



2017 Tentative Levy

November 14, 2017

The Winnetka Public Schools community empowers every student to flourish in an innovative, experiential environment. We support and challenge all learners to actively engage in their continual growth and achievement to make a meaningful difference in the world.

2017 Levy Calendar

- November 14, 2017 - Tentative Levy Discussion and Approval for
Publishing with Notice of Hearing Date
- December 7, 2017 - Levy Request & Hearing Date Published
- December 19, 2017 - Levy Hearing & Final Adoption

Terms and 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 and Definitions

- Equalization Factor = A factor utilized by the county to bring the EAV to 33 1/3% of the fair market value of a property
- 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 and Definitions

➤ Abatement = Refunding of property taxes by the District to taxpayers;

- 2015 abatement to taxpayers; \$1.1 million

➤ Refunding of Bonds = Refunding of Debt Service by the District;

- 2017 refunding to taxpayers; \$30.0 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 approximately 38% of the annual property tax bill represents property taxes requested by District
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Tax Extension Formula; Simplified Example A

(Decreased EAV Factor)

Levy Year	EAV (Assessor)	Tax Rate (Calc w/cap)	Extension (CPI)
Year 1	\$1,000,000	1.000	\$1,000,000
Yr 2 - <15% >EAV Step 1- EAV Calc	\$850,000	?	?
Yr 2 - +2% CPI Step 2- Ext'd 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)	Extension (CPI)
Year 1	\$1,000,000	1.000	\$1,000,000
Yr 2 - +15% EAV Step 1- EAV Calc	\$1,150,000	?	?
Yr 2 - +2% CPI Step 2- Ext'd 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 2016 CPI is used for 2017 Levy
- Rate published in January 2017
- Revenue based on December 2016 economy
- 2017 Levy finalized & submitted in December 2017
- Revenue received primarily for 2018-2019 school year

CPI-General Financial Impacts

- Historic 15 year Average CPI; **2.1%**
- Historic 15 year CPI;
Low is **0.1%** - - High is **4.1%**
- Historic 5 year CPI ; **1.4%**
- CPI for 2017 Levy; **2.1%**
- Current trend for December 2017 CPI; ~ **1.5% - 2.0%**
(Used for projected 2018 Levy)

2017 Levy Factors

CPI

Known/Fixed

2.1%

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 2017 New Property is equal to prior year; \$15 mil)

➤ Additional Request due to unknown factors, Avoids loss of available tax revenues.

(2017 Additional Request only for estimated New Property)

New Property Estimation Considerations

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

2017 Request/Actual “Cap Funds” Levy Comparison

Process	Result	Amount	Percentage Increase
Levy	Requested Levy (Published)	\$38,858,054	3.72%
Extension	Expected Levy Extension (Potential)	\$38,858,054	3.72%

2017 Levy; Unique Factors

- District refunded Debt Service in the amount of \$30 million in June 2017
- Objective; prudently balance District and taxpayer interests

2017 Levy Factors

- Other financial considerations

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

Enables borrowing at a lower interest rate

- Refunding of bonds in 2017 of \$30 million provided for a reduction in future debt payments

Payment for 2017 levy would have been \$5,728,727, instead it is \$4,396,735

2017 Levy Factors

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

Levy Request Fund Distribution

Fund	Requested Levy	% of Total
Education Fund	\$34,707,607	89.32%
Operations and Maintenance	\$1,856,849	4.78%
Transportation	\$206,317	.53%
IMRF/Social Security	\$1,289,479	3.32%

Levy Request Fund Distribution

Fund	Requested Levy	% of Total
Capital Projects	\$0	0.0%
Working Cash	\$591,496	1.52%
Tort	\$206,317	.53%
Life Safety	\$0	0.0%



2017 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
- A tax savings of ~\$319 per year on a \$10,000 tax bill is being realized due to the \$30M refunding

Levy Request Fund Distribution

Levy	Requested Levy 2017	Extension 2016	% Variance
“Cap Funds”	\$38,858,064	\$37,465,925	3.72%
Debt Service	\$4,396,735	\$5,321,873	<17.38%>
Total Levy	\$43,254,799	\$42,790,537	1.08%

Recommendation

“The Board;

- Accept and approve the 2017 Tentative Levy as presented by Administration, and
- Authorize Administration to have a proscribed notice of a Tentative 2017 Levy and Hearing to be held at the December 19, 2017 Meeting of the Board”

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

2017-2018 Budget Calendar

- December 19, 2017 - Levy Hearing & Final Adoption
- December 26, 2017 - Levy Filing Deadline with County
- April 2017 -Extension finalized by County Determining our Revenues for 2018

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November 14, 2017

