

OLD BUSINESS

There was no old business.

NEW BUSINESS

G.1 Police Pension Fund Actuarial Reports

Director Lamberg addressed the Board regarding the police pension actuarial reports. The levy calculation almost exactly the same and a little less than last year. Kevin Cavanaugh, Actuarial Consultant for Lauterbach & Amen, LLP presented the following:

Recommended Contribution & Funded Status

- \$1,521,266 – recommended for upcoming tax year
- Investment performance spread out over five years
- 3.86% decrease year over year

	Prior Valuation	Current Valuation	Difference
Recommended Contribution	\$1,582,322	\$1,521,266	-\$61,056 (3.86% Decrease)
Fair Value of Assets (FVA)	\$43,080,000	\$40,840,000	(\$2,240,000)
Actuarial Value of Assets (AVA)	\$38,860,000	\$42,620,000	\$3,760,000
Actuarial Accrued Liability	\$48,270,000	\$51,680,000	\$3,410,000
EAN Unfunded Actuarial Accrued Liability/(Surplus)	\$9,405,000	\$9,063,000	(\$342,000)
Percent Funded (AVA)	80.51%	82.46%	1.95%
Percent Funded (FVA)	89.26%	79.02%	(10.24%)

Current Funding Policy is level % pay contributions to a 100% funding target over the remaining 17 years.

Recommended Contribution Reconciliation

- Demographic evaluation updates
- (\$3,700) due to assets moving
- 101% of recommendation of contribution

	Actuarial Liability	Recommended Contribution
Expected Changes	\$3,279,000	\$51,400
Salary Increases Less than Expected	(\$167,000)	(\$13,700)
Actuarial Experience	\$303,000	(\$68,700)
Assumption Changes	\$0	\$0
Asset Return Greater than Expected	\$0	(\$3,700)
Contributions Greater than Expected	\$0	(\$26,400)
Net Increase/(Decrease)	\$3,415,000	(\$61,100)

Recommended Contribution Breakdown

	Prior Valuation	Current Valuation	Difference
Employer Normal Cost (with interest)	\$867,450	\$802,082	(\$65,368)
Amortization of Unfunded Accrued Liability/(Surplus)	\$714,872	\$719,184	\$4,312
Recommended Contribution	\$1,582,322	\$1,521,266	(\$61,056)

The Recommended Contribution has Decreased by 3.86% from the Prior Valuation.

Demographic Changes

- There were 10 Members who were hired during the year. This increased the Recommended Contribution by approximately \$88,800.
- There were 3 Members who retired during the year. This increased the Recommended Contribution by approximately \$14,000.
- There were 6 Members who terminated employment during the year. This decreased the Recommended Contribution by approximately \$30,500.
- There were 37 inactive Members who continued to collect benefits. This increased the Recommended Contribution by approximately \$16,400.
- Other demographic changes experienced during the year were minimal.

Age and Service Distribution

5/1/2022 Age and Service Distribution - All Active Members												
	Service	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	Total
Age												
Under 25		1										1
25 to 29		7	4	1								12
30 to 34		1	1	4								6
35 to 39				2	3	1						6
40 to 44				1	2	10	1					14
45 to 49					2	2	3	3				10
50 to 54							3					3
55 to 59												
60 to 64												
65 to 69												
70 & up												
Total		9	5	8	7	13	7	3				52

Expected Benefit Payments

- \$3,368,000 attributed to upcoming retirements

Current Valuation	
Total Active Members	52
Total Inactive Members	37
Current Benefit Payments	\$1,222,000
Expected Benefit Payments in 5 Years	\$2,218,000
Expected Benefit Payments in 10 Years	\$3,368,000

Benefit Payments are Anticipated to Increase 82% in the Next 5 Years and 176% in the Next 10 Years.

Assumption Changes

- No change in assumption this year

- The year over year step increases dictated by the new wage schedule did not change from the prior wage schedule; therefore we have not updated the individual pay increases assumption.

Change in Fair Value of Assets

- (7.86%) is in line with what they have seen
- 14% off of what is expected

Current Valuation	
Beginning Fair Value of Assets	\$43,080,000
Employer Contributions	\$1,801,000
Member Contributions	\$612,000
Return on Investments	(\$3,405,000)
Benefits and Refunds	(\$1,222,000)
Other Expenses	(\$29,700)
Change in Fair Value	(\$2,243,000)
Ending Fair Value of Assets	\$40,840,000

The Rate of Return on Investments on a Fair Value of Assets Basis for the Fund was Approximately (7.86%) Net of Administrative Expense. The Expected Rate of Return on Investments is 6.50%.

Risk Management

- The ratio of benefit payments to the Fair Value of Assets is 2.99%, compared to an Expected Rate of Return on Investments of 6.50%.
- Based on the number of active Members in the Plan, there is a low demographic risk.
- Reducing the Expected Rate of Return on Investments by 25 basis points produces a Recommended Contribution that is 15.80% higher than currently shown.

Alternative Contribution

- Recommend contributing \$1.52 million this year

Current Valuation	
Alternative Contribution	\$1,180,639
PUC Unfunded Actuarial Accrued Liability/(Surplus)	\$10,310,000
Alternative Contribution Funded Percentage (AVA)	80.52%

Alternative Contribution Funding Policy is Level % Pay Contributions to a 90% Funding Target Over the Remaining 18 Years.

Five-Year Employer Contribution History

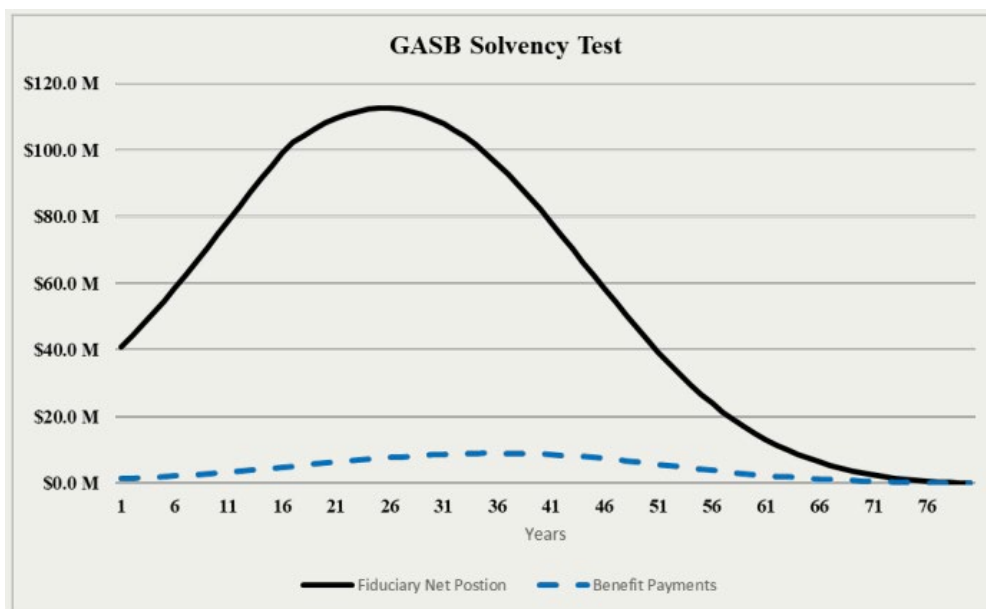
- Actuarially Determined Contribution numbers are the recommended contributions
- Village of Oswego has done their part; kudos for funding in a responsible way

Fiscal Year End	Employer Contribution	Actuarially Determined Contribution (ADC)	% of ADC
4/30/2022	\$1,800,798	\$1,783,331	100.98%
4/30/2021	\$1,600,000	\$1,542,957	103.70%
4/30/2020	\$1,400,001	\$1,398,759	100.09%
4/30/2019	\$1,400,000	\$1,342,897	104.25%
4/30/2018	\$1,430,544	\$1,392,423	102.74%
		5 - Year Average	102.35%

The Actuarially Determined Contribution for the Current Year is the Recommended Contribution from the May 1, 2020 Actuarial Valuation Completed by Lauterbach & Amen,

GASB Solvency Test

- Going to fully solvent and payable for the next 80 years



The Plan's Projected Fiduciary Net Position is Anticipated to Cover Projected Benefit Payments in Full for the Current Employees.

G.2 Fiscal Year 2023 First Quarter Financial Update

Director Lamberg addressed the Board regarding FY23 first quarter financials.

- Revenues at 25% or more
- Expenditures at 25% or below
- \$2 million in surplus
- Sales tax coming in well over budget
- Watching fuel trends
- Most other Funds are doing well
- Watching the Police Pension Fund

First quarter revenues for the Village total \$15.8 million (28.3% of budget) compared with expenditures of \$10.1 million (17.6% of budget). Timing of expenditures is always the variable in comparing the current fiscal year with the prior fiscal year. Fiscal year 2023 first quarter results are better than the Fiscal year 2022 on the revenue side and higher on the expenditure side. This is expected due to the rising cost of goods.

General Fund

- Revenues are \$968,278 greater than last fiscal year while expenditures are \$199,012 less. Tax revenues were \$488,796 greater than last year with Sales and Income tax accounting for most of the increase.

Motor Fuel Tax Fund

- Revenues are \$254,963 lower this fiscal year due to the sunset of Rebuild Illinois grant revenue. Expenditures of \$504,514 have been recorded in the first quarter on a budget of \$2,653,078.

TIF Fund

- Only \$33,199 in expenditures were paid in the first quarter compared with \$547,180 in property tax revenue received.

Capital Improvement Fund

- Revenues were greater than expenditures by \$423,083. Sales tax revenue are comparable to last year while Local MFT revenue is \$67,131 greater than last year. Expenditures of \$371,873 for the transfer to the Debt Service Fund and \$670,528 paid for public improvements for the quarter.

Debt Service Fund

- Revenues and expenditures are equal and as budgeted.

Water and Sewer Fund

- Revenues are \$96,076 greater than last year. Expenses are higher by \$242,815. While expenses are higher than last year, they are only at 12.7% of budget.

Water and Sewer Capital Fund

- Revenues are greater than expenses by \$8,507. Only \$57,213 in expenses have been paid out this quarter on an annual budget of \$3,186,500.

Garbage Collection Fund

- Revenues are \$245,998 more than last fiscal year through the quarter. Garbage fees are billed every other month while expenses are paid monthly. This results in a timing issue and explains why revenues are greater than expenditures at the end of the first quarter.

Municipal Fleet Fund

- Revenues and expenses are as anticipated this quarter.

Municipal Parking Fund

- Permit fees for the quarter total \$46,946 while no expenses have been posted.

Police Pension Fund

- Revenues are \$823,206 more than expenditures through the first quarter. Tax revenue and investment earnings account for the strong revenues in the quarter.

Board and staff discussion focused on very responsible in funding; police pension consolidation on September 1, 2022; whether anything is changing with the state taking over the police pension fund; only change is in the investment of the funds; Director Lamberg will receive a report from the state. There was no further discussion.

G.3 2022-2025 Strategic Plan Update

Asst. Administrator Burns addressed the Board regarding the strategic plan update.

Village of Oswego Strategic Plan Summary 2022-2025

STRATEGIC PRIORITY	STRATEGIC OBJECTIVE	KEY PERFORMANCE INDICATOR	TARGET	STRATEGIC INITIATIVES
FINANCIAL STEWARDSHIP <i>A financially responsible Village</i>	Establish financial strength across all funds	- Fund Balance Compliance	- Annual compliance with Village Fund Balance Policy (all funds)	-Maintain Fund cash balances in compliance with Village policy -Complete special census by calendar year 2024
	Diversify the revenue base	- # of new non-tax revenue sources	- Five new revenue sources by 2025	-Implement Program Based Budget -Review and implement one to two new revenue sources annually
	Responsibly control spending	- Revenue Growth - Operating expenditure increase	- Operating expenditures (non-personnel) and revenue growth	-Identify spending priorities for ARPA funds -Identify and report annually percent of revenue growth and operation expenditure growth in all funds
BALANCED DEVELOPMENT <i>A vibrant Village with something for everyone</i>	Create a destination downtown	- # 10/10/10 uses - Increase in EAV - Increase in parking demand	- Achieve 10/10/10 by 2025 - 15% increase in EAV - @ 50% parking occupancy	-Complete Development Process Improvement Plan -Establish key development properties marketing strategy
	Develop key properties	- Development plans approved - Acres developed	- #_ plans approved - 20 commercial acres developed on Orchard by 2025	-Create a downtown public improvement plan -Create Downtown Parking Plan
	Diversify the housing stock	- % change in housing types - Housing targets progress	- Implement housing scorecard by 2024	-Initiate comprehensive housing analysis and create a scorecard -Complete Unified Development Ordinance
RECRUIT & RETAIN HIGH-QUALITY EMPLOYEES <i>Supporting a high-quality workforce</i>	Create an accountable & effective workforce	- # perf evals above expectation - Community satisfaction increase	- 70% of employees exceed expectation	-Conduct and track annual performance evaluations -Complete level of service analysis for two departments
	Ensure organizational capacity can meet service demands	- Staffing ratios achieved - Employee satisfaction rate	- Organization sized to meet service demands in 2 departments by 12/31/25 - Meet staffing ratios at med. level annually beginning 2024	-Update staffing study on an annual basis -Establish plan to meet staffing needs based on staffing analysis and level of service demands.
	Prepare for an evolving workforce	- Turnover rate - Compensation & benefit targets met	- Forward thinking career plan implemented by 2024 - Compensation & benefits consistent w/study results	-Complete compensation and benefits analysis in 2022 and 2024. -Implement diversity, equity and inclusion metrics -Create career development component to performance evaluations -Evaluate overtime usage
WELL-MAINTAINED INFRASTRUCTURE <i>Providing safe, reliable infrastructure</i>	Establish levels of service in all areas	- Response time reductions - Community satisfaction rates	- Define & establish LOS schedules-all areas by 2025	-Conduct Asset management Impact Study for Public Works -Conduct a level of service study
	Maintain assets adequately to meet level of service	- Condition ratings - PCI ratings - Down time	- Asset assessment programs underway in all areas by 2025	-Secure funding for next phase of commuter rail extension -Vehicle and equipment analysis and funding plan to ensure optimal service delivery and efficiency
	Allocate resources to meet future demand	- 20-year CIP progress - Service demand ratios	- A 20-year all asset plan & funding strategy	
COMPLETE WOLF'S CROSSING <i>Transportation for a growing community</i>	Complete key projects and secure future funding	- % project milestones met - Substantial completion	- Harvey Road opened by May 20, 2023 - Harvey Road let by Nov. 18, 2022 - Funding strategy for Harvey Road in place by May 1, 2022 -Funding strategy for next phases in place by May 1, 2022	-Construction plans completed and ready for November 2022 Letting -Construction substantially completed by Nov. 31, 2023 -Establish funding plan for Douglas Road, including securing federal funding, by Dec. 31, 2022
A NEW WATER SOURCE <i>Infrastructure for future needs</i>	Secure future water source and funding	- Legislation secured - Governance agreement in place - Partnership approval - Rate structure, funding	- Agreements for preferred option approved by December 31, 2022 - Financing strategy in place by July 1, 2022	-Legislative approval granted by December 31, 2022 -Contracts executed by December 31, 2022 -Establish funding plan by Dec. 31, 2024 -Secure loan authorization by Dec. 31, 2024

Since the strategic plan adoption, staff has been working to develop action plans. The action plans provide a more detailed guide for staff to complete the strategic initiatives, in pursuit of the Board's strategic priorities. The action plans assign responsibilities and set out timelines for completion.

The following is a summary and status of each priority:

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	Diversify the revenue base	- # of new non-tax revenue sources	- Five new revenue sources by 2025	-Implement Program Based Budget -Review and implement one to two new revenue sources annually
	Responsibly control spending	- Revenue Growth - Operating expenditure increase	- Operating expenditures (non-personnel) and revenue growth	-Identify spending priorities for ARPA funds -Identify and report annually percent of revenue growth and operation expenditure growth in all funds

- Establish financial strength across all funds:
 - The Village’s adopted FY23 Budget maintains compliance with the Village’s fund balance policies.
 - The Village allocated the ARPA funds toward infrastructure investment, specifically to assist in the construction of Wolf’s Crossing. Expenditure tracking and reporting will continue as required by ARPA.
- Diversity the revenue base
 - The Village passed a Real Estate Transfer Tax referendum in summer 2022, providing a significant revenue source for the Village’s water source. Research continues on other potential revenue sources.
- Responsibly control spending:
 - The Finance Director continues to monitor expenditures and revenues to remain on target.
- Remaining initiatives are slated for future years.

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	Develop key properties	- Development plans approved - Acres developed	- #_ plans approved - 20 commercial acres developed on Orchard by 2025	-Create Downtown Parking Plan -Initiate comprehensive housing analysis and create a scorecard -Complete Unified Development Ordinance
	Diversify the housing stock	- % change in housing types - Housing targets progress	- Implement housing scorecard by 2024	

- Create a destination downtown:
 - Create a downtown parking plan: Staff continues to do regular parking capacity monitoring and is currently developing a plan for more congested areas of the downtown. Overall parking is not yet at 50% capacity. Staff is also working on acquiring easements for additional public parking on Van Buren Street.

- Establish key development properties marketing strategy: Economic Development and Community Relations are working together to develop a marketing strategy based on current priorities in advance of upcoming business conventions.
- Develop key properties:
 - Complete Unified Development Ordinance: Staff continues to work with CMAP on the final stages of developing the UDO. On target for completion is this year.
 - Complete Development Process Improvement Plan: Development Services staff is currently reviewing the development process, identifying opportunities for both small improvements and for overall process change.

Remaining initiatives are slated for future years or are under evaluation for benchmarking.

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RECRUIT & RETAIN HIGH-QUALITY EMPLOYEES <i>Supporting a high-quality workforce</i>	Create an accountable & effective workforce	- # perf evals above expectation - Community satisfaction increase	- 70% of employees exceed expectation	- Conduct and track annual performance evaluations - Complete level of service analysis for two departments - Update staffing study on an annual basis
	Ensure organizational capacity can meet service demands	- Staffing ratios achieved - Employee satisfaction rate	- Organization sized to meet service demands in 2 departments by 12/31/25 - Meet staffing ratios at med. level annually beginning 2024	- Establish plan to meet staffing needs based on staffing analysis and level of service demands. - Complete compensation and benefits analysis in 2022 and 2024.
	Prepare for an evolving workforce	- Turnover rate - Compensation & benefit targets met	- Forward thinking career plan implemented by 2024 - Compensation & benefits consistent w/study results	- Implement diversity, equity and inclusion metrics - Create career development component to performance evaluations - Evaluate overtime usage

- Create an accountable & effective workforce:
 - FY22 performance evaluations completed. For evaluations during the FY22 period, more than 75% of employee exceeded expectations.
- Ensure organizational capacity can meet service demands:
 - Update staffing study on an annual basis: Staffing study updated, reviewed in advance of FY23 budget discussion. Another update will be presented to the Village Board at the October 4, 2022, COW.
 - Complete compensation and benefits analysis in 2022: Currently preparing to review compensation and benefits ahead of FY24 budget discussion.
 - Evaluate overtime usage: Additional part-time staff were hired for summer 2022 both to reduce costs and demand on Public Works overtime. A more thorough analysis will take place in the coming year.
- Prepare for an evolving workforce:
 - The Village was selected to participate in the Greater Cities Learning and Operationalizing Racial Equity program, which runs through winter.

Remaining initiatives are slated for future years and are under evaluation.

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	Allocate resources to meet future demand	- 20-year CIP progress - Service demand ratios	- A 20-year all asset plan & funding strategy	

- Establish levels of service in all areas
 - Conduct Asset Management impact Study for Public Works: Working with ERP to utilize asset management.
- Allocate resources to meet future demand:
 - As part of the capital plan, staff is evaluating and prioritizing equipment needs to meet operational needs and with consideration to future growth.

The asset management impact study and level of service study will both be significant undertakings in the coming year. This is a large project that Public Works is beginning to do. Other initiatives are slated for future years.

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The Village's current goal is to complete the majority of the work related to the Harvey Road improvements before November 2023, requiring a project letting in November 2022. A few key elements of the project have been delayed. While staff remains optimistic, the project timeline may be modified due to land acquisition. Staff is also evaluating which segment of the project will follow Harvey Road and is working on the relevant grant applications to support the next segment of the project.

