

FRANKFORT SQUARE PARK DISTRICT  
SPECIAL BOARD MEETING  
OCTOBER 21, 2021

The following are Minutes of a special meeting of the Frankfort Square Park District Board of Commissioners held at the Park District Administration Building, 7540 W. Braemar Lane, Frankfort, Illinois.

I. Call to Order

The Meeting was called to order at 5:30 p.m.

II. Pledge of Allegiance

III. Roll Call

Present were: Ken Blackburn, Frank Florentine, Brian Mulheran, and Joe Vlosak. Craig Maksymiak arrived at 5:42 p.m.

Attending via audio conference was: Denis Moore

Also in attendance were Park District staff: Sue Baker, Jim Randall, Ed Reidy, and Audrey Marcquenski.

Absent was: Dave Macek

IV. Public Input

No members of the public were present for input.

V. Legal Report

Jim Randall introduced Attorney, Jim Rock of Ancel Glink, noting the Park District has had a long and positive relationship with Mr. Rock over the years. He is not only an attorney, but is also a CPA that has worked at school districts and park districts.

Mr. Rock was invited to provide the following review of Park District finances, focusing on the levy and budget and appropriation (budget) ordinances.

The budget process never stops, beginning with early discussions, planning for the upcoming year, addressing all the required legal steps to adopt the budget, and the remainder of the year is spent implementing the plan, moderating expenses, making adjustments, and prior to the end of the fiscal year, the process begins again.

Property Tax Levy Ordinance

The levy and the budgets are not the same. The levy generates the revenues, and the budget includes the revenue projections and also provides the guidance for expending the funds that are received.

Property taxes are the single largest source of funds for operations. The levy is completed according to the calendar year, and the budget is completed according to the fiscal year.

Another difference between the ordinances is the level of detail. The budget needs to be easily understood, giving the public a clear understanding about how their tax dollars are expensed, while the levy requires less detail.

The levy is an ordinance that allows you to collect property taxes for the specific uses of each of the District's funds.

The primary source of authority for property tax levies, the amount and maximum allowable rate, is contained in the Park District Code.

There are limitations as to how much property tax can be collected per the Property Tax Code.

The Property Tax Extension Limitation Law (PTELL) caps the amount of taxes that can be levied. Not all are subject to the tax cap, i.e. special recreation and debt service funds. Corporate, Recreation, Liability, Audit, Social Security, and Paving and Lighting funds all fall under the tax cap.

The tax cap is part of the Property Tax Code that was established to give voters greater control over the rate of growth of property tax uses in non-home rule units of government, of which the Park District falls under.

The tax cap operates by reference of the Consumer Price Index (CPI), but that is not the only factor.

All new taxes, taxes for a fund not previously levied, i.e. a museum tax, must be approved by referendum.

PTELL limits the growth of the District's tax rate to the lesser of 5%, or the percentage increase of the CPI for the year preceding the levy.

Since the tax cap was adopted in 1991, there has not been a tax cap of 5%, it has been historically lower, mostly in the 2%-3% range. The 2021 change is likely to be more than 5% for the first time since 1991. An indicator of the level of inflation is the increase in Social Security benefits to 5.9% based on this year's inflationary rate, which may indicate that next year's CPI may be above 5%. It may allow the Park District to levy higher based on the CPI, however it cannot keep up with inflation, as the District cannot levy above 5%. We will know the number by December, 2021 or January, 2022, and can plan accordingly for the next year.

Jim Randall noted that our District passed a corporate increase rate, and though voters approved the increase, it degrades with the tax cap.

Mr. Rock noted that one thing that allows us to go beyond the increase in the CPI is to add the value of new construction to the District's EAV.

Mr. Rock asked if there were any Tax Increment Financing Districts in our borders. Jim Randall provided detail on potential TIFs for new growth within our District, Amazon in Matteson, and the proposed development along Harlem Avenue in Tinley Park. The whole eastern portion of the District could equate to 20-25% increase in the Park District's EAV over the next five years.

When the District shows a large percentage increase in its levy, Mr. Randall noted that it is to ensure the District takes advantage of new growth. It must levy above 105%, and if levying at 103%, the District would lose 2%. By levying at a high rate, we take into account any new growth, a cost that is not passed on to taxpayers.

Mr. Rock recommended calling Will and Cook County once a year to check on expiration dates of TIFs. Expiring TIFs are treated like new construction, if not captured, they are gone forever.

A preliminary rate is established based on the levy, and includes CPI, increase in new construction, and expiring TIFs to determine the limited rate. If our initial rate exceeds the limiting rate, they peel back how much tax they want to extend on our behalf. As Mr. Randall noted, we are going to levy based 46% more than was collected the previous year. With big developments, we may see an increase, and wish to capture all the money we can by levying at a high rate. If our levying rate exceeds the extension rate, the Levy Direction Ordinance that is considered with the Tax Levy Ordinance, provides the Will and Cook County Clerk's Offices with instruction on how to reduce the funds. The Counties then establish the extension for the District and prepare the property tax bills. Per Jim Randall, we always keep flexibility in our Corporate or Recreation Fund, as it is less restrictive than any other fund, such as Paving and Lighting, as long as the limiting rate is not exceeded.

Excess accumulation addresses property tax rate objections. It is an area of practice of the law that focuses on tax rate objections. Initially, large corporations were represented in these objections, but over the last few years, homeowners have been included in tax objection suits. Typically, attorneys look at all the units of local governments in the community, reviewing their audits, financial statements, budget and appropriation ordinances and levy ordinances. The fund most attacked has been the Liability Fund which is supposed to be used for risk management and insurance payments. They also attacked the amount of fund balances in a particular fund compared to the amount an agency levies. The rule of thumb is to keep fund balances to an amount that does not exceed 2.5 times the average expenditures for the prior three years. Excess funds can accumulate in Special Recreation Funds to be expensed over a period of time, and a plan must be in place that details all ADA projects necessary for compliance. Districts can also adopt an ordinance or resolution reflecting the amount of money it plans to spend over the next few years to show a considerate action is in place for any of its funds.

Jim Randall noted the Park District pays for ADA projects out of its Corporate Fund, then excess revenue in Special Recreation Funds repays Corporate.

#### Referenda

A referendum can increase an agency's limiting rate by four years at a time during periods of high growth or increase extension limitation (tax cap) for any number of years during slow growth periods. The Park District has no plans to do this in the near future.

Changes increasing Corporate and Recreation Fund limits would allow money to flow between funds from year to year, and referendum language could provide flexibility to do so.

#### Truth in Taxation Act

The process begins by estimating the amount of taxes and the aggregate increase includes everything but Debt Service and Special Recreation. If increasing over 105% from previous year's extension, a public hearing on the increase must be held, and notice of the hearing must be published no less than 7 days and no more than 14 days prior to the date of the hearing.

The estimate of aggregate needs to be made twenty days in advance of adoption of levy.

There are no statutory requirements for the hearing, it is simply meant to provide residents with an opportunity to ask questions about the levy.

The levy must be filed by the last Tuesday of December. If failing to file the levy on time, the District would not receive any property taxes for that year.

If the levy is passed and a mistake is found, it is possible to hold a special meeting to amend the levy.

#### Budget

The budget is a tool meant to help control spending plans and measure revenues.

The budget should be transparent, giving the public a clear understanding of how their money is being used, whether through property taxes or user fees.

All staff should contribute towards the development of the budget.

#### Budget and Appropriation Ordinance

The budget and appropriation ordinance is a legal document that details how collected funds, whether taxes or fees, are to be expended.

It is presented as two columns, with the first column reflecting the actual budget the plan for the year, and the second column detailing the appropriation or the legal limit of what can be expended per fund.

Similar to the levy ordinance, the budget and appropriation ordinance requires a public hearing and a notice must be posted at least one week earlier, but there is no precise window of publication.

It has to be adopted and filed with the County Clerks before the end of the first quarter of the fiscal year. If not doing so, the District could be subject to legal attacks by taxpayers for expending funds without prior authorization.

Unexpected revenue, such as a grant or donation, can result in extra expenditures. The legislature established a way to do so. In order to amend the budget and appropriation ordinance, agencies must follow all the same procedures, make available for observation, publish notice of hearing and adopt. Funds can also be transferred within line items in a fund. If exceeding amount of expenditures that were appropriated, legal counsel can help determine the best method to address the issue.

#### Financial Reports & Audits

When spending more than \$850,000 in a single year, an audit and State Comptroller's Report must be completed and filed within six months of the end of the fiscal year.

The audit is filed with the County Clerks, and the Comptroller's Report is filed with the State's Comptroller's Office.

The Public Funds Statement Act report had to be published in the newspaper and was an expensive publication cost. The legislature, effective 10 years ago, allows agencies to publish notice of availability of audit. It's a shorter notice and is less costly, stating that the audit is complete and is available for anyone that wants to see it.

#### IAPD Legal Calendar

Jim Rock reviewed IAPD calendar actions the District is required to complete on an annual basis.

#### Questions

Director, Audrey Marcquenski asked for clarification on the difference between ordinances and resolutions.

Mr. Rock stated that it depends on the language in the statute. Some actions must be done by resolution, some must be done by ordinance per the Park District Code. The affect is the same as they are legally binding actions of the Board whether a resolution or an ordinance.

Commissioner, Frank Florentine asked: What is the responsibility of the Board official? Is it to hold the District accountable?

Jim Rock replied that the staff is responsible to manage financial matters, but Board Members should understand the procedural parts of all actions.

Commissioner, Craig Maksymiak also stated that the Board is ultimately responsible, but the Board hires the staff to manage all the financial matters.

Jim Randall noted we do a lot of things historically, but brought Jim Rock in to ensure more would be aware of all necessary actions.

Commissioner, Denis Moore asked what makes a good Board Member, and in particular, what is required to being good stewards of tax payer dollars. Jim Rock noted Board Members have a responsibility to tax payers to carefully look at all information provided, read Board packets, and to ask questions. Board Members should learn how money is being spent. They should understand all issues, participate in discussions, and understand their role. It's good to ask questions and be informed, but their role is not to be involved in the day-to-day operations of the District. The Board and staff should work together to establish a budget, and staff are required to fulfill all expectations. Policy should then be established, based on staff recommendations, and the Board should expect staff to meet the goals, objectives, and mission of the District. Mr. Rock will forward an IAPD document that details Board Member responsibilities.

Jim Randall noted it was a worthwhile meeting and he appreciated Jim Rock's presentation and Board Member participation.

VI. Adjournment

Joe Vlosak made Motion 21-1679 to adjourn the special meeting at 7:05 p.m. Craig Maksymiak seconded. Motion carried in a vote by voice.

Respectfully submitted:  
Linda Mitchell