

To: Finance and Administration Committee

From: Timothy Sexton, Director of Finance

Date: August 26, 2024

Subject: Statutorily Permissible 2024 Property Tax Levy

INTRODUCTION

The 2024 Statutorily Permissible Property Tax Levy for the Village of Lombard is presented for your review and recommendation to the Village Board. The recommendation is summarized on **Attachment A** and is explained in detail in this report. The tax levy has been prepared in accordance with the requirements of the Property Tax Extension Limitation Act (Tax Cap) and the Truth in Taxation Act. Below is the general overall summary of the tax levy:

2024 Statutorily Permissible Levy		\$12,429,110	
2023 Extended Levy	-	\$11,668,280	
Total 2024 Permissible Increase		\$760,830	6.52% *
*Breakdown of 2024 Permissible Increase			
CPI		\$396,722	3.40%
Fire Pension (Exempt)		\$13,275	0.11%
Total for Existing Properties		\$409,997	3.51%
New Growth/Construction		\$91,722	0.79%
Expiration of Downtown TIF		\$259,111	2.22%
		\$760,830	6.52%

It is estimated that new growth will account for 0.79% of the increase in the levy. If there is no new growth, there will be no levy for this.

The Downtown TIF expires in 2024. The Village's portion of Downtown TIF Funds for the current year is \$259,111. This amount is already collected by the Village (not an increase to existing properties). According to DuPage County, the expiring TIF is treated like "new growth" in order to allocate funding back to each taxing district. To capture the "new growth", the Village must levy for it in the 2024 Property Tax Ordinance.

The Village's share of the tax bill for the owner of a \$300,000 house is expected to increase approximately \$20.02 per year. The tax bill for the owner of a \$500,000 house is expected to increase \$34.53 per year.

EAV ASSUMPTIONS

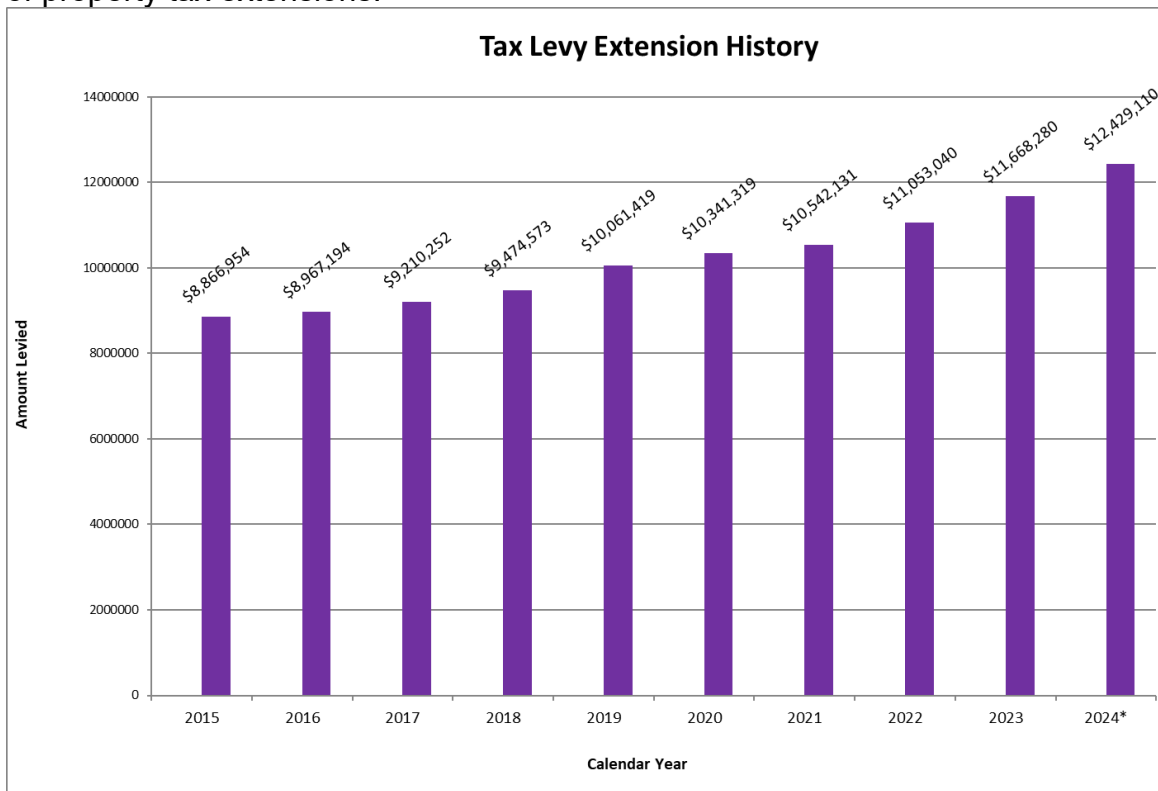
The following is a comparison of the projected 2024 estimated Equalized Assessed Valuation (EAV), including increases in both the base EAV as well as increases due to new construction/annexations for the Village of Lombard, as compared to the 2023 actual EAV.

	2023 Actual	2024 Estimated	Incr over Prior Year	
			Amount	Percent
Base EAV	1,873,737,371	1,945,708,583	71,971,212	3.84%
New Construction/Annexations	7,992,400	60,000,000	52,007,600	650.71%
	1,881,729,771	2,005,708,583	123,978,812	6.59%

Attachment B shows a history of EAV growth in the Village over the last ten years. The Village estimated an increase of 6.59% to the total 2024 EAV over the total 2023 EAV of \$1,881,729,771. If there is no new growth, there will be no levy for this.

2024 STATUTORILY PERMISSIBLE PROPERTY TAX LEVY

The Village's tax levy is made up of two component areas: The Corporate Levy and Special Levies. The Village has not had a bonded debt tax levy since 1994. For 2024, the total statutorily permissible tax levy for the Village of Lombard is \$12,429,110, an increase of \$760,830 or 6.52% over the prior year's extended levy. **Attachment C** compares the 2023 extended levy to the 2024 statutorily permissible levy in detail. Below is a ten-year comparison of property tax extensions.



*2024 is the statutorily permissible levy amount prior to extension

SPECIAL LEVIES:

POLICE AND FIREFIGHTERS' PENSION FUNDS:

Since 1992, the Village has used an independent actuary to determine the annual tax levy requirements for both the Police and Firefighters' Pension Funds. Tax levy requests are based on Actuarial Valuation Reports for the year ending 12/31/2023. There have been no changes to the plan provisions since the last valuation.

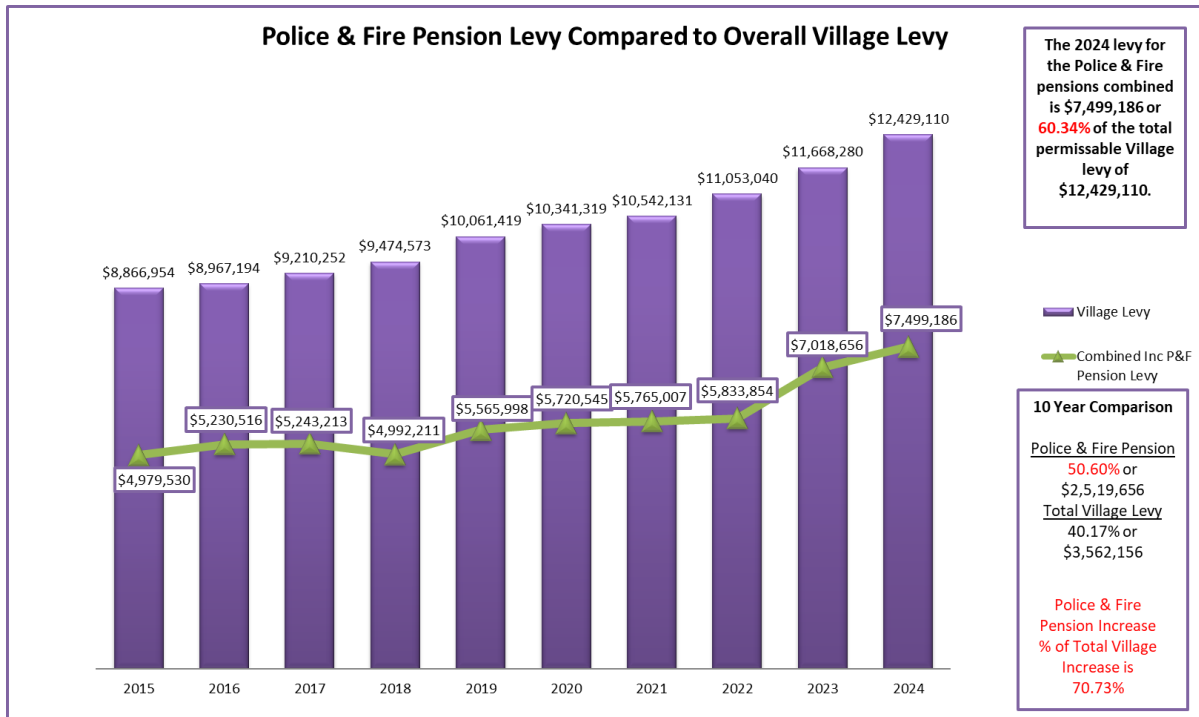
The actuary analysis indicates that the tax levy requirement for the Police Pension Fund for 2024 is \$4,516,144, an increase of \$320,004 or 7.6% more than the prior year's extended levy. The percent funded has decreased from 67.3% last year to 67.0% this year.

The tax levy requirement for the Firefighters' Pension Fund for 2024 is \$2,983,042 an increase of \$160,526 or 5.7% more than the prior year's extended levy. The percent funded has increased from 79.6% last year to 79.9% this year.

The Police and Firefighters' Pension Funds will see a net combined increase of \$480,530 or 6.8% more than last year's extended levy. A comparison of the annual requirements for this year and last year is shown on **ATTACHMENT D**.

The annual actuarially determined tax levy requirement for the Police Pension Fund, expressed as a percentage of payroll, increased from 59.14% for 2023 to 60.61% for 2024. The Firefighters' Pension Fund tax levy requirement, expressed as a percentage of payroll, increased from 39.02% for 2023 to 41.28% for 2024.

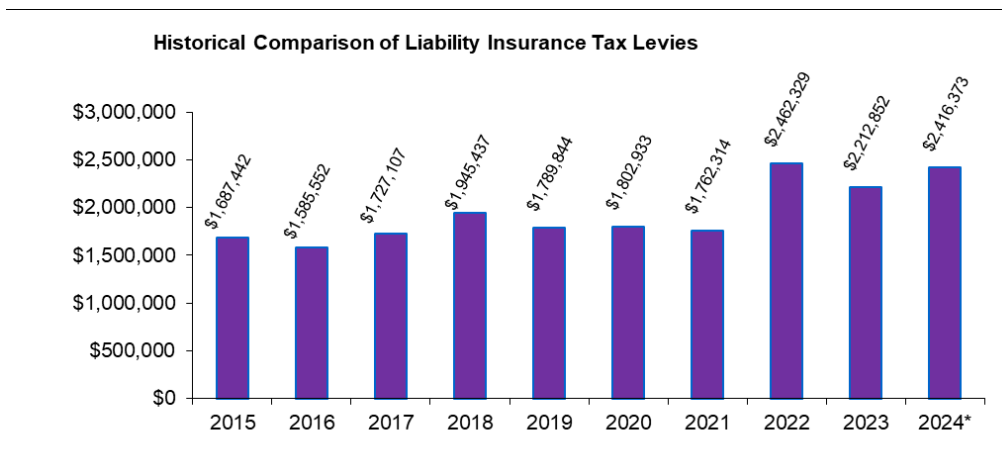
The chart on the next page displays a history of the Police and Firefighters' Pension Fund tax levies over the past ten years. The Village's overall tax levy has increased since 2015 by \$3,562,156, in actual dollars or 40.17% in ten years. The combined levies for the Police and Firefighters' Pension Funds alone have increased by \$2,519,656 or 50.60% in the same period. This means that 70.73% of annual statutorily permissible property tax levy increase has had to fund Police and Firefighters' Pension Funds in the last 10 years.



*2024 is the proposed levy amount prior to extension

LIABILITY INSURANCE:

The 2024 Proposed Tax Levy for Liability Insurance is \$2,416,373, or \$203,521 more than the 2023 levy. The Village has an actuarial study conducted every other year to determine the Village's reserve requirements for Liability Insurance. In 2016, the Village Board approved a change to the financial policy for the Liability Insurance Account to state that the Village will levy for the actuarially determined normal loss amount and any unfunded liability will be spread over four years. This change helps smooth out increases/decreases and provides time to adjust if there is a year with a large increase. To put the current year tax levy into perspective, the chart below shows tax levies for 2015-2024.



*2024 is the proposed levy amount prior to extension

IMRF/SOCIAL SECURITY:

ILLINOIS MUNICIPAL RETIREMENT FUND (IMRF): The Village's contribution rate, expressed as a percentage of payroll, decreased from 6.68% in 2023 to 6.53% in 2024. The Village received information from IMRF that indicates that the Village's rate for 2024 will decrease from 6.53% to 5.94%. The 2024 proposed levy for IMRF is \$373,835, a decrease of 5.84% from the previous year.

SOCIAL SECURITY/MEDICARE: The 2024 proposed levy for Social Security/Medicare is \$675,139, a decrease of 5.83% compared to the previous year.

The contribution rate for the Village expressed as a percentage of payroll is 6.20% for Social Security and 1.45% for Medicare, for a total of 7.65%. This amount, combined with the 5.94% of payroll for IMRF, means that the total pension cost for non-sworn Village personnel, expressed as a percentage of payroll, is 13.59% as compared to 60.61% for sworn Police and 41.28% for sworn Fire personnel. For sworn Police and Fire personnel hired after 1986, the Village also contributes 1.45% for Medicare in addition to the pension costs above.

Attachment E shows the historical comparison of IMRF, Social Security and Medicare rates and wage bases for the last 10 years. During that timeframe, combined levies for these levies have decreased by \$457,107 or 30.35% as compared to the increases in the combined Police and Firefighters' Pension Fund levies of \$2,519,656 or 50.60% over the same ten year period.

PUBLIC BENEFIT:

State statute provides that the Village can levy to the maximum rate of \$.05/\$100 of EAV for the Public Benefit Fund to pay for a portion of the Village's share of special assessment projects. The amount of this year's Public Benefit levy is \$5,000. Currently, there are no Special Assessments.

CORPORATE LEVY:

General Corporate Levy: The 2024 proposed General Corporate Levy totals \$1,459,577 compared to the 2023 extended levy of \$1,290,830. The 2024 proposed General Corporate levy increased due to an increase of 3.4% in the CPI and an estimated new growth EAV increase of \$60,000,000. The new growth estimate includes the EAV for the Downtown TIF set to expire in 2024. The Pension funds are expected to continue to increase, and the General Corporate levy will once again decline and likely be eliminated.

TAX RATES:

The tax cap limits our base tax levy increase over the prior year's extended levy to 5.00% or the national CPI, as reported for December prior to adoption of the levy. For tax year 2024, the December 2023 national CPI increase was 3.4%. We also levy for

new construction and annexations that are expected to add an additional 0.79%. Also, as previously mentioned, another 2.22% is included as new growth in 2024 to account for the expiring Downtown TIF. Finally, the exempt portion of the Firefighters' Pension Fund increased by \$13,275 or (4.01%) in 2024. These factors bring our total increase allowed to 6.52%. This addition for new growth benefits the Village only for the first year it goes on the tax rolls. If there is no new growth, there will be no levy for this. Next year the new growth amount is rolled into our prior year's extension, which is capped by the CPI increase.

Based on this statutorily permissible levy, the tax capped portion of the tax rates for the Village next year are expected to increase from \$0.6011/\$100 of EAV to \$0.6025/\$100 of EAV. As mentioned earlier, the Firefighters' Pension Fund is allowed to levy for the additional costs associated with the July 2004 fire pension legislation, with these costs being exempt from the tax caps. So, in addition to the tax cap levy of 0.6025/\$100 of EAV, the Firefighters Pension Fund will also levy 0.0172/\$100 of EAV, decreasing the total Village levy to 0.6197/\$100 of EAV compared to the 2023 Village extended levy of 0.6201/\$100 of EAV.

A ten-year comparison of tax rates can be found in **Attachment F**. As this comparison indicates, the projected 2024 property tax rate for the Village of Lombard of \$0.6197/\$100 of EAV is 8.15% lower than it was ten years ago.

IMPACT OF THE PROPERTY TAX EXTENSION LIMITATION ACT:

The Statutorily Permissible 2024 Property Tax Levy for the Village of Lombard has been developed to comply with the provisions of the Property Tax Extension Limitation Act. An increase due to new growth (including the expiring TIF) of 3.01% has been provided for in the calculations. However, if this new growth estimate or the increase in the current tax base EAV is not realized, it may be necessary to reduce our levy at a later date. Toward the end of March 2025, the DuPage County Clerk will notify us if we are required to reduce our tax levy further as a result of our final extended 2024 tax levy. At that time, we will be given the opportunity to decide if we want proportional reductions in all levies or if the reduction (if any) should come from one or more levies.

TRUTH IN TAXATION CALCULATION:

For purposes of complying with the statutory requirements of the Truth in Taxation Act, we must compare our 2023 Aggregate Extended Levy to our 2024 Statutorily Permissible Levy. If the amount of the increase in the levy is 5% or greater, a public hearing must be held by the Village Board. The 2023 Aggregate Extended Levy for the Village was \$11,668,280. The 2024 statutorily permissible levy for the Village is \$12,429,110, an increase of \$760,830 or 6.52%. Therefore, a public hearing is required and will be held before the Village Board meeting on October 3, 2024.

The Finance Committee's recommendation on the 2024 Property Tax Levy will be on the agenda for Village Board approval at their October 3, 2024 meeting.

ATTACHMENT A
STATUTORILY PERMISSIBLE VILLAGE OF LOMBARD PROPERTY TAX LEVY
TAX YEAR 2024

3.4% CPI

2.99% NEW GROWTH ESTIMATE

ASSUMPTIONS		
AGGREGATE EXTENSION FOR 2023 TAX YEAR (Excl Fire Pension-Exempt from Tax Cap)	VILLAGE	\$11,337,105
	FIRE PENSION-EXEMPT	\$331,175
	TOTAL	\$11,668,280
2024 PROJECTED BASE EAV		\$1,945,708,583
2024 PROJECTED "NEW GROWTH"		\$60,000,000
2023 TOTAL PROJECTED EAV		\$2,005,708,583

2023 STATUTORILY PERMISSIBLE LEVIES WITH 3.4% CPI	AMOUNT	RATE
CORPORATE	1,459,577	0.0728
POLICE PENSION	4,516,144	0.2252
PUBLIC BENEFIT	5,000	0.0002
FIREFIGHTERS' PENSION-SUBJECT TO TAX CAP	2,638,592	0.1316
IMRF	373,835	0.0186
LIABILITY INSURANCE	2,416,373	0.1205
SOCIAL SECURITY	675,139	0.0337
TOTAL (VILLAGE ONLY)	12,084,660	0.6025
FIREFIGHTERS' PENSION-EXEMPT FROM TAX CAP	344,450	0.0172
TOTAL (VILLAGE ONLY)-INCL ADD'L FIRE LEVY	12,429,110	0.6197

GRAND TOTAL-EXEMPT FROM TAX CAP	344,450	0.0172
--	----------------	---------------

GRAND TOTAL-SUBJECT TO TAX CAP	12,084,660	0.6025
---------------------------------------	-------------------	---------------

TRUTH-IN-TAXATION CALCULATION

CURRENT YEAR PROPOSED LEVY	12,429,110
PRIOR YEAR EXTENDED LEVY	11,668,280
INCREASE IN LEVY	<u>760,830</u>
PERCENTAGE INCREASE IN LEVY	<u>6.52%</u>

PUBLIC HEARING REQUIRED	YES
--------------------------------	------------

ATTACHMENT B
Historical Comparison of EAV Growth
2015-2024

	Base EAV	Inc. over PY	New Construction	% of Base	Annexations	% of Base	Total % of Base	Total EAV	Inc. over PY
Actual 2014	1,264,234,172	-1.7%	3,893,480	0.31%	0	0.00%	0.31%	1,268,127,652	-1.36%
Actual 2015	1,310,743,549	3.4%	3,463,340	0.26%	0	0.00%	0.26%	1,314,206,889	3.63%
Actual 2016	1,384,860,088	5.4%	4,756,270	0.34%	0	0.00%	0.34%	1,389,616,358	5.74%
Actual 2017	1,473,640,391	6.0%	8,659,870	0.58%	0	0.00%	0.58%	1,482,300,261	6.67%
Actual 2018	1,540,330,543	3.9%	12,682,460	0.82%	0	0.00%	0.82%	1,553,013,003	4.77%
Actual 2019	1,634,698,799	5.3%	30,272,140	1.82%	0	0.00%	1.82%	1,664,970,939	7.21%
Actual 2020	1,721,270,552	3.4%	10,653,580	0.62%	0	0.00%	0.62%	1,731,924,132	4.02%
Actual 2021	1,756,114,758	1.4%	7,963,420	0.45%	0	0.00%	0.45%	1,764,078,178	1.86%
Actual 2022	1,825,802,999	3.5%	3,036,810	0.17%	528,010	0.03%	0.19%	1,829,367,819	3.70%
Actual 2023	1,873,737,371	2.4%	7,992,400	0.42%	0	0.00%	0.42%	1,881,729,771	2.86%
Estimated 2024	1,945,708,583	3.4%	60,000,000	2.99%	0	0.00%	2.99%	2,005,708,583	6.59%
Average Inc. Last 5 years (1)		3.5%		0.8%		0.0%	0.8%		3.9%

Note (1) Average includes Years 2019-2023

ATTACHMENT C

COMPARISON OF 2023 PROPERTY TAX LEVY AS EXTENDED
vs.
2024 STATUTORILY PERMISSIBLE PROPERTY TAX LEVY

<i>VILLAGE</i>	2023 EXTENDED LEVY		2024 PROPOSED LEVY		INCREASE/ DECREASE	
	<i>RATE</i>	<i>AMOUNT</i>	<i>RATE</i>	<i>AMOUNT</i>	<i>%</i>	<i>AMOUNT</i>
CORPORATE	0.0686	1,290,830	0.0728	1,459,577	13.07%	168,747
IMRF	0.0211	397,034	0.0186	373,835	-5.84%	-23,199
FIREFIGHTERS' PENSION-SUBJECT TO TAX CAP	0.1324	2,491,340	0.1316	2,638,592	5.91%	147,252
POLICE PENSION	0.2230	4,196,140	0.2252	4,516,144	7.63%	320,004
LIABILITY INSURANCE	0.1176	2,212,852	0.1205	2,416,373	9.20%	203,521
PUBLIC BENEFIT	0.0003	5,645	0.0002	5,000	-11.43%	-645
SOCIAL SECURITY	0.0381	716,919	0.0337	675,139	-5.83%	-41,780
TOTAL VILLAGE SUBJECT TO TAX CAP	0.6011	11,310,761	0.6025	12,084,660	6.84%	773,899
*2023 Aggregate Extention	0.0014	26,343	0.0000	0	0.00%	-26,343
FIREFIGHTERS' PENSION-NOT SUBJECT TO TAX CAP	0.0176	331,175	0.0172	344,450	4.01%	13,275
TOTAL VILLAGE LEVY	0.6201	11,668,280	0.6197	12,429,110	6.52%	760,830

ATTACHMENT D

COMPARISON OF ANNUAL TAX LEVY REQUIREMENTS FOR POLICE AND FIREFIGHTERS' PENSION FUNDS TAX YEAR 2024 vs. 2023

	A	B	C	
	2023 Extended TAX LEVY	ACTUARY AS OF 1/1/24	INC./(DEC.) OVER 2023	
			AMOUNT	PERCENT
POLICE PENSION FUND	\$4,196,140	\$4,516,144	\$320,004	7.63%
FIREFIGHTERS' PENSION FUND				
Subject to Tax Cap	\$2,491,340	\$2,638,592	\$147,252	5.91%
Exempt from Tax Cap	\$331,175	\$344,450	\$13,275	4.01%
TOTAL FIREFIGHTERS' PENSION FUND	\$2,822,516	\$2,983,042	\$160,526	5.69%
TOTAL	\$7,018,656	\$7,499,186	\$480,530	6.85%

NOTES:

- A. Amount levied and extended by the County Clerk for the 2023 Village Tax Levy.
- B. Updated Actuarial Valuations based on membership data and asset information as of 12/31/23
- C. Increase in 2024 tax levy request over 2023 extended levy.

	2023		2024	
<u>POLICE PENSION FUND</u>	AS LEVIED	PERCENT OF PAYROLL	AS LEVIED	PERCENT OF PAYROLL
Employer's Share of Normal Cost	\$804,582 *	11.34%	\$793,574 *	10.65%
*this would be the levy if 100% funded				
Amoritization of Unfunded Liability	\$3,390,820	47.80%	\$3,722,570	49.96%
Annual Actuarial Requirement as a Percentage of Payroll	\$4,195,402	59.14%	\$4,516,144	60.61%
<u>FIREFIGHTERS' PENSION FUND</u>				
Employer's Share of Normal Cost	\$958,419 *	13.26%	\$916,373 *	12.68%
*this would be the levy if 100% funded				
Amoritization of Unfunded Liability	\$1,863,041	25.77%	\$2,066,669	28.60%
Annual Actuarial Requirement as a Percentage of Payroll	\$2,821,460	39.02%	\$2,983,042	41.28%

ATTACHMENT E
ANALYSIS OF IMRF FUND
IMRF/SOCIAL SECURITY/MEDICARE
RATES, WAGE BASES & TAX LEVIES

IMRF				
	CALENDAR YEAR	EMPLOYER'S CONTRIBUTION	EMPLOYEE'S CONTRIBUTION	WAGE BASE
	2015	15.75%	4.50%	NONE
	2016	18.37%	4.50%	NONE
	2017	15.93%	4.50%	NONE
	2018	15.92%	4.50%	NONE
	2019	13.12%	4.50%	NONE
	2020	15.61%	4.50%	NONE
	2021	14.25%	4.50%	NONE
	2022	10.44%	4.50%	NONE
	2023	6.68%	4.50%	NONE
	2024	6.53%	4.50%	NONE
	2025	5.94%	4.50%	NONE

SOCIAL SECURITY/MEDICARE					
	CALENDAR YEAR	EMPLOYER'S CONTRIBUTION	EMPLOYEE'S CONTRIBUTION	WAGE BASE	
				SS	MEDICARE
	2015	7.65%	7.65%	\$118,500	Unlimited
	2016	7.65%	7.65%	\$118,500	Unlimited
	2017	7.65%	7.65%	\$127,200	Unlimited
	2018	7.65%	7.65%	\$128,700	Unlimited
	2019	7.65%	7.65%	\$132,900	Unlimited
	2020	7.65%	7.65%	\$137,700	Unlimited
	2021	7.65%	7.65%	\$142,800	Unlimited
	2022	7.65%	7.65%	\$147,000	Unlimited
	2023	7.65%	7.65%	\$160,200	Unlimited
	2024	7.65%	7.65%	\$168,600	Unlimited

Property Tax Levies (IMRF, SS & Medicare combined)				
	TAX LEVY YEAR	TAX LEVY	INC./(DEC.) OVER PY	
			AMOUNT	PERCENT
	2015	\$1,506,081	\$109,873	7.87%
	2016	\$1,496,617	-\$9,464	-0.63%
	2017	\$1,506,060	\$9,444	0.63%
	2018	\$1,520,306	\$14,246	0.95%
	2019	\$1,471,834	-\$48,472	-3.19%
	2020	\$1,469,539	-\$2,295	-0.16%
	2021	\$1,256,024	-\$213,515	-14.53%
	2022	\$1,081,156	-\$174,867	-13.92%
	2023	\$1,113,953	\$32,796	3.03%
	2024*	\$1,048,974	-\$64,979	-5.83%

**2024 is the statutorily permissible levy amount prior to extension*

Total Increase		
2015-2024	(\$457,107)	-30.35%
Avg. Annual Inc.	(\$45,711)	-3.04%

ATTACHMENT F

**VILLAGE OF LOMBARD
HISTORICAL TAX RATE INFORMATION
2015-2024**

<i>LEVY YEAR</i>	<i>TOTAL TAX RATE ⁽¹⁾</i>	<i>VILLAGE ONLY</i>	<i>VILLAGE SHARE OF TOTAL</i>
2015	8.9837	0.6747	7.51%
2016	8.8082	0.6453	7.33%
2017	8.4932	0.6250	7.36%
2018	8.2998	0.6151	7.41%
2019	7.9778	0.6043	7.57%
2020	7.9582	0.5971	7.50%
2021	7.9396	0.5976	7.53%
2022	7.9797	0.6042	7.57%
2023	8.0415	0.6201	7.71%
2024 ⁽²⁾	TBD	0.6197	TBD

NOTE (1) This table is based on tax code 6011. There are 30 tax codes in Lombard and each receives a different property tax bill depending on whether the area is included within a given taxing district's boundaries. This tax code was selected as an example only.

(2) 2015-2023 as extended; 2024 prior to extension