

**Agenda**  
**Village of Glen Ellyn**  
**Special Village Board Workshop**  
**Monday, October 24, 2011**  
**6:30 P.M. – Galligan Board Room**  
**Glen Ellyn Civic Center**

1. Call to Order
  
2. Presentation of Comprehensive Annual Financial Report – Interim Finance Director Noller
  
3. Budget Policy Review Discussion – Interim Finance Director Noller
  
4. Preliminary Tax Levy Discussion – Interim Finance Director Noller
  
5. Other Items?
  
6. Adjournment

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MEMORANDUM

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**TO:** Mark Franz, Village Manager  
**FROM:** Larry Noller, Interim Finance Director LN  
**DATE:** October 19, 2011  
**RE:** Fiscal Year 2010/11 Comprehensive Annual Financial Report

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**Background**

Transmitted with this memo is the Village's Comprehensive Annual Financial Report, which contains the audited financial statements of the Village for its fiscal year ended April 30, 2011.

Each year, we schedule consent agenda action by the Village Board which formally receives the Comprehensive Annual Financial Report. This action is scheduled for Monday, October 24, 2011. Our auditor will be on hand at the Village Board meeting to provide a few comments on the audit and to answer any questions Village Board members may have.

Listed below are a few short-cuts to guide readers to points of interest:

Page(s)	Description
iv – viii	This is the transmittal memorandum for the audit. The objective of this memorandum is to communicate basic information about the Village and its governing structure as well as to introduce the concept of fund accounting and the Village's budgetary controls. Also included is a brief discussion of significant projects and initiatives addressed during the past fiscal year.
1 – 2	This is the auditor's opinion letter. We have again received an "unqualified" audit opinion, which is the best possible outcome resulting from the independent audit process. An "unqualified" opinion means that no exceptions were noted which would result in any material misstatement of financial information presented.
MD&A 1 - MD&A 16	Immediately following the auditor's opinion letter is Management's Discussion and Analysis, a narrative summary of the results of Village operations and financial position as of April 30, 2011. This is perhaps the best place for a casual reader to focus their attention for an overview of total Village financial operations for the year.
63-64	These pages show a concise view of General Fund revenues and expenditures compared to the previous fiscal year. Original and final revised budget figures are also presented.

**Action Requested**

Motion to receive the Village's Comprehensive Annual Financial Report for the fiscal year ended April 30, 2011 at the October 24, 2011 Village Board meeting.

**Attachments**

- Fiscal Year 2010/11 Comprehensive Annual Financial Report

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## MEMORANDUM

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Village Board Workshop  
October 24, 2011  
Item No. 3

**TO:** Village President and Village Board  
**FROM:** Mark Franz, Village Manager *MF*  
Larry Noller, Interim Finance Director  
**DATE:** October 21, 2011  
**RE:** Budget Policy Goals



### Background

As indicated on the attached budget calendar, we are quickly approaching the start of our FY2012/13 budget process. To kickoff the process, Village Management reviews the financial policies and ensures that these policies continue to be the framework of how a budget is developed. These policies are attached for your review. During our FY2011/12 budget discussions, the Village Board requested that the following issues be further reviewed and discussed prior to starting the FY2012/13 budget.

1. The Home Rule Sales Tax (HRST) allocation as defined in Ordinance 5741 which requires:
  - An annual review by the Village Board of whether this tax should continue
  - A review of the HRST allocation
2. SSA Levy Amount for Commercial Districts
3. Discuss the proper cash reserve level for our General Fund.
4. A plan to restore contributions to our long term Facilities Maintenance Reserve Fund.

These issues have generated the following questions that management would like some direction from the Board on:

- Question: Should Village Management present a balanced General Fund budget?
- Question: Should the HRST continue?
- Question: What is the goal on HRST revenue allocation for FY 2011/12?
- Question: Should the SSA Levy amount be increased to 15 cents for the commercial districts?
- Question: What is the goal for Cash Reserves for FY 2011/12?
- Question: What is the goal for contributions to the Facilities Maintenance Reserve Fund?

### *Home Rule Sales Tax Allocation*

On March 30, 2009, the Village Board approved Ordinance No. 5740, establishing a new 1% Home Rule Sales Tax (HRST). This was in response to significant declines in revenues combined with sharp increases in mandatory pension funding requirements stemming from the recent recessionary period. Although significant cutbacks in spending were implemented, including staff reductions, this new revenue stream was necessary to sustain the level of services provided to the community. Concurrent with the adoption of the 1% home rule sales tax, the Village Board adopted Ordinance No. 5741, An Ordinance Providing for an Annual Review and Specific Uses of Home Rule Retailer's Occupation Tax and Service Occupation Tax, which defines specific uses for the home rule sales tax and also requires annual Village Board review of the tax. (See attached.)

Specifically, the HRST may be used for the following:

1. Maintain funding requirements of Glen Ellyn's Police Pension Fund and Illinois Municipal Retirement Fund obligations as mandated by the State of Illinois;
2. Maintain adequate cash reserves as determined by Village financial policies;
3. Provide a dedicated funding source for downtown revitalization efforts through the designation of up to 15% of the revenues to fund improvements to the Central Business District.

In FY2010/11, the HRST was sufficient to cover all the General Fund mandatory pension costs while also allowing us to maintain cash reserves without reducing service levels. Cash reserves ended FY2010/11 right at our minimum 25% level as shown below.

### **FY10/11 Actual**

#### **Pensions**

HRST Revenue	\$ 1,713,720
IMRF Contributions	(352,168)
Police Pension Contribution	<u>(943,000)</u>
<b>Remaining HRST Revenue</b>	<b><u>\$ 418,552</u></b>

#### **Cash Reserves**

Available May 1, 2010	\$ 4,203,178
FY10/11 Inflow/(Outflow)	652,326
Change in Receivables	173,123
Less Encumbrances	(345,922)
Less Deposits	<u>(883,500)</u>
Cash Reserves April 30, 2011	3,799,205 *
Less 25% Minimum Reserve	<u>(3,763,125)</u>
<b>Cash Reserve Over/(Under) Minimum</b>	<b><u>\$ 36,080</u></b>

\* Equivalent to 25.2% Reserve Level

The HRST, along with a recovery in some other General Fund revenues during FY2010/11, restored our cash reserves back to our minimum policy level of 25% from 22% at the end of FY2009/10. Without the HRST, General Fund cash reserves would have dropped to as low as 14% absent significant cuts to the operating budget. Those cuts would have required dramatic reductions in core service levels including Police and Public Works the two largest departments funded by the general fund. In short, the HRST has been instrumental in maintaining services levels by providing necessary revenue to pay for pension costs and maintain cash reserves.

In order to continue to recommend balanced general fund budgets, the HRST funds are necessary. Village Management does not recommend an increase or any change in how the funds should be allocated, pensions and to maintain cash reserves. With those issues as the priority, these funds would most likely not be available for downtown revitalization.

#### *Commercial SSAs*

Collections from the 2011 commercial SSA tax levies will be received in 2012 and will provide funding for fiscal year 2012/13. Similar to prior years, last year's 2010 levy continued to target a tax rate of 12.5 cents per \$100 assessed value.

Attached is a spreadsheet which calculates estimated 2011 tax levies at the target 12.5 cent tax rate. Based on early information from the Assessor's office, we have assumed a further decline in assessed values of 5% for 2011 following a 4.5% decline in 2010. We will actually levy a higher amount with the intention of capturing new growth in each of the districts. If a levy is set too low, there is a good chance of ending up with different tax rates among the districts. There is no serious consequence to setting the levy too high because the tax levy ordinances will instruct the County not to extend beyond a 12.5 cent tax rate. The County will cut each levy to the point where a 12.5 cent tax rate is achieved. With the decline in assessed values, we are expecting the total amount collected from the commercial SSAs to decline from \$175,000 to \$166,000. The commercial SSAs were established with a maximum allowable rate of 15 cents. Therefore, there is the potential for the Village Board to increase the levy for any or all of the SSAs. For example, maximizing the rate for all the SSAs would result in approximately \$33,000 of additional revenue.

**Recommendation:** Due to the continued sluggish economy and the relatively small amount of revenue that would result from an increase in the SSA rate, Village Management does not recommend any change in the commercial SSA property tax rate for 2012.

#### *Cash Reserves*

While our General Fund cash reserves at the end of FY2010/11 met our minimum policy level of 25% of budgeted operating expenses, we would prefer to be comfortably above the minimum. Ideally, we should aim for having between three to six months of reserves on hand. If we want to restore our cash reserves further, we could include a reserve contribution as part of our General Fund budget. If we were to set a goal of a 35% cash reserve level, we could plan to achieve that level within a period of 10 years. This would require budgeted reserve contributions of approximately \$150,000 to \$200,000 per year, which would essentially absorb the HRST revenue remaining after funding our mandatory pension contributions.

However, allocating a portion of the HRST to further increase cash reserves may also require further cuts in General Fund expenditures depending on the performance of other revenues. General Fund revenues recovered a bit in FY2010/11, but income tax, building permits and interest earnings remain far below FY2007/08 levels. In addition, there are continued threats from the Governor and State Legislature to cut our share of state revenues including the income tax and the personal property replacement tax. Combined, the potential cuts could be over \$750,000. Therefore, now more than ever, increasing our cash reserves is sound fiscal policy, but must maintain some flexibility in order to maintain current service levels.

**Recommendation:** Village Management is recommending we continue utilizing the HRST for pension costs and reserve funds and will set a goal of increasing reserve funds 1% for fiscal year 2012/13.

#### *Facilities Maintenance Reserve Fund*

In addition to restoring General Fund cash reserves, we must also look to restore our long term Facilities Maintenance Reserve Fund contributions. The Facilities Maintenance Reserve Fund provides for major repairs to our many facilities including the Civic Center, Reno Center and Fire Stations. General Fund contributions of \$175,000 per year ended after FY09 due to the dramatic fall in revenues due to the global economic recession. Continued budget stress prevented us from restoring this contribution in FY2011/12.

Since we were not contributing to the Facilities Maintenance Reserve Fund, we also deferred any major facilities projects over the past three fiscal years. We are planning to review the long term facilities plan that was last revised in 2002 and update the schedule based on current conditions. As part of our FY12/13 budget, we should plan to at least partially restore the General Fund contribution to the Facilities Maintenance Fund. This will require another \$50,000 to \$100,000 in General Fund expenditures. Again, without additional revenue, this contribution will need to be offset by additional cuts elsewhere.

**Recommendation:** Management will explore various ways to invest in the FM Fund and will set a goal of \$50,000 for fiscal year 2012/13.

### **Action Requested**

As always, maintaining flexibility in these tough economic times is essential to crafting a balanced budget. No formal vote is required for any of these matters. Instead, Village Management is looking for direction from the Village Board on these budget policy decisions at the October 24, 2011 workshop to ensure we proceed with the budget process in concert with the Board's philosophy and the financial policies.

### **Attachments**

- Tentative FY2012/13 Budget Calendar
- Financial Policies
- 2012 Commercial SSA Tax Levy Calculations
- Home Rule Sale Tax Review Ordinance
- Village Cash Reserve Policy

**VILLAGE OF GLEN ELLYN  
TENTATIVE FY12/13 BUDGET PREPARATION CALENDAR**

November 18, 2011	Preliminary revenue projections to Village Manager (General Fund).
November 30,2011	Distribution of preliminary budget information and document templates to department managers.
December 30, 2011	Departmental budget requests due to Finance ( <u>with support and footnotes</u> ).
January 2012	Preliminary Departmental / Manager budget review meetings.
January 13, 2012	Finance Commission completes Five Year Forecast
January 20, 2012	Departmental narratives due.
February 2012	Additional Departmental meetings as needed
February 20, 2012 (3rd Monday)	Village Board Workshop - Review Third Quarter Financial Report and Five Year Forecast
February 29, 2012	Distribution of draft budget
March 5, 2012 (1st Monday)	Special Village Board Workshop at 6:00 p.m. - General Fund Review
March 19, 2012 (3rd Monday)	Early Village Board Workshop at 6:00 p.m. - All Other Funds Review
March 26, 2012 (4th Monday)	Final Budget Review Workshop (only if needed).
April 9, 2012 (2nd Monday)	Village Board Meeting - Public hearing on proposed FY12/13 Budget followed by Budget Adoption
April 23, 2012 (4th Monday)	Alternative Date for Budget Adoption (only if needed).
May 1, 2012	Fiscal Year 2012/13 begins.

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Village of Glen Ellyn

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Ordinance No. 5741 - VC

**An Ordinance Providing for an Annual Review and  
Specific Uses of Home Rule Retailers'  
Occupation Tax and Service Occupation Tax**

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Adopted by the  
President and Board of Trustees  
of the  
Village of Glen Ellyn,  
DuPage County, Illinois  
This 30 Day of Mar., 20 09.

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Published in pamphlet form by the authority of the  
President and Board of Trustees of the Village of  
Glen Ellyn, DuPage County, Illinois, this 31  
day of Mar., 20 09.

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ORDINANCE NO. 5741 -VC

AN ORDINANCE PROVIDING FOR AN ANNUAL REVIEW AND  
SPECIFIC USES OF HOME RULE RETAILERS'  
OCCUPATION TAX AND SERVICE OCCUPATION TAX

Whereas, the Village of Glen Ellyn is a home rule unit under subsection (a) of Section 6 of Article VII of the Illinois Constitution of 1970; and

Whereas, subject to said Section, a home rule unit may exercise any power and perform any function pertaining to its government and affairs for the protection of the public health, safety, morals and welfare; and

Whereas, the Village has approved a home rule retailers' occupation tax and home rule service occupation tax; and

Whereas, the tax was imposed in order to provide a new revenue source necessary to fund and maintain public services to the community; and

Whereas, the tax was approved during a period of financial stress necessitating additional revenues; and

Whereas, the Village has determined that favorable economic conditions may result in the elimination or reduction of this tax at some point in the future; and

Whereas, an annual Village Board review and certain restrictions are hereby imposed upon this tax in order to insure future collection of this revenue is only continued if necessary.

Now, therefore, be it ordained by the President and Board of Trustees of the Village of Glen Ellyn, DuPage County, Illinois, in the exercise of its home rule powers as follows:

**SECTION ONE:** Chapter 32 of the Glen Ellyn Village Code shall be amended by adding a new Chapter 3-32-8 (D) as follows:

**3-32-8 (D) Home Rule Municipal Retailers' Occupation Tax and Home Rule Service Occupation Tax – Use of Funds.**

Revenues generated from the Home Rule Municipal Retailers' Occupation Tax and Home Rule Service Occupation Tax are intended to maintain funding requirements of Glen Ellyn's Police Pension Fund and Illinois Municipal Retirement Fund obligations as mandated by the State of Illinois; to maintain adequate cash reserves as determined by adopted financial policies; and to provide a dedicated funding source for downtown revitalization efforts through the designation of up to 15% of the revenues to fund improvements to the central business district.

**SECTION TWO:** Chapter 32 of the Glen Ellyn Village Code shall be amended by adding a new Chapter 3-32-8 (E) as follows:

**3-32-8 (E) Home Rule Municipal Retailers' Occupation Tax and Home Rule Service Occupation Tax – Annual Village Board Review**

Prior to May 1, 2010, and prior to each subsequent May 1, the Village Board shall review the uses of the Home Rule Municipal Retailers' Occupation Tax and Home Rule Service Occupation Tax and determine the future need of the tax.

Upon such review, the Village Board shall determine whether the imposition of the tax shall continue at the 1% rate, or shall be amended or eliminated. It is anticipated that the Village will act upon the results of such review. The tax shall, however, remain in effect until repealed or amended.

**SECTION THREE:** This Ordinance shall be in full force and effect upon its passage and approval.

**SECTION FOUR:** All ordinances or parts of ordinances thereof in conflict with this Ordinance are hereby repealed to the extent of any such conflict.

**SECTION FIVE:** Any section or provision of this Ordinance that is construed to be invalid or void shall not affect the remaining sections or provisions that shall remain in full force and effect thereafter.

**SECTION SIX:** This Ordinance shall be in full force and effect upon its passage, approval and publication in pamphlet form.

Passed by the Village President and Board of Trustees of the Village of Glen Ellyn, Illinois, this 30 day of March, 2009.

Ayes: Comerford, Chapman, Naitan, Thorsell

Nays: - 0 -

Absent: Armstrong, Soderic

Approved by the Village President of the Village of Glen Ellyn, Illinois, this 30 day of March, 2009.

Wicky Hare  
Village President of the  
Village of Glen Ellyn, Illinois

**Attest:**

Andrea Smith  
Village Clerk of the  
Village of Glen Ellyn, Illinois

(Published in pamphlet form and posted on the 31 day of March, 2009.)

Village of Glen Eillyn  
 Commercial Special Service Area Tax Levy  
 2011 Tax Levy - Collected in FY12/13

**2011**

Estimated

SSA #	2010			Tax Rate
	Assessed Valuation	Taxes Levied	Taxes Extended	
Downtown	\$ 40,321,080	\$ 54,000	\$ 50,401	0.1250
Roosevelt Rd	92,757,690	124,900	115,947	0.1250
Roosevelt Rd	4,092,490	5,700	5,116	0.1250
Stacy's Corners	2,326,970	3,000	2,909	0.1250
Roosevelt Rd	534,230	800	668	0.1250
	<u>\$ 140,032,460</u>	<u>\$ 188,400</u>	<u>\$ 175,041</u>	

SSA #	Estimated Assessed Valuation*	Levy to Produce a \$0.125 Tax Rate	% Increase Over 2010 Extended	Proposed Levy
Roosevelt Rd	88,119,806	110,150	-5.0%	124,900
Roosevelt Rd	3,887,866	4,860	-5.0%	5,700
Stacy's Corners	2,210,622	2,764	-5.0%	3,000
Roosevelt Rd	507,519	635	-4.9%	800
	<u>\$ 133,030,837</u>	<u>\$ 166,291</u>	<u>-5.0%</u>	<u>\$ 188,400</u>

AV Increase Assumption:

-5.00%

Other Target Rates / Levies		
Rate	Levy	\$ Change from \$0.125
15.0 cents	199,547	33,256
14.0 cents	186,244	19,953
13.0 cents	172,941	6,650
12.5 cents	166,291	-
12.0 cents	159,638	(6,653)
11.0 cents	146,334	(19,957)
10.0 cents	133,031	(33,260)

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# Village of Glen Ellyn

## Financial Policies

### F. Reserve Policy

1. The Village will maintain adequate cash reserves in its operating funds (General Fund, Water and Sanitary Sewer Fund, Parking Fund, Residential Solid Waste Fund, and Recreation Fund) in an amount equal to or greater than 25% of the current year fund operating expense budget (excluding capital). Adequate reserve balances are maintained to:
  - a. offset unexpected changes in operating revenues
  - b. provide sufficient cash flow for daily transaction volumes
  - c. provide a buffer for unexpected or emergency expenditures

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MEMORANDUM

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**TO:** Mark Franz, Village Manager  
**FROM:** Larry Noller, Interim Finance Director LN  
**COPY:** Dawn Bussey, Director, Glen Ellyn Public Library  
**DATE:** September 25, 2011  
**RE:** 2011 Property Tax Levy

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We normally plan to begin formally discussing the Village and Library property tax levies at a Village Board workshop in October. Since the deadline for filing the 2011 levy with the County Clerk is not until the last Tuesday in December, we will have ample time for discussion and deliberation. The purpose of this memo is to provide background information and some preliminary figures to prepare for discussions the Village Board may have with respect to the levy.

**Background Information**

The Village collects property taxes for two basic purposes:

1. **Operations and Capital (73%)** About 47% of our 2010 total property taxes (received in calendar year 2011 and in our 2011/12 fiscal year) are an operating revenue of our **General Fund** to help pay for basic government services such as a portion of our Police Department budget. Our annual levy ordinance specifically lists Police services as the purpose for which the general purpose corporate levy is to be allocated. For 2010, taxes levied for this purpose amounted to about \$2.86 million, which covers about 40% of the \$7.13 million Police Department expenditure budget. In terms of total General Fund revenues, property taxes make up about 18% of the total.

Beginning in 2008, we began a process whereby property tax dollars for bond payments would be "reallocated" to a general purpose levy to benefit the **Capital Projects Fund** as the related bonds were retired. This was part of a major campaign which took place in 2008 by the Village's Capital Improvements Commission. The goal was to fill significant revenue gaps in our 20 year street improvement program and to change our financing philosophy to a pay as you go basis. This plan will continue for the next few years until our remaining property tax supported debt is retired in 2014. About 25% of our 2010 total property tax levy is designated for the Capital Projects Fund to fund public infrastructure improvements during fiscal year 2011/12.

2. **Bond Payments (27%)** The remaining 27% of property tax dollars received by the Village from our levy are utilized to pay off voter-approved general obligation bonds used to fund street and storm sewer improvements. All bonds currently outstanding,

which are supported by property taxes, relate to the 2000 \$18 million street and storm sewer referendum and were issued in three installments in 2001, 2002 and 2003. These obligations will all be retired by 2014. As was noted above, as these bonds are paid off the property tax dollars will be reallocated to the Capital Projects Fund.

### **Property Tax Schedule**

When we discuss 2011 property taxes, we are referring to an obligation which attaches to all property owners on January 1, 2011. This is one of the oddities of the property tax system since we do not even determine the amount of the taxes to be levied until the fall of 2011, and the levy does not need to be submitted to the County Clerk for extension until the last Tuesday of December, 2011.

Following the completion of the assessment and appeals process, tax bills for 2011 are mailed on or about May 1, 2012. The Village will receive most of the collections for its 2011 levy from the County during the months of June and September 2012.

Further confusing the process, we budget our 2011 tax levy as revenue in our next fiscal year 2012/13 because we budget on a cash basis and that is when the cash flows will be realized. However, technically the 2011 tax levy benefits the current 2011/12 fiscal year since by law, there must be an appropriated budget in place which will be supported by the proposed levy. Hence, we “affix” our levy to the most recently adopted budget.

### **Village’s Property Tax Philosophy**

The Village has traditionally made efforts to minimize its reliance on property taxes. Since Glen Ellyn became a home rule unit of government in 1994, we have elected to self-impose the same restrictions placed on non-home rule communities which are set forth in the Property Tax Extension Limitation Law (PTELL), what we typically refer to as **property tax caps**, or the **tax cap law**.

There are a number of reasons the Village has adhered to the tax cap philosophy:

1. Property taxes tend to be one of the hottest issues among the general public. Understandable, as property taxes are often the largest bill a homeowner pays each year.
2. Village Boards respect for home rule powers and the desire to use them responsibly and sparingly, knowing that these powers can be removed by voters (i.e. Lombard, Villa Park).
3. A general desire of Village Boards to not balance our budget on the backs of property tax payers. Given the timing issues related to the levy process, the tax cap approach keeps us from overstating the levy to fill a projected need that may or may not materialize as the budget is completed.
4. Financial discipline. Capping the levy forces us to be more creative in finding solutions to budget woes without taking the easy road of just raising taxes.

The Village's conservative approach to property taxes began long before it became a home rule community in 1994. Other actions past Village Boards have practiced which demonstrate this approach include:

1. A pledge made in 1987, prior to a street, water and sewer referendum, to abate or cancel \$10 million of the \$15 million in bonds over their 20 year life. The Village Board at that time committed to use other available revenues instead of property taxes to pay for the improvements. Each Village Board continued the abatements, despite no legal obligation to do so, for 21 successive years, until a total of \$10.7 million was abated, exceeding the original pledge.
2. In 1999 to 2000, based on a recommendation from the Village's Capital Improvements Commission, the Village Board presented a proposal to undergo a significant program of infrastructure improvements, including completion of major storm sewer projects throughout the Village and related street, water and sanitary sewer replacements and upgrades. A portion of the project required the issuance of \$18 million in property tax supported bonds which would be needed to finance a portion of the improvements. The Village conducted a significant public communications effort and put the financing question to a community referendum. As a home rule community, the Village could have issued the bonds without voter approval but chose to do so based on its sensitivity to the impact on property tax payers.
3. We have traditionally conducted a public hearing on the tax levy each year, even in years when we are not obligated to do so based on requirements of the Truth in Taxation Act (home rule entities are not exempt from this Act). We have additionally approved each year's levy in a "two reading" process (having a preliminary "straw" vote in one meeting and formally approving in another) to allow maximum opportunity for public input and questions. Many communities immediately pass their levy upon closing any required public hearing.

The Finance Commission reviewed the philosophy of self imposing the tax cap on the Village levy in 2010 and unanimously supported continuing the practice.

### **Village and Library Levies Combined**

Based on how our Public Library is established under State statutes (it is not an independent Library District), the Library Board, although separately elected, has no direct taxing authority. As a result, the Library's levy must be approved by the Village Board in connection with the Village's property tax levy. The Library's property taxes, and tax rate, however, are itemized separately on the property tax bills prepared and mailed by DuPage County.

Historically, the Library has followed the same methodology as the Village in computing its property tax request, which has typically been approved in the form of a resolution each September and forwarded to the Village for consideration and inclusion in its property tax levy. This year's resolution was passed by the Library Board on September 19, 2011 and is attached.

Because of the Village's ongoing desire to refrain from using its home rule powers in connection with the adoption of its tax levy (i.e. self-imposing the tax caps), there have been many

discussions over the years in terms of what obligation the Village Board has, if any, with respect to the review, consideration, modification, alteration, approval, or rejection of the Library's levy request. It is the Village's general understanding that the Library Board may not compel the Village Board to invoke its home rule authority with respect to adoption of its levy request. Conversely, the Village Board may not reject or disapprove of a Library levy request which complies with the tax cap act.

### **2011 Preliminary Tax Levy Information**

Preparation of this first look at the proposed 2011 property tax levy continues our practice of calculating the levy based on what we would expect to collect were we subject to the state tax cap rules.

Under the State tax cap rules, the Village may increase its 2011 "operating" levy by **the lesser of:**

1. 105% of the 2010 taxes extended by DuPage County (excluding debt), **OR**
2. The amount of growth in the Consumer Price Index (CPI, which is **1.5%** for the 2011 levy as shown in the attached history chart) plus new growth (defined as new construction plus annexation which is estimated to be about 1.0% for the 2011 assessment).

Our annual tax levy is divided into operating and debt service components. Note that property taxes needed for the payment of Village bonds are not included within the tax cap calculations.

The attached Equalized Assessed Valuation (EAV) chart illustrates changes in the Village's total EAV over the past 10 years and breaks out the increases and decreases in value through the normal assessment process and through new growth. For most of the last decade the Village's EAV was growing at greater than an 8% annual rate. Since the valuation of property assessments by the township assessor lags the market, we did not see the effects of the current economic recession on local tax bills until the 2009 levy year when the Village's EAV remained essentially flat. Last year the Village's EAV dropped by 3.6% which was composed of a 4.4% decline in existing properties and a 0.8% increase from new construction value. For 2011, existing property assessments are estimated to decline by another 5% with a 1% increase from new construction.

In this period of declining assessments, some might assume that property taxes should be declining as well. That is not the case. The Village, like most other property tax entities in Illinois, levies a total dollar amount, not a rate. When we apply this year's tax cap limits to the levy, the Village is permitted to raise the total dollars levied by 2.5% (1.5% CPI and 1% new growth).

The EAV ultimately only determines the tax rate, as shown by the equation below:

$$\text{Property tax rate} = \text{Total Dollars Levied} / \text{Total Equalized Assessed Value}$$

As property values decline, the rate increases even if the total dollars levied remains constant.

## **Preliminary Tax Levy Calculation**

**Village Operating Taxes for 2011** – In 2008 we added a second component to our operating levy for the benefit of our Capital Projects Fund. This was the result of the Capital Improvement Commission's recommendation to transition to a pay as you go program for our 20 year street improvement program which involved the process of reallocating reductions in our debt service into the Capital Projects Fund operating levy. For 2011, there are no bonds scheduled for retirement and therefore there will be no reallocation of tax dollars included in this year's levy.

When we apply a 2.5% increase to both components of the operating levy (General Fund and Capital Projects Fund) the proposed total operating levy is calculated as shown in the attached Estimated Levy Chart and results in an aggregate Village operating levy increase of 1.6%. The total dollar increase in the levy for General Fund operating purposes is approximately \$72,000.

**Village Debt Taxes for 2011** – Attached is a detailed schedule of bond payment obligations to be paid from the 2011 levy. I have also included a chart which itemizes future debt service payments and identifies approximately \$1.65 million to be brought into operating funds for the street program in the next three years based on the changes approved in 2008. Total property taxes to be levied for debt retirement purposes next year will decrease by 0.8% from taxes extended in 2010.

**Total Village Property Taxes for 2011** – When we combine all operating and debt levies, the total Village property tax for 2011 (excluding Library) will increase by about \$98,000 or 1.6% above property taxes extended in 2010.

The total operating increase of 2.0% in our proposed combined Village and Library operating levy will *not* necessitate a public hearing as required by the Truth in Taxation Act since this percentage does not exceed 105% of the 2010 taxes extended. However, we have traditionally held the public hearing whether or not statutorily required each year, as to maximize the opportunity for public information and input into the levy process.

We currently plan to begin discussion of the 2011 levy at the October 24, 2011 Village Board workshop.

County of DuPage)  
)  
State of Illinois )

## Glen Ellyn Public Library Board of Trustees

### Resolution 2011-4

**RESOLVED** that pursuant to Paragraph 6, Section 5/4-10, Chapter 75 Illinois Compiled Statutes, the Board of Library Trustees of the Village of Glen Ellyn at its meeting held September 19, 2011, determined that the amount of money which in its judgment it will be necessary to levy for all library purposes for its fiscal year May 1, 2012 to April 30, 2013 is:

**\$3,421,276**

of which the sum of the total for corporate purposes is 3,126,276 and the total for special levies is 295,000. It is requested that such amount be included in the tax levy ordinance to be adopted by the Trustees of the Village of Glen Ellyn for tax year 2011, said levy to be made pursuant to Section 5/3-5 of said Chapter 75 and pursuant to the provisions of the Illinois Municipal Code, such amount to be received by the Library during fiscal year May 1, 2012 to April 30, 2013.

**RESOLVED** that pursuant to Paragraph 6, Section 5/4-10, Chapter 75, Illinois Compiled Statutes, the Board of Library Trustees of the Village of Glen Ellyn, at its meeting held September 19, 2011, determined that the fiscal requirements of the Library for its fiscal year May 1, 2012 to April 30, 2013 for corporate purposes are:

	<b>FY 2013 Operating Fund Appropriation</b>	<b>Corporate Tax Levy Tax Year 2011</b>	<b>Other Revenue Sources</b>
Salaries-Regular	<b>\$1,630,000</b>	<b>\$1,615,000</b>	<b>\$15,000</b>
Employee Insurance	<b>\$270,000</b>	<b>\$230,000</b>	<b>\$40,000</b>
Recruiting & Testing	<b>\$500</b>	<b>\$300</b>	<b>\$200</b>
Employee Education	<b>\$30,000</b>	<b>\$20,630</b>	<b>\$9,370</b>
Travel	<b>\$500</b>	<b>\$300</b>	<b>\$200</b>
Professional Services - Village	<b>\$6,000</b>	<b>\$5,000</b>	<b>\$1,000</b>
Professional Services - Legal	<b>\$8,000</b>	<b>\$5,000</b>	<b>\$3,000</b>
Professional Services - Other	<b>\$20,000</b>	<b>\$10,000</b>	<b>\$10,000</b>
Property & Casualty Insurance	<b>\$25,000</b>	<b>\$20,000</b>	<b>\$5,000</b>
Maintenance Services -Contracts	<b>\$140,000</b>	<b>\$120,000</b>	<b>\$20,000</b>
Maintenance Services -Capital R & R	<b>\$415,000</b>	<b>\$405,000</b>	<b>\$10,000</b>
Telecommunications	<b>\$18,000</b>	<b>\$15,000</b>	<b>\$3,000</b>
Utilities	<b>\$16,000</b>	<b>\$12,000</b>	<b>\$4,000</b>
Postage	<b>\$16,000</b>	<b>\$15,000</b>	<b>\$1,000</b>
Printing	<b>\$15,000</b>	<b>\$13,000</b>	<b>\$2,000</b>
Programs	<b>\$48,000</b>	<b>\$40,000</b>	<b>\$8,000</b>

Adult Materials	\$352,500	\$307,500	\$45,000
Youth Materials	\$127,750	\$112,750	\$15,000
Cancellation Refunds	\$500	\$100	\$400
Lost Materials	\$1,200	\$0	\$1,200
Office Supplies	\$48,000	\$43,000	\$5,000
Maintenance Supplies	\$14,500	\$10,000	\$4,500
Equipment	\$120,000	\$46,696	\$73,304
Automation Services	\$100,000	\$80,000	\$20,000
<b>Total Corporate Fund Levy:</b>	<b>\$3,422,450</b>	<b>\$3,126,276</b>	<b>\$296,174</b>

And request that such amounts be included in the 2011 Levy Ordinance to be adopted by the Trustees of the Village of Glen Ellyn, such money to be received during its fiscal year May 1, 2012 through April 30, 2013.

**RESOLVED** that pursuant to Section 5-5/8, Chapter 75, Illinois Compiled Statutes, the Library Board specifies that the unexpended balance of the proceeds from taxes levied for the purpose herein above received shall be accumulated and set aside, as a specific reserve fund, for any of the purposes set forth in Section 5/5-8, and it is further resolved that the Board will adopt a plan or plans for this fund, which may be amended as circumstances require.

**RESOLVED** that in addition to the request for levy for corporate library purposes, as approved September 19, 2011 the Library Board requests the following special levies be included in the 2011 Levy Ordinance of the Village of Glen Ellyn, pursuant to Paragraph 6, section 5-4-10, Chapter 75, Illinois Compiled Statutes, and Paragraph 6, Section 5-4-14, Chapter 75, and Paragraph 10/9-107, Chapter 745 and Paragraphs 5/7-169 and 5/21-110 of Chapter 401, of the same statutes, such money to be received during its fiscal year May 1, 2012 through April 30, 2013.

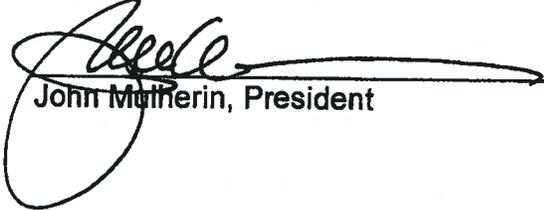
	<b>FY 2013 Corporate Operating Fund Appropriation</b>	<b>Tax Levy Tax Year 2011</b>	<b>Other Revenue Sources</b>
Social Security (FICA)	\$125,000	\$120,000	\$5,000
IMRF	\$165,000	\$161,000	\$4,000
Audit Services	\$7,000	\$4,000	\$3,000
Liability Insurance, Workers Compensation, Unemployment Compensation	\$15,000	\$10,000	\$5,000
<b>Total Special Levies:</b>	<b>\$312,000</b>	<b>\$295,000</b>	<b>\$17,000</b>
<b>Total ALL Revenue Sources</b>	<b>\$3,734,450</b>	<b>\$3,421,276</b>	<b>\$313,174</b>

The Library Board specifies that the unexpended balance of the proceeds received from each special levy indicated above shall be retained for use only as permitted for each levy.

Ayes: 7 Nays: 0 Absent: 0

**APPROVED** by the Board of Library Trustees, September 19, 2011.

  
\_\_\_\_\_  
Mark Luginbill, Treasurer

  
\_\_\_\_\_  
John Mulhern, President

  
\_\_\_\_\_  
**ATTEST:**

Sharon Weber, Secretary

Village of Glen Ellyn  
History of EAV Growth  
Last 10 Years

Levy Year	Collected in FY	Tax Cap CPI	Total EAV	Total EAV Increase	Total EAV Increase %	Base Growth	New Constr. +	Annexation	New Growth =	Base Growth %	New Growth %	CPI % Plus New Growth
<u>Estimated</u>												
2011	FY12/13	1.50%	1,375,619,484	(57,317,479)	-4.0%	(71,646,848)	14,329,370	-	14,329,370	-5.0%	1.0%	2.5%
<u>Actual</u>												
2010	FY11/12	2.70%	1,432,936,963	(53,510,512)	-3.6%	(65,068,382)	11,557,870	-	11,557,870	-4.4%	0.8%	3.5%
2009	FY10/11	0.10%	1,486,447,475	6,576,522	0.4%	(4,402,198)	10,978,720	-	10,978,720	-0.3%	0.7%	0.8%
2008	FY09/10	4.10%	1,479,870,953	90,966,639	6.5%	59,464,119	31,350,760	151,760	31,502,520	4.3%	2.3%	6.4%
2007	FY08/09	2.50%	1,388,904,314	131,905,872	10.5%	101,955,002	27,304,590	2,646,280	29,950,870	8.1%	2.4%	4.9%
2006	FY07/08	3.40%	1,256,998,442	95,481,859	8.2%	75,257,139	18,210,100	2,014,620	20,224,720	6.5%	1.7%	5.1%
2005	FY06/07	3.30%	1,161,516,583	99,117,317	9.3%	78,387,019	18,612,770	2,117,528	20,730,298	7.4%	2.0%	5.3%
2004	FY05/06	1.90%	1,062,399,266	86,034,105	8.8%	63,694,155	20,754,310	1,585,640	22,339,950	6.5%	2.3%	4.2%
2003	FY04/05	2.40%	976,365,161	107,320,969	12.3%	84,503,739	22,389,940	427,290	22,817,230	9.7%	2.6%	5.0%
2002	FY03/04	1.60%	869,044,192	71,309,660	8.9%	54,681,750	14,816,530	1,811,380	16,627,910	6.9%	2.1%	3.7%
2001	FY02/03	3.40%	797,734,532	65,109,517	8.9%	45,609,227	19,304,580	195,710	19,500,290	6.2%	2.7%	6.1%

10-Year Average 6.03%

**VILLAGE OF GLEN ELLYN**  
**ESTIMATED 2011 PROPERTY TAX LEVY**

(Collected in 2012)

	2010 Taxes <u>Extended</u>	2011 Proposed <u>Levy</u>	\$ <u>Inc/(Dec)</u>	% <u>Inc/(Dec)</u>
<b>VILLAGE LEVY:</b>				
Operating - General Fund	\$ 2,891,237	\$ 2,963,518	\$ 72,281	2.5%
Operating - Capital Fund	<u>1,536,538</u>	<u>1,574,951</u>	<u>38,413</u>	2.5%
Total Operating	4,427,775	4,538,469	110,694	2.5%
Bond Payments	<u>1,666,506</u>	<u>1,653,600</u>	(12,906)	-0.8%
Total	6,094,281	6,192,069	97,788	1.6%
<b>LIBRARY LEVY:</b>				
Operating	\$ 3,374,567	\$ 3,421,276	\$ 46,709	1.4%
Bond Payments	<u>457,107</u>	<u>458,535</u>	<u>1,428</u>	0.3%
Total	3,831,674	3,879,811	48,137	1.3%
<b>TOTAL, VILLAGE AND LIBRARY</b>				
Operating	\$ 6,265,804	\$ 6,384,794	\$ 118,990	1.9%
Operating - Capital	<u>1,536,538</u>	<u>1,574,951</u>	<u>38,413</u>	2.5%
Total Operating <sup>1</sup>	7,802,342	7,959,745	157,403	2.0%
Bond Payments	<u>2,123,613</u>	<u>2,112,135</u>	(11,478)	-0.5%
Total	<u>\$ 9,925,955</u>	<u>\$ 10,071,880</u>	<u>\$ 145,925</u>	<u>1.5%</u>

<b>Abatements</b>	2010 Refunding Bonds	337,418 (Village Links)
	2010 Refunding Bonds	45,142 (Library)

Total Tax Levy Ordinance Amount \$ 10,454,440

<sup>1</sup> Total operating increase is subject to required public hearing under the Truth in Taxation Act **if** percentage increase, excluding debt, is greater than 5.0% of taxes extended in prior year.

**Village of Glen Ellyn**  
**Schedule of Bond Debt Service Property Tax Requirements**  
**Last 5 Tax Levy Years**

<u>Village</u>	2006 Levy	2007 Levy	2008 Levy	2009 Levy	2010 Levy	2011 Levy
2000 GO (Dist 87)	268,596.25	270,802.50	272,088.75	-	-	-
2003 GO (Links)	339,320.00	338,920.00	337,260.00	340,420.00	-	-
2001 GO \$4 Million	495,975.00	504,612.00	512,288.00	494,000.00	-	-
2001A GO Refunding	1,448,800.00	1,371,375.00	-	-	-	-
2002 GO \$9 Million	1,085,728.76	1,087,128.76	1,092,098.76	1,089,023.76	-	-
2003A GO \$5 Million	583,437.50	582,750.00	585,625.00	585,625.00	584,660.00	587,700.00
2010 Refunding (Links 2003A GO)	-	-	-	-	335,049.84	337,418.00
2010 Refunding (Village 2002 GO)	-	-	-	-	1,064,856.39	1,065,900.00
<b>Gross Debt Service</b>	<b>4,221,857.51</b>	<b>4,155,588.26</b>	<b>2,799,360.51</b>	<b>2,509,068.76</b>	<b>1,984,566.23</b>	<b>1,991,018.00</b>
1987 20 Year \$10 million abatement pledge	(500,000.00)	(430,000.00)	-	-	-	-
2000 GO (Dist 87)	(268,596.25)	(270,802.50)	(272,088.75)	-	-	-
2003 GO (Links)	(339,320.00)	(338,920.00)	(337,260.00)	(340,420.00)	(335,049.84)	(337,418.00)
<b>Net Village Debt Levy</b>	<b>3,113,941.26</b>	<b>3,115,865.76</b>	<b>2,190,011.76</b>	<b>2,169,648.76</b>	<b>1,649,516.39</b>	<b>1,653,600.00</b>
Change in Debt Service	36,420.00	1,924.50	(925,854.00)	(21,363.00)	(519,132.37)	4,083.61
<b>Library</b>						
2002 GO (Library Building)	391,106.26	376,956.26	386,456.26	399,856.26	-	-
2010 Refunding (Library 2002 GO)	-	-	-	-	368,460.00	374,700.00
2010 Taxable GO (Library BABs)	-	-	-	-	128,977.50	128,977.50
Subtotal Library	391,106.26	376,956.26	386,456.26	399,856.26	497,437.50	503,677.50
BAB Interest Abatement	-	-	-	-	(45,142.12)	(45,142.12)
Net Library Debt Levy	-	-	-	-	452,295.38	458,535.38
<b>Gross Village and Library</b>	<b>4,612,963.77</b>	<b>4,532,544.52</b>	<b>3,185,816.77</b>	<b>2,908,925.02</b>	<b>2,101,811.77</b>	<b>2,112,135.38</b>

<sup>1</sup> Golf course revenues used to abate property taxes.

VILLAGE OF GLEN ELLYN  
LONG TERM DEBT  
FUTURE PRINCIPAL AND INTEREST PAYMENTS

	FY12	FY13	FY14	FY15	FY16	FY17-FY23	TOTAL
2003A G.O. (10 yr, 2000 Referendum)	584,660	587,700	594,550	-	-	-	1,766,910
2010 G.O. Refunding (Village Infrastructure)	1,064,856	1,065,900	-	-	-	-	2,130,756
2010 G.O. Refunding (Village Links)	335,050	337,418	332,418	337,418	336,568	2,176,570	3,855,442
	<b>1,984,566</b>	<b>1,991,018</b>	<b>926,968</b>	<b>337,418</b>	<b>336,568</b>	<b>2,176,570</b>	<b>7,753,108</b>

1
2
3

Less Planned Abatements: (335,050) (337,418) (332,418) (337,418) (336,568) (2,176,570) (3,855,442)

Total paid by

Property Taxes 1,649,516 1,653,600 594,550 - - - 3,467,666

- 1 - Third (and final) issue (\$5 million) of 2000 \$18 million referendum bonds for storm sewer improvement projects.
- 2 - Refunding of second issue (\$9 million) of 2000 \$18 million referendum bonds for storm sewer improvement projects.
- 3 - Refunding of Village Links renovation bonds (2003 G.O.) All debt service to be paid from golf course revenues; none from Village tax dollars.

Debt Limits - The Village, under its home rule authority, does not have a legal debt limit.

Illinois Dept. of Revenue  
History of CPI's Used for the PTELL  
1/16/2010

<i>Year</i>	<i>December CPI-U</i>	<i>% Change From Previous December</i>	<i>% Use for PTELL</i>	<i>Levy Year</i>	<i>Year Taxes Paid</i>
1989	126.1	--			
1990	133.8	6.1	5.0 (5% Max)	1991	1992
1991	137.9	3.1	3.1	1992	1993
1992	141.9	2.9	2.9	1993	1994
1993	145.8	2.7	2.7 (5% for Cook)	1994	1995
1994	149.7	2.7	2.7	1995	1996
1995	153.5	2.5	2.5	1996	1997
1996	158.6	3.3	3.3	1997	1998
1997	161.3	1.7	1.7	1998	1999
1998	163.9	1.6	1.6	1999	2000
1999	168.3	2.7	2.7	2000	2001
2000	174.0	3.4	3.4	2001	2002
2001	176.7	1.6	1.6	2002	2003
2002	180.9	2.4	2.4	2003	2004
2003	184.3	1.9	1.9	2004	2005
2004	190.3	3.3	3.3	2005	2006
2005	196.8	3.4	3.4	2006	2007
2006	201.8	2.5	2.5	2007	2008
2007	210.036	4.08	4.1	2008	2009
2008	210.228	0.1	0.1	2009	2010
2009	215.949	2.7	2.7	2010	2011
2010	219.179	1.5	1.5	2011	2012

# Village of Glen Ellyn

## Proposed 2011 Property Tax Levy Schedule

- Monday, September 19**      **Library Board Meeting**  
Library Board considers 2011 levy and adopts resolution requesting funding for upcoming Village levy.
- Monday, October 24**      **Village Board Pre Board Workshop**  
Presentation from Library representatives on Library levy which must be formally approved by the Village Board. Preliminary discussion about 2011 Village and Special Service Area property taxes.
- Village Board Meeting**  
Resolution estimating the amount of dollars anticipated to be collected from the property tax (Must be completed no less than 20 days prior to adopting levy).
- Thursday, November 3**      Publication of public hearing notice in the Glen Ellyn News for November 14 Truth in Taxation public hearing.
- Monday, November 14**      **Village Board Meeting**  
Tax levy public hearing (Truth in Taxation hearing), first reading of tax levy ordinances.
- Monday, November 28**      **Village Board Meeting**  
Second and final reading (adoption) of Annual Tax Levy Ordinance, abatement ordinances and Special Service Area ordinances.