



CITY OF OAK PARK

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Moody's Affirms City's A3 General Obligation Rating **Healthy fund balance and growing tax base mean positive financial outlook for Oak Park**

FOR IMMEDIATE RELEASE

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OAK PARK, MI – Last week, Moody's Investors Service announced that it has affirmed the City of Oak Park's A3 general obligation unlimited tax (GOULT) rating. This decision comes as a direct result of several strategies spearheaded by City Manager Erik Tungate that have led Oak Park toward better financial health.

As Oak Park residents know best, the City has taken numerous steps toward boosting economic development and raising property values. These factors have helped the City not only grow jobs, but also rebound its tax base after suffering a large decrease in taxable values during the Great Recession.

The City has also worked toward finding operating cost savings and funding Other Post-Employment Benefit (OPEB) liabilities in recent years. Moody's notes that unfunded liabilities decreased by 7.3% since 2016, meaning the City is headed in the right direction. The City's Corrective Action Plan (CAP) outlines a strategy for increasing OPEB contributions by 1.7% annually. Voter support of two public safety-oriented millage renewals in 2018 plays a major role in the City's financial health, too.

"As the City's credit ratings improve, the likelihood of better terms to refinance taxpayer bonded debt becomes more available, possibly leading to even lower financing costs. Because these costs are directly passed on to our taxpayers, they will continue to see lower taxes as they have each of the last several years," says City Manager Erik Tungate. "This is a particular point of pride for all of us at City Hall, as it will lead to more money in the pockets of the people we're here to serve."

Moody's also pointed to the City's strong liquidity position in this rating affirmation, noting that Oak Park ended fiscal year 2017-18 with \$5.4 million in operating fund cash, or the equivalent of 20.6% of operating revenue.

These factors and more led Moody's to determine that the City's financial operations have been stable over the past few years, and fund reserves have remained healthy, even as the City increased its retirement plan contributions.

"The City's three-year budget for fiscal 2019-20 and projected budgets for fiscal 2020-21 and fiscal 2021-22 are currently projecting modest surpluses to which those monies will be directed to our OPEB contributions," says Finance Director Sandra Crawford. "The unaudited results of fiscal 2018-19 show a modest surplus which was directed to the OPEB contributions as well."

As City officials look to the future, strategies for funding liabilities and reaching the City's full potential of financial health will remain intact and be improved upon.

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About:

Situated within the southeast corner of Oakland County, the City of Oak Park has a long history of being an integral, inner-ring suburb of Detroit. With approximately 30,000 residents in 5.16 square miles, we pride ourselves on the richness of our cultural diversity and our safe, secure neighborhoods.

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