

# 2022

# OPERATING BUDGET



VILLAGE OF VILLA PARK,  
ILLINOIS



# INTRODUCTION

JANUARY 1, 2022 TO DECEMBER 31, 2022

# **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**

Provides 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

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## **PROPOSED FY2022 BUDGET MESSAGE**

### **Calendar Year 2022**

December 14, 2021

**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 Proposed Annual Budget for the 12-month fiscal year beginning January 1, 2022 and ending December 31, 2022. This budget is a financial plan aimed at maintaining current service levels under an economic recovery that was erratic before the impact of the COVID pandemic and exacerbated by the pandemic while addressing the goals of the Village Board. The 2022 total budget revenue projections of \$64,885,481 is less than the budgeted expenditures of \$78,253,208. This is due to the required spending of bond proceeds and non-home rule sales taxes on capital projects. The General Fund revenues are projected to exceed the budgeted expenditures by \$1,209,722 and the Special Revenue Funds expenditure exceeds the revenues by \$930,211 for 2022.

In 2019, the Village changed its budget and financial reporting year to align with the calendar year; therefore, charts reflecting the 2018 fiscal year represent the 12 month period from May 1, 2017 through April 30, 2018 for comparison purposes. The “stub” or transition period from May 1, 2018-December 31, 2018 is no longer shown in the budget document because it represents only an 8 month period.

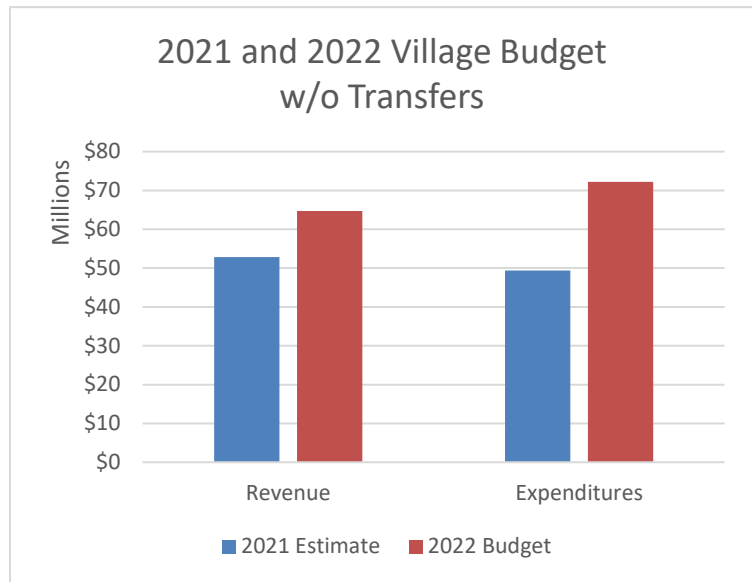
The budget has been prepared in accordance with all applicable local, state, and federal laws. The Village of Villa Park operates under the Budget Officer Act, which requires that the budget be adopted prior to the start of the budget year. All required hearings and budget information meetings will be held prior to implementation.

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 in October. 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 2022 budget anticipates \$64,885,481 (excluding interfund transfers) in total revenues. This represents an 23% increase from the 2021 estimated projected revenue of \$52,891,312.

The budgeted expenditures (excluding interfund transfers) totals \$78,253,358 which represents a 51% overall increase over 2021 estimated expenditures of \$51,828,467. This rise is partly due to the constraints on spending during FY21 as we ascertained the impact of the COVID-19 pandemic on revenues and as we continue 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 2022-2023 Street improvements program including the completion of Maple Area Improvements, Wisconsin Avenue (Vermont to Ridge) rehabilitation, Wisconsin Avenue (Jackson to Madison), Wisconsin (Madison to Washington), Harvard (Plymouth to Ridge), Michigan (Vermont to Plymouth) pending CDBG award and resurfacing of select streets throughout the Village.
- Start construction of the Jackson Pond Expansion Project, which the Village received a FEMA grant for in the amount of \$4,000,000.

- Implementation of body worn cameras in the Police Department.
- 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, North Ardmore/Vermont and the Roosevelt Road Corridor and other business districts.
- 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.
- Continue replacement of aging apparatus including street sweeper, dump truck, and fire vehicles.
- Install a portable oxygen tank for aquatic emergencies and train the Aquatic Team to administer portable oxygen.
- To continue to seek developers to purchase and improve the 100-110 S Villa property.
- Increase 50/50 sidewalk program funding.
- Renewed focus and increased funding for tree trimming, dead tree removal, and stump grinding.

## OUTLOOK

The 2020 U.S. census includes an increase in the population of Villa Park from 21,904 to 22,263, which is an increase of 359 or 1.63%. These census numbers have been certified by the state of Illinois and will result in an increase in state shared revenues, which are allocated on a per capita basis.

Sales tax for 2021 has increased from the pre-COVID 19 pandemic and it is expected the 2021 projected sales tax will exceed the 2021 budgeted sales tax. As spending and consumer habits continue to return to pre-COVID levels, revenue changes for 2022 include budgeting for increases in sales tax, amusement tax, video gaming, placing of eating tax and ambulance fees. Decreases include state income tax and sales use tax.

Villa Park has several new businesses, which opened in 2021. Popeye's opened in September 2021 and Shoot Point Blank opened in October 2021, both along the North Avenue corridor. Ross Dress for Less opened in October 2021, along the Roosevelt Road corridor.

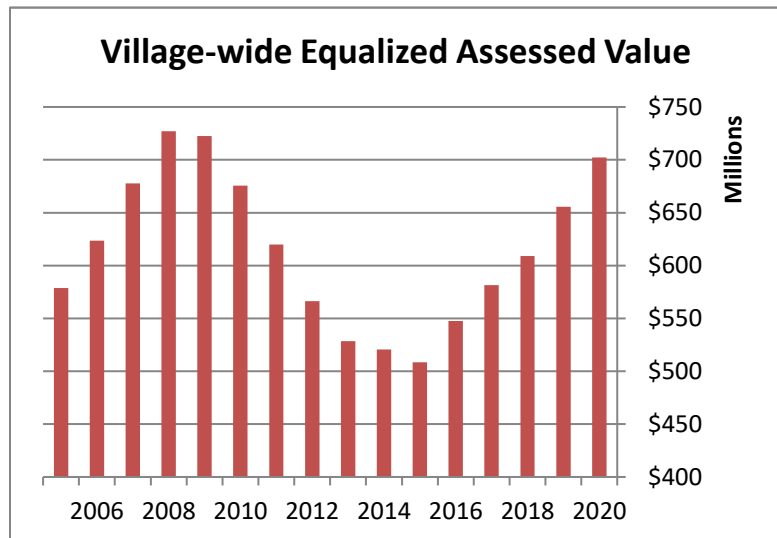
More businesses are anticipated to open in 2022 including Belle Tire, Casey's General Store, Green Leaf Cannabis, and Thornton's.

Hawthorne Development has proposed a \$120 million mixed-use market rate residential housing development at the southeast corner of Ardmore and Vermont immediately adjacent to Villa Park's Metra station. This project will consist of 348 market rate apartments consisting of 10 studio units, 273 one-bedroom units, 65 two-bedroom units, 8,878 square feet of commercial retail space, and 440 parking spaces. Project amenities will include among others, a 36,000 square foot open deck area, a 2,300 square foot swimming pool, a 3,500 square foot fitness room, an outdoor fireplace and seating area, WeWork space, a dog wash station, and a virtual golf stimulator. The Village Board approved the redevelopment agreement and the issuance of

TIF revenue bonds on August 23, 2021. Hawthorne Development closed on all the properties within the development area on September 30, 2021. Site work is expected to begin in early 2022.

Property values in the community have increased for the fifth straight year, after seven years of declines. With these increases, the Village's Equalized Assessed Valuation (EAV) has recovered to 97% of the peak in 2009 by 2020. The 2020 EAV increased due to the expiration of the Ovaltine TIF.

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.

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 budget is continued restraint in filling previously vacated positions. However, the lower staff levels continue to challenge the delivery of Village services.

## 2022 FINANCIAL TARGETS

For 2022, 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. The expected General Fund ending fund balance is \$12.8 million up from the 2020 audited fund balance of \$9.8 million.

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 2021, estimated expenditures of \$64,036 per day were required to maintain Village services. A 90 day fund balance required \$5.8 million in reserves. We are projecting a fund balance of \$12.8 million (which includes Working Cash Fund Balance of \$700k) to end 2021, which equates to 200 days balance.

In 2022, projected costs of \$67,741 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 \$6.1 million in reserves. We are projecting a fund balance of \$12.8 million to end Calendar Year 2022, which equates to 200 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 2022, 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 (Street Improvement, Other Capital, Equipment Replacement, Land and Building, Building Improvement Fund, Storm Water) as appropriate and as funds become available. Cost increases are expected due to inflation and negotiated wage increases.

## **PERSONNEL SUMMARY**

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 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.

In 2021, the Village settled the labor agreement with FOP (patrol officers), which now expires in 2025. The labor agreement between the Village and AFSCME expires in 2022. The FOP (sergeants/lieutenants) labor agreement also expires in 2022. The IAFF labor agreement will expire in 2023.

## **LONG TERM PLANNING**

The Village has multiple long term planning documents. The Village adopted strategic plans in 2013 and 2020 that have been used to help guide long term decisions. The 2022 Budget includes funds to update the 2020 Strategic Plan.

Land use decisions are guided by the Comprehensive Plan and our Zoning Code was updated in

February 2018 to reflect that planning effort. The 2022 Budget contains funds to update the 2009 Comprehensive Plan. In the 2021 Budget, the SCADA Equipment Radio Path Telemetry Study was completed. 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. The 2022 Budget also contains funding to update the Villages 2009 Sanitary Sewer Master Plan. Additional plans and documents relating to infrastructure programs are 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. 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 \$59,000,000. In order to be 100% funded in 2040, the value of our pension funds must grow an average of \$5,600,000 per year. As a point of reference, the Village contribution for 2021 was about \$3,456,945, and 2022 contributions will be about \$3,578,015. To increasing funding into the Police and Fire Pension Funds, the Village Board mandated that 2% of the Village's 3% Cannabis Tax to be placed into these pensions. Police and Fire Pension will receive 1% each from the Cannabis Tax.

In late 2019, the State of Illinois passed legislation that will consolidate all of the Police and Fire Pension Funds into two investment funds, with the goal to achieve 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. The transfer of fund assets is expected to begin in 2022.

## **2022-2026 CAPITAL IMPROVEMENT PROGRAM**

The 2022-2026 five-year Capital Improvement Plan (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 2022**

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. To offset

the 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. Two-thirds of the new recreational cannabis sales tax from a new dispensary, which opened in October 2020, is being transferred to public safety pensions as additional contributions, with one-third contributed to fire pensions, one-third contributed to police pensions, and one-third contributed to parks. The Board has approved an additional new dispensary which will open in late 2021.

## **CONCLUSION**

The Village's cost containment efforts coupled with a conservative revenue increase have allowed the Village to maintain the General Fund balance at more than 200 days, significantly more than the financial policy of 90 days minimum. Keeping the Fund balance at acceptable levels continues to be a challenge. 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.

I am 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, during a year of momentous difficulties and uncertainty. On behalf of the staff, and myself I 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 our financial strength: supporting our existing businesses, diversifying 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. I look forward to the challenges of the upcoming year and will continue to plan for major projects and initiatives throughout the community.

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

Respectfully submitted,



Michael Guerra  
Interim Village Manager

# **BUDGET SUMMARY**

## **General Fund**

The 2022 budgeted revenues total \$25,760,147, which are budgeted to remain relatively flat. The 2022 projected General Fund Revenues are expected to be lower than 2021 budgeted revenues by \$59,213. Revenue changes include budgeting for increases in sales tax, amusement tax, video gaming, placing of eating tax and ambulance fees. Budgeted decreases to revenues include state income tax and sales use tax.

The 2022 General Fund budgeted expenditures total \$24,725,626 which is a 5.8% increase from 2021. The operating expenditures are higher due to increases in salaries, benefits, commodities and contractual services.

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 2022, this sales tax is budgeted for a total of \$3.8 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.

## **Parks Fund**

The Parks Fund budget as proposed includes a 21% increase in expenditures from the 2021 projected expenditures to \$1,386,499. The Parks Fund projects a negative fund balance at the end of CY2021, which includes a transfer from the General Fund of \$503,000. 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 monitored 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, \$1,453,494, includes a 17.0% increase in expenditures compared to 2021 projected expenditures. The Recreation Fund projects a positive fund balance at the end of CY2021, which includes a transfer from the General Fund of \$650,000. The Recreation Fund relies on program fees, rentals, property tax, and transfers from the General Fund. This fund must be monitored 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 the 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 (DSEB) 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 expired in November, 2019. The final tranche of \$4,745,000 was issued in 2019 and is 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 are 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 DSEB annual rollover bonds, the proceeds of which will be used for principal and interest payments on the 2017 bonds. There are currently six IEPA low interest loans for water and wastewater projects and we are proposing three more for projects in the 2022 budget.

## Other Special Revenue Funds

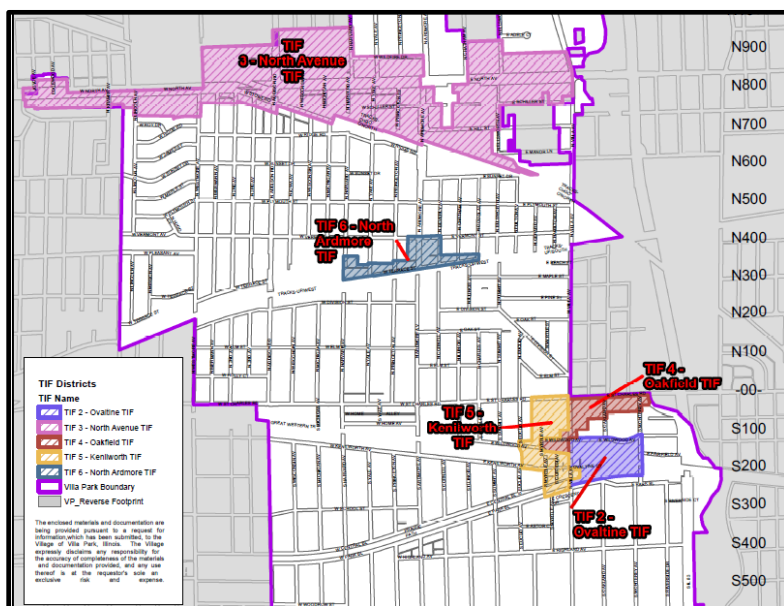
The Village's special revenue funds include the Motor Fuel Tax Fund, Hotel/Motel Tax Fund, NEDSRA Special Recreation District Fund and the five Tax Increment Financing Funds.

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 the Village's 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 2021, we used NEDSRA funds for improvements to accessible playgrounds.

The TIF funds derive their revenue through property taxes. The incremental EAV and TIF revenue have rebounded. TIF District #2 (Ovaltine TIF) has expired. An adjacent TIF (Kenilworth TIF, #5) was established in 2015. Come capital improvements in TIF #5 were 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 tax through the use of DSEB 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 accounted for the purchase and land improvements for a property at 631 E. Wildwood, which was sold to the owner of a business in the Villa Avenue business district. The property on Villa

Avenue was purchased by the Village and is being 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. In September 2021 the Village Board approved a redevelopment agreement with Hawthorne Development to construct a 348 mixed-use housing complex.

## **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 DSEB 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 is being 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(s). 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 2022, as in past years, we will be working on the annual 50/50 sidewalk plan and ADA sidewalks.

### **Building Improvement Fund**

The Building Improvement Fund proposes several capital projects funded by the General Fund transfer. The facility improvements included in this year's budget include swimming pool improvements, stairs, treads and risers at the Public Works Building, carpeting for Fire Stations 81 & 82, and three window air conditioning units at Fire Station 82.

### **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 Expansion Project for which the Village has received a FEMA grant in the amount of \$4,000,000, Wisconsin improvements, Yale

improvement, Maple Area and Monterey improvements. More details on these projects can be found in the Capital Improvement Program.

### **Street Improvement Fund**

The Street Improvement 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 2022 is \$11,833,730. Bond proceeds will fund \$7,205,850 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 2021, due to the impact the COVID pandemic had on revenues, this fund had insufficient resources to fund necessary replacements. As a result, the only planned expenditures in FY2021 were for two heart monitors/defibrillators and the ambulance lease. In 2022, this fund will be used for the lease payment on the ambulance leased in 2020, replacement of a fire department vehicle, provide a down payment on a replacement fire engine, replace a street sweeper, plow, tractor, trailer, and dump truck.

## **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 3.0%, while capital (including engineering) will increase by 104%. Capital expenditures are projected to be 2,470,000 for 2022. The Village's water rate structure adopted in FY 2020 incorporates the recommendations of a 2020 study, which presented a plan for funding of future operating and capital costs. Expenses in the Water Fund include repayment of Illinois Environmental Protection Agency (IEPA) loans for previously completed projects. Significant projects in this fund include Bierman (Sunset to North Avenue), Michigan (Vermont to Plymouth), Harvard (Plymouth to Ridge), Wisconsin (Madison to Washington and Washington to Kenilworth), Maple area improvements and well #10 abandonment. In 2022, we are anticipating additional IEPA water loans in the amount of \$660,000 and \$600,000. The interest rate is currently less than 2%.

## **Wastewater Fund**

The Wastewater Fund budgeted operating expenses are projected to increase 11% for operations and 689% for capital projects. Capital expenses are projected to be \$7,379,330 for 2022. 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 Maple area improvements, Washington area, Wisconsin (Madison to Washington), Wisconsin (Washington to Kenilworth), Monterey (Washington to Park), SCADA improvements, and Wet Weather Flow Treatment Facility (WWTF) repairs and replacements. We are planning to utilize \$7,380,000 in IEPA funding.

## **Swimming Pool Fund**

The Swimming Pool Fund proposed operating budget for 2022 is \$210,914. As we have done for the past several years, \$50,000 is budgeted in the Buildings Fund to support improvements in the swimming facilities.

## **Funds with negative fund balance**

There are six funds with a negative projected ending fund balance: TIF 6, TIF 4, Parks, Street Improvements, Equipment Replacement, and Building Improvements. These will require additional General Fund transfers.

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.

# **CY 2021 VILLAGE ACCOMPLISHMENTS**

## **Highlighted Accomplishments of the CY21 Budget**

- Maintained village staffing and provided superior village services throughout the COVID pandemic and uncertain economic times
- Maintained corporate fund surplus throughout the COVID pandemic and uncertain economic times
- Maintained an S & P AA stable bond rating throughout the COVID pandemic and uncertain economic times
- Continued to meet COVID-19/CDC restoration requirements throughout the COVID Pandemic
- The Village approved a development agreement August 23 for the mixed-use housing development “Garden Station” project adjacent to the Metra Station. Hawthorne Development closed on its financing and the development properties September 30.
- The Village sold 257 – 277 E. North Ave (the former Ladewig property) March 5.
- Shoot Point Blank developed 257 – 277 E. North Ave and opened October 20.
- Purchased body worn cameras in the Police Department.
- Implemented a parking boot program to encourage payment of thousands of dollars in unpaid parking tickets.
- Submitted a \$1.4M IDNR OSLAD grant application for the renovation of Lufkin Park
- Completed construction of the 2021 Sidewalk Improvement Program
- Completed construction of the North Harvard Improvement Project (Jefferson to Plymouth)
- Completed construction of the Third Avenue Improvement Project (Holly to Division)
- Completed construction of the Charles Avenue Improvement Project (St. Charles to Oak)
- Started construction of the Maple Area Improvement Project
- Received notification of a \$4 million FEMA Grant for the Jackson Pond Improvement Project
- Received notification of a \$10 million DCEO grant for the construction of community center
- Implemented a Sensus FlexNet Communication Network system.
- Corrected ADA door handle deficiencies at Iowa Community Center
- Increased awareness by scheduling Facebook posts ahead of time which will put information on the news feed more frequently and on weekends
- Changed staff program responsibilities to bring new ideas and new programs
- Researched adding credit card readers at ICC, CRB and Jefferson Pool with the ability to capture a signature
- Certified ten new lifeguards (American Red Cross)
- Continued wellness and risk management education efforts to lower long-term costs
- Adopted a program to assist businesses outside of the TIF areas with improving and updating their property
- Prepared and submitted CDBG applications for infrastructure funding
- Contract the purchase and installation of 10 - 11 new street light poles on St. Charles Road
- Cleaned 382 curb inlets and catch basins
- Prepared annual resolutions and supporting documentation for the use MFT funds and submitted them to IDOT
- Completed annual maintenance of the Iowa Community Center Skate Park
- Replaced unit heater at the Parks Maintenance building
- Instituted the Multi-Family Fire Self-Inspection Program. The program was designed to

serve as a guide for building and property managers who are responsible for preparing the building for Village inspection and code compliance.

- Applied for a \$16,000 FEMA Assistance to Firefighters Grant for the purchase of two Thermal Imaging Cameras.
- Completed necessary electrical improvements and circuit labeling in the Village Hall facility.
- Village Hall finance office improvements; larger office, electrical, lighting, fixtures, paint, a/c, new steel frame entry door.
- Fire Station 82 sewer line was replaced.
- Added ADA accessible playground mulch surfaces at all Village playgrounds.
- Completed High Ridge Baseball field including new dugout shade structures and scoreboard, foul poles, warm up areas, signage and additional material and grading of infield.
- Saved several thousand dollars by not printing and delivering the seasonal brochures. An electronic version was made available on the Village's website. This also allowed staff to make changes to classes as needed during the pandemic.
- Improved payment technology at front gate (began accepting credit cards) of Jefferson Pool, thus increasing revenue for gate admission at by 47% (from \$33,256 in 2019 to \$48,942)
- Completed Rotary Park facility and restroom improvements; painting of floors and walls, new lighting, new toilets and fixtures.
- Completed improvements at Cortesi Park; the Depot exterior was patched and painted, deck painted, light poles painted, fire hydrants painted and new landscape was installed

### **CY21 Awards and Recognition**

- Received the GFOA Excellence in Financial Reporting award for the 35th consecutive year.
- Designated "Tree City USA" for the 36th consecutive year.
- Received the GFOA Distinguished Budget award for the 29th consecutive year.

### **Goals for CY22**

- Continue to implement/assist with Crime-Free Housing Program.
- Solicit development in the Roosevelt Road, North Avenue, and St. Charles commercial corridors.
- Purchase two new McGrath Video Laryngoscopes for Medic Units 81 & 82 to improve positive patient outcomes.
- Provide in-house Pediatric Advanced Life Support (PALS), Advanced Life Support (ALS), and Basic Life Support (BLS) for Healthcare Provider training and two-year certification to all department paramedics.
- Purchase Active Shooter equipment to include a ballistic vest kit, helmet, active shooter car bag, and active shooter response backpack for each riding position on Engine 81 (four riding positions), Engine 82 (four riding positions), Medic 81 (two riding positions), Medic 82 (two riding positions), Chief 81 and Deputy Chief 81.
- Purchase a new Chief 81 2022 Chevy Tahoe to replace current C81, a 2012 Chevy Tahoe which can then be reassigned as a fleet vehicle.
- Purchase and place in-service a 2022 Pierce Impel Fire Engine to replace Engine 80, a 1998 Emergency-1 Fire Engine.
- Continue to maintain Village property with minimal out sourcing

- TBD lighting improvements at PD and PW through ComEd Grants
- Remove small parking lot islands, making snow removal more efficient and limiting weed growth in landscape rock at the Metra station.
- Start Lufkin Park renovation project (2 year project) based on OSLAD grant award.
- Increase number of summer concerts to include the month of June as well as August
- Continue to not print and deliver the seasonal program brochure that will result in an annual cost savings of approximately \$10k.
- Add a ladder in in the deep end on the east wall for Diving Board users now that the board has been repositioned. Remove ladder on west wall of pool in the center.
- Bring back Summerfest as a one-day event and include a car show, food trucks, entertainment and a beer garden.
- Provide the public with access and technical assistance for the National Flood Insurance Program (NFIP).
- Continue expansion of existing Geographic Information Systems (GIS) for Village use.
- Continue to develop a retro reflectivity plan that conforms to the requirements of the Manual for Uniform Traffic Control Devices (MUTCD).
- Assist DuPage County with storm water activities to comply with the NPDES (Natural Pollutant Discharge Elimination System) Storm Water Permit.
- Prepare plans, specifications and estimate for the construction of a new salt storage structure located at 729 N. Ardmore Avenue.
- Compiled and submitted documentation of past uses of MFT funds to IDOT for review and audit.
- Continue to seek grant funding for projects identified in the Bicycle and Pedestrian Plan.
- Begin construction of stormwater detention facilities associated with the Jackson Pond Project.
- Complete water system improvements associated with the Harvard Improvement Project (Plymouth to Ridge) (Utility sales tax funding), Michigan Improvement Project (Plymouth to Ridge) (pending CDBG funding).
- Complete construction of the Harvard Avenue Improvement Project (Plymouth to Ridge), the Maple Area Improvement Project (various streets), the Michigan Vermont to Plymouth pending CDBG award, the Monterey Avenue Improvement Project (Washington to Park), North Wisconsin (Vermont to Ridge) and using both referendum and non-referendum funds.
- Continue Village Hall electrical improvements phase 2 to include; wiring upgrades, interior and exterior outlet/switch replacements, circuit relocation.
- Complete Facility Assessments of roofs, asphalt/concrete and mechanical systems (VH, PD, PW, Parks, Fleet, Fire 81 & 82).

# **BUDGETARY POLICIES**

## **Calendar Year 2022**

For CY2022, 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 2022, operational costs of \$67,741 per day will be required to maintain Village services (General Fund). A 90-day fund balance requires \$6,096,690 in reserves. We are projecting a fund balance of \$12,627,753 to end 2022, which equates to 197 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 2022 EAV has increased for the fifth straight year after seven years of declining EAV from 2008 to 20015.
- Water consumption will continue to decline, but lost water is also being reduced.
- 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 CY2022 are based on the 2021 tax levy, which will be billed and paid by residents during CY2022.
- 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 2022 is constructed on a calendar year basis (January 1 – December 31). This is the fourth 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 measureable 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:

<b>Policy</b>	<b>Record Number(s)</b>	<b>Latest adoption date</b>
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 2022**

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](http://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:

<b>ACTIVITY</b>		<b>Staff</b>	<b>Village Board</b>	<b>Budget</b>	<b>Tax Levy</b>
8/24/2021	Budget worksheets and budget preparation manual distributed to all department heads.	x			
8/24/2021	Budget worksheets and budget preparation manual distributed to Boards and Commissions.	x			
8/24/2021	Discuss budget preparation process at Village Manager's staff meeting.	x			
9/15/2021	Budget and Capital Improvement Program (CIP) worksheets due to Finance Department. Budget Narratives due to Finance.	x		x	
9/21 to 9/24/21	Budget meetings with Department and Division heads to review draft copies of Budget and CIP.	x		x	
10/22/2021	Distribute recommended Budget and CIP to Board and departments.	x	x	x	
Between 11/8-11/15/2021	Truth in Taxation Hearing notice published (14-7 days before hearing).				x
11/8/2021	Estimating Resolution for 2020 Property Tax Levy (at least 20 days before adoption).		x		x
11/22/2021	Recommended Budget published online, at Village Hall and Library.	x	x	x	
11/22/2021 Board Meeting	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
Between 11/22-11/29/2021	Budget Public Hearing notice published (publish notice at least 7-14 days before hearing, make document available at least 7 days before hearing). [65/ILCS 5/8-2-9.9]			x	
11/22/2021	Budget Workshop - operations and capital	x	x	x	
12/6/2021 Board Meeting	Budget Public Hearing [65/ILCS 5/8-2-9.9]	x	x	x	
12/6/2021 Board Meeting	First reading of Budget Approval and Tax Levy Ordinances	x	x	x	x
12/13/2021 Board Meeting	Second reading of Budget and Tax Levy Approvals. Board adopts Budget, Capital Improvement Program, and Tax Levy ordinance.	x	x	x	x

## **STRATEGIC PLAN & MISSION STATEMENT**

In August 2013 and October 2019, 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. Draft documents have been prepared and submitted to the Village Board. Goals from those plans have been placed into action through the development of the budget.

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 throughout the community to address blighted parcels.

## **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 22,263 (2020 U.S. Census, certified). 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 7.6% as of December 2020 (IL Dept. of Employment Security). Villa Park's largest employers are a combination of commercial, industrial, and public: Wal-Mart  
Supreme Lobster  
Jewel-Osco  
Target  
ConXall  
School Districts 45 and 88.

Several new businesses opened in 2021. Popeye's has opened in September 2021 and Shoot Point Blank opened in October 2021, both along the North Avenue corridor. Ross Dress for Less opened in October 2021, along the Roosevelt Road corridor.

More businesses are anticipated to open in 2022. Belle Tire, Casey's General Store, Green Leaf Cannabis, and Thornton's are among the businesses expected to open in 2022.

Hawthorne Development has proposed a \$120 million mixed-use market rate residential housing development at the southeast corner of Ardmore and Vermont immediately adjacent to Villa Park's Metra station. This project will consist of 348 market rate apartments consisting of 10 studio units, 273 one-bedroom units, 65 two-bedroom units, 8,878 square feet of commercial retail space, and 440 parking spaces. Project amenities will include among others, a 36,000 square foot open deck area, a 2,300 square foot swimming pool, a 3,500 square foot fitness room, an outdoor fireplace and seating area, WeWork space, a dog wash station, and a virtual golf stimulator. The Village Board approved the redevelopment agreement and the issuance of TIF revenue bonds on August 23, 2021. Hawthorne Development closed on all the properties with the development area September 30, 2021. Site work is expected to begin in early 2022.

The Village has much for which to be proud; new and planned road, sanitary sewer and water

separation infrastructure, three major bike and pedestrian trails, varied and affordable housing, top rated schools, and close proximity to Chicago. The Village has 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 22,263 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 8<sup>th</sup> best place to raise a family, and 28<sup>th</sup> 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	21,904
2020	22,263

### **Population by age group\***

	<b>Percent</b>	<b>Estimated population</b>
Under 5 years	6.6%	1,448
Under 18 years	23.7%	5,190
65 years and over	11.8%	2,585

### **Race and Hispanic Origin\***

	<b>Percent</b>	<b>Estimated population</b>
White alone	83.6%	14,844
Black or African American alone	4.8%	1,032
American Indian & Alaska Native alone	0.1%	200
Asian alone	5.2%	1,370
Two or more races	2.3%	2,544
Some Other Race		2,270
Native Hawaiian & Pacific Islander		3
Hispanic or Latino	23.1%	5,084
White alone, not Hispanic or Latino	65.5%	13,950

### **Educational attainment (of those age 25+)\***

	<b>Percent</b>	<b>Estimated population</b>
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 140

### Building Permits

Number of Permits Issued in Calendar Year 2020	1,900
Value of Construction Authorized in Calendar Year 2019	\$27,727,434
Value of Permit Fees Collected in Calendar Year 2020	\$988,997
Other Permits issued	257
Certificates of Occupancy	62

### Fire Protection

Number of Full-time Firefighters	26
Number of Stations	2
Number of Fire Hydrants	1,042
I.S.O. Rating	Class 3

### Police Protection

Number of Sworn Full Time Police	37
Number of Part Time Sworn	8
Number of Civilian Staff (FT & PT)	12
Number of Squad Cars	15

### Library Services

Number of Libraries	1
Number of Books	92,599
Number of Registered Borrowers	10,762
Total Circulation in Calendar Year 2020	203,963
Number of Audio Visual Items	14,204
Number of E-Titles	81,093

### Recreation Facilities (Owned or leased)

Number of Parks and Playgrounds	18
Park Area in Acres	129

### Municipal Water Utility and Infrastructure

Population Served	22,075
Rated Daily Pumping Capacity	5,800,000
Average Daily Pumpage	1,534,000
Miles of Water Mains	80.4
Number of Metered Accounts	7,302
Miles of Streets/Alleys	74
Miles of Sanitary Sewers	83
Miles of Storm Sewers	76