

VILLAGE OF LIBERTYVILLE 2016 TAX LEVY PUBLIC HEARING

Tax Levy Process

In order to collect a property tax, government agencies in the State of Illinois are required to establish a "tax levy." The tax levy is a projection of the monies the government agency obtains through the annual property tax. The Libertyville Village Board adopts a property tax levy by ordinance, and files the ordinance with the Lake County Clerk by the last Tuesday in December. The funds identified in the tax levy and collected through the property tax are utilized by the Village, along with other revenue sources, to fund the Village Budget.

The Village's 2016 tax levy will be incorporated in the property tax bills property owners receive in 2017 and will be collected between June and September 2017. These funds will be used by the Village to fund a portion of the 2017-2018 Village Budget (the Village operates on a May 1 through April 30 fiscal/budget year). The tax levy ordinance adopted by the Village is filed with the Lake County Clerk, whose office determines the "tax rate" needed to raise the dollars levied by the Village. The Village levies in dollars rather than a specific tax rate. As a result, the Village does not receive any additional dollars if the assessed valuation of property in the Village increases or decreases. Rather, the amount of the Village tax levy remains the same, and is spread over a greater or lesser total assessed valuation of property (which results in a decrease or increase in the actual Village tax rate). The 2016 total equalized assessed valuation is expected to increase approximately 3% which should lower the increase in the actual tax rate since the dollar amount of the levy is spread over a larger assessed valuation.

It is difficult to determine the amount of a tax levy due to the fact that the actual dollars collected from the 2016 tax levy are not received until fiscal year 2017-18, for which the Village has not yet considered an annual budget. However, the Village Board and Staff utilize a five year financial plan, which has been discussed and will guide the preparation of the 2016-17 Village Budget.

The property tax rate is determined by the Lake County Clerk and appears on the property owner's property tax bill. The tax rate is applied to the property's assessed valuation, which determines the amount of money the taxpayer pays to the Village of Libertyville and other taxing agencies. Property owners in the Village of Libertyville will note that the Village is only one of many taxing bodies which appear on the annual property tax bill.

Proposed 2016 Village Tax Levy

After reviewing three options, the Village Board is considering a 2016 net tax levy in the amount of \$7,982,593 which would include a levy of \$144,000 for the Village's payment to the Special Recreation Association. Legislation was passed in 2003 which allowed this portion to be levied outside the tax cap. This proposed tax levy represents a 3.4% increase over the extended 2015 Village property tax levy of \$7,720,146. The Village Staff anticipates that the estimated 2016 levy would result in a property tax rate of 0.703650. The increase includes funding for repayment of the road bonds that were issued in 2012, 2013, 2014 and 2015.

TAX LEVY COMPARISON - 2015 & 2016

FUND	2015 EXTENDED LEVY			2016 PROPOSED			
	LEVY	EXTENSION	RATE	LEVY	ABATEMENTS	EXTENSION	RATE
CORPORATE	807,000	807,005	0.073270	545,856	0	545,856	0.048116
FIRE	755,000	755,008	0.068549	753,000	0	753,000	0.066375
STREETS/BRIDGES*	750,000	412,755	0.037475	750,000	307,000	443,000	0.039050
PARKS	355,000	355,007	0.032232	353,000	0	353,000	0.031116
RECREATION	355,000	355,007	0.032232	353,000	0	353,000	0.031116
IMRF/FICA	335,000	335,006	0.030416	333,000	0	333,000	0.029353
Sub-Total General Fund	3,357,000	3,019,788	0.274174	3,087,856	307,000	2,780,856	0.245127
POLICE PENSION	1,740,300	1,740,310	0.158007	2,006,848	0	2,006,848	0.176900
FIRE PENSION	1,252,200	1,252,208	0.113691	1,470,531	0	1,470,531	0.129624
Sub-Total Pensions	2,992,500	2,992,517	0.271698	3,477,379	0	3,477,379	0.306524
Sub-total General & Pensions (Tax Cap Calculation)	6,349,500	6,012,306	0.545872	6,565,235	307,000	6,258,235	0.551651
SRA	144,000	144,010	0.013075	144,000	0	144,000	0.012693
BONDS (See Below)	4,110,413	1,563,828	0.141984	4,132,628	2,552,270	1,580,358	0.139305
LEVY	10,603,913	7,720,143	0.700931	10,841,863	2,552,270	7,982,593	0.703650

BONDS	2015		2016	
	Levy	Extended	Levy	Extended
Adler Pool (2008 Ltd Tax Refunding)	216,553	216,553	214,615	214,615
Sports Complex (2010A Refunding)	543,755	0	541,505	0
Sports Complex (2010B Taxable Refunding)	330,488	0	333,288	0
Sports Complex (2010C Refunding)	579,350	0	581,600	0
Sales Tax (2010D-Bolander Refunding)	73,440	0	66,690	0
Road Bonds (2012A GO Bond)	306,325	306,325	312,125	312,125
Water/Sewer (2012B Alt Revenue)	249,400	0	247,700	0
Road Bonds (2013A GO Bond)	354,785	354,785	358,938	358,938
Water/Sewer (2013B Alt Revenue)	289,975	0	288,325	0
Water/Sewer (2014A Alt Revenue)	311,450	0	309,600	0
Road Bonds (2014B GO Bond)	336,350	336,350	337,250	337,250
Road Bonds (2015A GO Bond)	334,329	334,329	357,430	357,430
Water/Sewer (2015B Alt Revenue)	184,213	0	183,563	0
	<u>4,110,413</u>	<u>1,563,830</u>	<u>4,132,628</u>	<u>1,580,358</u>

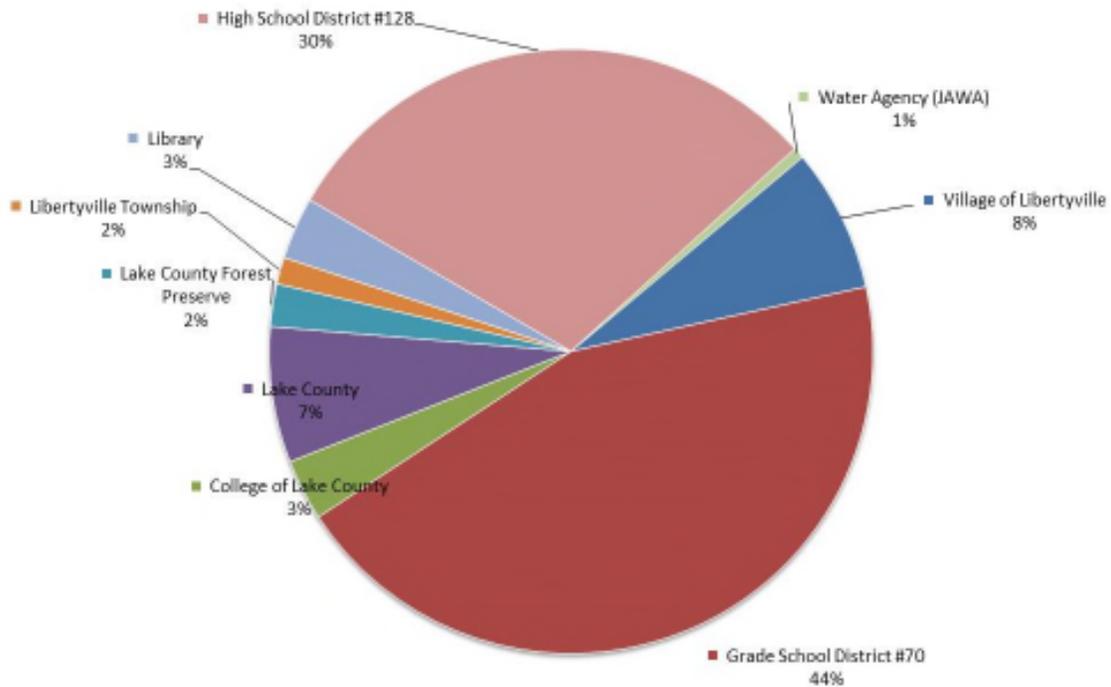
In attempting to determine the 2016 property tax levy, the Village Board has taken the following items into consideration:

- An increase of approximately 3% in the equalized assessed valuation of property within the Village (based on preliminary information provided by the Lake County Assessor).
- Requirements of the tax cap legislation.
- Increased required contributions to the Police and Fire Pension funds.
- Projections contained in the Village Five Year Financial Plan.
- A desire to maintain General Fund balances and to maintain current service levels to Village taxpayers.

Due to the fact that the gross 2016 estimated tax levy subject to PTELL of \$6,565,235, which includes the township portion of the road and bridge levy, represents an increase greater than 5% compared to the 2015 levy (\$6,012,306), the Village is required to hold a public hearing and provide notice as required by the State of Illinois Truth-in-Taxation Act. Once the township road and bridge levy and the alternate revenue bonds are abated, the actual increase will be 3.4%. The Village Board has scheduled a Public Hearing at 8:00 p.m. on Tuesday, November 22, 2016 to discuss the 2016 tax levy and obtain public input.

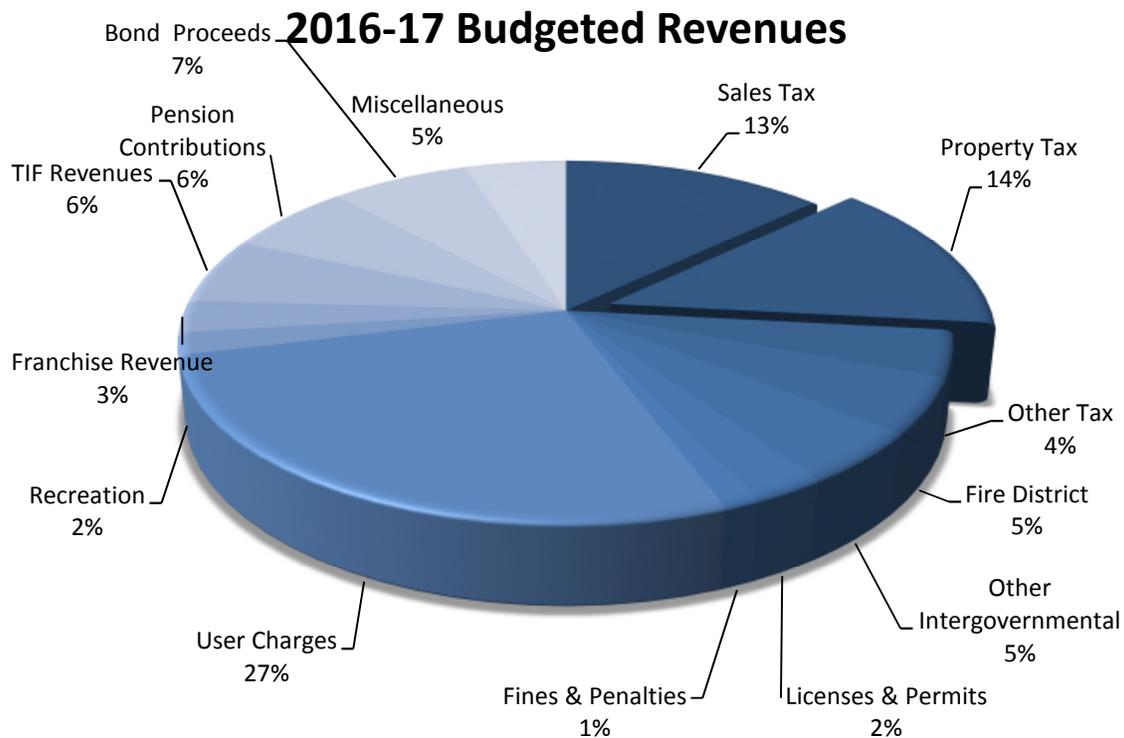
Distribution of Your Property Tax Dollars

The Village of Libertyville is only one of many governmental taxing agencies which appear on a homeowner's real estate tax bill. As the following chart indicates, the Village's share of a homeowner's real estate tax bill is approximately 8% (based upon 2015 tax rates which were paid in calendar year 2016). Taxes for the other taxing bodies are distributed directly to them by the Lake County Treasurer. The Village does not have any input or decision making authority on the amount of taxes levied for these other taxing bodies.



Village Revenues

Real estate taxes represent one of many sources of revenue that are utilized to fund Village operations. In addition to receiving revenues from the tax levy, other major sources of revenue received and utilized by the Village include:



Sales Tax	\$7,630,000
Property Tax	\$8,085,145
Other Tax	\$2,433,100
Fire District	\$2,842,975
Other Intergovernmental	\$2,768,830
Licenses & Permits	\$1,525,000
Fines & Penalties	\$784,000
User Charges	\$15,747,770
Recreation	\$1,170,500
Franchise Revenue	\$1,673,000
TIF Revenues	\$3,440,000
Pension Contributions	\$3,745,500
Bond Proceeds	\$4,050,000
Miscellaneous	\$2,950,645
Total Revenues	\$58,846,465

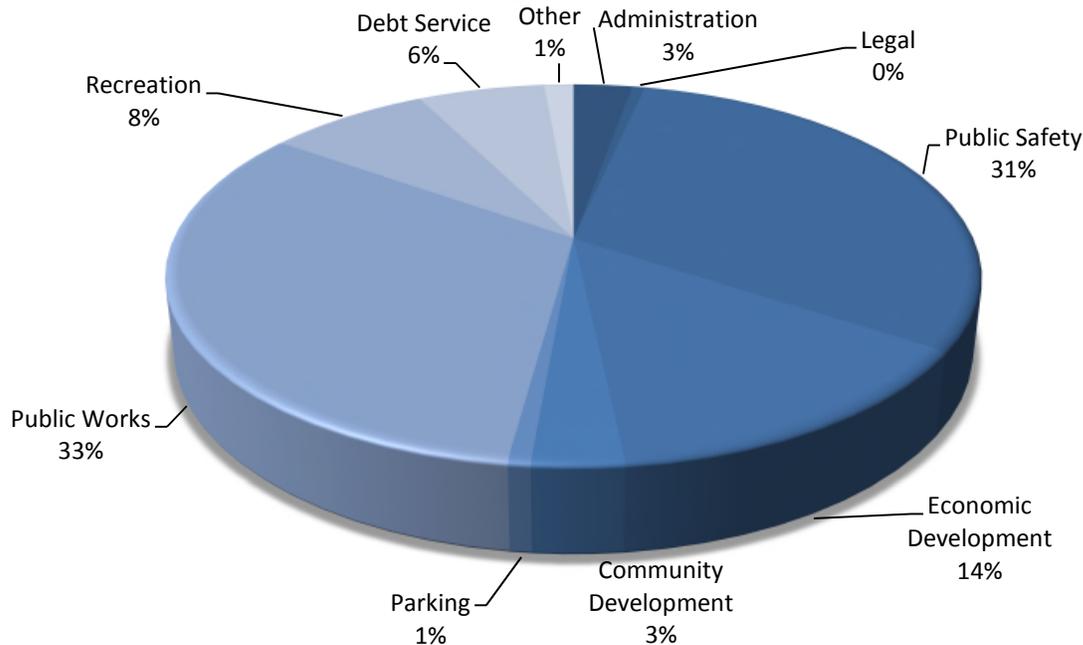
Revenues received from real estate taxes represent approximately 14% of all Village revenues. In order to put the property tax levy in perspective, the estimated 2016 levy of \$7.98 million is about 38% of the \$21 million it costs the Village to provide Police and Fire services.

Total Village Expenditures

The Village adopts an annual budget which is based on a fiscal year of May 1 through April 30. Village operations and services are organized by various funds contained within the Budget. These funds include the General Fund, Enterprise Funds, Debt Service, Capital Projects, and Pension Funds.

The General Fund includes Village operations such as Administration, Public Works (which includes Highways and Bridges and Engineering), Police, Fire, Parks and Recreation, and Community Development Departments. Enterprise Funds are established to account for the financing of self-supporting Village activities, which render services generally on a user-charge basis. The Village Enterprise Funds include services such as water, sewer and wastewater treatment and the Libertyville Sports Complex. Other funds include employee pension funds, capital projects funds (for capital improvements such as building improvements, infrastructure improvements, recreation facilities), and debt service funds (to pay for principal and interest associated with bonds).

2016-17 Budgeted Expenditures



Administration	\$1,903,030
Legal	\$407,000
Public Safety	\$21,012,540
Economic Development	\$9,494,000
Community Development	\$2,097,350
Parking	\$512,575
Public Works	\$22,176,590
Recreation	\$5,248,935
Debt Service	\$4,131,160
Other	\$952,585
Total Expenditures	<u>\$67,935,765</u>

Those Village services which are funded in part by real estate taxes include:

- public safety services (including police protection, fire protection and paramedic service, provided on a 24 hour a day basis and within a specific response time);
- public works construction and maintenance (streets, sidewalks, storm sewers, street lights, traffic signals, snow plowing);
- Parks and recreation services (construction and maintenance of playgrounds, operation and maintenance of two pools and Village golf course, recreation programs for all ages, and tree planting and tree maintenance service).

How Much Do We Pay and How Do We Compare?

While both the tax levy and budgeting process can be complicated and somewhat difficult to understand, homeowners often focus on how these processes impact the dollar amount of their real estate tax bill. Based upon the estimated 2016 Village tax levy, the following comparison illustrates the impact of the 2016 levy and the amount of tax a Libertyville property owner will pay to the Village:

IMPACT ON A LIBERTYVILLE HOMEOWNER
 (Assumes a 3% increase in the Equalized Assessed Valuation)
 EAV is Approximately 1/3 Market Value

2015 Home Value	2015 EAV	2015 VILLAGE TAX	2016 Estimated EAV	2016 EST TAX	DOLLAR INCREASE	% CHANGE
\$225,000	\$75,000	\$526	\$77,250	\$544	\$18	3.4%
\$300,000	\$100,000	\$701	\$103,000	\$725	\$24	3.4%
\$400,000	\$133,333	\$935	\$137,333	\$966	\$32	3.4%
\$600,000	\$200,000	\$1,402	\$206,000	\$1,450	\$48	3.4%

The proposed 2016 Village tax levy will result in a 3.4% increase to a typical property owner's tax bill for the Village of Libertyville that will be paid in 2017 (does not include schools and other taxing bodies).

In comparing to surrounding communities, the Village of Libertyville's tax rate compares very favorably. The following table compares Libertyville's 2015 tax rate (taxes paid in 2016) to surrounding communities noting several communities have a separate park and/or fire protection districts. Also shown is the amount of property tax paid for Village services on property with a value of \$400,000. The Village's tax rate continues to be one of the lowest of the surrounding communities.

2015 TAX RATES

<u>Community</u>	<u>Predominant Rate</u>	<u>Village Rate</u>	<u>Fire District</u>	<u>Park District</u>	<u>Total Tax Rate</u>	<u>Tax Paid on a \$400,000 Home</u>
Grayslake	15.632279	0.653263	0.944940	0.549851	2.148054	\$2,864
Deerfield	8.808725	0.893446	0.624302	0.552128	2.069876	\$2,760
Mundelein	11.971862	1.571115	-	0.443846	2.014961	\$2,687
Antioch	12.576394	1.398094	0.531147	-	1.929241	\$2,572
Buffalo Grove	9.794397	0.955324	-	0.516858	1.472182	\$1,963
Lake Forest	5.523775	1.279444	-	-	1.279444	\$1,706
Highland Park	7.99501	0.748860	-	0.520303	1.269163	\$1,692
Lake Bluff	6.917695	0.722357	-	0.504455	1.226812	\$1,636
Vernon Hills	9.479828	-	0.595292	0.457767	1.053059	\$1,404
Lincolnshire	8.643731	0.241000	0.786055	-	1.027055	\$1,369
Libertyville	8.137214	0.700931			0.700931	\$935
Gurnee	9.906203	-	-	0.522241	0.522241	\$696