AN UP CLOSE & PERSONAL CONVERSATION WITH THE TOWNSHIP BUDGET PROCESS
Township Officials of Illinois
Fall Conference 2018
ROBERT PORTER

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

Township Finances are Like a Record – you always are going around and around in the same direction
Township Finances is not where you enter the pattern, but how you operate within the pattern!

HEAR NO EVIL, SPEAK NO EVIL, SEE NO EVIL

Do you SALT your finances
(Same As Last Time)

LEVY ORDINANCE
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

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

Common Terms

Levy – what you seek
Tax Rate – what you can get
Extension – what you really get
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.)

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

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/
TAXES LEVIED BY ORDINANCE

TOWN
GENERAL ASSISTANCE
SOCIAL SECURITY
AUDIT
ROAD & BRIDGE
DEBT SERVICE
PERMANENT ROAD

TRUTH IN TAXATION ACT

ESTIMATE THE AMOUNT OF TAXES TO RAISE

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

TAX LIMITATIONS
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

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

What is the Limiting Rate?

Aggregate Extension Base x (1 + Extension Limitation)
EAV – New Prop. – EAV Annexed Prop + EAV
Disconnected
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%

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

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
THERE IS A WAY OUT

NEW CONSTRUCTION
REFERENDUM

NEVER FORGET TO FILE THE LEVY

“What do you mean 'not in back'! isn't that a repair shop right across the street?”

SANTA’S DEADLINE IS YOUR DEADLINE

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

“ANYONE WHO LIVES WITHIN THEIR MEANS SUFFERS FROM A LACK OF IMAGINATION.” - Oscar Wilde

SPENDING PLAN

CONTROLS EXPENDITURES

MEASURES REVENUES
THE BUDGET: AN ORDERLY SYSTEM FOR LIVING BEYOND YOUR MEANS

PREPARATION, PREPARATION, PREPARATION

PRESENTATION

APPROVAL

PREPARATION, PREPARATION, PREPARATION

Make it a team effort

Put it on the calendar

Review & revise plans

PRESENTING THE BUDGET

KEY PERSONNEL

SPECIAL INTEREST GROUPS

INFLUENTIAL CITIZENS

DOCUMENTATION
INCLUDE SUFFICIENT DETAILS SO PUBLIC UNDERSTANDS HOW REVENUES WILL BE SPENT

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)

DON'T FORGET YOUR FILING REQUIREMENTS

FILE WITH COUNTY CLERK

MUST BE FILED BEFORE END OF FIRST QUARTER OF FISCAL YEAR
FINANCIAL REPORTS AND AUDITS

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

THANK YOU!

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