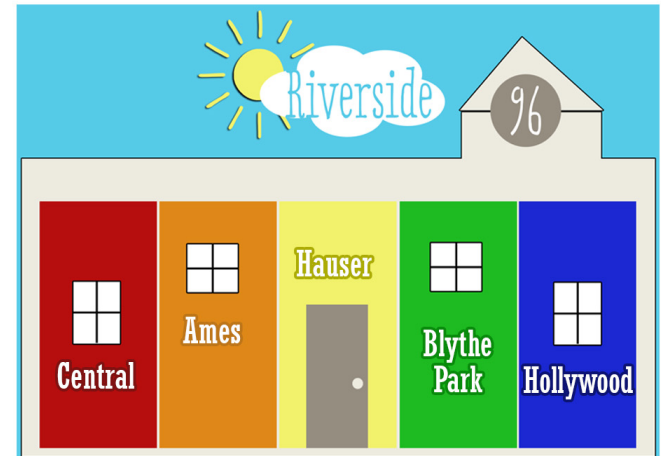


RIVERSIDE SCHOOL DISTRICT 96

Five Schools • One District • Optimizing Excellence



RIVERSIDE PUBLIC SCHOOL DISTRICT 96

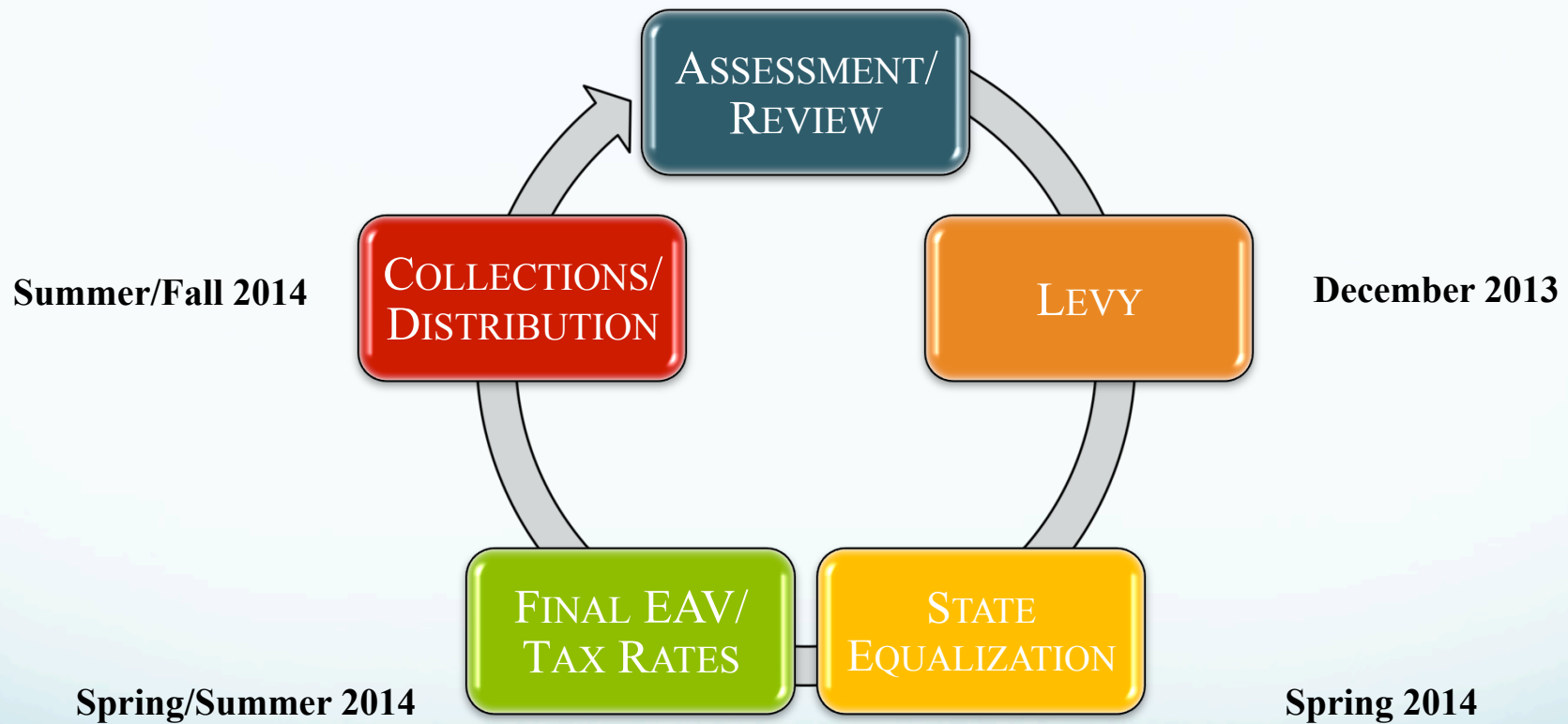
TAX EXTENSION

NOVEMBER 5, 2013

2013 TAX LEVY CALENDAR

- **September 3, 2013:**
Review levy material for 2013.
- **November 5, 2013:**
Review levy material for further discussion. Determine amount proposed for 2013 levy.
- **November 6 – 19, 2013:**
Publish notice of levy hearing.
- **November 19, 2013:**
Public hearing/levy adoption.
- **December 20, 2013:**
Last day to file levy with County Clerk.

2- YEAR PROPERTY TAX CYCLE



Levy/EAV = Tax Rate

FUND ACCOUNTING

Governments in Illinois budget and report their finances through *fund accounting*. This separates our revenue and expenses into individual funds designed for specific purposes.

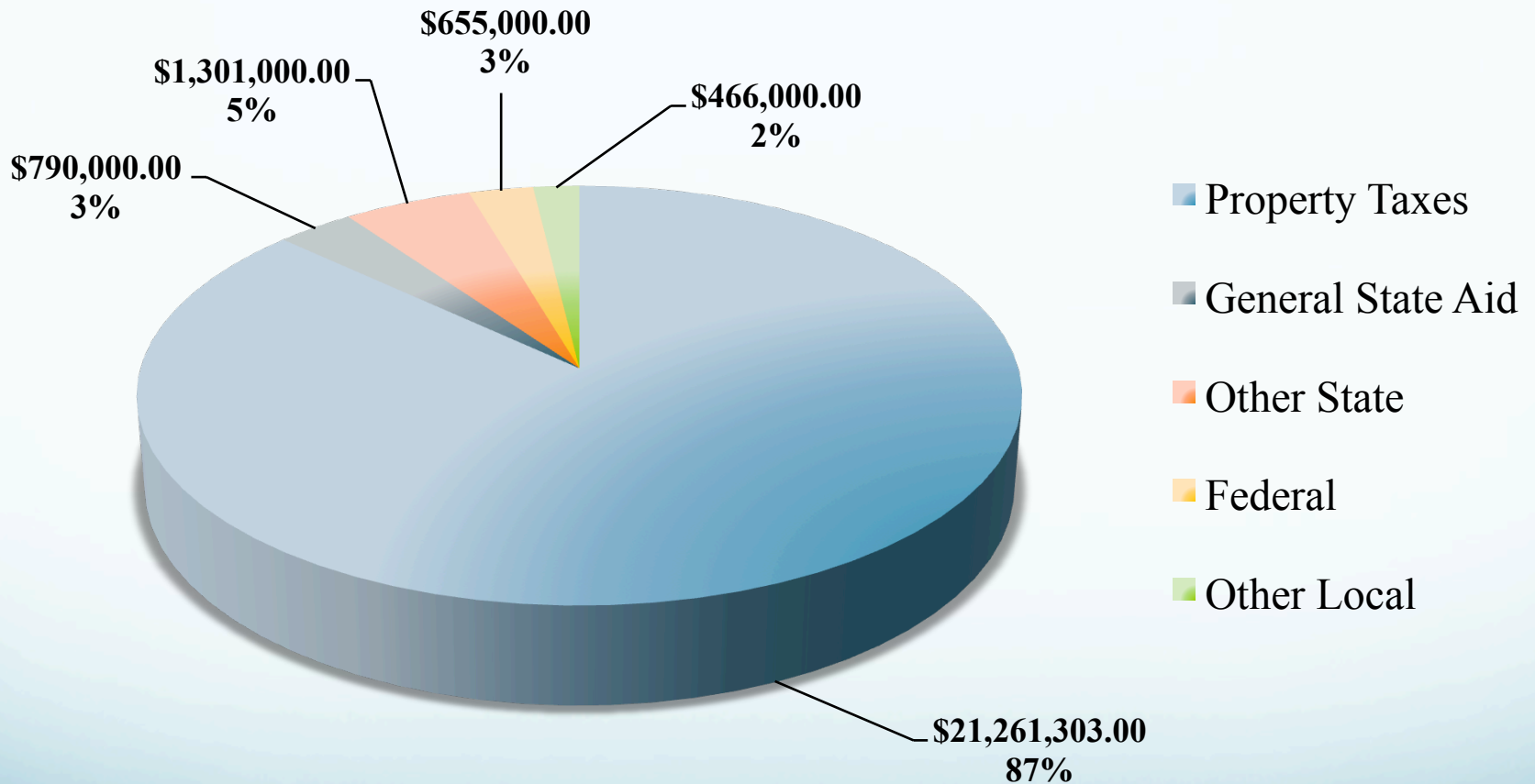
OPERATING FUNDS:

- Education
- Tort
- Operations and Maintenance
- Transportation
- Municipal Retirement

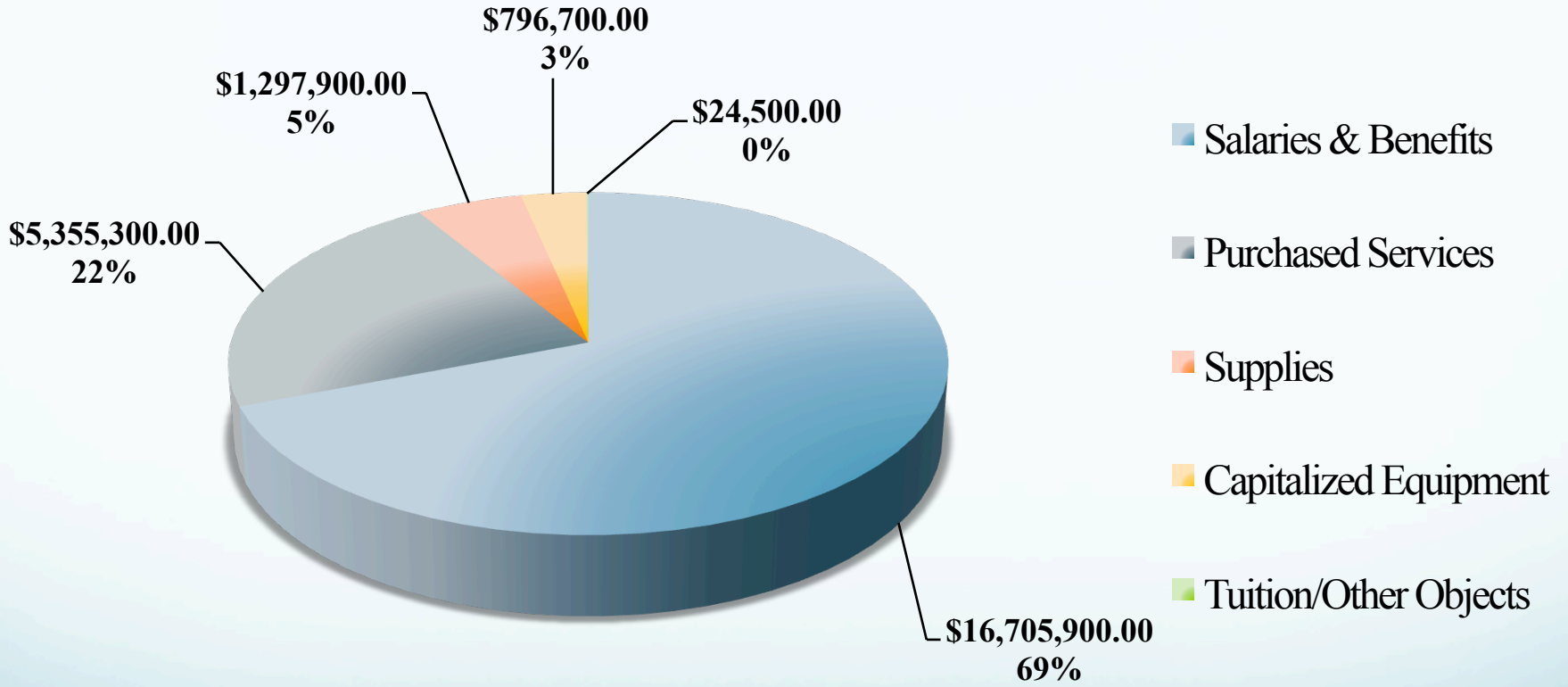
NON-OPERATING FUNDS:

- Debt Service
- Capital Projects
- Working Cash

OPERATING SUMMARY BY OBJECT: REVENUE



OPERATING SUMMARY BY OBJECT: EXPENSE



TAX LEVY

LEVY

- The amount of money a school district certifies to be raised from local property taxes.

EXTENSION

- The actual dollar amount billed to the property taxpayers in a district as determined by the county clerk.

PTELL: THE TAX CAP

Caps the amount of taxes a district can receive, *not the amount of taxes a property owner pays.*

$$\frac{(\text{Prior Year's Taxes}) \times (\text{Consumer Price Index})}{(\text{Equalized Assesed Value} - (\text{New Construction}))}$$

This formula creates the limiting rate, the official term for the Tax Cap. This limits the tax rate for those levies that provide funds for the Operating Funds.

PTELL OUTCOME

The Tax Cap legislation has led to a couple of large misunderstandings:

- Your EAV no longer dictates what your tax bill will be: your property's change in value *relative to the district's overall change will*.
- The tax rate is now simply a calculation. To analyze the charges, focus on the total dollars, not the rate.

TYPE OF TAXES: TWO PERSPECTIVES

SCHOOL DISTRICT

OPERATING TAXES

- Limited by the PTELL Law
- Increase by CPI each year

PROPERTY TAX BILL

SCHOOL DISTRICT TAXES

- Contains all debt service and operating taxes except from the IMRF levy

SCHOOL DISTRICT PENSION

- Levies for the IMR Fund
 - Includes Social Security and IMR Pension costs
 - **NOT TEACHER PENSIONS**

EAV CPI AND TAX RATE

EXISTING
EAV



TAX
RATE

EXISTING
EAV



TAX
RATE

EXISTING
EAV



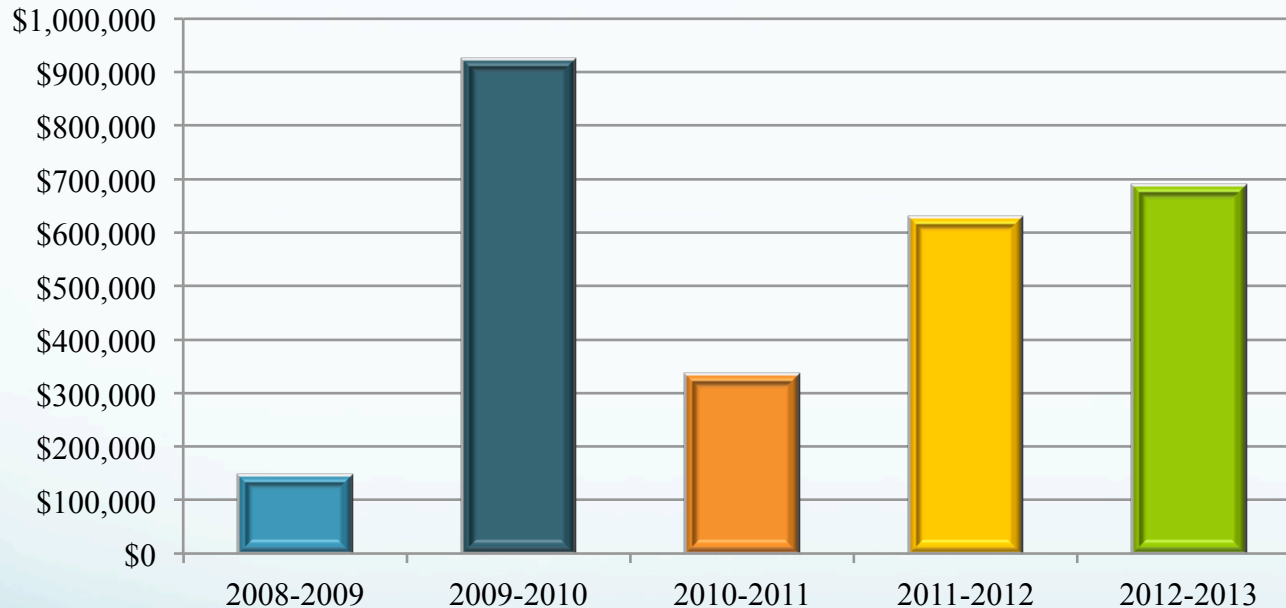
TAX
RATE

KEY FACTORS TO CONSIDER FOR FISCAL YEAR 2013

1. Cook County **Assessment**: (two levels – 10% ; 25%)
2. Equalization factor (“**multiplier**”): decreasing trend
Comparing recorded sales prices to assessed values from the 3 prior years.
3. Record volume of appeals being processed through the Board of Review (assessment reductions large businesses – **Tax burden shift**)
4. Increasing trend of **refunds** from prior years

EFFECT PROPERTY TAX REFUNDS

**\$2.7 Million of Refund losses since
2008-2009**



Net Result:
District unable to
access the statutory
levy limit

Levy Increase
limited; by Tax cap
(CPI)

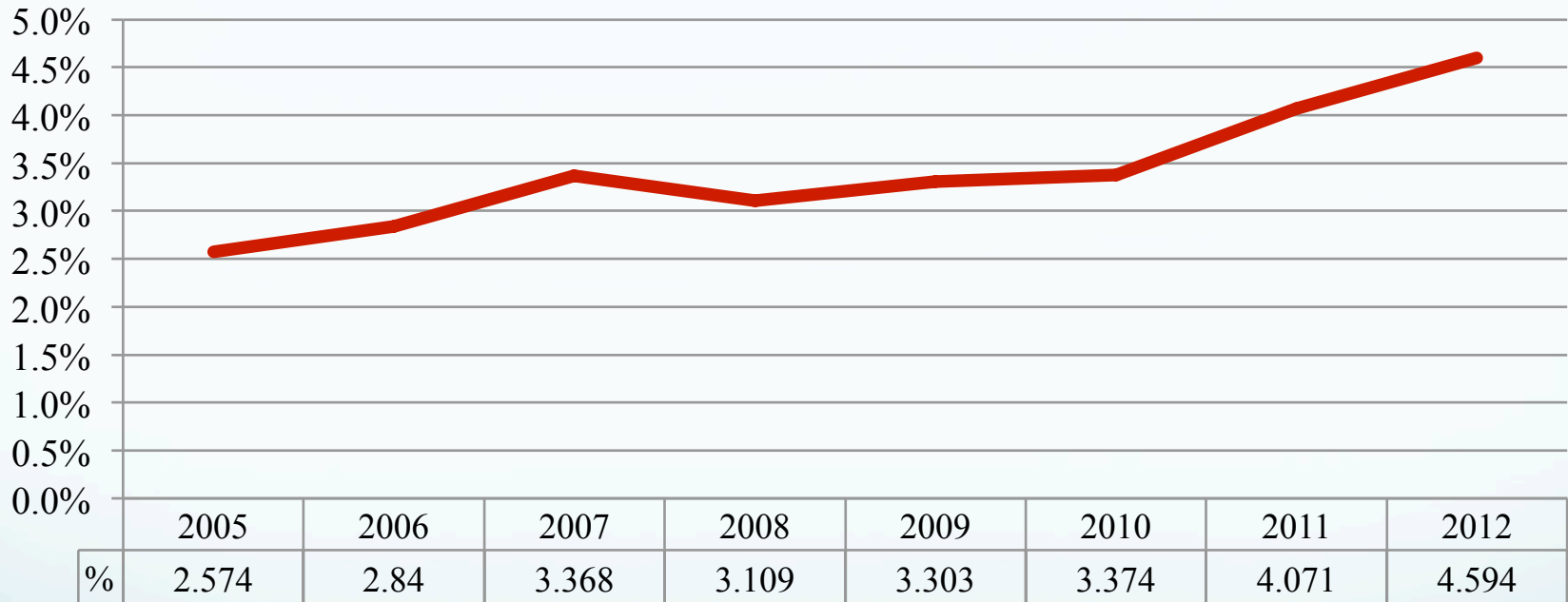
(- Refunds)

Net Collections

**Current Year Losses as a (1.0 – 4.0%) of Levy
% Levy Extended**

EAV GROWTH FACTORS

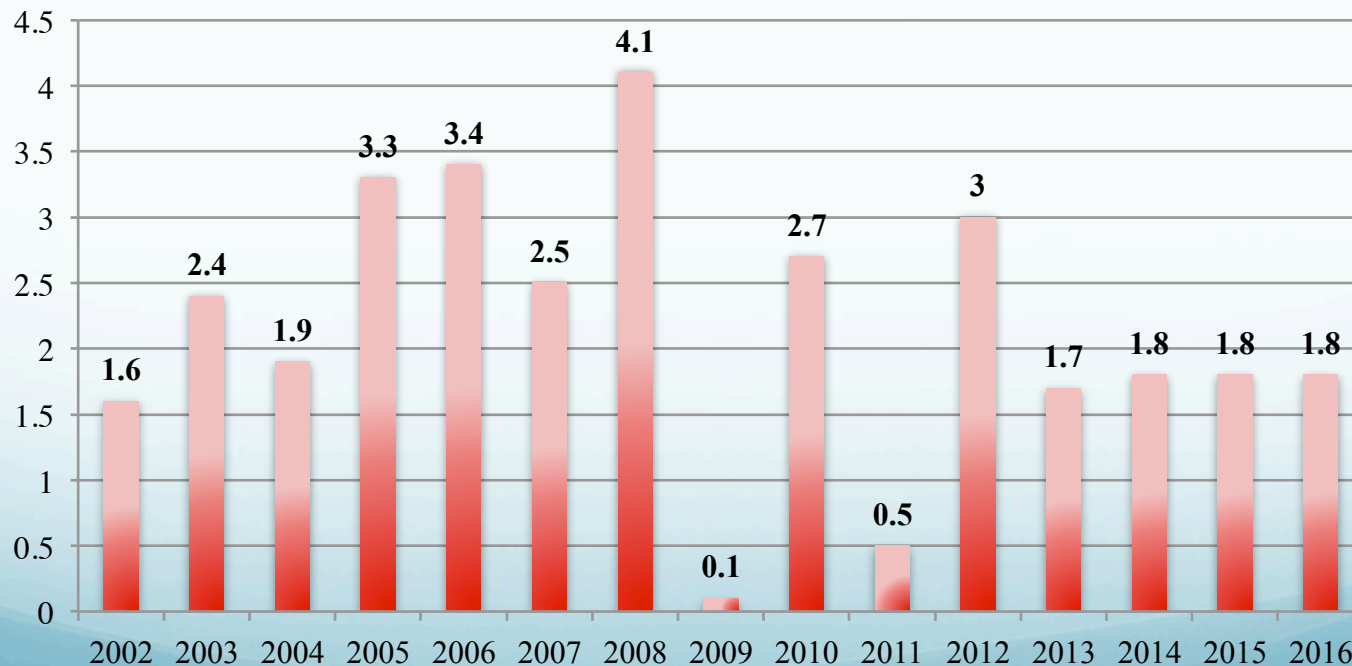
DISTRICT 96 TAX RATE



- Tax Cap Limits Levy Growth
- EAV Growth of 13.3% (2006-2009)
- EAV Decrease of 26.8% (2010-2012)

CONSUMER PRICE INDEX (CPI-U)

- CPI for Tax Levy Year 2012: 3.0% (Tax Cap limitation for 2012)
- 12-Month for Tax Levy Year 2013 at 1.7%
- Project Assumption: 1.8% for 2014-2016



2012 TAX LEVY INFORMATION

- Maximum Levy per Tax Cap: 3.0% (based on 12-month CPI-U for 2012)
- New Property (less than 0.1%)
- Average Levy % increase (including additional new property) has been slightly higher than CPI-U limitation per Tax Cap

Tax Year	Total Levy Extension	\$ Amount Increase	Levy % Increase	Tax Cap CPI-U
2012	\$23,313,070	\$690,551	3.0%	3.0
2011	\$22,622,519	\$406,179	1.8%	1.5
2010	\$22,216,340	\$656,125	3.0%	2.7
2009	\$21,560,215	\$100,242	0.47%	0.1
2008	\$21,459,973	\$989,199	4.8%	4.1

Avg. Levy % Increase w/New Property:

2.6%

Avg. %: 2.3%

2013 LEVY/CONSUMER PRICE INDEX (CPI-U)

CPI for 2013: 1.7% (Tax Cap Limitation for 2013 Levy)

- Project Assumption: 1.8% for 2014-2016

New Construction Consideration 2013:

- Approximately \$400,000 in New Construction in 2013 Levy.

PROPOSED 2013 TAX LEVY

**Aggregate Levy
Extension subject to
Tax Cap Limit**

(CPI + New Property)

1.7% + 0.0% = 1.7%



Fund	December '13 Levy Ext.	Projected 2013 Tax Rate
Educational	\$16,629,669	3.3595
Tort	\$206,000	0.0416
Oper./Maint.	\$2,472,000	0.4994
Transportation	\$1,030,000	0.2081
Municipal Retire.	\$489,250	0.0988
Social Security	\$365,650	0.0739
Special Education	\$1,980,000	0.4000
Sub-Total	\$23,172,569	4.6813
Working Cash	\$247,500	0.0500
Life Safely	\$305,910	0.0618
Total	\$23,725,979	4.7931

WHY LEVY AT TAX CAP LIMIT?

1. Property taxes account for 87% of D96 revenue. Maximum levies projected to support the instructional program.
2. Proposed legislation to change Tax Cap Law Pension Reform (potential charges to D96).
3. Volatility of State funding (categorical payments).
4. Expenditure categories subject to inflationary increases greater than CPI (i.e. health insurance, energy, food, fuel)
5. Though capped at CPI-U, net collections adversely affected by refunds from prior years.
6. Maximum levy per Tax Cap since 2004.
 1. Lowering the levy from Tax Cap limit (Approx. \$100,000 less in levy compounded annually over 10 years would result in a loss of \$1.03 million of tax revenue).
 2. Cumulative effect: unable to recapture reduced levy amount. Aggregate extension from the prior year + CPI increase

LEVY SCENARIO NO. 1:

- **No Pension Reform**
- **No Abatement**
- **Maximum Levy**

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
Beginning Fund Balance	28,447,180	20,091,283	18,783,525	17,074,388	14,711,123	11,741,281	8,112,987	3,825,227	(1,121,822)	(6,726,418)
Revenues:										
Real Estate Taxes	21,261,303	21,665,268	22,120,238	22,629,004	23,194,729	23,820,987	24,511,795	25,271,661	26,105,626	27,019,323
Other Local Revenues	655,000	668,100	681,462	695,091	708,993	723,173	737,636	752,389	767,437	782,786
General State-Aid	790,000	809,750	829,994	850,744	872,012	893,812	916,158	939,062	962,538	986,602
Restricted State Grants	1,301,000	1,333,525	1,366,863	1,401,035	1,436,061	1,471,962	1,508,761	1,546,480	1,585,142	1,624,771
Restricted Federal Grants	465,000	476,625	488,541	500,754	513,273	526,105	539,257	552,739	566,557	580,721
Total Revenues	24,472,303	24,953,268	25,487,098	26,076,628	26,725,068	27,436,039	28,213,608	29,062,331	29,987,300	30,994,202
Expenses:										
Salaries	13,464,300	14,137,515	14,844,391	15,586,610	16,365,941	17,184,238	18,043,450	18,945,622	19,892,903	20,887,548
Employee Benefits	3,241,600	3,403,680	3,573,864	3,752,557	3,940,185	4,137,194	4,344,054	4,561,257	4,789,320	5,028,786
Purchased Services	5,355,300	5,623,065	5,904,218	6,199,429	6,509,401	6,834,871	7,176,614	7,535,445	7,912,217	8,307,828
Supplies & Materials	1,297,900	1,323,858	1,350,335	1,377,342	1,404,889	1,432,986	1,461,646	1,490,879	1,520,697	1,551,111
Capital Outlay	796,700	600,000	350,000	350,000	300,000	300,000	300,000	300,000	300,000	300,000
Other Expenses	25,400	25,908	26,426	26,955	27,494	28,044	28,605	29,177	29,760	30,355
Total Expenses	24,181,200	25,114,026	26,049,234	27,292,893	28,547,909	29,917,333	31,354,369	32,862,380	34,444,897	36,105,628
Revenues vs. Expenses	291,103	(160,758)	(562,136)	(1,216,266)	(1,822,841)	(2,481,294)	(3,140,761)	(3,800,049)	(4,457,596)	(5,111,426)
Extraordinary expenses:										
Transfer to Capital Projects	7,500,000	-	-	-	-	-	-	-	-	-
Bond Payments	1,147,000	1,147,000	1,147,000	1,147,000	1,147,000	1,147,000	1,147,000	1,147,000	1,147,000	-
Total Extraordinary Expenses	8,647,000	1,147,000	1,147,000	1,147,000	1,147,000	1,147,000	1,147,000	1,147,000	1,147,000	-
Ending Fund Balance	20,091,283	18,783,525	17,074,388	14,711,123	11,741,281	8,112,987	3,825,227	(1,121,822)	(6,726,418)	(11,837,844)

LEVY SCENARIO NO. 2:

- **Pension reform of 6% over 12 years**
- **\$5M Abatement**

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
Beginning Fund Balance	28,447,180	15,040,278	8,530,410	1,450,580	(6,470,505)	(15,205,011)	(24,825,843)	(35,356,478)	(46,820,790)	(59,242,838)
Revenues:										
Real Estate Taxes	16,261,303	16,570,268	16,918,243	17,307,363	17,740,047	18,219,028	18,747,380	19,328,549	19,966,391	20,665,215
Other Local Revenues	655,000	668,100	681,462	695,091	708,993	723,173	737,636	752,389	767,437	782,786
General State-Aid	790,000	809,750	829,994	850,744	872,012	893,812	916,158	939,062	962,538	986,602
Restricted State Grants	1,301,000	1,333,525	1,366,863	1,401,035	1,436,061	1,471,962	1,508,761	1,546,480	1,585,142	1,624,771
Restricted Federal Grants	465,000	476,625	488,541	500,754	513,273	526,105	539,257	552,739	566,557	580,721
Total Revenues	19,472,303	19,858,268	20,285,103	20,754,987	21,270,386	21,834,081	22,449,193	23,119,219	23,848,066	24,640,094
Expenses:										
Salaries	13,464,300	14,137,515	14,844,391	15,586,610	16,365,941	17,184,238	18,043,450	18,945,622	19,892,903	20,887,548
Employee Benefits	3,241,600	3,403,680	3,573,864	3,752,557	3,940,185	4,137,194	4,344,054	4,561,257	4,789,320	5,028,786
Purchased Services	5,355,300	5,623,065	5,904,218	6,199,429	6,509,401	6,834,871	7,176,614	7,535,445	7,912,217	8,307,828
Supplies & Materials	1,297,900	1,323,858	1,350,335	1,377,342	1,404,889	1,432,986	1,461,646	1,490,879	1,520,697	1,551,111
Capital Outlay	796,700	600,000	350,000	350,000	300,000	300,000	300,000	300,000	300,000	300,000
Other Expenses	25,400	25,908	26,426	26,955	27,494	28,044	28,605	29,177	29,760	30,355
Total Expenses	24,181,200	25,114,026	26,049,234	27,292,893	28,547,909	29,917,333	31,354,369	32,862,380	34,444,897	36,105,628
Revenues vs. Expenses	(4,708,897)	(5,255,758)	(5,764,131)	(6,537,907)	(7,277,523)	(8,083,252)	(8,905,176)	(9,743,161)	(10,596,831)	(11,465,534)
Extraordinary expenses:										
Transfer to Capital Projects	7,500,000	-	-	-	-	-	-	-	-	-
Bond Payments	1,147,000	1,147,000	1,147,000	1,147,000	1,147,000	1,147,000	1,147,000	1,147,000	1,147,000	-
Pension Cost Shifted from State	51,005	107,110	168,699	236,178	309,984	390,579	478,460	574,151	678,216	791,252
Total Extraordinary Expenses	8,698,005	1,254,110	1,315,699	1,383,178	1,456,984	1,537,579	1,625,460	1,721,151	1,825,216	791,252
Ending Fund Balance	15,040,278	8,530,410	1,450,580	(6,470,505)	(15,205,011)	(24,825,843)	(35,356,478)	(46,820,790)	(59,242,838)	(71,499,624)

LEVY SCENARIO NO. 3:

- **Pension reform of 6% over 12 years**
- **Maximum Levy**
- **No Abatement**

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
Beginning Fund Balance	28,447,180	20,040,278	18,625,410	16,747,575	14,148,131	10,868,307	6,849,433	2,083,213	(3,437,987)	(9,720,800)
Revenues:										
Real Estate Taxes	21,261,303	21,665,268	22,120,238	22,629,004	23,194,729	23,820,987	24,511,795	25,271,661	26,105,626	27,019,323
Other Local Revenues	655,000	668,100	681,462	695,091	708,993	723,173	737,636	752,389	767,437	782,786
General State-Aid	790,000	809,750	829,994	850,744	872,012	893,812	916,158	939,062	962,538	986,602
Restricted State Grants	1,301,000	1,333,525	1,366,863	1,401,035	1,436,061	1,471,962	1,508,761	1,546,480	1,585,142	1,624,771
Restricted Federal Grants	465,000	476,625	488,541	500,754	513,273	526,105	539,257	552,739	566,557	580,721
Total Revenues	24,472,303	24,953,268	25,487,098	26,076,628	26,725,068	27,436,039	28,213,608	29,062,331	29,987,300	30,994,202
Expenses:										
Salaries	13,464,300	14,137,515	14,844,391	15,586,610	16,365,941	17,184,238	18,043,450	18,945,622	19,892,903	20,887,548
Employee Benefits	3,241,600	3,403,680	3,573,864	3,752,557	3,940,185	4,137,194	4,344,054	4,561,257	4,789,320	5,028,786
Purchased Services	5,355,300	5,623,065	5,904,218	6,199,429	6,509,401	6,834,871	7,176,614	7,535,445	7,912,217	8,307,828
Supplies & Materials	1,297,900	1,323,858	1,350,335	1,377,342	1,404,889	1,432,986	1,461,646	1,490,879	1,520,697	1,551,111
Capital Outlay	796,700	600,000	350,000	350,000	300,000	300,000	300,000	300,000	300,000	300,000
Other Expenses	25,400	25,908	26,426	26,955	27,494	28,044	28,605	29,177	29,760	30,355
Total Expenses	24,181,200	25,114,026	26,049,234	27,292,893	28,547,909	29,917,333	31,354,369	32,862,380	34,444,897	36,105,628
Revenues vs. Expenses	291,103	(160,758)	(562,136)	(1,216,266)	(1,822,841)	(2,481,294)	(3,140,761)	(3,800,049)	(4,457,596)	(5,111,426)
Extraordinary expenses:										
Transfer to Capital Projects	7,500,000	-	-	-	-	-	-	-	-	-
Bond Payments	1,147,000	1,147,000	1,147,000	1,147,000	1,147,000	1,147,000	1,147,000	1,147,000	1,147,000	-
Pension Cost Shifted from State	51,005	107,110	168,699	236,178	309,984	390,579	478,460	574,151	678,216	791,252
Total Extraordinary Expenses	8,698,005	1,254,110	1,315,699	1,383,178	1,456,984	1,537,579	1,625,460	1,721,151	1,825,216	791,252
Ending Fund Balance	20,040,278	18,625,410	16,747,575	14,148,131	10,868,307	6,849,433	2,083,213	(3,437,987)	(9,720,800)	(15,623,478)

LEVY SCENARIO NO. 4:

- **Pension reform of 6% over 12 years**
- **No levy increase**
- **No abatement**

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
Beginning Fund Balance	28,447,180	19,640,278	17,817,810	15,523,815	12,498,640	8,782,441	4,315,411	(911,962)	(6,908,611)	(13,682,563)
Revenues:										
Real Estate Taxes	20,861,303	21,257,668	21,704,079	22,203,273	22,758,354	23,372,830	24,050,642	24,796,212	25,614,487	26,510,994
Other Local Revenues	655,000	668,100	681,462	695,091	708,993	723,173	737,636	752,389	767,437	782,786
General State-Aid	790,000	809,750	829,994	850,744	872,012	893,812	916,158	939,062	962,538	986,602
Restricted State Grants	1,301,000	1,333,525	1,366,863	1,401,035	1,436,061	1,471,962	1,508,761	1,546,480	1,585,142	1,624,771
Restricted Federal Grants	465,000	476,625	488,541	500,754	513,273	526,105	539,257	552,739	566,557	580,721
Total Revenues	24,072,303	24,545,668	25,070,938	25,650,896	26,288,693	26,987,882	27,752,455	28,586,882	29,496,162	30,485,873
Expenses:										
Salaries	13,464,300	14,137,515	14,844,391	15,586,610	16,365,941	17,184,238	18,043,450	18,945,622	19,892,903	20,887,548
Employee Benefits	3,241,600	3,403,680	3,573,864	3,752,557	3,940,185	4,137,194	4,344,054	4,561,257	4,789,320	5,028,786
Purchased Services	5,355,300	5,623,065	5,904,218	6,199,429	6,509,401	6,834,871	7,176,614	7,535,445	7,912,217	8,307,828
Supplies & Materials	1,297,900	1,323,858	1,350,335	1,377,342	1,404,889	1,432,986	1,461,646	1,490,879	1,520,697	1,551,111
Capital Outlay	796,700	600,000	350,000	350,000	300,000	300,000	300,000	300,000	300,000	300,000
Other Expenses	25,400	25,908	26,426	26,955	27,494	28,044	28,605	29,177	29,760	30,355
Total Expenses	24,181,200	25,114,026	26,049,234	27,292,893	28,547,909	29,917,333	31,354,369	32,862,380	34,444,897	36,105,628
Revenues vs. Expenses	(108,897)	(568,358)	(978,296)	(1,641,997)	(2,259,216)	(2,929,451)	(3,601,914)	(4,275,498)	(4,948,735)	(5,619,755)
Extraordinary expenses:										
Transfer to Capital Projects	7,500,000	-	-	-	-	-	-	-	-	-
Bond Payments	1,147,000	1,147,000	1,147,000	1,147,000	1,147,000	1,147,000	1,147,000	1,147,000	1,147,000	-
Pension Cost Shifted from State	51,005	107,110	168,699	236,178	309,984	390,579	478,460	574,151	678,216	791,252
Total Extraordinary Expenses	8,698,005	1,254,110	1,315,699	1,383,178	1,456,984	1,537,579	1,625,460	1,721,151	1,825,216	791,252
Ending Fund Balance	19,640,278	17,817,810	15,523,815	12,498,640	8,782,441	4,315,411	(911,962)	(6,908,611)	(13,682,563)	(20,093,570)

SUMMARY OF LEVY SCENARIOS

Scenario 1: No Pension Reform, No Abatement and Maximum Levy												
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23		
Ending Fund Balance	20,091,283	18,783,525	17,074,388	14,711,123	11,741,281	8,112,987	3,825,227	-1,121,822	-6,726,418	-11,837,844		
Scenario 2: Pension Reform of 6% over 12 years and \$5M Abatement												
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23		
Ending Fund Balance	15,040,278	8,530,410	1,450,580	-6,470,505	-15,205,011	-24,825,843	-35,356,478	-46,820,790	-59,242,838	-71,499,624		
Scenario 3: Pension Reform of 6% over 12 years with Maximum Levy and No Abatement												
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23		
Ending Fund Balance	20,040,278	18,625,410	16,747,575	14,148,131	10,868,307	6,849,433	2,083,213	-3,437,987	-9,720,800	-15,623,478		
Scenario 4: Pension Reform of 6% over 12 years and No Levy increase and No Abatement												
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23		
Ending Fund Balance	19,640,278	17,817,810	15,523,815	12,498,640	8,782,441	4,315,411	-911,962	-6,908,611	-13,682,563	-20,093,570		

REDUCTION IN FUND BALANCE

- From 2011-2013, the District used \$25.5M of reserve balance from the Education Fund and Operations & Maintenance Fund for the renovation projects of all buildings.
- Beginning in FY13, the fund balance will be reduced further by approximately \$1.15M to pay debt certificates through 2022 for renovation projects. This will result in a total reduction in fund reserve of approximately \$11.5M.

FINANCIAL PROJECTION PLANNING AND CHALLENGES

- Maintaining adequate Fund Balance
- Fluctuation in Consumer Price Index – Tax Cap Limit
- Operating Funds: Balanced Budgets (Revenue = Expenditures)
- Funding for Life Safety Projects/major O/M capital improvements
- Debt Service considerations in 2013
- State/Federal revenue Flat
- Contingency in Budget
- Legislation/mandates

QUESTIONS?