



NORTH SHORE SCHOOL DISTRICT 112

2010 LEVY HEARING

December 14, 2010
Meeting of the Board



NORTH SHORE SCHOOL DISTRICT 112

2010

Levy Calendar

November 2, 2010 - Tentative Levy/Budget Discussion

November 16, 2010 - Tentative Levy Approval

December 2, 2010 - Levy Request Published

December 14, 2010 - Levy Hearing & Final Adoption

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



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



General Financial Impact

- School District – Property taxes generally represent nearly 80% of annual revenues; they are the primary source of funding of public education in the state
- Taxpayer = Typically over 35% of the annual property tax bill represents property taxes requested by District 112



Sample Tax Extension – A

(Increased EAV Factor)

Levy Year	EAV (Assessor)	Tax Rate (Calc w/cap)	Extension (CPI)
Year 1	\$1,000,000	1.000	\$1,000,000
Yr 2 - +15% Step 1- EAV	\$1,150,000	?	?
Yr 2 - +2% Step 2- Ext'd	\$1,150,000	?	\$1,020,000
Yr 2 –Decr. Step 3- Rate	\$1,150,000	0.887	\$1,020,000



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



Sample Tax Extension – B

(Decreased EAV Factor)

Levy Year	EAV (Assessor)	Tax Rate (Calc w/cap)	Extension (CPI)
Year 1	\$1,000,000	1.000	\$1,000,000
Yr 2 - <15%> Step 1- EAV	\$850,000	?	?
Yr 2 - +2% Step 2- Ext'd	\$850,000	?	\$1,020,000
Yr 2 –Incr. Step 3- Rate	\$850,000	1.200	\$1,020,000

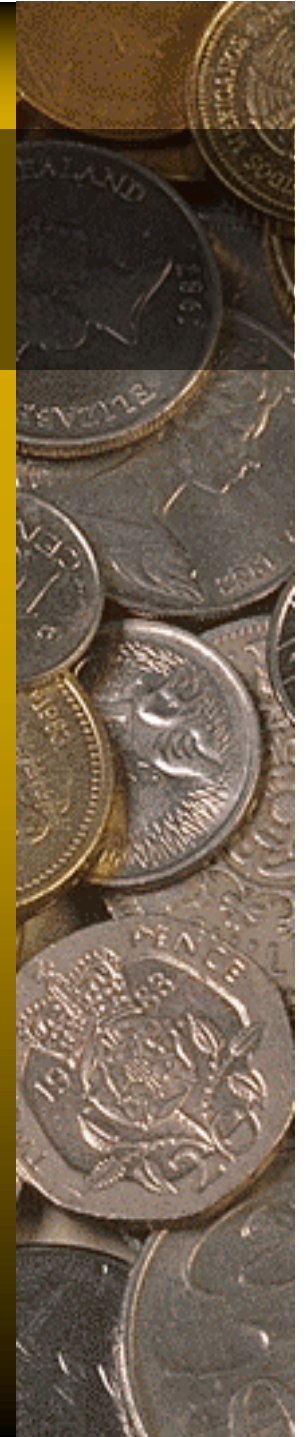


2010 Tax Levy Calculation



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



CPI

General Financial Impacts

- The historic 12 year Average CPI; 2.5%
- The historic 12 year CPI;
Low is 0.1% - High is 4.1%
- The December 2009 CPI used for 2010 Levy;
 - Rate published in January 2010
 - Revenue based on December 2009 economy
 - Revenue received for 2011-2012 school year



2010 Levy Factors

CPI

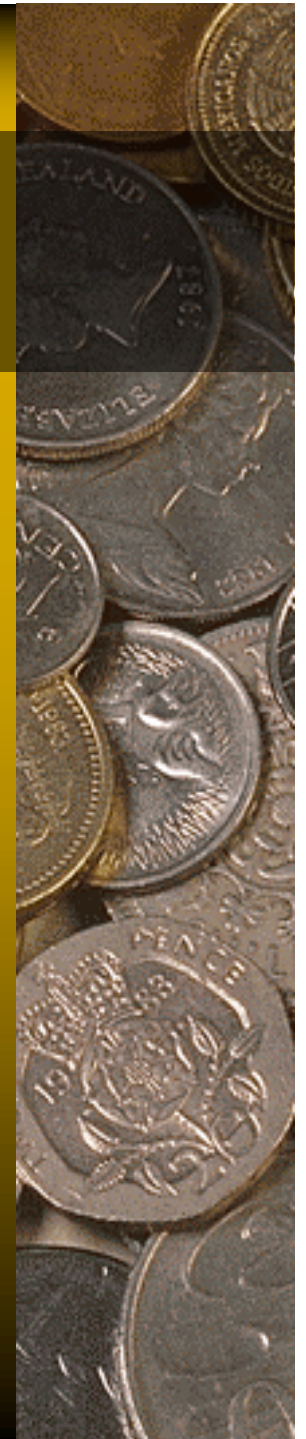
Known/Fixed

2.7%

New Property

Unknown/Uncertain

?



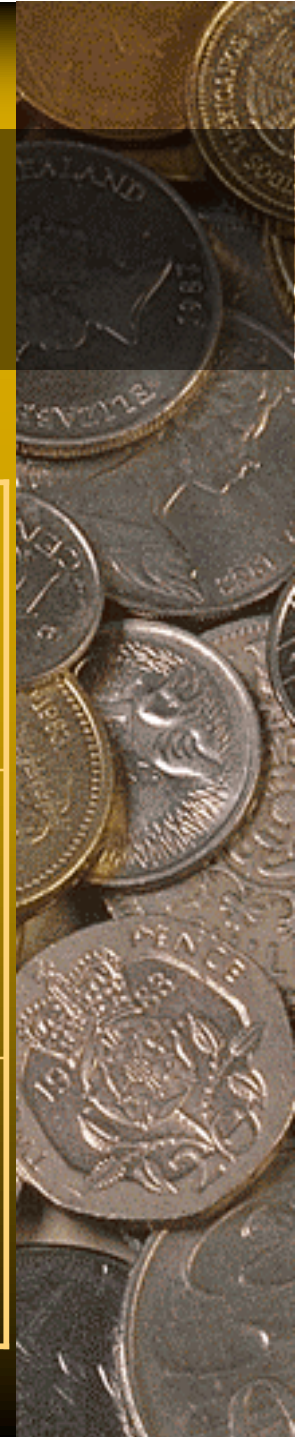
New Construction Estimation Considerations

- 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



New Construction Estimation Considerations

	Actual	Request	Receive
A	\$500	\$300	\$300
B	\$500	\$700	\$500



2009 Request/Actual Levy Comparison

	Amount	Percentage Increase
Requested Levy (Published)	\$58,896,061	2.35%
Actual Levy (Extended)	\$58,401,953	1.49%
CPI Cap	Diff to Act = 1.39% (New Construction)	0.1%



2010 Request/Expected Levy Comparison

	Amount	Percentage Increase
Requested Levy (Published)	\$60,806,000	4.12%
Expected Levy (Potential)	\$60,462,000	3.53%
CPI Cap	Diff to Act = 0.83% (New Construction)	2.7%



2010 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.



2010/2009 Levy Bond & Interest Request

	B&I Levy Before Abatement	Abatement Per Bond Terms	B&I Net Levy Requested
Levy Yr	Approved Tax Levy	Requested Abatement	Net Levy Requested
2010	\$4,668,800	\$(1,328,600)	\$3,340,200
2009	\$7,089,945	\$(1,288,610)	\$5,801,335



2010/2009 Levy Bond & Interest Net Effect

Levy Yr	Levy Status	Levy Amount After Abatement	Percentage Increase <Decrease> Yr/Yr
2010	Requested	\$3,340,200	<42.42%>
2009	Actual	\$5,801,335	0.54%



2010 Tax Levy

Separate Fund Requests



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



2010 Levy Request Fund Distribution

(w/o B&I)

Fund	Requested Levy	% of Total
Education	\$49,468,000	81.4%
Special Ed	\$528,000	0.9%
O&M	\$5,900,000	9.7%
Transportation	\$1,714,000	2.8%



2010 Levy Request

Fund Distribution

(w/o B&I)

Fund	Requested Levy	% of Total
Working Cash	\$28,000	0.1%
Life Safety	\$1,371,000	2.2%
IMRF/SS	\$1,372,000	2.2%
Tort	\$425,000	0.7%



2010 Levy Request

- Operating “Cap” Funds \$60,806,000
- Bond & Interest, net \$3,340,200
- Total Levy Request \$64,146,200



2010/09 Levy Request

- Total Levy Request; 2010 \$64,146,200
- Total Levy Extension; 2009 \$64,203,288
- 2010/09 Increase <Decrease> <0.09%> *

* Individual taxpayer effect subject to EAV distribution



2010 Tax Levy

Potential Tax Extension

- Operating “Cap” Funds \$60,462,000
- Bond & Interest, net \$3,340,200
- Total Potential Levy \$63,802,200



2010/09 Potential Levy Request

- Total Levy Request; 2010 \$63,802,200
- Total Levy Extension; 2009 \$64,203,288
- 2010/09 Increase <Decrease> <0.62%> *

* Individual taxpayer effect subject to EAV distribution



Recommended 2010 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



Recommendations



- Adoption of levy presented at the December 14, 2010 Regular Board Meeting, following a Public Hearing
- Adoption of the abatement of the B&I 2010 levy related to outstanding alternative revenue bonds





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