

# Valley View Schools District 365U

## The 2010 Tax Levy

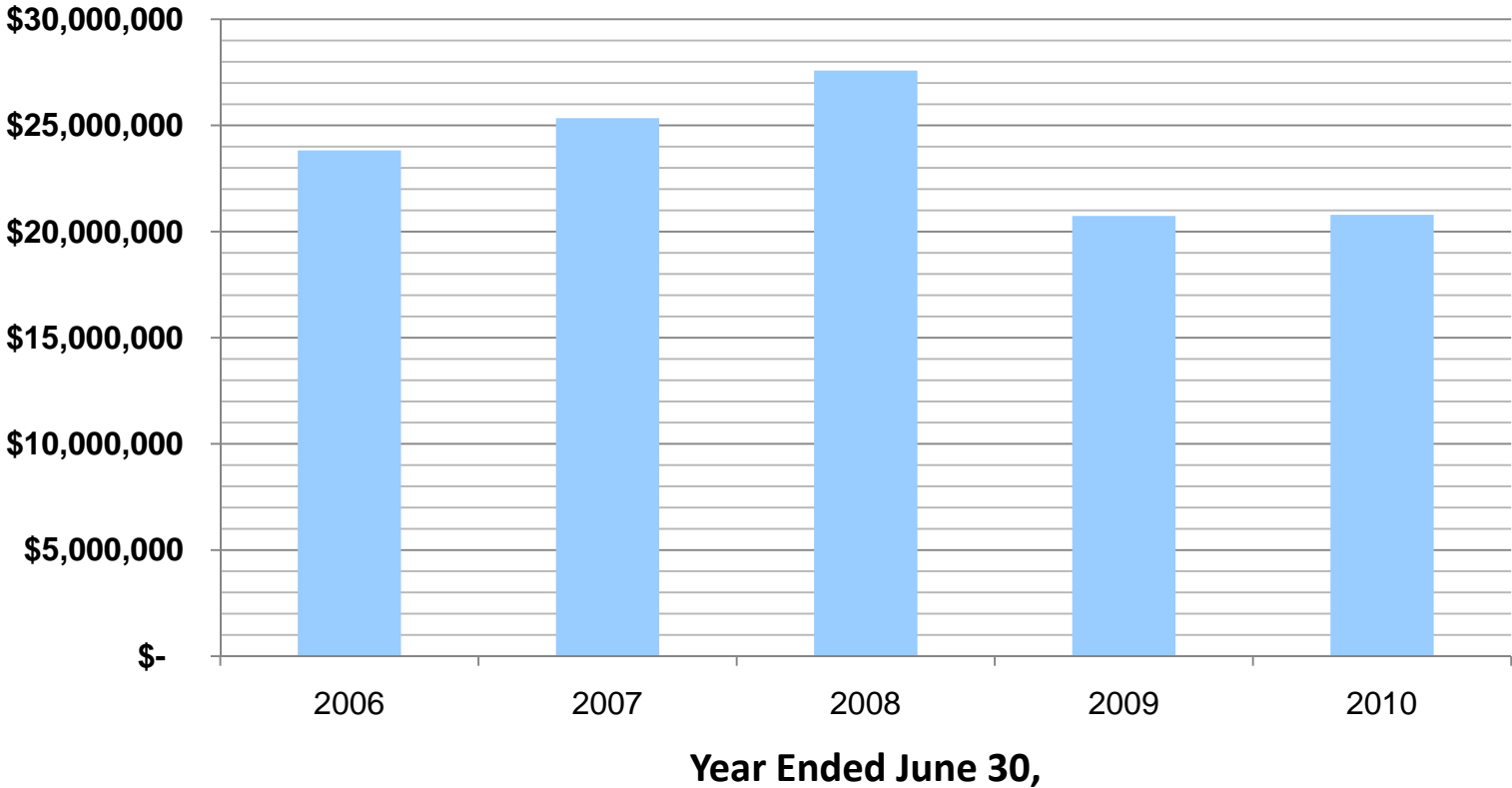
# Where do we get our funding?

- Local resources - \$162.6 million (77%)  
mainly comprised of property taxes and user fees
- State funding - \$33 million (16%)
  - Excludes on-behalf payment of \$23.6m
- Federal dollars estimated at \$15.3 million (7%)

# Fund Balance Summary for FY11

	<u>Beginning Fund Balance</u>	<u>Education</u>	<u>Operations &amp; Maint</u>	<u>Transportation</u>	<u>IMRF/FICA</u>	<u>Tort</u>	<u>Working Cash</u>	<u>Total</u>	
1	As of June 30, 2010	\$ 45,359,973	\$ 15,076,031	\$ 6,287,268	\$ 2,266,037	\$ 7,390	\$ 31,455,318	\$ 100,452,017	1
2	Revenues:	\$ 157,833,021	\$ 14,623,439	\$ 6,470,686	\$ 7,447,024	\$ 2,953,350	\$ 214,350	\$ 189,541,870	2
3	Expenses: <b>Note: excludes TRS On Behalf of \$23.6m</b>	\$ 162,583,938	\$ 15,001,921	\$ 11,174,710	\$ 7,447,024	\$ 2,950,340	\$ 160,000	\$ 199,317,933	3
	Estimated Ending Balance:	\$ 40,609,056	\$ 14,697,549	\$ 1,583,244	\$ 2,266,037	\$ 10,400	\$ 31,509,668	\$ 90,675,954	
4	Difference	\$ (4,750,917)	\$ (378,482)	\$ (4,704,024)	\$ -	\$ 3,010	\$ 54,350	\$ (9,776,063)	4
	% change in fund balance	-10.47%	-2.51%	-74.82%	0.00%	40.73%	0.17%	-9.73%	
5	# Days cash on hand 6/30/11 <small>Fund balance divided by (expenses/365)</small>	91	358	52	111	1	71,881	166	5
	Excluding early taxes								
6	Adjusted Fund Balance as of 6/30/11 excluding early taxes	\$ (7,524,769)	\$ 7,843,829	\$ 358,862	\$ 431,765	\$ (1,447,870)	\$ 31,482,839	\$ 31,144,655	6
7	# Days cash on hand 6/30/11 <small>Fund balance divided by (expenses/365)</small>	(17)	191	12	21	(179)	71,820	57	7
8	FY10 State Vouchered but not yet Paid	\$ 3,797,700		\$ 1,952,744				\$ 5,750,444	8
9	FY11 MCATS owed on 6/30/11 @ 75%	\$ 8,121,233		\$ 4,546,326				\$ 12,667,559	9
10	Est. Ending Fund Balance if State pays FY11 100% of MCATS	\$ 48,730,289	\$ 14,697,549	\$ 6,129,570	\$ 2,266,037	\$ 10,400	\$ 31,509,668	\$ 103,343,513	10
	% change in fund balance	-9.75%	-2.58%	-76.74%	0.00%	28.94%	0.17%	-9.46%	
11	# Days cash on hand 6/30/11 <small>Fund balance divided by (expenses/365)</small>	109	358	200	111	1	71,881	189	11
	Excluding early taxes								
12	Adjusted Fund Balance as of 6/30/11 excluding early taxes	\$ 596,464	\$ 7,843,829	\$ 4,905,188	\$ 431,765	\$ (1,447,870)	\$ 31,482,839	\$ 43,812,214	12
13	# Days cash on hand 6/30/11 <small>Fund balance divided by (expenses/365)</small>	1	191	160	21	(179)		80	13

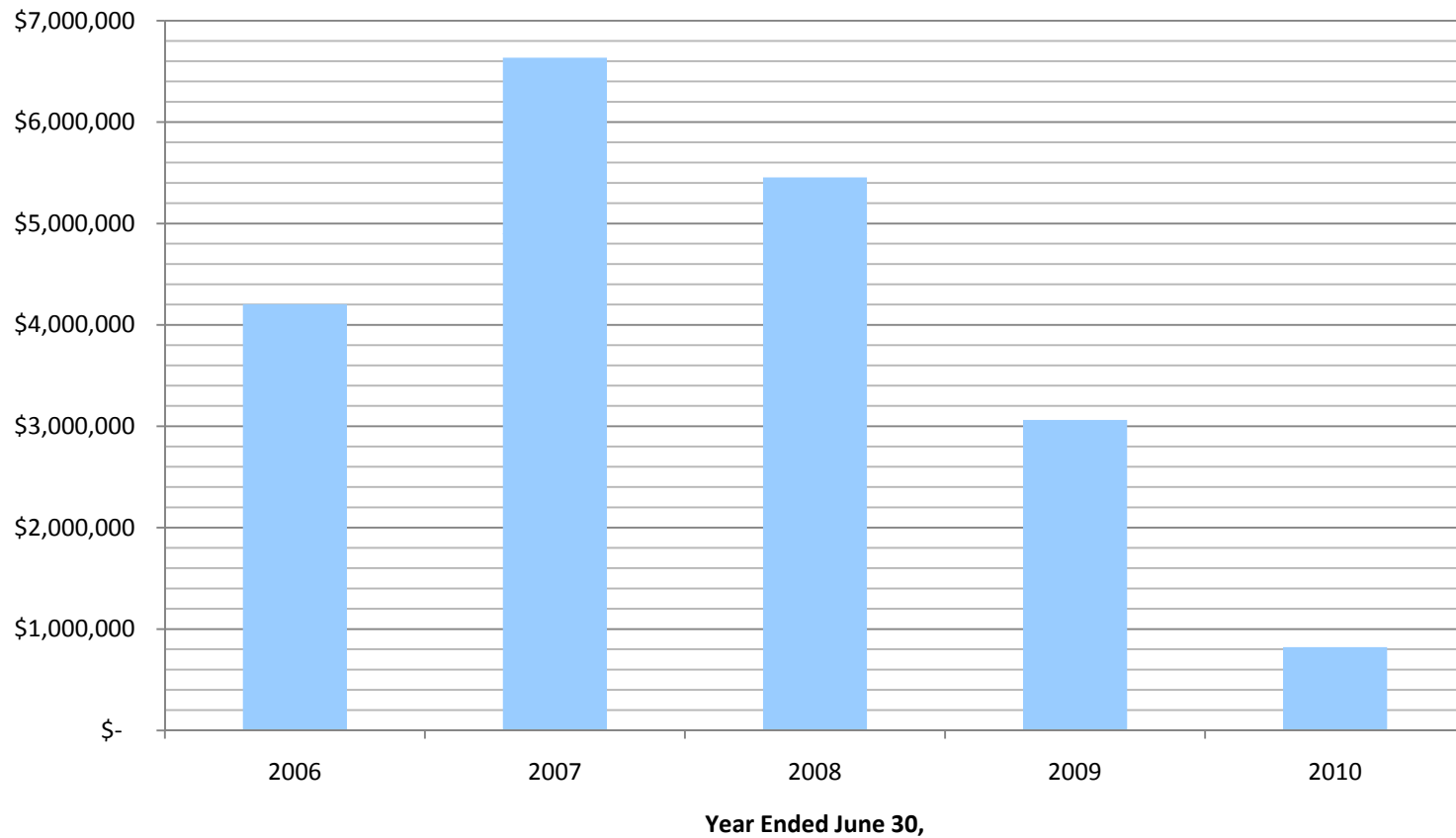
# General State Aid over last 5 years



# State Payments in December

<b>Program</b>	<b>Date Vouchered by ISBE for payment</b>	<b>Amount</b>	<b>Date Paid By State</b>	<b>Days Outstanding</b>
ADA Safety and Educational Block Grant	April 26, 2010	\$ 73,796	8-Dec-10	226
Bilingual Education TPI and TBE	August 17, 2010	\$ 44,705	8-Dec-10	114
Early Childhood Block Grant	April 7, 2010	\$ 12,000	8-Dec-10	244
Early Childhood Block Grant	May 3, 2010	\$ 6,000	8-Dec-10	219
National Board Certification Initiatives	June 23, 2010	\$ 26,406	8-Dec-10	168
Reading Improvement Block Grant	April 26, 2010	\$ 224,955	8-Dec-10	226
School Breakfast Incentive	August 18, 2010	\$ 2,868	8-Dec-10	113
Special Education Orphanage individual	August 26, 2010	\$ 412,152	8-Dec-10	104
State Free Lunch and Breakfast	April 6, 2010	\$ 22,577	8-Dec-10	245
State Free Lunch and Breakfast	May 4, 2010	\$ 16,034	8-Dec-10	218
State Free Lunch and Breakfast	August 17, 2010	\$ 15,798	8-Dec-10	114
<b>Total</b>		<b>\$ 857,291</b>		

# Interest Income for the last 5 years



## Financial Profile

		<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Fund Balance to Revenue Ratio	Ratio	56.4%	58.8%	66.0%	67.0%	69.3%	62.2%
Expenditure to Revenue Ratio	Ratio	104.2%	101.6%	99.0%	97.2%	93.5%	93.4%
Days Cash in Hand	Days	190	197	241	253	267	244
Percentage of Short-Term Borrowing Maximum Remaining	Percent	100%	100%	100%	100%	100%	100%
Percentage of Long-Term Debt Margin Remaining	Percent	29.3%	31.6%	27.3%	22.7%	16.4%	15.8%
		Financial Review	Financial Review	Financial Recognition	Financial Recognition	Financial Recognition	Financial Recognition

	Weight						
Fund Balance to Revenue Ratio	35%	4	4	4	4	4	4
Expenditure to Revenue Ratio	35%	3	3	4	4	4	4
Days Cash in Hand	10%	4	4	4	4	4	4
Percentage of Short-Term Borrowing Maximum Remaining	10%	4	4	4	4	4	4
Percentage of Long-Term Debt Margin Remaining	10%	2	2	2	1	1	1
<b>Score</b>	<b>100%</b>	<b>3.45</b>	<b>3.45</b>	<b>3.8</b>	<b>3.7</b>	<b>3.7</b>	<b>3.7</b>

Fund Balance Ed, OM, Trans, WC	97,561,639	104,692,144	116,657,373	110,570,589	103,999,112	86,826,265
Direct Revenues Ed, OM, Trans,WC	172,903,392	178,125,876	176,632,125	164,980,666	150,039,778	139,598,728
<b>Fund Balance to Revenue Ratio</b>	<b>56.4%</b>	<b>58.8%</b>	<b>66.0%</b>	<b>67.0%</b>	<b>69.3%</b>	<b>62.2%</b>

Direct Exp. Ed, OM, Trans	180,110,787	180,915,330	174,816,715	160,368,630	140,273,229	130,376,688
Direct Revenues Ed, OM, Trans,WC	172,903,392	178,125,876	176,632,125	164,980,666	150,039,778	139,598,728
<b>Expenditure to Revenue Ratio</b>	<b>104.2%</b>	<b>101.6%</b>	<b>99.0%</b>	<b>97.2%</b>	<b>93.5%</b>	<b>93.4%</b>

Cash plus Investments Ed, OM, Trans, WC	95,117,147	99,098,057	116,944,151	112,805,769	103,839,785	88,539,384
Direct Exp Ed, OM and Trans divided by 360	500,308	502,543	485,602	445,468	389,648	362,157
<b>Days Cash in Hand</b>	<b>190</b>	<b>197</b>	<b>241</b>	<b>253</b>	<b>266</b>	<b>244</b>

Tax anticipation Warrants Borrowed Ed, OM and Trans	-	0	0	0	0	0
EAV .85 times eav times sum of combined rates	94,386,890	92,789,026	87,237,681	84,221,199	78,323,132	71,966,457
<b>Percentage of Short-Term Borrowing Remaining</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Long Term Debt Outstanding	276,562,518	274,974,299	270,825,354	265,746,043	256,747,152	230,671,786
Total Long Term Debt Allowed	390,918,093	401,861,211	372,522,203	343,988,913	307,060,533	273,821,558
<b>Percentage of Long-Term Debt Margin Remaining</b>	<b>29%</b>	<b>32%</b>	<b>27%</b>	<b>23%</b>	<b>16%</b>	<b>16%</b>

# The Levy Process

- Research and prepare tentative levy
- Present and authorize Truth In Taxation hearing and arrange necessary publication
- Conduct Truth in Taxation hearing and approve Levy Resolution
- Must adopt and file with County Clerk by last Tuesday in December



# Terms and Definitions

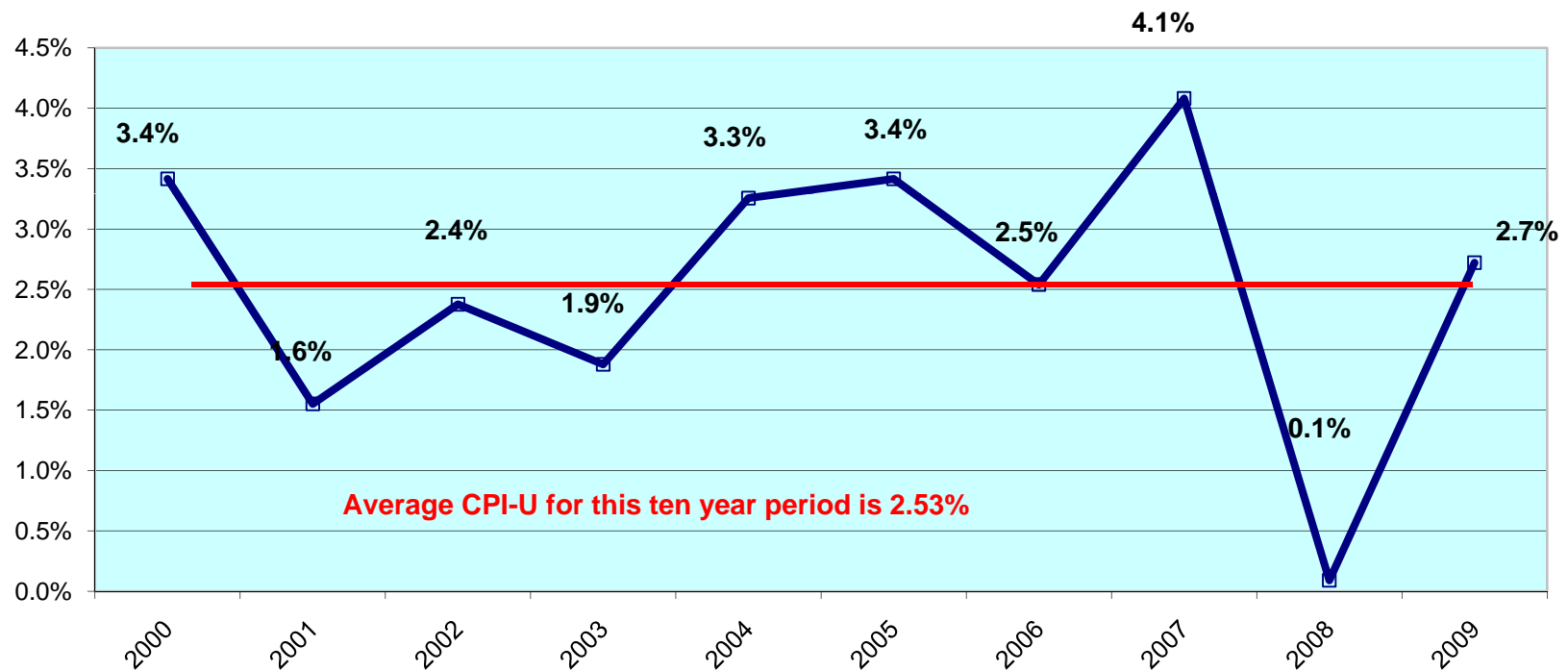
<b>Equalized Assessed Valuation (EAV)</b>	<b>The total taxable value of property within the District</b>
<b>Levy</b>	<b>The amount of dollars requested by the District, typically know as a “balloon levy”</b>
<b>Extension</b>	<b>The taxes billed</b>
<b>PTELL</b>	<b>The Property Tax Extension Limitation Law or "Tax Cap". All property taxes are subject to the Tax Cap, except for Bonds.</b>
<b>Rate Limit</b>	<b>The limit expressed as the percentage of extension to EAV for a particular fund</b>
<b>Limiting Rate</b>	<b>The limit expressed as the percentage of extension to EAV for all subject to the Tax Cap</b>
<b>CPI</b>	<b>The change in the consumers price index over the previous year, expressed as a percentage</b>
<b>Aggregate Extension</b>	<b>The taxes subject to limitation by the Tax Cap</b>

# The Property Tax Levy

- Learning to live with PTELL (Property Tax Extension Limitation Law) since 1991
- Limits the increase in aggregate tax extension to the lesser of 5% or the 12-month rate of inflation as measured by the All Urban Consumer Price Index (CPI) published by the US Dept. of Labor

# Consumer Price Index history

Percent of Change in December CPI-U for the Last 10 Years



# Levy and New Property

- New properties are **ADDED** to the EAV and thus add to the levy
- New properties are collected beyond the capped levy amount
- If you do not capture all of the new EAV the first year it comes on the tax rolls, you can never capture it again in the future as new property

# Equalized Assessed Valuation (EAV)

- Total EAV is a moving target
- Commercial and Industrial classifications can get a Board of Review change to reduce their EAV, which in turn gets “added” to other taxpayers bills. Same is true for exemptions
- Residential appeals which are granted negatively impact tax bills of all other taxpayers

# VALLEY VIEW PROPERTY DATA

## **Taxable Property Values**

- 80% - DuPage Township
- 20% - Lockport Township

## **Equalized Assessed Valuation by Property Class**

- 62.7% - Residential
- 22.5% - Industrial
- 14.7% - Commercial

# Debt Service

- The Debt Service portion of the tax levy has been predetermined by prior action when bonds are either sold or refinanced. The schedule is set at that time, and no further action is really necessary. The county clerk will extend taxes for debt service based upon resolutions filed when bonds for each year such a levy is required.

# Debt Service

The Debt Service portion of the tax levy can be refinanced/restructured, similar to how a refinancing occurs on a home mortgage.

The Board is committed to refinancing/restructuring the current outstanding debt to effect a zero percent tax increase or better for the 2010 tax levy for tax bills payable in 2011. This needs to be done no later than March 1, 2011.



# VALLEY VIEW EAV HISTORY

<u>Levy Year</u>	<u>EAV</u>	<u>\$ GROWTH</u>	<u>% CHANGE</u>	
2000	\$1,174,401,215	134,401,118	12.92%	<b><u>10 Year Avg.</u></b> 10.66%
2001	\$1,368,898,988	194,497,773	16.56%	
2002	\$1,526,234,016	157,335,028	11.49%	<b><u>5 Year Avg.</u></b> 7.48%
2003	\$1,807,741,992	281,507,976	18.44%	
2004	\$1,984,214,191	176,472,199	9.76%	
2005	\$2,225,076,328	240,862,137	12.14%	
2006	\$2,492,673,282	267,596,954	12.03%	
2007	\$2,699,436,253	206,762,971	8.29%	
2008	\$2,912,037,761	212,601,508	7.88%	
2009	\$2,832,739,807	(79,297,954)	-2.94%	
2010**	\$2,805,266,072	(27,473,735)	-0.94%	

**\*\* Notes**

Estimated

As of 11-1-10 per County Assessor's Office

Includes estimated reduction of \$205M in exemptions

# COMPARISON OF 2009 EXTENSION TO 2010 TAX LEVY REQUEST

FUND	2009 EXTENSION	2010 LEVY	% INCREASE (DECREASE)
EDUCATION	\$ 94,154,611	102,575,200	8.94%
OPERATIONS & MAINTENANCE	\$ 14,435,642	13,827,600	-4.21%
TRANSPORTATION	\$ 2,461,651	2,628,150	6.76%
SPECIAL EDUCATION	\$ 1,033,950	1,093,352	5.75%
TORT/ LIABILITY INSURANCE	\$ 3,668,398	2,328,750	-36.52%
IL. MUNICIPAL RETIREMENT	\$ 1,844,114	1,940,625	5.23%
SOCIAL SECURITY	\$ 1,844,114	1,940,625	5.23%
FIRE PREV/SAFETY	\$ 107,644	10,300	-90.43%
WORKING CASH	\$ 53,822	56,650	5.25%
LEASING	\$ 82,149	86,108	4.82%
<b>TOTAL LEVY (LESS: Debt Svc )</b>	<b>\$ 119,686,095</b>	<b>\$ 126,487,360</b>	<b>5.6826%</b>
DEBT SERVICE	\$ 20,350,403	\$ 22,382,388	9.98%
<b>TOTAL LEVY</b>	<b>\$ 140,036,498</b>	<b>\$ 148,869,748</b>	<b>6.3078%</b>

# 2010 TAX LEVY WORKSHEET

ESTIMATED LEVY YEAR EAV	\$2,805,266,072	PR YR EXTENSION	\$140,036,498
PRIOR YEAR EAV	\$2,832,739,807	LESS: Debt Service	<u>20,350,403</u>
TOTAL GROWTH	(\$27,473,735)		<u>\$119,686,095</u>
CHANGE IN CPI	2.7%		
PERCENTAGE EAV GROWTH	-0.970%		
% OF EAV GROWTH DUE TO NEW PROPERTY	\$70,000,000	PR YR TAX RATE	\$4.9435
		LESS: Debt Service	<u>0.7184</u>
			<u>\$4.2251</u>

## STEP 1: TAX RATES

	<u>REQUIRED RATE</u>	<u>LEVY</u>	<u>RATE LIMIT</u>
ED FUND	3.6565	102,575,200	\$ 6.00
O&M FUND	0.4929	13,827,600	\$ 0.75
TRANS FUND	0.0937	2,628,150	none
IMR FUND	0.0692	1,940,625	none
TORT FUND	0.0830	2,328,750	none
SPEC ED FUND	0.0390	1,093,352	\$ 0.80
LIFE SAFETY FUND	0.0004	10,300	\$ 0.10
SOC SECURITY FUND	0.0692	1,940,625	none
WORKING CASH	0.0020	56,650	\$ 0.05
LEASING	0.0031	86,108	\$ 0.10
<b>STEP 2: SUM OF RATES</b>	<b><u>\$4.5089</u></b>	<b><u>\$126,487,360</u></b>	5.6826%

**STEP 3: NUMERATOR** 122,917,620 (EXTENSION LESS Debt Svc \* CPI)

**STEP 4: DENOMINATOR** 2,735,266,072 (EAV LESS NEW PROPERTY)

**STEP 5: LIMITING RATE** \$4.4938 (STEP 3 / STEP 4)

# 2010 TAX LEVY WORKSHEET

STEP 6: IS DISTRICT AFFECTED? **YES**

STEP 7: FACTOR TO REDUCE RATES 0.9966 **\*\*Most likely to receive this percentage of levy request\*\***

STEP 8: RATE + (-) (\$0.0151)

STEP 9: PROJECTED FUND RATES

	<u>PROJECTED RATE</u>	<u>PROJECTED REDUCTION</u>	<u>PROJECTED EXTENSION</u>	
EDUCATION	\$3.6443	0.0123	\$102,231,060	
OPERATIONS/MAINT.	\$0.4913	0.0017	\$13,781,208	
TRANSPORTATION	\$0.0934	0.0003	\$2,619,333	
MUNICIPAL RETIREMENT	\$0.0689	0.0002	\$1,934,114	
TORT/LIABILITY INSUR.	\$0.0827	0.0003	\$2,320,937	
SPECIAL EDUCATION	\$0.0388	0.0001	\$1,089,684	
LIFE SAFETY	\$0.0004	0.0000	\$10,265	
SOCIAL SECURITY	\$0.0689	0.0002	\$1,934,114	
WORKING CASH	\$0.0020	0.0000	\$56,460	
LEASING	\$0.0031	0.0000	\$85,819	
<b>TOTALS (LESS Debt Service):</b>	<b><u>\$4.4938</u></b>	<b><u>\$0.0151</u></b>	<b><u>\$126,062,995</u></b>	
<b>DEBT SERVICE</b>	<b>\$0.7979</b>	<b>N/A</b>	<b>22,382,388</b>	Prior Yr Debt Svc \$ 20,350,403
<b>TOTALS: (Estimated)</b>	<b><u>\$5.2917</u></b>	<b><u>\$0.0151</u></b>	<b><u>\$148,445,382</u></b>	

# HISTORICAL PROPERTY TAX LEVY REQUESTS AND FINAL EXTENSIONS

<u>Year</u>	<u>Levy Request</u>	<u>Levy Extension</u>	<u>% Extended</u>	<u>Dollar Increase</u>	<u>% Increase</u>	<u>Total Tax Rate</u>
2000	\$ 60,660,172	\$ 57,072,375	94.1%	\$ 7,878,290	16.0%	4.8597
2001	\$ 70,449,017	\$ 73,662,175	104.6%	\$ 16,589,800	29.1%	5.3814
2002	\$ 79,991,451	\$ 77,964,612	97.5%	\$ 4,302,437	5.8%	5.1083
2003	\$ 94,421,980	\$ 87,818,298	93.0%	\$ 9,853,686	12.6%	4.8579
2004	\$ 116,949,930	\$ 98,653,145	84.4%	\$ 10,834,847	12.3%	4.9719
2005	\$ 123,538,090	\$ 111,981,416	90.6%	\$ 13,328,271	13.5%	5.0327
2006	\$ 128,167,157	\$ 119,242,014	93.0%	\$ 7,260,598	6.5%	4.7837
2007	\$ 136,093,083	\$ 125,458,999	92.2%	\$ 6,216,985	5.2%	4.6476
2008	\$ 133,838,985	\$ 132,995,676	99.4%	\$ 7,536,677	6.0%	4.5671
2009	\$ 140,836,929	\$ 140,036,498	99.4%	\$ 7,040,822	5.3%	4.9435
<b>**2010</b>	\$ 148,869,748	\$ 148,445,382	99.7%	\$ 8,408,884	6.0%	5.2917

**\*\* Estimated**

# VALLEY VIEW SCHOOL DISTRICT 365U

## TAX RATE HISTORY

<u>YEAR</u>	<u>TOTAL RATE</u>
1999	\$4.7302
2000	\$4.8597
2001	\$5.3814
2002	\$5.1083
2003	\$4.8579
2004	\$4.9719
2005	\$5.0327
2006	\$4.7837
2007	\$4.6476
2008	\$4.5671
2009	\$4.9435
<i>*2010*</i>	<i>\$5.2917</i>

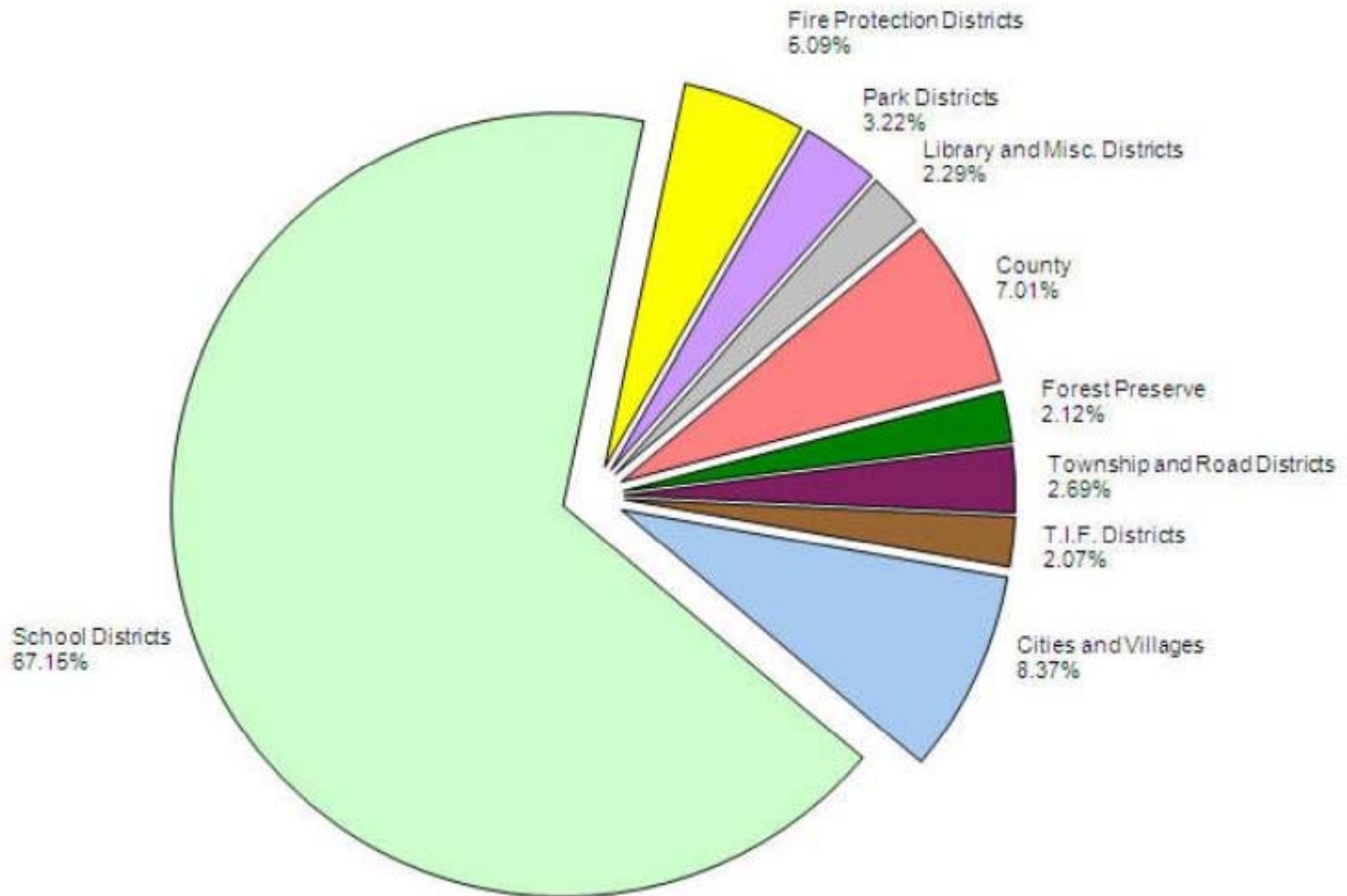
\* Estimated\*

# TAX RATE HISTORY BY FUND

<u>TAX YEAR</u>	<u>2010 Estimate</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Education	\$3.6443	3.3238	2.9806	3.1665	3.3035	3.4100
Operations and Maintenance	\$0.4913	0.5096	0.5966	0.4948	0.5107	0.5517
Transportation	\$0.0934	0.0869	0.1715	0.1398	0.1597	0.1795
IMRF	\$0.0689	0.0651	0.0611	0.0598	0.0388	0.0405
Social Security	\$0.0827	0.0651	0.0611	0.0598	0.0388	0.0405
Tort/Liability Insurance	\$0.0388	0.1295	0.0936	0.0449	0.0373	0.0390
Special Education	\$0.0004	0.0365	0.0344	0.0334	0.0350	0.0366
Fire Prevention & Safety	\$0.0689	0.0038	0.0034	0.004	0.0041	0.0042
Working Cash	\$0.0020	0.0019	0.0019	0.0019	0.0019	0.0019
Lease/Purchase	\$0.0031	0.0029	0.0027	0.0026	0.0027	0.0027
Debt Service	\$0.7979	0.7184	0.5602	0.6401	0.6512	0.7261
<b>Total</b>	<b>5.2917</b>	<b>4.9435</b>	<b>4.5671</b>	<b>4.6476</b>	<b>4.7837</b>	<b>5.0327</b>

\*\*Estimated\*\*

# Allocation of the 2009 Levy Real Estate Property Taxes Payable in 2010





# Tax Levy Recommendation

To adopt the tax levy resolution as presented, and further direct administration to recommend a strategy to reduce the Debt Service levy by restructuring its outstanding debt to effect no less than a zero percent tax increase for the 2010 tax bill cycle.

Questions/Comments