

Village of Villa Park, Illinois

2020 BUDGET



INTRODUCTION

**JANUARY 1, 2020 TO
DECEMBER 31, 2020**

APPROVED DECEMBER 16, 2019

INTRODUCTION

This section of the budget document is divided into the following sections:

1) **Budget Message**

The Village Manager's Budget Message presents highlights and overviews of the current year's budget. It also discusses prior years' accomplishments, current year financial targets, strategic planning and other financial impacts on the proposed budget.

2) **Budgetary Summary**

Fund by fund discussion of revenues, expenditures/expenses in finer detail than the budget message.

3) **Budgetary Policies**

Provides an overview of the policies established in preparing the proposed budget.

4) **Financial Policies**

Provide overview of the guidance and direction used to manage the fiscal resources of the Village.

5) **Budget Process**

Describes the legal authority in establishing the budget; how it is presented and justified; and the adoption and execution of the budget.

6) **Strategic Plan & Mission Statement**

Describes the process of the Village Board's establishment of the future vision of Villa Park.

7) **Board Goals & Objectives**

Summarizes the major goals and objectives established by the Village Board to be utilized in preparing the proposed budget.

8) **Local Economic Condition and Outlook**

Provides a snapshot of the current state of the Village and economic development efforts throughout the community.

9) **Village History**

A brief summary of the historical development of Villa Park

10) **Miscellaneous Statistics**



Village of Villa Park

20 South Ardmore Avenue, Villa Park, Illinois 60181-2696

Albert Bulthuis, Village President
Hosanna Korynecky, Village Clerk
Rich Keehner, Jr., Village Manager

www.invillapark.com

Phone (630) 834-8500
Fax (630) 834-8967
TDD (630) 834-8589

BUDGET MESSAGE

Calendar Year 2020

December 16, 2019

**Honorable President and Board of Trustees
Village of Villa Park
20 South Ardmore Avenue
Villa Park, Illinois**

Ladies and Gentlemen:

We are pleased to present the Annual Budget for the 12-month fiscal year beginning January 1, 2020 and ending December 31, 2020. This budget is a financial plan aimed at maintaining current service levels under a continued erratic economic recovery while addressing the goals of the Village Board. The General operating fund was originally proposed to be balanced by just \$900. However, information learned late in the budget process that will increase our liability insurance contribution, and the loss of a cellular rental agreement caused the General Fund Budget to be in deficit. The 2020 budget calls for income of \$23,395,284, compared to a projected year-end operating income of \$22,825,320 for 2019. The budget includes \$23,560,078 in expenditures and transfers out, compared to \$22,509,289 projected for 2019. To offset this difference, the Village will continue to monitor expenditures and revenues, continue to support economic development, and use fiscal restraint.

The Village has changed its budget and financial reporting year to align with the calendar year, starting in 2019. To make this transition, the stub year 2018 budget covered 8 months. The calendar year budget improves communication and capital project planning. We have used the terms Fiscal Year (used to define the annual budget and auditing reporting period from May 1 – April 30) and Stub Year (8 month fiscal period from May 1 – December 31). You will see the shortening FY18 and SY18 to refer to Fiscal Years and Stub Year. In the future, we will drop references to Fiscal Year and Stub Year as those years are no longer reported on our financial statements and will instead use terms such as Budget Year or Calendar Year. While SY18 remains a comparative year, please keep in mind the shorter fiscal period covered.

The budget has been prepared in accordance with all applicable local, state, and federal laws. The Village of Villa Park operates under the Budget Officer Act, which requires that the budget be

adopted prior to the start of the budget year. All required hearings and budget information meetings have been held.

Budgeting entails multiple planning efforts, including strategic planning and capital improvements planning, all of which feed into the annual budget. Several discussions have been held with the Village Board to obtain feedback and direction in completing the annual operating budget. Balancing the budget continues to be a challenge as revenue increases more slowly relative to operating expenses and capital needs. With the State of Illinois continuing to deal with its dire financial situation, it remains unclear if the State will further reduce the revenue sources we have relied upon for decades. In recent years, the State operated without a budget, lowered the local share of income tax revenues and began charging administration fees on locally imposed sales taxes. The legislature has discussed several proposals that would freeze property taxes, and other proposals would continue the income tax reduction.

Preparation of the annual budget document began in August for the Finance Department. Budget forms, spending guidelines, and deadlines were presented to Village departments in late August. Budget requests were submitted by the departments in September. Review and analysis by the Finance Director and Village Manager began at that time. Budget meetings were held with each department and additional meetings were held to make necessary adjustments to the Budget to bring it into balance. The budget schedule requires Village Board approval of the document in December, following the necessary hearings and notifications.

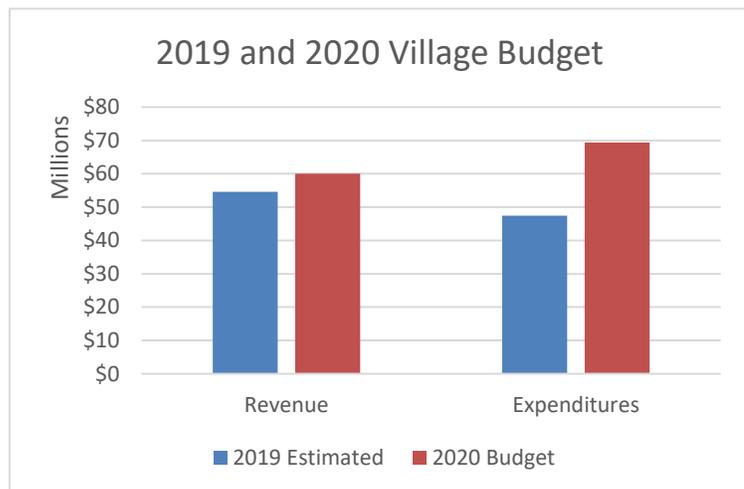
BUDGET SUMMARY

The 2020 budget anticipates \$60,006,690 (excluding interfund transfers) in total revenues. This represents a 10% increase from the 2019 estimated revenue of \$54,619,465.

The budget anticipates \$69,375,719 in total expenditures (excluding interfund transfers). This represents a 46% overall increase over 2019 estimated expenditures of \$47,465,902. We are continuing significant capital projects being paid from bond proceeds and low interest capital loans.

This budget has been constructed to accomplish the following:

- Providing sufficient funding to allow staff to maintain current service levels for our residents while recognizing that staffing levels are still well below 2009 levels.
- Maintain current staffing levels to ensure the public safety of both residents and businesses.
- Continue to ensure that the Village can provide adequate response to weather related and man-made emergencies.
- Continue to provide funding from the General Fund for needed building repairs, equipment replacement and priority initiatives.



- Continue to focus on development and property code enforcement in both residential and commercial areas.
- Continue funding for repair and enhancement of public spaces and recreational facilities to improve the quality of life for Village residents.
- Continue to search for new funding sources to provide funding for local road and other infrastructure projects.
- Replacing deteriorating vehicles and equipment to ensure an adequate fleet.

BUDGET HIGHLIGHTS / KEY PROJECTS

This year's budget contains many key projects and initiatives such as:

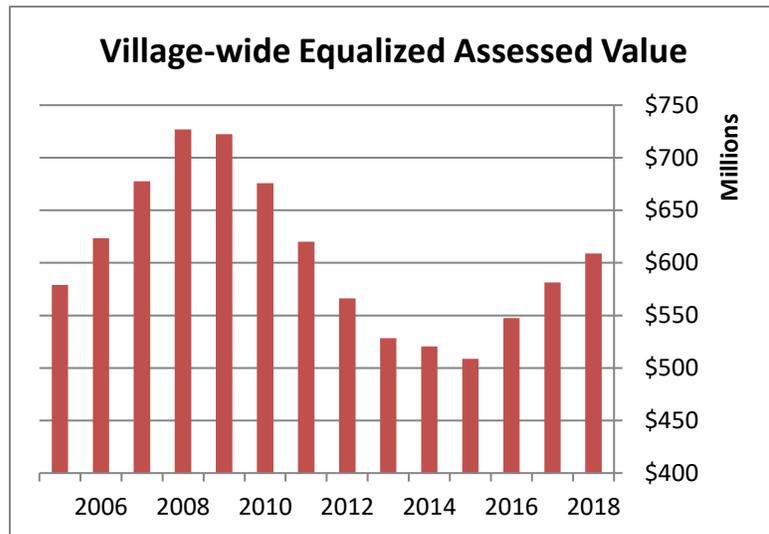
- Complete construction of the 2020 Street Improvement Program, the Astor & Myrtle Improvement Project, the Princeton Avenue Improvement Project (UP to Elm), the Euclid Avenue Improvement Project (Kenilworth to Highland).
- Advance and complete the Village's website to be modern and responsive to mobile technologies through a website redesign.
- Solicit development in all TIF areas, including North Avenue, St. Charles Road, Kenilworth and the Ardmore and the Roosevelt Road Corridor and other business districts.
- Create the South Ardmore business incentive program, including \$40,000 in this year's budget
- Police to participate in countywide Opioid Initiative/Heroin Diversion Program.
- Continue functional cooperation with neighboring fire departments to increase efficiency and continue participation in group purchases, vendor comparisons and shared resources.
- Improve communication with the business community i.e. use of email, social media, meetings, etc.
- Continue to work with developers, brokers, retailers and the business community to promote new development.
- Continue to assist residents in alleviating backyard flooding and other drainage problems through the Drainage Assistance Program.
- Continue lead inventory of water service lines by the EPA mandate.
- Install a portable oxygen tank for aquatic emergencies and train the Aquatic Team to administer portable oxygen.
- To create additional parking in the South Villa Avenue Business District, the Village is purchasing 100-110 S. Villa and relocating AK Mulch to 631 E. Wildwood Avenue.
- Increase 50/50 sidewalk program funding.
- Renewed focus and increased funding for tree trimming.

OUTLOOK

The State of Illinois continues to have significant budget issues. After two years without an operating budget, the State approved budgets that take funds away from local governments (as previously discussed). The State's fiscal 2019 budget included a lower reduction of income tax (from 10% to 5%) and lower administrative collection fee for non-home rule sales tax (rate reduced from 2.0% to 1.5%.)

Governor Pritzker has had a busy first year in office. Major initiatives have been approved that impact the Village including the consolidation of public safety pension investments (disability and benefit administration remains with the local pension boards), increases to the minimum wage, increases in several taxes that will increase Motor Fuel Tax allotments, and legalization of adult recreational cannabis use as a potential new revenue, but also an unfunded mandate for criminal records expungement.

The local economy continues to show some signs of improvement. Property values in the community have increased for the third straight year, after seven years of declines. With these increases, the Village's Equalized Assessed Valuation (EAV) has recovered about 46% of the decline experienced from 2008 to 2015. Revenue estimates continue to be conservative due to continuing uncertainty in the State. This year's budget includes modest revenue increases and fiscal restraint with operating and capital



expenses. There continues to be a focus on maximizing overall collections of outstanding receivables with our contracted collections agency and the Illinois Comptroller's debt interception program. The Village is continuing its wellness program for employees. In fact, our health insurance rates (effective January 1, 2020) remain flat. We have budgeted increases in some health insurance due to known, anticipated, or possible changes in employee coverage selections.

Some revenues are projected to grow, including sales taxes, ambulance fees, motor fuel tax allotments and state income tax. Revenues expected to decline include utility taxes, cell tower rent, and investment income. Investment income is lower because much of our investable money is bond proceeds, which continue to be spent down for capital projects as intended. In addition, fixed income rates have dropped, so the remaining available investments are generating lower rates of return.

Water conservation efforts continue to lower water consumption, but these decreases were anticipated when the Village implemented a new water and wastewater rate structure, which was needed due to significant water cost increases from the City of Chicago and DuPage Water Commission, our water suppliers. We continue to see declines in utility tax revenue, which is consistent with historical trends. Property tax revenue that is available for general purposes continues to decline because more is being allocated to public safety pensions and tax levies for other funds.

The Village continues to maintain the balance between providing funds for capital replacement, keeping operating expenses down, maintaining services for our residents and funding the long term obligations of our public safety pensions. As the economic recovery continues, a major factor in balancing the operating budgets is continued restraint in filling previously vacated positions. However, the lower staff levels continue to challenge the delivery of Village services.

2020 FINANCIAL TARGETS

For 2020, Village staff has continued to focus on the three financial targets, which are consistent with Village Board policies and recommendations, in preparation of the budget. These targets are intended to maintain the fiscal integrity of the Village by living within its financial means.

To that end, the proposed budget adheres to the following financial targets:

1. Balance operating expenditures with revenues anticipated during the budget year.

Staff proposed a balanced General fund budget. Due to new information learned late in the budget process, the final adopted budget includes revenues of \$23,395,284 and total General fund expenses of \$23,560,078. This includes \$775,500 in transfers to other funds for operations. There are no transfers for capital projects or equipment. The expected General Fund ending fund balance is \$79,153,142.

The General Fund contains all of the unreserved fund balances. Funds not needed for operating purposes or as minimum reserves can be transferred to other funds as needed. Other funds generally have reserved or “earmarked” balances which must be used within the limits of each fund’s purpose.

2. Maintain a fund balance (reserves) in the Village General fund equal to a minimum 90 day operating cost in the general operating fund.

In 2019, operational costs of \$61,669 per day are required to maintain Village services. A 90 day fund balance required \$5,550,236 in reserves. We are projecting a fund balance of \$9,317,936 (which includes Working Cash Fund Balance) to end 2019, which equates to 151 days balance.

In 2020, operational costs of \$64,548 per day will be required to maintain Village services (General fund), which includes transfers to other funds. A 90-day fund balance will now require \$5,809,334 in reserves. We are projecting a fund balance of \$9,153,142 to end Calendar Year 2020, which equates to 142 days balance.

3. Submit a budget with minimal increases in non-labor expenditures and non-capital expenditures in the operating budget.

Many previous operating cuts will continue to be maintained for 2020, although strategic priorities will drive increased efforts in certain areas. Capital spending has been removed from the operating budget since FY11-12 and budgeted in one of the capital funds as appropriate (Street Improvement, Other Capital, Equipment Replacement, Land and Building, Building Improvement Fund, Storm Water) as funds become available. This budget includes changing three part time positions to full time;. Cost increases are expected due to inflation and negotiated wage increases.

PERSONNEL SUMMARY

This budget includes changing three positions from part time to full time: Communications Specialist position in the Village Manager's Office, an Engineering Assistant in Public Works, and a secretary clerk in Recreation.

In FY2015, two departments underwent structural changes. In an effort to streamline operations and focus on successful implementation of the road referendum projects, the Public Works Department has reorganized into two divisions: Operations and Engineering. The Finance Department was reorganized to two divisions, Operations and Accounting. In both departments, personnel were shifted for better oversight and management.

The Village has no unsettled union contracts. Existing contracts expire in 2020 (AFSCME) and 2021 (FOP, MAP and IAFF).

LONG TERM PLANNING

The Village has multiple long term planning documents. The Village has an adopted strategic plan, adopted in 2013, that has been used to help guide long term decisions. In fall, 2019, the Village held another strategic planning session, which has not been finalized. While some guidance has been provided, the plan has not been completed.

Land use decisions are guided by the Comprehensive Plan, and our Zoning Code was recently updated to reflect that planning effort. The Parks and Recreation Commission has developed a Parks and Recreation Master Plan for updating and improving the parklands and recreational opportunities, and the Village recently adopted a bicycle and pedestrian plan. There are many other plans and documents relating to other infrastructure programs, which are better addressed in the long term Capital Improvement Plan.

Our multi-year financial plans focus on capital spending, but operational spending is also reviewed on an internal basis. Left unchanged, we find that our General Fund revenues will continue to grow at about 0.1% annually, while expenditures will grow at about 2.4%. This significant imbalance would wipe out our available fund balance by 2023 without any changes. This helps focus our efforts on areas that drive cost (pensions, health care, personnel) and identify revenue issues or opportunities (utility tax declines, state reductions in revenue sharing).

Police and Fire pensions continue to be the most significant long-term concern. Our actuaries have provided estimates indicating that our total pension liability in 2040 (the target date in state statute) will total \$171,000,000. Our current net position is about \$51,000,000. In order to be 100% funded in 2040, the value of our pension funds must grow an average of \$5,673,000 per year. As a point of reference, the Village contribution for 2019 was about \$3,030,000, and 2020 contribution will be about \$3,546,000. From FY15 to SY18, the pension funds grew an average of \$806,000 per year, far short of this required growth. In late 2019, the State of Illinois passed legislation that will consolidate all of the Police and Fire Pension Funds into two investment funds, which will hopefully result in higher investment returns. This legislation calls for pension fund assets to be transferred to the state-wide investment funds within 30 months. Improved investment returns still could be a few years away.

2020-2024 CAPITAL IMPROVEMENT PROGRAM

The 2020-2024 five-year CIP is a multi-year planning instrument used by the Village to identify needed capital projects and to coordinate the financing and timing of these capital improvements in such a way that maximizes the return to the public. The first year of the CIP, which is called the capital budget, is incorporated into the operating budget which, in turn, allocates funds for specific facilities, equipment and infrastructure improvements. Revenues to fund this program will come from bond proceeds, a dedicated non-home rule sales tax, water and sewer funds, grants, drainage fees, TIF revenues and General fund transfers. The full CIP is presented later in this document.

BUDGET BALANCING EFFORTS FOR 2020

As revenue growth remains modest, and losing two large sales tax generators over the past two year, it remains a challenge to balance the budget through cost control alone. The direction given to staff by the Village Manager's Office was to minimize cost increases for contractual items, commodities and supplies. As the costs of labor, equipment and materials continue to increase, staff continues to look for ways to increase revenue, improve collection of outstanding receivables, control spending and operate more efficiently. Staff has and will continue to actively seek grants to boost revenue where possible.

Several expense accounts may increase significantly, most notably pension contributions and health insurance (benefits). To offset their impacts, we continuously seek cost containment methods and ways to increase our efficiency. Significant staffing changes have occurred during the past few years as the Village continues to consolidate and modify service delivery. Our mission is to maintain and to preserve our essential services.

The Village is also continuing additional efforts to provide additional funding for our public safety pension funds. In SY 18, we increased some fees and fines that had not been reviewed in several years, particularly fees and fines relating to public safety personnel. The new, incremental revenue, along with a portion of new recreational cannabis sales (should a dispensary open in Villa Park), will be provided to public safety pensions as additional contributions.

CONCLUSION

The Village's cost containment efforts coupled with a conservative revenue increase have allowed the Village to maintain the General fund balance above the 90 day minimum. Keeping the fund balance at acceptable levels continues to be a challenge due to the multiple large sales tax generators reducing revenues and inflationary pressures on Village operating costs. Staff is again presenting a conservative budget, but with attention to priority programs, capital needs, and seeking additional funding for long term pension obligations. We will continue to focus on maximizing collection of money already owed to the Village. These efforts will hopefully continue to produce additional revenues that can be used to fund previously deferred projects and initiatives. Targeted fee increases for programs that are currently below the norm may be increased to provide additional public safety pension funding. It is both the Village Board's and staff's goal to provide quality, cost effective Village services.

We are very pleased with the accomplishments of the Village Board and staff during this past year. We improved service levels in several areas through streamlining and increased inter-departmental cooperation, in spite of a slower than expected economic recovery. We thank the Board for their continued support and their willingness to accept new methods and procedures to accomplish our goals.

There are several keys to sustaining the re-establishment of our financial strength: supporting our existing businesses, re-establishing our housing stock, improving the physical appearance of the Village, and attracting new businesses and redevelopment. Staff continues to work in unison with the Village Board to meet our goals. We look forward to the challenges of the upcoming year and will continue to plan for major projects and initiatives throughout the community.

Finally, we would like to extend our sincere appreciation to Village staff members who contributed many hours of dedicated work to produce this document. We would also like to thank the Village Board members for their input into the budget process and for providing staff with the budget guidelines.

Respectfully submitted,

A handwritten signature in blue ink that reads "Rich Keehner, Jr." with a stylized, cursive script.

Rich Keehner, Jr.
Village Manager

BUDGET SUMMARY

General Fund

The General Fund budget includes a 4.7% increase in expenditures from the previous 2019 projected, to \$23,560,078. Village contributions to Police and Fire pension funds are 16.7% greater than 2019, an increase of \$506,000. The operating expenditures are higher due to increases in salaries, benefits, commodities and contractual services.

The 2020 budgeted revenues total \$23,395,284, or 2.5% higher than 2019 General Fund Revenues. Revenue changes include reductions to interest income, cell tower rent, and utility taxes. We are budgeting for increases in sales tax, income tax, ambulance fees, and transfers from Motor Fuel Tax Fund.

The Village attained its goal of a 90 day fund balance in FY13-14 after several years well below that amount, mainly through continued cost containment. The Parks, Recreation and Swimming Pool Funds are partially funded through transfers from the General fund. In FY 2011-12 the Village began to take steps to see that these funds increase their self-sufficiency through modest fee increases and cost containment. In recent years, these funds have required additional General Fund transfer support.

The General fund transfers to equipment replacement and capital projects funds are determined annually. Capital funding is provided to the Street Improvement Fund and Capital Projects Fund through non-home rule sales tax (divided equally.) For 2020, this sales tax totals \$3.57 million, and these funds must be used for streets and infrastructure. Starting in SY18, we have utilized about \$640,000 from our non-home rule property taxing authority to issue Debt Service Extension Base (DSEB) rollover bonds. A portion of these rollover bonds, issued annually, has been earmarked for our TIF 3 debt restructuring strategy. The remaining proceeds can be used to purchase vehicles and equipment. The rollover bonds and sales taxes are insufficient to fully fund these capital needs, so we look to other sources whenever possible.

Other capital programs, such as land, building improvements, sidewalks, and other capital projects, do not have their own designated revenue sources. We have relied on grants, bond issues, and General Fund transfers to support these capital programs and to fund the shortfalls in existing revenue streams. In FY12-13 the Village began funding vehicle replacement through auctions and sales of fuel inefficient and confiscated vehicles. General Fund dollars are not available for 2020; additional revenue will be needed to fully fund the Village's equipment replacement needs.

Parks Fund

The Parks Fund budget as proposed includes a 2.0% increase in expenditures from the 2019 budget to \$1,116,268. The Parks Fund projects a negative fund balance of at the end of CY2019. Its main sources of revenue include property taxes, General fund transfers, reimbursements from other funds and Hotel/Motel Tax Fund revenues. This fund must be watched closely since increases in expenses must generally be covered by the General fund, which also must cover any deficits.

Recreation Fund

The Recreation Fund budget as proposed includes a 8.7% increase in expenditures to \$1,518,762, but this is actually lower than the 2019 budget. The Recreation Fund relies on program fees, rentals, property tax, and transfers from the General Fund. The Recreation Fund projects a negative fund balance at the end of CY2020. This fund must be watched closely since increases in expenses must generally be covered by the General fund, which also must cover any deficits.

RECAP OF OTHER FUNDS

Debt Service

In FY17, the Village refunded 2008 debt certificates that were paid from the North Avenue TIF (TIF 3). These Alternate Revenue Bonds use the Village's Non-Home Rule Debt Service Extension Base levies to issue rollover bonds each year to cover that year's debt service payment, the first of which was issued in 2018. Faced with insufficient TIF increment dollars in the North Avenue TIF, the Village developed this plan to maintain level property tax supported debt payments while paying down the TIF debt. In addition to this strategy, we refunded the 2009A and 2009B bonds for savings during SY2018.

In November, 2014, Villa Park voters authorized issuing \$23 million in debt to repair streets throughout Villa Park. To take advantage of historically low interest rates, the Village issued two series of bonds in December, 2014, and February, 2015. The bond proceeds were deposited in the Road Improvement Fund. Debt payments, and associated property tax revenue began in FY2016. The Series 2014 bonds were issued in the amount of \$9,405,000 (par value) with maturities from 2026 (FY2027) through 2034 (FY2035) with a true interest cost of about 3.65%. The Series 2015 bonds were issued in the amount of \$8,850,000 (par value) with maturities from 2015 (FY2016) through 2025 (FY2026) with a true interest cost of 2.15%. The referendum authorization to issue the remaining \$4,745,000 expires in November, 2019. The final tranche of \$4,745,000 was issued in 2019 and will be structured to result in level debt service payments (and level impact on property tax payers) through 2034. This tranche, series 2019B, was issued with a true interest cost of 2.39%.

In FY11-12 the Village refinanced Sugar Creek Golf Course debt certificates by refunding Debt Certificates 2003A and issuing \$1,120,000 in Refunding Debt Certificate 2011D. The Village has been working with the Elmhurst Park District to ensure that the golf course generates sufficient revenue to repay its debt obligations. Final payment will be made in 2022.

In April, 2017, voters approved a referendum for the Library to issue \$10.6 million to renovate, furnish and equip the Villa Park Public Library. These bonds were issued in two tranches (Series 2017C and 2018B) and will be paid off in 2036. These bonds count against the Village's bond limits, but paid by the Library.

Also in April, 2017, voters approved a referendum for an additional 0.5% Non-Home Rule Sales Tax. These dollars are being used for underground infrastructure, which could include IEPA low interest loans, Alternate Revenue Bonds, or cash payments for current projects. We have issued two tranches of Alternate Revenue Bonds (Series 2017B and 2018A) totaling \$3.795M. The final \$2.735M tranche was issued in 2019 (Series 2019A) at a true interest cost of 2.64%.

Future Debt

The Village will continue to issue annual rollover bonds, the proceeds of which will be used for principal and interest payments on the 2017 bonds. There are currently three IEPA low interest loans in progress for water and wastewater projects. The Village will also be entering into a capital lease for the purchase of an ambulance once the 2016 capital lease has been paid in full.

Other Special Revenue Funds

The Village's special revenue funds include the Motor Fuel Tax Fund, Hotel/Motel Tax Fund, NEDSRA Special Recreation District Fund and the five Tax Increment Financing Funds.

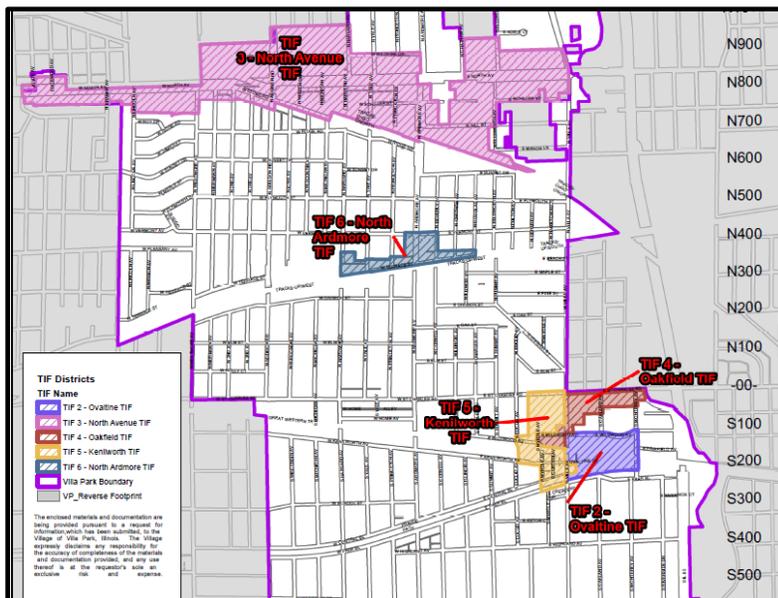
Motor Fuel Tax (MFT) proceeds are used for general street maintenance and other eligible street related activities established by State statute. The State recently increased our monthly allotment, so these funds will be able to fund additional street maintenance and related forestry activity in the General Fund.

The Hotel/Motel Tax fund revenues are transferred into the Parks Fund each year and there is no change in this practice this year.

The Northeast DuPage Special Recreation Association (NEDSRA) Fund transfers property taxes to another taxing body and eligible expenditures are then reimbursed to the Village by the NEDSRA. There is an amount reserved each year that is used to reimburse the Village for eligible recreation related capital expenditures. In 2020, we will be using NEDSRA funds for several improvements to various accessible playgrounds and to install ADA accessible stairs at Jefferson Pool.

The TIF funds derive their revenue through property taxes. The incremental EAV and TIF revenue have rebounded. TIF District #2 (Ovaltine TIF) is nearing expiration, but generates revenue to fund economic development activities and infrastructure improvements. An adjacent TIF

(Kenilworth TIF, #5) was established in 2015. Capital improvements in TIF #5 are funded by cash from TIF #2. TIF increment in TIF District #3 (North Avenue TIF) has been insufficient to cover increasing debt payments. As a result, the 2008 debt certificates were refunded (see previous discussion in the Debt Service Fund) in FY17, and we will levy property for the remaining bonds. This strategy was developed to minimize the impact on taxpayers, rolling all tax-supported debt into a single plan with level annual



debt service payments. TIF District #4 (St. Charles Road TIF) is adjacent to TIF District #2. This TIF produces little revenue, which has been used for economic development and capital activities. In 2019, this TIF has accounted for the purchase and land improvements for a property at 631 E. Wildwood, which will be sold to the owner of a business in the Villa Avenue business district. The property on Villa Avenue, once purchased by the Village, will be used for additional parking in that business district. TIF #6 (North Ardmore/Vermont TIF) was established in 2015 to help develop the area around the Village's Metra commuter lot.

CAPITAL FUNDS

These funds are comprised of all capital improvement funds excluding the Street Improvement Fund and Equipment Replacement Fund. They include the Capital Projects Fund, Land & Building Project Fund, Building Improvements Fund and the Stormwater Buyout Fund. The balances in these funds had been previously restored from the proceeds of a FY10-11 bond issue. A portion of the bond issue proceeds were used to fund building repairs and vehicle replacement in FY11-12 thru FY12-13. There is no ongoing funding source for our Land and Building Fund, Building Improvements Fund, and only a portion of annual Rollover Bonds is available for the Equipment Replacement Fund, which is insufficient.

Additional funding for capital projects is being provided by the voter approved 0.5% non-home rule sales tax, which went into effect July 1, 2017. This revenue will be used to pay for several different infrastructure projects accounted for in different funds. As such, we will collect this revenue in the Capital Projects Fund and transfer dollars as needed to other funds, including Stormwater Buyout Fund, Water Fund, and Wastewater Fund.

Capital Projects Fund

The Capital Projects Fund now has two cost centers. The Infrastructure cost center tracks the new 0.5% non-home rule sales tax, including transfers to other fund. This year, this includes transfers for storm sewer separation and wastewater projects. The Sidewalk cost center includes funding for sidewalk replacement and funding for ADA sidewalk improvements throughout the community, some of which is funded with Motor Fuel Tax funds. In 2020, we will also be installing sidewalks along Roosevelt Road.

Building Improvement Fund

The Building Improvement Fund proposes several capital projects funded by General fund transfer. There are few facility improvements included in this year's budget, including swimming pool improvements, Iowa Community Center door replacement, skateboard park maintenance, and two heating units.

Storm Water Buyout Fund

The Storm Water Fund derives funding from storm water permit related fees, grants and monthly Storm Water Fees that were implemented in FY2017. These monthly Storm Water Fees generate sufficient dollars to issue bonds for larger projects; a total of about \$7 million is being borrowed using Alternate Revenue Bonds (see the discussion in the debt section).

Projects in this year's budget include the Jackson Pond project, Astor Court/Myrtle, Drainage assistance program, Monterey, and Sugar Creek Golf Course Stormwater quality. More details on these projects can be found in the Capital Improvement Program.

Street Improvements Fund

The Street Improvements Fund is where the majority of road reconstruction and resurfacing projects are budgeted. Ongoing funding for the Street Improvement Fund is primarily received from the one-half cent sales tax that is earmarked for projects in this fund. The other major funding sources are grants and general obligation bonds.

In November, 2014, voters approved issuing \$23,000,000 in bonds for road improvements, which was discussed in the Debt Service Fund section.

The total proposed expenditure for 2020 is \$11,998,206 (including grants). Bond proceeds will fund \$7,781,000 of road projects. The remaining budget will be used for maintenance and construction activity funded by other non-road bond sources.

Equipment Replacement Fund

The Village's Equipment Replacement Program seeks to ensure that an adequate number of automobiles, trucks and equipment are provided to meet the current and future service needs of the Village. This program involves rehabilitation of existing vehicles, the purchase of new vehicles, and the re-purposing of vehicles that still have useful life remaining.

In 2020, we will replace a front end loader (cost shared with Water and Wastewater funds), a police squad (two others will be purchased using DUI funds), and a contribution toward a future fire truck purchase.

ENTERPRISE FUNDS

Enterprise Funds include the Water, Wastewater and the Swimming Pool Funds. The Water and Wastewater Funds are overseen by the Public Works Department and oversight for the Swimming Pool Fund is performed by the Parks and Recreation Department. The following is a brief overview of each fund:

Water Fund

The Water Fund budgeted operating expenses are projected to increase by 2.0% on an annualized basis, while capital (including engineering) will increase by 56.4%. The Village's water rate structure adopted in FY 13-14 incorporates the recommendations of a 2013 study which presented a plan for funding of future operating and capital costs. The successor study was completed, and a rate increases were implemented in 2018 and 2019. No increase is currently budgeted for 2020. Expenses in the Water Fund include repayment of Illinois Environmental Protection Agency (IEPA) loans for previously completed projects. We are anticipating an additional IEPA water loan in the amount of \$2,743,000 and \$400,000 Community Development Block Grants to fund a portion of a capital expense. This low interest (2%) loan will then be repaid over 20 years.

Wastewater Fund

The Wastewater Fund budgeted operating expenses are projected to increase 9.6% on an for operations (which includes a new \$52,600 capital lease payment for the sewer televising truck) and 41.5% for capital projects. Capital expenses are significantly higher at \$9.5 million compared to \$6.7 million in 2019. The capital investment is funded by a monthly fee (implemented during FY17) as well as transfers from the new 0.5% non-home rule sales tax as discussed in the Capital Project Fund section earlier. Significant projects in this fund include sewer rehab program, Wet Weather Flow facility improvements, and the following storm sewer separation projects: Astor Court/ Myrtle, Charles (St. Charles to Oak), Maple area, Michigan (Central to Kenilworth), and Monterey (Washington to Park). More details on these projects can be found in the Capital Improvement Plan. Other expenses in the Wastewater Fund include repayment of Illinois Environmental Protection Agency (IEPA) loans for previously completed projects. The Wastewater fund is also paying back an advance from the Street Improvement Fund \$90,104 during 2020 for the Park Boulevard project. The amount of the original advance was \$321,324. This will be paid off during 2020.

Swimming Pool Fund

The Swimming Pool Fund proposed operating budget for 2020 is \$208,533. For the 2018 season, Lufkin Pool, one of the Village's two swimming pools, was demolished in 2019. The Village will continue to operate Jefferson Pool. For 2020, salary costs will increase due to changes in the State's minimum wage laws. As we have done for the past several years, \$50,000 is budgeted in the Buildings Fund to support the swimming facilities.

Funds with negative fund balance

There are four fund with a negative projected ending fund balance: TIF 6, Recreation, Parks, and Swim Pool. TIF 6 Fund has a large advance from the General Fund and paying that back gradually over time. There is little other spending from this fund, so most of the revenue generated is paying this advance back.

Parks, Recreation and Swim Pool Fund has required additional General Fund transfers in addition to planned transfers and property tax levies. There is very little revenue for the Parks Fund, and the user fees generated for Recreation and Swim Pool have not been sufficient to meet the expenditures/expenses of these funds.

VILLAGE GOALS AND ACCOMPLISHMENTS

Service Goals Status Updates for the CY19 Budget

- Sustain a balanced budget and continue to meet GFOA recommendations concerning surplus funds. - Accomplished.
- Convert to new fiscal year. – Accomplished.
- Equip all Police squads with medical trauma kits. - Accomplished.
- Provide an “Open House” during Police Week. - Accomplished
- Complete construction of the Princeton Avenue Improvement Project (Elm to Union Pacific). - Accomplished.
- Complete construction of the St. Charles Road Bridge Improvement Project. – Accomplished.
- Complete annual installments of the Pavement Marking Program, the Asphalt Rejuvenation Program and the Pavement Patching Program. – Accomplished.
- Complete restoration work and landscaping at gazebos. – Accomplished.

Highlighted Accomplishments of the CY19 Budget

- Created a 2020 Census Committee and conducted meetings to prepare for the upcoming Census count.
- Modernized processes and updated cable production and equipment; implemented Board meeting video transcription to improve upon ADA accessibility and further transparency.
- Completed year five of the seven-year Street Improvement Program.
- Received the GFOA Award for Distinguished Budget Presentation for the twenty-seventh consecutive year.
- Completed the demolition of a commercial building vacant for over ten years.
- Completed over 3,000 hours of training by the Police Department with some officers receiving certifications in Overweight Truck Enforcement, Crises Intervention Team, S.W.A.T. and Drug Recognition Expert.
- SRO at Willowbrook initiated Peer Jury for juvenile offenders of minor criminal violations.
- Advanced progress toward the further development of the South Villa Business District into a downtown area by developing relationships with existing businesses and investing in capital projects.
- Placed in-service a new 2018 Fire Engine and sold the reserve Engine.
- Applied for and was awarded a FEMA Operations and Safety Grant for extrication equipment in the amount of \$32,000.
- Prepared a combined twenty police seizures and Village vehicles at the end of their life for Obenauf auction resulting in \$44,711.50 as of the end of August.
- Completed renovations of North Terrace Park building accessible bathrooms.
- Completed the new Willowbrook Playground purchase and installation.
- Increased August Summer Concert attendance at Cortesi Veterans Memorial Park by 57%.
- Enhanced opportunities for the Discover Dance Performance Team by providing them a new venue to perform at; Schaumburg Boomers.
- Received the Joseph R. Hartmann M.D. Award of Excellence for outstanding prehospital care.

- Improved Village communications and increased resident interaction through enhanced social media platforms.
- Regraded multiple ball fields.
- Completed improvements to Lions Park Playground which included new trees, landscaping and lighting.
- Added a new Fencing program in Villa Park on Tuesdays.
- Eased scheduling throughout the summer by increasing pool staff by certifying 16 new lifeguards.
- The Police Department received a \$5,000 grant from Walmart to supplement community programs.
- Jefferson Pool and Bath House improvements included: concrete repairs to the pool shell, epoxy painting of building soffit/fascia and painting of guard room walls and floors.
- The Police Department added new measures to collect unpaid debt such as outstanding booking fees and unpaid fines for citations including parking, Village ordinance and red light offenses.
- Public Education Instructors taught fire safety to over 100 first grade students at Villa Park elementary schools.
- Increased Super Sensational Saturday attendance by 116%.
- Designated as “Tree City USA” for the 34th consecutive year.
- Continued to provide electronic recycling services on a monthly basis.

CY19 Awards and Recognition

- Received the GFOA Excellence in Financial Reporting award for the 33rd consecutive year.
- Designated “Tree City USA” for the 34th consecutive year.
- Received the GFOA Distinguished Budget award for the 27th consecutive year.

Goals for CY20

- Implement street repairs through year six of the bond referendum projects.
- Extend the life of existing Village streets with the 2020 Pavement Resurfacing Program.
- Continue to maintain and develop the Prairie Path and Great Western Trail areas to stimulate economic growth and community involvement.
- Further support green initiatives with support of the Spring Sweep Recycling and Document Shredding event.
- Provide a wide range of Village and community event awareness through social media.
- Expand use of the CodeRED Civic Alert system to develop further government transparency.
- Implement new billing system with online merchant processing, review ways to allow customers to interact and pay in customer driven ways.
- Expand parking accessibility along the South Villa business corridor with the construction of a public parking lot.
- Solicit development in all TIF Areas, including North Avenue, St. Charles, Kenilworth and the Ardmore and Roosevelt Road Corridor and other business districts.
- Participate in Full-Scale Exercise with Addison PD and School District 88.
- Continue to process and collect debt on unpaid fines and fees.
- Increase involvement with North Avenue Townhome owners and tenants to resolve ongoing code enforcement issues.
- Continue to market Cortesi Veterans Memorial Park and Depot area to generate additional

Village revenue.

- Full implementation of K-9 Program.
- Increase efforts in economic development initiatives, including reinvigoration of the development of the South Villa and Ardmore Business districts.
- Complete construction of the 2020 Street Improvement Project, the Astor, Myrtle and Euclid Improvement Project, the Jackson Street Improvement Project, the College Streets Improvement Project, the Maple Area Improvement Project, the Michigan Avenue Improvement Project, the Monterey Avenue Improvement Project and the Yale Avenue Improvement Project.
- Complete annual installments of the Crack Sealing Program, the Pavement Marking Program, the Pavement Rejuvenation Program and the Pavement Patching Program.
- Offer a new Family Event in mid to late summer: Food Truck Festival.
- Expand Adult non-athletic program offerings to include cooking classes.

BUDGETARY POLICIES

Calendar Year 2020

For CY2020 the Village Board established financial targets and goals to be met by staff in the preparation of the budget. These targets and goals are intended to maintain the fiscal integrity of the Village by living within its financial means.

1. **Balance operating expenditures with revenues anticipated during the new budget year.**

Staff shall submit a balanced proposed budget. The budget can be changed in any manner desired by the Village Board.

2. **Maintain a fund balance reserve in the Village's general operating funds equal to 90 days of operating expenditures.**

In 2020, operational costs of \$64,548 per day will be required to maintain Village services (General fund). A 90-day fund balance requires \$5,809,334 in reserves. We are projecting a fund balance of \$9,153,142 to end 2020, which equates to 142 days balance. Any positive budget variances will further increase the General fund balance.

3. **The proposed budget should include service goals.**

These goals will help management define and measure the qualitative and/or quantitative accomplishments and progress of each department. The Village has established service goals each year since FY94.

4. **Adhere to the financial management policies of the Village.**

These policies assist in maintaining a favorable financial picture and the fiscal integrity of the Village, as measured by periodic bond rating reviews.

5. **Revenue estimates.**

Revenue estimates are based on historical trend information, known information, or estimates provided by external authority (such as the Illinois Municipal League.)

Assumptions used in developing the Revenue Projections:

- General fund revenue growth will be modest, but an increase is projected in several revenue accounts.
- A slow but steady growth in revenues tied to economic activity is expected to continue.
- The EAV has increased for 2020, continuing increases since declines every year from 2008 to 2015.
- Water consumption will continue to decline, but lost water is also on the decline.
- Projections on state shared revenues are based on IML projections, which incorporate changes to use tax collection and MFT rates.

FINANCIAL POLICIES AND STANDARDS

Financial policies provide guidance and direction while developing the operating, capital, and other budgets and managing the fiscal resources of the Village. Their framework lends to responsible long range planning. With these tools the Village continues its quality accounting practices per the Government Finance Officers' Association (GFOA) and Government Accounting Standards Board (GASB) guidelines.

The Village must follow general budget legal requirements established by Illinois law, DuPage County regulations and Municipal Code when preparing the annual budget.

Statutory Limitations

Illinois Compiled Statutes (50ILCS 330/), Illinois Municipal Budget Law and DuPage County filing requirements have regulations that certain timelines be met during the Village's budget process. According to State statute, a municipal government must adopt its annual budget (in lieu of the annual appropriation ordinance) prior to the start of the fiscal year because the Village operates under the Budget Officer provisions. The budget ordinance and certified estimate of revenues must be filed with the County Clerk's Office within 30 days of the adoption of the ordinance. In connection with the adoption of the Ordinance the State requires that..."Such budget and appropriations ordinance shall be prepared in tentative form by some person or persons designated by the governing body, and in such tentative form shall be made conveniently available to public inspection for at least thirty days prior to final action thereon."

The statute also requires at least one public hearing be held prior to final adoption and that public notice be given at least 7 days prior to the public hearing. The Statute allows for a municipality to pass a continuing annual budget ordinance.

Other statutory deadlines require that the government file its Tax Levy with the County Clerk's Office on or before the last Tuesday in December. In addition the government must file a "Truth in Taxation Certification" with its Tax Levy signed by the governing body's chief financial officer.

Basis of Accounting and Budgeting

The budget is prepared using the cash basis for both governmental and proprietary funds.

- Accruals, encumbrances and depreciation are not budgeted.
- Capital purchases and projects in proprietary funds are budgeted as expenses, regardless of any resulting fixed asset.
- For all funds, liabilities for compensated absences expenditures are not budgeted or recorded as earned. All continuing positions are budgeted at 100% annually. Any differences relating to use of leave time or other accruable leave is immaterial.
- Operating funds budget authority lapse at year end.

Budget Amendments

- Pursuant to 65 ILCS 5/8-2-9.6, by a vote of two-thirds of the members of the corporate authorities then holding office, the annual budget of the Village of Villa Park may be revised by deleting, adding to, changing or creating sub-classes within object classes and object classes themselves. No revision of the budget shall be made increasing the budget in the event funds are not available to effectuate the purpose of the revision.
- A clean up budget amendment is typically done at year end.
- Inter-fund transfers are typically completed to ensure funds do not have negative cash balances or fund balances. Where appropriate, inter-fund advances will be recorded to track repayment.
- The Budget Officer is authorized to make transfers between departments (within the same fund).
- Budgetary transfer authority within department non-personnel line items in the same fund is delegated to the Finance Director.

Revenues

- The Village maintains a broad-based, well diversified portfolio of revenues.
- Forecasted revenues are adjusted annually based on historical trends or known information.
- In establishing the revenue estimates, various techniques and assumptions were used including the following:
 - Historical representations,
 - Economic factors, including inflation, retail sales and interest rates,
 - Legislative environment, and
 - Historical research by the Illinois Municipal League.
- Property Taxes have been increased to capture all new or improved Equalized Assessed Valuation (EAV) into the levy calculation. New EAV is defined as annexed property, expired TIF EAV, or permitted property improvements.
- Based upon the Five Year Financial Forecasts the base Levy (prior year's EAV) will be increased by an index to CPI.
- Projected property tax receipts for CY2020 are based on the 2019 tax levy, which will be billed and paid by residents during CY2020.
- All Village rates and fees are reviewed annually and adjusted if necessary.

Capital Projects

- Project costs of \$25,000 or more with a life of at least 20 years are included in the CIP. Other capital items are budgeted annually in one of the capital funds or directly in one of the enterprise funds.
- Impacts on the Village's future operating costs must be considered when planning projects and those costs/savings incorporated within the respective department's operating budgets.
- Capital Projects are adopted in whole with the intent that each project retains its budget authority until project completion.

- Projects will not proceed without an approved funding sources. Revenues to fund the program can come from TIF funds, user fees, grants, loans, bond proceeds, motor fuel taxes, private funding sources, enterprise funds, sale of assets, the non-home rule sales tax, or other revenue source.

Debt Management

- The Village has a legal bonded debt limit of 8.625% of the total equalized assessed valuation (EAV) of the taxable property within the Village boundaries.
- Debt service funds are established to account for the accumulation of resources for the repayment of general long-term debt principal and interest (other than repayments financed by proprietary funds).
- The Village's Debt Service fund is legal in nature and is established in accordance with state statutes and bond indentures.
- When advantageous to the Village the type of debt to be issued is General Obligation Debt with annual abatements to the Debt Service Levy based upon acquiring debt service resources from alternate revenue sources.
- Long-term debt is not to be issued to finance current operations.
- The maturity date of any debt will not exceed the reasonable expected useful life of the project financed.
- User fees related to enterprise fund debt must provide sufficient revenue to repay the principal and interest on that debt.
- Bond proceeds should be invested in the following order of priority: 1) safety, 2) liquidity, and 3) yield.
- All outstanding bonds should be monitored, including their Continuing Disclosure Undertakings, for potential issues that should be disclosed. At minimum, annual budgets, audits, ratings changes (for Village and insurers), additional borrowings including capital leases, and payment defaults should be reported and disclosed to the MSRB.
- The Village will consult with an independent Financial Advisor to develop debt strategy and plan.
- Bonds may be refunded to achieve any of a number of objectives, including debt restructuring, savings, among others.
- Bonds may be sold on the open market, through direct placement, or through an underwriter, after consultation with the Village's Financial Advisor.

Fund Balance

The Village of Villa Park's Fund Balance/Net Position Policy establishes a minimum level at which the projected end-of-year fund balance/net position must observe, as a result of the constraints imposed upon the resources reported by the governmental and proprietary funds. This policy is established to provide financial stability, cash flow for operations, and the assurance that the Village of Villa Park (Village) will be able to respond to emergencies with fiscal strength.

Fund balances should be maintained as follows:

- General Fund shall maintain no less than three months of operating expenditures as unassigned fund balance.
- Special Revenue funds will be targeted at a minimum of 25% of annual budgeted operating expenditures.
- Debt Service Fund accumulation of fund balance should be a maximum of the amount of the next principal and interest payment due.
- Capital Projects Funds have no minimum fund balance.
- Enterprise funds' unrestricted net position should be no less than three months of operations.

Investments

- The Village of Villa Park's Investment and Internal Control Policy is adopted by the Board of Trustees. In accordance with that policy, public funds will be invested in a manner which will provide the maximum security of principal invested (safety) with secondary emphasis on meeting the daily cash needs of the Village (liquidity) while providing the highest yield (yield).
- The Investment and Internal Control Policy is reviewed annually and updated as needed. The current Policy was approved with Resolution 11-54 on August 8, 2011.
- All investments will conform to applicable State and Village statutes governing the investment of public funds.
- The Village's investment portfolio is reported to the Village Board each month.

Capital Assets

- The Village of Villa Park's capitalization policy is for items that have a life of at least two years and minimum cost of \$10,000 for vehicles, more for other categories of assets.
- General capital assets are long-lived assets of the Village as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. In the case of the initial capitalization of general infrastructure assets (i.e., those reported by the governmental activities) the Village chose to include all such items regardless of their acquisition date. Infrastructure such as streets and stormwater improvements are capitalized when installed or replaced. Routine maintenance items, such as resurfacing, repairing main breaks, or crack filling, are not capitalized. The valuation basis for general capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement costs.
- Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets are the same as those used for the general capital assets.
- Depreciated on all assets is computed and recorded using the straight-line method of depreciation over the following estimated useful lives:

➤ Building and Improvements	35 Years
➤ Vehicles and Equipment	3-30 Years
➤ Streets	35 Years
➤ Storm and Sanitary Sewers and Water Mains	40-50 Years
➤ Bridges	25-50 Years

Basis of Budgeting

The Village of Villa Park generally uses the cash basis for budgeting for all fund types in that encumbrances and depreciation are not budgeted because they do not result in cash outflows or spending. Village expenditures may not exceed the amounts appropriated in each fund. In the case of an emergency or a contingency, which was not reasonably foreseeable, a budget amendment would be required. The Village's budget for 2020 is constructed on a calendar year basis (January 1 – December 31). This is the second calendar year budget. The Village operated with a May 1 – April 30 fiscal year prior to FY18, when we adopted an 8-month budget to transition from May 1, 2018 through December 31, 2018. This short fiscal year is called Stub Year 2018, or SY18.

The budget must present a complete financial plan for the Village setting forth all estimated expenditures, revenues, and other financing sources for the ensuing budget year, together with the corresponding figures for the previous fiscal year. In estimating the anticipated revenues, consideration must be given to any unexpected surpluses and the historical percentage of tax collections. Further, the budget must show a balanced relationship between the total proposed expenditures and the total anticipated revenues with the inclusion of beginning funds.

Basis of Accounting (reported in the Comprehensive Annual Financial Report)

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues and additions are recorded when earned and expenses and deductions are recorded when a liability is incurred.

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.

More discussion and information on the Measurement Focus, Basis of Accounting and Financial Statement Presentation can be found in the Notes to the Financial Statements, Note 1 (Summary of Significant Accounting Policies) of the Village's Comprehensive Annual Financial Report.

Funds required for budget/appropriation

All Village funds, except funds for accounting purposes such as Cash Clearing, General Long Term Debt Account Group, etc. are included in the annual appropriation. All funds with a financial plan are budgeted, included in the budget document, and included in the Village Board approved budget.

Financial Policies

The Village has several finance related policies in place. Those include the following:

Policy	Record Number(s)	Latest adoption date
Adopt Budget Officer	Ordinance 2762	April 10, 1995
Investment Policy	Resolutions 73-01, 89-05, 99-56, 11-54	August 8, 2011
Fund Balance Policy	Resolution 13-15	April 22, 2013
Purchasing Card Policy	Resolution 10-37, 13-29	June 17, 2013
Purchasing	Resolution 14-23, 17-07, 17-94	December 4, 2017
Purchasing	Ordinance 1799, 2511, 2634, 3067, 3688, 3733, 4005	December 4, 2017
Travel Expense Reimbursement	Resolutions 08-08, 17-06, 17-64	September 25, 2017
Whistleblower Protection	Village Manager directive	December 21, 2017
Fiscal Year Change	Ordinance 4025	April 23, 2018
Budget policy review	n/a	September 23, 2019
Capitalization Policy for Fixed Assets	Resolution 89-37, 20-01	January 13, 2020

THE BUDGET PROCESS

Calendar Year 2020

The Village followed these procedures in establishing the budget:

- 1) The Village of Villa Park has adopted the Budget Officer System established in Illinois Compiled Statutes (ILCS 65, 5/8-2-9.1 through 5/8-2-9.10) providing for an annual municipal budget in lieu of the passage of an appropriation ordinance.
- 2) A formal public budget hearing and budget workshop were conducted before the Village Board approved the budget.
- 3) Upon adoption, the approved budget became the authorization to expend funds in the new budget year.
- 4) The Budget Ordinance was adopted prior to the start of the fiscal year and then filed with the County Clerk within 30 days of adoption, along with the Treasurer's Certified Estimate of Revenues, in compliance with requirements state law.
- 5) The budget may be amended by a 2/3 vote of the Village Board at any time. The Board may delete, add to, change or create sub-classes within object classes or even object classes themselves.
- 6) A budget is an annual plan of estimated expenditures and the proposed means of financing them. It is the method by which the Village delivers services and programs for the fiscal year. The adopted budget is a control mechanism to measure the resources expended to meet the approved objectives and to measure the adequacy of the fiscal plan.
- 7) Prior to 2019, the fiscal year began each May 1. The Village transitioned to a calendar year budget starting in 2019 to improve capital project planning, simplify communication, and align the budget with the annual tax levy process, which is required to be filed with DuPage County each December pursuant to state law. The budget process was coordinated with the tax levy process.

This budget document represents the culmination of many months of review by Village staff and elected officials of preliminary reports and budget material. These preliminary materials are and were available for public review at the Village Hall, the Villa Park Public Library, and on the Village's website: www.invillapark.com.

The budget was prepared under the efforts of the Village Manager's Office, the Finance Department and Village Departments.

Listed below were the approximate dates for the preparation and adoption of the budget:

	ACTIVITY	Staff	Village Board	Budget	Tax Levy
8/26/2019	Budget worksheets and budget preparation manual distributed to all department heads.	x			
	Budget worksheets and budget preparation manual distributed to Boards and Commissions.	x			
8/27/2019	Discuss budget preparation process at Village Manager's staff meeting.	x			
9/16/2019	Budget and Capital Improvement Program (CIP) worksheets due to Finance Department. Budget Narratives due to Finance.	x		x	
9/23/2019	Budget Policy Review		x	x	
9-23 to 9-27	Budget meetings with Department and Division heads to review draft copies of Budget and CIP.	x		x	
10/28/2019	Estimating Resolution adopted (at least 20 days before adoption)		x		x
11/1/2019	Distribute recommended Budget and CIP to Board and departments.	x	x	x	
11/8/2019	Budget published online, at Village Hall and Library	x	x	x	
NOT REQUIRED THIS YEAR	Truth in Taxation Hearing (shall not coincide with the budget hearing) required if projected levy is at least 105% of prior year levy [35 ILCS 200/18-70]				x
11/22/2019	Budget Public Hearing notice published (7-14 days before hearing)			x	
11/25/2019	Budget Workshop - operations and capital	x	x	x	
12/2/2019	Public Hearing (publish notice at least 7 days before hearing, make document available at least 7 days before hearing) [65/ILCS 5/8-2-9.9]	x	x	x	
12/2/2019	First reading of Budget Approval and Tax Levy Ordinances	x	x	x	x
12/16/2019	Second reading of Budget and Tax Levy Approvals. Board adopts Budget and five-year Capital Improvement Program, and tax levy ordinance	x	x	x	x

STRATEGIC PLAN & MISSION STATEMENT

In August 2013, the Village Board and staff held a meeting in order to update the Village's strategic plan. In order to develop the plan, it was necessary to identify the vision for the community as shared by the staff and elected officials. A draft document has been prepared and submitted to the Village Board. It will be incorporated in future planning documents once formally adopted.

New mission statement:

“The Village is committed to providing superior municipal services in a responsive, effective, and fiscally responsible manner while maintaining a good quality of life for our residents and businesses alike.”

From the foundation of the mission statement, the Board and staff proceeded to identify two key result areas that formed the foundation of the strategic plan:

- **SUFFICIENT FUNDING** - To provide revenues for accelerating maintenance and improvement to Village infrastructure.
- **ECONOMIC DEVELOPMENT** - Assist property owners with development within the Village of Villa Park. This is particularly important in the Transit Oriented Development project area and the Tax Increment Financing Districts.

The Village of Villa Park adopted a new comprehensive plan in 2009. The Village's long term focus based on this plan sought a Village with a high quality-of-life, a healthy and attractive atmosphere, and a distinct identity by creating sustainable land use patterns; establishing an efficient and sustainable multi-modal transportation network; developing superior community facilities; building modern utilities infrastructure; nurturing a strong, diverse and self-sufficient economic base; and by fostering a diverse housing stock and preserving its historical legacy.

VILLAGE BOARD GOALS AND OBJECTIVES

Prior to the beginning of the budget process, the Village established goals and objectives for the upcoming fiscal year. The primary purpose of these goals and objectives is to set forth clear, concise and effective guidelines for managing the affairs of the Village and for establishing mechanisms necessary to ensure the orderly growth of the Village. The following is a summary of the goals and objectives:

- Enhance public safety in the community through education, police protection, prosecution of offenses, and continued implementation of the Crime Free Housing Program.
- Improve the public infrastructure through street reconstruction, resurfacing, and water/sewer projects throughout the community.
- Attract new business development to the Village of Villa Park in order to improve the local economy and the Village's tax base.
- Continue with North Avenue and St. Charles Road corridor redevelopment projects in order to revitalize those business areas.
- Provide cost effective programs and amenities for the community's benefit through Parks and Recreation programs.
- Continue increased property maintenance enforcement through the community to address blighted parcels.

2020 UPDATE

In late 2019, the Village held a strategic goal setting session with elected officials and senior staff. Once synthesized by the consultants, the elected officials have individually prioritized those goals. As of the publication of this budget, that report has not been completed. The goals and objectives identified will be utilized to guide the Village moving forward.

LOCAL ECONOMIC CONDITION AND OUTLOOK

Villa Park, "The Garden Village," is strategically located adjacent to interstate highways and rail lines. It is just 17 miles west of downtown Chicago and only 12 miles from O'Hare Airport. The Village is located in east central DuPage County, one of the fastest growing counties in the nation.

The Village currently has a land area of 4.6 square miles and a population of 21,695 (2018 U.S. Census). The Village is empowered to levy a property tax on real property located within its boundaries. The Village also has the power by state statute to extend its corporate limits by annexation, which is done periodically when deemed appropriate by the Village Board.

Villa Park operates under the Village Board/Manager form of government. Policy making and legislative authority are vested in the Village Board, which consists of a President and a six-member board of trustees. The board is responsible, among other things, for passing ordinances, adopting the budget, appointing committees and hiring the Village Manager. The Village Manager is responsible for carrying out the policies and ordinances of the Village Board, for overseeing the day-to-day operations of the village and for appointing the heads of the village's departments. The Village President and Trustees are elected on a village-wide basis and hold office for a term of four years.

Villa Park's unemployment rate was 2.3% as of December 2019, an improvement from the already low 3.1% from December 2018 (IL Dept. of Employment Security). Villa Park's largest employers are a combination of commercial, industrial, and public:

Wal-Mart

Supreme Lobster

Jewel-Osco

CVS

Target

ConXall

School Districts 45 and 88.

There were 29 new business openings during 2019. All three retail areas welcomed new businesses. North Park Plaza Shopping Center on North Ave. experienced growth with the opening of D-BAT, an indoor baseball and softball academy and Kids Empire, an indoor playground.

Roosevelt Road experienced Bulldog Alehouse, Windy City Curling Club, Super Tacos Morelos, and BioLife Plasma.

In the Old Town Villa Avenue area, Fuel and Crème rehabilitated a vacant corner lot and has been a welcome addition to other destinations such as More Brewing. Kenilworth Townhomes began construction on four of sixteen units.

New business openings in 2020 are expected to be Mijo's Tacos, I Love Frys, Standard Meadery, Bucky's and a large retail tenant.

In order to encourage reinvestment and the rehabilitation of one of Villa Park's most historic business districts, the Village created the Ardmore Historic Business District Incentive Program. The Village will provide financial assistance to property owners for the interior and exterior rehabilitation of first floor commercial space in property tax generating structures.

The Village has much for which to be proud. Its schools are top rated. It is in close proximity to Chicago. Villa Park has three major bike and pedestrian trails that intersect in the middle of town. Its varied housing options are affordable. The Village has recently made great progress regarding new development and redevelopment and has a great opportunity to raise the level of awareness and share all that is good about Villa Park.

HISTORY OF THE VILLAGE OF VILLA PARK

At the turn of the century, an electric railway called The Aurora, Elgin and Chicago streaked across the prairie farmland. This land was owned by German farmers: the Cables, Meyers, Karnstedt and Biermanns. They had settled here in the 1850's and 1860's.

Two subdivisions sprang up - Villa Park in 1908 and Ardmore in 1910. Summit Avenue was the dividing line. In 1914, the two were incorporated as Ardmore. In 1917, the name was changed to Villa Park.

Two wealthy men, 'Colonel' J.L. Calhoun and Charles C. Heisen, figured prominently in the early development. The Wander Company of Bern, Switzerland opened its only American plant, Ovaltine, in 1917.

The population boomed in the 1920's. The Aurora, Elgin and Chicago Railroad was largely responsible for the rapid growth. Professional and business people were attracted to 'country' living. Buyers of lots were given inducements of 20 apple trees or 200 baby chicks. Schools were built, churches opened, community organizations were formed and a 5¢ newspaper was introduced. Members of the Women's Club gathered books in a little red wagon for a library.

In the 1930's, when many banks closed, the Villa Park Trust & Savings Bank survived. The village grew rapidly during the post World War II period. The population soared from 8,000 to its peak of 25,000 in 1965. New churches came, businesses flourished, parks were created and a beautiful new library was built.

Today, Villa Park provides a good life for its 21,904 residents. They enjoy a 'small town' atmosphere, excellent schools, outstanding police and fire protection, 'state of the art' paramedic service and exceptional recreational facilities. Transportation is good and health services are outstanding. Service clubs are very active.

Villa Park residents are comfortable with a wide variety of housing and convenient shopping. An active society enabled Villa Park to have both Chicago, Aurora and Elgin Railroad stations placed on the National Register of Historic Places. Both railroad stations are located on the Illinois Prairie Path, a national Historic Trail. In 1988, Villa Park received the coveted Governor's Hometown Honorable Mention Award for their three-year volunteer campaign to install ornamental memorial lighting on the Villa Park Prairie Path.

In 2017, Villa Park was recognized by Money Magazine as the 8th best place to raise a family, and 28th best place to live in the United States.

MISCELLANEOUS STATISTICS

Date of Incorporation
Form of Government

May 15, 1915
Board-Manager
Western suburb of Chicago,
located in DuPage County
4.6 sq. miles

Geographic Location
Area

Population

1914	300
1930	6,220
1950	8,807
1960	20,358
1970	25,891
1980	23,163
1990	22,253
1992	22,279
2000	22,075
2010	22,517
2018 (estimate)	21,695

Population by age group*	Percent	Estimated population
Under 5 years	6.7%	1,454
Under 18 years	23.4%	5,077
65 years and over	11.8%	2,560

Race and Hispanic Origin*	Percent	Estimated population
White alone	83.6%	18,137
Black or African American alone	4.8%	1,041
American Indian & Alaska Native alone	0.1%	22
Asian alone	5.2%	1,128
Two or more races	2.3%	499
Hispanic or Latino	23.1%	5,012
White alone, not Hispanic or Latino	65.5%	14,210

Educational attainment (of those age 25+)*	Percent	Estimated population
High school graduate	91.1%	19,764
Bachelor's degree or higher	34.5%	7,485

Housing stock*	
Owner occupied housing unit rate, 2014-2018	69.8%
Median value of owner-occupied housing units, 2014-2018	\$238,100
Median gross rent	\$1,115

* *Data from Census.gov quickfacts as of January, 2020*

Municipal Services & Facilities

Number of Full-time Employees 145

Building Permits

Number of Permits Issued in Calendar Year 2019	1,769
Value of Construction Authorized in Calendar Year 2019	\$27,727,434
Value of Permit Fees Collected in Calendar Year 2019	\$637,485
Other Permits issued	257
Certificates of Occupancy	62

Fire Protection

Number of Full-time Firefighters	26
Number of Stations	2
Number of Fire Hydrants	1,030
I.S.O. Rating	Class 3

Police Protection

Number of Sworn Full Time Police	39
Number of Part Time Sworn	9
Number of Civilian Staff (FT & PT)	12
Number of Squad Cars	15

Library Services

Number of Libraries	1
Number of Books	87,742
Number of Registered Borrowers	10,700
2019 Total Circulation	211,847
Bookmobiles	0
Number of Audio Visual Items	13,472
Number of E-Titles	92,927

Recreation Facilities (Owned or leased)

Number of Parks and Playgrounds	18
Park Area in Acres	129

Municipal Water Utility and Infrastructure

Population Services	22,075
Rated Daily Pumping Capacity	5,800,000
Average Daily Pumpage	1,516,000
Miles of Water Mains	80.4
Number of Metered Accounts	7,236
Miles of Streets/Alleys	74
Miles of Sanitary Sewers	83
Miles of Storm Sewers	74

Elections

Number of Registered Voters in Last Municipal Election (2017)	14,273
Number of Ballots Cast for Village President in Last Municipal Election	3,509
Percentage of Registered Voters Voting in Last Municipal Election	24.58%

