

**BOARD OF EDUCATION MEETING
TUESDAY, OCTOBER 10, 2017**

2017 TAX LEVY

TAX LEVY COMPONENTS

- **Equalized Assessed 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%
2017	1,426,165,053	3.64%

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

Commercial	2,972,673
Farm	44,986
Industrial	34,119
Residential	9,741,419
Total	12,793,197

- New Construction and Property Improvements are exempt from the tax cap for the first year

PROPERTY TAX EXTENSION LIMITATION LAW (PTELL)

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 (CPI-U).

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

CONSUMER PRICE INDEX (CPI-U)

Levy Year	PTELL Cap
2008	4.10%
2009	0.10%
2010	2.70%
2011	1.50%
2012	3.00%
2013	1.70%
2014	1.50%
2015	0.80%
2016	0.70%
2017	2.10%

**10-year average
1.8%**

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

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
2017	4.937*

* Estimated

DATA, ASSUMPTIONS, AND CALCULATIONS

- **CPI-U = 2.1% (December 2016)**
- **Estimated EAV % Change from 2016 EAV = 3.64%**
- **Estimated New Property = \$12,793,197**
- **Estimate the Needs of Each Fund**
- **Balloon Levy – to protect from estimate differences**

SUMMARY

Levy Year	CPI	New Property	Limiting Rate	EAV
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
2017	2.1%	12,793,197*	4.937*	1,434,493,970*

*Estimate based on information from Assessor in September 2017

LEVY REQUEST

CPI-U	2.1%
Operating Rate	4.9370
Debt Service Rate	1.0599
Total Tax Rate	5.9969

Theoretical decrease over prior year (6.0946)
or (.0977) per \$100 EAV

Approximate decrease on \$350,000 fmv home
= \$114

ANTICIPATED INCREASE IN CAPPED LEVY AMOUNT

	Actual	Anticipated	Increase	
	2016	2017	Dollars	Percent
ED	50,389,377	51,423,105	1,033,728	2.05%
OM	10,244,025	10,376,829	132,804	1.30%
Trans	1,801,765	1,807,992	6,227	0.35%
MR	1,096,020	659,721	(436,298)	-39.81%
SS	1,096,020	1,539,351	443,331	40.45%
Spec	3,501,041	4,076,190	575,149	16.43%
HLS	210,064	0	(210,064)	-100%
Total Capped	68,338,312	69,883,188	1,544,876	2.26%

REQUESTED INCREASE IN CAPPED LEVY AMOUNT

	Actual	Requested	Increase	
	2016	2017	Dollars	Percent
ED	50,389,377	52,795,796	2,406,419	4.78%
OM	10,244,025	10,653,829	409,804	4.00%
Trans	1,801,765	1,856,255	54,490	3.02%
MR	1,096,020	677,332	(418,688)	-38.20%
SS	1,096,020	1,580,442	484,423	44.20%
Spec	3,501,041	4,185,000	683,959	19.54%
HLS	210,064	0	0	-100%
Total Capped	68,338,312	71,748,654	3,410,342	4.99%

Anticipated levy fulfills all current fiscal year tax revenue needs.

Anticipated levy fulfills projected subsequent fiscal year tax revenue needs

Requested Levy falls within Truth in Taxation thresholds

Requested Levy will accommodate any likely EAV, New Construction or County Collection fluctuations.