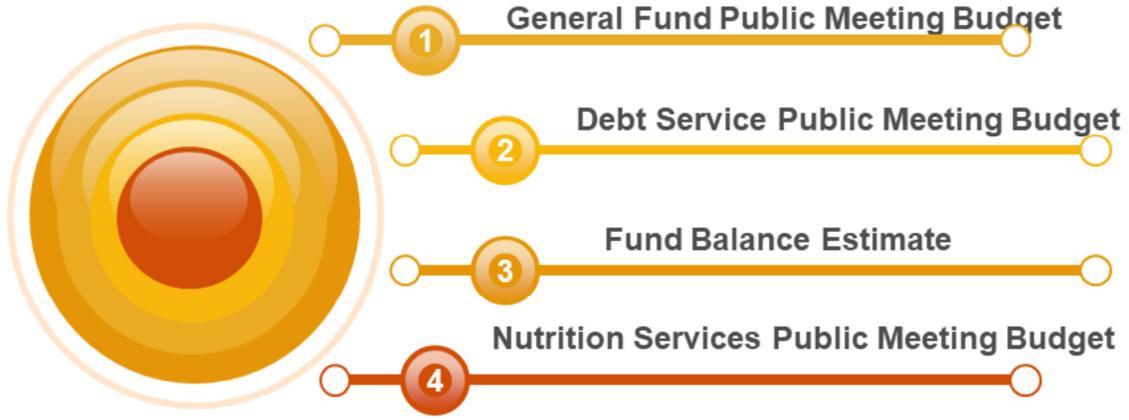


2018-19 PUBLIC MEETING BUDGET

August 28, 2018



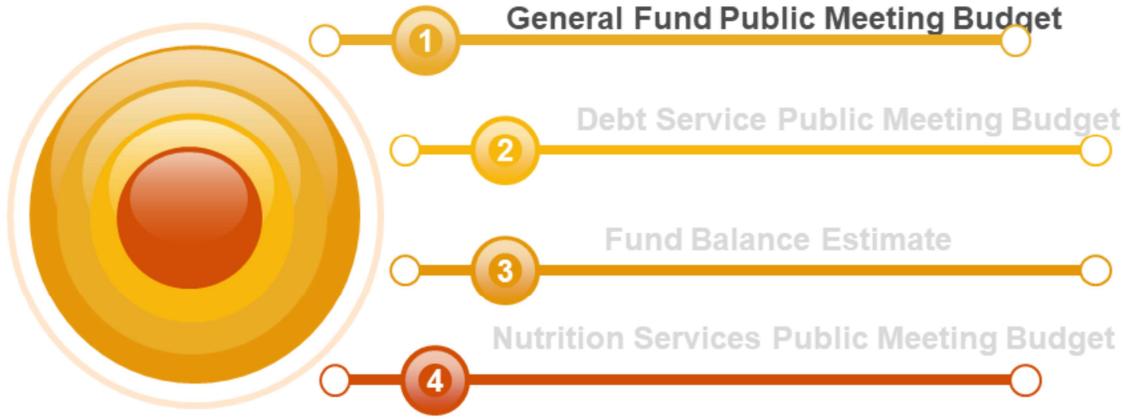




The Answer is...

\$1.5149

The first question taxpayers want to know each year is, what is the tax rate going to be. The answer is \$1.5149. This is the same rate promoted in the bond information distributed throughout the community. If approved by Trustees, the Public Meeting M&O tax rate will be \$1.17 and the Public Meeting I&S tax rate will be \$0.3449.



2018-19 Public Meeting BUDGET OVERVIEW





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.



METHODOLGY

- 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 | 58,788,937 |
| 58- State Revenue | 36,767,149 |
| 59- Federal Revenue | 1,730,000 |
| 79- Operating Transfers In | - |
| TOTAL REVENUE | 97,286,086 |
| 61- Personnel Costs | 64,465,705 |
| 62- Contracted Services | 11,203,077 |
| 63- Supplies | 3,725,865 |
| 64- Miscellaneous Exp | 4,551,053 |
| 65- Debt Expense | 1,083,079 |
| 66- Capital Outlay / Fixed Assets | - |
| 89- Operating Transfers Out | 5,000,000 |
| TOTAL EXPENDITURES | 90,028,779 |
| OPERATING SURPLUS/(DEFICIT) | 7,257,307 |

The revenue budget is based on a Maintenance and Operations tax rate of \$1.17.

With \$18.1 million in annexation-related revenue and \$6,083,079 in annexation-related spending, the District's total Public Meeting budget reflects a surplus of \$7,257,307. Ideally, as much of this surplus as possible 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 | 58,788,937 |
| 58- State Revenue | 18,667,149 |
| 59- Federal Revenue | 1,730,000 |
| 79- Operating Transfers In | - |
| TOTAL REVENUE | 79,186,086 |
| 61- Personnel Costs | 64,461,775 |
| 62- Contracted Services | 11,203,077 |
| 63- Supplies | 3,725,865 |
| 64- Miscellaneous Exp | 4,551,053 |
| 65- Debt Expense | - |
| 66- Capital Outlay / Fixed Assets | - |
| 89- Operating Transfers Out | - |
| TOTAL EXPENDITURES | 83,941,770 |
| OPERATING SURPLUS/(DEFICIT) | (4,755,684) |

When you remove annexation-related revenues and expenditures, the District's true operating budget reflects a \$4,755,684 budget deficit. The budget deficit is primarily attributed to a five percent increase to employees, adding eight security officers, adding a budget for safety and security contracts and licenses, and increasing district-wide instructional initiatives with State Compensatory Education funds.

The budget is based on an enrollment of 8,834 students and an attendance rate of 89% based on comparable data.

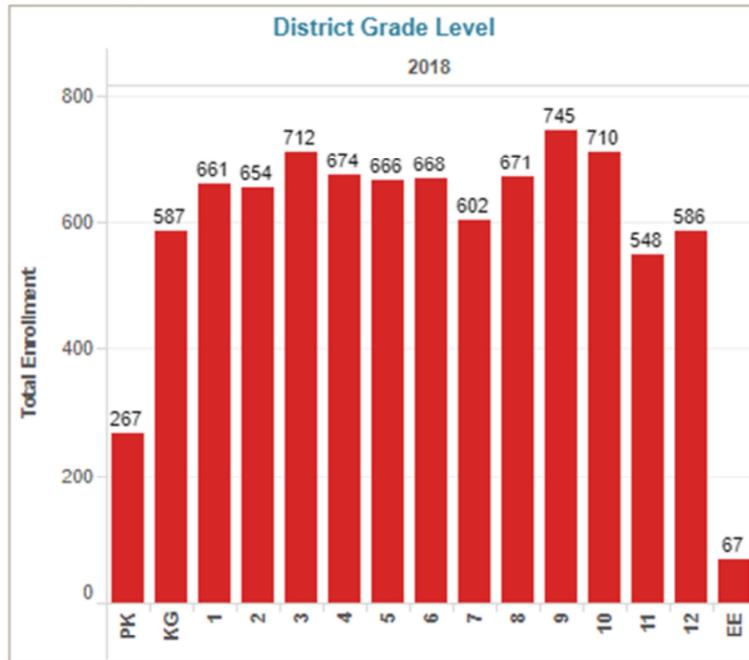
Tax collections are based on 95% collections. While Valero and GCAD did not reach an agreement, GCAD does not believe that Valero will file a lawsuit protesting the values. However, Valero has until the end of September to file a lawsuit. All other large accounts have been settled with GCAD and the agreed values are reflected in the Certified Values.

REVENUE INPUT - PUPIL PROJECTIONS





ENROLLMENT BY GRADE LEVEL



The chart above was a consideration in arriving at the estimated enrollment for the 2018-19 school year. This information is being provided for your consideration and review only.



ENROLLMENT HISTORY BY CAMPUS

| District | School | Enrolled Students | | | | | |
|-------------------|------------------------------|-------------------|-------|-------|-------|-------|-------|
| | | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| TEXAS CITY ISD | TEXAS CITY H S | 1,678 | 1,766 | 1,868 | 1,914 | 1,893 | 1,893 |
| | LA MARQUE H S | | | | | 644 | 665 |
| | WOODROW WILSON DAEP | 34 | 32 | 49 | 34 | 85 | 55 |
| | COASTAL ALTERNATIVE PROG.. | | | 6 | | 6 | 10 |
| | BLOCKER MIDDLE | 914 | 912 | 911 | 945 | 930 | 905 |
| | LA MARQUE MIDDLE | | | | | 739 | 737 |
| | FRY INT | 886 | 909 | 929 | 899 | 930 | 957 |
| | HEIGHTS EL | 709 | 545 | 557 | 571 | 537 | 515 |
| | KOHFELDT EL | 522 | 537 | 564 | 578 | 547 | 586 |
| | MANUAL GUAJARDO JR EL | 576 | 590 | 580 | 581 | 583 | 561 |
| | ROOSEVELT-WILSON EL | 622 | 617 | 656 | 644 | 660 | 685 |
| | CALVIN VINCENT PRE-K HEAD .. | | 249 | 227 | 225 | 270 | 248 |
| | LA MARQUE PRI | | | | | 515 | 457 |
| | LA MARQUE EL | | | | | 604 | 574 |

This chart contains historical information about the enrollment at each campus. However, only limited data for La Marque campuses is available in the software which does not contain LMISD historical data. This data was also considered when estimating the enrollment that would be used in budget preparations.



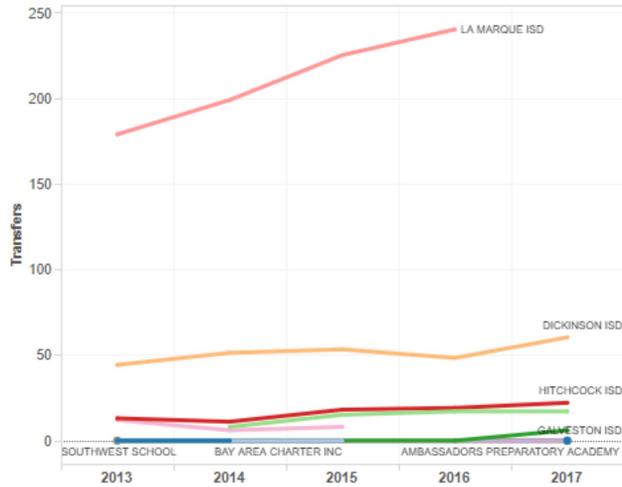
% CHANGE BY CAMPUS

| | | Year over Year % Change | | | | | |
|-------------------|---------------------------|-------------------------|--------|-------|---------|--------|--------|
| District | School | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| TEXAS CITY ISD | TEXAS CITY H S | | 5.2% | 5.8% | 2.5% | -1.1% | 0.0% |
| | LA MARQUE H S | | | | | | 3.3% |
| | WOODROW WILSON DAEP | | -5.9% | 53.1% | -30.6% | 150.0% | -35.3% |
| | COASTAL ALTERNATIVE PR.. | | | | -100.0% | | 66.7% |
| | BLOCKER MIDDLE | | -0.2% | -0.1% | 3.7% | -1.6% | -2.7% |
| | LA MARQUE MIDDLE | | | | | | -0.3% |
| | FRY INT | | 2.6% | 2.2% | -3.2% | 3.4% | 2.9% |
| | HEIGHTS EL | | -23.1% | 2.2% | 2.5% | -6.0% | -4.1% |
| | KOHFELDT EL | | 2.9% | 5.0% | 2.5% | -5.4% | 7.1% |
| | MANUAL GUAJARDO JR EL | | 2.4% | -1.7% | 0.2% | 0.3% | -3.8% |
| | ROOSEVELT-WILSON EL | | -0.8% | 6.3% | -1.8% | 2.5% | 3.8% |
| | CALVIN VINCENT PRE-K HE.. | | | -8.8% | -0.9% | 20.0% | -8.1% |
| | LA MARQUE PRI | | | | | | -11.3% |
| LA MARQUE EL | | | | | | -5.0% | |

This chart is another view from the previous slide. Using 2013 data as a benchmark, it provides the percent change from year-to-year at each campus. This chart is for your information only.



OPEN ENROLLMENT – INCOMING TRANSFERS

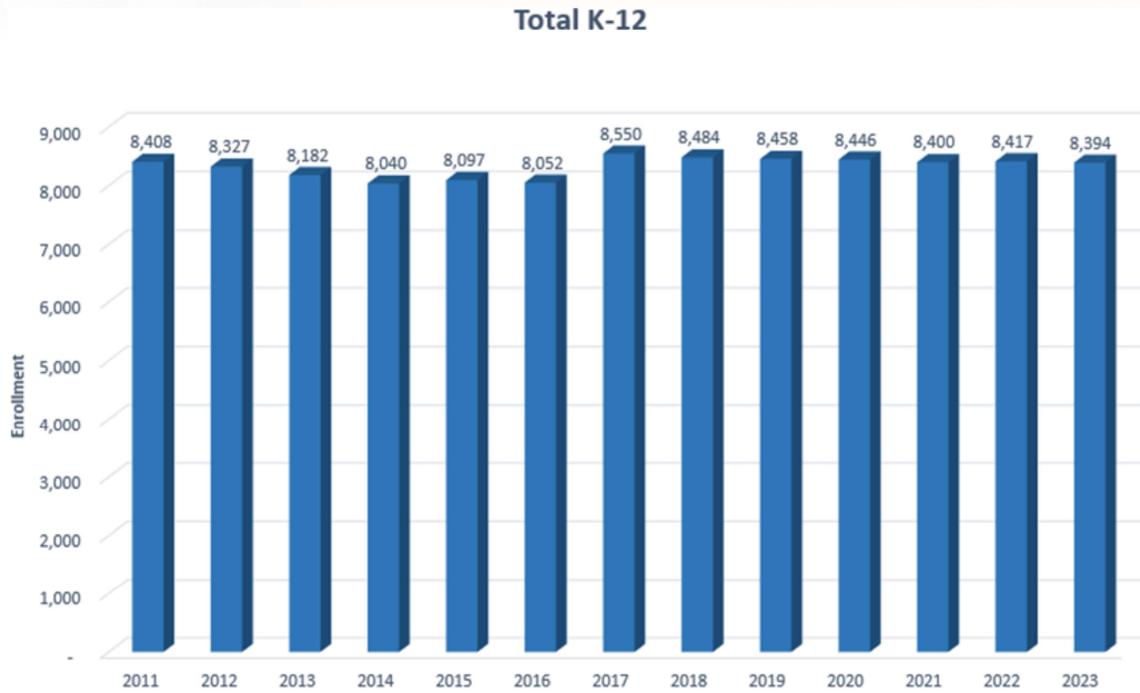


| Inbound or Outbound District | 2017 |
|------------------------------|------------|
| CLEAR CREEK ISD | 17 |
| DICKINSON ISD | 60 |
| GALVESTON ISD | 6 |
| HITCHCOCK ISD | 22 |
| LA MARQUE ISD | |
| SANTA FE ISD | |
| Grand Total | 105 |

The District received 105 students from neighboring districts in 2017. Prior to the annexation, the District enrolled almost 250 LMISD students through LOE (Limited Open Enrollment).



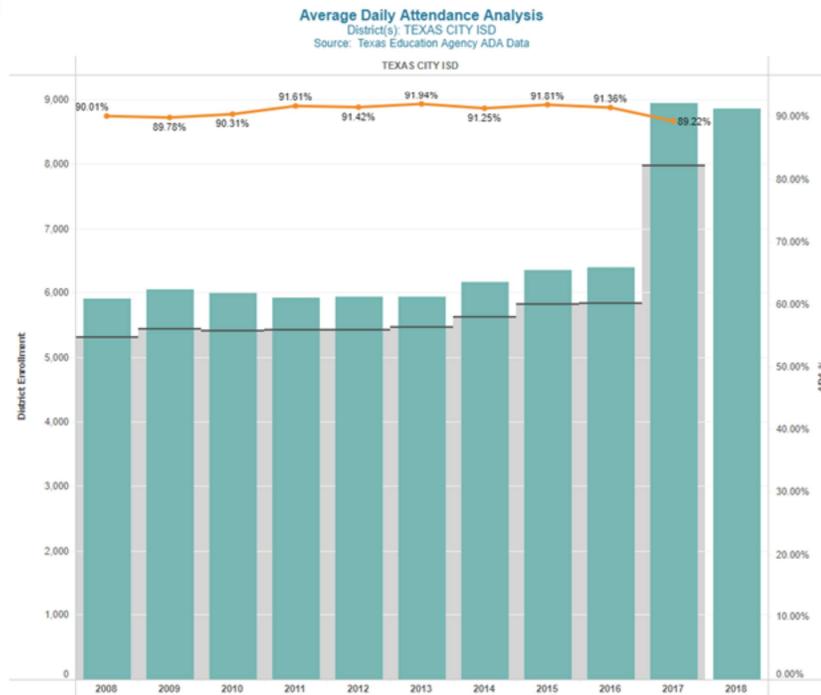
PROJECTED K-12 ENROLLMENT



The graph above shows LMISD and TCISD enrollment combined, and utilizes historical data to project enrollment for the next five years. This graph does not include Pre Kindergarten or Early Childhood. Estimates for Pre Kindergarten and Early Childhood were added to this data, to arrive at the total projected enrollment of 8,834 used in the revenue calculation.



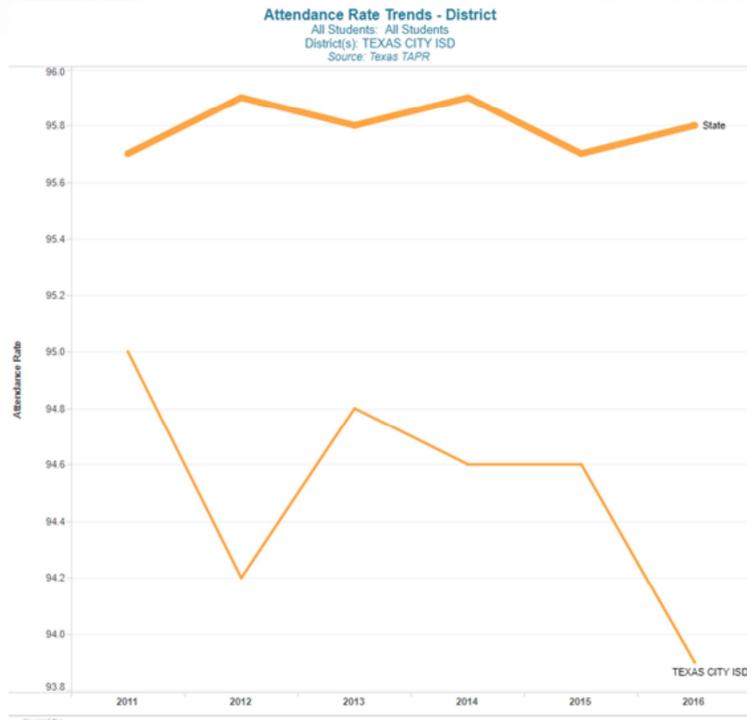
AVERAGE DAILY ATTENDANCE



The graph above reflects the average daily attendance as compared to the enrollment. The attendance rate of 89.22% 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.



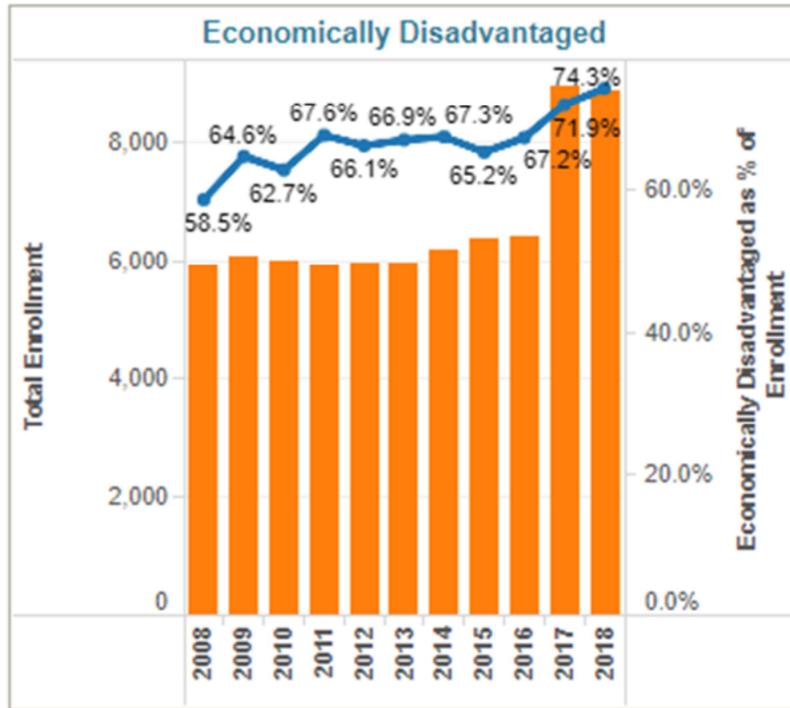
ATTENDANCE TREND



This graph shows the District's attendance as compared to the State average. A one percent increase in the attendance rate generates approximately \$485,000.



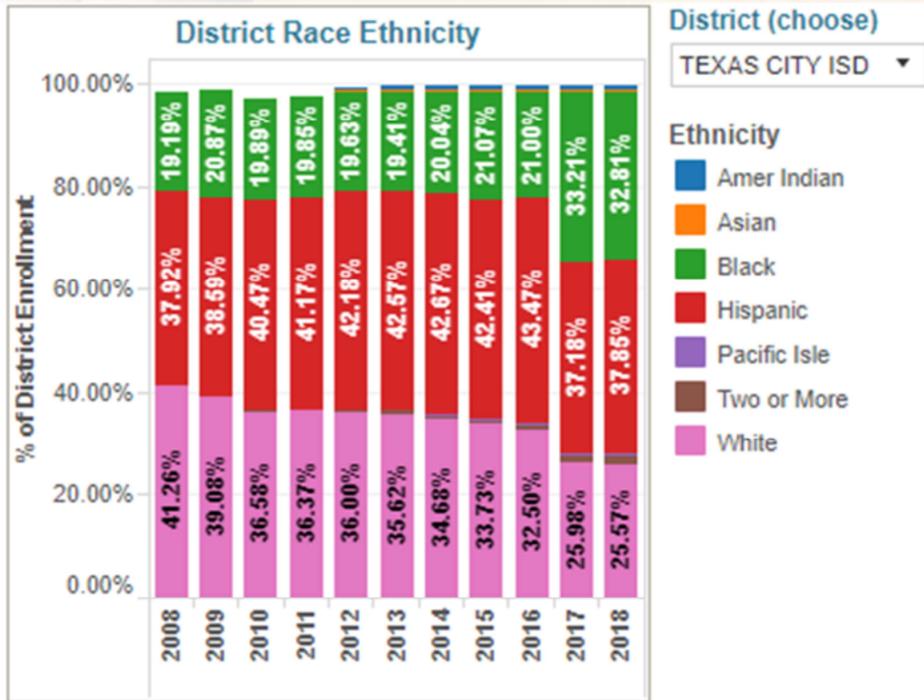
ECONOMICALLY DISADVANTAGED



This graph reflects the change in the District’s enrollment since the annexation. In 2018, the District’s economically disadvantaged population increased to 74.3%, as compared to 67.2% before the annexation. The increase in the economically disadvantaged population provides additional funding through State Compensatory Education funding 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



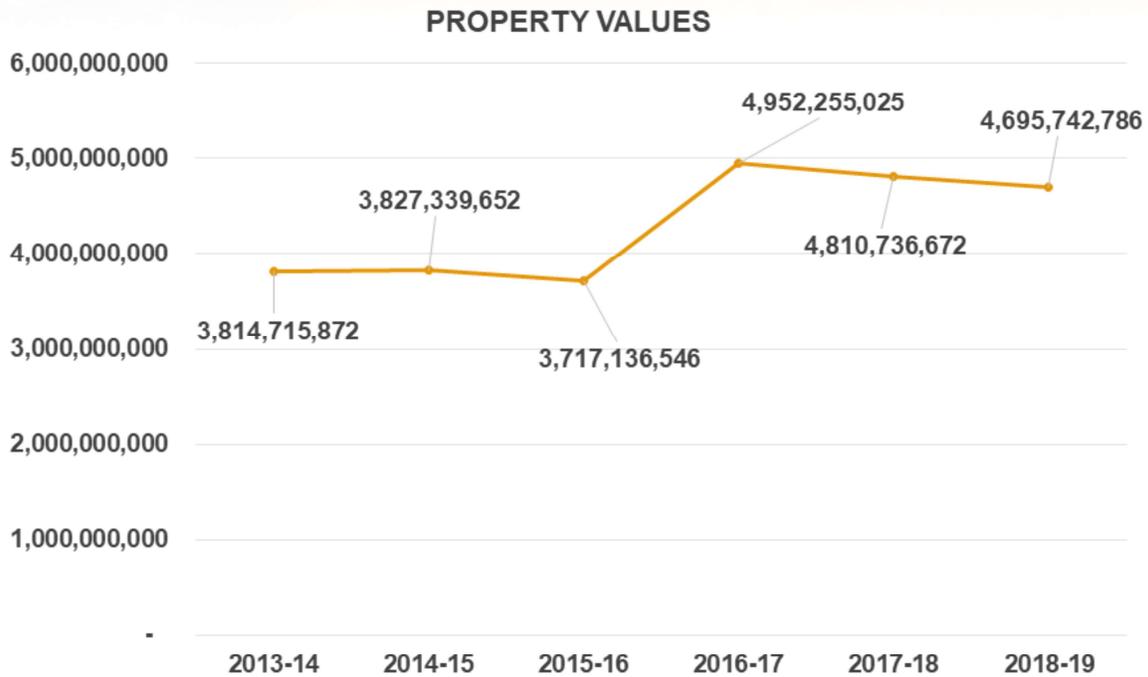
Finally, this chart reflects the change in our student ethnicity since 2008. This chart is provided for your information only.

REVENUE INPUT - PROPERTY VALUES





PROPERTY VALUES



The chart above reflects the change in property values since 2013-14. 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.

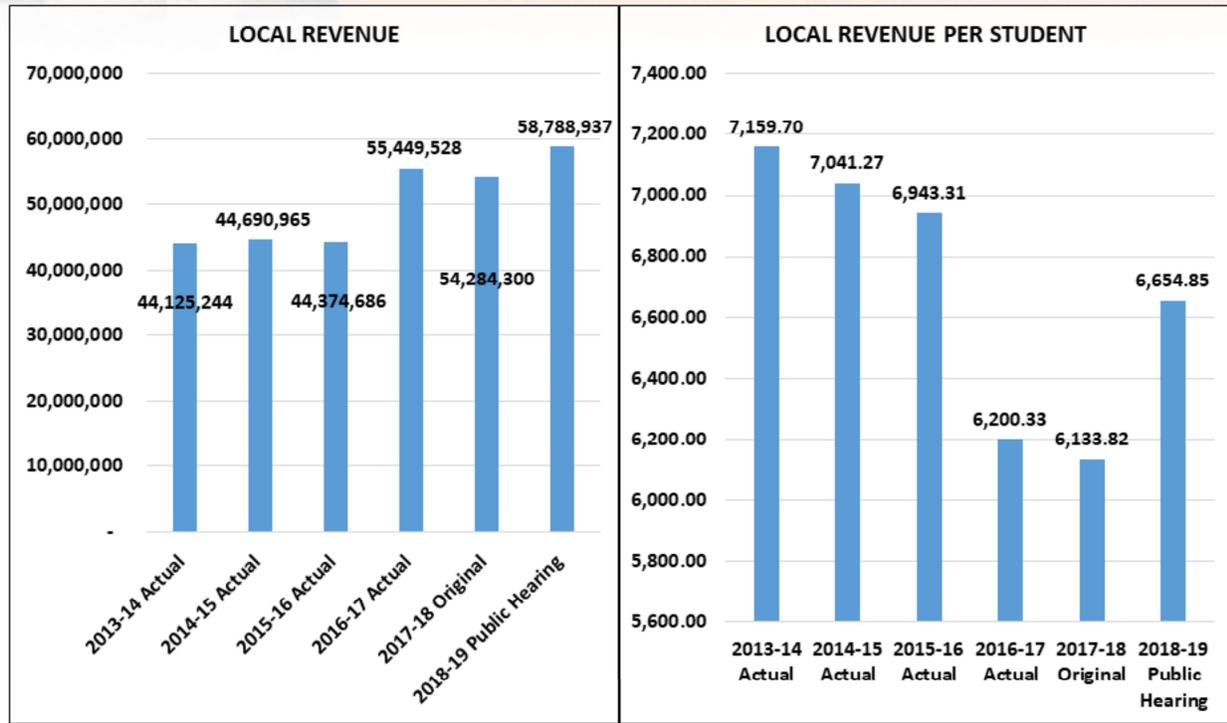
As a part of the State’s new FIRST indicators, we are required to have a discussion about how property values work within the State funding system. The State funding calculation lags one year behind. This year the State funding the District will receive is based on the prior year value of \$4,810,736,672 and the District’s tax collections will be based on the current year value of \$4,695,742,786. This is extremely important to recognize during a cycle of property value declines. In 2020-21, even if property values increase, the State funds that the District will receive will be based on the lower \$4,695,742,786.

REVENUE RESULTS – LOCAL REVENUE





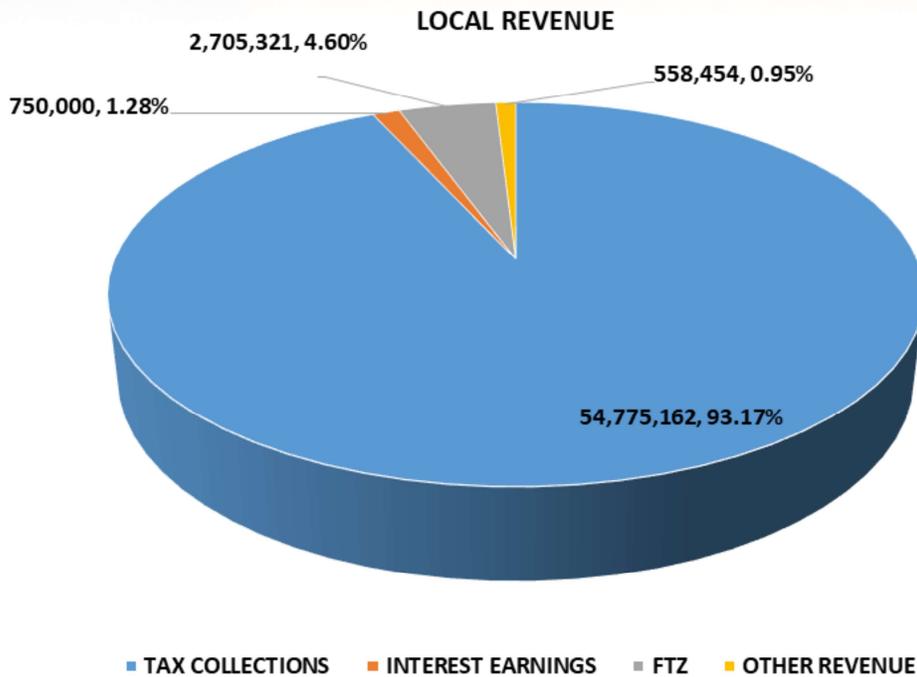
LOCAL REVENUE – 5 YEAR HISTORY



Today, we anticipate \$521.03 less in local revenue per student than we did five years ago even though the District's M&O tax rate was \$1.04 in 2013-14 and \$1.17 today. This is attributable to an increase in students without a proportionate increase in property values and a decline in Foreign Trade Zone values since 2013-14.



LOCAL REVENUE BY OBJECT



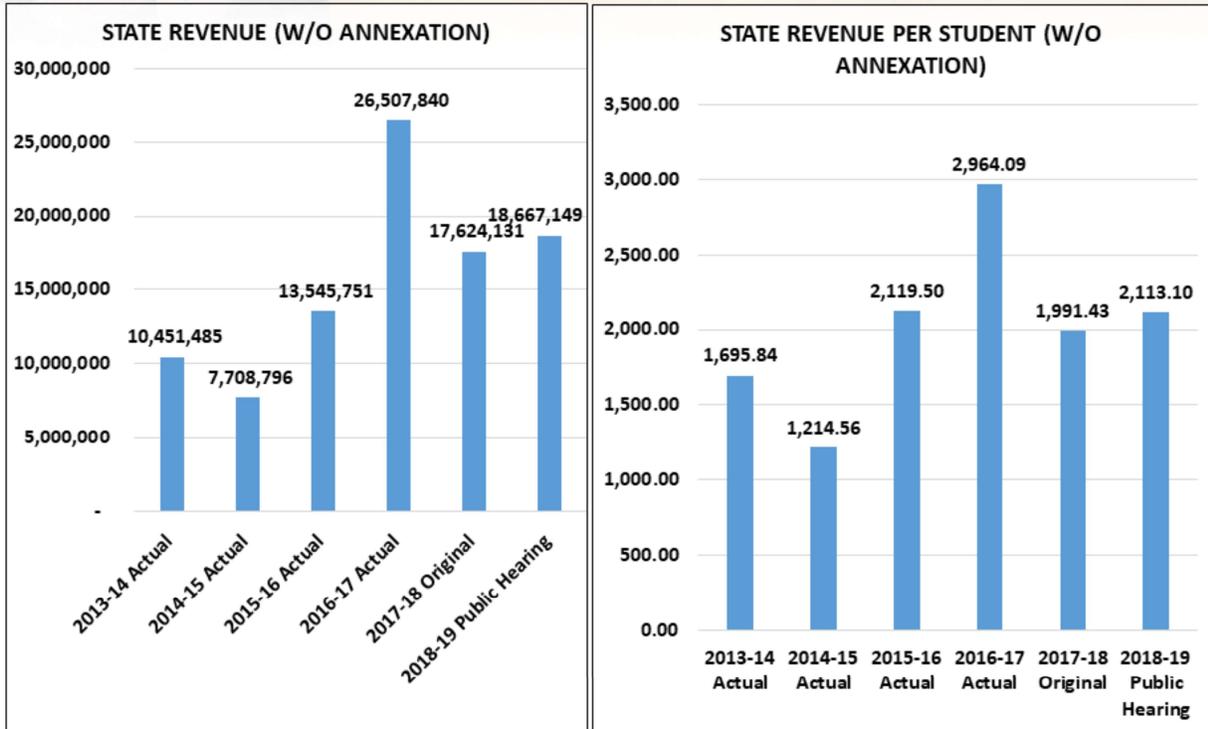
93.17% of the local revenue included in the Public Meeting budget is from tax collections. An additional \$2.7 million is budgeted for Foreign Trade Zone revenue which is accounted for separately, but is also generated through taxes. As a result of increased investments and a higher rate of return, the Public Meeting budget for interest income is \$750,000. All other local revenues including donations and gate receipts total \$558,454.

REVENUE RESULTS – STATE REVENUE





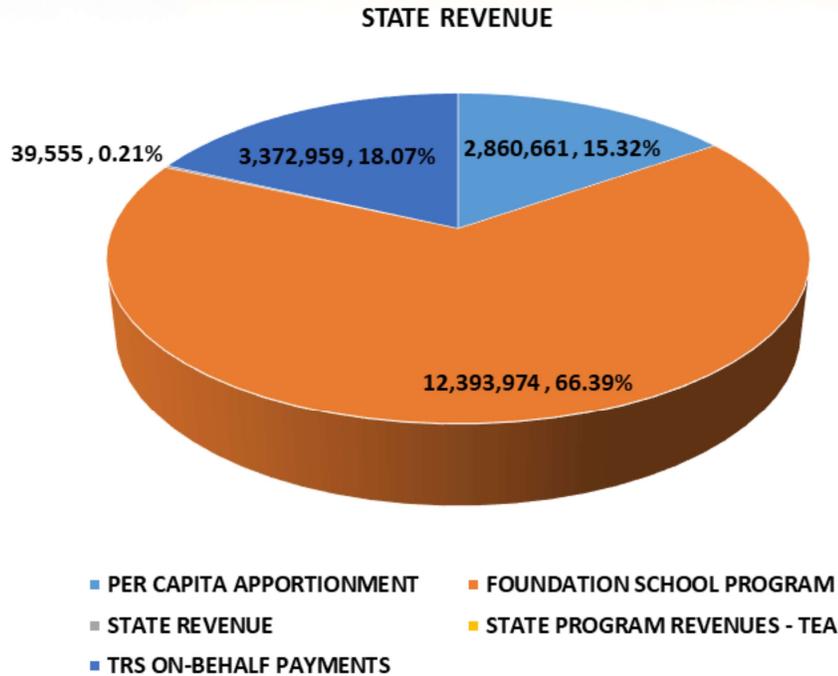
STATE REVENUE – 5 YEAR HISTORY



The District's operating revenue from the State budgeted in 2018-19 is \$1,043,018 more than the original 2017-18 anticipated State revenue. However, this amount is significantly less than the actual State revenue received in 2016-17, the final year of ASATR.



STATE REVENUE BY OBJECT



81.71% (66.39% + 15.32%) of the revenue categorized as “State Revenue” is generated through the State’s funding formula and is based off of student data inputs and prior year taxable property values. As mentioned previously, the State funding formulas lag behind one year, using the prior year values in the revenue calculation rather than current year values.

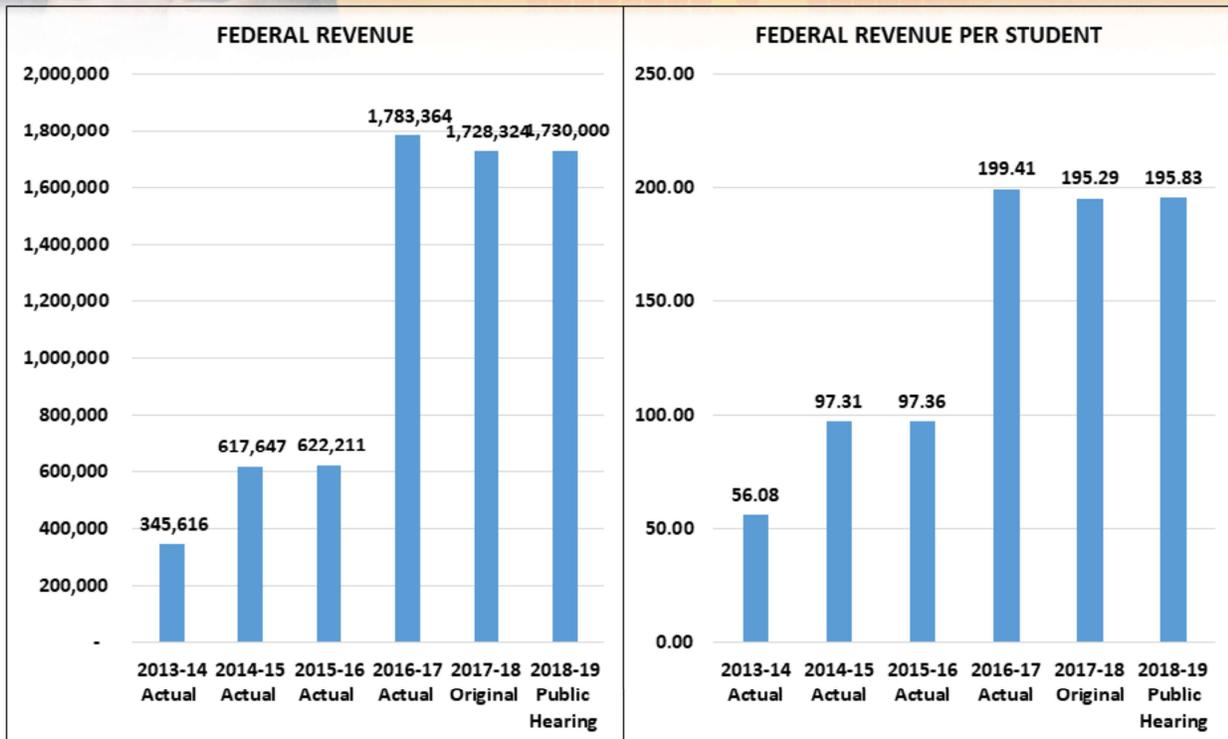
\$3,372,959 of the projected state revenue is the State’s matching portion of the TRS benefits. There is an offsetting expenditure recorded in the expenditure budget, having a net effect of zero on the total operating budget.

REVENUE RESULTS – FEDERAL REVENUE





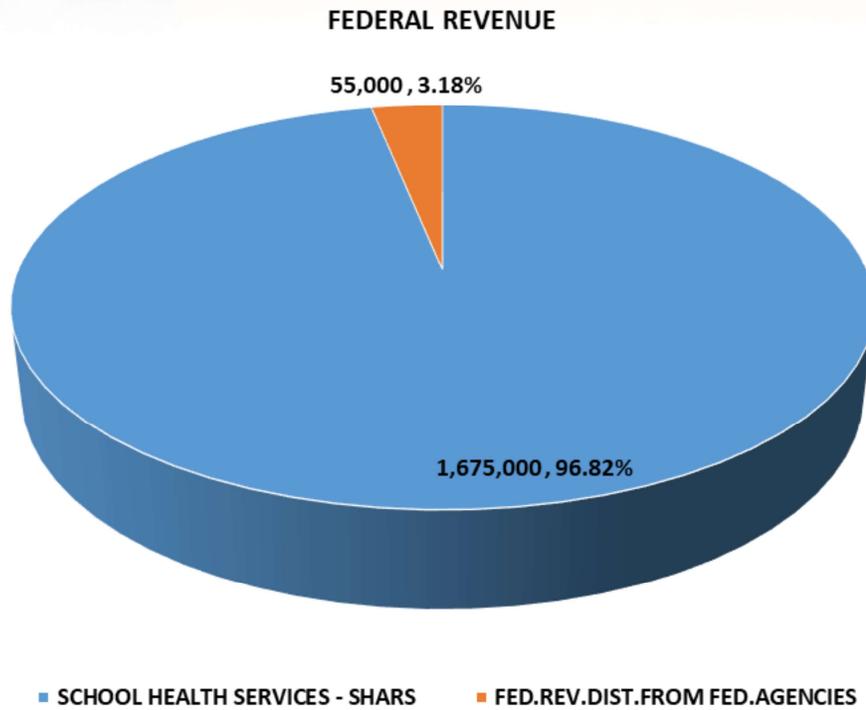
FEDERAL REVENUE – 5 YEAR HISTORY



the District's SHARS payments dramatically increased over prior three years. The reasons for the increase includes a change in the SHARS contracted provider, inclusion of transportation services in the SHARS claim, an increased number of students qualifying for SHARS-related services, and enforcement of procedures.



FEDERAL REVENUE



There are two sources of Federal revenue in the General Fund. 96.82% of the budget comes from SHARS while the remaining 3.18% is used to fund the ROTC program.

EXPENDITURES





EXPENDITURES

- We will look at expenditures in two different crosscuts:
 - **Expenditures by Function**
 - The budget is Public Meeting based on function. 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

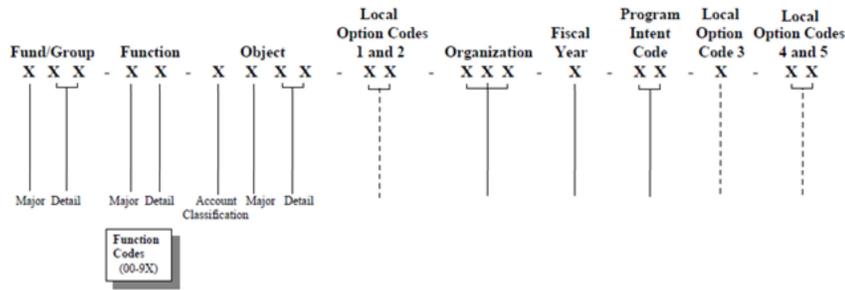




FUNCTION CODES

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:

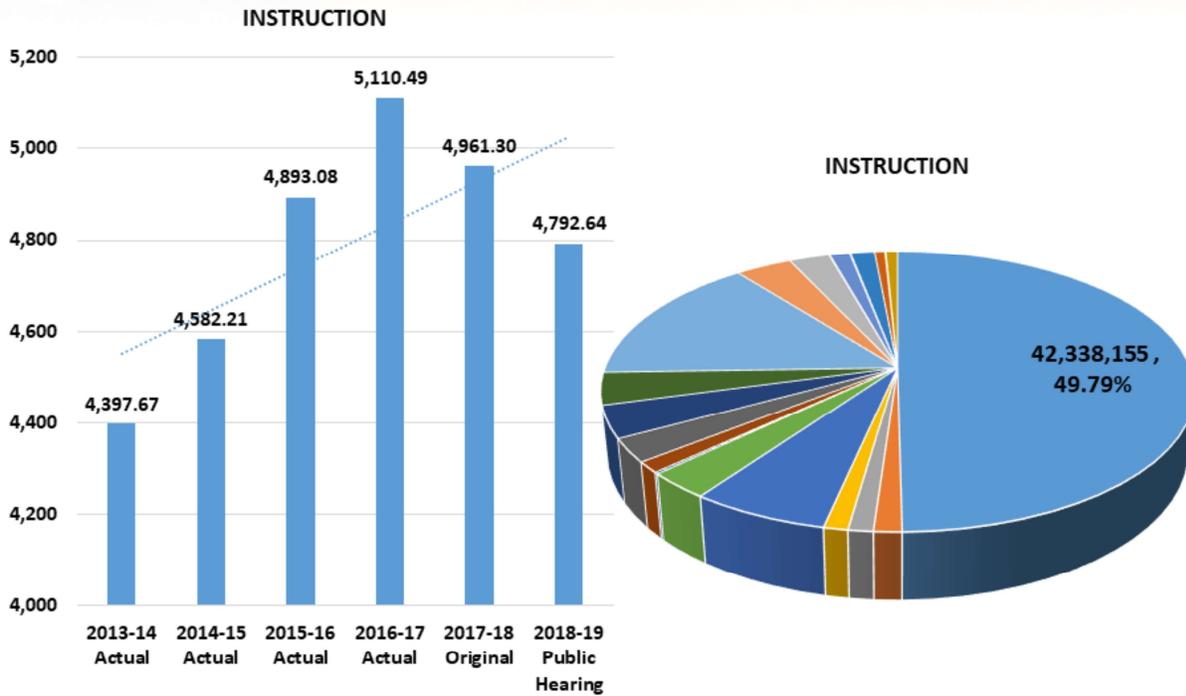
- 10 Instruction and Instructional-Related Services
- 20 Instructional and School Leadership
- 30 Support Services - Student (Pupil)
- 40 Administrative Support Services
- 50 Support Services - Non-Student Based
- 60 Ancillary Services
- 70 Debt Service
- 80 Capital Outlay
- 90 Intergovernmental Charges



Based on the Public Meeting budget, the Administrative Cost Ratio for 2018-19 will be 8.93%. The District would receive the maximum points for an Administrative Cost Ratio of less than 10%.



INSTRUCTION (11)



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.

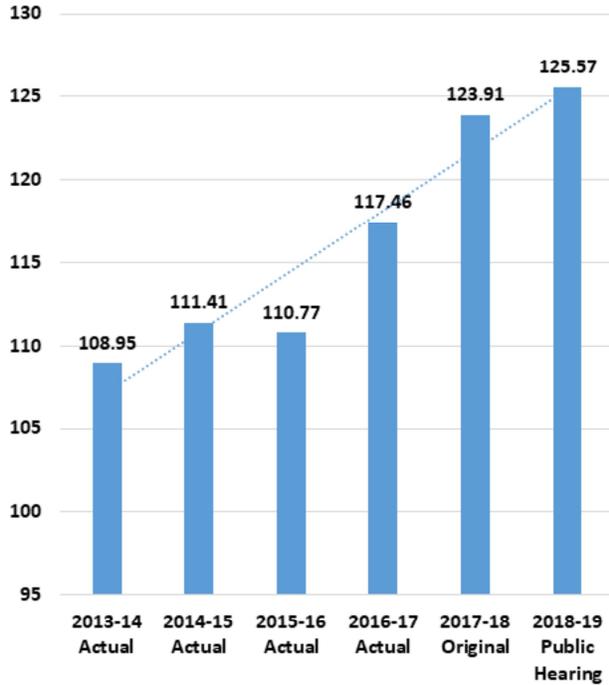
Function 11 includes classroom teachers, classroom aides, substitute teachers, instructional supplies and materials, upkeep and repairs to instructional materials and equipment, field trips, certain testing materials, and graduation expenditures.

With an operating budget of \$42,338,155, 49.79% of the District's General Fund Operating Budget is dedicated to direct instruction. The District is projected to spend \$168.66 less on direct instruction per enrolled student in 2018-19 than in 2017-18. This is primarily due to budget cuts and the implementation of staffing formulas.

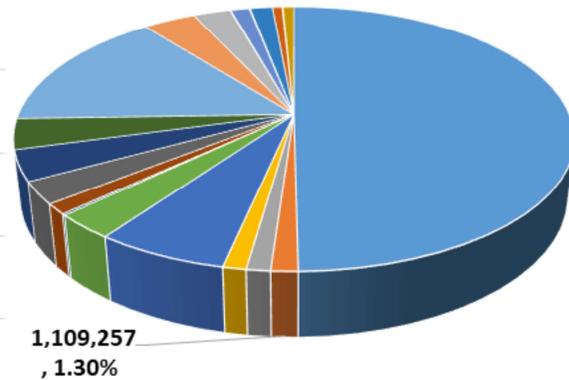


MEDIA SERVICES (12)

MEDIA SERVICES



MEDIA SERVICES



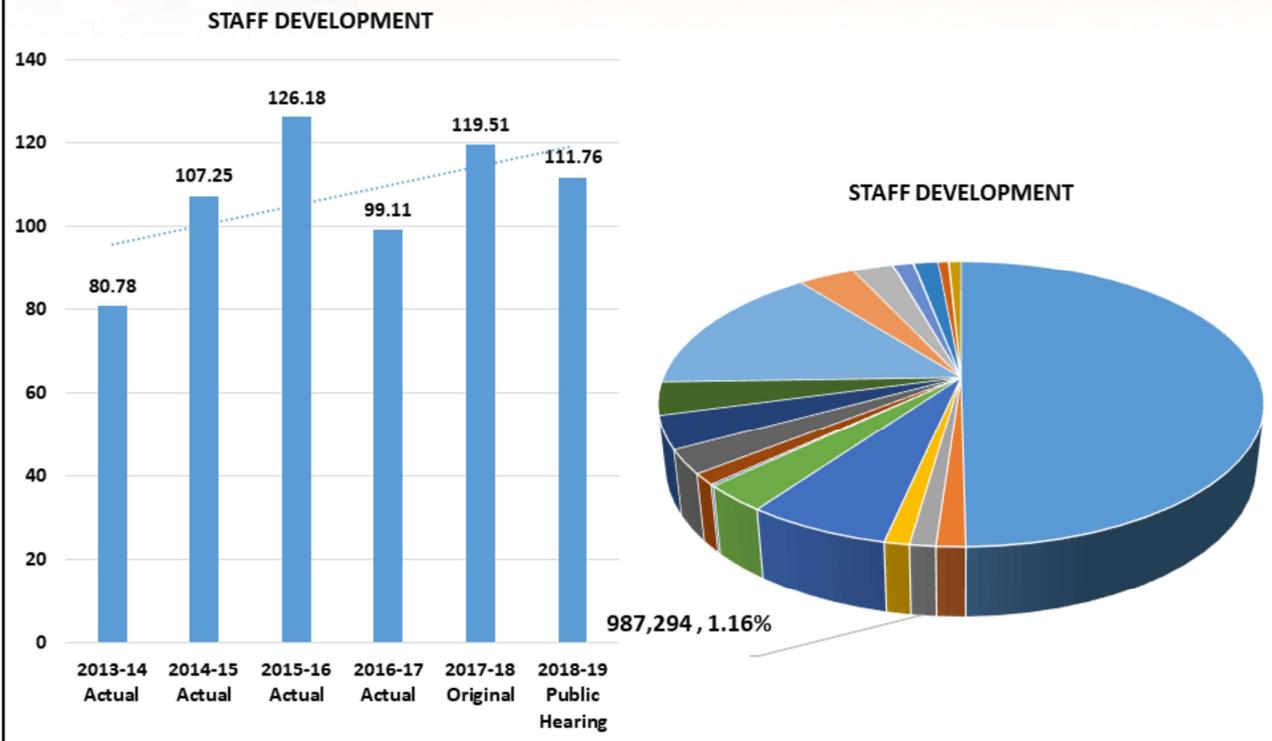
Function 12 is used for expenditures/expenses that are directly and exclusively used for resource centers, establishing and maintaining libraries and other major facilities dealing with educational resources and media.

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 \$1,109,257, (\$125.57 per student) media / library services makes up 1.30% of the Public Meeting General Fund Operating Budget.



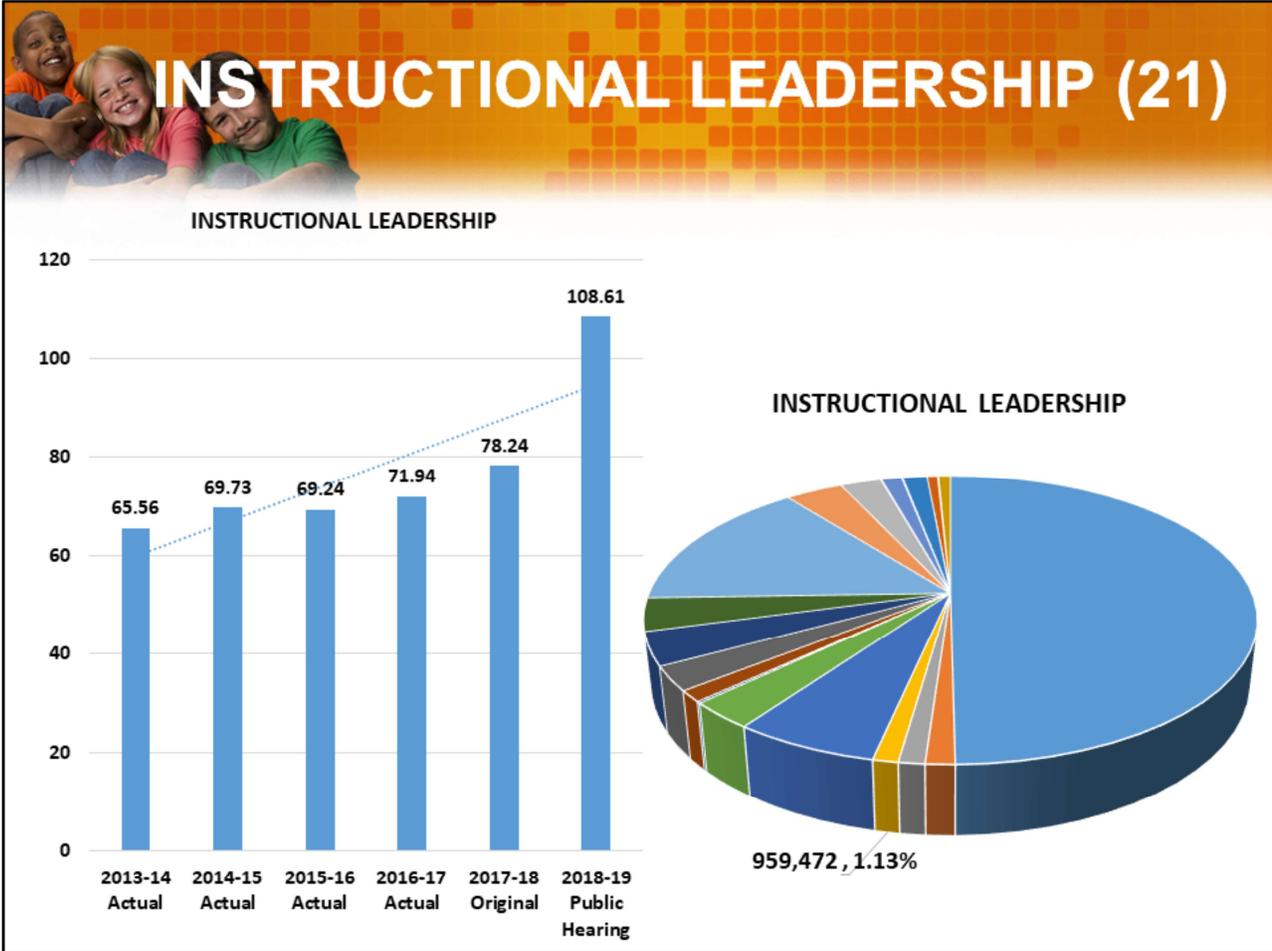
STAFF DEVELOPMENT (13)



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.

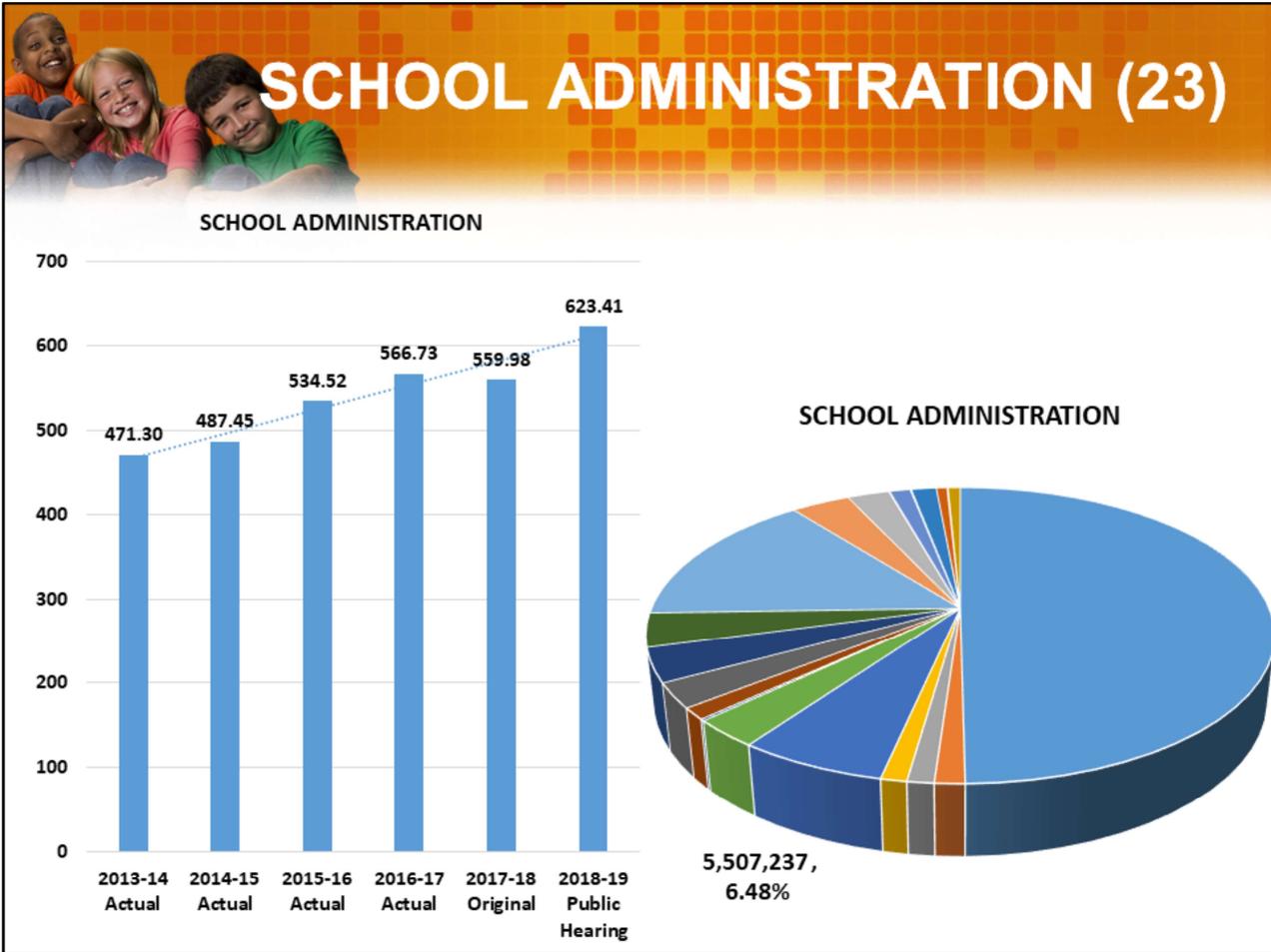
Approximately 1.16% of the District’s operating budget is spent on staff development and related costs. The cost per student dropped from \$119.51 in 2017-18 to \$111.76 in the 2018-19 Public Meeting Budget, a difference of \$7.75 per student.



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 Public Meeting budget includes approximately 1.13% or \$959,472 for instructional leadership. This is an increase of \$30.37 per student. However, the difference is primarily due to coding changes for certain positions and a corresponding decrease will be seen in function 41.

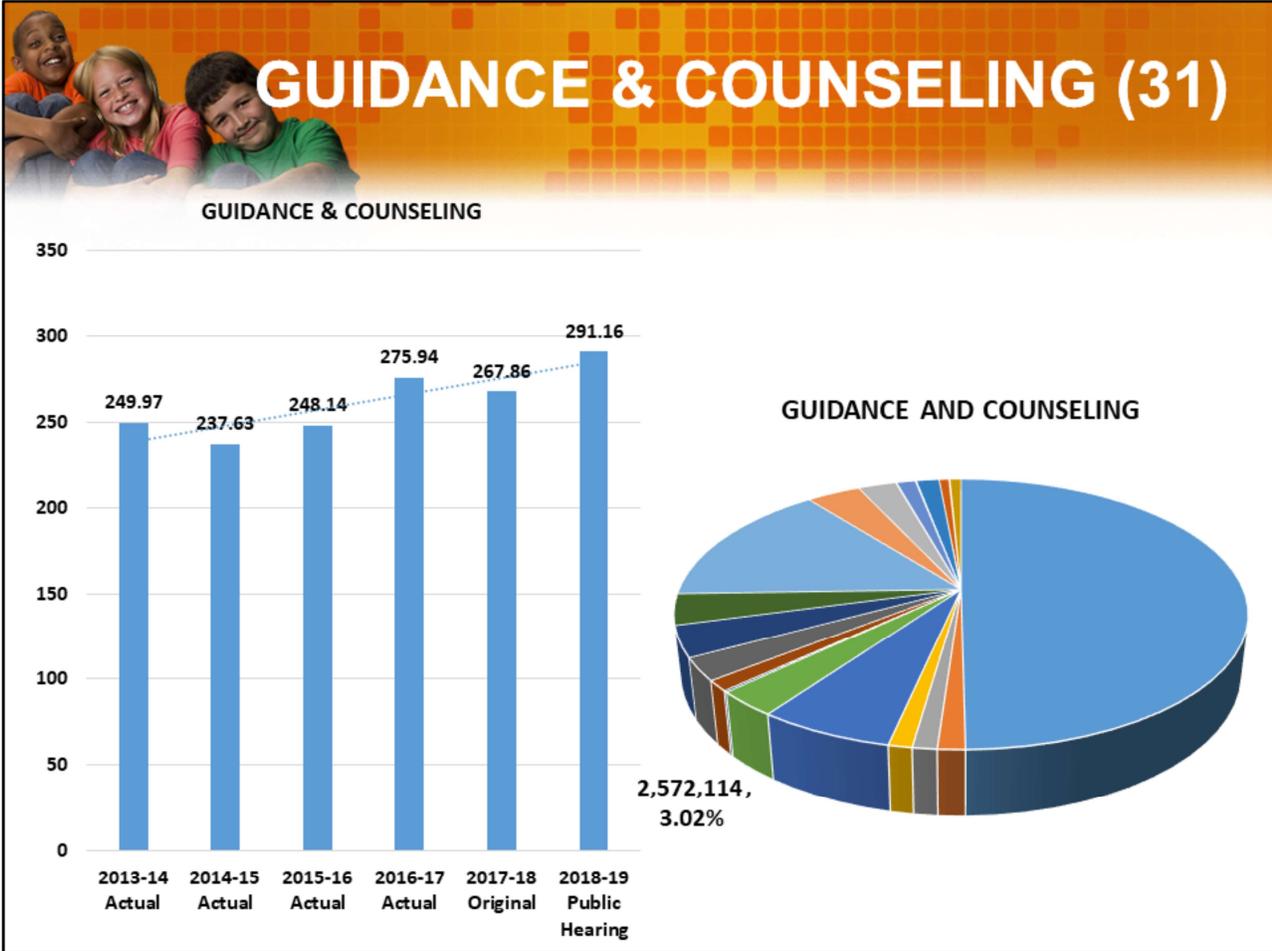


Function 23 is used for expenditures/expenses that are used to direct and manage a school campus. They include the activities performed by the principal, assistant principals and other assistants while they:

- 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 6.48% of the District’s Public Meeting operating budget. Costs budgeted in function 23 increased by \$63.43 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 \$2,572,114 and make up approximately 3.02% of the District’s Public Meeting operating budget. The Public Meeting budget reflects a cost of \$291.16 per student in enrollment. This is an increase of \$23.30 over the 2017-18 original operating budget.



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

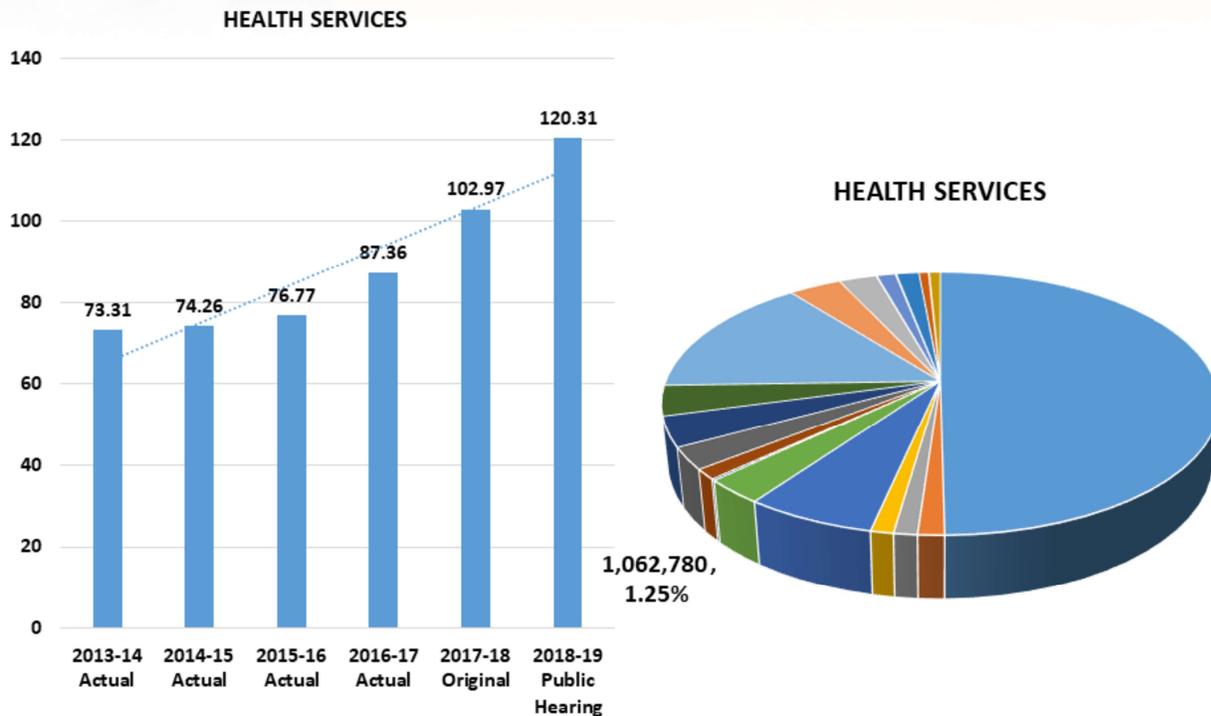
- Investigating and diagnosing student social needs arising out of the home, school or community
- Casework and group work services for the child, parent or both
- Interpreting the social needs of students for other staff members
- Promoting modification of the circumstances surrounding the individual 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 Public Meeting Operating Budget shows \$157,435 budgeted for social work services.



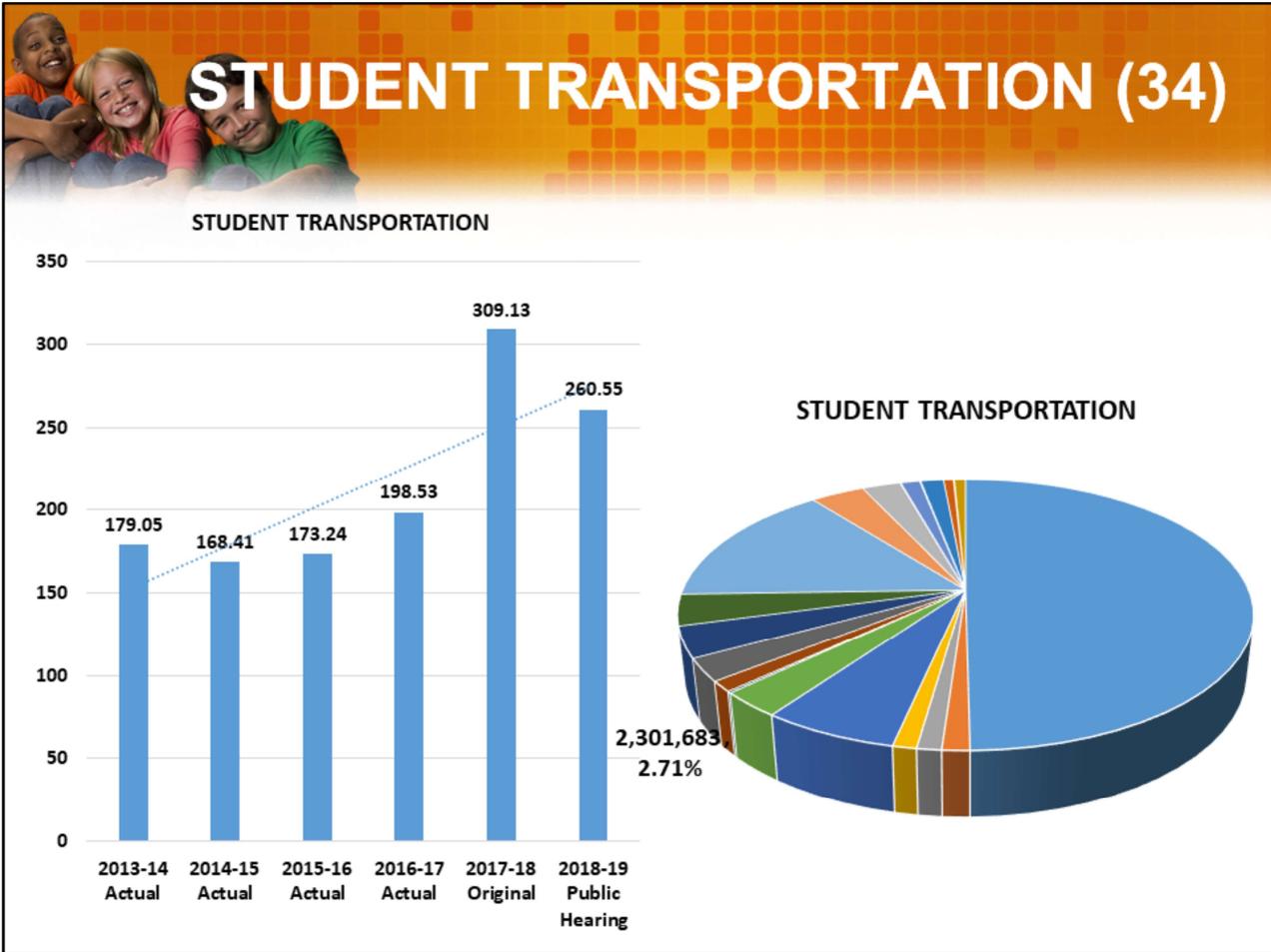
HEALTH SERVICES (33)



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 campus nurses, supplies and equipment used by the nurses.

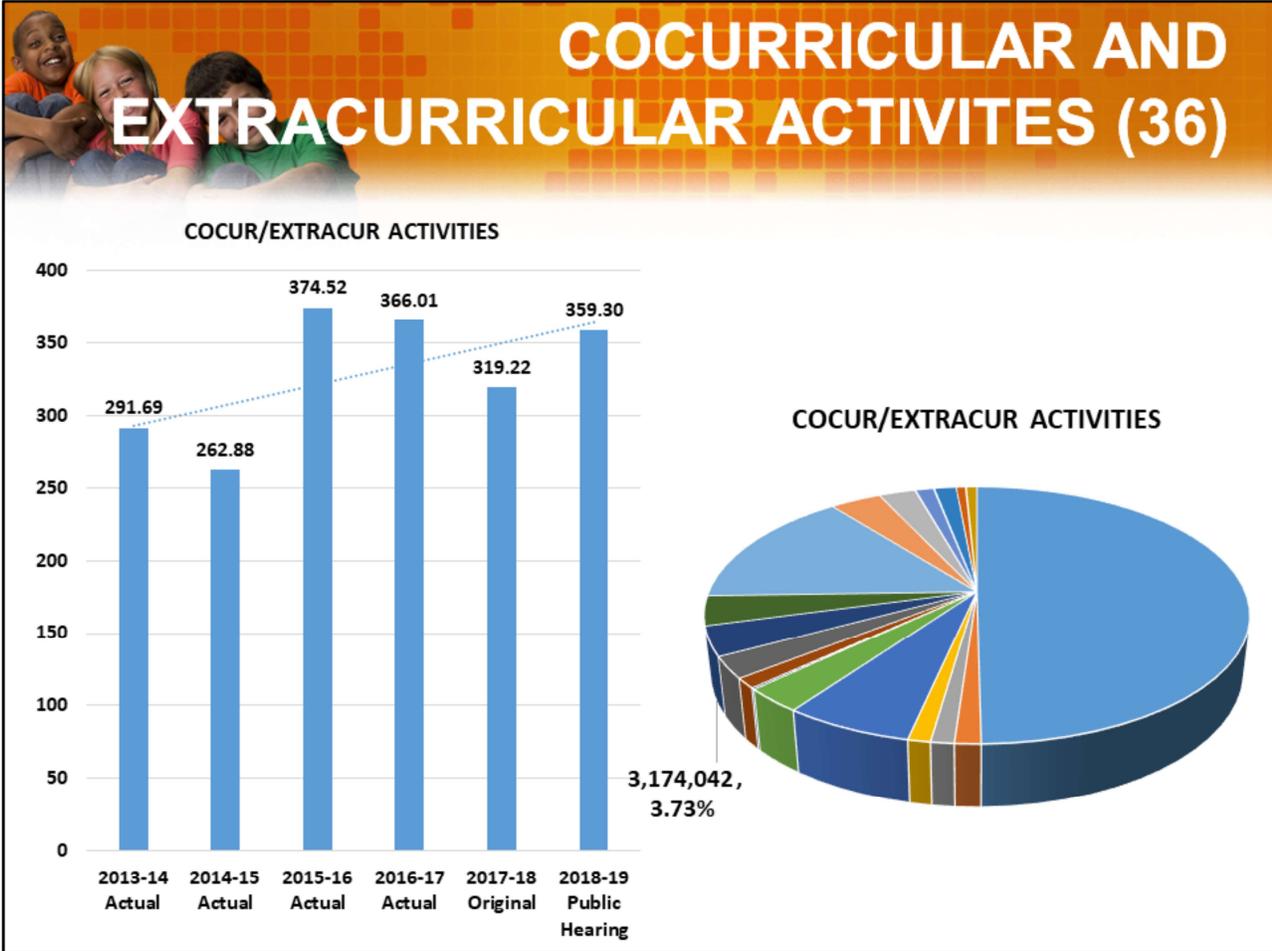
The District is expected to spend \$120.31 per student on health services in the 2018-19 school year.



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.

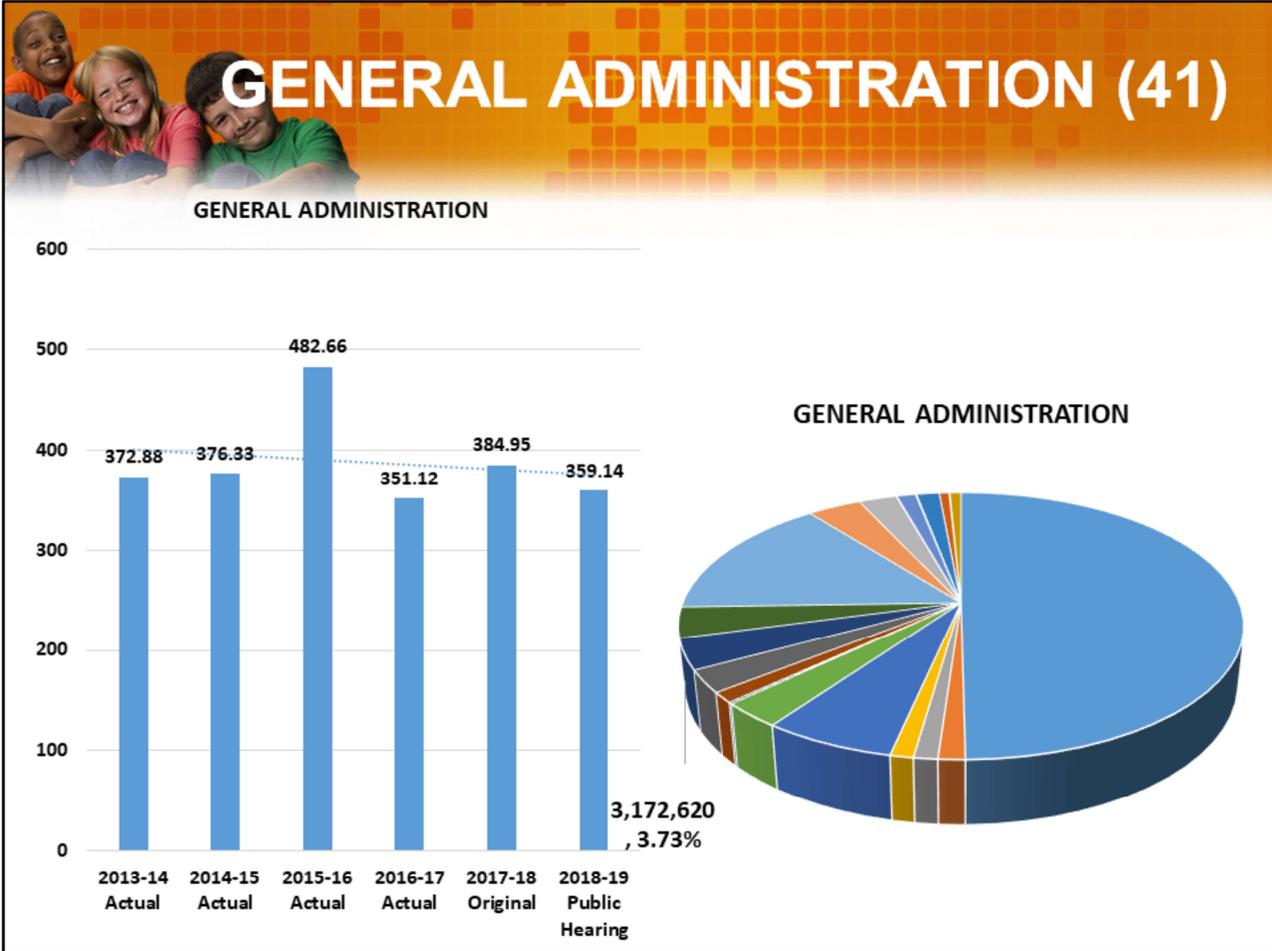
The District expects to spend \$260.55 per student in enrollment on transportation-related expenditures. This is approximately 2.71% of the total budget.



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, and supplies for the extra curricular activities.

The District's Public Meeting operating budget includes \$3,174,042 or \$359.30 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.

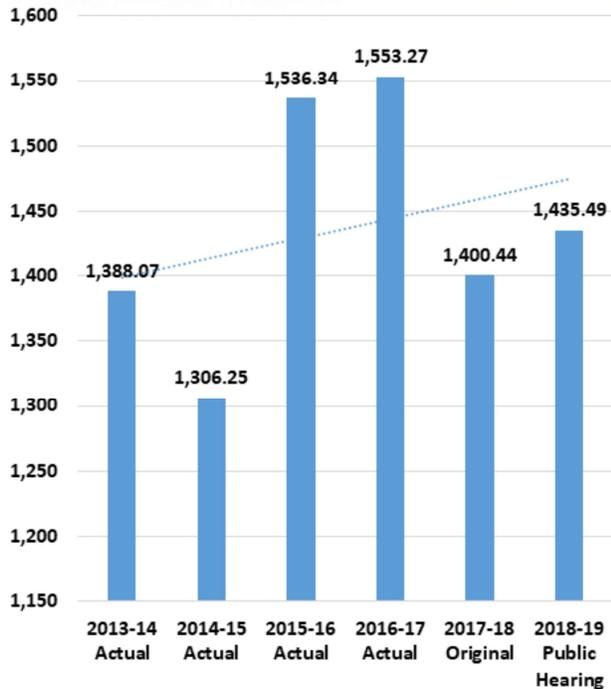
This function includes costs related to the functions of the Superintendent, Board of Trustees, Business Office, Human Resources, Community Relations, and Tax Office.

Approximately 3.73% of the Public Meeting budget is dedicated to General Administration.

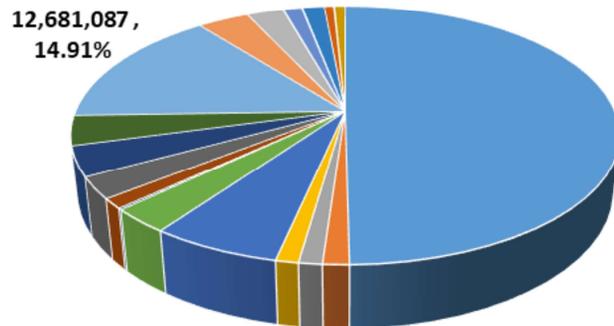


PLANT MAINTENANCE & OPERATIONS (51)

PLANT MAINTENANCE & OPER.



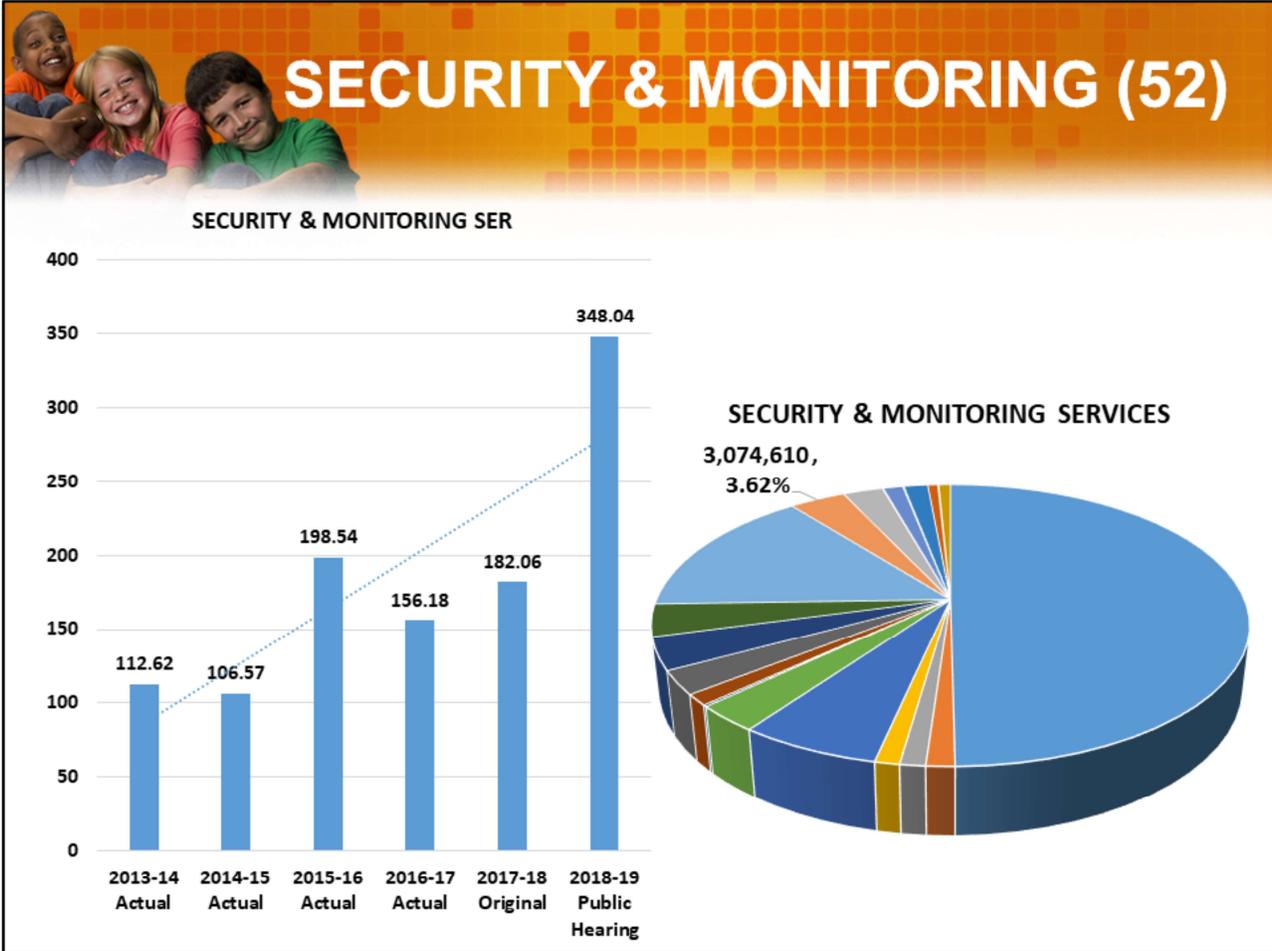
PLANT MAINTENANCE & OPERATIONS



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 include maintenance and custodial staff, equipment, and supplies.

With a Public Meeting budget of \$12,681,087, this function makes up approximately 14.91% of the District's annual operating budget. The District will spend an estimated \$1,435.49 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.

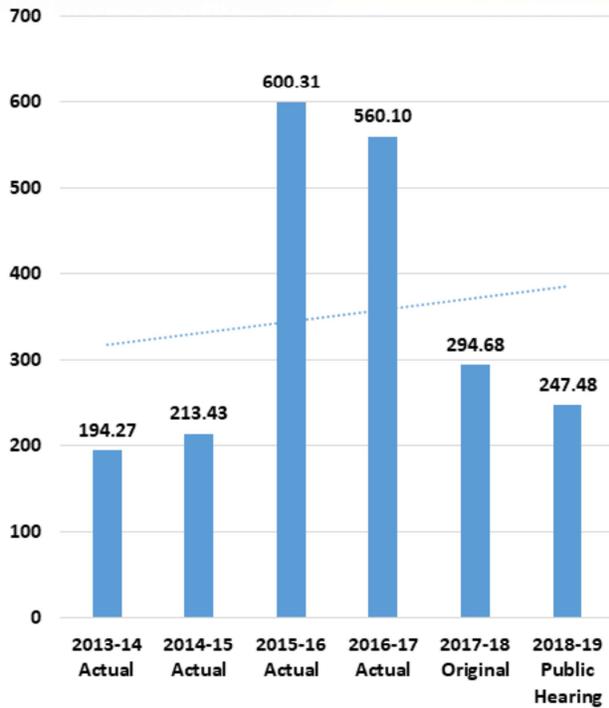
Costs accounted for under Security and Monitoring include salaries for the Executive Director of School Safety and Security, hall monitors, extra duty pay for the District’s SLOs, and the services provided by Galveston County Sheriff’s Office.

The Public Meeting budget of \$3,074,610 includes the addition of eight officers (at least one at each campus) and an annual operating budget for maintenance fees / license renewals and other supplies for the department. The District’s anticipated per student costs for safety and security increased from \$182.06 in 2017-18 to \$348.04 in 2018-19, an increase of \$165.98 per student.

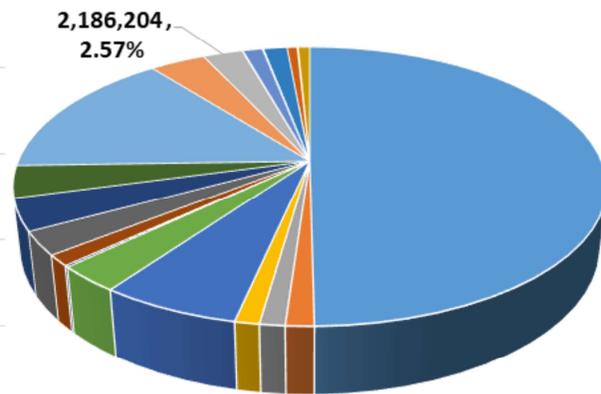


DATA PROCESSING (53)

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 Public Meeting budget for Technology is \$2,186,204, making up 2.57% of the Public Meeting budget.



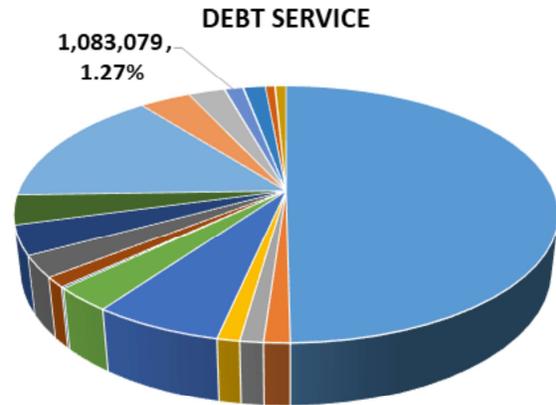
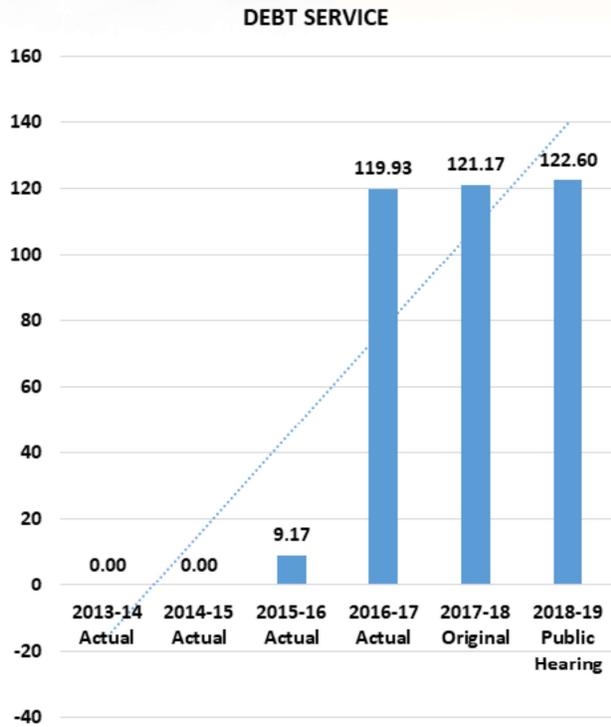
Function 61 is used for expenditures that are for activities or purposes other than regular public education and adult basic education services. These types of expenditures are used for services or activities relating to the whole community or some segment of the community. This includes providing resources 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 Public Meeting operating budget includes \$49,410 in expenditures for community services.



DEBT SERVICE (71)

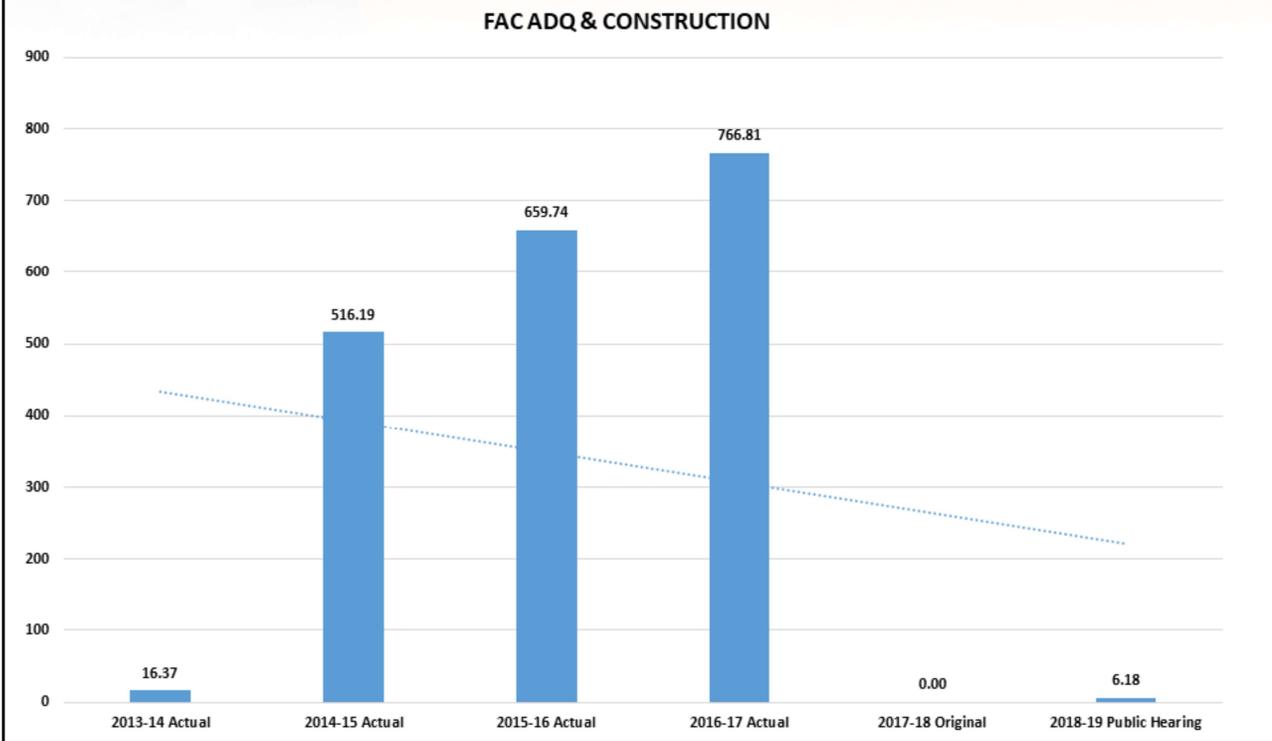


Function 71 is used for expenditures that are for the retirement of recurring bond, capital lease principal, and other debt, related debt service fees, and for all debt interest.

The debt payments described in this particular slide are made with annexation funds. The specific debt includes a SECO loan transferred from La Marque ISD to Texas City ISD with the annexation and 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 three years to correspond with the annexation funding schedule.



FACILITIES ACQUISITION & CONSTRUCTION (81)



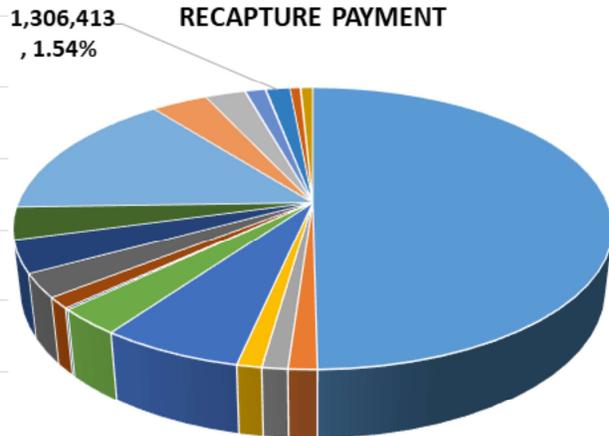
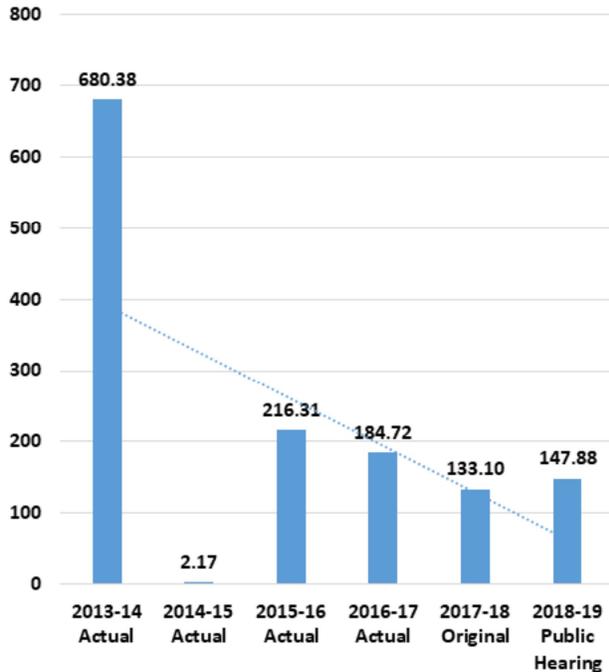
This function is used by school districts for expenditures that are for acquiring, equipping, and/or making additions to real property and sites, including lease and capital lease transactions.

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)

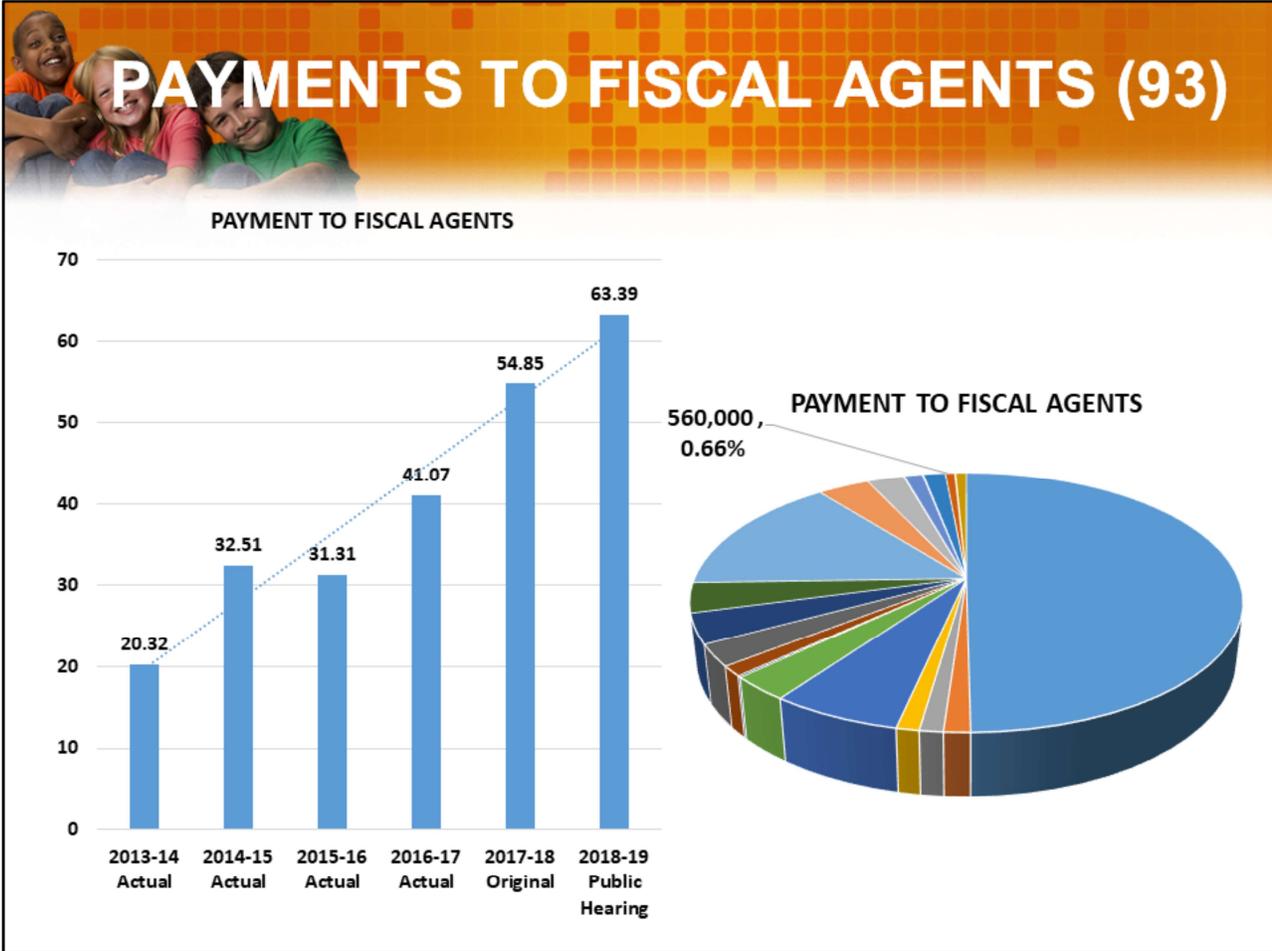
RECAPTURE PAYMENT



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).

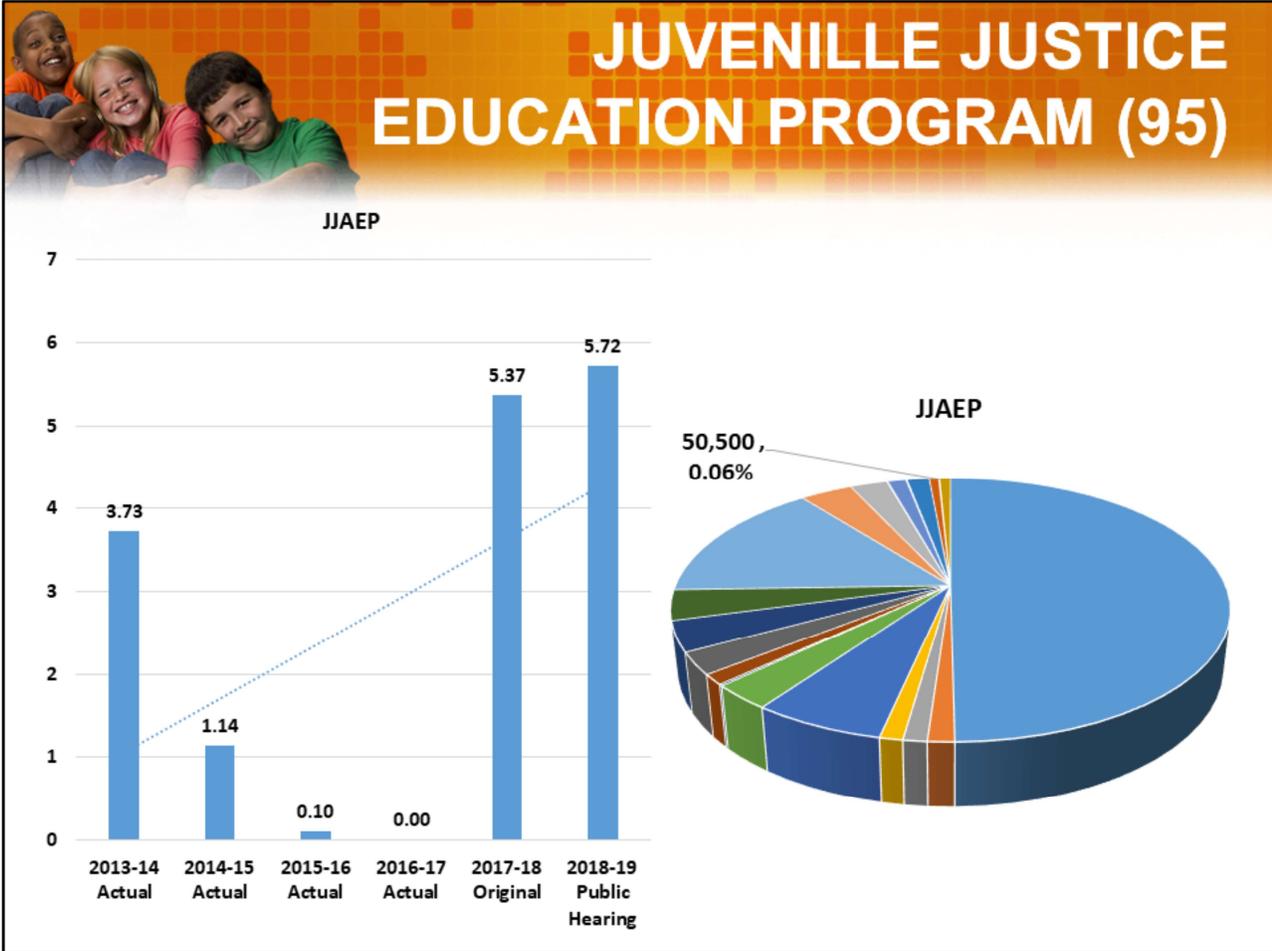
The District's recapture payment has decreased from \$680.38 per student in 2013-14 to an anticipated \$147.88 per student in 2018-19.

Once we have final settlements (or an idea of the final settlement) from FEMA and insurance, the District can apply for a hardship through TEA and have any reimbursed expenditures refunded through waiver of the recapture payment for two years (2017-18 and 2018-19).



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.



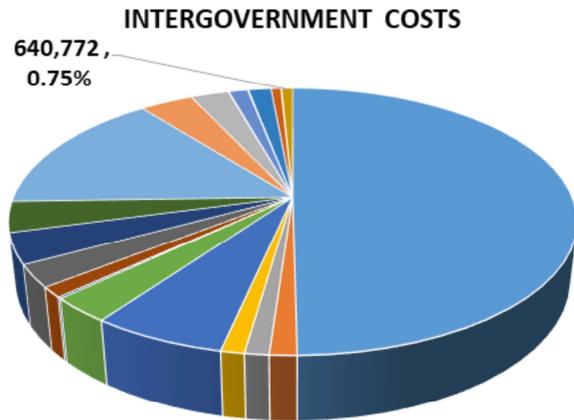
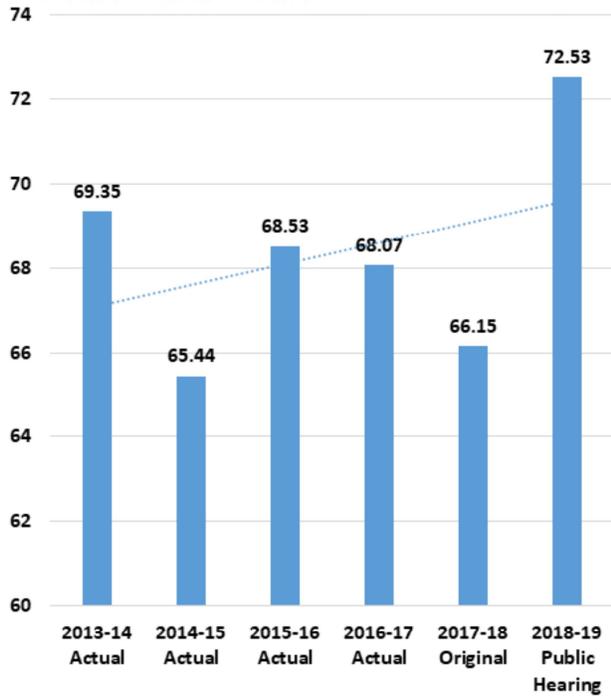
Function 95 is used for expenditures that are for the purpose of providing financial resources for Juvenile Justice Alternative Education Programs under Chapter 37, TEC. This function code is used to account for payments to other governmental entities in connection with students that are placed in discretionary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

The District participates in Dickinson’s Transforming Lives Cooperative (TLC), which is considered a JJAEP. The Public Meeting budget includes \$50,500 for the Juvenile Justice Alternative Education Program (JJAEP).



INTERGOVERNMENT COSTS (99)

INTERGOVERNMENT COSTS



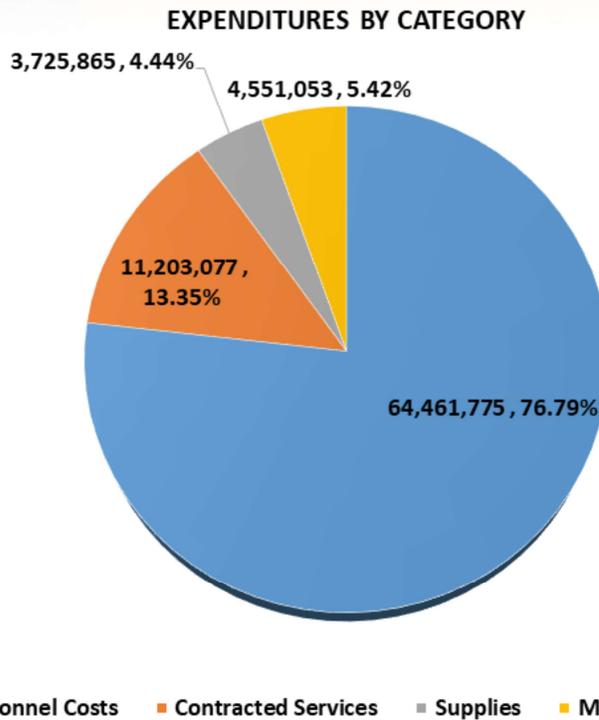
Function 99 is used to account for amounts paid to other governmental entities such as county appraisal districts for costs related to the appraisal of property.

The District's Public Meeting budget includes payments of \$640,772 to Galveston County Appraisal District.

EXPENDITURES BY CATEGORY AND OBJECT



EXPENDITURES BY CATEGORY & OBJECT

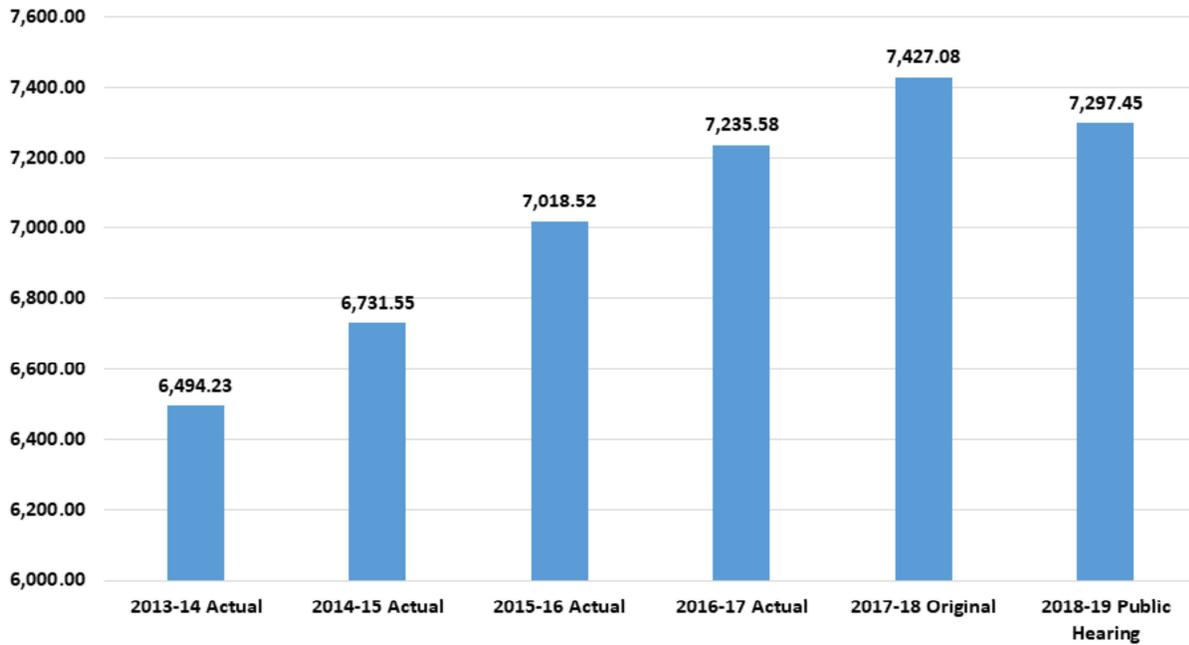


76.79% of the Public Meeting annual operating budget is spent on personnel and related costs. The next highest category is contracted services where the District is projected to spend \$11.2 million. Supplies and miscellaneous expenses make up the remaining 9.82% of the Public Meeting budget.



PERSONNEL

PERSONNEL COSTS PER STUDENT

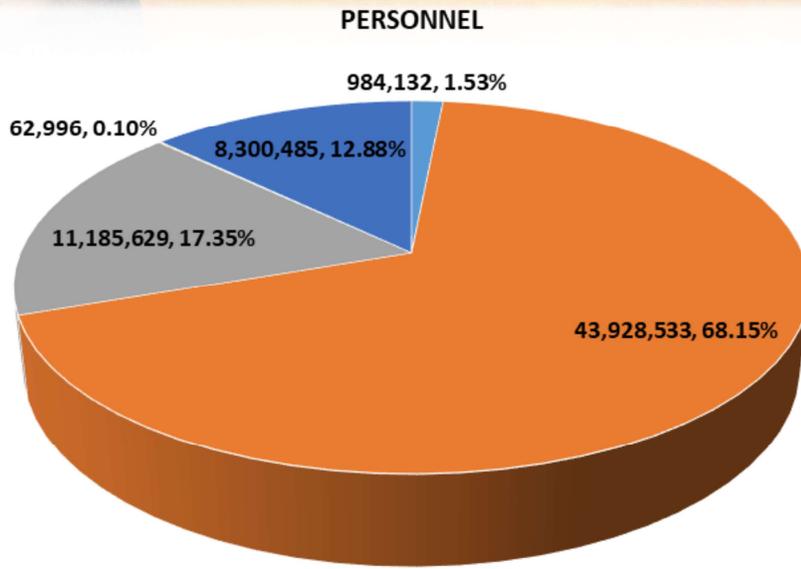


The Public Meeting budget includes \$64,465,705 in compensation including professional salaries, paraprofessional salaries, auxiliary staff salaries, substitute pay, overtime, extra duty pay, tutorials and benefits.

The cost per student decreased from \$7,427.08 in 2017-18, to a projected \$7,297.45 in 2018-19. This results in a decrease of \$129.63 per student, even after considering a 5% salary increase for employees.



PERSONNEL



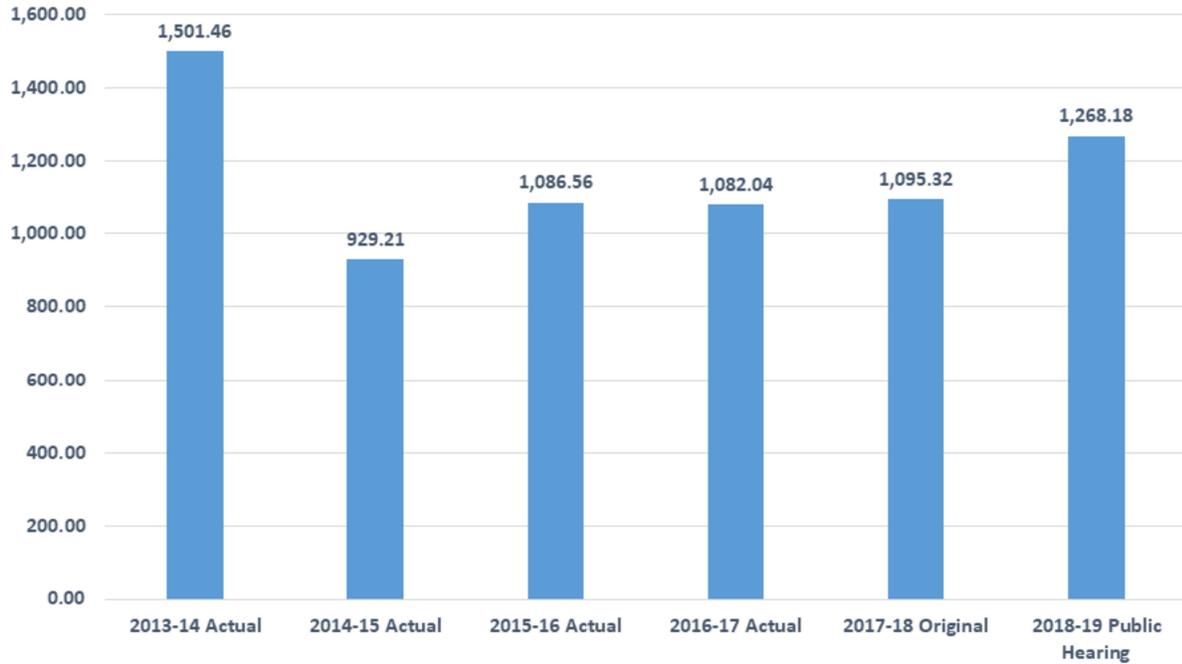
- SUBSTITUTES
- PARAPROFESSIONAL / AUXILIARY STAFF
- BENEFITS
- PROFESSIONAL SALARIES
- EMPLOYEE ALLOWANCES

Benefits, including employee allowance, health insurance, workers compensation insurance, TRS contributions, and unemployment insurance make up 12.70% of the personnel category.



CONTRACTED SERVICES

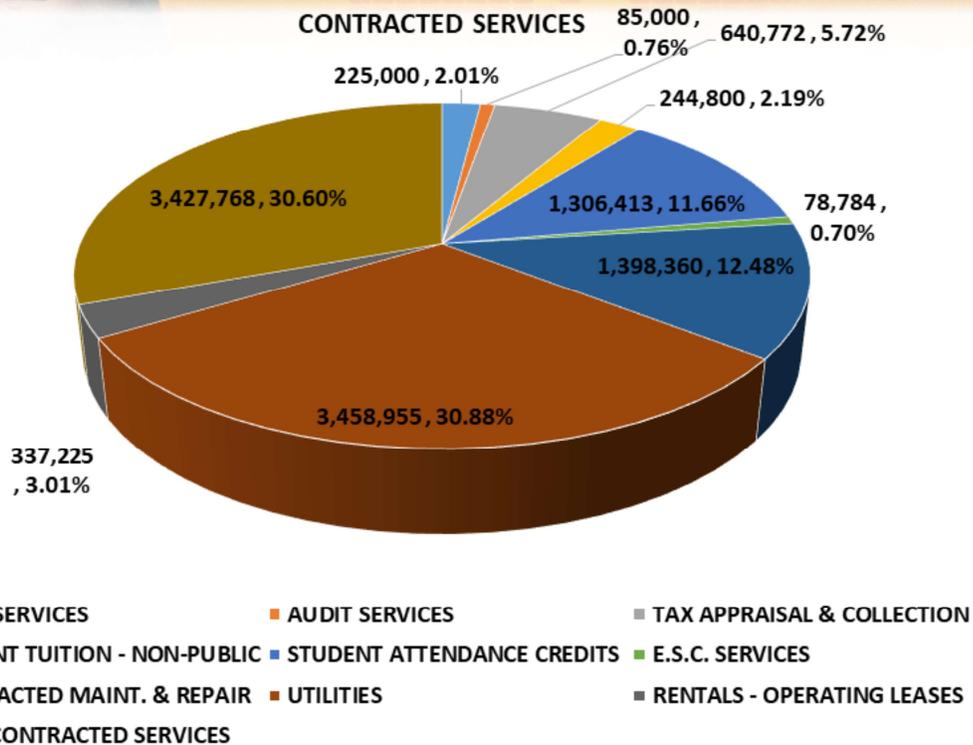
CONTRACTED SERVICES COSTS PER STUDENT



The Public Meeting budget includes \$1,268.18 per student for contracted services, an increase of \$172.86 per student from the 2017-18 original budget.



CONTRACTED SERVICES

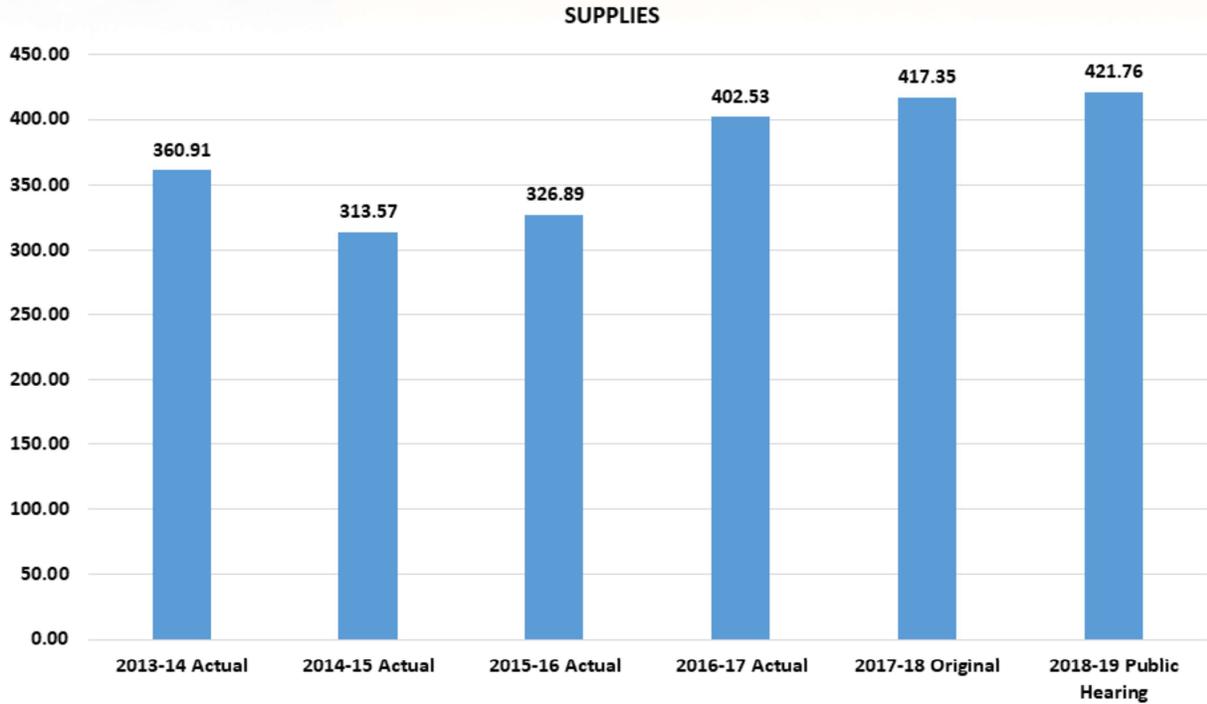


The category of Contracted Services includes a vast array of services. Utilities are budgeted at \$3,458,955, making up 30.88% of the expenditures budgeted in the category. 30.60% of this category is spent on miscellaneous contracted services. Miscellaneous contracted services are services not defined 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 \$337,225 student attendance credits (recapture payment) totaling \$1,306,413, contracted maintenance and repair (including software license) totaling \$1,398,360, and appraisal fees totaling \$640,772.



SUPPLIES

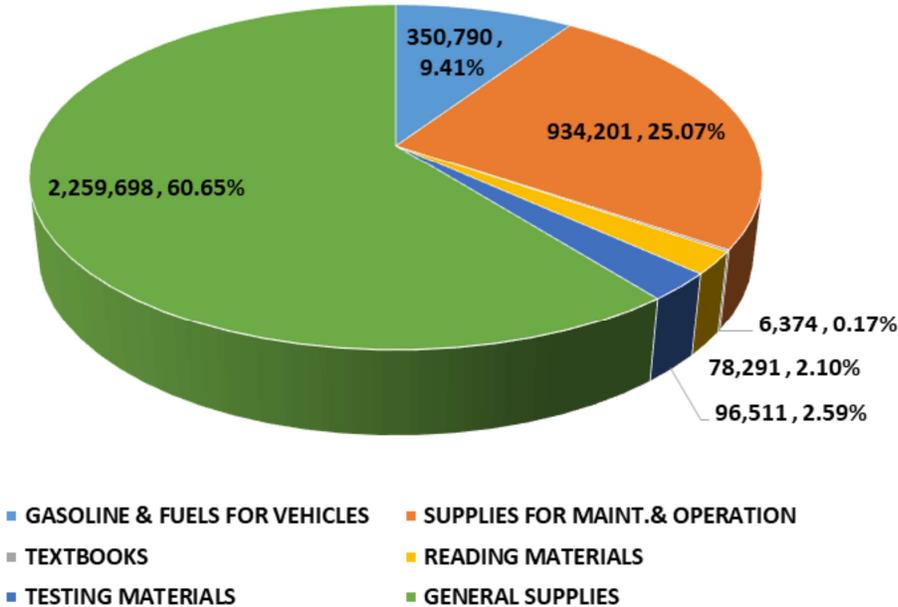


The District's cost per pupil for supplies has increased only slightly over the past two years. This is because the budget for supplies has been based on per student allocations for several years.



SUPPLIES

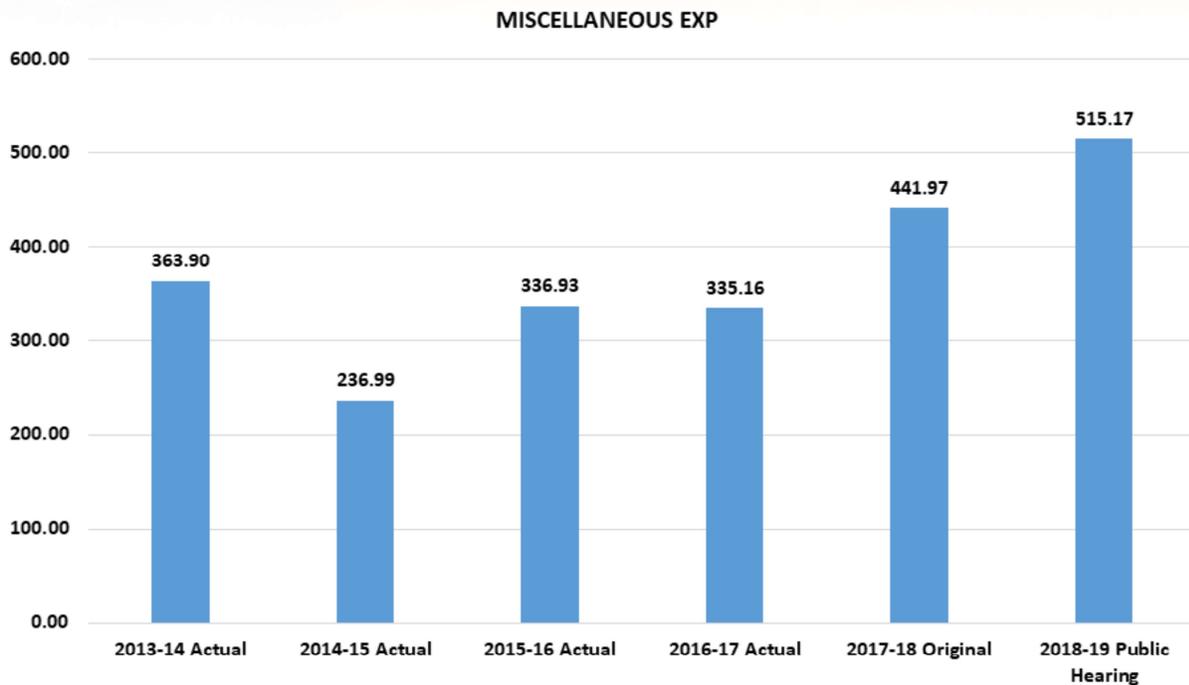
SUPPLIES



The bulk of the supply category, 60.65%, is budgeted for consumable type supplies including paper, toner, ink, pens, pencils...everything you need to run an office. 25.07% or \$934,201 is budgeted for maintenance supplies including cleaning supplies. Finally, the budget includes \$350,790 for fuel.



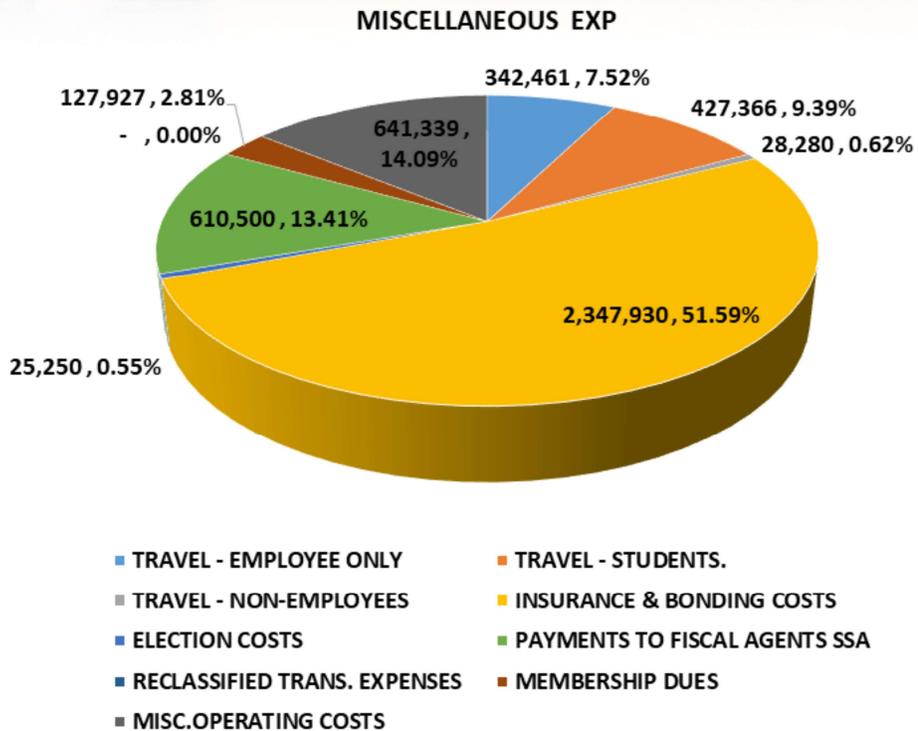
MISCELLANEOUS EXPENSES



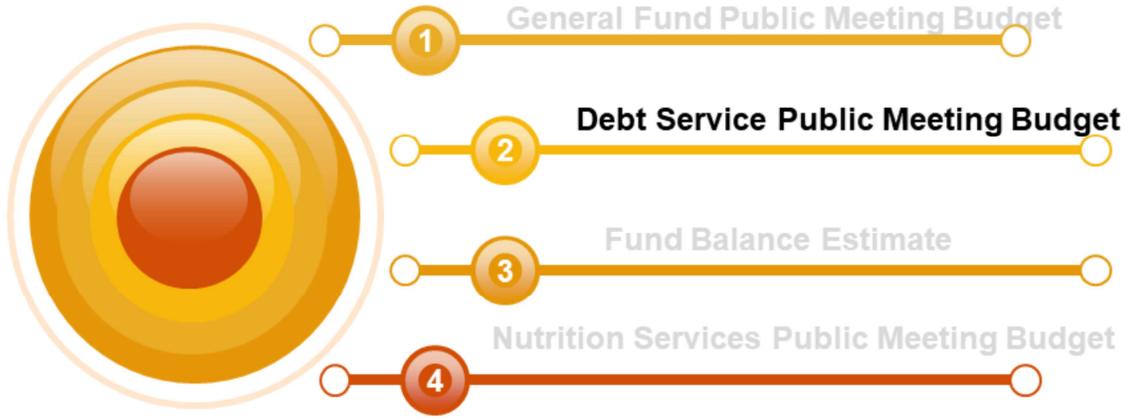
The District is budgeted to spend \$515.17 per student in the Miscellaneous Expense category. This is an increase of approximately \$73 per student as compared to the 2017-18 original budget. The increase is primarily attributable to increased insurance premiums.



MISCELLANEOUS EXP



The largest item in this category is insurance, including property insurance, totaling \$2,347,930 or 51.59% of the category budget. Other large items include payments to Shared Services Arrangements, employee travel and student travel.



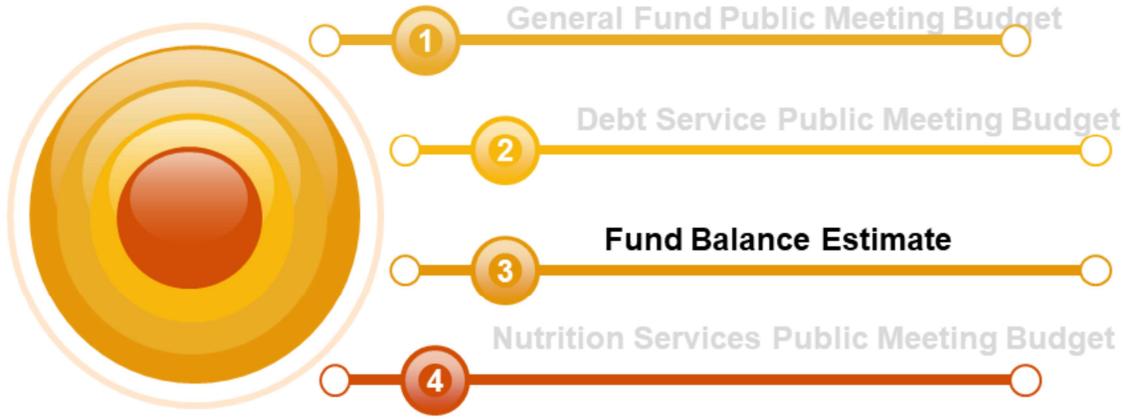


DEBT SERVICE BUDGET

DEBT SERVICE BUDGET

| | |
|-----------------------------------|-------------------|
| TAX COLLECTIONS | 16,776,508 |
| STATE REVENUE | 291,059 |
| OPERATING TRANSFERS IN | 1,864,576 |
| TOTAL REVENUE | 18,932,143 |
| BOND PRINCIPAL | 11,165,000 |
| INTEREST ON BONDS | 7,752,143 |
| OTHER DEBT SERVICE FEES | 15,000 |
| TOTAL EXPENDITURES | 18,932,143 |
| 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 \$16,776,508 and receive a State contribution of \$291,059, leaving a balance of \$1,864,576 that will be taken from the fund balance reserved for the purpose of maintaining a maximum tax rate of \$0.3449.





PROJECTED FUND BALANCE

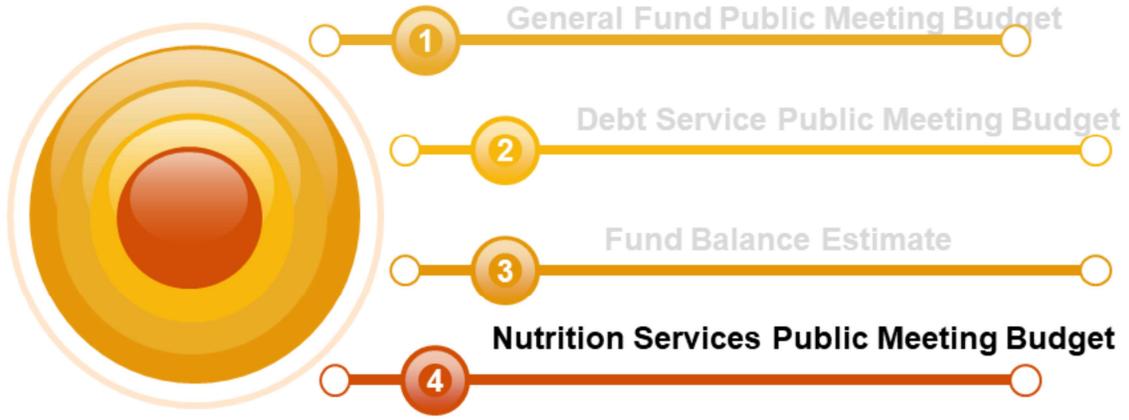
08/31/2018 Projected Assigned Fund Balance

| | | |
|---|----------------|------------------------|
| Catastrophic Event (Insurance Deductible) | \$ (8,000,000) | |
| Reserve for Inventories | \$ (172,247) | |
| Reserve for Prepaid Items | \$ (832,114) | |
| Reserve for Facilities (SB 1353) | \$ (7,049,462) | |
| Reserve for Facilities (TEC 13.054) | \$ (5,000,000) | |
| Reserve for MTN & SECO Loan Payments (Payments 3-5) | \$ (2,538,916) | |
| Reserve for Campus Fund Balance Roll Forward | \$ (1,000,000) | |
| FUND BALANCE ASSIGNMENTS | | \$ (24,592,740) |

ESTIMATED UNASSIGNED FUND BALANCE @ 08/31/2018

\$ 20,809,217

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.





NUTRITION SERVICES BUDGET

NUTRITION SERVICES OPERATING BUDGET

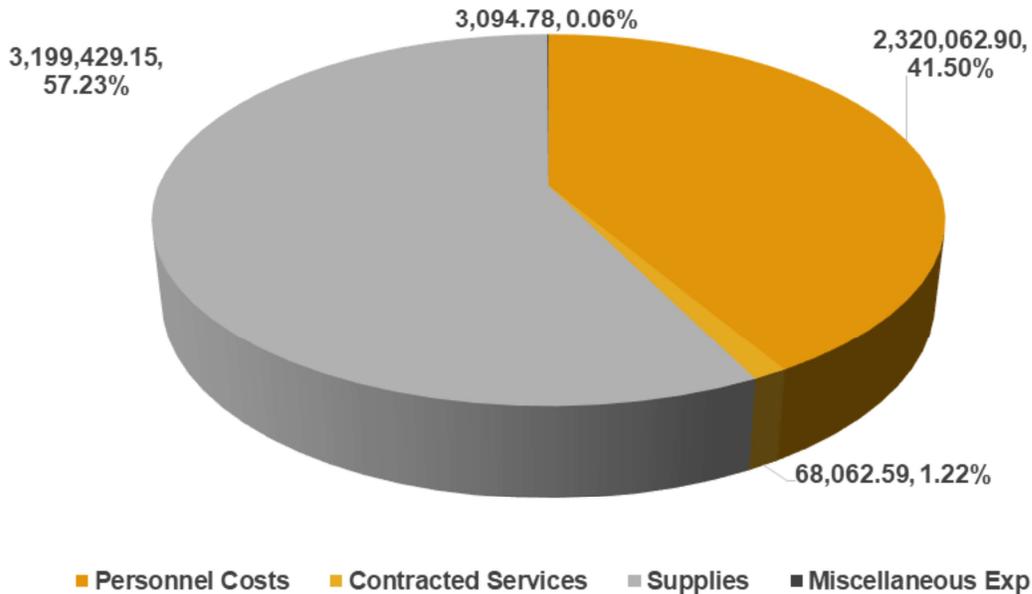
| | | |
|----------------------------------|------------------------|------------------|
| 57-- | Local Revenue | 680,158 |
| 58-- | State Revenue | 72,034 |
| 59-- | Federal Revenue | 4,838,458 |
| 79-- | Operating Transfers In | 0 |
| TOTAL REVENUE | | 5,590,649 |
| 61-- | Personnel Costs | 2,320,063 |
| 62-- | Contracted Services | 68,063 |
| 63-- | Supplies | 3,199,429 |
| 64-- | Miscellaneous Exp | 3,095 |
| TOTAL EXPENDITURES | | 5,590,649 |
| TOTAL SURPLUS / (DEFICIT) | | 0 |

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



EXPENDITURES BY CATEGORY

NUTRITION SERVICES FUNCTION 35

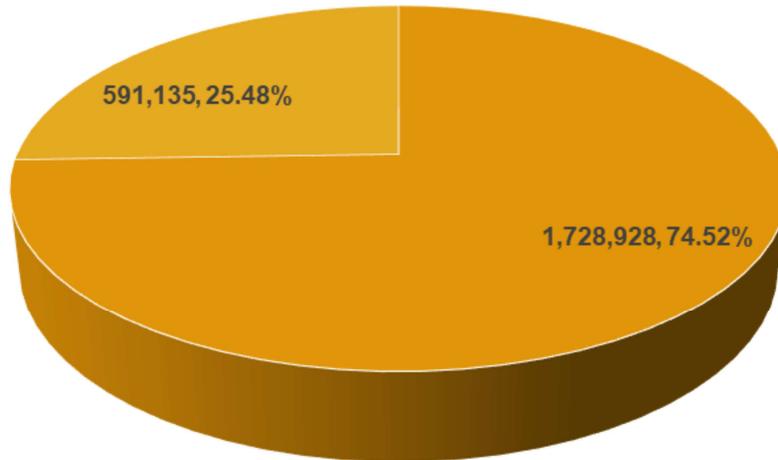


All Nutrition Services expenditures are accounted for in Function 35. 57.23% of the Nutrition Services budget is allocated to food and other supplies needed for operation of the kitchens and serving lines. 41.50% of the Nutrition Services budget is dedicated to personnel and related costs including employee benefits.



PERSONNEL

PERSONNEL

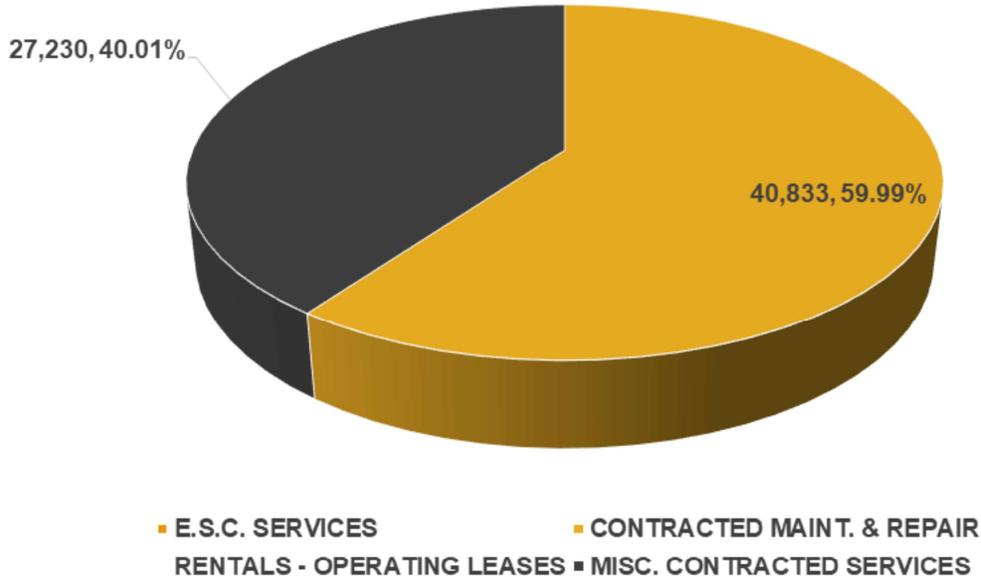


■ SALARIES ■ BENEFITS



CONTRACTED SERVICE

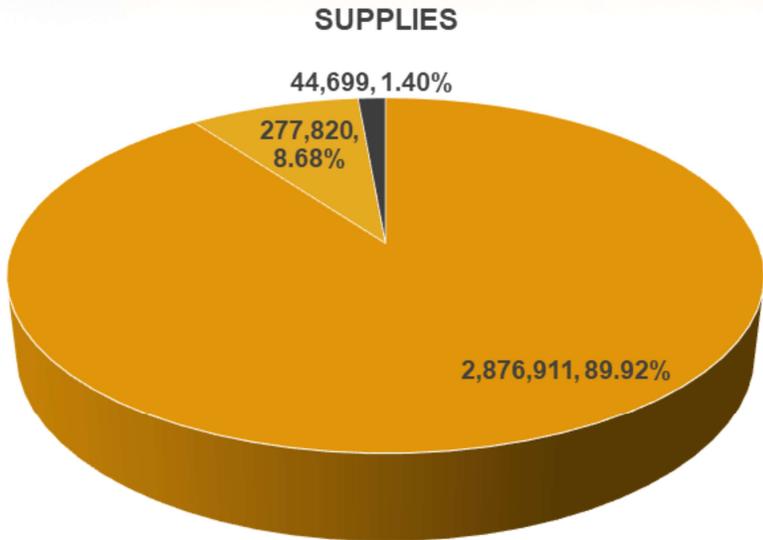
CONTRACTED SERVICE



The Nutrition Services Budget has a total of \$68,063 budgeted in two object codes within the contracted services category. Almost 60% of the category budget is spent on contracted maintenance and repair while the remaining balances is spent on other contracted services.



SUPPLIES



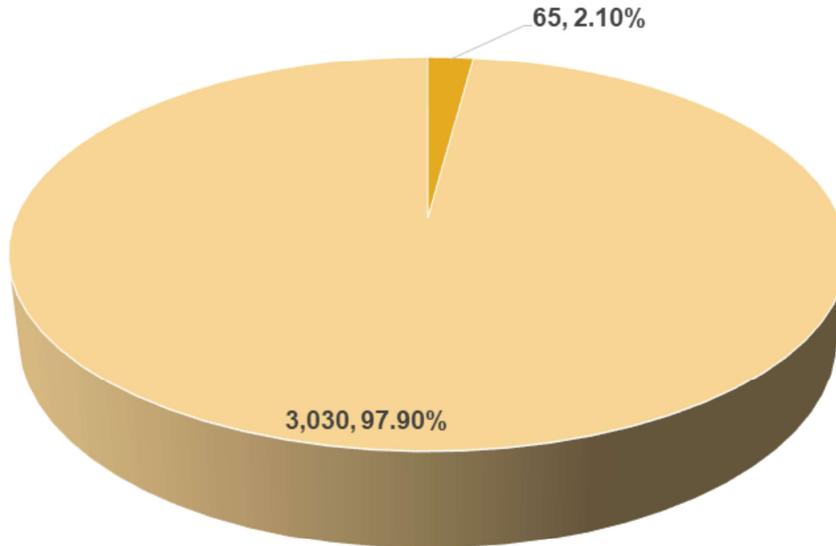
- FOOD SUPPLIES
- NON-FOOD SUPPLIES
- USDA DONATED COMMODITIES
- GENERAL SUPPLIES

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



MISC OPERATING COSTS

MISCELLANEOUS EXPENSES



- TRAVEL - EMPLOYEE ONLY
- MEMBERSHIP DUES
- MISC.OPERATING COSTS

The Nutrition Services Department is budgeted to spend \$3,095 in miscellaneous operating costs.

Thank You!

