FY07 to CY17 Financial Indicator Comparison

General Fund Budget

The chart below denotes the annual General Fund budgets in 2007, 2011 and 2017. By way of comparison, we have included the Fleet Services fund and the IT replacement fund, which were merged into the General Fund over the past years.

For the past 11 years, the City has seen an average annual increase in expenditures of 0.9%. This is below the annual Chicago area consumer price index (CPI) growth rate of 1.6% over the same timeframe. Furthermore, when you break out the annual increases it shows that the City has properly managed costs through cost saving measures and service level changes. Below are several of the major cost categories for the City.

1. Salaries & Wages – Growth of 0.6% annually; this is due to the City's continued efforts to contain staff costs, which is laid out below.
2. Benefits & Related – Growth of 3.5% annually, this is driven primarily by pension costs, which have grown 144% (13% annually) over the same timeframe. If you exclude pension costs, the annual growth of benefits has only increased 0.3% over the past 11 years. More detailed pension information is included below.
3. Contracted Services – Decreased at a 0.3% annual rate, showing that the City continues to manage contracts and service levels on an annual basis to provide the best service to the community. This cost category includes refuse collection services.
4. Supplies – Growth of 1.5% annually; there are several components driving this increase that include utility costs for water, electric and natural gas that have grown around 6 to 8% annually, as well as de-icing chemicals costs that have grown from $30/ton to $44/ton.

	FY07 Budget	FY11 Budget	CY17 Budget
Salaries & Wages	59,629,546	60,809,464	63,661,879
Benefits & Related	19,801,164	25,725,053	27,487,421
Contracted Services	17,978,703	16,832,957	17,447,260
Supplies	6,455,690	6,426,842	7,545,717
Capital Program	2,733,902	414,500	784,500
Internal Services/Transfers	2,772,106	7,535,942	3,474,409
Grants & Contributions	1,396,934	1,305,117	1,552,836
Grand Total	**$ 110,768,045**	**$ 119,049,875**	**$ 121,954,022**

City Staffing

Staffing costs make up approximately 61% of the City's total maintenance and operating budget (excluding purchased power and water). With this in mind, staff has made a consistent effort to control the cost of staffing through a variety of methods over the past decade. In 2007, the City employed 1,082 full-time equivalents (FTEs). This number includes full-time and part-time staff, temporary and seasonal workers, and interns. During the recession, staff made significant reductions which resulted in a total FTE count of 969 in 2011, a 10.5% reduction across all departments. Since then staff has continued to streamline operations and responsibly control personnel costs, with an additional 1% reduction in FTEs since 2011 (960).

The City continually evaluates personnel in conjunction with levels of service. Any changes to headcount are predicated on a need for an increase in service. For instance, TED has added back building inspector positions to match an increase in building activity, and the Police Department added back 5.5 positions in 2014 that allowed the City to increase officers on patrol. Staff will continue to responsibly control personnel costs moving into the future to help maintain a low annual growth rate.

	2007	2011	2017
Mayor & Council	12.00	11.12	11.00
Legal	11.00	10.50	13.50
City Manager's Office	27.87	10.12	10.13
City Clerk	-	5.50	7.25
SECA	1.00	0.50	1.00
CDBG	0.50	1.00	1.00
Information Technology	20.75	19.37	26.00
Finance	44.34	35.63	33.63
Human Resources	15.13	9.50	9.00
Board of Fire & Police	1.12	0.88	1.00
TED Business Group	103.68	67.03	64.00
Riverwalk Commission	0.50	0.50	0.50
Public Works	112.54	108.96	103.63
Police	309.04	273.54	271.88
Fire	201.00	203.00	202.00
Electric Utility	126.04	120.00	106.00
Water Utility	96.02	92.07	84.50
Temporary Employees	-	-	14.66
TOTAL FTE's	**1,082.53**	**969.22**	**960.66**
% Change			**-11%**

Public Safety Pensions

Since FY07, the City has experienced a 144% increase in required pension payments. Additionally, the City is projecting a 16% increase from CY17 to CY18, placing significant pressure on the City's annual budget. The recent increases have been caused by several factors that included, but are not limited to, changes in the mortality tables, payroll growth and fluctuations in the market returns on the pension investments. In addition, the City's current pension funding methodology requires 100% by 2033, compared to the state's minimum requirement of 90% by 2040. Overall, the City's pension funding practices have led the City to have the highest funding percentage level of comparable public safety pensions, with a combined funding ration of 72.3%, which is the actuarial value of assets versus actuarial accrued liabilities.

	FY07	FY11	CY17	FY07 to CY17 Increase	CY18 Projection	Annual Increase
Police Pension	2,762,370	4,708,411	6,538,474	137%	7,129,194	9%
Fire Pension	2,883,432	4,569,167	7,237,440	151%	8,896,264	23%

Public Safety Total	**5,645,802**	**9,277,578**	**13,775,914**	**144%**	**16,025,458**	**16%**

Total Debt Position

To measure the City's debt position, the City evaluates the amount of general corporate debt. This debt is related to City infrastructure construction and maintenance projects, including road construction, storm sewer infrastructure and City buildings. This value is used for measuring total debt position because the debt is paid back through property tax bills. The total debt in 2007 was $114.9 million and has decreased 10% to its current level of $103.5 million in 2017.

Another way to measure the overall debt burden on the community is to look at debt per capita, which calculates the total amount of outstanding debt versus the City's population. Currently, the City has a debt per capita ratio of $704 per person compared to $809 per person in 2007. (These figures do not adjust for inflation.) When adjusted for inflation, the City's current debt level ranks at the second lowest amount in the past 40 years. The City saw a significant increase in debt in 2008 and 2009 with the construction of the new Public Works Service Center and Fire Station 10.

Year	Outstanding Debt	Population	Debt per Capita
2007	$ 114,951,523	142,140	$809
2011	$ 138,104,187	141,853	$974
2017 (Projected)	$ 103,540,161	147,122	$704

Annual Debt Service

Another way to view how debt is currently impacting the City is to look at the annual debt service payments. In the current year, the City has $12.3 million in principle and interest payments, which is an increase of 26.5% from FY11 and a 15.3% increase from FY07. This increase in debt payments would appear to run counter to the fact that the City has a low total debt position, but can be explained due to timing of debt and the City's debt repayment policy. The City's debt policy is to borrow on a 20-year timeframe with an aggressive repayment schedule, paying back 20% of principle and interest in the first 5 years and 50% of principle and interest in the first 10 years. Combining that repayment policy with the significant amount of the debt issued in 2008 through 2009 causes the current debt service payment to be higher than in prior years. Additionally, the City's current goal of 25% debt reduction does relieve long-term pressure on debt service and stabilizes future year payments, but does little to effect short-term financial pressure.

Year	Debt Service
FY07	$ 10,692,136
FY11	$ 9,742,497
CY2017	$ 12,328,648

Cash Balances

In 2003, City staff and FAB did a full review of the cash reserve policies for all funds. At the same time, our fund structure was compared to other comparable communities to ensure we were structured properly, had sufficient reserves to maintain our AAA bond rating, yet did not keep too much cash on hand. The outcome of this review was "freeing up" a significant amount of unrestricted cash, which was utilized over the following decade to offset borrowing and maintain a low property tax rate. This strategy worked extremely well, allowing us to retain debt levels relatively flat despite

the fact that the City was continuing to build out to our borders. On the property tax side, residents were able to receive high quality services that were being subsidized by a portion of this excess cash. The following is a chart of total cash b
alance of the City during this period. Once the unrestricted cash had been drawn down to our revised reserve levels, this methodology was no longer sustainable.

In 2015, City Council took action to create a sustainable financial model for the future through the implementation of the three financial principles. This new model sought to improve the City's cash reserves and lower the City's debt position to align with the standards of AAA communities.