



WESLACO INDEPENDENT SCHOOL DISTRICT

319 W. Fourth Street
Weslaco, TX 78599-0266

Winners. **I**nnovators. **S**cholars. **D**oers.

BOARD OF TRUSTEES

Meeting:
Place:
Location:
Date:
Time:

Public Hearing
WISD Board Room
319 W. Fourth Street
August 21, 2017
5:45 P.M

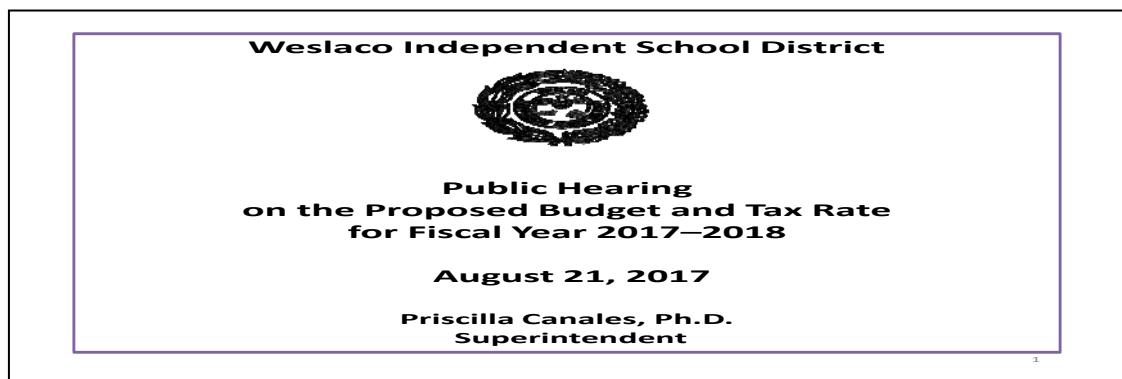
MINUTES

- I. The meeting was called to order by Erasmo Lopez, Board President.
- II. A full quorum was established. The following board members were present.

Erasmo Lopez, President
Oscar Caballero, Vice President
Isidoro Nieto, Trustee
Andrew Gonzalez, Trustee
Patrick Kennedy, Trustee
Dr. Richard Rivera, Trustee
Dr. Jaime Rodriguez, Trustee

- III. Public Hearing on Proposed 2017-2018 Budget and Tax Rate

Mr. Andres Sanchez, Assistant Superintendent for Business & Finance, presented the report on the proposed 2017-2018 Budget and Tax Rate for fiscal year 2017-2018.



Highlights of Proposed 2017–2018 Budget

- **The proposed budget for fiscal year 2017-2018 is conservatively based on 16,170 ADA.** The preliminary ADA count of the 1st, 2nd, 3rd, and 4th six weeks of the 2016–2017 school year is 16,096. See comparisons below of projected ADA and actual ADA for the last four (4) years.

Budget Year	Projected ADA	Actual ADA
2013-2014	16,411	16,420
2014-2015	16,300	16,054
2015-2016	15,800	16,334 (includes 107 ADA from the ELF Academy.)
2016-2017	16,100	16,096 (includes 140 ADA from the ELF Academy.)
2017-2018	16,170	Adding 70 additional ADA for Head Start Program (conservative ½ of 140 possible ADA)

For School Year 2017-2018, Administration will work with School Principals on Specific Target ADA increases to their campuses. We will concentrate our efforts on increasing the number of students in attendance at school – not just thinking of a percentage increase.

In the end, students will benefit from the increased instruction received during those additional days of attendance to schools. Also the schools will reach their target attendance percentages which will lead to increase state revenues based on average daily attendance.

- Due to an additional 280 students from the Head Start Program, staff added 70 additional ADA to the budget.

Highlights of Proposed 2017–2018 Budget

- The budget is based on **Certified 2017-2018 net taxable property values of \$ 2,292,112,169.** The 2016-2017 certified net taxable property values were \$ 2,169,875,240. **There is an increase of property values of \$ 122,286,757 (5.63%) for the fiscal year 2017-2018.**
- The budget is presented based on a tax rate of \$ 1.1597 as follows:
 - M&O rate: \$ 1.1397, and
 - I&S rate of \$ 0.02, an increase of 2 pennies in the I&S tax rate
- **Current Tax Collections are budgeted at a 91% tax collection rate.** Collection goal is 93%. For 2015-2016 & 2016-2017, current property tax collections were also budgeted at 91%.
- **Delinquent Tax Collections are projected on a 20% tax collection rate.** Collection goal is 27%.
- **Proposed Pay Raises are listed on page 6.**
- **The Workers Compensation Contribution will be \$500,000 (same as the FY 2016-2017).**
- **The Budget includes an Allocation from Local Maintenance & State CTE Funds for the CTE-Early College High School (4th year of operations).**
- **It is the Administration’s goal to increase the Undesignated/Unassigned Fund Balance by \$500,000 to a balance of \$17,500,000 by the end of the 2016-2017 fiscal year.**
- **No Transfer to Construction Fund is Budgeted for Facilities. It will be Set Aside from Budget Surplus.**

- Collection goal for current tax collections is 93%. The tax collections for the current year have reached 94% already.
- Delinquent tax collection goal is 27%. Delinquent collections are currently at 25% through July.

Highlights of Proposed 2017–2018 Budget (continued)

- The contribution for Health Insurance premiums paid for by the District for all employees was increased by only \$40, instead of \$100, from \$430 to \$470 per employee per month by approximately \$ 1,100,000 – All funds (local, state & federal).
- BCBS's recommendation was to increase the funding per employee to \$469 per month. Using 2016-17 claims data through June 22, 2017, Administration anticipates a \$3,000,000 deficit.
- Using BCBS' target for network savings on claims, we could save \$2,200,000 for FY 2017-2018; however, compared to the \$3,000,000 deficit for 2016-2017, we could still have a \$800,000 shortfall.
Therefore, Administration recommends increasing the district's contribution for employees by \$40 to \$470 per month to cover the potential shortfall in network savings on medical claims.
- Conservatively, we estimate that we will have approximately a \$3.5 million surplus in the current 2016-2017 budget that could be decreased by a very likely transfer to the Health Insurance Fund.
- Compared to FY 2016-2017, we have set up in the budget additional budgets for Fine Arts.

Highlights of Proposed 2017 – 2018 Budget (continued)

- The budget reflects an amount allocated to the campuses, based on ADA for School year 2016-2017, that is not used for Payroll, Band, Fine Arts, Utilities, Maintenance, Custodial, Energy Management or Security related costs that is as follows:
 - ✓ Elementary Schools \$120
 - ✓ Middle Schools \$135
 - ✓ High Schools \$200We are not aware of many other school district in the Rio Grande Valley that provide the same amount of funding to their campuses.
- Fine Arts Allocation for Schools
 - HS – Theater Arts, Dance & Visual Arts
 - MS – Theater Arts, Dance & Visual Arts
 - ES – Music & Visual Arts
- Budget includes additional Allocations for Band, Orchestra, Mariachi & Choir for both High Schools & Middle Schools: High Schools \$450 per student & Middle Schools \$80.
- The budget includes a line item of \$50,000 for the purchase of band instruments for each high school.
- The General Fund Budget ended with a surplus of \$621,019 which was recorded to function 11 for future additional allocation to schools based on priorities submitted for their educational needs.

Highlights of Proposed 2017 – 2018 Budget (continued)

Employee Pay Raise Options Considered

Staff	Proposed (Final)	Proposed (Original)	Alternate Pay Raise
Teachers, Athletic Trainers, Librarians, Campus Technology Coordinators, (CTC's)	\$ 1,200	\$ 1,000	\$ 750
Other Professional Staff	2.00%	2.00%	1.50%
Paraprofessional, Technical Trades & Manual Trades Staff	5.00%	5.00%	5.00%
Gross Wages & Fringe Benefits	\$ 3,431,853	\$ 3,162,800	\$ 2,741,952
Difference with \$1,000 Pay Raise for Teachers		(\$ 269,053)	
Difference with Alternate Pay Raise			(\$ 420,848)

Highlights of Proposed 2017 – 2018 Budget State Compensatory Education Budget

- The State Compensatory Education Budget includes enough funds to provide for accelerated instruction of students that are at risk of dropping out of school.

As per Mr. Sanchez, the statement above needs to be included as part of the budget presentation.

Debt Service Fund Budget

The budget includes a transfer of Surplus Funds for \$1,700,000 from the General Fund to the Debt Service Fund for the payment of Bond Debt .

The budget reflects an increase in the I&S tax rate of 2 pennies per \$100 of taxable property valuation. The 2 pennies generate approximately \$400,000 in taxes and \$600,000 in State EDA & IFA revenues.

Account	Balance / Amount
Estimated Fund Balance at 8/31/2017	\$ 3,250,809
Estimated Revenues (Taxes & Penalties)	459,861
Estimated Revenues (State EDA & IFA Revenues)	712,251
Transfer of Surplus Funds from General Fund	1,700,000
Projected Funds Available to Pay Bond Debt after Transfer from General Fund	\$ 6,124,921
Payment of Bond Principal and Interest Requirements	(4,791,500)
Projected Fund Balance at 08/31/2018	\$ 1,331,421

Proposed 2017 – 2018 Budget

Average Daily Attendance (ADA) For the Last Seven Years

<u>Fiscal Year</u>	<u>ADA Budget</u>	<u>ADA Actual</u>	<u>Difference Actual to Budget</u>
2010 – 2011	16,112	16,412	300
2011 – 2012	16,510	16,389	(121)
2012 – 2013	16,301	16,415	114
2013 – 2014	16,411	16,420	9
2014 – 2015	16,300	16,054	(246)
2015 – 2016	15,800	16,334	534
2016 – 2017	16,100	16,096*	(4)
2017 – 2018	16,170**		

* Final ADA based on best 4 six-weeks of 2016- 2017 School Year.

** **Projected ADA for 2017-2018 School Year (conservative estimate). It includes an estimated increase in ADA due to the additional 280 Head Start students.**

9

Proposed 2017 – 2018 Budget

Student Peak Enrollment for the Past Seven Years

<u>School Year</u>	<u>District Peak Counts</u>	<u>Increase (Decrease)</u>
2010 – 2011	17,558	
2011 – 2012	17,842	284
2012 – 2013	18,008	166
2013 – 2014	17,917	(91)
2014 – 2015	17,823	(94)
2015 – 2016	17,930	107
2016 – 2017	17,483	447
2017 – 2018	17,700	217 *
* Projected Increase		

10

Proposed 2017 – 2018 Budget

Tax Rate for the Past Seven Years

<u>Year</u>	<u>M&O Tax Rate</u>	<u>I&S Tax Rate</u>	<u>Tax Rate</u>
2010-2011	\$ 1.0400	\$ 0.0997	\$ 1.1397
2011-2012	\$ 1.1397	\$ 0.0000	\$ 1.1397
2012-2013	\$ 1.1397	\$ 0.0000	\$ 1.1397
2013-2014	\$ 1.1397	\$ 0.0000	\$ 1.1397
2014-2015	\$ 1.1397	\$ 0.0000	\$ 1.1397
2015-2016	\$ 1.1397	\$ 0.0000	\$ 1.1397
2016-2017	\$ 1.1397	\$ 0.0000	\$ 1.1397
2017-2018 *	\$ 1.1397	\$ 0.0200	\$ 1.1597

* Proposed Tax Rate

SURVEY OF REGION ONE SCHOOL DISTRICTS CURRENT YEAR ADOPTED TAX RATES & PROPOSED TAX RATES FOR FISCAL YEAR 2017-2018 SORTED BY TOTAL PROPOSED TAX RATE							
RANK	SCHOOL DISTRICT	CURRENT TAX RATES FOR 2016-2017			PROPOSED TAX RATES FOR 2017-2018		
1	Brownsville ISD	\$ 1.1525	\$ 0.1125	\$ 1.2650	\$ 1.1525	\$ -	\$ 1.1525
2	McAllen ISD	\$ 1.1550	\$ -	\$ 1.1550	\$ 1.1550	\$ -	\$ 1.1550
3	Weslaco ISD	\$ 1.1397	\$ -	\$ 1.1397	\$ 1.1397	\$ 0.0200	\$ 1.1597
4	Los Fresnos ISD	\$ 1.1700	\$ 0.0200	\$ 1.1900	\$ 1.1700	\$ 0.0200	\$ 1.1900
5	Edinburg CISD	\$ 1.1700	\$ 0.0698	\$ 1.2398	\$ 1.1700	\$ 0.0698	\$ 1.2398
6	Donna ISD	\$ 1.1700	\$ 0.0882	\$ 1.2582	\$ 1.1700	\$ 0.0882	\$ 1.2582
7	La Feria ISD	\$ 1.1700	\$ 0.1291	\$ 1.2991	\$ 1.1700	\$ 0.1291	\$ 1.2991
8	La Villa ISD	\$ 1.1700	\$ 0.1338	\$ 1.3038	\$ 1.1700	\$ 0.1338	\$ 1.3038
9	San Benito CISD	\$ 1.1700	\$ 0.1346	\$ 1.3046	\$ 1.1700	\$ 0.1346	\$ 1.3046
10	La Joya ISD	\$ 1.1700	\$ 0.1410	\$ 1.3110	\$ 1.1700	\$ 0.1410	\$ 1.3110
11	Harlingen CISD	\$ 1.1700	\$ 0.1480	\$ 1.3180	\$ 1.1700	\$ 0.1480	\$ 1.3180
12	Mission CISD	\$ 1.1700	\$ 0.1882	\$ 1.3582	\$ 1.1700	\$ 0.1802	\$ 1.3502
13	San Perlita ISD	\$ 1.0400	\$ 0.3200	\$ 1.3600	\$ 1.1700	\$ 0.1900	\$ 1.3600
14	Mercedes ISD	\$ 1.1700	\$ 0.2100	\$ 1.3800	\$ 1.1700	\$ 0.2100	\$ 1.3800
15	PSJA ISD	\$ 1.1700	\$ 0.2292	\$ 1.3992	\$ 1.1700	\$ 0.2292	\$ 1.3992
16	Hidalgo ISD	\$ 1.1700	\$ 0.3200	\$ 1.4900	\$ 1.1700	\$ 0.3000	\$ 1.4700

- Survey conducted by Region One.
- Weslaco is the third lowest school district with a tax rate of \$1.1397.

Comparison of the Total School Tax Increase per Year with a 2 Cents Increase in I&S Rate Between 2016-2017 at \$1.14 and 2017-2018 at \$1.16 on the Taxable Value of a Home									
	Value of Home	Value of Home	Value of Home	Average Value of Home in Weslaco	Value of Home	Value of Home	Value of Home	Value of Home	Value of Home
Value of Home	\$ 50,000	\$ 60,000	\$ 75,000	\$88,500	\$100,000	\$120,000	\$150,000	\$200,000	\$250,000
Homestead Exemption at \$25,000	\$(25,000)	\$(25,000)	\$(25,000)	\$(25,000)	\$(25,000)	\$(25,000)	\$(25,000)	\$(25,000)	\$(25,000)
Taxable Value	\$ 25,000	\$ 35,000	\$ 50,000	\$ 63,500	\$ 75,000	\$ 95,000	\$125,000	\$175,000	\$225,000
Divide by 100	250	350	500	635	750	950	1250	1750	2250
School Taxes for 2016-17 with a Tax Rate of \$1.14 (M&O \$1.14 & I&S \$0.00)	\$285.00	\$399.00	\$570.00	\$723.90	\$855.00	\$1,083.00	\$1,425.00	\$1,995.00	\$2,565.00
School Taxes for 2016-17 with a Tax Rate of \$1.16 (M&O \$1.14 & I&S \$0.02)	\$290.00	\$406.00	\$580.00	\$736.60	\$870.00	\$1,102.00	\$1,450.00	\$2,030.00	\$2,610.00
Total School Tax Increase per year with a 2 Cents Increase in I&S Rate	Only \$5.00 per year	Only \$7.00 per year	Only \$10.00 per year	Only \$12.70 per year	Only \$15.00 per year	Only \$19.00 per year	Only \$25.00 per year	Only \$35.00 per year	Only \$45.00 per year

- Example:
 - › A home owner with a house valued at \$88,500 currently pays \$723.90 at a tax rate of \$1.14 (M&O \$1.14) & (I&S \$0.00).
 - › The increase per year with a \$0.02 increase in the I&S rate would be \$12.70 per year, for a total tax of \$736.60.

Information provided on the Official Budget

Local Revenue	\$ 26,383,577
State Revenue	\$ 130,985,911
Federal Revenue	\$ 14,712,629
Total Revenues	\$ 172,082,117

- Transfers Out: \$(1,700,000) to Debt Service Fund (used to pay the bond)
- Budget is balanced

The General Fund Budget and Debt Service Fund requires board approval. The Special Revenue Fund and the Capital Projects Fund do not need board approval, but information is provided to the Board for informational purposes.

Debt Service Fund	
Local Revenue: (taxes & penalty)	\$ 459,861
State Revenue: (EDA & IFA money)	\$ 712,251
Total:	\$1,172,112

- Payment of Bonds (Principal, Interest, and Administrative Fees): \$4,791,500
- Transfers In: \$1,700,000
- Deficit: \$(1,919,388) –
 - › Money from the fund balance for the beginning of the year will be used.
 - › The budget should have a surplus of \$1.3 million at the end of next year.

IV. Public Comments on Proposed 2017-2018 Budget and Tax Rate

Mr. Kennedy informed the audience that the budget includes a \$0.02 tax increase per 100 valuation on a home, which means that tax payers will have to pay extra money. Therefore, he encouraged the public to express their opinion on whether they were for or against the tax increase and/or address any concerns or questions to the Board.

No one from the audience signed up to address the Board.

Questions/Comments from the Board:

Board President Erasmo Lopez acknowledged Mr. Sanchez and his staff for their work in preparing the budget and coming up with a balanced budget. He commended Business Office staff for achieving a superior rating on the First Indicators which reflects good financial management on the District's behalf.

Dr. Rivera also commended staff for having a balanced budget, but addressed his concern on the tax increase stating that WISD has not raised taxes for the last 20 years, other than through a bond election. He wanted to know how much money would be generated from a \$0.03 increase to the M&O and how much new monies had the district received from the state.

- › According to Mr. Sanchez, a \$0.03 increase to the M&O would generate about \$900,000 between local and state funds.
- › The budget includes \$2.5 million received from the state. A budget amendment will be presented to the Board when additional funds are received.

Andrew Gonzalez wanted to know the amount of the fund balance without the \$0.02 increase and if the pay raises would be affected.

- › The fund balance will go down to \$330,000.
- › The payment of bonds is approximately \$4.8 million.
 - If the \$0.02 increase is approved, a \$3.6 million transfer would be necessary.
 - › Money would stay in the debt service fund for next year.
 - › \$1 million could be kept in M&O to be used for schools, facilities, etc.
 - If the \$0.02 increase is not approved, the district will have to make most of the \$4.8 million payment.

Mr. Sanchez reminded the Board that a Tax Ratification Election (TRE) held in November for the 2010-2011 fiscal year was approved by the voters. The district transferred \$9.97 from the I&S to the M&O. The district received money from the state and the district received \$1 million more from the M&O. It was the district's intent to get some money and transfer to I&S for the payment of the bonds and to use the rest for facilities, operations, etc.

Mr. Lopez reiterated that if the \$0.02 cent increase is not approved, the district will need to transfer \$4.8 million out for next year and the kids will lose out on using these funds for the 2018-2019 school year. Weslaco ISD will need to look at having a bond election in the near future in order to be able to upgrade and build more facilities for the students.

V. Adjournment

The Public Hearing adjourned at 6:13 p.m.