

**BOARD OF EDUCATION MEETING
MONDAY, NOVEMBER 14, 2016**

2016 TAX LEVY

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**

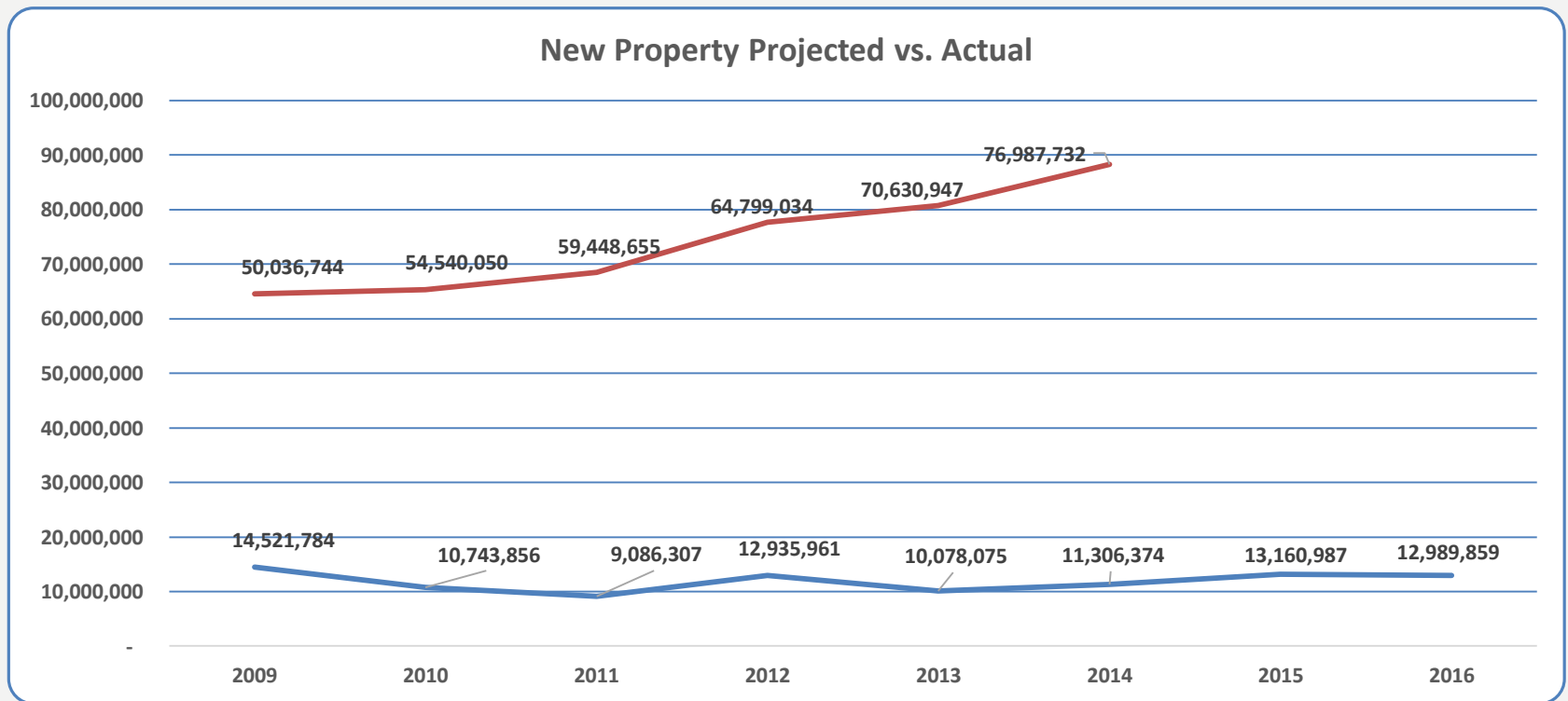
TOTAL EAV HISTORY

Levy Year	Rate Setting EAV	Percent Change
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%
2014	1,252,189,532	0.24%
2015	1,287,126,861	2.79%
2016*	1,376,043,642	6.91%

*Assessor Estimated EAV Report September 2016

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?

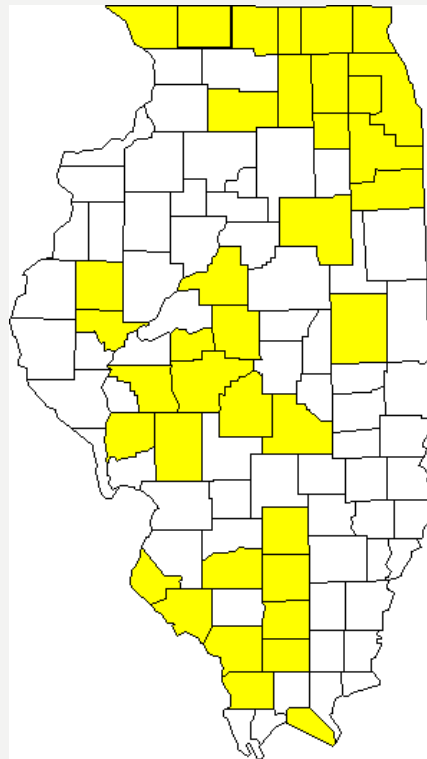
- **Increases in property tax extension for existing property are limited to the lesser of 5 percent or the increase in the Consumer Price Index for Urban (CPI-U) for the year preceding the levy year**

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
39 Tax Capped



CONSUMER PRICE INDEX (CPI-U)

2006	2.5%
2007	4.1%
2008	0.1%
2009	2.7%
2010	1.5%
2011	3.0%
2012	1.7%
2013	1.5%
2014	0.8%
2015	0.7%

**10-year average
1.9%**

September CPI 1.5%

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

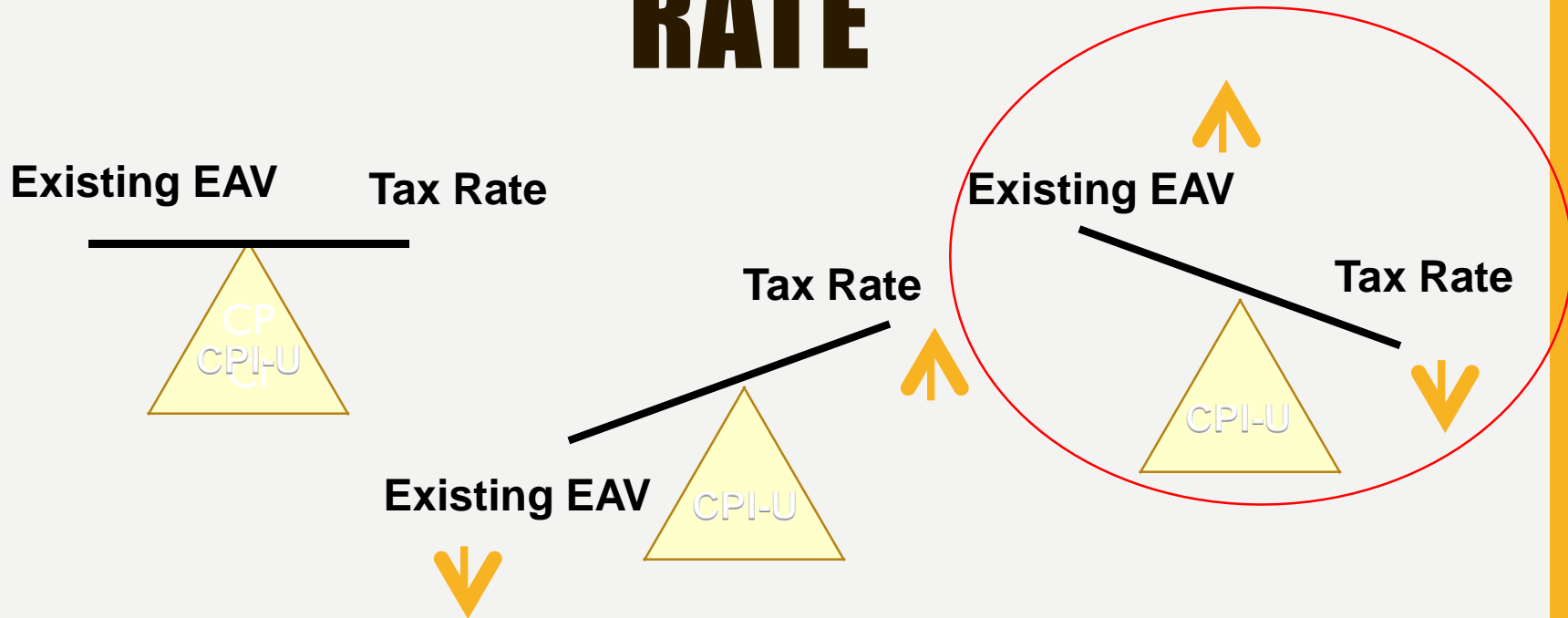
The limiting rate is the calculated total allowable tax rate
This rate is used to calculate the total tax extension

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

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.
- If EAV increase is more than the CPI-U increase, the Tax Rate will decline

LIMITING RATE HISTORY

2006	3.999
2007	3.866
2008	3.870
2009	3.938
2010	4.256
2011	4.614
2012	4.925
2013	5.184
2014	5.266
2015	5.303
2016	4.915*

* Estimated

DATA, ASSUMPTIONS, AND CALCULATIONS

- **CPI-U = 0.7% (December 2015)**
- **Estimated EAV % Change from 2015 EAV = 6.91%**
- **Estimated New Property = \$12,989,859**
- **Estimate the Needs of Each Fund**
- **Balloon Levy – to protect from estimate differences**

SUMMARY

Year	CPI	New Property	Limiting Rate	EAV
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%	10,078,075	5.184	1,241,734,700
2014	1.5%	11,306,374	5.266	1,252,189,532
2015	0.8%	13,160,987	5.217	1,287,126,861
2016	0.7%	12,989,859*	4.915*	1,376,043,642*

*Estimate based on information from Assessor in September 2016

LEVY REQUEST

CPI-U	0.7%
Operating Rate	5.0118
Debt Service Rate	1.0828
Total Tax Rate	6.0946

Decrease over prior year (6.4700) = (.03754) per\$100 EAV

Approximate decrease on \$315,000 no EAV increase

(-\$437.93)/-5.80%

With increased EAV (6.9%) \$374,185 = \$54.03/.72%

INCREASE IN LEVY AMOUNT

	Actual	Projected	Increase	
	2015	2016	Dollars	Percent
ED	49,547,048	50,619,111	1,072,063	2.16%
OM	9,653,451	10,607,000	953,549	9.88%
Trans	2,358,016	1,810,000	(548,016)	-23.24%
MR	1,076,939	1,101,000	24,061	2.23%
SS	1,076,939	1,101,000	24,061	2.23%
Spec	3,438,817	3,517,000	78,183	2.27%
HLS	-	211,000	211,000	100.00%
	67,151,210	68,966,111	1,814,901	2.70%

	Projected Ending Fund Balance FY 2017	Revenues with Projected Levy	Expenditures Projected	Projected Ending Fund Balance FY 2018
Ed	15,062,227	63,208,945	63,779,849	14,491,323
OM	1,597,567	11,533,891	12,159,922	971,536
Trans	5,327,716	5,672,791	5,417,344	5,583,163
MR/SS	1,615,613	2,272,280	2,516,120	1,371,773
HLS	-	135,000	125,000	10,000