

Pleasant Grove Independent School District
2020-2021 Official Budget Book



PLEASANT GROVE
INDEPENDENT SCHOOL DISTRICT

Texarkana, Texas – Bowie County
www.pgisd.net

Pleasant Grove Independent School District

Central Services
8500 North Kings Highway, Texarkana, TX 75503

Board of Trustees

Amy Damron - President
Chris Barker - Vice President
Ross Sarine - Secretary
Mark Addington - Member
Lorie Son - Member
Kathleen Young - Member

Administrative Officials

Chad Pirtle - Superintendent
Julie McClurg - Director of Learning Services
Bill Harp - Director of School Services
Derick D. Sibley, RTSBA - Director of Finance

Pleasant Grove Independent School District

Consultants & Advisors

Auditors

Wilf & Henderson, P.C.

1810 Galleria Oaks Drive
Texarkana, TX 75503

Financial Advisor

Hilltop Securities

1201 Elm Street, Suite 3500
Dallas, TX 75270

General Counsel

Walsh Gallegos, P.C.

105 Decker Court, Suite 600
Irving, TX 75062

Depository Bank

Farmers Bank & Trust

2900 St. Michaels Drive
Texarkana, TX 75503

Architects

Lewis Architects Engineers

11225 Huron Lane, Suite 104
Little Rock, AR 72211

Facts about Pleasant Grove ISD

Pleasant Grove ISD is a political subdivision of the State of Texas and is located in northeast Bowie County. The District covers an area approximately 64 square miles. The first school in the Pleasant Grove area was established in 1877. The area that now comprises Pleasant Grove ISD formally included several smaller districts. In 1916, the Baker District and the Morris District united and became the Pleasant Grove Consolidated School District. The District was renamed Pleasant Grove ISD in September 1978. Located in a rural area, Pleasant Grove ISD operated only an elementary school for many years. As the City of Texarkana grew to the north to include the Pleasant Grove area, patrons and school officials began to consider the feasibility of establishing a secondary school in the district.

A comprehensive study in 1976 called for the addition of a secondary school program. Later in that year, a \$1,800,000 bond issue was passed, and Pleasant Grove Junior High School opened in August 1977 to serve students in grades seven through nine. The facility was enlarged in 1980 to include a classroom annex for sixth grade students and an industrial arts complex.

The growing population of the area, the increasing enrollment in the schools, and the continued interest in providing for the educational needs of all students in the PGISD prompted the Board of Trustees to appoint a 24-parent advisory committee in 1982. The committee recommended the establishment of a high school program in PGISD and the restructuring of the campuses. Studies completed in 1980 and 1981 also called for the establishment of a high school in Pleasant Grove.

In February 1983, a \$5,595,000 bond issue was passed to expand the District through twelfth grade and reorganize the existing campuses. Tenth grade students were educated in the District in 1983-84, and more classrooms were added to the elementary campus. The annex on the secondary campus was enlarged during the summer of 1984 to provide needed classrooms for the eleventh grade students. In 1985-86, all grades from pre-kindergarten through twelve were provided in the district. The first seniors of Pleasant Grove ISD graduated in 1986. Pleasant Grove High School was opened in 1986.

The District is located in the City of Texarkana. Texarkana was established in 1873 on the junction of two railroads and named for its location on the state line between Texas and Arkansas.

Pleasant Grove ISD is characterized as an urban area, located in the Northeast Texas Piney Woods. The district has an enrollment fluctuating around 1,900 to 2,250. The District has four instructional campuses – one elementary (Pre-k – 2nd grade), one intermediate school (3-5th grade), one middle school (6-8th grade), and one high school (9-12th grade).

Pleasant Grove ISD continues to see a relatively consistent growth rate of approximately one percent per year. The district finished the 2019-2020 school year with an enrollment of 2,220.

Pleasant Grove ISD is governed by a seven-member Board of Trustees. The Board's primary role is policy making. The operational functions of the district have been delegated to the Superintendent and administrative staff. An organizational chart appears in the Organizational Section of this report.

Below is the 2020-2021 General Fund Operating Budget that reflects a \$360,855 surplus.

General Fund Budget

Revenues

Local Real Property	\$9,230,776
Local - Other (Interest, Athletics, Misc.)	\$225,000
State Sources	\$10,992,066
Federal Sources	<u>\$50,000</u>
Total Revenues	\$19,631,575
TRS On-Behalf	<u>\$956,267</u>

Total Revenues and TRS On-Behalf **\$20,587,842**

Expenditures

Payroll	\$14,352,639
Non-Payroll	\$4,918,081
Total Expenditures	\$19,270,720
TRS On-Behalf	\$956,267

Total Expenditures and TRS On-Behalf **\$20,226,987**

Revenue Over (Under) Expenditures	\$360,855
Fund Balance Beginning (estimate)	\$8,494,372
Fund Balance Ending (estimate)	\$8,855,227

Below is the 2020-21 budget for the Debt Service Fund that supports our bond and interest payments.

Debt Service Budget

Revenues

Local Real Property	\$3,378,678
Local - Other (Interest)	\$7,000
State Sources	<u>\$0</u>

Total Revenues **\$3,385,678**

Expenditures

Bond Principal	\$1,510,000
Interest on Debt	\$1,844,200
Other Debt Fees	<u>\$2,000</u>

Total Expenditures **\$3,356,200**

Revenue Over (Under) Expenditures	\$229,478
Fund Balance Beginning (estimate)	\$2,630,000
Fund Balance Ending (estimate)	\$2,859,478

Total Budget Summary

The following schedule presents a comparison of budgeted revenues and expenditures for all funds for 2020-21 budget to 2019-20 budget. Only the General Fund, Student Nutrition Fund and Debt Service Funds need to be included in the official District budget, which are reflected in Table 6.

**Table 5
Revenue Comparison**

	2020-21		2019-20		Increase (Decrease) from 2019-20	Percent Increase (Decrease)
	Amount (Thousands)	Percent of	Amount (Thousands)	Percent of		
		Total Revenue		Total Revenue		
Local Revenue	\$ 13,420,692	54%	\$ 13,467,027	56.0%	\$ (46,335)	0%
State Revenue	10,995,566	44%	10,144,489	42.2%	851,077	8%
Federal Revenue	461,327	1.9%	444,327	1.8%	17,000	4%
Total Revenue	\$ 24,877,585	100%	\$ 24,055,843	100%	\$ 821,742	3%

Expenditure Comparison

By Function	2020-21		2019-20		Increase (Decrease) from 2019-20	Percent Increase (Decrease)
	Amount	Percent of	Amount	Percent of		
		Total Expenditures		Total Expenditures		
Instruction	\$ 11,759,641	49%	\$ 11,902,646	49.9%	\$ (143,005)	-1%
Instructional Resources & Media	96,794	0%	110,903	0.5%	(14,109)	-13%
Staff Development	187,500	1%	110,260	0.5%	77,240	70%
Instructional Leadership	154,740	1%	223,673	0.9%	(68,933)	-31%
Campus Administration	1,274,932	5%	1,148,782	4.8%	126,150	11%
Guidance & Counseling	394,753	2%	98,175	0.4%	296,578	302%
Health Services	152,467	1%	136,973	0.6%	15,494	11%
Student Transportation	205,187	1%	162,417	0.7%	42,770	26%
Food Services	696,537	3%	696,537	2.9%	-	0%
Extra-Curricular Activities	1,142,680	5%	1,090,176	4.6%	52,504	5%
General Administration	1,271,811	5%	1,209,537	5.1%	62,274	5%
Maintenance	2,265,582	9%	2,107,422	8.8%	158,160	8%
Security	114,774	0%	153,209	0.6%	(38,435)	-25%
Technology	505,326	2%	744,349	3.1%	(239,023)	-32%
Debt Service	3,556,900	15%	3,500,325	14.7%	56,575	2%
Fiscal Agent	27,500	0%	251,157	1.1%	(223,657)	-89%
Other Intergov. Charges	225,000	1%	225,000	0.9%	-	0%
Total Expenditures	\$ 24,032,124	100%	\$ 23,871,540	100.0%	\$ 160,584	1%

Combined Budget Summary: 2020-21
September 1, 2020 through August 31, 2021
General Fund, Debt Service Fund, & Student Nutrition Funds

		General Fund	Debt Service	Student Nutrition	Total
Revenues					
5700	Local & Intermediate Sources	\$ 9,545,776	\$ 3,585,678	\$ 289,238	\$ 13,420,692
5800	State Sources	10,992,066	-	3,500	\$ 10,995,566
5900	Federal Sources	50,000	-	414,327	\$ 464,327
Total Revenues		\$ 20,587,842	\$ 3,585,678	\$ 707,065	\$ 24,880,585
Expenditures					
11	Instruction	\$ 11,759,641	\$ -	\$ -	\$ 11,759,641
12	Instructional Resources	96,784	-	-	96,784
13	Staff Development	187,500	-	-	187,500
21	Instructional Administration	154,740	-	-	154,740
23	School Administration	1,274,932	-	-	1,274,932
31	Guidance & Counseling	394,753	-	-	394,753
33	Health Services	152,467	-	-	152,467
34	Student Transportation	205,187	-	-	205,187
35	Student Nutrition	-	-	696,537	696,537
36	Extra-Curricular	1,142,680	-	-	1,142,680
41	General Administration	1,271,911	-	-	1,271,911
51	Maintenance	2,265,582	-	-	2,265,582
52	Security	114,774	-	-	114,774
53	Technology	505,326	-	-	505,326
71	Debt Service	200,700	3,356,200	-	3,556,900
93	Fiscal Agent	275,000	-	-	275,000
99	Governmental Charges	225,000	-	-	225,000
Total Expenditures		\$ 20,226,977	\$ 3,356,200	\$ 696,537	\$ 24,279,714
Excess Revenue over Expenditures		360,865	229,478	10,528	600,871
Fund Balance Beginning - Estimated		8,494,372	2,630,000	71,846	11,196,218
Fund Balance Ending - Projected		8,855,237	2,859,478	82,374	11,797,089
Proposed Tax Rate		\$ 1.0028	\$ 0.365	\$ -	\$ 1.3678

General Fund

The General Fund is commonly referred to as the “Operating Fund” or “Local Maintenance Fund”. State aid and local tax revenue make up the bulk of revenues received by this fund. This fund is used to pay general operating expenses such as salaries, utilities, supplies and contracted services throughout the District.

2020-21 revenue is budgeted to increase \$102,700 or 0.5% over the 2019-20 fiscal year unaudited actuals. The increase in revenue is due to the property values increasing by 3.4% prior year and a conservative budget for the fiscal 2019-20 year. Increase in expenditures is due to adding new positions, a step increase for all teachers, librarians, counselors, and nurses, along with a 2% salary increase for all other staff members, and non-payroll budget increases due to the outsourcing of custodial services, and increased professional development.

Fund balance levels are a sign of fiscal health. For 2019-20, the General Fund Balance is increased by \$1.2 million with an estimated 44% ratio to annual operating expenditures or 5.5 months’ expenditures.

General Fund (Cont.)

Table 7

General Fund Revenues and Expenditures
Years Ending August 31, 2017 - August 31, 2021 (Budgeted)

	2016-17	2017-18	2018-19	2019-20	2020-21	\$ Increase/ (Decrease)	% Increase/ (Decrease)
	Audited	Audited	Audited	Un-Audited	Adopted	Over Prior	Over Prior
	Actuals	Actuals	Actuals	Actuals	Budget	Year	Year
Local Revenue	\$ 9,706,093	\$ 10,087,076	\$ 10,411,673	\$ 10,020,391	\$ 9,545,776	\$(474,615)	-5%
State Revenue	7,207,370	7,378,376	7,803,478	10,439,399	10,992,066	552,667	5%
Federal Revenue	19,503	33,730	57,586	48,900	50,000	1,100	2%
General Fund Revenues	\$ 16,932,966	\$ 17,499,182	\$ 18,272,737	\$ 20,508,690	\$ 20,587,842	\$ 79,152	0%
Expenditures							
11 Instruction	\$ 9,609,450	\$ 9,838,151	\$ 10,038,571	\$ 11,207,454	\$ 11,759,641	\$ 552,187	5%
12 Instructional Resources	116,456	121,660	105,035	94,713	96,784	2,071	2%
13 Staff Development	89,255	25,633	51,302	62,063	187,500	125,437	202%
21 Instructional Administration	164,346	157,880	172,492	219,437	154,740	(64,697)	-29%
23 School Administration	1,023,081	1,053,995	1,106,179	1,174,333	1,274,932	100,599	9%
31 Guidance & Counseling	437,513	447,508	431,079	460,231	394,753	(65,478)	-14%
33 Health Services	147,272	142,797	132,378	138,571	152,467	13,896	10%
34 Student Transportation	143,757	183,757	166,202	125,153	205,187	80,034	64%
36 Extra-Curricular	993,761	1,115,801	1,103,921	1,022,662	1,142,680	120,018	12%
41 General Administration	937,632	952,608	1,138,859	1,215,937	1,271,911	55,974	5%
51 Maintenance	1,949,908	1,945,201	2,022,851	2,118,984	2,265,582	146,598	7%
52 Security	90,794	67,407	105,207	87,213	114,774	27,561	32%
53 Technology	98,035	265,736	339,997	791,533	505,326	(286,207)	-36%
71 Debt Service	215,512	206,369	193,194	183,419	200,700	17,281	9%
93 Fiscal Agent	209,775	213,071	233,634	251,157	275,000	23,843	9%
99 Governmental Charges	148,435	179,916	182,878	139,609	225,000	85,391	61%
Total Expenditures	\$ 16,374,982	\$ 16,917,490	\$ 17,523,779	\$ 19,292,468	\$ 20,226,977	\$ 934,509	5%
Excess Revenues Over (Under) Expenditures	557,984	581,692	748,958	1,216,221	360,865	(855,356)	
Other Financial Sources (Uses)	-	1,171,808	-	-	-	-	
Beginning Fund Balance	4,633,930	5,191,914	6,945,414	7,694,372	8,910,593	855,356	11%
Ending Fund Balance	5,191,914	6,945,414	7,694,372	8,910,593	9,271,458	552,187	6%

Student Nutrition Fund

The Student Nutrition Fund accounts for the operation of the District’s cafeteria meal program. The 2020-21 budgeted revenue totals \$707,065 or 29% increase over 2019-20 unaudited actuals. The increase is a reflection of a shortened 2019-20 school year due to the COVID closure. The emphasis of the Student Nutrition program is to provide a nutritional meal program without the fiscal support from the General Fund.

The 2020-21 expenditures budget totals \$696,537. Meal prices for students for 2019-20 remained the same from the previous year.

The District meets or exceeds the mandated nutritional requirements set by state and federal agencies.

Student Nutrition Revenues and Expenditures Years Ending August 31, 2017 - August 31, 2021 (Budgeted)

	2016-17	2017-18	2018-19	2019-20	2020-21	\$ Increase/ (Decrease)	% Increase/ (Decrease)
	Audited	Audited	Audited	Un-Audited	Adopted	Over Prior	Over Prior
	Actuals	Actuals	Actuals	Actuals	Budget	Year	Year
Local Revenue	\$ 273,376	\$ 342,071	\$ 285,155	\$ 210,654	\$ 289,238	\$ 78,584	37%
State Revenue	11,996	3,181	3,305	3,193	3,500	307	10%
Federal Revenue	359,223	377,697	417,186	334,115	414,327	80,212	24%
General Fund Revenues	\$ 644,595	\$ 722,949	\$ 705,646	\$ 547,961	\$ 707,065	\$ 159,104	29%
Expenditures							
35 Food Service	\$ 582,409	\$ 835,386	\$ 669,911	\$ 479,748	\$ 696,537	\$ 216,789	45%
Total Expenditures	\$ 582,409	\$ 835,386	\$ 669,911	\$ 479,748	\$ 696,537	\$ 216,789	45%
Excess Revenues Over (Under) Expenditures	62,186	(112,437)	35,735	68,213	10,528	-	
Transfers In	-	27,000	-	-	-	-	
Beginning Fund Balance	23,439	85,625	188	35,923	104,136	68,213	190%
Ending Fund Balance	\$ 85,625	\$ 188	\$ 35,923	\$ 104,136	\$ 114,664	10,528	10%

Debt Service Fund

The Debt Service Fund is established to account for payment of principal and interest on long-term general obligation debt and other long-term debts for which a tax has been dedicated. This is a budgeted fund and a separate bank account is maintained for this fund.

A significant payment is due by August 15th, and a large balance is needed to cover this payment.

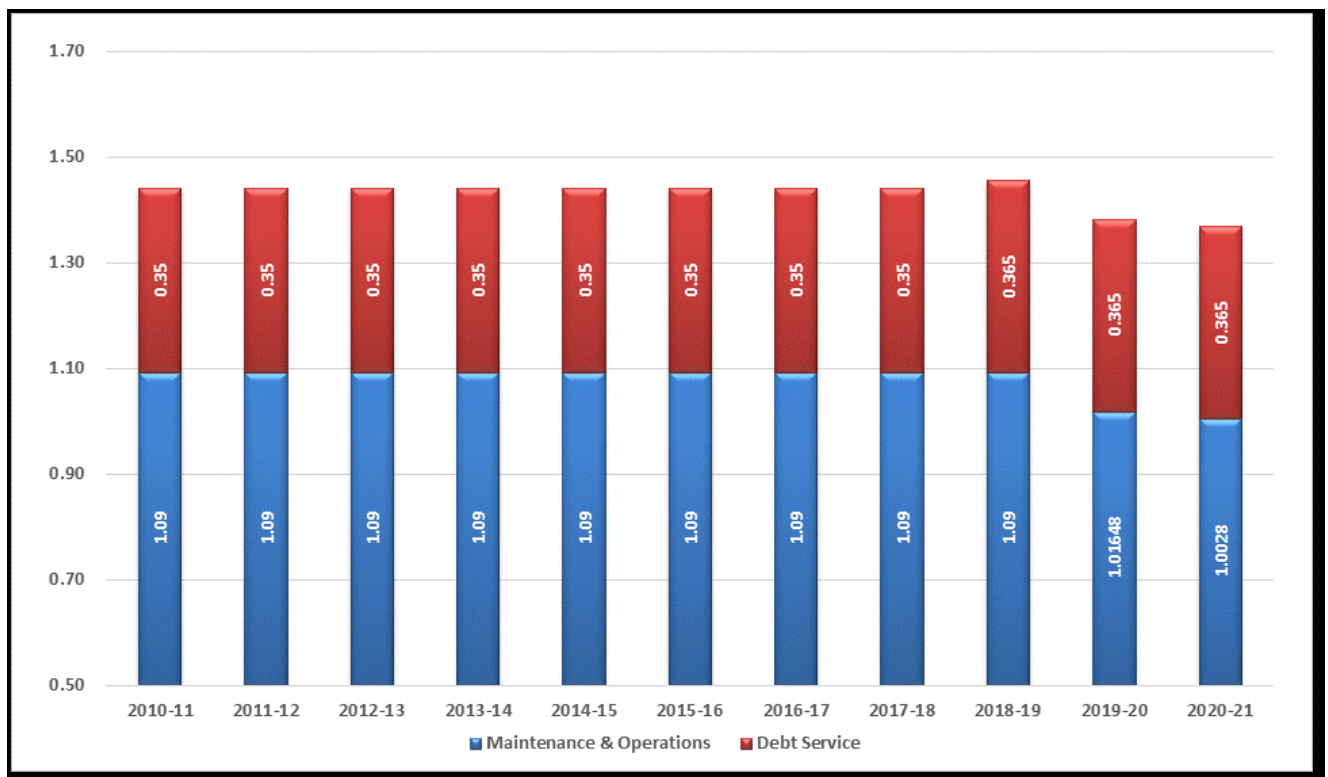
Debt Service Revenues and Expenditures
Years Ending August 31, 2017 - August 31, 2021 (Budgeted)

	2016-17	2017-18	2018-19	2019-20	2020-21	\$ Increase/ (Decrease)	% Increase/ (Decrease)
	Audited	Audited	Audited	Un-Audited	Adopted	Over Prior	Over Prior
	Actuals	Actuals	Actuals	Actuals	Budget	Year	Year
Local Revenue	\$ 3,065,768	\$ 3,156,644	\$ 3,379,789	\$ 3,457,887	\$ 3,585,678	\$ 127,791	4%
State Revenue	71,628	69,665	68,425	67,558	-	(67,558)	-100%
Federal Revenue	-	-	-	-	-	-	0%
General Fund Revenues	\$ 3,137,396	\$ 3,226,309	\$ 3,448,214	\$ 3,525,445	\$ 3,585,678	\$ 60,233	2%
Expenditures							
Principale	\$ 1,045,000	\$ 2,440,000	\$ 1,250,000	\$ 1,395,000	\$ 1,510,000	\$ 115,000	8%
Interest	1,238,294	1,272,022	2,005,297	1,943,431	1,844,200	(99,231)	-5%
Fees	5,175	14,231	1,575	1,650	2,000	350	21%
Total Expenditures	\$ 2,288,469	\$ 3,726,253	\$ 3,256,872	\$ 3,340,081	\$ 3,356,200	\$ 16,119	0%
Excess Revenues Over (Under) Expenditures	848,927	(499,944)	191,342	185,364	229,478	44,114	
Beginning Fund Balance	1,922,136	2,771,063	2,271,119	2,462,461	2,647,825	185,364	8%
Ending Fund Balance	2,771,063	2,271,119	2,462,461	2,647,825	2,877,303	229,478	9%

Tax Rate

The tax rate for 2020-21 decreased from \$1.3815 to \$1.3678 as part of the property tax relief initiative in the 86th Legislative Session. Prior to this House Bill 1 (HB1) enacted by the Third Special Session of the 79th Legislature significantly reduced the District's maintenance and operations tax rate. Formerly, Pleasant Grove ISD had been at a tax rate of \$1.469 for 2005-06 before decreasing to \$1.342 in 2006-07 compressed by HB1. State Legislature compressed the M&O rate even further to \$1.00 in 2007-08. The District opted to increase these rates by the allowable four cents beginning in the 2007-08 fiscal year. In 2008-09, the M&O rate became \$1.09, which includes the four cent local option rate and an additional \$0.5 cents as a result from voter approval in November, 2009. For future years, the M&O tax rate will be based on a 2/5% cap on property tax revenues.

The tax rate is comprised of two component rates, each having separate purposes and state laws governing them – Maintenance and Operations (M&O) tax rate and Debt Service (I&S).



The M&O tax rate supports the major operational and educational programs of the District for such expenses as staff salaries and benefits, utilities, supplies, equipment, and many other operational costs.

The Debt Service tax rate supports the repayment of debt authorized by District voters. The total amount of debt payable each budget year less any applicable state aid is divided by the taxable property values to determine the rate. Pleasant Grove ISD’s 2020-21 Debt Service tax rate to support the debt is \$0.365; the same rate since 2018-2019.

What does the proposed tax rate mean to local homeowners? The following example demonstrates the effect of the tax rate. The example also shows the effect of an average home value during that year to reflect how property value changes also affect the total tax levy.

Example of Tax Levy on an Average Pleasant Grove Single Family Residence

	2017-18	2018-19	2019-20	2020-21
Residence Value	\$ 183,794	\$ 187,271	\$ 192,870	\$ 201,259
Less: Homestead Exemption	(25,000)	(25,000)	(25,000)	(25,000)
Adjusted Taxable Value	158,794	162,271	167,870	176,259
Rate Per \$100 Value	1.44	1.455	1.3815	1.3678
Tax Levy	\$ 2,287	\$ 2,361	\$ 2,319	\$ 2,411

Every homeowner receives a state mandated homestead exemption of \$25,000 to reduce the amount of taxes owed. This is an increase of \$10,000 from previous years due to the passing of Senate Bill 1 in the 2015 Legislative Session. The state “held harmless” Texas School districts by granting the funds that were lost due to the increase in the homestead exemption. An additional exemption is provided for those 65 years and older and disabled taxpayers. Their tax levy is frozen at the amount when they receive the exemption and can never go up even as their home value or tax rate increases.

The State of Texas places limits on how much tax rates can increase over the previous year’s rate. Each taxing entity must calculate its rollback rate. This is the maximum rate that can be adopted before an automatic rollback election takes place. If a rate is adopted that is higher than the rollback rate, the voters have an opportunity to affirm the proposed higher rate through an election or roll it back to the rollback rate. The tax rate above reflects \$1.3678 which represents \$1.0028 M&O tax rate plus \$0.365 I&S tax rate.

Individual property value increases are capped annually at ten percent. This prevents the housing market value increases from becoming rampant.