

School Finance 101

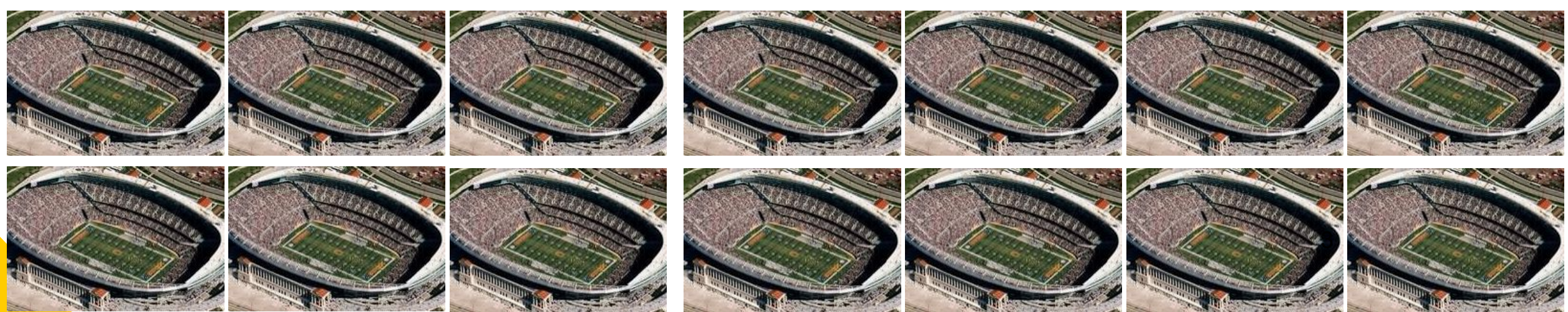




- **11 communities**
- **3 counties**
- **90 square miles**
- **57 schools**
- **Over 35,000 students**
- **103 languages**

U-46 Buildings

- One of the oldest districts in Illinois. First U-46 school built in 1846.
- 57+ buildings
- U-46 owns and operates over 5.7 million square feet of schools and buildings
- This is like maintaining 14 Soldier Fields



More Fun U-46 Stats

- 6000 staff members
- Over 38,000 student devices and over 6000 staff devices
- Nearly 6 million meals served during 2021-2022 school year



Your U46 Path
Human Resources · School District U-46

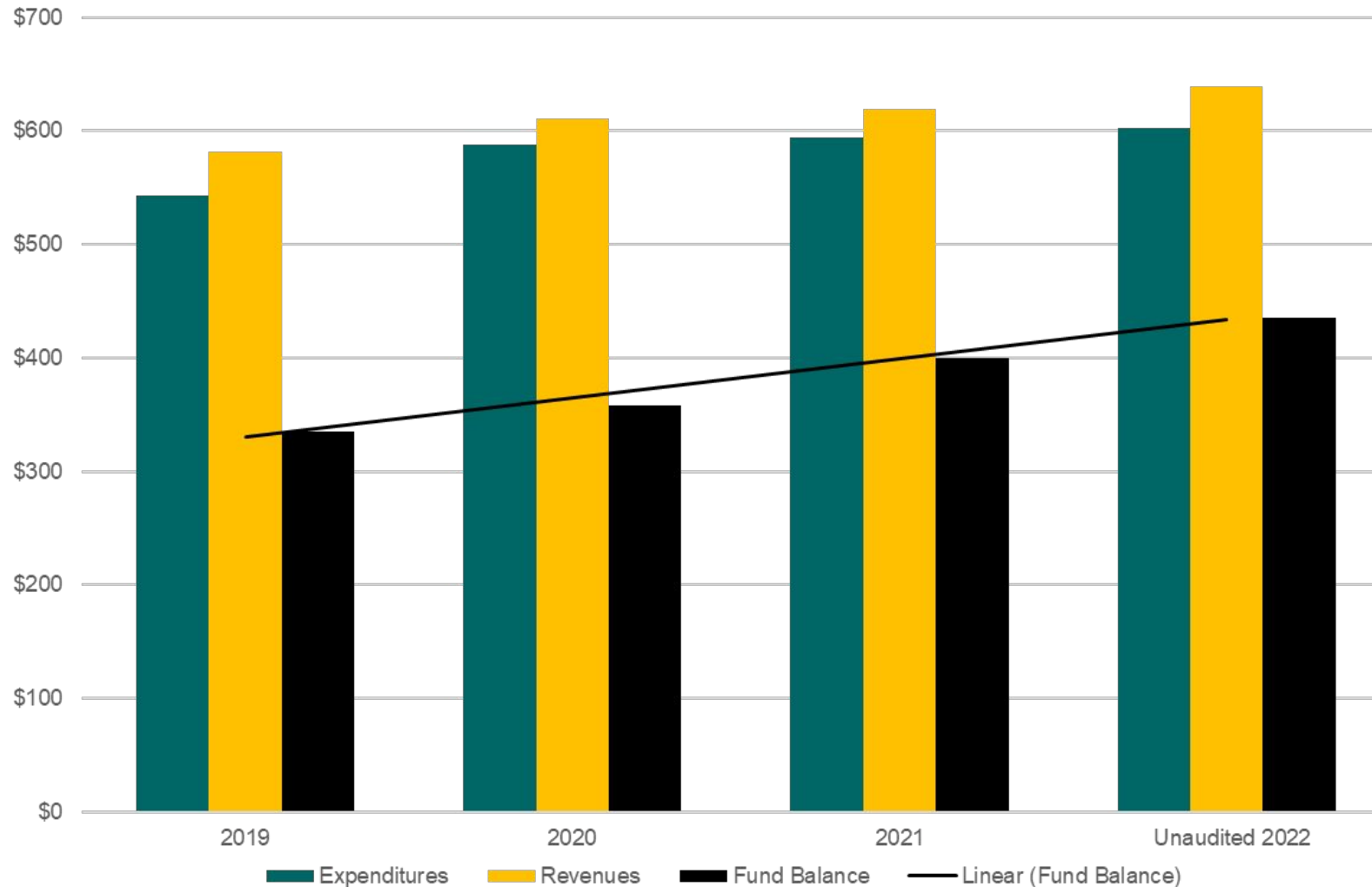


Summary of U-46 Financial Status



Reserves

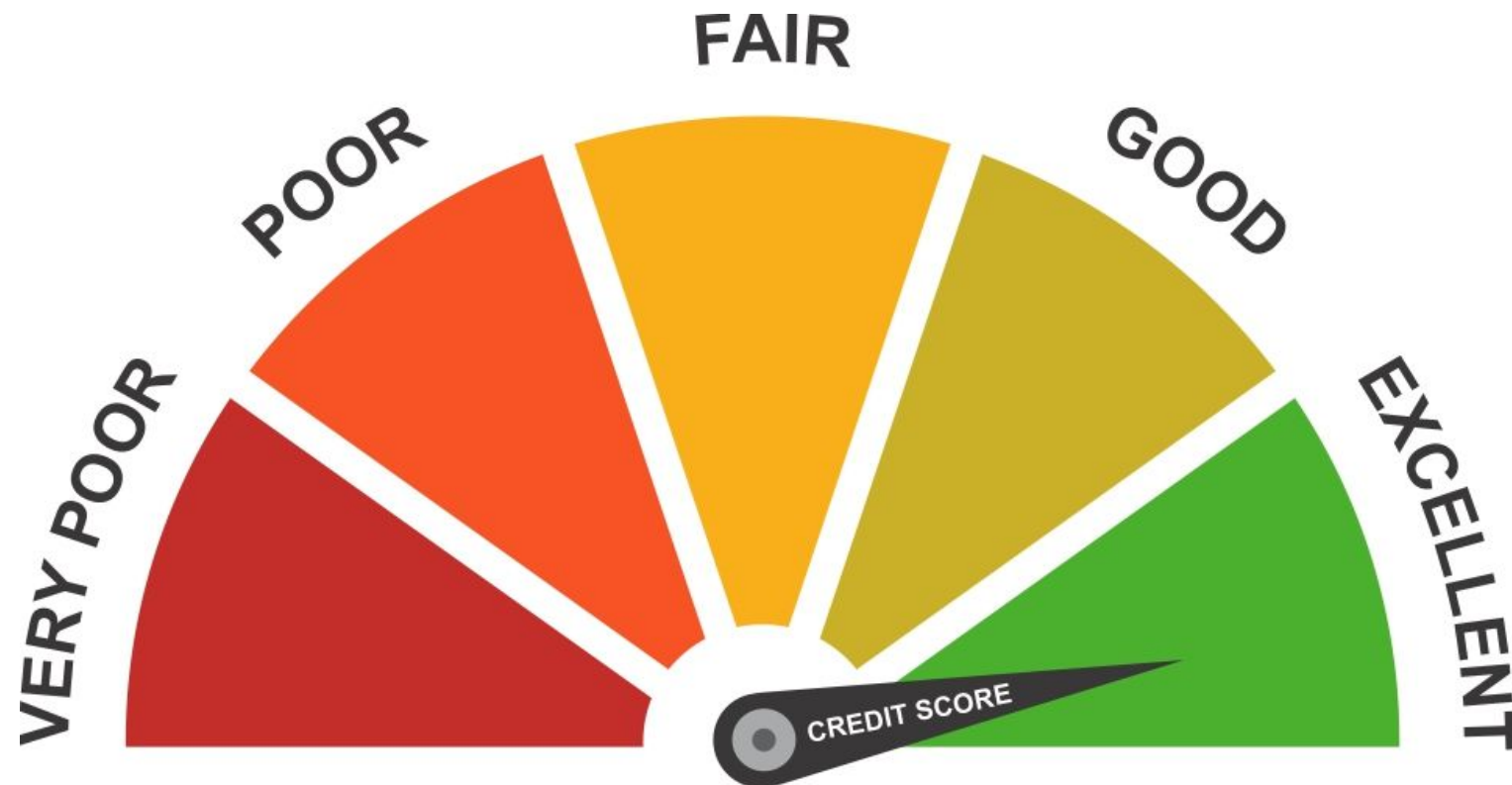
Revenues vs. Expenditures (in millions)



**Surplus budgets
in recent years
have allowed
us to increase
reserves**

ISBE Financial Designation

U-46 has received the **FINANCIAL RECOGNITION** designation from the Illinois State Board of Education annually since 2014!



ASBO International Recognition

U-46 has received recognition from the Association of School Business Officials International for the past six years

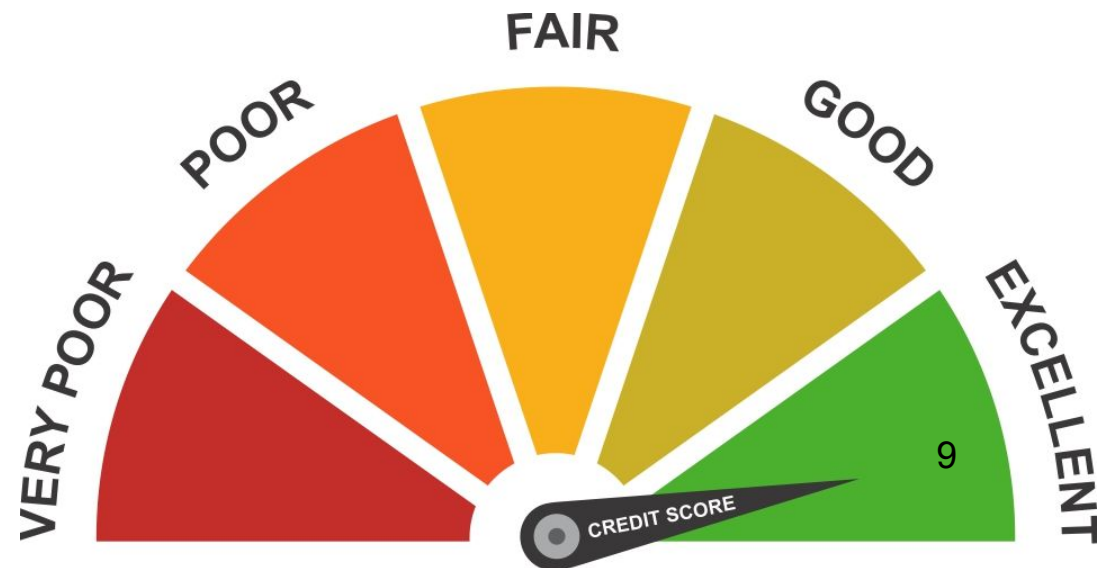
- Meritorious Budget Award
- Certificate of Excellence in Financial Reporting



S&P Bond Rating

S&P Bond Rating

- Upgraded from AA- to AA in August 2021
- Upgrade reflects the increase in the District's tax base, coupled with consistently strong operating performance, and growing reserves



Bonding Capacity

Elgin U-46

Kane, Cook and DuPage Counties, Illinois

Statutory Debt Limit

Equalized Assessed Valuation	2021	5,539,069,658
Times: Statutory Debt Limit	13.80%	764,391,613
Less: Outstanding Bond Principal		(186,125,910)
Net Debt Limit		\$578,265,703

**We are currently
only using 24% of
our debt capacity**

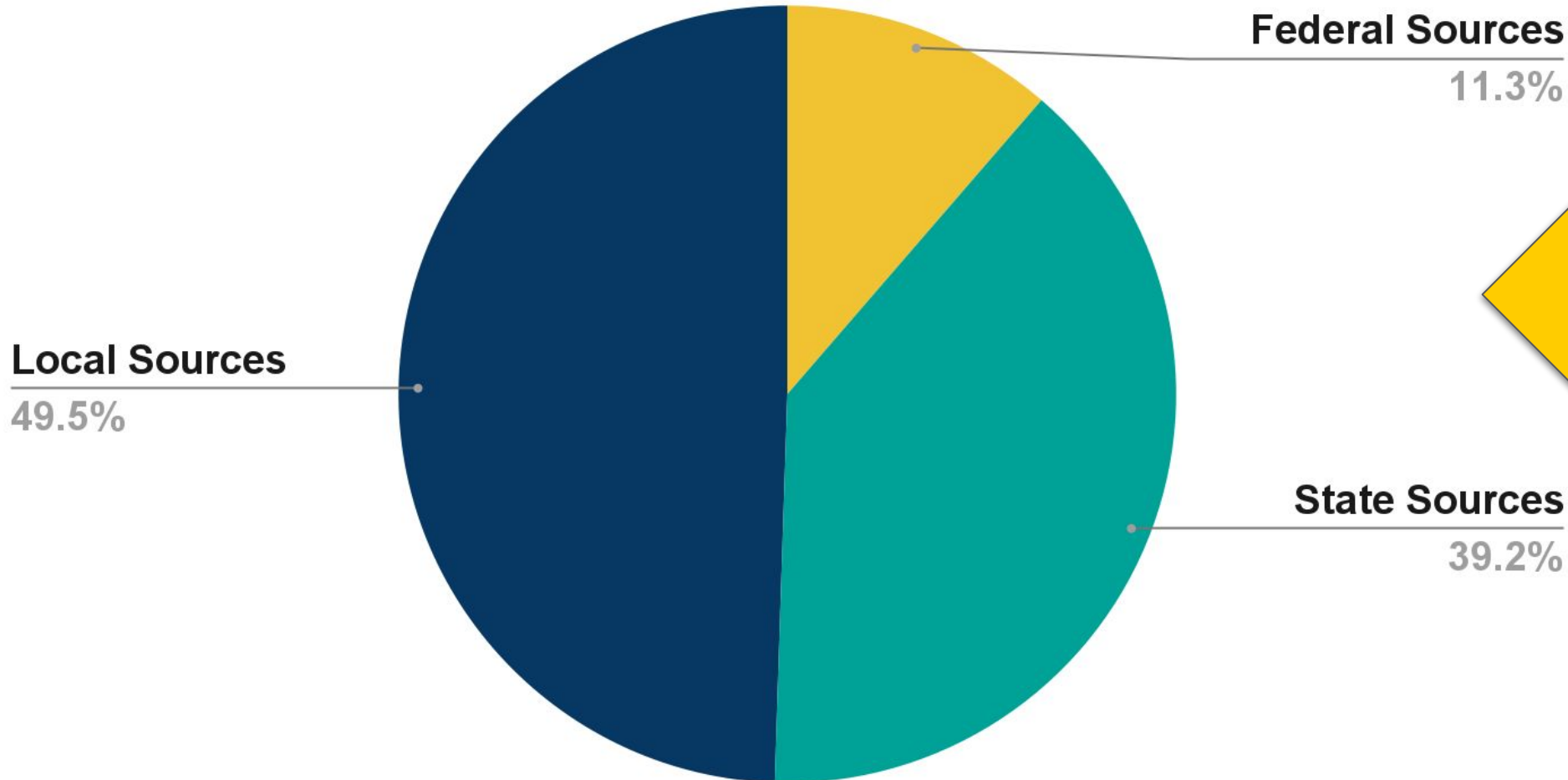
Note: Cook County 2021 EAV is not yet available, using Cook County 2020 EAV.

Outstanding debt is post 2023AB Refunding

Future Challenges

- **Federal COVID relief funding will end in 2024**
- **Uncertainty with ongoing state funding increases as promised from State of Illinois**
- **Aging facilities requiring investments to maintain and, in some cases, replace**

2023 Budgeted Revenue



**Total Budgeted
Revenue
\$690M**

Local Taxes

Tax Rate

- Taxing bodies receive property tax revenue as a result
- The tax rate is determined each year through the approval of the tax levy
- As property values increase, tax rates decrease

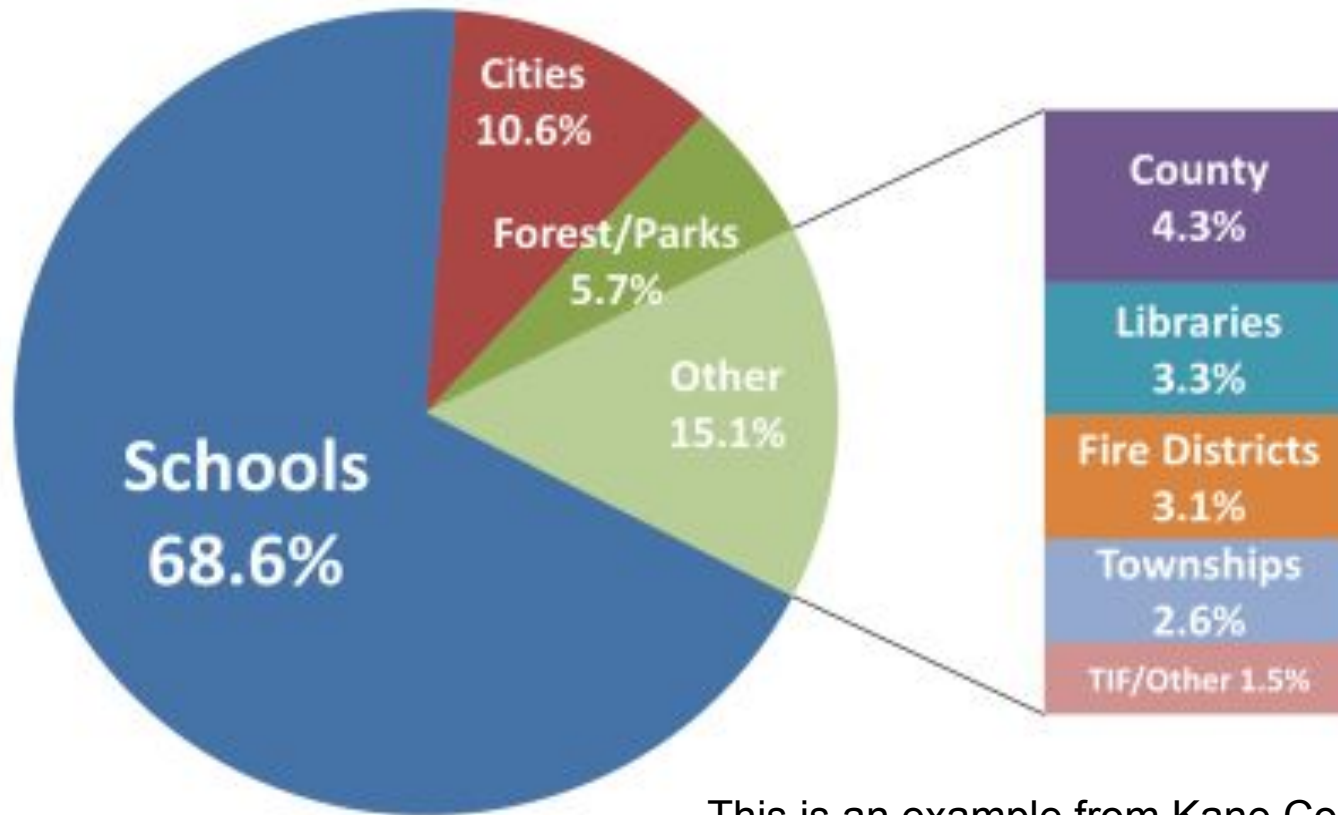


**Local Taxes Generate
Over Half Of U-46's
Revenue**

Where Does Each Dollar Go?

Q: Where does the property tax money go?

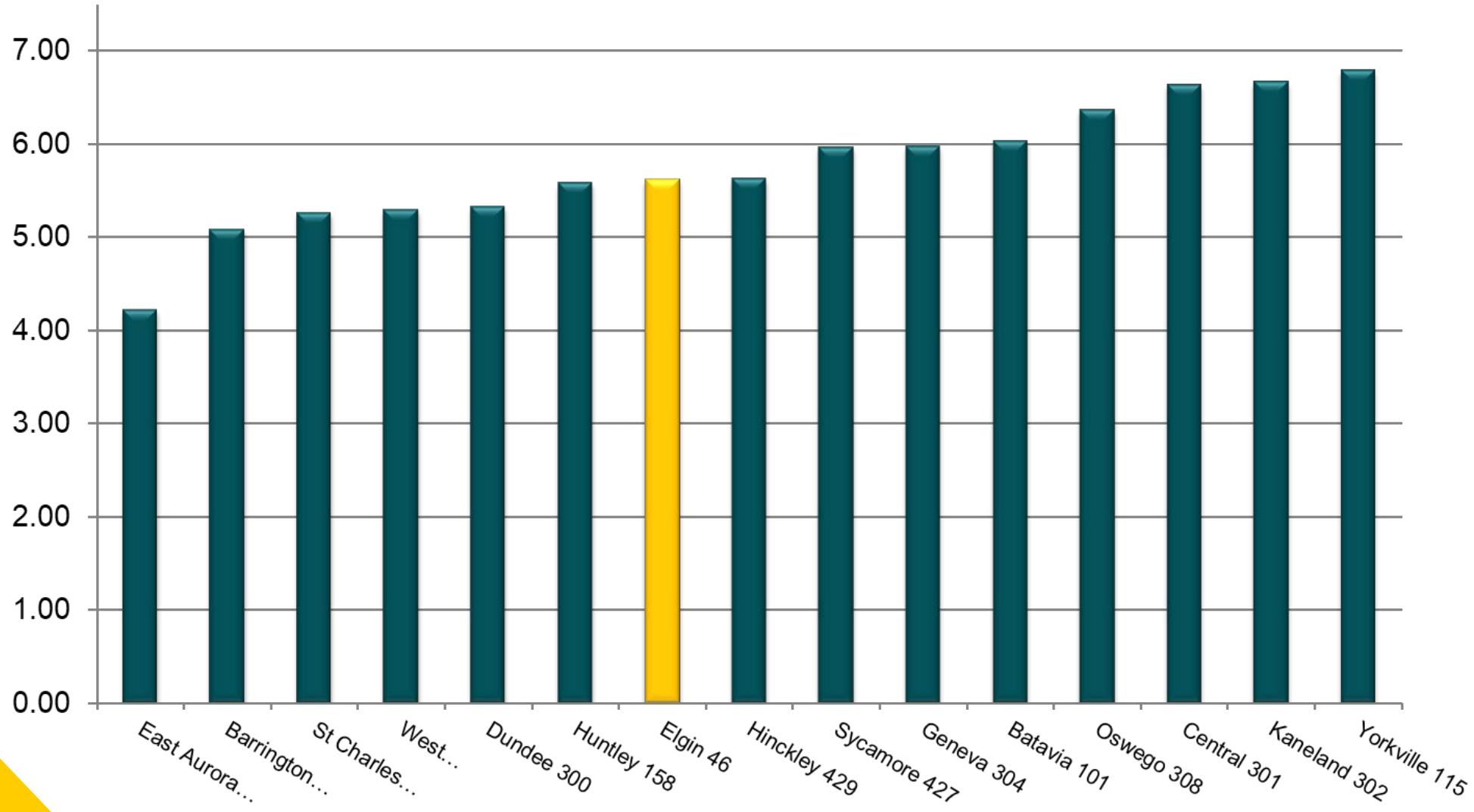
A: The largest portion goes to the school districts; the remaining portions go to the other local governments in the County:



School districts receive the majority of property tax money in all three counties.

This is an example from Kane County. Cook and DuPage Counties may vary slightly.
Source: Kane County Assessment Office 2021

Tax Rate Comparison



Source: Kane County
Clerk's Office. Tax rates
for 2021, Payable 2022.

How Much Homeowners Pay

	Step #1	Step #2	Step #3	Step #4
Formula	$\begin{aligned} &\text{Market Value} \\ &\text{Of Home} \\ &\times \\ &\text{Assessment} \\ &\text{Level} \\ &= \\ &\text{Assessed Value} \end{aligned}$	$\begin{aligned} &\text{Assessed Value} \\ &\times \\ &\text{State Equalizer} \end{aligned}$	$\begin{aligned} &\text{Step \#2} \\ &- \\ &\text{Homeowner} \\ &\text{Exemption} \\ &\\ &\text{Senior, Veterans and} \\ &\text{Other Exemptions} \\ &\text{May Apply} \end{aligned}$	$\begin{aligned} &\text{Step \#3} \\ &\times \\ &\text{Tax Rate} \\ &= \\ &\text{Cost Per Year} \end{aligned}$
Example	$\begin{aligned} &\$300,000 \times .333 = \\ &\$100,000 \end{aligned}$	1.0000	$-\$6,000$	$\begin{aligned} &\$94,000 \times \\ &5.4873/100 = \\ &\$5,158 \end{aligned}$

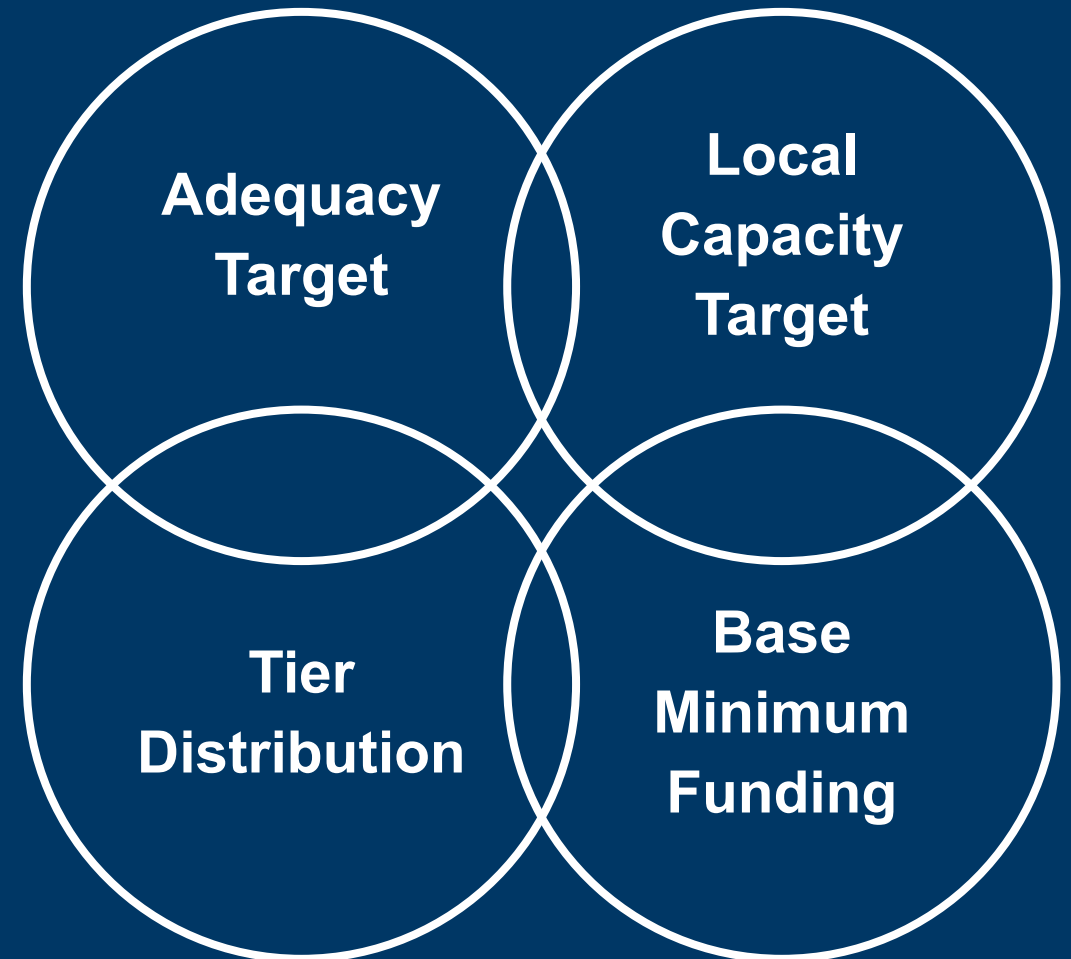
Overview of Evidence Based Funding *State Funding Source*



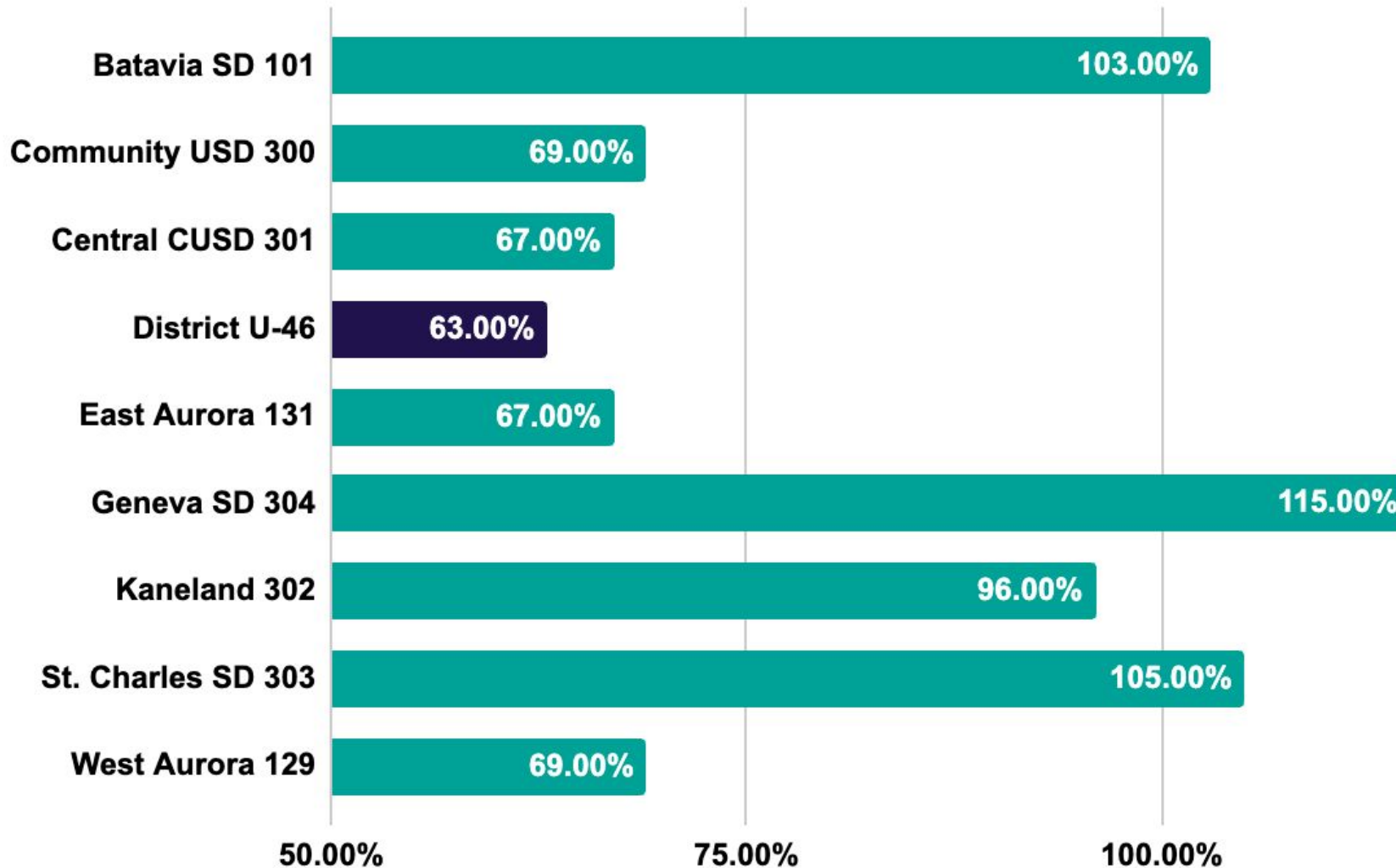
Evidence-Based Funding

- **Calculation that identifies cost to provide high quality education to the students of Illinois**
- **Distribution model designed to ensure districts furthest away from Adequacy have the first chance to close the Adequacy gap**

Four Major Components



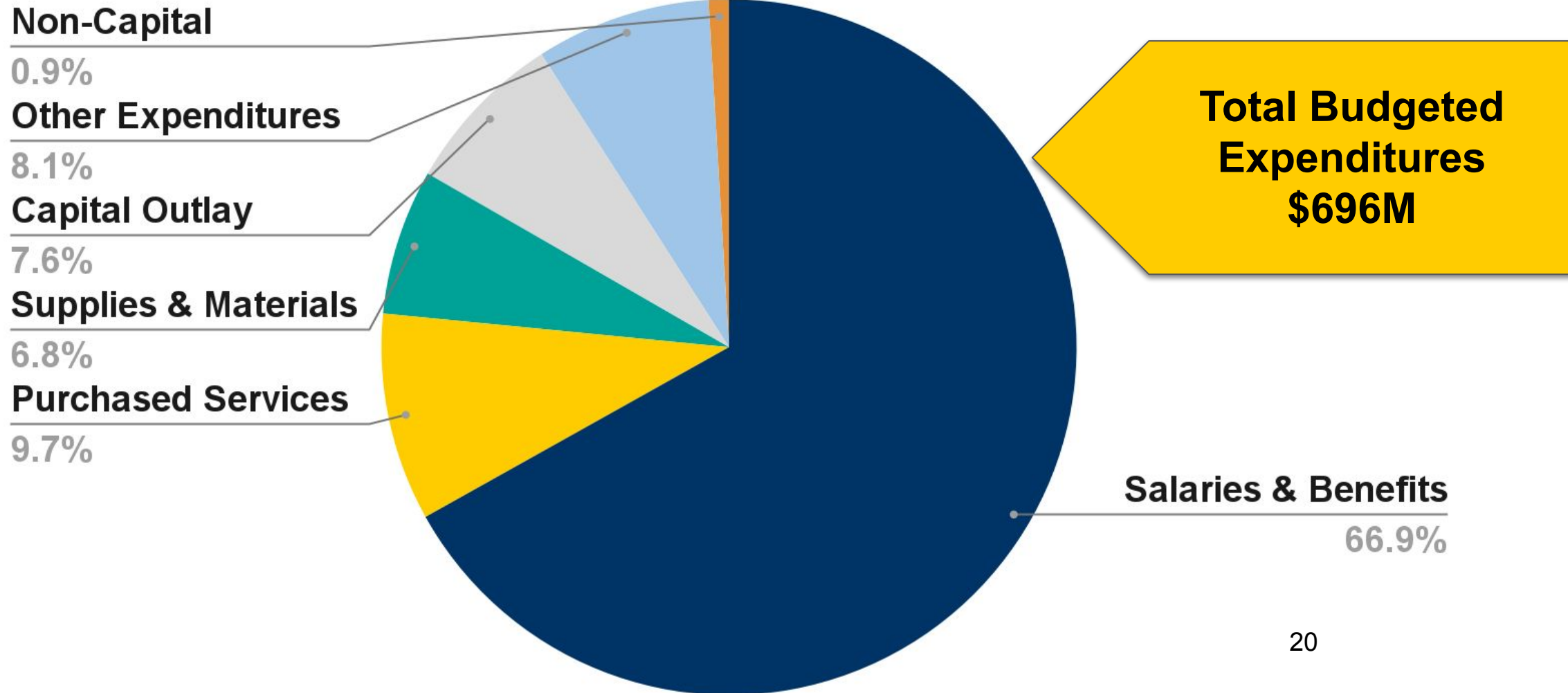
Kane County Districts Evidence-Based Funding Levels



U-46

- Adequacy Target
\$573,303,490
- Percent of Adequacy
63%
- FY23 State Contribution
\$247,450,742
- Tier I Designation

2023 Budgeted Expenditures





Funding Building Updates

Funding Sources For Buildings



Operating funds

Ongoing expenses

Examples

Salaries

Utilities



Reserve Funds

One-Time Expenses

Examples

Facility Updates

One-Time Economic
Changes



Bonds

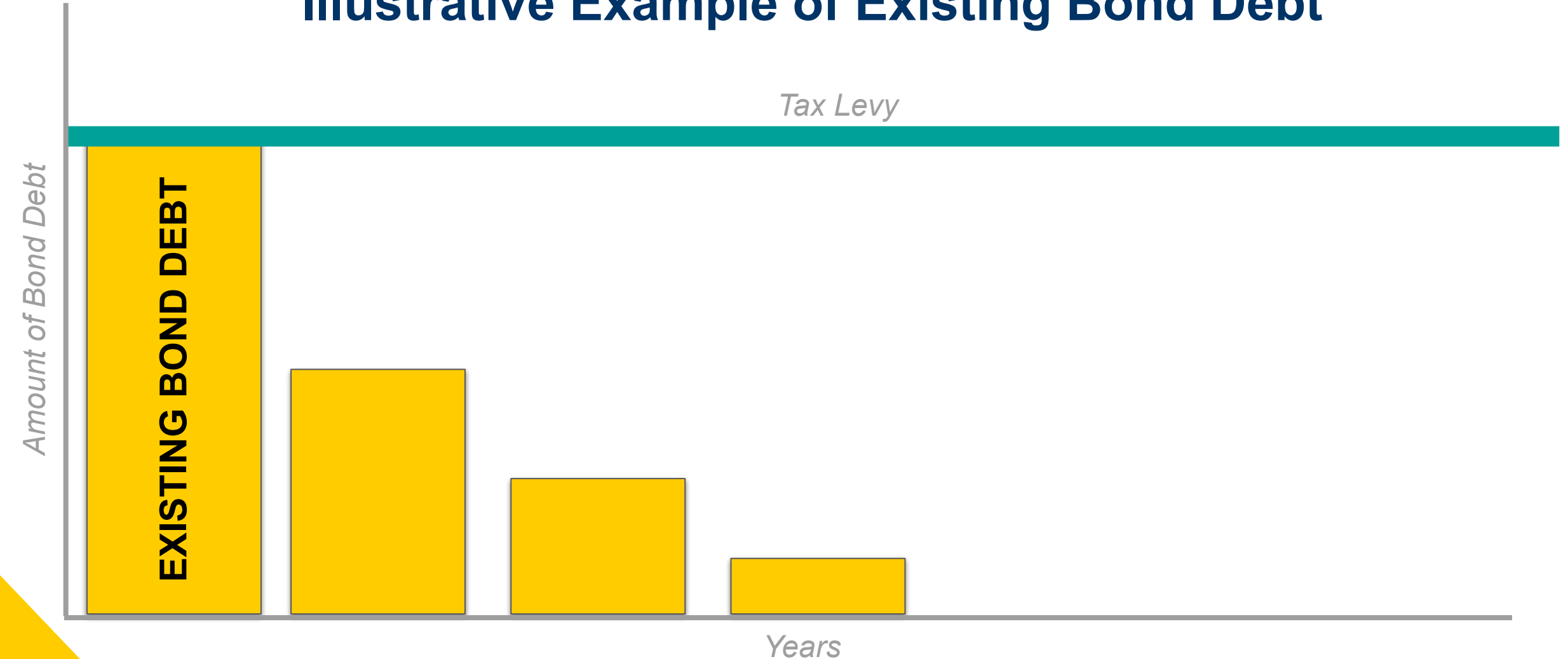
Large Capital Expenses

Examples

New Buildings

Major Facility Updates

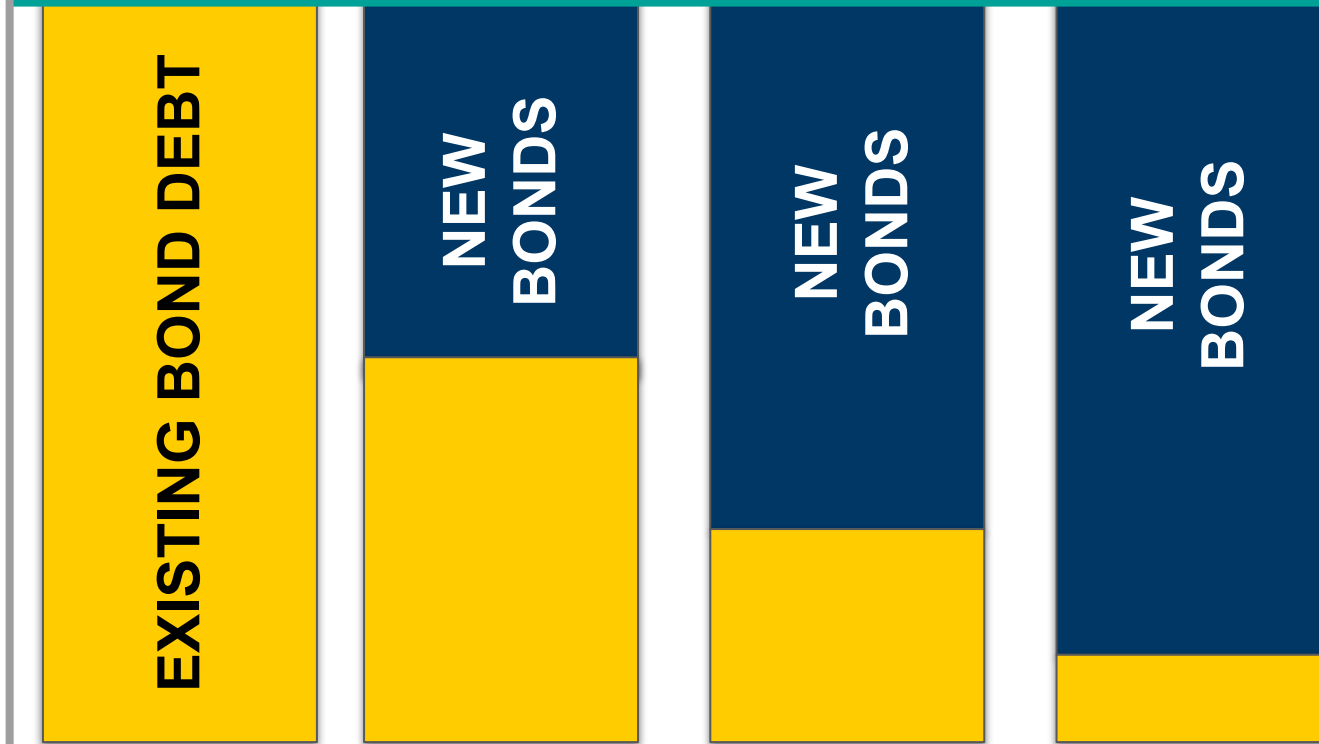
Illustrative Example of Existing Bond Debt



Example of New Bond Debt The District Can Issue Without Changing The Amount The Community Pays

Tax Levy

Amount of Bond Debt



Years

Financial Summary leading to Options





Moving Our Schools Forward

Plan A

SCHOOL DISTRICT U-46



Plan A



**Complete
transition of Hawk
Hollow
Elementary to a
middle school.**

Happening Now!

Plan A

Retire Garfield Elementary

- Transition students to Channing and Huff Elementary Schools, which have room for more students.

In Progress



Plan A

Update elementary
school buildings
to provide
additional PreK
opportunities



Plan A

Retire Illinois Park and More at 4 Early Childhood Centers

- Space will eventually no longer be needed with expanded preschool offerings throughout the district.



Plan A

INVESTMENT
\$75-100 MILLION

**Zero additional cost
to U-46 homeowners.**

**Additional non-referendum
borrowing and/or use of reserves
over an extended period of time.**

**Does not require a referendum for
new construction.**



Plan B

SCHOOL DISTRICT U-46



Plan B

Everything In Plan A Plus...



Plan B

■ Rebuild 5 Elementary Schools

- Lowrie
- McKinley
- Glenbrook
- Century Oaks
- Parkwood



Plan B



Plan B



Plan B



**Renovate or add on
to Washington
Elementary School**

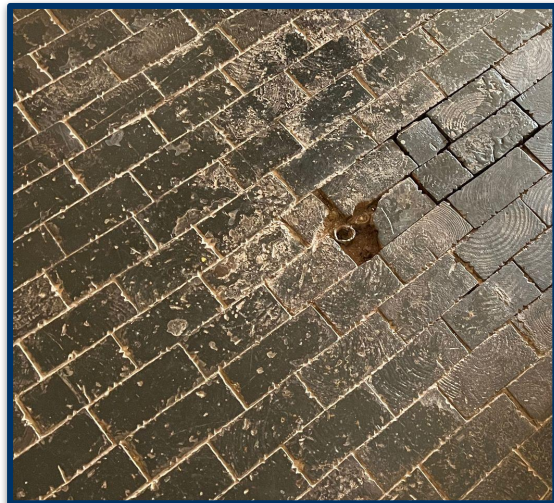
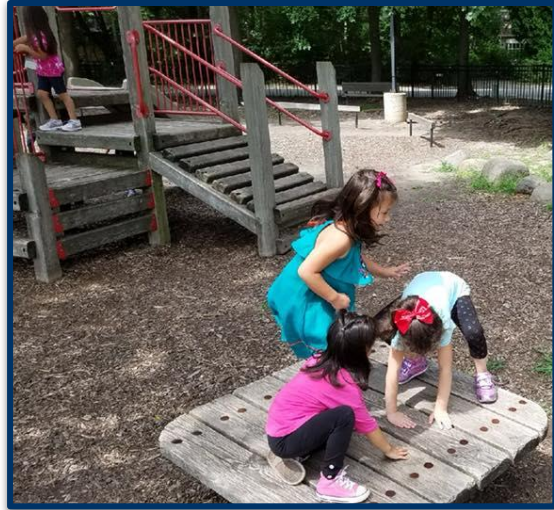
Plan B



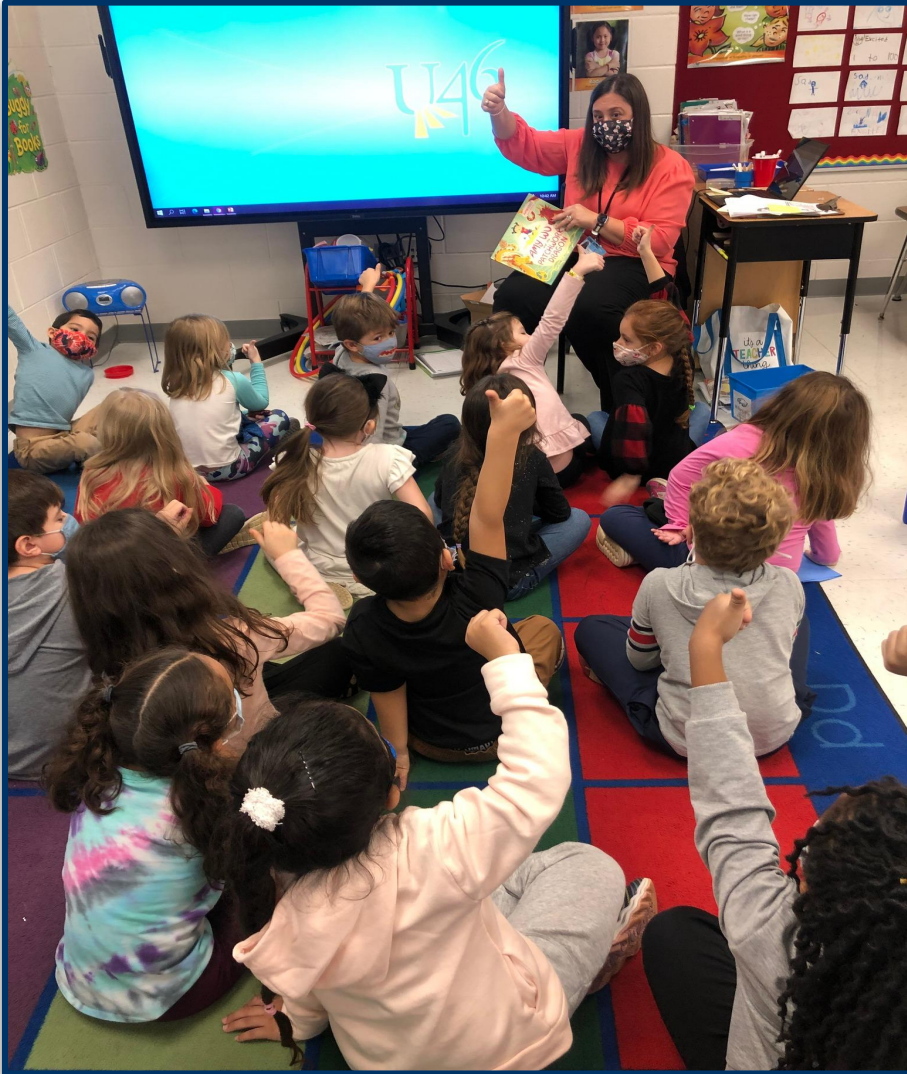
Retire Hanover Countryside Elementary

Plan B

**Increase
budget for
maintenance
and repair by
\$10 million
per year**



Plan B



**Balance enrollment at
buildings throughout
District**

Plan B

Improve
equitable
access to
programs at
more buildings
districtwide



Plan B

**INVESTMENT
\$310-380 MILLION**

**Zero additional cost
to U-46 homeowners.**

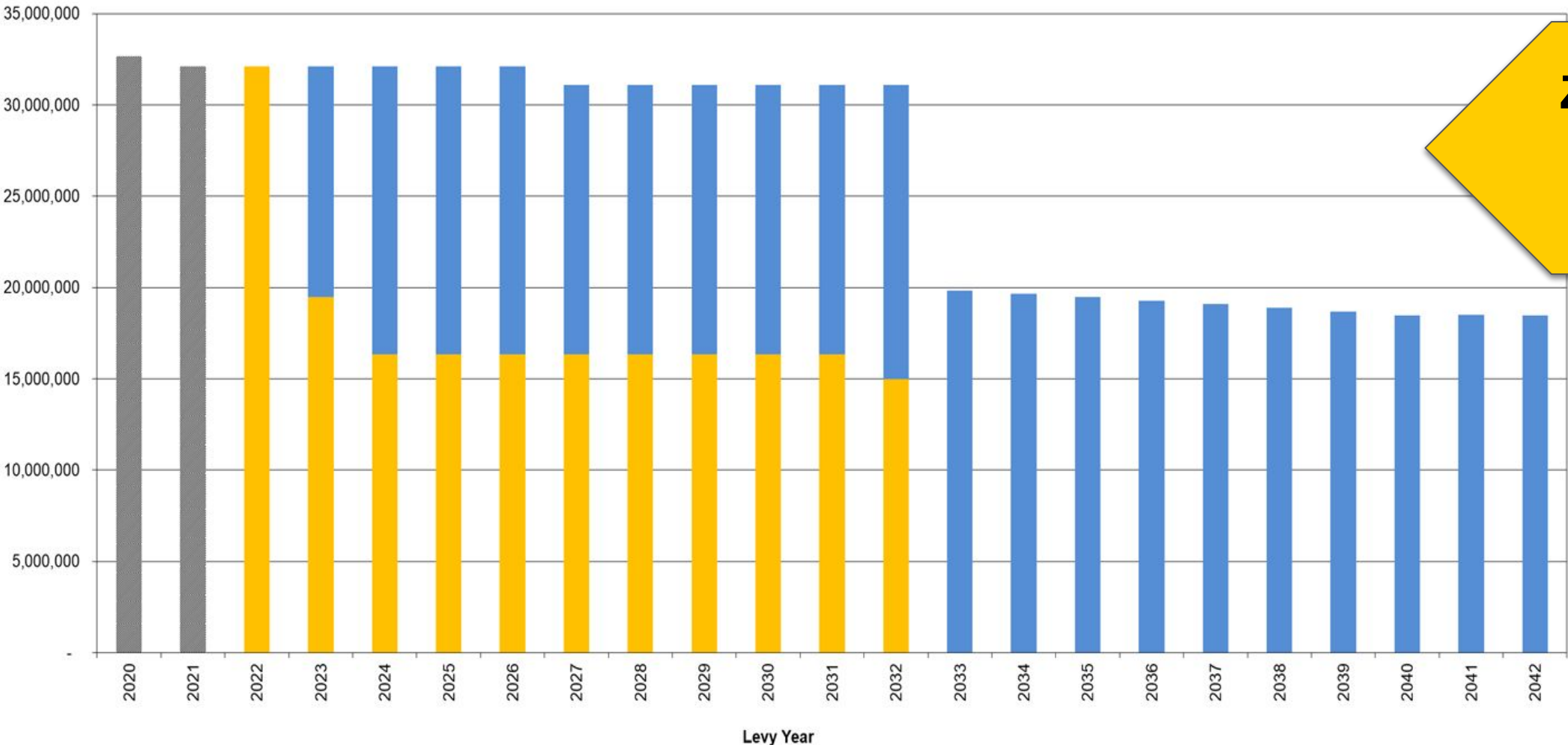
**Combination of reserve and bond
financing.**

**Requires a successful referendum in
April 2023 to raise \$179M.**



Debt Summary

Proposed \$179.6M Referendum Bonds and \$27.1M DSEB Bonds December 2023



Plan C

SCHOOL DISTRICT U-46



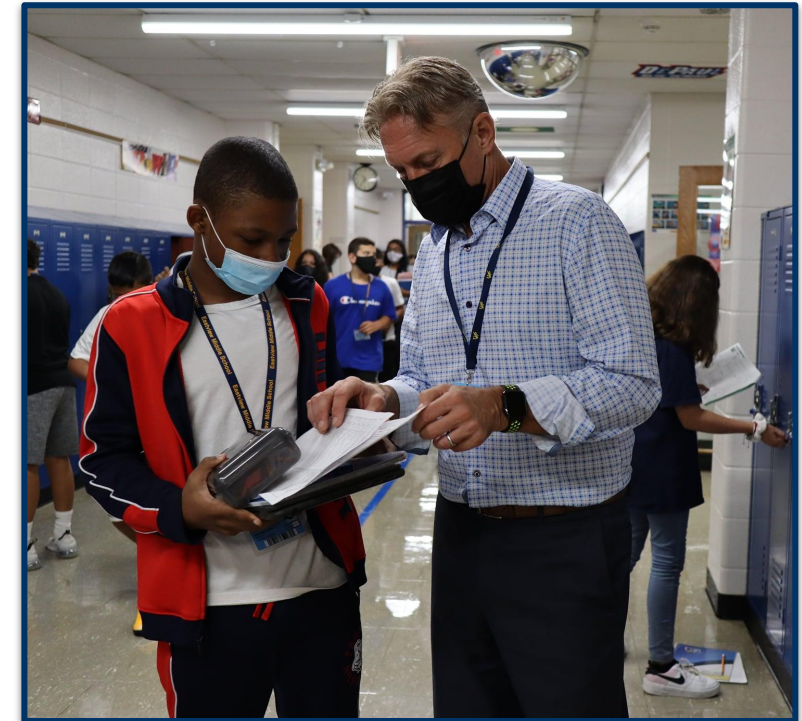
Plan C

Everything in Plan A & B Plus...



Plan C

Renovate all eight middle schools to provide an equitable experience for our students



Plan C



Plan C



Plan C



Plan C

INVESTMENT
\$460-580 MILLION

Additional \$205 per year - or less than \$4 a week - for the owner of a \$300,000 home

Tax increase required

Funded through a combination of reserve and bond financing.

Requires a referendum in April 2023 to raise \$348M.



Comparison of Plans A, B, C

	Plan A	Plan B	Plan C
Overview	<ul style="list-style-type: none">- Convert Hawk Hollow- Retire Garfield- Expand Pre-K opportunities	<p>Plan A</p> <ul style="list-style-type: none">- Rebuild 5 elementary schools- Renovate Washington- Retire Hanover Countryside- \$10M/year additional for maintenance and repair	<p>Plan A Plan B</p> <ul style="list-style-type: none">- Renovate existing middle schools
Total cost	\$75-100M	\$310 - \$380M	\$460 - \$580M
Tax impact	Zero	Zero	\$205/year*

**For owner of a \$300K home*

Thank you!

Upcoming Sessions:

CES #5 Oct. 19

CES #6 Nov. 9



Take Our Online Survey



Take a photo of this code with your smartphone and click the popup link to take the survey, or visit U-46.org/unitesurvey.