



AVON TOWNSHIP – FINANCE COMMITTEE
Chair - Travis Haley
Vice Chair –

**433 E. Washington St.
Round Lake Park, IL 60073**

Avon Township Finance Committee Budget and Appropriations Report

for Fiscal Year beginning March 1, 2022 and ending February 28, 2023

Report Issued: April 12, 2022

Travis Haley – Chair

Kristal Larson – Secretary

Michael Dobrow, Rudy Repa, Barbara Jersey, Melanie Francisco, Michael Shultz - Members

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Statement of Authority to Issue Report

The Avon Township Finance Committee, with the approval of the Avon Township Town Board, was granted formal authority to prepare and produce guiding documents to the Avon Township Town Board on September 10, 2020 through the formal adoption of the Finance Committee Statement of Purpose, reproduced below for reference.

The Avon Township Finance Committee was established on February 19, 2020 by the Avon Township Board to be comprised of seven members – three elected officials and four members of the community – to provide guidance and independent oversight of financial matters including levies, budgets, policies and procedures that impact financial matters of the township. The Finance Committee is committed to serving the interests of the Township in all financial matters. To achieve that purpose, the Finance Committee shall have the following duties and authorities:

- To examine and make recommendations regarding audits, levy, budget, revenues, expenditures and related financial matters of Avon Township.
- To examine and make recommendations regarding policy, procedure, contracts as related to financial impacts to the Township.
- To ensure that all recommendations provided are narrowly focused on financial aspects as related to the Township.
- To provide timely and objective reports regarding financial matters of Avon Township at regular Town Board Meetings.
- To treat all records received from the Township as confidential until approved and entered into the public record by the Town Board.
- To request and receive of the Township any document, record or report necessary for the execution of their appointed committee duties.

The Finance Committee is committed to a supporting role within the Township and acknowledges that it has no statutory authority aside from providing recommendations, reports and advice to the elected officials of Avon Township.

Foreword

The Avon Township Finance Committee has prepared this report based on the budget proposals submitted by Supervisor Michele Bauman, Assessor Chris Ditton and Highway Supervisor Bob Kula. The committee has further reviewed past budgets, past audits, past financial performance, most current levy ordinances and other supplemental information related to the future ongoing operations of all units of Avon Township government.

This report serves as a complete and guided recommendation to the Avon Township Town Board across all funds. Analysis of each fund has been prepared to include estimated fund balances at the end of the fiscal year presented, adjusted to account for contingencies and recommended reserve funding to accurately reflect expected expenditures. The accompanying appendices and notes are material to these discussions and analysis presented in the report. Appendices as presented show multiple iterations of the budget in a consolidated format along with recommended final budget documents to be included with appropriate ordinances.

This report also considers the impact of consolidation of the road district into the township general funds. Timing of this impact is specifically noted and discussed, as are future considerations for long-term viability of the highway department under the town board.

Finally, this report addresses the legislative components of the budget requirements of the township. This discussion centers on the processes and procedures for adoption of the budget and offers a recommended appropriations ordinance for adoption of the budgets to be considered.

The Finance Committee has been committed to open and transparent discussion with all stakeholders and the public throughout this process.

I would like to thank a number of individuals who contributed to the budget process. To the members of the Finance Committee, who dedicated their time to this undertaking and consistently demonstrated a cooperative spirit and thoughtful deliberations throughout the entire process. To Anmarie Andresen, who was instrumental in reconciling key areas of the budget in a professional manner. To Clerk Larson for acting as Secretary and hosting our virtual meetings. Finally, to the elected officials, who provided a basis from which to start these discussions, their timely responses to further requests for information and providing this committee with the opportunity and authority to serve the people of Avon Township.

Respectfully Submitted,

Travis Haley
Chair

Methodology

The committee, in conjunction with the principal stakeholders of each elected office, obtained initial budget proposals at a time and manner consistent with Illinois Municipal Budget Law (50 ILCS 330/), the Township Code (60 ILCS 1/), the Property Tax Code (35 ILCS/200) and other relevant statutes.

The Supervisor's Office provided a budget for the Town Fund (10) on Feb 15, 2022 and General Assistance Fund (20) on January 5, 2022 via electronic mail along with notes explaining proposed changes and requesting direction for certain line items. Further direction was offered at in-person meetings, phone calls and through electronic communications. Subsequent meetings and discussions with the Supervisor's Office were reported on in committee meetings.

The Assessor's Office provided a budget for the Assessor Fund (12) on December 23, 2021 via electronic mail in accordance with the provisions of 35 ILCS 200/2-30 along with notes explaining proposed changes to his budget. Further direction was offered at committee meetings and through electronic communications. Subsequent meetings and discussion with the Assessor's Office were reported on in committee meetings.

The Highway Department provided a budget for the Road & Bridge Fund (40) and Permanent Hard Road Fund (50) on February 17, 2022 via electronic mail. Further direction was offered by phone, committee meetings and through electronic communications. Subsequent meetings and discussions with the Highway Supervisor were reported on in committee meetings.

Additional information was solicited from various public sources including Townships of Illinois and freely available resources from township attorney Ancel Glink. Such information includes sample and model budgets and ordinances for townships, DCEO recommended procedures for adoption of the budget and presentations demonstrating the full levy and budget cycle as relevant background.¹

Data, once collected from stakeholders and independent sources, was compiled into a single comparative spreadsheet for discussion and reconciliation purposes. This document demonstrates the numerous revisions undertaken throughout the process to ensure different versions and suggestions were properly documented. Material to these suggestions were the accompanying notes and communications provided by each stakeholder.

Once agreed upon, the data was broken out into single documents for each fund for inclusion with the budget ordinances. Finally, the model ordinances were used as a basis for the recommended appropriations ordinances while required certifications to the budget process were prepared to accompany the adoption of the appropriations ordinance.

¹ Sources: <https://www.toi.org/download-center/> <https://ancelglink.com/Resource>

Summary of Significant Changes from FY21-22 to FY22-23 Budget

A number of significant changes were made in this budget year as a result of a continued efforts into fiscal responsibility. These changes are specifically discussed in detail in the applicable section(s) below. This summary serves only to show significant material impact on the budgets in a single, concise area.

Fund	Item	Amount	Notes on Fund Impact
Town (10)	Personnel Svc	- \$25,000	Reduction in health insurance costs
Town (10)	Professional Services	- \$18,690	Reduced legal spending; reduced catastrophic insurance
Town (10)	Social Services	- \$15,000	Discontinued discretionary spending;
Assessor (12)	Personnel Svc	+ \$21,500	Salary increases
GA (20)	Personnel Svc	- \$90,000	Reduced staffing
GA (20)	EA/GA	- \$65,000	Reduced funding for programs
PHR (50)	Personnel Svc	+ \$25,000	Elimination of Highway Commissioner; addition of highway supervisor employee salary; Salary Increases

This list above is a highlighted summary of significant changes but is not intended to reflect all of the changes presented in this budget.

Town Fund (10)

Initial Budget Proposal

The Town Fund as originally presented demonstrated a 6 percent overall decrease over FY2020-2021. Significant reductions over prior year spending provided by this proposal were the result a technical change in salary and insurance distribution for the highway department, significant reduction in legal services and absence of capital expenditure allocation. Additional minor changes in line with prior year spending, adjusted for inflation, made up the remainder of the proposed alterations from the prior year and generally fall outside the scope of substantial review. Significant alterations and additional recommendations are discussed in detail.

Assessor Budget – Initial Proposal (12)

The Assessor budget as originally presented demonstrated a 10 percent increase over FY2019-2020. These reflected general cost increases in-line with projected expenditures, technology upgrades and salary increases. After initial receipt, the Assessor suggested an additional increase to the salary to account for cost-of-living wage increases for an overall increase of 12 percent. Additional minor changes in line with prior year spending, adjusted for inflation, made up the remainder of the proposed alterations from the prior year and generally fall outside the scope of substantial review.

Salary Distribution

Working in conjunction with the Supervisor’s Office and the Highway Supervisor, it was mutually agreed upon to shift a significant portion of the salary and related expenses of the bookkeeper from the Town Fund to the Highway Fund. This shift most accurately reflects the workload and fiscal responsibility of the bookkeeper now that Highway Department falls fully under the Town Board and accounts for that portion of salary and related expenses in the proper fund. Worker’s compensation insurance was adjusted last year to share the cost appropriately between Town and Highway Funds. Ambiguity on insurance costs as a result of uncertainty of elected officials taking health insurance has been resolved and insurance is now reflective of actual expectations.

Legal Services

The proposed budget provided to the committee drew specific attention to this line item asking for direction on what the budget line for legal services should amount to². The committee held extensive discussion on the spending related to legal services in the prior fiscal year. Legal costs increased significantly as a result of three major factors: a change in elected officials amounting to an increased need for general counsel during the fiscal year, significant one-time expenditures related to non-repeating circumstances, and conclusion of matters from the prior administration. Increased need for general counsel was necessary when new officials took office to ensure a smooth transition. One-time expenditures related to external circumstances were necessary to ensure the safety of officials, staff, clients and visitors to the Township.

The committee initially suggested a reduction to this line item from \$54,000 to \$24,000. This suggestion was forwarded to the Supervisor’s Office for comment. The Supervisor’s Office expressed concerns that

² Appendix D – Town Fund – Initial Budget Proposal

one-time items may not be concluded or that additional efforts may require greater legal representation.

The committee, with this advice from the Supervisor's Office, has concluded that a reduction in legal services from the proposed \$48,000 to \$12,000 is appropriate for this coming year based on numerous mitigating factors. Significant among these factors is limiting the use of legal services during meetings to items where counsel is likely required, reviewing alternative legal counsel, an expected return to pre-adversarial legal spending, and an increase in contingencies funding to ensure safety.

Contingencies

The committee noted that the Supervisor's Office initially overlooked funding a contingency line item. In the prior fiscal year, the Township utilized all contingencies funding for other needs and so no amount remained for initial reference. The model Townships of Illinois budget recommends a maximum contingency of 5% of the entire fund³. The committee does recognize the need for a miscellaneous expense line item to facilitate transfers among budget line items in the event of minor adjustments from unexpected events. Further, the committee recognizes the need to allow flexibility in spending for unknown legal matters. The committee is recommending a proposed \$42,000 for contingencies this year.

Capital Expenditures

The committee reviewed a list of maintenance and improvement projects provided by the Supervisor to help in determining the capital expenditure budget for this fiscal year. The committee is recommending two courses of action here. The first is to allocate \$5,000 in the operating budget towards routine maintenance items that were identified as smaller projects. These projects include:

- Restriping the fire lane
- Exterior lighting improvements
- Drywall repairs
- Sidewalk Repairs
- Misc. general repairs

The committee is also recommending that a total of \$30,000 be set aside in a capital improvement fund to provide for some of the long-term projects identified.

Finally, the committee recognizes one-time grant monies in the amount of \$20,000 to be used for construction of an outdoor classroom and has recommended that spending be accomplished this year.

Recommendation

After discussion and deliberation on the items, the finance committee is recommending a budget that reflects an overall 10% decrease in fund appropriations for fiscal year 2022-23. Based on the most recent numbers attained prior to this report, the expected fund balance, after adjustments for contingency spending, would result in a net loss of \$166 for the year. The committee estimates the ending fund balance will be approximately \$479,000 which represents 74% of the annual levy.

³ Source: <https://www.toi.org/download-center/> - Budget & Levy – 2020-2021 Township Budget and Levy Form

The committee notes that the proposed spending levels necessary for the routine administration of the township have been adjusted this fiscal year to not exceed revenues. The Town Board may wish to consider additional ways to cut expenditures for township administration in the next fiscal year to continue contributing to reserve funds necessary for large maintenance projects and to avoid incurring debt. The Town Board should consider seeking grant funds to address maintenance to aging structures.

Town Building Reserve Fund (14)

The Town Building Reserve Fund demonstrates an expected contribution of \$30,000 for this fiscal year to account for approved roofing and paving project accumulation. This contribution is based on 2020-2021 estimated costs and a five-year fund accumulation plan. No other long-term plans have been identified for reserve funding at this time.

GA Fund (20)

The GA budget as originally presented demonstrated a 33% percent decrease from FY2021-2022. Significant changes over prior year spending provided by this proposal were largely the result of reduction in staffing and EA/GA funding. Additional minor changes in line with prior year spending, adjusted for inflation, made up the remainder of the proposed alterations from the prior year and generally fall outside the scope of substantial review. Significant alterations and additional recommendations are discussed in detail.

Salary Distribution

In FY 2021-22, the GA budget allocated 115% of the levy towards salaries for GA staff. The committee recommended that the Supervisor's Office seek additional ways to potentially reduce spending on non-critical items and engage the committee in discussions to further reduce the cost to taxpayers where reasonably possible.

This year shows a drastic 50% reduction to GA staff salary to 59% of the overall levy. Reduction in staff along with a reallocation of staff from GA to Town that properly reflects the tasks performed by staff were the two driving catalysts for these changes.

EA/GA Spending

Also of significance is a reduction in direct services to Avon Township residents. The initial proposal fully funded the EA/GA services. After considering fiscal needs, the spending in this area was reduced by nearly 50%. The Supervisor's Office had noted that one core mission of the Township is to aid residents and that a lack of funding will restrict the ability to perform those tasks.

Recommendation

After discussion and deliberation on the items, the finance committee is recommending a budget that reflects an overall 48% decrease in fund appropriations for fiscal year 2022-23. Based on the most recent numbers attained prior to this report, the expected fund balance, after adjustments for contingency spending, would result in a net loss of \$250 for the year. The committee estimates the ending fund balance will be approximately \$145,590 which represents 90% of the annual levy.

Road & Bridge Fund (40)

The Road & Bridge Fund as originally presented was largely unchanged compared to FY2021-2022. This fund has been a challenge to present in an accurate fashion for the past decade. Under statute, buildings and vehicle equipment can only be paid for from this fund and, as such, a substantial portion of the proposed budget is allocated to replacement of aging vehicles. The remainder of the appropriations for this budget is largely in-line with past spending patterns.

Vehicle Replacement

Last year, two new vehicles were purchased as part of a planned replacement process that eliminated the use of CDL-class vehicles in the fleet. It was determined this past winter that there was a need to replace two additional vehicles that have aged far beyond their useful life. Under State contracts, two vehicles have been identified and the purchase price is accounted for in the budget.

Capital Expenditures

Immediate needs of replacing vehicles from an aging fleet combined with supply chain issues have rendered prior year commentary about immediate capital appropriation recommendations largely moot. Regardless, the Highway Supervisor agrees with a need to establish a new Highway Department Capital Reserve Fund to provide better clarity for future capital spending. This new fund will provide for a long-term savings plan to reduce or eliminate the need for debt-based spending while meeting the needs of the highway department into the future.

It should be noted that while the Town Board must use restricted Road & Bridge Funds for building maintenance and vehicles by statute, the purchase of these assets may come from the unrestricted Town Fund after consolidation is finalized. This will permit for additional budgeting flexibility in future years when considering the replacement of aging vehicles or maintenance of existing facilities.

Recommendation

After discussion and deliberation on the items, the finance committee is recommending a budget that reflects an overall 22.8% increase in fund appropriations for fiscal year 2022-23.

The committee cautions that the proposed spending levels necessary for the routine administration of the Road and Bridge Fund currently exceed expected annual revenues. The Town Board, in conjunction with the Highway Department, should consider additional ways to reduce expenditures in future years.

Permanent Hard Road Fund (50)

The Permanent Hard Road Fund as originally presented demonstrated a 1% increase over FY2021-2022. Minor changes in line with prior year spending, adjusted for inflation, made up the remainder of the proposed alterations from the prior year and generally fall outside the scope of substantial review. Significant alterations and additional recommendations are discussed in detail.

Capital Projects

The Highway Supervisor has noted that the Highway Department has a single paving project expected for this year. The Commissioner further noted that this is the last planned project for some time and is transitioning to a maintenance focus to allow for the growth of capital funds for future projects. This represents a significant spending decline of \$150,000 for the fiscal year.

The Highway Supervisor has discussed the need to accumulate funds for the future Nippersink Road project and has charged the Town Board to implement a capital reserve fund for that purpose.

Salary Distribution

Working in conjunction with the Supervisor's Office and the Highway Commissioner, it was mutually agreed upon to shift a significant portion of the salary and related expenses of the bookkeeper from the Town Fund to the Highway Fund. This shift most accurately reflects the absorption of the Highway Department into the Township and accounts for that salary and related expenses in the proper fund. Additional increases reflect regular salary increases for regular employees.

Recommendation

After discussion and deliberation on the items, the finance committee is recommending a budget that reflects an overall 3.5% increase in fund appropriations for fiscal year 2022-23.

The committee reiterates the need to establish a Highway Department Capital Reserve Fund to account for long-term future road projects.

Results of Consolidation of Governmental Units

The prior year presented a particularly unusual challenge as Public Act 101-0230⁴ went into effect on May 15, 2021. This act eliminated the position of Highway Commissioner and transferred control of the levy and funds to the Town Board.

Under Illinois statute, the budget of the Highway Commissioner is handled in a uniquely different manner from that of the Town Fund. The township is required to adopt the budget of the Highway Commissioner and, after that adoption, typically has very little control over the fund. In May of 2021, that measure of control shifted from the Highway Commissioner to the Town Board. The Town Board has relied again on the experience of the Highway Supervisor in preparing the budget for the Highway Department.

The committee recognizes that future fiscal years may result in further challenges to the administration of the Highway Department⁵. A comprehensive resolution affirming the future structural organization of the Highway Department, including policies, procedures and operational responsibilities of this unit of government should be considered by the Town Board. Such a resolution will provide clear guidance and direction to the future administrations, the Highway Department and its employees, and the general public. The manner and fashion of this statement or resolution falls outside of the scope of this committee to recommend.

In addition to organizational recommendations, the committee recognizes that the Highway Department has not had a prior need to provide the Town Board with a long-term strategic plan for road and bridge maintenance. In addition to the transfer of fund control, the Town Board will become directly responsible for decisions on what projects need to be planned for, the appropriations for and the execution of these projects.

The transition further complicates this matter by establishing a previously unexpected potential for volatility with the Highway Commissioner's office. The absence of an elected official for a four-year term increases the possibility of turnover in the newly established Highway Commissioner job. As with all employment turnover, the committee recognizes that continuity of service is a driving factor behind the success of any long-term project. That continuity extends to the responsibilities of this committee for purposes of both appropriations and reserve funding for projects.

The committee recommends that the highway department provide a long-term strategic plan of no less than ten years in duration to provide reasonable guidance for future appropriations and reserve fund targets both for this committee and the Town Board. It is further recommended that this long-term plan be revisited at least annually to adjust for any uncertainties.

⁴ Source: <https://www.ilga.gov/legislation/publicacts/fulltext.asp?Name=101-0230>

⁵ Highway Department is used herein solely to refer to the future operations of the Office of the Highway Commissioner after May 17, 2021 and should not be interpreted as a direction, recommendation or decision of the committee regarding the manner or form of that operation in the future.

Committee Statement on Public Inspection Requirements

Based on the success and ease of access in the prior year and in the interest of the public good, the committee is recommending that this report in its entirety be made available on the township website for inspection.

In addition, if the town board so wishes, committee members can make themselves available to any public inquiry before and during the Budget Hearing to assist with addressing any questions.

Budget Processes and Procedures of Townships

The following budget processes and procedures have been produced by the Illinois Department of Commerce and Economic Opportunity (DCEO), last revised in February of 2017, and are reproduced here for completeness. Some items referenced here are applicable to specific forms provided by DCEO. Avon Township elects to use forms produced by their accounting software and are of a substantially similar form. Informational notes have been included indicating where Avon Township has varied their processes and/or procedures from these forms.

STATUTE REFERENCE

The Municipal Budget Law (50 ILCS 330/1-330/3) requires every Township to annually adopt a Budget & Appropriation Ordinance for town purposes. The ordinance must be adopted by the Board of Trustees before the beginning or within the first three months of the fiscal year. If the fiscal year begins after the levy must be adopted, then the Budget & Appropriation Ordinance must be adopted before the levy. An ordinance is required even when no levy will be made. Funds may be expended until the new budget is passed, within the first three months of the fiscal year.

FISCAL YEAR

The Board of Trustees have the authority to fix the fiscal year. The Department of Commerce & Economic Opportunity recommends that the fiscal year begin on the 1st of April and end on the 31st of March.

TENTATIVE BUDGET

The Board of Trustees shall prepare a tentative Budget & Appropriation Ordinance. The Town Clerk shall make such tentative Budget & Appropriation Ordinance conveniently available for public inspection at least 30 days prior to the public hearing and final action. One public hearing shall be held as specified under the heading titled PUBLIC HEARING below.

ESTIMATING REVENUES

All receipts should be estimated based upon the detail shown in the forms. If any line is not applicable to your Township leave it blank. Blank spaces have been provided for inserting line items that apply to your Township. Estimated property taxes will be based upon last year's levy.⁶

ESTIMATING EXPENDITURES

Estimating expenditures requires providing adequate detail to satisfy legal requirements, while providing flexibility for daily administration. The recommended forms provide adequate itemization while providing enough detail to satisfy the citizens. The forms favor legal safety, in lieu of flexible administration. It is better to provide more detail than too little detail and be subject to uncertainty about the validity of the ordinance⁷. A separate fund should be established for all special levies (Insurance, Social Security, IMRF, etc.) and general obligation bond issues.

⁶ Avon Township produces a form of a similarly substantial nature from the DCEO recommended form but does not utilize this particular form.

⁷ Avon Township forms are and have been compliant with all legal requirements of governing statutes.

ALLOCATING EXPENDITURES

Expenditures should be allocated according to the amounts provided for in the annual Budget & Appropriation Ordinance. The Municipal Budget Law does not grant any new authority for appropriations. In case of doubt, consult your Township Attorney.

The compensation for the Highway Commissioner and Road District Treasurer must be paid out of the General Town Fund. However, one half of the Highway Commissioner salary may now be paid out of the General Road & Bridge Fund or Permanent Road Fund if approved by the Township Board and the Highway Commissioner. (605 ILCS 5/6-207). The compensation for the Assessor must be paid out of the General Town Fund, Administration Division, not the Assessor's budget.

CONTINGENCIES

A provision for contingencies should be included in most funds, but especially the General Town Fund. This provision will provide additional coverage to meet unexpected expenditures or shortages in specific line items. The provision for contingencies should be small in comparison to the overall estimated expenditures. Total for contingencies should not exceed 5% of the total expenditures in each fund. The Department of Commerce & Economic Opportunity computerized forms have been programmed to include a 5% contingency. Always remember that "contingencies" are unplanned occurrences not miscellaneous expenses. No expenditures should be charged against the line item contingency. Contingency authorization should be transferred to another line item in the same fund with the Board of Trustees approval.

ESTIMATING ENDING BALANCE

For each fund, if the Total Funds Available is greater than the Total Expenditures/Appropriations, the difference is reflected as Ending Balance. However, if the Total Funds Available is less than the Total Expenditures/Appropriations, it will be necessary to show additional tax revenue or borrowing. A fund should not show a deficit Ending Balance.

PUBLIC HEARING

The Municipal Budget Law (50 ILCS 330/3) requires that at least one public hearing be held on the Budget & Appropriation Ordinance. A public notice is required at least 30 days prior to the public hearing by publication in a newspaper, published in the Township.

If no such newspaper exists, a public notice shall be published in a newspaper, published in the county, having general circulation in the Township. If no newspaper is published in the county, then a public notice must be posted in five of the most public places in the Township.

The Property Tax Code (35 ILCS 200/23-35) provides that: (a) The budget was made available for public inspection at least 30 days prior to the hearing and final action; (b) A notice was published at least 30 days prior to the hearing in a newspaper, published in the Township or if none exists, in a newspaper of general circulation in the Township or if none exists, posted in five public places; (c) If the final ordinance as adopted is substantially identical with that submitted at the hearing with no objections as to form, itemization, classification or reasonableness of amount; then the Budget & Appropriation Ordinance shall be sustained against any tax levied, unless the taxpayer had made the same objection in writing to the Board of Trustees, as the case may be prior to the adoption of such budget.

The Town Clerk shall arrange to have the public hearing in accordance with the date, hour and place stated in the public notice.

ADOPTION OF BUDGET & APPROPRIATION ORDINANCE

The Board of Trustees should consider the Budget & Appropriation Ordinance at a public hearing. The Ordinance must be adopted at the public hearing.

RECORDING THE BUDGET & APPROPRIATION ORDINANCE

One copy of the Budget & Appropriation Ordinance, as approved by the Board of Trustees, should be signed by the Chairman and Town Clerk and bound into the record book of the Township. Be sure that all dates, names, amounts and other entries are properly completed. A certified copy is required to be filed with the County Clerk within 30 days after adoption.

TAX LEVY ORDINANCE

The Tax Levy Ordinance is determined and adopted by the Board of Trustees. The Truth-in-Taxation Act should be followed when adopting the Tax Levy Ordinance. A signed copy of the ordinance should be filed in the official record book. The amount levied and estimated to be collected will be appropriated the following year. The date inserted on form DCEO #3 will be for the current year, collectable in the following year ⁸.

TAX LEVIES

Electors must approve all bond levies, which include a schedule of repayment. A copy of the bond resolution is filed with the County Clerk. No annual Certification of Tax Levy for bonds is required. The County Clerk will extend annually taxes for the bond issue unless an abatement certificate has been filed. The Board of Trustees levy for all taxes.

Do not levy for the payment of either the principal or interest on Tax Anticipation Warrants. The retirement of Tax Anticipation Warrants are to be treated as a reduction of receipts in the Budget & Appropriation Ordinance.

CERTIFICATION OF TAX LEVY ORDINANCE

The Certification of Tax Levy Ordinance, with attached Tax Levy Ordinance, must be filed by the Town Clerk with the County Clerk on or before the last Tuesday in December. A Certificate of Compliance with the Truth-in-Taxation Act should also be filed. A copy should be retained in the Township records for inspection by the citizens.

RELATIONSHIP BETWEEN LEVY & BUDGET

The amount budgeted and the amount levied are not always the same for several reasons:

- (1) The budget represents expenditures to be paid out of cash on hand for a certain fiscal year;
- (2) Some expenditures may be paid by sources other than property taxes;

⁸ The Tax Levy Ordinance form DCEO #3 is not material to this report.

(3) Some expenditures may be paid from cash received from prior year's taxes or delinquent taxes;

(4) Most townships will not receive cash in the current fiscal year from taxes levied in December, unless Tax Anticipation Warrants are issued.

All differences between the levy and the budget of the same fund should be explained by one of the circumstances mentioned above or any other reasonable occurrence. One example might be if the Board of Trustees included in the 2009 tax levy money for a new town hall. The taxes would be extended and collected in 2010. The expenditure for the new town hall would be shown in the budget for the fiscal year 2010-2011.

It is necessary to budget and appropriate even when no tax levy is made, if revenues are expected from other sources or expenditures are to be made from money on hand. The requirement that an ordinance be adopted does not presuppose a tax levy. (50 ILCS 330/2)

TRANSFER OF APPROPRIATION

The Board of Trustees can make transfers between line items within any fund in the Budget & Appropriation Ordinance not exceeding in the aggregate 10 percent of the total amount appropriated in each fund. The transfer can be made from any unexpended balance of an appropriated line item to any other appropriated line item in the same fund. Do not make transfers between appropriated line items in different funds.

AMENDMENTS TO BUDGET & APPROPRIATION ORDINANCE

The Board of Trustees may amend the Budget & Appropriation Ordinance during the year by the same procedure as is provided for its original adoption.

NON-COMPLIANCE WITH MUNICIPAL BUDGET ACT

Failure to adopt or pass an annual Budget & Appropriation Ordinance or to comply with any provision of the Act, shall not affect the validity of any Tax Levy Ordinance adopted by the Township, if it was in conformity with the law. No legal expenditures may be made unless a Budget & Appropriation Ordinance has been adopted. The levy is merely the means to obtain by taxation the money to be spent as authorized by the Budget & Appropriation Ordinance. A taxpayer could not object to a tax levy based upon non-compliance with the Municipal Budget Act, but could seek relief from allowing expenditures of such funds without a properly adopted Budget & Appropriation Ordinance.

TRANSFER OF SURPLUS FUNDS

If the Township plans to transfer surplus funds to the Road District or any other township fund from the General Town Fund, be sure to record the expenditure being transferred on the respective fund in the township budget. The amount transferred should also be recorded as a revenue in the appropriate fund. Electors approval is required for the transfer of funds to the Road District. (60 ILCS 1/245-5)

BEGINNING/ENDING BALANCE

Includes: Cash (Checking), Savings Accounts, Certificate of Deposits, Money Market Accounts and all other related investments. Beginning balance may also include an amount received from the supervisor's predecessor.

Final Budget and Appropriations Recommendation

The appropriations presented as Appendix A – Town Fund, Assessor and General Assistance Budget are hereby recommended for approval and submission for public inspection and public comment, hearing and adoption subject to the Budget Processes and Procedures of Townships and all statutes incorporated therein or otherwise implied.

The appropriations presented as Appendix B – Road & Bridge and Permanent Hard Road Budget are hereby recommended for approval and submission for public inspection and public comment, hearing and adoption subject to the Budget Processes and Procedures of Townships and all statutes incorporated therein or otherwise implied.

Certification of Report Issuance

This report and contained appendices have been approved by a roll-call vote of the general committee membership taken at the April 12, 2022 meeting of the Avon Township Finance Committee.

	Aye	Nay
Haley	<u>X</u>	___
Dobrow	<u>X</u>	___
Repa	<u>X</u>	___
Francisco	<u>X</u>	___
Schultz	<u>X</u>	___
Jersey	<u>X</u>	___

Attest

Kristal Larson – Secretary

Appendices