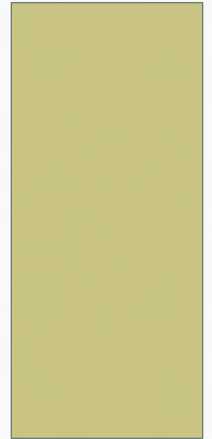


# 2016 PROPOSED TAX LEVY

SCHOOL DISTRICT U-46  
NOVEMBER 7, 2016



# 2016 TAX LEVY TIMELINE

- November 7 – Resolution regarding proposed levies and determination of tax levy (work session)
- November 21 – Adoption of proposed levies and determination of tax levy resolution (discussion/action). Tax levy resolution and Certificate of Tax Levy (work session).
- December 12 – Adoption of tax levy resolution and Certificate of Tax Levy.

# ABATEMENT TIMELINE

- November 21 – Present resolution of Intent to Abate
- December 12 – Vote on resolution of Intent to Abate
- January 23 – Present Resolution to Abate and transfer funds from the Educational Fund to the Bond and Interest Fund to cover the abatement amount.
- February 6 – Vote on Resolution to Abate

# TAX LEVY TERMS

- Property Tax Levy – amount of property tax dollars requested to operate the District for the subsequent fiscal year
- EAV – Equalized Assessed Valuation – One-third of the taxable market value of real estate
- New Construction – Assessed value of new improvements or additions to an existing property or property that was previously exempt

# PROPERTY TAX EXTENSION LIMITATION LAW (PTELL)

- CPI with a cap of 5%
  - 5 year CPI average = 1.5%
  - 3 year CPI average = 1.0%
- New construction
- Bond and interest payments

# FIVE YEAR HISTORY OF LEVY REQUESTS

Tax Levy Yr.	Previous Yr. Extension	Proposed Levy	Levy Percent Increase	Actual Extension	Actual Extension Increase	December CPI-U
2011	\$246,678,180	\$278,778,945	13.01%	\$243,285,505	-1.38%	1.5%
2012	\$243,285,505	\$265,434,979	9.10%	\$257,825,855	5.98%	3.0%
2013	\$257,825,855	\$270,062,332	2.99%	\$257,626,347	-0.08%	1.7%
2014	\$257,626,347	\$264,158,428	2.54%	\$258,557,344	0.36%	1.5%
2015	\$258,557,344	\$263,449,740	1.89%	\$261,980,999	1.32%	0.8%
2016*	\$261,980,999	\$266,951,621	1.90%*	TBD	TBD	0.7%
*Proposed						

# TAX LEVY ASSUMPTIONS

- We have two key components utilized in creating a levy that are unknown until April of 2017: Equalized Assessed Valuation (EAV) and new construction.
  1. We are estimating an increase in EAV of 6%. Kane has given us an estimate of 9%, however, we do not have values from DuPage and Cook. Last year DuPage EAV increased 3%, while Cook EAV decreased 3%.
  2. We have estimated \$30 million in new property for the current levy. Last years' actual value was \$19 million. We have projected an increase due to the correlation between developer donation dollars and construction numbers.

# NEW GROWTH

- Property added to the tax base (new growth) is above and beyond the CPI limitation.
- New growth can be from annexations, expired TIFs, home additions, new residential and commercial construction, and expirations of 4-year exemptions.
- School districts must levy for new growth in year one or the value of the construction is capped forever.



# CALCULATING NEW GROWTH

2015 Tax Extension = \$261,980,999

CPI is 0.7% X max. extension = \$263,814,866

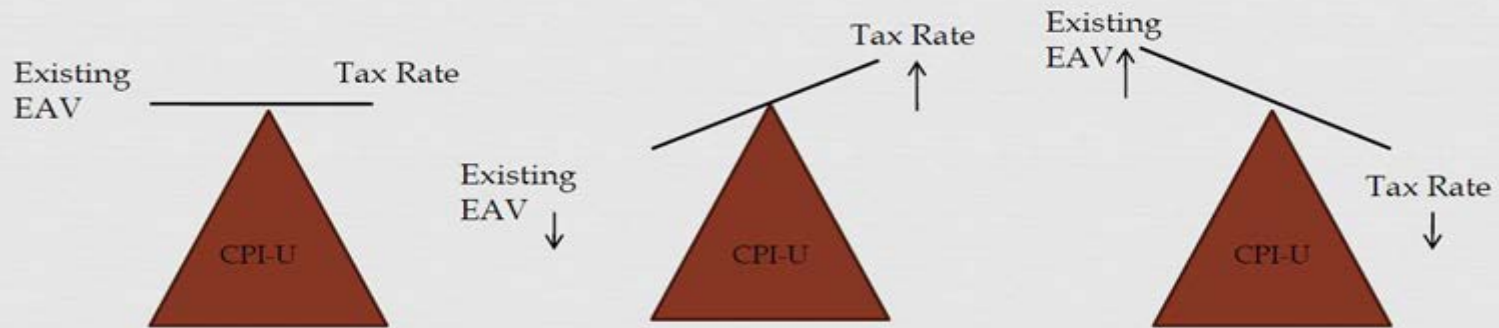
New Growth Estimate \$30,000,000

Adds approximately 0.69% to the

extension = \$265,623,503

# EAV AND TAX RATES

## EAV Change, CPI-U and Tax Rate



If EAV is flat and CPI-U is flat, the Tax Rate is flat.

If EAV is declining or increasing less the CPI-U increase, the Tax Rate will increase.

If the EAV increase is more than the CPI-U increase, the Tax Rate will decline.

Tax rates are determined after the EAV is finalized and requests are made.

# WHY DID MY TAXES INCREASE

- There are several reasons why property taxes may increase year over year. An increase in property taxes within your particular taxing district may occur due to the following:
  1. A decrease in the taxing district's overall equalized assessed value can increase the rate.
  2. An increase in taxes levied by the local government and school district in accordance with the Property Tax Extension Limitation Law.
  3. An increase in the assessed value of your property.
  4. A decrease in assessed value that is lower/smaller than the overall decrease in assessed value for the taxing body.
  5. Public voting for bond issues such as new construction.
  6. An increase in the payments of previously approved bonds.
  7. A shift in the burden between counties.

# CORPORATE TAX APPEALS

- EVERY YEAR CORPORATE TAX APPEALS SHIFT BETWEEN \$3 MILLION AND \$4 MILLION IN FUNDING TO OTHER TAXPAYERS.
- How does that affect homeowners? **IT SHIFTS THE BURDEN ON HOMEOWNERS.**
- **IF THE BURDEN INCREASES, THE TAX INCREASES REGARDLESS OF WHAT THE TAXING DISTRICTS REQUEST.**

# HOW ARE PROPERTY TAXES CALCULATED

Total District EAV	\$500,000,000
Homeowner's EAV	\$50,000
Homeowner's house value	\$150,000
Homeowner's EAV Portion of Total EAV	0.0001
Total School District Property Tax Revenue	\$20,000,000
Homeowner's Property Tax Bill	\$2,000
Tax Calculation	$\$20,000,000 \times 0.0001 = \$2,000$

# SAMPLE WITH IMPROVEMENTS TO PROPERTY OR REASSESSMENT OCCURS

Total District EAV \$500,000,000

Homeowner's EAV \$65,000

Homeowner's house value \$195,000

Homeowner's EAV

Portion of Total EAV 0.00013

Total School District

Property Tax Revenue \$20,000,000

Homeowner's Property

Tax Bill \$2,600

Tax Calculation  $\$20,000,000 \times 0.00013 = \$2,600$

# WHAT HAPPENS WHEN EAV DROPS

Total District EAV	\$480,000,000
Homeowner's EAV	\$50,000
Homeowner's house value	\$150,000
Homeowner's EAV Portion of Total EAV	0.0001041
Total School District Property Tax Revenue	\$20,000,000
Homeowner's Property Tax Bill	\$2,083
Tax Calculation	$\$20,000,000 \times 0.0001041 = \$2,083$



# WHAT HAPPENS WHEN EAV INCREASES

Total District EAV	\$520,000,000
Homeowner's EAV	\$50,000
Homeowner's house value	\$150,000
Homeowner's EAV Portion of Total EAV	0.0000962
Total School District Property Tax Revenue	\$20,000,000
Homeowner's Property Tax Bill	\$1,923
Tax Calculation	$\$20,000,000 \times 0.0000962 = \$1,923$



## HOW DOES U-46 COMPARE TO OTHER DISTRICTS

District	Operating Expenditures Per Pupil (OEPP) - 2015	Per Capita Tuition Charge (PCTC) - 2015
Geneva CUSD 304	\$14,730.68	\$14,609.00
Naperville CUSD 203	\$14,544.59	\$13,701.24
Batavia USD 101	\$13,435.46	\$12,413.82
St Charles CUSD 303	\$13,258.04	\$11,916.76
Kaneland CUSD 302	\$12,446.37	\$11,471.95
Central CUSD 301	\$11,923.78	\$11,023.57
Aurora West USD 129	\$11,662.90	\$ 9,915.20
SD U-46	\$11,404.00	\$ 9,591.05
Aurora East USD 131	\$11,334.72	\$ 8,805.18
Indian Prairie CUSD 204	\$11,053.45	\$ 9,993.45
CUSD 300	\$10,726.27	\$ 9,199.13
Huntley CSD 158	\$ 9,427.18	\$ 8,226.98

## HOW DOES U-46 COMPARE TO OTHER DISTRICTS

District	2012 EAV Per Student	Local Revenue per Student for each \$1 tax rate
Geneva CUSD 304	\$241,472	\$2,414.72
Naperville CUSD 203	\$272,333	\$2,723.33
Batavia USD 101	\$188,944	\$1,889.44
St Charles CUSD 303	\$231,691	\$2,316.91
Kaneland CUSD 302	\$174,598	\$1,745.98
Central CUSD 301	\$174,733	\$1,747.33
Aurora West USD 129	\$119,645	\$ 1,196.45
SD U-46	\$130,889	\$ 1,308.89
Aurora East USD 131	\$51,525	\$ 515.25
Indian Prairie CUSD 204	\$172,004	\$ 1,720.04
CUSD 300	\$160,348	\$ 1,603.48
Huntley CSD 158	\$ 128,942	\$ 1,289.42

# 2016 LEVY

(WITHOUT BOND AND INTEREST)

• Educational Fund	\$162,872,895
• Operations & Maintenance Fund	\$ 31,203,795
• Transportation Fund	\$ 16,950,095
• IMRF	\$ 6,569,710
• Social Security	\$ 5,400,290
• Life Safety Fund	\$ 1,976,619
• Tort	\$ 9,768,694
• Special Education	<u>\$ 32,209,523</u>
Total	\$266,951,621

Defensive Change: 1.90%

Actual Est. Change: 1.39%

Impact on Existing Homeowners is 0.7%