



2015 Tentative Levy

November 17, 2015



2015 Levy Calendar

- | | |
|-------------------|--|
| October 20, 2015 | - Preliminary Levy Discussion |
| November 17, 2015 | - Tentative Levy Approval for Publishing with Notice of Hearing Date |
| December 3, 2015 | - Levy Request & Hearing Date Published |
| December 15, 2015 | - Levy Hearing & Final Adoption |



Terms & Definitions

- Levy = Amount Requested by governmental entity to be raised from property taxes; required and regulated process to obtain tax revenues
- Extension = Actual amount billed to taxpayers in a district; revenue to entity
- EAV = Equalized Assessed Value of properties in a district as determined by local and county assessors



Terms & Definitions

- CPI = Consumer Price Indexed published by the federal government as a measure, per state school code, of annual inflationary impact on a district
- New Property = Property in the district that has been newly developed and initially assessed during the tax year



General Financial Impact

- School District – Property taxes generally represent in excess of 90% of annual revenues; they are the primary source of funding of public education in the state
- Taxpayer = Typically over 35% of the annual property tax bill represents property taxes requested by District 36



Tax Extension Formula; Simplified Example – A

(Decreased EAV Factor)

Levy Year	EAV (Assessor)	Tax Rate (Calc w/cap)	Extension (CPI)
Year 1	\$1,000,000	1.000	\$1,000,000
Yr 2 - <15% >EAV Step 1- EAV Calc	\$850,000	?	?
Yr 2 - +2% CPI Step 2- Ext'd Calc	\$850,000	?	\$1,020,000
Yr 2 –Incr Rate Step 3- Rate Result	\$850,000	1.200	\$1,020,000



Tax Extension Formula Impacts

- In most years the EAV of the district has increased and at an annual percentage rate higher than the increase in CPI.
- It appears that this is a trend that is beginning again.
- Effect of lowering the overall and by fund tax rates
- Under recent economic conditions the EAV of the district has declined and the tax rates have increased



Tax Extension Formula; Simplified Example – B

(Increased EAV Factor)

Levy Year	EAV (Assessor)	Tax Rate (Calc w/cap)	Extension (CPI)
Year 1	\$1,000,000	1.000	\$1,000,000
Yr 2 - +15% EAV Step 1- EAV Calc	\$1,150,000	?	?
Yr 2 - +2% CPI Step 2- Ext'd Calc	\$1,150,000	?	\$1,020,000
Yr 2 –Decr Rate Step 3- Rate Result	\$1,150,000	0.887	\$1,020,000



2015 Tax Levy Calculation

- Levy cannot exceed 5% or the prior year CPI (not including New Construction/New Property); “tax cap” legislation
- CPI is a primary factor in determination of Extension of property taxes



CPI - General Financial Impacts

- December 2014 CPI is used for 2015 Levy
- Rate published in January 2015
- Revenue based on December 2014 economy
- 2015 Levy finalized & submitted in December 2015
- Revenue received primarily for 2016-2017 school year



CPI - General Financial Impacts

- Historic 15 year Average CPI; **2.3%**
- Historic 15 year CPI;
Low is **0.1%** - - High is **4.1%**
- Historic 5 year CPI ; **1.7%**
- CPI for 2015 Levy; **0.8%**
- Current trend for December 2015 CPI; ~ **0.5% - 1.0%**
- Used for 2016 Levy



2015 Levy Factors

CPI

Known/Fixed

0.8%

EAV & New Property

Unknown/Uncertain

?



New Property Estimation Considerations

- District must Request additional taxes related to the new property/new taxpayers
- Amount for new property/new taxpayers is an Estimate at the time of the levy
(Estimated 2015 New Property is an average of the past 2 years; \$12.8 mil)
- Excess Request due to unknown factors, Avoids loss of available tax revenues



New Property Estimation Considerations

	Available	Request	Receive
A	\$500	\$300	\$300
B	\$500	\$700	\$500



2015 Request/Actual “Cap Funds” Levy Comparison

	Amount	Percentage Increase
Requested Levy (Published)	\$37,350,000	5.95%
Expected Levy Extension (Potential)	\$37,056,000	5.12%
Expected Levy Extension (Split of % increase)	New Construction/Property 1.11%	Existing Taxpayer 4.01% *

* Individual taxpayer effect subject to EAV distribution



2015 Levy; Unique Factors

- Normal Base extension is the prior year's; 2014
- Since the 2014 extension was less than 2013, the 2013 vs the 2014 extension can be and is used as the Base for the 2015 Levy
- Use of 2013 Base results in a higher tax rate increase for existing taxpayers than 0.8% CPI
- CPI and higher District revenue to address potential state impacts and facility needs



2015 Levy; Unique Factors

- District intends to abate a portion of 2015 taxes in March 2016 if contingency resolutions are favorable
- Effect would be to reduce the 2015 tax increase
- Objective; prudently balance district and taxpayer interests



2015 Bond & Interest Fund Tax Levy

- Levy for the B&I fund is separately determined at the time of the bond issue
- The levy amount is not subject to the tax cap.



2015/2014 Levy Bond & Interest Net Effect

Levy Yr	Levy Status	Levy Amount After Abatement	Percentage Increase <Decrease> Yr/Yr
2015	Expected	\$5,498,200	<1.46%>
2014	Actual	\$5,579,916	



2015 Tax Levy Separate Fund Requests

- Separate levy amounts are requested for the individual operating “cap” funds used by the District.



Levy Request – Prelim Fund Distribution

(w/o B&I)

Fund	Requested Levy	% of Total
Education	\$30,800,000	82.5%
O&M	\$4,000,000	10.7%
Transportation	\$325,000	0.9%
IMRF/SS	\$1,400,000	3.7%



Levy Request – Prelim Fund Distribution

(w/o B&I)

Fund	Requested Levy	% of Total
Capital Projects	\$0	0.0%
Working Cash	\$600,000	1.6%
Tort	\$175,000	0.5%
Life Safety	\$50,000	0.1%



2015 Levy Request

Operating “Cap” Funds	\$37,350,000
Bond & Interest, net	<u>\$5,498,174</u>
Total Levy Request	\$42,848,174



2015 Expected Tax Extension

Operating “Cap” Funds	\$37,056,000
Bond & Interest, net	<u>\$5,498,174</u>
Total Expected Tax Extension (before abatement)	\$42,554,174



Recommendation

➤ The Recommendation is;

“The Board to accept and approve the 2015 Tentative Levy as presented by Administration, for proscribed publication as part of a public notice of a 2015 Levy hearing to be held at the December 15, 2015 Meeting of the Board”.



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