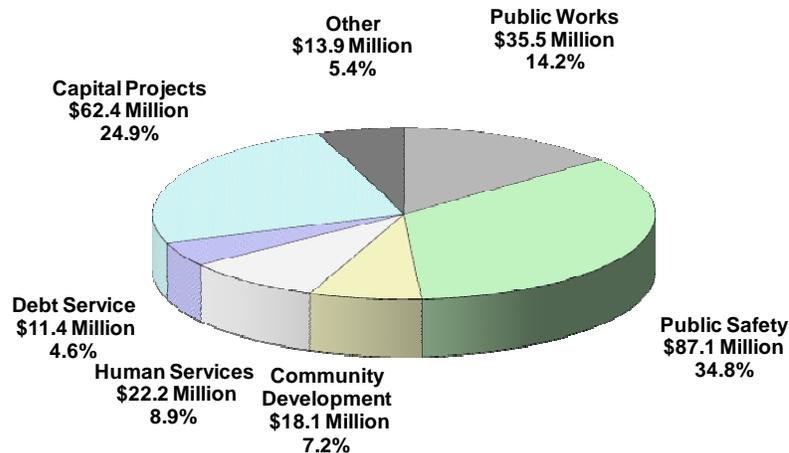
PROGRAM EXPENDITURES

The budget appropriation in 2012 is \$250.6 million for all funds, a decrease of \$1.6 million from the 2011 appropriation of \$252.2 million. Major program changes for 2012 include:

Community Development's appropriation decreases \$513,000. 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 \$3.9 million. Increases are the result of contract increases and pension costs in Police, Fire, and 911 Communications budgets.

**City of Rockford, Illinois
2012 Budget -- Where The Money Goes
\$250.6 Million -- All Funds**



(2011-\$252.2)

Human Services' appropriation decreased \$2.1 million from 2011. Decreases for Human Services are due to a decrease in Weatherization personnel. Expenses that directly impact the community, such as homeless prevention and housing assistance decreased as well. Decreases in contractual expenses occurred due to the completion of additional federal ARRA funding for a number of programs.

The Public Works budget increases \$578,000 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 \$910,000 from 2011 to 2012.

The Capital Projects Fund budget for 2012 changed slightly from the previous year. Projects that will begin in 2012 include total reconstruction of W. State Street and the Morgan Street Bridge and construction of Main and Auburn Roundabout.

In the Other category, the decrease of \$2.4 million is due to a decrease 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 2012, the revenue budget is \$269.5 million for all funds, an increase of \$2.2 million from 2011's \$267.3 million.

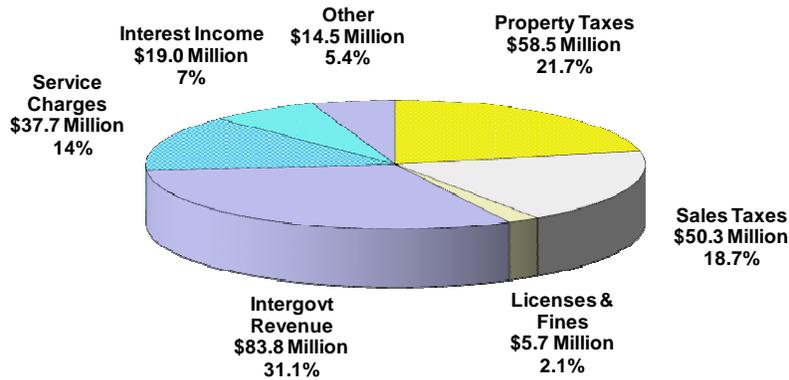
The 2012 revenue budget emphasizes:

- 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 2012 include:

Sales tax increased \$1.5 million due to improvement in the current economic conditions.

**City of Rockford, Illinois
2012 Budget -- Where The Money Comes From
\$269.5 Million -- All Funds**



(2011 - \$267.3 Million)

Service charges increase \$384,000 from the previous year total of \$37.3 million due to a stabilization in turn-off fees for the water utility as customers became accustomed to monthly water billing.

Intergovernmental revenues from federal, state, and local governments are projected to decrease \$2.4 million from 2011.

Property taxes decreased \$351,000 from the 2011 total due to a decrease in the EAV.

Interest income increased \$1.9 million from the 2011 total of \$17.1 million due to the increased revenue from police and fire pension investments.

ACCOUNT EXPENDITURES

The 2012 City Budget, when viewed from a line item rather than a program perspective, illustrates the fact that over 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.

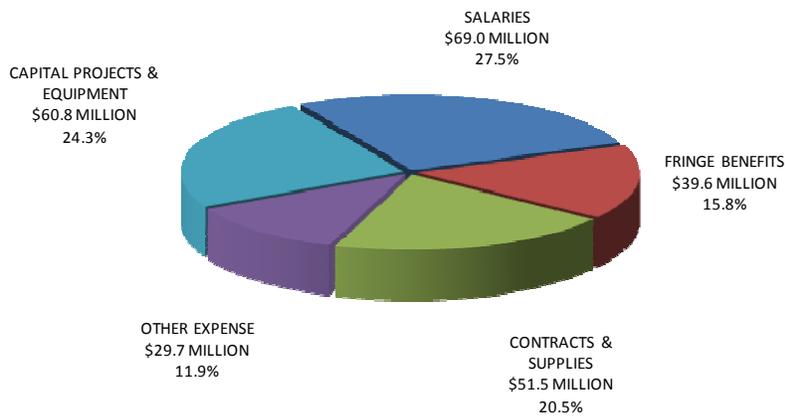
Major spending changes by account type for 2012 are:

Salaries increased \$1.1 million as a result of contract increases.

Fringe benefits increased \$3.0 million as a result of health insurance premium increases and pension increases.

Contractual and supply accounts decreased \$3.8 million. Human Services contributed to this decrease as a result of an decrease in service contracts. In addition, the health insurance fund went down due to decreased medical and pharmacy costs.

City of Rockford, Illinois
2012 Budget -- \$250.6 Million
All Funds Combined By Account Classification



(2011-\$252.2 MILLION)

Capital projects decrease \$372,000 from the 2011 budget, with available funding for transportation and economic development initiatives. Projects scheduled to begin in 2012 include total reconstruction of W. State Street and South Main Street and the Main and Auburn Roundabout.

Other expenses are projected to decrease \$1.5 million.

COUNCIL CHANGES TO THE BUDGET

The Council received the budget on August 20, 2011 and referred it to the Finance Committee. The Committee, after holding three budget hearings with departments, approved the budget on December 19, 2011.

WHAT THE 2012 BUDGET WILL COST THE TAXPAYER

The 2012 budget continues stability for the Rockford homeowner. For a homeowner with a \$100,000 home, the rate and cost for 2008 – 2012 are shown below.

Property Tax Bill (City Portion Only)
For Home With \$100,000 Market Value
2008-2012 Levy Years

<u>Year</u>	<u>Rate</u>	<u>Bill</u>
2008	2.21	615
2009	2.23	610
2010	2.35	645
2011	2.49	681
2012	2.68	733

Whiles the rates are anticipated to increase for 2011 and 2012, 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.