



ALEDO ISD BOARD MEETING TEMPLATE

MEETING DATE: August 19, 2013

AGENDA ITEM: 2013-2014 Budget Report Update

PRESENTER: Earl Husfeld

ALIGNS TO BOARD GOAL(S): Financial/Facilities – The District shall exhibit excellence in financial and facility planning, management, and stewardship.

BACKGROUND INFORMATION:

- Per Section 44.002 of the Texas Education Code, “the Superintendent shall prepare, or cause to be prepared, a proposed budget covering all estimated revenue and proposed expenditures of the District for the following fiscal year.
- The budget must be prepared according to generally accepted accounting principles, rules adopted by the State Board of Education, and adopted policies of the Board of Trustees.
- Budgets for the General Fund, the Child Nutrition Fund, and the Debt Service Fund must be included in the official district budget and must be adopted by August 31st.

ADMINISTRATIVE CONSIDERATIONS:

- During our meeting this evening, we will “build on” the 2013-2014 budget assumptions and projected revenue and expenditure information that was presented to you during the August 5th budget workshop.
- No significant revisions have occurred since the budget workshop. However, we have continued to “fine tune” the detail aspects of the 2013-2014 budget.
- I have included for your review a copy of the Notice of Public Meeting to Discuss Budget and Proposed Tax Rate that was published in the newspaper on August 16th.
- The 2013-2014 budget is scheduled to be adopted at a special board meeting on Monday, August 26th at 7:00 PM.

FISCAL NOTE:

None

ADMINISTRATIVE RECOMMENDATION:

None – Informational Report

NOTICE OF PUBLIC MEETING TO DISCUSS BUDGET AND PROPOSED TAX RATE

The Aledo Independent School District will hold a public meeting at 7:00 PM, August 26, 2013 in the Board Room at the administration building, 1008 Bailey Ranch Rd. Aledo, TX.

The purpose of this meeting is to discuss the school district's budget that will determine the tax rate that will be adopted. Public participation in the discussion is invited.

The tax rate that is ultimately adopted at this meeting or at a separate meeting at a later date may not exceed the proposed rate shown below unless the district publishes a revised notice containing the same information and comparisons set out below and holds another public meeting to discuss the revised notice.

| | | | |
|--------------------------|----|--------|--------------------------------------------------------|
| Maintenance Tax | \$ | 1.1700 | / \$100 (Proposed rate for maintenance and operations) |
| School Debt Service Tax | | | |
| Approved by Local Voters | \$ | .3852 | / \$100 (Proposed rate to pay bonded indebtedness) |

Comparison of Proposed Budget with Last Year's Budget

The applicable percentage increase or decrease (or difference) in the amount budgeted in the preceding fiscal year and the amount budgeted for the fiscal year that begins during the current tax year is indicated for each of the following expenditure categories:

| | | | | |
|----------------------------|------|------------|----|--------------|
| Maintenance and operations | .75 | % increase | or | % (decrease) |
| Debt Service | 8.25 | % increase | or | % (decrease) |
| Total expenditures | 2.22 | % increase | or | % (decrease) |

Total Appraised Value and Total Taxable Value (as calculated under Section 26.04, Tax Code)

| | Preceding Tax Year | Current Tax Year |
|------------------------------------------|--------------------|------------------|
| Total appraised value* of all property | \$ 3,231,908,762 | \$ 3,360,092,104 |
| Total appraised value* of new property** | \$ 40,366,648 | \$ 63,557,428 |
| Total taxable value*** of all property | \$ 2,395,894,545 | \$ 2,545,189,913 |
| Total taxable value*** of new property | \$ 40,366,648 | \$ 63,557,428 |

* "Appraised value" is the amount shown on the appraisal roll and defined by Section 1.048(8), Tax Code.

** "New property" is defined by Section 26.012(17), Tax Code.

*** "Taxable value" is defined by Section 1.04(10), Tax Code.

Bonded Indebtedness

Total amount of outstanding and unpaid bonded indebtedness* \$ 143,481,258

* Outstanding principal

Comparison of Proposed Rates with Last Year's Rates

| | <u>Maintenance & Operations</u> | <u>Interest & Sinking Fund*</u> | <u>Total</u> | <u>Local Revenue Per Student</u> | <u>State Revenue Per Student</u> |
|---------------------------------------------------------------------------------------------|-----------------------------------------|-----------------------------------------|--------------|--------------------------------------|--------------------------------------|
| Last Year's Rate | \$ 1.1700 | \$.2552* | \$ 1.4252 | \$ 7,683 | \$ 865 |
| Rate to Maintain Same Level of Maintenance & Operations Revenue & Pay Debt Service | \$ 1.19898 | \$.41499* | \$ 1.61397 | \$ 8,336 | \$ 1,019 |
| Proposed Rate | \$ 1.17000 | \$.38520* | \$ 1.55520 | \$ 8,261 | \$ 1,080 |

* The Interest & Sinking Fund tax revenue is used to pay bonded indebtedness on construction, equipment, or both. The bonds, and the tax rate necessary to pay those bonds, were approved by the voters of this district.

Comparison of Proposed Levy with Last Year's Levy on Average Residence

| | <u>Last Year</u> | <u>This Year</u> |
|-------------------------------------------------------|------------------|------------------|
| Average Market Value of Residences | \$ 248,671 | \$ 251,389 |
| Average Taxable Value of Residences | \$ 230,875 | \$ 233,222 |
| Last Year's Rate Versus Proposed Rate per \$100 Value | \$ 1.4252 | \$ 1.5552 |
| Taxes Due on Average Residence | \$ 3,290.43 | \$ 3,627.07 |
| Increase (Decrease) in Taxes | | \$ 336.64 |

Under state law, the dollar amount of school taxes imposed on the residence homestead of a person 65 years of age or older or of the surviving spouse of such a person, if the surviving spouse was 55 years of age or older when the person died, may not be increased above the amount paid in the first year after the person turned 65, regardless of changes in tax rate or property value.

Notice of Rollback Rate: The highest tax rate the district can adopt before requiring voter approval at an election is \$ 1.5738645.

This election will be automatically held if the district adopts a rate in excess of the rollback rate of \$ 1.5738645.

Fund Balances

The following estimated balances will remain at the end of the current fiscal year and are not encumbered with or by a corresponding debt obligation, less estimated funds necessary for operating the district before receipt of the first state aid payment:

| | |
|--------------------------------------------|---------------|
| Maintenance and Operations Fund Balance(s) | \$ 17,063,638 |
| Interest & Sinking Fund Balance(s) | \$ 552,353 |

**Aledo Independent School District
2013-2014 General Fund Budget
Projections/Assumptions
August 19, 2013**

- Student enrollment growth projected to be between 1.5% and 2.0%.
- Projected student enrollment – 4,809, an increase of 76 students from the Fall 2012 PEIMS submission.
- 2013 certified taxable value of all property is \$2,550,025,227, an increase in value of \$120,934,982, or 4.98%, from 2012.
- Current year tax collections are based on a projected 98.5% collection rate.
- Campus and department budgets have been maintained at 2012-2013 levels.
- The following additional staff positions approved during the March and May board meetings:
 - 2 elementary school teaching positions
 - 1 remediation teacher at Aledo Middle school
 - 1 math teacher at Aledo High School
 - 1 counselor at Aledo Middle School
 - 1 counselor at Aledo High School
 - 1 instructional technology specialist (from part-time to full-time)
 - 1 assistant principal at Aledo High School
 - 1 english teacher at Daniel Ninth Grade Campus
 - 1 instructional aide at Daniel Ninth Grade Campus
 - 1 spanish teacher shared between Aledo High School and Daniel Ninth Grade Campus
 - 1 science teacher for Aledo High School
 - 1 special education math teacher at Aledo High School
- The 2013-2014 staff compensation plan approved during the May board meeting.
- Two (2) replacement vehicles for the Police Department.
- The District's total tax rate has not changed since the 2008-2009 fiscal year, a period of five years.
- Since 2005-2006, the District's total tax rate has declined by 33.47 cents, from a rate of \$1.7599 to \$1.4252. This is a decrease of 19.0%.

**Aledo ISD
General Fund
Budget History/Projections
August 19, 2013**

| <u>Description</u> | <u>2009-2010 Actual</u> | <u>2010-2011 Actual</u> | <u>2011-2012 Actual</u> | <u>2012-2013 Projected</u> | <u>2013-2014 Projected</u> |
|----------------------------------------|-----------------------------|-----------------------------|-----------------------------|--------------------------------|--------------------------------|
| Revenues: | | | | | |
| Local Revenues | \$ 27,315,144 | \$ 31,060,781 | \$ 29,326,234 | \$ 29,838,745 | \$ 31,216,975 |
| State Revenues | 5,577,564 | 6,059,999 | 8,363,701 | 5,270,424 | 5,708,568 |
| Other Sources | <u>85,276</u> | <u>79,539</u> | <u>59,521</u> | <u>29,578</u> | <u>27,500</u> |
| Total Revenues | <u>32,977,984</u> | <u>37,200,319</u> | <u>37,749,456</u> | <u>35,138,747</u> | <u>36,953,043</u> |
| Expenditures: | | | | | |
| Classroom Instruction | (19,461,874) | (18,268,608) | (17,327,913) | (18,582,905) | (20,102,905) |
| Chapter 41 Payment to State | - | (1,531,297) | (3,216,254) | (840,067) | (800,000) |
| All Other Functions | (12,970,876) | (12,858,110) | (14,327,578) | (14,639,899) | (15,857,399) |
| Other Uses/Transfers Out | <u>-</u> | <u>(8,959)</u> | <u>(21,316)</u> | <u>(75,000)</u> | <u>(100,000)</u> |
| Total Expenditures | <u>(32,432,750)</u> | <u>(32,666,974)</u> | <u>(34,893,061)</u> | <u>(34,137,871)</u> | <u>(36,860,304)</u> |
| Net Change in Fund Balance | 545,234 | 4,533,345 | 2,856,395 | 1,000,876 | 92,739 |
| General Fund Fund Balance, Sept 1 | <u>11,777,788</u> | <u>12,323,022</u> | <u>16,856,367</u> | <u>19,712,762</u> | <u>20,713,638</u> |
| General Fund Fund Balance, Aug 31 | <u>\$ 12,323,022</u> | <u>\$ 16,856,367</u> | <u>\$ 19,712,762</u> | <u>\$ 20,713,638</u> | <u>\$ 20,806,377</u> |
| Average Daily Attendance | <u>4,366.140</u> | <u>4,403.553</u> | <u>4,459.803</u> | <u>4,497.849</u> | <u>4,568.849</u> |
| Assessed Property Tax Valuation | <u>\$ 2,527,725,812</u> | <u>\$ 2,573,318,370</u> | <u>\$ 2,434,577,463</u> | <u>\$ 2,429,090,245</u> | <u>\$ 2,550,025,227</u> |
| Actual/Projected General Fund Tax Rate | <u>\$ 1.0400</u> | <u>\$ 1.1700</u> | <u>\$ 1.1700</u> | <u>\$ 1.1700</u> | <u>\$ 1.1700</u> |
| General Fund Tax on \$250,000 Home | <u>\$ 2,600.00</u> | <u>\$ 2,925.00</u> | <u>\$ 2,925.00</u> | <u>\$ 2,925.00</u> | <u>\$ 2,925.00</u> |

Notes:

1. Tax Ratification Election (TRE) was passed on August 28, 2010, resulting in the increase to the General Fund tax rate in 2010-2011.
2. 2013-2014 property tax collections are based on no change to the General Fund tax rate of \$1.1700 with a 98.5% collection rate.
3. 2013-2014 assessed property tax valuation is a 4.98% increase over the 2012-2013 value.

**Aledo ISD
Debt Service Fund
Budget History/Projections
August 19, 2013**

| <u>Description</u> | <u>2009-2010 Actual</u> | <u>2010-2011 Actual</u> | <u>2011-2012 Actual</u> | <u>2012-2013 Projected</u> | <u>2013-2014 Projected</u> |
|--------------------------------------------------------------|-----------------------------|-----------------------------|-----------------------------|--------------------------------|--------------------------------|
| Property Tax Revenues/Collections | \$ 9,763,057 | \$ 6,722,323 | \$ 6,270,542 | \$ 6,394,453 | \$ 6,414,345 |
| Transfer In from General Fund | - | - | - | - | unknown |
| Principal/Interest Payments & Fees | <u>(9,753,434)</u> | <u>(9,018,474)</u> | <u>(9,302,247)</u> | <u>(8,488,832)</u> | <u>(9,596,613)</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 9,623 | (2,296,151) | (3,031,705) | (2,094,379) | (3,182,268) |
| Refunding Bonds Issued | - | - | 9,965,764 | 28,468,818 | - |
| Payment to Bond Refunding Escrow Agent | <u>-</u> | <u>-</u> | <u>(9,820,480)</u> | <u>(28,105,165)</u> | <u>-</u> |
| Net Change in Fund Balance | 9,623 | (2,296,151) | (2,886,421) | (1,730,726) | (3,182,268) |
| Debt Service Fund Balance, Sept 1 | <u>7,456,028</u> | <u>7,465,651</u> | <u>5,169,500</u> | <u>2,283,079</u> | <u>552,353</u> |
| Debt Service Fund Balance, Aug 31 | <u>\$ 7,465,651</u> | <u>\$ 5,169,500</u> | <u>\$ 2,283,079</u> | <u>\$ 552,353</u> | <u>\$ (2,629,915)</u> |
| Assessed Property Tax Valuation | <u>\$ 2,527,725,812</u> | <u>\$ 2,573,318,370</u> | <u>\$ 2,434,577,463</u> | <u>\$ 2,429,090,245</u> | <u>\$ 2,550,025,227</u> |
| Actual/Projected Debt Service Tax Rate | <u>\$ 0.3852</u> | <u>\$ 0.2552</u> | <u>\$ 0.2552</u> | <u>\$ 0.2552</u> | <u>\$ 0.3775</u> |
| Debt Service Fund Tax on \$250,000 Home | <u>\$ 963.00</u> | <u>\$ 638.00</u> | <u>\$ 638.00</u> | <u>\$ 638.00</u> | <u>\$ 943.72</u> |

Notes:

1. Tax Ratification Election (TRE) was passed on August 28, 2010, resulting in the decrease to the debt service tax rate in 2010-2011.
2. 2013-2014 property tax collections amount is based on no change to the I&S tax rate of \$0.2552 with a 98.5% collection rate.
3. 2013-2014 assessed property tax valuation is a 4.98% increase over the 2012-2013 value.
4. A 1.0% interest rate has been assumed on the District's variable rate bonds.
5. Each penny increase to the tax rate results in approximately \$260,000 in collected taxes.