



Public Hearing on the 2022-2023 Budget

June 13, 2022

Agenda



- **2022-2023 Budget Development**
- **2022-2023 Budget for Adoption**
- **Discussion on Property Values**
- **Next Steps**
- **Questions**

2022-2023 Budget Development



- **The overall 2022-2023 budget supports the Commitments, Vision and Mission of Red Oak ISD Strategic Plan**
 - **Flight Plan 2023**
- **The budget has been prepared in accordance with District policy and conforms to Texas Education Agency requirements**
- **Both the revenue and expenditures have been reviewed and projected based on the data elements available at this time**

2022-2023 Budget Development



- **Development process shared with the Board in January**
- **Met with all Budget Managers (principals and department heads) in February**
- **Campuses and Departments were provided their budget allocations in March to develop their 2022-2023 budgets**
 - **Campus budgets are based on a per pupil allocation**
 - **Department budgets are based on prior year budgets**

2022-2023 Budget Development



- **Budget Update was provided to the Board on April 18, 2022**
- **Preliminary Property Values were received on May 2, 2022**
 - **Initial 18.84% increase over the 2021 Certified Values**
- **The Adopted Tax Rate will not be presented to the Board until August or September**
 - **The Proposed M&O Tax Rate is 0.9429 (a 1.81% reduction)**
 - **The I&S Tax Rate will remain the same at 0.3653**
 - **TEA will calculate the M&O Tax Rate in Late July**

2022-2023 Budget Development



- **Revenue Assumptions**
 - **315 increase in student ADA from the 2021-2022 budgeted ADA**
 - Based on 95% of the projected 2022-2023 Fall Snapshot Enrollment of 6,580
 - October 2021 enrollment was 6,296
 - **A 3% increase in the actual 2021-2022 enrichment student categories**
 - Most enrichment categories were comparable to the 2021-2022 budget
 - **Due to the projected increase in Comptroller's property values (PVS), the projected state aid will decrease**
 - District's local share has increased, so the state share will go down
 - Projecting a 14% increase in the Comptroller's property value study
 - Previously projected an 11% increase in the PVS

2022-2023 Budget Development



- **Revenue Assumptions**

- **The District will be eligible for the Fast Growth Allotment this year**
 - **Was not eligible last year due to the Legislative changes to the program**
 - **Received \$1,453,078 in 2020-2021**
 - **Legislature adopted a six (6) year lookback and a 250 student growth**
 - **Our six (6) year growth for this year is 547 (only 297 will count)**
- **Current Tax collections based on a 13% increase in certified values**
 - **Initial CAD increase in property values is around 18.84%**
 - **Projected to be lower due to protests and the new Homestead Exemption**
 - **Tax collections based on an estimated tax rate of \$0.9429**
 - **Collections projected to remain at 99% (same as 2021-2022)**
- **Projected increase in the State's TRS pension payment**

2022-2023 Budget Development



- **Expenditure Assumptions**

- **Compensation Plans**

- **Each step on the Teacher Salary Schedule will increase by \$1,000**
 - **Teachers will move up to the next step on the Teacher Pay Scale**
 - **Teachers above step 30 will receive a longevity Stipend of \$600**
 - **Auxiliary/paraprofessional (non-exempt) employees are budgeted to receive 6% of the midpoint salary of their respective pay scale**
 - **Administrative/Professional (exempt) employees are budgeted to receive 3% of the midpoint salary of their respective pay scale**
 - **Continue to review of the pay plans in preparation for next year**

2022-2023 Budget Development



- **Expenditure Assumptions**

- **Positions added for the expansion of required programs**

- **Add 4 elementary positions due to student growth**
 - **Add 1 teacher and 1 para to continue expanding Pre-Kindergarten to full day**
 - **This will be based on Pre-K student growth**
 - **Special Education Program**
 - **3 teachers at the elementary schools**
 - **2 diagnosticians due to the growth in caseloads**
 - **0.5 Speech Language Pathologist due to the increase in referrals**
 - **Add 3 Middle School Elective teachers due to student growth**
 - **Add an additional teacher at DAEP**
 - **Add an additional counselor to be split between DAEP and the Middle School**

2022-2023 Budget Development



- **Expenditure Assumptions**

- **Other positions**
 - **Fine Arts Director**
 - **Assistant Principal at the Middle School**
- **Increase the District's share of the health insurance premium**
- **Increase in local leave days and changes to the retirement package**
- **An increase in the property and liability insurance due to market conditions**
- **A projected decrease in the utility costs**
- **Increase in the Ellis CAD operating costs for tax collections**

Agenda



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2022-2023 Budget Overview



	General Fund 2022-2023	Student Nutrition 2022-2023	Debt Service 2022-2023	Combined 2022-2023
Revenue	\$ 68,815,608	\$ 2,726,700	\$ 10,716,132	\$ 82,258,440
Expenses	68,815,608	3,726,700	10,045,240	82,587,548
Total	\$ -	\$ (1,000,000)	\$ 670,892	\$ (329,108)

General Fund Budget Overview



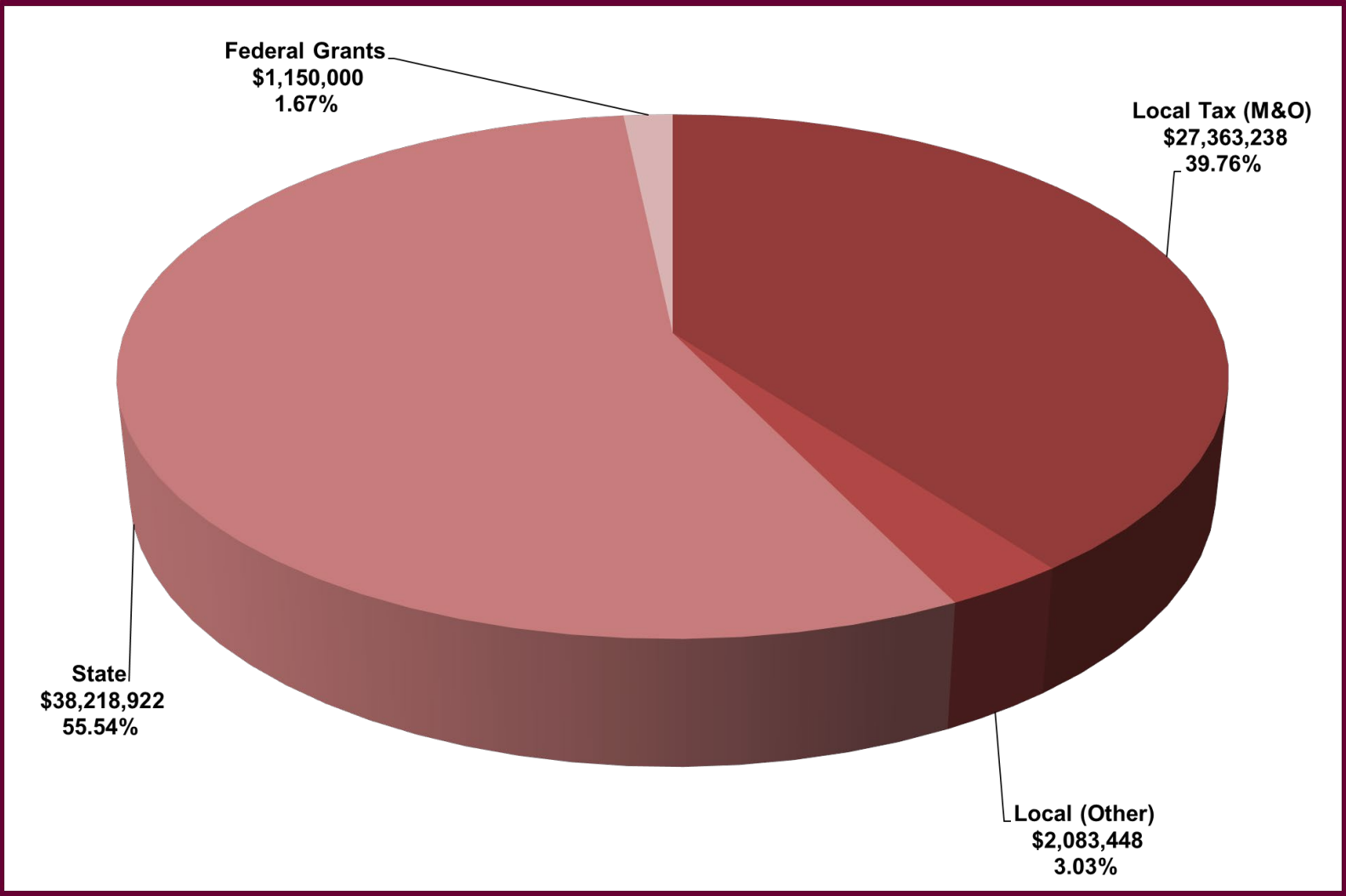
	Adopted Budget 2022-2023	Amended Budget 2021-2022	Variance
Revenue			
State	\$ 34,692,852	\$ 33,747,370	\$ 945,482
TRS on Behalf	3,526,070	3,225,405	300,665
Local Tax (M&O)	27,363,238	24,549,720	2,813,518
Federal Grants	1,150,000	950,000	200,000
Local (Other)	2,083,448	2,083,448	-
Non-Operating	-	-	-
Total	\$ 68,815,608	\$ 64,555,943	\$ 4,259,665

General Fund Budget Overview

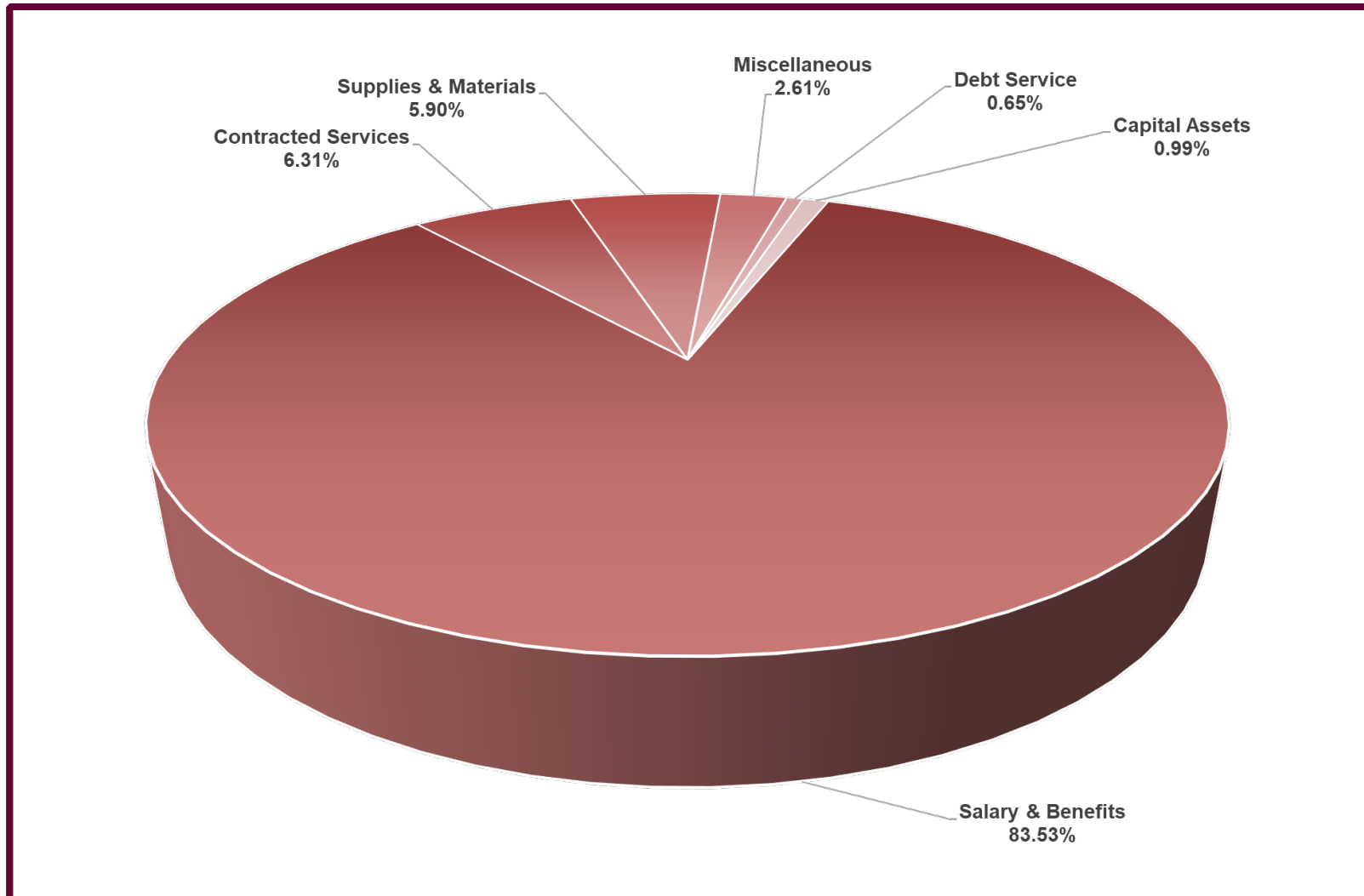


	Adopted Budget 2022-2023	Amended Budget 2021-2022	Variance
Expenses			
11-Instruction	\$ 35,071,770	\$ 31,863,890	\$ 3,207,880
12-Instr. Media Services	1,031,672	949,806	81,866
13-Staff Development	1,936,350	1,673,720	262,630
21-Instr. Leadership	816,034	749,074	66,960
23-School Leadership	4,034,222	3,854,484	179,738
31-Counseling	2,888,265	2,642,887	245,378
32-Social Services	175,548	121,483	54,065
33-Health Services	902,216	803,254	98,962
34-Student Transp.	3,314,580	3,262,420	52,160
36-Extra/Co Curricular	2,488,881	2,446,688	42,193
41-General Admin.	2,967,403	2,795,020	172,383
51-Plant Maint.	7,430,882	7,166,881	264,001
52-Security & Mon.	1,387,310	1,070,391	316,919
53-Data Processing	1,698,076	1,640,749	57,327
61-Community Serv.	1,774,578	1,992,670	(218,092)
71-Debt Service	450,500	475,000	(24,500)
81-Facilities Acquisition/Construct.	52,321	768,526	(716,205)
99-Other Governmental	395,000	279,000	116,000
Total	\$ 68,815,608	\$ 64,555,943	\$ 4,259,665

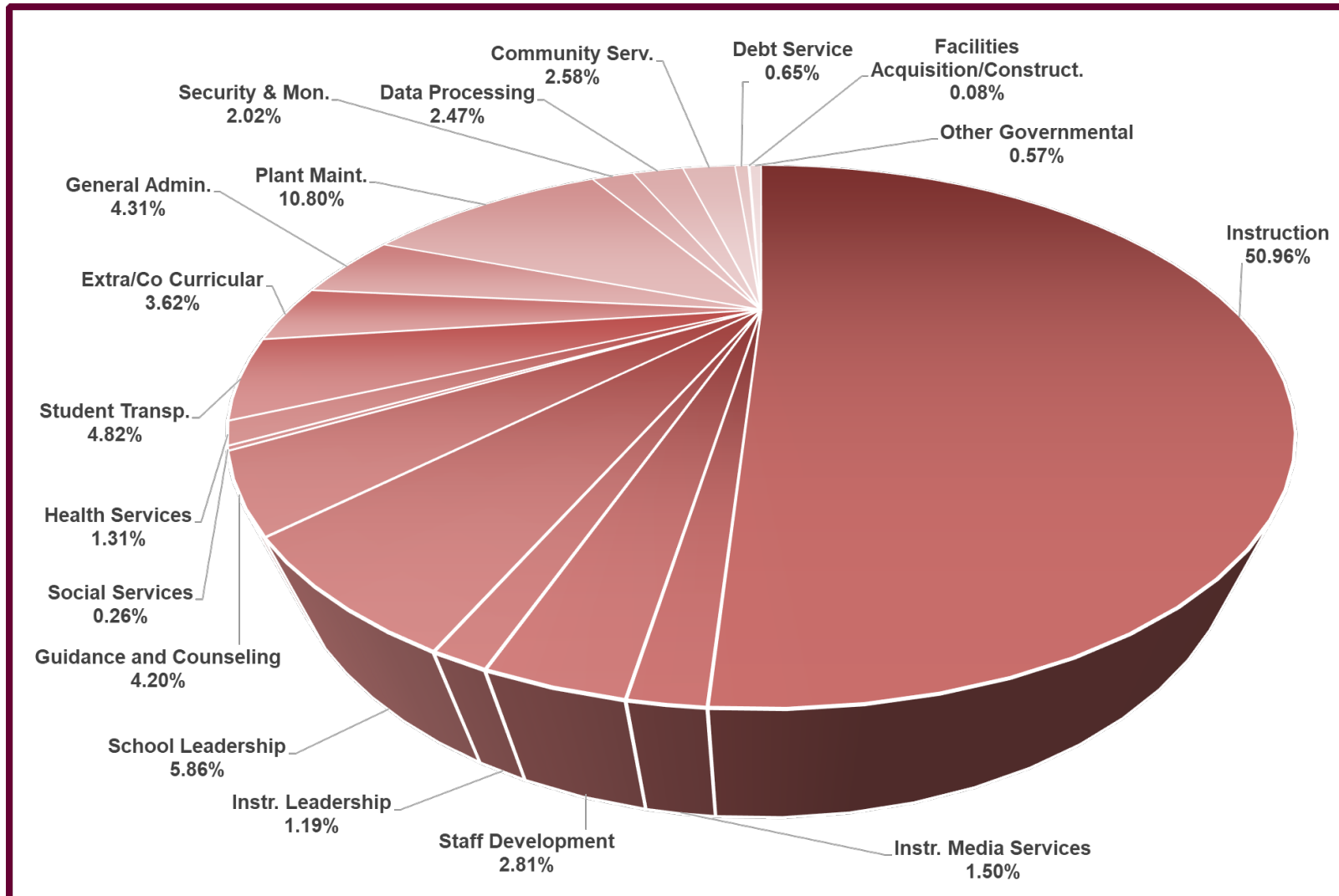
General Fund Revenues



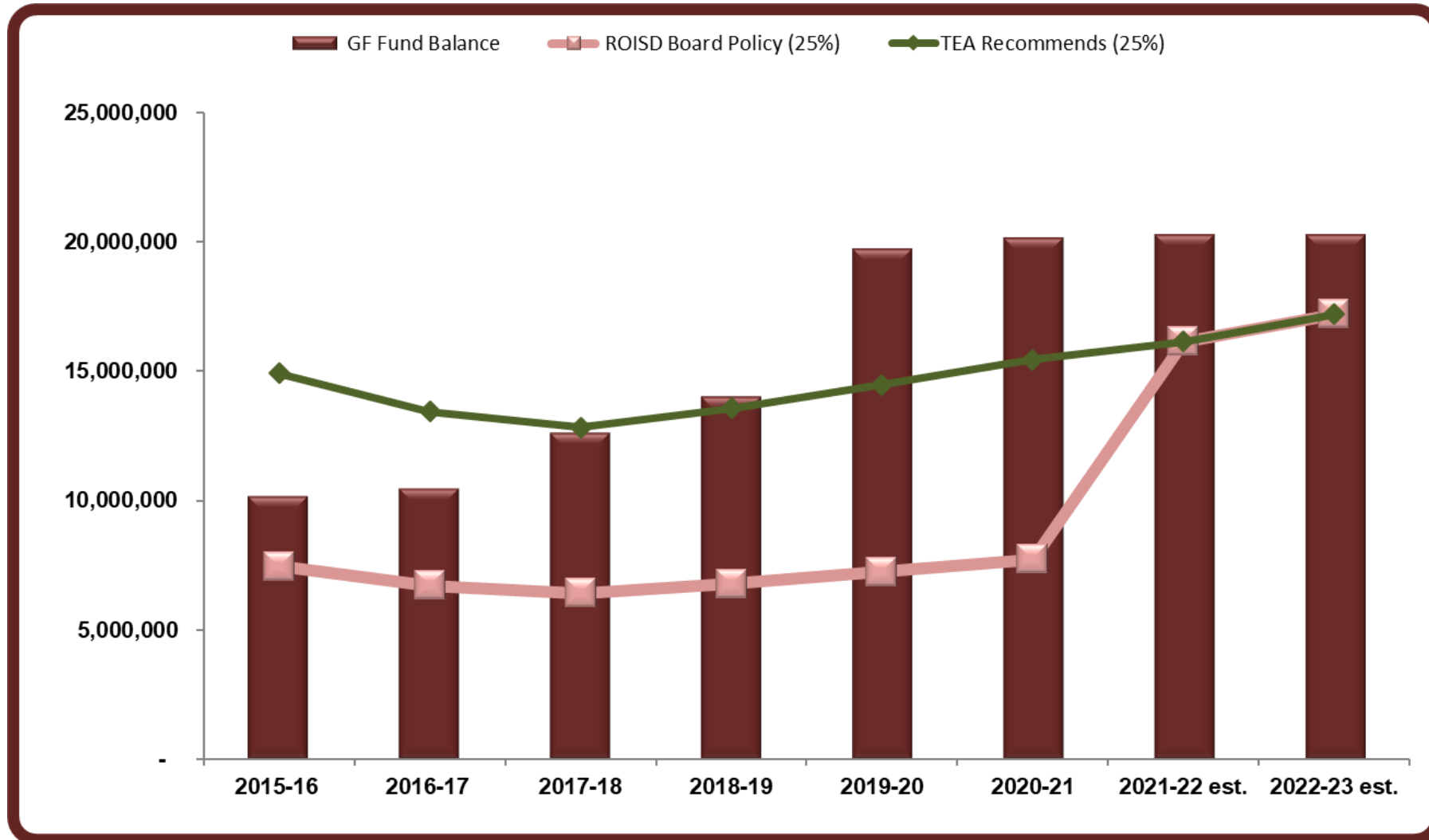
General Fund Expenditures by Object



General Fund Expenditures by Function



General Fund Balance History



Where A Dollar Goes



71¢ is spent on teaching, transporting, supervising and counseling students

5¢ is used for library materials, staff training and curriculum development



13¢ goes toward securing, operating and maintaining facilities

11¢ goes toward central, fiscal, IT & community services

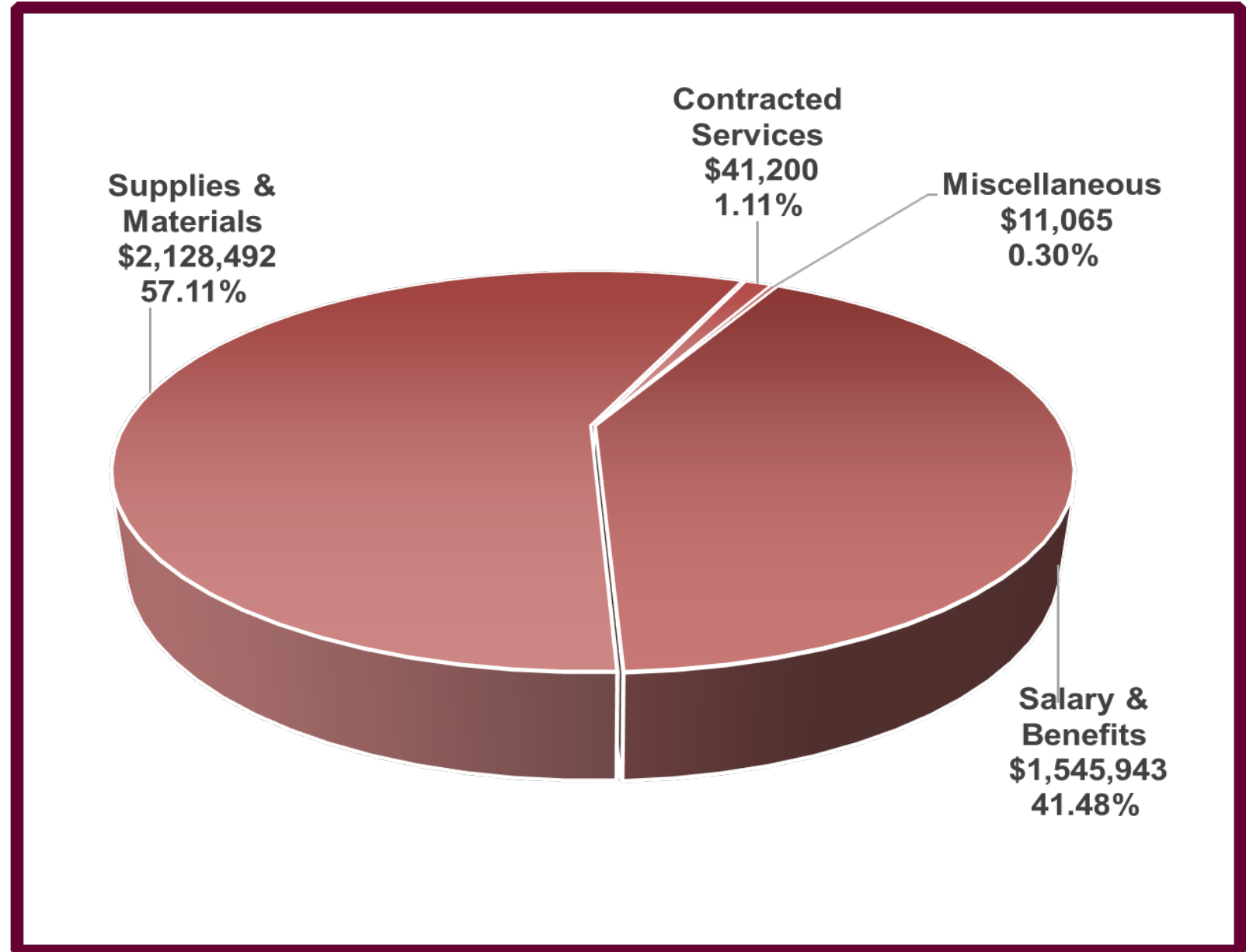


Student Nutrition Fund



	Adopted Budget 2022-2023	Amended Budget 2021-2022	Variance
Revenue			
Local			
Interest	\$ 7,500	\$ 7,500	\$ -
Miscellaneous Local	10,000	10,000	-
Food Service Revenue	562,000	757,600	(195,600)
Catering	82,200	73,400	8,800
State			
School Lunch Matching	15,000	15,000	-
TRS On-Behalf	90,000	65,000	25,000
Federal			
School Breakfast Program	310,000	295,000	15,000
School Lunch Program	1,530,000	2,382,000	(852,000)
Commodities	120,000	120,000	-
Total	\$ 2,726,700	\$ 3,725,500	\$ (998,800)
Expenses			
Salaries & Benefits			
Salaries	\$ 1,207,769	\$ 1,181,730	\$ 26,039
Benefits	248,174	229,625	18,549
TRS On-Behalf	90,000	65,000	25,000
Professional Services			
Maintenance & Repairs	10,000	15,393	(5,393)
Utilities	21,400	21,400	-
Rentals & Operating Leases	500	500	-
Commodities Processing	8,000	9,000	(1,000)
Miscellaneous	1,300	2,100	(800)
Supplies & Materials			
Food Items	1,080,200	1,708,700	(628,500)
Non-Food Items	262,000	306,990	(44,990)
Commodities	120,000	120,000	-
Food Services Supplies	1,230	1,230	-
Furniture <\$5,000	850	850	-
Technology <\$5,000	51,930	5,205	46,725
Other Equipment	555,479	10,699	544,780
Software	56,803	11,013	45,790
Miscellaneous			
Employee Travel	5,800	5,800	-
Membership Fees	1,000	1,000	-
Miscellaneous	4,265	29,265	(25,000)
Total	\$ 3,726,700	\$ 3,725,500	\$ 1,200
Surplus/(Deficit)	\$ (1,000,000)	\$ -	\$ (1,000,000)

Student Nutrition Fund

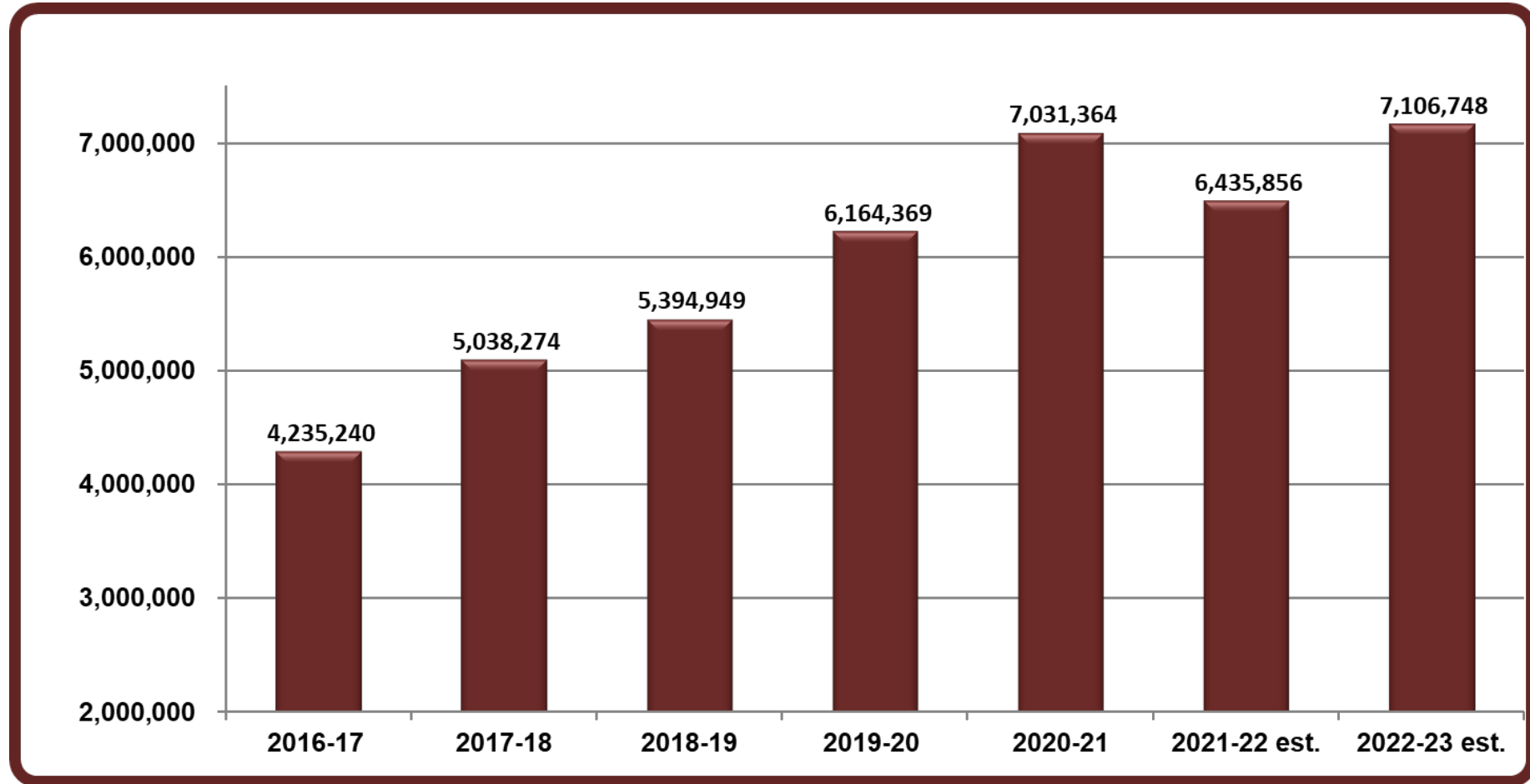


Debt Service Fund



	Adopted Budget 2022-2023	Amended Budget 2021-2022	Variance
Revenue			
Local			
Interest & Sinking Tax Revenue	\$ 10,601,132	\$ 9,336,870	\$ 1,264,262
Penalty & Interest on Delinquent Interest	30,000	30,000	-
	60,000	60,000	-
State			
Instructional Facilities Allotment and Existing Debt Allotment	25,000	239,183	(214,183)
Total	\$ 10,716,132	\$ 9,666,053	# \$ 1,050,079
Expenses			
Bond Principal	\$ 6,595,000	\$ 6,890,000	\$ (295,000)
Interest on Bonds	3,250,240	3,502,054	(251,814)
Amortization of Premium / Discount	-	-	-
Other Debt Service Fees	200,000	200,000	-
Total	\$ 10,045,240	\$ 10,592,054	\$ (546,814)
Surplus/(Deficit)	\$ 670,892	\$ (926,001)	\$ 1,596,893

Debt Service Fund

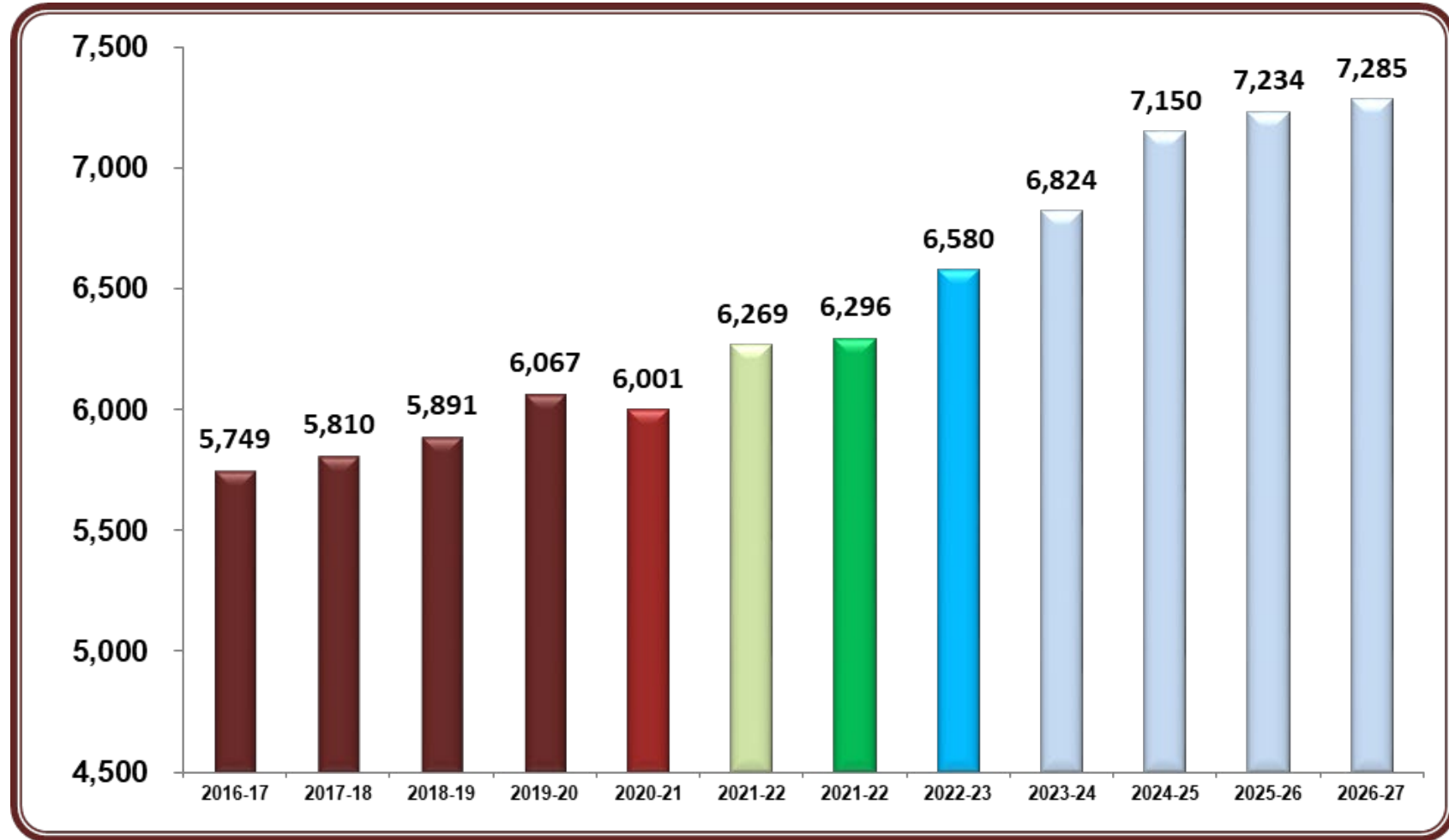


Additional Budget Data



- **Supporting Information**
 - **Student Enrollment**
 - **Average Daily Attendance (ADA)**
 - **Weighted Average Daily Attendance (WADA)**
 - **Revenue Per WADA**
 - **Property Taxable Values**
 - **Estimated Tax Collection for 2022-2023**
 - **Tax Collection History**
 - **Historical Tax Rates**
 - **Top 10 taxpayers in Red Oak**

Student Enrollment



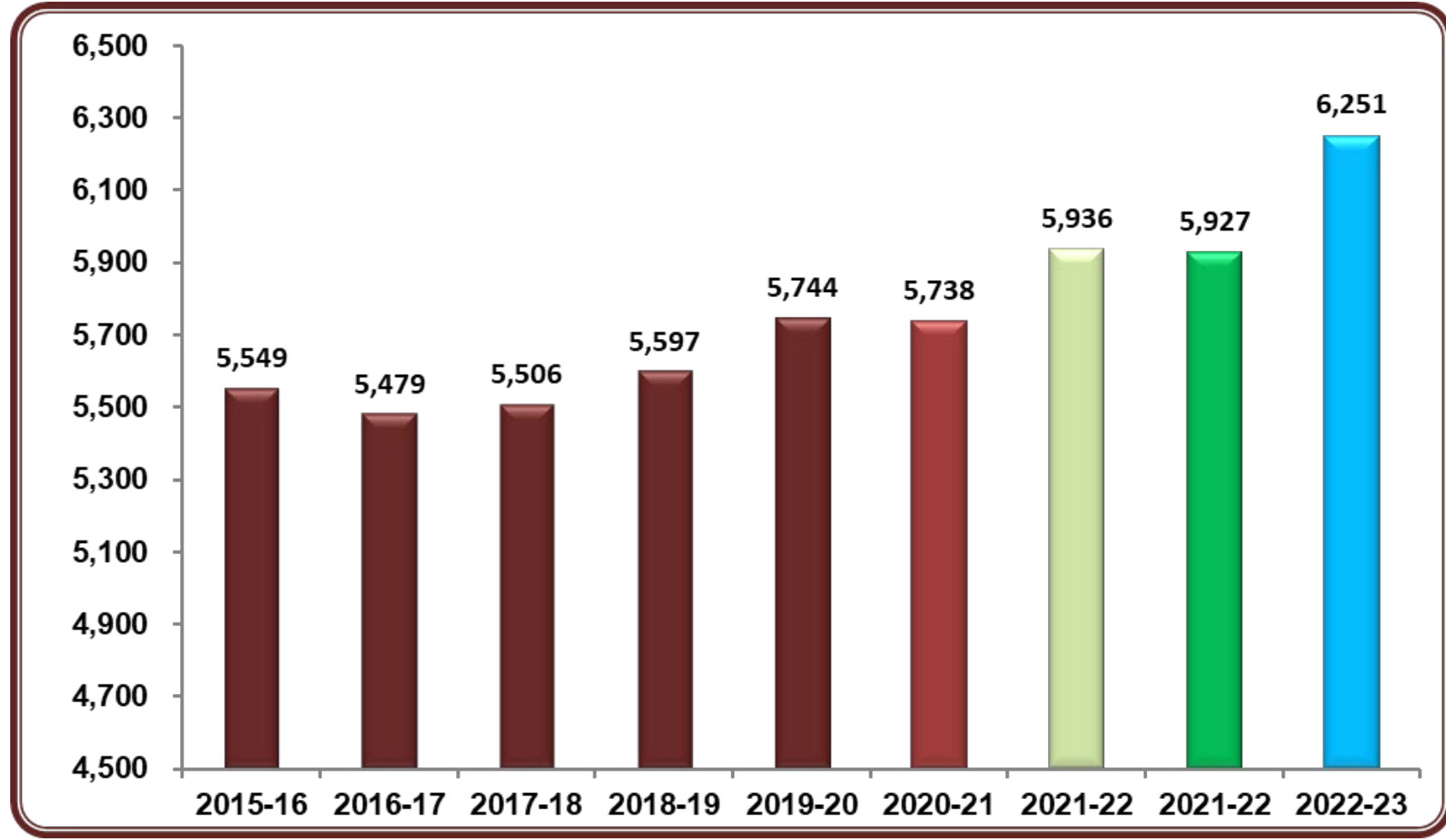
Prior Yr

CY Budget

CY Actual

Next Year

Average Daily Attendance



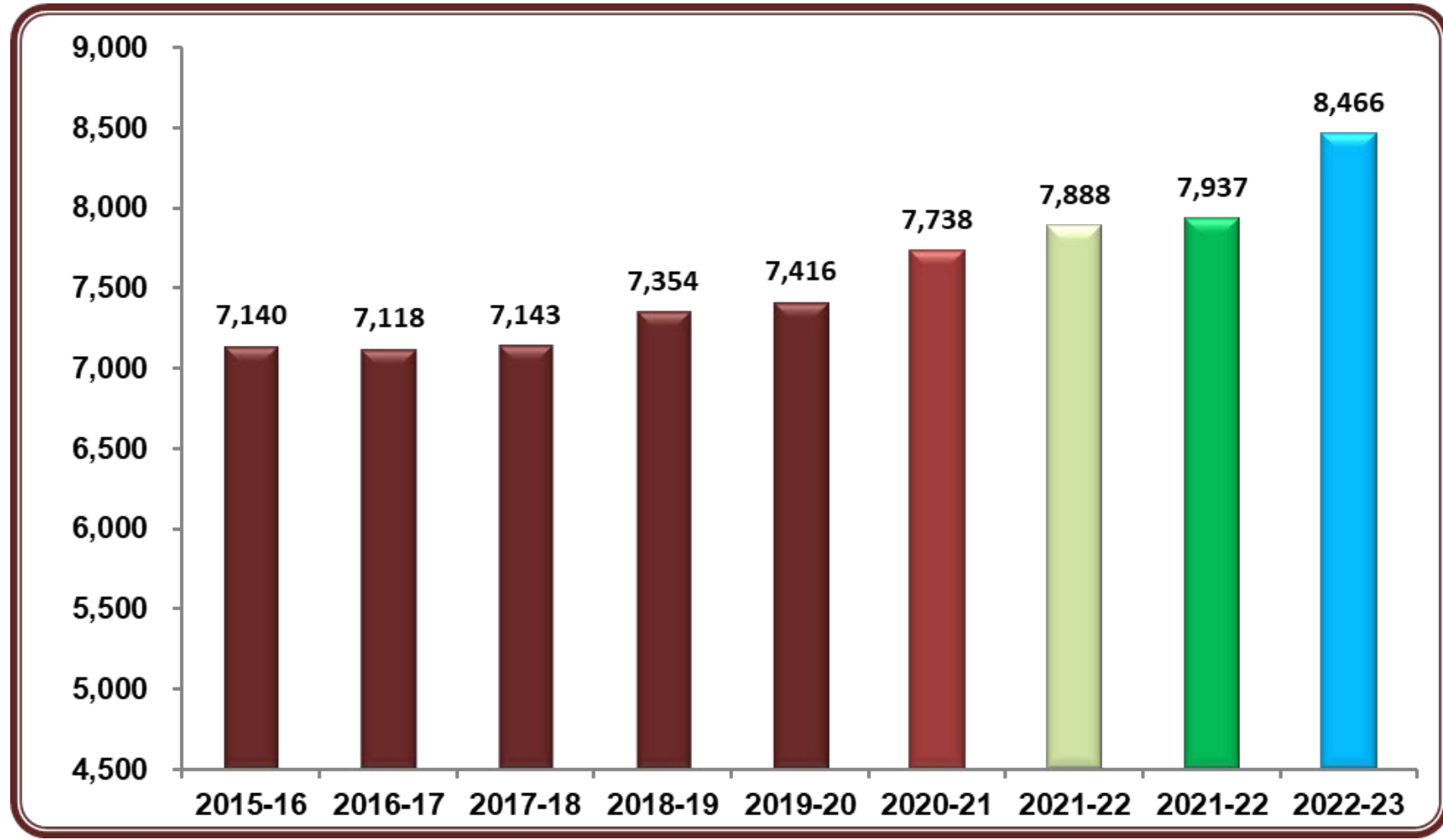
Prior Yr

CY Budget

CY Est.

Next Year

Weighted Ave Daily Attendance



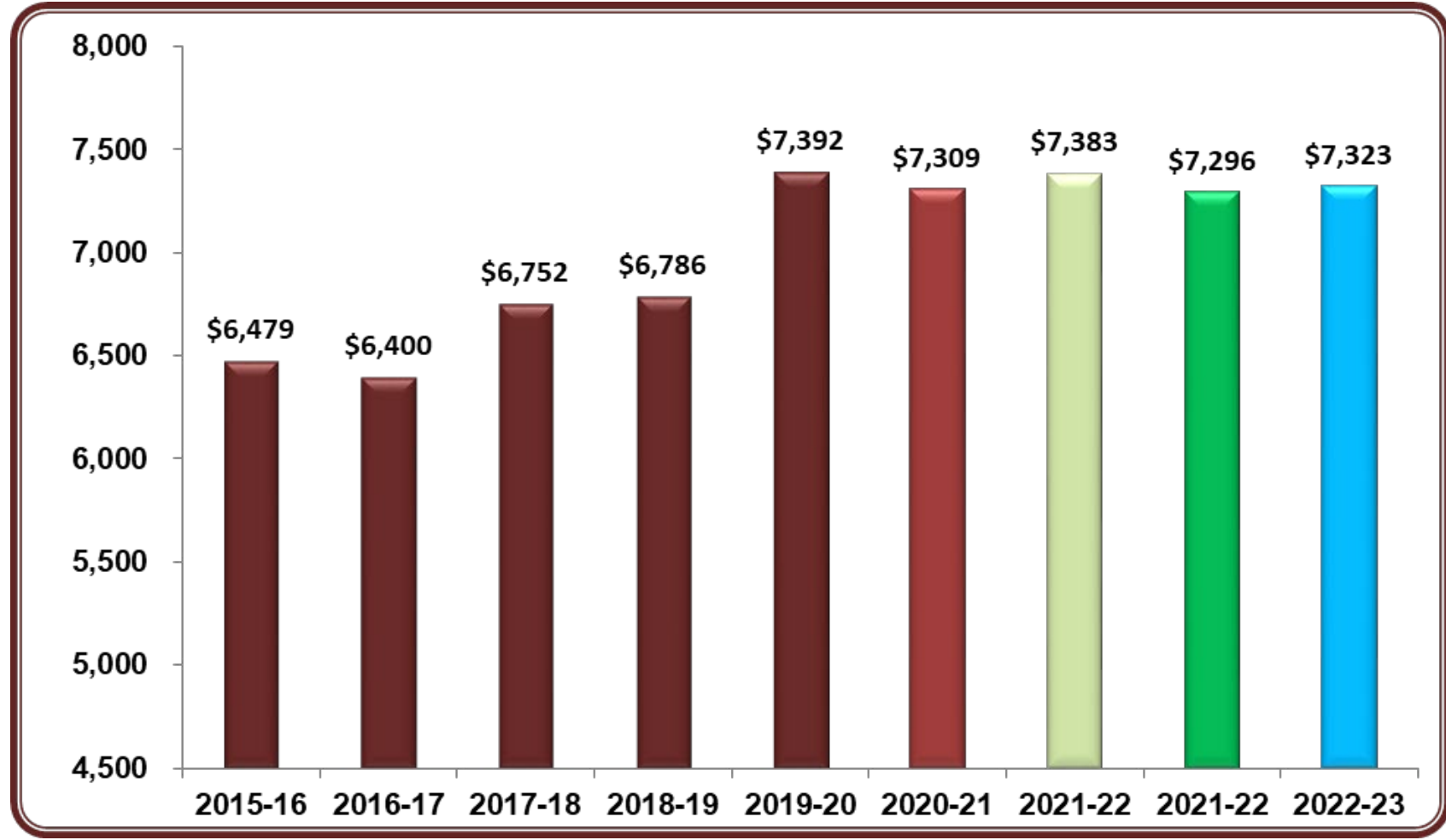
Prior Yr

CY Budget

CY Est.

Next Year

Revenue Per WADA



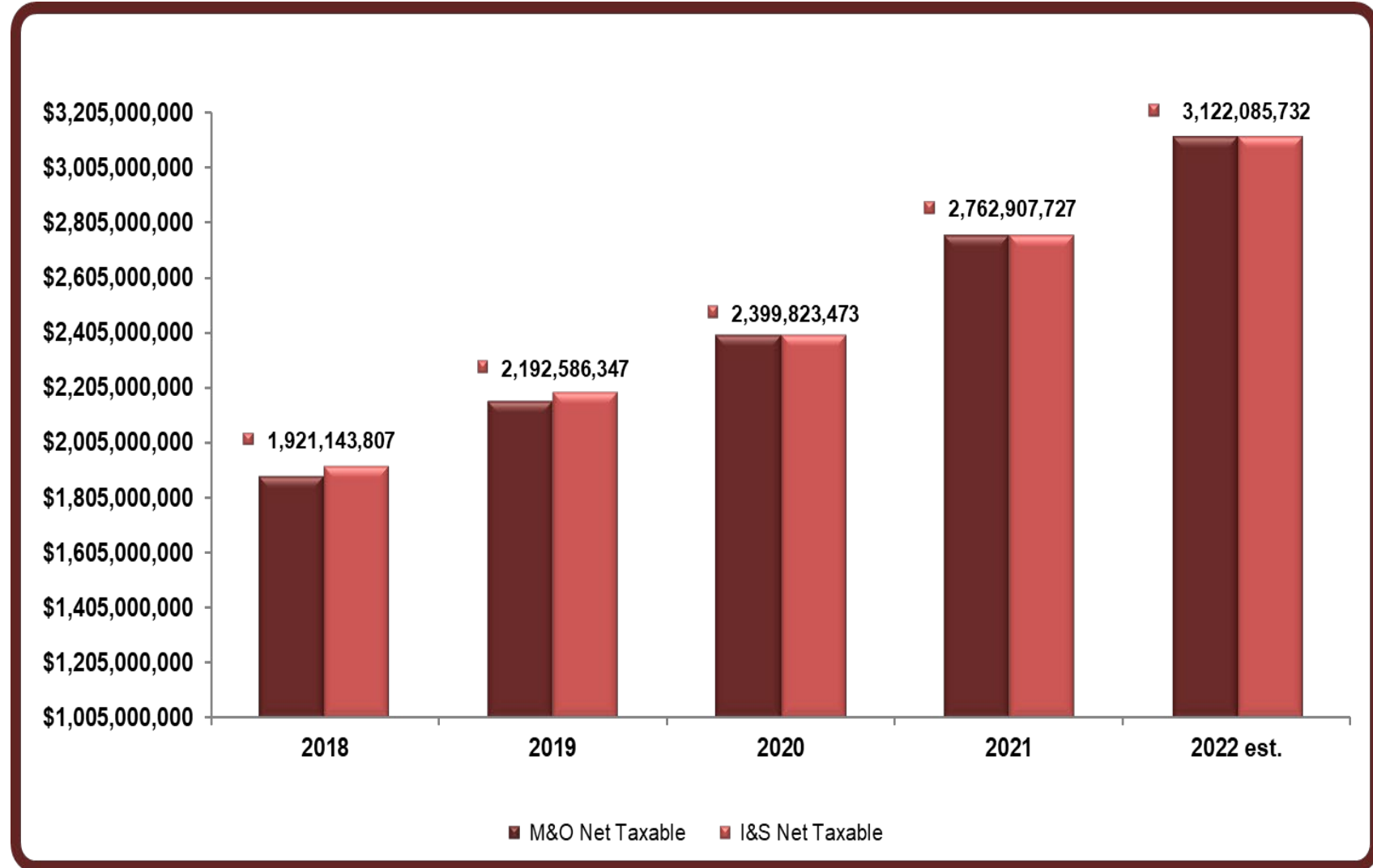
Prior Yr

CY Budget

CY Est.

Next Year

Taxable Values

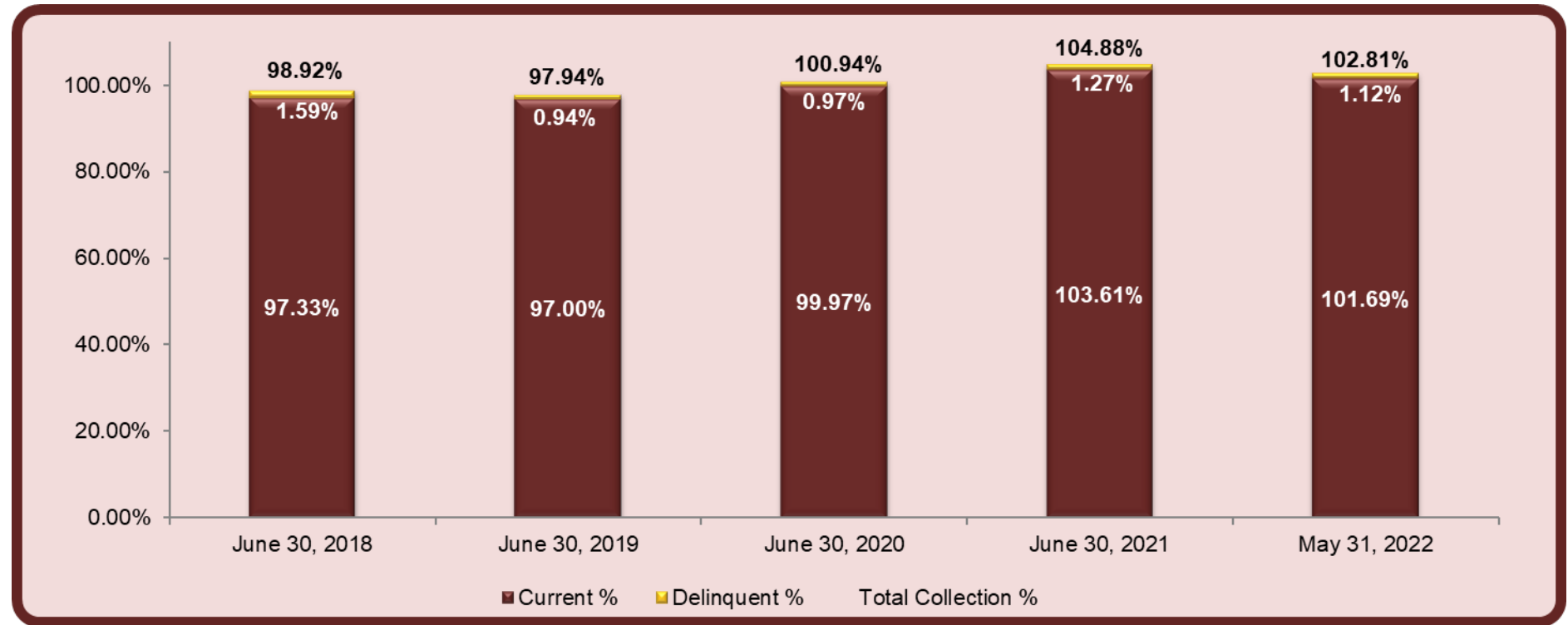


Estimated Tax Revenue

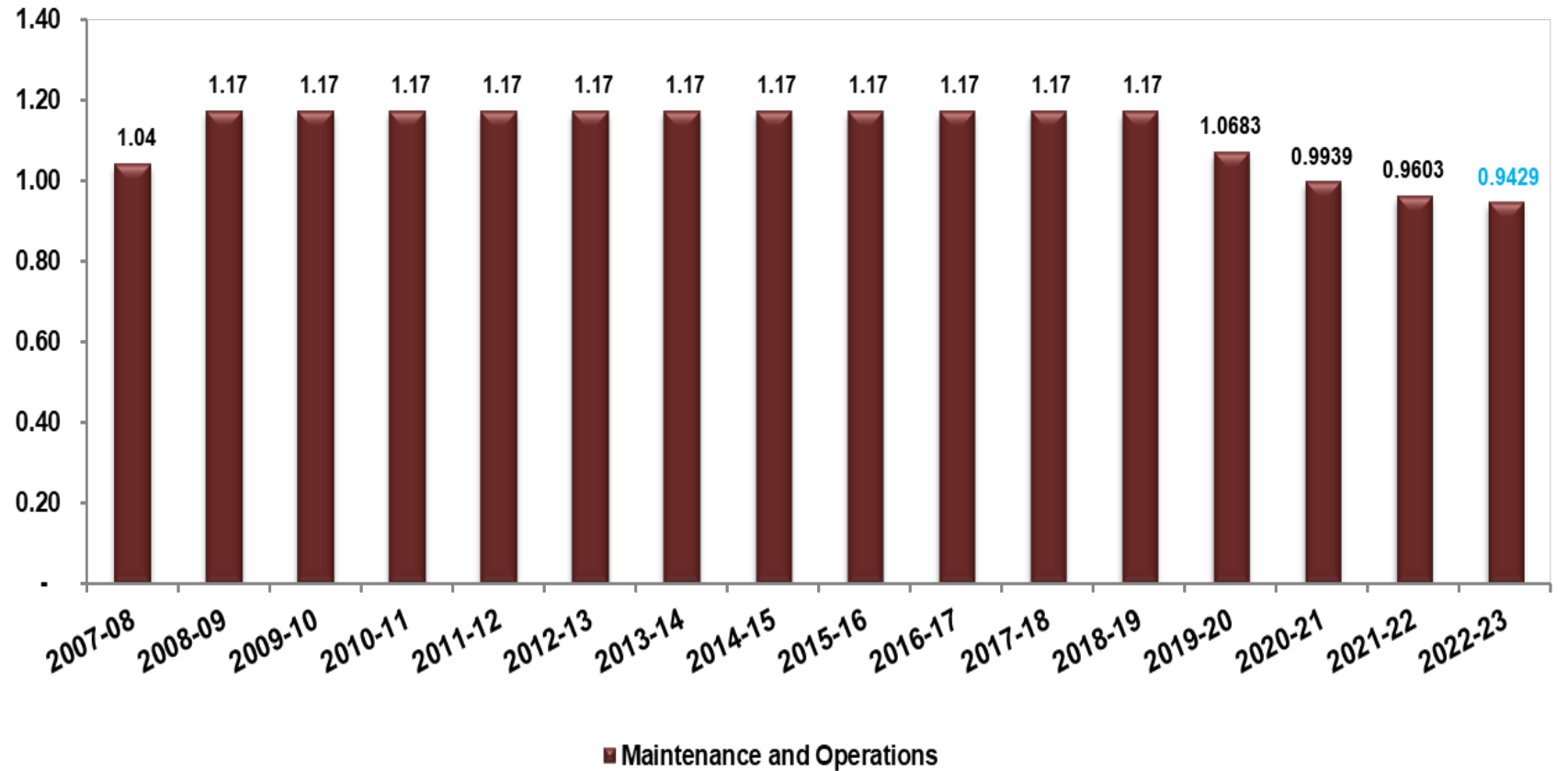


	M & O	I & S
Total Taxable Value - Preliminary Values	\$ 3,122,085,732	\$ 3,122,085,732
Frozen Value / Transfer Adjustment	481,213,270	481,213,270
Net Taxable Value	\$ 2,640,872,462	\$ 2,640,872,462
Tax Levy		
Current \$1.3082/\$100 of taxable valuation	\$ 24,900,786	\$ 9,647,107
Frozen \$ 3,800,000	2,738,893	1,061,107
Total Estimated Tax Levy	\$ 27,639,679	\$ 10,708,214
Less Delinquent 1.00%	276,397	107,082
Estimated Current Tax Levy	\$ 27,363,283	\$ 10,601,132

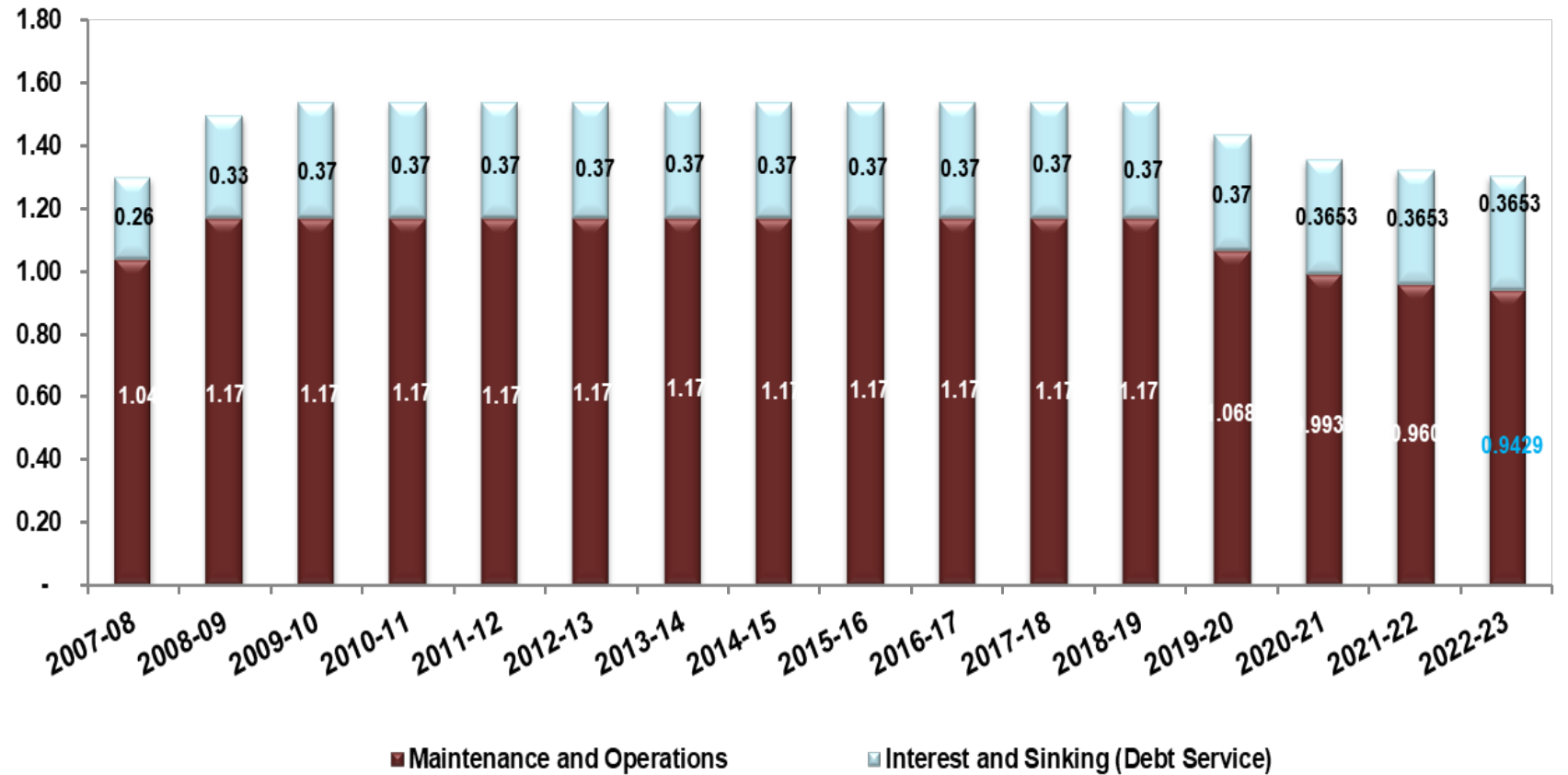
Tax Collection History



Tax Rate History (M&O)



Tax Rate History



Principal Taxpayers

Red Oak Independent School District Principal Taxpayers Tax Year 2021

	Taxpayer	Taxable Value
1.	Triumph Aerostructures LLC	\$ 67,250,188
2.	Red Oak Town Village LP	38,064,000
3.	CSL Red Oak 2018 LLC	25,000,178
4.	Oncor Electric Delivery Company	17,730,730
5.	Bombardier US Aerostructures LLC	16,277,080
6.	Qarbon Aerospace Founaction LLC	14,716,500
7.	Wal Mart Real Estate	10,479,360
8.	Red Oak Depot 1 LTD	9,041,340
9.	Ovilla 35 Plaza LLC	7,909,405
10.	First Texas Homes, Inc	6,944,770

TOTAL	\$ 213,413,551
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Total Taxable Value	\$ 2,752,195,574
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Principal Taxpayer Taxable Value	\$ 213,413,551
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Principal Taxpayer % of Total	7.7543%
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Agenda



- 2022-2023 Budget Development
- 2022-2023 Budget for Adoption
- **Discussion on Property Values**
- Next Steps
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Discussion on Property Values



- **As part of the annual FIRST rating, information comparing the two (2) types of property values must be shared with the Board**
 - **Locally Certified Property Values (LCPV)**
 - **Determined by the local County Appraisal District (CAD)**
 - **Used to project the tax collection revenue for the budget year**
 - **Provided annually to districts at the end of July (based on the prior January)**
 - **State Certified Property Values (SCPV)**
 - **Goal is to ensure equitable distribution of state funding for public education**
 - **Estimates the school district's taxable property value (PVS) for the Foundation School Program (state funding)**
 - **Also provides the State a means to measure the performance of the CAD**
 - **Study conducted at least every two (2) years**

Discussion on Property Values

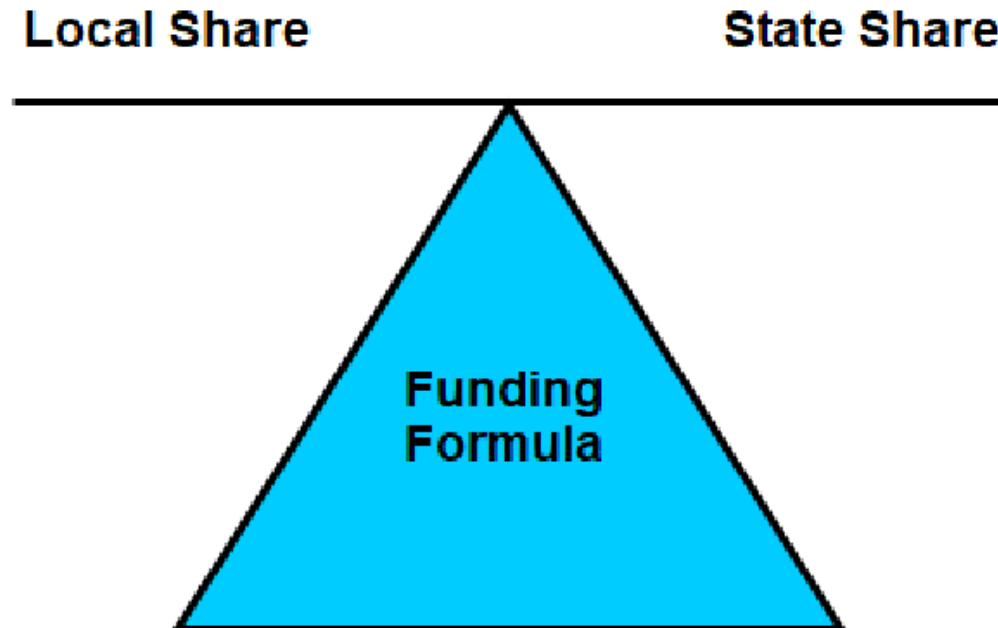


- **Prior to House Bill 3, the State property values (PVS) used in the FSP Tier I calculation lagged a year behind**
 - **HB3 moved it to the current year's Property Value Study in 2019-2020**
- **If property values are going up, a year lag makes it appear the district is less wealthy and may receive more state funding**
 - **Property wealth per student remains lower**
- ★ **If property values are going down, a year lag makes it appear the district is more wealthy and may receive less state funding**
 - **Property wealth per student remains higher**

Discussion on Property Values



- **As the Comptroller's property value (Local Share) increases, the Foundation School Program funding (State Share) will decrease**



Impact of Property Values



	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023 #
Property Value Used for Tax Collections (LCPV)	1,887,157,537	2,160,325,387	2,399,823,473	2,762,907,727	3,122,085,732
M & O Tax Rate	1.17	1.0683	0.9939	0.9630	0.9429
Local Collections (at 100%)	22,079,743	23,078,756	23,851,845	26,606,801	29,438,146
Property Value used for State Calculations (SCPV)	\$1,635,785,031	\$2,049,417,622	\$2,289,353,605	\$2,631,222,870	\$2,886,887,133
Weighted ADA (WADA)	7,354	7,465	7,738	7,956	8,466
Wealth per WADA	222,433	274,533	295,866	330,737	340,982
Wealth per WADA (if used local values)	256,615	289,390	310,143	347,289	368,762
State Aid from the Foundation School Program	\$29,066,846	\$33,100,194	\$33,792,791	\$32,839,517	\$34,637,626
State Aid without the Fast Growth Allotment	\$29,066,846	\$33,100,194	\$32,378,945	\$32,839,517 #	\$34,365,326

2018 PVS was \$1,789,990,818

Projected as of May 31, 2022

Agenda



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Next Steps



- **Ask the Board to adopt the 2022-2023 Budget**
- **Continue to monitor the current year budget to actual revenues and expenditures**
- **Adopt the final 2022 Tax Rate in August or September**
 - **May also require a Budget Amendment**
- **Monitor the activities related to any changes in the State Budget**
 - **May negatively impact funding**
 - **Will review current programs and prepare for reductions**

Questions

