

**WILLIAMSVILLE C.U.S.D. #15**



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# **DISTRICT DISPATCH**

**A Publication for Community Members**

**From the Superintendent's Desk**

## **SCHOOL DISTRICT TAX LEVY AND BUDGET PROCESS**

Public school finance is often viewed as a complicated process. This is an attempt to explain the budgeting and levying process in order to give you a better grasp of school finance practices.

Public school districts have a fiscal year that extends from July 1 to June 30. The Illinois School Code requires school districts to adopt an annual budget before or during the first quarter of each fiscal year (by September 30). This budget must specify the estimated expenditures and revenues necessary for the fiscal year. These budgets must also contain a statement of the year's beginning and ending cash receipts and disbursements for the budget year. It is common for school districts to file an amended budget in the late spring to reflect more accurately revenues and expenditures for a given fiscal year.

School district personnel start to prepare for the following year's budget in December. Each board of education makes an annual levy in terms of dollar amounts and certifies this levy to the respective county clerks. The levy is the amount of money that the school district requests that the County Clerk taxes the property owners of the school district. The tax levy must be filed with the county clerk before the last Tuesday in December annually. Taxes that are levied on the current year's budget and filed in December with the county clerk are extended in the spring and usually received by the school treasurer in July and October.

Williamsville-Sherman CUSD #15 receives revenues from three sources; local, state, and federal. For the 2015-16 budget year (fiscal year 2016), the district received 64% of its revenue from local sources, 34% from state sources, and 2% from federal sources. The majority (85%) of local revenue is from local property taxes, fifteen percent is from lunches and textbook rental, and the remainder from various other sources. For the 2015 tax year the vast majority of property taxes were generated by residential values (82.5%) with farmland at 11%, and commercial, industrial, mineral, and railroad generating the remainder.

The majority of state revenue (86%) comes via the General State Aid formula. This formula funds school districts based on property wealth per student. The more property wealthy a school district is per student the less general state aid it receives. Williamsville-Sherman School District is about average statewide in property wealth per student. Approximately another eleven percent from the state is generated by special education cost reimbursement; however, the special education cost reimbursement only supports about fifty percent of the total special education costs. Sources of federal funding in FY 2016 came primarily from three sources: Title I grant, reimbursement from the National School Lunch Program, and special education IDEA grant.

Back to the levy process...when the board of education approves the levy amount in December it does not know the actual value of the local property expressed in equalized assessed valuation (EAV). EAV is defined as one-third the actual market value of all property. Growth in EAV has been steady for many years, averaging 4.35% growth for the past eight years.

Another factor complicating the prediction of the current year's EAV is the concept of the Property Tax Extension Limitation Law (PTELL) better known as tax caps. Residents of Sangamon County in 1996 approved tax caps that limit the increase of the property tax extension to 5% or the percent increase in the national Consumer Price Index (CPI), whichever is less. The CPI has averaged about 2.2% since that time.

If the local board of education approves a tax levy more than 105% of its prior year's taxes, it must publish a notice in the local newspaper and conduct a tax levy hearing. The Williamsville-Sherman Board of Education has a practice of publishing a notice and conducting a tax levy hearing each year regardless of the levy increase. Last year (tax year 2015) the administration recommended and the board of education approved a tax levy of 18% over the previous year's extension. This is a "ballooned" figure because the CPI for last year was 0.8%; however, by levying at this higher rate the school district is protecting itself against unknowns such as the actual growth in EAV and new property that has come on the tax rolls. This protection allows the school district to access all property taxes it is legally entitled to. If we submit an estimate under the actual EAV growth, our school district would lose tax revenue. So, while the levy notice may indicate an increase of 18%, we are limited by law to the CPI figure or 5% as explained earlier.

Finally, the tax rate that is reflected on your tax bill determines the amount of taxes you actually pay. The 2015 tax rate for Williamsville-Sherman CUSD #15 decreased from the previous year and is projected to do the same for tax year 2016 due to increased EAV figures.

Don Beard  
Interim Superintendent