



Introductory Section

Galena Park Independent School District

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Kenneth Wallace Deputy Superintendent for Educational Support and School Administration
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Crystal Murray..... Assistant Superintendent for Communication Services
Arnold Ramirez Assistant Superintendent for Human Resource Services
John Moore Assistant Superintendent for Operations

Mission Statement

The mission of the Galena Park Independent School District is to prepare students to become productive citizens and lifelong learners.

Motto

Leading... Learning... Serving



Galena Park Independent School District

Executive Summary

Budget Information

Budget planning is 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 are considered. Budget planning and evaluation are continuous processes and are a part of each month's activities.

The District's fiscal year runs September 1st through August 31st. A budget must be adopted no later than August 31st of each year. The Board of Trustees shall publish a notice and conduct a public hearing regarding the budget prior to adoption of the budget. The District must also publish a notice regarding the proposed budget on the District website.

At a minimum, the Board of Trustees must adopt a budget that includes the General Fund, Food Service Fund and Debt Service Fund. The budget is to be adopted at the function code level; therefore, any changes to the budget at the functional level shall be approved by the Board of Trustees prior to exceeding a functional expenditure category.

The adopted budget shall be reported to the Texas Education Agency (TEA) on an annual basis through the fall Public Education Information System (PEIMS) submission.

The Deputy Superintendent for Operational Support/Chief Financial Officer is responsible for coordinating the development and adoption of the District budget.

Planning and development begins in January each year with the Superintendent and administrative leadership team determining the parameters to be used as a guide for the resource allocation process. The budget must effectively reflect the programs and activities offered by the District and provide the resources to implement them. Revenue projections based on estimates of local tax revenue, enrollment projections, state funding formulas, and other significant factors are prepared, subject to revenue limitations as outlined in the Texas Education Code.

Each campus and department receives an allocation as part of the District's general fund budget, providing an opportunity for the campus or department to budget the allocation to meet their needs. With Average Daily Attendance (ADA) being a driving force of revenue, projected ADA is used to determine the allocation for each campus,

while department allocations are based on the prior year allocation including any permanent increases or decreases that occurred during the year.

The compensation budget comprises nearly 80% of the General Fund budget, and is developed by analyzing prior year expenditures and taking into consideration vacant positions, additional approved positions, salary increases, and increases to benefit costs.

Principals and directors submit their proposed allocations to the Business Services Department for compilation, summarization, and preparation of a draft budget, prioritizing requests and reductions in accordance with the Superintendent's parameters. The preliminary budget is then presented and discussed with the Board of Trustees. The proposed budget must be prepared by August 20th for the September 1st fiscal year start date. The Board President must call a Board meeting for the purpose of discussing and adopting the budget and tax rate; a public notice of which is required to be published at least 10 days, but not more than 30 days, prior to the public meeting.

Source: Galena Park ISD Board Policy Manual <http://pol.tasb.org/Policy/Search/590?filter=CE>



Significant Budget changes for 2015-16

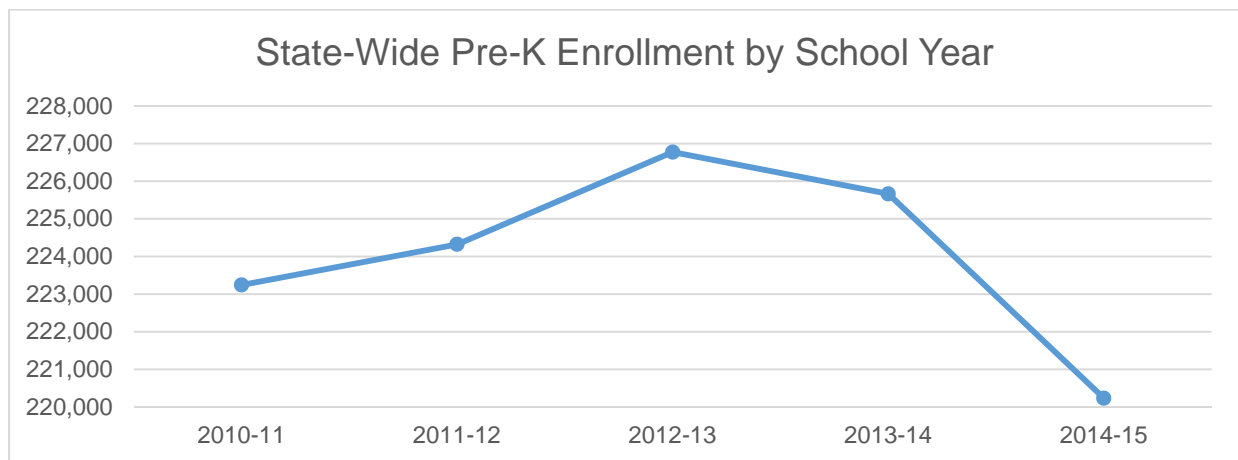
- Addition of new Early College High School
 - 1 Principal
 - 7 teacher positions
 - 1 counselor
 - 2 secretary Positions
 - 3 food service positions
 - New operating budget for campus
- 3% of midpoint general pay increase for all employees
- Various new positions approved by Board of Trustees
 - 5 regular teacher positions, due to continued increases in enrollment.
 - 2 Structured Learning Class teachers, due to the increase in special needs students identified as autistic.
 - 1 Positive Approach for Student Success teacher, due to an increase in special needs students identifies with behavioral disabilities.
 - 10 Structured Learning Class aides, due to the increase in special needs students identified as autistic.
 - 1 Positive Approach for Student Success aide due to an increase in special needs students identifies with behavioral disabilities.
 - 5 Limited English Proficiency clerks, to be shared between campuses experiencing the largest increase of LEP students.
 - 5 bus drivers, required due to the change in Pre-kindergarten dismissal time as well as facilitating new route with the Early College High School.
 - 1 Counselor, to facilitate a campus which previously had to share a counselor with a nearby campus.
 - 1 Librarian, to facilitate a campus which previously had to share a librarian with a nearby campus.
 - 1 Student Nutrition specialist, due to the increases in enrollment and participation in student meals.
 - 1 Tax office clerk, replacing a temporary worker position.
 - 1 Security guard, replacing a substitute worker position.
 - 2 custodians, floaters to fill-in when employees are absent. This pilot program is to attract better manual trade candidates. They would be paid the starting custodian hourly rate instead of the substitute rate.
 - 1 Computer Network technician, due to the increase in use and types of technology by students and staff.
- Renegotiated energy contract for rate of .0529 for up to 24 months
- Decrease in property insurance renewal premiums
- Increase for Technology upgrade projects
- Increase for security projects and contracted officers
- Increase for athletic workers and scoreboard operation
- Increase in costs of Dual Credit program

Significant Budget Action Items for 2015-16

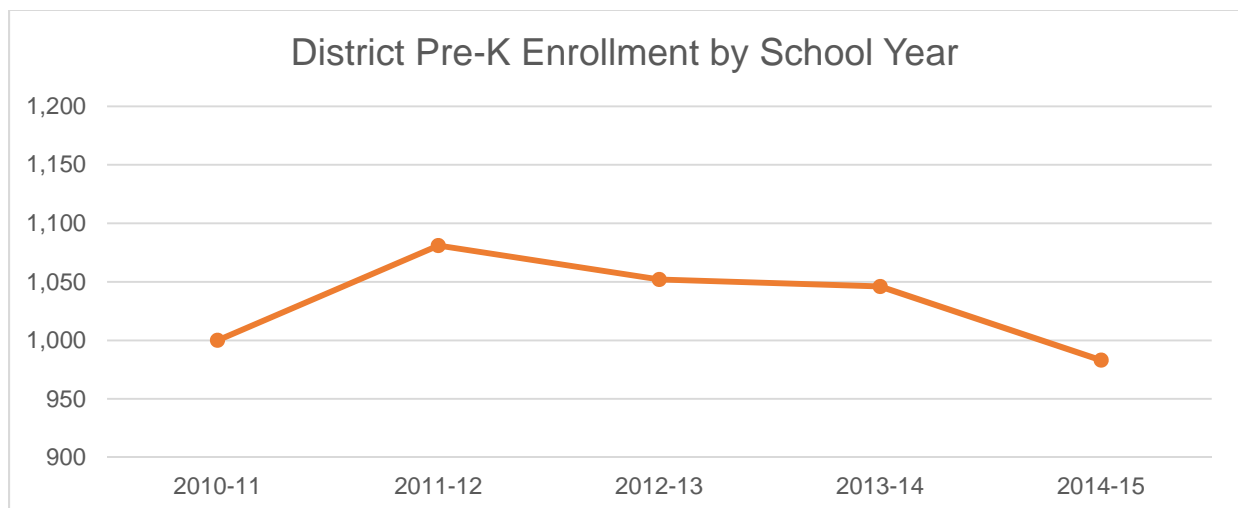
The Texas Legislature holds a regular session of 140 days every two years, beginning on the second Tuesday in January of each odd-numbered year. The 84th Legislative Session began January 13th and ended June 1st, 2015. The following House Bills (HB) and Senate Bills (SB) were passed during this session, and will prove to have an impact on school district budgets state wide.

HB 4: High Quality Pre-Kindergarten

Provides up to \$1,500 in half day Foundation School Program (FSP) funding for each eligible student attending a kindergarten program that meets TEA's rules and guidelines for high-quality pre-kindergarten instructional settings. These rules and guidelines are still being developed by TEA. A total of \$130 million has been appropriated to the state budget for this, and the state-wide grant may not exceed this limit for 2016-2017.



Source: Forecast 5



HB 114: Capital Appreciation Bonds

New restrictions related to facility financing by issuing capital appreciation bonds (CABs), requiring a maturity date of 20 years or less after the date of issuance, and disclosure of all cost estimates associated with the issuance. Debt information must be posted on the district's website, in addition to minutes of board action items related to the issuance of CABs

HB 1305: State Compensatory Education Allotment and Operation of National School Lunch Program

Students considered to be economically disadvantaged will now be calculated by averaging the best six month's number of students eligible for enrollment in the National School Lunch Program (NSLP). The number of economically disadvantaged students in a district affects the allotment for state compensatory education funds. This bill allows a district to participate in either the NSLP or a locally funded program at each campus of the district. Additionally, if 80 percent of students on a campus qualify for free or reduced lunch under these programs, the district may provide free breakfast to all students on said campus.

HB 1378: Debt Disclosure on District's Websites

School districts are required to prepare an annual report that includes debt information as of the last day of the preceding fiscal year.

HB 2610: Redefining the Length of the School Year

New measurement standards redefine the length of the school year from 180 days of instruction to 75,600 minutes of instruction; a day of instruction is defined as 420 minutes of instruction. School districts may add additional minutes to future scheduled days to compensate for minutes of instruction when campuses are closed for health and safety reasons. This change affects how student Average Daily Attendance is calculated.

SB 1: General Appropriations Act

This contains comprehensive funding appropriations for all sectors of state government. Amendments to the act include an increase to the residential homestead exemption from \$15,000 to \$25,000, a constitutional amendment approved by voters on November 3rd, 2015. To offset the anticipated decrease in collectable property tax revenue, TEA's "hold harmless" provisions allow for additional state aid distributions for the 2015-16 and 2016-17 school years.

Source: Canby, Tom (2015, August) Action Items for 2015-16. TASBO REPORT, Vol.40 Issue 3, 10-13

Budget Overview and Highlights

Development of the District Budget follows federal, state, and local guidelines. Annually, the Board of Trustees reviews and adopts General Fund, Food Service, and Debt Service funds. Total budgeted revenues for fiscal year 2015-16 are \$232,399,651, and total budgeted expenses are \$232,821,571. The District has sufficient fund balance reserves available to cover the budgeted overall deficit of \$421,920.

	Beginning Budget 2012-13	Beginning Budget 2013-14	Beginning Budget 2014-15	Adopted Budget 2015-16
<i>Revenues</i>				
General Fund	\$165,021,238	\$175,341,967	\$191,239,000	\$198,118,373
Food Service	13,298,342	13,876,482	14,068,218	14,009,964
Debt Service	16,898,250	19,647,617	19,627,139	20,271,314
	\$195,217,830	\$208,866,066	\$224,934,357	\$232,399,651
<i>Expenditures</i>				
General Fund	\$170,799,364	\$176,568,260	\$190,215,101	\$198,118,373
Food Service	13,538,239	14,074,042	14,369,544	14,640,820
Debt Service	20,200,000	19,647,617	19,627,139	20,062,378
	\$204,537,603	\$210,289,919	\$224,211,784	\$232,821,571
<i>Net change to Fund Balance</i>	(\$9,319,773)	(\$1,423,853)	\$722,573	(\$421,920)

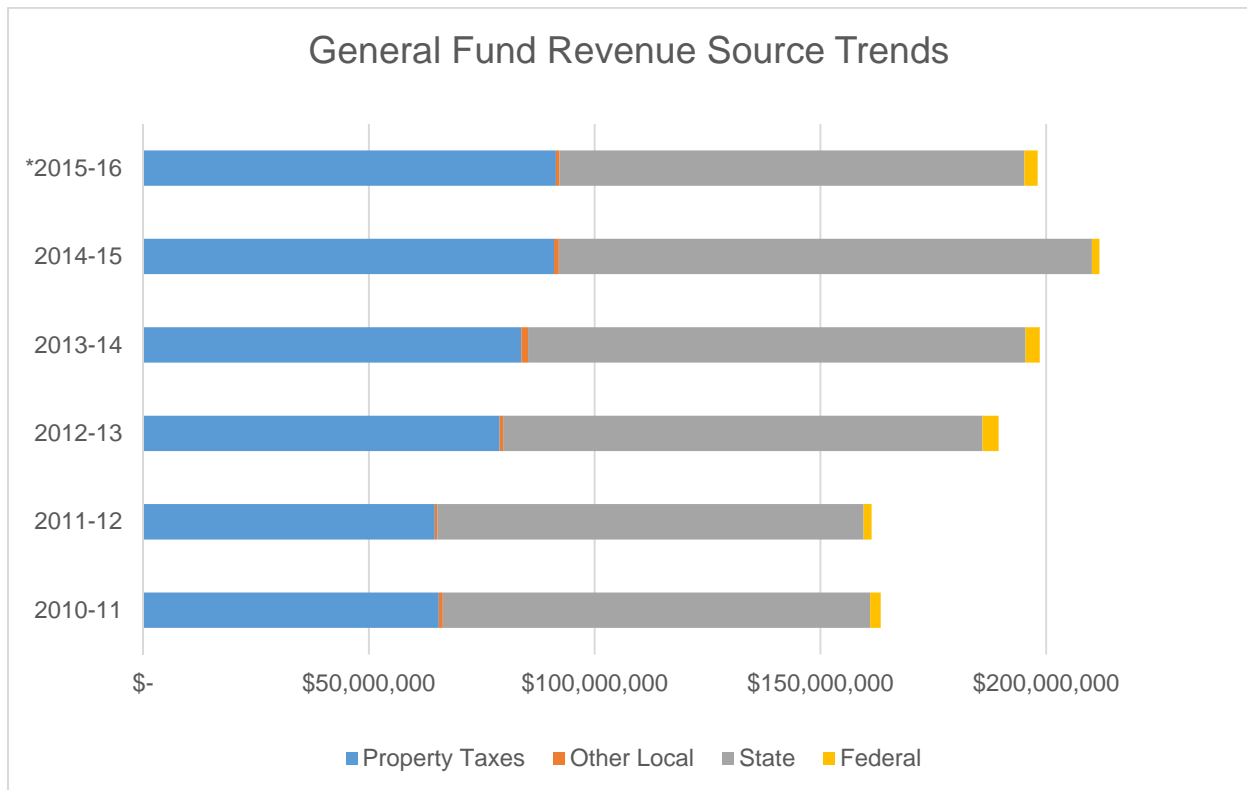


General Fund

Revenues

The Chief Financial Officer prepares revenue projections for all funds, based on estimates of local tax revenue, enrollment projections, State funding formulas, and other significant factors. The District is subject to revenue limitations as outlined in the Texas Education Code; under the target revenue system, the District's maintenance and operations revenues from property taxes and state aid are capped. As collections from property taxes increase, state aid is reduced by a similar amount.

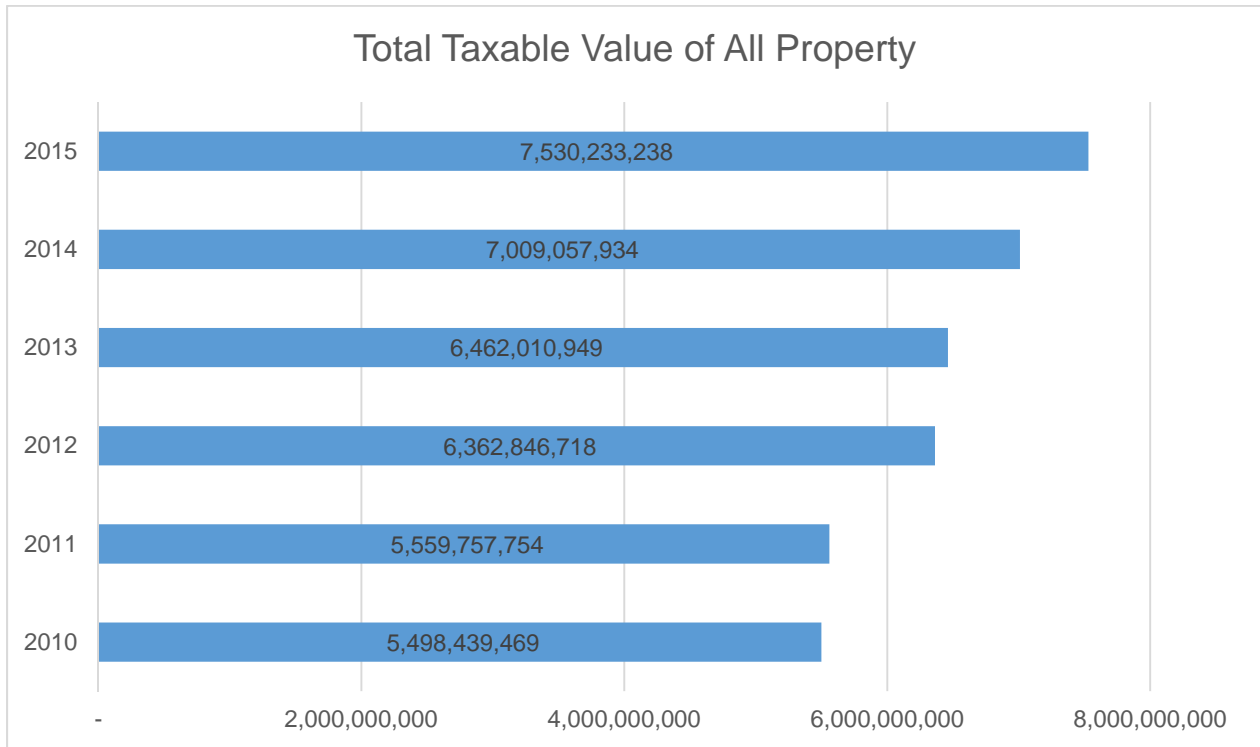
Total General Fund revenue collected for fiscal year 2014-15 was \$211,801,282, with the 2015-16 budget anticipating \$198,118,373.



*Budget

The graph above shows total General Fund revenues collected by the District for the prior five fiscal years, and the budgeted amount for the current fiscal year.

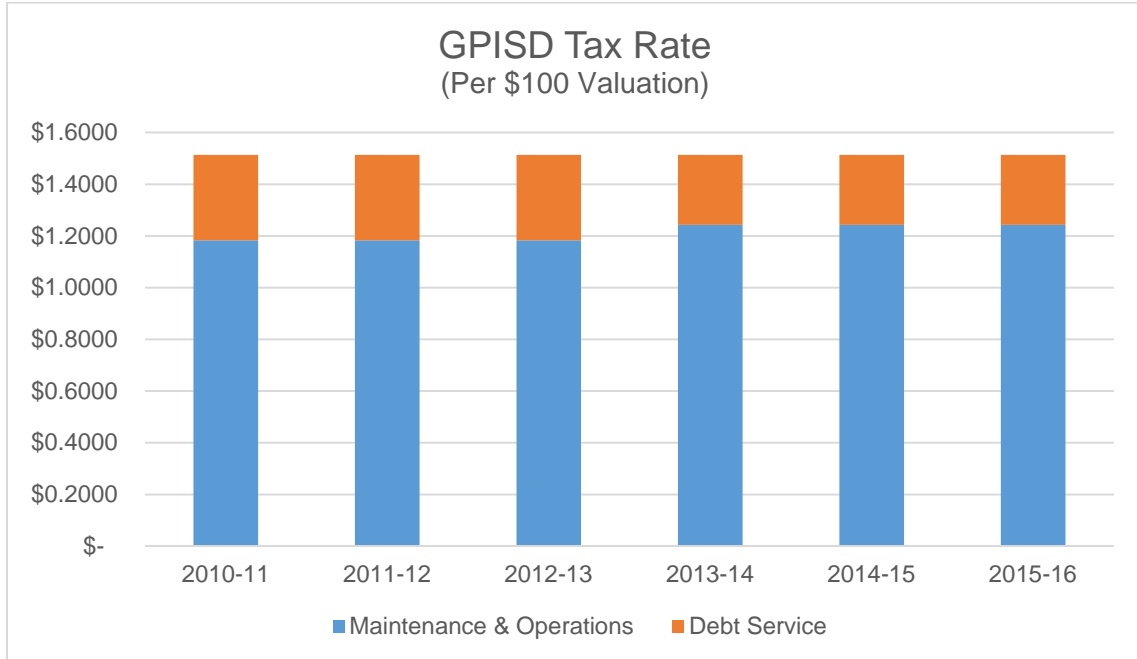
Property taxes are the District's most significant source of local revenue, usually comprising 40% of all revenues recognized and received. Local property values have steadily risen over the past six years, as shown in the graph below.



Taxable Value is defined by Section 1.04(10), Tax code. Amounts equal to beginning certified taxable values

Property values are determined by the Harris County Appraisal District as of January 1st of each year. Prior to September 1st of each year, the District must adopt its annual budget and as soon thereafter as practicable, shall adopt a tax rate thus creating the tax levy.

The tax rates applicable to the maintenance and operation and debt service for 2015-16 were \$1.24330 and \$0.27010, respectively, based on a taxable value of \$7,530,233,238. Uncollected taxes are recorded as unavailable revenue in the fund financial statements net of the related allowance for uncollectible taxes.

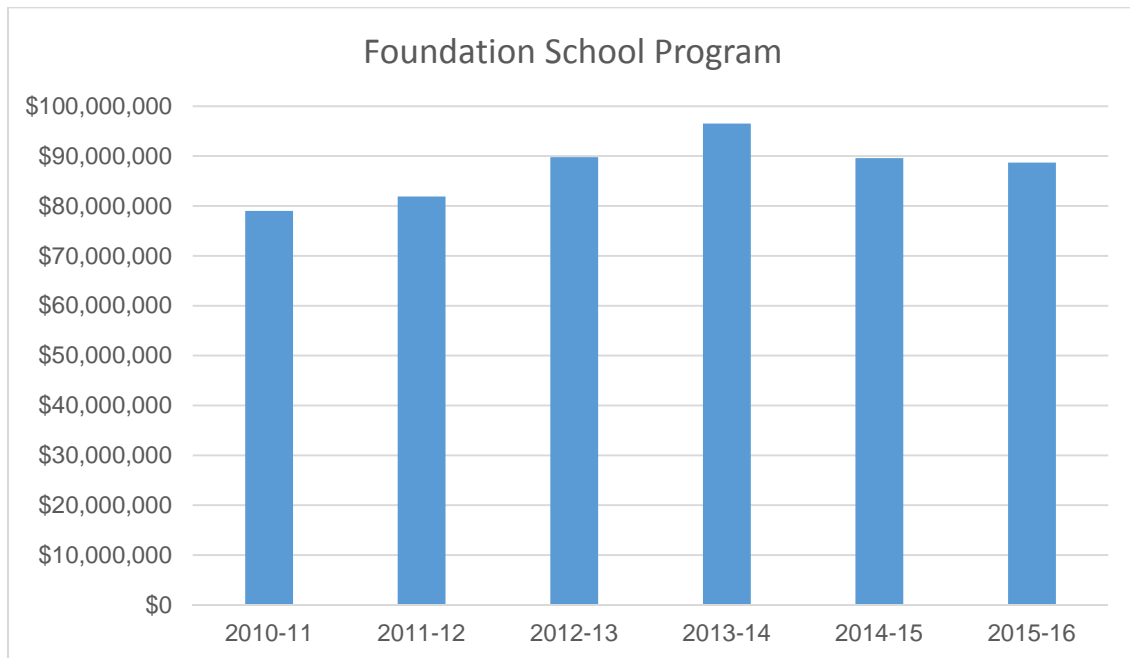


The District has maintained a consistent overall tax rate of \$1.5134/\$100 property tax valuation. The rate collected for Maintenance & Operation increased for the fiscal year 2013-14, but this increase was offset by a decrease in the rate collected for Debt Service. The District has made every effort to refund outstanding bonds when possible to lower the debt service requirement.

Under the Texas Constitution, Texas school districts and charter schools receive payments from the Available School Fund (ASF) for all enrolled eligible students. The ASF is primarily made up of revenue generated by both the state's fuel tax and the Permanent School Fund. Districts and charter schools receive these "per capita" payments based on prior-year average daily attendance (ADA). The payment rate per ADA (the distribution rate) is adopted each year by the State Board of Education.

The ASF serves as a method of finance for the Foundation School Program (FSP), the primary source of state funding for Texas school districts. This program ensures that all school districts, regardless of property wealth, receive "substantially equal access to similar revenue per student at similar tax effort."

The following graph shows the Foundation School Program amounts received by the district for the past five years, plus the anticipated amount to be received in the current fiscal year.



Expenditures

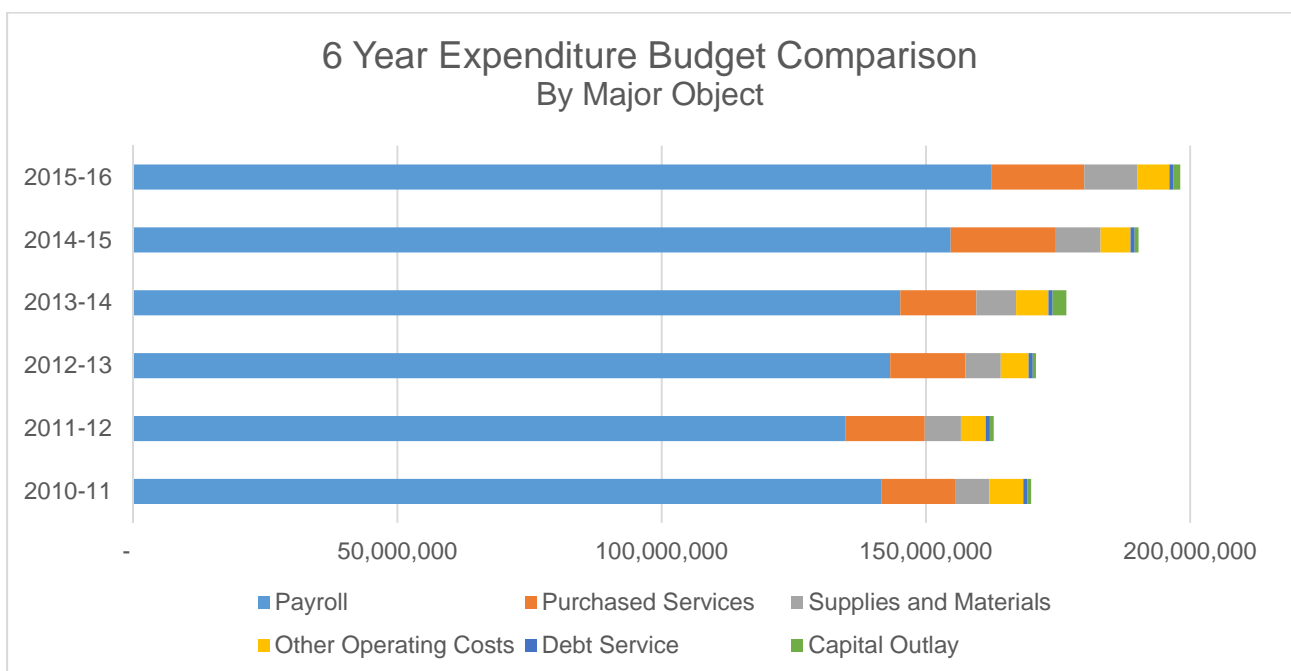
General Fund expenditures are budgeted to increase \$7,903,272 or 4.15% over the 2014-15 beginning budget expenditures.

The following table provides a comparison by Major Object for the 2014-15 and 2015-16 beginning budgets.

	Beginning Budget 2014-15	Beginning Budget 2015-16	Percentage change	Percentage of Total
Payroll	\$154,664,934	\$162,330,439	4.96%	81.94%
Contracted Services	19,752,534	17,617,376	-10.81%	8.89%
Supplies and Materials	8,569,706	10,080,503	17.63%	5.09%
Other Operating Costs	5,621,668	6,020,963	7.10%	3.04%
Debt Service	798,600	798,600	0.00%	0.40%
Capital Outlay	807,659	1,270,492	57.31%	0.64%
Total	\$190,215,101	\$198,118,373	4.15%	100.00%

The mission of the Galena Park Independent School District is to prepare students to become productive citizens and lifelong learners. Education is a very labor-intensive process, and the budget reflects this by allocating nearly 82% to payroll expenditures

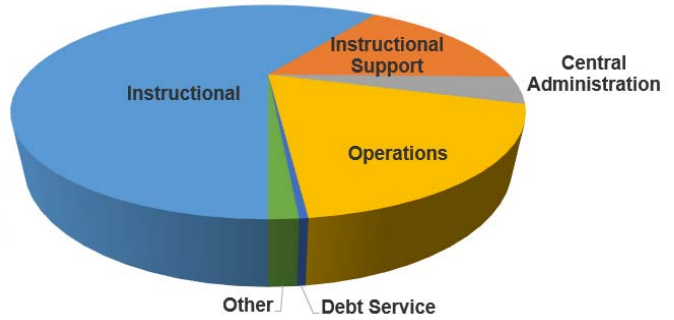
Payroll budget is based on established guidelines and enrollment projections for each campus. Approval for additional staff must be approved by the Board of Trustees; forty-nine new positions were approved for fiscal year 2015-16, largely due to increased enrollment and the addition of the new Early College High School.



The following graph shows the District's 2015-16 General Fund by Major Functional area. Over 75% is dedicated to Instructional and Instructional Support, with less than 25% allocated to areas of Administration and Operations.

General Fund Budget by Major Area

Instructional	\$ 118,213,997	59.7%
Instructional Support	31,142,272	15.7%
Central Administration	8,332,738	4.2%
Operations	36,995,450	18.7%
Debt Service	798,600	0.4%
Other	2,635,316	1.3%
Total	\$ 198,118,373	

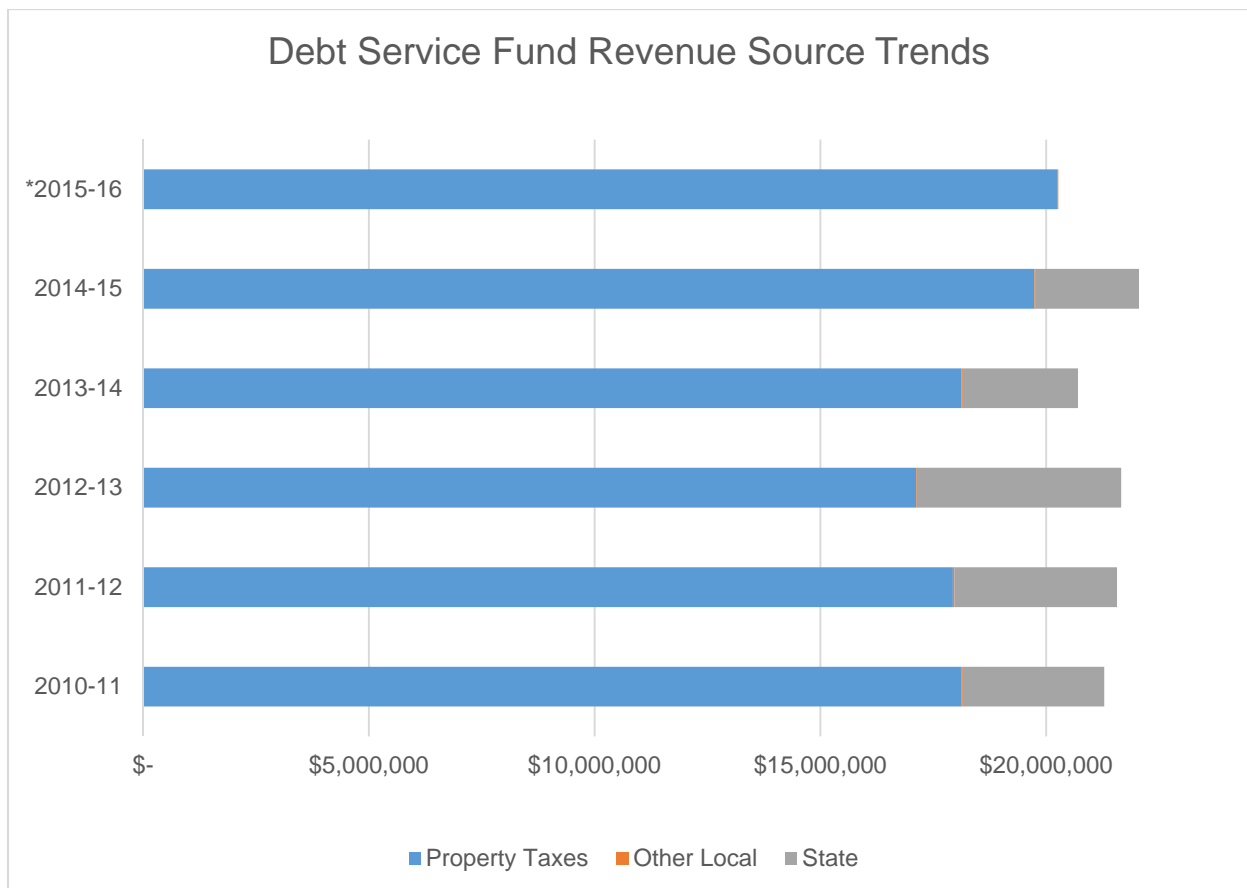


Debt Service

Revenues

The Debt Service Fund is used to account for the payment of interest and principal on all bonds of the district. The primary sources of revenue for the Debt Service Fund are local property taxes.

Total Debt Service Fund revenue collected for fiscal year 2014-15 was \$32,071,685, with the 2015-16 budget anticipating \$20,271,314. Due to the increase in the District's property tax values, state funding assistance for debt payments will no longer be received.



*Budget

Expenditures

Debt Service Fund expenditures are budgeted to increase \$435,239 or 2.22% over the 2014-15 beginning budget expenditures.

The following table provides a comparison by Object for the 2014-15 and 2015-16 beginning budgets.

	Beginning Budget 2014-15	Beginning Budget 2015-16	Percentage change	Percentage of Total
Bond Principal	\$10,244,320	\$11,511,816	12.37%	57.38%
Interest on Bonds	9,374,819	8,542,562	-8.88%	42.58%
Other Debt Service Fees	8,000	8,000	0.00%	0.04%
Total	\$19,627,139	\$20,062,378	2.22%	100.00%

All Principal and interest payments are due February 15th and August 15th of each year. On February 1st of each year, outstanding taxes become delinquent, which permits the collection of a large majority of taxes levied before the long term debt payments are due.

Total outstanding debt as of August 1st, 2015 is \$380,815,239.

In an effort to introduce more transparency into local government spending and debt obligations, the District posts details about bond and debt information on the District's website no later than one business day after the public notice of bond election, including details about the bond package(s) up for vote and current outstanding debt obligations including bonds, certificates of obligation, other debt, and the date of the election. This information can be found on the financial page of www.galenaparkisd.com.

Additionally, the District notifies the Texas Comptroller of Public Account's office via email when the bond election information has been posted to the website. Currently the District holds platinum level membership in the Texas Comptroller Leadership Circle.

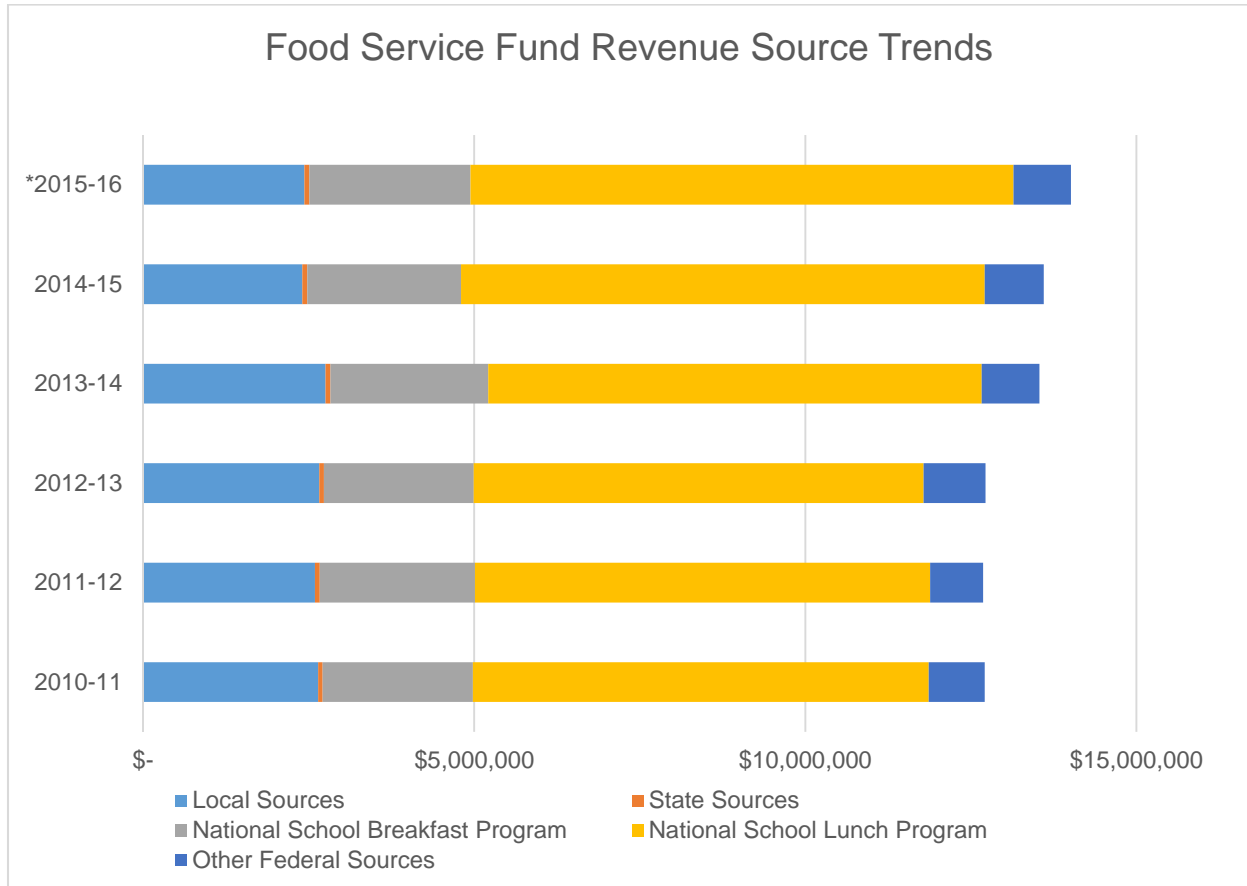


Texas Comptroller
Leadership Circle

Food Service

Revenues

The Food Service Fund is used in the operation of the district's cafeterias. Total Food Service Fund revenue collected for fiscal year 2014-15 was \$13,605,920, with the 2015-16 budget anticipating \$14,009,964.



* Budget

Local revenues for the Food Service Fund consist of charges to users. Federal revenue is received from the U.S. Department of Agriculture under the National School Lunch Program (NSLP) and National School Breakfast Program (NSBP). Federal revenues are approximately 80% of the revenue collected.

The National School Lunch Program is a federally assisted meal program operating in public and nonprofit private schools and residential child care institutions. It provides nutritionally balanced, low-cost or free lunches to children each school day. The program was established under the National School Lunch Act, signed by President Harry Truman in 1946.

Source: United States Department of Agriculture <http://www.fns.usda.gov>

NSLP and NSBP eligibility is based on federal poverty guidelines. Eligibility for the District to receive funds under the program is based on whether or not a student's family falls within the income eligibility guidelines of NSLP, but the student's participation in the program is not required. Income eligibility guidelines can be found on the United States Department of Agriculture website.

Expenditures

Food Service Fund expenditures are budgeted to increase \$271,276 or 1.89% over the 2014-15 beginning budget expenditures.

The following table provides a comparison by Major Object for the 2014-15 and 2015-16 beginning budgets.

	Beginning Budget 2014-15	Beginning Budget 2015-16	Percentage change	Percentage of Total
Payroll	\$5,677,290	\$5,719,815	0.75%	39.07%
Purchased Services	586,529	358,805	-38.83%	2.45%
Supplies and Materials	7,871,925	8,000,500	1.63%	54.65%
Other Operating Costs	81,800	33,700	-58.80%	0.23%
Capital Outlay	152,000	528,000	247.37%	3.61%
Total	\$14,369,544	\$14,640,820	1.89%	100.00%

Over 90% of the Food Service expenditures are related to payroll and food costs.



Trends and Forecasts

Public Education Information Management System

The Public Education Information Management System (PEIMS) encompasses all data requested and received by TEA about public education, including student demographic and academic performance, personnel, financial, and organizational information.

The data collected through the PEIMS electronic collection method has:

- A standard set of definitions, codes, formats, procedures, and dates for the collection of data published as the PEIMS Data Standards;
- Standard edit procedures;
- An established database design;
- A production system to format and load data into the TEA enterprise database; and
- Written documentation describing the numeric and alphanumeric values stored in the database published as the Data Documentation.

TEA manages other collections for evaluation, monitoring, funding, or auditing. Many are automated, electronic collections. Currently, the major categories of data collected are:

- Organizational
- budget
- actual financial
- staff
- student demographic
- program participation
- school leaver
- student attendance
- course completion
- discipline

In compliance with the Texas Education Code, PEIMS contains only the data necessary for the legislature and TEA to perform their legally authorized functions in overseeing public education. Due to the information included in the PEIMS data, it is a very beneficial source to use for identifying and analyzing trends.

Budget Forecast

Many factors must be considered when formulating a long range budget forecast, including enrollment projections, property tax valuation estimates, State aid estimates, legislative changes and economic conditions.

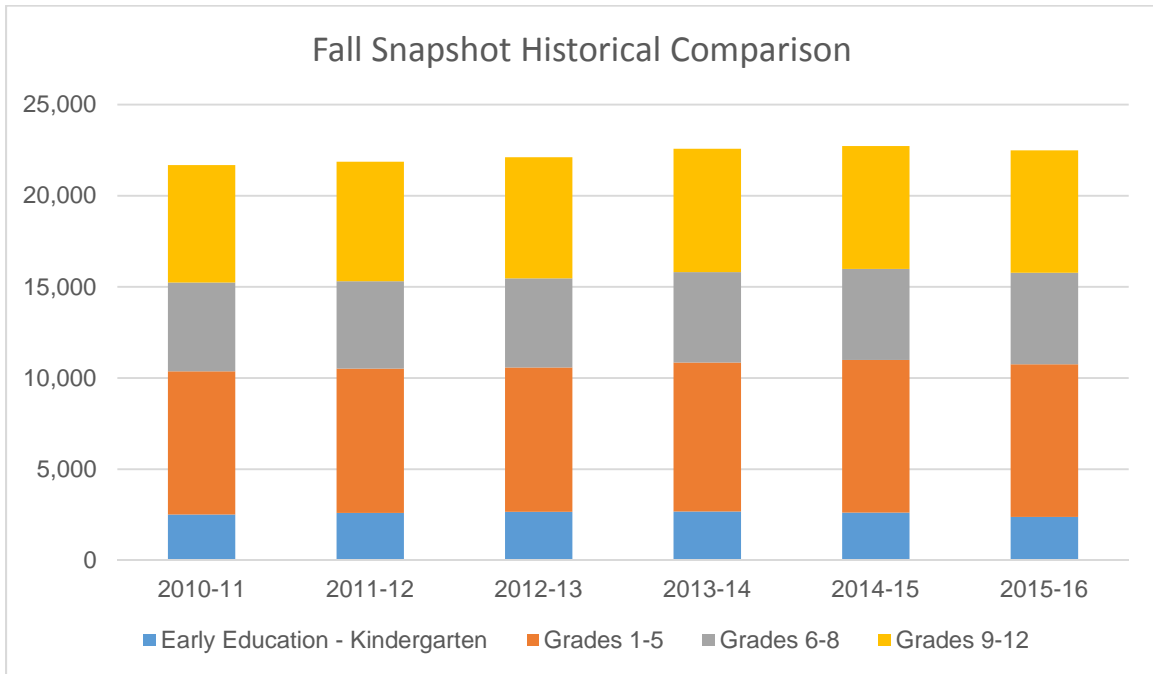
	Budgeted 2015-16	Projected 2016-17	Projected 2017-18	Projected 2018-19
<i>General Fund</i>				
Total Revenue	\$198,118,373	\$208,116,816	\$206,678,813	\$209,204,043
Total Expenditures	(198,118,373)	(206,616,931)	(212,627,335)	(219,591,457)
Other Uses				
Change in Fund Balance	\$0	\$1,499,885	(\$5,948,522)	(\$10,387,414)
Fund Balance - Beginning	\$122,663,335	\$122,663,335	\$124,163,220	\$118,214,698
Fund Balance - Ending	\$122,663,335	\$124,163,220	\$118,214,698	\$107,827,284
<i>Debt Service</i>				
Total Revenue	\$20,271,314	\$19,600,000	\$19,600,000	\$19,600,000
Total Expenditures	(20,062,378)	(19,587,995)	(19,585,895)	(19,586,220)
Other Uses				
Change in Fund Balance	\$208,936	\$12,005	\$14,105	\$13,780
Fund Balance - Beginning	\$4,024,629	\$4,233,565	\$4,245,570	\$4,259,675
Fund Balance - Ending	\$4,233,565	\$4,245,570	\$4,259,675	\$4,273,455

Changes in Debt

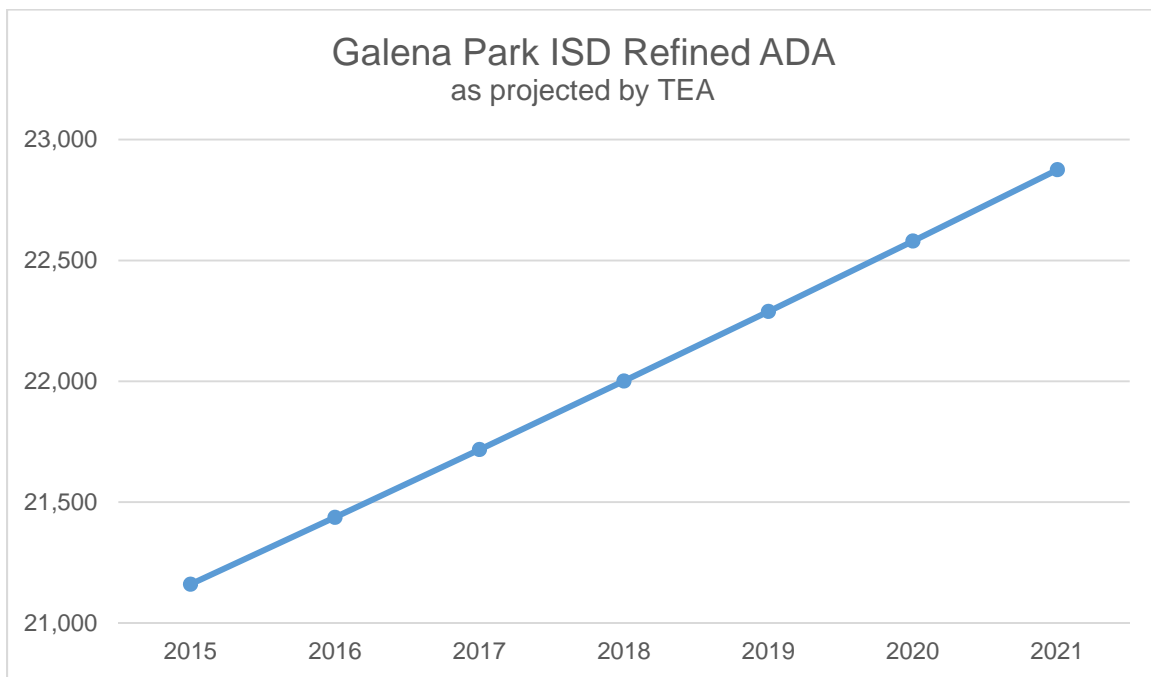
The District refunded the Series 2005, 2006 and 2007 Bonds to reduce outstanding principal by \$17,631,543, decreasing future interest payments by \$17,401,716 for a total savings of \$35,033,259 through 2034.

Student Enrollment

The following chart details the enrollment data as of the PEIMS snapshot (final Friday in October). Snapshot provides an overview of public education in Texas, at both the state and district levels, and includes almost 100 separate data elements to either browse or download. Snapshot also combines the data into summary tables based on specific characteristics, and its peer-search function allows a user to group districts according to shared characteristics.



Attendance projections are estimates of student average daily attendance by program or instructional setting. The Texas Education Agency develops these projections and provides them to the Texas Legislature by March 1st of each odd-numbered year. The legislature then uses these projections to determine the cost of public education for the next biennium. The finalized numbers are used for the legislative planning estimates (identified as LPE) found in the Summary of Finances state aid reports.



Source: Texas Education Agency <http://tea.texas.gov>

State law requires every Texas school district to adopt an attendance accounting system that includes procedures to ensure the accurate recording and reporting of student attendance data. The Student Attendance Accounting Handbook (SAAH) contains the official attendance accounting requirements that all public school districts and open-enrollment charter schools in Texas must meet. The agency collects student attendance data primarily to ensure that Foundation School Program (FSP) funds can be correctly allocated to Texas’s public schools.

The SAAH:

- describes the FSP eligibility requirements for all students
- prescribes the minimum standards for all attendance accounting systems
- lists the documentation requirements for attendance audit purposes
- details the responsibilities of all district personnel involved in student attendance accounting

The updated SAAH can be found on the Texas Education Agency’s website.

Economic Disadvantaged

In order to comply with state and federal legislative mandates, it is necessary that each school district and charter school determine the economic disadvantaged status of each student for PEIMS reporting purposes. This PEIMS Submission guideline is necessary to meet a number of state legislative requirements, including student eligibility for prekindergarten programs and evaluation of student group performance for state accountability purposes. In addition, federal requirements mandate annual reporting by states using eligibility for free and reduced-price lunch status. Counts of students eligible for the program are required to be reported by states, and disaggregation by economic status of performance, participation, school completion, and other measures is a required component of the mandatory federal data collection.

Roughly 80% of the District's student population are classified as Economic Disadvantaged, either through eligibility to participate in the NSLP or other qualifying status.

