

SNYDER ISD FINANCIAL FORECAST/BUDGET NARRATIVE

The Snyder Independent School District has a long history of conservative spending and careful long-range planning. As such, the District is on solid financial footing with a balanced budget and a healthy fund balance. There are several factors that make this conservative and careful planning philosophy vitally important looking forward.

First, funding cuts for the 2011-2013 biennium were approximately \$1 million. As a result, several positions were eliminated; travel, staff development and supply expenditures were reduced by 20% and salaries and capital purchases were frozen in 2011-2012.

Second, Snyder ISD is a Chapter 41 district. As such, a significant portion (65%) of the District's revenue comes from local property taxes and 1/3 of these funds are "recaptured" by the state. In 2012-2013 SISD will send \$8.7 million to the Texas Education Agency under this plan. Under the current funding scheme, the only way to increase funding is to increase student enrollment or improve the attendance of those students already enrolled. As utility, fuel, and other support service costs continue to increase, more funds will be diverted from instruction and instruction related areas to support these operations. Further, the District continues to use a portion of the general operating budget to fund much needed renovations and construction. There is hope that during the current 2013 Legislative session some of the funds that were cut will be restored.

Finally, Snyder is dependent on oil, gas and wind energy. These sectors of the economy are often volatile as prices can fluctuate dramatically from year to year. Not only are local tax revenues impacted when prices fall, but enrollment can also be negatively impacted.

On a more positive note, there are many reasons to be optimistic about the financial future of Snyder ISD. Listed below are just a few of those reasons.

Positive Trends for 2013 and beyond...

- Enrollment continues to increase in the elementary grades. The Cline Shale is projected to drive enrollment even higher. Enrollment in 2012 Semester 1 was up 46 students from 2011. Several years of student growth has lead to increased funding and the need for additional facilities.

- The attendance rate of 95.8% is the historical average for the District. This is an important factor in determining state aid.
- The Maintenance and Operations (M&O) tax rate is assumed to remain at \$1.04 per \$100 of taxable value. No current plans to hold a Tax Ratification Election (TRE) to increase the rate up to the maximum of \$1.17. There is capacity to do so if needed.
- The District passed along a 2.5% salary increase for teachers and 2% for other employees in 2012-13 with discussions in progress for 2013-2014 rates.
- Snyder ISD enjoys a fund balance that provides a level of financial security when funding cuts are made and/or when state economic conditions take a down turn.
- Snyder ISD participates in a Chapter 313 agreement Scurry County Wind, L.P. that is the source of additional revenue of approximately \$325,000 per year for for years 2013-2019.
- Tax collection rates for Snyder ISD remain at or near 100%.