

**GENEVA COMMUNITY UNIT SCHOOL DISTRICT NUMBER 304  
227 NORTH FOURTH STREET, GENEVA, KANE COUNTY, ILLINOIS  
FINANCE COMMITTEE MINUTES**

The Board of Education Finance Committee met at 6:00 p.m. on Monday, September 10, 2012, at Coultrap, 1113 Peyton, Geneva, Illinois.

**1. CALL TO ORDER**

The meeting was called to order at 6:00 p.m. by Chairman Wilson.

Committee members present: Mike McCormick, Kelly Nowak, Bill Wilson.  
Absent: None.

Administrators present: Donna Oberg, Assistant Superintendent Business Services. Late: Kent Mutchler, Superintendent.

Others presents: Denise D. LaCure, Mary Stith, Ed Butts, Lori Dowd.

**2. PUBLIC COMMENT**

None.

**3. APPROVAL OF MINUTES**

3.1 August 13, 2012

Motion by Nowak, second by Wilson, to approve the minutes, as presented. On roll call, Ayes, two (2), Nowak, Wilson. Nays, none (0). Abstained, one (1), McCormick. Motion carried.

**4. DISCUSSION/CONSIDERATION**

4.1 Presentation:

Geneva Township Assessor, Denise LaCure  
Blackberry Township Assessor, Uwe Rotter

The Assistant Superintendent Business Services reported that Ms. LaCure and Mr. Rotter had been invited to the meeting to review and explain the assessment process in Geneva and Blackberry Township.

Ms. LaCure provided an overview of the assessment process and timeline for Geneva Township. She explained that assessments are always one year behind. Home sales averages and sales ratios are used to determine EAV. Quit claims and foreclosures are not included in total sales but short-sales are used. Property is also ranked by square footage. The assessor's office strives to get the median ratio down to 33.33% and the Coefficient Dispersion below 15%. If the median is too high the assessment is adjusted down. The equation is used to equalize assessment over entire neighborhoods with the goal of turning in an EAV 5% lower than where they started.

Once Kane County certifies the assessments, an individual has thirty (30) days after publication of the assessments to make an appeal. It is important for the School Board to know that many commercial properties appeal their assessments. This year they worked to speed up the process and hope to get assessments out sooner. Her office reviews, analyzes, and verifies all appraisals for accuracy according to all three review methods. Individuals filing an appeal must provide her office with five copies of their appeal.

Comments and questions: From 2009 through 2011 we've seen decreases in assessed valuation. Now the media is reporting that things are leveling off, do you have any idea about whether things are stabilizing? (High-end and commercial properties have been stabilizing but we are still seeing some areas of the township that are not.) How are neighborhoods determined? (We extract rentals from other single family residences and we use natural boundaries, subdivisions, and areas that front commercial property. New construction from teardowns may also be assessed in a different category.) Actual/final assessment figures typically come to us in March and we have to make our best guess for levy figures in December. Do you anticipate that we might get this year's actual assessment numbers in December or January? (It depends on when the last assessments are certified. I hope to have them completed by December if possible.)

Ms. LeCure related that during the assessment cycle, the Geneva Township Assessor's office receives many complaints. She wanted the Board of Education to be aware that, recently, an individual filing a complaint told her he moved from St. Charles back to Geneva because, although he felt Geneva's taxes were high, he wanted his kids in Geneva's schools.

The Blackberry Township Assessor, Uwe Rotter, did not attend the meeting.

#### 4.2 Presentation: Levy 101

The Assistant Superintendent presented a PowerPoint presentation titled "Tax Levy 101." She noted that within the past year, several area school district business managers made a presentation to area tax assessors and talked to them about the tax levy and PTELL (Property Tax Extension Limitation Law).

Typically, the tax levy provides about 75-85% of a local school district's operating budget and sets the maximum receipts that can be received from property taxation in a given year. The tax levy for the 2012 operating budget for local school districts was Geneva 84%; Batavia 83%; St. Charles 82%; Kaneland 77%; and Central 72%. The tax levy is the amount of dollars in each operating fund a school district requests to fund expenditures for the next school year. Tax levies are passed in December, without knowing the actual/final assessments, and we have to pass a levy in December for two

years out. A Board of Education must adopt a levy no later than the last Tuesday in December and certify it with the County Clerk. While the levy sets forth the maximum asking rate, the actual rate usually comes in at a lower level. The tax levy is the largest, most stable, and reliable revenue source in local school districts. Typically, federal dollars come in well but state funds are not coming in as they should be. Local revenue from registration and student fees is impacted by the economy and the ability of parents to pay them. The typical tax levy process begins in November with an initial levy presentation to the Board followed by approval of the tentative levy. In December, a levy hearing notice (not required if the levy increased by less than 5% - Geneva has not had a levy hearing for the past two years) is published in a local newspaper, the Board of Education approves the final levy, and it is filed with the County Clerk by the last Tuesday in December. In March and April, the levy and extension is verified by the assessor's office and certified by the school district. In May, the assessor sends out tax bills and the school districts start collecting tax revenue. The revenue collected in May and June is for the following year's budget; i.e. levy in December 2011 for the 2012-2013 school budget.

The levy process consists of contacting the assessors to estimate EAV, estimate new construction, apply CPI (Consumer Price Index) from the prior December (2012 levy year is 1.5%); determining the limiting rate, and distributing the levy in the funds based on the levy rate for each fund in the budget.

The Assistant Superintendent explained that EAV is the equalized assessed valuation, the property valuation for individual and total property of a school district, after the county and state has equalized the calculations. EAV is important to a school district because any growth in EAV must be captured to ensure the financial health of the school district. The district's total EAV is multiplied by the approved tax rate (per \$100 EAV) in order to arrive at the extension. If the District doesn't levy enough, those dollars are "left on the table" and that dollar amount can never be recaptured. From 2003 to 2004 the EAV percentage change was 16.25%. From 2005 until 2008 the percent changed from 10.28% to 5.43%. In 2011, the percent change was -5.73%. We anticipate that in 2012, the EAV will decrease by another 5-6%. New construction growth declined from \$47,215,146 in 2003, to \$19,836,918 in 2008, and to \$9,086,307 in 2011. It is anticipated that in 2012 new growth may come in slightly higher than \$9,000,000 due to the new retirement village in Blackberry Township coming on the tax rolls.

PTELL, Property Tax Extension Limitation Law, is designed to limit the increases in property tax extensions (total taxes billed) for non-home rule taxing districts. While PTELL is commonly called the "Tax Cap," that is misleading because PTELL does not cap an individual's property tax bill or property assessment. It only caps the amount that a school district has left.

PTELL allows a taxing district to receive a limited inflationary increase in tax extensions on property. The limitation increases in property tax extensions for existing property are limited to the lesser of 5%, or the increase in the Consumer Price Index for Urban (CPI-U). Geneva could either increase by 5% of the CPI, so next year, our maximum increase in levy would be 1.5%. The limitation does not apply to new construction, so taxing bodies can recoup their “fair share” of tax revenue from that property. There has not been a CPI-U of 5% since the inception of the Property Tax Extension Limitation Law. Of all the counties in Illinois, approximately thirty of them are tax capped and the majority of the tax capped counties are in northern Illinois. Over the past ten years, the CPI-U has ranged from 2.4%, with a high of 4.1% in 2007 and a low of 0.1% in 2008. In 2011 it was 3%.

The limiting rate is used to determine the district’s levy. The limiting rate formula is: Prior year extension x (1 + the lesser of 5% or CPI-U) divided by (Total EAV – New Construction). That is how the limiting rate is determined and that is what is assessed on the \$100 per assessed valuation. The limiting rate is based on prior year extension and provides the rationale for balloon levy. New construction, as well as interest payments, is outside of the tax cap.

When the existing EAV and the existing Tax Rate are level, there is no increase in the rate. When the existing EAV goes down and the new growth and the CPI is less than EAV, the Tax Rate goes up. When existing EAV goes up and the CPI rate is lower, the Tax Rate goes down. Tax rates are determined after the EAV is finalized and requests are made. If the assessment for one property value is raised or lowered, that has an effect on the tax bill for everyone else.

Ms. LeCure thanked Mrs. Oberg for a “really nice presentation.”

Comments, questions: Thanks for explaining the multi-year levy process. The multi-year process is what makes it hard for us to be more exact when setting and adopting a levy. Thanks also for providing this presentation earlier in the levy process timeline, which allows more time for questions and for education. We are currently about halfway through the 30-day public-review cycle for the 2012-2013 budget. Have there been any comments or questions received from the public? (No, none at all. The budget has been on public display in the District office and it is available on our web site.)

## **5. FUTURE AGENDA ITEMS**

### **5.1 Quarterly Financial Review**

The Assistant Superintendent reported that the quarterly report will be on the October agenda in order to provide a true quarterly report.

The Committee Chair reported that future agenda items will include levy

projections/options and will be considered at the next meeting. On behalf of the Committee, he thanked Ms. LeCure for coming and making her presentation.

**6. ITEMS FOR RECOMMENDATION TO FULL BOARD**

None.

**7. ADJOURNMENT**

At 6:40 p.m., motion by McCormick, second by Nowak, and with unanimous consent, the meeting was adjourned.

APPROVED October 9, 2012  
(Date)

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(William R. Wilson) CHAIRPERSON

RECORDING  
SECRETARY \_\_\_\_\_  
(Dr. Kent Mutchler)