

**REPORT**

TO: Rock Island Township Trustees

FROM: Alan M. Carmen  
Rock Island Township Supervisor

DATE: June 18, 2019

SUBJECT: 2019 – 2020 Draft Budget Ordinance / Public Hearing

The June 24 Town Board meeting includes a Public Hearing on the proposed 2019 – 2020 budget and approval by the Board.

Budget highlights are organized by each fund and page number as follows:

➤ **General Comments:**

- The 2019 property tax levy was set at \$520,000, as approved on November 26, 2018. The County certified a collection amount of \$520,697.66, \$697.66 higher than the approved levy. The proposed budget reflects the Town Board approved levy.
- The proposed 2019 – 2020 budget expenses are \$875,150 compared to \$850,485 during Fiscal Year 2018 – 2019. This is an increase of \$24,665 (+2.9%). The Town Fund sees the largest increase, with the Assessor making a part-time employee full-time (+\$5,000), increasing bus tickets for unemployed based on demand (+\$500), postage for newsletter and increased postal rates (+\$1,000), Assessor Health Insurance increased by \$6,500 due to higher premiums, Assessor printing costs related to the Quadrennial (+\$500), work readiness (+\$2,000) due to demand and Security (+\$500) due to rate increase. Decreases are seen in the IMRF, Social Security and Insurance Funds based on use of carryover funds (remaining balances), and Building Fund rent with the Roofers Union having moved out (-\$1,500).
- April 1, 2018 – March 31, 2019 Actual versus (adjusted) Budget for the Town Fund, General Assistance Fund and Building Fund are shown in the table below. Overall, the Township continues to be in a favorable financial position. Year-end balances amounted to the following:

<b>FUND</b>	<b>BALANCE AS OF 3/31/18</b>
TOWN	\$378,517
GENERAL ASSISTANCE	53,484
BUILDING	130,037
<b>TOTAL</b>	<b>\$562,038</b>

With projected revenues of \$628,350 (\$520,000 in property taxes + \$108,350 from the Replacement Tax, DHS repayments to the General Assistance Program, tenant rents and interest), the total 2019 – 2020 resources of the Township amount to \$1,182,821. The budget proposes expenditures of \$875,150, yielding a projected balance of \$307,671 as of March 31, 2020. The proposed budget provides funds for the full range of mandated and discretionary programs and services and to maintain and improve the Town Hall. The General Assistance Fund recognizes the continuing potential for changes in the State's Medicaid funding levels, Trump Administration efforts to repeal the Affordable Care Act and replace it with something after 2020, if approved by Congress. No one can predict what will happen if the ACA is repealed and there is nothing to replace it.

- Wages and benefits for Administration, Assessor and Building are as discussed at Board meetings, with any pay increases as awarded by the Assessor and Supervisor for their employees.
- Social Security / Medicare employer rate is 7.65%; IMRF employer contribution is estimated at 8.86% for 2019 compared to the 2018 rate of 6.70% (more about this in the IMRF Fund comments).
- The 8% employee health benefit contribution that was put in place three years ago remains the same, with the Township covering 92% of the premiums. The CMS coverage and rate webinar was April 18, 2019. The budget includes \$63,000 for health care insurance; an 11.7% increase above the current budget. The actual rate increase was 14.2%. Additional discussion will occur regarding a multi-tier approach to health coverage and / or a shift in employer / employee cost sharing.
- **Page 2-2 Town Fund**
  - The State's Replacement Tax is estimated at \$85,000 for FY 19-20, the same last year; although the actual 18/19 revenues were \$95,011. Once again, I am being cautious about the state of the economy given the shifting sands of trade wars, the prospect for a recession and the uncertain international financial and political situation.
  - The Town Fund (includes General Administration and Assessor's Office) budget is up a \$30,000 based on staff costs, work readiness, bus tickets, newsletter, and health insurance premium increases.
- **Page 2-3 Town Fund Administration**
  - Funds continue to be budgeted for two newsletters per year, with the Argus / Lee Enterprises doing layout, selling advertising and printing, with J.V. Consulting doing direct mail to Township residents. Postage is up (+\$1,000) due to USPS rate increase and more mail going out.

- Bus tickets for the unemployed and recently employed are up \$500 based on increased demand from clients.
  - A \$15,000 loan from the Town Fund to the General Assistance Fund is included again this year but will only be transferred if it becomes necessary.
- **Page 2-4 Assessor**
    - There a few modifications from what was shown at the January Board meeting. Salaries are up \$5,000 after the Field Worker was made a full-time employee, based on the Quadrennial Assessment; health insurance was up \$6,500 based on estimated rate increases and printing is up \$500 due to the Quadrennial. The total budget is up \$12,000.
  - **Page 2-5 Programs**
    - Youth, Seniors and Veterans continue to be the Township's priorities.
    - Support for Sacred Heart and 2<sup>nd</sup> Baptist Food Pantries at \$3,000 each plus \$1,500 for the Church of Peace Pantry will continue. It should be noted that none of these organizations actually received funds in Fiscal Year 2018-19 as they did not request payment.
    - The Senior Cares program, providing \$35 vouchers for food (was at Hy-Vee temporarily until Save-More opened and we are switching to them in July) continues at a cap of 40 Seniors assisted per month. Save-More is also accepting General Assistance food vouchers.
    - Neighborhood Improvements funds (\$4,000) will be available to organizations such as Greenbush Neighbors, KeyStone Neighborhood Association and other non-profit organizations offering services to Township residents, provided they submit a completed Township's application.
    - The Senior Holiday Luncheon will be offered again in December.
    - Work Readiness (employment related clothing, tools, etc.) is offered as in the past, but the budget has increased due to demand (+\$2,000) and the use of Amazon Prime for some items (steel-toed boots, scrubs, etc. not carried by Target).
    - The Emergency Assistance Program, reopened on April 8<sup>th</sup>, and is budgeted at \$50,000, a \$10,000 increase based on demand and Town Board discussion. It continues to provide no more than \$400 in a 12-month period towards a rent, mortgage or utility bill due to an emergency condition. There must be evidence of the emergency and the ability to stay in the home for the month following the Township's assistance.
    - The Rock Island Township Scholarship, offered through the Rock Island / Milan Education Foundation, was fully paid out

in FY 16/17 (\$5,000). Two \$1,000 scholarships were awarded to Rock Island Township students; one in May 2017; the second in May 2018. There were no eligible students in 2019, so there may be two awarded in May 2020 or one each for the next three years.

○ **Pages 2-6 – 2-7 Audit, Social Security, IMRF and Insurance Funds**

- Funds are budgeted as required by law or organization (IMRF or TOIRMA). The Township's IMRF contribution went to 6.70% as of January 1, 2019; a 43% reduction in the Township's contribution, as calculated by IMRF. This will increase in 2020 to 8.86% due to an adjustment to IMRF's rate of return calculation going from 7.5% to 7.25% annually and the loss incurred in 2018.
- The IMRF Fund was reduced based on the FY 17/18 Audit, ending balance and rate reduction for most of this Fiscal Year.

○ **Pages 2-8 – 2-10 General Assistance Fund**

- The General Assistance program will continue as dictated by law and policy.
- The proposed budget is the same as the previous Fiscal Year.
- Medicaid coverage and the continuing saga of the Affordable Care Act (and repeal attempts by the Trump Administration) are resulting in instability and uncertainty in the health insurance and prescription industries. Since the Township may be required to cover medical costs for GA clients (including co-pays or even premiums for medical and prescription services), funds have again been budgeted for Physician Services (\$10,000) and Drugs (\$5,000) to cover that eventuality.
- The \$15,000 Loan from Town Fund would only be used if increased expenses justify the transfer.

○ **Pages 2-11 Building Fund**

- Major projects are budgeted again this year at \$75,000 to reflect potential building improvements (concrete / sidewalk replacement was awarded in May and completed in June 2019, completing the parking lot sealing and striping, chain link fence repair or replacement, minor electrical work, etc.).
- Rental income is down (-\$1,500) reflecting the loss of the Roofers Union and the adjustment to the Delacerda House rent after they expanded into the remodeled Roofer's space.
- Security is up \$500 based on Johnson Controls having purchased Tyco and need for routine maintenance.
- Trash is up \$1,000 due to increased costs based on our agreement with the Laborer's Union. Cost sharing with the

Evening Meal is being deposited into this line item to offset some of the dumpster costs.

- All other routine expense items are budgeted in line with past experience.
- **Page 2-13 Fund Summary**
  - This identifies each fund individually and the proposed budgeted expenditure. The sum of all funds is \$875,150, with a projected year ending balance as of March 31, 2020 of \$307,671. This amount will provide an adequate cash flow into FY 2020 – 2021 until the first property tax distribution / deposit the end of June 2021.

**RECOMMENDATION:** That the Town Board approve the 2019 – 2020 Budget and Appropriation Ordinance and authorize the Supervisor and Town Clerk to execute and file said documents.