

CITY OF OAK FOREST
COMMITTEE OF THE WHOLE

Tuesday November 14th, 2023

6:30 P.M.

City Council Chambers

AGENDA

- 1. CALL TO ORDER**
- 2. PLEDGE OF ALLEGIANCE**
- 3. ROLL CALL**
- 4. DISCUSSION OF 2023 LEVY CALCULATION**
- 5. EXECUTIVE SESSION**
- 6. CITIZENS PARTICIPATION**
- 7. OLD BUSINESS**
- 8. NEW BUSINESS**
- 9. ADJOURNMENT**



2024-2025 Budget Preparation

November 14, 2023

Presented by Colleen Julian, Finance Director

**CITY OF OAK FOREST
ANNUAL LEVY
SUMMARY**

NEW REVENUE 1,360,586

EXPENSES INCREASES

Salaries 610,728

Insurance 127,611

Capital 137,000

Debt TIF 1 153,515

Debt GOB 2012 68,800

Other 103,812

Prior Year Deficit 160,000

Pension 765,447

TOTAL EXPENSES 2,126,913

Deficit (766,327)

Levy Increase 6.67%

2023 Levy Calculation

- ▶ 2022 Levy \$11,493,391 v 2023 Levy \$12,259,718
 - ▶ Increase \$766,327 or 6.7%
 - ▶ Increase without revenue uptick \$2.1M or 18%
- ▶ Total FT positions increased by one to 125
 - ▶ Public Safety IT Manager
- ▶ Police and Fire Pension contributions increased \$765K or 17%
- ▶ Salaries increase \$611K or 5%
- ▶ General Fund paying last debt service for TIF 1 of \$153,515
- ▶ Health/life insurance decrease \$124K or 5%
- ▶ WC insurance renewal pending
 - ▶ Estimating \$1.166M, no increase from last year

2023 Levy Calculation

- ▶ Department requests \$41,142
 - ▶ ADMIN \$0
 - ▶ Fire \$5,500
 - ▶ Police \$14,500
 - ▶ Street \$8,000
 - ▶ EMA \$2,002
 - ▶ Bldg \$11,140
- ▶ Capital Improvement Program FY 25 \$1.7M v FY24 \$1.57M
 - ▶ \$137K increase

2023 Levy Calculation

Capital Improvement Program FY 25

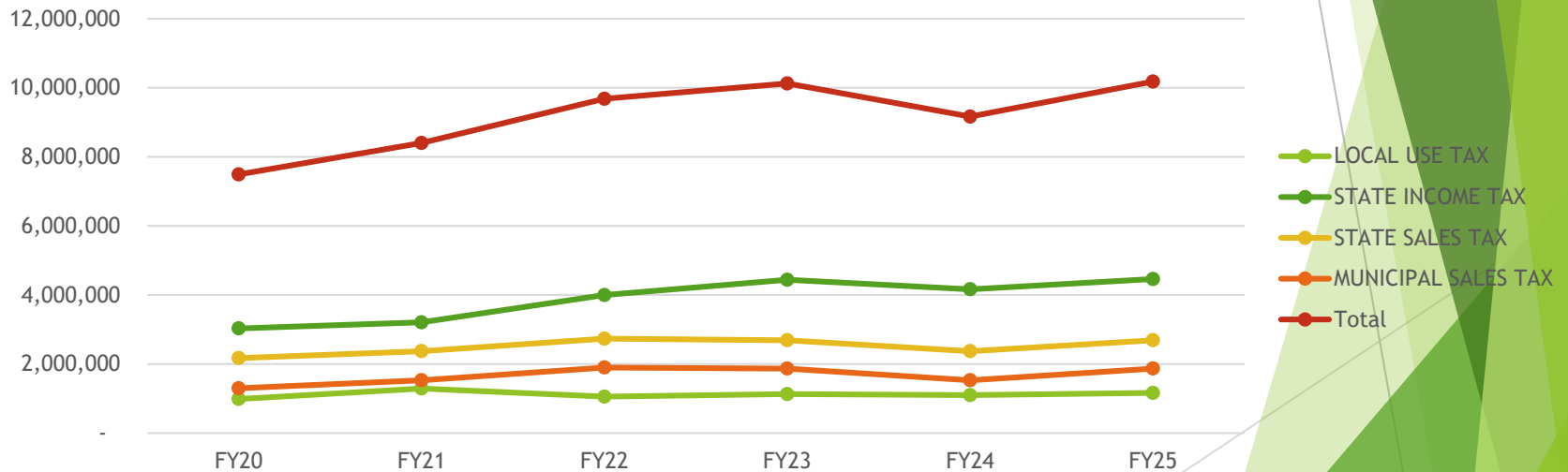
Computer Hardware	132,200
Cable Equipment Upgrades	5,000
HR EE evaluation software	15,000
Cable Sound System Upgrade	14,751
Fire Engine	300,000
Cardiac Monitors	19,189
Squads	312,115
License plater reader	47,250
Body cameras	22,302
City-owned property improvement	200,000
Pick-up	55,000
Stump grinder	110,000
Roof at DPW	200,000
Code enforcement vehicle	15,000
City Hall Council Chambers Upgrades	90,000
City Hall Kitchen Improvements	7,200
City Hall hallway floor replacement	15,000
Façade Improvements	75,000
Commercial/residential assistance	75,000
Total	<u><u>1,710,007</u></u>

2023 Levy Calculation Revenue Projections

- ▶ Increase to revenue in FY25 of \$1.36M
 - ▶ State shared revenues expected increase \$362K
 - ▶ Sales tax and home rule sales tax expected increase \$654K
- ▶ IML reports increased disposable income and consumer spending. Recession no longer being forecasted.
- ▶ Using FY23 state sales tax and muni sales tax numbers to be conservative

State Income/Local Use Tax/Sales Tax 6 Year Comparison

	Actual FY20	Actual FY21	Actual FY22	Actual FY23	Estimated FY24	Estimated FY25
LOCAL USE TAX	988,186	1,291,375	1,054,479	1,128,847	1,098,433	1,162,319
STATE INCOME TAX	3,031,960	3,207,375	3,995,874	4,439,363	4,163,329	4,461,603
STATE SALES TAX	2,172,001	2,372,027	2,734,157	2,687,913	2,372,027	2,687,913
MUNICIPAL SALES TAX	1,298,255	1,530,896	1,897,892	1,868,841	1,530,896	1,868,841
Total	7,490,402	8,401,673	9,682,402	10,124,964	9,164,685	10,180,677



Salary Adjustments FY23

- ▶ Non-union - estimated 2.5% increase.
- ▶ Clerical - Union contract expires 4/30/22. Estimated 2.5% increase 5/1/24.
- ▶ Fire - Union contract requires 2.5% increase 5/1/24.
- ▶ Police - Union contract requires 2.5 increase 5/1/24.
- ▶ Telecommunicators - Union contract requires 2.5% increase 5/1/24.
- ▶ PW - Union contract expires 4/30/22. Estimated 2.5% increase 5/1/24.

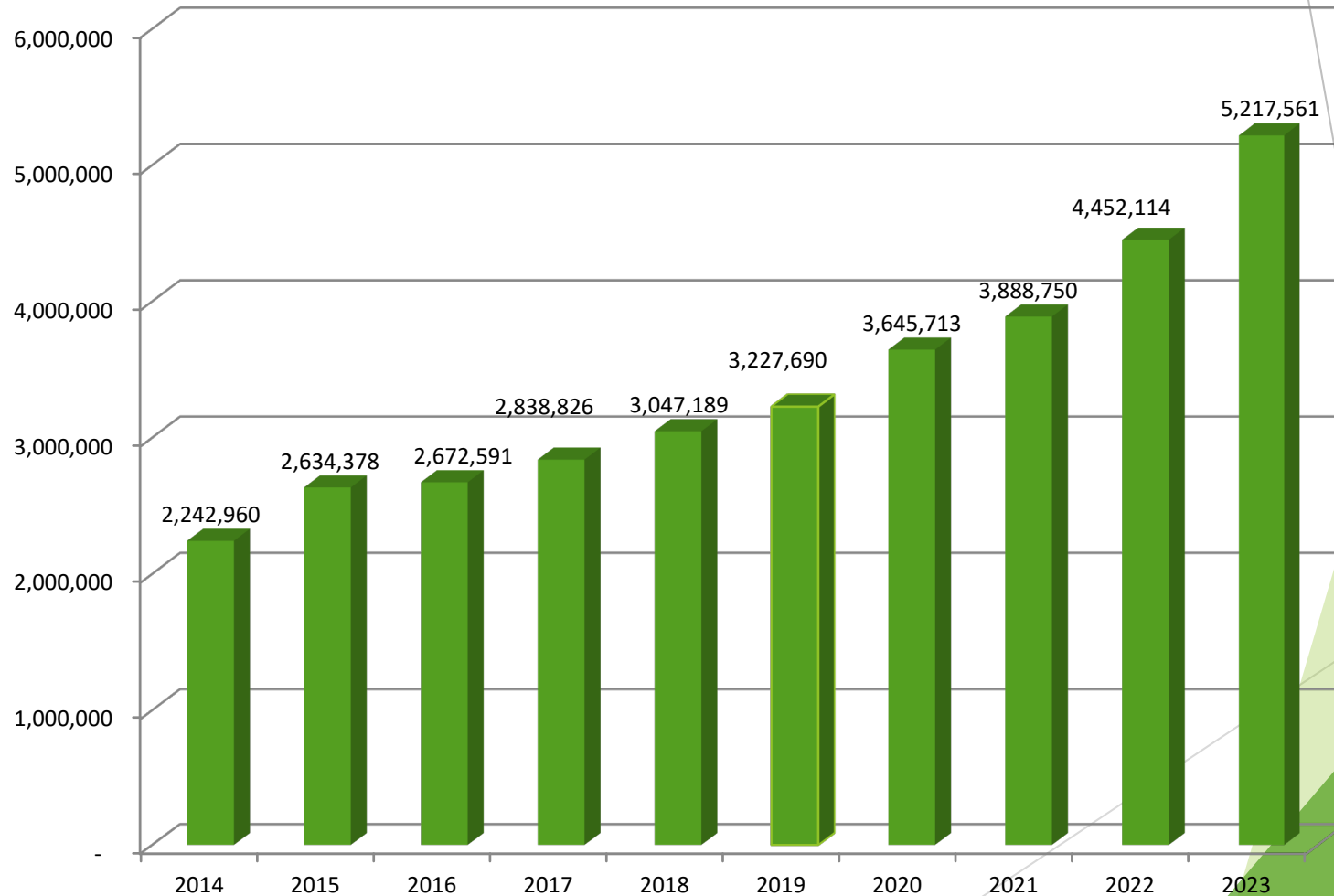
Actuarial Computation of Pension Contributions

<u>Assumptions</u>	<u>City's Actuary</u>	<u>DOI</u>
Interest Rate	7%	6.75%
Amortization Period	10 years	17 years
Amortization %	100%	90%
Police Contribution	3,550,648	1,991,175
Fire Contribution	1,666,913	869,769
(Funding \$2.36M > required)		

Actuarial Computation of Pension Contributions

- ▶ **Assets** - Both funds underperformed the assumed 7% investment return.
 - ▶ Police - Market Value $-.1\%$
 - ▶ 53% Funded
 - ▶ Fire - Market Value $.5\%$
 - ▶ 66% Funded
- ▶ **Recommended Contribution**
 - ▶ Police - increased 17% from \$3M to \$3.55M
 - ▶ Fire - increased 17% from \$1.4M to \$1.66M

Police and Fire Pension Fund Annual Contribution 10 Years (133% increase)



Potential Solutions Current Year

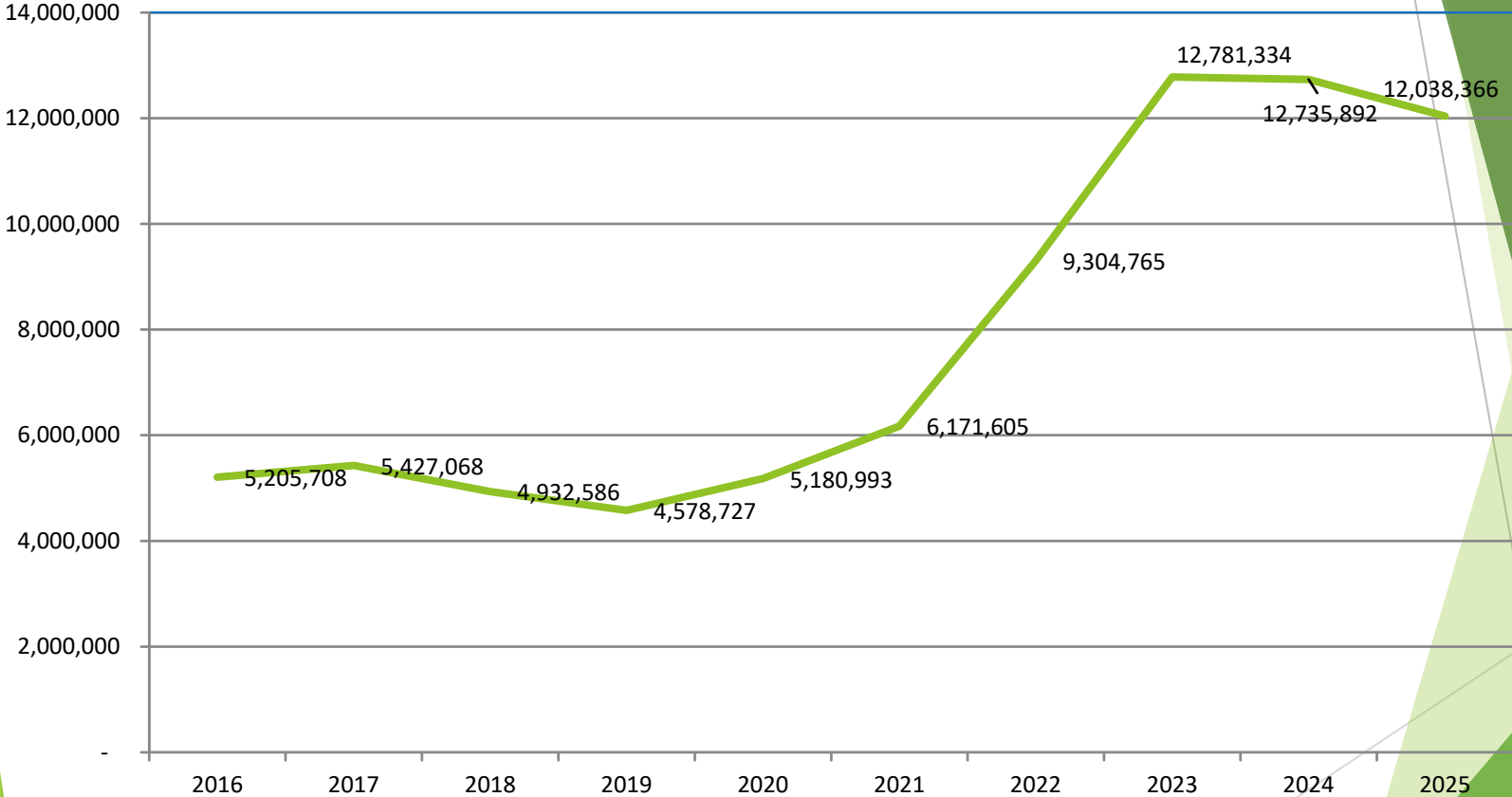
- ▶ Use \$765K of General Fund Reserves
 - ▶ Changes levy to 0%
 - ▶ Temporary solution
- ▶ Postpone capital
- ▶ Change pension funding assumptions

**CITY OF OAK FOREST
FUND BALANCE ESTIMATE
GENERAL FUND**

	APPROVED 23-24 BUDGET	REQUESTED 24-25 BUDGET/LEVY
BEGINNING OF YEAR FUND BALANCE	12,781,334	12,735,892
SURPLUS(DEFICIT)	(45,443)	67,921
PENSION FUND INCREASE		(765,447)
ESTIMATED END OF YEAR FUND BALANCE	<u>12,735,892</u>	<u>12,038,366</u>

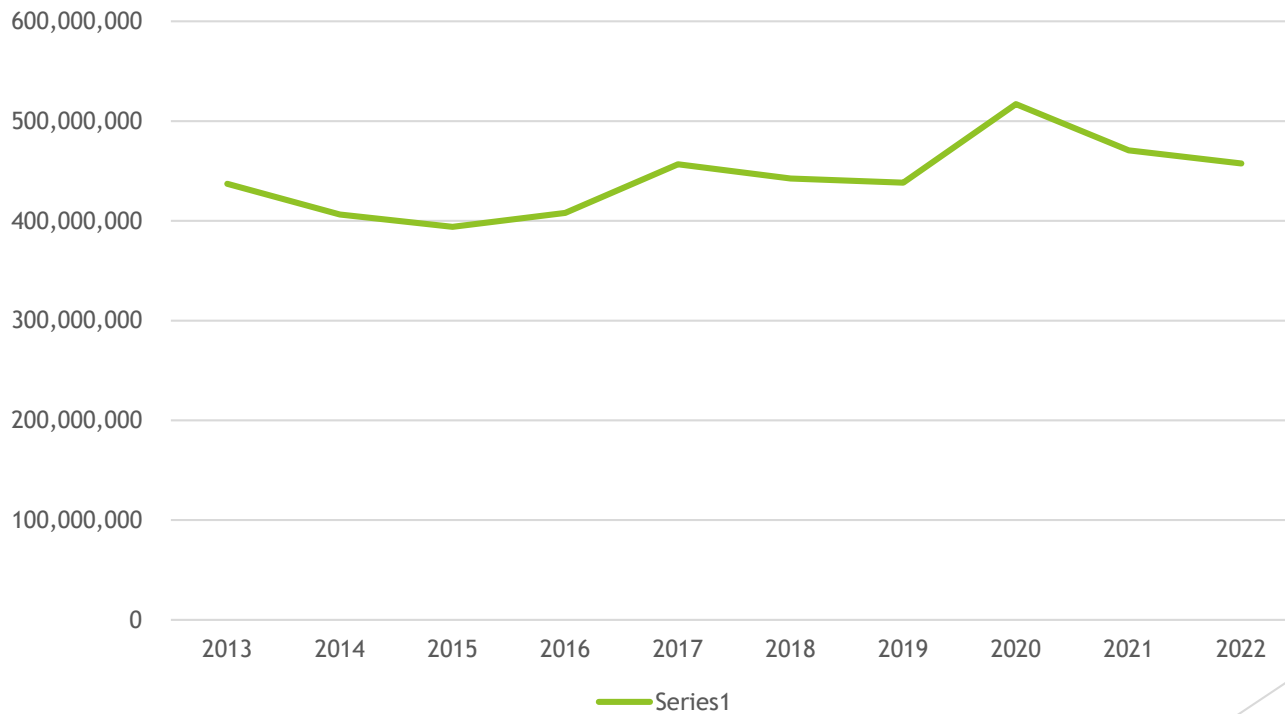
The City's reserve policies require fund balance to equal 25-35% of expenditures, or \$5.3 million, to protect against the need to reduce service levels or raise taxes and fees due to revenue shortfalls or unpredicted expenditures. The fund balance for the General Fund as of April 30, 2024 is expected to be \$12.7 million. The city also has working cash of \$400K, which increases fund balance to \$13.1, or 61% of annual expenditures. Since this exceeds the policy requirement, the city doesn't need to budget a surplus to increase fund balance. and the City has sufficient reserves to offset the pension fund increase in spending in FY25.

Fund Balance Projection - General Fund

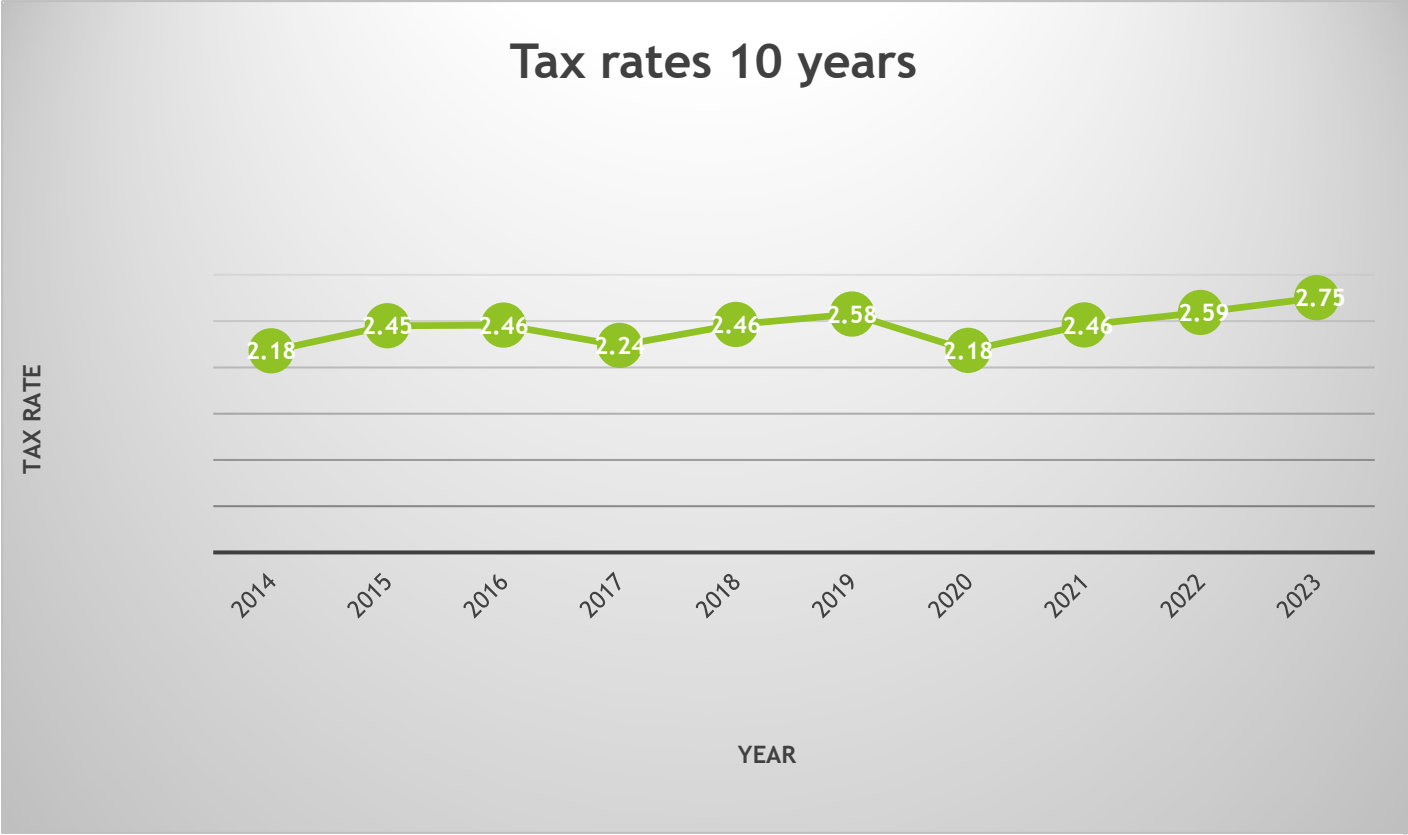


EAV Last 10 Years 5% increase, decrease 3% 2022

Equalized Assessed Value - 10 years



Tax Rate Last 10 Years



EAV Issues - Per Organization Assessment

- ▶ The drop in the EAV of industrial property is catastrophic. The lack of growth in the EAV of residential property is serious.
- ▶ Lower EAV and a growing property tax levy means that existing properties are experiencing the burden of increased costs to operate the city.
- ▶ Continuing to increase the levy while EAV is not growing, even shrinking, is unsustainable for many households and businesses. All roads appear to lead toward service cuts - or doing less with less.
- ▶ The city should continue to explore ways to reduce costs through intergovernmental agreements with other cities and local governments including the schools, parks and the library.

TIF Funds

- ▶ TIF districts fund balances increased significantly \$1.4M
 - Sold land in TIF 3, TIF 4 and TIF 5 - \$1.3M
- ▶ Loan balances \$181K (Originally \$3.45M)

**City of Oak Forest
TIF Funds**

	Fund Bal 1-May-23	Fund Bal 1-May-22	Change
TIF 1	161,360	296,121	(134,761)
TIF 3	(1,579,741)	(1,521,209)	(58,533)
TIF4	(122,039)	(389,160)	267,121
TIF6	141,801	(287,554)	429,355
TIF 7	1,240,502	889,404	351,098
TIF 5	(323,164)	(889,584)	566,420
TIF 8	(57,036)	-	(57,036)
Total	<u>(481,282)</u>	<u>(1,901,982)</u>	<u>1,420,701</u>

Timeline

- ▶ Levy due last Tuesday in December
- ▶ Need to pass levy ordinance by the December 12, 2023

Q & A

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