

ILLINOIS DEPARTMENT OF COMMERCE AND ECONOMIC OPPORTUNITY

MUNICIPAL FINANCE SERIES

Office of Local Government Management Services
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Introduction

The Department of Commerce and Economic Opportunity's Office of Local Government Management Services has published the Municipal Finance Series to assist municipalities throughout the state with the management of their finances and in filing certain reports required by state statute.

The Municipal Finance Series is divided into ten sections, each one specializing on a particular subject relating to municipal finance. You will find actual working documentation within this publication, which can be extremely useful during various stages of the fiscal year for any municipality.

Please review the Municipal Finance Series and use its suggested format to more effectively manage your municipal revenues and expenditures. Should you need any assistance or have any questions, feel free to contact the Office of Local Government Management Services in Springfield at 217-558-2860 or 217-558-2859.

MUNICIPAL FINANCE SERIES

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OFFICE OF LOCAL GOVERNMENT MANAGEMENT SERVICES

MUNICIPAL REVENUE SOURCES

STATE SHARED REVENUES

1. SALES TAX

The State distributes 1% of the basic 6.25% sales tax collected within a municipality to the municipal government. This tax is imposed on the sale of tangible personal property including food to be consumed off the premises and medicines and medical appliances. The tax rate is higher in Chicago and St. Louis area metropolitan counties for mass transit and in one county (Du Page) for a Water Commission. Home rule municipalities can impose an additional rate without limitation in .25% increments. There are no restrictions in the use of this revenue.

Non-home rule municipalities may impose an additional 1/2 of 1% by referendum to be used only for infrastructure improvements. Infrastructure is defined as: streets, bridges, sidewalks, waste disposal systems, water and sewer line extensions, water distribution and purification facilities, storm water drainage and retention facilities and sewage treatment facilities.

In addition to the sales taxes returned to the municipalities based upon local sales, municipalities also receive State Use Tax. The Use Tax is distributed on a per capita basis. For the period beginning May 1, 2003 through April 30, 2004, the Illinois Municipal League estimates the per capita distribution to be \$8.80 State Use Tax.

2. INCOME TAX

On July 1, 1995, municipalities began receiving one-tenth of the income tax. For the period beginning May 1, 2003 through April 30, 2004, the Illinois Municipal League estimates the per capita distribution to be \$59.60 for the Income Tax. There are no restrictions on the use of this revenue.

3. MOTOR FUEL TAX

The State imposes a 19 cent tax on each gallon of gasoline sold at retail. Local governments receive 41.6% of the collections, after deductions for certain programs and administrative costs. Municipalities receive 49% of local government distributions. The tax revenue is distributed according to population. For the period beginning May 1, 2003 through April 30, 2004, the Illinois Municipal League estimates the per capita Motor Fuel Tax distribution to be \$28.60. This revenue is restricted to street related maintenance and improvements and projects must be approved by the Department of Transportation.

4. PERSONAL PROPERTY REPLACEMENT TAX

This revenue is derived primarily from the income tax on corporations. It replaces the revenue received from the tax on corporate personal property prior to 1979. Municipalities, exclusive of Cook County municipalities, receive a share of the distribution of these funds based upon the amount of corporate personal property tax collected for them in 1977 in proportion to the total amount of personal property tax collected in the state outside of Cook County. Municipalities in Cook County receive a share of the distribution of the funds based upon the amount of corporate personal property tax collected for them for 1976 in proportion to the total amount collected in Cook County. For the period beginning May 1, 2003 through April 30, 2004, the Illinois Municipal League estimates the statewide distribution to be \$700 million. This represents a decrease of 7.1% over the previous year.

Each municipality should also receive from the road district covering the municipality a portion of each personal property replacement tax check issued to the road district, so long as the municipality received a portion of the road and bridge levy in 1979. At the same time, municipalities must return a portion of each personal property replacement tax check to their respective libraries if a library tax was levied on or before December 31, 1978.

This revenue is restricted in its use to the retirement of general obligation debt that was incurred on or before December 31, 1978, pension obligations and the municipal library. When these liens are satisfied, the money can then be used for other purposes related to property taxes.

For an explanation of how to calculate the allocation of this money, DCEO has available, upon request, a separate fact sheet on the topic.

OTHER SHARED REVENUES

1. ROAD AND BRIDGE TAX

When a Road District levies a road and bridge tax, one-half of the tax collected on property lying within a municipality, in which streets and alleys are under the care of the municipality, must be turned over to the municipality. This revenue must be used for the improvement of roads or streets.

If a municipality does not appropriate this tax revenue for the improvement of roads or streets within one year from the date of receipt, then the unappropriated portion of the tax revenue is to be returned to the Road District Treasurer. This sharing with the municipality of this Road District levy is described in 605 ILCS 5/6-507.

OPTIONAL LOCAL REVENUES

1. PROPERTY TAX

There are 73 levies non-home rule municipalities are authorized to impose to meet operating or capital outlay expenses and 27 levies that are authorized to cover debt service expenses for general obligation debt. Of the 73 authorized levies for operating and capital expenses, 26 can be imposed without referendum. Those non-referendum levies are listed below with the rate limit. Levies that are of a similar type are grouped together under a general heading.

Audit	No limit	65 ILCS 5/8-8-8
Chlorination of Sewage	.02%	65 ILCS 5/11-142-3
Corporate	.25%	65 ILCS 5/8-3-1
Emergency Services & Disaster Operations*	.05%	65 ILCS 5/8-3-16
Fire Protection	.15%	65 ILCS 5/11-7-1
Garbage Disposal	.20%	65 ILCS 5/11-19-4
Harbor Construction	.0125%	65 ILCS 5/11-123-11
Police Protection	.15%	65 ILCS 5/11-1-3
Public Comfort Stations	.0833%	65 ILCS 5/11-70-1
Public Building Restoration	.0333%	65 ILCS 5/11-21-4
School Crossing Guard	.02%	65 ILCS 5/11-80-23
Street & Bridge**	.06%	65 ILCS 5/11-81-2
Street Lighting***	.05%	65 ILCS 5/11-80-5
Working Cash****	.05%	65 ILCS 5/8-7-3

INSURANCE LEVIES

Tort Judgments, General and Liability	No Limit	745 ILCS 10/9-107
Unemployment	No Limit	745 ILCS 10/9-107
Workers' Compensation	No Limit	745 ILCS 10/9-107

PENSION LEVIES

Firemen's Pension	No Limit	40 ILCS 5/4-118
Illinois Municipal Retirement Fund	No Limit	40 ILCS 5/7-171
Policemen's Pension	No Limit	40 ILCS 5/3-125
Social Security	No Limit	40 ILCS 5/21-110
Medicare	No Limit	40 ILCS 5/21-110.1

CAPITAL IMPROVEMENT OR ACQUISITION LEVIES

Public Building Commission Lease	No Limit	50 ILCS 20/18
Lease or Purchase	No Limit	65 ILCS 5/11-76.1-2
Public Benefit (Special Assessments)	.05%	65 ILCS 5/9-2-39
Special Service Area	No Limit	35 ILCS 200/27-25

- * Rate not to exceed 25 cents per capita.
- ** Levy to be reduced and abated in accordance with share received from the road district levy.
- *** 2/3 vote of the corporate authorities is required to authorize levy.
- **** No tax levy allowed if maximum amount of bonds has been issued under 65 ILCS 5/8-7-2. The purpose of this levy is to allow a municipality to create a separate fund of money to be used to meet ordinary and necessary expenditures in anticipation of receipt of tax money.

The maximum rate limit for certain levies can be raised by referendum. Additionally, several of the above levies may be greater than the maximum limit if the levy was authorized at a higher maximum rate as of 7/1/67. DCEO's Property Tax Rate and Levy Manual should be checked to see if either of these exceptions to the standard maximum rate applies to a particular levy. The Property Tax Rate and Levy Manual, which is revised annually, should also be reviewed to become familiar with the levies requiring a referendum. There may be times when citizens may be willing to authorize a property tax levy for a certain service activity.

For those levies for which there is no rate limit, the levy should be limited to only that amount sufficient to pay expenses for the specified purpose.

2. UTILITY TAX

Municipalities are allowed to tax electric, gas and water utilities within the municipality. Utilities that can be subject to a 5% tax on gross sales are gas and water; if the population of a municipality is over 500,000 population the maximum for gas is 8%. The tax on electric is based on the usage of kilowatt-hours as specified in the statutes (declining block rate structure). There are no restrictions on the use of this revenue. (65 ILCS 5/8-11-2) amended 2002.

3. VEHICLE LICENSE TAX

Municipalities are allowed to impose a tax on each vehicle owned or operated by a resident or a business in the municipality. There is no limitation on the amount charged. The revenue is to be used for street-related expenditures and in cities and villages of more than 3,000 inhabitants up to 35% of the collections may be used for police salaries for regulating traffic. (65 ILCS 5/8-11-4)

4. MUNICIPAL AUTOMOBILE RENTING OCCUPATION TAX

Municipalities are authorized to impose a tax on businesses renting automobiles in the municipality at a rate not to exceed 1% of the gross receipts from such business. A municipal ordinance or resolution imposing the tax is to be sent to the Illinois Department of Revenue. The Department will collect and enforce the tax. There are no restrictions on the use of this revenue. (65 ILCS 5/8-11-7)

5. MUNICIPAL AUTOMOBILE RENTING USE TAX

Municipalities are authorized to impose a tax upon the privilege of using an automobile that is rented from an agency outside Illinois, and which is titled or registered with an agency of this State's government, at a rate not to exceed 1% of the rental price of such automobile. A municipal ordinance or resolution imposing the tax is to be sent to the Illinois Department of Revenue. The Department will collect and enforce the tax. There are no restrictions on the use of this revenue. (65 ILCS 5/8-11-8)

6. REPLACEMENT VEHICLE TAX

Municipalities are authorized to impose a tax of \$50 on any passenger car purchased within the municipality by or on behalf of an insurance company to replace a vehicle of an insured person in settlement of a total loss claim. A municipal ordinance imposing the tax is to be sent to the Illinois Department of Revenue. The Department will collect and enforce the tax. There are no restrictions on the use of this revenue. (65 ILCS 5/8-11-9)

7. MOTOR VEHICLE LEASING TAX

Municipalities are authorized to impose a tax upon the privilege of leasing motor vehicles within the municipality on a daily or weekly basis in an amount not to exceed \$2.75 per vehicle per rental period specified in a lease agreement. The ordinance or resolution imposing any such tax shall provide for the means of its administration, collection and enforcement by the municipality. There are no restrictions on the use of this revenue. (65 ILCS 5/8-11-11)

8. FOREIGN FIRE INSURANCE TAX

Municipalities are authorized to impose a tax on insurance premiums generated from within the municipality and received by firms incorporated outside this State. The tax is not to exceed 2% of the gross receipts received from fire insurance. The Illinois Municipal League administers this tax for many municipalities. This tax is not a true source of revenue, in that officials of the municipality do not control the expenditure of this money. The municipal treasurer is to pay the sums received from the insurance companies to the treasurer of the fire department. If there is no fire department treasurer, the municipality is to pass an ordinance providing for the election of fire department officers by members of the department. Municipal authorities control over the expenditure of this revenue was removed January 1, 1990 by a change in the statute. (65 ILCS 5/11-10-1)

9. AMUSEMENT TAX

Municipalities are authorized to license, tax, and regulate all athletic contests and exhibitions carried on for profit. This tax is to be based on the gross receipts derived from the sale of admission tickets. The tax is not to exceed 3% of the gross receipts. There are no restrictions on the use of this revenue. (65 ILCS 5/11-54-1)

10. COIN-OPERATED DEVICE TAX

Municipalities are provided the authority to impose taxes or license fees on coin-operated devices as described in (35 ILCS 510/1). There is no limitation on the amount of such tax. License fees cannot be increased until notice of a public hearing on the proposed increase is given and such hearing has been held. There are no restrictions on the use of this revenue. (65 ILCS 5/11-55-1)

11. HOTEL / MOTEL TAX

Municipalities are permitted to tax hotels/motels at a rate not to exceed 5% of gross rental receipts. Revenue from this tax is restricted to the promotion of tourism and conventions within the municipality. (65 ILCS 5/8-3-14)

Home rule municipalities are not bound by any of the restricted uses for the preceding local tax revenues except the restrictions on #8 - the Foreign Fire Insurance Tax. Home rule municipalities may also tax alcoholic beverages, cigarettes or tobacco products, gasoline, and the sale or transfer of real property.

12. LICENSE AND PERMIT FEES

Municipalities have the authority to impose license and permit fees on business activities where inspection and regulation of the activity are necessary to ensure the health, safety, and welfare of the community. License and permit fees must be reasonably related to the municipality's administrative expenses for inspection and any other regulatory activities. License and permit fees are commonly imposed for enforcing the Liquor Control Ordinance 235 ILCS 5/4-1, regulating certain businesses 65 ILCS 5/11-42-1 through 5/11-42-8, regulating building construction 65 ILCS 5/11-30-1, regulating the behavior of animals 65 ILCS 5/11-20-9, and regulating the sale of beverages and food. (65 ILCS 5/11-20-2)

13. FRANCHISE FEES

Franchise fee revenue results from a contractual agreement between a municipality and a private business. The business is permitted the privilege of regular access to municipal property and use of municipal services, so that it may operate, in return for some form of compensation.

The most common franchise fee agreements are with investor-owned utilities. Typically, the franchise agreement results in the municipality receiving the utility service free and/or at a discount rather than receiving a cash payment.

Franchise fees may involve solicitation of bids among competing businesses to determine which business will have the exclusive privilege to provide the service or product within the municipality. Franchise fees are commonly imposed on cable television, solid waste collection, and taxi service. Federal law prescribes the nature of municipal regulation of cable television owners and limits franchise fees to 5% of gross revenue.

14. FINES

Fines can be imposed for violating a municipal ordinance. Municipalities can also receive revenue from fines imposed for state traffic law violations that occur within the corporate limits, if the arrest is made by the municipal law enforcement authorities. (65 ILCS 5/1-2-8 and 625 ILCS 5/16-105)

15. INVESTMENT INCOME

A prudent investment strategy can yield significant revenue. All money not immediately needed must be invested within two working days in an interest-bearing account. (30 ILCS 225/1) Municipalities are authorized to combine cash balances from more than one fund for investment. However, money combined for such purposes must still be accounted for separately, with earnings apportioned to the appropriate fund. (30 ILCS 235/4)

16. USER CHARGES

Imposing user charges covers the cost of providing specific services to the public by municipalities. They are commonly imposed for the operation of an enterprise such as water, sewer, parking, etc. An enterprise must be operated like a business and user charges should cover all operating expenses. Property taxes should not subsidize a utility or other enterprise.

17. SIMPLIFIED MUNICIPAL TELECOMMUNICATIONS TAX

Municipalities are authorized to impose a tax on businesses originating or receiving telecommunications or retailers engaged in the business of transmitting such telecommunications within a municipality at a rate not to exceed 6% (7% in Chicago) of the gross receipts from such business. A municipal ordinance or resolution imposing the tax is to be sent to the Illinois Department of Revenue. The Department will collect and enforce the tax. There are no restrictions on the use of this revenue. (35 ILCS 636/5-5)

MUNICIPAL FINANCE SERIES

OFFICE OF LOCAL GOVERNMENT MANAGEMENT SERVICES

THE BUDGET REQUEST

The Budget Request represents the critical document in which the many municipal programs and services for the coming fiscal year are translated into a specific financial plan. During the preparation of the Budget Request, department heads, finance personnel, and elected officials are required to carefully develop a sound spending strategy that will allocate scarce financial resources to provide the desired level of public services in the most efficient manner. The preparation of the Budget Request is not a statutory requirement for Illinois municipalities operating under the Appropriation Ordinance system. Nonetheless, DCEO recommends that all municipalities prepare a Budget Request to establish a more conservative spending ceiling than that set forth in the Appropriation Ordinance.

The need for a well-reasoned budgeting process is particularly useful in today's environment of increasing demand for public services, decreasing availability of state and federal funding assistance, and public resistance to tax increases and the issuance of debt. In light of the increasing variance between resources and needs, the preparation of the Budget Request should involve a careful, methodical approach to spending rather than the "across-the-board percentage increase" method practiced by some Illinois municipalities.

The Budget Request uses the Chart of Accounts format adopted by your community as described in Section #9 of the DCEO Municipal Finance Series. (You may adopt the format proposed in the DCEO model Chart of Accounts, or you may adopt your own format.) The Budget Request concerns itself only with cash receipts and cash disbursements, and thus includes only the revenue and expenditure account types. The revenue line items are given a "300 series" code, which follows the two-digit fund code in the simplified Chart of Accounts format. For example, 01-313 represents General Fund utility tax revenues, while 01-322 represents General Fund vehicle license revenues.

Expenditure line items are divided into six different series, each having three digits ranging from the 400 series to the 900 series. Specifically, these expenditure series are:

<u>Series</u>	<u>Expenditure</u>
400	Personnel
500	Contractual Services
600	Commodities
700	Debt Service
800	Capital Outlays
900	Other Expenditures

In order to proceed through the budget preparation process in a systematic manner, it is necessary to establish a schedule or "**budget calendar**" that specifies the dates by which each phase of the budgeting process should be completed. Communities preparing an Appropriation Ordinance must adopt it **no later than the end of the first quarter** of the new fiscal year. Communities that prepare an Operating Budget in addition to the official Appropriation Ordinance need only comply with the deadline for the adoption of the Appropriation Ordinance itself.

At a minimum, the budget calendar should include the following steps:

1. Budget Request forms, instructions, and guidelines are delivered to department heads.
2. The corporate authorities discuss their policy objectives and program priorities for the coming fiscal year, and present them to department heads.
3. Revenue estimates are prepared by the board, finance staff, or department heads in order to identify the financial resources likely to be available.
4. Department heads complete Budget Request forms.
5. Budget Request forms are compiled into a single, combined Budget Request document, including any desired summaries, tables, charts, or graphs to better illustrate key revenue and expenditure trends, program highlights, etc. The board undertakes a preliminary review of the draft Budget Request, making any desired changes to departmental requests, and then transfers the data to the draft Operating Budget.
6. After the Operating Budget is approved, relevant data from the Operating Budget is transferred to the Appropriation Ordinance itself, using the model Appropriation Ordinance format presented in Section #4 of the DCEO Municipal Finance Series.
7. Prior to the adoption of the Appropriation Ordinance, a public notice is published and a hearing is held to permit all interested parties to provide their input prior to the adoption of the final document. (NOTE: This applies only to municipalities over 2,000 population.)
8. The Appropriation Ordinance is presented to the corporate authorities for review, revision, and ultimate adoption.

Instructions for Preparing the Budget Request

1. Distribute the Budget Request forms to each department head.
2. Obtain actual historical revenue and expenditure data for the prior two fiscal years from your year-end financial statements (audit reports) or in-house year-end cash receipts and cash disbursements reports. Since your audit report is the only financial document to contain official year-end data, its use is preferable to that of any in-house reports. Place your historical expenditure figures in columns one and two on pages one through three, and your revenue figures on page four.
3. If you do not use the model Chart of Accounts presented in Section #9 of the DCEO Municipal Finance Series, substitute your own line item numbers in place of those provided on the Budget Request form.
4. For each individual line item, estimate the amount to be expended during the current fiscal year (the year prior to the fiscal year for which the Budget Request is being prepared) and enter your expenditure estimates in column three on pages 2-5 through 2-7, and your revenue estimates on page 2-8. Your estimates can be based on a projection by determining how much has been expended during the fiscal year up to the current date, and applying a projection ratio to determine the estimated levels of expenditures through year end. Subtract the cost of any large expenditures that have already been made (such as capital outlay, debt service), and add the cost of any large expenditures remaining.
5. Determine the proposed level of line item expenditures for the new fiscal year, and enter in column four, (Requested Budget) on pages 2-5 through 2-7. Enter revenue estimates on page 2-8.
6. Round up all revenue and expenditure figures in columns one through three to the nearest dollar. Round up all revenue and expenditure figures in column four (budget year) to the nearest fifty dollars. Do not use dollar signs or decimal points.
7. If there are insufficient lines on the bottom of page 2-5 on which to enter the names of department employees, additional sheets may be used. If an additional position is to be added, or an existing vacancy to be filled, enter the word "Vacant" in the "Employee Name" column.
8. Budget requests should be realistic, not inflated, and department heads should be prepared to defend their spending requests to the corporate authorities and general public. Proposed expenditures should meet the program and policy guidelines previously established by the corporate authorities. Expenditure requests should also be consistent with the revenue estimates calculated earlier, and should provide an adequate balance at year end to meet unexpected expenditure requirements or revenue shortfalls in the following fiscal year.

9. Individual departmental Budget Requests should be compiled into a single, document, and when completed, the combined Budget Request should be presented for appropriate review by the mayor, finance committee, finance personnel, manager, etc. Following the initial review of the combined Budget Request, the data should be transferred to the draft Operating Budget (a recommended format for the Operating Budget can be found in Section #3 of the DCEO Municipal Finance Series).

**BUDGET REQUEST
VILLAGE OF WHITE OAK**

FUND: _____
 FUNCTION: _____
 PROGRAM: _____

PREPARED BY: _____
 DATE: _____

	<u>Actual Expenses 2001-02</u>	<u>Actual Expenses 2002-03</u>	<u>Estimated Expenses 2003-04</u>	<u>Requested Budget 2004-05</u>
<u>400 PERSONNEL</u>				
420 Salaries - Employees	_____	_____	_____	_____
422 Salaries - Temporary	_____	_____	_____	_____
423 Salaries - Overtime	_____	_____	_____	_____
424 Salaries - Vacation Pay	_____	_____	_____	_____
425 Salaries - Sick Pay	_____	_____	_____	_____
430 Salaries - Elected	_____	_____	_____	_____
451 Health Insurance	_____	_____	_____	_____
452 Life Insurance	_____	_____	_____	_____
453 Unemployment Insurance	_____	_____	_____	_____
454 Worker's Compensation	_____	_____	_____	_____
461 Social Security Contribution	_____	_____	_____	_____
462 Medicare Contribution	_____	_____	_____	_____
463 Retirement Contribution	_____	_____	_____	_____
471 Uniform Allowance	_____	_____	_____	_____
472 Automobile Allowance	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
TOTAL PERSONNEL	=====	=====	=====	=====

<u>EMPLOYEE NAME</u>	<u>POSITION</u>	<u>STATUS FULL/PART</u>	<u>CURRENT SALARY</u>	<u>PROPOSED SALARY</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

BUDGET REQUEST
-----CONTINUED-----

	Actual Expenses <u>2001-02</u>	Actual Expenses <u>2002-03</u>	Estimated Expenses <u>2003-04</u>	Requested Budget <u>2004-05</u>
<u>500 CONTRACTUAL SERVICES</u>				
511 Maintenance Service - Building	_____	_____	_____	_____
512 Maintenance Service - Equipment	_____	_____	_____	_____
513 Maintenance Service - Vehicle	_____	_____	_____	_____
514 Maintenance Service - Street	_____	_____	_____	_____
515 Maintenance Service - Utility System	_____	_____	_____	_____
516 Maintenance Service - Snow Removal	_____	_____	_____	_____
531 Accounting Service	_____	_____	_____	_____
532 Engineering Service	_____	_____	_____	_____
533 Legal Service	_____	_____	_____	_____
534 Medical Service	_____	_____	_____	_____
535 Architectural Service	_____	_____	_____	_____
536 Janitorial Service	_____	_____	_____	_____
537 Data Processing Service	_____	_____	_____	_____
549 Other Professional Services	_____	_____	_____	_____
551 Postage	_____	_____	_____	_____
552 Telephone	_____	_____	_____	_____
553 Publishing	_____	_____	_____	_____
554 Printing	_____	_____	_____	_____
555 Microfilming	_____	_____	_____	_____
556 Dispatching	_____	_____	_____	_____
561 Dues	_____	_____	_____	_____
562 Travel Expenses	_____	_____	_____	_____
563 Training	_____	_____	_____	_____
564 Tuition Reimbursement	_____	_____	_____	_____
565 Publications	_____	_____	_____	_____
571 Utilities	_____	_____	_____	_____
572 Street Lighting	_____	_____	_____	_____
573 Garbage Disposal	_____	_____	_____	_____
574 Landfill Charges	_____	_____	_____	_____
575 Water Purchases	_____	_____	_____	_____
577 Sewer Charges	_____	_____	_____	_____
591 Liability Insurance	_____	_____	_____	_____
592 General Insurance	_____	_____	_____	_____
593 Risk Management Contribution	_____	_____	_____	_____
594 Rentals	_____	_____	_____	_____
_____	_____	_____	_____	_____
TOTAL CONTRACTUAL SERVICES	=====	=====	=====	=====
900 OTHER EXPENDITURES / USES	_____	_____	_____	_____
911 Community Relations	_____	_____	_____	_____
929 Miscellaneous Expense	_____	_____	_____	_____
999 Interfund Operating Transfer	_____	_____	_____	_____
_____	_____	_____	_____	_____
TOTAL OTHER EXPENDITURES / USES	=====	=====	=====	=====

BUDGET REQUEST
--CONTINUED----

	Actual Expenses <u>2001-02</u>	Actual Expenses <u>2002-03</u>	Estimated Expenses <u>2003-04</u>	Requested Budget <u>2004-05</u>
<u>600 COMMODITIES</u>				
611 Maintenance Supplies - Building	_____	_____	_____	_____
612 Maintenance Supplies - Equipment	_____	_____	_____	_____
613 Maintenance Supplies - Vehicle	_____	_____	_____	_____
614 Maintenance Supplies - Street	_____	_____	_____	_____
615 Maintenance Supplies - Utility System	_____	_____	_____	_____
616 Maintenance Supplies - Snow Removal	_____	_____	_____	_____
651 Office Supplies	_____	_____	_____	_____
652 Operating Supplies	_____	_____	_____	_____
653 Small Tools	_____	_____	_____	_____
654 Janitorial Supplies	_____	_____	_____	_____
655 Gasoline	_____	_____	_____	_____
658 Chemicals	_____	_____	_____	_____
671 Books	_____	_____	_____	_____
672 Periodicals	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
TOTAL COMMODITIES	=====	=====	=====	=====
 <u>700 DEBT SERVICE</u>				
710 Principal Payment	_____	_____	_____	_____
720 Interest Expense	_____	_____	_____	_____
730 Fiscal Agent Fees	_____	_____	_____	_____
_____	_____	_____	_____	_____
TOTAL DEBT SERVICE	=====	=====	=====	=====
 <u>800 CAPITAL OUTLAY</u>				
810 Land	_____	_____	_____	_____
820 Building	_____	_____	_____	_____
830 Equipment	_____	_____	_____	_____
840 Vehicle	_____	_____	_____	_____
850 Utility System	_____	_____	_____	_____
860 Streets / Roads	_____	_____	_____	_____
870 Furniture	_____	_____	_____	_____
890 Other Improvements	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
TOTAL CAPITAL OUTLAY	=====	=====	=====	=====
 TOTAL FUNCTION / PROGRAM	=====	=====	=====	=====

300 REVENUE

	Actual Expenses <u>2001-02</u>	Actual Expenses <u>2002-03</u>	Estimated Expenses <u>2003-04</u>	Requested Budget <u>2004-05</u>
311 Property Tax				
312 Foreign Fire Insurance Tax				
313 Utility Tax				
314 Hotel / Motel Tax				
315 Road & Bridge Tax				
321 Liquor Licenses				
322 Vehicle Licenses				
323 Business Licenses				
324 Animal Licenses				
325 Franchise Licenses				
329 Other Licenses				
331 Building Permits				
332 Electrical Permits				
333 Plumbing Permits				
339 Other Permits				
341 State Income Tax				
342 Replacement Tax				
343 Motor Fuel Tax				
344 Sales Tax				
345 Local Use Tax				
346 Photoprocessing Sales Tax				
349 Other Grants				
351 Court Fines				
352 Parking Fines				
353 Penalties				
361 Water Sales				
362 Sewer Charges				
363 Garbage Charges				
364 Tap-on-Fees				
365 Meter Sales				
366 Ambulance Fees				
381 Interest Income				
382 Rental Income				
383 Donations				
389 Miscellaneous Income				
399 Interfund Operating Transfer				
TOTAL REVENUES				

MUNICIPAL FINANCE SERIES

OFFICE OF LOCAL GOVERNMENT MANAGEMENT SERVICES

THE OPERATING BUDGET

The Operating Budget is an important companion document to the Appropriation Ordinance. It serves an essential role in permitting the corporate authorities and department heads to exercise the adequate management oversight and control over financial practices.

The Appropriation Ordinance is addressed in Section #4 of the DCEO Municipal Finance Series. The Appropriation Ordinance provides the legal authority for the corporate authorities to allocate sums of money to specific spending activities of the municipality. It also establishes the municipality's legal spending limit for the fiscal year, and is the basis of the property tax levy filed in December.

Due to the relative difficulty of revising the Appropriation Ordinance after its passage, most municipalities in Illinois enact an appropriation somewhat higher than the amount actually intended for expenditure. While this practice helps ensure that all spending requirements will actually be covered by ordinance, it also has the effect of vastly lowering the usefulness of the Appropriation Ordinance as a means to carefully monitor and control spending.

To address this problem, the Illinois Department of Commerce and Economic Opportunity recommends that municipalities prepare an "Operating Budget" or an "Administrative Budget" in addition to the official Appropriation Ordinance.

The Operating Budget is intended to establish more realistic spending limits intended by the corporate authorities. Thus, while the Appropriation Ordinance specifies the maximum amount that can legally be expended, the Operating Budget establishes the maximum amount that may by the legislative policy of the corporate authorities be spent for usual operating purposes, barring the occurrence of unexpected spending needs. The adoption of an Operating Budget will generally serve to limit expenditures to only that level which is truly necessary, instead of giving department heads a "carte-blanche" approval to spend all the way up to the higher limits set forth in the Appropriation Ordinance.

It is strongly recommended that the Operating Budget for each individual fund be balanced. This is to say that the level of budgeted expenditures for the fiscal year should not exceed the level of anticipated revenues. This is in distinct contrast to the Appropriation Ordinance, which need not be balanced under any statutory requirement. In calculating whether the budget for each fund is balanced, any cash balance from the previous fiscal year should be excluded.

There are no statutory requirements relative to the Operating Budget, and its adoption is undertaken solely at the option of the corporate authorities. The Operating Budget may be approved by mere motion by a majority of the corporate authorities at any time prior to or during the new fiscal year. Since it is not a legally binding document, and is not adopted in ordinance form, it may be amended at any time, and transfers made among line items in different departments or funds, without limit, except where such amendments exceed the legal spending limits set forth in the Appropriation Ordinance. Furthermore, there are no statutory public notice, hearing, or publication requirements relative to the Operating Budget, thus making its adoption somewhat easier than that of the Appropriation Ordinance. Many municipalities use their Operating Budget to guide spending decisions in the first quarter of the new fiscal year in those instances where the Appropriation Ordinance itself has yet to be adopted.

INSTRUCTIONS FOR THE PREPARATION OF THE OPERATING BUDGET

Since the preparation of the Operating Budget is not governed by state statute, the municipality has flexibility concerning its contents and format. However, the following format is recommended. This model format is similar to the model DCEO format of the Appropriation Ordinance; Section #4, with the following exceptions:

1. Since the Appropriation Ordinance is a legally binding document that must be adopted by ordinance, it must contain certain legal language at the beginning and end in order to comply with various statutory and case law requirements. The Operating Budget, by contrast, is a non-binding working document, and need not be accompanied by specific legal language, nor is it adopted in ordinance form. Therefore, only those municipalities preparing an official budget under the Budget Officers' Procedures section, need to adopt the budget in ordinance form.
2. In contrast to the Appropriation Ordinance that contains only spending items, the model Operating Budget includes, the **beginning cash balance, projected revenues, budget expenses, ending cash balance, and operating balance** for each fund. This format adds valuable information relative to beginning and ending fund balances, and compares anticipated revenues to expenditures.
3. The Operating Budget may include a salary summary that contains a list of approved salaries by position.
4. The Operating Budget contains an estimate of all revenues expected to be received by each fund.
5. The Appropriation Ordinance includes only one column of data that reflects the "Amount Appropriated" for each line-item, while the recommended Operating Budget format presents three columns of data, including:
 - a) the amount actually expended in the two fiscal years prior to the new fiscal year;
 - b) the amount estimated to be expended during the current fiscal year; and
 - c) the budget amount actually approved by the corporate authorities for expenditure for the new fiscal year.

6. The amount appropriated for each line item in the Appropriation Ordinance will generally be higher than the amount budgeted in the Operating Budget. This ensures that the municipality has the legal authority to meet unanticipated expenses that fall above and beyond the more conservative spending limits set forth in the Operating Budget.
7. The Appropriation Ordinance will normally include an appropriation for "contingency" purposes in some funds to meet additional unanticipated expenses that cannot be met even by the somewhat inflated individual line-items. Illinois courts have upheld a contingency representing up to 5% of the total amount appropriated. Thus, a fund with a total appropriation of \$100,000 may safely justify an additional contingency appropriation of \$5,000 for the fund. However, the expenditure must be recorded against a specific line-item for a specific purpose. For example, the use of \$3,000 in a contingency item in the Water Fund to meet the unexpected high cost of liability insurance due to insurance rate increase should be recorded against the "Water Fund - Liability Insurance" line-item.

OPERATING BUDGET

VILLAGE OF WHITE OAK

FY 2003-04

BUDGET SUMMARY

<u>FUNDS</u>	<u>BEGINNING BALANCE</u>	<u>PROJECTED REVENUES</u>	<u>BUDGETED EXPENSES</u>	<u>ENDING BALANCE</u>	<u>OPERATING BALANCE</u>
<u>GENERAL</u>					
Administration			51,000		
Police			150,600		
Streets			148,500		
General	36,200	335,000	350,100	21,100	(15,100)
<u>SPECIAL REVENUE FUND</u>					
Audit	200	2,100	2,000	300	100
Social Security	1,000	16,400	17,000	400	(600)
Insurance	2,400	21,800	22,300	1,900	(500)
IMRF	1,000	15,700	13,800	2,900	1,900
Motor Fuel Tax	91,500	82,000	88,000	85,500	(6,000)
<u>ENTERPRISE FUNDS</u>					
Water	25,400	90,200	111,000	4,600	(20,800)
 TOTAL	 157,700	 563,200	 604,200	 116,700	 (41,000)
	=====	=====	=====	=====	=====

		2002-03 <u>Actual</u>	2003-04 <u>Estimated</u>	2004-05 <u>Budgeted</u>
<u>GENERAL FUND</u>				
BEGINNING BALANCE	May 1, 2003	<u>10,000</u>	<u>25,700</u>	<u>25,200</u>
<u>REVENUES</u>				
01-01-311	Property Tax - Corporate	20,000	22,500	25,000
01-02-311	Property Tax - Police	6,000	6,800	7,500
01-00-312	Foreign Fire Insurance	1,000	1,500	2,000
01-00-313	Utility Tax	85,000	90,000	93,000
01-00-315	Road & Bridge Tax	2,000	2,500	3,000
01-00-321	Liquor Licenses	3,000	3,000	3,500
01-00-322	Vehicle Licenses	5,000	5,500	6,000
01-00-329	Other Licenses	1,000	1,500	2,000
01-00-331	Building Permits	5,000	3,000	4,000
01-00-341	State Income Tax	90,000	100,000	105,000
01-00-342	Replacement Tax	10,000	11,000	12,000
01-00-344	Sales Tax	40,000	42,000	40,000
01-00-345	Local Use Tax	3,000	4,000	5,000
01-00-346	Photoprocessing Sales Tax	0	0	0
01-00-351	Court Fines	12,000	10,000	10,000
01-00-381	Interest Income	3,000	3,500	4,000
01-00-389	Miscellaneous Income	<u>2,000</u>	<u>2,500</u>	<u>3,000</u>
	TOTAL REVENUES:	<u>288,000</u>	<u>309,300</u>	<u>325,000</u>
	TOTAL FUNDS AVAILABLE:	<u>298,000</u>	<u>335,000</u>	<u>350,200</u>
<u>EXPENDITURES</u>				
01-11	Administration	25,000	31,600	35,500
01-21	Police	118,900	138,200	142,900
01-41	Street	<u>127,400</u>	<u>138,500</u>	<u>144,500</u>
	TOTAL EXPENDITURES:	<u>271,300</u>	<u>308,300</u>	<u>322,900</u>
<u>OTHER FINANCING USES</u>				
01-999	Transfer - Fire District	<u>1,000</u>	<u>1,500</u>	<u>2,000</u>
	ENDING BALANCE April 30, 2004	<u>25,700</u>	<u>25,200</u>	<u>25,300</u>

		2002-03 <u>Actual</u>	2003-04 <u>Estimated</u>	2004-05 <u>Budgeted</u>
	<u>ADMINISTRATION</u>			
	<u>PERSONNEL</u>			
01-11-420	Salaries - Employees	10,000	11,000	15,000
01-11-430	Salaries - Elected	4,000	5,000	8,600
01-11-451	Health Insurance	<u>1,000</u>	<u>1,500</u>	<u>2,000</u>
		15,000	17,500	25,600
	<u>CONTRACTUAL SERVICES</u>			
01-11-511	Maintenance Services - Building	1,000	500	1,500
01-11-512	Maintenance Service - Equipment	300	500	700
01-11-533	Legal Service	1,000	1,500	2,000
01-11-551	Postage	200	300	300
01-11-552	Telephone	800	900	1,000
01-11-553	Publishing	1,000	1,200	1,400
01-11-554	Printing	400	500	600
01-11-561	Dues	300	400	400
01-11-562	Travel Expenses	1,000	1,500	2,000
01-11-563	Training	500	800	900
01-11-565	Publications	200	300	400
01-11-571	Utilities	<u>1,500</u>	<u>1,300</u>	<u>1,800</u>
		8,200	9,700	13,000
	<u>COMMODITIES</u>			
01-11-611	Maintenance Supplies - Building	500	2,000	1,000
01-11-651	Office Supplies	300	200	500
01-11-652	Operating Supplies	<u>400</u>	<u>500</u>	<u>700</u>
		1,200	2,700	2,200
	<u>CAPITAL OUTLAY</u>			
01-11-830	Equipment	500	1,500	10,000
	<u>OTHER EXPENDITURES</u>			
		<u>100</u>	<u>200</u>	<u>200</u>
01-11-929	Miscellaneous Expense			
	TOTAL ADMINISTRATION:	<u>25,000</u>	<u>31,600</u>	<u>51,000</u>

		2002-03 <u>Actual</u>	2003-04 <u>Estimated</u>	2004-05 <u>Budgeted</u>
	<u>POLICE</u>			
	<u>PERSONNEL</u>			
01-21-420	Salaries - Employees	80,000	82,000	85,000
01-21-451	Health Insurance	<u>4,000</u>	<u>5,000</u>	<u>2,000</u>
		84,000	87,000	87,000
	<u>CONTRACTUAL SERVICES</u>			
01-21-512	Maintenance Service - Equipment	3,000	5,000	2,000
01-21-513	Maintenance Service - Vehicle	2,000	4,000	3,000
01-21-533	Legal Service	2,000	2,500	3,000
01-21-551	Postage	200	300	400
01-21-552	Telephone	1,000	1,500	2,000
01-21-553	Publishing	300	500	400
01-21-554	Printing	400	500	400
01-21-556	Dispatching	8,000	10,000	12,000
01-21-561	Dues	200	300	300
01-21-562	Travel Expenses	1,000	1,300	1,700
01-21-563	Training	1,000	3,000	2,000
01-21-571	Utilities	<u>2,500</u>	<u>2,900</u>	<u>3,200</u>
		21,600	31,800	30,400
	<u>COMMODITIES</u>			
01-21-611	Maintenance Supplies - Building	1,000	1,300	900
01-21-613	Maintenance Supplies - Vehicle	500	900	1,200
01-21-651	Office Supplies	200	300	400
01-21-652	Operating Supplies	1,000	1,200	1,500
01-21-655	Gasoline	<u>3,500</u>	<u>4,500</u>	<u>5,000</u>
		6,200	8,200	9,000
	<u>CAPITAL OUTLAY</u>			
01-21-830	Equipment	5,000	6,000	10,000
01-21-840	Vehicle	<u>2,000</u>	<u>5,000</u>	<u>10,000</u>
		7,000	11,000	20,000
	<u>OTHER EXPENDITURES</u>			
		<u>100</u>	<u>200</u>	<u>200</u>
01-21-929	Miscellaneous Expense			
	TOTAL POLICE:	<u>118,900</u>	<u>138,200</u>	<u>146,600</u>

		2002-03 <u>Actual</u>	2003-04 <u>Estimated</u>	2004-05 <u>Budgeted</u>
	<u>STREET</u>			
	<u>PERSONNEL</u>			
01-41-420	Salaries - Employees	63,000	65,000	70,000
01-41-451	Health Insurance	<u>1,500</u>	<u>2,000</u>	<u>2,500</u>
		64,500	67,000	72,500
	<u>CONTRACTUAL SERVICES</u>			
01-41-511	Maintenance Service - Building	1,000	2,500	2,000
01-41-512	Maintenance Service - Equipment	2,500	4,000	3,500
01-41-513	Maintenance Service - Vehicle	2,000	2,200	2,900
01-41-514	Maintenance Service - Street	10,000	15,000	12,000
01-41-532	Engineering Service	1,500	3,000	2,500
01-41-552	Telephone	300	400	400
01-41-571	Utilities	2,000	2,500	3,000
01-41-572	Street Lighting	5,000	5,500	6,000
01-41-594	Rentals	<u>400</u>	<u>600</u>	<u>400</u>
		24,700	35,700	32,700
	<u>COMMODITIES</u>			
01-41-611	Maintenance Supplies - Building	1,500	3,000	2,500
01-41-612	Maintenance Supplies - Equipment	500	700	600
01-41-613	Maintenance Supplies - Vehicle	600	800	1,000
01-41-614	Maintenance Supplies - Street	7,000	8,000	10,000
01-41-652	Operating Supplies	1,000	1,500	2,000
01-41-655	Gasoline	<u>2,500</u>	<u>3,500</u>	<u>5,000</u>
		13,100	17,500	21,100
	<u>CAPITAL OUTLAY</u>			
01-41-820	Building	0	1,000	8,000
01-41-830	Equipment	15,000	10,000	5,000
01-41-840	Vehicle	<u>10,000</u>	<u>7,000</u>	<u>9,000</u>
		25,000	18,000	22,000
	<u>OTHER EXPENDITURES</u>			
01-41-929	Miscellaneous Expense	<u>100</u>	<u>300</u>	<u>200</u>
	TOTAL STREET:	<u>127,400</u>	<u>138,500</u>	<u>148,500</u>

		2002-03 <u>Actual</u>	2003-04 <u>Estimated</u>	2004-05 <u>Budgeted</u>
<u>SPECIAL REVENUE FUNDS</u>				
<u>AUDIT FUND</u>				
	BEGINNING BALANCE May 1, 2003	<u>300</u>	<u>200</u>	<u>200</u>
<u>REVENUES</u>				
11-00-311	Property Tax	1,600	1,800	2,000
11-00-381	Interest Income	<u>100</u>	<u>100</u>	<u>100</u>
	TOTAL REVENUES:	<u>1,700</u>	<u>1,900</u>	<u>2,100</u>
	TOTAL FUNDS AVAILABLE:	<u>2,000</u>	<u>2,100</u>	<u>2,300</u>
<u>EXPENDITURES</u>				
<u>CONTRACTUAL SERVICES</u>				
11-00-531	Accounting Service	<u>1,800</u>	<u>1,900</u>	<u>2,000</u>
	ENDING BALANCE April 30, 2004	<u>200</u>	<u>200</u>	<u>300</u>
<u>SOCIAL SECURITY FUND</u>				
	BEGINNING BALANCE May 1, 2003	<u>2,000</u>	<u>1,100</u>	<u>1,000</u>
<u>REVENUES</u>				
14-00-311	Property Tax	12,000	14,000	14,500
14-00-342	Replacement Tax	1,500	1,400	1,500
14-00-381	Interest Income	<u>600</u>	<u>500</u>	<u>400</u>
	TOTAL REVENUES:	<u>14,100</u>	<u>15,900</u>	<u>16,400</u>
	TOTAL FUNDS AVAILABLE:	<u>16,100</u>	<u>17,000</u>	<u>17,400</u>
<u>EXPENDITURES</u>				
<u>PERSONNEL</u>				
14-00-461	Social Security Contribution	12,200	13,000	13,800
14-00-462	Medicare Contribution	<u>2,800</u>	<u>3,000</u>	<u>3,200</u>
		<u>15,000</u>	<u>16,000</u>	<u>17,000</u>
	ENDING BALANCE April 30, 2004	<u>1,100</u>	<u>1,000</u>	<u>400</u>

		2002-03 <u>Actual</u>	2003-04 <u>Estimated</u>	2004-05 <u>Budgeted</u>
<u>INSURANCE FUND</u>				
BEGINNING BALANCE	May 1, 2003	<u>1,000</u>	<u>2,000</u>	<u>2,400</u>
<u>REVENUES</u>				
12-00-311	Property Tax	13,500	18,000	21,500
12-00-381	Interest Income	<u>500</u>	<u>400</u>	<u>300</u>
TOTAL REVENUES:		<u>14,000</u>	<u>18,400</u>	<u>21,800</u>
TOTAL FUNDS AVAILABLE:		<u>15,000</u>	<u>20,400</u>	<u>24,200</u>
<u>EXPENDITURES</u>				
<u>PERSONNEL</u>				
12-00-453	Unemployment Insurance	800	1,100	1,300
12-00-454	Worker's Compensation	<u>2,700</u>	<u>4,100</u>	<u>5,000</u>
		3,500	5,200	6,300
<u>CONTRACTUAL SERVICES</u>				
12-00-591	Liability Insurance	8,000	10,500	13,000
12-00-592	General Insurance	<u>1,500</u>	<u>2,300</u>	<u>3,000</u>
		<u>9,500</u>	<u>12,800</u>	<u>16,000</u>
TOTAL EXPENDITURES:		<u>13,000</u>	<u>18,000</u>	<u>22,300</u>
ENDING BALANCE	April 30, 2004	<u>2,000</u>	<u>2,400</u>	<u>1,900</u>

		2002-03 <u>Actual</u>	2003-04 <u>Estimated</u>	2004-05 <u>Budgeted</u>
	<u>IMRF FUND</u>			
	BEGINNING BALANCE May 1, 2003	<u>1,000</u>	<u>600</u>	<u>1,000</u>
	<u>REVENUES</u>			
13-00-311	Property Tax	10,000	12,000	14,000
13-00-342	Replacement Tax	1,000	1,200	1,500
13-00-381	Interest Income	<u>100</u>	<u>200</u>	<u>200</u>
	TOTAL REVENUES:	<u>11,100</u>	<u>13,400</u>	<u>15,700</u>
	TOTAL FUNDS AVAILABLE:	<u>12,100</u>	<u>14,000</u>	<u>16,700</u>
	<u>EXPENDITURES</u>			
	<u>PERSONNEL</u>			
13-00-463	Retirement Contribution	<u>11,500</u>	<u>13,000</u>	<u>13,800</u>
	ENDING BALANCE April 30, 2004	<u>600</u>	<u>1,000</u>	<u>2,900</u>
	<u>MOTOR FUEL TAX FUND</u>			
	BEGINNING BALANCE May 1, 2003	<u>20,000</u>	<u>19,000</u>	<u>91,500</u>
	<u>REVENUES</u>			
17-00-343	Motor Fuel Tax	72,000	75,000	80,000
17-00-381	Interest Income	<u>4,000</u>	<u>3,000</u>	<u>2,000</u>
	TOTAL REVENUES:	<u>76,000</u>	<u>78,000</u>	<u>82,000</u>
	TOTAL FUNDS AVAILABLE:	<u>96,000</u>	<u>97,000</u>	<u>173,500</u>
	<u>EXPENDITURES</u>			
	<u>CONTRACTUAL SERVICES</u>			
17-00-514	Maintenance Service – Street	70,000	5,000	80,000
14-00-532	Engineering Service	<u>7,000</u>	<u>500</u>	<u>8,000</u>
	TOTAL EXPENDITURES:	<u>77,000</u>	<u>5,500</u>	<u>88,000</u>
	ENDING BALANCE April 30, 2004	<u>19,000</u>	<u>91,500</u>	<u>85,500</u>

ENTERPRISE FUNDS

2002-03 <u>Actual</u>	2003-04 <u>Estimated</u>	2004-05 <u>Budgeted</u>
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WATER FUND

BEGINNING BALANCE May 1, 2003	<u>30,000</u>	<u>29,000</u>	<u>25,400</u>
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REVENUES

51-00-353	Penalties	200	100	200
51-00-361	Water Sales	80,000	85,000	88,000
51-00-364	Tap-On-Fees	1,000	1,500	500
51-00-381	Interest Income	3,000	2,000	1,000
51-00-389	Miscellaneous Income	<u>400</u>	<u>500</u>	<u>500</u>

TOTAL REVENUES:	<u>84,600</u>	<u>89,100</u>	<u>90,200</u>
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TOTAL FUNDS AVAILABLE:	<u>114,600</u>	<u>118,100</u>	<u>115,600</u>
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EXPENSESPERSONNEL

51-00-420	Salaries - Employees	45,000	50,000	52,000
51-00-451	Health Insurance	<u>1,500</u>	<u>2,000</u>	<u>2,200</u>
		46,500	52,000	54,200

CONTRACTUAL SERVICES

51-00-511	Maintenance Service - Building	1,200	1,000	1,500
51-00-512	Maintenance Service - Equipment	1,000	1,500	2,500
51-00-513	Maintenance Service - Vehicle	1,200	1,400	1,600
51-00-515	Maintenance Service - Utility System	6,000	4,500	5,000
51-00-531	Accounting Service	2,000	2,500	3,000
51-00-533	Legal Service	1,000	1,500	1,800
51-00-551	Postage	400	400	500
51-00-552	Telephone	500	600	600
51-00-553	Publishing	400	500	500
51-00-554	Printing	300	400	400
51-00-561	Dues	400	500	500
51-00-562	Travel Expenses	600	800	1,000
51-00-563	Training	300	300	400
51-00-565	Publications	200	200	400
51-00-571	Utilities	5,000	7,000	7,500
51-00-594	Rentals	<u>200</u>	<u>300</u>	<u>500</u>
		<u>20,700</u>	<u>23,400</u>	<u>27,700</u>

		2002-03 <u>Actual</u>	2003-04 <u>Estimated</u>	2004-05 <u>Budgeted</u>
<u>COMMODITIES</u>				
51-00-611	Maintenance Supplies - Building	300	400	500
51-00-612	Maintenance Supplies - Equipment	500	500	600
51-00-613	Maintenance Supplies - Vehicle	700	900	1,100
51-00-615	Maintenance Supplies - Utility System	3,000	4,500	5,500
51-00-651	Office Supplies	200	300	200
51-00-652	Operating Supplies	400	500	500
51-00-658	Chemicals	<u>4,200</u>	<u>4,500</u>	<u>5,000</u>
		9,300	11,600	13,400
<u>CAPITAL OUTLAY</u>				
51-00-820	Building	0	1,000	500
51-00-830	Equipment	3,000	0	1,000
51-00-840	Vehicle	2,000	4,000	9,000
51-00-850	Utility System	<u>4,000</u>	<u>500</u>	<u>5,000</u>
		9,000	5,500	15,500
<u>OTHER EXPENSES</u>				
51-00-929	Miscellaneous Expense	<u>100</u>	<u>200</u>	<u>200</u>
		<u>85,600</u>	<u>92,700</u>	<u>111,000</u>
TOTAL EXPENSES:		<u>29,000</u>	<u>25,400</u>	<u>4,600</u>
ENDING BALANCE April 30, 2004				

SALARY SUMMARY

	<u>PROGRAM / POSITION</u>	<u>SALARY</u>
1-11	<u>ADMINISTRATION</u>	
420	Treasurer	2,400
420	Deputy Clerk	4,200
420	Collector	8,400
430	President	2,000
430	Trustees (6 @ 600)	3,600
430	Clerk	<u>3,000</u>
	TOTAL ADMINISTRATION	<u>23,600</u>
1-21	<u>POLICE</u>	
420	Chief	30,000
420	Sergeant	20,000
420	Patrolman	16,000
420	Patrolman	13,000
420	Part-time Officers	<u>6,000</u>
	TOTAL POLICE	<u>85,000</u>
1-41	<u>STREET</u>	
420	Superintendent (1/2)	14,000
420	Maintenance	20,000
420	Laborer	28,000
420	Part-time Laborers	<u>8,000</u>
		<u>70,000</u>
51	<u>WATER</u>	
420	Superintendent (1/2)	14,000
420	Maintenance	20,000
420	Laborer	16,000
420	Part-time Laborers	<u>2,000</u>
	TOTAL WATER	<u>52,000</u>
	TOTAL SALARIES	<u>230,600</u>

MUNICIPAL FINANCE SERIES

OFFICE OF LOCAL GOVERNMENT MANAGEMENT SERVICES

THE APPROPRIATION ORDINANCE

The Appropriation Ordinance provides the legal authority to allocate funds to specific spending activities. It also establishes the municipality's legal spending limit for the fiscal year, and serves as the basis of the property tax levy filed in December. The Appropriation Ordinance must be adopted no later than the end of the first quarter of the new fiscal year.
(65 ILCS 5/8-2-9)

The Appropriation Ordinance must be itemized and specific as to which expenditures will be authorized, and each line item must provide authorization for only a single purpose. Failure to adhere to this requirement, or improper wording of the ordinance itself, may cause the document to be held void, and the property tax levy to be withheld. For this reason, it is recommended that the model Appropriation Ordinance format be used to minimize legal challenges to the ordinance.

Any expenditure not authorized in the Appropriation Ordinance for the current fiscal year is considered an illegal expenditure. The only exceptions to this rule are payments on general obligation, revenue, and special assessment bonds, and on motor fuel tax-related expenditures. All of which are already authorized under previous legal authorizations and which thus do not require annual re-appropriation. Other than such bond or MFT expenditures, no liability may be incurred, and no contract entered into, unless the expenditure has been provided for in the Appropriation Ordinance.

Therefore, it is extremely important that local officials anticipate and appropriate for all expenditures. In order to provide an adequate spending authorization or "ceiling", the appropriation should always exceed the amount that is anticipated to be spent. It is important to remember, however, that the Appropriation Ordinance only establishes the maximum levels of expenditures that can be made if adequate revenues are available. This does not necessarily mean that sufficient revenues will in fact be received to make such expenditures.

There exists two means by which the corporate authorities can ensure that adequate spending authority has been provided:

(1) Specific line-item expenditure levels may be established at a level that is higher than the amounts actually intended to be expended in order to meet unanticipated operating or capital expenses. For example, the need may arise to obtain additional legal services to defend the municipality against an unexpected lawsuit, or to make emergency repairs to a well pump.

(2) A "contingency" may be created in each fund to provide a flexible source of additional spending authority that can be applied to any of the specific line items in the fund. Courts in Illinois have upheld a contingency level equal to 5% of the total fund expenditures.

Thus, a fund that has been appropriated \$100,000 in spending authority may reasonably include an additional \$5,000 contingency expense in the fund. In the event that the contingency line item is used, the expenditure must be recorded against a specific line item for a specific purpose. For example, the use of \$1,000 in contingency funds in the General Fund for unanticipated electric service costs due to a rate increase should be recorded against the "General Fund - Utilities" line item.

ADJUSTMENTS TO THE APPROPRIATION ORDINANCE

The state statutes do provide four methods that the corporate authorities can use to increase the municipal appropriation after the Appropriation Ordinance has been adopted. These remedies are:

1. At any time during the fiscal year, unlimited transfers may be made when approved by a two-thirds vote of the corporate authorities. However, the transfers do not increase overall spending. Transfers cannot be made between different departments or funds. In addition, no transfer may result in an amount remaining for any object or purpose that is insufficient to cover all current or future liabilities for the remainder of the fiscal year. The DCEO model Appropriation Ordinance is organized in such a manner as to facilitate such transfers by utilizing line item classifications that are broad enough to pool expenditures of a similar nature into a single line item (e.g., salaries for the mayor, clerk, and treasurer are combined into a single classification: Personnel/Salaries-Elected Officials). This approach maximizes the likelihood that each classification will include sufficient excess funds to permit transfer to another line item, yet still adhere to the statutory requirement that expenditures be itemized and specific as to the purpose or object of expense.
2. The corporate authorities may adopt a supplemental Appropriation to authorize the expenditure of any funds not available at the time the original ordinance was adopted, or which were available but which the corporate authorities chose not to appropriate. For example, if water and sewer user charge revenues increase due to a midyear rate increase, a supplemental Appropriation Ordinance may be adopted to authorize additional expenditures from these new resources.
3. The appropriation ordinance may be amended if a petition to authorize an appropriation increase is signed by a number equal to at least 50% of the electors who cast ballots for the office of Mayor or President during the last election for that office.
4. The fourth method for increasing the municipal expenditure authorization applies only to emergency spending needs required to undertake specified public improvements intended to reduce any imminent threat to the health and safety of the community. For the purposes of the statute, "emergency" means a condition requiring immediate action to prevent the spread of disease or imminent danger to persons or property. Such emergency authorization must be approved by a two-thirds vote of the corporate authorities.

OPERATING BUDGET PROVIDES FINANCIAL CONTROL

Since the procedures for increasing the annual appropriation after it has been adopted are rather cumbersome, most municipalities tend to inflate their appropriation over the amount actually projected to be expended. As a result, the Appropriation Ordinance often loses its value as a management tool for the monitoring and control of expenditures, and becomes instead a highly inflated "worst-case" spending ceiling. As a result, DCEO recommends that municipalities prepare an "Operating Budget" or an "Administrative Budget" in addition to the official Appropriation Ordinance. The Operating Budget is intended to establish the realistic spending limits set forth by the corporate authorities, as well as guide and control all spending throughout the fiscal year.

SPENDING PROCEDURES UNTIL APPROPRIATION IS ADOPTED

Since municipalities need not adopt their appropriation Ordinance prior to the end of the first quarter of the new year, the state statutes permit spending to occur during the first three months of the year based upon the appropriation of the preceding year. This normally provides a very adequate level for the first quarter spending authority since the equivalent of the entire preceding year of appropriations is now available for use during just the first quarter of the new fiscal year. In addition, municipalities are permitted to begin the long process of planning and financing a public works project during the first quarter, including the contracting of engineering and legal services, even though the actual appropriation for such services may not appear until the new Appropriation Ordinance is adopted. However, no moneys may be expended during the first quarter of the new fiscal year that were not appropriated during the prior fiscal year.

HEARING AND NOTICE REQUIREMENTS

Municipalities over 2,000 population must conduct a hearing before the adoption of the appropriation ordinance. They must:

- a) give at least ten days notice of the public hearing, including its time and place and the location where the Appropriation Ordinance can be viewed. The notice must appear in a newspaper published in the county and having general circulation within the municipality;
- b) make the latest draft of the Appropriation Ordinance conveniently available for public inspection during a period of at least ten days prior to the adoption of the ordinance; and
- c) hold a public hearing. Municipalities under 2,000 population are not required to have a hearing or public notice.

Under a state statute that became effective in December 1990, the Appropriation Ordinance may be adopted immediately after the public hearing without a waiting period of ten days as was previously required.

The Appropriation Ordinance must be printed in book or pamphlet form, or be published in a newspaper of general circulation within the community, within 30 days after its adoption.
(65 ILCS 5/1-2-4)

FILING REQUIREMENTS WITH COUNTY CLERK

Within 30 days of its adoption, the Appropriation Ordinance must be filed with the County Clerk, and a certification of revenues expected to be received during the coming fiscal year signed by the chief fiscal officer. A model format for transmitting a certified copy of the Appropriation Ordinance and model format for the "Certification of Revenue Estimate" is provided. Failure to file the required Appropriation Ordinance and Certification of Revenue Estimate in proper format may cause the Appropriation Ordinance to be held invalid and result in the refusal of the County clerk to extend the annual property tax levy.

APPROPRIATION ORDINANCE

VILLAGE OF WHITE OAK

ORDINANCE NO. _____

An ordinance appropriating for all corporate purposes of the Village of White Oak, Prairie County, Illinois, for the fiscal year beginning May 1, 2004, and ending April 30, 2005.

BE IT ORDAINED by the President and Board of Trustees of the Village of White Oak, Prairie County, Illinois:

SECTION 1: That the amount hereinafter set forth, or so much thereof as may be authorized by law, and as may be needed or deemed necessary to defray all expenses and liabilities of the municipality be and the same are hereby appropriated for the corporate purposes of the Village of White Oak, Prairie County, Illinois, as hereinafter specified for the fiscal year beginning May 1, 2004 and ending April 30, 2005.

SECTION 2: That the appropriation herein made for any purpose shall be regarded as the maximum amounts to be expended under the respective appropriation accounts and shall not be construed as a commitment, agreement, obligation or liability of the Village of White Oak, and such appropriation being subject to further approval as to expenditure thereof by the Village Board.

SECTION 3: That the amount appropriated for each object and purpose shall be as follows:

		Amount <u>Appropriated</u>
	<u>GENERAL FUND</u>	
	<u>ADMINISTRATION</u>	
	<u>PERSONNEL</u>	
01-11-420	Salaries – Employees	18,800
01-11-430	Salaries – Elected	10,800
01-11-451	Health Insurance	<u>2,500</u>
		32,100
	<u>CONTRACTUAL SERVICES</u>	
01-11-511	Maintenance Service - Building	1,900
01-11-512	Maintenance Service - Equipment	900
01-11-533	Legal Service	2,500
01-11-551	Postage	400
01-11-552	Telephone	1,300
01-11-553	Publishing	1,800
01-11-554	Printing	800
01-11-561	Dues	500
01-11-562	Travel Expenses	2,500
01-11-563	Training	1,200
01-11-565	Publications	500
01-11-571	Utilities	<u>2,300</u>
		16,600
	<u>COMMODITIES</u>	
01-11-611	Maintenance Supplies - Building	1,300
01-11-651	Office Supplies	700
01-11-652	Operating Supplies	<u>900</u>
		2,900
	<u>CAPITAL OUTLAY</u>	
01-11-830	Equipment	12,500
	<u>OTHER EXPENDITURES</u>	
01-11-929	Miscellaneous Expense	<u>300</u>
	 TOTAL ADMINISTRATION	 <u>64,400</u>

		<u>Amount Appropriated</u>
	<u>POLICE</u>	
	<u>PERSONNEL</u>	
01-21-420	Salaries – Employees	106,300
01-21-451	Health Insurance	<u>7,500</u>
		113,800
	<u>CONTRACTUAL SERVICES</u>	
01-21-512	Maintenance Service - Equipment	2,500
01-21-513	Maintenance Service - Vehicle	3,800
01-21-533	Legal Service	3,800
01-21-551	Postage	500
01-21-552	Telephone	2,500
01-21-553	Publishing	500
01-21-554	Printing	500
01-21-556	Dispatching	15,000
01-21-561	Dues	400
01-21-562	Travel Expenses	2,200
01-21-563	Training	2,500
01-21-571	Utilities	<u>4,000</u>
		38,200
	<u>COMMODITIES</u>	
01-21-612	Maintenance Supplies - Equipment	1,200
01-21-613	Maintenance Supplies - Vehicle	1,500
01-21-651	Office Supplies	500
01-21-652	Operating Supplies	1,900
01-21-655	Gasoline	<u>7,500</u>
		12,600
	<u>CAPITAL OUTLAY</u>	
01-21-830	Equipment	12,500
01-21-840	Vehicle	<u>12,500</u>
		25,000
	<u>OTHER EXPENDITURES</u>	
01-21-929	Miscellaneous Expense	<u>300</u>
	 TOTAL POLICE	 <u>189,900</u>

		<u>Amount Appropriated</u>
	<u>STREET</u>	
	<u>PERSONNEL</u>	
01-41-420	Salaries – Employees	63,300
01-41-451	Health Insurance	<u>3,200</u>
		66,500
	<u>CONTRACTUAL SERVICES</u>	
01-41-511	Maintenance Service - Building	2,500
01-41-512	Maintenance Service - Equipment	4,400
01-41-513	Maintenance Service - Vehicle	3,700
01-41-514	Maintenance Service - Street	15,000
01-41-532	Engineering Service	3,200
01-41-552	Telephone	500
01-41-571	Utilities	3,800
04-41-572	Street Lighting	7,500
01-41-594	Rentals	<u>500</u>
		41,100
	<u>COMMODITIES</u>	
01-41-611	Maintenance Supplies - Building	3,200
01-41-612	Maintenance Supplies - Equipment	800
01-41-613	Maintenance Supplies - Vehicle	1,300
01-41-614	Maintenance Supplies - Street	12,500
01-41-652	Operating Supplies	2,500
04-41-655	Gasoline	<u>6,300</u>
		26,600
	<u>CAPITAL OUTLAY</u>	
01-41-820	Building	2,500
01-41-830	Equipment	6,300
01-41-840	Vehicle	<u>11,300</u>
		20,100
	<u>OTHER EXPENDITURES</u>	
01-41-929	Miscellaneous Expense	<u>300</u>
	 TOTAL STREET	 <u>154,600</u>
	Contingencies	<u>19,200</u>
	TOTAL GENERAL FUND	<u>428,100</u>

		Amount Appropriated
	<u>AUDIT FUND</u>	
	<u>CONTRACTUAL SERVICES</u>	
11-00-531	Accounting Service	<u>2,500</u>
	 <u>INSURANCE FUND</u>	
	<u>PERSONNEL</u>	
12-00-453	Unemployment Insurance	1,600
12-00-454	Worker's Compensation	<u>6,300</u>
		7,900
	 <u>CONTRACTUAL SERVICES</u>	
12-00-591	Liability Insurance	16,300
12-00-592	General Insurance	<u>3,800</u>
		20,100
	 TOTAL INSURANCE FUND	<u>28,000</u>
	 <u>IMRF FUND</u>	
	<u>PERSONNEL</u>	
13-00-463	Retirement Contribution	<u>17,200</u>
	 <u>SOCIAL SECURITY FUND</u>	
	<u>PERSONNEL</u>	
14-00-461	Social Security Contribution	17,200
14-00-462	Medicare Contribution	<u>4,000</u>
	 TOTAL SOCIAL SECURITY FUND	<u>21,200</u>

		<u>Amount Appropriated</u>
	<u>MOTOR FUEL TAX FUND</u>	
	<u>CONTRACTUAL SERVICES</u>	
17-00-514	Maintenance Service - Street	100,000
17-00-532	Engineering Service	<u>10,000</u>
	TOTAL MOTOR FUEL TAX FUND	<u>110,000</u>
	<u>WATER FUND</u>	
	<u>PERSONNEL</u>	
51-00-420	Salaries – Employees	63,300
51-00-451	Health Insurance	<u>3,200</u>
		66,500
	<u>CONTRACTUAL SERVICES</u>	
51-00-511	Maintenance Service - Building	1,900
51-00-512	Maintenance Service - Equipment	3,200
51-00-513	Maintenance Service - Vehicle	2,000
51-00-515	Maintenance Service - Utility System	6,300
51-00-531	Accounting Service	3,800
51-00-533	Legal Service	2,300
51-00-551	Postage	700
51-00-552	Telephone	800
51-00-553	Publishing	700
51-00-554	Printing	500
51-00-561	Dues	700
51-00-562	Travel Expenses	1,300
51-00-563	Training	500
51-00-565	Publications	500
51-00-571	Utilities	10,700
51-00-594	Rentals	<u>700</u>
		36,600
	<u>COMMODITIES</u>	
51-00-611	Maintenance Supplies - Building	700
51-00-612	Maintenance Supplies - Equipment	800
51-00-613	Maintenance Supplies - Vehicle	1,400
51-00-615	Maintenance Supplies - Utility System	6,900
51-00-651	Office Supplies	300
51-00-652	Operating Supplies	700
51-00-658	Chemicals	<u>6,300</u>
		17,100

		<u>Amount Appropriated</u>
	<u>CAPITAL OUTLAY</u>	
51-00-820	Building	700
51-00-830	Equipment	1,300
51-00-840	Vehicle	11,300
51-00-850	Utility System	<u>12,500</u>
		25,800
	<u>OTHER EXPENSES</u>	
51-00-929	Miscellaneous Expense	<u>300</u>
	Contingencies	<u>8,100</u>
	 TOTAL WATER FUND	 <u>154,400</u>

APPROPRIATION SUMMARY
FOR THE FISCAL YEAR ENDING APRIL 30, 2003

1	GENERAL FUND	428,100
11	AUDIT	2,500
12	INSURANCE FUND	28,000
13	IMRF*	17,200
14	SOCIAL SECURITY FUND	21,200
17	MOTOR FUEL TAX FUND	110,000
51	WATER FUND	<u>154,400</u>
	TOTAL APPROPRIATIONS	<u>761,400</u>

*ILLINOIS MUNICIPAL RETIREMENT FUND

SECTION 4: That if any section, subdivision, or sentence of this ordinance shall for any reason be held invalid or unconstitutional, such decision shall not affect the validity of the remaining portion of this ordinance.

SECTION 5: That a certified copy of this ordinance shall be filed with the County Clerk within 30 days after adoption.

SECTION 6: That this ordinance shall be in full force and effect after its passage, approval, and publication, as provided by law.

ADOPTED this 9th day of July, 2004, pursuant to a roll call vote by the Board of Trustees of the Village of White Oak, Prairie County, Illinois.

AYES: John Law
Arthur St. Clair
Ninian Edwards
Shadrach Bond
John Jones

NAYS: John S. Wright

ABSENT: None

APPROVED this 9th day of July, 2004.

William Ogden - President

ATTEST:

Francis Willard - Village Clerk

CERTIFICATION OF APPROPRIATION ORDINANCE

VILLAGE OF WHITE OAK

The undersigned, duly elected, qualified and acting Clerk of the Village of White Oak, Prairie County, Illinois, does hereby certify that attached hereto is a true and correct copy of the Appropriation Ordinance of said village for the fiscal year beginning May 1, 2004, and ending April 30, 2005, as adopted on July 9, 2004.

This certification is made and filed pursuant to the requirement of Public Act 88-455 (35 ILCS 200/18-50) and on behalf of the Village of White Oak, Prairie County, Illinois. This certification must be filed within 30 days after the adoption of the Appropriation Ordinance.

Dated this 12th day of July, 2004

Francis Willard - Village Clerk

Filed this 18th day of July, 2004

Daniel P. Cook - County Clerk

CERTIFIED ESTIMATE OF REVENUES BY SOURCE

VILLAGE OF WHITE OAK

The undersigned, Chief Fiscal Officer of the Village of White Oak, Prairie County, Illinois, does hereby certify that the estimate of revenues by source, and anticipated to be received by said taxing district, is either set forth in said ordinance as "Revenues" or attached hereto by separate document, and is a true statement of said revenues.

This certification is made and filed pursuant to the requirement of Public Act 88-455 (35 ILCS 200/18-50) and on behalf of the Village of White Oak, Prairie County, Illinois. This certification must be filed within 30 days after the adoption of the Appropriation Ordinance.

Dated this 12th day of July, 2004

Joseph Smith - Treasurer

Filed this 18th day of July, 2004

Daniel P. Cook - County Clerk

VILLAGE OF WHITE OAK
 CERTIFIED ESTIMATE OF REVENUES BY SOURCE
 May 1, 2004 - April 30, 2005

<u>GENERAL FUND</u>		
01-00-311	Property Tax – Corporate	25,000
01-00-311	Property Tax – Police	7,500
01-00-312	Foreign Fire Insurance Tax	2,000
01-00-313	Utility Tax	93,000
01-00-315	Road & Bridge Tax	3,000
01-00-321	Liquor Licenses	3,500
01-00-322	Vehicle Licenses	6,000
01-00-329	Other Licenses	2,000
01-00-331	Building Permits	4,000
01-00-341	State Income Tax	105,000
01-00-342	Replacement Tax	12,000
01-00-344	Sales Tax	40,000
01-00-345	Local Use Tax	5,000
01-00-346	Photo Processing Sales Tax	0
01-00-351	Court Fines	10,000
01-00-381	Interest Income	4,000
01-00-389	Miscellaneous Income	<u>3,000</u>
	TOTAL GENERAL FUND	325,000
<u>AUDIT FUND</u>		
11-00-311	Property Tax	2,000
11-00-381	Interest Income	<u>100</u>
	TOTAL AUDIT FUND	2,100
<u>INSURANCE FUND</u>		
12-00-311	Property Tax	21,500
12-00-381	Interest Income	<u>300</u>
	TOTAL INSURANCE FUND	21,800
<u>IMRF FUND</u>		
13-00-311	Property Tax	14,000
13-00-342	Replacement Tax	1,500
13-00-381	Interest Income	<u>200</u>
	TOTAL IMRF FUND	15,700

SOCIAL SECURITY FUND

14-00-311	Property Tax	14,500	
14-00-342	Replacement Tax	1,500	
14-00-381	Interest Income	<u>400</u>	
	TOTAL SOCIAL SECURITY FUND		16,400

MOTOR FUEL TAX FUND

17-00-343	Motor Fuel Tax	80,000	
17-00-381	Interest Income	<u>2,000</u>	
	TOTAL MOTOR FUEL TAX FUND		82,000

WATER FUND

51-00-353	Penalties	200	
51-00-361	Water Sales	88,000	
51-00-364	Tap-on-Fees	500	
51-00-381	Interest Income	1,000	
51-00-389	Miscellaneous Income	<u>500</u>	
	TOTAL WATER FUND		<u>90,200</u>
	TOTAL REVENUES		<u>553,200</u>

MUNICIPAL FINANCE SERIES

OFFICE OF LOCAL GOVERNMENT MANAGEMENT SERVICES

THE TAX LEVY ORDINANCE

The Appropriation Ordinance provides the municipality with the authority to spend money and also sets the maximum amount of money that can be spent for various activities. In contrast, the Tax Levy Ordinance is the municipality's legal request to receive property taxes imposed upon properties lying within its corporate boundaries. The Tax Levy Ordinance sets forth the specific type and amount of property taxes the municipality wants to receive.

The filing of the Tax Levy Ordinance with the county clerk must occur no later than the last Tuesday in December. The filing must include a copy of the Tax Levy Ordinance itself, and a tax levy certification signed by the municipal clerk. Municipalities located in two or more counties must file a separate Tax Levy Ordinance and certification with each county.

Before the adoption of the Tax Levy Ordinance, municipalities must be careful to comply with the Truth in Taxation Act, requiring a public notice and public hearing, if the tax levy is greater than 105% of the aggregate extension for the previous year. The specific requirements of the Truth in Taxation Act, as well as model public hearing and adopted ordinance notices, are presented in Section #6 of the DCEO Municipal Finance Series.

In addition to the Truth in Taxation requirements, non-home rule municipalities with a majority of their 1990 Equalized Assessed Value (EAV) in Cook, DuPage, Kane, Lake, McHenry, and Will Counties or in any combination of those "collar counties" are subject to a Property Tax Extension Limitation (tax cap). The cap is the lesser of 5% or the percentage increase in the Consumer Price Index during the 12 month calendar year preceding the levy year. Very few items are exempt from the property tax cap. The ones that are exempt are mostly debt related.

In order to comply with relevant statutory and case law requirements, the Tax Levy Ordinance should contain certain specific information and wording. The model Tax Levy Ordinance is designed to meet these various requirements, including the following:

1. The text of the ordinance should include a listing of the specific levies being imposed (e.g., General Corporate, Police Protection, Unemployment Insurance).
2. The ordinance should appear in a three-column format in which column one represents the "Amount Appropriated" (taken directly from the Appropriation Ordinance itself), column two sets forth the "Amount To Be Received From Other Sources", and column three establishes the "Amount To Be Raised By Tax Levy".
3. The Tax Levy Ordinance should include a summary that states: a) the statutory authority for each levy to be imposed, and b) the amount of each levy.
4. At the end of the text, the ordinance must include a vote tally of the corporate authorities which provides the names of each trustee or alderman and how each voted, whether Aye, Nay, or Absent, on the ordinance.

Each property tax must only be used for the purposes authorized by statute. Since the revenues generated by each levy are thus restricted by law, it is necessary to create a specifically designated restricted fund, or Special Revenue fund, for each tax. The exceptions to this rule are the levies for Police Protection, Fire Protection, and Street and Bridge. These taxes have relatively low rate limits and usually cannot provide sufficient revenue to meet the full cost of providing the service. To eliminate the necessity of numerous transfers of other revenues to these funds to provide sufficient resources to provide the services, it is suggested that these three tax levies be included within the General Fund.

The Illinois Department of Commerce and Economic Opportunity publishes the Illinois Property Tax Rate and Levy Manual that lists the various levies which non-home rule municipalities are authorized to impose under state statute. The Property Tax Rate and Levy Manual lists 73 levies to meet operating or capital outlay expenses, and 26 levies that are authorized to cover debt costs for general obligation debt issued to provide specific public improvements. For each authorized levy, the Property Tax Rate and Levy Manual provides:

- a) the name of the levy;
- b) the maximum tax rate permitted, if any;
- c) a statement as to whether a referendum or special vote of the corporate authorities is required;
- d) other special limitations or requirements, and
- e) the statutory citation.

Home rule governments in Illinois may impose virtually any type of property tax levy at any rate, except where specifically prohibited by state statute or by the Illinois Constitution.

Upon receiving the Tax Levy Ordinance, the county clerk determines the property tax rate that will need to be imposed upon all the municipality's properties located within the county in order to arrive at the "extension", or total dollar amount to be raised by property taxes under the levy (subject to any statutory rate ceiling). The rate arrived at by the county clerk is imposed equally upon all taxable properties based on the equalized assessed valuation (EAV) of each individual property.

The EAV is determined in a three-step process.

1. The township assessor first assigns an assessed valuation to each property, which in theory is to be equal to one-third of the property's fair market value, based upon the recent sale price of similar properties in the area.
2. The county supervisor of assessments may apply an intra-county equalization factor to bring the various township assessments closer to an average level for the county.
3. The Illinois Department of Revenue applies yet another equalization factor to each county to ensure that the statutory assessment level of one-third of market value is approximated statewide. The equalized assessed valuation is then adjusted by the homestead, senior citizens or other exemptions which may apply.

In Cook County, property is assessed at eight (8) different levels depending on the use of the structure. For example, single-family homes are assessed at 16% of fair market value, while other structures are assessed at a higher level.

The tax levy, tax extension, and ultimate tax payment process in Illinois are somewhat of a confusing overlap of cycles. To illustrate, the Tax Levy Ordinance adopted by a municipality in December 2003 will be based upon the municipal equalized assessed valuation for the 2003 calendar year. During the 2004 calendar year, the county clerk will mail property owners a property tax bill that will be payable in two installments in June and September of 2004, each representing one-half of the property owner's tax liability for calendar year 2003.

Since these bills are not paid until well through 2004, the municipality will not receive much of the amount it has levied until approximately September or October of 2004. Inasmuch as the December 2003 property tax levy is based upon the FY03-04 Appropriation Ordinance, the municipality will not collect from the county much of its property tax revenues from which appropriations are made in FY03-04 until well through the 2004 calendar year, or as much as 18 months after the beginning of the fiscal year for which the funds were initially appropriated. The time lapse between appropriation and collection makes accurate budgeting and appropriation planning rather difficult.

If unspent property tax revenues remain at the end of the fiscal year, municipalities must apply it to the following year's spending for the same purposes.

PROPERTY TAX COMPUTATIONS

To simplify the following examples, homestead exemptions, senior citizen exemptions and other exemptions, are not considered here. In addition, the equalization factor or multiplier, is also not considered.

1. Assume the market value of all properties in a municipality totals \$150,000,000. The resulting equalized assessed valuation (EAV) by statute is \$50,000,000, or one third of market value. A General Corporate levy of .25% (or 25 cents per \$100 EAV) will yield \$125,000 to the municipality in annual revenues, calculated as follows:

$$\text{EAV} \times \text{Tax Rate} = \text{Revenues}$$

$$\$50,000,000 \times .25\% = \$125,000$$

2. If the aggregate municipal tax levy, including the General Corporate levy and all special levies, equals 1.50% or (\$1.50 per \$100 EAV, or roughly the average aggregate municipal rate for communities statewide), the total amount of property tax revenues generated will be \$750,000, assuming an EAV of \$50,000,000. This is calculated as follows:

$$\text{EAV} \times \text{Tax Rate} = \text{Revenues}$$

$$\$50,000,000 \times 1.50\% = \$750,000$$

3. If a home in a municipality located outside of Cook County has a fair market value of \$75,000, it will have an EAV of \$25,000. Such a home will generate a total of \$375 per year in municipal property taxes if the aggregate municipal rate is \$1.50 per \$100 EAV, calculated as follows:

$$\text{EAV} \times \text{Tax Rate} = \text{Revenues}$$

$$\$25,000 \times 1.50\% = \$375$$

4. The property tax rate is computed by dividing the tax levy by the equalized assessed valuation. If the General Corporate Levy is \$130,000 and the EAV is \$50,000,000, the tax rate will be .26% which is greater than the statutory rate limit. The county clerk can only extend a rate of .25% and therefore the municipality cannot receive \$130,000 under the General Corporate Levy.

$$\frac{\$130,000}{\$50,000,000/100} = .0026 \text{ or } .26\%$$

CERTIFYING THE TAX LEVY ORDINANCE

The municipal clerk is required to file a certified copy of the Tax Levy Ordinance with the county clerk no later than the last Tuesday in December. If a municipality is located in more than one county, a separate Tax Levy Ordinance and certification must be filed with each county.
(65 ILCS 5/8-3-1)

Failure to submit the certified copy of the Tax Levy Ordinance on time may result in the refusal of the county clerk to extend the property tax levy. This certification requirement ensures that the Tax Levy Ordinance filed with the county represents the corporate authorities official levy request for the year.

TAX LEVY ORDINANCE

VILLAGE OF WHITE OAK

ORDINANCE NO. _____

An ordinance levying taxes for all corporate purposes for the Village of White Oak, Prairie County, Illinois, for the fiscal year beginning May 1, 2004, and ending April 30, 2005.

BE IT ORDAINED by the President and Board of Trustees of the Village of White Oak, Prairie County, Illinois:

SECTION 1: That the amount hereinafter set forth, or so much thereof as may be authorized by law, and the same are hereby levied upon all property subject to taxation within the municipality as that property is assessed and equalized for the current year, and for such purposes as: General Corporate, Police Protection, General Insurance, Audit, Liability Insurance, Unemployment Insurance, Worker's Compensation, Illinois Municipal Retirement Fund (IMRF) and Social Security for the Village of White Oak, Prairie County, Illinois, for the fiscal year beginning May 1, 2004 and ending April 30, 2005.

SECTION 2: That the amount levied for each object and purpose is placed in a separate column under the heading, "Amount to be Raised by Tax Levy", which appears over same being as follows, to wit:

	<u>Amount Appropriated</u>	<u>Amount to be Received from Other Sources</u>	<u>Amount to be Raised by Tax Levy</u>
<u>GENERAL FUND</u>			
<u>ADMINISTRATION</u>			
<u>PERSONNEL</u>			
Salaries - Employees	18,800		
Salaries - Elected	10,800		
Health Insurance	<u>2,500</u>		
	32,100		
<u>CONTRACTUAL SERVICES</u>			
Maintenance Service - Building	1,900		
Maintenance Service - Equipment	900		
Legal Service	2,500		
Postage	400		
Telephone	1,300		
Publishing	1,800		
Printing	800		
Dues	500		
Travel Expenses	2,500		
Training	1,200		
Publications	500		
Utilities	<u>2,300</u>		
	16,600		
<u>COMMODITIES</u>			
Maintenance Supplies - Building	1,300		
Office Supplies	700		
Operating Supplies	<u>900</u>		
	2,900		
<u>CAPITAL OUTLAY</u>			
Equipment	12,500		
<u>OTHER EXPENDITURES</u>			
Miscellaneous Expense	<u>300</u>		
	-----	-----	-----
TOTAL ADMINISTRATION	<u>64,400</u>	<u>54,400</u>	<u>10,000</u>

	<u>Amount Appropriated</u>	<u>Amount to be Received from Other Sources</u>	<u>Amount to be Raised by Tax Levy</u>
<u>POLICE</u>			
<u>PERSONNEL</u>			
Salaries - Employees	106,300		
Health Insurance	<u>7,500</u>		
	113,800		
<u>CONTRACTUAL SERVICES</u>			
Maintenance Service - Equipment	2,500		
Maintenance Service - Vehicle	3,800		
Legal Service	3,800		
Postage	500		
Telephone	2,500		
Publishing	500		
Printing	500		
Dispatching	15,000		
Dues	400		
Travel Expenses	2,200		
Training	2,500		
Utilities	<u>4,000</u>		
	38,200		
<u>COMMODITIES</u>			
Maintenance Supplies - Equipment	1,200		
Maintenance Supplies - Vehicle	1,500		
Office Supplies	500		
Operating Supplies	1,900		
Gasoline	<u>7,500</u>		
	12,600		
<u>CAPITAL OUTLAY</u>			
Equipment	12,500		
Vehicle	<u>12,500</u>		
	25,000		
<u>OTHER EXPENDITURES</u>			
Miscellaneous Expense	<u>300</u>		
	-----	-----	-----
 TOTAL POLICE	 <u>189,900</u>	 <u>181,900</u>	 <u>8,000</u>

	<u>Amount Appropriated</u>	<u>Amount to be Received from Other Sources</u>	<u>Amount to be Raised by Tax Levy</u>
<u>STREET</u>			
<u>PERSONNEL</u>			
Salaries - Employees	63,300		
Health Insurance	<u>3,200</u>		
	66,500		
<u>CONTRACTUAL SERVICES</u>			
Maintenance Service - Building	2,500		
Maintenance Service - Equipment	4,400		
Maintenance Service - Vehicle	3,700		
Maintenance Service - Street	15,000		
Engineering Service	3,200		
Telephone	500		
Utilities	3,800		
Street Lighting	7,500		
Rentals	<u>500</u>		
	41,100		
<u>COMMODITIES</u>			
Maintenance Supplies - Building	3,200		
Maintenance Supplies - Equipment	800		
Maintenance Supplies - Vehicle	1,300		
Maintenance Supplies - Street	12,500		
Operating Supplies	2,500		
Gasoline	<u>6,300</u>		
	26,600		
<u>CAPITAL OUTLAY</u>			
Building	2,500		
Equipment	6,300		
Vehicle	<u>11,300</u>		
	20,100		
<u>OTHER EXPENDITURES</u>			
Miscellaneous Expense	<u>300</u>		
TOTAL STREET	<u>154,600</u>	<u>139,600</u>	<u>5,000</u>
Contingencies	<u>19,200</u>	<u>19,200</u>	<u>0</u>
TOTAL GENERAL FUND	<u>428,100</u>	<u>395,100</u>	<u>33,000</u>
Ref: General Corporate Tax (65 ILCS 5/8-3-1)			25,000
Ref: Police Protection Tax (65 ILCS 5/11-1-3)			8,000

	<u>Amount Appropriated</u>	<u>Amount to be Received from Other Sources</u>	<u>Amount to be Raised by Tax Levy</u>
<u>AUDIT FUND</u>			
<u>CONTRACTUAL SERVICES</u>			
Accounting Service	<u>2,500</u>	<u>0</u>	<u>2,500</u>

Ref: Audit Tax (65 ILCS 5/8-8-8)

INSURANCE FUND

PERSONNEL

Unemployment Insurance	1,600
Worker's Compensation	<u>6,300</u>
	7,900

CONTRACTUAL SERVICES

Liability Insurance	16,300
General Insurance	<u>3,800</u>
	20,100

TOTAL INSURANCE FUND	<u>28,000</u>	<u>9,800</u>	<u>18,200</u>
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Ref: Insurance Tax (745 ILCS 10/9-107)

IMRF FUND

PERSONNEL

Retirement Contribution	<u>17,200</u>	<u>0</u>	<u>17,200</u>
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Ref: IMRF Tax (40 ILCS 5/7-171)

	<u>Amount Appropriated</u>	<u>Amount to be Received from Other Sources</u>	<u>Amount to be Raised by Tax Levy</u>
<u>PERSONNEL</u>			
Social Security Contribution	17,200	0	17,200
Medicare Contribution	<u>4,000</u>	<u>0</u>	<u>4,000</u>
TOTAL SOCIAL SECURITY FUND	<u>21,200</u>	<u>0</u>	<u>21,200</u>

Ref: Social Security Tax (40 ILCS 5/21-110 & 5/21-110.1)

MOTOR FUEL TAX FUND

CONTRACTUAL SERVICES

Maintenance Service - Street	100,000		
Engineering Service	<u>10,000</u>		
TOTAL MOTOR FUEL TAX FUND	<u>110,000</u>	<u>110,000</u>	<u>0</u>

WATER FUND

PERSONNEL

Salaries - Employees	63,300
Health Insurance	<u>3,200</u>
	66,500

CONTRACTUAL SERVICES

Maintenance Service - Building	1,900
Maintenance Service - Equipment	3,200
Maintenance Service - Vehicle	2,000
Maintenance Service - Utility	6,300
Accounting Service	3,800
Legal Service	2,300
Postage	700
Telephone	800
Publishing	700
Printing	500
Dues	700
Travel Expenses	1,300
Training	500
Publications	500
Utilities	10,700
Rentals	<u>700</u>
	36,600

	<u>Amount Appropriated</u>	<u>Amount to be Received from Other Sources</u>	<u>Amount to be Raised by Tax Levy</u>
<u>COMMODITIES</u>			
Maintenance Supplies - Building	700		
Maintenance Supplies - Equipment	800		
Maintenance Supplies - Vehicle	1,400		
Maintenance Service - Street	6,900		
Office Supplies	300		
Operating Supplies	700		
Chemicals	<u>6,300</u>		
	17,100		
<u>CAPITAL OUTLAY</u>			
Building	700		
Equipment	1,300		
Vehicle	11,300		
Utility System	<u>12,500</u>		
	25,800		
<u>OTHER EXPENSES</u>			
Miscellaneous Expense	<u>300</u>		
TOTAL WATER FUND	<u>154,400</u>	<u>154,400</u>	<u>0</u>
TAX LEVY SUMMARY			
General Corporate Tax		25,000	
Police Protection Tax		8,000	
Audit Tax		2,500	
Insurance Tax		18,200	
IMRF Tax		17,200	
Social Security Tax		<u>21,200</u>	
TOTAL TAXES LEVIED		<u>92,100</u>	

SECTION 3: That the Village Clerk shall make and file with the County Clerk of said County of Prairie, on or before the last Tuesday in December, a duly certified copy of this ordinance.

SECTION 4: That if any section, subdivision, or sentence of this ordinance shall for any reason be held invalid or to be unconstitutional, such decision shall not affect the validity of the remaining portion of this ordinance.

SECTION 5: That this ordinance shall be in full force and effect after its adoption, as provided by law.

ADOPTED this 20th day of October, 2004, pursuant to a roll call vote by the Board of Trustees of the Village of White Oak, Prairie County, Illinois.

AYES: John Law
Arthur St. Clair
Ninian Edwards
Shadrach Bond
John Jones

NAYES: John S. Wright

ABSENT: None

Approved this 20th day of October, 2004.

William Ogden, President

ATTEST:

Francis Willard, Village Clerk

CERTIFICATION OF TAX LEVY ORDINANCE

VILLAGE OF WHITE OAK

The undersigned, duly elected, qualified and acting Clerk of the Village of White Oak, Prairie County, Illinois, does hereby certify that the attached hereto is a true and correct copy of the Tax Levy Ordinance of said village for the fiscal year beginning May 1, 2004, and ending April 30, 2005, as adopted on October 20, 2004.

This certification is made and filed pursuant to the requirements of (65 ILCS 5/8-3-1) and on behalf of the Village of White Oak, Prairie County, Illinois. This certification must be filed by the last Tuesday in December.

Dated this 4th day of December, 2004.

Francis Willard, Village Clerk

Filed this 5th day of December, 2004.

Daniel P. Cook, County Clerk

MUNICIPAL FINANCE SERIES

OFFICE OF LOCAL GOVERNMENT MANAGEMENT SERVICES

TRUTH IN TAXATION

The **Truth in Taxation law** establishes procedures taxing districts must follow in the adoption of their property tax levies. See 35 ILCS 200/18-55 through 35 ILCS 200/18-100.

The Truth in Taxation law requires a taxing district to compare the amount of its proposed aggregate property tax levy, to the amount of taxes extended for the district in the prior year.

A notice must be published in a newspaper and a public hearing must be held, if the proposed aggregate tax levy is more than 5% greater than the previous year's tax extension.

To comply with the law, it is necessary to understand some important terms:

"Taxing district" means any unit of local government, including a home rule unit, school district, or community college district with the power to levy property taxes. The law also applies to new taxing districts.

"Aggregate levy" means the annual corporate property tax levy plus the special purpose levies which are made annually. Examples of special purpose tax levies include taxes for pension plans, social security, unemployment insurance, worker's compensation, liability insurance, police protection, fire protection, etc. The aggregate levy does not include debt service levies, tax levies made to pay leases to public building commissions, taxes for election expenses or the Permanent Road levy of a road district.

"Debt Service levy" means levies made to retire the principal or pay interest on bonds, notes or other financial instruments which are indebtedness of the taxing district.

"Tax extension" is the amount of taxes billed to property taxpayers of the taxing district in the previous year.

Step #1: Determine the Proposed Aggregate Tax Levy

The law requires the corporate authorities of each taxing district to determine (estimate) the amount of its proposed aggregate tax levy. The determination of the proposed aggregate tax levy must be made **not less than 20 days** before the adoption of the levy ordinance. The proposed aggregate tax levy is the key in deciding whether a notice must be published and a hearing conducted. Because of the importance of the proposed levy, it is recommended that it be recorded in the minutes of the governing board meeting.

If the taxing district abated any portion of its taxes before the previous tax extension was made the abated amount should be added back to the extension.

Step #2: Calculate the Percentage Increase

The estimate of the proposed aggregate tax levy is then compared to the previous year's tax extension. If the proposed tax levy is more than a 5% increase over the amount of the previous year's extension, the district must publish a notice in a newspaper and conduct a hearing.

The following is an example of how a district decides whether it must publish a notice in a newspaper and conduct a hearing.

Example:

A taxing district determines (estimates) that its **proposed aggregate tax levy will be \$104,000**. Last year's **extension is \$98,000** (obtained from the county clerk's office).

To compute the percentage increase, subtract last year's tax extension from the proposed aggregate tax levy. Divide the remainder by last year's extension, then multiply by 100.

$$104,000 - 98,000 = 6,000 \quad (\text{Subtract last year's tax extension from the proposed aggregate tax levy.})$$

$$\frac{6,000}{98,000} = .0612 \quad (\text{Divide the remainder by last year's extension})$$

$$.0612 \times 100 = 6.12\% \quad (\text{Multiply by 100})$$

The percentage increase is greater than the allowable increase of 5%. Therefore, a newspaper notice and a public hearing are required.

Step #3: Publish Notice in Newspaper

The notice must be published in an English language newspaper, in accordance with following requirements:

1. If the taxing district is located **entirely in one county**, the notice must be published in an English language newspaper of general circulation published in the taxing district. If there is no such newspaper, the notice must be published in an English language newspaper of general circulation published in the county and having circulation in the taxing district.
2. If the taxing district is located **primarily in one county**, but extends into adjoining counties, the notice must be published in a newspaper of general circulation published in the taxing district. If there is no such newspaper, the notice must be published in a newspaper of general circulation published in each county in which any part of the district is located.
3. If the taxing district includes all or a **large portion of 2 or more counties**, the notice must be published in a newspaper of general circulation published in each county in which any part of the district is located.

The **hearing notice** must meet the following requirements:

- It must appear **not more than 14 days nor less than 7 days** before the date of the public hearing.
- It must be at least **1/8 page in size**.
- It must be enclosed in a **black border not less than 1/4 inch wide**.
- The smallest type used must be **12 point**.
- It may **not appear in the classified or legal section** of the newspaper.
- It may not contain **any additional information** not required by the law.

See Exhibit A on page 6-10 for the language which must be in Hearing Notice.

Step #4: Conduct the Public Hearing

All hearings must be open to the public. The corporate authority of the taxing district must explain the reasons for the levy and any proposed increase. The taxing district must permit anyone desiring to be heard an opportunity to present testimony. The taxing district may establish reasonable time limits for testimony. The hearing cannot coincide with the hearing on the proposed budget.

After the hearing is conducted, the governing body of the taxing district may adopt the tax levy.

Step #5: A Second Notice May Be Required

In some instances, **a second notice may be required**. If the final aggregate tax levy ordinance adopted is larger than the amount stated in the published notice, a second notice is required. The second notice must be published within 15 days of the adoption of the levy. **(See Exhibit B: Notice If Adopted Levy Exceeds Proposed Levy)**

If the district did not have to publish a hearing notice because its proposed levy did not exceed 5% of the prior year's extension, but its adopted levy was greater than 5% of the extension, then it would also have to publish a notice as in Exhibit B.

Step #6: Certificate of Compliance

The law restricts the county clerk from extending an amount of taxes more than 5% over the prior year's extension unless the tax levy ordinance is accompanied by a certificate from the presiding officer of the district certifying compliance with the law.

See Exhibit C: Sample Truth In Taxation Certificate of Compliance)

EXHIBIT A
HEARING NOTICE – ALL TAXING DISTRICTS

Notice of Proposed Property Tax Increase for ... (commonly known name of taxing district).

I. A public hearing to approve a proposed property tax levy increase for ... (legal name of the taxing district)... for ... (year) ... will be held on ... (date) ... at ... (time) ... at ... (location).

Any person desiring to appear at the public hearing and present testimony to the taxing district may contact ... (name, title, address and telephone number of an appropriate official).

II. The corporate and special purpose property taxes extended or abated for ... (preceding year) ... were ... (dollar amount of the final aggregate levy as extended, plus the amount abated by the taxing district prior to extension).

The proposed corporate and special purpose property taxes to be levied for ... (current year) ... are ... (dollar amount of the proposed aggregate levy). This represents a ... (percentage) ... increase over the previous year.

III. The property taxes extended for debt service and public building commission leases for ... (preceding year) ... were ... (dollar amount).

The estimated property taxes to be levied for debt service and public building commission leases for ... (current year) ... are ... (dollar amount). This represents a ... (percentage increase or decrease) ... over the previous year.

IV. The total property taxes extended or abated for ... (preceding year) ... were ... (dollar amount).

The estimated total property taxes to be levied for ... (current year) ... are ... (dollar amount). This represents a ... (percentage increase or decrease) ... over the previous year.

Any notice which includes any information not specified and required by this Article shall be an invalid notice.

All hearings shall be open to the public. The corporate authority of the taxing district shall explain the reasons for the proposed increase and shall permit persons desiring to be heard an opportunity to present testimony within reasonable time limits as it determines.

- | | |
|---------------------|--|
| Size - | Not less than 1/8 of page in size. |
| Type - | Smallest type used shall be twelve points. |
| Border - | Enclosed in a black border no less than ¼ inch wide. |
| Location - | Shall not be placed in that portion of the newspaper where legal notices and classified advertisements appear. |
| Other Information - | Any notice which includes any information not specified and required by this Article shall be an invalid notice. |

EXHIBIT B

NOTICE IF ADOPTED LEVY EXCEEDS PROPOSED LEVY ALL TAXING DISTRICTS

A second notice may be required if the aggregate levy adopted is greater than the amount stated in the notice in Exhibit A. A second notice may also be required if the adopted levy is more than 5% greater than the taxes extended for the prior year and no notice was initially required.

Notice of Adopted Property Tax Increase for ... (commonly known name of taxing district).

I. The corporate and special purpose property taxes extended or abated for ... (preceding year) ... were ... (dollar amount of the final aggregate levy as extended).

The adopted corporate and special purpose property taxes to be levied for ... (current year) ... are ... (dollar amount of the proposed aggregate levy). This represents a ... (percentage) ... increase over the previous year.

II. The property taxes extended for debt service and public building commission leases for ... (preceding year) ... were ... (dollar amount).

The estimated property taxes to be levied for debt service and public building commission leases for ... (current year) ... are ... (dollar amount). This represents a ... (percentage increase or decrease) ... over the previous year.

III. The total property taxes extended or abated for ... (preceding year) ... were ... (dollar amount).

The estimated total property taxes to be levied for ... (current year) ... are ... (dollar amount). This represents a ... (percentage increase or decrease) ... over the previous year.

Size -	Not less than 1/8 of page in size.
Type -	Smallest type used shall be twelve points.
Border -	Enclosed in a black border no less than ¼ inch wide.
Location -	Shall not be placed in that portion of the newspaper where legal notices and classified advertisements appear.
Other Information -	Any notice which includes any information not specified and required by this Article shall be an invalid notice.

EXHIBIT C

SAMPLE

TRUTH IN TAXATION CERTIFICATE OF COMPLIANCE ALL COUNTIES

Note: The following certificate is only a suggested format. The county clerk may require a different certificate to be signed by the presiding officer of the taxing district certifying compliance with the Truth in Taxation law or that the law is inapplicable.

I, the undersigned, hereby certify that I am the presiding officer of _____
_____, (Legal Name of Taxing District), and as such presiding
officer I certify that the levy ordinance, a copy of which is attached, was adopted
pursuant to, and in all respects in compliance with the provisions of Section 18-60
through 18-85 of the "Truth in Taxation" law.

Check one of the choices below:

- ☐ 1) The taxing district published a notice in the newspaper and conducted a hearing meeting the requirements of the Truth in Taxation Law.
- ☐ 2) The taxing district's aggregate levy did not exceed a 5% increase over the prior year's extension. Therefore, a notice and a hearing were not necessary.
- ☐ 3) The proposed aggregate levy did not exceed a 5% increase over the prior year's extension. Therefore, a hearing was not held. The adopted aggregate tax levy exceeded 5% of the prior year's extension and a notice was published within 15 days of its adoption in accordance with the Truth in Taxation Law.
- ☐ 4) The adopted levy exceeded the amount stated in the published notice. A second notice was published within 15 days of the adoption in accordance with the Truth in Taxation Law.

Date _____

Presiding Officer _____

MUNICIPAL FINANCE SERIES

OFFICE OF LOCAL GOVERNMENT MANAGEMENT SERVICES

MONTHLY REPORTS

INVESTMENT REPORT

Municipal treasurers are required to prepare, on a monthly basis, an accounting of the "state of the treasury". The accounting may include the beginning and ending balance in each account or fund, the revenues received into each fund, and the warrants (checks) issued during the month. The statutes require that the treasurer deliver the monthly accounting to the municipal clerk, together with all warrants issued and vouchers (receipts) received. No specific time frame is set forth in which the Treasurer's Report must be rendered to the clerk. (65 ILCS 5/3.1-35-45)

The Illinois Department of Commerce and Economic Opportunity has prepared a recommended model format for the monthly Investment Report. One added feature of the format which is not a statutory requirement is an accounting of all cash deposits from each fund segregated by deposit account type (i.e. Investment Pool). This feature allows the Treasurer to report important investment information to the corporate authorities on a monthly basis.

BUDGET REPORT

The treasurer is required to provide the governing board a detailed report of revenues and expenditures. This is in addition to the summary Treasurer's Report which provides information on "state of the treasury" and account balances. (65 ILCS 5/3.1-35-45 & 5/3.1-35-60).

A detailed periodic budget report should be prepared to enable the municipal officials to track both revenues and expenditures in relation to the budget. The frequency of the Budget Report is determined by the governing board, but it should be prepared at least on a monthly basis. A computerized accounting system enables the report to be produced as often as desired.

The monthly Budget Report provides a revenue and expenditure line item trend analysis, and places monthly revenues and expenditures in the broader context of the annual revenue and expenditure budgeted amounts. The monthly Budget Report allows the municipality to track how each individual revenue and expenditure line item has "moved" from the beginning of the fiscal year, and how much it has yet to move before reaching the amount projected in the annual budget. The monthly Budget Report thus serves as an important budget oversight mechanism, and allows officials to regularly monitor and evaluate their budget decisions throughout the fiscal year.

For example, a review of the Budget Report would indicate to the governing body if sales tax receipts happen to be less than what was projected in the budget, or if there was a substantial amount of overtime occurring in the Police Department increasing the overall amount projected for salaries in the budget. By alerting the board to potential revenue shortfalls or higher than expected expenditures, the board will be in a position to take action early enough to prevent a serious financial crisis from occurring.

Illinois law does not specify a precise format for the Budget Report, but states only that the format be acceptable to the mayor or president to whom it is submitted. However, in keeping with the statutory requirement that the report be designed to forewarn of deficits and to determine the financial standing of municipal departments and funds, it is essential that the format explicitly provide a comparison of municipal revenues and expenditures for the current month in the fiscal year relative to the annual revenue and expenditure amounts set forth in the Operating Budget. Such a comparison is necessary in that the anticipation of future deficits and the monitoring of departmental performance necessarily include an ability to compare actual month-to-month financial data to annual authorizations.

The following pages provide a recommended model format for the monthly Budget Report. This format contains the following features:

1. Each individual revenue source and expenditure category is presented in line-item detail for each fund.
2. The appropriate Chart of Accounts number is placed next to each line item in order to facilitate comparison between monthly Budget Report data and annual Operating Budget data.
3. A six-column format is used which shows:

REVENUES

Amount Collected for the Month
Amount Collected for the Year
Amount Budgeted for the Year
Amount Uncollected for the Year
Budget Revenue Percent Collected
Budget Revenue Percent Collected Prior Year

EXPENDITURES

Amount Expended for the Month
Amount Expended for the Year
Amount Budgeted for the Year
Amount Unexpended for the Year
Budget Expenditures Percent-to-Date
Budget Expenditures Percent Prior Year

MONTHLY INVESTMENT REPORT

VILLAGE OF WHITE OAK

FOR THE MONTH ENDING

October 31, 2004

<u>FUNDS</u>	<u>BEGINNING BALANCE</u>	<u>REVENUE</u>	<u>EXPENSE</u>	<u>TRANSFER</u>	<u>ENDING BALANCE</u>
GENERAL	6,700	32,200	62,700	0	(23,800)
AUDIT	1,200	800	1,900	0	100
INSURANCE	2,300	8,500	200	0	10,600
IMRF	2,000	5,700	1,400	0	6,300
SOCIAL SECURITY	300	7,000	1,900	0	5,400
MOTOR FUEL TAX	73,000	5,500	41,000	0	37,500
WATER	<u>22,100</u>	<u>4,100</u>	<u>24,200</u>	<u>0</u>	<u>2,000</u>
	<u>107,600</u>	<u>63,800</u>	<u>133,300</u>	<u>0</u>	<u>38,100</u>

<u>FUNDS</u>	<u>CHECKING</u>	<u>MONEY MARKET</u>	<u>CERT. OF DEPOSIT</u>	<u>IPTIP</u>	<u>TOTAL</u>
GENERAL	500	(24,300)	0	0	(23,800)
AUDIT	0	100	0	0	100
INSURANCE	0	10,600	0	0	10,600
IMRF	0	6,300	0	0	6,300
SOCIAL SECURITY	0	5,400	0	0	5,400
MOTOR FUEL TAX	0	17,500	20,000	0	37,500
WATER	<u>0</u>	<u>2,000</u>	<u>0</u>	<u>0</u>	<u>2,000</u>
	<u>500</u>	<u>17,600</u>	<u>20,000</u>	<u>0</u>	<u>38,100</u>

MONTHLY BUDGET REPORT

VILLAGE OF WHITE OAK

FOR THE MONTH ENDING

October 31, 2004

REVENUE SUMMARY

	<u>FUNDS</u>	<u>MONTH</u>	<u>YEAR</u>	<u>BUDGET</u>	<u>BALANCE</u>	<u>CURRENT</u> %	<u>PREV.</u> <u>YEAR %</u>
1	GENERAL	32,200	131,400	335,000	203,600	39%	55%
11	AUDIT	800	1,800	2,100	300	86%	85%
12	INSURANCE	8,500	19,400	21,800	2,400	89%	85%
13	IMRF	5,700	13,500	15,700	2,200	86%	85%
14	SOCIAL SECURITY	7,000	13,900	16,400	2,500	85%	85%
17	MOTOR FUEL TAX	5,500	32,000	82,000	50,000	39%	38%
51	WATER	<u>4,100</u>	<u>43,600</u>	<u>90,200</u>	<u>46,600</u>	<u>48%</u>	<u>54%</u>
		<u>63,800</u>	<u>255,600</u>	<u>563,200</u>	<u>307,600</u>	<u>45%</u>	<u>70%</u>

EXPENDITURE SUMMARY

	<u>FUNDS</u>	<u>MONTH</u>	<u>YEAR</u>	<u>BUDGET</u>	<u>BALANCE</u>	<u>CURRENT</u> %	<u>PREV.</u> <u>YEAR %</u>
1	GENERAL	62,700	215,300	352,100	136,800	61%	50%
11	AUDIT	1,900	1,900	2,000	100	95%	95%
12	INSURANCE	200	11,200	22,300	11,100	50%	50%
13	IMRF	1,400	8,200	13,800	5,600	59%	58%
14	SOCIAL SECURITY	1,900	9,500	17,000	7,500	56%	50%
17	MOTOR FUEL TAX	41,000	86,000	88,000	2,000	98%	90%
51	WATER	<u>24,200</u>	<u>70,300</u>	<u>111,000</u>	<u>40,700</u>	<u>63%</u>	<u>51%</u>
		<u>133,300</u>	<u>402,400</u>	<u>606,200</u>	<u>207,100</u>	<u>66%</u>	<u>63%</u>

GENERAL FUND

	<u>REVENUES</u>	<u>MONTH</u>	<u>YEAR</u>	<u>BUDGET</u>	<u>BALANCE</u>	<u>%</u>	<u>PREVIOUS YEAR %</u>
01-01-311	Property Tax - Corporate	10,000	22,500	25,000	2,500	90%	86%
01-02-311	Property Tax - Police	3,000	6,800	7,500	700	91%	88%
01-00-312	Foreign Fire Insurance Tax	0	1,600	2,000	400	80%	55%
01-00-313	Utility Tax	9,000	24,000	93,000	69,000	26%	25%
01-00-315	Road & Bridge Tax	1,200	1,200	3,000	1,800	40%	39%
01-00-321	Liquor Licenses	500	2,500	3,500	1,000	71%	68%
01-00-322	Vehicle Licenses	800	4,000	5,000	1,000	80%	80%
01-00-329	Other Licenses	100	400	2,000	1,600	20%	23%
01-00-331	Building Permits	500	1,500	4,000	2,500	38%	35%
01-00-341	State Income Tax	4,000	38,000	116,000	78,000	33%	32%
01-00-342	Replacement Tax	0	5,000	12,000	7,000	42%	39%
01-00-344	Sales Tax	2,000	17,000	40,000	23,000	43%	42%
01-00-345	Local Use Tax	0	800	1,000	200	80%	44%
01-00-346	Photoprocessing Sales Tax	0	0	0	0	0%	0%
01-00-351	Court Fines	1,000	4,000	12,000	8,000	33%	28%
01-00-381	Interest Income	0	800	4,000	3,200	20%	19%
01-00-389	Miscellaneous Income	<u>100</u>	<u>300</u>	<u>3,000</u>	<u>2,700</u>	<u>10%</u>	<u>12%</u>
	TOTAL	<u>32,200</u>	<u>131,400</u>	<u>335,000</u>	<u>203,600</u>	<u>39%</u>	<u>45%</u>

	<u>EXPENDITURES</u>	<u>MONTH</u>	<u>YEAR</u>	<u>BUDGET</u>	<u>BALANCE</u>	<u>%</u>	<u>PREVIOUS YEAR %</u>
01-11	Administration	7,400	30,500	51,000	20,500	60%	55%
01-21	Police	30,900	99,600	150,600	51,000	66%	59%
01-41	Street	24,400	85,200	148,500	63,300	57%	54%
01-00-999	Transfer - Fire District	<u>0</u>	<u>0</u>	<u>2,000</u>	<u>2,000</u>	<u>0%</u>	<u>0%</u>
	TOTAL	<u>62,700</u>	<u>215,300</u>	<u>352,100</u>	<u>136,800</u>	<u>61%</u>	<u>61%</u>

ADMINISTRATIONPREVIOUS
YEAR %

	<u>EXPENDITURES</u>	<u>MONTH</u>	<u>YEAR</u>	<u>BUDGET</u>	<u>BALANCE</u>	<u>%</u>
01-11-420	Salaries - Employees	1,200	8,200	15,000	6,800	55%
01-11-430	Salaries - Elected	700	4,200	8,600	4,400	49%
01-11-451	Health Insurance	0	1,000	2,000	1,000	50%
01-11-511	Maintenance Service - Building	300	1,000	1,500	500	67%
01-11-512	Maint. Service - Equipment	0	500	700	200	71%
01-11-533	Legal Service	0	1,500	2,000	500	75%
01-11-551	Postage	0	100	300	200	33%
01-11-552	Telephone	200	700	1,000	300	70%
01-11-553	Publishing	100	700	1,400	700	50%
01-11-554	Printing	100	300	600	300	50%
01-11-561	Dues	0	300	400	100	75%
01-11-562	Travel Expenses	1,500	1,600	2,000	400	80%
01-11-563	Training	200	500	900	400	56%
01-11-565	Publications	100	200	400	200	50%
01-11-671	Utilities	100	1,100	1,800	700	61%
01-11-611	Maintenance Supplies - Building	200	500	1,000	500	50%
01-11-651	Office Supplies	0	200	500	300	40%
01-11-652	Operating Supplies	100	300	700	400	43%
01-11-830	Equipment	2,500	7,500	10,000	2,500	75%
01-11-929	Miscellaneous Expense	<u>100</u>	<u>100</u>	<u>200</u>	<u>100</u>	<u>50%</u>
	TOTAL	<u>7,400</u>	<u>30,500</u>	<u>51,000</u>	<u>20,500</u>	<u>60%</u>

POLICE

	<u>EXPENDITURES</u>	<u>MONTH</u>	<u>YEAR</u>	<u>BUDGET</u>	<u>BALANCE</u>	<u>%</u>
01-21-420	Salaries - Employees	14,000	52,000	85,000	33,000	61%
01-21-451	Health Insurance	500	3,500	6,000	2,500	58%
01-21-512	Maint. Service - Equipment	700	1,500	2,000	500	75%
01-21-513	Maintenance Service - Vehicle	500	2,500	3,000	500	83%
01-21-533	Legal Service	500	1,500	3,000	1,500	50%
01-21-551	Postage	0	200	400	200	50%
01-21-552	Telephone	300	1,200	2,000	800	60%
01-21-553	Publishing	100	200	400	200	50%
01-21-554	Printing	100	200	400	200	50%
01-21-556	Dispatching	1,300	6,300	12,000	5,700	53%
01-21-561	Dues	0	100	300	200	33%
01-21-562	Travel Expenses	500	1,200	1,700	500	71%
01-21-563	Training	500	1,500	2,000	500	75%
01-21-571	Utilities	400	1,900	3,200	1,300	59%
01-21-612	Maint. Supplies - Equipment	100	600	900	300	67%
01-21-613	Maintenance Supplies - Vehicle	200	700	1,200	500	58%
01-21-651	Office Supplies	100	200	400	200	50%
01-21-652	Operating Supplies	300	900	1,500	600	60%
01-21-655	Gasoline	1,000	3,500	5,000	1,500	70%
01-21-830	Equipment	0	10,000	10,000	0	100%
01-21-840	Vehicle	9,800	9,800	10,000	200	98%
01-21-929	Miscellaneous Expense	<u>0</u>	<u>100</u>	<u>200</u>	<u>100</u>	<u>50%</u>
	TOTAL	<u>30,900</u>	<u>99,600</u>	<u>150,600</u>	<u>51,000</u>	<u>66%</u>

STREET

	<u>EXPENDITURES</u>	<u>MONTH</u>	<u>YEAR</u>	<u>BUDGET</u>	<u>BALANCE</u>	<u>%</u>	<u>PREVIOUS YEAR %</u>
01-41-420	Salaries - Employees	8,000	31,000	70,000	39,000	44%	
01-41-451	Health Insurance	300	1,500	2,500	1,000	60%	
01-41-511	Maintenance Service - Building	600	1,300	2,000	700	65%	
01-41-512	Maint. Service - Equipment	800	2,200	3,500	1,300	63%	
01-41-513	Maintenance Service - Vehicle	700	2,400	2,900	500	83%	
01-41-514	Maintenance Service - Street	0	10,000	12,000	2,000	83%	
01-41-532	Engineer Service	0	2,500	2,500	0	100%	
01-41-552	Telephone	100	200	400	200	50%	
01-41-571	Utilities	200	1,600	3,000	1,400	53%	
01-41-572	Street Lighting	400	3,200	6,000	2,800	53%	
01-41-594	Rentals	200	300	400	100	75%	
01-41-611	Maintenance Supplies - Building	500	1,700	2,500	800	68%	
01-41-612	Maint. Supplies - Equipment	100	300	600	300	50%	
01-41-613	Maintenance Supplies - Vehicle	200	600	1,000	400	60%	
01-41-614	Maintenance Supplies - Street	2,000	8,000	10,000	2,000	80%	
01-41-652	Operating Supplies	300	1,100	2,000	900	55%	
01-41-655	Gasoline	400	2,600	5,000	2,400	52%	
01-41-820	Building	0	1,000	8,000	7,000	13%	
01-41-830	Equipment	800	4,800	5,000	200	96%	
01-41-840	Vehicle	8,800	8,800	9,000	200	98%	
01-41-929	Miscellaneous Expense	<u>0</u>	<u>100</u>	<u>200</u>	<u>100</u>	<u>50%</u>	

TOTAL	<u>24,400</u>	<u>85,200</u>	<u>148,500</u>	<u>63,300</u>	<u>57%</u>
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AUDIT FUND

	<u>REVENUES</u>	<u>MONTH</u>	<u>YEAR</u>	<u>BUDGET</u>	<u>BALANCE</u>	<u>%</u>
11-00-311	Property Tax	800	1,800	2,000	200	90%
11-00-381	Interest Income	<u>0</u>	<u>0</u>	<u>100</u>	<u>100</u>	<u>0%</u>
TOTAL	<u>800</u>	<u>1,800</u>	<u>2,100</u>	<u>300</u>	<u>86%</u>	

	<u>EXPENDITURES</u>	<u>MONTH</u>	<u>YEAR</u>	<u>BUDGET</u>	<u>BALANCE</u>	<u>%</u>
11-00-531	Accounting Service	<u>1,900</u>	<u>1,900</u>	<u>2,000</u>	<u>100</u>	<u>95%</u>

INSURANCE FUND

	<u>REVENUES</u>	<u>MONTH</u>	<u>YEAR</u>	<u>BUDGET</u>	<u>BALANCE</u>	<u>%</u>
12-00-311	Property Tax	8,500	19,300	21,500	2,200	90%
12-00-381	Interest Income	<u>0</u>	<u>100</u>	<u>300</u>	<u>200</u>	<u>33%</u>
	TOTAL	<u>8,500</u>	<u>19,400</u>	<u>21,800</u>	<u>2,400</u>	<u>89%</u>

	<u>EXPENDITURES</u>	<u>MONTH</u>	<u>YEAR</u>	<u>BUDGET</u>	<u>BALANCE</u>	<u>%</u>
12-00-453	Unemployment Insurance	200	700	1,300	600	54%
12-00-454	Worker's Compensation	0	2,500	5,000	2,500	50%
12-00-591	Liability Insurance	0	6,500	13,000	6,500	50%
12-00-592	General Insurance	<u>0</u>	<u>1,500</u>	<u>3,000</u>	<u>1,500</u>	<u>50%</u>
	TOTAL	<u>200</u>	<u>11,200</u>	<u>22,300</u>	<u>11,100</u>	<u>50%</u>

ILLINOIS MUNICIPAL RETIREMENT FUND

	<u>REVENUES</u>	<u>MONTH</u>	<u>YEAR</u>	<u>BUDGET</u>	<u>BALANCE</u>	<u>%</u>
13-00-311	Property Tax	5,600	12,600	14,000	1,400	90%
13-00-342	Replacement Tax	100	800	1,500	700	53%
13-00-381	Interest Income	<u>0</u>	<u>100</u>	<u>200</u>	<u>100</u>	<u>50%</u>
	TOTAL	<u>5,700</u>	<u>13,500</u>	<u>15,700</u>	<u>2,200</u>	<u>86%</u>

	<u>EXPENDITURES</u>	<u>MONTH</u>	<u>YEAR</u>	<u>BUDGET</u>	<u>BALANCE</u>	<u>%</u>
13-00-463	Retirement Contribution	<u>1,400</u>	<u>8,200</u>	<u>13,800</u>	<u>5,600</u>	<u>59%</u>

SOCIAL SECURITY FUND

	<u>REVENUES</u>	<u>MONTH</u>	<u>YEAR</u>	<u>BUDGET</u>	<u>BALANCE</u>	<u>%</u>
14-00-311	Property Tax	7,000	13,000	14,500	1,500	90%
14-00-342	Replacement Tax	0	600	1,500	900	40%
14-00-381	Interest Income	<u>0</u>	<u>300</u>	<u>400</u>	<u>100</u>	<u>75%</u>
	TOTAL	<u>7,000</u>	<u>13,900</u>	<u>16,400</u>	<u>2,500</u>	<u>85%</u>

	<u>EXPENDITURES</u>	<u>MONTH</u>	<u>YEAR</u>	<u>BUDGET</u>	<u>BALANCE</u>	<u>%</u>
14-00-461	Social Security Contribution	1,500	7,700	13,800	6,100	56%
14-00-462	Medicare Contribution	<u>400</u>	<u>1,800</u>	<u>3,200</u>	<u>1,400</u>	<u>56%</u>
	TOTAL	<u>1,900</u>	<u>9,500</u>	<u>17,000</u>	<u>7,500</u>	<u>56%</u>

MOTOR FUEL TAX FUND

	<u>REVENUES</u>	<u>MONTH</u>	<u>YEAR</u>	<u>BUDGET</u>	<u>BALANCE</u>	<u>%</u>
17-00-343	Motor Fuel Tax	5,400	31,400	80,000	48,600	39%
17-00-381	Interest Income	<u>100</u>	<u>600</u>	<u>2,000</u>	<u>1,400</u>	<u>30%</u>
	TOTAL	<u>5,500</u>	<u>32,000</u>	<u>82,000</u>	<u>50,000</u>	<u>39%</u>

	<u>EXPENDITURES</u>	<u>MONTH</u>	<u>YEAR</u>	<u>BUDGET</u>	<u>BALANCE</u>	<u>%</u>
17-00-514	Maintenance Service - Street	39,000	79,000	80,000	1,000	99%
17-00-532	Engineering Service	<u>2,000</u>	<u>7,000</u>	<u>8,000</u>	<u>1,000</u>	<u>88%</u>
	TOTAL	<u>41,000</u>	<u>86,000</u>	<u>88,000</u>	<u>2,000</u>	<u>98%</u>

WATER FUND

	<u>REVENUES</u>	<u>MONTH</u>	<u>YEAR</u>	<u>BUDGET</u>	<u>BALANCE</u>	<u>%</u>
51-00-353	Penalties	0	100	200	100	50%
51-00-361	Water Sales	4,000	43,000	88,000	45,000	49%
51-00-364	Tap-On-Fees	0	100	500	400	20%
51-00-381	Interest Income	100	300	1,000	700	30%
51-00-389	Miscellaneous Income	<u>0</u>	<u>100</u>	<u>500</u>	<u>400</u>	<u>20%</u>
	TOTAL	<u>4,100</u>	<u>43,600</u>	<u>90,200</u>	<u>46,600</u>	<u>48%</u>
	<u>EXPENSES</u>	<u>MONTH</u>	<u>YEAR</u>	<u>BUDGET</u>	<u>BALANCE</u>	<u>%</u>
51-00-420	Salaries - Employees	5,000	29,000	52,000	23,000	56%
51-00-451	Health Insurance	300	1,500	2,200	700	68%
51-00-511	Maintenance Service - Building	500	1,000	1,500	500	67%
51-00-512	Maint. Service - Equipment	400	1,400	2,500	1,100	56%
51-00-513	Maintenance Service - Vehicle	300	900	1,600	700	56%
51-00-515	Maint. Service - Utility System	1,000	4,000	5,000	1,000	80%
51-00-531	Accounting Service	1,900	1,900	3,000	1,100	63%
51-00-533	Legal Service	500	1,000	1,800	800	56%
51-00-551	Postage	100	400	500	100	80%
51-00-552	Telephone	100	300	600	300	50%
51-00-553	Publishing	0	300	500	200	60%
51-00-554	Printing	100	200	400	200	50%
51-00-561	Dues	0	300	500	200	60%
51-00-562	Travel Expenses	300	800	1,000	200	80%
51-00-563	Training	0	200	400	200	50%
51-00-565	Publications	0	100	400	300	25%
51-00-571	Utilities	1,000	5,000	7,500	2,500	67%
51-00-594	Rentals	0	100	500	400	20%
51-00-611	Maintenance Supplies - Building	0	200	500	300	40%
51-00-612	Maint. Supplies - Equipment	100	300	600	300	50%
51-00-613	Maintenance Supplies - Vehicle	100	600	1,100	500	55%
51-00-615	Maint. Supplies - Utility System	500	3,300	5,500	2,200	60%
51-00-651	Office Supplies	0	100	200	100	50%
51-00-652	Operating Supplies	300	400	500	100	80%
51-00-658	Chemicals	500	2,900	5,000	2,100	58%
51-00-820	Building	0	200	500	300	40%
51-00-830	Equipment	300	900	1,000	100	90%
51-00-840	Vehicle	8,900	8,900	9,000	100	99%
51-00-850	Utility System	2,000	4,000	5,000	1,000	80%
51-00-929	Miscellaneous Expense	<u>0</u>	<u>100</u>	<u>200</u>	<u>100</u>	<u>50%</u>
		<u>24,200</u>	<u>70,300</u>	<u>111,000</u>	<u>40,700</u>	<u>63%</u>

MUNICIPAL FINANCE SERIES

OFFICE OF LOCAL GOVERNMENT MANAGEMENT SERVICES

ANNUAL REPORTS

TREASURER'S REPORT

RESPONSIBILITIES

The treasurer in all municipalities (except Chicago) is required each year to prepare a statement of moneys received and expenditures incurred. This statement is commonly known as the **Annual Treasurer's Report**. (See 65 ILCS 5/3.1-35-65 through 65 ILCS 5/3.1-35-80) The requirement also applies to home rule municipalities.

PUBLISHING AND FILING REQUIREMENTS

1. The municipal treasurer prepares the report and files it with the municipal clerk within six months after the end of the fiscal year.
2. The clerk must publish the report in one or more newspapers published in the municipality. If no newspaper is published in the municipality, then it must be published in a newspaper having general circulation within the municipality. Municipalities with a population of **less than 500, with no newspaper**, may post the report in three prominent places.
3. The treasurer must also file a copy of the report with each township collector, county collector or county treasurer from whom property taxes are received, within six months after the end of the fiscal year. The report should be accompanied by an affidavit of the municipal clerk stating that it is a true and correct copy of the annual report. The affidavit should also include the date of the filing with the clerk, the name of the newspaper in which it was published, and the date it was published.

INFORMATION REQUIRED

There is no statutory format for the **Annual Treasurer's Report**. Treasurers may design their own format. However, the report must contain the information listed below. The Illinois Department of Commerce and Economic Opportunity recommends combining all funds together.

1. Identify all moneys received by source and amount.
2. Identify all moneys paid to persons or vendors in an amount exceeding \$2,500 in the aggregate. Give the name of each person or vendor and the amount paid.
3. Combine all persons and vendors paid less than \$2,500 in the aggregate and report as **all other disbursements less than \$2,500**.

4. Identify all moneys paid to persons or vendors in an amount exceeding \$2,500 in the aggregate. Give the name of each person or vendor and the amount paid.
5. Combine all persons and vendors paid less than \$2,500 in the aggregate and report as **all other disbursements less than \$2,500.**
6. List the **names and compensation received by all elected/appointed officials and employees.** P. A. 92-354, approved August 15, 2001, authorizes compensation to be reported in the following ranges. When determining the proper range, use the gross salary before any deductions are made from it.
 - A. Under \$25,000.00;
 - B. \$25,000.00 to \$49,999.99
 - C. \$50,000.00 to \$74,999.99
 - D. \$75,000.00 to \$99,999.99
 - E. \$100,000.00 to \$124,999.99; or
 - F. \$125,000.00 and over.
7. The report must also contain a summary statement of operations for all funds and account groups as excerpted from the **Annual Financial Report** filed with the Office of the State Comptroller.

VIOLATIONS

If this report is not filed or published properly, the township collector, county collector or county treasurer shall withhold property taxes until compliance.

Any public officer who fails, neglects or refuses to comply with the requirements is guilty of a petty offense, and upon conviction, may be fined not less than \$25 nor more than \$100.

If you would like additional information on this topic, please call the Department of Commerce and Economic Opportunity, Office of Local Government Management Services in Springfield at 217/558-2860 (TDD 217/785-6055).

ANNUAL TREASURER'S REPORT
VILLAGE OF WHITE OAK
FISCAL YEAR ENDING APRIL 30, 2004

REVENUE SUMMARY:

Property Taxes - 80,000; Road and Bridge Tax - 10,000, Utility Tax - 70,000; Income Tax - 50,000; Licenses - 10,000; Grant - 50,000; Permits - 5,000; Fines - 6,000; Interest - 40,000; Water Sales - 100,000; Sales Tax - 80,000; Miscellaneous - 2,000.

TOTAL REVENUES: \$503,000.

COMPENSATION SUMMARY:

Under \$25,000.00: Joseph F. Glidden, William LeBaron Jenney, Jane Addams, John Mitchell, Daniel Hale Williams.

\$25,000.00 to \$49,999.99: Myra Bradwell.

TOTAL COMPENSATION: \$117,000.

EXPENDITURE SUMMARY:

Dept. of Labor - 6,000; Time Insurance - 37,000; Public Utility - 20,000; ABC Telephone Co. - 18,000; Acme Supply - 13,000; XYZ Co. - 55,000; U.S. Postal Service - 5,000; Midwest Engineering - 18,000; Prairie State Accounting - 3,000; City Auto Service - 10,000; General Disposal - 18,000; Illinois Auto Sales - 30,000; Blue Flame Gas Co. - 15,000; Big Rock Co. - 8,000; Lincoln Land Roofing Co. - 30,000; Central Oil - 15,000; Allied Chemical - 40,000; Illinois Municipal Retirement - 21,000; IRS - 15,000; All other disbursements in amounts less than (\$2,500) - 40,000.

TOTAL VENDORS: \$417,000.

SUMMARY STATEMENT OF CONDITION (Excerpt from Comptroller Report AFR)

	GENERAL	SPECIAL REVENUE	CAPITAL PROJECT	DEBT SERVICE	ENTERPRISE	INTERNAL SERVICE	FIDUCIARY	DISCRETELY PRESENTED COMPONENT UNITS
Revenues (*Line 240)	183,000	100,000	50,000	40,000	105,000	0	25,000	0
Expenditures (*Line 270)	194,000	95,000	70,000	45,000	130,000	0	0	0
Excess of Revenues Over (Under) Expenditures (*Line 301)	(11,000)	5,000	(20,000)	(5,000)	(25,000)	0	25,000	0
Transfers In (*Line 302)	0	0	0	0	0	0	0	0
Transfers Out (*Line 303)	0	0	0	0	0	0	0	0
Bond Proceeds (*Line 304)	0	0	0	0	200,000	0	0	0
Other (*Line 305)	0	0	0	0	0	0	0	0
Net Increase (Decrease) in Fund Balance (*Line 306)	(11,000)	5,000	(20,000)	(5,000)	175,000	0	25,000	0
Previous Year Fund Balance (*Line 307)	50,000	50,000	20,000	10,000	30,000	0	300,000	0
Other (*Line 308)	0	0	0	0	0	0	0	0
Current Year Ending Fund Balance (*Line 310)	39,000	55,000	0	5,000	205,000	0	325,000	0
TOTAL DEBT	OUTSTANDING BEGINNING OF YEAR		ISSUED CURRENT FISCAL YEAR		RETIRED CURRENT FISCAL YEAR		OUTSTANDING END OF YEAR	
	100,000		200,000		50,000		250,000	
	(*Line 405)		(*Line 411)		(*Line 417)		(*Line 423)	

Subscribed and sworn to this 25th day of September, 2004.

Joseph Smith, Treasurer

I, Francis Willard, Clerk of Village of White Oak, Prairie County, Illinois, do hereby certify that the above is a true copy of the Annual Treasurer's Report for the fiscal year ending April 30, 2004.

Francis Willard, Clerk

***NOTE: Refers to the Line Numbers in the Comptrollers Annual Financial Report (AFR).**

MUNICIPAL FINANCE SERIES

OFFICE OF LOCAL GOVERNMENT MANAGEMENT SERVICES

CHART OF ACCOUNTS

The Chart of Accounts represents the essential foundation of an accounting system because it provides the vital framework within which all financial information is extracted, summarized, and reported. It represents the common accounting "language" that permits finance personnel, department heads, and elected officials to monitor and control complex financial transactions. Furthermore, it is an essential tool to facilitate the tracing of annual budgeted revenues and expenditures in relation to actual receipts and disbursements.

By using a standard Chart of Accounts, local governments can easily record and evaluate large amounts of financial data throughout the annual fiscal cycle, including the budget phase (the annual budget request process, and the Budget or Appropriation Ordinance); the accounting phase (the cash receipts and cash disbursements journal); and the reporting phase (the monthly investment report, monthly budget report, annual treasurer's report, annual budget report, and annual financial statement, or audit).

GENERAL INSTRUCTIONS FOR THE CHART OF ACCOUNTS

The model Chart of Accounts prepared by the Illinois Department of Commerce and Economic Opportunity may be used in its current form, or may be adapted to the many special needs of local governments throughout the State. The Chart of Accounts uses a sequence of numbers, or codes, which when combined represent a specific line item, either asset, liability, revenue or expenditure, to be recorded. Every line item should include a minimum of five digits, where the two digits of the first series of numbers identify the fund (e.g., 01-XXX represents the General Fund, and 17-XXX represents the Motor Fuel Tax special revenue fund). The second series of three digits identifies the account type and line item.

To illustrate, all account numbers in the 100 series (01-100 through 01-199) represent General Fund asset line items, while the account numbers in the 200 series (01-200 through 01-299) represent General Fund liability and equity line items. Similarly, all line items in the 300 series (01-300 through 01-399) represent General Fund revenue line items, while all account numbers in the 400 through 900 series (01-400 through 01-999) represent General Fund expenditure line items. To better demonstrate how the Chart of Accounts segregates the various asset, liability, revenue and expenditure classifications, we provide the following table:

<u>SERIES</u>	<u>CLASSIFICATION</u>
100	ASSETS
200	LIABILITIES AND FUND EQUITY
300	REVENUES
	<u>EXPENDITURES</u>
400	Personnel
500	Contractual Services
600	Commodities
700	Debit Service
800	Capital Outlay
900	Other Expenditures

For communities that wish to use a more detailed account classification system, the attached model Chart of Accounts can be expanded to include up to a nine (9) digit line item designation, using the optional sub-account codes found on page eleven (11) of the attached Chart of Accounts. Typically, such expanded account classification systems will include additional itemization of function (e.g., Public Safety; Public Works), program (e.g., Public Safety - Police; Public Works - Streets), and finally activity (e.g., Public Safety - Police - Traffic Control).

To further illustrate how the Chart of Accounts is used, the following examples are presented, each using the same line item designations found in the model Chart of Accounts (page references shown in parenthesis).

I. Five-Digit Coding System

Example One: Line Item Number 01-311

Fund	01	General Fund (p. 4)
Account Type	300's	Revenue (p. 7)
Line Item	311	Property Tax (p. 7)

Example Two: Line Item Number 51-420

Fund	51	Water Fund (p. 4)
Account Type	400's	Expenditure (p. 8)
Line Item	420	Salaries - Employees (p. 8)

Example Three: Line Item Number 17-116

Fund	17	Motor Fuel Tax Fund (p. 9-4)
Account Type	100	Asset (p. 9-5)
Line Item	116	Investment-Certificate of Deposit (p. 9-5)

II. Seven-Digit Coding System

Example One: Line Item Number 01-21-451

Fund	01	General Fund (p. 9-4)
Function	2	Public Safety (p. 9-11)
Program	1	Police (p. 9-11)
Account Type	400	Expenditures (p. 9-8)
Line Item	451	Health Insurance (p. 9-8)

III. Nine-Digit Coding System

Example One: Line Item Number 01-21-451-27

Fund	01	General Fund (p. 9-4)
Function	2	Public Safety (p. 9-11)
Program	1	Police (p. 9-11)
Account Type	400	Expenditures (p. 9-8)
Line item	451	Health Insurance (p. 9-8)
Activity	27	Patrol (p. 9-11)

Please note that following the attached model Chart of Accounts includes a definition section to clarify the meaning of each term associated with the account types for assets, liabilities, equity, revenues and expenditures used in this classification system. These definitions can be found on the following pages:

<u>Page</u>	<u>Definitions</u>
9-12	Fund Type
9-13	Assets
9-16	Liabilities
9-18	Equity
9-19	Revenues
9-23	Expenditures

FUND CODES

<u>CODE</u>	<u>CLASSIFICATION</u>	<u>CODE</u>	<u>CLASSIFICATION</u>
<u>GOVERNMENTAL FUNDS</u>		<u>PROPRIETARY FUNDS</u>	
<u>00</u>	<u>GENERAL FUNDS</u>	<u>50</u>	<u>ENTERPRISE FUNDS</u>
01	General	51	Water
02		52	Sewer
03		53	Garbage Disposal
		54	Electric
		55	Gas
		56	
<u>10</u>	<u>SPECIAL REVENUE FUNDS</u>	<u>60</u>	<u>INTERNAL SERVICE FUNDS</u>
11	Audit	61	Central Warehouse
12	Insurance	62	Central Garage
13	Illinois Municipal Retirement Fund	63	
14	Social Security		
15			
16			
17	Motor Fuel Tax		
18			
19			
20	Building		
		<u>FIDUCIARY FUNDS</u>	
<u>30</u>	<u>CAPITAL PROJECT FUNDS</u>	<u>70</u>	<u>TRUST & AGENCY FUNDS</u>
31	Water Improvement	71	Working Cash
32	Sewer Improvement	72	Payroll Clearing Account
33		73	Vendor Clearing Account
34	CDAP	74	Special Reserve
35		75	Fire Pension
36	Street Improvement	76	Police Pension
37		77	Self-Insurance Reserve
38	Building	78	
<u>40</u>	<u>DEBT SERVICE</u>	<u>80</u>	<u>ACCOUNT GROUPS</u>
41	G.O. Bond & Interest	81	General Fixed Assets
42	Lease / Purchase	82	General Long-Term Debt

ASSET CODES

<u>CODE</u>	<u>CLASSIFICATION</u>	<u>CODE</u>	<u>CLASSIFICATION</u>
<u>100</u>	<u>ASSETS</u>	<u>100</u>	<u>ASSETS</u>
<u>110</u>	<u>CURRENT ASSETS</u>	<u>150</u>	<u>NON-CURRENT ASSETS</u>
111	Cash	151	Property Taxes Receivable
112	Petty Cash	152	Road & Bridge Tax Receivable
113	Cash with Fiscal Agent	153	Inventories
114		154	Prepaid Items
115	Investment - Money Market	155	
116	Investment - Certificate of Deposit		
117	Investment - IPTIP		
118			
<u>120</u>	<u>CURRENT RECEIVABLES</u>	<u>160</u>	<u>RESTRICTED ASSETS</u>
121	Accounts Receivable	161	Cash
122	Unbilled Accounts Receivable	162	
123	Special Assessment Receivable	165	Investment - Money Market
124	Interest Receivable	166	Investment - Certificate of Deposit
125		167	Investment - IPTIP
		168	
<u>130</u>	<u>INTERGOVERNMENTAL RECEIVABLES</u>	<u>170</u>	<u>FIXED ASSETS</u>
131	State of Illinois - Income Tax	171	Land
132	State of Illinois - Replacement Tax	172	Building
133	State of Illinois - Motor Fuel Tax	173	A / D - Building*
134	State of Illinois - Sales Tax	174	Equipment
135	State of Illinois - Use Tax	175	A / D - Equipment*
136	State of Illinois - Photoprocessing Tax	176	Vehicle
137		177	A / D Vehicle*
		178	Utility System
		179	A / D - Utility System*
<u>140</u>	<u>INTERFUND RECEIVABLES</u>	180	Furniture
141	General Fund	181	A / D - Furniture*
142		182	
		186	Other Improvements
		187	A / D - Other Improvements*
		188	Construction in Progress
		189	Other Assets
<u>190</u>	<u>OTHER DEBITS</u>		
191	Amount Available		
192	Amount to be Provided		
193			

*A / D - Accumulated Depreciation

LIABILITY AND EQUITY CODES

<u>CODE</u>	<u>CLASSIFICATION</u>
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<u>200</u>	<u>LIABILITIES</u>
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210	<u>CURRENT LIABILITIES</u>
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211	Accounts Payable
212	Wages Payable
213	Federal Income Tax Payable
214	State Income Tax Payable
215	Social Security Payable
216	Medicare Payable
217	Retirement Payable
218	Health Insurance Payable
219	

<u>220</u>	<u>CURRENT DEBT PAYABLES</u>
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221	Contracts Payable
222	Notes Payable
223	Interest Payable
224	G.O. Bonds Payable
225	Revenue Bonds Payable
226	Lease Purchase Payable
227	

<u>230</u>	<u>INTERGOVERNMENTAL PAYABLES</u>
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231	State of Illinois
232	
233	

<u>CODE</u>	<u>CLASSIFICATION</u>
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<u>200</u>	<u>LIABILITIES</u>
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<u>240</u>	<u>INTERFUND PAYABLE</u>
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241	General Fund
242	

<u>250</u>	<u>NON-CURRENT LIABILITIES</u>
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251	
252	
253	
254	G.O. Bonds Payable
255	Revenue Bonds Payable
256	Lease Purchase Payable
257	Customer Deposits
258	Deferred Revenue
259	

<u>290</u>	<u>EQUITY</u>
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291	Fund Balance - Reserved
292	Fund Balance - Unreserved
293	Retained Earnings - Reserved
294	Retained Earnings - Unreserved
295	
298	Contributed Capital
299	Investments in General Fixed Assets

REVENUE

CODE CLASSIFICATION

300 REVENUES

310 TAXES

311 Property Tax
312 Foreign Fire Insurance Tax
313 Utility Tax
314 Hotel / Motel Tax
315 Road & Bridge Tax
316
319 Other Taxes

320 LICENSES

321 Liquor Licenses
322 Vehicle Licenses
323 Business Licenses
324 Animal Licenses
325 Franchise Licenses
326
329 Other Licenses

330 PERMITS

331 Building Permits
332 Electrical Permits
333 Plumbing Permits
334 HVAC Permits
335
339 Other Permits

340 INTERGOVERNMENTAL REVENUES

341 State Income Tax
342 Replacement Tax
343 Motor Fuel Tax
344 Sales Tax
345 Local Use Tax
346 Photoprocessing Sales Tax
347 State Grant
348 Federal Grant
349 Other Grants

CODE CLASSIFICATION

300 REVENUES

350 FINES & FORFEITS

351 Court Fines
352 Parking Fines
353 Penalties
354 Library Fines
355
359 Other Fines

360 SERVICE CHARGES

361 Water Sales
362 Sewer Charges
363 Garbage Charge
364 Tap-On-Fees
365 Meter Sales
366 Ambulance Fees
367

370 SERVICE FEES

371 Printing Fees
372 Fax Fees
373 Grave Opening Fee
374 Maintenance Fees
375 Non-Resident Fees
376 Intra-Library Fees
377 Computer Access Fees
378
379 Other Service Fees

380 OTHER REVENUES

381 Interest Income
382 Rental Income
383 Donations
384 Memorials
385 Cemetery Lot Sales
386
389 Miscellaneous Income

390 OTHER FINANCING SOURCES

391 Proceeds - Bond Sales
392 Proceeds - Fixed Asset Sales
393 Intergovernmental Agreement
394
399 Interfund Operating Transfer

EXPENDITURE / EXPENSE CODES

CODE CLASSIFICATION

400 PERSONNEL

410 SALARIES

411

420 SALARIES - EMPLOYEES

421 Salaries - Regular

422 Salaries - Temporary

423 Salaries - Overtime

424 Salaries - Vacation Pay

425 Salaries - Sick Pay

426

430 SALARIES - ELECTED

431

450 INSURANCE BENEFITS

451 Health Insurance

452 Life Insurance

453 Unemployment Insurance

454 Worker's Compensation

455

460 PENSION BENEFITS

461 Social Security Contribution

462 Medicare Contribution

463 Retirement Contribution

464

470 OTHER BENEFITS

471 Uniform Allowance

472 Automobile Allowance

473

CODE CLASSIFICATION

500 CONTRACTUAL SERVICES

510 MAINTENANCE SERVICES

511 Maintenance Service - Building

512 Maintenance Service - Equipment

513 Maintenance Service - Vehicle

514 Maintenance Service - Street

515 Maintenance Service - Utility System

516 Maintenance Service - Snow Removal

517 Maintenance Service - Grounds

518

529 Maintenance Service - Other

530 PROFESSIONAL SERVICES

531 Accounting Service

532 Engineering Service

533 Legal Service

534 Medical Service

535 Architectural Service

536 Janitorial Service

537 Data Processing Service

538

549 Other Professional Services

550 COMMUNICATIONS

551 Postage

552 Telephone

553 Publishing

554 Printing

555 Microfilming

556 Dispatching

557

560 PROFESSIONAL DEVELOPMENT

561 Dues

562 Travel Expenses

563 Training

564 Tuition Reimbursement

565 Publications

566

EXPENDITURE / EXPENSE CODES

<u>CODE</u>	<u>CLASSIFICATION</u>
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<u>500</u>	<u>CONTRACTUAL SERVICES</u>
-------------------	------------------------------------

<u>570</u>	<u>SERVICE CHARGES</u>
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571	Utilities
572	Street Lighting
573	Garbage Disposal
574	Landfill Charges
575	Water Purchases
576	Electric Purchases
577	Sewer Charges
578	
579	Other Service Charges

<u>590</u>	<u>OTHER CONTRACTUAL SERVICE</u>
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591	Liability Insurance
592	General Insurance
593	Risk Management Contribution
594	Rentals
595	

<u>CODE</u>	<u>CLASSIFICATION</u>
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<u>600</u>	<u>COMMODITIES</u>
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<u>610</u>	<u>MAINTENANCE SUPPLIES</u>
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611	Maintenance Supplies - Building
612	Maintenance Supplies - Equipment
613	Maintenance Supplies - Vehicle
614	Maintenance Supplies - Street
615	Maintenance Supplies - Utility System
616	Maint. Supplies - Snow Removal
617	Maintenance Supplies - Grounds
618	
629	Maintenance Supplies - Other

<u>650</u>	<u>GENERAL SUPPLIES</u>
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651	Office Supplies
652	Operating Supplies
653	Small Tools
654	Janitorial Supplies
655	Gasoline
656	Diesel Fuel
657	Lubricants
658	Chemicals
659	Library Supplies
660	

<u>670</u>	<u>PRINT MATERIALS</u>
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671	Books
672	Periodicals
673	Micro forms
674	
679	Other Print Materials

<u>680</u>	<u>NON-PRINT MATERIALS</u>
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681	Audio
682	Films / Video
683	Electronic Formats
684	Microcomputer Application / Software Systems
685	
689	Other Non-Print Materials

EXPENDITURE / EXPENSE CODES

CODE **CLASSIFICATION**

700 **DEBT SERVICE**

710 Principal Payment
720 Interest Expense
730 Fiscal Agent Fees

800 **CAPITAL OUTLAY**

810 Land
820 Building
830 Equipment
840 Vehicle
850 Utility System
860 Streets / Road
870 Furniture
880
890 Other Improvements

900 **OTHER EXPENDITURES / USES**

910 **OTHER EXPENDITURES**

911 Community Relations
912 State/Federal Permit Fees
913 Library Replacement Tax
914
915 Cemetery Lot Purchases
916
929 Miscellaneous Expense

950 **OTHER FINANCING USES**

951 Depreciation
952
953 Intergovernmental Agreement
954
999 Interfund Operating Transfer

OPTIONAL SUB-ACCOUNT CODES

<u>CODE</u>	<u>FUNCTIONS</u>	<u>CODE</u>	<u>PROGRAMS</u>	<u>CODE</u>	<u>ACTIVITIES</u>
1	General Government	1	Administration	01	Accounting
		3	Cemetery	02	Administration
		4	Youth	03	Animal Control
		5	Zoning	04	Attorney
				05	Billing
2	Public Safety	1	Police	06	Board
		2	Fire	07	Budgeting
		3	Emergency Service	08	Catalog
		4	Ambulance	09	Circulation
				10	Clerical
3	Health/Welfare	2	Senior Citizen	11	Clerk
		3	Health	12	Code Enforcement
		4	Welfare	13	Collection
		5	Housing	14	Communication
				15	Council
4	Public Works/Transportation	1	Street	16	Court
		2	Water	17	Distribution
		3	Sewer	18	Drainage
		4	Building	19	Executive
		5	Maintenance	20	Inspection
				21	Investigation
5	Culture/Recreation	1	Recreation	22	Juvenile
		2	Park	23	Lift Station
		3	Library	24	Maintenance
		4	Civic Center	25	Manager
		5	Swimming Pool	26	Medical Service
				27	Patrol
6	Community Development	1	Economic Development	28	Payroll
		2	Rehabilitation	29	Periodicals
		3	Industrial Development	30	Prevention
		4	Grants	31	Purchasing
				32	Records
7	Capital Outlay	1	Construction	33	Reference
		2	Real Property	34	Risk Management
				35	Snow Removal
8	Debt Service	1	G.O. Bonds	36	Street Cleaning
		2	Revenue Bonds	37	Suppression
		3	Lease Purchase	38	Traffic Control
				39	Training
9	Revenue Bonds	1	Revenue	40	Treasurer
		2	Operation & Maint.	41	Treatment
		3	Bond & Interest	42	Vice
		4	Depreciation	43	Vital Statistics
		5	Bond Reserve		
		6	Bond Redemption		
		7	Surplus		

DEFINITIONS FOR THE CHART OF ACCOUNTS

<u>CODE</u>	<u>FUND TYPE</u>
01-09	GENERAL FUND - Account for all financial resources except those required to be accounted for in another fund.
10-29	SPECIAL REVENUE FUNDS - Account for the proceeds of specific revenue sources, other than those from expendable trusts or for major capital projects, that are restricted legally to expenditure for specified purposes.
30-39	CAPITAL PROJECTS FUNDS - Account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds and trust funds.
40-49	DEBT SERVICE FUNDS - Account for the accumulation of resources for, and the retirement of, general long-term debt principal and interest.
50-59	ENTERPRISE FUNDS - Account for operations financed and operated in a manner similar to private business enterprises. An enterprise fund should be established if the governing body (1) intends that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges or (2) has decided that periodic determination of revenues earned, expenses incurred and / or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.
60-69	INTERNAL SERVICE FUNDS - Account for the financing of goods and service provided by one department or agency to other departments or agencies of the local government, or to other governmental units, on a cost-reimbursement basis.
70-79	TRUST & AGENCY FUNDS - Account for assets held by a local government in a trustee capacity or as an agent for individuals, private organizations, other governmental units and / or other funds. Funds included: Expendable Trust, Nonexpendable Trust, Pension Trust and Agency.
81	ACCOUNT GROUP / GENERAL FIXED ASSETS - Records the fixed assets other than those accounted for in proprietary fund types or trust funds.
82	ACCOUNT GROUP / GENERAL LONG-TERM DEBT - Records the principal amount of all general long-term liabilities, excluding those of proprietary fund types and trust funds.

CODEASSETS

- 110 CURRENT ASSETS - Those assets which are available or can be made readily available to finance current operations or to pay current liabilities. Those assets which will be used up or converted into cash within one year. Do not use this code if codes 111-119 are utilized.
- 111 CASH - Currency, coin, checks, postal and express money orders, and banker's drafts on hand or on deposit with an official or agent designated as custodian of cash and bank deposits.
- 112 PETTY CASH - A sum of money set aside for the purpose of making change or paying small obligations for which the issuance of a formal voucher or check would be too expensive and/or time consuming.
- 113 CASH WITH FISCAL AGENT - Deposits with fiscal agents, such as a commercial bank, for the payment of matured bonds and interest.
- 115 INVESTMENT-MONEY MARKET - A security that generates revenue in the form of interest or dividends.
- 116 INVESTMENT- CERTIFICATE OF DEPOSIT - A security that generates revenue in the form of interest or dividends.
- 117 INVESTMENT-IPTIP - A security that generates revenue in the form of interest or dividends. (Illinois Public Treasurers' Investment Pool)
- 120 CURRENT RECEIVABLES - Amounts due to the local governmental unit for accounts receivable, interest, assessments, etc. Do not use this code if codes 121-129 are utilized.
- 121 ACCOUNTS RECEIVABLE - Amounts owed on open accounts from private individuals or organizations for goods and services furnished by the local government, excluding amounts due from other funds or intergovernmental receivables.
- 122 UNBILLED ACCOUNTS RECEIVABLE - The estimated amount of accounts receivable for goods or services rendered but not yet billed to customers.
- 123 SPECIAL ASSESSMENT RECEIVABLE - The uncollected portion of special assessments which the local government has assessed.
- 124 INTEREST RECEIVABLE - The amount of interest receivable on investments.
- 130 INTERGOVERNMENTAL RECEIVABLES - Amounts due the local government from another government. Amounts include grants, shared revenues, loans and charges for goods and services rendered. Do not use this code if codes 131-139 are utilized.
- 140 INTERFUND RECEIVABLES - Amounts that are owed, other than charges for goods and services rendered, to a particular fund by another fund in the local government and that are due within one year. Each fund should be itemized. Do not use this code if codes 141-149 are utilized.
- 150 NON-CURRENT ASSETS - Those assets which are not available to finance current operations or to pay current liabilities. Do not use this code if codes 151-159 are utilized.

CODEASSETS

- 151 PROPERTY TAXES RECEIVABLE - The uncollected portion of taxes levied, which is due to the local government, but on which no penalty for non-payment attaches. Amount should be net of the estimated allowance for uncollectables.
- 152 ROAD & BRIDGE TAX RECEIVABLE - The uncollected portion of road & bridge tax which is due to the local government, but on which no penalty for non-payment attaches. Amount should be net of the estimated allowance for uncollectables.
- 153 INVENTORIES - Materials and supplies on hand for future consumption. Also includes goods held for resale rather than for use in operations.
- 154 PREPAID ITEMS - Charges entered in the accounts for benefits not yet received such as, rent, interest, insurance, etc.
- 160 RESTRICTED ASSETS - Those assets which are accumulated for a specific purpose other than to finance current operations. Do not use this code if codes 161-169 are utilized.
- 161 CASH - Restricted currency, coin, checks, postal and express money orders, and banker's drafts on hand or on deposit with an official or agent designated as custodian or cash and bank deposits.
- 165 INVESTMENT - MONEY MARKET - A restricted security that generates revenue in the form of interest or dividends.
- 166 INVESTMENT - CERTIFICATE OF DEPOSIT - A restricted security that generates revenue in the form of interest or dividends.
- 167 INVESTMENT- IPTIP - A restricted security that generates revenue in the form of interest or dividends. (Illinois Public Treasurers' Investment Pool)
- 170 FIXED ASSETS - Assets of a long-term character which are intended to continue to be held or used, such as land, buildings, equipment, vehicles, utility system, furniture and other improvements. Do not use this code if codes 171-189 are utilized.
- 171 LAND - Land purchased or acquired by the local government as a donation. Costs include purchase price, legal fees, land preparation and razing of structures.
- 172 BUILDING - Permanent structures purchased or otherwise acquired by the local government and improvements thereon. Costs include purchase price and legal fees.
- 173 ACCUMULATED DEPRECIATION - BUILDING - The accumulation of systematic and rational allocations of the estimated cost of using a building, on a historical cost basis, over the useful life of the building.
- 174 EQUIPMENT - Tangible property of a more or less permanent nature, other than land, building, vehicle, utility system, furniture and other improvements.
- 175 ACCUMULATED DEPRECIATION - EQUIPMENT - The accumulation of systematic and rational allocations of the estimated cost of using equipment, on a historical cost basis, over the useful life of the equipment.

CODEASSETS

- 176 VEHICLE - Tangible property of a more or less permanent nature, other than land, building, equipment, utility system, furniture and other improvements.
- 177 ACCUMULATED DEPRECIATION - VEHICLE - The accumulation of systematic and rational allocations of the estimated cost of using a vehicle, on a historical cost basis, over the useful life of the vehicle.
- 178 UTILITY SYSTEM - Acquisition of various components associated with a local government-owned water system, sewer system, gas system, electric system, etc.
- 179 ACCUMULATED DEPRECIATION - UTILITY SYSTEM - The accumulation of systematic and rational allocations of the estimated cost of using a utility system, on a historical cost basis, over the useful life of the utility system.
- 180 FURNITURE - Acquisition of furniture such as tables, desks, chairs, etc.
- 181 ACCUMULATED DEPRECIATION - FURNITURE - The accumulation of systematic and rational allocations of the estimated cost of using furniture, on a historical cost basis, over the useful life of the furniture.
- 186 OTHER IMPROVEMENTS - Acquisition of other components not listed above.
- 187 ACCUMULATED DEPRECIATION - OTHER IMPROVEMENTS - The accumulation of systematic and rational allocations of the estimated cost of using other improvements, on a historical cost basis, over the useful life of the improvements.
- 188 CONSTRUCTION IN PROGRESS - The cost of construction undertaken but not yet completed.
- 189 OTHER ASSETS - Intangible assets and other assets not previously classified.
- 191 AMOUNT AVAILABLE - An account in the general long-term debt account group equal to the amount of fund balance in the debt service fund.
- 192 AMOUNT TO BE PROVIDED - An account in the general long-term debt account group representing the amount to be provided from taxes or other general revenues to liquidate general long-term liabilities.

CODELIABILITIES

- 210 CURRENT LIABILITIES - Liabilities which are payable within one year. Do not use this code if codes 211-219 are utilized.
- 211 ACCOUNTS PAYABLE - Amounts owed on open accounts to private persons or organizations for goods and services furnished to the local government.
- 212 WAGES PAYABLE - Amount of wages earned, but not paid.
- 213 FEDERAL INCOME TAX PAYABLE - Amount of federal income taxes withheld from local governmental employee wages, but not remitted to the Federal Government.
- 214 STATE INCOME TAX PAYABLE - Amount of state income taxes withheld from local governmental employee wages, but not remitted to the State of Illinois.
- 215 SOCIAL SECURITY PAYABLE - Amount of social security contributions withheld from local governmental employee wages, but not remitted to the Federal Government.
- 216 MEDICARE PAYABLE - Amount of Medicare contributions withheld from local governmental employee wages, but not remitted to the Federal Government.
- 217 RETIREMENT PAYABLE - Amount of retirement contributions withheld from local governmental employee wages, but not remitted to the Illinois Municipal Retirement Fund.
- 218 HEALTH INSURANCE PAYABLE - Amount owed to the agency providing employee health insurance coverage. May include both the employee and local governmental portion.
- 220 CURRENT DEBT PAYABLES - Amounts owed by the local government for contracts, interest, bonds, leases, etc. Do not use this code if codes 221-229 are utilized.
- 221 CONTRACTS PAYABLE - Amounts due on contracts for goods and services furnished to the local government.
- 222 NOTES PAYABLE - The face value of notes generally due within one year, including all tax anticipation notes payable.
- 223 INTEREST PAYABLE - Amounts owed for interest on matured obligations, but not paid.
- 224 G.O. BONDS PAYABLE - The face value of general obligation bonds due within one year.
- 225 REVENUE BONDS PAYABLE - The face value of revenue bonds due within one year.
- 226 LEASE PURCHASE PAYABLE - The principal amount due within one year of the lease contract.
- 230 INTERGOVERNMENTAL PAYABLES - Amounts owed by the local government to another government. Do not use this code if codes 231-239 are utilized.

CODE

LIABILITIES

- 240 INTERFUND PAYABLES - Amounts owed, other than charges for goods and services, by a particular fund to another fund in the local government, that are due within one year. Do not use this code if codes 241-249 are utilized.
- 250 NON-CURRENT LIABILITIES - Liabilities which are not payable within one year. Do not use this code if codes 251-259 are utilized.
- 254 G.O. BONDS PAYABLE - The face value of general obligation bonds not due within one year.
- 255 REVENUE BONDS PAYABLE - The face value of revenue bonds not due within one year.
- 256 LEASE PURCHASE PAYABLE - The principal amount not due within one year of the lease contract.
- 257 CUSTOMERS DEPOSITS - Liability account of a utility enterprise fund for deposits made by customers as a pre-requisite to receiving services provided.
- 258 DEFERRED REVENUES - Amounts for which asset recognition criteria have been met but for which revenue recognition criteria have not yet been met. Under the modified accrual basis of accounting such amounts are measurable but not available.

CODE

EQUITY

- 290 EQUITY - The net worth of a particular fund or account. Do not use this code if codes 291-299 are utilized.
- 291 FUND BALANCE - RESERVED - Segregation of a portion of fund balance for resources legally restricted to payment of debt service, endowments, encumbrances, inventories, prepaid items, non-current loans receivable, advances to other funds, fixed assets, employees retirement and undistributed investment earnings.
- 292 FUND BALANCE - UNRESERVED - The excess of the assets of a governmental fund or trust fund over its liabilities and reserved fund balance accounts. Unreserved balances may be designated or undesignated.
- 293 RETAINED EARNINGS - RESERVED - Segregation of a portion of retained earnings in accordance with the terms of a revenue bond indenture.
- 294 RETAINED EARNINGS - UNRESERVED - The accumulated earnings of a proprietary fund that are not reserved for any specific purpose. Unreserved earnings may be designated or undesignated.
- 298 CONTRIBUTED CAPITAL - Permanent fund capital contributed to a proprietary fund by the general government resources, customers, developers and other governments.
- 299 INVESTMENTS IN GENERAL FIXED ASSETS - An account representing the government's investment in capital assets reported in the general fixed assets account group. The balance of this account is subdivided according to the source of the money with which asset acquisitions are financed.

CODE**REVENUES**

- 310 TAXES - Amounts received from compulsory charges levied by a local government for financing services. Do not use this code if codes 311-319 are utilized.
- 311 PROPERTY TAX - Ad valorem taxes levied upon all equalized assessed valuation of real property within the corporate limits of the local government.
- 312 FOREIGN FIRE INSURANCE TAX - Amount received from a share of the total premiums collected within the local governmental boundaries by insurance companies not incorporated in the State of Illinois for policies written.
(215 ILCS 5/409)
- 313 UTILITY TAX - A tax levied in proportion to the gross receipts on a public or privately owed utility which provides gas, electric, water and telephone services.
- 314 HOTEL / MOTEL TAX - A tax levied upon hotel and/or motel rooms within the corporate limits of the local government by local ordinance. Revenues received are restricted to tourism expenses only for non-home rule local governments.
- 315 ROAD & BRIDGE TAX - Ad valorem taxes levied by the road district for general road and bridge purposes upon all equalized assessed valuation of real property within the corporate limits of the municipality. The local government receives a fifty percent distribution of the funds collected directly from the county treasurer.
- 319 OTHER TAXES - Amount received from other taxes not classified above.
- 320 LICENSES - Amount received from issuing licenses for businesses, occupations and possessions which must be licensed before ownership and doing business within the corporate limits of the local government is allowed. Do not use this code if codes 321-329 are utilized.
- 321 LIQUOR LICENSES - Amount received from the license required for all alcoholic establishments.
- 322 VEHICLE LICENSES - Amount received from the operation or ownership of motor vehicles within the corporate limits of the local government.
- 323 BUSINESS LICENSES - Amount received from the license required for selective business operations within the corporate limits of the local government.
- 324 ANIMAL LICENSES - Amount received from the licensing of ownership of animals within the corporate limits of the local government.
- 325 FRANCHISE LICENSES - Amount received from the issuance of a franchise by the local government for operating a business or service within the corporate limits of the local government for such services as cable TV, taxi cabs, telephone, gas, electric and scavenger.
- 329 OTHER LICENSES - Amounts received from other licenses not classified above.
- 330 PERMITS - Amounts received from activities conducted within the corporate limits of the local government for which a permit is required by local ordinance. Do not use this code if codes 331-339 are utilized.

CODEREVENUES

- 331 BUILDING PERMITS - Amount received from the issuance of permits for building construction within the corporate limits of the local government.
- 332 ELECTRICAL PERMITS - Amount received from the issuance of permits for electrical installation within the corporate limits of the local government.
- 333 PLUMBING PERMITS - Amount received from the issuance of permits for plumbing installation within the corporate limits of the local government.
- 334 HVAC PERMITS - Amount received from the issuance of permits for heating and air conditioning installations within the corporate limits of the local government.
- 339 OTHER PERMITS - Amounts received from other permits not classified above.
- 340 INTERGOVERNMENTAL REVENUES - Amounts received from other governments in the form of grants, shared revenues or payment in lieu of taxes. Do not use this code if codes 341-349 are utilized.
- 341 STATE INCOME TAX - Amount of distributed share of state collected income tax.
- 342 REPLACEMENT TAX - Amount of distributed share of state collected tax on corporate income, partnerships, trusts and estates, replaces the personal property tax.
- 343 MOTOR FUEL TAX - Amount of distributed share of state collected tax on motor fuels.
- 344 SALES TAX - A tax imposed by the State of Illinois upon the sale or consumption of goods. Amount distributed to the local government by the State of Illinois is based upon a certain percentage.
- 345 LOCAL USE TAX - Amount of distributed share of state collected local use tax.
- 346 PHOTOPROCESSING SALES TAX - Amount of distributed share of state collected photoprocessing sales tax.
- 347 STATE GRANT - Any state funds and grants received from the State of Illinois in the form of per capita, equalization, construction, literacy, Illinois Talking Books Program or other similar grants. (Excludes federal funds distributed by the state).
- 348 FEDERAL GRANT - Any funds or grants received from the federal government either through the state government or directly from a federal agency, e.g. Library Services and Construction Act (LSCA) funds for federal library demonstration projects, construction, and / or literacy.
- 349 OTHER GRANTS - Grants received from private sources (non-governmental) usually for a particular project, purpose or limited time, e.g. Carnegie grants. (Excludes memorial funds).
- 350 FINES & FORFEITS - Amounts received from fines and penalties imposed by the local government for the commission of statutory offenses, violation of lawful administrative rules and regulations, for the neglect of official duty, or funds derived from confiscated deposits. Do not use this code if codes 351-359 are utilized.

CODE**REVENUES**

- 351 COURT FINES - Amount received from fines and court costs for prosecuted violations of the codes or statutes within the corporate limits of the local government.
- 352 PARKING FINES - Amount received from fines imposed for parking violations. Also could include parking meter collections.
- 353 PENALTIES - Amount received from the imposition of an administrative penalty, such as a late payment charge on a utility bill.
- 354 LIBRARY FINES - Amount received from fines for late return of books, etc.
- 359 OTHER FINES - Amounts received from other fines not classified above.
- 360 SERVICE CHARGES - Amounts received for goods and services provided by the local government. Do not use this code if codes 361-369 are utilized.
- 361 WATER SALES - Amount received from the sale of water.
- 362 SEWER CHARGES - Amount received from the charges imposed for the collection and treatment of sanitary waste.
- 363 GARBAGE CHARGES - Amount received from the charges imposed for providing the collection of solid waste materials.
- 364 TAP-ON-FEES - Amount received from the charges imposed for connecting to a local governmental-owned water, sewer, electric or gas system.
- 365 METER SALES - Amount received from the sale of water, gas or electric meters.
- 366 AMBULANCE FEES - Amount received from providing a municipal ambulance service.
- 370 SERVICE FEES - Amounts received for goods and services provided by the local government. Do not use this code if codes 371-379 are utilized.
- 371 PRINTING FEES - Amount received from charges imposed on the printing of copies.
- 372 FAX FEES - Amount received from charges imposed on the use of the fax machine.
- 373 GRAVE OPENING FEES - Amount received from charges imposed for opening graves.
- 374 MAINTENANCE FEES - Amount received for services provided to individuals or corporations, related to road work.
- 375 NON-RESIDENT FEES - Amount received from charges imposed on non-resident users of the library.
- 376 INTRA-LIBRARY FEES - Amount received from charges imposed for services provided to other libraries.
- 377 COMPUTER ACCESS FEES - Amount received from charges imposed for the use of the library's computers.

CODE**REVENUES**

- 379 OTHER SERVICE FEES - Amounts received from other service fees not classified above.
- 380 OTHER REVENUES - Amounts earned or charged by the local government for purposes other than those already described above. Do not use this code if codes 381-389 are utilized.
- 381 INTEREST INCOME - Amount earned on investments held by the local government.
- 382 RENTAL INCOME - Amount received from the rental of fixed assets owned by the local government.
- 383 DONATIONS - Amount received from gifts or contributions from groups, individuals or corporations.
- 384 MEMORIALS - Restricted amount received from gifts or contributions from groups, individuals or corporations.
- 385 CEMETERY LOT SALES - Amount received from the sale of cemetery lots.
- 389 MISCELLANEOUS INCOME - Amounts received from all other sources not classified above.
- 390 OTHER FINANCING SOURCES - Amounts received from a non-revenue source such as the sale of fixed assets or a transfer. Do not use this code if codes 391-399 are utilized.
- 391 PROCEEDS - BOND SALES - Amount received from the sale of general obligation bonds or revenue bonds.
- 392 PROCEEDS - FIXED ASSET SALES - Amount received from the sale of property owned by the local government.
- 393 INTERGOVERNMENTAL AGREEMENT - Amount received from a contractual agreement with another governmental unit.
- 399 INTERFUND OPERATING TRANSFER - Amount received by a permanent transfer of equity from one fund to another fund. Identify the transferring fund.

CODE**EXPENDITURES / EXPENSES**

- 400 PERSONNEL - This group of codes records expenditures / expenses for salaries, wages, pension contributions, employee benefits, insurance and other related personnel costs.
- 410 SALARIES - Amount paid for all personnel services rendered. Do not use this code if codes 411-419 are utilized.
- 420 SALARIES - EMPLOYEES - Amount paid for all employee salaries and wages. Do not use this code if codes 421-429 are utilized.
- 421 SALARIES - REGULAR - Amount paid for regular personnel services rendered.
- 422 SALARIES - TEMPORARY - Amount paid for temporary personnel services rendered.
- 423 SALARIES - OVERTIME - Amount paid for all hours worked in excess of a regular working cycle, normally 40 hours per week.
- 424 SALARIES - VACATION PAY - Amount paid as a lump sum payment for vacation days upon termination or retirement from the local government.
- 425 SALARIES - SICK PAY - Amount paid as a lump sum payment for unused sick days upon termination or retirement from the local government.
- 430 SALARIES - ELECTED - Amount paid to elected officials for performance of their duties.
- 450 INSURANCE BENEFITS - Amount paid for all employee insurance benefits. Do not use this code if codes 451-459 are utilized.
- 451 HEALTH INSURANCE - Amount paid as the employer contribution to an approved health plan, including dental coverage.
- 452 LIFE INSURANCE - Amount paid as the employer contribution to an approved life insurance plan.
- 453 UNEMPLOYMENT INSURANCE - Amount paid as the employer contribution for unemployment insurance coverage.
- 454 WORKER'S COMPENSATION - Amount paid as the employer contribution for worker's compensation insurance premiums.
- 460 PENSION BENEFITS - Amount paid for all employee pension benefits. Do not use this code if codes 461-469 are utilized.
- 461 SOCIAL SECURITY CONTRIBUTION - Amount paid as the employer contribution to the Social Security Administration.
- 462 MEDICARE CONTRIBUTION - Amount paid as the employer contribution to Medicare.
- 463 RETIREMENT CONTRIBUTION - Amount paid as the employer contribution to the Illinois Municipal Retirement Fund.

CODE**EXPENDITURES / EXPENSES**

- 470 OTHER BENEFITS - Amount paid for all other employee benefits. Do not use this code if codes 471-479 are utilized.
- 471 UNIFORM ALLOWANCE - Amount paid for uniforms, special clothing and other related costs. Includes clothing allowance and uniform rental.
- 472 AUTOMOBILE ALLOWANCE - Amount paid to local governmental officials and employees for use of their personal vehicle while on official business.
- 500 CONTRACTUAL SERVICES - This group of codes record expenditures / expenses for services other than personnel services which are required by the local government in the administration of its assigned functions or which are legally or morally obligatory on it.
- 510 MAINTENANCE SERVICES - Amount paid for all contracted maintenance services. Does not include maintenance supplies or work performed by local governmental employees. Do not use this code if codes 511-529 are utilized.
- 511 MAINTENANCE SERVICE - BUILDING - Amount paid for maintenance of local governmental buildings; including labor, materials, plumbing, electrical, etc.
- 512 MAINTENANCE SERVICE - EQUIPMENT - Amount paid for maintenance of local governmental equipment such as office machines, desks, fans, air-conditioner, salt spreader, movie camera, recorder, VCR and other related costs; including labor and materials.
- 513 MAINTENANCE SERVICE - VEHICLE - Amount paid for maintenance of local governmental vehicles such as automobiles, trucks, tractors, sweepers, graders and other related costs; including labor and materials.
- 514 MAINTENANCE SERVICE - STREET - Amount paid for maintenance of local governmental streets; including labor and materials.
- 515 MAINTENANCE SERVICE - UTILITY SYSTEM - Amount paid for maintenance of local governmental utility systems such as water, sewer, electric, gas, etc.; including labor and materials.
- 516 MAINTENANCE SERVICE - SNOW REMOVAL - Amount paid for maintenance of snow removal; including labor and materials.
- 517 MAINTENANCE SERVICE - GROUNDS - Amount paid for maintenance of local governmental grounds; including labor and materials.
- 529 MAINTENANCE SERVICE - OTHER - Amount paid for maintenance of other local governmental services; including labor and materials, not classified above.
- 530 PROFESSIONAL SERVICES - Amount paid for all contracted professional services. Do not use this code if codes 531-549 are utilized.
- 531 ACCOUNTING SERVICE - Amount paid for contracted accounting services such as auditing, bookkeeping, and other related functions.

CODE**EXPENDITURES / EXPENSES**

- 532 ENGINEERING SERVICE - Amount paid for contracted engineering advice or service.
- 533 LEGAL SERVICE - Amount paid for contracted legal advice or service. Does not include a salaried local governmental attorney.
- 534 MEDICAL SERVICE - Amount paid for contracted medical services not covered by insurance.
- 535 ARCHITECTURAL SERVICE - Amount paid for contracted architectural service.
- 536 JANITORIAL SERVICE - Amount paid for contracted janitorial service.
- 537 DATA PROCESSING SERVICE - Amount paid for contracted data processing advice or service.
- 549 OTHER PROFESSIONAL SERVICES - Amount paid for other contracted professional services not classified above.
- 550 COMMUNICATIONS - Amount paid for all contracted communication services or aid. Do not use this code if codes 51-559 are utilized.
- 551 POSTAGE - Amount paid for postal related services such as stamps, cards, amount due, etc.
- 552 TELEPHONE - Amount paid for telephone and telegraph charges.
- 553 PUBLISHING - Amount paid for public notices, ads, ordinances, etc.
- 554 PRINTING - Amount paid for the printing of forms, notices, catalogs, pamphlets, letterheads, bulletins, books, cards, envelopes and manuals. Does not include work performed by local governmental employees.
- 555 MICROFILMING - Amount paid for contracted microfilming service.
- 556 DISPATCHING - Amount paid for contracted dispatching service.
- 560 PROFESSIONAL DEVELOPMENT - Amount paid for all contracted expenses related to the development of local governmental employees in performance of their duties. Do not use this code if codes 561-569 are utilized.
- 561 DUES - Amount paid for membership in professional organizations.
- 562 TRAVEL EXPENSES - Amount paid for travel related costs such as mileage, meals, lodging, etc., by local governmental officials and employees on official status.
- 563 TRAINING - Amount paid for training related costs such as registration, fees, tuition, etc., by local governmental personnel for professional development.
- 564 TUITION REIMBURSEMENT - Amount paid for accredited course costs such as registration, books, fees, etc., taken by local governmental personnel.
- 565 PUBLICATIONS - Amount paid for magazines, maps, etc.

CODE**EXPENDITURES / EXPENSES**

- 570 SERVICE CHARGES - Amount paid for all contracted expenses related to service charges. Do not use this code if codes 571-579 are utilized.
- 571 UTILITIES - Amount paid for heat, light, water, power, sewer, gas, etc. Does not include telephone and street lighting.
- 572 STREET LIGHTING - Amount paid for street lighting.
- 573 GARBAGE DISPOSAL - Amount paid for contracted trash removal.
- 574 LANDFILL CHARGES - Amount paid for the dumping of refuse.
- 575 WATER PURCHASES - Amount paid for the purchase of water for resale.
- 576 ELECTRIC PURCHASES - Amount paid for the purchase of electricity for resale.
- 577 SEWER CHARGES - Amount paid for the treatment of sewage.
- 579 OTHER SERVICE CHARGES - Amount paid for other service charges not classified above.
- 590 OTHER CONTRACTUAL SERVICES - Amount paid for all other contracted expenses. Do not use this code if codes 591-599 are utilized.
- 591 LIABILITY INSURANCE - Amount paid for liability insurance premiums.
- 592 GENERAL INSURANCE - Amount paid for insurance premiums on fire, theft, etc. Does not include codes 451, 452, 453, 454, 591, 593.
- 593 RISK MANAGEMENT CONTRIBUTION - Amount paid as a contribution to a bona fide insurance group for coverage of worker's compensation, liability, fire, theft, etc. Do not use code if codes 454, 591, 592 are utilized.
- 594 RENTALS - Amount paid for rent or lease of equipment, vehicles, land, buildings, etc.
- 600 COMMODITIES - This group of codes records the use of supplies and articles which are consumed or materially altered when used.
- 610 MAINTENANCE SUPPLIES - Amount paid for all supplies used by local governmental personnel to perform maintenance and repair functions. Do not use this code if codes 611-629 are utilized.
- 611 MAINTENANCE SUPPLIES - BUILDING - Amount paid for materials to repair local governmental buildings.
- 612 MAINTENANCE SUPPLIES - EQUIPMENT - Amount paid for materials to repair local governmental equipment.

CODE**EXPENDITURES / EXPENSES**

- 613 MAINTENANCE SUPPLIES - VEHICLE - Amount paid for materials to repair local governmental vehicles.
- 614 MAINTENANCE SUPPLIES - STREET - Amount paid for materials to repair local governmental streets and roads.
- 615 MAINTENANCE SUPPLIES - UTILITY SYSTEM - Amount paid for materials to repair local governmental utility systems.
- 616 MAINTENANCE SUPPLIES - SNOW REMOVAL - Amount paid for snow removal materials. Example: salt, sand, cinders, etc.
- 617 MAINTENANCE SUPPLIES - GROUNDS - Amount paid for grounds upkeep. Example: chemicals, dirt, grass, etc.
- 629 MAINTENANCE SUPPLIES - OTHER - Amount paid for materials to repair other local governmental property not classified above.
- 650 GENERAL SUPPLIES - Amount paid for all costs related to a consumable commodity, not associated with maintenance. Do not use this code if codes 651-669 are utilized.
- 651 OFFICE SUPPLIES - Amount paid for envelopes, pens, pencils, legal pads, scotch tape, stencils, paper clips, etc.
- 652 OPERATING SUPPLIES - Amount paid for all operational supplies such as agricultural, drugs, laboratory, firearms, traffic control, recreational, etc.
- 653 SMALL TOOLS - Amount paid for hammers, shovels, saws, etc.
- 654 JANITORIAL SUPPLIES - Amount paid for cleaning and sanitation supplies such as floor wax, paper products, disinfectants, etc.
- 655 GASOLINE - Amount paid for gasoline used in local governmental vehicles.
- 656 DIESEL FUEL - Amount paid for diesel fuel used in local governmental vehicles.
- 657 LUBRICANTS - Amount paid for lubricants such as oil, grease and related expenses used in local governmental vehicles.
- 658 CHEMICALS - Amount paid for chemicals to treat local governmental utility systems.
- 659 LIBRARY SUPPLIES - Amount paid for all library supplies such as book jackets, pockets, inserts and other related library supplies.
- 670 PRINT MATERIALS - Amount paid for all costs related to books, periodicals, micro forms, pamphlets, government documents, Braille materials, etc. Do not use this code if codes 671-679 are utilized.

CODE**EXPENDITURES / EXPENSES**

- 671 BOOKS - Amount paid for all books.
- 672 PERIODICALS - Amount paid for subscriptions to publications appearing at regular or stated intervals; e.g. a magazine or newspaper.
- 673 MICRO FORMS - Amount paid for costs related to photographic reproductions of textual, tabular or graphic materials reduced in size so that it can be used only with micro form reading equipment for magnification; i.e. microfilm, microfiche, microcards.
- 679 OTHER PRINT MATERIALS - Amount paid for other print materials not classified above.
- 680 NON-PRINT MATERIALS - Amount paid for all costs related to all audio, films / video (see 681, 682, computer software, framed pictures, sculpture). Do not use this code if codes 681-689 are utilized.
- 681 AUDIO - Amount paid for materials on which sounds (only) are stored or recorded and can be played back mechanically or electronically, or both. Includes audiocassettes, audio cartridges, audio disks, audio tapes, audio reels, talking books, records, tape cassettes, and other sound recordings; excludes sound CD-ROM's.
- 682 FILMS / VIDEO - Amount paid for materials on which pictures, sound, or both are recorded. (Includes motion pictures, filmstrips, slides and video cassettes; excludes videodisks and compact disks).
- 683 ELECTRONIC FORMATS - Amount paid for materials purchased or leased, including media such as compact disks (CD-ROM's), magnetic tapes, magnetic disks, digital videodisks that are designed to be processed by a computer or similar machine.
- 684 MICROCOMPUTER APPLICATION/SYSTEM SOFTWARE - Amount paid for operating systems and interface software such as DOS and Windows; and applications software such as word processors, spreadsheets, circulation control systems, etc.
- 689 OTHER NON-PRINT MATERIALS - Amount paid for any expenditures/expenses not classified above, such as framed pictures, sculpture, etc.
- 700 DEBT SERVICE - This group of codes record all interest and principal payments on general long-term obligations and interest applicable to other debt instruments.
- 710 PRINCIPAL PAYMENT - Amount paid for principal payment on bonds, contracts, etc.
- 720 INTEREST EXPENSE - Amount paid for charges on borrowed funds at an agreed rate.
- 730 FISCAL AGENT FEES - Amount charged as a transaction cost on borrowed funds.

CODE**EXPENDITURES / EXPENSES**

- 800 CAPITAL OUTLAY - This group of codes record all costs associated with the acquisition or additions to fixed assets. Expenditures are for land or existing buildings, improvements of grounds, construction of buildings, additions to buildings, remodeling of buildings, initial equipment, additional equipment, and replacement of equipment. Assets acquired should have a life span of two or more years, at a cost of around \$500.00. Improvements must extend the life of an asset significantly to be classified as a capital improvement. Expense amounts should be transferred to an appropriate asset account at the end of the fiscal year.
- 810 LAND - Amount paid for the acquisition of land.
- 820 BUILDINGS - Amount paid for the acquisition and improvements to local governmental buildings.
- 830 EQUIPMENT - Amount paid for the acquisition of equipment such as office machines, shop equipment, fans, recorders, air-conditioners, salt spreaders, recorders, movie projectors, VCR and other related costs.
- 840 VEHICLE - Amount paid for the acquisition of vehicles such as automobiles, vans, trucks, tractors, sweepers, graders and other related costs.
- 850 UTILITY SYSTEM - Amount paid for the acquisition of physical property for new or existing utility systems. Example: well, water tower, mains, sewer lines, lift stations, treatment plant, water plant, etc.
- 860 STREETS / ROADS - Amount paid for the acquisition and improvements to local governmental streets and roads.
- 870 FURNITURE - Amount paid for the acquisition of furniture such as tables, desks, chairs, etc.
- 890 OTHER IMPROVEMENTS - Amount paid for the acquisition of other improvements not listed above such as streets, sidewalks, curbs, culverts, parking lots, fencing, bridges, etc.
- 900 OTHER EXPENDITURES / EXPENSES - This group of codes records all other costs not previously classified.
- 910 OTHER EXPENDITURES - Amount paid for all costs related to miscellaneous charges. Do not use this code if codes 911-929 are utilized.
- 911 COMMUNITY RELATIONS - Amount paid for expenses related to the betterment of the community.
- 912 STATE / FEDERAL PERMIT FEES- Amount paid for permits to be in compliance with the National Pollutant Discharge Elimination System.
- 913 LIBRARY REPLACEMENT TAX - Amount paid to the library as its share of Personal Property Replacement Tax.
- 929 MISCELLANEOUS EXPENSE - Amount paid for other goods and services not previously classified.

CODE

EXPENDITURES / EXPENSES

- 950 OTHER FINANCING USES - Amount paid for all costs associated with equity transfers and noncash transactions.
- 951 DEPRECIATION - Amount charged as an expense for an expired portion of a fixed asset. Proprietary funds only.
- 953 INTERGOVERNMENTAL AGREEMENT - Amount paid as a contractual agreement with another governmental unit.
- 999 INTERFUND OPERATING TRANSFER - Amount of permanent transfer between funds.

MUNICIPAL FINANCE SERIES

OFFICE OF LOCAL GOVERNMENT MANAGEMENT SERVICES

MUNICIPAL BUDGET OFFICER

The provisions of the Municipal Budget Officer are found at 65 ILCS 5/8-2-9.1 through 5/8-2-9.10 and offer an alternative to the appropriations procedure most Illinois municipalities operate under. The adoption of a Municipal Budget Officer is a very useful alternative for cities and villages to manage the municipal budgetary process.

ADOPTION AND APPOINTMENT OF BUDGET OFFICER

The Budget Officer procedure is adopted by a 2/3 vote of the city council. Upon successful adoption, the mayor appoints a budget officer with the approval of the rest of the board. The budget officer can be an existing city employee or an elected official. Under the provisions of 65 ILCS 5/8-2-9.1, the Budget Officer can receive compensation for both offices if the person is already an employee or an elected official. However, if an **elected** official is appointed Budget Officer, your city attorney should carefully review that provision and give an opinion as to whether it is in conflict with Article 7, section 9 of the Illinois Constitution that prohibits an increase in salary during the term of office.

RESPONSIBILITIES OF BUDGET OFFICER

The Budget Officer is given considerable authority to establish the city's financial management system. This includes establishing the following: all budget procedures and format, auditing procedures, financial reports, the accounting system and any other financial procedures affecting any commission, department or board. To carry out this broad grant of authority, the Budget Officer is given complete access to all city records.

Under Section 5/8-2-9.3, the Budget Officer is charged with the responsibility of compiling the budget for the entire municipality. Of course, it may be modified by the board before its adoption.

This section also sets out the basic requirements of the Chart of Accounts and the budget format, which must be followed by the Budget Officer. The Chart of Accounts must meet certain standards - such as being in substantial conformance with a chart of accounts recommended by the "Division of Local Governmental Affairs and Property Taxes of the Department of Revenue" or its successor agencies. Please note that DCEO is the successor to that agency. Section #9 of the publication entitled the *Municipal Finance Series*, shows the recommended Chart of Accounts, (Our recommended budget format is shown in Section #3).

The budget should contain historic data for comparison to the upcoming budget year. Data must be shown for: (1) the last completed year; (2) for the current year not yet completed and; (3) the upcoming budget year. This enables the governing board to see how revenues and expenditures are changing over time. (See pages 3-4 through 3-14 of the *Municipal Finance Series* for the format.)

HEARING REQUIREMENTS AND ADOPTION OF BUDGET

Under the Budget Officer procedures, the budget serves as the legal document for spending as well as the financial plan. As a result, an appropriation ordinance is not necessary. A budget hearing and published notice is required. The adoption of the budget **must** take place before the start of the fiscal year. This is unlike the appropriation ordinance that may be adopted as late as three (3) months into the year. This is an important point for it means that the city will have financial control right from the start of the fiscal year.

The board must make the proposed budget available for public inspection by publishing it in its journal of proceedings at least ten (10) days before its adoption. (This does not require the budget itself to be published in a newspaper.) Not less than 1 week after publication, the board must hold a hearing on the budget. An announcement of the hearing must be published in a newspaper having general circulation in the city, at least 1 week before the hearing.

The Budget Officer's provisions enable the budget to be revised at any time during the year by a 2/3 vote of the board.

ADVANTAGES OF THE BUDGET OFFICER PROCEDURE

The Budget Officer procedure is a very good system for the following reasons:

1. The budget must be adopted before the fiscal year begins;
2. The budget requires historical data for comparison purposes;
3. The budget can be changed during the fiscal year to meet changing conditions;
4. It allows a 10% contingency amount to meet unforeseen events -- but spending is subject to the approval of the board.

In some circumstances, the Budget Officer procedure may limit the ability of a municipality to obtain all of the property taxes which could result from an increasing equalized assessed valuation. This may be the reason the Budget Officer procedure has not been more widely adopted. The budget is the current spending plan for the fiscal year. The tax levy is the document requesting property taxes in the following year and must be based on the current year budget. This peculiarity limits the amount of property taxes that can be authorized in the tax levy. Although the levy will provide revenue in the next fiscal year, the amount of property taxes received next year is limited to the amount of property taxes identified in the current year budget. This may not be a major problem for communities that are not greatly dependent upon property taxes, such as cities that receive a generous amount of sales tax revenue. Otherwise, any increase in the tax levy would have to be made after the budgeted amount was increased in the following year.