

**LEVELLAND INDEPENDENT SCHOOL DISTRICT
BOARD OF EDUCATION**

Date: 7/19/2012 Presented By: Nick Williams
Subject: FY 13 Proposed Budget &
2012 Proposed Tax Rate Related Page(s) None

ACTION

BACKGROUND INFORMATION

Fiscal Year 13 Proposed Budget

The Administration will present the FY 13 Proposed Budget (Revenue & Expenditure Estimate) for board review at the meeting. This will begin the formal FY13 Budget Adoption Process. It is still very tentative and subject to modification.

As you are aware, personnel changes are a necessary part of the summer activity in preparation for school to begin. Every personnel change presents a circumstance that may or may not impact on the Budget.

There are many other factors that impact the Budget. Three factors that are significantly impacting the Proposed FY13 Expenditure side of Budget to this point are:

1. The discontinuance of the Edu-Jobs Program which has provided funding for teacher salaries in the amount of \$523,000. The funding for those salaries now has to come from the General Operating Budget
2. Your directive earlier this year providing salary increases of 3% for the LISD staff at a cost of just under \$600,000.
3. The inclusion of \$150,000 to provide for a discretionary (should funds be available) stipend.

We will be working with Doug Karr on Friday, July 13 to refine State & Local Revenue estimates for FY12 so we can approximate our total revenue earned for the 2011 – 2012 school year and refine our projections for FY13. This is done via the State Funding Templates. Currently, the revenue projections for FY12 are exceeding the amounts we have budgeted.

In the past you have held workshops to review and modify the budget. If you desire we can set times for workshops and we will be happy to accommodate that. If you have any questions about the proposed budget, feel free to come in and discuss it with either Kelly or myself. We will be more than happy to respond to your questions and comments

Proposed Tax Rate

The Truth in Taxation process requires the Board to hold a Budget and Tax Rate hearing. Truth in Taxation also requires a notice of that meeting to be published no more than 30 days, nor less than 10 days prior to that meeting.

We are proposing that you set that hearing date as your August 16, Board meeting; further that you direct us to publish that notice with a proposed tax rate. We will have that rate calculated and ready to present to you at the meeting. This is possible because the Hockley County Appraisal Review Board will certify the 2012 Property Values at their meeting which will occur this next Thursday morning.

You recall that you have reduced the district's debt service through two refunding processes this past fall and just recently. Vince Vialle will be on hand Thursday night to review this most recent refunding action. So the amount of tax revenue to service the bonds is reduced. In addition to that, we also anticipate an increase in property tax values. The two factors work together and will result in a reduction in the Interest and Sinking tax rate for 2012 which will necessarily reduce the total 2012 tax rate. The Maintenance & Operation Rate is limited to \$1.04 and this rate will need to be set at this level. This will mean the proposed tax rate will be less than last year's rate. The notice we are proposing to publish will set the upper limit on the tax rate you can approve at the August meeting.

It will be challenging to adopt a balanced Maintenance & Operation budget this year under these circumstances. However, our projections for ending the current (FY12) indicate we will be adding to fund balance which will offset any utilization of fund balance for FY13

To summarize, the events and actions we are suggesting.

July 19, 2012

Tax Values Certified
Calculation of Proposed Tax Rate
Approve the Publication of
the Notice for Hearing on Budget and Tax Rate

August 16, 2012

Conduct Budget Hearing
Conduct Tax Rate Hearing
Adopt FY 2013 Budget
Adopt the 2012 Tax Rate

ADMINISTRATIVE RECOMMENDATION

We recommend you set the Budget and Tax Rate Hearing date for August 16, 2012. That notice will contain a tax rate we will calculate immediately following the Certification of the Appraisal Roll. That rate will set the upper limit of a tax rate you can adopt at the regular August meeting.

Set the date for the Budget and Tax Rate Hearing as August 16 containing a proposed tax rate as calculated and presented.

BOARD ACTION REQUIRED

Approval/Disapproval