

Pleasantdale Elementary School
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Pleasantdale Middle School
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Pleasantdale School District 107 | 7450 S. Wolf Road | Burr Ridge, IL 60527 | 708.784.2013 | Fax: 708.246.0161 | www.d107.org

To: Dr. Dave Palzet
Board of Education

From: Frank Adams

Date: Wednesday, November 11, 2019

Re: Estimated Tax Levy for 2019

EXECUTIVE SUMMARY:

Each year the Board of Education of Pleasantdale School District 107 adopts the proposed levy and authorizes the publication of the public hearing notice at a Board of Education meeting no less than twenty days before the levy hearing. The levy is 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 tax money to run the district.

BACKGROUND AND RATIONAL:

The amount a district can levy is limited due to the Property Tax Extension Limitation Law (PTELL), unless the district's registered voters approve a fund increase at an election. PTELL limits each tax district's aggregate tax receipts to an annual set percent increase (5%) or to the Consumer Price Index (CPI) increase, whichever is less, plus any new property. The 2019 CPI is 1.9%. As a public school district, we are required to levy for our monetary needs. Since the District does not know what the Equalized Assessed Values (EAV) or what new property EAV will be for the tax year 2019, the District has to overestimate its levy in order to capture the maximum revenue. The proposed levy, that is presented in the board packet used the assumptions that the District's existing EAV will increase by 2% and new construction EAV of \$3,800,000. This increased the levy to 4.95% over last year's extension. The levy is the request. We will not receive what we are requesting. We will only receive CPI (1.9%) on existing property plus new growth. We are asking for more than what we will receive because we do not know what the new EAV or new growth will be until after December when the Levy must be filed. New growth revenue is essential to the District in order to meet the economic challenges resulting from the new growth (more students). It is also important to emphasize that once the value of new real estate becomes part of the overall tax base, it is limited by the tax cap. As a result, it is extremely important for a school district to capture all new growth as it becomes part of the tax base, as it cannot be captured retroactively. If you don't capture it now, you will lose it forever.

The district and the Board of Education take steps to balance fiscal responsibility for the district with not overburdening our taxpayers. To achieve this balance the district hosts a finance advisory team made up of Board

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members and administration. The charge of this team is to scrutinize the district's finances and ensure that we are fiscally responsible.

The Board will be asked to adopt the proposed levy after the public hearing at the December Board of Education meeting and the 2019 levy will be filed with Cook County after that day.

RECOMENDATION:

It is recommended that the Board of Education approve the Resolution Regarding Estimated Amounts Necessary to be Levied for the Year 2019. Further, it is recommended that the Board of Education direct the administration to publish the estimated levy amounts, and to schedule a public hearing on the estimated tax levy as part of the regular Board of Education meeting scheduled for December 18, 2019.