

**VILLAGE OF DOWNERS GROVE
REPORT FOR THE VILLAGE COUNCIL MEETING
DECEMBER 14, 2010 AGENDA**

| SUBJECT: | TYPE: | SUBMITTED BY: |
|---|--|---------------------------------|
| 2010 Aggregate Tax Levy and Abatements for the Village of Downers Grove | ✓ Resolution Ordinance Motion Discussion Only | Judy Buttny Finance Director |

SYNOPSIS

Ordinances have been prepared to adopt the 2010 Aggregate Tax Levy and abate a portion of the levy related to debt service.

STRATEGIC PLAN ALIGNMENT

The Five Year Plan and Goals identified *Exceptional Municipal Organization* with an objective of *Financially Sound and Sustainable Village Government*.

FISCAL IMPACT

Without the abatement of any debt, the proposed levy is estimated to be \$26,173,365. However, it is recommended that tax levy abatements totaling \$7,861,827, which would abate all Village debt, be approved and therefore, the net taxes to be raised by taxation for 2010 upon the taxable property is \$18,311,538 which includes the levy for the Village and the Public Library. The Village portion of the levy after abatements is estimated to be \$13,376,337.

UPDATE & RECOMMENDATION

A public hearing was held at the December 9, 2010 Council meeting. The Village Council requested more detail on what accounts for the increase in the tax levy. The Village portion of levy, after abatements, would increase by \$898,391, or 7.2%. Contributions to Police and Fire Pension Funds account for \$398,391 or 3.2% of the increase. The increase to the levy for operations accounts for \$500,000 or 4.0%. Staff recommends approval on the December 14, 2010 active agenda.

BACKGROUND

The tax levy process requires the adoption of the motion presented in advance of the following:

- Publication of Truth in Taxation Notice and Announcement of Public Hearing 11/24/10
- Public Hearing on Tax Levy 12/07/10
- Adoption of Tax Levy 12/14/10
- Abatement of Certain Debt Levies 12/14/10

Annually, the Village Council is required to levy taxes for the following:

- Village Services defined as corporate/police, fire protection, police pension, fire pension, the total amount of all General Obligation (G.O.) Bond payments due for the fiscal year;
- Library operating, Library debt; and
- all Special Services Areas.

Following the levy of taxes, the Council may *abate* or reduce the levy (reduce the property tax collections) for the specific amount that the Village has other resources available to pay for debt service. The amount to be abated is determined by the budget when specific revenues such as gas tax are identified to pay for the Fairview Avenue debt, water revenues that are identified to pay for bonds issued to improve the water system, revenues from stormwater and capital funds, and revenues from the Tax Increment Financing (TIF) districts that are available and budgeted for debt service.

The Mayor and Village Council have the opportunity to evaluate the proposed tax levy in the context of the budget. In addition, the proposal includes the tax levy and abatements. The amounts proposed for abatement are those debt instruments for which the Village has funds other than property taxes identified to pay principal and interest obligations.

| EAV | 2010 projected EAV to be received in FY 11 (5% decrease) |
|-------------|--|
| EAV Village | \$2.4 billion |

| Levy | 2010 recommended levy before abatements | 2010 recommended levy after abatements |
|------------------------|--|---|
| Corporate levy | 3,812,347 | 3,812,347 |
| Fire Protection levy | 2,850,000 | 2,850,000 |
| Fire Pension | 2,203,343 | 2,203,343 |
| Police Pension | 1,880,508 | 1,880,508 |
| Stormwater | 2,630,139 | 2,630,139 |
| Debt Service: | | |
| GO Bonds, Series 2001A | 507,310 | - |
| GO Bonds, Series 2002 | 125,400 | - |
| GO Bonds, Series 2005 | 426,550 | - |
| GO Bonds, Series 2007 | 707,308 | - |
| GO Bonds, Series 2008A | 3,509,437 | - |
| GO Bonds, Series 2008B | 781,650 | - |
| GO Bonds, Series 2009 | 1,339,650 | - |
| GO Bonds, Series 2010A | 238,700 | - |
| GO Bonds, Series 2010B | 225,822 | - |
| Total Debt Service | 7,861,827 | - |

| | | |
|---------------------|-------------------|-------------------|
| Village Levy | 21,238,164 | 13,376,337 |
|---------------------|-------------------|-------------------|

| | |
|------------------|--------|
| Village Tax Rate | 0.5568 |
|------------------|--------|

| | | |
|-------------------------|-----------|-----------|
| Library Operating | 4,024,744 | 4,024,744 |
| Library Debt Service | 655,340 | 655,340 |
| Special Service Area #2 | 246,446 | 246,446 |
| Special Service Area #3 | 8,671 | 8,671 |

| | | |
|-------------------------|-------------------|-------------------|
| Total All Levies | 26,173,365 | 18,311,538 |
|-------------------------|-------------------|-------------------|

ORDINANCE NO. _____

**AN ORDINANCE ABATING A PORTION OF
THE 2010 TAX LEVY RELATED TO
THE GENERAL OBLIGATION BONDS, SERIES 2009**

WHEREAS, the Council of the Village of Downers Grove, DuPage County, Illinois, pursuant to the provisions of Article 8 of the Illinois Municipal Code, has heretofore adopted an ordinance levying taxes for the corporate purposes of the Village of Downers Grove for the fiscal year commencing on the first day of January, 2010, and ending on the thirty-first day of December, 2010, (hereinafter referred to as the "Ordinance"), which Ordinance shall, pursuant to law, be filed in the office of the County Clerk of DuPage County, Illinois; and

WHEREAS, the Ordinance provided for a levy for funds budgeted for the General Obligation Bonds, Series 2009 (Ordinance 5051 adopted March 17, 2009) in the amount of \$1,339,650.00; and

WHEREAS, the Village of Downers Grove has sufficient funds available in the Corporate Fund to abate a portion of the amount of tax to be levied for the General Obligation Bonds, Series 2009 and to reduce the amount of tax to be levied pursuant to the Ordinance accordingly,

NOW, THEREFORE, BE IT ORDAINED by the Council of the Village of Downers Grove, DuPage County, Illinois, as follows:

SECTION 1. That the funds available in the Corporate Fund of the Village of Downers Grove be applied to the General Obligation Bonds, Series 2009 in the amount of \$1,339,650.00.

SECTION 2. That the amount of \$1,339,650.00 levied for purposes of the General Obligation Bonds, Series 2009 be abated from the tax levy for the fiscal year commencing on the first day of January, 2010, and ending on the thirty-first day of December, 2010.

SECTION 3. That the Clerk of the Village of Downers Grove, DuPage County, Illinois, is hereby directed to file with the County Clerk of DuPage County, Illinois, a copy of this Ordinance, duly certified by said Village Clerk.

SECTION 4. That this Ordinance shall be in full force and effect from and after its passage as required by law.

SECTION 5. That all ordinances or parts of ordinances in conflict with the provisions of this Ordinance are hereby repealed.

Mayor

Passed:

Published:

Attest: -----
Village Clerk