



Lake Bluff School District 65

Excellence in Education, Enthusiasm for Life, Every Student, Every Day

May 5, 2014

Re: Important Information about Lake Bluff School District 65 Taxes

Dear Lake Bluff School District 65 Residents and Tax Payers:

The Lake Bluff District 65 Board of Education is committed to transparent and open communications with the residents of District 65. Given this commitment, the Board wants to provide you with important information regarding the property tax bill that you have recently received, or will receive shortly.

For most residents, the portion of their new tax bill attributable to District 65 will reflect a marked increase over the previous bill. This is primarily because last year's bill was significantly reduced by a one time tax abatement² approved by the Board in 2012. Accordingly, comparing the current tax bill to two years prior, residents will note that the portion attributable to District 65 in both years has remained relatively stable, and in most cases decreased. In fact, District 65's total pool of tax dollars collected this year will be the lowest since 2007, with the exception of last year's one time abatement. Nonetheless, the Board recognizes that District 65 taxes represent the largest share, about 35 to 40%, of your total property tax bill, and that tax increases of any kind are a tremendous burden for residents.

With our promise to be careful stewards of your tax dollars firmly in mind, this letter provides a detailed review of the factors affecting your tax bill and the steps taken by the Board and Administration to manage those factors as they are related to falling EAV (Equalized Assessed Value of property), escalating debt payments and abatement and a return to paying district expenses from current tax dollars. We hope you will take a few minutes to review the detail below and be in touch with any further questions you may have.

Last December, the Board adopted a levy¹ that resulted in District 65's new tax bill increasing relative to last year. This increase is primarily due to the fact that last year's tax bill reflected the benefit of a significant one-time tax abatement² approved by the Board in 2012. In other words, a substantial portion of the previous school budget that would normally be paid for with property taxes was covered with funds already on hand. Recall that in 2012, the Board decided to use \$3.1 million from its Fund Balance reserves to pay down debt and provide tax relief to residents. For the owner of a \$750,000 home in Lake Bluff this abatement² resulted in a onetime year-over-year tax savings of roughly \$800. Because this abatement² is not being repeated individual tax bills are likely to be higher than last year. To be clear, the tax increase is NOT due to increased spending. Spending is down and tax extensions³ are at their lowest level since 2007.

continued

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In addition, you may notice that the tax rate for District 65 has increased nearly \$0.48 since last year. The primary reason the tax rate is up is the continued downward trend in district-wide Equalized Assessed Value (EAV). District 65's total 2013 EAV (i.e., aggregate assessed property value) declined 4.7% compared to the prior year. This drop in assessed value not only impacts the District but most of Lake County and the North Shore as well. In fact, EAV has been trending downward throughout the District since 2009, and is now at 2004 levels. Due to the way the state formula works for establishing tax rates, when EAV is down the Board must levy¹ a greater percentage of your assessed property value (i.e., increase the tax rate) to achieve the same amount of funding for the schools. In the future, if EAV increases, tax rates will go down.

The good news is that even with this rate increase the total pool of tax dollars collected by District 65 this year will be at its lowest level since the 2007 levy¹, with the exception of last year due to abatement². In fact, taxes collected this year will be about 6.6% lower than two years prior. Put simply, the District is collecting fewer funds from taxpayers than it typically has in the past. In addition, it should be noted that the Board is no longer levying to the maximum percentage allowed by law. The Board and Administration have worked diligently to control costs through line item budget review, contingency elimination and productivity enhancement without decreasing funds devoted to instruction or compromising our commitment to the quality of education.

Going forward, the Board will continue to identify sources of increased fiscal efficiency, and we promise to safeguard your tax dollars as our own. If you have questions or comments regarding any of this information, or District 65's finances in general, please do not hesitate to contact the Superintendent of Schools, Dr. Jean Sophie (jsophie@lb65.org), the Board President, Mark Barry (mbarry@lb65.org), or the Board Vice President, John Marozsan (jmarozsan@lb65.org).

Sincerely,

The Lake Bluff School District 65 Board of Education

Mark Barry, Leigh Ann Charlot, Julie Gottshall, Richard Hegg, Christine Letchinger,
John Marozsan, Susan Rider-Porter

Notes:

¹ A levy is the amount of funds which the District asks the Assessor to collect on its behalf.

² An abatement is a reduction.

³ A tax extension is the number of dollars collected by the District in taxes.