



BOARD OF SCHOOL TRUSTEES

KELLER INDEPENDENT SCHOOL DISTRICT

4C. Action

Date: August 28, 2006

SUBJECT: APPROVAL OF TAX LEVY ORDINANCE FOR 2006-07 FISCAL YEAR

BOARD GOAL: All systems in the Keller Independent School District will be effective, efficient and accountable in support of the district's mission.

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 79th 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 tax rate.

Administrative Considerations:

1. The effective tax rate for the 2006-2007 fiscal year is \$1.6670. The tax rate recommended to be adopted is \$1.6080 and will not exceed the effective rate.
2. There are three options for the Maintenance and Operations Tax Rate to support the 2006-2007 budget. All three options will not exceed the effective tax rate as defined by SB18 of the 79th Legislature.
 - a. Adopt the published proposed rate of \$1.3111, with the excess revenue to go to fund balance
 - b. Adopt the rate that will fund the adopted budget at \$1.291 with no excess funds
 - c. Adopt a lesser rate than \$1.291 with a corresponding use of fund balance to balance the budget. Currently, before closing the 2006-2007 school year the fund balance is approximately \$31 million.
3. Set the Debt Service Tax Rate at \$0.2969 and utilize \$2,401,858 from the Debt Service fund balance to support the district's 2006-2007 fiscal year obligations for previously approved bonds voted by the public including the 2005 bond issue.

4. Set a combined tax rate as set forth in one of the options below for the 2006-2007 fiscal year.
 - a. The published proposed combined rate of \$1.6080 with additional revenue from the M&O rate committed to the M&O Fund Balance (\$1.3111 for Maintenance and Operations and a rate of \$0.2969 for Debt Service plus \$2,401,858 from Debt Service Fund Balance).
 - b. The combined rate that will fund the budget without additional revenue for the M&O fund balance of \$1.5880 (\$1.2911 for Maintenance and Operations and a rate of \$0.2969 for Debt Service plus \$2,401,858 from Debt Service Fund Balance).
 - c. The combined rate of less than what is needed to fund the M&O budget and the difference to be funded by the M&O Fund Balance (Unknown M&O rate plus M&O Fund Balance and a rate of \$0.2969 for Debt Service plus \$2,401,858 from Debt Service Fund Balance).
5. Because the dollars generated from this years rate will be greater than last years, additional wording will be required for the ordinance and the same wording will need to be posted on the district's web-site. The wording is as follows:
 - a. THIS TAX RATE WILL RAISE MORE TAXES FOR MAINTENANCE AND OPERATIONS THAN LAST YEAR'S TAX RATE.

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The administration recommends the Board of Trustees approve the Tax Levy Ordinance for the 2006-2007 school year that establishes the combined tax rate at \$1.6080 of which \$1.3111 will be for Maintenance and Operations and dedicate all excess revenues to the Maintenance and Operations Fund Balance and \$0.2969 will be for Debt Service and use \$2,401,858 of Debt Service Fund Balance for Debt Service.

Respectfully submitted,

Kent Morrison
Chief Financial Officer