

**Q & A – 2009 Property Tax Levy**

1. **What is a Levy?**  
The amount of money a school district certifies to be raised from property tax.
2. **What is an extension?** The process in which the County Clerk calculates the tax rate needed to raise the revenue (Levy) certified by each school district in the County. The total extension is the product of the district's EAV multiplied by its calculated tax rate and is equal to the total property tax billings on the district's behalf.
3. **What is The Truth In Taxation Act?** Legislation approved and effective July 1981, that provides procedures for Public Notice and Public Hearings on Tax Increases greater than 105% of the prior year's extension.
4. **What is The Property Tax Extension Limitation Law?** The Property Tax Extension Limitation Law, commonly referred to as "TAX CAP," limits the increase in property Tax Extensions to 5% or the Consumer Price Index (CPI), whichever is less, not counting new construction or Bond & Interest Obligations
5. **Why is the District proposing a levy which is higher than the limits of the Property Tax Extension Limitation Law?**  
Because under The Property Tax Extension Limitation Law if you under Levy, you can never recapture the lost revenues for the District. Also, as of today, two very important facts are unknown to the School District:
  - (1) The CPI percentage
  - (2) The New Construction in the District
6. **Do most Districts “over levy” in their initial request?** Yes, in Lake County, for the same reason stated above. Lake County districts do not know the “CPI” or “New Construction” at the time they must approve the levy.

Here is the comparison between the District 128 percentage of levy requested and the actual percentage granted in the extensions for each of the past four years.

<b>Property tax year:</b>	<b>Levy Percentage Requested</b>	<b>Actual Percentage Granted In Extension</b>
2009	4.84%	???
2008	13.23%	6.060%
2007	24.60%	4.209%
2006	24.95%	5.593%
2005	25.71%	5.501%
2004	17.98%	4.060%
2003	17.84%	9.607%

**7. Will my taxes go up by the same percentage that the levy increases?**

NO. Here is an actual example of a home in the Village of Libertyville over a three year period.

<b>Tax Year Year Paid</b>	<b>2008 2009</b>	<b>2007 2008</b>	<b>2006 2007</b>	<b>2005 2006</b>
Fair Market Value	\$327,627	\$316,428	\$302,496	\$286,461
Equalized Value	\$109,209	\$105,478	\$100,832	\$95,487
*Total Tax Paid	\$6,669.54	\$6,405.26	\$6,201.94	\$5,977.11
Dist.#128 Of Total	\$42,246.44	\$2,050.05	\$2,011.94	\$1,946.58
Tax Extension	\$69,229,304	\$65,305,865	\$62,638,956	\$59,320,859.
Tax Levy	\$73,943,125	\$77,132,006	\$74,118,969	\$70,681,808
EAV	\$3,200,615,082	\$3,058,390,684	\$2,875,985,105	\$2,666,106,013

\*=Includes Homestead & Senior Exemption.

All District 128 taxpayers pay exactly the same tax rate for the District. The actual amount of their school taxes will vary depending upon their equalized assessed value. Their total tax bill will be dependent upon the impact of other taxing bodies (i.e., elementary school districts, villages, library districts, etc.).

**8. Why doesn't the School District lower its Levy?**

We would be penalized under the Tax Cap for future years.

**9. Why is School District 128 adding to its fund balance?** The fund balance keeps the District from having to make cuts in programs and it maintains our excellent programs that the students and Community enjoy and expect. A balance enables the District to handle an emergency, such as having to close a school down because of an air quality issue, fire or some other reason. The reserve can also be used to fund some of the significant capital and maintenance needs facing the District. A Fund Balance helps our Bond Rating, therefore saving the taxpayers money on Premiums we would pay on Bonds. Having a year-to-year Balance would put off the need to ask the community for an increase via a referendum. The above is only true if the budget is not exceeded each year. Community High School District 128 has a track record for many years of spending less than it has budgeted, therefore, building a Balance to take care of future needs.

**10. Why is the anticipated reserve for last year higher than normal?** Higher CPI, new construction, and favorable interest earnings resulted in additional revenues for the school district. In addition, payment for FY08 capital projects were deferred until FY09. Also, benefit costs and personnel expenses were lower than budgeted.

**11. How have the District's financial matters been managed?** The District has maintained a 4.0 financial rating with ISBE (Illinois State Board of Education). That is the highest rating possible. The District has annually received the CAFR (Comprehensive Annual Financial Report) Awards from the Association of School Business Officials and the Government Finance Officers Association. Due to the District's strong financial management, the District maintains an Aa1 rating with Moody's.