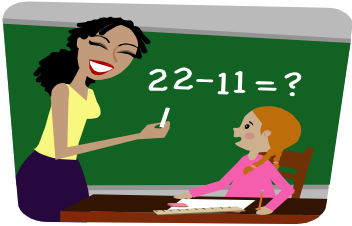
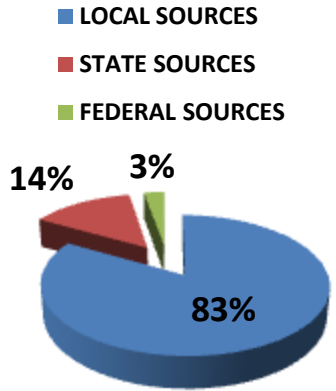


UNDERSTANDING THE ANNUAL TAX LEVY

PALOS COMMUNITY CONSOLIDATED SCHOOL DISTRICT 118



Annually, over 80% of District 118’s operating revenue comes from local sources – primarily local property taxes.



What is a levy?

The District determines how much money is needed to operate during the coming year and how much must be raised from property taxes. The amount to be raised from property taxes is the levy which, after being approved by the School Board, is certified to the County Clerk no later than the last Tuesday in December. Each fund used by the District, such as the Education Fund, has its own levy.

What is an extension?

The extension is the actual dollar amount of revenue billed to taxpayers.

How are tax rates computed?

The County Clerk calculates a tax rate for each fund used by the District by dividing the tax levy for that fund by the district’s total equalized assessed value.

How is equalized assessed value (EAV) determined?

Although by statute the assessed value of non-farm property should be 33 1/3 percent of its market value, assessment practices and assessed values of property vary. Cook County utilizes a classification system for assessing property. In Cook County, residential property is assessed at 16 percent of its market value.

Others variations occur because of the large number of local assessing officials with different opinions about value, the inherent difficulties of the assessment process, pressures to keep assessments low, and lack of time and resources to do a thorough job.

Because of the variations that occur in assessment practices statewide, the Illinois Department of Revenue calculates a county “multiplier” to bring all property assessments to 33 1/3 percent of market value.

Equalization is the application of this uniform percentage increase or decrease to assessed values of various areas or classes of property in order to bring assessment levels, on average, to the same percentage of market value.

The District’s EAV impacts tax rates and is used to calculate many sources of state revenue, such as General State Aid.

UNDERSTANDING THE ANNUAL TAX LEVY

PALOS COMMUNITY CONSOLIDATED SCHOOL DISTRICT 118



Computing Tax Rates:

The County Clerk calculates a tax rate for each fund used by the District by dividing the tax levy for that fund by the district's total equalized assessed value.

For the 2006 Tax Levy:

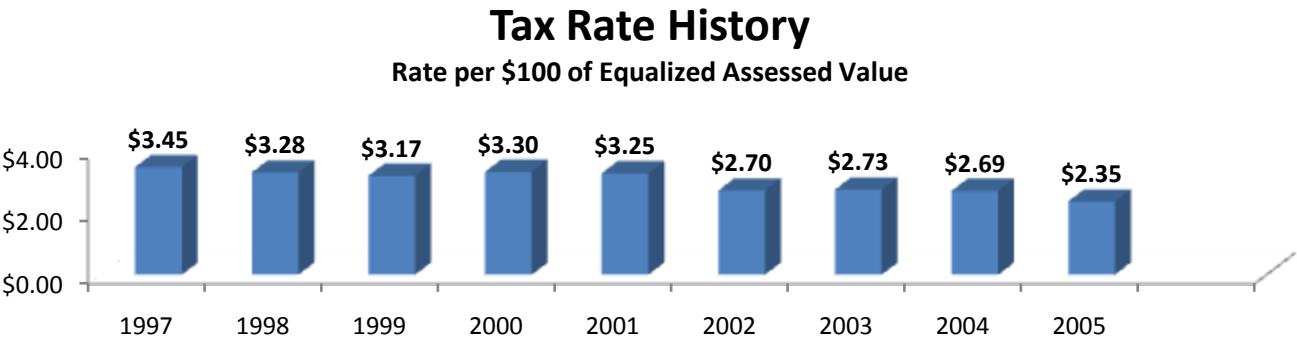
District 118's total EAV = \$829,648,869

District 118's total operating levy (after PTELL reductions) = \$16,276,351

The resulting tax rate for District 118's total operating levy (less debt service) is calculated by dividing the total levy by the total EAV:

$$\$16,276,351 / \$829,648,869 = .01962 \text{ or } 1.962\%$$

Including the Debt Service Levy, District 118's total tax rate for the 2006 Levy is \$2.37



UNDERSTANDING THE ANNUAL TAX LEVY

PALOS COMMUNITY CONSOLIDATED SCHOOL DISTRICT 118



Putting the pieces together.....

The Property Tax Process

1. The Cook County Assessor's Office determines market value and assessed value of property in Cook County.
2. The "market value" is used along with a multiplier based on the type of property (residential, commercial, industrial, etc.) and incorporates the Illinois Department of Revenue's Equalization rate to calculate each parcel's Equalized Assessed Valuation.
3. In December of each year, District 118 and each of the 1,200 local taxing districts from across Cook County levy their property taxes and file these requests with the Cook County Clerk's Office of Tax Extension.
4. The Clerk's Office applies District 118's levy request with the equalized assessed valuation to determine property tax rates.
5. Once these rates are established, the Cook County Treasurer's Office sends out the second installment bills (the first installment is an estimate based on the previous year) and collects the property tax payments.
6. The Treasurer's Office then takes those collections and distributes them to the local taxing districts as appropriate.

UNDERSTANDING THE ANNUAL TAX LEVY

PALOS COMMUNITY CONSOLIDATED SCHOOL DISTRICT 118



Last year, I noticed a “Truth-in-Taxation” notice in my local newspaper. What is the “Truth-in-Taxation?”

The “Truth-in-Taxation Law” requires districts to publish notices to taxpayers if the districts’ proposed levies are at least 5 percent greater than the amount billed to property taxpayers the year before (excluding bonds and interest).

Districts must hold public hearings regarding proposed tax increases. County Clerks may not extend more than 5 percent over the previous year’s extension if a taxing district does not certify that it has complied with these publication and hearing requirements.

I know the District is under the tax cap. What does that actually mean?

The Property Tax Extension Limitation Law limits the growth in extensions to an annual increase of 5 percent or the change in the consumer price index (CPI), whichever is less.

The law requires the county clerk to restrict annual growth in extensions for the District’s funds which are subject to the lesser of 5 percent or the change in the CPI. Adjustments are made for new construction and increases approved by taxpayer referenda.

All District funds are subject to the limit except the District’s levy for the Bond and Interest Fund.

Other provisions of the Property Tax Extension Limitation Law include a statewide uniform levy date for all taxing districts of the last Tuesday in December and in Cook County, the use of prior year equalized assessed value to derive an extension limit with the actual extension on current year equalized assessed value,

