



Public Hearing on the 2024-2025 Budget

June 17, 2024

Agenda



- **2024-2025 Budget Development**
- **2024-2025 Budget for Adoption**
- **Discussion on Property Values**
- **Next Steps**
- **Questions**

2024-2025 Budget Development



- **The overall 2024-2025 budget supports the Commitments, Vision and Mission of the Red Oak ISD Strategic Plan**
- **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**

2024-2025 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 2024-2025 budgets**
- **Each campus and department budget was reduced by 10% this year to help balance the overall budget**
 - **Campus budgets are based on a per pupil allocation**
 - **Department budgets are based on prior year budgets**

2024-2025 Budget Development



- **Preliminary Property Values were received on April 27, 2024**
 - Initially an 18.67% increase over the 2023 Certified Values
 - CAD's estimated final increase is projected to be 15.1%
- **Budget Update was provided to the Board on May 13, 2024**
- **The 2024 Tax Rate for adoption will not be presented to the Board until August or September**
 - The Proposed M&O Tax Rate is 0.7552 (a 0.30% reduction)
 - The I&S Tax Rate will remain the same at 0.3481
 - TEA will calculate the final M&O Tax Rate in late July

2024-2025 Budget Development



- **Revenue Assumptions**
 - **Decrease of 25 in student ADA from the 2023-2024 budgeted ADA**
 - Used 97% of the projected 2024-2025 Fall Snapshot Enrollment of 6,682
 - October 2023 enrollment was only 6,592 (was projected to be 6,809)
 - Exclude Early Childhood and ½ of Prekindergarten students in ADA projection
 - **A 3% increase in the actual 2023-2024 enrichment student categories**
 - Most enrichment categories were comparable to the 2023-2024 budget
 - **The Basic Allotment remains at \$6,160**
 - **The School Safety Allotment is budgeted at \$10.00 per ADA and \$15,000 per campus (same as in 2023-2024)**
 - In the 2022-2023 school year it was \$9.72 per ADA

2024-2025 Budget Development



- **Revenue Assumptions**
 - **Budgeted Tax collections based on a 12.5% increase in the Frozen Taxable certified values**
 - **Certified Values projected to be lower than the initial estimate due to protests**
 - **Tax collections based on the current projected tax rate of \$0.7552**
 - **Factoring in the 2023 new Homestead Exemption of \$100,000**
 - **Including the additional compression in the Over 65+ Freeze from 2023**
 - **District is eligible for the Fast Growth Allotment next year**
 - **New legislation in 2021 changed the determination to a six (6) year lookback and a growth of at least 250 students over the six (6) years**
 - **Red Oak growth was 689 students, so 439 counts towards the formula**

2024-2025 Budget Development



- **Revenue Assumptions**
 - Projected increase in the State's TRS pension payment to the District
 - Slight increase in the Medicaid reimbursement for those students being served
 - Projected increase in the funds related to Indirect Costs being charged to Federal grant programs
 - Increase in the interest earnings due to the higher current interest rates

2024-2025 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 the new step 30 will receive a longevity Stipend of \$1,000
 - Auxiliary/paraprofessional (non-exempt) employees are budgeted to receive 5% 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 the pay plans to ensure all pay grades are competitive

2024-2025 Budget Development



- **Expenditure Assumptions**
 - Reduce campus and department budgets by 10%
 - Add 6 positions due to the increase in students and the expansion of required instructional programs
 - Kindergarten, SPED and secondary instructional programs
 - Add 6 previously funded ESSER III positions into the General Fund due to the continued need for the services they provide
 - Increase in property and liability insurance due to market conditions
 - Sustain the attendance incentives previously implemented

Agenda



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2024-2025 Budget Overview



	General Fund 2024-2025	Student Nutrition 2024-2025	Debt Service 2024-2025	Combined 2024-2025
Revenue	\$ 76,735,415	\$ 3,407,972	\$ 15,560,741	\$ 95,704,128
Expenses	76,735,415	4,407,972	16,294,988	97,438,375
Total	\$ -	\$ (1,000,000)	\$ (734,247)	\$ (1,734,247)

General Fund Budget Overview



	Proposed Budget 2024-2025	Amended Budget 2023-2024	Variance
Revenue			
Local Tax (M&O)	\$ 29,921,028	\$ 29,286,405	\$ 634,623
Local (Other)	2,613,500	2,276,559	336,941
State	38,511,064	36,394,342	2,116,722
TRS on Behalf	4,089,823	3,845,406	244,417
Federal Grants	1,600,000	1,250,000	350,000
Non-Operating	-	-	-
Total	\$ 76,735,415	\$ 73,052,712	\$ 3,682,703

General Fund Budget Overview



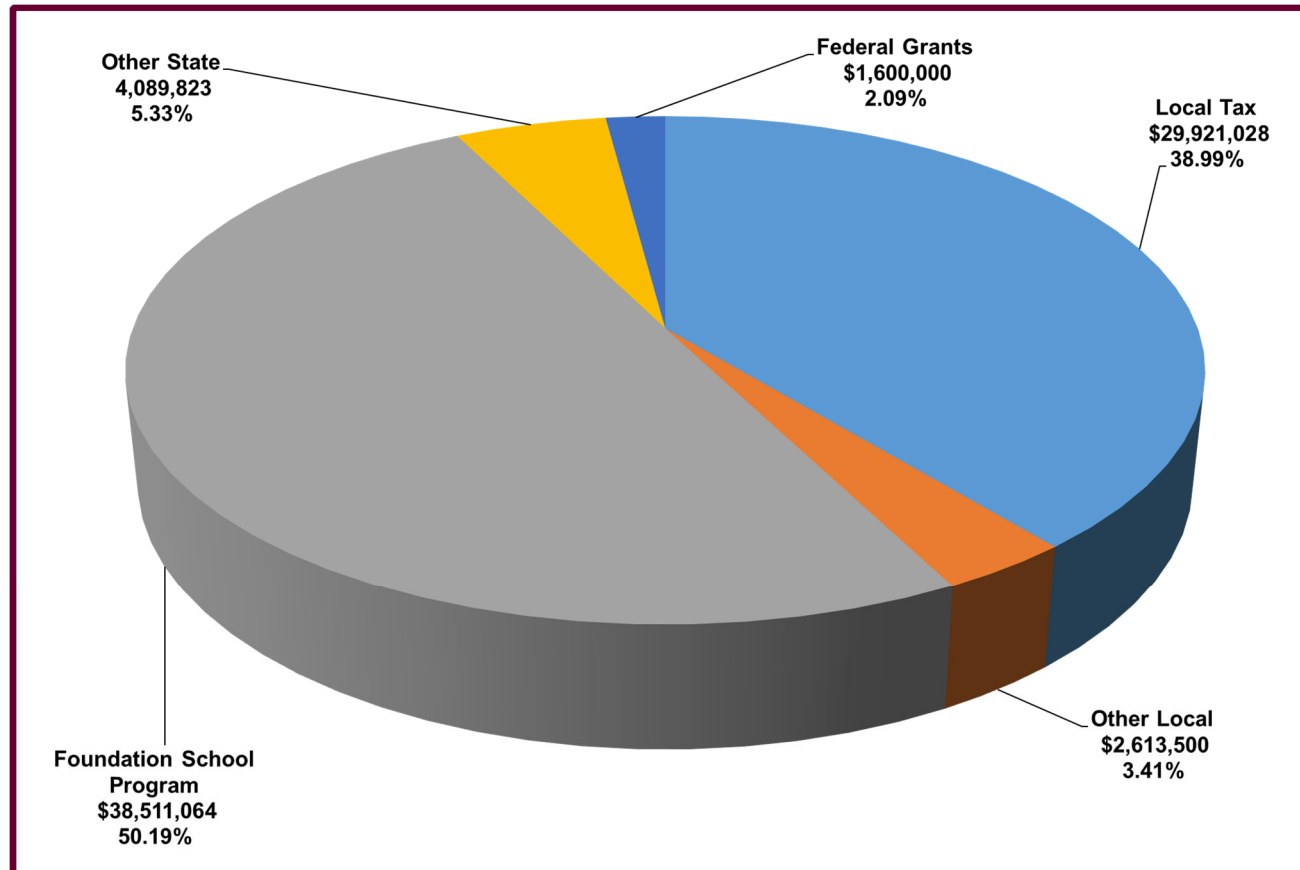
Expenditures	Proposed Budget 2024-2025	Amended Budget 2023-2024	Variance
Payroll Costs	\$ 65,753,054	\$ 60,495,079	\$ 5,257,975
Professional Services	3,805,338	4,701,176	(895,838)
Supplies & Materials	4,000,171	4,380,356	(380,185)
Operating Costs	2,183,094	1,930,578	252,516
Debt Service	448,750	475,500	(26,750)
Capital Outlay	545,008	1,070,023	(525,015)
Total	\$ 76,735,415	\$ 73,052,712	\$ 3,682,703

General Fund Budget Overview

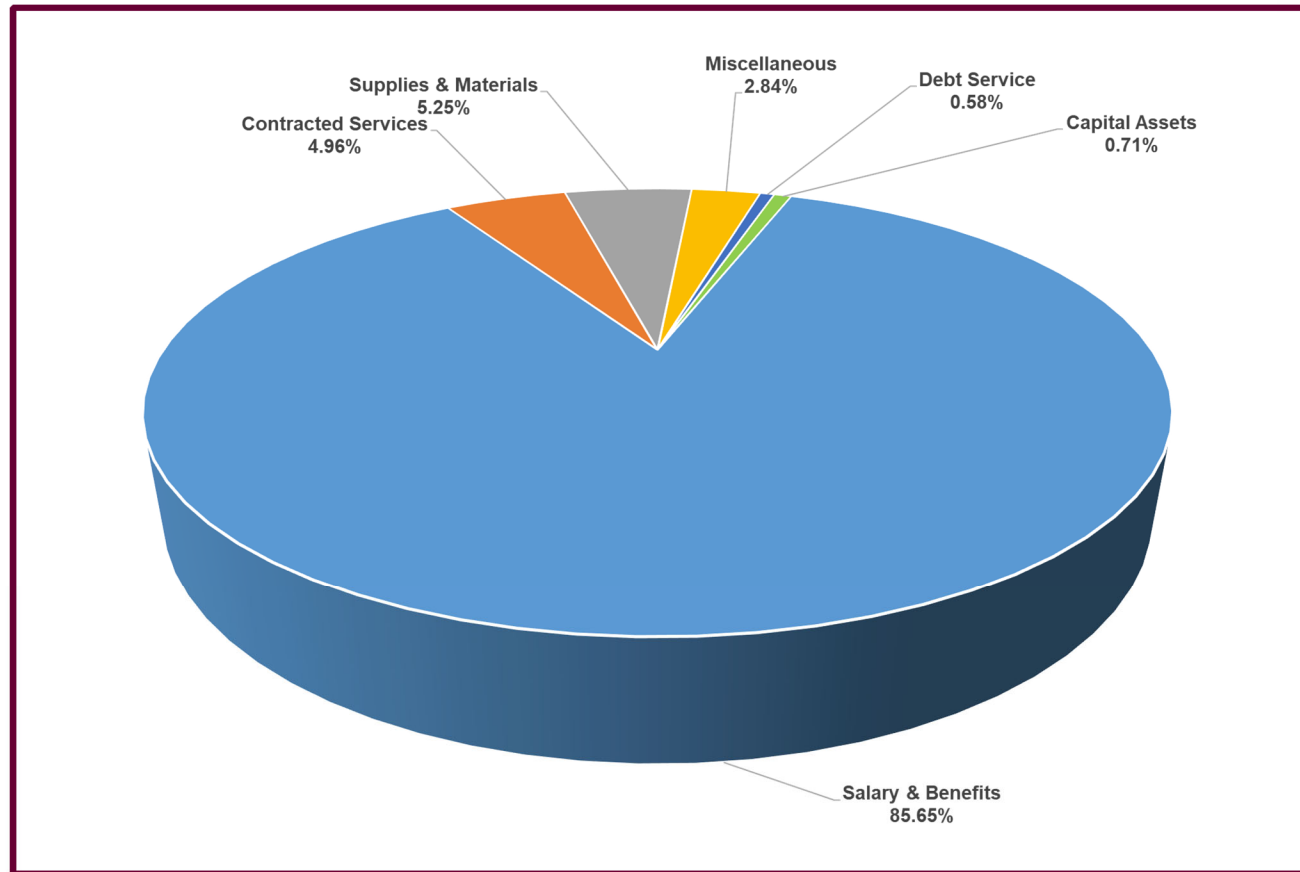


	Proposed Budget 2024-2025	Amended Budget 2023-2024	Variance
Expenses			
11-Instruction	\$ 38,766,906	\$ 36,941,961	\$ 1,824,945
12-Instr. Media Services	920,836	940,129	(19,293)
13-Staff Development	2,617,922	2,160,442	457,480
21-Instr. Leadership	1,032,401	1,090,394	(57,993)
23-School Leadership	4,706,698	4,335,965	370,733
31-Counseling	3,876,583	3,211,589	664,994
32-Social Services	197,029	219,778	(22,749)
33-Health Services	1,038,878	980,432	58,446
34-Student Transp.	3,442,777	3,657,111	(214,334)
36-Extra/Co Curricular	2,418,342	2,540,065	(121,723)
41-General Admin.	3,261,349	2,981,065	280,284
51-Plant Maint.	8,095,307	7,774,073	321,234
52-Security & Mon.	1,758,432	1,681,041	77,391
53-Data Processing	1,820,534	1,748,753	71,781
61-Community Serv.	1,958,671	1,826,414	132,257
71-Debt Service	448,750	475,500	(26,750)
81-Facilities Acquisition/Construct.	-	53,000	(53,000)
99-Other Governmental	374,000	435,000	(61,000)
Total	\$ 76,735,415	\$ 73,052,712	\$ 3,682,703

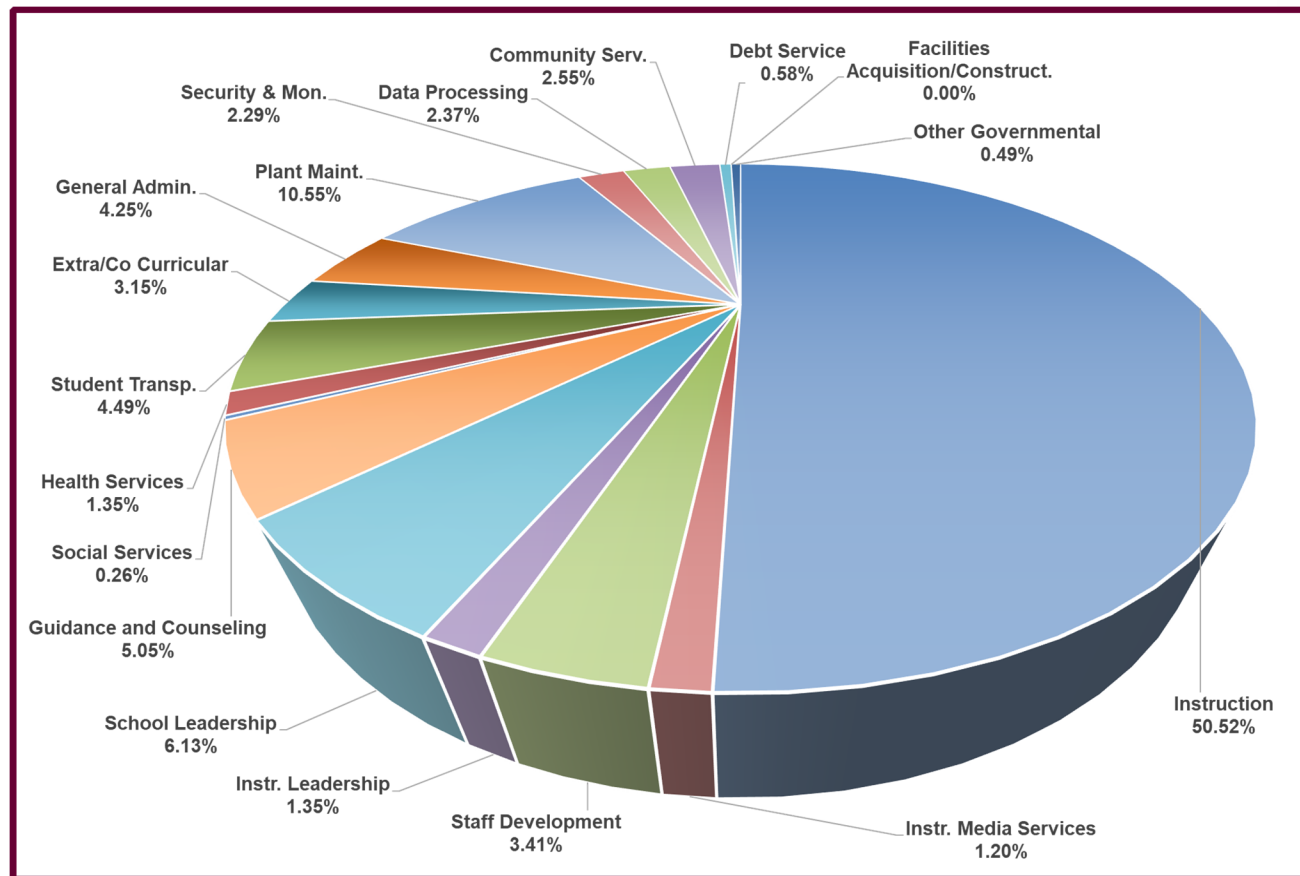
General Fund Revenues



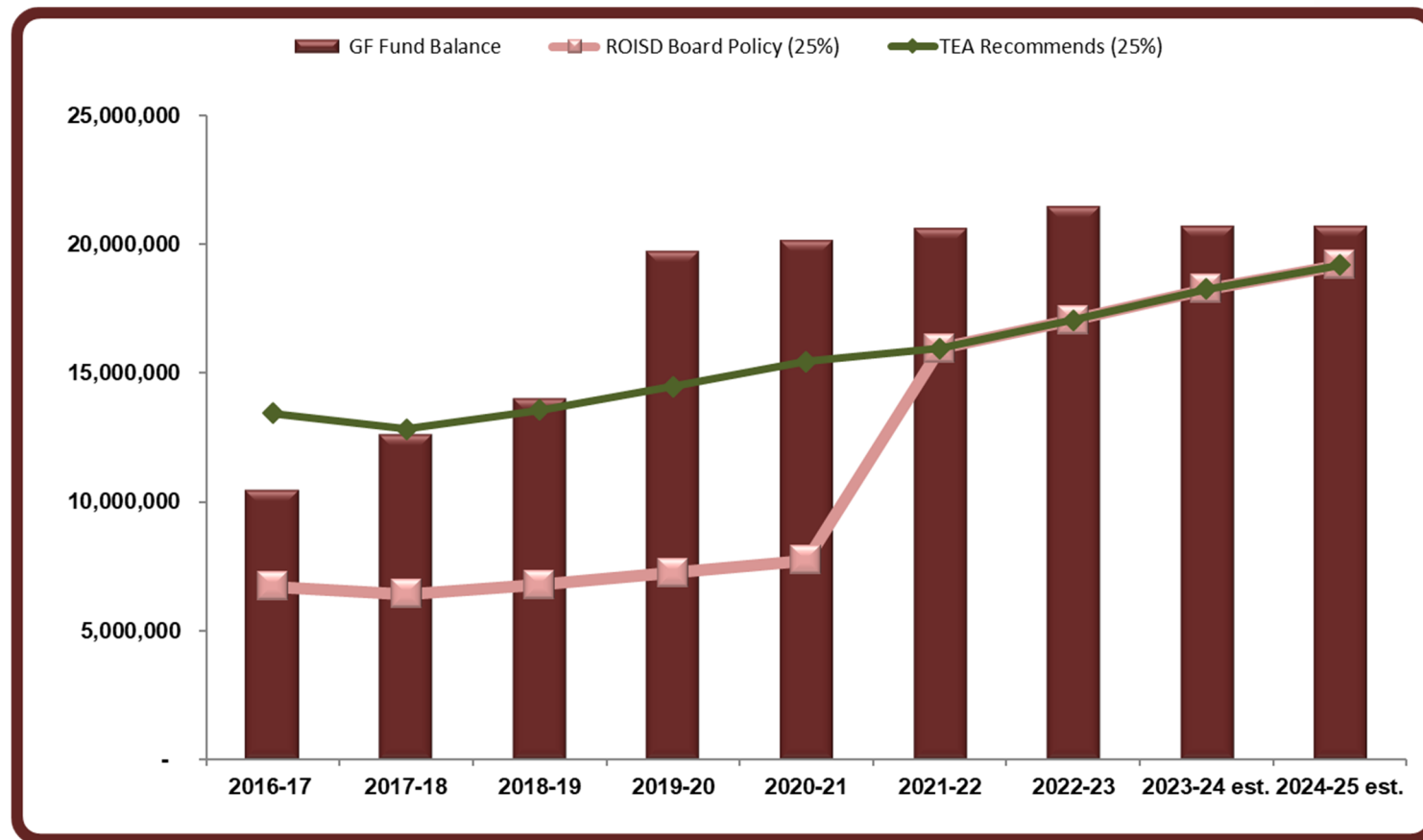
General Fund Expenditures by Object



General Fund Expenditures by Function



General Fund Balance History



Where A Dollar Goes



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

**6¢ is used for library materials, staff
training and curriculum development**



**13¢ goes toward securing, operating
and maintaining facilities**

**10¢ goes toward central, fiscal, IT &
community services**

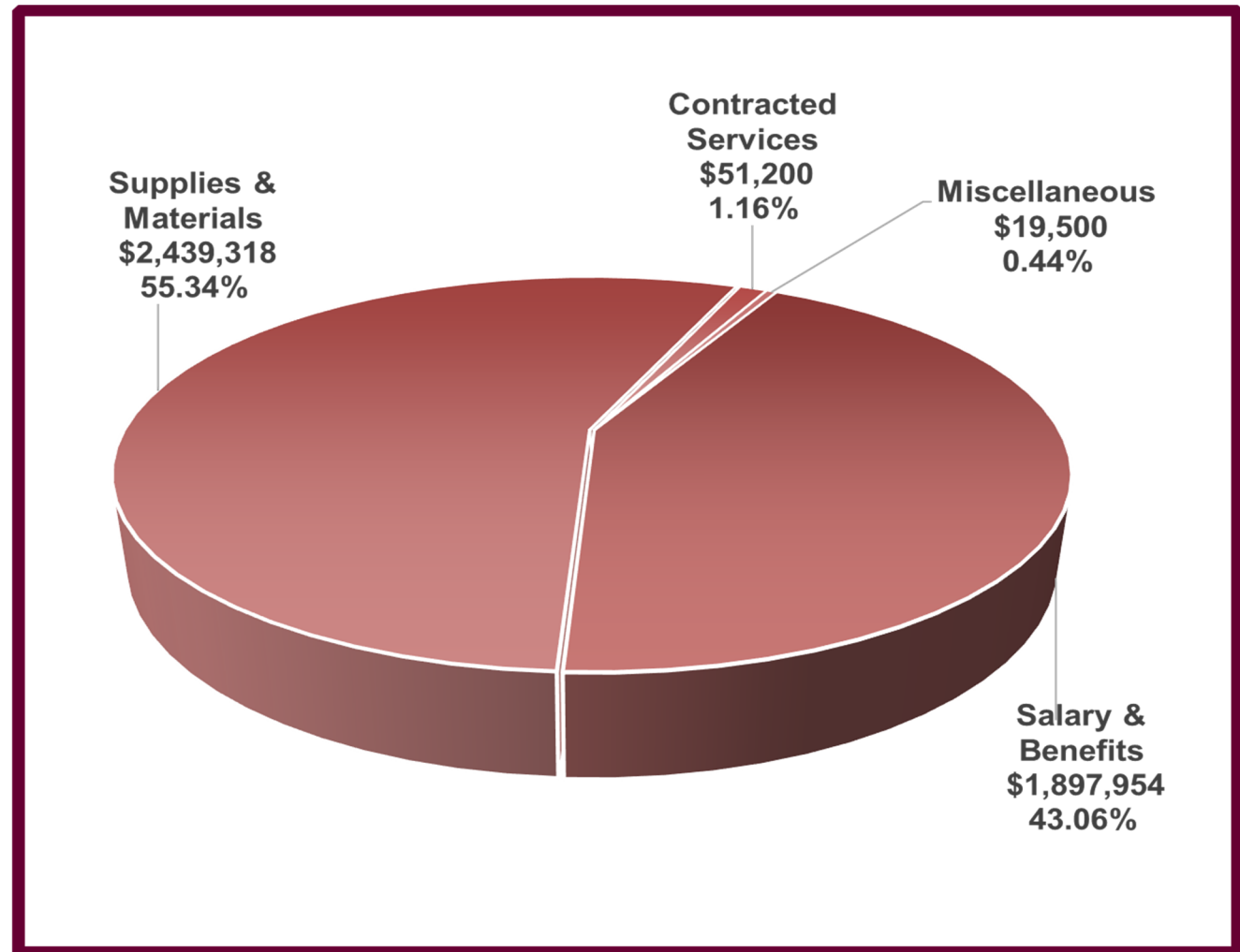


Student Nutrition Fund



	Proposed Budget 2024-2025	Amended Budget 2023-2024	Variance
Revenue			
Local			
Interest	\$ 60,000	\$ 40,000	\$ 20,000
Miscellaneous Local	20,372	20,372	-
Food Service Revenue	875,000	725,000	150,000
Catering	32,100	87,200	(55,100)
State			
School Lunch Matching	15,000	15,000	-
TRS On-Behalf	47,500	45,000	2,500
Federal			
School Breakfast Program	310,000	310,000	-
School Lunch Program	1,928,000	1,608,000	320,000
Commodities	120,000	120,000	-
Total	\$ 3,407,972	\$ 2,970,572	\$ 437,400
Expenses			
Salaries & Benefits			
Salaries	\$ 1,507,835	\$ 1,351,781	\$ 156,054
Benefits	342,619	276,891	65,728
TRS On-Behalf	47,500	45,000	2,500
Professional Services			
Maintenance & Repairs	13,200	50,600	(37,400)
Utilities	21,400	21,400	-
Rentals & Operating Leases	500	500	-
Commodities Processing	8,000	13,000	(5,000)
Miscellaneous	8,100	8,000	100
Supplies & Materials			
Food Items	1,737,500	1,570,000	167,500
Non-Food Items	205,500	216,000	(10,500)
Commodities	200,000	120,000	80,000
Food Services Supplies	51,200	66,450	(15,250)
Furniture <\$5,000	3,000	13,450	(10,450)
Technology <\$5,000	10,000	62,000	(52,000)
Other Equipment	212,118	76,000	136,118
Software	20,000	41,000	(21,000)
Miscellaneous			
Employee Travel	11,300	15,500	(4,200)
Transportation Costs	5,200	15,400	(10,200)
Membership Fees	1,000	2,400	(1,400)
Miscellaneous	2,000	5,200	(3,200)
Total	\$ 4,407,972	\$ 3,970,572	\$ 437,400
Surplus/(Deficit)	\$ (1,000,000)	\$ (1,000,000)	\$ -

Student Nutrition Fund

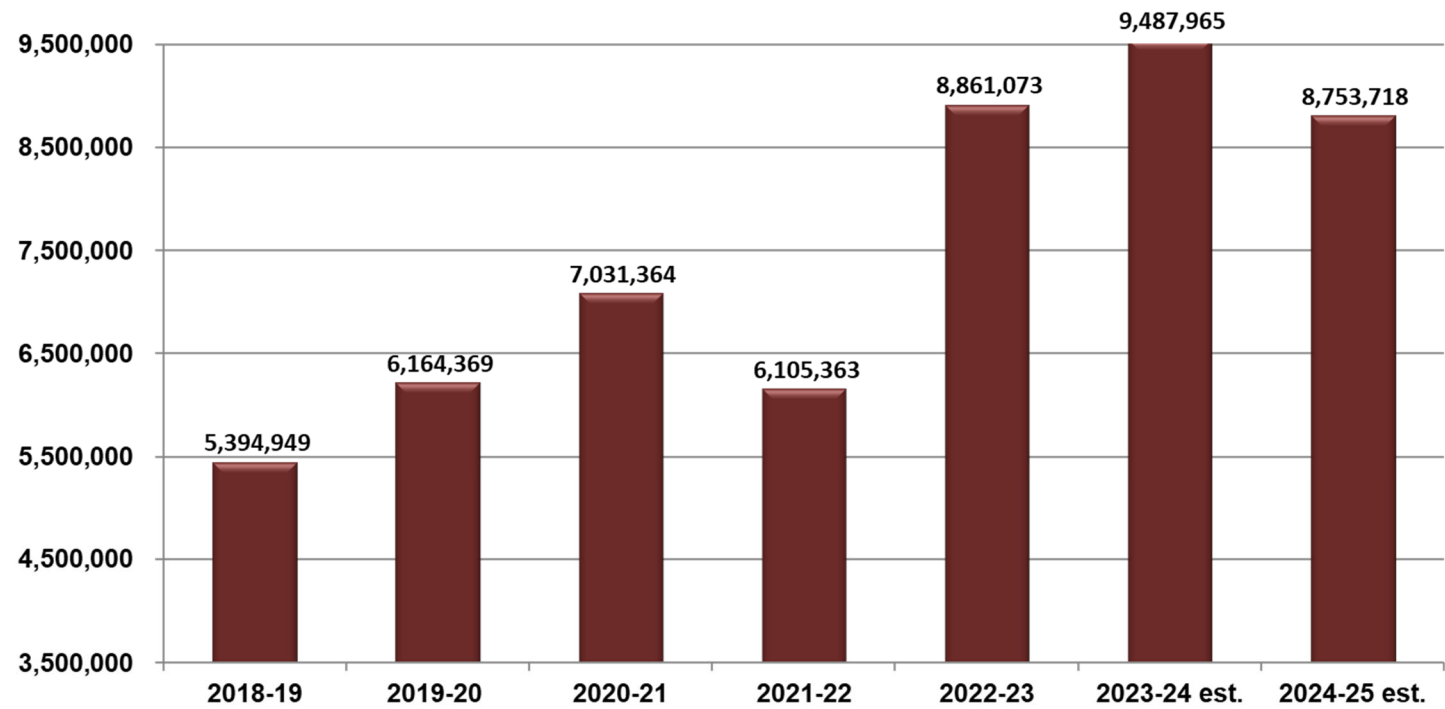


Debt Service Fund



	Proposed Budget 2024-2025	Amended Budget 2023-2024	Variance
<u>Revenue</u>			
Local			
Interest & Sinking Tax Revenue	\$ 13,791,724	\$ 13,950,798	\$ (159,074)
Penalty & Interest on Delinquent	30,000	30,000	-
Interest	350,000	145,000	205,000
State			
Instructional Facilities Allotment and Existing Debt Allotment	1,389,017	400,000	989,017
Total	\$ 15,560,741	\$ 14,525,798	\$ 1,034,943
<u>Expenses</u>			
Bond Principal	\$ 10,075,000	\$ 10,500,000	\$ (425,000)
Interest on Bonds	6,214,988	5,489,688	725,300
Amortization of Premium / Discount	-	-	-
Other Debt Service Fees	5,000	200,000	(195,000)
Total	\$ 16,294,988	\$ 16,189,688	\$ 105,300
Surplus/(Deficit)	\$ (734,247)	\$ (1,663,890)	\$ 929,643

Debt Service Fund



Additional Budget Data



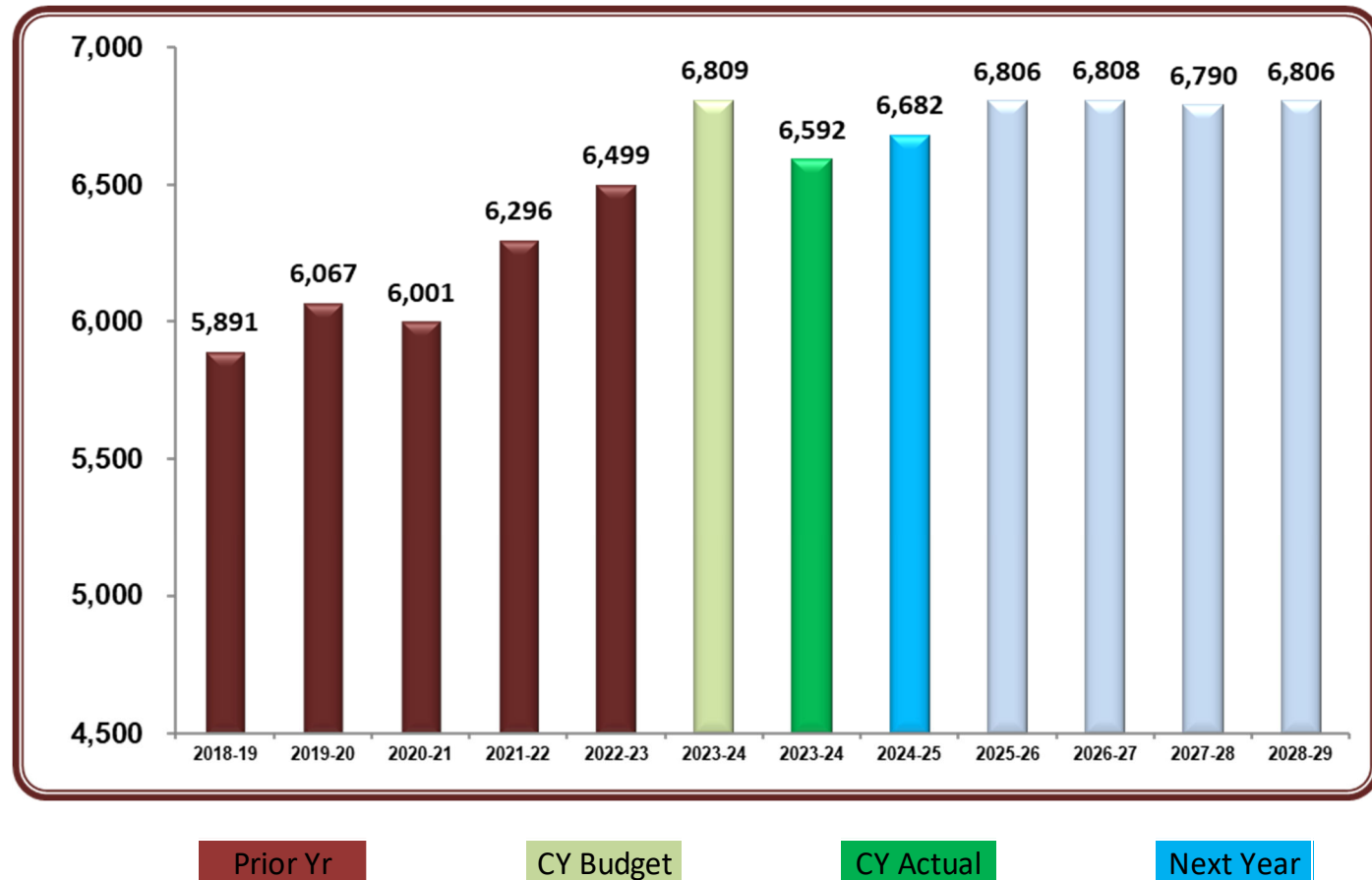
- **Supporting Information**
 - Basic Allotment
 - Student Enrollment
 - Average Daily Attendance (ADA)
 - Weighted Average Daily Attendance (WADA)
 - Revenue Per WADA
 - Property Taxable Values
 - Estimated Tax Collection for 2024-2025
 - Tax Collection History
 - Historical Tax Rates
 - Top 10 taxpayers in Red Oak

Basic Allotment

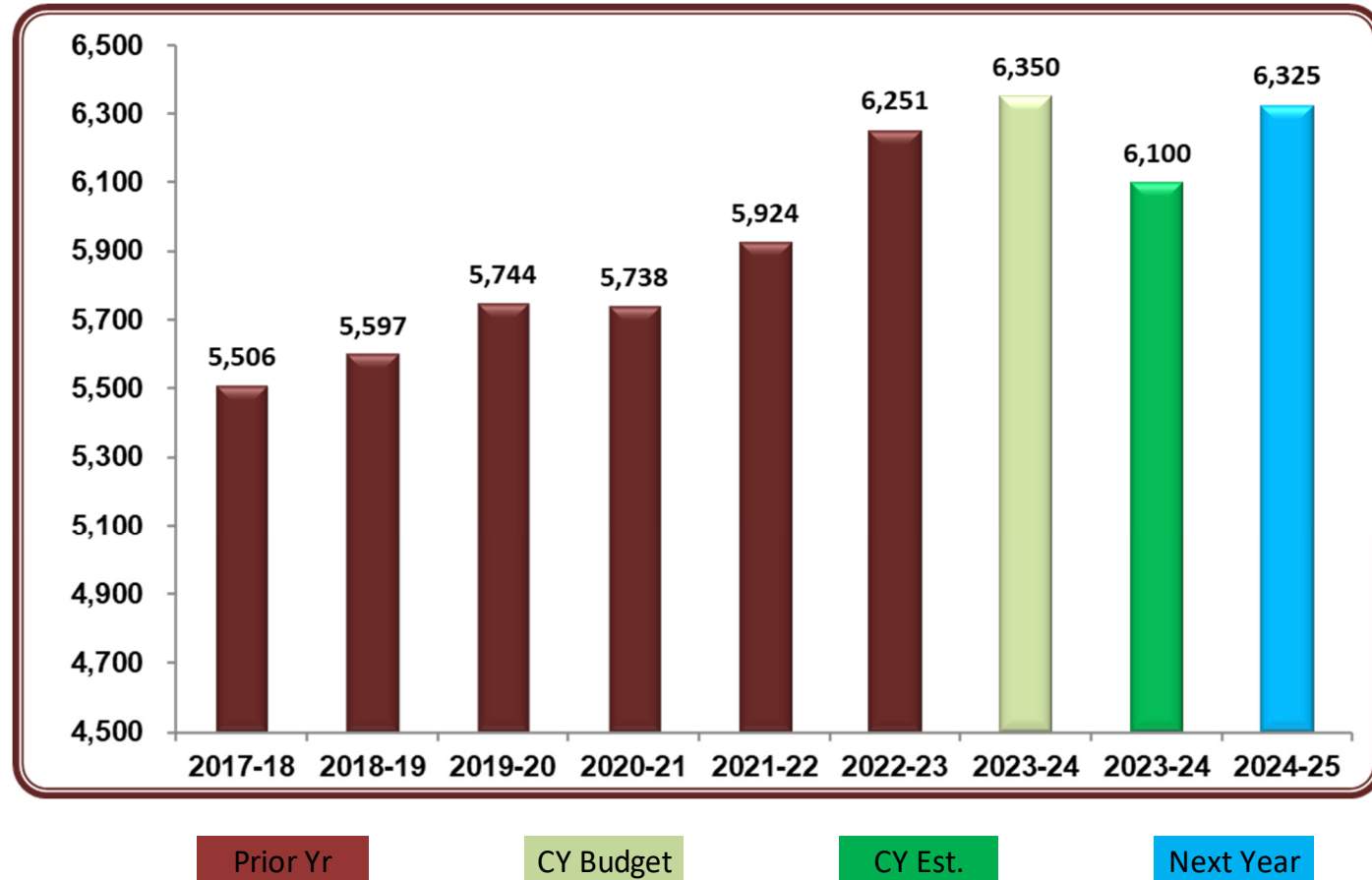
If CPI (19%) was used, the 2024-25 BA would be \$1,100 more



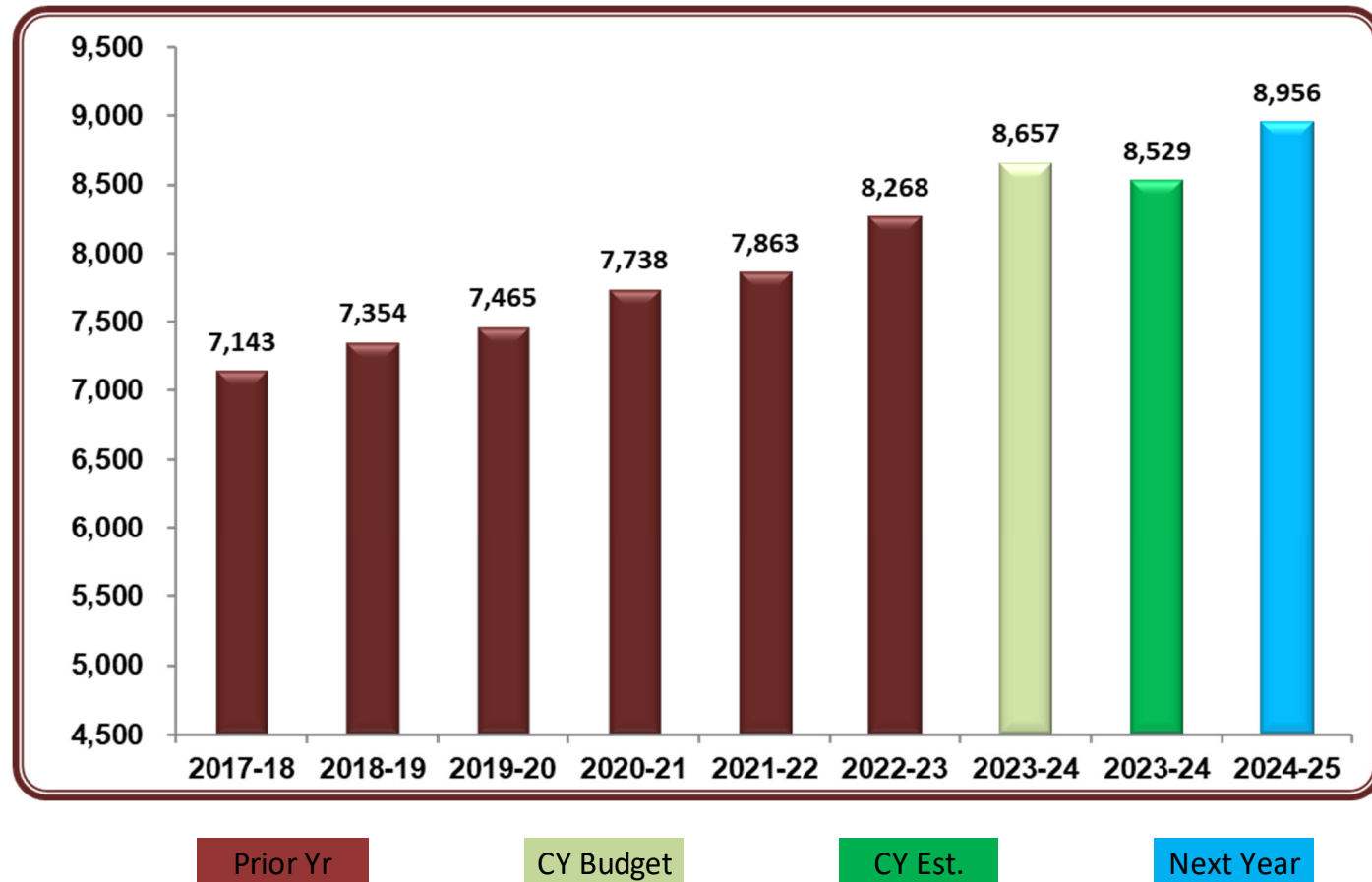
Student Enrollment



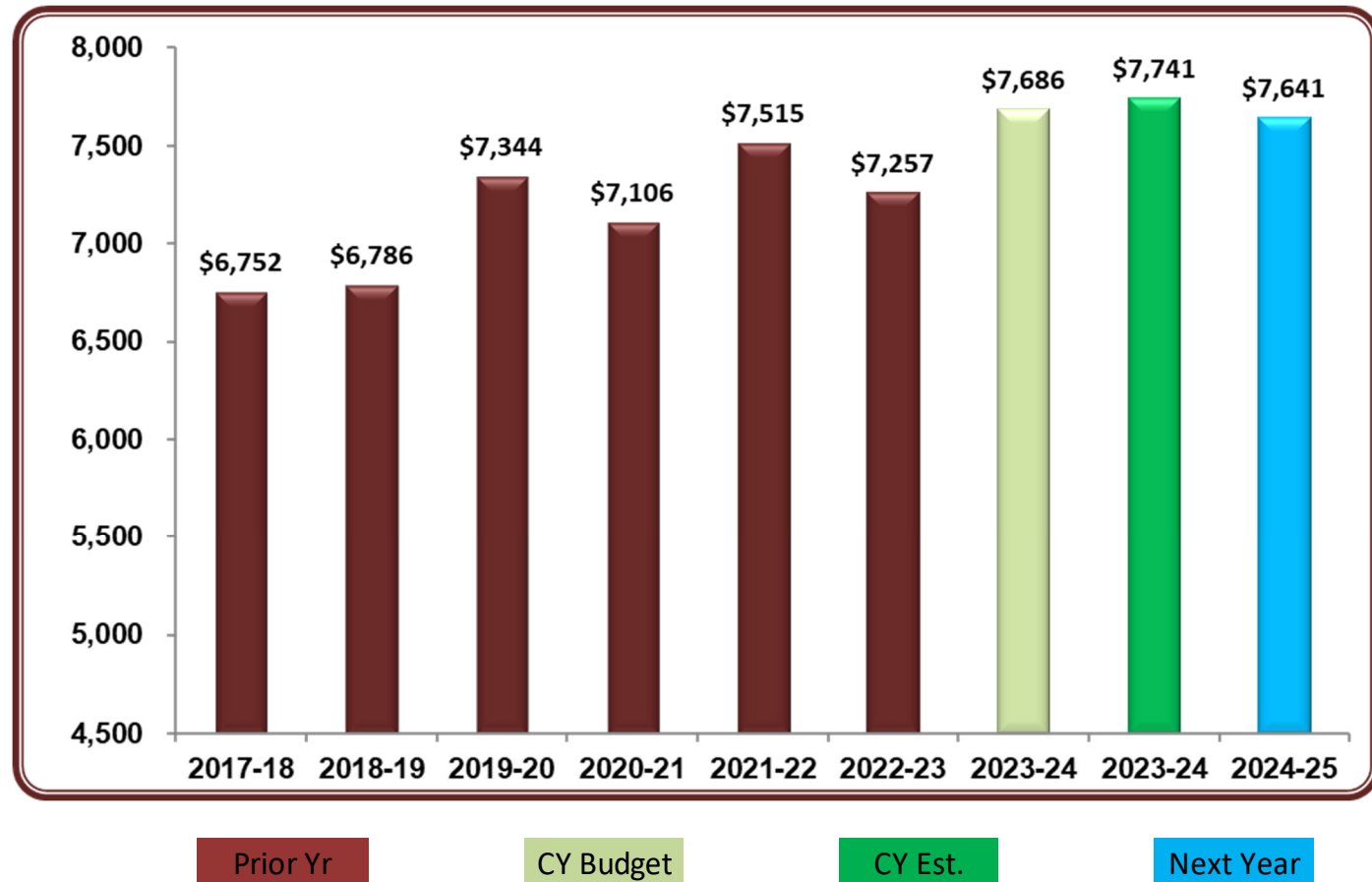
Average Daily Attendance



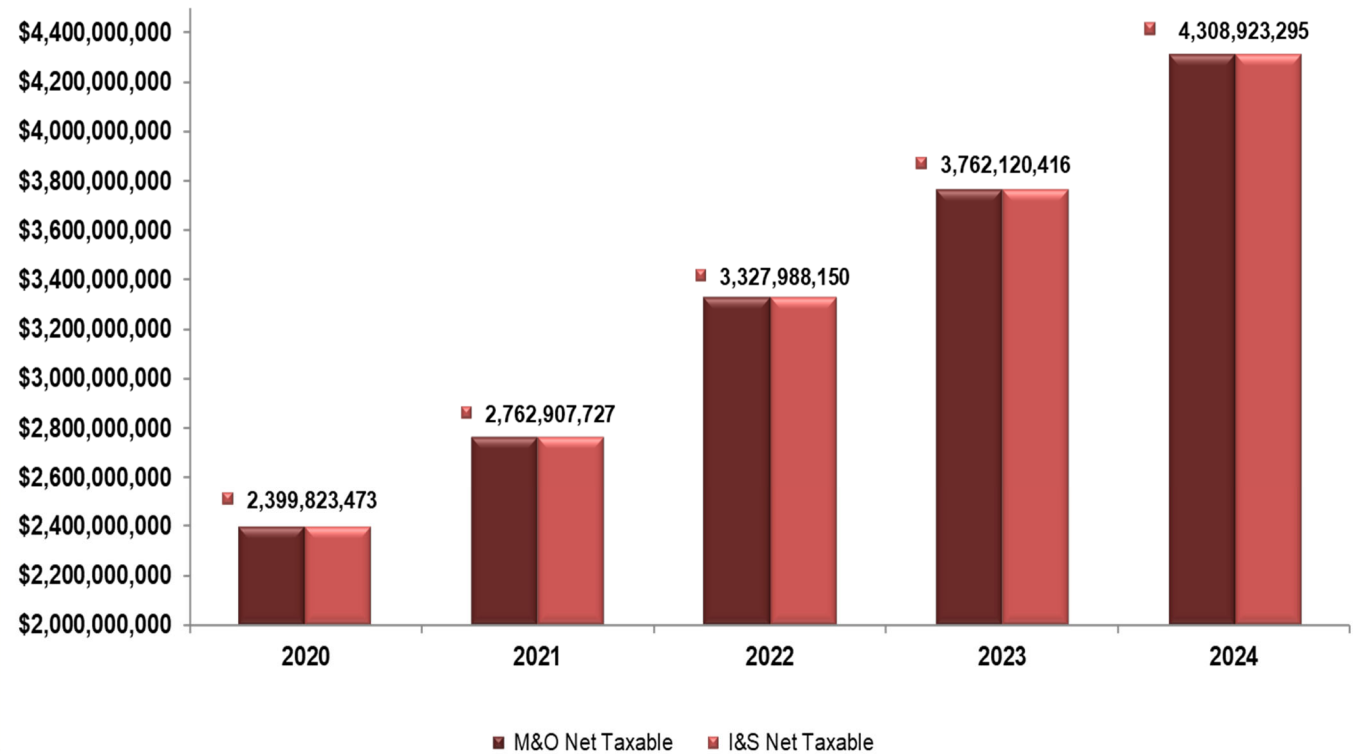
Weighted Ave Daily Attendance



Revenue Per WADA



Taxable Values

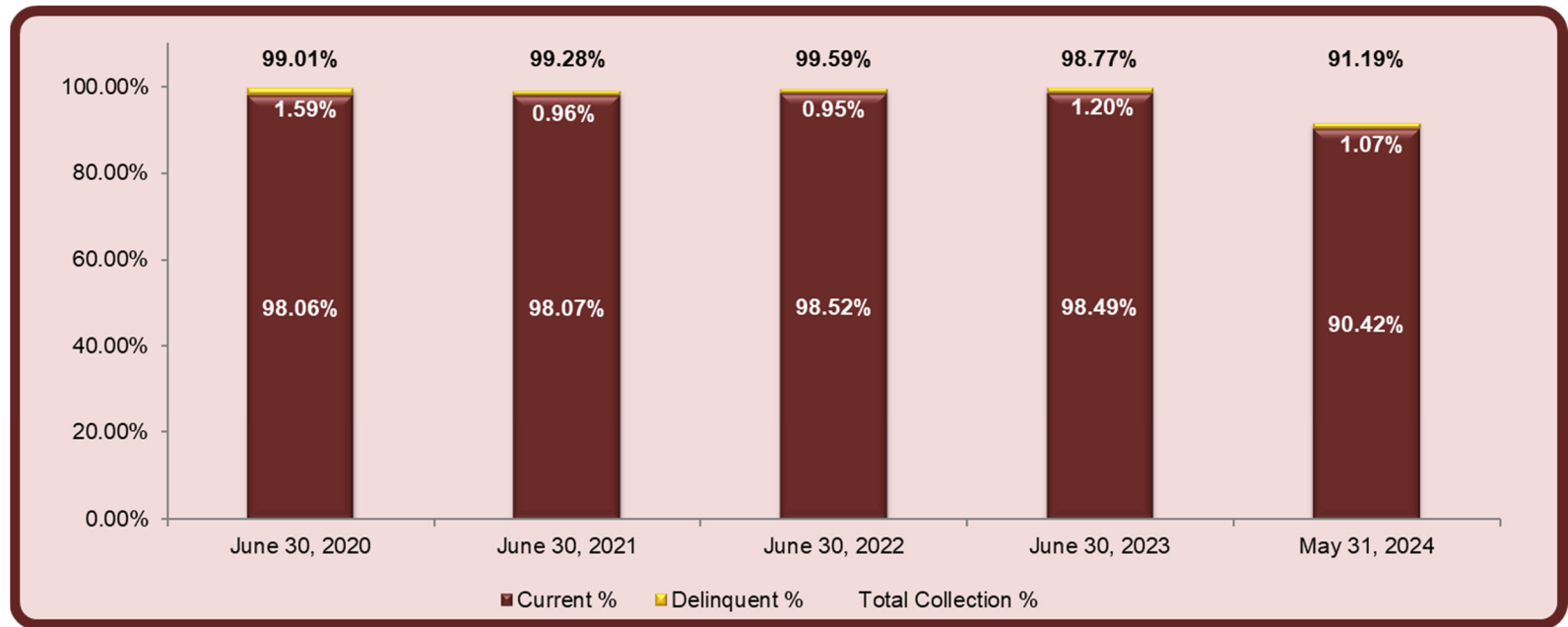


Estimated Tax Revenue

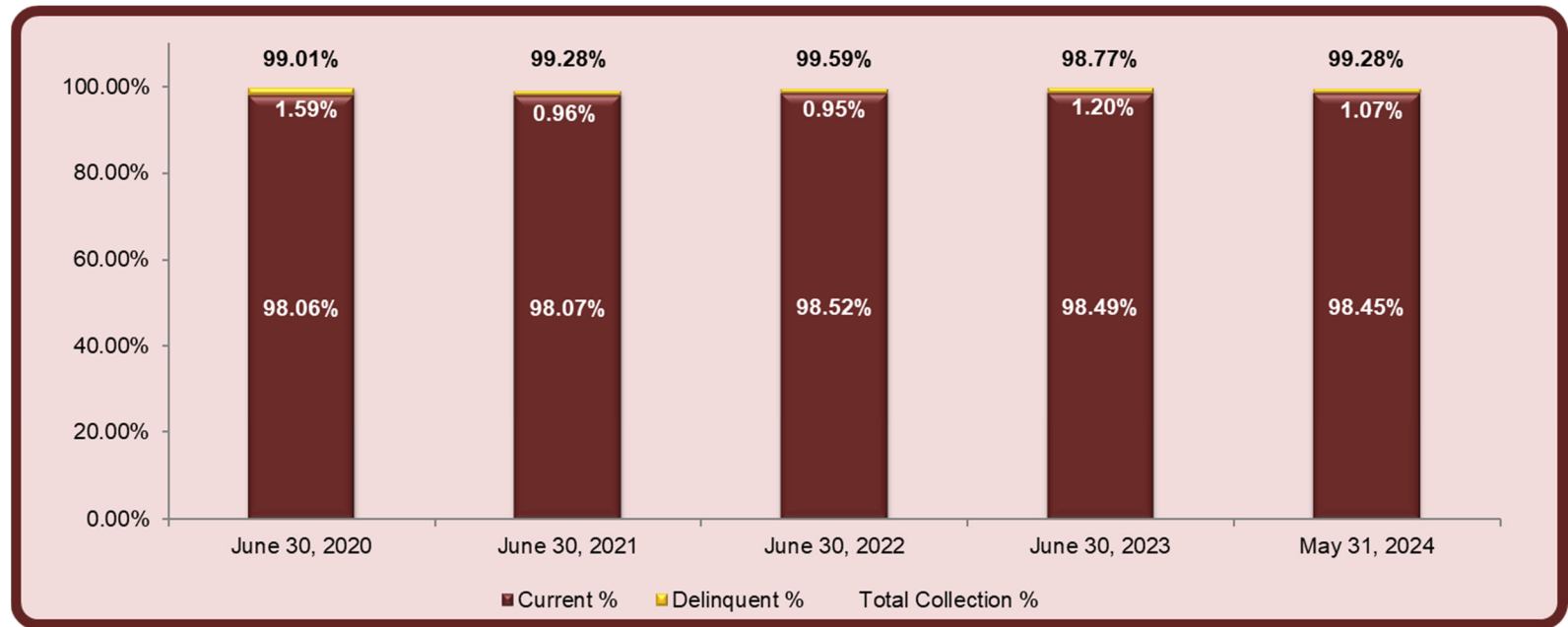


		M & O	I & S
Total Taxable Value - Preliminary Values		\$ 4,308,923,295	\$ 4,308,923,295
Frozen Value / Transfer Adjustment		517,348,731	517,348,731
Net Taxable Value		\$ 3,791,574,564	\$ 3,791,574,564
Tax Levy			
Current	\$1.1033/\$100 of taxable valuation	\$ 28,633,971	\$ 13,198,471
Frozen	\$ 2,321,852	1,589,289	732,563
Total Estimated Tax Levy		\$ 30,223,260	\$ 13,931,034
Less Delinquent	1.00%	302,233	139,310
Estimated Current Tax Levy		\$ 29,921,028	\$ 13,791,724

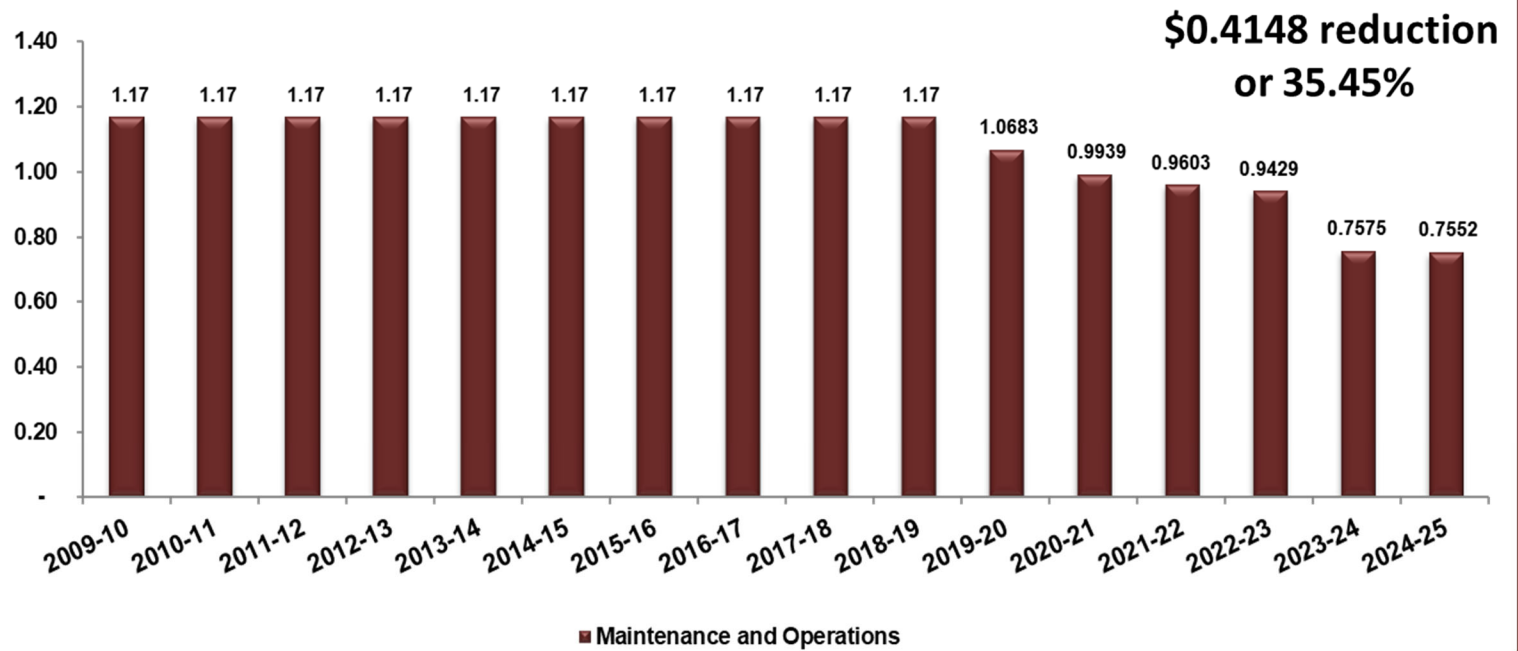
Tax Collection History



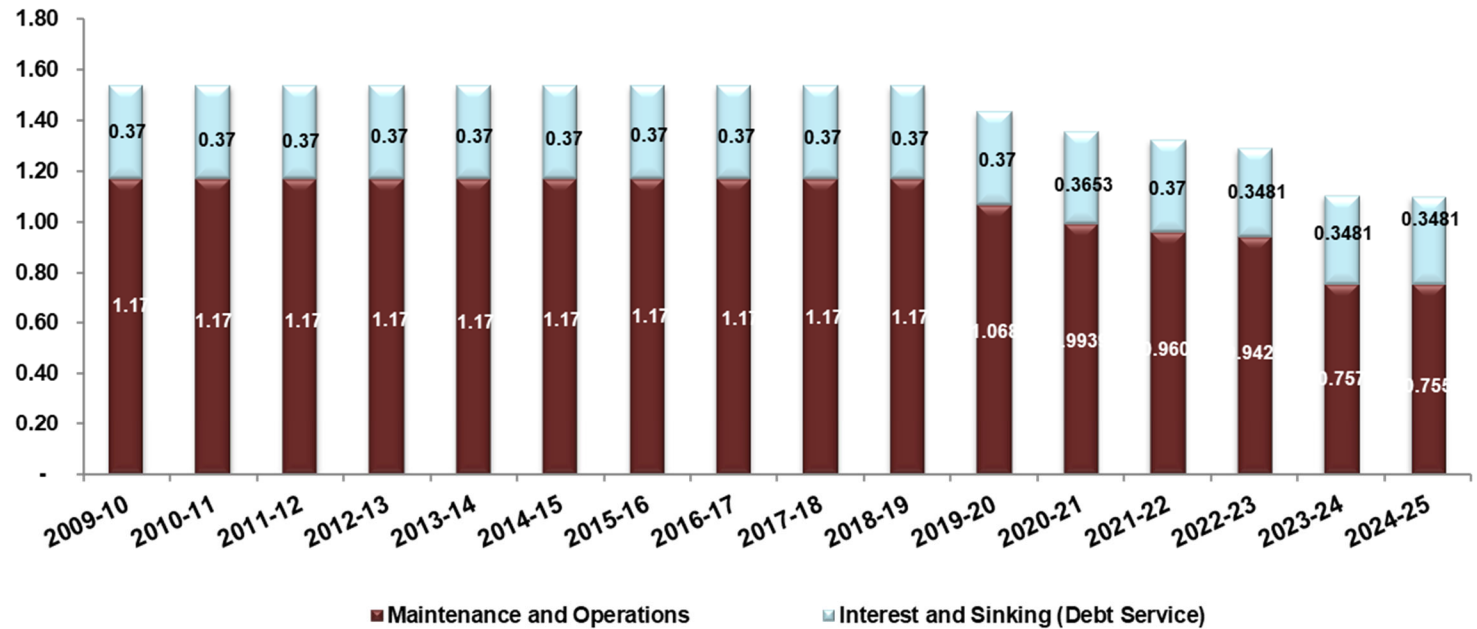
Tax Collection History



Tax Rate History (M&O)



Tax Rate History



Principal Taxpayers



Red Oak Independent School District Principal Taxpayers Tax Year 2023

	Taxpayer		Taxable Value
1.	COMPASS DATACENTERS DFW IIIA, LLC	\$	129,489,557
2.	QARBON AEROSPACE FOUNDATION LLC		94,985,062
3.	COMPASS DATACENTERS DFW III LLC		50,260,552
4.	RED OAK TOWN VILLAGE LP		47,000,000
5.	CZ GA I LLC		46,216,392
6.	TC/F RED OAK LP		31,541,493
7.	CSL RED OAK 2018 LLC		26,500,000
8.	BOMBARDIER US AEROSTRUCTURES LLC		25,318,200
9.	ONCOR ELECTRIC DELIVERY CO LLC		24,577,875
10.	LMBP RED OAK LP		21,525,447
TOTAL		\$	497,414,578
Total Taxable Value		\$	3,840,081,050
Principal Taxpayer Taxable Value		\$	497,414,578
Principal Taxpayer % of Total			12.9532%

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Discussion on Property Values

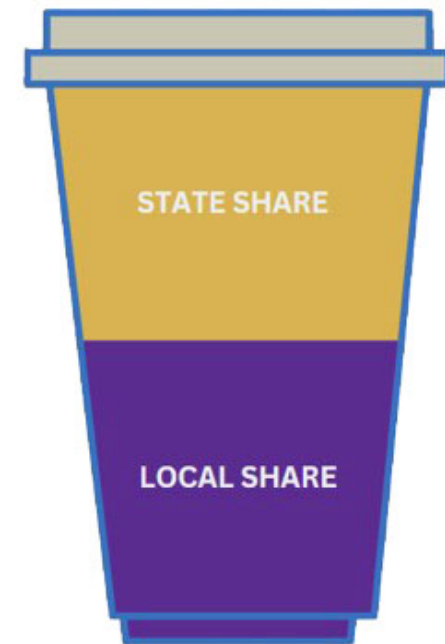


- **As part of the annual FIRST rating, information comparing the two (2) types of property values must be shared with the Board**
 - **Locally Certified Property Values (LCPV)**
 - Determined by the local County Appraisal District (CAD)
 - Used to project the tax collection revenue for the budget year
 - 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

Impact of the Property Value Study



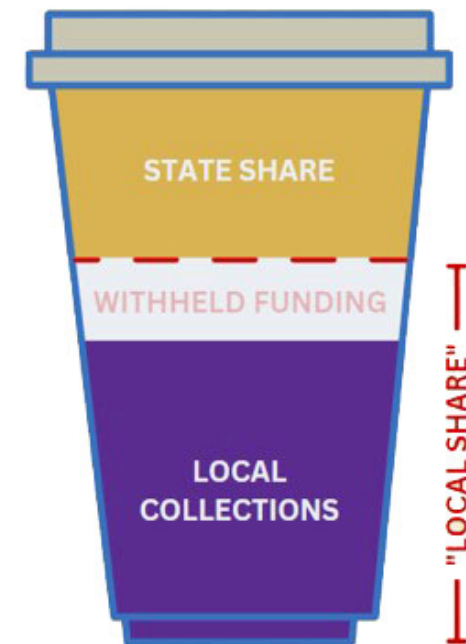
- The State will use the higher value between the CAD values and the PVS values
 - This is what the State feels the CAD should have used
- The problem is that the tax revenue was based on the CAD's value and not the PVS value
 - Legally, districts cannot collect property taxes on the values the State thinks they should be valued at



Impact of the Property Value Study



- The State then fills up the cup with state funds from the level that the State feels the local value should be at to collect the local share
 - This may result in significant funds withheld from the State's portion
- The district cannot raise additional taxes to make up the difference since the CAD values are not valued as high as the State wants them to be



Impact of Property Values



	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025 #
Property Value Used for Tax Collections (LCPV)	2,399,823,473	2,762,907,727	3,327,988,150	3,833,423,738	4,308,768,282
M & O Tax Rate	0.9939	0.9603	0.9429	0.7575	0.7552
Local Collections (at 100%)	\$23,851,845	\$26,532,203	\$31,379,600	\$29,038,185	\$32,539,818
Property Value used for State Calculations (SCPV)	2,289,353,605	2,631,222,870	3,278,505,043	3,581,097,693 #	3,903,396,485
Weighted ADA (WADA)	7,738	7,863	8,268	8,580	8,955
Wealth per WADA (if used SCPV)	295,866	334,641	396,535	417,398	435,899
Wealth per WADA (if used local values)	310,143	351,388	402,519	446,808	481,167
State Aid from the Foundation School Program	\$33,792,791	\$32,223,178	\$29,618,937	\$38,974,537	\$38,501,415
State Aid without the Fast Growth / Hold Harmless	\$32,378,945	\$32,223,178	\$29,346,659	\$36,981,896 #	\$38,087,585

Projected as of June 6, 2024

Agenda



- 2024-2025 Budget Development
- 2024-2025 Budget for Adoption
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Next Steps



- **Ask the Board to adopt the 2024-2025 Budget**
- **Continue to monitor the current year budget to actual revenues and expenditures**
- **Adopt the final 2024 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

