

Dear Community Member,

An important part of your school district's work during this time of year is the adoption of the budget for the 2013-2014 fiscal year. The following provides a historical perspective on this issue as your Board of Trustees work toward setting the tax rate to support the District's budget.

- The tax rate of public school districts in Texas is divided between a Maintenance and Operations (M&O) component and an Interest and Sinking (I&S) component. The M&O component may only be used to pay for classroom materials, salaries for teachers and other employees, fuel for buses, utilities, and other day-to-day items used by the District. The I&S component may only be used to pay for the bond issues (debt) taxpayers have approved in prior years for the facilities we have in the District.
- In August of 2010, the taxpayers of the District approved a Tax Ratification Election (TRE) by a margin of 88% to 12%. The passage of this TRE resulted in a tax rate swap that did not change the District's total tax rate. In other words, the total tax rate of the District was \$1.4252 before and after the TRE.
- Passage of the TRE allowed the District to increase the M&O component of the tax rate by \$0.13 and decrease the I&S component by the same \$0.13. Therefore, the M&O component increased from \$1.04 to \$1.17 and the I&S component decreased from \$.3852 to \$.2552.
- Most importantly, this change to the M&O component was very beneficial for the District as it has allowed the District to avoid significant budget cuts. In today's environment of less state funding, this change will continue to be very important to the District.
- Since the passage of the TRE in August of 2010, the District has safely utilized various temporary measures to avoid increasing the I&S component back to the rate at the time of the TRE while successfully paying our annual debt obligations.
- For the District to maintain the flexibility to address the uncertainties facing Texas school districts, the time has come for the District to consider increasing the I&S component to the tax rate needed to pay for our annual debt commitments.
- The options under consideration by your Board of Trustees are the following: increase the I&S component by approximately \$0.13 in one year, phase in this increase over two years, or take no action.
- If the I&S component were to be increased \$0.13 in one year, property taxes on the average residence in Aledo ISD of \$250,000 would increase \$27.08 per month.

Your attendance is welcome at a public hearing to discuss the 2013-2014 budget and proposed tax rate at 7:00 PM on August 26th in the Board Room of the District's Administration Building. If you have questions or need additional information prior to the public hearing, please email them to Superintendent Derek City, Ed. D. at dcitty@aledo.k12.tx.us.