

# 2016-2017 **BUDGET**



**FRISCO**  
INDEPENDENT SCHOOL DISTRICT

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**Our mission is to know every student by name and need.**

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5515 Ohio Drive | Frisco, Texas 75035 | [www.friscoisd.org](http://www.friscoisd.org)

# **FRISCO INDEPENDENT SCHOOL DISTRICT**

Frisco, Texas

## **ANNUAL BUDGET FOR FISCAL YEAR ENDED JUNE 30, 2017**

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Kimberly Pickens, Chief Financial Officer

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# BUDGET AND TAX RATE ADOPTION CALENDAR

- October through December 2015:** Discuss and develop budget planning process and finalize resource allocation strategies for all departments based on district and departmental goals and objectives.
- November 2015:** Receive and analyze student enrollment projections. Finalize “per pupil allocation” for campus budgets based on projected student growth. Develop budget worksheets reflecting campus and departmental allocations.
- December 2015:** Analyze projected revenue scenarios and compare preliminary estimated expenditure needs to projected revenue for possible adjustments. Revenue projections are ongoing and continuously monitored throughout the entire process.
- January 2016:** Distribute budget worksheets to campuses and departments and conduct group meetings to discuss directions for completion of worksheets.
- February 2016:** Collect budget worksheets from all departments and begin compiling the line item expenditure budget.  
*February 9* – Board budget subcommittee meeting
- March 2016:** Share preliminary budget projections with central administrative staff and discuss issues related to alignment with district goals and objectives. Develop initial estimates of staff allocations related to student growth.  
*March 21* - Presentation to Board of Trustees regarding budgetary challenges and projected revenue.
- April 2016:** Discuss the district’s taxation position and finalize revenue estimates based on preliminary certified values from the central appraisal districts.  
*April 6* – Board budget subcommittee meeting  
*April 11* – Presentation to Board of Trustees regarding 2016-2017 budgetary needs to address growth and multi-year financial projections.
- May 2016:** Finalize staff allocations; continue to adjust budget as necessary; and develop the “near final” district budget. Work with Collin County Tax Office to develop the Truth In Taxation ad and submit required posting information related to the adoption of the tax rate.  
*May 3* – Board budget subcommittee meeting  
*May 9* – Presentation to Board of Trustees regarding the need to utilize available taxing authority and the impact on our multi-year financial projections.  
*May 31* – Special meeting of the Board of Trustees and public hearing to adopt the 2016 tax rate.
- June 2016:** Make final adjustments to the proposed budget and submit required posting information related to the adoption of the budget.  
*June 20* – Regular meeting of the Board of Trustees and public hearing to adopt the 2016-2017 budget.
- July 2016:** Receive the certified tax rolls from the central appraisal districts and communicate to the Board.

# 2016-2017 BUDGET OVERVIEW

- MISSION:** Our mission is to know every student by name and need.
- VISION:** We look at education in a different way... through the eyes of children.
- BELIEFS:** Education is a shared responsibility of students, school, home and community. With that as an essential principle, we believe the following to be true for students, staff, families and the community:
- Everyone has equal inherent worth and deserves to be treated with respect and dignity.
  - Everyone needs challenge, opportunity and encouragement.
  - Each person is unique.
  - Meaningful relationships have profound lifelong impact.
  - Integrity is essential.
  - Imagination and creativity are vital.
  - A safe environment is necessary for learning.
  - Every person can learn.
  - Each person is ultimately responsible for his/her own learning.
  - Learning is lifelong and unlimited.
  - There is always room for improvement.
  - All students must graduate with the skills they need to pursue their aspirations.
- MOTTO:** Pride. Tradition. Excellence.

## PRINCIPLES OF BUDGET DEVELOPMENT

Resources will be allocated in such a way as to:

- Ensure development and maintenance of the instructional program at the highest possible level of excellence while addressing the needs created by growth in the student population.
- Allocate personnel units in a manner that will maintain the effective and efficient practices adopted by the district.
- Prioritize the distribution of funds to address the needs of the district in relation to both the academic and operational functions of the district.
- Meet the community standards and goals and objectives adopted by the Board of Trustees.
- Maintain the district's efforts to continue as one of the top rated school districts in the state.

It will be the function of the business office to develop procedures and practices related to budget development, while adhering to the aforementioned principles, that advances the district's efforts to provide the highest quality instructional programs; maintain and operate facilities that are safe, secure and comfortable; and results in a proposed budget that is both effective and efficient in meeting the goals and objectives of Frisco ISD.

## **BUDGET PROCESS**

The Texas Education Code Sections 44.002-44.006 establish the legal basis for school district budget development. Frisco ISD operates as an Independent School District accredited by the State of Texas with a July 1<sup>st</sup> to June 30<sup>th</sup> fiscal year. This budget has been prepared in accordance with state and local regulations according to the timeline presented on page 1.

The district is required to adopt budgets for the General (or Operating) Fund, the Child Nutrition Fund and the Debt Service Fund. Unless otherwise noted, discussions in this budget overview will focus on the Operating Fund as it is the primary fund of the district and is the only fund currently subject to limitations from the Texas school finance system.

We believe that the budget process and proposed budget support the district's vision, mission and beliefs because district leaders evaluate available resources and focus them on the priorities outlined in our principles of budget development. The district faces a number of fiscal challenges, the most notable of which relate to our rapidly growing student population and continued reductions in funding under the state's school finance system. We believe our most significant fiscal challenges can be broken down into three categories for the 2016-2017 school year:

1. The legislative impact on school funding
2. Rapid enrollment growth
3. The need to maintain competitive compensation plans for all employees

### **Legislative Impact**

The Texas legislature, with a focus on property tax relief, made significant changes to school funding in 2006 by calling for the compression of school district tax rates by one third. Frisco ISD's maintenance and operations (M&O) tax rate was \$1.32 at the time of compression. Because we were not taxing at the maximum M&O rate of \$1.50, we became "fractionally funded." House Bill (HB) 1 in 2006 established a target revenue level for school districts, making up the difference for what was lost from tax rate compression with Additional State Aid for Tax Relief (ASATR). FISD receives only 88% of the revenue allotment available to us under that formula due to fractional funding.

In 2011, a massive state budget deficit coupled with the legislature's desire not to raise taxes or access the rainy day fund resulted in an appropriations bill that cut funding for public education by approximately \$5.4 billion over the biennium. The 2013 and 2015 legislatures restored some, but not all, of the funding cut in 2011. However, because FISD was a fractionally funded district, subject to the 2006 target revenue formula, and was not taxing at the highest level of our authority, we did not benefit from either of those changes to the formula. In fact, since 2011, FISD's revenue per weighted average daily attendance (WADA) has decreased by \$442, which equates to approximately \$400 per enrolled student. In September 2017, ASATR will be completely eliminated. By that time, we estimate we will have lost \$125 million due to state funding cuts since 2011.

Current school finance laws involve property wealth equalization (also known as recapture, or "Robin Hood"). A complex system of weights for certain student populations, allotments, adjustments, cost of education index, and property values are used to establish the amount of revenue received and retained by a school district. Under the current equalized system, school districts are entitled to a maximum of \$514,000 in property value per WADA. Districts with excess property wealth pay recapture on tax collections associated with that value. In addition to receiving less money per student than the state average due to our fractional funding status, FISD paid over \$2 million in recapture back to the state in 2015-2016.

FISD joined over 600 other districts in 2012 to sue the state over inadequate school funding. In August 2014, District Judge Dietz issued a written ruling in our favor that was then appealed to the Texas Supreme Court. The Texas Supreme Court overturned Judge Dietz's ruling in May 2016, stating in its ruling that "our Byzantine school funding 'system' is undeniably imperfect, with immense room for improvement. But it satisfies minimum constitutional requirements."



None of the last legislative sessions have produced a solution to the issue of adequate school funding, and lawmakers now have little incentive to overhaul the state's school finance system given the Texas Supreme Court ruling. School finance proposals at the legislative level have historically been based on what the state was willing or able to fund rather than what it actually costs to educate to current mandates. FISD will continue to work with lawmakers to address the adequacy of school funding.

### **Enrollment Growth**

Frisco ISD is one of the fastest growing school districts in Texas. We have more than doubled our enrollment in the last decade, adding an average of 3,000 students per year. Projected enrollment for 2015-2016 was 53,213. As of June 2016, enrollment was just under 53,800.

Projecting enrollment remains one of the most significant challenges we face. We work with both internal and third party demographers to develop our best estimates of student growth from year to year. Our financial projections for the next three years are based on continued growth of 3,000 students per year.

Because of declining state funds, FISD has absorbed much of the added cost of enrollment growth by increasing class sizes at all grade levels. In 2015-2016, the district submitted nearly 300 class size waivers to the state to allow K-4 classrooms to rise above the 22:1 class size mandate, a standard created by lawmakers to limit the size of classrooms. That number amounts to almost 30 percent of all K-4 classrooms and gives FISD the distinction of being second only to Houston ISD in terms of the total number of class size waivers submitted by school districts across the state.

Budget plans for 2016-2017 include addressing class sizes and opening four new schools to accommodate enrollment growth.

### **Competitive Compensation**

FISD is committed to a culture of collaboration and continual learning, both of which serve our pursuit to attract and retain high quality staff to support our vision, mission and beliefs. District leaders also recognize that competitive compensation is a necessary component of our staffing model. The human resources department continually monitors area districts' pay scales in an effort to remain competitive. In 2015-2016, FISD fell in the bottom quartile of benchmarking districts for both beginning teacher and tenured teacher salaries. Funding cuts absorbed by the district over the past five years and the need to hire more than 600 new teachers per year to accommodate enrollment growth have impacted our ability to keep up with the market's average salaries.

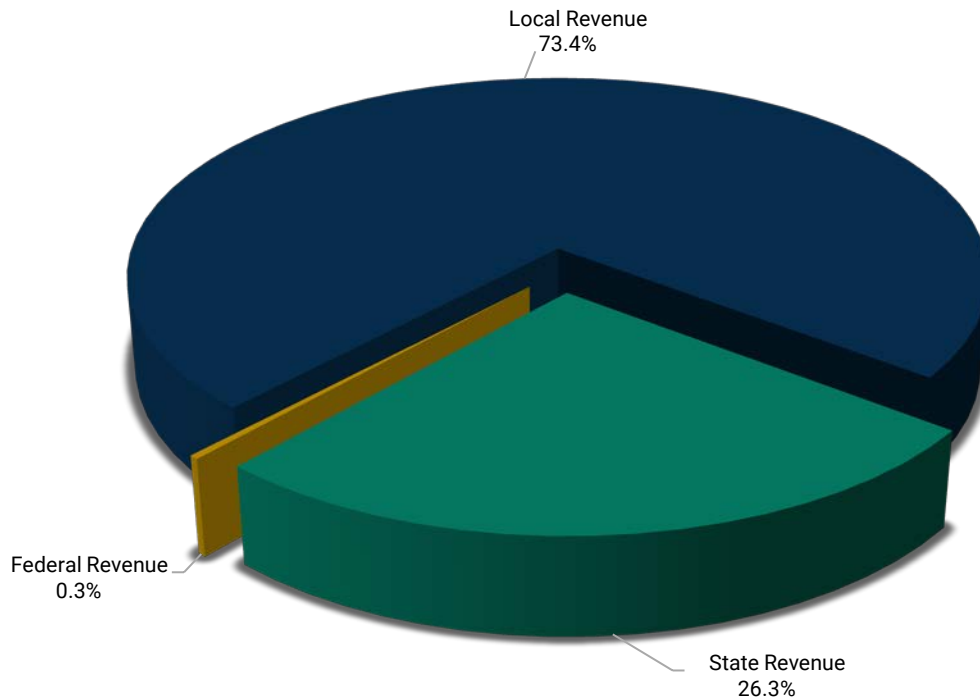
The district also recognizes that the rising cost of healthcare has a significant impact on any additional income provided by annual raises. FISD participates in TRS Active-Care, the state's healthcare plan, and has no control over annual premium increases for plan participants.

Budget plans for 2016-2017 include provisions for staff raises, adjustments to teacher pay scales, and increases in the district's contribution to employee medical premiums.

## REVENUE

The district's major sources of revenue are derived from property taxes and state aid. Other sources include local revenue from facilities rentals, gate receipts, cell tower rentals, gifts and donations, etc. in addition to revenues from federal grant programs.

### 2016-2017 Operating Fund Revenues by Source



The Denton and Collin Central Appraisal Districts provide estimated preliminary certifications of property values at the end of April each year which the district uses to create estimates of property tax revenue for the coming budget year. Certified values are provided by the Central Appraisal Districts in July, and monthly updates to the certified roll are provided and monitored by the district throughout the year to reflect changes in exemptions and value protest resolutions.

Preliminary certified values received were 23% higher than estimated final values for 2015-2016. Those preliminary values will fall by the end of the year due to protests and late filed exemptions. Based on historical value loss, we are projecting a 13% growth in values for 2016-2017, which equates to about \$3 billion in freeze-adjusted taxable value. Our multi-year financial projections include factors for continued property value growth of 11% for 2017-2018 and 9% for 2018-2019. We expect those projections to be conservative given the significant commercial development occurring within the district's boundaries.

As previously explained, Fisd is subject to property wealth equalization under the state's funding formula, and we therefore do not retain any revenue from rising property values in the General Fund, which finances our operating budget. However, value changes do have a direct impact on debt service revenue since that fund is not subject to wealth equalization. Property value growth has allowed us to finance the 2014 bond program without raising the debt tax rate.

**Tax Rate**

The district has two tax rates – the maintenance and operations (M&O) rate, which funds our operating budget and the interest and sinking (I&S) rate, which services our debt. The total 2015 tax rate was set at \$1.46 – \$1.04 for M&O and \$0.42 for I&S. Under current law, we have the ability to raise the M&O rate to \$1.17 with voter approval. The I&S rate cap is \$0.50. A history of tax rates for the last 15 years can be found on page 22.

Due to the State’s equalized funding formula and our limited ability to generate revenue, district leaders and the school board have determined that utilizing our full taxing authority is the most prudent way to address the previously described challenges: funding cuts imposed by the legislature, rapid enrollment growth, and the need for competitive compensation.

During a special meeting held on May 31, 2016, the FISD Board voted unanimously to set the maintenance and operations tax rate at \$1.17 per \$100 of tax valuation, an increase of 13 cents from last year’s rate. The interest and sinking tax rate will remain the same, at 42 cents, for a total combined tax rate of \$1.59.

The adoption of this tax rate triggers a Tax Ratification Election (TRE), which is tentatively set for Saturday, August 27, 2016.

**2016-2017 BUDGET RECOMMENDATIONS**

The district uses a historical, line item budgeting approach to begin the budget process each year. Increases to the line item budget are priority based, as evaluated by district leaders and the Board of Trustees. Cost savings measures are evaluated before recommending budget increases to ensure efficiency and effectiveness of the operating budget.

To accommodate continued enrollment growth and address challenges related to employee compensation, we are recommending an increase in spending of \$42,375,450 above the 2015-2016 budget.

Increases have been categorized as follows:

2016-2017 New Staff:	
298 Teachers	17,919,000
15 Campus Administrators	1,311,000
19 Other Campus Professionals	1,219,000
64.5 Campus Support Staff	1,640,250
74.5 District-Wide Administrative & Support Staff	2,439,000
Other Compensation & Benefits:	
2015-2016 Personnel Adjustments for High Growth	5,720,000
Raises and Adjustments to Teacher Pay Scales	7,800,000
Increased District Contributions to Employee Medical Premiums	3,000,000
Salary and Stipend Adjustments	387,200
Other Increases:	
Campus Per-Pupil Allotments	640,000
CAD Costs	300,000
<b>Total Increases</b>	<b><u>42,375,450</u></b>

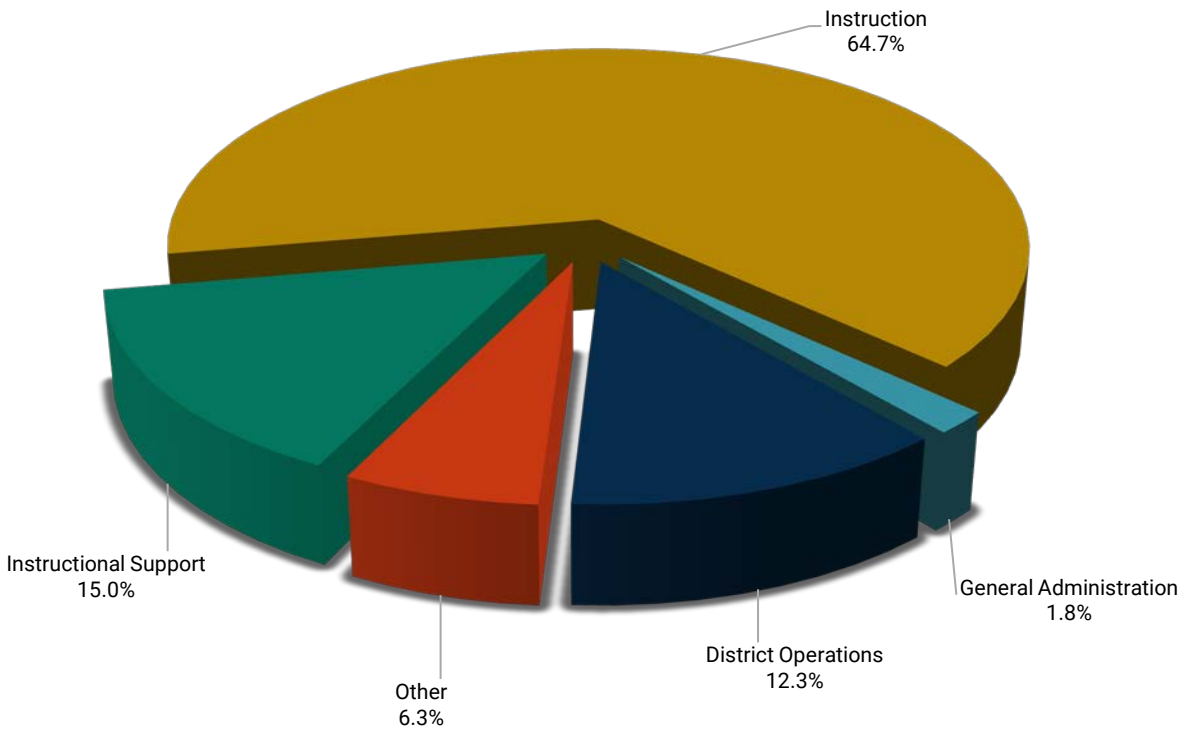
The operating budget also includes certain items that are considered “budget neutral,” meaning there is both a revenue and expenditure component, which offset to zero. Those items impact total appropriations, but have no net impact on our annual surplus (deficit) or year-end fund balance. Increases in budget neutral items for 2016-2017 include:

Tax Collections for the TIF Zone (Paid to the TIF)	2,950,000
TRS Benefits Paid On-Behalf of FISD by the State	6,000,000
<b>Total Budget Neutral Increases</b>	<b><u>8,950,000</u></b>

Finally, recapture for 2016-2017 is projected to increase by \$4,100,000 if the M&O tax rate of \$1.17 is ratified by voters in August 2016. For the purposes of financial planning, we view recapture as a reduction in revenue because it represents local tax collections that are recaptured by the state and not available for district use. However, for accounting purposes, those recaptured funds are treated as expenditures and therefore must be appropriated in the budget.

Total appropriations for the 2016-2017 school year are \$471,402,450 and are made up of the following major functions:

**2016-2017 Operating Fund Expenditures by Function**



## **2016-2017 COMPENSATION PLAN**

The 2016-2017 proposed budget includes \$7.8 million for staff raises and adjustments to teacher pay scales. All eligible staff will be provided with an increase in salary or base wages calculated at 2% of the midpoint of the employee's pay grade. The beginning salary for new teachers will be adjusted from \$48,500 to \$50,000 for the 2016-2017 school year, and the new hire salary guide for teachers and nurses will be adjusted accordingly. Currently employed teachers and nurses will be aligned to the new salary guide based on years of service as of the end of the 2015-2016 school year and will receive the greater of the 2% of midpoint raise or the pay scale adjustment.

The estimated increase reflects the cost of raises for staff whose salaries or wages are paid for by the General Fund. Raises and salary adjustments for staff whose salaries or wages are paid from other sources will be funded by those respective sources.

\$3 million has been appropriated to raise the district's contribution to medical premiums for participating employees from \$280 to \$325 per month.

In addition to the compensation described above, the financial plans presented on pages 14-15 include a planned use of fund balance to provide a one-time incentive payment to eligible employees equal to 2% of that employee's salary or base wages. This incentive payment will be paid on January 2, 2017 to each employee who was assigned at least part time in a budgeted, allocated position prior to October 1, 2016 and who is still employed in a budgeted, allocated position as of the payment date. To provide meaningful incentives to all employees, eligible employees who work at least 4 hours per day will not receive less than \$500, and eligible employees who work less than 4 hours per day will not receive less than \$250. This incentive payment will be subject to all legal deductions, is not considered TRS eligible, and is approved only for the 2016-2017 fiscal year. The cost to cover this incentive payment will be paid from available General Fund balance for all staff regardless of the funding source for their base salaries.

# 2016-2017 OFFICIAL BUDGET

	Operating Fund	Child Nutrition Fund	Debt Service Fund	Total	Total by Enrolled Student*
<b>Estimated Revenues</b>					
Local Revenue	356,841,300	19,549,000	134,945,000	511,335,300	9,026
State Revenue	127,834,200	555,000	2,000,000	130,389,200	2,302
Federal Revenue	1,500,000	5,300,000		6,800,000	120
<b>Total Estimated Revenues</b>	<b>486,175,500</b>	<b>25,404,000</b>	<b>136,945,000</b>	<b>648,524,500</b>	<b>11,448</b>
<b>Appropriations</b>					
11 - Instruction	288,053,578			288,053,578	5,085
12 - Instructional and Media Services	6,262,944			6,262,944	111
13 - Curriculum and Staff Development	10,538,131			10,538,131	186
21 - Instructional Leadership	6,183,153			6,183,153	109
23 - School Leadership	27,789,975			27,789,975	491
31 - Guidance, Counseling and Evaluation Services	15,319,654			15,319,654	270
32 - Social Work Services	479,604			479,604	9
33 - Health Services	5,076,955			5,076,955	90
34 - Student Transportation	11,118,288			11,118,288	196
35 - Food Service		25,002,500		25,002,500	441
36 - Cocurricular/Extracurricular	15,813,761			15,813,761	279
41 - General Administration	8,433,812			8,433,812	149
51 - General Maintenance and Operations	37,093,292	401,500		37,494,792	662
52 - Security and Monitoring Services	2,800,718			2,800,718	49
53 - Data Processing Services	6,801,702			6,801,702	120
61 - Community Services	686,883			686,883	12
71 - Debt Service			128,998,507	128,998,507	2,277
91 - Contracted Services Between Public Schools	5,700,000			5,700,000	101
95 - Payments to Juvenile Justice Alternative Programs	50,000			50,000	1
97 - Tax Increment Fund	20,700,000			20,700,000	365
99 - Other Intergovernmental Charges	2,500,000			2,500,000	44
<b>Total Appropriations</b>	<b>471,402,450</b>	<b>25,404,000</b>	<b>128,998,507</b>	<b>625,804,957</b>	<b>11,047</b>

\*Based on projected 2016-2017 enrollment of 56,649 students

## 2016-2017 APPROPRIATIONS BY OBJECT

	Child Nutrition			Total	Total by Enrolled Student*
	Operating Fund	Fund	Debt Service Fund		
<b>Estimated Revenues</b>					
Local Revenue	356,841,300	19,549,000	134,945,000	511,335,300	9,026
State Revenue	127,834,200	555,000	2,000,000	130,389,200	2,302
Federal Revenue	1,500,000	5,300,000		6,800,000	120
<b>Total Estimated Revenues</b>	<b>486,175,500</b>	<b>25,404,000</b>	<b>136,945,000</b>	<b>648,524,500</b>	<b>11,448</b>
<b>Appropriations</b>					
61 - Payroll Costs	384,823,932	11,295,100		396,119,032	6,992
62 - Professional and Contracted Services	40,177,219	769,200		40,946,419	723
63 - Supplies and Materials	17,310,123	12,313,600		29,623,723	523
64 - Other Operating Costs	28,538,004	780,100		29,318,104	518
65 - Debt Service			128,998,507	128,998,507	2,277
66 - Capital Outlay	553,172	246,000		799,172	14
<b>Total Appropriations</b>	<b>471,402,450</b>	<b>25,404,000</b>	<b>128,998,507</b>	<b>625,804,957</b>	<b>11,047</b>

\*Based on projected 2016-2017 enrollment of 56,649 students

## OPERATING BUDGET

The operating budget is the budget for the General Fund, which pays for most expenditures for the daily operation of schools and central offices. Expenditures paid from this fund include salaries and benefits, classroom supplies and equipment, extracurricular and cocurricular activities, educational technology, utilities, routine maintenance of buildings, and transportation costs.

	2015-2016 Budget	Increase (Decrease)	2016-2017 Budget	Percent of Total	Percent Change
<b>Estimated Revenues</b>					
Local Revenue					
Local Tax Collections (including delinquent, rollback and P&I)	259,970,000	69,171,300	329,141,300	67.7%	26.6%
TIF Collections	17,750,000	2,950,000	20,700,000	4.3%	16.6%
Other Local Revenue	5,000,000	2,000,000	7,000,000	1.4%	40.0%
<i>Total Local Revenue</i>	<u>282,720,000</u>	<u>74,121,300</u>	<u>356,841,300</u>	<u>73.4%</u>	<u>26.2%</u>
State Revenue					
Foundation School Program	107,803,000	(11,213,700)	96,589,300	19.9%	(10.4%)
Available School Fund	13,324,000	(79,100)	13,244,900	2.7%	(0.6%)
TRS On-Behalf	12,000,000	6,000,000	18,000,000	3.7%	50.0%
<i>Total State Revenue</i>	<u>133,127,000</u>	<u>(5,292,800)</u>	<u>127,834,200</u>	<u>26.3%</u>	<u>(4.0%)</u>
Federal Revenue					
Medicaid/SHARS	2,000,000	(500,000)	1,500,000	0.3%	(25.0%)
<b>Total Esimtated Revenues</b>	<b><u>417,847,000</u></b>	<b><u>68,328,500</u></b>	<b><u>486,175,500</u></b>	<b><u>100.0%</u></b>	<b><u>16.4%</u></b>
<b>Appropriations</b>					
Instruction					
11 - Instruction	250,193,000	37,860,578	288,053,578	61.1%	15.1%
12 - Instructional and Media Services	6,049,000	213,944	6,262,944	1.3%	3.5%
13 - Curriculum and Staff Development	9,796,000	742,131	10,538,131	2.2%	7.6%
95 - Payments to Juvenile Justice Alternative Programs	30,000	20,000	50,000	0.0%	66.7%
<i>Total Instruction</i>	<u>266,068,000</u>	<u>38,836,653</u>	<u>304,904,653</u>	<u>64.7%</u>	<u>14.6%</u>
Instructional Support					
21 - Instructional Leadership	5,980,000	203,153	6,183,153	1.3%	3.4%
23 - School Leadership	26,393,000	1,396,975	27,789,975	5.9%	5.3%
31 - Guidance, Counseling and Evaluation Services	12,873,000	2,446,654	15,319,654	3.2%	19.0%
32 - Social Work Services	386,000	93,604	479,604	0.1%	24.2%
33 - Health Services	4,907,000	169,955	5,076,955	1.1%	3.5%
36 - Cocurricular/Extracurricular	14,895,000	918,761	15,813,761	3.4%	6.2%
<i>Total Instructional Support</i>	<u>65,434,000</u>	<u>5,229,102</u>	<u>70,663,102</u>	<u>15.0%</u>	<u>8.0%</u>
General Administration					
41 - General Administration	7,977,000	456,812	8,433,812	1.8%	5.7%
District Operations					
34 - Student Transportation	9,315,000	1,803,288	11,118,288	2.4%	19.4%
51 - General Maintenance and Operations	35,373,000	1,720,292	37,093,292	7.9%	4.9%
52 - Security and Monitoring Services	2,940,000	(139,282)	2,800,718	0.6%	(4.7%)
53 - Data Processing Services	6,450,000	351,702	6,801,702	1.4%	5.5%
<i>Total District Operations</i>	<u>54,078,000</u>	<u>3,736,000</u>	<u>57,814,000</u>	<u>12.3%</u>	<u>6.9%</u>
Other					
61 - Community Services	870,000	(183,117)	686,883	0.1%	(21.0%)
91 - Contracted Services Between Public Schools	1,600,000	4,100,000	5,700,000	1.2%	256.3%
97 - Tax Increment Fund	17,750,000	2,950,000	20,700,000	4.4%	16.6%
99 - Other Intergovernmental Charges	2,200,000	300,000	2,500,000	0.5%	13.6%
<i>Total Other</i>	<u>22,420,000</u>	<u>7,166,883</u>	<u>29,586,883</u>	<u>6.3%</u>	<u>32.0%</u>
<b>Total Appropriations</b>	<b><u>415,977,000</u></b>	<b><u>55,425,450</u></b>	<b><u>471,402,450</u></b>	<b><u>100.0%</u></b>	<b><u>13.3%</u></b>



## CHILD NUTRITION BUDGET

The Child Nutrition Fund is used to record revenues and expenditures related to the school lunch and breakfast program. Expenditures are funded from cafeteria sales and state and federal grants.

	2015-2016 Budget	Increase (Decrease)	2016-2017 Budget	Percent of Total	Percent Change
<b>Estimated Revenues</b>					
Local Revenue					
Cafeteria Sales	17,830,000	1,714,500	19,544,500	76.9%	9.6%
Investment Earnings	2,000	2,500	4,500	0.0%	125.0%
Total Local Revenue	17,832,000	1,717,000	19,549,000	77.0%	9.6%
State Revenue					
State Grant Reimbursements	83,000	2,000	85,000	0.3%	2.4%
TRS On-Behalf	362,000	108,000	470,000	1.9%	29.8%
Total State Revenue	445,000	110,000	555,000	2.2%	24.7%
Federal Revenue					
National School Lunch Program	3,500,000	246,000	3,746,000	14.7%	7.0%
National School Breakfast Program	415,000	139,000	554,000	2.2%	33.5%
USDA Commodities	765,000	235,000	1,000,000	3.9%	30.7%
Total Federal Revenue	4,680,000	620,000	5,300,000	20.9%	13.2%
<b>Total Estimated Revenues</b>	<b>22,957,000</b>	<b>2,447,000</b>	<b>25,404,000</b>	<b>100.0%</b>	<b>10.7%</b>
<b>Appropriations</b>					
District Operations					
35 - Food Services	22,556,000	2,446,500	25,002,500	98.4%	10.8%
51 - General Maintenance and Operations	401,000	500	401,500	1.6%	0.1%
<b>Total Appropriations</b>	<b>22,957,000</b>	<b>2,447,000</b>	<b>25,404,000</b>	<b>100.0%</b>	<b>10.7%</b>

## DEBT SERVICE BUDGET

The Debt Service Fund is used to pay principal and interest on debt incurred through the sale of bonds. The proceeds from bonds are used to finance long-term improvements to existing facilities as well as to build and equip new schools. Debt payment details can be found on page 17. For cash flow purposes, the district budgets for debt service using a calendar year rather than our fiscal year.

	2015-2016 Budget	Increase (Decrease)	2016-2017 Budget	Percent of Total	Percent Change
<b>Estimated Revenues</b>					
Local Revenue					
Local Tax Collections (including delinquent, rollback and P&I)	101,463,000	15,917,000	117,380,000	85.7%	15.7%
Investment Earnings	-	75,000	75,000	0.1%	100.0%
TIF Revenue	16,050,000	1,440,000	17,490,000	12.8%	
Total Local Revenue	117,513,000	17,432,000	134,945,000	98.5%	14.8%
State Revenue					
Additional State Aid for Homestead Exemption (ASAHE)	-	2,000,000	2,000,000	1.5%	100.0%
<b>Total Estimated Revenues</b>	<b>117,513,000</b>	<b>19,432,000</b>	<b>136,945,000</b>	<b>100.0%</b>	<b>16.5%</b>
<b>Appropriations</b>					
71 - Debt Service					
Bond Principal	31,060,000	15,495,000	46,555,000	36.1%	49.9%
Bond Interest	88,789,074	(7,345,567)	81,443,507	63.1%	(8.3%)
Other Debt Fees	1,343,926	(343,926)	1,000,000	0.8%	(25.6%)
<b>Total Appropriations</b>	<b>121,193,000</b>	<b>7,805,507</b>	<b>128,998,507</b>	<b>100.0%</b>	<b>6.4%</b>

# MULTI-YEAR OPERATING FUND PROJECTIONS

## EXECUTIVE SUMMARY

	2015-2016	2016-2017	2017-2018	2018-2019
Total Projected Revenue, all sources	419,459,000	486,175,500	504,466,600	523,828,200
Total Projected Expenditures	414,377,000	465,702,450	493,056,200	514,056,200
Total Projected Recapture	1,600,000	5,700,000	8,300,000	10,500,000
<b>Net Projected Revenue (Expenditure)</b>	<b>3,482,000</b>	<b>14,773,050</b>	<b>3,110,400</b>	<b>(728,000)</b>
Beginning Unassigned Fund Balance	92,068,189	95,550,189	97,323,239	100,433,639
Projected Ending Unassigned Fund Balance	95,550,189	110,323,239	100,433,639	99,705,639
Proposed Uses of Fund Balance:				
One-Time 2% Incentive Payment for all Staff		7,000,000		
Transfer to Capital Projects Fund		6,000,000		
<b>Proposed Ending Unassigned Fund Balance</b>	<b>95,550,189</b>	<b>97,323,239</b>	<b>100,433,639</b>	<b>99,705,639</b>
Unassigned Fund Balance as a % of Expenditures	23.1%	20.9%	20.4%	19.4%
<b>M&amp;O Tax Rate</b>	<b>\$1.04</b>	<b>\$1.17</b>	<b>\$1.17</b>	<b>\$1.17</b>
<b>Projected Enrollment</b>	<b>53,213</b>	<b>56,649</b>	<b>59,743</b>	<b>62,836</b>
Total Revenue, Less Recapture per Pupil	\$ 7,523.71	\$ 8,116.22	\$ 7,931.75	\$ 7,788.98
Total Expenditures per Pupil	\$ 7,453.57	\$ 7,855.43	\$ 7,879.69	\$ 7,800.56

### Notes:

- Per pupil figures exclude TIF
- This budget proposal eliminates a \$2M operating budget for capital requests. Instead, we would create a capital projects fund using any available annual surplus, which would be rolled forward from year to year.
- There is no provision for district-level operational cost increase or additional central staff in 2017-2018 or beyond. These costs would need to be evaluated against available funds on an annual basis.

# MULTI-YEAR OPERATING FUND PROJECTIONS

	2015-2016	2016-2017	2017-2018	2018-2019
<b>Revenue Sources</b>				
Taxes:				
Local Collections (including delinquent, rollback and P&I)	256,707,000	329,141,300	363,071,300	394,661,300
TIF Collections	17,500,000	20,700,000	22,300,000	23,900,000
Other Local Revenue	5,000,000	7,000,000	7,000,000	7,000,000
State Revenue:				
Foundation School Program	117,315,000	96,589,300	78,573,800	63,978,500
Available School Fund	8,437,000	13,244,900	14,021,500	14,788,400
TRS On-Behalf	11,500,000	18,000,000	18,000,000	18,000,000
Federal Revenue	3,000,000	1,500,000	1,500,000	1,500,000
<b>Total Projected Revenue, All Sources</b>	<b>419,459,000</b>	<b>486,175,500</b>	<b>504,466,600</b>	<b>523,828,200</b>
<b>Expenditures</b>				
Total Baseline Expenditures	414,377,000	414,377,000	465,702,450	493,056,200
Priority Budget Changes:				
2015-2016 Salary/Benefits Adjustments		5,720,000		
Campus PPA Adjustments for Growth		640,000	500,000	500,000
New Campus Personnel - Elementary		5,596,500	6,000,000	6,000,000
New Campus Personnel - Secondary		13,003,750	12,253,750	5,400,000
Add'l Personnel to Reduce Class Sizes - Elementary		1,500,000		
Add'l Personnel - District-Wide		3,615,200		
2% Raise for All Staff		6,600,000	7,000,000	7,500,000
Adjust Teacher Pay Scales		1,200,000		
Increase Medical Contribution to \$325		3,000,000		
Other Changes		10,450,000	1,600,000	1,600,000
<b>Total Projected Expenditures</b>	<b>414,377,000</b>	<b>465,702,450</b>	<b>493,056,200</b>	<b>514,056,200</b>
<b>Projected Chapter 41 Recapture</b>	<b>1,600,000</b>	<b>5,700,000</b>	<b>8,300,000</b>	<b>10,500,000</b>
<b>Expected Surplus (Deficit)</b>	<b>3,482,000</b>	<b>14,773,050</b>	<b>3,110,400</b>	<b>(728,000)</b>

# MULTI-YEAR DEBT SERVICE FUND PROJECTIONS

	2015-2016	2016-2017	2017-2018	2018-2019
<b><u>Revenue Sources</u></b>				
Taxes:				
Local Collections (including delinquent & P&I)	102,580,000	115,880,000	127,940,000	139,170,000
Rollback Collections	1,500,000	1,500,000	1,500,000	1,500,000
Investment Income	75,000	75,000	75,000	75,000
TIF Revenue	16,740,000	17,490,000	19,080,000	20,810,000
State Revenue - ASAHE	1,800,000	2,000,000	2,000,000	2,000,000
<b>Total Projected Revenue, All Sources</b>	<b>122,695,000</b>	<b>136,945,000</b>	<b>150,595,000</b>	<b>163,555,000</b>
<b><u>Expenditures</u></b>				
Bond Principal & Interest	120,193,000	127,998,505	126,877,605	126,878,518
Other Debt Fees	1,000,000	1,000,000	1,000,000	1,000,000
<b>Total Projected Expenditures</b>	<b>121,193,000</b>	<b>128,998,505</b>	<b>127,877,605</b>	<b>127,878,518</b>
<b>Expected Surplus (Deficit)</b>	<b>1,502,000</b>	<b>7,946,495</b>	<b>22,717,395</b>	<b>35,676,482</b>
<b>Beginning Fund Balance</b>	<b>79,809,387</b>	<b>81,311,387</b>	<b>89,257,882</b>	<b>111,975,277</b>
<b>Projected Ending Fund Balance</b>	<b>81,311,387</b>	<b>89,257,882</b>	<b>111,975,277</b>	<b>147,651,759</b>
Projected beginning fund balance as a % of debt service	65.9%	63.0%	69.8%	87.6%

**Notes:**

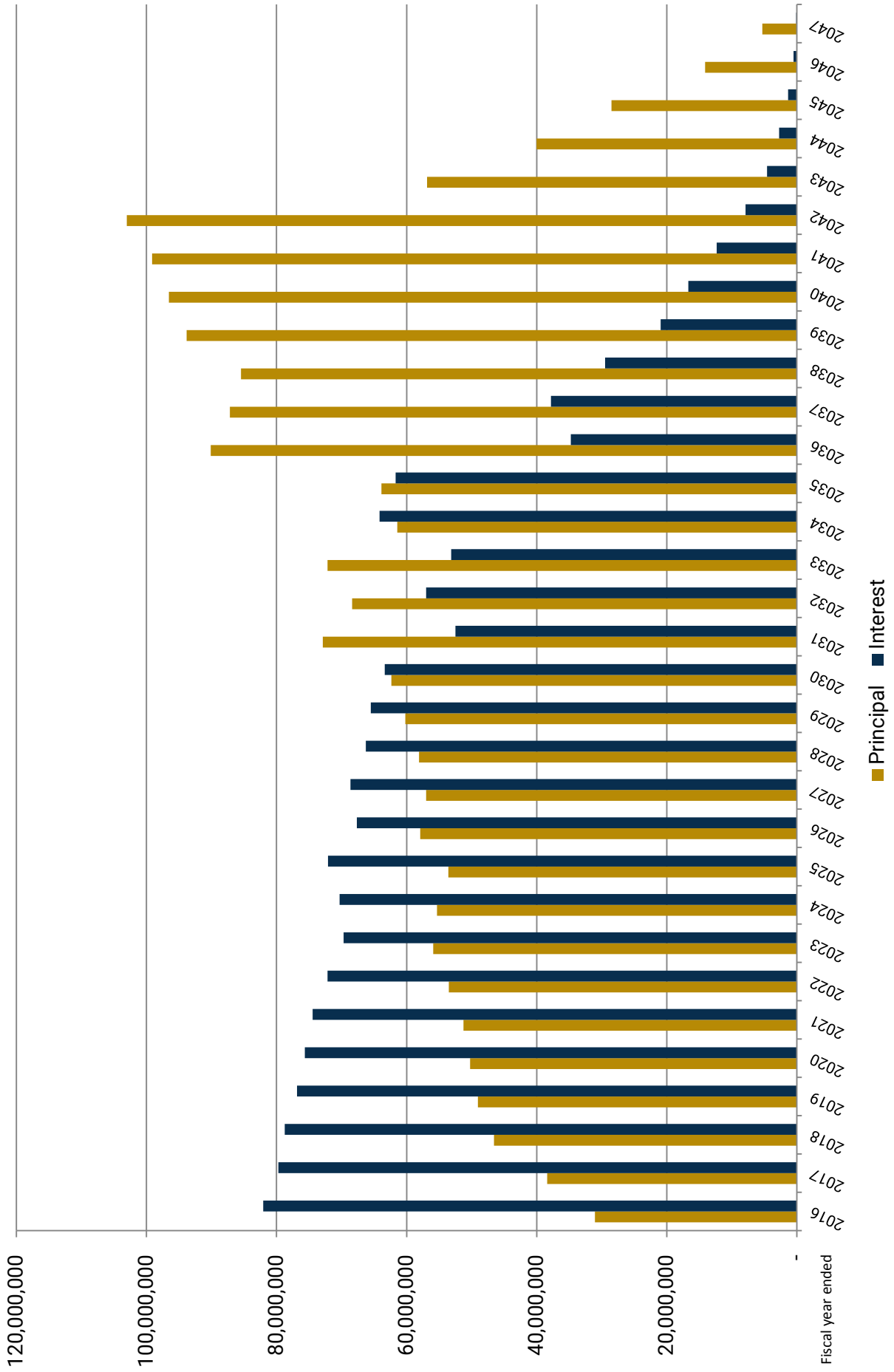
- Assumes tax rates of \$0.42 for I&S and \$1.17 for M&O
- Includes June 2016 refundings, but does not account for any future potential refunding opportunities
- Our goal is to maintain a fund balance equal to approximately 62 - 65% of annual debt service for cash flow purposes

# 2016-2017 DEBT PAYMENTS

Based on Calendar Year 2017

Series Name	Issue Amount	Maturity	2017 Principal	2017 Interest	Total
Unlimited Tax School Building Bonds, Series 2005A	\$ 40,000,000	7/15/2036	\$	\$ 471,600	\$ 471,600
Unlimited Tax School Building Bonds, Series 2006	\$ 85,000,000	8/15/2039	\$	\$ 276,513	\$ 276,513
Unlimited Tax School Building Bonds, Series 2006A	\$ 80,000,000	8/15/2040	\$	\$ 865,800	\$ 865,800
Unlimited Tax School Building & Refunding Bonds, Series 2007	\$ 95,186,595	8/15/2040	\$ 3,635,000	\$ 1,078,473	\$ 4,713,473
Unlimited Tax School Building Bonds, Series 2007A	\$ 100,000,000	8/15/2038	\$ 2,240,000	\$ 576,975	\$ 2,816,975
Unlimited Tax School Building Bonds, Series 2008	\$ 90,000,000	8/15/2040	\$ 1,820,000	\$ 3,954,163	\$ 5,774,163
Unlimited Tax School Building Bonds, Series 2008A	\$ 100,000,000	8/15/2038	\$ 1,930,000	\$ 5,797,126	\$ 7,727,126
Unlimited Tax Refunding Bonds, Series 2009	\$ 14,170,000	8/15/2025	\$ 850,000	\$ 389,675	\$ 1,239,675
Unlimited Tax School Building Bonds, Series 2009	\$ 85,000,000	8/15/2041	\$ 10,000	\$ 5,230,925	\$ 5,240,925
Unlimited Tax Refunding Bonds, Series 2009A	\$ 50,680,000	8/15/2029	\$ 3,455,000	\$ 1,375,431	\$ 4,830,431
Unlimited Tax School Building Bonds, Series 2009A	\$ 34,570,000	8/15/2039	\$ 235,000	\$ 1,561,850	\$ 1,796,850
Unlimited Tax Refunding Bonds, Series 2010	\$ 26,855,000	8/15/2024	\$ 2,830,000	\$ 495,738	\$ 3,325,738
Unlimited Tax Qualified School Construction Bonds, Series 2010	\$ 20,195,000	8/15/2027	\$ 1,345,000	\$ -	\$ 1,345,000
Unlimited Tax School Building Bonds, Series 2011	\$ 50,000,000	8/15/2041	\$ -	\$ 2,444,500	\$ 2,444,500
Unlimited Tax School Building & Refunding Bonds, Series 2011A	\$ 83,981,260	8/15/2041	\$ 4,950,000	\$ 3,387,375	\$ 8,337,375
Unlimited Tax Refunding Bonds, Series 2011	\$ 62,078,491	8/15/2030	\$ 370,000	\$ 2,524,238	\$ 2,894,238
Unlimited Tax School Building & Refunding Bonds, Series 2012	\$ 85,531,867	8/15/2041	\$ 230,000	\$ 3,325,594	\$ 3,555,594
Unlimited Tax School Building & Refunding Bonds, Series 2012A	\$ 71,190,000	8/15/2041	\$ 1,075,000	\$ 3,288,613	\$ 4,363,613
Unlimited Tax School Building & Refunding Bonds, Series 2012B	\$ 99,545,000	8/15/2042	\$ 1,170,000	\$ 3,973,550	\$ 5,143,550
Unlimited Tax Refunding Bonds, Series 2013	\$ 19,040,000	7/15/2033	\$ 690,000	\$ 799,600	\$ 1,489,600
Unlimited Tax School Building & Refunding Bonds, Series 2013	\$ 68,471,992	8/15/2043	\$ 1,210,000	\$ 2,669,756	\$ 3,879,756
Unlimited Tax School Building Bonds, Series 2013	\$ 90,845,000	8/15/2043	\$ 1,650,000	\$ 3,918,150	\$ 5,568,150
Unlimited Tax School Building & Refunding Bonds, Series 2014	\$ 111,455,000	8/15/2044	\$ 2,440,000	\$ 4,136,300	\$ 6,576,300
Unlimited Tax School Building Bonds, Series 2014	\$ 159,795,000	8/15/2044	\$ 3,085,000	\$ 6,324,150	\$ 9,409,150
Unlimited Tax School Building & Refunding Bonds, Series 2015	\$ 139,525,000	8/15/2045	\$ 4,780,000	\$ 5,681,538	\$ 10,461,538
Unlimited Tax School Building Bonds, Series 2015A	\$ 68,125,000	8/15/2045	\$ 1,265,000	\$ 2,640,275	\$ 3,905,275
Unlimited Tax Refunding Bonds, Series 2016	\$ 104,555,000	8/15/2037	\$ 4,380,000	\$ 3,888,500	\$ 8,268,500
Unlimited Tax School Building & Refunding Bonds, Series 2016A	\$ 208,960,000	8/15/2046	\$ 910,000	\$ 10,367,100	\$ 11,277,100
			\$ 46,555,000	\$ 81,443,507	\$ 127,998,507

# FRISCO ISD DEBT OBLIGATIONS



# 10-YEAR REVENUE PER STUDENT

Fiscal Year	Enrollment	Operating Revenue per Student	Operating Revenue In Constant Dollars
2006	19,765	\$6,569.16	\$6,569.16
2007	23,649	\$7,237.90	\$7,037.46
2008	27,256	\$7,161.44	\$6,705.65
2009	30,584	\$7,407.97	\$6,961.25
2010	33,757	\$8,004.84	\$7,400.74
2011	37,043	\$7,635.54	\$6,843.30
2012	39,903	\$7,185.87	\$6,309.71
2013	42,530	\$7,436.41	\$6,435.44
2014	45,892	\$7,269.43	\$6,190.51
2015	49,485	\$7,442.81	\$6,222.22
2016*	53,213	\$7,523.71	\$6,339.44



Note: These figures are net of recapture and do not include funds collected from the TIRZ

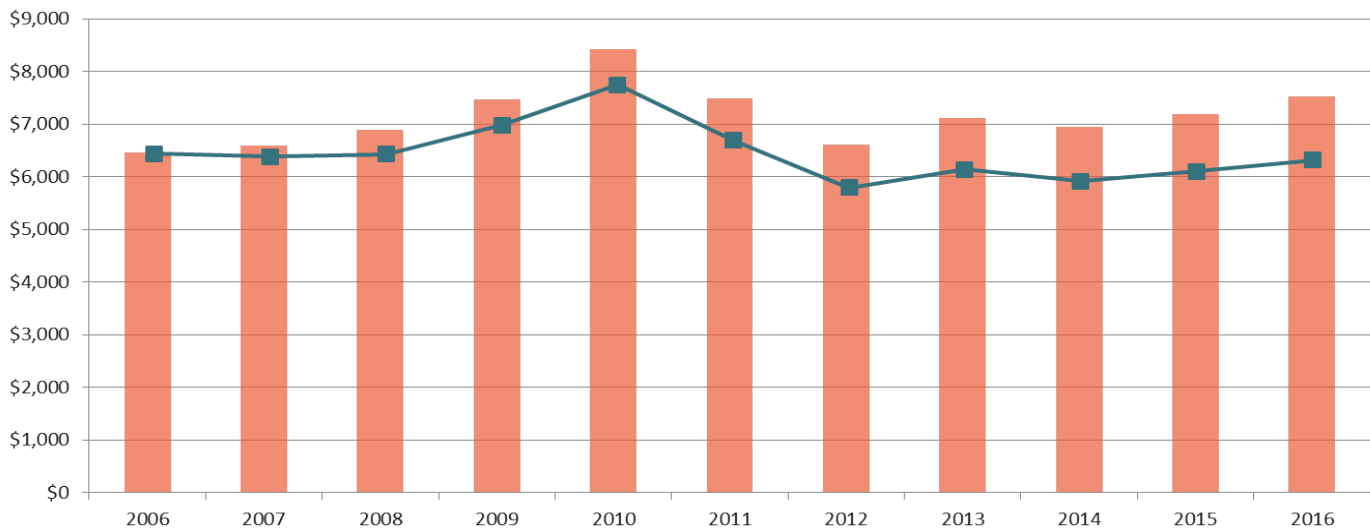
Source: Actual financial data reported to PEIMS

\*2016 fiscal year represents budgeted dollars rather than actual



# 10-YEAR EXPENDITURES PER ENROLLED STUDENT

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures per Student</u>	<u>Operating Expenditures In Constant Dollars</u>
2006	19,765	\$6,463.94	\$6,463.94
2007	23,649	\$6,588.85	\$6,406.38
2008	27,256	\$6,885.03	\$6,446.83
2009	30,584	\$7,461.86	\$7,011.90
2010	33,757	\$8,431.70	\$7,795.39
2011	37,043	\$7,494.45	\$6,716.85
2012	39,903	\$6,605.81	\$5,800.37
2013	42,530	\$7,112.54	\$6,155.16
2014	45,892	\$6,954.75	\$5,922.54
2015	49,485	\$7,194.29	\$6,119.26
2016*	53,213	\$7,453.57	\$6,163.87



Note: These figures do not include intergovernmental charges

Source: Actual financial data reported to PEIMS

\*2016 fiscal year represents budgeted dollars rather than actual

## 5-YEAR COMPARATIVE DATA

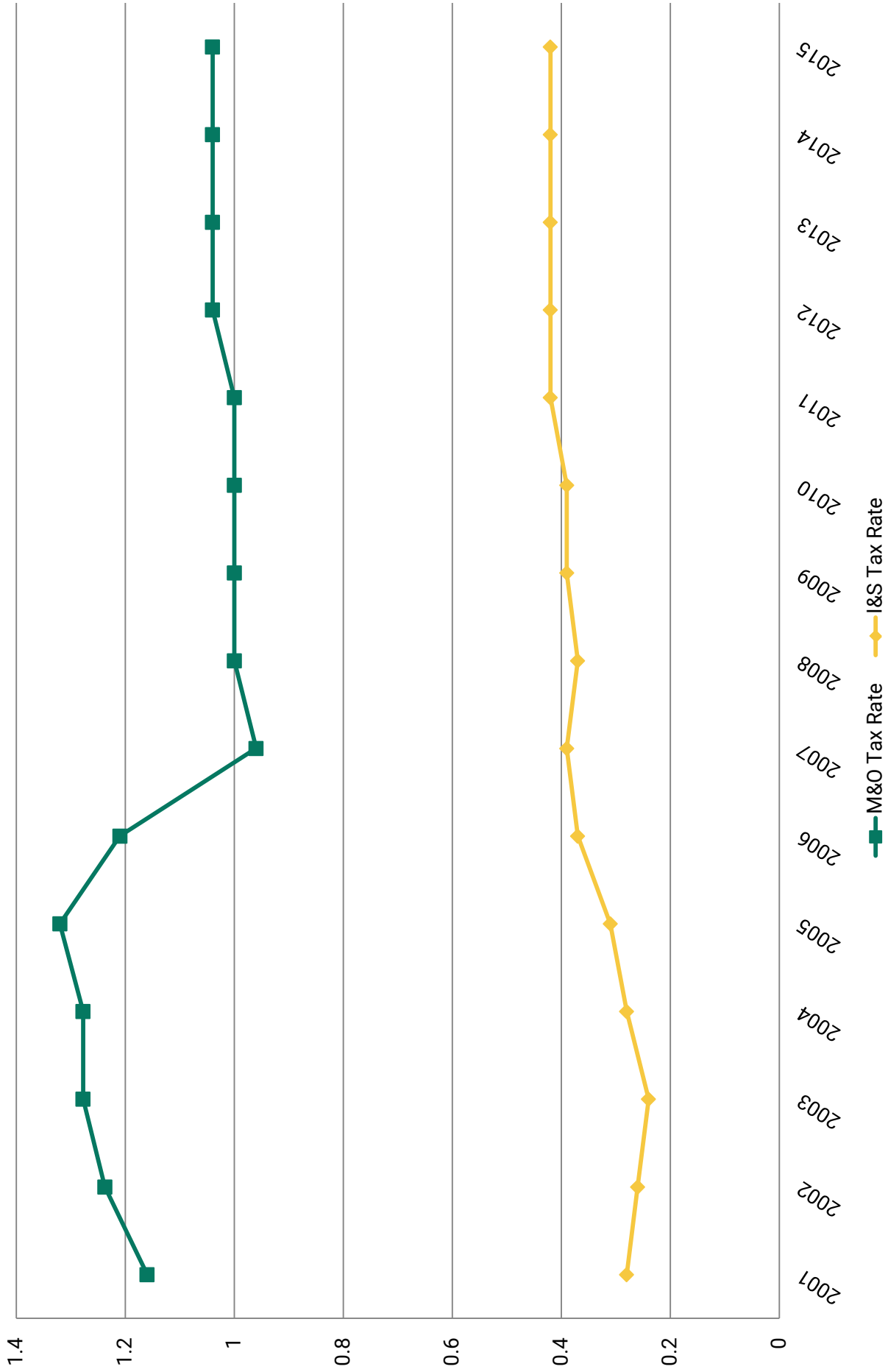
	<u>2010-2011</u>	<u>2014-2015</u>	<u>% Change</u>
Average Home Assessed Value	\$ 258,749	\$ 296,660	15%
District Total Assessed Property Value	\$ 16,748,789,796	\$ 22,787,651,925	36%
Enrollment	33,757	49,485	47%
District Wealth per Student	\$ 496,158	\$ 460,496	(7%)
State Target Revenue per WADA	\$ 5,848.09	\$ 5,409.09	(8%)
Operating Revenue per Enrolled Student	\$ 7,635.54	\$ 7,442.81	(3%)
Operating Expenditures per Enrolled Student	\$ 7,494.45	\$ 7,194.29	(4%)
CPI (Inflation)			5%
Tax Rate	\$ 1.39	\$ 1.46	5%
Total Staff	4,821	5,911	23%
Central Administration Staff	41	45	9%

Sources:

Property value data provided by Denton and Collin Central Appraisal Districts and/or the Collin County Tax Office  
 Financial data reported by Frisco ISD to TEA through PEIMS

Note: Data provided as of the most recent closed fiscal year and 5 years prior

# FISD 15-Year Tax Rate History



# COMPARISON OF ISD TAX RATES IN COLLIN & DENTON COUNTIES

## 2015 TAX RATES

## 2016 TAX RATES<sup>1</sup>

District	County	M&O	I&S	Total Tax		Tax on a	
				Rate	Homestead	Rate	Homestead
Anna	Collin	1.17	0.50	1.67	4,592.50	1.67	4,592.50
Lake Dallas	Denton	1.17	0.50	1.67	4,592.50	1.67	4,592.50
McKinney	Collin	1.17	0.50	1.67	4,592.50	1.67	4,592.50
Melissa	Collin	1.17	0.50	1.67	4,592.50	1.67	4,592.50
Prosper	Collin/Denton	1.17	0.50	1.67	4,592.50	1.67	4,592.50
Celina	Collin/Denton	1.14	0.50	1.64	4,510.00	1.67	4,592.50
Wylie	Collin	1.17	0.47	1.64	4,510.00	1.64	4,510.00
Community	Collin	1.17	0.46	1.63	4,468.75	1.64	4,510.00
Princeton	Collin	1.17	0.45	1.62	4,455.00	1.63	4,468.75
Allen	Collin	1.14	0.47	1.61	4,427.50	1.62	4,455.00
Blue Ridge	Collin	1.16	0.41	1.57	4,321.60	1.61	4,427.50
Argyle	Denton	1.10	0.47	1.57	4,317.64	1.59	4,372.50
Lovejoy	Collin	1.06	0.50	1.56	4,290.00	1.57	4,321.60
Denton	Denton	1.04	0.50	1.54	4,235.00	1.57	4,317.64
Krum	Denton	1.17	0.37	1.54	4,235.00	1.54	4,235.00
Little Elm	Denton	1.17	0.37	1.54	4,235.00	1.54	4,235.00
Aubrey	Denton	1.04	0.47	1.51	4,152.50	1.54	4,235.00
Lewisville	Denton	1.04	0.44	1.48	4,061.01	1.51	4,152.50
Frisco	Collin/Denton	1.04	0.42	1.46	4,015.00	1.48	4,061.01
Northwest	Denton	1.04	0.41	1.45	3,994.38	1.48	4,061.01
Plano	Collin	1.17	0.27	1.44	3,957.25	1.45	3,994.38
Farmersville	Collin	1.17	0.26	1.43	3,931.12	1.44	3,957.25
Ponder	Denton	1.04	0.35	1.39	3,815.63	1.43	3,931.12
Sanger	Denton	1.17	0.20	1.37	3,773.18	1.39	3,815.63
Pilot Point	Denton	1.17	0.20	1.37	3,767.50	1.37	3,773.18

<sup>1</sup> Many districts have not adopted their 2016 tax rates as of the date of this publication. For those districts, we used the 2015 tax rate.

<sup>2</sup> Lovejoy ISD passed a TRE in May 2016.

<sup>3</sup> Frisco ISD's tax rate pending voter ratification in August 2016.

