



2017 Property Tax Levy Presentation

**Board of Education Meeting
November 28, 2017**



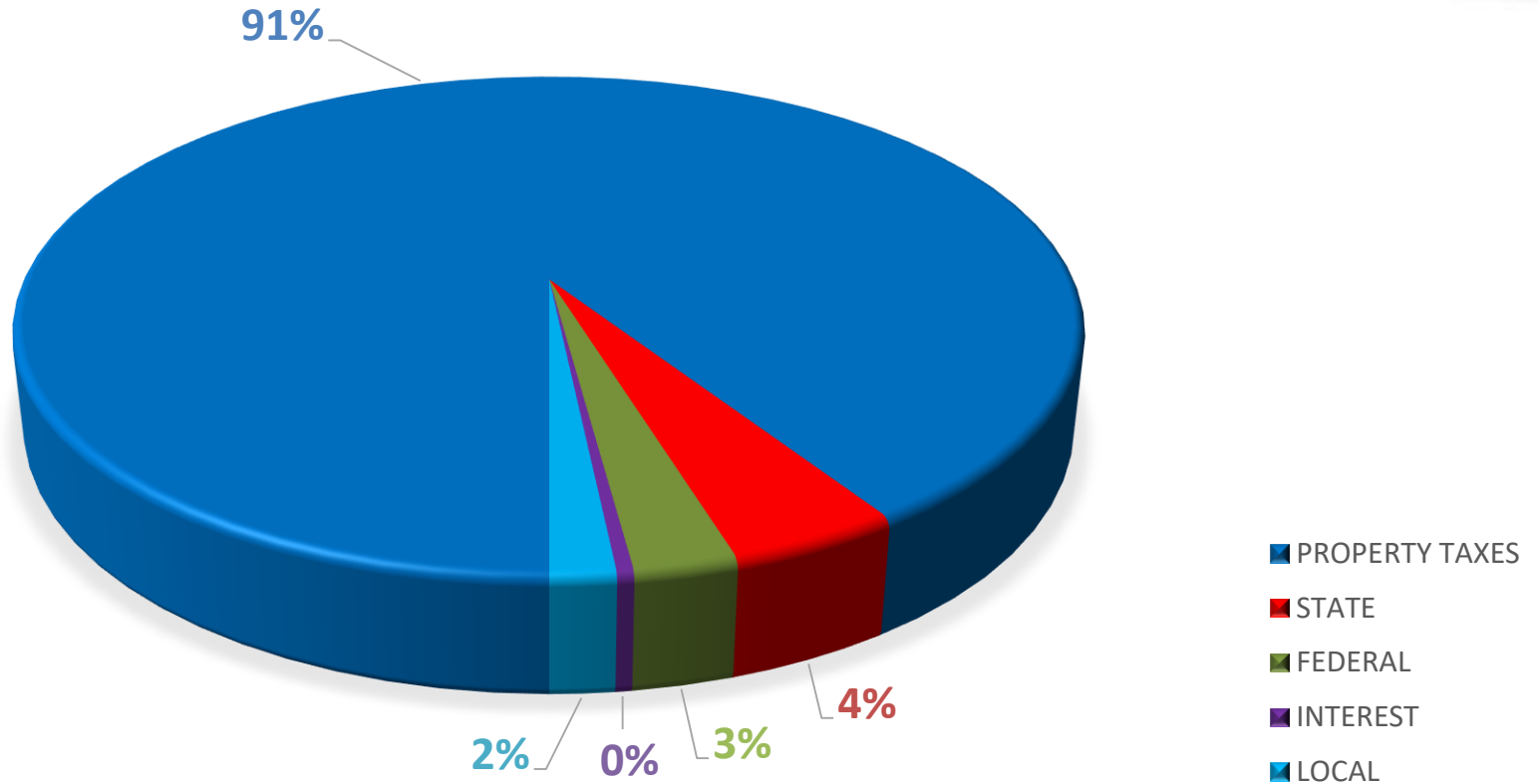
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CFO and TREASURER**

Timeline

- Levy adoption will be today, November 28, 2017, at the Board Meeting.
- File the adopted certificate of tax levy no later than the last Tuesday of December 2017.
- Extension process, receipt of levied revenues begin in Spring 2018.



Funding Sources



NOTE - EXCLUDES: TRANSFERS AND ON-BEHALF PAYMENT TO TRS



Key Terms

- **Tax Levy:** The amount of money a school district requests to be raised from property tax.
- **Property Tax Extension Limitation Law:** Commonly referred to as the 'Tax Cap' of PTELL.
- **Extension:** The growth in the levy, limited by PTELL.



Key Terms

- **CPI (Consumer Price Index):** An inflationary indicator that measures the change in the cost of a fixed basket of products and services including housing, electricity, food, and transportation.
- **EAV (Equalized Assessed Valuation):** The term EAV refers to the assessed value of all taxable real estate in the district.



Levy – General Information

- The final levy amount and related tax rate (or extension) are determined by the Lake County Clerk's office based on the requested amounts, after applying PTELL reductions (tax cap law).
- PTELL limits an amount of increase in taxes from year to year to the lesser of 5% or the prior year CPI, plus the value of new construction.

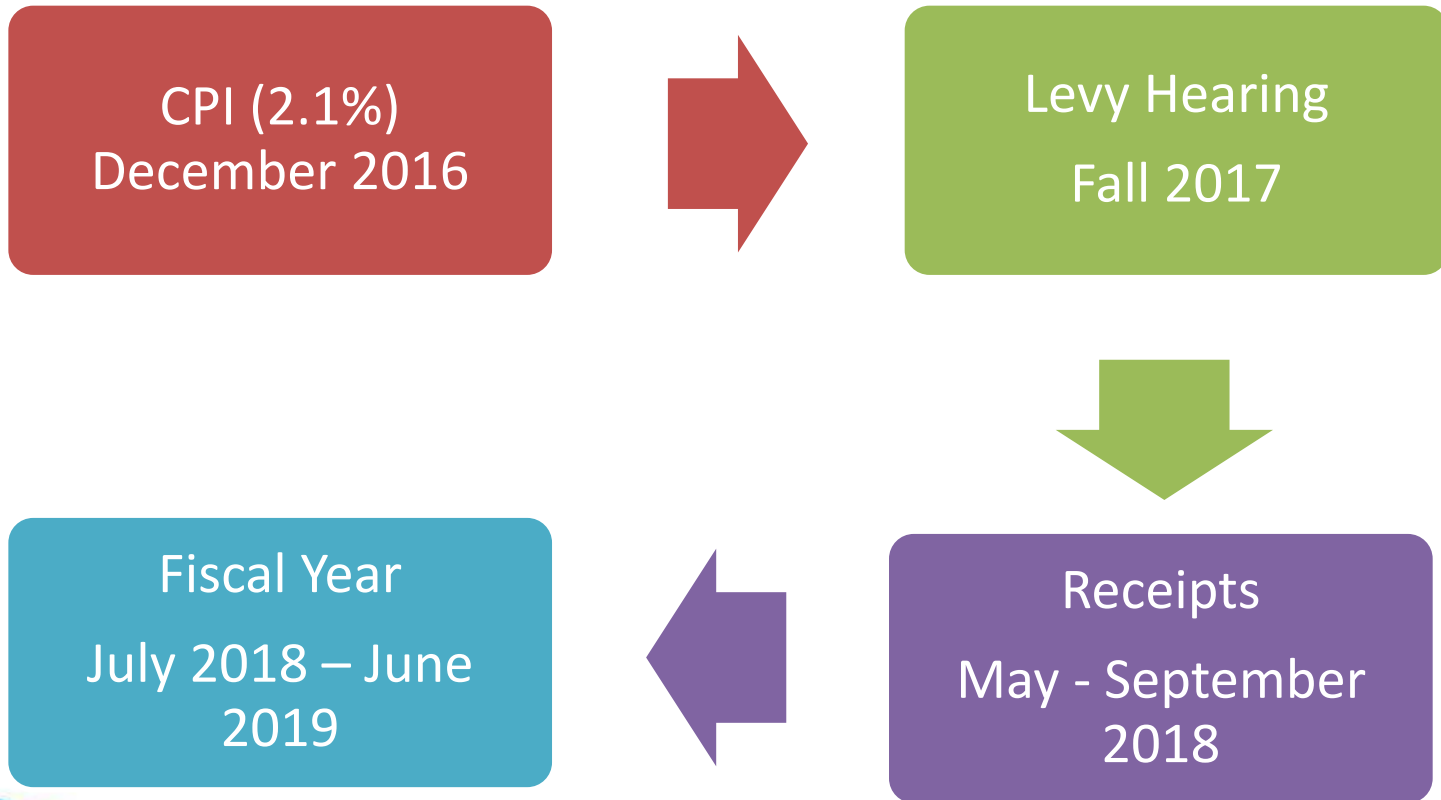


Levy – General Information

- A minimum of 20 days between the presentation of a tentative levy and its adoption is required if in excess of the 5% threshold.
- If the tentative/final levy is in excess of 5%, a Truth-In Taxation notice must be published and a Public hearing conducted.
- Once the levy is adopted, it must be filed with the Lake County Clerk.



Example Levy Process



2017 Levy Calculation

- Equalized Assessed Valuation of all property = \$2,377,533,095
- Prior Year Extension = \$68,033,775
- CPI = 2.1%
- New Property = \$18 million expected

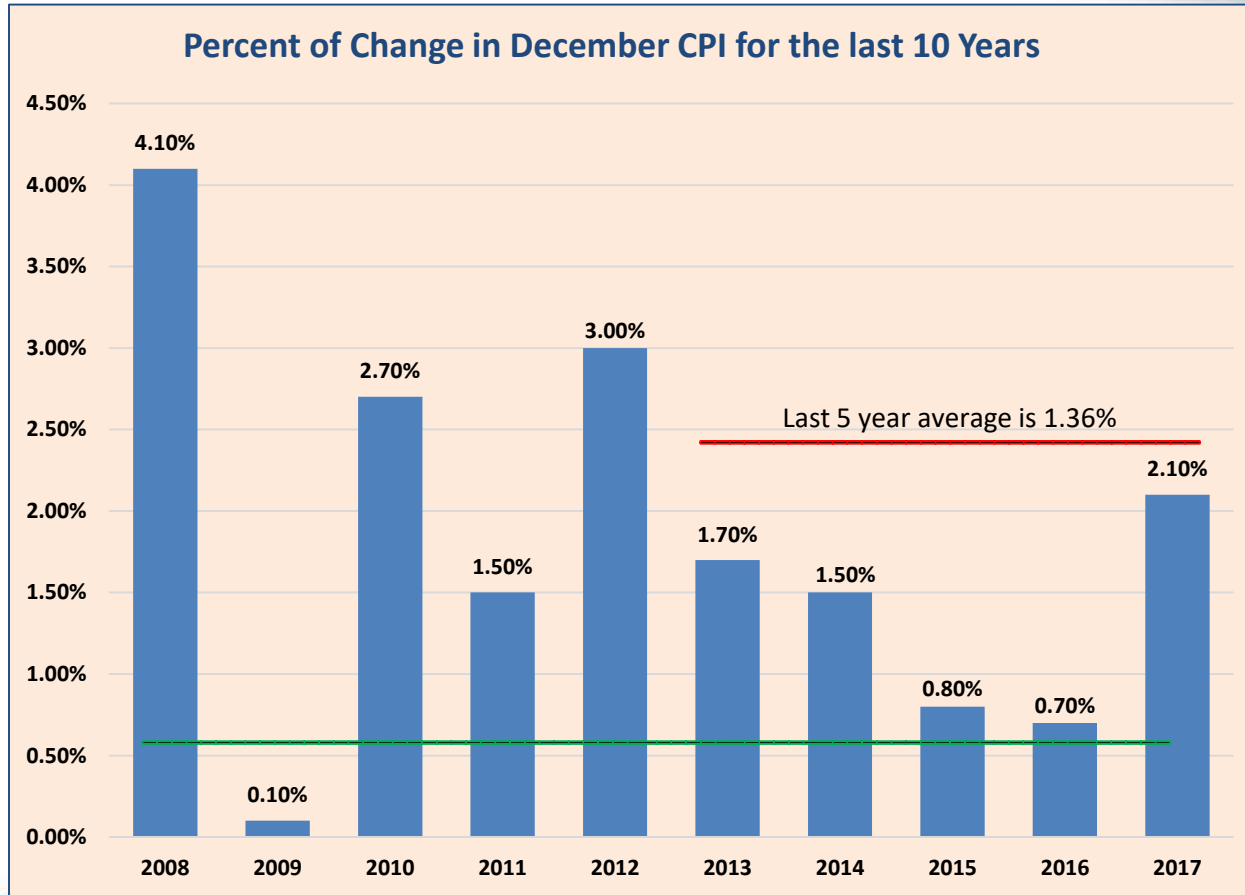


2017 Levy Calculation

- In addition to getting tax revenue from existing property, we request additional taxes related to new property/new taxpayers. This is an estimate at the time of the levy.
- The district is also entitled to revenues from properties, which were previously not paying taxes to the school district in a TIF (Tax Incremental Financing) District.



CPI



Average CPI for this 10-year period is 1.82%



Expected Increase

- This levy represents a 3.49% increase over last year's extension.
- The District always levies more to account for any unforeseen increases in EAV or New Construction.



PTELL

- Why do we levy up to the PTELL Limit?
- Heavy dependence on local property taxes (91%).
- Only mechanism for revenue growth
 - State and Federal funding stagnant
 - Other local funding
 - Student Fees
 - Tuition

Source: Final Budget, 2017-2018. presented August 15, 2017



Cost Drivers

- What are the cost drivers behind the district's request for the extension?
 - Current NSEA Collective Bargaining Agreement
 - 55% Salaries and 10% benefits
 - Building Improvements
 - 11% of our budget goes to HLS or capital work
 - Board's Strategic Vision Timeline
 - Committing to a long-range facilities plan
 - Cost / inflationary increases in Purchased Services and Supplies

Source: Final Budget, 2017-2018. presented August 15, 2017



Other Considerations

- What are the cost drivers behind the district's request for the extension?
 - Local issues drive local needs of the district.
 - Fund Balance Policy
 - Abatement
 - Examples of districts with large balances
 - Winnetka 36
 - Bannockburn 106



School Closings

- Impact of school closings, as part of the Board's Strategic Vision Timeline?
 - First step....
 - Savings will come from staff and deferred Health Life Safety (HLS).
 - However, deferred capital work over the remaining schools is greater than these savings.



Summary

- What are we asking for: \$70.4 million
- What do we think we will get: \$70.0 million



QUESTIONS?

