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Community Consolidated School District 15

Joseph M. Kiszka Educational Service Center
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Palatine, IL 60067-8110

Michael Adamczyk
Chief School Business Official

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DATE: November 14, 2018
TO: Scott Thompson, Superintendent
Board of Education
FROM: Corey Bultemeier, Director of Fiscal Services
RE: 2018 Tax Levy



By law, the District must file a tax levy by the last Tuesday of December (25th). If the estimated levy exceeds 105% of the prior year extension, School Districts must hold a Truth in Taxation hearing to allow the public an opportunity to discuss the levy. The District must notify the public of the hearing not less than 20 days prior to the adoption of the aggregate levy as to the estimated levy request. Notice of the hearing must be published in a newspaper of general circulation no more than 14 days or less than 7 days prior to the date of the public hearing (35 ILCS 200/18-80). If the Board chooses to hold a public hearing, it should be held in conjunction with the regular board meeting currently scheduled for Wednesday, December 12, 2018, at 7:00 P.M.

The tax levy sets forth the maximum amounts that can be received from property taxation in a given year. The levy is filed by fund, but limited in aggregate by the *Property Tax Extension Limitation Act* (excluding the Debt Service Fund). The attached spreadsheet (Exhibit I) provides a review of prior tax levies as well as the 2018 estimated levy to be used for budget planning and the proposed 2018 levy request (gray shaded).

It is common practice for a school district to levy an amount in excess of what the District actually anticipates for only two reasons: to maintain the maximum tax rates the district is entitled and to capture the tax receipts on all new property (EAV). The Truth in Taxation also informs the public about the estimated tax rates to be levied and allows the public an opportunity to ask questions and/or give input.

Summarized below are the tax rate ceilings that the District is permitted to levy by fund in the funds that are affected by the *Property Tax Extension Limitation Act*.

Fund	Tax Rate Ceiling
Education	No Limit
Special Education	\$0.40
Tort Immunity	No Limit
Operations & Maintenance	\$0.55
Transportation	No Limit
I.M.R.F.	No Limit
Social Security	No Limit

Summarized below are the tax rates that the District is expected to achieve based upon the projected EAV (both reassessment and new construction) and what is permitted under the *Property Tax Extension Limitation Act*.

Fund	2017 Tax Rate	Estimated 2018 Tax Rate
Education	\$2.7290	\$2.7166
Special Education	\$0.0287	\$0.0281
Tort Immunity	\$0.0368	\$0.0404
Operations & Maintenance	\$0.3909	\$0.4233
Transportation	\$0.1216	\$0.1120
I.M.R.F.	\$0.0624	\$0.0629
Social Security	\$0.0846	\$0.0740
Total Capped Tax Rate	\$3.4540	\$3.4573
Bond & Interest	\$0.1633	\$0.1618
Total Tax Rate	\$3.6173	\$3.6191

The following explains the types of expenditures that the tax extension funds:

Education Fund & Special Education Levies (Fund 10)

The most varied and the largest volume of transactions is recorded in the Educational Fund. This is because the Educational Fund covers transactions that are not specifically covered in another fund. Certain expenditures that must be charged to this fund include the direct costs of instructional, health and attendance services, lunch programs, all costs of administration and related insurance costs.

The special education levy is a sub-fund of the education fund and is calculated separately from the education fund, this levy supports special education services.

Operations and Maintenance Levy (Fund 20)

The salaries of janitors, engineers, and other custodial employees and all costs of fuel, lights, gas, water, telephone service, and custodial supplies and equipment shall be charged to this fund. In addition, all costs of maintaining, improving, or repairing school buildings and property, renting buildings and property for school buildings shall be charged to the Operations and Maintenance Fund.

Debt Service Levy (Fund 30)

Bonds are generally issued to finance the construction of buildings, but may also be issued for other purposes. Taxes are levied to provide cash to retire these bonds and to pay the interest on them. To protect the bondholders, these tax collections must be accounted for in the Bond and Interest Fund. School districts must maintain a separate bond and interest fund for each bond issue. Cook County will calculate the levy amount required for this fund.

Transportation Levy (Fund 40)

If a school district pays for transporting pupils for any purpose, the Transportation Fund must be created. Costs of transportation, including the purchase of vehicles are to be paid from this fund. Monies received for transportation purposes from any source must be deposited into this fund.

Municipal Retirement/Social Security Levies (Fund 50)

This fund is created if a separate tax is levied for the purpose of providing resources for the school district's share of retirement benefits for covered employees or a separate tax is levied for the

purpose of providing resources for the district's share of Social Security and Medicare only payments for covered employees.

Tort Levy (Fund 80)

The tort fund is used to fund the cost of workers' compensation and property & liability insurance coverage. In addition, this fund is permitted to cover all costs associated with risk management, if the District has a risk management plan.

Summary:

The Board of Education will be considering a levy of \$127,340,952, a 3.9% increase over the 2017 extension. This is sufficient to capture the five year average of new growth and the 2.10% CPI increase. Because the increase is less than 5.00%, no truth-in-taxation hearing is required. The Board may adopt the levy of \$127,340,952 or another amount, provided that the final adopted levy is less than 5.00%. The Board will be required to adopt the final 2018 aggregate tax levy at the December 12, 2018, Board Meeting.

2018 Tax Levy and 2018 Estimated Tax Extension Projection

	Actual 2014	Actual 2015	Actual 2016	Actual 2017	<i>Estimated</i> 2018	2018 Tax Levy Request	
New Growth	7,610,598	12,859,553	13,645,840	20,088,876	10,000,000		
EAV minus Growth	3,133,418,817	3,034,222,166	3,514,662,524	3,528,330,186	3,619,387,443		
C. Y. EAV	3,141,029,415	3,047,081,719	3,528,308,364	3,548,419,062	3,629,387,443		
Education	2.941500	3.061900	2.664400	2.729000	2.716600	\$ 98,595,939.28	78.5758%
Special Ed	0.029500	0.030200	0.026400	0.028700	0.028100	1,019,857.87	0.8128%
Tort	0.032400	0.032100	0.037200	0.036800	0.040400	1,466,272.53	1.1685%
O & M	0.400800	0.427800	0.373600	0.390900	0.423300	15,363,197.05	12.2437%
Transportation	0.134000	0.143000	0.125100	0.121600	0.112000	4,064,913.94	3.2395%
IMRF	0.074000	0.075600	0.066000	0.062400	0.062900	2,282,884.70	1.8193%
Social Security	0.098200	0.101500	0.088600	0.084600	0.074000	2,685,746.71	2.1404%
Life Safety	0.000000	0.000000	0.000000	0.000000	0.000000	-	0.0000%
	3.710400	3.872100	3.381300	3.454000	3.457300	\$ 125,478,812.08	1.000000
Debt Service	0.157200	0.162100	0.160900	0.163300	0.161800	5,872,348.88	
TOTAL	3.867600	4.034200	3.542200	3.617300	3.619100	\$ 131,351,160.96	

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>3.90% Balloon</u> <u>2018</u>
Education	\$ 92,393,380.00	\$ 93,298,975.00	\$ 94,007,802.00	\$ 96,835,042.00	\$ 98,595,939.28	\$ 100,059,130
Special Ed	926,603.00	920,300.00	930,812.00	1,018,584.00	1,019,857.87	1,034,993
Tort	1,017,693.00	979,010.00	1,310,793.00	1,307,040.00	1,466,272.53	1,488,033
O & M	12,589,245.00	13,035,920.00	13,180,719.00	13,871,339.00	15,363,197.05	15,591,191
Transportation	4,208,979.00	4,356,497.00	4,412,685.00	4,313,616.00	4,064,913.94	4,125,238
IMRF	2,324,361.00	2,303,917.00	2,328,972.00	2,213,446.00	2,282,884.70	2,316,763
Social Security	3,084,490.00	3,092,187.00	3,127,758.00	3,002,003.00	2,685,746.71	2,725,604
Life Safety	-	-	-	-	-	-
	\$ 116,544,751.00	\$ 117,986,806.00	\$ 119,299,541.00	\$ 122,561,070.00	\$ 125,478,812	\$ 127,340,952
Debt Service	4,938,747.00	4,938,747.00	5,676,298.00	5,795,501.00	5,872,349	5,872,349
TOTAL	\$ 121,483,498.00	\$ 122,925,553.00	\$ 124,975,839.00	\$ 128,356,571.00	\$ 131,351,161	\$ 133,213,301

**2018 Tax Levy
Calculation of Maximum Aggregate Extension**

	2015	2016	2017	2018 Estimated
	Extension	Extension	Extension	Extension
EAV Growth %				2.00%
1 P.Y. Extension	116,544,751	117,986,806	119,299,541	122,561,070
2 C.P.I.	0.80%	0.70%	2.10%	2.10%
3 Numerator (line 1 x (1 + line 2))	117,477,109	118,812,714	121,804,831	125,134,852
4 Rate	1.0000	1.0000	1.0000	1.0000
5 C.Y. EAV	3,047,081,719	3,528,308,364	3,548,419,062	3,629,387,443
6 New Growth	12,859,553	13,645,840	20,088,876	10,000,000
7 Denominator (line 5 - line6)	3,034,222,166	3,514,662,524	3,528,330,186	3,619,387,443
8 Limiting Rate ((line 3/line 7)x100)	3.8721	3.3813	3.4540	3.4573
9 Max extension (line 8/100) x line 5))	117,986,806	119,299,541	122,561,070	125,480,587

NOTE: 2015, 2016, and 2017 limiting rate and max extension are per the Cook County Agency Tax Rate Report

Note: By subtracting the value of new construction from the denominator of the fraction, you thereby increase the limiting rate, as intended by the tax cap law to give districts access to the tax base growth from new property valuation. - p.27, Essentials of Illinois School Finance.

Formula: See p.28 of Essential of Illinois School Finance, fourth edition.

Community Consolidated School District 15

2018 Tax Levy

Corey Bultemeier, CPA
Director of Fiscal Services
November 14, 2018



2018 PROPOSED TAX LEVY

- **Tax Levy Background**
- **Review of Levy Calendar**
- **Calculation of Tax Extension**
- **Value of New Growth and Limiting Tax Rate**
- **2018 Proposed Levy**



Tax Levy Background

- **Local property taxes are the source of over 77% of the District's revenue.**
- **The tax extension is the amount of the total property tax billings**
- **The calculation of the levy amount is subject to the Property Tax Extension Limitation Law (PTELL). The legislation is generally referred to as the tax cap.**



Tax Levy Background

Property Tax Extension Limitation Law (PTELL)

- Impacts all school districts in Cook County and many other counties throughout the state.
- Limits operating fund levy to
 - Increase in the prior year's CPI% plus
 - Addition of new property growth (construction)
- Districts cannot recover operating revenue if amounts are levied less than CPI



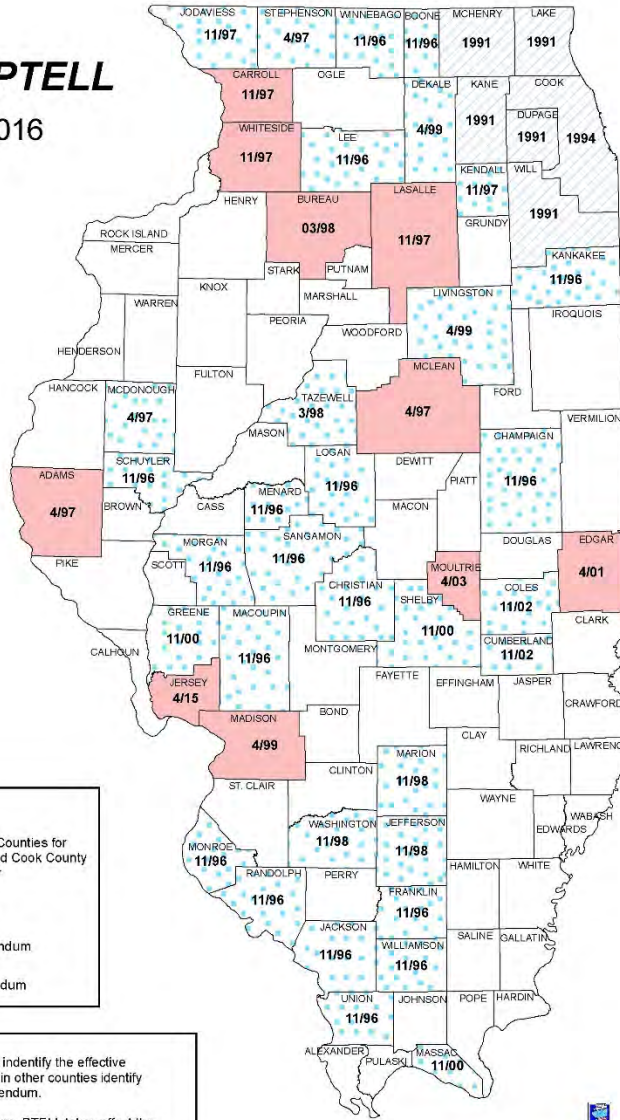
Tax Levy Background

- Each year's levy sets the foundation amount by which taxes may be levied for the following year.
- The debt service tax levy is determined at the time the bonds are sold and is added to the tax extension by the County Clerk.
- For District 15 to collect property taxes, the District must file a resolution with Cook County stating the amount, by fund, that the District needs.







History of PTELL

January 2016



KEY

-  PTELL effective in Collar Counties for 1991 Assessment Year and Cook County for 1994 Assessment Year
-  No PTELL referendum
-  Approved PTELL referendum
-  Rejected PTELL referendum

NOTE

Dates within Cook and Collar Counties identify the effective assessment year of PTELL. Dates within other counties identify the month and year of the PTELL referendum.

In counties that approved the referendum, PTELL takes effect the following assessment year (e.g. November 1996 referendum becomes effective for the 1997 assessment year).



Property Tax Division
Illinois Department of Revenue



2018 Tax Levy Calendar

November 14, 2018	Estimate of taxes to be levied (proposed 2018 tax levy). Not less than 20 days prior to the adoption of the aggregate levy (35 ILCS 200/18-60).
December 12, 2018	Adoption of final 2018 Aggregate Tax Levy
December 25, 2018	Certificate of Tax Levy (ISBE 50-20) must be filed with the County Clerk on or before the last Tuesday in December (35 ILCS 200/18-150).

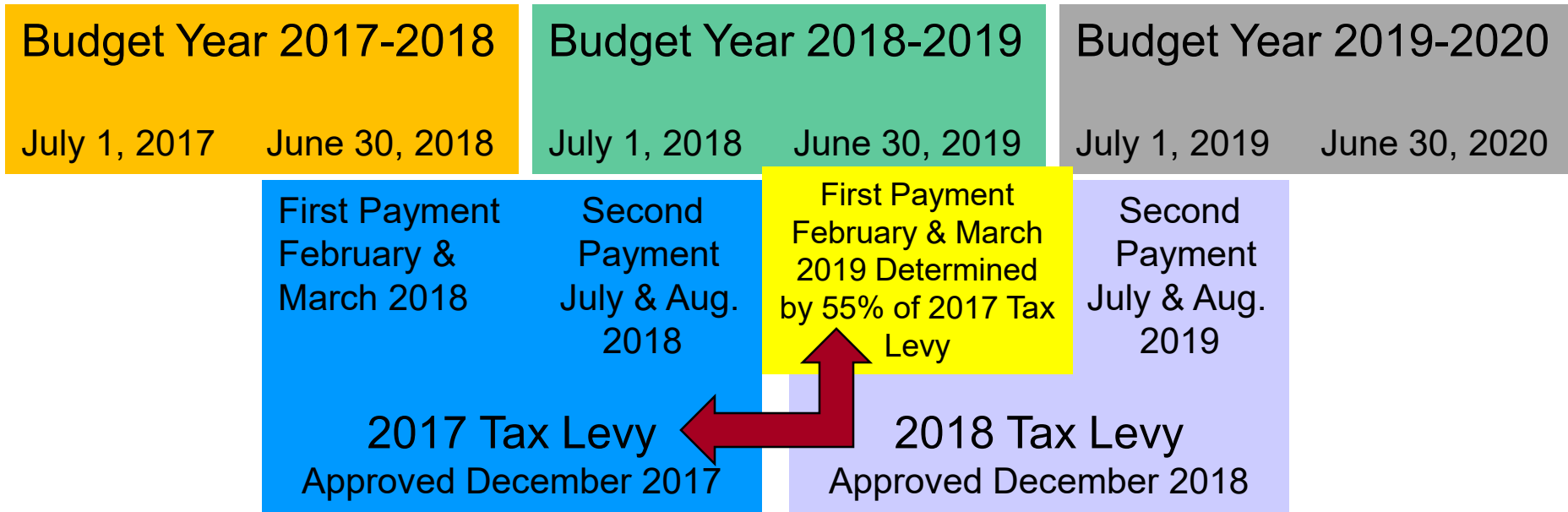


CPI and EAV Growth History

Levy Year	CPI	New Growth	Year Taxes Paid
2013	1.70%	6,649,423	2014
2014	1.50%	7,610,598	2015
2015	0.80%	12,859,553	2016
2016	0.70%	13,645,840	2017
2017	2.10%	20,088,876	2018
2018	2.10%		2019
Average:		12,170,858	



Relationship between budget and tax levy



The first payment of the 2018 tax levy is automatically set to equal 55% of the 2017 tax levy. The amounts approved as the 2018 tax levy have no relationship to the 2018-2019 budget. The collection of each tax levy will always be split across two fiscal years.



Key Numbers

2017 Extension	122,561,070
2017 Total EAV	3,548,419,062
2018 EAV Change %	2.00%
2018 EAV (Estimated)	3,619,387,443
2018 New Growth (Estimated)	10,000,000
2018 Total EAV	3,629,387,443



Calculation of Limiting Rate

$$\frac{\text{PRIOR YEAR TAX EXTENSION X CPI}}{\text{TOTAL EAV (-) NEW CONSTRUCTION}}$$

$$\frac{122,561,070 \times 1.021}{3,629,387,443 (-) 10,000,000} =$$

$$\frac{125,134,852}{3,619,387,443} = 3.4573$$



Value of New Growth and Limiting Rate

2018 Projection

122,561,070 x 1.021 =	125,134,852
3,619,387,443 x 3.4573 =	125,133,082
10,000,000 x 3.4573 =	345,730
2018 Tax Extension	125,478,812 (Rounding)



Annual District 15 Property Taxes

Property Value	2018 Tax Levy Impact	Change from 2017 Tax Year
200,000	2,144.46	1.07
150,000	1,608.35	0.80
100,000	1,072.23	0.53



Calculation of Maximum Aggregate Extension

	2015 Extension	2016 Extension	2017 Extension	2018 Estimated Extension
EAV Growth %				2.00%
P.Y. Extension	116,544,751	117,986,806	119,299,541	122,561,070
C.P.I.	0.80%	0.70%	2.10%	2.10%
Numerator (line 1 x (1 + line 2))	117,477,109	118,812,714	121,804,831	125,134,852
Rate	1.0000	1.0000	1.0000	1.0000
C.Y. EAV	3,047,081,719	3,528,308,364	3,548,419,062	3,629,387,443
New Growth	12,859,553	13,645,840	20,088,876	10,000,000
Denominator (line 5 - line6)	3,034,222,166	3,514,662,524	3,528,330,186	3,619,387,443
Limiting Rate ((line 3/line 7)x100)	3.8721	3.3813	3.4540	3.4573
Max extension (line 8/100) x line 5))	117,986,806	119,299,541	122,561,070	125,480,587

Limiting Rate is per Cook County Agency Tax Rate Report



2018 Tax Levy Summary

	Actual 2017	Estimated 2018	2018 Tax Levy Request
Education	\$ 96,835,042.00	\$ 98,595,939.28	\$ 100,059,130.00
Special Ed	\$ 1,018,584.00	\$ 1,019,857.87	\$ 1,034,993.00
Tort	\$ 1,307,040.00	\$ 1,466,272.53	\$ 1,488,033.00
O & M	\$ 13,871,339.00	\$ 15,363,197.05	\$ 15,591,191.00
Transportation	\$ 4,313,616.00	\$ 4,064,913.94	\$ 4,125,238.00
IMRF	\$ 2,213,446.00	\$ 2,282,884.70	\$ 2,316,763.00
Social Security	\$ 3,002,003.00	\$ 2,685,746.71	\$ 2,725,604.00
Life Safety	-	-	-
Total w/o Debt	\$ 122,561,070.00	\$ 125,478,812.08	\$ 127,340,952.00
Debt Service	\$ 5,795,501.00	\$ 5,872,348.88	\$ 5,872,349.00
Total All Funds	\$ 128,356,571.00	\$ 131,351,160.96	\$ 133,213,301.00



Supplemental Debt Tax Levy

- **District issued \$8.725M of life safety bonds on 2/9/2017.**
- **The current bond documents on file at Cook County only allow for 1.50% CPI increase.**
- **Actual CPI is 2.10% for 2018 levy year.**
- **The Board can pass a resolution to capture the extra amount up to 2.10%.**
- **The District will need to make the same decision for the 2019 tax levy year.**

