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# **EANES INDEPENDENT SCHOOL DISTRICT**

2004 – 2005

**BUDGET STUDY SESSION**

July 28, 2004



	<p><b>EANES INDEPENDENT SCHOOL DISTRICT</b></p> <p>2004 -- 2005 BUDGET STUDY SESSION July 28, 2004</p> 
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	<p><b>INTRODUCTION</b></p>
	<ul style="list-style-type: none"> <li>■ The official budget to be adopted in August includes: <ul style="list-style-type: none"> <li>General Fund</li> <li>Debt Service Fund</li> <li>Child Nutrition Fund</li> </ul> </li> <li>■ The budget/fiscal year is Sept 1 – August 31</li> </ul> <p style="text-align: center; font-size: small;">EISD Budget Study Session – July 28, 2004</p>

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	<p><b>INTRODUCTION</b></p>
	<p>Other funds accounted for by the District That are not included in the official budget are:</p> <ul style="list-style-type: none"> <li>■ Special Revenue Funds</li> <li>■ Capital Projects Funds</li> <li>■ Internal Service &amp; Enterprise Funds</li> </ul> <p style="text-align: center; font-size: small;">EISD Budget Study Session – July 28, 2004</p>

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## TONIGHT'S DISCUSSION

- REVIEW OF MAJOR BUDGET CONSIDERATIONS
- CERTIFIED VALUES
- DEBT SERVICE FUND
- GENERAL FUND
- CHILD NUTRITION FUND
- TRUTH IN TAXATION, MEETING NOTICE & DATES

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## BUDGET CONSIDERATIONS 2004 - 2005

- Reduction in Annual Debt Payment & Debt Service Tax Rate
- Declining Enrollment & Transfer Students
- Slight Increase in Property Value
- "Recapture" Payment to State of 59% of Tax Revenues
- Campus Staffing Plans, Ratios and Staff Reductions
- Salary and Health Insurance Contribution Increases
- Use of Fund Balance -- Historical, Proposed & Projected

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## FUNDS SUPPORTED BY TAX REVENUES

### 2003-04 TAX RATE

- GENERAL FUND           \$ 1.50000
- DEBT SERVICE FUND       \$ .27780
- TOTAL TAX RATE         \$ 1.77780

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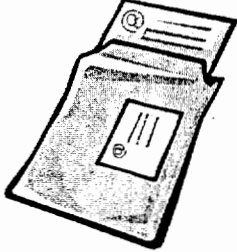
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## CERTIFIED TAX VALUES

- Received Friday, July 23 from Travis Central Appraisal District (Handout page 1-2)
- Impact tax revenue calculations for General Fund and Debt Service Fund



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## CERTIFIED TAX VALUES

- Required for rollback calculation and calculation of Debt Service tax rate
- Required for publication of Notice of Public Meeting to Discuss Budget and Tax Rate
- State Comptroller's Office assists with guidelines for complying with Truth in Taxation law

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## CERTIFIED TAX VALUES

■ Total Appraised Value (Handout pages 1-3)	+ \$ 5,979,063,267
■ Exemptions	- 339,603,057
■ Chief Appraiser's Opinion of Value Under Protest	+ 488,446,854
■ Net Taxable Before Frozen Tax Base	= \$ 6,127,907,064

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## CERTIFIED TAX VALUES

- Net Taxable Before Frozen Tax Base = \$ 6,127,907,064
- Frozen Tax Base - 161,321,681
- Freeze Adjusted Taxable Value = \$5,966,585,383

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## TOTAL TAX LEVY

- Freeze Adjusted Taxable Value = \$5,966,585,383
- Divide by 100 & Multiply by Total Tax Rate /100 X \$ 1.6705
- Total Net Tax Levy \$99,671,809

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## DEBT SERVICE FUND

- Sometimes referred to as the Interest and Sinking Fund or the I & S Fund
- Used to account for the repayment of district bonds
  - Property tax revenues & interest earnings
  - Bond principal payments
  - Bond interest payments
  - Bond fees

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	<h2>DEBT SERVICE FUND</h2>
	<ul style="list-style-type: none"> <li>■ Debt Service tax collections are not subject to the state funding system "recapture" process that affects the General Fund</li>   <li>■ EISD keeps all of the tax revenue generated to cover debt service</li> </ul> <p style="text-align: center; font-size: small;">EISD Budget Study Session - July 28, 2004</p>

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	<h2>DEBT SERVICE FUND</h2>
	<ul style="list-style-type: none"> <li>■ Debt Service calculations require that we generate enough revenue to cover the debt payment for the year</li>   <li>■ So, we will work backward to determine : the debt obligation, the amount of revenue needed, and tax rate needed to generate this revenue</li> </ul> <p style="text-align: center; font-size: small;">EISD Budget Study Session - July 28, 2004</p>

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	<h2>DEBT SERVICE FUND</h2>
	<p>THE GOOD NEWS FIRST...</p> <ul style="list-style-type: none"> <li>■ The district's payment due in 2004 - 2005 for debt is \$6.4 million less than 2003-04</li>   <li>■ Pay off in August 2004 <ul style="list-style-type: none"> <li>- 1985 Refunded Bonds</li> <li>- 1994 Bonds</li> </ul> </li> </ul> <p style="text-align: center; font-size: small;">EISD Budget Study Session - July 28, 2004</p>

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## DEBT SERVICE PAYMENTS

SERIES	2003-04 TOTAL	2004-05 TOTAL
1985 REFUNDED	\$ 4,085,000	\$ -
1994	689,610	-
1996 REFUNDED	3,814,878	1,656,404
1998	3,841,500	2,763,100
2001	1,719,100	3,094,100
2002	2,494,644	2,726,786
<b>TOTAL</b>	<b>\$ 16,644,732</b>	<b>\$ 10,240,390</b>

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## DEBT SERVICE PAYMENTS

	2003-04	2004-05
Principal	\$5.4 Million	\$4.8 Million
Interest	\$11.2 Million	\$5.4 Million
<b>Total</b>	<b>\$16.6 Million</b>	<b>\$10.2 Million</b>

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## DEBT SERVICE PAYMENTS

- Annual debt payments are scheduled to remain at approximately \$10.2 million until 2014-2015 if no new bond issues or refundings occur
- Final payment of all currently issued debt is scheduled for 2020-2021

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## DEBT SERVICE BUDGET

Debt Payments & Fees (Handout page 4)	\$ 10,245,390
Current Tax Revenues	\$10,071,298
Delinquent Tax and P & I	110,000
Interest Earnings on Investments	<u>35,000</u>
Total Estimated Revenue	\$10,216,298
Estimated Use of Fund Balance	\$ 29,092

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## DEBT SERVICE FUND BALANCE

- Estimated Fund Balance 08-31-05  
\$1,627,124
- Debt Service fund balance is legally reserved for payment of bonded indebtedness and is not available for other purposes until all bonded indebtedness is liquidated.

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## DEBT SERVICE TAX RATE

- Law requires that we use the rollback tax calculation to determine what Debt Service tax rate is needed to pay our debt payments
- The calculated rate may be adjusted by reflecting unencumbered funds that are available along with tax revenue to cover the debt payment

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	<b>DEBT SERVICE TAX RATE</b>
	<ul style="list-style-type: none"> <li>■ Without any adjustments for unencumbered funds, the rollback calculation yields a Debt Service rate of \$.1787</li>   <li>■ This rate is different from our proposed tax rate because the rollback calculation deducts the <u>total</u> value of properties that have tax bills which are frozen for tax payers who are over 65</li> </ul>
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	<b>DEBT SERVICE TAX RATE</b>
	<ul style="list-style-type: none"> <li>■ The calculation of tax revenues using certified values reflects that a <u>only a portion</u> of the total frozen properties is deducted in calculating revenue, since we do collect taxes up to the frozen amount</li>   <li>■ Certified values and other available revenues in the Debt Service Fund were used to determine the tax rate, and the rollback rate was adjusted accordingly</li> </ul>
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	<b>DEBT SERVICE BUDGET</b>												
	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">Debt Payments &amp; Fees</td> <td style="text-align: right;">\$ 10,245,390</td> </tr> <tr> <td>Current Tax Revenues</td> <td style="text-align: right;">\$10,071,298</td> </tr> <tr> <td>Delinquent Tax and P &amp; I</td> <td style="text-align: right;">110,000</td> </tr> <tr> <td>Interest Earnings on Investments</td> <td style="text-align: right;"><u>35,000</u></td> </tr> <tr> <td><b>Total Estimated Revenue</b></td> <td style="text-align: right;"><b>\$10,216,298</b></td> </tr> <tr> <td> Estimated Use of Fund Balance</td> <td style="text-align: right;"> \$ 29,092</td> </tr> </table>	Debt Payments & Fees	\$ 10,245,390	Current Tax Revenues	\$10,071,298	Delinquent Tax and P & I	110,000	Interest Earnings on Investments	<u>35,000</u>	<b>Total Estimated Revenue</b>	<b>\$10,216,298</b>	 Estimated Use of Fund Balance	 \$ 29,092
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 Estimated Use of Fund Balance	 \$ 29,092												
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## QUESTIONS ABOUT DEBT SERVICE FUND



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## THE GENERAL FUND

- Main focus of our budget presentations
- Used to account for most of the on-going functions and operations of the district
  - Property tax revenues (\$1.50 of tax rate)
  - Salaries and benefits
  - Supplies and materials for classrooms, schools, departments
  - Utilities and on-going maintenance costs
  - Insurance, travel, tax collection and appraisal fees, and other administrative costs
  - "Recapture" payment to state of 59% tax revenue

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## GENERAL FUND

### BUDGET CONSIDERATIONS FOR GENERAL FUND

- 59% Recapture of Tax Revenues
- \$1.50 Tax Cap
- Staffing Ratios and Reductions
- Salary and Benefit Increases
- Enrollment Decline
- Transfer Students
- Use of Fund Balance
- Future Year Projections



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## GENERAL FUND

- General Fund tax revenues are subject to "recapture" through the state funding formulas for schools
- Recapture is reflected on the expenditure side of the budget as payments to other school districts
- Texas Education Code Chapter 41 - Robin Hood
- General Fund Tax Rate = \$1.50 = State Maximum

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## PROPOSED GENERAL FUND REVENUE

■ Property Tax	\$ 89,403,793
■ Other Local Revenue	1,748,575
■ State	<u>5,155,715</u>
■ TOTAL REVENUE	\$ 96,438,083

(Handout page 6-8)

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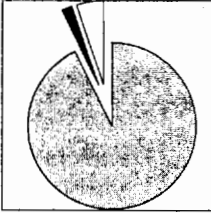
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## GENERAL FUND REVENUE



■ PROPERTY TAX 93%

■ OTHER LOCAL 2%

■ STATE 5%

Total Revenue \$96,438,043

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## GENERAL FUND REVENUES

- Other Local Revenues (see detailed list)
  - Athletic Receipts
  - Interest Earnings
  - Summer school tuition
  - Facility rental income



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## GENERAL FUND REVENUES

- State Revenues  
(State required accounting – no real revenues after recapture is considered)
- Other Resources
  - Operating transfers in from
    - Donations Fund
    - Community Education Fund

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## PROPOSED GENERAL FUND EXPENDITURES

■ SALARIES AND BENEFITS (Includes staff reductions, salary scenario B1, and \$325 health contribution)	\$ 38,804,146
■ NON-SALARY COSTS Contracted Services Utilities, Appraisal District Fees, Audit Fees, Supplies & Materials Travel, Insurance, Misc. Capital Outlay	7,485,320
■ RECAPTURE WADA PAYMENTS	<u>52,300,000</u>
■ TOTAL EXPENDITURES (Handout pages 6, 9, & 10)	\$ 98,589,466

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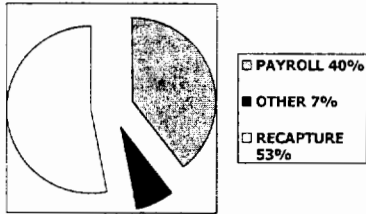
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**PROPOSED GENERAL FUND  
TOTAL EXPENDITURES**



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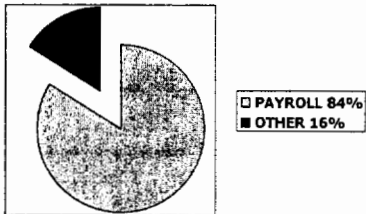
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**PROPOSED GENERAL FUND  
OPERATING EXPENDITURES**



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**CAMPUS STAFFING  
RATIOS FOR 2004-05**

- High School      16/1
- Middle School    14.5/1
- Elementary        14/1

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## STAFFING REDUCTIONS

- Campus Professional Positions 52.02 FTEs
- Campus Support Staff 25.10 FTEs
- Other Staff Reductions 4.0 FTEs
- TOTAL (Handout page 11) 81.12 FTEs

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## STAFFING SUMMARY

- Estimated Savings from Staff Reductions - \$ 2,500,000
- Estimated "Turnover" Savings - \$ 600,000
- Staffing Additions + \$ 60,000
  - Public Info Officer
  - Records Management Officer (Replacing Assistant to the Accountant)
- Positions on Hold
  - Asst. Supt for Instruction

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## HEALTH INSURANCE CONTRIBUTION

- Current District monthly contribution per employee \$ 285.51
- District annual contribution per employee \$ 3,426.12
- Proposed District monthly contribution per employee \$ 325.00
- Proposed annual contribution per employee \$ 3,900.00

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<b>HEALTH INSURANCE CONTRIBUTION</b>	
■ 2003 – 2004 Estimated Budget for Health Insurance Contribution	\$ 2,500,000
■ Estimated Budget Increase for Health Insurance Contribution Increase (Handout page 12)	\$ 346,000
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<b>HEALTH INSURANCE PREMIUMS – TRS ACTIVE CARE</b>	
■ Active Care 1	
– Employee	\$ 249
– Employee & Spouse	\$ 566
– Employee & Children	\$ 396
– Employee & Family	\$ 623
■ Active Care 2	
– Employee	\$ 331
– Employee & Spouse	\$ 753
– Employee & Children	\$ 527
– Employee & Family	\$ 826
■ Active Care 3	
– Employee	\$ 419
– Employee & Spouse	\$ 952
– Employee & Children	\$ 667
– Employee & Family	\$1,047
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<b>SALARY INCREASE PROPOSALS</b>	
■ SCENARIO A1 (Handout page 13-14)	
– Starting salary	\$32,850
– Equal \$600 increments between steps	
– Average increase of steps	\$1,495
– Additional Cost (after turnover savings) of	\$311,757
– Cost of 3.25% for admin/professionals	\$83,044
– Cost of 3.5% for support staff	\$223,479
– Total Cost	\$618,277
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## SALARY INCREASE PROPOSALS

- SCENARIO B1  
(Handout pages 13 & 15)
  - Starting salary \$33,350
  - Equal \$600 increments between steps
  - Average increase of steps \$1,995
  - Additional Cost (after turnover savings) of \$607,257
  - Cost of 3.25% for admin/professionals \$83,044
  - Cost of 3.5% for support staff \$223,479
  - Total Cost \$913,780

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## RECAPTURE WADA PAYMENTS

The district's recapture payment is determined by:

- Dividing EISD's state assigned property value from prior year as determined by the state comptroller = \$5,881,997,728
- By the state equalized wealth level of \$305,000

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## RECAPTURE WADA PAYMENTS

To Derive:

- The number of Weighted Average Daily Attendance (WADA) needed to meet the equalized wealth level = 19,285
- Eanes WADA is determined by running the state funding formulas and is estimated at 7,859

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<b>RECAPTURE WADA PAYMENTS</b>
<ul style="list-style-type: none"> <li>■ We estimate having to purchase 11,426 WADA in 2004-05</li> <li>■ Our estimated recapture payment for WADA in 2004-05 is \$52,300,000</li> </ul>
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<b>PROPOSED GENERAL FUND BUDGET</b>												
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<b>FUTURE PROJECTIONS</b>
<p>(Handout page 16-17)</p> <ul style="list-style-type: none"> <li>■ Enrollment study by Dr. Dennis Harner in January 2004</li> <li>■ Use mid-range projections</li> <li>■ Held non-employee transfer students constant</li> </ul>
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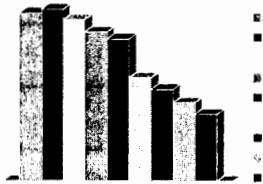
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## EISD ENROLLMENT HISTORY & PROJECTION



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## FUTURE PROJECTIONS

- Enrollment declines
- Non-employee transfers held constant at 176
- Other non-resident transfers held constant at 441
- Revenues held constant with constant property values and \$1.50 tax rate
- Expenditures held constant
- Recapture increase due to decrease in enrollment
- Use of fund balance targeted at \$1 million for 2005-06 and \$500,000 for both 2006-07 and 2007-08
- Requires decisions to reduce expenditures/programs or increase use of fund balance each year.

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## GENERAL FUND FUND BALANCE TARGET

(Handout page 18)

- 3 months of operating expenses     \$11,572,000
- 5% contingency     \$ 2,300,000
- +/- estimation variance     \$ 462,895
- Total Target     \$14,335,000

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	<h2>THE CHILD NUTRITION FUND</h2>
	<ul style="list-style-type: none"> <li>■ Also referred to as the Food Service Fund</li> <li>■ Funds are restricted for use in providing child nutrition services</li> <li>■ Program has been self-sustaining and details will be presented at the next Budget Study Session</li> </ul> <p style="text-align: center; font-size: small;">EISD Budget Study Session - July 26, 2004</p>

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	<h2>CHILD NUTRITION FUND</h2>
	<ul style="list-style-type: none"> <li>■ No planned increase in meal prices</li> <li>■ Plan to charge for indirect costs incurred by the General Fund for accounting, human resources, technology services, etc. \$50,000</li> <li>■ Decision on salary and health insurance contribution will have largest impact on budget</li> <li>■ Summary of budget based on these decisions will be provided in the next few weeks</li> <li>■ Will show continued use of accumulated fund balance</li> </ul> <p style="text-align: center; font-size: small;">EISD Budget Study Session - July 26, 2004</p>

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## ROLLBACK & DEBT SERVICE RATE CALCULATIONS

(Handout page 19-20)

- TEA Worksheet to Assist with Calculation of the Rollback Rate
- School districts no longer required to calculate an effective tax rate
- TEA worksheet calculates an "effective revenue"

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## NOTICE OF MEETING

(Handout page 21)

- Notice required by Truth in Taxation law including size, publication, calculations, fonts, etc.
- Will publish on August 12<sup>th</sup> if approved
- Hearing set for 9:00 AM on August 23<sup>rd</sup>

ESD Budget Study Session - July 28, 2004

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