

Little Elm ISD

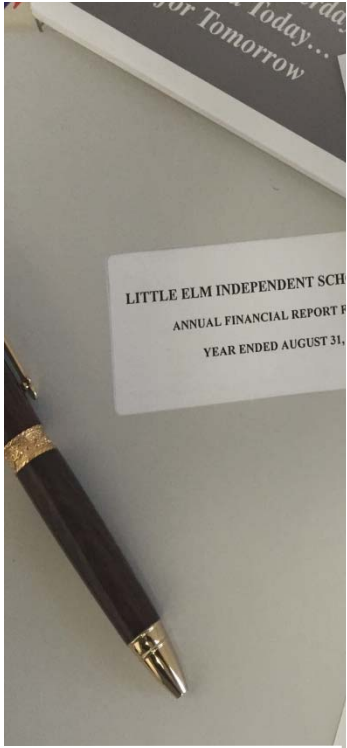
July 29, 2019 Financial Report

Grant Anderson, Associate Superintendent & Chief Financial Officer

Board Meeting
 July 29, 2019
 6:30 pm

| Freeze | Assessed | Taxable | Actual |
|----------|-------------|------------|--------|
| DP | | | |
| DPS | 14,492,304 | | |
| OV65 | 89,114 | | |
| Total | 343,949,075 | 11,578,345 | |
| Tax Rate | 358 | 64 | |

| | | |
|-------|--|------|
| 3,808 | Appraised Value | (-) |
| | Homestead Cap | = |
| | Assessed Value | (-) |
| | Total Exemptions Amount (Breakdown on Next Page) | (-) |
| | | 2,64 |



Notes to financials

- Financial data submitted is for period ending May 2019
- Budget amendments and financial information presented include current amendments and financial information through July 2019.
- Financials include General Fund, Capital Projects Fund, Debt Service Fund and Special Revenue Funds.
 - **General Fund** accounts for the daily operational costs of the district.
 - No major General Fund budget amendments



Notes to financials

- **Capital Projects Fund** accounts for major capital outlay paid from both general fund and bond dollars.
 - Correction: In Jun 2019 financials I stated there was an increase to high school athletics fields bond budget by \$1.33 million. The increase is \$2.3 million for the athletic concourse.
- **Debt Service Fund** accounts for the principal and interest payments on long-term debt. (Bond debt)
 - No major Debt Service Fund budget amendments.



Future Financial Considerations

- Increased annual operating costs for new facilities.
 - Open Operations facility in 2019-20
 - Estimated \$170,000 additional operating cost
 - Open Strike & Walker Middle Schools in 2020-21
 - Estimated \$1.8 million additional operating costs (combined for both schools)
- Financial Integrity Rating System of Texas (FIRST)
- ✓ Prior to HB3 school districts used prior year's property values to determine the district's portion of the cost of education. Therefore, when prior year's value grew more than current year values the district could receive less funding from the state.
- ✓ HB3 changed from prior year to current year property values to determine the district's portion. However, TEA implemented a new FIRST rating which requires district's to discuss the property value lag in a board meeting.



Future Financial Considerations

- ✓ Texas 86th legislative session - proposed school finance bills include items which will impact property taxes, school funding formula and instructional programs.
 - Governor signed into Law House Bill (HB3)
 - Align financial decision-making with the timeliness of the information:
 - May 27, 2019 : Last day of 86th Legislature
 - June 12, 2019: Governor signed bill into law
 - August 26, 2019: date that bills become law
 - **Continued guidance from the State regarding HB3**
 - Texas school districts will be receiving further guidance from the state and commissioner relating to certain details of HB3 which will impact 2019-20 school year and future years.
 - Texas school districts will be setting teacher raises based on forecasted revenue. Actual revenue may be higher or lower than forecasted. This may potentially impact Texas school districts mandated compensation increase.
 - Risk of financial sustainability at the State Level will be a continued discussion at both the local and state levels.



Future Financial Considerations

➤ Major Impact:

- **Increase in State Funding:** LEISD is projecting additional overall revenue due to HB3. Estimated revenue will be finalized in August when the board of trustees adopts the budget.
- **Tax rate compression & 2.5% future property tax cap:** Maintenance & Operations Tax rate decreases approximately .11 from \$1.17 to approximately \$1.06. Overall tax rate decreases from \$1.64 to approximately \$1.53 per \$100 of taxable assessed values.
 - ✓ Taxable home value of \$300,000 would realize a reduction in property taxes of approximately \$330.
 - ✓ The Board of Trustees will adopt the actual tax rate at the August 2019 regular board meeting.
- **Increase spending on certain instructional programs:** The state will require additional funding on some current and new instructional programs.
- **Increase compensation to certain staff:** In a year in which the basic allotment increases, a district must use 30% of the increase in formula funding for compensation increases to full-time, non-administrative staff, to be allocated as follows:
 - ✓ 75% for Teachers, Counselors, Librarians, and Nurses – prioritizing differentiated compensation for classroom teachers with 6 or more years of experience
 - ✓ 25% for all other non-administrative staff



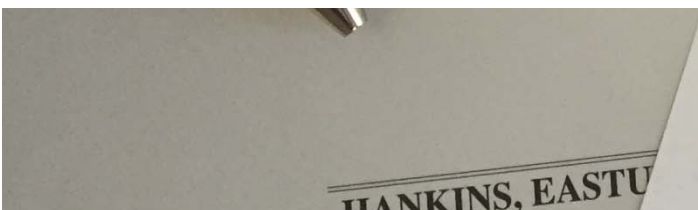
Other Future Financial Considerations

- Ongoing preventive and deferred maintenance costs of buildings.
- Possible slowdown or decline in tax collection rate.
- Consider unencumbering general fund budget from general fund debt and capital outlay costs.
 - Sale of additional bonds passed under proposition B to refund general fund debt with short-term bonds prior to 8/31/19.
 - Pay off general fund capital lease debt prior to 8/31/19 with possible 2018-19 general fund savings surplus.
 - Approve Capital Reimbursement Resolution from 2017 bond of up to \$10 million as communicated in bond program election.



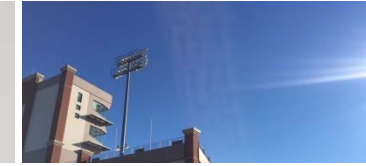
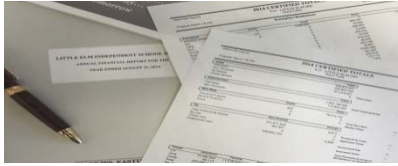
| | |
|-------------------------|--|
| 404,188 | |
| 76,681 | |
| 7,024,466 | |
| 431,087 | |
| 234,370 | |
| 170,112 | |
| 072 | |
| CERTIFIED TOTALS | |
| LITTLE ELM ISD | |
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| Value | |
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General Fund



| Freeze | Assessed | Taxable | Actual |
|----------|-------------|------------|--------|
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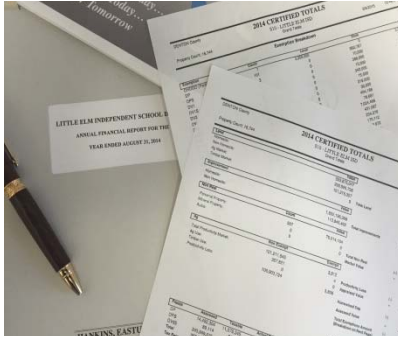
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| 2018-19 General Fund Budget Recap | Initial Budget Sep 1, 2018 | Prior YTD Amendments | Proposed Amendments | Amended Budget |
|--------------------------------------|-------------------------------|-------------------------|------------------------|-------------------|
| Revenue Source | | | | |
| Local Revenue | 51,464,245 | 3,415,923 | 47,393 | 54,927,561 |
| State Revenue | 18,319,434 | 1,031,597 | | 19,351,031 |
| Federal Revenue | 1,250,000 | 244,697 | | 1,494,697 |
| Total Estimated Revenue | 71,033,679 | 4,692,217 | 47,393 | 75,773,289 |
| Appropriations - Campus | | | | |
| 11 Instructional | 39,021,456 | 1,550,966 | 32,541 | 40,604,963 |
| 12 Instruction Resources & Media | 731,379 | 600 | | 731,979 |
| 13 Curriculum and Staff Development | 1,852,210 | (121,705) | 1,250 | 1,731,755 |
| 21 Instructional Leadership | 1,086,508 | 186,394 | (505) | 1,272,397 |
| 23 School Leadership | 4,367,766 | 183,148 | 1,800 | 4,552,714 |
| 31 Guidance, Counseling & Evaluation | 2,150,614 | 52,412 | | 2,203,026 |
| 32 Social Work Services | 31,300 | 2,000 | | 33,300 |
| 33 Health Services | 578,378 | 128 | | 578,506 |
| 34 Student (Pupil) Transportation | 2,372,370 | | | 2,372,370 |
| 35 Food Services | 175,525 | 9,107 | | 184,632 |
| 36 Co-curricular & Extracurricular | 1,992,989 | 87,248 | 13,168 | 2,093,405 |

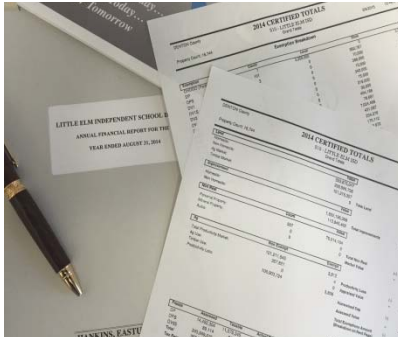


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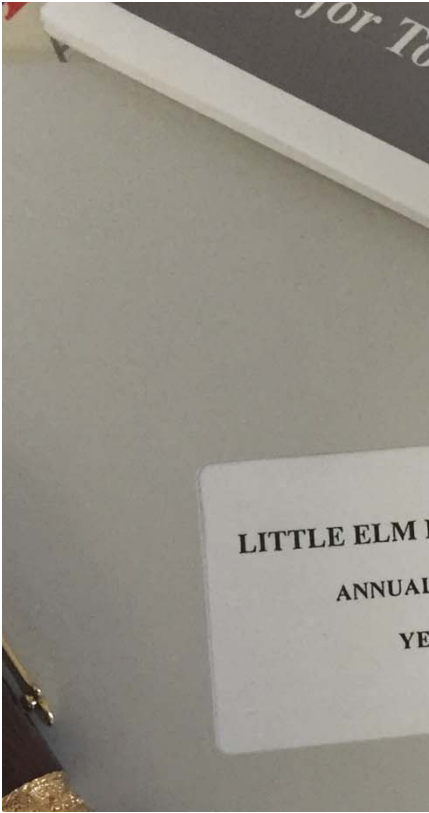
| Budget Recap Continued | Initial Budget Sep 1, 2018 | Prior YTD Amendments | Proposed Amendments | Amended Budget |
|---|---------------------------------------|---------------------------------|--------------------------------|---------------------------|
| Appropriations Continued - Other | | | | |
| 41 General Administration | 3,136,703 | 249,846 | | 3,386,549 |
| 51 Plant Maintenance & Operations | 7,583,917 | 228,963 | (861) | 7,812,019 |
| 52 Security & Monitoring Services | 1,215,934 | 87,088 | | 1,303,022 |
| 53 Data Processing Services | 1,560,918 | 18,352 | | 1,579,270 |
| 61 Community Services (Child Care) | 53,598 | (127) | | 53,471 |
| 71 Debt Services | 1,402,642 | 2,128,732 | | 3,531,374 |
| 81 Facilities | 194,472 | (8,935) | | 185,537 |
| 91 Chapter 41 Recapture | 1,100,000 | | | 1,100,000 |
| 95 Pmts to Juvenile Justice Alternative E | 40,000 | | | 40,000 |
| 99 County Appraisal District Fees | 385,000 | 33,000 | | 418,000 |
| Total Appropriations | 71,033,679 | 4,687,217 | 47,393 | 75,768,289 |
| Other Sources/Use | | 5,000 | | 5,000 |
| Budget Surplus/(Planned Deficit) | 0 | 0 | 0 | 0 |





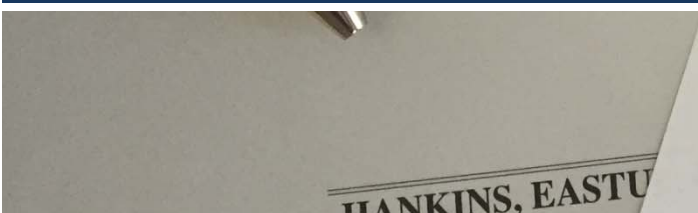
Fund Balance (Long-term financial) Analysis 2018-19

| Reserve | 2017-18 *Actual | 2018-19 Initial Budget | 2018-19 Current Budget | 2018-19 *EST Proposed Budget |
|---------------------------------|--------------------|-------------------------------|------------------------------|------------------------------------|
| | | Budgetary Fund Balance | | |
| Min. 24% of total Expenditures | 15,815,728 | 17,048,083 | 18,173,039 | 18,184,413 |
| 5% of State Legislative Funding | 3,253,093 | 3,261,474 | 3,384,108 | 3,384,108 |
| Ch 41 State Recapture Reserve | 2,000,000 | 1,600,000 | 2,000,000 | 2,000,000 |
| Technology Reserve | 1,200,000 | 725,000 | 1,200,000 | 1,200,000 |
| Facilities Reserve | 1,200,000 | 725,000 | 1,200,000 | 1,200,000 |
| Discretionary | 5,461,683 | 5,570,947 | 2,973,357 | 2,961,983 |
| | | | | |
| Total Fund Balance | 28,930,504 | 28,930,504 | 28,930,504 | 28,930,504 |
| Change | | 0 | 0 | 0 |
| Total Planned Budgetary FB | | | | 0 |



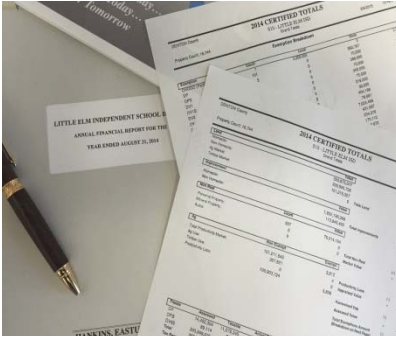
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Capital Outlay Fund

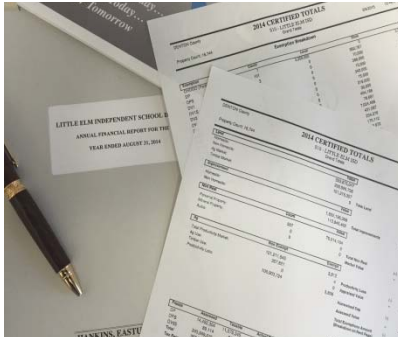


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| Bond Projects | Authorization | Bond Sale | Bond Authorization Balance |
|---------------------------|--------------------|--------------------|----------------------------|
| Bond Sales to date | | | |
| Voter Authorization | 240,000,000 | | 240,000,000 |
| May 2018 Bond Sale | | 150,000,000 | 90,000,000 |
| August 2018 Bond Sale | | 25,000,000 | 65,000,000 |
| | | | |
| | | | |
| Total | 240,000,000 | 175,000,000 | 65,000,000 |

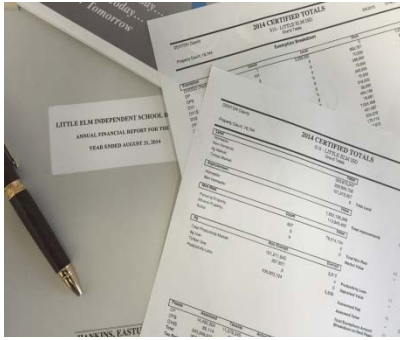


| Board Approved Bond Projects | Budget Status | Initial Budget | Net Budget Changes | Current Budget | YTD Expenditures | Project Balance | Issued Bond Balance (Net Current Budget) |
|------------------------------|---------------|--------------------|--------------------|--------------------|-------------------|--------------------|--|
| As of Jul 10, 2019 | | | | | | | |
| Total Bond Sale | | | | | | | 175,000,000 |
| Land (Multiple Locations) | Approved | 12,387,434 | (35,524) | 12,351,910 | 12,333,179 | 18,731 | 162,648,090 |
| Brent Vestibule | Completed | 207,072 | | 207,072 | 158,378 | 48,694 | 162,441,018 |
| Chavez Vestibule | Completed | 216,399 | | 216,399 | 158,132 | 58,267 | 162,224,619 |
| Walker Middle School | Approved | 68,538,650 | | 68,538,650 | 11,558,911 | 56,979,739 | 93,685,969 |
| Strike Middle School | Approved | 67,513,978 | | 67,513,978 | 5,922,720 | 61,591,258 | 26,171,991 |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| Total | | 148,863,533 | (35,524) | 148,828,009 | 30,131,320 | 118,696,689 | 26,171,991 |

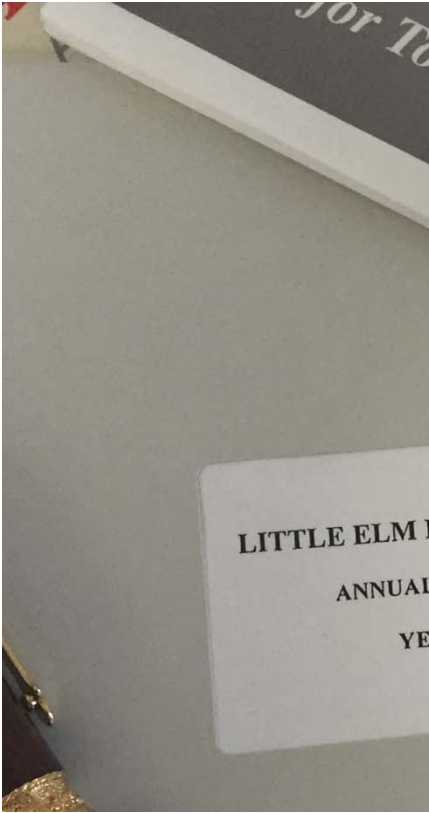
Status: Pending (board approved project, but not budget).

Approved (board approved budget).

Completed (project is completed and fully paid).

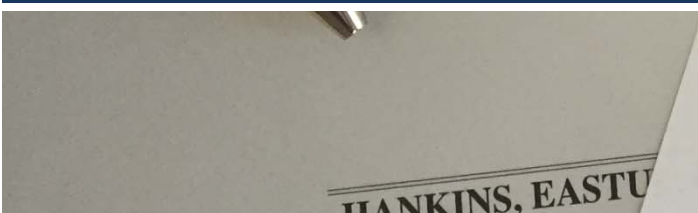


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|------------------------------|---------------|--------------------|--------------------|--------------------|-------------------|--------------------|--|
| As of Jul 10, 2019 | | | | | | | |
| Balance Forward | | 148,863,533 | (35,524) | 148,828,009 | 30,131,320 | 118,696,689 | 26,171,991 |
| High School Athletic Fields | Approved | 8,480,300 | | 8,480,300 | 1,918,575 | 6,561,725 | 17,691,691 |
| High School Concourse | Approved | 2,321,953 | | 2,321,953 | | 2,321,953 | 15,369,738 |
| Stadium Scoreboard | Approved | 1,007,347 | | 1,007,347 | 920,883 | 86,464 | 14,362,391 |
| Roofing | Approved | 2,136,720 | | 2,136,720 | 458,745 | 1,677,975 | 12,225,671 |
| 12 Buses | Approved | 1,323,446 | | 1,323,446 | 0 | 1,323,446 | 10,902,225 |
| HVAC | Approved | 3,759,448 | | 3,759,448 | 7,049 | 3,752,399 | 7,142,777 |
| CTE Renovation | Approved | 730,037 | | 730,037 | 11,903 | 718,134 | 6,412,740 |
| Special Ed Renovation | Approved | 106,399 | | 106,399 | | 106,399 | 6,306,341 |
| Stadium Improvements | Pending | | | | | | |
| Technology Upgrades | Pending | | | | | | |
| Safety & Security | Pending | | | | | | |
| Capital Reimbursement | Pending | | | | | | |
| Total | | 168,729,183 | (35,524) | 168,693,659 | 33,448,475 | 135,245,184 | |



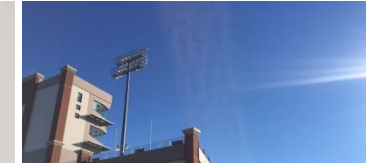
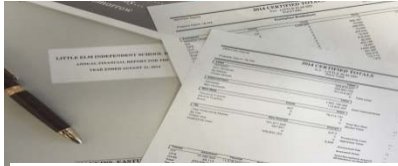
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Debt Service Fund

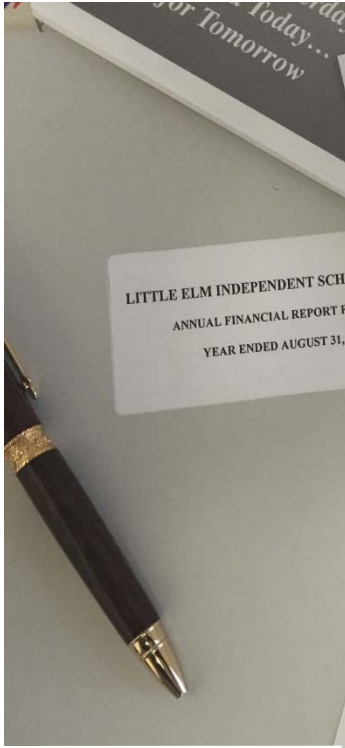


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| 2018-19 Debt Service Fund Budget Actuals (Jul 17, 2019) | Budget | Prior YTD Realized | Current Realized  | YTD Realized | Budget to Actual |
|--|-------------------|-----------------------|---|-------------------|---------------------|
| Revenue Source | | | | | |
| Property Tax Revenue (\$.47 tax rate) | 20,915,782 | 20,953,230 | 23,010 | 20,976,240 | 60,458 |
| Investment Revenue | 214,721 | 255,813 | 39,838 | 295,651 | 80,930 |
| State Revenue Debt Allotment | 260,360 | 260,360 | 0 | 260,360 | 0 |
| Total Budget to Actual Revenue | 21,390,863 | 21,469,403 | 62,848 | 21,532,251 | 141,388 |
| Expenditures (Payments due Feb 15 & Aug 15) | | | | | |
| Principal on Long-Term Debt | 5,863,819 | 0 | 0 | 0 | 5,863,819 |
| Interest on Long-Term Debt | 15,222,784 | 6,366,924 | 0 | 6,366,924 | 8,855,860 |
| Bond Issuance Costs & Fees | 160,077 | 6,060 | 3,650 | 9,710 | 150,367 |
| Premium or Discount on Issuance | 0 | | | | 0 |
| Total Budget to Actual Expenditures | 21,246,680 | 6,372,984 | 3,650 | 6,376,634 | 14,870,046 |
| Beginning Budgetary Fund Balance | 5,326,647 | | | | |
| Net Transfer-Other In/(Out) | 100,569 | | | | |
| Revenue over Expenditure | 144,183 | | | | |
| Ending Budgetary Fund Balance | 5,571,399 | | | | |



Financials in board packet

- Budget Amendments
- Fund Balance Comparison
- Statement of Revenue and Expenditures
- Cash Flow Statement
- Bank Reconciliations
- Investment Report
- Fund Summary of Revenue and Expenditures
- Tax Collection Report
- Construction Report
- Gifts and Donations

Located on the Web @ www.littleelmisd.net - Finance

- The Administration recommends approval of the May 2019 Financial Reports as submitted.