

ATTACHMENT IX-A

ATTACHMENT IX-A: Levy

Recommended Action: Hear the Information

Please find an attached presentation on the tax levy.

Information presented will be for discussion. Public hearing on the tax levy is scheduled for December 15, 2020 at 6:30pm. The tax levy must be filed with the County Clerk by December 29, 2020

# Tax Levy

North Boone Business Services Committee  
November 4, 2020

Updated for North Boone Board of Education Meeting  
November 12, 2020

# Updated Options for Levy

# Background Levy Information

Estimated EAV Including new construction: \$175,462,296

-This is an increase of about 7% from last year

Estimated New Construction: \$1,279,386

2019 tax rate: 7.081%

# Overview of Options

|                    | Option 1     | Option 2 (abate CPI) | Option 3 (No CPI) | Option 4 (other options) |
|--------------------|--------------|----------------------|-------------------|--------------------------|
| Estimated Tax Rate | 6.6707%      | 6.5355%              | 6.3614%           | 6.0997%                  |
| Capped             | \$9,865,000  | \$9,865,000          | \$9,661,000       | \$9,865,000              |
| Not Capped         | \$2,154,400  | \$1,929,400          | \$2,154,400       | \$1,154,400              |
| Total              | \$12,019,400 | \$11,623,408         | \$11,815,400      | \$11,019,400             |

# Abatement of Bonds

## Tax abatement

Abatement is a process by which school district (and other entities) reduce their request for tax money (the levy).

For 2019 the district abated

\*\$1,100,000

For 2020 the district is scheduled to abate

\*\$1,400,000

# Future Abatement of Bonds

\*Planned abatement schedule

| Levy Year | Total       | Abatement 1   | Abatement 2 | Net Levy    |
|-----------|-------------|---------------|-------------|-------------|
| 2020      | \$3,554,400 | (\$1,200,000) | (\$200,000) | \$2,154,400 |
| 2021      | \$4,454,400 | (\$2,200,000) | (\$200,000) | \$2,054,400 |
| 2022      | \$4,404,400 | (\$2,250,000) | (\$200,000) | \$1,954,400 |
| 2023      | \$4,749,400 | (\$2,692,473) | (\$200,000) | \$1,856,927 |
| 2024      | \$2,064,400 |               | (\$328,577) | \$1,735,823 |

# Impact of Tax Rates on a Home



2019 Fair Market Value: \$159,440

Tax Rate: 7.081%

Taxes: \$3,621

2020 Estimate if EAV on home rises 3.5%

Fair Market Value: \$165,020

|                  | Option 1   | Option 2   | Option 3   | Abate \$500,000 | Abate \$750,000 | Abate \$1,000,000 |
|------------------|------------|------------|------------|-----------------|-----------------|-------------------|
| \$166,614        | 6.6707%    | 6.5355%    | 6.3614%    | 6.3809%         | 6.2403%         | 6.0997%           |
| Estimated Tax    | \$3,535.92 | \$3,464.25 | \$3,371.97 | \$3,382.30      | \$3,307.78      | \$3,233.25        |
| Saving from 2019 | \$85.78    | \$157.44   | \$249.73   | \$239.39        | \$313.92        | \$388.45          |

# Impact of Tax Rates on Farmland Only

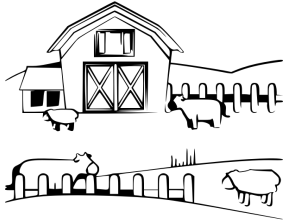


2019 EAV: 5,415  
Tax Rate: 7.081%  
Taxes: \$383.44

2020 Estimate if EAV on home rises 14.15%  
EAV: 6,181

|                  | Option 1  | Option 2  | Option 3 | Abate \$500,000 | Abate \$750,000 | Abate \$1,000,000 |
|------------------|-----------|-----------|----------|-----------------|-----------------|-------------------|
| EAV 6,181        | 6.6707%   | 6.5355%   | 6.3614%  | 6.3809%         | 6.2403%         | 6.0997%           |
| Estimated Tax    | \$412.32  | \$403.96  | \$393.20 | \$394.40        | \$385.71        | \$377.02          |
| Saving from 2019 | (\$28.88) | (\$20.52) | (\$9.76) | (\$10.97)       | (\$2.28)        | \$6.41            |

# Impact of Tax Rates on Farm



2019 Fair Market \$211,530

Tax Rate: 7.081%

Taxes: \$4,851

2020 Estimate if EAV on home rises 7%

Fair Market: \$266,337

|                  | Option 1   | Option 2   | Option 3   | Abate \$500,000 | Abate \$750,000 | Abate \$1,000,000 |
|------------------|------------|------------|------------|-----------------|-----------------|-------------------|
| \$266,337        | 6.6707%    | 6.5355%    | 6.3614%    | 6.3809%         | 6.2403%         | 6.0997%           |
| Estimated Tax    | \$4,899.34 | \$4,800.04 | \$4,672.17 | \$4,686.50      | \$4,583.23      | \$4,479.97        |
| Saving from 2019 | (\$48.15)  | \$51.15    | \$179.02   | \$164.70        | \$267.96        | \$371.23          |

# \*Option 1

\*Levy CPI (2.3%)

\*Levy additional money for increase in final EAV & new construction (about 3.14% increase overall)

\*Abate bonds at previously agreed upon amount of \$1,400,000

\*Estimated Levy Rate 6.6707%

Total Capped: 9,865,000

+

Bond/Interest: 2,154,400

=

Total all funds 11,848,408

# \*Option 2

\*Levy CPI (2.3%)

\*Levy additional money for increase in final EAV & new construction

\*Abate bonds at previously agreed upon amount of \$1,400,000

\*Abate additional CPI % of about \$225,000

\*Estimated Levy Rate 6.5355%

Total Capped: 9,865,000

+

Bond/Interest 1,929,400

=

Total all funds 11,794,400

# \*Option 3

\*Do not levy CPI increase of 2.3%

\*Abate bonds at previously agreed upon amount of \$1,400,000

\*Estimated Levy Rate 6.3614%

District can potentially lose up to \$225,000 in revenue

Total Capped: 9,661,000

+

Bond/Interest 2,154,400

=

Total all funds 11,815,400

# \*Option 4

\*Levy CPI (2.3%)

\*Levy additional money for increase in final EAV & new construction

\*Abate bonds at previously agreed upon amount of \$1,400,000

\*Abate additional amount up to \$1,000,000

| Abatement   | Estimated Rate | Total Funds  |
|-------------|----------------|--------------|
| \$500,000   | 6.3809%        | \$11,519,400 |
| \$750,000   | 6.2403%        | \$11,269,400 |
| \$1,000,000 | 6.0997%        | \$11,019,400 |

# Background Information

# Levy Timeline

**October 20, 2020:** Board of Education Meeting

\*Tax Levy Presentation Overview

**November 4, 2020:** Business Committee Meeting

\*Tax Levy Presentation

**November 10, 2020:** School Board Meeting

\*Tax Levy Presentation

**December 15, 2020:** School Board Meeting

\*Public Hearing on Tax Levy

\*Adopt the Tax Levy

*By law the levy must be filed with the County Clerk by December 29, 2020.*

# Revenue to School District

Education Funding in Illinois comes from:

\*Local: Property taxes (these numbers are generated through the tax levy process)

\*State: Evidence Based Funding

North Boone is considered a Tier 1 School in the EBF model  
(funding level is the same as FY20)

\*Federal: Grants (special education, medicaid, ELL, etc.)

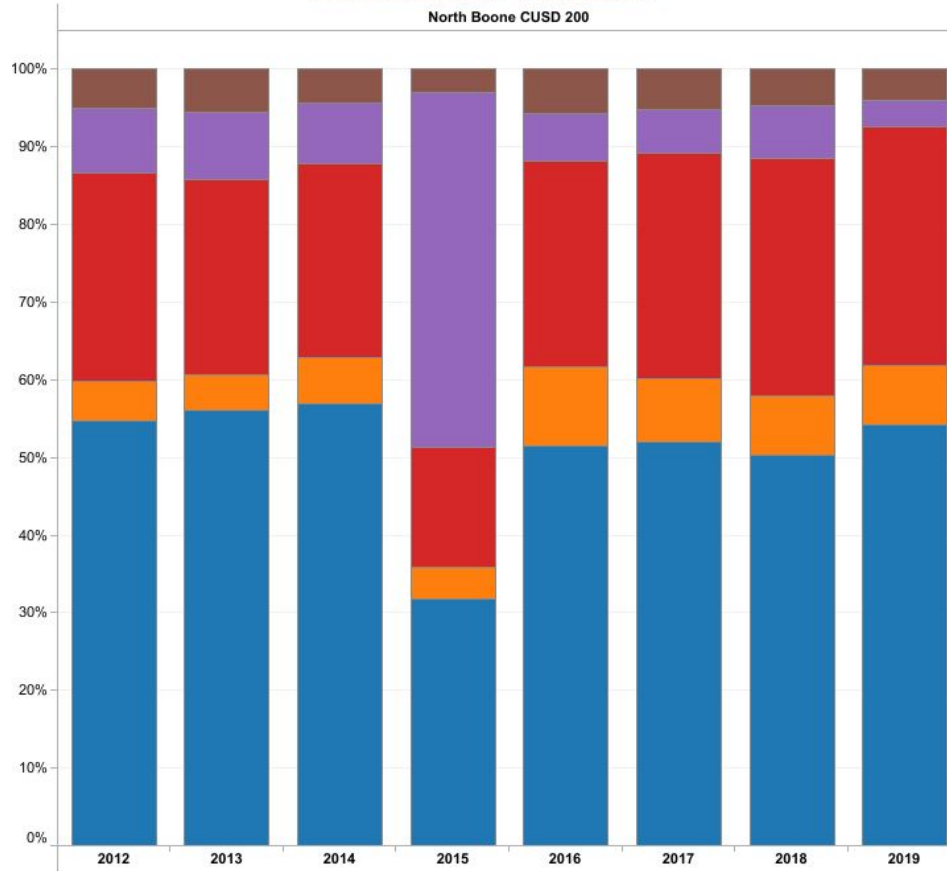
## Per Student Revenue By Source

Selected Funds Only Included

Source: 5 Year AFR

% of Selected Actual - \$ Per Student

North Boone CUSD 200



Blue: Property Taxes

Orange: Other Local Revenue

Red: Evidence Based Funding

Purple: Other State Sources

Brown: Federal Sources

# Fund Balances

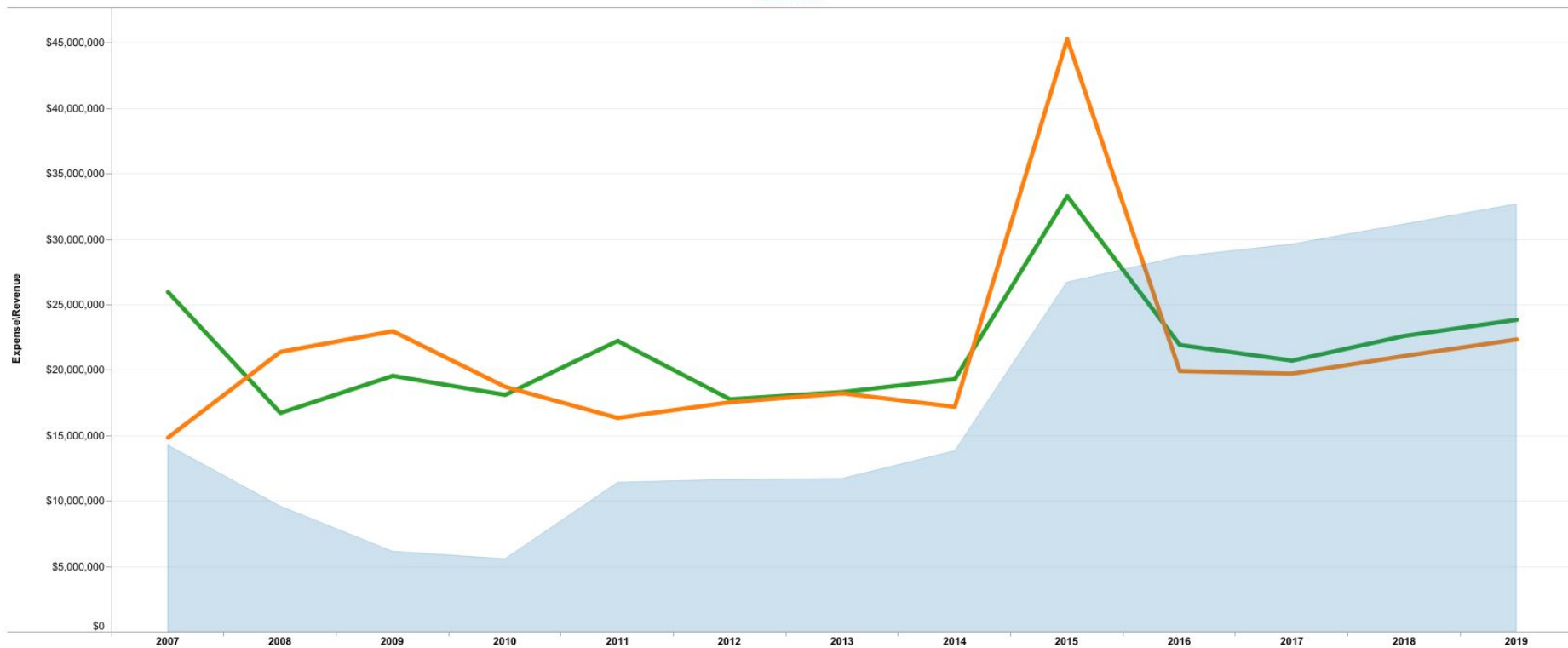
10 Education: \$14,174,523.57  
20 Operations and Maintenance: \$1,343,425.72  
30 Debt Services: \$13,604,770.25  
40 Transportation: \$1,659,388.39  
50 Retirement/Social Security: \$622,443.42  
60 Capital Projects: \$993,014.17  
70 Working Cash: \$974,151.33  
80 Tort: \$252,120.21  
90 Fire Prevention: \$153,027.84

\*Unaudited Year End FY20

## Revenue, Expenditures and Changes in Fund Balance

District: North Boone CUSD 200

Source: AFR



Blue shading: Fund Balances

Orange: Expenses by Fund

Green: Revenue by Fund

# What is a tax levy?

A tax levy is the total amount of taxes imposed by a school district. Annually the Board of Education based upon budgeted needs must adopt a Tax Levy

This accounts for over 50% of the revenue for a school district.

This year the levy is due to the counties by December 29, 2020

# Tax-Capped Vs. Non-Tax-Capped

Tax-Capped: The Property Tax Extension Limitation Law (PTELL) is also known as tax caps. This means that the amount of tax extension is limited to the increase of lesser of 5 percent or CPI, additional amount for new construction and voter approved increases.

The purpose of a tax cap is to decrease taxes rapidly increasing.

Non-Tax-Capped: The voters approve maximum rates for Education, O & M and other operating funds.

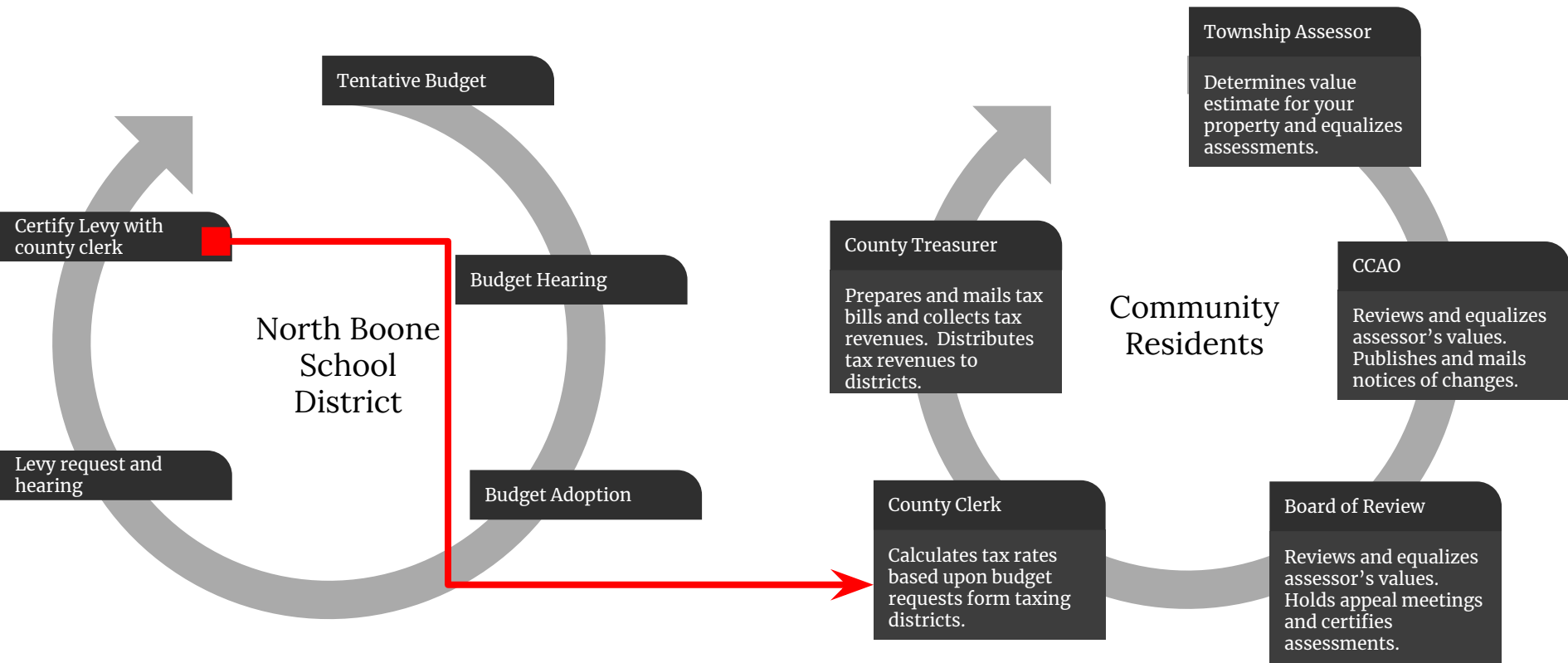
\*North Boone is a Tax-Capped District

# New Property

New property includes the assessed value of improvements or additions to existing improvements on any parcel that increased the assessed value.

Examples include home additions, new residential and commercial, former government property, etc.

In a tax capped district new property can provide additional tax revenue if captured in the levy.



## Property Tax Cycle

*\*Taken from Boone County Change of Assessment Form*

# Equalized Assessed Valuation (EAV)

The Equalized Assessed Valuation (EAV) is not known when the levy is adopted. Therefore, the EAV must be predicted so that estimates of taxes can be generated in funds with maximum rates can be made

Property is assessed at  $\frac{1}{3}$  its fair market value.

The administration must assume what percentage of taxes actually will be collected.

Rate Setting EAV

2019: 163,760,038

2018: 154,816,039

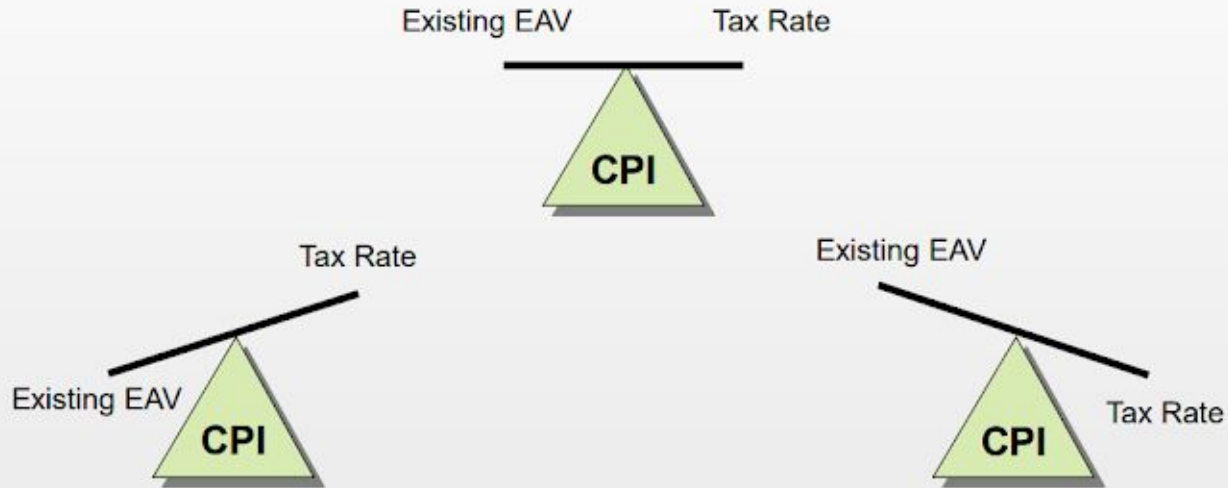
2017: 142,632,072

2016: 135,449,486

Estimated EAV Including new construction: \$175,462,296

Estimated New Construction: \$1,279,386

## EAV Change, CPI and Tax Rate



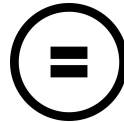
# EAV Impact

2019



\$150,000

Tax Rate: 7.47912



2020

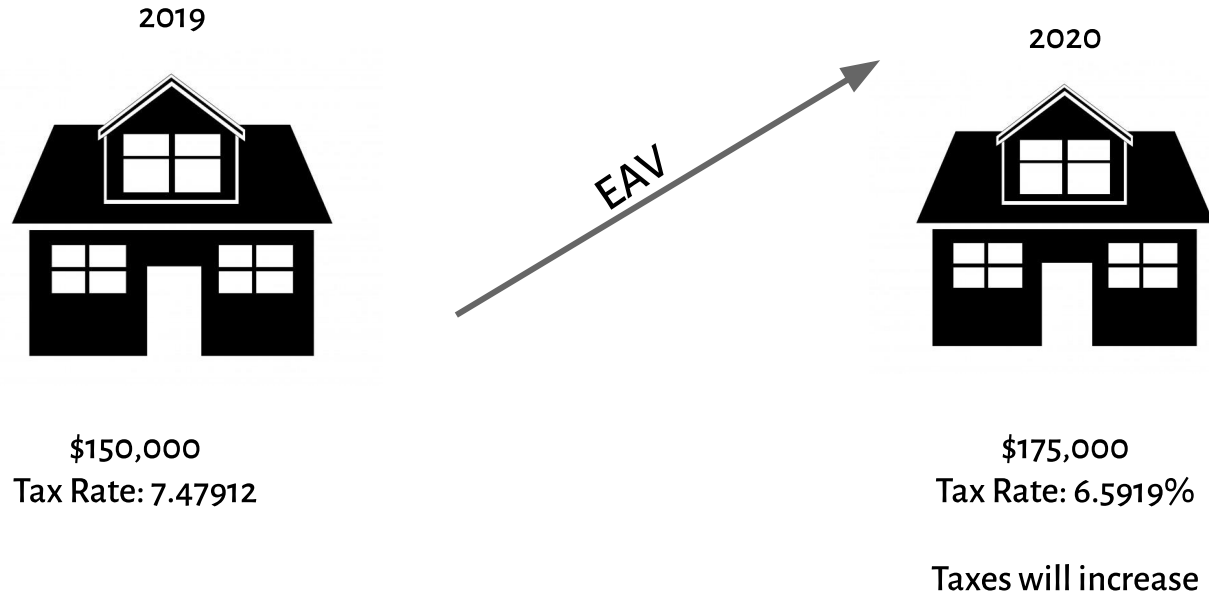


\$150,000

Tax Rate: 6.5919%

Possible savings of \$231.97

# \*EAV Impact



# Consumer Price Index (CPI)

In addition to using the EAV to determine a levy, the CPI is also taken into account. The All Urban Consumers for year ending on December 31st is used to determine CPI.

2018 CPI: 2.1%

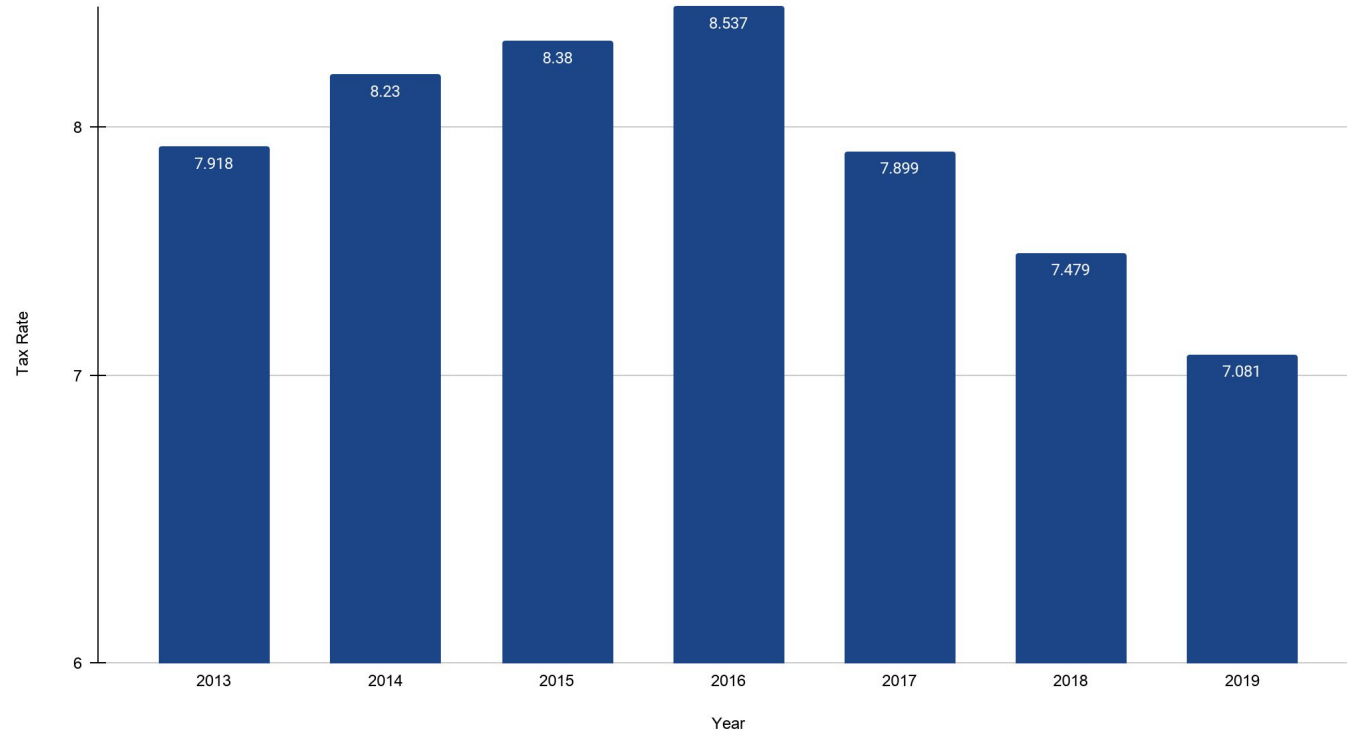
2019 CPI: 1.9%

2020 CPI: 2.3%

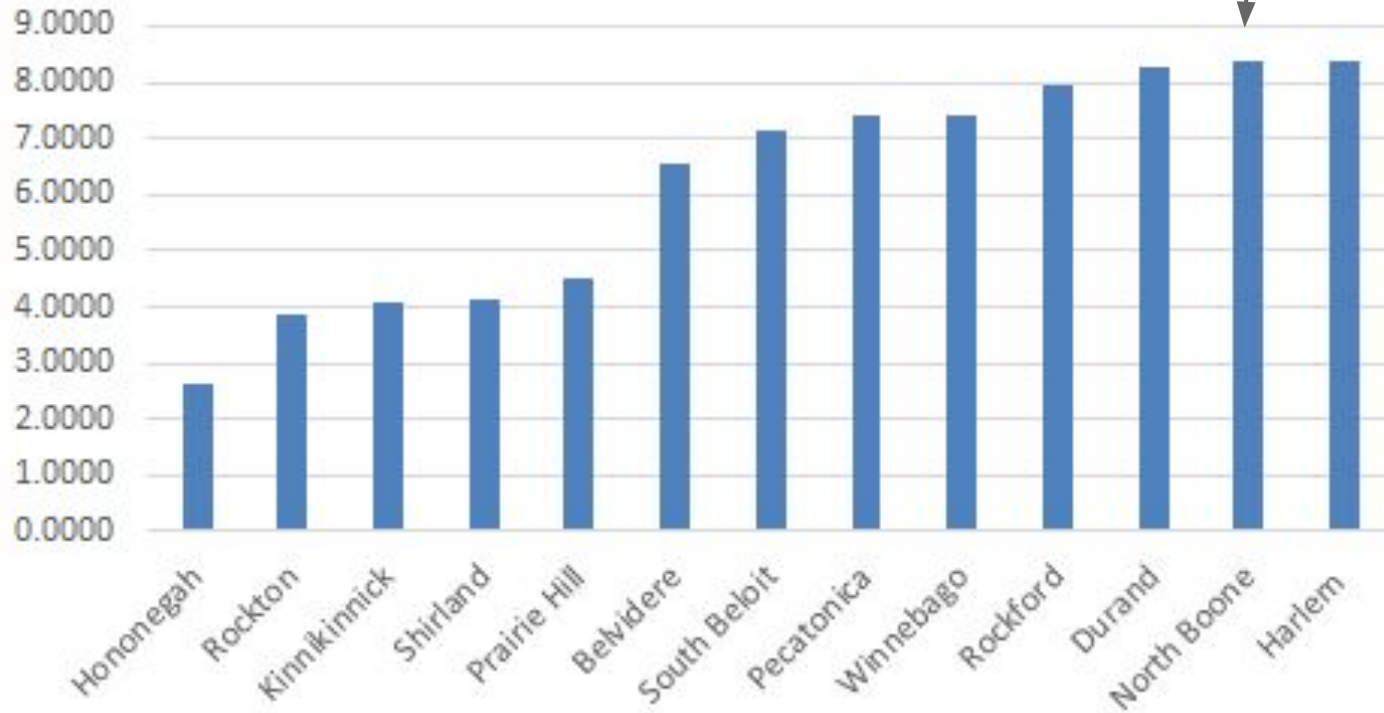
# Tax rate

A tax rate in Illinois reflects the dollars levied per \$100 of equalized assessed valuation of real property. A tax rate is calculated by dividing the dollar amount of the tax levy by the total equalized assessed valuation (EAV) of the taxing district and multiplying the product by 100. For example, a levy of \$5,500,000 divided by a tax base of \$155,000,000 would produce a tax rate of \$.3548 per \$100 of EAV.

Tax Rate vs. Year

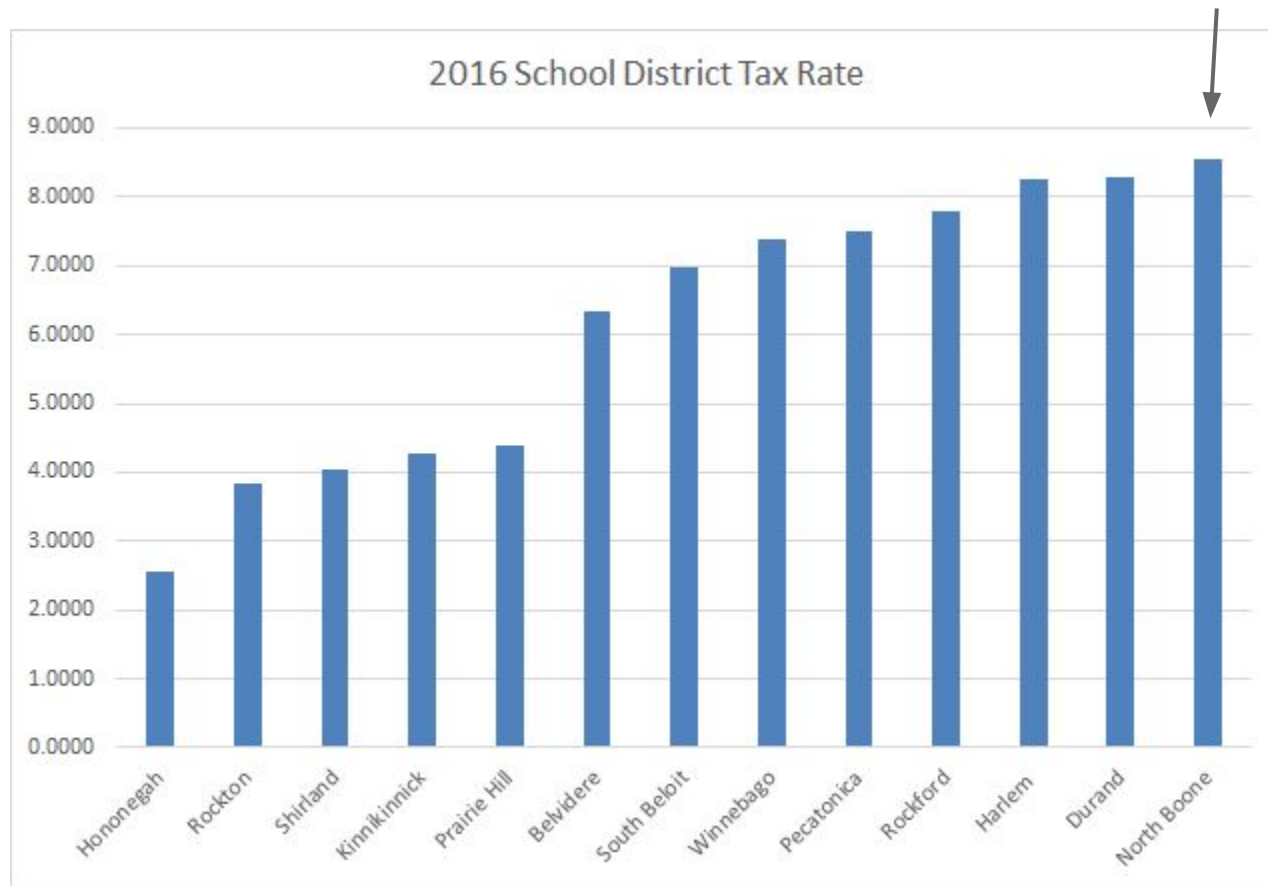


## 2015 School Tax Rate



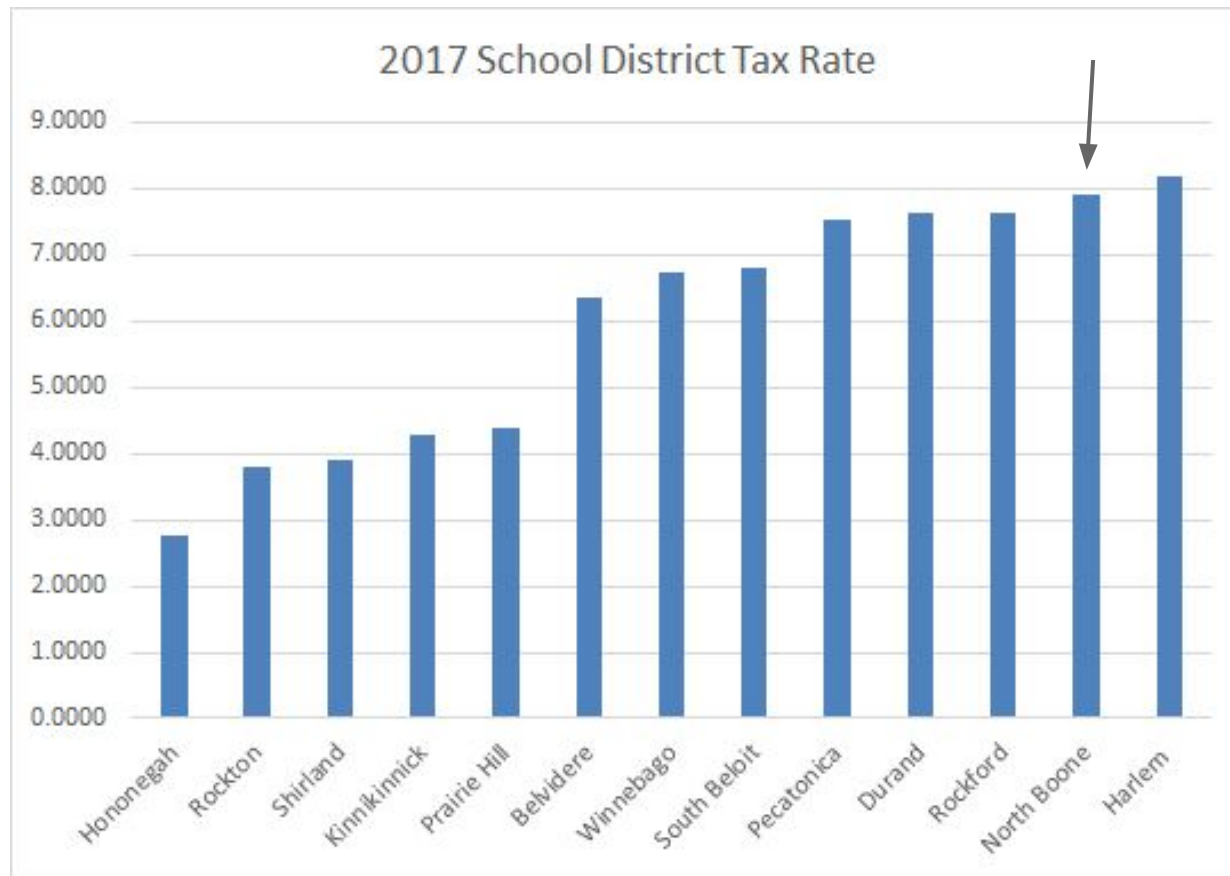
Tax Rate

\*Data provided by the ROE



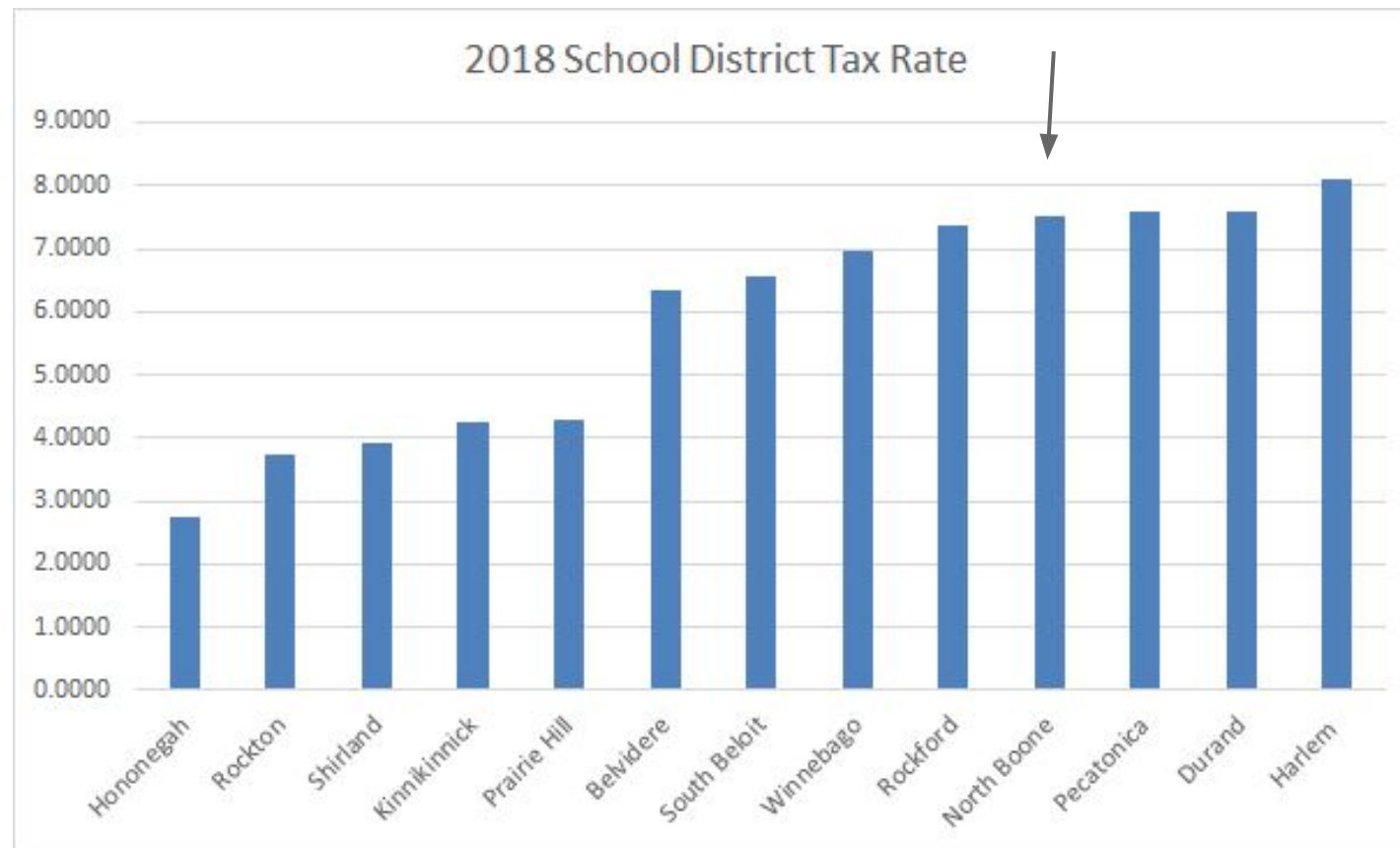
Tax Rate

\*Data provided by the ROE



Tax Rate

\*Data provided by the ROE



Tax Rate

\*Data provided by the ROE

# What happens after the levy is adopted?

Once the tax levy is adopted by the Board of Education, a copy of the resolution indicating that public hearing was held in accordance with the Truth in Taxation Act and a copy of the published certificate is submitted to the county clerk. Upon receipt of the tax levy the county clerk becomes responsible for generating individual tax bills for the property owners.

# Tax Appeal process

Property owners have the right to appeal the assessed value of their property. An appeal can be made in writing to the county board of review and can also be appealed to the State Property Tax Appeal Board or Circuit Court. (PTAB)

School districts are entitled to notice when there is an appeal of over \$100,000

Appeals can delay the collection and distribution of some property taxes.

# TIF–Tax Increment Financing

Some municipalities use TIF districts to help encourage redevelopment for commercial or residential use.

In a TIF district the tax revenue is used for the municipality for infrasture and is not available to the school for 23 years or longer.

North Boone does not have any TIF districts.

# Maximum Rate

Funds have a maximum rate established for each fund with the exception of Debt Services and IMRF/Social Security which reflect the District needs.

If a District levies over the maximum rate the District must decide how to allocate the tax revenue between the funds without going over the maximum rate. This is done before final tax bills are sent out to determine the tax rate.

# Previous Tax Levy

|                      | 2019 Tax Request | Total Extension |
|----------------------|------------------|-----------------|
| Education            | \$5,300,000      | \$5,300,022.35  |
| O&M                  | \$1,200,000      | \$1,199,999.46  |
| Transportation       | \$1,100,000      | \$1,038,660.81  |
| Working Cash         | \$45,000         | \$32,973.36     |
| Municipal Retirement | \$358,000        | \$346,220.27    |
| Social Security      | \$388,000        | \$362,706.95    |
| Fire Prevention      | \$54,000         | \$0.00          |
| Tort                 | \$206,000        | \$197,840.16    |
| Special Education    | \$1,000,000      | \$920,368.89    |
| Leasing              | \$4,761          | \$0.00          |
| Total (capped)       | \$9,655,761      | \$9,398,792.25  |

# Property Tax Relief Grants

Provides school districts with high tax rates relative to other school districts with an opportunity to lower the property tax burden on local taxpayers with the state replacing a portion of foregone tax revenue with state funds.

Due to State Budget Cuts this grant is not available for FY21

Questions?

Further Recommendations

Next meeting for the Levy is November 10, 2020