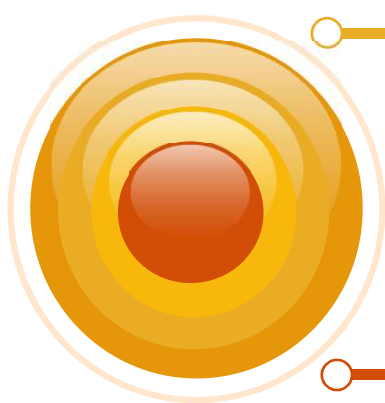


2019-20 PUBLIC MEETING BUDGET

August 27, 2019





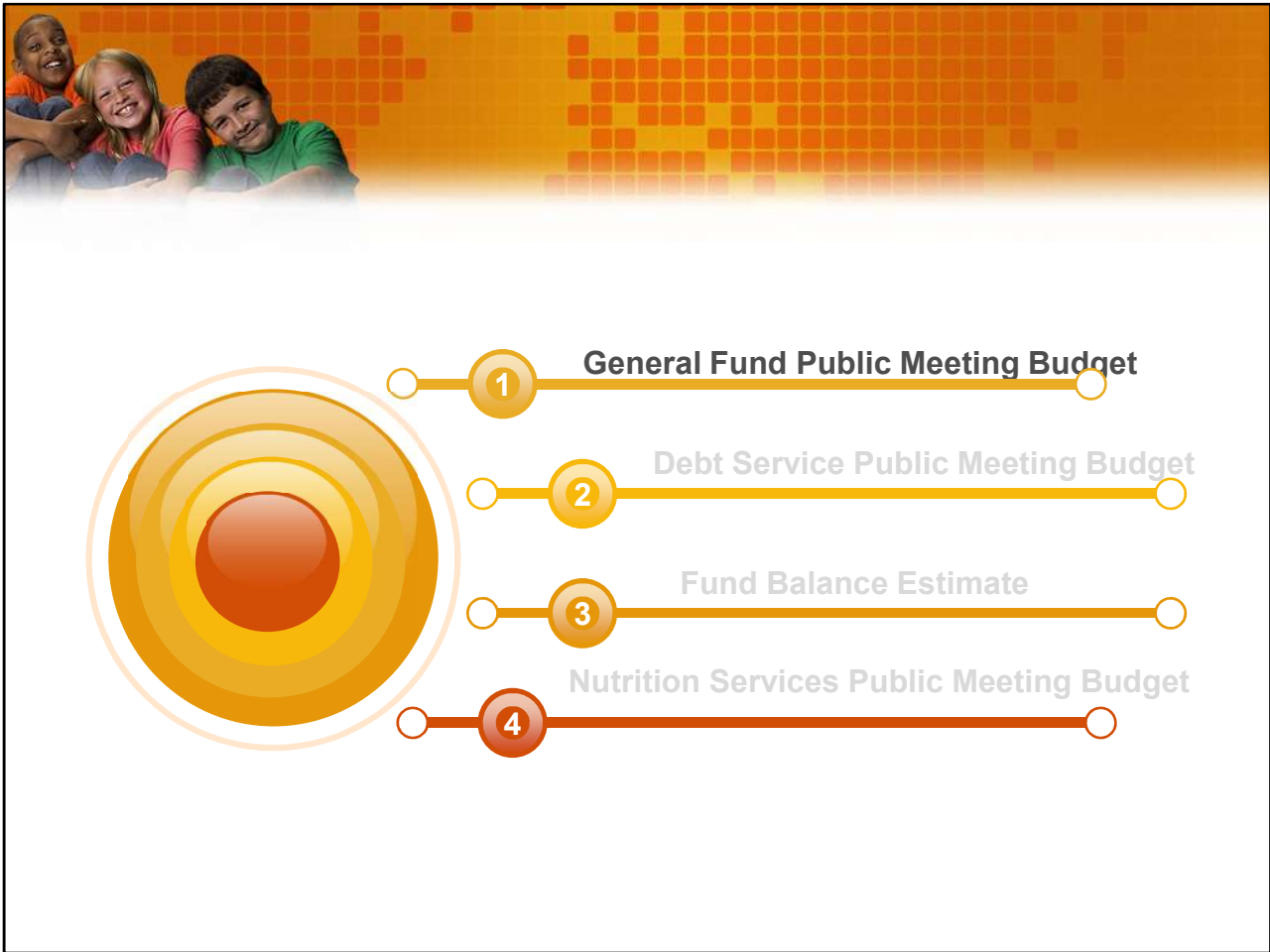
- 1 General Fund Public Meeting Budget
- 2 Debt Service Public Meeting Budget
- 3 Fund Balance Estimate
- 4 Nutrition Services Public Meeting Budget



The Answer is...

\$1.41325

The first question taxpayers want to know each year is, what is the tax rate going to be. As a result of the 2019 Legislative Session, the District's M&O tax rate will drop from \$1.17 to \$1.06835. We anticipate that the I&S tax rate of \$0.3449 will remain unchanged, resulting in an overall rate decrease of \$0.10165.



First, we are going to look over the General Operating Funds Budgets. These are all funds in the 1XX series.

2018-19 Public Meeting BUDGET OVERVIEW



The budget that we will discuss this evening is very similar to the budget that was presented on July 30th.



METHODOLOGY

- The District budget is driven by allocations
- Campuses are funded based on projected enrollment. Student enrollment determines...
 - **Staffing**
 - **Campus Budget**
- Campuses that do not fully expend the budget allocation do not lose their allocation. Instead, unused funds are maintained in a campus fund balance account.



METHODOLOGY

- Departmental budgets are also based on allocable cost drivers, including...
 - **Number of staff**
 - **Number of square feet**
 - **Number of computers**
 - **Number miles**
 - **Number of vehicles**
- Utilization of allocations provides
 - **Equity across campuses and departments**
 - **Easy justification for staffing decisions**



OPERATING STATEMENT W/ ANNEXATION FUNDING

OPERATING STATEMENT INCLUDING ANNEXATION		
57-	Local Revenue	60,008,230
58-	State Revenue	42,265,803
59-	Federal Revenue	2,570,000
79-	Operating Transfers In	-
TOTAL REVENUE		104,844,033
61-	Personnel Costs	69,418,784
62-	Contracted Services	11,501,401
63-	Supplies	3,756,198
64-	Miscellaneous Exp	4,513,326
65-	Debt Expense	825,255
66-	Capital Outlay / Fixed Assets	781,642
89-	Operating Transfers Out	5,000,000
TOTAL EXPENDITURES		95,796,606
OPERATING SURPLUS/(DEFICIT)		9,047,427

The revenue budget is based on a Maintenance and Operations tax rate of \$1.06835 and a Debt Service tax rate of \$0.3449, a total tax rate of \$1.41325. Revenue is based on Certified Values from GCAD and Version 6 of the Revenue Template. We are aware that Marathon has filed a lawsuit protesting the certified values and that GCAD has not been able to reach an agreement with Marathon.

With \$18.1 million in annexation-related revenue and \$1,108,079 in annexation-related spending, the District's total Public Meeting budget reflects a surplus of \$9,047,427. Ideally, as much of this surplus of \$9,047,427 which will be reserved for a future time when the District does not receive annexation funding.

This budget includes a reservation of \$5 million to be reserved for future bond payments, as needed to maintain a total I&S tax rate of \$0.3449 (the maximum rate quoted to voters).



OPERATING STATEMENT W/O ANNEXATION FUNDING

OPERATING STATEMENT EXCLUDING ANNEXATION	
57- Local Revenue	60,008,230
58- State Revenue	24,124,609
59- Federal Revenue	2,570,000
79- Operating Transfers In	-
TOTAL REVENUE	86,702,839
61- Personnel Costs	69,418,784
62- Contracted Services	11,501,401
63- Supplies	3,756,198
64- Miscellaneous Exp	4,513,326
65- Debt Expense	-
66- Capital Outlay / Fixed Assets	781,642
89- Operating Transfers Out	-
TOTAL EXPENDITURES	89,971,351
OPERATING SURPLUS/(DEFICIT)	(3,268,512)

When you remove annexation-related revenues and expenditures, the District's true operating budget reflects a \$3.3 million budget deficit. The budget includes the Board-approved salary increases, which based on the latest revenue estimate, meet the HB 3 required increase.

The budget is based on an enrollment of 8,600 students and an attendance rate of 89% based on comparable data.

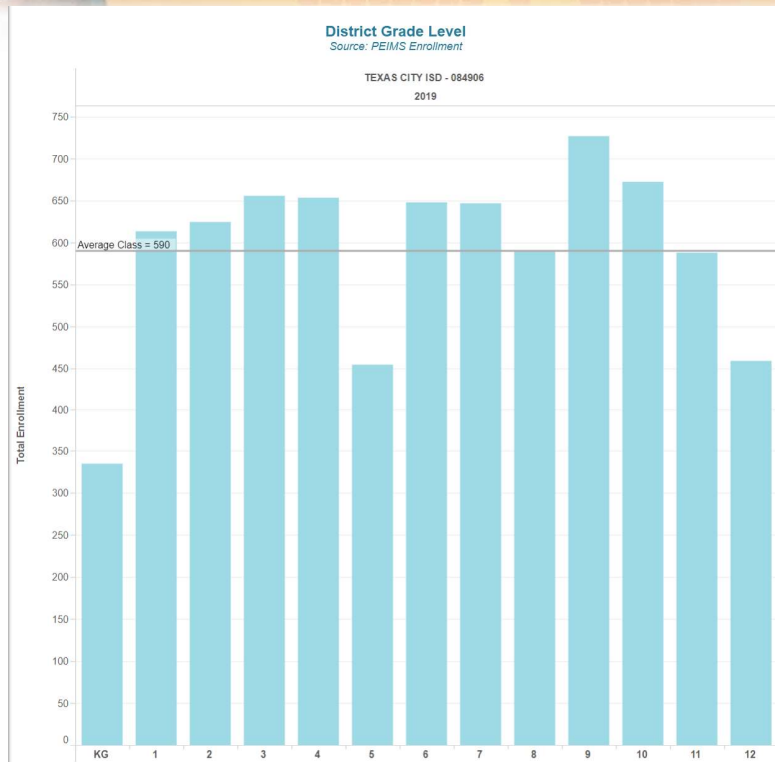
Tax collections are based on 95% collections. Although Marathon has filed a lawsuit protesting certified values, the District is required to use certified values when adopting its budget.

REVENUE INPUT - PUPIL PROJECTIONS





ENROLLMENT BY GRADE LEVEL



The chart above was a consideration in arriving at the estimated enrollment for the 2019-20 school year. This information is being provided for your consideration and review only.

ENROLLMENT HISTORY BY CAMPUS

District	School	Enrolled Students					
		2014	2015	2016	2017	2018	2019
TEXAS CITY ISD	TEXAS CITY H S	1,766	1,868	1,914	1,893	1,893	1,887
	LA MARQUE H S				644	665	725
	WOODROW WILSON DAEP	32	49	34	85	55	
	COASTAL ALTERNATIVE PROG...		6		6	10	
	BLOCKER MIDDLE	912	911	945	930	905	897
	LA MARQUE MIDDLE				739	737	506
	FRY INT	909	929	899	930	957	922
	HEIGHTS EL	545	557	571	537	515	450
	KOHFELDT EL	537	564	578	547	586	528
	MANUAL GUAJARDO JR EL	590	580	581	583	561	527
	ROOSEVELT-WILSON EL	617	656	644	660	685	625
	CALVIN VINCENT PRE-K HEAD ...	249	227	225	270	248	372
	LA MARQUE PRI				515	457	532
	LA MARQUE EL				604	574	593

The chart above was a consideration in arriving at the estimated enrollment for the 2019-20 school year. This information is being provided for your consideration and review only.



% CHANGE BY CAMPUS

District	School	Year over Year % Change					
		2014	2015	2016	2017	2018	2019
TEXAS CITY ISD	TEXAS CITY H S		5.8%	2.5%	-1.1%	0.0%	-0.3%
	LA MARQUE H S					3.3%	9.0%
	WOODROW WILSON DAEP		53.1%	-30.6%	150.0%	-35.3%	-100.0%
	COASTAL ALTERNATIVE PR...			-100.0%		66.7%	-100.0%
	BLOCKER MIDDLE		-0.1%	3.7%	-1.6%	-2.7%	-0.9%
	LA MARQUE MIDDLE					-0.3%	-31.3%
	FRY INT		2.2%	-3.2%	3.4%	2.9%	-3.7%
	HEIGHTS EL		2.2%	2.5%	-6.0%	-4.1%	-12.6%
	KOHFELDT EL		5.0%	2.5%	-5.4%	7.1%	-9.9%
	MANUAL GUAJARDO JR EL		-1.7%	0.2%	0.3%	-3.8%	-6.1%
	ROOSEVELT-WILSON EL		6.3%	-1.8%	2.5%	3.8%	-8.8%
	CALVIN VINCENT PRE-K HE...		-8.8%	-0.9%	20.0%	-8.1%	50.0%
	LA MARQUE PRI					-11.3%	16.4%
	LA MARQUE EL					-5.0%	3.3%

The chart above was a consideration in arriving at the estimated enrollment for the 2019-20 school year. This information is being provided for your consideration and review only.

OPEN ENROLLMENT – OUTGOING TRANSFERS

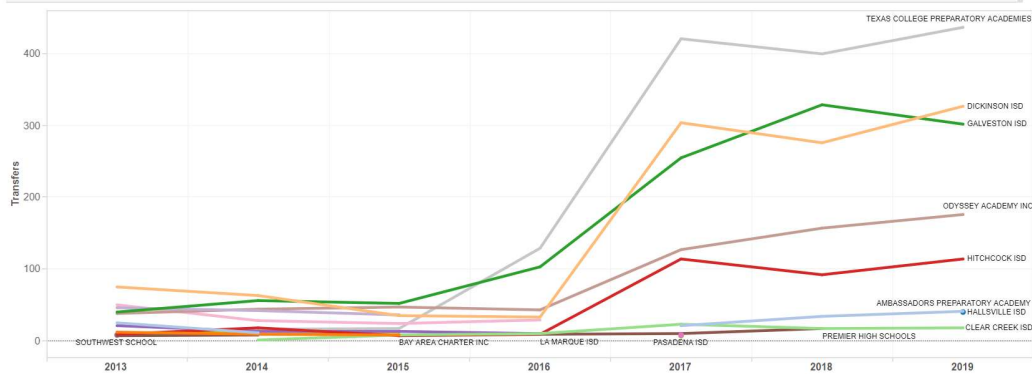
Open Enrollment

Source: TEA PEIMS Transfer Reports

Note: Enrollment counts below 5 are masked

Note: Wider and bluer lines indicate more student movement.

Inbound or Outbound District	2013	2014	2015	2016	2017	2018	2019
HALLSVILLE ISD							39
HITCHCOCK ISD	8	17	6	8	113	91	113
HOUSTON ISD	6	7					
LA MARQUE ISD	20	12	12	9			
MAINLAND PREPARATORY ..	45	41	35				
ODYSSEY ACADEMY INC	37	43	46	42	126	156	175
PASADENA ISD					7		
PREMIER HIGH SCHOOLS				8	9	16	
PREMIER LEARNING ACADE..	49	27	23	28			
SANTA FE ISD	8	12	11		6		
SOUTHWEST SCHOOL	7						
TEXAS COLLEGE PREPARA..	6	15	16	128	420	399	436
Grand Total	334	309	248	366	1,280	1,314	1,447



This graph shows outgoing transfers through open enrollment. There were a total of 1,447 students within TCISD attendance boundaries attending other schools in 2019. The receiving schools are shown on the chart above.

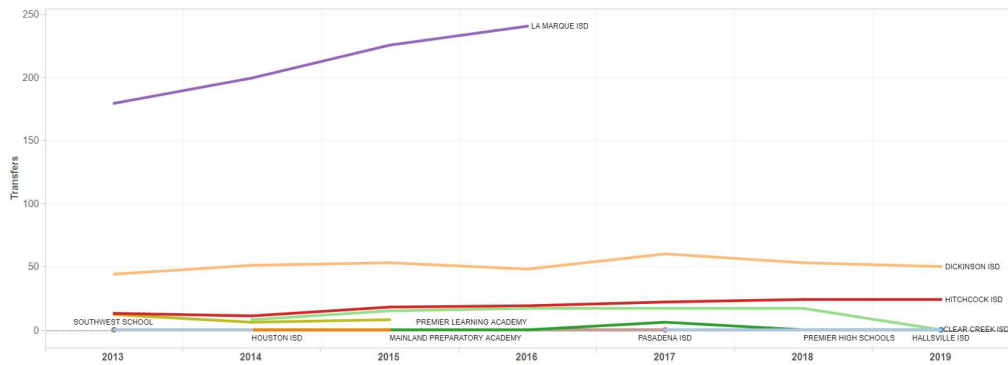


OPEN ENROLLMENT – INCOMING TRANSFERS

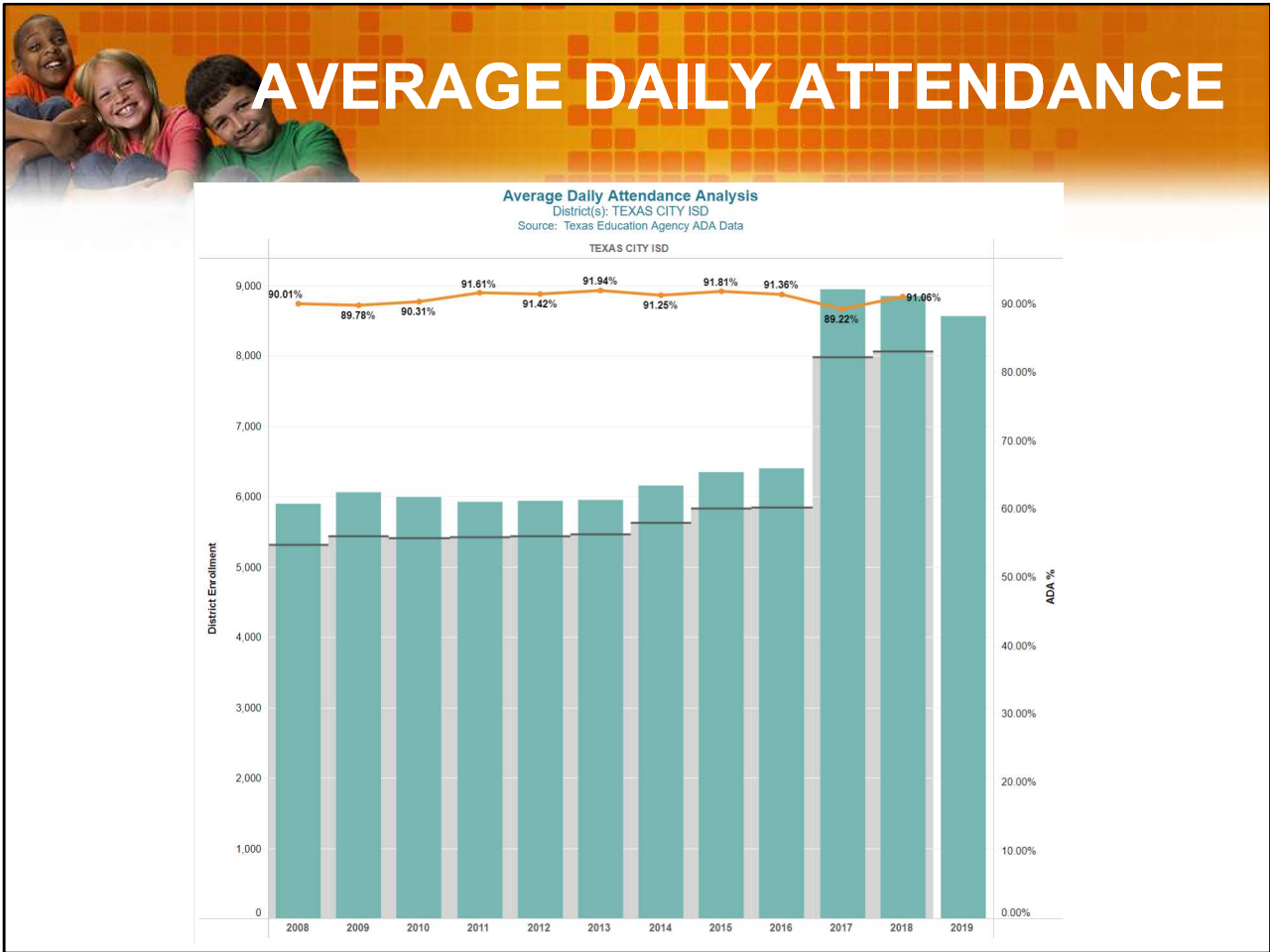
Open Enrollment

Source: TEA PEIMS Transfer Reports
 Note: Enrollment counts below 5 are masked
 Note: Wider and bluer lines indicate more student movement.

Inbound or Outbound District	2013	2014	2015	2016	2017	2018	2019
CLEAR CREEK ISD		8	15	17	17	17	
DICKINSON ISD	44	51	53	48	60	53	50
GALVESTON ISD					6		
HITCHCOCK ISD	13	11	18	19	22	24	24
LA MARQUE ISD	179	199	225	240			
SANTA FE ISD	12	6	8				
Grand Total	248	275	319	324	105	94	74



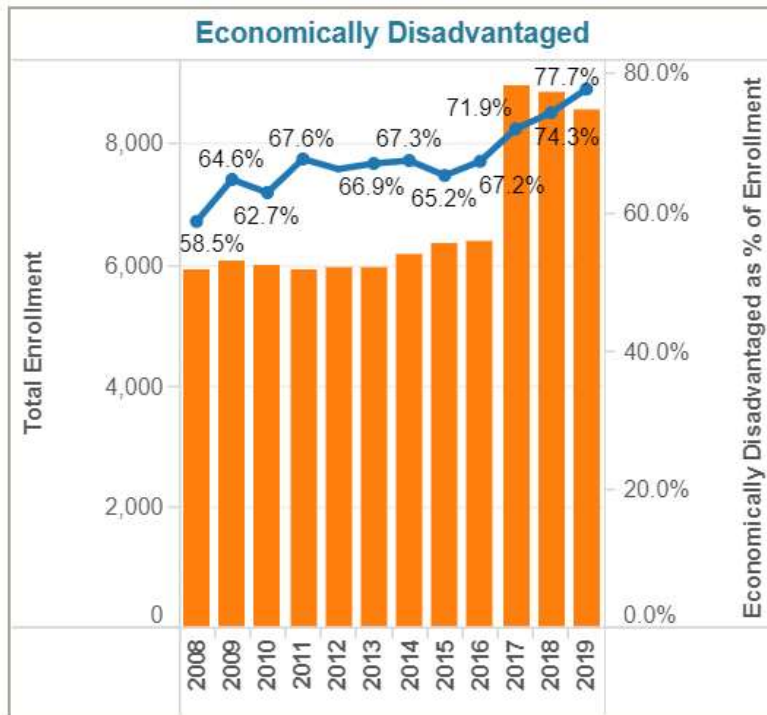
The District received 74 students from neighboring districts in 2019.



The graph above reflects the average daily attendance as compared to the enrollment. The attendance rate of 91.06% is adjusted to accurately account for students that only receive partial funding (like Pre Kindergarten) and is slightly lower than the true attendance rate for the District. However, attendance is a significant issue affecting not only learning, but also district funding.

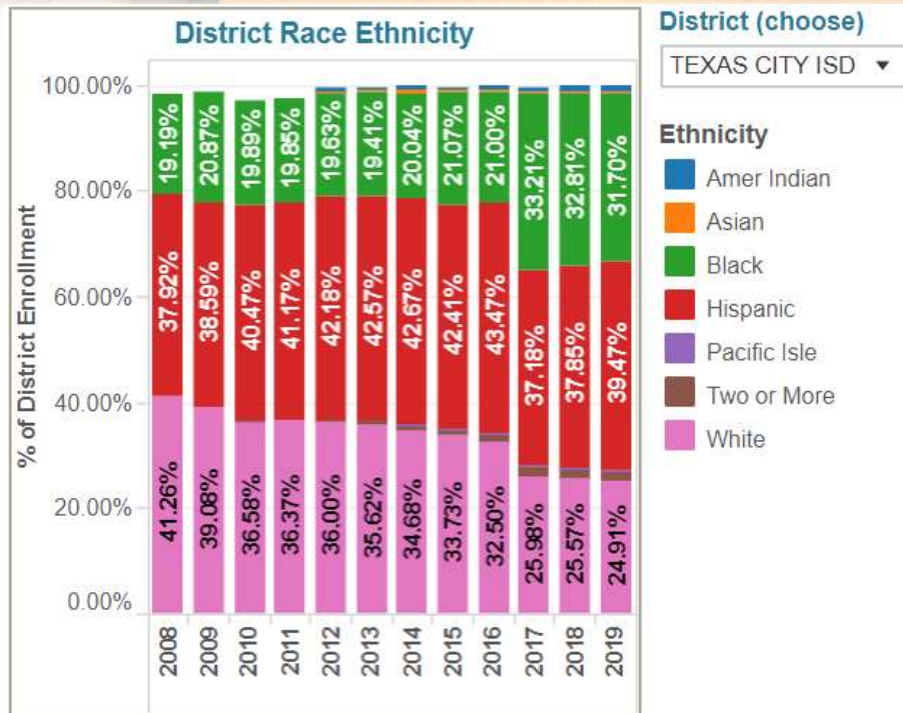


ECONOMICALLY DISADVANTAGED



This graph reflects the change in the District's enrollment since the annexation. In 2019, the District's economically disadvantaged population increased to 77.7%. The increase in the economically disadvantaged population provides additional funding through State Compensatory Education and also qualifies the District for the Community Eligibility Provision (CEP), which provides free breakfast and lunch for students at most of our campuses.

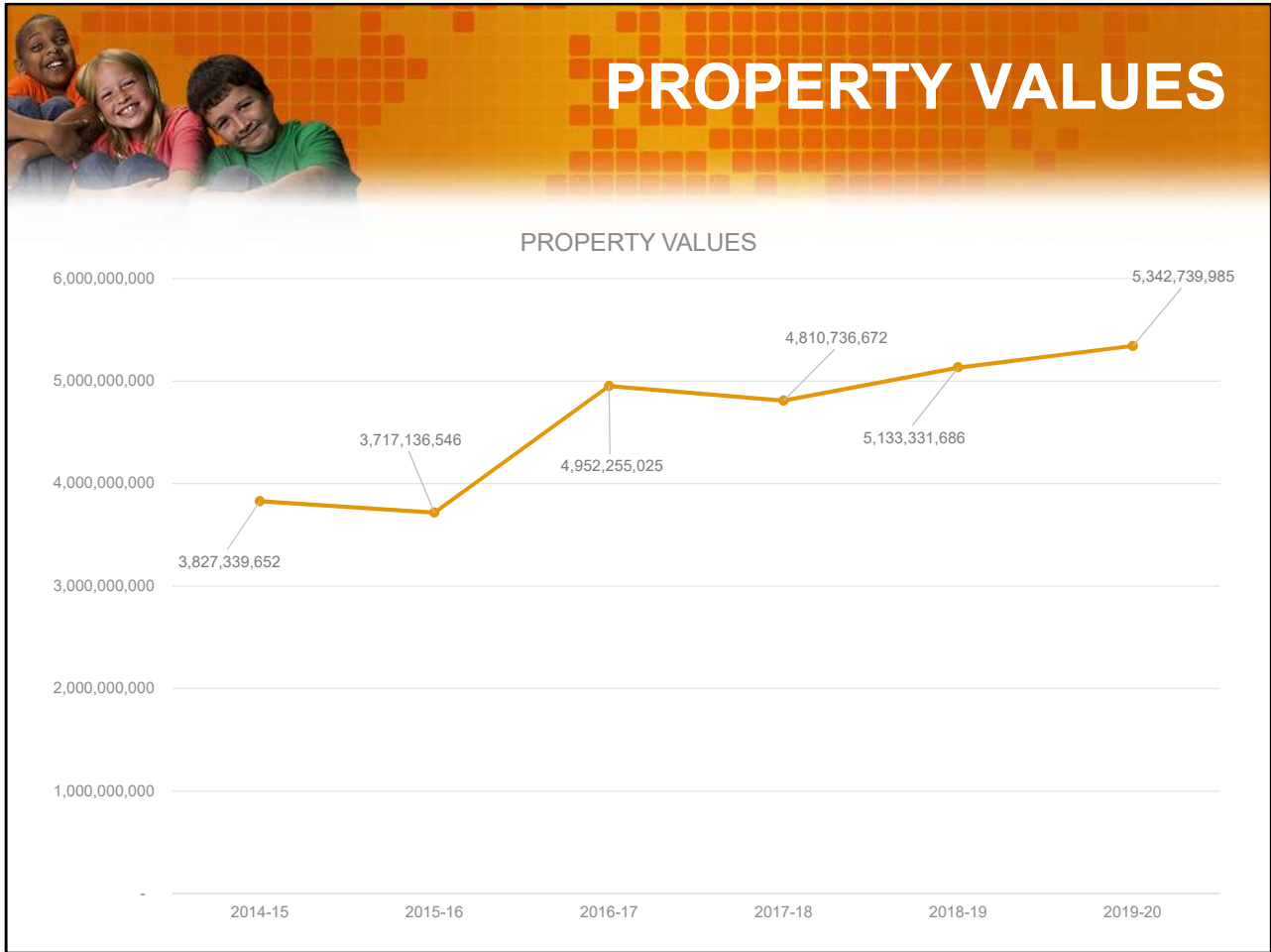
DISTRICT RACE ETHNICITY



Finally, this chart reflects the change in our student ethnicity since 2008. This chart is provided for your information only.

REVENUE INPUT - PROPERTY VALUES





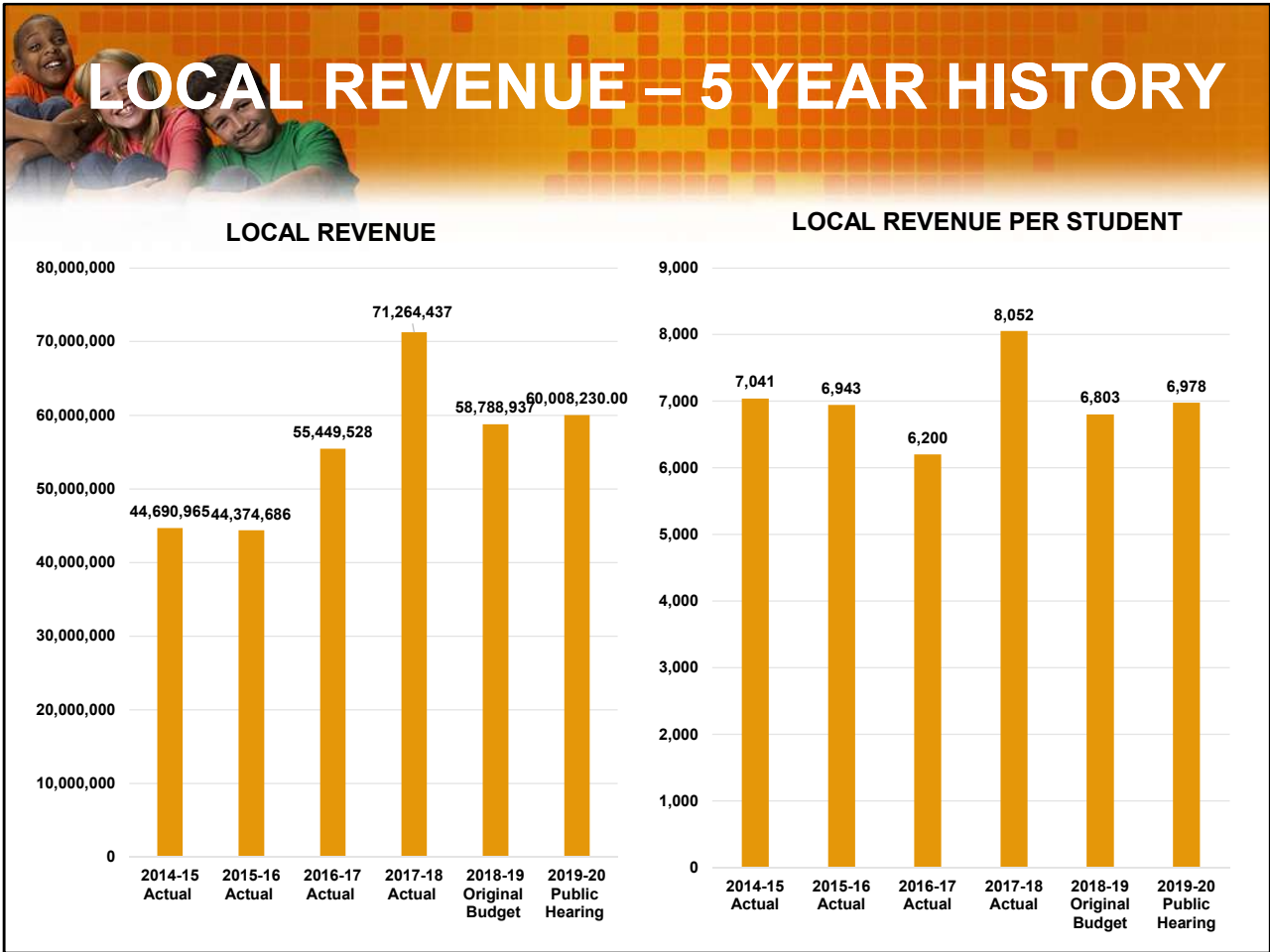
The chart above reflects the change in property values since 2014-15. The property values reflect the “T2” value which is the District’s taxable value for M&O purposes after the loss to the additional \$10,000 homestead exemption and the tax ceiling reduction. The 2019 “T2” value is provided by GCAD whereas other T2 values were provided by the Comptroller of Public Accounts. The Comptroller value which will be the actual value used by TEA to calculate our 2019 revenue, will not be available until Summer 2020.

As a part of the State’s FIRST indicators, we are required to have a discussion about how property values work within the State’s funding system. In the past, revenue was based on property values from the prior year, but under HB 3, current year values are used to project revenue. However, this requirement was not removed from the FIRST indicators so we still need to have this discussion.

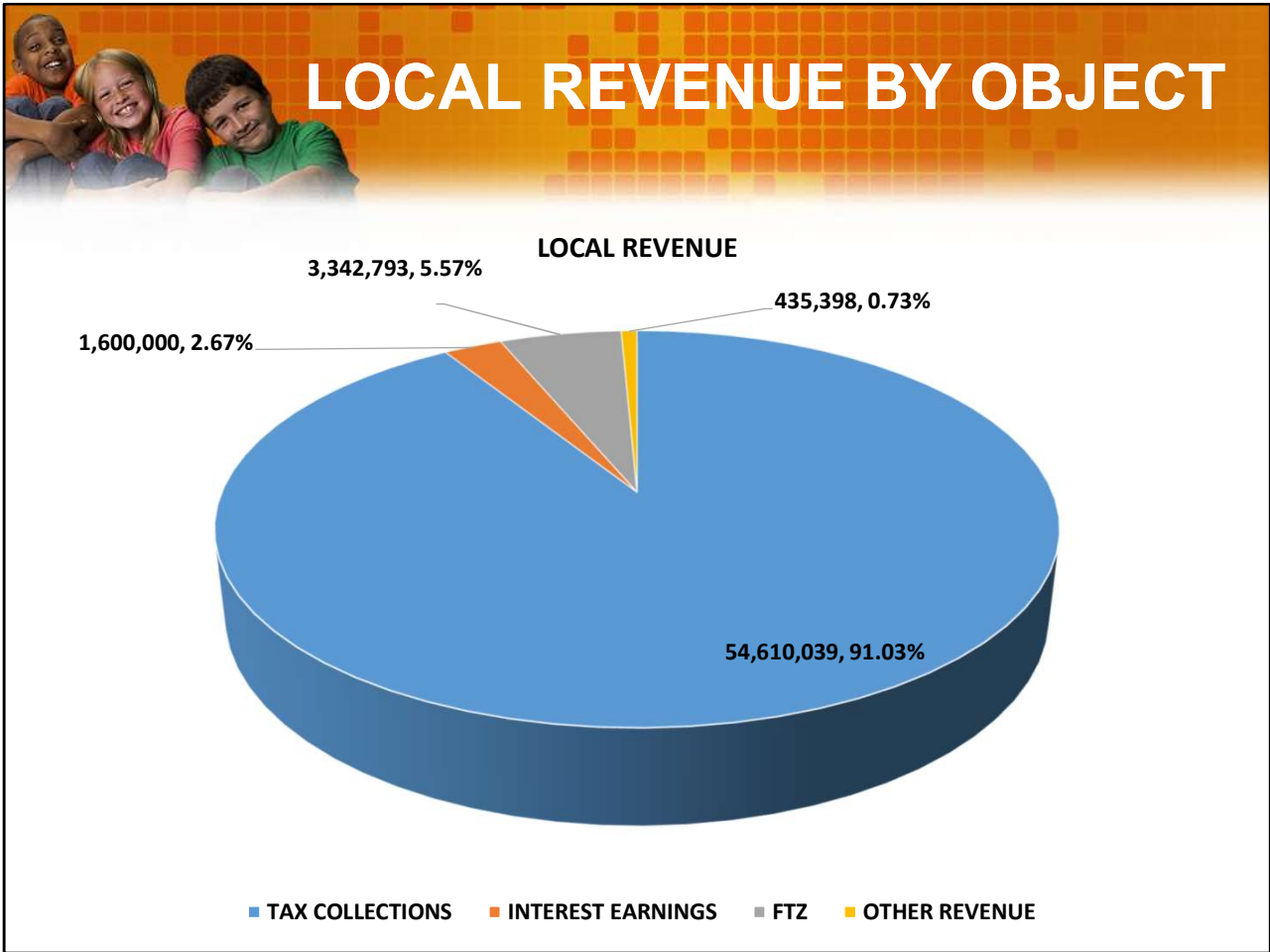
REVENUE RESULTS – LOCAL REVENUE



I will discuss local revenue in a little more detail.



The information provided does not include Annexation. Even after a decrease in the M&O tax rate, the District recognized an increase in local revenue per student of \$173 when compared to the 2018-19 Original Budget. This is primarily due to increased property values (including Foreign Trade Zone values) and increased interest income (based on 2018-19 actual).

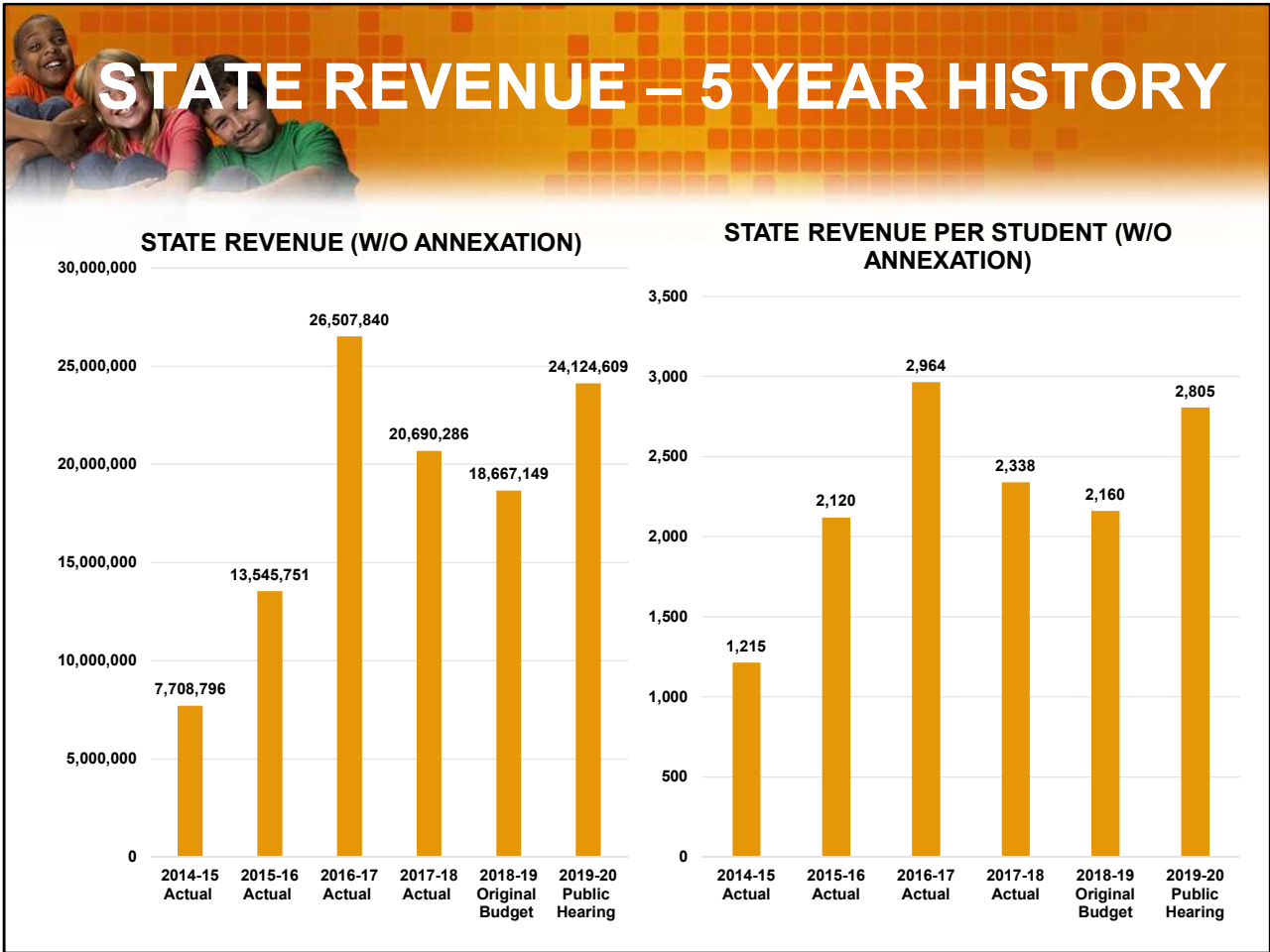


91.03% of the local revenue included in the 2019-20 budget is from tax collections. An additional \$3.3 million is budgeted for Foreign Trade Zone revenue which is accounted for separately, but is also generated through taxes. As a result of increased investments and a higher rate of return, the budget for interest income is \$1.6 million. All other local revenues including donations and gate receipts total \$435,398.

REVENUE RESULTS – STATE REVENUE

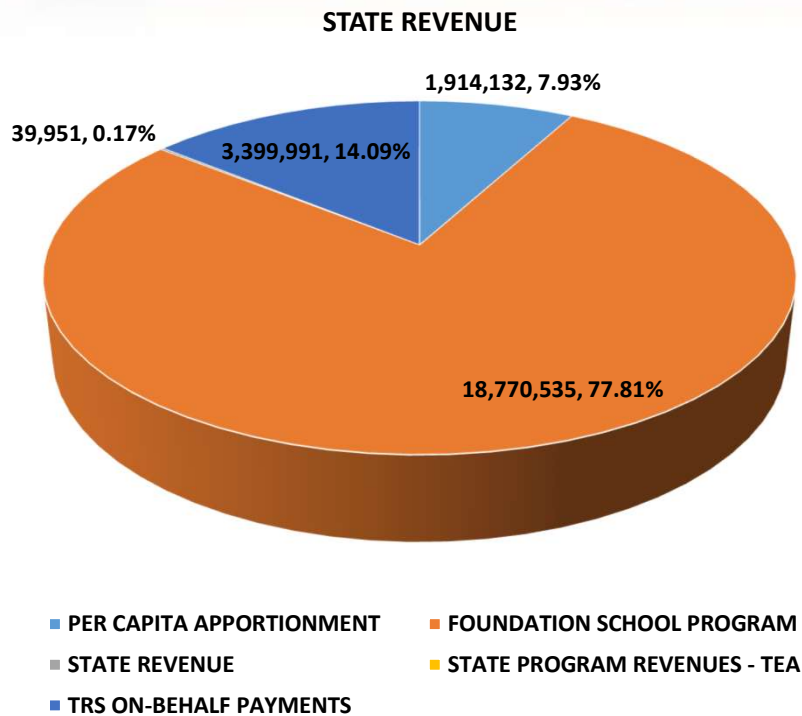


Now, we will look at revenue received from the State.



Revenue was calculated based on Version 6 of Region 13’s Revenue Template. Compared to the 2018-19 Original Budget, the 2019-2020 Revenue reflects a gain of \$645 per pupil in State Revenue. When you look at the revenue model, using the most current data available, it reflects a gain of \$868. The variance between the two numbers is primarily the result of a change in the original revenue estimate for 2018-19 due to a Valero settlement, United Rentals settlement, and a decrease in student enrollment.

STATE REVENUE BY OBJECT



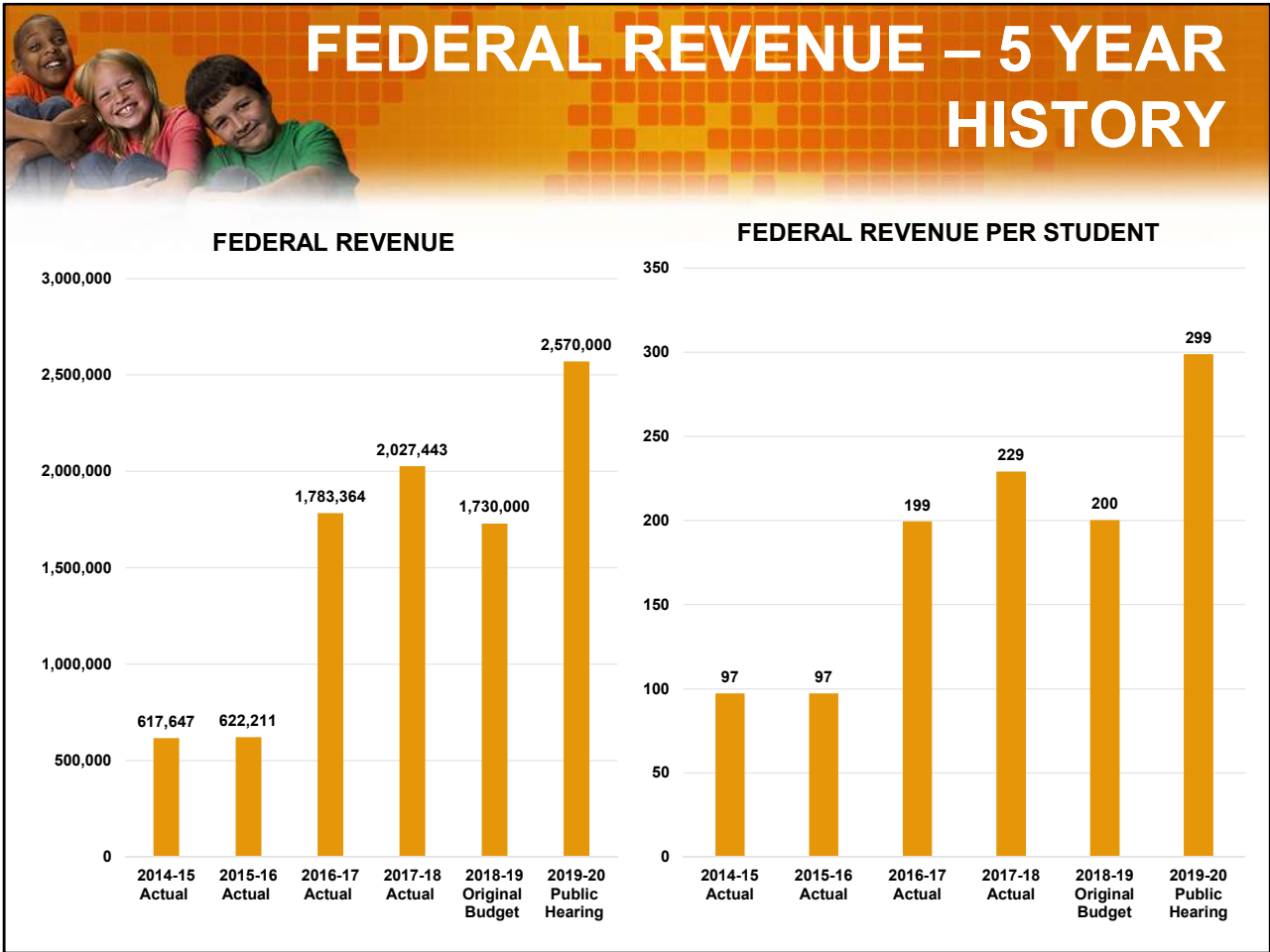
85.74% (77.81% + 7.93%) of the revenue categorized as “State Revenue” is generated through the State’s funding formula and is based off of student data inputs and current year taxable property values. This is a change from prior years where the revenue was based on prior year values as opposed to current year values.

\$3.4 million of the projected state revenue is the State’s matching portion of the TRS benefits. There is an offsetting expenditure recorded in the expenditure budget, having a net effect of zero on the total operating budget.

REVENUE RESULTS – FEDERAL REVENUE



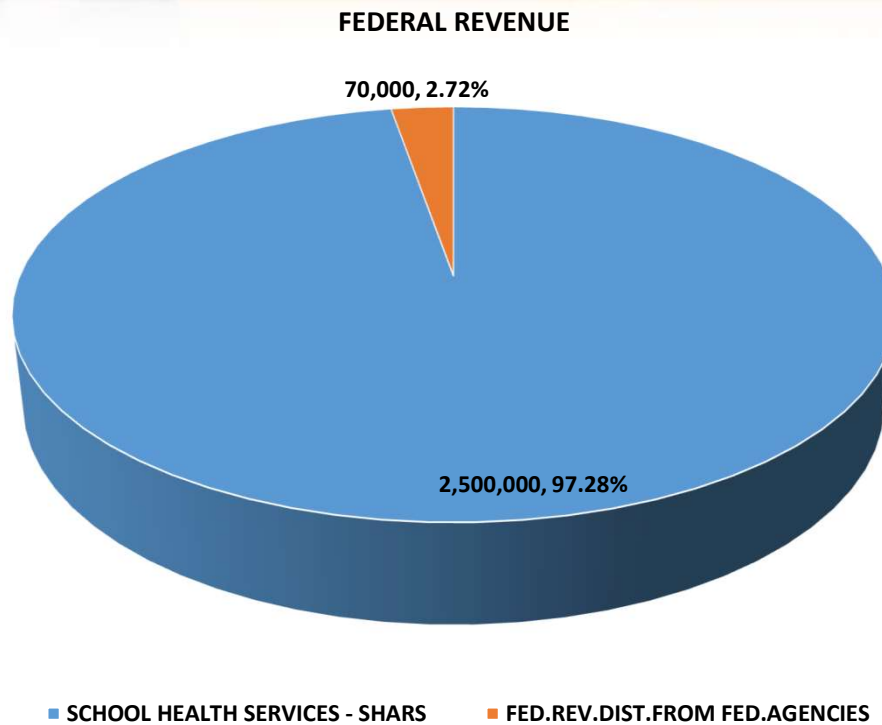
Finally, we will consider the District's federal revenues that flow into the General Operating Budget.



After re-evaluating the SHARS received in 2018-19 and considering an increase in staff that qualify for SHARS funding, I increased the estimated SHARS revenue to \$2.5 million. The remaining federal revenue comes from federal funding of the District's JROTC program.



FEDERAL REVENUE



There are two sources of Federal revenue in the General Fund. 97.28% of the budget comes from SHARS while the remaining 2.72% is used to fund the ROTC program.

EXPENDITURES



Now let's see where these dollars go...



EXPENDITURES

- We will look at expenditures in two different crosscuts:
 - **Expenditures by Function**
 - The budget is adopted based on function-level expenditures. Any change to the amount budgeted for a function must be approved by Trustees
 - **Expenditures by Category / Object**
 - This view will give Trustees a better idea of exactly WHAT funds are budgeted for

EXPENDITURES BY FUNCTION

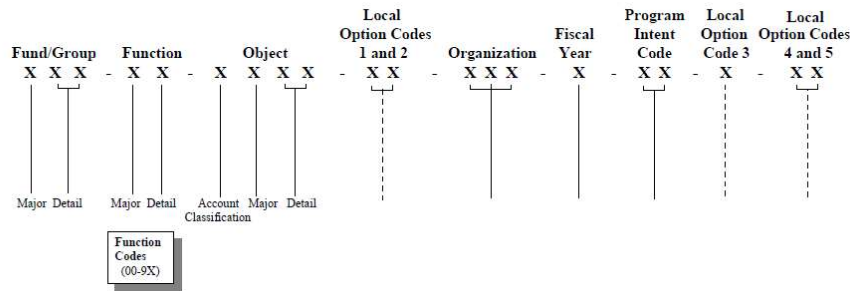




FUNCTION CODES

Exhibit 31. Function Code Structure

The Code Structure



————— Indicates a mandatory code for State reporting purposes
 ----- Indicates a code that may be used at local option

A function represents a general operational area in a school district and groups together related activities. Most school districts use all of the functions in the process of educating students or organizing the resources to educate students. For example, in order to provide the appropriate atmosphere for learning, school districts transport students to school, teach students, feed students and provide health services. Each of these activities is a function.



FUNCTION CATEGORIES

Functions are grouped according to related activities in the following major areas/classes:

- 10 Instruction and Instructional-Related Services
- 20 Instructional and School Leadership
- 30 Support Services - Student (Pupil)
- 40 Administrative Support Services
- 50 Support Services - Non-Student Based
- 60 Ancillary Services
- 70 Debt Service
- 80 Capital Outlay
- 90 Intergovernmental Charges

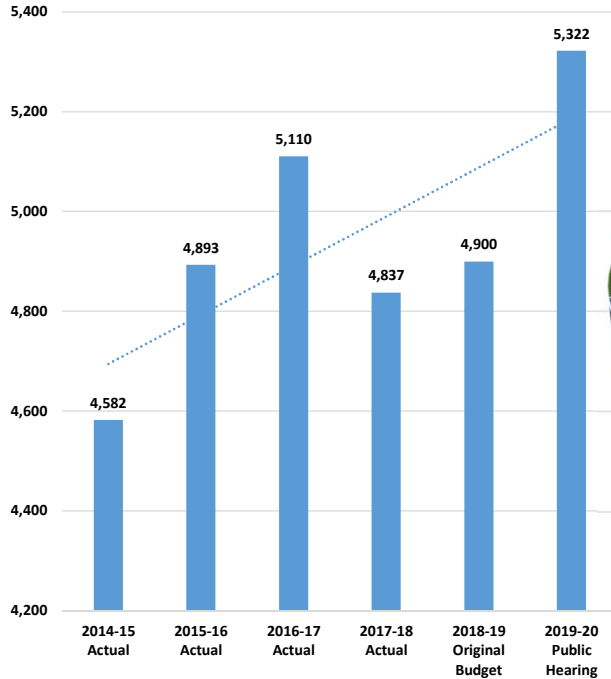


Based on the Public Meeting budget, the Administrative Cost Ratio for 2019-20 will be 8.45%. The District would receive the maximum points for an Administrative Cost Ratio of less than 10%.

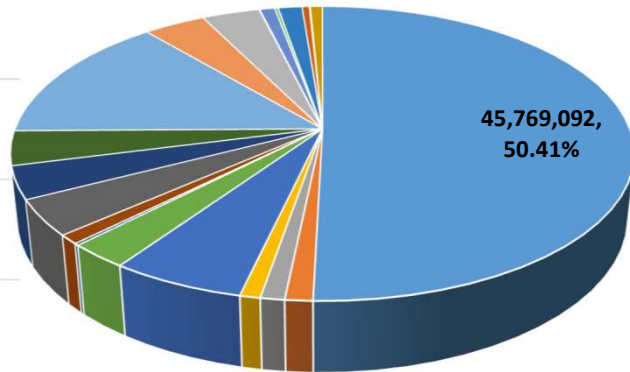


INSTRUCTION (11)

INSTRUCTION



INSTRUCTION

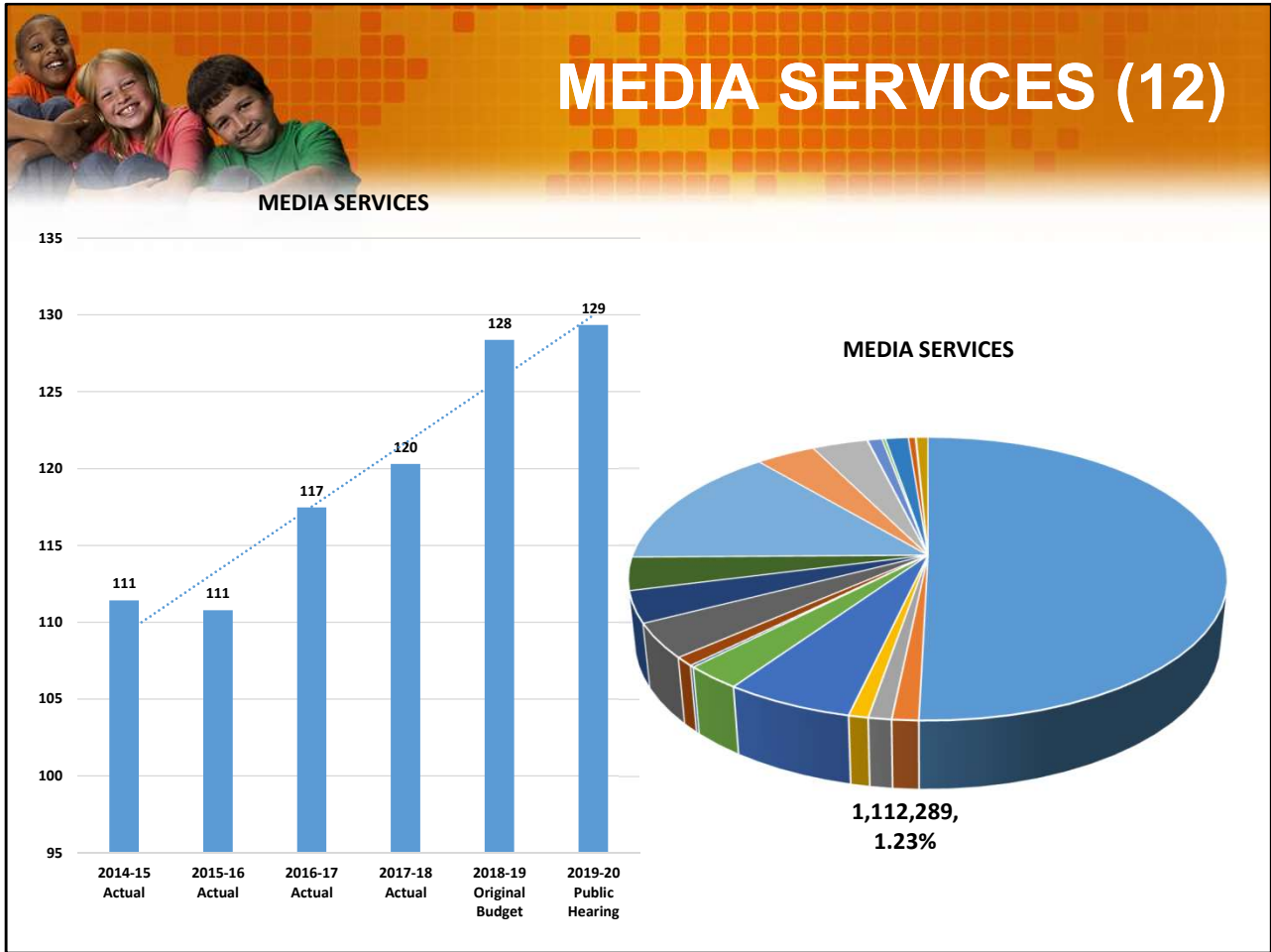


Function 11 is used for activities that deal directly with the interaction between teachers and students. Teaching may be provided for students in a school classroom, in another location such as a home or hospital, and in other learning situations. It may also be provided through some other approved medium such as television, radio, telephone, telecommunications, multimedia and correspondence. This function includes expenditures / expenses for direct classroom instruction and other activities that deliver, enhance or direct the delivery of learning situations to students.

Function 11 includes classroom teachers, classroom aides, substitute teachers, instructional supplies and materials, upkeep and repairs to instructional materials and equipment, field trips, certain testing materials, and graduation expenditures.

With an operating budget of \$45,769,092, 50.41% of the District's General Fund Operating Budget is dedicated to direct instruction. The District is projected to spend **\$422.31 more** on direct instruction per enrolled student in 2019-20 than in 2018-19. This is primarily due to implementation of the Board-approved compensation plan, a change to 25:1 staffing ratio for grades 5-8, and the implementation new Special Education Staffing Formulas combined with an increase in the number of special education students.

Function 11 is a denominator in the administrative cost ratio.



Function 12 is used for expenditures/expenses that are directly and exclusively used for resource centers, establishing and maintaining libraries and other major facilities dealing with educational resources and media.

Some of the expenditures coded to Media Services include librarian salaries, library books and other media maintained by the library, upkeep and repair to media, library and resource center materials and equipment.

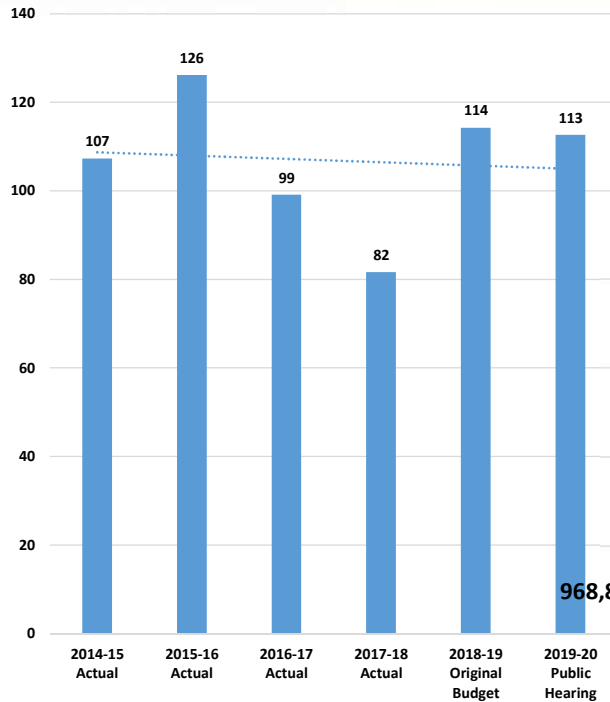
With a budget of \$1,112,289, (\$129.34 per student) media / library services makes up 1.23% of the 2019-20 General Fund Operating Budget.

Function 12 is in the denominator of the administrative cost ratio.

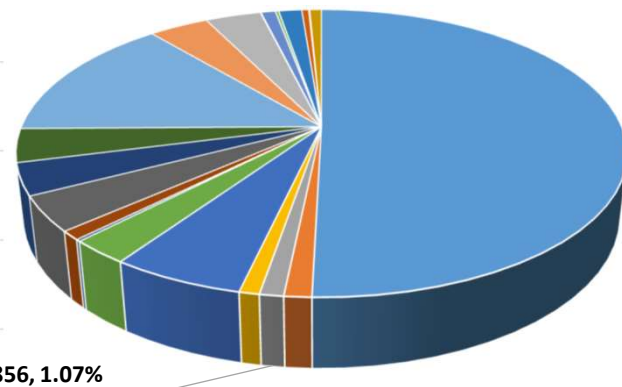


STAFF DEVELOPMENT (13)

STAFF DEVELOPMENT



STAFF DEVELOPMENT

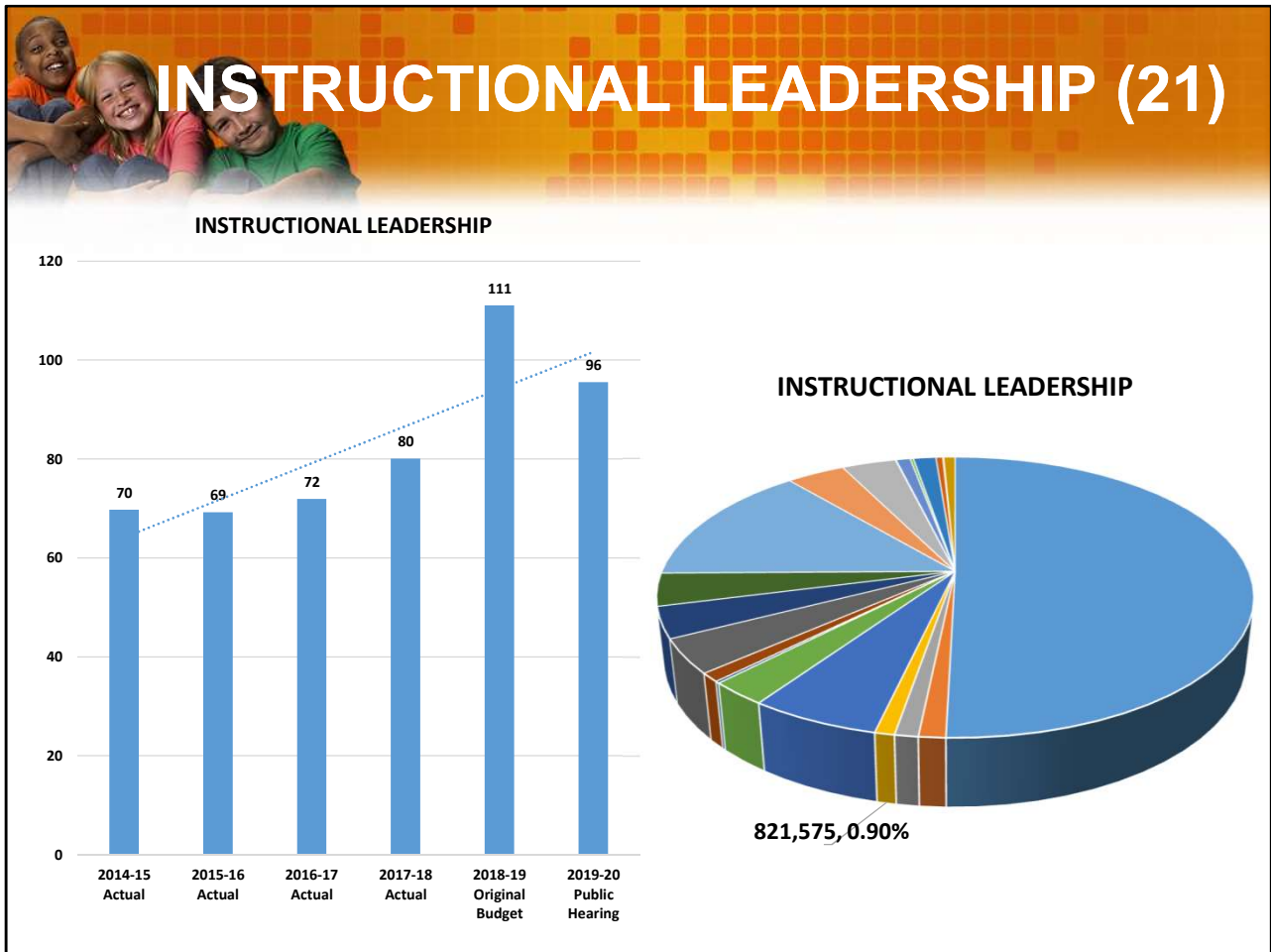


Function 13 is used for expenditures/expenses that are directly and exclusively used to aid instructional staff in planning, developing and evaluating the process of providing learning experiences for students. Expenditures and expenses include inservice training and other staff development for instructional or instructional-related personnel (Functions 11, 12, and 13) of the school district. This function also includes expenditures and expenses related to research and development activities that investigate, experiment, and/or follow-through with the development of new or modified instructional methods, techniques, procedures, services, etc.

District operating expenditures paid through function 13 include Curriculum Coordinators, Department Head Stipends, Deputy Superintendent, tuition and fees for training, contractors providing training, and travel costs.

Approximately 1.07% of the District's operating budget is spent on staff development and related costs. Overall, \$1.60 less per student is included in the 2019-2020 budget when compared to the 2018-19 Original Budget.

Function 13 is in the denominator of the administrative cost ratio.

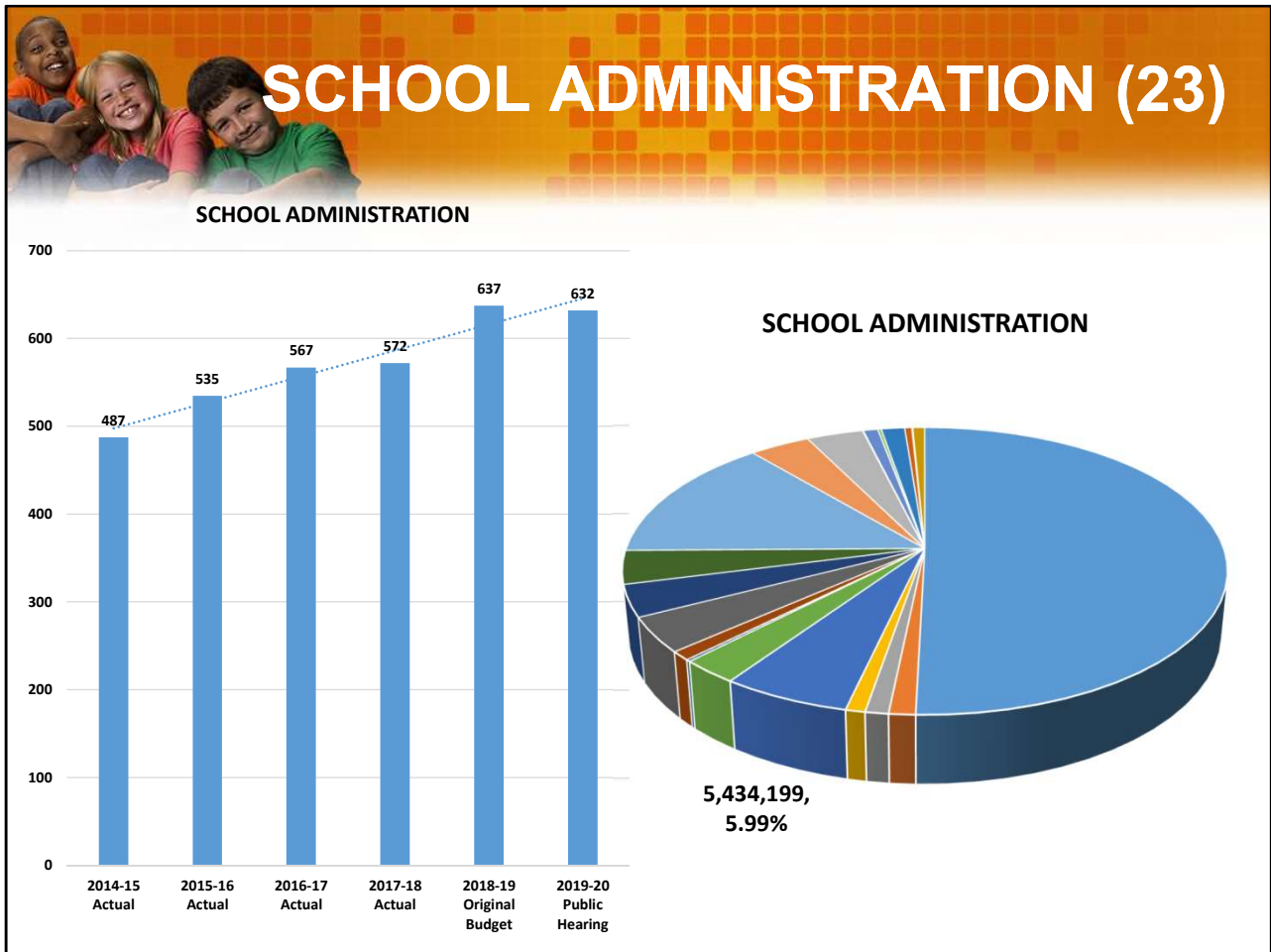


Function 21 is used for expenditures/expenses that are directly used for managing, directing, supervising, and providing leadership for staff who provide general and specific instructional services.

Some of the expenses accounted for in function 21 include the Deputy Superintendent of Instruction, special population or educational program directors and coordinators, and upkeep and repairs to materials and equipment related to instructional leadership.

The District's 2019-20 Budget includes approximately 0.90% or \$821,575 for instructional leadership. While the budget reflects a decrease of \$15.51 per student when compared to the 2018-19 Original Budget, it is an increase of \$15.48 per student when compared to the 2017-18 actual data.

Function 21 is a numerator in the administrative cost ratio.

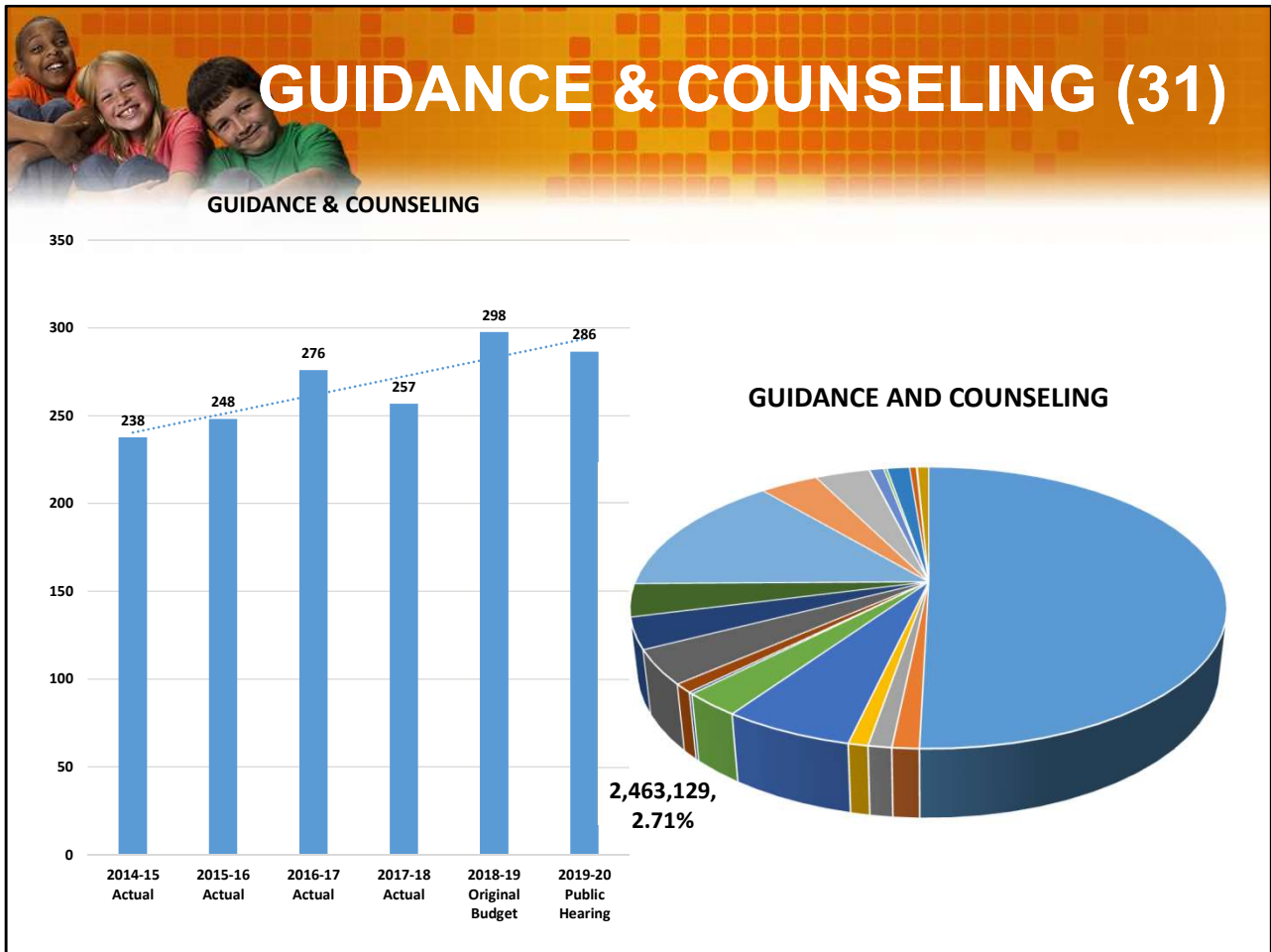


Function 23 is used for expenditures/expenses that are used to direct and manage a school campus. They include the activities performed by the principal, assistant principals and other assistants while they:

- 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

The primary costs accounted for in this function are the salaries of Principals, Assistant Principals, and support staff for these positions.

School Administration accounts for 5.99% of the District's 2019-20 operating budget. Costs budgeted in function 23 decreased by \$5.46 per enrolled student.

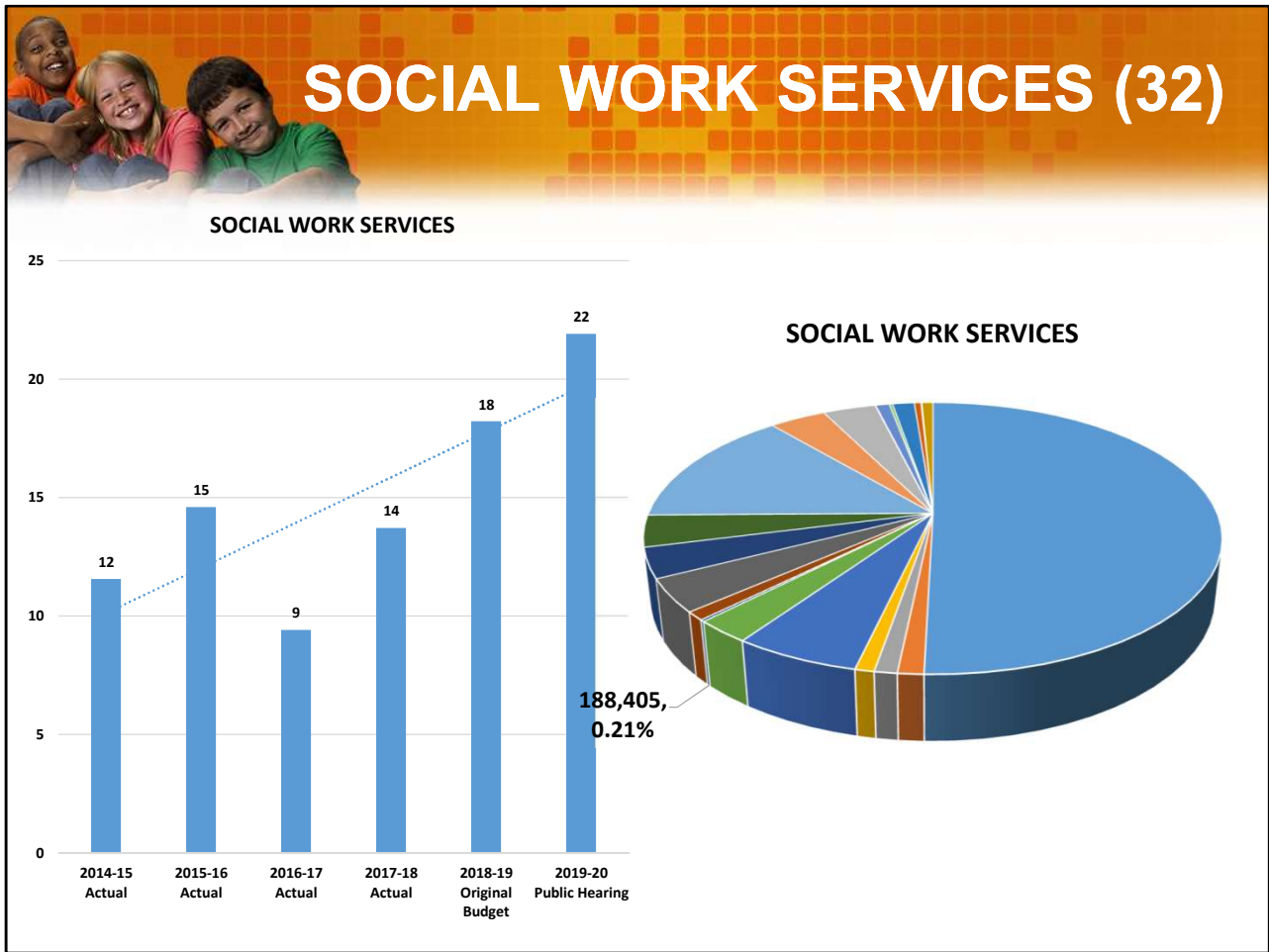


This function is used for expenditures/expenses that are directly and exclusively used for assessing and testing students’ abilities, aptitudes and interests; counseling students with respect to career and educational opportunities and helping them establish realistic goals. This function includes costs of psychological services, identification of individual characteristics, testing, educational counseling, student evaluation and occupational counseling.

The primary expenditure in this function is the cost of counselors, psychologists, psychiatrists, diagnosticians, placement services, contracted services for standardized tests, and testing materials for standardized tests.

These costs total \$2,463,129 and make up approximately 2.71% of the District’s 2019-20 Budget. The Budget reflects a cost of \$286.41 per student in enrollment, a decrease of \$11.25 when compared to the 2018-19 Original Budget and an increase of \$29.67 when compared to the 2017-18 Actual Expenditures.

Function 31 is included in the denominator of the administrative cost ratio calculation.



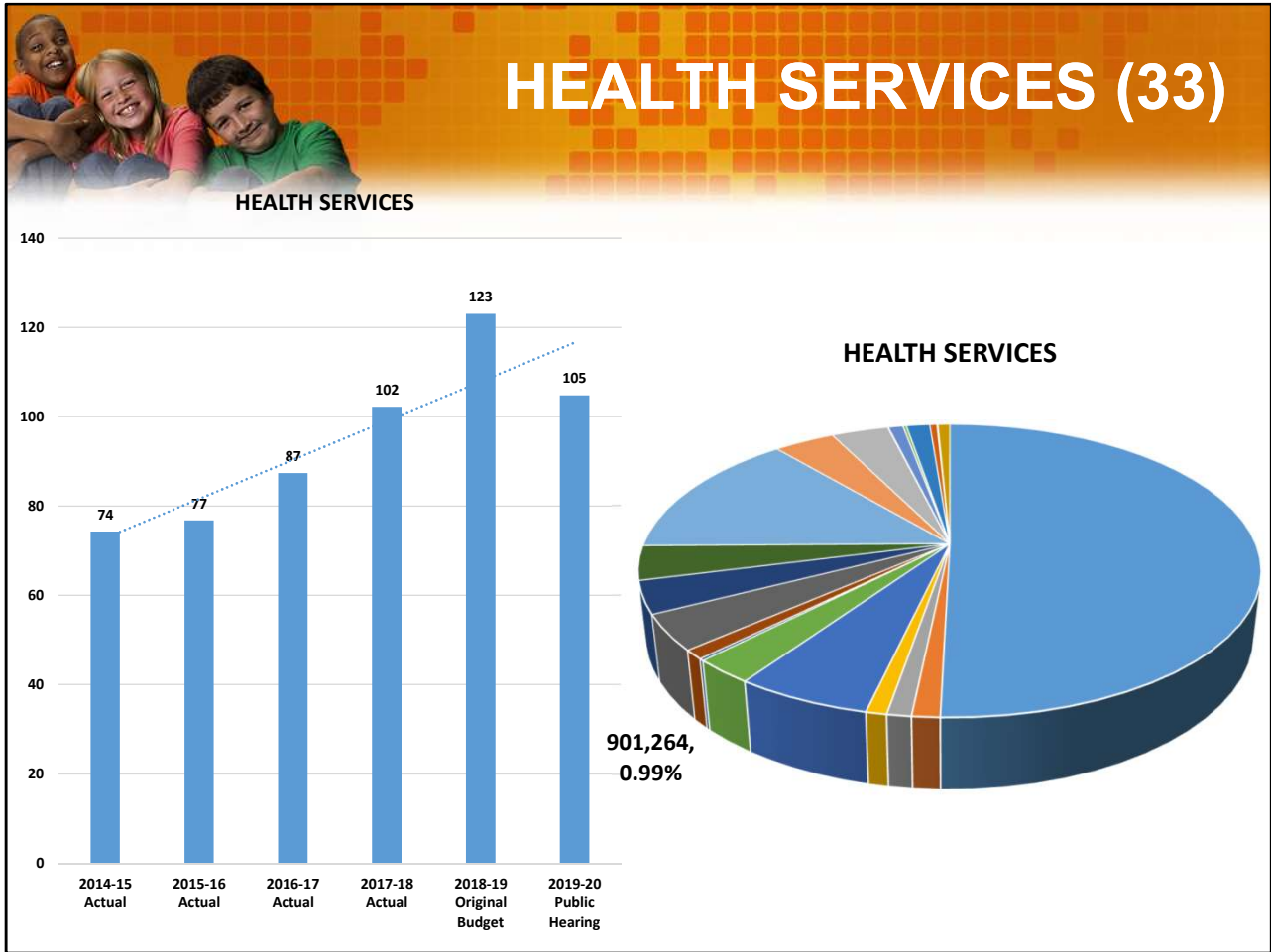
Function 32 is used for expenditures/expenses that are directly and exclusively used for activities such as:

- Investigating and diagnosing student social needs arising out of the home, school or community
- Casework and group work services for the child, parent or both
- Interpreting the social needs of students for other staff members
- Promoting modification of the circumstances surrounding the individual student which are related to his or her social needs. (This includes referrals to and interaction with other governmental agencies.)

Personnel charged to this function include the Truant Officer, Social Worker, and Director of Student Outreach.

The 2019-20 Operating Budget shows \$188,405 budgeted for social work services. This is an

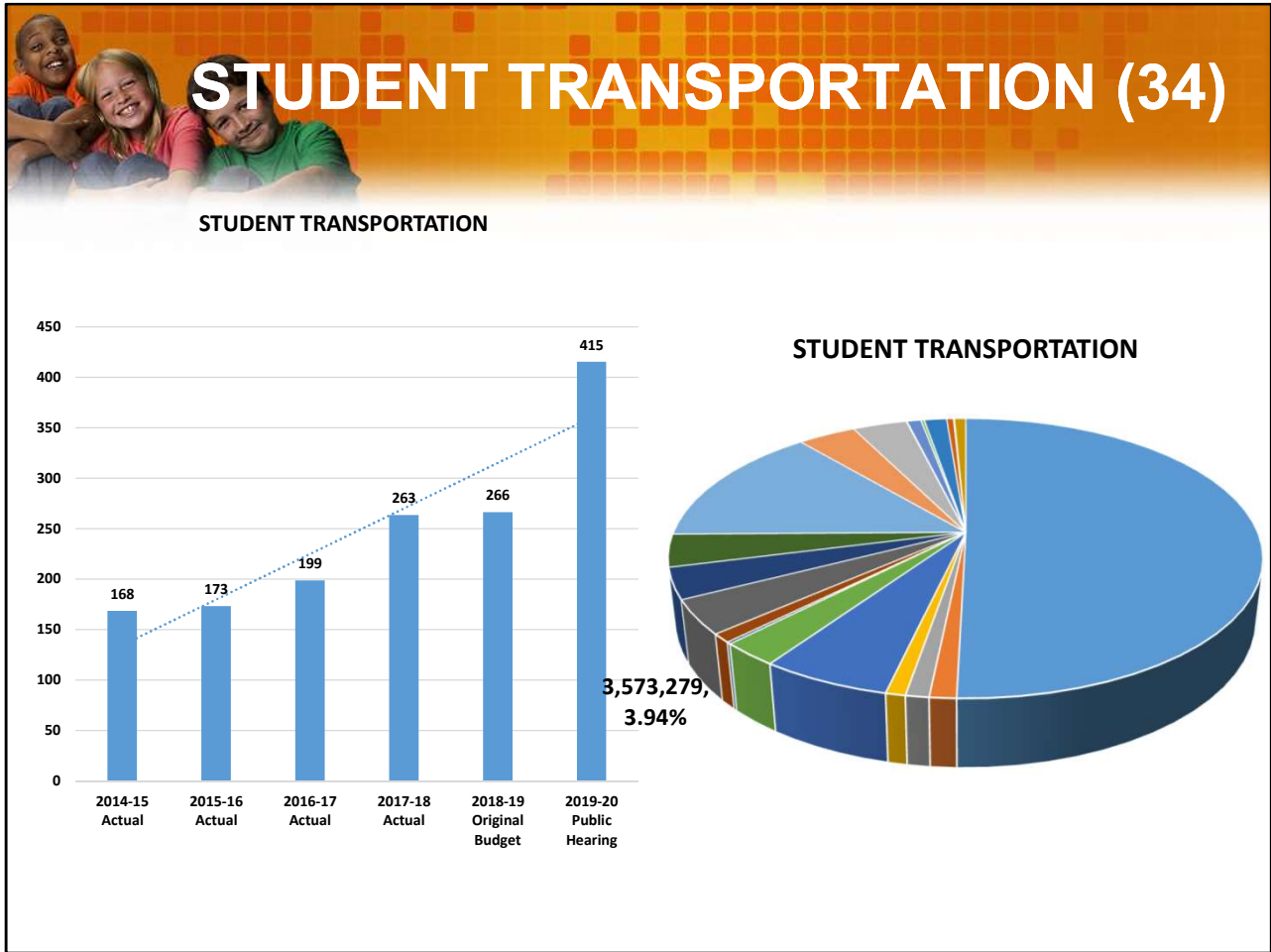
increase of \$3.69 per student when compared to the 2018-19 Original Budget.



Function 33 is used for expenditures/expenses that are directly and exclusively used for providing physical health services to students. This includes activities that provide students with appropriate medical, dental and nursing services.

The primary costs accounted for in this function include the campuses nurses and any supplies and equipment used by the nurses.

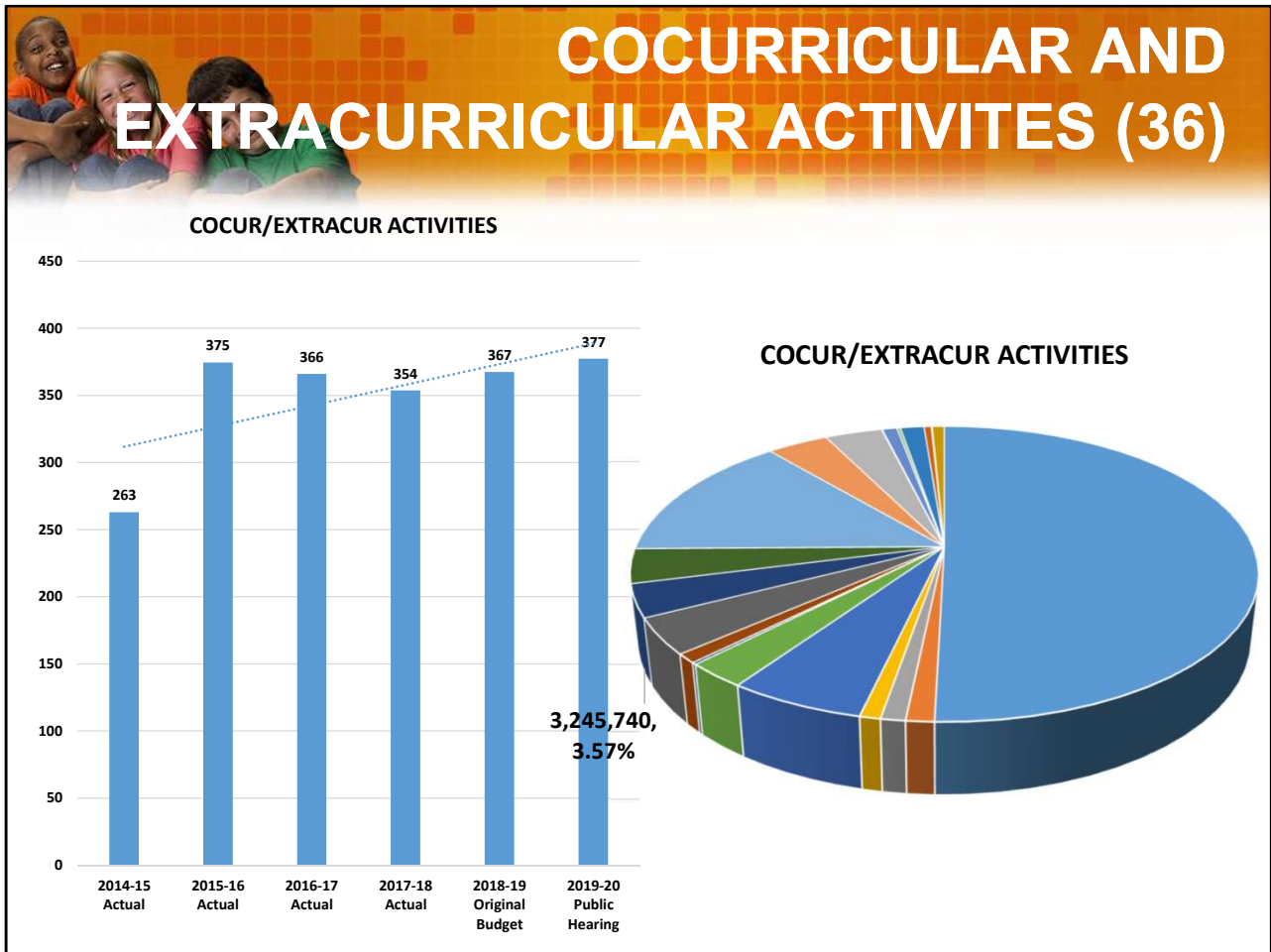
The District is expected to spend \$104.80 per student on health services in the 2019-20 school year. This is a difference of \$18.19 when compared to the 2018-19 Original Budget, but is largely in line with the 2017-18 actual spending.



Function 34 is used for expenditures/expenses that are incurred for transporting students to and from school.

Costs accounted for in function 34 include fuel, bus drivers, monitors, auto insurance and other related costs.

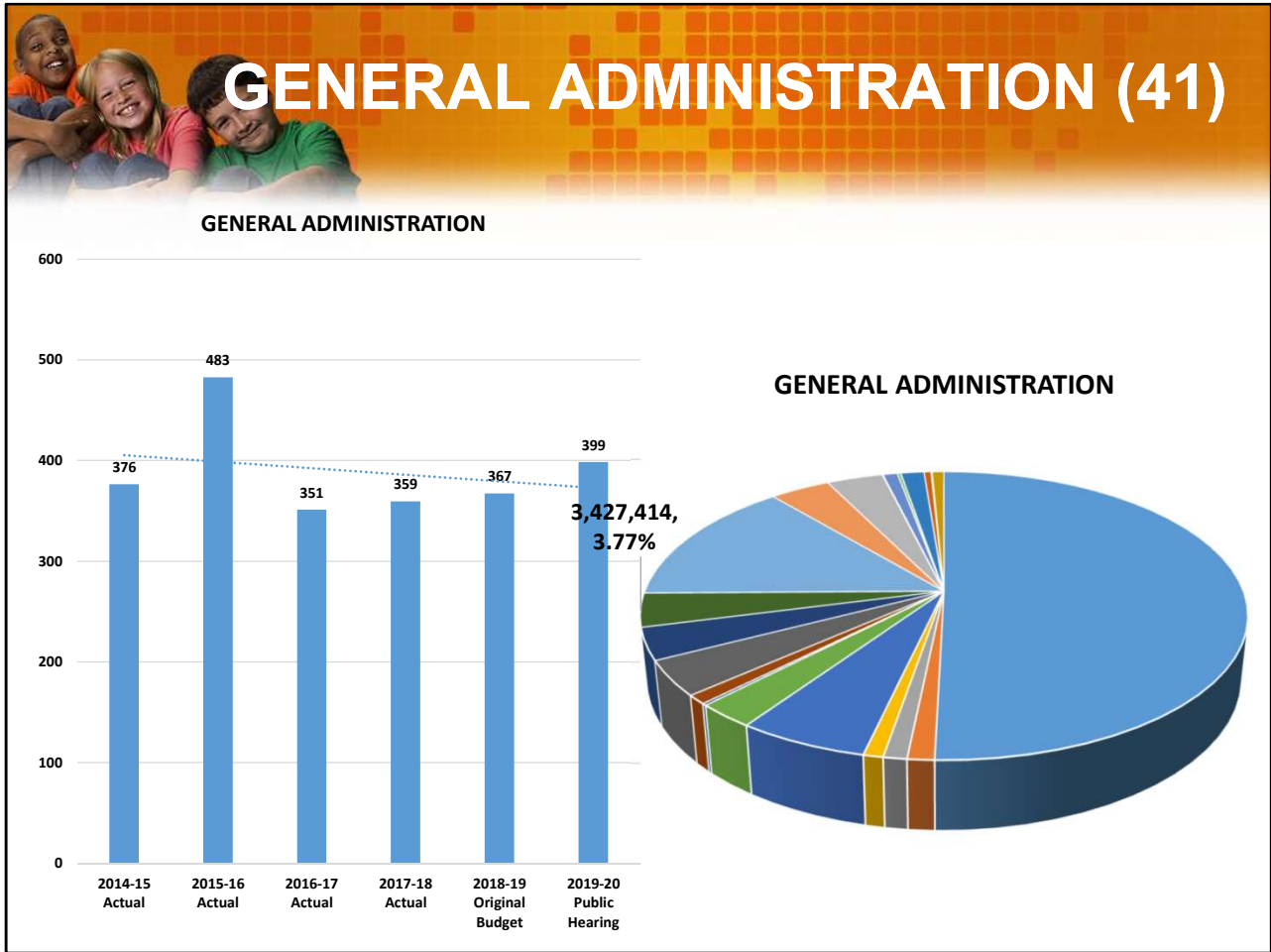
The District expects to spend \$415.50 per student in enrollment on transportation-related expenditures. This is approximately 3.94% of the total budget and reflects a significant increase over prior years. A large part of the difference is the inclusion of two buses in the baseline budget. As we have discussed, new buses need to be a part of the baseline budget to maintain our fleet. In addition to the new buses, bus drivers received an increase to \$19 per hour starting pay and the number of extra and co curricular trips is expected to increase as well, resulting in overtime pay for bus drivers. At the end of the year, an entry will be made to reclassified transportation (both budget and expenditures) that will decrease the expenditures in function 34 and spread the expenses to other functions. As a result, actual costs that will ultimately be attributed to the Transportation function will be about \$800,000 less than the amount shown here.



This function is used for expenditures/expenses for school-sponsored activities outside of the school day. 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. *Extracurricular* activities include athletics and other activities that normally involve competition between schools (and frequently involve offsetting gate receipts or fees such as football, baseball, volleyball, track and tennis). Other kinds of related activities are included (such as drill team, pep squad and cheerleading, University Interscholastic League competition such as one-act plays, speech, debate, band, Future Farmers of America (FFA), National Honor Society, etc.).

Items budgeted in the function include Director salaries, stipends paid to teaching staff for coaching, supplies for the extra curricular activities.

The District's 2018-19 Operating budget includes \$3,245,740 or \$377.41 per student in enrollment for cocurricular and extracurricular activities.



Function 41 is for expenditures/expenses that are for purposes of managing or governing the school district as an overall entity. This function covers multiple activities that are not directly and exclusively used for costs applicable to specific functions. General administration is an indirect cost applicable to other expenditure functions of a school district.

Costs accounted for in this function include costs related the functions of the Superintendent, Board of Trustees, Business Office, Human Resources, Community Relations, and Tax Office.

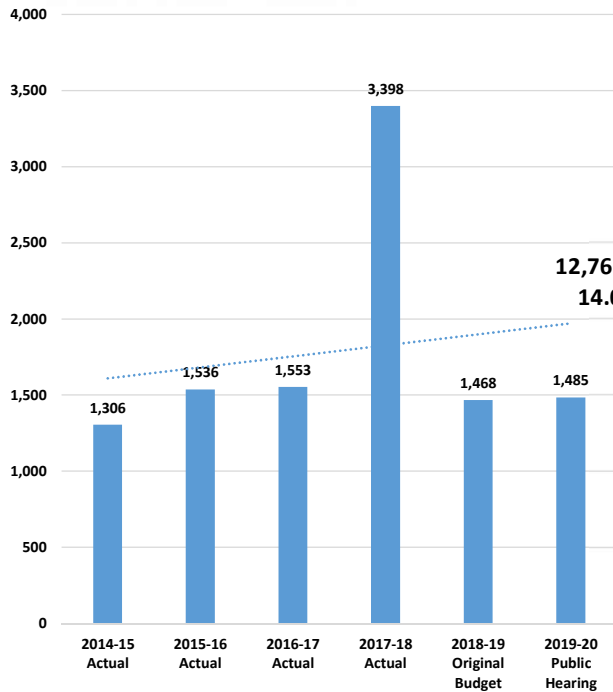
Approximately 3.77% of the 2018-19 budget is dedicated to General Administration. When compared to the 2018-19 Original Budget, the 2019-20 Budget reflects an increase of \$31.38 per student. This is attributed to two new positions that were added in the 2018-19 school year. First, the Assistant Tax Collector Assessor Collector position was created. This is a temporary position and the budget will normalize after the retirement of the current Tax Assessor Collector. Second, a full-time receptionist position was created, leaving a full-time Human Resources Specialist (formerly this was one position, but the position was split into two positions).

Function 41 is included in the numerator of the Administrative Cost Ratio.

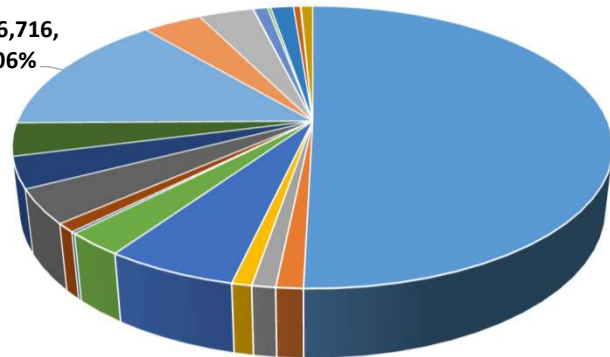


PLANT MAINTENANCE & OPERATIONS (51)

PLANT MAINTENANCE & OPER.



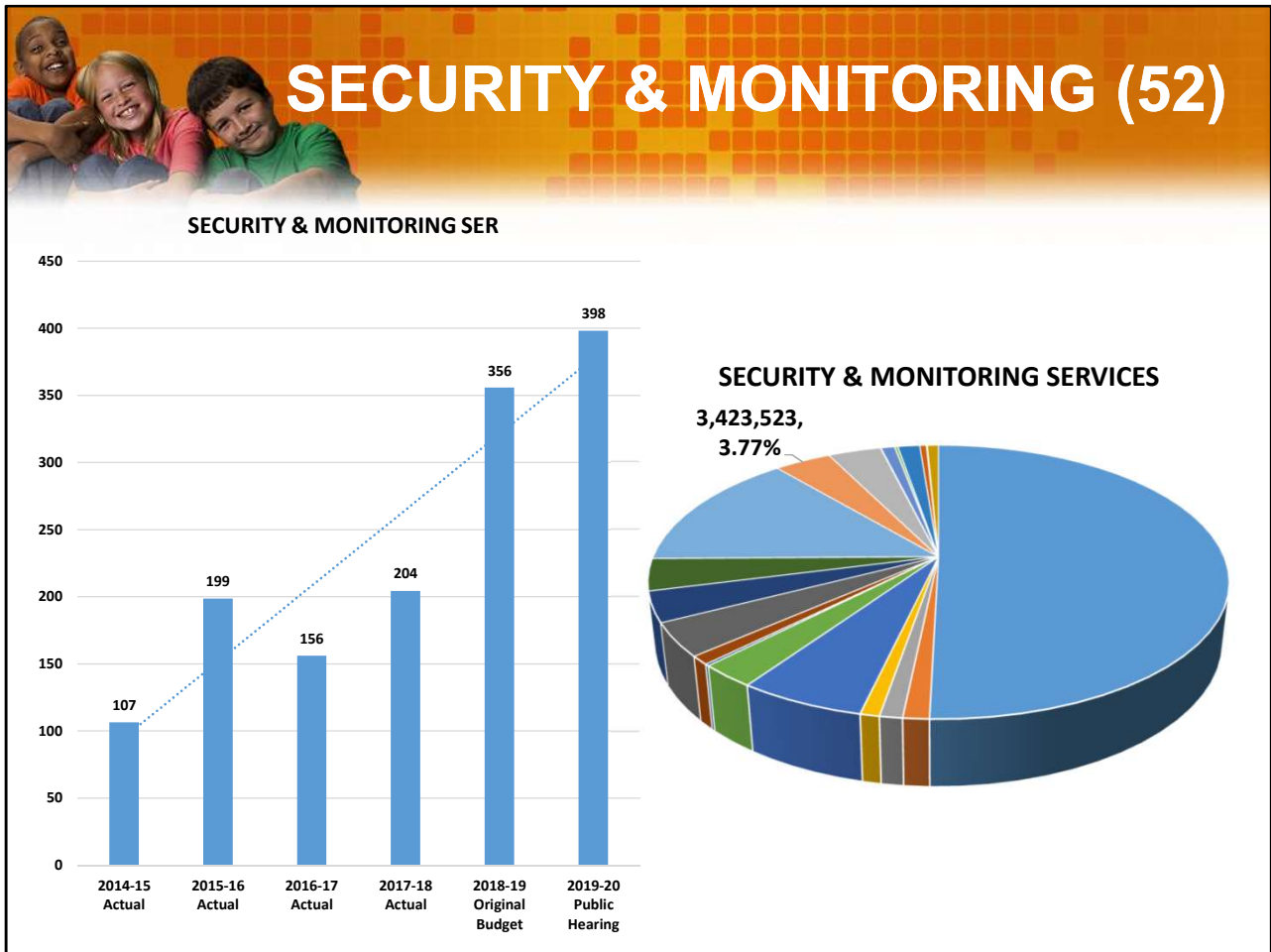
PLANT MAINTENANCE & OPERATIONS



Function 51 is used for expenditures/expenses for activities to keep the facilities and grounds open, clean, comfortable and in effective working condition and state of repair, and insured. This function is used to record expenditures/expenses for the maintenance and operation of the physical facilities and grounds. This function also includes expenditures/expenses associated with warehousing and receiving services.

This function holds some of the largest expenses of the District including property insurance and utilities. Other associated costs included maintenance and custodial staff, equipment, and supplies.

With a budget of \$12,766,716, this function makes up approximately 14.06% of the District's annual operating budget. The District will spend an estimated \$1,484.50 per student in this function.



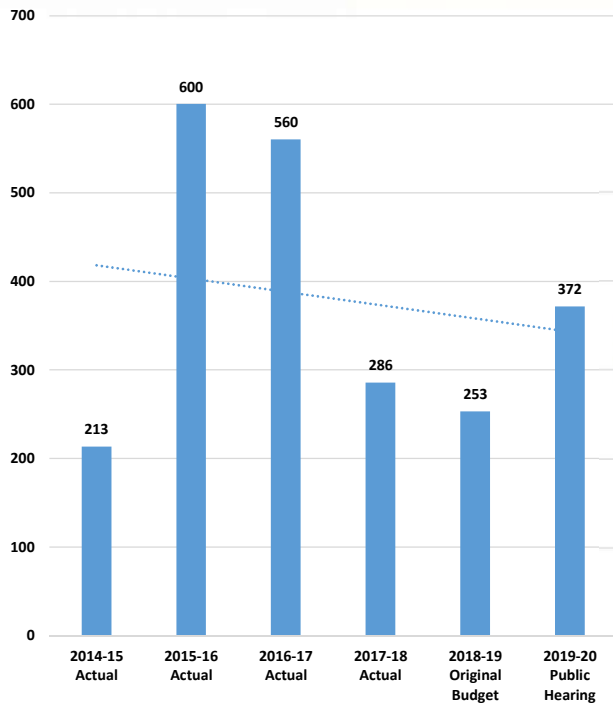
Function 52 is used for expenditures/expenses that are for activities to keep student and staff surroundings safe, whether in transit to or from school, on a campus or participating in school-sponsored events at another location.

Costs accounted for under Security and Monitoring include salaries for the Executive Director of School Safety and Security, hall monitors, extra duty pay for the District’s SLOs, and the services provided by Galveston County Sheriff’s Office.

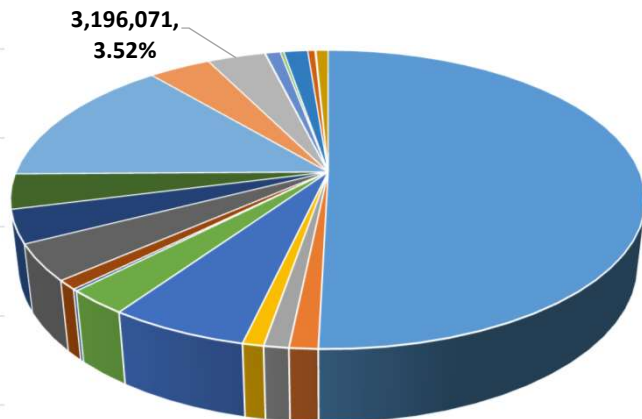
The budget for Safety & Monitoring Services increased from an actual cost of \$1,809,029 in 2017-18 to an anticipated \$3,423,523 in 2019-20, an increase of \$1,614,494 to the District’s annual operating budget. The increase is due to an increase in the number of Galveston County SLOs at each campus and creation of a department that includes four professional-level staff, in addition to annual license fees and recurring expenses to implement the District’s new safety program.

DATA PROCESSING (53)

DATA PROCESSING SERVICES



DATA PROCESSING SERVICES

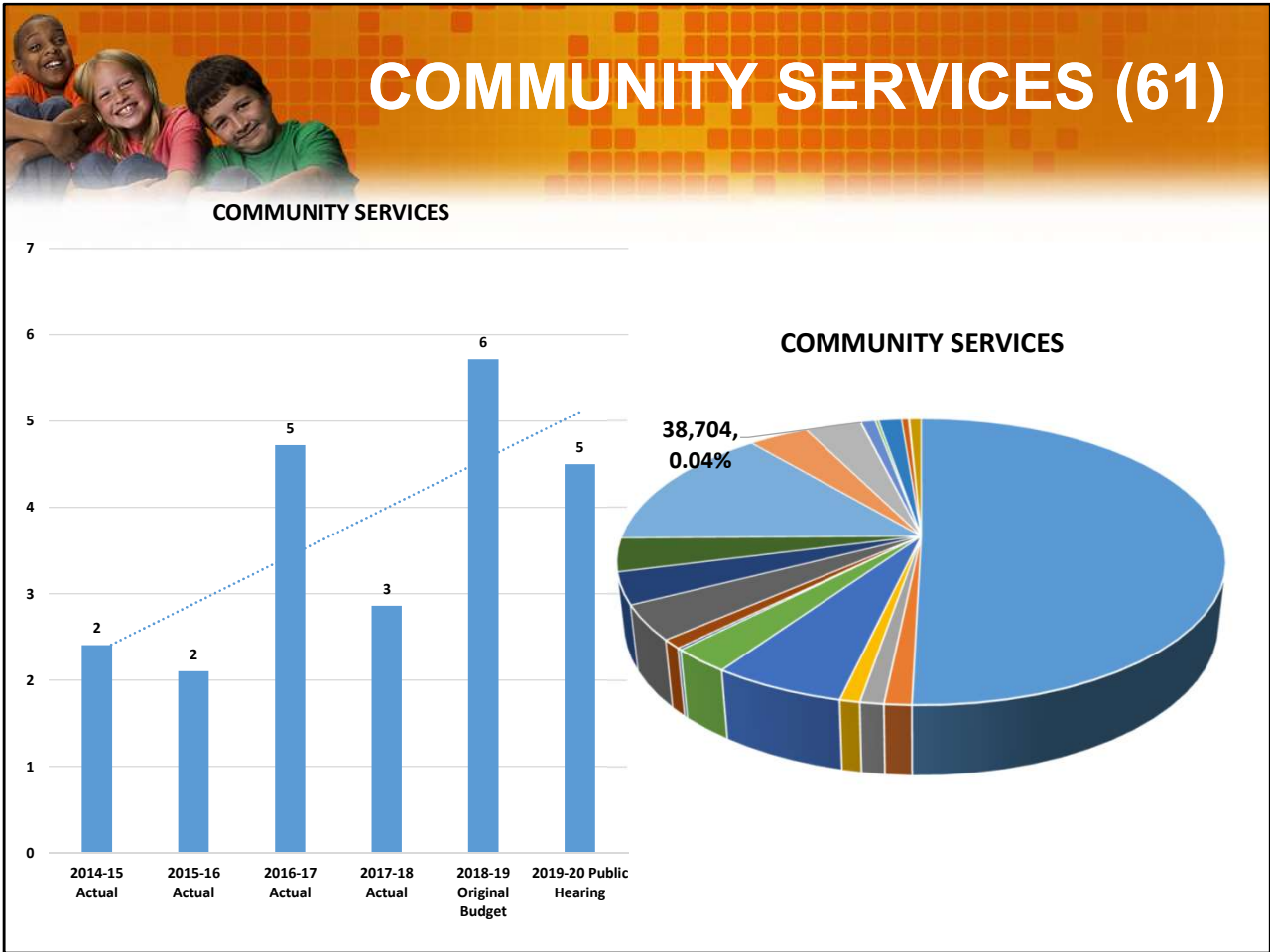


Function 53 is for expenditures/expenses for data processing services, whether in-house or contracted. Examples of Function 53 costs are costs for computer facility management; computer processing; systems development; analysis of workflows, processes and requirements; coding, testing, debugging and documentation; systems integration; design of applications supporting information technology infrastructure; maintenance of programs; maintenance of networks; and those interfacing costs associated with general types of technical assistance to data users. Specific types of applications include student accounting, financial accounting and human resources/personnel. Personal Computers (PC's) that are stand alone are to be charged to the appropriate function. Peripherals including terminals and printers are to be charged to the appropriate function. Costs associated with mainframe, minicomputers, servers and networked or standalone microcomputers that provide services to multiple functions are to be recorded here.

The District accounts for technology staff, software, annual license fees, and computer equipment in function 53.

The 2019-20 Budget for Technology is \$3,196,071, making up 3.52% of the 2019-20 Budget. This budget includes Technology Refresh of \$550,863 that was not a part of the 2018-19

Original Budget.



Function 61 is used for expenditures that are for activities or purposes other than regular public education and adult basic education services. These types of expenditures are used for services or activities relating to the whole community or some segment of the community. This includes providing resources to non-public schools, institutions of higher education, and any proprietary types of services incurred for outside entities in the community.

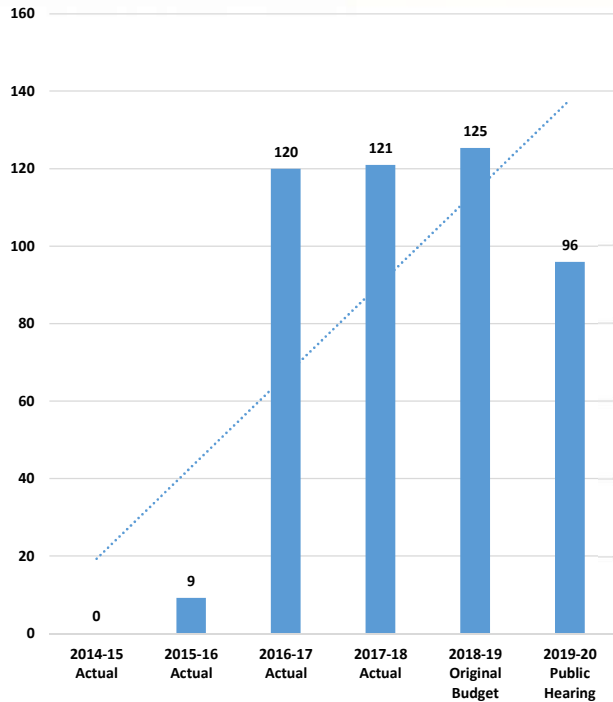
The District’s expenditures in this function are primarily related to parental involvement programs.

The 2019-20 Operating Budget includes \$38,706 in expenditures for community services.

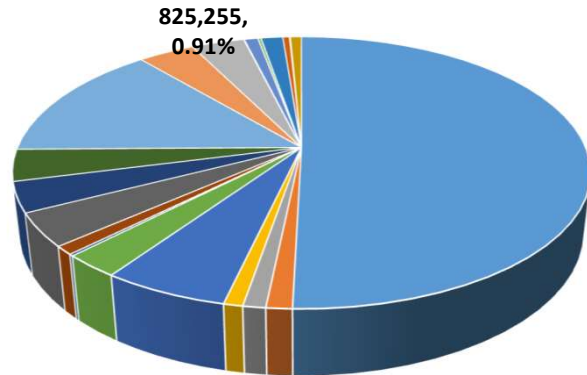


DEBT SERVICE (71)

DEBT SERVICE



DEBT SERVICE



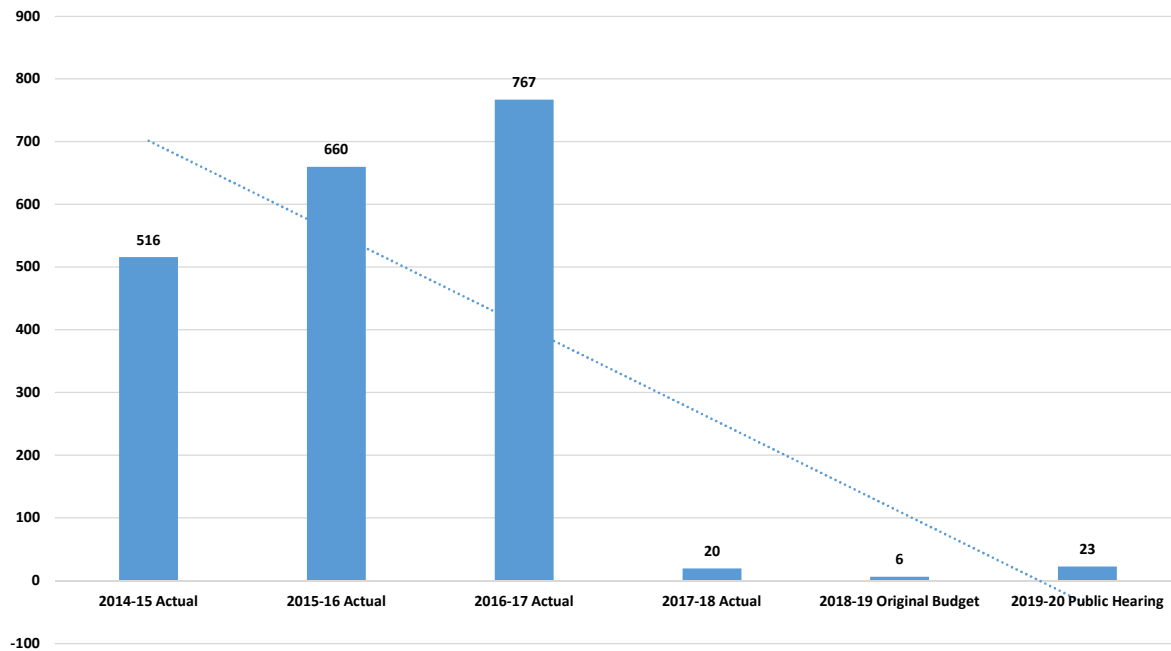
Function 71 is used for expenditures that are for the retirement of recurring bond, capital lease principal, and other debt, related debt service fees, and for all debt interest.

The debt payments described in this particular slide are made with annexation funds. The specific debt includes a Maintenance Tax Notes issued by Texas City ISD to purchase buses and equipment to accommodate La Marque campuses after the annexation. The debt will be paid in full within the next two years to correspond with the annexation funding schedule.

FACILITIES ACQUISITION & CONSTRUCTION (81)



FAC ADQ & CONSTRUCTION



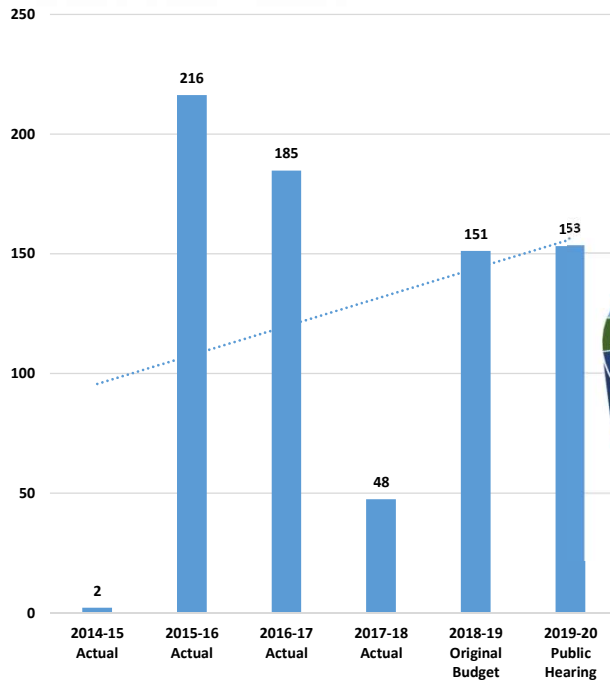
This function is used by school districts for expenditures that are for acquiring, equipping, and/or making additions to real property and sites, including lease and capital lease transactions.

The General Fund budget for facilities construction consists only of employee salaries that will be dealing directly with the bond projects. 2013-14 through 2016-17 expenditures were related to the completion of Blocker Middle School and Industrial Trades Center, both of which were funded through the District's reserved fund balance. Bond-approved projects will be accounted for in the Capital Projects fund.

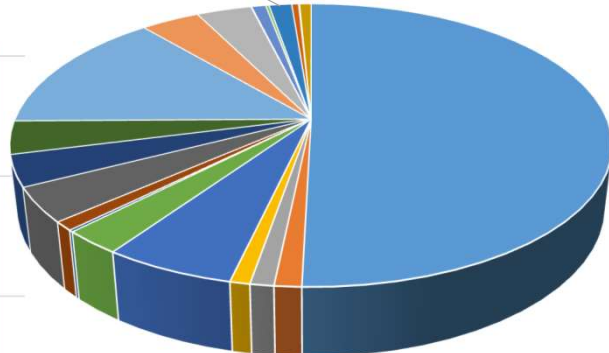


RECAPTURE PAYMENT (91)

RECAPTURE PAYMENT

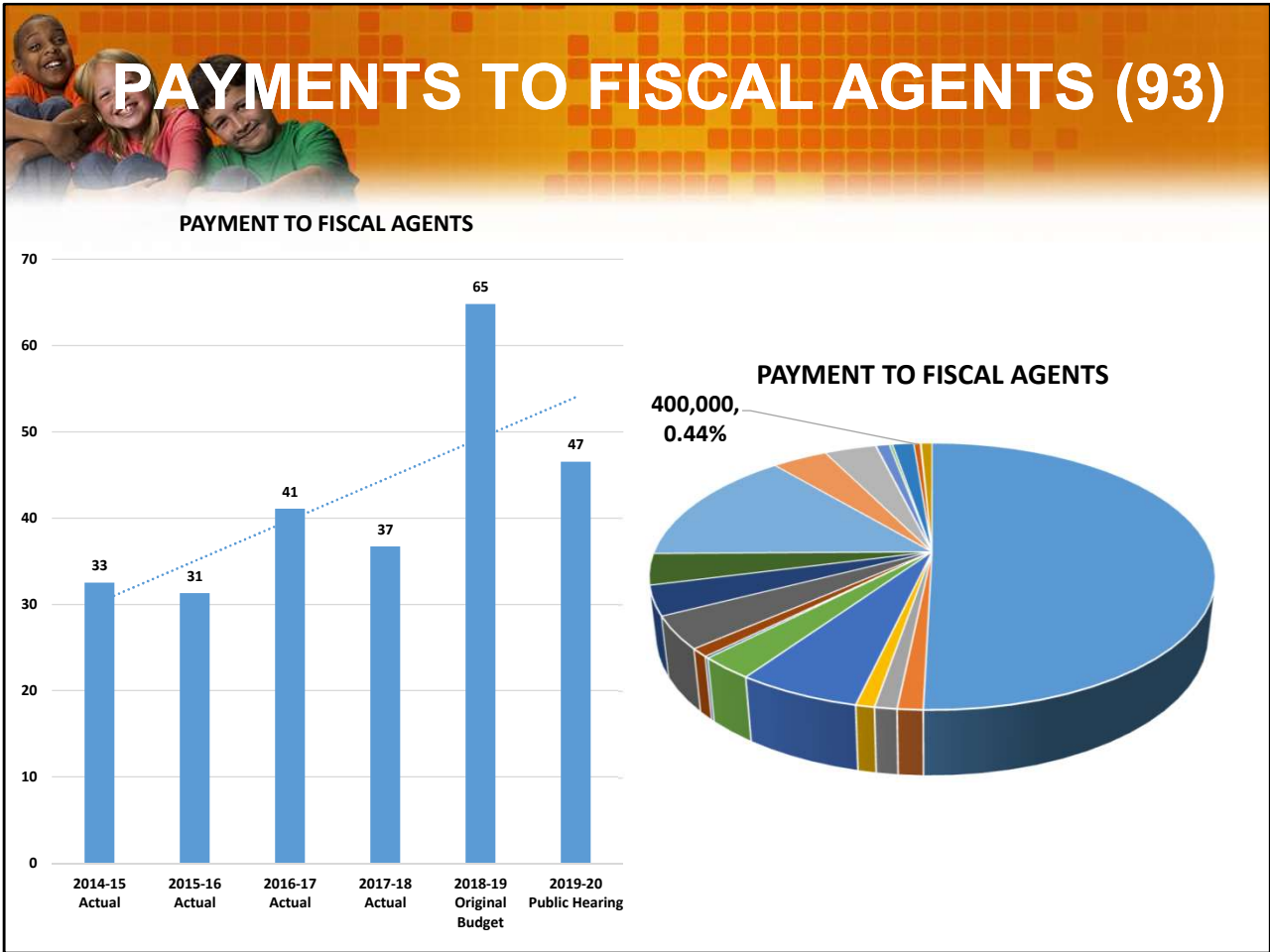


1,317,740, 1.45% RECAPTURE PAYMENT



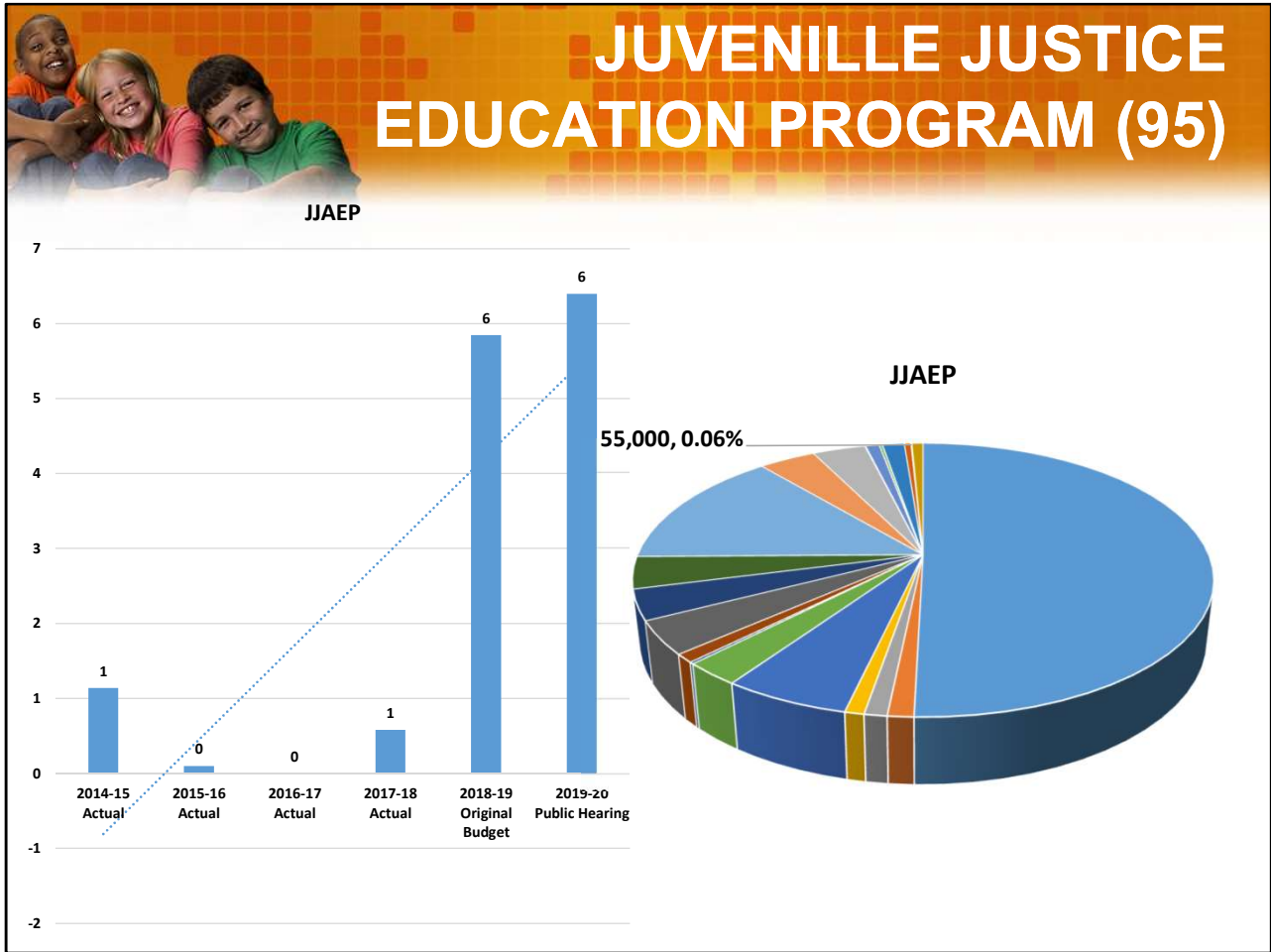
Function 91 is used to account for the Districts Chapter 41 (aka recapture) payment to the State. You may also hear this referred to as purchase of WADA (Weighted Average Daily Attendance).

The District's recapture payment has decreased from \$680.38 per student in 2013-14 to an anticipated \$153.23 per student in 2019-20.



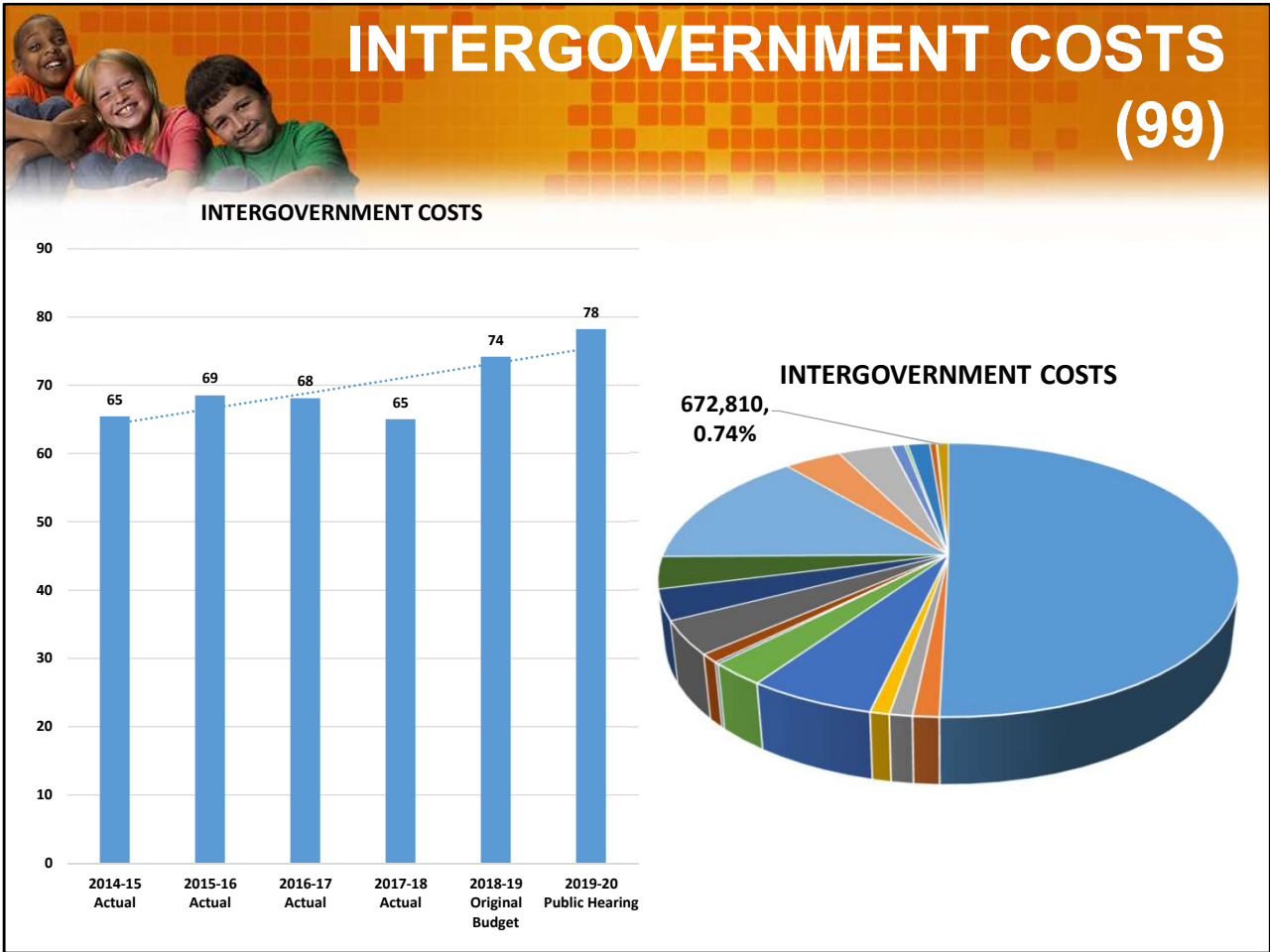
This function code is used for expenditures that are for (1) payments from a member district to a fiscal agent of a shared services arrangement; or, (2) payments from a fiscal agent to a member district of a shared services arrangement.

The District participates in several shared service arrangements including Dickinson's CAP (Coastal Alternative Program), HCDE's ABC (Adaptive Behavior Center), and Galveston ISD's Coop for visually impaired.



Function 95 is used for expenditures that are for the purpose of providing financial resources for Juvenile Justice Alternative Education Programs under Chapter 37, TEC. This function code is used to account for payments to other governmental entities in connection with students that are placed in discretionary or mandatory JJAEP settings.

The District participates in Dickinson’s Transforming Lives Cooperative (TLC), which is considered a JJAEP. The Public Meeting budget includes \$55,000



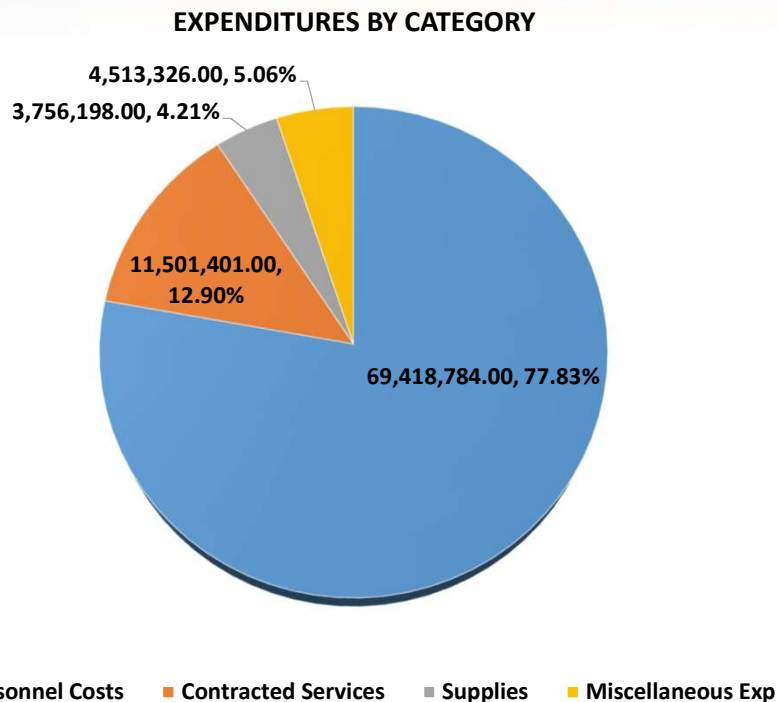
Function 99 is used to account for amounts paid to other governmental entities such as county appraisal districts for costs related to the appraisal of property.

The District’s Public Meeting budget includes payments of \$672,810 to Galveston County Appraisal District.

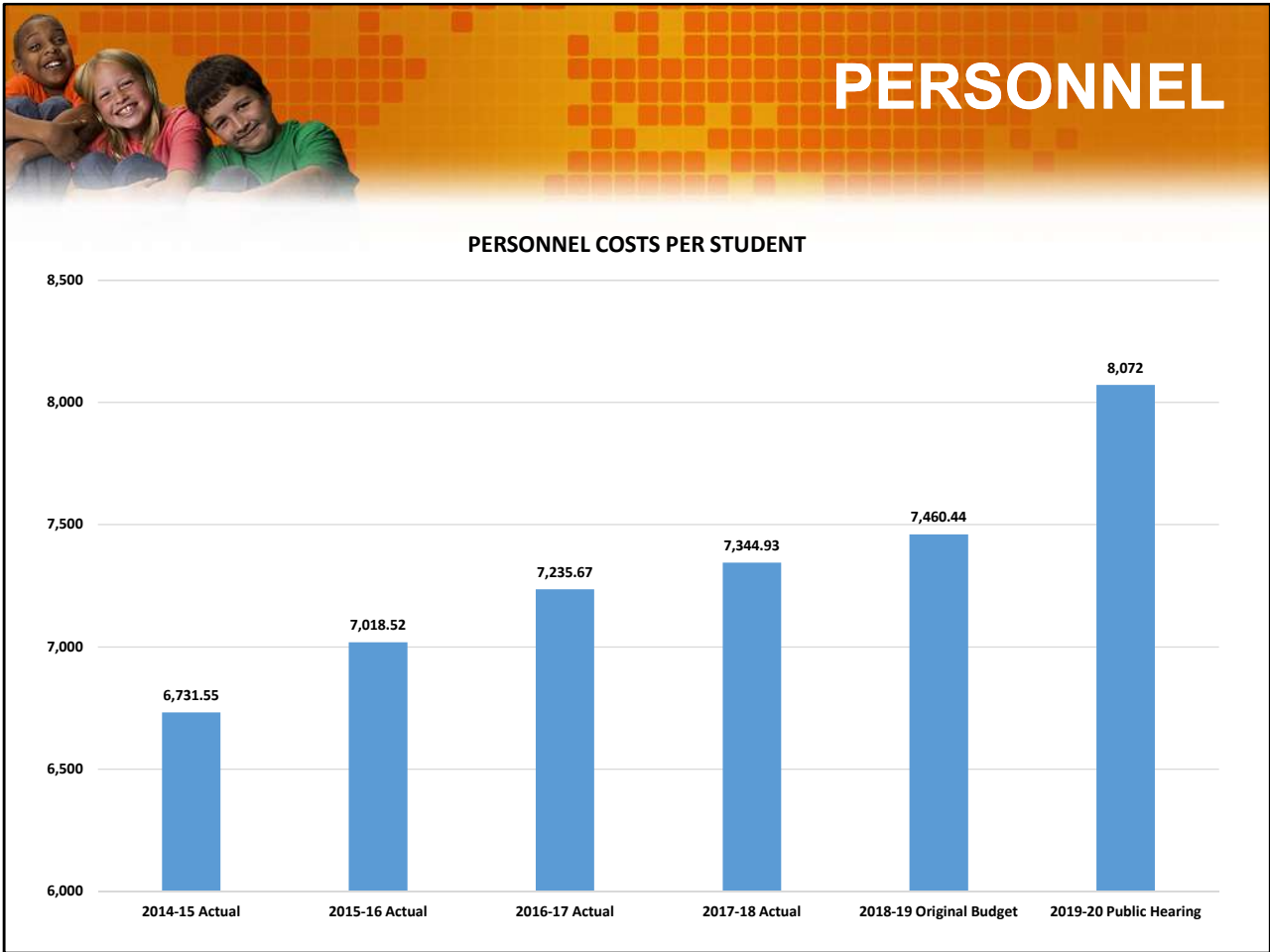
EXPENDITURES BY CATEGORY AND OBJECT



EXPENDITURES BY CATEGORY & OBJECT



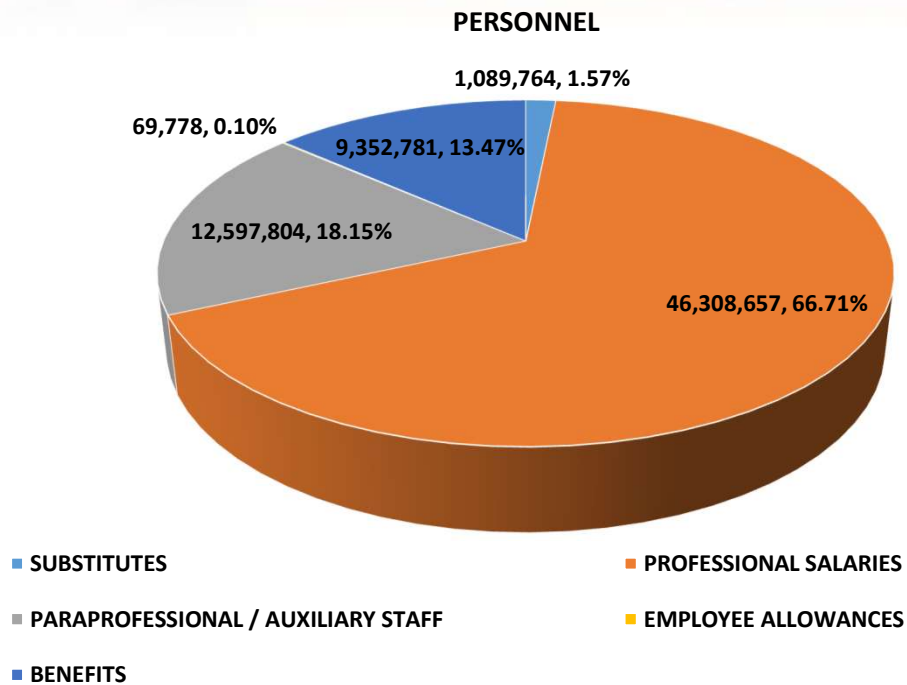
77.83% of the 2019-20 annual operating budget is spent on personnel and related costs. The next highest category is contracted services where the District is projected to spend \$11.5 million. Supplies and miscellaneous expenses make up the remaining 9.27% of the 2019-20 budget.



Personnel costs are expected to increase by \$611.51 per student when compared to the 2018-19 adopted budget. This is the result of positions added during the 2018-19 school year, adoption of a 25:1 staffing ratio for grades 5-8, implementation of the 2019-20 Board-approved compensation plan, implementation of Special Education staffing guidelines, and increased special education enrollment.



PERSONNEL

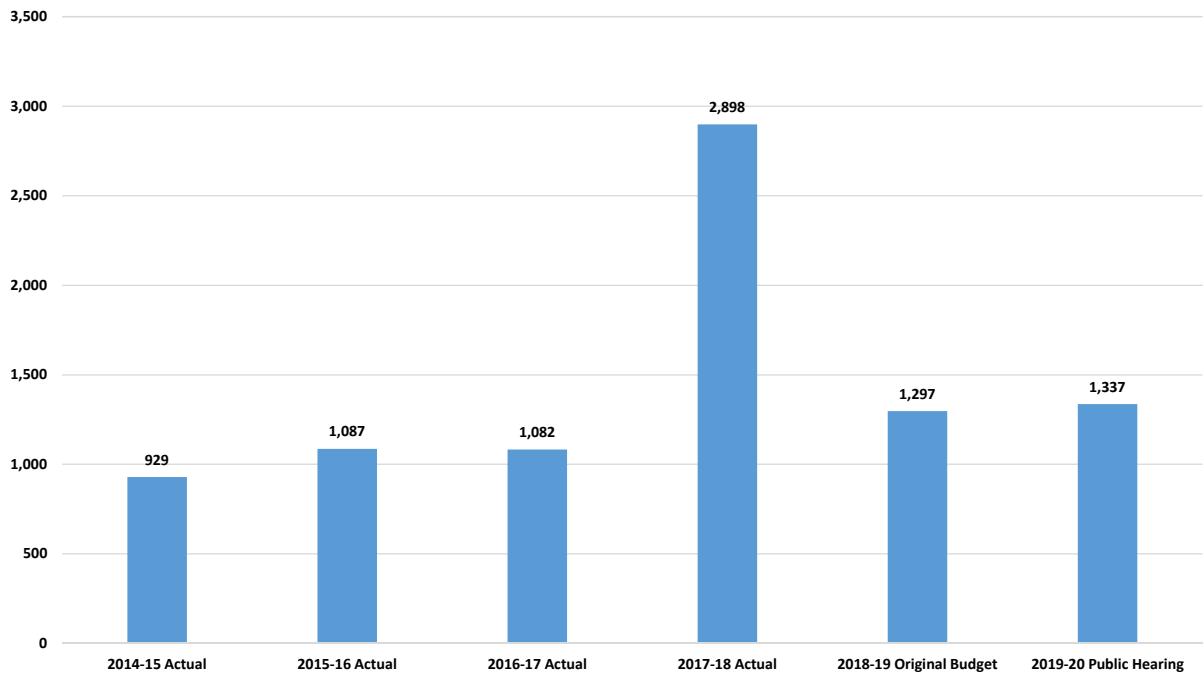


Benefits, including employee allowance, health insurance, workers compensation insurance, TRS contributions, and unemployment insurance make up 13.57% of the personnel category.



CONTRACTED SERVICES

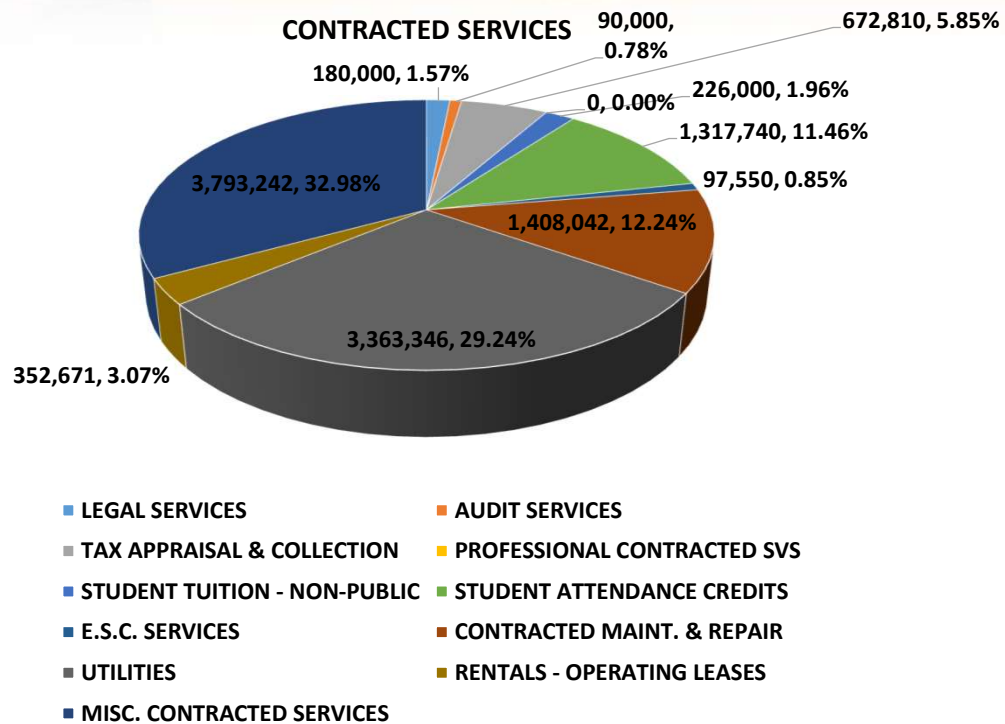
CONTRACTED SERVICES COSTS PER STUDENT



The Public Meeting budget includes \$1,337 per student for contracted services, an increase of \$40 per student from the 2018-19 original budget.

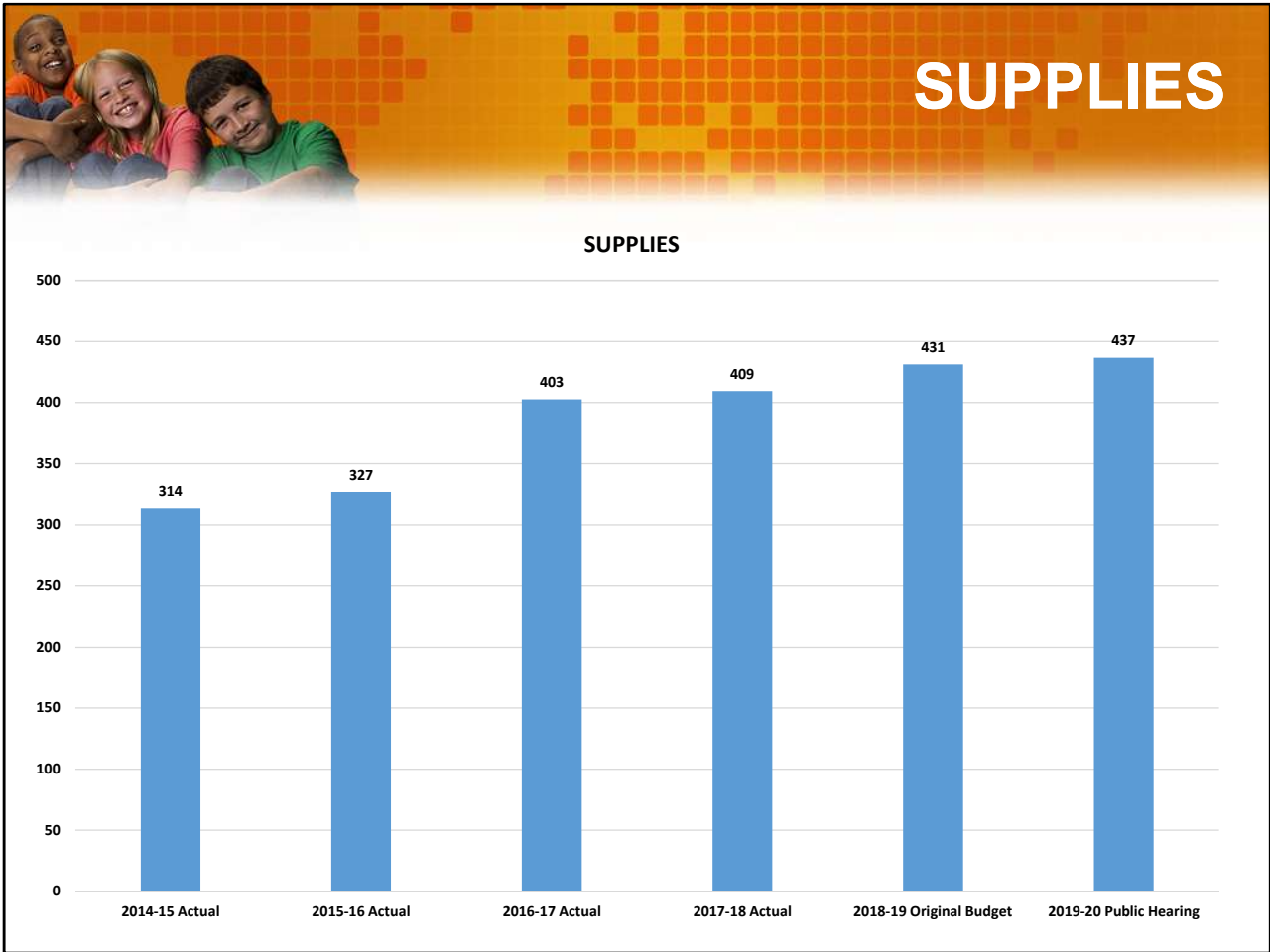


CONTRACTED SERVICES



The category of Contracted Services includes a vast array of services. Utilities are budgeted at \$3,363,346, making up 29.24% of the expenditures budgeted in the category. 32.98% of this category is spent on miscellaneous contracted services. Miscellaneous contracted services are services not defined specifically in TEA's coding and most services fall into this category. The largest expense coded to miscellaneous contracted services is the District's contract with the Galveston County Sheriff's Department for the deputies.

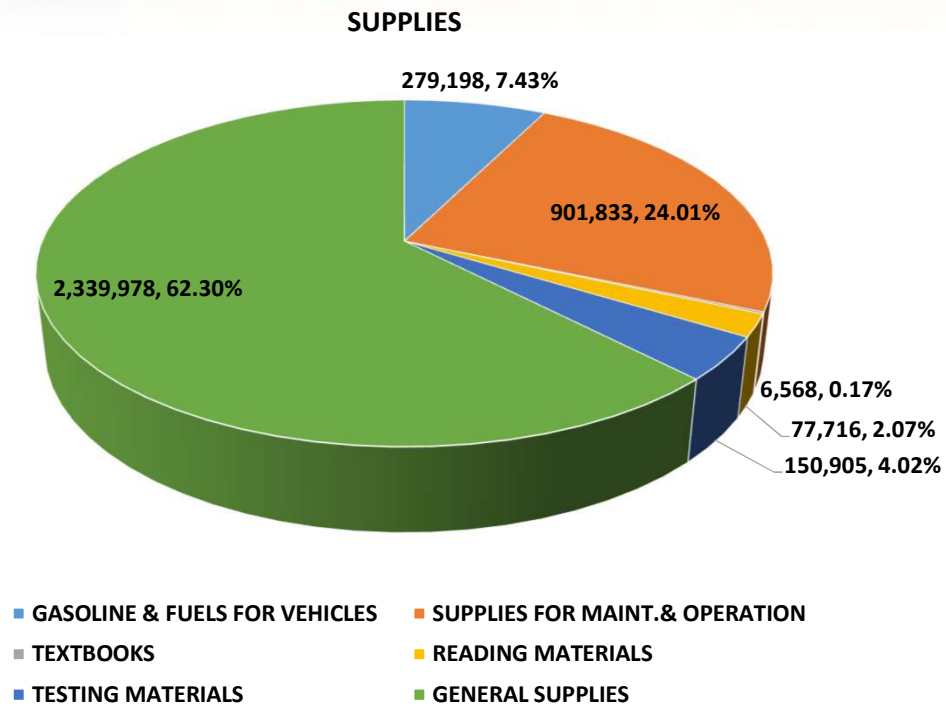
Some other large expenses in this category include copy machine rentals of \$352,671, student attendance credits (recapture payment) totaling \$1,317,740, contracted maintenance and repair (including software license) totaling \$1,408,042, and appraisal fees totaling \$672,810.



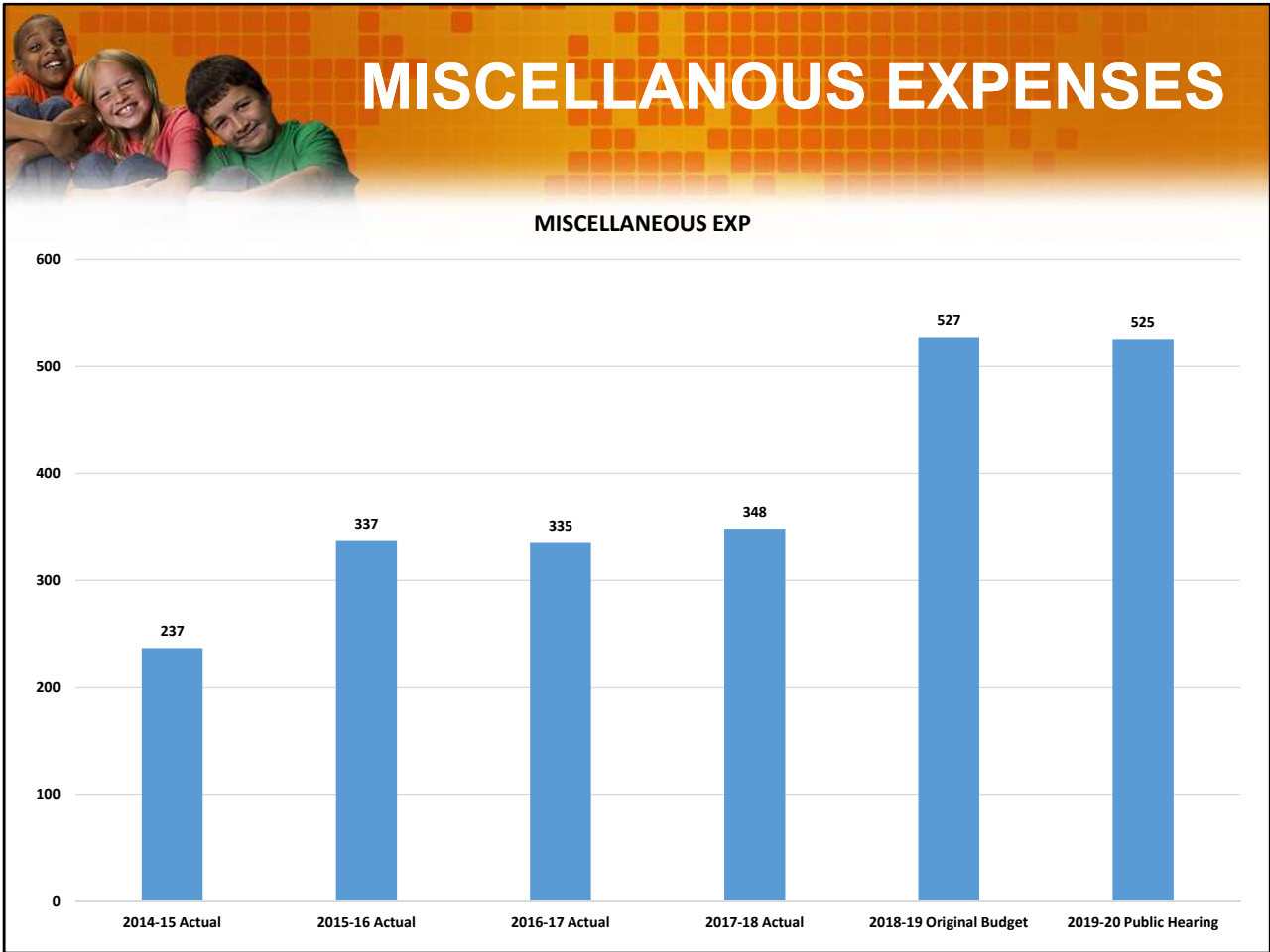
The District's cost per pupil for supplies has increased only slightly over the past two years. This is because the budget for supplies has been based on per student allocations for several years.



SUPPLIES



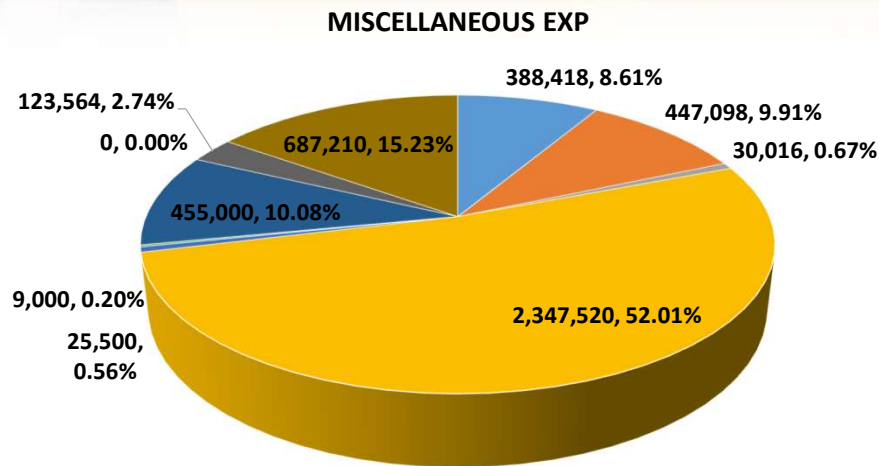
The bulk of the supply category, 62.30%, is budgeted for consumable type supplies including paper, toner, ink, pens, pencils...everything you need to run an office. 24.01% or \$901,833 is budgeted for maintenance supplies including cleaning supplies. Finally, the budget includes \$279,198 for fuel.



The District is budgeted to spend \$525 per student in the Miscellaneous Expense category. This is decrease of \$2 per student as compared to the 2018-19 original budget.

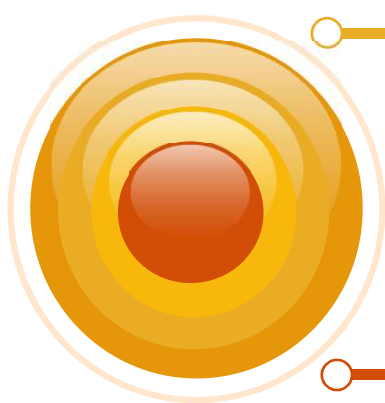


MISCELLANEOUS EXP



- | | |
|---------------------------------|--------------------------------|
| ■ TRAVEL - EMPLOYEE ONLY | ■ TRAVEL - STUDENTS. |
| ■ TRAVEL - NON-EMPLOYEES | ■ INSURANCE & BONDING COSTS |
| ■ ELECTION COSTS | ■ REQUIRED PUBLICATIONS |
| ■ PAYMENTS TO FISCAL AGENTS SSA | ■ RECLASSIFIED TRANS. EXPENSES |
| ■ MEMBERSHIP DUES | ■ MISC. OPERATING COSTS |

The largest item in this category is insurance, including property insurance, totaling \$2,347,520 or 52.01% of the category budget. Other large items include payments to Shared Services Arrangements, employee travel and student travel.



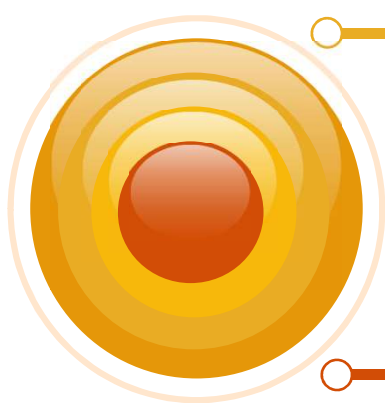
- 1 General Fund Public Meeting Budget
- 2 **Debt Service Public Meeting Budget**
- 3 Fund Balance Estimate
- 4 Nutrition Services Public Meeting Budget



DEBT SERVICE BUDGET

DEBT SERVICE BUDGET	
TAX COLLECTIONS	17,810,865
STATE REVENUE	3,800,000
OPERATING TRANSFERS IN	259,406
TOTAL REVENUE	21,870,271
BOND PRINCIPAL	11,900,000
INTEREST ON BONDS	9,955,271
OTHER DEBT SERVICE FEES	15,000
TOTAL EXPENDITURES	21,870,271
BUDGET SURPLUS / (DEFICIT)	0

The Debt Service budget is based on an I&S tax rate of \$0.3449, the amount promoted in the District's bond material. Based on certified taxable values and a collections percentage of 100%, the District would collect \$17,810,865 and receive a State contribution of \$3,800,000, leaving a balance of \$259,406 that will be taken from the fund balance reserved for the purpose of maintaining a maximum tax rate of \$0.3449.



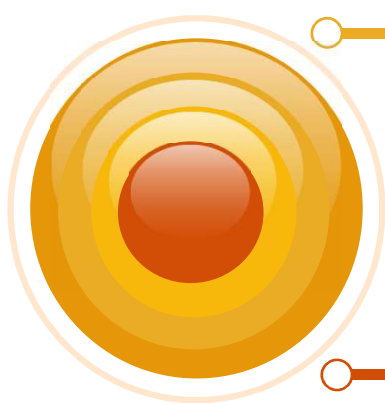
- 1 General Fund Public Meeting Budget
- 2 Debt Service Public Meeting Budget
- 3 **Fund Balance Estimate**
- 4 Nutrition Services Public Meeting Budget



PROJECTED FUND BALANCE

08/31/2019 ESTIMATED FUND BALANCE (Assigned and Unassigned)		\$ 56,792,753
08/31/2019 Projected Assigned Fund Balance		
Catastrophic Event (Insurance Deductible)	\$ (14,000,000)	
Reserve for Property Value Lawsuits / Settlements	\$ (2,000,000)	
Reserve for Inventories	\$ (172,247)	
Reserve for Prepaid Items	\$ (832,114)	
Reserve for Facilities (TEC 13.054)	\$ (15,000,000)	
Reserve for MTN Loan Payments (Payments 4-5)	\$ (1,671,648)	
Reserve for Campus Fund Balance Roll Forward	\$ (1,300,000)	
FUND BALANCE ASSIGNMENTS		\$ (34,976,009)
ESTIMATED UNASSIGNED FUND BALANCE @ 08/31/2019		\$ 21,816,744
		Target
1 Month Operations (\$86,000,000 / 12)		\$ 7,166,667
2 Months Operations		\$ 14,333,333
2.5 Months Operations		\$ 17,916,667
3 Months Operations		\$ 21,500,000

At the close of the fiscal year, we will have three months of operating expenditures in unassigned fund balance plus a slight increase in the reservation of fund balance for catastrophic events. The District has spent \$15 million in response to Hurricane Harvey and most of that was paid out prior to receiving anything from insurance or FEMA, proving the need for a healthy reserve to respond to catastrophic events.



- 1 General Fund Public Meeting Budget
- 2 Debt Service Public Meeting Budget
- 3 Fund Balance Estimate
- 4 **Nutrition Services Public Meeting Budget**

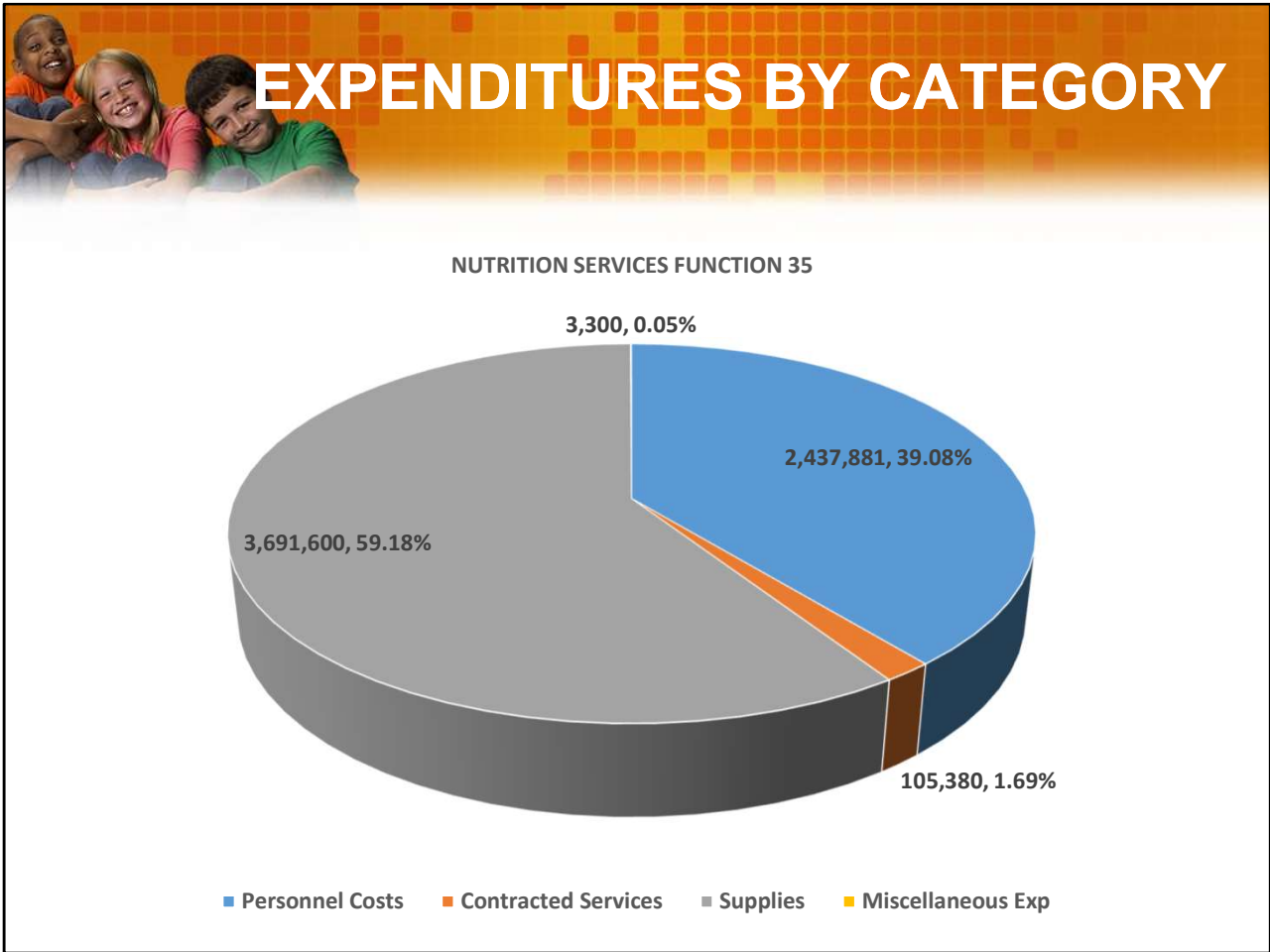


NUTRITION SERVICES BUDGET

NUTRITION SERVICES OPERATING BUDGET		
57--	Local Revenue	722,912
58--	State Revenue	48,257
59--	Federal Revenue	5,246,327
79--	Operating Transfers In	0
TOTAL REVENUE		6,017,496
61--	Personnel Costs	2,437,881
62--	Contracted Services	105,380
63--	Supplies	3,691,600
64--	Miscellaneous Exp	3,300
TOTAL EXPENDITURES		6,238,161
TOTAL SURPLUS / (DEFICIT)		-220,665

The Nutrition Services budget reflects a budgeted deficit of \$220,665. The deficit is largely the result of the Board-approved salary increase without an increase to the amount charged for meals and the addition of staff where warranted by staffing formulas. In addition, food costs have increased over time. Nutrition Services ended the 2017-18 fiscal year with approximately \$1 million in fund balance and I anticipate a slight increase to the fund balance at the end of this year.

The majority of the revenue for the School Nutrition Program comes from the National School Lunch and National School Breakfast Programs. This is the third year that the District has offered free and reduced breakfast and lunches at all elementary campuses through the Community Eligibility Program.

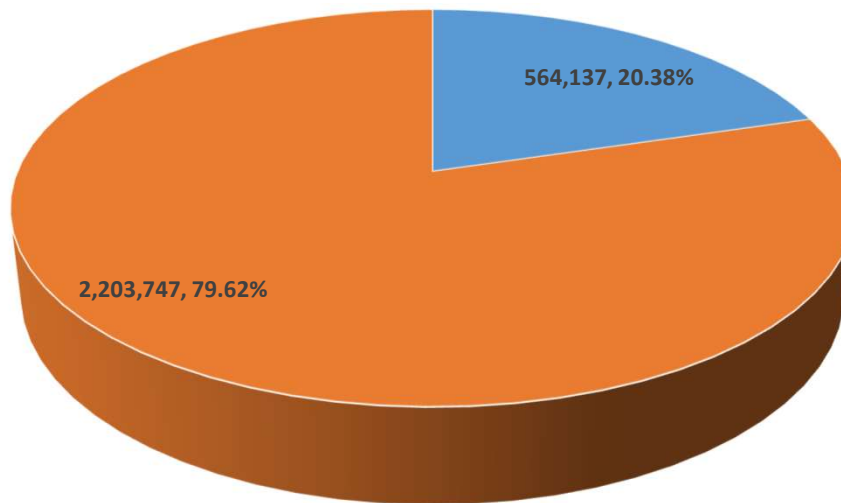


All Nutrition Services expenditures are accounted for in Function 35. 59.18% of the Nutrition Services budget is allocated to food and other supplies needed for operation of the kitchens and serving lines. 39.08% of the Nutrition Services budget is dedicated to personnel and related costs including employee benefits.



PERSONNEL

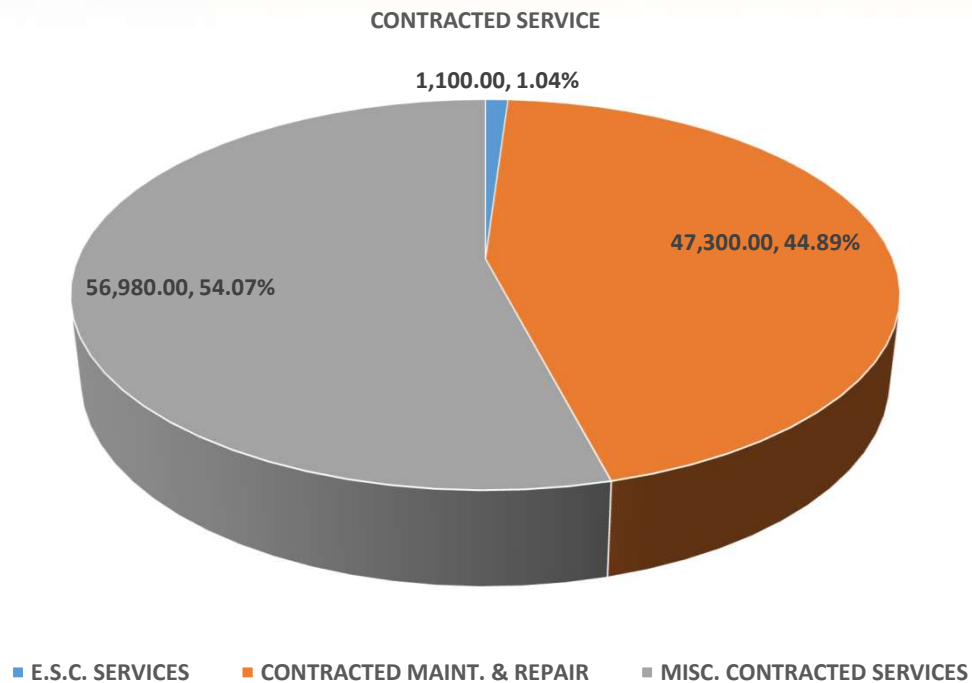
PERSONNEL



■ SALARIES ■ BENEFITS



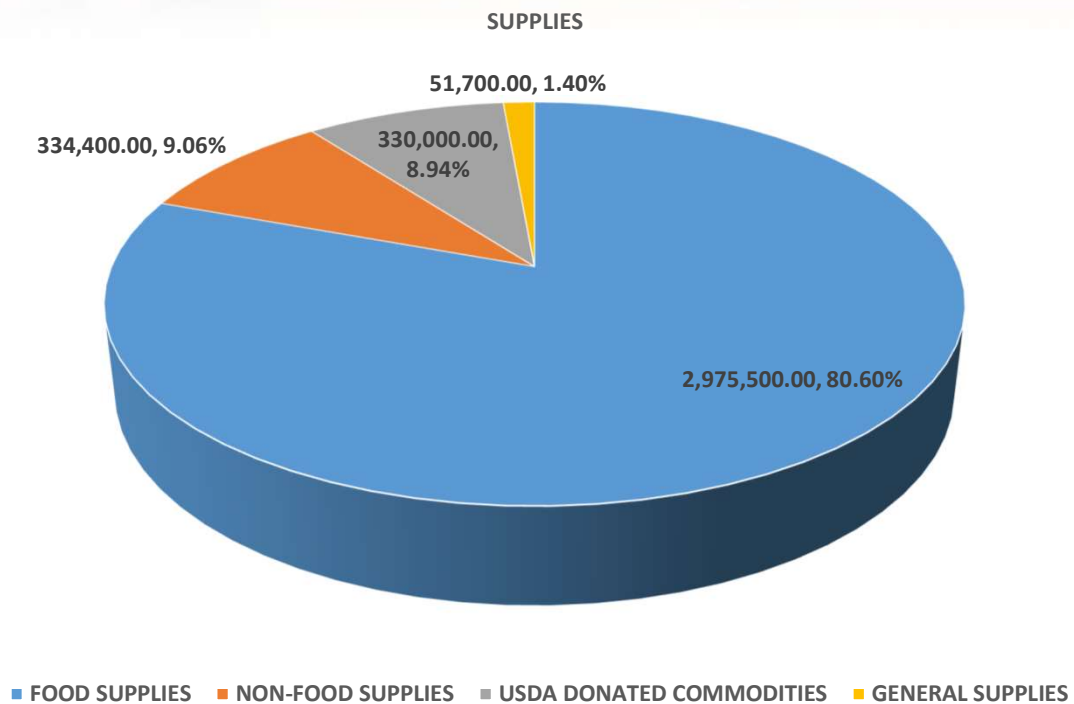
CONTRACTED SERVICE



The Nutrition Services Budget has a total of \$105,380 budgeted in three object codes within the contracted services category. 54.07% of the category budget is spent on contracted maintenance and repair while the remaining balance is spent on other contracted services.



SUPPLIES

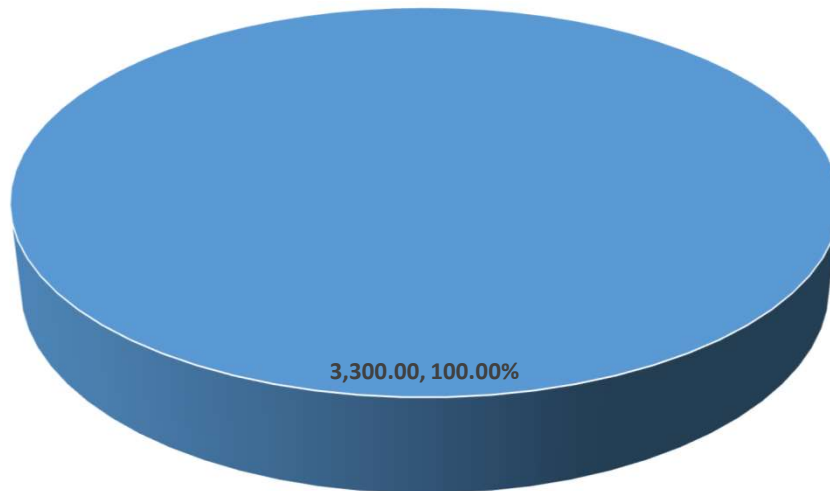


Almost 90% of the Nutrition Service budgeted supplies is food and commodities.



MISC OPERATING COSTS

MISCELLANEOUS EXPENSES



■ MISC.OPERATING COSTS

The Nutrition Services Department is budgeted to spend \$3,300 in miscellaneous operating costs.

Thank You!

