

The Village of Alsip's 2018 Property Tax Year Levy

Presentation Topics

- ▶ Tax Year 2018 (TY18) Property Tax Levy Timetable
- ▶ How Your Tax Bill Is Created
- ▶ The Village's Total Equalized Assessed Value (EAV)
- ▶ Area TY17 Average Tax Rates
- ▶ Where Property Taxes Go Across All Taxing Bodies
- ▶ Governmental Revenues & Expenditures
- ▶ The Bond Levy (& Other Direct Debt)
- ▶ The Public Safety Pension and Retiree Healthcare (OPEB) Levies
- ▶ Historic Breakout of Where the Property Tax Levy Was Spent
- ▶ FY19 Budget
- ▶ The Determined 2018 Tax Levy

Property Tax Year 2018 Levy Timetable

- ▶ Monday, November 26, 2018:
Finance Director discussed the TY18 levy at the Finance Committee
- ▶ Friday, November 30:
Finance Committee agreed upon a TY18 2.50% aggregate levy increase
- ▶ Wednesday, December 5:
Draft tax levy ordinance posted at the Village's bulletin board
(not required by law and not done before)
- ▶ Wednesday, December 5:
Draft tax levy ordinance became available on website
(not required by law and not done before)
- ▶ Thursday, December 6:
Black Box Notice published in newspaper
(not required by law, and not done before when not required by law)
- ▶ Monday, December 17 at 7 pm: Truth In Taxation hearing (not required by law)
- ▶ Monday, December 17 7:30 pm Board Meeting: Tax levy vote
- ▶ Tuesday, December 25 (or earlier):
File the levy and certificates of abatement with Cook County (Deadline = the last Tuesday in December)

How Your Tax Bill Is Calculated

- ▶ <http://www.chicagotribune.com/news/watchdog/taxdivide/93410523-132.html>
- ▶ <https://www.youtube.com/watch?v=Q-rA2loFsKQ&t=3s>

Equalized Assessed Valuation

<u>TY08</u>	<u>TY09</u>	<u>TY10</u>	<u>TY11</u>	<u>TY12</u>	<u>TY13</u>	<u>TY14</u>	<u>TY15</u>	<u>TY16</u>	<u>TY17</u>
\$802,041,333	\$749,936,394	\$722,163,750	\$598,824,867	\$548,725,983	\$510,949,666	\$491,782,726	\$470,501,161	\$493,231,381	\$580,856,755

From tax year (TY) 2008 through tax year 2015, the Village's total EAV dropped 41.3%.

In tax year 2016 and 2017 the total EAV increased 23.5%.

The EAV is still 27.6% lower than in TY08.

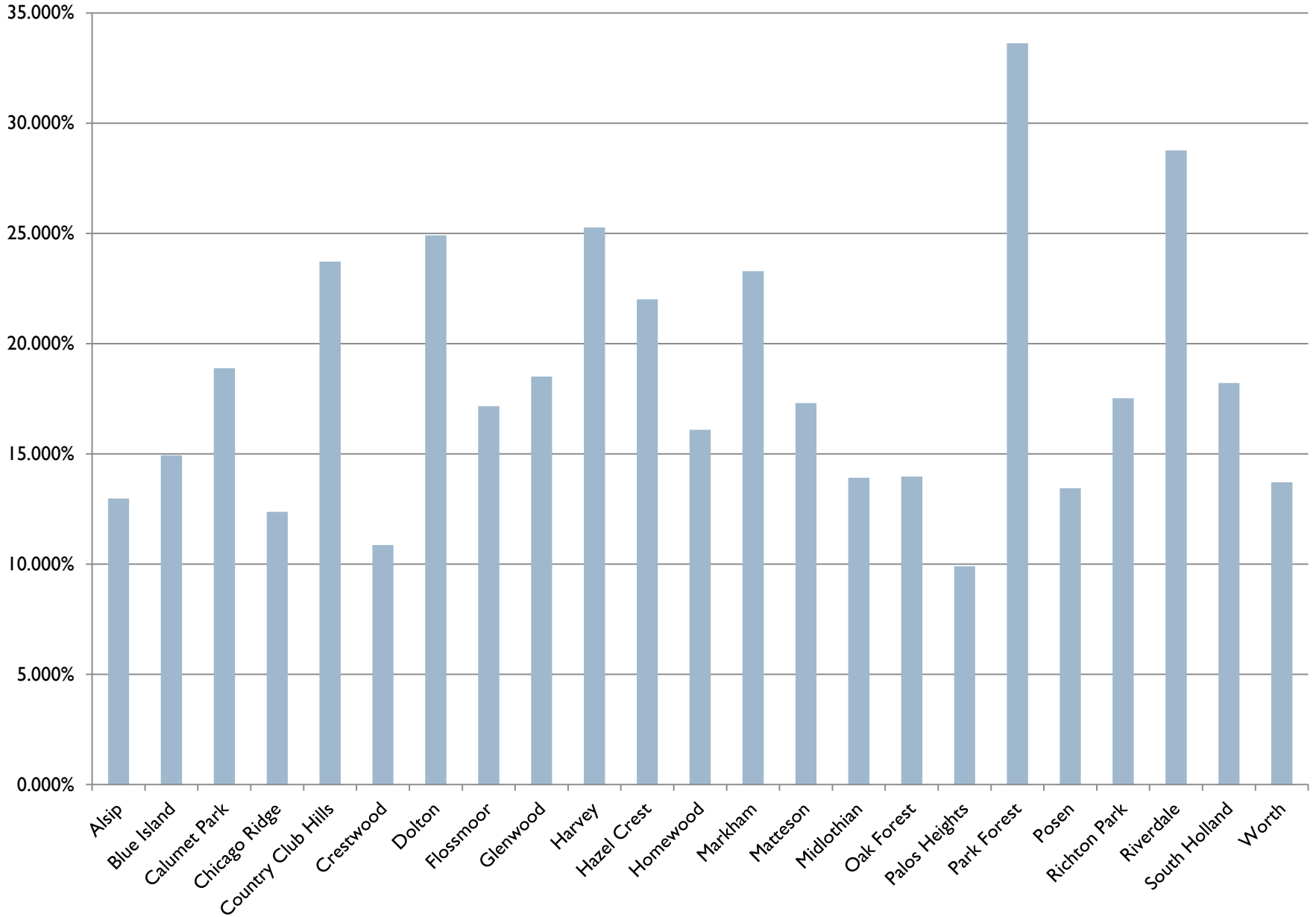
Since the tax rate varies inversely with the EAV, *and* because the Village levies by dollar amounts, the EAV usually neither affects individual tax bills, nor does it influence the amount of property tax receipts brought into the Village. The exception is in TIF districts, where a large EAV can bring in money. However, because of this large drop in EAV, most current TIFs have brought in little or no money for in recent years for potential economic development.

Residential 40.1%; Commercial 19.5%; Industrial 40.3%; Other 0.1%

Based on TY17 EAV

Tax Year 2016: 99.9% of taxes extended were distributed to the Village

Area TY17 Average Composite Tax Rates



Where Property Taxes Went in TY17



Elementary School District
(Avg. of Districts 125, 126, & 130)
36.4¢



Consolidated High School District 218
28.1¢



Village of Alsip
16.8¢



Other (Cook, Libr., Park D, MWRD, etc.)
18.7¢

TY18 Property Tax Increases

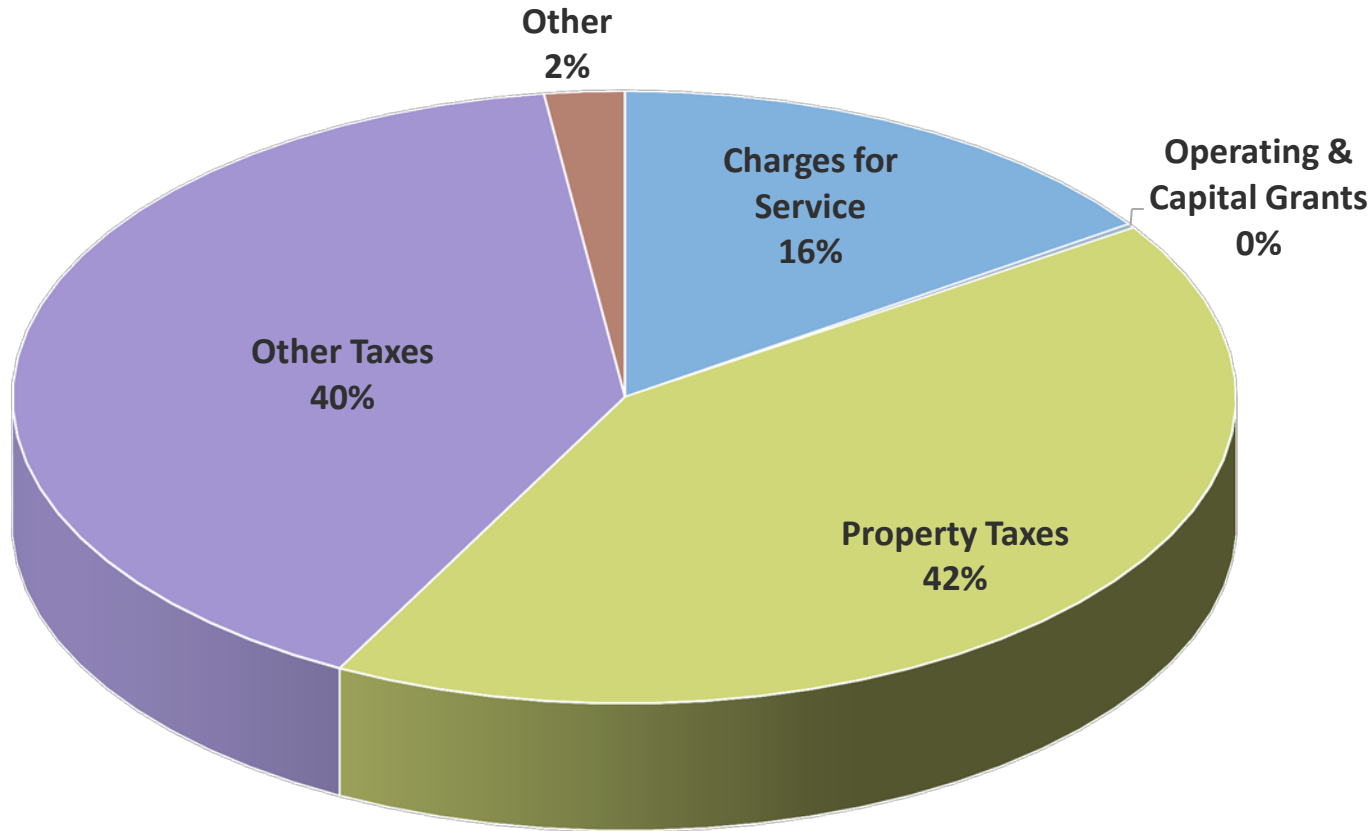
For a Home With a \$6,000 Property Tax

(For Those In School District 126)

	Percentage <u>Increase</u>	Annual \$ <u>Increase</u>	Monthly \$ <u>Increase</u>
▶ Elementary School District 126	2.50%	\$51.64	\$4.30
▶ Consolidated HS District 218	4.95%	\$86.16	\$7.18
▶ Village of Alsip	2.50%	\$26.00	\$2.17

Governmental Activities' Revenues

FY18: \$30.8 Million

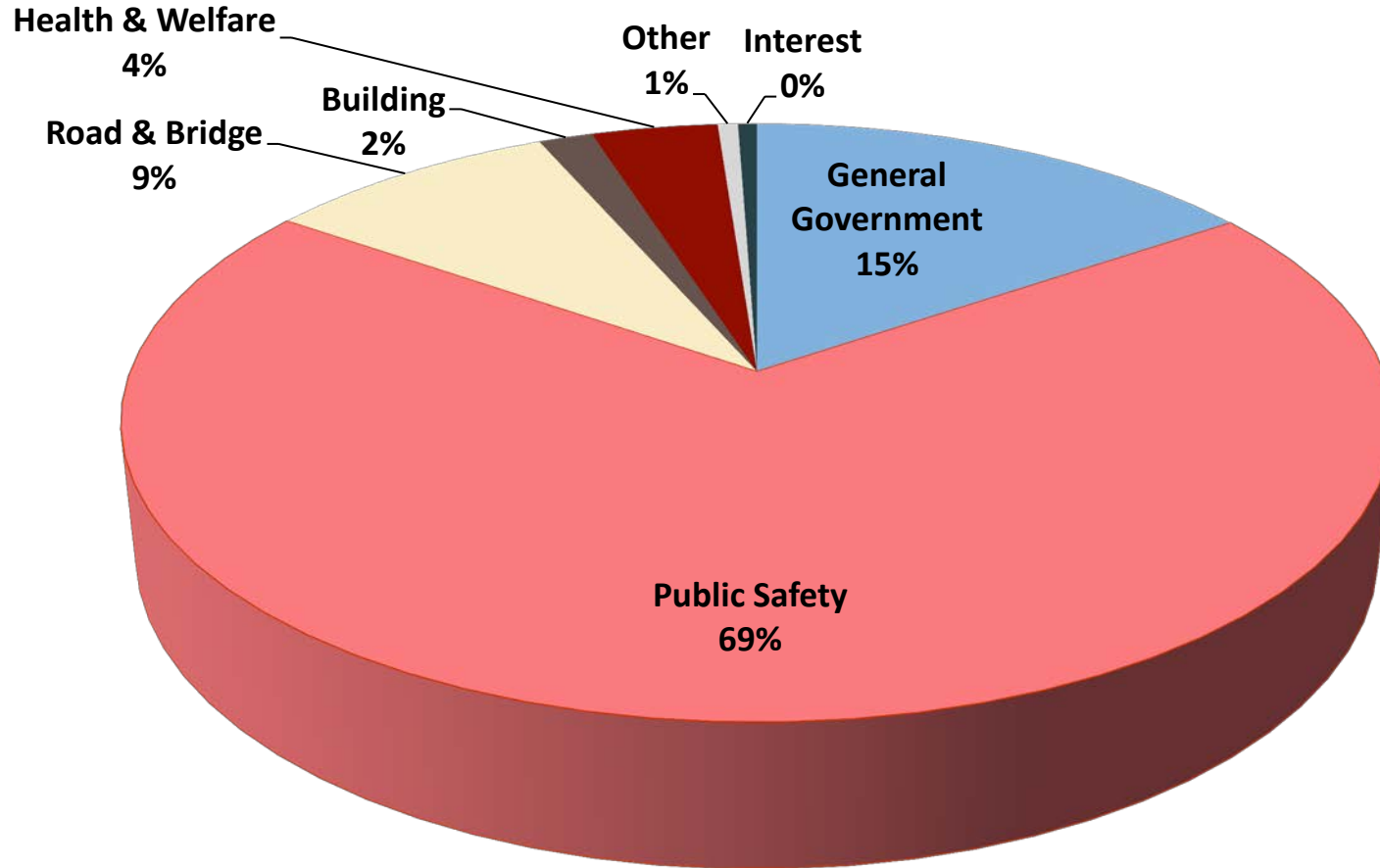


Property taxes totaled almost \$13.0 million

“Other Taxes” includes income tax (LGDF), fuel use, MFT, and real estate transfer taxes
“Other” includes interest, capital asset sales, transfers, grants, and insurance proceeds

Governmental Activities' Expenses

FY18: \$31.6 Million



“Other” includes forestry and storm sewer/drainage

The Bond Levy (& Other Direct Debt)

Bond Series or Loan	TY18 Amount Due	TY18 Abatement Amount	TY18 Levy Amount	TY18 Funding Source
2015 Bond (Refunded 2003 & Partially Adv. Ref. 2007)	\$ 680,200	\$ 640,552	\$ 39,648	Heritage I 23.1% Heritage II 5.9% Water & Sewer 65.1% Tax Levy 5.8%
2017 Bond (Refunded 2005B & Partially Adv. Ref. 2009A)	\$ 908,600	\$ 714,807	\$ 193,793	Heritage II 30.6% Road & Bridge 30.6% Water & Sewer 17.5% Tax Levy 21.3%
IEPA Loans 1 & 2	\$ 219,700	\$ 219,700	\$ 0	Water & Sewer 100%
Installment Contracts (LED Lighting & vehicles)	\$ 218,910	\$ 218,910	\$ 0	General Fund 19.4% Road & Bridge 80.6%
TOTAL	\$ 2,027,410	\$ 1,793,969	\$ 233,441	

Public Safety Pensions' Actuarial Assumptions

▶ Actuarially Recommended Tax Levy

- ▶ Reflects required practice for accounting standards
- ▶ Reflects Entry Age Normal Level % of Pay (Closed) funding; 100% amortization by 2040; Smoothed market (5-year avg. market value); L&A 2016 Assumption studies; 6.5% investment returns, net of administrative expenses; Individual payroll increases of 4-35.82% (a declining service based payroll scale) and a total payroll increase of 3.25%.

▶ Department of Insurance

- ▶ Projected Unit Cost (PUC) is a minimum funding method required per Illinois statute that does not reflect audit standards. The Village continues to exceed these requirements.
- ▶ Assumptions from IDOI's most recent report (2015 levy): PUC funding method; 90% funded in year 2040; 5-Year Smoothed market; RP 2014 Mortality table with Blue Collar Adjustment; Interest Rate 6.5%; Individual payroll increases of 3.5% to 12.5% and a total payroll growth rate of 3.5%.

Actuarially Calculated Benefit Levies

	FIRE PENSION	POLICE PENSION	OPEB (Indirectly Levied)
Approximate Rate of Investment Returns Ending 4/30/2017	7.4% (LY 7.6%)	6.4% (LY 6.9%)	0.0% (No Trust Yet Established)
Percent Funded (Actuarial Value): Period Ending 4/30/2017	54.07% (LY 56.25%)	33.95% (LY 35.64%)	0% (4/30/18 bank balance: \$5,448,983)
Actuarial Report's Levy Requirement (w/o reserve)	\$2,211,446 (LY \$2,179,521)	\$3,390,059 (LY \$3,570,367)	\$2,859,979 (LY \$3,080,881)
2018 Tax Year Levy Amt. (w/o reserve)	\$2,211,446 (LY \$2,179,521)	\$3,390,059 (LY \$3,570,367)	\$1,155,349 (LY \$1,295,149)

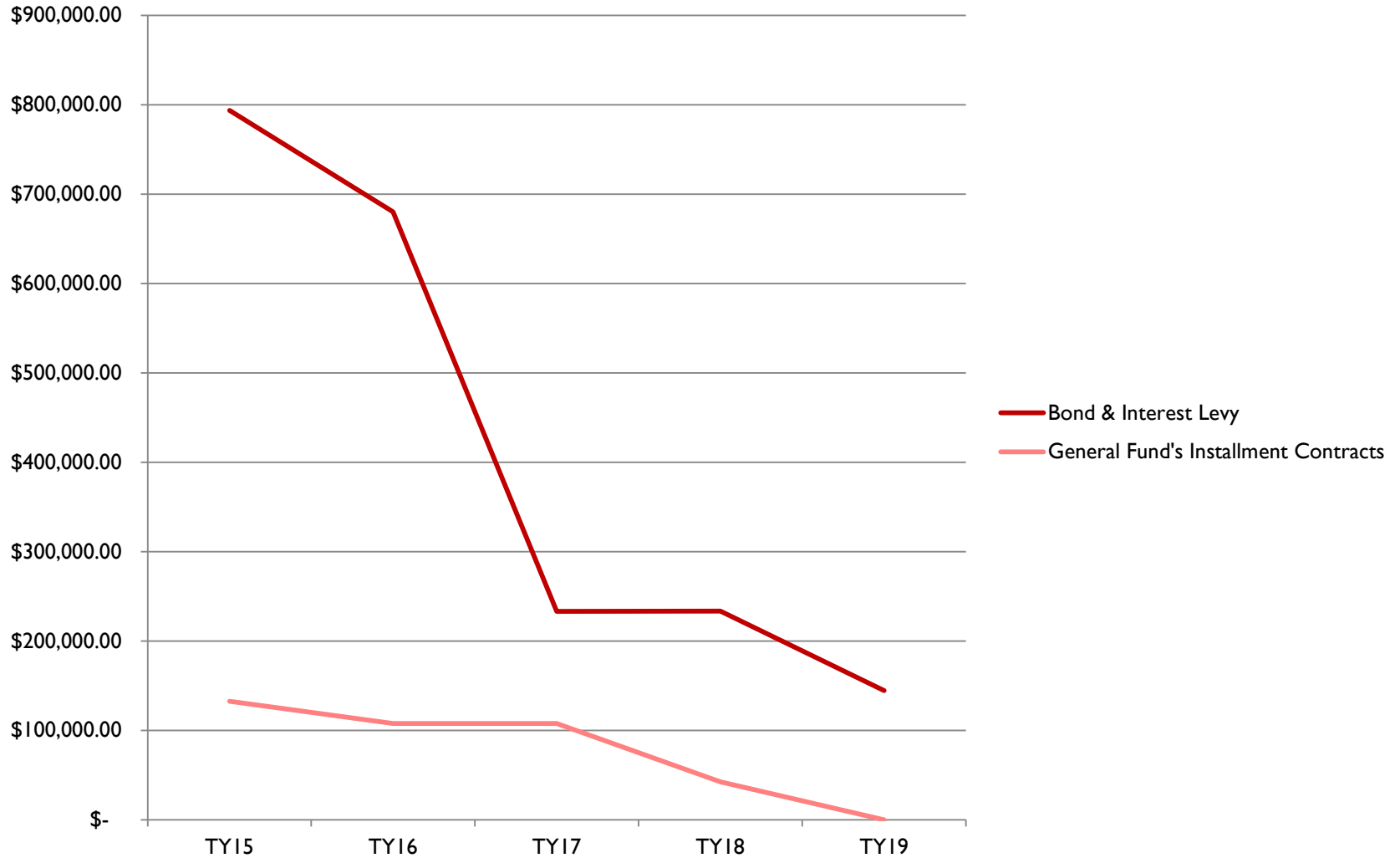
- ▶ Due rapid increases, starting with TY15 the Village began not levying enough to make the full required contribution rates for public safety pensions
- ▶ The Village only started levying for OPEB in TY16, but only at 10.0% of the required contribution amount
- ▶ In TY17 the Village restored full funding of all retiree defined benefit plans. In May 2018 the Village Board passed a funding policy to fully fund the collective ADCs of all four retiree defined benefit plans (included IMRF).

Last 5 Years of Retiree Benefit Levies

Tax Years 2013-2018	5 Year Actual Levy Increase (\$) (includes reserves)	5 Year Actual Levy Increase (%) (includes reserves)	5 Year Actuarially Determined Contribution Increase (\$)	5 Year Actuarially Determined Contribution Increase (%)
Fire Pension	\$ 797,353	53.86%	\$ 731,010	49.38%
Police Pension	\$1,343,276	62.52%	\$1,241,574	57.79%
OPEB	\$1,155,349	No 2013 Levy	\$1,859,242	186.91%

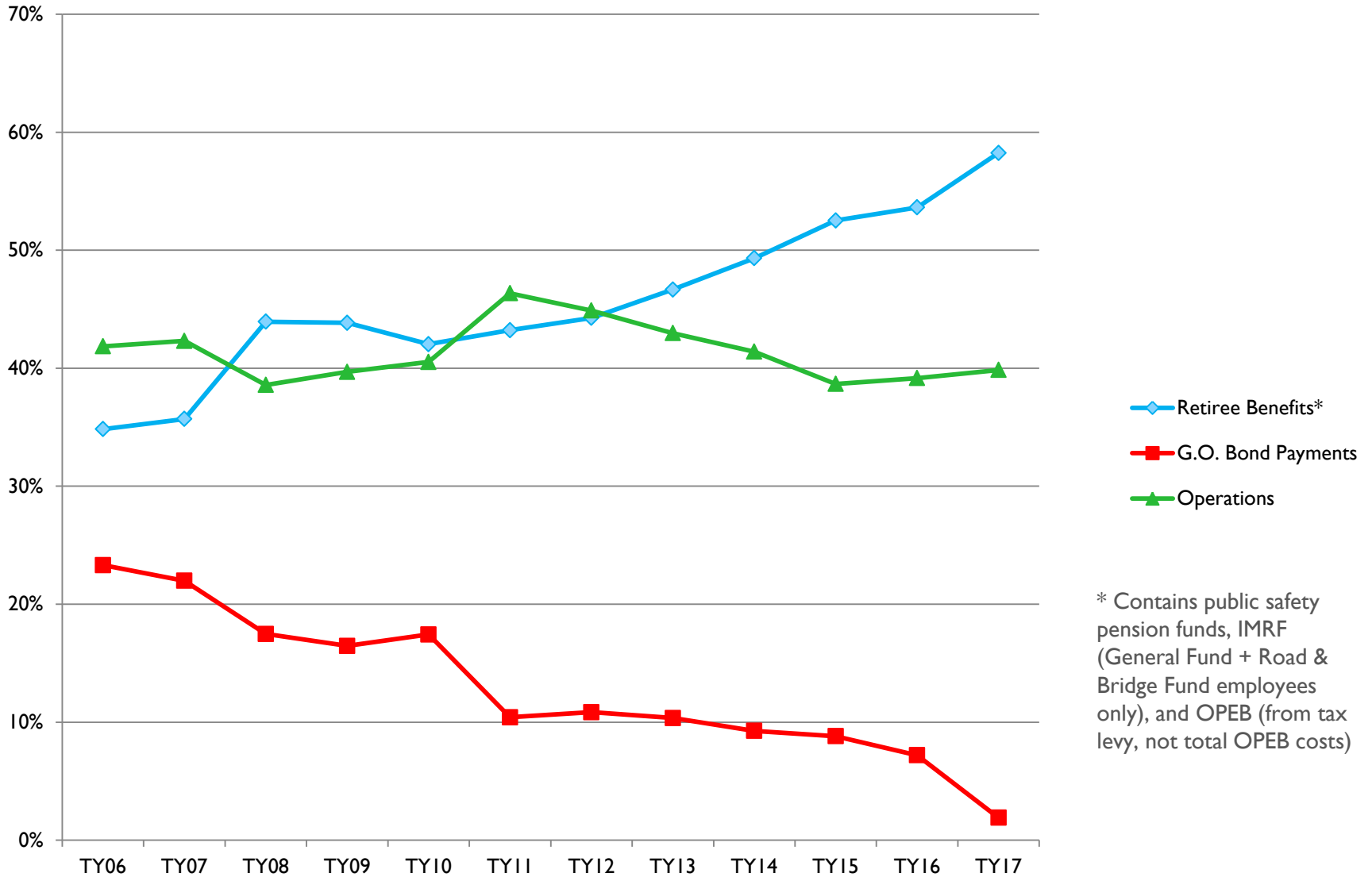
- ▶ The TY15 OPEB required contribution over tripled from the prior tax year to almost \$3 million per year. At that point the Village started devoting property tax receipts and dedicating other revenues and expense savings to OPEB.
- ▶ In the two prior tax years almost all of the tax levy increases went to fund these three retiree benefit programs.
- ▶ The Village early implemented OPEB liability accounting rule changes this year.
- ▶ The collective **Net Pension Liability (NPL)** of public safety pensions and the retiree healthcare plans is **\$114,747,459** as of April 30, 2018. It is comprised of the NPLs of:
 - ▶ The fire pension: \$ 23,805,519;
 - ▶ The police pension: \$ 42,140,443; and
 - ▶ OPEB: \$ 48,801,497.

Paying Down General Fund Debt



The Aggregate Property Tax Levy Breakout

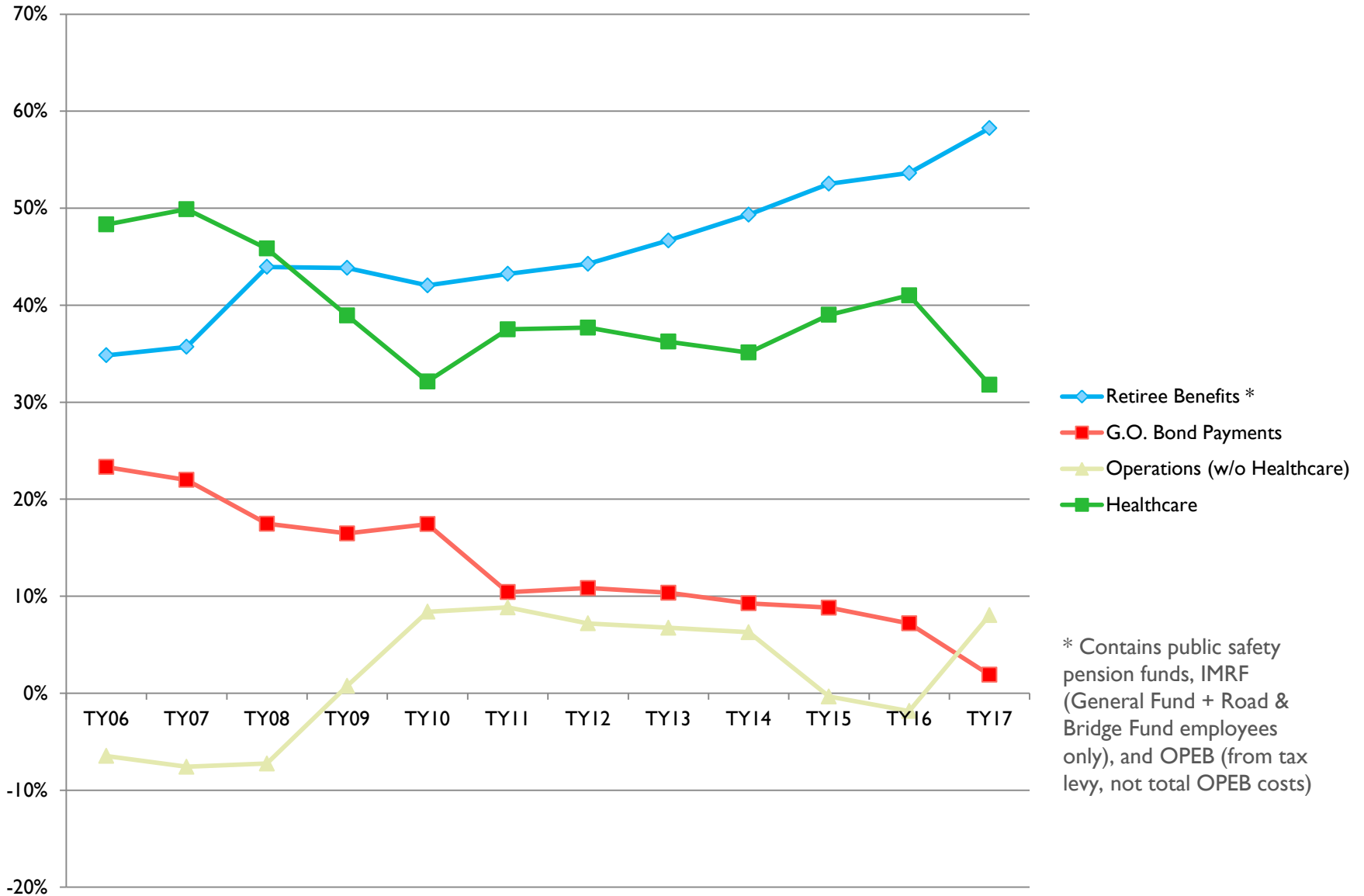
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* Contains public safety pension funds, IMRF (General Fund + Road & Bridge Fund employees only), and OPEB (from tax levy, not total OPEB costs)

The Aggregate Property Tax Levy Breakout

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FY19 (Current) Budget Highlights

	General Fund	Road & Bridge	Motor Fuel Tax	Water & Sewer	Heritage I	Heritage II
Est. Revenue	21,822,651	3,146,695	502,528	13,358,696	1,530,400	3,208,890
Appropriation	-23,630,475	-3,026,292	-450,603	-12,647,750	-1,501,799	-2,847,944
Gain/(Loss)	\$(1,807,824)*	\$ 120,403	\$ 51,925	\$ 710,938	\$ 28,601	\$ 360,946

- ▶ Revenues are usually projected conservatively
- ▶ Authorized expenditures are not all made in a fiscal year
- ▶ The General Fund continued at least a seven year trend of deficit budgeting
- ▶ * FY19 YTD Highlights: OPEB ADC 79% of budgeted, but dispatch much higher than budget. Should close around 1/3 of GF deficit
- ▶ Property taxes for operations have been frozen the past two tax levies, putting further strain on the General Fund and Road & Bridge Fund budgets
- ▶ Many capital projects have been deferred in recent years, including parking lots/pavement (\$350k) at Village properties

2018 Tax Year Property Tax: 2.50% Extended Levy Increase

Levy	Tax Year 2018	Tax Year 2017	Tax Year 2016	Tax Year 2015
Corporate	\$ 6,288,306	\$ 5,831,173	\$ 4,053,413	\$ 3,791,290
3% Loss Amount	\$ 188,649	\$ 174,936	\$ 121,602	\$ 113,738
Road & Bridge	\$ 717,500	\$ 700,000	\$ 534,569	\$ 515,000
3% Loss Amount	\$ 21,525	\$ 21,000	\$ 16,037	\$ 15,450
Fire Pension	\$ 2,211,446	\$ 2,179,521	\$ 1,726,872	\$ 1,615,200
3% Loss Amount	\$ 66,343	\$ 65,386	\$ 51,806	\$ 48,456
Police Pension	\$ 3,390,059	\$ 3,570,367	\$ 2,619,388	\$ 2,450,000
3% Loss Amount	\$ 101,702	\$ 107,112	\$ 78,582	\$ 73,500
Bonds & Interest (B&I)	\$ 233,441	\$ 232,240	\$ 680,014	\$ 793,721
5 % Loss Amount	\$ 11,672	\$ 11,612	\$ 34,001	\$ 39,686
Aggregate Levy (no B&I)	\$ 12,985,530	\$ 12,649,495	\$ 9,218,492	\$ 8,622,634
Levy w/o Loss Amount	\$ 12,840,752	\$ 12,513,301	\$ 9,625,616	\$ 9,165,211
Total Extended Levy	\$ 13,230,643	\$ 12,893,347	\$ 9,927,900	\$ 9,456,041

The 2.50% Determined Aggregate Levy Increase

- ▶ On November 30, 2018 the Village Committee of the Whole agreed upon a 2.50% increase in the Village's aggregate levy
- ▶ For an Alsip homeowner paying \$6,000/year in property taxes:
A 2.50% aggregate levy increase would amount to **7¢/day** or:
\$2.10/mo. = $(\$6,000/\text{yr.})(\text{yr.}/12 \text{ mo.})(16.8\% \text{ of bill})(2.50\%)$
- ▶ 2.50% Village increase = less than 1/2 of 1% overall tax increase
- ▶ The already determined levy ordinance is to be voted upon in tonight's Village Board meeting
- ▶ The corporate property tax levy funds 61% of all police, fire, and ambulance services

End of Presentation