

2018-19
**FINANCIAL
UPDATE**

September 17, 2018
Board Update



2018-19 Adopted Budget

	2017-18	2018-19
(\$ Millions)	<u>Estimate</u>	<u>Adopted</u>
Operating Revenues	\$ 636.30	\$ 626.77
Operating Expenditures	<u>639.47</u>	<u>634.63</u>
Other Sources/(Uses)	1.60	2.00
Use of Economic Stabilization	<u>1.56</u>	<u>5.86</u>
Surplus/(Deficit)	<u><u>-</u></u>	<u><u>-</u></u>
Fund Balance - Beginning	185.26	183.69
Use of Economic Stabilization	<u>(1.56)</u>	<u>(5.86)</u>
Fund Balance - Ending	<u><u>\$ 183.69</u></u>	<u><u>\$ 177.83</u></u>
90 Day Reserve Requirement	158.40	156.40
Days	90 Days	90 Days

Changes to 2017-18 (all one-time items)

- Major Revenues Adjustments:
 - » State Compensatory Education: \$8.96M
 - » Harvey Insurance Recovery: \$5.21M
 - » ADA Adjustments: \$1.26M
 - » New Instructional Facility Allotment **(\$1.34M)**
 - Rate reduction from \$1,000 to \$220 per student
- Major Expenditure Adjustments:
 - Finalized Grants**
 - » Emergency Impact Aide Grant: \$7.78M
 - » Restart Recovery Grant \$5.17M
 - Other Expenditures**
 - » Harvey Expenditures **(\$10.2M)**

2017-18 Estimate vs Near-final

	2017-18		2017-18
(\$ Millions)	<u>Estimate</u>	<u>Changes</u>	<u>Near-final</u>
Operating Revenues	\$ 636.30	\$ 17.53	\$ 653.83
Operating Expenditures	<u>639.47</u>	<u>(0.34)</u>	<u>639.13</u>
Other Sources/(Uses)	1.60	0.07	1.68
Use of Economic Stabilization	<u>1.56</u>	<u>(1.56)</u>	<u>-</u>
Surplus/(Deficit)	<u><u>-</u></u>	<u><u>16.38</u></u>	<u><u>16.38</u></u>
Fund Balance - Beginning	185.26	-	185.26
Use of Economic Stabilization	<u>(1.56)</u>	<u>1.56</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 183.69</u>	<u>\$ 17.95</u>	<u>\$ 201.64</u>
90 Day Reserve Requirement	158.40		157.20
Days	90 Days		106 Days

2018-19 Budget Amendment

Proposed Amendment, September 2018

- Revenue Adjustments:
 - » Higher Property Value Growth: \$4.65M
 - » CPTD Adjustment (FY17 One-time): \$1.75M
- Expenditure Adjustments:
 - » Teaching and Learning Budget Adjustment \$0.58M
 - » Annual Encumbrance Roll-over \$3.71M
 - » PD Initiative Positions \$0.96M

Additional Staff for Security

Position Description		FTEs
Elementary school patrol officers		11.0
Sergeants to supervise elementary officers		2.0
Threat assessment team		5.0
Police Investigator		1.0
Network Analysts		3.0
Total Positions		22.0
Total Estimated Cost:	Prorated FY19	\$0.96M
	FY20	\$1.62M

2018-19 Budget Adjustments

	2018-19 Adopted Budget	Budget Amendment Sep 2018	2018-19 Amended Budget
(\$ Millions)			
Operating Revenues	\$ 626.77	\$ 6.44	\$ 633.21
Operating Expenditures	<u>634.63</u>	<u>5.31</u>	<u>639.95</u>
Other Sources/(Uses)	2.00	0.04	2.04
Use of Economic Stabilization	<u>5.86</u>	<u>(1.16)</u>	<u>4.70</u>
Surplus/(Deficit)	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Beginning	201.64	-	201.64
Use of Economic Stabilization	<u>(5.86)</u>	<u>1.16</u>	<u>(4.70)</u>
Fund Balance - Ending	<u>\$ 195.78</u>	<u>\$ 1.16</u>	<u>\$ 196.94</u>
90 Day Reserve Requirement	156.40		157.70
Days	100 Days		100 Days

Changes to 2018-19 Forecast

Potential Amendment, October 2018

- Revenue Adjustments:
 - » Collections on Frozen Values: \$4.17M
 - » CPTD Audit (One time): \$0.25M

- Expenditure Adjustments:
 - » New Positions Teacher Pool: \$0.94M
 - » Revised Electricity Forecast: \$1.50M
 - » Potential Security Investments: \$0.19M
 - » November 2018 Retention Supplement
 - Teacher Supplement (\$500): \$2.96M
 - Non-Teachers: 2% of pay up to \$1,000: \$2.48M

Over 65 and Disabled Person Ceiling

- Limits the amount of taxes paid on a residence for a person who is age 65 or older, or disabled
 - » Frequently referenced as “frozen” value
 - » Automatically applies to residences that qualify for an over 65 or disabled homestead exemption
 - » Tax ceiling is set at the amount of taxes paid the year that a residence qualified for the over 65 or disabled exemption
 - » Value of property continues to grow, but the tax bill amount generally does not change
 - Tax bill can go below but not exceed the ceiling amount
 - Improvements to the homestead will increase the ceiling (e.g. garage, game room, or pool additions)

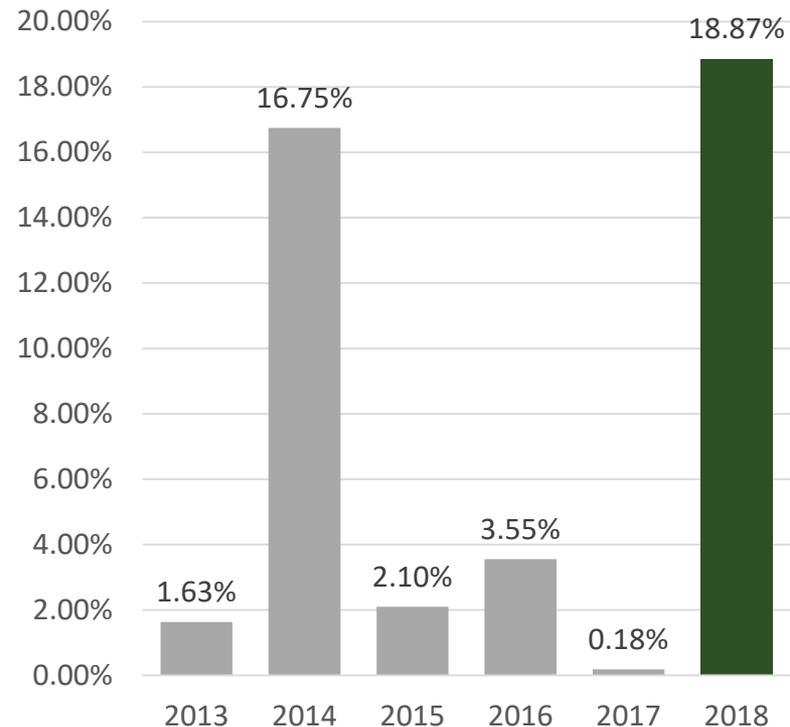
Over 65 and Disabled Person Ceiling

- Over 65 population increasing at a faster rate than general population in Fort Bend County
 - » Five year growth between 2015 and 2017 grew 14.7% compared to 6.8% for total population
 - » As of 2017, represents 10.6% of total population
- Number of over 65 homesteads increased 9% year over year:
 - » 2017 tax year: 20,179
 - » 2018 tax year: 22,026

Over 65 Property Collections

- Over 65 growth has been volatile over last five years
- Used conservative 3% growth for forecast
- Actual growth from prelim to certified was almost 19%
- Represents \$4.17M in recurring revenue from “frozen” collections
- Incorporated amounts into the long-range forecast

Change in Over 65 Values
Preliminary to Certified



Three Year Outlook Assumptions

- Revenues

- » Property value growth of 5% each year to match assumptions for debt service fund
 - 3% in prior forecast
- » \$10 increase per year to Austin Yield
 - 2019-2021 Biennium
 - No increases included in prior forecast

Three Year Outlook Assumptions

- Expenditures

- » Opening of Reese CTE Center and Elementary 51 in Fall 2019
- » New teaching staff based on projected enrollment growth
- » General pay increase of 2% each year beginning in 2019-20
- » **Health fund contribution \$2.0M each year**
- » **Special Education increase of \$0.5M each year**
- » Adjustments to campus budgets based on projected enrollment growth.
- » 2021-22: Start-up cost and support personnel cost for Elementary 52 and 53.

Three Year Outlook

	2018-19	2019-20	2020-21	2021-22
(\$ Millions)	Forecast	Forecast	Forecast	Forecast
Operating Revenues	\$ 637.64	\$ 651.89	\$ 663.07	\$ 675.17
Operating Expenditures	<u>644.46</u>	<u>659.63</u>	<u>675.76</u>	<u>695.54</u>
Other Sources/(Uses)	2.00	2.00	2.00	2.00
Use of Economic Stabilization	<u>4.81</u>	<u>5.75</u>	<u>-</u>	<u>-</u>
Surplus/(Deficit)	<u>-</u>	<u>-</u>	<u>(10.69)</u>	<u>(18.37)</u>
Fund Balance - Beginning	<u>201.64</u>	<u>196.82</u>	<u>191.08</u>	<u>180.38</u>
Use of Economic Stabilization	<u>(4.81)</u>	<u>(5.75)</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 196.82</u>	<u>\$ 191.08</u>	<u>\$ 180.38</u>	<u>\$ 162.01</u>
90 Day Reserve Requirement	158.80	162.50	166.50	171.40
Days	 99 Days	 94 Days	 86 Days	 74 Days

Future Considerations

- Revenues
 - » Harvey Property Value Hold Harmless
 - » Additional FEMA/Insurance Collections
 - » Changes in Austin ISD Yield
 - » Potential State Formula Changes (+/-)
- Expenditures
 - » Additional investments in literacy

Upcoming Actions

September

- Budget Amendment

October

- Budget Amendment
- Retention Supplement (Teachers and Non-Teachers)

November

- Retention Supplement payout
 - Teachers \$500
 - Non-Teachers 2% of pay up to \$1,000

January / February

- Budget Update
- Legislative Update

Campus Staffing



79%

Campus Support Services



8%

Facilities Maintenance



5%

Transportation



4%

Security



2%

Admin



1%

IT



1%

Source: Region IV On-Suite – all employees, all funds, 2018-19

2018-19

FINANCIAL UPDATE

QUESTIONS?