

 <p>CITY OF ST. CHARLES ILLINOIS • 1834</p>	AGENDA ITEM EXECUTIVE SUMMARY		Agenda Item number: 6b						
	Title:	Seeking a Motion to Approve the Preliminary Estimate of 2023 Property Tax Levy in the amount of \$24,465,744							
	Presenter:	Bill Hannah, Director of Finance							
Meeting: Government Operations Committee		Date: October 16, 2023							
Proposed Cost: \$-0-		Budgeted Amount: \$ N/A	Not Budgeted: <input type="checkbox"/>						
TIF District: None									
Executive Summary (if not budgeted, please explain):									
<p><u>Background</u></p> <p>The City is required to prepare a formal, preliminary estimate of its property tax levy each year. This formal estimate provides the basis for the truth in taxation notice. The actual tax levy ordinance will be presented for approval at the December 4, 2023 City Council meeting after the official public hearing is held on that same evening. Property taxes comprise about 23% of the City’s budgeted revenues for the General Fund and are a key revenue source funding core City services and required pension contributions. The 2023 property tax levy will provide funding for the upcoming FY 2024-25 Budget for the City.</p> <p><u>Last Year’s Levy/Extension</u></p> <table style="margin-left: 40px;"> <tr> <td>General Levy:</td> <td style="text-align: right;">\$14,187,097</td> </tr> <tr> <td>Bonds/Debt Levy:</td> <td style="text-align: right;"><u>\$10,165,001</u> (Abated in its entirety)</td> </tr> <tr> <td>TOTAL:</td> <td style="text-align: right;">\$24,352,098</td> </tr> </table> <p>As indicated above, property taxes for the City’s general obligation bonds were abated and paid with other General Fund, TIF or utility fund revenue sources.</p> <p><u>2023 Levy Considerations</u></p> <p>A key component of the tax levy considerations is the annual actuarial valuation done for the Police Pension Fund and the Firefighters Pension Fund, as the recommended amounts for City funding are incorporated into the operating tax levy. The actuarial valuations done for both funds were completed and measured as of April 30, 2023, and resulted in an increase in the City’s required contribution as follows:</p> <ul style="list-style-type: none"> • The Police Pension Fund required City contribution from the levy is increasing \$296,481 or 7.1% to \$4,467,238 • The Firefighter’s Pension Fund required City contribution from the levy is increasing \$270,120 or 9.9% to \$2,989,721 <p>In summary, the required City property tax contributions for police and fire pension funding are increasing \$566,601 over last year.</p> <p>One other line item included in the general tax levy category, but does not fund operations is the line item for the Mental Health Board. That tax levy amount has historically been set to be close to \$0.04 cents on the property tax bill, with funds distributed to agencies as recommended by the Board and</p>				General Levy:	\$14,187,097	Bonds/Debt Levy:	<u>\$10,165,001</u> (Abated in its entirety)	TOTAL:	\$24,352,098
General Levy:	\$14,187,097								
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TOTAL:	\$24,352,098								

ultimately approved by City Council. Over the last two years that tax rate has been closer to \$0.037 primarily due to larger increases in the City's EAV.

2023 Estimated Operating Levy Recommendation

Last year, the City approved a property tax levy which would provide for the increased amounts necessary for police and fire pensions, but keep flat the other property tax levies to fund general services. If the City were to consider a levy under the same parameters, and provide for mental health board funding close to \$0.04, that would result in an overall levy increase recommendation of 4.71%. After taking into consideration various economic factors, cost of providing services, progress the City has made in funding capital projects, as well as budgetary considerations for funding City initiatives, an overall levy estimate of 3.0% is recommended as outlined below.

	Property	Property		2023-2022	
	Tax Extensions	Tax Extensions	Proposed	Dollar	Percent
<u>General/Other Purposes</u>	<u>2021</u>	<u>2022</u>	<u>Levy 2023</u>	<u>Change</u>	<u>Change</u>
Corporate	2,929,435	2,929,726	2,761,854	(167,872)	-5.73%
Fire Protection	1,865,021	1,866,042	1,867,000	958	0.05%
Police Protection	1,865,021	1,866,042	1,867,000	958	0.05%
Mental Health Board	611,638	635,029	660,000	24,971	3.93%
Total General Purpose	7,271,114	7,296,839	7,155,854	(140,985)	-1.93%
<u>Pension</u>					
Police Pension	3,870,588	4,170,757	4,467,238	296,481	7.11%
Fire Pension	2,580,382	2,719,601	2,989,721	270,120	9.93%
Total Pension	6,450,970	6,890,358	7,456,959	566,601	8.22%
Total	13,722,084	14,187,197	14,612,813	425,616	3.00%

Bonded Debt Levy

The total amount of principal and interest payments on the City's general obligation debt for the 2023 levy year is \$9,852,931. This is a decrease of 3.1% from the prior year of \$10,165,001. When added together the two components for the estimated 2023 levy are as follows:

This Year's 2023 Estimated Tax Levy

Operating Levy: \$14,612,813
 Bonds/Debt Levy: \$ 9,852,931 (To be abated in its entirety)
 TOTAL: \$24,465,744 (Estimate for Purposes of Truth in Taxation)

Summary

The 2023 estimated levy as presented would result in an increase of about \$24 annually or about \$2 per month for the owner of a home with a fair cash value on the property tax bill of \$300,000. This assumes no change in the assessed value of a home relative to other properties and the City as a whole.

Kane County currently estimates that the equalized assessed valuation for the City will increase by approximately 10% in total, due to an increase in the assessed valuation of existing residential properties. This increase in EAV, as currently estimated by the County, will result in a decrease in the overall City property tax rate from \$0.8361 to \$0.7824. The estimated tax rate for the Mental Health Board funding would also decrease to about \$0.035. Although this is less than the historical target tax rate of \$0.04, it still provides for an increase in funding consistent with prior years.

Staff will be providing a presentation on the 2023 estimated property tax levy with additional information at the Government Operations meeting on October 16, 2023.

Attachments (please list):

None

Recommendation/Suggested Action (briefly explain):

Seeking a Motion to Approve the Preliminary Estimate of 2023 Property Tax Levy in the amount of \$24,465,744.