CITY OF PEORIA

2006 ANNUAL BUDGET

City of Peoria, Illinois 2006

GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

PRESENTED TO

City of Peoria

Illinois

For the Fiscal Year Beginning

January 1, 2005

President

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented an award of Distinguished Presentation to the City of Peoria for its annual budget for the fiscal year beginning January 1, 2005.

In order to receive this award a government unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communication device.

The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

The Honorable James E. Ardis III
Members of City Council

Dear Mayor Ardis and Members of the City Council:

We are pleased to present the adopted fiscal year 2006 City of Peoria budget adopted on December 13, 2005. The 2006 budget continues our efforts to deliver a wide variety of City services to meet the varying needs of our diverse community. It is a service-oriented budget seeking to create a safer community, build better neighborhoods, maintain our current infrastructure, and plan for our future growth.

BUDGET OVERVIEW

The budget is a blueprint for what is to be accomplished by the City of Peoria in 2006 with the resources available. The goals, objectives, and strategies provide a plan of action for the City throughout the year. The budget numbers reflect the allocation of available resources to accomplish those state goals and objectives.

The total 2006 City budget, which includes the Library, is $152,350,028, an increase of $13,745,814 (9.9%) compared to the fiscal year 2005 adopted budget of $138,604,214. The operating budget of $112,406,971 represents an operating expenditure budget increase of 7.9% over the 2005 adopted budget of $104,090,400. A significant amount of this increase ($4,554,426) is the result of increases in benefits, including ($647,000) related to mandated changes by the State Legislature for Firefighter pensions.

The total revenues and other financing sources for the fiscal year 2006 budget are $147,327,456, a 5.7% increase, as compared to the fiscal year 2005 budgeted revenue of $139,380,812. Excess expenditures of $5,022,572 will be funded through the use of capitalized interest from the 2005 A General Obligation Bond and the use of capital fund balances.

The total personnel count will increase in 2006, from 778 to 787 full-time positions. The increase includes: five additional positions within the Police Department; three additional positions in the Fire Department; and one position in the Legal Department.

BUDGET HIGHLIGHTS

This 2006 budget continues to concentrate on the Council strategic initiatives, adopted as part vision 2020 in January 2003. The budget being presented is based on several key premises:

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- **Council Goals** – aligning and targeting services to address the City Council's goals and adopted policies;

- **Key Services** – providing key services to the citizens of Peoria that are both efficient and effective; and

- **Financial Stability** – establishing an affordable and predictable foundation for the City government's fiscal health.

In addition to addressing the Council initiatives, the proposed budget calls for the following:

- Compliance with the Council adopted property tax rate policy of limiting the rate so as not to exceed $1.3061. The rate for FY 2006 was locked at the FY 2005 level of $1.2899.

- Total operating appropriations of $106,168,568 for the City (excluding Library operations) is an increase of $7,406,397 over the 2005 operating appropriations for the City of $98,762,191. Operating expenditure increases of 7.5% include the net cost of adding public safety personnel in the Police and Fire Departments, adding one support personnel in the Legal Department, increased cost relating to computer software maintenance, Fire and Police Commission examination materials and testing, Hepatitis vaccinations for public safety personnel, and overall increase in fuel and energy costs.

- The budget also includes a 16.5% increase in employee benefits. Total benefit expenditures of $32,176,238 for 2006, is a $4,554,426 increase over the 2005 budgeted benefit amount of $27,621,812. These are mandated increases to support the benefit packages currently provided to employees.

- The impact of benefit changes enacted under Public Act 93-0689 increased the pension benefits and the required amount to be funded for all firefighters. This mandated requirement, coupled with moderate investment returns, has resulted in an unfunded liability in the Firefighters Pension plan of $10.6 Million. The increase related to the change in the law is estimated to be $647,000 for the City of Peoria's FY 2006 budget.

- A reduction in non-represented personnel salary increases for FY 2006, from 4.75% to 2% reduced overall personnel expenditures $156,000. The Mayor and City Council have directed staff make recommendations for further containing salary and benefit costs for 2006. The 2006 Capital budget is $21,389,778, an increase of $2,705,255 or 14.5% from $18,684,523 in 2005. The bonding requirement for 2006 is $1.5 million for capital infrastructure projects and $4.2 million for the sewer rehabilitation project. Revenues supporting capital include the 2 cents per gallon motor fuel tax, a portion of the 5% utility tax on telephones and electricity, and gaming revenue. We have also deferred the transfer of an additional 8% of the utility tax to finance capital spending.