

WALLER ISD BUDGET HIGHLIGHTS FOR FISCAL YEAR 2008-2009**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 all 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 anticipated Maintenance and Operations (M & O) for FY 2008-2009 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 2008-2009) 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 WADA.

The Fiscal Year 2008-2009 budget includes the following:

A beginning bachelors degree teaching salary of \$43,000.00. The increase in the teacher, counselor, nurse and librarian salary schedule to follow this increase in the entry level. A teacher with a masters degree will have a starting salary of \$43,900.00. All teachers, counselors, nurses and librarians will receive a minimum of a \$2,000.00 salary increase. Master Degree Teachers will see a \$2,100.00 increase in 2008-2009.

A 4% general pay increase for all Waller ISD employees

Projected Taxable Value of \$1,375,021,161.00. (CPTD Certified Value for 2007 = \$1,359,065,678.00)
An increase of \$15,955,483.00 or 1.2%.

A maintenance and operation [M & O] tax rate of \$1.04 per \$100.00 of valuation [2007-2008 = \$1.04, 2006-2007 = \$1.37 and 2005-2006 = \$1.50]. This represents a decrease of \$.46 over a three year period or 30.67% [\$.46/\$1.50]

Two tax rates for the interest and sinking [I & S] have been discussed. tax rate of \$.40 per \$100.00 of valuation.

An I & S rate of \$.40 per \$100.00 of value and and \$.38 per \$100.00 of value.

[2007-2008 = \$.24, 2006-2007 = \$.32 and 2005-2006 = \$.38]

The combined tax rate for the Waller ISD in 2008 will be \$1.44 per \$100.00 of valuation

if a \$.40 I & S tax rate is adopted and a \$1.42 combined tax rate if a \$.38 I & S rate is adopted.

[The 2007 combined tax rate = \$1.28, the 2006 combined tax rate = \$1.69 and the 2005 combined tax rate = \$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 related to said bond issue.

In March of 2008 Waller ISD made application for funding for the Waller ISD debt through the Instructional Facilities Allotment (IFA). Depending on the amount 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 will be in line for debt service funding through the Existing Debt Allotment (EDA). As with 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.

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

A overall tax collection rate of 100% is projected for the 2008 tax year

A growth in student enrollment for purposes of projecting state foundation aid of 3.6%

Projected Weighted Average Daily Attendance (WADA) for the 2008-2009 fiscal year is 6492.620.

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

A projected current year Maintenance and Operation fund deficit of **\$1,085,899.00.00**

REVENUE

The projected taxable value for tax year 2008 (the 2008-2009 fiscal year for school funding purposes) as received from the Waller County Appraisal District and the Harris County Appraisal District is \$1,375,021,161.00.

The CPTD (Comptroller's Property Tax Division) Value for 2007 was \$1,359,065,678.00, the projected value would result in an increase in taxable property value of \$15,955,483.00 or 1.20%.

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
2008**	\$1,375,021,161.00
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 July 29, 2008. 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 25, 2008, Harris CAD is projecting their certification of property value by August 28, 2008. The Harris CAD portion of the value given above is based upon the best information available to Waller ISD as of July 29, 2008.

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 2008-2009 it is projected that Waller ISD will generate a current year surplus [revenues in excess of expenditures] in the interest and sinking fund of approximately \$95,346.00. The projected appropriation for the 2008-2009 fiscal year in the interest and sinking fund is \$6,700,885.00. Assuming the increase in the interest and sinking fund tax rate to 40 cents [\$.40] per \$100 of taxable value the interest and sinking fund tax rate will generate \$5,603,699.00 in local taxes with an additional \$1,192,532.00 in state aid produced by the Instructional Facilities Allotment and the Existing Debt Allotment.

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 six 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.

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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 \$37,407,040.00.

The projected current year general operating fund revenues as presented are \$36,321,141.00.

The appropriations exceed the projected revenues by \$1,085,899.00. 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 2006-2007 (per audit) was \$8,025,262.00. It is projected that the end of year fund balance for fiscal year 2007-2008 will be approximately \$8,518,893.00.

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 \$37,407,040.00, the desired general operating fund balance would be \$9,351,760.00 [$\$37,407,040 \times 25\%$].

The projected interest and sinking fund appropriations as presented is \$6,700,885.00.

The estimated revenue for the interest and sinking fund as presented is \$6,796,231.00.

The estimated revenue will exceed appropriations by \$95,346.00 if a \$.40 I & S tax rate is adopted. This is commonly referred to as a current year surplus.

If however, the \$.38 I & S rate is adopted a current year deficit (appropriations in excess of estimated revenues) of \$160,408.00 would occur.

The end of year fund balance in the interest and sinking fund at August 31, 2007 was \$1,668,029.00 (per audit). The projected interest and sinking fund balance for the 2007-2008 fiscal year is estimated at \$1,801,734.00. This represents an increase of \$133,705.00.

The 2008 market value of the average homestead in Waller ISD as determined by the Waller County Appraisal District and the Harris County Appraisal District is \$128,624.00. The 2008 market value of the average homestead represents an increase of \$11,325.00 or 9.6% over the same values in 2007.

For fiscal year 2008-2009, no funds are appropriated for short term debt in the general operating fund nor is any anticipated.

The 2008-2009 Waller ISD general operating fund budget as proposed will appropriate \$30,524,337.00 (81.60%) to payroll and payroll related costs. The amount dedicated to payroll costs in the 2007-2008 budget was \$29,670,220.00. An increase of \$854,1178.00. The increase in payroll cost was attributed to the general pay increase. No new position were added and several positions in low enrollment areas were not filled.

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 2008-2009 school year this charge calculates to \$3,425.00 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 2008-2009 fiscal year the amount calculated for the Waller ISD is \$4,125.00 in local revenue and \$4,141.00 per student in state revenue.

