

# PROPERTY TAXES 101

Village Board Study Session

July 16, 2015

# Topics

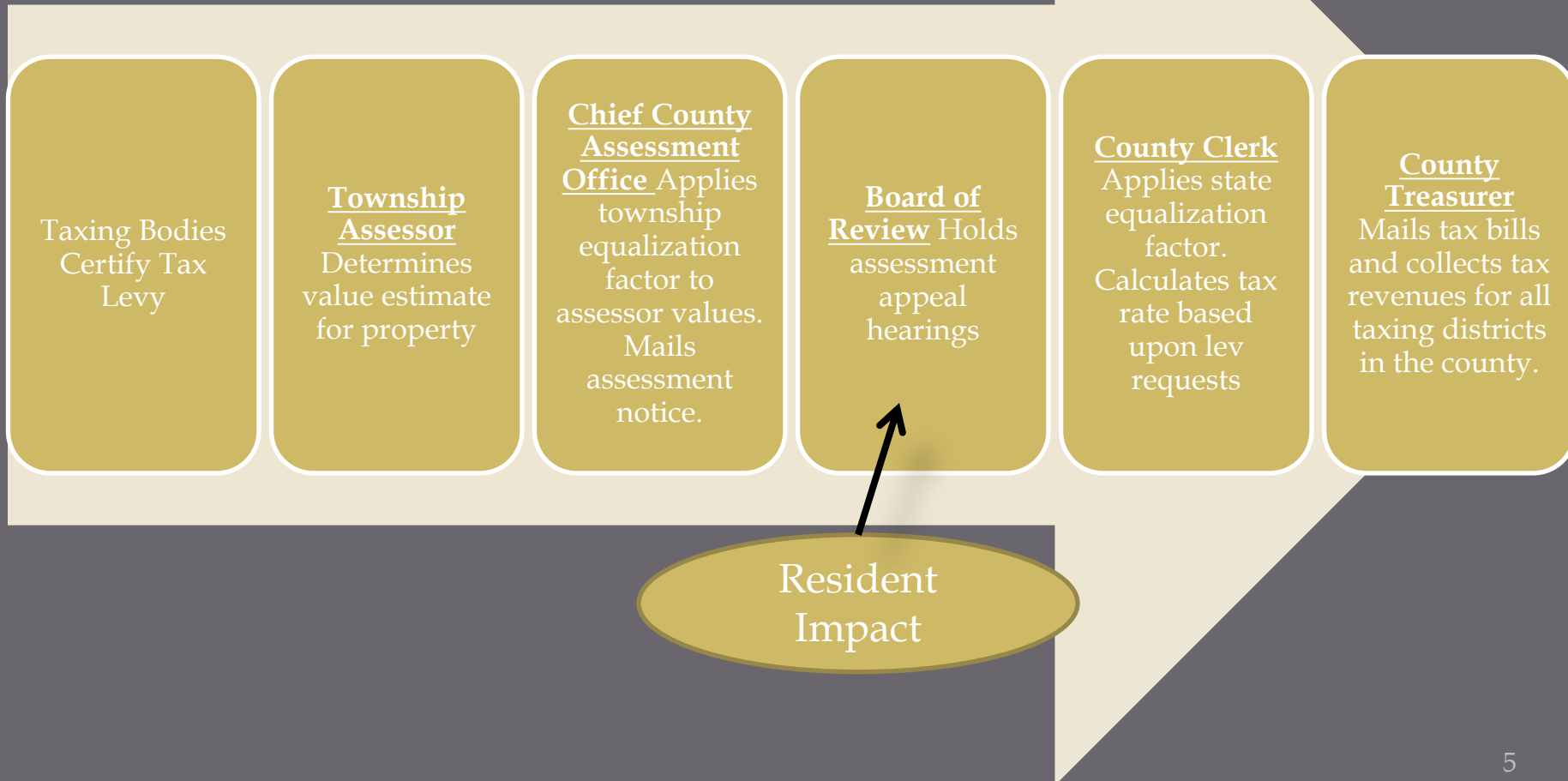
- ▣ Property Tax Cycle
- ▣ Tax Caps, Taxing Districts, and Funding Sources
- ▣ Village of Woodridge Tax Levy
- ▣ Equalized Assessed Valuation (EAV)
- ▣ Communication Efforts
- ▣ Other Revenue Sources?
- ▣ Senior Programs?
- ▣ Who Do I Contact ?

# Property Tax Cycle

# Property Tax Levy Process

- ▣ **August:** Property Tax Determination (Proposal) to the Board
  - Includes Library Levy Request
  - Required Funding for Police Pension
  - Decision Point:
    - ▣ =Keep tax levy at same level as prior year
    - ▣ ↓Reduce Tax Levy (compared to Tax Extension or Prior Year Tax Levy)
    - ▣ ↑Increase Tax Levy (compared to Tax Extension or Prior Year Tax Levy)
- ▣ **December:**
  - Public Comment
  - Tax Levy Approval
  - Tax Levy filing\certification with the County

# Property Tax Process – County Clerk



# TAX CAPS, TAXING DISTRICTS, AND FUNDING SOURCES

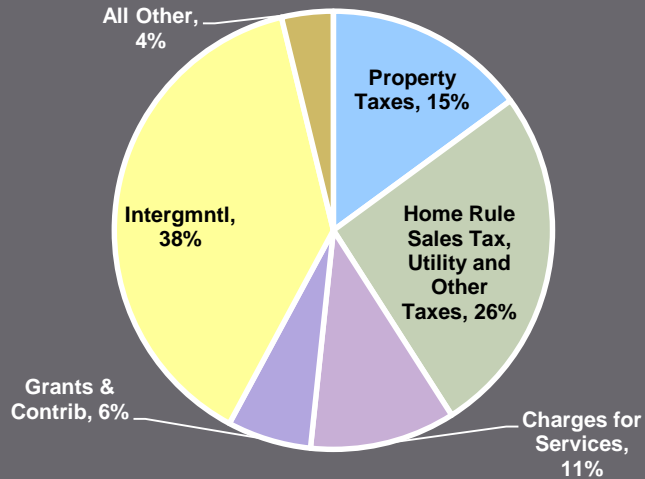
# How Levy is Determined

- ▣ Tax Cap Law
  - Applies to Non-Home Rule Taxing Bodies such as smaller communities, schools, and fire districts.
  - Taxes cannot increase more than CPI or 5%, whichever is less, plus any new growth
  - Village and Library are not bound by tax caps, but have self-imposed them
  - Recently the Village has chosen to not increase the amount levied in property taxes
  
- ▣ Each Taxing District Determines Own Levy
  - Process Begins in Fall for Everyone
  - Each Board Determines the Need in Property Tax Revenues = Levy Request
  - Based on the Budgetary Needs of Each District

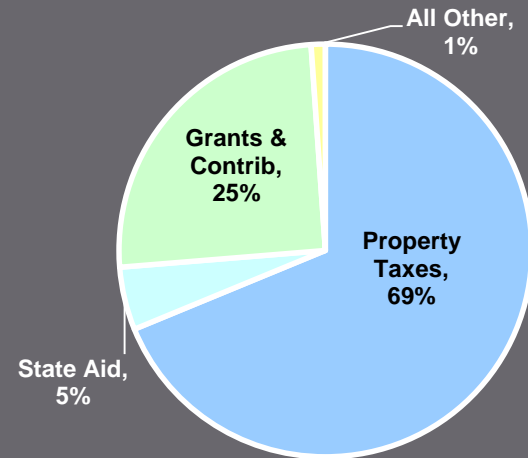
# Operating Revenue Sources

Governmental Activities FY 2013/14

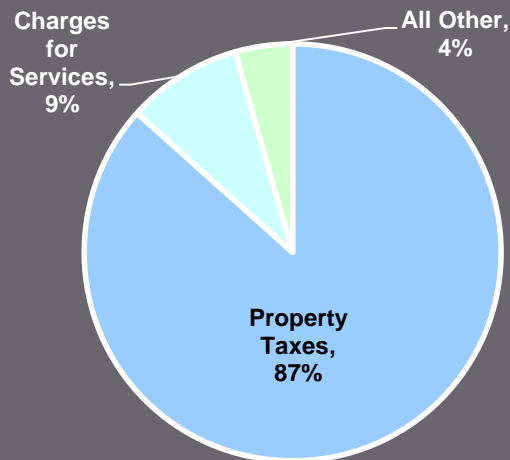
Village of Woodridge



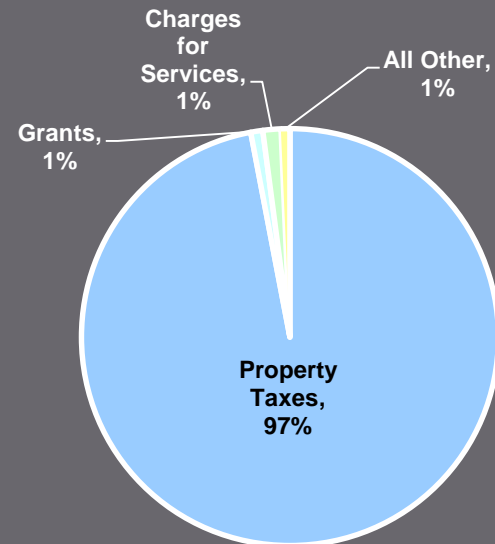
School District 68



Darien-Woodridge Fire



Woodridge Public Library





# VILLAGE OF WOODRIDGE

# Services We Provide

- ▣ Police Services
- ▣ Road Maintenance
- ▣ Forestry
- ▣ Stormwater Management
- ▣ Code Enforcement
- ▣ Business Attraction and Retention
- ▣ Clerk and Administrative Services

# Village of Woodridge Property Taxes

2014 Property Tax Levy:  
\$3,181,541

- Corporate Levy: \$ 1,658,109
- Police Pension: \$1,545,484

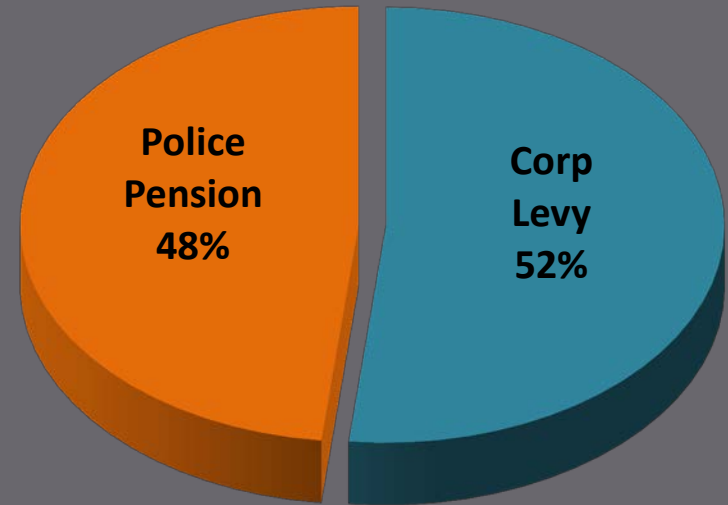
Debt Service: \$ 2,054,172

- These taxes are abated
- Paid for with other revenues

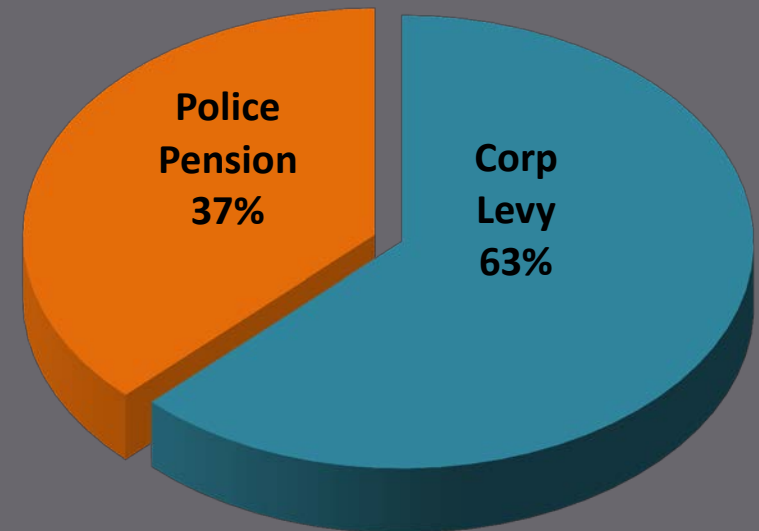
Average Taxes Paid to Village:

- \$232

2014



2004



# Tax Levy – Purposes

- ▣ Police Pension
- ▣ Corporate
  - Liability Insurance
  - IMRF Pension
  - General (Corporate)
- ▣ Debt Service (if applicable)
  - Village currently abates all debt service
  - Other revenues sufficient to cover the principal and interest payments

# Tax Levy – Where do the amounts come from? – Police Pension

Actuarial Valuation  
as of January 1, 2015



## WOODRIDGE POLICE PENSION FUND

Utilizing Data as of December 31, 2014  
For the Contribution Year January 1, 2015 to December 31, 2015

### CONTRIBUTION RECOMMENDATION

	Prior Valuation	Current Valuation
Employer Normal Cost	\$ 432,609	\$ 408,343
Amortization of Unfunded Accrued Liability/(Surplus)	1,368,660	1,340,138
Funding Requirement	<u>\$ 1,801,269</u>	<u>\$ 1,748,481</u>

*The Recommended Contribution has Increased -2.9% from the Prior Valuation (See the Management Summary).*

# Tax Levy – Where do the amounts come from?– IMRF

	IMRF Contributions	
	Regular	SLEP
<b>Member Contributions</b> (tax-deferred) .....	4.50%	7.50%
<b>Employer Contributions</b>		
• <b>Retirement Rate</b>		
Normal Cost .....	7.03%	12.44%
Funding Adjustment <over> under .....	4.60%	0.00%
Net Retirement Rate .....	11.63%	12.44%
• <b>Other Program Benefits</b>		
Death.....	0.09%	0.15%
Disability .....	0.14%	0.14%
Supplemental Benefit Payment.....	0.62%	0.62%
Early Retirement Incentive .....	0.00%	0.00%
<b>• TOTAL EMPLOYER RATE</b> .....	12.48%	13.35%



November:

- IMRF Sends Final Contribution Rate
- Budgeted Salaries multiplied by Employer Rate = IMRF Portion of Tax Levy (General Fund)

# Tax Levy - Where do the amounts come from? - Liability Insurance



INTERGOVERNMENTAL RISK  
MANAGEMENT AGENCY

*The Risk Management Solution for Local Government*

December 23, 2014

Village of Woodridge

## STATEMENT OF 2015 ANNUAL CONTRIBUTION

Contribution computed at a rate of \$2.256 per \$100 of five-year average Revenue Base	\$582,911
Excluded Services Adjustment	\$ 0
Plus or Minus the Experience Modifier	\$ 8,786
Optional Deductible Credit	\$ 0
2015 Annual Contribution	\$591,697
Plus Additional Members Reserve	\$ 0
2015 CONTRIBUTION DUE	\$591,697

# Tax Levy – How the amounts are calculated – Corporate

Total Proposed Tax Levy Amount

- Police Pension Amount
- IMRF Amount
- Liability Insurance Amount

= Corporate\*

\*Corporate Portion split among all operating departments based on each department's portion of total budget



# 2014 Tax Levy Details

Village of Woodridge 2014 Tax Levy Information								
Scenario #2B No Levy Increase, Funding for Police Pension Based on Investment Earnings of Fund at 7.50%								
Levy Year	2011	2012	2013	2014	2015	2016	2017	2018
Year Collected	2012/13	2013/14	2014	CY 2015	CY 2016	CY 2017	CY 2018	CY 2019
Current Assessed Value	\$1,149,284,854	\$1,073,927,864	\$1,018,505,091	\$1,027,264,235				
	-9.44%	-6.56%	-5.16%	0.86%				
TIF Assessed Value (a)	\$1,141,073,428	\$1,068,012,720	\$1,013,404,816	\$1,022,127,758	\$1,025,194,141	\$1,030,320,112	\$1,038,047,513	\$1,048,427,988
% Assessed Value Change	-9.33%	-6.40%	-5.11%	0.86%	0.30%	0.50%	0.75%	1.00%
Inflation Factor -.09% in EAV, with +.16% increase for new growth= net increase of 0.07%								
<b>Village Levy</b>	<b>1,827,500</b>	<b>1,712,342</b>	<b>1,640,071</b>	<b>1,380,272</b>	<b>1,218,158</b>	<b>1,041,453</b>	<b>848,845</b>	<b>638,903</b>
Corporate	377,500	312,342	240,071	0	0	0	0	0
Liab Insurance	550,000	520,000	520,000	500,272	338,158	161,453	0	0
IMRF	520,000	530,000	530,000	530,000	530,000	530,000	498,845	288,903
FICA	380,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000
<b>Police Pension</b>	<b>1,300,000</b>	<b>1,415,158</b>	<b>1,541,470</b>	<b>1,801,269</b>	<b>1,963,383</b>	<b>2,140,088</b>	<b>2,332,696</b>	<b>2,542,638</b>
<b>Total Village Levy</b>	<b>\$3,127,500</b>	<b>\$3,127,500</b>	<b>\$3,181,541</b>	<b>\$3,181,541</b>	<b>\$3,181,541</b>	<b>\$3,181,541</b>	<b>\$3,181,541</b>	<b>\$3,181,541</b>
% Village Levy Change	2.7%	0.0%	1.7%	0.0%	0.0%	0.0%	0.0%	0.0%
Typical Home	\$256,757	\$236,217	\$221,000	\$221,150	\$221,813	\$222,479	\$223,146	\$223,816
Market Value	-6.2%	-8.0%	-6.4%	0.07%	0.3%	0.3%	0.3%	0.3%
<b>Total Village Tax Rate</b>	<b>\$0.2769</b>	<b>\$0.2959</b>	<b>\$0.3172</b>	<b>\$0.3144</b>	<b>\$0.3134</b>	<b>\$0.3119</b>	<b>\$0.3096</b>	<b>\$0.3065</b>
% Aggregate Change	7.83%	6.86%	7.20%	-0.89%	-0.30%	-0.50%	-0.74%	-0.99%
<b>1 Village Tax Bill**</b>	<b>\$237</b>	<b>\$233</b>	<b>\$234</b>	<b>\$232</b>	<b>\$232</b>	<b>\$231</b>	<b>\$230</b>	<b>\$229</b>
Difference in Tax Bill from Prior Year	\$5.00	-\$4.00	\$1.00	-\$2.00	\$0.00	-\$1.00	-\$1.00	-\$1.00
<b>2 Exceeds (Under) Tax Cap By:</b>		<b>-853</b>	<b>-54,821</b>	<b>-89,746</b>	<b>-89,800</b>	<b>-96,083</b>	<b>-96,083</b>	<b>-96,082</b>
Assumptions:								
1. EAV will increase slightly in 2014, with minimal increases in years 2015-2017								
2. Increase in Police Pension Levy is 8.4% in 2014, estimated at 9% in years 2015-2018								
3. CPI increases: none allowed under this scenario.								

# Village Portion of Average Homeowner's Property Tax Bill



# EQUALIZED ASSESSED VALUATION (EAV)

# EAV & Property Owner

- ▣ Homeowners Pay Property Tax on Net Taxable Value of Home, which is the EAV less any exemptions.
  - $(64,260 / 100 * 10.0967)$
- ▣ The Amount of Taxes Collected is not tied to EAV. The tax rate is.
- ▣ Mix of Property Classifications
  - Residential vs. Commercial & Industrial
    - Impacts Total EAV

TIF Frozen Value	
Fair Cash Value	210,800
Land Value	35,970
+ Building Value	34,290
= Assessed Value	70,260*
x State Multiplier	1.0000
= Equalized Value	70,260
- Residential Exemption	6,000
- Senior Exemption	
- Senior Freeze	
- Disabled Veteran	
- Disability Exemption	
- Returning Veteran Exemption	
- Home Improvement Exemption	
- Housing Abatement	
= Net Taxable Value	64,260
x Tax Rate	10.0967
= Total Tax Due	6,488.14

# Mix of Property Classifications

Larger Percentage of Commercial & Industrial Properties Increase EAV and lessen burden of Homeowners

	▣ Residential	▣ Commercial	▣ Industrial
Village & Library	▣ 65%	▣ 18%	▣ 17%
School District 68*	▣ 77%	▣ 22%	▣ 1%
Park District*	▣ 70%	▣ 17%	▣ 13%
Lisle-Woodridge Fire*	▣ 76%	▣ 22%	▣ 2%

\*District 68 & Park District from 2013 Levy

# EAV AND Tax Rate

- ▣ County Clerk will determine the rate required , under the tax cap, in order to capture the amount of funds necessary

▪ Amount of Village Tax Levy: (no increase from 2013)	\$3,214,020
▪ Total Equalized Assessed Value (this is to be divided by \$ 100 )	\$1,013,247,138
▪ Rate Required to Collect	.3172

Levy amount divided by EAV to get the amount per \$ 100 EAV

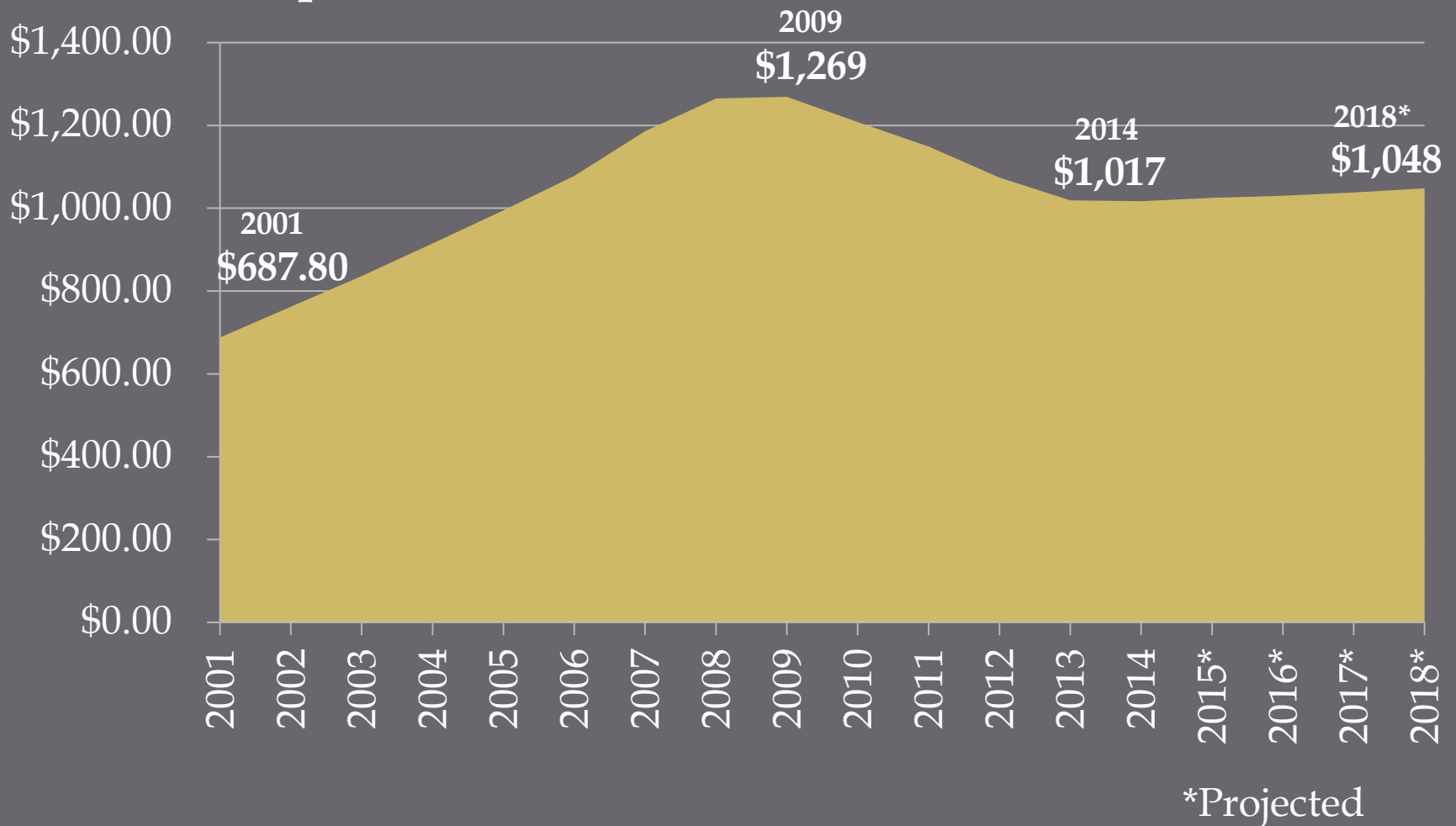
# Tax Rates

Tax Rates and EAV have an inverse relationship. All else equal, when one goes up, the other goes down.

TAX LEVY	TOTAL EAV	TAX RATE
3,214,020	1,013,247,138	.3172
3,214,020	1,050,000,000	.3061
3,214,020	950,000,000	.3383

# Assessed Value Historical and Projected

Equalized Assessed Value in \$ in Millions





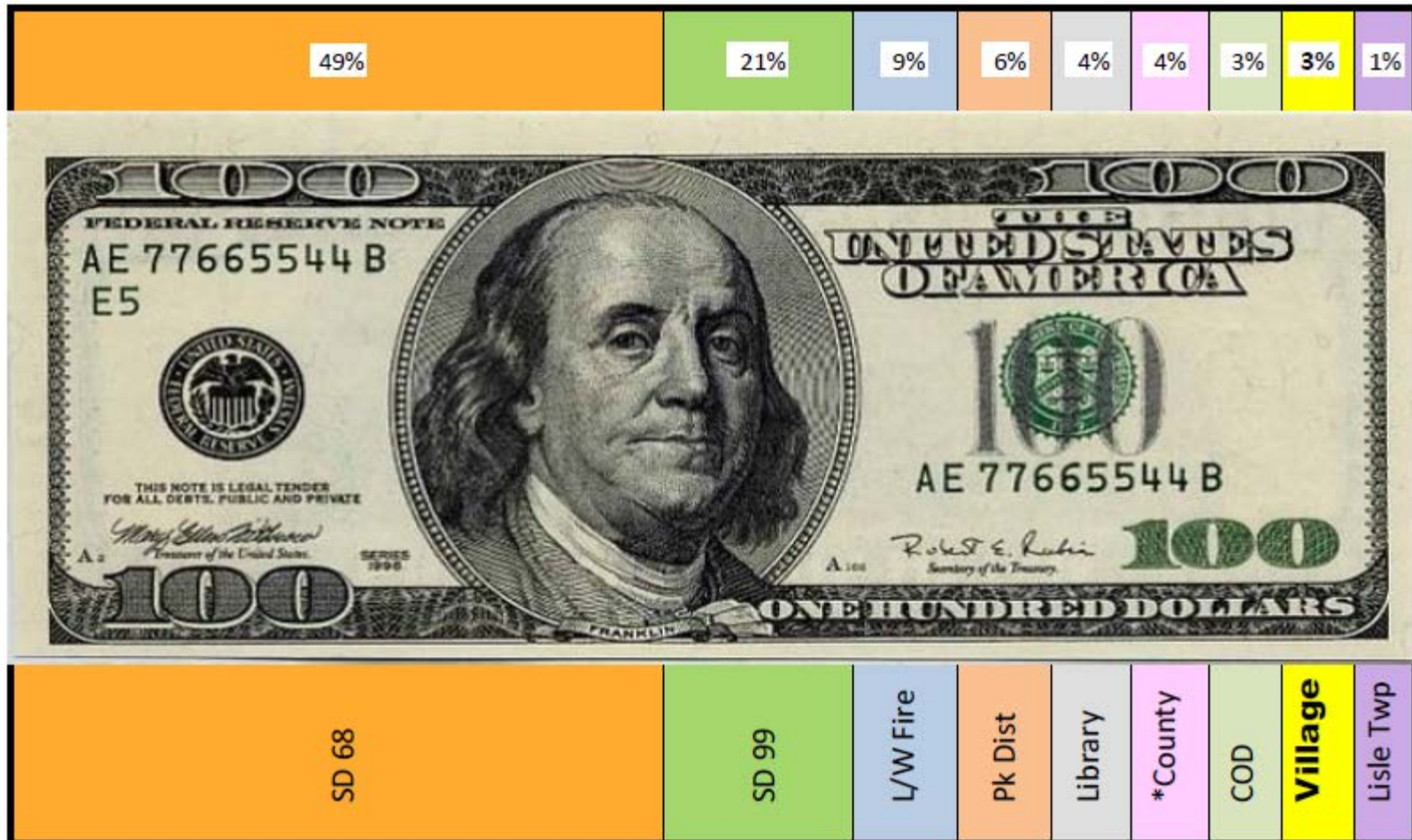
# Village Tax Rates - Historical & Projected by Levy Year



\* Projected

# Village of Woodridge Communication Efforts

# Where Your Tax Dollars Go....



\* Includes: DuPage County, DuPage Forest Preserve District, and DuPage Airport

# Resident Education Efforts

- ▣ Property Tax Forum
- ▣ Town Hall Meeting
- ▣ Senior Luncheon
- ▣ Property Tax Levy Workshops
- ▣ Budget Workshops
- ▣ Website
- ▣ MapOffice Property Tax Overlay
  - <http://www.gisconsortium.org/mapoffice/?pl=VWR&map=vector&co=Woodridge-Property%20Tax-0>
- ▣ E-news, Facebook
- ▣ Other Suggestions?

# Other Sources of Revenue?

# Potential Revenue

- ▣ Amusement Tax
  - 3% could generate \$300,000
- ▣ Food & Beverage Tax
  - 1% could generate \$400,000
- ▣ Home-Rule Sales Tax
  - $\frac{1}{4}\%$  provides approximately \$750,000 annually
- ▣ Utility Tax-Electric
  - Increase to max rate per kilowatt hour: \$170,000 annually
- ▣ Liquor Tax

# What Help is Available to Seniors?

# Exemptions

## ▣ Residential (Homestead) Exemption

- Principal Residence
- Lowers taxable property value by \$6,000

## ▣ Senior Citizens Homestead Exemption

- Age 65
- Lowers taxable property value by \$5,000

## ▣ Senior Citizens Assessment Freeze

- Total household income (before deductions) of \$55,000 or less
- Freezes property value of home
- Deadline to file: October 1<sup>st</sup>



# Additional Exemptions

## ▣ Senior Citizens Real Estate Tax Deferral Program

- Allows deferment of property taxes
- Taxes paid by State
- Taxes repaid for total amount plus 6% interest annually, upon sale of house or death of homeowner
- Age 65 by June 1st
- Income less than \$50,000

## ▣ Disabled Persons' Homestead Exemption

- Lowers taxable property value by \$2,000

# Who Do I Contact?

# That Depends...

- ▣ **Apply for Exemptions:**

- ▣ DuPage County Supervisor of Assessments (630) 407-5858
- ▣ Will County Supervisor of Assessments (815) 740-4648

- ▣ **Questions on Assessed Value of Property:**

- ▣ Lisle Township (630) 968-1183
- ▣ Downers Grove Township (630) 719-6630
- ▣ DuPage Township (630) 759-1315

- ▣ **Tax Appeals:**

- ▣ DuPage County Board of Review (630) 407-5888
- ▣ Will County Board of Review (815) 740-4670

- ▣ **Questions on Tax Levy:**

- ▣ Individual Taxing Bodies

Questions?