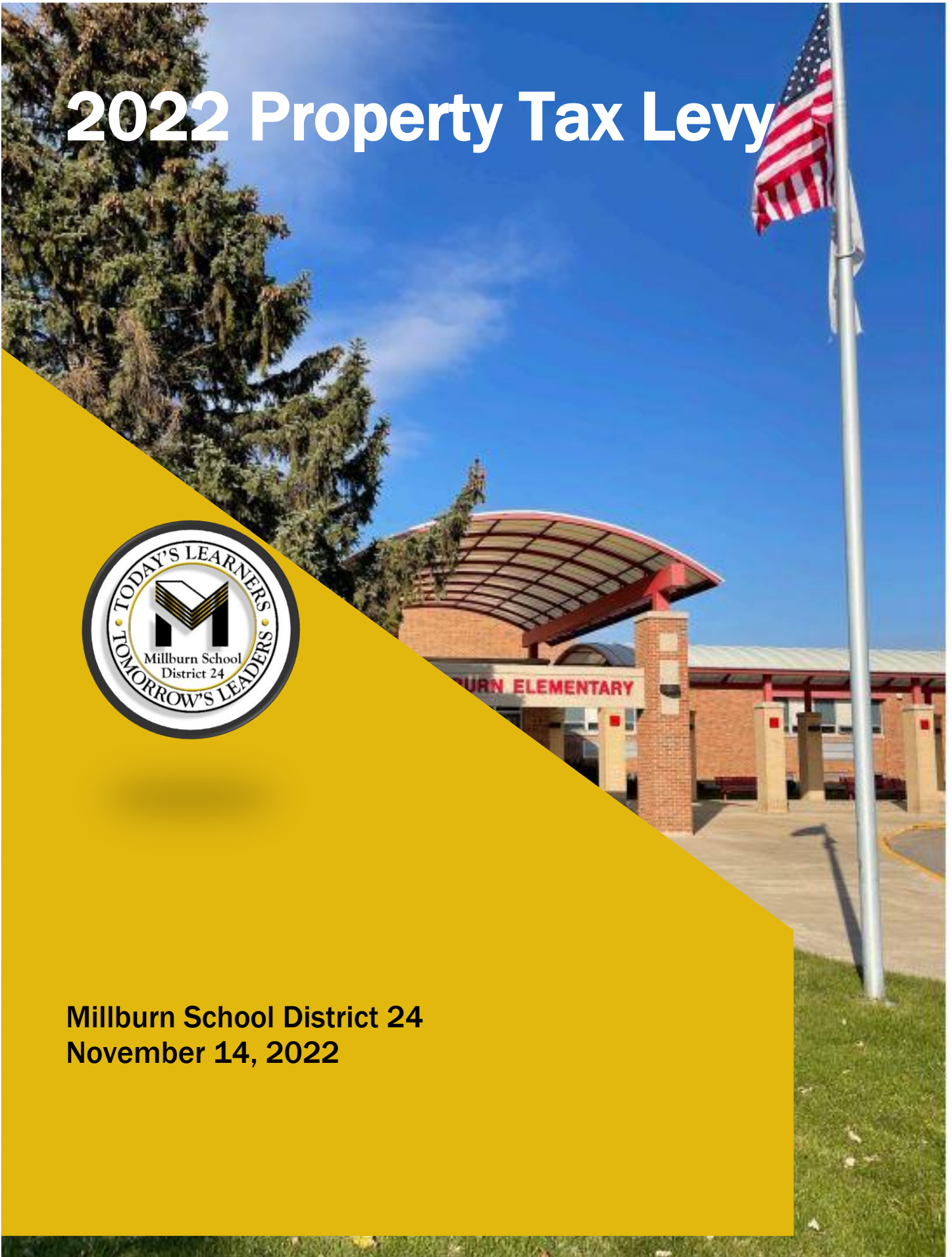


2022 Property Tax Levy



Millburn School District 24
November 14, 2022



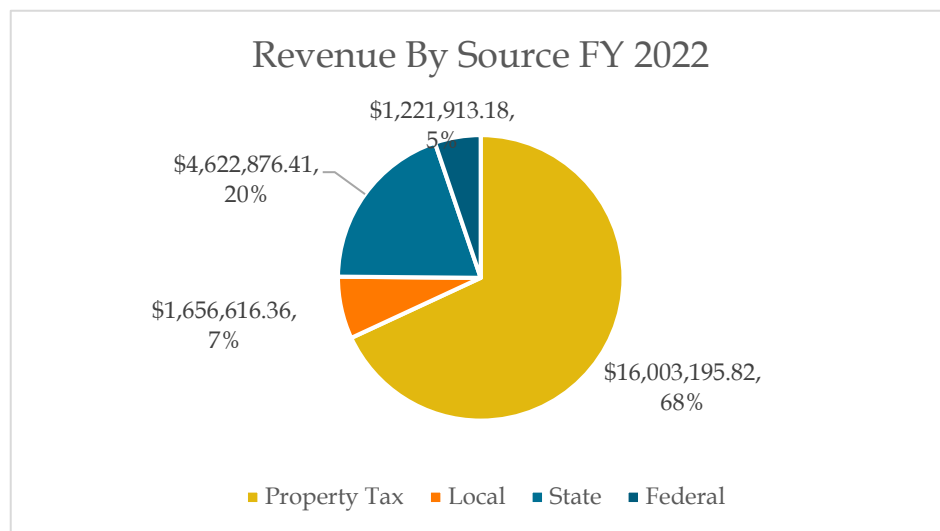
INTRODUCTION

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.

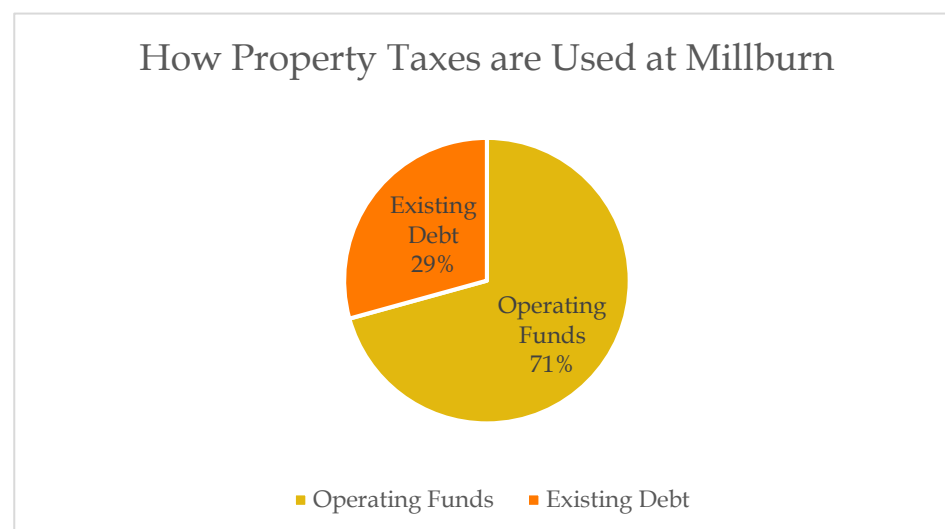
THE IMPORTANCE OF THE PROPERTY TAX LEVY

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	5/31/2022	6/30/2022	9/30/2022
Education	\$4,391,200.36	\$7,314,491.41	\$9,042,839.73
Operations & Maintenance	\$157,755.94	\$876,099.28	\$1,037,375.89
Debt Service	\$610,844.43	\$2,992,953.21	\$4,931,867.74
Transportation	\$360,812.29	\$556,161.11	\$544,465.52
IMRF & SS	\$182,305.73	\$394,314.78	\$539,656.58
Capital Projects	\$1,038,830.30	\$742,521.75	\$600,994.88
Working Cash	\$654,484.84	\$678,090.09	\$707,917.64
Tort	\$215,946.71	\$50,093.73	\$9,604.28
Fire Prevention & Safety	\$278,985.94	\$279,663.67	\$281,444.76
Total	\$7,891,166.54	\$13,884,389.03	\$17,696,167.02

According to board policy 4:20 Fund Balances, is to “maintain a year-end fund balance to revenue ratio of no less than 15-20 percent ... to ensure the District’s ability to maintain levels of service and pay its obligations in a prompt manner in spite of unforeseen events or unexpected expenses.”

After excluding the dollars within the Capital Projects and Fire Prevention & Safety funds (which had dollars levied for specific purposes) as well as the estimated accrued expenditures that would be paid in June, the 2022 year-end fund balance to revenue ratio is 18%.

Property Tax Levy Process

Millburn follows the below calendar for the tax levy process.

2022 Tax Levy Calendar		
Task	Date Due	Owner
Develop 2022 Truth in Taxation Notice* if needed		Business Office
First reading of the 2022pay2023 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 14, 2022	Board of Education
Approval for publication of the "Truth in Taxation Statement" if needed	November 28, 2022	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 29, 2022 and December 5, 2022)	December 1, 2022	Business Office
Board of Education Meeting <ul style="list-style-type: none"> • Hold 2022 Truth in Taxation Hearing • Adoption of 2022 Tax Levy 	December 12, 2022	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 27, 2022 - County Clerk's Office Closed 12/24 and 12/25	After 12/12/22, but no later than 12/27/22	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 2020 to December 2021 and 5%.
- The CPI-U increase from December 2020 to December 2021 was 7.0. 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 2022 EAV	\$260,275,514.00
2	ESTIMATED 2022 NEW CONSTRUCTION	\$ 2,582,679.00
3	2021pay2022 PTELL Capped Levy	\$ 11,899,242.18
4	DEC 2021 CPI¹ INCREASE (Lesser of CPI and 5%)	5.00%
STEP 2 - AMOUNT LEVY CAN INCREASE		
5	Prior Year 2021pay2022 PTELL Capped Levy (3)	\$ 11,899,242.18
6	Multiply times the Lesser of Dec 2021 CPI and 5% (4)	5.00%
7	Amount Levy Can Increase (5 X 6)	\$ 594,962.11
STEP 3 - TOTAL CAPPED LEVY WITHOUT NEW CONSTRUCTION		
8	2021pay2022 PTELL Capped Levy	\$ 11,899,242.18
9	Plus Amount Levy Can Increase (7)	\$ 594,962.11
10	TOTAL 2022pay2023 LEVY WITHOUT NEW CONSTRUCTION	\$ 12,494,204.29
STEP 4 - NEW CAPPED TAX RATE (LIMITING RATE)		
11	Estimated 2022 EAV less New Construction (1-2)	\$ 257,692,835
12	Divided by 100 to get the EAV per \$100 of Assessed Value	\$ 2,576,928.35
13	Total Levy without New Construction (10)	\$ 12,494,204.29
14	NEW PTELL CAPPED TAX RATE = TOTAL LEVY/EAV (10/12)	4.85²
STEP 5 - LEVY GENERATED BY NEW CONSTRUCTION		
15	ESTIMATED 2022 NEW CONSTRUCTION (2)	\$ 2,582,679.00
16	Divided by 100 to get the EAV per \$100 of Assessed Value	\$ 25,826.79
17	New PTELL Capped Tax Rate (14)	4.85
18	Property Tax Levy for New Construction: Tax Rate times EAV per \$100 Assessed Value = Property Tax Authority (17 * 16)	\$ 125,220.86
AMOUNT LEVY CAN INCREASE BASED ON CURRENT ESTIMATE OF AV		
19	Est Levy without New Construction (10)	\$ 12,494,204.29
20	Amount Levy can Increase as a Result of New Construction (18)	\$ 125,220.86
21	TOTAL ESTIMATED PTELL CAPPED FUNDS PROPERTY TAX LEVY	\$ 12,619,425.15
22	ESTIMATED INCREASE IN CAPPED LEVY	\$ 720,182.97
23	ESTIMATED PERCENT INCREASE IN CAPPED LEVY	6.05%

¹ December 2021 CPI-U: 7%

² 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 2022 PAY 2023 FOR FY2024 BUDGET						
CURRENT 2021pay2022 LEVY	CURRENT RATE	FUND	EST LEVY 2022 pay 2023	% INCREASE	RATE BASED ON COUNTY ESTIMATE OF 2022 EAV	STATE TAX CAP
\$ 8,477,810.27	3.540636	EDUCATION	\$8,990,917.00	6.05%	3.4544	NO CAP
\$ 1,309,998.25	0.547102	OPERATION & MAINTENAN	\$1,389,281.00	6.05%	0.5338	0.550
\$ 510,001.94	0.212995	TRANSPORTATION	\$540,870.00	6.05%	0.2078	NO CAP
\$ 60,002.06	0.025059	WORKING CASH	\$63,634.00	6.05%	0.0244	0.050
\$ 832,591.72	0.347720	SPECIAL EDUCATION	\$882,984.00	6.05%	0.3392	0.400
\$ 100,001.04	0.041764	TORT	\$106,053.00	6.05%	0.0407	NO CAP
\$ 1,089.47	0.000455	LIFE SAFETY	\$1,156.00	6.11%	0.0004	0.050
\$ 500,000.40	0.208818	SOCIAL SECURITY	\$530,262.00	6.05%	0.2037	NO CAP
\$ 107,747.03	0.044999	IMRF	\$114,268.00	6.05%	0.0439	NO CAP
\$ 11,899,242.18	4.969548	SUB-TOTAL	12,619,425.00	6.05%	\$ 4.8485	
\$ 4,842,950.76	2.022589	BOND & INTEREST	\$5,226,750	7.92%	2.0082	
\$ 13,533.33	0.005652	SEDOL IMRF	\$12,849	-5.06%	0.0049	
\$ 4,856,484.09	2.028241	SUB-TOTAL	\$5,239,599	7.89%	\$2.0131	
16,755,726.27	6.997789	Grand Total Levy	17,859,024	6.58%	\$ 6.8616	
		EAV	POTENTIAL RATE:	\$ GENERATED	% INCREASE IN EAV	
		239,443,147	5.2703	\$ 12,619,425.00		
		260,275,514	4.8485	\$ 12,619,425.00	8.70%	
		Increase from New Constuction	2,582,679	4.8485	\$ 125,220.86	

Ballooned Levy & Recommendation

Dr. Lind and I are recommending the board approve the first reading of a levy that increases more than 5% (7.68%). This means the board will need to advertise and hold a Truth in Taxation Hearing. The recommended levy gives an approximate \$195,000 cushion in case something unforeseen were to occur regarding EAV and/or new property EAV.

RECOMMENDED LEVY 2022 PAY 2023 W/BALLOON							
CURRENT 2021pay2022 LEVY	CURRENT RATE	FUND	RECOMMENDED 2022 LEVY INC NEW CONSTRUCTION	% INCREASE	RATE BASED ON COUNTY ESTIMATE	STATE TAX CAP	INCREASE / DECREASE FROM ANTICIPATED
\$ 8,477,810.27	3.540636	EDUCATION	9,075,000.00	7.04%	3.4867	NO CAP	\$ 84,083.00
\$ 1,309,998.25	0.547102	BUILDING	1,400,000.00	6.87%	0.5379	0.550	\$ 10,719.00
\$ 510,001.94	0.212995	TRANSPORTATION	640,000.00	25.49%	0.2459	NO CAP	\$ 99,130.00
\$ 60,002.06	0.025059	WORKING CASH	63,630.00	6.05%	0.0244	0.050	\$ (4.00)
\$ 832,591.72	0.34772	SPECIAL EDUCATION	890,000.00	6.90%	0.3419	0.400	\$ 7,016.00
\$ 100,001.04	0.041764	TORT	125,000.00	25.00%	0.0480	NO CAP	\$ 18,947.00
\$ 1,089.47	0.000455	LIFE SAFETY	0.00	-100.00%	0.0000	0.050	\$ -
\$ 500,000.40	0.208818	SOCIAL SECURITY	320,000.00	-36.00%	0.1229	NO CAP	\$ (210,262.00)
\$ 107,747.03	0.044999	IMRF	300,000.00	178.43%	0.1153	NO CAP	\$ 185,732.00
\$ 11,899,242.18	4.969548	SUB-TOTAL	12,813,630.00	7.68%	\$ 4.9231		\$ 195,361.00
\$ 4,842,950.76	2.022589	BOND & INTEREST	\$5,226,750	7.92%	2.0082		\$ 50
\$ 13,533.33	0.005652	SEDOL IMRF	\$12,849	-5.06%	0.0049		\$ -
\$ 4,856,484.09	2.028241	SUB-TOTAL	\$5,239,599	7.89%	\$2.0131		\$ -
16,755,726.27	6.997789	Grand Total Levy	18,053,229	7.74%	\$ 6.9362		195,361.00

Property Tax Calculation Example

2021 Tax Levy Paid in 2022

Home Value 2021: \$300,000

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

$$\begin{aligned} & (\text{Home Value}/3) * \text{Tax Cap Rate} \\ & (*\$300,000/3) * .049691^3 = \$4,969 \end{aligned}$$

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

$$\begin{aligned} & (\text{Home Value}/3) * \text{Tax Cap Rate} \\ & (*\$300,000/3) * .02028 = \$2,028 \end{aligned}$$

Total Property Tax Payment = \$6,997

2022 Tax Levey Paid in 2023

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

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

$$\begin{aligned} & (\text{Home Value}/3) * \text{Tax Cap Rate} \\ & (*\$324,000/3) * .04849^4 = \$5,237 \end{aligned}$$

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

$$\begin{aligned} & (\text{Home Value}/3) * \text{Tax Cap Rate} \\ & (*\$324,000/3) * .02013 = \$2,174 \end{aligned}$$

Total Property Tax Payment = \$7,411

In this example, the homeowner would see an increase of \$414 in property taxes for the District, \$146 from the bond payment (which is a set amount the district is obligated to pay) and \$268 to the operating funds, which will help cover the cost of increased labor, supplies, and services.

³ Refer to page 8 for rates. 4.969548 was calculated by dividing the Current 2021 pay 2022 Levy (\$11,899,242,18) by the Current EAV (\$239,443,147).

⁴ Refer to page 8 for rates. 4.8485 was calculated by dividing the Est Levey 2022 pay 2023 (\$12,619,425) by the County Estimate EAV (\$260,275,514).

Next Steps

- ❖ Publish the Truth in Taxation Notice of Public Hearing between 11/29/22 and 12/5/2022
- ❖ Hold 2022 Truth in Taxation Hearing and Adopt the 2022 Property Tax Levy at the December 12, 2022 Board Meeting
- ❖ File the Certificate of Tax Levy with the County Clerk between December 13, 2022 and December 27, 2022