Board Workshop

Monday, July 18, 2011 8:00 AM
Granbury ISD Board Room, 600 West Pearl St., Granbury, TX 76048, W Pearl St, Granbury, TX 76048

1. **Call to order - 8:00 AM - GISD Board Room**
2. **Discussion/Information**
a. GISD 2011 Preliminary School FIRST Rating
3. **Budget Workshop**
a. Explanation Page
b. Budget Workshop Power Point Presentation
1. 2010-2011 Year End Projections
2. 2011-2012 General Operating Proposed Budget
3. 2011-12 General Operating Supporting Documents
4. 2011-2012 Debt Service Proposed Budget
5. 2011-2012 Child Nutrition Proposed Budget
c. State Funding Crisis
d. Granbury ISD 2011-2012 Projected Budget Worksheet
e. Questionable Positions
f. Pupil-Teacher Ratios
g. Granbury ISD Secondary Teaching Staffing
h. Academic and Athletic Program Costs
i. Academic Program Costs per Student
j. Athletic Program Costs per Student
k. Possible Reductions
4. **Convene in closed session under The Texas Open Meetings Act, Texas Government Code Section 551.001 et seq.**
a. Chapter 551.074 - Personnel
1. Consider staff appointments
b. Chapter 551.072 - Purchase, exchange, lease or value of real property
5. **Reconvene in open session**
6. **Consider action on items discussed in closed session**
a. Consider staff appointments
b. Consider purchase, exchange, lease or value of real property
7. **Adjourn**

User: Sharay Boynton
User Role: District

YEAR 2009-2010 Help Home Log Out

FIRST

Financial Integrity Rating System of Texas

2009-2010 DISTRICT STATUS DETAIL

Name: GRANBURY ISD(111901)	**Publication Level 1:** 6/17/2011 9:03:31 AM
Status: Passed	**Publication Level 2:** None
Rating: Superior Achievement	**Last Updated:** 6/17/2011 9:03:31 AM
District Score: 73	**Passing Score:** 56

#	Indicator Description	Updated	Score
1	Was The Total Fund Balance Less Reserved Fund Balance Greater Than Zero In The General Fund?	4/25/2011 7:55:04 PM	Yes
2	Was the Total Unrestricted Net Asset Balance (Net of Accretion of Interest on Capital Appreciation Bonds) In the Governmental Activities Column in the Statement of Net Assets Greater than Zero? (If the District's 5 Year % Change in Students was 10% more)	4/25/2011 7:55:04 PM	Yes
3	Were There No Disclosures In The Annual Financial Report And/Or Other Sources Of Information Concerning Default On Bonded Indebtedness Obligations?	4/25/2011 7:55:05 PM	Yes
4	Was The Annual Financial Report Filed Within One Month After November 27th or January 28th Deadline Depending Upon The District's Fiscal Year End Date (June 30th or August 31st)?	4/29/2011 3:44:44 PM	Yes
5	Was There An Unqualified Opinion in Annual Financial Report?	4/25/2011 7:55:05 PM	Yes
6	Did The Annual Financial Report Not Disclose Any Instance(s) Of Material Weaknesses In Internal Controls?	4/25/2011 7:55:05 PM	Yes
			1 Multiplier Sum
7	Did the Districts Academic Rating Exceed Academically Unacceptable?	4/25/2011 7:55:05 PM	5

8	Was The Three-Year Average Percent Of Total Tax Collections (Including Delinquent) Greater Than 98%?	4/25/2011 7:55:05 PM	5
9	Did The Comparison Of PEIMS Data To Like Information In Annual Financial Report Result In An Aggregate Variance Of Less Than 3 Percent Of Expenditures Per Fund Type (Data Quality Measure)?	5/10/2011 10:03:37 PM	5
10	Were Debt Related Expenditures (Net Of IFA And/Or EDA Allotment) < $350.00 Per Student? (If The District's Five-Year Percent Change In Students = Or > 7%, Or If Property Taxes Collected Per Penny Of Tax Effort > $200,000 Per Student)	4/25/2011 7:55:06 PM	5
11	Was There No Disclosure In The Annual Audit Report Of Material Noncompliance?	4/25/2011 7:55:06 PM	5
12	Did The District Have Full Accreditation Status In Relation To Financial Management Practices? (e.g. No Conservator Or Monitor Assigned)	4/25/2011 7:55:06 PM	5
13	Was The Aggregate Of Budgeted Expenditures And Other Uses Less Than The Aggregate Of Total Revenues, Other Resources and Fund Balance In General Fund?	4/25/2011 7:55:07 PM	5
14	If The District's Aggregate Fund Balance In The General Fund And Capital Projects Fund Was Less Than Zero, Were Construction Projects Adequately Financed? (To Avoid Creating Or Adding To The Fund Balance Deficit Situation)	5/10/2011 4:07:21 PM	5
15	Was The Ratio Of Cash And Investments To Deferred Revenues (Excluding Amount Equal To Net Delinquent Taxes Receivable) In The General Fund Greater Than Or Equal To 1:1? (If Deferred Revenues Are Less Than Net Delinquent Taxes Receivable)	4/25/2011 7:55:07 PM	5
16	Was The Administrative Cost Ratio Less Than The Threshold Ratio?	4/25/2011 7:55:07 PM	5
17	Was The Ratio Of Students To Teachers Within the Ranges Shown Below According To District Size?	4/25/2011 7:55:08 PM	5
18	Was The Ratio Of Students To Total Staff Within the Ranges Shown Below According To District Size?	4/25/2011 7:55:08 PM	3
19	Was The Total Fund Balance In The General Fund More Than 50% And Less Than 150% Of Optimum According To The Fund Balance And Cash Flow Calculation Worksheet In The Annual Financial Report?	4/25/2011 7:55:08 PM	5
20	Was The Decrease In Undesignated Unreserved Fund Balance < 20% Over Two Fiscal Years?(If 1.5 Times Optimum Fund Balance <	4/25/2011 7:55:08 PM	5

	Total Fund Balance In General Fund Or If Total Revenues > Operating Expenditures In The General Fund,Then District Receives 5 Points)		
21	Was The Aggregate Total Of Cash And Investments In The General Fund More Than $0?	4/25/2011 7:55:09 PM	5
22	Were Investment Earnings In All Funds (Excluding Debt Service Fund and Capital Projects Fund) More Than $20 Per Student?	4/25/2011 7:55:09 PM	0
			73 Weighted Sum
			1 Multiplier Sum
			73 Score

DETERMINATION OF RATING

A.	Did The District Answer '**No**' To Indicators 1, 2, 3 Or 4? **OR** Did The District Answer '**No**' To Both 5 and 6? If So, The District's Rating Is **Substandard Achievement**.	
B.	Determine Rating By Applicable Range For summation of the indicator scores (Indicators 7-22)	
	Superior Achievement	72-80 and Yes to indicator 7
	Above Standard Achievement	64-71 or >= 72 and No to indicator 7
	Standard Achievement	56-63
	Substandard Achievement	<56 or No to one default indicator

INDICATOR 17 & 18 RATIOS

Indicator 17	Ranges for Ratios		**Indicator 18**	Ranges for Ratios	
District Size - Number of Students Between	Low	High	District Size - Number of Students Between	Low	High
< 500	7	22	< 500	5	14
500-999	10	22	500-999	5.8	14
1000-4999	11.5	22	1000-4999	6.3	14

5000-9999	13	22		5000-9999	6.8	14
=> 10000	13.5	22		=> 10000	7.0	14

OPTIONS

Update Unpassed | Update All | Lower Publication Level
Raise Publication Level | Suspend | Suspension Reason.

THE TEXAS EDUCATION AGENCY
1701 NORTH CONGRESS AVENUE · AUSTIN, TEXAS, 78701 · (512) 463-9734

User: Sharay Boynton
User Role: District

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FIRST

Financial Integrity Rating System of Texas

2009-2010 INDICATOR TEST 18

Name:	GRANBURY ISD (111901)
Indicator:	Was The Ratio Of Students To Total Staff Within the Ranges Shown Below According To District Size?
Result/Points	3
Last Updated:	4/25/2011 7:55:08 PM

FORMULA

Field	Value
(	
Number of Students	6,724
/ Number of FTE Staff	1,044.1372
)	

Mathematical Breakdown: 6.4398

RESULT DETERMINATION REFERENCE

DETERMINATION OF POINTS

Students	Low	High
< 500	5.0	14
500 - 999	5.8	14
1000 - 4999	6.3	14
5000 - 9999	6.8	14
=> 10,000	7.0	14

5	4	3	2	1	0
UL <= 100%	> 100% =< 105%	> 105% =< 110%	> 110% =< 115%	> 115% =< 120%	> 120%
LL => 100%	=> 95% < 100%	=> 90% < 95%	=> 85% < 90%	=> 80% < 85%	< 80%

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User: Sharay Boynton
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FIRST

Financial Integrity Rating System of Texas

2009-2010 INDICATOR TEST 22

Name:	**GRANBURY ISD (111901)**
Indicator:	**Were Investment Earnings In All Funds (Excluding Debt Service Fund and Capital Projects Fund) More Than $20 Per Student?**
Result/Points	0
Last Updated:	4/25/2011 7:55:09 PM

FORMULA

Field	Value
Investment Earnings In All Funds Except Debt Service Fund and Capital Projects Fund	71,536
/Number of Students	6,724

Mathematical Breakdown: 10.6389

RESULT DETERMINATION REFERENCE

DETERMINATION OF POINTS

5	4	3	2	1	0
> $20	> $19 <= $20	> $18 <= $19	> $17 <= $18	> $16 <= $17	=< $16

OFFICE OF SUPERINTENDENT

For:	**Board of Trustees**
Date:	**July 18, 2011**
Action:	**Discussion/Information**

To:	**Board of Trustees**	**From:**	**Ron Mayfield**
		Date:	**July 18, 2011**
		Re:	**Budget Workshop**

SUMMARY:
I will identify and give you a brief description of items that you will find included in this packet. I will also add some commentary on some of the items.

Before you begin to analyze the information, you will find in the Granbury ISD 2011-12 Projected Budget Worksheet in the third item below that we are within $84,860 of having a balanced budget in 2011-12. We anticipate we'll have other resignations between now and the beginning of school, which will give us a balanced budget for 2011-12.

You will also see that if we continue to eliminate the positions that we recommend, we will realize a balanced budget for 2012-13 with over $400,000 extra. It would not be wise to consider this a surplus as there will be extenuating circumstances that will eat away at that amount quickly.

The best news about this information is that we will actually be able to protect fund balance the next two years.

Sharay's Power Point Presentation

- I have asked Sharay to reduce and limit this presentation compared to years past.
- She has reduced it over thirty pages.
- We both believe that we need to review the important factors that are important for all board members to know and review at least once each year.

State Funding Crisis

- I received this from the Legislative Financial Workshop in Austin in June.
- I felt it is important that we all understand that the State already faces a deficit budget in 2013 unless the Texas economy improves and produces additional revenue.
- It also has a statement concerning the 180 degree turn in the legislature concerning education.
- The significant factor concerning the State Funding Crisis is that we will be right back where we are in 2013 concerning reduction of funding for Public Schools.
    - For this reason it is very important that we continue to protect our Fund Balance.
    - You will be able to see in the next pages, Granbury ISD 2011-12 Projected Budget Worksheet that we will probably be able to have a balanced budget for 2011-12 and a balanced budget for 201-13 if we approve the elimination of positions I recommend.

Granbury ISD 2011-12 Projected Budget Worksheet

- The numbers on this page will match the budget worksheet in Sharay's Power Point Presentation. I simply divided it out in a manner that lists the Revenues on one page, the Salaries and Benefits on the next page. It then has what I identify as Fixed Costs and then Alterable Costs.
- You will note on the last page of this section that we are within $84,860 of having a balanced budget for 2011-12.

    - Tom and I anticipate we will receive more resignations between now and the time to adopt our budget at the end of August.
    - This will give us a balanced budget for 2011-12.
- You will also note that if we continue to eliminate the positions that I recommend, we will be able to have a balanced budget for 2012-13 and actually have some cushion to work with.
- This is huge as it will allow us to protect our fund balance the next two years.
- It also identifies that we can balance our budget for both years in the next biennium.
- This allows us to consider reductions in other areas in a timely manner.
- Please remember that we have already reduced campus and departmental budgets a combined amount last year and this year between 28% and 33%.
- I continue to state, "Overstaffing in a district is comparable to the State not addressing the "revenue stream" in the legislature. As stated in the State Funding Crisis, the legislators will begin the next session with a minimum of an $11 Billion deficit unless the state economy picks and generates more revenue."
    - We will continue to have financial problems in Granbury ISD if we do not correct the overstaffing issue.

Questionable Positions

- I have listed the "Questionable" positions that I recommend that we keep in the district and given my rationale for each one.
- I have also listed the "Questionable" positions I recommend that we eliminate.
    - Tom went through all of the "Questionable" positions carefully to make sure we knew how many were left to eliminate and the possible amount we would be able to reduce from our budget in 2012-13.
    - We believe this figure is the "key" to our immediate action regarding reductions we consider for the budget.
    - You will find his list on the page following the list of "Questionable" positions with the total amount remaining that we can eliminate.
    - Again, we believe this is a key number that we would need to know for this budget workshop as we look at everything to determine where the reductions should be made.

Pupil-Teacher Ratios

- Please remember that I presented to you in February that even if we eliminated all of the "Questionable" positions, we would still be on the right side of the bell curve.
- I have recommended keeping several of these positions as you saw in the "Questionable Positions" section.
    - Keeping these staff members and all other districts eliminating staff, we will once again be on the lower right side of the pupil-teacher ratio bell curve meaning we are staffed heavier than other districts similar to us.
    - The bottom line is this, "We can eliminate even more staff than I have recommended and we will still be staffed higher than well over half the districts we compare ourselves with.

Granbury ISD Secondary Teacher Staffing

- This is a chart you saw back in February when we approve the Staffing Formulas; however, we only calculated it out to 24 at that time.
- When I saw that we would lose over $6 million instead of approximately $4 million, I asked Sharay to run it on out with 26, 28 and 30 to 1 pupil ratios to give us something to look at.
- I will provide an explanation of some specifics of this on Monday; however, the main thing I want to say is that this particular calculation gives principals some flexibility in determining how many teachers would be in a specific subject.
- With the reduction of $6.4 million over the next biennium, I believe the opportunity for that flexibility may have to go away and we simply attempt to schedule an actual 24:1 ratio where appropriate.

- An example would be that if we have 240 students needing a certain subject, then we would have ten sections.

Academic and Athletic Program Costs

- You saw this document in the June board meeting.
- It shows the amount we pay out in stipends.

Academic Program Costs per Student

- You also saw this document in the June board meeting.
- I wanted to make sure you have ready access to it.

Athletic Program Costs per Student

- You also saw this document in the June board meeting.
- Again, I wanted to make sure you have ready access to it.

Possible Reductions

- I collected this list of "Possible Reductions" from several places.
- Your approval of Staffing Formulas in February and your support of our efforts to eliminate staff through attrition have put us in a position to balance our budget this year and next year.
- The majority of the suggestions came from two sources.
  - Moak & Casey - I included all of the possible reduction ideas I received at the Finance Workshop I attended in Austin and received from Moak & Casey.
  - Community Members - I also included all of the possible reduction ideas I received from a small group of citizens in Granbury and other individuals.
- I grouped some of the ideas in categories by those that I strongly support and believe are in the best interest of our district and those that I do not support as long as we're over-staffed.
- I also provided limited commentary indicating why I did or did not support the ideas.
- I mentioned in this section that we should consider using some of our teachers currently on staff as substitutes this coming year.
  - We anticipate that we could save over $200,000 through this action.
- I also mentioned in this section that we should consider using some of our teachers currently on staff as tutors for our elementary campuses that have requested tutors.
  - I do not have any money in this budget for the tutors; however, we could provide some of these teachers to help those campuses that feel tutors are essential for their success.
  - You may remember that when I asked principals what they needed most, there were some that identified tutors as that need.

Summary

Carol, Tom, Sharay and I along with their departments have spent many hours preparing this information, presentation and these recommendations for you. Essentially, this process began upon my arrival to GISD as I recognized from AEIS data that we were overstaffed. You may remember that one of the first recommendations I made was to get TASB to perform a Staffing Review for us. Also, we went to Staffing Review training in November last fall. The recommendations we make come from our Staffing Reviews, our training in Staffing Reviews and years of experience observing as we've worked in other districts that are less fortunate financially than GISD.

Please understand that we find it painful to make the recommendations we've made in eliminating the positions that we have recommended; however, we have given careful consideration to our staffing levels and how they compare to other similar districts. We have also given careful consideration to years of observation of personnel in different districts and what affects morale the most.

We firmly believe that our first priority of business is to get our staffing correct before we begin to make other cuts, particularly those in salary or benefits. We have eliminated over 90 positions in GISD since the

beginning of the start of school last August. We are optimistic that the continued process of attrition could allow us to keep staff members that wish to stay, albeit that may be in a different position, or a different campus.

We are asking people to accept more responsibility. We are asking teachers to have higher pupil/teacher ratios. We are asking people to change campuses. They are all responding with a positive attitude as they understand our financial situation put upon us by the legislature.

I can assure you that to reduce their salaries and benefits on top of asking all these other things would create a huge morale issue for most of our employees; particularly, when they understand that we can balance our budget next year without taking that action.

If we believe that our salaries and benefits are too high, we recommend that we sit tight for a few years and they will come in line with where we need to be. We recommend saving those reductions for the 2013 legislative session if we believe they are necessary. Perhaps the economy in Texas might actually improve and eliminate the need for that action.

We believe we have put together a good presentation and recommendations for GISD to proceed in the next biennium that protects GISD's fund balance that will help set the stage to survive the 2013 legislative session.

RECOMMENDATION:

Respectfully submitted,



Ron Mayfield
Superintendent

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Helping Students Reach New Heights

2011-12 Budget Workshop

Ron Mayfield, Superintendent
Sharay Boynton, Executive Director of Finance
GISD School Board
07/18/11

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Budget Development Process

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Budget Responsibilities - Superintendent

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

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Budget Responsibilities - Superintendent

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

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Expenditures

- According to the Financial Accountability Resource Guide, the following funds are to be presented to the Board for approval
  - 199 – General Operating
    - Including Fund 287 - Education Jobs Fund
  - 240 – Child Nutrition
  - 599 – Debt Service
- The Budget is adopted at the function level

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Budget Responsibilities – Board of Trustees

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

Budget Responsibilities – Board of Trustees

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

Revenue

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Revenue Sources

- Local Revenue
  - Property Taxes
    - As property values go up – property taxes go up, but not necessarily total revenue
    - As property values go down – property taxes go down, but somewhat offset by State Revenue
  - Interest Income
    - Reduction in Interest Rate
    - Reduction in District Fund Balance
  - Enterprising Income
  - Miscellaneous

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Revenue Sources

- State Revenue
  - Target Revenue per Student – SB1
    - 2011-12 – Unchanged
    - 2012-13 – Reduced to 92.35% of its current level
  - TRS On-Behalf
    - State contribution on behalf of GISD employees to TRS System
      - » Federal Programs cover State contribution
  - Other State Revenues
    - Technology Allocation
      - » Repealed with SB1

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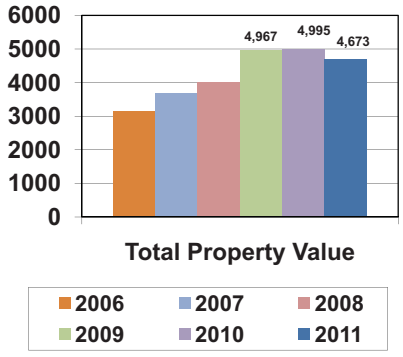
Revenue Sources

- Federal Revenue
  - Edu Jobs
    - 1 year funding
  - Indirect Revenue from Federal Programs
    - GISD claims the full amount of Indirect Costs that can be claimed on all federal programs.
  - SHARS – School Health Related Services
    - Medicaid
  - MAC – Medicaid Administrative Claims
    - Full amount claimed
  - JROTC
    - Portion of JROTC Instructors covered by Federal Government

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Revenue Sources

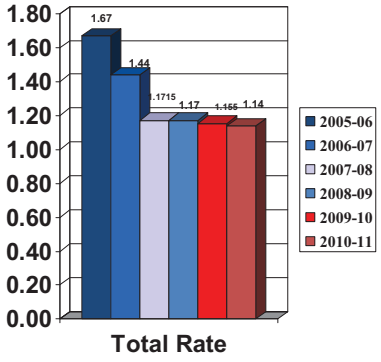
- Property Value is determined by the Hood County, Parker County, Somervell County, and Johnson County Appraisal Districts
- Certified to the State
- Reviewed by State Comptrollers Office
- Used in State Funding Formula
  - No impact on target revenue
  - 1 year impact on tax effort above compressed rate



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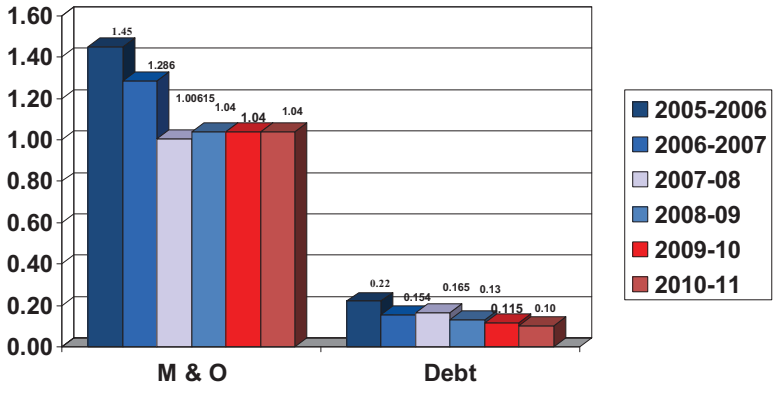
Revenue Sources

- Tax Rate is set by the School Board
- Mandated reduction by HB1 to M & O
  - Compressed Rate
  - Maximum rate of $1.17 M & O
    - Election required above $1.04
- Debt rate necessary to meet current obligations
- Subject to Roll Back Calculation



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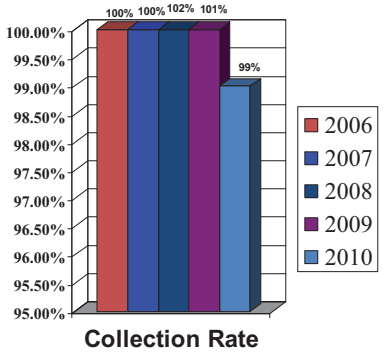
Tax Rates



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Revenue Sources

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



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State Revenue

- GISD has one of the highest Target Revenues in the State as a result of HB 3646
- GISD is experiencing a decrease in Average Daily Attendance (ADA) due to decreased enrollment
- GISD property values are decreasing

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Senate Bill 1

- August 2011 payment will be moved to September 2011
  - Cash flow impact only
- Creates a Regular Program Adjustment Factor (RPAF)
  - Set to .9239 in 2011-12
  - Set to .98 in 2012-13
  - Expires 9/1/2015
- Reduces Target Revenue
  - 2012-13 – 92.35% of current law

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Senate Bill 1

- Modifies proration statute
  - Reductions to use uniform % reduction in state and local revenue rather than wealth based proration
  - Provides for increased recapture if necessary to achieve funding reduction.
  - Includes ASATR payments as funds available for proration
  - Retains current law provisions allowing for repayment of prorated funds in the following year
- Stipulates that Education Jobs funds are to be treated as state funds for the purpose of determining TRS contributions.

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Senate Bill 2

- Reduces current Foundation School Program (FSP) funding by $4 billion

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Expenditures

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Functions

- Function 11 – Instruction
- Function 12 – Instructional Resources & Media Services
- Function 13 – Curriculum Development & Instructional Staff Development
- Function 21 – Instructional Leadership
- Function 23 – Campus Leadership
- Function 31 – Guidance, Counseling & Evaluation Services

GRANBURY ISD
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Functions

- Function 32 – Social Services
- Function 33 – Health Services
- Function 34 – Student Transportation
- Function 36 – Co-Curricular /Extracurricular Activities
- Function 41 – General Administration
- Function 51 – Plan Maintenance & Operations
- Function 52 – Security & Monitoring Services

GRANBURY ISD
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Functions

- Function 53 – Data Processing
- Function 61 – Community Services
- Function 71 – Debt Services
- Function 81 – Facilities Acquisition and Construction
- Function 91 – Contracted Instructional Services Between Public Schools
- Function 99 – Other Intergovernmental Charges

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Object Codes

- Used for clarification of Budget
  - 6100 Payroll Costs
  - 6200 Professional and Contracted Services
  - 6300 Supplies & Materials
  - 6400 Other Operating Costs
  - 6500 Debt Service
  - 6600 Capital Outlay - Land, Buildings, & Equipment
    - GISD also uses this code for inventory tracking – submitted to TEA as 6300 if applicable

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GISD 2011-12 Budget Process

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Budget Parameters

- January 2011- Budget Parameters were set by Superintendent and Executive Director of Finance
  - Student: Teacher Ratios established
  - Allocations established
    - Campuses
    - Departments

Budget Development Process – Assumptions

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- Assumptions were presented to the Board at the February 7, 2011 Meeting

Budget Development Process – Budget Packets

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- February 15, 2011 – Budget Packets were disseminated to Principals and Directors
  - Weighted per pupil allocations were calculated and presented to campuses based on projected enrollment – the per pupil amount was reduced by an additional 10% from last year
  - Central Office and Department budgets were developed based on allocations and fixed costs. The allocations were reduced by 10% from last year.

Budget Development Process – Campus/Dept Activity

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- During the months of February & March:
  - Principals met with Staff and Campus Leadership Teams to develop budgets
  - Directors met with Staff and Principals to develop budgets
- Budgets were submitted to Business Office on April 15, 2011
  - Submitted via Skyward Budget worksheet

Budget Development Process – Other Considerations

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- Staffing Formulas established
  - Based on State averages and standards
- Hiring freeze during 2010-11
  - Only hiring outside personnel for positions that are deemed essential and can not be filled internally
- Salary freeze
  - Teachers received mandated increase for 2010-11 – no other personnel received an increase
  - No increase for any employees proposed for the 2011-12 budget

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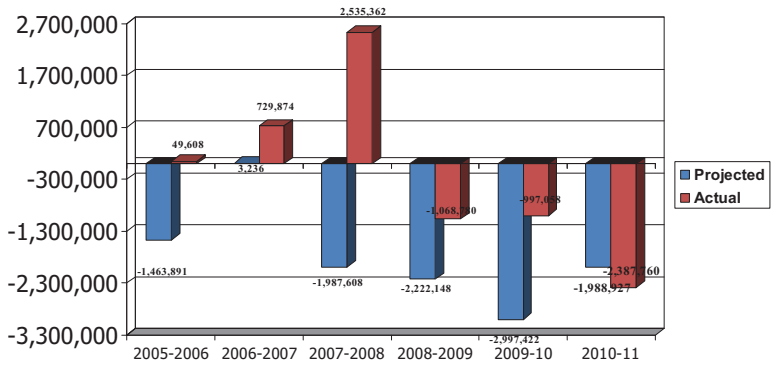
Budget Development Process

- Revenue projections were reviewed
  - Preliminary Taxable Values – 4/30/10
    - 8% reduction from previous year
  - Current Collection Rate
    - Assumption was 99%
  - Student Growth 0% student ADA growth
    - -1.985% for 2009-10
    - -1.544% for 2010-11
      - End of 2010-11 matches projected beginning of 2011-12
  - Other Revenue Sources were reviewed
  - SB 1, Ch 41 Status, etc.
- Moak, Casey & Associates projected revenue
  - District calculation also prepared

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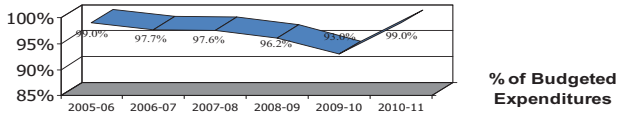
History of Adopted Budgets to Actual

- GISD has adopted deficit budgets 5 of the last 6 years



History of Adopted Budgets to Actual

- Over the last years 6 years, GISD has expended 93.6% to 99% of the budgeted expenditures
- This year it is projected to be 99%
  - End of year expenditures contributed to the higher percentage.
  - Increased Recapture due to increased tax collections



2010-11 Projections

Fund Balance – General Operating

- Adopted budget projected a decrease in fund balance
  - $1,988,927

Fund Balance – General Operating

- Projected year end affect to Fund Balance as of 6/30/11
  - Operating decrease in Fund Balance of $2,387,760

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Fund Balance – General Operating

- What affected current year anticipated decrease?
  - Revenue
    - 100% of budget
      - Loss of Student ADA - $570,000 (net decrease – more property taxes but more recapture too)
  - Expenditures
    - 99% of budget
      - Salaries and Benefits – 99% of budget
      - Recapture - 104.5% of budget

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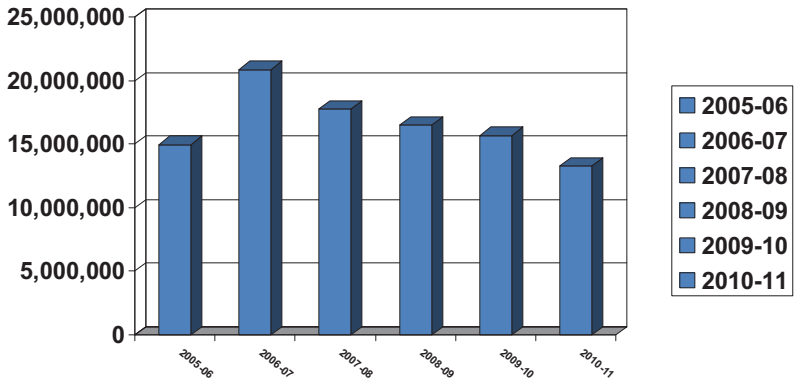
Fund Balance – General Operating

- The projected 8/31/11 balance is 20% of the 2010-11 projected budget
  - $13,312,191
    - GASB 54 will be presented at July board meeting and will cause fund balance to be presented differently
    - If Tax Anticipation Notes are approved, fund balance would increase

Fund Balance – General Operating

- Fund Balance is suggested to be maintained at a level of 25% -30% of the current year budget (3 months of operations)
  - Projected three years out with the level of budget proposed, GISD will be at 12%
  - FIRST rating is affected by maintaining over 50% of optimum fund balance and under 150% of optimum fund balance

Fund Balance – General Operating



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Fund Balance – Debt Service

- Adopted budget was to decrease Fund Balance at 8/31/11
  - $12,871
- Projected year end as of 6/30/11
  - Decrease $72,656
    - Lower tax collections than anticipated

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Fund Balance – Debt Service

- Projected Fund Balance at 8/31/11
  - $473,345
    - Fund Balance is not necessary for Debt Service except for cash flow purposes – something to be considered in this economy
    - Debt payments are structured where funds needed are after majority of collections are received

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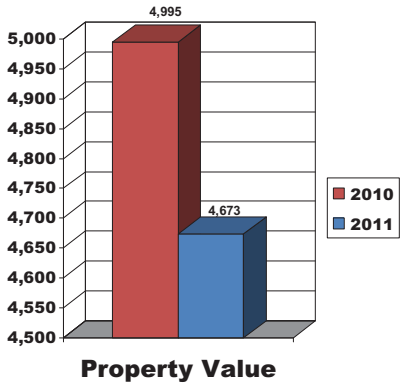
General Operating Budget

Fund 199

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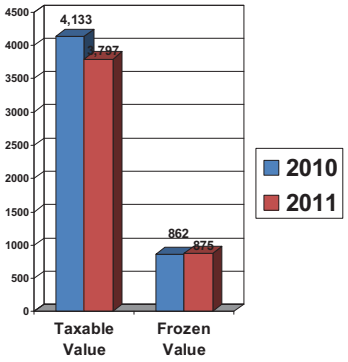
General Operating Revenue – Total Property Value

- Total Property value projected by HCAD, SCAD, JCAD, and PCAD is 6% lower than 2010
- State funding is calculated on previous year's property value
- Local funding is based on current year value



General Operating Revenue – Total Property Value

- Taxable property value is projected to be 8% lower than 2010
- Frozen property value is projected to be 1.49% higher than 2010



General Operating Revenue – Student Growth

- Last year the budget was prepared with 0% ADA growth
  - 2010-11 Actual – (1.544%)
  - 2009-10 Actual – (1.985%)
- Use of 0% ADA growth for 2011-12 is conservative but reflective of historical and planned growth –
  - Projected beginning enrollment is the same as 2010-11 beginning enrollment

General Operating Expenditures - Allocations

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- Campus Budgets were allocated a per weighted pupil allocation ($1,045,847)
  - 10% reduction on per pupil allocation from 2010-11 allocation
  - Savings of $139,563 from 2010-11 budget
    - Average 11% reduction
    - Average 16% reduction in 2010-11
    - 2 Year 27% reduction

General Operating Expenditures - Allocations

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

General Operating Expenditures - Allocations

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- District wide budgets were developed for the following campus programs on top of the campus allocation
  - Special Programs – G/T, Bilingual/ESL, Sp Ed, CTE, Comp Ed
  - Athletics
  - Xerox
  - Classroom/Teacher Computer Replacement
  - Technology infrastructure costs (fiber, software, etc.)

General Operating Expenditures - Allocations

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- Department allocations, non-fixed were reduced by 10% - $1,636,313
- Department allocations, fixed, were budgeted for need - $5,091,338
  - $622,333 reduction from 2010-11 budget
    - Average 37% reduction
  - Average 61.8% over two years
    - Average 24.8% reduction for 2010-11

General Operating Expenditures – Salaries & Benefits

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- Salaries & Benefits
  - No raises are included in the budget presented
  - 2010-11 Salary Schedules were used
    - Teachers' years of experience moved to reflect no increase

General Operating Expenditures – Salaries & Benefits

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- Granbury ISD contributes a higher $ amount to Employee Health Insurance than the market
  - $1,500 more annually
  - 152% of the market
- Maintained same contribution level
    - $350/month – Full Time
    - $254/month – Part Time
  - TRS – ActiveCare
    - 10% increase
      - 28% over the last 4 years
    - ActiveCare Plan 1 – Individual Only $325
    - ActiveCare Plan 2 – Individual Only $434
  - Life Insurance – Premium the same
  - Care Flight Coverage for all GISD employees and their families

General Operating Expenditures – Attrition and Federal Funds

- Attrition throughout 2010-11 saved $3,933,000 of ongoing expenses
  - Questionable positions still included in budget presented $370,000
- IDEA-B ARRA funding $609,670 from last year
  - Funding was 1 year ONLY
- Reallocation of Federal Funds to salaries saved an additional $159,928

General Operating Expenditures – Salary & Benefits

- Net Effect to General Operating after attrition and reallocation of Federal Funds will be a reduction of $2,905,321
  - Total reduction over a 2 year period would be $5,374,682

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General Operating Expenditures – Decreases from 2010-11

- Salaries & Benefits - $2,905,321
- Recapture - $19,342
- SRO Budget - $200,000
- Campus Allocations - $139,563
- CF Funds – $4,300 (tied to revenue)
- Department Allocations - $472,333
- Special Programs - $102,628
- District Vehicles - $400,000
- Misc Repair Projects - $151,000

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General Operating Expenditures – Increases to last yrs budget

- Truant Officer –$3,000

General Operating Expenditures – Net Effect to last yrs Budget

- $4,391,487 Decrease in Expenditures
  - Majority is Salaries – 66%
  - Remaining is Operating expenditures

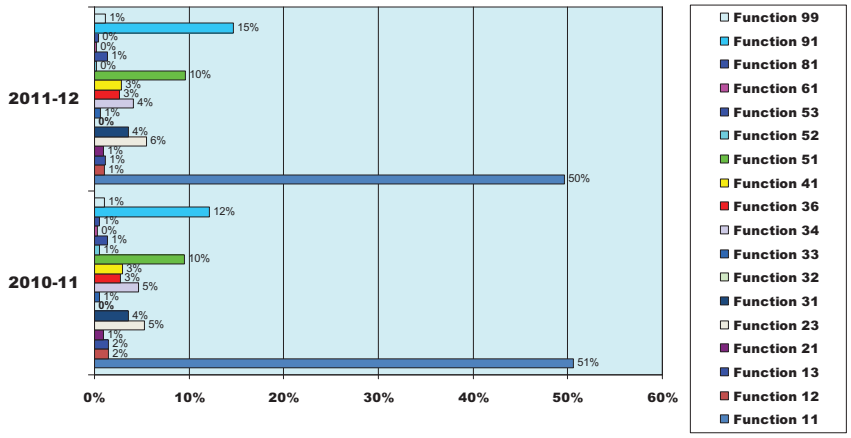
General Operating Expenditures

- Total Expenditures are projected to be $63,012,487
  - 6.5 % decrease over 2010-11 Total Budget (net recapture)
- Proposed Expenditure per ADA is $8,760 (net of recapture)
  - 2010-11 Expenditure per ADA was $9,330(net of recapture)
- Function 11 - Instruction makes up 58.2% of the total budget (net recapture)
  - 2010-11 Function 11 was 57.7%
- Instruction and Instructional Support make up 68.5% of the budget (net recapture)
  - 2010-11 Instruction & Instructional Support was 68.1%

General Operating Expenditures

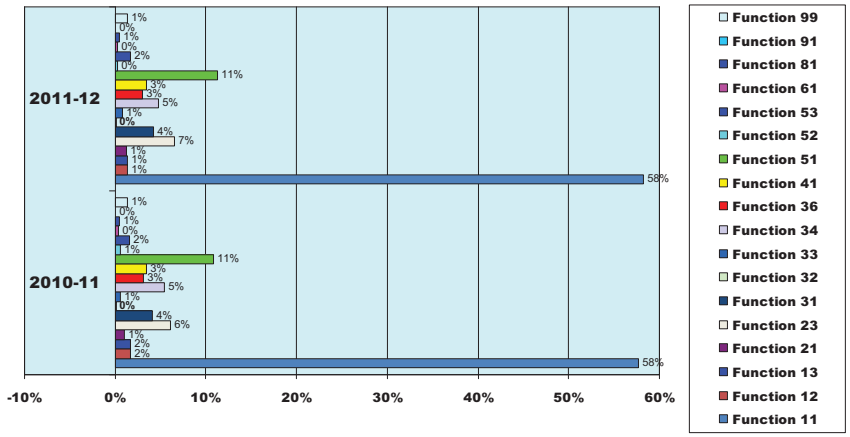
- Salaries and Benefits make up 83.0% of the total budget (net recapture)
  - 2010-11 was 81.8%
- Contracted Services – Utilities – make up 8% of the total budget (net recapture)
  - 2010-11 was 8.3%

General Operating Expenditures % of Total Budget



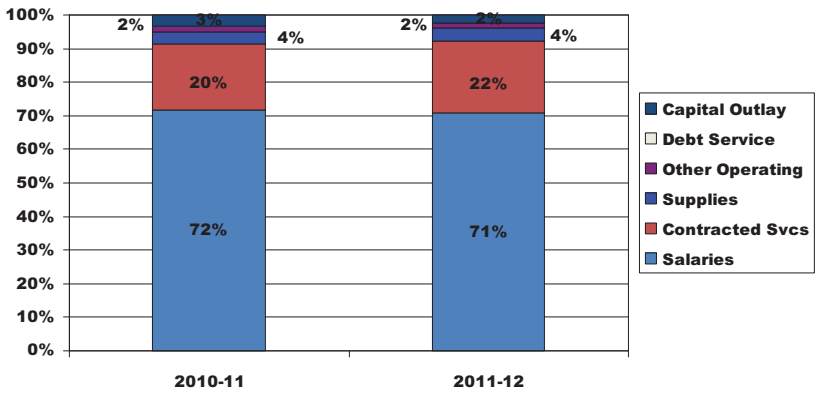
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General Operating Expenditures
% of Total Budget – Net Recapture

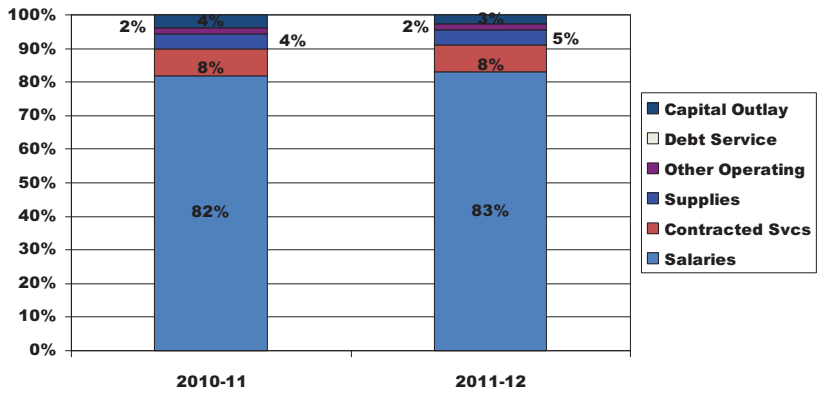


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General Operating Expenditures –
By Object Code



General Operating Expenditures – By Object Code – Net Recapture

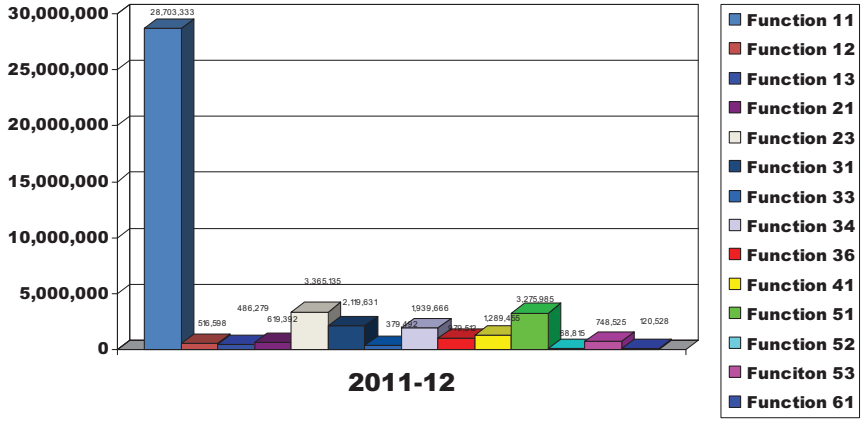


General Operating Expenditures – Total Expenditures

- $4,391,487 decrease from 2010-11
  - Salaries & Benefits – $2,919,521
  - Contracted Services - $520,423
  - Other Operating – $125,102
  - Capital Outlay - $851,505

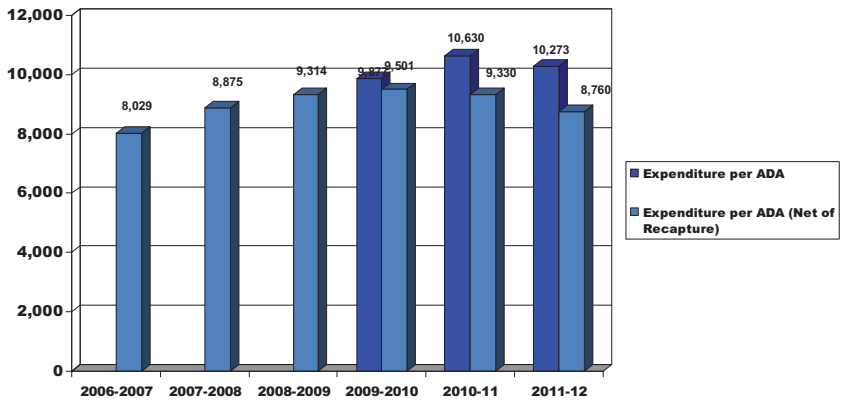
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General Operating Expenditures – Salaries & Benefits



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General Operating Expenditures per ADA



General Operating Expenditures – Special Projects

- Outstanding Projects to consider
  - GHS Furniture - $18,700
  - Custodial Equipment - $58,900
  - Food Service Equipment - $60,000
  - Technology Fire Suppression System - $51,000

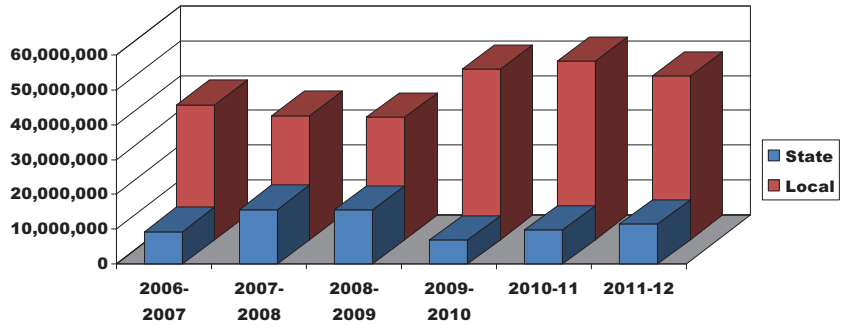
General Operating Revenue

- State Revenue is projected to decrease $1,383,330
  - 2010-11 – 15.1% of total revenue
  - 2011-12 – 21.9% of total revenue
    - Lower property values offset by State Revenue somewhat
- Local Tax Revenue is projected to decrease
  - $2,060,240
    - Proposed tax rate $1.04
    - Subject to rollback calculation
- Net Reduction of Revenue associated with ADA Funding and Tier II and III - $487,768

General Operating Revenue

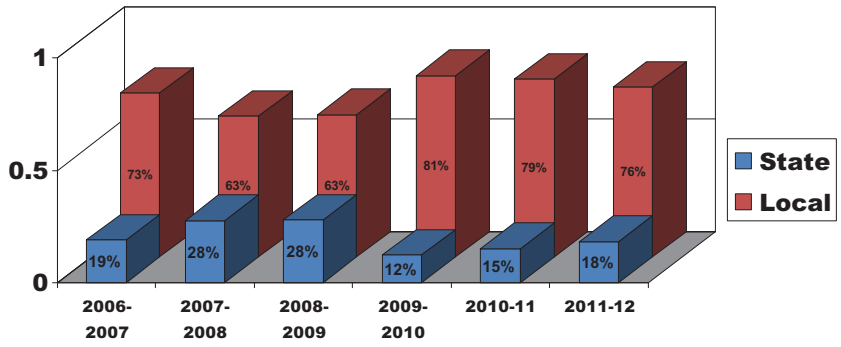
- Edu Job Funding - $1,024,249
  - One Year only
- Majority of other revenue projected to stay the same except for following:
  - Decrease in Interest Income by $35,000
    - Current Market situation
  - Decrease in Building Use Fee
    - No long term leases at this time
  - Decrease in TRS on-behalf
    - Decreased state cost – offset decreased expenditure

General Operating Revenue (Dollars)



General Operating Revenue (%)

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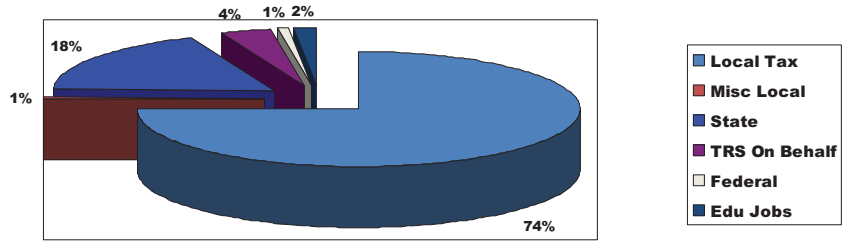


General Operating Revenue

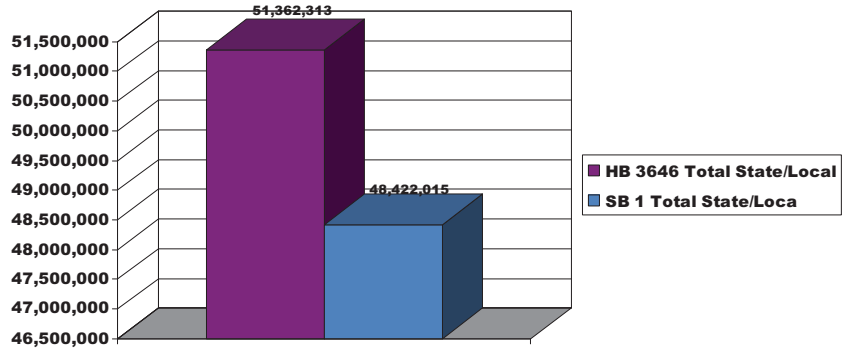
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- Total Revenue projected to decrease by $2,880,023 over 2010-11
  - $2,940,299 – Loss in PSF State Funding
  - $1,024,249 – Increase in Edu Jobs Funding
  - $487,768 – Loss in ADA Funding and property value Tier II and III funding
  - $361,420 – Loss in TRS on behalf funding

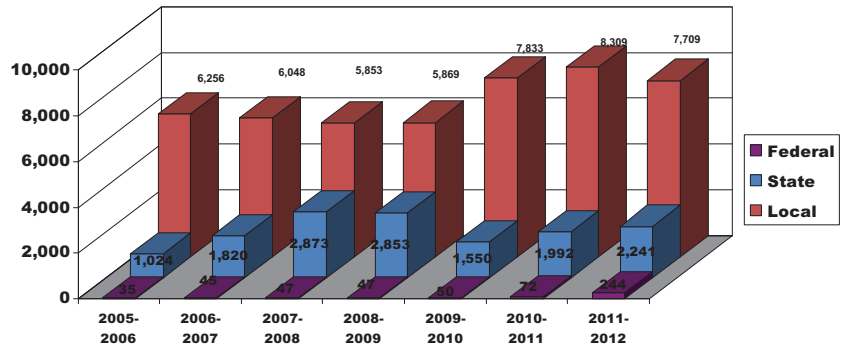
General Operating Revenue Total



General Operating Revenue Comparison of HB 3646 vs. SB1



General Operating Revenue Total Per ADA - $9,433



General Operating Factors to Consider

- Please note that the revenue per ADA is less than the projected expenditure per ADA ($10,195 Revenue and $10,273 Expenditure)
- $377,464 Deficit Budget
  - Projected 8/31/2011 Fund Balance $ 13,312,191 (21.1 % of 2011-2012 proposed budget)
  - Projected 8/31/2012 Operating Fund Balance $12,934,727(21% of proposed 2011-2012 budget)

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General Operating Factors to Consider

- The Budget presented will meet the current needs of the District
- There are issues that will continue to be studied and dealt with in future budgets by Administration
  - Further State Reduction of FSP revenue in 2012-13 due to SB 1 and projected ADA loss
    - $1,680,804
  - Edu Jobs Funding – only 1 year
    - $1,024,249

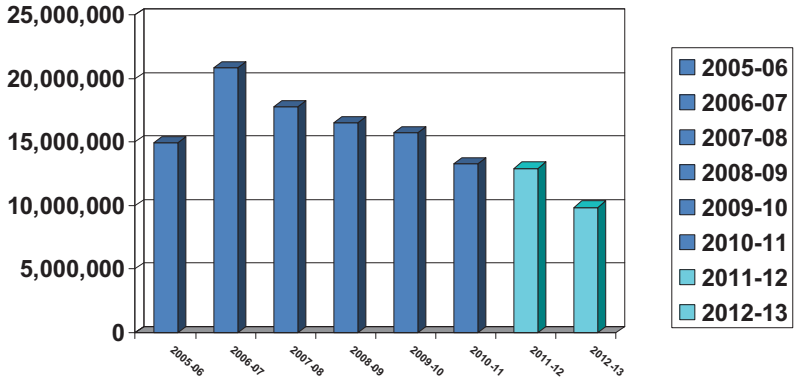
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General Operating Factors to Consider

- Fund Balance is projected to be $9,852,210 at the end of 2012-13 if expenditures remain the same
  - 16% of projected budget
- Tax Anticipation Notes can be issued which would allow fund balance to not be decreased as drastically - $2,000,000 is available
  - One time fix
  - Cost associated with issue

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Fund Balance – General Operating



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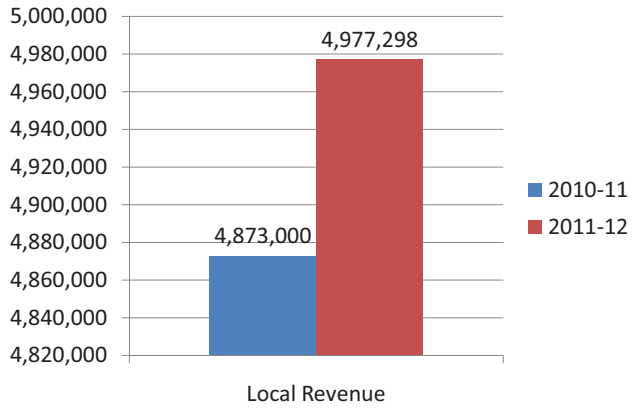
Debt Service Budget

Fund 599

Debt Service Revenue

- State Revenue is projected to be $0
  - GISD does not qualify for EDA
- Local Tax Revenue is projected to increase by $105,298
  - Decreased property values will require a higher tax rate
- Interest income is projected to decrease by $1,000
  - Not as much fund balance to invest and interest rate market

Debt Service Revenue



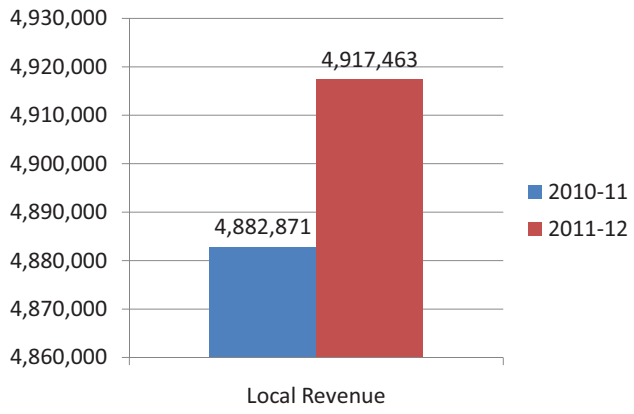
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Debt Service Expenditures

- GISD Debt Service will see a increase of $31,592
  - A little more is needed to meet debt requirements due to Pecan Plantation annexation
    - Last year allowed for a portion of Cleburne ISD fund balance to offset annual expense
- $4,917,463

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Debt Service Expenditures



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Debt Service Summary

- Proposed tax rate to meet needs of Debt Service is $.11
  - Increase of $.01 from last year
- Projected income is more than expenses
  - $59,835
- Projected fund balance at 8/31/12 would be $533,180
  - 10.8% of projected budget

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Debt Service Summary - OPTION

- Proposed tax rate to meet needs of Debt Service is $.105
  - Increase of $.005 from last year
- Projected income is less than expenses
  - $163,803
- Projected fund balance at 8/31/12 would be $309,542
  - 6.3% of projected budget

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Food Service Budget

Fund 240

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Food Service Fund Balance

- Fund Balance at 8/31/11 is projected to be $75,173
  - 2.28% of proposed budget
  - Original Budgeted increase of $19,279 is projected to increase by $30,077
    - Reduction of staff throughout the year and holding on the food cost by taking advantage of commodities

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Food Service
Fund Balance

- The federal requirements do not allow an excess of food service funds to be held by the District
- The District should ensure that the fund balance not exceed 3 months of operations
  - Currently less than 1 month is maintained

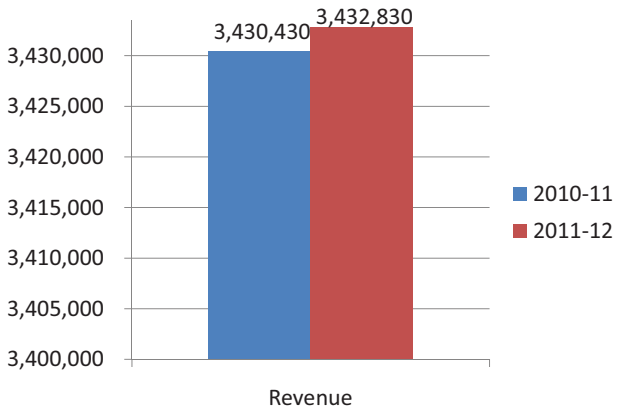
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Food Service
Revenue

- Revenue is projected to remain approximately the same
  - Reallocation from local to federal in anticipation of higher percentage free and reduced qualifiers

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Food Service Revenue



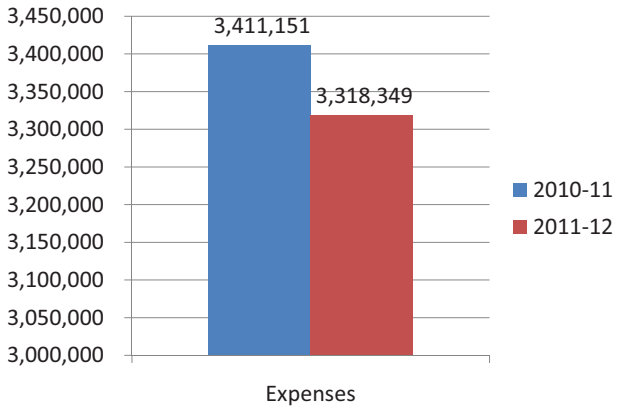
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Food Service Expenditures

- Expenditures are projected to decrease by 1.8%
  - Decrease in personnel costs – $125,545
  - Increase in Utility Charges - $30,683

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Food Service Expenditures



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Food Service Conclusion

- Revenue exceeds expenditures
  - $114,481 increase projected for fund balance
  - Fund Balance will still be at 6.4% of the projected budget
    - Still less than the 1 month of operations

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Budget Conclusion

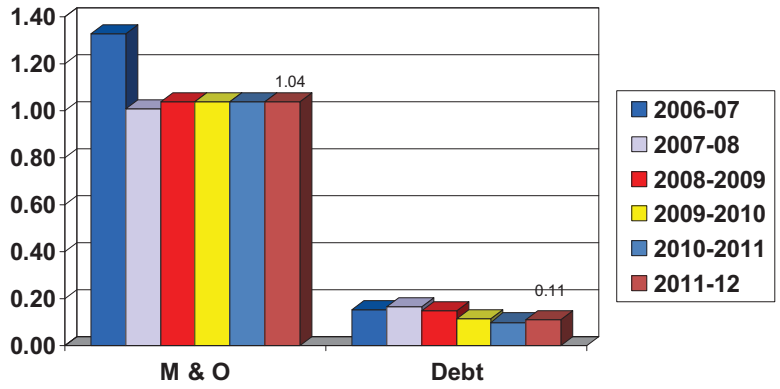
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Budget Presentation Conclusion

- Total Tax Rate proposed is $1.15
  - M & O $1.04
  - Debt $ .11
  - Tax rate will be subject to roll-back calculation
    - Calculation to be done later this month on effective rate and final calculation of roll back rate
    - GISD's compressed rate less than majority of districts in State
- Property Values are declining
  - But little impact to GISD revenue – except in debt service
- Edu Job Funding will not be available for 2012-13
- State FSP revenue will decrease another $1,680,804 for 2012-13
- Chapter 41 status and the decisions that will affect not only this year but future as well

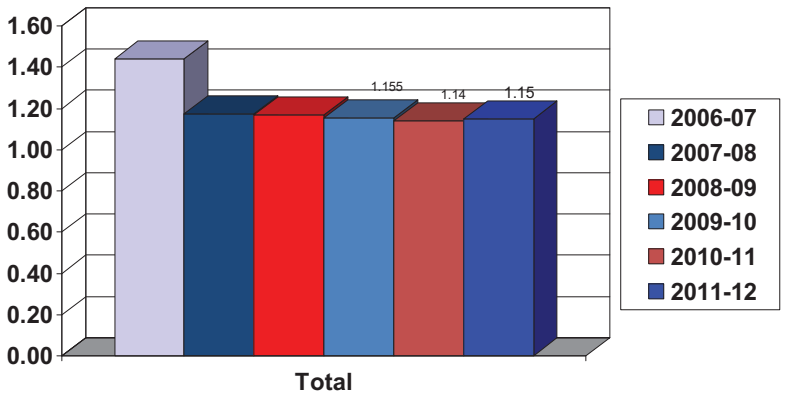
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Conclusion
Tax Rate



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Conclusion
Total Tax Rate



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Budget Presentation Conclusion

- THANKS to all the Principals and Directors for their support of the process!
- The Budget presented will meet the current needs of the District, however there are items in this budget that will continue to need to be addressed

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Where to now?

GRANBURY ISD

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2011-12 Budget Workshop
Graphs

Ron Mayfield, Superintendent
Sharay Boynton, Executive Director of Finance

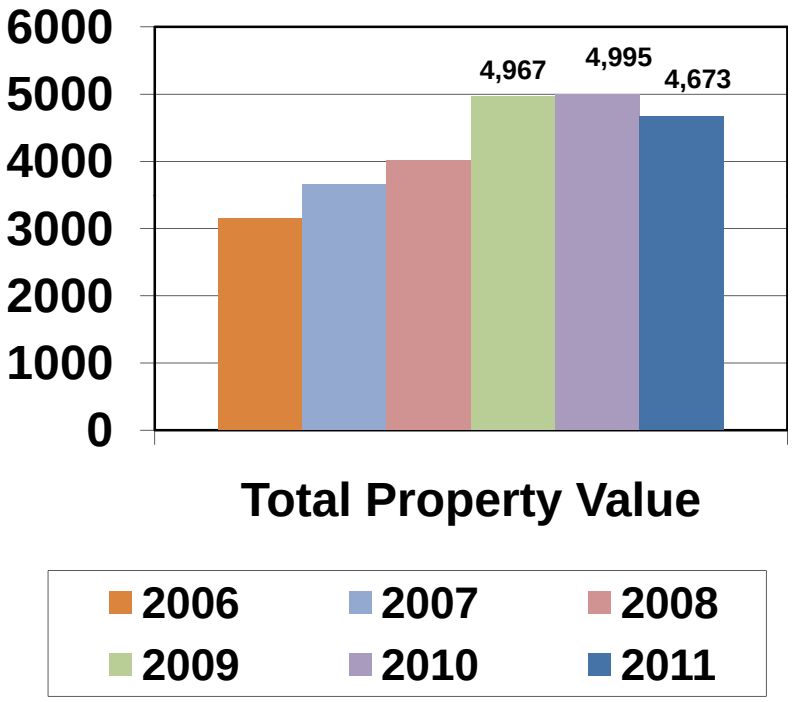
GISD School Board

07/18/11

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Revenue Sources

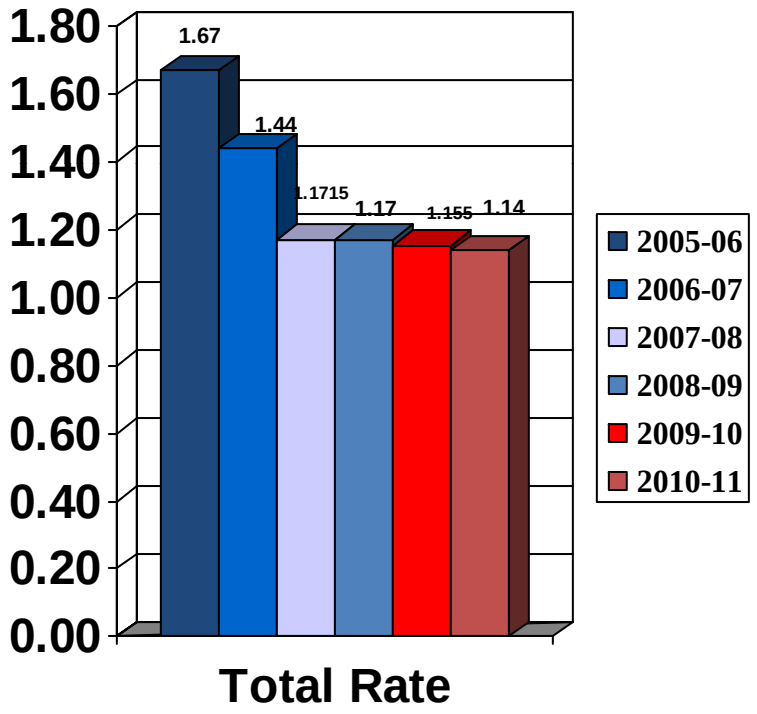
- Property Value is determined by the Hood County, Parker County, Somervell County, and Johnson County Appraisal Districts
- Certified to the State
- Reviewed by State Comptrollers Office
- Used in State Funding Formula
  - No impact on target revenue
  - 1 year impact on tax effort above compressed rate



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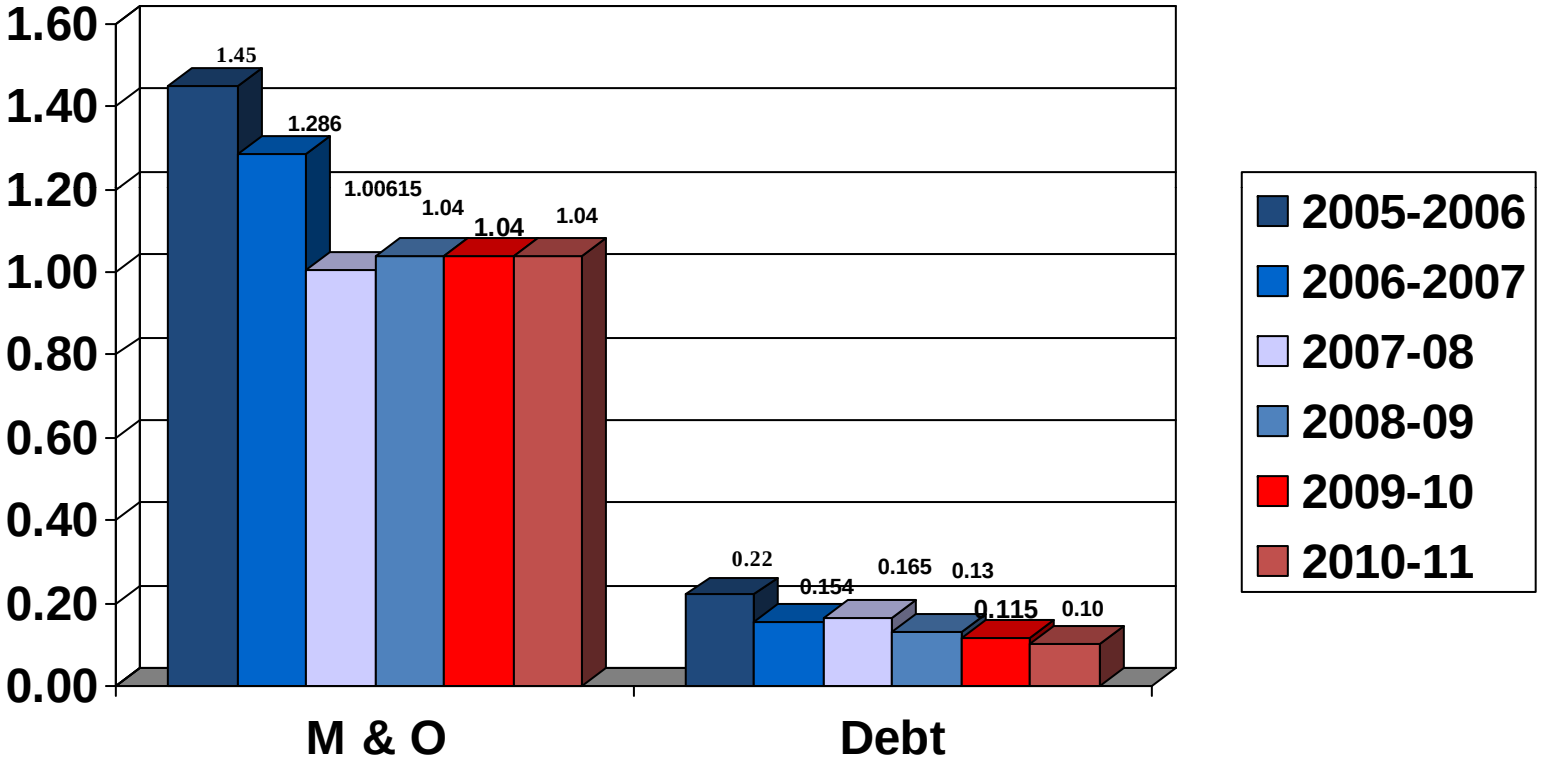
Revenue Sources

- Tax Rate is set by the School Board
- Mandated reduction by HB1 to M & O
  - Compressed Rate
  - Maximum rate of $1.17 M & O
    - Election required above $1.04
- Debt rate necessary to meet current obligations
- Subject to Roll Back Calculation



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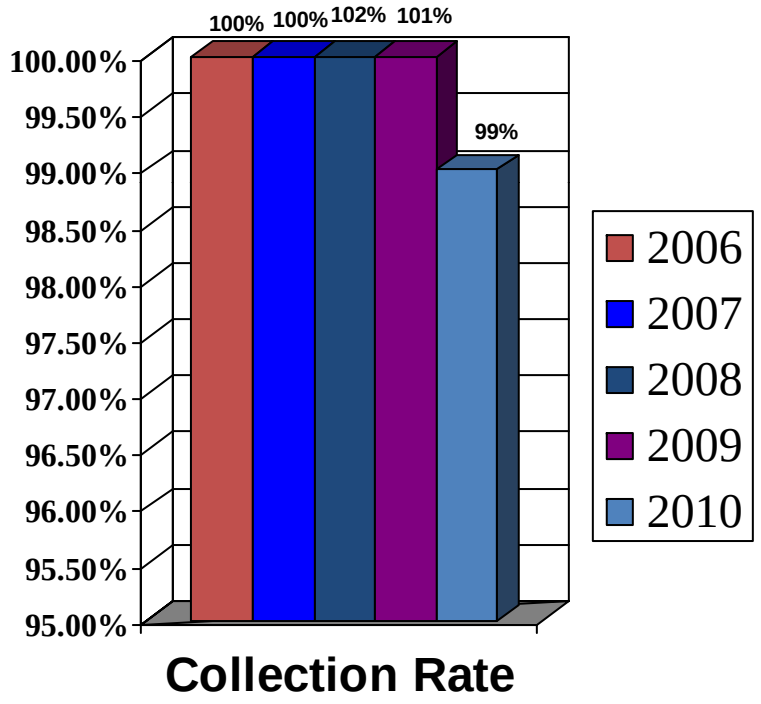
Tax Rates



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Revenue Sources

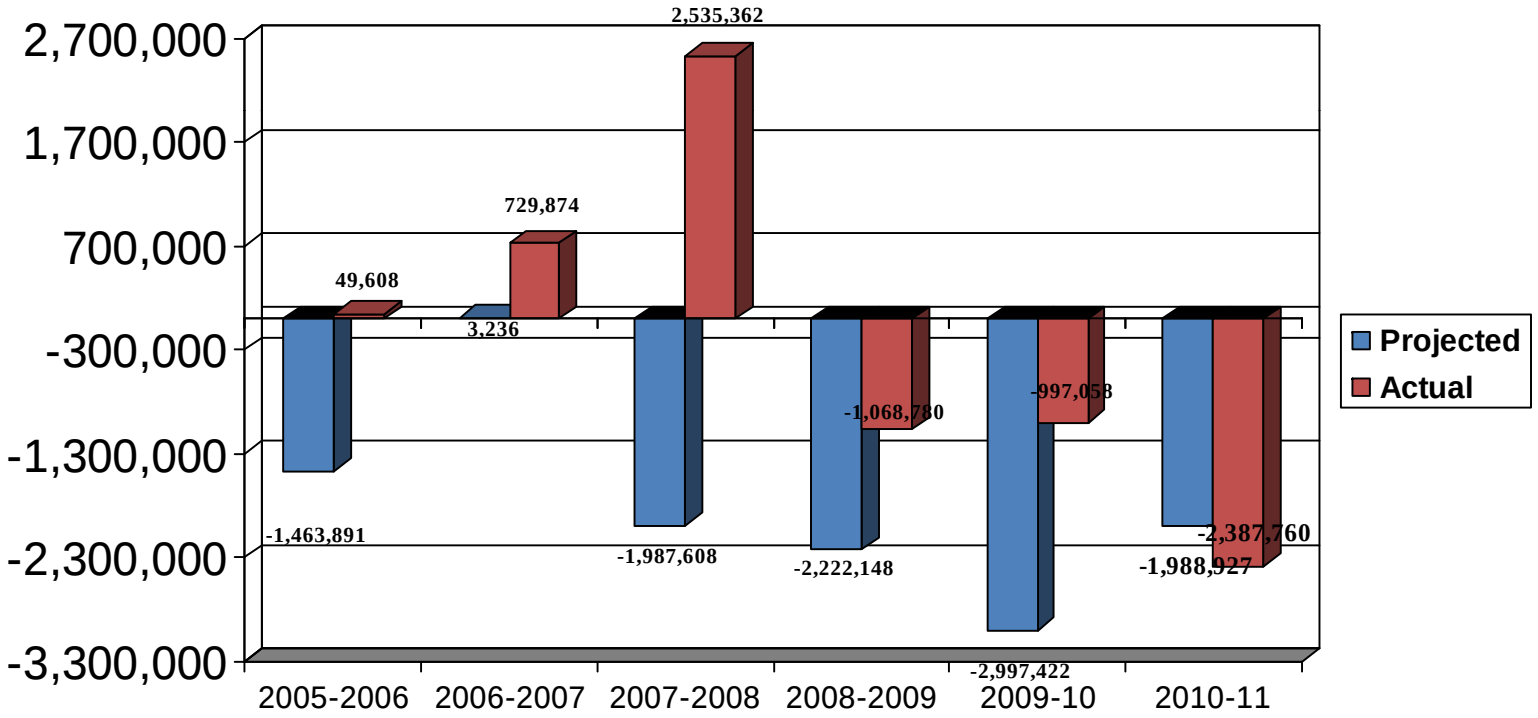
- Total Collections compared to current levy
  - Including prior year taxes and Penalties and Interest
- History is used to determine rate to use



History of Adopted Budgets to Actual

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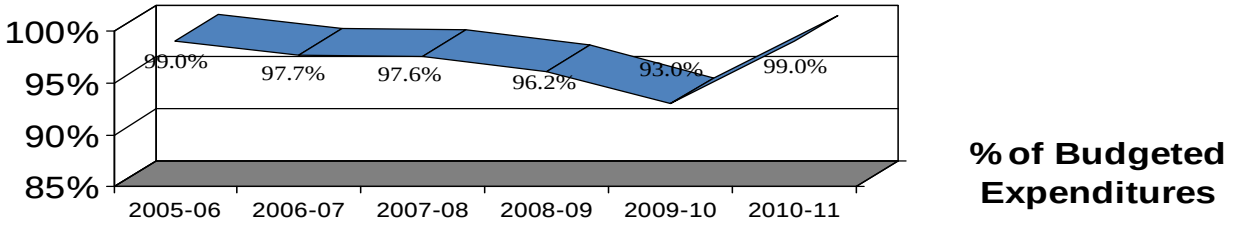
- GISD has adopted deficit budgets 5 of the last 6 years



History of Adopted Budgets to Actual

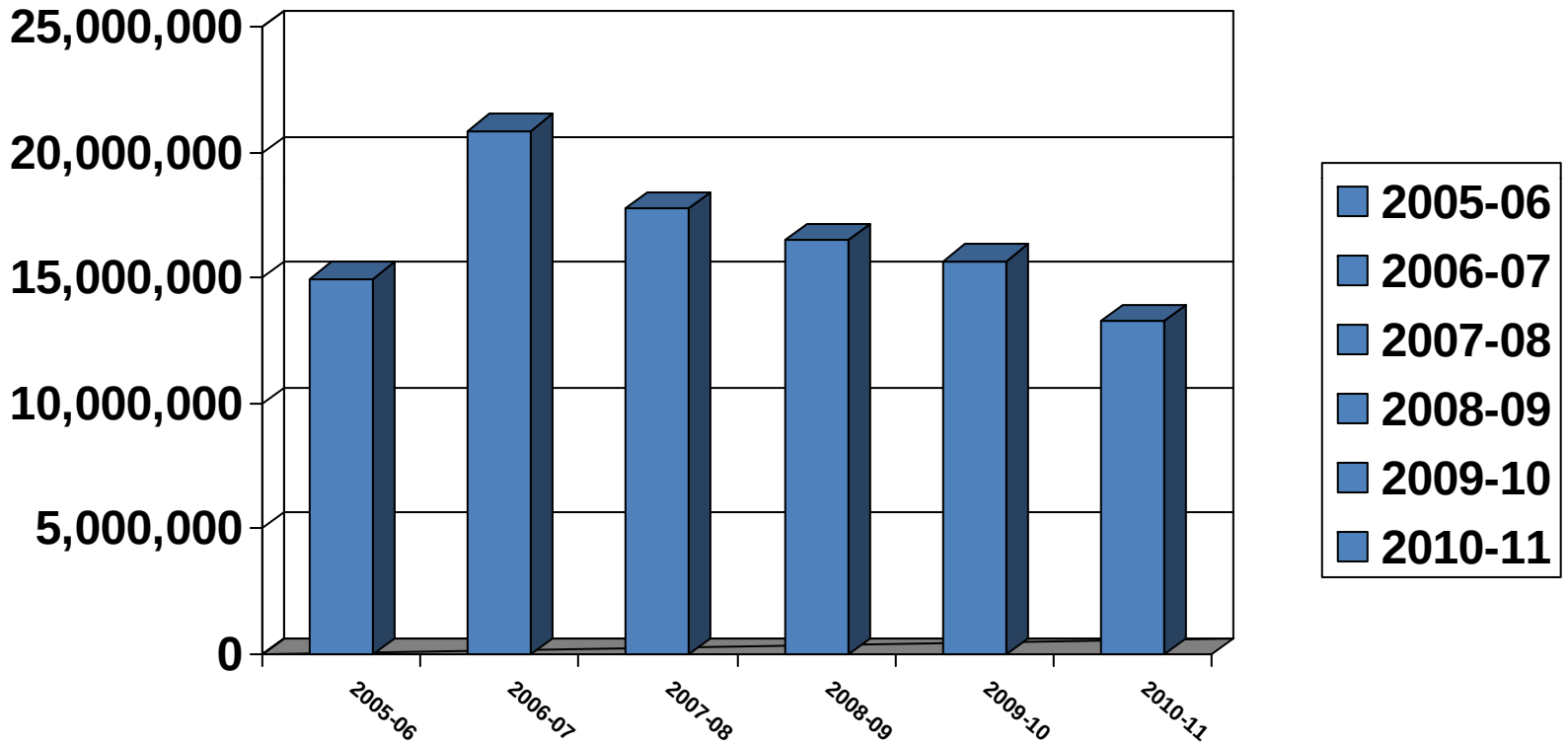
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- Over the last years 6 years, GISD has expended 93.6% to 99% of the budgeted expenditures
- This year it is projected to be 99%
  - End of year expenditures contributed to the higher percentage.
  - Increased Recapture due to increased tax collections



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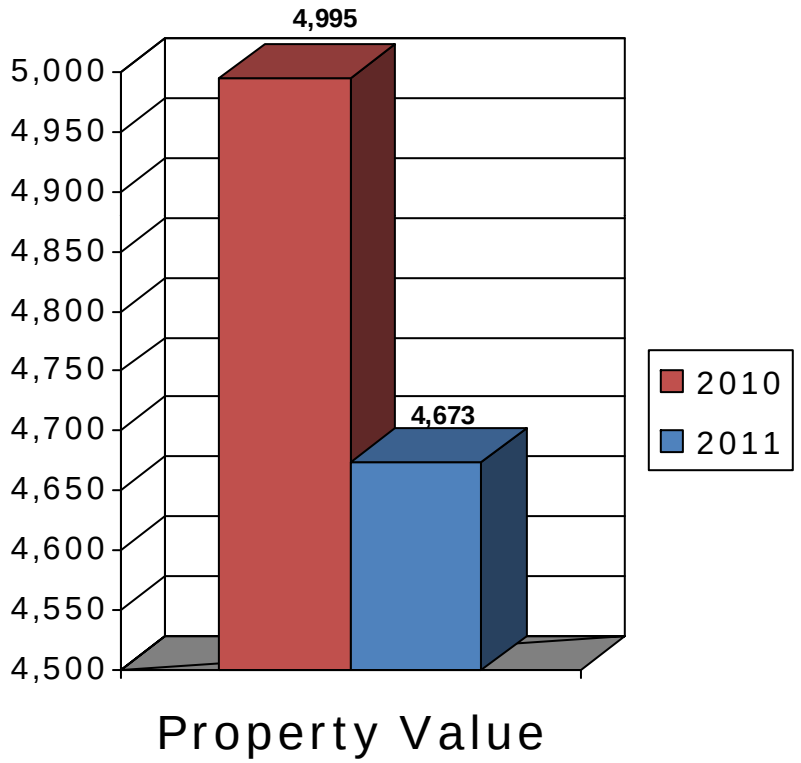
Fund Balance – General Operating



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General Operating Revenue – Total Property Value

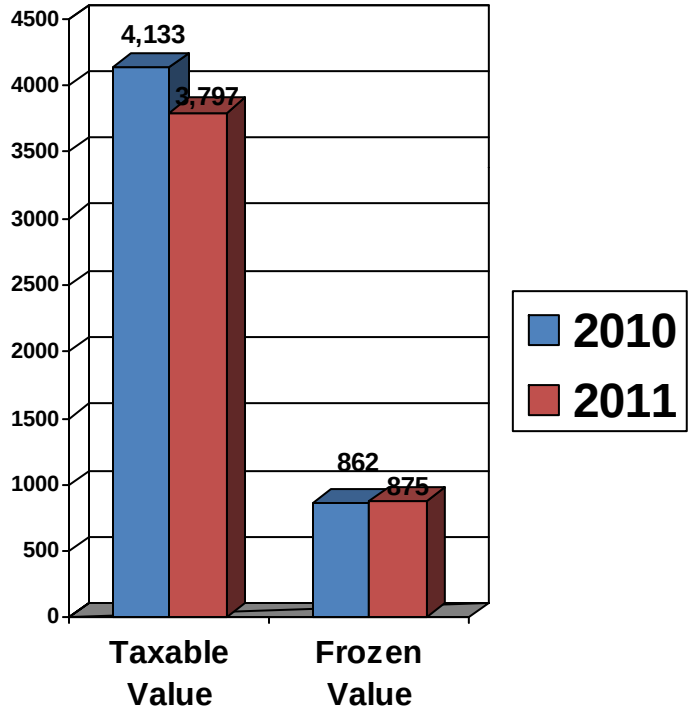
- Total Property value projected by HCAD, SCAD, JCAD, and PCAD is 6% lower than 2010
- State funding is calculated on previous year's property value
- Local funding is based on current year value



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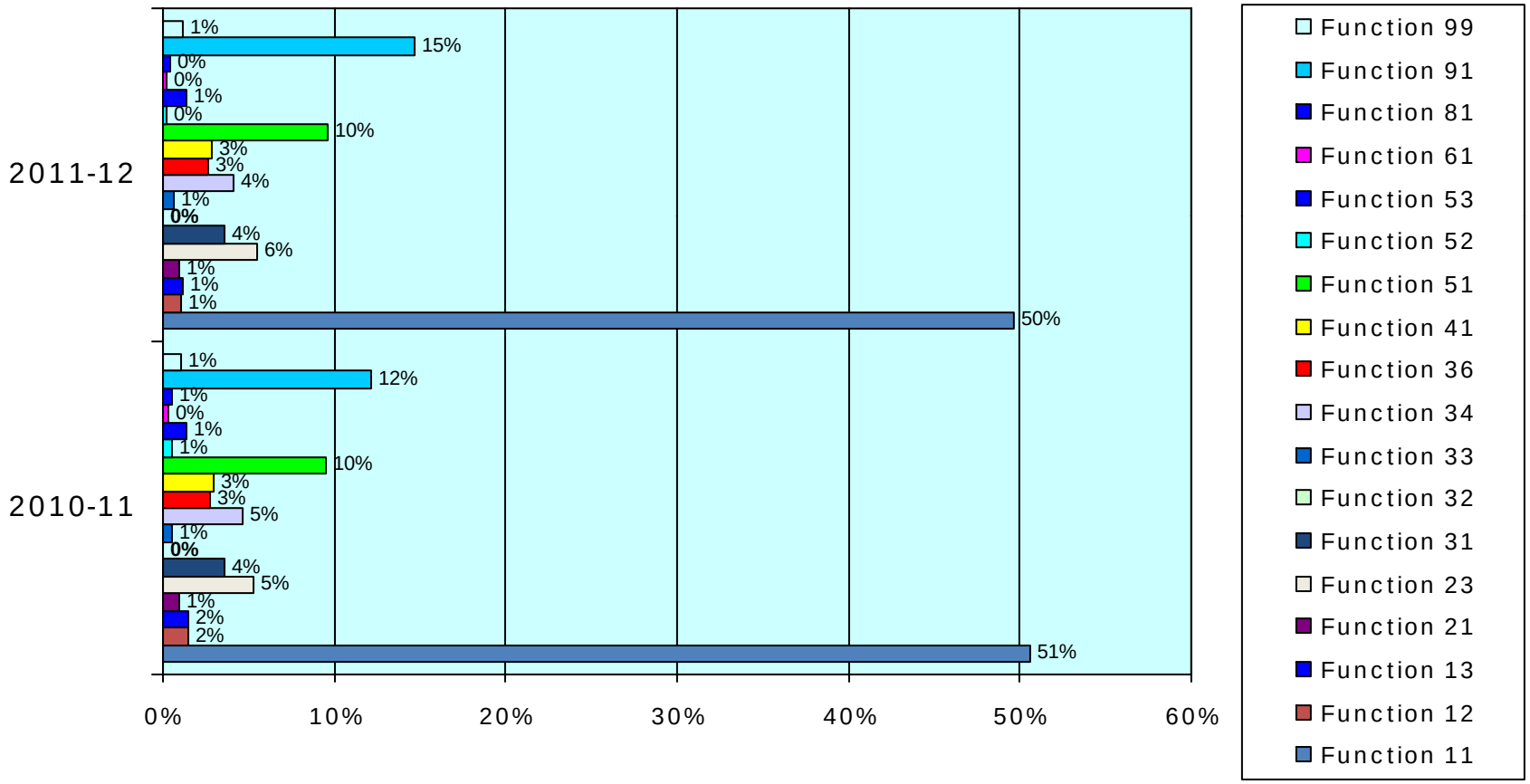
General Operating Revenue – Total Property Value

- Taxable property value is projected to be 8% lower than 2010
- Frozen property value is projected to be 1.49% higher than 2010



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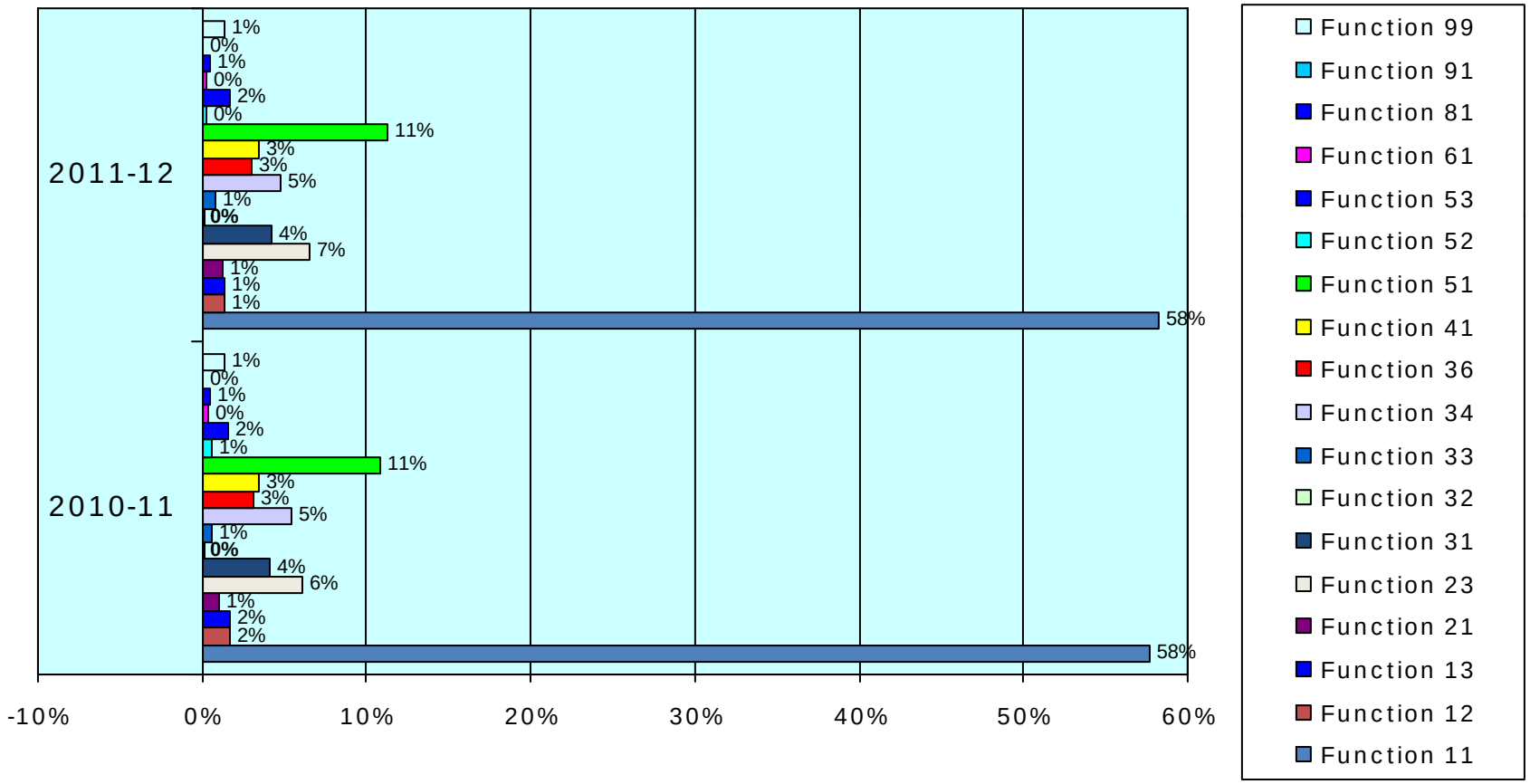
General Operating Expenditures
% of Total Budget



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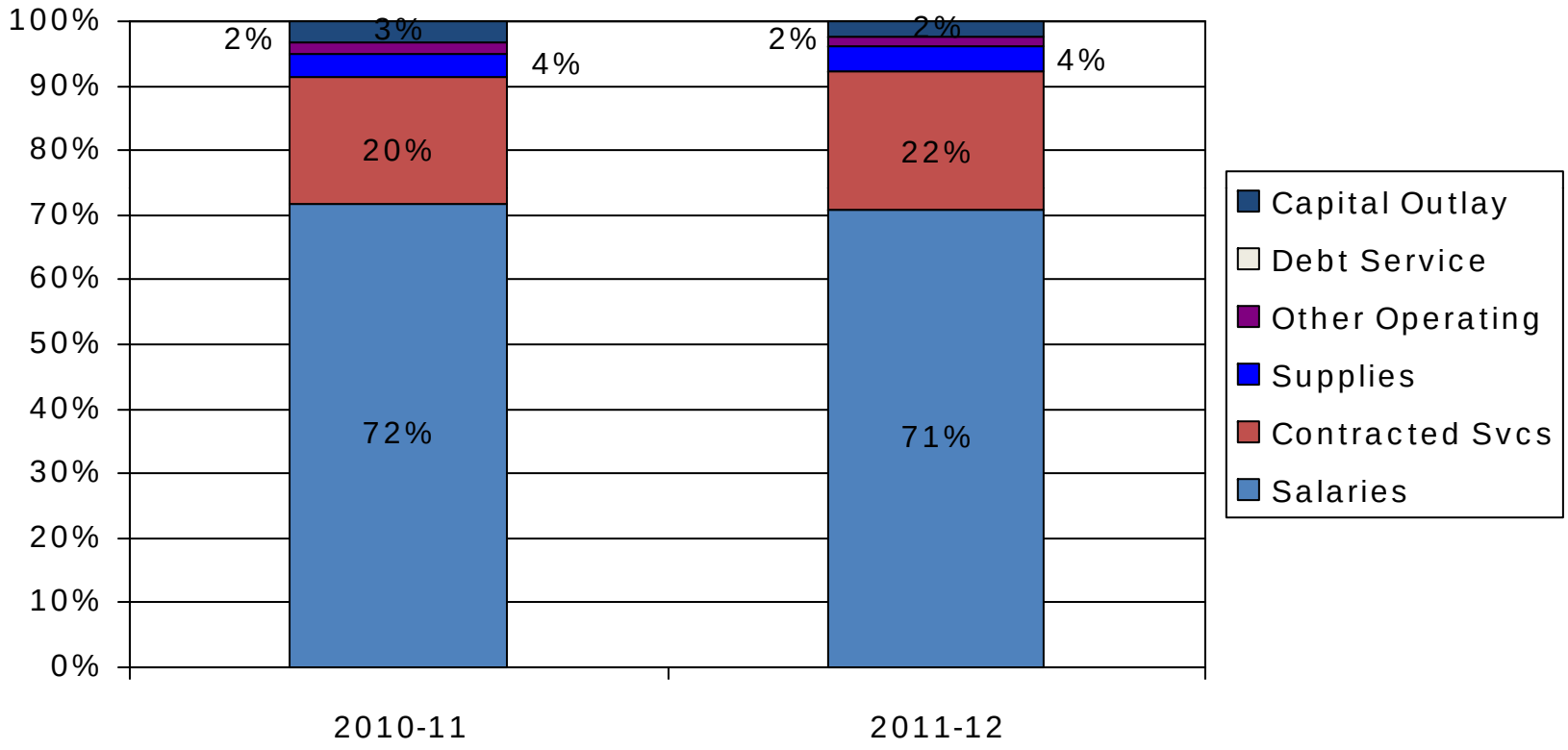
General Operating Expenditures

% of Total Budget – Net Recapture



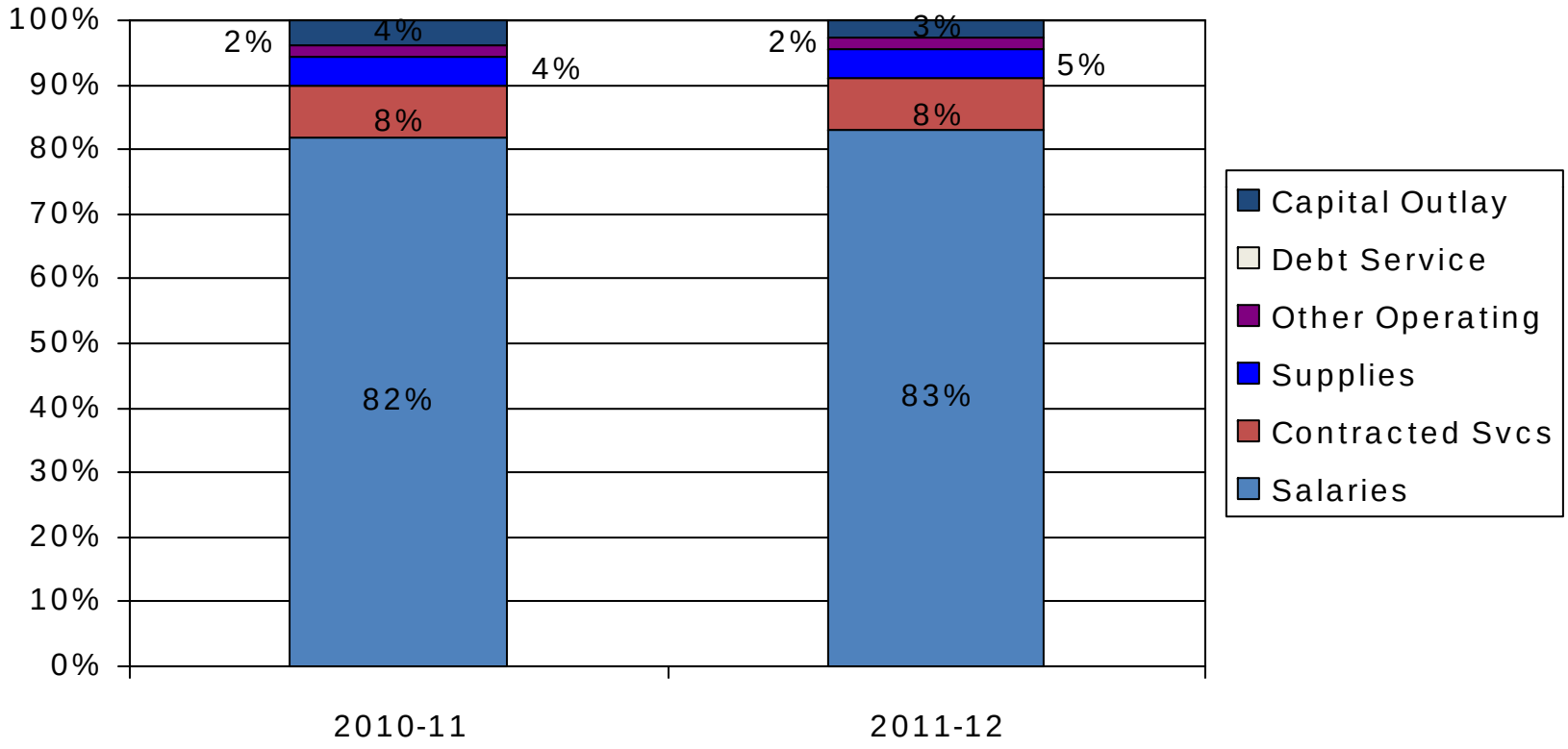
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General Operating Expenditures – By Object Code



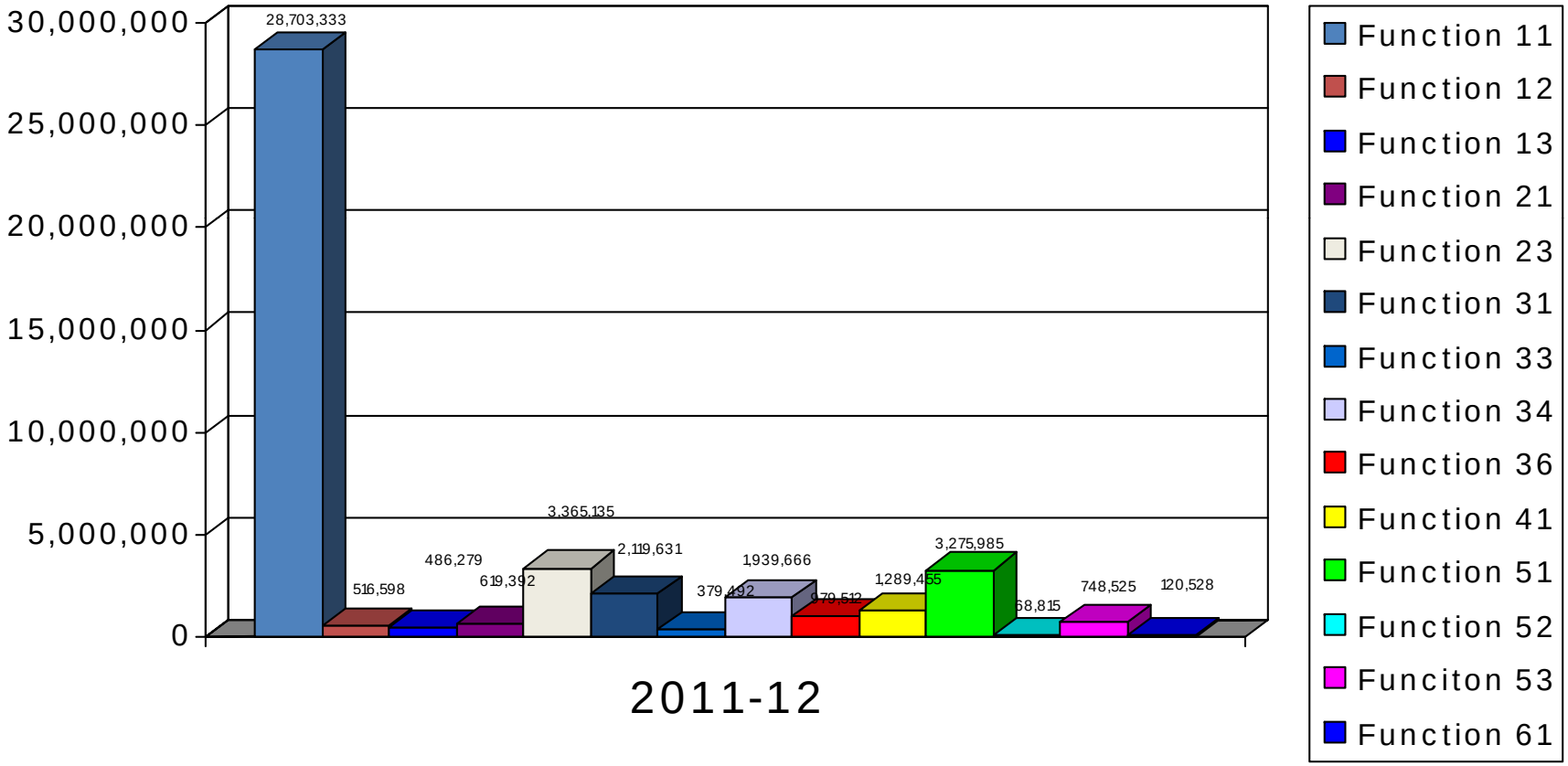
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General Operating Expenditures – By Object Code – Net Recapture



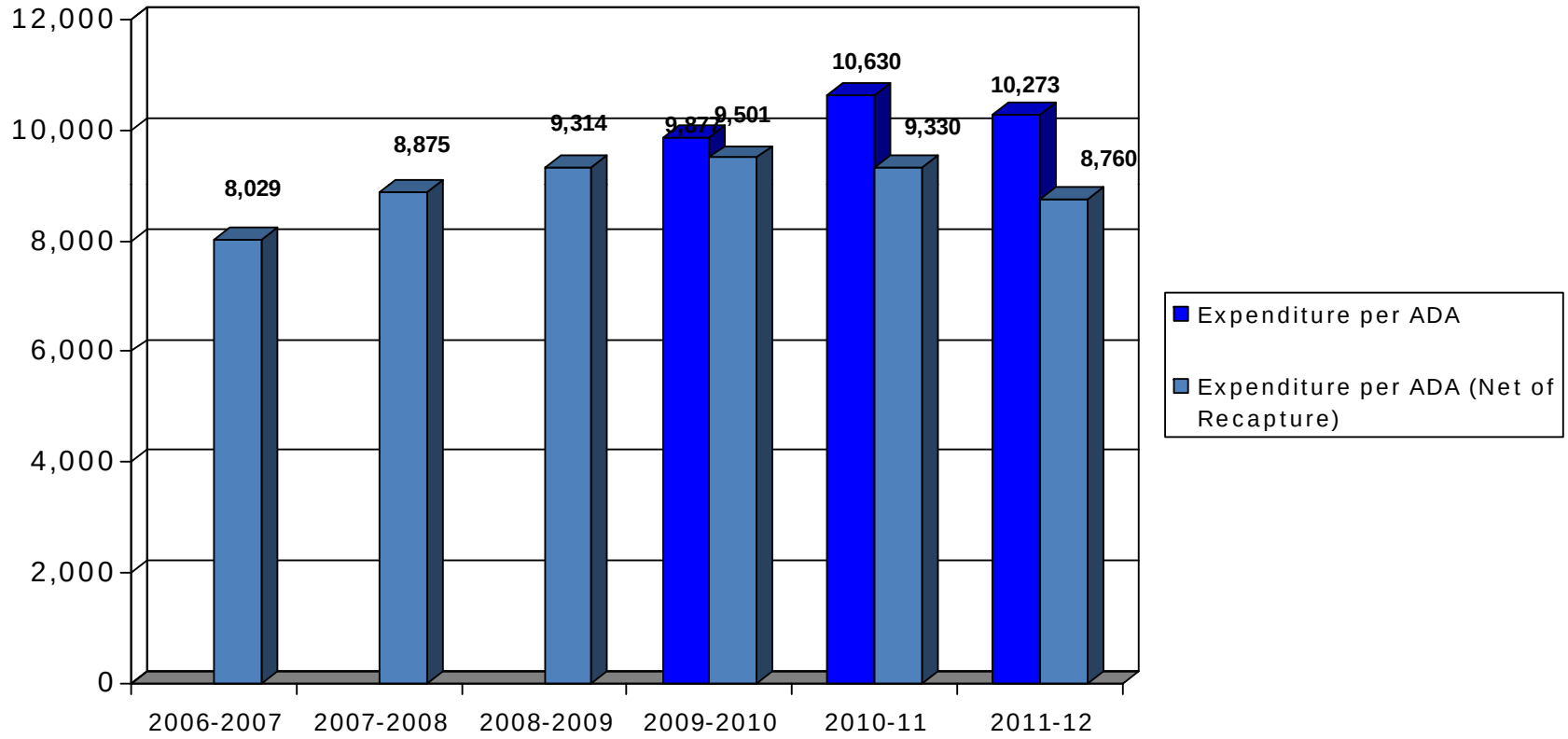
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General Operating Expenditures – Salaries & Benefits



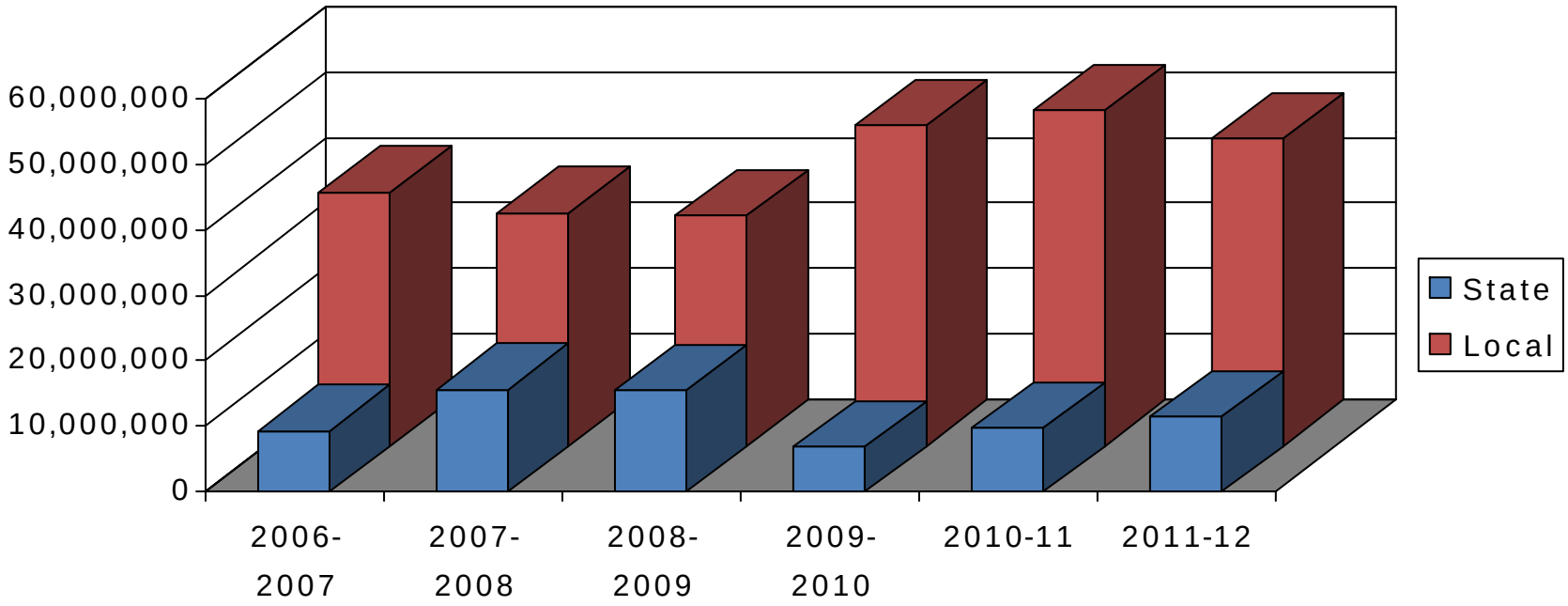
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General Operating Expenditures per ADA



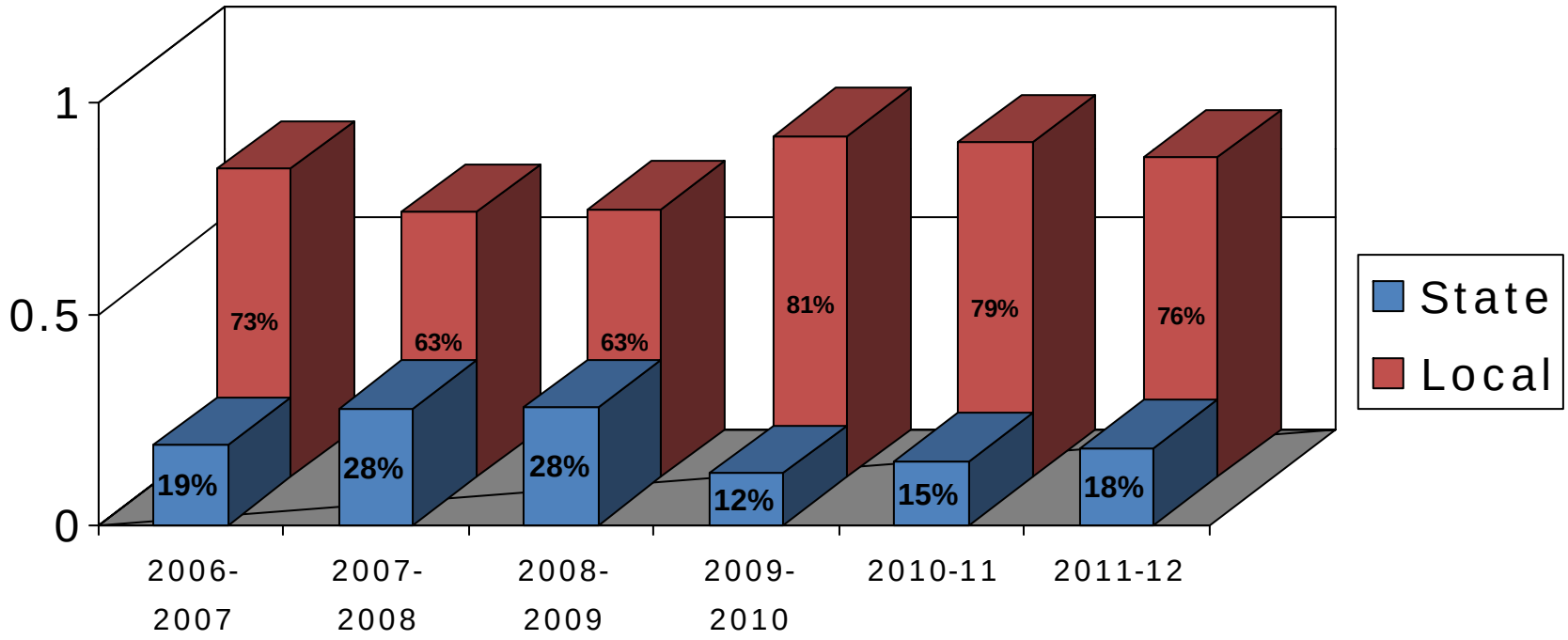
General Operating Revenue (Dollars)

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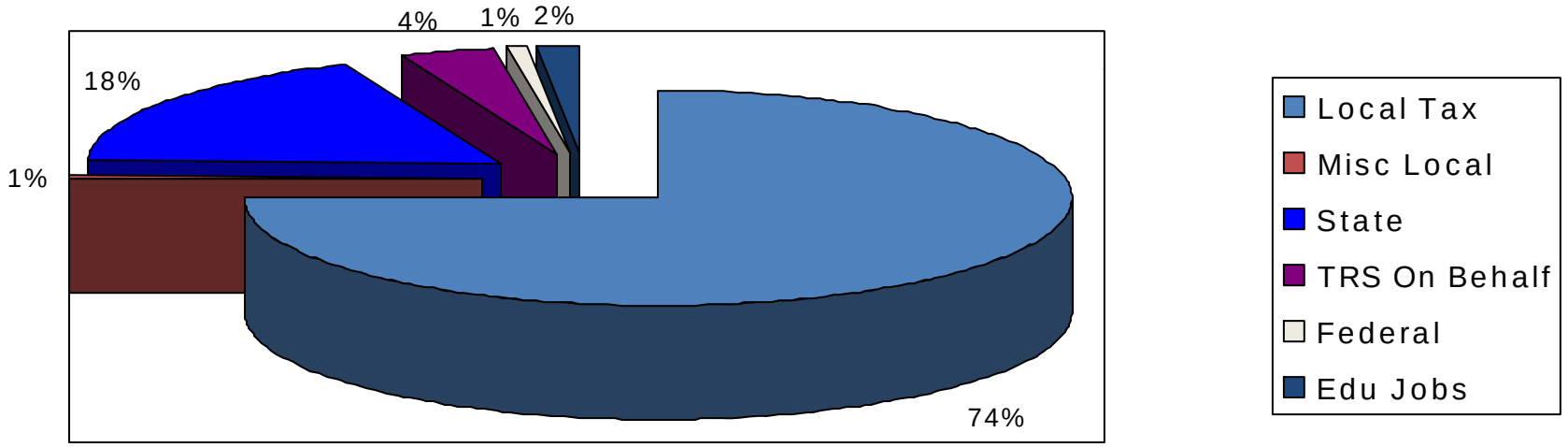
General Operating Revenue (%)

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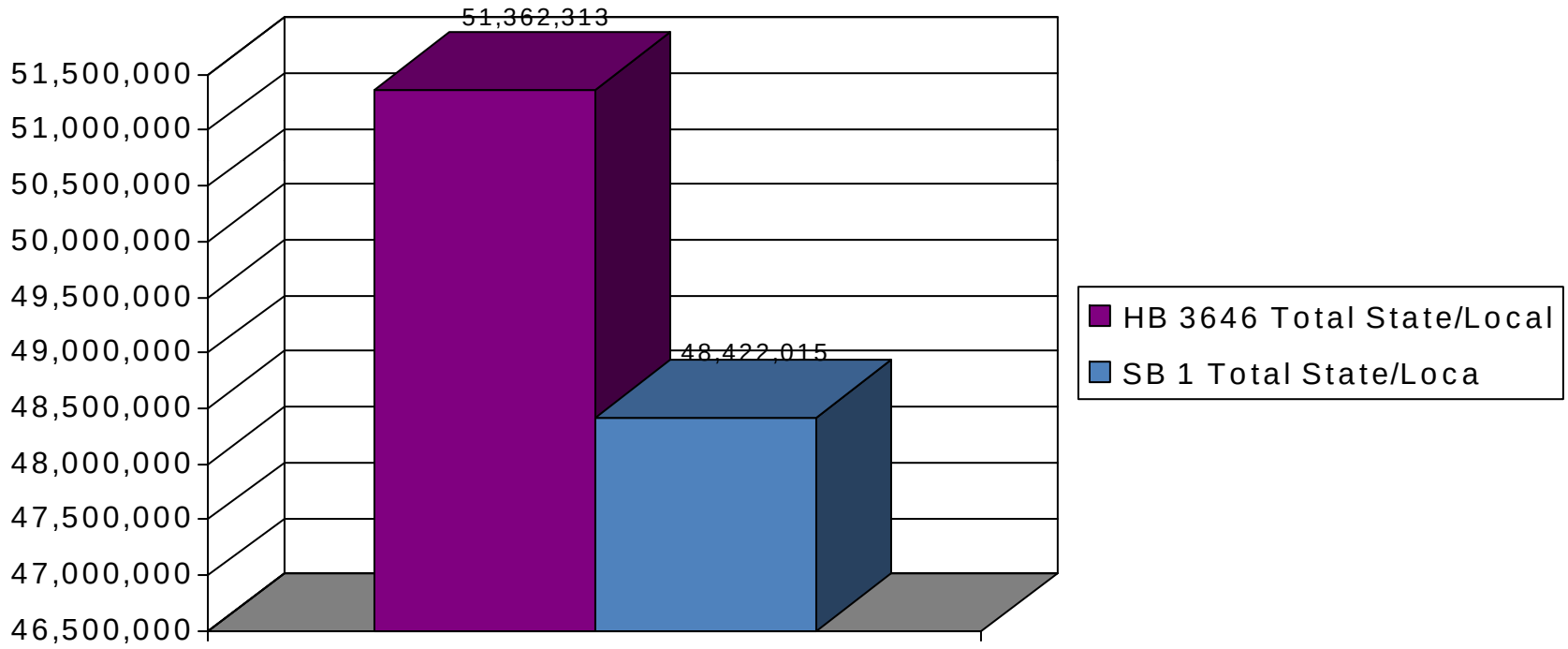
General Operating Revenue Total

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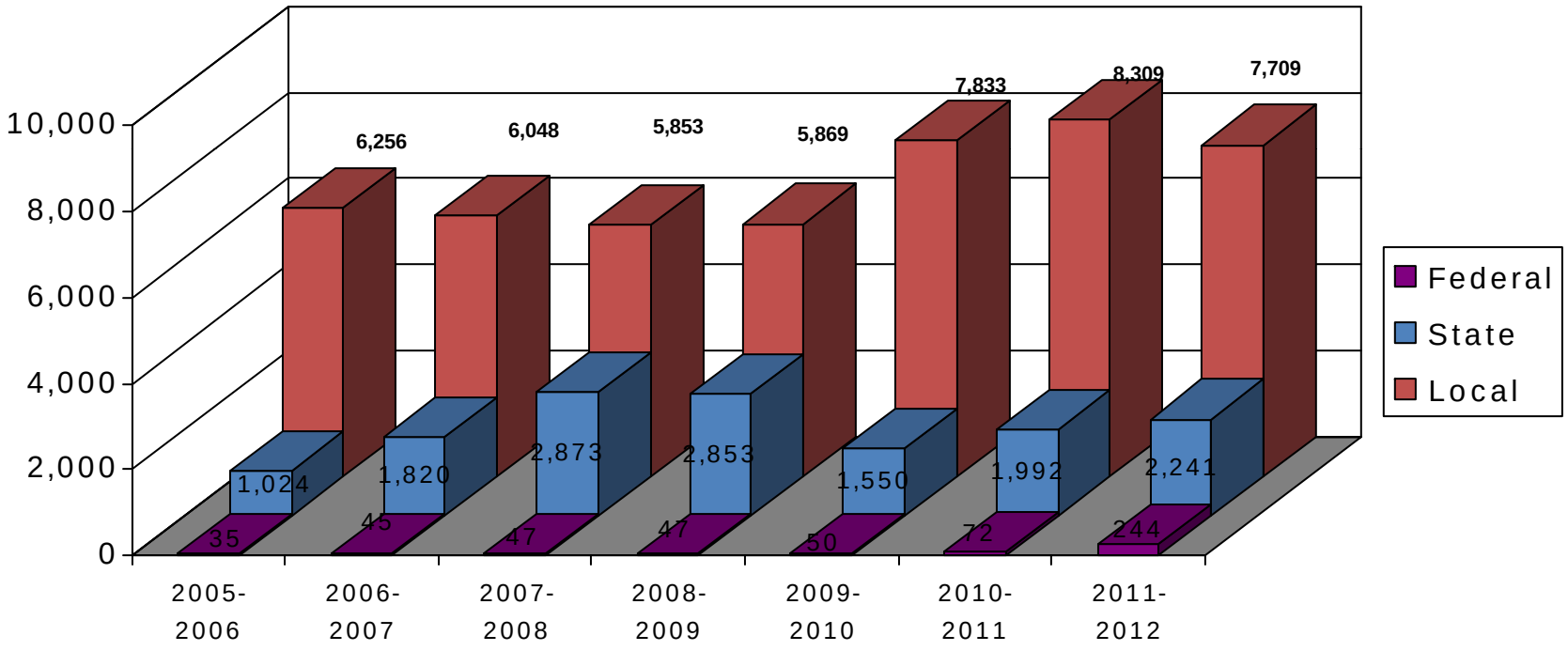
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General Operating Revenue
Comparison of HB 3646 vs. SB1



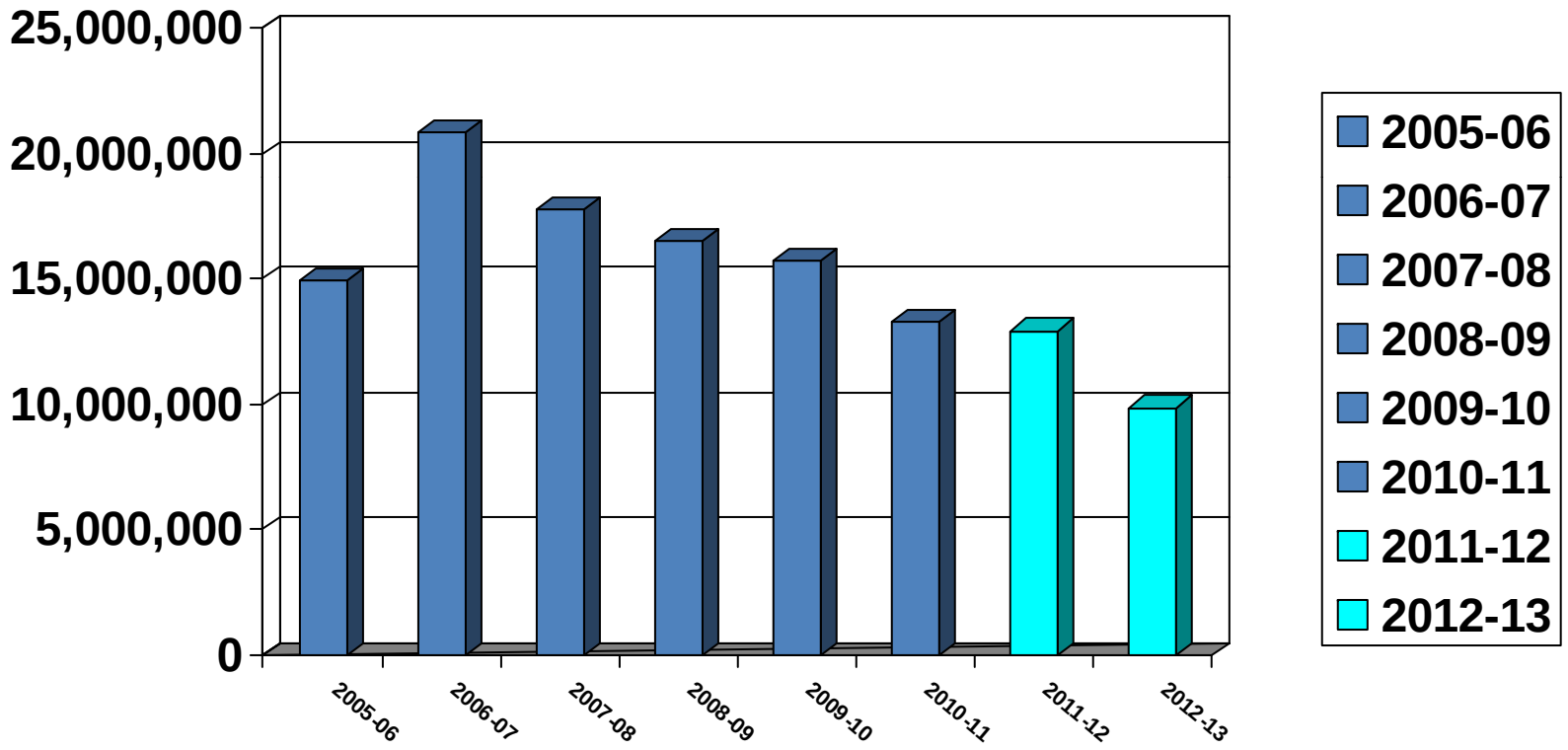
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General Operating Revenue
Total Per ADA - $9,433



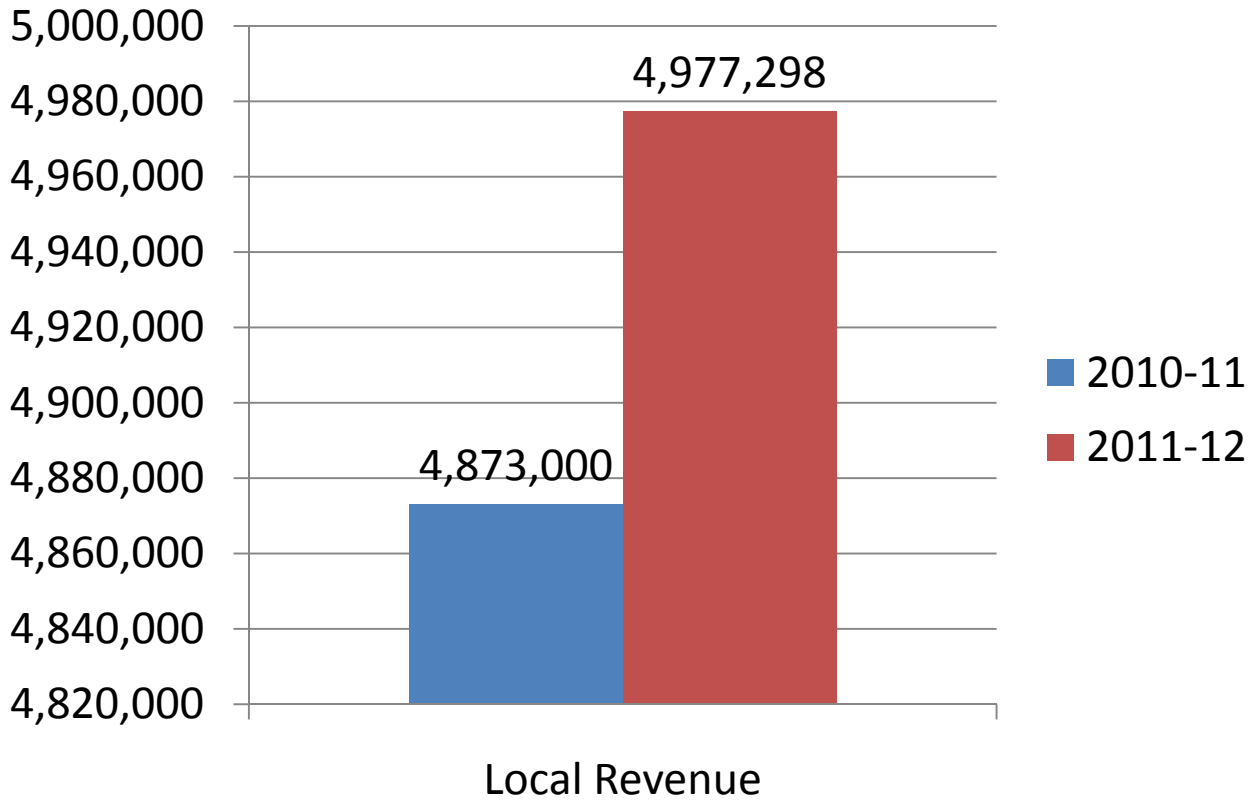
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Fund Balance – General Operating



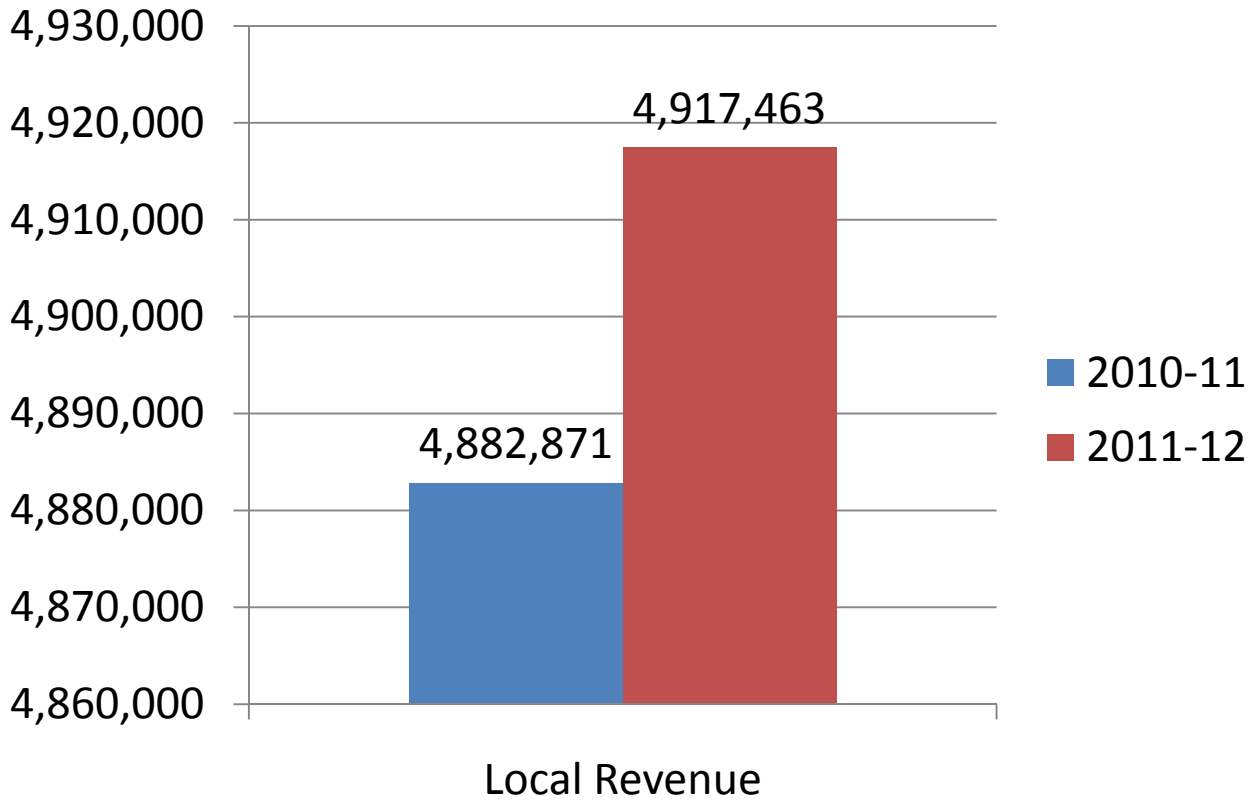
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Debt Service Revenue



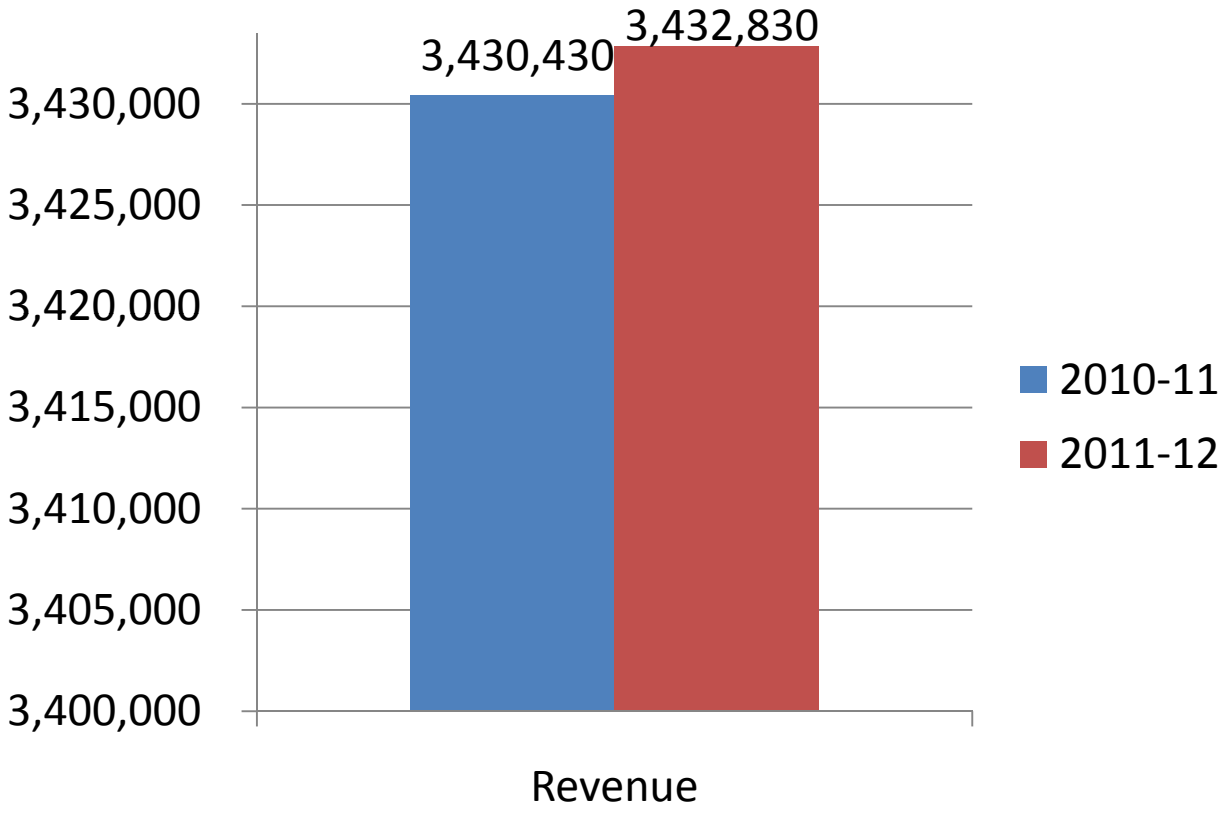
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Debt Service Expenditures



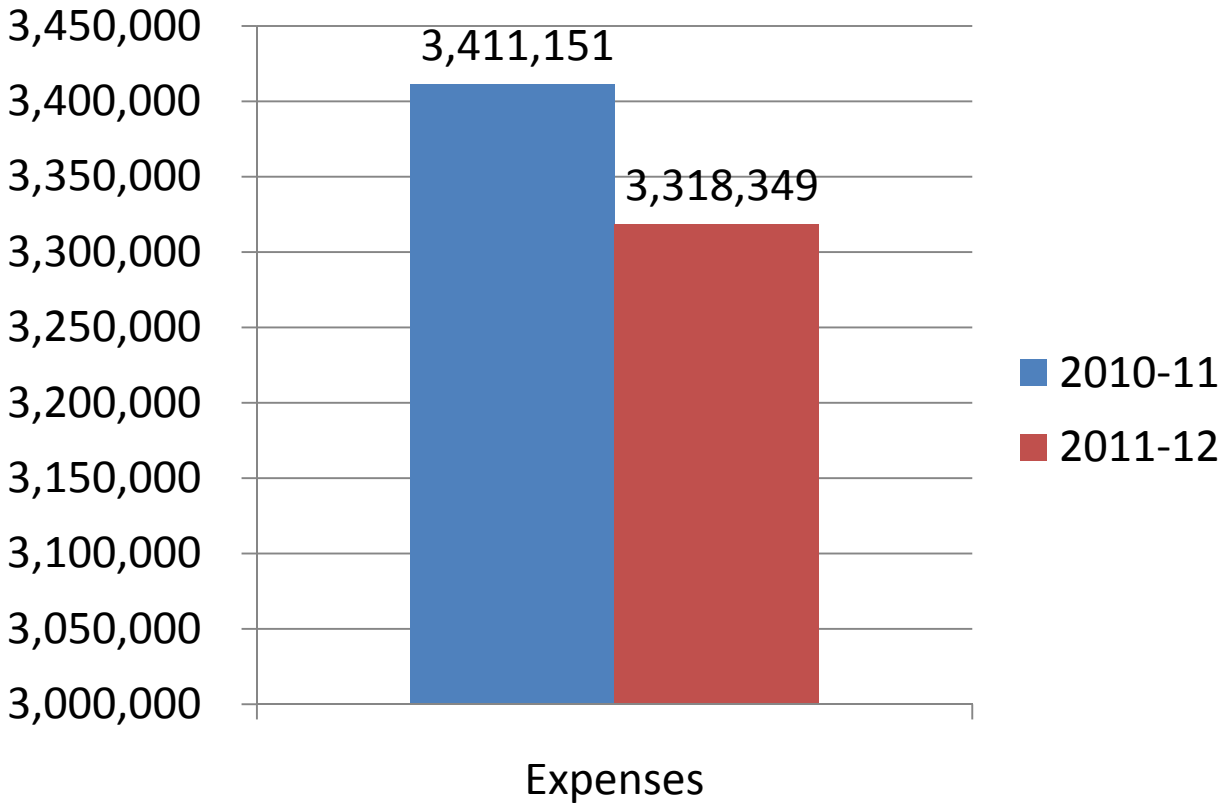
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Food Service Revenue



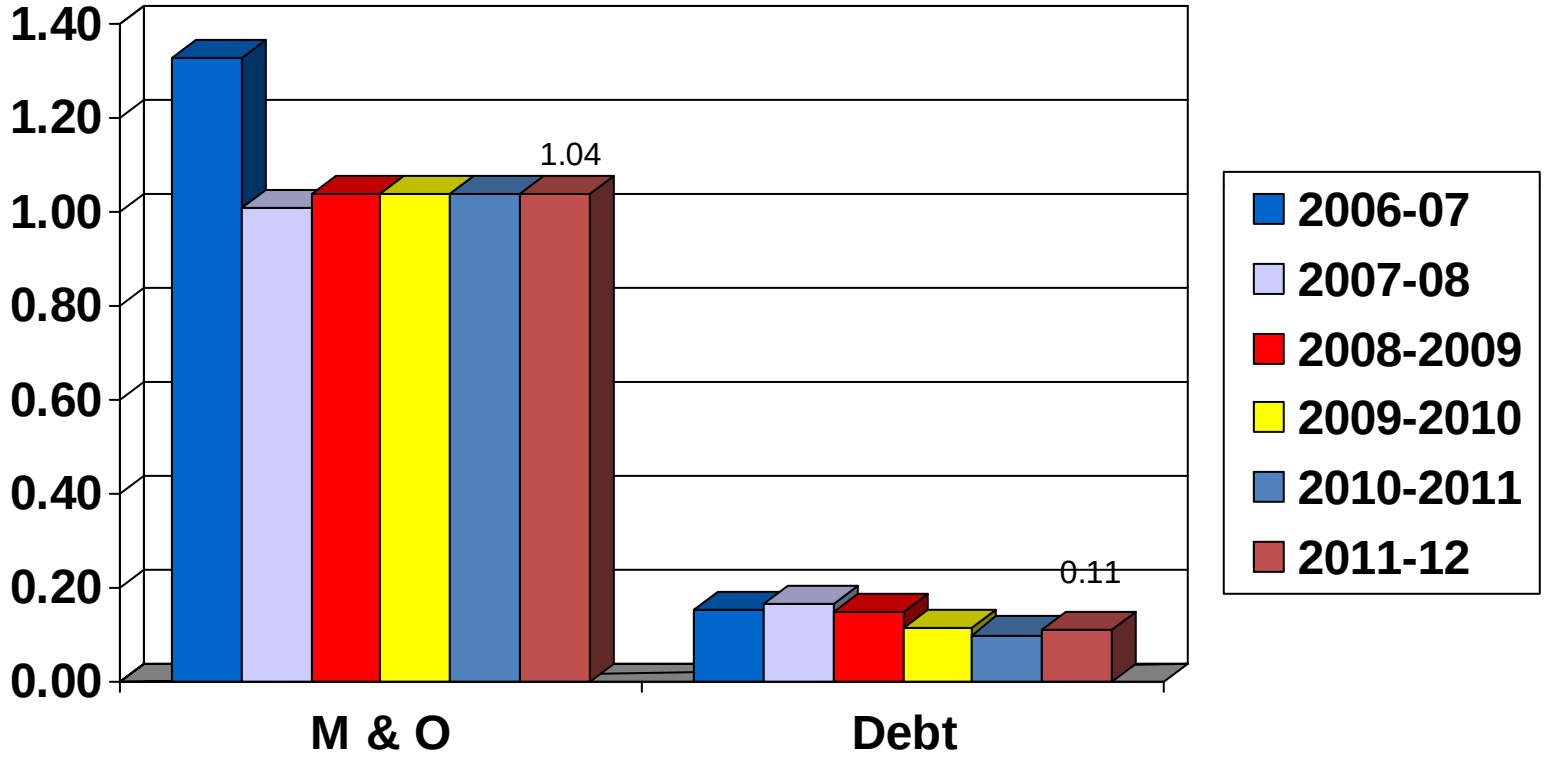
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Food Service Expenditures



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Conclusion
Tax Rate



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Conclusion
Total Tax Rate

