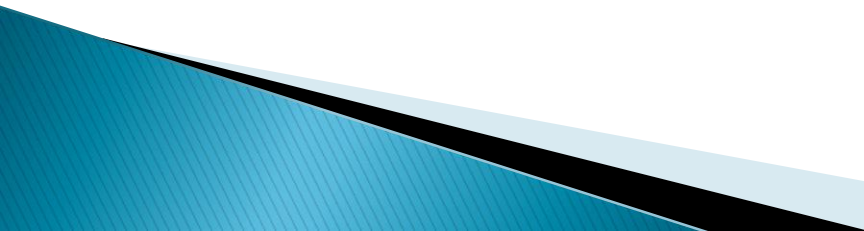


2013 Tax Levy

Board of Education Meeting
Monday, November 11, 2013

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
- 

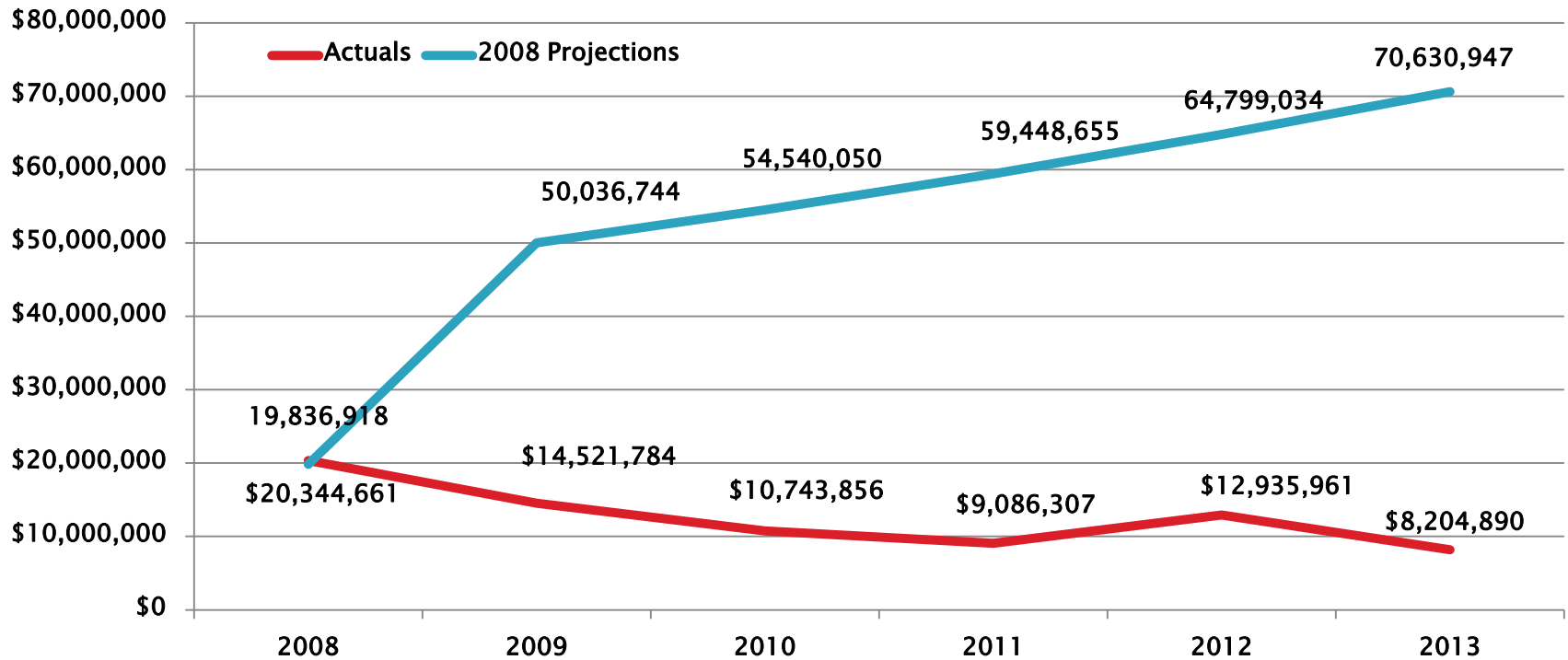
Total EAV History

Levy Year	Rate Setting EAV	Percent Change
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	1,285,654,414	-3.21%
2013*	1,249,212,747	-2.83%

***Assessor Estimated EAV Report October 2013**

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

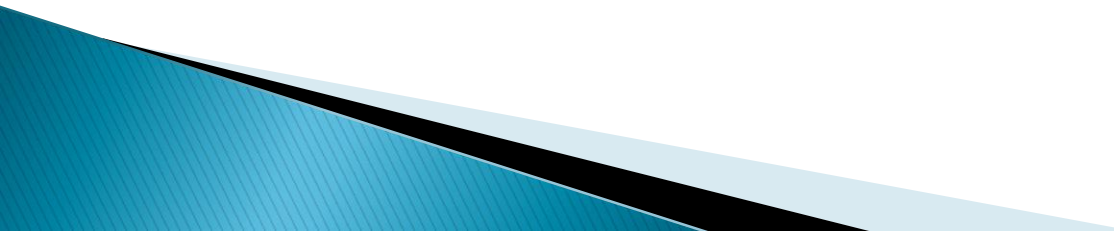
PTELL is designed to limit the increases in property tax extensions (total taxes billed) for taxing districts

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

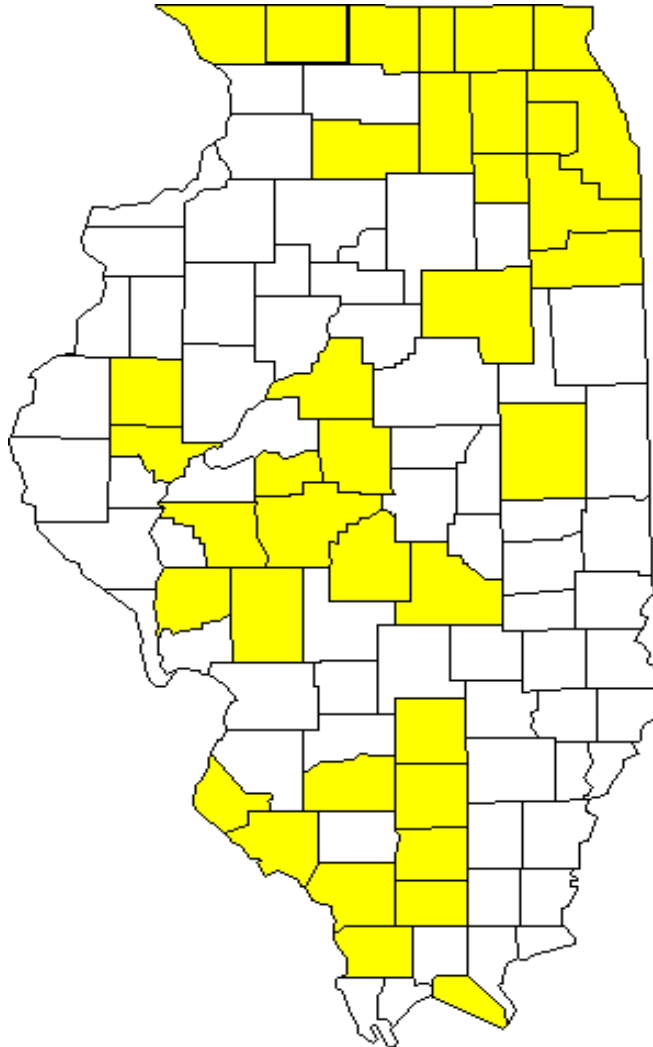


What is the Limitation?

- ▶ 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 Tax Capped



Consumer Price Index (CPI-U)

2004	1.9%	5-year average 3.04%
2005	3.3%	
2006	3.4%	
2007	2.5%	
2008	4.1%	
2009	0.1%	5-year average 1.80%
2010	2.7%	
2011	1.5%	
2012	3.0%	
2013	1.7%	

Current CPI 1.2%
(September)

Trending towards 2.0%

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

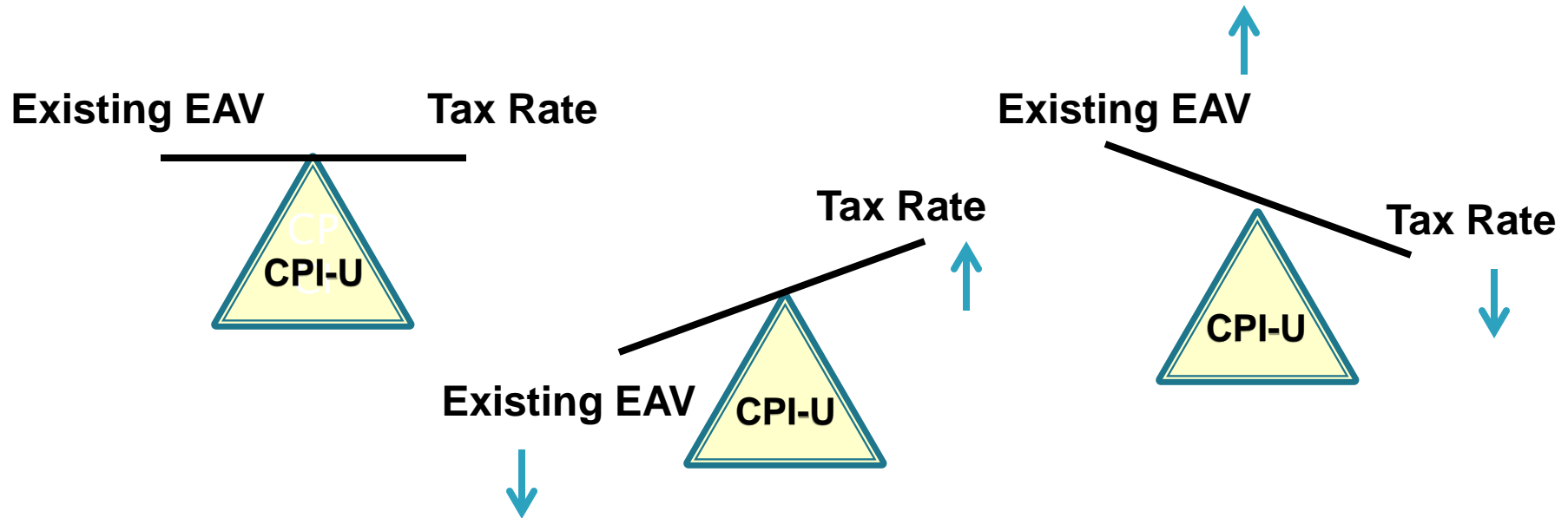
The limiting rate is the calculated total allowable tax rate
This rate is used to calculate the total tax extension

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

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

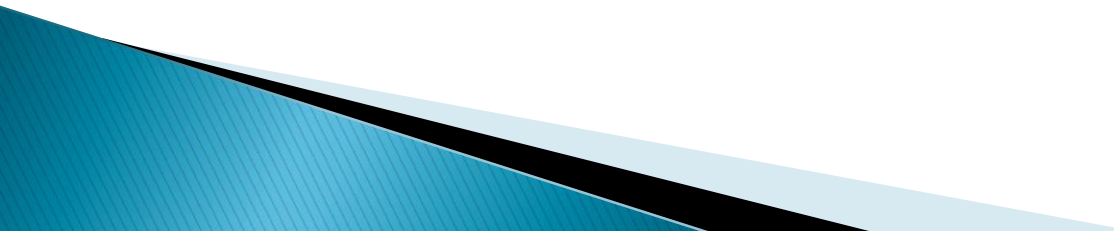


- If EAV is flat and CPI-U is flat, the Tax Rate is flat
- If EAV is declining or increasing less than the CPI-U increase, the Tax Rate will increase. NOTE: This is the current situation
- If EAV increase is more than the CPI-U increase, the Tax Rate will decline

Limiting Rate History

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	4.925

Data, Assumptions, and Calculations

- ▶ CPI-U = 1.7% (December 2012)
 - ▶ Estimated EAV % Change from 2012 EAV = **-2.83%**
 - ▶ Estimated New Property = \$8,204,890
 - ▶ Estimate the Needs of Each Fund
 - ▶ Balloon Levy – to protect from estimate differences
- 

Summary

Year	CPI	New Property	Limiting Rate	EAV
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%	12,935,961	4.925	1,285,212,747
2013	1.7%	8,204,890*	5.19	1,249,212,747*

*Estimate based on information from Assessor in October 2013

Option 1

Options for Levy Request

Levy full CPI-U

CPI-U	1.7%
Operating Rate	5.19
Debt Service Rate	1.50
Total Tax Rate	6.69
Abatement 2012	(.26)
Net Tax Rate	6.43

Increase over prior year (6.10) = .33 per\$100 EAV

Approximate increase on \$315,000 = \$343



Option 2

Options for Levy Request

Levy 1.0% CPI-U

CPI-U	1.0%
Operating Rate	5.15
Debt Service Rate	1.50
Total Tax Rate	6.65
Abatement 2012	(.26)
Net Tax Rate	6.39

Increase over prior year (6.10) = .29 per \$100 EAV

Approximate increase on \$315,000 = \$305



Option 3

Options for Levy Request

Levy 0% CPI-U

CPI-U	0%
Operating Rate	5.10
Debt Service Rate	1.50
Total Tax Rate	6.60
Abatement 2012	(.26)
Net Tax Rate	6.34

Increase over prior year (6.10) = .24 per \$100 EAV

Approximate increase per \$315,000 = \$252



Summary of Options

Option	CPI-U	Total Tax Rate	Increase per \$100 EAV	Approximate Increase (based on \$315,000 EAV)
1	1.7%	6.43	.33	\$343
2	1.0%	6.39	.29	\$305
3	0%	6.34	.24	\$252

Comparison of Levy Options

	1.7%	1%	0%
Education	49,300,000	48,900,000	48,900,000
Special Ed.	2,149,384	1,900,000	1,265,000
O&M	9,250,000	9,250,000	9,250,000
Transport	2,060,000	2,060,000	2,060,000
Mun. Ret.	1,236,000	1,236,000	1,236,000
Soc.Sec.	1,030,000	1,030,000	1,030,000
Debt Serv.	15,500,000	15,500,000	15,500,000
Total	80,525,384	79,876,000	79,241,000
Decrease		649,384	1,284,384