

COMMUNITY HIGH SCHOOL DISTRICT 128

Libertyville High School • Vernon Hills High School

Administration Center

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November 13, 2008

Dear District 128 Resident:

The purpose of this message is to address several concerns that have been brought to our attention regarding the Community High School District 128 Board of Education's upcoming vote on the 2008 tax levy.

Residents have raised concerns regarding the levy process and how the District communicated that process to District 128 residents. The Board of Education met on the following dates to discuss the tax levy:

Sept. 8, 2008—Finance and Facility Meeting

Sept. 22, 2008—Board Meeting

October 27, 2008—Board Meeting

November 3, 2008—Public Hearing on Tax Levy

As is the case with all Board meetings, District 128 posted these meeting dates and agendas on its website (www.d128.org) and at the sites of the meetings. The legal notice of the levy was published in the *Daily Herald* on Oct. 25, 2008. As a legal notice governed by state statute guidelines, we have no control over where the notice is placed in the paper. While not legally required to do so, the Board holds its budget and levy hearings on evenings prior to the night on which they will vote. This gives the community the opportunity to bring forth concerns prior to the Board's vote. Furthermore, the Board calendar, which is published one year in advance, also notes the dates of the budget and levy discussions and hearings.

One of the goals of the District 128 Strategic Plan is to remain transparent to our community regarding District 128 finances. We acknowledge that our country's current economy is in turmoil. However, it is

the responsibility of the Board to plan for the long-term financial health of the District. The Board must ensure that 10, 20 or 30 years from now, students in District 128 will have the same high quality educational opportunities as our students have today.

With regards to the amount of the levy, it is not factual to say that the average homeowner in District 128 will see a 13% increase. The Property Tax Extension Limitation Law, commonly known as the Tax Cap, limits the increase in property Tax Extensions to 5% or the Consumer Price Index (CPI), whichever is less. The exception would be a homeowner who has made improvements to his or her property.

We encourage you to read the Q&A that follows this message, for more information regarding the tax levy. We also welcome you to attend the next Board of Education meeting on **Tuesday, Nov. 18 at 7:00 p.m. in the Vernon Hills High School Library, 145 Lakeview Parkway, Vernon Hills.** If you are unable to attend, the meeting will be televised on the following dates and times:

Libertyville: Channel 19, Thursdays at 7:00 p.m.

Vernon Hills: Channel 4, Wednesdays following the 6:30 p.m. airing of the District 73 Board meeting (approximately 8:00-8:30), and Sundays at 2:00 p.m.

DVD recordings of all regular District 128 Board of Education meetings are available at both locations of Cook Memorial Public Library approximately one week following the meeting.

Sincerely,

The Community High School District 128

Board of Education and Administration

Property Tax Levy

Questions and Answers

Q. **What is a Levy?**

A. A levy is the amount of money a school district certifies to be raised from property tax.

Q. **What is an extension?**

A. An extension is 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.

Q. **What is The Truth in Taxation Act?**

A. 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.

Q. **What is The Property Tax Extension Limitation Law?**

A. 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.

Q. **If The Property Tax Extension Limitation Law limits the increase to 5% or the CPI whichever is less, not counting new construction or Bond & Interest Obligations, why are we proposing a Tax Levy that indicates a 13.23% increase?**

A. The School District is presenting a Levy which is a 13.23% increase over the 2007 Extension. The District is able to receive this money according to statutes, and does so because we believe it is the prudent thing to do. Under The Property Tax Extension Limitation Law, if you under Levy, you lose that tax revenue forever. Also, as of today, the School District is missing two very important facts:

(1) Actual EAV for the District

(2) The New Construction in the District

Q The District is asking for a 13.23% Levy Increase. Does that mean that my taxes will go up by that percentage?

A. NO.

Here is an actual example of a home in the Village of Libertyville over the last four years.

Tax Year	2007	2006	2005	2004
Year Paid	2008	2007	2006	2005
Fair Market Value	\$316,428	\$302,496	\$286,461	\$281,562
Equalized Value	\$105,476	\$100,832	\$95,487	\$ 93,854
*Total Tax Paid	\$6,405.26	\$6,201.94	\$5,977.11	\$ 6,031.24
Dist.#128 of Total	\$ 2,071.41	\$2,011.94	\$1,946.58	\$ 1,966.91
Tax Extension	\$ 65,305,865	\$62,638,956	\$ 59,320,859	\$56,227,730
Tax Levy	\$ 77,132,006	\$74,118,969	\$70,681,808	\$63,747,670
EAV	\$3,057,390,684	\$2,875,985,105	\$2,666,106,013	\$2,454,287,646

*=Includes Homestead & Senior Exemption.

As you can see by this example, while District 128's Tax Extension increased by 16.14% over the four year period, this tax payer experienced an increase to District 128 of 5.31% over the four years.

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.).

Q. Since District 128 has been adding to its carryover balance each year, why doesn't the District lower its Levy?

A. We would be penalized under the Tax Cap for future years. 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 carryover 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 is prudent.

Q. What about the Lease Levy?

A. The lease levy was approved to address the district’s growing capital needs and has been used to pay for the capital projects approved by the Board of Education.

Q. We have been accustomed to building reserves each year. However, the anticipated new reserves for the current year are considerably higher. Why is this?

A. This is a result of higher CPI, new construction, and favorable interest earnings. In addition, payment for FY08 capital projects were deferred until FY09, benefits cost and personnel expenses were lower than budgeted.

Q. Do most Districts “over levy” in their initial request?

A. Yes, in Lake County, for the same reason stated above. Lake County districts do not know the “EAV 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 five years.

Property tax year:	Levy Percentage	Actual Percentage
	Requested	Granted In Extension
2007	24.60%	4.2097%
2006	24.95%	5.593%
2005	25.71%	5.501%
2004	17.98%	4.060%
2003	17.84%	9.607%

Additional Tax Bill Examples (added Nov. 25, 2008)

Tax Year	2007	2006	2005
Year Paid	2008	2007	2006

Fair Market Value	316,428	302,496	286,461
Equalized Value	105,476	100,832	95,487
Total Taxes Paid	6,405	6,202	5,977
Dist 128 Tax Rate	2.13600	2.17900	2.22500
Dist 128 Portion	2,071	2,012	1,947
Tax Extension (Actual)	65,305,865	62,638,956	59,320,859
Tax Levy (Request)	77,132,006	74,118,969	70,681,808
D 128 EAV	3,057,390,684	2,875,985,105	2,666,106,013
Increase in FMV	4.61%	5.60%	1.74%
Increase in D128 Taxes	2.96%	3.36%	-1.03%

Senior Exemption

Tax Year	2007	2006	2005
Year Paid	2008	2007	2006

Fair Market Value	585,174	542,028	497,613
Equalized Value	195,058	180,676	165,871
Total Taxes Paid	13,131	12,352	11,446
Dist 128 Tax Rate	2.13600	2.17900	2.22500
Dist 128 Portion	4,060	3,828	3,579
Tax Extension (Actual)	65,305,865	62,638,956	59,320,859
Tax Levy (Request)	77,132,006	74,118,969	70,681,808
D 128 EAV	3,057,390,684	2,875,985,105	2,666,106,013
Increase in FMV	7.96%	8.93%	#DIV/0!
Increase in D128 Taxes	6.05%	6.95%	#DIV/0!

Tax Year	2007	2006	2005
Year Paid	2008	2007	2006

Fair Market Value	502,722	478,641	447,870
Equalized Value	167,574	159,547	149,290
Total Taxes Paid	9,771	9,470	9,072
Dist 128 Tax Rate	2.13600	2.17900	2.22500
Dist 128 Portion	3,409	3,302	3,144
Tax Extension (Actual)	65,305,865	62,638,956	59,320,859
Tax Levy (Request)	77,132,006	74,118,969	70,681,808
D 128 EAV	3,057,390,684	2,875,985,105	2,666,106,013
Increase in FMV	5.03%	6.87%	
Increase in D128 Taxes	3.22%	5.04%	

Tax Year	2007	2006	2005
Year Paid	2008	2007	2006

Fair Market Value	292,659	265,056	257,937
Equalized Value	97,553	88,352	85,979
Total Taxes Paid	8,133	7,058	6,878
Dist 128 Tax Rate	2.13600	2.17900	2.22500
Dist 128 Portion	2,084	1,925	1,913
Tax Extension (Actual)	65,305,865	62,638,956	59,320,859
Tax Levy (Request)	77,132,006	74,118,969	70,681,808
D 128 EAV	3,057,390,684	2,875,985,105	2,666,106,013
Increase in FMV	10.41%	2.76%	15.63%
Increase in D128 Taxes	8.23%	0.64%	12.30%