



Setting Tax Rate for FY 2017-2018

September 20, 2017

Board Adopted Budget July 16th, 2017



FY 2017-2018 Proposed Budget Comparisons to Original and Amended Budgets



	Original Budget 2016-2017	Amended Budget 2016-2017	Proposed Budget 2017-2018	Percent Change
Beg. Fund Balance	\$ 30,920,238	\$ 30,920,238	\$ 22,149,717	
Estimated Revenues	48,814,591	48,907,456	50,772,631	4%
Appropriations	46,992,633	48,266,572	50,061,366	4%
Transfers Out	8,668,958	9,411,405	4,565,265	-51%
Total Appropriations	\$ 55,661,591	\$ 57,677,977	\$ 54,626,631	-5.29%
Excess/(Deficiency) of Revenues Over/(Under) Appropriations	(6,847,000)	(8,770,521)	(3,854,000)	
Ending Fund Balance	24,073,238	22,149,717	18,295,717	
Non-Spendable Fund Balance	163,462	159,613	159,613	
Restricted Fund Balance	6,281	-	-	
Committed Fund Balance	3,391,213	1,200,000	1,200,000	
Assigned Fund Balance	5,185,416	4,533,276	679,276	
Unassigned Fund Balance	15,326,866	16,256,828	16,256,828	
Ending Fund Balance	\$ 24,073,238	\$ 22,149,717	\$ 18,295,717	



Budgetary Assumptions



FY 2017-2018

Basis of Accounting

Modified and Accrual

Budgets are prepared based on the projection of cash basis – inflows and outflows to the Department and adjusted at year end for accruals.



Growth Rate 3%

Property Values

increased to **\$435 Billion** or **3.5%** increase from a year ago, thus recommending a tax rate of **\$.005220 which is below the Effective Tax Rate.**



\$3.8 Planned Expenditures

One time Capital Expenditures

Capital improvements that utilize funds to invest in program upgrades and facilities



Balanced Approach

Revenues equal Expenditures for Operating

Projected Revenues & Appropriations
Include **3%** salary increases and no other change in benefits



Business Model

Formula

The sum of fees, taxes, indirect cost must be balanced with growth, market fees, expenditure needs, compliance, salaries, sustainability and performance ratios.



Positions

Positions

Total FTE are and **11.05** additional positions are requested for School Based Therapy (2.05) Recovery HS (2) Special Schools (3) Choice (1) Records (1) Debate –CASE (1)



Setting The 2017 Tax Rate

Definitions



Nominal Rate – Tax rate to generate revenues to support last year’s approved budget; [.005200]

Effective Tax Rate – A calculated rate that provides the taxing unit with the same amount of revenue it received in the year before--on property taxed in both years. FY17 [.005236] FY16 [.005301]

Rollback Tax Rate – A calculated maximum rate allowed by law without voter approval. The rollback rate provides the taxing unit with about the same amount of tax revenue it spent the previous year for day-to-day operations, plus an extra eight percent increase for those operations plus sufficient funds to pay debts in the coming year. [.005654]

Maintenance & Operations (M&O) Rate – Tax rate to generate revenues to support general operating expenditures. [.005195]

Debt Service Rate (Sometimes referred to as Interest & Sinking or I&S) – Tax rate to generate revenues obligated for repayment of indebtedness. *HCDE currently does not have an I&S rate. All debt is backed by M&O taxes and revenues and not I&S.* N/A [.000000]

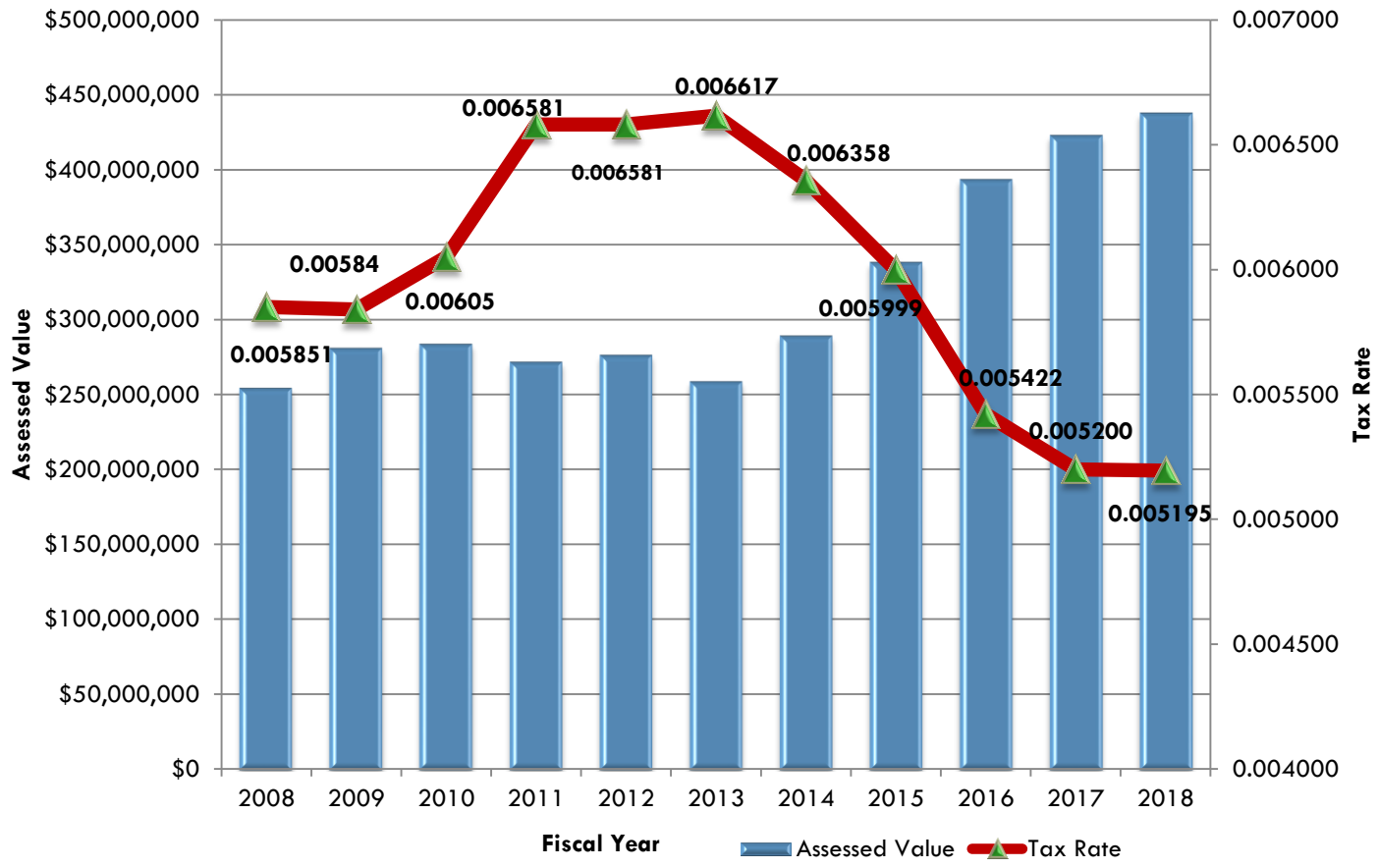
Total Tax Rate – The M&O and I&S tax rates combined. [.005195]



August 2017 Monthly Tax Collection Report

TAX YEAR 2016 COLLECTION SUMMARY					
DESCRIPTION	BUDGET	CURRENT MONTH	Y-T-D	BALANCE (OVER) / UNDER	Y-T-D % OF BUDGET
REVENUES:					
Current Tax	\$21,308,803	0	21,462,505	(153,702)	100.7%
Delinquent Tax	200,000	29,943	62,321	137,679	31%
Penalty & Interest	180,000	6,466	193,768	(13,768)	108%
Special Assessments and Miscellaneous	10,000	200	15,629	(5,629)	156%
Subtotal Revenues:	\$21,698,803	36,609	21,734,224	(\$35,421)	100.16%
EXPENDITURES:					
DESCRIPTION	BUDGET	CURRENT MONTH	Y-T-D	BALANCE (OVER) / UNDER	Y-T-D % OF BUDGET
LESS: HCAD Fees	\$180,000	\$39,551	\$159,825	\$20,175	89%
LESS: HCTO Fees	420,000	-\$38,641	\$419,860	140	100%
Subtotal Expenditures:	\$600,000	\$910	\$579,685	\$20,315	97%
Net Tax Collections:	\$21,098,803	\$35,699	\$21,154,539	(\$55,736)	100.3%

HCDE Property Values and Taxes



Revised Proposal Below Effective Tax Rate



Proposed Collections Tax Year 2017
 Certified Taxable Value per HCAD *

Values under protest or not certified

/ Rate per Taxable \$100
 X Tax Rate

X Estimated collection rate



+Delinquent Tax Collections
 +Special Assessments
 + Penalty & Interest
Estimated Current Tax Available for Operations:

1	2	3
This column based on FY 2017	This column based on Budget proposal	Based on Certified Values as of 9-1-2017
If Proj at \$421 Bil Last Current	If Proj at \$437 Bil PRELIM	If Proj at \$435 Bil PRELIM
TAX RATE	TAX RATE	TAX RATE
0.005200	0.005100	0.005195
\$ 421,047,522,328	\$ 437,880,499,666	\$ 399,079,153,088
		36,649,820,444
421,047,522,328	437,880,499,666	435,728,973,532
4,210,475,223	4,378,804,997	4,357,289,735
21,456,582	22,276,076	22,183,398
98%	99.75%	98.00%
155,000	155,000	155,000
15,000	15,000	15,000
180,000	180,000	180,000
21,806,582	22,626,076	22,533,398
	22,623,000	
	Current Only	
		22,273,000
10.40	Impact on \$200K Residence	10.39

Last Year

PER BUDGET



Recommended

2017 Property Tax Rates in Harris County Department of Education

This notice concerns the 2017 property tax rates for Harris County Department of Education. It presents information about three tax rates. Last year's tax rate is the actual tax rate the taxing unit used to determine property taxes last year. This year's **effective** tax rate would impose the same total taxes as last year if you compare properties taxed in both years. This year's **rollback** tax rate is the highest tax rate the taxing unit can set before taxpayers start rollback procedures. In each case these rates are found by dividing the total amount of taxes by the tax base (the total value of taxable property) with adjustments as required by state law. The rates are given per \$100 of property value.

Last year's tax rate:

Last year's operating taxes	\$22,319,035
Last year's debt taxes	\$0
Last year's total taxes	\$22,319,035
Last year's tax base	\$429,212,211,538
Last year's total tax rate	\$0.005200/\$100

This year's effective tax rate:

Last year's adjusted taxes (after subtracting taxes on lost property)	\$22,287,455
+ This year's adjusted tax base (after subtracting value of new property)	\$425,613,103,789
= This year's effective tax rate (Maximum rate unless unit publishes notices and holds hearings.)	\$0.005236/\$100

This year's rollback tax rate:

Last year's adjusted operating taxes (after subtracting taxes on lost property and adjusting for any transferred function, tax increment financing, state criminal justice mandate, and/or enhanced indigent healthcare expenditures)	\$22,287,455
+ This year's adjusted tax base	\$425,613,103,789
= This year's effective operating rate	\$0.005236/\$100
x 1.08 = this year's maximum operating rate	\$0.005654/\$100
+ This year's debt rate	\$0/\$100
= This year's total rollback rate	\$0.005654/\$100

Statement of Increase/Decrease

If Harris County Department of Education adopts a 2017 tax rate equal to the effective tax rate of \$0.005236 per \$100 of value, taxes would increase compared to 2016 taxes by \$596,733.

Schedule A: Unencumbered Fund Balance

The following estimated balances will be left in the unit's property tax accounts at the end of the fiscal year. These balances are not encumbered by a corresponding debt obligation.

Type of Property Tax Fund	Balance
Unencumbered Fund	22,149,717

Schedule B: General Fund - 2017 Debt Service

The unit plans to pay the following amounts for long-term debts that are secured by property taxes. These amounts will be paid from property tax revenues (or additional sales tax revenues, if applicable).

Description of Debt	Principal or Contract Payment to be Paid from Property Taxes	Interest to be Paid from Property Taxes	Other Amounts to be Paid	Total Payment
	0	0	0	0

Total required for 2017 debt service	\$0
- Amount (if any) paid from Schedule A	\$0
- Amount (if any) paid from other resources	\$0
- Excess collections last year	\$0
= Total to be paid from taxes in 2017	\$0
+ Amount added in anticipation that the unit will collect only 99.77% of its taxes in 2017	\$0
= Total debt levy	\$0

This notice contains a summary of actual effective and rollback tax rates' calculations. You can inspect a copy of the full calculations at 1001 Preston, Houston, TX 77002.

Name of person preparing this notice: Ann Harris Bennett

Title: Harris County Tax Assessor-Collector

Date Prepared: 09/06/2017

Current Tax Rate (Nominal)	.005200
Effective Tax Rate	.005236
Recommended (M&O) Tax Rate	<u>.005195</u>
Rollback Tax Rate	.005654



NEXT STEP

Motion to approve the tax rate of \$0.005195 for Tax Year 2017