

2015-2016 Budget and Tax Rate Community Discussion

June 18, 2015



INSPIRE • EQUIP • IMAGINE

Budget Committees: Transparency & Collaboration at All Levels

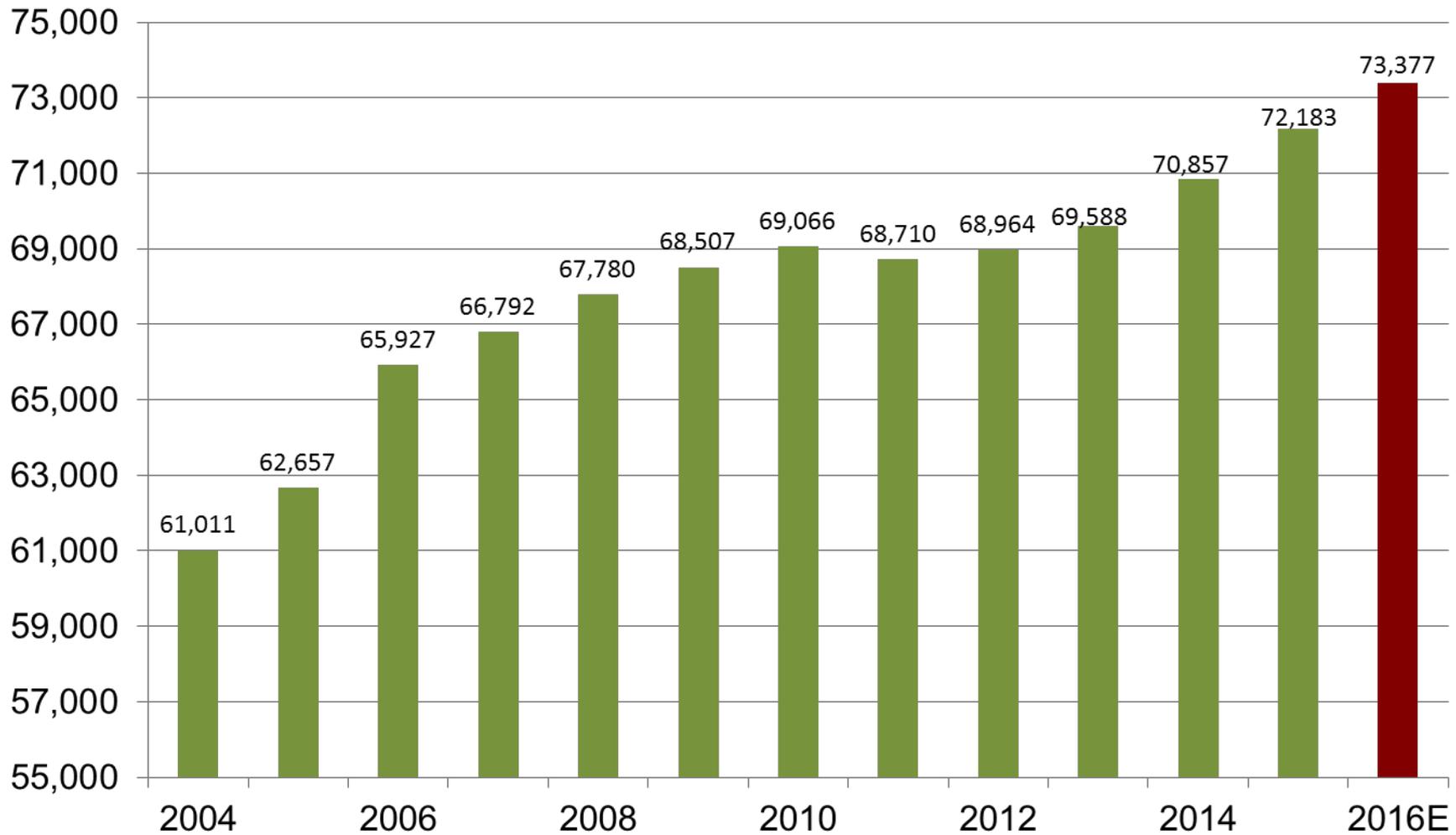
- Budget & Compensation Committee
 - Nominated delegates
 - Participation from all campuses and departments
 - Document needs and set priorities
- Principals & Directors
- Teacher Forum
- Benefits Committee

Proposed 2015-16 Budget Compared to 2014-15

	<u>ADOPTED/ADJUSTED</u> <u>2014/2015</u>	<u>PROPOSED 2015/2016</u>	<u>CHANGE</u>	
Student Enrollment	72,317	73,377	+	1.47%
General Fund Budget	\$559,416,121	\$580,408,153	+	3.75%
Estimated Levy/Student	\$4,094.84	\$4,435.85	+	8.33%
Estimated Local Revenue/Student	\$117.02	\$105.14	-	10.15%
Estimated State Aid/Student	\$3,470.12	\$3,215.47	-	7.34%
Estimated Federal Revenue/Student	\$88.55	\$97.19	+	9.76%
Application of Revenues from other sources/Student	<u>\$0.00</u>	<u>\$13.63</u>	+	100.00%
Estimated Revenues/Student	\$7,770.53	\$7,867.28	+	1.25%
Personnel Costs/Student	\$6,672.58	\$6,857.11	+	2.77%
Operating Costs/Student	\$1,055.84	\$1,043.79	-	1.14%
Capital Outlay Costs/Student	<u>\$11.49</u>	<u>\$9.05</u>	-	21.21%
General Operating Budget/Student	\$7,739.90	\$7,909.95	+	2.20%
<i>General Operating Increase/Student</i>		<i>\$170.04</i>		

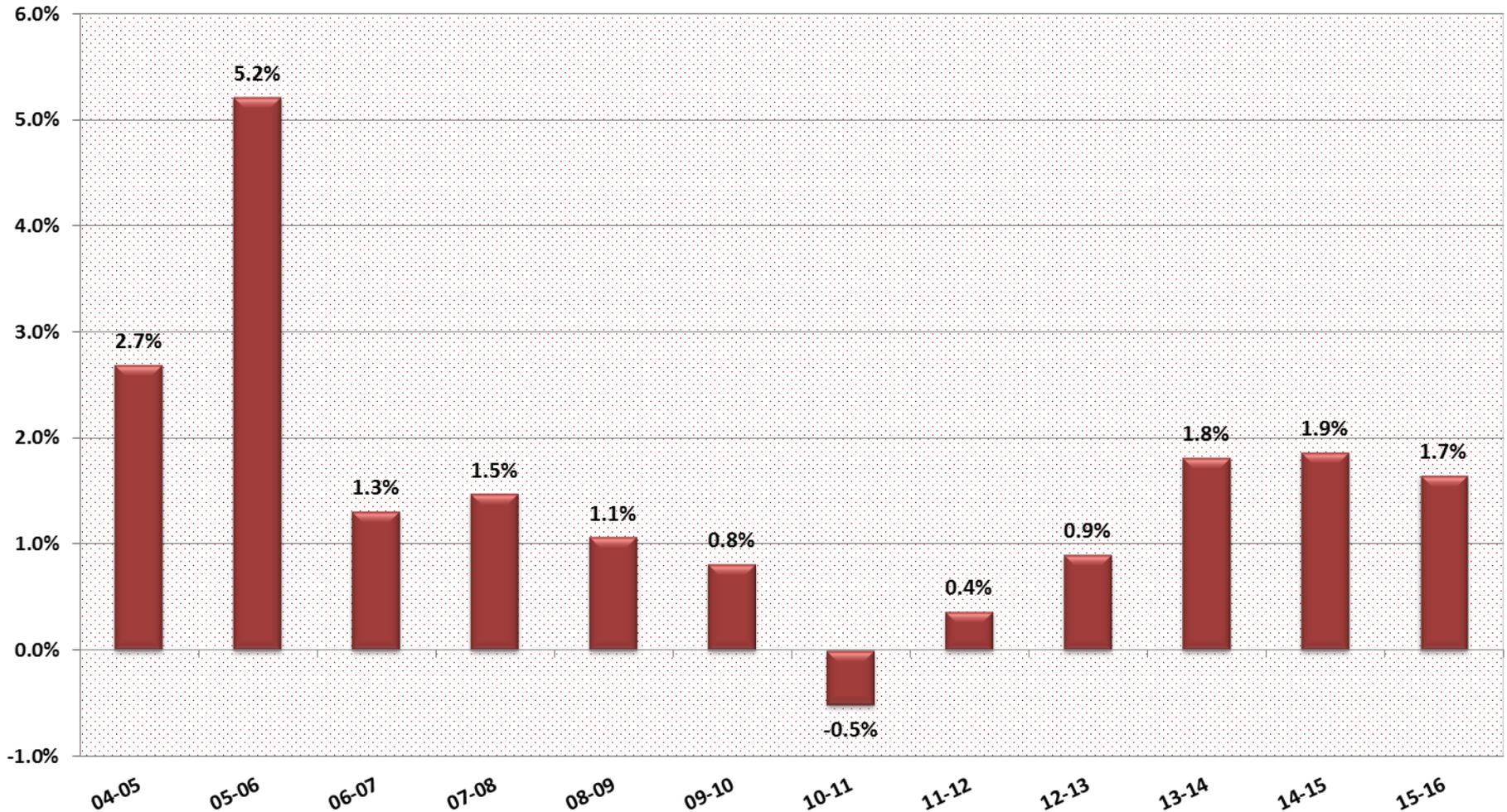
- **1,060 new students (comparing proposed budget to 14/15 budget at adoption)**
- **Estimated Revenue Increase of \$12.7M Over Current Law due to Anticipated Changes in Funding Formula**
- **Property Value Increases of 11.5% Compared to 8.6% from Previous Year**
- **Decrease Revenue of Approximately \$4M with Elimination of Rider 71 for TRS**
- **Revenues and Expenditures Related to Extended Day Moved to Enterprise Fund**

March 2015

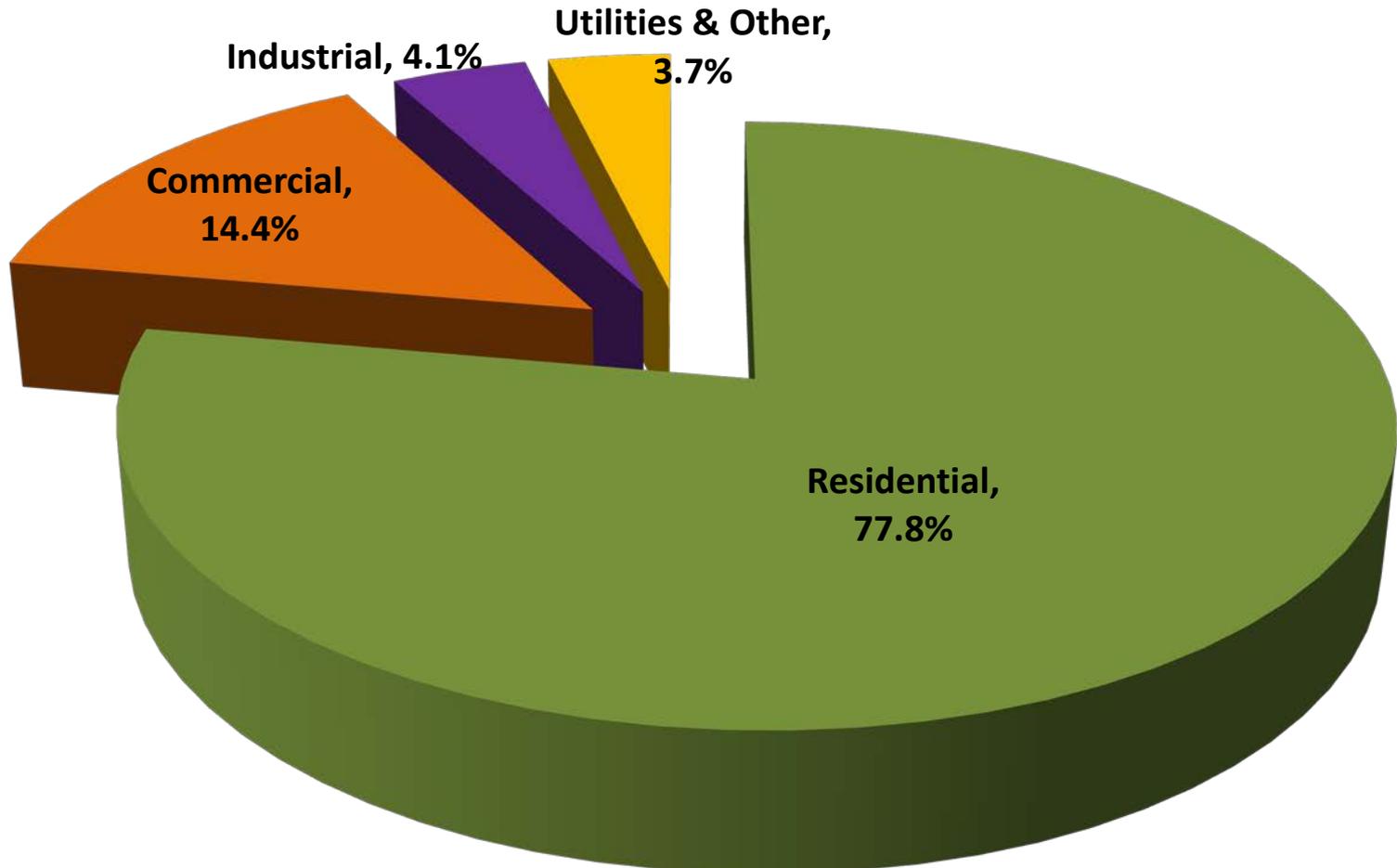


March 2015

Annual Change in Enrollment 2004/05 - 2015/16

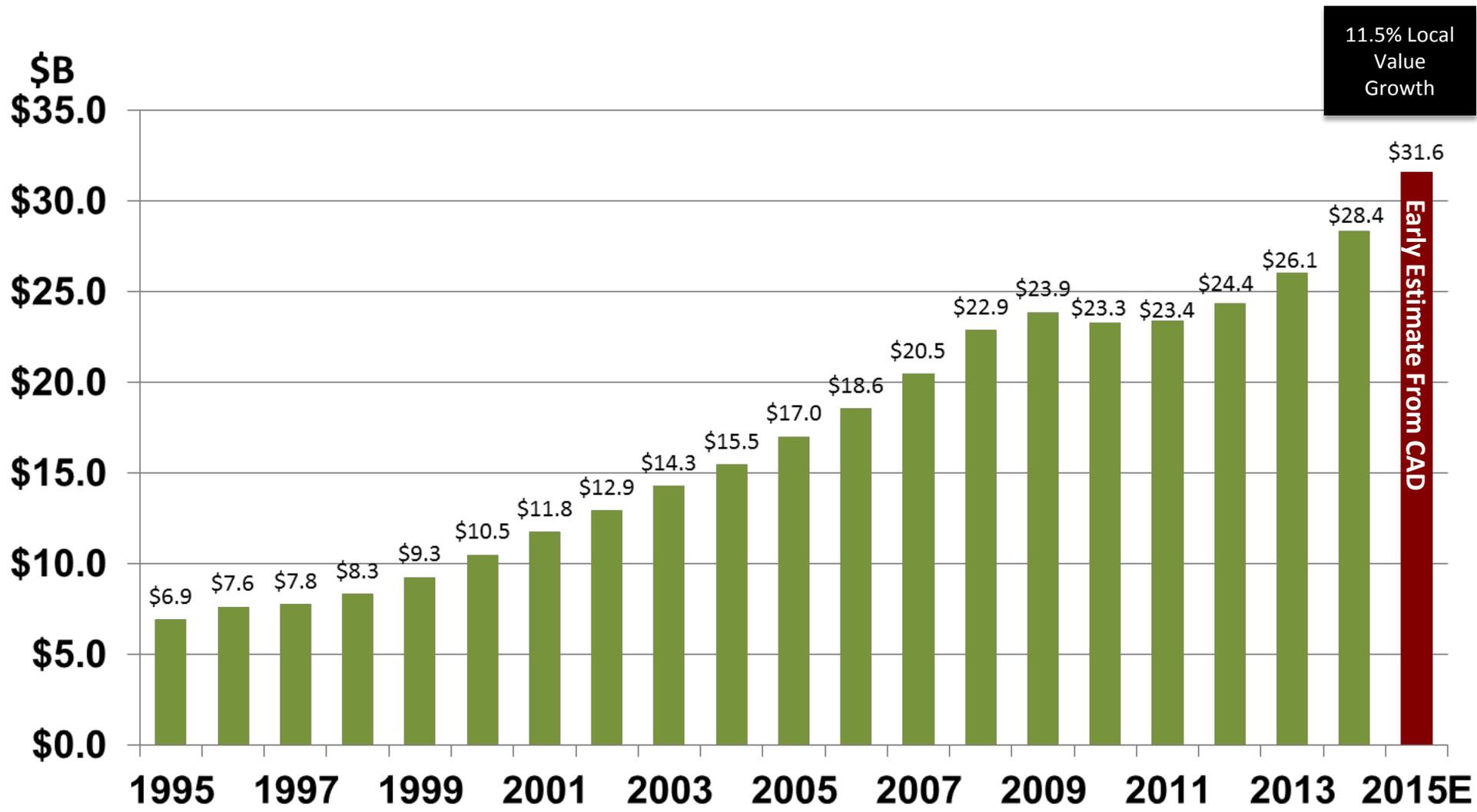


General Fund Revenue FBISD Property Value

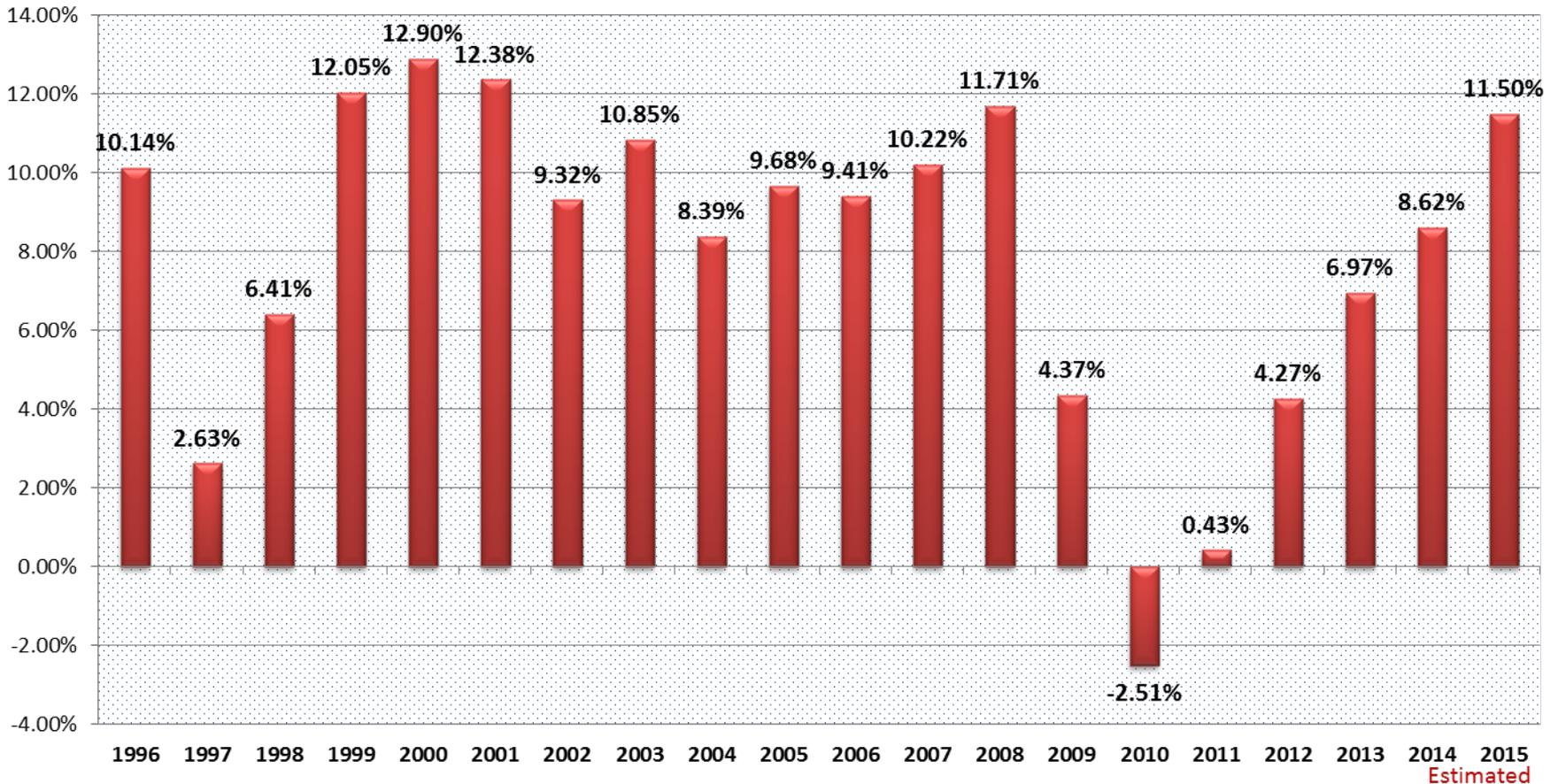


Property Value Growth

April 2015



Annual Growth/(Decline) Net Assessed Property Value 1994 – 2015



2015-16 Fort Bend ISD Taxable Property Value

- **Approximate increase of 11.5% in taxable value vs. last year growth of 8.62%**
- **\$31,671,742,915 Taxable Value (early CAD est.)**
- **\$3,135,644 Local Revenue per Penny (99% Collection Rate)**

FBISD Tier 1 Funding 2013-14 Projected

	<u>Current Weights</u>	<u>Current FTEs</u>	<u>Tier 1 Revenue</u>
Regular Program ADA	1.0	63,972	\$ 352,612,606
Special Education	1.1 - 5.0	2,295	30,581,063
Career & Tech	1.35 - \$50	2,724	17,507,889
Bilingual	0.10	8,795	4,847,620
Gifted & Talented	0.12	3,342	2,199,197
Comp Ed	0.20	27,297	30,091,662
Comp Ed Pregnancy	2.41	4	54,424
Transportation Allotment			5,936,670
High School Allotment	\$275	21,381	5,879,693
			<u>\$ 449,710,824</u>
Weighted ADA = 83,782			

State Funding Elements	Projected 2013-14 Budget
Total Cost of Tier I	\$449,710,824
Less: Local Fund Assignment	(\$240,390,472)
State Share of Tier I	\$209,320,352
Tier II and Other Programs	\$12,848,237
TRS on behalf	\$22,100,000
Total 2013-14 State Allocation	\$244,268,589

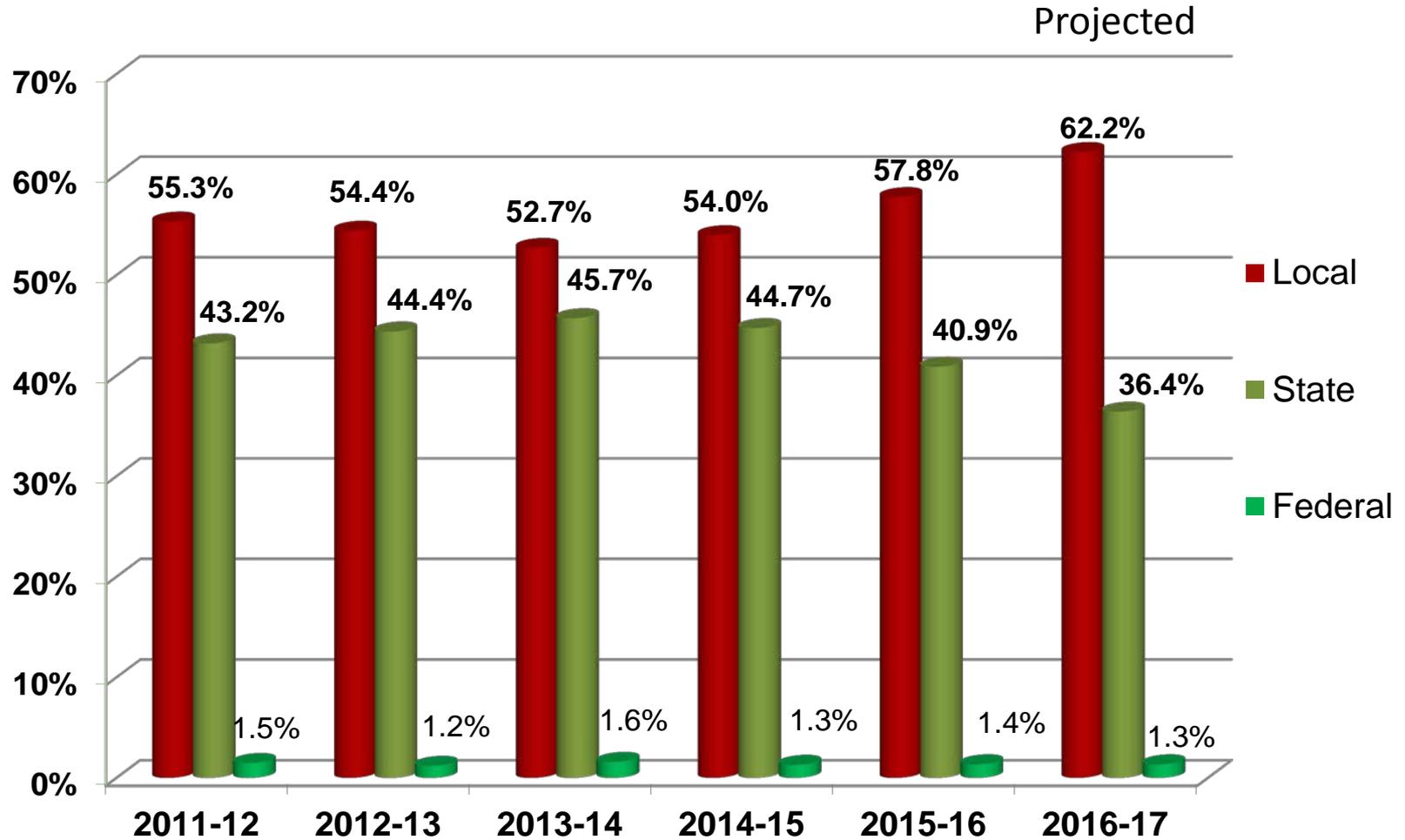
General Fund Revenue Sources

	2013-14	2014-15	2015-16	2016-17
(\$M's)	Actual	Projected	Proposed	Projected
Local	\$ 282.5	\$ 304.1	\$ 333.2	\$ 360.3
State	\$ 245.0	\$ 250.0	\$ 235.9	\$ 210.8
Federal	\$ 8.5	\$ 7.2	\$ 7.8	\$ 7.8
Total	\$ 536.0	\$ 561.3	\$ 576.9	\$ 578.9

- +1060 students
- CPTD = 9.98%
- CAD = 11.5%

- +739 students
- CPTD = 11%
- CAD = 6.5%

General Fund Revenue Sources



2015/16 Proposed Tax Rate Impact

Impact of 11.5% Property Value Increase on Tax Rate

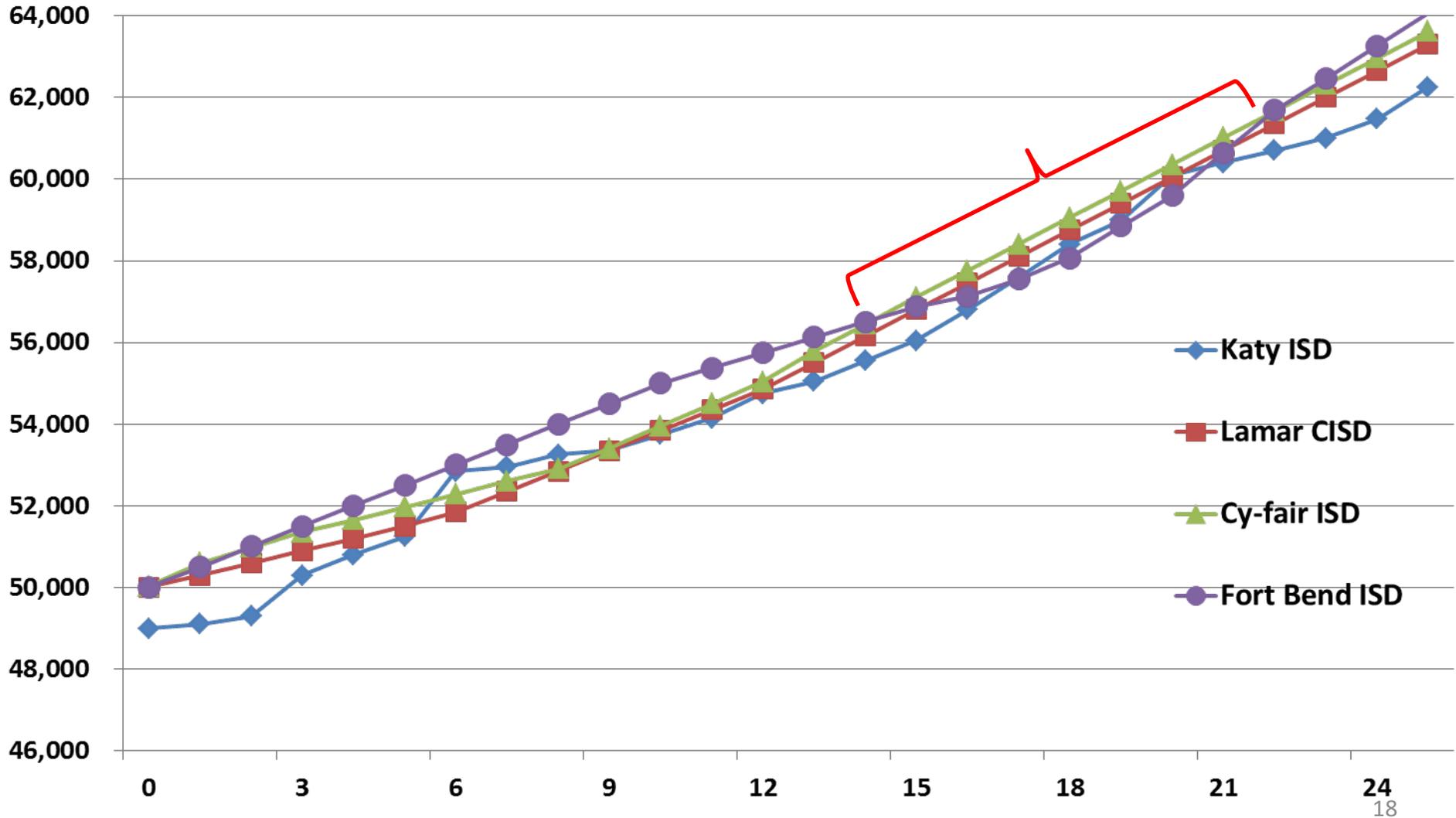
As Proposed at \$1.34	Published 2014/2015	2015/2016	Change
Avg Market/Assessed Value of Residences	\$221,271	\$255,547	15.49%
Avg Taxable Value of Residences	\$203,704	\$226,514	11.20%
M&O Rate	\$1.04	\$1.04	\$0.00
I&S Rate	\$0.30	\$0.30	\$0.00
Total Tax Rate	\$1.34	\$1.34	\$0.00
Annual Taxes on Average Residence	\$2,675.04	\$2,974.58	
Annual Increase in Taxes		\$299.55	
Monthly Increase in Taxes		\$24.96	
% Change		11.20%	

2015/16 Tax Rate Comparison

FORT BEND ISD AREA TAX RATE COMPARISON TAX RATES							
2014-15							
District	M&O Tax Rate	Ranking M&O Rate	I&S Tax Rate	Ranking I&S Rate	Total Tax Rate	Ranking Total Tax Rate	Difference in Total Tax Rate
Houston	\$ 1.03	2	\$ 0.17	6	\$ 1.20	1	0.14
Stafford	1.04	3	0.20	4	1.24	2	0.10
Alief	1.13	6	0.16	2	1.28	3	0.06
Conroe	1.04	3	0.24	5	1.28	3	0.06
Aldine	1.13	6	0.15	1	1.29	4	0.05
Fort Bend	1.04	3	0.30	9	1.34	5	-
Pasadena	1.07	4	0.28	8	1.35	6	(0.01)
Tomball	1.02	1	0.34	10	1.36	7	(0.02)
Klein	1.04	3	0.35	11	1.39	8	(0.05)
Lamar	1.04	3	0.35	11	1.39	8	(0.05)
Spring Branch	1.09	5	0.30	9	1.39	8	(0.05)
Clear Creek	1.04	3	0.36	12	1.40	9	(0.06)
Huffman	1.04	3	0.36	12	1.40	9	(0.06)
Sheldon	1.17	7	0.26	6	1.43	10	(0.09)
Goose Creek	1.04	3	0.39	13	1.43	10	(0.09)
Cypress-Fairbanks	1.04	3	0.40	14	1.44	11	(0.10)
Channelview	1.04	3	0.41	15	1.45	12	(0.11)
LaPorte	1.04	3	0.41	15	1.45	12	(0.11)
Spring	1.04	3	0.47	16	1.51	13	(0.17)
Galena Park	1.24	8	0.27	7	1.51	13	(0.17)
Humble	1.17	7	0.35	11	1.52	14	(0.18)
Katy	1.13	6	0.40	14	1.53	15	(0.19)
Deer Park	1.24	8	0.32	10	1.56	16	(0.22)
Needville	1.04	3	0.56	18	1.60	17	(0.26)
Crosby	1.17	7	0.50	17	1.67	18	(0.33)

- **Start-up funding for Madden Elementary School scheduled for opening in August 2015**
- **Net increase of 84 growth positions for 2015/16 including 32 CTE Teaching Positions**
- **Salary increases of approximately 2% for all staff**
- **Employee Compensation Adjustments Totaling \$3.1M for Equity, Market, and Job Reclassifications**
- **Adjustments to Special Education and CTE Teaching Stipends Totaling Approximately \$472K**

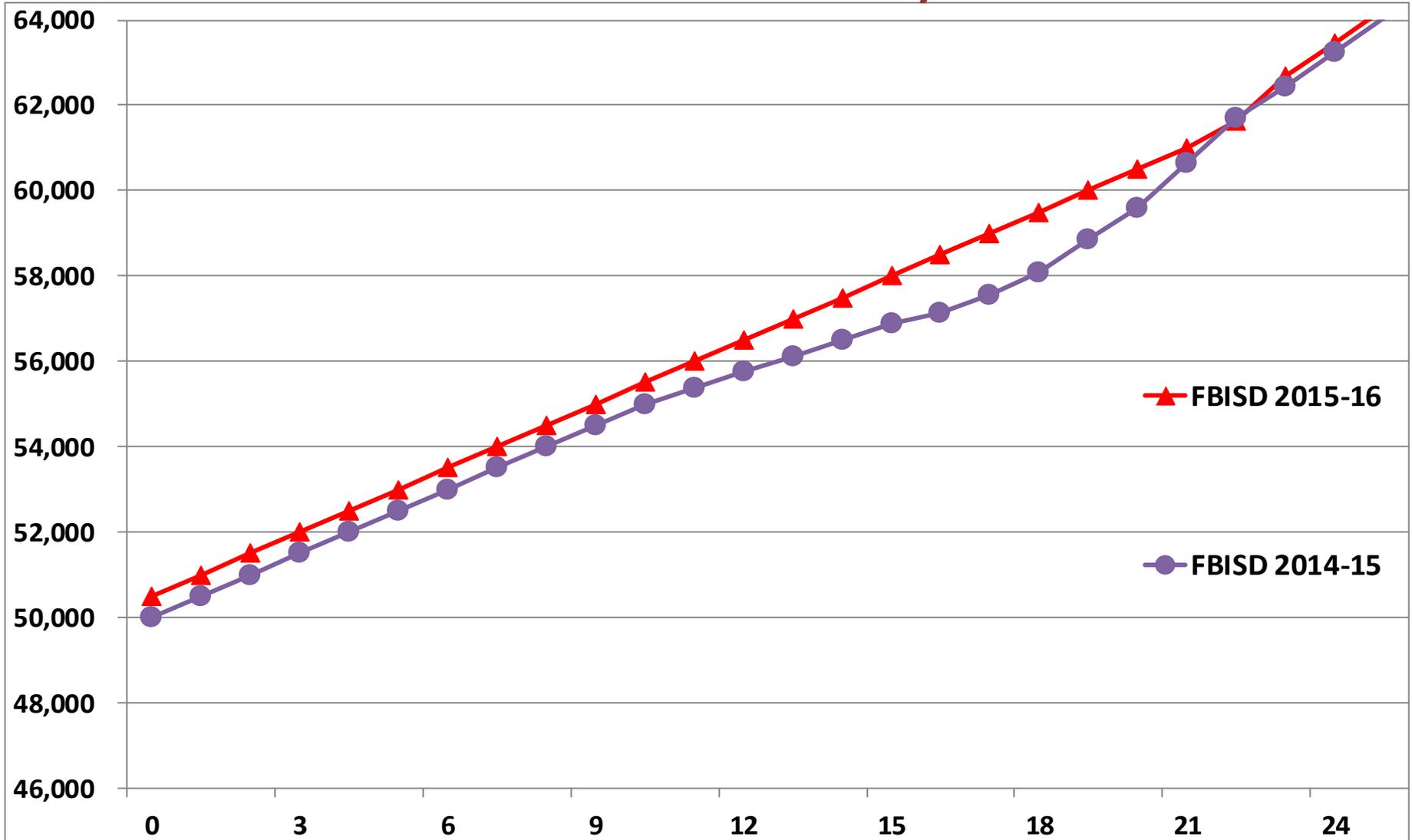
2014-2015 Teacher Pay



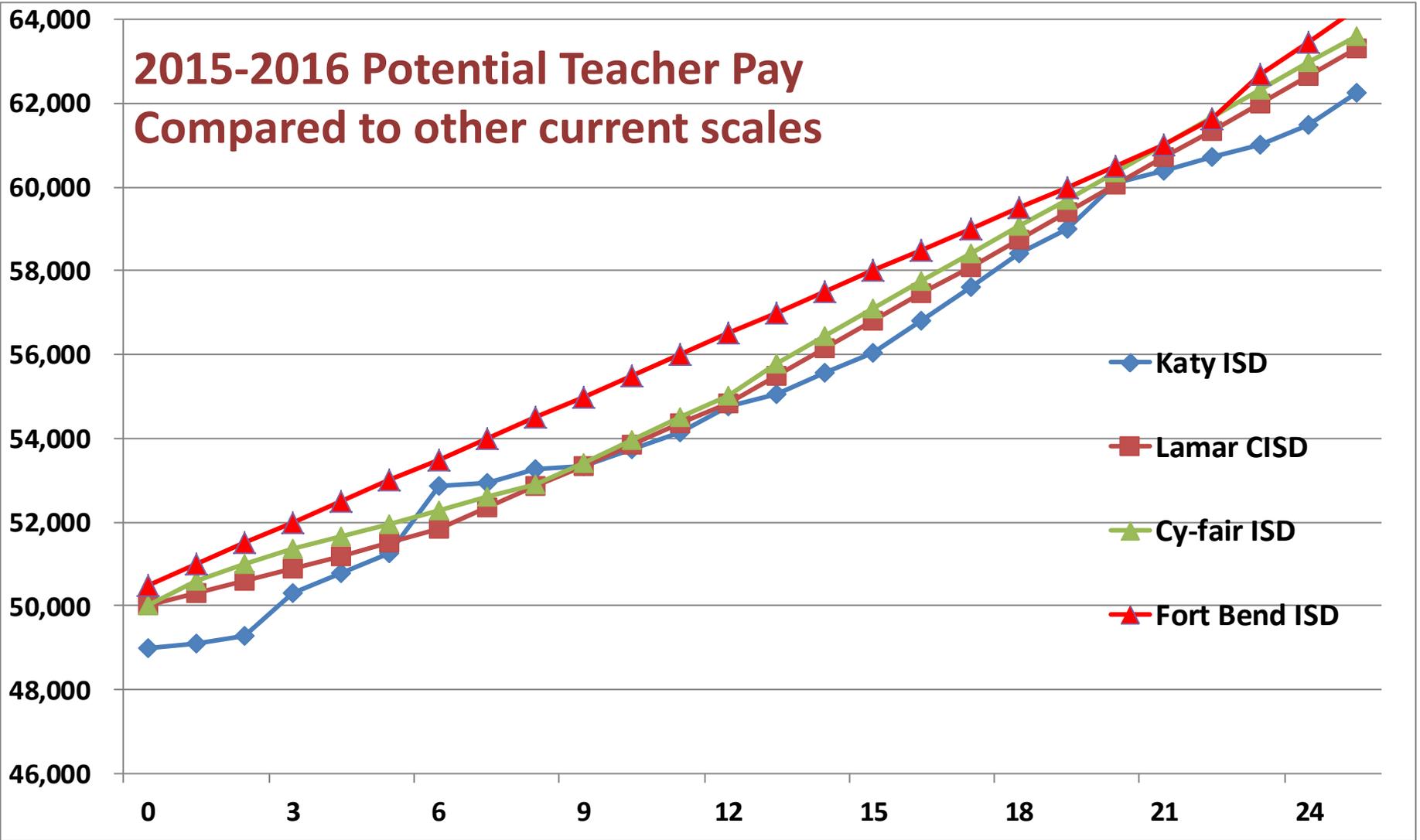
2015-16 Initial Teacher Pay Scale & General Increase

- \$50,500 Starting Pay (up from \$50,000)
- Goal of smoothing scale for even \$500 steps
- Percentage Increase Ranges from 1.6% to 3.4% (2.1% avg.)
- Salary Increase Ranges from \$1,000 to \$1,947 (\$1,218 avg.)
- Teacher Salary Leader through Year 20 on Scale depending on the other districts
- Potential pay increase of 2% of midpoint for non-teaching employees
- Cost of \$5.5M for Teachers & \$3.7M for Others = \$9.2M

Initial Look at 2015-16 FBISD Teacher Pay



2015-2016 Potential Teacher Pay Compared to other current scales



Salary and Staffing Summary

(\$M's)	2015-16	FTE's
Salary Proposal	\$ 9.2	
Campus Staffing	\$ 4.4	74.0
Non-Campus Staffing	0.7	10.0
Stipend Adjustments	0.5	
Market, Equity & Reclasses	2.6	
Total Investment	<u>\$ 17.4</u>	<u>84.0</u>

Staffing Approved at the 2/26 and 3/23 Board Meetings

Staffing and Compensation make up 87.1% of proposed budget

Summary of Division Operating Increases for 2015-16

	2015-16 Increases
Non-Staff Increases by Division	\$000
(1) Curriculum & Instruction/School Leadership	161
(2) Police	200
<i>Total Division Expenditures Increase</i>	<i>\$ 361</i>

(1) Increase for Fine Arts instrument replacement \$500K / Decrease of \$339K in other C&I line items

(2) Overtime for district officers for athletic and other district events

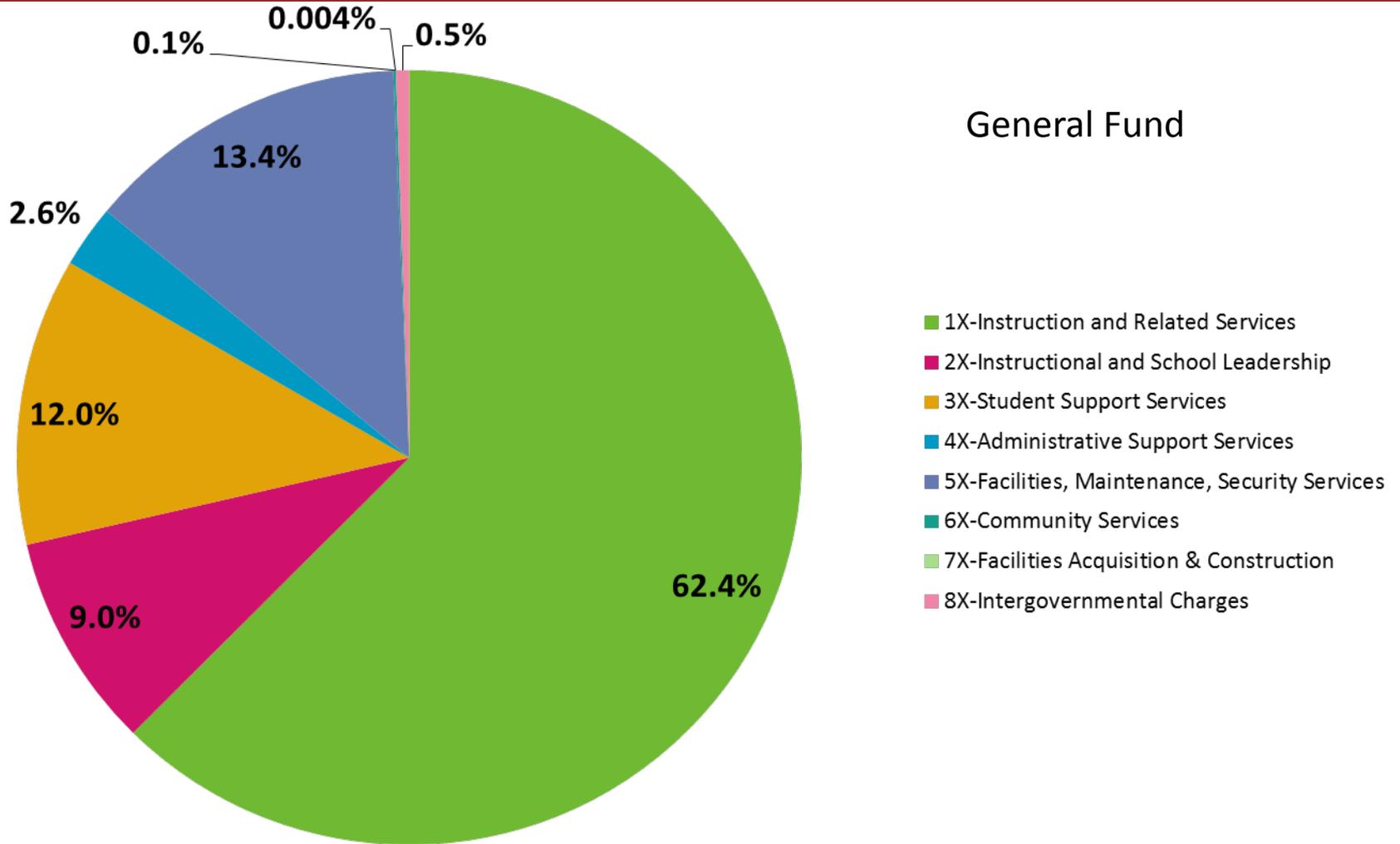
Summary of Division Operating Decreases for 2015-16

	2015-16 Decreases
Non-Staff Decreases by Division	\$000
(1) Technology	\$ (78)
(2) Human Resources	0
(3) Business & Finance	(399)
(4) Operations	(401)
(5) Legal	0
<i>Total Division Expenditures Decrease</i>	<i>\$ (878)</i>

* FBISD has over 40 departments within its organizational structure

- (1) Movement of expenditures to Internal Service Fund
- (2) Addition of Gallup screening software for teachers but making reductions to offset expense
- (3) Reduction to various line-items due to zero-based budgeting analysis
- (4) Energy management initiatives and fuel reductions
- (5) Legal working with static budget

2015/16 Budget By Function



2015/16 Expenditures per Student

Fort Bend ISD Spending Per Student (Function 41 - General Fund) School Year 2013-14

Local Peer Group

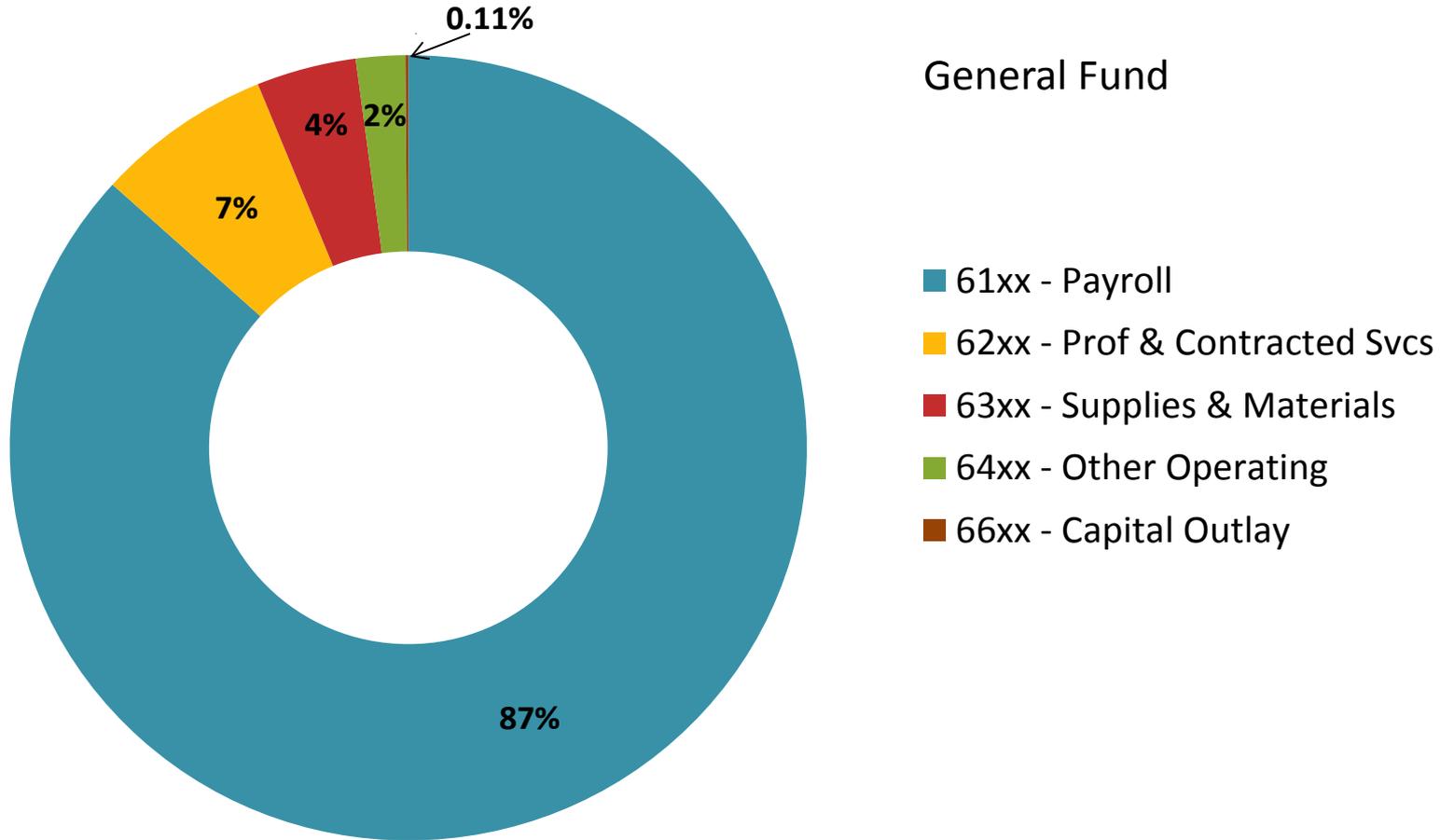
Rankings: Lowest # = Lowest Spending

District	Year	District Enrollment	Actual \$ per Student	Peer Group Ranking Spending per Student (GF)	\$ Difference in GF Funds \$ per Student
CONROE ISD	2014	54,808	\$112.78	1	\$53.43
CYPRESS-FAIRBANKS ISD	2014	111,173	\$113.39	2	\$52.82
CLEAR CREEK ISD	2014	39,808	\$145.65	3	\$20.56
KATY ISD	2014	67,015	\$148.86	4	\$17.35
HOUSTON ISD	2014	210,716	\$150.84	5	\$15.37
FORT BEND ISD	2014	70,512	\$166.21	6	-
ALIEF ISD	2014	46,207	\$166.96	7	(\$0.75)
LAMAR CISD	2014	27,024	\$167.54	8	(\$1.33)
KLEIN ISD	2014	48,003	\$177.93	9	(\$11.72)
HUMBLE ISD	2014	38,056	\$180.84	10	(\$14.63)
ALDINE ISD	2014	67,204	\$185.72	11	(\$19.51)
PASADENA ISD	2014	54,382	\$190.80	12	(\$24.59)
SPRING BRANCH ISD	2014	35,218	\$211.64	13	(\$45.43)
SPRING ISD	2014	36,358	\$229.91	14	(\$63.70)

State Peer Group - Districts with similar size and demographics

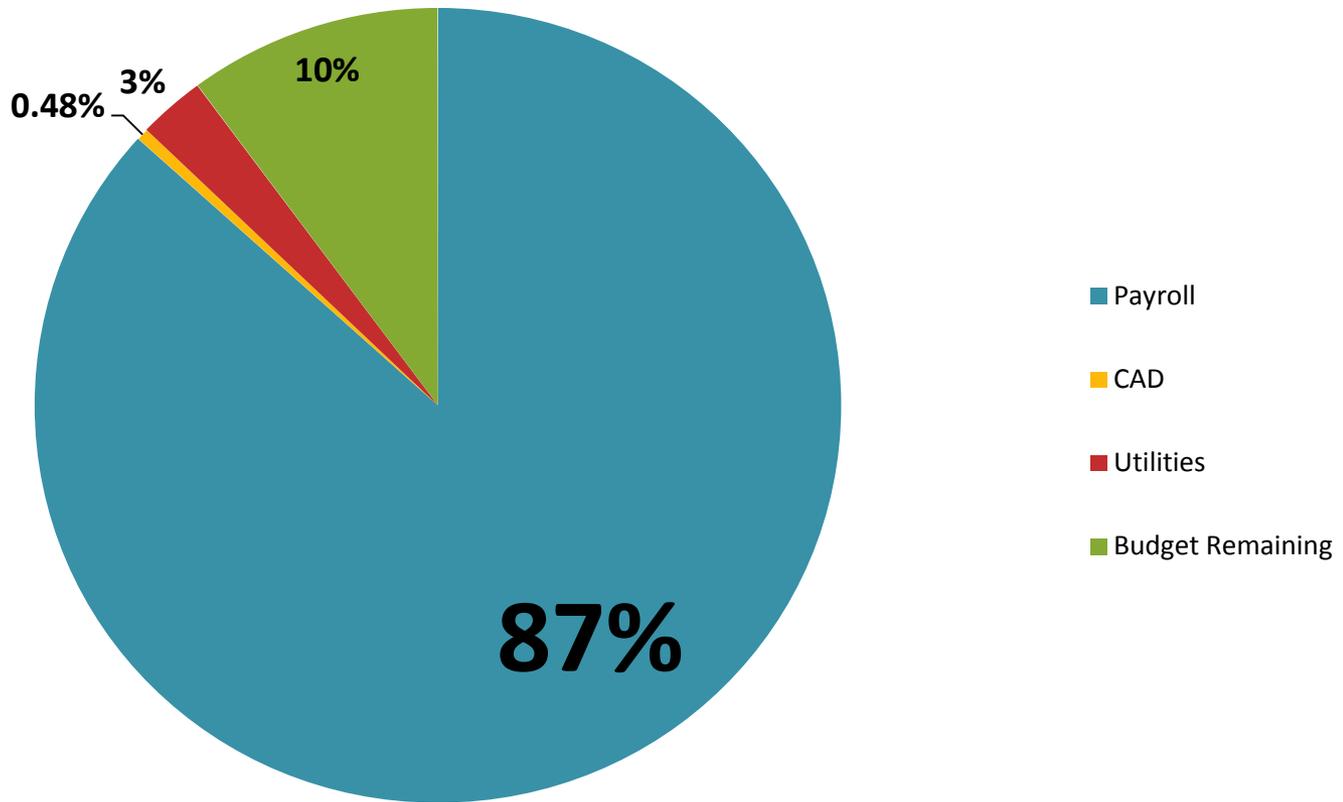
District	Year	District Enrollment	Actual \$ per Student	Peer Group Ranking Spending per Student (GF)	\$ Difference in GF Funds \$ per Student
CYPRESS-FAIRBANKS ISD	2014	111,173	\$113.39	1	\$52.82
NORTHSIDE ISD (015915)	2014	101,549	\$116.94	2	\$49.27
ROUND ROCK ISD	2014	46,535	\$147.10	3	\$19.11
KATY ISD	2014	67,015	\$148.86	4	\$17.35
NORTH EAST ISD	2014	67,986	\$160.67	5	\$5.54
LEWISVILLE ISD	2014	52,698	\$161.68	6	\$4.53
KILLEEN ISD	2014	41,336	\$166.12	7	\$0.09
FORT BEND ISD	2014	70,512	\$166.21	8	-
PLANO ISD	2014	54,551	\$172.67	9	(\$6.46)
KLEIN ISD	2014	48,003	\$177.93	10	(\$11.72)
HUMBLE ISD	2014	38,056	\$180.84	11	(\$14.63)

2015/16 Budget By Object



2015/16 Budget By Major Expense

2015-16 Operating Budget After Payroll, Utilities & CAD Costs



2014/15 – 2016/17 Projected Budget Estimates

(\$000's)	2014-15 YE Projection	2015-16 Projection	2016-17 Projection
Revenue	\$ 559,436	\$ 576,945	\$ 578,917
Operating Expenditures	\$ 560,877	\$ 580,408	\$ 582,881
Other Financing	\$ 1,083	\$ 1,000	\$ 1,500
Net Change in Fund Balance	\$ (358)	\$ (2,463)	\$ (2,464)
Beginning Fund Balance	\$ 170,431	\$ 170,073	\$ 167,610
Ending Fund Balance	\$ 170,073	\$ 167,610	\$ 165,146

<ul style="list-style-type: none"> • +1060 students • CPTD = 9.98% • CAD = 11.5% 	<ul style="list-style-type: none"> • +739 students • CPTD = 11% • CAD = 6.5%
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Uses of Fund Balance

- Cash management & working capital
- “AA+” bond ratings - lower interest rates on district bonds
- Unforeseen expenditures and/or disasters
- Unforeseen revenue shortfalls
- Ongoing support for educational programs (one-time)
- Best Practices
 - The Government Finance Officers Association (GFOA) recommends ... “no less than two months of...regular general revenue operating expenditures”
 - Fund balance need is greater for Districts with June 30th year end

Fund Balance Recommendations

- Utilize \$2.5 million of the commitment for Major Maintenance by transferring it to Transportation
- Utilize \$1.3 million of the commitment for Textbooks since the General Fund did absorb \$1.3 million in textbook expenses
- Utilize an additional \$1.0 million of the commitment for Textbooks by transferring it to New Schools
 - IMA Fund revenue expected to increase by 25%
- **Commit \$46.7 million as the Set Aside for Loss of State Revenue**
- Commit \$2.5 million for Transportation to cover the expense of the grandfather routes
- Commit \$2.0 million for the opening of New Schools
 - Campuses usually open well below 100% of utilization

Enterprise Fund Endeavors

Current enterprise endeavors:

- Develop a vast marketing plan for the District to include placing advertisements on scoreboards, school buses, websites, event tickets, school publications, and other District facilities
- Consider offers to run our concession stands at Hall and Mercer stadiums
- Consider offers to exclusively broadcast athletic events on radio
- Implement Yokel system at campuses that broadcasts campus/district information that is sponsored by higher education institutions (District receives portion of advertising fee)
- Implement 365 Rewards program that solicits donations for campuses/clubs and provides a “rewards” shopping program for participants (District receives portion of sales and advertising)
- Add “for-profit” eligibility to our facilities use policy and corresponding rates to our facilities rental fee schedule
- Add additional facility areas available for the public to rent to policy and fee schedule

Future enterprise endeavors:

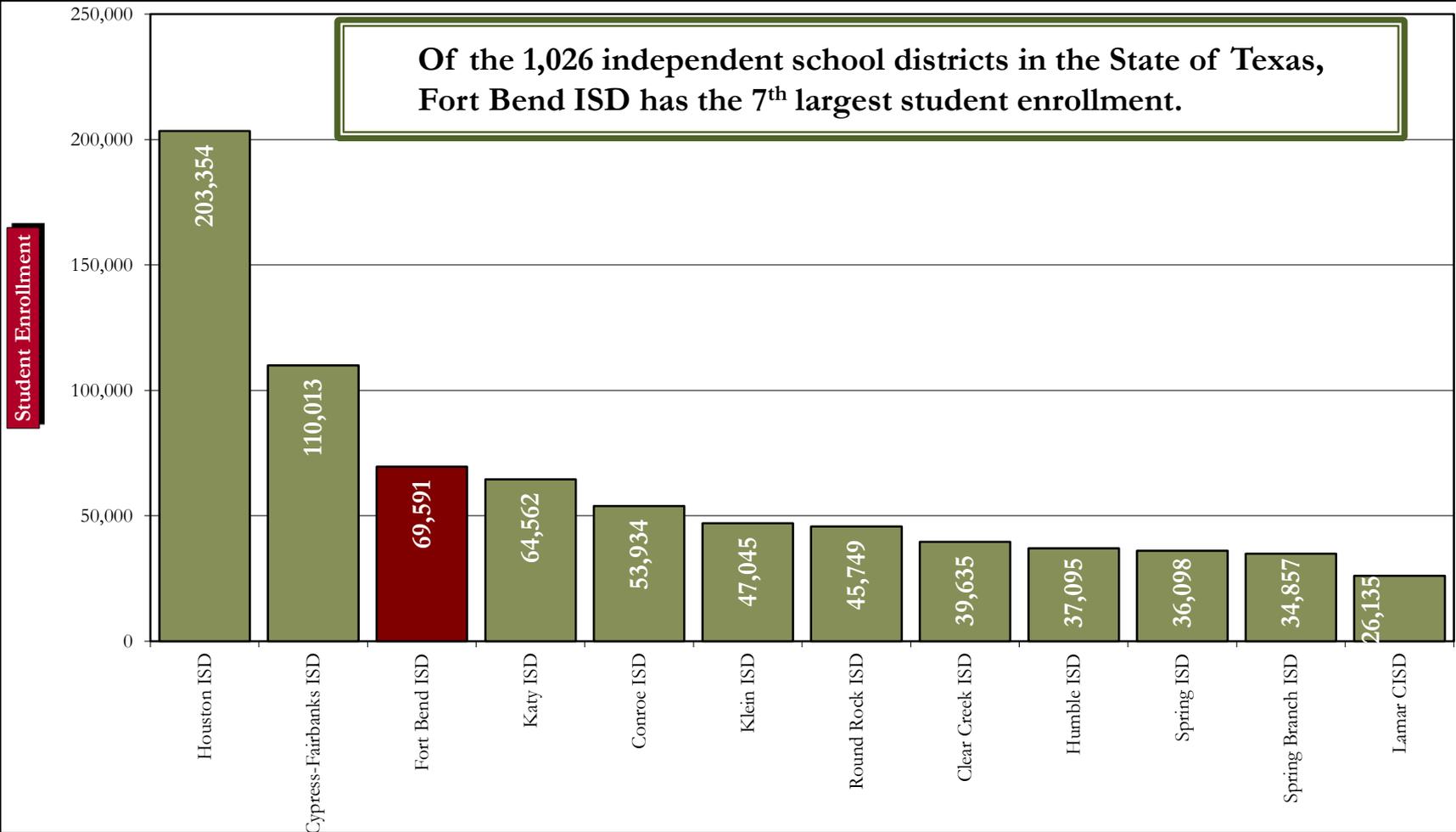
- Implement school fundraiser process that requires all participating vendors to remit minimum 30% of net sales to campus / club
- Market property available for cell tower construction and leasing
- Implement a program for vendors to provide discounts or other like benefits to FBISD employees by paying a flat fee to be placed on an Intranet page as an employee resource
- Sell “air time” on our stadium scoreboards (Hall and Mercer) – commercials, sponsorships, etc.
- Analyze our bad debt collections procedures and implement improvements as needed

Texas K-12 AAA & AA+ Standard & Poor's Ratings

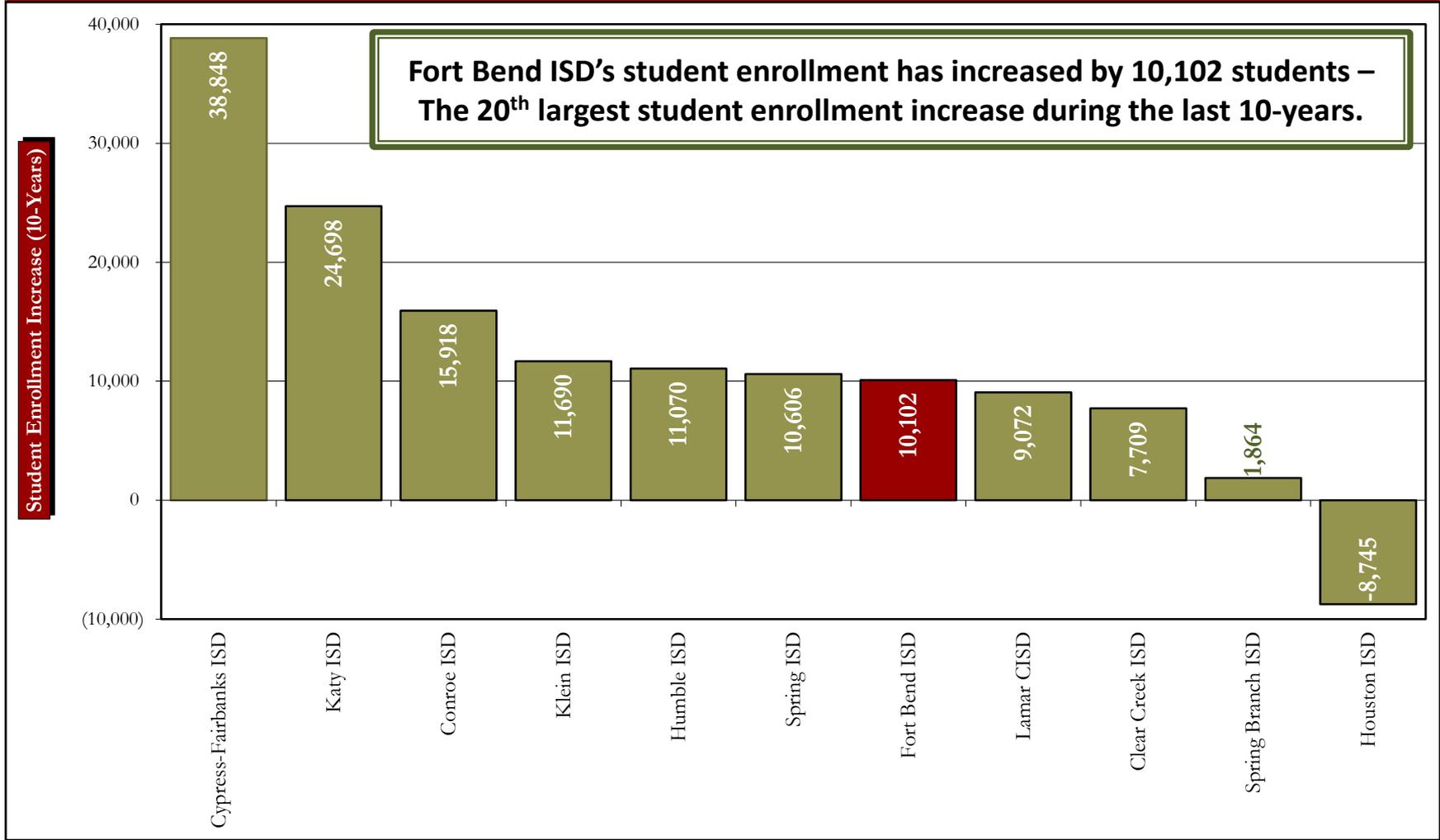
School Districts	Standard and Poor's
Amarillo ISD	AA+
Austin ISD	AA+
Carroll ISD	AA+
Deer Park ISD	AA+
Eanes ISD	AA+
<i>Fort Bend ISD</i>	<i>AA+</i>
Frisco ISD	AA+
Houston ISD	AA+
Hurst-Euless-Bedford ISD	AA+
<i>Iraan Sheffield ISD</i>	<i>AAA</i>
Irving ISD	AA+
Lake Travis ISD	AA+
Lewisville ISD	AA+
Plano ISD	AA+
Richardson ISD	AA+
<i>Slidell ISD</i>	<i>AAA</i>

S&P upgraded Fort Bend from AA to AA+ during district review in anticipation of the bond refunding priced on May 14th

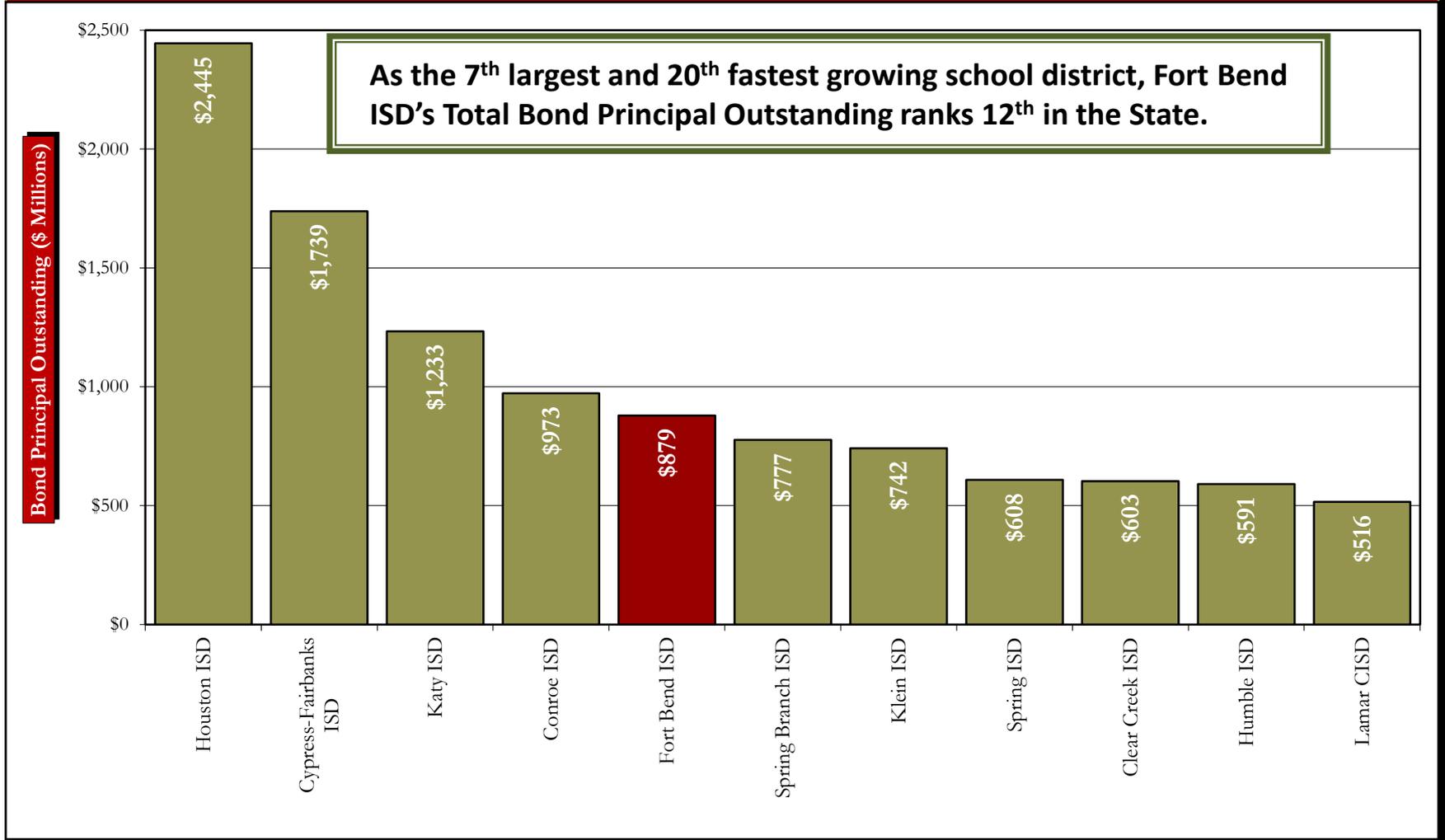
Ranked By 2012/13 Student Enrollment



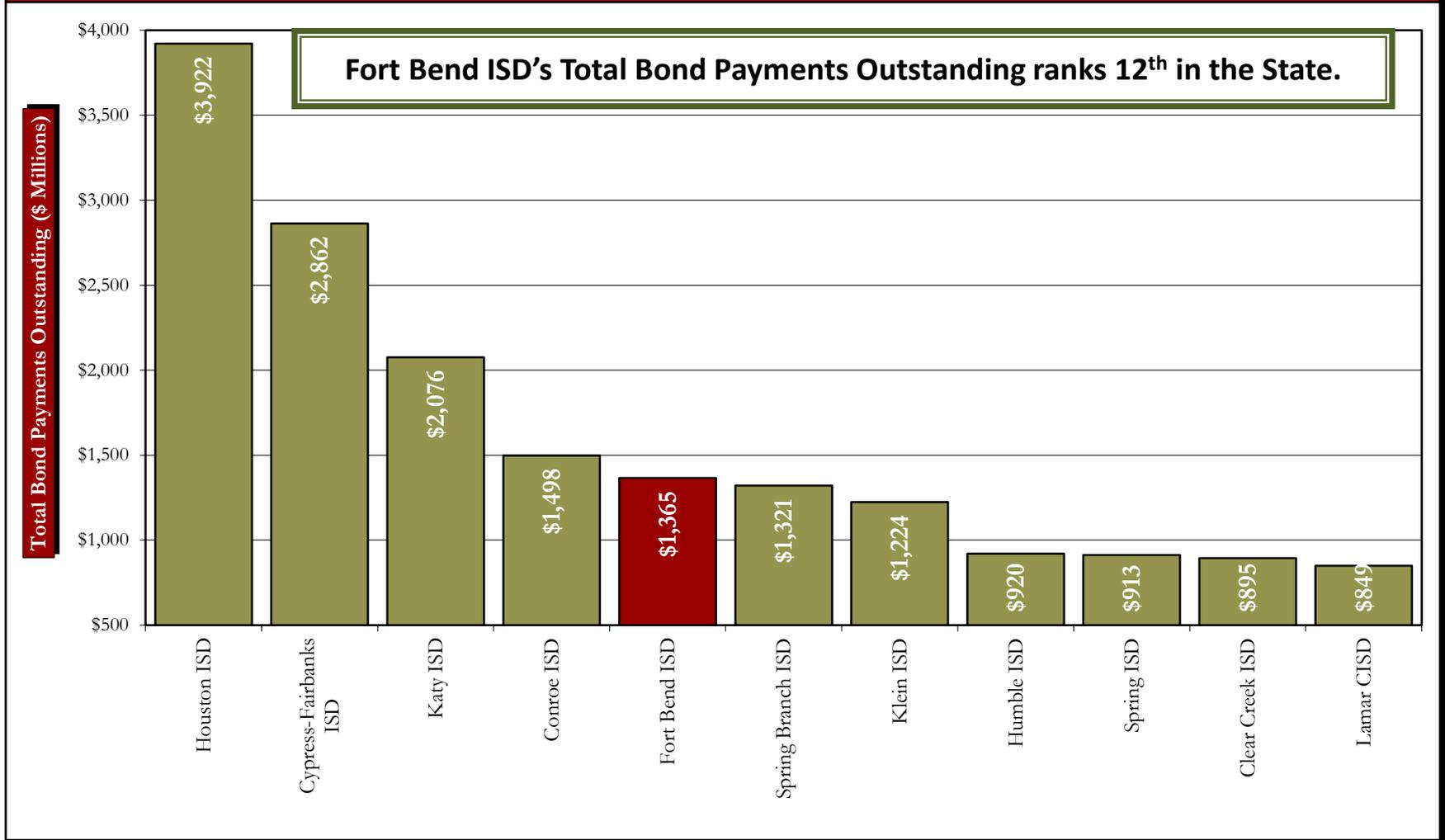
Ranked By Total Student Enrollment Growth – Last 10 Years



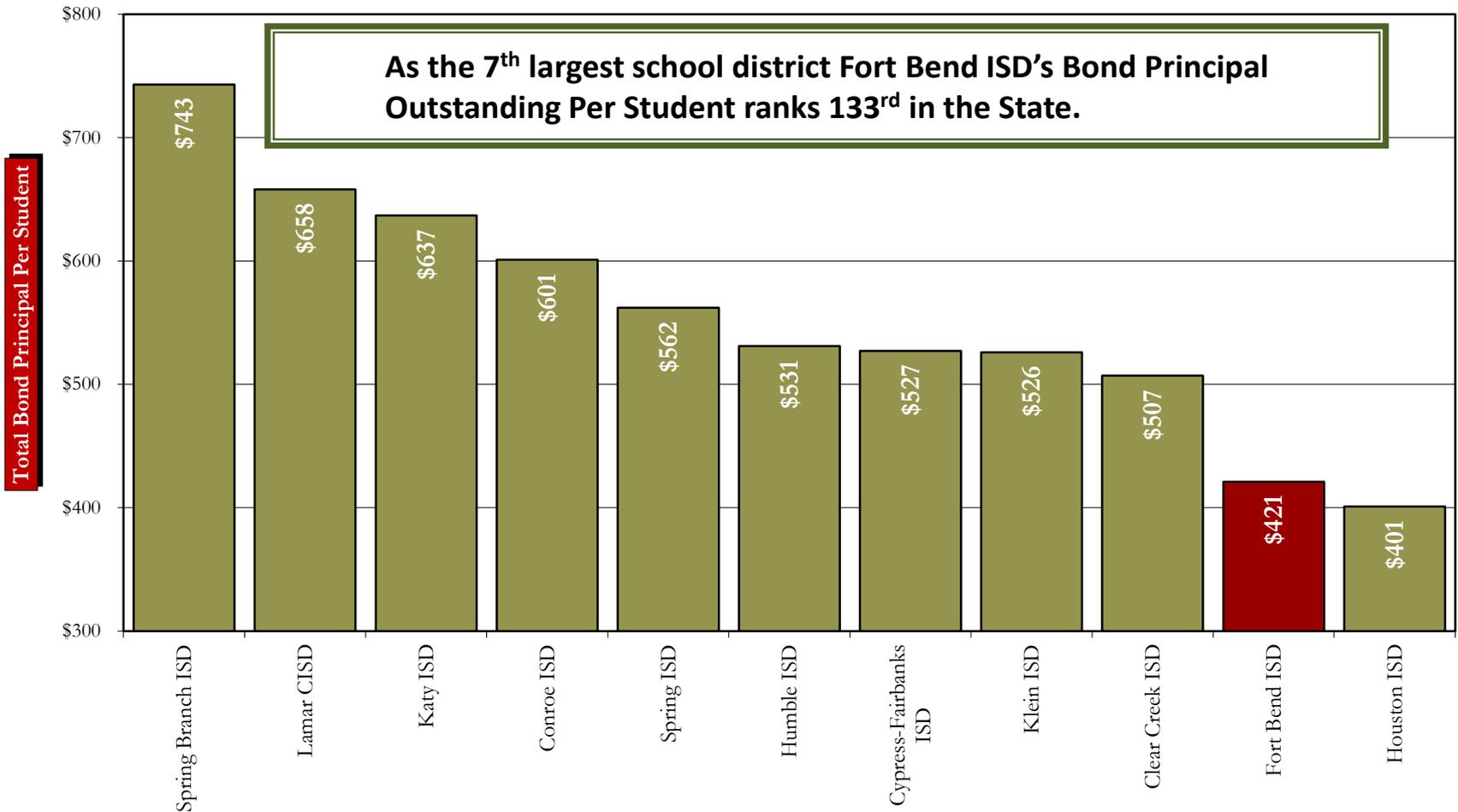
Ranked By Bond Principal Outstanding (\$M)



Ranked By Total Bond Payments (Principal and Interest) Outstanding (\$M)

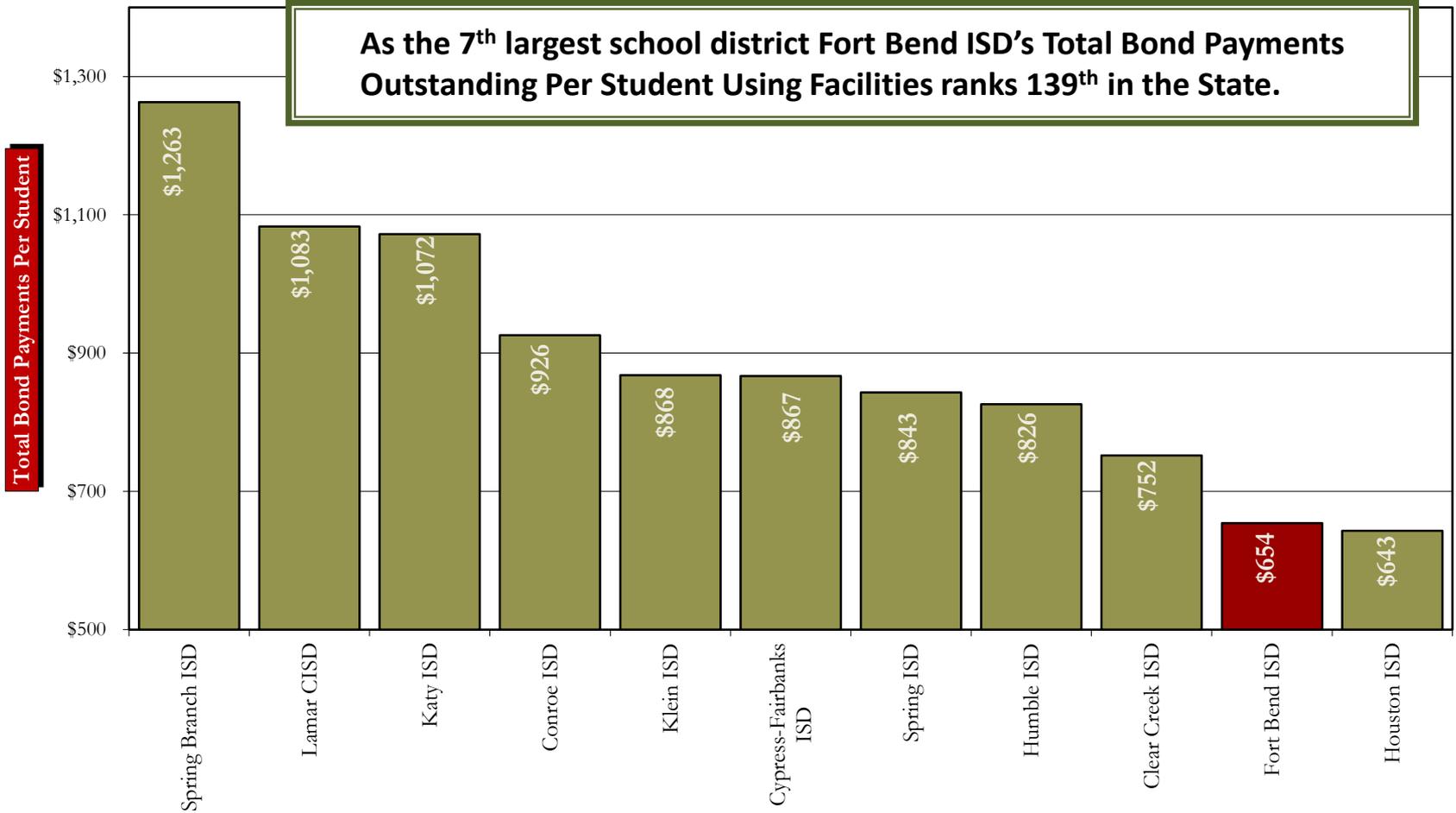


**Ranked By Bond Principal Outstanding Per
Estimated Students Using Facilities (Current Enrollment x 30 Years)**

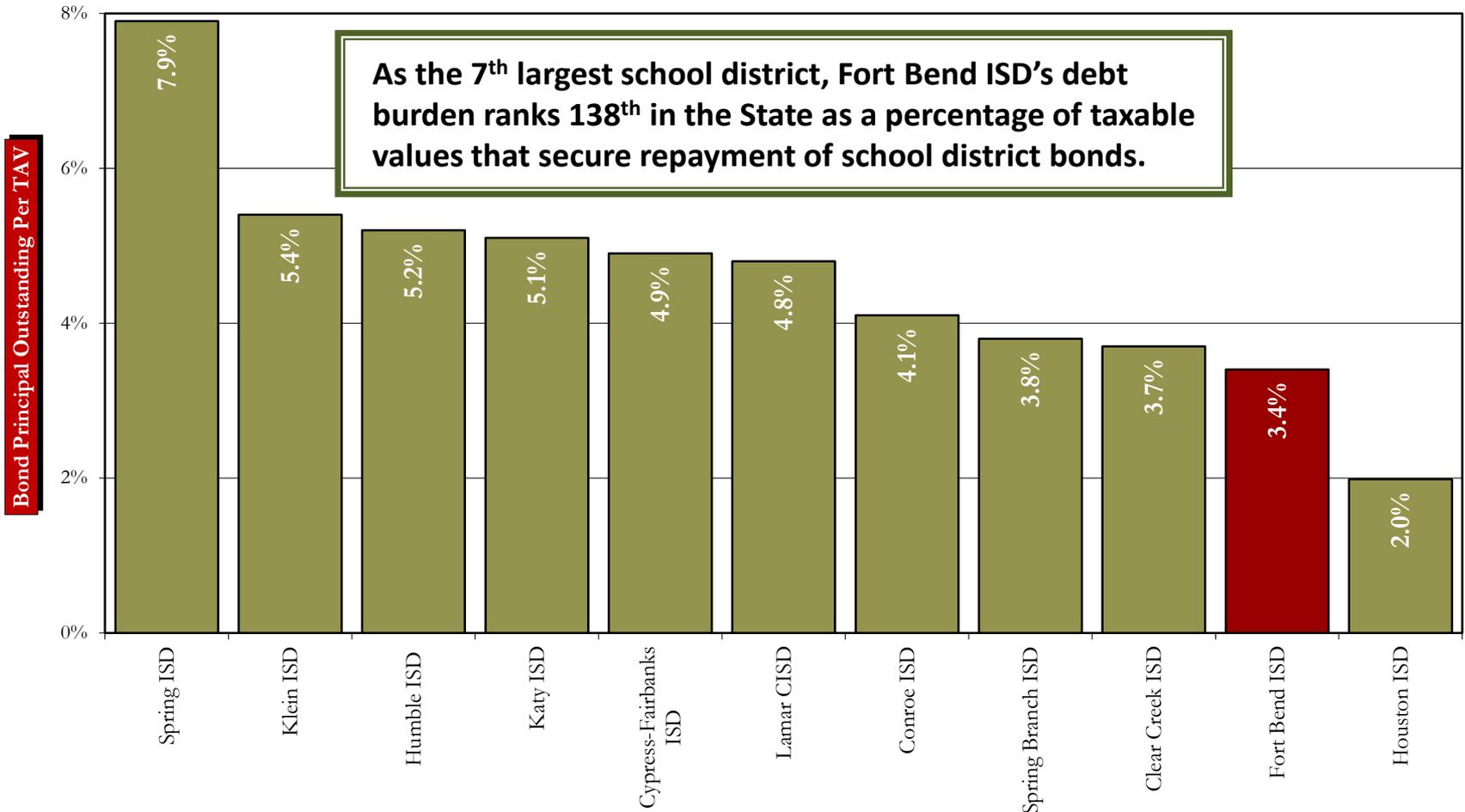


Ranked By Total Bond Payments (Principal and Interest) Outstanding Per Estimated Students Using Facilities (Current Enrollment x 30 Years)

As the 7th largest school district Fort Bend ISD's Total Bond Payments Outstanding Per Student Using Facilities ranks 139th in the State.



Ranked By Bond Principal Outstanding as a Percent of Taxable Value



Debt Service

Fort Bend Independent School District

Unlimited Tax Refunding Bonds

Comparison of Savings

	FINAL PRICING RESULTS May 14, 2014	PRELIMINARY STAFF PRESENTATION April 21, 2014	PRELIMINARY BOARD PRESENTATION June 10, 2013
Refunded Bonds:			
Series 2004	\$31,460,000 <i>(Maturities 2015 - 2017 and 2024 - 2030)</i>	\$31,460,000 <i>(Maturities 2015 - 2017 and 2024 - 2030)</i>	\$17,675,000 <i>(Maturities 2016 - 2017 and 2024 - 2027)</i>
Series 2004A	47,105,000 <i>(Maturities 2016 - 2030)</i>	47,105,000 <i>(Maturities 2016 - 2030)</i>	43,550,000 <i>(Maturities 2028 - 2030)</i>
Total Refunded Bonds	\$78,565,000	\$78,565,000	\$61,225,000
Par Amount of Refunding Bonds	\$71,725,000	\$69,860,000	\$55,025,000
Maturities of Refunding Bonds	2015 - 2017 and 2024 - 2030	2015 - 2017 and 2024 - 2030	2016 - 2017 and 2024 - 2030
Gross Debt Service Savings	\$15,166,951	\$11,415,221	\$8,831,609
Net Present Value Savings	\$9,836,452	\$7,534,412	\$6,290,834
Present Value Benefit as a Percent	12.520%	9.590%	10.275%

In addition to the savings, FBISD retired \$7.7M of debt early

2015 Plan of Finance

- Approximately \$100,000,000 for the first issuance of the District's 2014 voter authorization
- We recommend the District issue two bond issues totaling \$100,000,000:
 - \$50,000,000 Variable Rate Unlimited Tax School Building Bonds, Series 2015A (Soft Put - 1 Year Term)
 - \$50,000,000 Variable Rate Unlimited Tax School Building Bonds, Series 2015B (Soft Put - 2 Year Term)
- Tax Rate Analysis assumes the following:
 - FY 2015 Taxable Assessed Valuation of \$28,792,493,559
 - Estimated Taxable Assessed Valuation growth of 12% in FYE 2016, 5% in FYE 2017, 3% in FYE 2018 through 2022, and 0.00% thereafter
 - 99% tax collections
 - Estimated market interest rates as of April 27, 2015 for purposes of illustration only; preliminary, subject to change

Plan of Finance - Debt Service Fund

- We continue to see historically low short-term interest rates and according to our underwriting desk, estimated short-term rates as of April 27, 2015 are as follows:

Indication of Short-Term Rates			
Term	Coupon	Yield	Stepped Rate
1 Year	2.00%	0.61%	6.00%
2 Year	2.00%	0.96%	6.00%
3 Year	2.00%	1.26%	6.50%
4 Year	2.00%	1.53%	6.50%
5 Year	2.00%	1.91%	6.50%

- By issuing the \$100,000,000 needed for 2015 in multiple bond issues with two variable rate soft put issues, the District is able to minimize the I&S tax rate increase and significantly reduce interest expense
- Based on interest rates as of April 27, 2015, a fixed rate issue with a deposit to the construction fund of \$100,000,000 would have an estimated true interest cost of approximately 3.43%

Debt Service Comparison					
Period Ending	Multiple Variable Rate Issues			Fixed Rate Issue - Total Debt Service	Debt Service Difference
	VRDO Series 2015A	VRDO Series 2015B	Total Interest		
8/31/2016	\$ 1,056,335	\$ 1,050,697	\$ 2,107,032	\$ 4,151,352	\$ (2,044,320)
8/31/2017	1,640,000 *	969,800	2,609,800	3,450,750	(840,950)
					\$ (2,885,270)

VRDO Series 2015A assumes 5.00% after the term rate period of 8/1/2016. Total cost of issuance estimated at \$305,000 for a \$100,000,000 Fixed Rate Issue and \$380,000 total for 2 \$50,000,000 Variable Rate Issues.

Tax Rate Analysis - Debt Service Fund

PRELIMINARY															
\$49,645,000															
Period Ending 8/31	Assessed Valuation	Est. AV Growth	Existing D/S	Variable Rate Unlimited Tax School Building Bonds, Series 2015A			Variable Rate Unlimited Tax School Building Bonds, Series 2015B			Est. Total D/S	Less: Other Funds	Est. Total Net D/S	Est. I&S Tax Rate	Change	
				1 Year Soft Put 2.00% @ 0.61%			2 Year Soft Put 2.00% @ 0.96%								
				Principal	Interest	Total	Principal	Interest	Total						
2015	\$ 28,792,493,559		\$ 84,442,655	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 84,442,655	\$ -	\$ 84,442,655	\$ 0.3000		
2016	32,247,592,786	12.00%	75,939,307	16,845,000	1,056,335	17,901,335	890,000	1,050,697	1,940,697	95,781,339	-	95,781,339	0.3000	0.0000	
2017	33,859,972,425	5.00%	75,943,094	735,000	1,640,000	2,375,000	1,090,000	969,800	2,059,800	80,377,894	-	80,377,894	0.2398	(0.0602)	
2018	34,875,771,598	3.00%	76,001,363	775,000	1,603,250	2,378,250	1,145,000	2,370,000	3,515,000	81,894,613	-	81,894,613	0.2372	(0.0026)	
2019	35,922,044,746	3.00%	75,997,410	815,000	1,564,500	2,379,500	1,200,000	2,312,750	3,512,750	81,889,660	-	81,889,660	0.2303	(0.0069)	
2020	36,999,706,088	3.00%	75,993,563	855,000	1,523,750	2,378,750	1,260,000	2,252,750	3,512,750	81,885,063	-	81,885,063	0.2235	(0.0067)	
2021	38,109,697,271	3.00%	75,998,212	895,000	1,481,000	2,376,000	1,325,000	2,189,750	3,514,750	81,888,962	-	81,888,962	0.2170		
2022	39,252,988,189	3.00%	75,995,171	940,000	1,436,250	2,376,250	1,390,000	2,123,500	3,513,500	81,884,921	-	81,884,921	0.2107		
2023	39,252,988,189	0.00%	75,998,624	985,000	1,389,250	2,374,250	1,460,000	2,054,000	3,514,000	81,886,874	-	81,886,874	0.2107		
2024	39,252,988,189	0.00%	74,923,119	1,035,000	1,340,000	2,375,000	1,535,000	1,981,000	3,516,000	80,814,119	-	80,814,119	0.2080		
2025	39,252,988,189	0.00%	74,920,554	1,090,000	1,288,250	2,378,250	1,610,000	1,904,250	3,514,250	80,813,054	-	80,813,054	0.2080		
2026	39,252,988,189	0.00%	70,086,063	1,145,000	1,233,750	2,378,750	1,690,000	1,823,750	3,513,750	75,978,563	-	75,978,563	0.1955		
2027	39,252,988,189	0.00%	67,088,313	1,200,000	1,176,500	2,376,500	1,775,000	1,739,250	3,514,250	72,979,063	-	72,979,063	0.1878		
2028	39,252,988,189	0.00%	61,921,063	1,260,000	1,116,500	2,376,500	1,865,000	1,650,500	3,515,500	67,813,063	-	67,813,063	0.1745		
2029	39,252,988,189	0.00%	58,527,313	1,325,000	1,053,500	2,378,500	1,955,000	1,557,250	3,512,250	64,418,063	-	64,418,063	0.1658		
2030	39,252,988,189	0.00%	58,527,938	1,390,000	987,250	2,377,250	2,055,000	1,459,500	3,514,500	64,419,688	-	64,419,688	0.1658		
2031	39,252,988,189	0.00%	28,421,113	1,460,000	917,750	2,377,750	2,160,000	1,356,750	3,516,750	34,315,613	-	34,315,613	0.0883		
2032	39,252,988,189	0.00%	28,413,738	1,530,000	844,750	2,374,750	2,265,000	1,248,750	3,513,750	34,302,238	-	34,302,238	0.0883		
2033	39,252,988,189	0.00%	28,411,863	1,610,000	768,250	2,378,250	2,380,000	1,135,500	3,515,500	34,305,613	-	34,305,613	0.0883		
2034	39,252,988,189	0.00%	28,417,638	1,690,000	687,750	2,377,750	2,500,000	1,016,500	3,516,500	34,311,888	-	34,311,888	0.0883		
2035	39,252,988,189	0.00%	-	1,775,000	603,250	2,378,250	2,620,000	891,500	3,511,500	5,889,750	-	5,889,750	0.0152		
2036	39,252,988,189	0.00%	-	1,860,000	514,500	2,374,500	2,755,000	760,500	3,515,500	5,890,000	-	5,890,000	0.0152		
2037	39,252,988,189	0.00%	-	1,955,000	421,500	2,376,500	2,890,000	622,750	3,512,750	5,889,250	-	5,889,250	0.0152		
2038	39,252,988,189	0.00%	-	2,055,000	323,750	2,378,750	3,035,000	478,250	3,513,250	5,892,000	-	5,892,000	0.0152		
2039	39,252,988,189	0.00%	-	2,155,000	221,000	2,376,000	3,185,000	326,500	3,511,500	5,887,500	-	5,887,500	0.0152		
2040	39,252,988,189	0.00%	-	2,265,000	113,250	2,378,250	3,345,000	167,250	3,512,250	5,890,500	-	5,890,500	0.0152		
2041	39,252,988,189	0.00%	-	-	-	-	-	-	-	-	-	-	-		
2042	39,252,988,189	0.00%	-	-	-	-	-	-	-	-	-	-	-		
2043	39,252,988,189	0.00%	-	-	-	-	-	-	-	-	-	-	-		
2044	39,252,988,189	0.00%	-	-	-	-	-	-	-	-	-	-	-		
2045	39,252,988,189	0.00%	-	-	-	-	-	-	-	-	-	-	-		
2046	39,252,988,189	0.00%	-	-	-	-	-	-	-	-	-	-	-		
2047	39,252,988,189	0.00%	-	-	-	-	-	-	-	-	-	-	-		
2048	39,252,988,189	0.00%	-	-	-	-	-	-	-	-	-	-	-		
2049	39,252,988,189	0.00%	-	-	-	-	-	-	-	-	-	-	-		
			\$ 1,271,968,107	\$ 49,645,000	\$ 25,305,835	\$ 74,950,835	\$ 49,380,000	\$ 35,442,997	\$ 84,822,997	\$ 1,431,741,939	\$ -	\$ 1,431,741,939		\$ (0.0765)	

Assumptions:
 (1) Assessed valuations and growth assumptions provided by the District.
 (2) Actual I&S tax rate for period ending 8/31/2015.
 (3) Est. tax collections rate: 99.00%
 (4) Series 2015A Bonds at 2.00% through 8/1/2016 and 5.00% thereafter and the Series 2015b Bonds at 2.00% through 8/1/2017 and 5.00% thereafter. For purposes of illustration only, preliminary, subject to change.
 (5) The deposit to the Construction Fund is \$50,000,000 for the Series 2015A Bonds and the deposit to the Construction Fund is \$50,000,000 for the Series 2015B Bonds.
 (6) All interest rate assumptions are for purposes of illustration only. Preliminary, subject to change.

Tax Rate Strategies: District's Callable Bonds

- The following table shows the District's callable bonds as of August 31, 2014:

Bond Issue	Callable Principal	Call Date	Call Feature
Unlimited Tax Adjustable Rate & Cap App Ref Bonds, Series 2005 (Convert to Fixed)	\$ 39,570,000	2/15/2016	0.000% Adv Refundable
Unlimited Tax School Building Bonds, Series 2006	85,430,000	8/15/2016	100.000% Adv Refundable
Unlimited Tax School Building & Refunding Bonds, Series 2008	159,620,000	8/15/2018	100.000% Adv Refundable
Unlimited Tax Refunding Bonds, Series 2009	28,390,000	2/15/2019	0.000% Adv Refundable
Unlimited Tax School Building Bonds, Series 2009	166,730,000	8/15/2019	100.000% Adv Refundable
Unlimited Tax School Building & Refunding Bonds, Series 2010	66,580,000	8/15/2020	80.032% Adv Refundable
Unlimited Tax Refunding Bonds, Series 2012	46,870,000	8/15/2022	0.000% Adv Refundable
Unlimited Tax Refunding Bonds, Series 2014	46,145,000	8/15/2024	100.000% Adv Refundable

- The District's Unlimited Tax Adjustable Rate & Capital Appreciation Refunding Bonds, Series 2005 (Converted to Fixed Rate) are callable on February 15, 2016
- The District may currently refund the Series 2005 Bonds for debt service savings, anytime within 90 days before the February 15, 2016 call date
- As we get closer to the February 15, 2016 call date, the refunding becomes more efficient as we limit the length of the escrow fund, which will mitigate negative arbitrage

- **Tax-Exempt Commercial Paper (“TECP”) is a short-term financial instrument (notes) with maturities from 1 to 270 days**
- **Often used to finance interim construction or for short-term capital needs**
- **Allows an issuer to match cash flow needs with project expenditures by issuing notes only as needed**
- **TECP maturities are flexible to meet the needs of the issuer and investors**
- **Requires liquidity support and a remarketing agent**
- **Only two school districts in Texas have a TECP Program: Austin ISD and San Antonio ISD; FirstSouthwest is the financial advisor to both issuers**

2015-16 Proposed Debt Service Fund

(\$M's)	Projection			
	2012-13 Actual	2013-14 Actual	2014-15 Projection	2015-16 * Fiscal Yr
Revenue	\$ 72.6	\$ 77.4	\$ 85.0	\$ 94.1
Expenditures	\$ 72.0	\$ 76.6	\$ 69.7	\$ 102.6
Surplus (deficit)	\$ 0.6	\$ 0.8	\$ 15.3	\$ (8.5)
Beginning Fund Balance	\$ 48.9	\$ 49.5	\$ 50.3	\$ 65.6
Ending Fund Balance	\$ 49.5	\$ 50.3	\$ 65.6	\$ 57.1

* Tax Rate is set based on calendar year debt payments.

2015-16 Child Nutrition Service Fund Projection With FY14 Actuals and FY15 YE Projections

\$Millions	2013-14 Actual	2014-15 Projection	2015-16 Projection
Revenue	<u>\$ 24.6</u>	<u>\$ 25.3</u>	<u>\$ 26.8</u>
Operating Expenditures	<u>\$ 28.9</u>	<u>\$ 28.7</u>	<u>\$ 26.8</u>
Other Financing	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net Change in Fund Balance	<u><u>\$ (4.3)</u></u>	<u><u>\$ (3.4)</u></u>	<u><u>\$ -</u></u>
Beginning Fund Balance	<u>\$ 12.9</u>	<u>\$ 8.6</u>	<u>\$ 5.2</u>
Ending Fund Balance	<u><u>\$ 8.6</u></u>	<u><u>\$ 5.2</u></u>	<u><u>\$ 5.2</u></u>

Source: FBISD Finance

Note: -FY 2014-15 Projection includes \$2.5m in carryover from the renovation projects last year and not a part of net revenues this year

-Texas Department of Agriculture (TDA) specifies that the fund balance of a school nutrition program should not exceed 3 mos average expenditures

Additional Considerations

- Uncertainty with Local Value Growth
- Legislative Session 2015
 - Potential Special Session
- School Finance Lawsuit
- New campus additions
- Transportation
- Partially unfunded Technology Plan

Budget Adoption June 15 Questions/Comments

