

Village of Orland Park Fiscal Year 2016 Budget Hearing

August 20, 2015

6:00pm

Budget Hearing Agenda

1. FY2016 Revenue Forecast
2. Net Revenue (Target) Calculation and Allocation
3. Summary of Personnel Requests (for information only, will be discussed during departmental budget hearings)

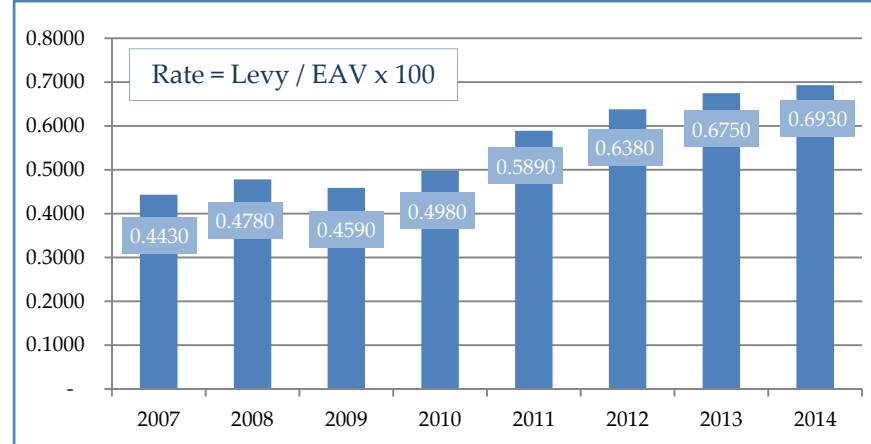
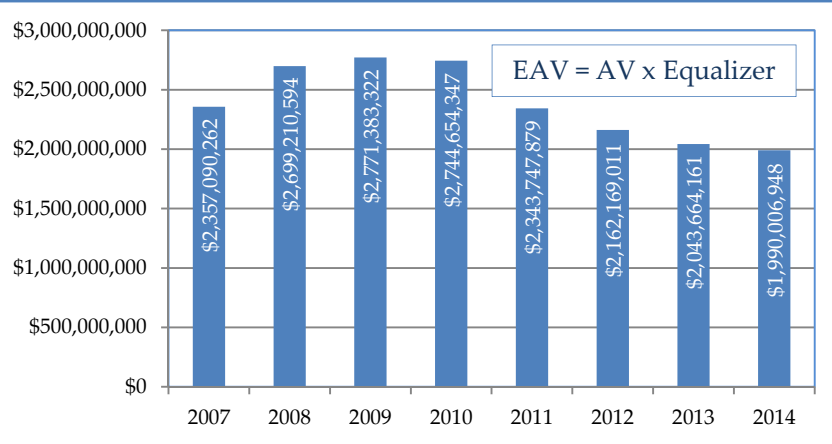
Financial Summary & Revenue Assumptions

- Projected fund balance in General Fund at 12/31/15 of \$14,870,547 (28.27% of FY15 expenditures) –
 - FY14 revenues \$1,541,972 over budget, expenditures \$4,084,331 under budget
 - Sales tax \$666,611 over the projection
 - Police department salaries \$1,249,473 under budget
 - Rollovers to FY15 totaling \$1,281,045
 - Various departments under budget for \$587,776
 - Recreation transfer \$565,720 less than projected
 - FY15 sales tax collections \$643,000 (3.26%) over budget
 - FY15 income tax collections \$215,000 (4.1%) under budget
 - No change in LGDF distribution methodology
- FY16 revenue forecast –
 - Total revenues of \$117,675,477
 - Conservative forecasts for sales, home rule sales, income, use and MFT taxes
 - No change in LGDF distributions
 - Proposed 2015 levy (collected in 2016) equal to 2014 levy (collected in 2015)
 - Proposed 2015 levy reflects \$4,115,150 in abatements
 - Water & Sewer Fund revenues will be finalized based on results of rate study

Financial Summary & Revenue Assumptions

- Recreation & Park Fund subsidy will continue – 50% of operating expenditures
 - Amounts owed by MST Fund as of 12/31/14
 - General Fund - \$13,707,936
 - Home Rule Sales Tax Fund - \$8,352,739
 - MST GO Bond Funds - \$11,682,639
- ← To be repaid with tax increment, sale/lease of land, revenue sharing agreements
- Potential home rule revenue sources not reflected in budget
 - Utility taxes
 - Telecommunications tax
 - Transfer tax
 - Restaurant/food & beverage tax
 - Gas tax
 - Amusement tax

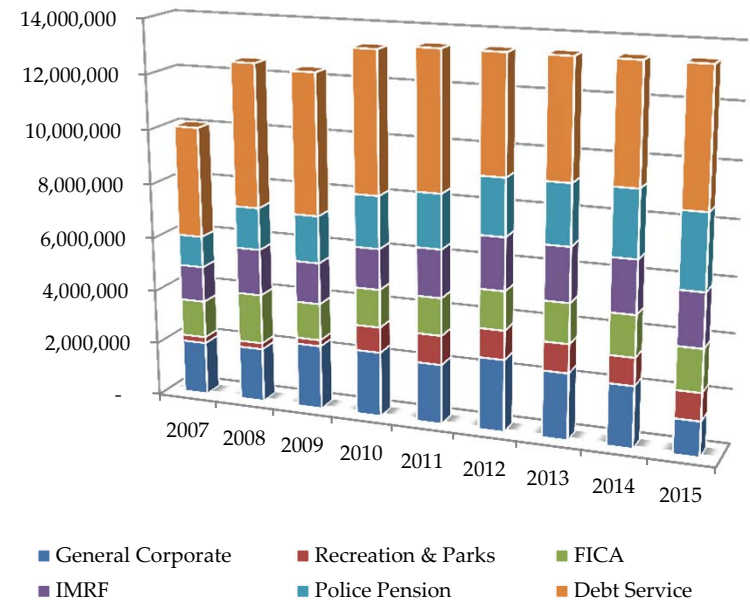
EAV, Tax Levy and Tax Rate History



How is the Village's Property Tax Levy calculated?

- Recreation & Parks - total expenditures – recreation fees – Village subsidy
- FICA – total salaries & add pays x 7.65%
- IMRF – total IMRF employee pensionable salaries & add pays x funding rate determined by IMRF actuary
- Police Pension – Police employee pensionable salaries & add pays x funding rate determined by Village actuary
- Debt Service – total annual P&I payments due on Village's outstanding GO Bonds
- **General Corporate – remaining amount available to keep levy flat**

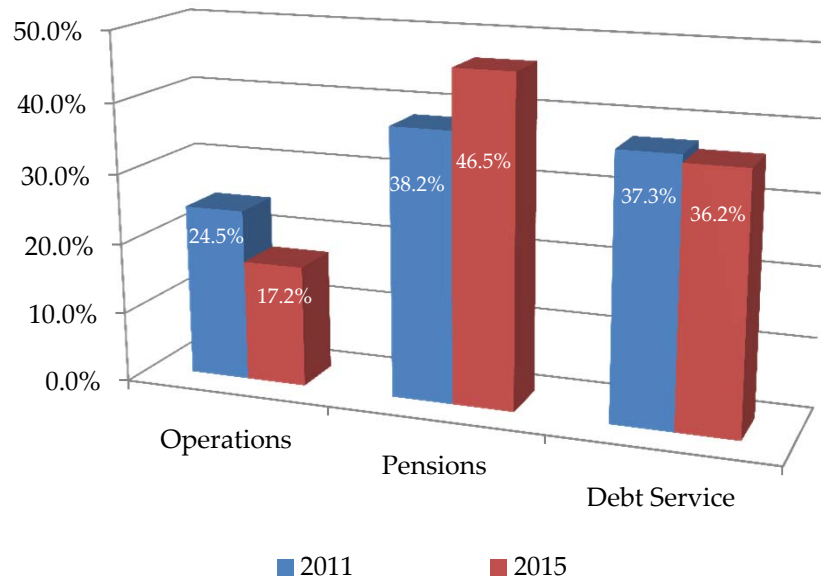
- Total Village levy - \$13,425,519 – flat since 2011
 - 2011 Corporate Levy - \$2,668,775
 - 2015 Corporate Levy - \$1,299,581
- Falling EAV = rising tax rate w/levy constant
- Equalizer 3.3701 in 2009 to 2.6922 in 2014
- 2017 - next triennial assessment year
- Projecting no EAV increase from 2014 to 2015



Property Tax Levy - \$13,425,519

(General, Recreation & Parks and Debt Service Funds)

	2011		2012		2013		2014		2015	
General Corporate	\$ 2,211,368	16.5%	\$ 2,668,775	19.9%	\$ 2,453,204	18.3%	\$ 2,274,483	16.9%	\$ 1,299,581	9.7%
Recreation & Parks	1,079,863	8.0%	1,068,021	8.0%	1,058,297	7.9%	1,014,634	7.6%	1,014,634	7.6%
FICA	1,379,977	10.3%	1,423,797	10.6%	1,467,465	10.9%	1,514,515	11.3%	1,558,364	11.6%
IMRF	1,762,287	13.1%	1,923,513	14.3%	1,983,977	14.8%	1,939,123	14.4%	1,963,901	14.6%
Police Pension	1,980,950	14.8%	2,079,998	15.5%	2,198,171	16.4%	2,417,988	18.0%	2,725,964	20.3%
Debt Service	5,011,075	37.3%	4,261,415	31.7%	4,264,405	31.8%	4,264,775	31.8%	4,863,075	36.2%
	<u>\$13,425,520</u>		<u>\$13,425,519</u>		<u>\$13,425,519</u>		<u>\$13,425,518</u>		<u>\$13,425,519</u>	



2011 vs. 2015 –

- Total levy has remained the same
- Operating levies have decreased by \$911K
- Pension levies have increased by \$1.125K

Property Tax Levy Options

			<i>Increase Total Levy by Growth in Police Pension Levy Only, DS Levy as Required, FICA, IMRF, Operating Levies = 2014</i>	<i>Increase Total Levy by Growth in Pension Levies, DS Levy as Required, Operating Levies = 2014</i>	<i>Operating Levy Increases 2%, Pension & Debt Service Levies as Required</i>
	2014	<i>No Increase in Total Levy*</i>	2015 Options		
Operations					
<i>General Corporate</i>	\$ 2,274,483	\$ 1,299,581	\$ 2,274,483	\$ 2,274,483	1,547,799
<i>Recreation & Parks</i>	1,014,634	1,014,634	1,014,634	1,014,634	1,034,927
Pensions					
<i>FICA</i>	1,514,515	1,558,364	1,514,515	1,558,364	1,558,364
<i>IMRF</i>	1,939,123	1,963,901	1,939,123	1,963,901	1,963,901
<i>Police Pension</i>	2,417,988	2,725,964	2,725,964	2,725,964	2,725,964
Debt Service	4,264,775	4,863,075	4,863,075	4,863,075	4,863,075
	<u>\$ 13,425,519</u>	<u>\$ 13,425,519</u>	<u>\$ 14,331,794</u>	<u>\$ 14,400,421</u>	<u>\$ 13,694,029</u>

Based on a Market Value of \$300,000, a 10% assessment level and an equalizer of 2.6922, a homeowner would pay the approximately following amounts to the Village of Orland Park -

\$ 491.57	\$ 491.57	\$ 524.75	\$ 527.26	\$ 501.40
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*Amount reflected in proposed FY16 revenues

Potential Property Tax Freeze Legislation -

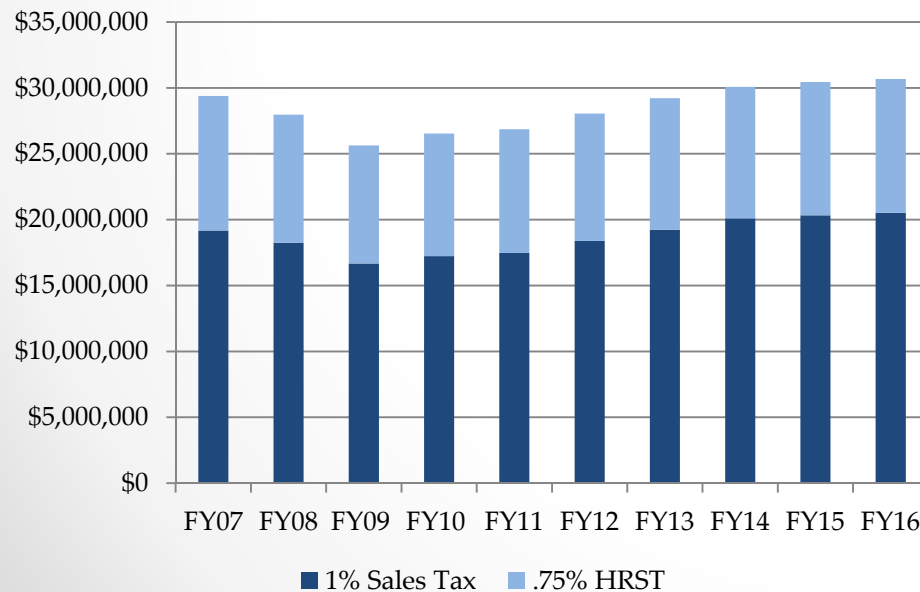
- Effective for two years, beginning with levy year 2017 (if located in Cook County)
- Certain "special purpose" extensions may be excluded from the freeze, such as public safety expenditures and pensions

1% Sales Tax - \$20,528,626

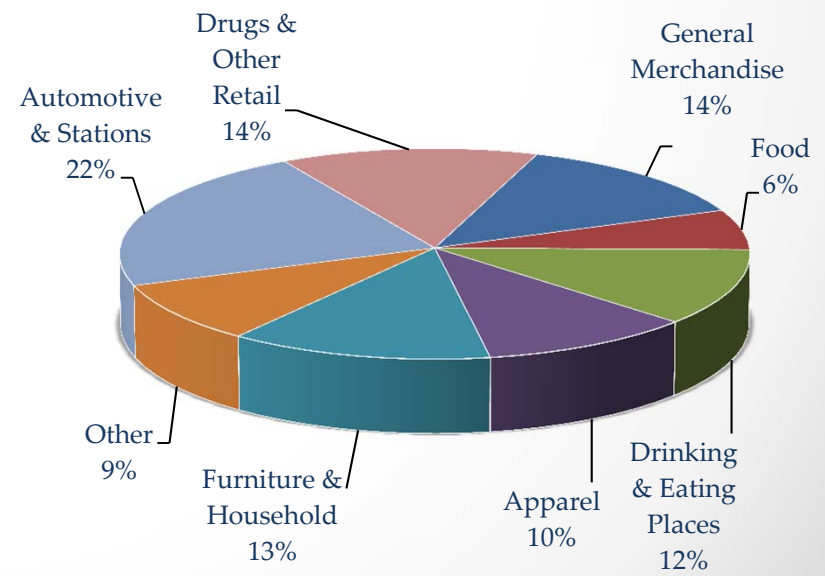
.75% Home Rule Sales Tax - \$10,144,883

- Analyzed current year-to-date collections and trends, consulted various indices and published reports
- Considered new retailers/restaurants in late 2015/early 2016 , continued effects of LaGrange Road construction, increase in Cook County sales tax rate
- Reviewed quarterly sales tax reports received for various business entities
- Utilized conservative methodology consistent with prior years
 - Sales tax – 4.3% increase over FY2015 budget, 1.0% increase over FY2015 projected actual
 - HRST – 1.08% increase over FY2015 budget, 0.25% increase over FY2015 projected actual

Sales & HRST Collections by Year

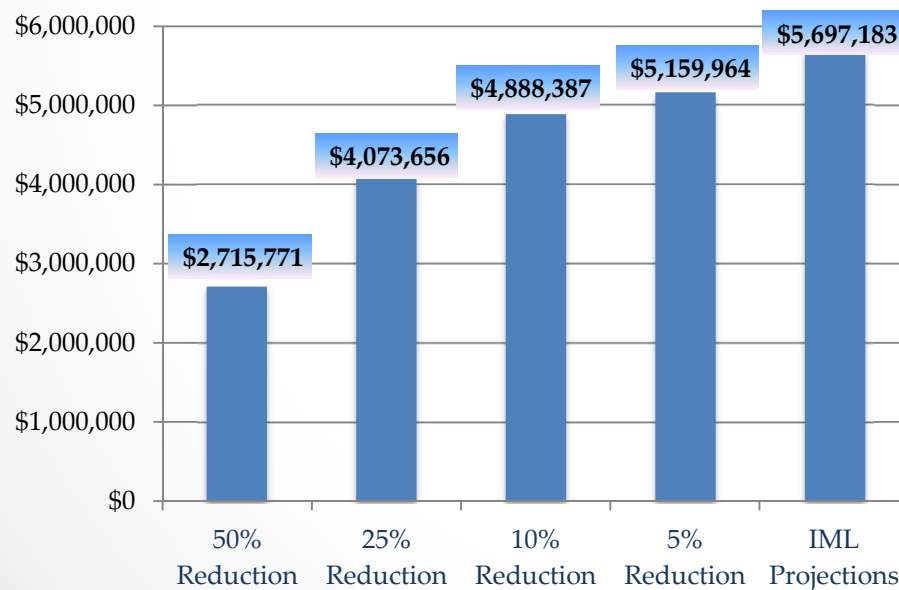


Forecasted FY2016 Collections by Category



Income Tax - \$5,697,183

- Current LDGF Contribution – 8% of net income tax collections, based on a 3.75% state personal income tax rate, distributed based on population
 - Amount reflected in proposed FY2016 budget assumes no change in LGDF contribution/distribution methodology
 - FY2016 proposed budget, based on IML projections = 12.8% of total forecasted General Fund revenues
- Due to State of Illinois budgetary issues, contribution to/distribution from LGDF may change

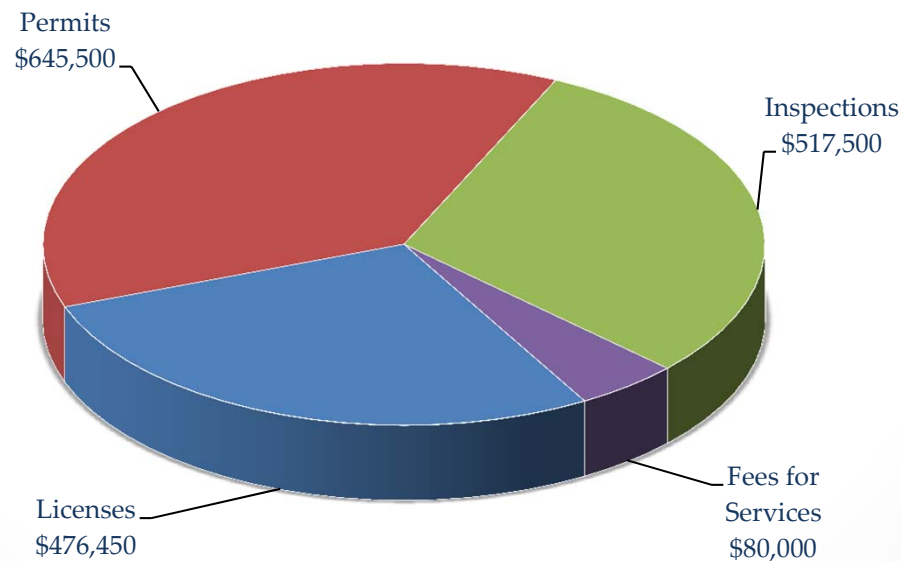


- IML Projections based on average of \$100.02 per capita
- Other amounts based on % reduction of FY2014 actual collections

Development Fees - \$1,719,450

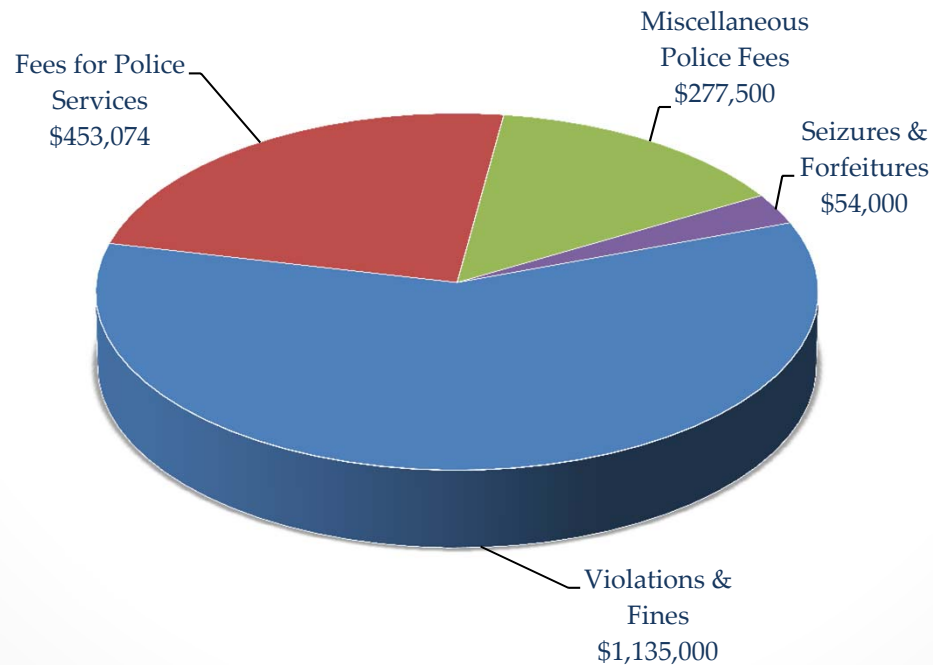
Projected activity for FY2016 -

- 54 single family homes – Deer Haven I & II, Greystone Ridge, Hampton Court, Olde Mill, Parkside Square, Sterling Ridge, Winterset, Charleton Highlands
- 40 townhomes – Sheffield Square, Park Boulevard
- UCMC, as well as various projects in the pre-concept, pre-petition stage



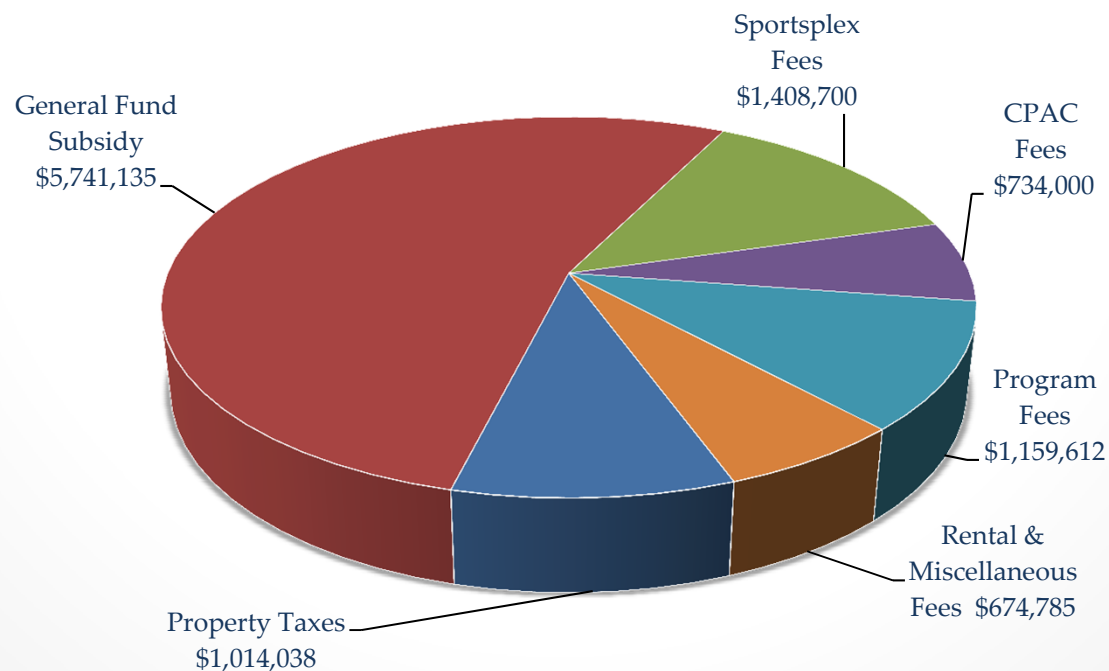
Fines, Forfeitures & Misc. Police Revenues - \$1,919,574

- Violation Fines - municipal, ordinance, and Circuit Court fines, red light violations
- Fees for Police Services – Orland Hills dispatch services, TCO services for 911, crossing guard services
- Miscellaneous Police Services Fees – impound fees and other miscellaneous fees



Recreation & Park Fund Revenues - \$10,732,866

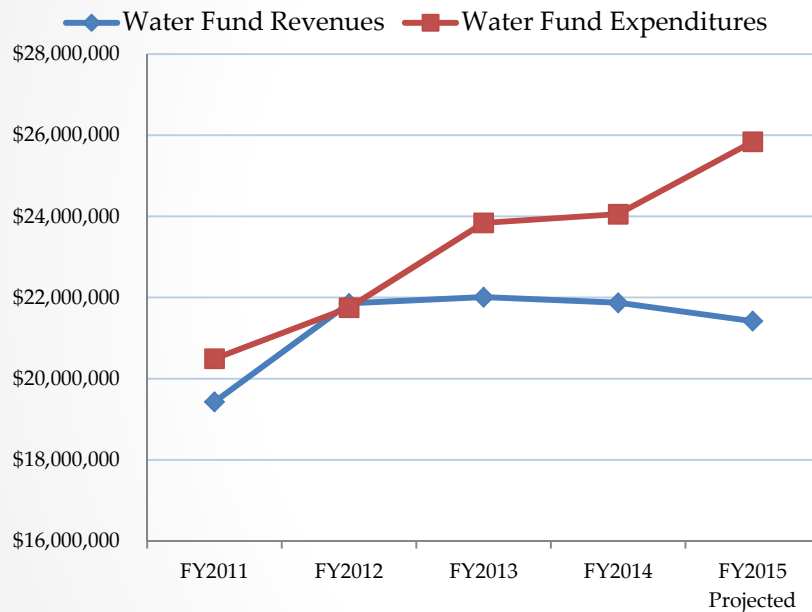
- Assuming no fee increases for programs, memberships, rentals, or daily admissions
- Recreation Levy = Total Recreation & Parks Expenditures - Recreation Revenues - General Fund Subsidy
 - 2014 levy (collected in FY15) is \$1,014,634; estimated 2015 levy reflected below may change once FY2016 budgeted expenditures are finalized
 - Per Board policy, the General Fund subsidy is calculated at 50% of budgeted operating expenditures; the actual amount may vary from budget depending on actual revenue collections and actual expenditures; FY2016 subsidy is calculated at \$5,741,135, FY2016 subsidy amount will be updated once budgeted expenditures are determined.



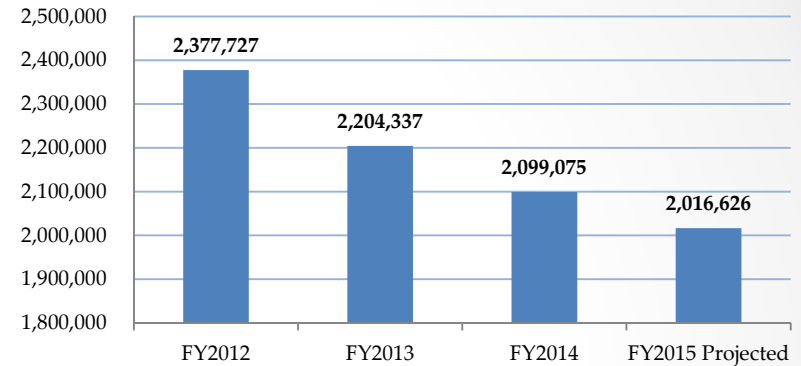
Water & Sewer Fund Revenues

Primary rate drivers –

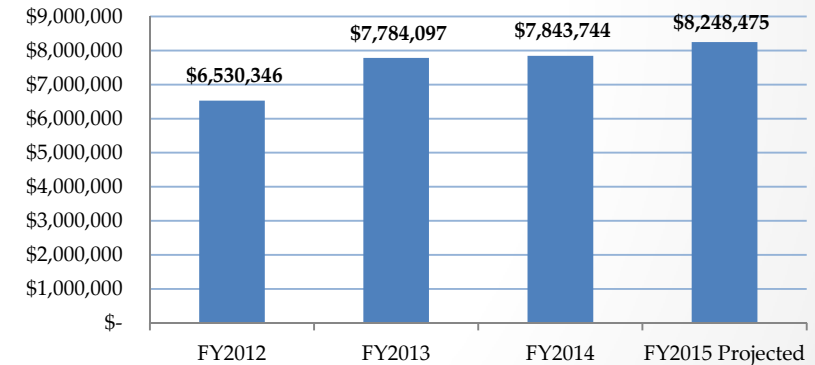
- FY14 and FY15 operating losses
- Decreased consumption
- Increased cost of water purchased



Consumption



Cost of Water



Preliminary revenue forecast reflected in total revenue budget - \$22,939,953

- Assumes 5% increase over average of last four years (2012 thru 2015)
- Assumes cash funding for all capital improvements
- Final rates will be based on results of the upcoming rate study

● Preliminary Draft - Subject to Change

Miscellaneous Revenues

- Hotel Tax - \$113,000
- Use, Auto Rental & PPRT Taxes - \$940,000
- Motor Fuel Tax - \$1,165,340
- Cable & Telephone Taxes - \$1,478,000
- Grants & Miscellaneous Reimbursements - \$144,806
 - Pace Reimbursement
 - Bulletproof Vest Grant
 - FBI Overtime Reimbursement
 - U.S. Secret Service Reimbursement
 - Cook County Fuel Reimbursement
 - Tobacco Enforcement Grant
 - Traffic Safety IDOT Reimbursement
- Road & Bridge Tax - \$458,820
- Investment Income - \$203,385 (excluding Police Pension investment income)
- Road Exaction Fees - \$463,610
- Taste of Orland Park - \$102,320
- Special Event Revenues - \$114,682
 - Golf Outing
 - Chef's Auction
 - Chilly Willie Chili Challenge
 - Concert Series
 - Art Commission – Dance Chicago
 - Farmer's Market
 - July 4th Events
 - Lucky Egg Hunt
 - Centennial Park West Events
 - Winter Festival
 - Pandemonium in the Park
 - Other
- Civic Center Rental - \$180,600
- Commuter Parking - \$334,000
 - Fund operations and maintenance; build capital improvements sinking fund

Projected Available CIP Cash Funding

Funding available for Capital Improvements Projects (excluding Water & Sewer)

- Home Rule Sales Tax – \$3.367 million
- MST TIF Revenues - \$2.432 million
- Transfer from General Fund - \$1.849 million
- Park Development Fund Revenues - \$490,000
- Road Exaction Fund Revenues - \$450,000
- Project Specific Reimbursements - \$854,500*
- Interest Earnings on Cash Balances - \$27,000

Total Available CIP Cash Funding = \$8,169,500**

*Available only if project is included in FY2016 budget

**Total available CIP Cash Funding does not reflect UCMC Parking Deck contribution

Net Revenue Calculation & Allocation

Fixed Cost assumptions factored into net revenue calculation –

- **Salary & Benefits** - 2% salary increase for full time employees, 8% health insurance increase, 6% dental insurance increase - \$35.824 million
- **Pension Contributions** –IMRF preliminary rate – 12.32%, police pension levy - \$2.725 million
- **Contracted Services** - Armored Car, Audit, Cleaning, Counseling, Engineering (non-capital), Snow Removal, Copier/Fax/HVAC Maintenance, Intergovernmental, Planning and PR Consultants, Legal, Mowing, Music Licenses, OL Golf Outing Transfer, Surveys, Memberships, Training, Travel, Holiday Lighting, Historic Marker Program, & Elevator & Fire Alarm Maintenance - \$2.319 million
- **General and Recreation & Parks Fund Capital** - \$1.45 million
- **Liability, Property & WC Premiums** - 3% increase over FY2015 premiums – \$1.177 million
- **Commodity Purchases** - Commissioners Dinner, Fuel, OP Public, Salt, Water, Pool Chemicals, Delegate Exchange, Photos - \$1.147 million
- **Utilities** - Electricity, natural gas, phone & internet, postage, & pagers - \$1.042 million
- **Vehicle & Equipment Replacements** - \$900K
- **Transfers to Capital Improvement Fund** - \$1.849 million
- **MIS Maintenance Costs/Technology Requests** - Annual maintenance costs for MIS and requested technology items submitted by Departments - \$450K
- **Rebates** - Sales tax rebates for local businesses - \$428K
- **Special Events** - \$452K
- **Contingency** - Funding for unforeseen expenditures - \$200K

Net Revenue Calculation & Allocation

Projected Fund Balance @ 12/31/2015 -	\$14,870,547
FY16 Forecasted Revenues -	50,037,752
FY16 Fixed Expenditures -	50,658,052
FY16 Variable Expenditures -	3,200,000
Fund Balance Reserve @ 20% -	<u>10,209,717</u>
Amount Available for Discretionary Spending	<u>\$ 840,530</u>

Meeting Wrap Up

Motion –

I move to recommend directing staff to move forward using the assumptions as presented in the tentative Fiscal Year 2016 Revenue Budget so that these revenues can be used to prepare the operating and capital budgets for FY2016.

- Next Budget Hearing – Wednesday, September 23rd
 - Proposed Capital Improvement Plan, IT Projects and Vehicle Purchases