

The slide features a green background with a pattern of overlapping hexagons. A white rectangular area on the right contains the text. At the top of this white area is a solid brown rectangle. A thick green horizontal line is positioned at the bottom of the white area.

# BROWN COUNTY SCHOOL FUNDING

THE LEVY

# Funds

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- Operations and Maintenance – 20
- Bond and Interest – 30
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- Working Cash – 70
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- Fire Prevention and Safety (HLS) - 90

# Definitions

- Levy – The amount of dollars requested (not received) by a governmental agency (school district)
- EAV – The value that the assessor's office places on home and/or land that is taxable
- Tax rate – Determined by dollars requested by governments and total EAV assessed

# What is EAV

- Equalized Assessed Value (EAV) - The equalized assessed value, or EAV, is the result of applying the state equalization factor to the assessed value of a parcel of property. Tax bills are calculated by multiplying the EAV (after any deductions for homesteads) by the tax rate.
- What does that mean?
  - Equalized Assessed Valuation of all residential and commercial property in a district

# What is the tax levy?

- The tax levy is the dollar amounts the district wants the county clerk to use in determining the taxes for real estate in the district. The levy is due to each county clerk by the last Tuesday in December. That is December 29<sup>th</sup> this year.

# What is an extension?

- An extension is the amount of property tax money you actually receive.

# THE LEVY

- The Levy is the mechanism that generates local funds for school districts.
- Local funds in conjunction with State and Federal monies provide the vast majority of school funding.
- Other sources would be textbook fees, athletic fees, donations, insurance payments and gate receipts.

# Levy Components

- Education Fund
- Operations and Maintenance
- Bond and Interest
- Transportation
- IMRF
- Social Security
- Working Cash
- Fire Prevention and Safety
- Special Education
- TORT
- Lease Levy



# Education Fund Levies

- Education
- Special Education
- Lease
- These three levies all feed into the Education Fund. Education Fund dollars may be loaned or permanently transferred to any other fund.
- The rate in this fund for Unit Districts is set by law at \$1.84. It can only be changed by vote of the district residents. The rate in the Special Education levy is .04. The rate in the lease levy is .05.

# Operations and Maintenance

- This fund supplies the building fund.
- The rate in this fund is .50 cents. The current rate at Brown County is .50 cents.

# Bond and Interest

- This rate is unlimited. It is determined by the bonds held by the district and the amount of money needed each year to pay the amount of the bond. This number is not given to the County Clerk by the district, but by the agency that handled the issuing of the bonds. The yearly bond payment is \$744,287.
- Interest from Bonds can be deposited in any fund in the district.

# Transportation

- This fund provides for the transportation needs of the district.
- The rate in this fund is set by statute at .50 cents.
- This is the rate in the Brown County District.

# IMRF/SOC.SEC.

- This fund is the combination of two levies.
- One levy is the Illinois Municipal Retirement Fund.
- The other is the Social Security Levy.
- These dollars are determined by the needs of the district.
- The rate is unlimited.
- These dollars can't be used in any other fund.

# Capital Projects

- These dollars are generated by the 1% sales tax.
- The fund could also contain dollars generated by the issuance of building bonds.
- Building Bonds can only be used for the purpose for which they were issued. Interest from these bonds could be spent.
- 1% sales tax monies can only be used for building and maintenance needs.
- They can't be used for objects that aren't permanent.
- You can't buy desk, computers, or anything that is portable.
- You can pay for a building, repair to a building, and any permanent feature.
- It may not be used to pay salaries.

# Working Cash

- This fund is funded by levy.
- It can also be funded by the issuance of working cash bonds.
- These funds can be transferred to any fund.

# TORT

- This fund is also unlimited and pays for expenses occurred in risk management.
- It can be used to pay the risk portion of an employee's salary.
- It can be used to pay court judgments as well.
- It can't be used to buy items like "NEW" bleachers but can be used to repair old bleachers.
- TORT can be loaned or transferred to the Operations and Maintenance Fund.



# Fire Prevention and Safety

- These dollars are generated by levy. The rate is .05 cents.
- These dollars can only be used in this fund.
- They can't be used without having an amendment written for its use, and the third thing is "they may only be used after approved by the Illinois State Board of Education.
- So, while they are district dollars, they can only be used after approval and the submission of a written plan.

# The Levy

- As you have seen each fund has a rate.
- To determine the amount of money received from the levy you would take the rate per fund times the EAV and divide it by 100.
- An example would be: The assessment of your house is \$100,000. The EAV of this house would be \$33,333.33.
- To determine the amount of money generated by the levy on a \$100,000 property last year, you would take the EAV (33,333 x the rate (\$5.41) = 180,333.32 divided by 100 = \$1,803.33.
- The assessment on your \$100,000 property went up 4.54% or \$4,540 making the assessed value of your house \$104,540 this year. This is then divided by 3 and equals \$34,846.67. This is then taken times the rate. The overall rate is \$5.32 and multiplied by 34,846.67 = 185,384 and is then divided by 100. This equals \$1,853.84. The increase this year over last year is \$50.51. Divided by 12 = \$4.20 a month or a Happy Meal and a cup of coffee.

# Unlimited Funds

- Unlimited Funds have rates that are set by bonds that have been issued or by the needs of the district.
- In the instance of these funds a dollar amount is plugged in.
- This dollar amount can't be changed. So, regardless of the EAV, the dollar amount requested is levied and received.

# What is the Truth in Taxation Act?

- The act states that if a district levies for 5% or more in their AGGREGATE LEVY than received last year (except for bond and interest), they must hold a public hearing to approve the levy and put a public notice in the paper, commonly called the “black box”.

# Truth and Taxation Hearings. Why Now?

- **So, why the hearing?** It is our belief that being as transparent as possible with the community will continue to foster a healthy working relationship between the public and the school district. We also believe that if more community members understood how the levying process works that it would enhance that relationship. While the process is very complicated, our desire is to explain its workings as best we can.

# Other Reasons

- To capture any late growth (new).
- To cover any errors in assessment or the projection of growth.

# Variables to the Levy and what affects YOUR tax bill

- The total EAV of the taxing district
- The OTHER ENTITIES that also tax your property. (county, public health dept., mental health dept., community college, fire dept., villages, townships, county highway, libraries, etc)
- New property
- Farmland Assessments
- REMEMBER.....The EAV (Equalized Assessed Value) or value of your house affects your tax bill
  - The assessment of your property (building and land)
- The EAV of others' houses **ALSO** affects your tax bill