



## **ALEDO ISD BOARD MEETING TEMPLATE**

**MEETING DATE:** July 15, 2019

**AGENDA ITEM:** 2019-2020 Budget and Tax Rate Update

**PRESENTER:** Earl Husfeld, Chief Financial Officer

### **BACKGROUND INFORMATION:**

- Per Section 44.002 of the Texas Education Code, “the Superintendent shall prepare, or cause to be prepared, a proposed budget covering all estimated revenue and proposed expenditures of the District for the following fiscal year.”
- The budget must be prepared according to generally accepted accounting principles, rules adopted by the State Board of Education, and adopted policies of the Board of Trustees.
- Budgets for the General Fund, the Child Nutrition Fund, and the Debt Service Fund must be included in the official district budget and must be adopted by August 31.
- As noted in the June 2019 monthly financial reports for the 2018-2019 fiscal year, revenues to date are meeting, and in some cases exceeding, budget projections. Expenditures to date are also meeting budget projections.
- As we discussed during the June 12 budget workshop and June 17 board meeting, House Bill 3 is the significant school finance legislation passed during the recent legislative session and signed by the Governor on June 11.
- The implementation of HB 3 involves many aspects that must be determined by the Texas Education Agency and other groups in the coming months.
- This evening we are sharing with you preliminary information related to the projected 2019-2020 tax rate based upon information received to date.
- We will continue to share updated information with the Board and Community as it becomes available.

### **FISCAL INFORMATION:**

None at this time – Informational Report

### **ATTACHMENTS:**

Texas Education Agency Information Related to Setting Tax Rates

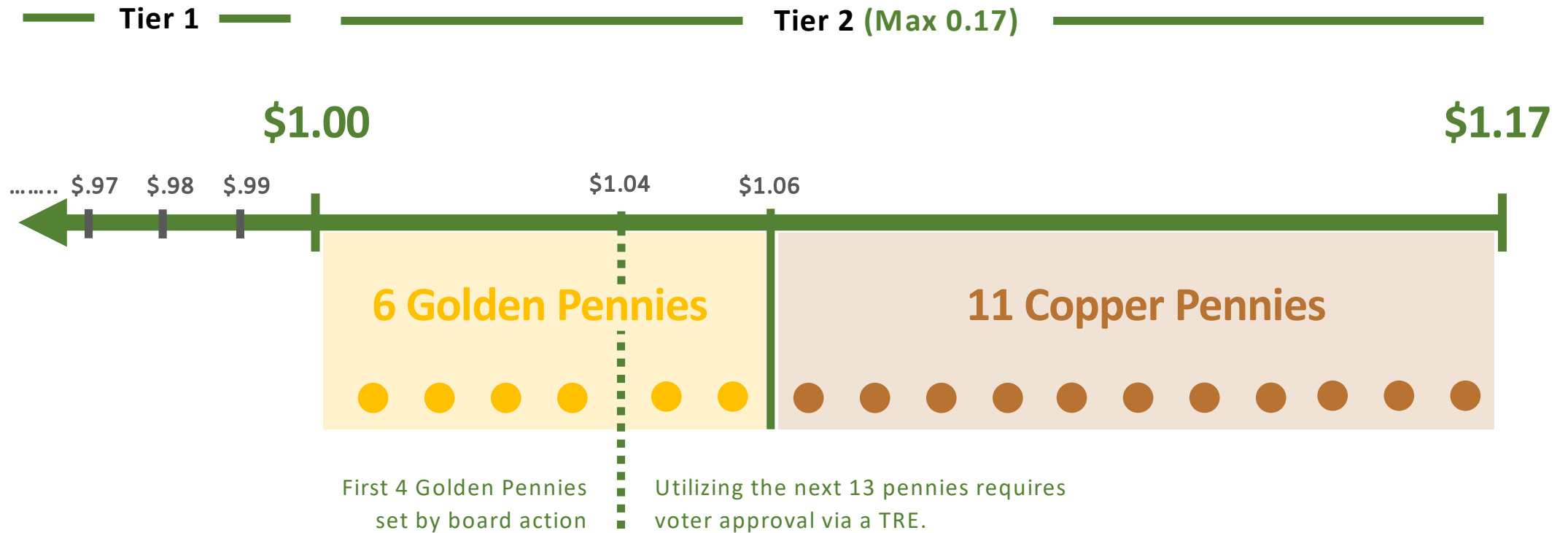
### **ADMINISTRATIVE RECOMMENDATION:**

None at this time – Informational Report

# Components of Maintenance and Operations Tax Rate



## Prior Law







# 2019 tax rate examples: Example 3

## District at \$1.17 in TY 2018

Districts adopted TY 2018 M&O Tax Rate	1.1700
Enter any additional tax rate adopted in TY 2018 in response to a disaster here (for 5 cents enter .05)	0.0000
Districts TY 2019 tax rate before compression	1.1700
2019-2020 school year Tier one tax rate (TR)	0.9300
2019-2020 school year Golden pennies	0.0800
2019-2020 school year Copper pennies	0.0584
2019-2020 Additional Unequalized pennies for districts authorized by special law	0.0000
<b>Total (adopted tax rate)</b>	<b>1.0684</b>
<b>Voter Approval (Rollback) tax rate for 2019</b>	
Section 26.08 (n) (A) State compression percentage times \$1.00	0.9300
(B) (i) Districts 2018 M&O rate minus \$1, minus any amount by which the district is required to reduce the enrichment tax rate	0.1384
(B) (ii) 4 cents	0.0400
<b>Voter Approval tax rate (line 13 + greater of line 14 or line 15)</b>	<b>1.0684</b>

Can this district raise its tax rate? **No**

# Frequently Asked Questions

## **Frequently Asked Question (FAQ):**

How many decimals can my tax rate contain?

## **Answer:**

Although a district can adopt a tax rate with a greater number of decimals, the agency, in calculating funding under the FSP, will round down to 4 decimal places e.g. (1.0684).

This has been long-standing agency practice.

## **Key Point:**

Tax rates with more than 4 decimals will not have the additional fractions of a penny recognized for state funding purposes.

# Preliminary TY 2020 Tax Rate Information

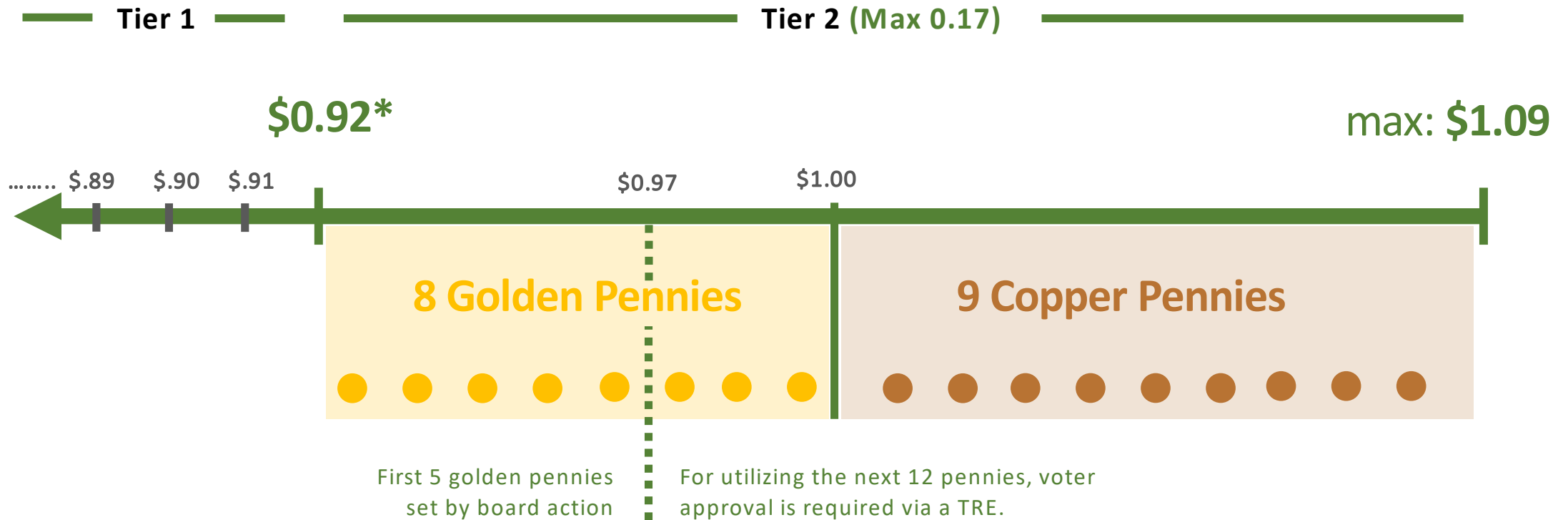


# Tier One M&O Rates Continue to Decline



## HB 3 Year 2 (FY2021)

1. 2.5% Compression begins on Tier One
2. TRE threshold increased by one penny



\* Assumes statewide or local property value growth in excess of 2.5%