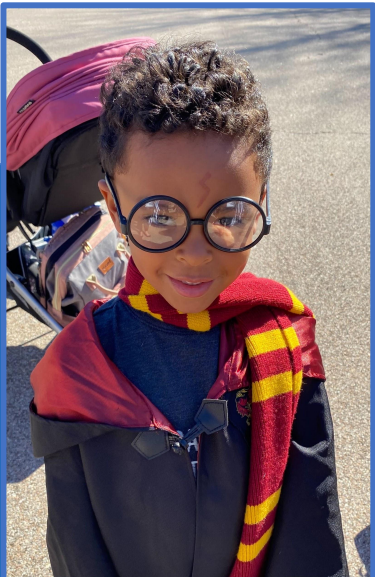




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Tentative Levy December 2024



Purpose

- Inform the Board of Education on the Property Tax Collection Process
- Provide an understanding of the impact of CPI and Tax Caps
- Prepare the Board of Education for adopting the Tentative Levy on December 19, 2024



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Making Connections



GOAL #5

EFFECTIVE & INNOVATIVE USE OF RESOURCES

Meet the evolving needs of our students by leveraging all available resources to provide high-quality programs and services, and innovative technology and learning environments, while maintaining fiscal responsibility.

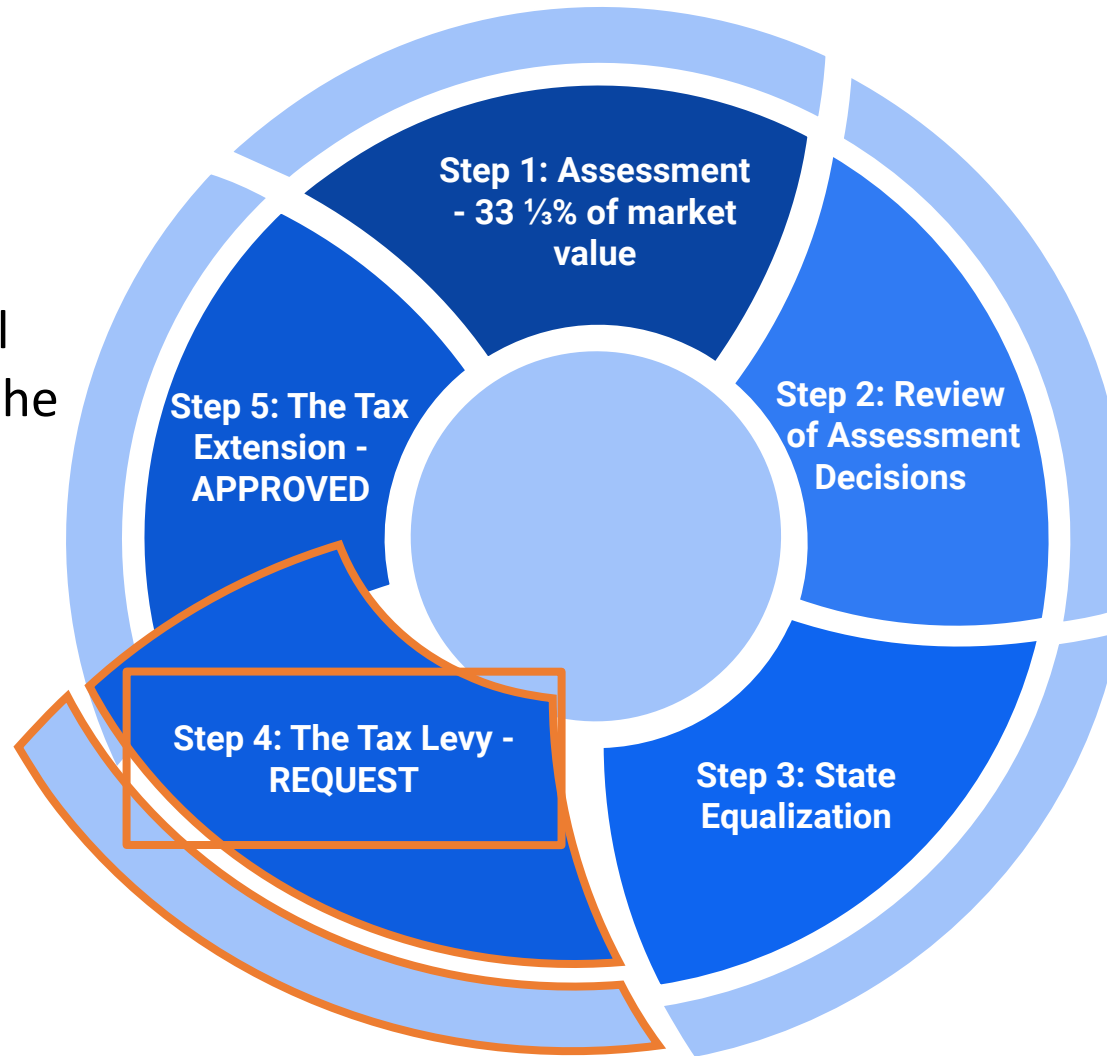


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The Property Tax Cycle

Extension - the actual amount received by the district



Levy - the request by the district



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How “Market Value” Converts Into “Equalized Assessed Valuation”

	Entire State (Except Cook County)
Market Value (Estimated by County)	\$200,000
Assessment Level	33 ⅓ %
Assessed Value Before Exemptions	\$66,667
State Equalizer	1.0
Equalized Value	\$66,667
Homeowner Exemption	(\$8,000)
Equalized Assessed Valuation	\$58,667



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The Relationship Between EAV, Tax Rate, and Tax Extension

In Tax Capped Counties, like DuPage, the new extension can only increase by CPI or 5% (whichever is lower) over the previous year's extension plus new construction.

- **Example 1:** The district's prior extension was \$10,000,000. Applicable CPI is 3.4%. The calculated maximum extension is \$10,340,000. The clerk knows the final EAV was \$200,000,000. The tax rate is calculated as follows:

$$(\$10,340,000 / \$\underline{200,000,000} \times 100) = \mathbf{\$5.17}$$
 per \$100 of equalized assessed value

- **Example 2:** All of the above assumptions remain true, but the district was subject to a reassessment that increased the district's EAV to \$250,000,000. The tax rate is calculated as follows:

$$(\$10,340,000 / \$\underline{250,000,000} \times 100) = \mathbf{\$4.136}$$
 per \$100 of equalized assessed value

**does not include new construction



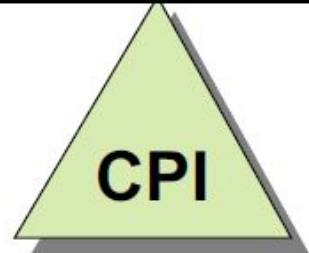
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EAV Change, CPI and Tax Rate – An Example

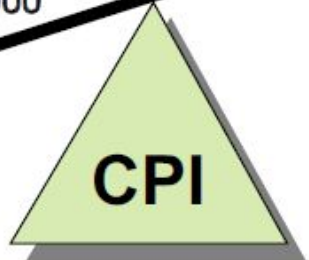
Scenario: EAV \$200 M. Limiting Rate \$5.00. Base Extension \$10,000,000. CPI 5%. New Limiting Extension = \$10,500,000

EAV Stays the Same

New EAV \$200,000,000 Tax Rate \$5.25



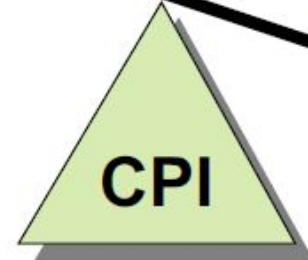
New EAV \$180,000,000 Tax Rate \$5.83



Reassessment Down 10%

All Three Scenarios Generate \$10,500,000

New EAV \$220,000,000 Tax Rate \$4.77

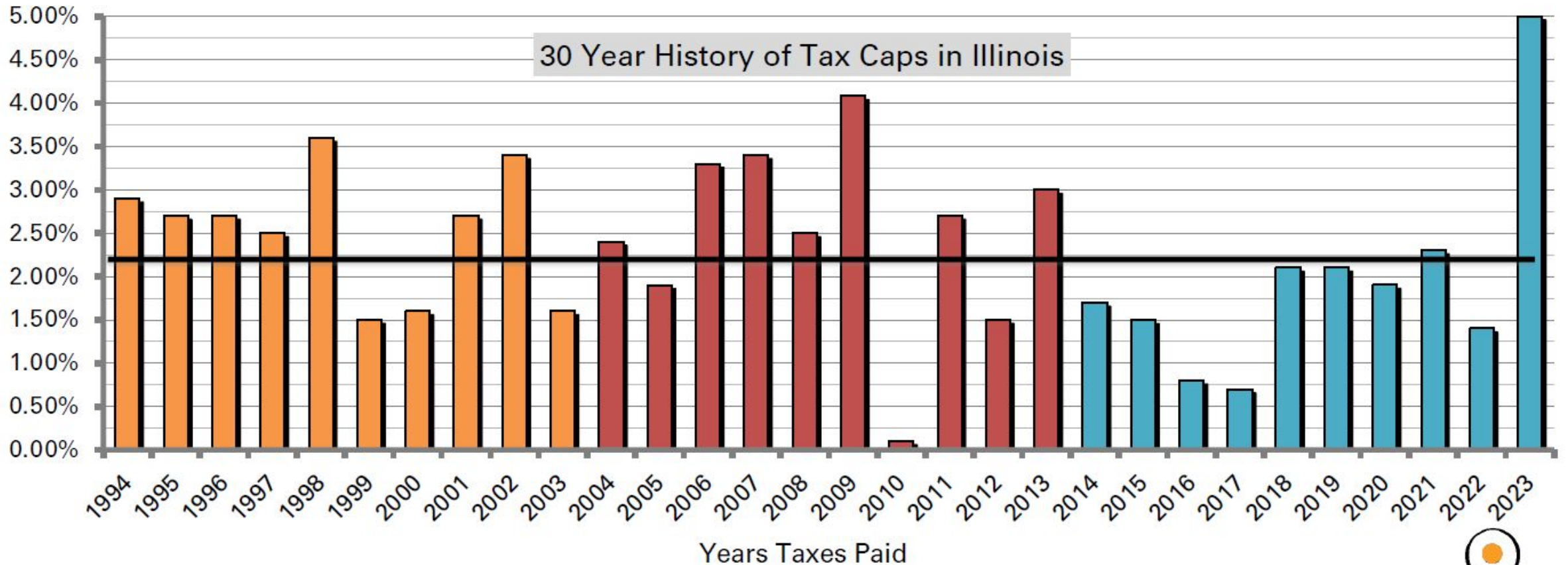


Reassessment Up 10%



30 Year History of Tax Caps in Illinois

First 10-year period, CPI averaged 2.52% --- Second 10-year period, CPI average 2.49% ---
Third 10-year period CPI average 1.95%, even with 5% CPI for 2022 levy year.



The Tax Levy

The tax levy is based on 2 known facts and 2 estimates.

- **Known Factors** - The tax extension from the prior year and CPI from the prior year.
- **Unknown Factors** - EAV of all property and new property.

These 4 factors determine the limiting rate (tax rate limit)

$$\text{Limiting Rate} = \frac{\text{Prior year extension} \times (1 + \text{lesser of } 5\% \text{ or CPI})}{(\text{Estimated EAV} - \text{new construction})}$$



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Estimating the 2024 Tax Extension - Known Factors

Step 1 - Calculate the Allowable Levy Increase due to inflation:

- ❑ 2023 Aggregate Extension = \$45,341,484
- ❑ December CPI Calendar Year 2023 = 3.4% (5% is the max)
- ❑ 2023 Aggregate Extension x CPI

$$\$45,341,484 \times 3.4\% = \$1,541,610.46$$



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Estimating the 2024 Tax Extension - Unknown Factors

Step 2 - Calculate the Property Taxes on New Property - \$16,832,213

- ❑ New Property is estimated at \$16,832,213
- ❑ New Property x Estimated Limiting Rate (\$3.9822)
- ❑ Increase due to New Property:

$$\$16,832,213 / 100 = \$168,322$$

$$\$168,322 \times \$3.9822 = \$670,292.39$$



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Estimating the 2024 Tax Extension

Summary

2023 Actual Extension	\$45,341,484
Increase Due to CPI	\$ 1,541,610
<u>Increase From New Property</u>	<u>\$ 670,292</u>
2024 Estimated Levy	\$47,553,386

*Does not include Bond & Interest



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2024 Limiting Rate Calculation



2023 Tax Extension.....\$45,341,484.11*

2023 CPI.....3.4%

2024 Estimated New Property.....\$16,832,213

2024 Estimated EAV.....\$1,194,309,685**

**9.71% plus new construction

$$\text{Limiting Rate} = \frac{45,341,484.11 \times (1.034)}{(1,194,309,685 - 16,832,213)} = \frac{46,883,094.57}{1,177,477,472} = 0.0398 \times 100 = \$3.982 / \$100$$

*Does not include debt service

Impact on Homeowners

If the following assumptions are true:

$$\text{Limiting Rate} = \frac{45,341,484.11 \times (1.034)}{(1,194,309,685 - 16,832,213)} = \frac{46,883,094.57}{1,177,477,472} = 0.03982 \times 100$$

\$3.9822 / \$100

**Does not include debt service*

Market Value of Home	\$350,000
Assessed Value (33 ⅓%, per \$100)	\$116,666 / 100 = \$1,166.67
Capped Taxes*	\$1,166.67 x 3.9822 = \$4,645.91



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Adopted Levy Rate vs. Calculated Limiting Rate

Once the County Clerk has calculated the district's limiting rate (maximum allowable rate), it compares it to the calculated rate generated from the adopted levy.

- If the calculated **Adopted Levy rate is below the limiting rate**, the calculated Adopted Levy rate becomes the final rate that the county clerk extends to the district's tax base. *In this situation, the district would not receive all of the revenue it is entitled to. **This extension amount would be used to calculate future limiting rates, and as a result, would negatively impact future revenues.***



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Adopted Levy Rate vs. Calculated Limiting Rate

- If the calculated **Adopted Levy rate is above the limiting rate**, the county will reduce the calculated Adopted Levy rate down to the limiting rate based on reduction directions provided by the district. The county would then extend the final rate, which equals the limiting rate to the district's tax base. This is called a Balloon Levy. *This extension amount would be the maximum amount the district would be able to receive. This extension amount would be used to calculate future limiting rates, and as a result, would have a positive impact future on revenues.*



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Historical Adopted Levy vs. Actual Extension

YEAR	ADOPTED LEVY	ACTUAL EXTENSION	DIFFERENCE
2023	\$46,530,457	\$45,341,484	-\$ 1,188,973
2022	\$ 41,968,533	\$ 41,524,357	-\$ 444,176
2021	\$ 38,817,068	\$ 39,143,672	\$ 326,604
2020	\$ 37,343,355	\$ 37,238,004	-\$ 105,351
2019	\$ 36,019,782	\$ 35,567,494	-\$ 452,288
2018	\$ 34,800,199	\$ 34,798,671	-\$ 1,528
2017	\$ 34,648,266	\$ 34,019,857	-\$ 628,409
2016	\$ 33,916,000	\$ 33,090,080	-\$ 825,920
2015	\$ 33,910,122	\$ 32,659,968	-\$ 1,250,154
2014	\$ 34,401,518	\$ 32,299,492	-\$ 2,102,026

*Does not include debt extension



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Certificate of Tentative Levy

Original:
 Amended:

ILLINOIS STATE BOARD OF EDUCATION

School Business and Support Services Division

(217) 785-8779

CERTIFICATE OF TAX LEVY

A copy of this Certificate of Tax Levy shall be filed with the County Clerk of each county in which the school district is located on or before the last Tuesday of December.

District Name	District Number	County
West Chicago ESD	33	DuPage

Amount of Levy

Educational	\$ 36,293,591	Fire Prevention & Safety *	\$ 0
Operations & Maintenance	\$ 4,819,943	Tort Immunity	\$ 18,010
Transportation	\$ 2,724,022	Special Education	\$ 3,634,656
Working Cash	\$ 459,257	Leasing	\$ 0
Municipal Retirement	\$ 304,282		\$ 0
Social Security	\$ 506,312	Other	\$ 0
		Total Levy	\$ 48,760,073

* Includes Fire Prevention, Safety, Energy Conservation, Disabled Accessibility, School Security, and Specified Repair Purposes.

See explanation on reverse side.

Note: Any district proposing to adopt a levy must comply with the provisions set forth in the Truth in Taxation Law.

With a \$650,000 Tax Abatement -
 An approximate \$227 increase for a \$350,000 home.

Without an abatement -
 An approximate \$292 increase for a \$350,000 home.



DISTRICT 33
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District Fund Balance - Unaudited

Estimated Beginning Fund Balance as of July 1, 2024

(10) Education	\$30,770,687
(20) Operations & Maintenance	\$4,186,912
(30) Debt Service	\$2,344,325
(40) Transportation	\$5,439,449
(50) Municipal Retirement / Social Security	\$4,136,829
(60) Capital Projects	\$4,765,480
(70) Working Cash	\$4,637,281
(80) Tort	\$121,359
(90) Fire Prevention & Safety	\$0

Board Policy 4:20 requires a year end fund balance to revenue ratio of no less than 25%. Estimated July 1, 2024, Fund Balance \$56,402,322. Revenues in 2024 were \$113,492,572 with \$28,373,143 representing 25%.



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Specific Fund Balances- Unaudited

40 - Transportation	Expenditures	Fund Balance	Levy	
2023-24	\$6,517,097.00	\$5,439,449.00	\$2,596,951.42	2023
2022-23	\$5,005,479.00	\$8,217,123.00	\$2,443,873.77	2022
2021-22	\$4,381,781.00	\$8,217,123.00	\$2,303,915.03	2021
Average	\$5,301,452.33			
Miller Ratio	\$13,253,630.83			

50 - IMRF/SS	Expenditures	Fund Balance	Levy - IMRF	Levy - SS	
2023-24	\$1,966,070.00	\$4,136,829.00	\$480,757.95	\$959,369.66	2023
2022-23	\$2,004,065.00	\$3,867,726.00	\$937,095.14	\$1,400,268.34	2022
2021-22	\$1,954,059.00	\$3,366,151.00	\$882,389.39	\$1,319,007.38	2021
Average	\$1,974,731.33				
Miller Ratio	\$4,936,828.33				

Operating Funds	Expenditures	Fund Balance	Levy	
2023-24	\$94,424,266.00	\$40,356,677.00	\$39,981,247.59	2023
2022-23	\$92,674,394.00	\$37,971,566.00	\$35,499,196.45	2022
2021-22	\$89,440,730.00	\$40,738,142.00	\$33,466,722.87	2021
Average	\$92,179,796.67			
Miller Ratio	\$230,449,491.67			



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Continuing District Support for the Community

- Both the District and community have seen prices of food, gas, and other commodities increase dramatically due to inflation.
- The District has demonstrated concern for the impact of taxes on the community by extending abatements (typically done in February.)
- Abatements reduce the tax extension without effecting future tax extensions and, therefore, not impacting future revenue for the district.

2024	\$650,000
2023	\$1,000,000
2022	\$400,000
2021	\$400,000
2020	\$400,000
2019	\$714,417
2018	\$700,000



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Thank you!



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