

WALLER ISD BUDGET HIGHLIGHTS FOR FISCAL YEAR 2009-2010

Legislation

House Bill 1 as adopted by the 79th Texas legislature had significant impact on property taxation and teacher compensation to name a few. The impact on teacher compensation is addressed in the next section below. The impact upon property taxation was to compress maintenance and operations tax rates to 88.68% of the actual 2005 adopted rate for the 2006 tax year. Then further compression to \$1.00 in the 2007 tax year. School districts were required to set their maintenance and operation tax rates to the compressed rate. For Waller ISD this amounted to \$1.33 [\$1.50 X 88.68] in FY 2006-2007 and further compression to \$1.00 in 2007-2008. HB1 then allowed local districts to add four (4) additional cents to that tax rate which was in turn equalized by the State of Texas to a very high level. For Waller ISD the four additional cents of taxation generated approximately \$626,609.00 Tier Two state revenue. Coupled with the \$452,000.00 in local tax revenue the four "super" pennies generated a total revenue enhancement of \$1,078,609.00. The proposed Maintenance and Operations (M & O) for FY 2009-2010 is \$1.04. HB 1 also set a "targeted revenue amount" per Weighted Average Daily Attendance (WADA). This targeted revenue amount is calculated based upon funding factors that were determined in the 2005-2006 fiscal year. Said factors take into account hold harmless provisions, tax levies, WADA, Tier 1 and Tier 2 revenue calculations and other factors. The targeted revenue is applied to the WADA earned in the current fiscal year (FY 2009-2010) to determine the total state and local revenue. Any increases in local value due to appraised value increases or new property additions will not favorably impact the Waller ISD. Said value increases will increase local tax revenue through the normal taxation process but will decrease the amount of state aid Waller ISD is to receive by an equal amount. Essentially the target revenue provides a ceiling on the amount of revenue Waller ISD can expect going forward. The only factor that will provide any type of significant increase in revenue is increases in WADA.

The Fiscal Year 2009-2010 budget includes the following:

A beginning bachelors degree teaching salary of \$44,000.00. The increase in the teacher, counselor, nurse, librarian and speech pathologists' salary schedule was mandated by legislation passed during the 85th legislative session in 2009.

A teacher with a masters degree will have a starting salary of \$45,000.00.

All teachers, counselors, nurses, librarians and speech pathologists will receive a minimum of a \$1,000.00 salary increase

Master Degree Teachers will see a \$1,100.00 increase in 2009-2010.

Due to budget constraints all other staff and personnel except those specifically required by the 81st legislative session [listed above] will receive NO pay increase at the time this document was being prepared.

Projected Taxable Value of \$1,601,664,608.00. (CPTD Certified Value for 2008 = \$1,477,260,658.00)
An increase of \$124,403,950.00 or 8.42%.

Effective September 1, 2008, the portion of the Waller Independent School District that physically resided within Harris County, Texas, was required to be appraised for school property value purposes by the Harris County Appraisal District. This area comprises approximately 37% of the total property value of the Waller ISD.

At the time this document was being prepared the Waller County Appraisal District had certified its value by the deadline as required by the Texas Property Tax Code. The Harris County Appraisal District had not. The projected date of final certification by HCAD was August 28, 2009.

A maintenance and operation [M & O] tax rate of \$1.04 per \$100.00 of valuation is being proposed for the 2009-2010 school year. This is the same rate adopted in the 2008-2009, school year and the preceding years as follows:

[2009-2010 = \$1.04]
[2008-2009 = \$1.04]
[2007-2008 = \$1.04]
[2006-2007 = \$1.37]
[2005-2006 = \$1.50]

This represents a decrease of \$.46 over a four year period of 30.67%.

Such things as personnel costs, utilities, insurance, supplies, fuel and security are supported by the maintenance and operations tax levy.

The Interest and Sinking Fund tax levy is required to fund the debt service on taxpayer approved bonded indebtedness.

The Interest and Sinking Fund Tax Rate proposed for the 2009-2010 school year is \$.40 per \$100.00 of valuation. This is an increase of two pennies over the I & S rate for fiscal year 2008-2009.

The I & S tax rate over the prior four (4) years and proposed is as follows:

[2009-2010 = \$.40]
[2008-2009 = \$.38]
[2007-2008 = \$.24]
[2006-2007 = \$.32]
[2005-2006 = \$.38]

The proposed combined tax rate for the Waller ISD in 2009 will be \$1.44 per \$100.00 of valuation

The approved combined tax rate for the Waller ISD in 2008 was \$1.42 per \$100.00 of valuation

The combined tax rate over the prior four (4) and proposed is as follows:

[2009-2010 = \$1.44]
[2008-2009 = \$1.42]
[2007-2008 = \$1.28]
[2006-2007 = \$1.69]
[2005-2006 = \$1.88]

The increase in the interest and sinking fund tax rate is directly related to the sale of \$49,290,000.00 of Unlimited Tax School House Bonds in 2008. The debt service requirement (Principal and Interest) is essential to service the debt payments [principal and interest] related to said bonded indebtedness.

In March of 2008 Waller ISD made application for funding for the Waller ISD debt through the Instructional Facilities Allotment (IFA) for assistance for Turlington Elementary School and . the instructional additions and renovations to Schultz Junior High School. Depending up the amount of funds appropriated by the State of Texas and the relative wealth levels of the other applicants Waller ISD may or may not receive any funding through the IFA. Waller ISD may be in line for debt service funding through the Existing Debt Allotment [EDA]. As with the IFA the amount appropriated by the State of Texas will have a significant bearing upon whether or not Waller ISD receives any funding at all. The IFA and EDA are programs that the State Legislature has initiated to assist school districts in paying for facilities. Prior to these programs all building construction costs or renovation costs were born exclusively by the local taxing jurisdictions. Both programs have suffered in recent years due to inadequate funding by the state legislature. Preliminary estimates indicate that Waller ISD will receive \$660,440.00 in Existing Debt Allotment [EDA] in FY 2009-2010 and \$224,663.00 in Instructional Facilities Allotment [IFA] in FY 2009-2010. Funding assistance through both the IFA and the EDA are for instructional facilities only. Non-instructional facilities such as athletic facilities, administrative or support facilities such as transportation or maintenance facilities do not qualify for neither the IFA nor the EDA.

As the Waller ISD is opening a new campus in the 2009-2010 school year (Turlington Elementary) application can and was made in a timely manner for further assistance under the New Instructional Facilities Allotment [NIFA].

NIFA funding is state funded assistance for the costs associated with opening a new instructional facility. The projected amount of funding under this program for the 2009-2010 fiscal year is \$250 per ADA. The estimated amount for Turlington Elementary is \$143,404.00.

A projected tax collection rate of 93% for the current year tax levy

A overall tax collection rate of 100% is projected for the 2009 tax year

STUDENT ENROLLMENT

The State of Texas funds all public schools in essentially the same manner.

The primary basis for receiving state aid to public education is commonly referred to as Weighted Average Daily Attendance [WADA]. This factor is arrived at on a daily basis using the number of students enrolled who are actually in attendance on a given school day, adjusted further by the various weights assigned by TEA to special catagories of students, such as special education, vocational courses, Limited English Proficiency, Low Socio Economic status, etc. Student enrollment drives over 95% of all funding for public education.

A 1% increase or decrease in refined WADA at Waller ISD equates to approximately \$165,153.00.

The growth in student enrollment for purposes of projecting state foundation aid is projected at 2.23% Projected Weighted Average Daily Attendance (WADA) for the 2009-2010 fiscal year is 6436.356.

The final 2008-2009 ADA was 4838.269. The final WADA is 2008-2009 was 6295.930.
 The final ADA in 2007-2008 was 4754.914. The final WADA in 2007-2008 was 6230.029.
 The final WADA in 2008-2009

This projected WADA increase amounts to raw increase of 140.426 WADA or a percentage increase of 2.23%.

(Final 2007-2008 WADA = 6266.586, a 0.5% increase over the 2006-2007 fiscal year)

REVENUE

The projected taxable value for tax year 2009 (the 2009-2010 fiscal year for school funding purposes) as received from the Waller County Appraisal District and the Harris County Appraisal District is \$1,601,664,608.00.

The Final CPTD (Comptroller's Property Tax Division) Value (T2) for 2008 was \$1,477,260,658.00, the projected 2009 value would result in an increase in taxable property value of \$124,403,950.00 or 8.42%. The value as determined by the CPTD for the last eleven (11) years is as follows:

WALLER ISD TAXABLE VALUE AS ASSIGNED BY THE TEXAS STATE COMPTROLLERS PROPERTY TAX DIVISION

FISCAL YEAR	VALUE ASSIGNED [OR ESTIMATED]
2009**	\$1,601,664,608.00
2008	\$1,477,260,658.00
2007	\$1,359,065,678.00
2006	\$1,235,209,506.00
2005	\$1,093,308,344.00
2004	\$999,645,664.00
2003	\$933,077,786.00
2002	\$830,002,317.00
2001	\$797,683,514.00
2000	\$704,541,354.00
1999	\$614,328,469.00
1998	\$565,982,103.00
1997	\$539,845,972.00
1996	\$493,134,962.00

** Value as produced by the Waller County Appraisal District and the Harris County Appraisal District as of August 24, 2009
 As a result of recently enacted legislation Waller ISD is now required to receive

property values from the respective county appraisal districts where said property physically resides. Waller CAD certified its value on July 27, 2009, Harris CAD is projecting their certification of property value by August 28, 2009. The Harris CAD portion of the value given above is based upon the best information available to Waller ISD as of August 17, 2009.

Such things as personnel costs, utilities, insurance, supplies, fuel and security are supported by the maintenance and operations tax levy.

The major revenue sources for the Waller ISD are local taxes as described above and state foundation aid. The revenue that Waller ISD receives from the State of Texas in the form of state foundation aid and per capita are directly correlated to student enrollment and attendance. The key terms in describing state aid and how it is calculated is Target Revenue and WADA.

During the fiscal 2009-2010 it is projected that Waller ISD will generate a current year deficit [expenditures in excess of revenues] in the interest and sinking fund of approximately \$142,493.00. The projected appropriation for the 2009-2010 fiscal year in the interest and sinking fund is \$7,584,828.00. Estimated revenues from all sources in the I & S Fund total \$7,442,335.00. The taxes levied by the interest and sinking tax levy are dedicated by law to the payment of voter approved debt and no other purpose.

The projected tax collection rate for current year taxes is set at 93%. This collection rate is consistent with the past seven fiscal years.

GENERAL INFORMATION

The State of Texas funds all public schools in essentially the same manner.

The primary basis for receiving state aid to public education is commonly referred to as Weighted Average Daily Attendance [WADA]. This factor is arrived at on a daily basis using the number of students enrolled who are actually in attendance on a given school day, adjusted further by the various weights assigned by TEA to special categories of students, such as special education, vocational courses, Limited English Proficiency, Low Socio Economic status, etc.

The State of Texas funds all public schools in essentially the same manner.

The WADA projected for the 2008-2009 fiscal year is 6492.620. This represents a 3.6% increase over the 2007-2008 fiscal year.

The final WADA for FY 2007-2008 was 6266.586.

A 1% increase or decrease in refined ADA equates to approximately \$165,153.00.

The projected current year general operating fund appropriations as presented are \$41,003,866.00.

The projected current year general operating fund revenues as presented are \$38,680,778.00.

The appropriations exceed the projected revenues by \$2,333,088.00. This is commonly referred to as a current year deficit. Current year deficits normally are made up by the use of fund balance. A school district's fund balance is accumulated when a district's revenues exceed its appropriations.

The end of year fund balance for the 2007-2008 (per audit) was \$9,442,724.00. It is projected that the end of year fund balance for fiscal year 2008-2009 will be approximately \$8,590,000.00.

This is a decline in the General Operating Fund balance of \$852,724.00 (unaudited). It is recommended by the Texas Education Agency and best financial practices to have on hand a fund balance of approximately 25% of approved appropriations. As Waller ISD's appropriation budget is \$41,003,866.00, the desired general operating fund balance would be \$10,250,967.00 [$\$41,003,866 \times 25\%$].

The projected interest and sinking fund appropriations as presented is \$7,584,828.00. The estimated revenue for the interest and sinking fund as presented is \$7,442,335.00. The estimated appropriations will exceed revenues by \$142,493.00 at the proposed I & S tax rate. This is commonly referred to as a current year deficit. The end of year fund balance in the interest and sinking fund at August 31, 2008 was \$1,949,932.00 (per audit). The projected interest and sinking fund balance for the 2008-2009 fiscal year is estimated at \$1,640,000.00. This represents a decrease of \$309,932.00. The projected interest and sinking fund balance on August 31, 2010 will be \$1,497,507.00 [$\$1,640,000.00 - \$142,496.00$].

The 2009 market value of the average homestead in Waller ISD as determined by the Waller County Appraisal District and the Harris County Appraisal District is \$120,126.00. The 2008 market value of the average homestead was \$118,798, an increase of \$1,418.00 or 1.193%.

For fiscal year 2009-2010, no funds are appropriated for short term debt in the general operating fund nor is any anticipated.

The 2009-2010 Waller ISD general operating fund budget as proposed will appropriate \$33,078,896.00 (80.67%) to payroll and payroll related costs. The amount dedicated to payroll costs in the 2008-2009 budget was \$30,524,337.00. An increase of \$2,554,559.00. The increase in payroll cost was partially attributed to a pay increase for classroom teachers, counselors, librarians, nurses and speech pathologists mandated by the state legislature. A 5% increase in health insurance premiums paid to the Texas Teacher Retirement System accounted for some of this increase. The major increase in payroll costs was attributed to the addition of new positions required for the opening of Turlington Elementary School, approximately \$750,000.00. Additionally many contracted services were added to facilitate the opening of Turlington Elementary, such as copier machine contracts, new electricity, gas, internet, water and telephone agreements. These new contracted services represent approximately \$450,000.00 in new costs.

Waller ISD has adopted a policy of charging tuition for nonresident students who wish to attend school in the Waller ISD. This charge is based upon the amount that local taxpayers pay on a per student basis for the financial support of the district. For the 2009-2010 school year this charge calculates to \$4,074.00 per student per year.

Each year taxing entities in the State of Texas are required to prepare and publish notices to the public that show the tax rates that can be adopted and how the entity arrived at the various rates. The purpose of these notices is to limit the growth in spending by public taxing authorities and to provide a mechanism for the general public to either approve or disapprove a tax levy that will exceed a proscribed amount. Public school districts in Texas fall under these statutes which are commonly referred to as "Truth in Taxation" laws. These laws require all school districts to calculate and publish a notice that compares the past year's tax rate to the proposed rate for the current year. This notice also sets forth the amount of local and state revenue on a per student basis that will be

provided for the support of that particular school district. For the 2009-2010 fiscal year the amount calculated for the Waller ISD is \$4,596.00 in local revenue and \$4,154.00 per student in state revenue.

