2019 Levy Adoption

December 9, 2019

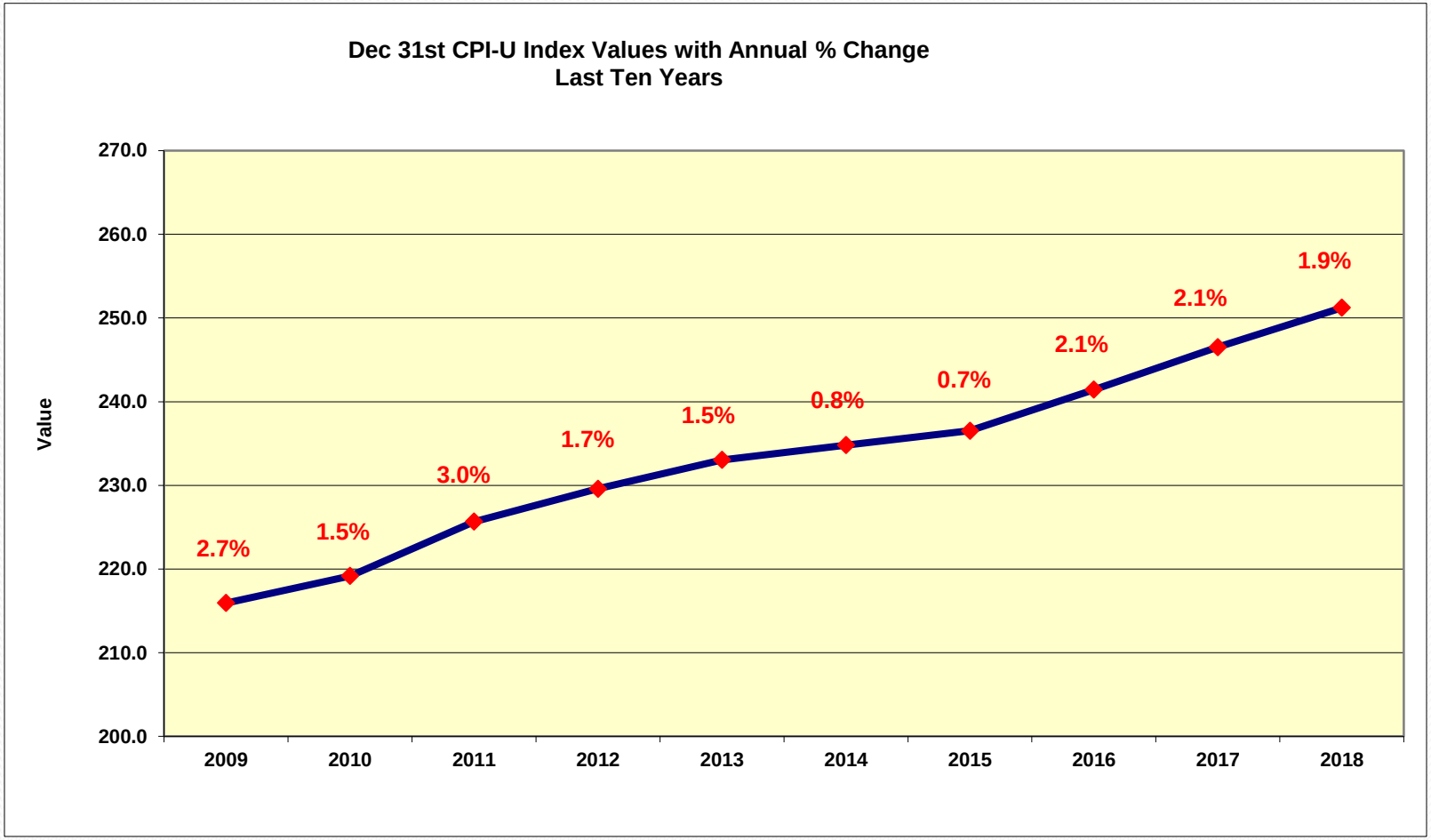
Key Terms

- Aggregate Levy—annual corporate levy other than debt service
- Debt Service Levy—made to retire the principal or pay interest on bonds
- Property Tax Extension Limitation Law—PTELL or Tax Caps, Public Act 87-17 (October 1991)—enacted to control property tax growth
- Consumer Price Index (CPI)
- Limiting Rate—Tax Cap Rate (Total allowable: CPI + New Construction, excluding bond & interest)

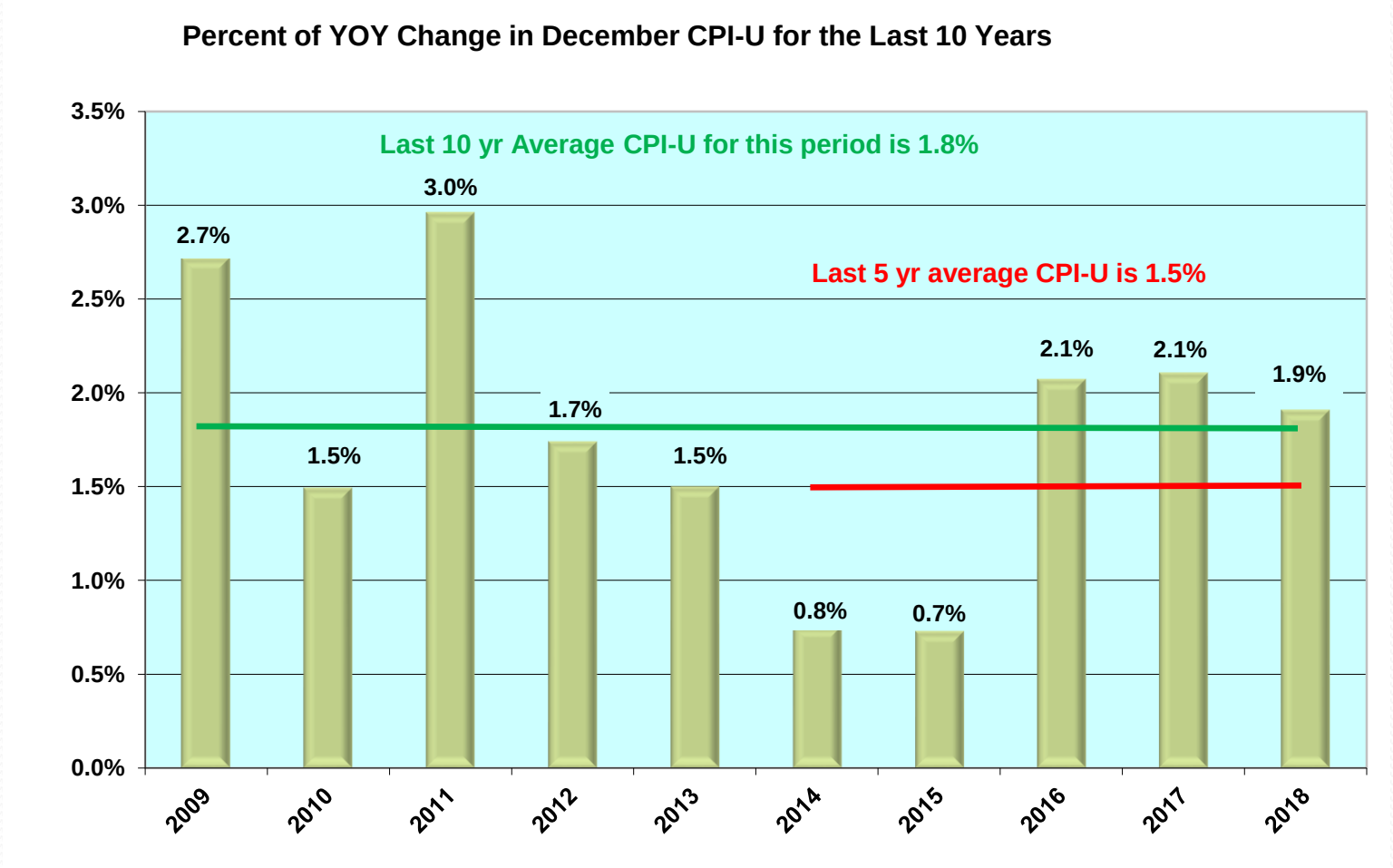
Consumer Price Index

- Computed on a monthly basis by Federal Bureau of Labor Statistics
- Measures changes in prices over time for goods and services
- Not always a good measure of the cost to run a school district

Ten Year CPI History



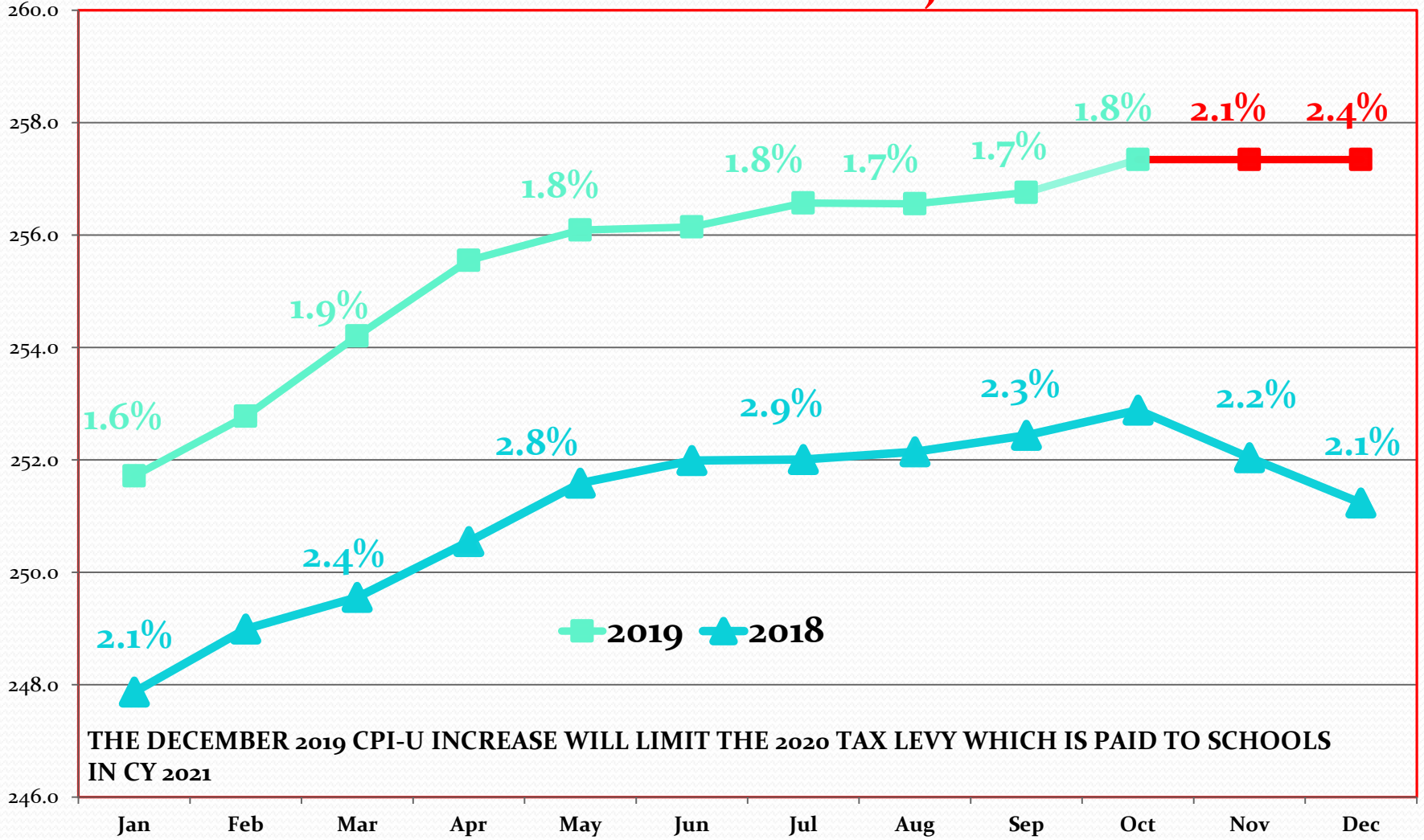
CPI History


Percent of YOY Change in December CPI-U for the Last 10 Years
Last 10 yr Average CPI-U for this period is 1.8%
Last 5 yr average CPI-U is 1.5%
3.5%
3.0%
2.5%
2.0%
1.5%
1.0%
0.5%
0.0%
2.7%
1.5%
3.0%
1.7%
1.5%
0.8%
0.7%
2.1%
2.1%
1.9%
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018

Tax Levy Chronology

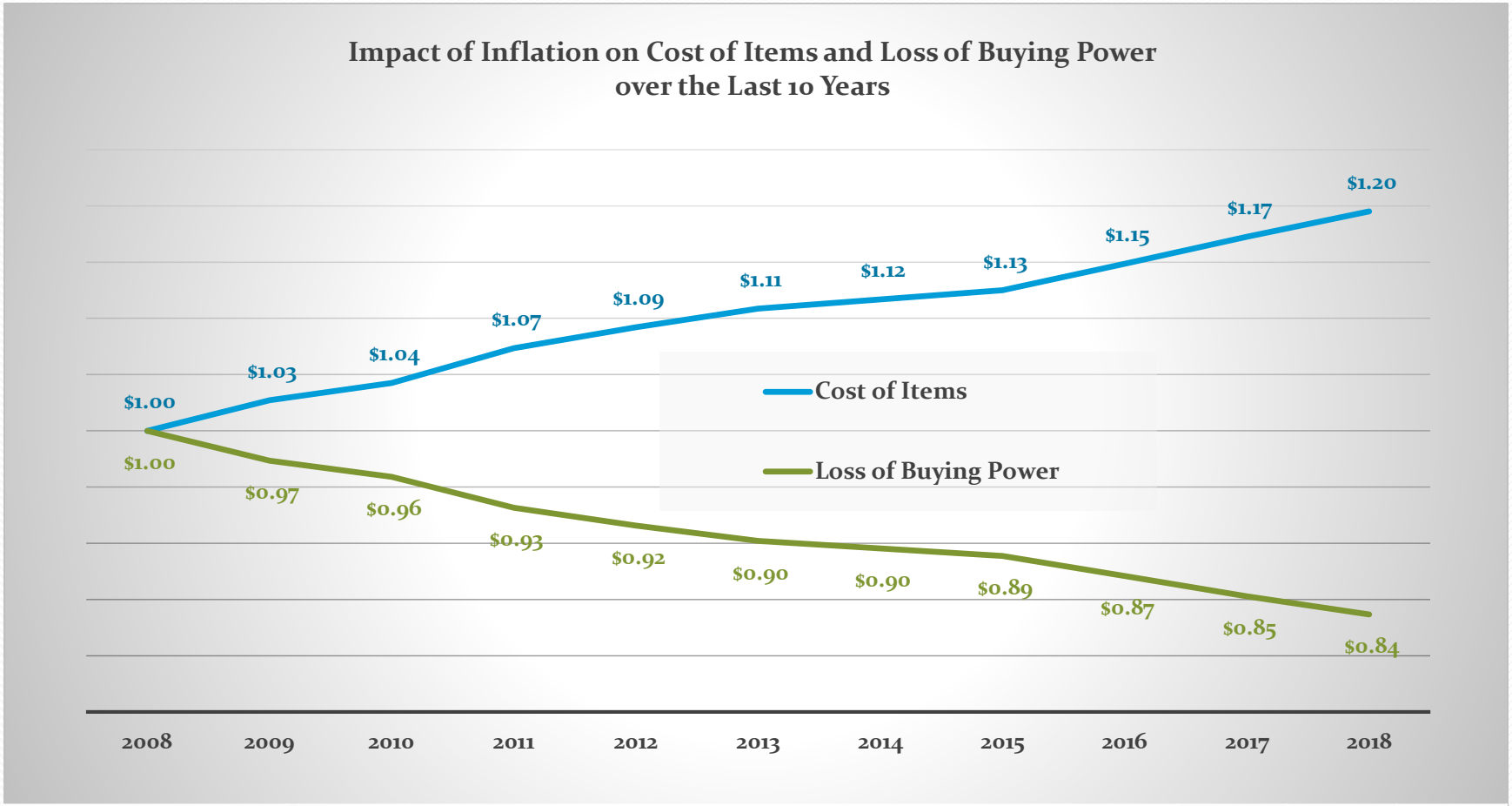
- 2018 Inflation Rate (CPI set in January of 2019)
- 2019 Tax Levy (BOE Action in December, 2019)
- 2020 Tax Extension (Spring, 2020)
- 2020-2021 School Year (July 1, 2020-June 30, 2021)

Actual Monthly CPI-U Index Values for 2019 and 2018
with NOV & DEC Projected



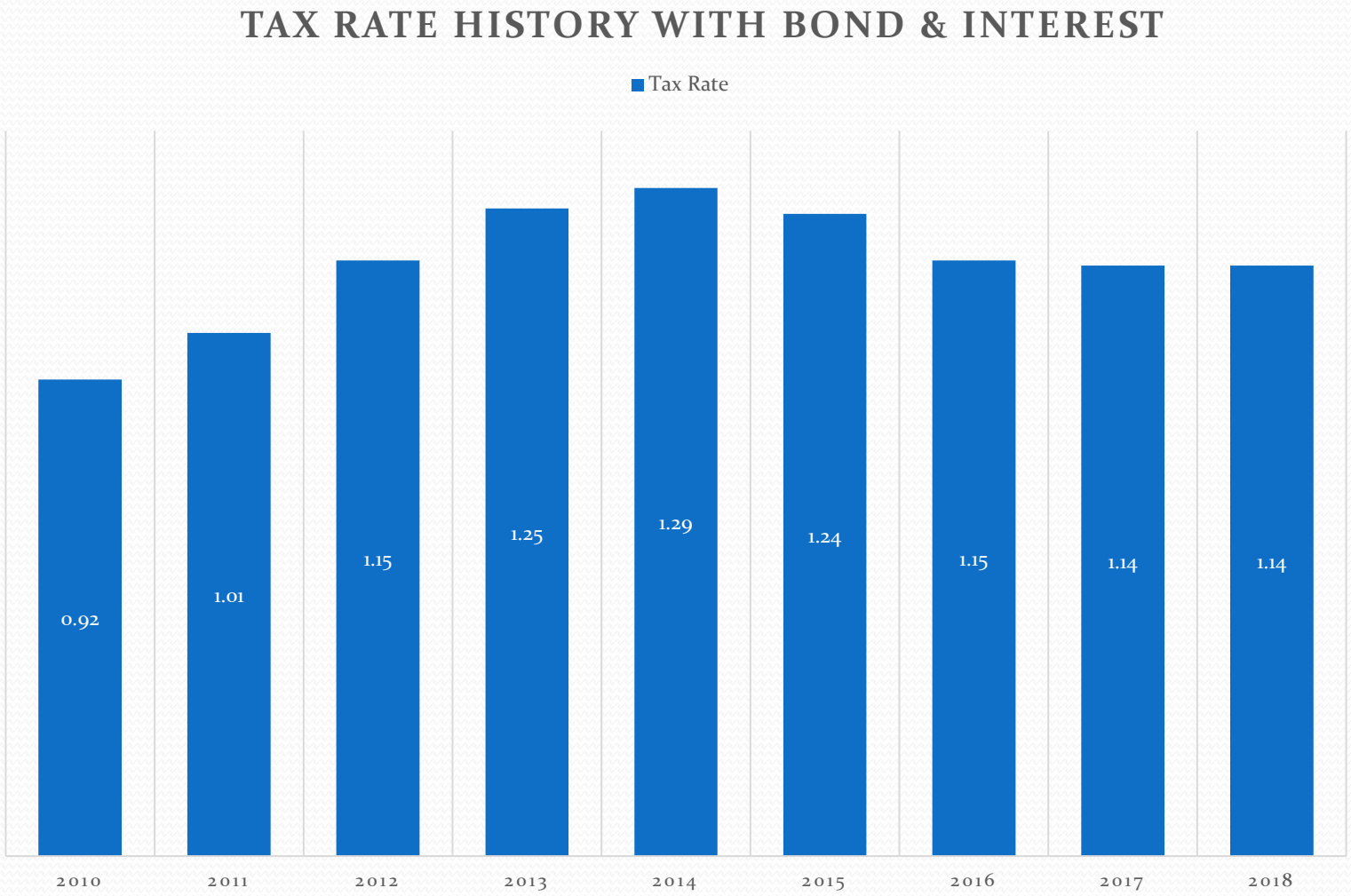
THE DECEMBER 2019 CPI-U INCREASE WILL LIMIT THE 2020 TAX LEVY WHICH IS PAID TO SCHOOLS IN CY 2021

Impact of Inflation on Cost—State Funding



Last Ten Years	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Inflationary impact on Costs	$ 1.00	$ 1.03	$ 1.04	$ 1.07	$ 1.09	$ 1.11	$ 1.12	$ 1.13	$ 1.15	$ 1.17	$ 1.20
Loss of Buying Power	$ 1.00	$ 0.97	$ 0.96	$ 0.93	$ 0.92	$ 0.90	$ 0.90	$ 0.89	$ 0.87	$ 0.85	$ 0.84

Tax Rate History

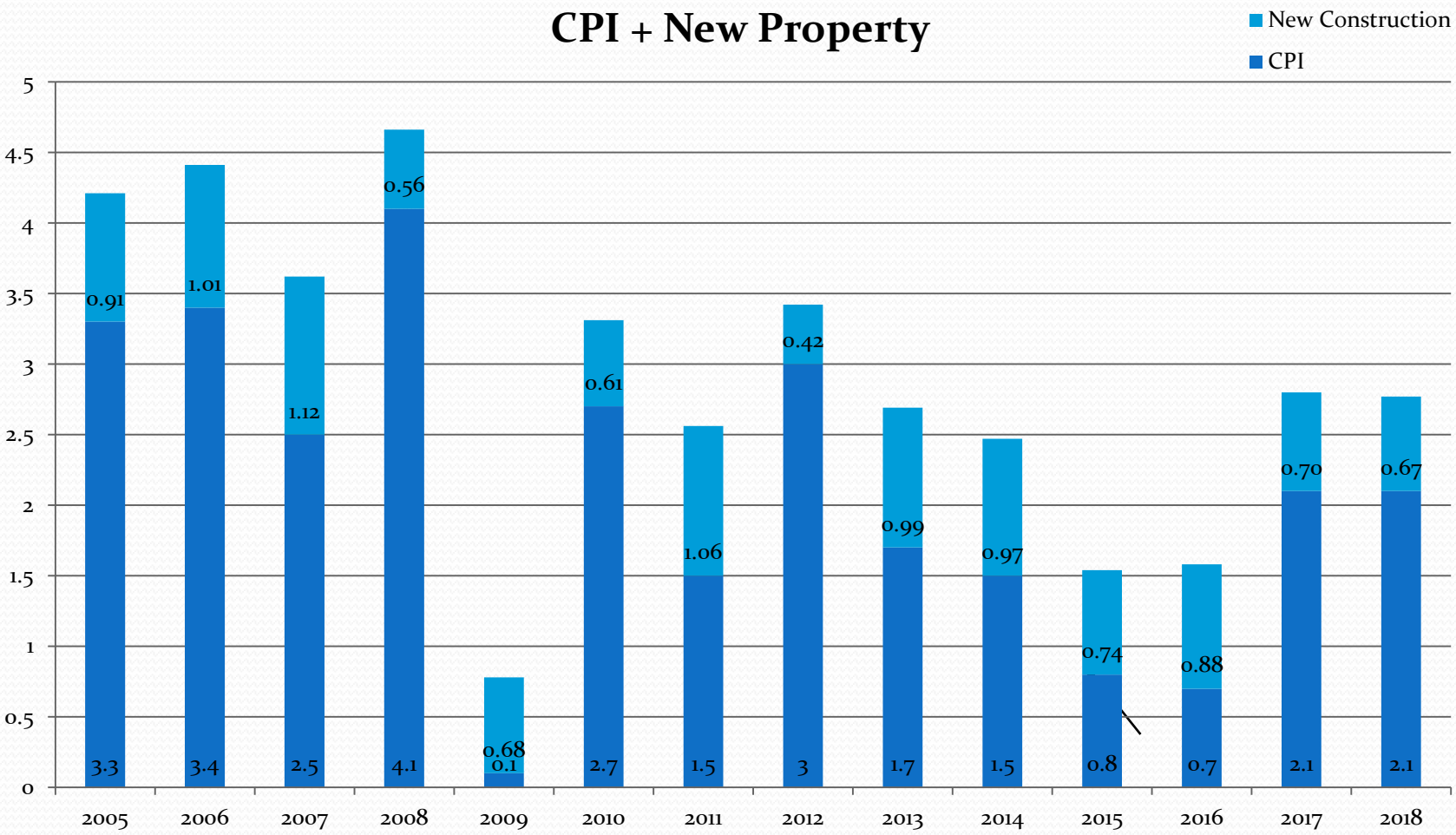


New Construction History

New Construction History		
	Projected	Actual
2018	$6,004,470	$6,221,140
2017	$6,722,500	$6,277,540
2016	$7,180,737	$7,480,790
2015	$5,500,000	$5,869,510
2014	$5,500,000	$7,168,390
2013	$7,858,513	$7,234,340
2012	$3,265,090	$3,209,390
AVERAGE	$6,004,473	$6,208,729

2018 New Construction generated $70,019

CPI + New Property History



Anticipated Major Expendiures

Planned Capital Projects

Summer 2020

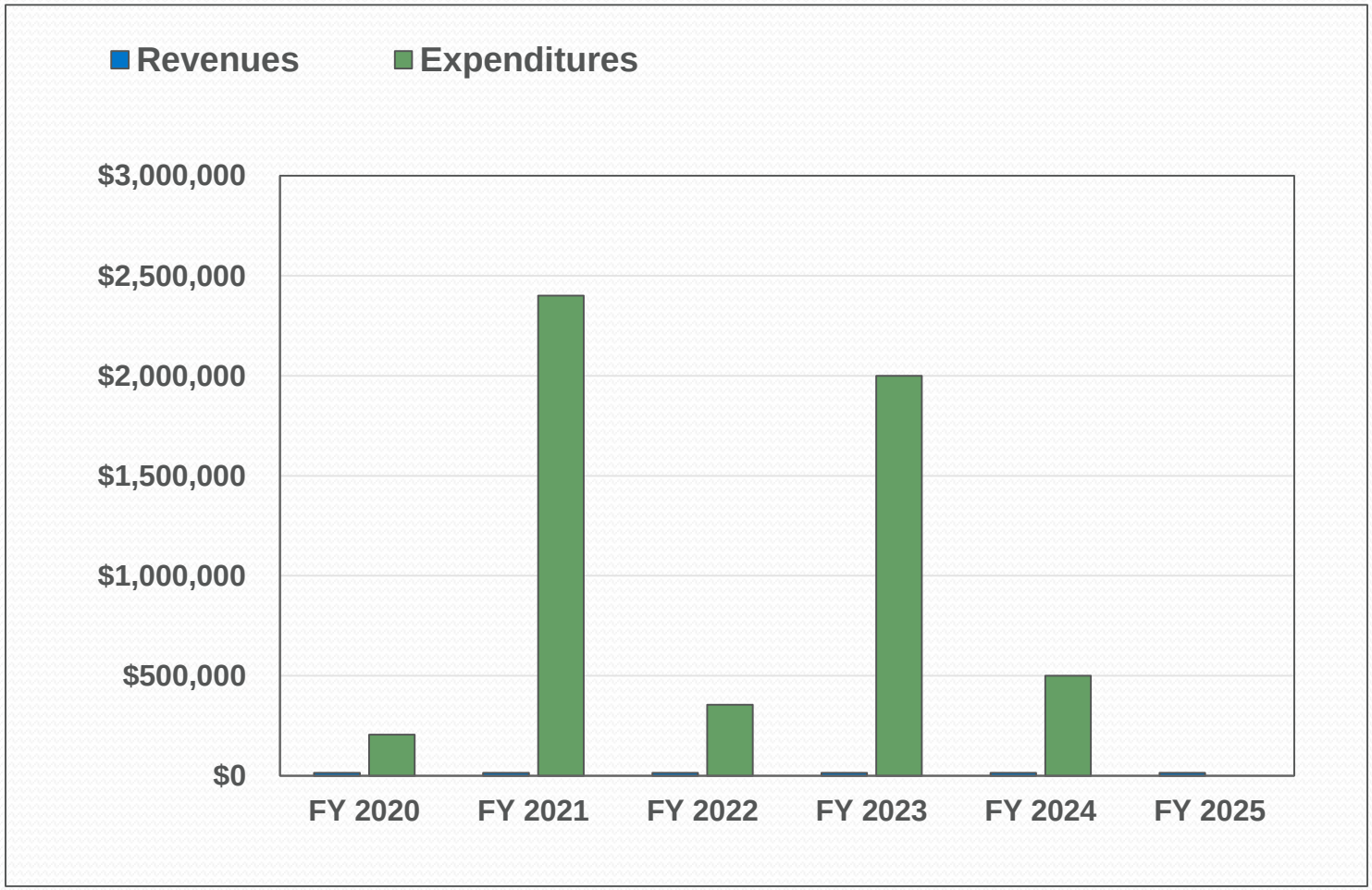
Line	Timeframe Summer/ Fall	FY Funding	Facility	Recommended Projects	Costs	Year Total
1	2020	FY21	BJH	Life Safety Work: Replace Classroom Doors, Frames, Hardware 156 door leafs	$1,100,000	
2	2020	FY21	BF	Life Safety Work: Replace Classroom Doors, Frames, Hardware 10 door leafs	$75,000	
3	2020	FY21	BJH	Complete Air Conditioning Project from 2008--10 Rooms and New Chiller; Replace Air Conditioning in 1959 wing: RTUs, VRFs, Temp Controls, Electrical	$783,500	
4	2020	FY21	BF	Temperature Controls to match BJH	$60,000	
5	2020	FY21	BJH/BF	Contingency Door & HVAC Projects	$202,000	
6	2020	FY21	BJH	Life Safety B Items - Summer Construction Project	$40,000	
7	2020	FY21	BF	Life Safety B Items - Summer Construction Project	$11,500	
8	2020	FY21	BJH	Door Electric Latch & Security Allowance	$100,000	
		FY21				$2,372,000

Life safety work includes: fire prevention (walls/penetrations), ducted relief air systems, fire separation, venting

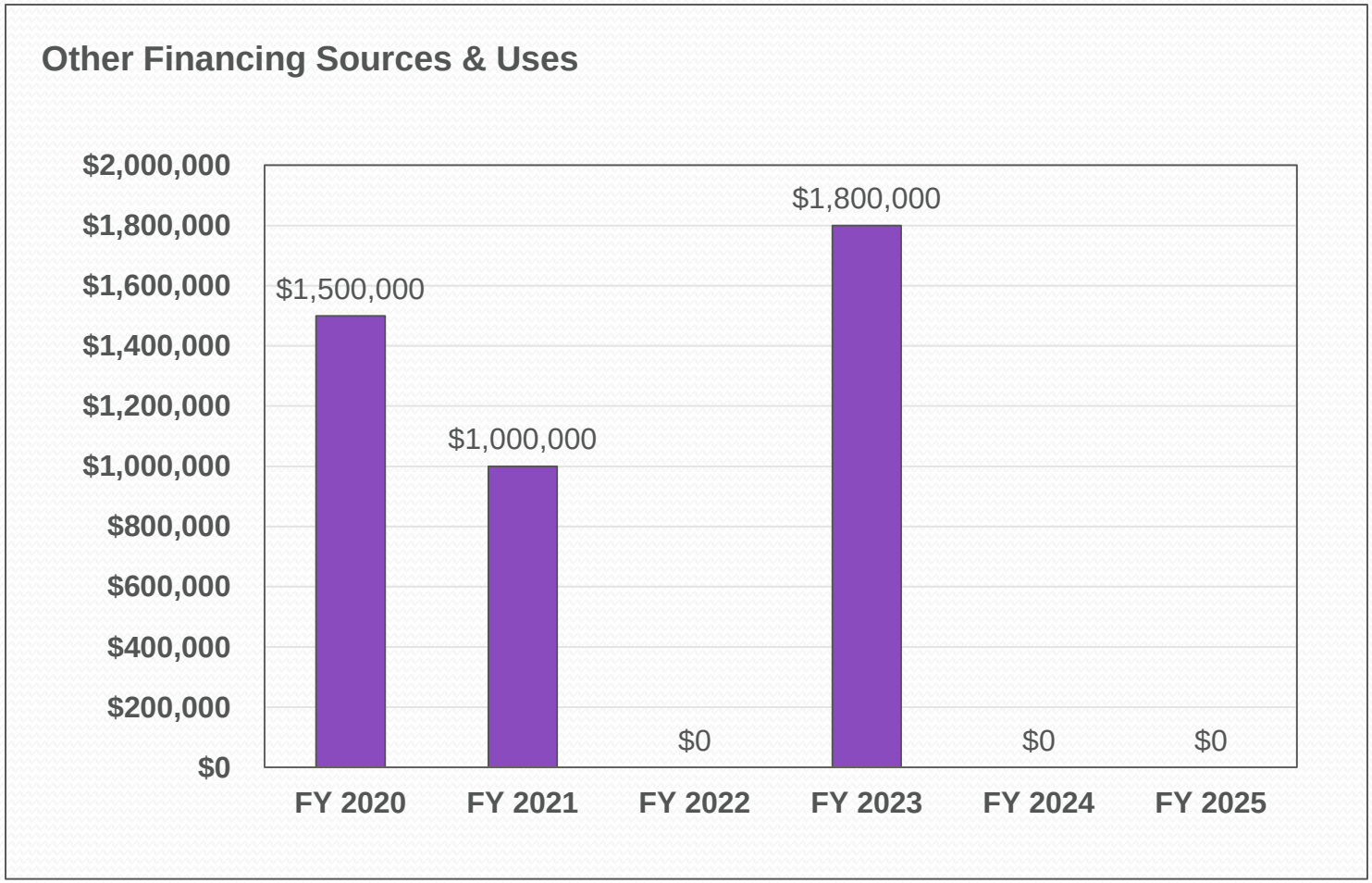
Summers 2021-23

9	2021	FY22	BF	Wireless security interior door access (strikers, latches, panels)	$150,000	
10	2021	FY22	BF	Remodel Main Office	$75,000	
11	2021	FY22	BF	Install Lift/Elevator for Handicapped Access to Gym	$80,000	
12	2021	FY22	BJH	Repaint Interior	$50,000	
		FY22				**$355,000**
13	2022	FY23	BJH	Life Safety B Items - Unassigned / Future Work	$86,550	
14	2022	FY23	BF	Life Safety B Items - Unassigned / Future Work	$123,512	
15	2022	FY23	BJH	Tuck-point Buildings	$162,400	
16	2022	FY23	BF	Tuck-point Buildings	$214,700	
16	2022	FY23	BJH	Replace Roof	$1,455,430	
		FY23				**$2,042,592**
17	2023	FY24	BJH	Replace Boilers	$500,000	
		FY24				$500,000

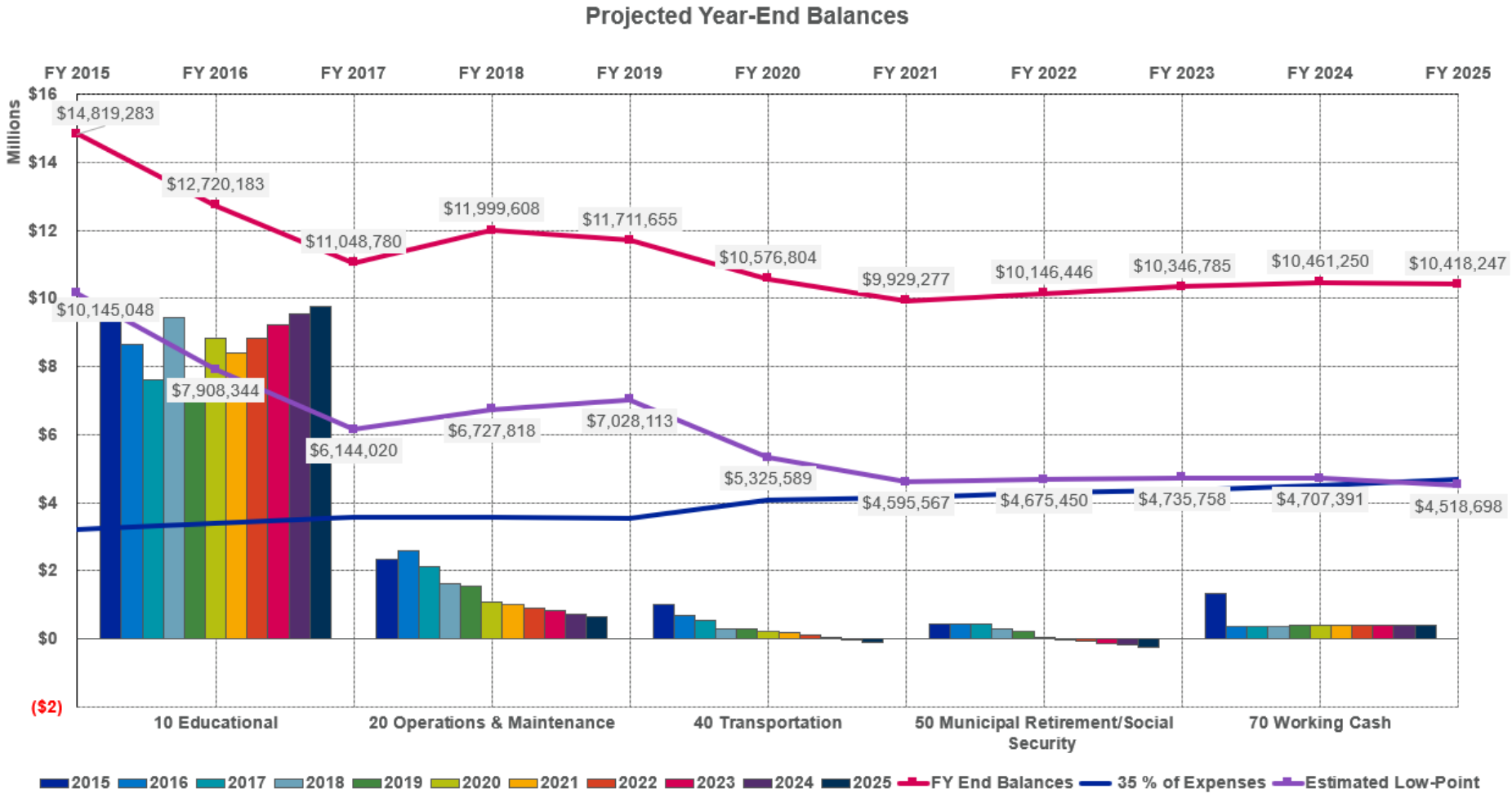
Projected Needs Capital Projects



Revenue to Fund Cap Projects



Budget Summary with Planned Capital Projects



Our 2019 Property Tax Levy Request

Ed Fund	$8,953,000
O & M Fund	1,230,000
Transp. Fund	513,000
IMRF	97,000
Social Sec./Medicare	97,000
Total Request:	$10,890,000

4.95% Request

How much do we expect to receive?

2018 Extension Base	$10,378,831
X 2018 CPI 1.9%	197,198
Plus *Estimated* New Property	77,841
Tax Cap Total Levy	$10,653,870

Estimated increase: 2.65%

Total Estimated New Revenue: $275,039

Why are we asking for more than we expect?

- % Growth in Existing EAV
  - *The higher the growth, the lower our rate…*
- EAV of New Construction in District 53
  - *The higher the EAV of new construction, the higher our tax total revenue…*
- Limiting Tax Rate for 2018 Levy
  - *The higher the tax rate, the greater access to EAV…*

The unknown…

- In order to gain access to the tax revenue generated by new construction, we must levy (request) it.
- Our problem? Our inability to know the value of new construction on all property throughout the district. Therefore, we ask for more than we expect to receive (inflated levy) so that we can access every possible dollar generated by new construction.

Please remember…

No matter how much we levy, we will only receive what the caps will allow us to receive.

Finances in Butler District 53

- Consistently receives highest Financial Profile Score (4.0) from the Illinois State Board of Education for financial management
- Consistently rated AAA by Standard & Poor's
- Has successfully internally funded $8M in facility improvements over the last five years without a special referendum or tax increase
- Utilizes a zero-based budgeting process that allocates resources based on the specific needs in a given year.
- Requires purchase orders for spending that require three levels of approval
- Maintains a low debt service extension base with current bonds retiring in 2021

Projected Finance Goals

Short-term Goals

- Develop a Tool to Prioritize Allocation of Resources (Allow the Board as part of their strategic planning process to utilize current financial data to prioritize the allocation of resources to support their goals for the school district)
- Complete Skyward Implementation (Run another complete calendar year and fiscal year to fine tune processes, add additional HR features and functions, add more ACH payments for vendors, automate/streamline Amazon purchasing and payment processing)
- Create a Financial Dashboard for Board Members & Community (Allow easy access to view current financial status, transactions, budget to actuals, YTD Analysis, YOY Analysis)
- Develop a Comprehensive Budgeting Process across Departments (Specify technology elements, consistent prioritization from staff, etc.)

Projected Finance Goals

Long-term Goals

- Maintain Financial Health, Fund Balances (per policy) and District Infrastructure
- Develop a 21st Century Business Office Operation (Identify all key functions, the time necessary to complete, and potential assignment of key functions to roles. Goal: Greater Efficiency)
- Plan for Succession, Redundancy & Internal Controls

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