

Impact of Equalized Assessed Valuation (EAV)

Impact on Mattoon School District and
other school districts

Impact of EAV

1. Generates **tax extensions for school district income**. All school districts are becoming more dependent upon these property tax dollars each year as funding from the State is being reduced.

Impact of EAV

2. While the tax extensions are important, obviously the correct EAV determines the **tax rate** that is generated. This tax rate for the school district is not only very important for the taxpayers within the school district; but it is looked at when potential parents look to move into the school district. Furthermore, potential business and industry look at tax rates when deciding upon a community to house its business.

Impact of EAV

3. **New growth** EAV is especially important. This is because the Property Tax Extension Liability Law (PTELL) limits the amount of the aggregate extension of a school district. The new growth is not limited by the PTELL language, thus a school district can realize the extension amount that is a direct result of new growth EAV.

Impact of EAV

4. The overall EAV of the school district is used for the purpose of the **School Financial Profile Score**. This score is computed for each school district in the state and is used for comparison purposes from school district to school district. Furthermore and more importantly, this School Financial Profile Score, if it falls below a certain level, will cause a school district to be on the School Financial Watch List. If a school district is on this list for too long, it becomes under the control of the State Board of Education – losing local control. EAV is the very first element used for this computation.

Impact of EAV

5. The EAV of a school district is one of the main components of the **General State Aid (GSA)** formula. GSA is the amount of dollars that the state pays to each school district. As part of the very complicated formula, EAV is used to calculate how many dollars each school district receives. The EAV amount needs to be correct in order for the GSA formula to also be correct.

Impact of EAV

6. In the event that a school district needs to **borrow**, the EAV becomes a critical component of the borrowing capacity of the district. The EAV amounts are used by bonding agencies such as Moody's or Standard & Poor's in order to rate how a school district might be able to pay back the borrowing issuance.

Impact of EAV

7. As EAV, especially new growth EAV, is used within the calculations of any **TIF zones**, the school district is unable to realize any revenue if/when the EAV is incorrectly computed. Again, property taxes are the main source of funding for the school district and any revenue generated by the TIF is needed.