

## **DISTRICT 58 TAX LEVY 101**

### **➤ What is the property tax levy and extension?**

The property tax levy is the amount of money a school district requests be raised from property taxes in order to run the schools. In District 58, property taxes account for more than three-fourths of revenues.

The extension is the amount of money the district actually receives from the property tax levy. The total extension for a given year is the product of the district's equalized assessed valuation (EAV) multiplied by its total tax rate as determined by the DuPage County Clerk and in accordance with the Property Tax Extension Limitation Law (PTELL).

### **➤ What is the Property Tax Limitation Law?**

The Property Tax Extension Limitation Law (PTELL), more commonly known as the Illinois tax cap, which was enacted in 1991, limits any increase in property tax dollars to the schools by the Consumer Price Index plus the amount generated by new property coming onto the tax rolls during the past year.

Like every other taxing body in Illinois, District 58 does not learn how much property comes onto the tax rolls until after the levy has already been approved, so it is forced to make its best guess.

### **➤ What happens if District 58 does not levy enough to capture all new growth that has occurred during the past year?**

Under the property tax caps (PTELL), each year's levy is based on the amount collected the previous year. If District 58's levy in a particular year does not capture all of the new growth to which it is entitled, that has a compounding effect. The district loses out not only on the dollars to which it was entitled in that particular year, but also dollars that it would have received in future years by building on that amount. It is vital that District 58 capture all new growth with each year's levy in order to collect sufficient funds to preserve services.

### **➤ How does District 58 calculate its levy request?**

Each year, District 58's property tax increase is limited to the Consumer Price Index (CPI), plus any new growth that may have occurred during the past year. This year, the CPI was almost flat, at 0.1 percent, and new growth is expected to be minimal—in the neighborhood of 0.75 to 0.9 percent. This would result in an increase in revenue of \$350,000 to \$450,000 over last year. The DuPage County Clerk will notify taxing bodies, including District 58, in early April how much they will actually receive.

Because the exact amount of new growth is not known until after the levy request is formulated, District 58 is requesting a slightly higher amount to ensure that all new growth dollars are captured. Depending on how much new growth ends up coming on to the tax rolls, District 58's revenue increase is expected to cost the owner of an average \$300,000 home between \$1.50 to \$15 extra annually.

The levy that District 58 is requesting is just 1.4 percent more than last year--an increase of approximately \$645,000 to keep pace with rising costs. The tax rate, including debt

service, is expected to drop from 1.57 in 2008, to approximately 1.47 per \$100 of equalized assessed valuation for 2009.

➤ **How does District 58's tax rate compare with those in neighboring districts?**

According to Regional Office of Education data from the 2008 tax year:

Butler School District 53: .7936 (per \$100 of assessed value)

Gower District 62: 1.3524

**Downers Grove District 58: 1.5251 (fourth lowest of elementary districts in DuPage)**

Community Consolidated District 180: 1.5282

Center Cass District 66: 1.8362

Hinsdale District 181: 1.9128

Cass District 63: 1.9652

Darien District 61: 2.2637

Lombard District 44: 2.7445

Woodridge District 68: 3.2444

➤ **What is District 58's goal for its fund balances?**

The District 58 Board of Education places high importance on operating in a fiscally responsible manner and planning for the district's long-term financial stability. For that reason, the board's goal is to maintain a pre-early tax reserve of between 8 and 12 percent of operating expenses.

This means if tax receipts are late in coming, District 58 will not need to issue tax anticipation warrants to cover costs. It also enables the district to handle an emergency or an unexpected decrease in cash flow, and helps boost the district's bond ratings, saving taxpayer dollars.

Last year District 58 spent \$5.2 million from its fund balances to pay for much-needed repairs to four of its roofs. As part of a long-term plan to maintain the community's investment in the buildings' infrastructure and ensure that children continue to have safe places in which to learn, District 58 plans to issue \$10 million in Life Safety bonds to repair a half-dozen more roofs and finish other Life Safety work throughout the district.

➤ **How does District 58 communicate with residents about its finances?**

District 58 continues to work with its Financial Advisory Committee to monitor revenues and expenses, address long-term needs, and facilitate cooperation and communication with the community regarding financial affairs.

This citizen-driven committee typically meets on the **first Monday of the month at 7 a.m. at the Administrative Service Center**, 1860 63<sup>rd</sup> St., Downers Grove. All are welcome to attend. The FAC and District 58 business office staff present updates at the regular monthly board meetings, which are recorded and placed online as streaming audio files. In addition, the board holds several evening workshops regarding finances during the school year.

District 58 also shares information about its finances on its Web site and in its publications, including the Bridges newsletter, the Communicate 58 e-newsletter, school newsletters, and the Loop newsletter for staff.