

CITY OF WASHINGTON
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MEMORANDUM

TO: Mayor Manier and Committee of the Whole
FROM: Joanie Baxter, Controller *JEB*
DATE: November 9, 2018
SUBJECT: Tax Levy Proposals – 2018

The schedule to be followed in adopting the 2018 tax levy for taxes paid in 2019 is as follows:

Review Proposed Tax Levy Options	November 12, 2018
Determine the Tentative Tax Levy by Resolution	November 19, 2018
First Reading of Tax Levy Ordinance	December 3, 2018
Truth-In-Taxation Hearing, if required	December 12, 2018
Second Reading and Adoption of Tax Levy Ordinance	December 19, 2018
Deadline to File Tax Levy Ordinance with County Clerk	December 21, 2018

Please note the following:

- Property taxes typically account for approximately 5-6% of total budgeted revenues – See Chart 1. The largest share (almost 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, approximately 5% 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 76% of the total property taxes paid – See Chart 2.
- The tentative total equalized assessed valuation (EAV) for 2018 as indicated by the Tazewell County Supervisor of Assessments is **\$350,009,843**. Staff is adjusting this figure for potential Board of Review disputes and other exemptions to **\$349,000,000**. This is a .24% increase resulting in a virtually unchanged EAV compared to the prior year rate setting EAV of \$348,171,597.
- The special levies require a total tax levy of \$1,311,600 which is a **\$25,518 decrease** from the prior year. This decrease is due largely to an overall decrease in the pension levies of \$25,474 along with other levies not requiring increases this year.

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 approved for FY2018-19 is \$618,000. In addition, the City has committed to funding up to \$80,000 per year for five years for a new fire truck lease.

Option 1: Maintain tax rate and fully fund special levies. This option would result in a slight INCREASE in the City's total 2018 tax levy of \$3,654 as well as an INCREASE in the General Fund levy of \$29,172 due to the decrease in the special levies and slight increase in the EAV. The tax rate would be \$.44022, UNCHANGED from the prior year.

Option 2: Add additional funding for Fire Department equipment. Under this scenario, the General Fund levy would INCREASE by \$80,000 which is the City's annual payment for the fire truck lease. The result would be an INCREASE to the total levy of \$54,482 which reflects the decrease to the special levies. The tax rate would INCREASE to \$.45479, resulting in an overall INCREASE of 3.55%.

Option 3: Maximize levy to Truth-In-Taxation level. Under this scenario, the General Fund levy would INCREASE by \$101,997 and overall levy would INCREASE by \$76,479 which reflects the decrease to the special levies. The tax rate would INCREASE to \$.46109, resulting in an overall INCREASE of 4.99%.

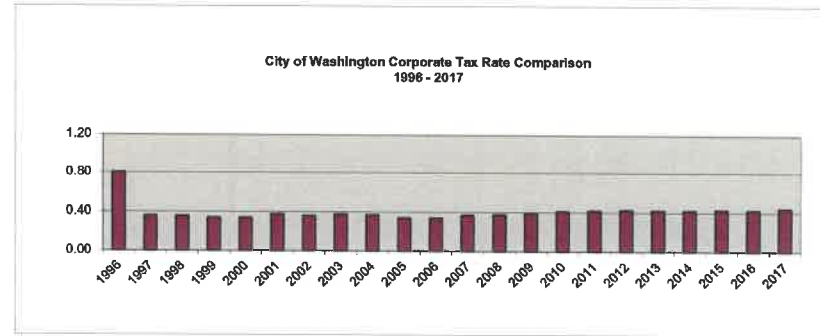
Option 4: Increase General Fund levy to pre-tornado level. This option would increase the General Fund levy to the 2013 levy amount of \$360,000. The result is the General Fund levy would INCREASE by \$164,397 and the overall levy would INCREASE by \$138,879 which reflects the decrease to the special levies. The tax rate would also INCREASE to \$.47897, resulting in an overall INCREASE of 9.06%. **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.**

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
2018 PROPERTY TAX LEVY--TAXES PAYABLE IN 2019
CITY OF WASHINGTON, ILLINOIS

			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	331,654,600	Actual	13.5%	
2016 RATE SETTING EAV	343,361,222	Actual	3.5%	
2017 RATE SETTING EAV	348,171,597	Actual	1.4%	
General Fund Levy				
				330,000
				330,000
				360,000
				360,000
				360,000
				252,000 (reduced due to decrease in EAV)
				354,950
				195,550 (reduced due to increase in PPF)
				195,579
(reflects additional \$3.1 M in Veteran's exemptions - from 19 as of 12/31/16 to 71 as of 12/31/17)				



Increase in Rate Setting EAV 177
to 2018 due to NEW BUILDING
AND DEVELOPMENT **\$ 3,615,550** Estimated **\$ 15,916** additional revenue due to increase in building and development

2018 PROJECTED Rate Setting EAV **\$ 349,000,000** Tentative per Tazewell Co. as adjusted due to potential BOR and Veteran's Exemptions (reported at 350,009,843)
(only 3 additional Veteran's exemptions through 10/2018)
0.24% Increase in EAV

LEVY

Retirement/Pension Levies

Police Pension	535,732
IMRF	375,015
SSI/Medicare	290,027
Subtotal	1,200,774

Other

Tort Judgments/Liability	104,034
Audit	29,003
Civil Defense	3,307
General Corporate Fund	195,603
Subtotal	331,947

GRAND TOTAL LEVY **\$ 1,532,721**

TAX RATE **\$0.44022**

TRUTH IN TAXATION HEARING REQUIRED
Increase over prior year

**ESTIMATED ADDITIONAL COST FOR CITY PORTION
OF TAXES TO PROPERTY OWNER PER EACH \$1,000 IN
TOTAL 2018 PROPERTY TAXES PAID ==>**

Estimated Increased Cost to Taxpayer with a:

2018 Total Tax Bill of \$1,000	\$ 0.13
2018 Total Tax Bill of \$2,000	\$ 0.25
2018 Total Tax Bill of \$3,000	\$ 0.38
2018 Total Tax Bill of \$4,000	\$ 0.50
2018 Total Tax Bill of \$5,000	\$ 0.63
2018 Total Tax Bill of \$7,500	\$ 0.95
2018 Total Tax Bill of \$10,000	\$ 1.26

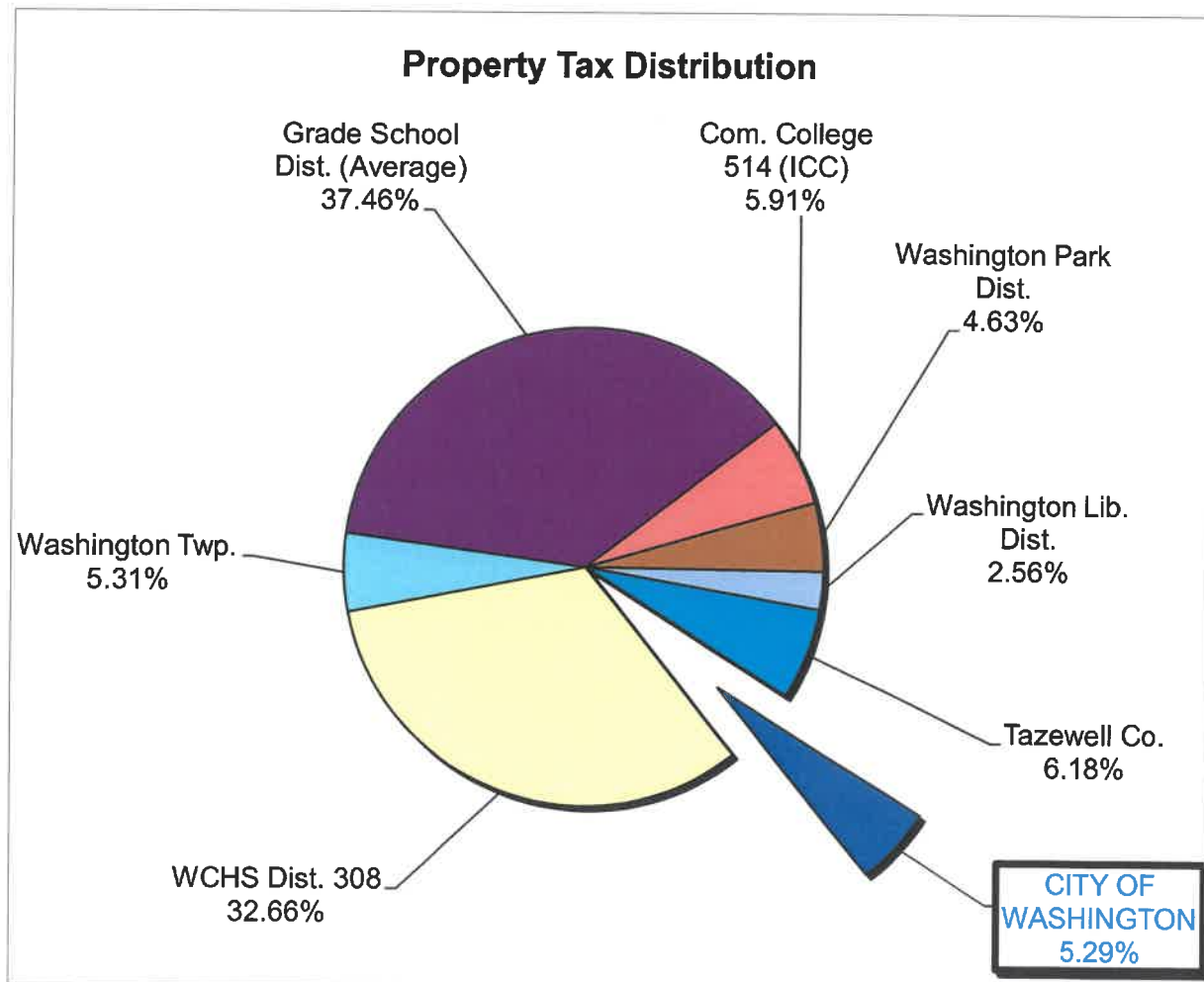
OPTION NO. 1		OPTION NO. 2		OPTION NO. 3		OPTION NO. 4	
Maintain tax rate		Add annual funding - Fire Dept. equipment		Maximize levy up to Truth-in-Taxation		Increase General Fund levy to pre-tornado	
(Rate stays the same resulting in small increase to General Fund since special levies decreased and EAV is virtually unchanged)		(Levy amount increases by \$80,000 less the decrease in special levies and tax rate increases since EAV is virtually unchanged)		(Levy amount and General Fund levy increase)		(Levy dollars remain the same so General Fund decreases by increase in special levies)	
2018	Proposed	2018	Proposed	2018	Proposed	2018	Proposed
Tax Levy	Change 17 to 18	Tax Levy	Change 17 to 18	Tax Levy	Change 17 to 18	Tax Levy	Change 17 to 18
535,300	(432)	535,300	(432)	535,300	(432)	535,300	(432)
345,000	(30,015)	345,000	(30,015)	345,000	(30,015)	345,000	(30,015)
295,000	4,973	295,000	4,973	295,000	4,973	295,000	4,973
1,175,300	(25,474)	1,175,300	(25,474)	1,175,300	(25,474)	1,175,300	(25,474)
104,000	(34)	104,000	(34)	104,000	(34)	104,000	(34)
29,000	(3)	29,000	(3)	29,000	(3)	29,000	(3)
3,300	(7)	3,300	(7)	3,300	(7)	3,300	(7)
224,775	29,172	275,603	80,000	297,600	101,997	360,000	164,397
361,075	29,128	411,903	79,956	433,900	101,953	496,300	164,353
\$ 1,536,375	\$ 3,654	\$ 1,587,203	\$ 54,482	\$ 1,609,200	\$ 76,479	\$ 1,671,600	\$ 138,879
\$0.44022	(Est.)	\$0.45479	(Est.)	\$0.46109	(Est.)	\$0.47897	(Est.)
NO		NO		NO		YES	
0.24%		3.55%		4.99%		9.06%	

\$ 0.13 **\$ 1.33** **\$ 2.64** **\$ 4.24**

\$ 0.13	\$ 1.33	\$ 2.64	\$ 4.24
\$ 0.25	\$ 2.66	\$ 5.27	\$ 8.48
\$ 0.38	\$ 3.99	\$ 7.91	\$ 12.72
\$ 0.50	\$ 5.32	\$ 10.55	\$ 16.96
\$ 0.63	\$ 6.65	\$ 13.19	\$ 21.20
\$ 0.95	\$ 9.97	\$ 19.78	\$ 31.80
\$ 1.26	\$ 13.30	\$ 26.37	\$ 42.40

Chart 2
**PROPERTY TAX DISTRIBUTION
 AMONG TAXING BODIES
 2018 TAXES PAYABLE IN 2019**

<u>Taxing Body</u>	<u>Tax Rate</u>	<u>Percent of Total</u>	<u>Share/ \$1,000 in Taxes Paid</u>
Tazewell Co.	\$ 0.51495	6.18%	\$ 61.83
CITY OF WASHINGTON	0.44022	5.29%	52.86
WCHS Dist. 308	2.72035	32.66%	326.63
Washington Twp.	0.44225	5.31%	53.10
Grade School Dist. (Average)	3.11998	37.46%	374.61
Com. College 514 (ICC)	0.49231	5.91%	59.11
Washington Park Dist.	0.38549	4.63%	46.28
Washington Lib. Dist.	<u>0.21307</u>	<u>2.56%</u>	<u>25.58</u>
	\$ 8.32862	100.00%	\$ 1,000.00



**Budgeted Revenues by Major Revenue Source
FY18-19**

