



NORTH SHORE
—SCHOOL DISTRICT 112—

2012 LEVY HEARING

December 18, 2012
Meeting of the Board



2012 Levy Calendar



October 9, 2012	Discussion Preliminary Discussion of Proposed 2012 Levy
November 20, 2012	Tentative Levy Approval
December 6, 2012	Levy Request Published
December 18, 2012	Levy Hearing & Final Adoption

BoardMemo_FY1213_Dec_Board - Date: Dec. 18, 2012

2

Terms & Definitions

- Levy = Amount Requested by governmental entity to be raised from property taxes; required and regulated process to obtain tax revenues
- Extension = Actual amount billed to taxpayers in a district; revenue to entity
- EAV = Equalized Assessed Value of properties in a district as determined by local and county assessors



BoardMemo_FY1213_Dec_Board – Date: Dec. 18, 2012

3

Terms & Definitions

- CPI = Consumer Price Indexed published by the federal government as a measure, per state school code, of annual inflationary impact on a district
- New Property = Property in the district that has been newly developed and initially assessed during the tax year



BoardMemo_FY1213_Dec_Board – Date: Dec. 18, 2012

4

General Financial Impact

- School District – Property taxes generally represent nearly 88% of annual revenues; they are the primary source of funding of public education in the state
- Taxpayer = Typically over 38% of the annual property tax bill represents property taxes requested by District 112



BoardMemo_FY1213_Dec_Board – Date: Dec. 18, 2012

5

Tax Extension Formula Impacts

- In most years the EAV of the district has increased and at an annual percentage rate higher than the increase in CPI
- This relationship has had the effect of lowering the overall and by fund tax rates
- 2009 was the first year of declining EAV, it is projected that 2012 will also be a year of declining EAV



BoardMemo_FY1213_Dec_Board – Date: Dec. 18, 2012

6

Tax Extension Formula Impacts

- Under current economic conditions it is anticipated that the EAV of the district will decline and that the tax rates will increase
- The declining EAV will cause the tax to increase

BoardMemo_FY1213_Dec_Board - Date: Dec. 18, 2012

7



2012 Tax Levy Calculation



Levy cannot exceed
5% or the prior year
CPI, plus new
construction; “tax
cap” legislation

CPI is a primary
factor in
determination of
extended taxes



BoardMemo_FY1213_Dec_Board – Date: Dec. 18, 2012

9

Consumer Price Index (CPI) General Financial Impacts

- Since 1992 Average CPI growth is 2.5%
- The historic CPI Since 1992;
Low is 0.1% - High is 4.1%
- The December 2011 CPI used for 2012 Levy;
 - Rate published in January 2012
 - Revenue received for 2013-2014 school year



BoardMemo_FY1213_Dec_Board – Date: Dec. 18, 2012

10

2012 Levy Factors

CPI

Known/Fixed 3.0%

New Property

Unknown/Uncertain ?



BoardMemo_FY1213_Dec_Board - Date: Dec. 18, 2012

11

New Construction Estimation Consideration

- District must Request additional taxes related to the new property/new taxpayers
- Amount for new property/new taxpayers is an Estimate at the time of the levy
- Excess Request Avoids, loss of tax revenues due and future requests to replace revenue



BoardMemo_FY1213_Dec_Board - Date: Dec. 18, 2012

12

2012 Bond & Interest Fund Tax Levy



Levy for the B&I fund is separately determined at the time of the bond issue. The levy amount is not subject to the tax cap.



BoardMemo_FY1213_Dec_Board - Date: Dec. 18, 2012

2012 & Change from 2011 Levy Bond & Interest Request

Levy Year(1)	Equalized Assessed Valuation	% Increase	Outstanding Referendum Debt Service	Debt Levy Reduction	Debt Service Tax Rate	Tax Rate Reduction	Reduction on \$300,000 Market Home(2)	Reduction on \$500,000 Market Home(2)
2005	2,354,422,964	12.03%	4,715,731		0.200			
2006	2,577,404,428	9.47%	4,949,811		0.192			
2007	2,739,296,569	6.28%	5,197,161		0.190			
2008	2,850,112,993	4.05%	5,459,896		0.192			
2009	2,775,758,242	-2.61%	5,735,130		0.207			
2010	2,622,779,813	-5.51%	3,305,980		0.126			
2011	2,390,360,103	-8.86%	5,516,218		0.231			
2012	2,209,667,733	-7.56%	1,802,065	(3,714,153)	0.082	(0.149)	(\$140)	(\$240)

(1) Actual EAV through levy year 2011, estimated for Levy Year 2012

(2) Market value of home times 33.3% less \$6,000 homeowner's deduction times tax rate reduction per \$100 of EAV.

BoardMemo_FY1213_Dec_Board - Date: Dec. 18, 2012



2012 Levy Factors



Separate levy amounts are requested for the individual financial purpose funds used by the District.



BoardMemo_FY1213_Dec_Board - Date: Dec. 18, 2012

15

2012 Levy Factors

Fund	Requested Levy	% of Total
Education	\$ 52,379,000	80.9%
Special Education	\$ 500,000	0.8%
O&M	\$ 6,811,000	10.5%
Transportation	\$ 1,921,000	3.0%
Working Cash	\$ 57,000	0.1%
Life Safety	\$ 1,403,000	2.2%
IMRF/SS	\$ 1,564,000	2.4%
Tort	\$ 75,000	0.1%
TOTALS	\$ 64,710,000	100%

BoardMemo_FY1213_Dec_Board - Date: Dec. 18, 2012

16

2012 Levy Request

Operating "Cap" Funds \$ 64,710,000

Bond & Interest, net \$ 1,820,100

Total Levy Request **\$ 66,530,100**

BoardMemo_FY1213_Dec_Board - Date: Dec. 18, 2012



2012 vs. 2011 Levy Request

Total Levy Request; 2012 \$66,530,100

Total Levy Extension; 2011 \$67,360,348

2012 vs. 2011 Increase <Decrease> - 1.23% *

* Individual taxpayer effect subject to EAV distribution

BoardMemo_FY1213_Dec_Board - Date: Dec. 18, 2012



Recommended 2012 Levy Request

- Provides greatest assurance that the effect of potentially unknown new property is captured
- Any request over the statutorily determined final levy will be automatically eliminated by the county's tax extension



BoardMemo_FY1213_Dec_Board – Date: Dec. 18, 2012

19

Recommendations



Adoption of levy presented
at the December 18, 2012
Regular Board Meeting,
following a Public Hearing

Adoption of the abatement
of the B&I 2012 levy related
to outstanding alternative
revenue bonds



BoardMemo_FY1213_Dec_Board – Date: Dec. 18, 2012

20