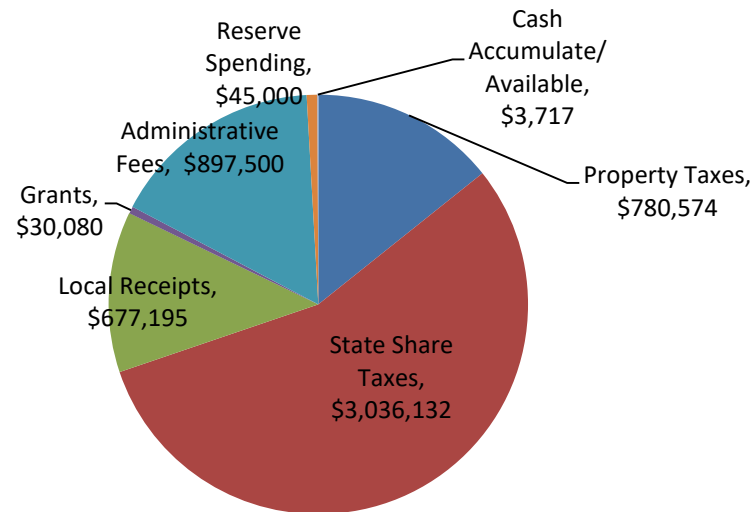


Fund 01-4100-		Department General Fund Revenues				
<u>FY17 Budget</u>	<u>FY18 Budget</u>	<u>\$ Chng</u>	<u>% Chng</u>	<u>FY19 Budget</u>	<u>\$ Chng</u>	<u>% Chng</u>
\$ 5,963,563	\$ 5,562,852	\$ (400,711)	-6.72%	\$ 5,470,198	\$ (92,654)	-1.67%

General Fund Revenues for FY19 are projected to total \$5,470,198. This represents a \$92,654, or 1.67%, decrease relative to FY18 budgeted revenues. Please see notes below for background on factors impacting projected revenues. The FY19 budget includes \$15,000 from a prior Union Pacific grant for a new museum which hasn't been spent yet, and \$30,000 for the PGAV contract for its assistance with our application for a new enterprise zone., both of which are budgeted from reserves held in the General Fund.

General Fund revenues support the following departments: General Administration (City Hall), Police, Public Works Administration, Economic Development, Streets, Street Lighting, Swimming Pool, Bryan Museum, Cemetery, Animal Control, Police Board, Tourism Council, Mechanical Services, Emergency Management, Recreation, Parks, and the Library.

<u>Source Category</u>	<u>Total</u>	<u>% of Total</u>
Property Taxes	\$ 780,574	14.27%
State Share Taxes	\$ 3,036,132	55.50%
Local Receipts	\$ 677,195	12.38%
Grants	\$ 30,080	0.55%
Administrative Fees	\$ 897,500	16.41%
Reserve Spending	\$ 45,000	0.82%
Cash Accumulate/Available	\$ 3,717	0.07%
TOTAL	\$ 5,470,198	100.00%



Revenue Totals by Category

Notes: (1) The City collects other property tax dollars that are allocated directly to non-General Fund departments. (2) Admin Fees include transfers from Fund 18 (half-cent sales tax), Water, Gas, Garbage, and Recreation. (3) The FY19 budget allocates dollars from reserve funds: \$15,000 from a previously received Union Pacific grant for Historical Comm and \$30,000 for fees associated with a contract with PGAV for a new enterprise zone.

Department Budget Totals -- Expenditures -- All Funds

<u>Department Name</u>		<u>FY18 Budget</u>		<u>FY19 Budget</u>		<u>\$ Change</u>	<u>% Change</u>
General Administration	\$	727,220	\$	713,761	\$	(13,459)	-1.85%
Police	\$	1,767,900	\$	1,829,350	\$	61,450	3.48%
Public Works Administration	\$	112,852	\$	116,729	\$	3,877	3.44%
City Hall	\$	46,900	\$	57,500	\$	10,600	22.60%
Economic Development	\$	117,690	\$	145,627	\$	27,937	23.74%
Streets	\$	325,940	\$	313,549	\$	(12,391)	-3.80%
Street Lighting	\$	147,800	\$	149,000	\$	1,200	0.81%
Swimming Pool	\$	411,720	\$	424,340	\$	12,620	3.07%
Bryan Museum	\$	6,920	\$	6,470	\$	(450)	-6.50%
Cemetery	\$	144,580	\$	155,292	\$	10,712	7.41%
Animal Control	\$	100,845	\$	101,690	\$	845	0.84%
General & Personnel Services	\$	1,496,114	\$	1,314,936	\$	(181,178)	-12.11%
Police Board	\$	7,915	\$	7,915	\$	-	0.00%
Tourism Council	\$	94,700	\$	76,300	\$	(18,400)	-19.43%
Mechanical Services	\$	53,756	\$	57,739	\$	3,983	7.41%
Dept of Emergency Management	\$	34,825	\$	34,366	\$	(459)	-1.32%
Garbage	\$	627,490	\$	654,990	\$	27,500	4.38%
Parks	\$	221,049	\$	185,176	\$	(35,873)	-16.23%
Library	\$	200,745	\$	197,937	\$	(2,808)	-1.40%
Library IMRF	\$	19,010	\$	16,272	\$	(2,738)	-14.40%
Recreation	\$	81,685	\$	107,344	\$	25,659	31.41%
Motor Fuel Tax	\$	197,600	\$	173,500	\$	(24,100)	-12.20%
Police Pension	\$	460,000	\$	532,532	\$	72,532	15.77%
Downtown TIF	\$	271,350	\$	251,240	\$	(20,110)	-7.41%
Venterans' Fund	\$	900	\$	900	\$	-	0.00%
Working Cash	\$	-	\$	-	\$	-	0.00%
Water & Sewer	\$	2,997,549	\$	2,960,902	\$	(36,647)	-1.22%
Natural Gas	\$	3,542,484	\$	3,672,984	\$	130,500	3.68%
Fund 18 - 1/2 Cent Sales Tax	\$	1,576,363	\$	1,576,060	\$	(303)	-0.02%
Matching Grant Projects	\$	233,433	\$	253,650	\$	20,217	100.00%
TIF #2	\$	330,230	\$	349,825	\$	19,595	5.93%
CDAP Revolving Loan Fund	\$	1,220,300	\$	964,530	\$	(255,770)	-20.96%
GRAND TOTAL	\$	17,577,865	\$	17,402,406	\$	(175,459)	-1.00%

**** FULL CONTRIBUTION TO THE POLICE PENSION IS NOT INCLUDED ON THIS PAGE.**

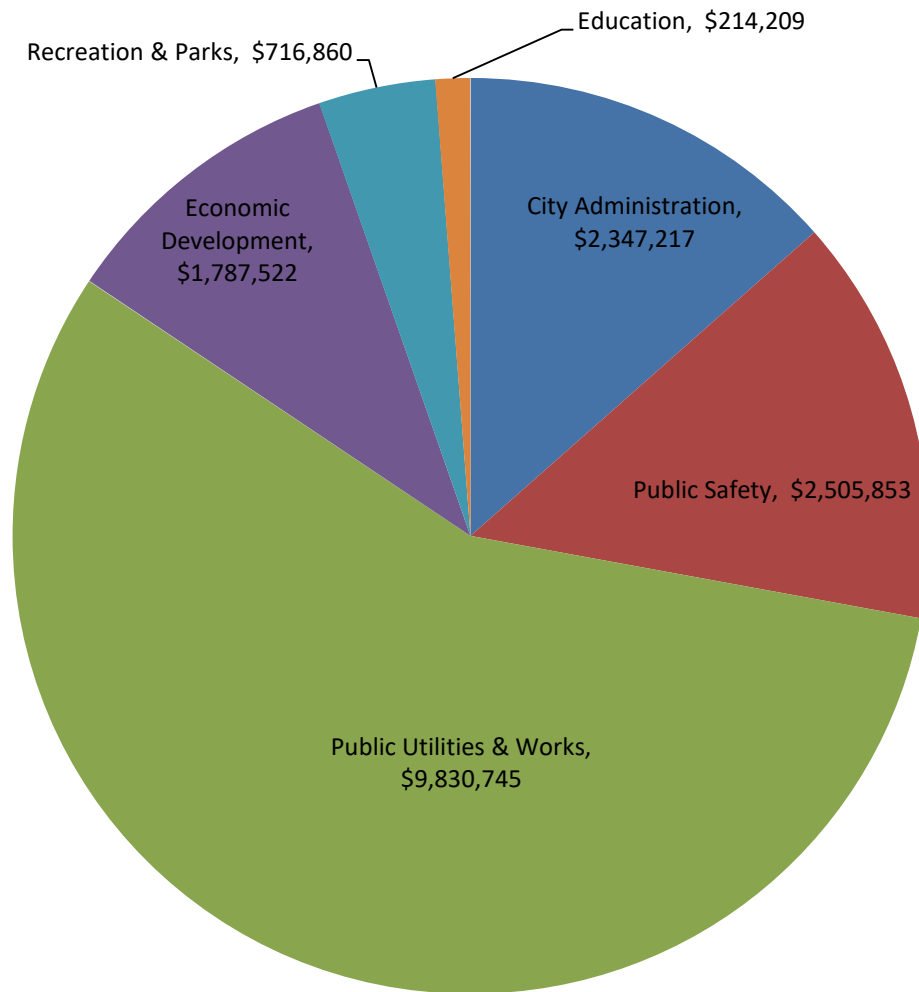
What does the City do?

Budget Totals -- All Funds

Categories of City Services

The City budget may be broken down in the following categories and percentages:

- * City Administration (13.63%) - General Admin, City Hall, Bryan Home, General & Personnel, Fund 20/Video Gaming.
- * Public Safety (14.55%) - Police Dept, Animal Control, Police Pension, DOEM , Police Board.
- * Public Works (57.09%) - including Water, Gas, Fund 18, MFT, Mechanic, Cemetery, others.
- * Economic Development (9.32%) - Econ Dev budget, TIFs, and RLF.
- * Recreation & Parks (4.16%) - Recreation, Parks, Swimming Pool, which includes pool bonds.
- * Education (1.24%) - Library and Library IMRF.



FY19 Budget Notes and Analysis

- 1 The FY19 General Fund budget is essentially the product of a reduction of \$96,000 resulting from taking Video Gaming revenues out of the General Fund and putting it directly into Fund 20. Thereafter, the FY19 entails a swapping of several revenue and spending increases and decreases causing the FY19 budget to settle in at around \$5.47 million.

\$	5,562,852	→	FY18 Budget Total
\$	96,000	→	Video Gaming budgeted total
\$	5,466,852	→	Approximate FY19 budget total

Revenue Object	\$ Increase	\$ Decrease	
Property taxes		\$ (7,710)	
PPRT projected increase	\$ 15,000		
Sales tax projected decrease		\$ (72,500)	
Sale of materials increase (4 squads)	\$ 15,000		
Use tax decrease		\$ (6,000)	
Increase in cash acct bank interest	\$ 48,100		
Income tax decrease		\$ (36,500)	
Police Task Force grant	\$ 28,080		
Decrease in RLF interest transfer		\$ (20,300)	
Project increases in fines and pool rev	\$ 10,000		
Telecomm tax decrease		\$ (33,000)	
New transfer from Fund 08 Rec	\$ 25,000		
New transfer from Fund 03 Garbage	\$ 20,000		
Increase Fund 18 trans for Pool Bonds	\$ 13,000		
	\$ 174,180	\$ (176,010)	Net Impact
			(1,830)

Expenditure Object	\$ Increase	\$ Decrease	
Move Theatre Electric to Fund 20		\$ (12,000)	
Net increase in Police budget	\$ 61,450		
Net decrease in Streets budget		\$ (12,400)	
Net increase in City Hall budget	\$ 10,600		
Net Gen & Pers decrease (not Vid Game)		\$ (85,175)	
PGAV contract for Enterprise Zone app	\$ 30,000		
Tourism budget decrease		\$ (18,400)	
Pool budget increase	\$ 12,620		
Cemetery budget increase	\$ 10,715		
	\$ 125,385	\$ (127,975)	Net Impact
			(2,590)

FY19 Budget Notes and Analysis

- 2 We have traditionally presented annual City budgets with a line at the end of each budget named "Cash Available (Accumulate)." These lines report whether each department's budget expenditures either exceed or are less than projected revenues. A negative number is indicative of a budget spending less than projected revenues, while a positive number is indicative that the department budget presumes to spend reserve dollars. A line reporting "\$0" is balanced.
- 3 The FY19 budget shows \$15,000 as reserve spending from a prior year's grant from Union Pacific in support of a City museum (see 01-5101-420-00). The FY19 budget also shows \$30,000 as reserve spending for professional services fees associated with the contract with PGAV for the City's application for a new Enterprise Zone (see 01-5105-214-00).
- 4 The Illinois Department of Revenue offers a web-based report detailing the sales taxes paid by tax payers located within all Illinois taxing jurisdictions. These reports break down sales tax payments into ten different categories based upon industry of the sales tax payer. Looking at the Illinois report is interesting because it allows us to research what parts of the Salem economy are generating lower taxable sales. Q4 through Q3 are reported for 2016 and 2017 and show that most categories of tax payers are reporting fewer taxes. Please note these quarter do not line up with the City's fiscal year. Please see the chart on the following page.

FY19 Budget Notes and Analysis

4 cont City of Salem sales tax payers performance by category. Half-cent sales taxes are not included below, this is the base City sales tax.

Period	MT	Gen Merch	Food	D&EP	Auto & Filling	Drugs & Misc	Ag & All Other	Manufact	All Other	# of Taxpyrs
2015 Q4	\$ 545,453	\$ 157,801	\$ 53,581	\$ 57,017	\$ 141,179	\$ 53,244	\$ 53,995	\$ 8,300	\$ 20,337	302
2016 Q1	\$ 605,573	\$ 184,832	\$ 47,158	\$ 55,112	\$ 203,795	\$ 51,895	\$ 43,207	\$ 7,028	\$ 12,547	257
2016 Q2	\$ 506,062	\$ 101,370	\$ 52,050	\$ 59,250	\$ 165,703	\$ 56,147	\$ 50,125	\$ 9,044	\$ 12,373	265
2016 3Q	\$ 515,654	\$ 132,343	\$ 49,335	\$ 56,633	\$ 149,633	\$ 54,592	\$ 46,909	\$ 14,641	\$ 11,569	266
	\$ 2,172,743	\$ 576,346	\$ 202,124	\$ 228,011	\$ 660,310	\$ 215,878	\$ 194,235	\$ 39,013	\$ 56,826	

Period	MT	Gen Merch	Food	D&EP	Auto & Filling	Drugs & Misc	Ag & All Other	Manufact	All Other	# of Taxpyrs
2016 Q4	\$ 574,343	\$ 149,583	\$ 48,602	\$ 53,662	\$ 178,202	\$ 60,767	\$ 57,563	\$ 11,266	\$ 14,699	301
2017 Q1	\$ 498,132	\$ 126,496	\$ 45,700	\$ 56,419	\$ 151,690	\$ 52,875	\$ 47,294	\$ 6,136	\$ 11,522	283
2017 Q2	\$ 532,899	\$ 133,492	\$ 51,344	\$ 57,960	\$ 157,382	\$ 53,523	\$ 56,151	\$ 9,829	\$ 13,218	265
2017 3Q	\$ 518,755	\$ 123,990	\$ 52,205	\$ 56,829	\$ 154,514	\$ 53,664	\$ 56,138	\$ 9,418	\$ 11,997	274
	\$ 2,124,129	\$ 533,561	\$ 197,850	\$ 224,870	\$ 641,789	\$ 220,828	\$ 217,145	\$ 36,650	\$ 51,436	

Annual Change	MT	Gen Merch	Food	D&EP	Auto & Filling	Drugs & Misc	Ag & All Other	Manufact	All Other
\$ Difference	\$ (48,614)	\$ (42,785)	\$ (4,274)	\$ (3,141)	\$ (18,521)	\$ 4,951	\$ 22,910	\$ (2,363)	\$ (5,390)
% Difference	-2.29%	-8.02%	-2.16%	-1.40%	-2.89%	2.24%	10.55%	-6.45%	-10.48%

Q3 '16-'17 Change	MT	Gen Merch	Food	D&EP	Auto & Filling	Drugs & Misc	Ag & All Other	Manufact	All Other
\$ Difference	\$ 3,101	\$ (8,353)	\$ 2,869	\$ 196	\$ 4,882	\$ (928)	\$ 9,230	\$ (5,223)	\$ 428
% Difference	0.60%	-6.74%	5.50%	0.35%	3.16%	-1.73%	16.44%	-55.46%	3.57%

** Notes

- 1) Numbers provided above are from the Illinois Dept of Revenue --> <https://www.revenue.state.il.us/app/kob/index.jsp>
- 2) Types of businesses in each category are as follows:
- 3) Q1 figure for General Merchandise is extrapolated because it was not reported due to too few taxpayers in category.

General Merchandise	Food	Drink & Eat Places	Auto & Filling	Drugs & Misc Retail
Dept Stores	Grocery Stores	Eating places	Car dealerships	Pharmacies
Variety Stores	Meat & fish markets	Drinking places	Gas service stations	Liquor stores
	Dairy prod stores	Hotels & motels	Auto repair shops	Used merchandise stores
			Auto & home supply	Jewelry stores

FY19 Budget Notes and Analysis

5

We budget for health insurance spending within the General Fund (General & Personnel), Park, Water, and Gas. No other department employees receive health insurance benefits. The City has used a partially self-insured plan for the last several years with good success. The City's health insurance spending has been pretty flat over these years.

Through February 2018, we estimate the City has spent only a net 73.04% of it's FY18 health insurance budget. This would put the City on a course to end FY18 having spent only 87.65% of our total health insurance budget (**all departments**). This is not an assured outcome, however. We have traditionally not allowed isolated "down" years of health insurance spending to cause us to reallocate these dollars to other City

		83% of FY18 complete			
Health Insurance		FY18 Budget	FY18 Perf thru Feb 18	% of Budget	FY18 Projection
Gen Fund	Health Insurance ^(a)	\$ 777,645	\$ 600,438	77.21%	\$ 720,526
	Health Ins Reimburse ^(u)	\$ (166,135)	\$ (129,493)	77.94%	\$ (155,392)
	Retiree Stipend ^(c)	\$ 26,400	\$ 22,116	83.77%	\$ 26,539
	Reinsurance Claims ^(a)	\$ (11,350)	\$ (26,367)	232.31%	\$ (31,640)
	Dental Insurance & Reimburse	\$ (4,500)	\$ (6,726)	149.47%	\$ (8,071)
Park	Health Insurance	\$ 19,837	\$ 14,838	74.80%	\$ 17,806
	Health Ins Reimburse	\$ (3,380)	\$ (1,655)	48.97%	\$ (1,986)
	Reinsurance Claims	\$ (250)	\$ (652)	260.83%	\$ (782)
	Dental Insurance & Reimburse	\$ (100)	\$ (166)	166.33%	\$ (200)
Water	Health Insurance	\$ 337,626	\$ 253,349	75.04%	\$ 304,019
	Health Ins Reimburse	\$ (33,800)	\$ (28,260)	83.61%	\$ (33,912)
	Reinsurance Claims	\$ (5,000)	\$ (11,133)	222.66%	\$ (13,360)
	Dental Insurance & Reimburse	\$ (1,000)	\$ (2,840)	284.00%	\$ (3,408)
Gas	Health Insurance	\$ 170,204	\$ 130,931	76.93%	\$ 157,117
	Health Ins Reimburse	\$ (16,900)	\$ (14,241)	84.27%	\$ (17,089)
	Reinsurance Claims	\$ (2,500)	\$ (5,610)	224.41%	\$ (6,732)
	Dental Insurance & Reimburse	\$ (1,000)	\$ (1,431)	143.12%	\$ (1,717)
		\$ 1,085,796	\$ 793,098	73.04%	\$ 951,717
		\$ 1,305,311	\$ 999,557	76.58%	\$ 1,199,469

**** Notes regarding table above on following page.**

FY19 Budget Notes and Analysis

5 cont Notes on health insurance table from prior page.

^(a) Claims and reimbursements are allocated to each budget line proportionately so as to obscure the spending arising out of depts with few employees.

^(b) **Employees** with family coverage pay \$134.99 to City for coverage.

^(c) The City offers a \$200 monthly stipend towards the cost of health insurance for retirees with 20 years of service or more, expenses for which are shown here.

^(d) The City budgets the reimbursement of reinsurance claims as negative expenses.

Among City employees, officials, retirees, and dependents, the City covers approximately 194 individuals.

Type of Insured	Individuals Covered
Employee	69
Employee Family/Dependent	113
Retirees	11
Retiree Family/Dependent	1
TOTAL	194

Projected FY18 health insurance expend	\$	951,717
Health insurance cost/employee	\$	13,793
Health insurance cost/insured	\$	4,906

** 47 of the City's 69 covered employees elect to cover their family/dependents, for which they pay an approximate \$130 biweekly "family copay."

FY19 Budget Notes and Analysis

- 6 City Manager believes that population decline is an issue among the vast majority of Southern Illinois communities, including Salem. Please see data on population counts and estimates below. Population decline will have a number of negative impacts on the community, including less local spending among retailers, declining workforce, and deteriorating property and property values. For the purpose of these notes, focus will be placed on impact to the City annual budget (see next page).

2010 Decennial Census and other Population Estimates and Projections

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2021</u>	<u>2022</u>
<i>Census Bureau Decennial Census</i>										
Illinois	12,830,632									
Salem	7,485									
<i>Census Bureau American Community Survey (5-yr est)</i>										
Illinois	12,790,182	12,823,860	12,848,554	12,868,747	12,873,761	12,851,684				
% Difference from 2010	-0.32%	-0.05%	0.14%	0.30%	0.34%	0.16%				
Salem	7,475	7,407	7,253	7,135	7,054	6,930				
% Difference from 2010	-0.13%	-1.04%	-3.10%	-4.68%	-5.76%	-7.41%				
<i>Census Bureau Population Estimate Program</i>										
Illinois	12,862,298	12,878,494	12,890,403	12,882,438	12,862,051	12,835,726	12,802,023			
% Difference from 2010	0.25%	0.37%	0.47%	0.40%	0.24%	0.04%	-0.22%			
Salem	7,398	7,384	7,330	7,312	7,286	7,241				
% Difference from 2010	-1.16%	-1.35%	-2.07%	-2.31%	-2.66%	-3.26%				
<i>ESRI Demographic Profile</i>										
Illinois							13,027,812		13,137,919	
% Difference from 2010							1.54%		2.39%	
Salem							7,353	7,291	7,267	7,140
% Difference from 2010							-1.76%	-2.59%	-2.91%	-4.61%

We understand the City's income tax (01-4202-00) and use tax (01-4201-01) are distributed from the Local Government Distributive Fund (LGDF) by the State of Illinois on a per capita basis. The distribution will change upon completion of the next decennial census in 2020. That means, if Salem's population is found to have declined in 2020 relative to 2010, the City's share of dollars from LGDF will decrease in favor of communities whose population has increased.

Using methods to smooth out above data and to pinpoint populations for both Illinois and Salem in 2020, perhaps Illinois' population will become 13,049,181, representing a 1.70% **increase** over the 2010 census. Salem's population could become 7,202, representing a 3.35% **decrease** from the 2010 census.

FY19 Budget Notes and Analysis

6 cont Looking only at income and use taxes received by the City from LGDF, the impact of an estimated 2020 census could look something like the following:

FY19 Budget Environment Estimate

	Budget		Per Capita	2020 Impact in 2019 \$s		\$ Change	% Change
Income Tax	\$	685,000	\$	91.52	\$	659,101	\$ (25,899) -3.78%
Use Tax	\$	180,000	\$	24.05	\$	173,194	\$ (6,806) -3.78%
	\$	865,000	\$	115.56	\$	832,295	\$ (32,705) -3.78%

(\$32,705) represents ~ 0.5% of total FY19 budget demands

FY21 Budget Environment Estimate

	Per Capita		Total Receipts	\$ Change from FY19		% Change
Income Tax	\$	89.69	\$	645,919	\$ (39,081)	-5.71%
Use Tax	\$	23.57	\$	169,731	\$ (10,269)	-5.71%
		\$		815,649	\$ (49,351)	-5.71%

(\$49,351) represents ~0.9% of total FY19 budget demands

****NOTES:**

- 1) Many of Salem's sources of taxes and fees are at least indirectly impacted by population, including: sales tax, telecomm tax, cable tv franchise fees, MFT, and water and gas utility revenues. Property taxes are impacted if property is abandoned and if taxes go unpaid and if properties are eventually abandoned.
- 2) The Illinois Municipal League frequently reports forecasts for receipts of State shared revenues, including income and use taxes. In January 2018, IML forecasted per capital receipts for income tax totaling \$95.80 and use tax totaling \$26.30, which are higher than what we forecast for the FY19 budget.
- 3) FY21 Budget Environment assumes income and use tax both decrease only 1% for both FY20 and FY21 fiscal years.
- 4) Census Bureau ACS 5-year estimates for both Illinois and Salem come from <https://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml>.
- 5) Census Bureau Population Estimate numbers come from same site as #4 above for Illinois and for Salem from <https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=CF>
- 6) ESRI figures pulled from both Location One and ESRI.

FY19 Budget Notes and Analysis

- 7 City ordinance and contracts permit City employees to sell to the City a portion of their accrued sick leave if they have accumulated the equivalent of at least 60 days of sick leave. This program is found in Section 2-147 of the City Code of Ordinances, Section 12.7 of the FOP contract, and Article 7 of the Operating Engineers contract. City employees are reimbursed for the portion they are allowed to sell by way of check received in May of each year. The budget for this cost is found in the "Misc Payroll" lines in affected budgets. The FY19 expense budgeted for Misc Payroll totals \$37,402.
- 8 If the budget continues to tighten in future years, the City may need to take a closer look at budgeted expenses tied to "non-essential City services." This IS NOT meant to be construed as unimportant spending (emphasis added). Certain such expenses are noted below.

FY19 Budgeted Item	Line Item		Total
Fireworks	01-5101-327-00	\$	10,000
Salem Theatre electricity	Fund 20	\$	12,000
Community Appearance	01-5101-410-01	\$	20,000
Christmas Decorations	01-5101-318-00	\$	6,881
SCT contribution	01-5101-410-02	\$	4,800
Route 50 Coalition	01-5101-423-00	\$	1,000
Comm Center Director	Fund 20	\$	17,500
TOTAL		\$	72,181

- 9 In FY18, the City of Salem received a very favorable renewal of its risk management policy underwritten by ICRMT. We project the City's total FY18 risk management expenses (liability, property, and work comp) to total \$470,585. We've budgeted for a 5% increase in our risk management expense in FY19, which allows us to experience a reduction of \$58,981 in budgeted risk management and represents a 10.66% reduction. This ended up being a windfall for our FY19 budget and shows up in 01-5112 General & Personnel budget in the General Fund.

Department (FY18 % of tot)	Line Item		FY18 Budget	Estimated FY18 Expense	FY19 Budget (5% added)
General Fund (34.78%)	01-5112-209-00	\$	192,390	\$ 163,690	\$ 171,874
Emergency Mgmt (0.65%)	02-5101-209-00	\$	3,585	\$ 3,050	\$ 3,203
Garbage (10.46%)	03-5101-209-00	\$	57,850	\$ 49,220	\$ 51,681
Parks (2.94%)	04-5101-209-00	\$	16,235	\$ 13,813	\$ 14,504
Recreation (0.89%)	08-5101-209-00	\$	4,910	\$ 4,178	\$ 4,386
Water (27.54%)	16-5112-209-00	\$	152,295	\$ 129,576	\$ 136,055
Gas (22.75%)	17-5101-209-00	\$	125,830	\$ 107,059	\$ 112,412
TOTAL		\$	553,095	\$ 470,585	\$ 494,114

FY19 Budget Notes and Analysis

- 10 Reserve coverage is a discussion that relates to dollars held in reserve relationally to operational demands. How much cash does one have on hand in the event of a financial emergency. A representative of IGFOA once indicated, all things being equal, a good fund balance to have on hand would be equal to the cost of three months of operation.

Fund	Fund Balance 2/28/2018	End of year Revenues	End of year Expenses	Estimated EOY FY 2018 Bal	FY 2019 Revenue	FY 2019 Expenses	Estimated EOY FY 2019 Bal
General	\$ 4,001,184	\$ 642,483	\$ 885,209	\$ 3,758,458	\$ 5,566,481	\$ 5,651,098	\$ 3,673,841
ESDA	\$ 4,317	\$ 39,838	\$ 5,150	\$ 39,005	\$ 34,374	\$ 34,366	\$ 39,013
Garbage	\$ (91,264)	\$ 87,467	\$ 114,197	\$ (117,994)	\$ 689,186	\$ 644,990	\$ (73,798)
Park	\$ (456,028)	\$ 74,596	\$ 39,173	\$ (420,605)	\$ 187,130	\$ 185,302	\$ (418,777)
Recreation	\$ 282,971	\$ 12	\$ 6,501	\$ 276,482	\$ 85,864	\$ 97,344	\$ 265,002
	\$ 3,741,180	\$ 844,396	\$ 1,050,230	\$ 3,535,346	\$ 6,563,035	\$ 6,613,100	\$ 3,485,281
Water/ Sewer	\$ 2,502,086	\$ 423,473	\$ 890,823	\$ 2,034,736	\$ 2,608,533	\$ 2,960,902	\$ 1,682,367
Gas	\$ 2,426,866	\$ 658,520	\$ 469,133	\$ 2,616,253	\$ 3,267,100	\$ 3,672,984	\$ 2,210,369
Fund 18	\$ 1,830,991	\$ 245,518	\$ -	\$ 2,076,509	\$ 1,320,820	\$ 1,576,060	\$ 1,821,269

Fund	Estimated EOY FY 2018 Bal	FY 2019 Budget	Coverage
General	\$ 3,758,458	\$ 5,708,939	66%
ESDA	\$ 39,005	\$ 34,366	113%
Garbage	\$ (117,994)	\$ 644,990	-18%
Park	\$ (420,605)	\$ 185,302	-227%
Recreation	\$ 276,482	\$ 97,344	284%
	\$ 3,535,346	\$ 6,670,941	53%
Water/ Sewer	\$ 2,034,736	\$ 2,960,902	69%
Gas**	\$ 2,616,253	\$ 3,672,984	71%
Cap. Projects	\$ 2,076,509	\$ 1,576,060	132%

** NOTE: Figures for coverage of the Gas Fund DOES NOT exclude revenues and expenses tied to the purchase of wholesale product. An argument can be made that, because the City assess a charge for natural gas meant to cover the cost of gas ("dollar in dollar out"), the cost of wholesale gas should be excluded from budget expenses for which reserves would be needed to cover. If excluding these figures, coverage for the Gas Fund could be as high as 153%.

FY19 Budget Notes and Analysis

- 11 The FY19 budget proposes that Fund 20 continue to receive video gaming dollars, but to do so directly without requiring a transfer from the General Fund. Also in FY19, we project a carry forward of about \$93,650 from FY18, and \$160,000 in new video gaming dollars. Projects as noted below are included in the FY19 budget, with the lion share going to the Police Pension.

The \$25,000 noted below is earmarked for the City match for the grant application the City Council approved to USDA for improvements and repairs to the Police Dept. This would be a one-time use of dollars assuming the grant application is approved.

The \$30,000 for the Main St Corridor Improvement is a carry forward from FY18 of video gaming dollars and the Union Pacific grant which we currently plan to use for a welcome sign at the Kinney Boulevard / Main Street intersection. These dollars will also fall off future budgets after completion.

Going forward, if the City maintained a revenue stream of \$160,000 against ongoing and level support for the Community Center and Theatre electricity noted below, that would entail \$130,500 being available for deposit into the Police Pension on an annual basis, which represents 81.6% of \$160,000.

Projected Fund 20 Balance	\$ 93,650	Community Center Director Salary	\$ 17,500
New video game \$\$ in FY18	\$ 160,000	Grant match/other projects	\$ 25,000
	<u>\$ 253,650</u>	Main St/I-57 Corridor improvement	\$ 30,000
		Theatre electricity	\$ 12,000
		Police Pension	<u>\$ 169,150</u>
			\$ 253,650

- 12 Across all impacted budgets, the City's projected pension "maintenance expenses" total \$917,273 across all budgets.

Object	Line Item	Budget Amount	% of Budget
General Fund IMRF	01-5112-104-00	\$ 199,950	
SLEP in General Fund	01-5112-104-01	\$ 4,000	8.09%
Gen Fund to Police Pension		\$ 238,741	
Property tax for Pol Pen	10-4101-00	\$ 124,117	na
Fund 20 to Police Pension	20-5101-601-05	\$ 169,150	
Parks IMRF	04-5101-104-00	\$ 9,329	5.04%
Gas IMRF	17-5101-104-00	\$ 47,425	2.80%
Water IMRF	16-5112-104-00	\$ 124,561	4.22%
		<u>\$ 917,273</u>	

****NOTES:**

a) Percentage of budget for the Gas Dept excludes the cost of wholesale gas and taxes.

b) The FY19 budget includes \$523,532 for Police pension payments and other incidental expenses in Fund 10.

FY19 Budget Notes and Analysis

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FY19 Budget Notes and Analysis

- 14 We've previously discussed improvements needed to City Hall and how they might be financed. Renovation items are noted below, with estimates for each. The FY19 budget assumes that we'd finance improvements, and \$25,000 is included in the City Hall budget to take care of the estimated annual debt service.

Item	Estimate	
Replacement HVAC System for City Hall	\$ 60,000	Finance \$117,000
Public Works Admin Air Conditioner	\$ 14,000	7 years and 3.5%
City Hall Façade Work	\$ 13,000	~ \$23,020 annual debt service
City Hall Lobby Work	\$ 30,000	\$25,000 included in 01-5104-504-00
TOTAL	\$ 117,000	

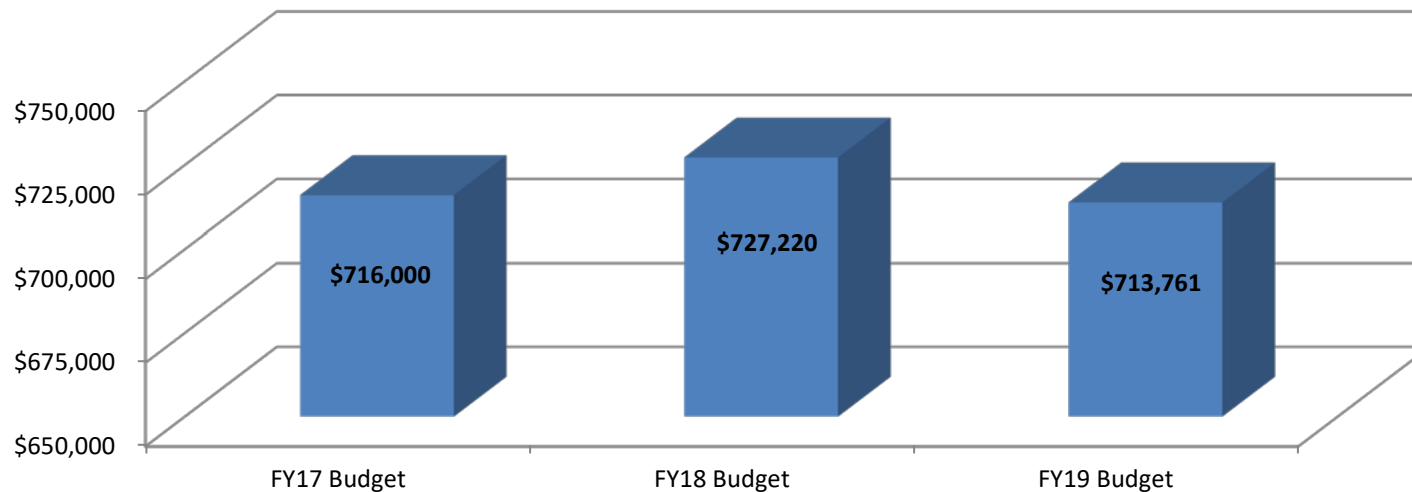
- 15 The Salem Police Department has assigned an appointment to a drug task force, taking one officer away from duties assigned strictly by the Salem PD to drug enforcement duties that are undertaken, in part, in Salem and elsewhere. For this appointment, the City receives a grant from the State of Illinois to offset costs associated with hiring an officer to replace the PD's task force appointee. We estimate the FY19 cost to the City associated with task force (TF) participation to range from \$22,883 to \$25,207, which is based upon assumptions below.

Expense Object	Budgeted Expense	
Annualized wage for TF replacement	\$ 42,640	
Grant to offset cost of TF replacement	\$ (28,080)	
Estimate for overtime (7.5%) plus Holiday Pay	\$ 5,698	
Health insurance minimum (single or family)	\$ 3,125	\$ 5,449
Cost of uniform for TF replacement	\$ 2,000	
BUDGETED TOTAL	\$ 25,383	\$ 27,707

- a) Wage for replacement officer will be \$20.50 per hour.
- b) Overtime cost is based upon assumption that cost will be 7.5% of base wage, plus Holiday Pay at approximately \$2,500.
- c) Cost shown if officer replacement is either insured for health as an individual and if the replacement takes family coverage.
- d) No costs for Academy shown, as they are mostly picked up by the State of Illinois.

Fund	Department						
01-5101-	General Administration (City Hall)						
<u>FY17 Budget</u>	<u>FY18 Budget</u>	<u>\$ Chng</u>	<u>% Chng</u>		<u>FY19 Budget</u>	<u>\$ Chng</u>	<u>% Chng</u>
\$ 716,000	\$ 727,220	\$ 11,220	1.57%	\$	713,761	\$ (13,459)	-1.85%

General Administration Budget: FY17-19



Budget Year Goals, Highlights, & Notes

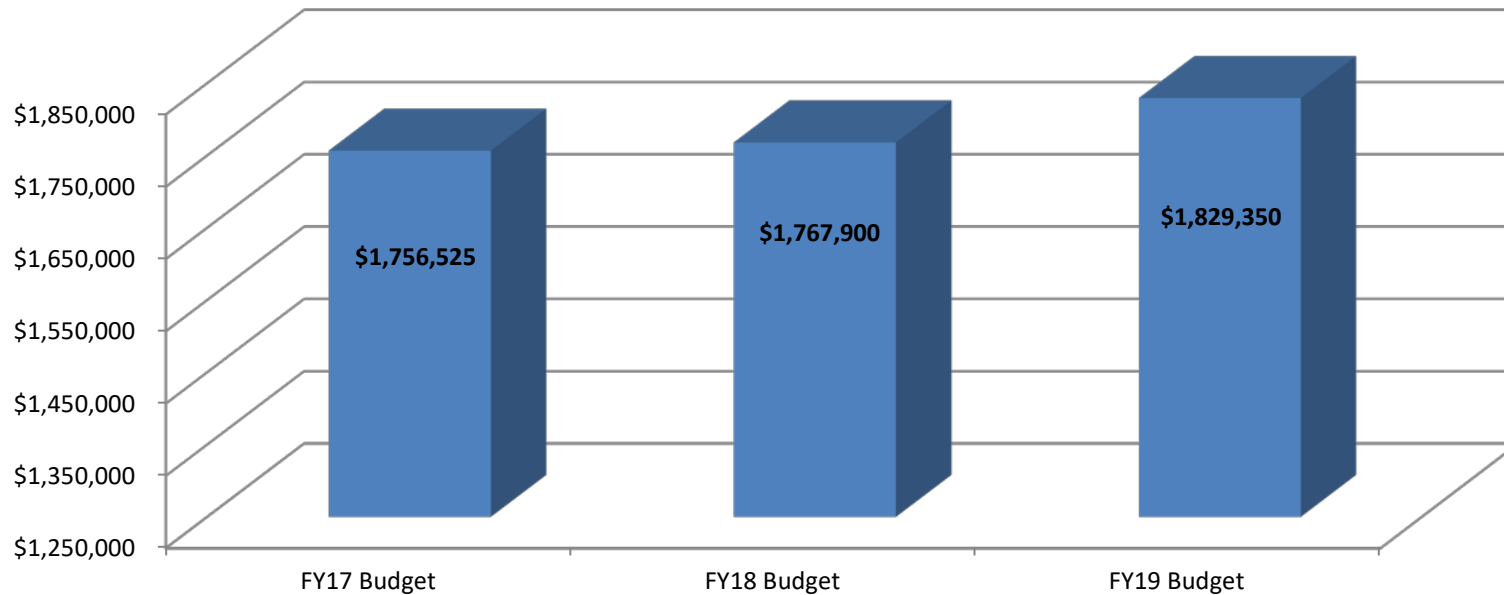
<u>Expenditure Name</u>	<u>Amount of Dollar Change</u>	<u>Line Item</u>	<u>Summary</u>
Regular Employees/Payroll increase	\$ 11,450	01-5101-101-00	Payroll increases City Hall personnel.
Miscellaneous expenses	\$ (9,500)	01-5101-409-00	Budgeted decrease.
Departmental Equipment	\$ 6,375	01-5101-515-01	Budgeted increase for upgrade to Civic software, "Connect."

Fund
01-5102- **Department**
Police

** Payroll makes up 90.45% of FY19 Police budget.*

<u>FY17 Budget</u>	<u>FY18 Budget</u>	<u>\$ Chng</u>	<u>% Chng</u>	<u>FY19 Budget</u>	<u>\$ Chng</u>	<u>% Chng</u>
\$ 1,756,525	\$ 1,767,900	\$ 11,375	0.65%	\$ 1,829,350	\$ 61,450	3.48%

Police Dept Budget: FY17-19



Budget Year Goals, Highlights, & Notes

<u>Expenditure Name</u>	<u>Budget Amount</u>	<u>Line Item</u>	<u>Summary</u>
All Payroll	\$ 1,654,600	01-5102-101-00 et seq	See notes on following page for what payroll entails.
New Police Car Lease	\$ 30,000	01-5102-701-01	The FY19 budget plans for the lease of four new squad cars in order to replace the four leased some years ago (FY13?) in the same manner.

Fund	Department
01-5102-	Police

Police Dept Payroll Line Items Description

Police Employees -- 01-5102-101-00

This line includes the pay for all employees of the Police Department, including officers, dispatchers, police chief, deputy chief, and other non-union positions. A total of 24 employees are accounted for in this line.

Holiday Pay -- 01-5102-101-05

Police officers receive "holiday pay" for City holidays. To figure an employee's holiday pay for the year, we assume the employee will work half of the holidays (5) and will be off the other (5) holidays. Per FOP contract, employees receive (8) hours pay on their holiday off or they receive (8) hours pay at the regular rate plus (16 hours) of additional pay on holidays worked. For employees on a (12) hour shift, they only receive (8) hours pay on a holiday "not worked" but receive (12) hours regular pay plus (24) hours additional pay on a holiday worked.

Police Benefit Time -- 01-5102-101-04

Benefit time includes hours an employee accumulates over a 12 month period (i.e. Vacations days, Sick days, Floating Holiday, Personal Days, Birthday) and can be taken off resulting in their shift needing to be covered producing additional overtime. Other benefit hours include anticipated overtime hours that occur each year and the estimated hours for payroll are based on previous years. Examples of these services that create this overtime are court, football game security, Little Egypt Festival Parade, drug testing, basketball games, buys, warrants, and staff meetings. K-9 maintenance for Patrolman Duncan is also figured in this column.

Training Overtime -- 01-5102-101-06

Training hours that create overtime are based on hours of State of Illinois mandated training, certification and recertification, as well as additional training to keep our officers up to date on case law, traffic law, criminal law, drug trends, SWAT Training, range training, defensive tactics training, training for health and wellness, and much, much more. Some officers will have more training hours than others depending on the year as some recertification training occurs every other year or every three years. Deputy Chief Miller keeps a running total of our training mandates, certifications, etc. From her spreadsheet, we are able to calculate approximately how many hours of training officers will be taking in a fiscal year.

Step Increases in Pay

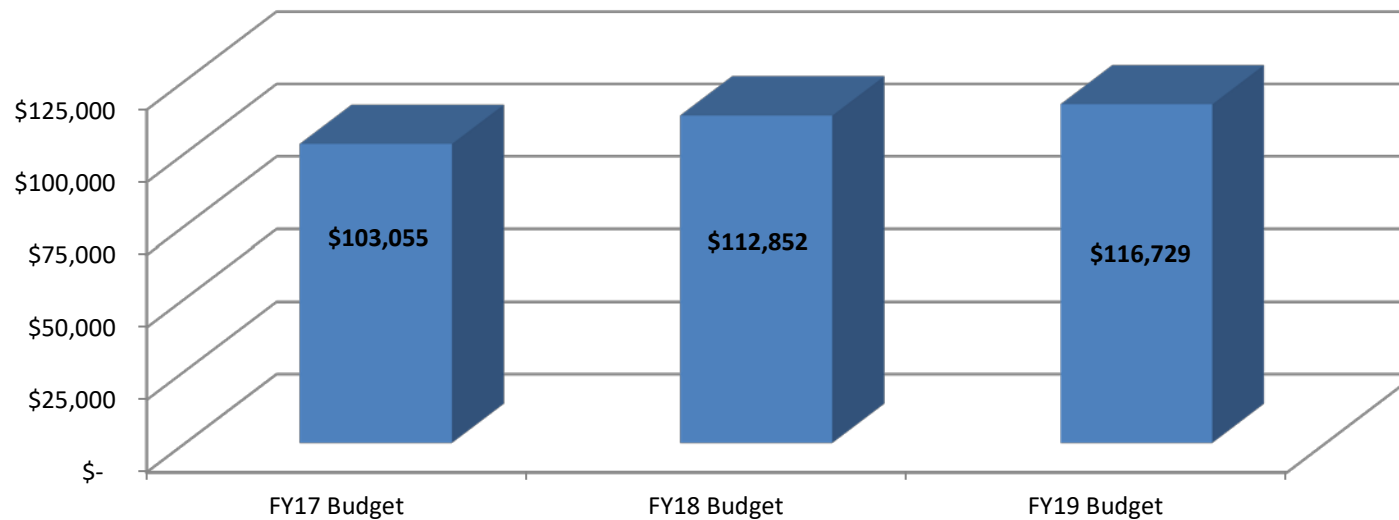
By FOP contract, patrolmen, sergeants, and communications officers get periodic step increases to their pay based on their years of service to the department. For example, beyond the annual pay increases, a patrol officer gets step increases to their pay at the beginning of their 2nd, 3rd, 4th, 6th, 8th, 10th, 12th, 16th, and 21st year of employment. These step increases vary and are not the same for each step. As a result, during the course of a fiscal year, an employee, or several employees, may have a slight pay increase in the middle of the fiscal year resulting in an adjustment in calculation to their overall pay estimates.

Fund
01-5103-

Department
Public Works Administration

<u>FY17 Budget</u>	<u>FY18 Budget</u>	<u>\$ Chng</u>	<u>% Chng</u>	<u>FY19 Budget</u>	<u>\$ Chng</u>	<u>% Chng</u>
\$ 103,055	\$ 112,852	\$ 9,797	9.51%	\$ 116,729	\$ 3,877	3.44%

Public Works Administration Budgets: FY17-19

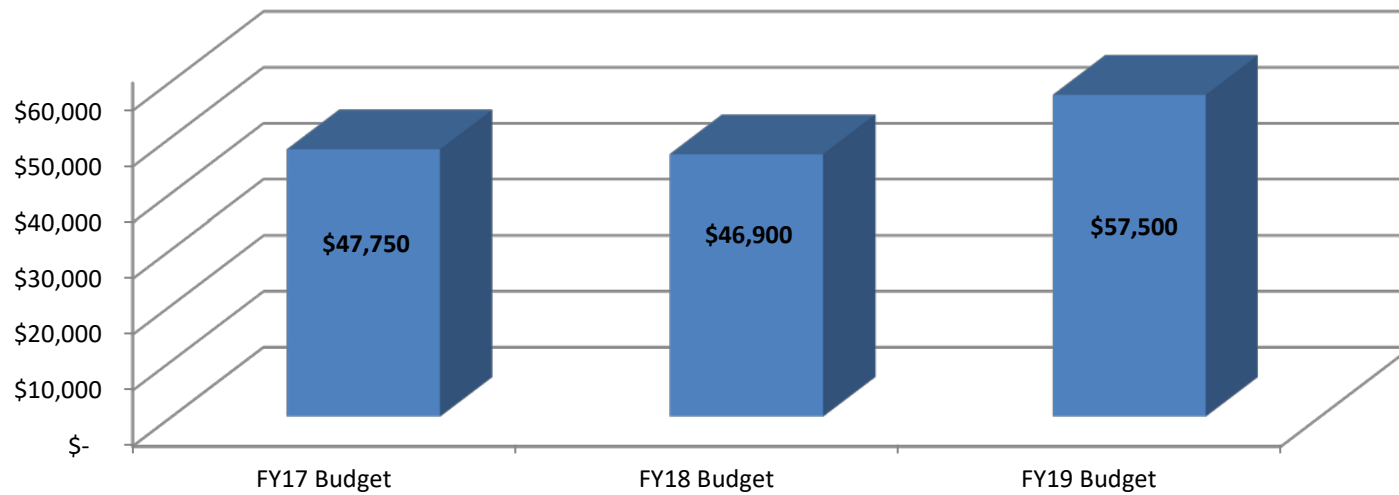


Budget Year Goals, Highlights, & Notes

<u>Expenditure Name</u>	<u>Amount</u>	<u>Line Item</u>	<u>Summary</u>
Regular Employees	\$ 94,813.00	01-5103-101-00	The payroll for the Public Works Director and Assistant Public Works
Public Works Director and Assistant			01-5103- 60.00% Water 25.00% Gas 15.00%

Fund 01-5104-		Department City Hall				
<u>FY17 Budget</u>		<u>FY18 Budget</u>		<u>\$ Chng</u>	<u>% Chng</u>	
\$ 47,750		\$ 46,900		\$ (850)	-1.78%	
<u>FY19 Budget</u>		<u>\$ Chng</u>	<u>% Chng</u>			
\$ 57,500		\$ 10,600	22.60%			

City Hall Budgets: FY17-19



Budget Year Goals, Highlights, & Notes

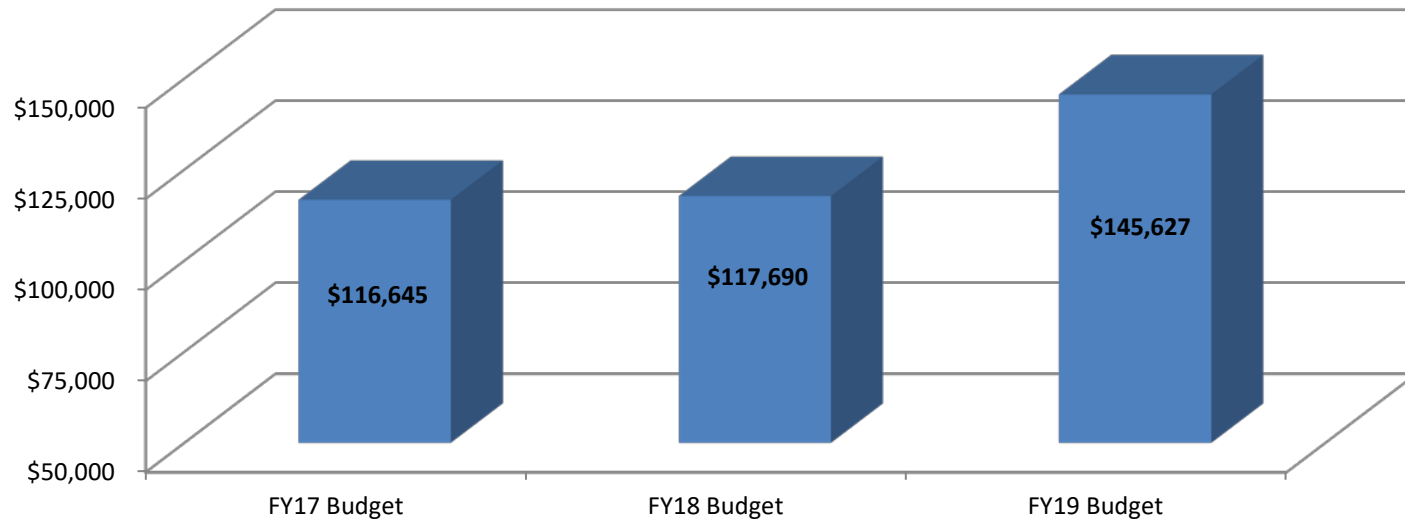
<u>Expenditure Name</u>		<u>Budget Change</u>	<u>Line Item</u>	<u>Summary</u>
Building Maintenance	\$	(12,000)	01-5104-204-00	The City had, and terminated in FY18, a contract for janitorial services at City Hall. Janitorial services is now being handled the staff person who handles the same with the PD.
City Hall Remodeling	\$	25,000	01-5104-504-00	\$25,000 is included in order to finance items noted in Note #14 above.

Fund
01-5105-

Department
Economic Development

<u>FY17 Budget</u>	<u>FY18 Budget</u>	<u>\$ Chng</u>	<u>% Chng</u>	<u>FY19 Budget</u>	<u>\$ Chng</u>	<u>% Chng</u>
\$ 116,645	\$ 117,690	\$ 1,045	0.90%	\$ 145,627	\$ 27,937	23.74%

Economic Development Budgets: FY17-19

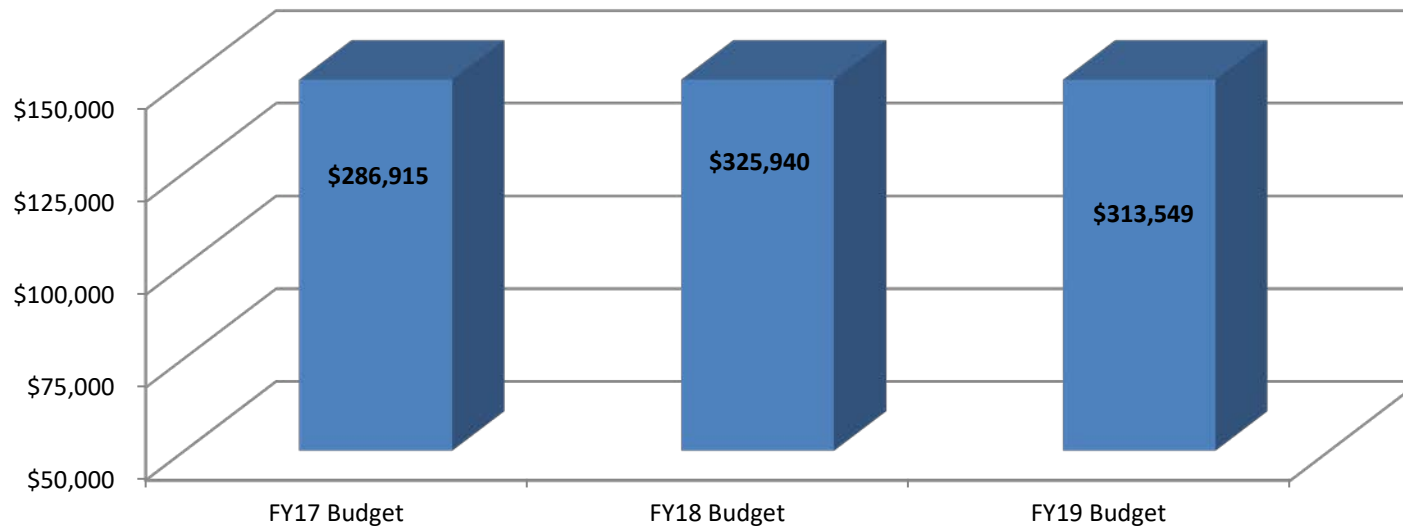


Budget Year Goals, Highlights, & Notes

<u>Expenditure Name</u>	<u>Amount</u>	<u>Line Item</u>	<u>Summary</u>
PGAV Contract	\$ 31,000	01-5105-214-00	This line includes \$30,000 for PGAV fees associated with their assistance on our enterprise zone application.
Travel & Meetings	\$ 4,500	01-5105-401-00 01-5105-401-01	Budget for expenses related to travel for business development meetings.
Marketing & Promotion	\$ 2,000	01-5105-409-00	General promotional dollars for economic development efforts.

Fund 01-5106-	Department Streets						
<u>FY17 Budget</u>	<u>FY18 Budget</u>	<u>\$ Chng</u>	<u>% Chng</u>	<u>FY19 Budget</u>	<u>\$ Chng</u>	<u>% Chng</u>	
\$ 286,915	\$ 325,940	\$ 39,025	13.60%	\$ 313,549	\$ (12,391)	-3.80%	

Street Budgets: FY17-19



Budget Year Goals, Highlights, & Notes

<u>Expenditure Name</u>	<u>Amount</u>	<u>Line Item</u>	<u>Summary</u>
Building Maintenance	\$ 1,400	01-5106-204-00	Concrete retaining blocks for salt bin.
	\$ 1,500		Concrete pad for salt bin.
	\$ 800		Misc building maintenance.
	\$ 3,700		
Professional Services	\$ 6,000	01-5106-214-00	Spread oil & roller rental
	\$ 2,000		Stripe intersections
	\$ 1,000		Misc services
	\$ 9,000		

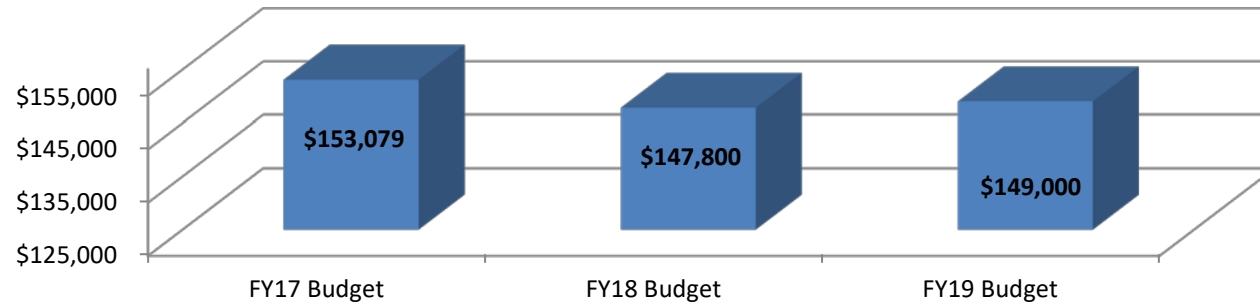
**Fund
01-5106- Department
Streets**

Equipment Maintenance Materials	\$	900	01-5106-314-00	Tires for Unit #32
	\$	4,200		Tires for backhoe
	\$	1,900		Tires for Unit #13
	\$	1,000		Misc equipment maintenance materials
	\$	8,000		
Departmental Equipment	\$	1,650	01-5106-515-00	16" bucket for backhoe
	\$	380		Chain saw
	\$	2,270		Leaf blower
	\$	9,000		

**Fund
01-5107- Department
Street Lighting**

<u>FY17 Budget</u>	<u>FY18 Budget</u>	<u>\$ Chng</u>	<u>% Chng</u>	<u>FY19 Budget</u>	<u>\$ Chng</u>	<u>% Chng</u>
\$ 153,079	\$ 147,800	\$ (5,279)	-3.45%	\$ 149,000	\$ 1,200	0.81%

Street Lighting Budgets: FY17-19

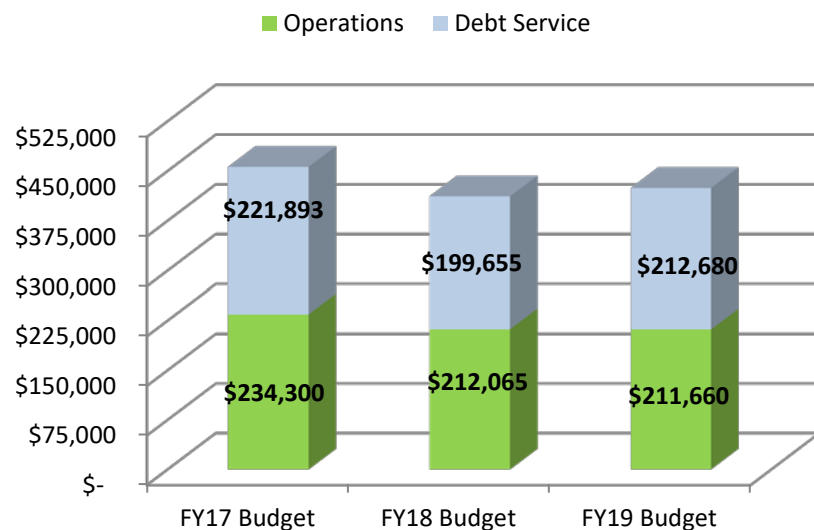


**Fund
01-5108- Department
Swimming Pool**

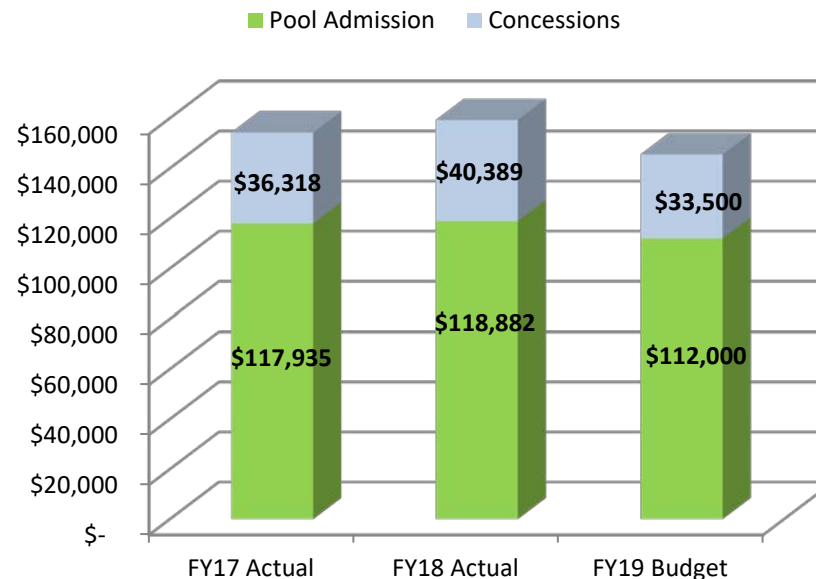
<u>FY17 Budget</u>	<u>FY18 Budget</u>	<u>\$ Chng</u>	<u>% Chng</u>	<u>FY19 Budget</u>	<u>\$ Chng</u>	<u>% Chng</u>	
\$ 234,300	\$ 212,065	\$ (22,235)	-9.49%	\$ 211,660	\$ (405)	-0.19%	Operations
\$ 221,893	\$ 199,655	\$ (22,238)	-10.02%	\$ 212,680	\$ 13,025	6.52%	Debt Service
\$ 456,193	\$ 411,720	\$ (44,473)	-9.75%	\$ 424,340	\$ 12,620	3.07%	TOTAL

<u>FY17 Actual</u>	<u>FY18 Actual</u>	<u>\$ Chng</u>	<u>% Chng</u>	<u>FY19 Budget</u>	<u>\$ Chng</u>	<u>% Chng</u>	
\$ 117,935	\$ 118,882	\$ 946	0.80%	\$ 112,000	NA	NA	Pool Admission
\$ 36,318	\$ 40,389	\$ 4,071	11.21%	\$ 33,500	NA	NA	Concessions
\$ 154,253	\$ 159,271	\$ 5,018	3.25%	\$ 145,500	NA	NA	TOTAL

Swimming Pool - Expenses



Swimming Pool - Revenues

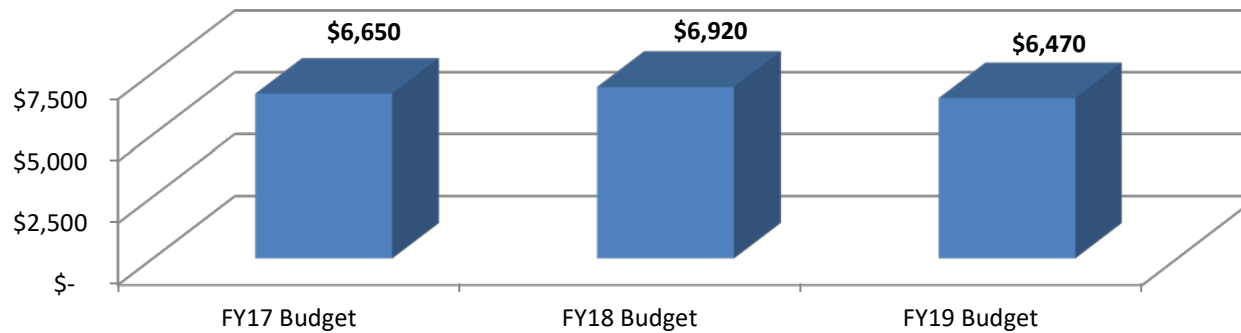


Budget Year Goals, Highlights, & Notes

<u>Expenditure Name</u>		<u>Amount</u>	<u>Line Item</u>	<u>Summary</u>
Building Maintenance	\$	18,000	01-5108-204-00	Includes \$16,000 from a local painter to repaint and repair portions of the pool floors.
Chemicals	\$	8,210	01-5108-315-00	We usually budget approximately \$20,000 each year for chemicals. We have about 60% of last year's chemicals left over and available for use in FY19, thus the reduction to \$8210.
Pool debt service	\$	212,680	01-5108-701-00	This year's debt service for pool bonds increases \$13,025 to \$212,680 for FY19.

Fund 01-5109-		Department Bryan Museum						
<u>FY17 Budget</u>		<u>FY18 Budget</u>		<u>\$ Chng</u>	<u>% Chng</u>	<u>FY19 Budget</u>		
\$ 6,650		\$ 6,920		\$ 270	4.06%	\$ 6,470		
						\$ (450)		-6.50%

Bryan Home Budgets: FY17-19

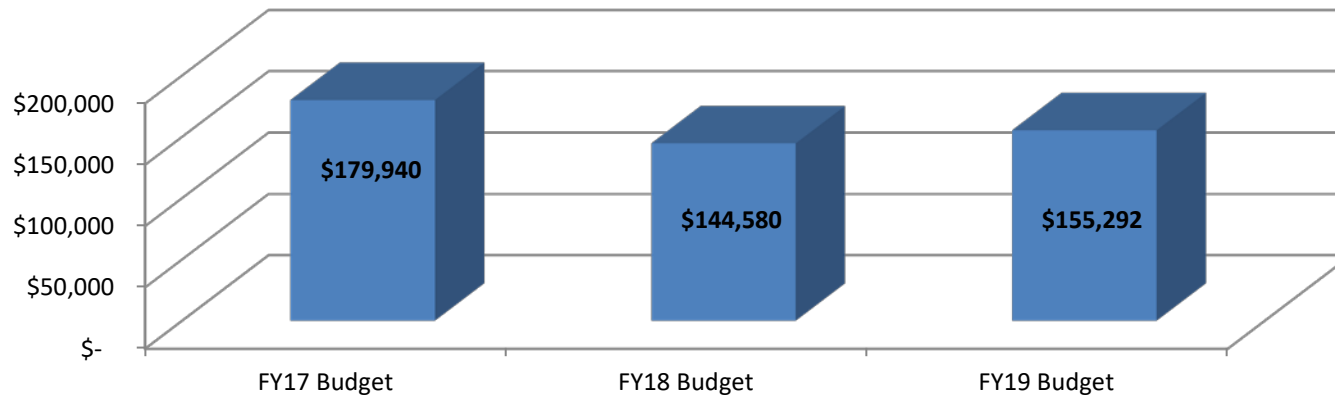


Budget Year Goals, Highlights, & Notes

<u>Expenditure Name</u>	<u>Amount</u>	<u>Line Item</u>	<u>Summary</u>
General maintenance at Bryan Home	\$ 5,000	01-5109-204-00	Dollars to complete maintenance items at Bryan Home as they appear. We will work with the Historical Commission to prioritize work to be done in FY19. We expect a grant applied for in FY18 will be available in FY19, which this \$5,000 will be used to match.

Fund 01-5110-		Department Cemetery				
<u>FY17 Budget</u>		<u>FY18 Budget</u>		<u>\$ Chng</u>	<u>% Chng</u>	<u>FY19 Budget</u>
\$ 179,940		\$ 144,580		\$ (35,360)	-19.65%	\$ 155,292
						<u>\$ Chng</u>
						<u>% Chng</u>
						10,712
						7.41%

Cemetery Budgets: FY17-19

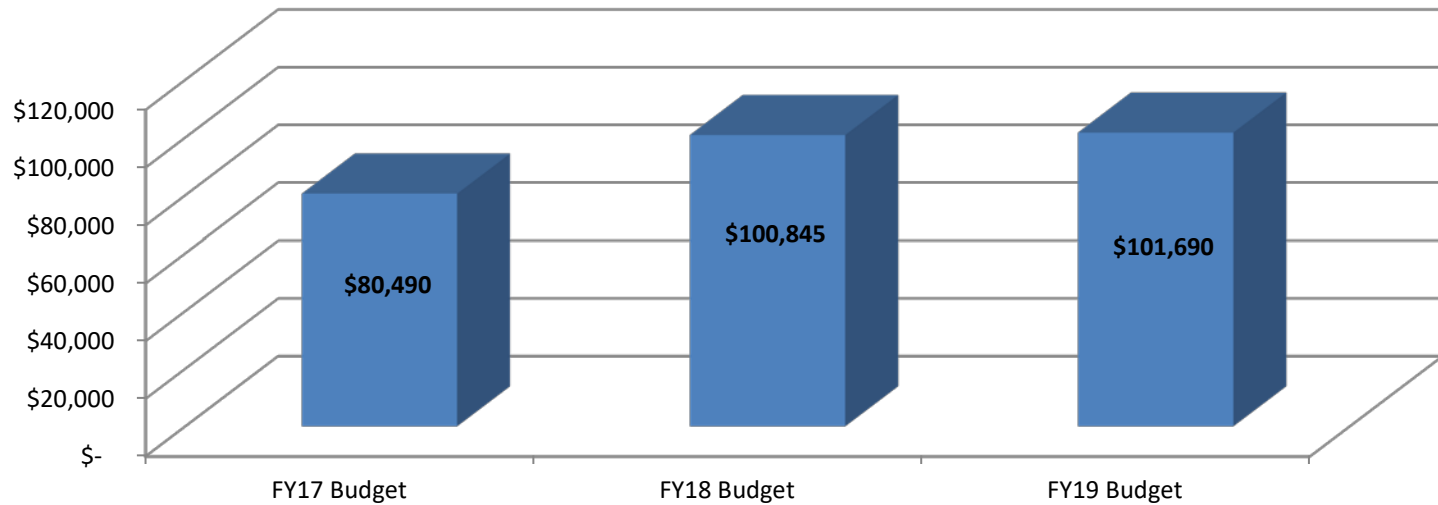


Budget Year Goals, Highlights, & Notes

Departmental Equipment	\$	7,600	01-5110-515-00	New 60" zero-turn mower with trade in Bagger for mower Lawn roller
	\$	600		
	\$	400		
	\$	8,600		

Fund	Department						
01-5111-	Animal Control						
<u>FY17 Budget</u>	<u>FY18 Budget</u>	<u>\$ Chng</u>	<u>% Chng</u>	<u>FY19 Budget</u>	<u>\$ Chng</u>	<u>% Chng</u>	
\$ 80,490	\$ 100,845	\$ 20,355	25.29%	\$ 101,690	\$ 845	0.84%	

Animal Control Budgets: FY17-19

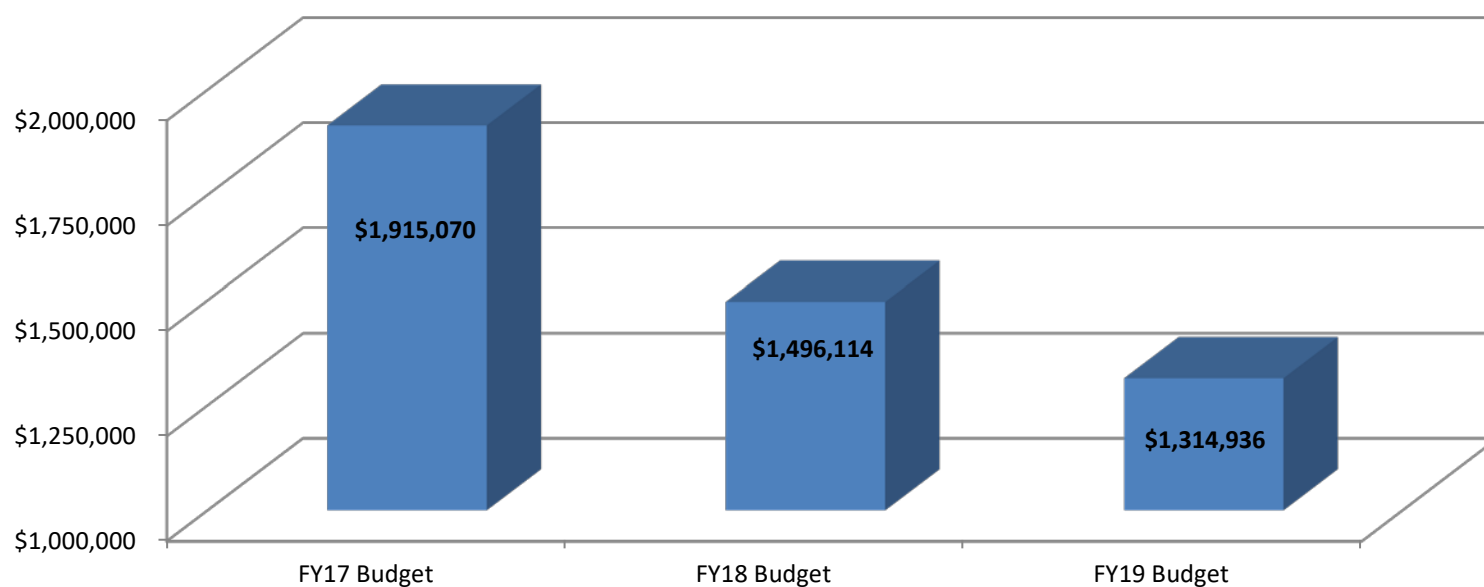


Budget Year Goals, Highlights, & Notes

<u>Expenditure Name</u>	<u>Amount</u>	<u>Line Item</u>	<u>Summary</u>
Payroll	\$ 74,690	01-5111-101-00 et seq	Includes payroll for personnel, including full and part time.
Professional Services	\$ 5,000	01-5111-214-00	Professional services from veterinarian associated with animal health care.

Fund 01-5112-		Department General & Personnel					
<u>FY17 Budget</u>		<u>FY18 Budget</u>	<u>\$ Chng</u>	<u>% Chng</u>	<u>FY19 Budget</u>	<u>\$ Chng</u>	<u>% Chng</u>
\$ 1,915,070		\$ 1,496,114	\$ (418,956)	-21.88%	\$ 1,314,936	\$ (181,178)	-12.11%

General & Personnel Budgets: FY17-19



The General & Personnel budget covers expenses tied to health insurance, pension, and social security and medicare for employees covered by General Fund departments. Police officers, however, don't pay into and aren't covered by social security or medicare. This budget also includes expenses for risk management, and makes transfers to other funds to help cover expenses in those funds, including for Parks, Library, and Emergency Management.

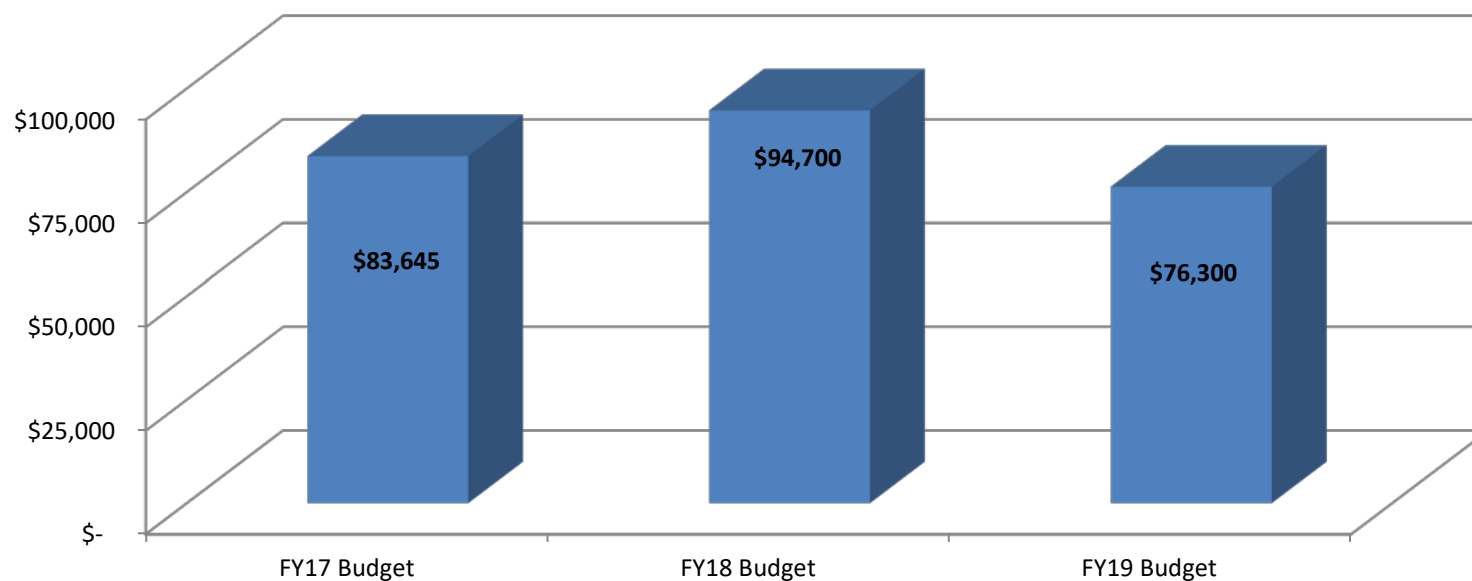
Fund	Department
01-5112-	General & Personnel

Discussion and Analysis

- * Please recall that there was a \$400,000 decrease in this budget from FY17 to FY18 due to a cessation of the Working Cash transfer made on an annual basis. This was simply a see-saw transfer in the City budget that showed up here, and didn't entail an actual expenditure of cash.
- * Just over half of the budgeted decrease in the General & Personnel budget (52.99%) is a result of pulling video gaming out of the General Fund and budgeting for it to be directly deposited into Fund 20.
- * See Note #5 above for discussion on the Health Insurance program for City employees and officials.
- * Please see Note #9 above detailing a reduction in budgeted expenses for risk management (01-5112-209-00) in FY19. The City's ICRMT renewal came in about 15% under budget. For FY19, we plan for a 5% increase in all departments in which risk management is budgeted. As it relates to the General Fund, this ended up being about a \$20,500 windfall.
- * While preparing for the FY19 budget, we noticed an error in the FY18 budget which caused us to budget more General Fund transfers to Parks and Emergency Management than what was needed to cover their budgets. We don't plan to make transfers out of the General Fund to funds which don't need it. As it relates to FY19, this error turned out to be another small windfall which opened up some dollars for other General Fund spending, and which contributed to the decrease in the budget decrease for the General & Personnel budget.

Fund	Department							
01-5115-	Tourism Board							
<u>FY17 Budget</u>	<u>FY18 Budget</u>	<u>\$ Chng</u>	<u>% Chng</u>		<u>FY19 Budget</u>	<u>\$ Chng</u>	<u>% Chng</u>	
\$ 83,645	\$ 94,700	\$ 11,055	13.22%	\$	76,300	\$ (18,400)	-19.43%	

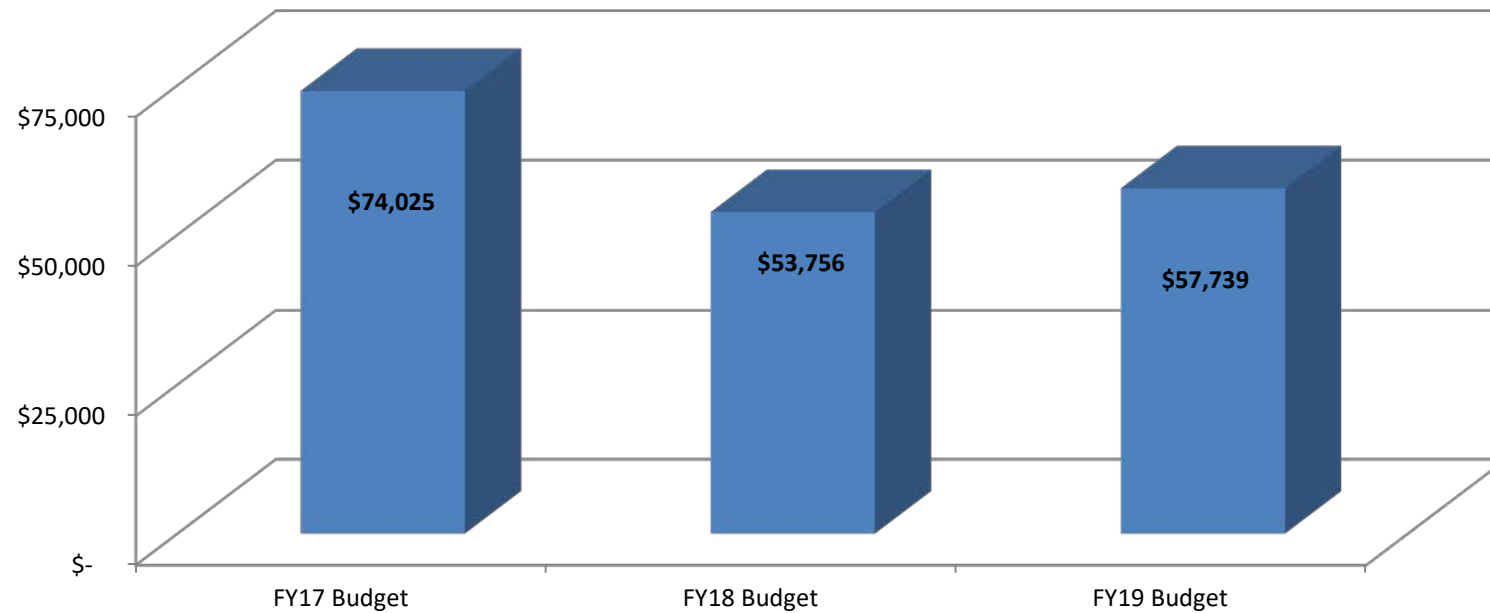
Tourism Budgets: FY17-19



<u>Expenditure Name</u>		<u>Amount</u>	<u>Line Item</u>	<u>Summary</u>
Advertising	\$	35,000	01-5115-211-00	These dollars, among hotel/motel taxes held in reserve, are available for use by the Tourism Board to support events which encourage visitation and overnight stays.
Events	\$	10,000	01-5115-235-00	
Bluegrass Festival	\$	-	01-5115-236-00	
PKC Hunts	\$	30,000	01-5115-238-00	

Fund 01-5116-	Department Mechanical Services						
<u>FY17 Budget</u>	<u>FY18 Budget</u>	<u>\$ Chng</u>	<u>% Chng</u>	<u>FY19 Budget</u>	<u>\$ Chng</u>	<u>% Chng</u>	
\$ 74,025	\$ 53,756	\$ (20,269)	-27.38%	\$ 57,739	\$ 3,983	7.41%	

Mechanic Budgets: FY17-19



Budget Year Goals, Highlights, & Notes

Departmental Equipment	\$	1,750	01-5116-515-00	Shop Key software update Scanner update A/C recycler machine
	\$	1,000		
	\$	3,700		
	\$	<u>6,450</u>		