




# 2023 Tax Levy

Board of Education  
December 21, 2023

---

# 2023 Tax Levy Facts

- Funds must be levied by the district
  - Tax Levy accounts for approximately 80% of the district's revenues
  - Funds portion of FY24 and FY25
    - Tax collections are received in the Spring & Fall of 2024
  - Property Tax Extension Limitation Law (PTELL)
    - Limits the tax increase from year to year to lesser of 5% or the Consumer Price Index (CPI)
- 

---

## Tax Levy Facts Continued

- **Truth in Taxation Law**
  - If the Taxing Agency's current year's Tax Levy request > 5% of the prior year's extension
  - Proper notice must be published in the newspaper
- A public hearing must be held prior to the Adoption process
  - Determination is established through the adoption of the tentative tax levy (November Board Meeting)



## Understanding Tax Levy vs. Tax Extension

- Tax Levy is the **request** for revenue to meet operating needs for the current and future budgets
  - Estimated values for EAV
  - Estimated values for new property
- Tax Extension is the **actual** revenue appropriated to the district based on statutory PTELL limits
  - Property taxes are extended based on known EAV and new property values

- District increases Levy Request to **capture all new construction dollars** that are not under the tax cap for the first year they are on the tax rolls.
- District will still ONLY receive amount of dollars *allowed* under the tax cap for **existing EAV property tax pool**.
- Total Levy Request
  - Amount above CPI-U: Direct result of addition of projected New Property EAV
  - Existing EAV property pool will only increase a max of 5% per PTELL law

Why  
Increase the  
Tax Levy  
Greater  
than the  
CPI-U?

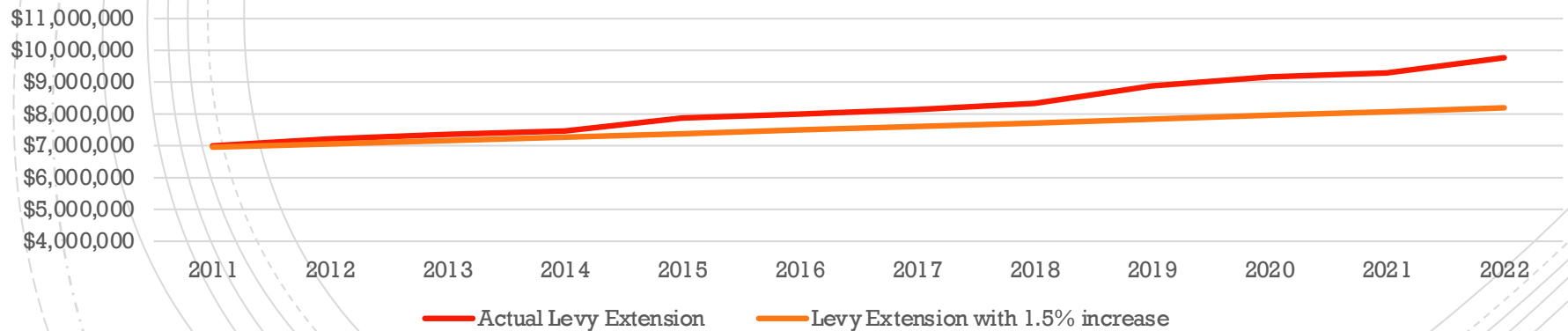
- Limiting rate formula under PTELL begins with last year's actual tax extension
- Lost money foregone in first year
- Compounds significantly in every future year
- We can never catch up – annual increase limited by PTELL
- Critical funds, rightly the district's – can never be assessed again
- Financial projections assume that revenues grow each year to the full amount legally available to the district



What  
Happens if  
Levy is Set  
Too Low?

## Lost Revenue Calculation

Levy Year	Actual Levy Increase	Actual Levy Extension	Levy Extension with 1.5% increase	Lost Revenue
2011	2.12%	\$7,000,104	\$6,957,914	\$42,190
2012	3.18%	\$7,222,469	\$7,062,283	\$160,186
2013	1.83%	\$7,354,509	\$7,168,217	\$186,292
2014	1.51%	\$7,465,500	\$7,275,741	\$189,759
2015	5.48%	\$7,874,513	\$7,384,877	\$489,636
2016	1.54%	\$7,995,852	\$7,495,650	\$500,202
2017	1.75%	\$8,135,478	\$7,608,085	\$527,393
2018	2.46%	\$8,335,613	\$7,722,206	\$613,407
2019	6.67%	\$8,891,902	\$7,838,039	\$1,053,863
2020	3.15%	\$9,171,573	\$7,955,609	\$1,215,964
2021	1.39%	\$9,299,074	\$8,074,944	\$1,224,130
2022	5.07%	\$9,770,715	\$8,196,068	\$1,574,647
			<b>Total Amount of Lost Revenue:</b>	<b>\$6,203,023</b>



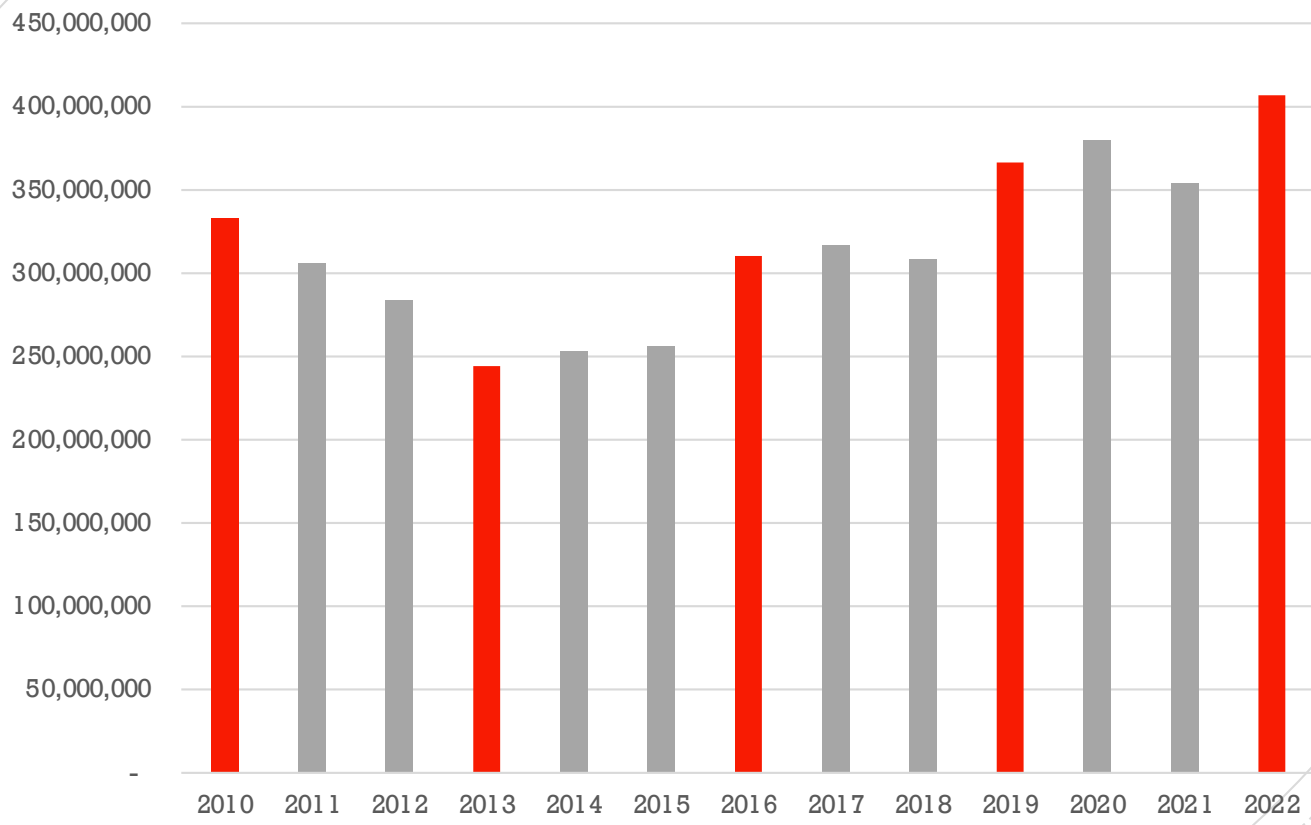
# Factors in Tax Levy

**Limiting Rate:  $\frac{((\text{Prior Year Extension}) \times (1 + \text{Lesser of 5\% or CPI}))}{(\text{Total EAV} - \text{New Construction})}$**

- PY Ext: \$9,770,715 - Known
- CPI-U: 6.5% (5% max) - Known
- EAV: \$406,858,992 - Unknown
- New Construction: \$1,300,000 - Unknown

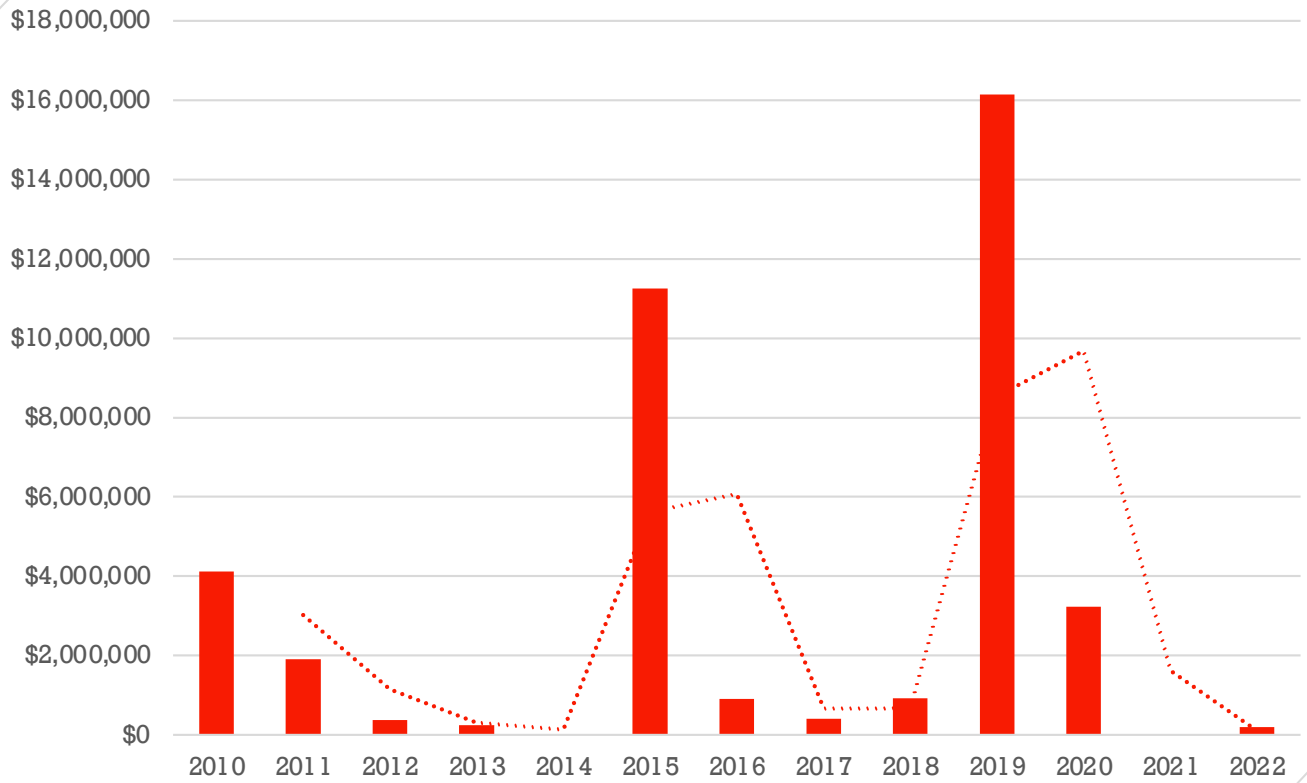


# EAV



EQUALIZED ASSESSED  
VALUE  
2022 TRIANNUAL  
ASSESSMENT

### New Property



Overall avg:  
\$3,054,155

with out outliers:  
\$1,368,355

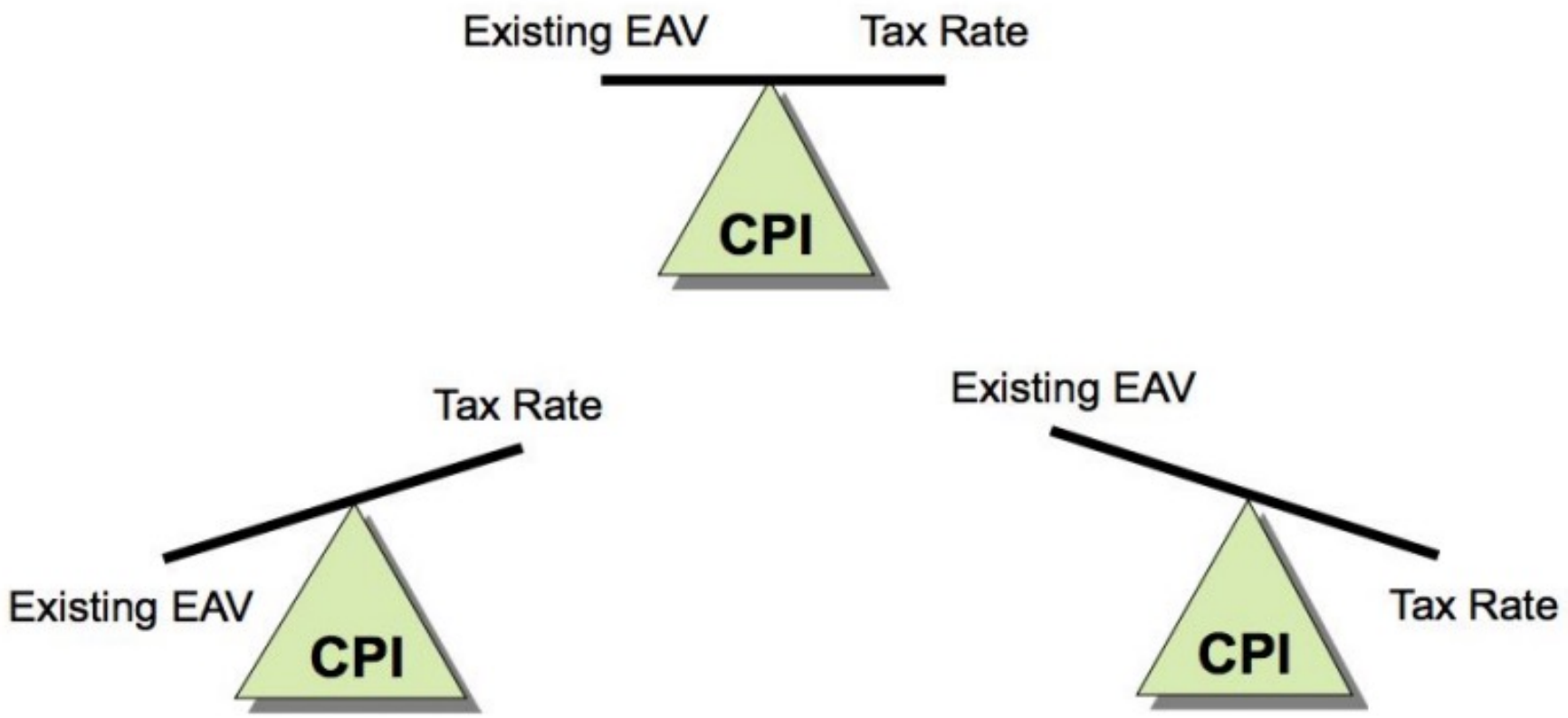
10 year avg:  
\$3,330,407

with out outliers:  
\$985,875

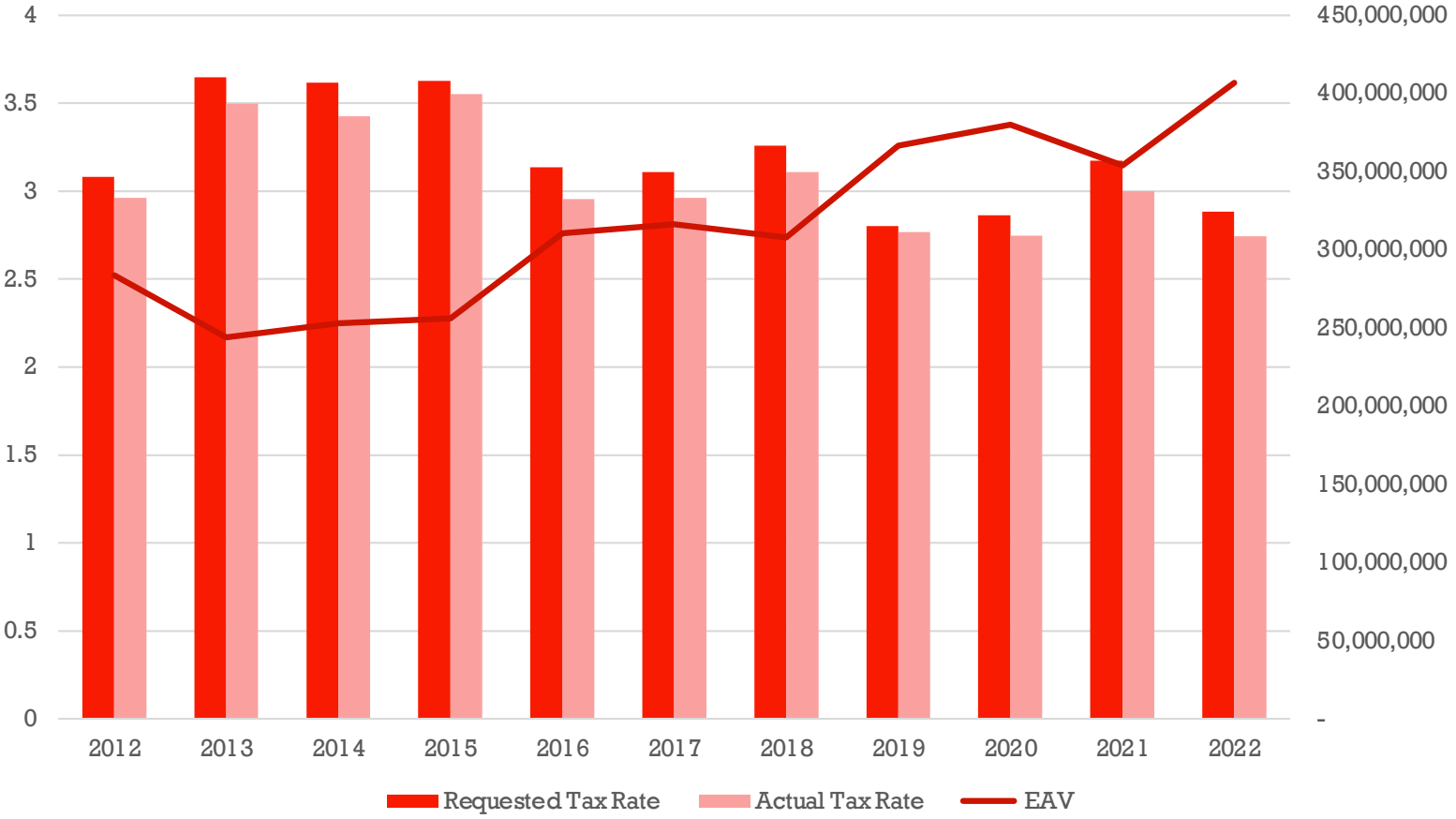
<b>2022 Extension</b>	<b>\$9,770,715</b>
x (1 + December 2022 CPI)	1.05
Adj Ext Base	\$10,259,251
2023 Estimated EAV	\$406,858,992
Less: New Construction	\$1,300,000
Adjusted EAV	\$405,558,992
Adjusted Extension Base	\$10,259,251
Divided by Adjusted EAV	\$405,558,992
Limited Rate	2.53%
2023 EAV	\$406,858,992
Total Estimated Extension for 2023 (Rate x EAV)	\$10,292,136

## Levy & Limiting Rate Calculation

# EAV Change, CPI and Tax Rate



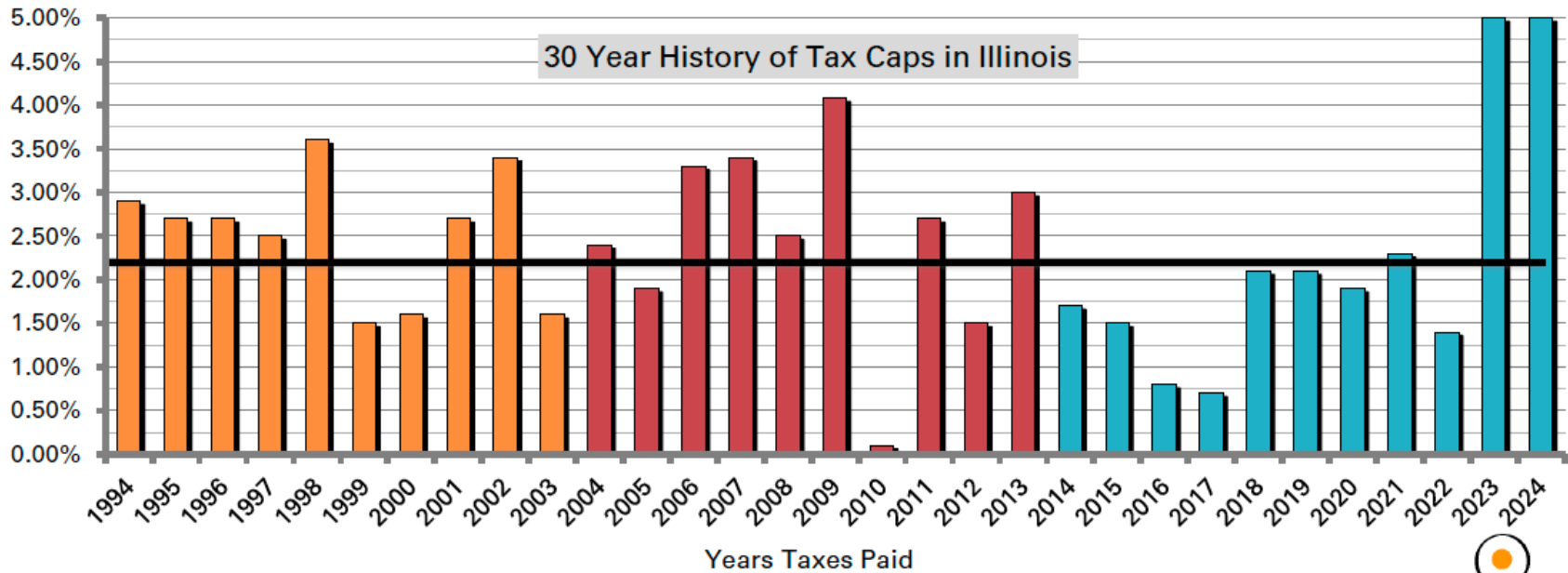
# EAV and Tax Rate Relationship



# CPI Historical Perspective

This Levy Request was Preceded by an Historic Period of Low Inflation

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.



Requested &  
Actual Levy  
Increases

<u>TAX YEAR</u>	<u>CPI</u>	<u>Board Approved Levy Request</u>	<u>Extension</u>
2023	5.00%	6.50%	5.34% Projected
2022	5.00%	8.00%	5.07%
2021	1.40%	4.99%	1.40%
2020	2.30%	4.99%	3.14%
2019	1.90%	4.97%	6.67%
2018	2.10%	4.99%	2.46%
2017	2.10%	4.92%	2.26%
2016	0.70%	4.93%	1.03%
2015	0.80%	4.91%	5.48%
2014	1.50%	4.93%	1.51%
2013	1.70%	3.85%	1.83%

	<b>Prior Year Levy</b>	<b>Prior Year Extension</b>	<b>Levy Request</b>	<b>Est. Extension</b>
Educational	\$7,750,000	\$7,539,910	\$8,000,000	\$7,912,762
O&M	\$1,375,000	\$1,337,752	\$1,450,000	\$1,434,188
Transportation	\$425,000	\$413,368	\$433,000	\$428,278
Working Cash	\$2,000	\$2,034	\$2,500	\$2,473
IMRF	\$75,000	\$72,827	\$75,000	\$74,182
Social Security	\$222,000	\$216,042	\$225,000	\$222,546
Special Education	\$194,000	\$188,782	\$220,000	\$217,601
<b>Total</b>	<b>\$10,043,000</b>	<b>\$9,770,715</b>	<b>\$10,405,500</b>	<b>\$10,292,030</b>

What happened in 2022 &  
Tentative 2023 Extension





## P.A. 102-0519: Aggregate Refunds

- All tax-capped districts' levies "shall be increased by a prior year adjustment" to make the taxing district whole for revenue lost as the result of property tax assessment appeal refunds, circuit court orders, and certificates of error resulting from assessment mistakes.
- Amount is certified by county treasurer and added to the annual tax extension.
- Considered Non-Capped funds
  - \$113,658 was added to the 2022 tax extension.
  - \$77,637 will be added to the 2023 tax extension.



P.A. 102-0895 – Cash Reserve Balances

**Fund Balance as of June 30, 2023**

<b>Fund</b>	<b>Cash Reserve Balance</b>
Education	\$7,042,758
Operations & Maintenance	\$1,973,266
Debt Service	\$1,083,496
Transportation	\$926,721
IMRF	\$477,759
Soc Security	\$43,622
Capital Projects	\$17,818
Working Cash	\$1,420,705
<b>Total</b>	<b>\$12,986,145</b>

*Debt Obligation: Levy year 2023: \$1,301,514  
(Includes NTDSE Bond)*

---

# Recommendation:

- Administration recommends 6.5% Levy

