

AN UP CLOSE & PERSONAL CONVERSATION WITH THE TOWNSHIP BUDGET PROCESS

Township Officials of Illinois
Fall Conference 2018

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Chicago
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Naperville
Crystal Lake
Bloomington

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MONKEYS, CIRCLES AND BALLOONS ARE KEY TO MANAGING YOUR TOWNSHIP FINANCES

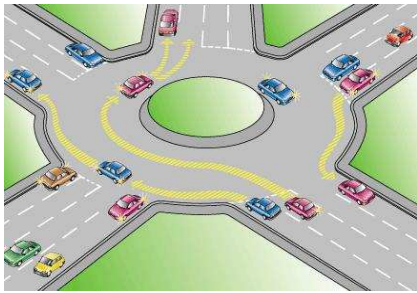


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Township Finances are Like a Record – you always are going around and around in the same direction



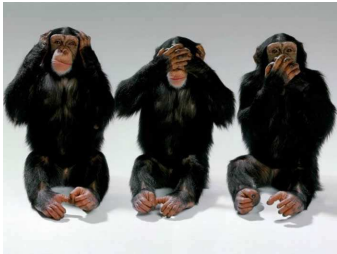
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Township Finances is not where you enter the pattern, but how you operate within the pattern!

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HEAR NO EVIL, SPEAK NO EVIL, SEE NO EVIL



Do you **SALT** your finances
(Same As Last Time)

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LEVY ORDINANCE



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TAKE ME TO THE LEVY



“The art of taxation consists in so plucking the goose as to obtain the largest possible amount of feathers with the smallest amount of honking..”

-Jean Baptiste Colbert

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A LEVY IS THE MAIN MEANS FOR OBTAINING REVENUE FOR THE TOWNSHIP



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Common Terms

Levy – what you seek

Tax Rate – what you can get

Extension – what you really get



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The Levy Ordinance

Legal request for property tax

Must be adopted annually

Must identify every separately authorized tax
(ie town, road, pension, bonds, tort liability,
etc.)

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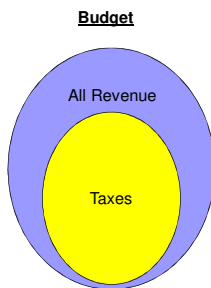
THE LEVY VS. THE BUDGET

LEVY & BUDGET ARE NOT THE SAME

LEVY ADOPTED AT SEPARATE MEETING

BOTH MUST BE FILED WITH COUNTY CLERK

BUDGET MUST BE REALLY DETAILED, BUT NOT SO FOR THE LEVY



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ILLINOIS PROPERTY TAX RATE AND LEVY MANUAL

Department Of Commerce And Economic Opportunity
Office Of Local Government Initiatives
Local Government Management Services

<http://www.ildceo.net/dceo/>

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TAXES LEVIED BY ORDINANCE

TOWN
GENERAL ASSISTANCE
SOCIAL SECURITY
AUDIT
ROAD & BRIDGE



DEBT SERVICE
PERMANENT ROAD



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TRUTH IN TAXATION ACT



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ESTIMATE THE AMOUNT OF TAXES TO RAISE

- o IF ANY PROPOSED AGGREGATE INCREASE OVER 105% FROM PREVIOUS EXTENSION, YOU MUST HOLD A PUBLIC HEARING ON THE INCREASE
- o LAW DOES NOT DESCRIBE CHANGES IN THE TAX RATE – IMPACTS ON INDIVIDUAL HOMEOWNERS ARE NOT DESCRIBED BY THIS LAW
- o IT'S THE AMOUNT THAT IS ACTUALLY LEVIED THAT COUNTS, NOT THE ESTIMATE

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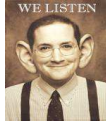
TRUTH IN TAXATION HEARING

MAKE ESTIMATE OF LEVY
AVAILABLE AT LEAST 20 DAYS IN
ADVANCE OF ADOPTION

PUBLISH NOTICE OF HEARING 7 to
14 DAYS IN ADVANCE

AT HEARING, EXPLAIN REASONS
FOR INCREASE

HEARING CAN'T COINCIDE WITH
BUDGET HEARING, BUT CAN
COINCIDE WITH ADOPTION OF
TAX LEVY



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TAX LIMITATIONS



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PROPERTY TAX EXTENSION LIMITATION LAW

ALSO KNOWN AS THE "TAX CAP"
LIMITS AMOUNT OF CURRENT LEVY
BASED ON LAST YEAR'S EXTENSION
LIMITS GROWTH OF LEVY AS APPLIED
PROPERTY VALUE INCREASES IN
DISTRICT
ADMINISTERED BY COUNTY CLERKS

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HOW THE COUNTY APPLIES PTELL



- COUNTY DETERMINES PRELIMINARY RATE (*based on your original levy*)
- COUNTY DETERMINES LIMITING RATE (*using statutory calculation*)
- IF PRELIMINARY AGGREGATE RATE EXCEEDS LIMITING RATE, LIMITING RATE IS APPLIED
- ADJUSTMENTS MADE ON PROPORTIONAL BASIS, UNLESS CLERK TOLD OTHERWISE

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What is the Limiting Rate?

$$\frac{\text{Aggregate Extension Base} \times (1 + \text{Extension Limitation})}{\text{EAV} - \text{New Prop.} - \text{EAV Annexed Prop} + \text{EAV Disconnected}}$$

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Property Tax Extension Limitation Law

Limits Growth of Tax Rate to the Lesser Of 5% or the Percentage Increase of CPI for the Year Preceding the Levy, or, the Percentage Rate of Increase Approved By Referendum For That Particular Levy Year

<http://www.revenue.state.il.us/LocalGovernment/PropertyTax/CPIhistory.pdf>

2012 CPI % Change = 3%

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Property Tax Extension Limitation Law

To whom does the "Tax Cap" apply?

Since 1991, non-home rule governments located in DuPage, Lake, McHenry and Will counties

In 1995, this law was extended to all non-home rule taxing districts in Cook County

Other Counties which have adopted it by referendum

<http://www.revenue.state.il.us/LocalGovernment/PropertyTax/PTELLcounties.pdf>

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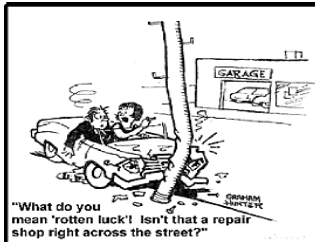
THERE IS A WAY OUT



NEW CONSTRUCTION
REFERENDUM

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NEVER FORGET TO
FILE THE LEVY



"What do you mean 'rotten luck'! Isn't that a repair shop right across the street?"

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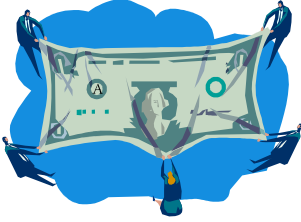
SANTA'S DEADLINE IS YOUR DEADLINE



FILE YOUR LEVY
WITH THE COUNTY
CLERK(S) BY THE
LAST TUESDAY IN
DECEMBER, OR ELSE!

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BUDGET AND APPROPRIATIONS ORDINANCE



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"GOOD MANAGEMENT IS BETTER THAN GOOD INCOME."
-Portuguese Proverb



"Let us all be happy and live within our means, even if we have to borrow the money to do it with."
Artemus Ward
"It's clearly a budget. It's got a lot of numbers in it." George W. Bush
"The light at the end of the tunnel has been turned off due to budget cuts." Steven Wright

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"ANYONE WHO LIVES WITHIN THEIR MEANS SUFFERS FROM A LACK OF IMAGINATION." -OSCAR WILDE

SPENDING PLAN

CONTROLS
EXPENDITURES

MEASURES REVENUES



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**THE BUDGET:
AN ORDERLY SYSTEM FOR LIVING BEYOND
YOUR MEANS**

PREPARATION, PREPARATION, PREPARATION

PRESENTATION

APPROVAL

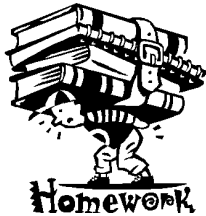
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**PREPARATION, PREPARATION,
PREPARATION**

Make it a team effort

Put it on the calendar

Review & revise plans



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PRESENTING THE BUDGET



"Which brings us to my next point."

KEY PERSONNEL

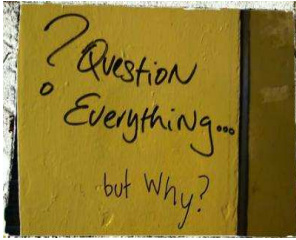
SPECIAL INTEREST
GROUPS

INFLUENTIAL CITIZENS

DOCUMENTATION

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INCLUDE SUFFICIENT DETAILS SO PUBLIC UNDERSTANDS HOW REVENUES WILL BE SPENT



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ALLOW TIME FOR PUBLIC INSPECTION

COPY MUST BE AVAILABLE TO PUBLIC AT LEAST 30 DAYS BEFORE FINAL ACTION

AT LEAST ONE PUBLIC HEARING REQUIRED (publish notice at least one week earlier)



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DON'T FORGET YOUR FILING REQUIREMENTS



FILE WITH COUNTY CLERK

MUST BE FILED BEFORE END OF FIRST QUARTER OF FISCAL YEAR



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FINANCIAL REPORTS AND AUDITS



- ANNUAL AUDIT
- STATE COMPTROLLER'S REPORT
- ANNUAL TREASURER'S REPORT

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THANK YOU!

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