

# 2023 Property Tax Levy



**Millburn School District 24**  
**November 13, 2023**

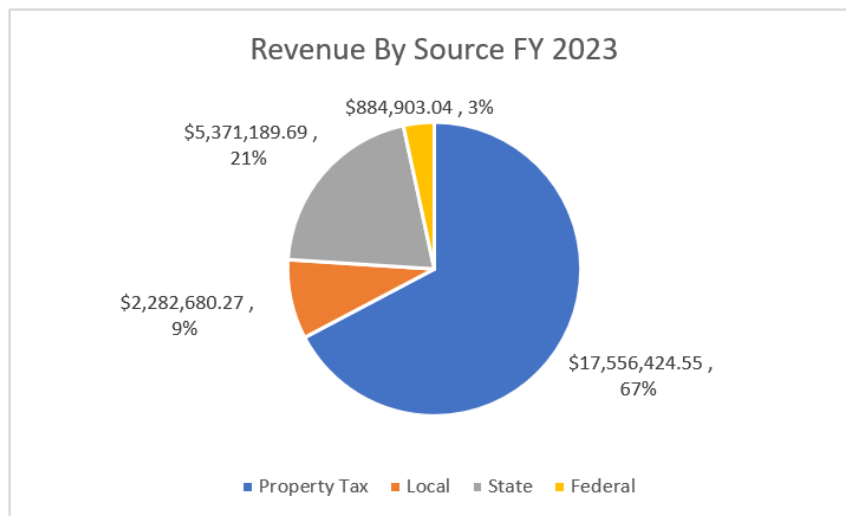
# INTRODUCTION

A **levy** is the amount of property tax revenue a district requests from taxpayers to cover the majority of annual expenditures. The District determines the levy annually.

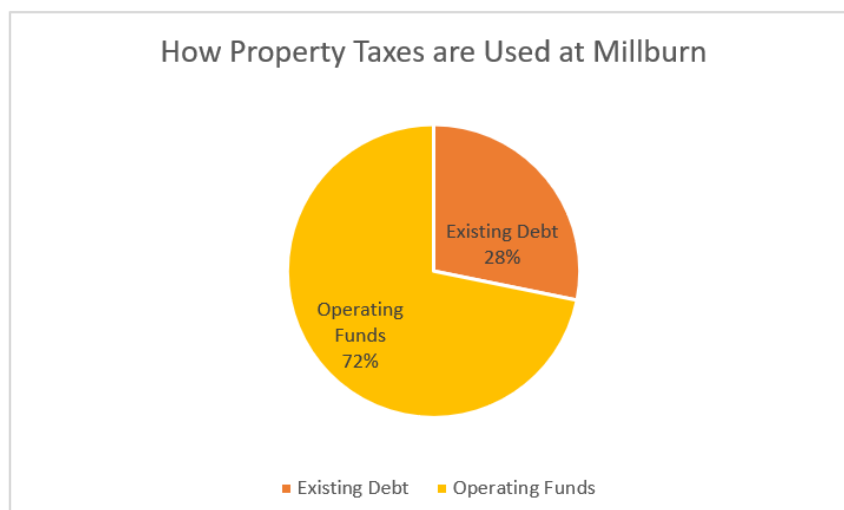
## THE IMPORTANCE OF THE PROPERTY TAX LEVY

Property tax revenue is the main funding source for Millburn District 24. On average, about 75% of a public school's revenue can come from property taxes.

Last year, property taxes made up nearly 70% of our District's total revenue.



## HOW PROPERTY TAXES ARE USED



## Cash Balance Comparison

### Cash Balances

Fund	5/31/2023	6/30/2023	9/30/2023
Education	\$ 5,700,469.60	\$ 9,570,878.48	\$ 10,522,042.41
Operations & Maintenance	\$ 701,092.10	\$ 1,172,466.65	\$ 1,242,408.17
Debt Service	\$ 869,638.80	\$ 2,717,679.32	\$ 4,233,340.87
Transportation	\$ 447,932.29	\$ 646,774.76	\$ 373,276.07
IMRF & SS	\$ 234,769.88	\$ 472,870.78	\$ 580,481.06
Capital Projects	\$ 430,564.41	\$ 480,563.83	\$ 454,467.84
Working Cash	\$ 735,509.44	\$ 743,198.23	\$ 776,862.78
Tort	\$ 18,179.99	\$ 73,265.95	\$ 31,684.60
Fire Prevention & Safety	\$ 269,169.06	\$ 270,558.56	\$ 240,658.98
Total	\$ 9,407,325.57	\$ 16,148,256.56	\$ 18,455,222.78

Districts are required to display cash balance data throughout the year. The above table shows the ending cash balance in each fund, between May 2023 and September 2023. School districts start to receive property tax revenue in June and continue receiving disbursements through the fall. This is why the above table depicts significant growth in June and September.

## Property Tax Levy Process

Millburn follows the below calendar for the tax levy process.

2023 Tax Levy Calendar		
Task	Date Due	Owner
Develop 2023 Truth in Taxation Notice* if needed		Business Office
First reading of the 2023pay2024 Tax Levy for FY 2024		
Estimated property tax levy must be presented to the Board at least 20 days prior to the adoption of the property tax levy, 35 ILCS 200/18-60	November 13, 2023	Board of Education
Approval for publication of the "Truth in Taxation Statement" if needed	November 27, 2023	Board of Education
Publish Truth in Taxation Notice of Public Hearing if needed		
Published no more than 14 days nor less than 7 days prior to the date of the hearing, 35 ILCS 200/18-80. (Between November 28, 2023 and December 4, 2023)	December 1, 2023	Business Office
Board of Education Meeting <ul style="list-style-type: none"> <li>• Hold 2023 Truth in Taxation Hearing</li> <li>• Adoption of 2023 Tax Levy</li> </ul>	December 11, 2023	Board of Education
Certificate of Tax Levy (ISBE 50-02) must be filed with county clerk on or before last Tuesday in December (105 ILCS 5/17-11 and 35 ILCS 200/18-15)		
Last Tuesday is December 26, 2023 - County Clerk's Office Closed 12/22 and 12/25	After 12/11/23, but no later than 12/26/23	Business Office

\*Truth in Taxation is required if a district intends to levy more than 105 percent of the previous year's tax extension.

## Property Tax Levy Terms

**Levy:** amount of property tax revenue a district requests from taxpayers to cover the majority of annual expenditures

**Extension:** the amount the county puts on tax bills and the district receives. It is product of the EAV multiplied by the tax-capped tax rate. The county adjusts the district's levy to take into consideration any taxes that will be delayed or not collected. The district receives this revenue in June and September payments.

**Truth in Taxation Hearing:** required public hearing if a district intends to levy more than 105 percent of the previous year's tax extension

**Fund:** grouping of the budget for specific objectives and/or activities

- The Operations/Maintenance, Working Cash, Special Ed, and Life Safety funds have maximum tax rates set by the state
- Taxes are extended by fund with each fund having its own tax rate



## Property Tax Levy Components

The tax levy takes the following components into consideration:

- Equalized Assessed Value (EAV)
- Consumer Price Index-All Urban Consumers (CPI-U)
- Property Tax Extension Limitation Law (PTELL)
- New Construction
- The previous year's tax extension for all funds except bond & interest

**Equalized Assessed Value (EAV):** taxable value of property within the District after county and state equalization.

- Property is assessed at 1/3 of market value

**Consumer Price Index:** Measure in annual average change in prices of a basket of goods.

- With the exception of new property, the tax levy is limited to the lesser of the CPI-U increase from December 2021 to December 2022 and 5%.
- The CPI-U increase from December 2021 to December 2022 was 6.5. For this year's levy, the CPI-U increase is 5.00%.

<https://www.bls.gov/news.release/cpi.t05.htm>

**Property Tax Extension Limitation Law (PTELL):** Lake County is a "PTELL" or tax-capped county, limiting the extension increase to the lesser of 5% or the increase in CPI-U. The tax rate used for calculating the district's property tax levy is limited, using the below formula.

- Does not pertain Debt Fund or Special Education of Lake County IMRF. The Debt Fund is set according to the established schedule of principal and interest payments and SEDOL provides us with the amount we owe them for the SEDOL IMRF contribution.

$$\frac{\text{Prior Year's Capped Funds Extension} \times (1 + \text{CPI-U})}{(\text{EAV} - \text{New Construction})} = \text{Limiting Tax Rate}$$

**New Construction:** changes that increase the assessed value of the property (e.g., home additions, new commercial construction, property exempt in prior levy year but reclassified as non-exempt)



# Estimated Property Tax Calculation Based on CPI

	STEP 1 - INFORMATION	
1	ESTIMATED 2023 EAV	\$ 279,278,957.00
2	ESTIMATED 2023 NEW CONSTRUCTION	\$ 2,683,656.00
3	2022pay2023 PTELL Capped Levy	\$ 12,621,164.83
4	DEC 2022 CPI <sup>1</sup> INCREASE (Lesser of CPI and 5%)	5.00%
	STEP 2 - AMOUNT LEVY CAN INCREASE	
5	Prior Year 2022pay2023 PTELL Capped Levy (3)	\$ 12,621,164.83
6	Multiply times the Lesser of Dec 2022 CPI and 5% (4)	5.00%
7	Amount Levy Can Increase (5 X 6)	\$ 631,058.24
	STEP 3 - TOTAL CAPPED LEVY WITHOUT NEW CONSTRUCTION	
8	2022pay2023 PTELL Capped Levy	\$ 12,621,164.83
9	Plus Amount Levy Can Increase (7)	\$ 631,058.24
10	TOTAL 2023pay2024 LEVY WITHOUT NEW CONSTRUCTION	\$ 13,252,223.07
	STEP 4 - NEW CAPPED TAX RATE (LIMITING RATE)	
11	Estimated 2023 EAV less New Construction (1-2)	\$ 276,595,301
12	Divided by 100 to get the EAV per \$100 of Assessed Value	\$ 2,765,953.01
13	Total Levy without New Construction (10)	\$ 13,252,223.07
14	NEW PTELL CAPPED TAX RATE = TOTAL LEVY/EAV (10/12)	4.79 <sup>2</sup>
	STEP 5 - LEVY GENERATED BY NEW CONSTRUCTION	
15	ESTIMATED 2023 NEW CONSTRUCTION (2)	\$ 2,683,656.00
16	Divided by 100 to get the EAV per \$100 of Assessed Value	\$ 26,836.56
17	New PTELL Capped Tax Rate (14)	4.79
18	Property Tax Levy for New Construction: Tax Rate times EAV per \$100 Assessed Value = Property Tax Authority (17 * 16)	\$ 128,579.22
	AMOUNT LEVY CAN INCREASE BASED ON CURRENT ESTIMATE OF AV	
19	Est Levy without New Construction (10)	\$ 13,252,223.07
20	Amount Levy can Increase as a Result of New Construction (18)	\$ 128,579.22
21	TOTAL ESTIMATED PTELL CAPPED FUNDS PROPERTY TAX LEVY	\$ 13,380,802.29
22	ESTIMATED INCREASE IN CAPPED LEVY	\$ 759,637.46
23	ESTIMATED PERCENT INCREASE IN CAPPED LEVY	6.02%

<sup>1</sup> December 2022 CPI-U: 6.5%

<sup>2</sup> The total limiting tax rate for all operating funds. This rate determines the Total Estimated PTELL Capped Funds levy (row 21). The district must distribute this proposed capped levy across the operating funds.

## Anticipated Levy

The next two pages provide the anticipated levy and ballooned levy based off the above estimated property tax calculation. Ballooning the levy allows the district to account for unknown EAV and new property. The dark yellow tax cap column shows the statutory tax caps for the O&M, Working Cash, Special Education, and Life Safety funds. This is a different cap from PTELL.

ANTICIPATED 2023 PAY 2024 FOR FY2025 BUDGET						
CURRENT 2022pay2023 LEVY	CURRENT RATE	FUND	EST LEVY 2023 pay 2024	% INCREASE	RATE BASED ON COUNTY ESTIMATE OF 2023 EAV	TAX CAP
\$ 8,938,680.82	3.481496	EDUCATION	9,476,678.45	6.02%	3.3933	NO CAP
\$ 1,378,971.87	0.537091	OPERATION & MAINTENANCE	1,461,968.86	6.02%	0.5235	0.550
\$ 630,388.90	0.245528	TRANSPORTATION	668,330.49	6.02%	0.2393	NO CAP
\$ 62,677.39	0.024412	WORKING CASH	66,449.79	6.02%	0.0238	0.050
\$ 876,633.60	0.341437	SPECIAL EDUCATION	929,396.06	6.02%	0.3328	0.400
\$ 123,123.64	0.047955	TORT	130,534.15	6.02%	0.0467	NO CAP
\$ -	-	LIFE SAFETY	0.00	0.00%	0.0000	0.050
\$ 315,194.45	0.122764	SOCIAL SECURITY	334,165.24	6.02%	0.1197	NO CAP
\$ 295,494.16	0.115091	IMRF	313,279.24	6.02%	0.1122	NO CAP
<b>\$ 12,621,164.83</b>	<b>4.915774</b>	<b>SUB-TOTAL</b>	<b>13,380,802.28</b>	<b>6.02%</b>	<b>\$ 4.7912</b>	
\$ 4,321,486.79	1.683161	BOND & INTEREST	\$0	-100.00%	0.0000	
\$ 12,850.26	0.005005	SEDOL IMRF	\$4,897	-61.89%	0.0018	
<b>\$ 4,334,337.05</b>	<b>1.688166</b>	<b>SUB-TOTAL</b>	<b>\$4,897</b>	<b>-99.89%</b>	<b>\$0.0018</b>	
<b>16,955,501.88</b>	<b>6.603940</b>	<b>Grand Total Levy</b>	<b>13,385,699</b>	<b>-21.05%</b>	<b>\$ 4.7929</b>	
		EAV	POTENTIAL RATE:	\$ GENERATED	% INCREASE IN EAV	
IF USE CURRENT EAV		256,748,272	5.2116	\$ 13,380,802.28		
IF USE COUNTY ESTIMATE		279,278,957	4.7912	\$ 13,380,802.28	8.78%	
<b>Increase from New Constuction</b>		<b>2,683,656</b>	<b>4.7912</b>	<b>\$ 128,579.22</b>		



## Ballooned Levy & Recommendation

Dr. Lind and I are recommending the board approve the first reading of a levy that increases more than 5% (7.58%). This means the board will need to advertise and hold a Truth in Taxation Hearing. The recommended levy gives an approximate \$197,500 cushion in case something unforeseen were to occur regarding EAV and/or new property EAV.

RECOMMENDED LEVY 2023 PAY 2024 W/BALLOON							
CURRENT 2023pay2024 LEVY	CURRENT RATE	FUND	RECOMMENDED 2023 LEVY INC NEW CONSTRUCTION	% INCREASE	RATE BASED ON COUNTY EAV USING RECOMMENDED 2023 LEVY INCLUDING NEW CONSTRUCTION	TAX CAP	INCREASE / DECREASE FROM ANTICIPATED
\$ 8,938,680.82	3.481496	EDUCATION	9,550,000.00	6.84%	3.4195	NO CAP	\$ 73,321.55
\$ 1,378,971.87	0.537091	BUILDING	1,510,000.00	9.50%	0.5407	0.550	\$ 48,031.14
\$ 630,388.90	0.245528	TRANSPORTATION	750,000.00	18.97%	0.2685	NO CAP	\$ 81,669.51
\$ 62,677.39	0.024412	WORKING CASH	66,449.79	6.02%	0.0238	0.050	\$ -
\$ 876,633.60	0.341437	SPECIAL EDUCATION	929,396.06	6.02%	0.3328	0.400	\$ -
\$ 123,123.64	0.047955	TORT	125,000.00	1.52%	0.0448	NO CAP	\$ (5,534.15)
\$ -	0	LIFE SAFETY	0.00	0.00%	0.0000	0.050	\$ -
\$ 315,194.45	0.122764	SOCIAL SECURITY	334,165.00	6.02%	0.1197	NO CAP	\$ 203,630.85
\$ 295,494.16	0.115091	IMRF	313,279.00	6.02%	0.1122	NO CAP	\$ (616,117.06)
<b>\$ 12,621,164.83</b>	4.915774	<b>SUB-TOTAL</b>	<b>13,578,289.85</b>	<b>7.58%</b>	<b>\$ 4.8619</b>		<b>\$ (214,998.16)</b>
\$ 4,321,486.79	1.683161	BOND & INTEREST	\$0	-100.00%	0.0000		\$ -
\$ 12,850.26	0.005005	SEDOL IMRF	\$4,897	-61.89%	0.0018		\$ -
<b>\$ 4,334,337.05</b>	1.688166	<b>SUB-TOTAL</b>	<b>\$4,897</b>	<b>-99.89%</b>	<b>\$0.0018</b>		<b>\$ -</b>
<b>16,955,501.88</b>	<b>6.603940</b>	<b>Grand Total Levy</b>	<b>13,583,187</b>	<b>-19.89%</b>	<b>\$ 4.8637</b>		<b>-214,998.16</b>

# Anticipated Property Tax Calculation Example

## 2022 Tax Levy Paid in 2023

Home Value 2022: \$300,000

Formula to determine property tax payment for operating funds to District:

$$\begin{aligned} & (\text{Home Value}/3) * \text{Tax Cap Rate} \\ & (*\$300,000/3) * .04915^3 = \$4,915 \end{aligned}$$

Formula to determine property tax payment for Debt and SEDOL IMRF:

$$\begin{aligned} & (\text{Home Value}/3) * \text{Tax Cap Rate} \\ & (*\$300,000/3) * .0168 = \$1,688 \end{aligned}$$

Total Property Tax Payment = \$6,603

## 2023 Tax Levey Paid in 2024

Home Value 2022 (Assumes an 8% Increase): \$324,000

Formula to determine property tax payment for operating funds to District:

$$\begin{aligned} & (\text{Home Value}/3) * \text{Tax Cap Rate} \\ & (*\$324,000/3) * .04791^4 = \$5,174 \end{aligned}$$

Formula to determine property tax payment for Debt and SEDOL IMRF:

$$\begin{aligned} & (\text{Home Value}/3) * \text{Tax Cap Rate} \\ & (*\$324,000/3) * .000018 = \$2 \end{aligned}$$

Total Property Tax Payment = \$5,176

In this example, the homeowner would see an estimated decrease of \$1,686 in property and SEDOL IMRF taxes for the District. While there is a \$259 increase in the levy for operating funds (to help cover the cost of increased labor, supplies, and services), since the bond payment was paid off in the 2023 fiscal year, the overall levy decreased by \$1,427.

<sup>3</sup> Refer to page 8 for rates. 4.915 was calculated by dividing the Current 2022 pay 2023 Levy (\$12,621,164.83) by the Current EAV (\$256,748,272). 1.688 was calculated by dividing the Current 2022 pay 2023 Bond and SEDOL IMRF Levy (\$4,334,337.05) by the Current EAV (\$256,748,272).

<sup>4</sup> Refer to page 8 for rates. 4.791 was calculated by dividing the Est Levy 2023 pay 2024 (\$13,380,802.28) by the County Estimate EAV (\$279,278,957). 0.000018 was calculated by dividing the Est Levy 2023 pay 2024 Bond and SEDOL IMRF Levy (\$4,897) by the County Estimate EAV (\$279,278,957).

## Next Steps

- ❖ Publish the Truth in Taxation Notice of Public Hearing between 11/28/23 and 12/4/2023
- ❖ Hold 2023 Truth in Taxation Hearing and Adopt the 2023 Property Tax Levy at the December 11, 2023 Board Meeting
- ❖ File the Certificate of Tax Levy with the County Clerk between December 12, 2023 and December 26, 2023

