
MEMORANDUM

TO: Mayor Manier and Committee of the Whole
FROM: Joanie Baxter, Controller *JEB*
DATE: November 9, 2017
SUBJECT: Tax Levy Proposals – 2017

The schedule to be followed in adopting the 2017 tax levy for taxes paid in 2018 is as follows:

Review Proposed Tax Levy Options	November 13, 2017
Determine the Tentative Tax Levy by Resolution	November 20, 2017
First Reading of Tax Levy Ordinance	December 4, 2017
Truth-In-Taxation Hearing, if required	December 11, 2017
Second Reading and Adoption of Tax Levy Ordinance	December 18, 2017
Deadline to File Tax Levy Ordinance with County Clerk	December 26, 2017

Please note the following:

- Property taxes typically account for approximately 5% of total budgeted revenues – See Chart 1. The largest share (over 80%) of the City’s property tax levy is committed to retirement and pension benefit costs. Other levies include: liability insurance; audit services; civil defense and general fund.
- The City receives, on average, between 5-6% of the total amount of property taxes paid by Washington residents. The City’s relative share varies slightly by elementary school district. Schools, including WCHS, grade schools and ICC receive an average of about 75% of the total property taxes paid – See Chart 2.
- The tentative total equalized assessed valuation (EAV) for 2017 as indicated by the Tazewell County Supervisor of Assessments is **\$351,877,207**. Staff is adjusting this figure for potential Board of Review disputes; (keeping in mind that the prior year was estimated to be a 3.1% increase and the actual increase was 3.5%) to **\$351,000,000**. This is an **increase of \$7,638,778 or 2.22%** compared to the prior year rate setting EAV of \$343,361,222.
- The special levies require a total tax levy of \$1,337,000 which is an **\$86,616** increase over the prior year. This increase is due to increases in all three of the pension funds – Police Pension, IMRF and Social Security/Medicare. Pension funding is in accordance with actuarial, federal and state mandates.

Tax Levy Options

Staff has prepared several tax levy options for consideration by the City Council. Each option fully funds the special levies as indicated above. While the City may use the proceeds from its General Corporate Fund levy for any lawful purpose, these monies have historically been earmarked for the Fire and Ambulance contract with the Washington Fire Department and Rescue Squad. The total of these contracts as recently approved for FY2017-18 is \$611,000, plus funding for the pumper truck not to exceed \$80,000 per year for five years.

Option 1: Maintain tax rate and fully fund special levies. This option would allow for an INCREASE in the City's total 2017 tax levy of \$32,172 due to an increase in the EAV of 2.22%. However, under this scenario, the General Fund levy would DECREASE by \$54,444 to \$141,135 after the special levies are fully funded because the special levies increased more than the EAV did. The tax rate would be \$.42112, UNCHANGED from the prior year. **Note that the General Fund levy two years ago was \$350,000, resulting in a 60% decrease from that funding level with this scenario.**

Option 2: Reduce impact on the General Fund levy. Under this scenario, the impact to the General Fund levy would be reduced while minimizing the increase to the tax rate. The result would be a DECREASE to the General Fund levy of \$32,392 to \$163,187 and an INCREASE to the tax levy of \$54,224 or 3.75%. The tax rate would stay virtually the same at \$.42740.

Option 3: Maintain General Fund levy. Under this scenario, the General Fund levy is maintained at \$195,579 and in order to fund the special levies, the overall tax levy would need to INCREASE by \$86,616. The tax rate would INCREASE to \$.43663, resulting in an overall INCREASE of 5.99%. **This is the only option in which the levy amount would increase by more than 5% over the prior year, in which case a hearing would be required as per State statute.**

Option 4: Maintain total tax levy amount. This option would keep the total levy amount UNCHANGED from the prior year and all special levies would be funded. The result is the General Fund levy would DECREASE by \$86,616, the amount of the increase in the special levies. The tax rate would drop to \$.41196. **This option results in the greatest negative impact to the General Fund of a reduction to \$108,963 or approximately 1/3 of the 2015 levy.**

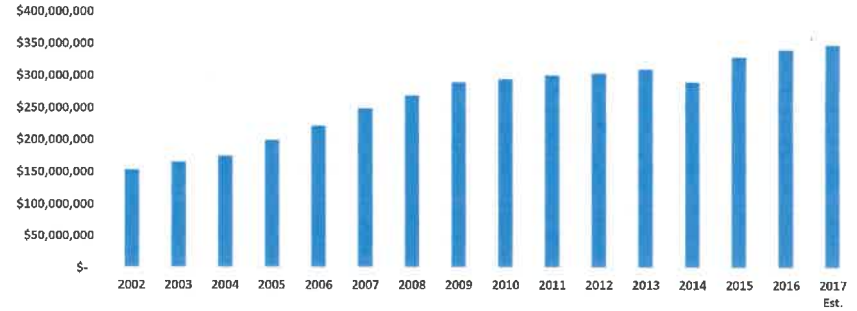
Tax Levy Abatements

Since the WACC Bond Issue was paid in full in June 2016 and refinanced as a bank note, there is no longer an abatement requirement.

PRELIMINARY ESTIMATES
FOR REVIEW AND DISCUSSION PURPOSES ONLY
2017 PROPERTY TAX LEVY--TAXES PAYABLE IN 2018
CITY OF WASHINGTON, ILLINOIS

Equalized Assessed Valuation (EAV)
 2002 - 2017 (Est.)

			Increase/(Decrease) from prior yr. EAV
2002 RATE SETTING EAV	\$ 154,342,545	Actual	
2003 RATE SETTING EAV	167,136,747	Actual	8.3%
2004 RATE SETTING EAV	176,947,970	Actual	5.9%
2005 RATE SETTING EAV	201,006,532	Actual	13.6%
2006 RATE SETTING EAV	223,223,855	Actual	11.1%
2007 RATE SETTING EAV	250,528,233	Actual	12.2%
2008 RATE SETTING EAV	270,622,000	Actual	8.0%
2009 RATE SETTING EAV	291,456,522	Actual	7.7%
2010 RATE SETTING EAV	296,446,874	Actual	1.7%
2011 RATE SETTING EAV	302,711,642	Actual	2.1%
2012 RATE SETTING EAV	305,649,264	Actual	1.0%
2013 RATE SETTING EAV	312,276,092	Actual	2.2%
2014 RATE SETTING EAV	292,078,141	Actual	-6.5%
2015 RATE SETTING EAV	331,654,800	Actual	13.5%
2016 RATE SETTING EAV	343,361,222	Actual	3.5% (County projected 3.1% Increase; actual was 3.5%)



Increase in Rate Setting EAV 2016 to 2017 due to NEW BUILDING AND DEVELOPMENT **\$ 7,724,620** Estimated **\$ 32,530** additional revenue due to increase in building and development

2017 PROJECTED Rate Setting EAV **\$ 351,000,000** Tentative per Tazewell Co. as adjusted due to potential Board of Review changes (reported at 351,877,207)
2.22% increase in EAV

LEVY

Retirement/Pension Levies

	2016 Extension
Police Pension	500,003
IMRF	355,001
SSI/Medicare	270,019
Subtotal	1,125,023
Other	
Tort Judgments/Liability	90,029
Audit	32,001
Civil Defense	3,331
General Corporate Fund	195,579
Subtotal	320,940
GRAND TOTAL LEVY	\$ 1,445,963

TAX RATE \$0.42112

TRUTH IN TAXATION HEARING REQUIRED

Increase over prior year **NO** 2.22%

ESTIMATED ADDITIONAL COST FOR CITY PORTION OF TAXES TO PROPERTY OWNER PER EACH \$1,000 IN TOTAL 2017 PROPERTY TAXES PAID ==>

Estimated Increased Cost to Taxpayer with a:

	OPTION NO. 1	OPTION NO. 2	OPTION NO. 3	OPTION NO. 4
2017 Total Tax Bill of \$1,000	\$ (0.00)	\$ 0.78	\$ 1.94	\$ (1.17)
2017 Total Tax Bill of \$2,000	\$ (0.00)	\$ 1.56	\$ 3.88	\$ (2.33)
2017 Total Tax Bill of \$3,000	\$ (0.00)	\$ 2.33	\$ 5.82	\$ (3.50)
2017 Total Tax Bill of \$4,000	\$ (0.00)	\$ 3.11	\$ 7.76	\$ (4.67)
2017 Total Tax Bill of \$5,000	\$ (0.00)	\$ 3.89	\$ 9.70	\$ (5.83)
2017 Total Tax Bill of \$7,500	\$ (0.00)	\$ 5.84	\$ 14.55	\$ (8.75)
2017 Total Tax Bill of \$10,000	\$ (0.00)	\$ 7.78	\$ 19.40	\$ (11.67)

	OPTION NO. 1 Maintain tax rate <i>(Rate stays the same resulting in decrease to General Fund since special levies increased more than EAV increase)</i>		OPTION NO. 2 Reduce impact on General Fund levy <i>(Impact on General Fund levy is reduced while also minimizing increase in tax rate)</i>		OPTION NO. 3 Maintain General Fund levy <i>(Both rate and levy dollars increase because increase in special levies exceed amount of EAV increase)</i>		OPTION NO. 4 Maintain levy amount <i>(Levy dollars remain the same so General Fund decreases by increase in special levies)</i>	
	2017 Tax Levy	Proposed Change 16 to 17	2017 Tax Levy	Proposed Change 16 to 17	2017 Tax Levy	Proposed Change 16 to 17	2017 Tax Levy	Proposed Change 16 to 17
Police Pension	535,700	35,697	535,700	35,697	535,700	35,697	535,700	35,697
IMRF	375,000	19,999	375,000	19,999	375,000	19,999	375,000	19,999
SSI/Medicare	290,000	19,981	290,000	19,981	290,000	19,981	290,000	19,981
Subtotal	1,200,700	75,677	1,200,700	75,677	1,200,700	75,677	1,200,700	75,677
Other								
Tort Judgments/Liability	104,000	13,971	104,000	13,971	104,000	13,971	104,000	13,971
Audit	29,000	(3,001)	29,000	(3,001)	29,000	(3,001)	29,000	(3,001)
Civil Defense	3,300	(31)	3,300	(31)	3,300	(31)	3,300	(31)
General Corporate Fund	141,135	(54,444)	163,187	(32,392)	195,579	-	108,963	(86,616)
Subtotal	277,435	(43,505)	299,487	(21,453)	331,879	10,939	245,263	(75,677)
GRAND TOTAL LEVY	\$ 1,478,135	\$ 32,172	\$ 1,500,187	\$ 54,224	\$ 1,532,579	\$ 86,616	\$ 1,445,963	\$ -
TAX RATE	\$0.42112	(Est.)	\$0.42740	(Est.)	\$0.43663	(Est.)	\$0.41196	(Est.)
TRUTH IN TAXATION HEARING REQUIRED	NO	NO	NO	YES	NO	NO		
Increase over prior year	2.22%	3.75%	5.99%	0.00%				

Chart 1
Budgeted Revenues by Major Revenue Source
FY17-18

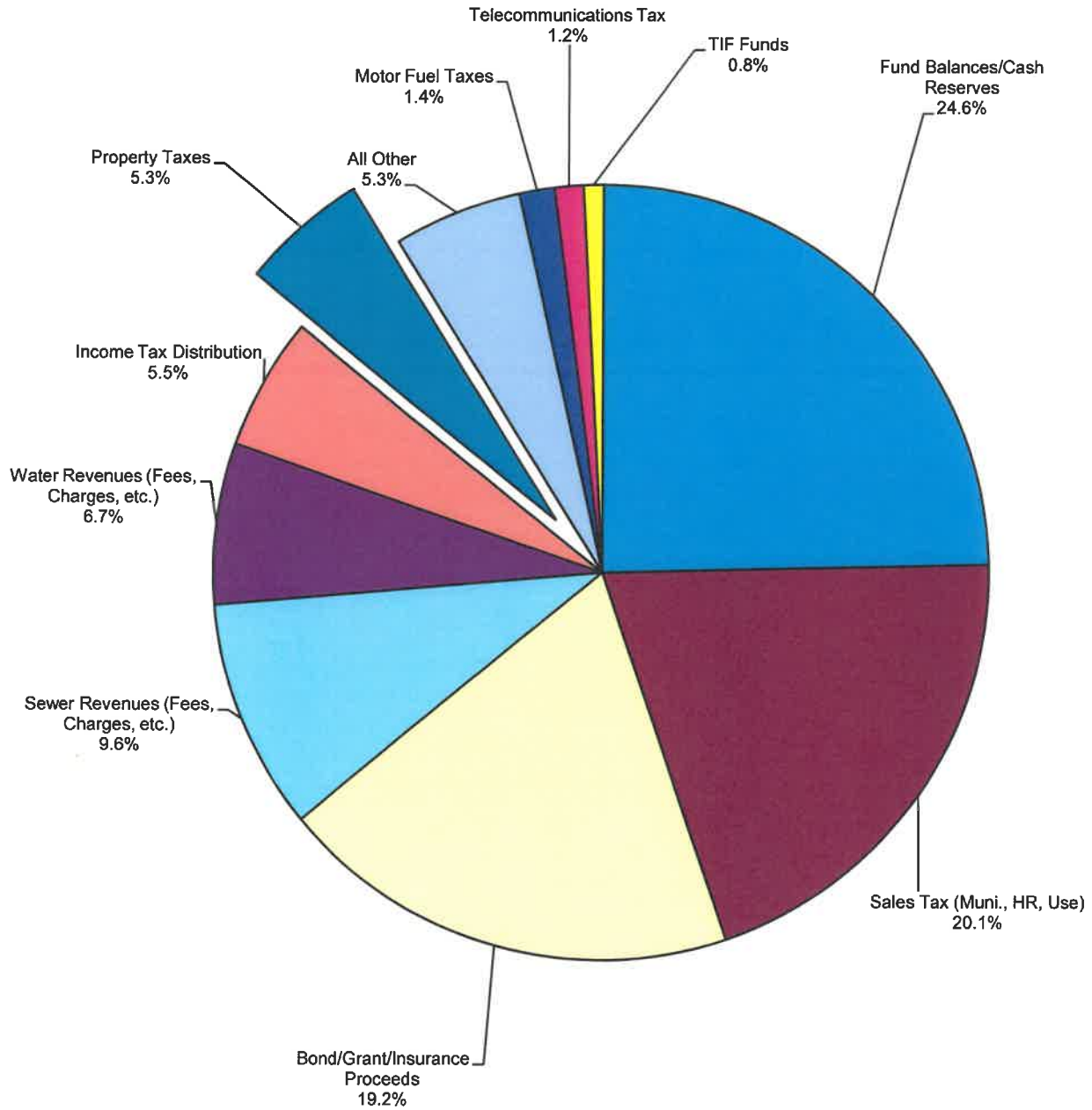


Chart 2
**PROPERTY TAX DISTRIBUTION
 AMONG TAXING BODIES
 2016 TAXES PAYABLE IN 2017**

<u>Taxing Body</u>	<u>Tax Rate</u>	<u>Percent of Total</u>	<u>Share/ \$1,000 in Taxes Paid</u>
Tazewell Co.	\$ 0.49914	6.15%	\$ 61.47
CITY OF WASHINGTON	0.42112	5.19%	51.86
WCHS Dist. 308	2.64818	32.61%	326.12
Washington Twp.	0.43139	5.31%	53.12
Grade School Dist. (Average)	3.03977	37.43%	374.34
Com. College 514 (ICC)	0.49109	6.05%	60.48
Washington Park Dist.	0.38272	4.71%	47.13
Washington Lib. Dist.	<u>0.20695</u>	<u>2.55%</u>	<u>25.49</u>
	\$ 8.12036	100.00%	\$ 1,000.00

