



Finance Department

Lewisville ISD

Community Bond Committee Meeting

January 20, 2022



Overview of Tonight's Discussion

- Construction audit update
- Technology project update
- Tax Rate History – M+O and I+S
- Capacity – LISD debt management
- Looking at Fiscal 2021-22
 - Property values, enrollment, recapture
- Legislative intent for 2022-23 school year
- Property sales
- Debt Posture – Possible refundings



Construction Audit

- The Construction Department was selected by the Board of Trustees to undergo an audit review by an independent third-party auditing firm.
- This is just one audit in a series of District-wide audits the Board of Trustees has conducted.
- The auditing firm of McConnell Jones was selected to perform the audit.
- The final audit report summary was presented to the Board at the December 6th Board Work Session.
- The following slides from the report summary provide a high-level overview of the audit.



Construction Audit

Business Objective and Audit Objective

Business Objective:

- ✓ The Construction Management Department's mission is to successfully plan, design, construct and complete educational and support facilities that promote the district's Strategic Plan and Facility Master Plan in the most cost effective and innovative manner.

Audit Objective:

- ✓ To assess the District's management control structure to determine if controls and processes in place provide reasonable assurance that the Construction Management Program meets its objectives in an effective and efficient manner and that the District's construction funds are safeguarded against fraud, waste, or abuse.



Construction Audit

Audit Focus Areas

Audit Focus:

1. Board Policies for Facilities Construction.
2. Policies and procedures established by the LISD Construction Department.
3. Organization structure and staffing.
4. Construction contracting and contract monitoring.
5. Construction monitoring processes for renovations and new construction.
6. Payment applications.
7. Project close out.
8. Change orders.
9. Information systems.

Slide 3
Diverse Thinking | Unique Perspectives



Construction Audit

Construction Management Program

1. Does the District's management control structure provide reasonable assurance that the Construction Management Program is effective and efficient?
2. Does the District have processes and effective controls in place to ensure that construction-related costs incurred are allowable, approved appropriately, and allocated correctly, and that required deliverables are provided timely?
3. Does LISD have processes in place to effectively monitor construction projects for scope (quality and specifications), schedule (on-time), and cost (on-budget)?

Slide 4
Diverse Thinking | Unique Perspectives



Construction Audit

Construction Management Program CONT'D

4. Does the District have effective controls in place to ensure that changes to contracts are reasonable, authorized, and properly documented?
5. Does the Construction Management Program adequately plan for potential supply chain disruptions and construction labor shortages to minimize project delays?

Slide 5
Diverse Thinking | Unique Perspectives



Construction Audit

2017 Bond Package Referendum

1. Did LISD administer the 2017 bond package referendum in accordance with the voting documents?
2. Were the 2017 Bond Program construction projects completed within scope, on time and within budget?
3. Is information provided to the public and on the District's website accurate and complete?

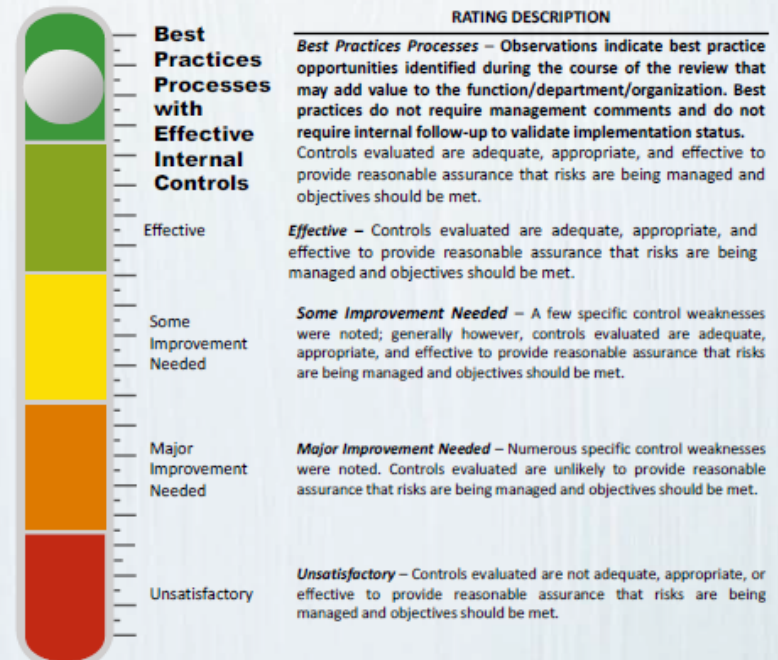


Construction Audit

Audit Conclusion

Overall, LISD's Construction Department have controls in place to adequately manage and monitor construction projects. They also have managed the bond funds in accordance with the 2017 bond package referendum.

We had no findings related to internal controls or compliance.



Slide 7
Diverse Thinking | Unique Perspectives

Construction Audit

Commendations

Approvals

The LISD Board of Trustees (Board) reviews and approves contract overruns and change orders.

CMAR

LISD qualified a pool of Construction Manager at Risk for the entire bond program and then awards projects through an RFP process.

Timely Payments

Modified payment processes to ensure timely vendor payments.

Status Reports

CMARs submit weekly reports that include a project stats stamp at top right corner.

Retrospective

Lessons learned meetings with CMARs.

Construction Audit

Improvement Opportunities

Encourage

Encourage LISD construction managers to join CMAA to increase skillset and knowledge around position and industry regulations.

Consider

Consider formally adopting a succession plan for key positions in the Construction Department, including construction managers.

Strengthen

Strengthen controls on spreadsheets used for tracking construction projects and payment applications by incorporating data validation checks in the spreadsheet.

Modify

Modify the construction project tracking spreadsheet to include tracking bond savings by project, source, and transfers.

Explore

Explore developing a SharePoint workflow for the payment application process.

Slide 9
Diverse Thinking | Unique Perspectives

Construction Audit



LISD's Construction Department staff execute operations in a consistent, effective, and efficient manner. These processes and controls enable the District to control construction costs, keep projects in-scope, and complete them on-time. They are also scalable and sustainable to meet future needs.

Slide 10
Diverse Thinking | Unique Perspectives



Questions?



2017 Bond Technology Project Update

- Ordered year 3 and 4 Program Specific computers
- Utilized 1:1 iPads for Rising Stars Program during the summer 2021
- Installed Hybrid Technology in all schools (2 HS, 1 MS and ES)
- E-Rate approved! WAN Fiber Ring hardware implementation will take place after ordered and received.
- Ordered and implementing new network storage for LISDAC and Memorial Datacenters
- Completed all Campus AV refreshes late summer/fall
- Completed Data Protection Project fall 2021
- Ordered new iPads for incoming 4th grade for 22-23 (inventory management)
- Continued meeting with Technology Advisory Council for Tech Plan



2017 Bond Technology Upcoming Projects

- Planning device replacement for year five of Bond
 - Shared Device Plan
 - Work on multi-user iPad option - piloting this spring
- Finalize Technology Plan
- Planning Device Evaluation for summer of 2022
- Review phone and collaboration options
- Develop options for “Classroom of the Future”
- Continue to refine technology needs from 2022-2028



Questions?



LISD Tax Rate Definitions

- Maintenance and Operations (M+O) tax rate
 - The rate at which property values are taxed or levied for general operating expenditures.
- Interest and Sinking (I+S) tax rate
 - The rate levied to service any bonded debt approved by the voters that may have been issued to fund construction and renovation of schools and facilities, including technology, fine arts, and safety and security upgrades.
- Both rates are figured per \$100 of property value.

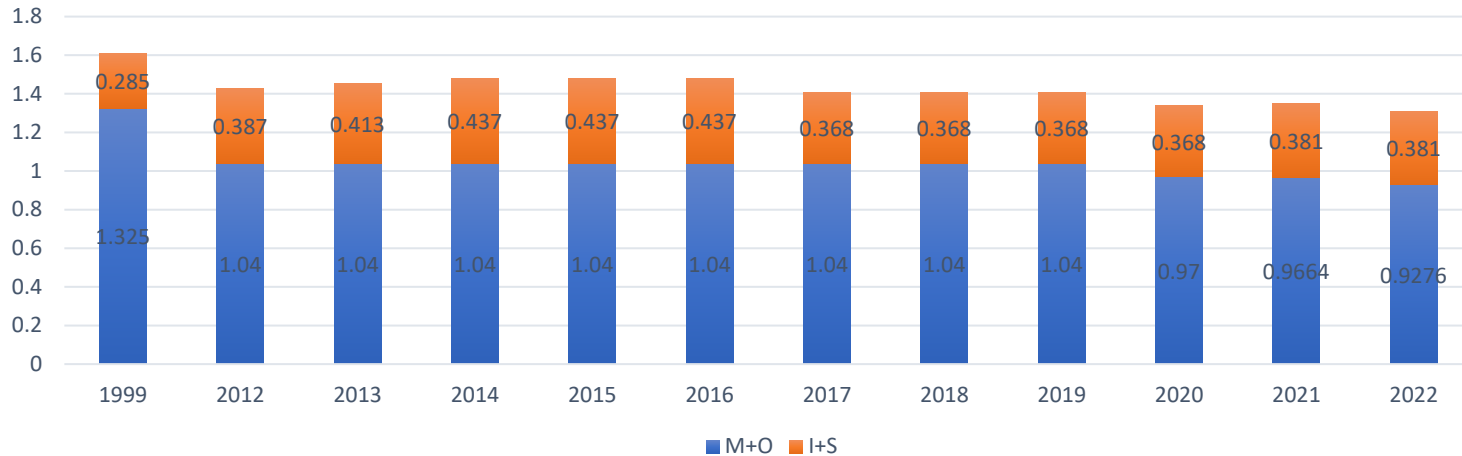


LISD Tax Rate History

Lewisville ISD Tax Rate History

	1999	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
M+O	1.325	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04	0.97	0.9664	0.9276
I+S	0.285	0.387	0.413	0.437	0.437	0.437	0.368	0.368	0.368	0.368	0.381	0.381
Total	1.61	1.4267	1.453	1.477	1.477	1.47673	1.4075	1.4075	1.4075	1.3375	1.3473	1.3085

Lewisville ISD Tax Rate History



Capacity – LISD Debt Management

Property Value Growth Assumptions (as of 2023)

		I+S Rate	I+S Proceeds	Incremental I+S Revenue	Incremental Debt (3%, 20yr's)
Current	46,000,000,000	0.3809	175,214,000	0	0
5%	50,715,000,000	0.3809	193,173,435	17,959,435	\$267,191,043
6%	51,685,600,000	0.3809	196,870,450	21,656,450	\$322,193,296
7%	52,665,400,000	0.3809	200,602,509	25,388,509	\$377,716,898
8%	53,654,400,000	0.3809	204,369,610	29,155,610	\$433,761,849

		I+S Rate	I+S Proceeds	Incremental I+S Revenue	Incremental Debt (3%, 20yr's)
Current	46,000,000,000	0.3900	179,400,000	4,186,000	0
5%	50,715,000,000	0.3900	197,788,500	22,574,500	\$335,851,556
6%	51,685,600,000	0.3900	201,573,840	26,359,840	\$392,167,857
7%	52,665,400,000	0.3900	205,395,060	30,181,060	\$449,017,961
8%	53,654,400,000	0.3900	209,252,160	34,038,160	\$506,401,870

		I+S Rate	I+S Proceeds	Incremental I+S Revenue	Incremental Debt (3%, 20yr's)
Current	46,000,000,000	0.4000	184,000,000	8,786,000	0
5%	50,715,000,000	0.4000	202,860,000	27,646,000	\$411,302,670
6%	51,685,600,000	0.4000	206,742,400	31,528,400	\$469,062,978
7%	52,665,400,000	0.4000	210,661,600	35,447,600	\$527,370,778
8%	53,654,400,000	0.4000	214,617,600	39,403,600	\$586,226,068



Looking at Fiscal 2021-22

- Property values
 - 8% growth projected
 - \$1 Billion new property on tax rolls
 - 90% Organic
 - 10% New construction

- Enrollment trends
 - Flat to down slightly
 - Built out

- Recapture
 - HB3 helped Recapture for one year.
 - | FY16 | FY17 | FY18 | FY19 | FY20 | FY21 | FY22 |
|------|------|------|---------|---------|---------|-------|
| -0- | -0- | -0- | \$34.5M | \$14.6M | \$50.3M | \$57M |

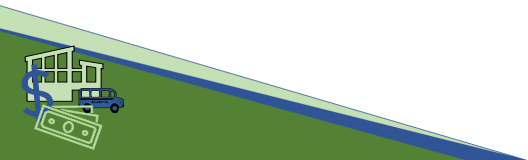
(Budgeted)



Legislative Intent for 2022-23 School Year

Property Tax Relief:

- Increase to homestead exemption from \$25K to \$40K
- This amounts to a tax relief close to \$200 for homeowners in 2022-23 school year.
- The exemption would need to be approved by voters in the May 2022 election before it became effective.



Property Sales

- The district has been successful in selling properties that have been declared surplus by the LISD Board.
- Discussions are ongoing with the Board about the possible uses of those proceeds





Debt Posture – Possible Refundings

- Principal and interest expenditures for

Fiscal 2019-20 \$188 Million

Fiscal 2020-21 \$157 Million

Savings of \$31 Million per year



Debt Posture – Possible Refundings

LEWISVILLE INDEPENDENT SCHOOL DISTRICT (Denton and Tarrant Counties, Texas)

Summary of Outstanding General Obligation Bonds

as of October 21, 2021

Series	PSF	Title	Original Par Amount	Balance	Final Maturity	Call Date	Amount Callable	% of Bal Callable
2003	x	ULT Bldg and Rfdg	59,998,544	351,626	8/15/2022	n/a	-	0.00%
2010		ULT QSCB	29,900,000	10,000,000	6/15/2026	n/a	-	0.00%
2010B		ULT Bldg (BABs)	25,055,000	25,055,000	8/15/2028	2/15/2020	25,055,000	100.00%
2011		ULT Refunding	33,659,938	1,685,000	8/15/2022	8/15/2019	1,685,000	100.00%
2012C	x	ULT Building	33,715,000	24,255,000	8/15/2029	8/15/2021	24,255,000	100.00%
2013A	x	ULT Refunding	39,635,000	2,605,000	8/15/2023	n/a	-	0.00%
2013C	x	ULT Rfdg (Taxable)	5,560,000	1,675,000	8/15/2023	n/a	-	0.00%
2013D	x	ULT Building	78,560,000	44,555,000	8/15/2029	8/15/2022	40,400,000	90.67%
2013E	x	ULT Building	67,435,000	1,210,000	8/15/2022	n/a	-	0.00%
2014A	x	ULT Building	86,620,000	61,845,000	8/15/2030	8/15/2023	48,715,000	78.77%
		(split coupon)	9,710,000	9,710,000	8/15/2029	8/15/2024	9,710,000	100.00%
2014B		ULT Refunding	54,338,570	54,338,570	8/15/2025	8/15/2023	40,625,000	74.76%
2015		ULT Refunding	64,232,167	62,407,167	8/15/2027	8/15/2024	32,595,000	52.23%
2016A	x	ULT Refunding	250,350,000	138,925,000	8/15/2028	8/15/2025	100,640,000	72.44%
2016B		ULT Refunding	84,215,000	75,355,000	8/15/2028	8/15/2025	39,410,000	52.30%
2017	x	ULT Refunding	68,850,000	46,265,000	8/15/2027	8/15/2026	4,245,000	9.18%
2017	x	ULT Building	193,950,000	157,795,000	8/15/2037	8/15/2026	115,925,000	73.47%
2017A	x	ULT Refunding	61,165,000	54,935,000	8/15/2029	2/15/2027	30,250,000	55.07%
2018	x	ULT Refunding	8,905,000	6,190,000	8/15/2027	n/a	-	0.00%
2018	x	ULT Building	117,210,000	71,645,000	8/15/2038	8/15/2027	71,645,000	100.00%
		(short call on 5% coupons)		30,570,000	8/15/2027	8/15/2023	19,180,000	62.74%
2019	x	ULT Building	109,765,000	72,475,000	8/15/2039	8/15/2028	72,475,000	100.00%
		(short call on 5% coupons)		30,375,000	8/15/2028	8/15/2024	18,340,000	60.38%
2020	x	ULT Bldg & Rfdg	262,515,000	259,630,000	8/15/2040	8/15/2029	165,495,000	63.74%
2020A	x	ULT Rfdg (Taxable)	39,270,000	38,850,000	8/15/2030	n/a	-	0.00%
2020B		ULT Rfdg (Taxable)	12,785,000	12,785,000	8/15/2027	n/a	-	0.00%
			\$ 1,797,399,219	\$ 1,295,487,363			\$ 860,645,000	66.43%



Call Date	Amount
Now	\$ 50,995,000
8/15/2022	40,400,000
8/15/2023	108,520,000
8/15/2024	60,645,000
8/15/2025	140,050,000
8/15/2026	120,170,000
2/15/2027	30,250,000
8/15/2027	71,645,000
8/15/2028	72,475,000
8/15/2029	165,495,000
	\$ 860,645,000



Questions?



Next CBC Meeting

May 11, 2022

LISD Administrative Center
Boardroom

