Special

Tuesday, July 18, 2006 8:00 AM
Granbury ISD Board Room, 600 West Pearl St., Granbury, TX 76048, W Pearl St, Granbury, TX 76048

1. **Call to order**
2. **Budget workshop**
3. **Adjourn**

GRANBURY ISD

BUDGET WORKSHOP

July 18, 2006

Budget 101

Revenue Sources

Revenue Sources - Local

- Local Revenue
  - Property Taxes
  - Interest Income
  - Enterprising Income
  - Tuition
  - Miscellaneous

Revenue Sources - State

- State Revenue
  - Tier I - Basic
  - Tier II - Guaranteed Yield
  - Tier III - Existing Debt Allotment
  - Hold Harmless
    - Property Tax Relief
    - Adjusted by Teacher Salary Increase
    - Adjusted by High School Allotment
  - TRS On-Behalf
  - Other State Revenues

Revenue Sources - Federal

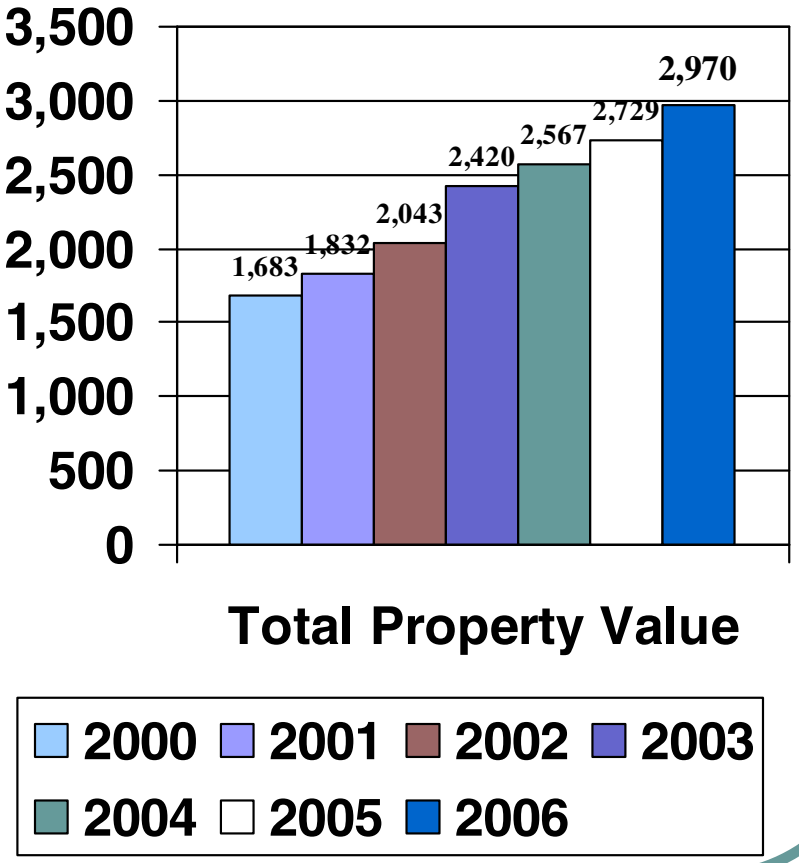
- Federal Revenue
  - Indirect Revenue from Federal Programs
  - SHARS
  - MAC
  - JROTC

Local Revenue Sources - Property Taxes

- Majority of Local Revenue is generated from Property Taxes
- Factors affecting the amount of revenue generated from Property tax
  - Property Values
    - Total Value
    - Frozen Value
    - Taxable Value
  - Property Tax Rate
  - Collection Rate

Revenue Sources - Property Value

- Property Value is determined by the Hood County Appraisal District
- Certified to the State
- Reviewed by State Comptrollers Office
- Used in State Funding Formula

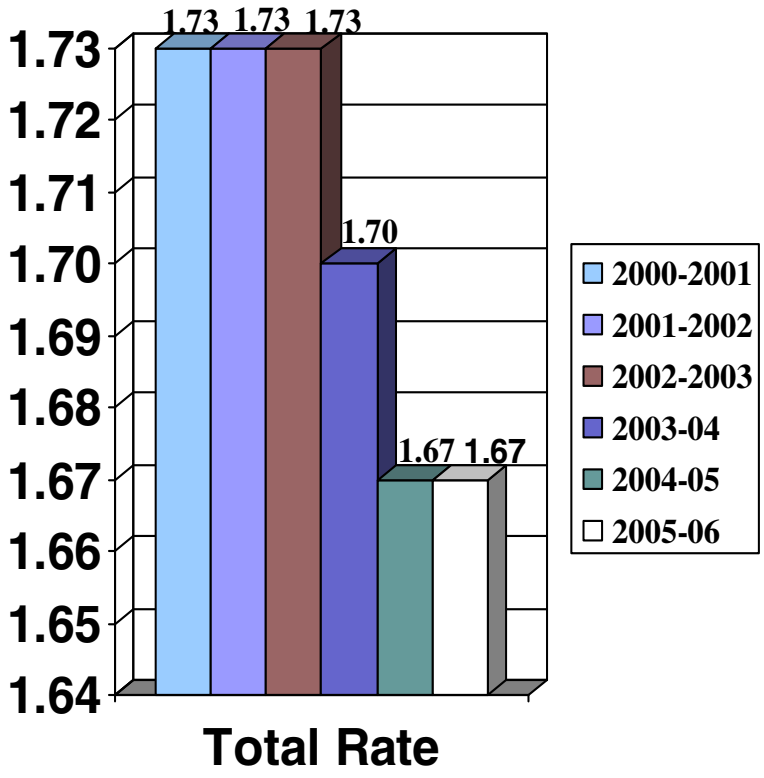


Revenue Sources - Property Value

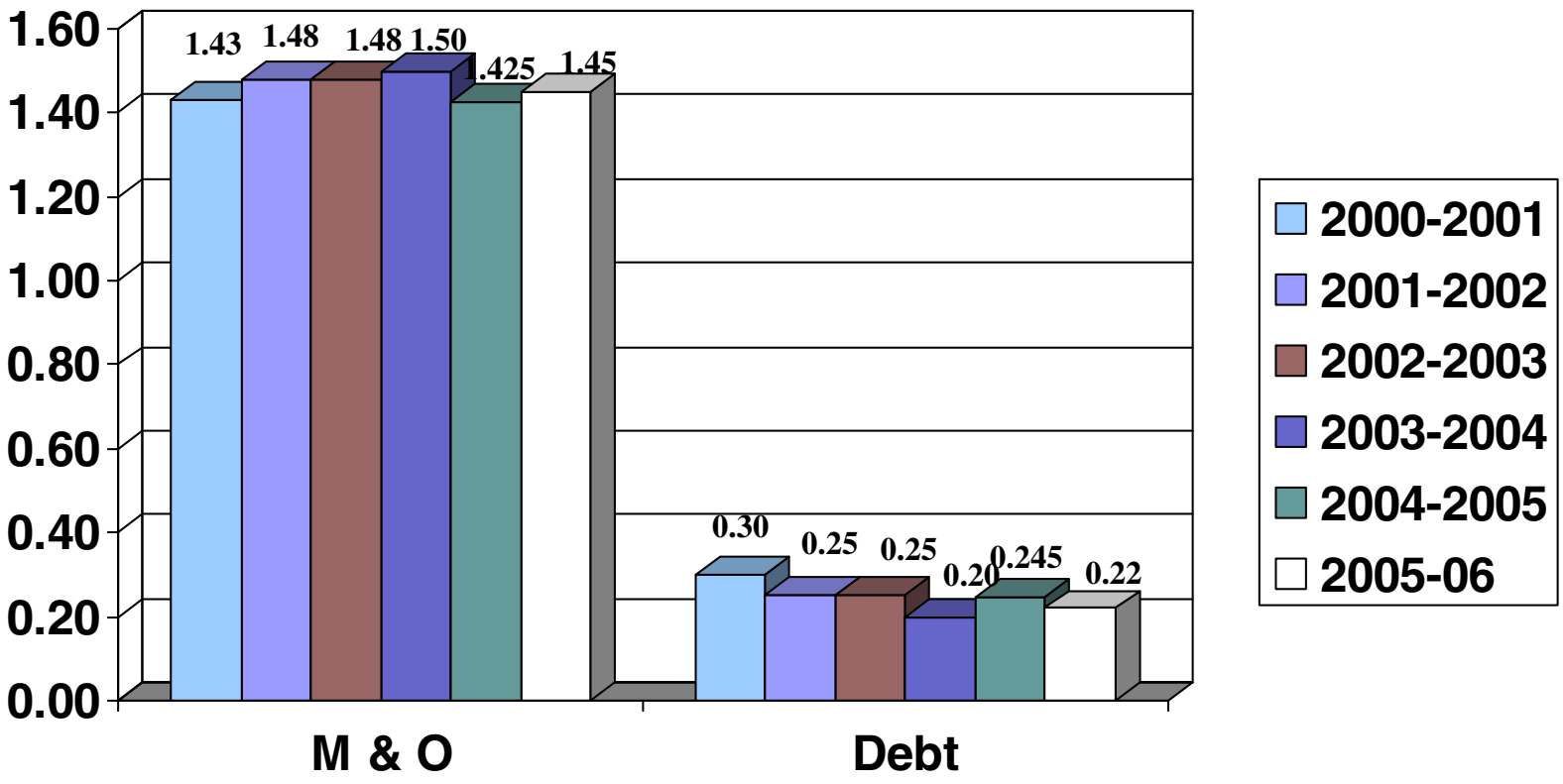
- Total Value
  - Value of all property in GISD
- Frozen Value
  - Value of all property in GISD that is frozen by either homestead, disability, or over 65 exemptions
  - Taxes are less than value/100*tax rate
- Taxable Value
  - Total Value less Frozen Value

Revenue Sources - Tax Rate

- Tax Rate is set by the School Board
- Limited to $1.50 for General Operating
  - Mandated reduction by HB1
- Debt rate necessary to meet current obligations
- Subject to Roll Back Calculation
  - Not this year

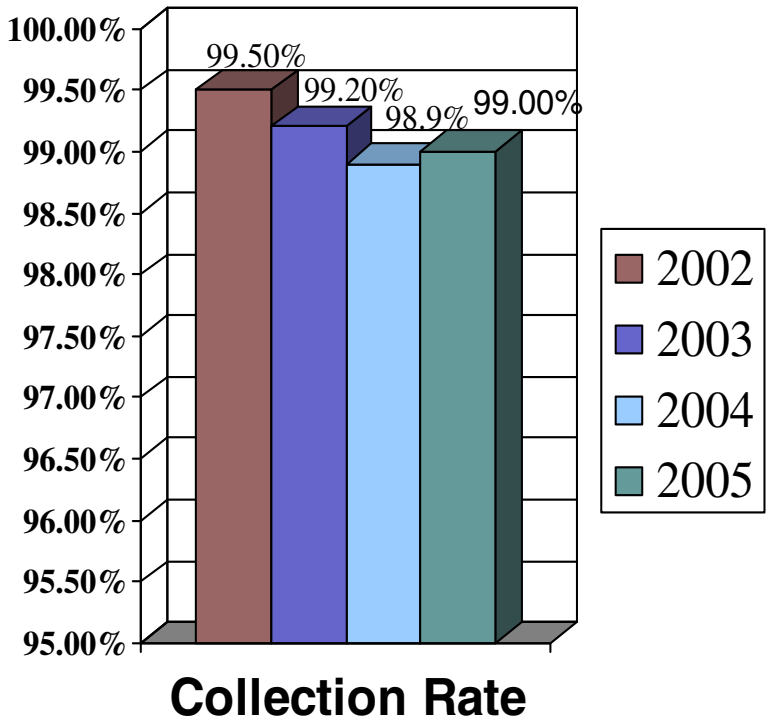


Revenue Sources - Tax Rate Cont'd



Revenue Sources - Tax Collection Rate

- Total Collections compared to current levy
  - Including prior year taxes
  - Including Penalties and Interest
- History is used to determine rate to use



Revenue Sources - State Revenue

- Direct you to Dan Casey's presentation on 7/17/06

Revenue Sources – Teacher Raise

- Hold Harmless is adjusted to fully fund this item
- State will fund $2,500 raise for all Teachers, Counselors, Nurses and Librarians

Revenue Sources – High School Allotment

- Hold Harmless is adjusted to fully fund this item
- $275 per ADA in grades 9-12
  - Spending/Use of these funds are still being discussed by TEA

Revenue Sources – Hold Harmless

- The calculation also includes
  - The $110 per WADA that Districts currently receive
  - Any adjustments made for declining ADA
  - Any adjustments made for declining property values
  - Any adjustments made due to protests by major tax payer

Revenue Sources – Hold Harmless

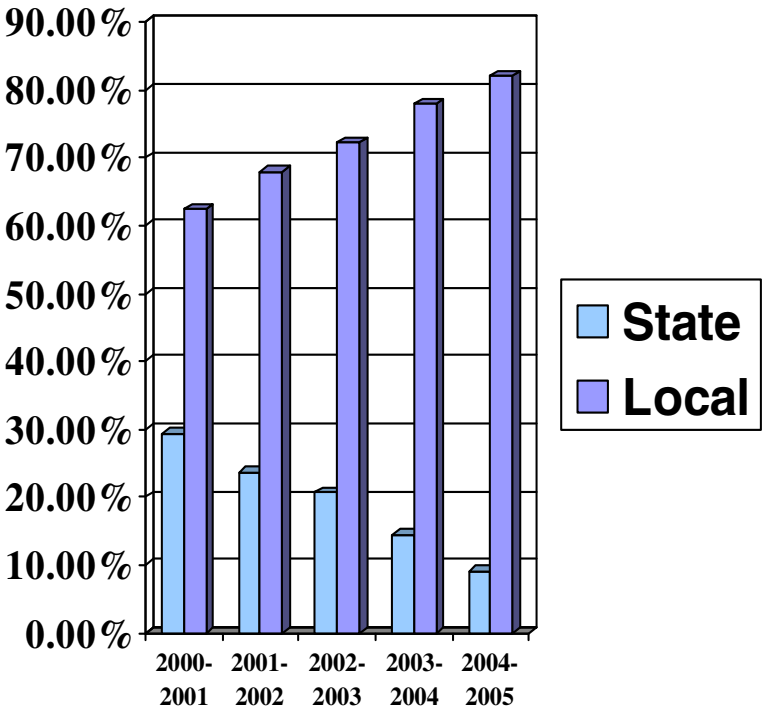
- Outside of Hold Harmless
  - Technology Allotment
  - Wage increase for support staff
  - Grant programs
  - Penalty and Interest on local tax collections
  - Investment Income
  - Educator Excellence funding

Revenue Sources - TRS On-Behalf

- This is a bookkeeping entry to record the State's share of TRS paid on behalf of District employees
  - 6.5% of salaries
- There is a matching expenditure

Revenue Sources - Local % Compared to State %

- Tier I and Tier III are tied to Local Property Values
- As Property Values go up, State revenue goes down
  - GISD has experienced an increase in property values



Revenue Sources - Current Decisions

- Decisions made this year may affect future years' funding

Expenditures

Expenditures

- According to the Financial Accountability Resource Guide, the following funds are presented to the Board for approval
  - 199 – General Operating
  - 240 – Food Service
  - 599 – Debt Service

Expenditures

- The Budget is adopted at the function level
- The functions are detailed in the next few screens.

Expenditures

Functions

11 INSTRUCTION

- Activities that deal directly with the interaction between teachers and students

Costs to Include

- Classroom Teachers Salaries
- Classroom Aides Salaries
- Substitute Teacher Salaries
- Field Trips
- Educational Supplies
- Technology used in classroom

Costs not Included

- Campus Administrator Salaries
- Librarian Salaries
- Counselor Salaries
- Library Books

12 INSTRUCTIONAL RESOURCES AND MEDIA SERVICES

- Expenditures/expenses that are directly and exclusively used for:
  - Resource Centers
  - Establishing and maintaining libraries
  - Other major facilities for dealing with educational resources and media

12 INSTRUCTIONAL RESOURCES AND MEDIA SERVICES

Costs to Include

- Librarian Salaries
- Library Books
- Upkeep and repair of media service equipment
- Services related to instructional networks

Costs not to Include

- Technology staff for administrative networks
- Teachers Salaries
- Technology staff for instructional networks (function 53) *different from past years*

13 CURRICULUM DEVELOPMENT AND INSTRUCTIONAL STAFF DEVELOPMENT

- Expenditure/Expenses that are directly and exclusively used to aid instructional staff in planing, developing, and evaluating the process of providing learning experiences for students

13 CURRICLUM DEVELOPMENT AND INSTRUCTIONAL STAFF DEVELOPMENT

Costs to Include

- Fees for outside consultants conducting training or staff development for instructional and instructional related staff
- Staff who research and develop innovative, new or modified instructions
- Staff who provide instructional staff development
- Travel costs for instructional staff to attend instructional staff development

Costs to Not Include

- Training and other staff development for campus administration
- Salaries of personnel who supervise special programs

21 INSTRUCTIONAL LEADERSHIP

- Expenditures that are directly used for managing, directing, supervising, and providing leadership for staff who provide general and specific instructional services

21 INSTRUCTIONAL LEADERSHIP

Costs to Include

- Instructional supervisors Salaries and expenses related to their offices
- Special population directors and coordinators salaries and expenses related to their offices
- Assistant/Deputy Superintendent for Instruction

Costs not to Include

- Assistant/Deputy Superintendent for Curriculum (Func 13)
- Curriculum Coordinator

23 SCHOOL LEADERSHIP

- Expenditures that are used to direct and manage a school campus including the activities performed by the principal, assistant principals and other assistants while they
  - Supervise all operations of the campus
  - Evaluate staff members of the campus
  - Assign duties to staff members maintaining the records of the students on the campus
  - Coordinate school instructional activities which those of the entire school district

23 SCHOOL LEADERSHIP Cont'd

Costs to Include

- Principals, Assistant Principals and related staff
- Staff who compile and report pupil attendance data
- Staff who compile and report student grade data
- Upkeep and repair or equipment related to school leadership
- Technology equipment used specifically for school leadership
- All costs associated with Teacher appraisals

Costs not to Include

- Staff who compile Superintendent's annual report (function 41)
- Supplies and services for upkeep and maintenance for buildings and grounds

31 GUIDANCE, COUNSELING AND EVALUATION SERVICES

- Expenditures that are directly and exclusively used for assessing and testing students' abilities, aptitudes and interests; counseling students with respect to career and educational opportunities and helping them establish realistic goals

31 GUIDANCE, COUNSELING AND EVALUATION SERVICES

Costs to Include

- Counselors
- Psychological services
- Testing (Standardized tests)
- Educational/career counseling
- Occupational counseling
- Diagnosticians
- Placement Services

Costs not to Include

- TAAS remediation expenses
- Testing supplies for instructional tests

33 HEALTH SERVICES

- Expenditures that are directly and exclusively used for providing physical health services which are not direct instruction
- Includes activities that provide students with appropriate medical, dental, and nursing services

33 HEALTH SERVICES Cont'd

Costs to Include

- School nurses and aides
- Medicaid Administrative Services
- Upkeep and repair of equipment for medical services
- Student physical health screening and referral

Costs not to Include

- Drug Testing
- Employee health insurance
- Employee inoculations
- Instruction in health (Function 11)
- Medical supplies to be used for athletics (Function 36)

34 STUDENT (PUPIL) TRANSPORTATION

- Expenditures that are used for transporting students to and from school only

34 STUDENT (PUPIL) TRANSPORTATION

Costs to Include

- All costs associated with travel to and from school
- Salaries and associated certifications
- Drug Testing of Drivers
- Maintenance on Buses and Facilities related to Transportation
- Insurance on equipment
- Purchase of school buses

Costs not to Include

- Field Trips
- Extracurricular Trips
- Staff Travel
- Financing Costs

36 CO-CURRICULAR/EXTRACURRICULAR ACTIVITIES

- Expenditures for school-sponsored activities after the school day that are not essential to the delivery of services for:
  - Instruction (Function 11)
  - Instructional and School Leadership (Function 20)
  - Support Services (Function 30)
- These activities are generally designed to provide students with experiences such as motivation and the enjoyment and improvement of skills in either a competitive or noncompetitive setting.

36 CO-CURRICULAR/EXTRACURRICULAR ACTIVITIES Cont'd

Costs to Include

- Athletic Salary Supplements
- Athletic Director Salary
- Athletic Trainer Salaries
- Athletic Supplies
- Cost of game officials
- Travel costs for students, coaches, sponsors of athletic/band/choir/ cheerleading/drill team activities
- Band & Choir Salary Supplements
- Cheerleader/Drill Team Salary Supplements
- Band/Choir/Cheerleader/Drill Team uniforms
- UIL Expenses
- Insurance to cover student injuries while participating

Costs not to Include

- Base Salary of coaches, Band Directors, Choir Directors, Cheerleader and Drill Team Sponsors
- Band Equipment used in basic instruction
- Security for cocurricular/extracurricular events (Function 52)

41 GENERAL ADMINISTRATION

- Expenditures that are for the purposes of managing or governing the school district as an overall entity
- Covers multiple activities that are not directly and exclusively used for costs applicable to specific functions.

41 GENERAL ADMINISTRATION

Cost to Include

- Expenses for Board of Trustees
- Superintendent salary and benefits
- Salaries & expenditures related to budgeting and accounting
- Salaries & expenditures associated with Human Resources
- Salaries & cost associated with public relations

Cost to not Include

- Building and property insurance (Function 51)
- Warehouse operation costs
- Management Information Services Directors (Function 53)

51 PLANT MAINTENANCE AND OPERATIONS

- Expenditures that are used for activities to keep the physical plant and grounds open, clean, comfortable, safe and in effective working condition and state of repair
- Includes expenditures for the maintenance and operation of the physical plant and grounds, and for warehousing and receiving services

51 PLANT MAINTENANCE AND OPERATIONS Cont'd

Costs to Include

- Custodiall Services
- Maintenance Personnel Salaries and Benefits
- Property Insurance
- Utilities
- Warehouse Operations
- Upkeep of Facilities
- Furniture

Costs not to Include

- Building Construction Costs
- Major improvements to sites (Function 81)
- Security and monitoring expenditures (Function 52)

52 SECURITY & MONITORING SERVICES

- Expenditures that are for activities to keep student and staff surroundings safe, whether in transit to or from school, on a campus or participating in school-sponsored events at another location

52 SECURITY & MONITORING SERVICES

Costs to include:

- Security Guards
- Hall and school bus security monitors
- Campus Police
- Hand-held communication devices
- Security cameras
- Drug Dogs

Costs not to Include

- Truant Officers (Function 32)
- School bus aides for special education (Function 11)

53 Data Processing

- Expenditures/expenses for data processing services, whether in-house or contracted

53 Data Processing

Costs to Include

- Technology staff for instructional and non-instructional networks
- Salary & expenditures for webmaster
- Hardware/software for multi-purpose networks

Costs not to Include

- Stand alone or networked computers used by a specific functional area
- Webmaster in Instructional area (Function 11)
- Library system software/license (Function 12)

61 COMMUNITY SERVICES

- Expenditures that are for activities or purposes <u>other than</u> regular public education and adult basic education services.

61 COMMUNITY SERVICES

Costs to Include

- Costs with operations of a school library or other facilities for the public
- Parental Involvement programs
- Parenting Programs
- After school daycare

Costs not to Include

- Summer feeding program
- After hours tutorial and enrichment programs (function 11)
- Adult basic education

71 DEBT SERVICE

- Expenditures that are used for the payment of debt principal and interest
- Includes expenditures that are for:
  - The retirement of recurring debt
  - The retirement of lease-purchase principal
  - The retirement of other debt
  - Related debt service fees
  - All debt interest

81 FACILITIES ACQUISITION AND CONSTRUCTION

- Expenditures that are for acquiring, equipping, and/or making additions to real property and sites including lease and lease/purchase transactions
- Costs include:
  - Acquisition/purchase
  - Remodeling/construction
  - Major improvements
  - Equipping new facilities

Expenditures

Object Codes

Object codes

- Used for clarification of Budget
  - 6100 Payroll Costs
  - 6200 Professional and Contracted Services
  - 6300 Supplies & Materials
  - 6400 Other Operating Costs
  - 6500 Debt Service
  - 6600 Capital Outlay - Land, Buildings, & Equipment

6100 PAYROLL COSTS

- **Includes gross salaries or wages and benefit costs for employee services**

  6117 Teachers and Other Professional Personnel

  6112 Substitute Teachers

  6119 Salaries or Wages - Teachers and other Professional Personnel

  6120 Support Personnel

  6130 Employee Allowances

  6140 Employee Benefits

6200 PROFESSIONAL & CONTRACTED SERVICES

- **Used to record expenditures for services rendered to the school district by firms, individuals, and other organizations**

  6210 Professional Services
  6220 Tuition and Transfer Payments
  6230 Education Service Center Services
  6240 Contracted Maintenance and Repair
  6250 Utilities
  6260 Rentals - Operating Leases

6300 SUPPLIES & MATERIALS

- **Includes all expenditures for supplies & materials**

  6310 Supplies & Materials for Maint & Operations

  6320 Textbooks and other reading materials

  6330 Testing Materials

  6340 Food Service

  6350-80Reserved for Future State Definition

  6390 Supplies & Materials

6400 OTHER OPERATING COSTS

- **Used to classify expenditures for those items of relatively low unit cost necessary for the instruction process and/or for administration**

  6410 Travel, Subsistence and Stipends

  6420 Insurance & Bonding Costs

  6430 Election Costs

  6440 Depreciation

  6450-80 Reserved for Future State Definitions

  6490 Miscellaneous Operating Costs

6500 DEBT SERVICE

- **Includes all expenditures for debt service**

6510	Debt Principal
6520	Interest Expenditures
6530-80	Reserved -Future State Definitions
6590	Other Expenditures

6600 CAPITAL OUTLAY

- **Used to classify expenditures for fixed assets**

  6610 Land Purchase & Improvement

  6620 Building purchase, construction & Improvement

  6630 Furniture & Equipment >$5,000

  6640 Fixed Assets < $5,000

  6650 Fixed Assets Under Capital Leases

  6660 Library Books & Media

State Health Insurance

Program and Funding

Insurance Program

- Everyone must offer group health insurance
  - Last year we opted to participate in the TRS Active-Care

Maintenance of Effort

- Maintenance of Effort level of funding must be maintained
  - Regardless of participation in TRS Active-Care
  - Based on effort in 2000-2001
    - Total expended divided by TRS Members
      - Not necessarily participating in Health Insurance program

Minimum Effort - Obligation to Spend

- For each participating employee
  - $900 from TEA
    - Funded from increase in Tier II funding
    - Gap assistance if applicable
  - $1,800 local contribution
    - Additional Hold Harmless funding available if applicable

Health Insurance Supplement

- Eliminated for 2005-06
  - $500/year for full-time & $250/year for part-time eligible employees
  - Added to Teacher Salary Increase
    - Net Salary Increase $2,000
  - Funded for current participants this year
    - No ongoing funding established

TRS Care

TRS Care

- Originally funded by state (.5%) and employee (.25%) contributions
- HB 3459 Sections 47-55 changes (2004-05)
  - State contribution increased to 1%
  - Employee contribution increased to .5%
  - District contribution authorized from .25% to .75%
    - 2004-05 was .40%
    - 2005-06 was .55%
    - 2006-07 – no increase identified

Replacement Schedules

Replacement Schedules

- The District has equipment that should be replaced and projects that should be done on a routine basis
- By addressing these two areas on a routine basis:
  - Costs are spread out over a time period instead of all at once
  - Planning can occur and crisis situations don’t occur unexpectedly

Replacement Schedules

- Administration feels that funding of routine replacements should be included in the yearly maintenance and operations budget
- With these schedules, planning has been able to occur to accomplish funding in M & O budget
  - All areas except for HVAC

Replacement Schedules - Maintenance

- Maintenance is probably the department that utilizes replacement schedules the most in their day to day operations
- They continue to work hard to get most everything on a replacement schedule
  - Of course it is outdated as soon as it is printed, but they are maintaining in a format that allows for easy updating

Replacement Schedules - Maintenance

- The Maintenance Department has replacement schedules on the following:
  - Carpet
  - Grounds Equipment
  - HVAC Units
  - Parking Lots - Seal, Coat & Re-stripe
  - Maintenance Vehicles
  - Washer & Dryers
  - Water Fountains
  - Water Heaters
  - Roofs

Replacement Schedules - Transportation

- Transportation has all vehicles on a replacement schedule
  - Buses (14 years)
  - Vans
  - Shop vehicles
- They also have large equipment identified and on a replacement schedule

Replacement Schedules - Transportation

- Transportation has been able to keep up with the bus replacement schedule over the last several years
- Funding has been available to fund replacements and buses have been maintained in such a manner that buses have been able to be sold
- Planning has been done to alleviate the need to buy larger numbers in one year over the other
  - Example – Plan called for 0 – 2004, 9 – 2005, 0 - 2006, able to purchase 3 – 2004, 3 – 2005, and 3 – 2006

Replacement Schedules - Technology

- Technology equipment has been identified with useful life ranges
- Instructional Technology equipment is being replaced depending on useful life and operations on a routine basis
  - Coordinated by Technology Department – District wide

Replacement Schedules

- Each campus/department has other replacement schedules that they utilize for budget planning each year
- All District Staff should be commended for the great strides that have been accomplished this year in this area

Budget Development Process

Budget Responsibilities - Superintendent

- According to Education Code and Board Policy CE (LEGAL) “The Superintendent shall prepare, or cause to be prepared, a proposed budget covering all estimated revenue and proposed expenditures of the District for the following fiscal year. *Education Code 44.002.”*

Budget Responsibilities - Superintendent

- According to Board Policy CE (LOCAL)
  - “Budget planning shall be an integral part of overall program planning so that the budget effectively reflects the District's programs and activities and provides the resources to implement them. In the budget planning process, general educational goals, specific program goals, and alternatives for achieving program goals shall be considered, as well as input from the District- and campus-level planning and decision-making committees. Budget planning and evaluation are continuous processes and shall be a part of each month's activities. “

Budget Responsibilities – Board of Trustees

- According to Education Code, Financial Accountability Resource Guide, and Board Policy CE (LEGAL) the Board has the following responsibilities:
  - Review/prioritize/revise proposed budget submitted by Superintendent and staff in workshops/working sessions.
  - Call a public meeting in which to adopt the budget
  - Publish notice of such meeting

Budget Responsibilities – Board of Trustees

- "The Board shall adopt a budget to cover all expenditures for the succeeding fiscal year at the meeting called for that purpose and before the adoption of the tax rate for the tax year in which the fiscal year covered by the budget begins."
- Further the policy states "The Board shall have the authority to amend the approved budget or to adopt a supplementary emergency budget to cover necessary unforeseen expenses"

Budget Development Process

- December 2005 - Budget Parameters were set by Superintendent and Executive Director of Finance

Budget Development Process - Assumptions

- Assumptions were made and presented to the Board at it's January 23, 2006 meeting
- Assumptions included but were not limited to the following:
  - Fiscal year will run 9/1/2005 to 8/31/2006
  - Fund Balance projected to realize a decrease. Even with a decrease, fund balance is still healthy. Administration will work so that decrease will not be realized.
  - Taxable Value will increase but not as significantly as in the past – 5 % will be used

Budget Development Process - Assumptions – Cont'd

- Tax Rate is less than the $1.50 maximum and can be adjusted for continuing costs
- Tax collection ratio will be 99%
- Student growth of 2% will be used
- State Funding will continue but it will continue to decrease based on property value increases – Special Legislative session expected
- Additional sources of revenue will continue to be pursued
- Weighted Per Pupil Allocations will be developed for campuses
- Department budgets will be developed using a modified zero-based methodology not to exceed the 2005-06 allocation.
- Process for submission of projects not able to be funded through allocation process.

Budget Development Process - Assumptions – Cont'd

- GISD teacher salary market will be reviewed and funds will be allocated as available for increases so that teacher salaries are in the top quartile of the market reviewed
- Other salary schedules will be reviewed compared to market and adjusted accordingly – Emphasis will be on campus-level personnel
- DAC Salary committee will play an instrumental part in the development of GISD Salary Schedules
- District Insurance Contribution will remain $350/month
- 3-year projections continue to be done
- Programs and activities are continually reviewed regarding their impact on operations and teaching and learning

Budget Development Process - Budget Packets

- January 18, 2006 - Budget packets were disseminated to Principals and Directors
  - Weighted per pupil allocations were calculated and presented to campuses based on projected enrollment – this amount was increased by an average 10% over last year's allocations
  - Central Office and Department budgets were developed on a modified zero-based methodology – same allocation as last year

Budget Development Process - Campus/Dept Activity

- During the months of January & February:
  - Principals met with Staff and Campus Leadership Teams to develop budgets
  - Directors met with Staff and Principals to develop budgets
- Budgets were submitted to Business Office on March 1, 2006

Budget Development Process - Other Considerations

- Needs identified by campuses or departments that were not able to be funded by allocations were submitted as New Initiatives
- Campuses/Departments were also able to submit a New Initiative if start up of a new program or continuance of an existing program would exceed $20,000 during the 2006-2007 year

Budget Development Process - Maintenance/Renovations

- Campuses/Departments submitted maintenance/renovation requests outside of their allocations
- Maintenance also submitted these requests
  - Between Maintenance and the campuses/departments, hopefully all maintenance issues have been addressed

Budget Development Process - Peer Review

- Budgets were reviewed by peer groups March 21, 22, 24, 27, 28 and 29
  - Peer groups were made up of one or two like type budget managers (i.e. principal with principal, director with director), Campus Leadership Team Member, the District Budget Review Committee (DBRC) (Superintendent, Assistant Superintendent, Executive Directors) and other Directors as appropriate

Budget Development Process - Peer Review Continued

- Budget proposals were presented along with request for additional staff or staff salary changes, maintenance projects, furniture needs and new initiatives, all aligned with Campus/Department Improvement Plans

Budget Development Process - DBRC Activities

- Salary and benefit market studies were reviewed by TASB
  - DBRC reviewed findings
  - DAC Salary Committee has also reviewed these studies
- Development of Salary schedules by TASB
  - Proposals shared in June with the Board
- Placement of existing positions on approved salary schedules

Budget Development Process - DBRC Activities Cont'd

- New positions requested were reviewed based on District goals and objectives
  - Staffing guidelines were reviewed
- Teacher positions were compared to projected enrollment and adjustments made
- New Initiatives presented were reviewed and analyzed based on District goals and objectives
  - Some of these have been able to be done this year and will not be required in this budget

Budget Development Process - DBRC Activities Cont'd

- Maintenance/Renovations requests were reviewed
  - Some of these have already been done and will not be required in this budget
- New Personnel, New Initiatives, and Maintenance/Renovations were prioritized based on District Improvement Plan and projected funding

Budget Development Process - DBRC Activities Cont'd

- Revenue projections were reviewed
  - Preliminary Taxable Values
  - Current Collection Rate
  - Student Growth
  - Other Revenue Sources
  - HB1 Impact, Ch 41 Status, etc.
- Moak, Casey & Associates projected revenue
- Preparation of 2006-2007 Budget for presentation to the Board by the Superintendent

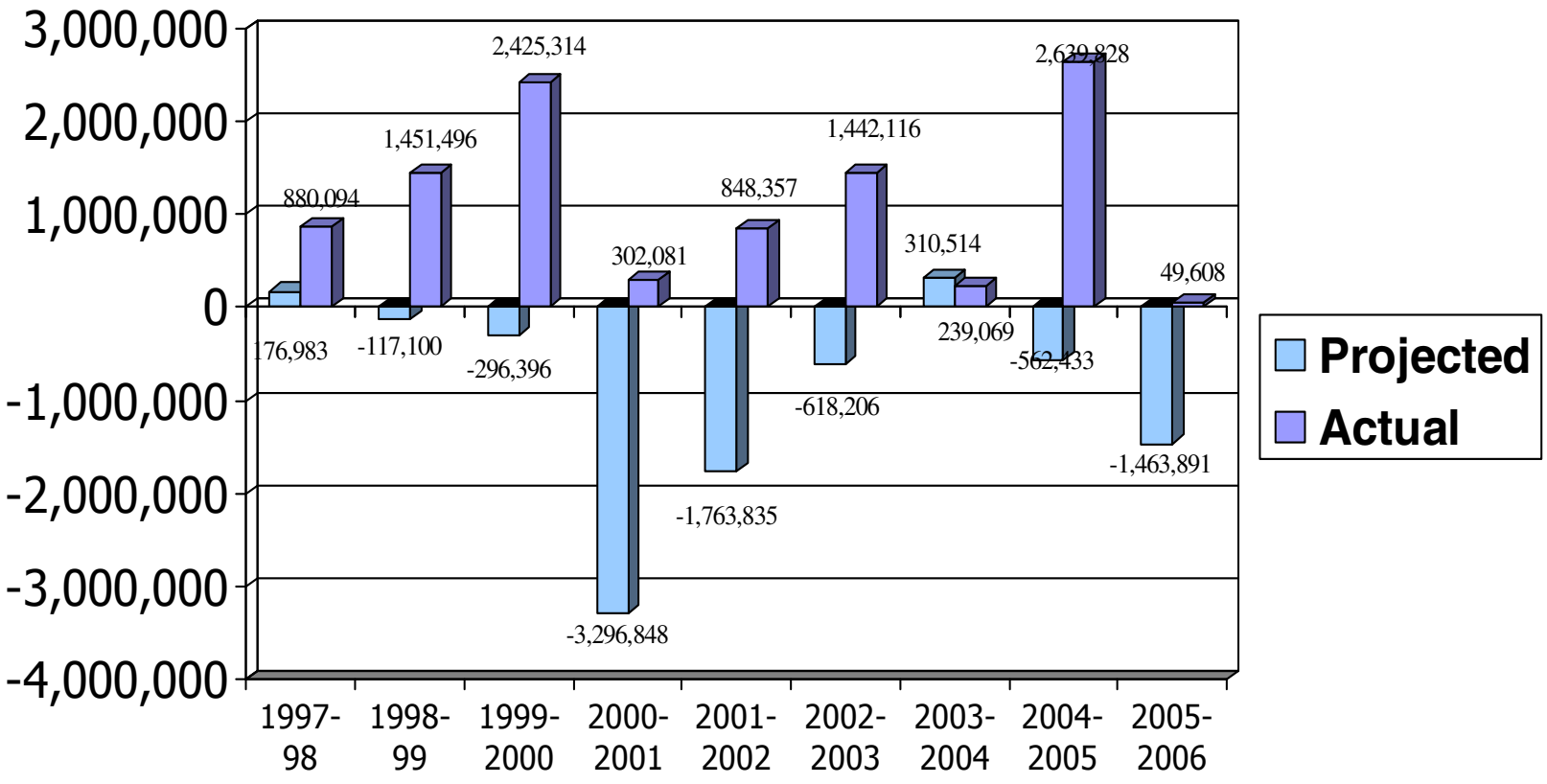
The end of Budget 101

History of Adopted Budget to Actual Expenditures

History of Adopted Budgets to Actual

- GISD has adopted deficit budgets in the past
  - Seven of the past nine budgets have been deficit budgets
- The deficits have never been fully realized
  - None of the 6 actually realized a deficit
  - This is a result of the management of GISD budget managers and administration

History of Adopted Budgets to Actual

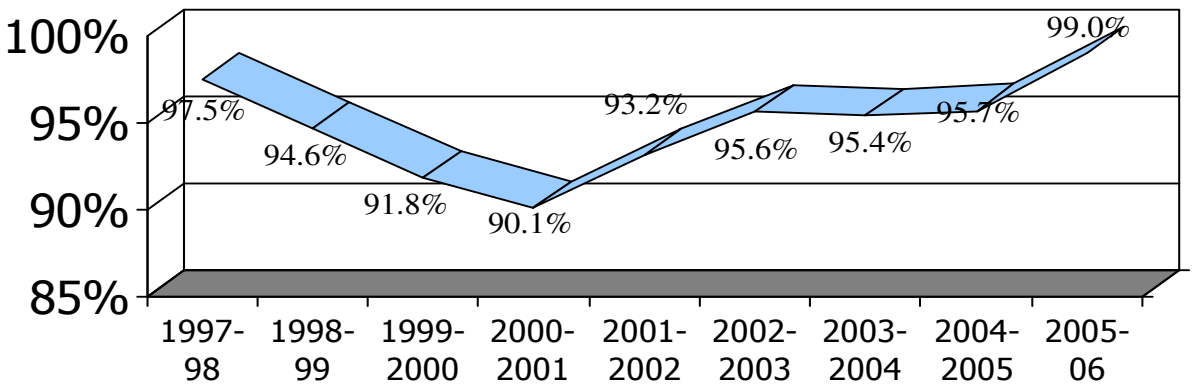


History of Adopted Budgets to Actual

- Over the last eight years, GISD has expended 90.1% to 99.02% of the budgeted expenditures
  - Never 100%

History of Adopted Budgets to Actual

Actual compared to Budgeted



% of Budgeted Expenditures

2005-06 Projections

2005-2006 Projections General Operating

- Adopted budget projected a decrease in fund balance
  - ($1,463,891)
- Amended budget projected a smaller decrease in fund balance
  - ($1,033,440)
  - Barnhart/Huckabee Settlements ($700,000)
  - Revenue Increases ($600,000)

2005-2006 Projections General Operating

- Projected year end affect to fund balance as of 6/19/06
  - Increase in Fund Balance of $49,608
  - 99.02% of Amended Budget Expended

2005-2006 Projections General Operating

- The projections as of 3/31/06 indicated that fund balance would increase $818,448
  - Funded Crossland Renovations and related expenses $560,000
  - Fuel Budget Amendment $20,000
  - Projected expenditures at 5 months out not as known as now

Fund Balance Analysis

General Operating and Debt Service

Fund Balance Analysis - General Operating

- What affected current year anticipated increase?
  - Revenue
    - Interest income over $500,00 more than budgeted
    - Local Tax Collections$350,000 more than budgeted
    - 100.18% of revenue budget expected
  - Revenue
    - Lapse in budgeted expenditure amounts
      - 99% of expenditure budget actually expended

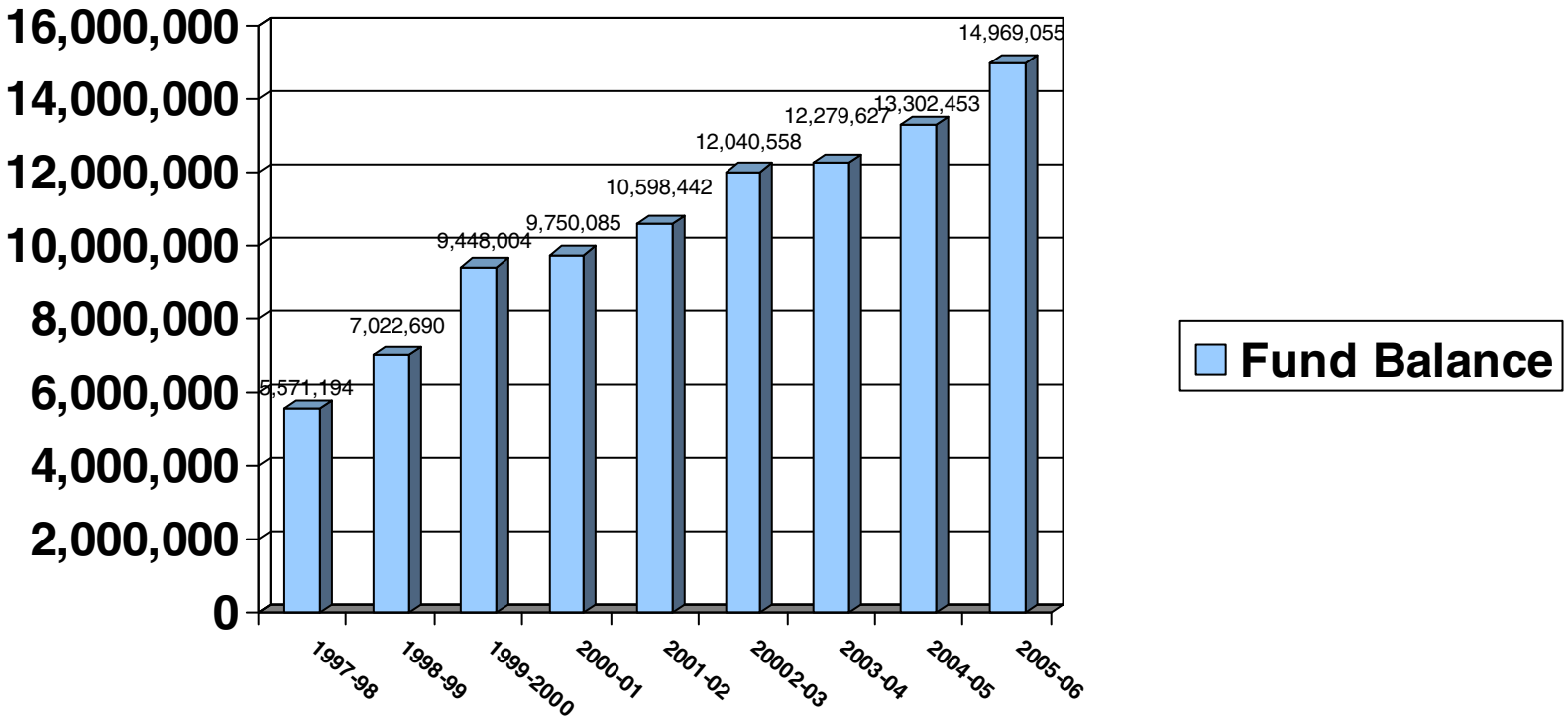
Fund Balance Analysis - General Operating

- The projected 8/31/06 balance is 32% of the 2005-2006 adopted budget
  - $14,969,055
- Fund Balance is suggested to be maintained at a level of about 15% of the current year budget
  - Due to the healthy fund balance that this District has maintained, the underlying debt rating for GISD is very good. As a result, the bonds that are sold for refunding have and will be sold at a much lower rate than the market

Fund Balance Analysis - General Operating

- History of GISD Fund Balance says a lot for the leadership of this District
  - Lower debt service costs are experienced due to the maintenance of this healthy fund balance
  - Planning can be done without a bond issue while still meeting the needs of the District

Fund Balance Analysis - General Operating



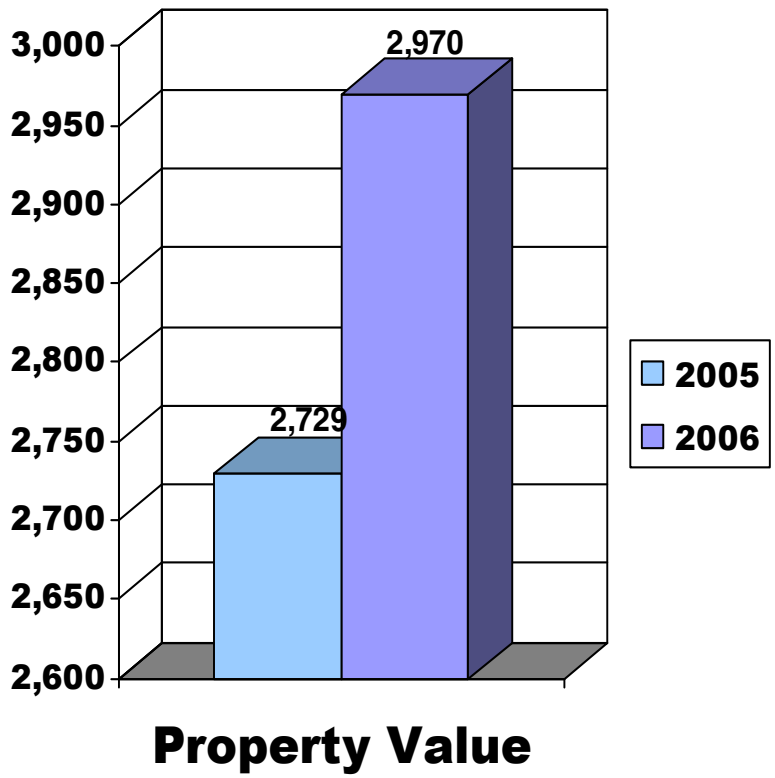
General Operating Budget

General Operating Revenue - Assumptions

- Budget was prepared using the assumptions presented earlier today

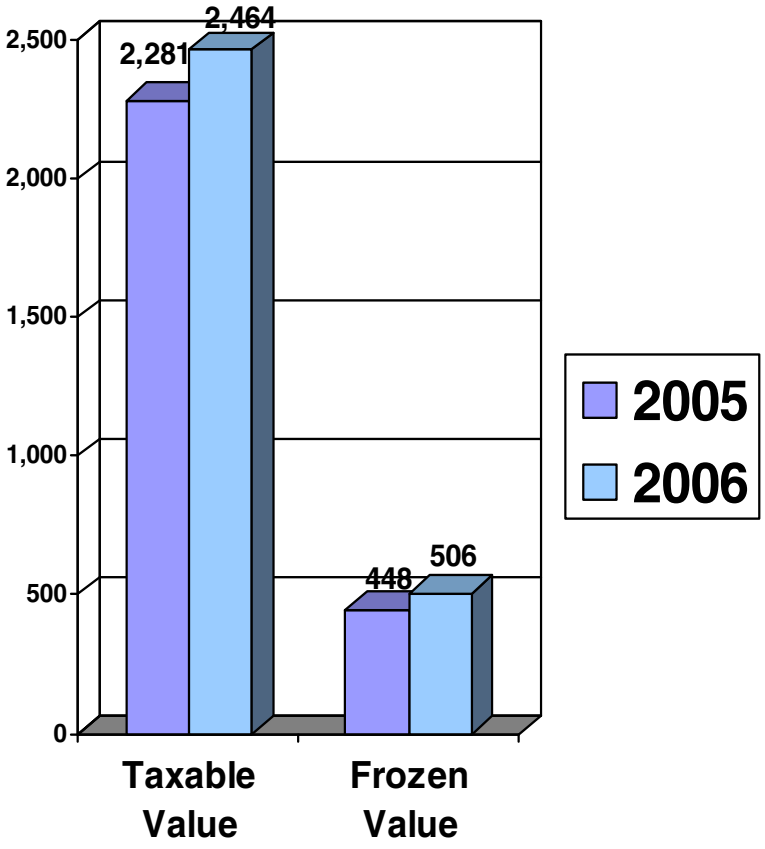
General Operating Revenue – Total Property Value

- Total Property value projected by HCAD is 9% higher than 2004
- State funding is calculated on previous year's property value
- Local funding is based on current year value



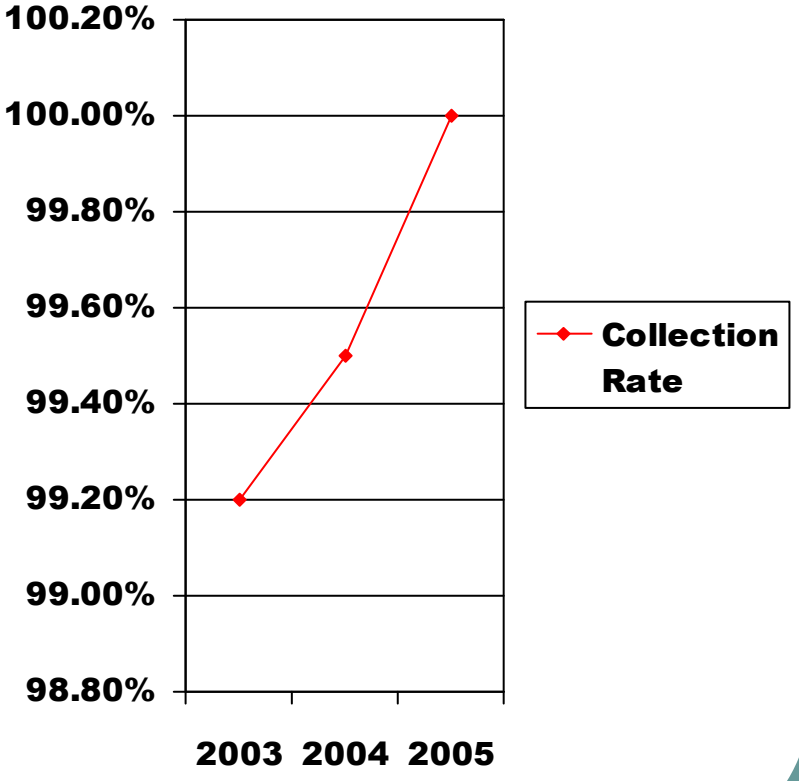
General Operating Revenue – Taxable Property Value

- Taxable property value projected by HCAD is only 8% higher than 2005
- Frozen property value certified by HCAD is 13% higher than 2005



General Operating Revenue - Collection Rate History

- The collection rate used is based on history
- The average over the last three years is 99.6%



General Operating Revenue - Student Growth

- Last year the budget was prepared with 0% ADA growth
  - Previous year (2005-06) budget was prepared using 1% growth
    - Actual was 1.942%
  - 2004-05 only grew by .94%
  - Demographer report is projecting a 3% enrollment growth
- Use of 2% ADA growth for 2006-07 is conservative but reflective of historical and planned growth

General Operating Expenditures - Allocations

Campus Budgets were allocated a per weighted pupil allocation ($1,316,921)

- High Schools - $231
- Middle Schools - $181
- Elementary Schools - $116 - $131

General Operating Expenditures - Allocations

- Campus Budgets were developed for the basic program on the campus and basic instructional supplies and materials for all other programs on the campus including the following:
- **Functions:** **11, 12, 13, 21, 23, 31, 33, 36, 52**
  - **6100** Salaries - Special Activities specific to campus programs
  - **6200** Professional & Contracted Services
  - **6300** Supplies & Materials
  - **6400** Other Operating Expenses
  - **6600** Capital Outlay

General Operating Expenditures - Allocations

- District wide budgets were developed for the following campus programs on top of the campus allocation
  - Athletics
  - Xerox
  - Classroom/Teacher Computer Replacement
  - Technology infrastructure costs (fiber, software, etc.)

General Operating Expenditures - Allocations

- Department allocations were the same as 2005-06
  - Zero-based budgeting by department
  - Some departments proposed budgets are less than allocation
    - Property Insurance costs are less this year

General Operating Expenditures – Salaries and Benefits

- Salaries & Benefits
  - TASB has presented the proposed structure
  - CPI Increase 3.4% for May 2006 from May 2005
  - Teachers
    - $2,000 State legislated raise
    - $500 Insurance supplement
    - $1,200 local supplement
    - Plus 2005-06 step
  - 5% Increase to Minimum, Midpoint, Maximum for other than Teacher Schedules – Except for M/T schedule where 6% was applied
  - Fund current Health Insurance contribution per eligible employee
    - $350/month – Full Time
    - $254/month – Part Time

General Operating Expenditures – Salaries and Benefits

- Budget presented today recognizes 106% of employee only district contribution for health insurance for eligible employees (ActiveCare II)
- Stipend schedule has remained pretty much the same
  - Hard copy in your packet w/noted changes

General Operating Expenditures - New Personnel

- Personnel Positions were reviewed and prioritized by the DBRC
  - Positions were eliminated
  - Positions were added based on prioritization
  - Details in your handouts - $1,123,350

General Operating Expenditures - New Personnel

- Summary of new positions
  - 11 New Teachers - $543,000
  - 4 Instructional Specialists - $213,500
  - 2 Instructional Aides - $45,000
  - Crossland Startup - $224,100
    - 2 Assistant Principals
    - 1 Counselor
    - PEIMS/Attendance Clerk
    - 1 Custodian
  - Other Positions & Stipend Increases - $100,000

General Operating Expenditures - Special Projects

- Form M's were reviewed and prioritized by the DBRC
  - Approximately $1,000,000 Requested
  - $596,792 Funded (details in your packet)
- New Initiatives were reviewed and prioritized by the DBRC
  - Priority 1s are presented in this budget
    - Approximately $2,100,000 Requested
    - $1,242,586 Funded (details in your packet)

General Operating Expenditures - Special Projects – Form M

- Major projects funded
  - GHS Auditorium rooftop HVAC
  - Brawner Roof Replacement
  - GHS Carpet replacement
  - Baccus - Sound proof Music Room
  - AMS – Sidewalk for bus pickup

General Operating Expenditures - Special Projects – New Initiatives

- Major projects funded
  - GHS, GMS, AMS - Band Instrument Lockers
  - GHS – Aviation Course supplies and materials
  - GMS – Band Instruments
  - Athletics – Contracted services, supplies and travel
  - Crossland – Choir equipment
  - Technology – Equipment & Office 2003 District Implementation
  - Transportation – Fuel Cost Increase
  - Library Books
  - Agile Mind – Additional services
  - Custodial Equipment & Travel
  - District Student/Finance Software/Hardware Project

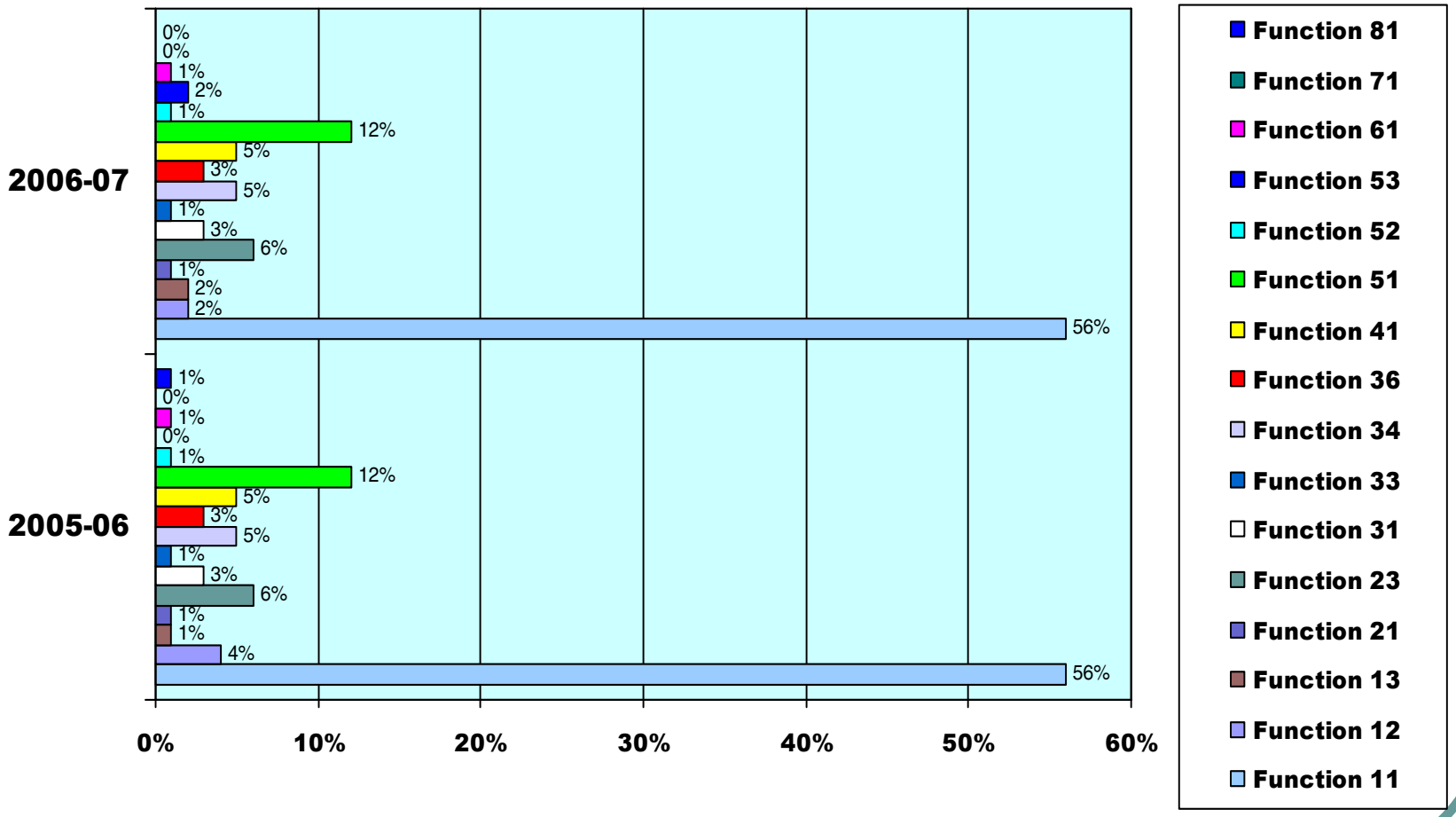
General Operating - Expenditures

- Total Expenditures are projected to be $51,847,102
  - 11.8% increase over 2005-06 Total Budget
  - Salaries & Benefits 8% increase over 2005-06
- Proposed Expenditure per ADA is $8,028
- Function 11 - Instruction makes up 56% of the total budget
- Instruction and Instructional Support make up 67% of the budget

General Operating - Expenditures

- Salaries & Benefits make up 78% of the total budget
- Contracted Services - Utilities - make up 9% of the total budget

General Operating - Expenditures - % of Total Budget



General Operating - Function 11 - Instruction

- Total Proposed Expenditures
  - $28,932,606
    - 56% of total proposed budget
  - $2,627,225 higher than 2005-2006
    - 10% increase over last year
    - 50.4% of overall increase

General Operating - Function 12 – Instructional Res & Media

- Total Proposed Expenditures
  - $1,211,393
    - 2% of total proposed budget
    - 4% last year
  - Reclassified Technology Department Operations & Salaries to function 53
    - $675,000
  - District Software/Hardware Project
    - 1st year of 2 year purchase

General Operating - Function 13 – Curriculum & Staff Dev

- Total Proposed Expenditures
  - $902,935
    - 2% of total proposed budget
    - 1% last year
  - Reclassified Department Head Salaries from function 21
    - $150,000

General Operating - Function 34 - Transportation

- Total Proposed Expenditures
  - $2,680,976
    - 5% of total budget
  - Fuel cost for 2005-06 is projected to be 180% of 2004-05
  - Increased fuel an additional 14%
    - Best guess

General Operating - Function 51 – Plant Maintenance

- Total Proposed Expenditures
  - $6,407,156
    - 12% of total budget
  - $689,338 more than 2005-06
    - 12.1% increase
      - Salary & Benefit Costs
        - Positions most below market are in this function
      - Roofing and HVAC project
        - 1 time expenditure may not be needed next year

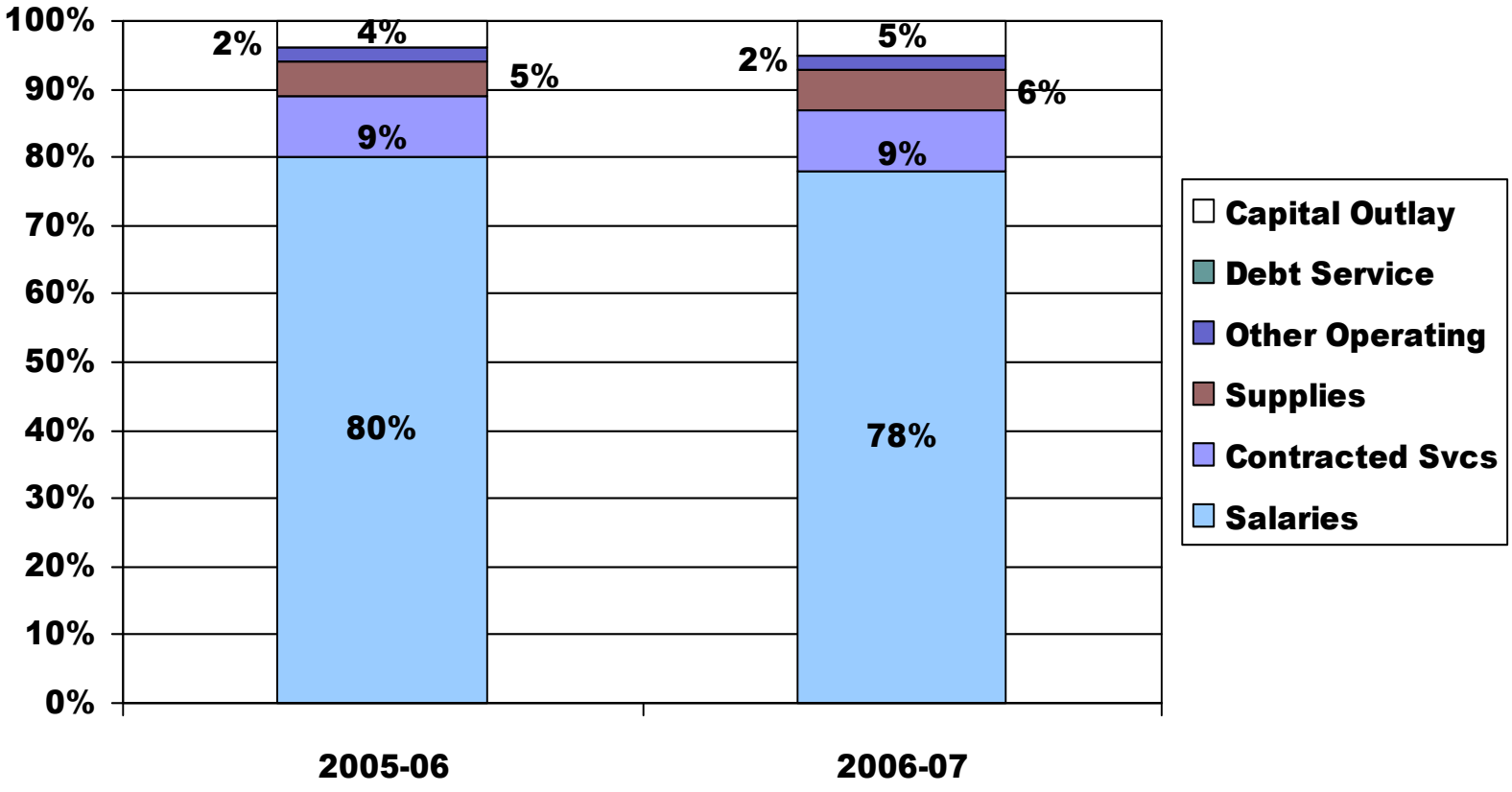
General Operating -
Function 52 – Security & Monitoring

- Total Proposed Expenditures
  - $423,045
    - 1% of total budget
  - $124,378 more than 2005-2006
    - 41.6% increase
    - Additional SRO

General Operating
– All Other Functions

- Increases due to:
  - Salary and benefits

General Operating - Total Expenditures - By Object



General Operating -
Total Expenditures

- $5,208,455 Increase in Expenditures
  - Salaries & Benefits - $2,978,016
  - Contracted Services - $456,615
  - Supplies – 892,373
  - Other Operating – ($8,894)
  - Capital Outlay – $890,345
- 11.8% Increase over 2005-2006 Budget

General Operating - Salaries & Benefits

- TASB Salary Study recommendations are included in this budget presentation
- New positions were addressed during peer reviews and prioritized by DBRC
- Existing Positions were placed on Salary Schedules proposed

General Operating - Salaries & Benefits

- Salaries & Benefits - $2,978,016 Increase
  - 8% increase over last year
  - 57% allocated to Teacher Salary & Benefit Increase
    - Please note – one-time reduction of 8 days due to start of school later ($1,200,000)
- Teacher Salaries
  - Step Increase
  - State Mandated $2,500
  - Local contribution of $1,200

General Operating - Salaries & Benefits

- Other Salary Schedules
  - TASB Recommendations Applied
  - Mid-Point Raises for other Salary Schedules as recommended by TASB
  - Included in this budget are adjustments on some positions that require a larger increase to meet the demands of the market and job responsibility changes (TASB recommendations)

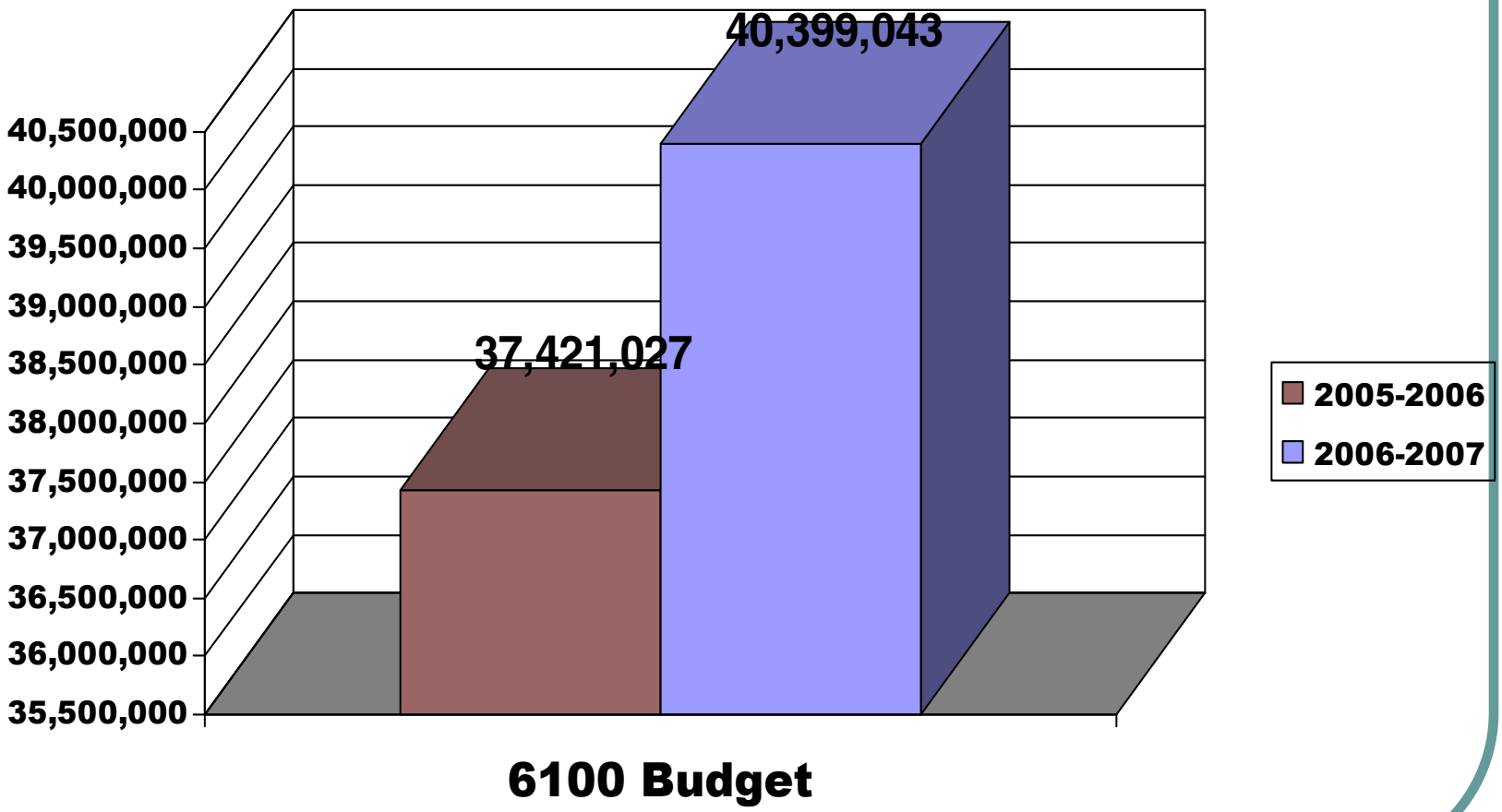
General Operating - Salaries & Benefits

- Insurance Funding at 106% of current cost for Full-time Eligible Employees ($350/month) - Local option
  - State Supplement mandated to be added to Teacher Salaries
  - Other positions currently eligible will be funded by State this year – no long term commitment
    - TASB recommendation includes in salary increase

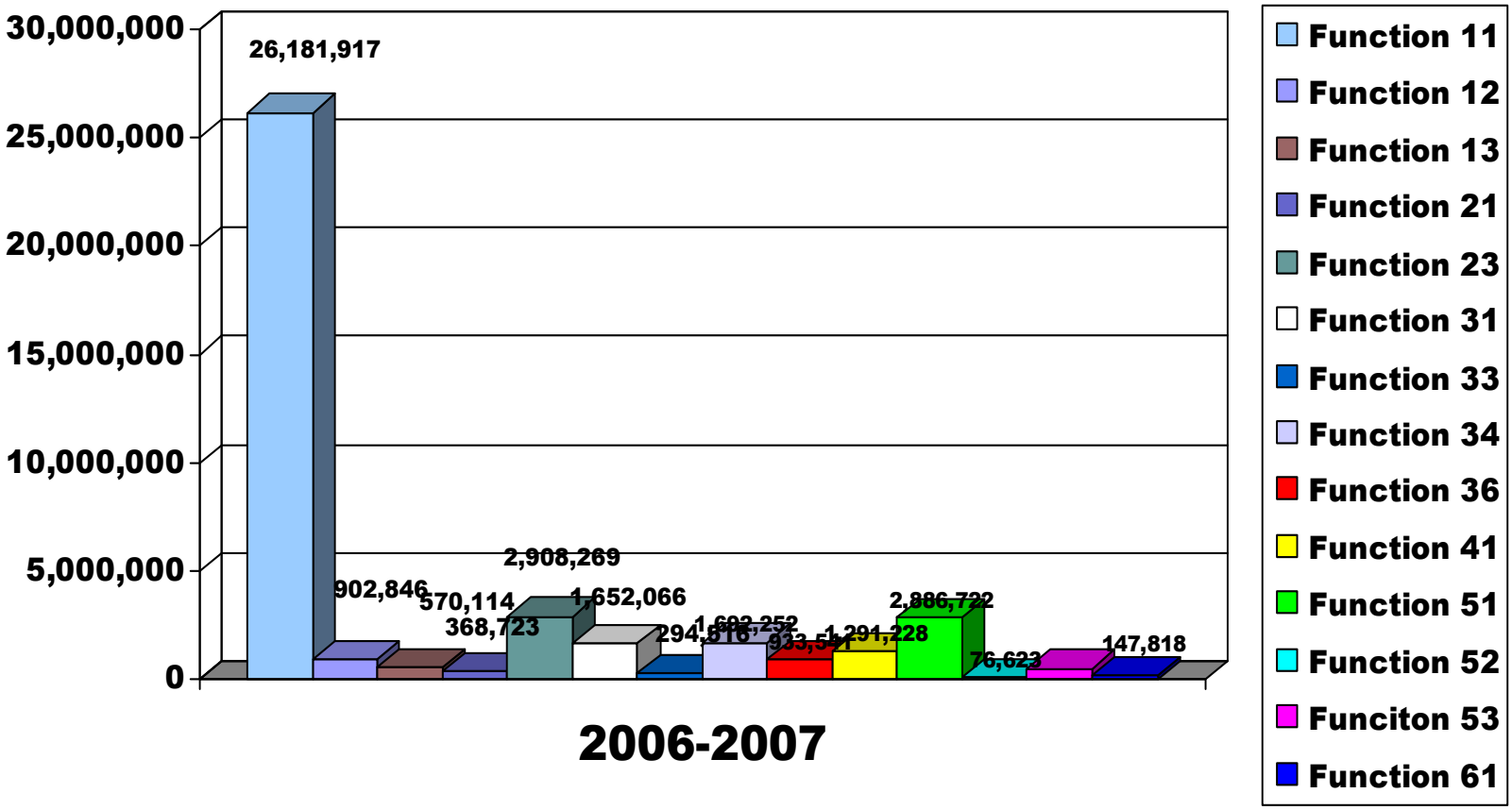
General Operating Expenditures - New Personnel

- Personnel Positions prioritized by the DBRC
  - Positions were added based on prioritization
    - Details discussed earlier
  - Positions were eliminated
    - Details discussed earlier

General Operating - Salaries & Benefits



General Operating - Salaries & Benefits



General Operating - Salaries & Benefits

Position FTEs by Campus/Department					
	Teachers	Prof	Para-Prof	Support	Total
GHS	108	11	23	3	145
STARS	5	1	1		7
BTC	4	2	2		8
Crossland	37	6	9		52
GMS	62	6	12		80
AMS	60	6	15		81
Acton Elem	38	4	6		48
Emma	37	4	9		50
Baccus	34	4	6		44
OW	25	4	7		36
Mambrino	44	4	15		63
Brawner	36	3	7		46
Asst. Supt		1	1		2
Athletics		1	1		2
Business Ofc		4	6		10
Curriculum		8	5		13
Custodial			1	69	70
Facilities		1	1	1	3
GEA 7		1		1	2
HR		2	5		7
Maintenance		1	2	27	30
Sp Ed		25	9		34
Supt Ofc		1	1	1	3
Technology		3	1	8	12
Transportation		2	3	70	75
	490	105	148	180	923
	53%	11%	16%	20%	

General Operating - Contracted Services

- $456,615 Increase
  - 11.1% increase
    - $425,000 Roofing Projects (one-time expenditure)

General Operating – Supplies and Materials

- $892,373 Increase
  - 40.1% increase in 6300 budget
    - Office 2003 District –wide upgrade ($208,000)
    - Fuel Cost ($180,000)
    - GHS Carpet Replacement ($132,000)
    - High School Allotment ($331,000)

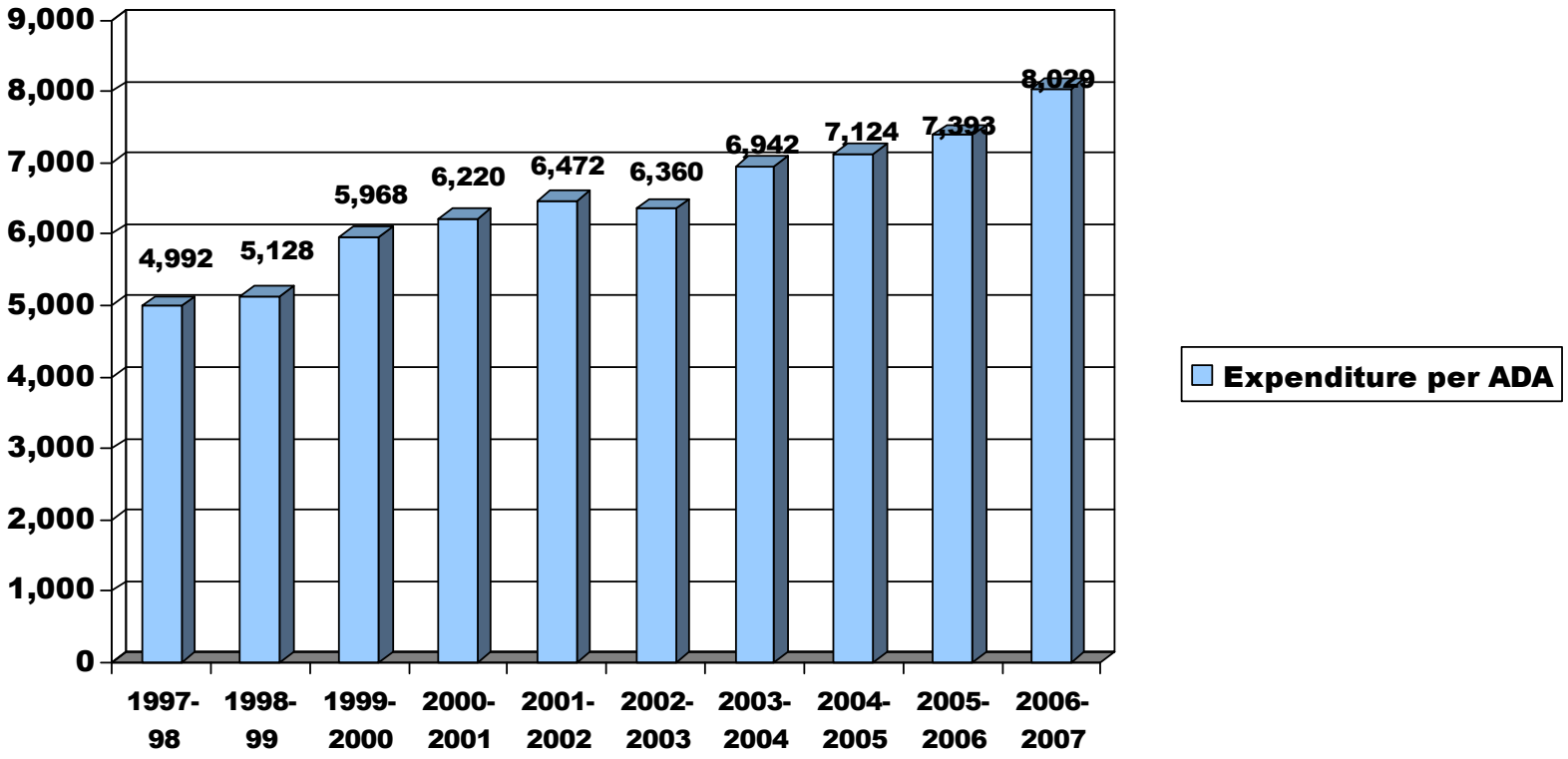
General Operating - Other Operating Expenses

- Other Operating Expenses - $8,894 Decrease
  - .9% reduction in budget

General Operating – Capital Outlay

- $890,345 Increase
  - 48.6% increase in budget
  - One time expenditures
    - Software/Hardware Project ($500,000)
  - Band Instruments & Lockers ($62,300)
  - Library Books ($91,500)
  - Custodial Equipment ($18,000)
  - Technology Equipment ($60,000)

General Operating - Expenditures per ADA - $8,029



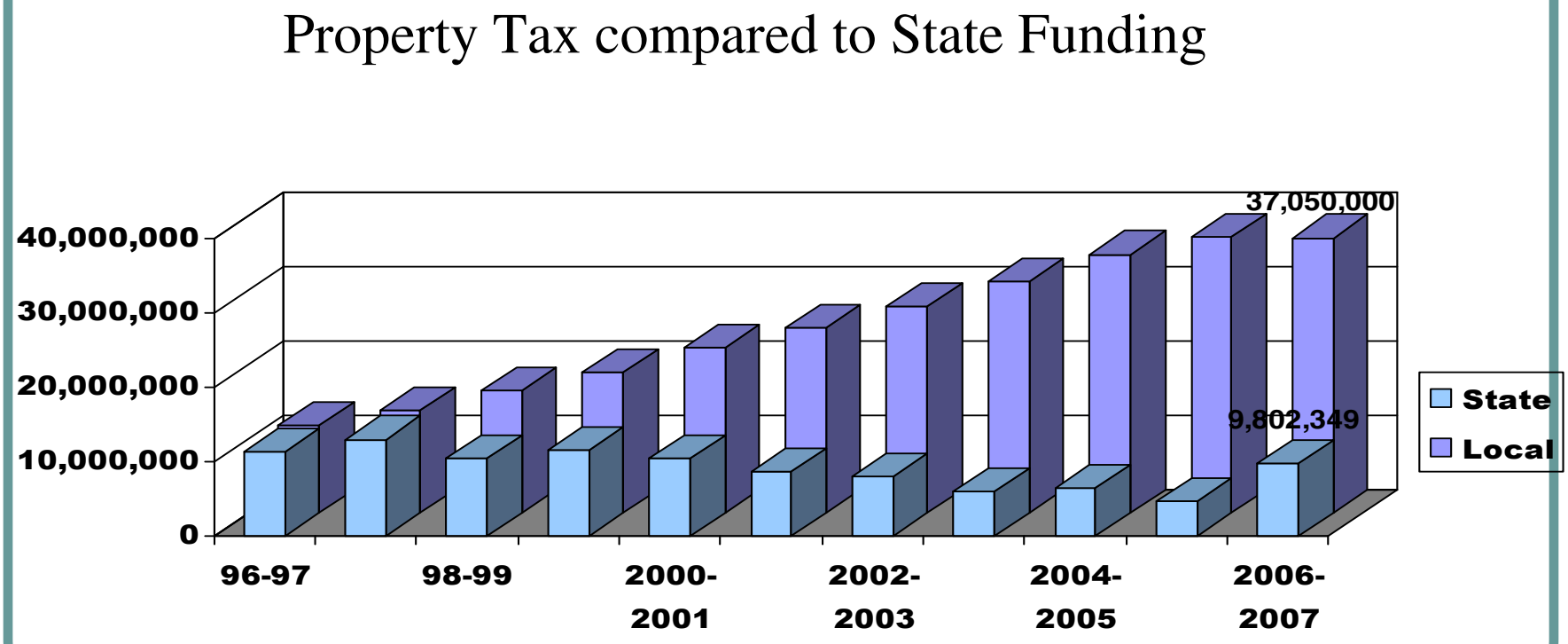
General Operating - Revenue

- State Revenue is projected to increase $5,235,227
  - 2005-2006 – 9% of total revenue
  - 2006-2007 – 19.25% of total revenue
    - Mandated Increase from State – 38.9%
      - Teacher Salaries - $1,287,500
      - High School Allotment - $544,198
      - Insurance Supplement - $197,000
- Local Tax Revenue is projected to decrease
  - $50,000 – decreaseing to a $1.326 tax rate compared to the current $1.45
    - $.025 from Debt rate – total tax decrease $.149

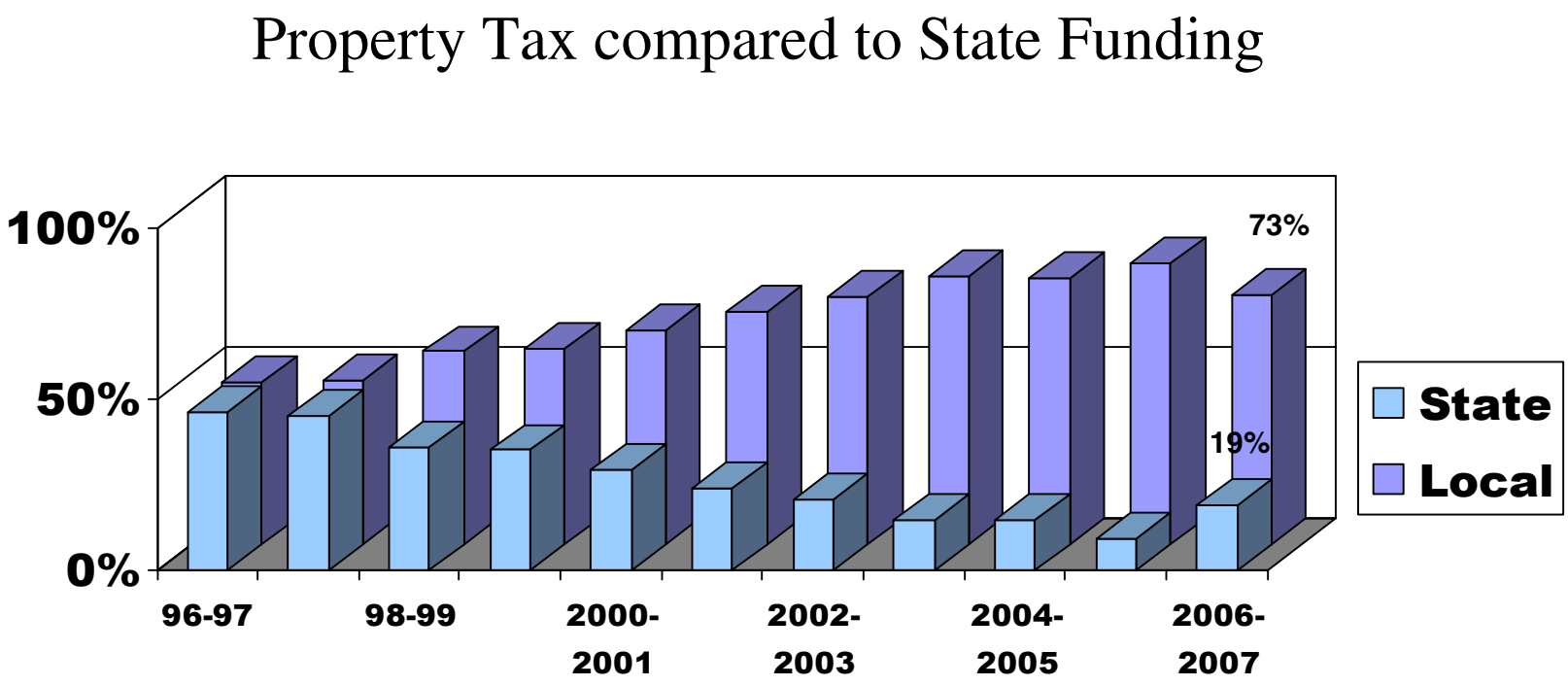
General Operating - Revenue

- Majority of other revenue projected to stay the same except for following:
  - Increase in Interest Income by $600,000
    - Current Market situation

General Operating - Revenue (Dollars)



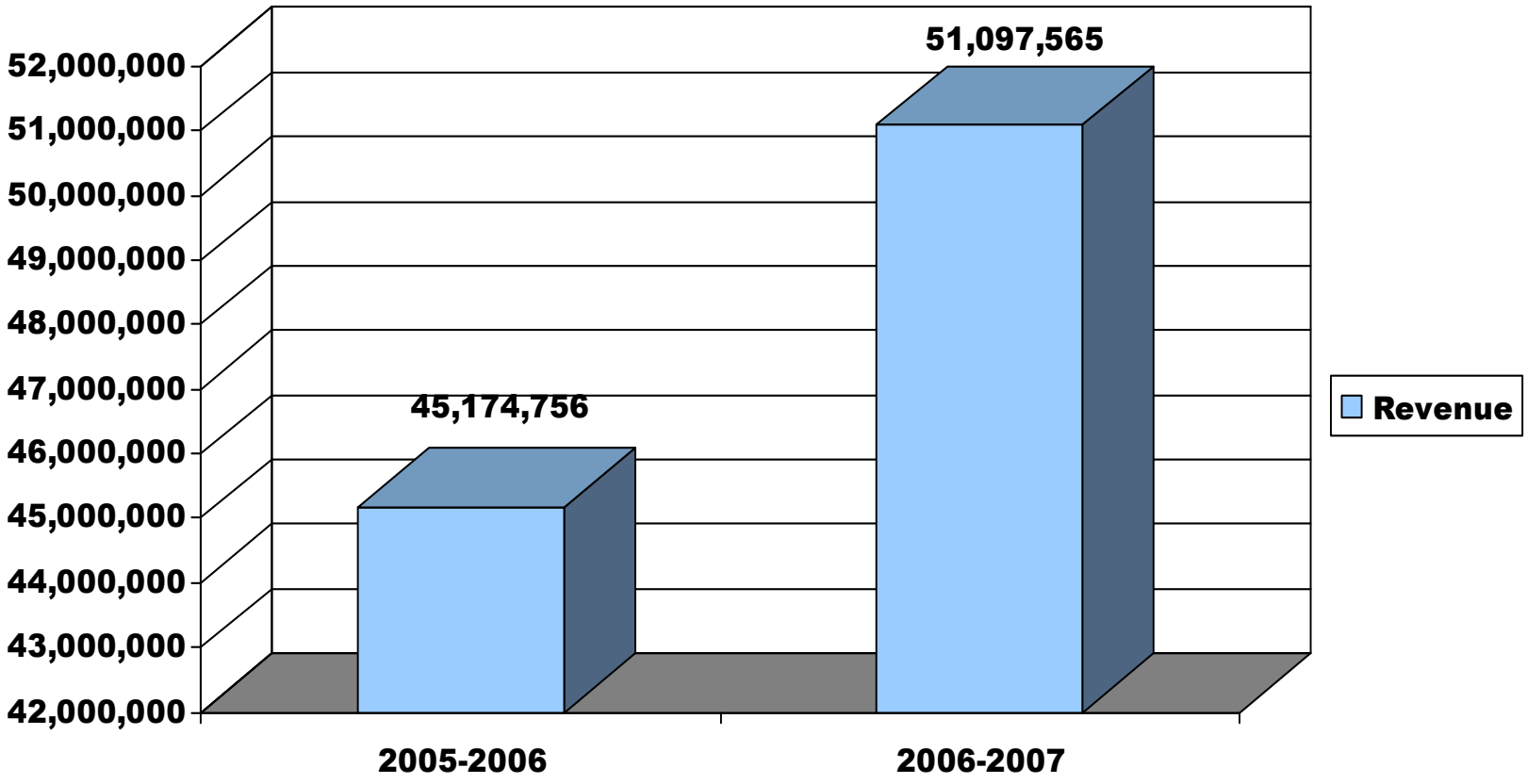
General Operating - Revenue (%)



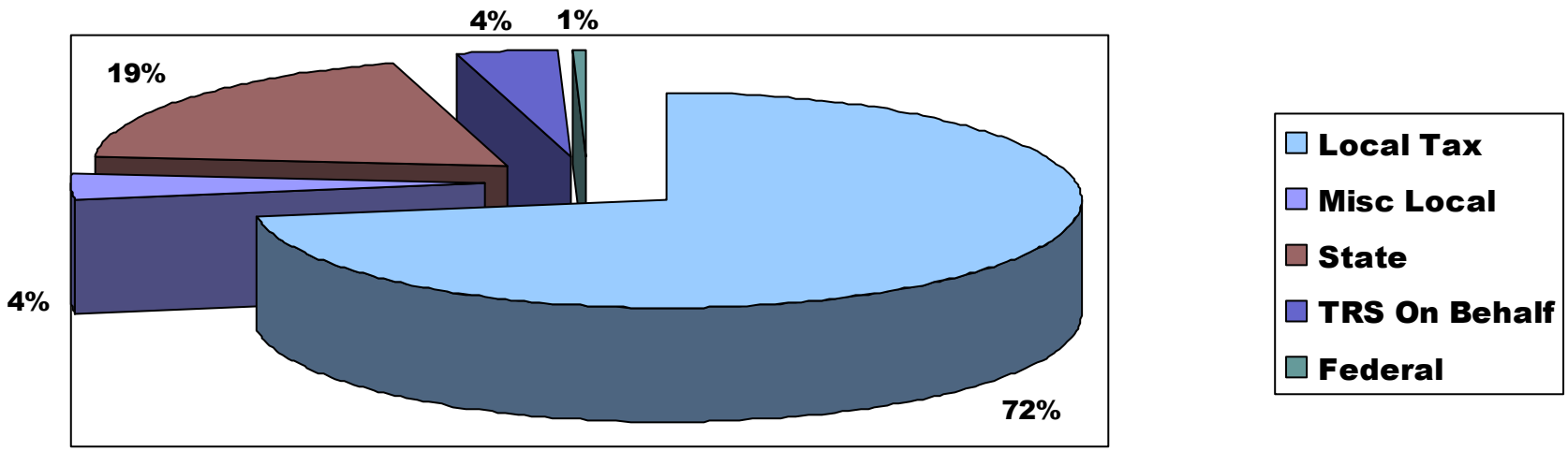
General Operating – Revenue

- Total Revenue projected is a 13% increase over 2005-2006

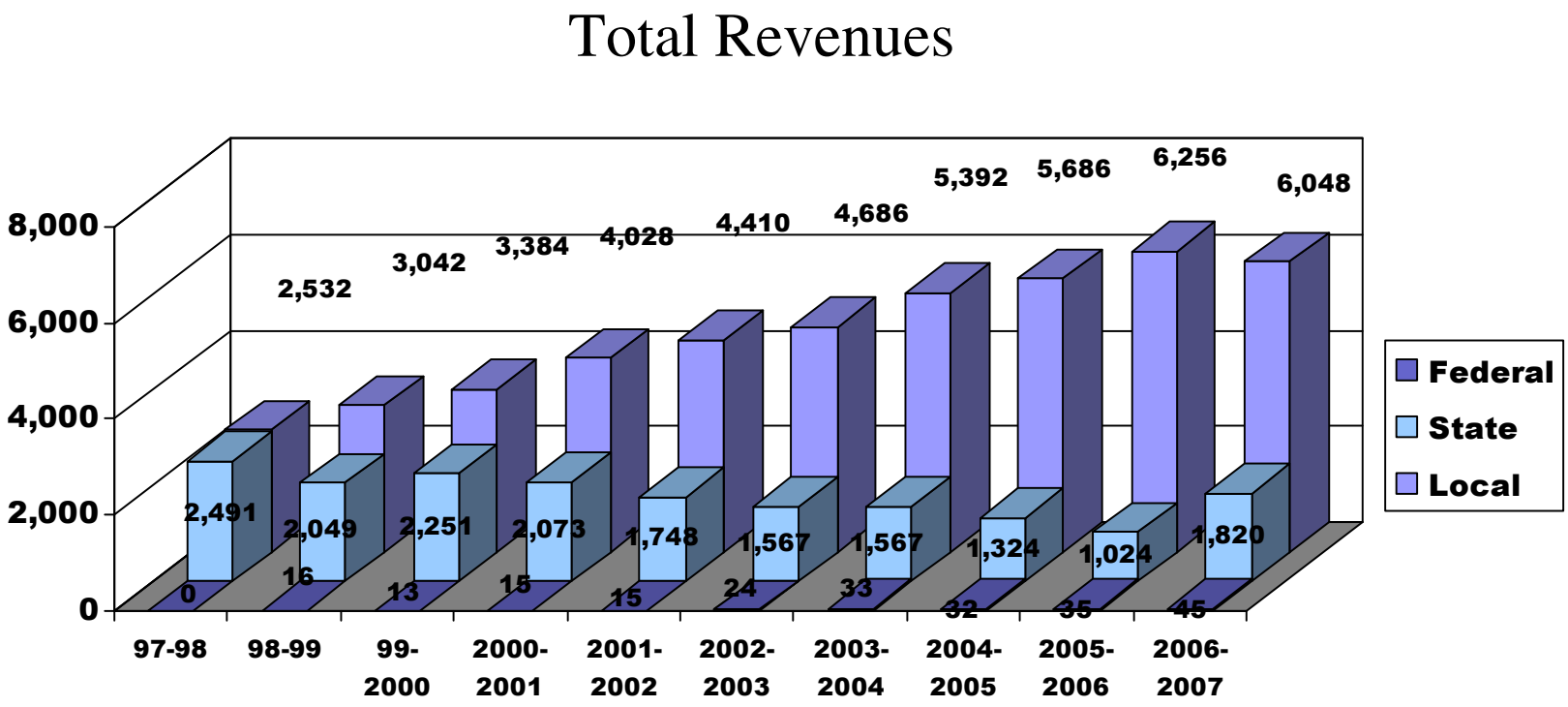
General Operating - Revenue - Total



General Operating - Revenue - Proposed



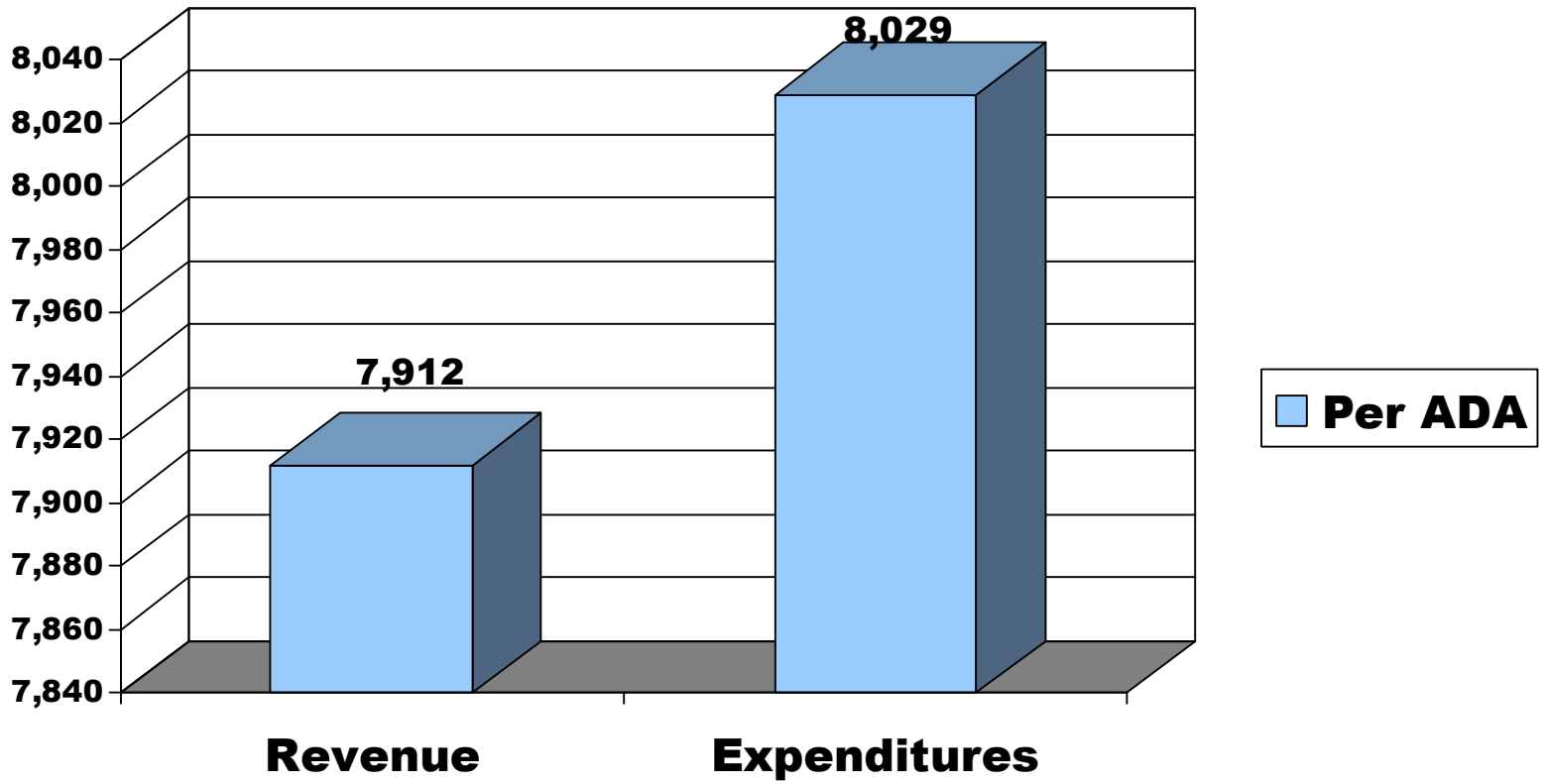
General Operating - Revenue Per ADA - $7,912



General Operating – Factors to Consider

- Please note that the revenue per ADA is less than the projected expenditure per ADA
  - Projected 8/31/2006 Fund Balance $ $14,969,055 (29% of 2006-2007 proposed budget)
  - Projected 8/31/2007 Fund Balance $14,219,518
  - (27% of proposed 2005-2006 budget)
    - Still very healthy
- GISD has proven that deficit budgets, when managed properly, do not cause a hardship on the financial situation of the District

General Operating - ADA Comparision



General Operating - Factors to Consider

- Major adjustment to teacher salary schedule to meet market demands & State mandates
- Salary increases for all employees
  - Addresses compression problem and market problem per TASB recommendations
- Continuing to fund replacement schedules
- Opening of new 9th Grade Center
- Fuel and utility increases seen across the economy

General Operating - Other Factors to Consider

- The Budget presented will meet the current needs of the District as well as provide a competitive salary schedule
- Chapter 41 status and what that means to GISD revenue this year and the future
- There are issues that will continue to be studied and dealt with in future budgets by Administration
  - Job Market and the increasing competitive nature of school district salaries and benefits
  - Funding of replacement schedules

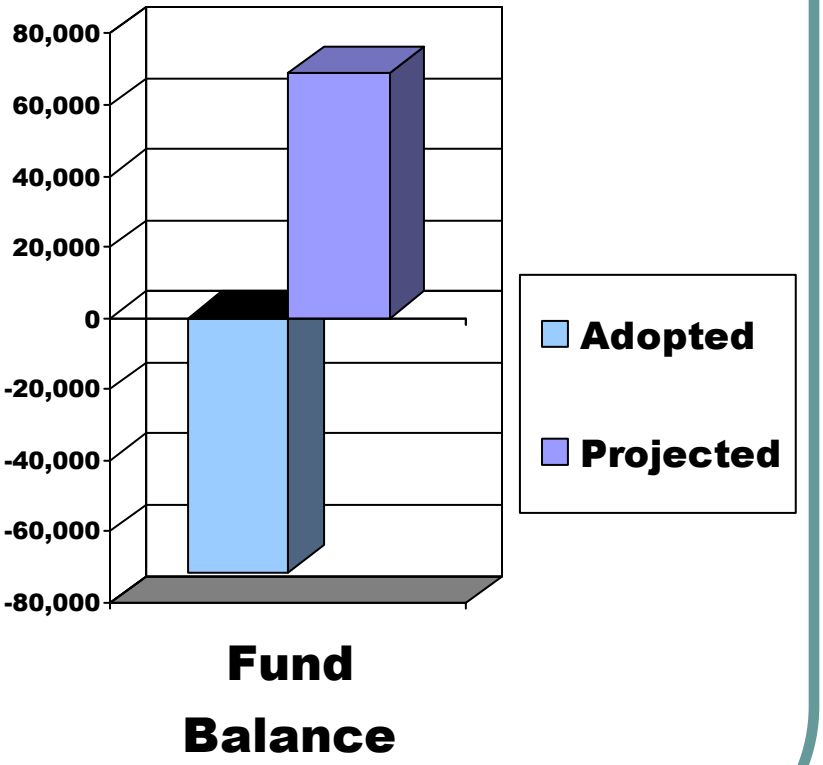
Debt Service

2004-2005 Projections - Debt Service

- Adopted budget was to decrease fund balance
  - $71,512
- Projected year end as of 06/30/06
  - Increase of $69,000

Fund Balance Analysis - Debt Service

- What affected current year reduction of adopted deficit?
  - Tax collections more than expected 99% collection rate
  - Interest Income higher than budgeted



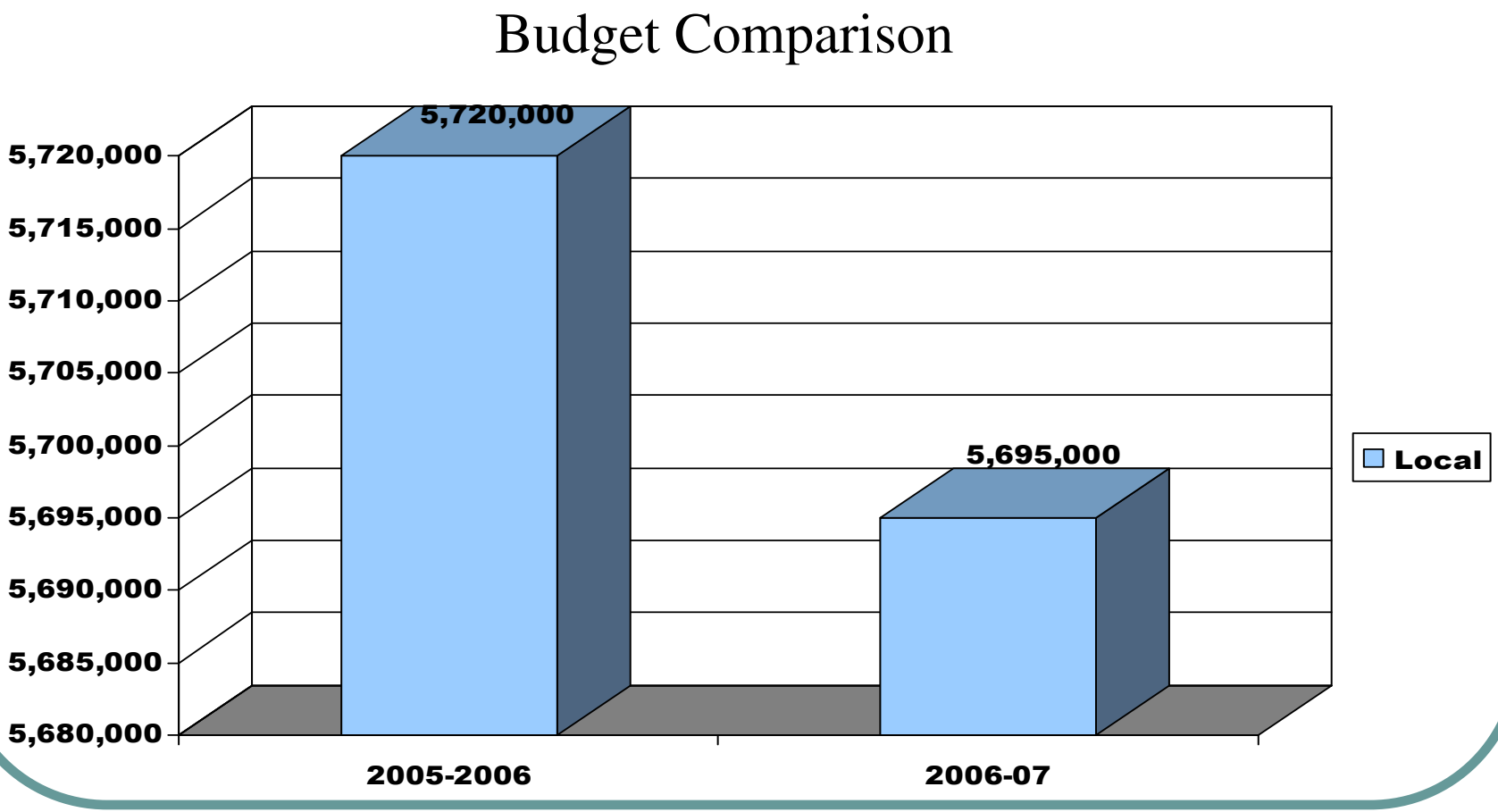
Fund Balance Analysis - Debt Service

- Projected Fund Balance at 8/31/06
  - $1,143,394
- Fund Balance is not necessary for Debt Service except for cash flow purposes
  - 20% of current year expenditures

Debt Service - Revenue

- State Revenue is projected to be $0
  - No longer qualify for EDA
- Local Tax Revenue is projected to decrease by $125,000
    - Decrease of tax rate $.025 to a rate of $.195
    - Amount needed to meet current debt service needs
- Interest income is projected to increase by $100,000
  - Current Market

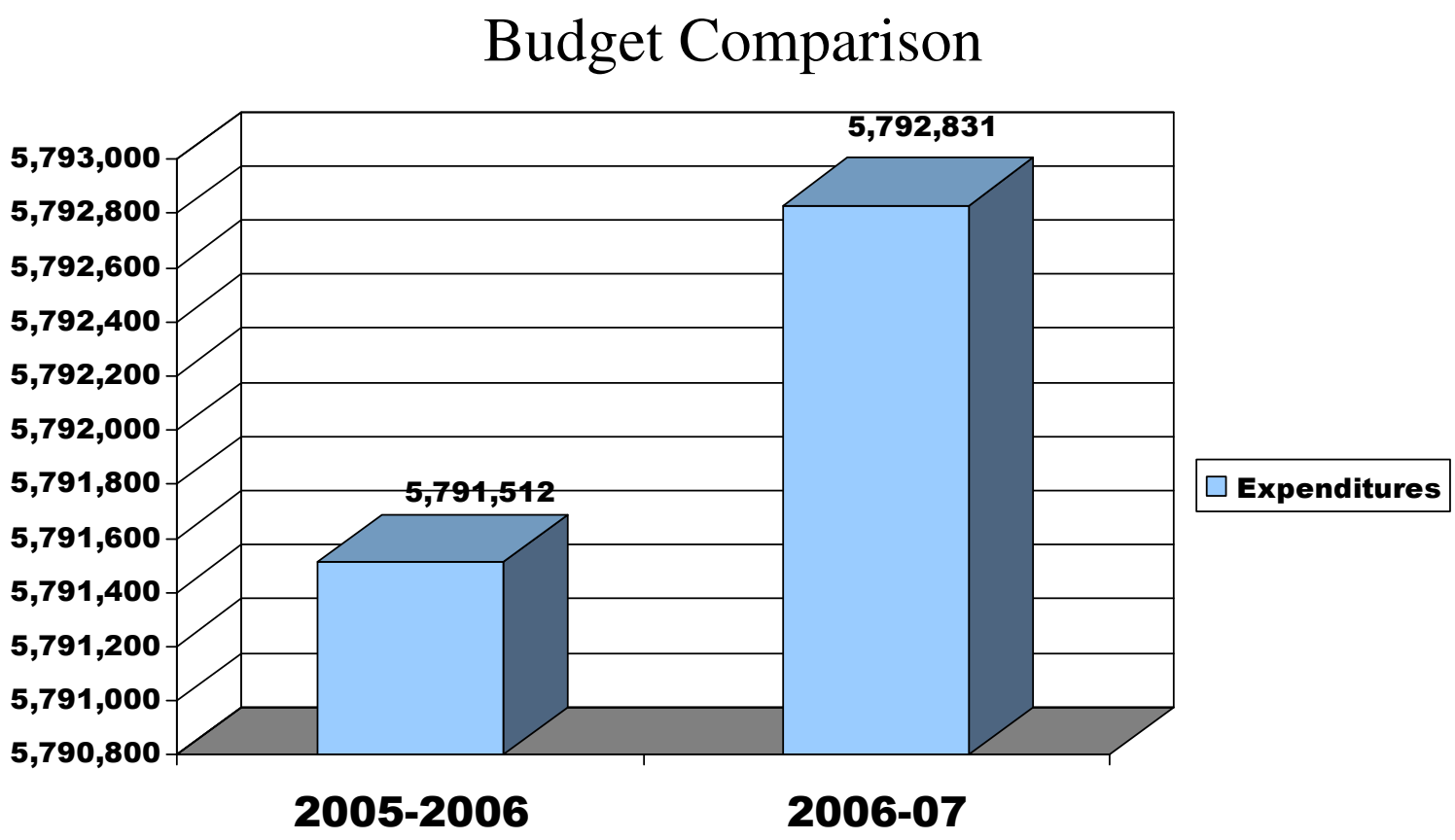
Debt Service - Revenue



Debt Service - Expenditures

- GISD Debt Service has been equaled out according to refunding that occurred last year
  - $5,786,831

Debt Service - Expenditures



Debt Service Summary

- Proposed tax rate needed to meet needs of Debt is $.195
  - Reduction of $.025 from last year
- Projected Income is less than expenses
  - $97,831
  - Projected Fund Balance ($1,045,563) would allow for this reduction and still be healthy and appropriate

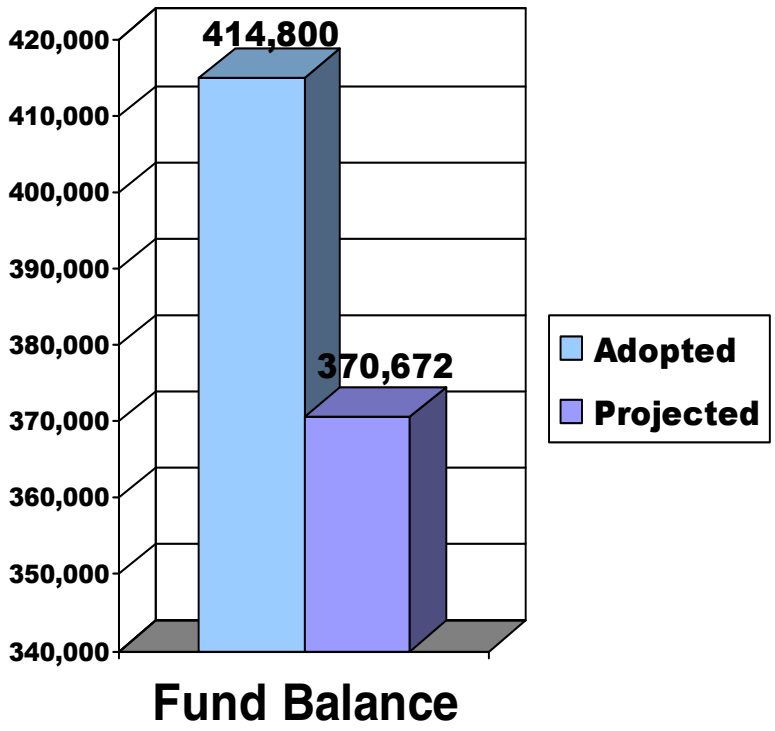
Food Service

2005-2006 Projections - Food Service

- Fund Balance at 8/31/06 was to be $414,800 at adoption of current budget
  - 14.94% of proposed budget
- Fund Balance at 8/31/06 is projected to be $370,672
  - 13.35% of proposed budget

Fund Balance Analysis – Food Service

- What affected current year increase to fund balance
  - Increase in Revenues
  - Opening of Crossland 9th Grade Center



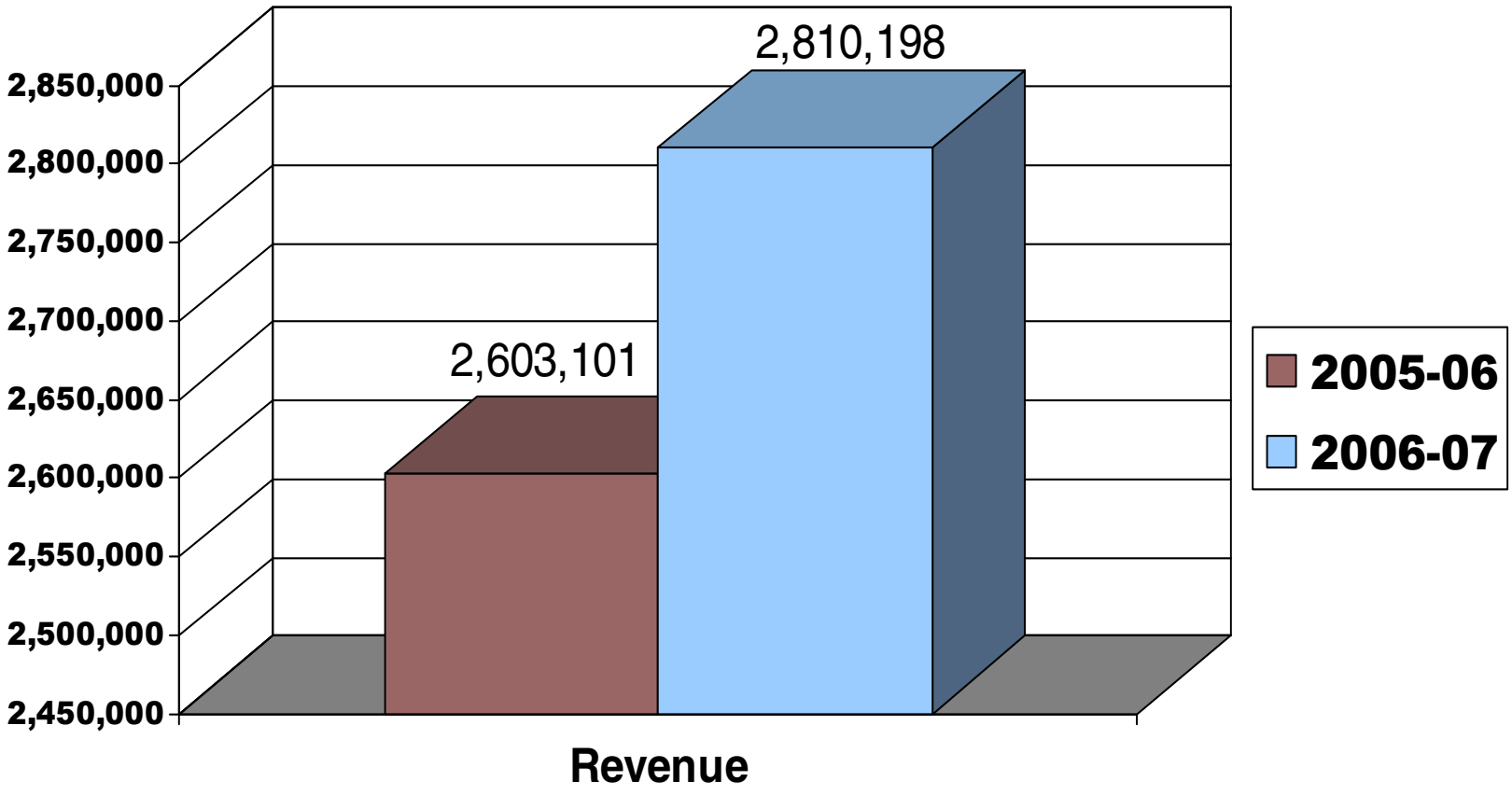
Fund Balance Analysis – Food Service

- The federal requirements do not allow an excess of food service funds to be held by the District
- The District should ensure that the fund balance not exceed 3 months of operations
  - Currently a little less that 3 months is maintained

Food Service – Revenue

- Revenue is projected to increase by 8%
  - Increase in federal reimbursement rates
  - Increase in participation in federal programs
  - Increase to student cost for basic meals – approved April 17, 2006
    - Elementary Type A Breakfast $1.00
    - Elementary Type A Lunch $1.75
    - Middle School Type A Breakfast $1.25
    - Middle School Type A Lunch $2.00
    - High School Type A Breakfast $1.50
    - High School Type A Lunch $2.25

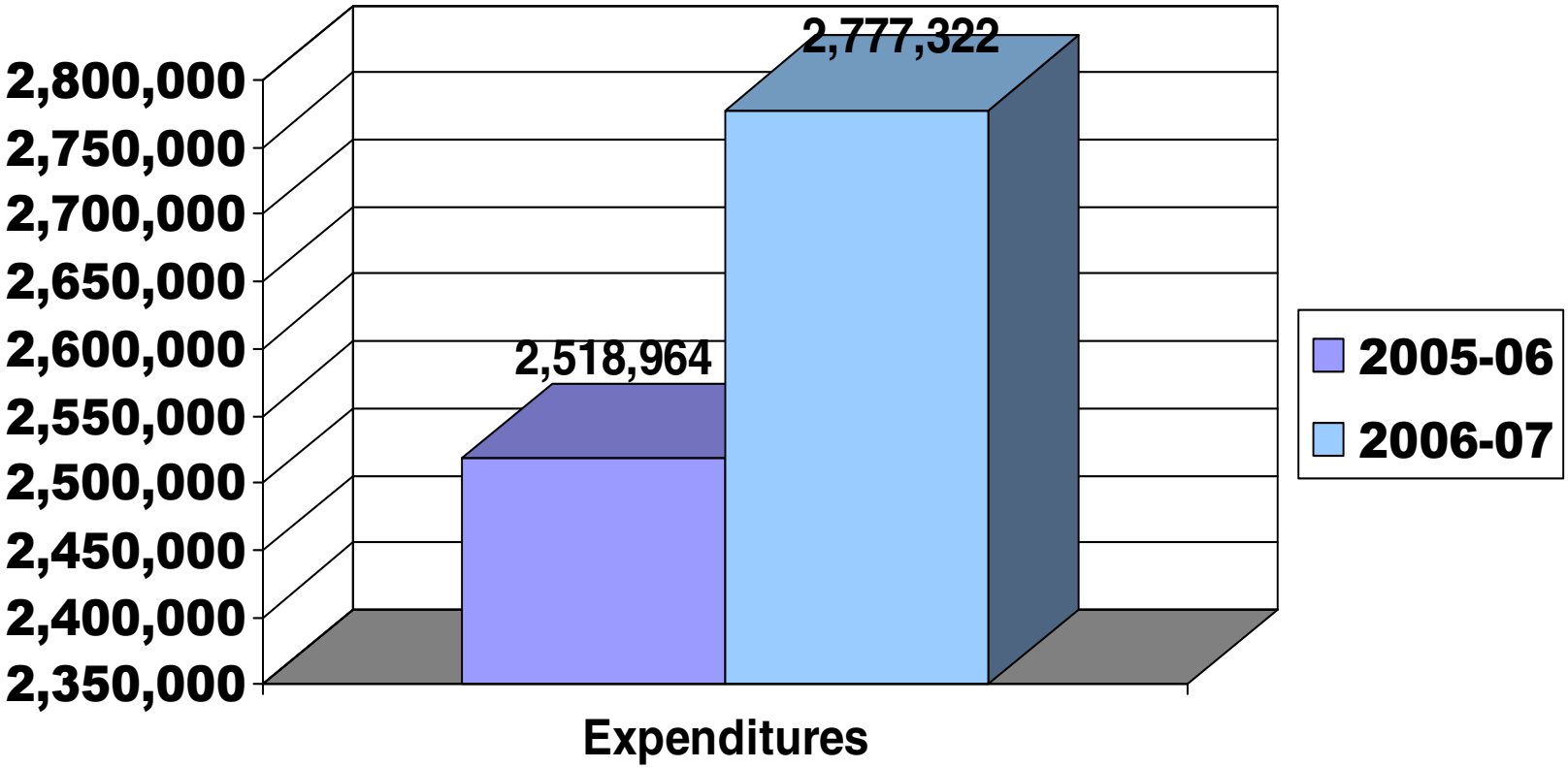
Food Service – Revenue



Food Service – Expenditures

- Expenditures are projected to increase approximately 10%
  - Salaries & Benefits – 3 employees for a total of 11 hours for opening Crossland
  - Food cost is projected to increase slightly over current year
  - Capital Outlay for equipment replacement has increased by $106,000

Food Service – Expenditures



Food Service Dept Staffing

Position FTEs by Campus/Department					
	Teachers	Professionals	Para-Professionals	Support	Total
Food Service	0	0	2	77	79
	0	0	2	77	79
	0%	0%	3%	97%	

Food Service - Conclusion

- Revenue exceeds expenditures
  - $ 32,876 increase to fund balance
  - Fund Balance will still be healthy at about 14.5% of projected budget
    - Still less than 3 months of operations

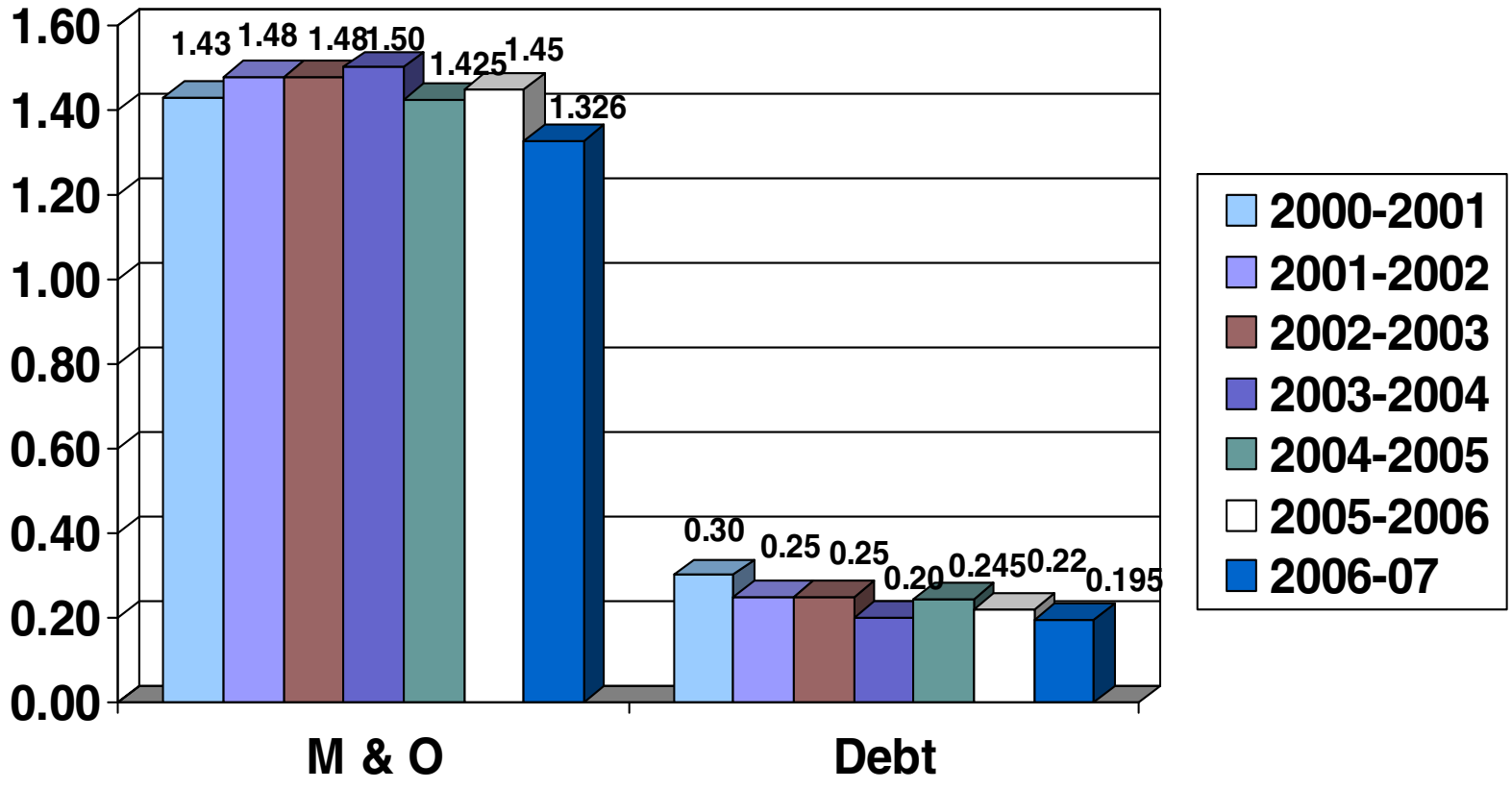
Budget Presentation - Conclusion

- Total Tax Rate proposed is $1.521
  - M & O $1.326
  - Debt $ .195
- Decrease the tax rate after $.03 reduction the last year
- Property Values have continued to grow at a moderate rate
- Chapter 41 status and the decisions that will affect not only this year but future as well

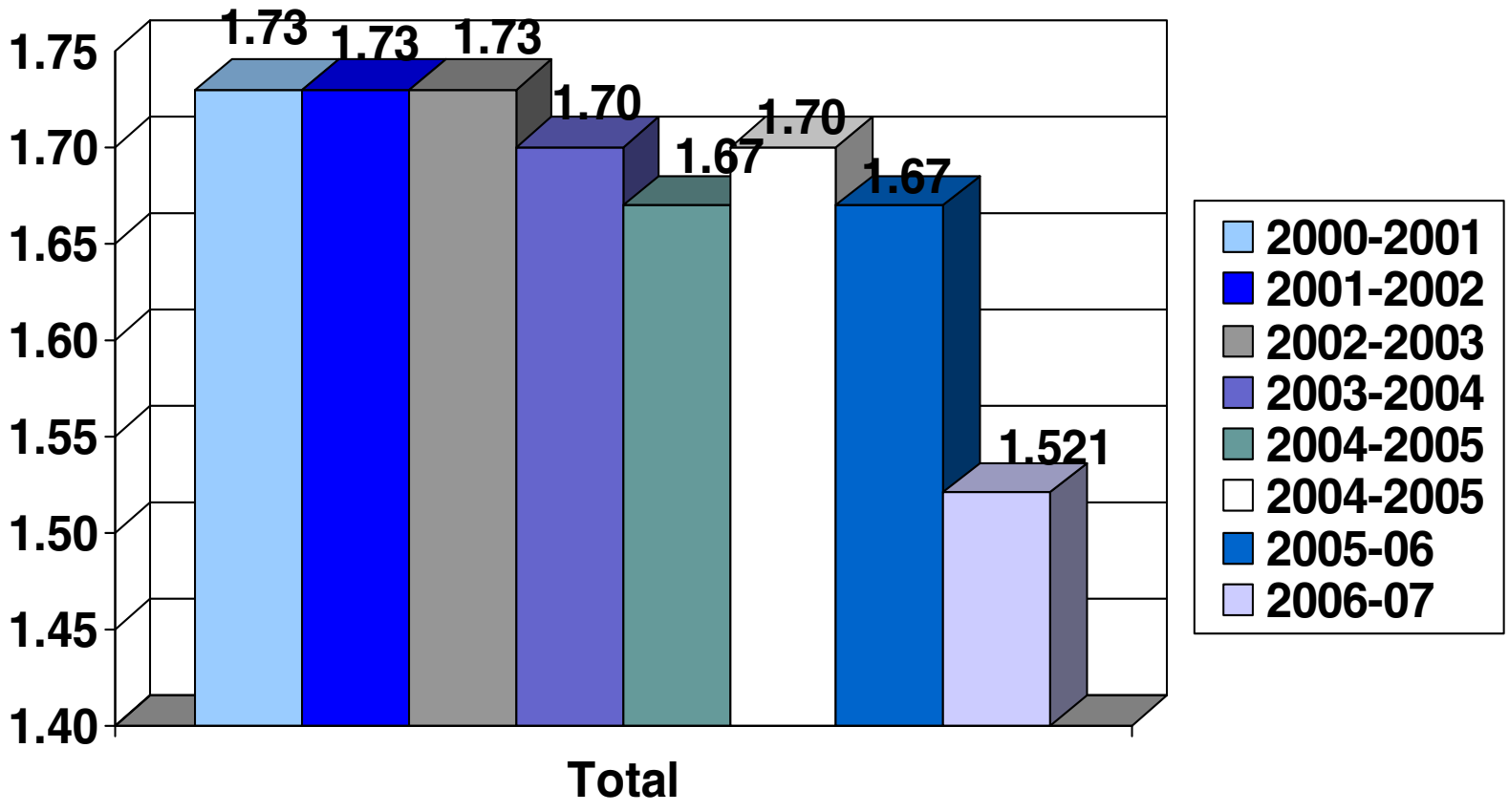
Budget Presentation - Conclusion

- Budget increase over last year expenditures relate to
  - Increased salaries and benefits for all employees
    - State mandated for teachers plus local increase
    - Local supplement of insurance supplement into salary
  - Additional Personnel
    - Crossland 9th Grade Center
    - Increased Instructional Staff
  - Special Projects
    - Roofing Projects
    - District Software/Hardware Projects
    - Software Upgrades (Office 2003)

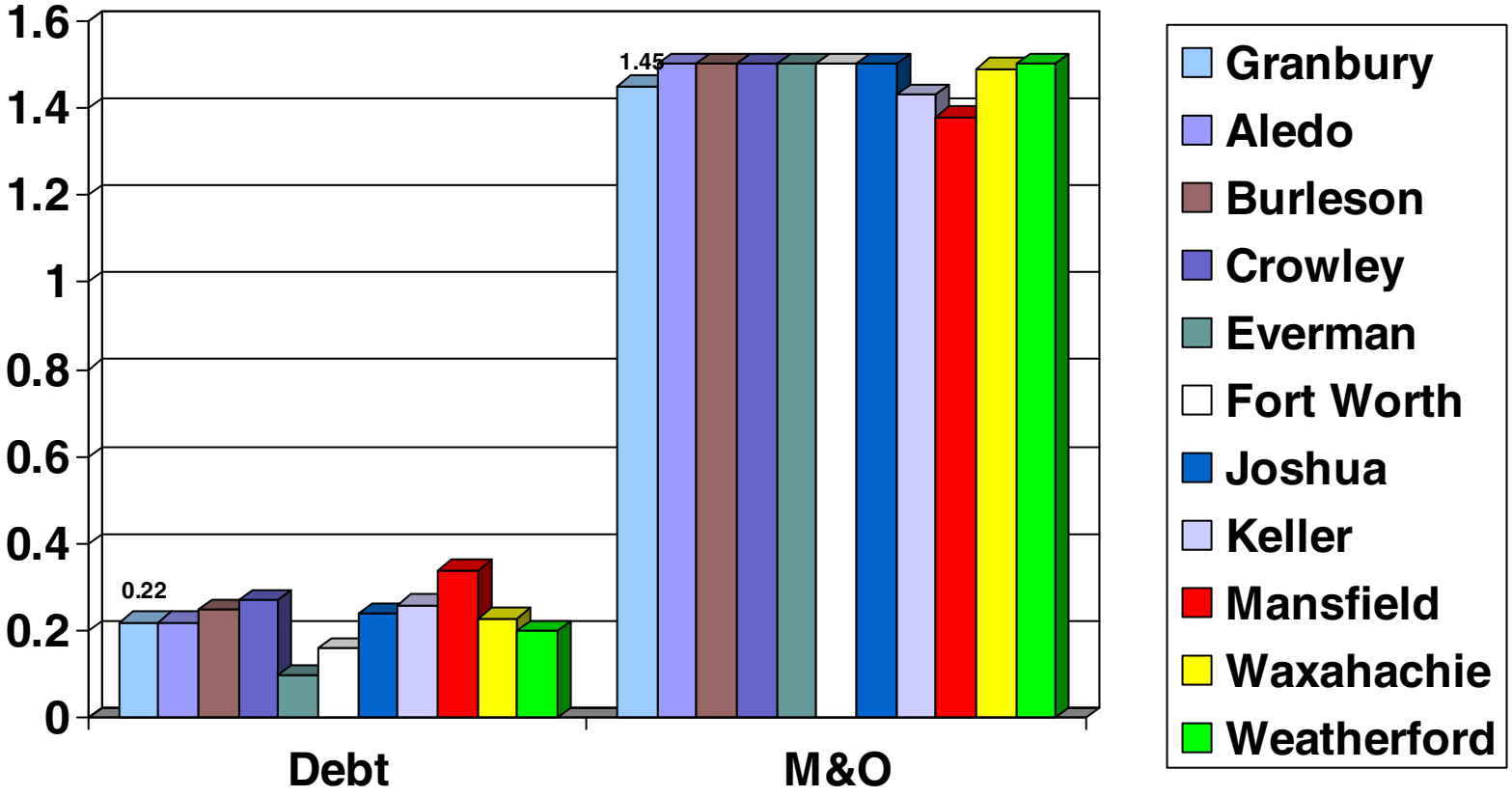
Conclusion - Tax Rate



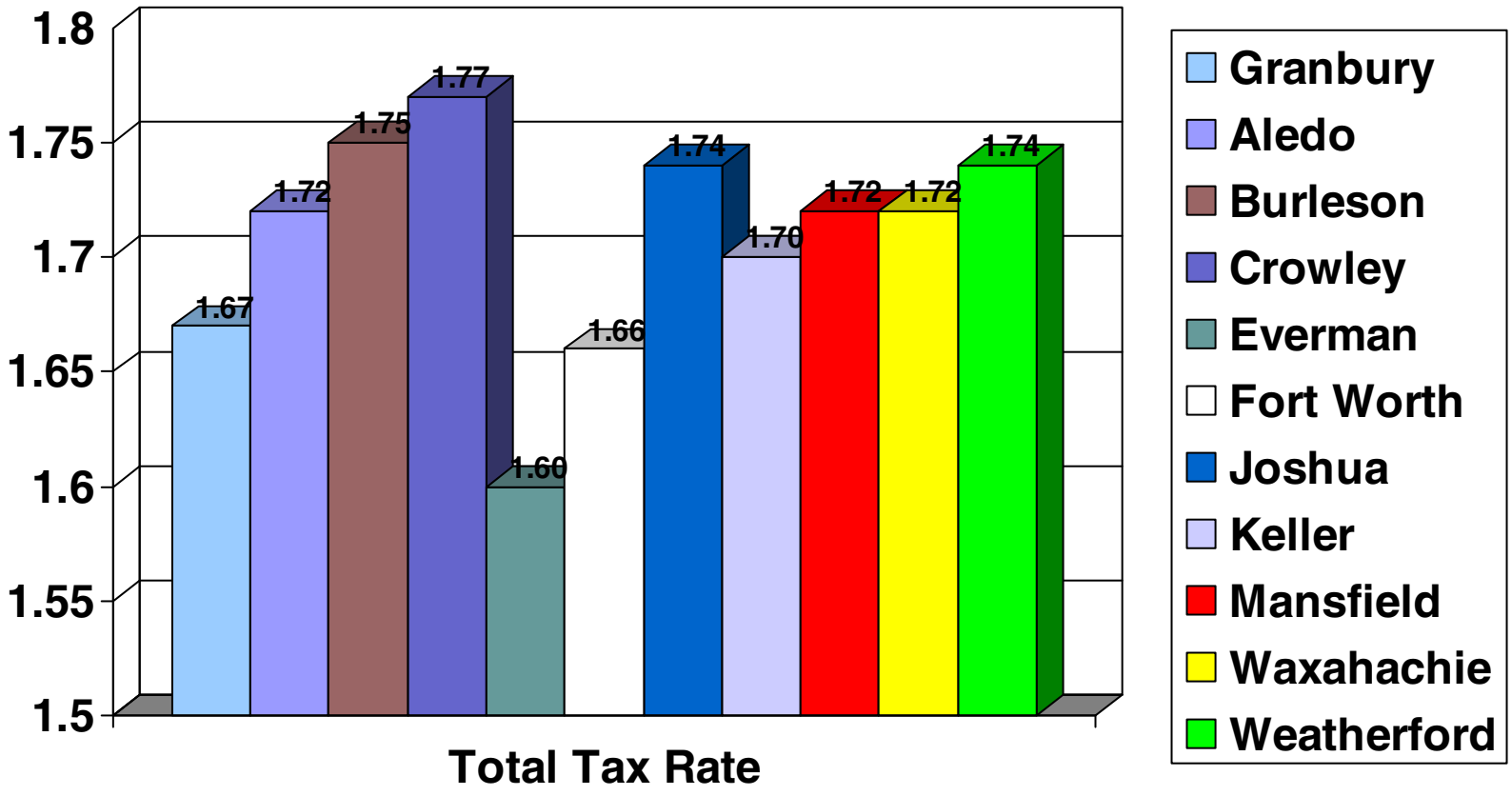
Conclusion – Total Tax Rate



Area Tax Rate Comparisons – 2005-06



Area Tax Rate Comparisons – 2005-06



Budget Presentation - Conclusion

- The Budget presented will meet the current needs of the District as well as provide a competitive teacher salary schedule
- Thanks to all Principals and Directors for their support of the Process

Questions?

The End