
NISD FINANCIAL UPDATE

December 6, 2023



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Departments and Functions

Chief Financial Officer

Coordination and supervision of Accounting, Accounts Payable, Finance, Payroll and Purchasing. Responsible for the development and control of the school district budget, investment of district funds, and larger vendor contract management.

Accounting

Responsible for financial accounting transactions, journal entries, budget amendments and transfers, bank account reconciliations, federal programs and grants, and financial reporting.

Accounts Payable

Responsible for processing incoming invoices and paying the district's vendors. Payments are 3-way-matched.

Financial Services

Responsible for all financial sub-systems such as fixed assets and purchase order approval, accounts receivable, payment solutions.

Payroll

Responsible for a semi-monthly and monthly payroll each month. Compute and summarize deductions, benefits, retirement, and insurance. Monitor changes in payroll-related data; corrections or adjustments as necessary; notify proper authorities.

Purchasing

Responsible for the bids, state contracts, quotes, RFPs, processing of purchase requisitions, vendor lists, and travel program.

Budget

Responsible for the budget for all funds including General Fund, Federal Funds, Capital Projects, etc.

Position Control

Responsible for each position in the district which feeds the payroll department as well as the budget.

Financial & Investment Reporting

The District's financial statements and investments are reviewed on a monthly basis with the Board of Trustees.

The Final Amended Budget for the Year Ending June 30, 2023 will reflect all amendments previously approved by the Board of Trustees plus any final amendments. The Final Amended Budget for the Year Ending June 30, 2023 is used in preparation of the Annual Comprehensive Financial Report ("ACFR").

Audited Financial Statements

The final stage of the financial cycle is the Board of Trustees approval of the Annual Comprehensive Financial Report (“ACFR”), a report that tells the financial story of the school system through narrative, financial statements, and charts/graphs. The ACFR validates the District’s commitment to financial integrity and complies with disclosure requirements.

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(Departments/Financial Servies)

ACFR Awards Program

The Annual Comprehensive Financial Report Awards Program reviews the accounting practices and reporting procedures and is designed to encourage excellence in financial reporting.

ASBO Excellence in Financial Reporting
FYE June 30, 2003 through 2022 (excluding 2010)

GFOA Achievement for Excellence in Financial Reporting
FYE June 30, 2002 through 2022

Bond Rating

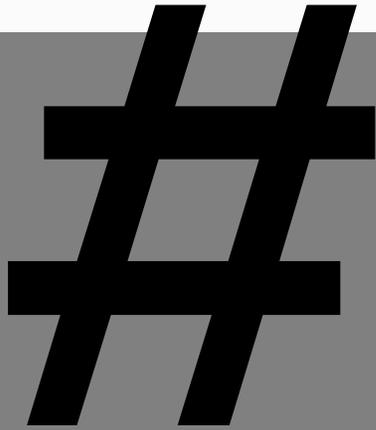
The District's bonds are rated Aaa by Moody's Investor Services and AAA by Fitch Ratings, by virtue of the Permanent School Fund of the State of Texas. The underlying credit ratings of the District are Aa2 by Moody's Investor Services and AA by Fitch Ratings.

Since year 2005, Northwest ISD has implemented multiple bond refunding programs to reduce the cost of voter-approved bonds which have generated \$191 million of savings for District taxpayers!

Texas School FIRST Rating

The District received a rating of “Superior Achievement” under the State of Texas School FIRST – financial accountability rating system for all of the previous 21 years. The Superior Achievement rating is the state’s highest, demonstrating the quality of the District’s financial management and reporting system.

Northwest ISD is making the most of our taxpayers’ dollars and the District schools are accountable not only for student learning, but also for achieving these results cost-effectively.



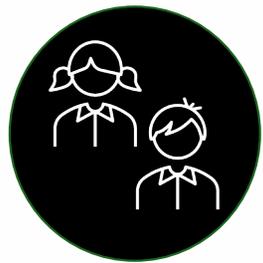
IN DFW FOR GROWTH



More new homes are being constructed in Northwest ISD than any other school district in DFW.



NISD's Growth Since 2000



5,350
Students

2000

8,750
Students

2005

15,370
Students

2010

20,970
Students

2015

25,400
Students

2020



10
Schools

14
Schools

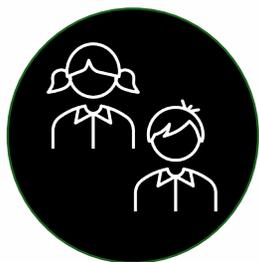
17
Schools

26
Schools

29
Schools

2022 & Beyond*

30,942 as of 12/5/2023



29,150
Students



32,108
Students

34,930
Students

37,997
Students

40,838
Students

2022

2024

2026

2028

2030



30
Schools

?
Schools

?
Schools

?
Schools

?
Schools

**Enrollment projections based on Zonda Education's 2Q23 Demographic Report*

HOW DO PROPERTY TAXES WORK?

Property Taxes

Property taxes, also called ad valorem taxes, are locally assessed taxes on property owned within the boundaries of the taxing unit (Northwest ISD). Everyone owning property pays property taxes to the school district, including homeowners and business owners.

1

Property is valued by the Central Appraisal Districts



2

The School Board votes on a tax rate



3

Taxes are levied by the District and paid by property owners

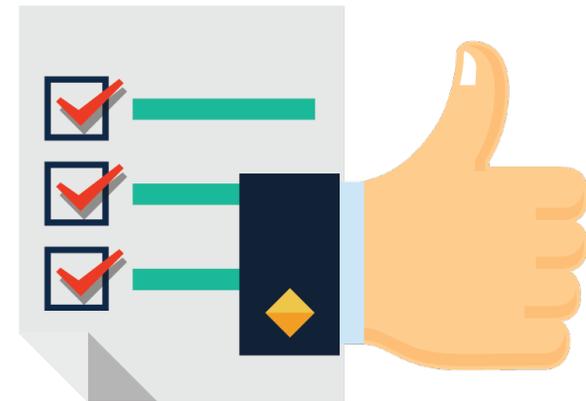


Bond 101

Texas public schools rely on the support of local taxpayers to fund facility renovations, construction and major equipment purchases.



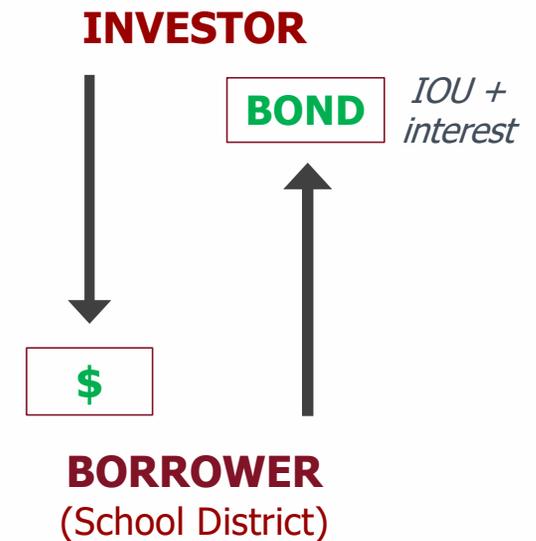
A school district **borrow**s money to finance the **design, construction, expansion and renovations** of schools and facilities.



Voters **must approve** these funds through a bond election.

DEBT SERVICE FUNDING

- **What is a bond?** A bond is a debt investment in which an investor loans money to a school district, with interest, for a defined period of time. Essentially, it's similar to a family taking out a mortgage for the purchase of their home
- NISD issues bonds to pay for “big ticket” capital needs: new facilities, renovations, land, technology, etc



School District Taxes Involve 2 Figures

General Operating Fund

(Maintenance & Operations)

Day-to-day operations and expenses

FOR SCHOOL DISTRICTS, THIS INCLUDES:

- Staff Salaries
- Utilities
- Supplies
- Repairs
- Fuel



FOR THE AVERAGE CITIZEN, THIS IS SIMILAR TO:

- Groceries
- Utilities
- Minor home repairs
- Routine services
- Car fuel

Debt Services Fund

(Interest & Sinking)

Principal and interest payments on debt issued

FOR SCHOOL DISTRICTS, THIS INCLUDES:

- New construction
- Renovations
- HVAC Systems
- Roofing
- Technology



FOR THE AVERAGE CITIZEN, THIS IS SIMILAR TO:

- Mortgage
- Home renovation
- Major appliances
- Land
- Car



Bonds cannot be used for salaries or operating costs.

2023-2024 Tax Rate

M&O
(Maintenance and Operations)

Used for the Day-to-Day Operations

\$0.6692

+

I&S
(Interest and Sinking)

Used Only for ISD Debt

\$0.4210

Capped at \$.50

=

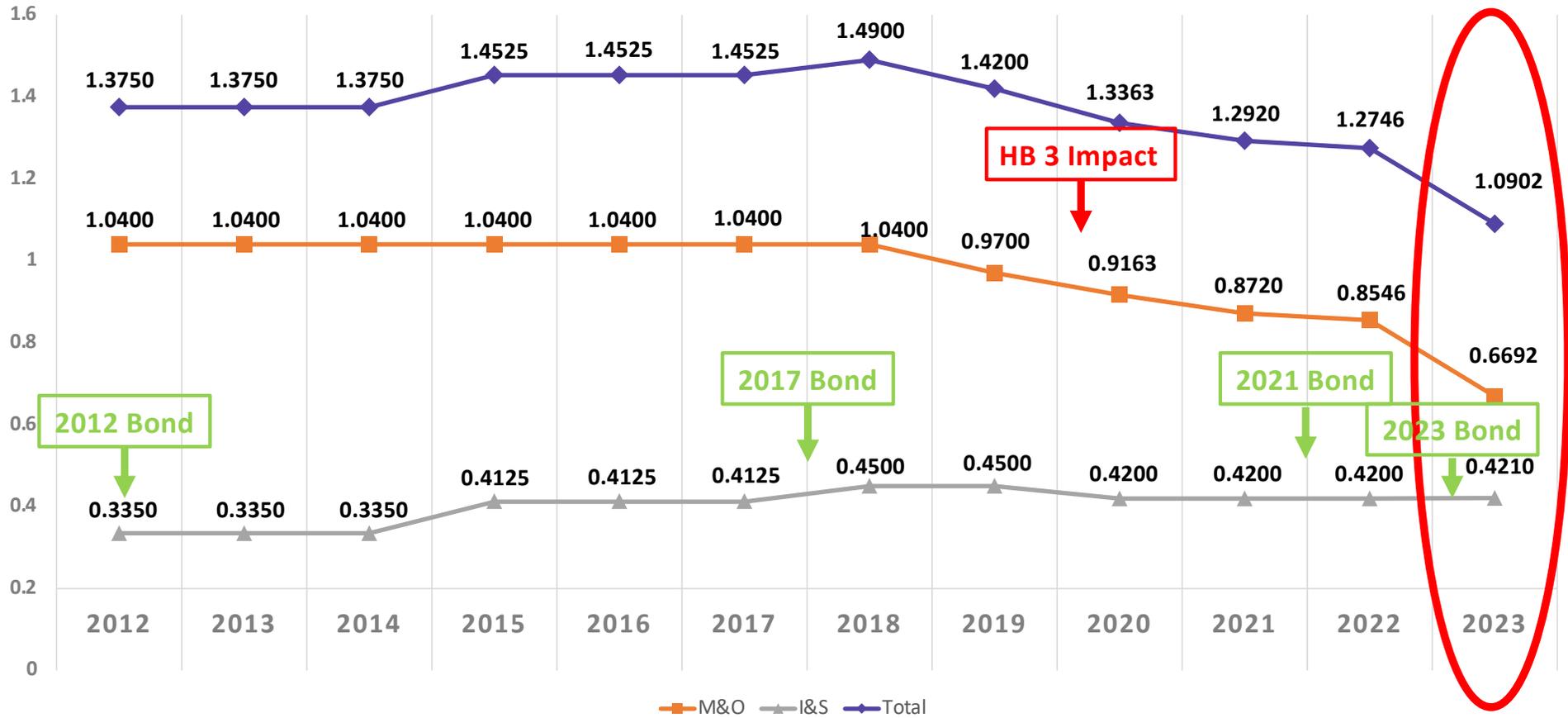
TOTAL

\$1.0902

per \$100 of property value



Tax Rate Analysis for last 11 Years



NOTE: NISD's current total tax rate is the **lowest** it has been since fiscal year 1993

Understanding Your Tax Payment vs. Tax Rate

Higher taxes are higher due to the overall property value growth, not the tax rate.

EXAMPLE TAX PAYMENT OVER 6 YEARS

	2018	2019	2020	2021	2022	2023
TAXABLE HOME VALUE	\$315,000	\$315,000	\$315,000	\$315,000	\$315,000	\$315,000
	\$315,000	\$340,200	\$367,416	\$396,809	\$428,554	\$462,838
NISD TAX RATE	\$1.4900	\$1.4200	\$1.3363	\$1.2920	\$1.2746	\$1.0902
NISD TAXES PAID	\$4,694	\$4,473	\$4,209	\$4,070	\$4,015	\$3,434
	\$4,694	\$4,831	\$4,910	\$5,127	\$5,462	\$5,046
DIFFERENCE DUE TO ASSESSED VALUE	\$0	\$358	\$701	\$1,057	\$1,447	\$1,612

Assessed value as set by your County Appraisal District

Scenario assumes 8% property value growth each year.

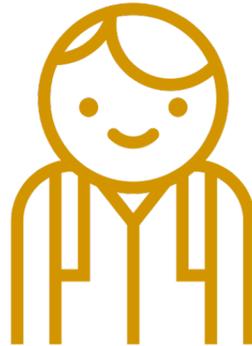
Revenue Budget

For every \$1 of funding received...



Local Revenue: Property Taxes and other local sources
Total budget: \$289,822,026
\$0.90 for every \$1.00 comes from this source.

Total Revenue Budget
\$323,102,763



State Revenue: State funding for school districts
Total budget: \$29,124,213
\$0.09 for every \$1.00 comes from this source.
(Recapture: payment paid to state = \$19,500,000 budget)



Federal Revenue: Indirect Revenue from Grants and SHARS
Total budget: \$4,156,524
\$0.01 for every \$1.00 comes from this source.

Expenditure Budget

For every \$1 of funding received...

\$0.58 pays for instruction including instructional resources and curriculum



\$0.01 pays for instructional leadership



\$0.06 pays for school leadership which includes general campus administration



\$0.02 pays for technology & data services



\$0.04 pays for guidance & counseling including social work services



\$0.01 pays for other general operating costs

\$0.11 pays for other operations like maintaining clean and safe schools



\$0.01 pays for health services



\$0.03 pays for administration of the school district



\$0.04 pays for school transportation

\$0.06 will be sent back to the State of Texas in the form of recapture

\$0.03 pays for cocurricular & extracurricular activities



\$0.00 pays for meals including breakfast and lunch

Total Expenditure Budget
\$326,091,639

Expenditure Budget

For every \$1 of funding received...

Payroll = \$244.5 M

~~75%~~ of the Budget

80%



Professional/Contracted Services = \$54.3 M

~~17%~~ of the Budget

11%



~~-\$19.5 M Recapture~~

\$34.8 M

Other Operating Costs = \$10.9M

~~3%~~ of the Budget

4%



Supplies & Materials = \$15.9 M

~~5%~~ of the Budget

5%

Total Expenditure Budget
\$326,091,639



Capital Outlay = 440K

~~0%~~ of the Budget

0%

Subtract
Recapture

~~-\$19,500.00~~

Remaining
Budget

\$306,591,639

How Your Tax Bill is Distributed

Example: Home Value = \$410,475

TAX BILL = \$8,967
(50%)

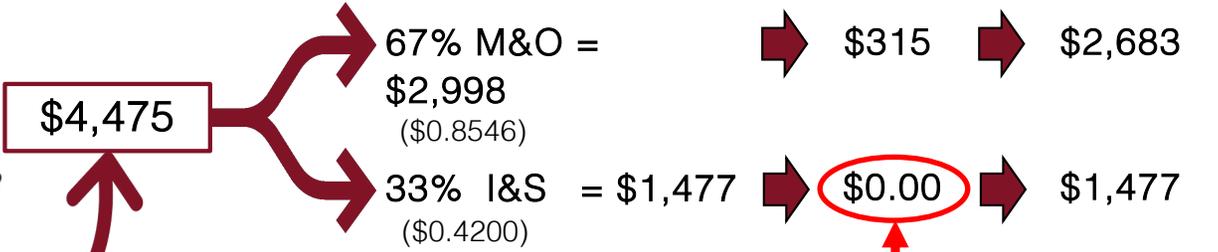
SCHOOL TAXES = \$4,475



The homeowner pays the tax collector - \$8,967



The tax collector distributes the appropriate funds to the school district - \$4,475



*Recapture does not apply to I&S funds

Recapture District: Increase in NISD's Tax Base HELPS the I&S Budget extensively. However, it DOES NOT HELP the M&O Budget as much due to Recapture.

The 3 Cs

Land with Cows and Corn becoming Construction provides additional tax base growth for the district.



Agriculture Exempt = No tax base value



Agriculture Exempt = No tax base value



Taxable Property = Tax base growth based on value

Year-to-Year Revenue Comparison

	2021 Taxable Value	2022 Taxable Value
Assessed Value	\$25,980,836,220	\$31,306,276,381
NISD Tax Rate	\$1.2920	\$1.2746
Generated Revenue	\$335,672,404	\$399,029,799



Key Takeaways

- NISD receives all I&S revenue due to property value-growth, allowing the district to increase bond capacity with little or no impact on the tax rate.
- \$35M increase from previous year revenue due to property value-growth, allowing the district to increase bond capacity with little or no impact on the tax rate.
- \$22M net increase in M&O revenue due to property value-growth, allowing the district to increase bond capacity with little or no impact on the tax rate.
- \$20M increase in Recapture revenue due to property value-growth, allowing the district to increase bond capacity with little or no impact on the tax rate.

2021 Fiscal Year		Recapture	Net Revenue
	\$224,900,011	\$8,000,000	\$16,900,511
\$335,672,404	\$110,771,893 (33% I&S)	\$0.00	\$10,771,893
4			

2022 Fiscal Year		Recapture	Net Revenue
	\$267,349,965	\$28,660,895	\$8,689,070
\$399,029,799	\$131,679,834 (33% I&S)	\$0.00	\$131,679,834
9			

BUDGET HISTORY AND CURRENT SITUATION

December 6, 2022

NISD FINANCE HISTORY - BY THE NUMBERS

Revenue Budget Figures –

<u>Year</u>	<u>Revenue</u>	<u>Recapture</u>	<u>Total Net Revenue</u>
2018-2019	\$203,730,470	\$4,456,091	\$199,274,379
2019-2020	\$221,371,318	\$4,459,626	\$216,511,692
2020-2021	\$230,861,517	\$14,340,703	\$216,520,814
2021-2022	\$249,088,992	\$10,550,215	\$238,538,777
2022-2023	\$303,130,801	\$28,660,895	\$274,469,906
2023-2024	\$323,102,763	\$19,500,000	\$303,602,763

NISD FINANCE HISTORY - BY THE NUMBERS

Expense Budget Figures –

<u>Year</u>	<u>Revenue</u>	<u>Expenses</u>	<u>Deficit</u>
2018-2019	\$203,730,470	\$216,209,762	\$12,479,292
2019-2020	\$221,371,318	\$242,480,565	\$21,109,251
2020-2021	\$230,861,517	\$256,028,363	\$25,166,846
2021-2022	\$241,075,017	\$243,090,421	\$2,015,404
2022-2023	\$303,130,801	\$303,130,801	\$0
2023-2024	\$323,102,763	\$326,091,631	\$2,988,868

NISD FINANCE HISTORY - BY THE NUMBERS

Budget to Actuals

<u>Year</u>	<u>Deficit</u>	<u>Actual Year End</u>	<u>Difference</u>
2018-2019	-\$12,479,292	\$2,993,297	\$15,472,589
2019-2020	-\$26,270,803	-\$9,072,016	\$17,198,787
2020-2021	-\$25,166,846	-\$6,239,158	\$18,927,688
2021-2022	-\$2,015,404	\$16,081,405	\$18,096,809
2022-2023	\$0	\$11,310,718	\$11,310,718
2023-2024	-\$2,998,868	?????	

NISD FINANCE HISTORY - BY THE NUMBERS

Fund Balance Status

<u>Year</u>	<u>Fund Balance</u>
2018-2019	\$99,134,726
2019-2020	\$90,062,710
2020-2021	\$83,823,552
2021-2022	\$99,904,957
2022-2023	\$111,215,675
2023-2024	???????

*Currently, this is a balanced budget.



More Numbers

- \$18,000,000 – Monthly payroll
- \$6,000,000 – Monthly vendor checks
- \$3,000,000 – Weekly construction
- 25,000+ purchase orders
- 30,942 students
- Over 3,000 staff
- 34 campuses as of Fall 2023...and counting
- 130+ active housing developments

Current Proposed Legislation

- Basic allotment increase – 6,160 to 6,700 for 24-25 (\$540)
- Increase to ESL and SPED and Early Education Create a School Safety Fund
- \$4,000 increase to Teachers, Librarians, Counselors, Nurses for 23-24
- Continuation of pay increases through basic allotment increase
- Floor for districts losing more than 5% of their students
- Property insurance regional rate variance

- Education Saving Accounts - \$10,500 funding per student

DISCUSSION AND QUESTIONS