

**AGENDA OF SCHOOL DISTRICT SPECIAL MEETING
SCHOOL BOARD
RED OAK INDEPENDENT SCHOOL DISTRICT
Monday, August 29, 2022**

Notice is hereby given that a Special Meeting of the School Board of the Red Oak Independent School District will be held on Monday, August 29, 2022 beginning at 6:00 PM at Red Oak ISD Education Service Center, 109 West Red Oak Road, Red Oak, TX 75154.

The subjects to be discussed or considered, or upon which any formal action may be taken, are listed below. Items do not have to be taken in the same order as shown on the meeting notice.

1. CALL TO ORDER / ESTABLISH QUORUM
2. INVOCATION
3. PLEDGES OF ALLEGIANCE
4. OPEN FORUM 3
5. ACTION ITEMS 4
 - A. Consideration and Approval of 2022 Tax Rate and Resolution Setting
Tax Rate
Dr. Bill Johnston, CPA, Assistant Superintendent of Business Services / Chief
Financial Officer
6. CLOSED SESSION
 - A. Texas Government Code 551.071 - For the purpose of a private consultation with the Board's attorney on any and all subjects or matters authorized by law.
 - B. Texas Government Code 551.072 - For the purpose of discussing the purchase, exchange, lease or value of real property.
 - C. Texas Government Code 551.073 - For the purpose of considering a negotiated contract for a prospective gift or donation.
 - D. Texas Government Code 551.074 - For the purpose of considering the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee.
 1. Personnel Matters
 - E. Texas Government Code 551.076 - To consider the deployment, or specific occasions for implementation, of security personnel or devices.
 - F. Texas Government Code 551.082 - For the purpose of considering discipline of a public school child or children or to hear a complaint by an employee against another employee if the complaint or charge directly results in a need for a hearing.
 - G. Texas Government Code 551.0821 - Personally identifiable information of Public School students.
 - H. Texas Government Code 551.083 - For the purpose of considering the standards, guidelines, terms or conditions the Board will follow, or instruct its representatives to follow, in consultation with representative of employee groups in connection with consultation agreements provided for by Section 13.901 of the Texas Education Code.
 - I. Texas Government Code 551.084 - For the purpose of excluding witness or witnesses from a hearing during examination of another witness.
 - J. Texas Government Code 551.086 - For the purpose of considering economic development negotiations.
7. RECONVENE IN OPEN SESSION FOR ACTION RELATIVE TO CLOSED SESSION 1

8. ADJOURNMENT

If, during the course of the meeting, discussion of any item on the agenda should be held in a closed meeting, the Board will convene in such closed meeting in accordance with the Open Meetings Act, Government Code, Chapter 551, Subchapters D and E. Before any closed meeting is convened, the presiding officer will publicly identify the section or sections of the Act authorizing the closed meeting. All final votes, actions or decisions will be taken in open meeting.

Any person with a disability or special accommodation need should call 972-617-2941 no later than 10:00 a.m. on the scheduled meeting date.

This notice was posted in compliance with the Open Meetings Act on August 26, 2022 at 4:30 p.m.

Brenda Sanford, Superintendent
(For the Board of Trustees)

AUDIENCE PARTICIPATION SIGN-UP SHEET

Any person wishing to address the Board about a topic related to District business during the period reserved for public comment at a Board meeting must sign up to be heard, in accordance with District policy BED(LOCAL):

1. Each participant will be limited to two (2) minutes to make comments to the Board.
2. Under the Texas Open Meetings Act, the Board is not permitted to discuss or act upon any issues that are not posted on the agenda for tonight's meeting.
3. The Board has adopted complaint policies that are designed to secure, at the lowest possible administrative level, a prompt and equitable resolution of complaints and concerns. Each of these processes provides that, if a resolution cannot be achieved administratively, the person may appeal the administrative decision to the Board as a properly posted agenda item. For further information on those policies, please contact Kevin Freels, Assistant Superintendent of District Operations, for student issues, and Michelle Ailara, Assistant Superintendent of Human Resources, for employee issues at 972-617-2941. If the subject of your comment involves a pending grievance, please continue to seek resolution through the grievance process and address the Board only at the appropriate stage of that process.
4. Under the Texas Open Meetings Act, the Board may exercise its authority to discuss certain subject matters in closed session, including matters involving individual District staff members and individual students. If your comment concerns one of these subjects, please address your concern through the complaint policies described above.
5. Finally, please be aware that rules of decorum will be enforced during the public comment period. Personal attacks, name-calling, and rude or slanderous remarks will not be tolerated. Each participant is legally responsible for the content and consequences of his or her own statements.

Please fill in the information requested below if you wish to address the Board during the public comment period:

Name _____

Address _____

ROISD Campus Your Child(ren) attends _____

School District of Residence _____ Telephone _____

Topic/ Agenda Item _____

2022 Tax Rate Adoption

Presented for:

Board Action X Report/Review Only

Supporting documents:

None Attached X Provided Later

Contact Person:

Dr. Bill Johnston, CPA, Assistant Superintendent of Business Services/Chief Financial Officer

Background Information:

On June 13, 2022, the District held a Public Hearing on the 2022-2023 Budget and the Proposed Tax Rate. The Board approved the Budget at the School Board Meeting also held on June 13, 2022. Since the M&O tax rate is dependent on certified values that are not finalized at the time of the Budget adoption, the adoption of the tax rates was not presented in June. At the time, it was shared that the approval of the 2022 tax rates would occur in August or September.

As part of the 86th Legislative Session, the Texas Property Tax Reform and Transparency Act of 2019, or Senate Bill 2 was passed that implemented significant changes to the setting of local tax rates. Starting in the 2019 tax year, school districts will be required to reduce the maintenance and operations (M&O) tax rate each year if the growth of property values within the District is greater than the State’s determination of the statewide average growth. For the 2022 tax year, the State is using the average State property growth of 4.63% in the calculation, which is greater than 2.5%, so the M&O tax rate will decrease. The goal under House Bill 3 (HB 3) is to lower school district property taxes and include any loss of tax revenue in the Foundation School Program funding.

Last year’s Maintenance and Operations (M&O) tax rate was \$0.9603. The prior year M&O tax rate was \$0.9939. The Interest & Sinking tax rate is not impacted by the new law. Districts are supposed to determine their tax revenue and any tax rate adjustments based on the July Certified property values. By the end of July, the District has to submit the July Certified Property Values from the Ellis County Appraisal District (CAD) to Texas Education Agency (TEA) so they could determine our maximum M&O compressed tax rate.

Texas Tax Code § 26.05 states that a school district’s governing body must adopt a tax rate through official action by the end of September or sixty (60) days after the certified values have been received from the County Appraisal District, whichever is later. Based on the growth in the property values of over 20% for this year, the M&O tax rate is being reduced to \$0.9429 (a 1.8% reduction) and is \$0.0174 cents less than the 2021 M&O tax rate. The total tax rate that is being recommended for adoption is \$1.2910 and is \$0.0346 cents or approximately 2.6% less than the total 2021 tax rate. The M&O tax rate is the same tax rates used in the 2022-2023 adopted budget and the I&S tax rate is \$0.0346 less than what was budgeted. The Red Oak ISD M&O tax rate is at the lowest compressed tax rate authorized by TEA.

As part of the Texas Property Tax Reform and Transparency Act of 2019 additional tax calculations need to be made public to taxpayers. One is the no-new-revenue tax rate. The proposed rate is higher than the no-new-revenue tax rate of \$1.0832 (previously called effective tax rate) and does not exceed the voter-approval tax rate of \$1.2910 (previously called the rollback tax rate).

The no-new-revenue tax rate is the tax rate for the 2022 tax year that will raise the same amount of property tax revenue from the same taxable properties in both the 2021 tax year and the 2022 tax year. The caveat is that the calculation does not take into consideration the growth in taxable property values between the two (2) years. The growth in property values for the same property from 2021 to 2022 is 22.71%. The voter-approved tax rate is the highest tax rate that may be adopted without holding an election to seek voter approval of the rate.

Although the Red Oak ISD's tax rate has gone down by over 19% over the four (4) years, including the 2022 tax year, the overall property values in Ellis County have continued to go up due to more taxable property being developed and the escalation in the housing market. Under the Foundation School Program funding model, if the State certified taxable property values increase, the amount of state funding will decrease. Also, if the District does not adopt the tax rate approved by TEA, additional reductions in state funding will occur. In order to provide a balanced budget, based on the reduction in state funding, the voter-approved tax rate needs to be adopted to maintain adequate funding for the 2022-2023 school year.

If the no-new-revenue tax rate is lower than the proposed tax rate, additional language is required in the resolution to adopt the tax rate. It must state that the adopted tax rate will raise more taxes than last year's rate and include the percent difference between the proposed M&O tax rate and the M&O no-new-revenue tax rate. The M&O no-new-revenue tax rate is 16.77% less than the proposed tax rate and the impact on a \$100,000 home is \$158.10 more taxes than the no-new-revenue tax rate. This increase is due to the increase in property values, not the tax rate, which has decreased from last year.

The Ellis County Tax Office assisted the District in calculating the no-new-revenue and voter-approval tax rates. In June, the School Board designated the Chief Financial Officer as the responsible party for managing the no-new-revenue and voter-approval tax rates and then posting this information to the Ellis County's online database.

Fiscal Implications:

Fiscal implications for setting a tax rate of \$1.2910 will generate the following estimated tax revenues:

Maintenance & Operations	\$0.9429	\$29,399,668
Interest & Sinking	\$0.3481	\$10,853,775

Administrative Recommendation:

Administration recommends the School Board adopt the Resolution Setting a Tax Rate establishing the 2022 tax rate of \$1.2910 (\$0.9429 for maintenance and operations and \$0.3481 for interest and sinking) per \$100 of property value.

I move that the property tax rate be increased by the adoption of a tax rate of \$1.2910, which is effectively a 16.09% increase in the tax rate.

Resolution Setting the Tax Rate
Red Oak Independent School District
August 29, 2022

On this date, we, the School Board of Red Oak Independent School District, hereby levy or set the annual ad valorem tax rate for the 2022 year on \$100 valuation by setting specific applicable to all real, personal and mixed property situation within the District at a total of \$1.2910, to be assessed and collected by the duly specified assessor and collector as follows:

\$0.9429 for the purpose of maintenance and operation; and
\$0.3481 for the purpose of payment of principal and interest on debts.

Such taxes are to be assessed and collected by the tax officials designated by the District.

Since this year's levy to fund maintenance and operations expenditures exceeds last year's maintenance and operations tax levy, by law the following statement must be included in the resolution.

THIS TAX RATE WILL RAISE MORE TAXES FOR MAINTENANCE AND OPERATIONS THAN LAST YEAR'S TAX RATE.

THE TAX RATE WILL EFFECTIVELY BE RAISED BY 16.77 PERCENT AND WILL RAISE TAXES FOR MAINTENANCE AND OPERATIONS ON A \$100,000 HOME BY APPROXIMATELY \$158.10.

IN CERTIFICATION THEREOF:

John Anderson, Board President
Red Oak Independent School District

ATTEST:

Brian Sebring, Board Secretary
Red Oak Independent School District