



# **2021-2022 Budget Process**



# 2021-2022 Budget Calendar

## Future meetings:

**April 12:** Board Workshop

**May 10 :** Budget Workshop - First presentation of proposed budget, 5:30 pm

**June 7 :** Budget Workshop - Second presentation of proposed budget, 5:30 pm

**July 26 :** Board meeting, 6:00 pm

**August 2 :** Budget Workshop - Final presentation of proposed budget, 5:30 pm

**August 23:** Public Hearing/Budget and Tax Rate, 5:30 pm; Budget adoption



# Budget Process

## **Fall/Winter pre-work:**

- Identifying opportunities to increase revenue and decrease expenditures based upon preliminary projected near and future budgets.
- Gathering community, employee and Board input.
- Investigating opportunities.

## **Spring/Summer work:**

- Campus/department budget allotments
- District level line items: transportation, custodial, substitutes
- Salary projections - multiple throughout summer
- Refine assumptions:
  - enrollment/ADA
  - taxable property values
- Adjust to new legislation



# Budget Projection

## Assumptions:

- Coppel ISD qualifies for the Fast Growth Allotment for the 2021-2022 school year. (under current law)
  - **Proposed** legislation (**HB1525**) reduces allotment by \$2 million
- Enrollment and Avg Daily Attendance (ADA)
  - KEY driver of funding
  - How will enrollment change for 2021-2022?
- Taxable property value
  - State will use 1.84% growth rate to determine maximum compressed tax rate (MCR).
- Formula Transition Grant



# Potential Legislation

## SB10

- Addresses taxpayer funded lobbying.
- Does not include school districts that rely on professional organizations such as TASB to provide information to the legislature.

## SB27/HB1468/SB1389

- Expands virtual learning
- Local-only online programs outside of TX Virtual Schools Network

## HB3445

- Reduces local control of district funds
- Require school districts to use excess funds within one fiscal year
  - Pay down debt
  - New compensations programs
  - Reduce M&O tax rate
  - Pay deferred maintenance costs
  - Would not allow a referendum to approve a bond issue



# Potential Legislation

## GFOA (Government Finance Officers Organization) - Best Practices: Fund Balance Guidelines

- Essential that governments maintain adequate levels of fund balance to:
  - mitigate current and future risks
    - revenue shortfalls
    - unanticipated expenditures
  - Ensure stable tax rates
  
- Appropriate level of fund balance should take into account unique circumstances:
  - Is the timing of revenue and expenditures mis-matched? (Ch 48 - recapture)
  - Is district vulnerable to natural disasters (hail storms, tornados, hurricanes)?
  - Is revenue predictable?
  - Are expenditures volatile?
  - Is district subject to cuts in state aid or federal grants?
  
- Use of fund balance should be for one-time events or expenditures and not used for ongoing recurring expenditures.
  - Ability to fund needs during first four months of the school year
  - Ability to respond to emergency needs



# Potential Legislation

## Fund balance's positive impact on district's credit rating

- Allows the district to finance capital needs cost-effectively

### Scenario:

\$100 million/30-year bond issue under current market pricing (March 2021)

Below is an estimate of Debt Service cost based on this scenario using underlying rates

<b>INCREASE in DEBT SERVICE COST if credit rating downgrades:</b>	<b>AA+</b>	<b>AA</b>	<b>AA-</b>	<b>A+</b>
Assumes PSF Guarantee	-	\$227,350	\$565,650	\$1,137,800
Assumes No PSF Guarantee	-	\$345,900	\$924,600	\$2,631,450



# Budget Progress

- **Visioning Committee**
  - developing long-term vision
  - will drive future budget decisions
- **Revenue Opportunities** - ways to increase enrollment
  - Open Enrollment
  - Virtual options
  - I “heart” CISD Marketing campaign
- **Expenditure Opportunities**
  - Operational expenditures
  - Staffing efficiencies





# Bond Refunding



# Coppell ISD

## March Ratings:

- S&P Global Ratings: AAA long-term rating / AA+ underlying rating
- Fitch Ratings: AAA long-term rating / AA+ unenhanced long term rating

## March Bond Refunding:

- Refunded Series 2014 bond
  - Savings: \$6,202,322 (Net Present Value = \$4,672,155)
  - Approx. \$270,000 saved annually in the Debt Service budget through 2044
  - 10.63% savings of refunded bonds

Taxpayers benefit when bonds are refunded. The total interest payments are reduced making the financing of bond projects less expensive than when the bonds were originally issued.

Bond principal and interest are paid from the district's Debt Service fund (not the General Operating fund). Debt Service revenue is generated from the Interest & Sinking (I&S) tax rate.



# Refunding Savings: 2016 - 2021

<b><u>NEW BONDS</u></b>	<b><u>Series 2016C&amp;D</u></b>	<b><u>Series 2018</u></b>	<b><u>Series 2019A</u></b>	<b><u>Series 2020</u></b>	<b><u>Series 2020A</u></b>	<b><u>Series 2021</u></b>
Bond Series Refunded	2006, 2007, 2009A&B	2007B	2009A&B	2011	2013A	2014
Date of Refunding	8/15/2016	2/15/2018	5/1/2019	5/15/2020	9/15/2020	3/23/2021*
Par Amount Refunded	\$43,865,000	\$29,370,000	\$23,265,000	\$9,964,558	\$17,775,000	\$43,943,494
Total \$ Savings	\$7,846,218	\$1,587,346	\$3,457,217	\$3,589,794	\$5,911,012	\$6,202,322
<b>Total Savings as a % of Refunded Bonds</b>	<b>16.99%</b>	<b>1.88%</b>	<b>12.24%</b>	<b>29.83%</b>	<b>26.47%</b>	<b>10.63%</b>

\*Pricing date



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Total \$ Savings	\$7,846,218	\$1,587,346	\$3,457,217	\$3,589,794	\$5,911,012	\$6,202,322

**Total Savings in Debt Service (2017 - 2044): \$28,593,909**

**Net Present Value Savings (2017 - 2044): \$24,053,889**

\*Pricing date