



Board Meeting
August 20, 2020

2020-21 Budget & Tax Rate Adoption



School District Budget Requirements

School district budget requirements as established by Sections 44.002 through 44.006 of the Texas Education Code and the Texas Education Agency:

- ✓ The **Superintendent is the budget officer** for the district and causes the budget to be prepared.
- ✓ The district budget must be prepared each year by **August 20 and adopted by August 31**.
- ✓ The President of the Board of Trustees must call a public meeting of the Board of Trustees, giving **at least 10 days public notice in the newspaper**, for the adoption of the district budget. District taxpayers may be present and participate in the meeting.
- ✓ Concurrently with the publication of the meeting notice, the **district must post a summary of the proposed budget to its website**. The budget must include the elements outlined in Section 44.0041, TEC.
- ✓ The budget must be adopted **before the adoption of the supporting tax rate**.
- ✓ Budgets for the **General Fund, the Student Nutrition Fund, and the Debt Service Fund** must be included in the official district budget. These budgets must be prepared and approved at least at the **fund and function** levels to comply with the state's legal level of control mandates.
- ✓ No funds may be expended that exceed the adopted functional categories until the board of trustees amends the budget appropriately.

2020-21 Proposed General Operating Budget

All income and expenses necessary to operate the school district such as salaries and benefits, utilities, equipment, and supplies that are paid from the general fund budget. The operating budget is funded through property taxes, local revenues, and state and federal allocations.

2020-21 Proposed General Fund Budget

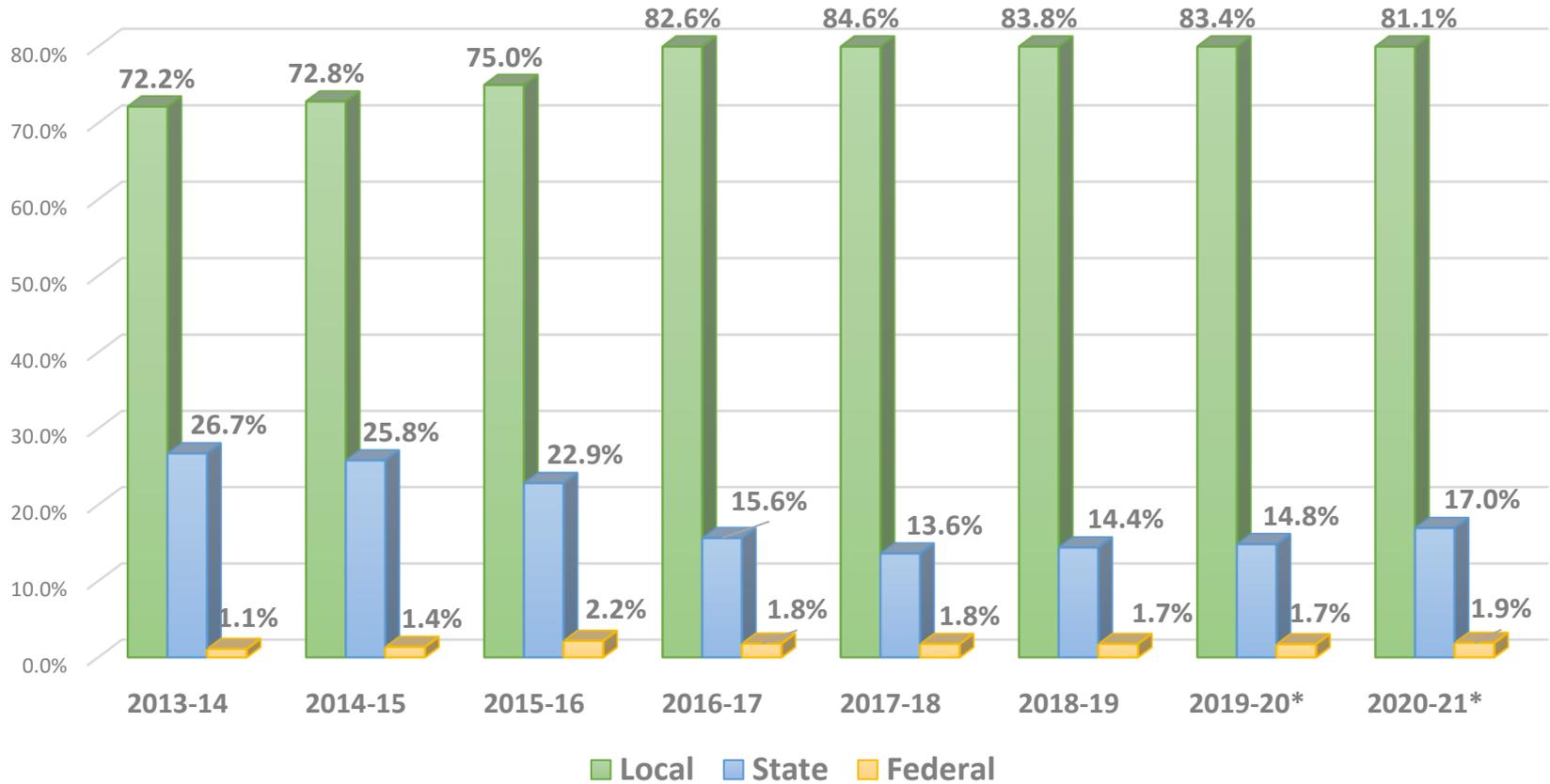
\$310,720,856

\$12,048 / student

Projected 25,790 students
in average daily membership

(Based on demographer's projections)

General Fund Revenue Sources



*Projected

2020-21 Budget

Property Values

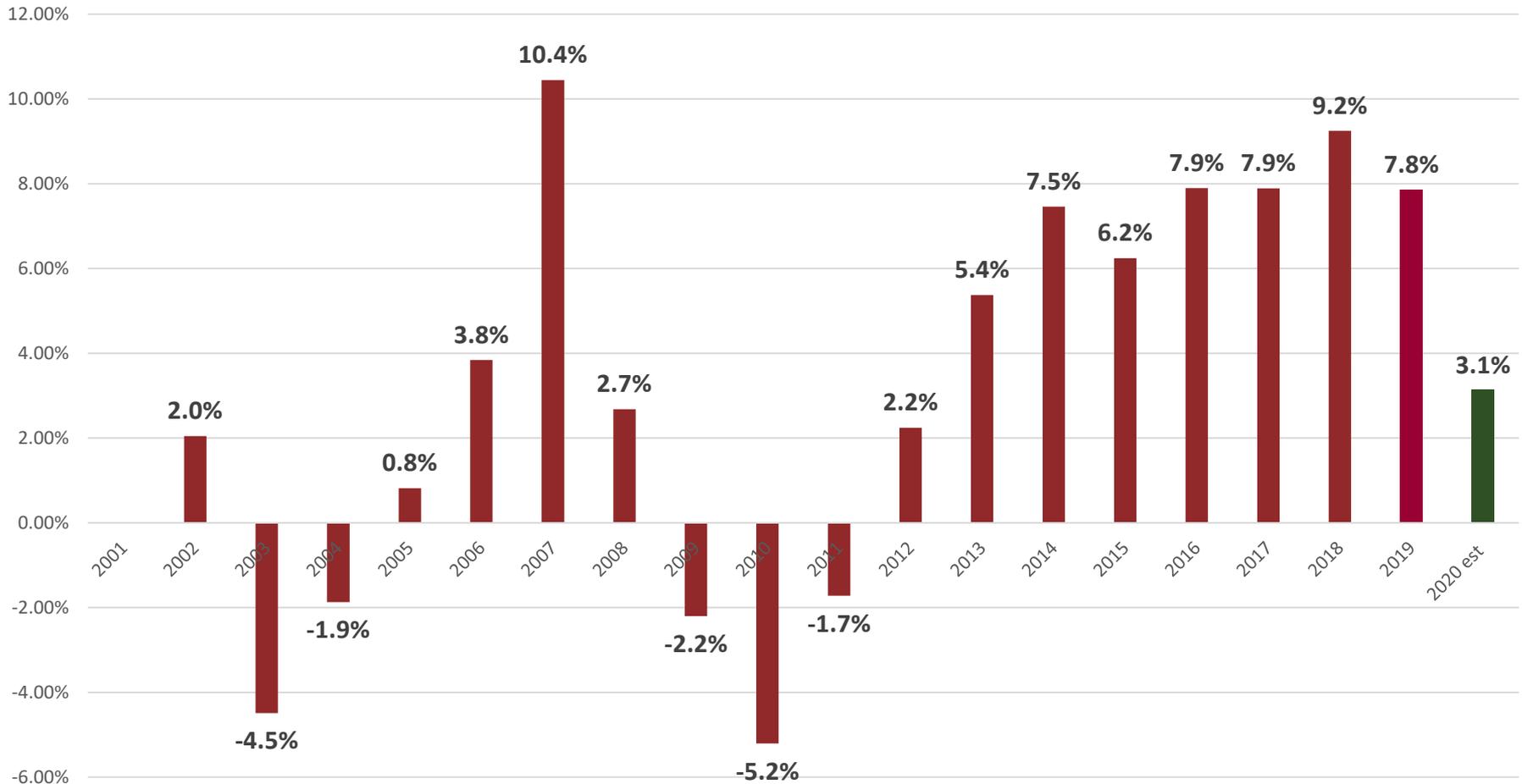
- Late certifications due to lack of “in-person” appeals & significant number of value protests
- Tax year 2020 values are based on January 1st valuation
- Based on certified “estimate” values could increase 3.13%
- Likely to see some depressed values for January 1, 2021 which will be used in the 2021-22 budget
- Property value growth only impacts overall debt service revenue, and not overall general fund revenue

Property Value by Tax Year



Source: County appraisal districts (CAD)

Change in Certified Net Taxable Value



Source: County appraisal districts (CAD)

Tax Rate

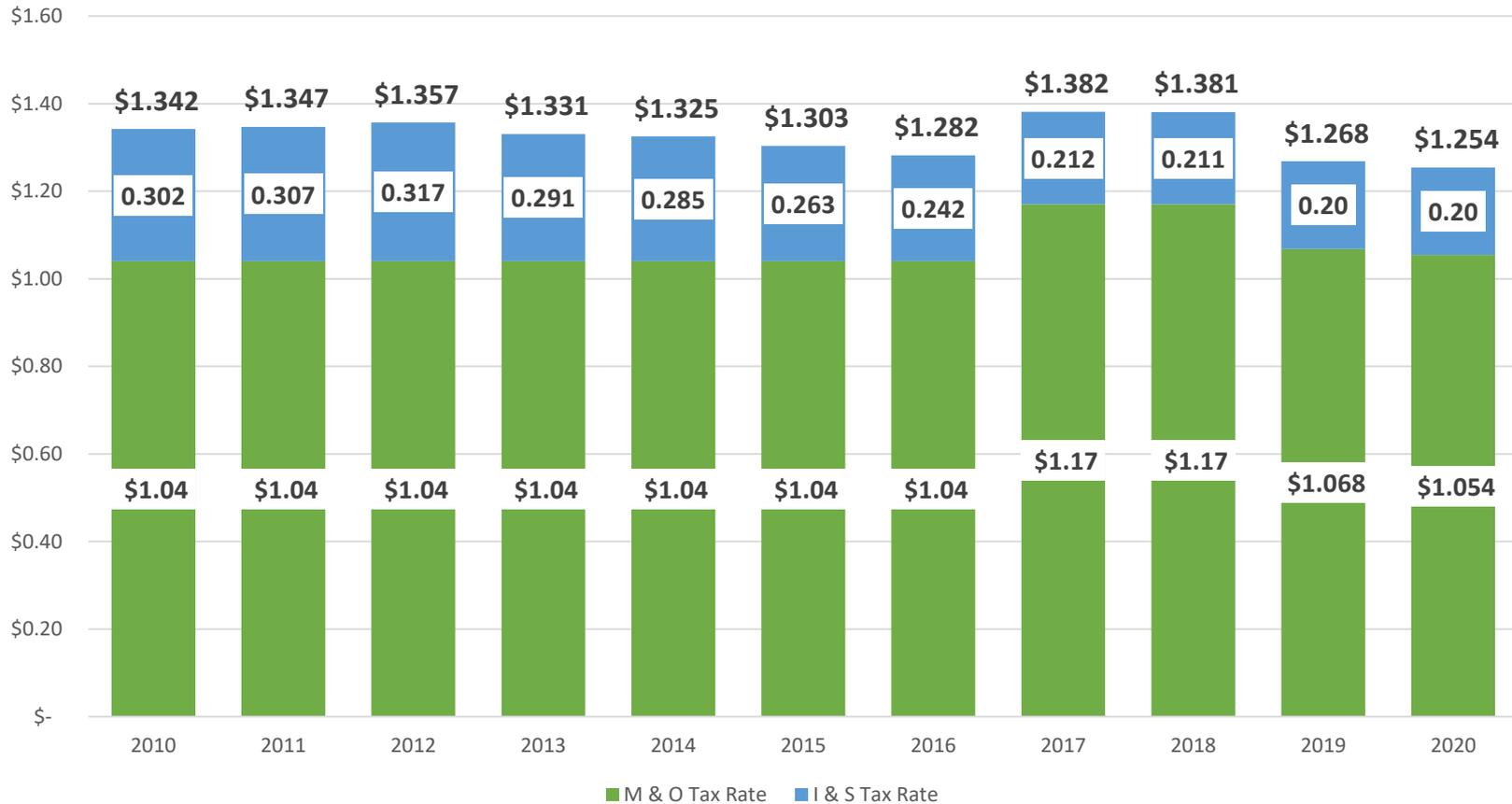
	2018-19	2019-20	2020-21**
Tier I	\$ 1.00	\$ 0.9300	\$ 0.9164
Golden Pennies	\$ 0.06	\$ 0.08	\$ 0.08
Copper Pennies	\$ 0.11	\$ 0.05835	\$ 0.05835
Total GF Tax Rate	\$ 1.17	\$ 1.06835	\$ 1.0547

** District is estimating 3.13% property value growth for 2020-21.

HB 3 Tier II/Copper Pennies are not compressed any further for 2020-21. Will only be adjusted if yield changes in future years.

Historical Tax Rate CFBISD

CFBISD Historical Tax Rate

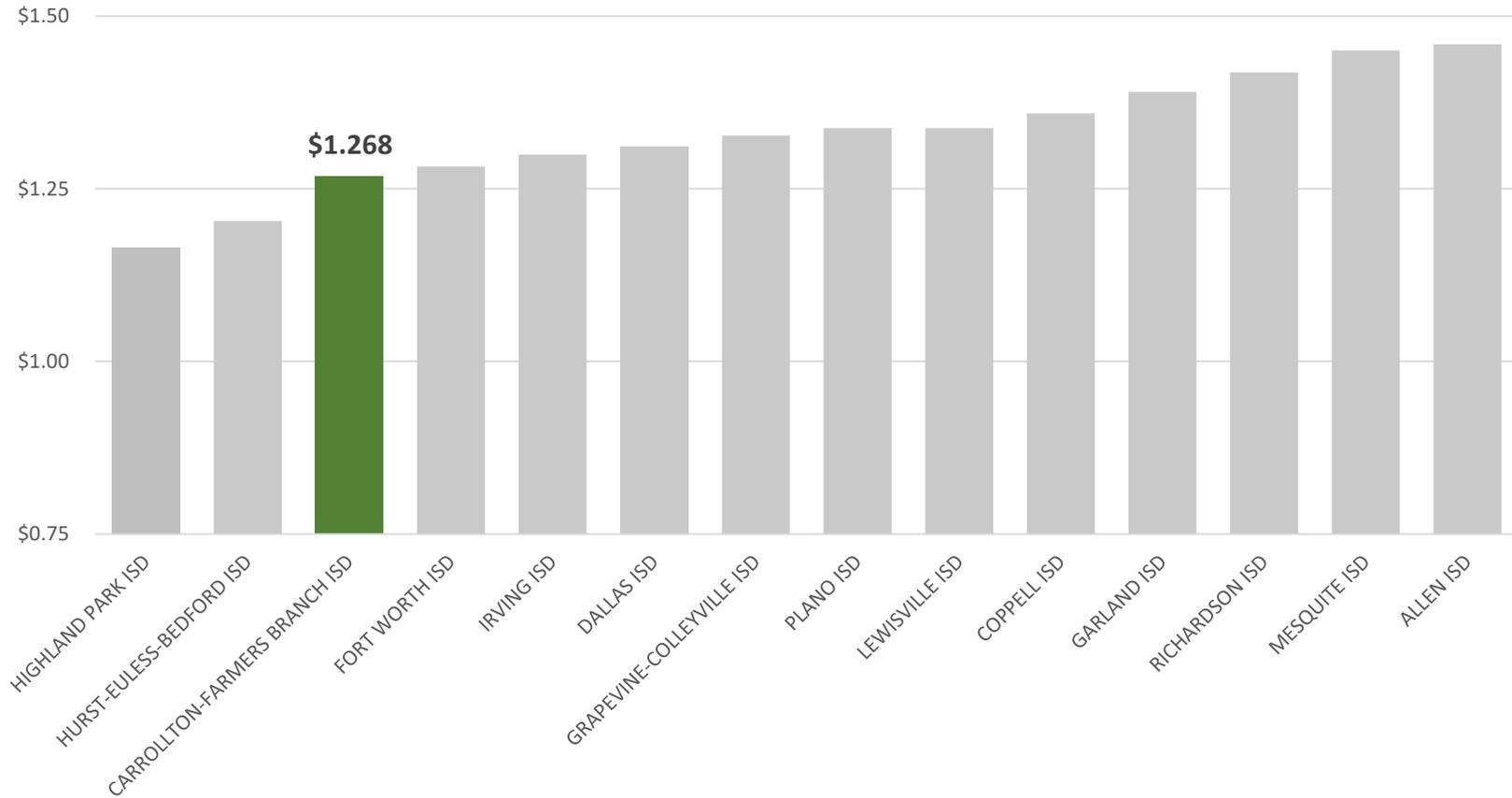


Impact of PV Increase on Average CFBISD Home

As proposed at \$1.32	Published 2019-20	Proposed 2020-21	Proposed Change
Avg. Market/Assessed Value of Residences	\$272,512	\$283,815	4.15%
Avg. Taxable Value of Residences	\$240,801	\$254,992	5.89%
M&O Rate	\$1.06835	\$1.05475	\$ -.01365
I&S Rate	\$0.20	\$0.20	\$ -
Total Tax Rate	\$1.26835	\$1.25470	\$ -.01365
Annual Taxes on Average Residence	\$3,054.19	\$3,199.38	4.75%
Annual Increase in Taxes		\$145.19	
Monthly Increase in Taxes		\$12.10	

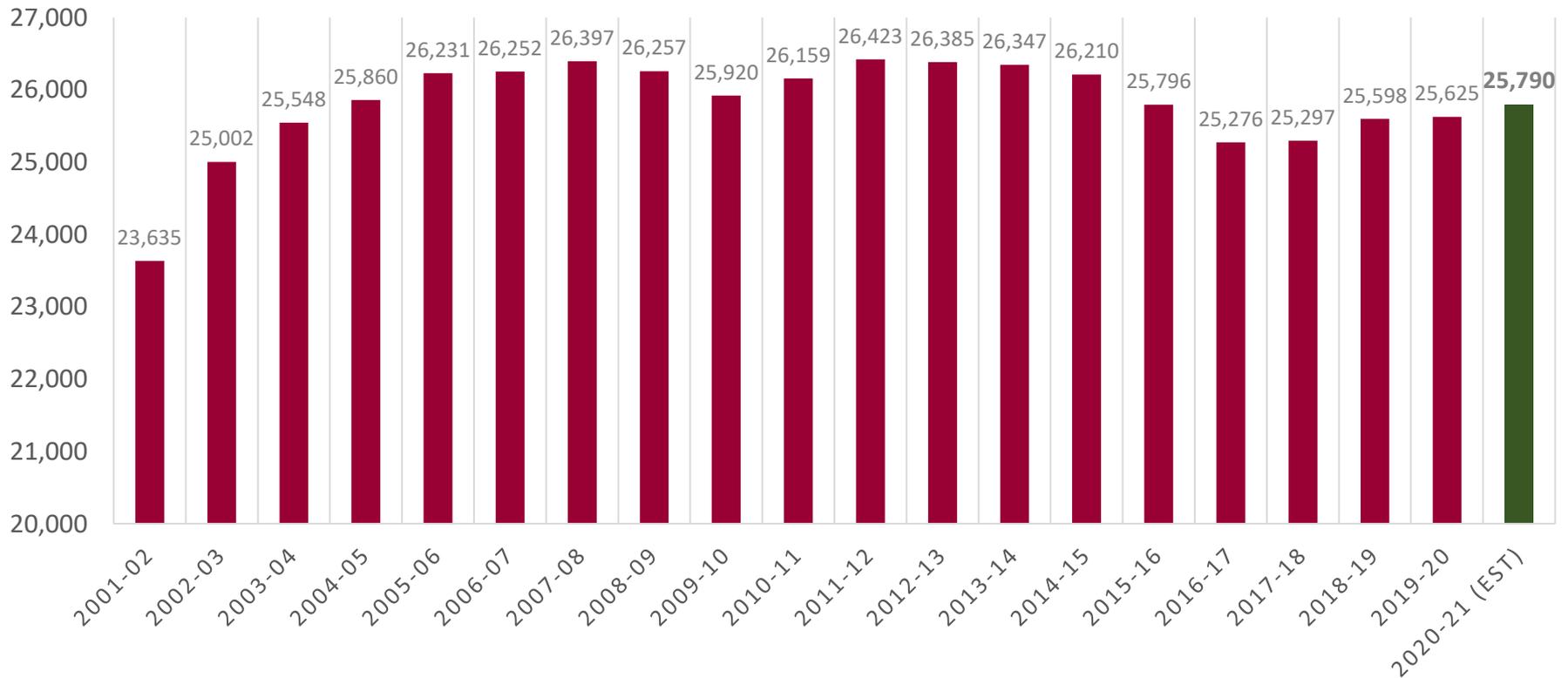
Local Tax Rate Comparison (2019-20)

2019 Total Tax Rate By District



Enrollment Growth

AVERAGE DAILY ENROLLMENT



2020-21 Budget Notes

Revenue Notes

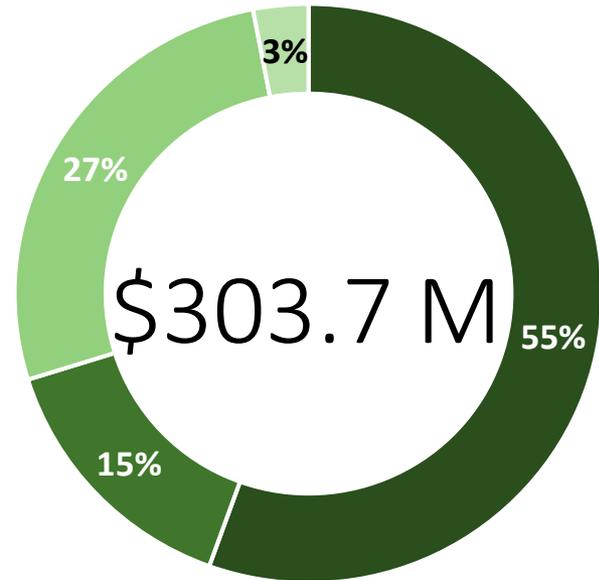
- Average Daily Attendance (ADA) – Hold Harmless – 1st & 2nd Six weeks ADA – based on last three years of ADA for same time of year
- ADA may be impacted by remote learning & other options
- Athletic revenue, tuition & fees, interest income all lower
- Other sources include CARES Act, Provider Relief Fund, FEMA Funding, and the Coronavirus Relief Fund.

Expenditure Notes

- Fuel, utilities, substitutes, overtime, extra duty pay all lower due to remote instruction
- Other one time costs (signage, desk screen dividers)

2020-21 Proposed Budget by Functional Area

Functional Area	2020-21
Instructional	\$ 168,526,603
Instructional Support	44,681,314
District Operations	81,293,527
Central Admin	9,219,412
Total*	\$ 303,720,856



- Instructional (11, 12, 13)
- Instructional Support (21, 23, 31, 32, 33, 36, 61)
- District Operations (34, 35, 51, 52, 53, 81, 91, 95, 99)
- Central Admin (41)

*Does not include \$7M transfers out

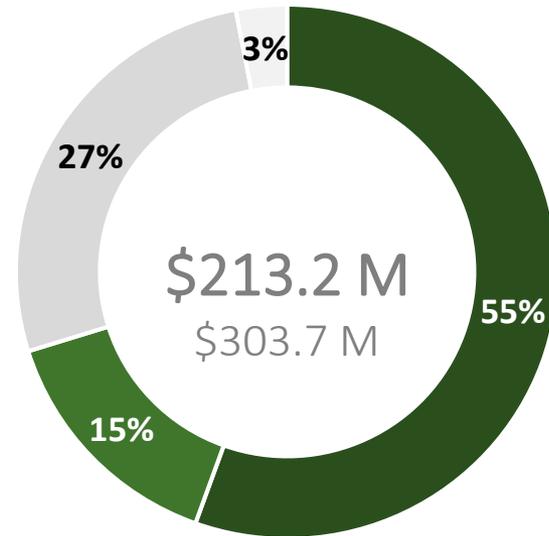
Core Business

Instructional and Instructional Support

Represents 70.2% of total budget at \$213.2 M

Includes the following major functional areas:

- » Instructional
 - Instruction (11)
 - Instructional Resources Media (12)
 - Curriculum Development (13)
- » Instructional Support
 - Instructional Leadership (21)
 - School Leadership (23)
 - Guidance Counseling (31)
 - Social Work Services (32)
 - Health Services (33)
 - Co Curricular and Extra Curricular (36)
 - Community Services (61)



- Instructional (11, 12, 13)
- Instructional Support (21, 23, 31, 32, 33, 36, 61)
- District Operations (34, 35, 51, 52, 53, 81, 91, 95, 99)
- Central Admin (41)

District Operations

Almost 1/4 of the budget at \$81.3 million

Utilities (electricity, water, natural gas, phone/ internet)

Security services

Building maintenance and repairs

Lawn maintenance

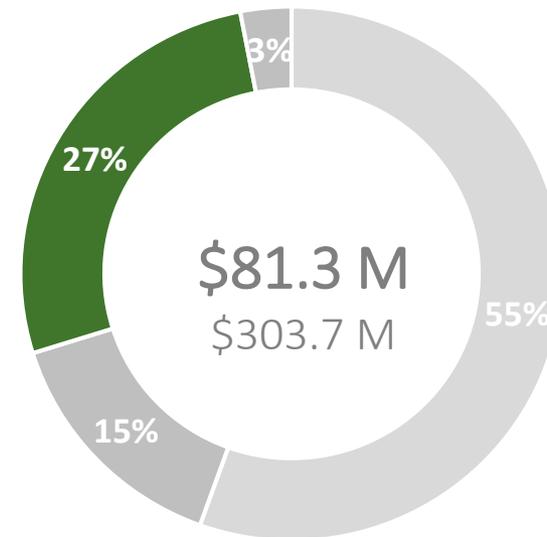
Information Technology and software services

- » Student software systems
- » Financial/HR applications

Student transportation

Property appraisal services

State recapture



- Instructional (11, 12, 13)
- Instructional Support (21, 23, 31, 32, 33, 36, 61)
- District Operations (34, 35, 51, 52, 53, 81, 91, 95, 99)
- Central Admin (41)

Central Administration

Approximately 3% of the budget at \$9.2 million

District Leadership

Accounting

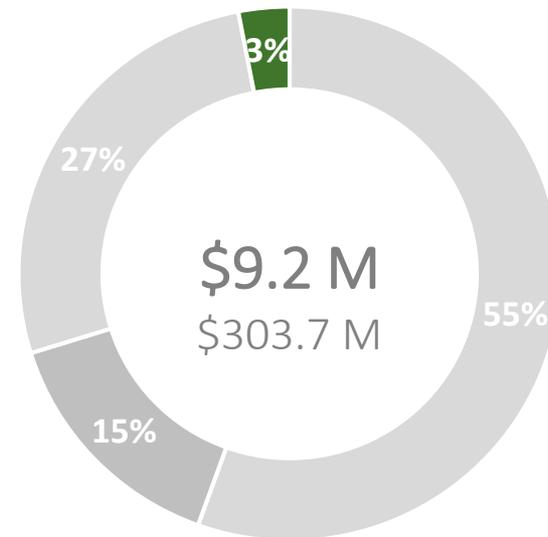
Accounts Payable

Budget

Purchasing

Human Resources

Communications



- Instructional (11, 12, 13)
- Instructional Support (21, 23, 31, 32, 33, 36, 61)
- District Operations (34, 35, 51, 52, 53, 81, 91, 95, 99)
- Central Admin (41)

Budget Additions

Expenditure	Cost (\$M)
Approved Compensation Increases	\$ 4.6
Staffing additions (before June)	\$ 2.9
Retention Supplement	\$ 4.4
Germinator (non-recurring)	\$ 1.4
Property Insurance	\$ 0.5
Custodial Equipment/Supplies	\$ 0.5
Additional SRO/Security Projects	\$ 0.4
Staffing Additions	\$ 0.1
Total	\$14.8

Campus Staffing



82%

Facilities Maintenance



8%

Transportation



4%

Campus Support Services



3%

Administration



2%

IT



1%

Security



1%

CFBISD Staff is Dedicated to Campuses

2020-2021 Retention Supplement

- Attracting & retaining staff is a District top priority
- All TRS eligible district staff employed as of 8/20/20
- \$1,500 or 2.5% of pay up to \$60,000 (average teacher salary)
- Paid as part of November paycheck
- Employees must be on staff on date of payout
- Cost \$4.4M

BUDGET DEVELOPMENT



General Fund	2018-19 Actual	2019-20 Current Budget	2019-20 Forecasted Actuals	2020-21 Proposed Budget	\$M
Local Revenue	250.8	245.1	249.3	250.8	
State Revenue	43.1	45.9	41.9	52.5	
Prior Year Adjustment	-	-	2.5	-	
Federal Revenues	5.2	4.6	5.1	7.4	
Total Revenue	299.2	295.6	298.8	310.7	
Payroll Expenses	201.4	213.4	206.4	226.0	
Other Expenses	35.8	51.7	37.0	50.8	
Chapter 49 Recapture	19.4	22.8	20.2	26.9	
TIF Payments	32.2	1.2	1.2	-	
Transfer Out (In)	4.5	9.0	26.0	7.0	
Total Expenditures	293.4	298.1	297.5	310.7	
SURPLUS/(DEFICIT)	5.8	(2.5)	1.3	(0.0)	
Beginning Fund Balance	100.3	106.1	106.1	107.4	
Ending Fund Balance	106.1	103.6	107.4	107.4	
Months of Fund Balance	4.3	4.2	4.3	4.1	

Uses of Fund Balance

- Cash management & working capital
- “AA+” bond ratings - lower interest rates on district bonds
- Unforeseen expenditures and/or disasters
- Unforeseen revenue shortfalls
- Ongoing support for educational programs (one-time)
- Best Practices

The Government Finance Officers Association (GFOA) recommends ...“no less than two months of...regular general revenue operating expenditures”

Fund Balance Strategies

	YE 2018-19	YE 2019-20
Safety and Security Enhancements	\$3,000,000	\$3,000,000
Technology Capital Replacements	4,000,000	0
Transportation Upgrades	3,000,000	3,000,000
Building Construction, Repairs, & Renovations	3,000,000	3,000,000
State Revenue Stabilization	-	26,000,000
State Spending Requirements	-	5,000,000
Committed	\$13,000,000	\$40,000,000



Fund Balance

Allocation (\$000s)	YE2018-19	YE2019-20*
Inventory Fund Balance	\$ 0.97 M	\$ 1.00 M
Committed Fund Balance	13.00 M	\$14.00 M
State Revenue Stabilization	0.00 M	26.00 M
Unassigned Fund Balance	92.09 M	66.41 M
Total Fund Balance	\$106.06 M	\$107.41 M

*Projected

Fund Balance History

	YE 2017-18	YE 2018-19	YE 2019-20*
Inventory Fund Balance	\$ 1.14 M	\$ 0.97 M	\$ 1.00 M
Committed Fund Balance	13.00 M	13.00 M	40.00 M
Unassigned Fund Balance	86.14 M	92.09 M	67.41 M
Total Fund Balance	\$100.28 M	\$106.06 M	\$107.41 M
3 Month Reserve	67.07 M	73.34 M	74.37 M
Fund Balance as % of Expenses	37%	36%	36%
Fund Balance in Months of Exps	4.3 Months	4.3 Months	4.3 Months

*Projected

BUDGET DEVELOPMENT



Student Nutrition \$M

	2018-19 Actual	2019-20 Adopted Budget	2019-20 Forecasted Actuals*	2020-21 Proposed Budget
Local Revenue	2.7	2.7	1.7	2.7
State Revenue	0.1	0.1	0.1	0.1
Federal Revenues	9.9	10.6	9.2	11.3
Total Revenue	12.7	13.3	10.9	14.0
Payroll Expenses	5.3	6.5	6.1	6.6
Other Expenses & Transfers	7.7	8.0	6.8	7.4
Total Expenditures	13.0	14.6	12.9	14.0
SURPLUS/DEFICIT	(0.3)	(1.3)	(2.0)	0.0
Beginning Fund Balance	3.9	3.7	3.7	1.6
Ending Fund Balance	3.7	2.4	1.6	1.6
Months of Fund Balance	3.4	2.0	1.5	1.4

* Pay continued during shutdown

BUDGET DEVELOPMENT



Debt Service Fund \$M

	2018-19	2019-20	2019-20	2020-21
	Actual	Adopted	Forecasted	Proposed
		Budget	Actuals	Budget
Tax Revenues	41.9	45.4	45.5	45.8
State Hold Harmless	0.5	0.3	0.4	0.3
Interest/Other Income	0.4	0.2	0.2	0.1
Total Revenue	42.7	45.9	46.0	46.1
Principal	33.0	34.6	32.2	40.2
Interest	6.0	11.2	11.2	7.8
Fees	0.8	0.0	0.9	0.9
Total Expenditures	39.8	45.9	44.3	48.9
SURPLUS/DEFICIT	2.9	0.0	1.8	(2.8)
Beginning Fund Balance	10.0	12.8	12.8	14.6
Ending Fund Balance	12.8	12.8	14.6	11.8
Months of Fund Balance	3.9	3.3	4.0	2.9

Source: CFBISD Finance

Chapter 49 & Attendance Credits

Property wealthy districts whose wealth per student exceeds an established wealth level are subject to recapture

CFBISD is subject to recapture and historically reduces local revenue by purchasing attendance credits to achieve the local revenue not to exceed TEC 48.257.

Estimated Tier 1 Excess Revenue after adjustments/collections: \$22.8M

Estimated Tier 2 Excess Revenue: \$4.6M



Additional Investment Pools

- Recommend adding Texas CLASS & Texas FIT as investment options
- Fulfills need to diversify funds
- Higher returns than current pool options

COVID Related Purchases

Safety Signage

- Initial orders for \$43K, not to exceed \$100K
- CDC Posters
- Social Distance reminders & student traffic flow

Student Desk Barriers

- \$190.5K for initial order 10,000 units, not to exceed \$500K
- Follows CDC guidelines to create barriers
- Portable

Covid Related Purchases: Additional Licenses for Canvas & Studio Cloud Subscription

- Canvas last approved for 15K users
- Need 14K more licenses for 100% remote learning
- Studio Cloud Subscription (SCS) for students & teachers
- SCS facilitates complete online instruction, collaboration and assignment environment
- \$90K funded by Instructional Materials Allotment

Real Estate Broker Services

- Marie Huie Special Education Center
- Advertisements/notices for sale not successful
- Need to hire broker to generate interest and offers

Texas School Procedures Website

- \$51,222 for 12 months
- Subscription service with access to protocols, procedures and documents for district functions
- Ensure compliance
- Meet student needs through research-based best practices
- Cooperative procurement expires 8/31

Bottom Line:

Strong Financial Position With Reasons for Concern

- May need to use fund balance to meet State spending requirements for programs
- State Funding includes \$23.6M of Formula Transition Grant – set to expire **after** 2023-24
- State Revenue picture is bleak for next biennium
- Local Collections will be impacted by appeals and drops in property values



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**Questions
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