



**District Finance Meeting
March 30, 2011**



Agenda

- Welcome
- Working Cash Fund Bond Explanation
- Proposed Referendum
- Q&A





Working Cash Fund Bonds

- Voter approved in 2004
- Each year the district issues \$2.4M of WC bonds to provide additional revenue
- NOT long term debt
- Raise much needed revenue, while maintaining third lowest tax rate in Will County
- Prevent loss of General State Aid (GSA) – preserved \$7M of GSA, spent \$255K in interest, resulting in savings to the district of over \$4.5M from 2005-2010



Peotone 207-U Budget Breakdown

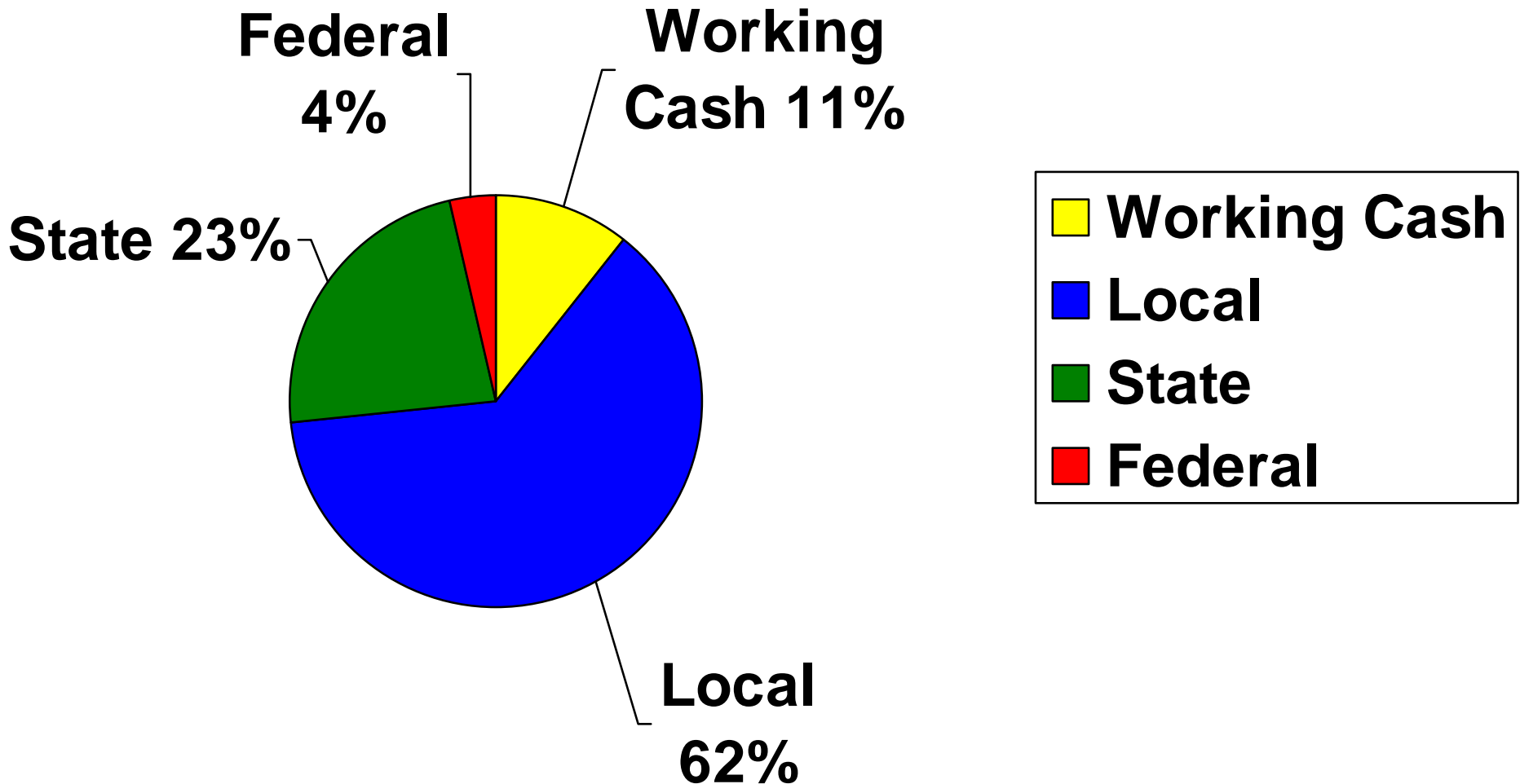
	Working Cash Bonds	Local	State	Federal
Budget	\$2,400,000	\$14,366,003	\$5,246,700	\$840,300*
% of Budget	10.5%	62.9%	23.0%	3.6%
# of Students	1,966	1,966	1,966	1,966
Spending per Pupil	\$1,220	\$7,307	\$2,668**	\$427

*includes \$200K of **one time** Jobs Bill money, percentage will decrease next year

**Current State foundation level is \$6,119



Peotone 207-U FY10-11 Revenue Sources



As you can see, the revenue from the Working Cash fund bonds are a vital part of the district's annual operating budget



Why is the District putting a referendum question on the ballot?

- Two petitions attempting to stop the issuance of the working cash fund bonds have been circulated
- One petition was successful – costing over \$130K with the potential of costing over \$600K
- State law has changed removing penalty to general state aid
- Newly formed Community Finance Committee censuses that in district's best financial interest to obtain **financial security**



What's wrong with Working Cash Fund Bonds?

The annual issuance has become divisive in the community due to misunderstanding and miscommunication.

Payment of interest (approximately \$80K annually) and bond issuance fees.

Negatively impacts our credit rating and ISBE financial profile score because State of Illinois and bond companies do not recognize working cash bond proceeds as revenue.



Financial Security

A successful referendum will break the district's reliance on working cash fund bonds, which are subject to petition.

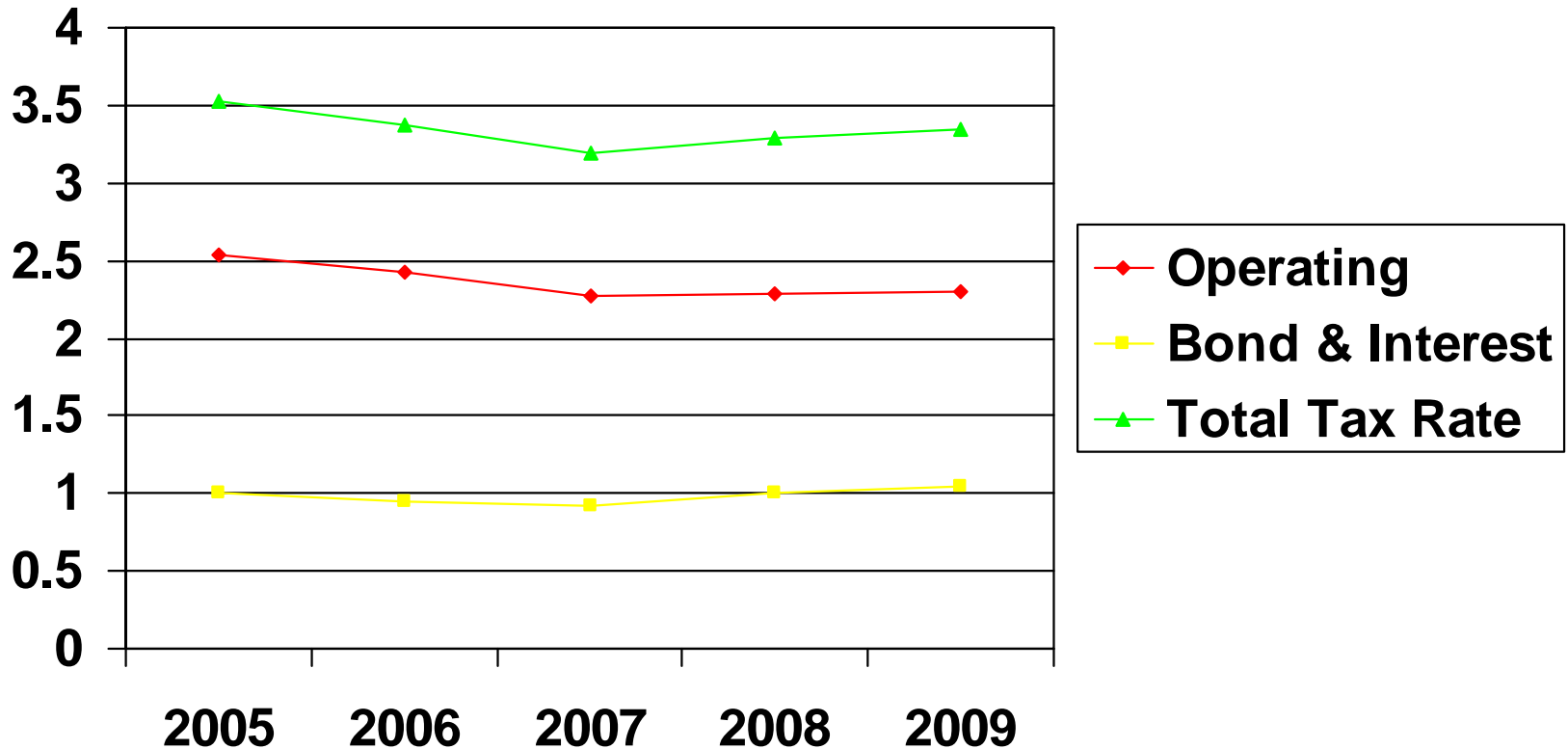
Petitions are costly to the district could end up in future programming cuts

Referendum will secure the revenue we need to provide the same level of services

WITHOUT INCREASING THE TAX RATE



Peotone CUSD 207U Historic Tax Rates



Although, the amount you pay in taxes may have gone up, you can see that the Peotone School District's tax rate has gone down and remained relatively flat since 2005.

School District Tax Rates for Will County Communities

Community	District(s)	2009 Total Tax Rate
Rockdale	84 & 204	2.8773
Braidwood	255U	3.1063
Peotone	207U	3.3430
Wilmington	209U	3.6674
Mokena	159 & 210	3.7348
Crest Hill	88A & 205	3.8048
Crest Hill	88 & 205	3.9304
Naperville	203U	3.9495
Elwood	203 & 204	4.1316
Lockport	91 & 205	4.4827
Naperville	204U	4.4934
Joliet	86 & 204	4.5084
Plainfield	202U	4.5876
Tinley Park	161 & 210	4.5961
New Lennox	122 & 210	4.6296
Homer Glen	33C & 205	4.6768
Frankfort	157C & 210	4.8167
Channahon	17 & 111	4.8678
Romeoville	365U	4.9435
Beecher	200U	4.9541
Manhattan	114 & 210	4.9567
Steger	194 & 206	5.0733
Crete Monee	201U	5.2375
Minooka	201 & 111	5.2588
Shorewood	30C & 204	5.3182

Peotone 207-U has the third lowest unitized school district tax rate in Will County! We are very proud of this!

School District Tax Rate Comparison

A Closer Look

<u>BY SCHOOL TAX RATE</u>			Percentage
	<u>School Rate</u>	<u>Difference</u>	<u>Difference</u>
Monee	5.2375	1.8945	56.67%
Manhattan	4.9567	1.6137	48.27%
Beecher	4.9541	1.6111	48.19%
Frankfort	4.8167	1.4737	44.08%
Plainfield	.5876	1.2446	37.23%
Wilmington	3.6674	0.3244	9.70%
Peotone	3.3430	0.0000	0.00%
Braidwood	3.1063	(0.2367)	-7.08%

A closer look at surrounding school district shows how the Peotone School District tax rate is SIGNIFICANTLY lower than other surrounding communities school districts' tax rates.

Other Tax Rate Community Comparison

<u>BY OTHER TAX RATE</u>			Percentage
	<u>Other Rate</u>	<u>Difference</u>	<u>Difference</u>
Manhattan	3.2541	0.1719	5.58%
Braidwood	3.1740	0.0918	2.98%
Monee	3.1701	0.0879	2.85%
Peotone	3.0822	0.0000	0.00%
Beecher	3.0601	(0.0221)	-0.72%
Wilmington	2.7136	(0.3686)	-11.96%
Plainfield	2.5829	(0.4993)	-16.20%
Frankfort	2.3899	(0.6923)	-22.46%

As you can see the other taxing bodies in Peotone (Park District, Fire, etc.) are HIGHER and much more competitive with our surrounding communities.

Total Tax Rate Comparison

<u>BY TOTAL TAX RATE</u>			Percentage
	<u>Total Rate</u>	<u>Difference</u>	<u>Difference</u>
Monee	8.4076	1.9824	30.85%
Manhattan	8.2108	1.7856	27.79%
Beecher	8.0142	1.5890	24.73%
Frankfort	7.2066	0.7814	12.16%
Plainfield	7.1705	0.7453	11.60%
Peotone	6.4252	0.0000	0.00%
Wilmington	6.3810	(0.0442)	-0.69%
Braidwood	6.2803	(0.1449)	-2.26%

When comparing the total Peotone tax rate, Peotone again drop towards one of the lowest. The reason is the Peotone School District's low tax rate when combined with the much higher other municipal bodies tax rates!

School District Tax Rate Comparison

Final Review

<u>BY SCHOOL TAX RATE</u>			Percentage
	<u>School Rate</u>	<u>Difference</u>	<u>Difference</u>
Monee	5.2375	1.8945	56.67%
Manhattan	4.9567	1.6137	48.27%
Beecher	4.9541	1.6111	48.19%
Frankfort	4.8167	1.4737	44.08%
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Wilmington	3.6674	0.3244	9.70%
Peotone	3.3430	0.0000	0.00%
Braidwood	3.1063	(0.2367)	-7.08%

Again, please notice how the Peotone School District tax rate is SIGNIFICANTLY lower than other surrounding communities school districts' tax rates.



Referendum Question Language

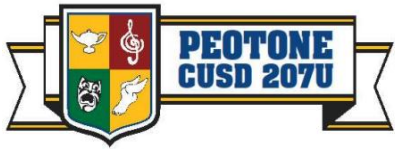
- Set by State Statute
- Legal counsel provides to the district to use
- CANNOT be amended to meet the needs of the Peotone School District
- Not clear that it is a tax rate neutral referendum



Question Wording

Shall the limiting rate under the Property Tax Extension Limitation Law for Peotone Community Unit School District Number 207_U, Will and Kankakee Counties, Illinois, be increased by an additional amount equal to 0.6500% above the limiting rate for levy year 2009 for school purposes and be equal to 2.9539% of the equalized assessed value of the taxable property therein for levy year 2011?

Notice...The wording does not clarify that this is a tax swap!



Footnotes to Referendum Question

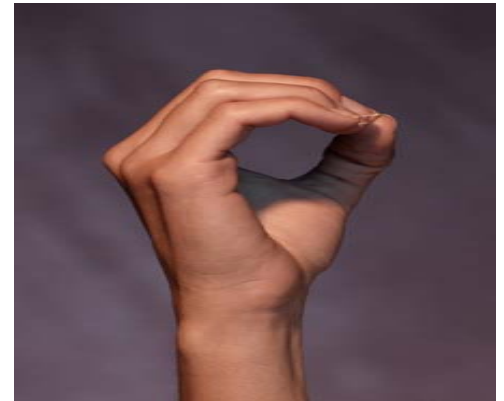
- (1) The approximate amount of taxes extendable at the most recently extended limiting rate is \$9,121,708.82, and the approximate amount of taxes extendable if the proposition is approved is \$11,695,219.27.
- (2) For the 2011 levy year the approximate amount of the additional tax extendable against property containing a single family residence and having a fair market value at the time of the referendum of \$100,000 is estimated to be \$216.66.
- (3) If the proposition is approved, the aggregate extension for 2011 will be determined by the limiting rate set forth in the proposition, rather than the otherwise applicable limiting rate calculated under the provisions of the Property Tax Extension Limitation Law (commonly known as the Property Tax Cap Law).

These required disclosures further confuse voters!



Impact on Tax Rate

ZERO!





Tax Rate Neutral

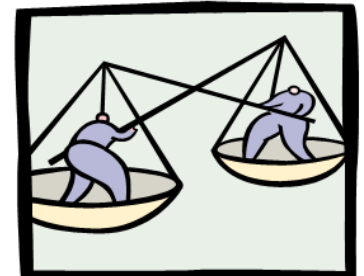
Tax Rate on tax bill = two parts

- operating rate
- bond and interest rate

Permission to move \$0.65 from the bond and interest rate (this is where the working cash fund bonds currently flow through) to the operating rate (where the funds for our operations are raised).

Although this swapping of funds **would not increase the total tax rate** that you see on your bill, it does require voter approval for the school district to do this.

The ballot language **does not make it clear** that this referendum will be tax rate neutral to the tax payer.



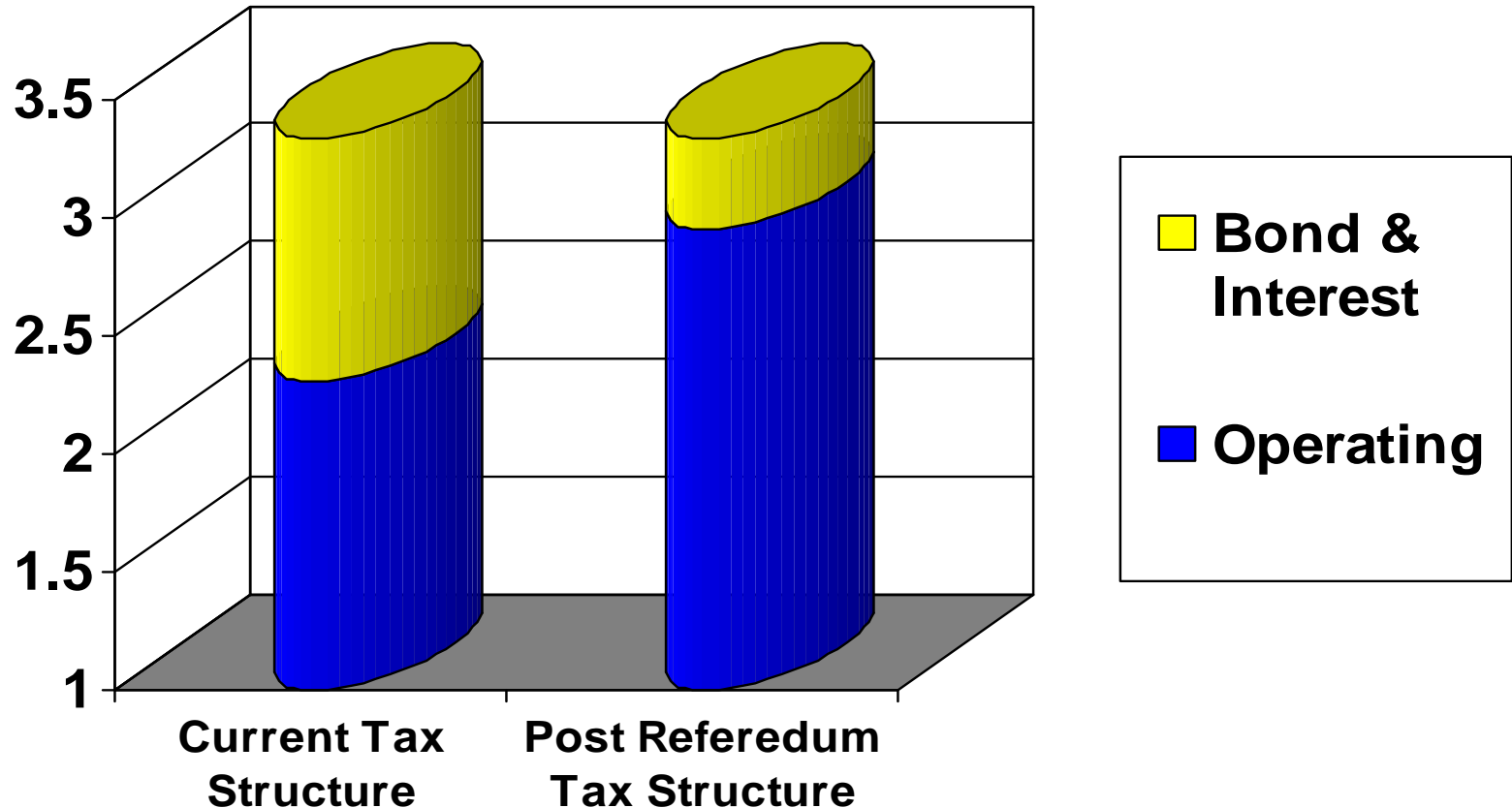
Tax Rate “Transfer” Referendum

Example of tax rate transfer using 2009 Levy values (all other factors held constant):

	Before	After
Education	<i>1.7224</i>	<i>2.3724</i>
Operations & Maintenance	.2961	.2961
Transportation	.1175	.1175
Working Cash	.0260	.0260
IMRF	.0431	.0431
Social Security	.0373	.0373
Tort/Liability Insurance	.0184	.0184
Special Education	.0185	.0185
Lease/Purchase	.0246	.0246
Total Operating Rate	2.3039	2.9539
Bond and Interest Rate	<i>1.0391</i>	<i>.3891</i>
Total Peotone 207-U Tax Rate	3.3430	3.3430

Please note total tax rate is the same after successful referendum and non-issuance of working cash fund bonds!

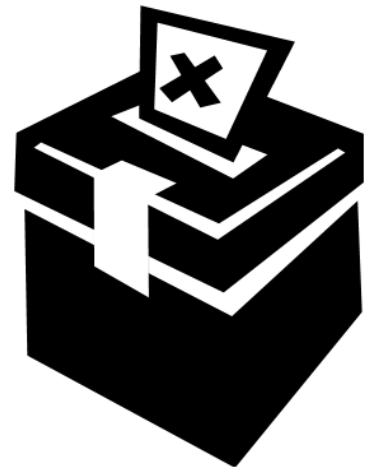
Tax “Swap” Referendum



Just another way to look at it! Please note total tax rate remains the same, there is simply a shift in funds between the two tax rates

When is the election?

April 5, 2011





Other Things to Consider



- Get Involved & Stay Informed!
- Register to Vote!
- Email the district at –
dmckinney@peotoneschools.org
hrose@peotoneschools.org
- Call 708-258-0991–Ext. 210



Questions?

