

**BUDGET FOOTNOTES
GENERAL FUND REVENUE**

1. **Property Tax: (\$2,245,000)** - Each November, the Village Board considers and approves a property tax levy ordinance which directs DuPage County to collect a specified number of dollars from property owners in Glen Ellyn based on the value of their property as determined by the Township/County assessors in the following year. Property taxes for 2004 will be collected in 2005 (the Village's fiscal year 2005/06) and will be used to pay for 42% of the expenses of the Police Department.

As in the past, the Village has voluntarily imposed the provisions of the Illinois Tax Cap Law when calculating the increase in property tax revenues for FY05/06 despite no requirement to do so.

On February 28, 2005 the Village Board approved a property tax reduction/abatement of \$100,000 from the levy of \$2,345,000 previously approved in November, 2004. This was made possible due to some increases in General Fund revenues combined with expenditure reductions in FY05 which resulted in a projected surplus of \$750,000.

Note: Additional property tax dollars are collected to pay the principal and interest payments on Village- issued capital improvement bonds and total \$3,024,500. These taxes are shown in the Debt Service Fund portion of this budget document.

2. **State Personal Property Replacement Tax: (\$103,000)** - The Illinois Municipal League has projected a 1.5% increase in the receipts of this state distribution for current fiscal year 2004/05 and growth of 2.4% for FY05/06. These taxes resulted when the new Illinois Constitution directed the legislature to abolish business personal property taxes and replace the revenue lost by local government units and school districts. In 1979, a law was enacted to provide for statewide taxes to replace the monies lost to local governments. Glen Ellyn receives a pro-rata share of current "replacement" tax revenues collected based on its share of personal property taxes collected for the 1977 tax year.

3. **Sales Tax (Local 1%):**

(FY05 Estimate \$2,840,000) - The Village's receipt of its 1% local retail sales tax has increased by 3.8% compared to the previous year for 10 months of FY05. Based on this information, we anticipate year-end total receipts on April 30, 2005 will be about \$2,840,000, ending the year \$105,000 above budget.

(FY06 Budget \$2,925,000) For FY06, we are assuming a 3.0% increase in sales tax collections over the FY05 estimate.

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4. **State Income Tax:**

(FY05 Estimate \$1,760,000) - Collections of State Income Taxes are expected to be \$20,000 above budget for FY05 ending on April 30, 2005. This estimate is based on our 9 month trend which shows growth of about 8% above the prior 9 month period. The FY05 revenue estimate represents a distribution of about \$65.20 per Glen Ellyn resident. This is short of the January, 2005 Illinois Municipal League estimate for FY05 of \$67.50 per resident.

(FY06 Budget \$1,850,000) State income taxes are distributed to municipalities on a per capita basis from the State of Illinois. Presently, municipalities receive 1/10th of state income taxes collected. The Illinois Municipal League (I.M.L.) projects (as of January, 2005) an increase in the municipal share per capita in FY06 to \$71.00 per capita based on the completion of the State's withholding of additional funds to pay backlogged income tax refunds, as well as a slight improvement in the economy. This represents an increase of \$3.50 per capita from their FY05 estimate. Because the Village is estimating final income tax collections for FY05 to be less than the IML's estimate, projected revenues for the Village's FY06 fiscal year are \$68.70 per capita (\$65.20 FY05 est. + \$3.50 increase for FY06).

Note: The revenue projection for FY06 assumes there will be no modifications in the State's revenue sharing formula that would reduce the 10% portion of income taxes shared with municipalities, and is partially based on the Illinois Municipal League projection dated January, 2005.

5. **Vehicle Licenses: (\$400,000)** In February, 2004 the base rate charged for a Village vehicle sticker was increased from \$15 to \$25 in order to replace General Fund revenues lost from State income taxes, our local 1% sales tax, and interest income. Prior to 2004, the vehicle sticker fee had not been increased in 16 years (since 1988) while the cost of maintaining Village streets and roadways has increased. The CPI inflation index has increased by 55% during this 16 year period. The increase in fee is expected to generate an additional \$175,000 annually.

Beginning in March, 2005, a new 3-year vehicle sticker may be purchased at a \$5 discount (\$70 for a passenger vehicle) for those residents who find this option an added convenience. Because the 3-year sticker will generate some additional dollars in our current fiscal year ending on April 30, we are projecting a slight dip in revenues (due to our cash flow, not accrual, budget focus) for FY06.

6. **Liquor Licenses: (\$105,000)** Various adjustments to the liquor license fee schedule were approved in March, 2003, last updated in 1985. These fees reimburse the Village for costs associated with regulating the sale of alcohol including all aspects of licensing, insurance, background checks and Police compliance reviews.

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7. **Building Permits: (\$600,000)** Various adjustments to approximately 30 types of building and development fees, taxes and deposits were approved in March, 2003, many of which had not been updated for years, even decades, despite rising costs of providing Village services covered by the fees.

8. **Intergovernmental Grants:**

(FY05 Estimate \$62,000)

Live-Scan Digital Fingerprint Grant	\$45,000
In-Car Video Camera Grant (3 Police vehicles)	15,000
Bullet-proof Vest Grant	<u>2,000</u>
Total	<u>\$62,000</u>

9. **Police Service Reimbursements: (\$120,000)**

	FY05	FY06
	<u>Estimated</u>	<u>Proposed</u>
Glenbard West School Liaison Officer	\$83,000	\$87,000
Training Reimbursements - State	12,000	10,000
Overtime Billed to requesting "users"	17,000	20,000
False Alarm Fees	<u>3,000</u>	<u>3,000</u>
	<u>\$115,000</u>	<u>\$120,000</u>

10. **Simplified Telecommunications Tax: (\$250,000)** - This tax was formerly known as the "Infrastructure Maintenance Fee" or "IMF" which was established by State statute in 1998 following the deregulation of the telecommunications industry and the elimination of municipal telephone franchise fees by the Illinois General Assembly. Opponents of the municipal IMF successfully argued before the Illinois Supreme Court that the fee was unconstitutional as it applied to wireless telecommunications providers in that there was no relationship between the "fee" and the impact wireless providers had on municipal rights-of-way. Corrective State legislation adopted in February, 2002 effectively changed the "fee" to a legally permitted "tax" and the State of Illinois took over collection and distribution of this tax to municipalities in January of 2003.

The budget projection of revenues to be generated through the telecommunications tax for FY06 represents a 7.5% reduction from the FY05 budget due to reduced actual revenue receipts in FY05 and due to increasing uncertainties created by emerging technologies in the telecommunications industry such as VOIP (voice over internet protocol) which do not generate tax revenues for the Village.

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11. **Traffic Court Fines: (\$225,000)** - Increases in fine revenue received from the DuPage Circuit Court over actual FY01/02 levels are attributable to the change in handling of Glen Ellyn cases from the County-assigned states attorney to our own local prosecutor, as well as the new overweight truck enforcement program which began in the summer of 2002.

12. **Interest Income: (\$390,000)** - With approximately \$13 million in investable cash balances between the General Fund, building deposits, and the Corporate Reserve Fund, using a 3.00% return assumption results in a budget projection of \$390,000 for FY06.

13. **Rental Income: (\$92,000)** - The Village receives rental payments for the leasing of space on the Cottage Avenue water tower (to AT&T) and the Civic Center attic and cupola (to NEXTEL and US Cellular).

14. **Use of Cash: (\$100,000)** - In February, 2005, following news of improved General Fund revenues and expenditure reductions in FY05 resulting in a projected budget surplus of \$750,000 for the fiscal year ending April 30, 2005, the Village Board decided to reduce (abate) property taxes by \$100,000 (for property taxes collected in 2005) to minimize the General Fund's reliance on the property tax. As a result, our FY06 budget will "use" some of the surplus generated in FY05 so that property taxes can be slightly decreased.