



CITY OF WASHINGTON, ILLINOIS
Committee of the Whole Agenda Communication

Meeting Date: November 6, 2023

Prepared By: Joanie Baxter, Finance Director *JB*
Jim Snider, City Administrator

Agenda Item: 2023 Tax Levy Discussion

Explanation: Discussion of the tax levy for the 2023 levy payable in 2024 will take place at the Committee of the Whole meeting. In addition, the following schedule will be followed:

Review Proposed Tax Levy	November 13, 2023
Resolution for Tentative Tax Levy	November 20, 2023
First Reading of Tax Levy Ordinance	December 4, 2023
Truth-In-Taxation Hearing	December 4, 2023
Second Reading and Adoption	December 18, 2023
Deadline to File Tax Levy Ordinance	December 26, 2023

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 and General Corp levies in the General Fund. These are funds to be received in FY 2024-25.

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. As part of the tax levy discussion, the Police Pension levy as recommended by the Police Pension Board will also be determined.

**FOR REVIEW AND DISCUSSION PURPOSES ONLY
2023 PROPERTY TAX LEVY--TAXES PAYABLE IN 2024
CITY OF WASHINGTON, ILLINOIS**

Increase in Rate Setting EAV 2022 to 2023 due to NEW BUILDING AND DEVELOPMENT \$

AND DEVELOPMENT	\$	2,595,630	Estimated
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2023 PROJECTED Rate Setting EAV	\$ 395,500,000	Tentative	per Tazewell Co. as adjusted due to potential BOR reductions (reported at 396,223,807)
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164.143 additional revenue due to increase in EAV

**ESTIMATED ADDITIONAL COST FOR CITY PORTION OF TAXES TO PROPERTY OWNER
PER EACH \$1,000 IN TOTAL 2023 PROPERTY TAXES PAID ==>**

2023 Total Tax Bill of \$1,000
2023 Total Tax Bill of \$2,000
2023 Total Tax Bill of \$3,000
2023 Total Tax Bill of \$4,000
2023 Total Tax Bill of \$5,000
2023 Total Tax Bill of \$7,500
2023 Total Tax Bill of \$10,000

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Proposed Tax Levy 2023 – Items to Note

- Property taxes typically account for about 10% of total **governmental** revenues. The largest share (over 76%) of the City's proposed property tax levy is committed to retirement and pension benefit costs. Other levies include: liability insurance; audit services; emergency management, fire and ambulance and General Corp.
- For 2022 taxes payable in 2023, the City received, on average, approximately **5.85%** 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 75.5% of the total property taxes paid.
- The tentative total equalized assessed valuation (EAV) for 2023 as indicated by the Tazewell County Supervisor of Assessments is **\$396,223,807**. Staff is adjusting this figure for potential Board of Review disputes based on historical data to **\$395,500,000**. This represents **an 8.41% increase in the EAV** compared to the prior year EAV of \$364,821,153 and is the largest increase since 2007 of 12.2% (excluding the 2015 increase of 13.5% which resulted from tornado recovery efforts).
- The special funds have some excess reserves that can be drawn from and as such, Staff is recommending that they either stay the same as the 2022 levy or be reduced in accordance with anticipated expenses.
- The Police Pension Fund required contribution is an increase of \$64,485 over the 2022 levy. In addition, because of a trend of decreasing funded ratios and an attempt to mitigate the significantly increased contributions that are anticipated to be necessary to meet the 90% by 2040 mandated funded ratio, the Police Pension Board is requesting that the City Council consider an additional contribution to the Fund. Because of the increase in the EAV which allows for additional levy amounts without increasing the tax rate – Staff recommends that **an additional \$100,000 be levied for the Police Pension Fund** for the 2023 levy.
- Because of the increase in the EAV - the **total additional levy that can be added to the total levy without increasing the tax rate is \$164,143**. The total levied for Police Pension including the additional levy amount is \$164,485. The decrease in the required IMRF and other levies can be added to the General Fund levy, bringing the total to \$92,900 for General-Corp.
- An abatement ordinance will be included to abate the taxes that would be levied for the new Stormwater Management bond issue in the amount of \$476,750. The debt service for these bonds will be paid with alternative revenue, namely the .5% Home Rule Sales Tax enacted for this purpose.

Tax Levy Recommendation

Recommendation: It is the recommendation of Staff to take full advantage of the increase in the assessed valuation and levy accordingly. **As such, the recommendation is to increase the overall levy equal to the increase in EAV with no change in overall tax rate.** This would result in the Police Pension Fund levy being increased by the required contribution amount as well as an additional \$100,000 contribution. An additional amount of \$21,760 would also be available to add to the General Corp levy and the Fire and Ambulance levies would remain the same. The total levy would increase by \$164,143 over the prior year and the **tax rate would be projected to remain unchanged at \$.53506**. This results in an overall increase of 8.41% over the prior year levy amount and thus a Truth-in-Taxation Hearing IS required.

Police Pension Fund Actuarial Study Results

The preliminary results of the actuarial study were reviewed with the Police Pension Board on October 30th by Jason Franken of Foster & Foster. The interest rate assumption of 6.75% remained unchanged as it is slightly lower than the one used by IPOPIF. Other assumptions also remained unchanged. The FY22-23 interest yield based on a 5-year smoothed actuarial rate was 4.09% compared to 5.26% in the prior year. Even though the fund didn't end up with a very favorable position at the end of the fiscal year, because of the 5-year smoothing, the effect of the actual yield based on the market value of 2.11% is minimized. The percent funded decreased slightly to 57.1%. A total City contribution of \$863,501 is required and the Board approved the recommendation. This can be reduced by approximately \$33,001 in anticipated personal property replacement tax for a **recommended tax levy of \$830,500 for the Police Pension Fund.**

The Board is concerned about the declining funded ratios and discussed with the actuary what that means in terms of meeting the 90% mandated funded ratio by 2040. Even though the City has always made the required contributions and is doing so to meet a 100% funded ratio by 2040 which is a higher standard than the State requires – our actuary agrees that it is going to be more and more difficult to meet the funding requirements as we get closer to 2040 and the amortization period continues to decrease. We plan to talk in the next couple of years about adopting an alternative funding strategy that may be more manageable, but in the meantime, he agreed that adding additional funds as available would be advisable.

Historical Tax Rates, Equalized Assessed Valuation and Property Tax Distribution

CITY OF WASHINGTON WASHINGTON, ILLINOIS																	
MUNICIPAL PROPERTY TAX RATE COMPARISON 1981 - 2022																	
TAX YR	GEN.	STREETS	POLICE	FIRE	AMB.	CEM.	WRKG CASH	ESDA	IMRF	SSI/ MC	POLICE PEN.	LIA. INS.	AUDIT	PUBLIC BENEFIT	BOND & INT.	REVENUE RECAP.	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	0.0000	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	0.0000	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	0.0000	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	0.0000	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	0.0000	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	0.0000	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	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	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	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	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	0.0000	1.2052
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	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	0.0000	1.0858
94	0.1787	0.0715	0.0715	0.1427	0.1371	0.0000	0.0000	0.0033	0.2495	0.0000	0.0398	0.1317	0.0112	0.0000	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	0.0000	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	0.0000	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	0.0000	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	0.0000	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	0.0000	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	0.0000	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	0.0000	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	0.0000	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	0.0000	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	0.0000	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	0.0000	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	0.0000	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	0.0000	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	0.0000	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	0.0000	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	0.0000	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	0.0000	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	0.0000	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	0.0000	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	0.0000	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	0.0000	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	0.0000	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	0.0000	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	0.0000	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	0.0000	0.4728
20	0.0000	0.0000	0.0000	0.0246	0.0499	0.0000	0.0000	0.0012	0.1034	0.0903	0.1879	0.0286	0.0083	0.0000	0.0000	0.0000	0.4942
21	0.0285	0.0000	0.0000	0.0245	0.0497	0.0000	0.0000	0.0012	0.1053	0.0911	0.1958	0.0270	0.0100	0.0000	0.0000	0.0017	0.5347
22	0.0195	0.0000	0.0000	0.0236	0.0479	0.0000	0.0000	0.0011	0.1014	0.0918	0.2100	0.0315	0.0082	0.0000	0.0000	0.0000	0.5351

Tax Levy Equalized Assessed Valuation (EAV)

			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%
2018 RATE SETTING EAV	348,418,651	Actual	0.1%
2019 RATE SETTING EAV (FY20-21)	348,552,322	Actual	0.0%
2020 RATE SETTING EAV (FY21-22)	349,930,355	Actual	0.4%
2021 RATE SETTING EAV (FY22-23)	351,363,677	Actual	0.4%
2022 RATE SETTING EAV (FY23-24)	364,821,153	Actual	3.8%
2023 RATE SETTING EAV (FY24-25)	395,500,000	Estimated	8.4%

Property Tax Distribution