

# Avoca School District 37

## 2017 Tax Levy

**December 21, 2017**

# Levy Process

- **November 2017** – Avoca BOE estimated dollars needed for 2017 levy
- **December 2017** – Avoca BOE holds hearing, approves certificate of tax levy and submits it to the Cook County Clerk
- **February/March 2018** – Tax Distributions to Avoca
- **Late Spring 2018** – Estimated levy extension sent to Avoca
- **Summer 2018** – Final levy extension sent to Avoca
- **August/September 2018** – Tax Distributions to Avoca

# Levy Process Continued

- Cook County Assessor determines **market value (MV)** of property, based on sales of comparable properties in your neighborhood area
- **Assessed value** calculated by multiplying your market value by 10% for residential property or 25% for commercial property
- Illinois Department of Revenue determines an **equalization factor** by county each year
- **Equalized assessed valuation (EAV)** is calculated by multiplying the assessed value of your property by the equalization factor
- Equalized assessed valuation is multiplied by the **tax rate** for your community to calculate your tax bill

# School District Tax Rate

The Cook County Clerk's Office takes the levy submitted by Avoca and applies the tax rate ceiling and tax cap laws to calculate the school district tax extension.

## Tax Rate Formula

$$\frac{\text{School District Tax Extension}}{\text{Total EAV in the District}} = \text{Tax Rate}$$

## Avoca's 2016 Tax Rate

$$\frac{\$13,417,867}{\$504,108,928} = \$2.662 \text{ per } \$100 \text{ EAV}$$

The tax rate is calculated by the Cook County Clerk's Office not Avoca.

# Property Tax Calculations Example 1

## Year 1

- 2 Homes in the District with a MV of \$500,000 and an EAV of \$166,667
- School district tax extension is \$20,000
- $\$20,000 / (2 * 166,667) = \$6.00$  per \$100 in EAV (\$10,000 per house)

## Year 2

- CPI = 2.1%
- 2 Homes in the District with a MV of \$500,000 and an EAV of \$166,667
- School district tax extension is \$20,420 ( $\$20,000 * 1.021$ )
- $\$20,420 / (2 * 166,667) = \$6.126$  per \$100 in EAV (\$10,210 per house)

# Property Tax Calculations Example 2

## Year 1

- 2 Homes in the District with a MV of \$500,000 and an EAV of \$166,667
- School district tax extension is \$20,000
- $\$20,000 / (2 * 166,667) = \$6.00$  per \$100 in EAV (\$10,000 per house)

## Year 2

- CPI = 2.1%, MV and EAV on both homes up by 10%
- 2 Homes in the District with a MV of \$550,000 and an EAV of \$183,333
- School district tax extension is \$20,420 ( $\$20,000 * 1.021$ )
- $\$20,420 / (2 * 183,333) = \$5.569$  per \$100 in EAV (\$10,210 per house)

# Property Tax Calculations Example 3

## Year 1

- 2 Homes in the District with a MV of \$500,000 and an EAV of \$166,667
- School district tax extension is \$20,000
- $\$20,000 / (2 * 166,667) = \$6.00$  per \$100 in EAV (\$10,000 per house)

## Year 2

- CPI = 2.1%, EAV on both homes down by 10%
- 2 Homes in the District with a MV of \$450,000 and an EAV of \$150,000
- School district tax extension is \$20,420 ( $\$20,000 * 1.021$ )
- $\$20,420 / (2 * 150,000) = \$6.807$  per \$100 in EAV (\$10,210 per house)

# Property Tax Calculations Example 4

**Year 1** -2 Homes in the District with a MV of \$500,000 and an EAV of \$166,667

- SD tax ext. =  $\$20,000 / (2 * 166,667) = \$6.00$  per \$100 in EAV (\$10,000 per house)

**Year 2** - CPI = 2.1%, EAV on one home up 10% and one home down 10%

- 1 home MV = \$550,000 EAV = \$183,333 & 1 home MV = \$450,000 EAV = \$150,000
- School district tax extension is \$20,420 ( $\$20,000 * 1.021$ )
- $\$20,420 / (\$183,333 + \$150,000) = \$6.126$  per \$100 in EAV
- Home 1 taxes =  $\$183,333 / 100 * \$6.126 = \$11,231$
- Home 2 taxes =  $\$150,000 / 100 * \$6.126 = \$9,189$
- School district taxes extended =  $\$11,231 + \$9,189 = \$20,420$



# 2017 Tax Levy

- **Asking for a 3.85% Increase in Operating Tax Levy**

- 2016 Operating Levy = \$12,652,627
- CPI 2.1% = 265,705
- Est. New Growth .50% = 63,264
- Balloon Levy 1.25% = 158,159
- 2017 Operating Levy = \$13,139,755
- + Debt Service = 725,500
- 2017 Total Levy = \$13,865,255

# 2017 Tax Levy

- **Tax Cap Limits Increase in Levy by Lesser of:**
  - 5% or
  - Change in CPI from Dec 2015 to Dec 2016 **(2.1%)**
- **+ Estimated New Growth (.50%) (Outside of tax cap)**
  - 2016 - \$1,078,834 (.21%)
  - 2015 - \$4,367,769 (1.08%)
  - 2014 - \$1,254,246 (.34%)
- **Balloon Levy (1.25%)**
  - Method used to capture high new growth
  - Not received unless new growth higher than estimate

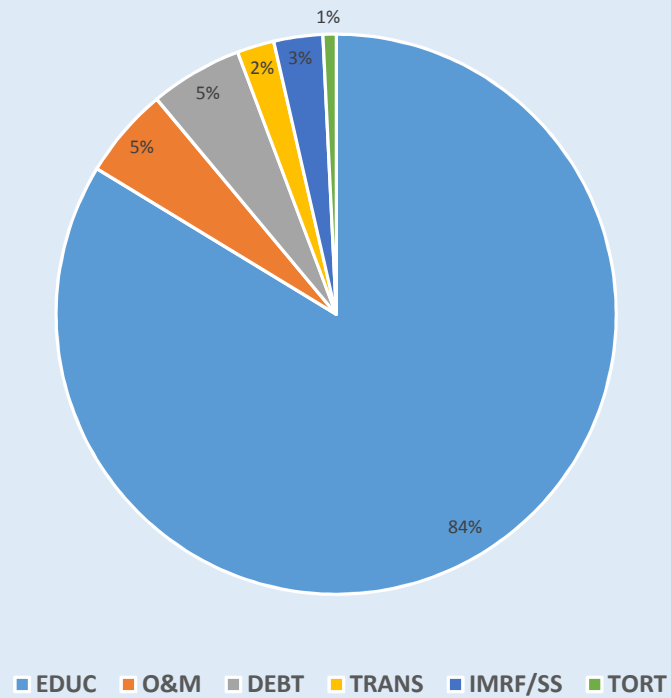
## 5 Year History of Tax Cap CPI, Request, Actual Increase and New Growth

<u>Year</u>	<u>CPI</u>	<u>Request</u>	<u>Increase</u>	<u>New Growth</u>
• 2016	.7%	3.00%	.91%	.21%
• 2015	.8%	3.00%	1.88%	1.08%
• 2014	1.5%	3.00%	1.84%	.34%
• 2013	1.7%	3.00%	1.84%	.14%
• 2012	3.0%	4.30%	3.26%	.26%

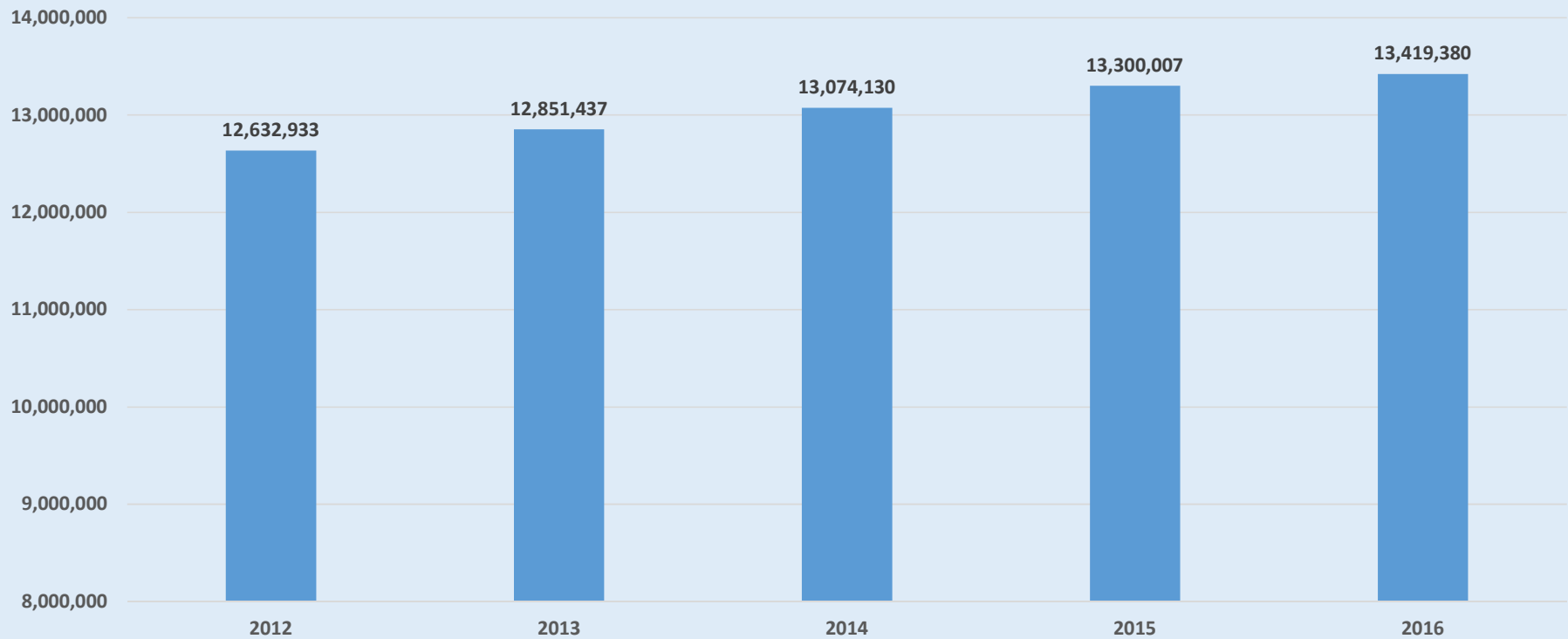
# 2017 Tax Levy by Fund

• Education	\$11,669,817
• Operations & Maintenance	675,764
• Debt Service	725,500
• Transportation	307,218
• IMRF/Social Security	391,591
• Tort	<u>95,365</u>
• Total Tax Levy Requested	\$13,865,255

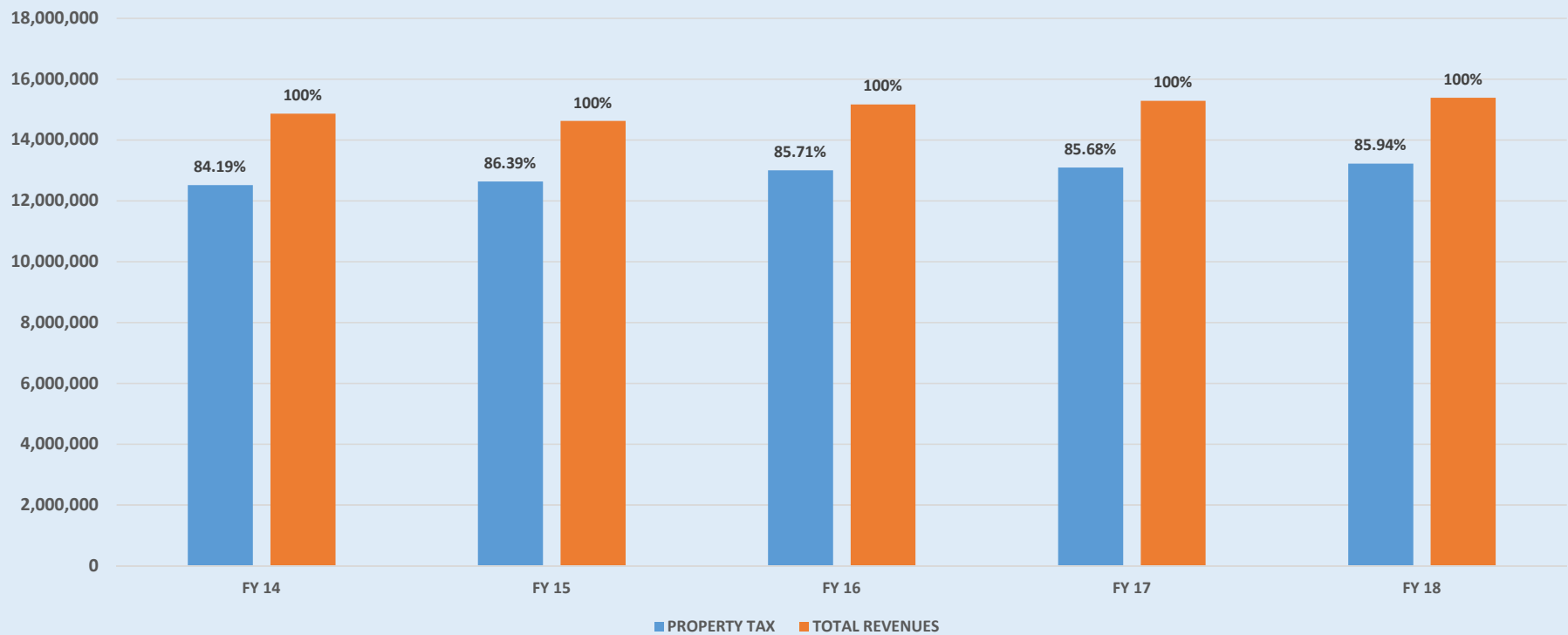
# 2017 Levy by Funds



# 5 Year Tax Levy Extension History

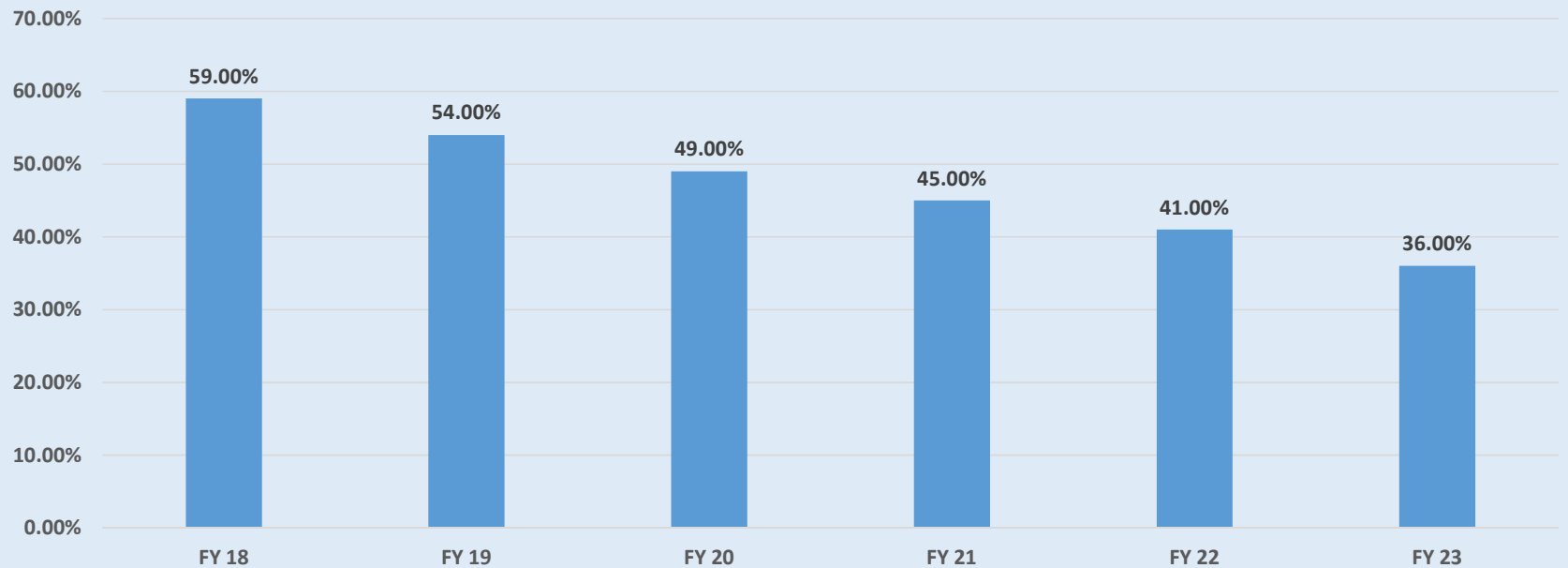


# Property Tax Revenue to Total Revenues



# Projected Fund Balances – Cash Basis

(Excluding Debt Service and Fire, Prevention and Safety Funds)





# 2017 Tax Levy Summary

- Recommending 2.1% CPI + new growth + balloon for a total of 3.85%
- Likely to receive 2.6% more than the 2016 operating levy extension
- Uncertain if there will be a property tax freeze
- Property taxes make up 86% of district revenues
- District experiencing declining fund balances
- Administration working to reduce the deficit by both increasing revenues and decreasing expenditures
- Thank-you for supporting Avoca

# 2017 Tax Levy

- Questions/Comments