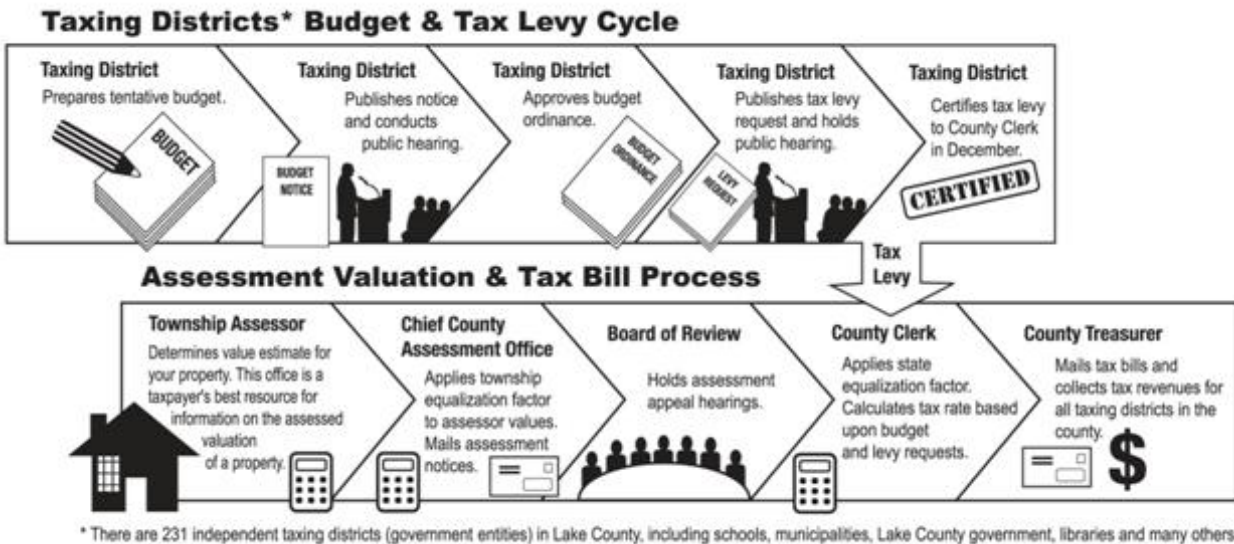




# FREMONT SCHOOL DISTRICT 79

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## TAX LEVY FREQUENTLY ASKED QUESTIONS - 2022

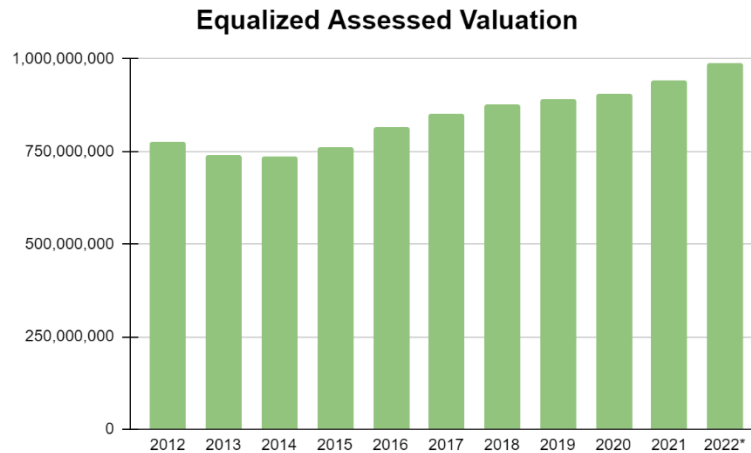


### What is a Levy?

A levy is the amount of money a school district requests from property tax on an annual basis.

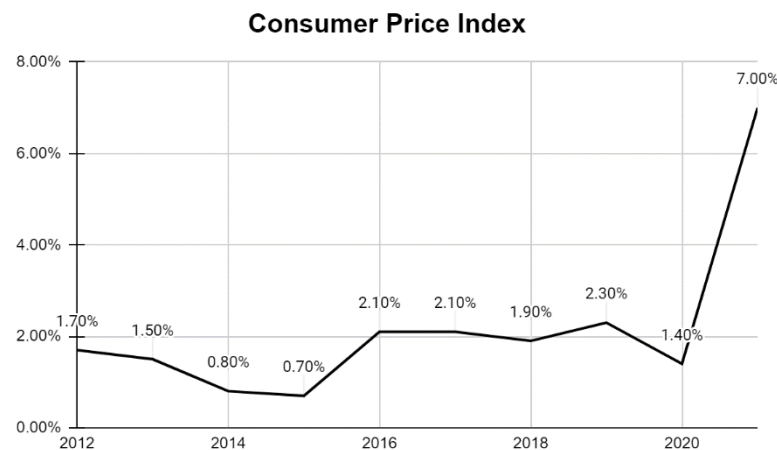
### What is EAV?

EAV refers to the Equalized Assessed Value of properties as determined by the local and county assessors, and is used for determining and allocating the extended property taxes. The chart below represents the past history of FSD79's EAV.



### What is CPI?

The Consumer Price Index (CPI) is an index published by the federal government as a measure, per state school code, of annual inflationary impact on a district. The CPI factor used for computing the amount of property taxes and related revenue for the district is the rate fixed at the beginning of the tax year, not the end of the tax year. Due to “Tax Cap” legislation, the CPI percentage increase cannot exceed 5% in any year. The chart below represents the past CPI history.

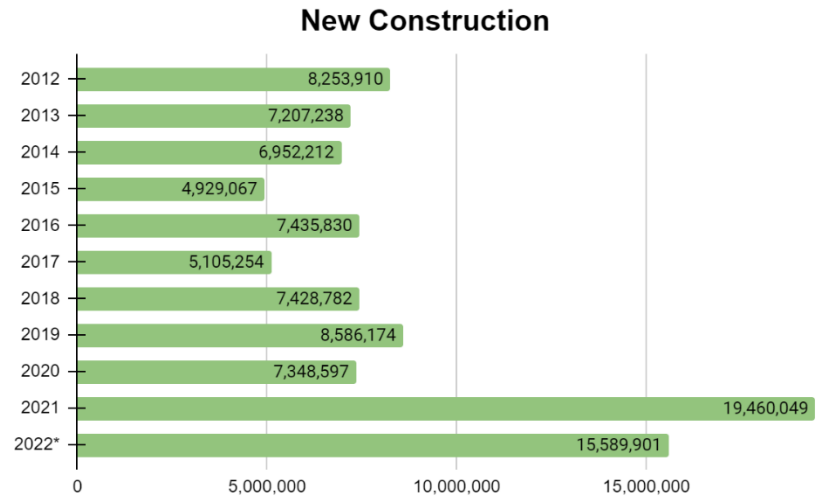


### What is The Property Tax Extension Limitation Law?

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.

### What is New Property?

New Property is property within the district boundaries that has been newly developed and initially assessed during the tax year. The chart below represents FSD79's new construction history. These properties are not included in the "tax capped" properties, therefore producing additional revenue without negatively impacting current taxpayers.



### What is an extension?

The total extension is the amount of money the school district receives. The County Clerk calculates the tax rate needed to raise the revenue certified by each school district in the County. Districts must request property tax revenue via the levy (no later than December of each year) with only knowing the estimated extension. The actual extension is calculated the following spring after the levy has been approved by the School Board. See the next question for more details.

### Why is the District proposing a levy which is higher than the limits of the Property Tax Extension Limitation Law?

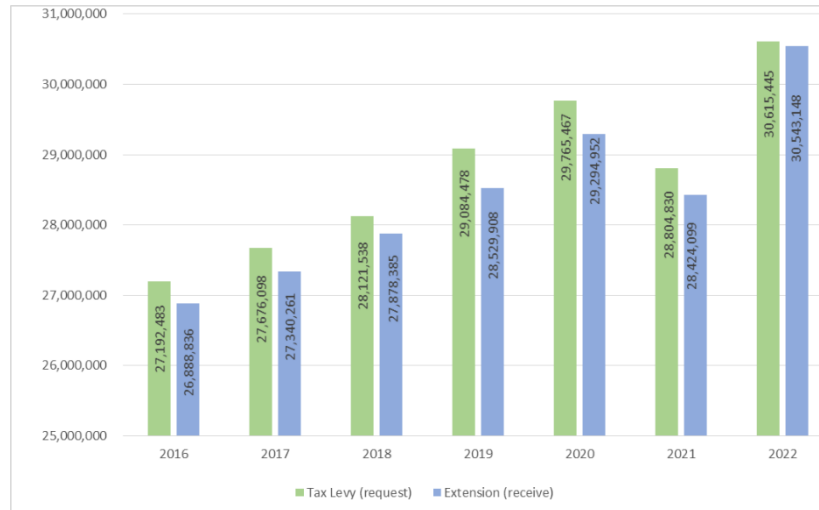
When the levy is required to be submitted, three very important facts that comprise part of the levy calculation are unknown to the School District:

- 1) The tax rate determined by the county assessor;
- 2) The New Construction in the district (EAV); and
- 3) Total EAV within the district boundaries

A district will request a rate higher than what might be anticipated in order to ensure they have the captured new growth/construction. Current taxpayers will not be taxed for more than the CPI or 5%, whichever is less.

### Do most districts levy for more than expected in their initial request?

Yes. In Lake County and throughout the Greater Chicago Suburban area for the same reason stated above. Lake County districts do not know the “New Rate,” “New Construction EAV,” or “Total EAV” at the time they must approve the levy. Below is a comparison between FSD79’s levy request and the actual amount granted for the past six years.



### Why doesn't the school district lower its levy?

The District's mission is to provide a level of education for its students that parents and the community expect. In 2022, FSD79 is prioritizing the following initiatives to advance our core mission and must levy revenue to support these initiatives:

1. Attract and retain the highest-quality educators and staff
  - The District must address its below-market salaries, which is inhibiting our goals in this area.
  - The teachers' salary schedule has not changed in seven years.
2. Implement a free Full-Day Kindergarten for ALL students
  - Currently, students must pay tuition to access full-day kindergarten. All students should benefit from this programming.
3. Address ongoing facility maintenance
  - The District must maintain safe, secure, and well-maintained school facilities to ensure adequate learning and working environments. Deferred maintenance is more costly and can negatively impact the learning environment; therefore, the District minimizes deferred maintenance as much as possible.

Additionally, the federal and state governments also mandate several operational costs for public schools that they do not fund; these also represent fixed financial commitments.

**Why doesn't FSD79 use its fund balance?**

Fund balances are critical to ensuring strong credit. Additionally, fund balances may be used for major capital needs in long-term planning (ex. enrollment growth) to offset taxpayer impact. In other words, a fund balance postpones the need to ask the community for an increase via a referendum or issue a short-term debt to fulfill payment obligations. On an annual basis, the District may determine to use fund balances for targeted capital needs, but this is not a long-term source for project funding.

**How can a Bond Fund levy request decline between years?**

Annual levies to pay debt service on bonds are established at the time the bonds are approved by the voters. They may vary between years based on predetermined payment schedules and are reduced as bonds are paid off. The District paid off a bond in tax year 2021 which resulted in a lower tax due in 2022. The District currently has one outstanding bond and it is scheduled to be paid off in FY26.