

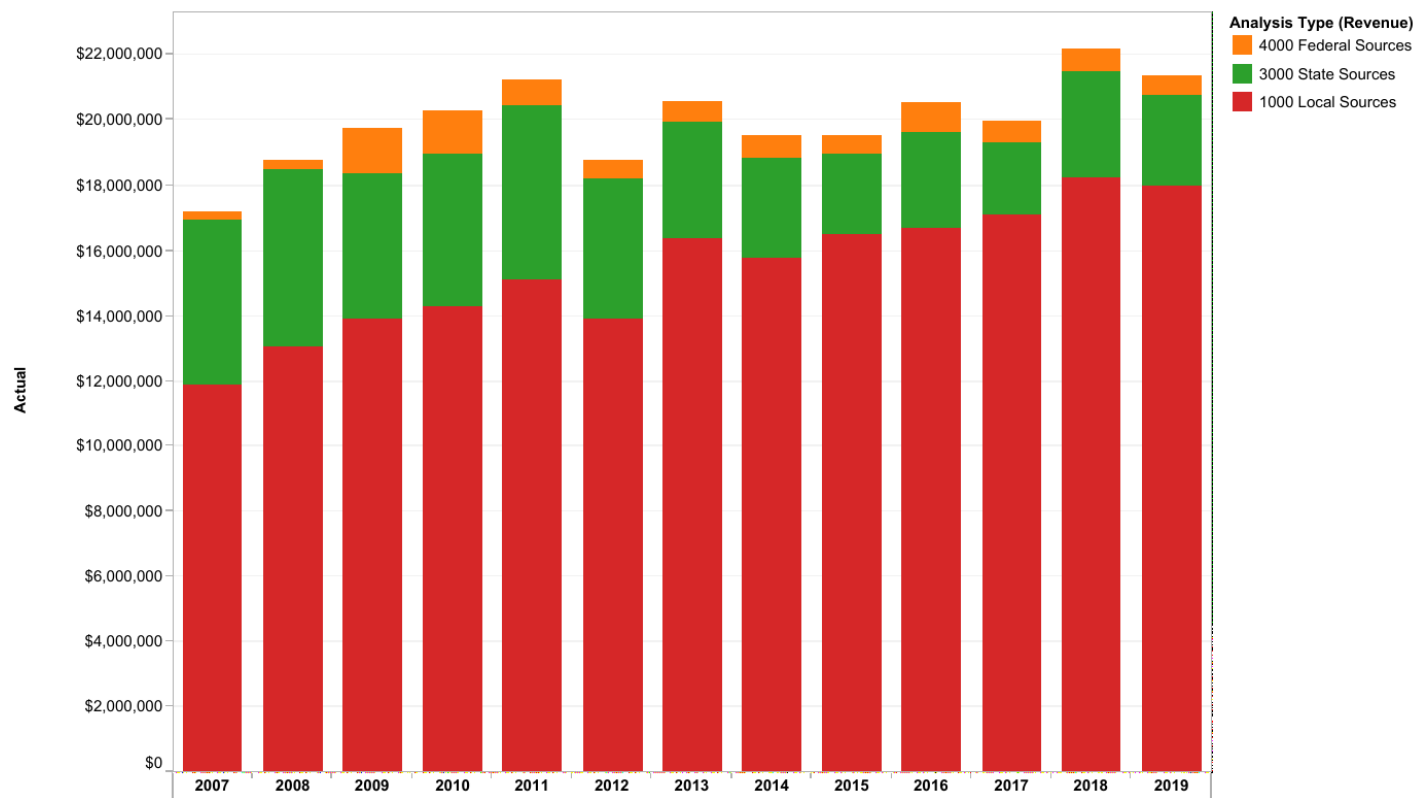
PEOTONE CUSD 207U

2019 Tax Levy Information

Sources of Funding (2018 Receipts)

- Local Sources of Funding: \$17.98 million (84.20%)
- State Funding: \$2.78 million (13.04%)
 - Excludes the on-behalf payment for TRS
- Federal Funding: \$0.59 million (2.76%)

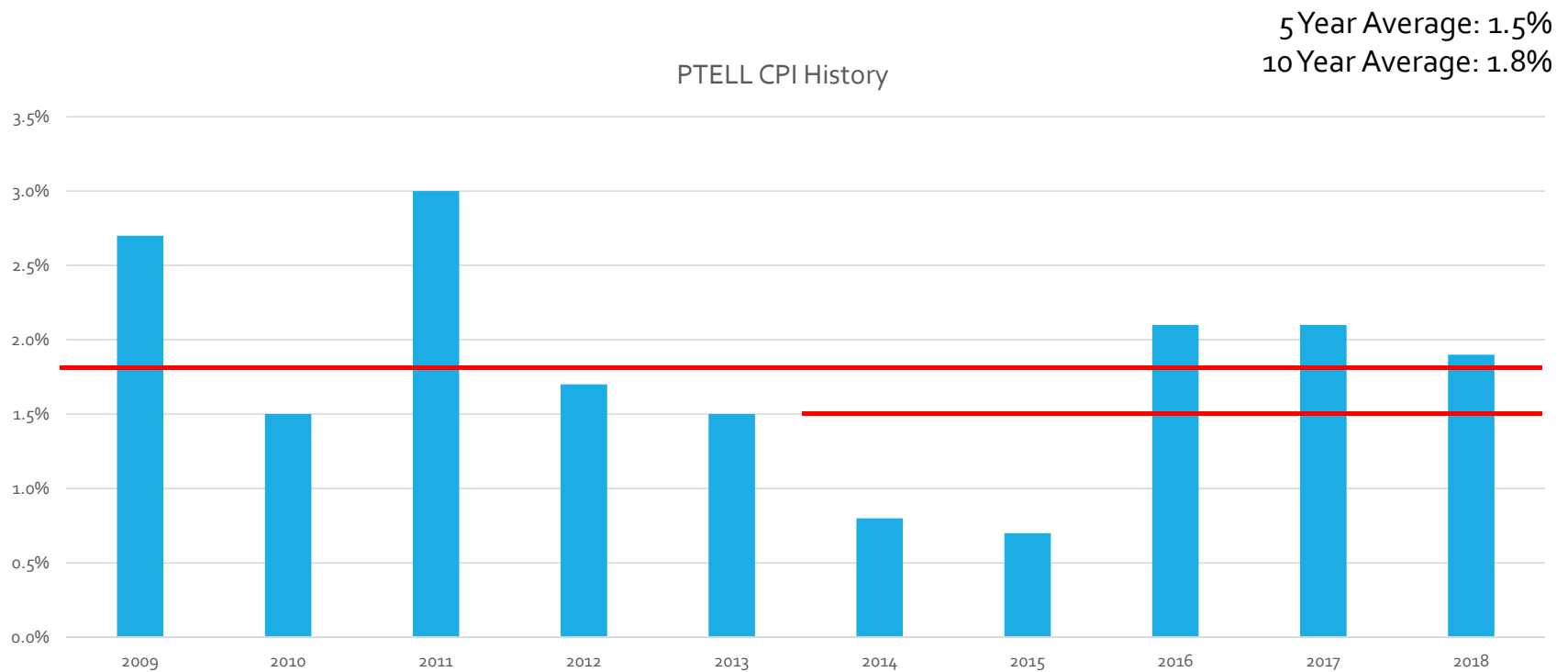
Sources of Funding History



Key Pieces of Information to Collect (or Estimate)

- Previous Year's Tax Extension
 - From County
- Consumer Price Index (CPI)
 - From Illinois Department of Revenue
- Total Property Value (EAV)
 - Calculated from County Estimates
- New Property Value (EAV)
 - Calculated from County Estimates

CPI History Used for PTELL



Equalized Assessed Value (EAV)

- EAV is the total taxable value of property within the District
 - The value can be adjusted to equalize it with other counties if it is determined the assessor has under or over valued the property
- Total EAV changes every year and is affected by a variety of factors
 - The tax levy is determined using estimated values, which often results in a “balloon levy” in case the estimated values are different from actuals
- Residential, Commercial, and Industrial property classifications can be challenged at the Board of Review to reduce their EAV, which would result in other taxpayers making up this reduction in the form of higher individual bills
- If there is an increase in the number or amount of exemptions in the community, this can cause individual tax bills to increase

Peotone 207U EAV History

Levy Year	EAV	\$ Growth	% Change		
2009	\$ 396,004,685	\$ 2,157,748	0.55%		5 Year Average 3.37%
2010	\$ 390,609,891	\$ (5,394,794)	-1.36%		
2011	\$ 373,365,144	\$ (17,244,747)	-4.41%		
2012	\$ 348,029,306	\$ (25,335,838)	-6.79%		10 Year Average -0.14%
2013	\$ 328,528,260	\$ (19,501,046)	-5.60%		
2014	\$ 328,243,076	\$ (285,184)	-0.09%		
2015	\$ 333,937,925	\$ 5,694,849	1.73%		
2016	\$ 350,777,926	\$ 16,840,001	5.04%		
2017	\$ 359,628,476	\$ 8,850,550	2.52%		
2018	\$ 370,628,400	\$ 10,999,924	3.06%		
2019	\$ 387,349,687	\$ 16,721,287	4.51%		

***Estimated on preliminary values provided on September 3, 2019

Peotone Property Data

- Taxable Property Values
 - 99.97% of property in Will County
 - 0.03% of property in Kankakee County
- EAV by Property Class
 - 61.16% of property is Residential Value
 - 26.45% of property is Farm Value
 - 6.90% of property is Commercial Value
 - 5.24% of property is Industrial Value
 - 0.25% of property is Railroad Value

Tax Levy and New Property

- New Property can be:
 - Finished new construction projects
 - Improvements or additions to existing property on any parcel that increased the assessed value of that property
- New properties are added to the EAV and thus add to the levy
 - The best way for a community to decrease the overall tax rate is to have EAV that is increasing faster than CPI
- New property taxes are collected beyond the capped levy amount in the first year
- If you do not capture all of the new EAV the first year it comes on the tax rolls, you can never capture it again in the future as new property

Bond and Interest Levy

- The Bond and Interest portion of the tax levy has been predetermined by prior action when bonds are either sold or refinanced
 - This debt is either approved by referendum or issued by the board in an amount not to exceed the DSEB limit of the district each year
- The repayment schedule is set at the time of issuance and no further action is required of the district to levy those funds
- The county clerk will extend taxes for debt service based upon resolutions filed for each year such a levy is required

Fundamental Levy Concepts

- As a district, we set the levy (dollar amount to be received from property taxes) with the idea it will be proportionately spread among all taxpayers based on property values
- The school district does not levy a tax rate, but is responsible for calculating and approving an annual tax levy request
- The tax cap law (PTELL) ensures the total tax extension of the district does not exceed the previous year's CPI figure or 5%, whichever is lower
 - The actual increase could be higher because new property is excluded from the cap limit
- It is possible for individual tax payers to see a higher increase, but this is because of a shift in allocation, not because the total levy his higher
- Factors such as tax appeals, exemptions, individual property improvements, and TIFs can affect individual bills

Property Taxes and PTELL

- Property Tax Extension Limitation Law (PTELL) has been in place since 1991
- Limits the increase in aggregate tax extension to the lesser of 5% or the 12-month rate of inflation as measured by the All Urban Consumer Price Index (CPI) published by the U.S. Department of Labor, exclusive of debt service
- CPI used for the 2019 levy is 1.9%

Property Tax Cycle

- Spring
 - Assessor works on property values for NEXT calendar year
 - Taxpayers pay first installment of prior year's levy
- Summer
 - Taxpayers pay second installment of prior year's levy
- Fall
 - Assessment notices are issued, appeals made, and assessments finalized
 - **Adoption of tentative levy**
- Winter
 - Adoption of final tax levy that will be collected the following year

Planning of Tax Levy

- District is required to complete the tax levy with incomplete information
 - Do not have final property values, exemptions, or new property figures
 - Estimated figures come in September from County
 - Look at tax levy history to determine how accurate new property figures have been and approximately what percentage of EAV eventually comes off for exemptions

Planning of Tax Levy

CPI		Rate Factor	Adjusted Extension Base	Current Net EAV	August Estimated EAV	Exemption Percentage	New Property	August Estimated New Prop	Percent Innacurate
1.0330	\$ 6,897,879.47	1	\$ 6,897,879.47	\$ 285,434,345.00			\$ 12,857,681.00		
1.0340	\$ 7,468,993.34	1	\$ 7,468,993.34	\$ 324,642,850.00			\$ 17,305,819.00		
1.0250	\$ 8,086,663.29	1	\$ 8,086,663.29	\$ 370,976,741.00			\$ 13,949,286.00		
1.0410	\$ 8,747,258.84	1	\$ 8,747,258.84	\$ 393,846,937.00			\$ 11,288,938.00		
1.0010	\$ 9,014,369.50	1	\$ 9,014,369.50	\$ 396,004,685.00			\$ 4,732,843.00		
1.0270	\$ 9,369,585.11	1	\$ 9,369,585.11	\$ 390,609,891.00			\$ 3,038,018.00		
1.0150	\$ 9,584,513.83	1	\$ 9,584,513.83	\$ 373,365,144.00			\$ 7,332,173.00		
1.0300	\$ 10,069,843.61	1	\$ 10,069,843.61	\$ 348,029,306.00			\$ 1,738,487.00		
1.0170	\$ 10,292,439.99	1	\$ 10,292,439.99	\$ 328,528,260.00			\$ 1,566,931.00		
1.0150	\$ 10,496,741.90	1	\$ 10,496,741.90	\$ 328,243,076.00	\$ 355,745,596.00	7.7310%	\$ 1,865,965.00	\$ 1,632,931.00	-14.2709%
1.0080	\$ 10,641,078.61	1	\$ 10,641,078.61	\$ 333,937,925.00	\$ 363,125,459.00	8.0379%	\$ 2,043,319.00	\$ 1,871,626.00	-9.1735%
1.0070	\$ 10,781,662.29	1	\$ 10,781,662.29	\$ 350,777,926.00	\$ 379,417,578.00	7.5483%	\$ 5,087,644.00	\$ 4,529,556.00	-12.3210%
1.0210	\$ 11,170,151.58	1	\$ 11,170,151.58	\$ 359,628,476.00	\$ 389,901,047.00	7.7642%	\$ 3,084,009.00	\$ 2,839,824.00	-8.5986%
1.0210	\$ 11,500,209.37	1	\$ 11,500,209.37	\$ 370,628,400.00	\$ 402,223,987.00	7.8552%	\$ 1,060,270.00	\$ 725,872.00	-46.0685%
1.0190	\$ 11,752,250.13	1	\$ 11,752,250.13	\$ 384,474,185.21	\$ 416,942,793.00	7.7873%	\$ 2,876,726.24	\$ 2,436,118.00	-18.0865%
			Percent Change in EAV	3.7358%					

Tax Levy Process

- The district is responsible for determining the estimated tax levy no less than 20 days prior to the adoption of such levy and should present the levy to the Board in November
- If the Board intends to adopt an aggregate levy that is more than 105% of the prior year's extension, the district must publish notice and conduct a public hearing
- The district must adopt and file the tax levy with County Clerk offices by last Tuesday in December
 - This requires approval by the Board at the December meeting

Tax Levy Calculation

$$\text{Limiting Rate} = \frac{(\text{Prior Year Extension} \times (1 + \text{CPI}))}{(\text{Total EAV} - \text{New Construction})}$$

$$\text{Limiting Rate} = \frac{(\$11,536,550 \times (1 + 0.019))}{(\$387,356,251 - \$2,876,726)}$$

$$\text{Limiting Rate} = 3.0576\%$$

Tax Levy Calculation

$$\begin{aligned}
 \text{Limiting Rate} &= \frac{\text{Known}}{\text{Known}} \times \frac{(1 - \text{UNKNOWN})}{\text{UNKNOWN}} \\
 \text{UNKNOWN Rate} &= \frac{(\$11,536,550 \times (1 + 0.019))}{(\$387,356,251 - \$2,876,726)} \\
 \text{Limiting Rate} &= 3.0576\% \quad \text{UNKNOWN}
 \end{aligned}$$

Tax Levy Calculation

$$\textit{EstimatedCappedLevy} = 3.0576\% \times \$387,356,251$$

$$\textit{EstimatedCappedLevy} = \$11,843,703$$

$$\textit{TotalLevy} = \$12,102,322$$

Tax Levy Calculation

- The \$258,619 buffer is to ensure all revenue is captured in case the estimates from the County or the estimates based on historic information is not as accurate as expected
- For instance, if new property comes in at \$4.3 million, the capped levy would be \$11,888,177.
 - If we levy at the expected amount, we would miss out on \$44,474 of revenue from this new property
 - Because the limiting rate calculation starts with last year's extension, any lost revenue is lost forever

Certificate of Tax Levy

Original: ☒ X
Amended: ☐

ILLINOIS STATE BOARD OF EDUCATION
School Business and Support Services Division
217/785-8779

CERTIFICATE OF TAX LEVY

A copy of this Certificate of Tax Levy shall be filed with the County Clerk of each county in which the school district is located on or before the last Tuesday of December.

District Name	District Number	County
Peotone CUSD	207U	Will, Kankakee

Amount of Levy

Educational	\$ 9,513,400	Fire Prevention & Safety *	\$ 1,150
Operations & Maintenance	\$ 1,184,865	Tort Immunity	\$ 170,082
Transportation	\$ 711,147	Special Education	\$ 85,612
Working Cash	\$ 1,150	Leasing	\$ 1,150
Municipal Retirement	\$ 216,883		\$ 0
Social Security	\$ 216,883	Other	\$ 0
		Total Levy	\$ 12,102,322

See explanation on reverse side.

Note: Any district proposing to adopt a levy must comply with the provisions set forth in the Truth in Taxation Law.

We hereby certify that we require:

the sum of 9,513,400 dollars to be levied as a special tax for educational purposes; and
the sum of 1,184,865 dollars to be levied as a special tax for operations and maintenance purposes; and
the sum of 711,147 dollars to be levied as a special tax for transportation purposes; and
the sum of 1,150 dollars to be levied as a special tax for a working cash fund; and
the sum of 216,883 dollars to be levied as a special tax for municipal retirement purposes; and
the sum of 216,883 dollars to be levied as a special tax for social security purposes; and
the sum of 1,150 dollars to be levied as a special tax for fire prevention, safety, energy conservation, disabled accessibility, school security and specified repair purposes; and
the sum of 170,082 dollars to be levied as a special tax for tort immunity purposes; and
the sum of 85,612 dollars to be levied as a special tax for special education purposes; and
the sum of 1,150 dollars to be levied as a special tax for leasing of educational facilities or computer technology or both, and temporary relocation expense purposes; and
the sum of 0 dollars to be levied as a special tax for ; and
the sum of 0 dollars to be levied as a special tax for ; and
on the taxable property of our school district for the year 2019

Total levy cannot be changed

Allocation by fund can later be changed

Projected Revenue and Expenses

Fiscal Year	Estimated Levy	Estimated Other Local Revenue	Estimated State and Federal	Estimated Operating Expenses	Operating Deficit
2020	\$11,843,702	\$1,402,830	\$3,422,972	\$18,519,438	(\$1,849,934)
2021	\$12,139,795	\$1,416,858	\$3,457,202	\$19,075,021	(\$2,061,167)
2022	\$12,443,289	\$1,431,027	\$3,491,774	\$19,647,272	(\$2,281,182)
2023	\$12,754,372	\$1,445,337	\$3,526,691	\$20,236,690	(\$2,510,290)
2024	\$13,073,231	\$1,459,791	\$3,561,958	\$20,843,791	(\$2,748,811)

Challenges of High Property Tax Dependency

- Local Revenues are the majority of our revenue (84.2%)
- If there isn't much new property, revenue increases are limited by CPI (average of 1.5% to 1.8%)
- Most of our expenses are salaries and benefits that increase faster than CPI has been increasing
- This means revenues don't keep pace with most of our expenses which forces a growing deficit or cutting services to keep the deficit steady

Key Points for 2019 Tax Levy

- Our operating levy, which includes all funds except Debt Service is being requested to be set at \$12,102,322 (2.39% over last year's request or 4.90% over last year's actual extension)
- The Debt Service tax extension will decrease by \$1,430,909 to \$3,826,084 or -27.22%
- Total Levy Request for 2019 is estimated at \$15,928,406 (-5.41% from last year's request)
 - We will not receive that much new revenue, but are requesting more due to our Equalized Assessed Value (EAV) and new property being unknown at this time
- Our best guess as to what we will actually receive, due to being limited to a Consumer Price Index (CPI) increase of 1.9% is \$11,843,703 or \$307,153 in new operating revenue, which equates to 2.66% increase in operating revenue

QUESTIONS/COMMENTS

Presented by:

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