

COMMUNITY PROFILE & LOCAL ECONOMY

Founded in 1836 by German settlers, Elmhurst was incorporated as a village in 1881 and as a city in 1910. The City is a home rule municipality and operates under the council-manager form of government. Policy making and legislative authority are vested in the governing City Council, which consists of a mayor and a fourteen-member council. The City Council is responsible, among other things, for passing ordinances, adopting the budget, and establishing policy. The City Manager is responsible for carrying out the policies and ordinances of the City Council, and for overseeing the day-to-day operations of the City. Council members are elected to four-year staggered terms with seven council members elected every two years. The mayor, treasurer, and city clerk are elected for concurrent four-year terms. Two council members are elected from each of seven wards; the mayor, treasurer, and city clerk are elected at large.

The financial reporting entity (the City) includes all the funds of the primary government (i.e., the City of Elmhurst as legally defined), as well as its component units. Component units are legally separate entities for which the primary government is financially accountable. The Elmhurst Public Library is a discretely presented component unit. The City provides a full range of services. These services include police and fire protection; storage and distribution of potable water; sewerage collection and treatment; sanitation services; construction and maintenance of highways, streets, and infrastructure; code enforcement; planning and zoning; and the parking system.

The City of Elmhurst's economic outlook is bright. The City is ideally located approximately 16 miles west of downtown Chicago on the eastern border of prestigious DuPage County. The City has a land area of approximately ten square miles and a 2007 population of 43,298. Although primarily residential, the City's close proximity to O'Hare International Airport has contributed to the development of several national and even international corporate headquarters within the City's boundaries. The 2000 census figures indicate that over three quarters (87%) of the City's work force are employed in either professional, managerial, sales, or technical positions. The City's current unemployment rate, provided by the Illinois Department of Employment Security - Economic Information Division, (not adjusted for seasonal employment) of 3.1% compares favorably with the statewide rate of 4.7% and a national average of 4.3% (see following page for additional demographic and economic information). During FY 2007, new commercial and multi-family development, along with upgrading and remodeling of Elmhurst residences, led to a 10.4% increase in the City's net assessed valuation. In the last five years, the net assessed valuation has increased 50.4% to today's figure of \$2,031,021.795. Although significant infrastructure improvements have been completed recently, general obligation debt remains a modest 2.3% of assessed valuation. The City's property tax base reflects these increases in assessed values. According to the U.S. Census, median value of owner-occupied, non-condominium units in the City was \$135,600 in 1990 and \$211,100 in 2000 reflecting a 56% increase. The City's 2000 median value of \$211,100 compares favorable to \$195,000 for DuPage County and \$130,800 for the State.

Always strong in retail sales, Elmhurst ranked fifth in DuPage County and twenty-first in the State for Retailers' and Service Occupation Tax collections. In fiscal 2006-2007, Elmhurst received \$12,863,181 from local sales tax revenues, inclusive of the 1/4% home rule sales tax that was effective September 1, 1991.

CITY OF ELMHURST, ILLINOIS

DEMOGRAPHIC AND ECONOMIC INFORMATION

Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	Per Capita Income	Median Age	Education Level in Years of Formal Schooling	(1) School Enrollment	(2) (3) Unemployment Percentage
1998	42,680 (4)	\$ 1,066,359,800	\$ 24,985 *	35.5 *	13.0	6,616	2.2
1999	42,680 (4)	1,087,785,160	25,487 *	35.5 *	13.0	6,761	2.5
2000	42,680 (4)	1,109,680,000	26,000 *	35.5 *	13.0	6,793	2.2
2001	42,762 (5)	1,134,176,526	26,523 *	38.7 (5)	13.0	6,821	2.0
2002	42,762 (5)	1,369,025,430	32,015 (5)	38.7 (5)	13.0 (5)	7,091	4.4
2003	42,762 (5)	1,369,025,430	32,015 (5)	38.7 (5)	13.0 (5)	7,283	4.1
2004	42,762 (5)	1,369,025,430	32,015 (5)	38.7 (5)	13.0 (5)	7,398	4.2
2005	42,762 (5)	1,369,025,430	32,015 (5)	38.7 (5)	13.0 (5)	7,466	4.5
2006	42,762 (5)	1,369,025,430	32,015 (5)	38.7 (5)	13.0 (5)	7,643	3.5
2007	43,298 (6)	1,386,185,470	32,015 (5)	38.7 (5)	13.0 (5)	7,726	3.1

* Estimated

Data Sources

- (1) District 205
- (2) Department of Employment Security
- (3) Not adjusted for seasonal employment
- (4) U.S. Census Bureau - 1996 Special Census
- (5) U.S. Census Bureau - 2000 Census
- (6) U.S. Census Bureau - 2006 Special Census

BUDGETING PLANNING AND CONTROLS

The annual budget serves as the foundation for the City of Elmhurst's financial planning and control. Beginning in September of each year the City prepares a five-year capital improvement plan. The Department Heads are required to submit proposed capital improvements for the next five years to the City Manager. The City Manager, along with the Department Heads and the budget review team, review the requests and develop a proposed five-year capital improvement plan. The proposed five-year capital improvement plan is submitted to the City Council before the first meeting in December. The City Council reviews and approves the five-year Capital Improvement Plan at the first council meeting in January of each year. The annual budget process starts in January when the Department Heads are required to submit to the City Manager a proposed budget for the next two fiscal years. The City Manager uses these requests and the five-year capital expenditure plan as a starting point for developing a proposed budget. After reviewing the department budget requests with each Department Head and the budget review team, the City Manager presents the proposed budget to the City Council on or before the first meeting in March. The City Council is required to hold a public hearing on the proposed budget and to adopt the final Budget no later than April 30th of each year. The 2008-2009 Budget Schedule listing budget activities and target completion dates is provided on the following page.

In addition, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual budget approved by the City Council. Activities of the General, Special Revenue, Debt Service, Capital Projects (governmental funds), Enterprise (proprietary funds), and Police and Firefighter's Pension Trust Funds (fiduciary funds) are included in the annual budget. Interim financial statements are distributed to management and elected officials monthly to provide information on the status of actual revenues and expenditures as compared to the budgeted amounts. The level of budgetary control (that is, the level at which expenditures cannot exceed the budgeted amount) is established at the individual fund level. The City also maintains an encumbrance system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year-end. However, encumbrances generally are reappropriated as part of the following year's budget.

The difference between assets and liabilities reported in a governmental fund is called fund balance. Changes in fund balances are the result of the difference of revenues to expenditures. Fund balances increase when revenues exceed expenditures and decrease when expenditures exceed revenues. Fund balance is often used to describe the total available financial resources in a governmental fund. Budgets are considered balanced if the amount of fund balance exceeds the excess of budgeted expenses over budgeted revenues and other financing sources. A specific line item for "the use of fund balance" is not utilized in the budget presentation. The basis of budgeting is the same as the basis of accounting used in the City's audited financial statements. The modified accrual basis is used for all governmental funds and the accrual basis is utilized by proprietary funds, pension trust funds and agency funds.

The City of Elmhurst uses several processes to accomplish its financial planning. A significant component of the City's long-term financial planning is the bi-annual City of Elmhurst Citizen's Survey that has been conducted since 1994. The results of this survey have been an excellent source of information for the City Council regarding the priorities citizens place on certain governmental services and are considered when developing the City's budget.

**CITY OF ELMHURST
2008-2009 BUDGET SCHEDULE**

TARGET DATES

BUDGET ACTIVITY

Aug. 30, 2007	City Manager memo to Mayor and City Council regarding budget and budget schedule.
Sept. 18, 2007	Five Year Capital Improvement Budget worksheets distributed to department heads.
Oct. 22, 2007	Five Year Capital Improvement budgets due to Finance Department.
Oct. 22, 2007	Mayor and City Council message to City Manager regarding budget goals for 2008-2009 received by City Manager.
Oct. 22, 2007	Operating budget worksheets and guidelines delivered to department heads for detailed budget process.
Nov. 12, 2007	Finance Committee begins review of 2007 property tax levy.
Dec. 3, 2007	Preliminary Five Year Capital Improvement Budget distributed to Mayor and City Council.
Dec. 3, 2007*	Tax levy public hearing held, if necessary.
Dec. 17, 2007*	City Council approves 2007 property tax levy. (Tax levy may be approved on Dec. 3, 2007 if public hearing is not required.)
Jan. 2, 2008	City Council reviews Five Year Capital Improvement Budget.
Jan. 2, 2008	Operating budgets due to City Manager.
Mar. 3, 2008	Operating budget delivered to City Council.
Mar. 17, 2008	Public hearing for 2008-2009 operating budget.
Apr. 7, 2008*	2008-2009 Operating budget approved.

***City Council action required.**

City of Elmhurst, Illinois Budget Policy and Procedure

City of Elmhurst Municipal Code

Chapter 3 CITY ADMINISTRATION

Section 3.19: Budget policy and procedure.

(a) Establishment. There is hereby established a budget policy and procedure which shall be implemented by the City Manager in the orderly preparation of an annual budget.

(b) Budget Officer. The City Manager shall serve as the Budget Officer for purposes of implementing the budget policy and procedure as set out herein, and shall have the following powers and duties with regard thereto:

1. Permit and encourage and establish the use of efficient planning, budgeting, auditing, reporting, accounting, and other fiscal management procedures in all municipal departments, commissions, and boards.
2. Compile an annual budget in accordance with Section 3.19(c) herein.
3. Examine all books and records of all city departments, commissions, and boards which relate to monies received by the city, city departments, commissions, and boards, and paid out by the city, city departments, commissions, and boards, debts and accounts receivable, amounts owed by or to the city, city departments, commissions and boards.
4. Obtain such additional information from the city, city departments, commissions, and boards as may be useful for purposes of compiling a city budget, such information to be furnished by the city, city departments, commissions, and boards in the form required by the City Manager. Any department, commission or board which refuses to make such information as is requested of it available to the City Manager shall not be permitted to make expenditures under any subsequent budget for the city until such city department, commission, or board shall comply in full with the request of the City Manager.
5. Establish and maintain such procedures as shall insure that no expenditures are made by the city, city departments, commissions, or board except as authorized by the budget.

(c) Compilation and Contents of Budget. The budget shall contain estimates of revenues available to the city for the fiscal year for which the budget is drafted, together with recommended expenditures for the city and all of the city departments, commissions, and boards. Revenue estimates and expenditure recommendations shall be presented in a manner which is in conformity with good fiscal management practices, which practices would include those recommended by the National Council on Governmental Accounting. The budget shall contain actual or estimated revenues and expenditures for the two years immediately preceding the fiscal year for which the budget is prepared. So far as is possible, the fiscal data for such two preceding fiscal years shall be itemized in a manner which is in conformity with the manner in which the budget is presented. Each budget shall show the specific fund or account from which each anticipated expenditure shall be made.

Only that portion of any expenditure under a multi-year contract attributable to the budgeted fiscal year, shall be appropriated by the budget for that fiscal year. Subject to the foregoing, the city may enter into contracts requiring expenditures in more than one year, without prior appropriation by budget of the entire multi-year expenditure under that contract.

City of Elmhurst Municipal Code

Chapter 3 CITY ADMINISTRATION

Section 3.19: Budget policy and procedure. (Continued)

(d) Passage of Annual Budget and Appropriations Ordinance. Passage of the annual budget and appropriations ordinance by the corporate authorities shall be in lieu of passage of appropriations ordinance. The annual budget and appropriations ordinance need not be published except in a manner provided for in Section 3.19(h) herein. The annual budget and appropriations ordinance shall be adopted by the corporate authorities before the beginning of the fiscal year to which it applies. Notwithstanding anything else to the contrary in the Elmhurst Municipal Code, the budget and appropriations ordinance shall not be subject to a second reading before passage nor does it require approval of a committee report prior to passage.

(e) Capital Improvement, Repair or Replacement. Monies may be accumulated in a separate fund or account for the purpose or purposes of specific capital improvements, repairs, and/or replacements of specific types of municipal equipment or other tangible property, both real and personal. Expenditures from the Capital Improvement, Repair or Replacement fund or account shall be budgeted in the fiscal year in which the capital improvement, repair or replacement will occur. Upon the completion or abandonment of any object for which the Capital Improvement, Repair or Replacement fund or account was inaugurated, then such monies no longer necessary for capital improvement, repair or replacement shall be utilized for general corporate purposes of the municipality and transferred in the accounts of the city for that purpose on the first day of the fiscal year following such abandonment, completion, or discovery of surplus monies.

(f) Revision of Annual Budget. By a vote of two-thirds of the members of the corporate authorities then holding office, the annual budget for the municipality may be revised by deleting, adding to, changing or creating subclasses 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.

(g) Funds for Contingency Purposes. The annual budget may contain money set aside for contingency purposes not to exceed one percent of the total budget, less the amount set aside for contingency purposes, which monies may be expended for contingencies upon a majority vote of the corporate authorities then holding office.

(h) Public Inspection, Notice and Hearing on Budget. The corporate authorities shall make the tentative annual budget conveniently available to public inspection for at least ten (10) days prior to the passage of the annual budget, by publication in form as the corporate authorities may prescribe. Not less than one week after the publication of the tentative annual budget, and prior to final action on the budget, the corporate authorities shall hold at least one public hearing on the tentative annual budget, after which hearing or hearings the tentative annual budget may be further revised and passed without any further inspection, notice or hearing. Notice of this hearing shall be given by publication in a newspaper having a general circulation in the city at least ten (10) days prior to the time of the hearing. (12/2/85; 11/4/91)

**CITY OF ELMHURST
PURCHASING POLICY**

A. General Policy for Soliciting Quotes

Employees are responsible for soliciting quotes for purchases in the instances outlined below. Purchase requisitions submitted without the required quotes or a satisfactory explanation of why quotes were not obtained (e.g. sole source, emergency, standardized vendor) will not be approved.

<u>Up to \$500</u>	One verbal quote is required; however, employees are encouraged to seek additional quotes when possible.
<u>\$501-\$3,000</u>	Three verbal quotes must be obtained. The quote summary must be attached to the invoice. Physical records regarding the dates, contacts and quotes received shall be retained in the department's files for auditing purposes.
<u>\$3,001-\$5,000</u>	Three written quotes are required. The quote summary must be attached to the invoice. The actual written quotes shall be retained in the department's files for auditing purposes.
<u>\$5,001-\$20,000</u>	Three written quotes are required. Hard copies shall be obtained and attached to the purchase requisition.
<u>\$20,001 & Above</u>	Must be competitively bid in accordance with City ordinances. City Council approval is required for all purchases in this category.

Items purchased more than once during a fiscal year (e.g. forms, copier supplies) do not need quotes every time a purchase is made. However, competitive quotes for these items shall be sought at least once each year to ensure that vendors are competitive. Preference should be shown to a local vendor only when all prices and terms are equal, or a distinct economic advantage to the City can be demonstrated to result from a local purchase.

B. Joint Purchasing

Employees are authorized to obtain goods and services using the State of Illinois Joint Purchasing program. When available through the State program, it is not necessary for employees to obtain quotes or to competitively bid the goods or services which are sought. Employees shall be responsible, however, for ensuring that the goods or services are of a quality sufficient to meet the City's needs and that pricing is competitive.

Employees are also authorized to join with other units of government in cooperative purchasing plans when the best interests of the City would be served thereby. The quote and bid requirements shall not apply to joint purchasing with other units of government.

To the extent possible, purchases of like items should be coordinated among City departments.

C. Sole Source Purchases

Contracts for parts, supplies or equipment that are available only from a single source are referred to as sole source purchases. Sole source procurement may arise from the following circumstances:

- a) Equipment for which there is no comparable competitive product or is available only from one supplier;
- b) A component or replacement part for which there is no commercially available substitute, and which can be obtained only from the manufacturer;
- c) An item where compatibility is the overriding consideration, such as computer software and hardware.

These items shall not be subject to requirements for seeking competitive quotes or bids. However, purchases in excess of \$20,000 shall be presented to the City Council prior to acquisition with a request to waive bids, approve the purchase and enter into a formal contract.

D. Emergency Purchases

Emergencies are defined as events that could not have been foreseen where immediate action is necessary to safeguard the public's health and safety. Whenever, in the judgement of the City Manager, an emergency situation requires the making of any purchase of material or supplies for a price in excess of \$20,000 but less than \$30,000, prior to the next regular meeting of the Council, the City Manager, with the written approval of the Mayor and a majority of the members of the Finance Committee of the Council, may make such purchase without waiting for formal approval of the specific purchase by the Council as a whole. If the emergency purchase is over \$30,000, approval of the City Council is required.

E. Competitive Bidding Policy

All purchases of goods or services, excluding professional services, exceeding \$20,000, except where such purchases greater than \$20,000 are allowed by state statute, shall be subject to the competitive bidding process and shall be let, by free and open competitive bidding after advertisement, to the lowest responsible and responsive bidder or any other bidder whom the City Council deems to be in the best interest of the City. Sealed bids will be sought when the cost is anticipated to be more than \$20,000. Any procurement of construction not exceeding \$30,000 may be made without competitive sealed bidding. This exception to the competitive bid process is consistent with state statute that allows state contracts for construction not exceeding \$30,000 to be made without competitive sealed bidding.

Purchases shall not be artificially divided so as to constitute a smaller purchase and thereby circumvent the competitive bidding requirements.

The City Council, by a two-thirds vote, may waive required competitive bidding prior to or at the time of purchase or entry into a contract. Requests for bid waivers shall be made only when goods or services are proprietary (i.e. sole source), where standardization is necessary or desirable (e.g. personal computers, furniture), in emergencies as defined herein or when it is in the best interests of the City to do so. The City Council may also direct that any other purchase or contract, in addition to what is required above, be competitively bid.

The City Council shall have the authority to reject all competitive bids or parts of those bids when the public interest will be served thereby.

F. Request for Proposal

Competitive bidding is not always the most appropriate purchasing process. For the procurement of professional services, where the services of individuals possessing a high degree of professional skill and where the education, experience or character of the individuals are significant factors in determining their ability to meet the City's needs, a different selection process is utilized. When professional services are being sought for a project whose results are known, such as audit services, a request for proposal (RFP) shall be utilized. A request for proposal is written around performance standards rather than a description of a product. The proposal procedure shall include appropriate notice to potential providers of that service in the open market. The City Council, however, by majority vote may waive these proposal requirements in any case that they otherwise apply.

Providers of architectural, engineering and land surveying services will be selected in accordance with the State of Illinois Local Government Professional Services Selection Act (50 ILCS 510), on the basis of demonstrated competence and qualifications for the type of services required, at fair and reasonable compensation.

Procurement of all professional services shall be reviewed at a minimum of once every four years by staff and the appropriate standing Council committee. Such services shall include, but not limited to, audit, insurance brokerage, engineering, legal, banking, inspection, mosquito abatement, and real estate.

G. Contracts

From time to time, contracts are entered into by the City Council for essential services. Such contracts are often the result of a competitive bid or RFP process or a bid waiver. A contract is a legal obligation of the City and must be on terms acceptable to the City Council. To ensure that the contract provisions as set by the City staff and the vendor are in the best interests of the City and are legally accurate, the City Attorney shall review and approve the contract prior to execution.

Contracts are required for professional services, construction projects and purchases of goods exceeding \$20,000. All contracts must have terms such as length of service, fees, description of services to be provided and deliverable product clearly defined. Procedures for applying for cost overruns of the contract must also be specifically defined.

The City Clerk's office retains all original contracts.

H. Change Orders

Subsequent to entering a contract, change orders may become necessary. The City Manager shall approve all change orders up to \$20,000. Any change order, singularly or in aggregate, in excess of \$20,000 must be reviewed by the appropriate Council committee and approved by the City Council.

I. Fixed Asset Policy

A fixed asset policy is established to insure compliance with governmental financial reporting standards and to safeguard City assets. Fixed assets shall include land, buildings, machinery, equipment and vehicles with a life expectancy of one year or more. To be included in this definition, the capitalization threshold of the asset or minimum value of the asset at the time of acquisition is established at \$15,000. Roads, streets, bridges and similar infrastructure shall be capitalized pursuant to Government Accounting Standards Board (GASB) Statement 34.

J. Approval Authority

The City Manager is authorized by City ordinance to make, in the ordinary course of business, all purchases of materials, supplies and services necessary for the City as provided for in the annual budget; provided that on purchases of more than \$20,000, the City Manager shall first procure the approval of the Council before making such purchases. Regarding purchases of \$20,000 or less, not in the budget and not emergency, the appropriate standing committee of the Council may, prior to such purchase being made, review same and by majority vote, veto such proposed purchase. In the event of such a veto, the committee shall so report and recommend to the Council. If the Council shall concur in the committee's recommendation, then such purchase shall not be made; if the Council shall not concur in the committee's recommendation, such purchase may be made.

Within the City Manager's \$20,000 authority, the following approval limits are established.

<u>Up to \$500</u>	Superintendents and Managers
<u>\$501-\$5,000</u>	Department Heads, Assistant Directors, Deputy Police Chiefs, Deputy Fire Chief
<u>\$5,001-\$20,000</u>	City Manager
<u>\$20,001 & Above</u>	City Council

K. Accounts Payable Review Approval Process

When an invoice has been reviewed, attached to back-up such as receiving documents and purchase order, and has been approved at the appropriate level, the invoice is sent to the Accounts Payable Clerk to be processed for payment. After processing, all invoices are reviewed by the Finance Director or the Assistant Finance Director in the Finance Director's absence. An accounts payable list is developed every two weeks, to be approved by the City Council at each regular City Council meeting. In the event there are five weeks in a month, the second accounts payable of the month will cover three week's activity. Accounts payable checks are issued the Thursday following the approval of the accounts payable list by the City Council.

**A RESOLUTION ADOPTING A REVENUE
POLICY FOR THE CITY OF ELMHURST**

WHEREAS, the City Council wishes to provide for an adequate, stable and flexible source of revenues to fund City services demanded by its residents; and

WHEREAS, the City Council believes the best interests of the City and its citizens will be served by maintaining a general fund balance adequate to deal with unforeseeable events and unforeseeable reductions in the City revenue stream; and

WHEREAS, the City Council wishes to ensure that the burden of funding City services is charged and taxed on as fair and equitable basis as is reasonably possible; and

WHEREAS, the City Council wishes to provide for an annual review of its revenue sources and policy to ensure that only that revenue which is reasonably necessary be charged and taxed to its residents in view of the aforesaid principles.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Elmhurst, Du Page and Cook Counties, Illinois that the Revenue Policy Statement, a copy of which is attached hereto as Exhibit "A", is hereby adopted as a policy of the City of Elmhurst.

Approved this 17th day of April, 1995.

Thomas D. Marcucci
Thomas D. Marcucci, Mayor

Adopted this 17th day
of April, 1995.

Ayes: 12 Nays: 0

Janet S. Edgley
Janet S. Edgley, City Clerk

**CITY OF ELMHURST
REVENUE POLICY STATEMENT**

1. The City will develop a revenue structure that provides a fair and equitable distribution of both the revenue burden and the benefits from public services, to the private and commercial residents of the City of Elmhurst.
2. The City will maintain diversified revenue sources that will provide both stability of revenue flows to cover basic operational needs and the flexibility to adjust revenue levels and sources as City needs changes.
3. A General Fund balance will be maintained at a level between 25-33% (3 to 4 months) of current projected expenditures.
4. The City will implement user charges and fees, in lieu of other general revenue sources, for services that can be individually identified and where costs are directly related to the level of service.
 - a) The user charges for water and sewer will be sufficient to finance all operating capital and debt services cost, and to maintain an adequate cash balance in the Municipal Utility Fund.
 - b) User charges in the form of permit, license and inspection fees will be established to fund building and code enforcement activities and certain services provided by the Fire Department and Public Works Department.
5. Debt will be limited to 5% of the value of taxable property in the City, per MCO 8.02, and will be used to finance long-lived capital and operating assets. Debt will not be used to finance day-to-day general operating expenditures.
6. The City will project revenues for five years and will update the projection annually as part of the annual budget process. The City will review each revenue source, fund by fund, in light of the proposed expenditure budget, to determine the need for said source to fund City services for the next fiscal year. The City will adjust or eliminate existing revenue sources, add a new revenue source or adjust or eliminate City services based on the review of the proposed revenue and expenditure budget for a given fiscal year.
7. Major revenue sources, their current levels, limits, characteristics and uses are detailed on the attached schedules.

City of Elmhurst
Major Revenue Sources
Fiscal 2008-2009 Proposed Budget

Revenue Source	Current Level	Limit	2008-2009 Revenue Budget Impact *	Characteristics
Property Tax (City Levy Only)	.2799/\$100 EAV (2006 levy)	No legal limit	15.2% of General Fund revenue (\$5,875,900)	*most stable revenue source *over 99% collection rate *deductible for federal income tax purposes *broadly based *low administration costs *City can impact
Sales Tax	City portion of State tax = 1%	State law	27.8% of General Fund revenue (\$10,715,100)	*fluctuates w/economic conditions *regressive; impacts lower income more than higher income *broadly based *importation possible (people outside the community pay) *low administration costs *City cannot impact
Home Rule Sales Tax	1/4%	None	27.4% of Capital Improvement Fund revenue (\$1,661,400)	*fluctuates w/economic conditions *regressive; impacts lower income more than higher income *broadly based *importation possible (people outside the community pay) *possible negative impact on sales of larger ticket items *enacted specifically to pay debt service *low administration costs *City can impact
Hotel/Motel Tax	4%	5%	1.6% of General Fund revenue (\$609,000)	*benefits based *narrowly based *importation possible (people outside the community pay) *low administration costs *City can impact
Real Estate Transfer Tax	\$1.50 per \$1,000 of sales price	None	1.3% of General Fund revenue (\$520,000)	*narrowly based *fluctuates w/economic conditions *moderate administration costs *City can impact

City of Elmhurst
Major Revenue Sources
Fiscal 2008-2009 Proposed Budget

Revenue Source	Current Level	Limit	2008-2009 Revenue Budget Impact *	Characteristics
Food & Beverage Tax	1%	None	2.4% of General Fund revenue (\$917,000)	<ul style="list-style-type: none"> *fluctuates w/economic conditions *regressive; impacts lower income more than higher income *broadly based *importation possible (people outside the community pay) *moderate administration costs *City can impact
State Income Tax	Distributed on a per capita basis	State law	<ul style="list-style-type: none"> *20% credited to General Fund for 2.1% of General Fund revenue (\$810,400) *80% credited to Capital Improvement Fund for 53.5% of CIP revenue (\$3,241,600) 	<ul style="list-style-type: none"> *broadly based *regressive; impacts lower income more than higher income *deductible for federal income tax purposes *low administration costs *City cannot impact *fluctuates w/economic conditions
Utility Tax			10.6% of General Fund revenue (\$4,079,000)	<ul style="list-style-type: none"> *broadly based *regressive; impacts lower income more than higher income
Telecommunications (1)	6.00%	6%		
Electric	Per kwh	Various		
Gas	\$.015 per therm	None	9.8% of Capital Improvement Fund revenue (\$592,200)	<ul style="list-style-type: none"> *stable monthly income to City *relatively small impact on monthly consumer bill *low administration costs *City can impact
(1) Revenue is split between General Fund (75%) and Capital Improvement Fund (25%).				
Vehicle Sticker Fees	Various as set per Ordinance	None	3.1% of General Fund revenue (\$1,200,000)	<ul style="list-style-type: none"> *broadly based *benefits based *high administration costs *City can impact
Permit Fees (Building and Other)	Various as set per Ordinance	None	Proposed revenue to cover 100% of associated costs (\$2,346,500)	<ul style="list-style-type: none"> *narrowly based *benefits based *moderate administration costs *City can impact

City of Elmhurst
Major Revenue Sources
Fiscal 2008-2009 Proposed Budget

Revenue Source	Current Level	Limit	2008-2009 Revenue Budget Impact *	Characteristics
Rubbish Service Charges	Per contract plus municipal service charge	None	100% of contract expense	*broadly based *benefits based *moderate administration costs *City can impact
Interest Income	Market Dependent	City Investment Policy	1.0% of General Fund revenue (\$398,510)	*income depends on level of cash balances *City can impact within guideline of Investment Policy
Water and Sewer Charges	Per Ordinance	None	93.7% of Municipal Utility Fund revenue (\$11,989,310)	*broadly based *benefits based *high administration costs *City can impact
Parking Fees	Per Ordinance	None	59.7% of Parking Fund revenue (\$525,000)	*narrowly based *benefits based *high administration costs *City can impact
Parking Fines	Per Ordinance	None	27.7% of Parking Fund revenue (\$244,000) (Net of uncollectible)	*narrowly based *benefits based *high administration costs *City can impact

* Revenue source as a % of total fund revenue is based on total revenues less transfers in and bond proceeds.

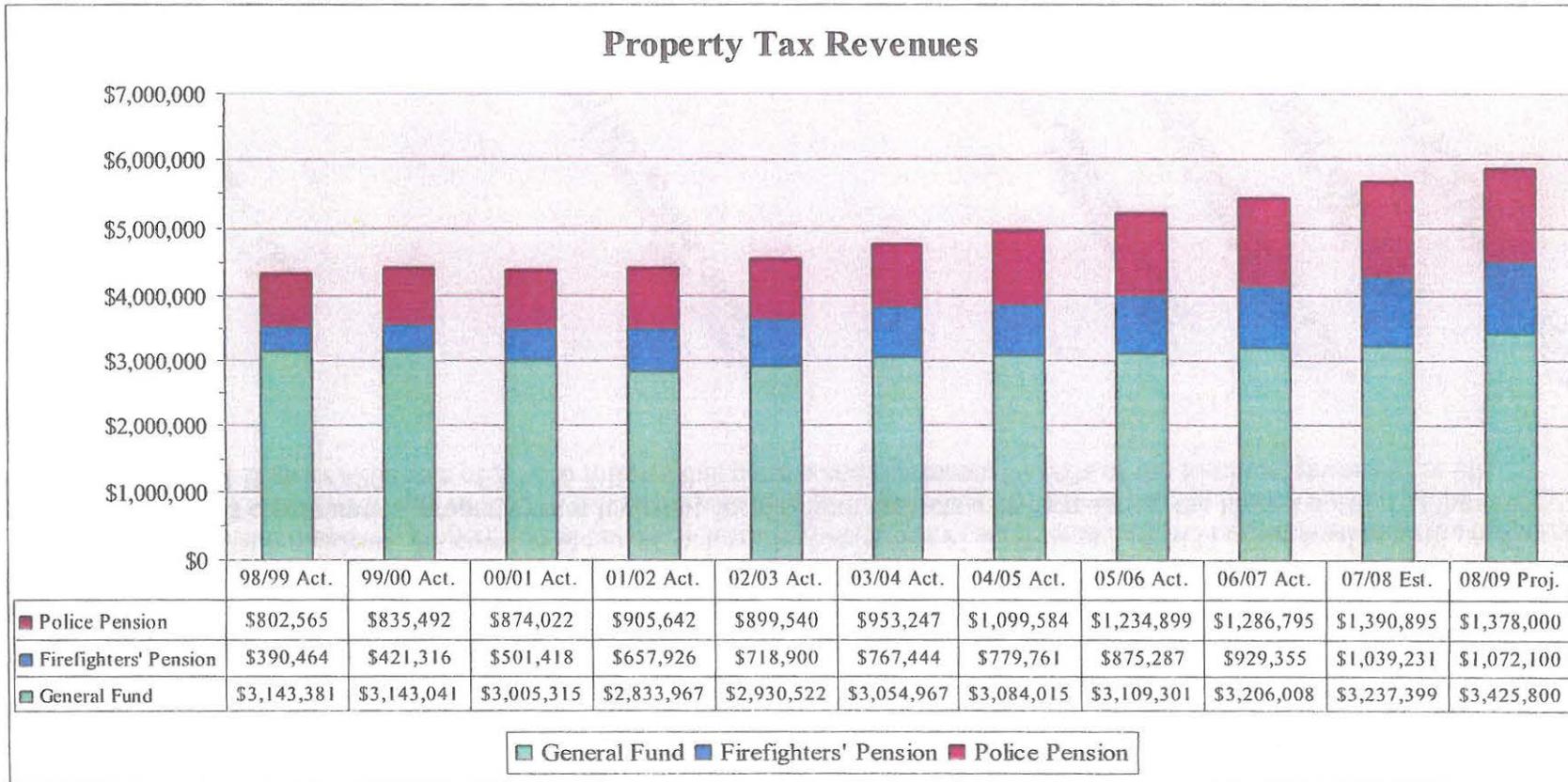
City of Elmhurst
 Revenue Sources and Services Provided
 By Fund

Revenue Sources	Fund	Services Provided
Property Tax	General	Police Protection
Sales Tax		Fire Protection and Emergency Services (ESDA)
Hotel/Motel Tax		Street Maintenance
Real Estate Transfer Tax		Electrical
Food and Beverage Tax		Forestry
State Income Tax (20%)		Building Maintenance
Utility Taxes		Rubbish Collection
Vehicle Sticker Fees		Snow Removal
Licenses and Permits		Historical Museum
Fines and Penalties		Planning, Zoning and Economic Dev.
Rubbish Service Charges		Administration (General, Finance and Legal)
Interest on Investments		Senior/Youth Services
Miscellaneous		Visitor and Tourism
Home Rule Sales Tax		Capital Improvement
State Income Tax (80%)	Debt Service	
Interest on Investments	Street Resurfacing Program	
Telecommunication Tax (portion)		
Motor Fuel Tax (State)	Motor Fuel Tax	Street Maintenance, Electrical and
Interest on Investments		Forestry Personnel
Water Service Charges	Municipal Utility	Water Production
Sewer Service Charges		Lake Michigan Water
Interest on Investments		Water Distribution
Miscellaneous		Watermain Improvements
		Sanitary Sewer Maintenance
		Wastewater Treatment Plant Operation Administration
Fine and Penalties	Parking System	Parking Lot Maintenance
Parking Fees		Parking Deck Maintenance
Interest on Investments		Debt Retirement

GENERAL FUND & CAPITAL IMPROVEMENT FUND

PROPERTY TAXES – The City annually levies a property tax on the assessed valuation of each property. The City levy for corporate purposes (General Fund) includes amounts for fire protection, ambulance services and IMRF. The City also levies amounts for the employer contributions to the Police Officers’ and Firefighters’ Pension Funds. Property taxes levied by the Elmhurst Public Library are approved by the City Council and allocated directly to the Library Fund, therefore, those amounts are not included in the analysis below. Property taxes levied for the debt service payments of the City’s General Obligation Bonds have consistently been abated by the City. Recently, the City Council approved the 2007 levy that will be collected in fiscal year 08/09. The 4.5% increase to the total City levy (excluding the Library) includes an increase to the General Fund portion of \$214,169, or 6.67% from the 2006 levy. From FY 1998/99 to projected 2008/09, the General Fund portion of the property tax levy has only increased 9.0%, compared to a 105.4% increase for the police and firefighters’ pension funds during the same period of time.

345



PROPERTY TAXES, continued

The City's property tax rate for the 2006 levy is .2799 per \$100 of equalized assessed value (EAV). For an Elmhurst resident with a home that has a market value of \$300,000 and an EAV of \$100,000 (EAV = 1/3 of market value), the total property tax payment to the City would equal \$279.90 (100,000/100 * .2799). When considering Fire Protection District tax rates for those communities without a municipal fire department, Elmhurst has the second lowest property tax rate in DuPage County. The total tax rate for the 2006 levy is 4.9923 for Elmhurst residents in York Township and 5.0369 for Addison Township residents. As noted in the graph below, the City's rate of .2799 is only 5.61% of the total tax bill paid by Elmhurst residents. For most Illinois communities, property taxes levied by local school districts usually make up the largest portion of the property tax bill. The Elmhurst Unit School District #205 rate of 3.5276 follows this pattern and represents 70.66% of the Elmhurst property tax bill.

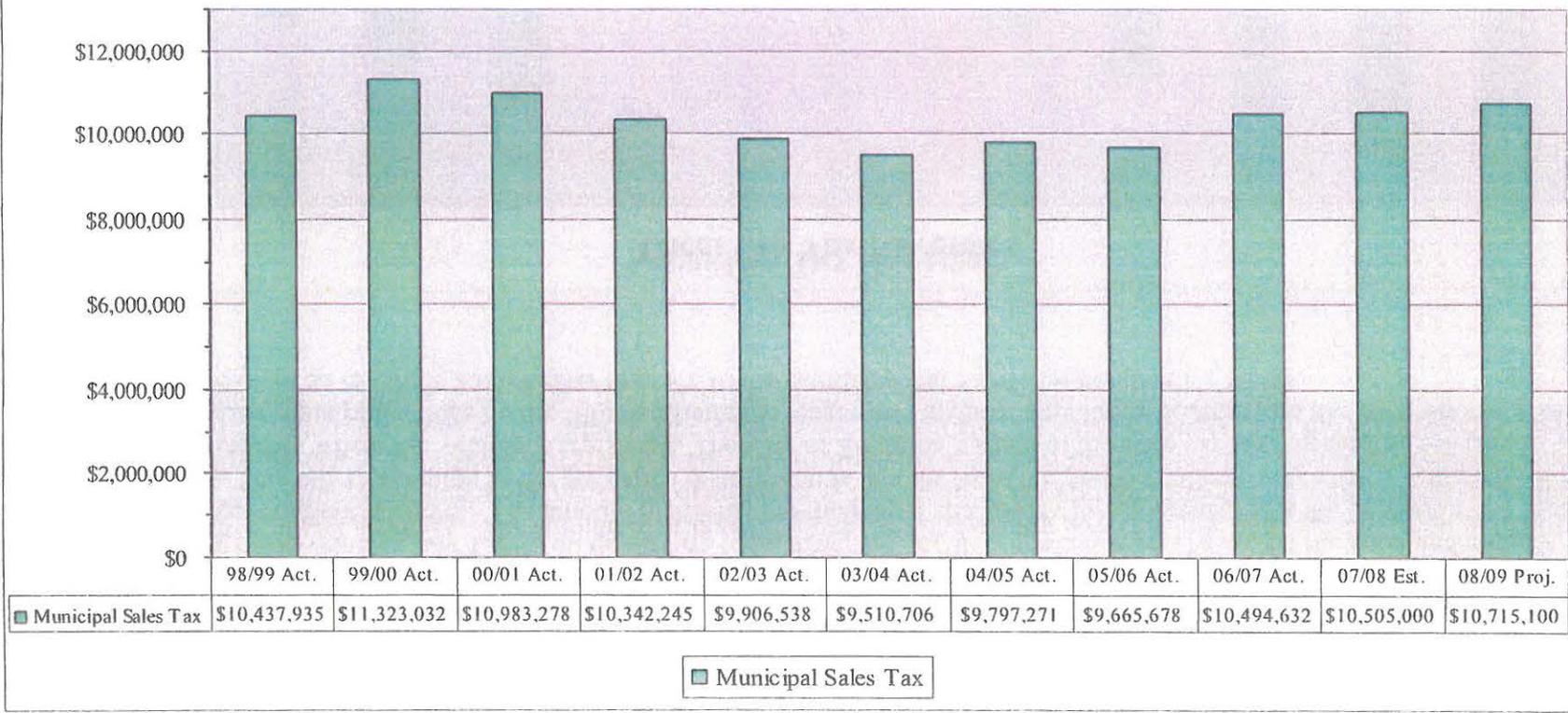
346



SALES TAXES

- MUNICIPAL 1% SALES TAX** – The City of Elmhurst receives from the State of Illinois 16% of the 6.25% State sales tax on general merchandise, equivalent to 1% of gross sales. This source of revenue is directly correlated to economic development activities within the City and influenced by general economic conditions. Despite its volatility due in particular to automotive sales, sales tax remains the greatest single source of revenue for the General Fund – approximately 28% of General Fund revenues. In addition to the 1% received on general merchandise, the City also receives 100% of the 1.00% State sales tax on food and qualifying drugs. Although significantly lower than the \$11,323,032 received in FY 99/00, the 07/08 estimate of \$10,505,000 is consistent (flat) with the prior year actual and indicates an increase of 8.7% over the \$9,665,678 received in fiscal year 05/06. Projected sales tax revenues of \$10,715,100 for fiscal year 08/09 reflect a 2% increase over the 07/08 estimated amount of \$10,505,000.

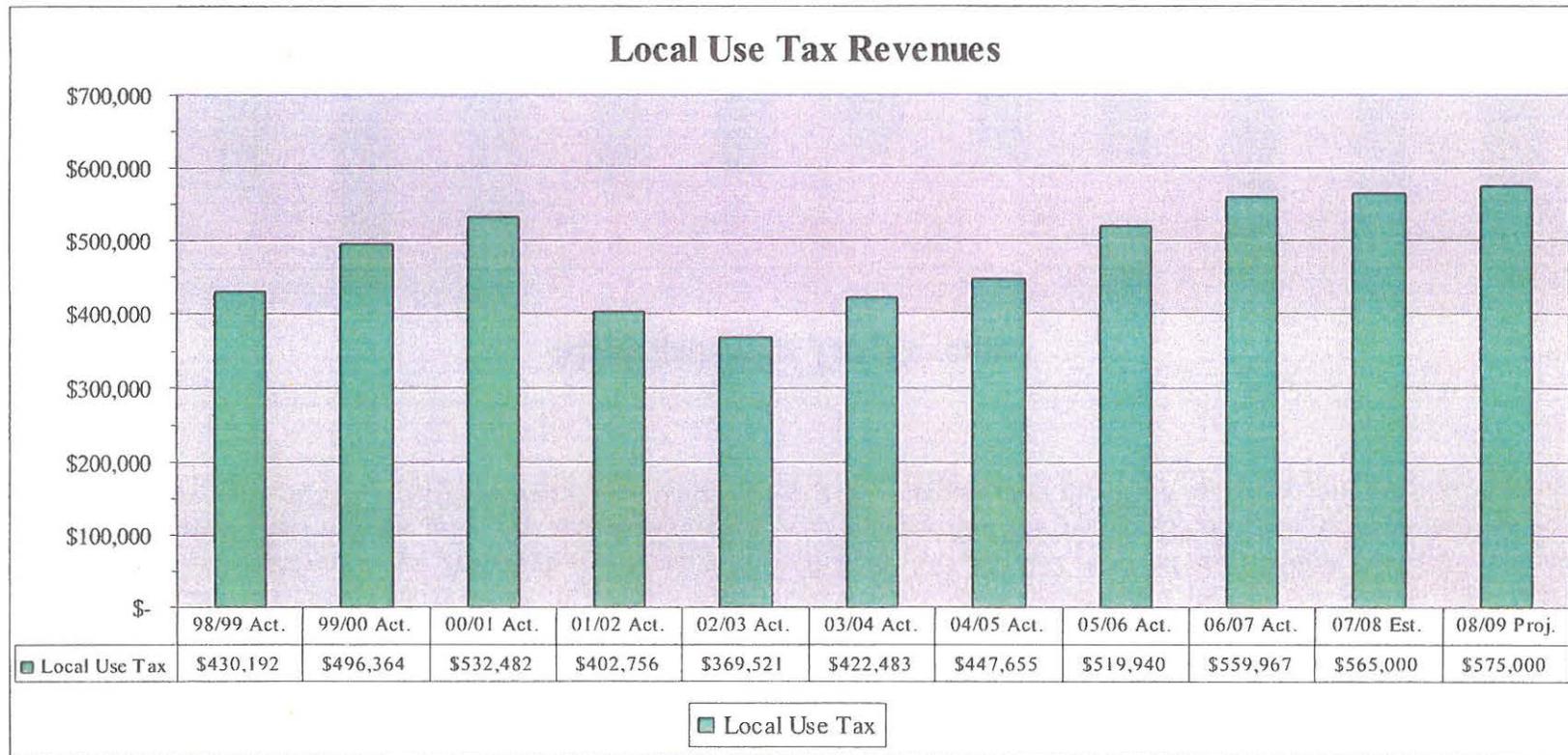
Municipal Sales Tax Revenues



SALES TAXES, continued

- LOCAL USE** – Use tax is a tax imposed on the privilege of using, in Illinois, any item of tangible personal property that is usually purchased out-of-state. This liability generally results when out-of-state vendors make retail sales to Illinois businesses or consumers, or when Illinois consumers purchase items out-of-state for use in Illinois without paying tax to the retailer. The use tax rate is 6.25% on general merchandise purchases, including titled vehicles, and 1.00% on qualifying food, drug, and medical appliance purchases. Of the collected amount, 20% is distributed to local government agencies. The amount distributed to municipal and county governments, with the exception of Chicago, is based on population. One other exception to the per capita distribution is that the local tax portion collected on a titled vehicle is allocated directly to the municipality where the vehicle is registered. The City of Elmhurst’s share of the state use tax, commonly referred to as the “local use tax,” is based upon projections by the Illinois Municipal league and updated population counts from the 2006 Special Census. The projection for FY 08/09 of \$575,000 is 2.0% higher than FY 07/08 estimates and 55.6% higher than FY 02/03.

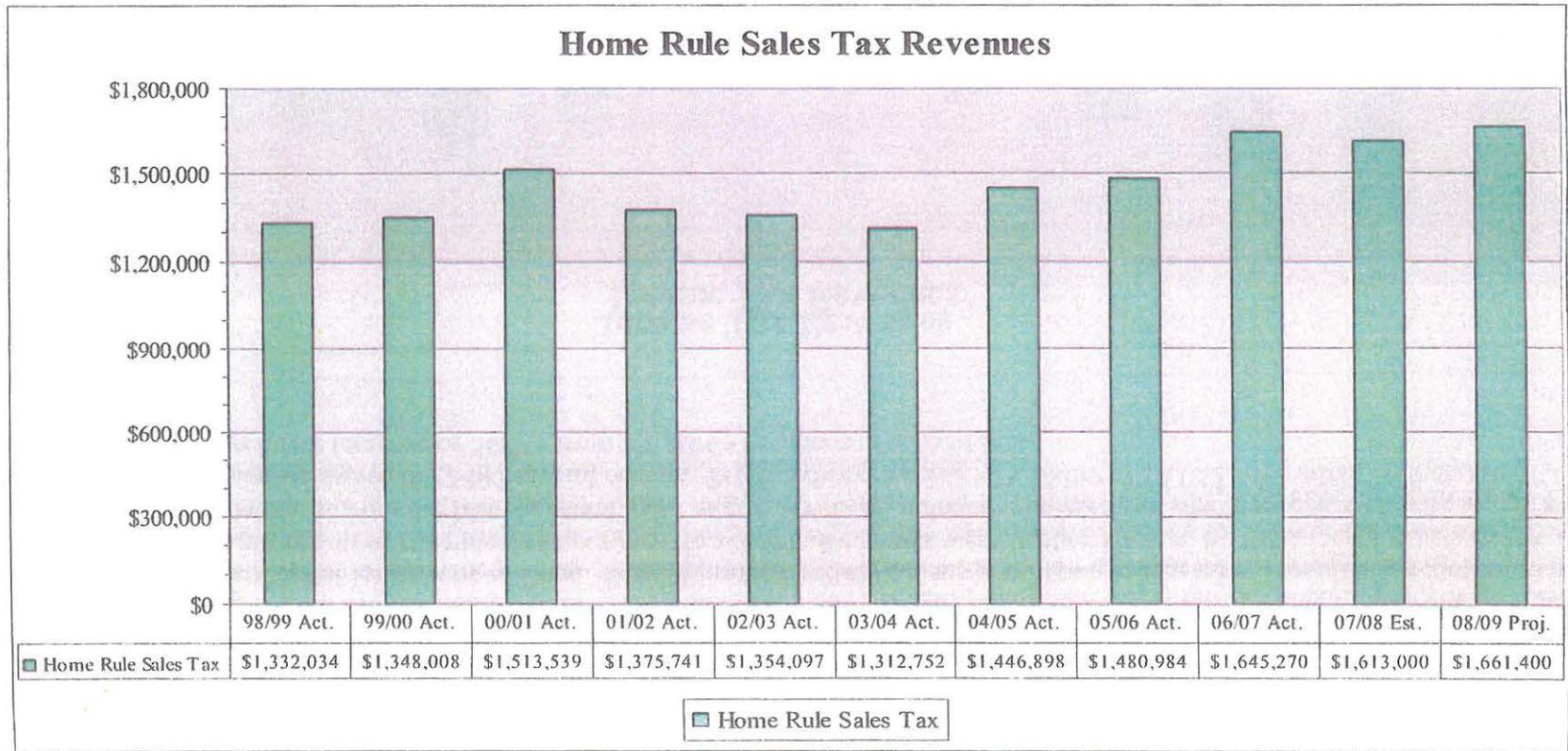
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SALES TAXES, continued

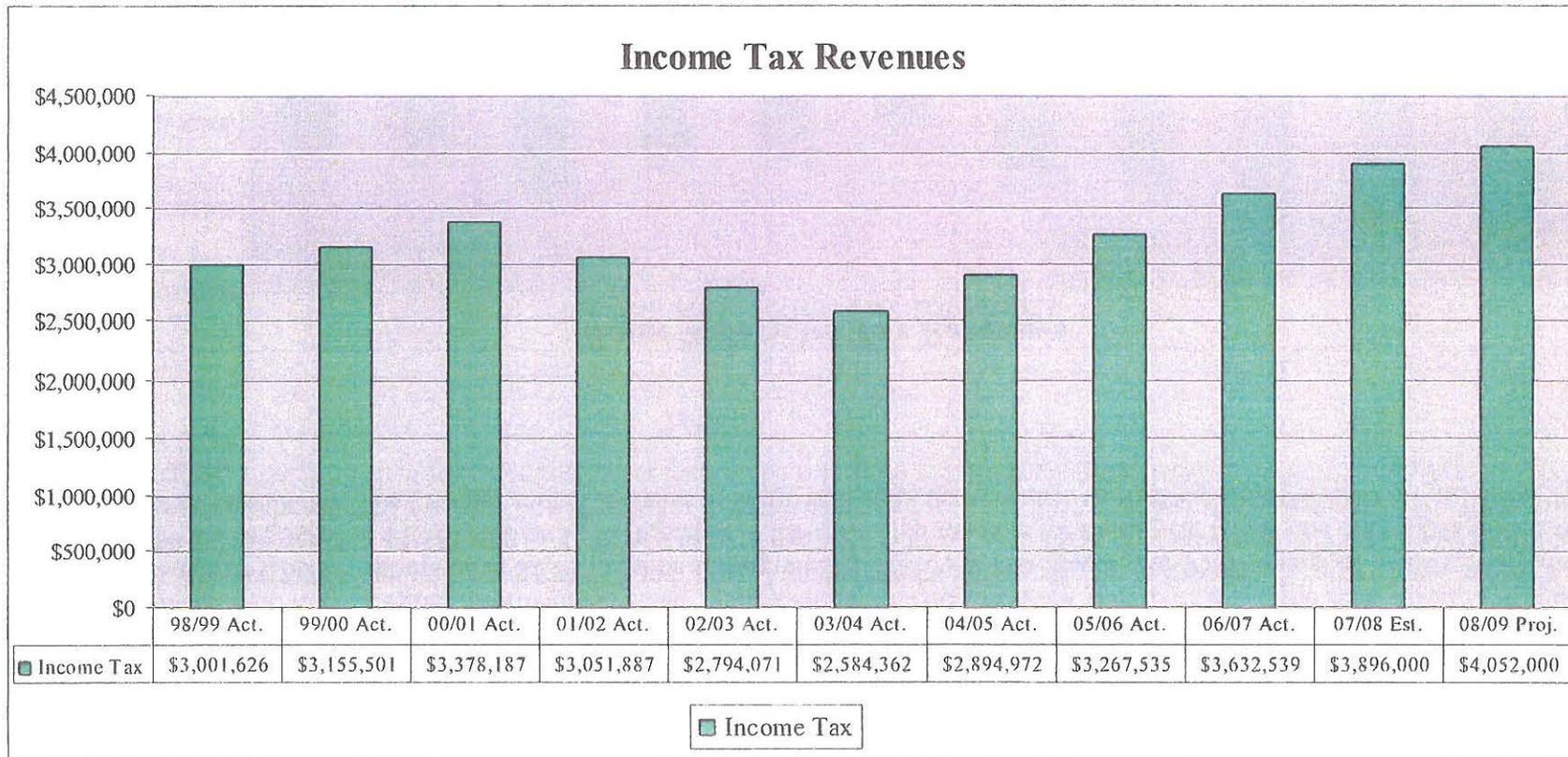
- HOME RULE .25% SALES TAX** – The City of Elmhurst, pursuant to its home rule authority, implemented a 0.25% local home rule sales tax effective September, 1991. This tax is applicable to all sales except qualifying food and drugs and titled vehicles. The revenue generated by this source is directed to the Capital Improvement Fund. Based on the revenue received year to date and the slow down in the economy, revenue for fiscal year 07/08 is estimated at \$1,613,000 or approximately 2% lower than fiscal year 06/07 actual of \$1,645,270. Revenues for fiscal year 08/09 are projected at \$1,661,400 or 3.0% higher than the estimated revenue for fiscal year 07/08 and only 1.0% higher than actual revenues for fiscal year 06/07. The average annual increase in home rule sales tax revenues from fiscal year 98/99 to projected 08/09 is approximately 2.2%.

349



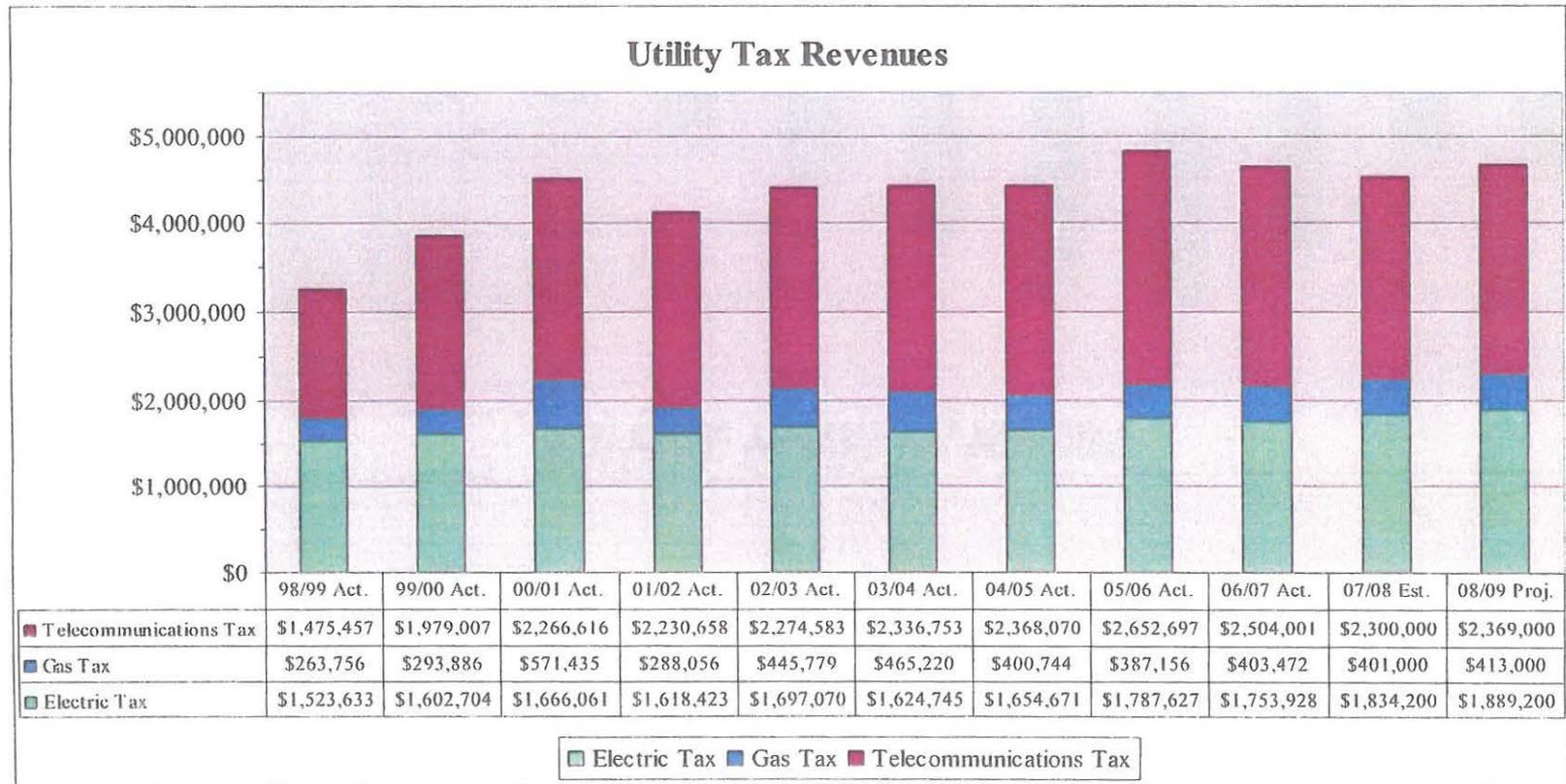
INCOME TAX – Income tax is a state shared tax that is distributed on a per capita basis and is based on the average income statewide. Local governments receive one-tenth of the net collections of all income tax received. The City allocates 20% of this revenue to the General Fund, with the remaining 80% directed to the Capital Improvement Fund. Since Elmhurst’s 2000 census population increased at a smaller percentage than did the state’s overall population, its allocation of state income tax funds decreased. Revenues were further affected by the widespread economic slow down in the early 2000’s. Recent estimates from the Illinois Municipal League, however, indicate increased per capita revenues and are amplified by the increase in the Elmhurst population due to the 2006 special census. Projected revenues for FY 08/09 of \$4,052,000 reflect an increase of 4.0% over FY 07/08 estimates and a significant increase of 56.7% from FY 03/04 revenues of \$2,584,362.

350



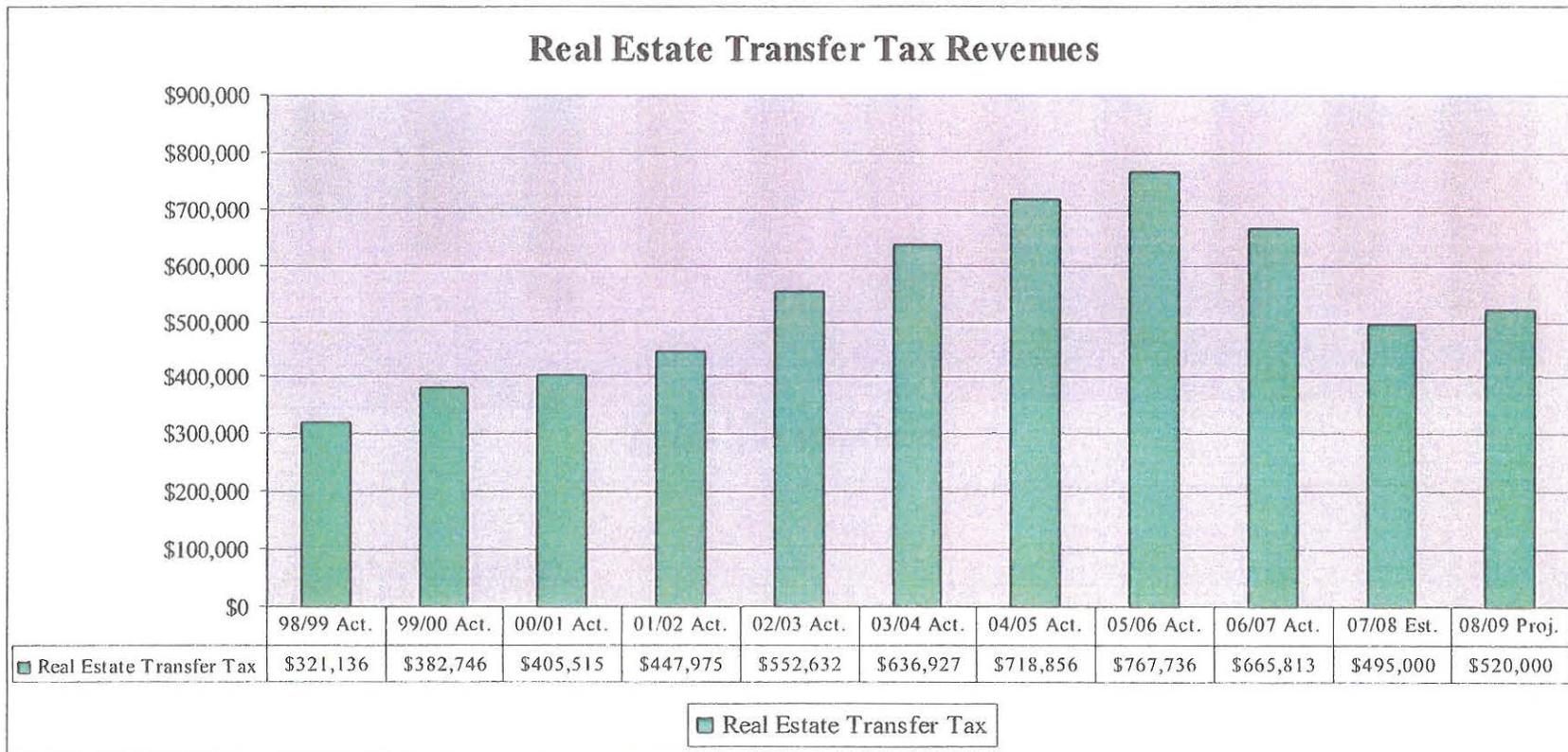
UTILITY TAXES – Utility taxes maintain their position as the second largest revenue source in the City’s General Fund. The City of Elmhurst taxes the use of three utilities: natural gas, electricity, and telecommunications. On June 1, 2003, the city replaced the 2.91% gas utility tax with a municipal gas use tax at a rate of 1.5 cents per therm. A telephone utility tax of 4.85% on intrastate communication was originally imposed in 1992. In 1999, a municipal telecommunications tax, collected by the City, was adopted. Effective January 31, 2003, the State of Illinois enacted the Simplified Municipal Telecommunications Tax, collecting the combined telecommunications tax (5%) and infrastructure maintenance fee (1%) and remitting the collections monthly to the city. Of this, 75% is directed to the General Fund and 25% is directed to the Capital Improvement Fund. The electric utility tax of 4.85% was changed in 1998 to a tiered kilowatt-hour use rate for electricity. The electricity use rates set by state statute have a ten (10) year effective period and will expire in 2008. Total utility tax revenue projections of \$4,671,200 for FY 08/09 anticipate a stabilization of the telecommunications tax and indicate an increase of 3.0% over FY 07/08 estimated revenues of \$4,535,200. Projected 08/09 revenues are approximately 3.2% below FY 05/06 levels.

351



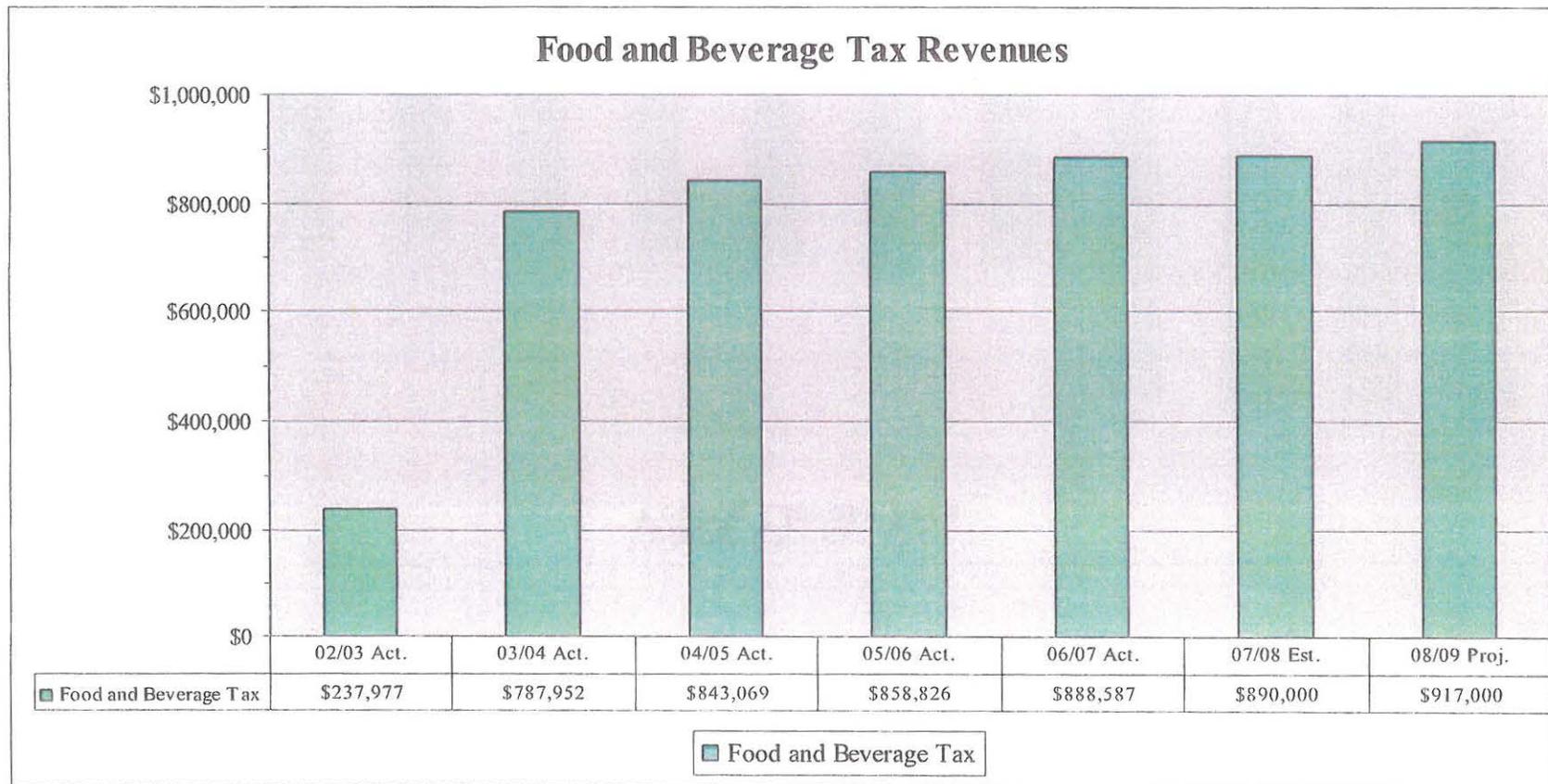
REAL ESTATE TRANSFER TAX – The real estate transfer tax was implemented in May of 1992 at an original rate of \$3.00 per \$1,000 increment of value on the sale or transfer of real estate within the City. The rate was reduced in May of 1995 and remains at \$1.50 per \$1,000. Pursuant to Elmhurst Municipal Code, real estate transfer tax refunds are available if the payer of the tax previously owned and occupied a home in Elmhurst and within 180 days of the closing, purchases and occupies a new residence in Elmhurst. In FY 04/05, 155 refunds were issued totaling \$96,667, compared to 110 in FY 05/06 totaling \$77,826. During FY 06/07, 92 refunds were issued totaling \$70,005. Following a decrease in replacement housing and a lower level of housing turnover, the resulting projections for FY 08/09 stand at \$520,000, reflecting a 32.3% decrease in revenues from FY 05/06 and a 5.0% increase of FY 07/08 estimates.

352



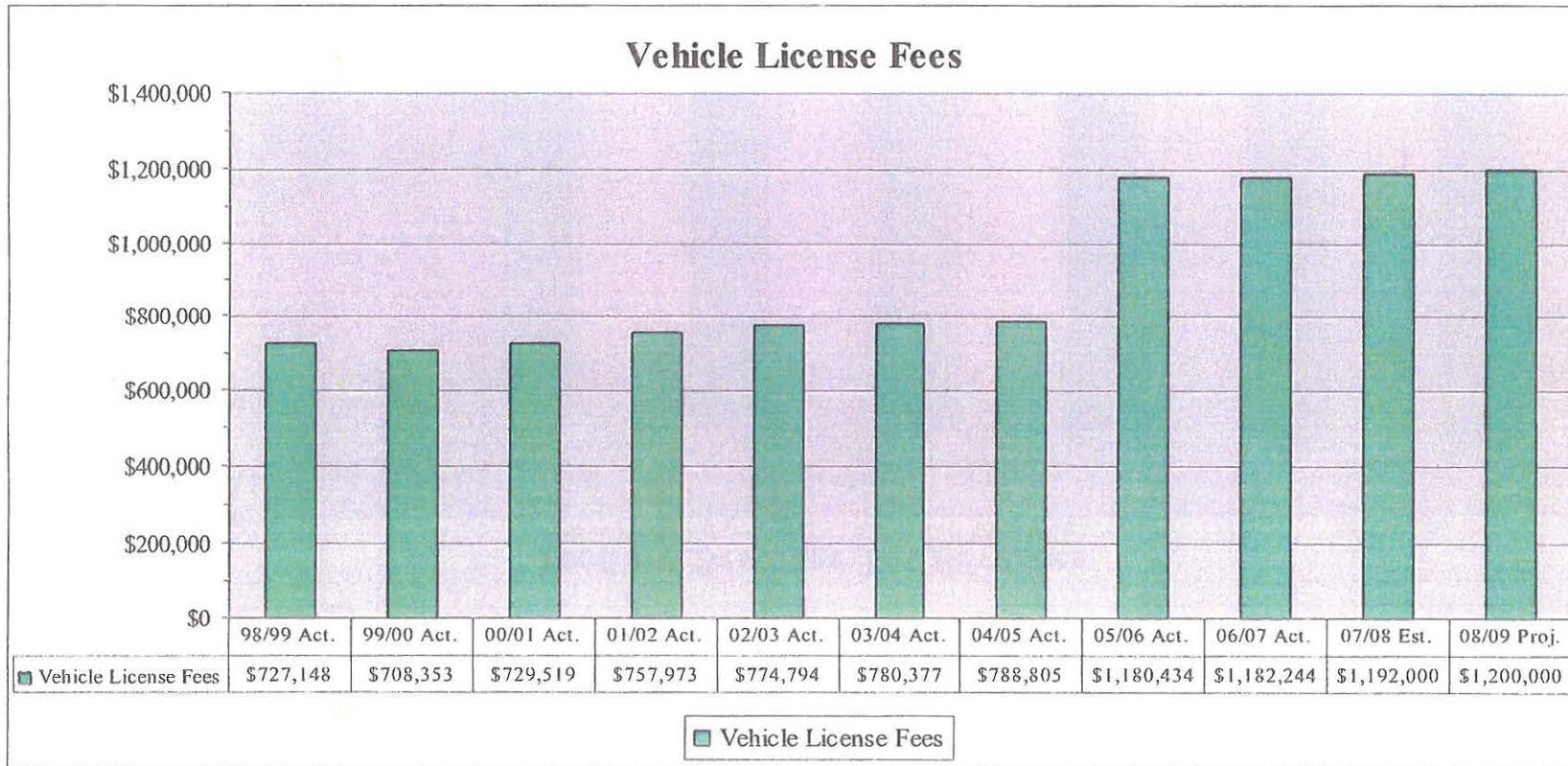
FOOD AND BEVERAGE TAX – The City instituted the 1% Prepared Food and Beverages Tax, including packaged alcoholic beverages, in January of 2003. This revenue has increased as more families dining out more often has become the trend and as the number of eating establishments in the City has increased. This has become a significant new source of revenue to the General Fund, showing a 16.4% increase since its first full year of implementation (FY 03/04) to the FY 08/09 projection of \$917,000. Unlike the Municipal 1%, Local Use Tax and Home Rule .25% sales taxes that are collected by the State and distributed to municipalities, the City is responsible for the collection and administration of the 1% Prepared Food and Beverages Tax. Projected revenue for fiscal year 08/09 is anticipated to be 3.0% higher than the estimated revenue of \$890,000 for FY 07/08.

353

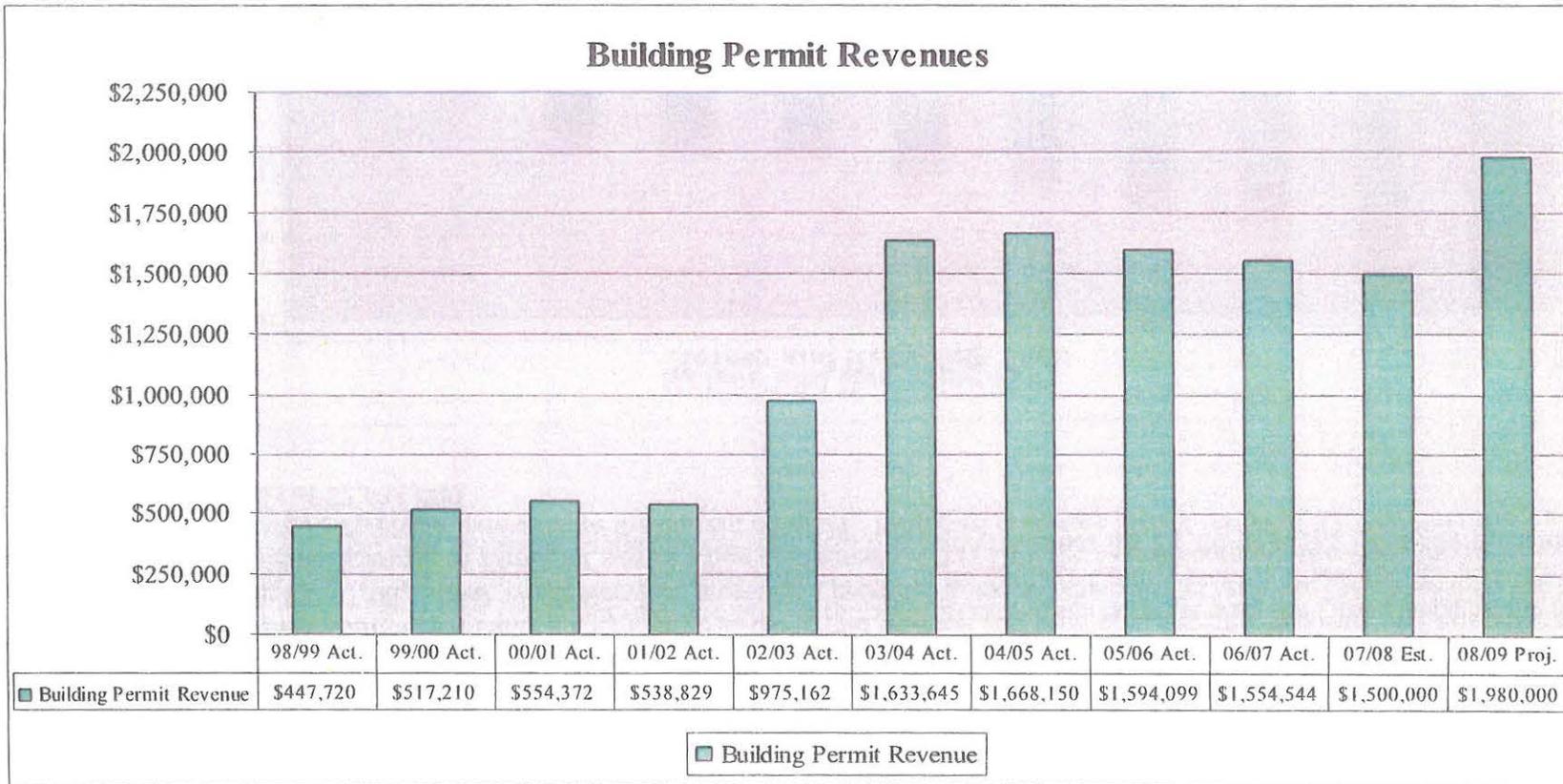


VEHICLE LICENSE FEES – Pursuant to the City of Elmhurst Municipal Code, motor vehicle license fees are paid annually. Revenues collected from vehicle license sales are directed toward street resurfacing and maintenance. Approximately 32,000 stickers are sold annually, including passenger, senior, truck, and transfer stickers. Vehicle stickers are sold at a discounted rate from March 1st through April 30th, and at full price after April 30th. Rates for passenger vehicles are \$36 discounted and \$45 full price. Following a 50% fee increase in FY 05/06, revenues from vehicle license sales are estimated to be relatively flat for FY 08/09 at \$1,200,000. Although Vehicle License Fees are a stable source of revenue, the administrative costs incurred to collect these fees is high.

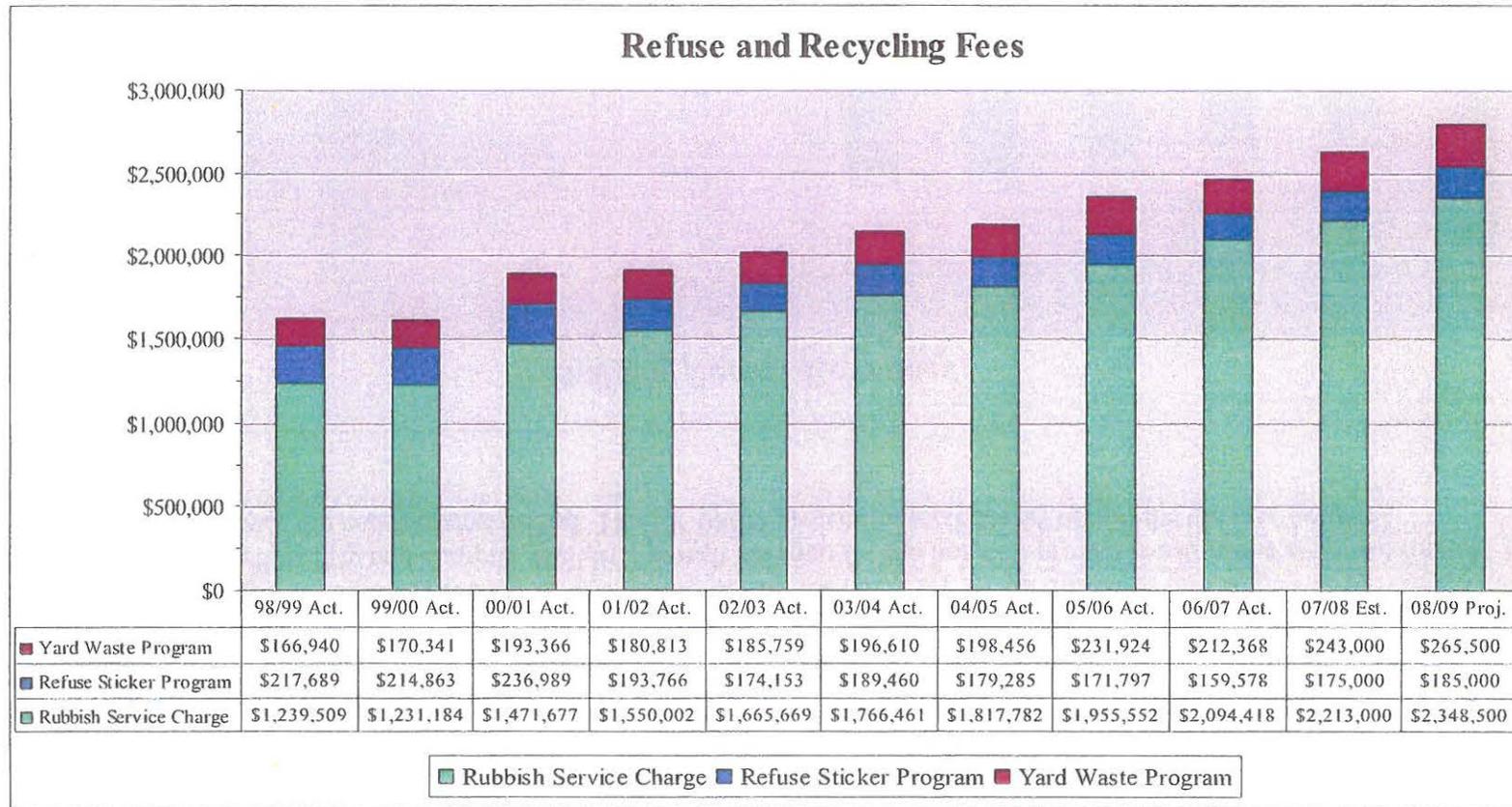
354



BUILDING PERMIT FEES – The tasks associated with issuing permits and assuring that building maintenance, improvements and construction comply with City code are performed by staff in the Building Department, Fire Department, Public Works, Planning and Zoning and Administration. In 2002, a comprehensive market rate analysis and a review of costs associated with issuing permits was completed. Based on the results of this study, permit fees doubled for new homes and town homes to \$5,000 and \$3,400, respectively and new commercial development increased from \$4,250 per floor to \$8,000 per floor. Permit fees increased in 2004 for new homes to \$6,000 and for town homes to \$4,000. Also in 2004, the City Council approved annual increases to building permit fees based on the annual increase in the consumer price index. In 2006, commercial fees were raised to the greater of 1% of construction cost, or \$1.00 per square foot, or a minimum fixed amount depending on the project. The projection for 08/09 of \$1,980,000 indicates a 32% increase in revenue from building permit fees over FY 07/08 estimates due largely to the construction of the new Elmhurst Memorial Healthcare facility and campus. Building permit revenue for the hospital project is estimated at approximately \$1,750,000 and will be collected by the City over the construction period. The FY 08/09 projection includes \$530,000 for the new hospital.

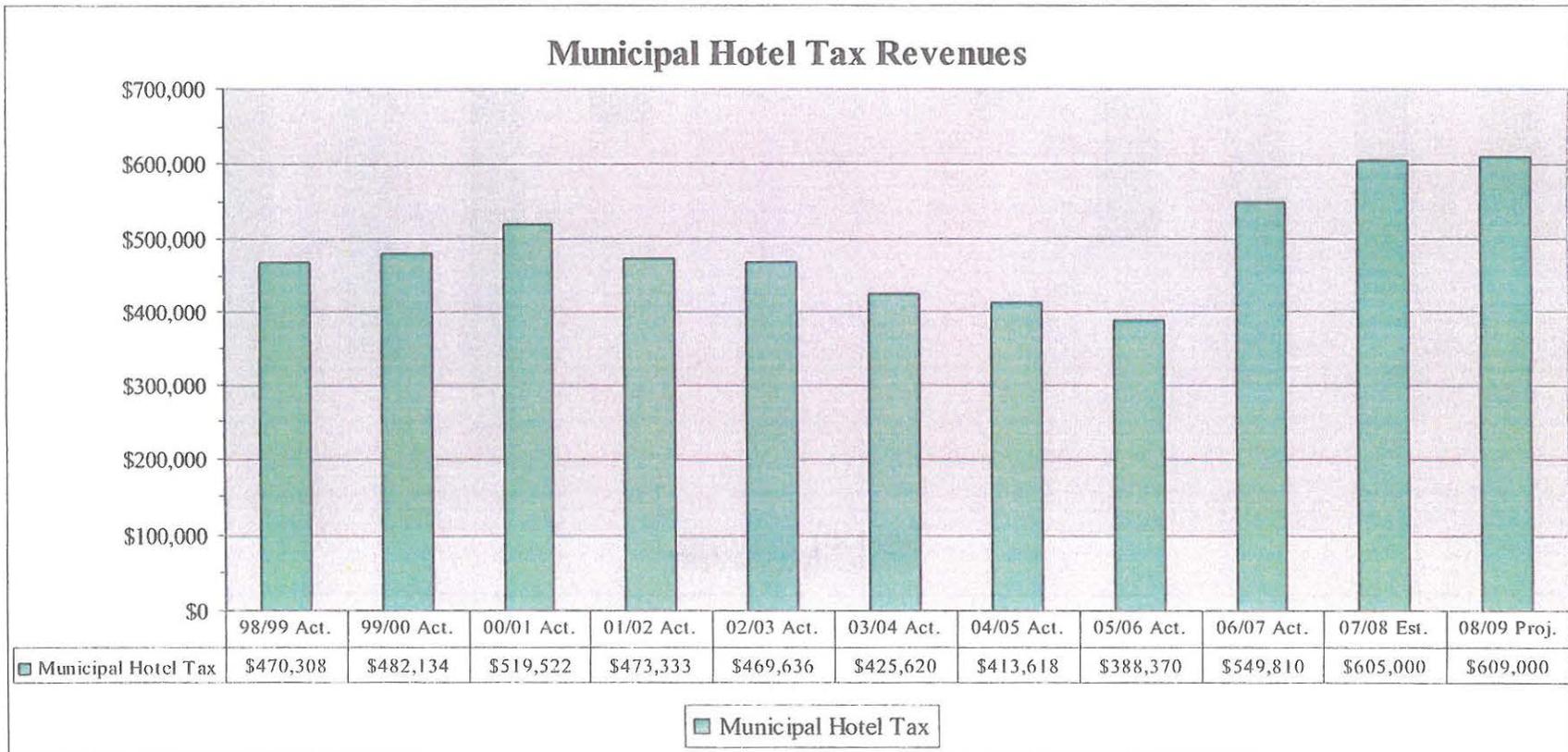


REFUSE & RECYCLING FEES – The City of Elmhurst contracts with Allied Waste Services (formerly Browning-Ferris Industries) for curbside recycling and waste services. The current contract with Allied Waste will expire March 31, 2008. The current rubbish rates effective since April 1, 2007, provides standard rubbish services for \$12.13 per month. Residents also can opt for the alternative program which includes a 96-gallon toter at a rate of \$16.98 per month. Extra cans or bags of refuse require a sticker at a cost of \$1.75 each. Yard waste is also collected and requires a sticker at a cost of \$2.00 each. Additionally, all rates include a City charge to cover two free fall leaf pick-ups, a spring clean-up, and miscellaneous administrative expenses. During FY 07/08, Allied Waste Services provided a proposal to extend the contract with the City. Based on the rate increases proposed, the favorable comparison of Elmhurst’s rates when compared to other DuPage County communities, and the services provided by Allied Waste, the City approved a five year extension to the current contract. Projected revenues for FY 08/09 of \$2,799,000 reflect an increase of 6.3% over FY 07/08 estimates of \$2,631,000.

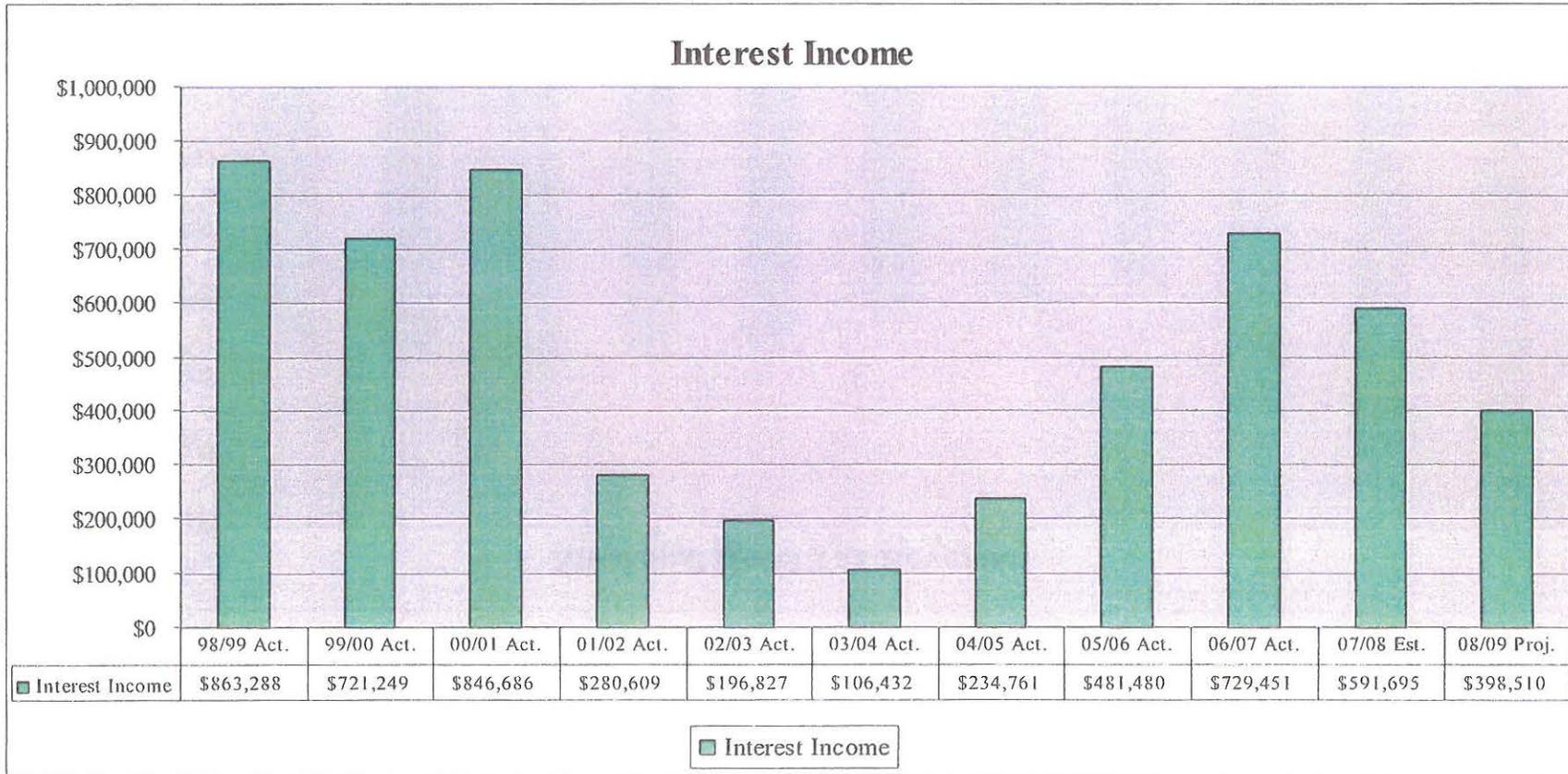


MUNICIPAL HOTEL TAX – The City of Elmhurst, pursuant to state statute, imposes a tax on the gross rental receipts of hotel operators. Upon the implementation of the tax, the City Council dedicated 50% of the funds generated be allocated specifically for projects, promotional material, organizations or events that would encourage tourism and additional commerce in Elmhurst, as well as to enhance the cultural aspects of the City. The City’s hotel tax rate of 4.0% has not changed since FY 96/97 when it was increased from 3%. Municipal hotel tax revenues have increased significantly since the low point in FY 05/06. Following a 41.6% increase in revenue for FY 06/07 and an estimated 10.0% increase in revenue for FY 07/08, projected revenue for FY 08/09 of \$609,000 is consistent with the estimated 07/08 level.

357



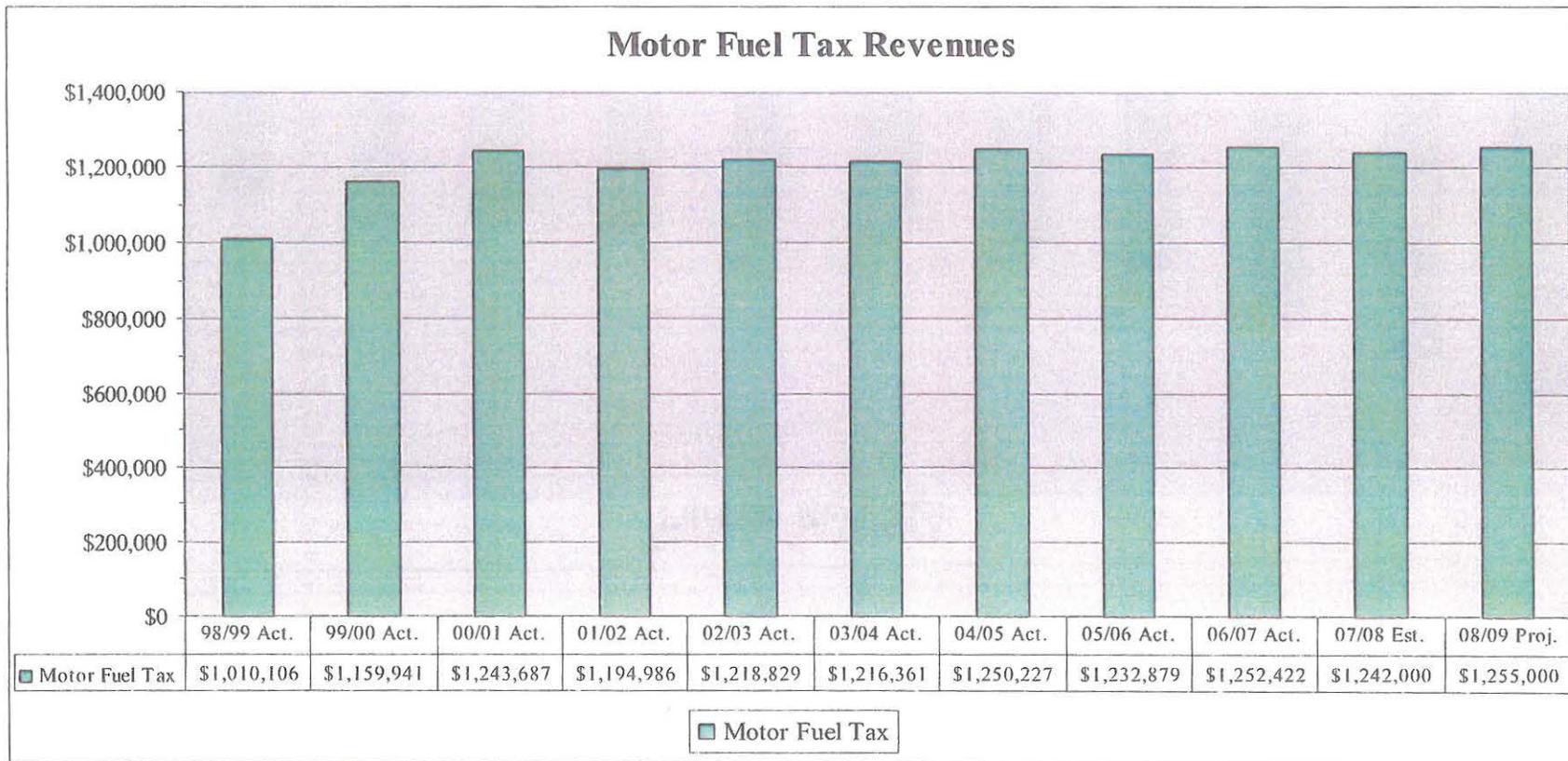
INTEREST INCOME – The City receives income in interest bearing accounts and investments. The revenues generated by interest are dependent on market conditions and fund balances. The rate of return for FY 07/08 is approximately 4.5%, compared to rates of approximated 1 – 2% in FY 03/04. Projected interest income for FY 08/09 is \$398,510, 32.6% lower than FY 07/08 estimates (due to lower projected fund balances and a projected return of 3.5% in FY 08/09) and 45.4% lower than FY06/07.



MOTOR FUEL TAX FUND

MOTOR FUEL TAX – This source of revenue is derived from taxes on gasoline and diesel fuels and is a state shared revenue source that is distributed based on population. These revenues are affected by use of motor vehicles and also fluctuations in gasoline prices. Estimated revenue of \$1,242,000 for FY 07/08 is based upon projections by the Illinois Municipal League and supported by current trends. While the League projection does reflect a small decrease in Motor Fuel Tax revenues, the impact to the City is offset by increased population numbers from the 2006 Special Census. Projected revenue for FY 08/09 is \$1,255,000, a 1.0% increase from FY 07/08.

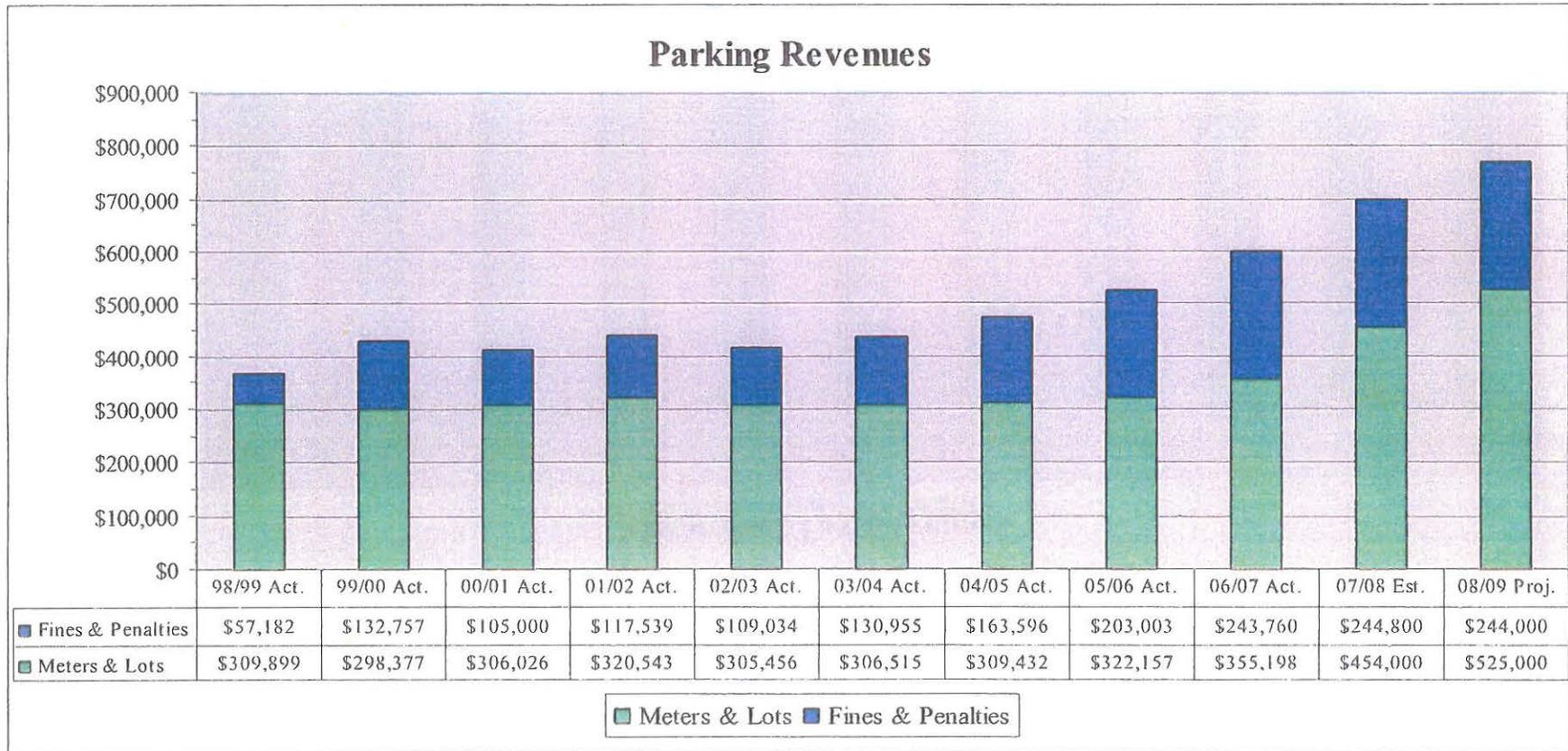
359



PARKING SYSTEM FUND

PARKING REVENUES – The City operates parking lots and garages which generate revenues. From FY 02/03 through FY 06/07, revenues from fines and penalties increased significantly due to increases in enforcement. Increases in parking fees for daily parking and quarterly permits that were anticipated for FY 06/07 have been approved and implemented in FY 07/08 (50% increase effective January 1, 2008). Based on the approved rate increases, estimated total revenues of \$698,800 for FY 07/08 are 16.7% higher than FY 06/07. With the full year of rate increases included in FY 08/09, total revenues are projected at \$769,000, an increase of 10.0% over FY 07/08.

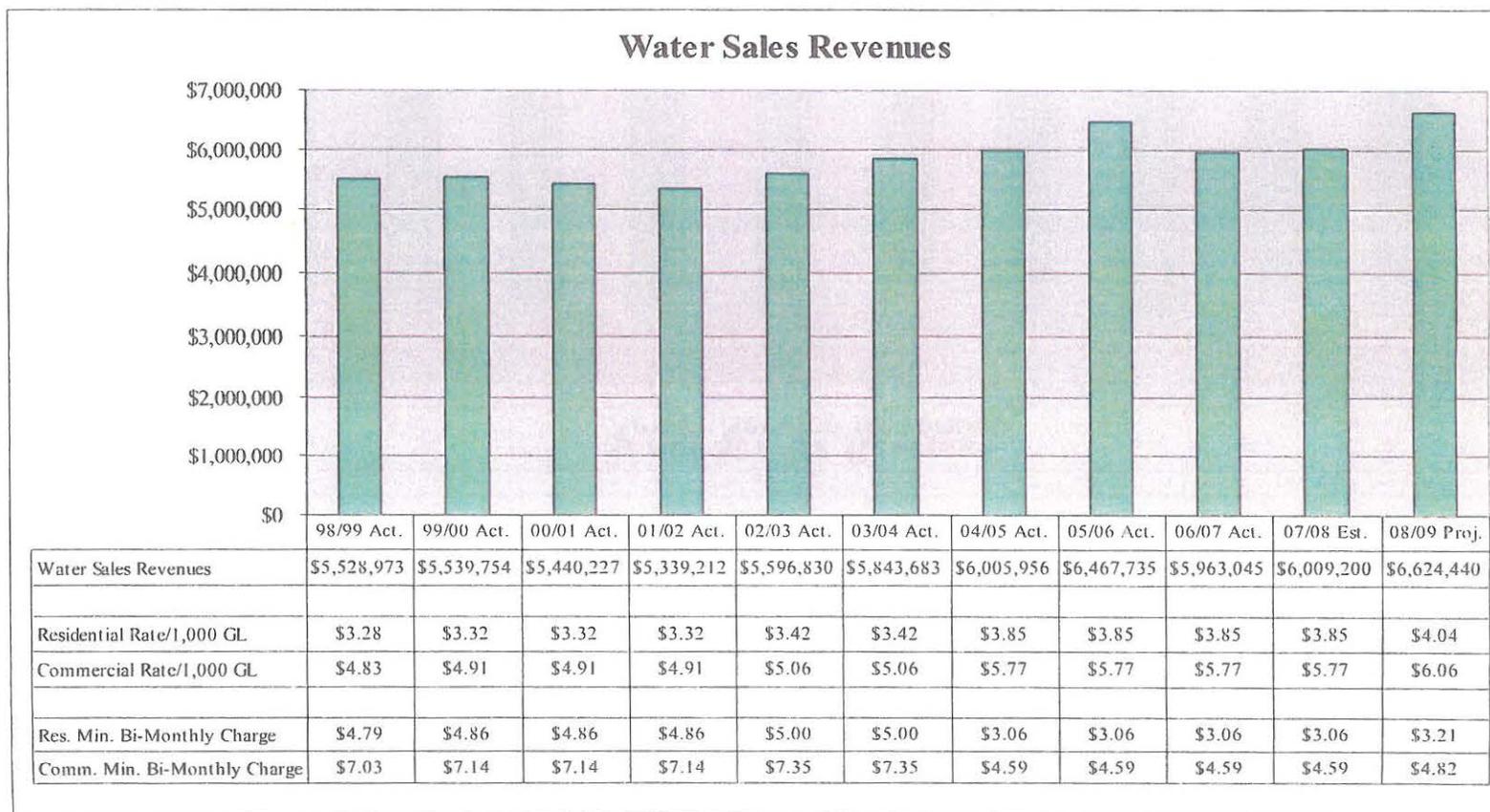
360



MUNICIPAL UTILITY FUND

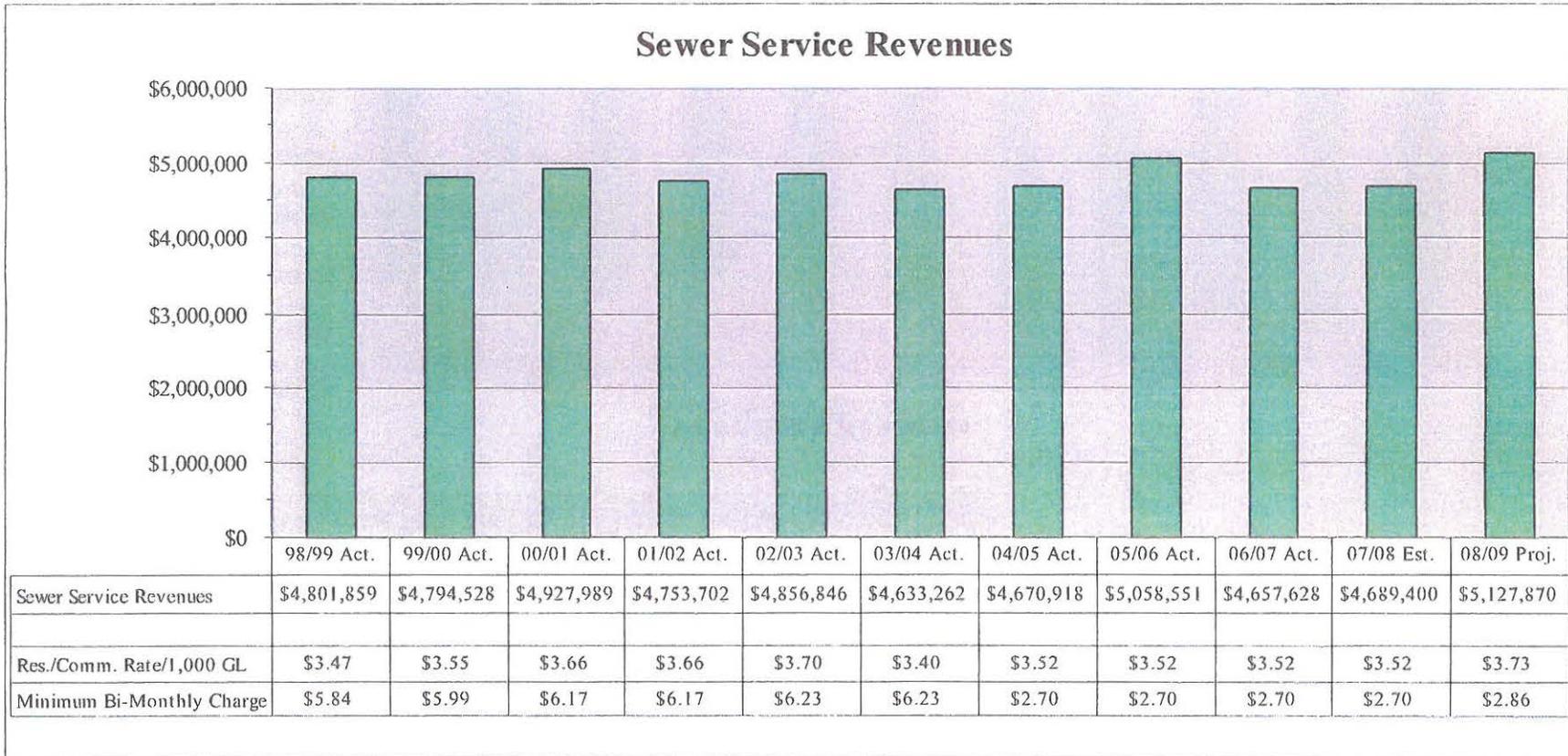
WATER SALES REVENUES – Water revenues are based on the number of gallons used by individual homes and businesses. Water rates are developed to recover the cost of providing potable water to the City’s users. The City of Elmhurst is a member of the DuPage Water Commission, which purchases Lake Michigan Water from the City of Chicago. Currently there are approximately 13,300 residential water customers and 838 commercial water customers. During FY 03/04, the City completed a comprehensive study to review the City’s water and sewer rate structure. Based on that study, the excess facilities charge and sewer cap method were eliminated and replaced by charging the water and sewer rates on all water used. The minimum charges were also revised. Rates based on the approved changes to the rate structure are reflected in the table below under FY 04/05. During FY 05/06, the sharp rise in revenue was a result of an exceptionally dry summer season. Typical usage expected for 07/08 has resulted in projected revenues \$6,009,200, a decrease of 7.1% from the high in FY 05/06. Projected revenues of \$6,624,440 reflect a proposed water rate increase of 5% due to a 15% increase from the City of Chicago for Lake Michigan Water.

361



SEWER SERVICE REVENUES – Sewer service revenues are directly related to water consumption. During FY 03/04, the City completed a comprehensive study to review the City’s water and sewer rate structure. Based on that study, the excess facilities charge and sewer cap method were eliminated and replaced by charging the water and sewer rates on all water used. The minimum charges were also revised. Rates based on the approved changes to the rate structure are reflected in the table below under FY 04/05. The sharp rise in revenue during fiscal year 05/06 is a result of an exceptionally dry summer season. As with water sales revenues, typical usage expected in 07/08 has resulted in a projected revenues \$4,689,400, a decrease of 7.3% from the high in FY 05/06. Projected revenues of \$5,127,870 reflect a proposed sewer rate increase of 6% due to the projected replacement of equipment at the wastewater treatment plant.

362



**A RESOLUTION ESTABLISHING A POLICY FOR
THE USE AND MANAGEMENT OF THE WORKING CASH FUND**

WHEREAS, the City Council established a working cash fund to ease cyclical cash flow problems at a time when the City was dependent primarily upon property taxes as a revenue source; and

WHEREAS, the City's revenue sources have evolved over several decades such that additional revenue sources have become available to the City both through amendments to the Illinois Municipal Code and the adoption of the Illinois Constitution of 1970 which granted the City home rule status; and

WHEREAS, although the degree to which the City needs to rely upon the working cash fund for operating revenue has lessened, maintaining a working cash fund provides flexibility given the City's reliance on economically sensitive sales taxes, is viewed favorably by bond rating services and is prudent fiscal policy; and

WHEREAS, the City Council has determined that such objectives can best be met by establishing a policy for the use and the management of the working cash fund.

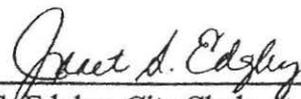
NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Elmhurst, DuPage and Cook Counties, Illinois that the "City of Elmhurst Working Fund Cash Policy Statement" attached hereto and made part hereof as Exhibit "A" is hereby adopted to govern the use and management of such fund.

Approved this 6th day of January, 2003.


Thomas D. Marcucci, Mayor

Passed this 6th day of January, 2003.

Ayes: 16 Nays: 0


Janet S. Edgley, City Clerk

City of Elmhurst
Working Cash Fund Policy Statement

1. The Working Cash Fund will be used only for an emergency purpose. An emergency purpose is defined as an event or project that is unbudgeted and unanticipated. The Working Cash Fund will only be used for "last recourse" financing. Using the Working Cash Fund as the last recourse source of funding for any emergency must be deemed as the appropriate and prudent action by the City Council.
2. The minimum balance in the Working Cash Fund will be \$800,000 and the maximum balance will be \$1,000,000. The Finance Committee will review the balance in the Working Cash Fund every three years starting in 2006.
3. Any accumulation of funds in excess of the maximum balance of \$1,000,000 will be transferred to the General Fund each November and April.
4. The Working Cash Fund will fund itself through interest income on its balance, up to the maximum.
5. Funds can be accessed from the Working Cash Fund for an emergency purpose as defined above, based on a recommendation from the Finance Committee and then by resolution of the City Council, passed by a simple majority.
6. All funds borrowed from the Working Cash Fund must be repaid. A loan must include a repayment plan. The repayment plan will be developed by the Finance Committee and approved by the City Council as part of the resolution to borrow funds from the Working Cash Fund.

A

Abatement: A partial or complete cancellation of a tax levy imposed by the City.

Accrual Basis: A basis of accounting utilized by proprietary fund types and pension trust funds where revenues and additions are recorded when earned versus received and expenses and deductions are recorded at the time liabilities are incurred versus paid.

Accrued Expenses: Expenses incurred but not due until a later date.

Annexation: The incorporation of land into an existing City with a resulting change in the boundaries of that City.

Appropriation: A specific amount of money authorized by the City Council to make expenditures and incur obligations for specific purposes, frequently used interchangeably with expenditures. An appropriation is limited as to amount and time.

Assessed Value: A valuation set upon real estate or other property by the Township Property Appraiser as a basis for levying taxes.

Audit: A systematic collection of sufficient, competent evidential matter needed to attest to the fairness of the presentation of the City's financial statements. The audit tests the City's account system to determine whether the internal accounting controls are both available and being used.

Available Fund Balance: That portion of fund balance collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

B

Balance Sheet: That portion of the City's financial statement that discloses the assets, liabilities, reserves and balances of a specific governmental fund as of a specific date.

Balanced Budget: The characterization of the status of a fund whose budgeted expenditures do not exceed the total of its budgeted revenues and unreserved, undesignated fund balance at the beginning of the year.

Basis of Accounting: A term used when revenues, expenditures, expenses, transfers, assets and liabilities are recognized in the accounts and reported in the financial statements. Specifically, it relates to the timing of the measurements made, regardless of the nature of the measurement, on the cash, modified accrual or the accrual method.

Basis of budgeting: A method used to determine the recognition of Revenues and Expenditures for the budgetary process.

Benchmarking: Comparing one's own performance to that of their past performance or to that of comparable communities.

Bond: A written promise to pay a specified sum of money, called face value or principal, at a specified date in the future, called maturity date, together with periodic interest at a specified rate.

Bond Rating: An assessment of the likelihood that a bond issuer will pay the interest on its debt on time. Bond ratings are assigned by independent agencies, such as Moody's Investors Service. Ratings range from Aaa (highest) to D (in default). Bonds rated below B are not investment grade and are called high-yield or junk bonds. Since the likelihood of default is greater on such bonds, issuers are forced to pay higher interest rates to attract investors. Moody's Investors Service has given the City's general obligation bonds an Aa2 rating – considered as high grade bonds.

Bond Refinancing: The payoff and re-issuance of bonds, to obtain better interest rates and or bond conditions.

Bonded Debt: The outstanding principal portion of bonds.

Bonding: The act of borrowing money to be repaid, including interest, at specified dates.

Budget: A financial plan of operation embodying an estimate of proposed expenditures for a given period and the proposed means of financing those expenditures. Used without any modifier, the term usually indicates a financial plan for a single fiscal year.

Budget Calendar: The schedule of key dates or milestones, which the City departments follow in the preparation, adoption and administration of the budget.

Budget Document: Instrument used by the budget-making authority to present a comprehensive financial plan of operations to the City Council.

Budgetary Control: The control or management of a governmental unit or enterprise in accordance with an approved budget for the purpose of keeping expenditures within the limitations of authorized appropriations and available revenues.

Business-type activities: One of two classes of activities reported in government-wide financial statements. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. These activities are usually reported in enterprise funds.

C

Capital Expenditure Budget (CEB): A Capital Expenditure Budget is a five-year plan used to identify needed capital improvements and to coordinate the financing and timing of those improvements.

Capital Outlay: Items identified as those expenditures of \$15,000 or more that result in the acquisition or construction of fixed assets intended to be held or used for a period of three years or more.

Capital Project Fund: A fund established in order to account for the financial resources and costs associated with the construction of major capital facilities or other major capital improvements other than those financed by Proprietary Fund types.

Cash basis of accounting: Basis of accounting that recognizes transactions or events when related cash amounts are received or disbursed.

Cash Management: A reference to the activities of forecasting inflows and outflows of cash, mobilizing cash to improve its availability for investment, and investing temporary cash balances in order to achieve the highest interest and return available while minimizing risk to principal.

Census: An official population count of all or part of a municipality by the federal government. An official census count determines the amount of revenues that the City receives from the State for certain major revenue sources.

Charges for Service: User charges for services provided by the City to those specifically benefiting from those services.

Client: An information technology term used to describe a personal computer or similar device that processes and/or receives information.

Collector Street: A term used to define a roadway in the City of Elmhurst, which provides for traffic movements between local and major streets in a transportation network.

Commodities: Items which, after use, are consumed or show material change in, or an appreciable impairment, of their physical condition, and which are generally of limited value and characterized by rapid depreciation. Examples include office supplies, maintenance supplies, gasoline, etc.

Component Unit: A component unit is a legally separate organization that a primary government must include as part of its financial reporting entity for fair presentation in conformity with GAAP. The Elmhurst Public Library is a component unit of the City of Elmhurst because the Elmhurst City Council appoints the Library's Board of Trustees, approves the Library's tax levy and budget, and is ultimately responsible for any debt issued for the Library. The Elmhurst Historical Museum Foundation is also a component unit of the City of Elmhurst as the funds and resources of the foundation are devoted exclusively to developing and augmenting the resources and services of the Elmhurst Historical Museum, that are not otherwise provided for through other means of funding.

Comprehensive Annual Financial Report (CAFR): A governmental unit's official annual report prepared and published as a matter of public record, according to governmental accounting standards.

Comprehensive Plan: An official public document adopted by the local government as a policy guide to decisions about the physical development of the community. It is a general long range physical plan.

Contingency: The appropriation of reserve funds for future allocation in the event specific budget allotments have expired and additional funds are needed.

Contractual Services: Expenditures for services which are obtained by an express or implied contract.

Corporate Property Tax: The Corporate Property Tax is the tax levied by the City on all property in the City that is subject to property taxation which is used or designated for general use, employee pensions, ambulance services and fire protection services.

D

DUCOMM: DuPage Public Safety Communications. An organization providing regional police and fire dispatch services to many municipalities in the DuPage County area. The City of Elmhurst is a member of DuComm and pays its share of annual fees to the organization, which are located in both the police and fire department budgets.

Debt: A financial obligation from the borrowing of money.

Debt Ratio: Ratios that provide a measure of assessing debt load and ability to repay debt, which play a part in the determination of credit ratings. They are used to evaluate the City's debt position over time and against its own standards and policies.

Debt Service: The payment of principal and interest on borrowed funds.

Debt Service Funds: Used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Deficit: Most commonly used to describe an excess of expenditures over revenues for a fiscal year. However, deficits are often planned for due to the use of accumulated monies for capital or other projects. In addition, municipalities often have accumulated cash balances which they intend to use to fund expenditures for a given fiscal year.

Department: An organizational unit responsible for carrying out a major governmental function, such as Police or Public Works.

Depreciation: The decrease in value of physical assets due to use and passage of time.

Designated Unreserved Fund Balance: For Governmental fund types it is the portion of fund balance that is spendable or available for appropriations, but which has been earmarked by the City Council for some specific purpose.

Distinguished Budget Presentation Award: A voluntary program administered by the Government Finance Officers Association to encourage governments to publish well-organized and easily readable budget documents and to provide peer recognition and technical assistance to the fiscal officers preparing them.

Draft Budget: The preliminary budget document distributed to the City Council and available for inspection by the public which includes all of the budgets proposed by each Department along with any additional major capital projects or other major changes in operating levels approved by the City Manager.

E

Elasticity: Increasing or diminishing readily in response to a changing stimulus. Sales taxes are very elastic because the amount of taxes collected increases with sales and decreases when sales are low. The stimulus is the economy, which has a direct effect on the purchasing power of citizens, which translates into sales tax revenues.

Eminent Domain: The power of a government to acquire private property for public purposes. It is used to obtain real property that cannot be purchased from owners in a voluntary transaction. When the power of eminent domain is exercised, owners normally are compensated by the government in an amount determined by the courts.

Employee Benefits: The City's portion of costs associated with employee retirement and insurance benefits and the City's tuition reimbursement program.

Encumbrance: The commitment of appropriated funds to purchase an item or service. To encumber funds means to set aside or commit funds for a future expenditure.

Enterprise Fund: Used to account for operations that are financed and operated in a manner similar to private business enterprises - where the costs of providing goods or services are financed or recovered primarily through user charges.

EPA: Environmental Protection Agency

E-Pay: An acronym used to describe the City's internet payment system where residents may pay their water/sewer bills or parking tickets by credit or debit card.

Equalized Assessed Value (EAV): The value of property resulting from the multiplication of the assessed value by an equalization factor to make all property in Illinois equal to one-third of its market value.

ESDA: Emergency Services & Disaster Agency

Expenditures: Payment by the City for goods or services that the City has received or will receive in the future.

Expenses: Charges incurred, whether paid or unpaid, resulting from the delivery of goods or services.

F

FEMA: Federal Emergency Management Agency.

FICA: Federal Insurance Contributions Act. Monies paid to the federal government to fund for future social security benefits as may be defined by the government in future years.

Facade: The front, visible part, or most conspicuous component of a building. Elmhurst has implemented a facade improvement program for its downtown businesses, in an effort to revitalize the area.

FICA (Federal Insurance Contributions Act): Monies paid to the federal government for future social security benefits as may be defined by the federal government.

Fiduciary Funds: Funds that are used when a government holds or manages financial resources in an agent or fiduciary capacity.

Fiscal Policies: The City's policies with respect to revenues, spending, and debt management as these relate to government services, programs and capital investment. Fiscal policy provides an agreed upon set of principles for the planning and programming of government budgets and their funding.

Fiscal Year (FY): Any consecutive twelvemonth period designated as the budget year. The City's budget year begins on May 1 and ends April 30 of the following calendar year.

Fixed Assets: Assets of a long term character which are intended to continue to be held or used. Examples of fixed assets include items such as land, buildings, machinery, and other equipment.

FOIA: Freedom of Information Act

Forecast: The projection of revenues and expenditures usually for a time period that is greater than one year based on clearly defined assumptions and predictions related to future events and activities.

Franchise Agreement: An agreement between the City and a utility setting forth the terms and conditions under which a utility, such as a cable company, may provide a service to residents. A franchise agreement often provides compensation to the City for the use of the public right-of-way by the utility company.

Franchise Fee: A fee paid by public service businesses for use of City streets and property in providing their services to the citizens of a community.

Full Accrual Basis: The basis of accounting under which transactions are recognized when they occur, regardless of the timing of estimated cash flows.

Fund: Fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, that are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulation, restrictions, or limitations.

Fund Accounting: A governmental accounting system that is organized and operated on a fund basis.

Fund Balance: The fund equity of governmental funds. Changes in fund balances are the result of the difference of revenues to expenditures. Fund balances increase when revenues exceed expenditures and decrease when expenditures exceed revenues. Fund balance is often used to describe the total available financial resources in a governmental fund.

Fund Types: In governmental accounting, all funds are classified into eight fund types: General, Special Revenue, Debt Services, Capital Projects, Special Assessment, Enterprise, Internal Service, and Trust and Agency.

G

GASB: Governmental Accounting Standards Board. An independent organization which has ultimate authority over the establishment of Generally Accepted Accounting Principles (GAAP) for state and local government. GASB members are appointed by the Financial Accounting Foundation (FAF), however the GASB enjoys complete autonomy from the FAF in all technical and standard-setting activities.

GAAP: Generally Accepted Accounting Principles. Uniform minimum standards and guidelines for financial accounting and reporting. They govern the form and content of the financial statements of an entity. GAAP encompass the conventions, rules and procedures necessary to define accepted accounting practice at a particular time. They include not only broad guidelines of general application, but also detailed practices and procedures. GAAP provide a standard by which to measure financial presentations. The primary authoritative body on the application of GAAP to state and local governments is the Governmental Accounting Standards Board (GASB).

GFOA: Government Finance Officer's Association. An organization representing municipal finance officers and other individuals and organizations associated with public finance.

GIS: Geographic Information System. A collection of information regarding parcels of land typically organized by property lines.

General Fund: The general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. Most services provided by the City including police protection, fire protection, street maintenance and snow plowing, forestry, engineering, administration, and building and code enforcement are accounted for in this fund.

General Obligation (G.O.) Bonds: Bonds that are backed by the “full faith and Credit” of a municipality. The taxing power of local government is pledged in the covenant of one of these bond issues.

Goals: A long-range desirable development attained by objectives designed to implement a strategy.

Government Fund Types: Funds that account for a government’s “governmental-type” activities. These funds are the general fund, special revenue funds, debt service funds and capital projects funds.

GPS: Global Position System

Grant: Contributions of cash or other assets to be used or expended for a specified purpose, activity or facility.

H

Home Rule Municipality: A home rule municipality may exercise any power and perform any function pertaining to its government and affairs including, but not limited to, the power to regulate for the protection of public health, safety, morals and welfare; to license; to tax; and to incur debt, unless preempted by the State of Illinois. A municipality is designated as a home rule municipality if its population reaches 25,000 or if the designation of home rule is approved by voters via a referendum.

HTE: The City of Elmhurst’s primary computer applications software. Originally, the software was named after Harward Technical Enterprises, which was subsequently purchased by another firm.

I

ICMA/ILCMA: International City/County Management Association and Illinois City/County Management Association. The professional and educational organization for chief appointed managers, administrators, and assistants in cities, towns, counties, and regional entities throughout the world. Since 1914, ICMA has provided technical and management assistance, training, and information resources to its members and the local government community. The management decisions made by ICMA's nearly 8,000 members affect more than 100 million individuals in thousands of communities; from small towns with populations of a few hundred to metropolitan areas serving several millions.

IDFPR: Illinois Department of Financial and Professional Regulation. An agency of the State of Illinois responsible for, among other things, ensuring that the City of Elmhurst is complying with all state laws and requirements related to the locally administered Police Officers’ Pension Fund and Firefighters Pension Fund.

IDOL: Illinois Department of Labor

IDOR: Illinois Department of Revenue

IDOT: Illinois Department of Transportation.

IEPA: Illinois Environmental Protection Agency.

IMRF: Illinois Municipal Retirement Fund. State retirement system established for municipal employees other than sworn fire or sworn police personnel.

Income: A term used in proprietary fund type accounting to represent: (1) revenues; or (2) the excess of revenues over expenses.

Infrastructure: The permanent foundation or essential elements of a municipality. Roadways are a component of a local government's infrastructure.

Interest Earnings: The earnings from available funds invested during the year.

Interdepartmental Services: An account used by the City to account for money received by the City's General Fund from other funds for their share of administrative overhead and other applicable expenditures that are accounted for in the General Fund.

Interfund Transfer: A transfer of funds or assets from one fund to another without equivalent flows of assets in return and without a requirement for repayment..

Intergovernmental Revenues: Revenues from other governments in the form of grants, entitlement, shared revenues, or payments in lieu of taxes.

Internal Service Fund: A fund-type used by state and local governments to account for the financing of goods and services provided by one department to another department, and to other governments, on a cost-reimbursement basis.

Investment: Securities and real estate held for the production of revenues in the form of interest, dividends, rentals, or lease payments. The term does not include fixed assets used in governmental operations.

Insurance Services Organization (ISO) Rating: A rating which provides a measure of the readiness of the City's fire response for home insurance purposes. The City's ISO Rating is 2.

K

Kelly Day: A term used frequently in the firefighting industry to describe the situation where a firefighter must take an additional day off, usually within a defined period of time such as 27 days, so that the firefighter does not work more regular hours than allowed within that time period.

Kilowatt-Hour: A kilowatt hour is a unit of measure used to describe the amount of electricity used for a defined period of time. State law now requires that the utility tax imposed by the City for electricity be based on the number of kilowatt-hours used instead of the gross charges.

L

Levy: (Verb) To impose taxes, special assessments or service charges for the support of governmental activities, usually based on the assessed value of property. (Noun) The total amount of property taxes imposed by the City for a specific year.

Liability: Debt or other legal obligations arising out of transactions in the past, which must be liquidated, renewed or refunded at some future date.

Line Item: A specific item or group of similar items defined by detail in a unique account in the financial records. Revenue and expenditure justifications are reviewed, anticipated and appropriated at this level.

Liquidity: The amount of cash and easily sold securities a local government has at one time.

Long-Term Debt: Debt with a maturity of more than one year after the date of issuance.

M

MFT (Motor Fuel Tax): The Motor Fuel Tax is a tax on fuel consumption imposed and collected by the State. Distribution of the tax to municipalities is based on the municipality's certified population. Elmhurst's MFT revenue is recorded in a separate fund due to the restrictions on the type of expenditures that Elmhurst may fund with MFT revenues.

Major Fund: A classification given to a fund when the fund's total assets, liabilities, revenues or expenditures/expenses is equal to or greater than 10% of the total Governmental Fund or Enterprise Fund total of that category (whichever category the fund belongs to) *and* 5% of the total Governmental and Enterprise total combined for that category. The General Fund is always classified as a Major Fund. Funds which do not pass this test are considered a Nonmajor Fund.

Mobile Data Terminals (MDT) - Mobile Data Terminals are terminals that will allow police officers instant access from the squad cars to the National Crime Information Center. This will allow the officer to immediately check on stolen property or check a warrant.

Modified Accrual Accounting: A basis of accounting used by Governmental Fund types in which revenues are recorded when collectable within the current period or soon enough thereafter to be used to pay liabilities of the current period, and, expenditures are recognized when the related liability is incurred.

Municipality: A term used to describe a unit of government in Illinois such as a city, village or town.

N

NPDES (National Pollution Discharge Elimination System): As authorized by the Clean Water Act, the NPDES is the U.S. Environmental Protection Agency's permit program to control water pollution by regulating point sources that discharge pollutants into the waters of the United States.

Net Assets: Total assets minus total liabilities.

Net Income: Proprietary fund excess of operating revenues, non-operating revenues, and operating transfers-in over operating expenses, non-operating expenses, and operating transfers-out.

Nonmajor Fund: A classification given to a fund when the fund's total assets, liabilities,

revenues or expenditures/expenses is not equal to or greater than 10% of the total Governmental Fund or Enterprise Fund total of that category (whichever category the fund belongs to) *or* is not equal to 5% of the total Governmental and Enterprise total combined for that category. Funds which do pass this test are considered Major Funds.

Non-operating Expenses: Proprietary Fund expenses not directly related to the Fund's primary activity. An example would be interest expense.

Non-operating Revenues: Proprietary Fund revenues incidental to, or not directly related to the Fund's primary activities. An example would be interest income.

O

Operating Budget: A financial plan that presents proposed expenditures for the fiscal year and estimates of revenue to finance them.

Operating Expenses: Proprietary fund expenses that are directly related to the fund's primary service activities.

Operating Income: The excess of proprietary fund operating revenues over operating expenses.

Operating Revenues: Proprietary fund revenues that are directly related to the fund's primary service activities. They consist primarily of user charges for services.

Ordinance: A formal legislative enactment by the governing body of a municipality. If it is not in conflict with any higher form of law, such as a state statute, it has the full force and effect of law within the boundaries of the municipality to which it applies. The difference between an ordinance and a resolution is that the latter requires less legal formality and has a lower legal status. Ordinarily the statutes or charter will specify or imply those legislative actions that must be done by ordinance and those that may be by resolution. Revenue-raising measures, such as the imposition of taxes, special assessments, and service charges require ordinances.

P

Part-Time Officers: Part-time employees utilized by the Police Department in a law enforcement-related capacity for special events and other situations as needed.

Pension: Future payments made to an eligible employee after that employee has left employment or retired. Pensions for police officers' and firefighters' are based on the number of years of service working for the City and the employee's rate of pay at the time the employee either left employment or retired.

Per Capita: Per capita is a term used to describe the amount of something for every resident within the City. Per capita calculations for Elmhurst are based on a population of 43,298 upon the results from the 2006 Special Census.

Performance Indicators: Specific quantitative and qualitative measures of work performed as an objective of the department.

Personal Services: Expenditures for salaries and wages paid for services performed by City employees.

Portfolio: A list of investments for a specific fund or group of funds.

Private Sector: Businesses owned and operated by private individuals, as opposed to government-owned operations.

Public Sector: The policies and procedures as conducted by local governments, states and the federal government.

Property Tax: A tax levied on the assessed value of real property. (See also Corporate Property Tax)

Proprietary Fund Types: The classification used to account for a city's ongoing organizations and activities that are similar to those often found in the private sector (i.e., enterprise funds). All assets, liabilities, equities, revenues, expenses and transfers relating to the government's business and quasi-business activities are accounted for through proprietary funds.

Public Hearing: An official forum called for the purpose of soliciting input from residents, businesses, and other stakeholders regarding a topic, plan or document. Illinois State law requires municipalities to hold a public hearing on the budget for the coming fiscal year before the budget is approved by the Council.

R

RFP (Request for Proposal): A document used to request specific information from vendors regarding the scope of goods or services they can provide to meet a specific need of the City as well as their proposed cost of providing those goods or services.

Referendum: The submission of a proposed public measure, law or question, which has been submitted by legislature, convention or council, to a vote of the people for ratification or rejection.

Repairs & Maintenance: All materials or contract expenditures covering repair and upkeep of City buildings, machinery and equipment, systems, and land.

Reserve: An account used to indicate that a portion of fund balance is restricted for a specific purpose. An account used to earmark a portion of fund balance to indicate that it is not appropriate for expenditure. A reserve may also be an account used to earmark a portion of fund equity as legally segregated for a specific future use.

Revenue Bonds: Bonds whose principal and interest are payable exclusively from a revenue source pledged as the payment source before issuance.

Revenues: Funds or monies that the government receives. It includes such items as tax receipts, fees from specific services, receipts from other governments, fines, forfeitures, grants, shared revenues, interest income and nonoperating monies.

S

SCADA (Supervisory Control and Data Acquisition): Computer controlled system operation and information in regards to the City's water system.

SSA (Special Service Area): An area of property legally designated by the City which provides a means for the City to levy and raise property taxes only from those properties within the area for services that specifically benefit the area subject to taxation.

Sales Taxes: The City receives two types of sales taxes – one from the state and the other from a home-rule sales tax. The state tax rate is 1.0% and the local home rule sales tax rate is 0.25%

Special Revenue Funds: Funds used to account for revenues derived from specific taxes or other earmarked revenue sources which, by law, are designated to finance particular functions or activities of government and which therefore can not be diverted to other uses.

Sworn: A term used to describe fire and police personnel who are hired by the Board of Fire and Police Commissioners.

T

TIF (Tax-Increment Financing): A redevelopment tool available for use by municipalities where the cost of capital improvements and development or redevelopment activity for a legally designated area are funded by the future property taxes, and in some instance sales taxes.

TIF (Tax-Increment Financing) District: A special district established to revitalize a deteriorating or underdeveloped area, funded through incremental property taxes.

Tax Base: The total value of all real and personal property in the City as of January 1 of each year, as certified. The tax base represents net value after all exemptions.

Tax Levy: The total amount of money to be raised by property taxes for corporate operating, debt service purposes or special service areas.

Tax Rate: The amount of property tax levied for each \$100 of assessed valuation.

Taxes: Compulsory charges levied by a government for the purpose of financing services performed for the common benefit. The term does not include charges for services rendered only to those paying such charges, for example sewer service charges.

Transfers: Most typically used to describe the transaction when one fund sends money to another fund, such as the Capital Improvement Fund sending money to the General Fund for certain budgeted expenditures.

Trust and Agency Funds: Funds used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

U

Unreserved Fund Balance: For governmental funds, it is the portion of fund balance that is spendable or available for appropriation.

Unrestricted Net Assets: That portion of net assets that is neither restricted nor invested in capital assets (net of related debt). Unrestricted net assets are typically used as the “fund balance” equivalent for Proprietary Funds.

User Fees: The payment of a fee for the direct receipt of a public service by the party who benefits from the service.

W

Web Page: An internet site that provides information and services and a means of communicating. The City’s web site (www.elmhurst.org) provides a significant amount of information and services that residents can access 24 hours a day and seven days a week.

WIFI: Wireless Fidelity. The underlying technology of wireless computing and telecommunications devices.

Working Capital: This term generally refers to current assets minus current liabilities.

WWTP: Wastewater Treatment Plant.