

BOARD OF EDUCATION DOCUMENT 28

The Board of Trustees of the Breckenridge Independent School District met in special session on Tuesday, August 25, 2009, 6:30 p.m., in the Board Room of the School Administration Building, 212 North Miller, Breckenridge, Texas.

The following Trustees were in attendance: Weldon Edwards, Bryan Woodward, Julie Erb, Todd Pennartz, Skip Griffith, Sandy Morris, and Koby Killion. All members were present.

Mr. Edwards called the meeting to order at 6:40 P. M. and established a quorum.

Mr. Teel, Superintendent, announced to board members dates and locations for upcoming board trainings and meetings.

Mr. Teel informed board members that due to an error in the junior high handbook regarding absences with extracurricular activities, a correction will be sent out to parents. Policy always overrides handbooks.

2009-2010 Budget

James Marris, Business Manager, provided handouts to board members that included the proposed budget for the 2009-2010 school year with a comparison to 2008-2009 budget figures. Mr. Marris also provided comparison sheets for local tax revenue and local vs. state revenue for both years.

Mr. Marris stated that this year's budget would be a tough one. Revenues have been affected by local tax revenue and values have dropped \$50 million, from \$754 million to \$704 million. This year's budget is based on a 97% collection rate versus 95% for the 2008-2009 budget. Local tax revenues have decreased \$344,000 and state revenues are down by \$23,000 from last year. Mr. Marris explained that budgets are never based on 100% collection, and it is advised to budget around 95 to 97% collection.

Mr. Teel inquired if a history check had been done to see what has been collected in the last several years. It has not, but Mr. Marris said that it would not be a problem to gather this information.

Tax revenues budgeted for this year are \$7,108,000, with the decrease in projected revenue due mainly to the decrease in local oil and gas income.

Mr. Marrs reported that last year was budgeted on 1418 average daily attendance (ADA). Mr. Teel explained the process for figuring ADA. For example, if you have 1519 students that attend 94% of the time, the ADA would be 1427. The state pays so much per child based on your ADA, and this dollar amount is state revenue and used to figure budget numbers. Mr. Teel also stated that we can do something about ADA, and the district needs to get to 96%. If we were to reach 97%, this would be good money. Encourage attendance! Last year the district dropped 100 students. Jackie Parks will start providing Mr. Teel with weekly reports by campus and students so that attendance can be monitored. Initially, TEA (Texas Education Agency) will look at last year's ADA data and pay us off of an estimate as to what our district should be earning. In September, a near final check is done to see if the district is over or under paid. The final settlement to adjust our state revenue dollars is in April. Don't overspend! Ms. Erb asked how summer school affects our ADA. It does not affect anything because most of the funding for summer school comes out of the district. Those present were informed that there is a truancy officer. Mr. Teel stated that we need to monitor what his impact has been for his first year. As a general rule, if a student is present for 2<sup>nd</sup> period classes, they are counted in attendance.

Another source of income for the district is stimulus money. BISD is receiving \$471,000, and part of this is to help pay for school raises; however, TEA suggests that other funds are used to pay for raises rather than stimulus dollars. Mr. Edwards asked how much teacher raises were going to cost the district. Mr. Marrs informed him that for raises only the cost to the district would be \$140,000. Even though House Bill 471 covers these raises, the stimulus funds are only for 2 years, and the district will have to fund this after the 2 year period ends. Right now the accounting requirements have not been made clear.

The proposed tax rate for 2009-2010 was reported by Mr. Marrs as follows: M & O - \$1.04 and Debt Service of .0835, for a total tax rate of \$1.1235. This debt service rate is a decrease of .0155 cents from last year's rate. He stated that there is an option to do a "Rollback Election" to add up to 13 cents more to the tax rate. Mr. Teel commented that

he wants to do a study of rollback elections across the state to determine the rate of success, and said that BISD must have options.

Mr. Marrs informed those present that last year there were excess collections in debt service. Since this was budgeted at 95% and more was received, it will allow us to use these excess collections in this year's budget to reduce the tax rate. He also said that you don't want to build up the I & S account. Mr. Killion asked if this excess could be applied to reducing bonds. Mr. Marrs explained that when the payment is set on bond payments, you cannot just reduce the principal unless you go back and refinance. Mr. Marrs also explained that taxpayers allowed enough to pay for the bond when it was approved, and it allows for percentage rate changes. Mr. Marrs provided the board with a tax rate comparison handout that gave a history of BISD tax rates from 1998-99 thru 2009-10. He also said that in 2007-08, the board voted not to add the "13 pennies". As valuations go up, tax rates go down.

A coding sheet was distributed that provided an explanation of accounting codes for revenue, expenditures and functions.

Mr. Marrs reviewed the 2009-2010 Budget Sheet with the board and explained line items. For 2009-2010, the general fund will fund food service \$39,169. According to Mr. Marrs, the majority of Texas schools fund their food service; last year, Early ISD funded their food service \$200,000. Mr. Teel remarked that we are not in business to make money on this. We just want to feed the kids and break even.

Most revenue income is down considerably from last year. Last year, \$150,000 was budgeted for interest income, and to date only \$42,000 has been collected due to lower interest rates. The same scenario applies to oil and gas revenues. For the 2009-2010 school year, \$40,000 is budgeted for interest earnings, \$50,000 for royalty revenues, and \$45,000 for football receipts. (Football receipts are decreased with only 4 home games this year.) The Booster Club gets the concessions, but we do not split our gate with the other team. Playoff games are split,

however. There are set fees for other playoff games, but this is not budgeted since it is an unknown. Mr. Teel said that the playoff games have both good and bad points. The games do help the community businesses, but the district has the added burden of paying employees to work the games, pay for referees, etc. When a district continually gets to the playoffs, you can start budgeting for this and then it is fun.

Mr. Marrs told the board that the General Fund, the M & O account is really the only fund the board has control of. State revenues, per capita funds, are allotted to districts with no set amounts. Last year these revenues were \$312,000, and for 2009-2010, they are \$153,000. Federal revenues are stimulus dollars.

The board reviewed the expenses on the budget comparison sheet provided. Mr. Marrs has met with all principals and made cuts, and the new payroll figures have been rolled into the budget. Mr. Marrs stated that the budget was \$1.1 million over revenue before he started cutting budget items. He said that he is looking at maintenance and athletics to cut first before cutting instruction. There will also be adjustments to make for accruals and budget amendments. Also, August accruals are not in the figures yet, so the numbers will be in the hole about \$400,000 at the end of 2008-2009. The current Fund Balance is \$2.6 million.

Mr. Griffith requested that the affects of budget amendments be explained further in the future so the board can gauge where the district will be at the end of the year. The deficit at the end of 2008-2009 is approximately \$536,121. Mr. Teel asked Mr. Richey and Mr. O'Dell to each cut \$200,000 out of their budgets (\$400,000). When visiting campuses, Mr. Teel says he sees under and overstaffing, misused facility space, and obsolete equipment. There is over and under staffing in different areas. He stated that it is nice to supply students equipment, but we may need to cut some of this out eventually. Mr. Teel and Mr. Marrs are going to do studies to make changes. Mr. Marrs told the board that on August 31<sup>st</sup>, the district will have a balanced budget. Mr. Marrs told the board that they must think outside the box. As an example, he said that Bangs ISD cut out all travel. What is

the area that we can do without? Board members commented that with the economy, they think the community will expect this and be sympathetic. Mr. Teel interjected that historically, educators do not understand this, and it is the board's role to open doors.

Mr. Woodward asked what "East End Coop" was. He was told that it is a shared group for special education. Ms. Erb also asked about payment from East End Coop and was told that federal monies were used to fund part of this.

Mr. Teel explained to the board that the district has to have a long-range plan. Things are going to get tougher. When someone retires, the district might look at not replacing that individual. He again emphasized that the district is over and understaffed. Take care of students! The babies (younger students) need more teachers than the older students. At South Elementary, there are 3 teachers and 1 aide for 45 students. The key is student/teacher contact in the classroom. We will have to rethink some of these things.

Mr. Edwards stated that it is important to let the public know we are all united to save the taxpayers' money. Mr. Griffith added that he hopes everyone will stay on board together for a while so that more can be accomplished.

Mr. Marrs told the board that between now and next Monday he will be making tough decisions to balance the budget, "not because we want to, but because we have to. We have a tough road ahead of us, and a lot of people on campuses will not be happy." Mr. Teel said that he would visit with campuses and administrators to explain what we are dealing with. The board told Mr. Teel that they had been receiving good feedback from the community from Mr. Teel's visits to the campuses, etc. Mr. Griffith suggested publishing something in the newspaper that would show the taxpayers how the tax rates have dropped over a ten-year period. He also stated that this budget meeting was most informative.

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Breckenridge, TX 76424  
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Adjournment

Mr. Edwards adjourned the meeting at 8:26 P.M.

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**Weldon Edwards, President**

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**Date**

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**Julie Erb, Secretary**