



**CITY OF WASHINGTON, ILLINOIS**  
**Committee of the Whole Agenda Communication**

**Meeting Date:** November 11, 2019

**Prepared By:** Joanie Baxter, Controller *JB*  
Ray Forsythe, City Administrator *RFF*

**Agenda Item:** Tax Levy Options

**Explanation:** Discussion of the tax levy options for the 2019 levy payable in 2020 will take place at the Committee of the Whole meeting. In addition, the following schedule will be followed:

Review Proposed Tax Levy Options	November 11, 2019
Resolution for Tentative Tax Levy	November 18, 2019
First Reading of Tax Levy Ordinance	December 2, 2019
Truth-In-Taxation Hearing, if required	December 9, 2019
Second Reading and Adoption	December 16, 2019
Deadline to File Tax Levy Ordinance	December 24, 2019

**Please see attached for additional information in regard to the tax levy options.**

**Fiscal Impact:** Necessary funding of the special levies including Police Pension, IMRF, Social Security/Medicare, Audit, Liability, ESDA as well as the General Fund. These are funds to be received in FY 2020-21.

**Recommendation/Committee Discussion Summary:** N/A

**Action Requested:** The Committee of the Whole is requested to reach a consensus as to the total tax levy to recommend for City Council approval. As part of the tax levy discussion, the Police Pension levy as recommended by the Police Pension Board will also be determined.

## **Proposed Tax Levy 2019 – Items to Note**

- Property taxes typically account for approximately 5-6% of total budgeted revenues – See Chart 1. The largest share (over 70%) 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 5.5% 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. Washington Township with a rate of \$.45227 is only slightly lower than the City's rate of \$.47292. – See Chart 2.
- The tentative total equalized assessed valuation (EAV) for 2019 as indicated by the Tazewell County Supervisor of Assessments is **\$350,029,737**. Staff is adjusting this figure for potential Board of Review disputes and other exemptions to **\$348,500,000**. This is a virtually unchanged EAV compared to the prior year rate setting EAV of \$348,418,651 and is the third consecutive year the EAV has been or is projected to be flat.
- The special levies require a total tax levy of \$1,387,142 which is a **\$75,486 increase** from the prior year. This increase is due largely to a required change in the mortality table for the Police Pension fund, resulting in a \$78,690 increase in the required employer contribution (see additional information at the end of this memo). Fortunately, other pension levies are sufficient and do not require an increase.

## **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.

Historically, the City has levied a tax for fire and ambulance which fully funded the contractual costs associated with these services. When Home Rule was adopted in 1998, the levy was changed to a General levy, even though the funds continued to be earmarked for the fire and ambulance contract. Staff recommends that we identify the levy as fire and ambulance once again and thus all four options show a reduction in the General levy down to zero with the available levy depending on the option, allocated between fire and ambulance in relation to the contractual costs.

**Option 1: Establish Fire and Ambulance levy equal to prior year General Fund levy.** This option would result in an INCREASE of \$75,486 with no change in the funds available for the fire and ambulance contract due to the increase in the special levies and no change to the EAV. The tax rate would be projected to be \$.49447, an INCREASE from the prior year rate of \$.47292. Under this option, of the total contract cost of \$735,636 for FY20-21 – \$336,085 is funded by property tax and \$399,551 is funded through other General fund sources.

**Option 2: Increase General Fund levy to pre-tornado level.** This option would establish the fire and ambulance levies up to a total of \$360,000 which was the 2013 levy amount for the General Fund. The result is a net INCREASE of \$23,915 in funds for the contract and the overall levy would INCREASE by \$99,401 which also reflects the increase to the special levies. The tax rate would be projected to INCREASE to \$.50133, resulting in an overall INCREASE of 6.03%. Under this option, of the total contract cost of \$735,636 for FY20-21 – \$360,000 is funded by property tax and \$375,636 is funded through other General fund sources. **This option would result in an increase of more than 5% over the prior year, in which case a hearing would be required as per State statute.**

**Option 3: Include 75% of the fire and ambulance contract costs in the levy.** This option would establish the fire and ambulance levies up to a total of \$551,727 which is 75% of the \$735,636 total fire and ambulance contract costs for FY20-21. The result is a net INCREASE of \$215,642 for the contract and the overall levy would INCREASE by \$291,128 which also reflects the increase to the special levies. The tax rate would be projected to INCREASE to \$.55635, resulting in an overall INCREASE of 17.67%. Under this option, of the total contract costs of \$735,636 for FY20-21 – \$551,727 is funded by property tax and \$183,909 is funded through other General fund sources. **This option would result in an increase of more than 5% over the prior year, in which case a hearing would be required as per State statute.**

**Option 4: Fully fund the fire and ambulance contract costs from the tax levy.** This option would establish the fire and ambulance levies up to the total cost of the FY20-21 contract of \$735,636. The result is a net INCREASE of \$399,551 for the contract and the overall levy would INCREASE by \$475,037 which also reflects the increase to the special levies. The tax rate would be projected to INCREASE to \$.60912, resulting in an overall INCREASE of 28.83%. Under this option, of the total contract costs of \$735,636 for FY20-21 – the full amount is funded by property tax and none is funded through other General fund sources. **This option would result in an increase of more than 5% over the prior year, in which case a hearing would be required as per State statute.**

### Historical Tax Rates

TAX YR	GEN.	STREETS	POLICE	FIRE	AMB.	CFM.	WRKG CASH	ESDA	IMRF	SSI/ MD	POLICE PEN	I.A. INS.	AUDIT	PUBLIC BENEFIT	BOND & INT.	TOTAL RATE
81	0.1819	0.0750	0.0655	0.0942	0.0000	0.0219	0.0000	0.0046	0.1862	0.0000	0.0917	0.0785	0.0095	0.0437	0.0094	0.9524
82	0.1875	0.0750	0.0657	0.0945	0.0000	0.0219	0.0000	0.0044	0.1713	0.0000	0.0920	0.0613	0.0111	0.0500	0.1054	0.9431
83	0.1204	0.0750	0.0760	0.1600	0.0000	0.0260	0.0462	0.0209	0.1908	0.0000	0.0971	0.0847	0.0089	0.0500	0.1155	1.0405
84	0.1875	0.0750	0.0760	0.1600	0.0000	0.0260	0.0462	0.0209	0.2089	0.0000	0.0903	0.0709	0.0102	0.0500	0.1284	1.1142
85	0.1875	0.0750	0.0760	0.1600	0.0000	0.0260	0.0462	0.0209	0.2089	0.0000	0.0903	0.0709	0.0102	0.0500	0.1284	1.1142
86	0.1875	0.0750	0.0760	0.1600	0.0000	0.0260	0.0462	0.0209	0.2089	0.0000	0.0903	0.0709	0.0102	0.0500	0.1284	1.1142
87	0.1875	0.0750	0.0760	0.1600	0.0000	0.0260	0.0462	0.0209	0.2089	0.0000	0.0903	0.0709	0.0102	0.0500	0.1284	1.1142
88	0.1875	0.0750	0.0760	0.1600	0.0000	0.0260	0.0462	0.0209	0.2089	0.0000	0.0903	0.0709	0.0102	0.0500	0.1284	1.1142
89	0.1875	0.0750	0.0760	0.1600	0.0000	0.0260	0.0462	0.0209	0.2089	0.0000	0.0903	0.0709	0.0102	0.0500	0.1284	1.1142
90	0.1875	0.0750	0.0760	0.1600	0.0000	0.0260	0.0462	0.0209	0.2089	0.0000	0.0903	0.0709	0.0102	0.0500	0.1284	1.1142
91	0.1833	0.0734	0.0734	0.1439	0.1845	0.0000	0.0000	0.0045	0.3105	0.0000	0.0957	0.1520	0.0150	0.0000	0.0000	1.2052
92	0.1725	0.0655	0.0775	0.1591	0.1484	0.0250	0.0500	0.0054	0.2099	0.0000	0.0952	0.1807	0.0145	0.0000	0.0000	1.2202
93	0.1810	0.0724	0.0724	0.1203	0.1451	0.0000	0.0000	0.0037	0.2721	0.0000	0.0916	0.1234	0.0138	0.0000	0.0000	1.0855
94	0.1787	0.0715	0.0715	0.1427	0.1371	0.0000	0.0000	0.0033	0.2495	0.0000	0.0368	0.1317	0.0112	0.0000	0.0000	1.0370
95	0.1802	0.0721	0.0721	0.1439	0.1307	0.0000	0.0000	0.0031	0.2179	0.0000	0.0308	0.1121	0.0109	0.0000	0.0000	0.9738
96	0.1852	0.0655	0.0655	0.1310	0.1192	0.0000	0.0000	0.0028	0.1960	0.0000	0.0404	0.0880	0.0104	0.0000	0.0000	0.8886
97	0.1514	0.0582	0.0582	0.1167	0.1083	0.0000	0.0000	0.0025	0.1914	0.0000	0.0370	0.0655	0.0108	0.0000	0.0000	0.8025
98	0.1032	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0029	0.1674	0.0000	0.0187	0.0586	0.0096	0.0000	0.0000	0.3600
99	0.0868	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0022	0.1755	0.0000	0.0202	0.0617	0.0103	0.0000	0.0000	0.3567
00	0.0798	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0020	0.1464	0.0000	0.0000	0.0584	0.0103	0.0000	0.0000	0.3420
01	0.0968	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0018	0.1318	0.0000	0.0015	0.0484	0.0086	0.0000	0.0000	0.3424
02	0.1008	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0019	0.1519	0.0000	0.0038	0.0484	0.0087	0.0000	0.0000	0.3758
03	0.0972	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0019	0.1485	0.0000	0.0015	0.0467	0.0085	0.0000	0.0000	0.3624
04	0.0858	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0018	0.1604	0.0000	0.0041	0.0431	0.0079	0.0000	0.0000	0.3761
05	0.0747	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0016	0.0769	0.0851	0.0586	0.0374	0.0080	0.0000	0.0000	0.3423
06	0.0891	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0015	0.0713	0.0870	0.0520	0.0336	0.0079	0.0000	0.0000	0.3424
07	0.1169	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0013	0.0687	0.0950	0.0545	0.0307	0.0112	0.0000	0.0000	0.3708
08	0.1223	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0012	0.0647	0.0765	0.0639	0.0393	0.0111	0.0000	0.0000	0.3755
09	0.1132	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0012	0.0721	0.0721	0.0685	0.0329	0.0103	0.0000	0.0000	0.3906
10	0.1113	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0011	0.0854	0.0762	0.0655	0.0356	0.0101	0.0000	0.0000	0.4103
11	0.1189	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0011	0.0958	0.0793	0.0793	0.0380	0.0099	0.0000	0.0000	0.4179
12	0.1178	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0011	0.0945	0.0785	0.0854	0.0327	0.0098	0.0000	0.0000	0.4212
13	0.1153	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0011	0.0977	0.0743	0.0841	0.0272	0.0096	0.0000	0.0000	0.4192
14	0.0863	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0011	0.1081	0.0839	0.1081	0.0257	0.0103	0.0000	0.0000	0.4195
15	0.1070	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0010	0.0995	0.0764	0.1101	0.0226	0.0097	0.0000	0.0000	0.4263
16	0.0970	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0010	0.1034	0.0749	0.1406	0.0282	0.0093	0.0000	0.0000	0.4211
17	0.0652	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0010	0.1077	0.0835	0.1536	0.0259	0.0093	0.0000	0.0000	0.4402
18	0.0965	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0010	0.0990	0.0847	0.1536	0.0299	0.0093	0.0000	0.0000	0.4729
MAX RATE	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

### Police Pension Fund Actuarial Study Results

The preliminary results of the actuarial study were reviewed with the Police Pension Board on October 28<sup>th</sup> by Jason Franken of Foster & Foster. With no changes to assumptions, the increase in the City contribution would be \$37,769; however, there are two potential changes to assumptions that required consideration. Jason indicated that the new mortality table that is available should be adopted because it uses public sector, and specifically public safety data rather than the old table which used private sector data. It would be difficult to justify continuing to use the old one. This assumption change results in an increased City contribution of \$83,769.

The interest rate assumption is at 6.75% and a decrease to 6.5% needs to be considered in the next few years, however, this change plus the mortality table change would result in an overall increase of \$130,769 to the City contribution. The Board agreed that the new mortality table should be adopted but because of the uncertainty of the impact of the potential investment consolidation for downstate pension funds, they recommend waiting another year on making a change to the interest rate assumption. As such, a total City contribution of \$634,000 is required. This can be reduced by \$20,000 in anticipated personal property replacement tax for a recommended tax levy of \$614,000 for the Police Pension Fund.



**PRELIMINARY ESTIMATES**  
**FOR REVIEW AND DISCUSSION PURPOSES ONLY**  
**2019 PROPERTY TAX LEVY--TAXES PAYABLE IN 2020**  
**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	296,448,874	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%		
2018 RATE SETTING EAV	348,418,651	Actual	0.1%		
				<b>General Fund Levy</b>	<b>Fire &amp; Rescue Contract</b>
				330,000	548,550
				330,000	567,810
				360,000	584,844
				360,000	602,382
				360,000	600,000
				252,000	600,000
				354,950	600,000
				195,550	600,000
				195,579	698,000
				336,085	716,540

Increase in Rate Setting EAV 2018  
to 2019 due to NEW BUILDING  
AND DEVELOPMENT

\$ 4,178,290

Estimated

This estimated amount due to building and development is offset by the reductions due to Board of Review changes and Veteran's exemptions

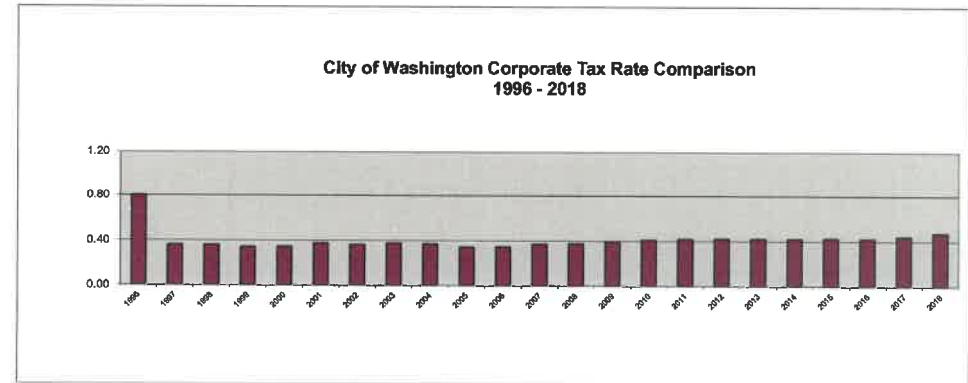
2019 PROJECTED Rate Setting EAV

\$ 348,500,000

Tentative

per Tazewell Co. as adjusted due to potential BOR and Veteran's Exemptions (reported at 350,029,737)  
(reflects 84 Veteran's exemptions - doesn't include BOR reductions)

0.09% Increase in EAV - flat



**LEVY**

**Retirement/Pension Levies**

Police Pension	535,310
IMRF	345,004
SSI/Medicare	295,006
<b>Subtotal</b>	<b>1,175,320</b>

**Other**

Tort Judgments/Liability	104,003
Audit	29,023
Civil Defense	3,310
Fire	-
Ambulance	225,177
General Corporate Fund	336,085
<b>Subtotal</b>	<b>472,421</b>

GRAND TOTAL LEVY \$ 1,647,741

TAX RATE \$0.47292

**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 2019 PROPERTY TAXES PAID ==>

Estimated Increased Cost to Taxpayer with a:

2019 Total Tax Bill of \$1,000	\$ 2.27
2019 Total Tax Bill of \$2,000	\$ 4.53
2019 Total Tax Bill of \$3,000	\$ 6.80
2019 Total Tax Bill of \$4,000	\$ 9.06
2019 Total Tax Bill of \$5,000	\$ 11.33
2019 Total Tax Bill of \$7,500	\$ 16.99
2019 Total Tax Bill of \$10,000	\$ 22.65

OPTION NO. 1		
Establish Fire/Amb levy/Gen levy unchanged (Levy amount increase is equal to the increase in the special levies; \$399,551 of fire and ambulance contract funded through other General sources)		
2019 Tax Levy	Proposed Change 18 to 19	
614,000	78,690	
345,000	(4)	
295,000	(6)	
<b>1,254,000</b>	<b>78,680</b>	
100,000	(4,003)	
29,000	(23)	
4,142	832	
110,908	110,908	
225,177	225,177	
-	(336,085)	
<b>469,227</b>	<b>(3,194)</b>	
<b>\$ 1,723,227</b>	<b>\$ 75,486</b>	
\$0.49447 (Est.)		
	<b>NO</b>	
	<b>4.58%</b>	

OPTION NO. 2		
Increase General Fund levy to pre-tornado (Levy amount increase is equal to the increase in the special levies plus the increase in the General Fund levy; \$375,636 of fire and ambulance contract funded through other General sources)		
2019 Tax Levy	Proposed Change 18 to 19	
614,000	78,690	
345,000	(4)	
295,000	(6)	
<b>1,254,000</b>	<b>78,680</b>	
100,000	(4,003)	
29,000	(23)	
4,142	832	
118,800	118,800	
241,200	241,200	
-	(336,085)	
<b>493,142</b>	<b>20,721</b>	
<b>\$ 1,747,142</b>	<b>\$ 99,401</b>	
\$0.50133 (Est.)		
	<b>YES</b>	
	<b>6.03%</b>	

OPTION NO. 3		
Include 75% of fire/ambulance contract (Levy amount increase is equal to the increase in special levies plus the increase in General Fund levy; \$183,909 of fire and ambulance contract funded through other General sources)		
2019 Tax Levy	Proposed Change 18 to 19	
614,000	78,690	
345,000	(4)	
295,000	(6)	
<b>1,254,000</b>	<b>78,680</b>	
100,000	(4,003)	
29,000	(23)	
4,142	832	
182,070	182,070	
369,657	369,657	
-	(336,085)	
<b>684,869</b>	<b>212,448</b>	
<b>\$ 1,938,869</b>	<b>\$ 291,128</b>	
\$0.55635 (Est.)		
	<b>YES</b>	
	<b>17.67%</b>	

OPTION NO. 4		
Include 100% of fire/ambulance contract (Levy amount increase is equal to the increase in special levies plus the increase in General Fund levy; \$0 of fire and ambulance contract funded through other General sources)		
2019 Tax Levy	Proposed Change 18 to 19	
614,000	78,690	
345,000	(4)	
295,000	(6)	
<b>1,254,000</b>	<b>78,680</b>	
100,000	(4,003)	
29,000	(23)	
4,142	832	
243,909	243,909	
491,727	491,727	
-	(336,085)	
<b>868,778</b>	<b>396,357</b>	
<b>\$ 2,122,778</b>	<b>\$ 475,037</b>	
\$0.60912 (Est.)		
	<b>YES</b>	
	<b>28.83%</b>	

\$ 2.27

\$ 3.02

\$ 9.83

\$ 17.56

\$ 2.27

\$ 3.02

\$ 9.83

\$ 17.56

\$ 4.53

\$ 6.05

\$ 19.66

\$ 35.12

\$ 6.80

\$ 9.07

\$ 29.49

\$ 52.68

\$ 9.06

\$ 12.10

\$ 39.32

\$ 70.24

\$ 11.33

\$ 15.12

\$ 49.15

\$ 87.80

\$ 16.99

\$ 22.68

\$ 73.72

\$ 131.70

\$ 22.65

\$ 30.24

\$ 98.30

\$ 175.61

**Chart 1**  
**Budgeted Revenues by Major Revenue Source**  
**FY19-20**

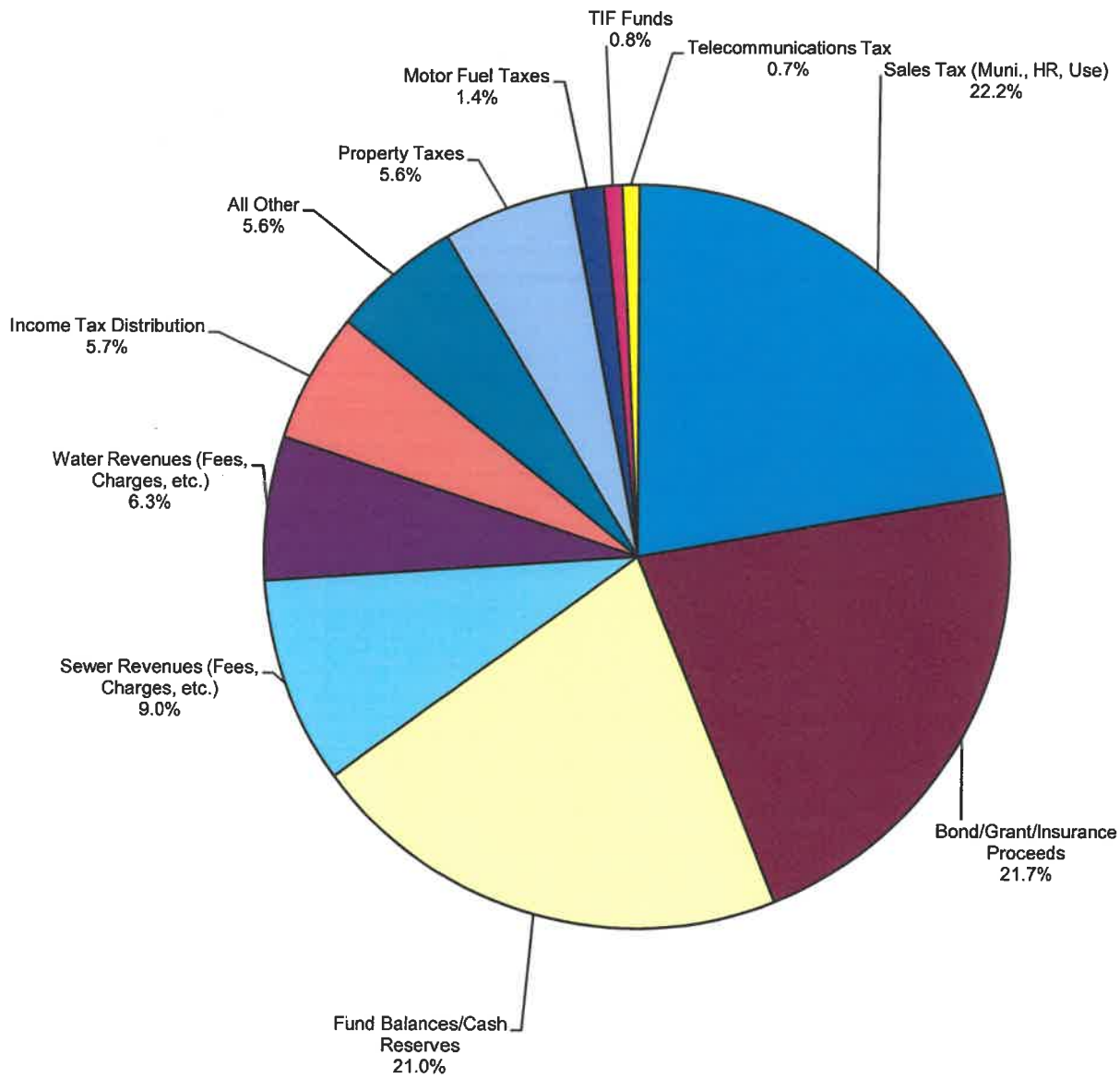


Chart 2  
**PROPERTY TAX DISTRIBUTION  
AMONG TAXING BODIES  
2018 TAX RATES**

<u>Taxing Body</u>	<u>Tax Rate</u>	<u>Percent of Total</u>	<u>Share/ \$1,000 in Taxes Paid</u>
Tazewell Co.	\$ 0.52722	6.15%	\$ 61.54
<b>CITY OF WASHINGTON</b>	<b>0.47292</b>	<b>5.52%</b>	<b>55.20</b>
WCHS Dist. 308	2.81620	32.87%	328.70
Washington Twp.	0.45227	5.28%	52.79
Grade School Dist. (Average)	3.20264	37.38%	373.81
Com. College 514 (ICC)	0.48642	5.68%	56.77
Washington Park Dist.	0.39101	4.56%	45.64
Washington Lib. Dist.	0.21890	2.55%	25.55
	\$ 8.56758	100.00%	\$ 1,000.00

