

**PUBLIC MEETING NOTICE AND AGENDA
VILLAGE OF HUNTLEY
VILLAGE BOARD MEETING**



**THURSDAY, NOVEMBER 14, 2013
7:00 P.M.**

1. Call to Order
2. Pledge of Allegiance
3. Public Comments
4. Consent Agenda
(All items listed under Consent Agenda have been discussed at the Committee of the Whole and may be approved/accepted by one motion. The Village Clerk will number all Ordinances and Resolutions in order, following approval)
 - a) Approval of the November 14, 2103 Bill List in the Amount of \$637,521.75
 - b) Approval of Payout Request No. 1 to F.H. Paschen, S.N. Nielsen & Assoc. for East Plant Digester Blower Replacement in the amount of \$52,000.32
 - c) Approval of Payout Request No. 1 in the amount of \$81,000.00 and Payout Request No. 2 in the amount of \$52,200.00 to Era Valdivia Contractors, Inc. for Repainting Water Tower No. 5 (Wing Pointe Subdivision)
 - d) Approval of Snow Plow Agreements for Lion's Chase, Talamore and Regency Square Subdivisions:
 - i. Approval of a Resolution authorizing a Snow Plow Agreement with Richmond American Homes for the Lion's Chase Subdivision
 - ii. Approval of a Resolution authorizing a Snow Plow Agreement with Huntley Venture for the Talamore Subdivision
 - iii. Approval of a Resolution authorizing a Snow Plow Agreement with Pistakee Partners, L.L.C. for the Regency Square Subdivision
 - e) Accept and Place on File Quarterly Financial Reports – Third Quarter 2013 Financial Reports for the Village of Huntley
5. Consideration of Items Removed from the Consent Agenda
 - a) Approval of the October 24, 2013 Village Board Meeting Minutes
6. Items For Discussion and Consideration:
 - a) Village of Huntley 2013 Tax Levy Policy Direction

7. Village Attorney's Report
8. Village Manager's Report
9. Village President's Report
10. Unfinished Business
11. New Business
12. Executive Session
 - a) Probable or Imminent Litigation and Pending Litigation
 - b) Contractual
 - c) Property Acquisition, Purchase, Sale or Lease of Real Estate
 - d) Appointment, Employment, Dismissal, Compensation, Discipline and Performance of an Employee of the Village of Huntley
 - e) Collective Bargaining
 - f) Appointment, Discipline or Removal Public Officers
 - g) Appointment of a Public Officer
 - h) Review of Closed Session Minutes
 - i) Other
13. Possible Action on any Closed Session Item
14. Adjournment

MEETING LOCATION
Village of Huntley Municipal Complex
10987 Main Street
Huntley, IL 60142

The Village of Huntley is subject to the requirements of the Americans with Disabilities Act of 1990. Individuals with disabilities who plan to attend this meeting and who require certain accommodations in order to allow them to observe and/or participate in this meeting, or who have questions regarding accessibility of the meeting or the facilities, are requested to contact Mr. David Johnson, Village Manager at 847-515-5200. The Village Board Room is handicap accessible.


David J. Johnson, Village Manager

Agenda Item: **Village of Huntley 2013 Tax Levy Policy Direction**

Department: **Finance Department**

Introduction

The Village Board must approve the annual property tax levy in sufficient time to file the approved property tax levy ordinance with the County Clerks by the last Tuesday in December, which is December 31, 2013 therefore levies are due no later than December 20, 2013.

Staff Analysis

The following points are important facts to consider in formulating the property tax levy:

- The tax levy process is an **estimation** based on assessed valuations, estimated new construction and annexations that have occurred during the year.
- The 2013 tax levy must consider multiple factors when attempting to calculate the potential property tax revenue.
- The Township Assessors calculate the estimated valuations and the County Clerks ensure that the Village's net levy does not exceed authorized rate limits.
- Final valuations are also affected by rate multipliers imposed by the Counties and the State of Illinois.
- Property tax revenues do not affect any enterprise funds, such as the water/sewer funds. The water/sewer funds operate like a business where user fees are the primary source of revenue.

Property Tax Extension Limitation Law (PTELL)

The collar counties (DuPage, Kane, Lake, McHenry and Will) became subject to the PTELL for the 1991 levy year for taxes paid in 1992. Cook County was added in 1994. Under this property tax cap legislation (for non-home rule taxing districts), the Village's maximum property tax increase without requiring referendum approval is limited to the lower of 5.0% or the consumer price index (CPI). The County Clerks have notified the Village that the CPI to use for the 2013 property tax levy is 1.7%.

Truth-in-Taxation Disclosure Requirements

The Village of Huntley is required to comply with Public Act 89-102, known as the "Truth in Taxation Act." This Act places requirements on the Village in the adoption of the 2013 property tax levy if the proposed 2013 gross property tax levy is 105% greater than the 2012 net property tax extension. The Village will be required to publish the Truth in Taxation Notice for 2013 if the levy request exceeds \$4,020,000.

Property Tax Levy Process

1. The Village does not levy for the tax rate, the Village levies for dollars. The rate is calculated based on the total request.
2. As a non-home rule community, the Village cannot recover any lost levy dollars if a levy request is not maximized due to the calculation of the property tax caps.

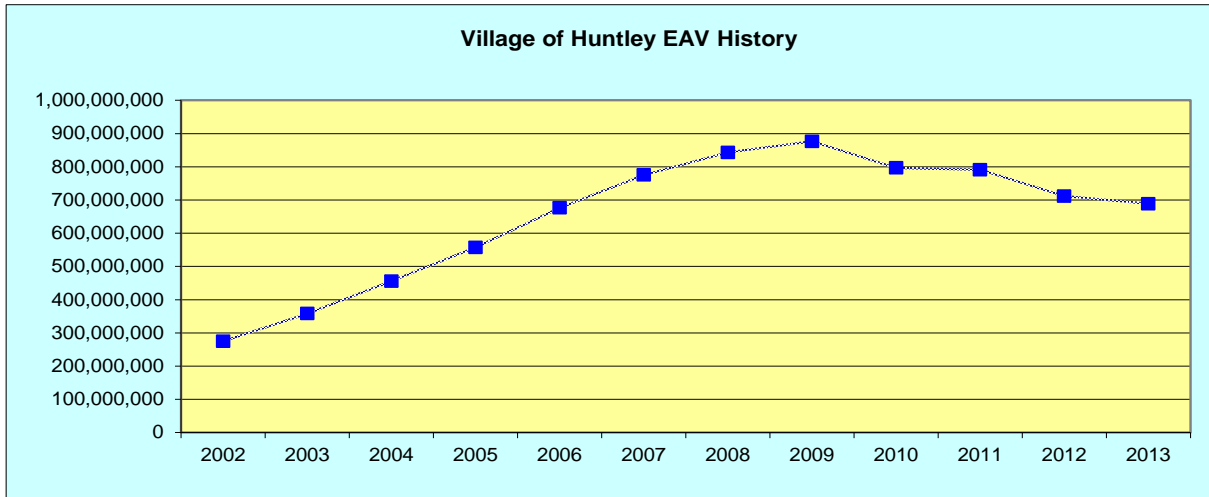
- Allows the Village to capture new growth and new construction so that the tax burden is allocated across all available taxpayers.

Financial Impact

For the fourth year in a row, the levy will be impacted by another reduction in valuations. The rate setting EAV is estimated to decrease by \$23,349,384 even though new construction added \$8,878,910.

The proportional share of property tax levies are based upon “billable equalized assessed value”. Billable EAV is the equalized assessed value minus any exemptions. Properties with exemptions have a lower billable EAV and will pay a lower percentage of the tax burden than they would if they did not have those exemptions. Properties without exemptions are then responsible for a higher percentage of the tax burden.

While PTELL limits annual inflation to 5%, additional taxes can be extended to pay for new growth. In 2011 and 2012 the Village did not capture all available tax dollars resulting in a permanent loss to date of \$217,446.41. By levying the same dollar amount of \$3,800,000 as the previous three (3) years, the Village will lose an additional \$145,855 in 2013 levy/2014 property tax revenue.



The Village’s tax levy funds are allocated for General Fund operations, Police Pension Fund obligations, Liability Insurance costs and Cemetery operations. Under the tax caps, the Village is limited in its ability to increase the levy to match the increase in the obligations. As Pension Funding requirements by the State of Illinois increase the cost to the Village, these funds must come from or reduce funds allocated to the General Fund.

	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Fund	3,179,293.16	3,142,241.25	3,033,503.94
Police Pension	318,704.33	354,105.69	462,843.00
Cemetery	2,003.64	2,012.22	2,012.00
Liability Insurance	299,998.87	301,640.84	301,641.06
	\$ 3,800,000.00	\$ 3,800,000.00	\$ 3,800,000.00

In addition, the Village also levies for Special Service Area Number 5 (Southwind maintenance) which is now at the maximum levy amount of \$21,000 per year or approximately \$28.00 per Southwind property. This levy is used for maintenance of stormwater management facilities, grass cutting of common areas and entry way maintenance as there is no homeowners association established for this subdivision.

Issues regarding Village of Huntley Police Pension funding requirements will be presented by Mr. Dave Richardson, Village of Huntley Police Pension Board Trustee. A Pension Board tax levy report and request are attached.

2013 Tax Levy Options

1. Request a levy amount of \$4,000,000 which would maximize available dollars to the Village of Huntley. This request would estimate revenue of \$3,945,855 prior to any potential multiplier adjustments.

2. Freeze the levy amount of \$3,800,000 which would represent a 0% increase from the 2012 levy request which would result in a permanent loss of revenue to the Village of Huntley estimated to be \$145,855 at this time.

The 2014 draft budget document currently assumes no increase in the levy request (\$3,800,000);

Either option may result in a higher tax “rate” as set by the County Clerks

The shift of tax burden, the devaluation of property and multiplier adjustments all factor into the final rate. Again, rates are not calculated by the counties until spring 2014.

Estimated 2013 Tax Rate - Payable 2014

Levy/Bill	Market Value		Assessed Value	Rate	VOH Taxes
2012/2013	\$ 225,000.00	33.33%	\$ 74,992.50	0.5338	\$ 400.31
2013/2014	\$ 225,000.00	33.33%	\$ 74,992.50	0.5519	\$ 413.88

VILLAGE OF HUNTLEY RATE, EAV AND TAX LEVY HISTORY

Levy	Rate	%Chng	EAV	%Chng	Levy Request	%Chng	Received	%Chng
2000	0.5712		\$ 154,736,202		\$ 1,157,265		\$ 884,324	
2001	0.5416	-5.18%	213,675,280	38.09%	1,500,000	29.62%	1,257,595	42.21%
2002	0.5304	-2.07%	274,778,282	28.60%	1,800,000	20.00%	1,457,428	15.89%
2003	0.4678	-11.80%	358,059,795	30.31%	2,100,000	16.67%	1,674,170	14.87%
2004	0.4520	-3.38%	455,734,372	27.28%	2,500,000	19.05%	2,059,825	23.04%
2005	0.4442	-1.73%	557,318,704	22.29%	3,000,000	20.00%	2,476,135	20.21%
2006	0.4296	-3.29%	676,220,947	21.33%	3,500,000	16.67%	2,904,886	17.32%
2007	0.4155	-3.28%	775,261,883	14.65%	3,750,000	7.14%	3,220,979	10.88%
2008	0.4138	-0.41%	843,255,156	8.77%	3,950,000	5.33%	3,489,390	8.33%
2009	0.4119	-0.46%	876,512,659	3.94%	3,665,000	-7.22%	3,608,084	3.40%
2010	0.4714	14.45%	796,378,817	-9.14%	3,800,000	3.68%	3,783,954	4.87%
2011	0.4799	1.80%	790,820,406	-0.70%	3,800,000	0.00%	3,800,000	0.42%
2012	0.5338	11.23%	711,860,053	-9.98%	3,800,000	0.00%	3,800,000	0.00%
2013*	0.5519	3.39%	688,510,669	-3.28%	3,800,000	0.00%	3,800,000	0.00%

*Estimated rate/levy

The following schedule will be followed for the 2013 Tax Levy process:

November 14, 2013: Present a report estimating total funds to be requested for 2013 tax levy.

December 12, 2013: Village Board to approve:

- a) 2014 Annual Budget
- b) 2013 Property Tax Levy Ordinance
- c) 2013 Special Service Area Levy Ordinances

Action Requested:

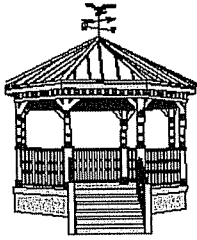
It is requested that the Village Board hold a public hearing on December 12, 2013 to elicit comments on the 2013 tax levy and direct staff to prepare a Truth-In-Taxation Notice (if required) based on Option 1 or Option 2.

Exhibits

- 2013 Property Tax Analysis
- Village of Huntley Police Pension Board Report for Tax Levy

**VILLAGE OF HUNTLEY
Property Tax Analysis
2013 PROPERTY TAX ANALYSIS**

	ESTIMATE				
2013 TOTAL ASSESSED VALUATION	688,510,669			Base	465,144,539 (McHenry County)
2013 NEW CONSTRUCTION/ANNEXATION	8,878,970				214,487,160 (Kane County)
					-
					679,631,699
2013 LIMITING ASSESSED VALUATION (ADJ BASE EAV)	679,631,699	<i>Total Assessed Value less new construction</i>		New Const.	6,695,181 (McHenry County)
					2,183,789 (Kane County)
					8,878,970
CALCULATION OF BASE LEVY LIMITATION:					
2012 EXTENDED LEVY	3,829,256			% chng	2013 EAV
2013 BASE LEVY LIMITATION	3,829,256			-0.44%	471,839,720 McHenry
2013 TAX CAP LIMITATION RATE (CPI)	1.70%			-8.93%	216,670,949 Kane
				-3.28%	688,510,669
INCREMENTAL INCREASE	65,097	<i>Base levy X Tax Cap rate (CPI)</i>			711,860,053
					(23,349,384) Change
2013 BASE LEVY LIMITATION	3,894,353	<i>Base levy plus incremental increase</i>			
ESTIMATED LIMITATION RATE: 0.005731 2013 base levy limitation/2013 base EAV					
2013 PROPERTY TAX LEVY	3,945,919	<i>Total assessed value X limitation rate</i>			OPTION 1
2013 MAXIMUM PROPERTY TAX LEVY NOT REQUIRING REFERENDUM:	3,945,919				
2013 ESTIMATED PROPERTY TAXES:	3,945,919				
2013 Levy Request 3,800,000 (145,919.19) 0.005519 ESTIMATED RATE					
					OPTION 2



VILLAGE OF HUNTLEY MEMO

TO: Huntley Village Board and Police Pension Board Members
FROM: Jennifer Chernak, Director of Finance and Human Resources, Village Treasurer
DATE: November 6, 2013
SUBJECT: Report for Tax Levy

Per Illinois Revised Statutes (40 ICS 5) section 3-143 "Report by Pension Board", the Police Pension Board shall report annually to the Village Board on the condition of the pension fund at the end of its most recently completed fiscal year. The report shall be made prior to the board meeting held for appropriating and levying taxes for the year for which the report is made.

The Pension Board shall certify and provide the following information:

- (1) Total assets of the fund - As of December 31, 2012, the market value of the Police Pension Fund's investment portfolio is \$4,115,841.99
- (2) Estimated receipts during the next succeeding year - The following summarizes the various projected revenue sources for the 2014 calendar year:

Property Tax, 2013 Levy (to be paid by taxpayers in 2014)	\$ 462,843
Employee Contributions	275,000
Investment Income & Unrealized Gains/Losses	<u>350,000</u>
Total Estimated 2014 Budget Revenues	\$1,087,843

- (3) Estimated amount required during the next year to pay all current pension obligations and to meet the annual actuarial requirements - The Village's independently hired actuary has advised the Village that employer contributions for 2014 (2013 tax levy) should be \$372,993. This amount is 18.4% higher than last year's recommended employer contribution of \$314,991. The detailed actuarial report is available under separate cover. This calculation was done under the Projected Unit Credit (PUC) Actuarial Cost Method, which is prescribed by Illinois State Statutes. PUC, however, is not an accepted actuarial method for financial reporting purposes. GASB Statements 25 & 27 requires the Entry Age Normal (EAN) Actuarial Cost Method be used for financial reporting purposes. This more conservative method recommends a 2013 property tax levy of \$462,843. Village staff intends to recommend to the Village Board that the EAN method be used in its 2013 property tax levy planning process.

It is also recommended that the Village review the interest rate and salary increase assumptions used in the annual actuarial analysis. Currently the levels are 7.5% for investment earnings and 4% for salary increases. Changing these assumptions will lead to increased police pension property taxes in the future.

- (4) Total net income received from investments – The Police Pension Fund’s actual investment rate of return for 2012 was 5.51% compared to the 0.47% return from 2011. As previously mentioned, the Fund’s actuarial rate of return is assumed to be 7.5%. For comparison purposes, the average annual yield over the past five years has been 2.63% and over the last ten years the Police Pension Fund’s rate of return has averaged 2.84%.
- (5) Increase in employer pension contributions – As stated in (3) above, the actuary is recommending employer contributions of \$462,843 for 2014 (the 2013 tax levy). This is an increase of 23.91% over the 2012 levy of \$352,179 being paid by taxpayers in 2013.
- (6) The total number of active employees who are financially contributing to the fund – There are 32 sworn police officers who are contributing to the Police Pension Fund.
- (7) The total amount disbursed in benefits to participants (per Actuarial Valuation Report) –
- i) 0 disabled annuitants received a total of \$0
 - ii) 2 retired annuitants received a total of \$89,931
 - iii) 1 surviving spouse annuitant received a total of \$46,500
 - iv) 3 terminated employees received a total of \$17,552
- (8) The funded ratio of the fund – The current percent funded ratio for the Police Pension Fund is 55.1%.
- (9) The unfunded liability carried by the fund, along with the actuarial explanation of the unfunded liability – As previously mentioned, the actuary uses the Projected Unit Credit Cost Method to determine total Accrued Liability. The Unfunded Accrued Liability is the excess of the total Accrued Liability over the Actuarial Value of the Assets. For the year beginning January 1, 2013, the total Actuarial Value of Assets was \$4,372,294. The total Accrued Liability was \$7,934,763, therefore, the Unfunded Accrued Liability was \$3,562,469.
- (10) Investment policy – The Police Pension Fund’s Investment Policy is posted on the Village of Huntley’s website.

The Village is authorized to publish this report on its Internet website.

Cc: David Johnson, Village Manager
Michael Hewitt, Village of Huntley Police Pension Board President



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October 31, 2013

Jennifer Chernak
Director of Finance and Human Resources
Village of Huntley
10987 Main Street
Huntley, IL 60142

Via First Class Mail

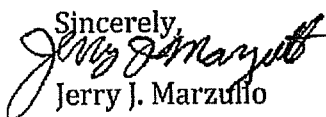
Re: Board of Trustees of the Huntley Police Pension Board - Actuarial Report

Director Chernak,

As you know the undersigned is legal counsel for the Huntley Police Pension Board. Recently, the Board engaged the actuarial services of Timothy W. Sharpe for purposes of determining the levy amount for the Police Pension Fund for the upcoming fiscal year of the Village (a copy of the levy report is attached). According to the actuarial valuation report the recommended tax levy for the Village of Huntley to properly fund the police pension fund is \$462,843 and at the most recent quarterly meeting of the Board the Board voted to adopt this amount.

Therefore, pursuant to the applicable Illinois Pension code statutes regarding this matter (3-123 and 3-125), the Board recommends that the annual levy for the upcoming year be in the amount of \$462,843. Please let the Board know if the Village intends to levy a different amount.

Thank you for your consideration of this matter and I can be reached at your convenience with any questions or concerns.

Sincerely,

Jerry J. Marzullo

Enclosures

Cc: Michael Hewitt, President
Huntley Police Pension Fund



Actuary

To: Ms. Jennifer Chernak

Comments:

Re: Police Pension Fund

Jennifer:

Recall, over the past two years as a result of PA 096-1495 many changes were made including the actuarial method (Projected Unit Credit), 30-year amortization period, 90% amortization target and asset smoothing (5-year average market value). This year we will look at using the RP2000 Mortality Table. The smoothed value exceeds the straight market value (\$198K). The investment return was less than assumed and salaries increased a little more than assumed. There are 2 more active members and the annual payroll increased 11.2%. Thus, the Tax Levy has increased and the Percent Funded has increased.

Highlights:

1. Investment return: 5.51%.
2. Annual payroll increase 11.2%; Average salary increase 6.3%.
3. New members 2 Terminations 0, Retirements 0, Incidents of Disability 0.
4. Percent Funded increased from 53.5% to 55.1%.
5. Tax Levy increased from \$314,991 to \$372,993 (18.4%).

As Always,

T. Sharpe

Timothy W. Sharpe, Actuary, Geneva, IL (630) 262-0600

March 18, 2013

VILLAGE OF HUNTLEY
Actuarial Valuation Results

POLICE	<u>1/1/12</u>	<u>1/1/13</u>		
	Int: 7.00%	Int: 7.00%	Int: 7.00%	Int: 7.00%
	<u>Sal: 5.50%</u>	<u>Sal: 5.50%¹</u>	<u>Sal: 5.50%²</u>	<u>Sal: 5.50%³</u>
1. Village Normal Cost	182,071	208,363	223,777	211,825
2. Accrued Liability	6,908,941	7,782,054	7,934,763	9,030,439
3. Assets	3,698,848	4,372,294	4,372,294	4,372,294
4. Unfunded Liability/(Surplus)	3,210,093	3,409,760	3,562,469	4,658,145
5. Amortization of UL	132,920	141,809	149,216	251,018
6. Tax Levy Requirement (1+5)	<u>314,991</u>	<u>350,172</u>	<u>372,993</u>	<u>462,843</u>
7. Payroll	2,236,875	2,486,763	2,486,763	2,486,763
8. Percent Funded (3/2)	53.5%	56.2%	55.1%	48.4%

¹ Reflects PA 096-1495, PUC, 28-year, 90% Amortization, Smoothed Market, UP1984 Mortality

² Reflects PA 096-1495, PUC, 28-year, 90% Amortization, Smoothed Market, RP2000 Mortality

³ Reflects Entry Age, 28-year, 100% Amortization, Smoothed Market, RP2000 Mortality

March 18, 2013

**VILLAGE OF HUNTLEY
Police Pension Fund**

Investment Performance 2003-2012

	FYE 03	FYE 04	FYE 05	FYE 06	FYE 07	FYE 08	FYE 09	FYE 10	FYE 11	FYE 12
BOY Assets	432,289	682,378	973,419	1,216,931	1,537,631	1,887,133	2,199,194	2,615,116	3,066,464	3,514,233
Village Contribution	152,828	184,018	164,674	184,815	219,009	239,696	270,717	308,749	350,771	318,578
Officer Contribution	99,564	111,497	117,841	134,041	152,353	173,834	203,479	213,805	219,961	292,006
Pension Payments	9,278	12,598	44,625	72,936	99,640	167,378	103,593	110,354	125,752	135,419
Expenses	2,419	9,953	8,386	5,045	4,944	4,408	4,596	4,931	12,639	21,255
Income	9,394	15,333	8,219	79,825	82,724	70,316	49,916	44,078	15,429	206,100
EOY Assets	682,378	970,676	1,211,142	1,537,631	1,887,133	2,199,195	2,615,116	3,066,464	3,514,233	4,174,242
Annual Yield	1.70%	1.87%	0.76%	5.97%	4.95%	3.50%	2.10%	1.56%	0.47%	5.51%
5-Year Yield (2008-12)	2.63%									
10-Year Yield (2003-12)	2.84%									

Timothy W. Sharpe, Actuary, Geneva, IL (630) 262-0600