

FY18 Budget Process

July 10, 2017

Cara Pavlicek
Village Manager

Steven Drazner
Chief Financial Officer



Finance Overview

Municipal Code requires the following:

- **January 1 - December 31 fiscal year**
- **Budget adoption prior to the start of the Fiscal Year**
- **Submission of budget proposal by Village Manager on/before first regular meeting in November. Submission must contain estimates of revenues and recommended expenditures that conform with good fiscal management practice.**
- **Recommended budget must show specific fund for each anticipated expenditure**
- **Money set aside for contingency purposes may contain not to exceed 10% of total budget**
- **One public hearing prior to final Board action**
- **Copies of proposed budget available to the public at least 10 days prior to hearing**
- **Board may revise and pass budget without prior hearing, inspection of notice after the public hearing**

Finance Overview

- **General Fund** is the Village's primary operating fund - accounts for all financial resources of general government, except those required/approved to be accounted for in another fund
- **Enterprise Funds** are used to account for business-like activities – assumes costs of functions/systems borne by the users, not property tax supported:
 - Water and Sewer: Accounts for water purchases and maintenance and operations of the underground infrastructure
 - Parking: Accounts for the administration/operation of public parking garages, lots and meter system
 - Environmental Services: Accounts for refuse collection /recycling internal support and contractual services

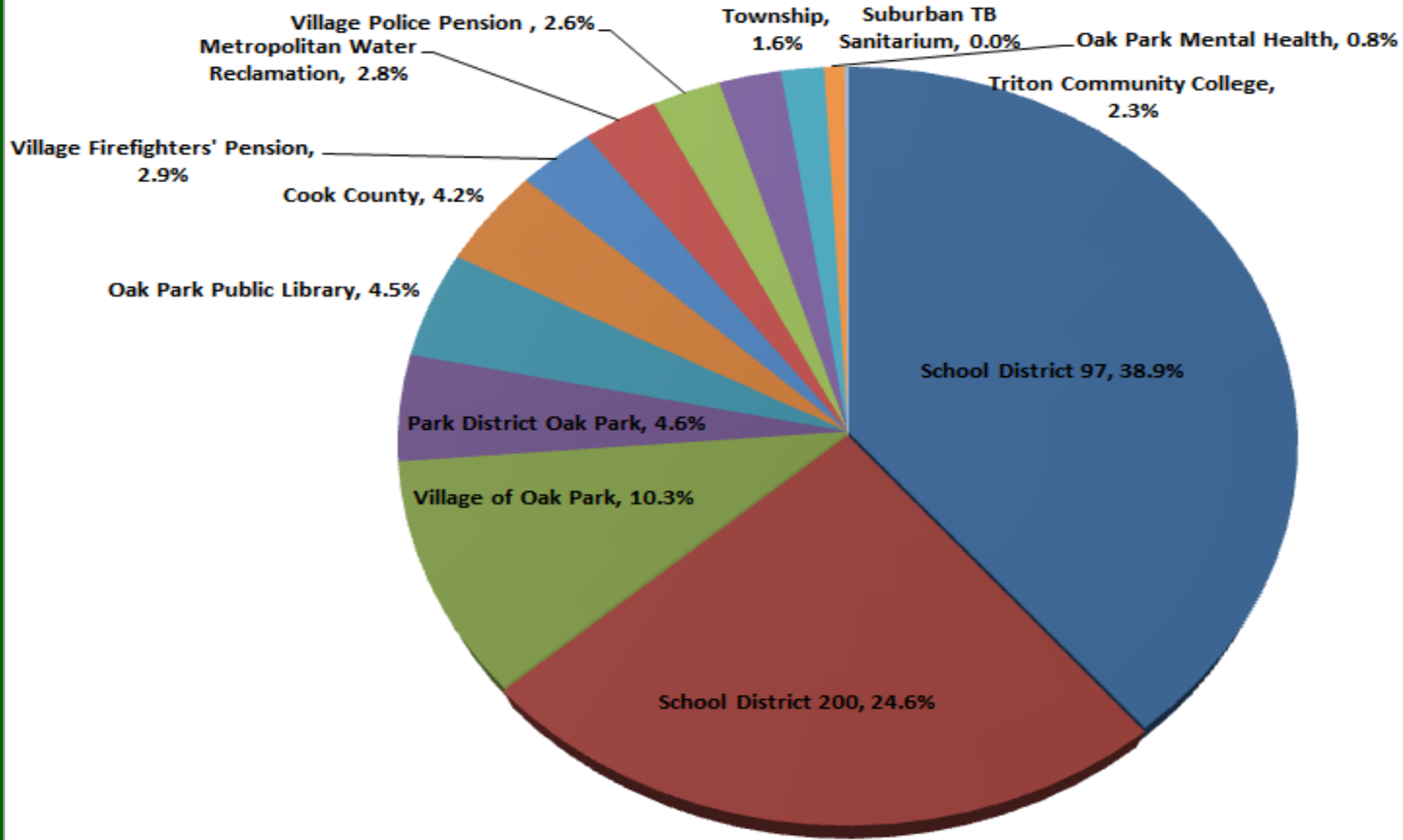
Finance Overview

- **Capital Funds** account for improvements to the public way, maintenance of Village-owned property and equipment intended to be depreciated
- **Internal Service Funds** account for/allocate costs for functions such as liability insurance and employee health care program costs
- **Grant Funds** are used to ensure compliance reporting to granting agency
- **Special Revenue Funds** account for activity segregated from general operations or not accounted for elsewhere

Tax Levy Rate Breakdown

Tax Levy Rates & Percentage to Total Tax Year 2016		
<u>District</u>	<u>Levy Rate</u>	<u>Levy % to Total</u>
School District 97	5.582	38.9%
School District 200	3.531	24.6%
Village of Oak Park	1.474	10.3%
Park District Oak Park	0.654	4.6%
Oak Park Public Library	0.647	4.5%
Cook County	0.596	4.2%
Village Firefighters' Pension	0.416	2.9%
Metropolitan Water Reclamation	0.406	2.8%
Village Police Pension	0.367	2.6%
Triton Community College	0.330	2.3%
Township	0.230	1.6%
Oak Park Mental Health	0.108	0.8%
DesPlaines Mosquito Abatement	0.017	0.1%
Suburban TB Sanitarium	<u>0.000</u>	<u>0.0%</u>
TOTAL	14.358	100.0%

2016 Tax Levy Breakdown



EAV by Category

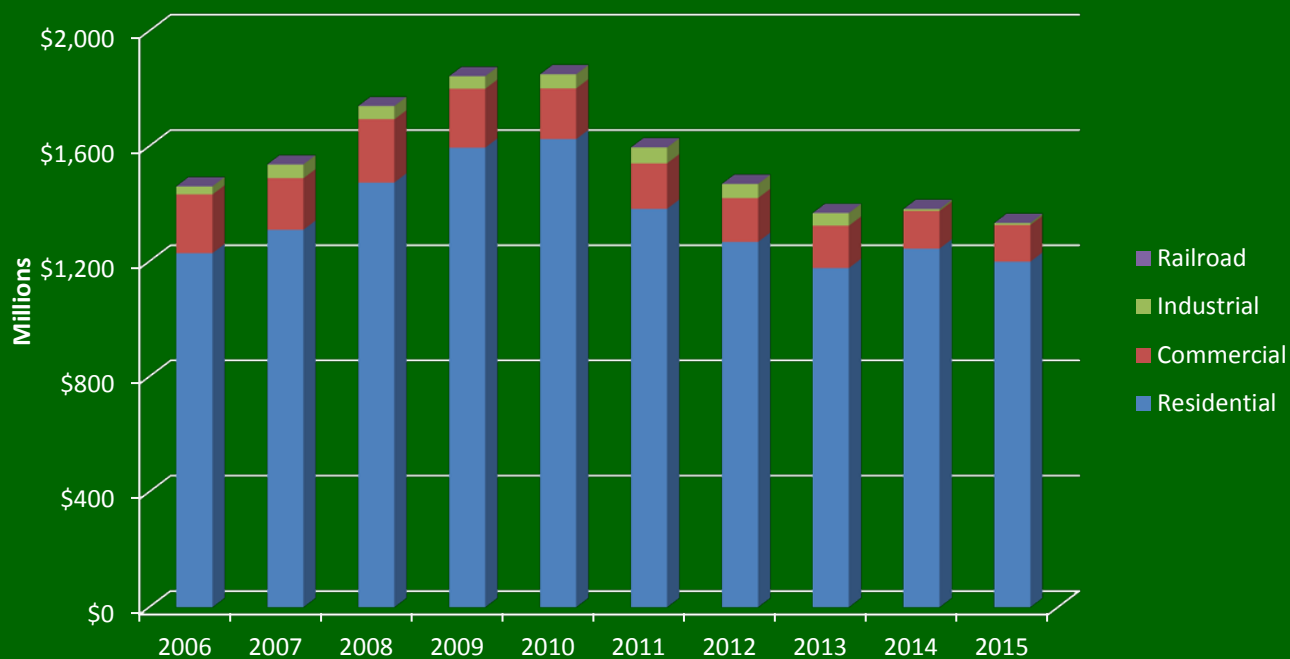
History on Type of Property Owners in Oak Park

EAV Allocation by Type

	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Railroad</u>	<u>Total</u>
2006	1,229,516,467	203,874,642	28,320,767	277,437	1,461,989,313
2007	1,310,732,421	178,904,341	47,998,005	304,493	1,537,939,260
2008	1,474,657,614	219,500,534	46,099,803	343,524	1,740,601,475
2009	1,595,699,486	204,683,802	43,319,081	399,947	1,844,102,316
2010	1,625,220,687	176,379,919	48,563,359	485,843	1,850,649,808
2011	1,383,444,292	158,040,103	54,880,906	538,498	1,596,903,799
2012	1,268,623,126	152,355,629	48,602,242	581,655	1,470,162,652
2013	1,177,616,951	147,197,290	43,727,696	674,123	1,369,216,060
2014	1,245,449,945	130,674,617	6,194,369	686,942	1,383,005,873
2015	1,199,866,188	127,872,693	5,900,388	802,244	1,334,441,513
Average	1,351,082,718	169,948,357	37,360,662	509,471	1,558,901,207
Average % to Total	87%	11%	2%	0%	100%

Finance Overview

Composition of who pays property taxes in Oak Park has changed over time . . .



Example of Tax Levy Increases (Typical Home Values)

Village Levy Increase	1,000,000
Most Recent Villagewide EAV	1,386,653,517
Estimated Village Levy Percentage	0.07%
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Home Market Value	250,000
County Assessment Percentage	10%
Assessed Value	25,000
Actual tax year 2016 EAV Factor	<u>2.8032</u>
EAV Base	70,080
Village Levy Percentage (From Above)	<u>0.07%</u>
Estimated Tax From Additional Levy	\$ 51
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Home Market Value	500,000
County Assessment Percentage	10%
Assessed Value	50,000
Actual tax year 2016 EAV Factor	<u>2.8032</u>
EAV Base	140,160
Village Levy Percentage (From Above)	<u>0.07%</u>
Estimated Tax From Additional Levy	\$ 101
<hr/>	
Home Market Value	750,000
County Assessment Percentage	10%
Assessed Value	75,000
Actual tax year 2016 EAV Factor	<u>2.8032</u>
EAV Base	210,240
Village Levy Percentage (From Above)	<u>0.07%</u>
Estimated Tax From Additional Levy	\$ 152

Levy Breakdown

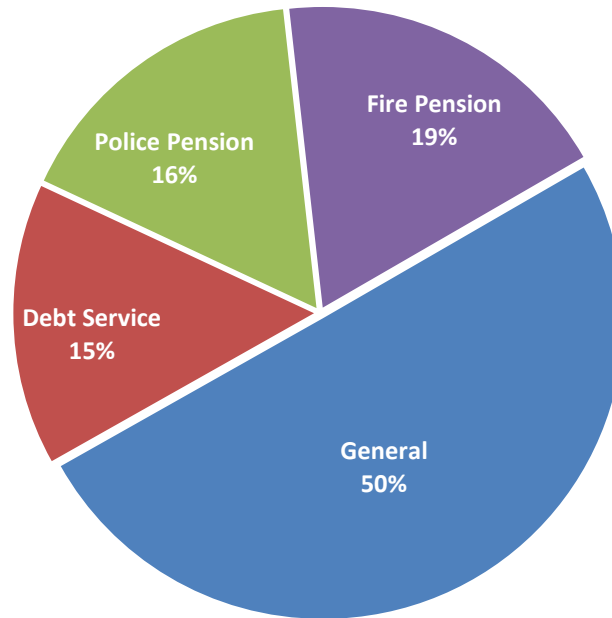
Tax Year 2016 Village of Oak Park Levy Breakdown

	<u>VOP Levy</u>	County "Loss" <u>Add On</u>	Total <u>Levy</u>	Percent <u>of Total</u>
General	15,232,408	456,972	15,689,380	50%
Debt Service	4,510,099	225,505	4,735,604	15%
Police Pension	4,940,474	148,214	5,088,688	16%
Fire Pension	<u>5,601,488</u>	<u>168,045</u>	<u>5,769,533</u>	<u>18%</u>
TOTAL	<u>30,284,469</u>	<u>998,736</u>	<u>31,283,205</u>	<u>100%</u>
Agency EAV			1,386,653,517	
Calculated Percentage			2.26%	

Note: 34% of total tax levy was for Fire/Police Pension annual contribution

Levy Breakdown

Tax Year 2016 Property Taxes Breakdown



Comparable Property Tax Rates

(Tax Year 2016)

<i>Sorted by EAV</i>						Per Capita
<u>Municipality</u>	<u>Population</u>	<u>FY 2016 EAV</u>	<u>Levy Amount</u>	<u>Tax Rate</u>		<u>Levy</u>
Arlington Heights	75,101	2,896,943,647	34,241,874	1.182		455.94
Evanston	74,486	2,670,411,769	40,082,881	1.501		538.13
Northbrook	33,170	2,483,856,521	15,548,942	0.626		468.77
Glenview	44,692	2,461,599,597	12,135,686	0.493		271.54
Skokie	64,784	2,438,390,542	15,873,395	0.651		245.02
Orland Park	56,767	2,032,537,364	13,800,929	0.679		243.12
Des Plaines	58,364	1,915,029,885	23,784,671	1.242		407.52
Elk Grove Village	33,127	1,887,283,626	16,762,915	0.944		506.02
Mt. Propsect	54,167	1,619,158,852	18,733,668	1.157		345.85
Park Ridge	37,480	1,535,971,938	15,405,799	1.003		411.04
Oak Park	51,878	1,386,653,517	31,296,770	2.257		603.28
Niles	29,803	1,236,519,863	6,293,886	0.509		211.18
Oak Lawn	56,690	1,026,870,185	14,314,570	1.394		252.51
Berwyn	56,657	600,456,432	28,359,557	4.723		500.55
<i>Sorted by Per Capita Levy</i>						Per Capita
<u>Municipality</u>	<u>Population</u>	<u>FY 2016 EAV</u>	<u>Levy Amount</u>	<u>Tax Rate</u>		<u>Levy</u>
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Evanston	74,486	2,670,411,769	40,082,881	1.501		538.13
Oak Park	51,878	1,386,653,517	31,296,770	2.257		603.28

Sales Tax Trend

	<u>General Merchandise</u>	<u>Food</u>	<u>Restaurants/ Bars</u>	<u>Apparel</u>	<u>Furniture/ HH Goods</u>	<u>Lumber/ Hardware</u>	<u>Dealerships/ Gas Stations</u>	<u>Drugs & Misc</u>	<u>Agriculture</u>	<u>Manufacturers</u>	<u>Total</u>
2016 Municipal 1%	46,985	969,790	838,507	107,156	84,598	48,162	584,690	842,977	285,174	58,201	3,866,240
2016 Home Rule 1%	<u>38,578</u>	<u>309,757</u>	<u>832,288</u>	<u>107,101</u>	<u>84,598</u>	<u>47,351</u>	<u>287,204</u>	<u>430,543</u>	<u>213,218</u>	<u>49,647</u>	<u>2,400,285</u>
TOTAL Municipal & HR	<u>85,563</u>	<u>1,279,547</u>	<u>1,670,795</u>	<u>214,257</u>	<u>169,196</u>	<u>95,513</u>	<u>871,894</u>	<u>1,273,520</u>	<u>498,392</u>	<u>107,848</u>	<u>6,266,525</u>
3 Yr Average Municipal & HR	78,137	1,086,907	1,617,374	227,993	158,795	80,726	909,832	1,123,843	626,424	123,897	6,033,928
Category % to Total	1.3%	18.0%	26.8%	3.8%	2.6%	1.3%	15.1%	18.6%	10.4%	2.1%	100.0%

2016 Sales tax revenue has remained relatively flat compared to the three year average

Comparable Municipal Sales Tax

<u>Municipality</u>	<u>Population</u>	<u>ROT</u> <u>Total</u>	<u>2016</u>	
			<u>ROT</u> <u>Per Capita</u>	<u>Year over Year</u> <u>% Change</u>
Niles	29,803	15,158,490	508.62	-0.37%
Glenview	44,692	16,189,240	362.24	3.54%
Orland Park	56,767	20,475,198	360.69	0.28%
Mount Prospect	54,167	16,344,573	301.74	8.05%
Skokie	64,784	15,618,760	241.09	-3.01%
Tinley Park	56,703	13,540,897	238.80	1.77%
Oak Lawn	56,690	11,847,622	208.99	-0.22%
Des Plaines	58,364	11,387,882	195.12	5.99%
Arlington Heights	75,101	12,421,144	165.39	3.42%
Hoffman Estates	51,895	7,930,322	152.81	-3.78%
Evanston	74,486	9,966,853	133.81	-0.33%
Wheaton	52,894	5,964,314	112.76	-1.96%
Oak Park	51,878	3,866,241	74.53	7.29%
Berwyn	56,657	3,980,808	70.26	0.93%
Average of Sample	56,063	11,763,739	209.83	1.47%

Sales Tax by District

	2016			
	Home Rule Sales Tax	Municipal Tax	Total Sales Tax Revenue	Prior Year % Variance
Commercial District				
Downtown Oak Park	\$ 592,996.51	\$ 797,239.07	\$ 1,390,235.58	0.78%
Madison St. Business Assoc	\$ 457,222.22	\$ 887,821.44	\$ 1,345,043.66	5.07%
Hemingway District	\$ 302,683.36	\$ 310,646.06	\$ 613,329.42	8.97%
Lake Ridgeland/Austin	\$ 164,587.94	\$ 390,599.14	\$ 555,187.08	113.65%
Roosevelt Road	\$ 172,239.61	\$ 368,655.08	\$ 548,964.31	1.13%
Harlem/Garfield	\$ 52,078.79	\$ 287,078.81	\$ 339,157.60	8.13%
North Ave. Business Assoc	\$ 155,674.72	\$ 177,357.32	\$ 333,032.04	-10.64%
Pleasant District	\$ 102,689.24	\$ 118,837.88	\$ 221,527.12	-8.34%
Chicago/Harlem	\$ 101,200.66	\$ 101,313.96	\$ 202,514.62	-4.52%
Southtown	\$ 85,426.69	\$ 104,794.59	\$ 190,221.28	-2.82%
Arts District	\$ 71,450.80	\$ 79,617.13	\$ 151,067.93	-14.23%
Chicago Ridgeland/Austin	\$ 61,005.87	\$ 66,939.00	\$ 127,944.87	-5.76%
Local/No District	\$ 44,155.19	\$ 71,652.32	\$ 115,807.51	8.10%
Change Locations	\$ 42,170.28	\$ 57,417.71	\$ 99,587.99	-24.98%
Use Tax	\$ -	\$ 42,800.57	\$ 42,800.57	17.10%
Temporary	\$ 653.96	\$ 3,470.92	\$ 4,124.88	29.31%
Total Tax	\$ 2,406,235.84	\$ 3,866,241.00	\$ 6,280,546.46	5.51%

Expenditure Overview

Budgeted Expense Breakdown – ALL FUNDS

Village Expenses by Fund and Type	
Budget Year 2017 - through 1Q amendments	
<i>Fund Types</i>	
General	59,849,037
Capital	30,310,725
Enterprise	31,747,904
Internal Service	34,597,381
Special Revenue	26,549,216
Total	183,054,263
<i>Expenditure Types</i>	
Personal Services	44,744,457
Fringe Benefits	27,001,283
Materials & Supplies	9,318,124
Contractual	28,315,200
Capital Outlay	12,966,808
Real Property	12,441,128
Grants/Operating Subsidies	16,439,461
Interfund Transfers Out	21,180,659
Debt Service	10,647,143
Total	183,054,263

Outstanding Debt Analysis

Hypothetical Non-Home Rule Debt Cap

Village's Most Recent EAV	1,386,653,517
Illinois Non-Home Rule Statutory Debt Cap % (65 ILCS 5/8-5-1)	8.625%
Debt Cap if Oak Park Was Non-Home Rule	<u>119,598,866</u>
Outstanding Debt as of Dec 31, 2016	<u>108,211,990</u>
Hypothetical Non-Home Rule Debt Available for Issuance	11,386,876

<u>Tax Year</u>	<u>Budget Year</u>	<u>Gross Levy</u>
2016	2017	8,541,026
2017	2018	8,858,745
2018	2019	9,413,795
2019	2020	9,016,195
2020	2021	9,730,774
2021	2022	6,200,589
2022	2023	6,603,208
2023	2024	6,221,273
2024	2025	6,049,214
2025	2026	6,388,394
2026	2027	5,918,919
2027	2028	5,890,006
2028	2029	5,991,431
2029	2030	6,244,288
2030	2031	6,268,744
2031	2032	6,263,369
2032	2033	2,575,638
2033	2034	2,641,781
2034	2035	2,113,031
2035	2036	1,772,131
2036	2037	486,600
2037	2038	491,375
2038	2039	489,875
2039	2040	492,812



Finance Overview

Fund Balance Policy

- Appropriate fund balance levels are necessary to respond to unexpected emergencies and annual cash flow requirements
- In the General Fund, an unreserved fund balance goal of no less than 10% and no more than 20% of the current year's estimated operational expenses shall be maintained. Of this balance, cash and investments should compose no less than 60%
 - For example, if fund balance is \$5,000,000 but actual cash and investments less than \$3,000,000, policy objective not met. Caveat discounts for situations where the general fund owed money from other funds, and can reasonably be expected to repay within 12 to 24 months.

Budget Drivers

- **Cost of Core Municipal Services**
 - Many services, such as public safety, are primarily comprised of personnel and associated costs which includes pensions (established by State Statute) and health care (established by collective bargaining)
- **Statutory requirement to fund pensions at Actuarial Levels**
 - Significant increases to Police & Firefighters' Pensions
- **Capital Improvement Needs in an Aging Community**

FY18 Budget Schedule

(Tentative)

- **June 20 - Village Manager/Finance Preliminary Budget Kickoff with Departments**
- **July 10 - Budget Process Review with Village Board**
- **August - Finance Committee CIP Review**
- **September –Village Board CIP Review and Adoption**
- **October - Finance Committee reviews Village Manager FY18 Recommended Budget (proposed 2nd/4th Mondays and Thursdays as needed)**
- **November – Village Board reviews Recommended Budget and holds required Public Hearings**
- **December – Village Board Budget Adoption**



FY18 Budget Process

July 10, 2017

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