



2020 Tax Levy

Board of Education
October 15, 2020

2020 Tax Levy Facts

- Funds must be levied by the district
- Tax Levy accounts for approximately 81% of the district's operating revenues
- Funds portion of FY21 and FY22
 - Tax collections are received in the Spring & Fall of 2021
- Property Tax Extension Limitation Law (PTELL)
 - Limits the tax increase from year to year to lesser of 5% or the Consumer Price Index (CPI)

Tax Levy Facts Continued

- **Truth in Taxation Law**
 - If the Taxing Agency's current year's Tax Levy request > 5% of the prior year's extension
 - Proper notice must be published in the newspaper
- A public hearing must be held prior to the Adoption process
 - Determination is established through the adoption of the tentative tax levy (October Board Meeting)



Understanding Tax Levy vs. Tax Extension

- Tax Levy is the **request** for revenue to meet operating needs for the current and future budgets
 - Estimated values for EAV
 - Estimated values for new property
- Tax Extension is the **actual** revenue appropriated to the district based on statutory PTELL limits
 - Property taxes are extended based on known EAV and new property values

- District increases Levy Request to **capture all new construction dollars** that are not under the tax cap for the first year they are on the tax rolls.
- District will still ONLY receive amount of dollars *allowed* under the tax cap for **existing EAV property tax pool**.
- Total Levy Request: 4.99%
 - 2.69% Direct result of addition of projected New Property EAV
 - 2.3% Existing EAV property pool will only increase a max of 2.3% per PTELL law

Why
Increase the
Tax Levy
Greater
than the
CPI-U?

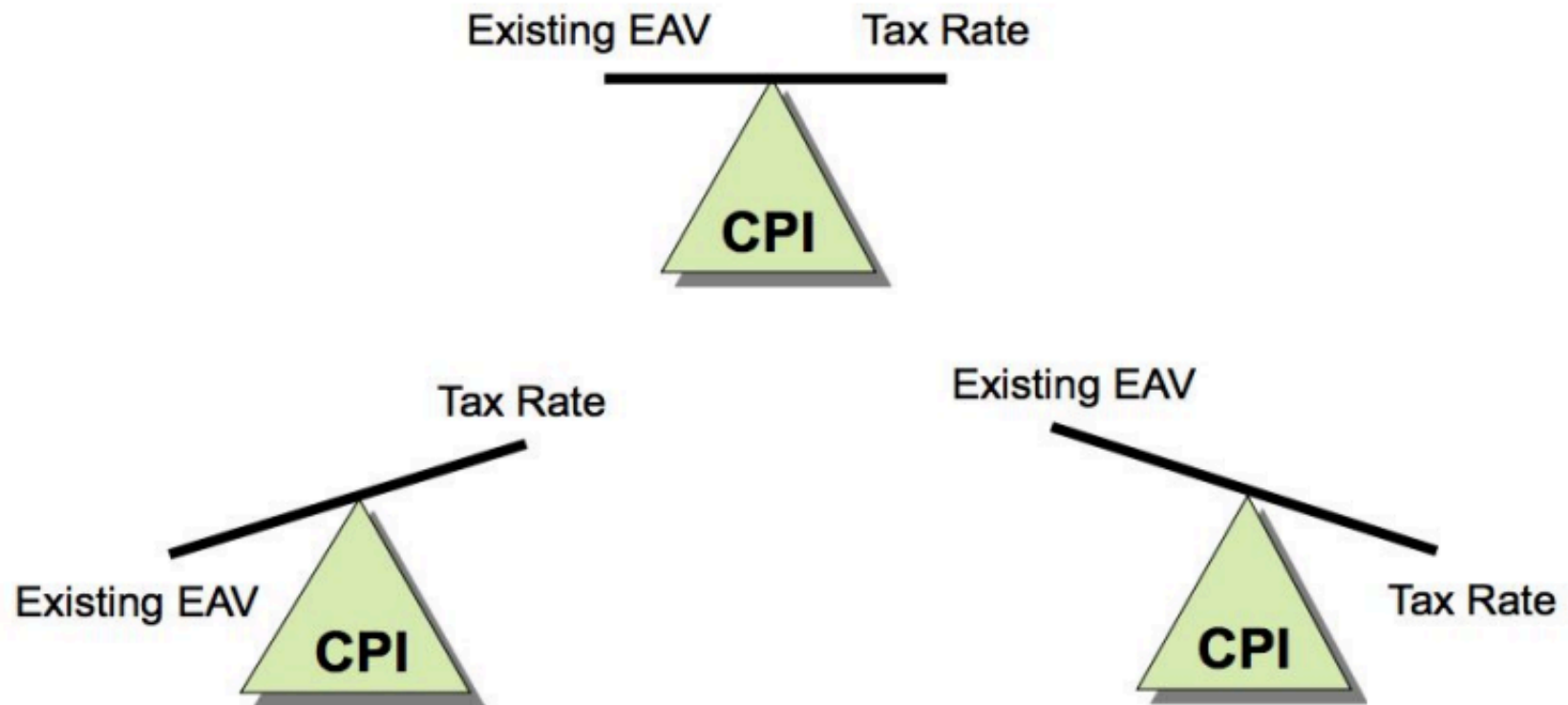
- Lost money foregone in first year
- Compounds significantly in every future year
- We can never catch up – annual increase limited by PTELL
- Limiting rate formula under PTELL begins with last year's actual tax extension
- Critical funds, rightly the district's – can never be assessed again
- Financial projections assume that revenues grow each year to the full amount legally available to the district

What
Happens if
Levy is Set
Too Low?

Requested &
Actual Levy
Increases

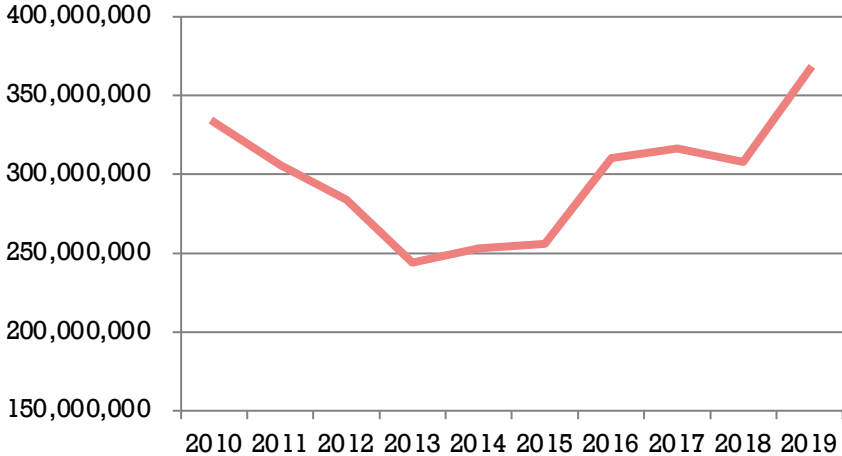
<u>TAX</u> <u>YEAR</u>	<u>CPI</u>	<u>Board</u> <u>Approved</u> <u>Levy Request</u>	<u>Levy Request</u> <u>with Loss</u> <u>Amount</u>	<u>Extension</u>
2020	2.30%	4.99% Projected	8.14% Projected	2.30% Projected
2019	1.90%	4.97%	8.12%	6.67%
2018	2.10%	4.99%	8.14%	2.46%
2017	2.10%	4.92%	8.06%	2.26%
2016	0.70%	4.93%	8.08%	1.03%
2015	0.80%	4.91%	8.06%	5.48%
2014	1.50%	4.93%	8.08%	1.51%
2013	1.70%	3.85%	6.96%	1.83%
2012	3.00%	4.97%	8.12%	3.18%
2011	1.50%	2.83%	5.91%	2.12%

EAV Change, CPI and Tax Rate

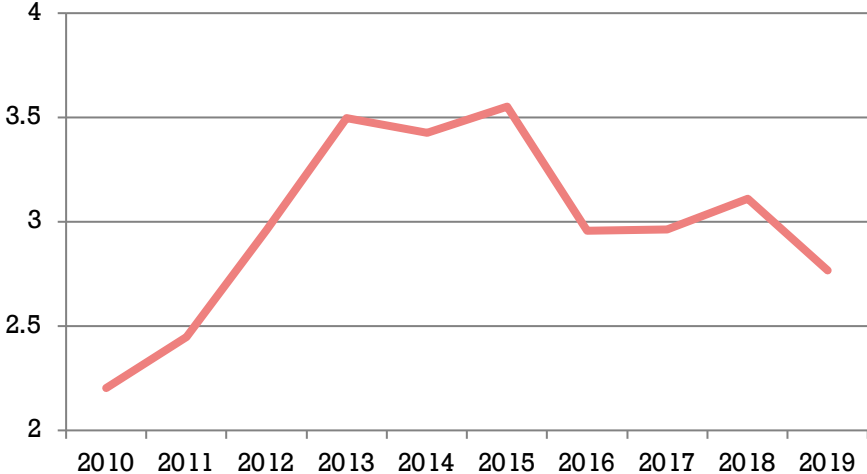


EAV and Tax Rate Relationship

EAV



Actual Tax Rate



Factors in Tax Levy

- CPI-U: 2.3% - Known
- EAV: \$349,185,968 - Unknown
- New Construction: \$1,000,000 - Unknown

2019 Extension	\$8,891,902
x December 2019 CPI	1.023
New Extension	\$9,096,416
2020 Estimated EAV	\$349,185,968
Less: New Construction	\$1,000,000
Adjusted EAV	\$348,185,968
Adjusted Extension Base	\$9,096,416
Divided by Adjusted EAV	\$348,185,968
Limited Rate	2.61%
2020 EAV	\$348,185,968
Total Estimated Extension for 2020 (Rate x EAV)	\$9,096,416

Levy & Limiting Rate Calculation

What happened in
2019 &
Tentative 2020
Extension

	Prior Year Levy	Prior Year Extension	Levy Request	Est. Extension
Educational	\$6,999,269	\$6,905,514	\$7,488,100	\$7,083,692
O&M	\$1,287,500	\$1,270,254	\$1,342,298	\$1,269,805
Transportation	\$298,700	\$294,699	\$311,413	\$294,595
Working Cash	\$1,621	\$1,600	\$1,691	\$1,600
IMRF	\$178,063	\$175,678	\$185,642	\$175,616
Social Security	\$156,332	\$154,238	\$162,986	\$154,184
Special Education	\$91,139	\$89,919	\$123,600	\$116,925
Total	\$9,012,624	\$8,891,902	\$9,615,730	\$9,096,417

Summary

- Administration recommends 4.99% Levy
- Truth & Taxation Hearing is not required
- Final Levy will be presented at November 12, 2020 Board Meeting

