

WALLER ISD BUDGET HIGHLIGHTS FOR FISCAL YEAR 2006-2007**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 adopted rate for 2005. Districts were required to set their 2006 maintenance and operations rate to this compressed rate. For Waller ISD this amounted to \$1.33[\$1.50 X 88.68]. HB1 then allowed local districts to add four (4) 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 Fiscal Year 2006-2007 budget includes the following:

A beginning bachelors degree teaching salary of \$40,000.00. The increase in the teacher, counselor, nurse and librarian salary schedule to follow this increase in the entry level.
(Approximate Cost = \$1,150,000.00)

All teachers will receive a minimum of a \$3,000.00 increase plus a step increase.

House Bill 1 as adopted by the 79th legislature required a \$2,500.00 annual increase in teacher compensation. This also caused the elimination of the \$500.00 health insurance supplement. This \$500.00 is now included in each persons' annual compensation or their hourly rate as applicable.

All employees whose compensation is based upon an hourly rate of pay will also have the insurance supplement added to their hourly rate..

A 4% general pay increase for all Waller ISD employees (Approximate Cost = \$850,000.00)

The addition of six instructional staff members (Approximate Cost = \$300,000.00)

A budget appropriation for three (3) regular route buses and one (1) special needs bus
(Approximate Cost = \$330,000.00)

The addition of Air Force JROTC at Waller High School (Approximate Cost = \$100,000.00)

Projected Taxable Value of \$1,130,000,000.00. (CPTD Certified Value for 2005 = \$1,093,308,344.00)
An increase of \$36,691,656.00 or 3.36%.

A maintenance and operation [M & O] tax rate of \$1.37 per \$100.00 of valuation (2005/2006 = \$1.50)

An interest and sinking [I & S] tax rate of \$.32 per \$100.00 of valuation (2005/2006 = \$.38)

The combined tax rate for the Waller ISD in 2006 will be \$1.69 per \$100.00 of valuation
(2005 combined tax rate = \$1.88)

This represents a reduction of 19 cents from the prior year.

As of this date the state legislature has not appropriated funding for the Existing Debt Allotment if such funding were to become available Waller ISD will make application for this allotment.

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

A growth in student enrollment for purposes of projecting state foundation aid of 2%
 Projected Refined ADA for the 2006-2007 fiscal year is 4755.240
 (Final 2005-2006 Refined ADA = 4686.396, a 1.8% increase over the 2004-2005 fiscal year)

Addition of five (5) new custodial positions (Approximate Cost = \$110,000.00)

A projected current year Maintenance and Operation fund deficit of **\$358,671.00**

REVENUE

The projected taxable value for tax year 2006 (the 2006-2007 fiscal year for school funding purposes) as received from the Waller County Appraisal District is \$1,130,000,000.00.
 The CPTD (Comptroller's Property Tax Division) Value for 2005 was \$1,093,308,344.00, the projected value would result in an increase in taxable property value of \$36,691,656.00 or 3.36%.
 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
2006**	\$1,147,488,375.00
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 on August 8, 2006
 Net Taxable Value Under Protest as of August 8, 2006 is \$39,290,132.00

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.

During the fiscal 2005-2006 Waller ISD will generate a current year surplus [revenue in excess of expenditures] in the interest and sinking fund of approximately \$608,000.00. The projected appropriation for the 2006-2007 fiscal year in the interest and sinking fund is \$5,817,407.00. Assuming the decrease in the interest and sinking fund tax rate to 32 cents [\$.32] per \$100 of taxable value the interest and sinking fund will project a current year deficit [appropriations in excess of revenues] of approximately \$338,624.00. Waller ISD intends to transfer \$100,000.00 from the construction funds left over from the 2002 bond issue to the interest and sinking fund to facilitate the lowering of the interest and sinking fund tax rate. This will lower the projected I & S fund to \$238,624.00. Because of the addition to I & S fund balance in the 2005-2006 fiscal year the interest and sinking fund will have sufficient resources going forward to service the debt payments in the subsequent fiscal year. 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 four fiscal years.

GENERAL INFORMATION

One of the basis for receiving state aid to public education is commonly referred to as refined daily attendance. 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. The State of Texas funds all public schools in essentially the same manner. The refined average daily attendance (ADA) for the 2006-2007 fiscal year is projected at 4755.240. This represents a 2% increase over the 2005-2006 fiscal year. The final refined ADA for FY 2005-2006 was 4686.396. This number represents a 1.8% over the previous fiscal year. A 1% increase or decrease in refined ADA equates to approximately \$167,000.00.

The projected current year general operating fund appropriations as presented are \$34,125,383.00. The projected current year general operating fund revenues as presented are \$33,766,712.00. The appropriations exceed the projected revenues by \$358,671.00. 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 2004-2005 (per audit) was \$4,896,881.00. It is projected that the end of year fund balance for fiscal year 2005-2006 will be approximately \$5,800,000.00. 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 \$34,125,383.00, the desired general operating fund balance would be \$8,531,345.00 [$\$34,125,383 \times 25\%$].

The projected interest and sinking fund appropriations as presented is \$5,817,407.00. The estimated revenue for the interest and sinking fund as presented is \$5,478,783.00. The appropriations exceed estimated revenue by \$338,624.00, which is commonly referred to as a current year deficit. Waller ISD is planning on transferring surplus construction funds from the 2004 bond issue to the interest and sinking fund in the amount of \$100,000.00. The excess construction funds are primarily the result of construction funds that were invested and favorable interest rates. The end of year fund balance in the interest and sinking fund at August 31, 2005 was \$739,591.00 (per audit). The projected interest and sinking fund balance for the 2005-2006 fiscal year is estimated at \$1,348,000.00. This represents an increase of \$608,000.00. This significant increase

provides for sufficient resources going into the future to make the projected deficit in fiscal year 2006-2007 acceptable. The amount of debt payment (interest and principal) in the 2006-2007 year is the highest on the debt schedule. The reduction in debt service needed in the next fiscal year (2007-2008) drops to \$4,380,481.00. A decrease in annual debt service requirement of \$1,436,926.00.

The 2006 market value of the average homestead in Waller ISD as determined by the Waller County Appraisal District is \$109,919. The 2006 market value of the average homestead represents an increase of 4.86% over the previous year. The market value of the average homestead in 2005 = \$104,824.00.

For fiscal year 2006-2007 no funds are appropriated for short term debt in the general operating fund nor is any anticipated.

The 2006-2007 Waller ISD general operating fund budget as proposed will appropriate \$28,026,322.00 (82.13%) to payroll and related costs. The amount dedicated to payroll costs in the 2005-2006 budget was \$26,108,458.00. An increase of \$1,917,864.00. Much of this increase is driven by the requirements of HB1.

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 2006-2007 school year this charge calculates to \$3,654.00 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 2006-2007 fiscal year the amount calculated for the Waller ISD is \$4,132.00 in local revenue and \$3,486.00 per student in state revenue.

