

**Bellwood School District 88 – Cook County, IL**  
**2020 Tax Levy – Public Handout**  
**November 6, 2020**

**TO TAXPAYERS OF SCHOOL DISTRICT 88 – COOK COUNTY, IL**

THIS DOCUMENT IS DESIGNED TO PROVIDE THE CITIZENS AND TAXPAYERS OF SCHOOL DISTRICT 88 WITH A GENERAL OVERVIEW OF THE DISTRICT’S PROPOSED 2020 TAX LEVY ACTIVITIES AND THE DISTRICT’S BASIS FOR REQUESTED TAX REVENUES AND THEIR INTENDED USES.

**BACKGROUND INFORMATION**

**DEFINITIONS:**

In understanding the concepts of the tax levy, how the school district tax levy was determined, and how it impacts the taxpayer’s tax bill, the following terms are defined:

**Property Value** - the amount for which a parcel of property can be sold in the due course of business between a willing buyer and a willing seller.

**Assessment Level** – the percentage of property values for which taxes will be applied. In Cook County, the assessment level for residential properties is 10%. The assessment level for commercial properties is 25%.

**Assessed Value** – the value placed on property for tax purposes and the basis for determining what portion of the overall tax burden each property owner will bear (property value X assessment level).

**Equalization Factor or Multiplier** – the tool used to bring all properties to a uniform level of assessment. In 2019, the multiplier for Cook Country was a factor of 2.9160.

**Equalized Assessed Value (EAV)** – The result of applying the state equalization factor to the assessed value of a property (assessed value X equalization factor). The EAV is then adjusted to exclude exemptions.

**Exemption** – the removal of property from the tax base. Examples include homestead exemptions and churches.

**Tax Rate** – an aggregate rate combining allowable levies from county, township, school districts and other special districts (i.e. park, library, etc.).

**Property Tax Bill** is calculated by multiplying the EAV by the tax rate.

**“TAX LEVY” AND “TAX RATE”**

When a school district makes its “tax levy”, it requests a specific amount of money to be collected on its behalf by county officials. Whether or not a school district receives all of the dollars it requests will be related directly to the total equalized assessed valuation (EAV) of the properties serviced by the school district.

The levy dollars requested will be forthcoming to the school district only if the EAV allows that many dollars to be generated by the tax rate authorized to the school district either by state law or voter-approved referendum.

The levy is only a request for funds. The County Clerk “extends” the allowed levy across all taxable properties within the school district’s boundaries in order to collect the dollars required to operate the school system. The County Clerk’s extension will not exceed the amount permitted by law with the limiting factors being:

- 1) the Authorized Maximum Tax Rates within individual levy categories;
- 2) the actual 2020 Equalized Assessed Valuation (EAV); and
- 3) the Tax Cap Limiting Rate factor.

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**1) AUTHORIZED TAX RATES / PERMISSIVE TAX LIMITS**

Tax rates for school districts are related to specific purposes. School districts in Illinois are subject to various limitations in property tax rate for each specific purpose.

Noted below are the tax rate maximums that Bellwood School District 88 may levy without referendum. If the district needs to increase the permissive tax limits, we must first seek voter permission by referendum at a general election.

<b>Fund / Purpose</b>	<b>Maximum Fund Rate</b>
Education	Limits removed with new SB1 Law ( <i>effective 2017</i> )
Special Education	<b>0.4000</b>
Building	<b>0.5500</b>
Working Cash	<b>0.0500</b>
Fire Prevention & Life Safety	<b>0.0100</b>
Transportation	As required to cover District transportation costs.
Tort Immunity	As required to cover District insurance costs.
Municipal Retirement	As required to cover District’s obligations
Social Security/Medicare	As required to cover District’s obligations
Bond Debt Service	As required to pay District’s current year Debt obligations

**2) EQUALIZED ASSESSED VALUATION (EAV)**

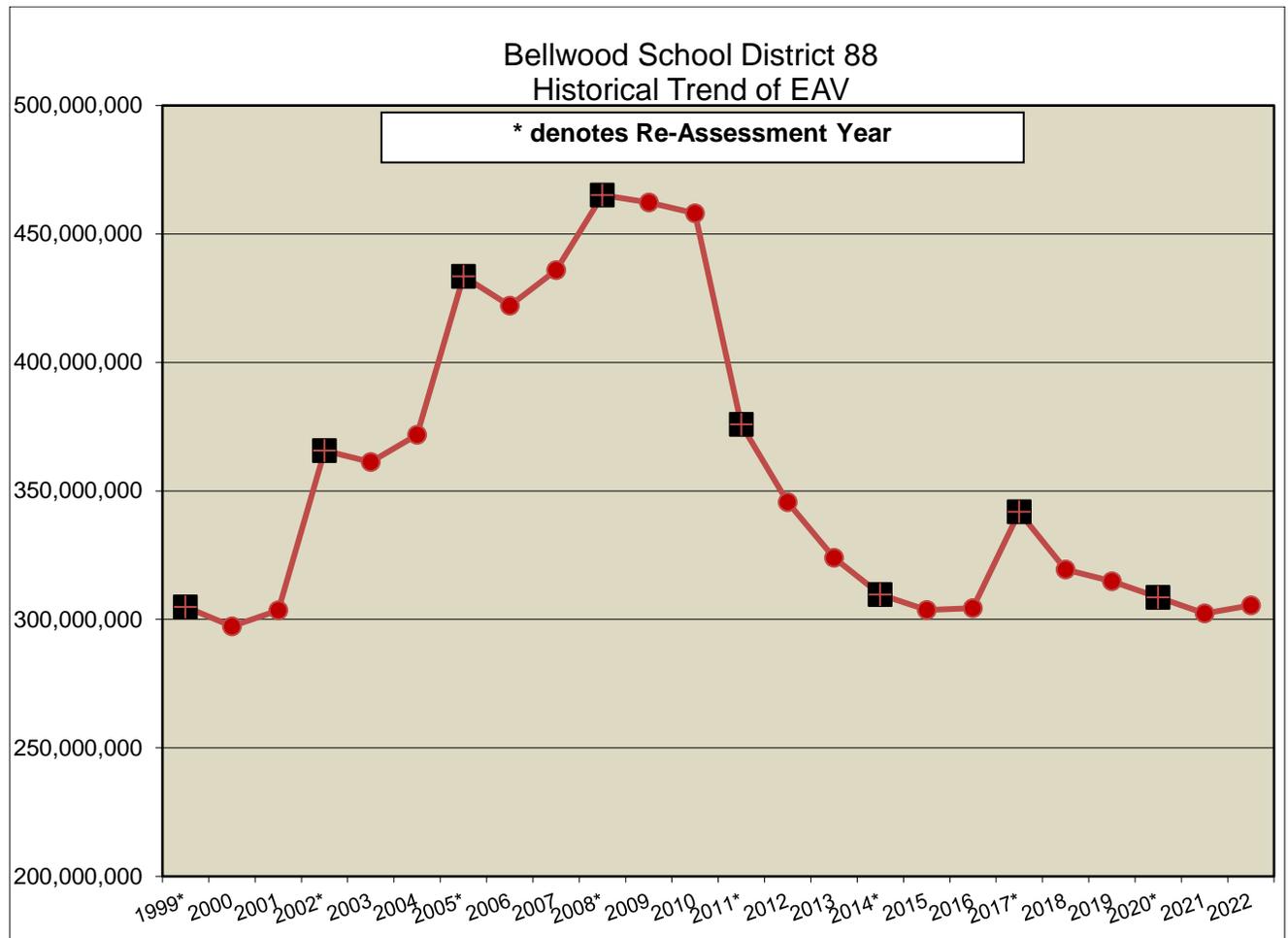
At this time, the 2020 EAV to be used in determining School District 88’s allowable tax levy request is not yet known, so estimation is used. We are estimating that the EAV of properties supporting School District 88 will be approximately \$308,557,386, reflecting a 2.0% overall decline in current property values primarily due to the impact of COVID on historical trends and economic indicators.

2020 is a tri-annual reassessment year for Proviso Township (which includes Bellwood, Melrose Park, Stone Park, Maywood, Hillside, and Broadview properties). For its last tri-annual reassessment (2017), Proviso Township properties increased by 12.3% overall, which was the first year of increase, since the 2009 recession. National & State economic indicators (i.e. home sales, unemployment numbers) pointed toward a slow, but continuing, recovery. However, in 2020, the Cook County Assessor adjusted properties significantly due to COVID, ranging between -7.5% and -15.2%. The COVID-19 pandemic has launched the nation back into a recessional environment of high unemployment and business closures. Historically, when unemployment rises, residential housing prices (value) decline. And when businesses experience declining sales/income and vacancies, commercial/retail properties decline.

Our projections assume District 88’s 2020 equalized assessed value will remain relatively flat, decreasing slightly (by 2.0%). Although the County Assessor applied significant adjustments to Proviso property values, it should also be noted that almost half of SD88 area properties are assigned to Tax Incremental Financing (TIF) projects, which froze the district’s EAV at lower levels. Our projections assume that most of any EAV declines would first be absorbed by the applicable TIF before hitting SD88’s frozen EAV level.

The historical trend the EAV over the past several years, along with short term projections, is presented as follow:

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**3) TAX CAP LIMITING RATE**

State law limits the maximum amount that school districts can increase tax levy requests, based on a “tax cap” formula. The tax cap formula basically restricts the total levy amount (excluding debt services) to exceed the prior year’s levy by 5% or the Consumer Price Index (CPI) whichever is lower. In 2019, the CPI was 2.3% (lower than the 5% maximum), so the tax cap formula will not allow the total levy amount to exceed 2.3% over the 2019 extension.

$$\text{Tax Rate Ceiling} = \frac{\text{Prior Year Extension} \times (1 + 5\%) \text{ or } (1 + \text{CPI})}{\text{Current Year EAV} - \text{New Property Value}}$$

**PROPOSED LEVY FOR TAX YEAR 2020**

The proposed tax levy for Bellwood School District 88 is summarized as follows:

Levy Category	2019 Levy Extension	Proposed 2020 Levy	Increase / (Decrease)
Education	7,512,112	<b>7,500,000</b>	(12,112)
Special Education	1,101,675	<b>1,100,000</b>	(1,675)
Operations & Maintenance	1,652,041	<b>1,600,000</b>	(52,041)

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Transportation	700,866	<b>700,000</b>	( 866)
Municipal Retirement	355,470	<b>400,000</b>	44,530
Social Security	686,067	<b>750,000</b>	63,933
Working Cash	944	<b>1,000</b>	56
Tort Immunity	731,092	<b>750,000</b>	18,908
Life Safety	294,703	<b>250,000</b>	(44,703)
<b>Aggregate Levy (subject to Tax Cap)</b>	<b>13,034,970</b>	<b>13,051,000</b>	<b>16,030</b>
Debt Service	3,003,903	<b>2,815,247</b>	(188,656)
<b>Total Levy</b>	<b>16,038,873</b>	<b>15,866,247</b>	<b>(172,626)</b>

The proposed levy amounts were developed taking in consideration many factors, such as the current state-stipulated maximum rates, historical tax rate trends, and the adequacy of the fund balances for the specific levy categories.

The proposed 2020 levy equates to a 0.12% net increase over the previous year’s tax extension.

In addition to the base levy amount proposed, District 88 has a standing resolution filed with the County Clerk that authorizes a 5% loss amount which goes to offset property taxes not collected. In the event that the tax cap limits the dollar amount requested within the proposed tax levy, we have directed the County Clerk to reduce levy categories proportionally from each of the levy category to ensure that adequate funds are distributed to each of the fund balances.

In order to maximize revenues under the process described, the proposed levy is prepared as a “balloon levy”. The term “balloon levy” refers to levying dollars at a higher level than anticipated, because the actual 2020 EAV is not yet known. Should the actual 2020 EAV exceed the estimated assessment, the final levy dollars received will be limited by the EAV denominator within the tax cap formula. On the other hand, if the EAV falls below the estimated assessment level, the balloon levy allows the district to receive additional revenues needed to operate, up to proposed levy amount.

The proposed levy, after the application of state tax cap laws, is projected to equate to an aggregate tax rate of 4.330%, excluding debt services. The total tax rate, including debt services, is expected to be equal approximately 5.288% of the estimated EAV. These estimated rates, while higher than 2019, represent a net expected increase of \$277,671 in tax dollar spread over the district’s EAV base.

A historical schedule of the tax rates by levy category is detailed as follows:

<b><u>Tax Rate</u></b>	<b><u>Maximum Rate</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020P</u></b>
Educational	--	2.7272%	2.5184%	2.4129%	2.3859%	2.4892%
Special Education	0.4000	0.0869%	0.0810%	0.3450%	0.3499%	0.3651%
Building	0.5500	0.4308%	0.4704%	0.5295%	0.5247%	0.5310%
Transportation	--	0.2090%	0.1944%	0.2247%	0.2226%	0.2323%
Municipal Retirement	--	0.0862%	0.0810%	0.0915%	0.1129%	0.1328%
Social Security	--	0.2242%	0.0810%	0.0915%	0.2179%	0.2489%
Working Cash	0.0500	0.0003%	0.0003%	0.0003%	0.0003%	0.0003%
Tort Immunity	--	0.1725%	0.1591%	0.1926%	0.2322%	0.2489%
Life Safety	0.1000	0.0508%	0.0462%	0.0944%	0.0936%	0.0814%

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<b>Aggregate Total – subject to Tax Cap</b>	<b>3.9879%</b>	<b>3.6318%</b>	<b>3.9824%</b>	<b>4.140%</b>	<b>4.330%</b>
Debt Service	0.9230%	0.8751%	0.9366%	0.9541%	0.9580%
<b>Total Levy</b>	<b>4.911%</b>	<b>4.507%</b>	<b>4.919%</b>	<b>5.094%</b>	<b>5.288%</b>

<b>Tax Dollars Levied</b>	<b>14,948,142</b>	<b>15,403,961</b>	<b>15,713,003</b>	<b>16,038,873</b>	<b>16,316,544</b>
<i>Increase/ (Decrease) \$\$ vs. Prior Year</i>	<i>105,081</i>	<i>455,819</i>	<i>309,042</i>	<i>324,644</i>	<i>277,671</i>
<i>Change in % vs. Prior Year</i>	<i>0.71%</i>	<i>3.05%</i>	<i>2.00%</i>	<i>2.07%</i>	<i>1.73%</i>

The tax rates presented above only represent the portion of property tax bills associated with School District 88. The overall tax rates, billed by the county, are a composite of allowable levies from multiple government entities including county, township, municipalities, other school districts and other special districts (i.e. park, library, etc.).

A list of the Historical Composite Tax Rates for the communities supporting School District 88 is available on the district website for informational purposes.

More information regarding the levy process, visit the Cook County Clerk’s Office websites at <http://www.cookctyclerk.com> or [www.cookcountytreasurer.com](http://www.cookcountytreasurer.com)