

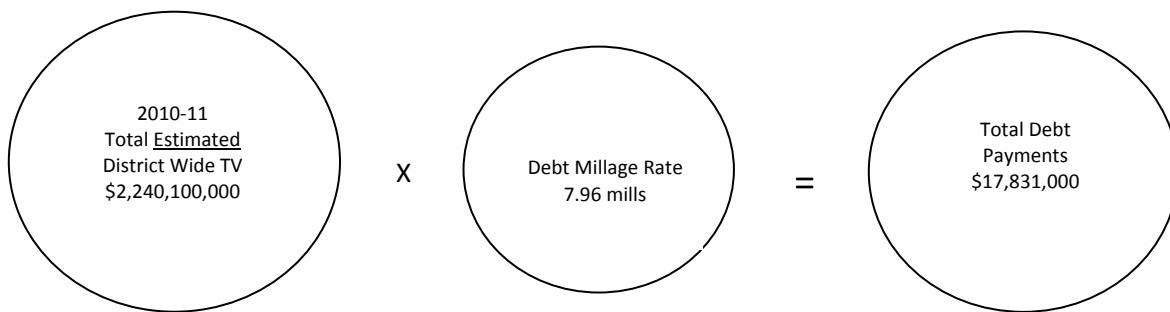
## Why did the school debt millage go up?

The debt millage of the school district is levied on the taxpayers to pay the principal and interest payments associated with voter approved bond issues. Voters approve only the bond dollar amount, not a millage amount. This is because the debt millage can vary year to year based on the changes in the overall tax base value and/or the bond payment schedule.

The reason for the change in the debt millage is because the debt payments (principal and interest) are fixed, similar to a home mortgage; therefore the district must by law set a debt millage rate high enough to generate the dollars necessary to meet the payment schedule, while also taking into account uncollectible delinquent taxes.

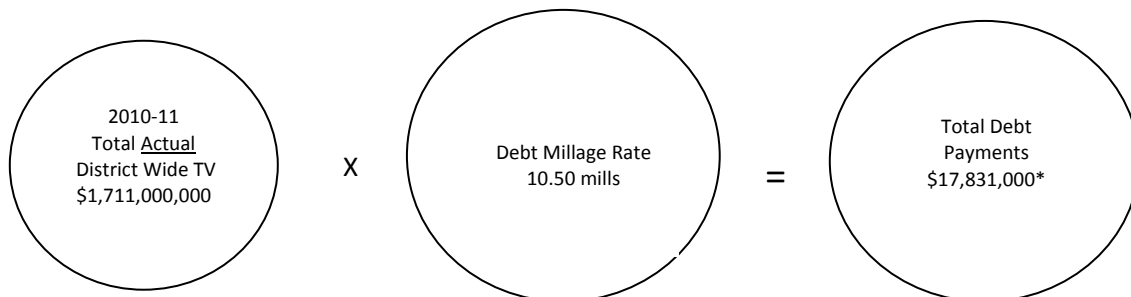
The district's taxable value (TV) is the total of all the taxable values of individual properties within the 83 square miles of the school district's boundary. The total taxable value of the district is divided by 1,000 and then multiplied by the debt millage rate to get the total tax levy. Normally (assuming similar debt payments from year to year) the taxable value grows, which reduces the debt millage rate accordingly. In these unprecedented times of lowering taxable values, the debt millage must be increased to compensate for the corresponding loss.

Below depicts what would have occurred in 2010-11, had the district's total taxable value grown by the expected rate of 5% annually for the previous three years:



In this example, the debt millage would have actually gone down from last year's rate of 8.50 mills.

Below shows what is occurring in 2010-11, since the taxable value change was significantly worse than expected, with actual changes of 1.1%, -1.0%, and -9.5% for the previous three years:



\* levy is slightly higher for anticipated delinquencies

Even though the total debt payments remain the same, since the total taxable value is significantly lower, the millage rate must be increased to offset the taxable value loss.

## What does all this mean to your tax bill?

In these hard economic times, any increase in tax rates can be difficult and painful for taxpayers. However, even though the school debt millage is increasing to 10.50 mills, many homeowners have had their taxable values reduced over the past few years, which means they may not be paying more actual dollars than they would have been paying had their taxable values continued to increase in value as they had in the past.

More questions? Please feel free to email James Graham, Asst. Supt. For Business and Finance at [grahamj@slcs.us](mailto:grahamj@slcs.us)