



FY 2026 Budget Preview

February 17, 2025

FY 2026 BUDGET - HIGHLIGHTS

Total Budgets:

- City Wide: \$310.6M (Decrease of \$21M / 6.4% under FY 2025)
- General Fund: \$133.7M (Decrease of \$9.4M / 6.6% under FY 2025)

Other Highlights:

- Capital Projects: \$77.2M (Decrease of \$11.3M / 12.8% under FY 2025)
- GF Fund Balance: +\$37.5M (2026 Projection with a \$665K contribution to fund balance – pending FY 2025 Final)
- Cash for Equipment: \$7.4M (General Fund all cash - \$2.2M)

FY 2026 BUDGET – GROWTH REVIEW (\$ in millions)

	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
Total City Wide Budget	207.6	214.1	210.1	227.5	230.3	251.7	269.1	290.1	331.7	310.6
Capital Projects *	22.1	24.9	26.7	40.1	40.9	61.3	56.9	69.7	88.5	77.2
Strategic Addition **	2.3	2.3	2.3	2.3	2.3	2.3	2.8	2.9	3.0	3.0
Nonrecurring ***	-	-	-	-	-	-	12.7	8.7	8.2	1.4
Net Operating Budget	183.2	186.9	181.1	185.1	187.1	188.1	196.7	208.9	232.0	229.0
									Annualized Growth from 2017	2.50%
Population	78,368	77,962	77,330	78,680	78,680	78,680	78,680	78,680	78,680	78,680
Operating cost / person	2,338	2,397	2,342	2,353	2,378	2,391	2,500	2,654	2,949	2,911
									Annualized Growth from 2017	2.45%
Actual + Encumbrances	189.4	191.2	189.0	193.6	198.9	253.5	223.2	277.3	N/A	N/A
Total Cost / person	2,417	2,452	2,444	2,461	2,528	3,222	2,837	3,524		
						21.2	Library Exp -not budgeted			
Salary and Benefits	66.5	69.4	70.9	70.2	71.6	72.1	75.3	80.0	87.2	94.3
									Annualized Growth from 2017	4.18%

* Larger projects are paid from accumulated fund savings = can vary significantly year to year. In addition, some get rolled to the next year due to timing etc.

** Non-capital Strategic Addition since 2016 = HR Sales Tax increase for County Mental Health. (not including increase for Connect Transit, Pensions etc.)

***5.2M Contribution to Fund Balance-All Funds in FY25, +3M Equipment in FY 2025

***1.4M Contribution to Fund Balance-All Funds in FY26

FY 2026 BUDGET – BY FUND

Fund	2025 Adopted	2026 Proposed	Dollar Change	Percent Change	Notes
General Fund	143,089,385	133,684,057	(9,405,328)	-6.57%	+\$5.6M Sal/Ben, -\$9.6M Transfers Out, -\$7.3M Equip/Vehicles \$3.5M moved to FY 2027
Motor Fuel Tax Fund	32,952,358	34,257,853	1,305,495	3.96%	Capital Projects-Carryforward Hamilton & Fox Creek
Board of Elections Fund	884,327	758,649	(125,678)	-14.21%	Presidential Election in FY 2025 = increase in Election Judges needed.
Drug Enforcement Fund	274,098	604,450	330,352	120.52%	Police increase on utilization of Drug Funds
Community Development	1,990,693	1,034,900	(955,793)	-48.01%	Lead Grant not included in FY 2026-asking for extension would require a BUA
IHDA Fund	239,760	415,000	175,240	73.09%	Home Repair & Accessibility Program (HRAP) Round 2 Applications
Library Fund	7,855,653	8,235,956	380,303	4.84%	
Park Dedication Fund	403,715	34,533	(369,182)	-91.45%	2 Capital Projects in FY 2025 / None in FY 2026
TIF Funds	676,778	700,570	23,792	3.52%	
Debt Service Funds	8,181,374	5,544,522	(2,636,852)	-32.23%	Multi-project Bond paid off in FY 2025 / Equipment Leases rolling off
Capital Improvements Fund	10,951,851	8,012,735	(2,939,116)	-26.84%	Decrease in Capital Projects-funded via transfer from General Fund
Cap Improv Asphalt/Concrete	11,997,021	8,000,000	(3,997,021)	-33.32%	8M Streets/Sidewalks-funded via 10% HR Sales Tax & all Local Motor Fuel Tax
Water Fund	41,557,485	48,418,971	6,861,486	16.51%	Increase due to projects related to Water Mains/Lead line replacement
Sewer Fund	16,146,577	10,173,477	(5,973,101)	-36.99%	FY 2025 included budget for Locust Colton Phase 8/East Street Basin-both projects pushed
Storm Water Fund	12,223,578	6,156,911	(6,066,668)	-49.63%	FY 2025 included budget for Locust Colton Phase 8/East Street Basin-both projects pushed
Solid Waste Fund	8,848,000	9,442,082	594,082	6.71%	
Abraham Lincoln Parking	455,000	476,000	21,000	4.62%	
Golf Fund	2,917,666	4,007,812	1,090,147	37.36%	FY 2026 includes budgeted funds to construct a new clubhouse/cart building at Highland Park
Arena Fund	8,861,393	7,699,888	(1,161,505)	-13.11%	FY 2025 included larger equipment purchases due to adding Bloomington Bison
Insurance Internal Service Funds	20,373,516	22,110,977	1,737,461	8.53%	Increase in Health Premiums
J M Scott Healthcare Fund	788,764	850,000	61,236	7.76%	
TOTAL EXPENSE	331,668,992	310,619,342	(21,049,650)	-6.35%	

FY 2026 BUDGET – MAJOR TAX REVENUES

Revenue Source	2025 Adopted	2026 Proposed	Dollar Change	Percent Change	Notes
Property Tax Levy	29,549,777	29,825,765	275,988	0.93%	Library- \$247.3K increase for operations/EAV, remainder in TIFs(not levied by City)
Home Rule Sales Tax	30,305,712	30,663,269	357,557	1.18%	Increase due to change in Level the Playing Field legislation - lower in Local Use Tax
State Sales Tax	21,430,000	21,583,227	153,227	0.72%	Increase due to change in Level the Playing Field - lower in Local Use Tax, \$750K reduction Grocery Tax
Income Tax	12,900,000	14,011,454	1,111,454	8.62%	Increase due to Corp Inc Tax increases. FY 2024 Actuals \$13.1M, FY 2025 Projected \$14M
Utility Tax	5,545,200	5,531,095	(14,105)	-0.25%	Reduction in Telecom continues, decrease in Natural Gas Rates
Food & Beverage Tax	6,000,000	5,988,688	(11,312)	-0.19%	
Local Motor Fuel Tax	4,200,000	4,000,000	(200,000)	-4.76%	Decrease due to trend - potential rebound related to new QT and Market St. construction completion
Local Use Tax	3,067,383	1,498,118	(1,569,265)	-51.16%	Decrease due to change in Level the Playing Field - offset in Home Rule / State Sales Tax
Franchise Tax	1,880,453	1,645,339	(235,114)	-12.50%	Decrease due to MetroNet Franchise Agreement being dissolved in FY 2025
Replacement Tax	4,245,969	2,605,715	(1,640,254)	-38.63%	Decrease due to continued claw backs from State due to IDOR distribution error
Hotel & Motel Tax	2,100,000	2,367,668	267,668	12.75%	Increase due to trend
Package Liquor	1,500,000	1,500,000	-	0.00%	
Amusement Tax	1,500,000	1,591,329	91,329	6.09%	Increase due to growth of streaming (some from MetroNet)
Video Gaming Tax	1,250,000	1,332,234	82,234	6.58%	Small increase per trend
TOTAL MAJOR REVENUES	125,474,494	124,143,903	(1,330,591)	-1.06%	

Note: Not all revenues in the above exhibit are General Fund related (Property Tax Levy-Library, TIF's, Bond Fund/ Home Rule Sales Tax-10% Asphalt & Concrete Fund and a portion for Arena Debt/ Local Motor Fuel Tax = 100% Asphalt & Concrete Fund/ A portion of the Replacement Tax shared with Library, Police/Fire Pension and Bond Funds.

FY 2026 BUDGET – CITY WIDE - REVENUES

Revenues	2025 Adopted	2026 Proposed	Dollar Change	Percent Change	Notes
Use of Fund Balance	43,554,197	33,988,867	(9,565,330)	-22.0%	MFT \$23.3, Cap Imp \$3M, Water \$2.5M, Sewer \$1.35M, Storm \$1.38M, Golf \$900K
Taxes	127,188,310	125,744,394	(1,443,916)	-1.1%	Decrease due to PPRT
Licenses	753,276	730,500	(22,776)	-3.0%	
Permits	931,500	971,500	40,000	4.3%	
Intergov Revenue	23,829,795	13,666,707	(10,163,088)	-42.6%	FY 2025 had \$9.1M IEPA Loan for Locust Colton Phase 8-project delayed until FY 2027
Charges for Services	85,670,012	96,001,305	10,331,293	12.1%	Ambulance, Water increase 33.3%, Sewer, Storm, Solid Waste.
Fines & Forfeitures	1,774,500	1,852,500	78,000	4.4%	
Investment Income	4,485,851	3,743,967	(741,884)	-16.5%	Decrease in rates and overall fund balance in multiple funds: GF, State MFT
Misc Revenue	22,942,686	24,309,084	1,366,398	6.0%	Water projected to borrow \$18M in FY 2026 for projects: water mains, lead line replacement
Sale Capital Assets	52,675	26,320	(26,355)	-50.0%	
Capital Lease Proceeds	1,637,706	-	(1,637,706)	-100.0%	No capital lease for any fund in FY 2026 = All funds paying cash for equipment
Contribution Revenue	50,503	50,503	-	0.0%	
Transfer In	18,797,982	9,533,696	(9,264,286)	-49.3%	-\$7M Capital Improvement Fund, -\$2.5M Asphalt & Concrete
TOTAL REVENUE	331,668,992	310,619,342	(21,049,650)	-6.3%	

FY 2026 BUDGET – CITY WIDE - EXPENSES

Expenditures	2025 Adopted	2026 Proposed	Dollar Change	Percent Change	Notes
Salaries	69,540,214	75,622,287	6,082,073	8.7%	Vacancy redux, OT-Events, Seasonals (BCPA, Zoo, Ice), annual for Classified and 11 Union CBAs
Benefits	17,726,285	18,703,140	976,855	5.5%	Increase in health plan costs. Increase in IMRF rate.
Contractuals	67,203,767	70,122,740	2,918,973	4.3%	+\$1.5M Premiums/Claims, +\$1M Other Purch Services, +\$350K A&E/Oth Prof & Tech
Commodities	21,398,002	23,434,965	2,036,963	9.5%	+\$1M for water meters, +\$300K utilities, +\$170K water chemicals
Capital Expenditures	96,313,356	76,678,079	(19,635,277)	-20.4%	\$11.3M decrease in Capital Projects. \$7.8M decrease in Capital Equipment.
Principal Expense	8,350,281	7,454,927	(895,354)	-10.7%	Reduction related to paying cash for equipment in GF
Interest Expense	2,018,057	2,419,436	401,379	19.9%	Increase related to interest for FY 2025 Planned borrowing for Water Fund of \$15M
Other Intergov Exp	20,246,070	21,295,832	1,049,762	5.2%	+\$1M to Police/Fire Pensions.
Other Expenditures	10,074,979	5,354,241	(4,720,738)	-46.9%	-\$3.7M in Contribution to Fund Balance across all funds
Transfer Out	18,797,982	9,533,696	(9,264,286)	-49.3%	-\$7M Capital Improvement Fund, -\$2.5M Asphalt & Concrete
TOTAL EXPENSE	331,668,992	310,619,342	(21,049,650)	-6.3%	

FY 2026 BUDGET – GENERAL FUND BALANCING

FY2026 Starting Deficit	5,700,000	Based on original Dept. requests - incl 5.9M in Equip Did not include any transfer to the Capital Imp Fund*
Operating Savings:		
Seasonals	310,000	
Purchased Services	215,000	
Misc Repairs / Maint	85,000	
Training / Prof Dev	115,000	
Temporary Services	45,000	
Misc Supplies	370,000	
FTE Reductions	700,000	
Attrition Addition	350,000	Full target is 600K
Other Adjustments	275,000	
Total Operating Savings	2,465,000	Off of original Dept. Requests
Equipment Delays	3,900,000	From 5.9M original ask
Total Adjustments	6,365,000	
Net Impact	665,000	Current Contribution to Fund Balance

General Fund Challenges:

Grocery Tax (3 months)	750,000
Replacement Tax	1,500,000
Interest Income	550,000
Vacancy - Net Reduction	900,000
Pensions	1,000,000
Union Agreements	1,000,000
	<hr/>
	5,700,000

Full Deficit:

Starting Deficit - Net Savings	3,235,000	5.7M Starting - 2.5M Operating Savings
*Usual Min Cap Imp Transfer	2,500,000	Covered in FY25 with delays etc.
Excess Equipment Ask	(900,000)	Average has been 5M vs. 5.9M ask
Unrealized Deficit	<hr/> 4,835,000	

FY 2026 BUDGET – GENERAL FUND - REVENUES

Revenues	2025 Adopted	2026 Proposed	Dollar Change	Percent Change	Notes
Use of Fund Balance	8,733,072	-	(8,733,072)	-100.0%	Contribution to Fund Balance for \$665K for FY 2026
Taxes	108,675,960	107,006,686	(1,669,274)	-1.5%	PPRT Decrease
Licenses	711,276	700,500	(10,776)	-1.5%	
Permits	913,500	953,500	40,000	4.4%	
Intergov Revenue	1,369,318	873,883	(495,435)	-36.2%	ARPA Deferred Revenue recognition decrease
Charges for Services	15,965,399	17,506,963	1,541,564	9.7%	+\$625K BCPA Admission Fees, +\$350K Pavement Cut Repairs, +\$210k Ambulance Fees
Fines & Forfeitures	742,500	795,500	53,000	7.1%	
Investment Income	1,801,000	1,251,000	(550,000)	-30.5%	Decrease in interest rates, lower projected General Fund Balance
Misc Revenue	420,032	490,269	70,236	16.7%	
Sale Capital Assets	50,500	25,500	(25,000)	-49.5%	
Transfer In	3,706,828	4,080,256	373,428	10.1%	Increase for Enterprise Fund departments to pay for overall Admin Services
TOTAL REVENUE	143,089,385	133,684,057	(9,405,328)	-6.6%	

Net Decrease in Revenues – excluding Use of Fund Balance = 672K

FY 2026 BUDGET – GENERAL FUND - EXPENSES

Expenditures	2025 Adopted	2026 Proposed	Dollar Change	Percent Change	Notes
Salaries	53,104,512	57,962,428	4,857,916	9.1%	Vacancy redux, OT-Events, Seasonals (BCPA, Zoo, Ice), annual for Classified and 11 Union CBAs
Benefits	13,185,929	13,957,187	771,258	5.8%	Increase in Health Insurance cost
Contractuals	20,837,839	21,545,637	707,797	3.4%	+\$460K BCPA Artist Fees, +100K insurance Premiums/Claims
Commodities	10,647,785	11,039,099	391,314	3.7%	+268.5K IT Telecom/Other Supplies,+57K Electricity,
Capital Expenditures	9,533,753	2,242,263	(7,291,490)	-76.5%	\$7.3M decrease in equipment with \$3.5M delayed until FY 2027
Principal Expense	1,170,514	680,678	(489,836)	-41.8%	Capital Equipment leases from prior years being paid off
Interest Expense	69,466	47,735	(21,731)	-31.3%	Capital Equipment leases from prior years being paid off
Other Intergov Exp	20,165,070	21,214,832	1,049,762	5.2%	+\$1M Public Safety Pensions
Other Expenditures	2,091,732	2,343,650	251,918	12.0%	+\$665K Contribution to Fund Balance/Fire Bad Debt +\$93K
Transfer Out	12,282,785	2,650,549	(9,632,236)	-78.4%	\$7M decrease in Capital Improvement transfer, \$2.5M decrease in Asphalt/Concrete
TOTAL EXPENSE	143,089,385	133,684,057	(9,405,328)	-6.6%	

GF Salary Increase:		
Vacancy/Attrition	900,000	Net reductions from 2M in FY25
Union Agreements	1,000,000	CBA - not captured in FY25
Overtime	516,000	Police - CBA increased rate
Seasonals	439,000	BCPA, Aquatics, Ice Center, Zoo
General	2,000,000	Union and Classified pay increases
	<u>4,855,000</u>	

Net Increase in Expenditures – excluding Transfers & Equipment = \$7.5M

FY 2026 GENERAL FUND – BY FUNCTION

Function / Department	2025 Adopted	2026 Proposed	Dollar Change	% Change	Notes	2026 Expense Net of non- tax revenue	Revenue Notes
Admin-Other (Legal, Finance etc.)	\$ 14,481,824	\$ 16,604,462	\$ 2,122,638	14.7%	\$900K Vacancy offset redux, \$500K Contractual offset redux, \$600K	na	
Public Safety	\$ 69,125,646	\$ 69,567,598	\$ 441,953	0.6%	+\$1M Pension costs	\$ 60,987,693	Ambulance, Towing, Resource officers
Econ - Comm Dev	\$ 6,827,189	\$ 6,459,345	\$ (367,845)	-5.4%		\$ 4,725,295	Permits, Fees, Reimb from IHDA, CDBG
Facilities Maint, Govt. Center, Parking	\$ 3,612,212	\$ 2,840,737	\$ (771,474)	-21.4%	-\$664K Government Center Maintenance	\$ 2,612,537	Parking fees
Fleet Maintenance	\$ 4,461,236	\$ 4,395,531	\$ (65,705)	-1.5%		\$ 4,170,531	Fuel charges to outside agencies
PW Admin, Street Mnt., Eng. Snow & Ice	\$ 12,808,978	\$ 10,954,913	\$ (1,854,065)	-14.5%	-\$929K Equipment, -\$783K Contractuals	\$ 9,088,913	Pavement cut repairs, IDOT, DCEO Grant
Parks, Rec & BCPA	\$ 15,541,119	\$ 16,211,125	\$ 670,007	4.3%		\$ 11,168,472	Ice, Zoo, Programs, Aquatics, BCPA
Public Transportation	\$ 1,700,610	\$ 1,740,140	\$ 39,530	2.3%	Connect Transit subsidy for operating/capital equipment	\$ 1,740,140	
McLean County Health	\$ 3,030,571	\$ 3,066,327	\$ 35,756	1.2%	Small increase in Home Rule Sales Tax	\$ 3,066,327	
Asphalt & Concrete Transfer	\$ 2,500,000	\$ -	\$ (2,500,000)	0.0%	No transfer in FY 2026	\$ -	
Capital Improvement Fund Transfer	\$ 7,000,000	\$ -	\$ (7,000,000)	-100.0%	No transfer in FY 2026	\$ -	
Enterprise Funds Subsidy Transfer	\$ 2,000,000	\$ 1,843,878	\$ (156,122)	-7.8%	Arena	\$ 1,843,878	
TOTAL EXPENSE	\$ 143,089,385	\$ 133,684,057	\$ (9,405,328)	-6.6%		\$ 99,403,786	

FY 2026 BUDGET – CAPITAL PROJECTS – BY FUND

Fund	FY2025	FY2026	Change
Capital Improvement	10,951,851	8,012,735	(2,939,116)
Asphalt and Concrete	10,000,000	8,000,000	(2,000,000)
MFT (State)	32,952,358	34,257,853	1,305,495
Water	18,592,082	21,466,086	2,874,004
Sewer	8,769,500	2,861,000	(5,908,500)
Storm Water	6,769,500	1,461,000	(5,308,500)
Arena	50,000	415,000	365,000
Park Dedication	373,715	-	(373,715)
Golf Fund	30,000	695,000	665,000
TOTAL	88,489,006	77,168,674	(11,320,332)

FY 2026 BUDGET – NEXT STEPS

Remaining FY 2026 Budget Schedule:

- Council - Budget Update – Capital Projects: February 24, 2025
- Council - Proposed Budget Presentation: March 10, 2025
- Council - Proposed Budget Public Hearing: March 24, 2025
- Council - Final Budget Adoption: April 14, 2025

FY 2026 BUDGET

Questions - Comments