



CONROE
INDEPENDENT
SCHOOL DISTRICT



2018-2019

Budget Presentation

August 21, 2018
Public Hearing



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FINANCIAL HIGHLIGHTS 2017 - 2018

- I. Unassigned General Fund Balance equals 28% of the Budget @ 8/31/17
- II. Budget Presentation & CAFR Awards from ASBO (Over 23 Years) & GFOA (18 Years)
- III. Financial Integrity Rating System of Texas (FIRST) – Superior Rating for year ended August 31, 2017
- IV. Clean Audit from Weaver
- V. Transparency Stars – Traditional Finances , Debt Obligations, and Contracts & Procurement.
- VI. Lowest Tax Rate (\$1.28) compared to our Area Peer Group
- VII. Transferred \$8M of Surplus Fund Balance to the capital projects program to build the addition at Irons Jr. High.
- VIII. 5 - Star rating by the 2017 Texas Smart Schools. One of only 3 ISD's to receive a 5-Star rating all 8 years.



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TXSmartSchools

Five Star Recipients



Nine Consecutive
Years

Conroe

Cypress-Fairbanks
Friendswood

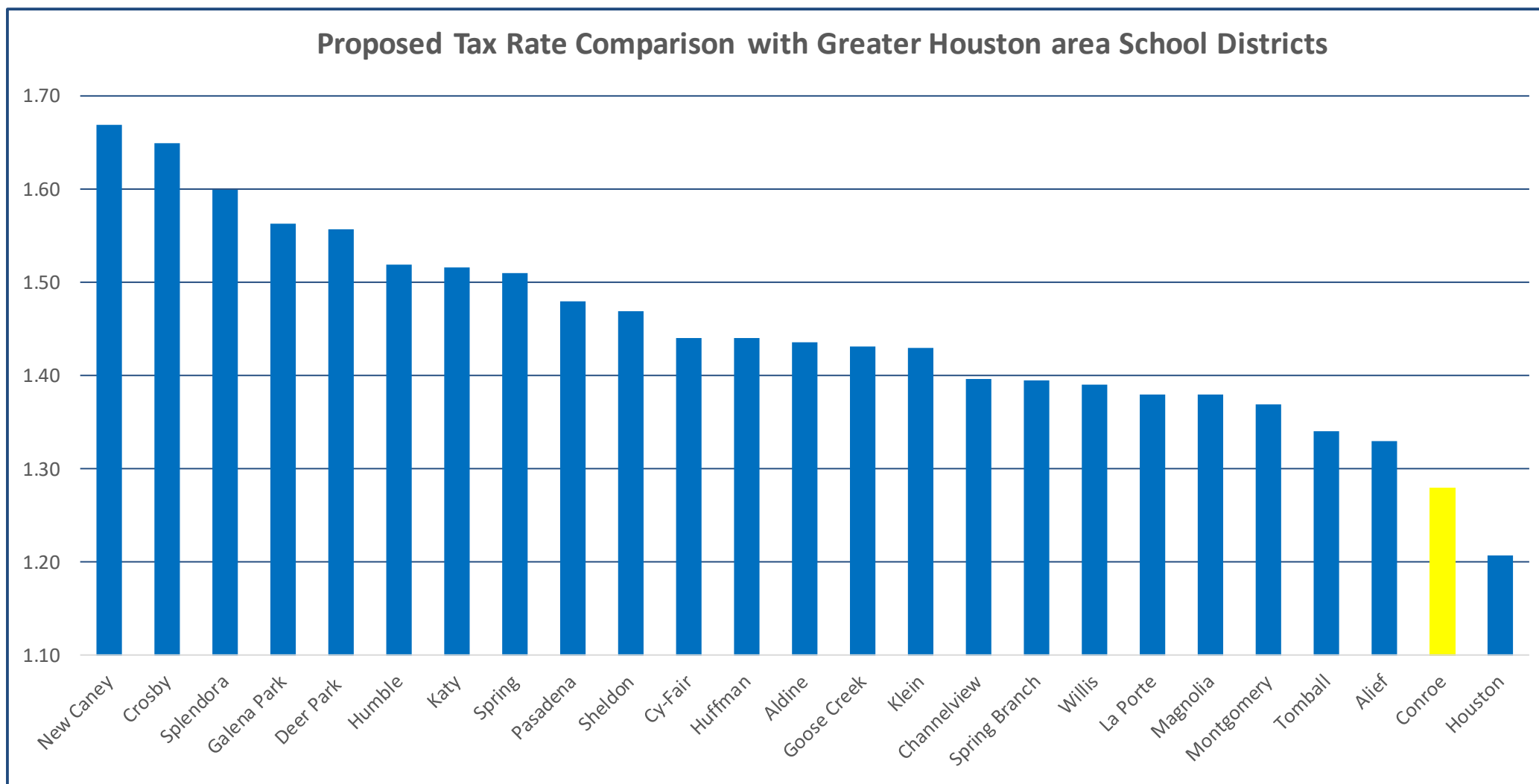
FAST

Financial Allocation
Study of Texas



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2018-2019 Proposed Tax Rate Comparison with Greater Houston Area School Districts

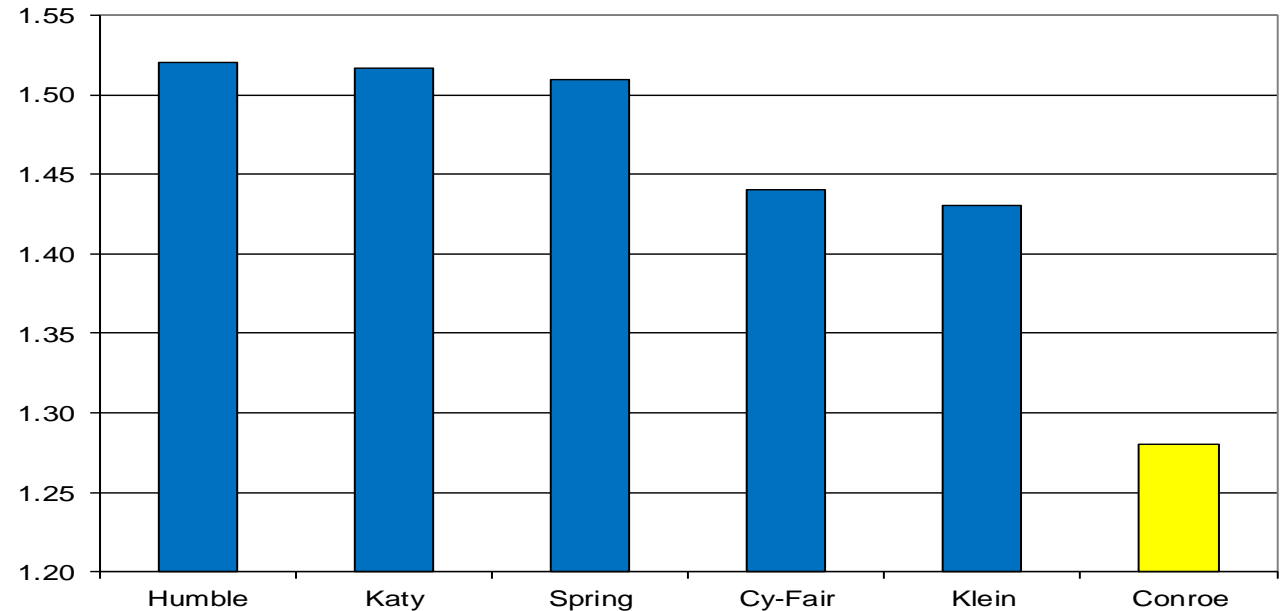




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2018 – 2019 Proposed Tax Rate Comparison With our Peer School Districts

2018-2019 Proposed Tax Rate Comparison

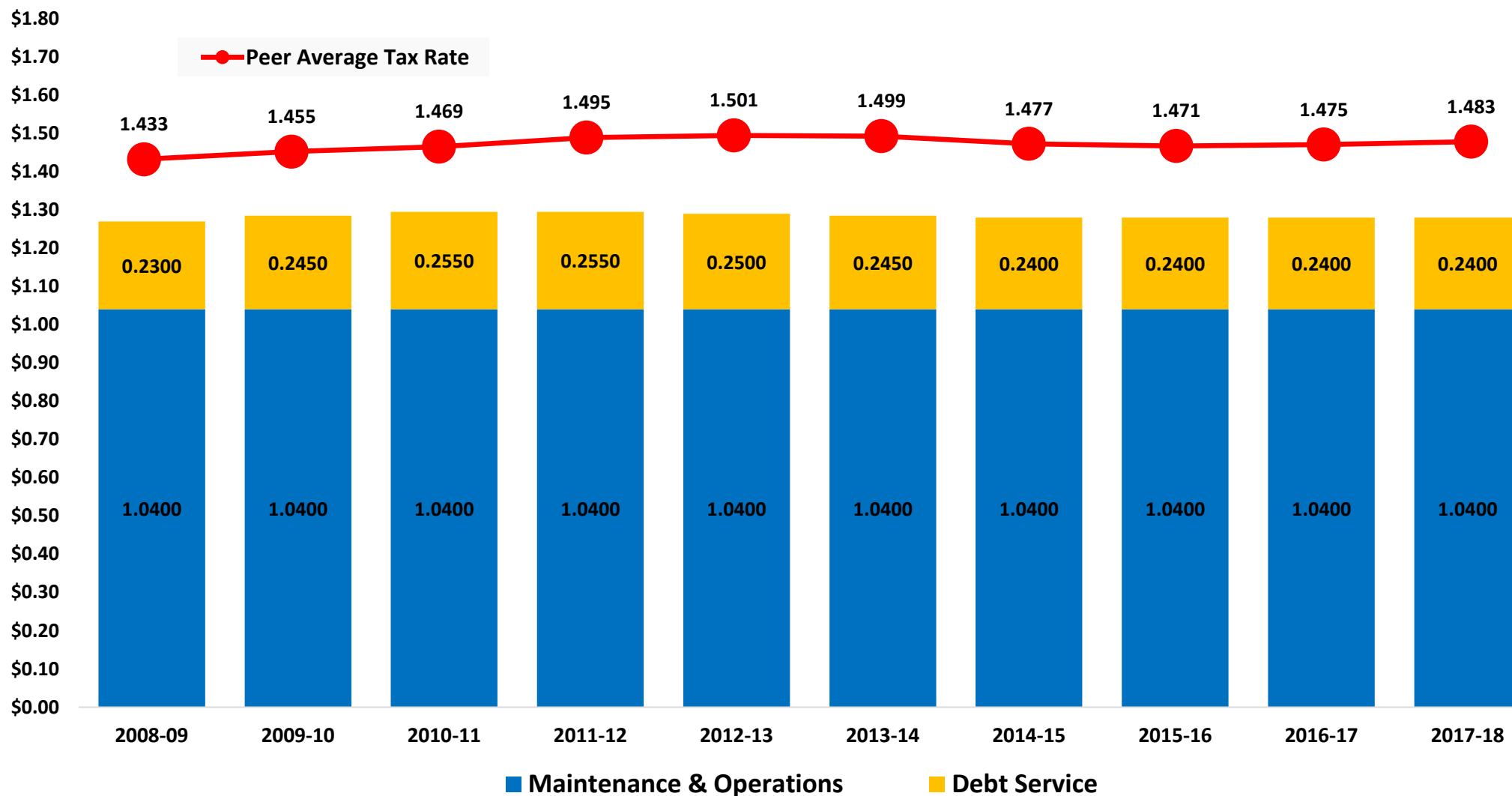


District	Fiscal Year 2018-2019		
	Total Rate	General	Debt Service
Humble	1.5200	1.1700	0.3500
Katy	1.5166	1.1466	0.3700
Spring	1.5100	1.0600	0.4500
Cy-Fair	1.4400	1.0600	0.3800
Klein	1.4300	1.0600	0.3700
Peer Average Tax Rate	1.4833	1.0993	0.3840
Conroe Tax Rate	1.2800	1.0600	0.2200



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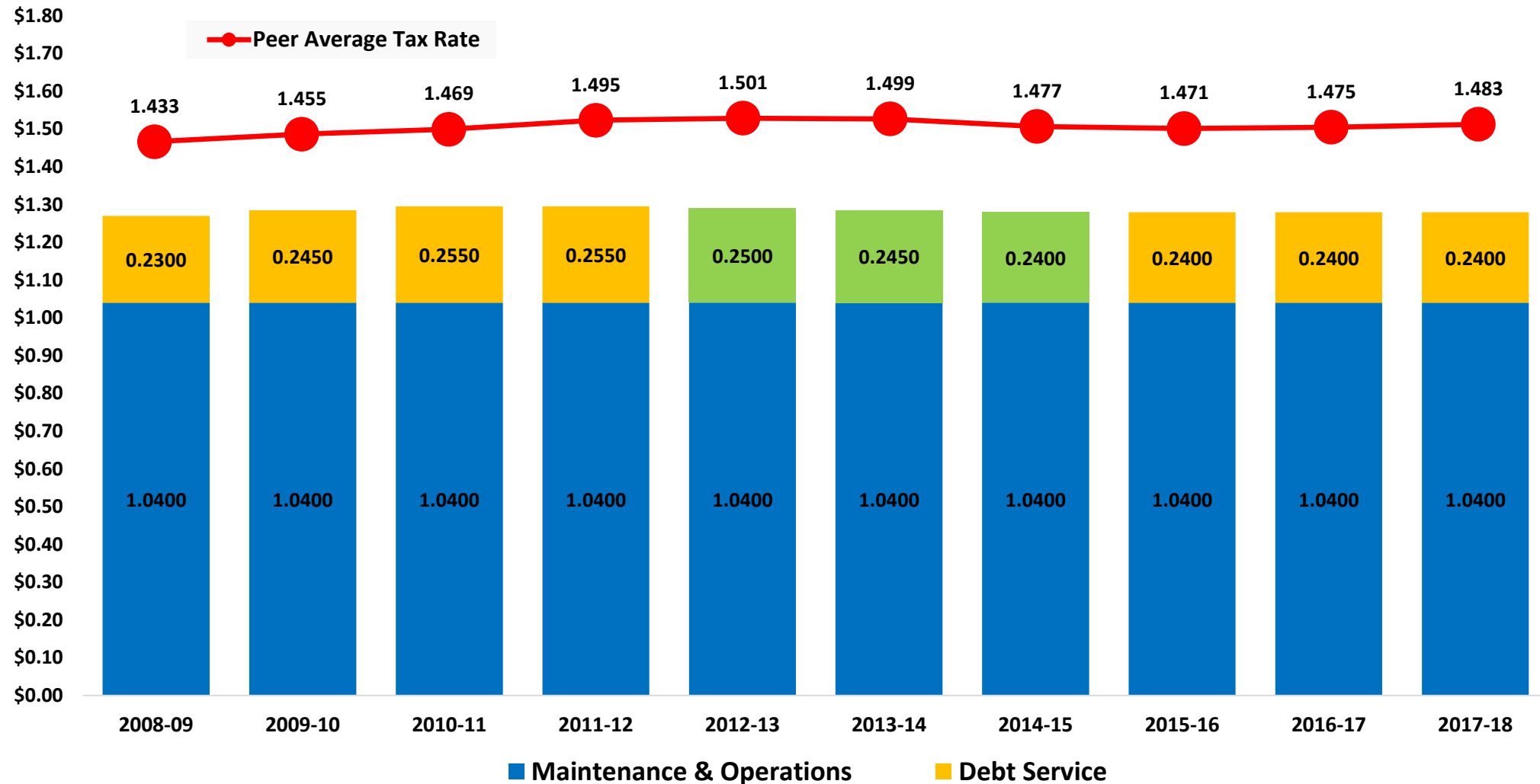
Tax Rate History





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Tax Rate History





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Comparison To State Averages By Function

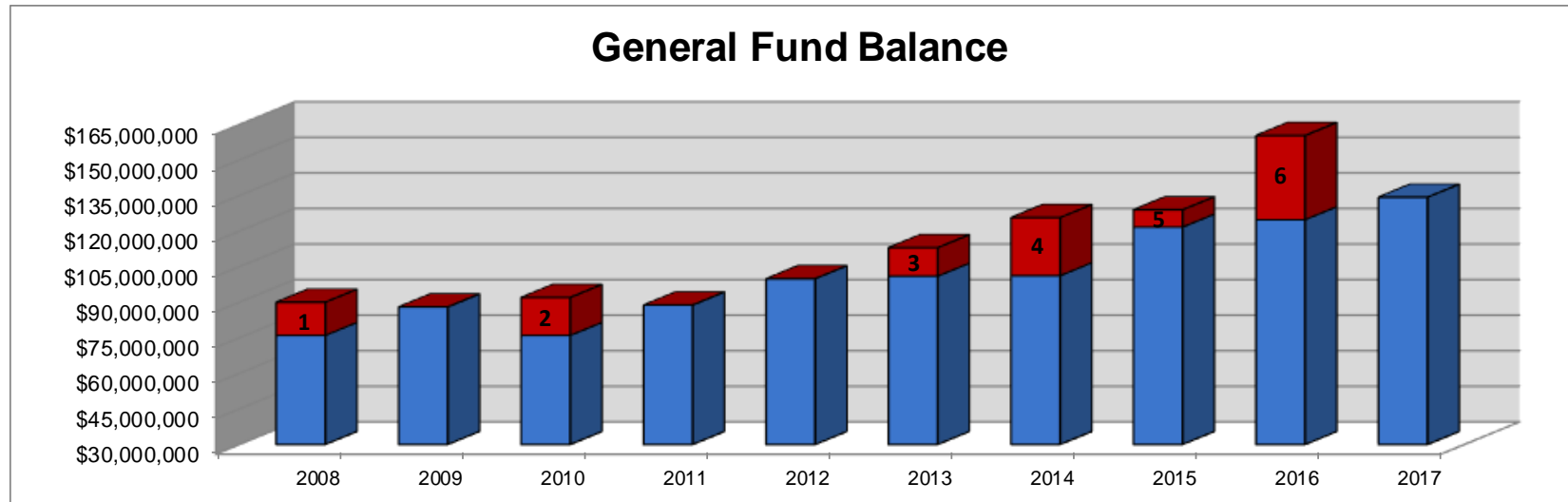
General Fund Expenditures By Function	2017-2018	2017-2018
	Conroe ISD Budget %	State Average Budget %
Instruction (11,95)	64.31%	58.46%
Instructional-Related Services (12,13)	2.16%	2.95%
Instructional Leadership (21)	0.95%	1.56%
School Leadership (23)	6.35%	6.52%
Student Support Services (31,32,33)	4.50%	4.87%
Student Transportation (34)	4.87%	3.46%
Food Service (35)	0.00%	0.82%
Co-Curricular/Extracurricular Activities (36)	2.30%	2.98%
Central Administration (41,92)	1.87%	3.77%
Plant Maintenance & Operations (51)	9.86%	11.38%
Security & Monitoring Services (52)	1.29%	1.05%
Data Processing Services (53)	1.54%	2.18%
Total	100.00%	100.00%
Budget Expenditures Per Student	\$7,750	\$8,637

Source: 2017-2018 Budgeted Financial Data (<http://www.tea.state.tx.us>)



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General Fund Balance



1. \$14 M used to build Bonnie Wilkinson Elementary
2. \$16 M used for Construction projects and Safety & Technology needs
3. \$12 M used to cover life cycle and safety needs & the health fund
4. \$24.5M used for ORHS 9th grade, life cycle & the health fund
5. \$7.3 M used for TWHS girls locker room addition & the health fund
6. \$35.5 M used for construction projects & the health fund



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2018-2019 Budget Objectives

1. Meet the needs for the 2018-2019 school year.
(Opening Grand Oaks High School and Clark Intermediate)
2. Provide a competitive raise and additional salary adjustments for identified areas.
3. Provide additional Safety and Security at our campuses.
4. Utilize the surplus to support capital projects, reduce bond debt requirements, and cover any unforeseen expenditures.



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Attendance Data

Last Nine Fiscal Years, Current Year, & One Year Projection

Average
Enrollment
Growth
Per Year
1,499

Average
ADA
Growth
Per Year
1,448
2.89%

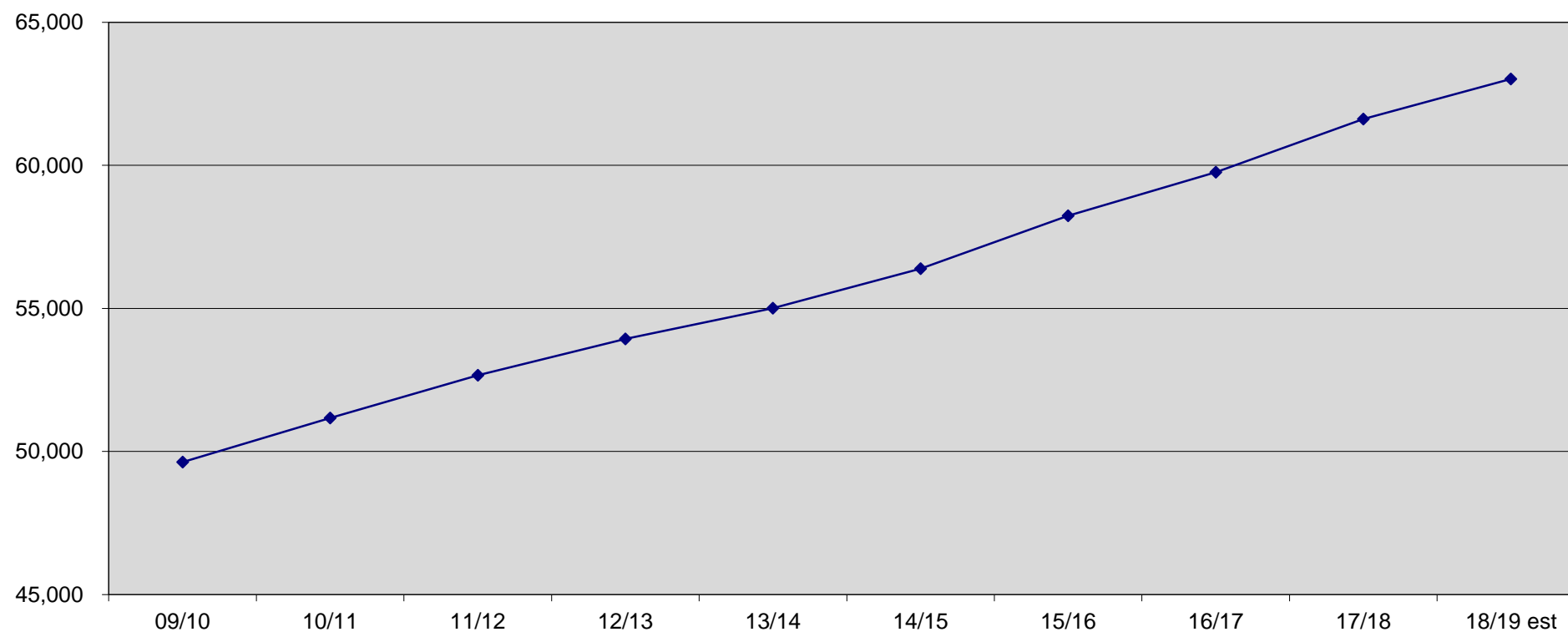
Year Ended 31-Aug	Enrollment		Average Daily Attendance			
	Actual Enrollment	Total Yearly Change	ADA Amount	Total Yearly Change	Percent (Decrease)	Percent of Enrollment
2009	47,996	1,472	44,915	1,610	3.7%	93.58%
2010	49,629	1,633	46,275	1,360	3.0%	93.24%
2011	51,170	1,541	47,888	1,613	3.5%	93.59%
2012	52,664	1,494	49,498	1,610	3.4%	93.99%
2013	53,934	1,270	50,465	967	2.0%	93.57%
2014	55,009	1,075	51,830	1,365	2.7%	94.22%
2015	56,363	1,354	53,165	1,335	2.6%	94.33%
2016	58,239	1,876	55,147	1,982	3.7%	94.69%
2017	59,764	1,525	56,653	1,506	2.7%	94.79%
2018	61,614	1,850	58,040	1,387	2.4%	94.20%
*2019	63,014	1,400	59,233	1,193	2.1%	94.00%
Ten Year		1,499		1,448	2.89%	94.02%

* State revenue estimates and campus expenditure budget allocations rely on enrollment data



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Enrollment Trend





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Certified Property Values

Last 10 yr
Average
Increase
6.9%

Average Market Value
2017- \$294,906
2018 - \$293,518
Decrease in taxes **\$17.77**

Tax Year	Certified Value	Change in Certified Value	
		\$	%
2018	35,737,543,316	1,937,650,491	5.73%
2017	33,799,892,825	1,376,594,502	4.25%
2016	32,423,298,323	2,582,889,266	8.66%
2015	29,840,409,057	2,911,859,001	10.81%
2014	26,928,550,056	3,019,678,901	12.63%
2013	23,908,871,155	1,831,798,239	8.30%
2012	22,077,072,916	1,086,730,457	5.18%
2011	20,990,342,459	717,354,839	3.54%
2010	20,272,987,620	558,807,212	2.83%
2009	19,714,180,408	1,358,634,446	7.40%



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Hurricane Harvey Disaster Recovery Funds

The District has unique opportunity to generate an additional \$6.8 Million in STATE REVENUE by maximizing our “Super Pennies” within the state funding formula.

Super Pennies – is the term used for the State providing additional funding for any M&O tax rate levied above \$1.00.

Current Tax Rate: \$1.28 - M&O \$1.04 Debt Service \$0.24

Section 26.08 (a) of the Tax code: If the governing body of a school district adopts a tax rate that exceeds the district’s rollback tax rate, the registered voters of the district at an election held for that purpose must determine whether to approve the adopted tax rate. When an increased expenditure of money by a school district is necessary to respond to a disaster, including a tornado, hurricane, flood, or other calamity, but not including a drought, that has impacted a school district and the governor has requested federal disaster assistance for the area in which the school district is located, an election is not required under this section to approve the tax rate adopted by the governing body for the year following the year in which the disaster occurs.



Disaster Recovery Funds (cont.)

How do we access the State Funding formula SUPER PENNIES?

Adjust the tax rate between the M&O and Debt Service funds. We will increase the M&O tax rate by \$0.02 to access the Super Pennies in the state funding formula and we will decrease the Debt Service tax rate by \$0.02 thus maintaining the same overall tax rate as last year at \$1.28.

		Tax Rate 2017-2018		Adopted Tax Rate 2018-2019		Increase <Decrease>
M & O		\$1.04		\$1.06		\$0.02
Debt		\$0.24		\$ 0.22		(\$0.02)
Total		\$1.28		\$1.28		\$0.00

This tax rate adjustment will provide an estimated additional \$6.8 million in state funding revenue in the general fund. This adjustment is only valid for one year.



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2018-2019 Funding Estimate

Tax Revenue Increase (5.73% AV Growth)		\$ 19.08 M
State Revenue:		
1,400 Student Growth	\$ 2.12 M	
Super Pennies Increase	<u>6.81 M</u>	
Total State Revenue		8.93 M
Investment Income		<u>1.23 M</u>
Total Estimated Available Funding		<u>\$ 29.24 M</u>



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2018-2019 Salary Increase

Pay Group	General Pay Increase	Adjustments	Estimated Total Increase
Teachers, Librarians, and Nurses (RN) 2.5%	\$ 5,567,932	\$ -	\$ 5,567,932
Administrative Business 2.5%	180,868	7,453	188,321
Administrative Education 2.5%	1,249,587	162,177	1,411,764
Administrative Support 3.0%	410,161	19,784	429,945
Instructional Support 3.0%	386,234	-	386,234
Auxiliary 3.0%	1,054,541	58,106	1,112,647
Police 3.0%	117,852	6,932	124,784
Total \$ 8,967,175 \$ 254,452 \$ 9,221,627			



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**Approved
2018-2019
Teacher
Hiring
Schedule**

**Conroe ISD
2018-19 New Hire Guide for
Teachers, Librarians, and Nurses (RN)**

Model 1: \$53,700 starting, 2.5% GPI

2017-2018 Years of Exp	2017-18 New Hire Salary	+	2.5% General Pay Increase	=	2018-19 Years of Exp	2018-19 Proposed New Hire Salary
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					0 →	\$53,700
0 →	\$52,500	+	\$ 1,450	=	1	\$53,950
1	\$52,700	+	\$ 1,450	=	2	\$54,150
2	\$52,900	+	\$ 1,450	=	3	\$54,350
3	\$53,100	+	\$ 1,450	=	4	\$54,550
4	\$53,540	+	\$ 1,450	=	5	\$54,990
5	\$53,920	+	\$ 1,450	=	6	\$55,370
6	\$54,295	+	\$ 1,450	=	7	\$55,745
7	\$54,520	+	\$ 1,450	=	8	\$55,970
8	\$54,820	+	\$ 1,450	=	9	\$56,270
9	\$55,120	+	\$ 1,450	=	10	\$56,570
10	\$55,520	+	\$ 1,450	=	11	\$56,970
11	\$56,020	+	\$ 1,450	=	12	\$57,470
12	\$56,520	+	\$ 1,450	=	13	\$57,970
13	\$57,020	+	\$ 1,450	=	14	\$58,470
14	\$57,520	+	\$ 1,450	=	15	\$58,970
15	\$58,020	+	\$ 1,450	=	16	\$59,470
16	\$58,520	+	\$ 1,450	=	17	\$59,970
17	\$59,020	+	\$ 1,450	=	18	\$60,470
18	\$59,520	+	\$ 1,450	=	19	\$60,970
19	\$60,020	+	\$ 1,450	=	20	\$61,470
20	\$60,520	+	\$ 1,450	=	21	\$61,970
21	\$61,120	+	\$ 1,450	=	22	\$62,570
22	\$61,620	+	\$ 1,450	=	23	\$63,070
23	\$62,120	+	\$ 1,450	=	24	\$63,570
24	\$62,620	+	\$ 1,450	=	25+	\$64,070
25+	\$63,020					



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Personnel - Growth

CAMPUS POSITIONS	Elementary	Intermediate	Junior High	High School	Grand Total	Total Cost
Teachers	(11.50)	32.50	9.00	49.00	79.00	4,592,500
Contingency Teaching Positions	19.00	0.00	0.00	0.00	19.00	1,140,000
Other Professionals	0.00	3.00	0.00	6.00	9.00	570,000
Para-Professionals	3.00	27.50	(1.00)	20.00	49.50	1,002,000
Administrators	2.00	0.00	1.00	5.00	8.00	725,000
Total	12.50	63.00	9.00	80.00	164.50	8,029,500

SUPPORT POSITIONS	Operations	District Support	Grand Total	Total Cost
Homeless Liaison	-	0.50	0.50	40,000
Technology & Admin Support	-	3.00	3.00	130,000
Special Education	-	3.00	3.00	125,000
Transportation	15.00	-	15.00	375,000
Police-Additional Campus Security	18.00	-	18.00	1,010,000
Maintenance & Custodial	35.00	-	35.00	972,000
Total	68.00	6.50	74.50	2,652,000

Total FTE Change 239.00
Grand Oaks High School Stipends \$300,000
Total Payroll Additions \$10,981,500



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Safety and Security Additional Police Officers

Safety and Security:

Leadership	\$ 110,000
15 Police Officers	825,000
Equipment	76,100
Training	9,200
12 Vehicles	179,700
Total Cost	<u>\$ 1,200,000</u>



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Projected Expenditure Budget
Increase for 2018-2019

Additional Personnel for Growth	\$ 10.98 M
Salary Increase (2.5%-3%)	9.22 M
Payroll Budget Adjustment	(1.00) M
Other Expenses (Utilities, Fuel, & Supplies)	<u>3.23 M</u>
Total	\$ 22.43 M



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2018-2019 Adopted Budget

Revenue

17-18 Revenue Budget	\$473.03 M
18-19 Projected State Revenue: 1,400 Student Growth, Super Pennies	8.93 M
18-19 Projected Local Revenue Increase (5.73% AV Growth)	19.08 M
18-19 Interest Revenue	1.23 M
Projected 18-19 Revenue Budget	<u>\$502.27 M</u>

Expenditure

17-18 Expenditure Budget	\$473.03 M
Salary Increase	9.22 M
Additional Personnel	10.98 M
Payroll Budget Adjustment	(1.00) M
Other Expenses	3.23 M
Projected 18-19 Expenditure Budget	<u>\$495.46 M</u>
Budget Surplus	<u>\$ 6.81 M</u>

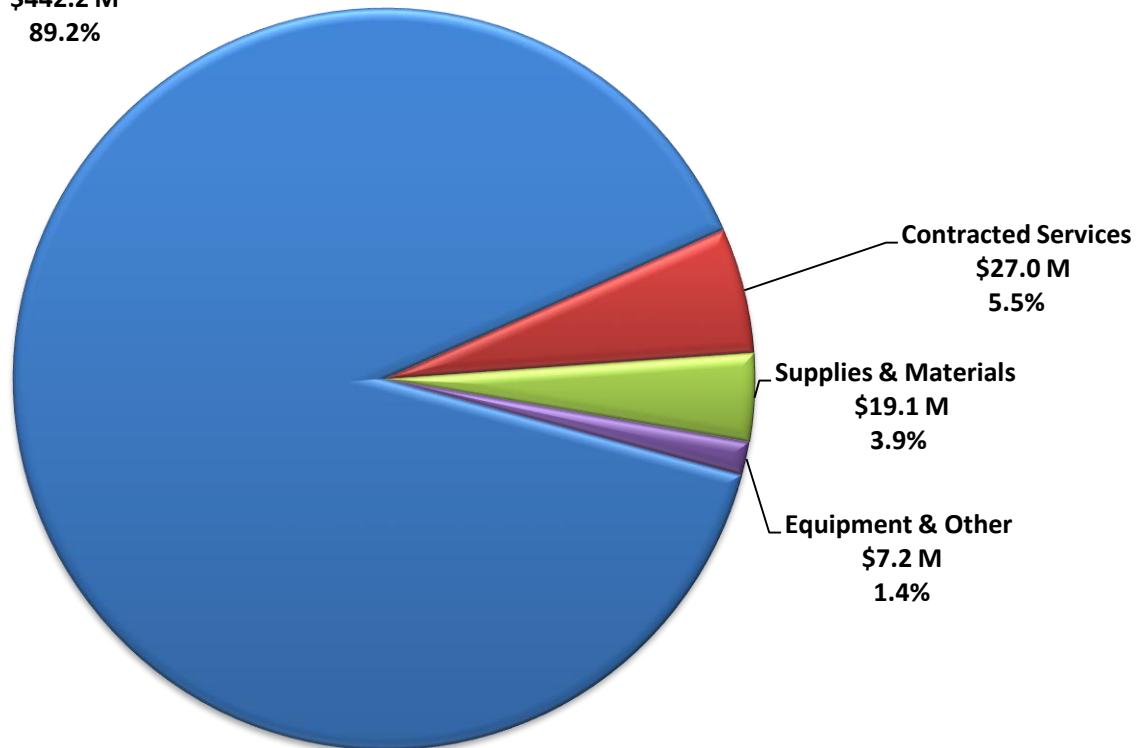
\$ 22.43 M equals a 4.74% Budget Increase



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2018-2019 Budget Summary

Payroll,
\$442.2 M
89.2%



- Payroll
- Contracted Services
- Supplies & Materials
- Equipment & Other

2018-2019 Adopted Budget
\$495,459,113



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2017-18 Tax Rate
Tax Rate Change
2018-19 Proposed Tax Rate

	General Operating Funds	Child Nutrition Funds	Debt Service Fund
	\$ 1.0400		\$ 0.2400
	0.0200		(0.0200)
	\$ 1.0600		\$ 0.2200
Estimated Beginning Fund Balance	<u>\$ 136,579,350</u>	<u>\$ 2,841,949</u>	<u>\$ 32,560,985</u>
Estimated Revenue			
Local Revenues	370,703,836	9,105,362	79,122,595
State Funding	108,271,646	-	1,630,972
Federal Revenue	-	12,894,638	-
TRS In-Kind Funds	<u>23,300,000</u>	<u>-</u>	<u>-</u>
Total	<u>502,275,482</u>	<u>22,000,000</u>	<u>80,753,567</u>
Estimated Appropriations			
11 Instructional	315,098,815	-	-
12 Instructional Resources and Media Services	5,782,833	-	-
13 Staff Development	3,814,145	-	-
21 Instructional Administration	4,408,256	-	-
23 School Administration	31,195,357	-	-
31 Guidance and Counseling	15,670,999	-	-
32 Attendance and Social Work Services	745,210	-	-
33 Health Services	5,378,152	-	-
34 Pupil Transportation	25,581,500	-	-
35 Child Nutrition	-	20,471,000	-
36 Co-Curricular Activities	11,506,271	-	-
41 General Administration	8,439,765	-	-
51 Plant Maintenance and Operation	49,046,719	1,529,000	-
52 School Police	7,538,589	-	-
53 Technology	6,933,402	-	-
61 Community Service	19,100	-	-
71 Debt Service	-	-	103,055,656
81 Facilities Acquisition and Construction	-	-	-
99 Other Intergovernmental Charges	<u>4,300,000</u>	<u>-</u>	<u>-</u>
Total	<u>495,459,113</u>	<u>22,000,000</u>	<u>103,055,656</u>
Estimated Ending Fund Balance	<u>\$ 143,395,719</u>	<u>\$ 2,841,949</u>	<u>\$ 10,258,896</u>



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2018-2019 Adopted Tax Rate

		Tax Rate 2017-2018		Adopted Tax Rate 2018-2019		Increase <Decrease>
M & O		\$1.04		\$1.06		\$0.02
Debt		\$0.24		\$ 0.22		(\$0.02)
Total		\$1.28		\$1.28		\$0.00

The 2018-2019 Adopted Tax Rate of \$1.28 is 48¢ lower than 2005-2006 Tax Rate of \$1.76



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Pro-Forma 2019-2020 Budget

Beginning Revenue		\$ 502.27 M
Estimated Revenue Change		
* Local Revenue 4.0% AV growth	\$ 14.40	
State Funding 1,400 growth.	15.20	
State funding decrease based on 5.73% AV	(19.80)	
Super Pennies Reduction	(6.81)	
Total State Funding	<u>\$(11.41)</u>	
Total Estimated Revenue Change		<u>2.99</u>
Estimated Total Revenue		\$ 505.26 M
Beginning Expenditures		\$ 495.46 M
Estimated Expenditure Increase		
3.0 % Salary Increase	\$ 10.00	
Additional Personnel for Growth 1400 new student:	6.70	
New Schools Personnel Cost	2.30	
Other cost (Utilities, supplies, Ins.)	<u>1.50</u>	
Total Estimated Expenditure Increase		<u>20.50</u>
Estimated Total Expenditures		\$ 515.96 M
Potential Shortfall		<u>\$(10.70) M</u>



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Fund Balance Analysis

Objective: Maintain an Unassigned Fund Balance of 25% of the Annual Budget (approx. 3 mos. of expenses)

Adopted 2018-2019 Budget	\$ 495.46M
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25% of Budget	\$ 123.90M
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Estimated Unassigned Fund Balance @ 8-31-18 = \$ 131.6 M 27% of budget and (\$7.7M over our 25% Target)



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Proposal for Fund Balance Surplus

- Save the Surplus in the General Fund Balance to support the 2019-2020 budget. (Legislative session “unknowns” and opening an elementary school)
- Buses, school sites, support our capital projects program to reduce bond debt requirements, and cover any unforeseen expenditures.

NOTE: The 2019 AV increase and enrollment growth will determine available budget funding for 2019-2020.



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Additional Information



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Key Budget Data

	17-18 Actual	18-19 Projected
Assessed Value	33,799,892,825	35,725,552,924
% Increase in AV	4.25%	5.73%
Enrollment	61,614	63,014
ADA	58,040	59,233
WADA	74,073	74,184
Wealth per WADA	456,305	481,580
Chapter 41 Status	514,000	514,000
Chapter 41 Minimum	319,500	319,500



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Robin Hood Effect

<u>Budget Year</u>	<u>Assessed Value</u>	<u>Local Tax Revenue</u>	<u>State Revenue</u>	<u>Total Revenue</u>
2015 – 2016	\$ 29.8 B	\$ 298.6 M		
2016 – 2017	\$ 32.4 B	\$ 325.5 M	\$ 127.8 M	\$ 453.3 M
2017 – 2018	\$ 32.4 B	\$ 325.5 M	<u>\$ 100.9 M</u>	\$ 426.4 M

State Benefit from 2016 Inc in Local AV

\$ 26.9 M

NOTE: Amount of State funding is computed using prior year AV.

Assumes no change in enrollment or AV for the year 2017-2018



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Top Ten 2016-2017 Expenditures

	Account	2016-2017 Total Y-T-D Expenditures	Percentage of Total
1	Payroll (Salaries & Benefits)	\$ 406,264,156	88.88%
2	Utilities	12,824,419	2.81%
3	General Supplies	5,941,080	1.30%
4	Tax Appraisal and Collections	3,462,648	0.76%
5	Travel - Student Only	2,551,370	0.56%
6	Building and Grounds Repairs	2,421,367	0.53%
7	Computer and AV Repair	2,359,001	0.52%
8	Computer and AV Supplies	2,320,094	0.51%
9	Building and Grounds Supplies	2,177,581	0.48%
10	Misc Contracted Services	2,096,065	0.46%
	Top Ten Total Actual Expenditures	442,417,781	96.78%
	Total of All Expenditures	457,118,178	100.00%



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Reference Documents

CISD Finance Manual

<http://www.conroeisd.net/departments/financial-services-internal-employees-only/>

2017-2018 Detailed Budget by Organization and Function

<https://www.conroeisd.net/wp-content/uploads/2018/03/Detailed-Budget-2017-2018-by-Org-and-Func-General-Fund.xlsx>

2017-2018 Official Budget Book

<https://www.conroeisd.net/wp-content/uploads/2017/11/Budget-Book-17-18.pdf>

2016-2017 Comprehensive Annual Financial Report(CAFR)

<https://www.conroeisd.net/wp-content/uploads/2018/01/CAFR-16-17-Protected.pdf>