



TO: Board of Education
Julie Brua, Superintendent

FROM: Rebecca J. Allard, Chief School Business Official

DATE: October 22, 2019

SUBJECT: 2019 Proposed Tax Levy

Gavin School District 37 delivers an educational program that is supported by the local property tax and state and federal grants.

The District can only fulfill its **VISION** of *Maximizing the Full Potential of Each Child by Supporting the Heart & Challenging the Mind* by asking the community to support the District by continuing the practice of *maximizing revenue under the Property Tax Extension Limitation Law (PTELL) formula*. The following memorandum and the attached Exhibits are in accordance with the past practice of adopting a tax levy that will maximize revenue for the District.

By law, the District must file a tax levy by the last Tuesday of December (31st). If the levy increases by more than 105%, School Districts must hold a Truth in Taxation hearing to explain the increases. The District must notify the public of the Truth in Taxation hearing not less than 20 days prior to the adoption of the aggregate levy as to the estimated levy request. Notice of the Truth in Taxation hearing must be published in a newspaper of general circulation no more than 14 days or less than 7 days prior to the date of the public hearing (*Chap. 120. Par.866. ILL. Rev. Stats.*). The Truth in Taxation hearing for the 2019 levy should be held in conjunction with the regular board meeting currently scheduled for Tuesday, December 17, 2019 at 7:00 P.M.

The tax levy sets forth the maximum receipts that can be received from property taxation in a given year. The levy is filed by fund, but limited, in aggregate, by the *Property Tax Extension Limitation Law (PTELL)* (excluding the Debt Service Fund). The attached spreadsheet (Exhibit I) provides a review of the 2013, 2014, 2015, 2016, 2017, and the 2018 actual tax extension and the 2019 actual levy request (shaded).

Although the 2019 levy request is less than 5%, it is recommended that the District hold a Truth in Taxation hearing to inform the community of the District's intent to levy taxes.

Historically, a school district will request an amount in excess of what it actually anticipates for one reason only, to maintain the maximum tax rates the district is entitled to. Therefore, the recommendation for the Truth in Taxation hearing is to request an increase in the "capped" funds of 4.5%.



The following explains the types of expenditures that the tax extension may fund:

Capped Funds:

Education Fund and Special Education Levies (Fund 10)

The most varied and the largest volume of transactions are recorded in the Educational Fund. This is because the Educational Fund covers transactions that are not specifically covered in another fund. Certain expenditures that must be charged to this fund include the direct costs of instructional, health and attendance services, lunch programs, all costs of administration and related insurance costs.

The special education levy is a sub-fund of the education fund and is calculated separately from the education fund. This levy supports special education services.

Operations and Maintenance Levy (Fund 20)

The salaries of janitors, engineers, and other custodial employees and all costs of fuel, lights, gas, water, telephone service, and custodial supplies and equipment shall be charged to this fund. In addition, all costs of maintaining, improving, or repairing school buildings and property, renting buildings and property for school buildings shall be charged to the Operations and Maintenance Fund.

Transportation Levy (Fund 40)

If a school district pays for transporting pupils for any purpose, the Transportation Fund must be created. Costs of transportation, including the purchase of vehicles are to be paid from this fund. Moneys received for transportation purposes from any source must be deposited into this fund.

Municipal Retirement/Social Security Levies (Fund 50)

This fund is created if a separate tax is levied for the purpose of providing resources for the school district's share of retirement benefits for covered employees or a separate tax is levied for the purpose of providing resources for the district's share of Social Security and Medicare only payments for covered employees.

Tort Levy (Fund 80)

The tort fund is used to the cost of workers' compensation and property & liability insurance coverage. In addition, this fund is permitted to cover all costs associated with risk management, if the District has a risk management plan.



Non- Capped Funds:

Bond and Interest Levy (Fund 30)

Bonds are generally issued to finance the construction of buildings but may also be issued for other purposes. Taxes are levied to provide cash to retire these bonds and to pay the interest on them. To protect the bondholders, these tax collections must be accounted for in the Bond and Interest Fund. School districts must maintain a separate bond and interest fund for each bond issue.

Summary:

The 2019 tax levy request is \$6,435,063 and represents a 4.2% increase over the 2018 actual tax extension: 4.5% increase in the “capped funds” and a 0.15 decrease in Debt Service Fund.

The Tax Cap Formula will limit the actual amount extended.

It is important to note that the above amount can be decreased at the December 17, 2019, Board of Education meeting, when the Board officially adopts the 2019 levy, but cannot be increased from the amount approved at the October 22, 2019 Board Meeting.

Exhibit I provides a review of the 2013, 2014, 2015, 2016, 2017, and the 2018 actual tax extension and the 2019 actual levy request (shaded).

Exhibit II is a resolution regarding the estimated amounts necessary to levy for the tax year 2019. Included in the resolution is a copy of the notice that will appear in The Daily Herald on Thursday, December 5, 2019.

Exhibit III – Certificate of Tax Levy (ISBE 50-02)