



Diamond Lake School District 76
Embrace Empower Excel Each Child Each Day

Diamond Lake School District 76

2024 Tax Levy

November 19, 2024





Levy Calendar

- **November 19** - Tentative tax levy is presented and Board of Education takes action to approve and certify the tentative tax levy
 - Approval needs to occur at least 20 days prior to the Levy Hearing
- **December 4** - Levy notice in newspaper
 - Needs to be published no more than 14 but no less than 7 days from hearing
- **December 17** - Board/Public hearing and levy adoption
- **December 31** - Last day to file with County Clerk



Levy Process

- Property tax levy: the amount of property tax dollars a school district requests to operate the district for the subsequent fiscal year. The property tax cycle is the annual process of adopting a levy and then receiving the tax money.
- First step: The District determines the revenue it will need to operate and then levies that amount. This is done through developing long-term projections and a conservative budget process.
- Property taxes capped: Property Tax Limitation Act ensures the protection of taxpayers by limiting the increase in total tax dollars collected by the school. This limits the increase of property taxes to 5% or the Consumer Price Index (CPI) rate, whichever is lower.
- Property Tax Rate Increase Limited to:
 - **CPI on existing property property - 3.4% (max CPI under PTELL is 5.0%)**
 - **Plus new property**
 - Gather new growth data from the local assessor's office. Currently project ~6.5% growth on existing property countywide.
 - Actual EAV not known until March



Levy Process continued...

- School districts must deposit property tax revenue into appropriate accounting funds as determined by the Illinois School Code and the Illinois Program Accounting Manual. A formula determines the amount of property tax revenue each fund is entitled to receive:

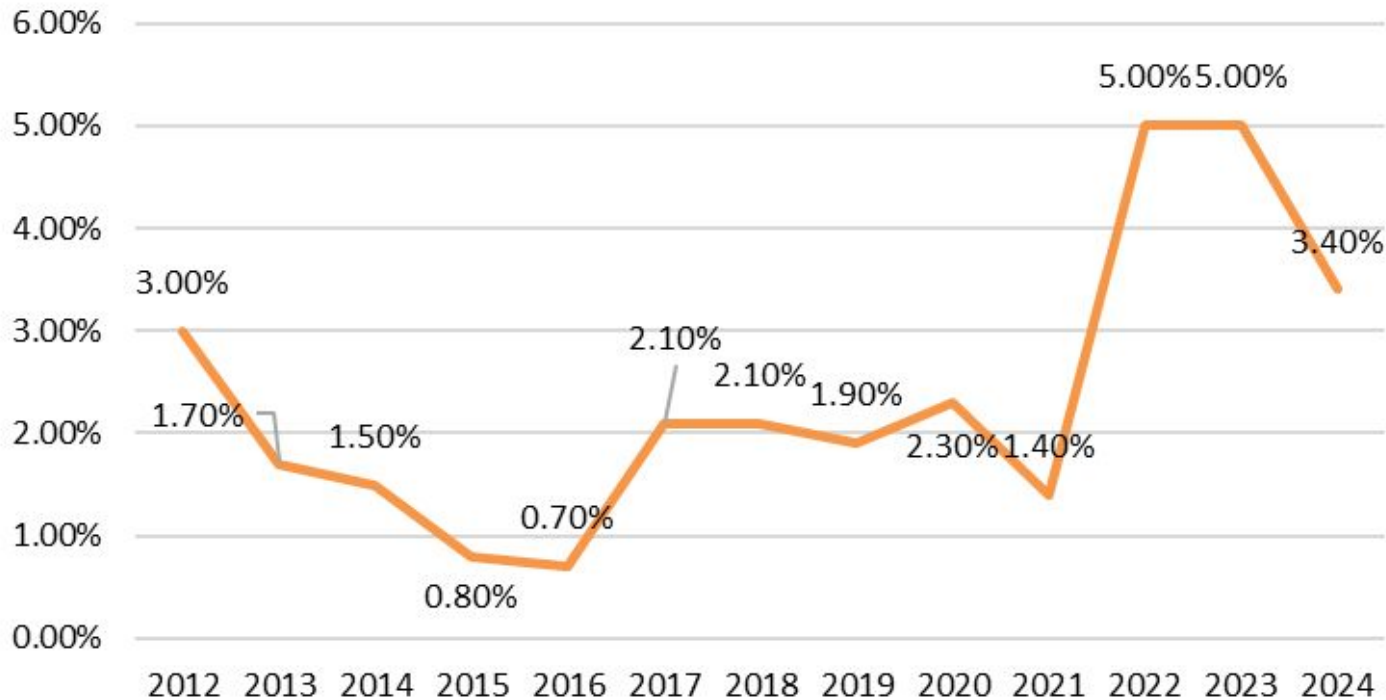
$$\text{tax rate} \times \text{equalized assessed valuation (EAV)} = \text{property tax revenue}$$

- County clerk calculates the final property tax billings using this formula and direct these billings to owners of parcels of land located in each school district. The process of preparing property tax billings is the "property tax extension".
- The District collects tax extension payments in the Spring and Fall.



Historical CPI

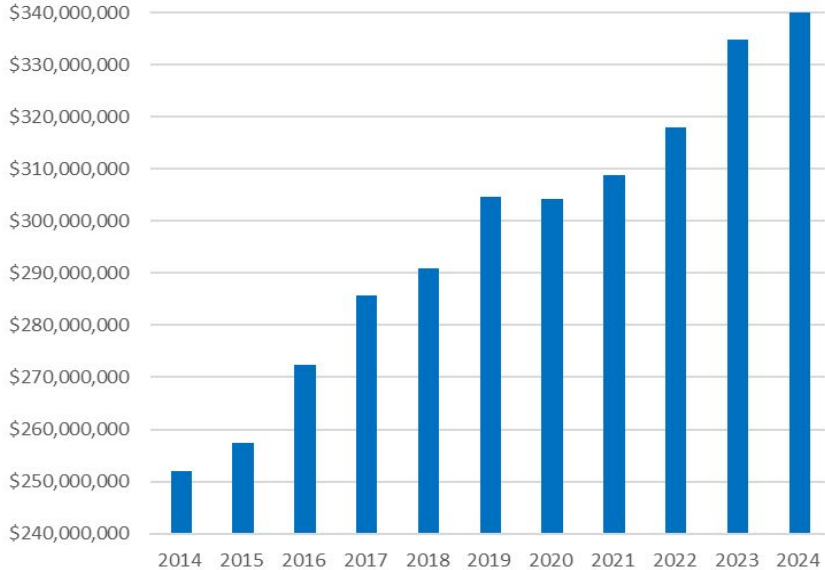
CPI by Levy Year



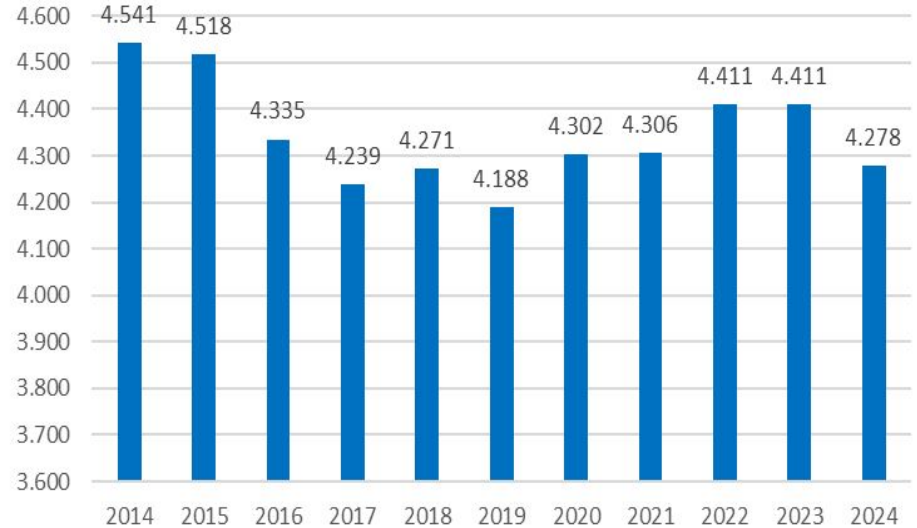


Historical

Equalized Assessed Value (EAV)



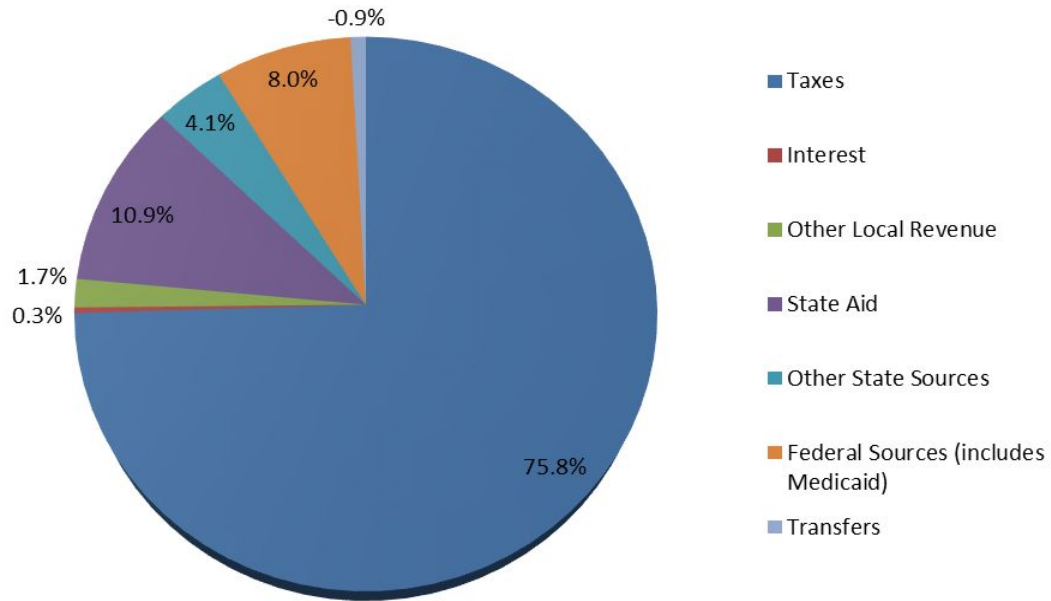
Limiting Rates (minus SEDOL and Bond & Interest)



- Inverse Relationship:
 - As property values increase faster than CPI, tax rates decrease
 - When property values decrease, tax rates rise



- Property Taxes = 76% of revenue





2024 Proposed Tax Levy

	2.95%	5.30%	Maximum	PROPOSED 11/2024 6.67%	
EAV Increase from prior Year			Allowable	EAV	2024 Best Guess
	\$317,955,772	\$334,797,175	Rates	\$357,143,789	Levy Extension
FUND/LEVY	2022 EXTENSION	2023 EXTENSION		PROPOSED 2023 EXTENSION	(6.67%) EAV growth
Educational	\$11,030,089	\$11,498,783	as needed	\$12,650,000	\$11,996,831
O & M	\$1,340,374	\$1,519,936	0.550%	\$1,450,000	\$1,357,146
Transportation	\$702,100	\$772,692	as needed	\$950,000	\$857,145
Working Cash	\$73,988	\$73,910	0.050%	\$85,000	\$78,572
IMRF	\$156,803	\$147,820	as needed	\$30,000	\$3,571
Social Security	\$156,803	\$147,820	as needed	\$285,000	\$260,715
Tort	\$65,286	\$50,394	as needed	\$70,000	\$46,429
Special Education	\$638,274	\$671,908	0.400%	\$750,000	\$678,573
Life Safety	\$1,307	\$1,259	0.100%	\$1,500	\$1,278
Lease Purchase			0.100%		
SEDOL IMRF Levy	\$16,575	\$6,067	0.008%	\$6,025	\$6,025
Debt Service	\$880,979	\$884,514	0.235%	\$881,484	\$881,484
Total	\$15,062,579	\$15,775,101	1.443%	\$17,159,009	\$16,167,769
Total w/o Bond/Sedol	\$14,165,025	\$14,884,520		\$16,271,500	\$15,280,260



Why “Balloon Levy”

- A “balloon levy” is a term used to describe the practice of requesting more money than we reasonably expect to receive.
- The reason for this is two-fold:
 - Under the Tax Cap Law, if you under levy, you can never recapture the lost revenue to the District.
 - At the time the tax levy is due, the EAV and new property of the district is unknown.
- Due to the Tax Cap formula should ACTUAL growth exceed PROJECTED growth, levying dollars in this manner will allow the district to receive all additional new property revenues. Should ACTUAL growth equal or fall below PROJECTED growth, the dollars received by the district, and thus the tax rate, will be limited by the assessed valuation and the Illinois School Code. Therefore, the taxpayer is not harmed when the district balloons its levy in those funds where a tax rate limit is imposed.



The Miller Ratio

- The Miller Ratio is a new law under Public Act 103-0394 (SB1994)
 - The goal is aimed at limiting excessive school district cash reserves
 - Requires in the 2024-2025 school year and in each subsequent school year:
 - any district that does not receive federal impact aid to calculate the combined, annual average expenditures of its operational funds for the previous three fiscal years, as reported in the school district's most recently audited annual financial reports.
 - If a district's combined cash reserve balance of its operational funds exceeds 2.5 times
 - annual average expenditures of its operational funds for the previous three fiscal years, the school board shall adopt and file with the State Board of Education a written operational funds reserve reduction plan by December 31. - Also requires the State Board of Education to publish these plans on its Internet website.
- If excess exists, levying bodies are subject to Tax Objection lawsuits



Estimated Impact on Taxpayer

Using the projected 2024 tax extension rates the District anticipates it will receive, provided below is the projected impact of the 2024 Tax Levy on a residential home owner. This calculation is based upon the estimated change in the equalized assessed valuation and the tax rate generated.

The actual percentage change for each taxpayer will vary based on each individual assessment from the Lake County Assessment office.

Fair Cash Value of Home <small>*Estimated 6.6% increase to home value, on average</small>	\$300,000	\$319,800
Assessed Valuation (33.3% estimated) w/ Homestead Exemption	\$99,900	\$106,493
Taxed Value	\$8,000 \$91,900	\$8,000 \$98,493
D76 Estimated Tax Rate	4.677	4.527
D76 Estimated Taxes	\$4,298	\$4,459
Estimated \$ Increase		\$161
Estimated % Increase		3.7%
D120 Estimated Tax Rate*	2.4793	2.2962
D120 Estimated Taxes <small>*Sourced from the November 2024 D120 Board of Education Packet</small>	\$2,278	\$2,262
Estimated Taxes D76 & D120	\$6,576	\$6,721



Frequently Asked Questions

- **Why doesn't the District lower its Levy?**

We would be penalized due to the Tax Cap formula for future years as each year is limited by the year prior. This results in a permanent reduction in revenue that can never be recovered. For example, the District is estimating around a \$743K increase in revenue in this year's extension vs. last year. If we were to keep the tax extension the same as last year we would not only lose out on that revenue this year, but exponentially every year after that. Assuming a 2% CPI over the next 5 years, the district would forfeit \$3,866,602 in revenue.

- **Did the District raise my tax rate this year?**

The District does not set tax rates and did not raise the rate. By law, the school district requests a specified amount of money. This amount of money is capped by the Property Tax Extension Limitation Law (PTELL) at no more than the CPI (plus new construction). Tax rates are established by the county after the total equalized assessed value in the taxing district is taken into account. The school district receives only an increase of CPI (capped at 5% plus new construction).

- **If the District is only getting an increase of CPI, why are my taxes going up more than that?**

This has to do with the value of your home in relation to others in the district. If your value is higher than the previous year, in relation to other properties in the district, you may pay more than the CPI. Conversely, if your value is lower than in the previous year, in relation to other properties in the district, you pay less than CPI. If all properties either went up or down the same percentage, or stayed the same, the tax rate for everyone would increase only by CPI.



Frequently Asked Questions

- **How does Diamond Lake SD 76 tax rate compare to other districts?**

The amount and type of property in a community affects individual homeowner's tax bill. A community that has more successful commercial/industrial property will typically have a higher overall EAV. This balanced mix of properties helps distribute the tax burden throughout the community. The higher the combined property value, the lower the tax rate.

Tax Rate = Total Tax Extension / Total EAV

	EAV Per Pupil *	Tax Rate (2023)
Diamond Lake SD 76	\$406,801	4.429
Hawthorn SD 73	\$444,338	3.462
Mundelein SD 75	\$290,216	4.061
Fremont SD 79	\$521,344	2.890
Kildeer Countryside SD 96	\$422,278	4.083

*From Forecast5