



2022 Proposed Tax Levy

October 24, 2022

Tax Levy Presentation



1. Tax Levy Timeline
2. Financial Review
3. Tax Levy Overview

2022 Tax Levy Timeline



- October 24** Resolution regarding proposed levies and Determination of Tax Levy (Work Session)
- November 7** Adoption of proposed levies and Determination of Tax Levy Resolution (Discussion/Action)
- November 21** Public Hearing and presentation of Tax Levy Resolution and Certificate of Tax Levy (Work Session)
- December 12** Adoption of Tax Levy Resolution and Certificate of Tax Levy (Discussion/Action)

2022 Tax Levy Timeline



- Spring 2023**
 - County Clerks determine the Total Equalized Assessed Valuation (EAV) for taxing districts**
 - County Clerks calculate tax rates**
 - County Clerks extend taxes based on EAV**
 - County Treasurer prepares the tax bills**
 - County Treasurer distributes taxes collected**

Unaudited Fund Balances as of June 30th



| Fund | Balances as of June 30, 2022 |
|----------------------------|------------------------------|
| Education | \$241,502,538 |
| Operations and Maintenance | \$ 5,684,480 |
| Debt Service | \$ 33,088,313 |
| Transportation | \$ 29,559,582 |
| IMRF/Social Security | \$ 11,960,760 |
| Capital Projects | \$ 865,161 |
| Developers Fees | \$ 3,877,642 |
| Working Cash | \$113,304,140 |
| Tort Immunity and Judgment | \$ -413,703 |
| Fire Prevention and Safety | \$ 9,677,170 |
| Total Fund Balance | \$449,106,083 |

Future Revenue challenges



Property taxes are roughly 50% of the district's annual revenue.

Property taxes are the only revenue source that will increase with inflation, up to the 5% cap.

Federal funds will decline as the ESSER funds are expended.

State funds are projected to remain flat.

Property taxes fund the majority of the salaries and benefits.

What is a Tax Levy?



■ A tax levy is...

- The amount of money a taxing body (in our case a school district) requests to be raised from property tax.
- Most importantly, the tax levy is an ESTIMATE.

■ A tax levy extension is...

- The actual dollar amount to be raised by property taxes.
- Calculated as follows: Levy extension = Prior year extension plus CPI increase (plus any new property).

■ School Districts receive...

- (a) no more than requested and (b) no more than entitled to by law.



What Factors are used to Calculate a Tax Levy?



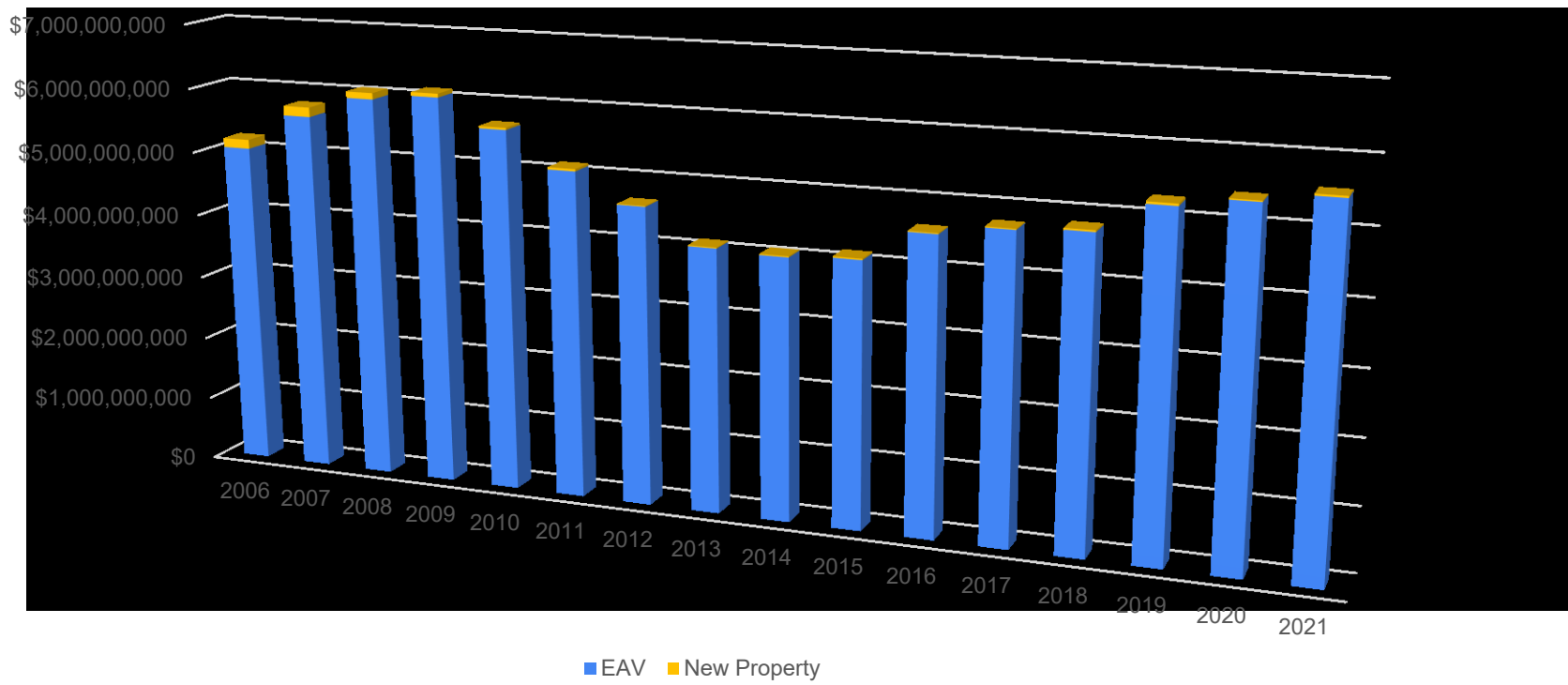
■ Known Factors

- ▶ 2021 Tax Extension (excluding bonds) = \$298,301,057
- ▶ Consumer Price Index (CPI) = 7.0% but capped at 5.0%
- ▶ Maximum Levy Extension (existing property) for 2022 = \$313,216,110

■ Unknown Factors

- ▶ New Equalized Assessed Valuation (EAV)
- ▶ New Limiting Rate
- ▶ New Property
- ▶ Expiring TIF's, Annexation, Exemptions, etc.

Equalized Assessed Valuation (EAV) and New Property



New Developments within District U-46



- The Seasons at Elgin
- Avalon Trails, Elgin
- The Preserve at West Branch, Bartlett
- Eastfield, Bartlett
- Park Pointe, South Elgin
- South Pointe, South Elgin
- Peak Construction Project
- Atlantic Packaging Project



Property Tax Extension Limitation Law (PTELL)



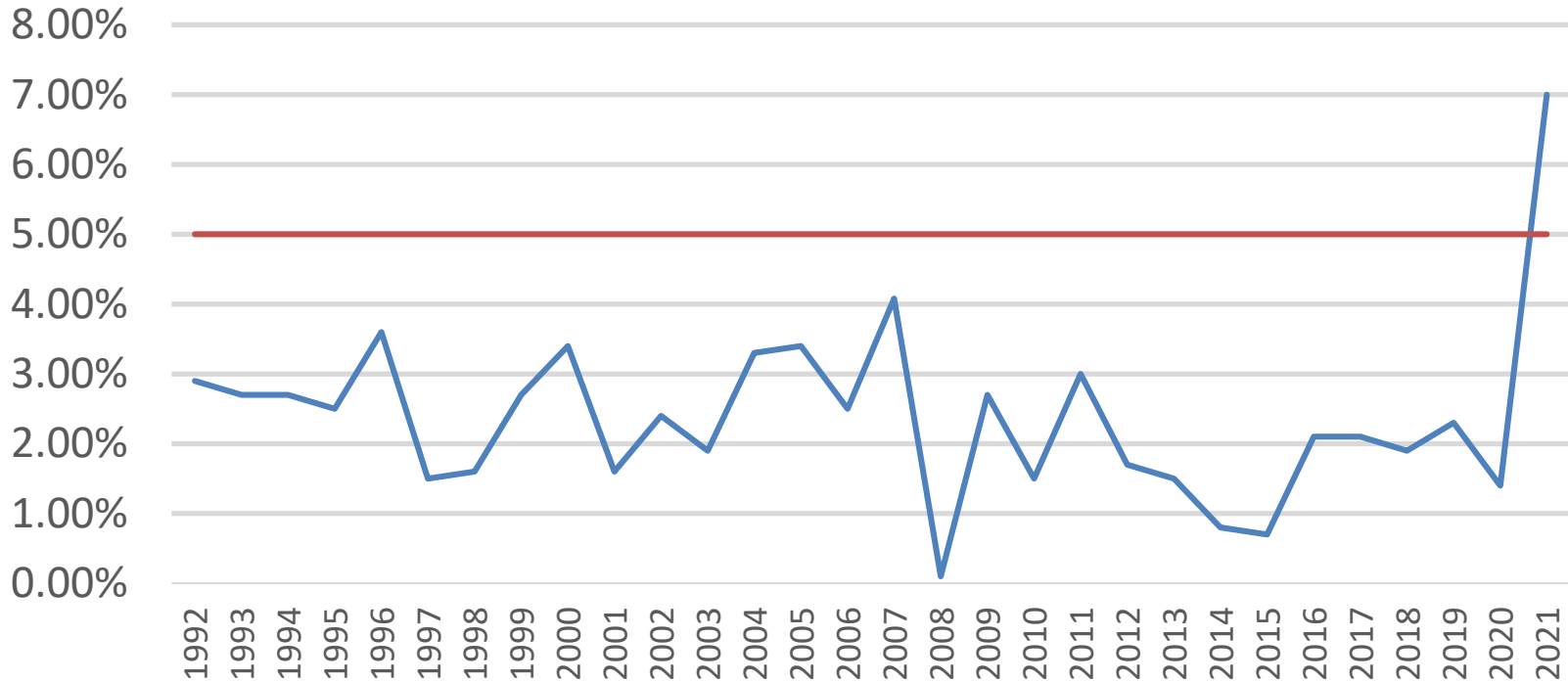
The Property Tax Extension Limitation Law limits the amount of taxes extended to the district by 5% or the Consumer Price Index (CPI), whichever is lower

- **The CPI to be used for the 2022 levy is 7%, so it will be capped at cap of 5%**
 - ▶ New Construction is not capped
 - ▶ Bond and interest payments are based on existing debt schedules

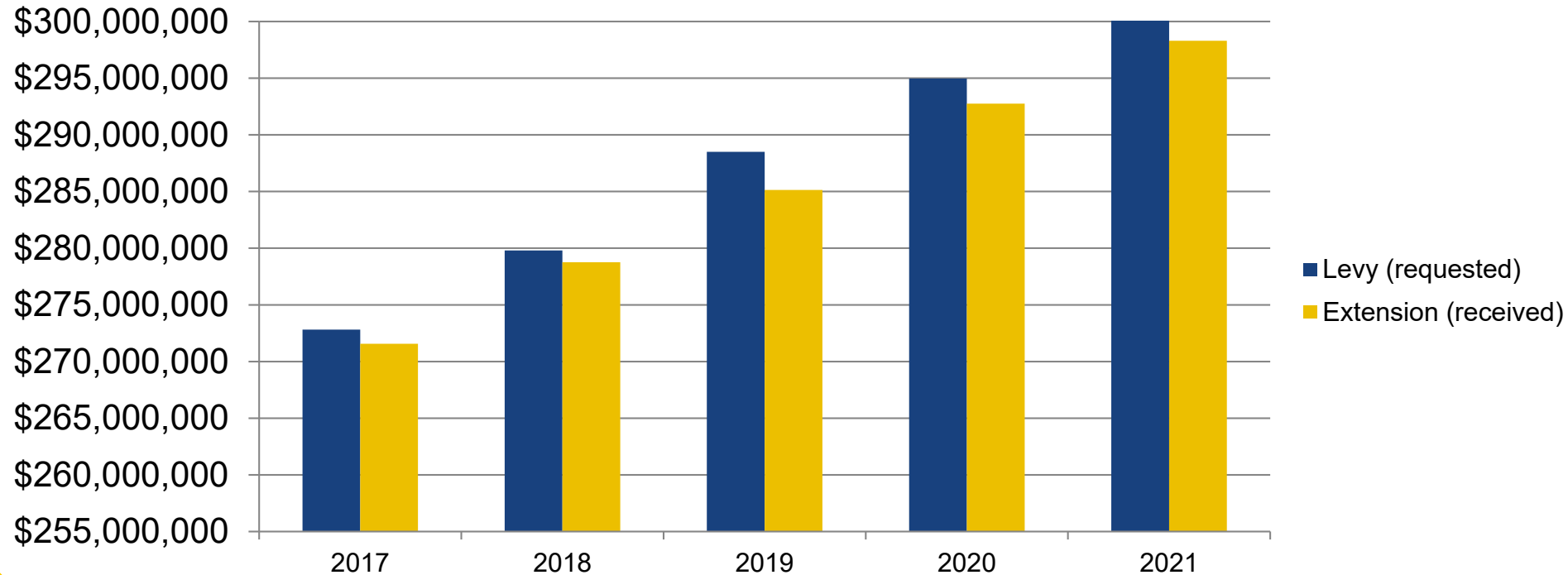
Historical CPI-U



CPI-U % Change From Previous December



Tax Levy vs. Extension (what we ask for vs. what is billed to taxpayers)



U-46's 2022 Tax Levy



Although the District plans to request a 6.34% increase, the estimated increase to be received by the district is \$16,546,208 or 5.55%



The County Treasurers will reduce the amount requested so that it does not exceed a 5% (excluding new property) increase as required by law.



Estimated Impact on Existing Homeowners

| Estimated Home Value | Estimated 2021 tax bill | Estimated 2022 tax bill | Increase 5.0% |
|----------------------|-------------------------|-------------------------|---------------|
| \$150,000 | \$3,300 | \$3,465 | \$165 |
| \$200,000 | \$4,000 | \$4,200 | \$200 |
| \$250,000 | \$5,500 | \$5,775 | \$275 |
| \$300,000 | \$7,000 | \$7,350 | \$350 |
| \$350,000 | \$8,500 | \$8,925 | \$425 |
| \$400,000 | \$10,000 | \$10,500 | \$500 |



If the School District is only receiving a 5.0% increase, why did my tax bill increase at a much higher rate?

- Changes in property values
- Timing
- Overlapping taxing districts – School District U-46's tax base overlaps three counties, Cook (39%), Kane (38%) and DuPage (23%).

While individual tax bills increase at varying amounts, it's important to note that School District U-46 will receive an increase equal to the rate of inflation, which was 5.0% for 2022. (excludes new property)



Timing is Also a Factor



■ Estimated Equalized Assessed Valuation (EAV)

- Cook County property values are not determined when Kane and DuPage Counties prepare their tax bills therefore estimates are used to determine the total tax base for the district.
- Once Cook County finalizes their property values, Kane County does a prior year adjustment. This difference in timing could result in additional taxes (from 2021) being included in the 2022 tax bills for Kane and DuPage County residents. Adjustments are minimal.



2022 Proposed Levy (excluding Bond and Interest)



| | |
|--|-----------------------------|
| Educational Fund | \$205,502,604 |
| Operations and Maintenance Fund | \$ 42,615,300 |
| Transportation Fund | \$ 9,518,497 |
| IMRF | \$ 2,555,481 |
| Social Security | \$ 3,444,895 |
| Life Safety Fund | \$ 5,271,693 |
| Tort Fund | \$ 6,703,284 |
| <u>Special Education</u> | <u>\$ 41,596,869</u> |
| Total Capped Tax Levy | \$317,208,623 |



Questions or Concerns?

**For questions regarding the
District's tax levy, please contact
Dale Burnidge at
daleburnidge@u-46.org**

For questions regarding your property's individual
assessment, please contact your County
Assessor's Office

Kane County 630.208.3818
Cook County 312.443.7550
DuPage County 630.407.5858