



Financial Report Card

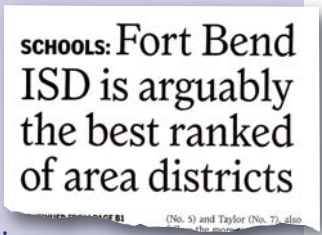
An Overview of
FBISD's Finance
Performance
Results

FORT BEND INDEPENDENT SCHOOL DISTRICT - NOV. 15, 2008

**FBISD's
Financial
Rating upgraded
in 2008 to AA**

Welcome to the first edition of Fort Bend Independent School District's "Financial Report Card". As noted in the *Houston Chronicle* headline reprinted below, Fort Bend ISD is recognized as one of the area's elite school districts when measured by student achievement. However, though student success is certainly our primary mission, true excellence requires that we achieve that success while practicing sound financial management.

HOUSTON CHRONICLE • Sunday March 30, 2008



Just as shareholders in a business are entitled to assurance that the business is operating in an ethical and fiscally responsible manner, we believe that those who invest their children and tax dollars in Fort Bend Independent School District are entitled to that same level of accountability.

Because school district finance differs from business and personal finance in so many ways, people often find it a challenge to assess whether a district is being a good steward of the tax dollars entrusted to them. We hope this report will prove to be a valuable tool in your evaluation of our financial performance.

What the Experts Say About FBISD's Financial Strength and Standards

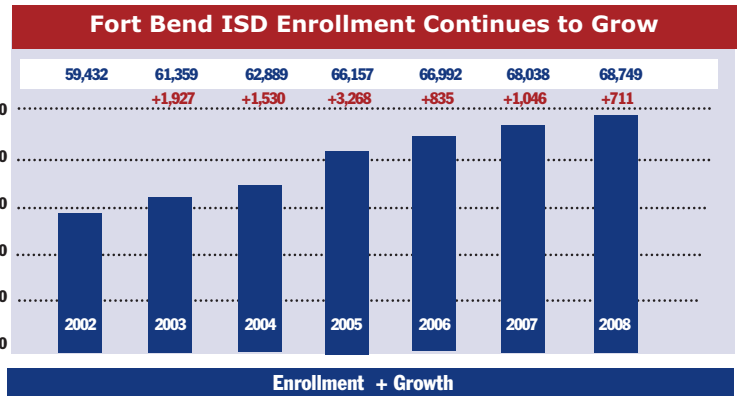
Standard and Poor's recently upgraded the district's bond ratings to AA. Less than 10 of the state's 1,037 districts have earned that distinction.

The **Government Financial Officers Association (GFOA)** and the **Association of School Business Officials International** have awarded Fort Bend ISD the prestigious *Certificate of Achievement* for Excellence in Financial Reporting for the 12th consecutive year.

The **Texas Education Agency (TEA)** has awarded Fort Bend ISD our 6th consecutive "Superior Achievement" rating under the Texas' School **FIRST** financial rating system. This is the highest rating awarded by the state, recognizing the quality of Fort Bend ISD's financial management, reporting systems, and stability.



Hereford, Lynch, Sellars & Kirkham, the district's independent auditors, issued a "unqualified opinion" on Fort Bend ISD's August 31, 2007 Comprehensive Annual Financial Report. That is the highest level of assurance given by an auditor. It certifies that the district's financial statements are an accurate representation of the district's financial condition and are presented in conformity with generally accepted accounting principles.





Fort Bend Independent School District 2008-09 Budget Highlights

Fort Bend Independent School District 2008-09 Budget Highlights

Major Expenditure Changes

Award 3% Raise for All Employees	\$ 7,500,000
Additional Staff	\$ 5,100,000
Enact Proposed Salary Equity Adjustments	\$ 1,275,000
Increase Budget for Vehicle Fuel Inflation	\$ 2,260,000
Restructure Speech Pathologist Compensation Package	\$ 500,000
Increase Campus Budgets to Reflect Enrollment Growth	\$ 250,000
Increase Mileage Reimbursement to IRS Rate	\$ 250,000
Award Signing Bonuses for Secondary Math and Science Teachers	\$ 200,000
Increase Utility Budget for Two New Campuses	\$ 130,000
Fund State Mandated Fingerprinting and Hep B Testing	\$ 60,000
Fund PSAT Tests for All 10th Graders	\$ 58,000

Teacher Salary Schedule 2008-2009 Bachelor's Degree

Experience	Salary
Rookie	\$44,000
5 Years	\$47,226
10 Years	\$50,007
15 Years	\$52,396
20 Years	\$56,399
25 Years	\$59,929
30 Years	\$63,030

	General Operating Fund	Debt Service Fund	Child Nutrition Fund
Revenues			
Locally Funded	\$ 247,640,750	\$ 53,017,996	\$ 13,417,531
State Funded	218,700,775	6,891,405	136,649
Federally Funded	1,650,000	- 0 -	8,592,191
Total	467,991,525	59,909,401	22,146,371
Expenditures	477,492,625	62,305,807	22,146,371
Net Change in Fund Balance	\$ (9,501,100)	\$ (2,396,406)	\$- 0 -

Property Value

- Total Taxable Property Value \$21.7 billion

Recommended Tax Rate

- Maintenance & Operations \$1.04
- Debt Service \$0.23
- Combined Rate \$1.27
- Combined Rate Increase \$0.02

General Expenditures Information

- Total General Fund Budget \$477,492,625
- General Fund Budget Per Student \$6,945

Proposed Wage Adjustments

- Teaching Staff 3% of Actual Base Salary
- Non-teaching Staff 3% of Actual Base Salary
- Health Insurance Plan No change to employee health insurance premiums

Meal Plan

- No change to student meal prices

2008-09 New Campuses Opened

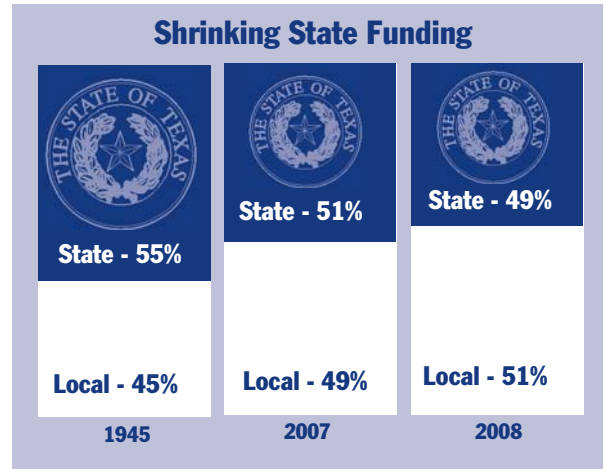
- Lynn Armstrong Elementary
- Jan Schiff Elementary

The Robin Hood School Funding Plan And How It Effects Your Property Tax Bill

When homeowners see their tax bills increase as a result of rising appraisal values, they naturally assume that school districts benefit from those additional funds. Unfortunately, that is not the case. Because our total revenue has been capped by the state, that increase in local property tax revenue is directly offset by an equal **reduction** in state funding. It is as if those funds flow right past the school district and into the state's \$15 billion surplus account.

The attached bar graph illustrates the fact that since 1945, the state has steadily shifted the burden of funding our schools off of the state and onto local taxpayers. That trend will continue until the legislature changes the current school funding formulas.

Fort Bend ISD's Board of Trustees and administration are sensitive to the tax burden that rising property values have placed on local property owners. Consequently, we are committed to keeping property tax rates as low as possible. Fort Bend ISD has the 5th lowest property tax rate among 25 area school districts. A sampling of those districts is presented on the next page. We have also listed the tax rates for three fast growing Dallas-Fort Worth school districts for comparison purposes.



How Do Fort Bend ISD's Administrative Expenses Compare to Those of Other Districts?

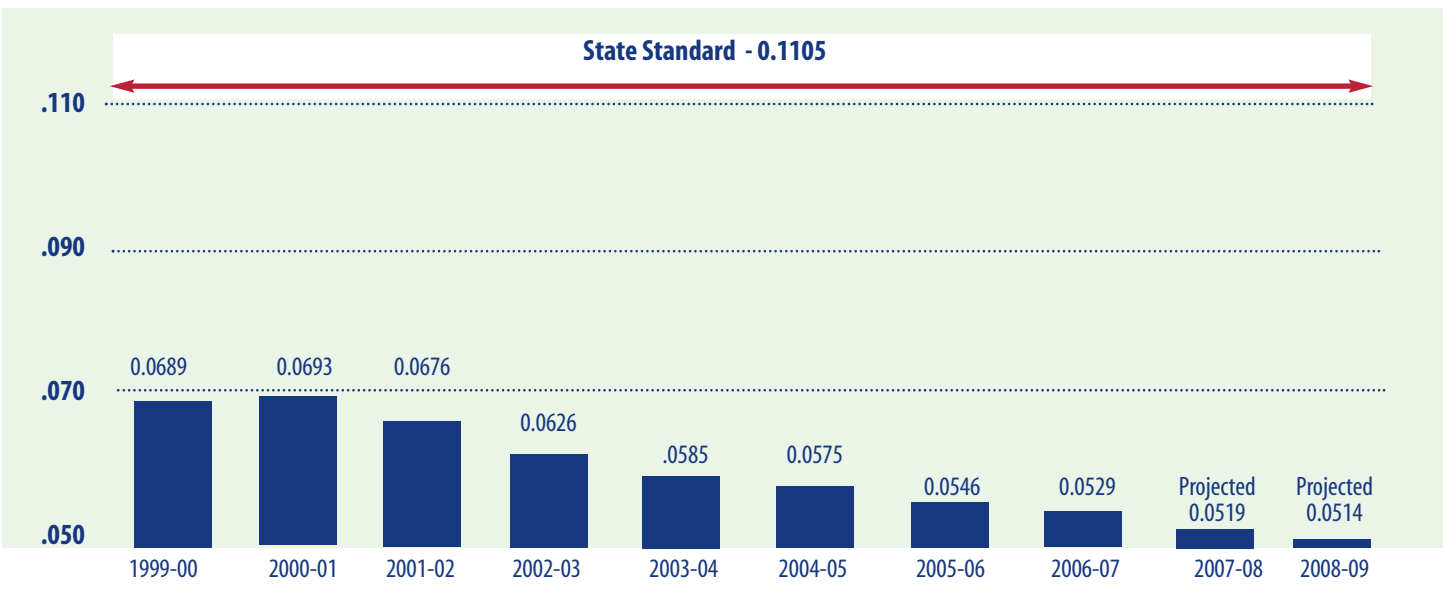
Administrative Cost Ratio (ACR) is a state designed calculation which compares total central office and campus administration expenditures to the total of all dollars that the district expends for instruction and

guidance/counseling services. The state recommends that districts the size of Fort Bend ISD have a ratio that does not exceed 11.05%.

Fort Bend ISD boasts one of the lowest

ACRs in the state. Since 1999, that ratio has declined from 6.89% to the current 5.14%. **That translates to higher teacher salaries and more dollars directed to the classroom.**

Administrative Cost Ratio





Tracking the Education Dollar in Fort Bend ISD

- Classroom Teacher Compensation**49 cents
- Instructional Aides and Supplies** 9 cents
- Curriculum Standards and Teacher Training** 3 cents
- Librarians and Library Books**2 cents
- Guidance Counselors**4 cents
- Campus Administrative Staff**6 cents
- Campus Security Staff and School Nurses**2 cents
- Building Maintenance and Utilities**11 cents
- Student Transportation**3 cents
- Cafeteria Services**5 cents
- Extra Curricular Student Activities**3 cents
- Central Administration**3 cents

\$1.00

The Importance of a Strong Fund Balance

A school district's fund balance is comparable to an individual's savings account. When maintained at the proper level, it serves several vital functions.

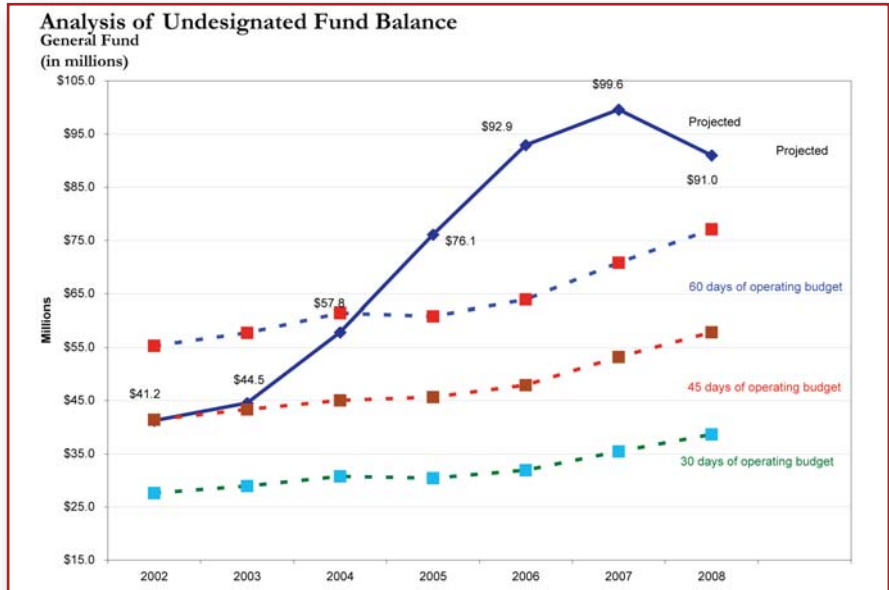
First, fund balance allows the district to pay salaries and bills from the start of the school year until January, when we begin to receive property tax revenue.

Second, like personal savings accounts, fund balance provides districts with a readily available source of cash to address unplanned expenditures such as the Hurricane Ike repair bills.

Third, a strong and stable fund balance is an important consideration for the bond rating agencies, ultimately affecting the interest rate we pay on school construction bonds.

Finally, because the assets that comprise a district's fund balance are invested, Fort Bend ISD's fund balance will generate approximately \$5,000,000 of interest earnings for the 2008-2009 school year.

Fort Bend ISD's Maintenance and Operations fund balance is projected to be approximately \$91 million at August 31, 2008, which would be sufficient to cover roughly 70 days of operating expenditures.



2008-2009 ISD Tax Rates

District Name	Operations Rate	Debt Service Rate	Total Rate
Katy ISD	1.126600	0.400000	1.526600
Humble ISD	1.170000	0.350000	1.520000*
Spring ISD	1.040000	0.420000	1.460000
Spring Branch ISD	1.090000	0.292500	1.382500
CyFair ISD	1.040000	0.310000	1.350000
Alief ISD	1.125000	0.215000	1.340000*
Klein ISD	1.040000	0.270000	1.310000
Lamar CISD	1.000050	0.297600	1.297650
Aldine ISD	1.133380	0.158620	1.292000
Goose Creek	1.040000	0.242130	1.282130
Fort Bend ISD	1.040000	0.230000	1.270000
Stafford MSD	1.040050	0.194950	1.235000
Houston ISD	1.006700	0.150000	1.156700
Frisco ISD	1.000000	0.370000	1.370000
Lewisville ISD	1.040000	0.340000	1.380000
Plano ISD	1.040000	0.263400	1.303400

* Subject to final voter approval

For more information, visit our website at www.fortbendisd.com