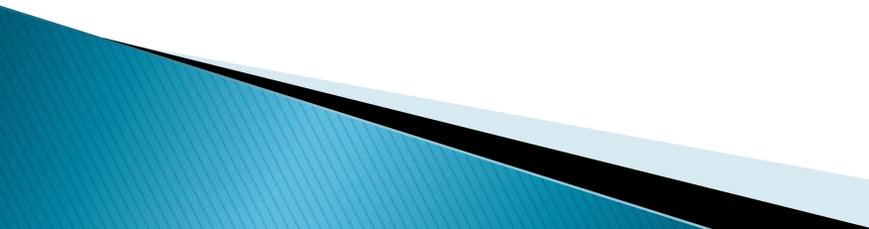


2012 Tax Levy

Board of Education Meeting
Monday, November 12, 2012

Tax Levy Components

- ▶ Equalized Assesses Valuation (EAV)
 - ▶ New Property (Construction)
 - ▶ Property Tax Extension Limitation Law (PTELL)
 - ▶ Consumer Price Index (CPI)
 - ▶ Tax Rates
- 

Equalized Assessed Valuation (EAV)

What Is EAV?

- ▶ EAV is the property valuation after the county and state equalization calculations are performed

Why is EAV important?

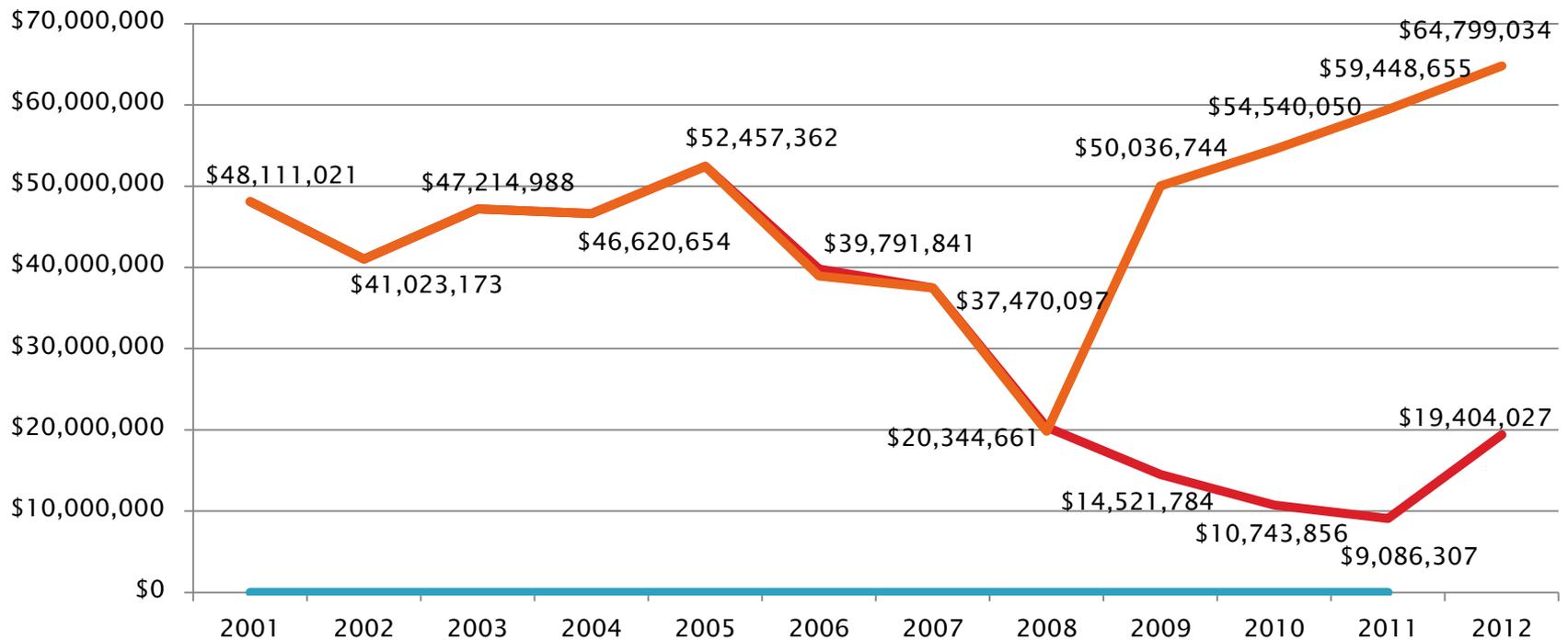
- ▶ Any growth in EAV must be captured to ensure the financial health of the district. The total district EAV is multiplied by the approved tax rate (per \$100 EAV) to arrive at the extension

Total EAV History

Levy Year	Rate Setting EAV	Percent Change
2003	907,195,516	7.95%
2004	1,054,586,684	16.25%
2005	1,162,965,932	10.28%
2006	1,289,469,301	10.88%
2007	1,404,593,984	8.93%
2008	1,480,815,138	5.43%
2009	1,471,203,786	-0.65%
2010	1,409,003,529	-4.23%
2011	1,328,294,553	-5.73%
2012	1,300,312,316	-2.11%

New Property (Construction)

- ▶ New improvements or additions to existing improvements that increase the assessed value of that real property
- ▶ The date for determining fair market value is January 1



Property Tax Extension Limitation Law (PTELL)

The Property Tax Extension Limitation Law (PTELL) became effective in 1991

PTELL is designed to limit the increases in property tax extensions (total taxes billed) for taxing districts

Commonly called the “Tax Cap,” the use of this phrase can be misleading. PTELL does not cap an individual’s property tax bill or property assessment

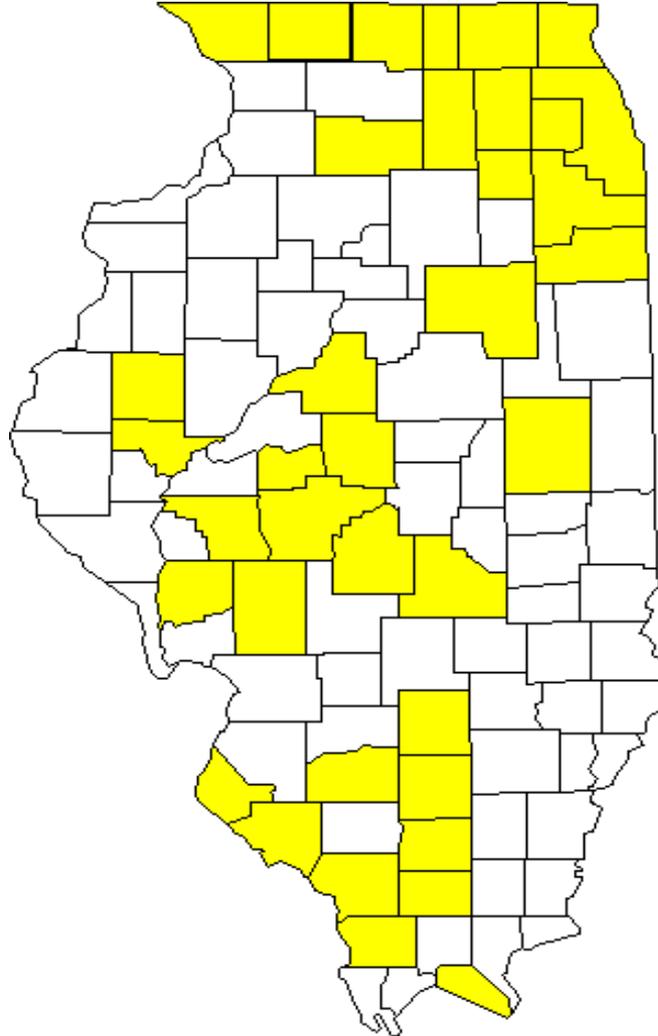
PTELL allows a taxing district to receive a limited inflationary increase in tax extensions on property

What is the Limitation?

- ▶ **Increases in property tax extension for existing property are limited to the lesser of 5 percent or the increase in the Consumer Price Index for Urban (CPI-U) for the year preceding the levy year**
 - ▶ **This limitation does not apply to new property (construction), which allows taxing bodies to recoup their “fair share” of tax revenue for that property**
 - ▶ **There has not been a CPI-U of 5 percent since the inception of PTELL**
- 

Tax Capped Districts

102 Districts
37 TaxCapped



Consumer Price Index (CPI-U)

2003	2.4%	} 5-year average 2.70%
2004	1.9%	
2005	3.3%	
2006	3.4%	
2007	2.5%	
2008	4.1%	} 5-year average 2.28%
2009	0.1%	
2010	2.7%	
2011	1.5%	
2012	3.0%	
Current CPI (October)	2.0%	

Trending towards 2.5%

Tax Rate

- ▶ **Operating Fund Rate**

- ❖ Education, Special Education, Tort Liability, Operations and Maintenance, Transportation, IMRF, Social Security

- ▶ **Debt Service Fund Rate**

- ❖ Working Cash Bond, Life Safety Bonds, Building Bonds

Calculating the Limiting Rate

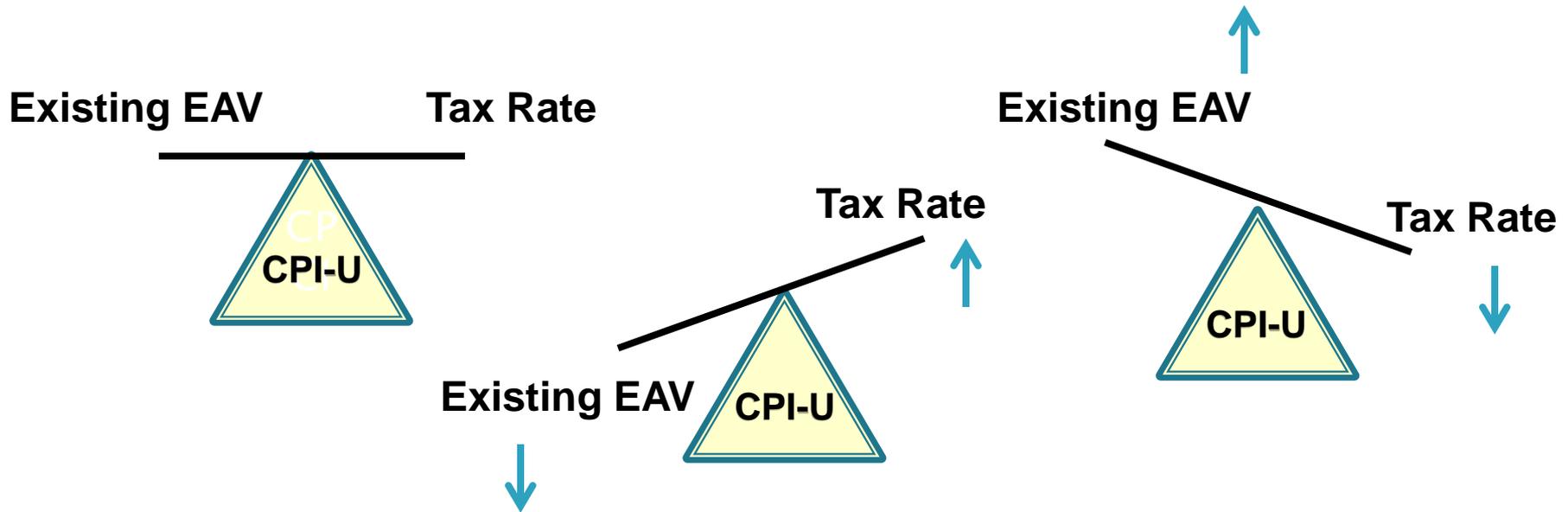
The limiting rate is the calculated total allowable tax rate
This rate is used to calculate the total tax extension

$$\frac{\text{Prior Year Extension} \times (1 + \text{Lessor of 5\% or CPI-U})}{(\text{Total EAV} - \text{New Construction})} = \text{Limiting Rate}$$

Notes:

- 1) The Limiting Rate is based on the prior year extension
- 2) New Property (construction) is outside the tax cap
- 3) Debt Service payments are outside the tax cap

EAV Change, CPI, and Tax Rate



- If EAV is flat and CPI-U is flat, the Tax Rate is flat
- If EAV is declining or increasing less than the CPI-U increase, the Tax Rate will increase. NOTE: This is the current situation
- If EAV increase is more than the CPI-U increase, the Tax Rate will decline

Limiting Rate History

2003	4.206
2004	4.243
2005	4.159
2006	3.999
2007	3.866
2008	3.870
2009	3.938
2010	4.256
2011	4.545
2012	4.950

Data, Assumptions, and Calculations

- ▶ CPI-U = 3.0% (December 2011)
 - ▶ Estimated EAV % Change from 2011 EAV = **-2.11%**
 - ▶ Estimated New Property = \$19,404,027
 - ▶ Estimate the Needs of Each Fund
 - ▶ Balloon Levy - to protect from estimate differences
- 

Summary

Year	CPI	New Property	Limiting Rate	EAV
2003	2.4%	47,214,988	4.206	954,404,236
2004	1.9%	46,620,654	4.243	1,054,598,904
2005	3.3%	52,457,362	4.159	1,163,738,239
2006	3.4%	39,791,841	3.999	1,298,483,695
2007	2.5%	37,470,097	3.866	1,404,593,984
2008	4.1%	19,836,918	3.870	1,480,815,138
2009	0.1%	14,521,784	3.938	1,475,438,394
2010	2.7%	10,743,856	4.255	1,409,003,529
2011	1.5%	9,086,307	4.613	1,328,294,553
2012	3.0%	25,000,000*	4.950*	1,300,162,771*

*Estimate based on information from Assessor in October 2012

Option 1

Options for Levy Request

Levy full CPI-U

CPI-U	3.0%
Operating Rate	4.9497
Debt Service Rate	1.3306
Total Tax Rate	6.2776
Abatement 2011	(.15)
Net Tax Rate	6.1276

Increase over prior year (5.74) = $.54 / .39$ per \$100
EAV

Average increase per \$315,000 = \$573/\$415

Option 2

Options for Levy Request

Levy 2.5% CPI-U

CPI-U	2.5%
Operating Rate	4.9257
Debt Service Rate	1.3306
Total Tax Rate	6.2563
Abatement 2011	(.15)
Net Tax Rate	6.1063

Increase over prior year (5.74) = $.52 / .37$ per \$100
EAV

Average increase per \$315,000 = \$548/\$390

Option 3

Options for Levy Request

Levy 2.25% CPI-U

CPI-U	2.25%
Operating Rate	4.9131
Debt Service Rate	1.3306
Total Tax Rate	6.2438
Abatement 2011	(.15)
Net Tax Rate	6.0938

Increase over prior year (5.74) = $.50 / .35$ per \$100
EAV

Average increase per \$315,000 = $\$535 / \378

Option 4

Options for Levy Request

Levy 2% CPI-U

CPI-U	2.0%
Operating Rate	4.9017
Debt Service Rate	1.3306
Total Tax Rate	6.2323
Abatement 2011	(.15)
Net Tax Rate	6.0823

**Increase over prior year (5.74) = .49/.34 per \$100
EAV**

Average increase per \$315,000 = \$522/\$365

Option 5

Options for Levy Request

Levy 1.5% CPI-U

CPI-U	1.5%
Operating Rate	4.8777
Debt Service Rate	1.3306
Total Tax Rate	6.2083
Abatement 2011	(.15)
Net Tax Rate	6.0583

Increase over prior year (5.74) = $.47 / .32$ per \$100
EAV

Average increase per \$315,000 = \$497/\$340

Summary of Options

Option	CPI-U	Total Tax Rate	Increase per \$100 EAV	Total Increase (based on \$315,000 EAV)
1	3.0%	6.13	.39	\$415
2	2.5%	6.11	.37	\$390
3	2.25%	6.09	.35	\$378
4	2.0%	6.08	.34	\$365
5	1.5%	6.06	.32	\$340

Comparison of Levy Amounts

	3%	2.5%	2.25%	2%	1.5%	0%
Education	50,200,000	49,923,000	49,759,600	49,611,000	49,298,500	48,361,000
O&M	9,751,221	9,751,221	9,751,221	9,751,221	9,751,221	9,751,221
Transport	1,985,972	1,985,972	1,985,972	1,985,972	1,985,972	1,985,972
Mun. Ret.	1,299,523	1,299,523	1,299,523	1,299,523	1,299,523	1,299,523
Soc.Sec.	1,089,915	1,089,915	1,089,915	1,089,915	1,089,915	1,089,915
Operating Levy	64,326,631	64,049,631	63,886,231	63,737,631	63,425,131	62,487,631
Debt Serv.	17,302,070	17,302,070	17,302,070	17,302,070	17,302,070	17,302,070
Total	81,628,701	81,351,701	81,188,300	81,039,701	80,727,201	79,789,701
Decrease Operating Levy		277,000	440,400	589,000	901,500	1,839,000

Recommendation for Levy

- ▶ Levy partial CPI-U
 - ▶ Use remaining Abatement from 2011
 - ▶ Abatement of Education Fund Balance to keep debt service payment level
 - ▶ Monitor Fund Balance for future abatements
- 

Operating Fund Levy Request

Fund	2011 Extension	2012 Extension 2% CPI-U
Education	\$47,171,193	\$49,611,000
Spec.Education		
Tort		
Oper&Maint	\$9,941,395	\$9,751,220
Transportation	\$1,891,053	\$1,985,972
Retirement	\$1,237,413	\$1,299,523
Social Security	\$1,037,823	\$1,089,915
Total	\$61,278,877	\$63,737,631