

Village of Oswego



Financial Forecast

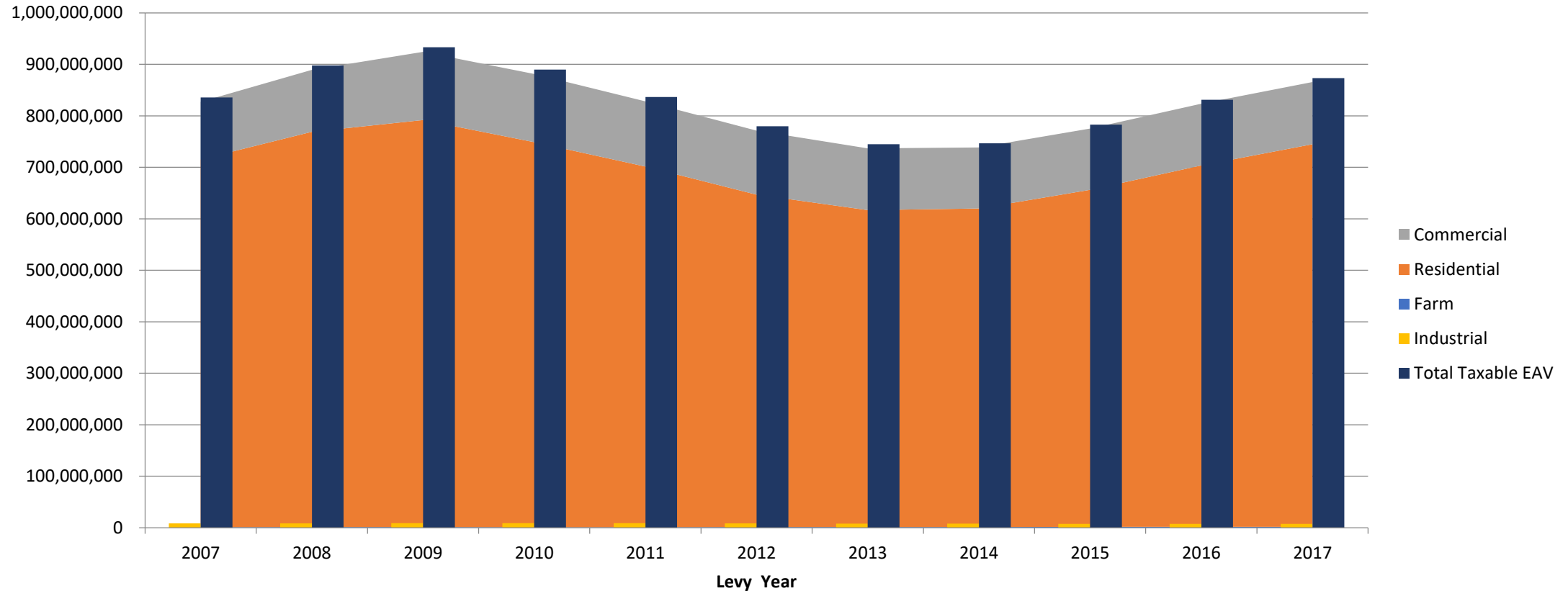


Agenda

- ❖ A view of where Finances are as of April 30, 2018
- ❖ Forecast - the next five years
 - ✓ Non major funds
 - ✓ Water & sewer fund
 - Capital funds
 - ✓ Water & sewer
 - ✓ Capital improvement
 - General fund
- ❖ What to do & questions

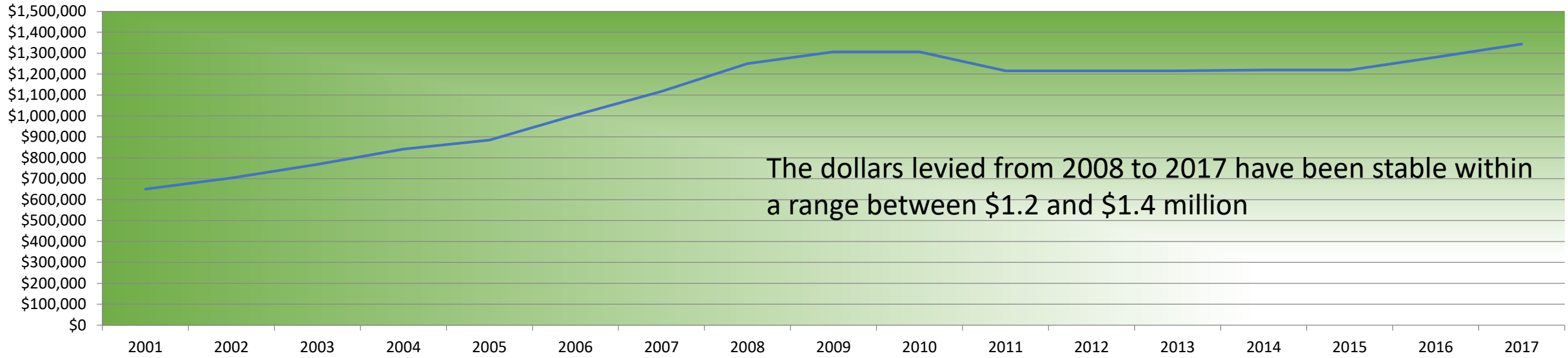


Oswego EAV History



Since calendar year 2013, the EAV has been steadily increasing. Estimates for 2018 show the EAV will be close to what it was in 2009.

Property Tax Levy



Property Tax Rates

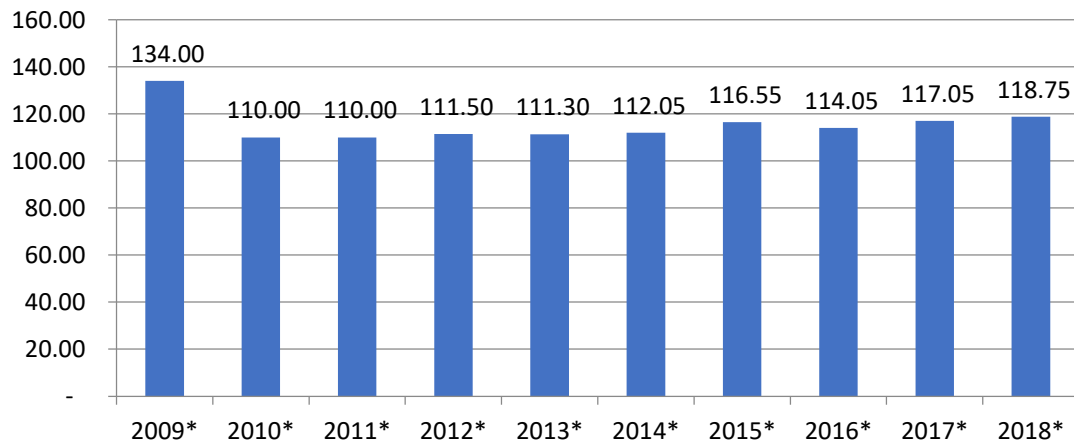


Doing things better: Finance

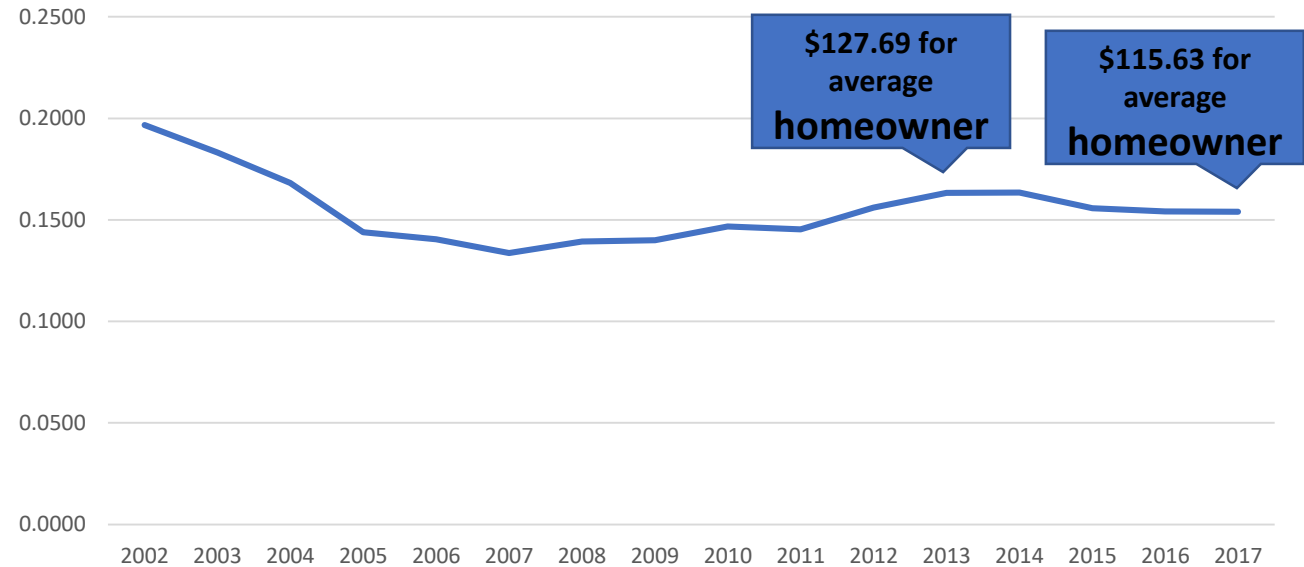
- Fiscal Year 2019 Budget

- **Balanced Budget (revenues exceed expenditures)**
- **\$13.2 million in infrastructure investment**
- **Fewer employees today than 2008 despite population growth (118.5 v. 134)**

FULL-TIME EQUIVALENT EMPLOYEES



Village Property Tax Rate



Hudson Crossing Park



63 W. Washington



Imperial Investments

Fox River Academy of Music & Art

New Businesses



Boulder Hill



Steve Buresh's
Cheesecake Store
and Sandwich Shop



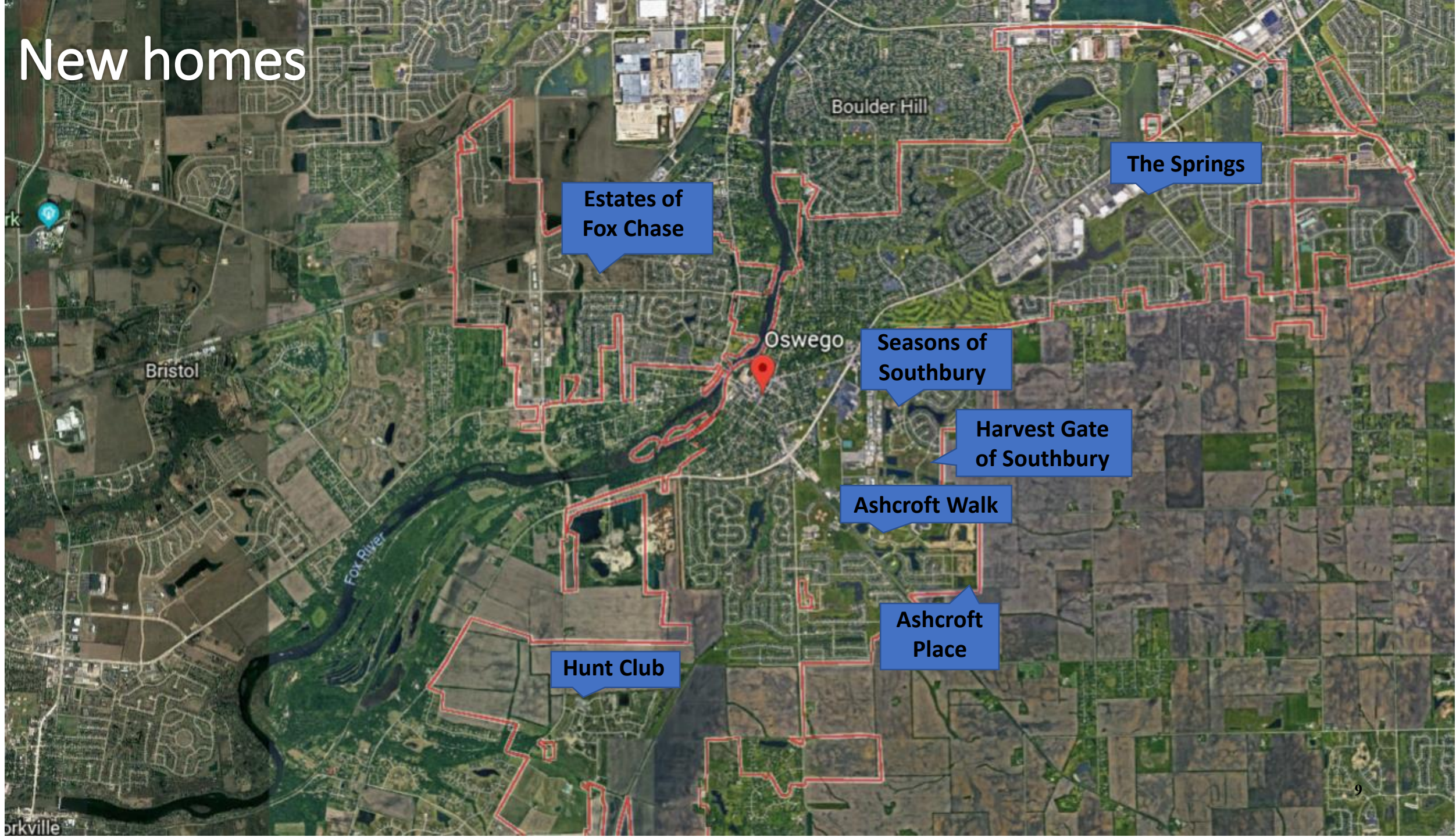
Bristol



Fox River

Arkville

New homes



Oswego Police Headquarters

- Opening November 2018



Finances - the numbers

Village of Oswego

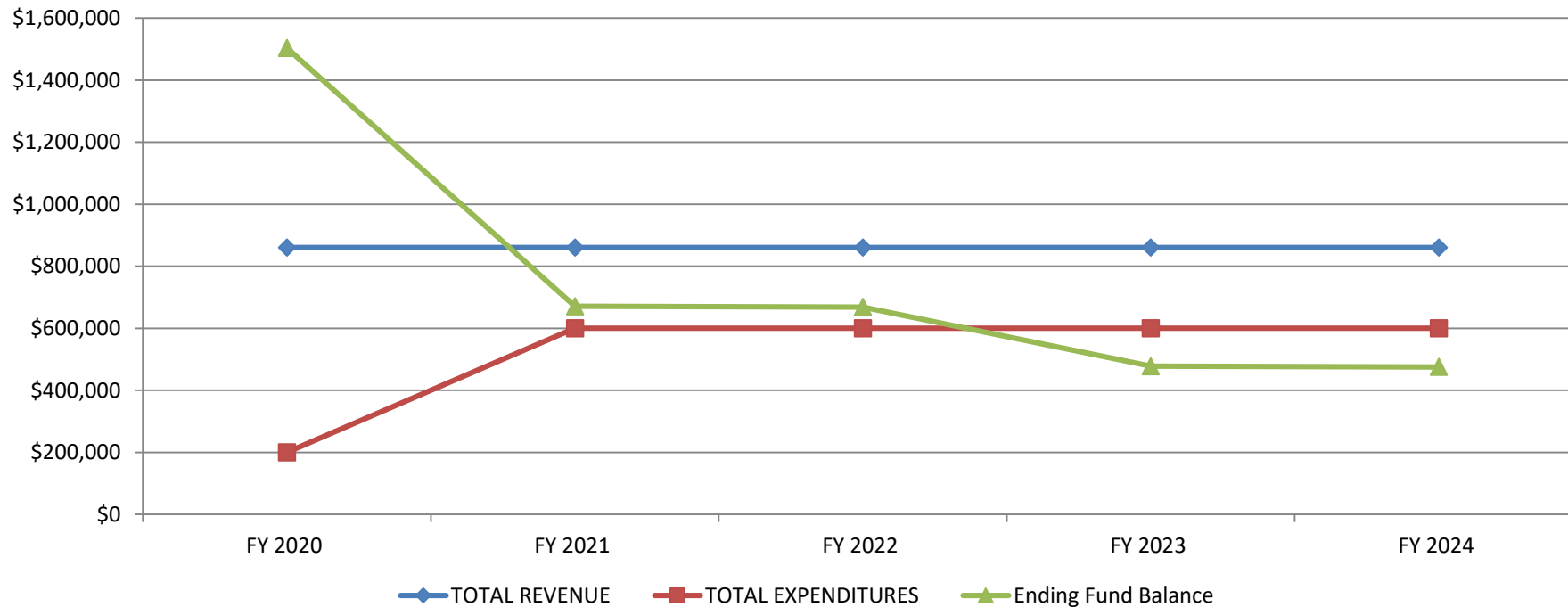
Reserves

As of April 30, 2018

FUND	Reserve Balance 4/30/2018	Fiscal Year 2019 Expenditures	Reserve as a % of Expenditures	Months of Coverage
Operating				
General	8,760,361	17,859,343	49%	5.89
Water & sewer	1,617,587	6,277,169	26%	3.09
Garbage collection	531,800	2,481,070	21%	2.57
Other funds				
Debt service	69,063	2,524,550	3%	0.33
Tax increment financing	(1,760,062)	1,510,107	-117%	-13.99
Capital				
Motor fuel tax	781,502	402,500	194%	23.30
Capital improvement	15,303,962	11,879,992	129%	15.46
Water & sewer capital	5,561,908	2,672,115	208%	24.98
Vehicle	1,563,049	330,500	473%	56.75
Pension				
Police pension	29,120,576	989,323	2943%	353.22

Financial Forecast

Motor Fuel Tax Fund



\$262,500 of revenue is used to pay debt service on bonds issued for roadway construction with the balance used for roadway improvements.

Reserve at Hudson Crossing

- 280 luxury apartment units
 - Lots of resident amenities
- 10,000 square feet of retail
 - Restaurant with patio overlooking Hudson Crossing park
- 449 public parking spaces
- Built through public-private partnership
 - Village will own/operate parking garage



63 W. Washington

- Mexican restaurant with ample outdoor dining space



From the creators of Potter's Place in Naperville

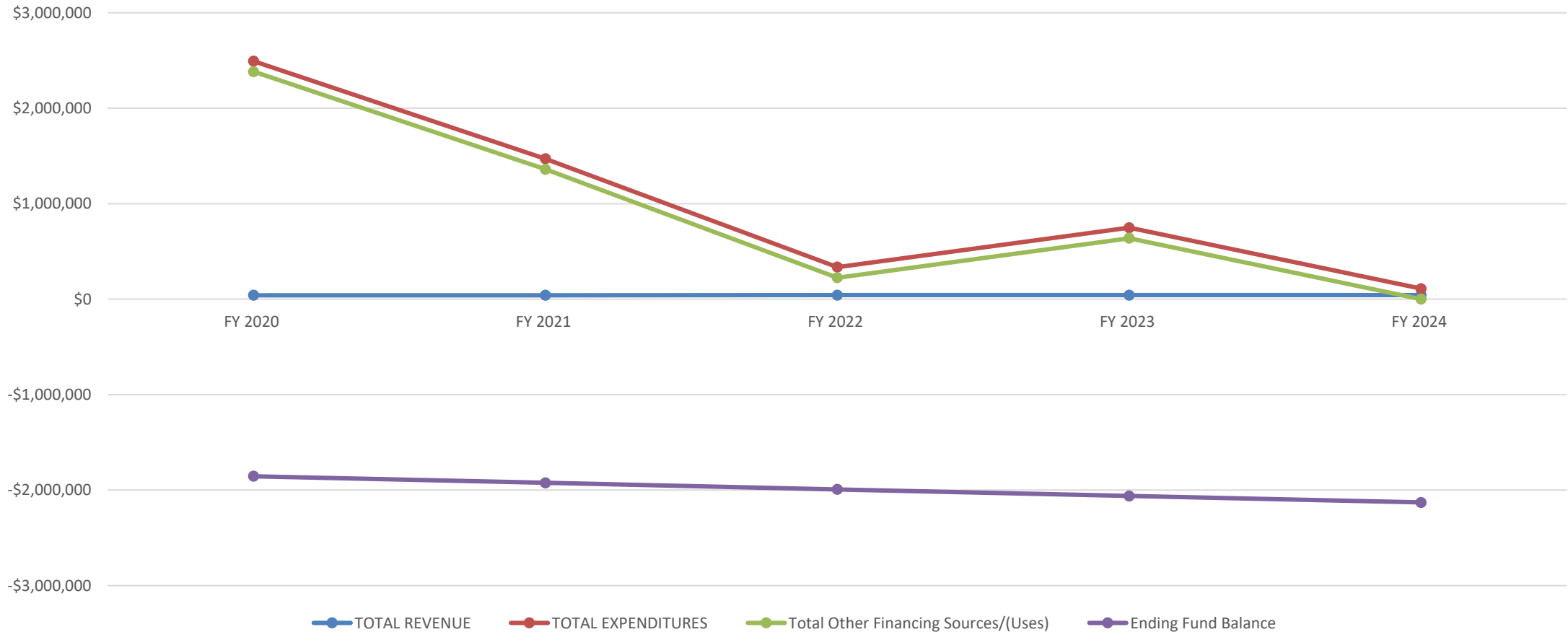
Imperial Investment/Old Village Hall site

- Three-story, mixed use development
 - Residential
 - Restaurants
 - Office space



Financial Forecast

Tax Increment Financing Fund

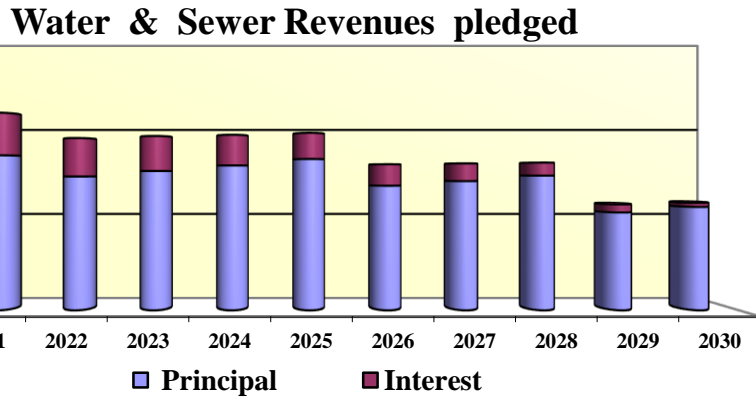
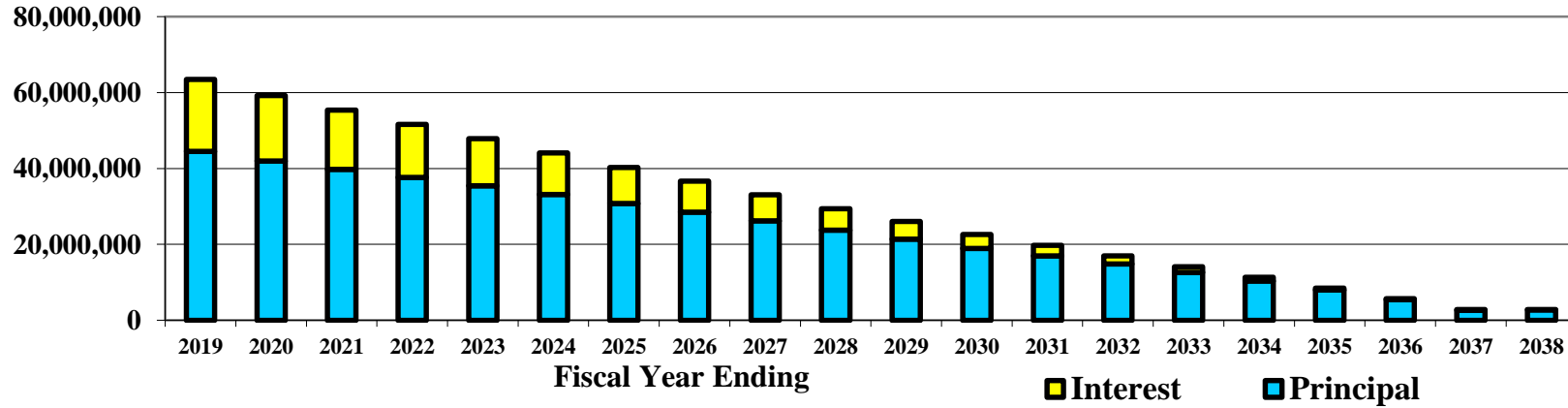


Minimal tax revenue plus transfers from other funds (MFT, Capital improvement, Water & sewer) are supporting the public improvements for the downtown projects.

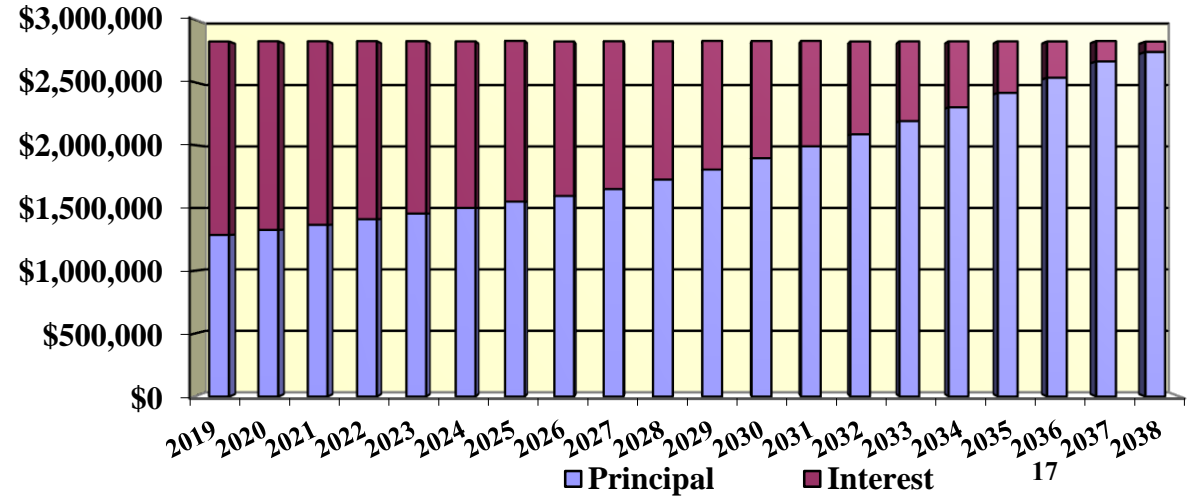
Financial Forecast

Debt Service Fund

Total Future Outstanding by Fiscal Year



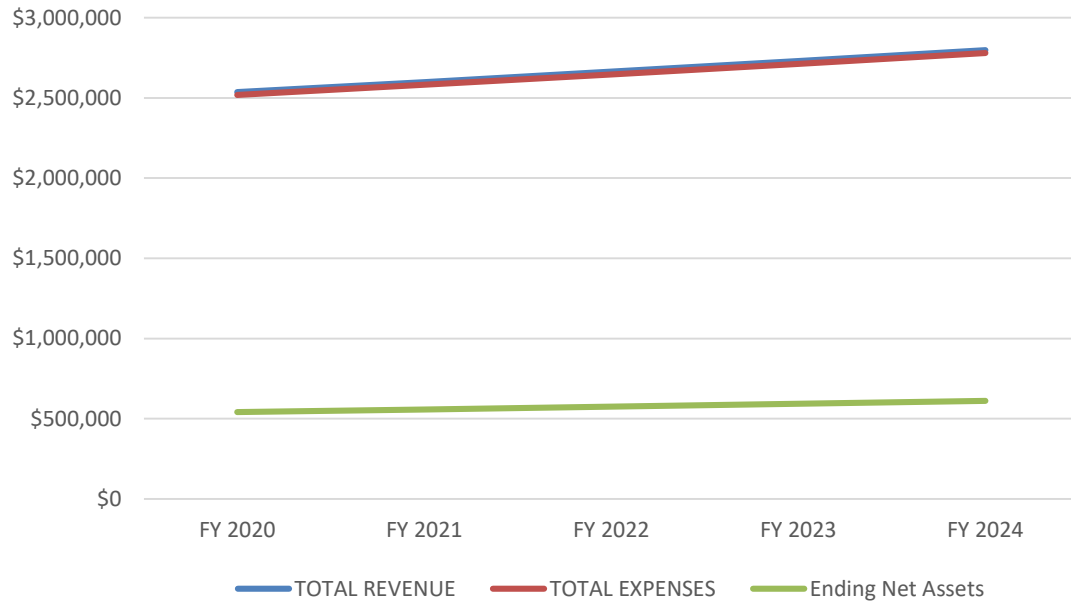
General Sales Tax pledged



Water & sewer debt service declines and matures in 2030.
 General debt service remains level till 2038.

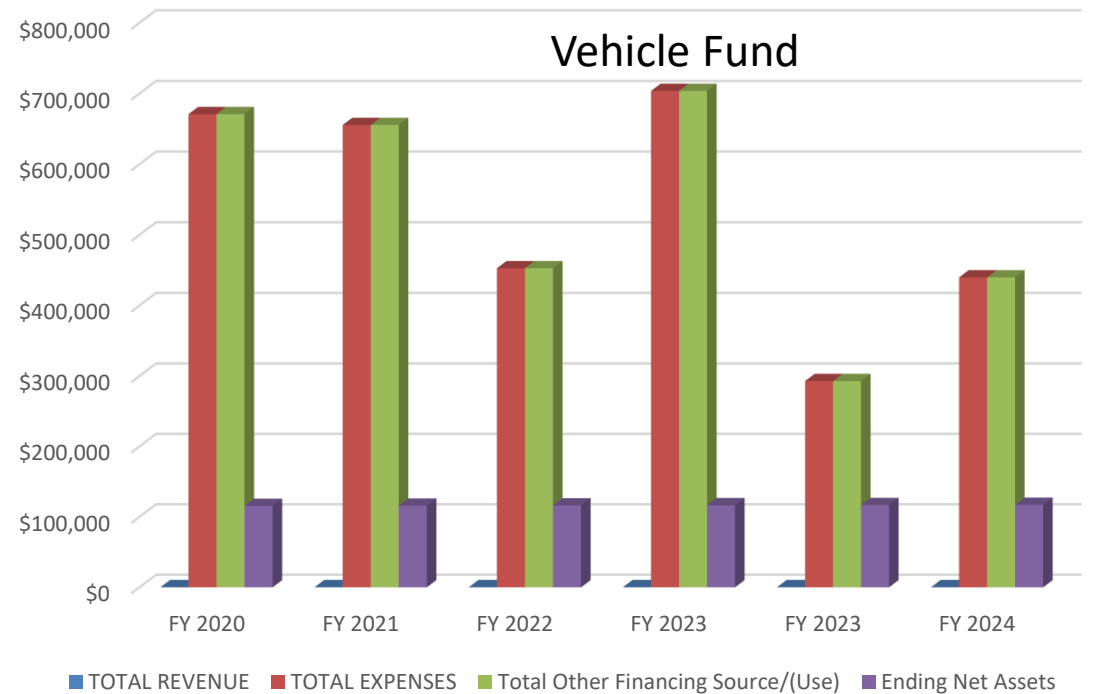
Financial Forecast

Garbage Collection Fund



Garbage Collection fund bills customers based on the negotiated amount to pay the third party contractor. Reserves increase from the late charges billed.

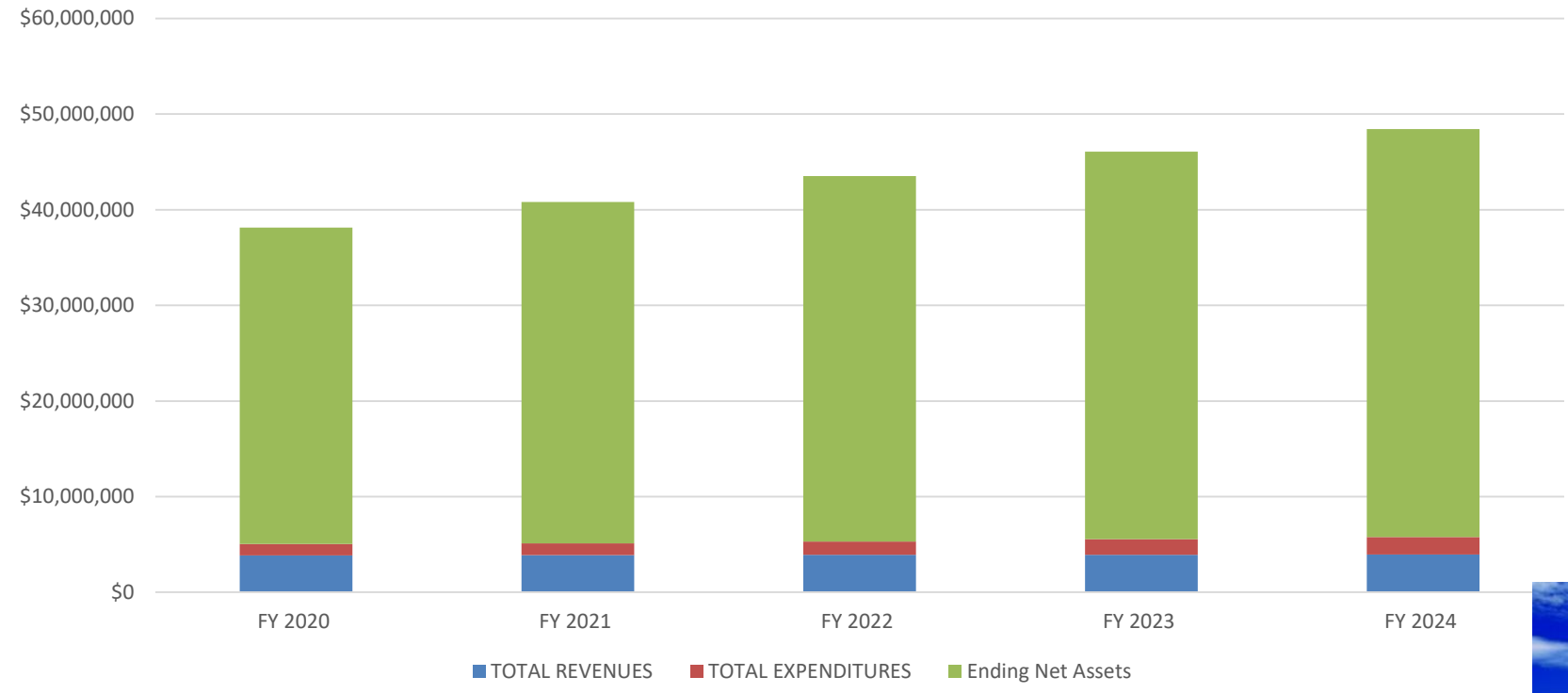
Vehicle Fund



Vehicle fund is supported by transferring the amount necessary to match expenses from the Capital Improvement Fund & Water/Sewer Fund.

Financial Forecast

Police Pension Fund

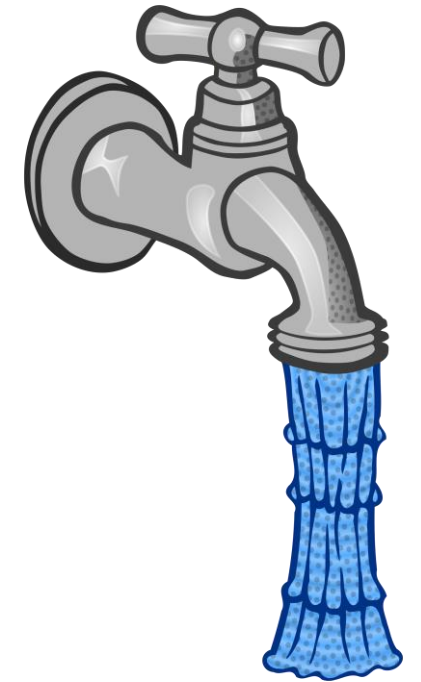
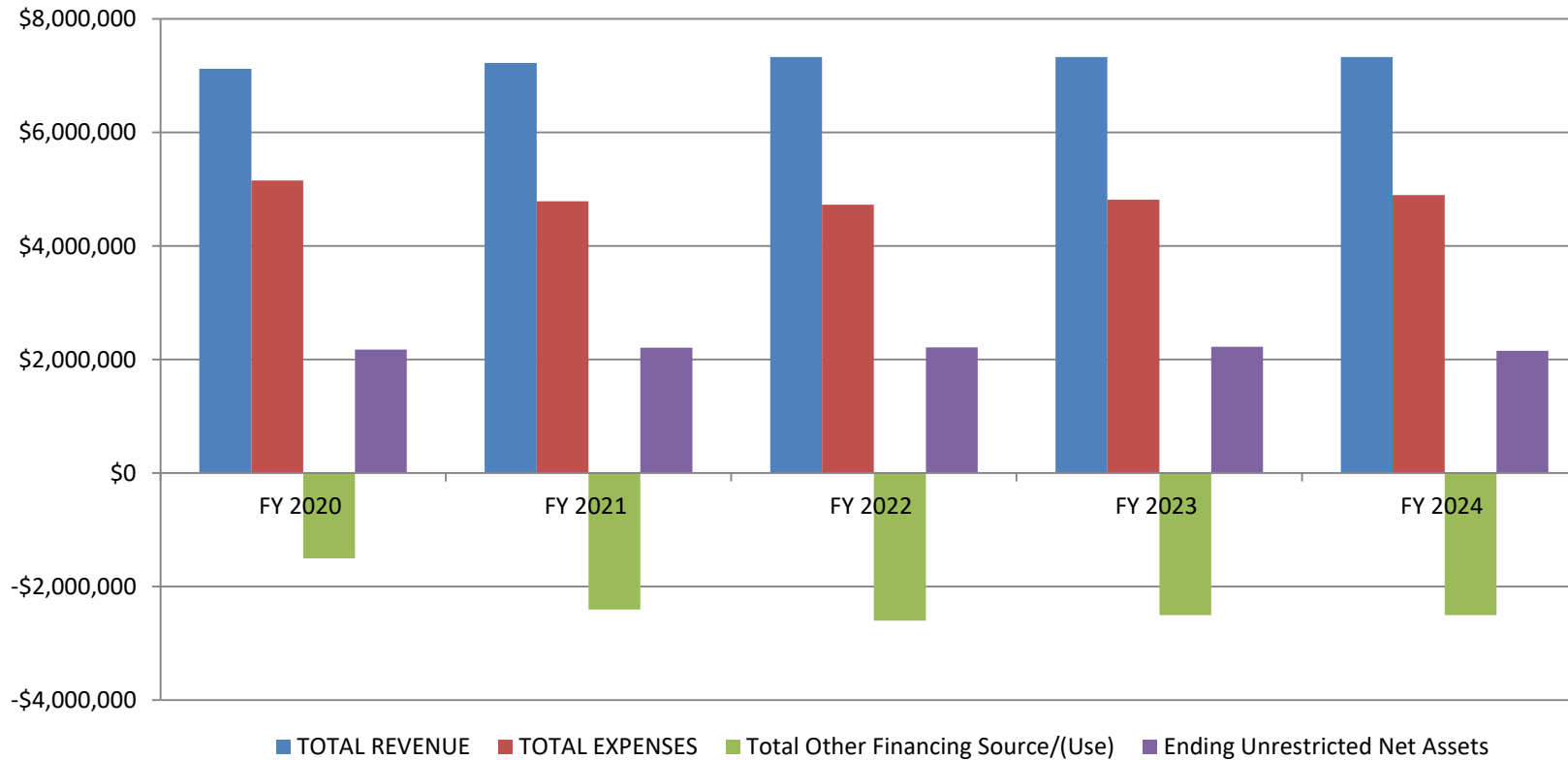


Revenues are from property taxes and general operating revenue. Expenditures are administrative costs and pension benefits paid to retirees. Ending net assets continue to increase toward the actuarial 100% level by 2040.



Financial Forecast

Water & Sewer Fund



Revenues from usage charges are sufficient to support the expenses and transfer to the Water & Sewer Capital Fund annually. Ending net assets remains at \$2 million.

Financial Forecast

Water & Sewer Fund

	Financial Forecast				
	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
REVENUES					
Charges for Services	7,076,000	7,182,000	7,287,000	7,287,000	7,287,000
Permits	200	200	200	200	200
Grants	0	0	0	0	0
Interest	25,000	25,000	25,000	25,000	25,000
Donations/Contributions	18,670	18,670	18,670	18,670	18,670
Miscellaneous	0	0	0	0	0
TOTAL REVENUE	7,119,870	7,225,870	7,330,870	7,330,870	7,330,870

	Financial Forecast				
	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
EXPENSES					
Personnel Services	1,169,105	1,228,254	1,279,318	1,333,093	1,386,418
Insurance and Benefits	450,451	473,701	496,728	521,926	542,880
Professional Services	239,277	140,370	140,298	140,554	140,918
Contractual Services	1,617,262	1,617,262	1,617,262	1,617,262	1,617,262
Communication	82,017	82,017	82,017	82,017	82,017
Professional Development	15,560	15,560	15,560	15,560	15,560
Operating Supplies	76,533	76,533	76,533	76,533	76,533
Debt Service	1,504,575	1,157,626	1,020,175	1,031,325	1,037,850
TOTAL EXPENSES	5,154,781	4,791,323	4,727,892	4,818,271	4,899,438

	Financial Forecast				
	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Other Financing Source/(Use)					
Transfer to Water & Sewer Capital	(1,500,000)	(2,400,000)	(2,600,000)	(2,500,000)	(2,500,000)
Total Other Financing Source/(Use)	(1,500,000)	(2,400,000)	(2,600,000)	(2,500,000)	(2,500,000)
Ending Unrestricted Net Assets	2,175,574	2,210,121	2,213,099	2,225,698	2,157,130

User charges are sufficient to support expenses and transfer funds to the Water & Sewer Capital Fund for the needed infrastructure improvements. Reserve balances are good at approximately 45% through the forecast.

Financial Forecast

Water & Sewer Capital Fund



	Financial Forecast				
	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Capital Improvements					
Utility System Improvements					
Minckler water main				375,000	1,950,000
Generators		450,000			
Wolf Road Watermain	695,000	5,096,500			
Sanitary Sewer Lining Program	80,000	80,000	80,000	80,000	100,000
Lead Service Line Replacement Program	50,000	50,000	50,000	50,000	50,000
Water Meter & Reader Replacement	1,256,750	1,256,750	1,246,750		
Water Tower Washing				45,000	
Water Plant Improvements	21,600	7,200			
Hunt Club Tower	1,000,000				
Fox Chase Tower			750,000		
Madison tower				625,000	
Transmission lines to towers		2,000,000	9,000,000	9,000,000	
New 5 MGD Water Treatment Facility		1,767,450	1,767,450	14,512,600	10,584,900
Total Capital Improvements	3,103,350	10,707,900	13,344,200	24,687,600	12,684,900

	Financial Forecast				
	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Other Financing Sources/(Uses)					
Transfer to TIF Fund	(921,000)	(530,000)			
Transfer From Water & Sewer Fund	1,500,000	2,400,000	2,600,000	2,500,000	2,500,000
TOTAL OTHER FINANCING SOURCES/(USES)	579,000	1,870,000	2,600,000	2,500,000	2,500,000
Ending Net Assets	2,797,445	(5,431,955)	(16,099,155)	(38,211,755)	(48,321,655)

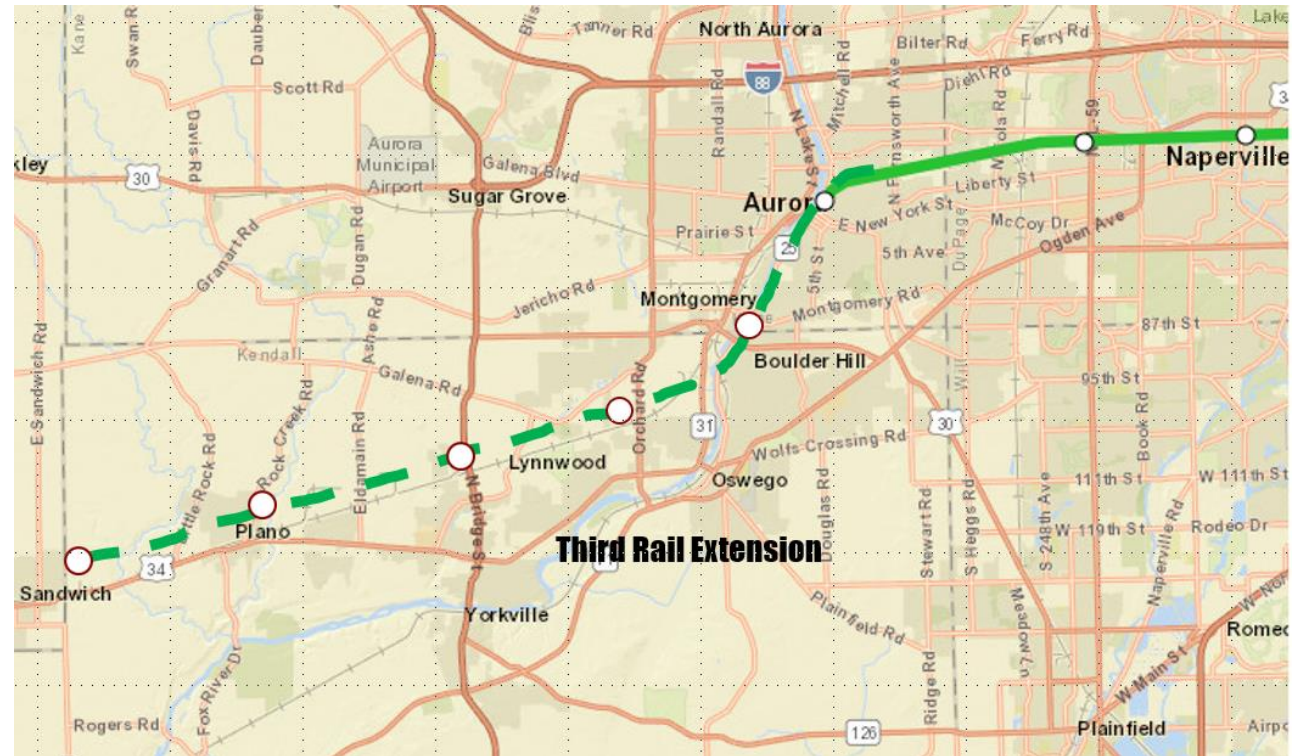
Revenues are estimated at \$110,000 annually. The improvements are greater than available future resources. The last two listed improvements are for the alternative water source planning which will have to be paid from future grants or bonding.

“Mega Projects”: Wolf’s Crossing



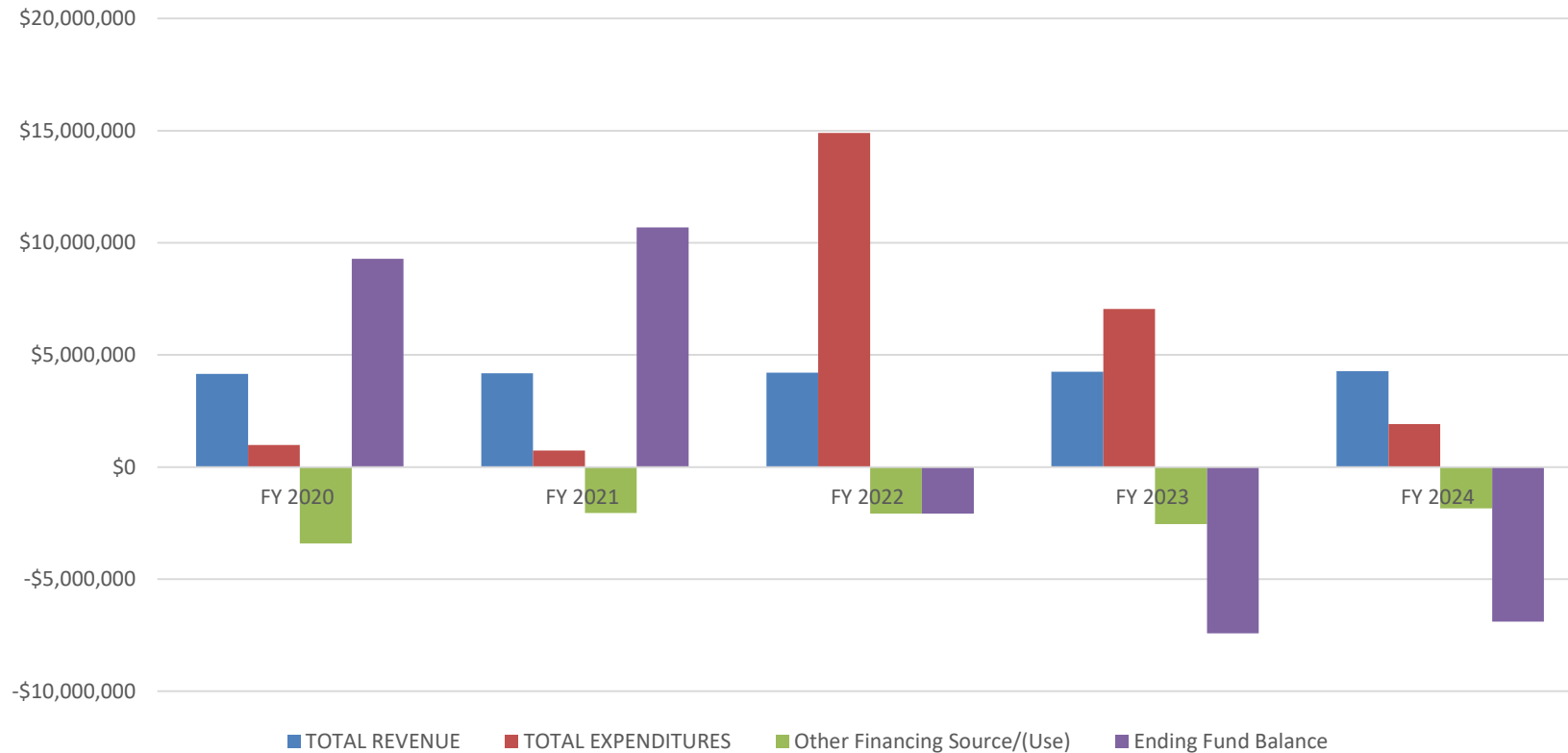
“Mega Projects”: Metra

- Initial Studies Began in 2001
- Engineering Design Will Begin in 2019



Financial Forecast

Capital Improvement Fund



Revenues are approximately \$4 million annually primarily from local sales tax revenue. The unknown revenue from development impact related fees are not included in this forecast. Expenditures include the costs for Wolf Crossing phase one which most likely will be paid from grants, federal dollars or bonding which would reverse the Ending Fund Balance to positive amounts..

Financial Forecast

Capital Improvement Fund

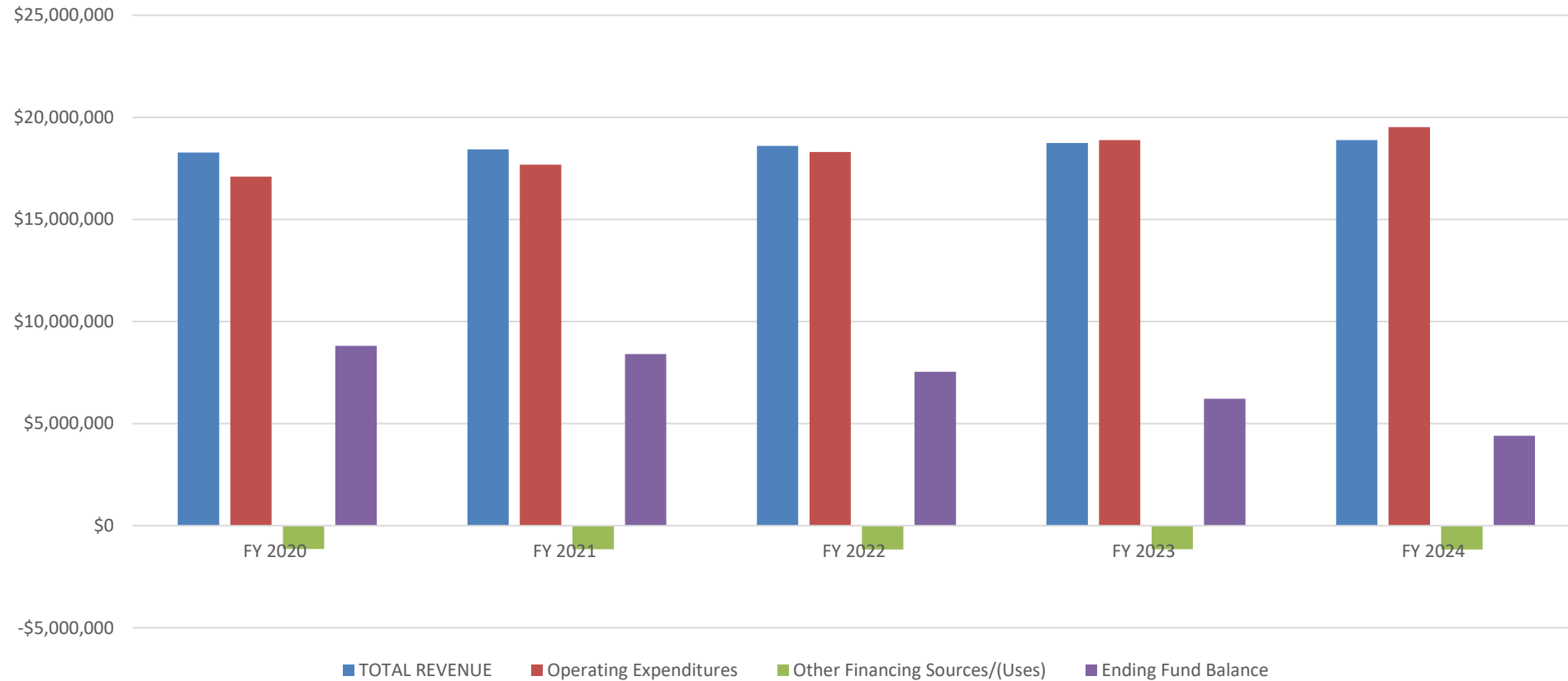
	<i>Financial Forecast</i>				
	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Beginning Fund Balance	9,525,452	8,136,940	8,211,831	(5,451,548)	(11,022,905)
REVENUES					
Local Sales Tax	3,131,000	3,162,310	3,193,933	3,225,872	3,258,131
Local Motor Fuel Tax	900,000	900,000	900,000	900,000	900,000
Charges for Service	33,000	33,000	33,000	33,000	33,000
Impact Fees	85,000	85,000	85,000	85,000	85,000
Interest	2,500	2,500	2,500	2,500	2,500
TOTAL REVENUE	4,151,500	4,182,810	4,214,433	4,246,372	4,278,631
Other Financing Source/(Use)					
Transfer to Vehicle Fund	(670,970)	(655,569)	(452,862)	(703,780)	(439,850)
Transfer to Debt Service Fund	(1,411,200)	(1,395,350)	(1,402,950)	(1,389,950)	(1,402,150)
Transfer to TIF Fund	(1,325,000)		(225,000)	(450,000)	
TOTAL	(3,407,170)	(2,050,919)	(2,080,812)	(2,543,730)	(1,842,000)
Ending Fund Balance	9,290,782	10,690,673	(2,072,706)	(7,419,063)	(6,899,432)

	<i>Financial Forecast</i>				
	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Capital Improvements					
Annual Road Program	-	-	1,400,000	1,400,000	1,400,000
Bridge repairs	-	-	-	18,000	109,000
Planimetric capture				125,000	
Network switches	-			200,000	
Server upgrades			200,000		
Computer refresh			200,000		
Computer Systems (PD Vehicles)				110,000	
Holiday Lights	25,000	25,000	25,000	25,000	25,000
Village Hall Expenditures	-				
Wolf Road section 1-phase 2,3	954,000	324,000	12,874,000		
Wolf Road section 2-phase 2,3					383,000
Wolf's Crossing Rd		383,000	198,000	517,000	
TOTAL EXPENDITURES	979,000	732,000	14,897,000	7,049,000	1,917,000

Local sales tax and local fuel tax revenues provide the funding for this Fund. The development fees are the unknown variable annually for any increased revenue. The improvements identified are greater than available future resources as detailed by the ending fund balance in fiscal year 2022. However, the major project (Wolfs Crossing) may be funded from outside these revenue streams.

Financial Forecast

General Fund

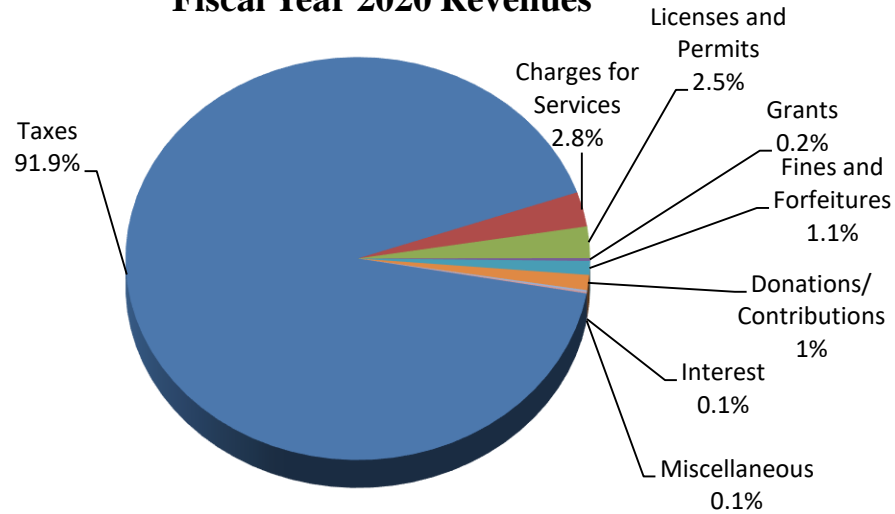


Revenues exceed operating expenditures until Fiscal Year 2023. Expenditures are based on business as usual for the forecast years meaning payroll increases are included with no new staff hires and operating costs showing minimal increases. Fund Balance drops below the reserve policy limit of 30% in Fiscal Year 2024. Concerns for FY 2020 will be the additional expenditures for the new police facility, increases for strategic plan initiatives and information technology improvements. These are not included in the forecast.

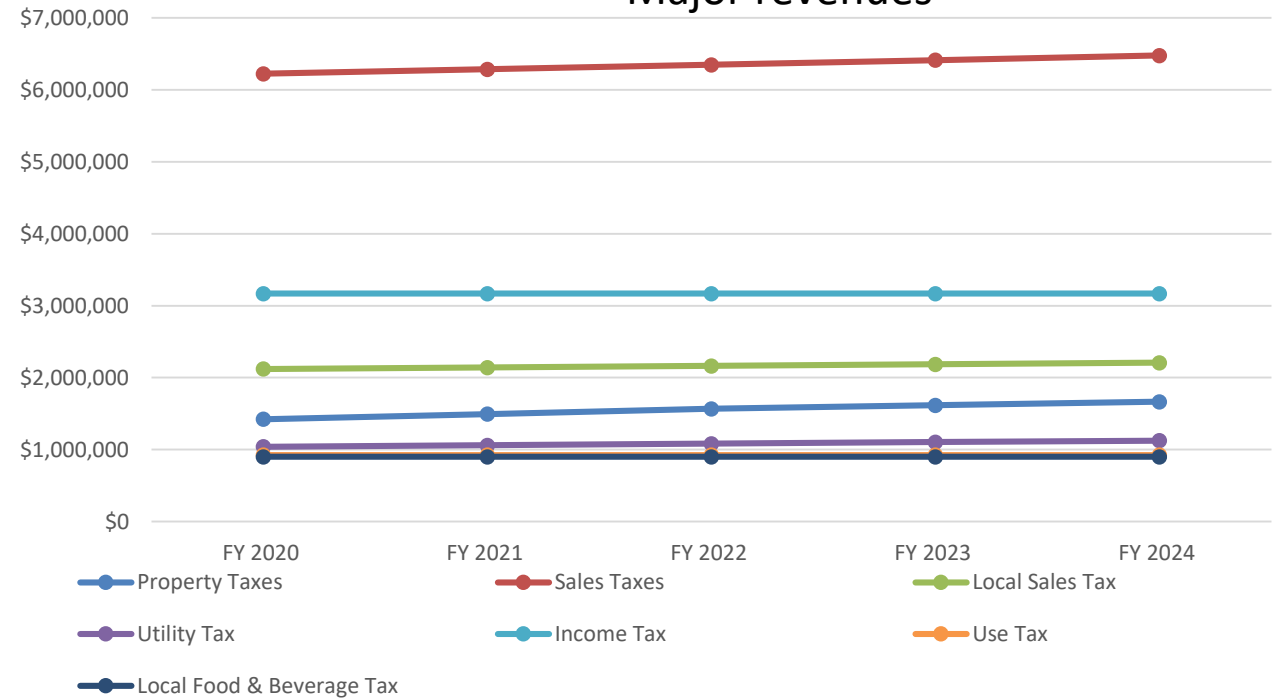
Financial Forecast

General Fund

Fiscal Year 2020 Revenues



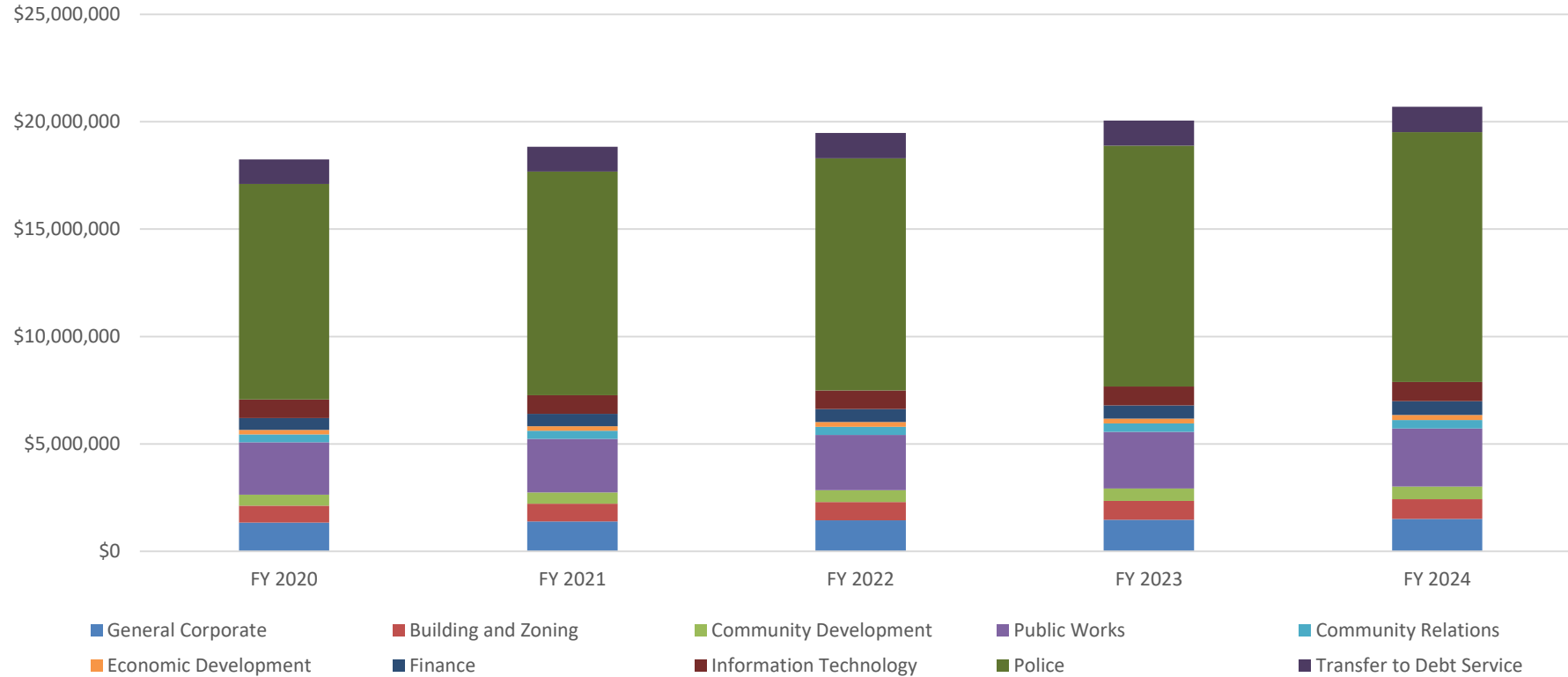
Major revenues



Taxes provide 92% of the fund revenues. Sales taxes are the largest revenue source at \$6 million annually followed by state income tax (\$3 million), Local sales tax (\$2 million) and utility taxes (\$1 million). The other revenue sources have not fluctuated much over the years. Building related permitting revenues will be strong in FY 2019 and FY 2020 before falling back to “normal” levels. Other revenues account for approximately \$2 million of total revenues.

Financial Forecast

General Fund



The police department is the largest area of expenditure for the Village followed by the Public Works department. General Corporate is the next largest area of expenditure.

Financial Forecast

General Fund

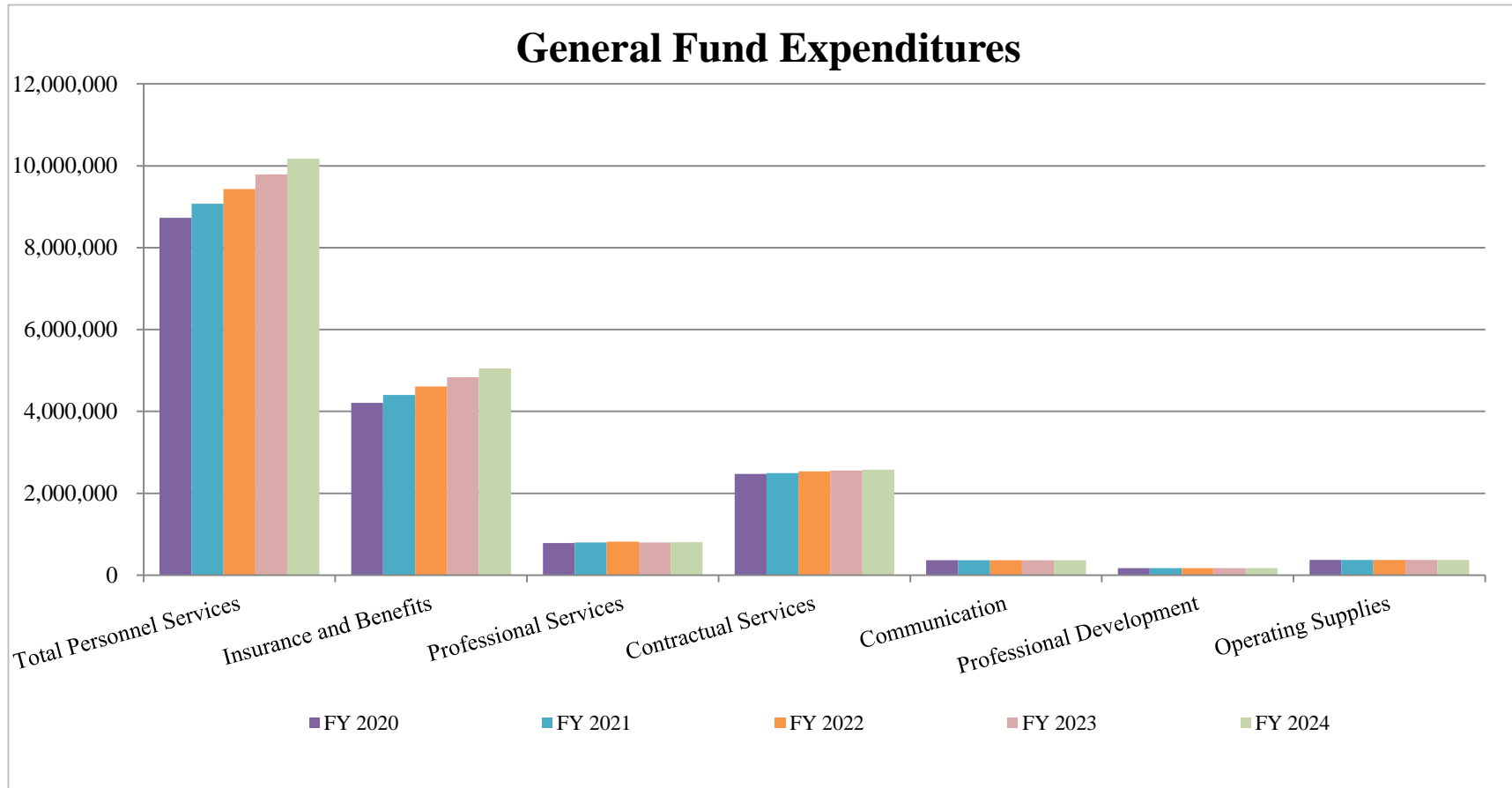
	<i>Financial Forecast</i>				
	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
<u>REVENUES</u>					
Taxes	16,267,914	16,410,635	16,559,936	16,686,154	16,815,062
Charges for Services	491,050	491,050	491,050	491,050	491,050
Licenses and Permits	446,800	455,736	464,851	474,148	483,631
Grants	40,000	40,000	40,000	40,000	40,000
Fines and Forfeitures	197,000	197,000	197,000	197,000	197,000
Franchise Fees	570,000	575,700	581,457	587,272	593,144
Donations/Contributions	215,000	215,000	215,000	215,000	215,000
Interest	25,000	25,000	25,000	25,000	25,000
Miscellaneous	20,000	20,000	20,000	20,000	20,000
TOTAL REVENUE	18,272,764	18,430,121	18,594,294	18,735,623	18,879,887

	<i>Financial Forecast</i>				
	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
<u>EXPENDITURES</u>					
General Corporate	1,341,643	1,393,775	1,449,073	1,468,099	1,512,120
Building and Zoning	790,903	822,293	854,878	888,964	922,477
Community Development	508,221	528,422	549,418	571,412	592,056
Public Works	2,437,352	2,494,344	2,569,995	2,632,781	2,695,084
Community Relations	368,554	376,053	383,549	391,683	399,452
Economic Development	206,770	212,840	219,167	225,760	232,151
Finance	552,604	572,974	594,015	615,976	637,580
Technology	865,221	870,596	876,198	882,045	887,759
Police	10,028,146	10,403,450	10,803,735	11,207,590	11,640,101
Operating Expenditures	17,099,414	17,674,747	18,300,026	18,884,310	19,518,780
Revenues Over/(Under) Expenditures	1,173,350	755,374	294,267	(148,687)	(638,893)
Other Financing Sources/(Uses)	(1,139,973)	(1,152,873)	(1,168,573)	(1,161,802)	(1,174,452)
Change in Fund Balance	33,377	(397,499)	(874,306)	(1,310,489)	(1,813,345)
Ending Fund Balance	8,800,237	8,402,737	7,528,432	6,217,943	4,404,597

Revenues are over \$18 million with expenditures approaching \$19 million in fiscal year 2024. Main source of revenue is from taxes. Fund balance decreases over the next five years to \$4 million which is 22% of expenditures. Other financing uses is the transfer to the Debt Service Fund.

Financial Forecast

General Fund



Personnel and related benefits are the largest area of expenditure together accounting for over \$12 million (76%) of total operating expenditures in Fiscal Year 2020 increasing to over \$14 million (78%) in fiscal year 2024. Contractual services total approximately \$2.5 million annually. Transfers for debt service are approximately \$1.1 million each year of the forecast.

Financial Forecast

- What can we do to stay fiscally sound through FY 2024
 - Maintain budgets within the constraints of annual revenues
 - Analyze ways to control personnel costs/benefits
 - Increase annual revenues
- Questions/further discussion

