



BOARD OF SCHOOL TRUSTEES

## KELLER INDEPENDENT SCHOOL DISTRICT

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**3A. Action**

**Date: September 12, 2005**

**SUBJECT: APPROVAL OF TAX LEVY ORDINANCE FOR 2005-06 FISCAL YEAR**

**BOARD GOAL: Budget and Finance**

**FISCAL NOTE: Revenue from Local Taxes**

### **Background Information:**

1. Tax rate must be set before September 30.
2. Required Ordinance to set tax rate
3. The Ordinance must include the individual and combined rate to be set.
4. The recent 79<sup>th</sup> Legislature enacted a law that has been interpreted by the comptroller's office to require all taxing entities to calculate an effective tax rate and make a statement in the adopted ordinance, the motion to approve and a web posting to include a statement if the tax rate will exceed the effective maintenance and operation tax rate.

### **Administrative Considerations:**

1. There are three options for the Maintenance and Operations Tax Rate to support the 2005-2006 budget. All three options will exceed the effective tax rate as defined by SB18 of the 79<sup>th</sup> Legislature.
  - a. Adopt the published proposed rate of \$1.4511, with the excess revenue to go to fund balance.
  - b. Adopt the rate that will fund the adopted budget at \$1.4384 with no excess funds.
  - c. Adopt the same rate as 2004-2005 at \$1.4336 and utilize \$359,630 of the district's fund balance. Currently, before closing the 2004-2005 school year the fund balance is approximately \$26 million.
2. Set the Debt Service Tax Rate at \$0.2822 and utilize \$2,463,940 from the Debt Service fund balance to support the district's 2005-2006 fiscal year obligation for previously approved bonds voted by the public including the 2005 bond issue.

3. Set a combined tax rate as set forth in one of the options below for the 2005-2006 fiscal year.
  - a. The published proposed combined rate of \$1.7333 (\$1.4511 for Maintenance and Operations and \$0.2822 for Debt Service).
  - b. The rate that will fund the budget without fund balance of \$1.7206 (\$1.4384 for Maintenance and Operations and \$0.2822 for Debt Service).
  - c. The combined rate of \$1.7158 and utilize \$359,630 of fund balance for the Maintenance and Operation Fund (\$1.4336 and a rate of \$0.2822 for Debt Service).

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**The administration recommends the Board of Trustees approve the Tax Levy Ordinance for the 2005-2006 school year that establishes the combined tax rate at \$1.7158 of which \$1.4336 will be for Maintenance and Operations and \$0.2822 will be for Debt Service and use \$359,630 of the Maintenance and Operations fund balance for Maintenance and Operations and \$2,463,940 of Debt Service Fund Balance for Debt Service.**

Respectfully submitted,

Kent Morrison  
Chief Financial Officer