

SUBJECT: APPROVAL OF 2018-2019 RECOMMENDED DISTRICT BUDGET

As required by the Texas Education Code, all school districts in Texas must adopt an operating budget no later than August 31, 2018 for the 2018-2019 school year. The recommended budget denotes the projected allocation of revenues and expenditures needed to support educational programs and services defined by the district’s mission to provide a sound educational program which meets the needs of our diverse student population with an emphasis on the four principles and six beliefs.

The vision of district leadership is articulated through financial and operating policies and is a deliberate balance of choices representing the educational needs of students and the ability of the community and the state to provide the financial support to serve them.

The recommended budget that must be adopted is required to be presented to the Board of Trustees in a format which presents revenues by fund and source – **page 6 of 7** and expenditures by fund and function – **7 of 7**.

Budget planning for 2018–2019 has been a year-long process, which included a review of all campuses, departments, initiatives and district-wide accounts. Major accounts reviewed included:

Category of Expense	Amount Paid Through 05-31-2018	Projected YTD 08-31-2018
● Salaries*	\$ 7,246,448	\$ 10,869,672
● Benefits	\$ 1,078,374	\$ 1,617,561
Internal Revenue Service	\$ 738,678	\$ 1,108,017
Teacher Retirement	\$ 857,209	\$ 1,285,813
TRS Active Care	\$ 831,315	\$ 1,246,973
● Other Contract Services	\$ 746,709	\$ 829,676
Food Services - Gordon Food Service	\$ 242,262	\$ 269,180
Contract Maintenance & Repair	\$ 296,330	\$ 329,255
Professional Services	\$ 593,566	\$ 659,518
● Facility Rentals	\$ 573,913	\$ 765,217
● Utilities	\$ 361,980	\$ 482,640

*Major Object Codes (6119) – Teachers and Other Professionals and (6129) - Support Personnel
 This represents salaries for all funds (general and federal funds)

District-wide initiatives/programs included in the 2018-2019 recommended budget to include:

- ✓ **Literacy** initiative is designed to improve reading fluency and comprehension and to increase the number of books in classrooms and student homes.
- ✓ **Second Language Program (Spanish/English)** is designed to provide an opportunity for students and staff to learn a second language.

- ✓ **Accelerated Bridges Program** is designed to provide curriculum and additional learning opportunities for the gifted and talented students.
- ✓ **Technology** initiative provides additional instructional technology for teachers and students. These technology tools will be used to transition and support computerized grading, attendance and campus back office support.
- ✓ **Professional Development** provides intensive staff training to support literacy and technology initiatives.
- ✓ **Parent Engagement Initiative** provides support for the district personnel along with parents of identified student populations to best support student engagement and achievement.
- ✓ **Incentives** are designed to support teacher and staff performance and retention goals.
- ✓ **Campus Support** to facilitate the goal of improved student achievement and parental involvement the following staff will continue for each campus:
 - 1 Parent Liaison
 - 1 Instructional Facilitator
 - 1 Instructional Coach
 - 1 SPED Stipend-Based Teacher
 - 1 ESL Stipend-Based Teacher
 - 1 Districtwide Counselor
 - 1 Grants and Curriculum Officer
 - 1 Professional Development Director
 - 3 Districtwide Coordinators
- ✓ **Campus Maintenance** is to support facilities upgrade at Southwest campus.
- ✓ **Construction Loan Repayment** is for ongoing construction projects to support facilities upgrade.

Projected revenues for the 2018–2019 General Fund are **\$13,383,563** and comparable to the 4th amended 2017–2018 budgeted revenues of **\$13,378,086**. This was a result of a decrease in student enrollment. The following chart provides a three-year comparison of student enrollment and attendance:

Description	2015-2016	2016-2017	2017-2018	2018-2019
Enrollment	1,668	1,607	1,620	1,473
Average Attendance Rate	95.1%	95.3%	95%	95%

Appropriations included in the recommended budget for the General Fund total **\$13,383,563**, are consistent with the 4th amended 2017–2018 budgeted revenues of **\$13,378,086**.

The following chart provides a multi-year historical analysis along with the 2017-2018 projections and the 2018-2019 projections of revenue and expenditures:

Fund	Object Type	Enrollment Fall PEIMS	Actual	Actual	Projected	Budget
			1,668	1,607	1,620	1,473
		Average ADA	1,421.1	1,390.8	1,539.0	1,400.0
		Description	2015-2016	2016-2017	2017-2018	2018-2019
240	57XX	Local Revenue	\$ (37,155)	\$ (31,542)	\$ (55,295)	\$ (49,151)
240	58XX	State Revenue	\$ (5,962)	\$ (6,003)	\$ (5,591)	\$ (6,003)
240	59XX	Federal Revenue	\$ (970,426)	\$ (941,479)	\$ (913,587)	\$ (1,002,090)
240	79XX	Operating Transfer	\$ (191,506)	\$ (275,000)	\$ (199,874)	\$ (136,233)
240	61XX	Payroll Expense	\$ 555,963	\$ 578,661	\$ 571,624	\$ 590,754
240	62XX	Contracted Service	\$ 130	\$ 631	\$ 2,534	\$ 2,534
240	63XX	Supplies	\$ 659,707	\$ 647,408	\$ 582,220	\$ 582,220
240	64XX	Operating Expense	\$ 791	\$ 3,536	\$ 17,969	\$ 17,969
420	57XX	Local Revenue	\$ (67,693)	\$ 107,710	\$ (51,289)	\$ (50,000)
420	58XX	State Revenue	\$ (13,235,145)	\$ (13,064,401)	\$ (13,129,826)	\$ (13,038,763)
420	5812	Facility Funding	\$ -	\$ -	\$ -	\$ (294,800)
420	5949	Insurance Recovery	\$ -	\$ (223,598)	\$ -	\$ -
420	59XX	Federal Revenue - Erate	\$ (28,710)	\$ -	\$ (223,598)	\$ -
420	61XX	Payroll Expense	\$ 7,733,030	\$ 8,875,633	\$ 9,576,585	\$ 10,795,777
420	62XX	Contracted Service	\$ 2,924,379	\$ 2,799,529	\$ 4,098,454	\$ 3,877,346
420	63XX	Supplies	\$ 686,946	\$ 821,604	\$ 946,864	\$ 755,513
420	64XX	Operating Expense	\$ 721,170	\$ 777,978	\$ 893,405	\$ 885,110
420	65XX	Debt Expense	\$ 1,028	\$ 53,031	\$ 62,100	\$ 62,100
420	66XX	Assets	\$ -	\$ 876,359	\$ 481,000	\$ 60,000
420	8949	Due Back to TEA	\$ -	\$ -	\$ -	\$ -
420	89XX	Operating Transfer	\$ 191,506	\$ 350,000	\$ 199,874	\$ 136,233

The 2018-2019 recommended budget allocates fees for the 403(b) and 457(b) on behalf of the plan participant:

- ◆ 403b – \$18/year for active contributions;
- ◆ 457b – 0.35% and \$18/year for administration, initially there was a fee of 0.35% for investment advisor and \$1.20/year; however, the advisory fee is currently 0.30% instead of 0.35% listed and the Region 10 RAMS program passed the next fee breakpoint this month so this will actually be 0.25% starting with June 30 billing; and
- ◆ Effective September 1, 2018, The Varnett Public School will pay all fees associated with the 457 plan.

Description	403(b)	457(b)
Total Employee Contributors*	4	54
Total Amount of Contributions	\$ 4,900.00	\$ 85,837.50
Fees paid by Varnett	\$ 37.50	\$ 191.03
Fees paid by Employee	N/A	\$ 616.64

*Maximum number of contributors during this period. Contributors fluctuate.

- 1) The 2018-2019 recommended budget includes allocations for the second language program (Spanish/English). The program includes material, monitoring, tracking and professional development totaling an estimated cost of \$40,000.00.
- 2) The 2018-2019 recommended budget includes \$50,000 allocation to support the parent engagement initiative.

The budget information for the 2018-2019 Recommended District Budget as well as 2017-18 actual budget is attached.

The administration recommends that the Board adopts and approves the 2018-2019 Recommended District Budget.

Preliminary entitlements received from the Texas Education Agency (TEA) include the following grants:

Grants	2017-2018		C 2018-2019 Allotment	Difference A minus C
	9A Allotment	B Rollforward		
Title I, Part A - Improving Basic Programs	\$ 741,373	\$ -	\$ 757,765	\$ (16,392)
IDEA B	\$ 226,411	\$ 98,182	\$ 214,429	\$ 11,982
IDEA B Preschool	\$ 5,346	\$ 5,710	\$ 5,864	\$ (518)
Title II, Part A - Teacher and Principal Training and Recruiting	\$ 64,945	\$ -	\$ 66,506	\$ (1,561)
Title III, Part A - Language Instruction for Limited English Proficient Students	\$ 66,169	\$ -	\$ 68,085	\$ (1,916)
Title IV, Part A - Student Support and Academic Enrichment	\$ 18,567	\$ -	\$ 18,567	\$ -
Title IV, Part F - Project SERV Hurricane Recovery Grant	\$ 9,027	\$ -	\$ 9,027	\$ -
Grant Totals	\$ 1,131,838	\$ 103,892	\$ 1,140,243	\$ (8,405)

The 2018–2019 Recommended District Budget also includes the following recommended appropriations:

Funding Source	2017-2018 Anticipated	2018-2019 Budget	Difference
National School Lunch Program - Local Funding	\$ 55,295	\$ 49,151	\$ (6,144)
National School Lunch Program - State Funding	\$ 5,591	\$ 6,003	\$ 412
National School Lunch Program - Federal Funding	\$ 913,587	\$1,002,090	\$ 88,503
Grant Totals	\$ 974,473	1,057,244	\$ 82,771

The Varnett Public School 2018-2019 Proposed Budget General State (Fund 420)

	2017-2018 Approved 5th Budget Amendment	08-31-2018 Anticipated	2018-2019 Proposed Budget
Revenues:			
5700 - Local and Intermediate Sources	\$ 51,289	\$ 51,289	\$ 50,000
5800 - State Program Revenues	\$ 13,129,826	\$ 13,129,826	\$ 13,038,763
5800 - Facility Funding	\$ -	\$ -	\$ 294,800
5900 - Federal Program Revenues	\$ 223,598	\$ 223,598	\$ -
Total Revenues	\$ 13,404,713	\$ 13,404,713	\$ 13,383,563
Expenditures:			
6100 - Payroll	\$ 9,576,585	\$ 9,576,585	\$ 10,795,777
6200 - Contracted Services	\$ 4,098,454	\$ 4,098,454	\$ 3,877,346
6300 - Supplies	\$ 946,864	\$ 946,864	\$ 755,513
6400 - Travel and Other	\$ 893,405	\$ 893,405	\$ 885,110
6500 - Debt Service	\$ 61,200	\$ 61,200	\$ 61,200
6600 - Capital Outlay	\$ 481,000	\$ 481,000	\$ 60,000
8900 - Operating Transfer	\$ 199,874	\$ 199,874	\$ 136,233
Total Expenditures	\$ 16,257,382	\$ 16,257,382	\$ 16,571,179
Change in Net Assets	\$ (2,852,669)	\$ (2,852,669)	\$ (3,187,616)

Note: State Revenue based on 1,400 students enrolled @ 95% attendance

Nutrition Services (Fund 240)

	2017-2018 Proposed 5th Budget Amendment	08-31-2018 Anticipated	2018-2019 Proposed Budget
Revenues:			
5700 - Local and Intermediate Sources	\$ 55,295	\$ 55,295	\$ 49,151
5800 - State Program Revenues	\$ 5,591	\$ 5,591	\$ 6,003
5900 - Federal Program Revenues	\$ 913,587	\$ 913,587	\$ 1,002,090
Total Revenues	\$ 974,473	\$ 974,473	\$ 1,057,244
Expenditures:			
6100 - Payroll	\$ 571,624	\$ 571,624	\$ 590,754
6200 - Contracted Services	\$ 2,534	\$ 2,534	\$ 2,534
6300 - Supplies	\$ 582,220	\$ 582,220	\$ 582,220
6400 - Travel and Other	\$ 17,969	\$ 17,969	\$ 17,969
6500 - Debt Service	\$ -	\$ -	\$ -
6600 - Capital Outlay	\$ -	\$ -	\$ -
Total Expenditures	\$ 1,174,347	\$ 1,174,347	\$ 1,193,477
Change in Net Assets	\$ (199,874)	\$ (199,874)	\$ (136,233)

The Varnett Public School

2018-2019 Proposed Budget

General State (Fund 420)

	2017-2018 Approved 5th Budget Amendment	08-31-2018 Anticipated	2018-2019 Proposed Budget
Revenues:			
5700 Local and Intermediate Sources	\$ 51,289	\$ 51,289	50,000
5800 State Program Revenues	\$ 13,129,826	\$ 13,129,826	13,038,763
5800 Facility Funding	\$ -	\$ -	294,800
5900 Federal Program Revenues	\$ 223,598	\$ 223,598	-
Total Revenues	\$ 13,404,713	\$ 13,404,713	13,383,563
Expenditures:			
11 Instruction	\$ 6,718,189	\$ 6,718,189	\$ 7,081,889
12 Library and Media Services	\$ 154,634	\$ 154,634	\$ 188,830
13 Curriculum and Instruction Staff Development	\$ 590,777	\$ 590,777	\$ 586,158
23 School Leadership	\$ 1,395,192	\$ 1,395,192	\$ 1,636,914
31 Guidance, Counseling, and Evaluation Services	\$ 197,619	\$ 197,619	\$ 347,110
33 Health Services	\$ 157,195	\$ 157,195	\$ 215,335
34 Student Transportation	\$ 1,016,031	\$ 1,016,031	\$ 929,557
35 Food Service	\$ 3,945	\$ 3,945	\$ -
36 Cocurricular/Extracurricular Activities	\$ 20,213	\$ 20,213	\$ -
41 General Administration	\$ 1,083,608	\$ 1,083,608	\$ 1,176,368
51 Plant Maintenance and Operations	\$ 3,000,078	\$ 3,000,078	\$ 2,949,641
52 Security and Monitoring Services	\$ 247,704	\$ 247,704	\$ 239,156
53 Data Processing Services	\$ 697,794	\$ 697,794	\$ 732,338
61 Community Services	\$ 232,329	\$ 232,329	\$ 230,451
71 Debit Service	\$ 61,200	\$ 61,200	\$ 61,200
99 Capital Outlay	\$ 481,000	\$ 481,000	\$ 60,000
0 Transfer to Other Funds	\$ 199,874	\$ 199,874	\$ 136,233
Total Expenditures	\$ 16,257,382	\$ 16,257,382	\$ 16,571,179
Change in Net Assets	\$ (2,852,669)	\$ (2,852,669)	\$ (3,187,616)

Note: State Revenue based on 1,400 students enrolled @ 95% attendance

Nutrition Services (Fund 240)

	2017-2018 Proposed 5th Budget Amendment	08-31-2018 Anticipated	2018-2019 Proposed Budget
Revenues:			
5700 Local and Intermediate Sources	\$ 55,295	\$ 55,295	49,151
5800 State Programs Revenues	\$ 5,591	\$ 5,591	6,003
5900 Federal Program Revenues	\$ 913,587	\$ 913,587	1,002,090
Total Revenues	\$ 974,473	\$ 974,473	1,057,244
Expenditures:			
35 Food Services	\$ 1,174,347	\$ 1,174,347	1,193,477
Total Expenditures	\$ 1,174,347	\$ 1,174,347	1,193,477
Change in Net Assets	\$ (199,874)	\$ (199,874)	\$ (136,233)