



CITY OF WASHINGTON, ILLINOIS
Committee of the Whole Agenda Communication

Meeting Date: November 8, 2021

Prepared By: Joanie Baxter, Finance Director 

Agenda Item: Tax Levy Options

Explanation: Discussion of the tax levy options for the 2021 levy payable in 2022 will take place at the Committee of the Whole meeting. In addition, the following schedule will be followed:

Review Proposed Tax Levy Options	November 8, 2021
Resolution for Tentative Tax Levy	November 15, 2021
First Reading of Tax Levy Ordinance	December 6, 2021
Truth-In-Taxation Hearing, if required	December 13, 2021
Second Reading and Adoption	December 20, 2021
Deadline to File Tax Levy Ordinance	December 28, 2021

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 2022-23.

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 2021 – Items to Note

- Property taxes typically account for less than 10% of total budgeted revenues (6.8% for FY21-22) – 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; emergency management and fire and ambulance.
- For 2020 taxes payable in 2021, the City received, on average, approximately 5.53% 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 received an average of about 76% of the total property taxes paid. See Chart 2.
- The tentative total equalized assessed valuation (EAV) for 2021 as indicated by the Tazewell County Supervisor of Assessments is **\$351,562,232**. Staff is adjusting this figure for potential Board of Review disputes to **\$351,000,000**. This is a slight increase (.31%) compared to the prior year rate setting EAV of \$349,930,355 and represents only a 2% increase compared to the EAV of five years ago.
- The special levies require a total tax levy of \$1,512,242 which is a **\$43,515 increase** from the prior year. This increase is due mainly to increases in all three pension levies – \$30,581 increase for Police Pension, \$7,997 increase for IMRF and \$3,978 increase for Social Security/Medicare. Fortunately, the anticipated increase in the Audit levy is offset by a similar decrease in the Liability levy.

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 recent years, two separate levies were established for Fire and Ambulance and this approach is continued with the current levy discussion. Contractual increases of \$29,472 are reflected in the calculations.

Option 1: All special levies funded and other levies remain unchanged. This option would result in all special levies being fully funded as well as Fire and Ambulance levies of \$260,698 remaining intact. As such, the overall increase in the levy would be \$43,515 with no change to the Fire and Ambulance levies of \$260,698. The tax rate would be projected to be \$.50511, an increase of just over a penny from the prior year rate of \$.49422. Under this option, of the total estimated Fire/Ambulance contract cost of \$1,077,882 for FY22-23 – \$260,698 or 24.2% is funded by property tax and \$817,184 is funded through other General fund sources. **This option results in an overall increase of 2.52% over the prior year levy amount and thus a Truth-in-Taxation Hearing is not required.**

Option 2: All special levies funded plus additional amount to 4.99%. This option would result in all special levies being fully funded as well as Fire and Ambulance levies of \$260,698 remaining intact. An additional amount of \$42,750 would be available as a General Corp levy. The total levy would increase by \$86,265 over the prior year and the tax rate would be projected to increase to \$.51729. **This option results in an overall increase of 4.99% over the prior year levy amount and thus a Truth-in-Taxation Hearing is not required.**

Option 3: All special levies funded plus additional amount of \$200,000. This option would result in all special levies being fully funded as well as Fire and Ambulance levies of \$260,698 remaining intact. An additional amount of \$200,000 would be available as a General Corp levy that could be earmarked for Transportation and/or Stormwater initiatives as neither of these can have direct taxes levied. The total levy would increase by \$243,515 over the prior year. The tax rate would be projected to increase to \$.56209. **This option results in an overall increase of 14.08% over the prior year levy amount and thus a Truth-in-Taxation Hearing is required.**

Option 4: All special levies funded plus additional amount of \$400,000. This option would result in all special levies being fully funded as well as Fire and Ambulance levies of \$260,698 remaining intact. An additional amount of \$400,000 would be available as a General Corp levy that could be earmarked for Transportation and/or Stormwater initiatives as neither of these can have direct taxes levied. The total levy would increase by \$443,515 over the prior year. The tax rate would be projected to increase to \$.61907. **This option results in an overall increase of 25.65% over the prior year levy amount and thus a Truth-in-Taxation Hearing is required.**

Historical Tax Rates

CITY OF WASHINGTON WASHINGTON, ILLINOIS MUNICIPAL PROPERTY TAX RATE COMPARISON 1981 - 2020																	
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	0.1810	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	0.0483	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	0.2685	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	0.0598	0.1587	0.0140	0.0000	0.0000	1.0868	
88	0.1875	0.0750	0.0750	0.1500	0.0000	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	0.1098	0.1658	0.0154	0.0000	0.0000	1.2819	
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	0.0897	0.1528	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	0.1428	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	0.1427	0.1371	0.0000	0.0000	0.0033	0.2496	0.0000	0.0398	0.1317	0.0112	0.0000	0.0000	1.0370	
95	0.1802	0.0721	0.0721	0.1436	0.1307	0.0000	0.0000	0.0031	0.2179	0.0000	0.0398	0.1121	0.0108	0.0000	0.0000	0.9738	
96	0.1892	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	0.8888	
97	0.1514	0.0582	0.0582	0.1167	0.1063	0.0000	0.0000	0.0026	0.1914	0.0000	0.0370	0.0895	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	0.0585	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	0.0060	0.0000	0.0000	0.3424	
02	0.1008	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0019	0.1619	0.0000	0.0638	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	0.1495	0.0000	0.0616	0.0487	0.0085	0.0000	0.0000	0.3624	
04	0.0899	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0018	0.1694	0.0000	0.0841	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	0.3908	
10	0.1113	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0011	0.0894	0.0762	0.0865	0.0358	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	0.0908	0.0793	0.0793	0.0390	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	0.0884	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	0.0098	0.0000	0.0000	0.4192	
14	0.0963	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0011	0.1081	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	0.0985	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	0.0282	0.0093	0.0000	0.0000	0.4211	
17	0.0582	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0010	0.1077	0.0853	0.1539	0.0299	0.0083	0.0000	0.0000	0.4402	
18	0.0966	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0010	0.0960	0.0847	0.1536	0.0299	0.0083	0.0000	0.0000	0.4728	
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	
20	0.0000	0.0000	0.0000	0.0246	0.0499	0.0000	0.0000	0.0012	0.1034	0.0903	0.1679	0.0286	0.0083	0.0000	0.0000	0.4642	

Police Pension Fund Actuarial Study Results

The preliminary results of the actuarial study were reviewed with the Police Pension Board on November 1st by Jason Franken of Foster & Foster. With no changes to assumptions, the increase in the City contribution is \$33,370. The Fund had impressive investment performance with a yield of 17.89%; however, the actuarial valuation incorporates a 5-year smoothing resulting in a 6.74% yield. Other factors affecting the results include Normal Cost increases due to an increase in number of active officers as well as payroll growth assumption. The percent funded improved from 59.3% to 61.2%.

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 pending investment consolidation. Additionally, the Fund is close to \$10 million in assets which would result in equity limitations increased to 65%. As such, a total City contribution of \$713,027 is required and the Board approved the recommendation. This can be reduced by approximately \$25,000 in anticipated personal property replacement tax for a recommended tax levy of \$688,100 for the Police Pension Fund.

PRELIMINARY ESTIMATES
FOR REVIEW AND DISCUSSION PURPOSES ONLY
2021 PROPERTY TAX LEVY—TAXES PAYABLE IN 2022
CITY OF WASHINGTON, ILLINOIS

2020 RATE SETTING EAV \$ 349,930,355 Actual Increase over prior year

Increase in Rate Setting EAV 2020
to 2021 due to NEW BUILDING
AND DEVELOPMENT \$ 2,100,340 Estimated This estimated amount due to building and development is offset by the potential reductions due to Board of Review changes

2021 PROJECTED Rate Setting EAV \$ 351,000,000 Tentative per Tazewell Co. as adjusted due to potential BOR reductions (reported at 351,562,232)

0.31% Increase in EAV - flat

260,698	Total Fire & Amb. Levy
1,077,882	Total Fire & Amb. Contract
816,914	Other Sources
29,472	incr. in contract

		OPTION NO. 1		OPTION NO. 2		OPTION NO. 3		OPTION NO. 4	
		Fund all special levies, other levies unchanged (Total levy amount increase is equal to the increase in the special levies and Fire/Ambulance levy remains unchanged; \$816,914 of Fire/Ambulance contract funded through other General sources)		Fund all special levies; additional to 4.99% (Total levy amount increase is equal to the increase in the special levies and Fire/Ambulance levy remains unchanged; additional amount to result in 4.99% increase in tax levy)		Fund all special levies and add \$200,000 (Total levy amount increase is equal to the increase in the special levies and Fire/Ambulance levy remains unchanged; additional \$200,000 General Corp. levy for Transportation and/or Stormwater purposes)		Fund all special levies and add \$400,000 (Total levy amount increase is equal to the increase in the special levies and Fire/Ambulance levy remains unchanged; additional \$400,000 General Corp. levy for Transportation and/or Stormwater purposes)	
LEVY	2020 Extension	2021 Tax Levy	Proposed Change 20 to 21	2021 Tax Levy	Proposed Change 20 to 21	2021 Tax Levy	Proposed Change 20 to 21	2021 Tax Levy	Proposed Change 20 to 21
Retirement/Pension Levies									
Police Pension	657,519	688,100	30,581	688,100	30,581	688,100	30,581	688,100	30,581
IMRF	362,003	370,000	7,997	370,000	7,997	370,000	7,997	370,000	7,997
SSI/Medicare	316,022	320,000	3,978	320,000	3,978	320,000	3,978	320,000	3,978
Subtotal	1,335,544	1,378,100	42,556	1,378,100	42,556	1,378,100	42,556	1,378,100	42,556
Other									
Tort Judgments/Liability	100,010	95,000	(5,010)	95,000	(5,010)	95,000	(5,010)	95,000	(5,010)
Audit	29,009	35,000	5,991	35,000	5,991	35,000	5,991	35,000	5,991
Civil Defense	4,164	4,142	(22)	4,142	(22)	4,142	(22)	4,142	(22)
Fire	86,048	86,048	-	86,048	-	86,048	-	86,048	-
Ambulance	174,650	174,650	-	174,650	-	174,650	-	174,650	-
General Corporate Fund	-	-	-	42,750	42,750	200,000	200,000	400,000	400,000
Subtotal	393,881	394,840	959	437,590	43,709	594,840	200,959	794,840	400,959
GRAND TOTAL LEVY	\$1,729,425	\$ 1,772,940	\$ 43,515	\$ 1,815,690	\$ 86,265	\$ 1,972,940	\$ 243,515	\$ 2,172,940	\$ 443,515
PERCENT CHANGE IN LEVY TAX RATE	\$0.49422	\$0.50511 (Est.)		\$0.51729 (Est.)		\$0.56209 (Est.)		\$0.61907 (Est.)	
TRUTH IN TAXATION HEARING REQUIRED		NO		NO		YES		YES	
Increase over prior year		2.52%		4.99%		14.08%		25.65%	

ESTIMATED ADDITIONAL COST FOR CITY PORTION OF TAXES TO PROPERTY OWNER
PER EACH \$1,000 IN TOTAL 2021 PROPERTY TAXES PAID ==> \$ 1.27 \$ 2.58 \$ 7.91 \$ 15.88

Estimated Increased Cost to Taxpayer with a:									
2021 Total Tax Bill of \$1,000	\$	1.27	\$	2.58	\$	7.91	\$	15.88	
2021 Total Tax Bill of \$2,000	\$	2.54	\$	5.16	\$	15.83	\$	31.75	
2021 Total Tax Bill of \$3,000	\$	3.81	\$	7.74	\$	23.74	\$	47.63	
2021 Total Tax Bill of \$4,000	\$	5.08	\$	10.32	\$	31.66	\$	63.50	
2021 Total Tax Bill of \$5,000	\$	6.35	\$	12.90	\$	39.57	\$	79.38	
2021 Total Tax Bill of \$7,500	\$	9.53	\$	19.35	\$	59.36	\$	119.07	
2021 Total Tax Bill of \$10,000	\$	12.71	\$	25.80	\$	79.15	\$	158.76	

Chart 1
Budgeted Revenues by Major Revenue Source
FY21-22

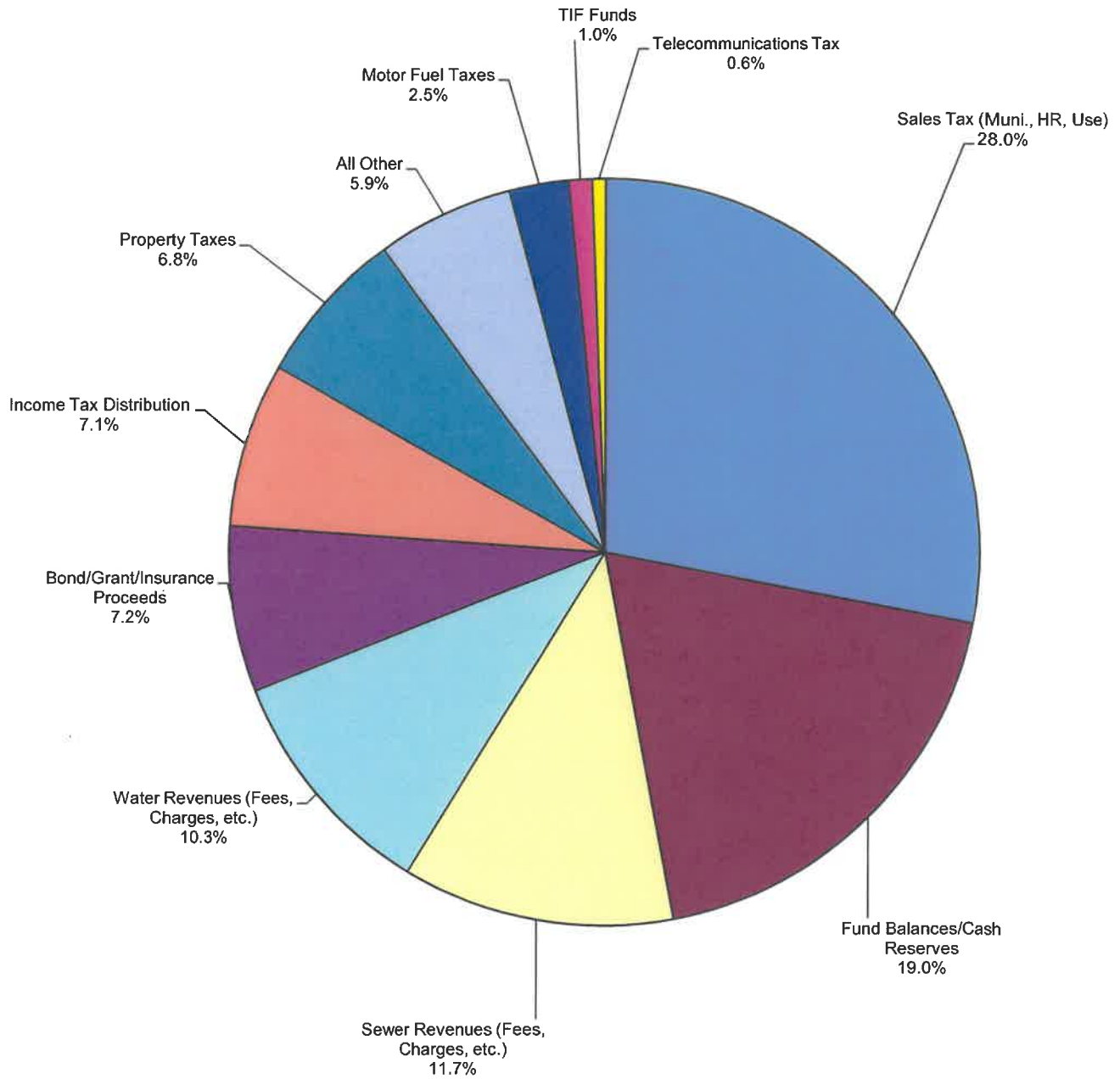


Chart 2

PROPERTY TAX DISTRIBUTION AMONG TAXING BODIES 2020 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.	\$ 0.55084	6.17%	\$ 61.67
CITY OF WASHINGTON	0.49422	5.53%	55.33
WCHS Dist. 308	2.95462	33.08%	330.81
Washington Twp.	0.46600	5.22%	52.18
Grade School Dist. (Average)	3.33565	37.35%	373.47
Com. College 514 (ICC)	0.48930	5.48%	54.78
Washington Park Dist.	0.41078	4.60%	45.99
Washington Lib. Dist.	<u>0.23006</u>	<u>2.58%</u>	<u>25.76</u>
	\$ 8.93147	100.00%	\$ 1,000.00

