

ACTION ITEM

Date: October 24, 2016

To: Raymond E. Lechner, Ph.D.
Superintendent

From: Gail F. Buscemi
Business Manager

Subject: Establish the Tax Year 2016 Estimate of Levy and Hearing Announcement

Proposed Action by the Board of Education

Establish the Tax Year 2016 Estimate of Levy as per “Exhibit A” attached; and,
Approve the announcement of a *Public Hearing on the Proposed Levy* scheduled to immediately precede the regular December 12th meeting of the Board of Education.

Background

Adopting a levy on an annual basis is one of the major functions of our Board of Education. Excluding the State’s on-behalf payment, residential property taxes generate approximately 87% of all revenues for the District.

During the regular December meeting of the Board of Education, the Board will need to adopt a tax levy for the 2016 tax year. This levy must be filed with the Cook County Clerk prior to the last Tuesday in December (December 27, 2016). Collections for the 2016 taxes are scheduled to begin in Cook County on or around March 2017 and continue through February 2018. By the end of the current fiscal year (June 30, 2017), the District typically receives approximately 52% of the total 2016 tax levy in each of its various funds.

Property Tax Extension Limitation Act (1995)

Legislation passed in the late winter of 1995 requires Cook County taxing bodies to levy taxes against the last known Equalized Assessed Value (EAV), which is the 2015 EAV. During 2015, the EAV of property within the District’s taxing boundaries decreased to \$1,450,514,728 or -2.64%. Based on this law, the initial distribution for the 2016 tax levy for District 39 will be calculated against an EAV of \$1,450,514,728 (2015). However, when the County Clerk extends the final payment, the taxes will be adjusted to reflect the Actual 2016 EAV, which is estimated to remain level plus projected new property growth.

Last year, taxing districts were limited to a 0.8% increase in the levy (the change in the 2014 national Consumer Price Index for all consumers for all items), excluding the Debt Service levy and excluding new growth. The change in the 2015 national Consumer Price Index for all consumers for all items is 0.7%. Therefore, the County Clerk cannot extend our levy by more than 0.7% increase over the prior year extension, exclusive of Debt Service and new property growth. The general effect of this Act is to limit revenue growth from the property tax for school districts to the rate of inflation plus an allowance for new property. The Act gives the taxpayers the power to grant additional revenue through referendum.

Commonly used terms during the levy adoption process are:

Levy

- The formal request by a school district for a certain amount of revenue to be generated by the property tax. This formal request must be sent to the County Clerk prior to the last Tuesday in December. The levy determines the total amount to be raised by property taxes subject to the Property Tax Extension Limitation Law (PTELL).

Extension

- The process by which the County Clerk determines the tax rate needed to raise the revenue (levy) certified by each taxing district in the county.
- The actual dollar amount billed to property taxpayers in a district.

Equalized Assessed Value

- The assessed value multiplied by the state equalization factor (the multiplier), which is determined by the Department of Revenue; this gives the property value from which the tax rate is calculated after deducting exemptions.

New Growth

- New construction, improvements or additions to existing buildings on any parcel of real property that increased the assessed value of that real property during the levy year. It does not include maintenance and repairs. The value of the new property is limited to the actual assessed value added by the new improvement multiplied by the state equalization factor.

Determining the Proper Tax Levies

With the limits of the tax cap, each fund is still evaluated and adjusted accordingly to meet the needs of the annual budget. Two viable assumptions were made in order to arrive at the 2016 Estimated Levy. First, the Equalized Assessed Value (EAV) is estimated to remain level with a 0% total increase. Second, the value of all new construction is based on a twelve-year historical average plus \$24,500,000. This amount represents \$16,500,000 for Mather Place, which reopened in August 2016. This new amount may be prorated for the 2016 Levy with the balance collected in 2017. The remainder of \$8,000,000 represents the value of estimated construction projects throughout the village. It is presumed that all new construction will include but not be limited to teardown/rebuilds of residential property and improvements to existing commercial properties.

Truth in Taxation Act

The Truth in Taxation Act (Public Act 88-455) requires Boards of Education to determine the amount of money to be raised by property taxes not less than 20 days prior to the adoption of the aggregate tax levy. If the estimate of the aggregate tax levy (excluding Debt Service levy) exceeds 105% of the amount extended the previous year, then a public hearing must be held prior to the levy adoption.

The notice for the hearing must be published in a local newspaper (no more than 14 days and no less than 7 days) prior to the date of any such hearing. It has been District 39's common practice to hold a Truth in Taxation hearing even if the amount of the request is below the legal limit (105% of the prior year extension). At the December board meeting, the Board will certify that it has complied with the regulations of the Truth in Taxation Act.

Based on these requirements, the following levy calendar calls for determination of a proposed levy at the October 24th Board of Education meeting.

October 17, 2016	School Finance Committee presentation of the 2016 levy material discussion and review.
October 24, 2016	Board of Education meeting. Review 2016 levy material. Adopt Resolution of Estimated Levy and Public Hearing Announcement. This determination must be made not less than 20 days prior to the levy adoption.
December 1, 2016	Prescribed form of notice of Public Hearing must be published in a newspaper with general circulation within the school district no more than fourteen nor less than seven days prior to the public hearing.
December 12, 2016	Scheduled Board of Education meeting. Public hearing on proposed 2016 levy at 7:00 p.m. and adoption of 2016 levy.
December 27, 2016	Last day to file 2016 levy with the Cook County Clerk.

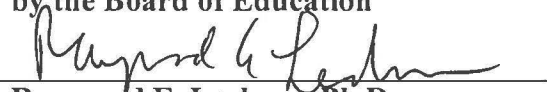
Recommendations

The estimated levy is based upon several variables including the Consumer Price Index (CPI), EAV, the value of new construction, the Cook County multiplier, and the Limiting Rate calculation. The CPI has been determined to increase 0.7% over the prior year's final extension; the other variables have to be finalized. All assumptions were based on the analysis of historical data, local trends and future projections.

The Administration recommends the Board of Education adopt the Resolution Regarding Estimated Amounts Necessary to Be Levied for Tax Year 2016 in compliance with the Truth in Taxation Act. It is further recommended the Board direct the Administration to post the notice of a public hearing and publication of notice for a public hearing to be held on December 12th at 7:00 p.m. in conjunction with its regular meeting. The Board must formally adopt and file the tax levy prior to December 27, 2016 in order to meet all statutory requirements.

Attachment

**Recommended for approval
by the Board of Education**



**Raymond E. Lechner, Ph.D.
Superintendent**

EXHIBIT A

	Final Extension 2015	Estimated Extension 2016	% Increase
Educational Fund			
The greatest variety and the largest volume of transactions shall be recorded here because the Educational Fund covers transactions that are not specifically covered in another fund. Certain expenditures that must be charged to this fund include the direct costs of instructional, health and attendance services, lunch programs, all costs of administration (even those for buildings and grounds), and related insurance costs.	\$ 39,314,751	\$ 39,317,725	0.01%
Special Education: Calculated separately from the Educational Fund. Monies can be assigned to either the Educational or the Operations & Maintenance Fund.	288,652	295,523	2.38%
Tort Fund			
The Tort Fund is used to pay the cost of insurance, and expenses directly associated with claim services and risk management directly attributable to loss prevention, loss reduction, inspections and supervisory services, including appropriate salary amounts, directly relating to loss prevention and loss reduction. In addition, the fund provides for the purchase of claim services, to pay for judgments or settlements, or to otherwise pay the cost of risk management programs.	561,349	400,000	-28.74%
Operations and Maintenance Fund			
All costs of maintaining, improving, or repairing school buildings and property, renting buildings and property for school purposes, or paying of premiums for insurance on school buildings shall be charged to this fund. The salaries of custodial employees, utility costs, and custodial supplies and equipment shall be charged to this fund.	7,119,126	9,000,000	26.42%
Transportation Fund			
This fund pays for transporting pupils for any purposes and includes the costs of transportation, including contract services, the purchase of vehicles and insurance on buses.	762,970	700,000	-8.25%
Illinois Municipal Retirement/Social Security Funds			
The purpose of these funds is for providing resources for the district's share of IMRF retirement benefits, social security and Medicare payments for covered employees.	1,427,306	1,459,687	2.27%
Capital Improvements Fund			
This fund includes actual construction costs, builder's risk insurance, purchase of land and other site costs, landscaping, parking lots, sidewalks, utility connections, etc., and other items directly related to the construction project.	-	-	0.00%
Working Cash Fund			
Cash available in this fund may be loaned to the Educational Fund; the Operations and Maintenance Fund; or the Transportation Fund in order that the use of tax anticipation warrants in these funds will be reduced or eliminated.	102,986	105,437	2.38%
Fire Prevention/Life Safety Fund			
This fund provides for capital improvements that include mandated repairs and life safety improvements.	-	-	0.00%
Total Estimated Levy	\$ 49,577,140	\$ 51,278,372	3.43%
Debt Service Fund			
Bonds are generally issued to finance the construction of buildings and may be issued for other purposes. Taxes are levied by the county to provide cash to retire these bonds and to pay the interest on them. To protect the bondholders, these tax collections must be accounted for in this fund.	1,211,493	1,236,813	2.09%
Total	\$ 50,788,633	\$ 52,515,185	3.40%

**RESOLUTION REGARDING ESTIMATED AMOUNT
NECESSARY TO BE LEVIED FOR THE TAX YEAR 2016**

WHEREAS, the *Truth in Taxation Law* requires that all taxing districts in the State of Illinois determine the estimated amounts of taxes necessary to be levied for the year not less than 20 days prior to the official adoption of the aggregate tax levy of the district; and

WHEREAS, if the estimated aggregate amount necessary to be levied, exclusive of election costs and bond and interest costs, exceeds 105% of the aggregate amount of property taxes extended or estimated to be extended, including any amount abated by the taxing district prior to such extension, upon the levy of the preceding year, public notice shall be given and a public hearing shall be held on the district's intent to adopt a tax levy in an amount which is more than 105% of such extension or estimated extension for the preceding year; and

WHEREAS, the Board of Education finds that it is in the best interests of the District for the Board to give similar public notice of and to hold a public hearing on the proposed 2016 aggregate tax levy even if the amount of the proposed 2016 levy does not exceed 105% of 2015 tax extensions, and such notice and hearing are not required by the *Truth in Taxation Law*; and

WHEREAS, the aggregate amount of property taxes extended or estimated to be extended for 2015 was:

Educational Purposes	\$39,314,751
Operations and Maintenance Purposes	7,119,126
Transportation Purposes	762,970
Working Cash Fund Purposes	102,986

Illinois Municipal Retirement Fund Purposes	274,147
Tort Immunity Purposes	561,349
Fire Prevention, Safety Environmental and Energy Conservation Purposes,	--
Special Education Purposes	288,652
Social Security / Medicare	1,153,159
[OTHER]	
TOTAL	\$49,577,140

; and

WHEREAS, it is hereby determined that the estimated amounts of money necessary to be raised by taxation for the year 2016 upon the taxable property of the district are as follows:

Educational Purposes	\$39,317,725
Operations and Maintenance Purposes	9,000,000
Transportation Purposes	700,000
Working Cash Fund Purposes	105,437
Illinois Municipal Retirement Fund Purposes	279,079
Tort Immunity Purposes	400,000
Fire Prevention, Safety, Environmental and Energy Conservation purposes	--
Special Education Purposes	295,523
Social Security / Medicare	1,180,608
[OTHER]	
TOTAL	\$51,278,372

WHEREAS, the *Truth in Taxation Law*, as amended, requires that all taxing districts in the State of Illinois provide data in the Notice concerning the levies made for debt service made pursuant to statute, referendum, resolution or agreement to retire principal or pay interest on bonds, notes, and debentures or other financial instruments which evidence indebtedness; and

WHEREAS, the aggregate amount of property taxes extended for bond and interest purposes for 2015 was \$1,211,493; and it is hereby determined that the estimated amount of taxes to be levied for bond and interest purposes for 2016 is \$1,236,813.

NOW, THEREFORE, BE IT RESOLVED by the Board of Education, Wilmette Public School District No. 39, County of Cook, State of Illinois, as follows:

Section 1: The aggregate amount of taxes estimated to be levied for the year 2016 is \$52,515,185.

Section 2: The aggregate amount of taxes estimated to be levied for the year 2016 does not exceed 105% of the taxes extended for the district in the year 2015.

Section 3: The amount of taxes estimated to be levied for the year 2016 for debt service is 102.1% of the taxes extended for debt service in 2015.

Section 4: Public notice shall be given in The Pioneer Press, being a newspaper of general circulation in said district, and a public hearing shall be held, all in the manner and time prescribed in said notice, which notice shall be published not more than 14 days nor less than 7 days prior to said hearing and in substantially the following form:

NOTICE OF PROPOSED PROPERTY TAX
INCREASE FOR WILMETTE PUBLIC
SCHOOLS, DISTRICT 39

- I. A public hearing to approve a proposed property tax levy increase for Wilmette School District 39, Cook County, Illinois for 2016 will be held on December 12, 2016, at 7:00 p.m. at the Mikaelian Education Center, 615 Locust Road, Wilmette.

Any person desiring to appear at the public hearing and present testimony to the taxing district may contact Dr. Raymond E. Lechner, Board Secretary, at 847-256-2450.

- II. The corporate and special purpose property taxes extended or abated for 2015 were \$49,577,140.

The proposed corporate and special purpose property taxes to be levied for 2016 are \$51,278,372. This represents a 3.43% increase over the previous year.

- III. The property taxes extended for debt service and public building commission leases for 2015 were \$1,211,493.

The estimated property taxes to be levied for debt service and public building commission leases for 2016 are \$1,236,813. This represents a 2.09% increase over the previous year.

- IV. The total property taxes extended or abated for 2015 were \$50,788,633.

The estimated total property taxes to be levied for 2016 are \$52,515,185. This represents 3.40% increase over the previous year.

The notice must be no less than one-eighth page in size, and the smallest type that can be used is 12 point. The notice must be enclosed in a black border no less than 1/4 inch wide. The notice cannot be placed in that portion of the newspaper where legal notices and classified advertisements appear.

Section 5: This resolution shall be in full force and effect forthwith upon its passage.

ADOPTED this 12th day of December 2016.

BOARD OF EDUCATION
WILMETTE PUBLIC SCHOOL DISTRICT NO. 39
COUNTY OF COOK
STATE OF ILLINOIS

By: _____
President

ATTEST:

Secretary

CERTIFICATE OF COMPLIANCE WITH
THE TRUTH IN TAXATION LAW

I, the undersigned, do hereby certify that I am President of the Board of Education of Wilmette Public School District No. 39 County of Cook, State of Illinois; and

I do further certify that the Board of Education of said district adopted a "Resolution Regarding Estimated Amounts Necessary to be Levied for the Year 2016," at a regularly convened meeting held on the 24th day of October 2016, said date being at least 20 days preceding the adoption of the aggregate tax levy of the district; and

I do further certify that public notice of the intention of the district to adopt an aggregate tax levy for 2016 was published on December 1, 2016, in accordance with the provisions of the *Truth in Taxation Law*, in a newspaper of general circulation in Wilmette Public School District No. 39, as evidenced by the Certificate of Publication attached hereto; and

I do further certify that a public hearing on the proposed tax levy was held in said district on December 12, 2016; and

I do further certify that the aggregate tax levy of the district was adopted on December 12, 2016, after public notice and a hearing, all in accordance with the *Truth in Taxation Law*.

ALICE D. SCHAFF, PRESIDENT
BOARD OF EDUCATION
WILMETTE PUBLIC SCHOOL DISTRICT NO. 39
COUNTY OF COOK
STATE OF ILLINOIS