

Taxpayer to Taxpayer

Vol 8 - Issue 1

In My Opinion

February 2, 2018

Do They Think We Are Fools? Worse yet, Are We???

If you have been paying attention to the McHenry County Board's 2018 budget work, it would be very easy to be totally confused by their actions.

For the better part of 2017, we were told the budget goal was to "cut 10." They were going to reduce the amount of money they would take in taxes by 10%. What a great idea!

In the end, they are claiming to have reduced the levy by 11.2%

Sounds great doesn't it?

Folks, the levy is not being reduced.



Outlined below you will see where they shuffled expenses out of one fund... moving them to other revenue sources to claim "reductions" by using unspent 2017 money, cash reserves, claimed reductions for spending that was not needed or was budgeted only to be claimed as reductions, etc, etc.

Chart # 1 (below) – is taken from the 2018 budget/levy documents, note specifically, the column labeled... "Suggested Reductions By Levy." From this chart, our discussion isolates on the "General Fund" line item. This line item is expanded in Chart 2 showing what makes up the \$5,030,000 in General Fund reductions they plan to "abate."

Breakdown of the General Fund reductions:

(1) Top on the abatement list: \$2,800,000 - "Capital Projects." Interestingly, the 2018 Budget Summary line item indicates "0" dollars for Capital Expenditures. Curiously, less than a month later, they come back with a "Resolution-Supermajority" (12/12/17 County Board Agenda: item #13.3) transferring \$2,800,000 from "Fund Balance Enhancement" to account for

\$2,800,000 General Fund Capital Improvements Projects.

(2) Pulled from the 2018 Budget Expense dollars, are four "Debt Certificates" showing more than \$1,200,000. Interestingly, discussion indicated that some of these expenses are paid off in the 2017 budget. Also, the quickly glossed over discussion pointing out that in 2018, "only interest" would be paid on others. Numerous questions surround these reductions.

(3) Two "Cross charges" of \$80,000+ and "Treasurer Employee to Automation Fund" dollars are being abated. It appears these expenses are moved out of the General Fund "levy" to "other revenue sources (levies)." The expense is still there.

(4) "Unused Budget Reductions" for \$1,090,000: In this line-item, they're telling us that expenses approved in the 2017 budget, will not be used in that budget year. This means they did not, nor do they intend to use these dollars for last minute 2017 expenses, claiming them as levy reduction/abatement for 2018.

Of the remaining +/- \$2,980,000 in their suggested abatements;

(1) \$1,512,600 comes from levies controlled by "other," independent taxing bodies, not the county board;

(2) They budget \$1,250,000, then claim a \$999,929 reduction in the "Liability Insurance Fund." This fund is designated to pay settlements for lawsuit/employee cases. This fund has been over levied for years and should have never been budgeted in the first place.

(3) \$467,478 is reducing the county's obligations for Social Security and retirement funding. One could question this as union contracts continue to grow, compounding year after year. Logic should conclude reducing these funds would lead to trouble.

In summary: When "Ad hoc" Committee Member, Nowak, asked if these reductions were sustainable... Finance & Audit chair Skala simply said "NO." "None of the reductions are sustainable... nor, do they actually reduce your taxes as they are protecting the "levy."

"True reductions would have decreased the Levy by the \$8,009,468." The dollar amount levied for 2018 is \$79,849,078. The 2017 Levy was \$79,424,078.

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Accessing County Board Information:

Go to McHenry County's website at www.mchenry.co.il.us and click on "County Meetings" at the top of the page. All agendas and committee "packets (supporting documents & minutes)" can be viewed.

Ersel will be on the March 20, 2018 Primary ballot for the McHenry County Board Dist. 6: Get to know Ersel. Contact her at 815-338-2207; at ersel@sbcglobal.net or go to her website at... www.electschuster.com or www.taxpayertotaxpayer

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Simply put, these claimed levy reduction are nothing more than shuffling and/or kiting the 2018 expenses, using a technicality called "abatement" to allow them to make their claims and avoid the true effect of lowering the levy.

To that end, and prior to final budget/levy approval at the November 2017/18 County Board Meeting, members were assured by Finance & Audit Committee Chair Skala, that to accomplish the promised levy reductions, "Cut 10," he, Skala, had personally check with the IL Dept. of Revenue to be able to say that their "abatement" plan was "OK."

Were they honest with themselves, and the taxpayer, they would have made true cuts to actual expenses (cost of government) so they could, in good conscience, claim true reductions in our taxes.

Members made several comments expressing concern over the 2019 budget process because they have now set themselves up for a very difficult situation with the 2019 budget.

All 24 of our county board members voted YES... falling for the smoke and mirrors scheme to claim they cut the levy by 11.2%!.

Chart # 1 (Text & numbers are taken from the APPROVED 2018 Budget/Levy)

Now, therefore be it resolved, by this county board of McHenry County, Illinois that the property taxes theretofore levied for fiscal year 2017-2018 in Ordinance xxxxx- xx-xx-xxx in the amount of \$79,849,078 for general operation and Capital projects be hereby educed by \$8,009,458 through the tax abatement process as follows:

| FY 2018 (FINAL-APPROVED) | AMOUNT LEVIED | AMOUNT TO BE ABATED | AMOUNT TO BE LEVIED |
|--------------------------------|------------------|------------------------|------------------------|
| Tax Levy Fund | | | |
| General Fund | \$ 44,831,303 | \$ 5,030,995 | \$ 39,800,308 |
| Veterans Asst. Commission Fund | \$ 400,000 | \$ 74,965 | \$ 325,035 |
| IL Municipal Retirement Fund | \$ 7,800,000 | \$ 150,000 | \$ 7,650,000 |
| Social Security Fund | \$ 4,000,000 | \$ 317,478 | \$ 3,682,522 |
| Highway Fund | \$ 6,455,268 | \$ 743,653 | \$ 5,711,615 |
| Matching Fund | \$ 1,807,507 | \$ 107,507 | \$ 1,700,000 |
| County Bridge Fund | \$ 500,000 | \$ 0 | \$ 500,000 |
| Mental Health (708) Fund | \$ 10,900,000 | \$ 500,000 | \$ 10,400,000 |
| TB Care & Treatment Fund | \$ 250,000 | \$ 74,941 | \$ 175,059 |
| Senior Services Fund | \$ 1,645,000 | \$ 0 | \$ 1,645,000 |
| Liability Insurance Fund | \$ 1,250,000 | \$ 999,929 | \$ 250,071 |
| Valley Hi Enterprise Fund | \$ 10,000 | \$ 10,000 | \$ 0 |
| Totals | \$ 79,849,078 | \$ 8,009,468 | \$ 71,839,610 |

Chart # 2 (NOTE: The following numbers reflect a "worksheet" and differ from the final "General Fund" approved reduction numbers by \$160,064.)

General Fund: **Preliminary DRAFT - AMOUNT TO BE ABATED**

| | |
|----------------------------------|--------------|
| Capital Construction | \$ 2,800,000 |
| Series 2007-A Debt Certs | \$ 586,872 |
| Series 2010-A Debt Certs | \$ 16,450 |
| Series 2012-B Debt Certs | \$ 1,250 |
| Series 2015-A Debt Certs | \$ 568,400 |
| Treasurer Employee to Auto | \$ 48,000 |
| Treasurer Tech Cross Charge | \$ 18,782 |
| Circuit Clerk Tech. Cross Charge | \$ 61,305 |
| Unused Budget Reductions | \$ 1,090,000 |