

BOARD OF EDUCATION

JANUARY 16, 2024

2023 LEVY

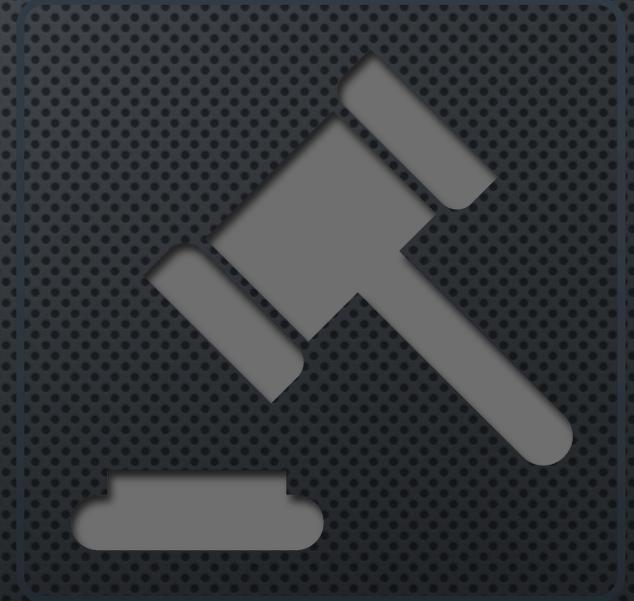
# AGENDA

- FISCAL RESPONSIBILITY
- THE 2023 LEVY AND FACILITY NEEDS
- REVIEW OPTIONS TO REDUCE THE 2023 ADOPTED LEVY
- DISCUSS TARGETS THE BOARD WOULD LIKE TO SEE MODELED
- SUPPLEMENTAL LEVY (DEBT SERVICE EXTENSION BASE)



# FISCAL RESPONSIBILITY

- *CENTRAL ILLINOIS PUBLIC SERVICE CO. v. MILLER (1969)*
  - CASE LAW ON TAX RATE OBJECTIONS HAS FOLLOWED THE PRECEDENT ESTABLISHED IN MILLER. THE TEST FOR SCHOOL DISTRICTS (KNOWN NOW AS THE MILLER RATIO) HAS HISTORICALLY BEEN WHETHER RESERVES EXCEED 2.0 TIMES THE AVERAGE ANNUAL EXPENDITURES.
- GOVERNOR PRITZKER SIGNED P.A. 103-0394 LAST YEAR, WHICH INCREASED THE MILLER RATIO TO 2.5 TIMES THE 3-YEAR AVERAGE ANNUAL EXPENDITURES FOR SCHOOL DISTRICTS.
- ANNUAL EXPENDITURES OF OPERATING FUNDS (ED, O&M, TRANSPORTATION) – WHAT DOES THAT LOOK LIKE FOR D92?



# FISCAL RESPONSIBILITY – (MILLER RATIO)

Year	Annual Ave. Expenditures	Cash Reserve Balance	Actual Ratio	2.5x amount
2023	\$27,868,650	\$20,424,964	0.77	\$66,291,637
2022	\$26,960,850			
2021	\$24,720,467			
<b>Average</b>	<b>\$26,516,655</b>			

Cash reserve compared to the 3-year average annual expenditures (Ed, O&M, Transportation)

# THE 2023 LEVY AND OUR FACILITY NEEDS

Reed School



# FACILITY NEEDS – WALSH, REED, AND LUDWIG

## **WALSH (ESTIMATED COST \$434,400)**

- REMODEL KITCHEN
- PROVIDE NEW DIGITAL SIGN MARQUEE
- ABATEMENT OF VINYL ASBESTOS TILE AND MASTIC
- PROVIDE FLUID-APPLIED ATHLETIC FLOORING IN GYM IN LIEU OF VCT TILE
- REFINISH OR REPLACE BLEACHERS

## **REED (ESTIMATED COST \$32,000)**

- PROVIDE NEW DIGITAL SIGN MARQUEE

## **LUDWIG (ESTIMATED COST \$5,760,600)**

- PARKING LOT RE-CONSTRUCTION...COMPLETE TEAR OUT/REPLACE
- PROVIDE NEW DIGITAL SIGN MARQUEE
- ABATEMENT OF VINYL ASBESTOS TILE AND MASTIC – SMALL GYM
- PROVIDE FLUID-APPLIED ATHLETIC FLOORING IN SMALL GYM IN LIEU OF VCT TILE
- REMOVE EXISTING GALVANIZED DOMESTIC WATER PIPING AND REPLACE WITH NEW COPPER WATER PIPING

# FACILITY NEEDS – OAK PRAIRIE

## **OAK PRAIRIE (ESTIMATED COST \$2,985,000)**

- REPLACE FLOORING IN SOME OF THE LARGE VOLUME SPACES (CAFETERIA)
- RE-CONFIGURE DOORS AT BOTTOM OF STAIRS AT THE END OF THE THREE WINGS AND INVESTIGATE SOLUTION FOR HANDRAIL/SPLIT-FACE BLOCK
- ADD A CANOPY OVER THE NORTH EXIT DOOR TO ALLEVIATE THE WATER ISSUE
- THE BUILDING WAS BUILT IN 2002 – SEBS ROOFS TYPICALLY LAST 20-25 YEARS
- MONITOR ROOF AREAS FOR REPLACEMENT
- REPLACE 20-YEAR-OLD KITCHEN MAKE-UP AIR UNIT AND LOCKER ROOM UNITS
- NEED ADDITIONAL LIGHTING IN SOME OF THE CORRIDOR AREAS
- UPGRADE FIRE ALARM HEAD-END - UPGRADE EXISTING EDWARDS EST2 TO IO1000 OR EST4
- PROVIDE AN ADDITION FOR A STAGE AND STORAGE IN EXISTING GYMNASIUM - BASED ON 2200 SF
- ELEVATOR UPGRADE
- REPLACE SHARE BAND/CHORAL MECHANICAL UNIT WITH TWO SEPARATE UNITS FOR BETTER CONTROL

# THE 2023 LEVY AND FACILITY NEEDS

CAPITAL PROJECTS (FUND 60)

DECEMBER 31, 2023, BALANCE - \$293,217.42

ESTIMATED COST TO FINISH 5-YEAR FACILITY PLAN - \$9,212,000

EVEN WITH THE MAX LEVY IN 2023, WE WILL NOT BE ABLE TO FINISH THIS WORK

# DETERMINING THE NEED FOR THE 2023 LEVY



The max levy approved at the December Board Meeting provides the District with revenue to pay for contractually bargained salary increases and build Fund 60 to address the long-range facility plan discussed on the previous slides



In FY25, there will be no ESSER funding (\$1.4M) and we will see \$600,000 less from CPPRT



We will have savings from our new bus contract

# REVIEW OPTIONS TO REDUCE THE 2023 ADOPTED LEVY



**OPTION 1 – TAXPAYER  
RELIEF OPTION: FISCAL  
RESPONSIBILITY LAW**



**OPTION 2 – PA 102-519  
RECAPTURE**



**OPTION 3 – ABATE THE  
BOND AND INTEREST LEVY**



**OPTION 4 – ABATE THE  
GENERAL LEVY**

# OPTION 1 – TAXPAYER RELIEF OPTION

## PROS

- PROTECTS OUR EXTENSION BASE FOR FOLLOWING YEARS
- A PERCEIVED POSITIVE FOR TAXPAYERS BECAUSE THEY COULD POTENTIALLY RECEIVE A CHECK FROM THE SCHOOL DISTRICT
- BOARD DECLARES A SURPLUS, WHICH WOULD COMMUNICATE THE INTENT TO THE COMMUNITY OF THE REIMBURSEMENT

This concept allows a school district to provide a reimbursement to taxpayers

# OPTION 1 – TAXPAYER RELIEF OPTION

## CONS

- AN EXTENSIVE AMOUNT OF WORK TO MAKE THIS HAPPEN
- THE AMOUNT TO DISTRIBUTE WOULD BE RELATIVELY SMALL
- CREATES AN EXPECTATION THAT WE WILL DO IT EVERY YEAR
- IF WE DO IT ONE YEAR BUT NOT THE NEXT, TAXPAYERS WILL SEE IT AS A TAX INCREASE FOR THE FOLLOWING YEAR
- NEED TO CREATE A SEPARATE BANK ACCOUNT
- COSTS – FILES AND SPREADSHEETS FROM THE COUNTY WILL REQUIRE THE ASSISTANCE OF AN EXPERT
- COSTS – WE WOULD POTENTIALLY NEED TO OUTSOURCE PRINTING OF CHECKS, STUFFING ENVELOPES, AND POSTAGE
- THE TIMELINE FOR PERFORMING THE ABOVE TASKS WOULD MOST LIKELY HAPPEN OVER THE SUMMER FOR THE DECEMBER 1, 2023 TAX DEADLINE

This concept allows a school district to provide a reimbursement to taxpayers

# WHAT MIGHT THIS LOOK LIKE FOR HOMEOWNERS?

## OPTION 1 – TAXPAYER RELIEF OPTION

Parcels in District 92	An Example Reimbursement to Taxpayers	Average Reimbursement Check
5,000+	\$500,000	\$80+

# OPTION 2 – PA 102-519

## PROS

- REDUCE THE LEVY AND MAINTAIN THE ABILITY TO RECAPTURE REVENUE IN FUTURE YEARS
- PROTECTS OUR REVENUE AND THE CPI-COMPOUNDING IMPACT OF GROWTH
- TAX EXTENSION OFFICE SAYS WE CAN STILL DO THIS IN MARCH WITH A BOARD RESOLUTION PASSED BY FEBRUARY

## CONS

- ACCORDING TO THE WILL COUNTY CLERK, THIS HAS NOT BEEN DONE IN WILL COUNTY
- FLUCTUATING TAX RATE – POTENTIALLY DROP IN YEAR 1 AND RISE IN YEAR 2, YEAR 3

This law allows school districts to under levy in one year and recapture money in future years (passed in 2022)

# WHAT MIGHT THIS LOOK LIKE FOR HOMEOWNERS?

## **Option 2 – PA 102-519 (Under levy in one year and recapture in future years)**

### VARIABLES:

- CPI IN FUTURE YEARS
- EAV IN FUTURE YEARS
- THE CPI EXTENSION RATE IN 2023 WAS 5%, BUT IF WE HAVE A FLAT EXTENSION INCREASE IN 2023, HOW MUCH WILL WE RECAPTURE IN FUTURE YEARS AND AT WHAT RATE?

# OPTION 3 – ABATE THE BOND AND INTEREST LEVY

## PROS

- REDUCE THE TAX BURDEN IN A SINGLE YEAR WITHOUT AFFECTING THE CPI-COMPOUNDING BENEFIT OF OUR LIMITING RATE ON CAPPED FUNDS
- PROVIDE TAX RELIEF TO HOMEOWNERS
- WOULD SAVE A HOMEOWNER BETWEEN 10-20 CENTS ON THE TAX RATE IF THE ENTIRE B&I LEVY WAS ABATED
- THE DISTRICT'S REVENUE IN THE GENERAL LEVY WOULD NOT BE IMPACTED

## CONS

- PAYMENT OF THE BOND AND INTEREST LEVY WILL NEED TO COME FROM OUR OPERATING FUNDS
- FLUCTUATING TAX RATE – DROP IN YEAR 1 AND RISE IN YEAR 2

# WHAT MIGHT THIS LOOK LIKE FOR HOMEOWNERS?

## Option 3 - Abate the Bond and Interest Levy

Tax Levy Estimates	2022	2023
Market Value	\$300,000	\$321,990 (7.33% estimated increase in value)
1/3 Assessment	\$100,000	\$107,330
Exemptions	\$6,000	\$8,000
Total Net Value (EAV)	\$94,000	\$99,330
Tax Rate	\$2.98	\$2.82
Tax Due	\$2,801.20	\$2,801.10
\$ Increase / (\$ Decrease)		(\$0.10)

# OPTION 4 -- ABATE ANY OF THE OTHER LEVIES

## PROS

- PROVIDE TAX RELIEF TO HOMEOWNERS
- A PERCEIVED POSITIVE FOR TAXPAYERS BECAUSE THEY COULD POTENTIALLY SEE A REDUCTION IN THEIR TAX BILL
- WOULD SAVE A HOMEOWNER ON THE TAX RATE DEPENDING ON HOW MUCH WAS ABATED
- A FLAT LEVY WOULD SAVE A HOMEOWNER OF A \$300,000 RESIDENCE ABOUT \$60

## CONS

- WILL PERMANENTLY REDUCE AND AFFECT THE CPI-COMPOUNDING BENEFIT OF OUR LIMITING RATE ON CAPPED FUNDS
- WILL PERMANENTLY REDUCE CASH FLOW

# WHAT MIGHT THIS LOOK LIKE FOR HOMEOWNERS?

## Option 4 – Abate the Levy (Keep the 2023 extension the same as 2022)

Tax Levy Estimates	2022	2023
Market Value	\$300,000	\$321,990 (7.33% estimated increase in value)
1/3 Assessment	\$100,000	\$107,330
Exemptions	\$6,000	\$8,000
Total Net Value (EAV)	\$94,000	\$99,330
Tax Rate	\$2.98	\$2.76
Tax Due	\$2,801.20	\$2,741.51
\$ Increase / (\$ Decrease)		(\$59.69)

	Prior Year Extension	Statutory Maximum Tax Rate	Individual Fund Estimated Maximum Extension	Weighted Extension Based on Prior Year Extension	Levy Amount \$
Educational	\$20,792,654.81			\$21,993,524.62	
Operations & Maintenance	\$2,619,282.82	0.00	\$0.00	\$2,770,558.24	
Transportation	\$747,988.04			\$791,187.73	
Working Cash	\$45,038.24	0.00	\$0.00	\$47,639.40	
Municipal Retirement	\$468,044.47			\$495,076.15	
Social Security	\$477,758.60			\$505,351.32	
Fire Prevention & Safety *	\$0.00	0.00	\$0.00	\$0.00	
Tort Immunity	\$0.00			\$0.00	
Special Education	\$1,198,370.46	0.00	\$0.00	\$1,267,581.77	
Leasing	\$0.00	0.00	\$0.00	\$0.00	
	\$0.00	0.00	\$0.00	\$0.00	

**Capped Extension**

Levy Amount Abo

**SEDOL IMRF Extension**

**Estimated SEDOL IMRF Levy**

*(Lake County Only, Included in Truth in Taxation Calculation)*

**Bond & Interest Extension**

**Estimated Bond and Interest Levy**

*(County Clerk Levies Bond & Interest for the District, Verify Records with County Clerk)*

**Total Extension**

WHAT ARE DISTRICT 92'S EXTENSIONS?

# DISCUSS TARGETS THE BOARD WOULD LIKE TO SEE MODELED

- MAINTAIN LEVY AMOUNT AS ADOPTED
- WHAT OTHER REDUCTIONS WOULD THE BOARD LIKE TO SEE MODELED?
  - PERCENT REDUCTION
  - DOLLAR REDUCTION
  - OTHER



# SUPPLEMENTAL LEVY

# SUPPLEMENTAL LEVY FOR THE DEBT SERVICE EXTENSION BASE (DSEB) – WHAT IS IT?

- 1991 PROPERTY TAX EXTENSION LIMITATION LAW (PTELL)
- “A PROVISION WAS INCLUDED IN PTELL WHICH ESTABLISHED A PERMANENT DEBT EXTENSION LIMIT FOR SCHOOL DISTRICTS. THE DEBT SERVICE EXTENSION BASE, WHICH REPRESENTED THE EXISTING SCHOOL DISTRICT DEBT, WAS BASED ON THE ACTUAL DOLLAR AMOUNT OF THE TAX EXTENSION IN A SCHOOL DISTRICT'S BOND AND INTEREST FUND THE YEAR FOLLOWING PASSAGE OF PTELL” (KERSTEN, 2012).



# SUPPLEMENTAL LEVY FOR DSEB – EXAMPLE

- “IF YOUR SCHOOL DISTRICT WAS FORTUNATE ENOUGH TO HAVE OUTSTANDING NON-REFERENDUM BONDS WITH A REPAYMENT IN 1994 OF \$2,000,000, YOU NOW HAVE A PERMANENT \$2M DEBT SERVICE EXTENSION BASE. THIS MEANS THAT YOU CAN TAX PROPERTY OWNERS UP TO \$2M EACH YEAR TO PAY THE PRINCIPAL AND INTEREST ON OUTSTANDING BONDS” (KERSTEN, 2012).



# SUPPLEMENTAL LEVY FOR DSEB

- “BEGINNING WITH THE 2009 TAX LEVY, SCHOOL DISTRICT DEBT SERVICE EXTENSION BASE WILL INCREASE ANNUALLY BY THE LESSER OF 5% OR THE CPI FROM THE PRIOR CALENDAR YEAR” (KERSTEN 2012).

The 2022 DSEB was \$875,260

The 2023 DSEB will increase to \$919,023 automatically

The Supplemental Levy will provide the District with an additional \$11,914.89 if approved

	Prior Year Extension	Statutory Maximum Tax Rate	Individual Fund Estimated Maximum Extension	Weighted Extension Based on Prior Year Extension	Levy Amount \$
Educational	\$20,792,654.81			\$21,993,524.62	
Operations & Maintenance	\$2,619,282.82	0.00	\$0.00	\$2,770,558.24	
Transportation	\$747,988.04			\$791,187.73	
Working Cash	\$45,038.24	0.00	\$0.00	\$47,639.40	
Municipal Retirement	\$468,044.47			\$495,076.15	
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Special Education	\$1,198,370.46	0.00	\$0.00	\$1,267,581.77	
Leasing	\$0.00	0.00	\$0.00	\$0.00	
	\$0.00	0.00	\$0.00	\$0.00	

**Capped Extension**

Levy Amount Abo

**SEDOL IMRF Extension**

**Estimated SEDOL IMRF Levy**

*(Lake County Only, Included in Truth in Taxation Calculation)*

**Bond & Interest Extension**

**Estimated Bond and Interest Levy**

*(County Clerk Levies Bond & Interest for the District, Verify Records with County Clerk)*

**Total Extension**

WHAT ARE DISTRICT 92'S EXTENSIONS?



QUESTIONS

# REFERENCES

- KERSTEN, THOMAS A. *TAKING THE MYSTERY OUT OF ILLINOIS SCHOOL FINANCE*. 5TH ED., NCPEA, 2012.