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## **XI. APPENDIX**

### Budget Process

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# BUDGET PROCESS

## **Budgetary Basis**

All individual fund budgets are prepared on a cash basis. This basis recognizes revenues when received and expenditures when paid.

## **Accounting Basis**

For the purpose of internal interim reporting and budgetary control on a monthly and quarterly basis, the Village generally reports on a cash basis, consistent with its budgetary basis.

For purposes of external annual financial reporting, governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for sales taxes and telecommunication taxes which use a 90 day period. Expenditures generally are recorded when a fund liability is incurred. However, debt service expenditures are recorded only when payment is due.

Proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues and additions are recorded when earned and expenses and deductions are recorded when a liability is incurred. Operating revenues/expenses include all revenues/expenses directly related to providing enterprise fund services. Incidental revenues/expenses are reported as non-operating.

## **Budget Process**

The annual budget process begins each year with a review of the current year financial report as of the end of the second quarter. From this point, revenue estimates for the current year are extended through the close of the year and preliminary revenue projections for the new year are prepared.

The Finance Department prepares and distributes budget templates to all departments which contain updated actual results from the previous fiscal year and revised current year budget amounts. Also distributed are some base assumptions to be used for various payroll and benefit line items. Department representatives are requested to provide estimates of current year final expenditure amounts as well as line-item proposals for the new budget year with supporting details included.

The budget team, which consists of the Finance Director, Village Manager, Village Attorney, Assistant Village Manager and Assistant Finance Director, meets with individual department managers and their support staff to review departmental budget proposals, department goals and organizational objectives. The budget team reviews total budget requests against anticipated revenue streams by fund to determine the extent to which available resources match requests. Follow-up

departmental meetings are convened as necessary to modify and refine the budget.

The Village Board conducts budget workshop meetings in October. Copies of the draft budget are made available for public inspection at the Civic Center, library and on the Village's website. A public hearing is conducted on the proposed budget according to state statutes. Approval of the final budget is done at a Village Board meeting following a public hearing to allow additional input opportunity.

### **Budget Transfers and Amendments**

The annual budget ordinance authorizes the Village Manager to make budget transfers within a department which do not exceed \$20,000. As a regular practice however, the Village does not record transfers of budgetary authority between accounts so as not to detract from original budget projections. The budgetary level of control is defined at the individual fund level.

The budget may be amended by the adoption of a budget amendment ordinance at any time during the fiscal year. At the onset of each new fiscal year, a budget amendment ordinance is adopted which is composed of total unliquidated encumbrances at the close of the previous fiscal year. Most encumbrances relate to previously Village Board approved contracts or projects which exceed \$20,000 and involve progress payments as the project is completed. Additional budget amendments may be considered as the fiscal year draws to a close to account for any significantly unbudgeted or unforeseen expenditures/expenses that took place during the year.

**VILLAGE OF GLEN ELLYN  
2017 BUDGET PREPARATION CALENDAR**

<b>Item</b>	<b>Timeline</b>
Salary Schedules, Insurance Schedules	July 2016
Mid-Year Financial Report	July 25, 2016
Five Year Forecast - Finance Commission	August 12, 2016
Departments able to enter budget into MUNIS	8/1/16-9/1/16
Preliminary revenue projections to Village Manager (General Fund)	September 1, 2016
Departmental budget requests due to Finance (with support and footnotes)	September 2, 2016
Departmental / Manager budget review meetings	9/16/16-9/9/16
Departmental narratives due	September 16, 2016
Additional Departmental meetings as needed	9/12/16-9/16/16
Budget Kick off Meeting - Five Year Forecast	September 19, 2016
Distribution of draft budget	October 5, 2016
Village Board Workshop	October 13, 2016
Village Board Workshop	October 17, 2016
Village Board Workshop (if needed)	October 20, 2016
Village Board Workshop	October 24, 2016
Village Board Meeting - Public hearing on proposed budget followed by first reading of Budget ordinance (hearing notice must be published at least one week before the hearing)	November 14, 2016
Second reading/adoption of the budget ordinance	December 12, 2016
Next fiscal year begins	January 1, 2017

August						
Su	Mo	Tu	We	Th	Fr	Sa
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

September						
Su	Mo	Tu	We	Th	Fr	Sa
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

October						
Su	Mo	Tu	We	Th	Fr	Sa
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

November						
Su	Mo	Tu	We	Th	Fr	Sa
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

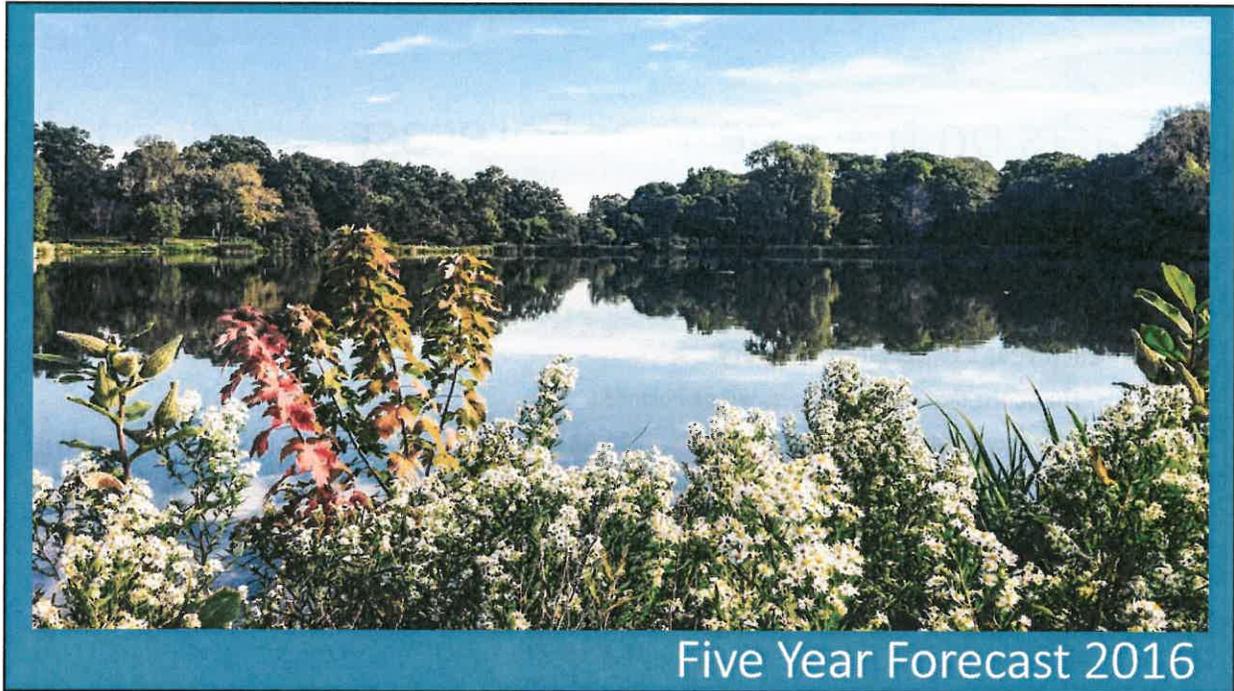
December						
Su	Mo	Tu	We	Th	Fr	Sa
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

# INTERFUND TRANSFER RECAP

## TRANSFERS FOR FY17 BUDGET

DEPT/DIV	TO FUND															TOTAL
	ADMIN SERVICE CHGS	PW SERVICE CHGS	INSURANCE FUND		EQUIP SERVICE O & M	EQUIP REPL	FACIL MAINT	PW STREET SWEEPING	CAPITAL PROJECTS	DEBT SERVICE	POLICE PENSION	ENG GENERAL FUND	FACIL MAINT RESERVE	CORP RESERVE		
Revenue	-	-	-	-	-	-	-	-	3,612,553	-	-	-	-	-	-	3,612,553
Administration	-	-	3,100	19,700	-	-	-	-	-	-	-	-	-	-	-	22,800
Law	-	-	1,200	6,400	-	-	-	-	-	-	-	-	-	-	-	7,600
Facilities Maint	-	-	6,700	31,300	19,400	3,200	-	-	-	-	-	150,000	-	-	-	210,600
Information Technology	-	-	2,200	14,000	-	-	-	-	-	-	-	-	-	-	-	16,200
Finance - Admin.	-	-	2,200	33,600	-	-	-	-	-	-	-	-	-	-	-	35,800
Finance - Cashier's	-	-	1,800	17,400	-	-	-	-	-	-	-	-	-	-	-	19,200
Planning & Dev - Planning	-	-	2,300	49,200	-	-	-	-	-	-	-	-	-	-	-	51,500
P&D - Building	-	-	8,700	76,200	6,300	400	-	-	-	-	-	-	-	-	-	91,600
Economic Development	-	-	1,300	-	-	-	-	-	-	-	-	-	-	41,500	-	42,800
Police - Admin	-	-	13,100	105,300	25,600	13,900	-	-	-	-	166,000	-	-	-	-	323,900
Police - Operations	-	-	93,600	428,200	169,100	103,100	-	-	300,000	-	1,196,300	-	-	-	-	2,290,300
Police - Investigations	-	-	20,700	71,200	61,500	17,300	-	-	-	-	250,700	-	-	-	-	421,400
PW - Admin	-	-	8,000	62,600	20,400	27,300	-	-	-	-	-	-	-	-	-	118,300
PW Ops - Forestry	-	-	42,100	44,800	100,200	98,500	-	-	-	-	-	-	-	-	-	285,600
PW Ops - Streets	-	-	61,100	57,100	190,600	164,300	-	-	-	-	-	-	-	-	-	473,100
Emergency Medical Service	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire Department	-	-	206,400	-	127,300	6,600	-	-	-	-	-	-	-	-	-	340,300
<b>GENERAL FUND</b>	-	-	<b>474,500</b>	<b>1,017,000</b>	<b>720,400</b>	<b>434,600</b>	-	-	<b>3,912,553</b>	-	<b>1,613,000</b>	-	<b>150,000</b>	<b>41,500</b>	-	<b>8,363,553</b>
Corporate Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire Service	25,000	-	-	-	-	-	57,100	-	-	-	-	-	-	-	-	82,100
Parking	13,000	105,300	700	-	-	-	-	24,350	-	-	-	-	-	-	-	143,350
Water	145,000	-	58,500	86,600	63,600	61,600	16,600	-	-	-	-	50,000	-	-	-	481,900
Sanitary Sewer	145,000	-	44,000	72,700	84,200	61,700	13,800	-	-	-	-	50,000	-	-	-	471,400
Recreation	91,000	-	76,600	146,900	-	-	-	-	-	-	-	-	-	-	-	314,500
Equip Services	-	14,500	12,600	50,900	4,100	1,100	9,400	-	-	-	-	-	-	-	-	92,600
Solid Waste	90,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	90,000
MFT	-	-	-	-	-	-	-	-	-	-	400,000	-	-	-	-	400,000
Capital Projects	-	-	-	-	-	-	-	-	-	-	270,600	-	-	-	-	1,224,644
<b>TOTAL</b>	<b>509,000</b>	<b>119,800</b>	<b>192,400</b>	<b>357,100</b>	<b>151,900</b>	<b>124,400</b>	<b>96,900</b>	<b>24,350</b>	<b>3,912,553</b>	<b>954,044</b>	<b>1,613,000</b>	<b>670,600</b>	<b>100,000</b>	<b>41,500</b>	<b>-</b>	<b>3,300,494</b>
<b>GR TOTAL</b>	<b>509,000</b>	<b>119,800</b>	<b>666,900</b>	<b>1,374,100</b>	<b>872,300</b>	<b>559,000</b>	<b>96,900</b>	<b>24,350</b>	<b>3,912,553</b>	<b>954,044</b>	<b>1,613,000</b>	<b>670,600</b>	<b>250,000</b>	<b>41,500</b>	<b>-</b>	<b>11,664,047</b>

Glenbard Wastewater	128,372	258,500	37,900	424,772
Library	1,200	268,900	-	778,208
	<u>638,572</u>	<u>1,901,500</u>	<u>910,200</u>	<u>12,867,027</u>



## Goals of Five Year Forecast

- ∞ Understand long-term financial trends in revenues and expenditures/expenses.
- ∞ Identify future imbalances (deficits).
- ∞ Identify potential areas where programs can be implemented now to avoid future deficits.
- ∞ Understand how this forecast aligns with past forecasts.
- ∞ Compare past forecasts with actual results.

## Facts on the Five Year Forecast

- ∞ Developed annually as a tool for the budget process.
- ∞ Forecast is a model to project future activity and is not a prediction of what will happen.
- ∞ Each year's experience will vary.
  - ~ *The goal is that annual budgets will be balanced.*
  - ~ *Each year's actual results will vary.*
- ∞ Historical results includes FY2012, FY2013, FY2014, FY2015 and Budget 2016. The Short Fiscal Year (May 1, 2014-December 31, 2014) is excluded as it was an 8-month period.

1. General Fund
2. Water & Sewer Fund
3. Capital Projects Fund
4. Long Term Liabilities

### Content of Five Year Forecast

The Five Year Forecast is divided into four main areas. The first two areas are the largest operating funds of the Village, the General Fund and the Water & Sewer Fund. The last two areas focus on the Village's infrastructure and long term liabilities, including debt and pension liabilities.



## Building the General Fund Forecast: Key Assumptions - Revenues

	FY16 Budget (thousands)	Average Historical Growth (2012-2016)	Projected Annual Growth (2017-2021)
Property Taxes	\$3,464	6%	2.5% <sup>1</sup>
Sales Tax	\$3,399	1%	3.0% <sup>2</sup>
Home Rule Sales Tax	\$1,980	3%	3.0% <sup>3</sup>
Income Tax	\$2,748	6%	3.0% <sup>4</sup>
Other Revenues (combined)	\$5,683	3%	3.0% <sup>5</sup>

**Footnotes:**

1. Assumes 1.5% growth in CPI and 1% growth in new construction/annexations. Historical growth rates do not include property taxes for Fire Service Areas as those were moved to the Fire Services Fund in SY2014. Historical growth is due to primarily new growth.
2. Sales tax increased 4% in 2014 and 6% in 2015 as the economy rebounds. 3% is a conservative estimate for future performance. A \$25,000 reduction was also factored into 2017 to account for Mariano's opening in Lombard.
3. Home Rule Sales Tax increased 3% in 2014 and 8% in 2015 as the economy rebounds. 3% is a conservative estimate.
4. Income tax lists 3% as the projected growth rate as a conservative figure.
5. Other revenues includes all other revenues of the general fund. Ambulance fees have been excluded in the historical growth rate as a change in contract model makes historical growth rates incomparable to projected future growth.

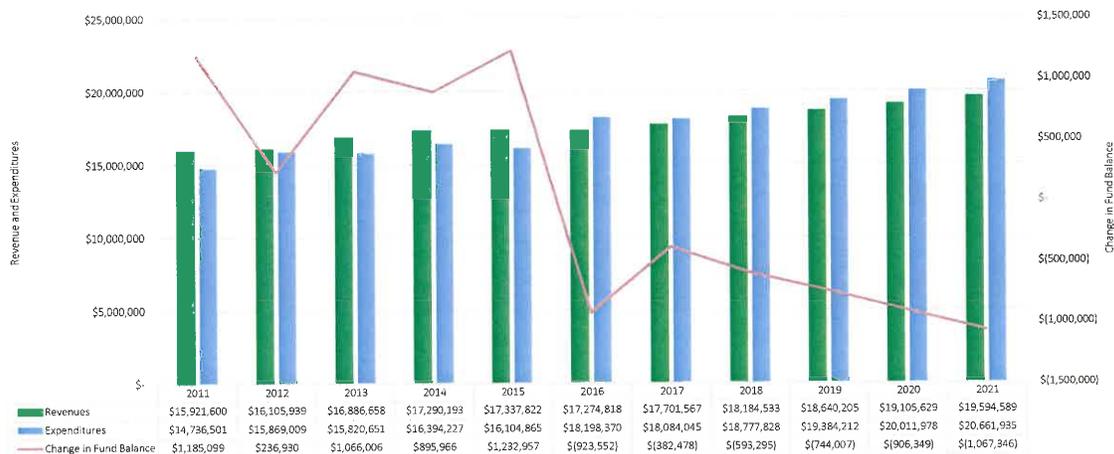
## Building the General Fund Forecast: Key Assumptions - Expenditures

	FY16 Budget (thousands)	Average Historical Growth (2012- 2016)	Projected Annual Growth (2017-2021)
Salaries – public safety	\$3,726	4%	4.0% <sup>1</sup>
Salaries – all other	\$4,591	5%	2.0% <sup>2</sup>
Pension – public safety	\$1,292	7%	5.0% - 12.0% <sup>3</sup>
Pension – all other	\$403	3%	2.0% <sup>4</sup>
Health Insurance	\$962	3%	4.0% <sup>5</sup>
Contractual Services	\$3,236	2%	3.0% <sup>6</sup>
Commodities	\$226	4%	3.0% <sup>6</sup>
Capital Outlay	\$163	14%	5.0% <sup>7</sup>
Transfers	\$1,835	1%	3.0% <sup>2</sup>

### Footnotes:

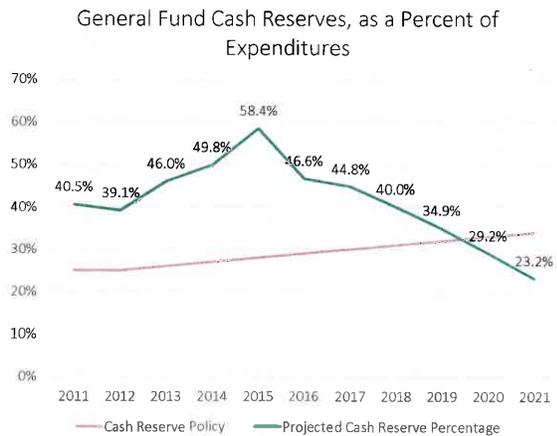
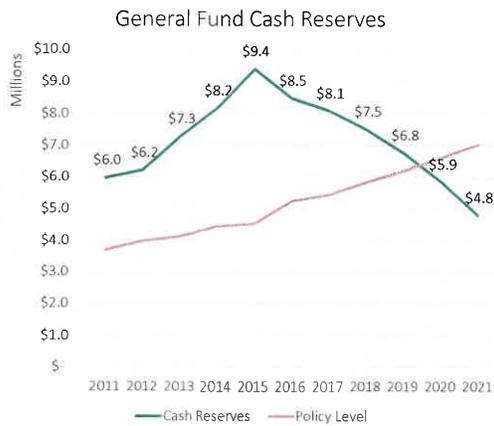
1. Based upon current contract structure. Also includes a factor for vacancies.
2. Average increase has ranged from 2-3% over the last several years. Historical growth includes positions added with Board approval. Assumed 3% increase with a 1% reduction for vacancies. Transfers are closely tied to changes in personnel expenses as other funds reimburse the general fund.
3. Projects continued movement downward of investment return assumption in 2017 and 2018. Afterwards a 5% assumption is used.
4. IMRF pension costs are stabilizing and are expected to trend closely to salary increases in the future.
5. The Village's insurance pool has helped to beat the market increases for health insurance.
6. Commodities and Contractual Services are anticipated to increase at a conservative 3%.
7. Capital replacement was deferred during the economic downturn; recent purchases have been meeting deferred needs.

## Annual General Fund Forecast

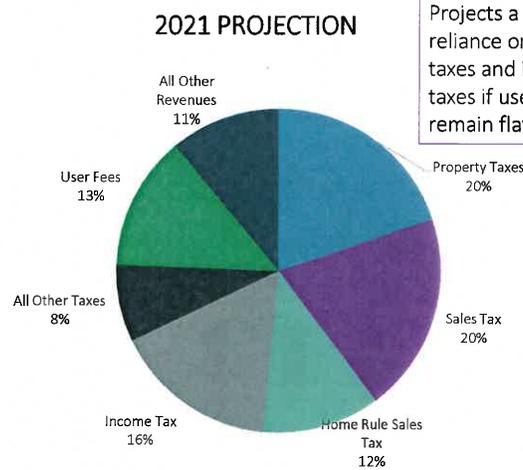
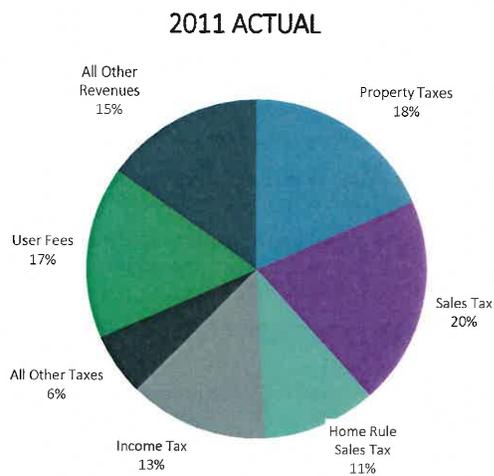


Revenues are forecast to grow at approximately 3% per year while expenditures grow at 4%, which would decrease the General Fund's fund balance by \$3.7 million over the next 5 years.

# General Fund Balance Projections



# Composition of General Fund Revenues



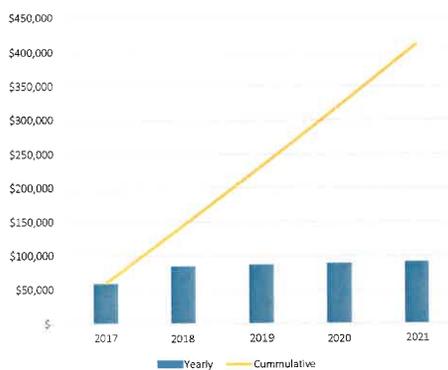
Projects a greater reliance on property taxes and income taxes if user fees remain flat

## Challenges in Revenue Streams

Several challenges and decision points are on the horizon regarding General Fund Revenues:

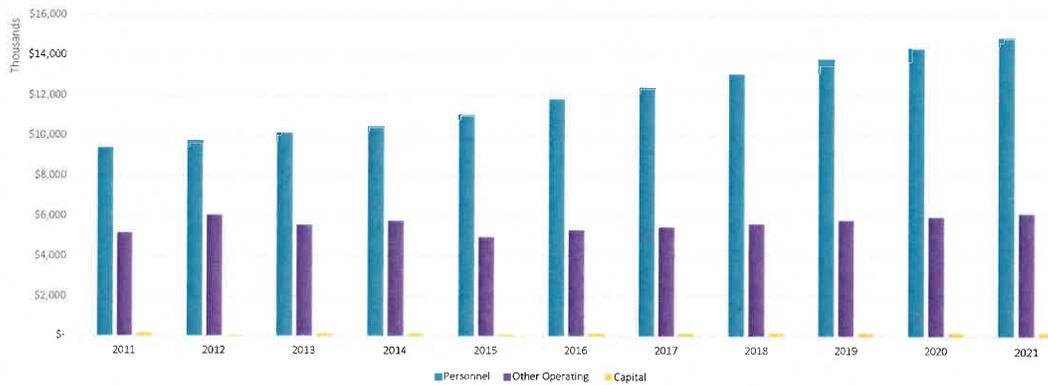
- ∞ The Village relies heavily upon performance of sales tax, home rule sales tax, and income tax to provide for known increases in costs. The Village has little direct control over these revenues that are highly influenced by the economy.
- ∞ Legislation in Springfield may limit the Village's ability to increase the property tax levy.
- ∞ It is still unknown if any reduction will be made to the income tax by the State.
- ∞ User fees have not been increased which puts pressure on taxes to increase or perform well to maintain revenue levels.

## What would a property tax freeze cost the Village over 5 years?



- ∞ The Village is a home rule community that is not legally bound by tax caps.
- ∞ However, the Village traditionally holds itself to the tax cap philosophy, which means the Village increases its levy for new growth and CPI only. This philosophy favors gradual increases over time rather than creating spikes in property tax rates.
- ∞ In 2014, the Village did not increase the levy and in 2015 the Village only increased the levy for new growth (no CPI factor).
- ∞ The Village levies one general operating levy for the General Fund. The Capital levy goes to the Capital Projects Fund, which will be addressed in subsequent slides.
- ∞ Legislation in Springfield may limit the Village's ability to increase the levy.
- ∞ This slide shows the yearly and cumulative impact if the Village could not increase its tax levy.
- ∞ Over 5 years, the Village would forego \$411,000 of revenue in the General Fund that would have to be made up from other revenue sources or through reductions in service.

## General Fund Expenditures by Type



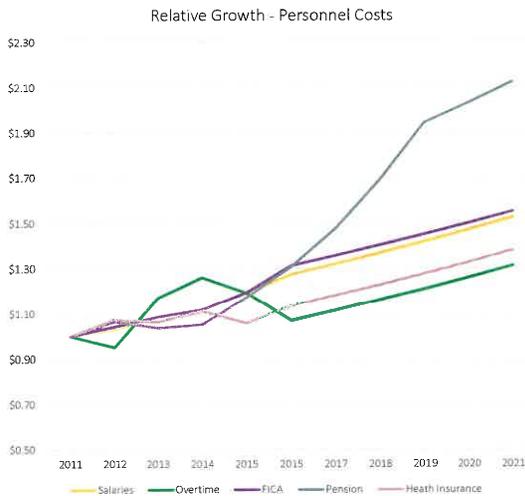
- ∞ Personnel expenditures comprise approximately 68% of General Fund expenditures.
- ∞ The Village functions accounted for in the General Fund are highly service oriented; therefore, it is expected that personnel expenditures would be the main expenditure type.
- ∞ Personnel expenditures grow at a faster rate than capital or other operating costs.

## Personnel Expenditures by Category



- ∞ Public safety personnel costs are projected to grow at a faster rate (5.6%) than general government (2.1%).
- ∞ Police pension costs are also forecast to grow at a higher rate (12-18% in next two years then 5% thereafter) than municipal pension costs (2%).
- ∞ Forecasts reducing the investment return assumption for the police pension to 6.5% in 2017 and 6.25% in 2018.

## Personnel Expenditures by Type – Relative Growth



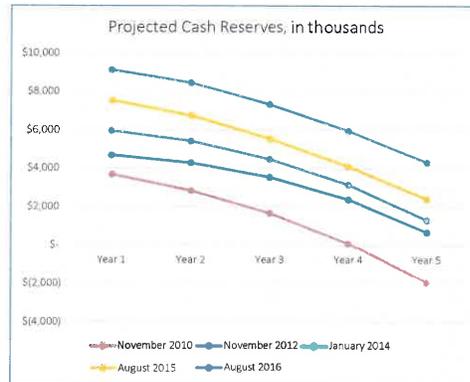
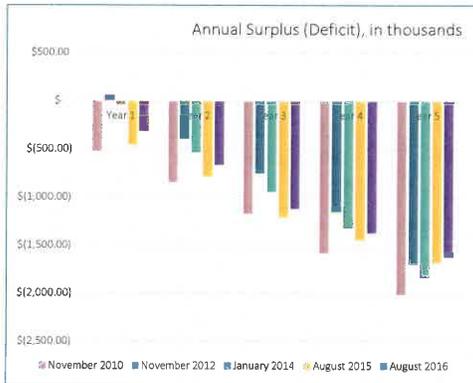
- ∞ Chart at left portrays the growth rate of personnel expenditures.
- ∞ Pension costs grow at the highest rate.
- ∞ The Village has been fortunate through its health insurance pool to mitigate health insurance cost increases seen in the marketplace. The next hurdle is to avoid Cadillac taxes in 2020.

## Health Insurance

- ∞ The Village is a member of a health insurance risk-sharing pool.
- ∞ Health insurance costs have increased by 3% over the past 5 years, beating the market place trend.
- ∞ Our pool administrators project 4% annual increases, assuming avoidance of the Cadillac Tax.
- ∞ The chart at right evaluates the difference in cost between a 4% trend and a 10% trend. As can be seen, it is important to our financial future to control our healthcare costs to the best of our abilities.

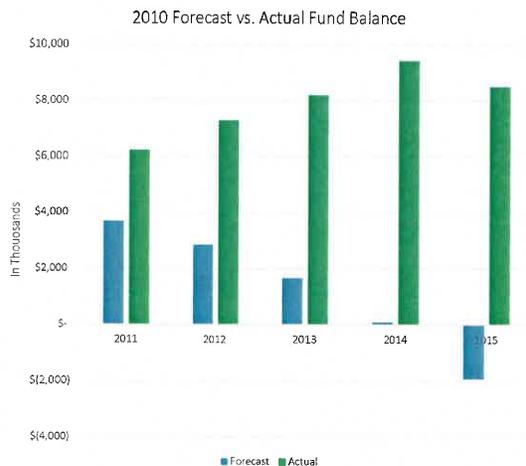
	4% Growth Rate	10% Growth Rate	Difference
2015 Cost	\$962,000	\$962,000	\$0
2021 Cost	\$1,170,000	\$1,549,300	\$379,300
Cumulative Cost over 5 Year Forecast	\$5,418,900	\$6,460,400	\$1,041,500

## How does this General Fund Forecast Compare?



- ∞ This year's forecast shows improvement over the prior year.
- ∞ Similar challenges in the later years of declining fund balances.
- ∞ Better starting cash position has improved the 5 year outlook.
- ∞ The Cash Reserves graph demonstrates that each year the Village has been successful at meeting some of the challenges identified in the Five Year Forecast.

## Forecast Versus Actual – November 2010 Forecast



- ∞ 2010 is the first forecast with completed actual results.
- ∞ Actual results fared better than forecast.
  - ∞ Sales, Home Rule Sales, and Income tax have far outperformed expectations.
  - ∞ Lower salary increases than anticipated.
  - ∞ Lower healthcare cost increases than anticipated.
  - ∞ Annual balanced budgets and good fiscal management have allowed cash reserves to increase.

## Forecast Versus Actual/Current Forecast – November 2012 Forecast



∞ 2014 and 2015 are actual results and 2016-2018 are updated forecast balances.

∞ Actual results fared better than forecast.

∞ *Sales, Home Rule Sales, and Income tax have far outperformed expectations.*

∞ *Lower salary increases than anticipated.*

∞ *Lower healthcare cost increases than anticipated.*

∞ *Annual balanced budgets and good fiscal management have allowed cash reserves to increase.*

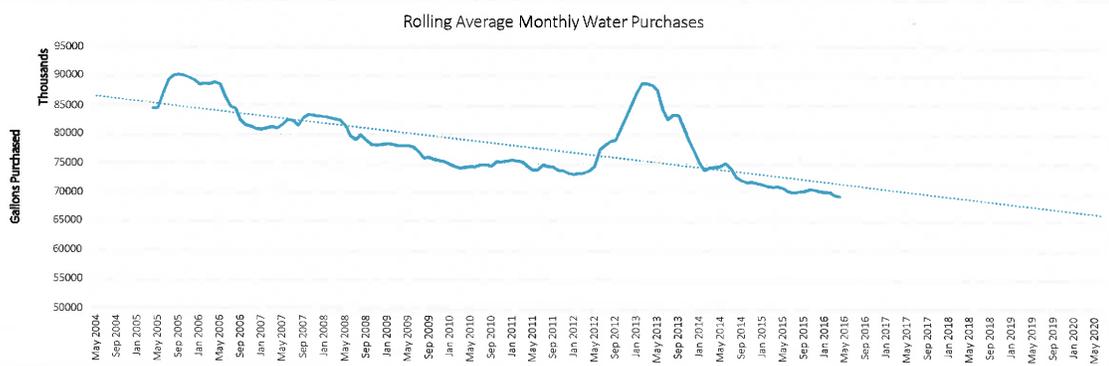
## Highlights of General Fund 5-Year Forecast

- ∞ Personnel costs comprise 68% of General Fund expenditures. It will be necessary for the Village to be focused on controlling and meeting the challenges health care and pension costs.
- ∞ The budget deficit in 2017 is largely due to the increase in sworn pension costs associated with reducing the interest rate assumption.
- ∞ While the state budget is uncertain, it could impact the Village negatively.
- ∞ The Village has little direct control over three revenue sources (sales tax, home rule sales tax, and income tax) which are directly impacted by the economy.
- ∞ The Village has made very few changes to user fee scales in the past several years.
- ∞ The Village's AAA bond rating that it received recently cited strong reserve balances as a key reason for the rating. It is important to maintain the healthy reserve levels to maintain the AAA rating.



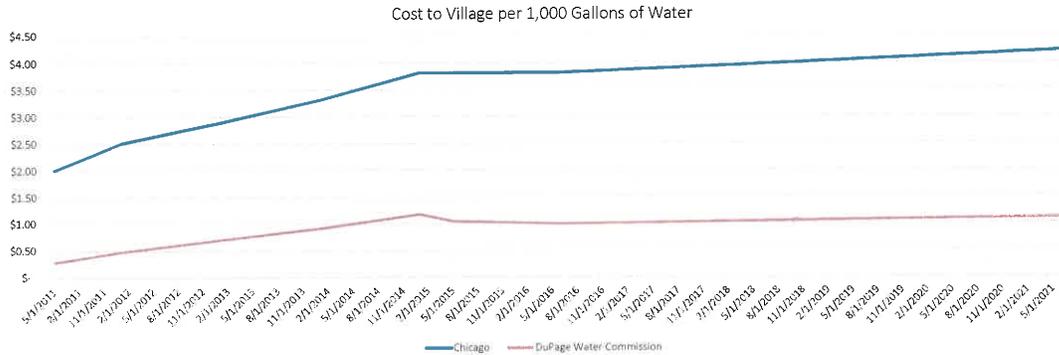
## WATER & SEWER FUND

### Historical Water Usage



- Graph depicts a 12 month rolling average water usage.
- Linear dotted line highlights projected continued trend in water usage.
- Due to conservation through energy efficiency efforts as well as improvements to the water infrastructure, gallons purchased has decreased over the past 10 years.
- The spike in 2013 was due to a summer drought and a major water main break.
- Water usage is projected to decrease, on average, by 2% annually.
- Usage decreases have been greater than 2% in some years over the past 5 years. The Village will need to monitor usage closely to ensure our rates are appropriate.

# Historical and Projected Water Costs



- Sharp increases in rates were experienced from 2012 to 2015 as the City of Chicago raised the rates it charged for water.
- DuPage Water Commission announced a decrease in its cost for delivering water as of May 1, 2015.
- City of Chicago projects rates shall be increased effective June 1, 2016 and every year thereafter by CPI (max of 5%). Future years are projected to increase each June 1 by 3% for both City of Chicago rates and DuPage Water Commission rates.

## Building the Water & Sewer Fund Forecast: Key Assumptions - Revenues

	FY16 Budget (thousands)	Average Historical Growth (2011-2016)	Projected Annual Growth (2017-2021)
Metered Water & Sewer Revenue	\$12,848	8%	1.5-3.0% <sup>1</sup>
Intergovernmental Sewer Fees	\$1,090	10%	1.5-3.0% <sup>2</sup>
Connection Fees	\$89	15%	2.0% <sup>3</sup>
Sewer Repair Fee	\$285	0%	0.0% <sup>4</sup>
Inspections & Permits	\$102	11%	2.0% <sup>5</sup>
Other Revenues (combined)	\$183	23%	1.0% <sup>6</sup>

Footnotes:

1. Assumes a 1.5% rate increase in 2017; 2% in 2018; and 3% annually thereafter.
2. Intergovernmental fees are effected by Village rates as well as projected GWA budget.
3. Connection fees occur from new development or annexation agreements. A conservative 2% is projected.
4. This fee is a flat fee added to the Village Services Bill and is not anticipated to increase.
5. Inspections & Permit performance is tied to the performance of the housing market and building permits.
6. Includes SSA taxes, interest income, and other miscellaneous revenue. A conservative projection of 1.0% is used as these revenues tend to be incidental in nature. SSA taxes will remain flat.

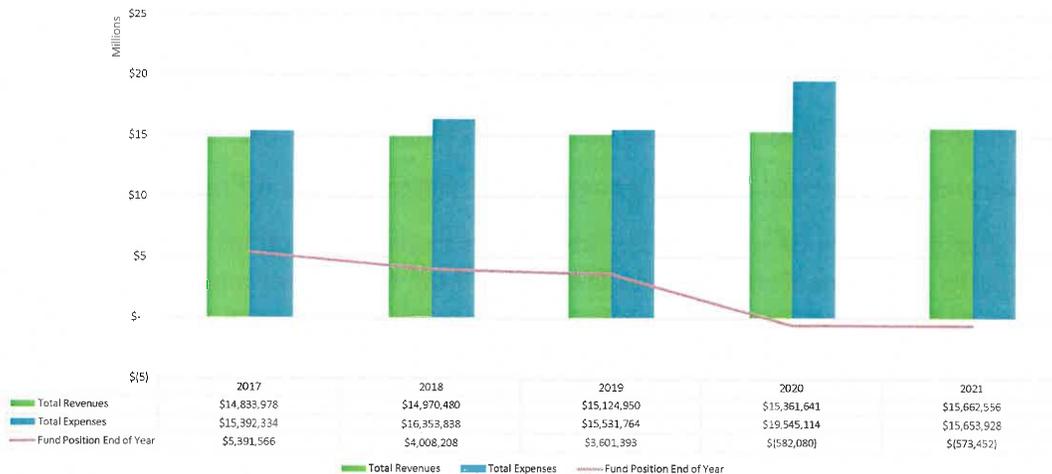
## Building the Water & Sewer Fund Forecast: Key Assumptions - Expenditures

	FY16 Budget (thousands)	Average Historical Growth (2011-2016)	Projected Annual Growth (2017-2021)
Salaries, Overtime and FICA	\$1,137	3.5%	3.0% <sup>1</sup>
Pension	\$103	0.1%	2.0% <sup>2</sup>
Health Insurance	\$142	2.7%	4.0% <sup>3</sup>
Water Purchases	\$4,598	22.8%	-4.8% <sup>4</sup>
Glenbard Wastewater	\$3,608	3.7%	4.3% <sup>5</sup>
Contractual Services	\$1,079	11.6%	3.0% <sup>6</sup>
Commodities	\$36	16.1%	3.0% <sup>7</sup>
Capital Outlay	\$4,844	24.1%	23.1% <sup>8</sup>
Transfers	\$842	-1.9%	3.0% <sup>1</sup>
Debt Service	\$108	0.0%	0.0% <sup>9</sup>

Footnotes:

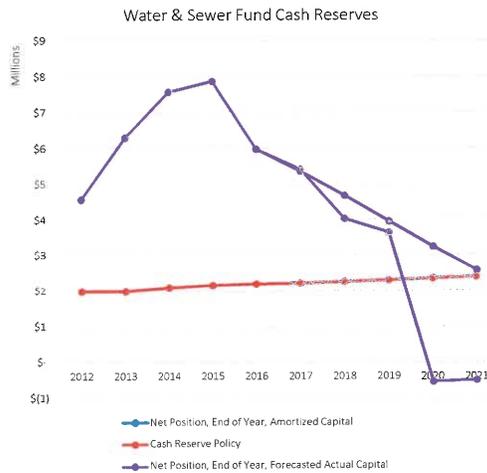
1. Average salary increase has ranged from 2-3% over the last several years. Transfers are closely tied to changes in personnel expenses.
2. IMRF pension costs are stabilizing and are expected to trend closely to salary increases in the future.
3. The Village's insurance pool has helped to beat the market increases for health insurance.
4. In this model, a decrease is shown in year 1, small increases thereafter.
5. Based upon a 3% operating increase and capital increases according to GWA capital plan.
6. Historical increases based upon adding GIS capabilities and upgrades to software systems.
7. Assumed escalator of 3.0%
8. Several large projects are on the horizon including Roosevelt Road Water Main and Water Meter Replacement.
9. Debt service for the Lambert Farms IEPA loan will remain consistent over the forecast.

## Annual Water & Sewer Fund Forecast



- ∞ Volatility is experienced due to the timing of capital projects throughout the lifetime of the forecast.
- ∞ Current forecast shows that rate increases will be needed to keep pace with the capital program.
- ∞ Water meter replacement slotted for 2020-2022.

## Water & Sewer Cash Reserve Projections



- ∞ Cash reserve policy grows by CPI each year, assumed 2%.
- ∞ Amortized capital line straight-lines capital budget over the next 9 years into a consistent spend each year.
- ∞ Forecasted capital line includes anticipated actual cost of the projects.
- ∞ Cash reserve policy does not take into account the savings needed to fund capital improvements. There may be years the cash reserves need to be above policy in order to meet future capital needs.
- ∞ A drought in 2013 increased the cash reserves.

## Next Steps for Water & Sewer Fund

- ∞ The Village will revisit the capital plan in preparation for the 2017 budget.
- ∞ This rate forecast will be updated again in the Fall to prepare for rate discussions.
- ∞ A rate study may be warranted in future years to examine options for setting rates and to determine if changes should be made from the current model.



## CAPITAL PROJECTS FUND

### Building the Capital Projects Fund Forecast: Key Assumptions - Revenues

	FY16 Budget (thousands)	Average Historical Growth (2006-2015)	Projected Annual Growth (2017-2021)
Property Taxes	\$3,547	3.1%	3.0% <sup>1</sup>
Telecommunications Tax	\$888	-2.5%	-2.5% <sup>2</sup>
Electricity Use Tax	\$1,000	-0.4%	0.0% <sup>3</sup>
Natural Gas Use Tax	\$335	1.4%	1.4% <sup>3</sup>
Real Estate Transfer Tax	\$705	1.8%	4.0% <sup>4</sup>
Interest Income	\$10	-17.0%	1.0% <sup>5</sup>
Other Revenues	\$543	N/A	N/A <sup>6</sup>

**Footnotes:**

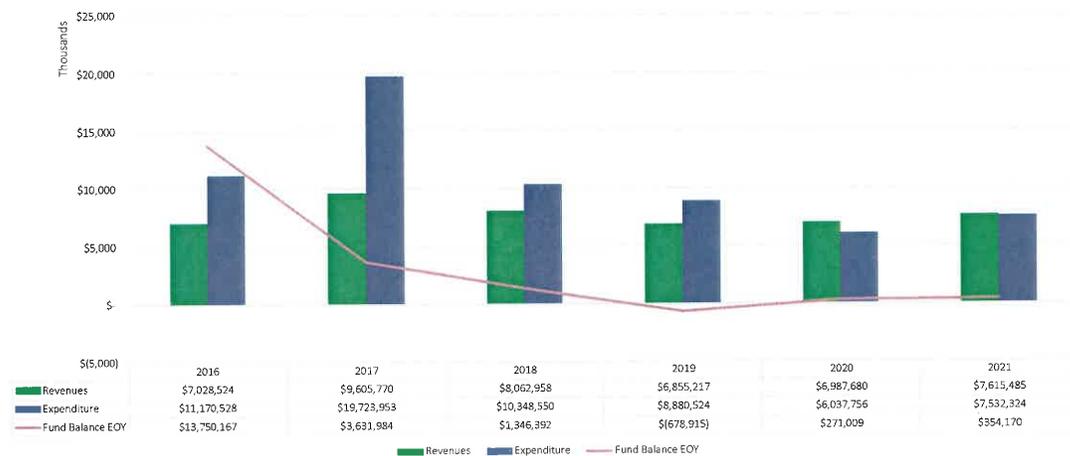
1. Assumes 2% growth in CPI and 1% growth in new construction/annexations.
2. Telecommunication taxes have decreased due to a decline in the number of land lines. The Village anticipates this revenue will continue to decrease.
3. Electricity and Natural Gas Use Taxes are anticipated to grow at their historical rates.
4. Real Estate transfer tax is \$3 per \$1,000 of the sales price of the house. This revenue stream is affected by increases in housing prices and increased sales volume. The assumption is based upon a 3% increase in housing values and 2% increase in sales volume. Zillow indicates the median house value has gone up 9% over the past year and predicts a 0.5% increase in the coming year. There was a 23% increase in number of stamps issued from 2013 to 2014.
5. Only a very minor increase in interest income is anticipated as interest rates are anticipated to rise very gradually.
6. Other revenues include grant revenue and miscellaneous revenue, which can not be predicted in future years. Major grants which the Village reasonably believes it will receive are included in the forecast.

## Capital Projects Fund – Expenditures

Expenditure Type	2016 Budget	2017	2018	2019	2020	2021
Ancillary expenditures	\$4,500	\$16,000	\$16,000	\$16,000	\$41,000	\$16,000
Pavement Preservation	\$618,700	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000
Non-Roadway Construction Projects	\$1,383,000	\$3,275,000	\$375,000	\$375,000	\$375,000	\$375,000
Police Station*	\$11,800,000	\$11,800,000	\$0	\$0	\$0	\$0
Roadway Program	\$5,988,000	\$2,953,000	\$8,274,006	\$6,801,680	\$3,925,262	\$5,441,780
Engineering	\$220,300	\$225,000	\$230,000	\$235,000	\$240,000	\$245,000
Debt Service	\$956,600	\$954,044	\$953,544	\$952,844	\$956,494	\$954,543
<b>Total</b>	<b>\$20,971,100</b>	<b>\$19,623,953</b>	<b>\$10,348,550</b>	<b>\$8,880,524</b>	<b>\$6,037,756</b>	<b>\$7,532,324</b>

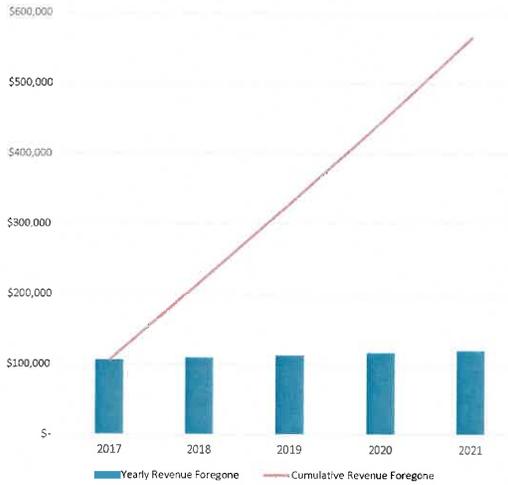
\*Only \$1.5 million is anticipated to be spent for the police station in 2016. Thus, the remainder of the project is anticipated to be spent in 2017 and has been slotted accordingly.

## Capital Projects Fund Forecast



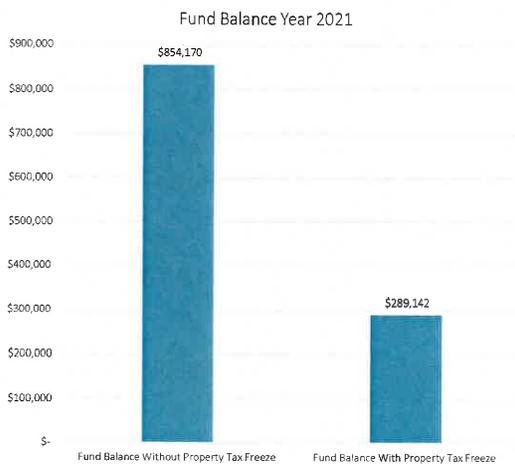
- ∞ In the Capital Projects Fund, expenditures vary year-to-year dependent upon the types of projects that are undertaken.
- ∞ 2019 is projected to have a negative fund balance. Projects will need to be adjusted or deferred to eliminate this negative balance.

## What would a property tax freeze cost the Village over 5 years in the Capital Projects Fund?



- ∞ The Village is a home rule community that is not legally bound by tax caps.
- ∞ However, the Village traditionally holds itself to the tax cap philosophy, which means the Village increases its levy for new growth and CPI only. This philosophy favors gradual increases over time rather than creating spikes in property tax rates.
- ∞ Legislation in Springfield may limit the Village's ability to increase the levy.
- ∞ Over 5 years, the Village would forego \$565,000 of revenue that would have to be made up from other revenue sources or through reductions to our capital plan.
- ∞ Funding for capital projects will be compromised if property taxes are frozen.

## Comparison of Ending Fund Balance with Property Tax Freeze



- ∞ This slide shows the yearly and cumulative impact in the year 2021 if the Village could not increase its tax levy.
- ∞ Fund Balance in the Year 2021 would be projected to be \$289,142 if property taxes were frozen versus \$854,170.

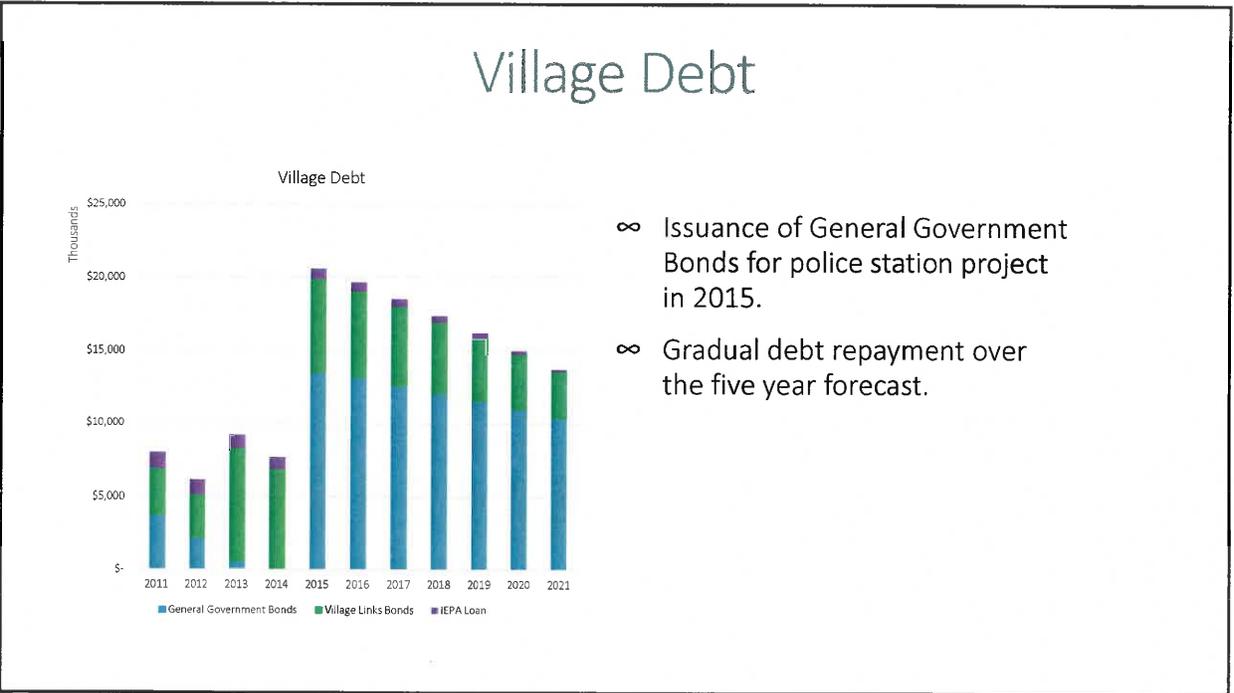
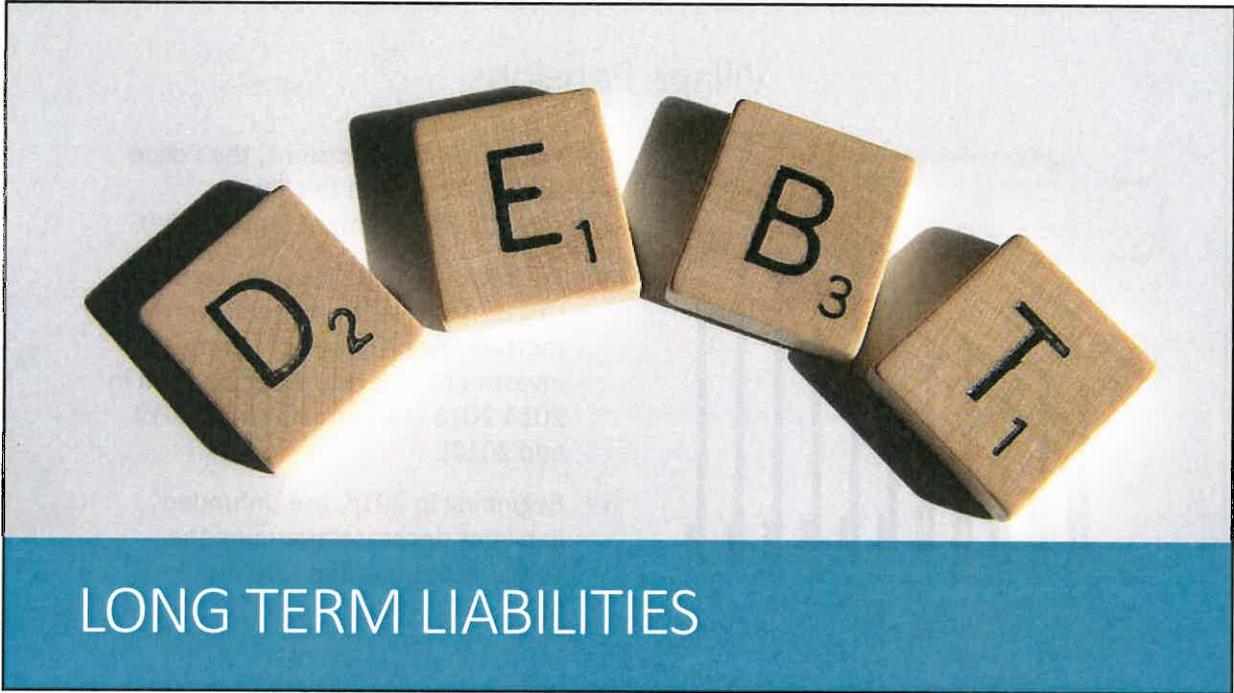
## Unscheduled/Unfunded Projects

- ∞ Several projects remain unscheduled and unfunded, namely those projects in the chart at right.
- ∞ Future planning will need to address how to fund these needs.
- ∞ Grant funds will be sought to address some of the funding needs, particularly for the Pedestrian Tunnel and Viaduct/Underpass.

Project	Estimated Cost	Notes
CBD Pedestrian Bridge/Train Station	\$10,000,000	Unscheduled/Unfunded
Viaduct/Underpass	\$50,000,000	Unscheduled/Unfunded
CBD Parking Structure(s)	??	Village portion of mixed use private development
Fire Station(s)	\$5-10 million	Unscheduled/Unfunded
Civic Center	\$1.5 – 2.5 million	Unscheduled/Unfunded

## Next Steps for Capital Project Fund

- ∞ The Five Year Capital Plan will be updated as part of the budget cycle.
- ∞ The Village must await decisions in Springfield on any property tax freeze that is passed and must respond accordingly to update its Capital Projects Fund forecast and methodology.
- ∞ The Village Board must provide direction on the increase to the 2016 property tax levy.
- ∞ The Village Board must provide direction on unscheduled/unfunded projects and how to proceed forward.



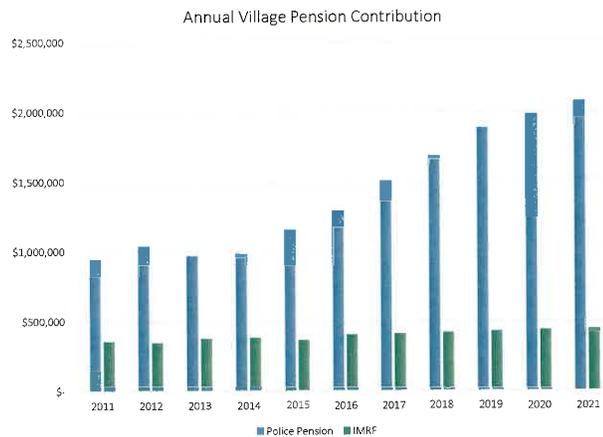
## Village Pensions



- ∞ Village has two pensions, the Police Pension Fund and the Illinois Municipal Retirement Fund (IMRF).
- ∞ The increase in police pension is due to a duty disability, increases to the mortality ages, decreases in the investment rate return assumption in 2014-2016 (and projected for 2017 and 2018).
- ∞ Beginning in 2018, the unfunded liabilities decrease assuming the actuarial assumptions are met.

## Annual Village Pension Contributions

- ∞ Police Pension annual contributions grow are projected to grow at 5-18% per year due to revision of actuarial assumptions.
  - ∞ 2016 Contribution (6.75%): \$1,292,000
  - ∞ 2017 Contribution (6.5%): \$1,620,000
  - ∞ 2017 Contribution (6.5%) est.: \$1,814,400
- ∞ IMRF contributions are anticipated to increase minimally. The anticipated rate change from 2016 to 2017 is from 10.82% of covered payroll to 10.34%.



## Next Steps for Long Term Liabilities

- ∞ The Village will need to revisit the actuarial assumptions for the Police Pension this fall in preparation for the tax levy discussion.
- ∞ The Village will need to be mindful of the negative impact that the increasing pension contributions will have on the General Fund.
- ∞ The Village will need to be mindful of the impact freezing property taxes will have on its ability to pay off debt and meet capital needs in the future.



**Village of Glen Ellyn**  
**Salary Tables - January 1, 2017 through December 31, 2017**

**CY 17 Salary Schedule Adjustment = 0.70%**

Range	Annualized			Hourly		
	Min	Mid	Max	Min	Mid	Max
AA	\$ 10,296	\$ 10,296	\$ 10,296	\$ 4.95	\$ 4.95	\$ 4.95
AB	\$ 17,160	\$ 17,160	\$ 17,160	\$ 8.25	\$ 8.25	\$ 8.25
AC	\$ 17,160	\$ 21,840	\$ 27,040	\$ 8.25	\$ 10.50	\$ 13.00
AD	\$ 18,720	\$ 23,400	\$ 28,080	\$ 9.00	\$ 11.25	\$ 13.50
AE	\$ 20,280	\$ 25,355	\$ 30,430	\$ 9.75	\$ 12.19	\$ 14.63
AF	\$ 20,800	\$ 26,000	\$ 31,200	\$ 10.00	\$ 12.50	\$ 15.00
AG	\$ 21,320	\$ 26,832	\$ 33,800	\$ 10.25	\$ 12.90	\$ 16.25
AH	\$ 23,400	\$ 29,245	\$ 36,525	\$ 11.25	\$ 14.06	\$ 17.56
AI	\$ 26,520	\$ 33,155	\$ 39,770	\$ 12.75	\$ 15.94	\$ 19.12
AJ	\$ 27,316	\$ 34,150	\$ 40,963	\$ 13.13	\$ 16.42	\$ 19.69
AK	\$ 29,701	\$ 37,555	\$ 44,991	\$ 14.28	\$ 18.06	\$ 21.63
AL	\$ 31,418	\$ 39,524	\$ 47,609	\$ 15.11	\$ 19.00	\$ 22.89
A	\$ 35,587	\$ 44,824	\$ 54,040	\$ 17.11	\$ 21.55	\$ 25.98
B	\$ 37,325	\$ 47,044	\$ 56,742	\$ 17.94	\$ 22.62	\$ 27.28
C	\$ 39,210	\$ 49,088	\$ 59,238	\$ 18.85	\$ 23.60	\$ 28.48
D	\$ 41,158	\$ 51,501	\$ 62,130	\$ 19.79	\$ 24.76	\$ 29.87
E	\$ 43,232	\$ 54,122	\$ 65,312	\$ 20.78	\$ 26.02	\$ 31.40
F	\$ 45,410	\$ 56,846	\$ 68,598	\$ 21.83	\$ 27.33	\$ 32.98
G	\$ 47,714	\$ 59,696	\$ 72,010	\$ 22.94	\$ 28.70	\$ 34.62
H	\$ 50,102	\$ 62,691	\$ 75,608	\$ 24.09	\$ 30.14	\$ 36.35
I	\$ 52,594	\$ 65,832	\$ 79,414	\$ 25.29	\$ 31.65	\$ 38.18
J	\$ 55,192	\$ 69,077	\$ 83,346	\$ 26.53	\$ 33.21	\$ 40.07
PO	\$ 58,417	\$ 73,136	\$ 91,420	\$ 28.09	\$ 35.16	\$ 43.95
K	\$ 57,977	\$ 73,079	\$ 88,181	\$ 27.87	\$ 35.13	\$ 42.39
L	\$ 60,910	\$ 76,724	\$ 92,538	\$ 29.28	\$ 36.89	\$ 44.49
M	\$ 63,905	\$ 80,515	\$ 97,104	\$ 30.72	\$ 38.71	\$ 46.68
N	\$ 67,110	\$ 84,536	\$ 101,963	\$ 32.26	\$ 40.64	\$ 49.02
O	\$ 70,545	\$ 88,914	\$ 107,283	\$ 33.92	\$ 42.75	\$ 51.58
P	\$ 74,064	\$ 93,313	\$ 112,562	\$ 35.61	\$ 44.86	\$ 54.12
Q	\$ 77,687	\$ 97,879	\$ 118,070	\$ 37.35	\$ 47.06	\$ 56.76
R	\$ 81,646	\$ 102,885	\$ 124,103	\$ 39.25	\$ 49.46	\$ 59.66
S	\$ 85,709	\$ 108,016	\$ 130,303	\$ 41.21	\$ 51.93	\$ 62.65
T	\$ 89,961	\$ 113,358	\$ 136,733	\$ 43.25	\$ 54.50	\$ 65.74
U	\$ 94,507	\$ 119,097	\$ 143,687	\$ 45.44	\$ 57.26	\$ 69.08
V	\$ 99,177	\$ 124,961	\$ 150,745	\$ 47.68	\$ 60.08	\$ 72.47
W	\$ 104,142	\$ 131,224	\$ 158,307	\$ 50.07	\$ 63.09	\$ 76.11
X	\$ 109,357	\$ 137,780	\$ 166,203	\$ 52.58	\$ 66.24	\$ 79.91
Y	\$ 114,845	\$ 144,734	\$ 174,623	\$ 55.21	\$ 69.58	\$ 83.95
Z	\$ 120,542	\$ 151,897	\$ 183,232	\$ 57.95	\$ 73.03	\$ 88.09

*Police Officers / F.O.P. Contract. Rates are effective November 1, 2015 to October 31, 2016.*

