



2026 Draft Budget Work Session

SEPTEMBER 29, 2025

Topics

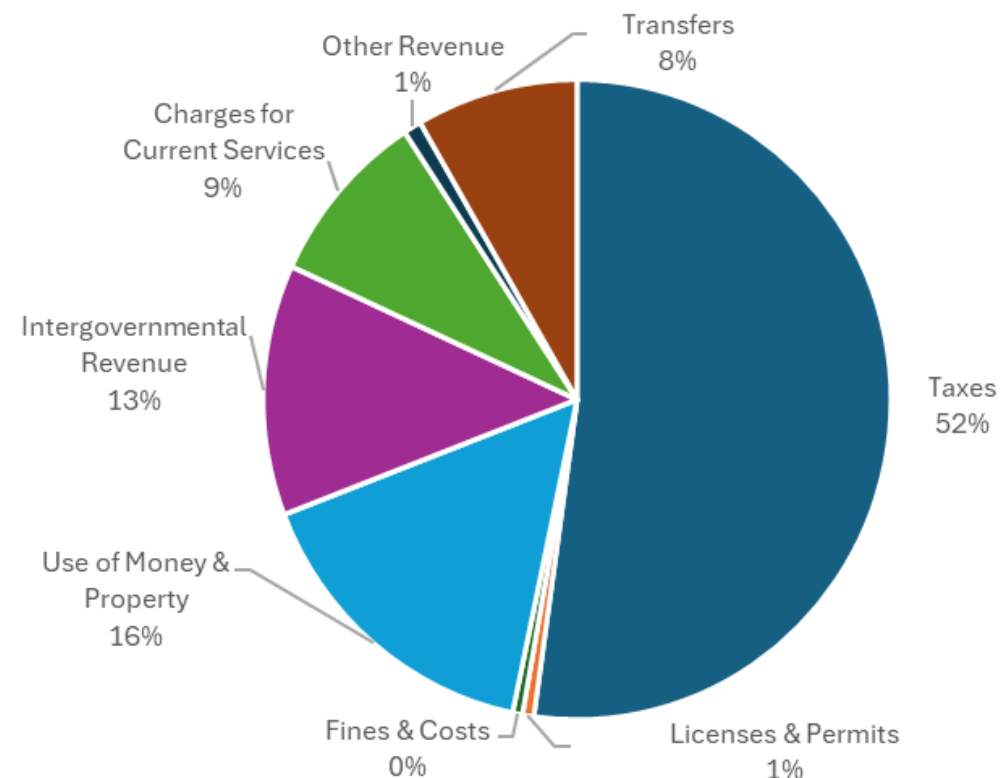
- 2026 Budget Calendar
- Tax Revenue
- Fire and Police Pension Funds
- Property Tax Estimation
- 2026 Proposed Budget
 - General Fund
 - Park & Recreation Fund
 - Water Fund
- Big Picture

Budget Calendar

- ✓ May - June – Forecast performed by departments
- ✓ July – Budgets due from departments
- ✓ August – Recommended revenue adjustments due from departments
- **September – Balance/Discuss budget; provide draft budgets to Council**
- **October – Provide draft budgets to Council; First reading on revenue adjustments; property tax estimation resolution**
- **November – Second reading on revenue adjustments; Public hearing for budget; first and second readings on property taxes**
- **December – Approve budget; provide tax levy ordinances to County Clerk**

Tax Revenue

- Tax Revenue is 52% of all revenues received
- 3 Categories:
 - Collected by the State
 - Locally Collected
 - Property Tax



State Sales Tax

- The State of IL collects these funds and distributes them to the various taxing bodies
- The City of Galesburg receives 2.25% of the 9.00% sales tax

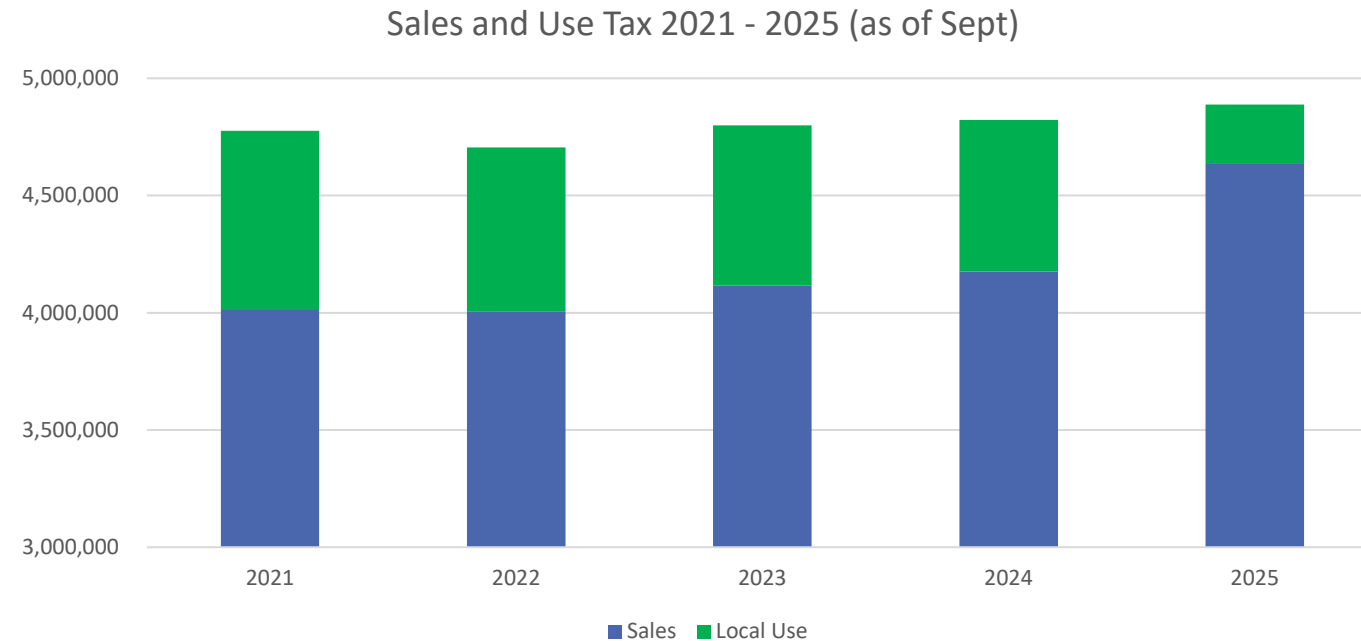
Unit	Rate
Illinois	5.00%
Local	1.00%
Home Rule	1.25%
County	0.25%
County: Public Safety	0.50%
County: Education	1.00%
Total*	9.00%

State Sales Tax

Sales Tax by Municipality	State	Home Rule	County: School Facility	County: Public Safety	Total Rate
Moline	6.25%	1.25%	1.00%	0.00%	8.50%
Rock Island	6.25%	1.25%	1.00%	0.00%	8.50%
Galesburg	6.25%	1.25%	1.00%	0.50%	9.00%
Peoria	6.25%	1.75%	0.50%	0.50%	9.00%
Normal	6.25%	2.50%	1.00%	0.00%	9.75%
Monmouth	6.25%	2.00%	1.00%	0.75%	10.00%

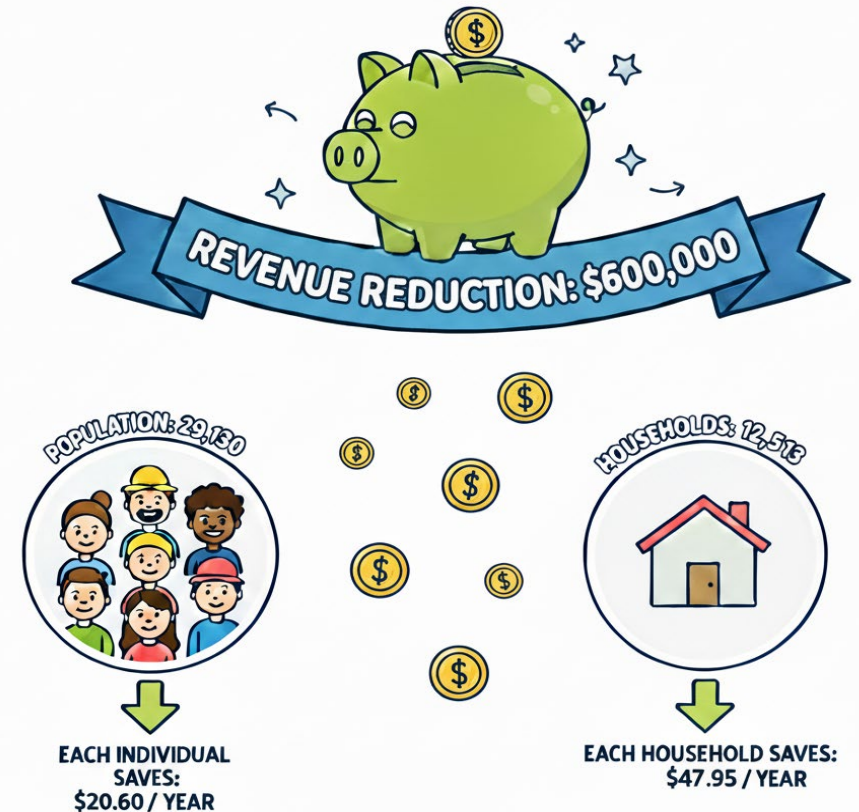
State Sales Tax

- The Local Tax of 1.00% is distributed between the General and Parks and Recreation Funds



Grocery Tax

- The 1.0% Local Sales Tax on groceries will be eliminated by the State of IL as of January 1, 2026
- 591 municipalities have adopted ordinances implementing the Grocery Sales Tax at the local level
- Galesburg elected not to adopt



Home Rule Tax

- The Home Rule Tax of 1.25% is distributed between the General, Parks & Recreation, Community Improvements & Infrastructure, and Economic Development Funds



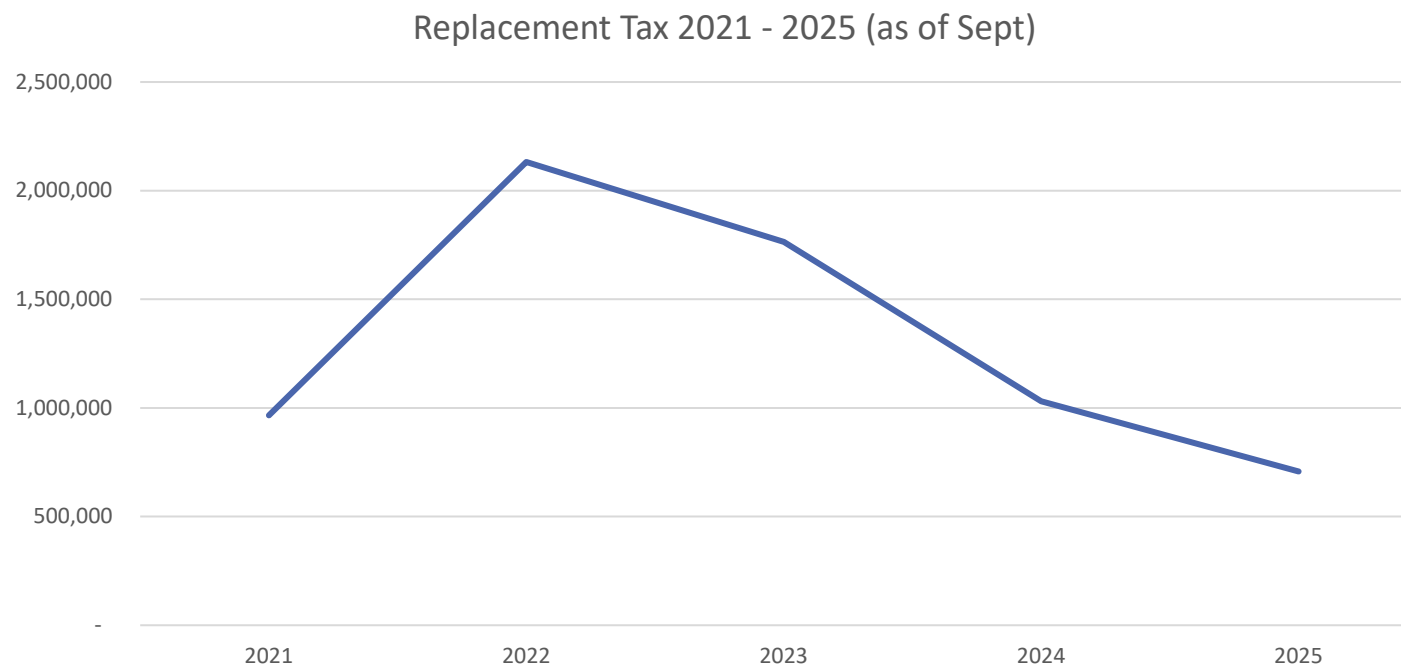
State Income Tax

- The State of IL has a flat rate of 4.95% for income tax



Replacement Tax (PPRT)

- The State of IL determines the annual allocations
- There is a 2.1% increase from Fiscal Year 2025



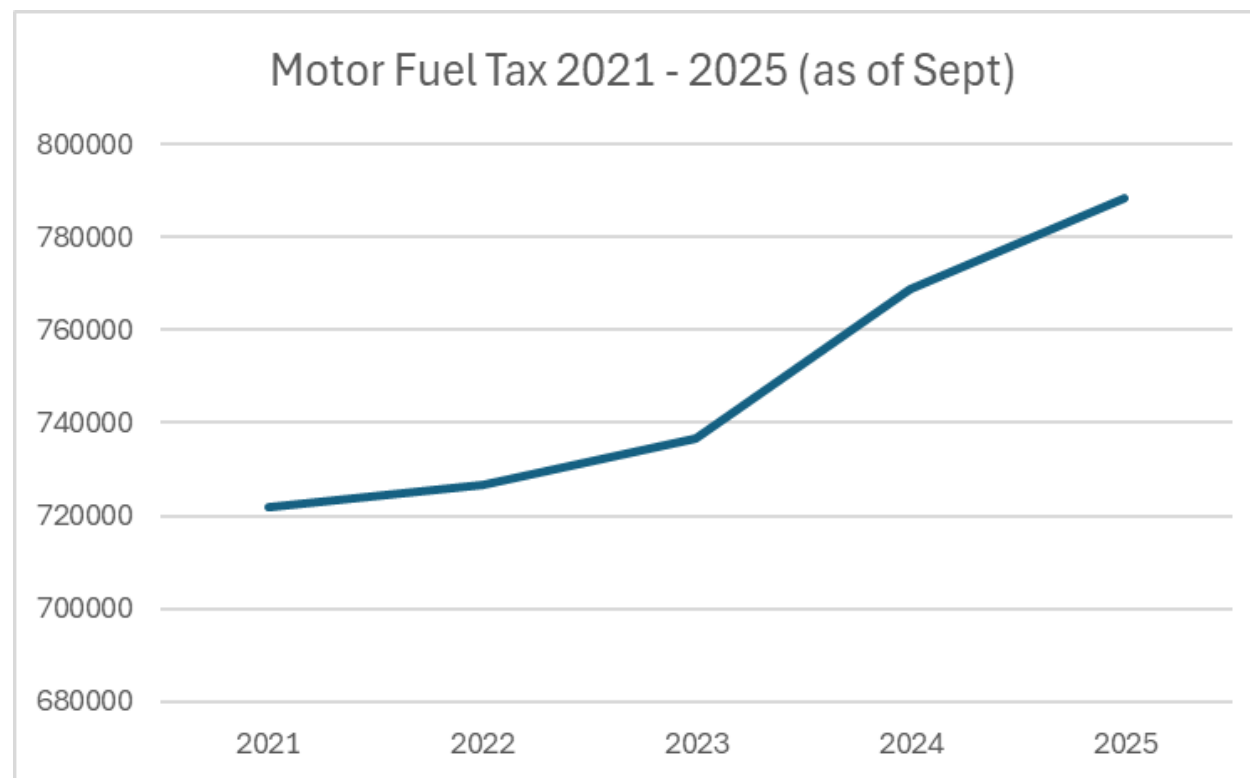
Video Gambling Tax

- Amount received is based on Net Terminal Income (bets in – bets out)
- The City receives approximately 5% of NTI



Motor Fuel Tax

- Current State tax is 48.3 cents/gallon
- Distributed to the municipalities on a per capita basis
- Maintenance and construction of City streets

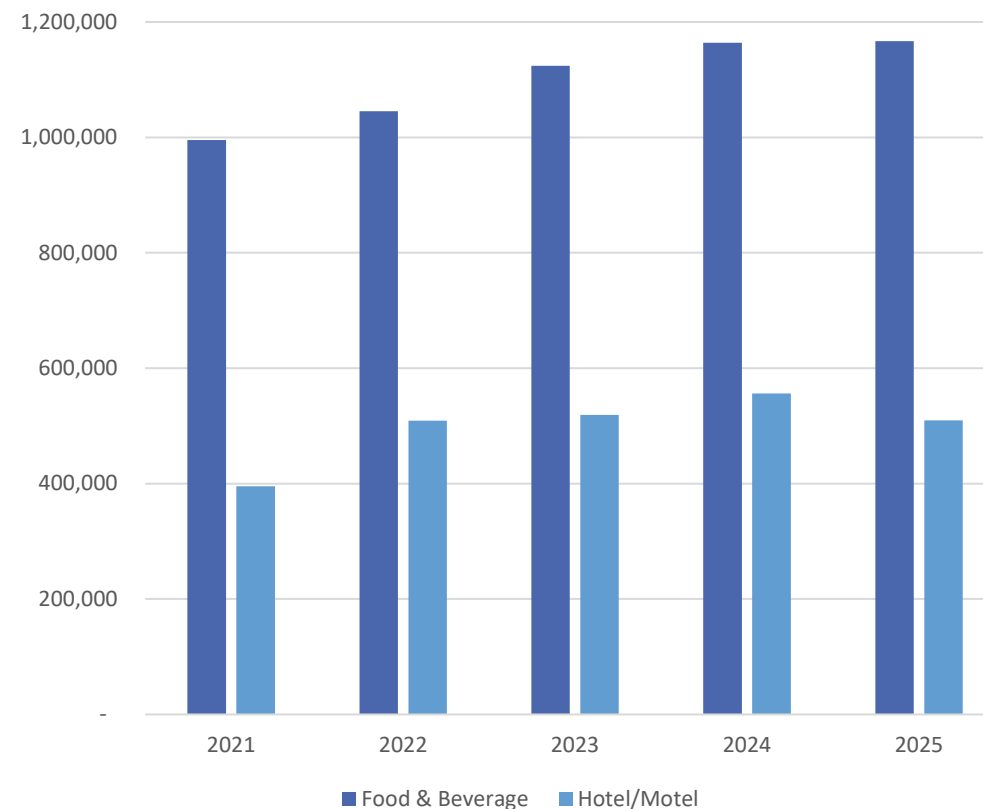


Local Tax

- The City of Galesburg has 4 locally collected taxes:
 - Food & Liquor Tax – 2.0%
 - Hotel/Motel Tax – 10.8%
 - City Gas Tax - \$0.045/gallon
 - Utility Tax – 5% of gross receipts

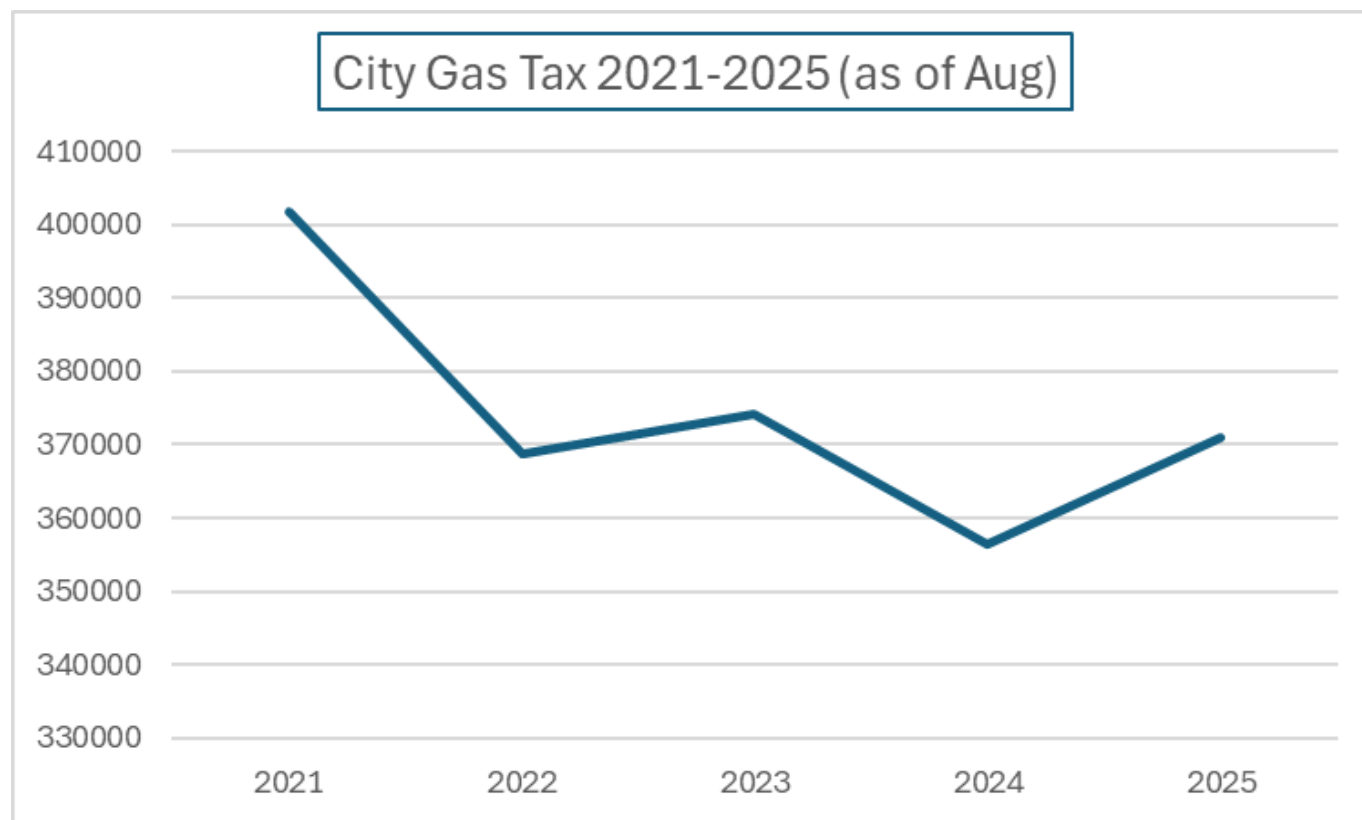
Food/Liquor and Hotel/Motel Tax

- The Food and Liquor tax was effective in 2007
 - 2.0% for retail purchase of food & liquor prepared for immediate consumption
- Hotel/Motel Tax was effective in 1977
 - 10.8% for short term rental of a hotel or motel room as of 2016



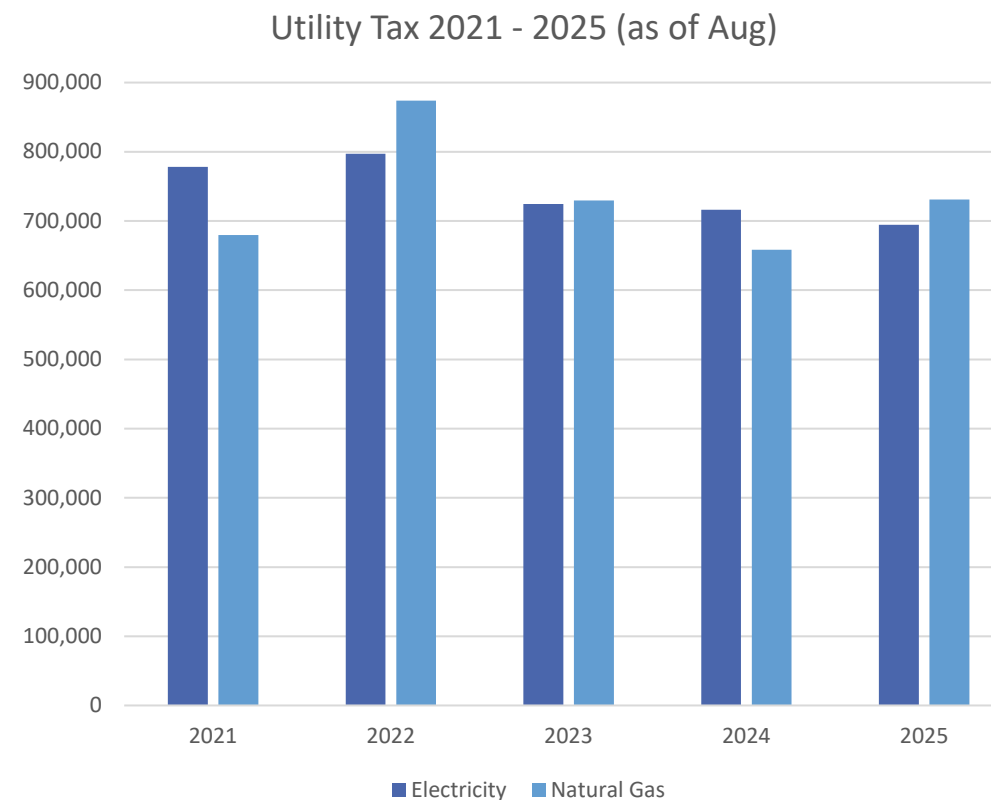
City Gas Tax

- \$0.045/gallon since Fiscal Year 2015
- The tax is used for maintenance and improvements of roads and streets



Utility Tax

- These taxes are paid through public utilities (Ameren) for consumption of electricity and natural gas
 - 33% to Stormwater Utility Fund
 - Maintenance of existing storm water system and construction of new storm water facilities
 - 67% to the Utility Tax Capital Projects Fund
 - Capital improvement and infrastructure projects



Property Tax

- Based on 2 factors:
 - Equalized Assessed Value (EAV) of property
 - Tax Rate determined by the various taxing bodies

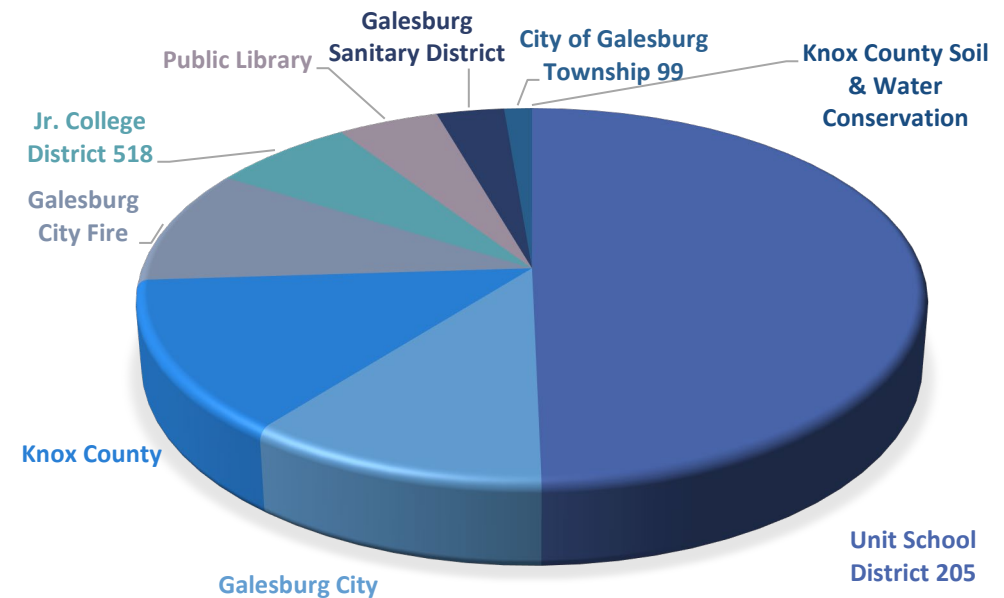
Equalized Assessed Value

- Average annual increase of 3.63%

Tax Year	EAV	% Increase
2016	334,539,615	3.03%
2017	338,014,245	1.04%
2018	347,323,679	2.75%
2019	355,551,263	2.37%
2020	363,713,908	2.30%
2021	367,918,987	1.16%
2022	396,985,017	7.90%
2023	416,662,504	4.96%
2024	437,929,179	5.10%
2025 (estimate)	462,694,402	5.66%

Taxing Bodies

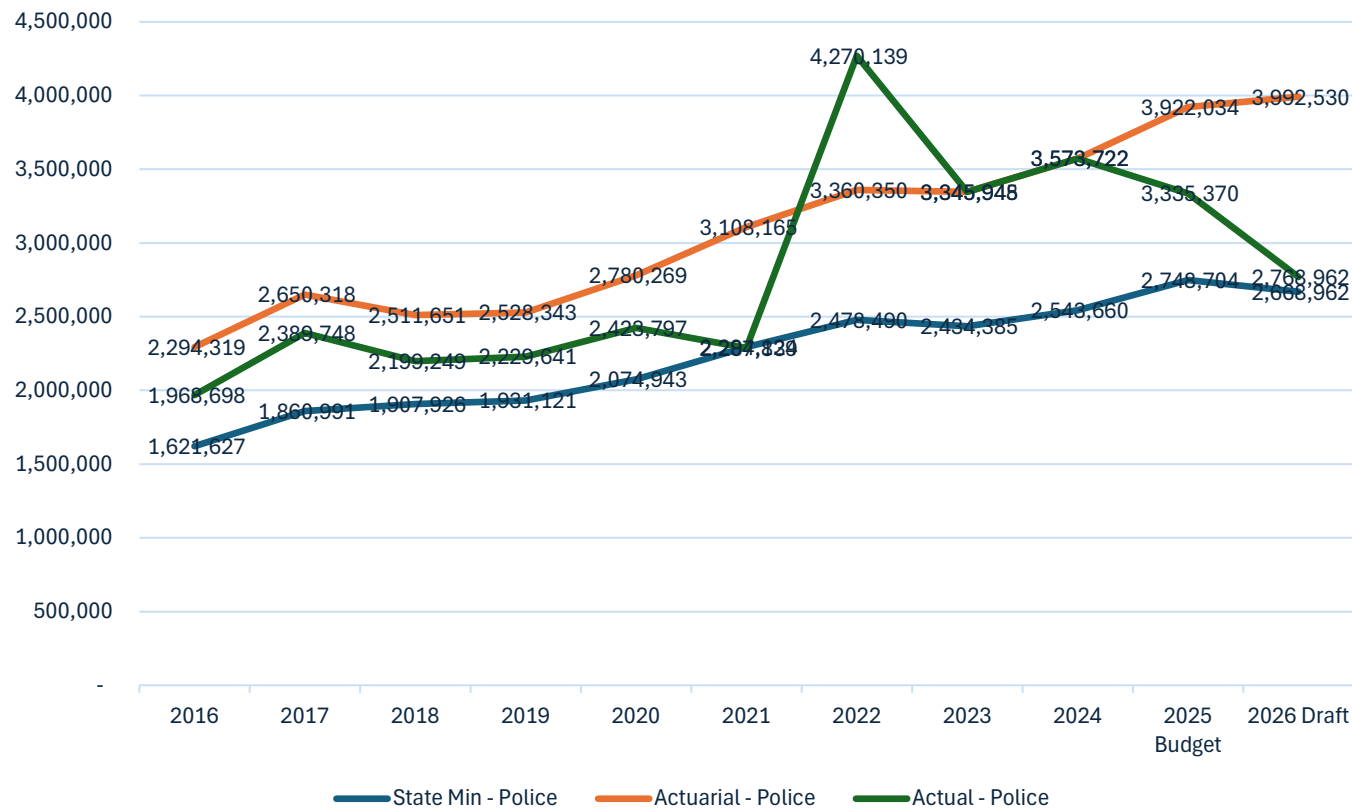
Taxing Bodies	2024 Rate	2024 %
Unit School District 205	4.60798	49.66%
Knox County	1.23765	13.34%
Galesburg City	1.02009	10.99%
Galesburg City Fire	0.92272	9.94%
Jr. College District 518	0.62805	6.77%
Public Library	0.44424	4.79%
Galesburg Sanitary District	0.29581	3.19%
City of Galesburg Township 99	0.12126	1.31%
Knox County Soil & Water Conservation	0.00051	0.01%
Total	9.27831	100.00%



Public Safety Pensions

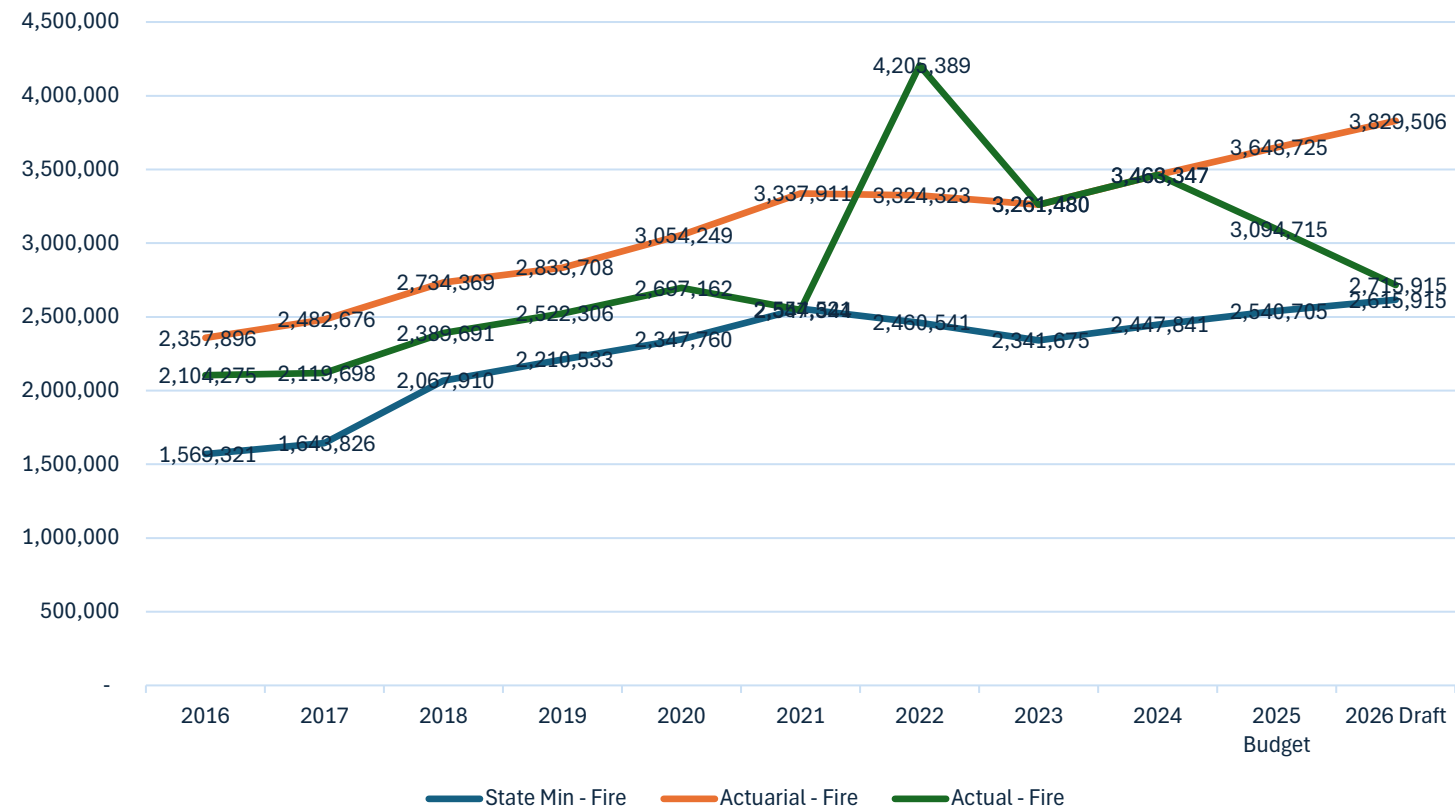
- The City makes contributions to Public Safety Pensions based on a State required amount and an Actuarially determined amount
- The State funded Target is 90% funded over 16 years
 - Minimum Contribution is based on funding parameters outlined in the IL State Statutes for pension funding
- The Actuarially Recommended Contribution (ARC) is 100% funded in 15 years
 - This target is determined by the Police and Fire Pension Boards

Police Pension Funding FY2016 - 2026



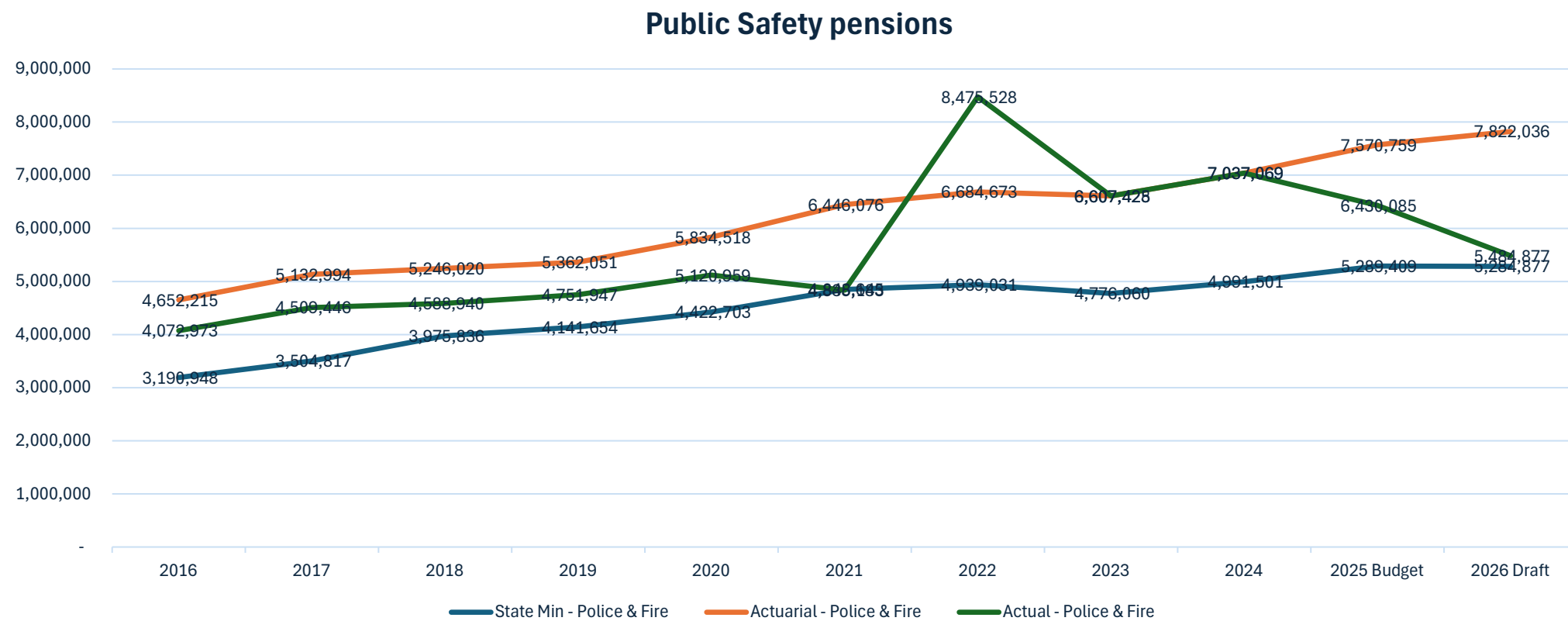
- From 2016 – 2024 the City has contributed \$24,688,778
- This is \$5,541,511 more than the State requirement
- For 2026, the difference between the State requirement and ARC is \$1,323,568
- Percent Funded 53.17%
- At the end of each year, the General Fund balance is reviewed and any excess funds go to fully fund public safety pensions

Fire Pension Funding FY2016 - 2026



- From 2016 – 2024 the City has contributed \$25,310,692
- This is \$5,666,764 more than the State requirement
- For 2026, the difference between the State requirement and ARC is \$1,213,591
- Percent Funded 51.79%
- At the end of each year, the General Fund balance is reviewed and any excess funds go to fully fund public safety pensions

Public Safety Pensions



Public Safety Employer Pension Contribution Options



Pension	2025 Budget and Levy	2026 State Minimum	2026 Median	2026 Actuary (ARC)
Fire	2,590,745	2,615,915	3,222,711	3,829,506
Police	<u>2,798,718</u>	<u>2,668,962</u>	<u>3,330,746</u>	<u>3,992,530</u>
Total	5,389,463	5,284,877	6,553,457	7,822,036

2025 Fire ARC recommendation \$3,648,725; State minimum \$2,540,705

2025 Police ARC recommendation \$3,922,034; State minimum \$2,748,704

2025 public safety pension contributions are \$2,181,296 less than total ARC

Public Safety Pensions 2026 Property Tax Options



Fire and Police Pension Levy Amounts			
Public Safety Pensions Levy Criteria	Public Safety Pension Amounts	Public Safety \$ Increase from 2025 Levy	Public Safety % Increase from 2025 Levy
State Minimum	5,284,877	(104,586)	-1.94%
Prior Year + \$150k	5,539,463	150,000	2.78%
Median	6,553,457	1,163,994	21.60%
Actuary	7,822,036	2,432,573	45.14%

All Levy Line Items for City			
Estimated Tax Rate	Estimated Tax Amount per \$100k	\$ Change from 2025 Levy Per \$100k	*Truth in Taxation Hearing Required
\$2.29	\$764.88	-\$30.81	No
\$2.35	\$783.22	-\$12.46	No
\$2.57	\$856.27	\$60.59	Yes
\$2.84	\$947.66	\$151.98	Yes

Proposed 2026 Property Tax Comparison to 2025 Property Tax



Description	2025 Rate	2025 Extension	2026 Est. Rate	2026 Proposed Levy	\$ Change	% Change	2025 % of Levy	2026 % of Levy
General/Park & Rec	\$0.259	1,133,361	\$0.260	1,203,793	70,432	6.21%	11%	11%
IMRF	\$0.065	285,048	\$0.065	302,762	17,714	6.21%	3%	3%
Social Security	\$0.057	250,145	\$0.057	265,690	15,545	6.21%	2%	2%
Police Pension	\$0.639	2,798,718	\$0.621	2,873,718	75,000	2.68%	27%	26%
Library	\$0.444	1,945,457	\$0.437	2,023,275	77,818	4.00%	19%	19%
General - Fire	\$0.331	1,450,115	\$0.332	1,536,749	86,634	5.97%	14%	14%
Fire Pension	\$0.592	2,590,745	\$0.576	2,665,745	75,000	2.89%	25%	25%
Total	\$2.387	10,453,589	\$2.350	10,871,732	418,143	4.00%	100%	100%

Property Tax Estimation Examples

	2025 Current Value		2026 Estimate No Change in Value		2026 Estimate Value Increases \$5,000	
Home Value	\$	100,000	\$	100,000	\$	105,000
Assessed Value (33.33%)	\$	33,333	\$	33,333	\$	35,000
Tax Rate		2.3871		2.3497		2.3497
Annual Tax Owed (City Portion)	\$	795.68	\$	783.22	\$	822.38
Annual Change from 2025		---	\$	(12.46)	\$	26.70

FY26 Proposed Budget

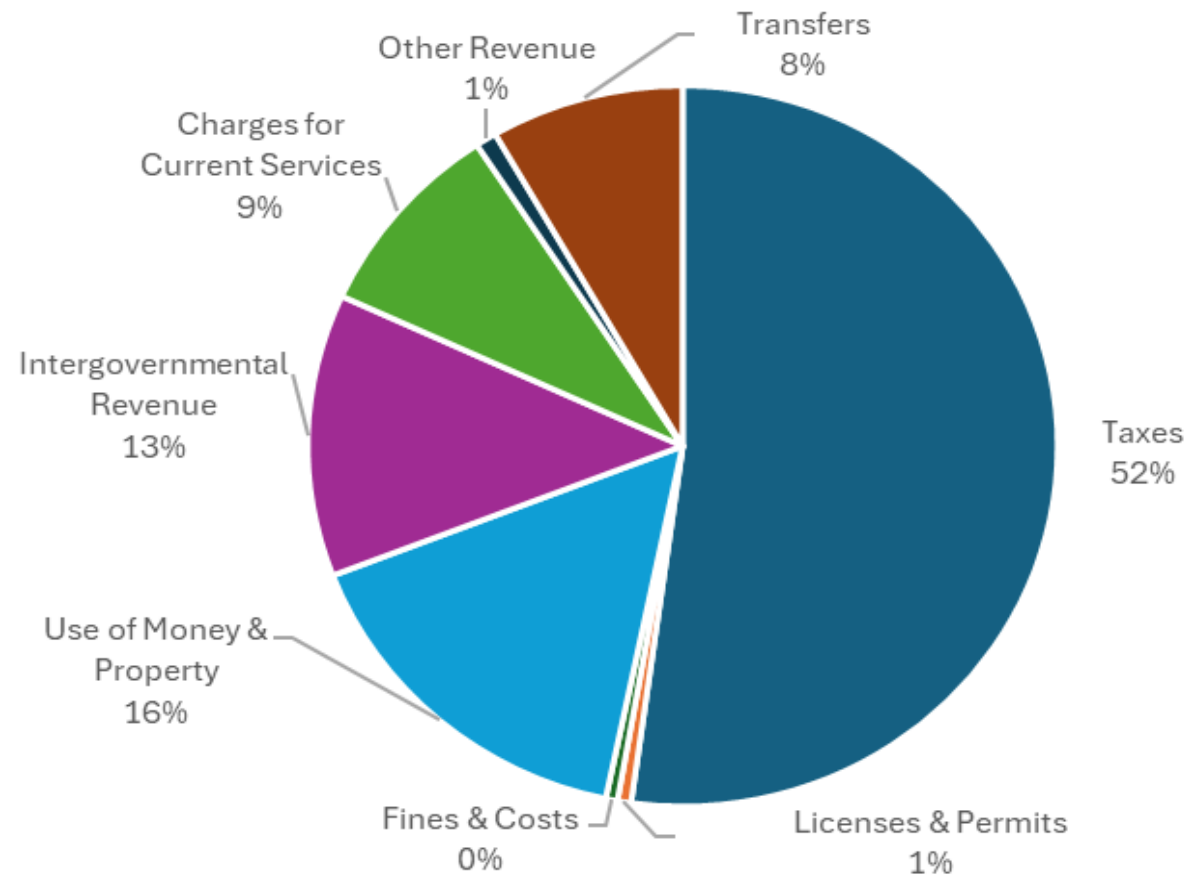
2026 vs 2025 Revenues

Fund	2026 Proposed Revenues	2025 Approved Budget	Change
General	32,938,076	31,355,075	1,583,001
Park Fund	5,742,585	5,980,410	(237,825)
Economic Development	1,474,605	1,372,100	102,505
Public Transportation Services	2,981,365	2,814,615	166,750
Storm Water Utility	809,885	841,175	(31,290)
Other Special Revenue Funds	13,020,390	8,003,675	5,016,715
Debt Service Funds	1,494,195	1,490,845	3,350
Replacement Program Funds	1,783,115	1,233,065	550,050
Utility Tax Capital Projects	1,640,865	1,700,435	(59,570)
Other Capital Project Funds	859,690	808,820	50,870
Water Operations	8,474,375	8,194,795	279,580
Refuse	3,614,585	3,352,035	262,550
Risk Management	1,332,965	1,308,275	24,690
OPEB Trust	149,820	1,146,750	(996,930)
Permanent Funds	28,895	26,330	2,565
Grand Total - All Funds	76,345,411	69,628,400	6,717,011

Revenue Changes

- Revenues are increasing \$6,717,011
 - Majority of this increase is from the Other Special Revenue Funds and General Fund
- Other Special Revenue Funds increasing by \$5.0 million
 - Mainly from anticipated grant revenues \$4.5 million
- General Fund increasing by \$1.58 million
- Parks and Recreation Fund decreasing by \$237,825
- Water Fund increasing by \$279,580

Revenue Distribution – All Funds



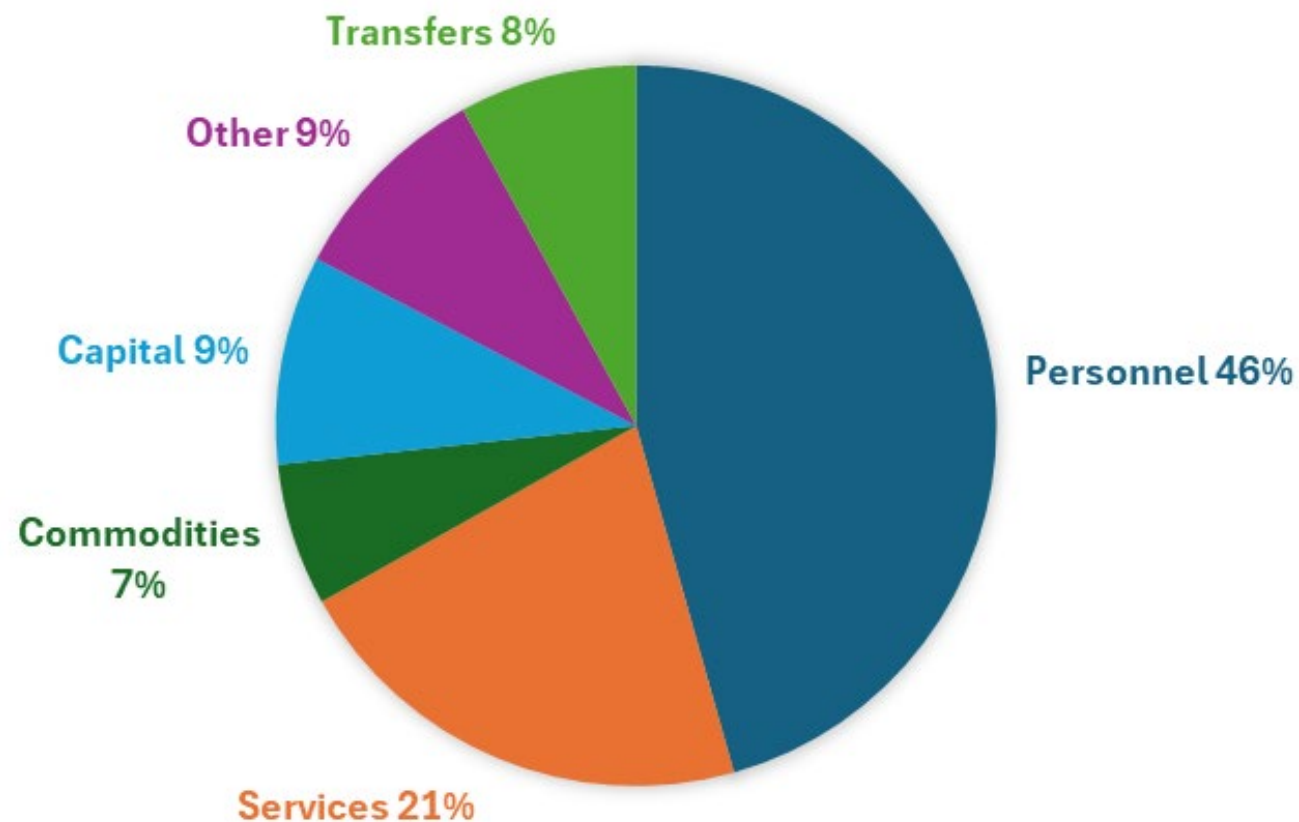
Expenses 2026 vs 2025

Fund	2026 Proposed Expenses	2025 Budgeted Expenses	Change
General	33,067,970	32,207,320	860,650
Park Fund	5,868,735	7,104,180	(1,235,445)
Economic Development	1,843,640	1,963,995	(120,355)
Public Transportation Services	2,978,280	2,814,615	163,665
Storm Water Utility	1,345,715	1,036,615	309,100
Other Special Revenue Funds	13,805,305	10,519,325	3,285,980
Debt Service Funds	1,494,195	1,490,845	3,350
Replacement Program Funds	1,937,490	1,040,720	896,770
Utility Tax Capital Projects	1,645,520	1,707,405	(61,885)
Other Capital Project Funds	3,978,580	3,493,965	484,615
Water Operations	7,528,050	7,394,115	133,935
Refuse	3,615,090	3,419,770	195,320
Risk Management	1,464,555	1,257,585	206,970
OPEB Trust	149,820	1,146,725	(996,905)
Permanent Funds	15,575	18,450	(2,875)
Grand Total - All Funds	80,738,520	76,615,630	4,122,890

Expenditure Changes

- Expenditures are increasing \$4,122,890
 - Majority of this increase is from the Other Special Revenue Funds, Replacement Funds, and General Fund
- Other Special Revenue Funds increasing by \$3.2 million
 - Mainly from anticipated grant revenues \$4.5 million
- General Fund increasing by \$860,650
- Parks and Recreation Fund decreasing by \$1.2 million
- Water Fund increasing by \$133,935

Expenditure Distribution – All Funds



Personnel Changes

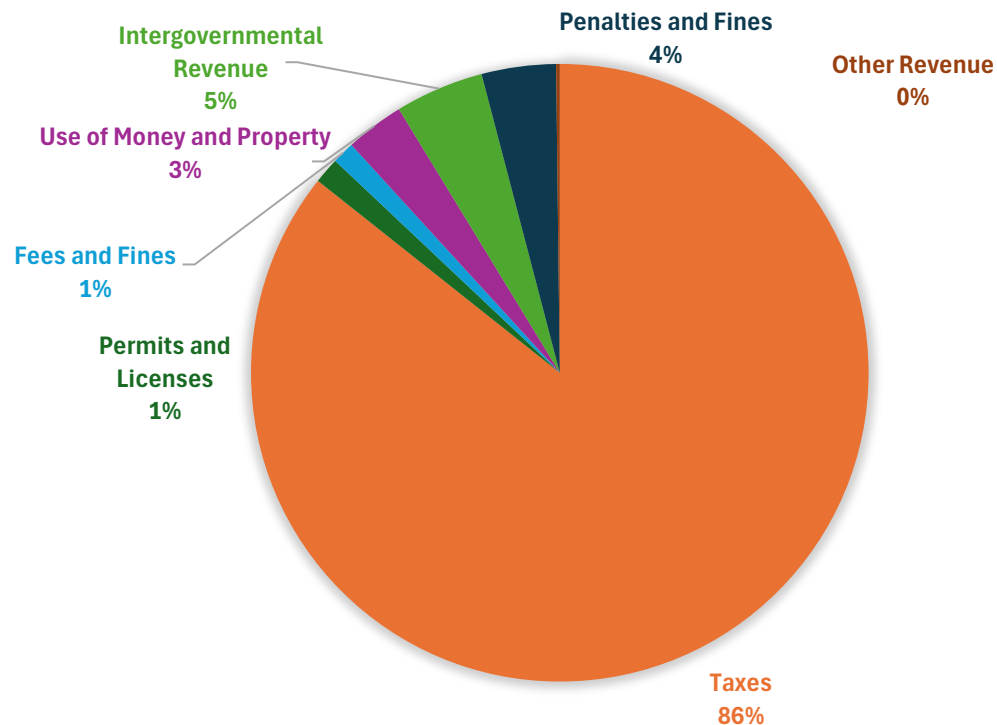
MAJOR CHANGES

- Full-Time Salaries increased 4%
- Health Insurance increased 17%
- IMRF Pension increased 14%
- \$1,774,620 increase to the budget
 - 74% to General Fund
 - 9% to Water
 - 7% to Parks and Recreation
 - 6% to Public Transit

	2026	2025	Increase
Full-Time Salaries	20,269,440	19,493,590	3.98%
Health Insurance Premium	5,728,695	4,896,070	17.01%
IMRF	1,331,300	1,165,155	14.26%
Total	27,329,435	25,554,815	6.94%

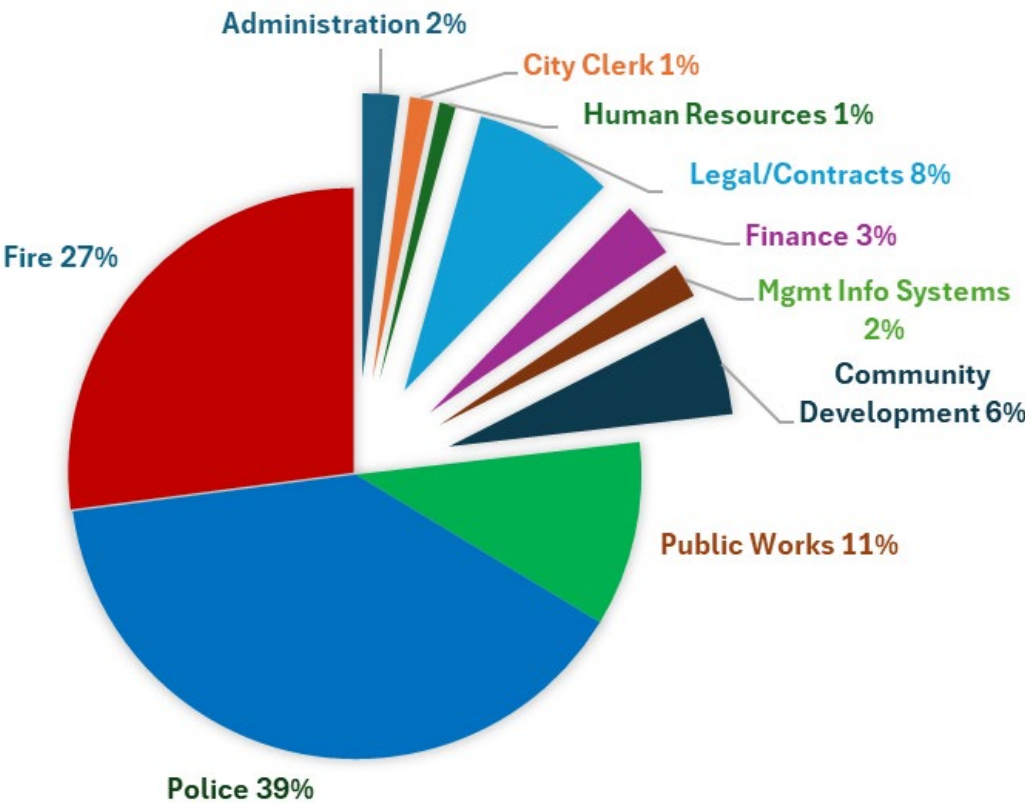
FY26 General Fund

General Fund Revenues by Category



Description	2026 Proposed	2025 Budget	\$ Change	% Change
Taxes	28,245,336	26,985,185	1,260,151	4.7%
Licenses & Permits	446,090	435,380	10,710	2.5%
Fines & Costs	384,425	289,260	95,165	32.9%
Use of Money & Property	1,005,440	1,137,175	(131,735)	-11.6%
Intergovernmental Revenue	1,520,950	1,394,380	126,570	9.1%
Charges for Current Services	1,273,835	1,064,695	209,140	19.6%
Other Revenue	62,000	49,000	13,000	26.5%
Total Revenues	32,938,076	31,355,075	1,583,001	5.0%
Taxes make up 86% of revenue				

General Fund Expenditures by Department

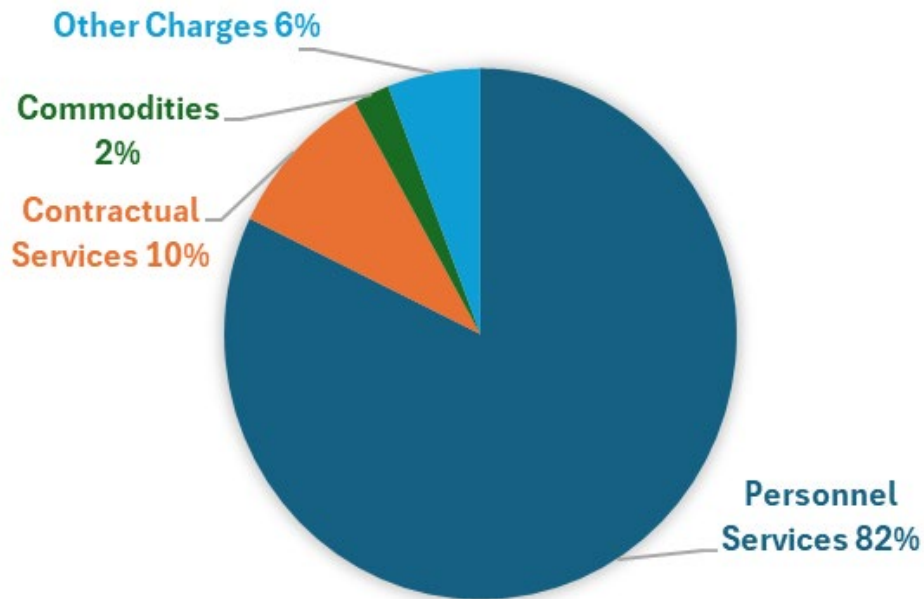


Department	2026 Proposed	2025 Budget	\$ Change	% Change
Administration	690,805	662,945	27,860	4.2%
City Clerk	433,165	404,400	29,565	7.3%
Human Resources	305,635	265,360	40,275	15.2%
Legal/Contracts	2,638,065	2,756,065	(118,000)	-4.3%
Finance	1,052,020	961,130	90,890	9.5%
Mgmt Info Systems	665,855	768,020	(102,165)	-13.3%
Community Development	1,878,185	1,555,405	322,780	20.8%
Public Works	3,477,470	3,318,200	159,270	4.8%
Police	12,975,310	13,006,610	(31,300)	-0.2%
Fire	8,951,460	9,000,280	(48,820)	-0.5%
Total	33,067,970	32,698,415	370,355	1.1%

General Fund Expenditures by Category



2026 PROPOSED



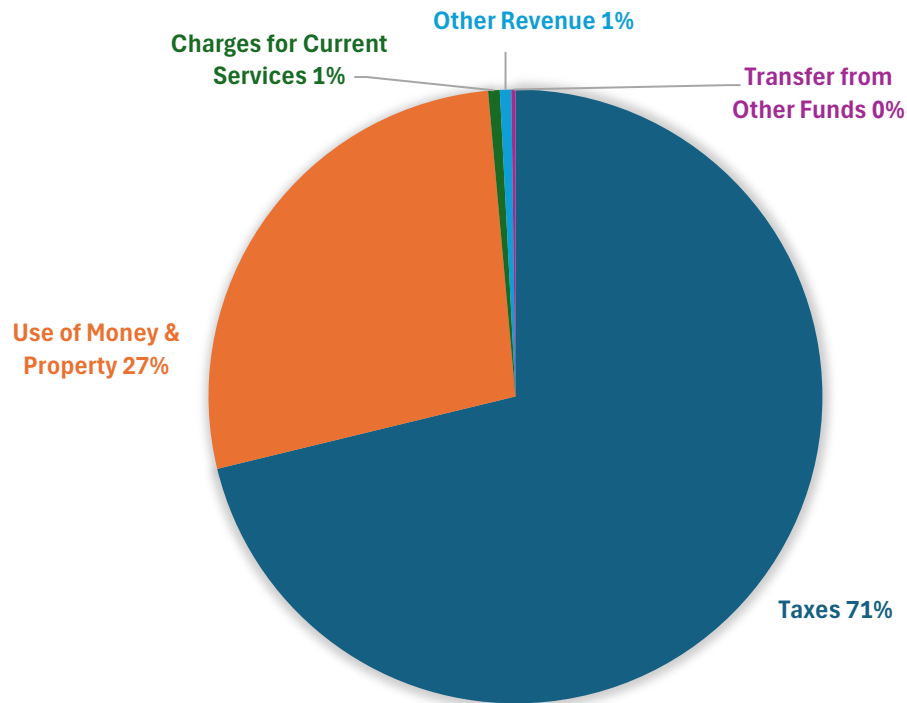
Category	2026 Proposed	2025 Budget	\$ Change	% Change
Personnel Services	27,170,075	26,738,100	431,975	1.6%
Contractual Services	3,201,460	3,864,760	(663,300)	-17.1%
Commodities	756,245	1,036,225	(279,980)	-27.0%
Other Charges	1,940,190	1,059,330	880,860	83.1%
Total	33,067,970	32,698,415	369,555	1.1%

FY26 Parks & Recreation Fund

Park Fund Revenues by Category



2026 PROPOSED



Description	2026 Proposed	2025 Budget	\$ Change	% Change
Taxes	4,086,670	4,367,280	(280,610)	-6.4%
Use of Money & Property	1,573,915	1,522,880	51,035	3.4%
Charges for Current Services	35,000	40,000	(5,000)	-12.5%
Other Revenue	34,500	39,200	(4,700)	-12.0%
Transfer from Other Funds	12,500	11,050	1,450	13.1%
Total Revenues	5,742,585	5,980,410	(237,825)	-3.9%

Park Fund Expenditures by Division



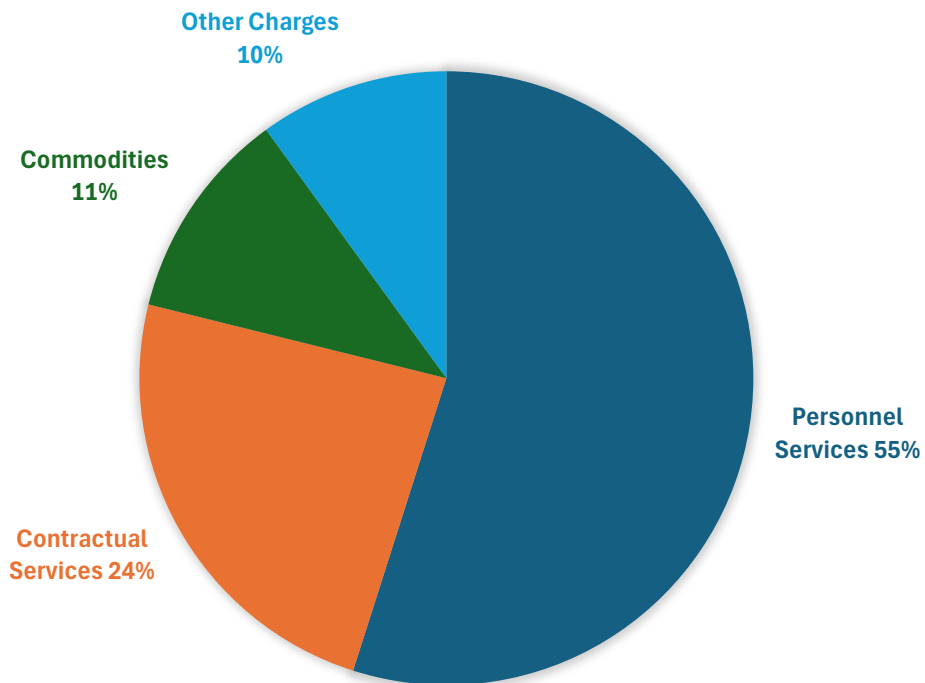
Fund Name	2026 Proposed	2025 Adopted	2024 Actual	2023 Actual	\$ Change	% Change
Parks & Recreation Admin	2,409,310	2,416,850	2,143,351	2,126,058	(7,540)	0%
City Hall Bldg & Grounds*	-	297,630	331,208	191,051	(297,630)	-100%
PSB Bldg & Grounds*	-	193,465	181,751	166,772	(193,465)	-100%
Parks Operations & Maintenance	701,375	1,026,395	596,911	665,032	(325,020)	-32%
Golf Course	989,005	1,292,750	1,189,341	829,895	(303,745)	-23%
Allison Campground	98,530	86,280	75,486	89,460	12,250	14%
Lake Storey Beach	84,255	107,870	70,872	75,022	(23,615)	-22%
Pavilion	113,105	130,475	94,023	86,736	(17,370)	-13%
Recreation Special Programs	231,155	310,595	182,360	207,198	(79,440)	-26%
Lakeside Recreation Facility	97,085	85,035	138,190	79,330	12,050	14%
Lakeside Water Park	320,170	371,550	454,381	246,860	(51,380)	-14%
Hawthorne Pool	140,995	131,200	103,054	45,893	9,795	7%
Hawthorne Gymnasium	52,640	42,675	35,898	37,453	9,965	23%
Linwood Cemetary	212,510	245,190	208,372	174,367	(32,680)	-13%
Forestry	418,600	366,220	235,048	229,345	52,380	14%
Total Parks & Recreation	5,868,735	7,104,180	6,040,246	5,250,472	(1,235,445)	-17%

*City Hall and PSB Bldg & Grounds is moving to Division 304 in the General Fund in 2026.

Park Fund Expenditures by Category



2026 PROPOSED



Description	2026 Proposed	2025 Adopted	\$ Change	% Change
Personnel Services	3,222,925	3,394,130	(171,205)	-5%
Contractual Services	1,405,550	1,681,835	(276,285)	-16%
Commodities	653,885	787,030	(133,145)	-17%
Other Charges	586,375	750,090	(163,715)	-22%
Total	5,868,735	6,613,085	(744,350)	-11%

The 2025 adopted budget does not include the City Hall or PSB Bldg and Maint divisions

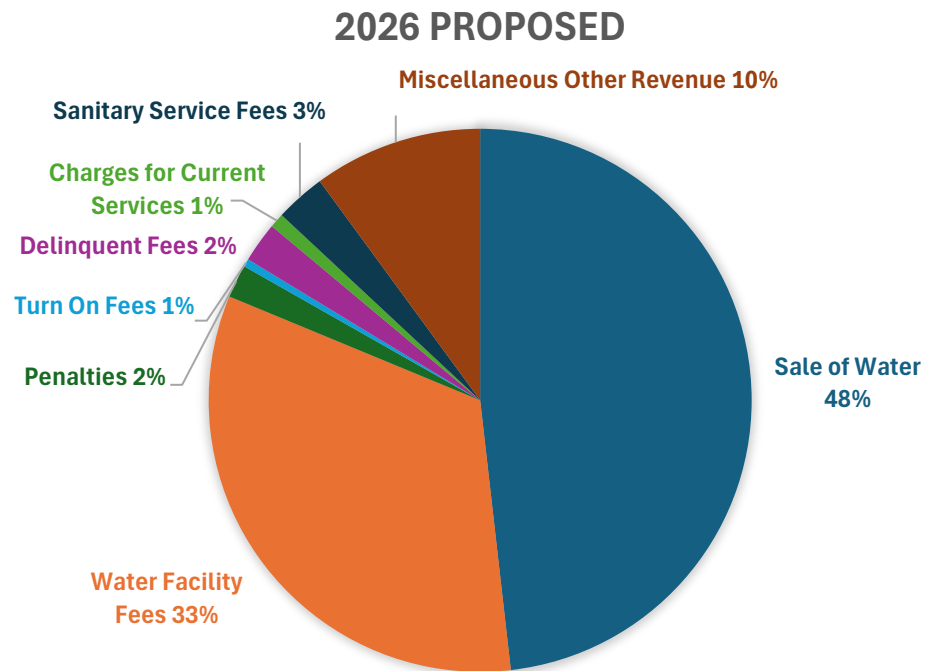
Park Fund Facility Costs



Description	2026 Proposed Revenues	2026 Proposed Expenditures	Surplus/(Loss)
Bunker Links Golf Course	837,600	989,005	(151,405)
Campground	132,500	98,530	33,970
Lake Storey Beach & Concessions	26,100	84,255	(58,155)
Hawthorne Pool & Gym	42,700	193,635	(150,935)
Lakeside Pool	146,100	320,170	(174,070)
Lakeside Recreation Facility	31,130	97,085	(65,955)
Pavilion Revenues	42,000	113,105	(71,105)
Recreation Programs	201,500	231,155	(29,655)
Total Recreation Facilities/Programs	1,459,630	2,126,940	(667,310)

2026 Water Fund

Water Revenue



Description	2026 Proposed	2025 Adopted	2024 Actual	\$ Change	% Change
Sale of Water	4,054,000	4,290,160	4,024,375	(236,160)	-6%
Water Facility Fees	2,854,000	2,854,000	2,759,537	(0)	0%
Penalties	165,000	140,000	193,660	25,000	18%
Turn On Fees	39,000	39,040	37,410	(40)	0%
Delinquent Fees	200,000	150,000	203,435	50,000	33%
Charges for Current Services	72,300	72,265	79,686	35	0%
Sanitary Service Fees	250,000	200,000	241,116	50,000	25%
Miscellaneous Other Revenue	840,075	449,330	758,968	390,745	87%
Total Revenues	8,474,375	8,194,795	8,298,187	279,580	3.4%

2026 Sale of water and facility fees combined equals \$6,908,000 or 82.7% of water revenue

Water Fund Revenue Highlights



SALE OF WATER

Month	2025	2024	\$ Change	% Change
January	295,905	337,376	(41,471)	-12%
February	355,776	345,757	10,019	3%
March	311,396	306,357	5,039	2%
April	337,833	302,918	34,915	12%
May	297,931	337,302	(39,371)	-12%
June	372,766	381,699	(8,933)	-2%
July	332,039	350,971	(18,932)	-5%
August	373,175	314,088	59,087	19%
Total	2,676,822	2,676,468	354	0%

FACILITY FEES

Month	2025	2024	\$ Change	% Change
January	237,306	229,633	7,673	3%
February	237,359	229,642	7,717	3%
March	236,705	229,334	7,371	3%
April	237,576	229,778	7,798	3%
May	237,683	230,201	7,482	3%
June	237,522	230,399	7,123	3%
July	237,190	230,360	6,830	3%
August	237,562	230,345	7,217	3%
Total	1,898,903	1,839,692	59,211	3%

Water Rates Past, Current, and Proposed



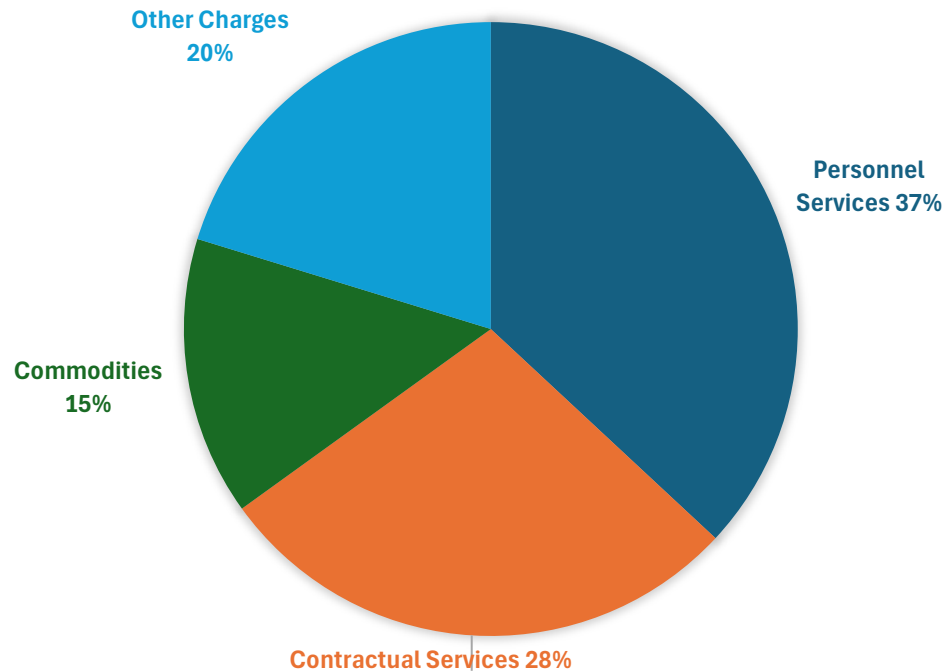
Monthly water costs for a household with consumption of 4,488 gallons (6 units)

Fiscal Year	Unit Rate	Facility Fee	Total Cost of 6 Units (4,488 Gallons)	\$ Increase for Total Water Fees for 6 Units	% Increase for Total Water Fees for 6 Units
2023	\$2.68	\$17.04	\$33.12	\$1.11	3.56%
2024	\$2.77	\$17.64	\$34.26	\$1.14	3.44%
2025	\$2.87	\$18.26	\$35.48	\$1.22	3.56%
2026	\$2.87	\$18.26	\$35.48	\$0.00	0.00%

Water Fund Expenses by Category



2026 PROPOSED



Description	2026 Proposed	2025 Adopted	\$ Change	% Change
Personnel Services	2,780,100	2,547,645	232,455	9%
Contractual Services	2,117,215	2,155,300	(38,085)	-2%
Commodities	1,105,650	1,050,110	55,540	5%
Other Charges	1,525,085	1,541,060	(15,975)	-1%
Total Expenses	7,528,050	7,294,115	233,935	3%

Big Picture

- Total Revenues \$76.3M
 - Operating Revenues **\$57M**
 - Grants **\$8M**
 - Economic/Property Development **\$2.4M**
 - Debt **\$1.5M**
 - Risk Mgmt/OPEB **\$1.5M**
 - Replacement/Maint **\$1.8M**
- Total Expenses \$80.7M
 - Operating Expenses **\$56.7M**
 - Grants **\$8M**
 - Economic/Property Development **\$3.7M**
 - Debt **\$1.5M**
 - Risk Mgmt/OPEB **\$1.5M**
 - Replacement/Maint **\$1.9M**

Amount Remaining: \$4.1M

Operations are 66.1% of the 2026 Budget

Big Picture

- City budget has been prepared within the guidelines of the Council approved Financial policies
- The tax rate for the City is decreasing
 - Lowest rate since tax year 2008
- Challenges ahead:
 - Infrastructure challenges
 - Tax revenue

2026 Budget What's New?



- Annual Maintenance
 - Vehicle Replacement (13 vehicles/equipment to be replaced) - **\$667,700**
 - Building Repair/Maintenance (Roofs, HVAC, Flooring, Doors, and Exterior Masonry) - **\$990,420**
 - Resurfacing/Seal Coat Roads - **\$1,025,000**
 - Park Maintenance Projects - **\$75,000**
 - Bunker Links Cart Paths - **\$60,000**
 - Demolitions - **\$955,000**
- **Total of \$3,773,120**

2026 Budget What's New?



- Grant Funded Projects
 - Brownfield Assessment and Cleanup - **\$1,213,600**
 - Housing Grants - **\$1,124,740**
 - Airport Runway Rehab - **\$158,000**
 - Lake Storey Path - **\$655,560**
 - Community Center - **\$3,290,000**
 - Body Work Cameras - **\$230,000**
 - Storm Sewer Improvements - **\$1,000,000**
 - Cooke Park Splash Pad - **\$325,000**
- **Total of \$7,996,900**

2026 Budget What's New?



- Capital Expenses
 - Starcom Radio System for Public Safety - **\$1,029,125**
 - Galvanized Water Line Replacement for Public Safety Building - **\$200,000**
 - Electrical Upgrade for Public Safety Building - **\$800,000** (split over 2026 and 2027)
 - Airport Terminal Demolition - **\$75,000**
 - Park Plaza Stage - **\$24,000**
- **Total of \$2,128,125**

Questions???
