

# SHAWNEE COMMUNITY UNIT SCHOOL DISTRICT No. 84

## SCHOOL DISTRICT FINANCE OVERVIEW

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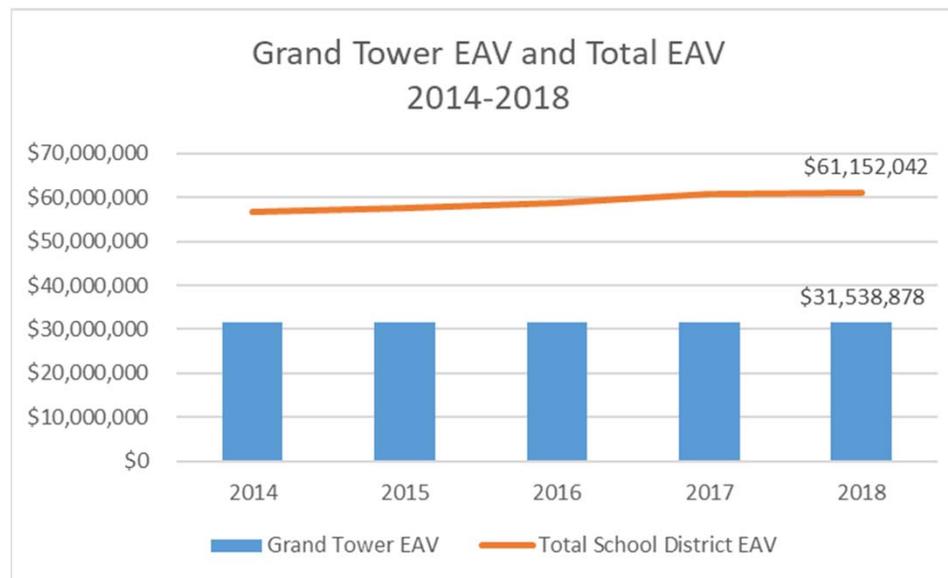
AUGUST 23, 2019



# Shawnee School District Overview

- » Shawnee School District No. 84 is an Illinois School District with approximately 375 students and 59 staff members. Historically, the School District has relied on the Grand Tower Power Station (“Grand Tower”) for approximately half of its property tax revenue.
- » For Tax Year 2018, the School District’s total Equalized Assessed Value (“EAV”) was \$61,152,042 with Grand Tower’s EAV totaling \$31,538,878, comprising 52% of the total.

	Grand Tower EAV	Total School District EAV	Grand Tower % of Total
<b>2014</b>	\$31,536,849	\$56,673,369	56%
<b>2015</b>	\$31,536,849	\$57,495,212	55%
<b>2016</b>	\$31,536,849	\$58,776,464	54%
<b>2017</b>	\$31,536,849	\$60,731,131	52%
<b>2018</b>	\$31,538,878	\$61,152,042	52%



# Grand Tower Power Station Assessment

- » Prior to Tax Year 2014, the School District and Grand Tower's owners were able to reach settlements regarding Grand Tower's fair cash value for property tax assessment purposes.
- » In 2014, the School District and Grand Tower's then-owner, Ameren Energy Generating Company ("Ameren"), agreed to a 2013 assessment of \$33,445,807.
- » In 2014, Rockland Capital ("Rockland"), a Texas equity fund, acquired Grand Tower from Ameren in a portfolio fire sale motivated by Ameren's business decision to divest all of its Illinois electricity generating assets.
- » The School District attempted to negotiate a fair deal with Rockland, but Rockland only sought massive reductions that, if granted, would preclude the School District from paying teachers and educating students.

# Grand Tower PTAB Decision

- » In May of 2018, the Illinois Property Tax Appeal Board (“PTAB”) held a hearing on Grand Tower’s 2014 and 2015 assessments.
- » On June 18, 2019, the PTAB rendered a decision reducing the assessment from \$31,536,849 to \$3,333,000.

	Jackson County	PTAB
2014 Assessment	\$31,536,849	\$3,333,000
2015 Assessment	\$31,536,849	\$3,333,000

# Financial Impact of Grand Tower PTAB Decision

- » As the result of the PTAB's decision, the School District's estimated refund liability for Tax Years 2014 and 2015 is \$2,525,373 plus interest.
- » PTAB appeals are also pending for Tax Years 2016, 2017 and 2018. If the Appellate Court affirms the PTAB's decisions, the School District's estimated refund will be an additional \$3,300,000 - \$3,750,000 plus interest.
- » The total School District refund liability under the PTAB's decisions, after interest, is estimated to be \$6,500,000.
- » The School District and the Jackson County Board of Review have appealed the PTAB's decisions and the Appellate Court has entered orders staying the refunds during the appeal period.

# Financial Impact of Grand Tower PTAB Decision

- » For Tax Year 2019, the Jackson County Board of Review is expected to reduce Grand Tower's 2019 assessment from \$31,536,849 to \$3,333,000.
  
- » As the result of the Tax Year 2019 reduction, the School District's total EAV is expected to decrease from \$61,152,042 to \$32,948,193.
  
- » The School District has four main operating funds ("Operating Funds") that are subject to tax caps. These are the following:
  - › Educational Fund – Maximum Rate: 2.09%
  - › Operations and Maintenance Fund – Maximum Rate - .5%
  - › Transportation Fund - Maximum Rate - .2%
  - › Working Cash Fund - Maximum Rate - .05%

# Financial Impact of Grand Tower PTAB Decision

- » Due to the EAV Reduction, the School District's Operating Funds will lose approximately \$800,000 beginning in Fiscal Year 2020-21.

PRE-PTAB EAV			
Fund	Maximum Rate	Total EAV	Extension
Education	2.09%	\$61,152,042	\$1,278,077.68
O&M	0.50%	\$61,152,042	\$305,760.21
Transportation	0.20%	\$61,152,042	\$122,304.08
Working Cash	0.05%	\$61,152,042	\$30,576.02
<b>Total</b>			<b>\$1,736,717.99</b>

POST-PTAB EAV			
Fund	Maximum Rate	Actual Rate	Extension
Education	2.09%	\$32,948,193	\$688,617.23
O&M	0.50%	\$32,948,193	\$164,740.97
Transportation	0.20%	\$32,948,193	\$65,896.39
Working Cash	0.05%	\$32,948,193	\$16,474.10
<b>Total</b>			<b>\$935,728.68</b>

<b>SCHOOL DISTRICT REVENUE LOSS</b>	<b>\$(800,989.31)</b>
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# School District Finance Overview

- » The School District's tentative budget projects Fiscal Year 2019-2020 expenses to be \$5,947,000.
- » The School District has fund balances totaling \$2,132,069.
- » The School District projects annual revenue and expense increases to be approximately 3% per year.
- » Beginning in FY 2020-21, the School District estimates an \$800,000 loss in property tax revenue.
- » The School District will likely have to pay refunds totaling \$6,500,000.
- » Based on Illinois State Board of Education projections, the new State Evidence Based Funding system is not expected to make up a significant amount of the shortfall. Initial projections estimate approximately \$150,000 per year beginning in FY 2021-22.

