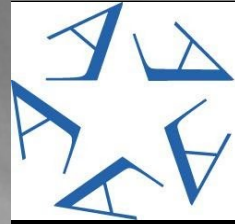




**Financial Futures Committee  
January 12, 2021  
5:30 PM – 7:00 PM, Virtual Meeting via Zoom**

1. Opening Remarks (Darla Moss)
2. Board Community Engagement Committee Remarks (Melody Fowler)
3. Superintendent Remarks (Dr. Marcelo Cavazos)
4. FFC Chairperson Remarks (Anne Mason)
5. Presentation (Darla Moss)
  - a. Financial Accountability and Audits (Alice Hamrick)
  - b. Enrollment Trends (Dr. Kevin Barlow)
  - c. Legislative Agenda (Dr. Michael Hill)
  - d. Budget Basics (Darla Moss)
6. Closing (Anne Mason)



**Arlington**

INDEPENDENT SCHOOL DISTRICT

*More Than a Remarkable Education*

# Financial Futures Committee

January 12, 2021

# FFC FOCUS

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## Purpose

To provide findings and recommendations from community stakeholders to the Board of Trustees relating to budgets and long-range financial planning to support the District's Strategic Plan

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# FFC Meeting Schedule

Date	Time	Possible Topics
November 10, 2020	5:30 – 7:00 pm	Orientation, Texas School Finance
January 12, 2021	5:30 – 7:00 pm	Financial Accountability and Audits/Enrollment Trends/ Legislative Agenda/Budget Basics
April 13, 2021	5:30 – 7:00 pm	Planning and Budget Preparation/Strategic Plan/Legislative Update/
May 11, 2021	5:30 – 7:00 pm	Staffing and Compensation/Property Value Trends and Tax Rates/Legislative Update/Budget Update
August 10, 2021	5:30 – 7:00 pm	Strategic Plan Update/Budget Update
October 12, 2021	5:30 – 7:00 pm	Strategic Plan/Comparison Data
November 2021	TBD	Report to Board of Trustees

# AGENDA



## **Financial Accountability and Audits**

Alice Hamrick, Executive Director of Financial Services

## **Enrollment**

Dr. Kevin Barlow, Assistant Superintendent of Research and Accountability

## **Legislative Agenda**

Dr. Michael Hill, Assistant Superintendent of Administration

## **Budget Basics**

Darla Moss, Chief Financial Officer



# **Financial Accountability and Audits**

**Alice Hamrick, Executive Director of Financial Services**



# FIRST Rating

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- The state financial accountability rating system that holds school districts accountable for the quality of their financial management.
- AISD's rating is A-Superior Achievement
  - This program was created 18 years ago, and AISD has received the highest rating every year.
  - 14 indicators based on student, staff and financial data
- The FIRST management report is available on the AISD website.
  - <https://www.aisd.net/wp-content/files/AISD-Financial-Management-Report-2020.pdf>

# Annual Financial Audit

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- AISD FY 2020 annual financial audit results:
  - Unmodified Opinion - This is a clean opinion that is the highest level available.
  - No internal control findings related to financial reporting
  - No findings related to compliance
  - Unmodified opinion over each major federal program
  - No internal control findings related to each major federal program
- General fund - revenue exceeded expenditures by \$24.4M and the ending fund balance was \$222.4M.
- Child Nutrition fund – fund balance decreased by \$3.5M and ending fund balance was \$12.1M.
- Debt Service fund – fund balance increased by \$21.9M and ending fund balance was \$54.8M.
  - Interest payment due August 2020 was \$20.1M.



# Efficiency Audit

- AISD requested an efficiency audit to assess the District’s fiscal management, efficiency and utilization of resources, and whether the District has implemented best practices.
- These audits are required before an election to adopt a Maintenance and Operations (M&O) property tax rate.
  - Requirement was waived for this year, but AISD voluntarily opted to have the audit.
- The efficiency audit compares AISD data on accountability, students, staffing and finances with peer districts and overall state data.

Topic	Time Span	AISD	Peer Districts	State
Total operating revenue per student	Most recent year	\$9,428	\$9,945	\$10,469
Average operating revenues - all funds per student	Last five years	\$8,776	\$9,335	\$9,757
Average general fund operating revenue per student	Last five years	\$7,840	\$8,077	N/A
Average total operating expenditures per student	Most recent year	\$9,566	\$9,843	\$9,912
Average total operating expenditures per student	Last five years	\$9,021	\$9,446	\$9,479
Average general fund operating expenditures per student	Last five years	\$7,871	\$8,158	N/A

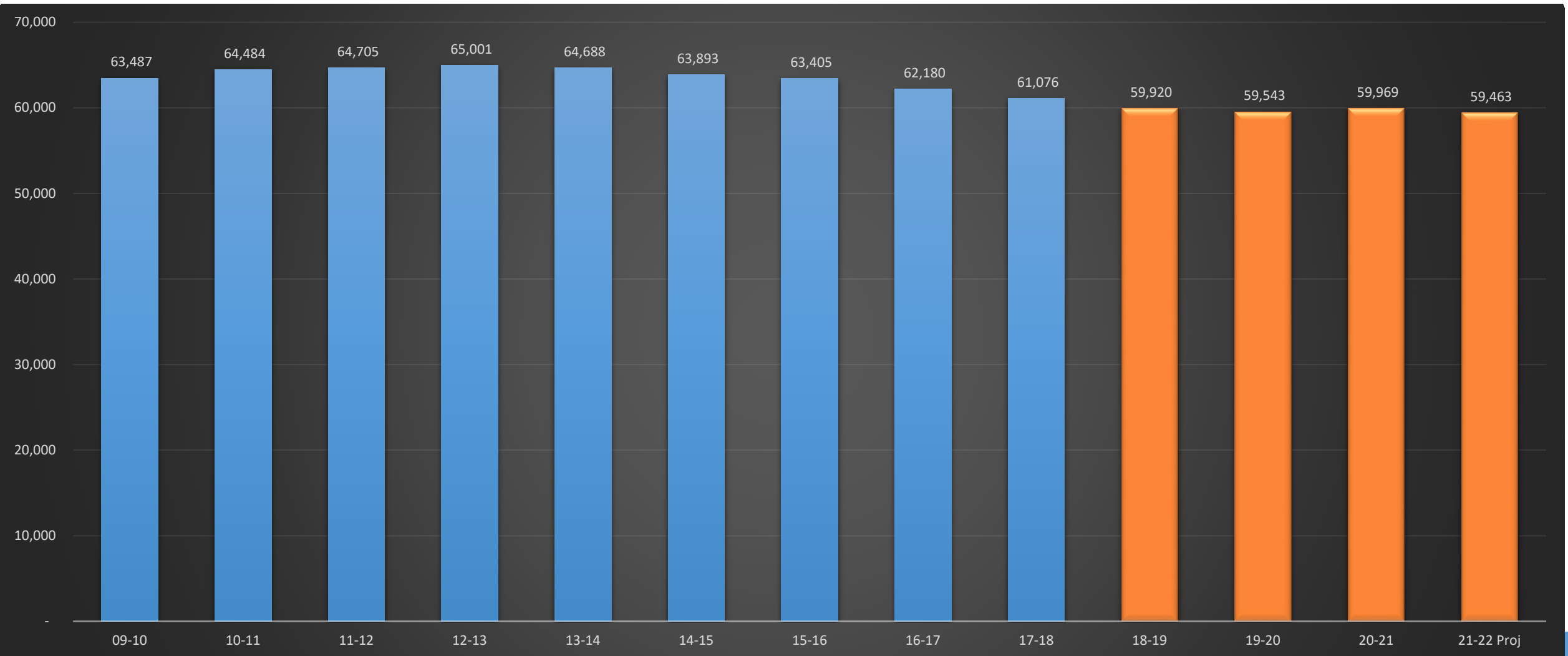


# Enrollment Trends and Projections

Dr. Kevin Barlow, Assistant Superintendent of Research and Accountability



# Student Enrollment History



# Methodology

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- Department of Research and Accountability projects enrollment for the upcoming school year
  - Cohort projection model
  - These projections are the basis for staffing decisions

# Cohort Projection Model

- A trend is calculated based on the past 3 years. This trend is used to predict enrollment for the next academic year (AY).
  - For early elementary, pre-k, and kindergarten, enrollment is projected by applying the trend to the last AY's enrollment at the same grade level
  - For grades 1 through 12, enrollment is projected by applying the trend to each cohort of students as they progress through the grade levels
    - Ex: The trend to predict 2<sup>nd</sup> grade enrollment for 2021-22 AY is applied to 1<sup>st</sup> grade 2020-21 AY enrollment numbers
- A feeder school calculation is used to determine how many 6<sup>th</sup> grade elementary school students will feed into each junior high school for accuracy in predicting 7<sup>th</sup> grade values and how many 8<sup>th</sup> grade junior high school students will feed into each high school for accuracy in predicting 9<sup>th</sup> grade values.

# Alternate Cohort Projection Models

Model	Description	N count
21-22 Low	Regular rules and survival rate calculations utilized. For all grades, the <u>actual 20-21 enrollment</u> (covid impact) were used. No judgment calls were made.	54,601
<b>21-22 AISD Projected</b>	Regular rules and survival rate calculations utilized. For grades PK-1 and 7-12, the actual 20-21 enrollment (covid impact) were used. For grades 2-6, the 19-20 (non-covid impact) enrollment 2 grades prior were used. Judgment calls were made.	<b>56,463</b>
21-22 Templeton	Historical cohort analysis with the average of the 3 years prior to 2020. Increased cohorts to attempt to return at least 60% of the loss felt from 2020-21 by grade level.	57,034
21-22 High	Regular rules and survival rate calculations utilized. For all grades, the <u>projected 20-21 enrollment</u> (w/o covid impact) were used. No judgment calls were made.	57,939

20 - 21 Projected: 59,155

20 - 21 Actual: 56,969

# Considerations

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- Historically enrollment has been going down
  - Although we have a process that predicts enrollment, enrollment for the 2021-22 AY was predicted using enrollment numbers from 2019-20 due to the disruption caused by the pandemic.
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# Legislative Agenda


**Dr. Michael Hill, Assistant Superintendent of Administration**





# Areas of focus for Legislative Priorities

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- A-F Accountability
  - Mental Health & School Safety
  - School Finance
  - School Choice
  - Pre-kindergarten
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# Legislative Priorities

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- Allocate state funds to ensure that public education is not disrupted due to financial hardships created by the global health crisis...
  - Identify state revenue sources to sustain the finance system authorized through HB 3...
  - Ensure the Texas Education Agency's implementation of HB 3 aligns with legislative intent...
  - Ensure that TRS continues the work it began following the 86<sup>th</sup> legislative session ...
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# Legislative Priorities

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- Require a complete recalibration of the accountability system in 2021 to effectively adjust for the impact of COVID-19
  - Ensure legislators recommend effective solutions and appropriate ongoing funding for threat assessments and identification, services and supports for students with mental health needs
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# Board Governance Committee & Administration

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- On-going efforts to develop the legislative agenda
  - Meet with Legislative Consultants
  - Individual/group meetings with legislators
  - Testimony on bills
  - Letters to show support or lack of support for bills
-



# Budget Basics

**Darla Moss, Chief Financial Officer**



# Objectives of Budgeting

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- Determining if revenues are sufficient to cover expenses
  - Controlling Resources
  - Provide transparency into organization's performance
  - Accountability
  - Evaluate the performance of managers
  - To motivate managers to strive to achieve budget goals
  - Assist stakeholders in assessing the service efforts, costs and accomplishments of the district
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# Guidance Relating to Budget

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## Education Code 44.002

...the superintendent shall prepare, or cause to be prepared, a proposed budget covering all proposed expenditures of the District for the following fiscal year.

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# Legal Requirements Relating to Budget

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## **Education Code:**

- Proposed budget must be prepared on or before June 19
- Proposed budget must be adopted prior to June 30
- Post a summary of the budget on the District's website

## **Government Code:**

- Public meeting must be held for the purpose of adopting budget
  - Notice in newspaper required to be published not earlier than the 30th day or later than the 10th day prior to the public meeting
-



# Legal Requirements Relating to Budget

## **Official District Budget – General Operating, Food Service, Debt Service, and Construction Fund**

- Must be adopted at the fund and function level
- May approve budgets for other funds and in greater detail

## **Adopted budget must be filed with the Texas Education Agency**

- Handled through the PEIMS fall submission

## **Setting the Tax Rate**

- Budget must be adopted before the adoption of tax rate
  - If adopted at the same Board meeting, the agenda item for adoption of budget must be considered first

# AISD 2020-21 Adopted Budgets

<b>Adopted</b>	<b>General Operating</b>	<b>Food Service</b>	<b>Debt Service</b>	<b>Construction</b>
Total Revenue	535,536,925	34,179,301	90,688,821	2,250,000
Total Expenditures	567,069,128	33,940,552	93,711,843	346,068,802
Net Increase/ (Decrease)	\$ (31,532,203)	\$ 238,749	\$ (3,023,022)	\$ (343,818,802)

# Planning Calendar Budget 2021-2022

## Board Meetings

Board Budget Workshop	January / February
Board Budget Workshop	March
Board Budget Workshop	May
Public Hearing on Budget and Proposed Tax Rate	June

## Board Actions

Adoption of Compensation Plan	June
Adoption of Budget	June
Adoption of Final Budget Amendment	June
Adoption of Tax Roll and Tax Rates	August / September

## Financial Services Tasks

Issue Budget Materials to Campuses & Departments	January
Campus & Departments Submission of Budgets	February
Receipt of Certified Estimates from TAD	April
Update State Funding Projections based on Certified Estimates	April
Publish Budget and Tax Rate Notice in Newspaper	June
Receive Certified Values from TAD	July
Receive Approval from TEA to set the tax rate	August

# Questions

The image features a black and white photograph of a building's facade, characterized by a dense grid of windows. A large black rectangle is superimposed over the center of the image, containing the word "Questions" in a white, sans-serif font. A solid blue horizontal bar is positioned below the black rectangle, extending across the width of the image. The background shows the perspective of the building's facade receding into the distance under a cloudy sky.

# Websites for Additional Information

## **Texas Public School Finance Overview 2020-2021 Biennium – January 2020**

<https://tea.texas.gov/sites/default/files/texas-public-school-finance-presentation.pdf>

## **Texas Public School Finance Overview – June 2020**

<https://tea.texas.gov/sites/default/files/texas-public-school-finance-overview.pdf>

## **Summary of Finance**

<https://tealprod.tea.state.tx.us/fsp/Reports/ReportSelection.aspx>

-Select Report/Summary of Finances/2020-2021/Arlington ISD (220901)/Submit

## **School Finance Topics – One Page Descriptions**

<https://tea.texas.gov/finance-and-grants/state-funding/state-funding-manuals/school-finance-topics-one-page-descriptions>

## **AISD FFC Webpage**

<https://www.aisd.net/district/about/committees/financial-futures-committee/>