

## EXPLANATION OF SCHOOL TAXES 2008

### CAPITATION TAX:

A tax of \$15 is charged to each adult resident of the Lake Forest School District who is currently 18 years of age or older. Currently, \$10 of this tax is applied to current operating expenses while the remaining \$5 is applied to debt service.

### PROPERTY TAX:

A property tax is charged to all owners of property within Lake Forest School District. This tax is based upon the assessed value of the property and is expressed in dollars and cents per \$100 of assessed value. The total property tax rate is currently \$1.2263 / \$100 of assessed value and is divided into the following four distinctly separate categories:

1. Current Operating Expenses: This tax rate is currently \$0.697/ \$100 of assessed value. These taxes are used to pay operating costs, such as teaching materials, supplies, local salary, textbooks, and insurance. This tax rate is set by referendum.
2. Debt Service: This tax rate is currently \$0.17/ \$100 of assessed value. These taxes are used to pay the principal and interest associated with bonds sold for major capital improvements such as new construction, additions, and renovations. Voters must authorize the issue of bonds through a referendum. The Board of Education annually sets the debt service tax rate in order to meet bond payments.
3. Match Tax: This tax rate is currently \$0.0793/ \$100 of assessed value. This tax is broken into 3 components Minor Capital Improvements, Technology and Minner Match.
  - a. Minor Capital Improvements (MCI): This tax rate is currently \$0.0339/ \$100 of assessed value. These taxes are used to maintain our aging facilities and to ensure compliance with health and safety standards. The State provides \$6 for every \$4 the local taxpayers provide, up to a ceiling amount. The Board of Education sets the minor capital improvement rate annually based upon anticipated needs and the amount of state funding available.
  - b. Technology: In Fiscal Year 1999 the State created a 3-year allocation of funds for school districts to procure technology. The State provides these funds only upon receipt of matching local funds. The ration is \$8 of state funding for every \$2 of local funding, up to a ceiling amount. This tax rate is currently \$0.0193/ \$100 of assessed value. The Board of Education sets this rate within the Minor Capital Improvements rate based upon the amount of state funding available.
  - c. Minner Math and Reading Specialists: In Fiscal Year 2008, the district opted to maximize our current local funds and utilize this tax authorized by Del Code Title IV, Section 1902 (b). These taxes are used to match the local portion of salary for the Math and Reading Specialists allocated through the budget bill. The state provides for 70% of the specialists' salary through state funding. This tax rate is currently \$.0261/ \$100 of assessed value. The Board of Education sets this rate within the Minor Capital Improvements rate based upon the amount needed to match the state salary of the 5 positions.
4. Tuition: The tax rate is currently \$0.28/\$100 of assessed value. Tuition taxes are used to pay tuition costs of Lake Forest School District students who must attend special schools within and outside of the state. Examples include the Sterck School for the Hearing-Impaired, Intensive Learning Centers, and Residential schools. The Board of Education sets this tax rate annually based upon anticipated needs of the student body.