

**COLUMBIA COMMUNITY UNIT SCHOOL DISTRICT #4**

**2018 Tax Levy Questions/Answers**

**(Payable in 2019-2020 School Year)**

**1. The majority of a resident’s property tax bill is for the school district. What percentage of the school district’s budget is generated by local tax dollars?**

From the 2018 school report card, Columbia CUSD 4’s budget was \$20,555,994 which represents operating funds as well as debt service. While local revenue supports 80.3% of the budget, state revenue supports 15.8% and federal revenue support 3.8%. State and federal funds do not pay for any other areas of operations other than a portion of Education and Transportation Fund, therefore Columbia tax payers completely pay for all operations and maintenance, facility/capital improvements (bond and interest payments), IMRF/Social Security benefits for non-certified employees, and workman’s compensation and liability insurance.

**2. On what property may a school board levy taxes?**

A school district may levy on all taxable property (EAV) within school district boundaries. This amount is the Equalized Assessed Valuation (EAV) of the district which is determined by the county assessor of Monroe County and St. Clair County.

A review of the actual equalized assessed valuation (and percentage of increase or decrease) and the required debt payment for school facilities for the past ten years is provided. Please note the debt tax rate increase in levy year 2003 due to the approval of the CMS building referendum. The required debt (bond and interest) payments have a large impact on the tax rate.

<u>Levy Year</u>	<u>Equalized Assessed Valuation</u>	<u>Percentage Incr/Decr</u>	<u>Tax Rate</u>	<u>Debt Service</u>	<u>Debt Tax Rate</u>
2002	\$201,643,457	14.67%	3.8435	\$496,237	\$0.24656
2003	\$220,266,524	9.24%	4.3902	*\$1,586,753	*\$0.72196
2004	\$230,442,835	4.62%	4.2882	\$1,442,031	\$0.62577
2005	\$247,878,198	7.57%	4.3549	\$1,550,394	\$0.62745
2006	\$267,669,699	7.98%	4.2472	\$1,640,624	\$0.61286
2007	\$291,211,289	8.29%	4.23862	\$1,771,806	\$0.60843
2008	\$311,700,289	7.04%	4.25160	\$1,908,982	\$0.60843
2009	\$320,960,863	2.97%	4.26268	\$2,069,847	\$0.64628
2010	\$321,851,603	0.28%	4.36090	\$2,302,378	\$0.69390
2011	\$308,951,700	-4.17%	4.47147	\$2,402,540	\$0.78047
2012	\$299,125,303	-3.2%	4.65031	\$2,799,212	\$0.93597
2013	\$302,423,374	1.1%	4.71655	\$3,026,327	\$1.00548
2014	\$301,578,758	-0.03%	4.73555	\$3,210,584	\$1.06080
2015	\$314,130,650	+4.1%	4.65295	\$3,083,475	\$0.98153
2016	\$329,302,702	+4.8%	4.57963	\$3,063,238	\$0.9398
<b>2017</b>	<b>\$347,590,560</b>	<b>+5.5%</b>	<b>4.58306</b>	<b>\$3,238,802</b>	<b>\$0.93206</b>

**3. What are the current tax rates established by law in the various funds?**

Below is a list of the various funds, and the tax rates for levy years 2016 and 2017. The majority of funds have rate caps. Most of the funds (i.e. Education, Building, Transportation, Working Cash, Fire/Safety, Special Education, and Lease) have maximum rate limits which are identified below. The only way to increase those tax rates would be through voter approval via referendum. The amount of money in all other Funds (Bonds & Interest, IMRF, Tort Liability, and Social Security) are generated by debt service payment requirements, benefits of non-certified employees, workman’s comp/liability insurance, and the district’s risk management plan. The county clerk makes this calculation.

	<b>2016 Rate</b>	<b>2017 Rate</b>	<b>(Payable in SY 2018-2019)</b>
Education Fund	2.45000	2.40999	maximum rate 2.45
Bonds and Interest	0.9398	0.93206	debt service payment requirement
Building Fund	0.57500	0.56562	maximum rate .575
*IMRF	0.10629	0.10105	determined by salaries of support staff
Transportation Fund	0.20000	0.19674	maximum rate .20
Working Cash Fund	0.05000	0.04920	maximum rate .05
Fire/Safety Fund	0.05000	0.04920	maximum rate .05
Special Education Fund	0.04000	0.03937	maximum rate .04
Lease Fund	0.05000	0.04920	maximum rate .05
*Social Security	0.10174	0.09673	determined by salaries of support staff
*Tort Liability	0.09876	0.09390	determined by workman's comp/insurance
<b>Total Tax Rate</b>	<b>4.57963</b>	<b>4.58306</b>	

**4. What has been CUSD#4' tax rate in the past?**

2000	3.8360	2008	4.25142	
2001	3.8437	2009	4.25901	
2002	3.8435	2010	4.37444	(0.28% EAV increase)
2003	4.3902	2011	4.47147	(-4.17% EAV decrease)
2004	4.2882	2012	4.65031	(-3.2% EAV decrease)
2005	4.3549	2013	4.71655	(1.1% EAV increase)
2006	4.2472	2014	4.73555	(-0.03% EAV decrease)
2007	4.23853	2015	4.65295	(4.1% EAV increase)
		2016	4.57963	(4.8% EAV increase)
		2017	4.58306	(5.5% EAV increase)

5. **Does the district receive the levy amount approved at the December board of education meeting?** Only if the EAV increase matches the levy request increase. The amount received is based on the maximum tax rates in each fund multiplied by the total Equalized Assessed Valuation (EAV). If the EAV increases, the extension follows the same increase. If the EAV decreases, the extension follows the same decrease. If levying more than 5% than the prior year, school districts must publish the "Truth in Taxation" notification following the specific wording that implies the district is proposing a tax increase. In all actuality, the district is requesting funds that are tied to any EAV growth. Columbia CUSD 4 levies below the 5% threshold, therefore there is no requirement to publish the Truth in Taxation notice in the newspaper.

6. **If the tax rates are mostly determined by established maximum tax rates or by the county clerk, why is the Board of Education required to levy taxes?**

The maximum tax rate is not automatically applied unless the Board of Education levies for that specific fund. If Columbia School District levies more than 5% than the prior year (excluding the bond and interest/debt requirement), a Truth in Taxation hearing is required with the notice of "Proposed Tax Increase" published in the local newspaper. Due to expecting the EAV not to increase by 5%, the district has chosen not to levy more than 5%. The only reason a district would levy more than 5% from the year prior is if the EAV was expected grow more than 5%. There has not been a Truth in Taxation hearing conducted the past seven years due to the district not levying more than 5%.

7. **What will the district levy for the 2018 Tax Levy?**

The district will levy less than 5% more than the prior year's extension exclusive of the bond and interest levy (debt). Therefore, a Truth in Taxation Hearing is not required. The district will receive the same increase or decrease per the Equalized Assessed Valuation in capped funds. If EAV would happen to increase, the district would benefit. If the EAV decreases, the district will collect a reduced amount to

operate the school district. Uncapped fund areas are IMRF/Social Security/Debt Service/and Tort Liability.

The following chart reflects the 2017 rates, the 2018 extensions expected, and the proposed 2018 levy pending Board of Education review and approval in December of 2018.

<b>Fund</b>	<b>2017 Rate</b>	<b>Expected Extension</b>	<b>2018 Rate</b>	<b>2018 Proposed Levy</b>	<b>Increase</b>
Education	2.45000	\$8,355,156	2.45000	\$8,772,913	(5.0%)
Building	0.57500	\$1,960,936	0.57500	\$2,058,982	(5.0%)
IMRF	0.10105	\$351,146	TBD	\$335,000	(0%)
Transp	0.20000	\$682,072	0.20000	\$716,175	(5.0%)
Work Cash	0.05000	\$170,566	0.05000	\$179,094	(5.0%)
Fire/Safety	0.05000	\$170,566	0.05000	\$179,094	(5.0%)
Sp. Ed.	0.04000	\$136,485	0.04000	\$143,309	(5.0%)
Tort Lia	0.09390	\$326,306	TBD	\$350,000	(7.3%)
Soc. Sec.	0.09673	\$336,145	TBD	\$335,000	(0%)
Lease	<u>0.05000</u>	<u>\$170,566</u>	<u>0.05000</u>	<u>\$179,094</u>	(5.0%)
	3.651	\$12,659,954		\$13,248,661	(4.7%)
*Bonds&Int	0.93206	\$3,238,802		\$3,423,971	
*Does not includes facility sales tax abatement of \$500,000				*Tax abatement to apply	
Total:	4.58306	\$15,898,756		\$16,672,632	(4.9%)

**8. What is the difference between tax extensions and tax levies?**

Tax levies and tax extensions are two related but separate entities. Tax levies are the amounts of money that each Fund requests in conjunction with the projected Equalized Assessed Valuation. Levies are approved by the Board of Education in December of each year. Tax extensions, on the other hand, are the exact amounts of money collected and distributed to the District by the County Clerk's office based on the final Equalized Assessed Valuation. Tax extensions are known in June/July just prior to tax bills being mailed. The collection rate from property taxes usually fall at 98 – 99%.

**9. What types of bonds are outstanding and for what purpose were the bonds issued?**

The 2018 tax levy is collected for the 2019-2020 debt requirements. For FY 20, the school district's outstanding debt collectively is \$17,373,113 (including interest). This total amount reflects two different bond issues (2010A and 2010B), one refunding issue (Series 2014), and one HLS issue (Series 2017) that follow an established debt schedule. The outstanding bonds listed below are scheduled to be paid in full by December 1, 2024 in five years or by the 2024-2025 school year.

<u>Series 2014 Refunded 2005</u>	\$883,717	('97 Parkview Addition; '05 CHS/CMS Renovations)
• Referendum bonds		
<u>2010A Refunding Bonds</u>	\$10,139,638	CMS Construction
• Referendum bonds		
<u>2010B HLS Bonds</u>	\$4,168,542	Eagleview Renovations
• Non referendum bonds		
<u>2017 General Obligation Bonds</u>	\$2,181,216	Parkview Geo-Thermal