



# Canutillo ISD

Budget Season

*Board of Trustees  
Workshop*

*December 14, 2021*

# MISCONCEPTIONS

- ***Federal ESSER monies can be used for facilities, maintenance, builds, and raises.***
  - ESSER 1 monies (\$1.3 million: State **supplanted** its 2020 budget with federal funding)
  - ESSER 2 monies (\$6.1 million: Two \$2,000 retention stipends for employees and State **supplanted** its budget \$750K for “hold-harmless”)
  - ESSER 3 monies (\$12.5 million: Can **ONLY** be used to address learning loss or to mitigate COVID spread. ESSER 3 plan presented at public meeting held August – Feds restricted supplanting)
  
- ***The district has an “excess” in fund balance to use for raises or builds.***
  - Priority 1 has been to always have a balanced budget and to improve our bond rating.
  - In 2014, Canutillo ISD had a fund balance of **\$7.9** totaling **54** days. Our finance rating then was **AA-** with a **negative** outlook.
  - Canutillo ISD had **\$ 18.5** in fund balance totaling **95** days at YE. Our finance rating is **Aa3** with a **stable** outlook. This makes borrowed money cheaper for the District. The TEA and the District Fiscal and Budgetary Strategy recommend at least 90 days.

# MISCONCEPTIONS

- ***The district did “nothing” with the last facilities master plan.***
  - The Board took no action on any recommendations made from the 2016 plan.
  - Facilities used the plan to prioritize and budget projects.
  - Monies allotted to Facilities Department were not enough to address ALL the deferred maintenance.
  - The district boundaries were redrawn and extra attention paid to enrollment.
  
- ***The district can use its insurance and warranties to make repairs.***
  - They do not cover wear and tear.
  
- ***Canutillo ISD has the highest 2020 regional tax rate.***
  - Canutillo ISD is in the middle of tax rates in the region (\$1.34)
  - M&O rate is now set by the state based on property value growth (\$0.98)
  - I&S calculated based on bond payments due in current year (\$0.36)

# IMMEDIATE NEEDS AND DEFERRED MAINTENANCE

- **\$1.95 million: \$1.2 million payment due for \$10 million borrowed for APPLE devices, connectivity and LED lighting + \$750K for APPLE refresh. (pandemic and safety)(priority 1 & 2).**
- **Deferred maintenance totaling \$15 million dollars (\$13.9 plus \$1.1 for inflation and contingency). (priority 3)**
  - Roofing \$5.9 million
  - HVAC/Geothermal \$4.1 million
  - Fire Alarms \$522K
  - Electric Panels \$407K
  - Water fountain replacement \$470K
  - NWECHS windows and floors \$745K
  - CHS Intrusion alarms \$585K
  - AMS turf \$1.1 million
- **Reyes Elementary School at 112% capacity.(priority 4)**

# ADDITIONAL BUDGET PRIORITIES

- **5 - Balanced budget** (revenues = expenditures)
- **6 - COVID 19 related expenses** (unknown)
- **7 - Administration cost ratio** = Goal 10%
- **8 - Compensation package/Staffing** (normally priority #2, now #8)

# QUESTIONS AND DIRECTION

- We need the board to consider ideas for possible solutions and consequences of suggested solutions.
- Quick/quiet write – first, individually complete the Group Discussion chart
- Share ideas with in a whole-group discussion.

# GROUP DISCUSSIONS

	RECOMMENDATIONS	DIRECTION TO DISTRICT ADMINISTRATION	POSSIBLE CONSEQUENCES
<ul style="list-style-type: none"><li>• <b>\$1.95 million payment due for \$10 million borrowed for APPLE devices, refresh, connectivity and LED lighting.</b></li><li>• <b>Deferred maintenance totaling \$15 million dollars</b></li></ul>			
<ul style="list-style-type: none"><li>• <b>Reyes Elementary School at 112% capacity.</b></li></ul>			