



CITY OF WASHINGTON, ILLINOIS
Committee of the Whole Agenda Communication

Meeting Date: November 11, 2024

Prepared By: Joanie Baxter, CPA – Finance Director *JB*

Agenda Item: 2024 Tax Levy Discussion

Explanation: Discussion of the tax levy for the 2024 levy payable in 2025 will take place at the Committee of the Whole meeting. In addition, the following schedule will be followed:

Review Proposed Tax Levy	November 11, 2024
Resolution for Tentative Tax Levy	November 18, 2024
First Reading of Tax Levy Ordinance	December 2, 2024
Truth-In-Taxation Hearing	December 9, 2024
Second Reading and Adoption	December 16, 2024
Deadline to File Tax Levy Ordinance	December 24, 2024

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 2025-26.

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. If anyone has questions that would be helpful to have answered before the meeting – please feel free to contact me.

Proposed Tax Levy 2024 – Items to Note

- Property taxes typically account for about 8-10% of total **governmental** revenues. The largest share (over 68%) 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 2023 taxes payable in 2024, the City received, on average, approximately **6.04%** 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 75.4% of the total property taxes paid.
- The tentative total equalized assessed valuation (EAV) for 2024 as indicated by the Tazewell County Supervisor of Assessments is **\$429,922,277**. Staff is adjusting this figure for potential Board of Review disputes based on historical data to **\$428,000,000**. As adjusted, this represents **an 8.55% increase in the EAV** compared to the 2023 final EAV of \$394,272,725. The additional revenue that can be generated because of this increase in the EAV is \$181,053.
- This is the second consecutive year of an over 8% increase in the EAV and thus Staff reached out to April Morgan with the Township Assessor's Office to discuss. April indicated that the main driving force behind the increase is the real estate market in which houses are being purchased well over the asking price, in turn increasing the values. Values are reviewed and equalized on a 3-year lookback period so even though the quadrennial reassessment was completed last year – the rising real estate prices are still affecting values which as a result has increased the City's overall EAV.
- The special funds, including the Police Pension Fund, require a net increase of \$70,921. The additional \$100,000 contributed to the Police Pension Fund for the 2023 levy is not being requested this year and thus allows those funds to be directed toward the fire and ambulance contract increase.
- The fire and ambulance contract that was approved by the City Council last month results in an annual expense of **\$1,403,756 which reflects an increase of \$307,354 over the prior year**. The past few years, a total of \$260,772 has been included in the tax levy for this contract.
- 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 \$474,750. 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 Options

Two different options are shown as indicated:

Option 1 – Fully funds all the special levies, keeps the General Corp levy the same, and **adds \$210,132 towards the total fire and ambulance contract increase of \$307,354. The tax rate remains unchanged at \$.53676** and the levy increases \$181,053 resulting in an 8.56% increase in the levy and thus requiring a Truth-In-Taxation hearing. Note that this option would result in 33.5% of the fire and ambulance contract being paid by the fire and ambulance levy with the remainder (\$932,852) coming from other General Fund sources.

Option 2 – Fully funds all the special levies, keeps the General Corp levy the same, and **adds the full amount of the fire and ambulance contract increase of \$307,354 to the levy. The tax rate increases to \$.55948** and the levy increases \$278,275 resulting in a 13.15% increase in the levy and thus requiring a Truth-In-Taxation hearing. Note that this option would result in 40.5% of the fire and ambulance contract being paid by the levy with the remainder (\$835,630) coming from other General Fund sources.

Recommendation: It is the recommendation of Staff to take full advantage of the increase in the assessed valuation and levy accordingly, which both of these options do. **The difference between the options is fully funding the total annual increase for the fire and ambulance of \$307,354 through the tax levy and thus increasing the tax rate or funding the increase up to the amount of \$210,132 which will keep the projected tax rate unchanged.** In both cases, the levy increase amount exceeds 5% and thus a Truth-In-Taxation hearing will be required.

Police Pension Fund Actuarial Study Results

The preliminary results of the actuarial study were reviewed with the Police Pension Board on November 4th 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 FY23-24 interest yield based on a 5-year smoothed actuarial rate was 4.79% compared to 4.09% in the prior year. Even though the fund had a favorable market value interest rate of 8.53% as compared to the assumption, the effect of the 5-year smoothing reduces the actuarial interest rate. Using the 5-year smoothing is beneficial to help offset the years when the interest yield fell short of the assumption as it has in three of the last five years, but as a result of the smoothing, the losses are carried forward and a percentage recognized each year over the five-year period. The percent funded increased only slightly from 57.1% to 57.6%, even with the additional \$100,000 contribution. A City contribution of \$891,341 is required and the Board approved the recommendation. This can be reduced by approximately \$34,041 in anticipated personal property replacement tax for a **recommended tax levy of \$857,300 for the Police Pension Fund.** The Board is not requesting an additional contribution this year.

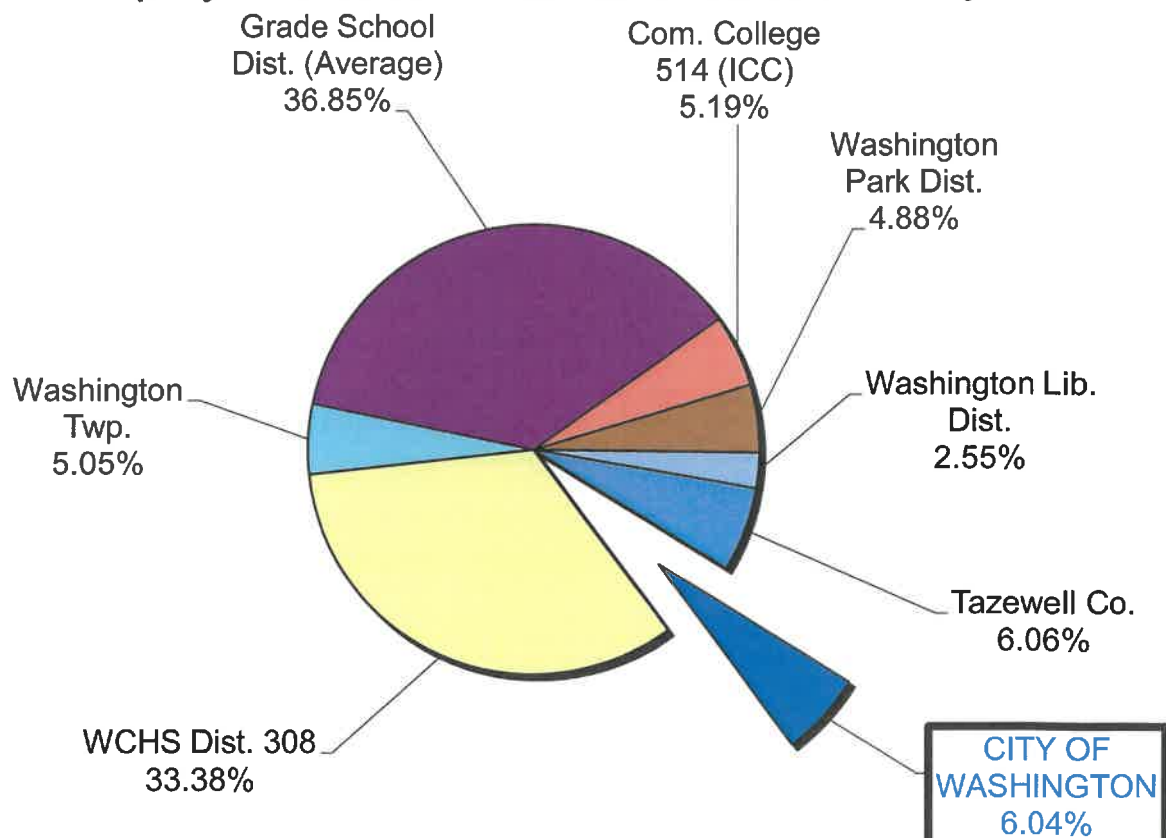
Historical Tax Rates, Equalized Assessed Valuation and Property Tax Distribution

CITY OF WASHINGTON WASHINGTON, ILLINOIS																	
MUNICIPAL PROPERTY TAX RATE COMPARISON 1981 - 2023																	
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	0.1882	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	1.2062
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	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	0.1634	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	0.0396	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	0.0355	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	0.0582	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	0.0985	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
23	0.0236	0.0000	0.0000	0.0218	0.0443	0.0000	0.0000	0.0010	0.0883	0.0850	0.2360	0.0292	0.0076	0.0000	0.0000	0.0000	0.5368

Tax Levy Equalized Assessed Valuation (EAV)

			<u>Increase/(Decrease) from prior yr. EAV</u>
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)	394,272,725	Actual	8.1%
2024 RATE SETTING EAV (FY25-26)	428,000,000	Estimated	8.6%

Property Tax Distribution - Based on final 2023 tax levy rates



PRELIMINARY ESTIMATES
FOR REVIEW AND DISCUSSION PURPOSES ONLY
2024 PROPERTY TAX LEVY--TAXES PAYABLE IN 2025
CITY OF WASHINGTON, ILLINOIS

2023 RATE SETTING EAV \$ 394,272,725 Actual

2024 PROJECTED Rate Setting EAV \$ 428,000,000 Tentative per Tazewell Co. as adjusted due to potential BOR reductions
 (reported at 429,922,277)

8.55% Increase in EAV

181,053 additional revenue due to increase in EAV

LEVY	2023 Extension	Tax rate remains unchanged (Total levy amount increase is equal to the increase in the special levies less the \$100,000 PPF extra contr. from prior year plus \$202,832 addt'l in Fire/Amb levy)		Tax rate increases (Total levy amount increase is equal to the increase in the special levies less the \$100,000 PPF extra contr. from prior year plus \$307,354 incr. Fire/Amb contract)	
		2024 Tax Levy	Proposed Change 23 to 24	2024 Tax Levy	Proposed Change 23 to 24
<u>Retirement/Pension Levies</u>					
Police Pension	830,523	857,300	26,777	857,300	26,777
Police Pension - extra	100,000	-	(100,000)	-	(100,000)
IMRF	348,025	358,000	9,975	358,000	9,975
SSI/Medicare	335,014	355,000	19,986	355,000	19,986
	1,613,562	1,570,300	(43,262)	1,570,300	(43,262)
<u>Other</u>					
Tort Judgments/Liability	115,009	128,000	12,991	128,000	12,991
Audit	30,004	31,200	1,196	31,200	1,196
Civil Defense	4,022	4,018	(4)	4,018	(4)
Fire	86,070	164,816	78,746	256,286	170,216
Ambulance	174,702	306,088	131,386	311,840	137,138
General Corporate Fund	92,930	92,930	-	92,930	-
	502,737	727,052	224,315	824,274	321,537
GRAND TOTAL LEVY	\$ 2,116,299	\$ 2,297,352	\$ 181,053	\$ 2,394,574	\$ 278,275
TAX RATE	\$0.53676	\$0.53676 (Est.)		\$0.55948 (Est.)	
TRUTH IN TAXATION HEARING REQUIRED			YES		YES
Increase over prior year			8.56%		13.15%