



To: Mayor Soliman and City Council  
From: Glen Conklin, Treasurer and Glenn Gehrke, Director of Finance  
Date: March 21, 2025  
Re: Fiscal Year 2025~2026 Budget Work Session

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Honorable Mayor and City Council:

The City Staff and I are pleased to present the DRAFT Fiscal Year 2025~2026 annual municipal budget which includes projections for the Fiscal Year beginning May 1, 2025 and ending April 30, 2026.

**Purpose**

The purpose of the City’s annual budget process is to present the City Council with a budget which best addresses the intent of how resources will be spent on behalf of the stakeholders of the City of Crest Hill. This process is intended to provide transparency in addition to ensuring that all resources will be disbursed in the most efficient and effective manner possible.

This process will provide the City Council with an opportunity to verify that the City is maintaining its current service levels to its residents and community stakeholders, and that it is allocating the necessary funding for infrastructure improvements, while working within the constraints of increases in costs that have resulted from inflationary pressures and supply chain issues. This process, if conducted effectively, will result in a collective understanding of how and where the City’s limited fiscal resources will be disbursed.

The budget serves as a financial plan, an operations guide, and a communications device. As a financial plan, this document is the City’s primary instrument for promoting solvency, efficiency, and collective choices regarding the distribution and allocation of available resources. As an operations guide, it articulates departmental action goals in addition to how these goals will be accomplished. As a communications device, it contains information pertaining to key issues facing the City and priorities on how the City’s resources will be expended.

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The City’s goal is to verify that it provides services that enrich the quality of life for its residents, in addition to ensuring that decisions are of sound fiscal management, and that all funds are expended in a manner to foster a dynamic business environment, while creating an inclusive community that values diversity.

This budget format is consistent with Generally Accepted Accounting Principles (GAAP) and has been prepared in accordance with all applicable federal, state, and local laws.

### **Legal Requirements**

State law requires that all general-purpose local governments pass an appropriation ordinance within the first quarter of each fiscal year, or an annual budget shall be adopted by the corporate authorities before the beginning of each fiscal year to which it applies. On February 6, 2023, City Council amended its ordinance and adopted sections 5/8-2-9.1 through and including sections 5/8-2-9.10 of Chapter 65 of the Illinois Compiled Statutes (Municipal Code) which provide for a municipality’s financial operation under an annual budget in lieu of an appropriation ordinance. It also approved an ordinance adopting the Budget System and added a new Chapter 3.01, section 3.01.010 (Budget System Adopted) to Title 3 (Revenue and Finance) of the City of Crest Hill Code of Ordinances. Under the Budget System, the City must receive approval and adopt its upcoming fiscal year budget by April 30<sup>th</sup> of each fiscal year.

Public Hearing is required to publish a public notice that a draft budget is on display at city hall. The date for publication is March 31, 2025 and the public hearing is scheduled for April 21, 2025.

### **Capital Projects**

Ron Wiedeman, City Engineer, has put together this list of capital projects currently underway with the City.

Below are the Capital Projects and MFT Funding request by the Engineering Department for inclusion in the FY 2026 budget.

#### **Motor Fuel Tax (MFT)**

Contractual Services (Traffic Signal Repairs and Roadway Crack Control)

- \$85,000.00

Engineering Design and Construction Engineering (Sidewalk Cutting;SN099-203 Caton Farm Rd Over EJ&E RR; Pavement Rating Update, Bridge and Culvert Inspection Services; Construction Testing and Misc Engineering)

- \$193,750.00

Materials and Supplies (Salt and Brine Purchase; Pavement Marking [Oakland and Gaylord RR Quite Zones; Retro Reflectivity Sign Program)

- \$190,000.00

MFT General Capital Construction (Patching-Rock Run, Caton Farm Rd, Lynwood, Greengold and Root West of Grandview); Sidewalk Cutting; Sidewalk and Concrete R & R Program)

- \$470,000.00

Total MFT = \$938,750.00

### Capital Projects Fund

This year's budget focus will be road improvements throughout the City of Crest Hill.

- 2025 Street Rehabilitation Locations-as presented to council on October 21,02024 are as follows
  - Loch Ln. from Gaylord to Carlton St.
  - Abbey Ln. from Loch Ln. to Prestwick Dr.
  - Prestwick Dr. from Abby Ln. to East End.
  - Scott Court
  - Crestwood Dr. from Donmaur Dr. to Lynwood St.
  - Lynwood St. from Grandview to Imperial Dr.
  - Elsie Ave from Kelly to Clement St.
  - Rose Ave from Kelly to Clement St.
  - Ludwig Ave from Wilcox to Clement St.

Total = \$1,400,000.00

- Capital Engineering-Street Rehabilitation Design-\$175,000.00
- Division West of Weber Roadway Reconstruction-\$1,650,000.00
  - Paid with DCEO Loan of \$1,400,000.00
- Lidice at Churnovic Widening-Truck Route-\$200,000.00
- Theodore Retaining Walls at Cora and Kelly-\$500,000.00

Total Fund Amount = \$2,350,000.00

### Water/Sewer Capital Projects Fund

The Water/Sewer Capital Projects fund was created to manage the capital improvements for the city's existing water/sewer infrastructure and new water infrastructure project due to the city's inclusion into the Grand Prairie Water Commission (GPWC). In 2030 the city will be making a switch to a new water supply from Lake Michigan and the GPWC improvements are required to make a seamless transition from the city existing well system to this new water supply. Funding from outside sources (IEPA, DCEO and CDBG) has been secured to help pay for portions of this work.

Listed below are the Capital Water/Sewer Capital Expenses that have been included in the FY 2026 budget.

- Water Main Replacement
  - Innerscircle from Hosmer Ln to Marlboro Dr.
  - Oakland From Pasadena to Ludwig
  - Hillcrest Shopping Center-Phase 1
 Total = \$3,100,000.00
- Watermain Lining Broadway from Chaney to Theodore and Theodore to West of Center.  
Total=\$4,400,000.00.
- Wellhouses Chemical Feed Project-\$100,000.00
- Well Maintenance-\$30,000.00
- Technology Upgrade SCADA-\$25,000.00
- Caton Farm Water Main (GPWC)-\$1,600,000.00
- Eastern and Western Receiving Station and 3.5 M Storage Tank-GPWC -\$5,000,000.00
- Sanitary Sewer Lining and Repair-\$500,000.00
- Public Works Equipment and Vehicles-\$275,000.00

Total Fund Amount (of which \$9,922,392.00 will be reimbursed through the IEPA, DCEO and CDBG grants) = \$15,030,000.00

West Plant Rehabilitation Fund

This fund is used to track expenditures related to improvements to the city’s West Wastewater Treatment Plant. The project is currently scheduled to be completed by the end of 2026. The project is being funded through an IEPA loan for an amount of \$49,500,000.00 paid back at an interest rate of 0.73% for a 30-year period once the project is completed. All costs above the \$49,500,000.00 are at the city expense. Currently the only item being paid by the city is for the project construction engineering and construction testing.

Listed below are the budgeted items for the West Plant Rehabilitation Fund:

Construction Costs to be reimbursed from the IEPA	\$16,500,000.00
West Plant construction engineering costs	\$830,075.00
West Plant Construction Testing costs	\$75,000.00
Loan Interest Payments	\$350,000.00

Total Fund Amount (of which \$16,500,000.00 will be reimbursed through the IEPA)

\$17,755,075.00



## **Budget Highlights**

- Proposed salary increases are scheduled to be brought to the City Council for consideration at the April 21, 2025, City Council meeting during executive session.
- The City currently outsources its IT services to a third party. Our vendor has worked diligently with the City to reduce expenditure, while maintaining or increasing our IT resources. As a result of this cooperation, the City has reduced its IT budget by 3.44%. We have also identified future savings, with the termination of an existing contract for services that will be terminated mid-way through FY 2026. These services will be provided by our IT provider at no additional cost.
- Currently, there are five Police vehicles budgeted to be replaced during Fiscal Year 2026 as part of the City's capital replacement program. Four of the vehicles will be paid by a DCEO Grant. The City has also budgeted a Skid Steer for the West Treatment Plant, a winged mower deck, and a zero-turn mower.
- The City has re-engaged our Capital Replacement Program, to ensure the most cost-effective and mission ready capability of the Fleet.

Below is a summary of what this budget work session will cover:

- City-Wide Fund revenues and expenditures summary
- General Fund operating expenditures by Department
- MFT
- Non-Home Rule Fund
- Water/Sewer Fund
- West Plant Rehabilitation Fund
- Capital Replacement Fund
- Capital Projects Fund
- TIF Larkin/30
- Refuse
- Police pension
- Police special assets

## **City General Fund revenues and expenditures summary**

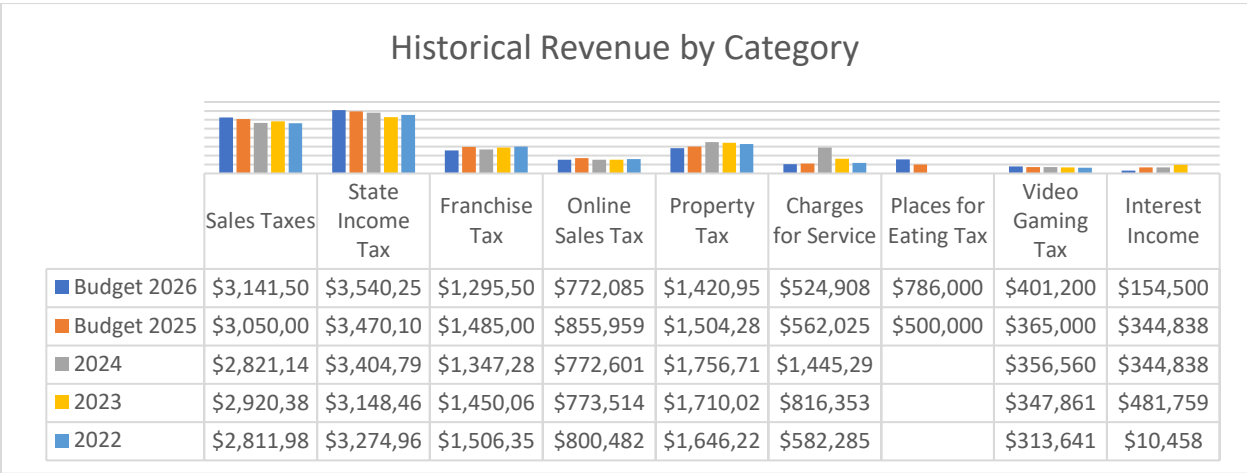
The City is currently projecting a General Fund Operations budget surplus of \$6,056.21 in this DRAFT Fiscal Year 2025~2026 budget. Below is a summary, by fund, of the revenue and expenditures in addition to a fund surplus or deficit by fund:

	30-Apr FY 2026	2/28/2025 FY 2025	4/30/2024 FY 2024		
	<b>Proposed Budget</b>	<b>Current Yr Budget</b>	<b>Current YTD</b>	<b>PY Budget</b>	<b>PY Actual</b>
General Fund					
Revenue					
Revenue	12,762,249.32	12,502,371.74	12,654,594.35	12,324,753.00	14,377,723.85
Officials	103,327.53	112,970.03	143,977.88	110,975.00	104,830.49
Police	5,505,336.45	5,704,906.23	4,701,821.29	6,489,703.80	7,179,517.44
Streets	1,690,324.80	1,599,195.33	1,115,262.46	1,415,583.00	1,316,309.06
Facilities	498,049.08	588,740.00	259,047.79	425,286.00	321,519.87
IT	631,991.26	654,516.36	431,595.77	536,802.36	473,593.11
Veh. Maint.	591,166.78	571,529.60	407,190.59	511,291.60	512,712.01
Administration	2,160,775.09	1,671,730.60	1,394,871.24	2,224,269.00	1,991,773.05
Clerk	249,571.07	288,529.88	154,226.62	266,195.00	199,418.63
Treasurer	341,840.21	330,174.92	178,020.10	300,584.00	243,835.11
Community	983,810.84	958,194.58	401,445.55	1,053,127.60	724,280.15
Revenues	12,762,249.32	12,502,371.74	12,654,594.35	12,324,753.00	14,377,723.85
Expenditures	12,756,193.11	12,480,487.53	9,187,459.29	13,333,817.36	13,067,788.92
<b>General Fund</b>	<b>6,056.21</b>	<b>21,884.21</b>	<b>3,467,135.06</b>	<b>(1,009,064.36)</b>	<b>1,309,934.93</b>

### **General Fund Revenue**

The City is estimating the General Fund revenue to be \$12,762,249.32 for Fiscal Year 2025~2026. This is an *increase* from the previous year's annual budgeted revenue of \$253,821.37, or 2%.

Revenue Estimates for state funding were used from IML's preliminary forecasts for Municipal Fiscal Year 2026. This is a conservative estimate.



- Per Capital estimates were used for
  - State Income Tax
  - State Use Tax
  - Motor Fuel Tax
  - Cannabis

The major revenue sources that support the general fund are:

<u>Revenue Source</u>	<u>Amount</u>
State Income Tax	\$3,540,257 (25% of the total)
Sales Tax	\$3,141,500 (28% of the total)
Property Taxes	\$1,420,950 (11% of the total)
Franchise Tax	\$1,295,500 (10% of the total)

includes:

- Telecommunications
  - ComEd/Nicor
  - Comcast Franchise Fee
- |                       |                                     |
|-----------------------|-------------------------------------|
| Online Sales Tax      | \$ 772,085 (6% of the total)        |
| Charges for Services  | \$ 524,908 (4% of the total)        |
| Places for Eating Tax | \$ 786,000 (6% of the total)        |
| Video Gaming Tax      | \$ 401,200 (3% of the total)        |
| Interest Income       | \$ 154,500 (1% of the total)        |
| Other                 | \$ <u>725,350</u> (6% of the total) |

Total \$12,762,249

The Places for Eating Tax has been estimated for \$500,000 for Fiscal Year 2025~2026. The City is optimistic that this is a conservative estimate.



The numbers in the budget for property taxes are *final*. County will only distribute property taxes based on what the City received for its property tax extension from the previous year plus the lesser of CPI or 5% and any will add revenue for any new growth that occurred from the previous year's Equalized Assessed Value (EAV). CPI was 3.14% as of December 2024. The City levied five (5) percent more than the prior year's property tax extension.

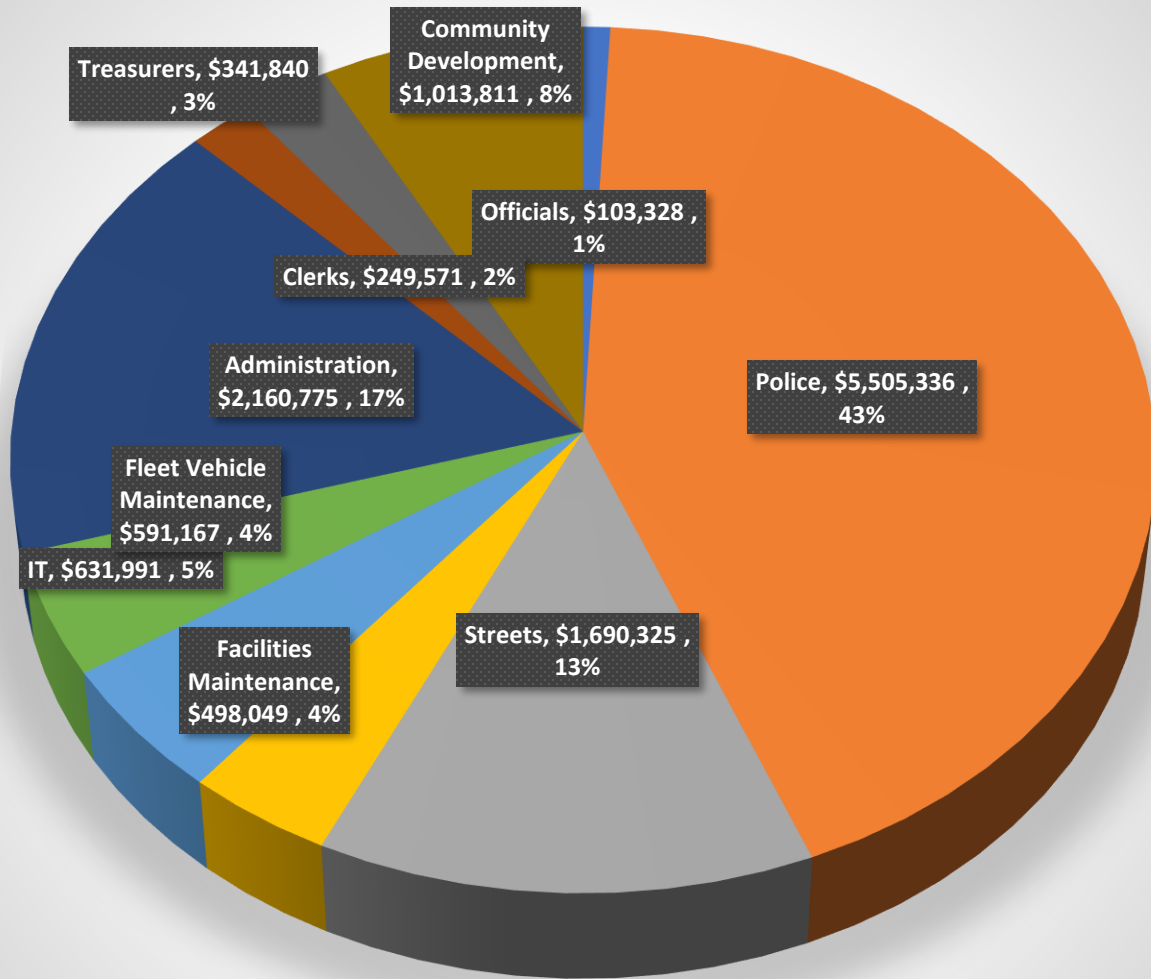
**General Fund Expenditures**

The City is estimating the General Fund expenditures to be \$12,756,193 for Fiscal Year 2025~2026 which is an increase of the previous year's budgeted expenditures by \$275,705.

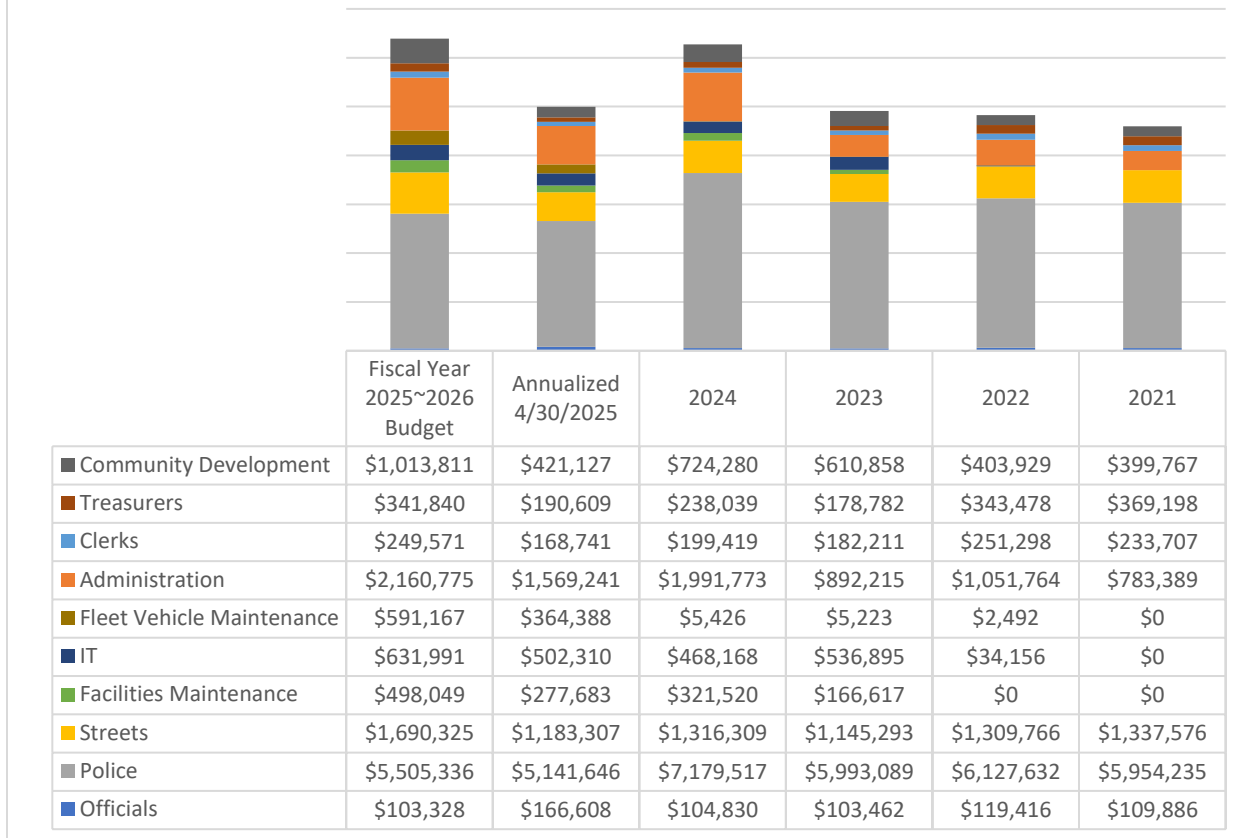
The Fiscal Year 2025~2026 General Fund Division expenditures are:

	Fiscal Year 2025~2026 Budget
General Fund Revenue	\$12,762,249
Expenditures	
Officials	\$103,328
Police	\$5,505,336
Streets	\$1,690,325
Facilities Maintenance	\$498,049
IT	\$631,991
Fleet Vehicle Maintenance	\$591,167
Administration	\$2,160,775
Clerks	\$249,571
Treasurers	\$341,840
Community Development	\$1,013,811
Total General Fund Expenses	<u>\$12,786,193</u>

## Budgeted Fiscal Year 2025~2026 General Fund Expenditures by Department



### Historical Expenditures by Department



Fiscal Year 2025 shown is for activity posted to the general ledger through February 28, 2025 which has been annualized through April 30, 2025.

A brief analysis of the departments that had an increase in expenditures compared to the prior year is summarized below:

- Many of the decreased expenditures in select departments, such as community development, and Administration, were due on staffing matters.

### **Non-Home Rule Sales Tax Fund**

This is the eleventh year of the Non-Home Rule Sales Tax. The Non-Home Rule Sales Tax Fund records the receipts of the revenue generated from the approval of the one percent sales tax.

The City has met all its obligations that were originally established for the revenue received from this source which includes: funding the property tax rebate program, hiring added police officers, and using these funds for City capital improvement projects.

The Non-Home Rule Sales Tax revenue is budgeted to fund the following:

- Capital Projects \$ 1,170,492
- Annual Debt Service Payment \$ 860,100
- Property Tax Rebate Program \$ 269,408
- Total \$2,000,000

**Enterprise Funds**

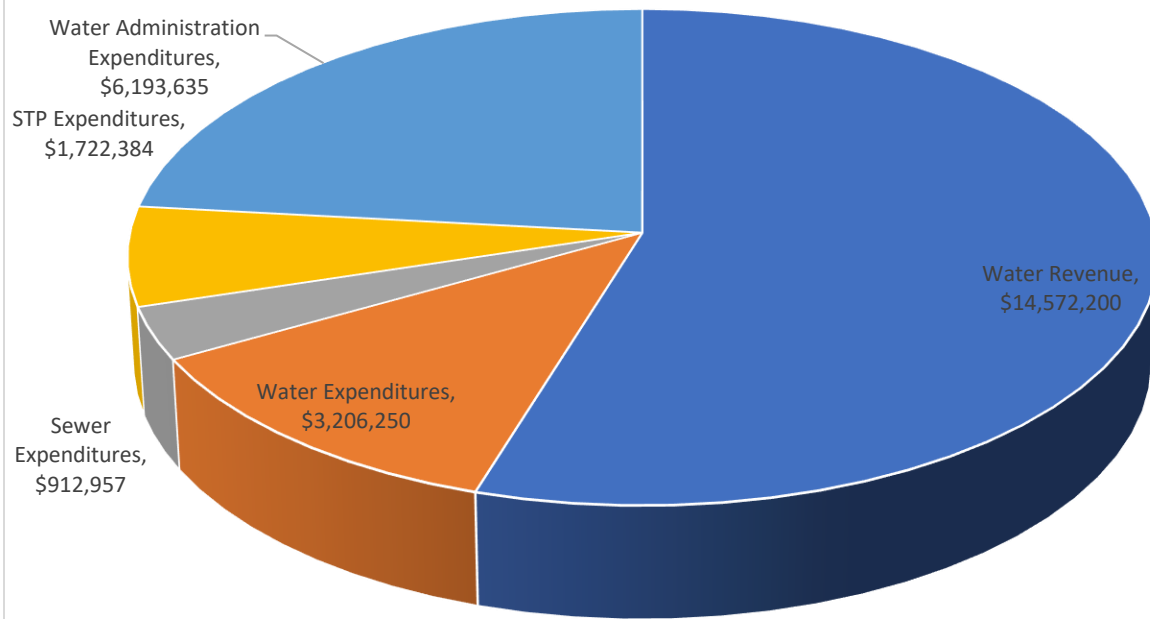
Enterprise Funds	Proposed Budget	Current Yr Budget	Current YTD	PY Budget	PY Actual
Water Revenue	14,372,200.00	11,774,564.00	10,345,225.69	10,846,804.00	(11,668,095.09)
Water	3,206,249.99	3,054,543.22	1,718,452.14	2,171,417.87	1,718,626.13
Sewer	912,957.02	927,798.28	405,854.73	679,043.00	461,628.04
STP	1,722,383.69	1,644,758.11	1,082,320.75	1,485,622.94	1,265,062.74
W&S Admin	6,193,634.79	6,147,464.84	2,795,417.63	7,499,998.50	9,001,244.31
Garbage	61,832.86	0.08	26,030.79	-	45,630.54
<b>Revenues</b>	<b>14,372,200.00</b>	<b>11,774,564.00</b>	<b>10,345,225.69</b>	<b>10,846,804.00</b>	<b>(11,668,095.09)</b>
<b>Expenditures</b>	<b>12,035,225.49</b>	<b>11,774,564.45</b>	<b>6,002,045.25</b>	<b>11,836,082.31</b>	<b>12,446,561.22</b>
<b>Enterprise Funds Totals</b>	<b>2,336,974.51</b>	<b>(0.45)</b>	<b>4,343,180.44</b>	<b>(989,278.31)</b>	<b>(24,114,656.31)</b>

Enterprise Operations show a surplus of \$2,336,975. This surplus is expected and needed for the upcoming water capital projects for the Grand Prairie Water Commission program.

**Water, Sewer, STP and Administration Fund**

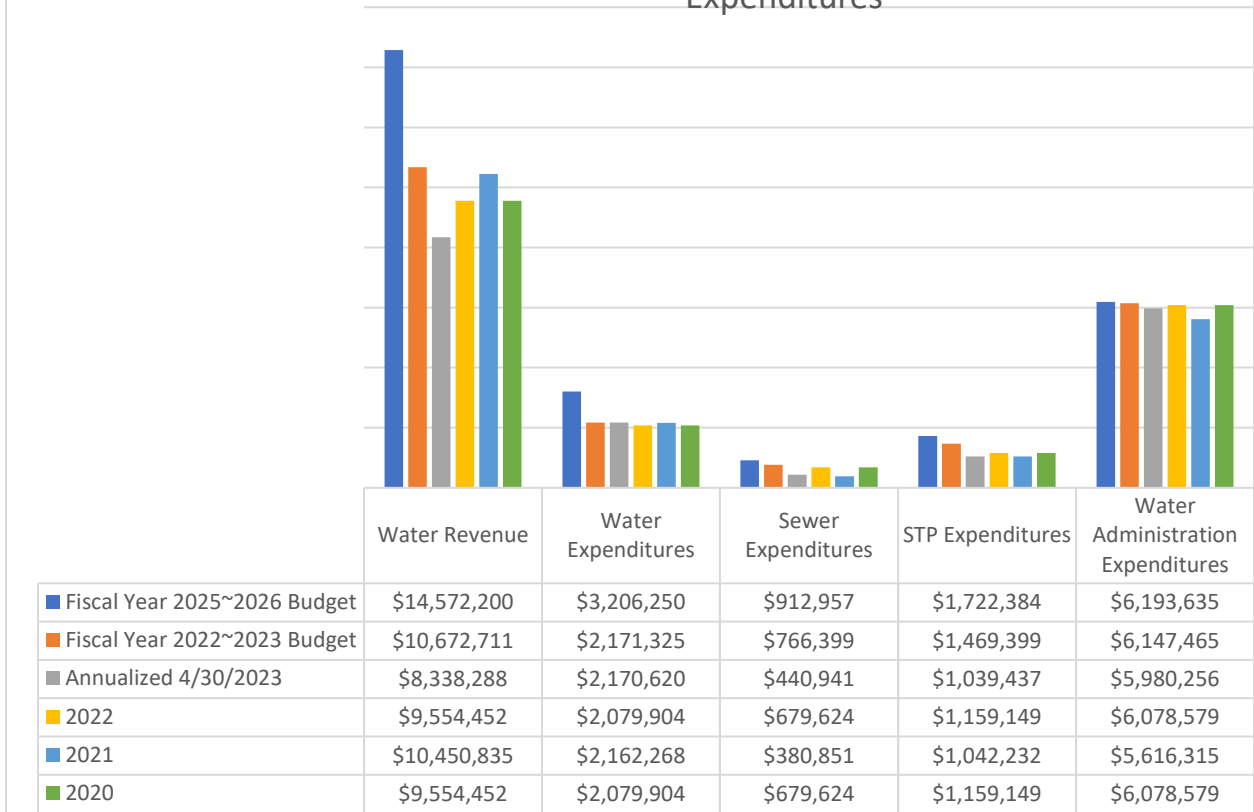
The City has separate funds to account for the revenue and expenditures that supply a safe, potable water supply for domestic and industrial usage and the expenditures that support a dependable system for collecting and treating the wastewaters of the City.

### Fiscal Year 2025~2026 Budget



Note: Water Revenue is the dark blue to the right. Expenditures are to the left.

### Historical Water, Sewer, STP and Administration Revenue and Expenditures



### **Capital Replacement Program Fund**

This fund implements a long-term approach to the systematic replacement of City owned vehicles, technology, capital equipment, and building maintenance for the City. Typically, City owned vehicles, equipment, technology, and computers are replaced according to a schedule that was created in Fiscal Year 2016.

The City has re-engaged the Capital Replacement Program for Fiscal Year 2026, to ensure the most cost-effective and mission ready capability of the Fleet.

### **TIF ~ Larkin/30 fund**

The City will be working with its City Council to continue to develop this TIF District during Fiscal Year 2025~2026.

**Refuse**

The City’s current Refuse contract is with Republic Services. The current contract states there will be a 3.5% rate increase every year. The City will correspondingly raise its refuse rates by 3.5% from the Fiscal Year 2025~2026 rates.

The customers are currently billed every two months for this service. The current rates and the budgeted Fiscal Year 2025~2026 rates are below:

<u>Current Rates</u>	<u>Fiscal Year 2024~2025 Monthly</u>	<u>Fiscal Year 2025~2026 Monthly</u>	<u>Fiscal Year 2025~2026 Bimonthly</u>
Garbage	\$15.93	\$16.48	\$32.96
Yd Waste	\$1.83	\$1.86	\$3.72
Recycling landfill	\$3.72	\$3.72	\$7.44
surplus	\$0.41	\$0.42	\$0.85
	<b><u>\$21.89</u></b>	<b><u>\$22.48</u></b>	<b><u>\$44.97</u></b>

**Police Pension Fund**

The Police Pension Fund of the City of Crest Hill is an Illinois local government, as such, it is a separate legal entity with its own management and budget authority. This fund exists solely to provide pension benefits for the City's police officers and beneficiaries. Lauterbach & Amen currently manages the police pension fund.

The City contributes to a single employer defined pension plan for its Police Pension fund. This fund is governed by Illinois Compiled Statutes and may only be amended by the Illinois legislature. Participating employees must contribute 9.91% of their salary to the plan. The City must contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially decided by an enrolled actuary.

The City funds its contributions to the Police Pension Plan through its annual tax levy. The City implemented a long-range plan for a fully funded police pension by 2038. The plan includes adding \$150,000 to the Actuarial Recommended Contribution to this fund, each year for the next ten years, which is above the requested annual amount. State law requires police pension funds to be 90% funded by 2040. The City has met its past obligations for the additional \$150,000 contribution to this fund and has budgeted to make the \$150,000 additional contribution for Fiscal Year 2025~2026.

As of April 30, 2024, the Actuarial Value of Assets for the Police Pension fund was 73.18% funded.

### **Police Special Assets Fund**

This fund is to account for certain fines received from the Will County Circuit Clerk which are restricted for law enforcement purposes only.

### **Conclusion**

The Fiscal Year 2025~2026 budget presents a sound financial plan which embodies the City's disciplined approach to spending, and dedication to its vision and the striving for continuous improvement of the community. The budget will be closely monitored during the next Fiscal Year and will follow the City Council's vision for the community.

I would like to take this opportunity to thank the Mayor, City Administrator, City Council, City Clerk and City Treasurer and the City Staff for their direction and support in the development of this budget. I would like to extend a special note of appreciation to the Department Heads as well as the entire City staff for their efforts and contributions to this financial plan.

Respectfully Submitted,  
Glenn Gehrke, Director of Finance