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**VILLAGE OF SUGAR GROVE  
BOARD REPORT**

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**TO:** VILLAGE PRESIDENT & BOARD OF TRUSTEES  
**FROM:** MATT ANASTASIA, FINANCE DIRECTOR  
**SUBJECT:** 2018 PROPOSED PROPERTY TAX LEVY ANNOUNCEMENT  
**AGENDA:** NOVEMBER 6, 2018 REGULAR BOARD MEETING  
**DATE:** NOVEMBER 2, 2018

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**ISSUE**

Should the Village announce and approve the estimated and proposed 2018 property tax levy.

**DISCUSSION**

State statute requires that the Village announce and approve its estimated and proposed 2018 property tax levy at least 20 days prior to the passage of the tax levy ordinance. The tax levy ordinance is scheduled for approval on December 4, 2018, in advance of the December 18, 2018, filing deadline.

Staff recommends that the Village Board announce an estimated and proposed tax levy of \$4,121,775.51. After reductions for bond abatements and actual EAV adjustments, the estimated property taxes are \$1,715,174, which is \$45,128.78 (2.70%) above the 2017 extension amount of \$1,670,045.22.

The Special Assessment (SBA No. 17) for the Mallard Point/Rolling Oaks Area project will continue.

The SSA No. 10, which consists of the Sugar Grove Center, will NOT have a tax levy for tax year 2018, collectible in 2019.

Attached is the memo describing the tax levy process and the spreadsheet used to calculate the tax levy.

**COST**

Costs associated with this item include the required publication notice, estimated to cost \$300. These costs will be deducted from account 01-56-6503, Publishing, which has a current balance remaining of \$315.

## **RECOMMENDATION**

That the Board announce the estimated and proposed 2018 property tax levy in the amount of \$4,121,775.51. The Board also approve the Special Assessment (SBA No. 17) for the Mallard Point/Rolling Oaks Area.

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**VILLAGE OF SUGAR GROVE**  
**MEMO**

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**TO:** VILLAGE PRESIDENT & BOARD OF TRUSTEES  
**FROM:** MATT ANASTASIA, FINANCE DIRECTOR  
**SUBJECT:** 2018 PROPERTY TAX LEVY PROCESS  
**DATE:** NOVEMBER 2, 2018

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It's that time of year again when the Village, as well as all taxing bodies in the State, establishes its property tax levy for 2018. The Village must pass the Tax Levy Ordinance and file the Ordinance with the County Clerk's office no later than Tuesday, December 18, 2018. During the beginning of the following calendar year, the County Clerk's office calculates the tax extension. The Village will then receive tax collections from Kane County in various installments from May 2019 through December 2019.

There are two State Statute provisions that affect the Village's tax levy process. The first provision is what is commonly known as the "Tax Cap". In the early 1990's, State legislators approved the Property Tax Limitation Act, which provides that operating levy increases cannot exceed the Consumer Price Index increase for the prior calendar year, plus new growth. New growth consists of annexations of property and new building activity. For the 2018 tax levy, the CPI is 2.1%. New growth is even more difficult to determine during the current economy and construction period.

Because the Village and similar taxing bodies are not in a position to precisely estimate new growth, a consistent means of developing the tax levy is to increase the prior year levy by an over-inflated amount. The taxing bodies do this because if a taxing body's assumption on growth is too low, the taxing body loses the revenue increase related to those properties forever. During the tax extension process, the County will then decrease the proposed levies to the maximum amount allowed under the Tax Cap.

The second State Statute provision that affects the levy process is what is known as the Truth in Taxation Act. The Act provides that if the proposed property tax levy, excluding the debt portion, exceeds the prior year's property tax extension (excluding debt) by more than 5%, then the Village must meet certain public hearing and notice/publication requirements outlined in the Act. In addition, the amount of the proposed property tax levy, regardless of size, must be announced at least 20 days prior to passage of the Tax Levy Ordinance.

Based upon the above provisions, I have prepared a tax levy totaling \$4,121,775.51 that reflects a 58.77% increase over the 2017 tax levy extension. This year's levy amount includes \$1,362,138.00 in General Obligation Bonds that will be abated in the current year. Based upon prior experience and the current economic situation, the actual levy amount extended and collected should be approximately 2.70% above last year's levy extension. Details of the proposed tax levy can be found on the attached spreadsheet.

The schedule for passage of the tax levy is as follows:

<b>Date</b>	<b>Action</b>
November 6, 2018 Board Meeting	Announcement and presentation to the Village Board of the proposed tax levy in the amount of \$4,148,611.38.
November 8, 2018	Publish public hearing notice in the Kane County Chronicle
November 20, 2018 Board Meeting	Conduct the public hearing
December 4, 2018 Board Meeting	Pass Tax Levy and related Ordinances
December 12, 2018	File ordinances and Truth in Taxation Certificate with County Clerk's Office

Also, be advised that for levy purposes, the Village has three General Obligation Alternate Revenue Bonds outstanding dated 2009, 2013A, and 2017. These bond issues use revenue sources other than property taxes to fund debt service payments; however, the bond issues have an ultimate funding backup of property taxes. State Law provides that each year the Village must pass abatement ordinances so property taxes are not extended on the bond issues. Staff will place the Abatement Ordinances before the Board for consideration at the December 4, 2018, Board Meeting.

In addition, the Village passed a special assessment ordinance in 2012 to assess a tax levy to cover the costs of improvements in the Mallard Point/Rolling Oaks Area. These taxes are required to pay down the principal and interest on the debt assumed by the Village to cover the cost of the improvements.

There currently is an SSA No. 10 on the properties that comprise the Sugar Grove Center. The detention basin at the southeast corner of Capitol Drive and Park Avenue have not been maintained for more than a year. There are 17 property owners that are currently in this SSA. The Village will not levy a tax for tax year 2018, collectable in 2019.

Should you have questions regarding this matter, please contact me.

**NOTICE OF PROPOSED PROPERTY TAX LEVY  
FOR THE VILLAGE OF SUGAR GROVE, ILLINOIS**

- I. A public hearing to approve a proposed property tax levy increase for the Village of Sugar Grove, Illinois for 2018, will be held on Tuesday, November 20, 2018, at 6:00 p.m. at the Sugar Grove Municipal Center, 10 South Municipal Drive, Sugar Grove, Illinois.

Any person desiring to appear at the public hearing and present testimony to the taxing district may contact Matt Anastasia, Finance Director, 10 South Municipal Drive, Sugar Grove, IL (630) 391-7215.

- II. The corporate and special purpose property taxes extended for 2017 were \$1,670,045.22.

The proposed corporate and special purpose property taxes to be levied for 2018 are \$2,759,637.51. This represents a 65.24% increase over the previous year.

- III. The property taxes extended for debt service and public building commission leases for 2018 were \$0.00.

The estimated property taxes to be levied for debt service and public building commission leases for 2018 are \$0.00. This represents a 0.00% increase over the previous year.

- IV. The total property taxes extended or abated for 2017 were \$1,670,045.22.

The estimated total property taxes to be levied for 2018 are \$2,759,637.51. This represents a 65.24% increase over the previous year.

Cynthia L. Galbreath  
Village Clerk  
Village of Sugar Grove, IL

Village of Sugar Grove  
2018 Tax Levy Calculation  
For Ordinance Purposes Only

Property Tax Type	2017 Kane County Extension	2018 Proposed Levy	Amount Change	Projected 2018 Tax Levy Extension	% of Total
Corporate	\$ 792,187.69	\$ 1,299,594.00	(104,187.69)	688,000.00	47.09%
IMRF	44,999.56	73,391.52	0.44	45,000.00	2.66%
Police Protection	150,000.49	239,888.03	(0.49)	150,000.00	8.69%
Police Pension	401,859.80	547,974.00	145,814.20	547,674.00	19.86%
Audit	11,000.35	24,648.98	999.65	12,000.00	0.89%
Liability Insurance	39,999.93	133,634.61	0.07	40,000.00	4.84%
Street Lighting	54,998.80	97,562.68	1.20	55,000.00	3.54%
Social Security	174,998.60	342,943.69	2,501.40	177,500.00	12.43%
<b>Total excluding bonds</b>	<b>1,670,045.22</b>	<b>2,759,637.51</b>	<b>45,128.78</b>	<b>1,715,174.00</b>	<b>100.00%</b>
			65.24%		
<b>Bonds &amp; Interest</b>					
*2009 General Obligation Bond	323,780.00	323,340.00			
*2013A General Obligation Bond	602,262.00	603,262.00			
*2017 General Obligation Bond	-	435,536.00			
<b>Total bonds</b>	<b>926,042.00</b>	<b>1,362,138.00</b>		<b>47.09%</b>	
<b>GRAND TOTAL</b>	<b>\$ 2,596,087.22</b>	<b>\$ 4,121,775.51</b>		<b>58.77%</b>	

\*Bond and Interest for the 2009, 2013A, and 2017 General Obligation Bonds were abated in the prior year. Bond and Interest for the 2009, 2013A, and 2017 General Obligation Bonds will be abated in the current year.