

# FY 2022 Budget Forecast

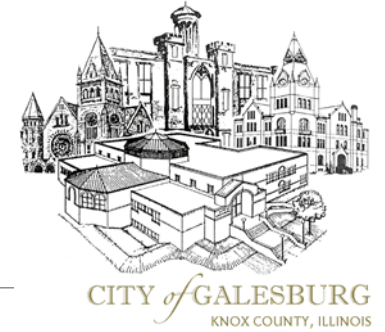
---

CITY COUNCIL WORK SESSION

JULY 26, 2021

# Budget Schedule (Tentative)

---

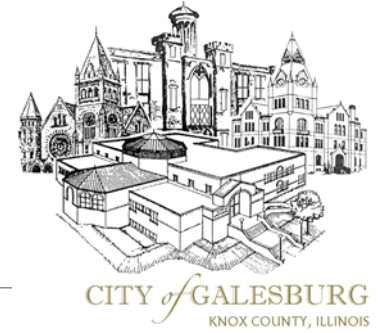


- July – Forecast
- August – Meet with Mayor & City Manager
- September – Draft Budget Presentation
- September/October – Update Strategic Plan
- October – Budget Discussion (Rates & Fees, CIP)
- November – Finalize Budget & CIP
- December – Adoption

# Good Budget =

---

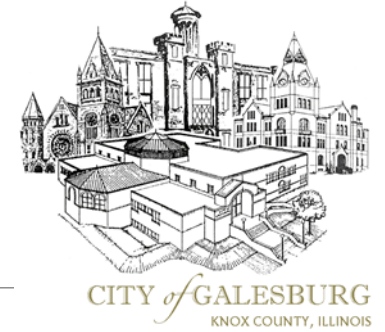
- An effective policy document
- A financial plan
- An operations guide
- A communication device

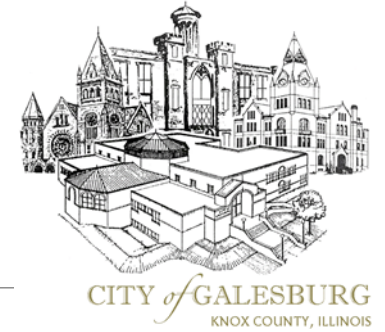


# Good Process =

---

- Incorporates a long-term perspective
- Establishes linkages to broad organizational goals and priorities
- Focuses budget decisions on results and outcomes
- Involves and promotes effective communication with stakeholders
- Prioritize Services – Do important things well
- Question past patterns of spending
- Spend within organizations means
- Not just balancing revenues and expenditures
- Public input and citizen satisfaction



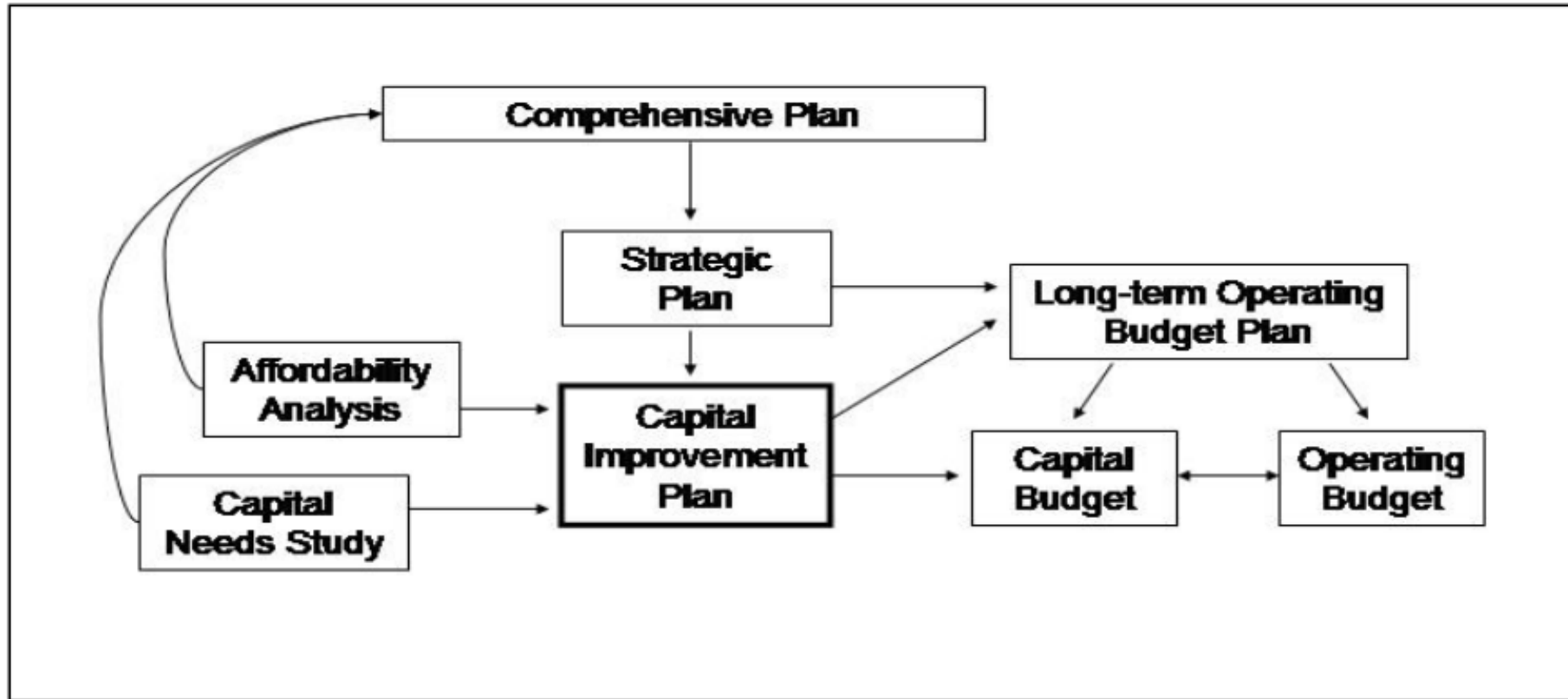


# Current Short Term Priorities

---

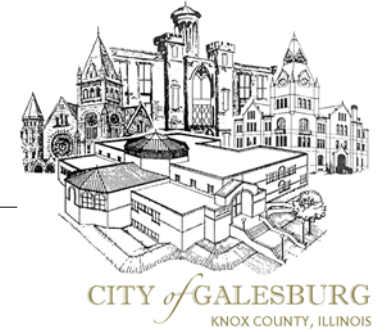
- Implement Economic Development Strategy
  - Business development
  - Increase population
  - Housing Development
  
- Improve Community Appearance
  - Address housing challenges
  
- Provide for long term fiscal stability
  - Priority based budgeting process
  
- Address Infrastructure Maintenance
  - Streets, Sidewalks, Stormwater, Water
  
- Improve Quality of Life – Identify Amenities

# Planning Process

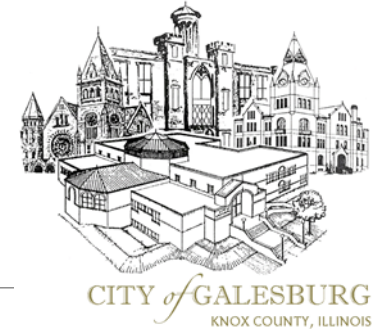


# Things to consider

---



1. What are your priorities? Short and Long Term.
2. Are you satisfied with the types of programs and services provided by the City? Add, delete, modify?
3. Are you satisfied with the levels of service provided by the City?
4. What capital projects would you like to see completed in 2022? The next 5 years?
5. What strategy do you prefer for addressing the deficit? Revenues, cuts, fund balance, or combination?
6. What level are you comfortable with funding public safety pensions – statutory minimum, pension board recommendation, mid-point?
7. Are there programs or changes you would like to see in 2022 that do not have a budgetary impact?
8. Issues, policies, or concerns to address?
9. Rates & Fees – Water and Refuse?
10. Use of available fund balance?



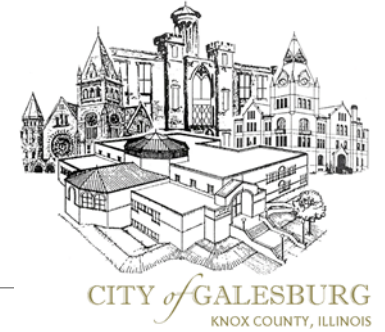
# American Rescue Plan Update

---

- State has announced availability of funds.
- Cities required to register and will then receive half of funds within 30 days, and the remainder approximately one year later.
- City will receive \$4,105,107.29.
- Eligible uses:
  - Costs to respond to the public health emergency with respect to COVID-19 or its negative economic impacts, including assistance to households, small businesses and nonprofits, or aid to impacted industries such as tourism, travel and hospitality;
  - Costs to respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers of the municipality that perform essential work, or by providing grants to eligible employers that have eligible workers who perform essential work;
  - Costs for the provision of government services to the extent of the reduction in revenue of a municipality due to the COVID-19 public health emergency relative to revenues collected in the most recent full fiscal year of the municipality; or,
  - Costs to make necessary investments in water, sewer and broadband infrastructure.



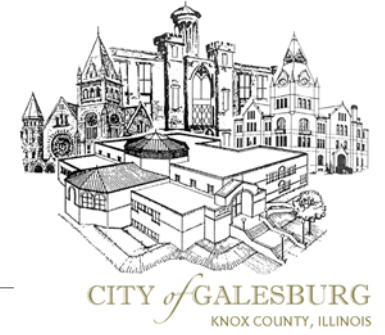
# FY 21 Budget

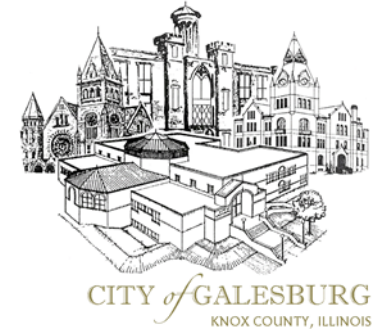


Fund	Revenue	Other Sources	Expenditures	2020	% Change
General	\$ 23,760,335	\$ 538,015	\$ 24,298,350	\$ 25,353,815	4%
Storm Water	697,845	360,800	1,058,645	886,210	-19%
Park	4,127,235	511,750	4,638,985	5,301,325	12%
Property Redevelopment	698,500	237,805	936,305	877,155	-7%
Public Transportation Services	2,113,595	141,385	2,254,980	1,994,475	-13%
Other Special Revenue	12,265,365	3,215,640	15,445,235	11,878,555	-30%
Debt Service	1,063,925	-	1,063,925	1,063,240	0%
TIF	1,379,635	844,705	2,224,340	2,381,605	7%
Replacement Programs	41,190	1,267,520	1,308,710	2,219,820	41%
Other Capital Projects	1,459,060	48,850	1,503,910	2,169,460	31%
Water	6,623,900	-	6,227,205	6,308,415	1%
Refuse	2,807,820	-	2,805,655	2,709,110	-4%
Risk Management	989,385	-	985,620	662,850	-49%
OPEB Trust	-	-	-	800	100%
Permanent	18,200	600	10,800	23,000	53%
Library	1,807,915	633,270	2,440,950	2,306,495	-6%
<b>Total</b>	<b>\$ 59,853,905</b>	<b>\$ 7,800,340</b>	<b>\$ 67,203,615</b>	<b>\$ 66,136,330</b>	<b>-2%</b>

# FY 2022 Forecast

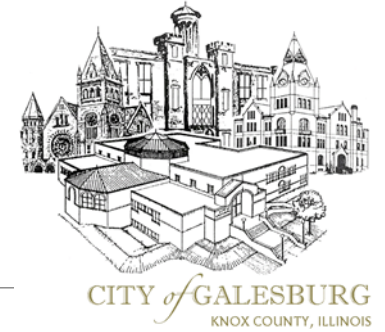
---





# FY 2022 Budget Forecast - Park & General Fund

Description	2020 Actual	2021 Budget	2022 Estimate	% Chg 21-22	2023 Estimate	2024 Estimate	2025 Estimate	2026 Estimate
<b>Begin. unassigned fund bal.</b>	<b>11,426,661</b>	<b>13,155,478</b>	<b>12,105,713</b>		<b>9,936,738</b>	<b>6,847,108</b>	<b>2,780,357</b>	<b>(2,322,980)</b>
<b><u>Revenues &amp; other sources</u></b>								
Property tax	8,009,108	8,022,795	8,207,995	2.3%	8,249,035	8,290,280	8,331,732	8,373,390
State income tax	3,545,327	2,976,000	3,720,000	25.0%	3,794,400	3,870,288	3,947,694	4,026,648
Sales tax	6,134,716	5,570,000	6,009,000	7.9%	6,129,180	6,251,764	6,376,799	6,504,335
Home rule tax	2,940,389	2,554,500	3,237,500	26.7%	3,302,250	3,368,295	3,435,661	3,504,374
Food & beverage tax	1,463,535	1,395,000	1,600,000	14.7%	1,632,000	1,664,640	1,697,933	1,731,891
Misc taxes	3,089,417	2,629,300	3,312,000	26.0%	3,378,240	3,445,805	3,514,721	3,585,015
Licenses & permits	299,889	410,925	407,400	-0.9%	411,474	415,589	419,745	423,942
Fines & fees	322,215	276,450	272,400	-1.5%	275,124	277,875	280,654	283,461
Use of money & property	1,636,098	1,854,000	1,769,520	-4.6%	1,804,910	1,841,009	1,877,829	1,915,385
Intergovernmental	2,270,055	1,076,095	1,126,045	4.6%	1,148,566	1,171,537	1,194,968	1,218,867
Current services	1,033,920	1,059,555	1,059,610	0.0%	1,080,802	1,102,418	1,124,467	1,146,956
Miscellaneous revenue	94,520	58,150	64,100	10.2%	65,382	66,690	68,023	69,384
Transfers & other	18,196	4,800	11,200	133.3%	11,424	11,652	11,886	12,123
<b>Total revenues</b>	<b>30,857,385</b>	<b>27,887,570</b>	<b>30,796,770</b>	<b>10.4%</b>	<b>31,282,787</b>	<b>31,777,842</b>	<b>32,282,110</b>	<b>32,795,772</b>
\$ Change	807,232	(3,460,605)	2,909,200		486,017	495,054	504,268	513,662
<b><u>Expenditures &amp; other uses</u></b>								
Personnel	23,132,522	23,569,150	24,911,935	5.7%	26,157,532	27,465,408	28,838,679	30,280,613
Contractual	2,567,276	3,673,935	3,990,780	8.6%	4,070,596	4,152,008	4,235,048	4,319,749
Commodities	869,611	1,082,190	1,511,550	39.7%	1,541,781	1,572,617	1,604,069	1,636,150
Other	282,363	167,845	189,195	12.7%	192,979	196,838	200,775	204,791
Transfer Out	2,138,421	444,215	2,362,285	431.8%	2,409,531	2,457,721	2,506,876	2,557,013
<b>Total expenditures</b>	<b>28,990,193</b>	<b>28,937,335</b>	<b>32,965,745</b>	<b>13.9%</b>	<b>34,372,418</b>	<b>35,844,592</b>	<b>37,385,446</b>	<b>38,998,316</b>
\$ Change	885,866	(1,326,638)	4,028,410		1,406,673	1,472,174	1,540,854	1,612,869
Revs over/(under) exp	<b>1,867,192</b>	(1,049,765)	<b>(2,168,975)</b>		(3,089,630)	(4,066,751)	(5,103,337)	(6,202,544)
Adjust other fund balances	(138,375)							
<b>End. unassigned fund bal.</b>	<b>13,155,478</b>	<b>12,105,713</b>	<b>9,936,738</b>		<b>6,847,108</b>	<b>2,780,357</b>	<b>(2,322,980)</b>	<b>(8,525,523)</b>



# General & Park Fund Financial Forecast

---

## Five year Forecast

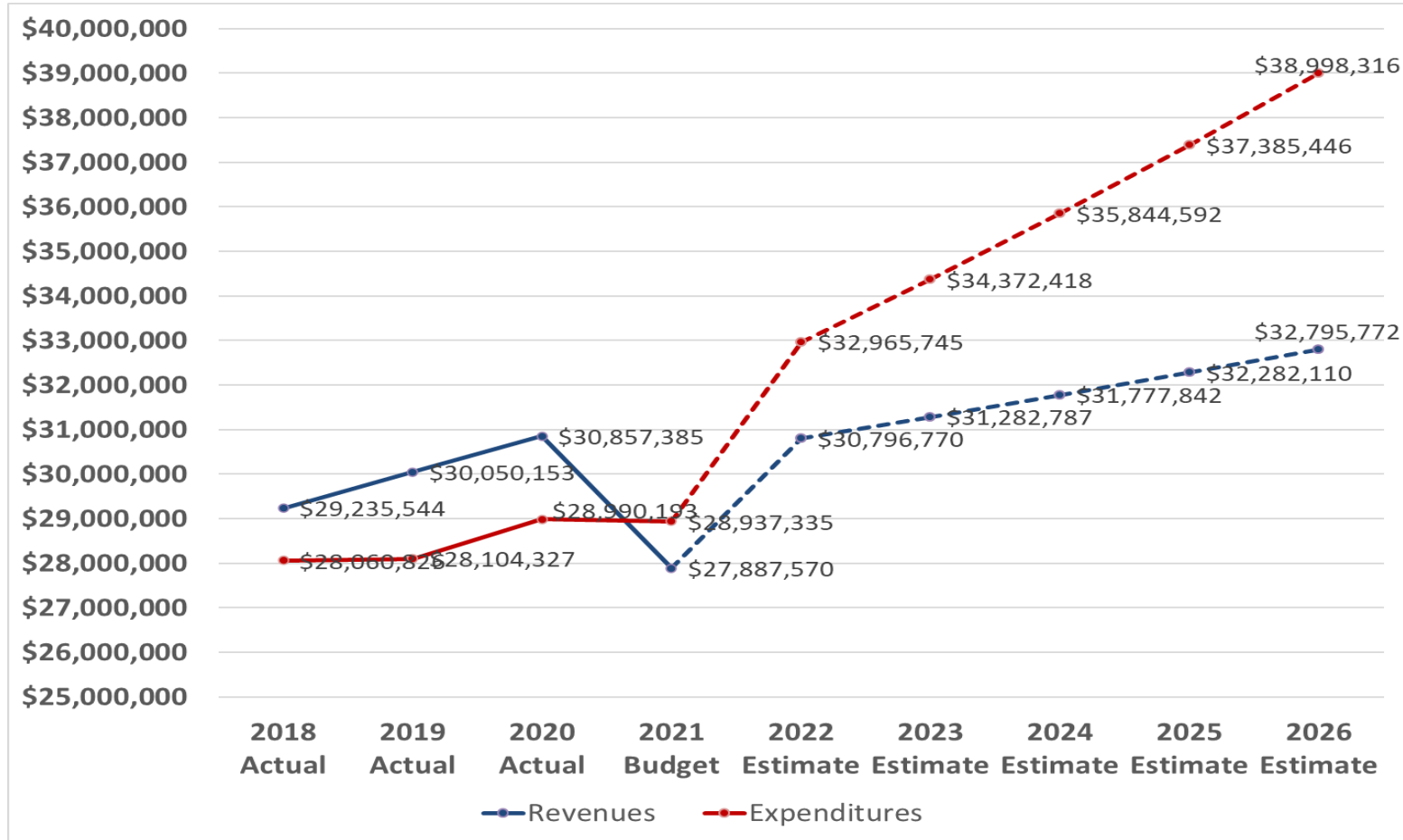
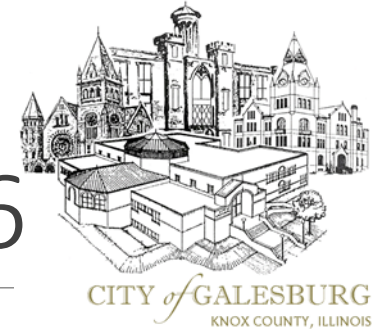
- Revenues increase by \$ 4.9M
- Expenditures increase by \$ 10M
- Difference = (\$5.2M)

## FY 2022 forecast

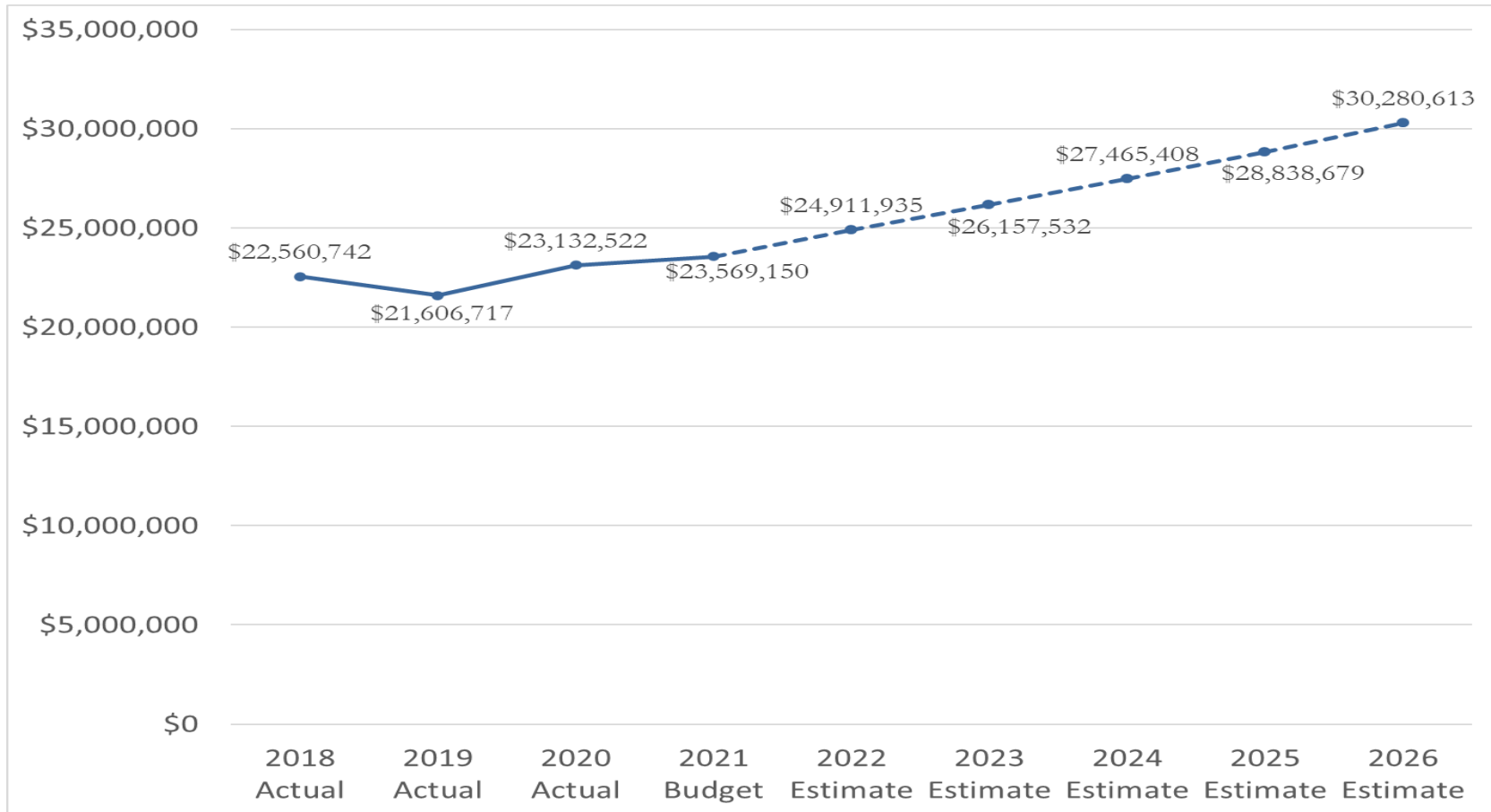
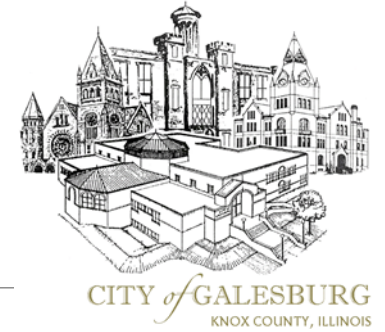
- Revenues increase by \$ 2.9M – 10.4%
- Expenditures increase by \$ 4.0M – 13.9%
- Beginning Fund Balance = \$ 12.1M

**Deficit = (\$ 2.2M)**

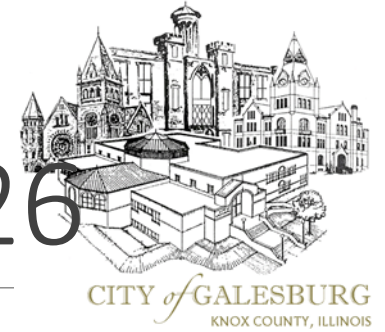
# General and Park & Rec Funds Revenues and Expenditures FY 2018-2026



# General and Park & Rec Fund Personnel Expenses FY 2018-2026

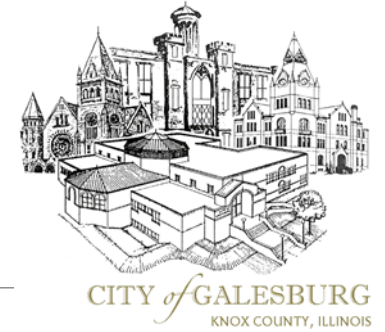


# General and Park & Rec Fund Expenditures by Category FY 2018-2026



Category	2018 Actual	2019 Actual	2020 Actual	2021 Budget	2022 Estimate	2023 Estimate	2024 Estimate	2025 Estimate	2026 Estimate
Personnel	80%	77%	80%	81%	76%	76%	77%	77%	78%
Contractual	11%	11%	9%	13%	12%	12%	12%	11%	11%
Commodities	4%	4%	3%	4%	5%	4%	4%	4%	4%
Capital	0%	0%	0%	0%	0%	0%	0%	0%	0%
Other	1%	1%	1%	1%	1%	1%	1%	1%	1%
Debt	0%	0%	0%	0%	0%	0%	0%	0%	0%
Transfers	3%	7%	7%	2%	7%	7%	7%	7%	7%

# Estimated General Fund and Park Fund - Fund Balances

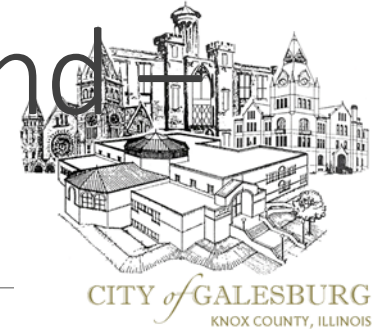


Based on FY 2021 budgeted use of fund balance.

Fund	12/31/21 Estimated Unassigned Fund Balance	FY 22 Estimated Revenues	FY 22 Estimated Expenses	FY 22 Revenues Over/(Under) Expenses	12/31/22 Estimated Unassigned Fund Balance	Estimated Over/(Under) Required 12/31/22 Fund Balance
General	\$ 10,774,583	\$ 26,187,395	\$ 27,219,895	\$ (1,032,500)	\$ 9,742,083	\$ 1,906,420
Park & Rec	\$ 1,331,130	\$ 4,609,375	\$ 5,745,850	\$ (1,136,475)	\$ 194,655	\$ (63,495)



# Estimated General Fund And Park Fund Fund Balances

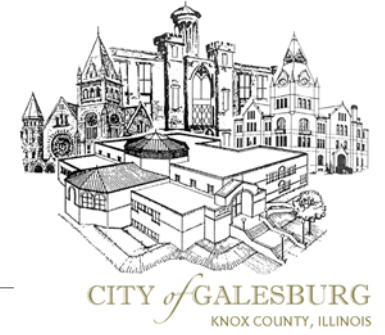


Based on no use of fund balance in FY 2021 = Additional \$1,049,765

Fund	12/31/21 Estimated Unassigned Fund Balance	FY 22 Estimated Revenues	FY 22 Estimated Expenses	FY 22 Revenues Over/(Under) Expenses	12/31/22 Estimated Unassigned Fund Balance	Estimated Over/(Under) Required 12/31/22 Fund Balance
General	\$ 11,312,598	\$ 26,187,395	\$ 27,219,895	\$ (1,032,500)	\$ 10,280,098	\$ 2,444,435
Park & Rec	\$ 1,842,880	\$ 4,609,375	\$ 5,745,850	\$ (1,136,475)	\$ 706,405	\$ 448,255

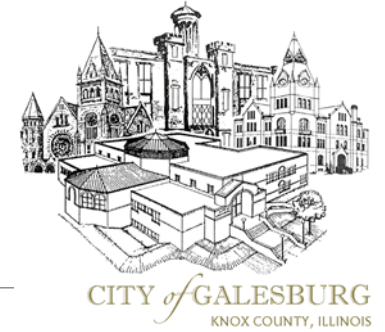
# Local Taxes

---



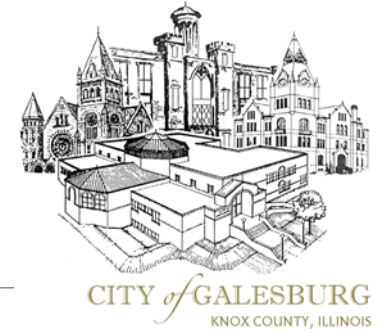
# Hotel/Motel Taxes – FY 2019-2021

## January - May



Monthly Collection	Jan	Feb	Mar	1st Qtr 2021	Apr	May	Total
FY19 \$ amount by collection month	\$ 41,547	\$ 42,258	\$ 62,680	\$ 146,485	\$ 64,968	\$ 76,440	\$ 287,893
FY20 \$ amount by collection month	43,682	44,361	19,116	107,158	30,816	23,296	\$ 161,271
FY21 \$ amount by collection month	26,567	37,189	48,765	112,521	53,652	66,420	\$ 232,593
\$ change in FY 20-21	(17,116)	(7,173)	29,650	5,361	22,837	43,124	\$ 71,322
% change in FY 20-21	-39%	-16%	155%	5%	74%	185%	44%

# Food & Beverage Tax – FY 20 & FY 21 January - May

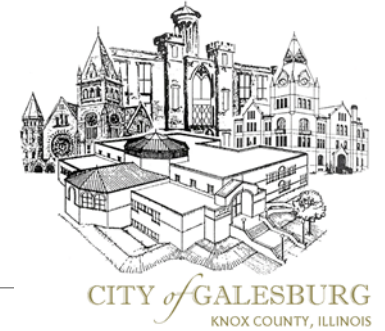


Monthly Collection	Jan	Feb	Mar	1st Qtr	Apr	May	Total
Total amount received in FY 19	\$103,070	\$128,857	\$122,269	\$354,196	\$151,809	\$127,904	\$633,908
Total amount received in FY 20	107,641	116,968	96,748	321,357	115,549	116,616	\$553,522
Total amount received in FY 21	112,135	114,589	160,432	387,157	141,357	162,832	\$691,346
\$ Change in tax collection	\$ 4,494	\$ (2,379)	\$ 63,685	\$ 65,800	\$ 25,808	\$ 46,216	\$137,824
% Change in tax collection	4%	-2%	40%	17%	18%	28%	20%

# City Gas Tax – FY 2019-2021

## January - April

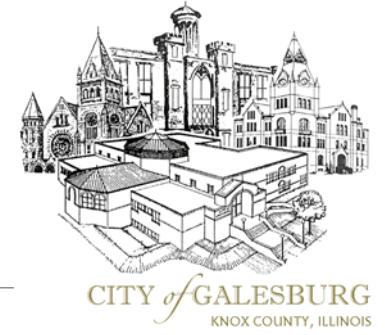
---



Monthly Collection	Jan	Feb	Mar	1st Qtr	Apr	Total
FY 19 total \$ by collected month	\$ 62,564	\$56,173	\$44,731	\$163,468	\$ 71,035	\$ 234,503
FY 20 total \$ by collected month	67,002	52,347	48,719	168,068	41,953	\$ 210,020
FY 21 total \$ by collected month	54,806	57,041	54,070	165,917	53,358	\$ 219,275
\$ Difference between FY20 & FY21	\$ (12,196)	\$ 4,694	\$ 5,351	\$ (2,150)	\$ 11,405	\$ 9,254
% Difference between FY20 & FY21	-18%	9%	11%	-1%	27%	4%

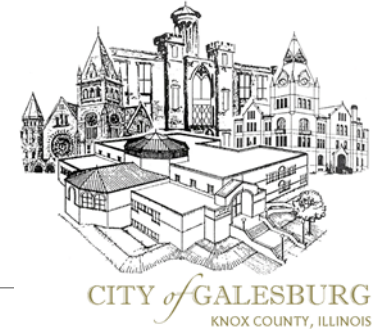
# General Fund

---



# FY22 General Fund Revenues and Expenditures Current Assumptions

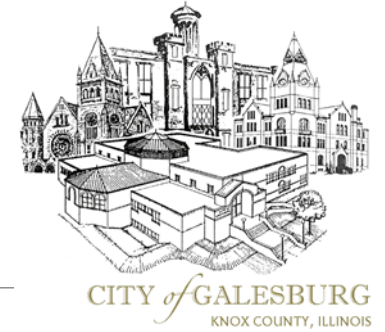
---



Description	Amount
Total Draft Revenues	\$ 26,187,395
Total Draft Expenditures	27,219,895
Revenues Over/(Under) Expenditures	\$ (1,032,500)

# FY22 General Fund Revenues by Category

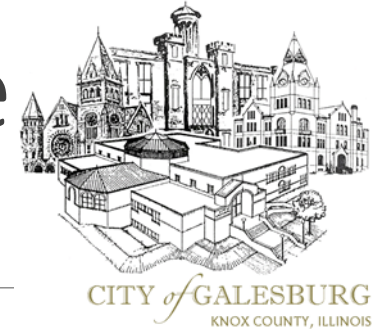
## Current Assumptions



Description	2022 Estimate	2021 Adopted	\$ Change	% Change
Taxes	\$ 22,532,910	\$ 20,090,110	\$ 2,442,800	12.2%
Licenses and Permits	407,400	410,925	(3,525)	-0.9%
Fines and Costs	272,400	276,450	(4,050)	-1.5%
Use of Money & Property	811,430	862,600	(51,170)	-5.9%
Intergovernmental Revenue	1,126,045	1,076,095	49,950	4.6%
Charges for Current Services	1,013,610	1,014,855	(1,245)	-0.1%
Other Revenue	23,600	29,300	(5,700)	-19.5%
<b>General Fund Revenue</b>	<b>\$ 26,187,395</b>	<b>\$ 23,760,335</b>	<b>\$ 2,427,060</b>	<b>10.2%</b>



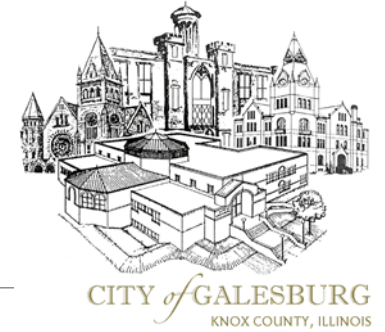
# FY22 General and Park Funds Tax Revenue Current Assumptions



Tax	\$ Change from FY 21 Budget	% Change from FY21 Budget	Note
Property	\$ 190,475	2%	\$90,365 increase for public safety pensions; \$100,110 for other corporate services; All General Fund except 20% of corporate levy to Park
Income	\$ 744,000	25%	95% General / 5% Park
Sales	\$ 439,000	8%	75% General / 25% Park
Local Use	\$ 175,000	16%	85% General / 15% Park
Home Rule	\$ 683,000	27%	80% General / 20% Park
Food & Beverage	\$ 205,000	15%	90% General / 10% Park
Hotel/Motel	\$ 223,000	47%	100% Park; 10.8% tax; CCA 2%/Promise 3.8%/Tourism Flat Rate \$190K/City Remaining
Video Gambling	\$ 95,000	35%	100% General
Telecommunication	\$ (54,000)	14%	100% General

# FY22 General Fund Expenditures by Category

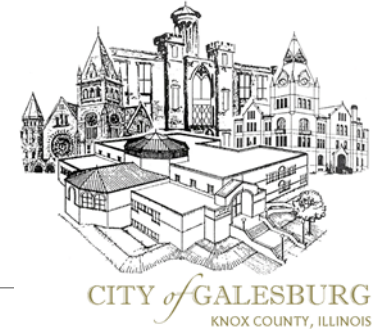
## Current Assumptions



Description	2022 Estimate	2021 Adopted	\$ Change	% Change
Personnel Services	\$ 21,999,400	\$ 20,833,365	\$ 1,166,035	5.6%
Contractual Services	2,513,075	2,346,340	166,735	7.1%
Commodities	782,755	568,760	213,995	37.6%
Other Charges	1,924,665	549,885	1,374,780	250.0%
<b>General Fund Expenses</b>	<b>\$ 27,219,895</b>	<b>\$ 24,298,350</b>	<b>\$ 2,921,545</b>	<b>12.0%</b>

# FY22 General Fund Expenditures Current Assumptions

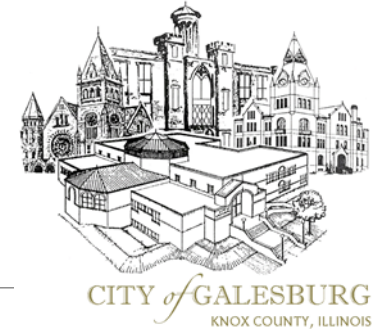
---



- Regular employee personnel increase by \$409,000 or 3.6%
- Overtime increase by \$148,000 or 15.5%
- Health insurance increase by \$432,000 or 18.6%
- IMRF pension contributions decrease by \$125,000 or 20.4%
- Public safety pension contributions increase by \$90,000 or 1.9%
- Maintenance of computer equipment increase by \$140,000 or 45.4%
- Minor tools increase by \$89,000 or 276%
- Replacement program contributions increase by \$1,285,000; no budget for FY 2021

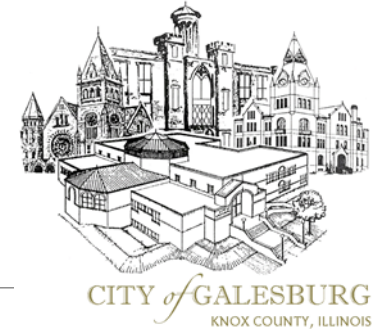
# Park & Recreation Fund

---



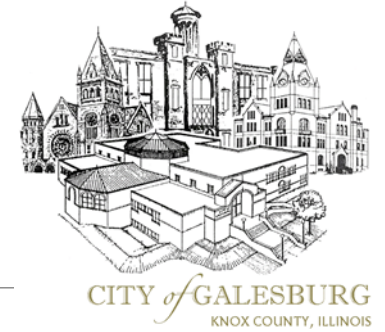
# FY 22 Park & Rec Fund Draft Revenues and Expenditures Current Assumptions

---



Description	Amount	
Total Draft Revenues	\$	4,609,375
Total Draft Expenditures		5,745,850
Revenues Over/(Under) Expenditures	\$	(1,136,475)

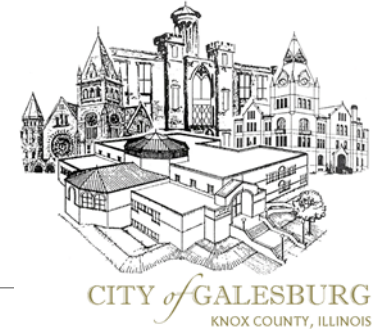
# FY22 Park & Rec Fund Revenues by Category Current Assumptions



Description	2022 Estimate	2021 Adopted	\$ Change	% Change
Taxes	\$ 3,553,585	\$ 3,057,485	\$ 496,100	16.2%
Use of Money & Property	958,090	991,400	(33,310)	-3.4%
Charges for Current Services	46,000	44,700	1,300	2.9%
Other Revenue	40,500	28,850	11,650	40.4%
Transfer From Other Funds	11,200	4,800	6,400	133.3%
<b>Park &amp; Rec Revenues</b>	<b>\$ 4,609,375</b>	<b>\$ 4,127,235</b>	<b>\$ 482,140</b>	<b>11.7%</b>

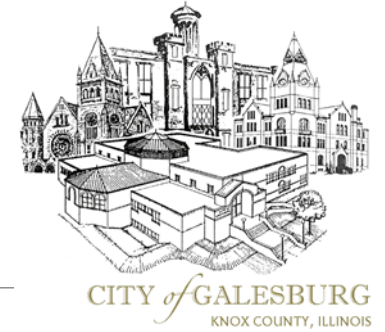
# FY22 Park & Rec Fund Revenue Highlights

## Current Assumptions



Facility	2019 Actual	2020 Actual	2021 Approved	2022 Estimate	\$ Change	% Change
Bunker Links golf course	\$430,793	\$444,238	\$511,600	\$460,200	(\$51,400)	-10%
Campground	77,777	87,456	81,000	86,500	\$5,500	7%
Lake Storey beach	8,125	21,981	7,470	19,200	\$11,730	157%
Hawthorne pool and gym	32,151	12,975	33,850	38,200	\$4,350	13%
Lakeside pool	94,477	25	93,750	101,500	\$7,750	8%
Lakeside recreation facility	24,021	11,321	21,400	21,150	(\$250)	-1%
Pavilion	39,990	12,657	37,000	39,000	\$2,000	5%
Park shelters	9,914	4,523	9,700	8,200	(\$1,500)	-15%
Recreation programs	131,793	44,900	139,650	144,050	\$4,400	3%
Total recreation facilities & programs	\$849,041	\$925,910	\$935,420	\$918,000	(\$17,420)	-2%

# FY22 Park & Rec Fund Revenues vs. Expenditures for Major Programs

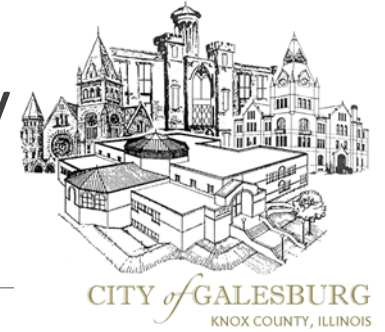


Program	2022 Estimated Revenue	2022 Estimated Expenditures	Revenue Over/(Under Expenditures)
Bunker Links golf course	\$ 460,200	\$ 802,420	\$ (342,220)
Campground	86,500	145,035	(58,535)
Lake Storey beach	19,200	64,395	(45,195)
Hawthorne gym	3,700	26,655	(22,955)
Hawthorne pool	34,500	141,155	(106,655)
Lakeside pool	101,500	327,735	(226,235)
Lakeside recreation facility	21,150	107,195	(86,045)
Pavilion	39,000	109,435	(70,435)
Recreation programs	144,050	202,745	(58,695)
Total recreation programs	\$ 909,800	\$ 1,926,770	\$ (1,016,970)



# FY22 Park & Rec Fund Expenditures by Category

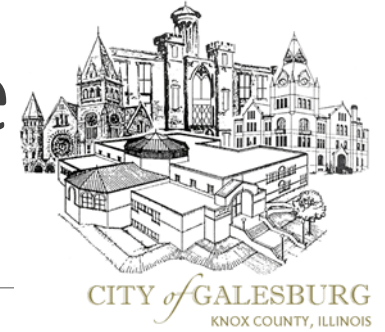
## Current Assumptions



Description	2022 Estimate	2021 Adopted	\$ Change	% Change
Personnel Services	\$ 2,912,535	\$ 2,735,785	\$ 176,750	6.5%
Contractual Services	1,477,705	1,327,595	150,110	11.3%
Commodities	728,795	513,430	215,365	41.9%
Other Charges	626,815	62,175	564,640	908.1%
<b>Park &amp; Rec Expenses</b>	<b>\$ 5,745,850</b>	<b>\$ 4,638,985</b>	<b>\$ 1,106,865</b>	<b>23.9%</b>

# FY22 Park & Recreation Fund Expenditure Current Assumption Highlights

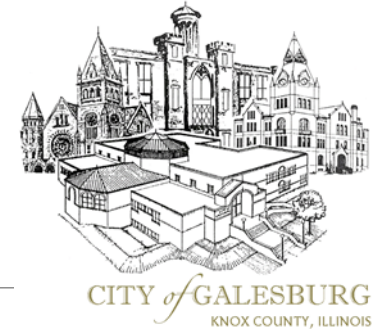
---



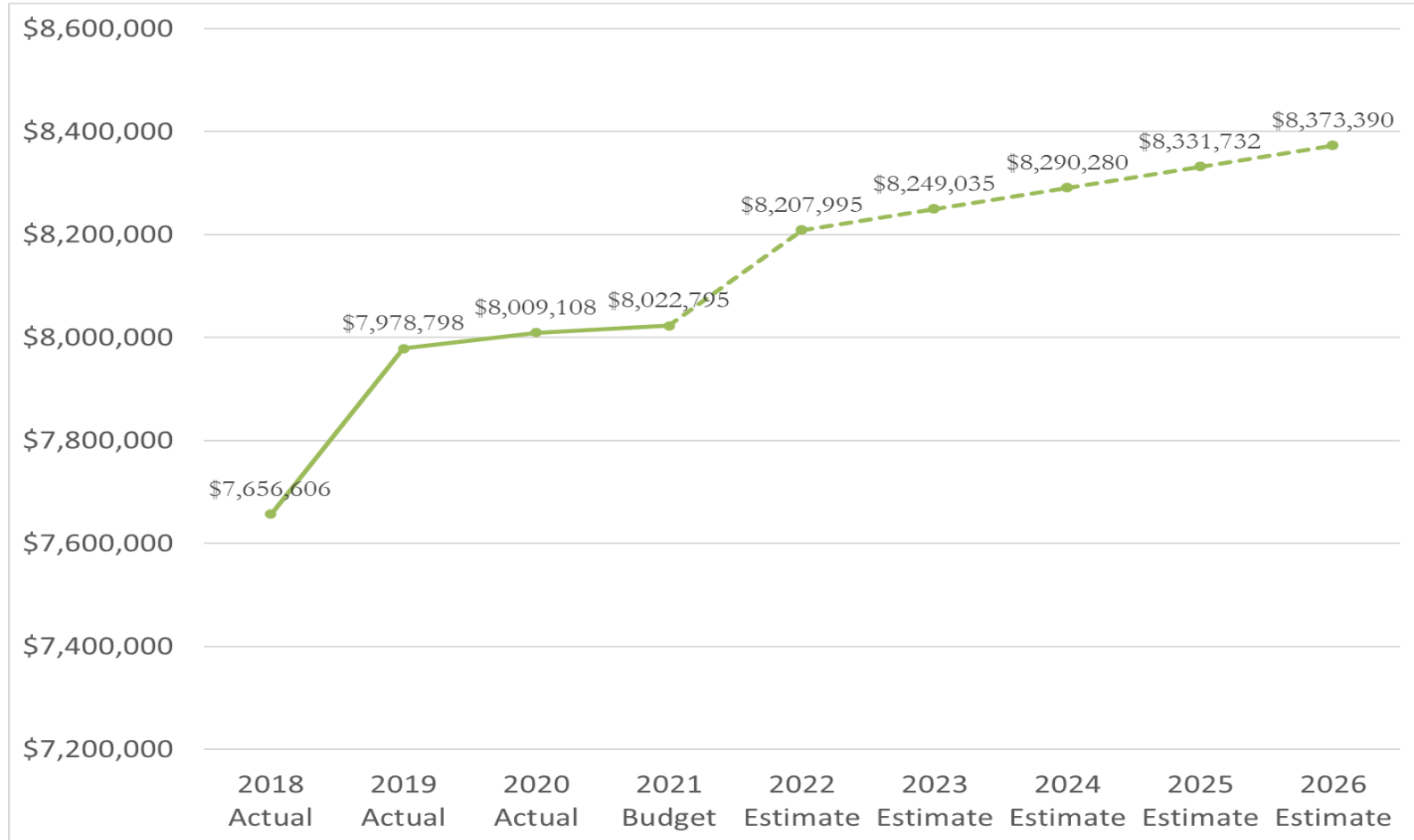
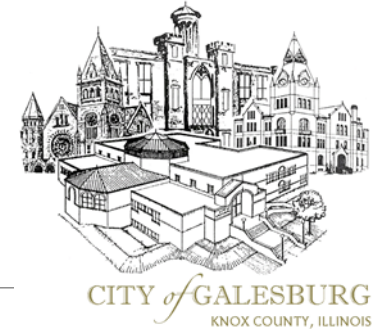
- Regular employees increase by \$62,000 or 5%
- Temporary employees increase by \$110,500 or 13%
- Health insurance increase by \$41,000 or 16%
- IMRF pension and social security decrease by \$51,500 or 16%
- Maintenance of buildings increase by \$92,000 or 56%
- Minor tools increase by \$172,200 or 883%
- Replacement program contributions increase \$518,600; no budget in FY 2021

# Property Tax

---

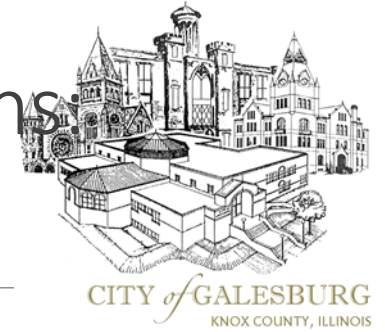


# Property Taxes FY 2018-2026



# Estimated 2021 Property Tax Levy – Current Assumptions

## Overall 2% Increase from FY 2020 Property Tax Levy

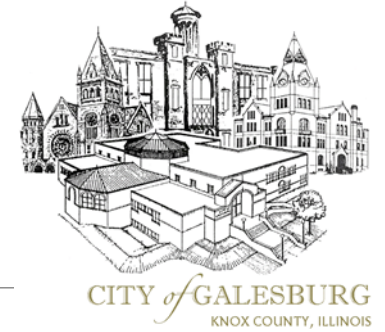


Description	FY21 Rate	FY21 Extension	FY22 Est. Rate	FY22 Est. Levy	\$ Change	% Change	Current % of Levy	New % of Levy
General/Park & Rec	\$0.309	1,122,167	\$0.336	1,222,170	\$100,003	9%	12%	13%
IMRF	0.078	284,861	0.078	284,860	(1)	0%	3%	3%
Social Security	0.069	250,053	0.069	250,055	2	0%	3%	3%
Policemens Pension	0.631	2,294,125	0.681	2,478,490	184,365	8%	24%	26%
Library	0.433	1,576,154	0.433	1,576,155	1	0%	17%	16%
General - Fire	0.378	1,376,148	0.378	1,376,150	2	0%	15%	14%
Firemens Pension	0.702	2,554,544	0.677	2,460,545	(93,999)	-4%	27%	26%
<b>Total</b>	<b>\$2.600</b>	<b>\$9,458,052</b>	<b>\$2.653</b>	<b>9,648,425</b>	<b>\$190,373</b>	<b>2%</b>	<b>100%</b>	<b>100%</b>

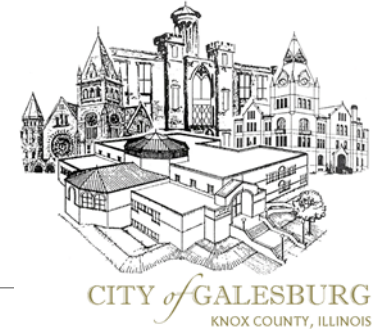
# Impact with Current Assumptions

---

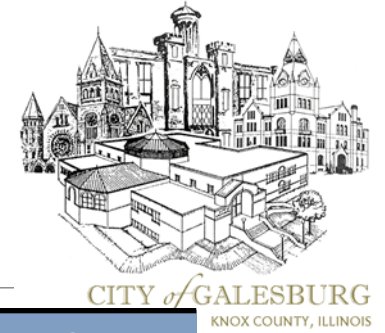
- Current property tax for \$50,000 value \$433
- Estimated property tax for \$50,000 value \$442
- \$9 increase per \$50,000 value from 2020 rate



# Public Safety Pension Estimates



Pension	2020 Levy for FY 2021	FY22 Actuary Amount	FY22 State Amount	FY22 Median Amount
Fire	\$2,554,544	\$3,324,323	\$2,460,541	\$2,892,432
Police	2,294,125	3,360,350	2,478,490	2,919,420
Total	\$4,848,669	\$6,684,673	\$4,939,031	\$5,811,852



# Public Safety Pension Estimates

Pub Safety Levy Amount	Pub Safety Pensions	\$ Inc from 2020 Levy	% Inc from 2020 Levy	Estimated Rate	\$ Per \$50K	\$ Chg from 2020 Levy per \$50K	Truth in Taxation Hearing Required
*Flat	\$4,848,669	\$0	0%	\$2.60	\$433.40	\$0	No
Actuary	\$6,684,673	\$1,836,004	19.41%	\$3.105	\$517.53	\$84.13	Yes
State	\$4,939,031	\$90,362	0.955%	\$2.625	\$437.54	\$4.14	No
Median	\$5,811,852	\$963,183	10.18%	\$2.865	\$477.54	\$44.14	Yes

\*Would not meet State minimum requirements.



# Public Comment

---

