



CITY OF WASHINGTON, ILLINOIS
Committee of the Whole Agenda Communication

Meeting Date: November 9, 2020

Prepared By: Joanie Baxter, Finance Director
Ray Forsythe, City Administrator

Agenda Item: Tax Levy Options

Explanation: Discussion of the tax levy options for the 2020 levy payable in 2021 will take place at the Committee of the Whole meeting. In addition, the following schedule will be followed:

Review Proposed Tax Levy Options	November 9, 2020
Resolution for Tentative Tax Levy	November 16, 2020
First Reading of Tax Levy Ordinance	December 7, 2020
Truth-In-Taxation Hearing, if required	December 14, 2020
Second Reading and Adoption	December 21, 2020
Deadline to File Tax Levy Ordinance	December 22, 2020

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, Civil Defense as well as the Fire/Ambulance levy in the General Fund. These are funds to be received in FY 2021-22.

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 2020 – Items to Note

- Property taxes typically account for less than 10% of total budgeted revenues (6.8% for FY20-21) – See Chart 1. The largest share (over 75%) 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 Fire and Ambulance.
- The City receives, on average, approximately 5.4% 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 \$.45580 is only slightly lower than the City’s rate of \$.47279. – See Chart 2.
- The tentative total equalized assessed valuation (EAV) for 2020 as indicated by the Tazewell County Supervisor of Assessments is **\$350,216,416**. Staff is adjusting this figure for potential Board of Review disputes and other exemptions to **\$348,600,000**. This is a virtually unchanged EAV compared to the prior year rate setting EAV of \$348,552,322 and is the fourth consecutive year the EAV has been or is projected to be flat.
- The special levies require a total tax levy of \$1,468,642 which is an **\$81,369 increase** from the prior year. This increase is due to increases in all three pension levies – \$43,490 increase for Police Pension, \$16,968 increase for IMRF and \$20,985 increase for Social Security/Medicare. Fortunately, the Liability Insurance, Audit and Civil Defense levies are able to remain the same without 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. In the prior year, two separate levies were established for Fire and Ambulance and this approach is continued with the current levy discussion. For purposes of estimated contract costs based on ongoing negotiations, the current contract is projected to increase 5% for Fire and Ambulance plus \$150,000 as estimated for additional Ambulance personnel.

Option 1: No change in tax levy amount or rate. This option would result in all special levies being fully funded offset by a corresponding decrease in the Fire and Ambulance levies. As such, the overall increase in the levy would be -0- with a DECREASE to the Fire and Ambulance levies of \$81,369. The tax rate would be projected to be \$.47273, virtually UNCHANGED from the prior year rate of \$.47279. Under this option, of the total estimated contract cost of \$904,433 for FY21-22 – \$179,279 or 19.8% is funded by property tax and \$725,154 is funded through other General fund sources. Note that this would be the lowest non-special levy in the past ten years, including the years following the tornado.

Option 2: Maintain same Fire/Ambulance levies. This option would keep the Fire and Ambulance levies at the prior year level of \$260,648, while funding the special levy increases. The result is NO increase in funds for the contract and the overall levy would INCREASE by \$81,369 which reflects the increase to the special levies. The tax rate would be projected to INCREASE to \$.49607, resulting in an overall INCREASE of 4.94%. Under this option, of the total estimated contract cost of \$904,433 for FY21-22 – \$260,648 or 22.8% is funded by property tax and \$643,785 is funded through other General fund sources.

Option 3: Levy for Fire and Ambulance equal to prior year percentage of contract. The levy earmarked for the Fire and Ambulance contract as a percentage of the contract has been steadily decreasing. In 2009, the levy was 60% of the contract and in 2019, the levy was 36% of the contract. This option increases the levy amount for Fire and Ambulance to keep continuing funding at 36% of the contract through the tax levy. The result is an INCREASE in the tax levy amount of \$146,317 or 8.88% and an INCREASE in the tax rate to \$.51470. Under this option, of the total contract costs of \$904,433 for FY21-22– \$325,596 or 36% is funded by property tax and \$578,837 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

CITY OF WASHINGTON WASHINGTON, ILLINOIS																
MUNICIPAL PROPERTY TAX RATE COMPARISON 1981 - 2019																
TAX YR	GEN.	STREETS	POLICE	FIRE	AMB.	CEM.	WRKG CASH	ESDA	IMRF	SSI/ MC	POLICE PEN.	LIA. INS.	AUDIT	PUBLIC BENEFIT	BOND & INT.	TOTAL RATE
81	0.1819	0.0750	0.0655	0.0942	0.0000	0.0219	0.0000	0.0048	0.1862	0.0000	0.0917	0.0785	0.0096	0.0437	0.0994	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	0.1084	0.9431
83	0.1204	0.0750	0.0750	0.1500	0.0000	0.0250	0.0462	0.0209	0.1908	0.0000	0.0971	0.0647	0.0099	0.0500	0.1155	1.0405
84	0.1875	0.0750	0.0750	0.1500	0.0000	0.0250	0.0480	0.0050	0.2089	0.0000	0.0803	0.0709	0.0102	0.0500	0.1284	1.1142
85	0.1875	0.0750	0.0750	0.1500	0.0000	0.0250	0.0493	0.0052	0.2682	0.0000	0.0822	0.0907	0.0121	0.0500	0.1419	1.2121
86	0.1875	0.0750	0.0750	0.1500	0.0000	0.0250	0.0500	0.0053	0.2655	0.0000	0.0897	0.1489	0.0130	0.0500	0.1558	1.2907
87	0.1875	0.0750	0.0750	0.1500	0.0000	0.0250	0.0500	0.0054	0.2594	0.0000	0.0588	0.1567	0.0140	0.0000	0.0000	1.0568
88	0.1875	0.0750	0.0750	0.1496	0.1484	0.0250	0.0500	0.0054	0.2699	0.0000	0.0592	0.1607	0.0145	0.0000	0.0000	1.2202
89	0.1875	0.0748	0.0748	0.1500	0.1476	0.0247	0.0000	0.0053	0.3064	0.0000	0.1096	0.1658	0.0154	0.0000	0.0000	1.2619
90	0.1875	0.0750	0.0750	0.1500	0.1500	0.0174	0.0000	0.0051	0.3299	0.0000	0.0827	0.1612	0.0157	0.0000	0.0000	1.2495
91	0.1833	0.0734	0.0734	0.1433	0.1845	0.0000	0.0000	0.0045	0.3105	0.0000	0.0657	0.1526	0.0150	0.0000	0.0000	1.2062
92	0.1728	0.0658	0.0658	0.1275	0.1591	0.0000	0.0000	0.0040	0.3061	0.0000	0.0764	0.1426	0.0144	0.0000	0.0000	1.1345
93	0.1810	0.0724	0.0724	0.1203	0.1451	0.0000	0.0000	0.0037	0.2721	0.0000	0.0816	0.1234	0.0138	0.0000	0.0000	1.0858
94	0.1787	0.0715	0.0715	0.1203	0.1427	0.0000	0.0000	0.0033	0.2495	0.0000	0.0398	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	0.1692	0.0658	0.0658	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	0.1063	0.0000	0.0000	0.0025	0.1914	0.0000	0.0370	0.0695	0.0108	0.0000	0.0000	0.8020
98	0.1032	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0023	0.1674	0.0000	0.0187	0.0586	0.0098	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	0.0451	0.0584	0.0103	0.0000	0.0000	0.3420
01	0.0988	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0018	0.1316	0.0000	0.0518	0.0494	0.0090	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	0.0638	0.0484	0.0087	0.0000	0.0000	0.3756
03	0.0972	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0019	0.1465	0.0000	0.0616	0.0467	0.0085	0.0000	0.0000	0.3624
04	0.0898	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0018	0.1694	0.0000	0.0641	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	0.1193	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0013	0.0687	0.0850	0.0545	0.0307	0.0112	0.0000	0.0000	0.3706
08	0.1220	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0012	0.0647	0.0795	0.0639	0.0333	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	0.0888	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	0.0894	0.0762	0.0865	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	0.0330	0.0099	0.0000	0.0000	0.4173
12	0.1178	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0011	0.0949	0.0785	0.0864	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	0.0941	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	0.1061	0.0839	0.1061	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	0.0754	0.1101	0.0226	0.0097	0.0000	0.0000	0.4253
16	0.0570	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0010	0.1034	0.0786	0.1456	0.0262	0.0093	0.0000	0.0000	0.4211
17	0.0562	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0010	0.1077	0.0833	0.1539	0.0299	0.0083	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	0.0083	0.0000	0.0000	0.4729
19	0.0000	0.0000	0.0000	0.0247	0.0501	0.0000	0.0000	0.0012	0.0990	0.0846	0.1762	0.0287	0.0083	0.0000	0.0000	0.4728

Police Pension Fund Actuarial Study Results

The preliminary results of the actuarial study were reviewed with the Police Pension Board on November 2nd by Jason Franken of Foster & Foster. With no changes to assumptions, the increase in the City contribution is \$45,388. This increase is due to the fact that the smoothed actuarial interest yield of 3.54% was less than the assumed rate of 6.75% coupled with increases in Tier 2 benefits further offset by gains associated with higher than expected inactive mortality. The percent funded remains at 59.3%.

Although the interest rate assumption of 6.75% is more than likely too high for a fund of less than \$10 million that is subject to a 45% equity investment limitation – the Board agreed to keep the rate the same due to investment consolidation in the next few years. As such, a total City contribution of \$679,478 is required and the Board approved the recommendation. This can be reduced by approximately \$22,000 in anticipated personal property replacement tax for a recommended tax levy of \$657,500 for the Police Pension Fund.

PRELIMINARY ESTIMATES
FOR REVIEW AND DISCUSSION PURPOSES ONLY
2020 PROPERTY TAX LEVY--TAXES PAYABLE IN 2021
CITY OF WASHINGTON, ILLINOIS

HISTORICAL INFORMATION

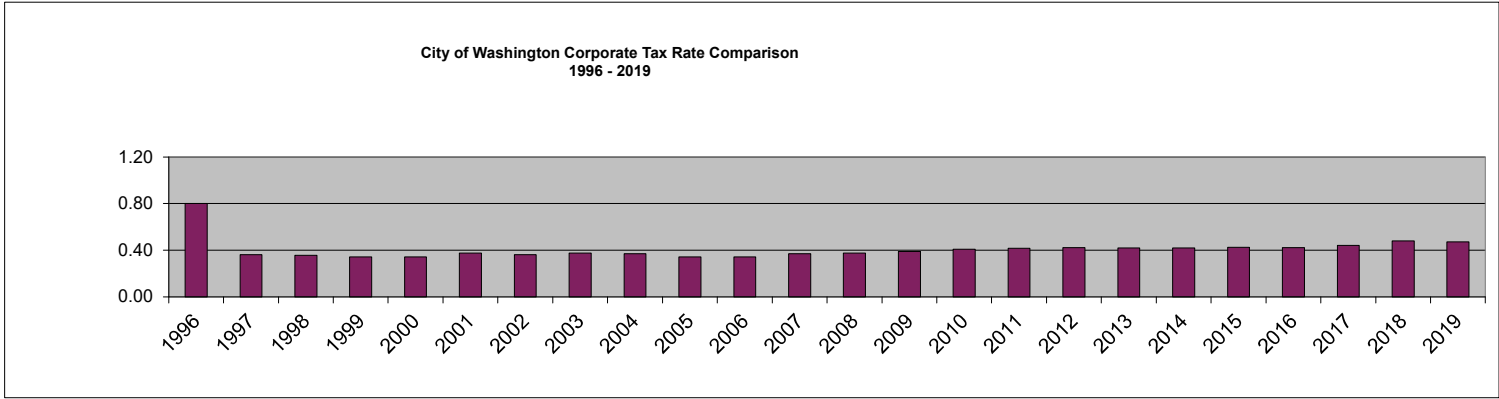
		Increase/(Decrease) from prior yr. EAV			
2002 RATE SETTING EAV	\$ 154,342,545	Actual			
2003 RATE SETTING EAV	167,136,747	Actual	8.3%		
2004 RATE SETTING EAV	176,947,970	Actual	5.9%		
2005 RATE SETTING EAV	201,006,532	Actual	13.6%		
2006 RATE SETTING EAV	223,223,855	Actual	11.1%		
2007 RATE SETTING EAV	250,528,233	Actual	12.2%	GF/Fire/Amb. Levy	Fire & Rescue Contract
2008 RATE SETTING EAV	270,622,000	Actual	8.0%		
2009 RATE SETTING EAV	291,456,522	Actual	7.7%	330,000	548,550 0.60
2010 RATE SETTING EAV	296,446,874	Actual	1.7%	330,000	567,810 0.58
2011 RATE SETTING EAV	302,711,642	Actual	2.1%	360,000	584,844 0.62
2012 RATE SETTING EAV	305,649,264	Actual	1.0%	360,000	602,382 0.60
2013 RATE SETTING EAV	312,276,092	Actual	2.2%	360,000	600,000 0.60
2014 RATE SETTING EAV	292,078,141	Actual	-6.5%	252,000	600,000 0.42
2015 RATE SETTING EAV	331,654,600	Actual	13.5%	354,950	600,000 0.59
2016 RATE SETTING EAV	343,361,222	Actual	3.5%	195,550	600,000 0.33
2017 RATE SETTING EAV	348,171,597	Actual	1.4%	195,579	698,000 0.28
2018 RATE SETTING EAV	348,418,651	Actual	0.1%	336,085	716,540 0.47
2019 RATE SETTING EAV	348,552,322	Actual	0.0%	260,648	721,652 0.36

Increase in Rate Setting EAV 2019
to 2020 due to NEW BUILDING
AND DEVELOPMENT \$ 1,706,070 Estimated This estimated amount due to building and development is offset by the reductions due to Board of Review changes and Veteran's exemptions

2020 PROJECTED Rate Setting EAV \$ 348,600,000 Tentative per Tazewell Co. as adjusted due to potential BOR and Veteran's Exemptions (reported at 350,216,416)
(reflects Veteran's exemptions - doesn't include BOR reductions)

Revenue Increase due to Growth
in Rate Setting EAV resulting from
New Bldg. and Development \$ - Estimated

0.01% increase in EAV - flat



2019 RATE SETTING EAV	\$ 348,552,322	Actual	0.0%
-----------------------	----------------	--------	------

\$	1,706,070	Estimated	This estimated amount due to building and development is offset by the reductions due to Board of Review changes and Veteran's exemptions
----	-----------	-----------	---

0.01% Increase in EAV - flat

ESTIMATED ADDITIONAL COST FOR CITY PORTION OF TAXES TO PROPERTY OWNER PER EACH \$1,000 IN TOTAL 2020 PROPERTY TAXES PAID ==>					
	\$	-	\$	2.45	\$ 4.57
Estimated Increased Cost to Taxpayer with a:					
2020 Total Tax Bill of \$1,000	\$	-	\$	2.45	\$ 4.57
2020 Total Tax Bill of \$2,000	\$	-	\$	4.90	\$ 9.14
2020 Total Tax Bill of \$3,000	\$	-	\$	7.35	\$ 13.71
2020 Total Tax Bill of \$4,000	\$	-	\$	9.80	\$ 18.28
2020 Total Tax Bill of \$5,000	\$	-	\$	12.25	\$ 22.85
2020 Total Tax Bill of \$7,500	\$	-	\$	18.37	\$ 34.27
2020 Total Tax Bill of \$10,000	\$	-	\$	24.49	\$ 45.70

Chart 1

Budgeted Revenues by Major Revenue Source FY20-21

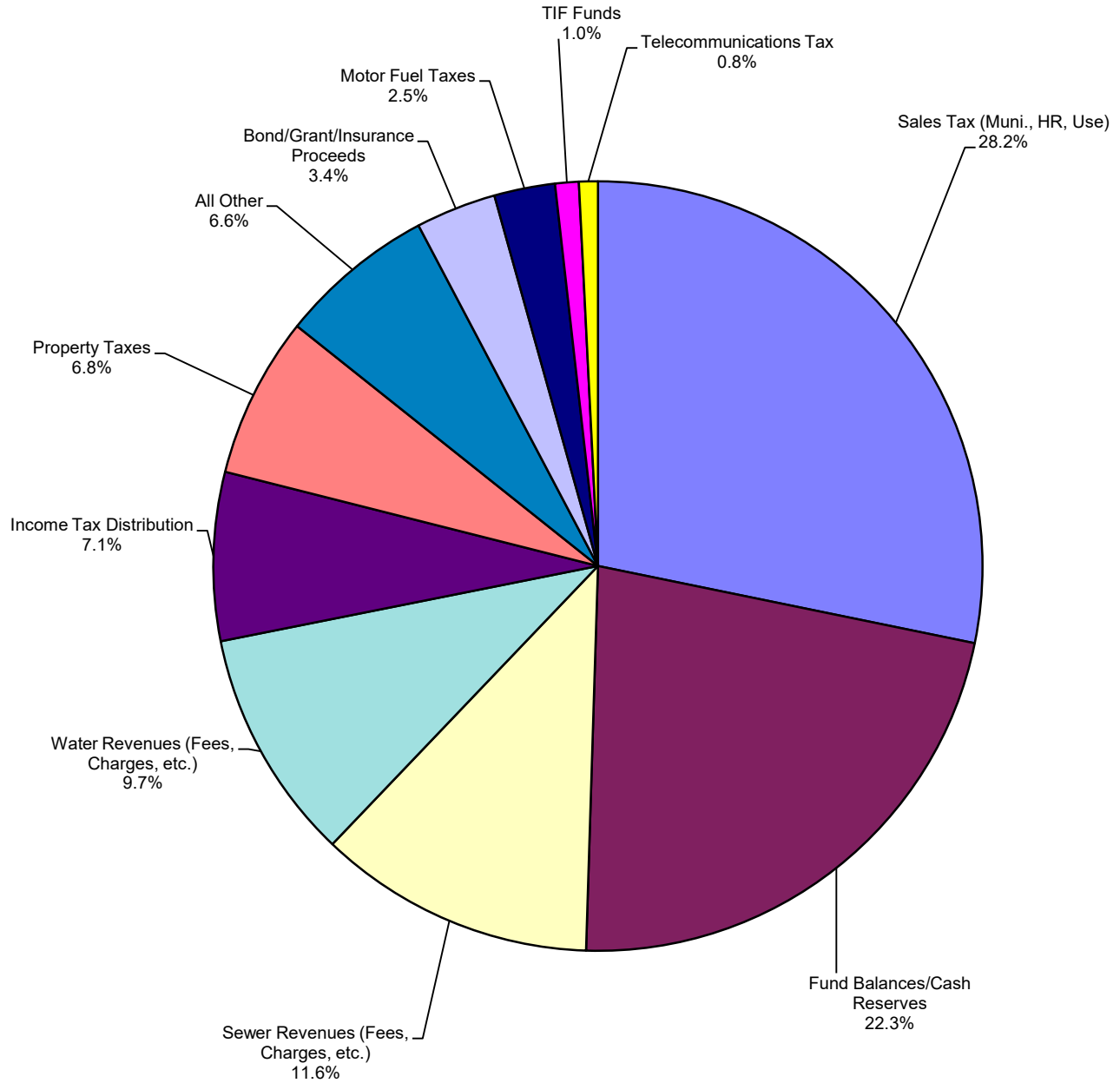


Chart 2

PROPERTY TAX DISTRIBUTION AMONG TAXING BODIES 2019 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.	\$ 0.53839	6.16%	\$ 61.56
CITY OF WASHINGTON	0.47279	5.41%	54.06
WCHS Dist. 308	2.89141	33.06%	330.60
Washington Twp.	0.45580	5.21%	52.12
Grade School Dist. (Average)	3.27564	37.45%	374.54
Com. College 514 (ICC)	0.48665	5.56%	55.64
Washington Park Dist.	0.40021	4.58%	45.76
Washington Lib. Dist.	<u>0.22493</u>	<u>2.57%</u>	<u>25.72</u>
	\$ 8.74582	100.00%	\$ 1,000.00

