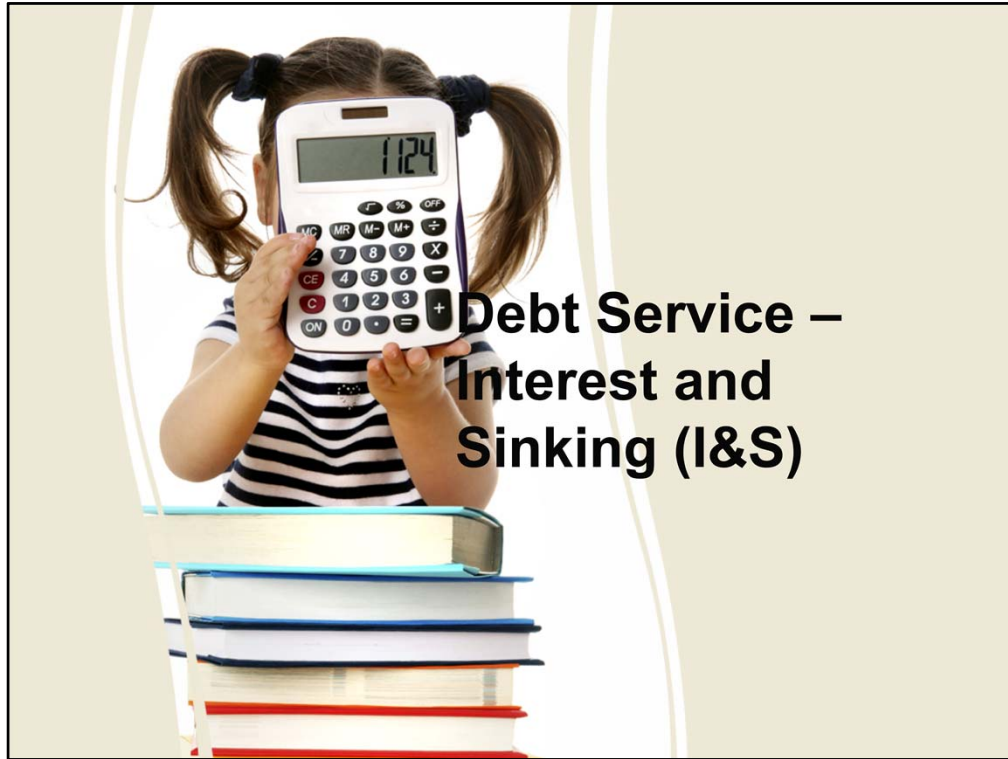
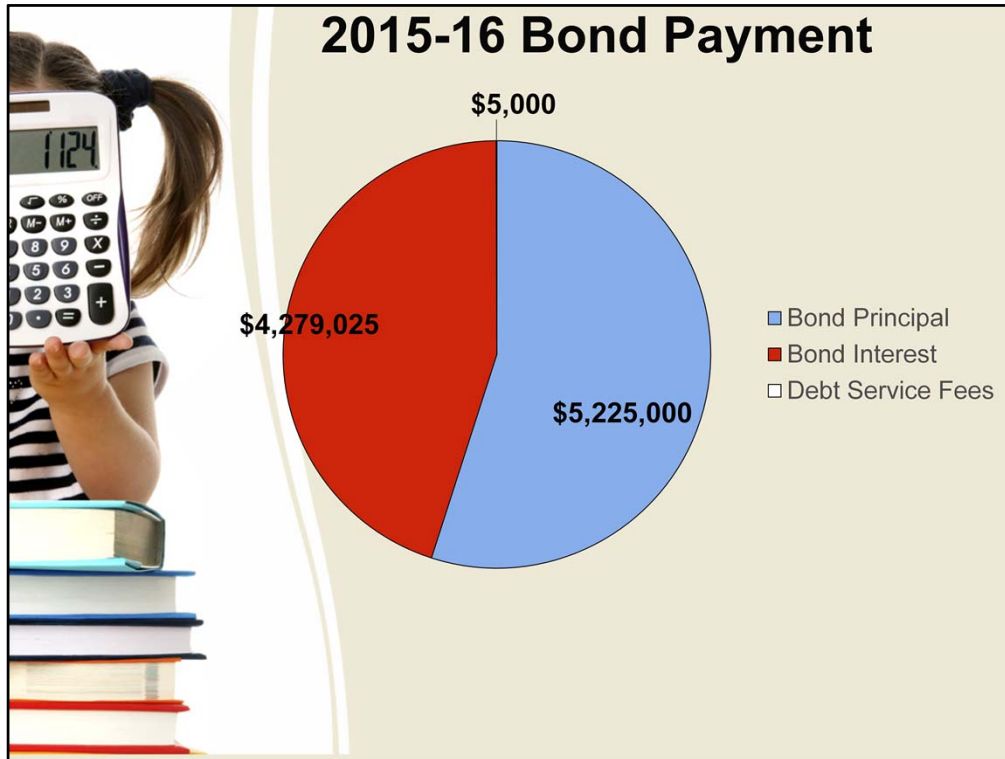



Good evening Trustees and members of the audience. Tonight, for your consideration and discussion, I will present the 2015-16 budget and tax rate information.



First, we will discuss the Debt Service or Interest and Sinking budget and tax rate.



The debt requirement for the 2015-16 school year is \$9.5 million. This is made up of \$5.2 million in principle and \$4.3 million in interest.



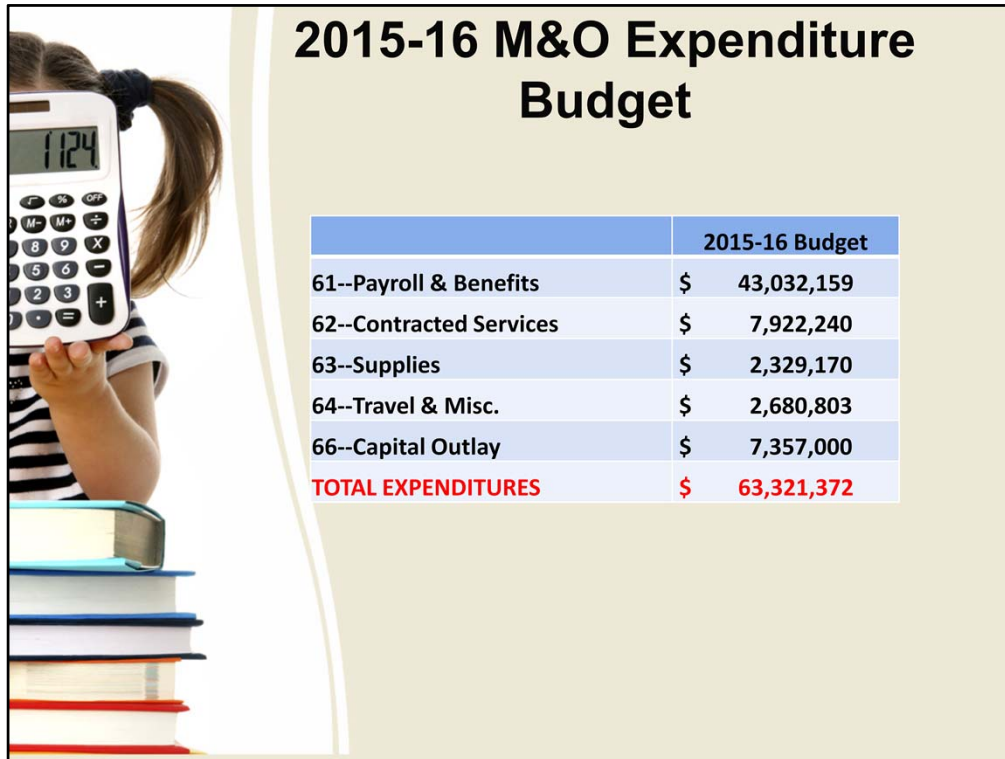
## I&S Rate Calculation

Debt Obligation	\$ 9,500,000
Divided by Taxable Value	\$ 3,625,447,539
Multiplied by 100	X100
I&S Tax Rate	\$ 0.26

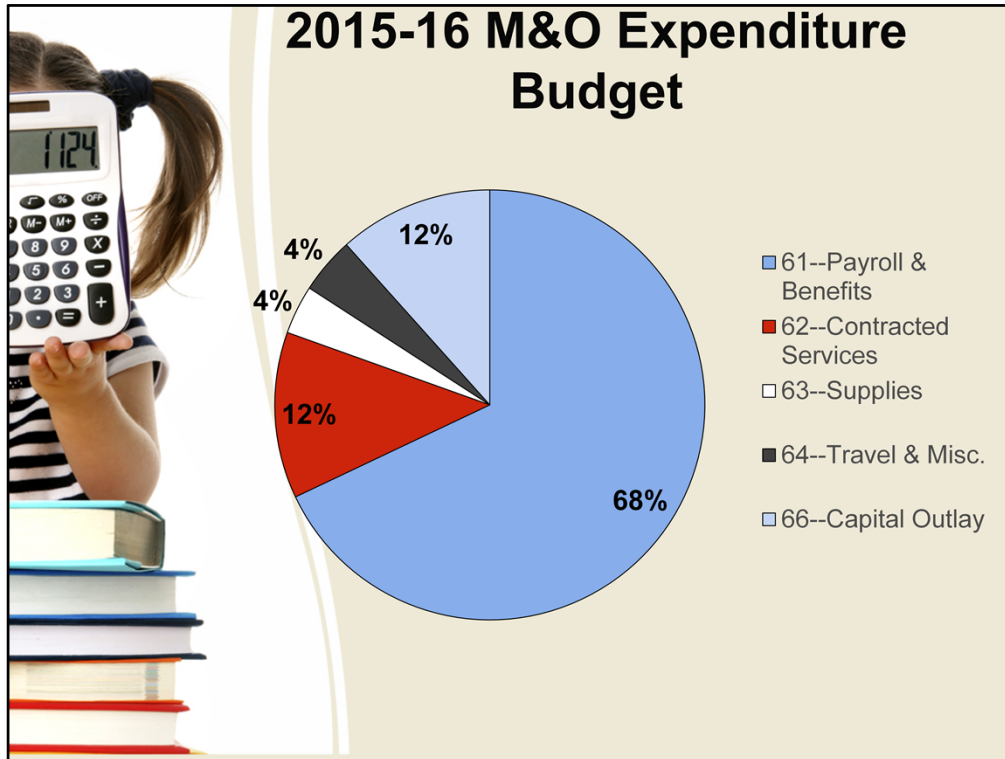
To calculate the tax rate needed to pay the district's debt obligation, we divide the payment amount by the taxable value, and multiply by 100. The result is slightly more than twenty-six cents. However, after considering delinquent tax collections and properties that are under protest, the rate will be \$0.2598. We will be using the rate of \$0.2598 for debt service (also known as I&S) when we examine the homeowner impact later in the meeting.



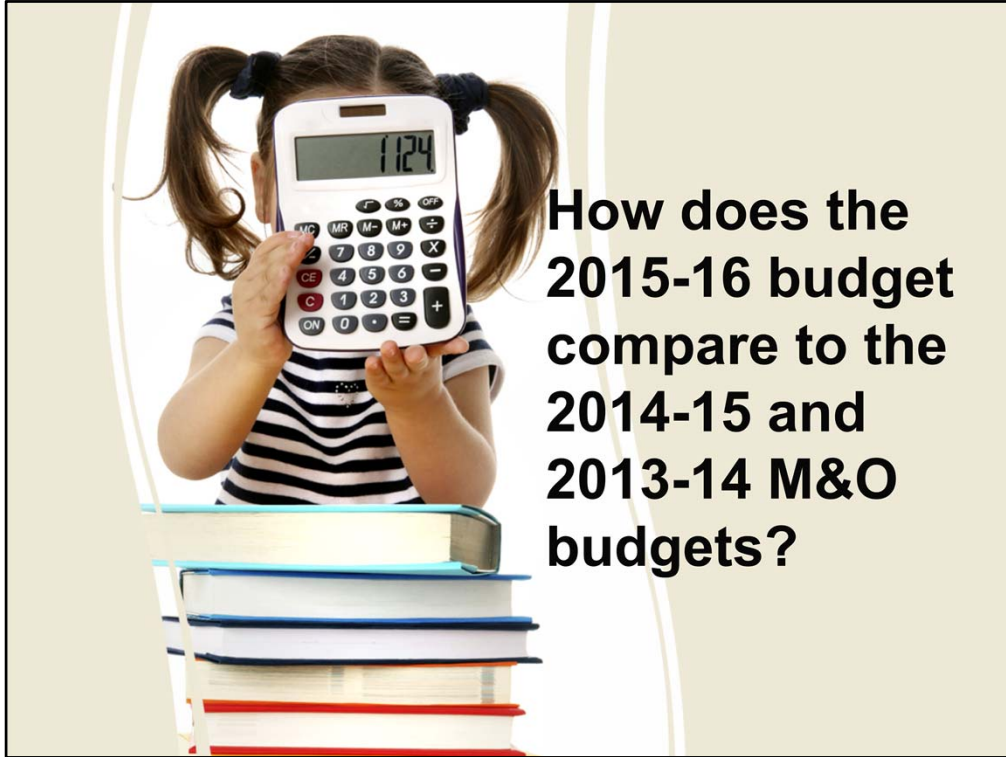
Next, we will consider the Maintenance and Operations expenditure budget and the Maintenance and Operations tax rate necessary to fund the budget.



Budgeted expenditures for the 2015-16 school year total \$63,321,372.



Payroll and benefits account for 68% of the budget while contracted services and capital outlay each account for twelve percent of the budget.

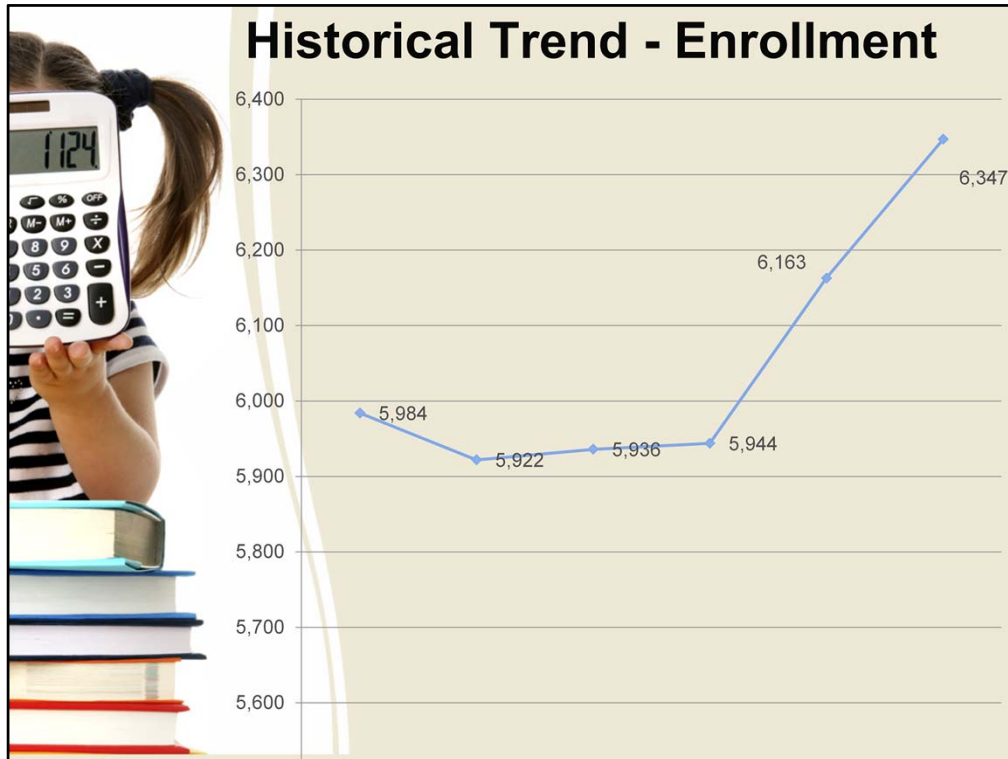


**How does the  
2015-16 budget  
compare to the  
2014-15 and  
2013-14 M&O  
budgets?**

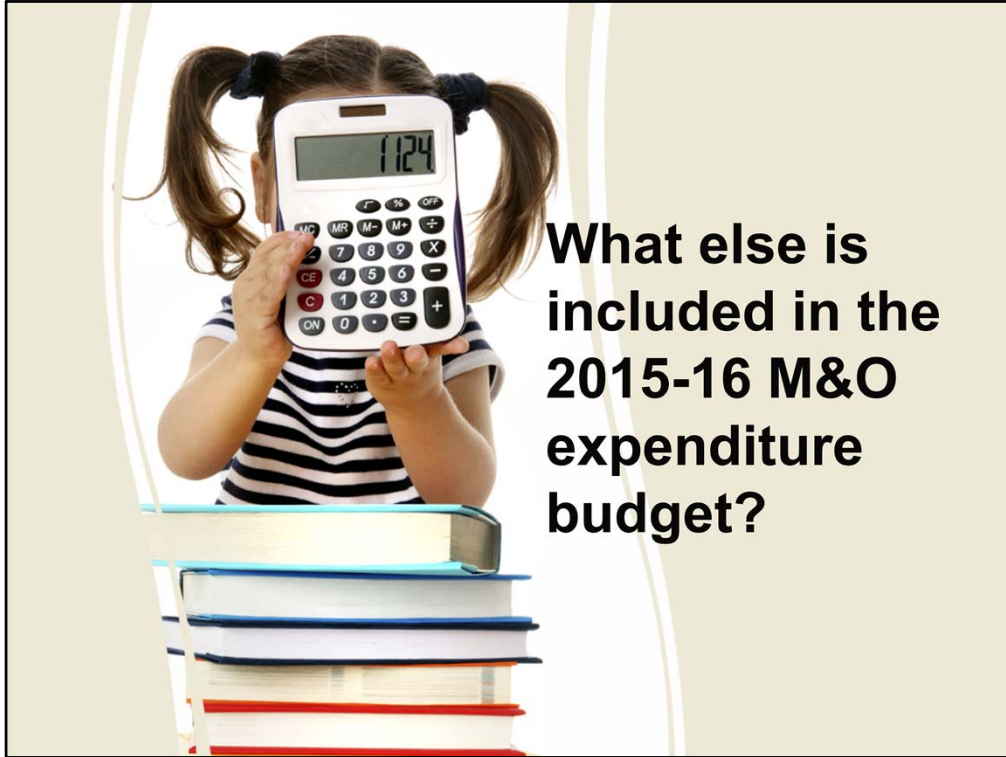


<b>OBJ</b>	<b>2015-16 Original Budget</b>	<b>2014-15 Revised Budget</b>	<b>2013-14 Revised Budget</b>
<b>61--Payroll &amp; Benefits</b>	<b>\$ 43,032,159</b>	<b>\$ 43,338,705</b>	<b>\$ 40,567,006</b>
<b>62--Contracted Svs</b>	<b>\$ 6,524,776</b>	<b>\$ 5,862,175</b>	<b>\$ 5,224,552</b>
<b>63--Supplies</b>	<b>\$ 2,329,170</b>	<b>\$ 2,149,308</b>	<b>\$ 2,566,240</b>
<b>64--Travel &amp; Misc</b>	<b>\$ 2,680,803</b>	<b>\$ 2,831,897</b>	<b>\$ 3,091,532</b>
	<b>\$ 54,566,908</b>	<b>\$ 54,182,085</b>	<b>\$ 51,449,330</b>


For this comparison, I removed capital outlay and Chapter 41 payments so that we can compare the operating budget between the three years. For the purposes of operations, the 2015-16 budget is approximately \$385K more than the 2014-15 budget and \$3.2 million more than the 2013-14 budget. Overall, this increase represents less than one percent in the cost of operations from the 2014-15 school year to 2015-16 school year and approximately six percent from the 2013-14 school year to the 2015-16 school year. In the 2014-15 school year, salary increases and additional personnel accounted for approximately \$2.7 million or 6% of the increase over the 2013-14 school year.



As we discussed, expenditures have increased by approximately six percent since the 2013-14 school year. This is a direct correlation to the six percent increase in student enrollment the District experienced during this same time.



**What else is  
included in the  
2015-16 M&O  
expenditure  
budget?**



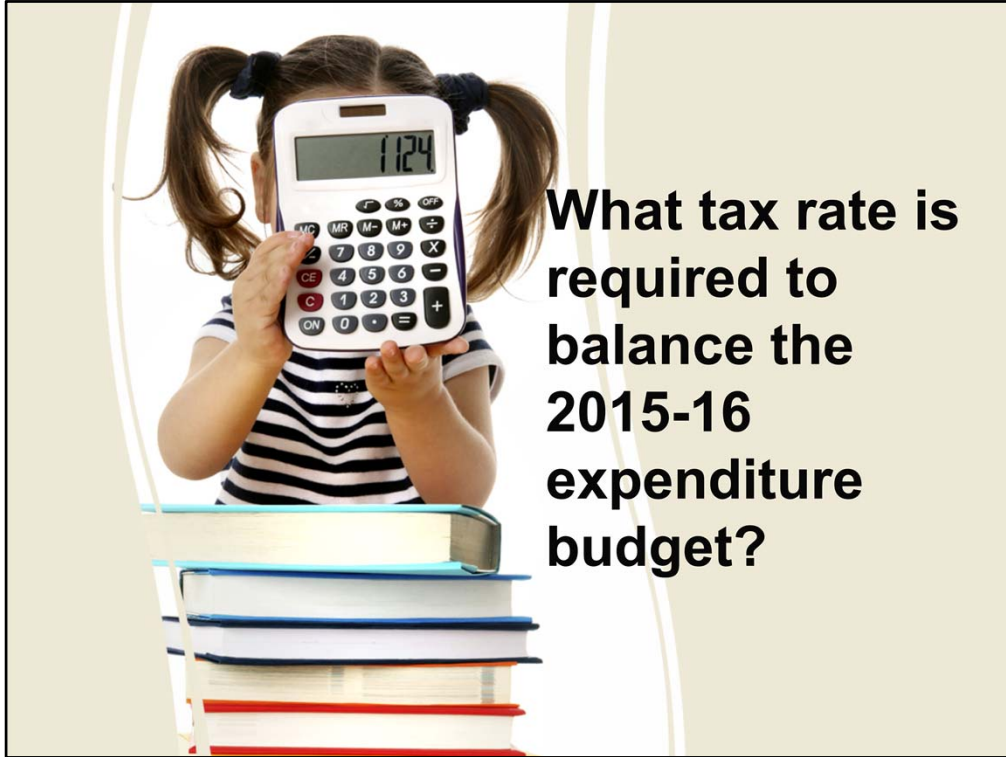
## Capital Outlay

Industrial Trade Center (ITC)	\$ 6,500,000
Technology Refresh	\$ 750,000
Special Education Bus	\$ 107,000
	<b>\$ 7,357,000</b>

The Industrial Trade Center will be constructed during the 2015-16 school year and begin serving our students in the 2016-17 school year. The source of funding for this project is the district's assigned fund balance for buildings and construction.

The Technology Refresh is a means by which the District saves for replacement of outdated technology. The district is on a three year schedule to update / replace technology and saves money each year to accomplish this.

Finally, a Special Education bus with a lift will be required for the 2015-16 school year. The current bus is old and in a state of disrepair. It will not make it through the school year. Depreciation on the new bus will be claimed as part of the district's School Health And Related Services (known as SHARS) reimbursement, and the District will receive a portion of the purchase price each year beginning in 2016-17 as the bus depreciates.



**What tax rate is required to balance the 2015-16 expenditure budget?**

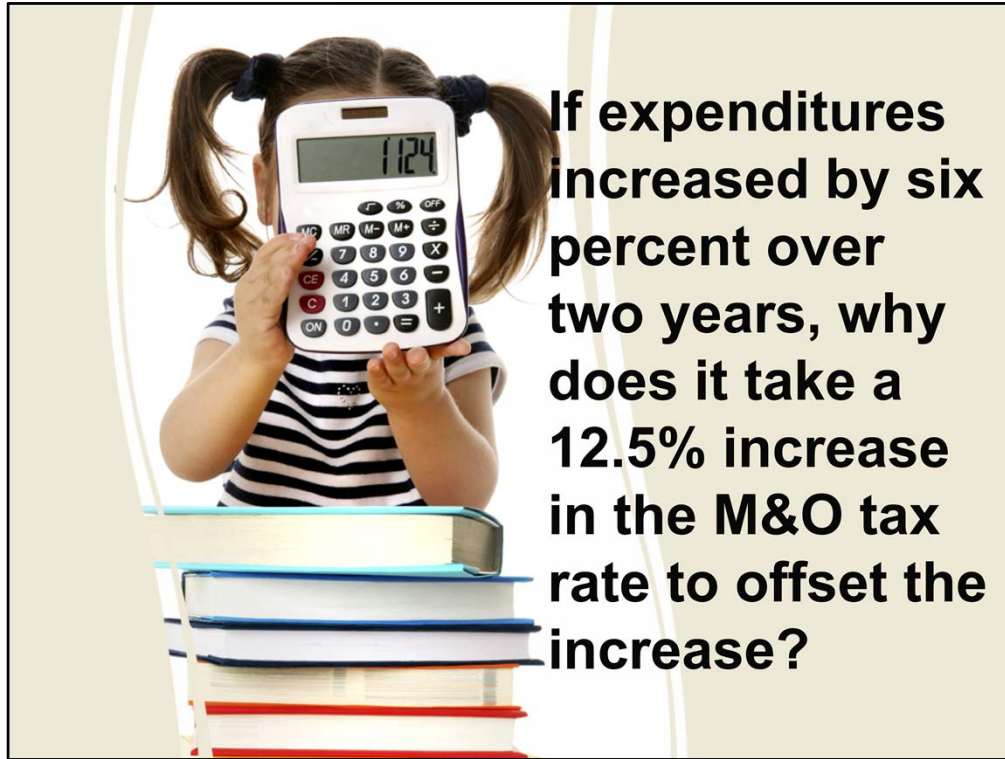
M&O Rate	\$ 1.04	\$ 1.06	\$ 1.17
I&S Rate	\$ 0.26	\$ 0.26	\$ 0.26
State Exemption	\$ 25,000	\$ 25,000	\$ 25,000
Local Exemption	20% or \$5K	20% or \$5K	20% or \$5K
Local Revenue	\$ 40,898,621	\$ 41,656,565	\$ 45,824,286
State Revenue	\$ 9,850,178	\$ 10,225,081	\$ 10,283,086
Recapture	\$ -	\$ -	\$ (1,397,464)
Federal Revenue	\$ 714,000	\$ 714,000	\$ 714,000
<b>Total Revenue</b>	<b>\$ 51,462,799</b>	<b>\$ 52,595,646</b>	<b>\$ 55,423,908</b>
Salaries & Benefits	\$ 43,032,159	\$ 43,032,159	\$ 43,032,159
Contracted Services	\$ 6,524,776	\$ 6,524,776	\$ 6,524,776
Supplies	\$ 2,329,170	\$ 2,329,170	\$ 2,329,170
Insurance, Travel, & Misc	\$ 2,680,803	\$ 2,680,803	\$ 2,680,803
Technology Refresh / Bus	\$ 857,000	\$ 857,000	\$ 857,000
<b>Total Expenditures</b>	<b>\$ 55,423,908</b>	<b>\$ 55,423,908</b>	<b>\$ 55,423,908</b>
<b>Budget (Deficit) / Surplus</b>	<b>\$ (3,961,109)</b>	<b>\$ (2,828,262)</b>	<b>\$ 0</b>

Tonight, I am presenting three scenarios for consideration. In each scenario, expenditures remain constant with the ITC excluded from consideration as it will be funded with fund balance assigned for this specific purpose.

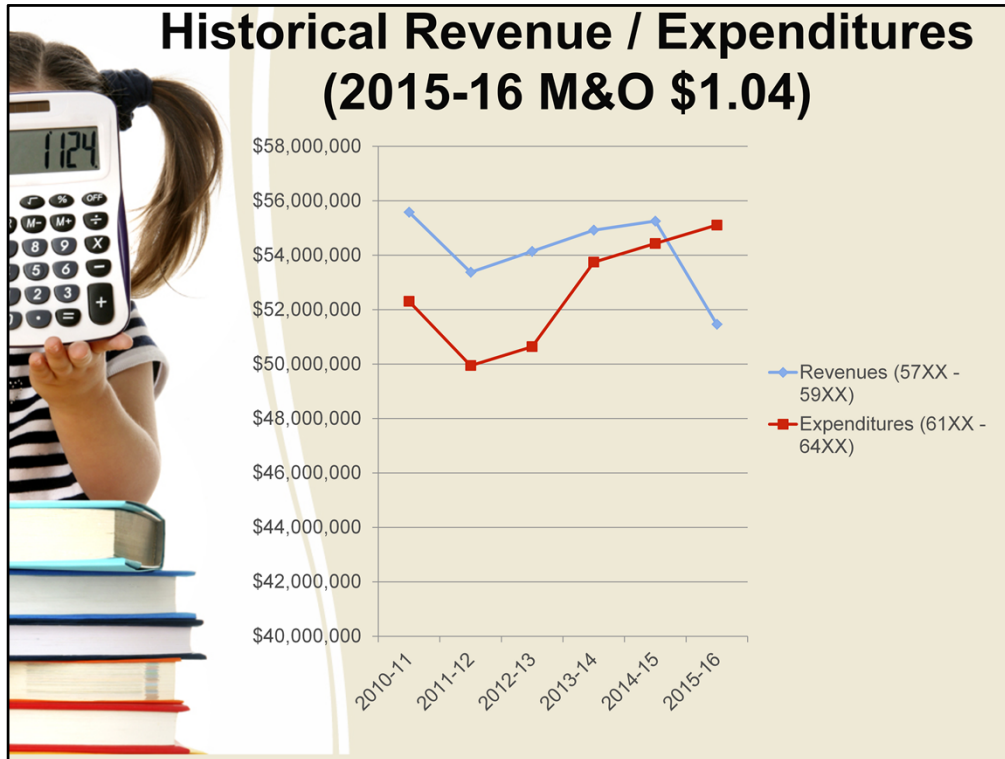
The first scenario is based on the District's 2014-15 M&O tax rate of \$1.04. \$1.04 is the highest rate the district can adopt without voter approval. At \$1.04, the district will adopt a budget deficit of \$3.9 million.

The second scenario is based on an M&O rate of \$1.06 which takes advantage of what are called "golden pennies". With voter approval, the district can adopt a rate of \$1.06 and the additional two pennies are not subject to Chapter 41 recapture. The additional two pennies would generate approximately \$1.1 million in tax collections and State revenue combined.

The third scenario is based on an M&O rate of \$1.17 and also requires voter approval. An M&O rate of \$1.17 will generate \$5.3 million in tax collections and State revenue combined. However, it also triggers the Chapter 41 recapture payment of \$1.4 million, resulting in a net revenue increase of \$3.9 million.



**If expenditures increased by six percent over two years, why does it take a 12.5% increase in the M&O tax rate to offset the increase?**



The red line in this graph represents expenditures and the trend is slightly upward. As we discussed, TCISD's expenditures increased approximately six percent over two years, corresponding to a six percent increase in enrollment during the same period.

In addition to the six percent increase in expenditures, TCISD would need to make up for a ten percent decrease in revenue over that same time. At an M&O tax rate of \$1.04, the district is \$3.9 million short of funding the expenditures needed to operate the district.