



2016 Levy

November 15, 2016

Introduction – Levy Process

The Most Important Event from a
Financial Perspective!

(Complicated Area; Try to Simplify)

2016 Levy Calendar

October 18, 2016	- Preliminary Levy Discussion
November 15, 2016	- Tentative Levy Approval for Publishing with Notice of Hearing
December 1, 2016	- Levy Request & Hearing Date Published
December 13, 2016	- Levy Hearing & Final Adoption

Terms & Definitions

- Levy = Amount Requested by governmental entity to be raised from property taxes; required and regulated process to obtain tax revenues
- Extension = Actual amount billed to taxpayers in a district; revenue to entity
- EAV = Equalized Assessed Value of properties in a district as determined by local and county assessors

Terms & Definitions

- CPI = Consumer Price Indexed published by the federal government as a measure, per state school code, of annual inflationary impact on a district
- New Property = Property in the district that has been newly developed and initially assessed during the tax year

Terms & Definitions

- Abatement = Refunding of property taxes by the District to taxpayers;
 - 2013 abatement to taxpayers; \$2.0 million
 - 2015 abatement to taxpayers; \$1.1 million
- Rollback = Reduction of levy request below the amount of available property tax revenue;
 - 2014 rollback for taxpayers ~ \$1.1 million

General Financial Impact

- School District – Property taxes generally represent in excess of 90% of annual revenues; they are the primary source of funding of public education in the state
- Taxpayer - Typically over 35% of the annual property tax bill represents property taxes requested by District 36; 38% in 2015

Tax Extension Formula; Simplified Example – A

(Decreased EAV Factor)

Levy Year	EAV (Assessor)	Tax Rate (Calc w/cap)	(CPI)
Year 1	\$1,000,000	1.000	\$1,000,000
Yr 2 - +2% CPI Step 1 - Ext'd Calc	?	?	\$1,020,000
Yr 2 - <15% >EAV Step 2 - EAV Calc	\$850,000	?	\$1,020,000
Yr 2 –Incr Rate Step 3 - Rate Result	\$850,000	1.200	\$1,020,000

Tax Extension Formula; Simplified Example – B

(Increased EAV Factor)

Levy Year	EAV (Assessor)	Tax Rate (Calc w/cap)	(CPI)
Year 1	\$1,000,000	1.000	\$1,000,000
Yr 2 - +2% CPI Step 1 - Ext'd Calc	?	?	\$1,020,000
Yr 2 - +15% EAV Step 2 - EAV Calc	\$1,150,000	?	\$1,020,000
Yr 2 – Decr Rate Step 3 - Rate Result	\$1,150,000	0.887	\$1,020,000

Levy Calculation Factors

- Levy cannot exceed 5% or the prior year CPI (not including New Construction/New Property); “tax cap” legislation
- CPI is a primary factor in determination of Extension of property taxes

CPI - General Financial Impacts

- December **2015** CPI is used for 2016 Levy
- Rate published in January 2016
- Revenue based on December 2015 economy
- 2016 Levy finalized & submitted in December 2016
- Revenue received primarily for **2017-2018** school year

CPI - General Financial Impacts

- Historic 15 year Average CPI; **2.3%**
- Historic 15 year CPI;
Low is **0.1%** - - High is **4.1%**
- Historic 5 year CPI ; **1.7%**
- CPI for 2016 Levy; **0.7%**
- Trend for December 2016 CPI; **~ 0.5% - 1.0%**
(Used for projected 2017 Levy)

2016 Levy Factors

CPI

Known/Fixed 0.7%

EAV & New Property

Unknown/Uncertain ?

New Property Estimation Considerations

- District must Request additional taxes related to the new property/new taxpayers
- Amount for new property/new taxpayers is an Estimate at the time of the levy
(Estimated 2016 New Property is equal to prior year; \$15 mil)
- Additional Request due to unknown factors, Avoids loss of available tax revenues.
(2016 Additional Request only for estimated New Property)

New Property Estimation Considerations

	Available	Request	Receive
A	\$500	\$300	\$300
B	\$500	\$700	\$500

2016 Request/Actual “Cap Funds” Levy Comparison

Process	Result	Amount	Percentage Increase
Levy	Requested Levy (Published)	\$37,685,000	1.95%
Extension	Expected Levy Extension (Potential)	\$37,685,000	1.95%

2016 Levy; Unique Factors

- District intends to again Abate a portion of 2016 taxes in March 2017; filing due April 1st
- Effect of Abatement would be to reduce 2016 property taxes for taxpayers;
(Similar to the 2013 & 2015 Abatements)
- Objective; prudently balance district and taxpayer interests

2016 Levy; Unique District Factors

➤ March abatement approval provides time to evaluate the status and financial impact of currently unresolved matters;

State Funding matters; property tax freeze & low CPI, unfunded pension liabilities, income redistribution, etc.

Facility Improvement needs

Enrollment Balancing Project

Kindergarten Extended Day implementation

2016 Levy; Unique Taxpayer Factors

➤ Other financial considerations

Fund balance level to maintain high bond rating; 50% to 60%

Enables borrowing at a cheaper rate

Available funds for 2017 bond redemption; up to \$30 million ?

Provides a reduction in future debt payments

Both lower taxes for taxpayers

2016 Tax Levy Separate Fund Requests

Separate levy amounts are requested for the individual operating “cap” funds used by the District

Levy Request Fund Distribution

(w/o B&I)

Fund	Requested Levy	% of Total
Education	\$33,745,000	89.5%
O&M	\$1,800,000	4.8%
Transportation	\$200,000	0.5%
IMRF/SS	\$1,150,000	3.1%

Levy Request Fund Distribution

(w/o B&I)

Fund	Requested Levy	% of Total
Capital Projects	\$0	0.0%
Working Cash	\$590,000	1.6%
Tort	\$200,000	0.5%
Life Safety	\$0	0.0%



2016 Debt Service Fund Tax Levy

- Levy for the Debt Service, formally the Bond & Interest, Fund is separately determined at the time of the bond issue
- The levy amount is not subject to the tax cap

2016/2015 Published Levy Debt Service Fund Net Effect

Levy Yr	Levy Status	Levy Amount	Percentage Increase <Decrease> Yr/Yr
2016	Expected (Before Abatement)	\$5,879,381	35.38%
2015	Actual (After Abatement)	\$4,342,842	

2016/2015 Pro-Forma Levy Debt Service Fund Net Effect

Levy Yr	Levy Status	Levy Amount	Percentage Increase <Decrease> Yr/Yr
2016	Expected (After Assumed Abatement of \$1,450,000)	\$4,429,381	1.99%
2015	Actual (After Abatement)	\$4,342,842	

2016 Levy Request

Operating “Cap” Funds	\$37,685,000
Debt Service, w/o abatement	<u>\$5,879,381</u>
Total Levy Request	\$43,564,381

2016 Expected Tax Extension

Operating “Cap” Funds	\$37,685,000
Debt Service, w/o abatement	<u>\$5,879,381</u>
Total Levy Request	\$43,564,381

Recommendation

“The Board;

- Accept and approve the 2016 Tentative Levy as presented by Administration, and
- Authorize Administration to have a proscribed notice of a Tentative 2016 Levy and Hearing to be held at the December 13, 2016 Meeting of the Board”

(Action enables receipt of over 90% of annual revenues)

2016 Levy “Follow Up” Calendar

- December 13, 2016 - Levy Hearing & Final Adoption
- December 27, 2016 - Levy Filing Deadline with County
- March 21, 2017 - Tax Abatement Resolution
- April 1, 2017 - Tax Abatement Filing Deadline with County



2016 Levy

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