

# A Look At The Budget Beeville Independent School District

James Schumann

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# Budget Background

The Texas Education Code (TEC), Chapter 44, governs the process for Texas school district budget preparation and adoption.

Budget must be prepared by August 20<sup>th</sup> and adopted by August 31<sup>st</sup>.

**Budget must be adopted BEFORE the tax rate.**

The Board of Trustees must adopt annually a budget for the General, Debt Service, and School Nutrition Services funds.

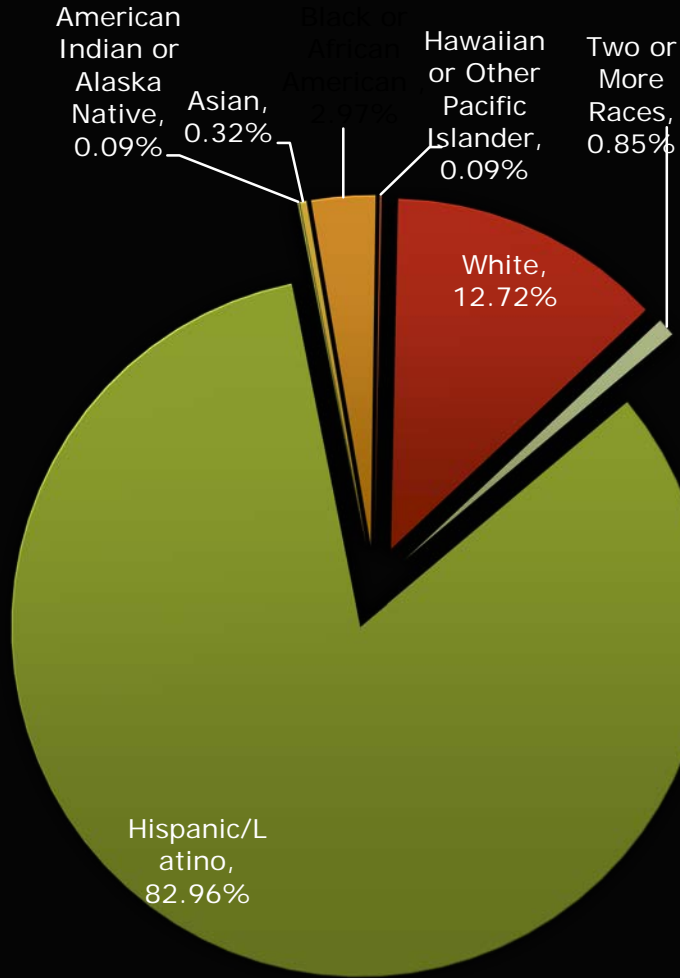
To comply with the TEC, districts must produce and publish certain reports related to the proposed and adopted budget each year.

Budget must be amended BEFORE exceeding a function.

# Beeville ISD Background

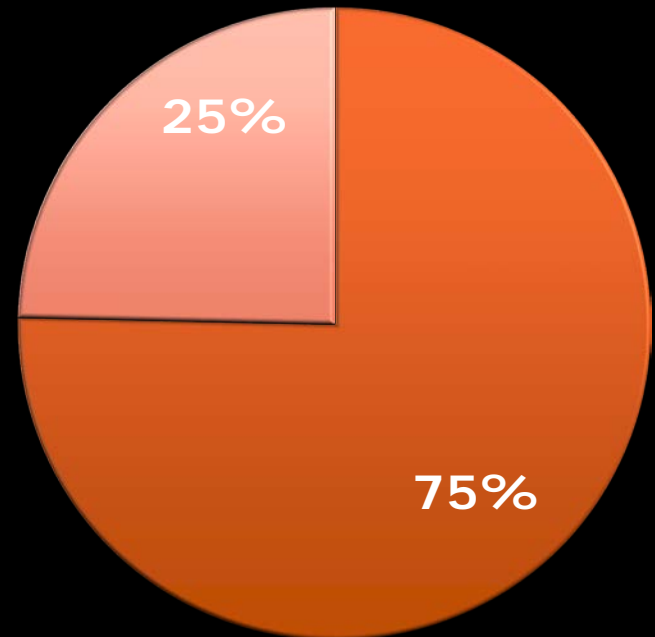
- Spans approximately 345.6 square miles in Bee County, Texas
- Largest independent school district in Bee County
- Located in the city of Beeville, Tx
- Classified as an independent town by TEA approximately sixty miles northwest of the city of Corpus Christi, Tx.
- District serves approximately 3,351 students
- Six campuses
  - Hampton-Moreno-Dugat ECC serves grades Pre-K to Kinder
  - FMC Elementary serves grades 1-2
  - Hall Elementary serves grades 3-4
  - Thomas Jefferson Intermediate serves grades 5-6
  - Moreno Junior High serves grades 7-8
  - A.C. Jones High School serves grades 9-12

# BISD Students



**Demographics**

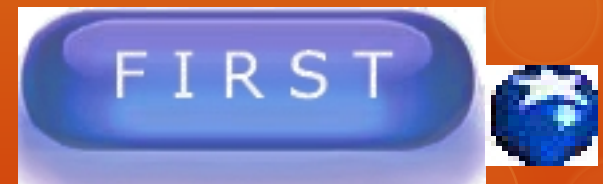
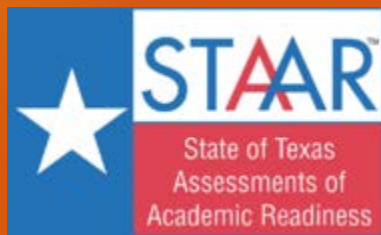
## Economic Status



- Econ. Disadvantaged
- Non Econ. Disadvantage

# Tradition of Excellence

The Beeville Independent School District continues its tradition of student success and instructional excellence. The District's Tradition of Excellence continues to attract families to the District. The District is rated Met Standard the highest recognition given by the State.



Financial Integrity Rating System of Texas

**2014-2015 Rating: "Pass"**

# Personnel

- Approximately 80% of the district general fund budget expenses is personnel
- District's Administration Department estimates the enrollment and associated staffing for each year
- Administration Department works with campuses as well as with all other departments to determine the budget
  - Pre-K through 4<sup>th</sup> grade mandated class size of 22:1 (student to teacher)
  - JR High and High schools are staffed on departmental bases for students grades 7-12
  - Intermediate school are staffed on teaming approach, groups of students are assigned to a team of teachers for all 5<sup>th</sup> through 6<sup>th</sup> grades

# Staff Categories

- Jobs are grouped into position classification and pay structures in the following categories:
  - Teachers/Librarians/Nurse's (RNs)
  - Administrative-Professional
  - Clerical/Paraprofessional
  - Manual Trades



# Fund Types

- Annual budgets must be prepared and adopted for the following applicable funds:
  - General Fund
  - National School Breakfast and Lunch Program Fund
  - Debt Service Fund – Bonds
- Beeville ISD's budgetary approach is a hybrid of line item, site-based and outcome-focused budgeting methods. All expenditure allocations are determined based on projected revenue from the State and local sources with the goals of maintaining an appropriate fund balance while still meeting District's mission statement and goals.



# Beeville I.S.D.'s Mission Statement

- Beeville ISD is committed to providing a positive school climate where all students can successfully reach their maximum potential. All students will have the opportunity to read, write, compute, problem solve, think critically, apply technology, and communicate across all subject areas. Realizing that all children can learn and become good citizens, the teachers, administration, and support personnel of Beeville Independent School District, in cooperation with parents and the community, will focus their resources on providing a quality classroom learning experience.

## ○ Beeville I.S.D.'s Vision Statement

- Believing in students dreams

# General Fund

The first and largest fund is the General Fund which is used to account for financial resources used for general operations.

It is the basic fund of the school system and covers most activities for which a special fund has not been established.

Fund balances are considered resources available for current operations

The General Fund is used to account for all District activities except those required to be accounted for in another fund. It encompasses the majority of the activities associated with the normal operation of the District.

# National School Breakfast and Lunch Program - Special Revenue Fund

This is a Special Revenue Fund, this fund is used to account for resources restricted to, or designated for, specific purposes by a grantor. The District's food service operations are accounted for in the National School Breakfast and Lunch Program Special Revenue Fund.

The General Fund subsidizes the Food Service Fund for all amounts required in excess of the NSLP reimbursements and user fees.

Generally, with the exception of School Nutrition Services unused balances are returned to the grantor at the close of the specified project period.

# Debt Service Fund (I&S)

The debt service fund is used to repay bonded debt and local property collect taxes. The I&S tax rate provides funds for payments on the debt that finances a district's facilities. Tax revenues, collected from an applied I&S tax rate, that pay for bonded indebtedness, facilities, and other capital needs of a school district.

The calculation of facilities funding is tied to a district's I&S tax rate.

The facilities funding component of the FSP consists of the Instructional Facilities Allotment (IFA) program and the Existing Debt Allotment (EDA) program. These programs assist school districts in funding facilities by equalizing I&S tax effort.

# Fund Balance

- Fund Balance is the difference between assets and liabilities – Monies left over at fiscal year end.
- The fund balance of the General Fund is of primary significance because the General Fund is the primary fund through which most functions are financed and which includes state aid and local maintenance taxes.
- One measure of a district's financial well-being is the amount of operating reserve, or fund balance, it has on hand at the end of the fiscal year, relative to the size of the district.
- A standard benchmark is a fund balance that is, at a minimum, equivalent to two months' operating expenditures. Beeville I.S.D.'s two month operating expenditures is approximately \$4,100,000.

# ACRONYMS & PENNIES

- WADA  
Weighted Average Daily Attendance
- CTR  
Compressed Tax Rate
- M&O  
Maintenance and Operations
- “GOLDEN” PENNIES – First six (\$0.6) cents above CTR - Generates Highest Level of Supplemental Funding – 2014-15 school year the Golden Penny was \$61.86 per WADA.
- “COPPER” PENNIES – Any cents (\$0.11) above CTR plus six cents – Generates a Lower Level of Supplemental Funding - 2014-15 school year the Copper Penny was \$31.95 per WADA.



# Revenue Target and Revenue at CTR

- House Bill 1 – 2006 – Reduced property tax rates and held districts harmless for the tax rate reduction by replacing the lost tax revenue with state funds. This reduction is known as Compressed Tax Rate (CTR).
- Beeville ISD's CTR is \$1.00
- House Bill 3646 – 2009 – Modified the funding related to a District's CTR. Known as revenue at the compressed tax rate.
- M&O Revenue from Local Taxes up to the CTR
- M&O Revenue for first \$.06 above CTR – "Golden"
- M&O Revenue for pennies beyond CTR + \$0.6 – "Copper"
- Revenue Target amount is different for each school district and is based on the state and local M&O revenue a district would have earned that it not lowered its tax rate.



# Revenue

- State revenue estimate worksheet
  - Current funding formulas established by the Texas Legislature
- Three of the most critical factors in estimating General Fund State Aid
  - Average Daily Attendance (ADA) projections
  - Taxable value
  - Taxes collected
- Other factors produce additional aid and must be projected
  - Full Time Employees (FTE's)
  - Average Daily Attendance (ADA) (From PEIMS Prior Year Data)
  - Students in special programs i.e. Special Education, ESL, Gifted/Talented.
- Property tax rate of \$1.04/\$100 of taxable property value (max without TRE)
- I&S tax rate of \$ .1654/\$100 of Taxable value (\$ .50 Max)

# Expenditures

Beeville ISD is a “people-business.” The District’s investment in human capital represents nearly 80% of the operating budget.

The significant changes made to the District’s budget are payroll expenditures and utilities.

These areas are normally increased from year to year due to increasing cost.

# Planning the Budget

The budget process begins in October with preliminary enrollment projections.

Student enrollment drives the most significant budgetary decisions including state revenue projections, per pupil allocations for campuses and instructional staffing allocations.

The Administration Department prepares revenue projections for all funds.

These projections are based on enrollment projections, estimates of local tax revenue and State aid funding formulas.

# Budget Development

Budget Development and Management Legal Requirements Sections 44.002 through 44.008 of the Texas Education Code establishes the legal basis for budget development in school districts. The following items summarize the legal requirements from the code:

- The Superintendent is the budget officer for the district and prepares or causes the budget to be prepared.
- The district's budget must be prepared by a date set by the State Board of Education.
- The President of the Board of Trustees must call a public meeting of the Board of Trustees, giving ten days public notice in a newspaper, for the adoption of the district budget. Any taxpayer in the district may be present and participate in the meeting.
- A summary of the proposed budget by Function must be posted to the district's website concurrently with the notice of public meeting.
- No funds may be expended in any manner other than as provided for in the adopted budget.
- The Board does have the authority to amend the budget or adopt a supplementary emergency budget to cover unforeseen expenditures.
- The budget must be prepared in accordance with GAAP (Generally Accepted Accounting Principles) and State guidelines.
- The budget must be adopted prior to the start of the next fiscal year.
- The adopted budget must be displayed on the district's website.

# Budgeting Policies

Budgetary Objectives - The Texas Education Agency has identified the following budget objectives, adopted from the Governmental Accounting Standards Board (GASB) Concepts Statement No. 1.

- Financial reporting should provide information to determine whether current-year revenues were sufficient to pay for current-year services.
- Financial reporting should demonstrate whether resources were obtained and used in accordance with the entity's legally adopted budget. It should also demonstrate compliance with other finance related legal or contractual requirements.
- Financial reporting should provide information to assist users in assessing the service efforts, costs and accomplishments of the governmental entity.
- Meeting these objectives requires budget preparation to include several concepts recognizing accountability. Often these concepts have been mandated for state and local public sector budgets. They include requirements that budgets should:
  - Be balanced so that current revenues are sufficient to pay for current services.
  - Be prepared in accordance with all applicable federal, state, and local legal mandates and requirements.
  - Provide a basis for the evaluation of a government's service efforts, costs and accomplishments.

# Budget Management

- Following the adoption of the official budget by the Board of Trustees, the budget must be actively managed throughout the fiscal year to ensure that authorized expenditure amounts are not exceeded and are used for intended, proper, and legal purposes.
- Campus principals and department managers are permitted to request a budget amendment to move monies from one account to another with the exception of salary accounts that are only allowed to be moved by the Administration Department.
- The Board of Trustees approves bid awards and contracts that exceed \$25,000.
- Purchase Orders are submitted for services and all purchases.



# Budget Management (Cont.)

- Once Purchase Orders are requested and approved at the campus/departmental level, they are reviewed by the Administration Department for proper account coding and compliance with legal purchasing procedures.
- The Administration Department then sends the Purchase Orders to the Finance Department for budget review and approval.
- The budget is legally adopted at the fund and function level by the School Board.
- The School Board approves any budget amendments that require a transfer of funds between functions.



# Finalization of the Budget

- The final step in the budget monitoring process is the auditing evaluation of the results of operations, which are presented annually in the District's Comprehensive Annual Financial Report (CAFR).
- The District budget must be submitted to TEA via the Texas School Data System (TSDS) transmission process.
- TEA monitors the District for compliance. This monitoring is a legal requirement to ensure mandatory expenditure levels in certain areas. In addition, amended budgets are reflected on the schedule comparing budget and actual results in the Annual Financial and Compliance Report. The requirement for filing the amended budget with TEA is formally met when the District submits its Annual Financial and Compliance Report.

# 2015-16

## Budget Data / Assumptions

- \$1.04 Tax Rate
- 2973.178 ADA
- 96% Tax Collection
- Weighted Average Daily Attendance (WADA) 4177.254
- M&O Compressed Tax Rate (CTR) \$ 1.00
- \$1.04 Tax Rate over CTR \$0.04

(To receive state funding at the CTR, a district must adopt a tax rate at least equal to its CTR.)

- Estimated "GOLDEN" Pennies (\$ .04) - \$959,316
- 2 "GOLDEN" pennies have yet to be imposed
- Estimated potential "COPPER" Pennies ( \$ .11) - \$588,925
- **YIELD PER M&O TAX PENNY FOR 2015-16 - \$75,928**

The End

