

# Public Meeting on 2019-20 Proposed Budget and Tax Rate

Date: June 18, 2019

Presenter: Chief Financial Officer and  
Budgeting and Financial Planning



# 2019-2020 General Fund Budget

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	<b>2019-2020 Projected</b>
Budgetd Roll Value	\$ 178,380,058,088
Estimated WADA	266,421,940
Estimated enrollment	208,246
<b>Revenues and Resources</b>	
5700-Local Sources	\$ 1,791,341,688
5800-State Sources	252,012,649
5900-Federal Sources	20,720,946
7900-Other Sources	37,589,788
<b>Total Revenues</b>	<b>\$ <u>2,101,665,071</u></b>
<b>Beginning Appropriations</b>	<b>\$ 2,043,345,624</b>
<b>Change in recapture payment</b>	<b>\$ <u>22,276,050</u></b>
2018-2019 Step Schedule Salary Increases	5,030,470
2019-2020 Salary Increases (Master, Hourly, and Step)	-
Salary Increases	<b>\$ <u>5,030,470</u></b>

# 2019-2020 General Fund Budget

	<b>2019-2020 Projected</b>
<b>Increases / Decreases with Offsetting Revenue</b>	
TRS On-Behalf	40,000,000
Capital Lease Recognition	15,089,788
State Compensatory Education (SCE)	10,702,505
Wrap Around Specialists (after mid-year adjustment)	6,483,724
Achieve 180	4,303,151
Tax Increment Reinvestment Zone (TIRZ)	2,495,718
Connections Academy State Comp Ed	2,431,866
Career and Technology Education (CTE) increase	1,834,770
<b>Total Increases / Decreases with Offsetting Revenue</b>	<b>\$ <u>83,341,522</u></b>
<b>Mandatory Increases</b>	
Health Insurance	\$ 7,500,000
Charter School Enrollment Increase	2,727,968
Property, Liability, Auto Insurance	2,000,000
Harris County Appraisal District (HCAD)	402,268
Transfers Out for Debt Service	(11,374,898)
<b>Total Mandatory Increases</b>	<b>\$ <u>1,255,338</u></b>

# 2019-2020 General Fund Budget

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	<b>2019-2020 Projected</b>
<b>Other Increases</b>	
Facility and Custodial services	\$ 3,000,000
Special Education Teams	1,614,373
Fine Arts Positions for Campuses	1,564,920
College Readiness Grant Matching Funds (Houston Endowment)	600,000
Athletics Bond related transportation	500,000
AED Machines	400,000
2 Sr. Sourcing Specialists - Procurement	303,088
Equity and Outreach	237,348
2 HR Investigators	143,862
<b>Total Other Increases</b>	<b>\$ <u>8,363,591</u></b>
<b>Decreases</b>	
Campus PUA Enrollment Decline from 2018-2019	\$ (9,200,026)
District-wide Operating	(6,200,000)
Kandy Stripe contract non-renewal	(1,529,199)
<b>Total Decreases</b>	<b>\$ <u>(16,929,225)</u></b>

# 2019-2020 General Fund Budget

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	<b>2019-2020 Projected</b>
<b>One-Year Funding Items</b>	
Performance Review	\$ <u>(1,000,000)</u>
<b>Total One-Year Funding Items</b>	<b>\$ <u>(1,000,000)</u></b>
<b>Total Appropriations and Transfers Out</b>	<b>\$ <u>2,145,683,370</u></b>
<b>Budget Surplus/(Deficit)</b>	<b>\$ <u>(44,018,299)</u></b>
Use of assigned fund balance for North Forest construction	8,490,000
<b>Net Budget Surplus/(Deficit)</b>	<b>\$ <u>(35,528,299)</u></b>
(Use of unassigned fund balance)	

# 2019-2020 Tax Rates

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- Published notice listed the following proposed tax rates:
  - Maintenance & Operation (M&O) \$1.04
  - Debt Service (I&S) \$0.1667
  - Total proposed tax rate of \$1.2067
- Because of House Bill 3 (HB 3) the M&O rate will change.

# 2019-2020 Tax Rates

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- Under HB 3, tax rate compression will bring the M&O rate to \$0.97
- I&S tax rate will remain the same.
- Expected total tax rate to be considered for adoption in October 2019, is \$1.1367

# HISD Does Not Appraise Property Values

	Tax Years	
	2018	2019
Average Taxable Value of Residence in HISD*	\$217,362	\$232,199
Total Tax Rate	\$1.2067	\$1.1367
Yearly Taxes Assessed	\$2,622.91	\$2,639.41
Yearly Increase of \$16.50		
*As provided by HCAD		



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# Other Funds to be Adopted

# Debt Service Fund

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- Fund pays back the district's principal and interest on long-term, general debt obligations.
- Primary source of revenues – Property Taxes
- Proposed Interest & Sinking (I&S) tax rate - \$0.1667
  - This is the same tax rate as prior year
- Current underlying bond ratings:
  - Moody's: Aaa (Highest possible rating and one of only seven Texas ISDs as of March 2019)
  - Standard and Poor's: AA+ (Only 20 Texas ISDs as of March 2019)
- Current total outstanding bonded debt supported by the proposed I&S tax rate - \$3,979,479,469

# 2019-2020 Recommended Debt Service Fund

<b>REVENUES</b>		
	Property taxes	\$ 295,289,491
	Earnings on investments	1,700,000
	Miscellaneous local sources	-
	State sources	2,598,721
	Federal sources	732,878
	Total revenues	<u>300,321,090</u>
<b>EXPENDITURES</b>		
	Debt service	
71	Principal	213,796,219
71	Interest and fiscal charges	138,064,729
71	Payment to escrow agents - current refunding	1,200,000
	Total expenditures	<u>353,060,948</u>
	Excess (deficiency) of revenues over (under) expenditures	<u>(52,739,858)</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
	Transfers in	52,807,342
	Proceeds from sale of capital assets	-
	Total other financing sources (uses)	<u>52,807,342</u>
	Net change in fund balances	<u>67,484</u>
	Estimated fund balances—beginning	105,566,745
	Estimated Fund balances—ending	<u>\$ 105,634,229</u>

# Nutrition Services Fund

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- Accounts for the district's Child Nutrition Program costs.
- Primary sources of revenues – federal reimbursement and USDA commodities.
- Reimbursements administered through Texas Department of Agriculture
- Serves over 45,000,000 meals (through May 2019)
- All meals served at no charge through USDA Community Eligibility Program (CEP)
- Includes reimbursement programs for dinner and summer site-based feeding

# 2019-2020 Recommended Nutrition Services Fund

<b>OPERATING REVENUES:</b>		
	Local Sources	\$ 4,656,414
	Earnings on investments	900,000
	State sources	585,000
	Federal sources	134,244,842
	Total revenues	<u>140,386,256</u>
<b>OPERATING EXPENSES</b>		
35	Food services	138,957,788
41	General Administration	882,406
	Total expenditures	<u>139,840,194</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
	Transfers in	-
	Capital Leases	-
	Transfers out	-
	Total other financing sources (uses)	<u>-</u>
	Net change in fund balances	<u>546,062</u>
	Estimated total net position—beginning	25,793,868
	Estimated total net position—ending	<u>\$ 26,339,930</u>

# *Questions or Comments?*

